NON-CERTIFIED TRANSLATION FROM FRENCH TO ENGLISH
FOR INFORMATION PURPOSES ONLY

BIOALLIANCE
Pharma

59, boulevard du général Martial Valin – 75015 Paris – France

INTERNATIONAL OFFERING CIRCULAR

Confidential

Dated 22 November 2005

BRYAN, GARNIER & CO
London - Paris - Geneva

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NON-CERTIFIED TRANSLATION FROM FRENCH TO ENGLISH FOR INFORMATION PURPOSES ONLY

International Offer of up to 2,782,258 new ordinary shares, par value 0.25 euro (the ''New Shares'')

THIS DOCUMENT (THE ''INTERNATIONAL OFFERING CIRCULAR'') CONTAINS A NON-CERTIFIED TRANSLATION FOR INFORMATION PURPOSES ONLY OF SELECTED SECTIONS OF THE FRENCH LANGUAGE PROSPECTUS OF THE COMPANY WHICH RECEIVED VISA NUMBER 05-803 DATED 22 NOVEMBER 2005 FROM THE FRENCH FINANCIAL MARKETS AUTHORITY (*AUTORITÉ DES MARCHÉS FINANCIERS,* THE ''AMF'') (THE *''PROSPECTUS''*), CONSISTING OF (I) A TRANSACTION NOTE (*NOTE D'OPÉRATION*) RELATING TO THE ISSUE OF THE NEW SHARES AND COMPRISING A SUMMARY OF SUCH ISSUE AND THE COMPANY AND, (II) A REGISTRATION DOCUMENT (*DOCUMENT DE BASE*) CONTAINING INFORMATION ON THE COMPANY WHICH WAS REGISTERED WITH THE AMF ON 15 NOVEMBER 2005 UNDER NUMBER I.05-132. THE RELEVANT STATEMENTS OR ITEMS CONTAINED IN THE *PROSPECTUS* SHALL PREVAIL OVER THE CORRESPONDING TRANSLATED STATEMENTS OR ITEMS CONTAINED IN THE INTERNATIONAL OFFERING CIRCULAR EXCEPT FOR THOSE INCLUDED IN SECTIONS 1.1.2, 5.2.2.5, 5.2.8.4 AND 5.3.3.2 OF THE REGISTRATION DOCUMENT AND SECTION 1.2 OF THE TRANSACTION NOTE CONTAINED IN THIS INTERNATIONAL OFFERING CIRCULAR.

The offering of the New Shares consists of a public offering in France (the ''Public Offering'') and an international private placement to qualified investors within the meaning of EU Directive 2003/71 in the European Union, including in France, and to other international investors outside the European Union, excluding, in particular, the United States (the ''International Private Placement'').

This International Offering Circular is made available in connection with the International Private Placement.

The distribution of this International Offering Circular and the offer, subscription and sale of the New Shares in certain jurisdictions may be restricted by law. Persons receiving this International Offering Circular are required by the Company and the Underwriters to inform themselves about, and to observe, any such restrictions. This International Offering Circular constitutes neither an offer of, nor an invitation to purchase the New Shares in any jurisdiction in which such an offer or invitation would be unlawful. No action has been taken in any jurisdiction other than France that would permit a public offering of the New Shares, or the circulation or distribution of this International Offering Circular or any other offering material, where action for such purpose is required.

This International Offering Circular is confidential. Investors are authorized to use this International Offering Circular solely for the purpose of considering the subscription or purchase of the New Shares described in this International Offering Circular. BioAlliance Pharma and other sources identified herein have provided the information contained in this International Offering Circular. The Underwriters named herein make no representation or warranty, express or implied as to the accuracy or completeness of such information and nothing contained in this International Offering Circular is, or shall be relied upon as, a promise or representation by the Underwriters. Investors may not reproduce or distribute this International Offering Circular, in whole or in part, and investors may not disclose any of the contents of this International Offering Circular or use any information herein for any purpose other than considering the subscription or the purchase of the New Shares. Investors agree to the foregoing by accepting delivery of this International Offering Circular.

Application has been made to list the New Shares, the existing shares of the Company and the shares to be issued upon conversion of the existing redeemable bonds of the Company (the ''Shares'') on the Eurolist market of Euronext Paris with effect from 7 December 2005.

The delivery of this International Offering Circular, or any sale or any subscription made in connection with the offering of the New Shares, shall under no circumstances imply that the information contained herein is correct as of any time subsequent to the date hereof or that there has not been any change in the affairs of the Company since the date hereof.

SEE ''RISK FACTORS'' IN SECTION 3 OF THE REGISTRATION DOCUMENT AND SECTION 2 OF THE TRANSACTION NOTE FOR A DISCUSSION OF CERTAIN FACTORS TO BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE SHARES.

SELLING RESTRICTIONS

THE NEW SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE ''SECURITIES ACT'') AND ARE BEING OFFERED OR SOLD ONLY IN OFFSHORE TRANSACTIONS IN COMPLIANCE WITH RULE 903 OF REGULATION S UNDER THE SECURITIES ACT.

NOTICE TO INVESTORS IN FRANCE

THIS INTERNATIONAL OFFERING CIRCULAR HAS NOT BEEN AND WILL NOT BE SUBMITTED TO THE CLEARANCE PROCEDURES OF THE *AUTORITÉ DES MARCHÉS FINANCIERS* AND ACCORDINGLY MAY NOT BE USED IN CONNECTION WITH ANY OFFER OR SALE OF THE SHARES TO THE PUBLIC IN FRANCE. THE ONLY DOCUMENT WHICH MAY BE USED FOR PURPOSES OF THE PUBLIC OFFERING IS THE FRENCH LANGUAGE *PROSPECTUS* WHICH RECEIVED A VISA FROM THE AMF.

NOTICE TO INVESTORS IN THE EUROPEAN UNION

TO THE EXTENT THAT THE OFFER OF THE SHARES DESCRIBED IN THIS INTERNATIONAL OFFERING CIRCULAR IS MADE IN ANY MEMBER STATE OF THE EUROPEAN UNION THAT HAS IMPLEMENTED THE PROSPECTUS DIRECTIVE BEFORE THE DATE OF PUBLICATION OF A PROSPECTUS IN RELATION TO THE SHARES HAS BEEN APPROVED BY THE COMPETENT AUTHORITY IN THAT MEMBER STATE IN ACCORDANCE WITH THE PROSPECTUS DIRECTIVE (OR, WHERE APPROPRIATE, PUBLISHED IN ACCORDANCE WITH THE PROSPECTUS DIRECTIVE AND NOTIFIED TO THE COMPETENT AUTHORITY IN THAT MEMBER STATE IN ACCORDANCE WITH THE PROSPECTUS DIRECTIVE), THE OFFERING (INCLUDING ANY OFFER PURSUANT TO THIS *PROSPECTUS*) IS ONLY ADDRESSED TO QUALIFIED INVESTORS IN THAT MEMBER STATE WITHIN THE MEANING OF THE PROSPECTUS DIRECTIVE OR HAS BEEN OR WILL BE MADE OTHERWISE IN CIRCUMSTANCES THAT DO NOT REQUIRE A PROSPECTUS TO BE PUBLISHED PURSUANT TO THE PROSPECTUS DIRECTIVE.

NOTICE TO INVESTORS IN THE UNITED KINGDOM

THIS INTERNATIONAL OFFERING CIRCULAR IS FOR DISTRIBUTION IN THE UNITED KINGDOM ONLY TO (I) PERSONS WHO HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS FALLING WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (AS AMENDED) (THE ''ORDER'') OR (II) HIGH NET WORTH ENTITIES FALLING WITHIN ARTICLE 49(2)(A) TO (D) OF THE ORDER (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS ''RELEVANT PERSONS''). THIS INTERNATIONAL OFFERING CIRCULAR IS DIRECTED ONLY AT RELEVANT PERSONS AND MAY NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS COMMUNICATION RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS.

No person has been authorized to give any information or to make any representation other than those contained in this International Offering Circular, and, if given or made, such information or representation must not be relied upon as having been authorized.

In connection with the offering, ING Securities Bank (France) or its affiliates, on behalf of and for the account of the Underwriters, may over-allot or effect transactions which stabilize or maintain the market prices of the Shares at levels above those which might otherwise prevail in the open market.

Such transactions may be effected on Euronext Paris, in over-the-counter markets or otherwise. Such transactions, if commenced, may be discontinued at any time.

This International Offering Circular is dated 22 November 2005.

A French stock corporation with a Management Board and a Supervisory Board
Share capital of 1,365,781 euros
Registered Office at 59, boulevard du général Martial Valin – 75015 Paris
Paris Commercial Register No. 410 910 095

TRANSACTION NOTE

Provided to the public on the occasion of:

— the admission for trading on the Eurolist market of Euronext Paris of 5,463,124 existing shares comprising the share capital of BioAlliance Pharma, as well as a maximum of 587,011 new shares to be issued as part of a capital increase reserved to the holders of redeemable bonds issued by the company on 18 May 2005 and who are also current shareholders of the Company;

— the public offering of between 2,112,677 and 2,782,258 new shares to be issued as part of an open price retail offering, a global placement and, if exercised, an over-allotment option.

Indicative price range applicable to the Open Price Retail Offering, the Global Placement and the Reserved Capital Increase: between 12.40 euros and 14.20 euros per share.

A legal notice will be published in the BALO (French Legal Announcements Bulletin) of 25 November 2005.

The prospectus approved by the AMF consists of:

— the Registration Document, registered by the AMF on 15 November 2005, under number I.05-132 (the **''Registration Document**''); and

— this Transaction Note (which contains a summary of the prospectus).

Investment service providers
Joint lead managers and bookrunners

BRYAN, GARNIER & CO
London - Paris - Geneva

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PROSPECTUS SUMMARY

Warning to the reader

*This summary includes certain key information contained in the BioAlliance Pharma prospectus (hereinafter **''BioAlliance Pharma''** or the **''Company''**). This summary should be read as an introduction to the prospectus. Any decision to invest in the securities concerned should be based on a comprehensive analysis of the prospectus by the investor. If a legal action concerning the information contained in the prospectus were filed in a court within the Member States of the European Union, the plaintiff investor could, according to applicable law, have to pay the translation costs of this prospectus before the beginning of the commencement legal proceedings. The persons who presented the summary, including the translation, and have requested the notification thereof, can be held liable in a civil action, but only if the contents of the summary are misleading, inaccurate or inconsistent with the other parts of the prospectus.*

1. KEY DETAILS OF THE PLACEMENT AND INDICATIVE TIMETABLE

BioAlliance Pharma has applied to have the following shares admitted for trading on the Eurolist market of Euronext Paris:

— the shares comprising its share capital, namely 5,463,124 fully subscribed, fully paid-up shares, all of the same class (the **''Existing Shares''**);

— shares to be issued as part of the issuance of new shares to the public through an open price retail offering and a global placement (the **''Placement''**);

— shares to be issued as part of a capital increase, which, including par value and issue premium, amounts to 7,279,075 euros, occurring simultaneously with the capital increase resulting from the Placement, and reserved to the holders of redeemable bonds issued by the Company on 18 May 2005, who are also existing shareholders of the Company. These holders have irrevocably undertaken to subscribe, at the Placement Price, the capital increase reserved for them and which will be paid by set-off (the **''Reserved Capital Increase''**).

Indicative timetable

23 November 2005	Opening of the Public Offering
	Opening of the Global Placement
6 December 2005.....	Closing of the Public Offering at 5 p.m.
7 December 2005.....	Closing of the Global Placement at 12 p.m. (absent early closing)
	Pricing
	Notice of the Public Offering and Global Placement result by Euronext Paris
	Listing of the Company's shares on the Eurolist market of Euronext Paris, including the shares to be issued as part of the Placement and the Reserved Capital Increase
	Press release of BioAlliance Pharma on the final amount of the Public Offering and the Global Placement and on the Placement Price
8 December 2005.....	Opening of trading on Eurolist market of Euronext Paris
12 December 2005.....	Certification of the definitive completion of the Placement
	Certification of the definitive completion of the Reserved Capital Increase
	Settlement and delivery of the shares offered in the Placement and the Reserved Capital Increase

6 January 2006..... Deadline for exercising the Over-allotment Option

The times indicated in the timetable are understood to be Paris time. ''Trading days'' refer to the days when trading is open on the markets managed by Euronext Paris.

2. TERMS AND CONDITIONS OF THE PLACEMENT AND ADMISSION FOR TRADING

Structure of the Placement

Prior to the initial listing, the Placement will take place as part of:

— a public offering in France, in the form of an open price retail offering, as defined by the rules of Euronext Paris, intended primarily for individuals (the **''Public Offering''**);

— a global placement intended primarily for institutional investors (the **''Global Placement''**), including:

  — a public placement in France; and

  — an international private placement in certain countries, excluding in particular the United States of America.

Depending on the demand in the Public Offering, the final number of shares issued in respect of orders placed in the Public Offering will be equal to at least 10% of the total number of shares offered, before the exercise, if any, of the Over-allotment Option (as defined below).

Shares included in the Placement

Initial number of shares offered as part of the Placement:	A number of new shares between 2,112,677 and 2,419,355 (the **''New Shares''**) of a par value of 0.25 euro each and all of the same class, or approximately 38.67% and 44.29%, respectively, of the share capital on the date of this prospectus. This number of New Shares is calculated based on the upper limit and the lower limit of the indicative Price Range, i.e. 12.40 euros and 14.20 euros. In particular, the number of New Shares will be determined based on the Placement Price, so that the capital increase (including issue premium) will amount to approximately 30 million euros.
Final number of shares offered:	The initial number of shares offered will be increased to a maximum of between 2,429,578 and 2,782,258 shares to be issued in the event the Over-allotment Option (as defined below), is exercised in full, or approximately 15% of the Placement.
Over-allotment Option:	Pursuant to the fifth resolution of the combined general meeting of the shareholders of BioAlliance Pharma of 18 November 2005, the Company's management board was authorised to issue, on the signature date of the underwriting agreement, between 316,901 and 362,903 stock subscription warrants reserved for ING acting in the name and for the account of the Underwriters (the **''Over-allotment BSA''**) as part of an over-allotment option (the **''Over-allotment Option''**). These Over-allotment BSA will be issued at a unit price of 0.000001 euro and will each give rights to subscribe one share at the Placement Price. The exercise of the Over-allotment BSA, which will be possible at any time until 6 January 2006, will allow the Underwriters to subscribe, as the case may be, to approximately 15% of the initial number of new shares issued, at the Placement Price, solely to cover any over-allotments, i.e. between 316,901 and 362,903 additional new shares.

Indicative Placement Price range:	Between 12.40 euros and 14.20 euros per share. This indication is not binding on the final price which may be set outside of this range and will be set at the end of the bookbuilding period, namely on 7 December 2005.
Dividend effective date	New Shares will bear dividends as of the date they are issued and will give full rights to any distribution to shareholders decided as of that date.

Capital increase as part of the Placement

Number of shares to be issued:	Between 2,112,677 and 2,419,355 shares, to be increased to a maximum of 2,782,258 shares in case the Over-allotment Option is exercised in full.
Gross proceeds of the issue:	30 million euros without exercise of the Over-allotment Option and approximately 34.5 million euros if the Over-allotment Option is exercised in full. This amount is separate from the amount of the Reserved Capital Increase described below, which is to occur through set-off.
Placement related expenses:	The legal and administrative fees for which the Company is responsible in connection with the Placement are estimated to be approximately 3.5 million euros.
Underwriting	The Placement will be underwritten by a group of financial institutions consisting of Bryan Garnier & Co. Limited (**''Bryan Garnier''**) and ING Securities Bank (France) (**''ING''**), joint lead managers and bookrunners (the **''Underwriters''**), in respect of all the shares offered in the Placement. The underwriting agreement can be terminated by the Underwriters up to and including the settlement date of the Placement, under certain circumstances. Consequently, the underwriting agreement does not represent a guarantee of completion (*garantie de bonne fin*) within the meaning of Article L. 225-145 of the French Commercial Code. The signature of the underwriting agreement will take place on the latest on the day when the Placement Price is set, or 7 December 2005. In case the underwriting agreement is terminated, the subscription and purchase orders, the Placement and the capital increases in connection with the Placement will be cancelled and all trades of the shares that are subject to the Placement prior to the settlement date will be null and void and rescinded. The underwriting agreement will provide for the possibility that the Underwriters' engage in stabilisation activities.

Reserved Capital Increase and issue of Shares Resulting from 2005 Redeemable Bonds that are not part of the Placement

On 18 May 2005, the Company issued 632,963 redeemable bonds (**''2005 ORA''**), with a par value of 10 euros each, which were subscribed by certain Company shareholders. The issue contract provides that these 2005 ORA are subject to early redemption, in cash and accompanied by an early redemption premium equal to 1.5 euros per bond, in case of a Company capital increase. The early redemption and payment of the premium will take place when the capital increase is completed or deemed to have been completed, by set-off against the amounts subscribed by each of the bond holders as part of the capital increase. Due to the set-off between the par value of the bonds and the premium, on the one hand, and the subscription commitment, on the other hand, the Company will not pay any funds to the holders of the 2005 ORA for their early redemption.

Consequently, the capital increase to be made by the Company through the Placement will cause the Company to make, in addition to the capital increase to be made as part of the Placement, a capital increase reserved for the 2005 ORA holders in an amount equal to the principal amount of the bonds, plus the early redemption premium, for a total amount of 7,279,075 euros. The capital increase reserved to the 2005 ORA holders will take place, for each of them, at the Placement Price, in an amount corresponding to the par value of all their 2005 ORA, plus a 1.5 euro premium per ORA.

Each of the 2005 ORA holders has irrevocably undertaken to subscribe to such capital increase, through individual agreements made with the Company.

This capital increase was authorised under the fourth resolution adopted by the combined general shareholders' meeting of 18 November 2005. It will be implemented by the management board on the day the Placement Price is set and completed on the Placement settlement date. A number between 512,599 and 587,011 new shares of the Company (based respectively on the upper and lower limits of the indicative range of the Placement Price, after waiver by ORA holders of their right to receive fractional shares) will be issued as part of the Reserved Capital Increase (**''Shares Resulting from 2005 ORA''**).

Lock-ups

The Company has undertaken, subject to certain exceptions, not to issue or agree to issue, offer or directly or indirectly sell, pledge, lend or otherwise transfer, for a period of 365 days after the Placement settlement date, or until 12 December 2006, shares of the Company, other equity securities of the Company or financial instruments that give access, directly or indirectly, to the Company's share capital, without the prior written agreement of Bryan Garnier and ING, as joint lead managers and bookrunners.

In addition, the Company's management board, certain of its shareholders who own, directly or indirectly, for their own account, or for the account of investment funds which they manage, more than 1% of the capital and voting rights of the Company before the Placement, and all the beneficiaries of BSA and BCE authorised on 7 November 2005, have undertaken to the Underwriters not to offer, sell or transfer in any way the shares they own, for a period of 365 days from the initial listing of the Company's shares on the Eurolist Market of Euronext Paris, or 7 December 2006, without the prior written agreement of Bryan Garnier and ING.

These lock-ups involve all the shares held by such persons at the end of the Placement and the Reserved Capital Increase, including Existing Shares, New Shares and Shares Resulting from 2005 ORA as well as shares or securities giving rights to the Company's shares they may acquire during such 365 day period. In this regard, the Underwriters have undertaken to examine in good faith requests for the release of these lock-ups submitted by those subject to such obligation.

The holders of 2005 ORA and the beneficiaries of BSA and BCE authorised on 7 November 2005, have agreed to a similar lock-up vis-a-vis the AMF for the Shares Resulting from 2005 ORA and those resulting from the BSA and the BCE.

Listing

Dates of the first listing and of start of trading:

The initial listing of Existing Shares, on the one hand, and New Shares and Shares Resulting from 2005 ORA (as share promises as defined by Article L. 228-10 of the French Commercial Code), on the other hand, on the Eurolist market of Euronext Paris is expected to take place on 7 December 2005 and trading is expected to start on 8 December 2005. As of 8 December 2005 and until the Placement settlement date, expected to be 12 December 2005, these trades will take place under the terms of Article L. 228-10 of the French Commercial Code on a single listing line called ''BioAlliance Pharma promises'' and will be subject to condition precedent of delivery of the depositary certificate with respect to the New Shares and the Company's statutory auditors' certificate with respect to the Shares Resulting from 2005 ORA.

ISIN Code: FR 0010095596

Symbol: BIO

Dilution

A shareholder that is not a bond holder of the Company, who holds 1% of the share capital before the Placement (assuming the Over-allotment Option is exercised in full and a Placement Price equal to the lower limit of the indicative price range, i.e., 12.40 euros), who does not subscribe to any of the capital increases described herein, would hold, after the implementation of the Placement and the Reserved Capital Increase, 0.62% of the share capital. Under the same assumption, the proportion of shareholders' equity per share would change from –0.347 euros to 3.691 euros.

3. SELECTED FINANCIAL DATA AND OTHER INFORMATION

3.1. Financial situation

Working capital

The Company hereby certifies that, in its opinion, based on unavoidable short-term liabilities of approximately 600,000 euros per month and without taking into account the capital increase to be received from the Placement, the Company's net working capital will not be adequate (that is to say the Company will not have access to sufficient funds) to meet its current liabilities for the twelve months following the filing of this Prospectus. However, the Company has sufficient working capital for the next six months. At the conclusion of this first six month period, without taking into account the capital increase to be received from the Placement, the Company will be compelled to solicit all or some of its shareholders to obtain new investments or credit facilities, in order to address the current working capital shortfall (3,600,000 euros). In any event, the Company believes that its net working capital following the capital increase resulting from the Placement will be sufficient to meet its existing obligations, for the twelve months following the date of this prospectus.

Selected financial data

The key figures extracted from the Company's financial statements are as follows:

Income statement and balance sheet items

Income statement items (€ thousands)	Fiscal year ended June 30, 2003	Fiscal year ended June 30, 2004	12 month period ended June 30, 2005 (pro forma) (unaudited)
Net Revenues	135	128	206
Other income	57	151	187
Total operating income	192	279	393
Purchases and external expenses	(1,797)	(2,713)	(3,614)
Salaries, wages and social charges	(1,756)	(2,181)	(2,450)
Taxes, duties and similar payments	(53)	(76)	(63)
Provision and depreciation charges	(339)	(272)	(444)
Other charges	(12)	3	(8)
Total operating expenses	(3,957)	(5,239)	(6,579)
Operating income	(3,764)	(4,961)	(6,186)
Financial income	(542)	(921)	(444)
EBIT	(4,306)	(5,881)	(6,631)
Extraordinary items	(14)	(12)	(32)
Income tax	662	253	638
Losses	(3,658)	(5,640)	(6,025)

Balance sheet items	Fiscal year ended June 30, 2003	Fiscal year ended June 30, 2004	12 month period ended June 30, 2005 (pro forma)
		€000	(unaudited)
Cash and marketable securities	1,047	1,849	6,094
Total assets	4,009	4,707	9,585
Total current liabilities	1,022	2,207	8,814
Total shareholders' equity	113	(2,916)	287

Note: In 2004, the Company made a change in the closing date of its annual financial statements from 30 June to 31 December. The fiscal year ended 31 December 2004 therefore had a duration of 6 months. To make previous corresponding periods

comparable, the Company prepared pro forma financial information covering the period 1 July 2004 through 30 June 2005, based on its audited financial statements for the fiscal year ended 31 December 2004 and its half-yearly statement for the period 1 January through 30 June 2005.

Shareholders' Equity and Liabilities

Pursuant to the recommendations of CESR (CESR 127), the liabilities and shareholders' equity as of 30 September 2005 were as follows:

(€ thousands)	**30 September 2005**
Shareholders' equity, including:	20,760
Share capital	1,366
Issue premium	19,394
Liabilities, including:	7,035
Total current liabilities	7,035
— Secured	696
— Preferred	—
— Non secured / Non preferred	6,339
Total medium and long term debt (excluding the portion under one year of medium and long term debt)	—
— Secured	—
— Preferred	—
— Non secured / Non preferred	—
Cash and cash equivalents	4,264

Additional information on net short term, medium term and long term debt

	(€ thousands)	**30 September 2005**
A.	Cash	215
B.	Cash equivalents	4,049
C.	Investment securities	—
D.	**Cash and cash equivalents (A+B+C)**	4,264
E.	Short-term financial liabilities	
F.	Short-term bank debt	705
G.	Portions under one year of medium and long-term debt	—
H.	Other short-term financial liabilities	6,330
I.	**Short-term financial liabilities (F+G+H)**	7,035
J.	**Net short-term financial debt (I-E-D)**	2,771
K.	Bank loans over one year	—
L.	Issued bonds	—
M.	Other borrowings over one year	—
N.	**Net medium and long-term financial debt (K+L+M)**	—
O.	**Net financial debt (J+N)**	2,771

Notes:

1. The secured amounts exclude interest resulting from the BDPME loan amounting to 7 thousand euros; this interest is nevertheless included in ''F. Short term bank debt.''
2. The above table does not include other equity, in the amount of 479 thousand euros, related to an ANVAR loan.

3.2. Reasons for the Placement and planned use of the proceeds of the issue

The Company's initial public offering is designed to allow it to continue its development independently, and under satisfactory conditions, by giving it access to new funds. The net proceeds of the Placement will be used to fund the Company's expenses for a period of approximately two and a half years, after which the Company believes it may produce income, and without taking into account potential revenues which may be generated during this period. During this period, the proceeds of the Placement will be used for (i) setting up a marketing and

sales force first in France, then in Europe, to support the launch of its most advanced product, miconazole Lauriad, planned for end of 2006 or the beginning of 2007, estimated at about 11 million euros, (ii) for the continuation of its research and development programs, whose costs are expected to be approximately 9.5 million euros, and (iii) infrastructure costs of the Company of approximately 6 million euros.

The amounts invested for these projects may vary significantly depending on a large number of factors. The amount and the appropriate timing of these investments will also depend on numerous factors, such as the success of research and development programs, the success of preclinical tests and future clinical tests as they occur, the receipt of necessary authorisations from regulatory authorities, the amount of the net proceeds of the anticipated capital increase, and the funds generated through possible future cooperation agreements.

The Company may make adjustments in the allocation of these proceeds based on changes in these factors, such as the progress and results of clinical trials and other research and development activities and the entry into of partnership agreements. Therefore, the Company will maintain absolute discretion over the allocation of proceeds from the Placement. Pending a decision on the final allocation of these proceeds, the Company has no intention of investing them other than in marketable securities.

3.3. Summary of the main risk factors

Investors are invited to take note of the risks described below before making an investment decision (for this purpose, see chapter 3 of the Company's Registration Document registered by the AMF under number I.05-132 dated 15 November 2005):

— financial risks (particularly historic operating losses — specific risks related to projected losses);

— the risks related to BioAlliance Pharma's business (namely dependence on its most advanced product: miconazole Lauriad, the possibility of a commercial failure of miconazole Lauriad, commercial risk related to the less advanced development stage of its other products and the specific risks related to obtaining a marketing authorisation for each of the Company's products);

— risks related to the Company's structure and strategy (namely the need to attract and retain key personnel, outsourcing of product manufacturing and the Company's limitations in terms of sales and marketing staff and distribution resources);

— legal risks related to BioAlliance Pharma's business (namely the risks of product liability, risks related to fluctuation of taxes on drugs, and risks related to changes in prescription cost reimbursement policies); and

— risks related to shares (namely absence of a market prior to the IPO, and the price impact of significant share sales following the lock-up period), and the significance of the dilution resulting from the unissued share capital, as presented in section 2 of this Transaction Note.

These risks, or one of these risks or other risks, not identified yet or deemed immaterial, could have a negative impact on the activities, financial situation, income and development of BioAlliance Pharma, or on the price of its stock.

4. ABOUT BIOALLIANCE PHARMA

Established in February 1997, BioAlliance Pharma is a pharmaceutical company specialising in the development of new therapeutic products aimed at overcoming drug resistance, in particular by making drugs easier for patients to take and by improving their delivery to the site of disease.

Since its creation, the Company has focused on the development of three product lines based on:

— **Lauriad** technology, which enables tablets to adhere to a mucous membrane (the mouth, in particular), thereby improving delivery through the early and extended release of therapeutic agents to the disease site;

— **Transdrug** technology, derived from nanotechnologies and especially designed for intra-cellular targeting, thereby improving drug efficacy and tolerance; and

— **New Chemical Entities** (**''NCE''**), a portfolio of new drugs intended for the oncology and HIV markets.

BioAlliance Pharma developed miconazole Lauriad, a product for the treatment of oropharyngeal candidiasis. This product was the subject of a marketing authorisation application for the European market at the end of Phase III clinical trials in September 2005. The Company also completed a Phase I clinical trial (pharmacokinetics and pharmacodynamics) for acyclovir Lauriad, a product for the treatment of oral herpes.

The Company's first product under development utilising Transdrug technology is based on doxorubicin, a powerful chemotherapy agent prescribed for many cancers. The doxorubicin Transdrug is currently undergoing a Phase I/II clinical trial for the treatment of primary liver cancer.

New drugs in the NCE program are being developed on the basis of research and licensing agreements with French research institutions and are in the early stages of development.

In the Company's sector of business, patents and patent licenses are of the utmost importance. The Company's patents and licenses are made up of 20 patent and license families: two relating to Lauriad technology and to the drugs stemming from it; three relating to Transdrug technology and to the drugs stemming from it; 11 relating to NCE; and four relating to diagnostic activities, which activities are in the process of being transferred to a third party.

BioAlliance Pharma regularly files patent applications in order to protect its technological systems, products, manufacturing processes, and its pharmaceutical formulas.

BioAlliance Pharma holds rights relating to 107 patent applications (20 of which are approved, including 12 patents held in ownership or co-ownership and 8 as part of a licencing agreement) in several countries and major jurisdictions, in particular the United States, Europe, and Japan. Other, more recent applications are still in the review process.

At this stage, BioAlliance Pharma has not granted a licence to manufacture, distribute, or market its pharmaceutical products.

5. REVIEW OF EARNINGS, FINANCIAL POSITION, AND OUTLOOK

The Company's primary goal is to generate sales of miconazole Lauriad when its application for a marketing authorisation (MA) is approved. The Company plans initially to market this product in France and to this end plans to establish its own sales force targeting specialist physicians (oncologists, internists, infectious disease specialists, etc.). The Company plans to set up a distribution network for the rest of Europe.

The Company's medium-term plan (upon obtaining the MA) is to extend the marketing of its first product throughout Europe, and subsequently to build on this experience by marketing other products to the same specialist physicians. These products may come from the Company's own product portfolio, or may be acquired from other biopharmaceutical companies as opportunities arise. The Company intends to become a recognised player in the field of pharmacological resistance related to the treatment of cancer, HIV, infectious and opportunistic diseases.

5.1. Revenues

5.1.1 Revenues for fiscal years ended 30 June 2003 and 2004

Revenues (€ thousands)	Financial year ended June 30, 2003	Financial year ended June 30, 2004
Expenses re-invoiced to VIRalliance	135	128
Other revenue	57	151
Total revenues	192	279

In 2003 and 2004, the Company's revenues included common charges (such as the subletting of offices and laboratories and personnel costs in particular for administrative staff) that it incurred and re-invoiced to its former subsidiary VIRalliance, which was dissolved resulting in the transfer of all its assets and liabilities to BioAlliance Pharma effective 30 October 2005. These costs came to 135 thousand euros in 2003 and 128 thousand euros in 2004.

In 2003, the Company's other revenue amounted to 57 thousand euros, compared to 151 thousand euros in 2004, an increase of 94 thousand euros, mainly representing government subsidies (16 thousand euros in 2003 compared to 77 thousand euros in 2004).

5.1.2 Revenues for fiscal year ended 30 June 2004 and the period from 1 July 2004 to 30 June 2005 (pro forma)

Revenues (€ thousands)	Financial year ended 30 June 2004	Period of 12 months ended 30 June 2005 (pro forma)
Expenses re-invoiced to VIRalliance	128	206
Other revenue	151	187
Total revenues	279	393

BioAlliance Pharma incurred certain expenses on behalf of VIRalliance before VIRalliance's dissolution and these expenses were entirely re-invoiced to VIRalliance. Consequently, they appear as revenue in the accounts shown above and represent re-invoicing to VIRalliance in the amount of 128 thousand euros in 2004 and 206 thousand euros in 2005 (pro forma).

Other revenue came to 84 thousand euros in 2004 and 95 thousand euros in 2005 (pro forma), up 11 thousand euros. These revenues mainly consist of French and European subsidies in the amount of 77 thousand euros in 2004 and 81 thousand euros in 2005.

5.2 Principal operating expenses

External purchases and expenses came to 2,713 thousand euros in 2004 and to 3,614 thousand euros in 2005 (pro forma), up 901 thousand euros.

This change is mainly due to an increase in development costs for Lauriad technology and includes expenses incurred in conjunction with preparing the Investigational New Drug (IND) application in the United States and MA application in Europe for miconazole Lauriad.

Expenses incurred relating to clinical trials for Lauriad products amounted to 977 thousand euros in 2005 (pro forma).

Other purchases and external expenses came to 1,753 thousand euros in 2004, compared to 2,637 thousand euros in 2005 (pro forma), up 884 thousand euros. This includes external administrative costs that came to 225 thousand euros in 2004, compared to 663 thousand euros in 2005 (pro forma), an increase of 438 thousand euros, mainly reflecting the Company's cost of raising funds.

5.3. Investments

Since its creation in 1997, the Company has raised 27 million euros from financial institutions and individual shareholders to finance growth and operations. This figure includes the May 2005 issue of bonds redeemable in shares in the amount of 6,329,630 euros. Most of the Company's expenditures since creation have gone towards developing its portfolio of products and acquiring and filing patents and patent licences to protect its business.

5.4. Cash Flow

Statement of Cash Flows (€ thousands)	Financial year ended 30 June 2003	Financial year ended 30 June 2004	Period of 12 months ended 30 June 2005 (pro forma) (unaudited)
Net Income (loss)	(3,658)	(5,640)	(6,025)
Net depreciation and provisions (charges less write-backs)	856	1,233	867
Free cash flow	(2,802)	(4,407)	(5,158)
(Decrease) increase in working capital	(718)	236	(806)
Net cash from operating activities (A)	(3,520)	(4,171)	(5,964)
(Decrease) increase in tangible and intangible assets	(11)	(154)	(36)
(Decrease) increase in financial assets	48	(18)	35
(Decrease) increase in advances granted to VIRalliance	(271)	(705)	(423)
Net cash flows from investing activities (B)	(234)	(877)	(424)
Net cash flow (A+B)	(3,754)	(5,048)	(6,388)
Capital increase	61	2,611	9,229
Redeemable bonds issued	2,611	2,611	1,108
BDPME loan	0	700	0
Conditional subsidies	(53)	(80)	302
Net cash flows from financing activities	2,619	5,842	10,639
(Decrease) increase in cash and cash equivalents	(1,135)	794	4,251
Opening cash position	2,182	1,047	1,841
Closing cash position	1,047	1,841	6,092

6. DIRECTORS, MANAGEMENT, AND EMPLOYEES

Members of the management board

Name	Title
Dominique Costantini	Chairman of the management board
Gilles Avenard	General manager and management board member
Richard Keatinge	General manager and management board member

Members of the supervisory board

Name	Title
Jean-Claude Deschamps	Independent member of the supervisory board and chairman of the supervisory board
François Sarkozy	Independent member of the supervisory board
Auriga Partners, represented by Bernard Daugeras	Supervisory board member
ING Belgique, represented by Denis Biju-Duval	Supervisory board member
Capricorn Venture Partners, represented by Claude Stoufs	Supervisory board member
Sigefi Ventures Gestion, represented by Marie-Laure Garrigues	Supervisory board member

Employees

Workforce as of:

30 June 2005	31 December 2004
42	42

Statutory Auditors

— Principle Statutory Auditors: Grant Thornton and Ernst & Young Audit

— Alternate Statutory Auditors: Jean-Pierre Cordier et Société Auditex S.A.

7. PRINCIPAL SHAREHOLDERS

Breakdown of the Company's share capital on the filing date of this prospectus:

	Shares held		Voting rights[2]	
Shareholders[1]	Number of shares	% of the company's capital	Number	% of the company's capital
Individuals:	727,684	13.32%	727,684	13.32%
Dominique Costantini	187,500	3.43%	187,500	3.43%
Gilles Avenard	187,500	3.43%	187,500	3.43%
Gérard Tardy	71,448	1.31%	71,448	1.31%
Jean Théron	58,800	1.08%	58,800	1.08%
Dominique Agostini	58,800	1.08%	58,800	1.08%
Alain Chatelin	38,796	0.71%	38,796	0.71%
Gérard Kannengiesser	26,400	0.48%	26,400	0.48%
Other[3]	98,440	1.80%	98,440	1.80%
Investment funds:	4,735,440	86.68%	4,735,440	86.68%
Groupe Capricorn[4]	464,528	8.51%	464,528	8.51%
Groupe SPEF Ventures[5]	228,780	4.19%	228,780	4.19%
Groupe Xange PE[6]	522,332	9.56%	522,332	9.56%
Groupe Edmond de Rothschild[7]	75,600	1.38%	75,600	1.38%
Auriga Ventures II	1,134,408	20.76%	1,134,408	20.76%
Groupe ING Belgique[8]	1,134,408	20.76%	1,134,408	20.76%
FPCR — FCJE	719,244	13.17%	719,244	13.17%
Groupe Siparex[9]	456,140	8.35%	456,140	8.35%
Total	5,463,124	100%	5,463,124	100%

Note: The above number of shares has been restated by dividing their par value by four as decided by the general meeting of shareholders on 7 November 2005.

(1) There are 50 shareholders as of the registration date of this prospectus.

(2) Each share entitles the holder to one vote. There is no limit to the number of votes each shareholder may have.

(3) 14 individuals, none of whom holds over 20 400 shares.

(4) Baring Capricorn Ventures Limited and Capricorn Venture Fund N.V.

(5) Sopagest BP Innovation 2 and Sopagest BP Innovation 3.

(6) FCPI France Innovation 1, FCPI France Innovation 2, FCPI France Innovation 3, FCPI France Innovation 4, Investissement Innovation 2002, and AA Innovation 2002.

(7) Soge Innovation IV, BioDiscovery FCPR, and Europe Tech Fund.

(8) When the Company's shares commence trading in Compartment C of the Eurolist market of Euronext Paris SA, 1,116,908 of these shares will be held as follows: ING Belgique: 1,048,188; Denis Biju-Duval: 27,924; Paladin Holding SA: 12,180; C-Code SA (Jean-Claude Deschamps): 3,052; Alain Parthoens: 10,156; Luc Van de Steen: 5,080; Ivan Trangez: 4,060; Philippe Hennebert: 3,248; Tom Bousmans: 2,920; Valérie Baroen: 100.

(9) FCPI Uni Innovation 2, FCPI Uni Innovation 3, FCPI Actions Innovation 2002, FCPI Actions Innovation 2003, FCPI Generation Innovation, Siparex Croissance, Siparex Développement, FCPR Innovation and Proximité 1, SIGEFI Ventures Gestion, FCPI CA AM Innovation 2 and FCPI CA AM Innovation 3.

8. ADDITIONAL INFORMATION

Company share capital

On the date of registration of this prospectus (taking into account the changes approved by the extraordinary meeting of shareholders on 7 November 2005, which will become effective when the Company's shares commence trading on the Eurolist market of Euronext Paris), the company's share capital amounted to 1,365,781 euros divided into 5,463,124 shares with a par value of 0.25 euros each.

Bylaws

The Company's most recent bylaws were filed with the Paris Registrar of Companies and are subject to the changes approved by the general meeting of shareholders on 7 November 2005, under the condition precedent that the Company's shares are admitted to trading on the Eurolist market of Euronext Paris. The modified bylaws are described in the Registration Document.

TRANSACTION NOTE

1. PERSONS RESPONSIBLE

1.1 Persons responsible for the prospectus

Ms. Dominique Costantini, chairman of the management board of BioAlliance Pharma.

Monsieur Gilles Avenard, general manager of BioAlliance Pharma and management board member.

1.2 Statement of the persons responsible for the prospectus

''All reasonable care has been taken to ensure that the information contained in this prospectus is to the best of our knowledge accurate contains all the information investors need to form an opinion on the assets, operations, financial position, results, and outlook for BioAlliance Pharma and contains no omission likely to effect its underlying meaning.''

Dominique Costantini
Chairman of the management board

Gilles Avenard
General manager and member of the management board

1.3 Person responsible for information

Mr. Piers Morgan
Chief Financial Officer
Immeuble les Chevrons
59, boulevard du Général Martial Valin
75015 Paris
Telephone: +33 (0)1 45 58 76 00
Fax: + 33 (0)1 45 58 08 81
e-mail: infofin@bioalliancepharma.com

2. RISK FACTORS

In addition to the risk factors described in Chapter 3, ''Risk Factors,'' in the Registration Document filed with the AMF on 15 November 2005 under number I. 05-132 (the **''Registration Document''***), the investor is encouraged to consider the following factors and the other information contained in this prospectus before deciding to invest in the Company's shares. An investment in the Company's shares involves risk. All risks identified by the Company to date in this prospectus are described in the Company's Registration Document as supplemented by the information below. Nevertheless, other risks and uncertainties unknown to the Company or deemed insignificant by the Company on the date hereof could also disrupt its operations. If an unknown risk, one of the following risks, or one of the risks described in Chapter 3, ''Risk Factors,'' in the Registration Document, were to materialise, then the Company's business, financial situation, results, and outlook could be adversely affected. In such case, the price of the Company's shares could decline and the investor could lose all or part of his investment in the Company's shares.*

2.1 Risks Relating to the Placement

Share price volatility

Any event affecting the Company, its competitors and the market in general, and the biotechnology and pharmaceutical industry sector in particular, could have an adverse affect on

the price of the Company's shares. The market price for our common stock may fluctuate as a function of various events, such as:

— results of research or clinical trials;

— achievements made by other companies of technological innovations or new products that render the Company's potential products less marketable;

— changes in regulations;

— announcements concerning health insurance reform;

— new developments in intellectual property law;

— disputes and litigation; and

— variations in operating income of the Company and its competitors.

Impact of future share sales on the Company's share price

The Company, its principal executives, and certain shareholders directly or indirectly holding over 1% of the capital and voting rights of the Company before the Placement, for their own account or on behalf of investment funds under their management, must refrain from undertaking or committing to undertake the issue, offer, sale (direct or indirect), pledge, loan, or transfer by any other means of shares or securities directly or indirectly giving access to the Company's share capital, without the prior written approval of Bryan Garnier and ING, during a 365-day period commencing on the signature date of the underwriting agreement described in section 5.4.3 of this Transaction Note. The Company, its principal executives, and shareholders will be free to issue or to sell (as the case may be) additional shares at the end of this period, subject to obtaining the authorisations required by corporate law and by the market authorities of various countries. Immediately after the initial public offering, assuming a Placement Price equal to the median value of the indicative price range (or 13.3 euros), the Company's principal executives — Ms. Dominique Costantini and Monsieur Gilles Avenard — will retain 4.54% of the share capital (4.36% if the Over-allotment Option is exercised in full). Likewise, 63.80% of the share capital (61.30% if the Over-allotment Option is exercised in full) will be controlled by funds managed by Capricorn, SPEF Ventures, XAnge PE, Edmond de Rothschild, Auriga Ventures II, ING Belgique, FCPR-FCJE, and Siparex. The sale of a significant number of these shares on the market after the initial public offering, in particular by the principal executives or member of the Company's management board or supervisory board, could cause the price of the Company's shares to decline.

Risk of development of an active secondary trading market

The initial public offering represents the first time the Company's shares have traded on any market. The price of the Shares (as defined herein below) for purposes of the Placement will be established on the basis of criteria taking into consideration, in particular, current market and economic conditions, valuations of companies with similar operations, and the Company's current business status. Because of the lack of a previous valuation, the Placement Price may not accurately reflect the market price for the Company's shares on the Eurolist market of Euronext Paris. The Company cannot know if investor interest will result in an actively traded secondary market and moreover cannot predict how much liquidity such a market will have. If an active and liquid secondary trading market fails to develop, investors could have difficulty selling their shares.

Risks relating to the unissued share capital

The total number of shares which could be issued, upon exercise of the BSA and BCE which have been authorised by the Company and are still in circulation, is 1,967,288 shares,

representing about 36% of the shares of the Company as of the date of the filing of this prospectus (following the decision to divide the par value of the Company's shares by four).

In the event that all or a part of these BSA and BCE are exercised, the resulting issue of the Company's shares would result in dilution of existing shareholders and, in consequence, a decline in the relative value of their shares.

The potential dilution resulting from reimbursement of ORA is not taken into account because of the expected cash repayment and the commitment of their holders to subscribe to the Reserved Capital Increase simultaneously with the Company's listing on the stock exchange.

3. BASIC INFORMATION

3.1 Net working capital

The Company hereby certifies that, in its opinion, based on unavoidable short-term liabilities of approximately 600,000 euros per month and without taking into account the capital increase to be received from the Placement, the Company's net working capital will not be adequate (that is to say the Company will not have access to sufficient funds) to meet its current liabilities for the twelve months following the filing of this Prospectus. However, the Company has sufficient working capital for the next six months. At the conclusion of this first six month period, without taking into account the capital increase to be received from the Placement, the Company will be compelled to solicit all or some of its shareholders to obtain new investments or credit facilities, in order to address the current working capital shortfall (3,600,000 euros). In any event, the Company believes that its net working capital following the capital increase resulting from the Placement will be sufficient to meet its existing obligations, for the twelve months following the date of this prospectus.

3.2 Shareholders' equity and liabilities

In accordance with the recommendations of CESR (CESR 127), the liabilities and shareholders' equity at 30 September 2005 were as follows:

(€ thousands)	**At 30 September 2005**
Shareholders' equity, including:	20,760
Share capital	1,366
Issue premium	19,394
Liabilities, including	7,035
Total current liabilities	7,035
— Secured	696
— Preferred	—
— Non-secured / Non-preferred	6,339
Total medium and long-term debt (excluding the portion of medium and long-term debt less than one year)	—
— Secured	—
— Preferred	—
— Non-secured / Non-preferred	—
Cash and marketable securities	4,264

Additional information on net short, medium, and long-term debt

(€ thousands)		At 30 September 2005
A.	Cash	215
B.	Cash equivalents	4,049
C.	Investment securities	—
D.	**Cash and cash equivalents (A+B+C)**	4,264
E.	Short-term financial liabilities	—
F.	Short-term bank debt	705
G.	Portions under one year of medium and long-term liabilities	—
H.	Other short-term financial debt	6,330
I.	**Short-term financial liabilities (F+G+H)**	7,035
J.	**Net short-term financial debt (I-E-D)**	2,771
K.	Bank loans over one year	—
L.	Issued bonds	—
M.	Other borrowings of over one year	—
N.	**Net medium and long-term debt (K+L+M)**	—
O.	**Net financial debt (J+N)**	2,771

Notes:

1. The secured amounts exclude interest resulting from the BDPME loan amounting to 7 thousand euros; this interest is nevertheless included in ''F. Short term bank debt.''
2. The above table does not include other equity, in the amount of 479 thousand euros, related to an ANVAR loan.

Since 30 September 2005, there has been no significant change in the level of shareholders' equity before net income and the various items of debt presented above.

3.3 Interest of individuals and legal entities in the Placement

To the best of the Company's knowledge, the Underwriters have no interests apart from those described below, for which they are providing their professional services in connection with the admission of the Company's shares for trading on the Eurolist market of Euronext Paris.

ING Belgique, a subsidiary of ING, joint lead underwriter and bookrunner, is a member of the Company's supervisory board and directly or indirectly holds 1,134,408 shares representing 20.76 % of the Company's capital before the Placement.

The Underwriters and some of their respective affiliates have provided various investment, commercial, and related services to BioAlliance Pharma and its shareholders, and may provide these services in the future, for which they receive fees.

3.4 Purpose of the Placement and use of proceeds

Net proceeds from the New Shares issued will be used to fund the Company's expenses for a period of approximately two and a half years, after which the Company believes it will be able to generate income, without taking into account possible revenue which may be generated during this period. During this period, the proceeds will be allocated to (i) establish a marketing and sales force, first in France, then in Europe, to support the launch of the Company's most advanced product, miconazole Lauriad, planned for late 2006 or early 2007, in the estimated amount of 11 million euros; and (ii) continue the Company's research and development programs, whose costs are expected to be approximately 9.5 million euros, and (iii) pay for the infrastructure costs of the Company, of approximately 6 million euros.

The amounts invested for these projects may vary significantly and depend on a large number of factors. The amount and determination of the appropriate timing for these investments will also depend on a number of factors, such as the success of research and development programs, the success of preclinical tests and future clinical trials as they develop, the receipt of necessary

authorisations from regulatory authorities, the net amount of proceeds from the anticipated capital increase, and the funds generated by potential cooperation agreements.

The Company may adjust the allocation of these proceeds depending on the developments in these factors, such as the progress and results of clinical trials and other research and development activities or the entry into partnership agreements. Therefore, the Company will have absolute discretion on the allocation of these net proceeds. Pending a decision on the final usage of these net proceeds, the Company has no intention to invest them in other than marketable securities.

4 INFORMATION REGARDING THE SHARES OFFERED/ADMITTED FOR TRADING

4.1 Nature, category, and effective date of the Shares

The changes approved by the extraordinary general meeting of the Company's shareholders on 7 November 2005 are taken into account in the items below, and will become effective when the Company's shares are admitted to trading on the Eurolist market of Euronext Paris.

4.1.1 Number, nature, category, and effective date of the Shares

Admission to Eurolist by Euronext (Compartment C) is requested for a maximum of 8,832,393 common shares of the same category, representing:

— all the shares comprising the share capital of BioAlliance Pharma on the date the shares are first listed (the **''Existing Shares''**), or 5,463,124 shares, fully paid-up;

— between 2,112,677 and 2,419,355 new shares (in the form of promised shares until the settlement/delivery date of the Global Placement and the Public Offering), which will be issued in connection with the capital increase initiated by the Company simultaneously with the initial public offering of its shares and increased, if necessary, by a number of shares between 316,901 and 362,903 in the event the Over-allotment Option is fully exercised (the **''New Shares''**); and

— all the shares resulting from the 2005 ORA i.e., after waiver by the ORA holders of their right to receive fractional shares, will be between 512,599 and 587,011 (in the form of promised shares until the settlement/delivery date of the Global Placement and the Public Offering), which will be issued to holders of 2005 ORA when the capital increase resulting from the Placement is completed or deemed completed (the **''Shares Resulting from 2005 ORA''**).

(the Existing Shares, with the New Shares and the Shares Resulting from 2005 ORA are collectively referred to as the **''Shares''**).

The New Shares and the Shares Resulting from 2005 ORA will be the same category as the Existing Shares and will be deemed identical, from the time they commence trading on the Eurolist market of Euronext Paris, to those shares simultaneously commencing trading on the Eurolist market of Euronext Paris. New Shares will bear dividend rights upon their issue date and will confer the right to all distributions declared as of this date.

4.1.2. Listing name for the Shares

The initial listing of the New Shares, the Shares Resulting from 2005 ORA (in the form of promised shares as defined by Article L. 228-10 of the French Commercial Code), and the Existing Shares on the Eurolist market of Euronext Paris is expected to occur on 7 December 2005 and trading in these shares is expected to commence on 8 December 2005. From 8 December 2005 until the settlement-delivery date, these trades will take place in accordance with Article L. 228-10 of the French Commercial Code under a special listing called ''BioAlliance Pharma Promises'' and will be subject to the condition precedent of the delivery,

on the settlement-delivery date, of the custodian's certificate for the New Shares, and the certificate of the Company's auditors for the Shares Resulting from 2005 ORA, it being understood that the Shares Resulting from 2005 ORA will not be included in the Placement underwritten by the Underwriters.

The New Shares, the Shares Resulting from 2005 ORA, and the Existing Shares will trade under the listing ''BioAlliance Pharma'' as of the first trading day after the settlement-delivery date of the Placement and the issue date of the depository certificate for the New Shares and the certificate of the Company's auditors for the Shares Resulting from 2005 ORA.

4.1.3. ISIN Code and symbol

ISIN: FR 0010095596

Symbol: BIO

4.1.4. Name of the business sector

FTSE Business Sector: 482-Biotechnology and ICB 4573-Biotechnologies

4.2. Applicable law and court of jurisdiction

The Shares will be issued under French law.

In the event of litigation, the court of jurisdiction is the court of the registered office of BioAlliance Pharma when the Company is defendant, determined according to the nature of the dispute, barring any contrary provision in the New Code of Civil Procedure in France.

4.3. Form and registration of the Shares

The Shares may be in the form of registered shares or bearer shares, as shareholders so choose.

In accordance with the provisions of Article L. 211-4 of the French Monetary and Financial Code, all Shares, whatever their form, will be dematerialised. Consequently, the Shares will have to be registered in accounts held by the Company or by an authorised agent. The rights of the holders of the Shares will be represented by a registration in their name with:

— Société Générale, 32 rue du Champ de Tirs, 44300 Nantes, appointed by the Company for registered shares;

— an authorised agent of their choice and Société Générale, 32 rue du Champ de Tirs, 44300 Nantes, appointed by the Company for administered registered shares;

— an authorised agent of their choice for bearer shares.

Additionally, Article 10 of the Company's bylaws allows the Company to identify its shareholders according to the procedure cited in Articles L. 228-2 et seq. of the French Commercial Code. Under current legal and regulatory conditions, the Company will have the right to request from the central depository, at any time and at its expense, the following information as the case may be: the individual or company name, nationality, year of birth or year of establishment, and address of the holders of shares giving immediate or future voting rights at the Company's general meetings, as well as the number of shares held by each shareholder, and any restrictions that may be placed on the shares.

Lastly, the Company has requested or will request that the shares forming its capital and the shares likely to be issued in connection with the Placement be admitted to Euroclear France and to the settlement-delivery systems of Euroclear Bank S.A./N.V. and Clearstream Banking (Luxembourg). The Existing Shares forming the Company's share capital are expected to be recorded in their accounts on 7 December 2005 and the New Shares and the Shares Resulting from 2005 ORA are expected to be recorded in their accounts on 12 December 2005.

4.4. Currency of the Share issue

The issue of the New Shares and the Shares Resulting from 2005 ORA will be realised in euro.

4.5. Rights attached to the Shares

Upon issue, New Shares will be subject to all the stipulations of the Company's articles of incorporation and will be deemed equivalent to the Existing Shares and the Shares Resulting from 2005 ORA. The principal rights attached to the Shares, under the Company's current articles of incorporation, are described below.

Right to Dividends

As of their issue date, the Shares, with a nominal value of 0.25 euro each, will entitle the shareholder to the full amount of any distribution of dividends declared, and will be deemed equivalent to the Existing Shares.

Dividends unclaimed within a five-year period as of their payout date are allocated and paid to the French government.

Dividends paid to non-residents are subject to withholding tax in France (see section 4.11 of this Transaction Note).

Right to share in the Company's profits

The Company's shareholders are entitled to profits under the terms defined by Article L. 232-10 and following of the French Commercial Code.

The New Shares confer rights as of their issue date and entitle the shareholder to the full amount of any distribution declared as of this date. All the Shares are of the same class and confer the same rights regarding distribution of profits.

At the Company's annual general meeting of shareholders called to approve the financial statements each fiscal year a dividend may be declared upon all the Company's outstanding shares.

In accordance with current legal and regulatory provisions, the annual general meeting of the Company's shareholders may give each shareholder, for all or part of the dividend (or interim dividends) distributed, a choice between payment of the dividend (or interim dividends) in cash or in shares issued by the Company. Dividends unclaimed within a five-year period of their payout lapse.

Right to share in any bonus on liquidation

Each Share confers ownership of the Company's capital and rights upon liquidation, in proportion to the share of the Company share capital it represents, taking into consideration any redeemed and un-redeemed capital and paid and unpaid share capital.

Shareholders bear no losses exceeding their capital investment.

Voting Rights

Each Share confers the right to vote and to attend shareholders' meetings, as well as the right to be informed about the Company's affairs and to receive the Company's documentation in the timeframe and on the terms and conditions stipulated by law and the Company's bylaws.

Each legally valid Share gives the right to one vote.

Preferential Subscription Right

All Shares bear a preferential right to subscribe to capital increases, unless this right is cancelled in accordance with a resolution duly passed at a shareholders' meeting. The third and

fourth resolutions of the combined general meeting of shareholders on 18 November 2005 cancelled this right in conjunction with the issue of the New Shares and the Shares Resulting from 2005 ORA.

Buyback Clauses and Conversion Clauses

In its first resolution, the combined general meeting of shareholders on 18 November 2005 approved a share buyback program and authorised management (in its seventh resolution) to reduce the Company's share capital in accordance with Article L. 225-209 of the French Commercial Code.

4.6 Authorisations for the issue of Shares

General Meeting resolutions authorising issue of the New Shares as part of the Placement

The issue of New Shares will be carried out in accordance with the third resolution of the combined general meeting of shareholders of the Company on 18 November 2005, which specifically:

— delegated to the management board, for a period of twenty-six (26) months from this meeting, its powers to decide on the issue, in France or abroad, on one or more occasions, at the time or times it chooses and in the quantities it considers appropriate, on terms withdrawing the preferential subscription rights and through a direct offer to the public, of ordinary shares in the Company or of any other securities conferring access, by any means, immediately and/or in the future, to the capital of the Company; the said shares will give the same rights as the old shares, depending on the effective date of the issue;

— decided that the management board could use this delegation of powers for the listing of the shares of the Company for trading on the Eurolist of Euronext Paris, in the form of a global placement (the ''Global Placement'') and of an Open Price Offering (the ''Open Price Offering'');

— decided to withhold the preferential subscription rights of the shareholders to the shares or other securities which could be issued by virtue of this delegation of powers;

— delegated to the management board the right to consider whether issues of shares or other securities effected by virtue of this delegation of powers would include a priority period for the subscription, in favour of the shareholders under the terms which it will establish in accordance with the provisions of Article L.225-135 of the French Commercial Code;

— noted that this delegation of powers triggers as a matter of law, to the benefit of the holders of securities giving immediate or future access to the capital of the Company which may have been issued by virtue of this delegation of powers, the shareholders' waiving their preferential subscription rights to any ordinary shares to which these securities might entitle them;

— authorised the management board to effect issues of securities (other than the shares) in euros, in any other currency which is legal tender or in any other unit of account established with reference to a basket of currencies;

— decided that, in accordance with the provisions of Article L. 225-136 of the French Commercial Code, the issue price of the shares or of the other securities likely to be issued by virtue of this delegation of powers, will be determined by the management board on the following terms:

  i. in the context of the capital increase being carried out in the context of the Open Price Offering and the Global Placement, the issue price of the shares will be fixed by the management board and will derive from comparison of the number of shares offered for the subscription with the applications for subscriptions coming from investors in the framework of the Open Price Offering and the Global Placement, according to the

so-called ''building an order book'' technique as developed through local professional practice;

ii. as soon as the share capital of the Company is listed for trading on a regulated market and the securities to be issued immediately or in the future are similar to them:

- within the limit of 10% of the share capital per year, the issue price will be fixed by the management board;
- beyond the limit of 10% of share capital per year as set out above, the issue price will be fixed by the management board in accordance with the provisions of article 155-5 of Decree 67 236 of 23 March 1967;

iii. in other cases, their issue price will be fixed by the management board, so that the sum received immediately or in the future by the Company is at least equal to the price resulting from application of the method set out in the first section of the preceding paragraph of this resolution;

— decided that the management board can use this delegation of powers for proceeding with the issue of shares or other securities:

i. as consideration for securities which may be contributed to the Company following an exchange offer under the terms set out in Article L.225-148 of the French Commercial Code;

ii. within the limit of 10% of the share capital of the Company, as consideration for contributions in kind which are granted to the Company and made up of share capital or securities giving access to the capital, if the provisions of Article L. 225-148 of the French Commercial Code are not applicable;

— decided that the nominal amount of the increase(s) in capital which may be decided by the management board and realised, immediately or in the future, by virtue of this delegation of powers, cannot exceed a maximum par value of 1,800,000 euros, it being emphasized that the nominal amount of any increase in capital realised through application of this delegation of powers will be applied against the global limit set out in the second resolution of said meeting;

— decided that at the time of a given issue carried out by virtue of this delegation of powers, the management board will have, for a period of thirty days after the closing of the subscription and within the limit of 15% of the initial issue, the right to increase the number of shares or other securities issued under the same terms, particularly price, as those applied to the initial issue;

— decided that the management board will have, in accordance with the law and within the limits established in this resolution, all powers (including the right of sub-delegation as permitted by law) to implement this delegation of powers, including for the purpose of establishing the terms of any issue of shares or other securities and the characteristics of the securities issued, as well as, where appropriate, to suspend it, to declare its realisation, to proceed with a corresponding amendment of the bylaws and to carry out any other necessary or useful formality;

— decided that the management board may use this delegation of powers to proceed with the issue of share capital and/or securities giving immediate or future access to a portion of the share capital of the Company as consideration for securities contributed in any exchange offer initiated by the Company, in application of Article L. 225-148 of the French Commercial Code, on the securities of another Company listed on one of the markets approved by the said Article L. 225-148 of the French Commercial Code, it being emphasised that the management board will have to fix the exchange parities as well as, where appropriate, the equalisation payment in cash to be paid to the shareholders who contribute their securities in the exchange offer initiated by the Company;

— noted that this delegation of powers cannot be used during the period of a takeover bid or exchange offer for the securities of the Company unless this practice is in the normal course of business of the Company and its implementation is not likely to make the offer fail;

— noted that, in accordance with a decision of the supervisory board of 2 November 2005, the use by the management board of this delegation of powers must be subject to prior authorisation from the supervisory board.

In this regard, the supervisory board in its meeting of 18 November 2005 authorised the management board to implement the above-mentioned delegation of powers.

The issue of Over-allotment BSA reserved for specific persons in the context of exercising the Over-allotment Option, will be carried out in accordance with the fifth resolution of the said meeting, which specifically:

— delegated to the management board, for a period ending on 30 June 2006 and under the condition precedent that, during this period, the powers granted to it under Article L. 225-135-1 of the French Commercial Code and 155-4 of the Decree of 23 March 1967 are not used, the power to decide to proceed, on one or more occasions, at the time or times it chooses and in the quantities it considers appropriate, in the context of the listing of the Company's shares for trading on the Eurolist of Euronext Paris, under the condition precedent of this listing and solely for the purpose of granting to ING Securities Bank (France) acting on behalf of the underwriters of the operation, with an option permitting it to cover any overallocation of shares, with the issue of a maximum number of 1,080,000 stock subscription warrants, each warrant giving the right to subscribe to one share in the Company, i.e. a maximum number of 1,080,000 new shares in the Company, it being understood that:

  i. the par value of the capital increase made under this resolution cannot be greater than 15% of the sum of the par value of the capital increases realised through application of the third resolution of the said meeting; and

  ii. the par value of the capital increase realised by exercising the stock subscription warrants, in application of this delegation of powers, will be applied against the global limit fixed in the second resolution of the said meeting;

— decided to cancel the preferential subscription rights of shareholders to the stock subscription warrants covered by this resolution for the benefit of ING Securities Bank (France);

— noted that this delegation of powers will trigger as a matter of law, for the benefit of the holders of securities giving immediate or future access to the capital of the Company which may have been issued by virtue of this delegation of powers, the shareholders' waiving their preferential subscription rights to any ordinary shares to which these securities might entitle them;

— decided that the stock subscription warrants will be issued on the terms set out below:

  1. Issue of stock subscription warrants

     Each stock subscription warrant will be issued at the price of 0.000001 euros. Where appropriate, the stock subscription warrants must be issued at the latest on the day of the first listing of the shares of the Company on the Eurolist of Euronext Paris, and in all circumstances before 30 June 2006. The warrants must be subscribed within thirty (30) days of the issue by the management board, in cash and must be fully paid-up on subscription. The subscription period can be closed early if all the stock subscription warrants have been subscribed. The subscriptions will be received at the registered office of the Company.

2. Terms for exercising the warrants

   Each stock subscription warrant gives the right to subscribe to a share in the Company at the price proposed to investors for the subscription of shares in the Company in the context of the Global Placement, as resulting from the decision of the management board taken in application of the third resolution of the said general meeting. In order to exercise their right of subscription to the shares, ING Securities Bank (France) must make a written application to the Company accompanied by the total amount of the subscription. The stock subscription warrants can be exercised, wholly or in part, during a period of thirty (30) days from the first day of the listing of the shares of the Company on the Eurolist of Euronext Paris. Once this deadline has passed, all the warrants issued but not exercised will be null and void.

3. New shares

   The new shares subscribed at the time of exercising the stock subscription warrants will, from the moment they are created, be subject to all the by-law provisions and will give rights to dividends from the start of the financial period during which the warrants were exercised. These new shares will be wholly equivalent to the old shares. The rights of the holders of the stock subscription warrants will be legally retained, especially by adjustment of the price and/or the number of shares, to take account of any financial operations which may be carried out by the Company.

Resolutions of the meeting which authorised the issue of shares in addition to the Placement, in connection with the Reserved Capital Increase

The issue of the Shares Resulting from 2005 ORA will be carried out in the context of the fourth resolution of the combined general meeting of shareholders of the Company of 18 November 2005, which:

— delegated powers to the management board, from the date of the said meeting and until 30 June 2006, with the right of sub-delegation under the terms provided by law, for the purpose of proceeding, on one or more occasions and in the quantities and at the times which it considers appropriate, with the issue of new shares reserved for a category of persons consisting of holders of the 2005 ORA (the ''Category of Persons'');

— decided that the total amount of capital increases to be performed immediately and/or in the future by virtue of this delegation of powers, cannot exceed a global par value limit of four hundred and fifteen thousand (415,000) euros; this global limit will not take account of adjustments which may be operated in accordance with the applicable legal and regulatory provisions, and where appropriate, with the contractual stipulations envisaging other adjustments, to preserve the rights of the holders of securities giving access to the capital, it being emphasised that any increase carried out by virtue of this delegation of powers will impact on the global nominal limit set out in the second resolution but will not impact on the nominal limit set out in the third resolution.

— decided to cancel the preferential subscription rights of the shareholders to the shares which may be issued in the framework of this delegation of powers, in favour of the Category of Persons;

— decided that the management board would have all powers, with the right of sub-delegation under legal terms, to implement this delegation of powers, with the particular purpose of:

   i. establishing the detailed list of beneficiaries within the Category of Persons, as well as the number of securities to be attributed to each of them;

ii. deciding the amount to be issued and fixing the issue price which, in application of the issue contract, must be equal to the price of the shares in the framework of the capital increase and will be paid by set-off against liquid and payable debts; and

iii. declaring the existence, the liquidity and the nature of the said debts and drawing up a statement of account certified by the auditor in accordance with Article 166 of the Decree of 23 March 1967;

— noted that, in accordance with a decision of the supervisory board of 2 November 2005, utilisation of this delegation of powers by the management board must be subject to prior authorisation of the supervisory board.

In this regard the supervisory board, in its meeting of 18 November 2005, authorised the management board to implement the above delegation of powers.

Management Board having approved the issue of the New Shares and the Shares Resulting from 2005 ORA

By virtue of the delegation of powers granted by the combined general meeting of shareholders cited above and the authorisation of the supervisory board meeting of 18 November 2005, it is expected that the management board of the Company, in its meeting of 7 December 2005 will decide on:

— an increase in the share capital without preferential subscription rights by means of a public offering, through the issue of a maximum number of 2,419,355 New Shares with a par value of 0.25 euros each, to be fully paid up at the time of subscription by a cash payment, corresponding to a capital increase of a total amount, including issue premiums, of about 30 million euros;

— an increase in the share capital, without preferential subscription rights for the benefit of a category of persons consisting of holders of 2005 ORA (the ''Category of Persons''), by the issue of a maximum number of 587,011 Shares Resulting from 2005 ORA of a par value of 0.25 euro each, to proceed with the Reserved Capital Increase for a total amount, including issue premium, of 7,279,075 euros to be fully paid up through set-off at the time of the effective or deemed completion of the Placement;

— the detailed list of the beneficiaries of the Reserved Capital Increase within the Category of Persons;

— an issue, of between 316,901 and 362,903 Over-allotment BSA which can cause the issue of a maximum number of 362,903 new shares in the Company at a price equal to the Placement Price; and

— to sub-delegate full powers to the chairman of the management board of the Company to implement the issue of the Over-allotment BSA cited above, particularly the dates for the opening and closing of the exercise period for the Over-allotment BSA, within the limit, for the latter date, of 30 days after the date of the first trading of the Company shares on the Eurolist of Euronext Paris.

The final arrangements for the capital increase, particularly the number of shares, its definitive amount and the unit price per share for the subscription for New Shares, which will be determined according to the terms decided on by the combined general meeting of 18 November 2005 (see the third resolution), will be subject to the decision of the management board which must take place on 7 December 2005.

Other current authorisations for capital increases

The general meeting of 18 November 2005 also authorised the management board to proceed with the capital increases described below.

— *Global delegation of powers*

Within a maximum global par value limit of three million (3,000,000) euros (the **''Global Limit''**), the general meeting gave a delegation of powers to the management board, for a period of twenty-six (26) months starting from the said meeting, to proceed with the issue in France or abroad, on one or more occasions, with preferential subscription rights maintained, of ordinary shares in the Company or of all other securities giving access, by any means, immediately and/or in the future, to the share capital of the Company, the said shares giving the same rights as the former shares, from the effective date of their issue.

The Global Limit does not take account of the par value of the share capital to be issued, where necessary, with regard to adjustments made, in accordance with the law, to preserve the rights of holders of securities giving access to capital shares in the Company, nor the possibility of increasing the amount of the capital increase(s) in application of Article L. 225-135-1 of the French Commercial Code and article 155-4 of the Decree of 23 March 1967, for thirty (30) days after the closing date of the subscription period, the amount of the initial issue within the global limit fixed by the general meeting and within the limit of 15% of the initial issue and at the same price as that employed for the initial issue. The capital increase relating to the Placement and the Reserved Capital Increase will be applied against the Global Limit, as will any increases of capital by capitalisation of retained profits or additional issue premium related to stock issues, mergers or capital contributions.

— *Capital increase by capitalisation of reserves, retention of profits or premium related to issue, merger or contribution.*

The general meeting delegated powers to the management board, for a period of twenty six (26) months counting from the said meeting, to decide to increase the share capital of the Company, on one or more occasions, in the quantities and at the times it considers appropriate, by capitalisation, successive or simultaneous, of all or part of the reserves, profits or premium related to issue, merger or contribution, by the creation and free allocation of shares or by raising the par value of existing shares or by a combination of these two procedures. The amount of any increase realised by virtue of this delegation of powers will be applied against the Global Limit.

Summary table of authorisations granted for capital increases

Type of Authorisation	Maximum amount at nominal value[1]	Period starting at 18 November 2005
Capital increase with maintenance of preferential subscription rights	3,000,000 euros (''Global Limit'')	26 months
Capital increase with cancellation of preferential subscription rights, through direct public offer.....	1,800,000 euros Applied against Global Limit	26 months
Capital increase reserved to holders of 2005 ORA (the Reserved Capital Increase).....	415,000 euros Applied against Global Limit	26 months
Capital increase resulting from exercising the Over-allotment Option	270,000 euros Applied against Global Limit	26 months
Capital increase by capitalisation of reserves, profits or premium related to issues, mergers or contributions	Applied against Global Limit	26 months

(1) This amount does not take account of the par value of share capital to be issued, where appropriate, for adjustments made in accordance with the law to preserve the rights of holders of securities giving access to share capital in the Company, nor the possibility of raising the amount of the increase(s) in capital in application of Article L. 225-135-1 of the French Commercial Code and Article 155-4 of the Decree of 23 March 1967, during the thirty (30) days after the closing date of the subscription period, the amount of the initial issue within the Global Limit fixed by the general meeting and within the limit of 15% of the initial issue and at the same price as that used for the initial issue.

4.7 Planned date for issue of the Shares

It is planned that the New Shares and the Shares Resulting from 2005 ORA will be issued on 12 December 2005.

4.8 Restrictions to the free trading of the Shares

The New Shares are or will be freely tradable, depending on the legal and regulatory provisions and the lock-up agreements described at paragraph 7 below concerning certain shareholders. The Shares resulting from 2005 ORA will not be tradable for a period of 365 days from their issue date because of the lock-up agreements described in paragraph 7 below.

4.9 French regulation of public offerings

Obligatory public offering

Article L. 433-3 of the Monetary and Financial Code and articles 234-1 and following of the General Regulations of the *Autorité des marchés financiers* (AMF) set out the conditions for filing a public offering for all the shares in the capital of the Company:

— when a physical person or legal entity acting individually or with others comes to hold more than a third of the share capital or more than a third of the voting rights in a company;

— when more than a third of the capital or the voting rights of a company whose share capital is listed for trading on a regulated market is held by another company and constitutes an essential part of the assets of the latter and when:

- a person obtains control of the holding company pursuant to the laws and regulations applicable to the latter; or
- a group of persons acting jointly obtains control of the holding company as defined in the laws and regulations applicable to the latter, except if one or more of them already have this control and remain predominant and, in this case, so long as the balance of the respective equity investments is not significantly changed;

— when physical persons or legal entities, acting individually or jointly and holding directly or indirectly between a third and half of the share capital or voting rights, increase in less than twelve consecutive months the number of shares in the capital or voting rights which they hold by at least 2% of the total number of shares or voting rights of the company.

Public re-purchase offer and mandatory re-purchase

Article L. 433-4 of the Monetary and Financial Code and articles 236-1 and following articles of the AMF's general regulations set out the conditions for launching a public re-purchase offer when the shareholder(s) of a company hold, individually or jointly, at least 95% of the voting rights of a company whose shares are listed for trading on a regulated market; this can be accompanied by an mandatory re-purchase of the holdings of the minority shareholders of the company representing at least 5% of the capital or voting rights of the company.

4.10 Tender offers launched by third parties for the Company during the previous and current fiscal years

Not applicable.

4.11 Tax treatment for the Shares

Under current French legislation, the tax treatment applicable to the Shares is described below. This summary could be affected by any changes to the relevant French provisions and the interpretation thereof by the French tax authorities.

Therefore, the attention of investors is called to the fact that this information is only a summary of the tax rules that may apply and that they should review their individual situation with their regular tax advisor.

Moreover, persons who are not tax residents of France must comply with the applicable laws in their State of residence, subject to the application of a double taxation treaty signed between that State and France.

4.11.1 French tax residents

Individual shareholders who hold their shares as part of their private holdings (i.e., they do not conduct trading transactions under conditions analogous to the conditions that characterise an activity carried out by a person who conducts such transactions on a professional basis)

(a) Dividends

Dividends received on or after 1 January 2005 are no longer eligible for the dividend tax credit (*avoir fiscal*). Distributions paid as of that date must be included in the determination of the total income of the taxpayer as capital gains for the year in which they are received.

The dividends are subject to the following:

— the income tax based on progressive rates;

— the general social contribution (CSG) at the rate of 8.2%, 5.8% of which is deductible from taxable income for the year in which the CSG is paid;

— the social security withholding of 2%, which is not deductible from the income tax base;

— the surtax on the social security withholding at the rate of 0.3%, which is not deductible from the income tax base; and

— the supplemental contribution for repayment of social debt (CRDS) at the rate of 0.5%, which is not deductible from the income tax base.

For the determination of the income tax, it is specified that:

— the dividends distributed to an individual shareholder under a legal decision of the competent authorities are first reduced by an allowance of 50%, which is not capped, pursuant to Article 158, paragraphs 3-2 to 4 of the French General Tax Code (**''GTC''**); then

— dividends benefit from a total annual fixed allowance of 2,440 euros for married couples filing jointly and for the partners of a civil union agreement defined in Article 515-1 of the Civil Code and an allowance of 1,220 euros for single persons, widows, divorced persons, or married couples filing separately.

Individual shareholders residing in France also benefit from a tax credit equal to 50% of the amount of the dividend actually received, before application of the 50% general allowance and the annual allowance of 1,220 euros or 2,440 euros. This tax credit, with the total annual limits of 230 euros for married couples filing jointly and for partners to a civil union agreement defined in Article 515-1 of the Civil Code and of 115 euros for single, divorced, widowed persons or married couples filing separately, can be offset against the income tax due for the year in which the dividends are received, after charging the other tax reductions, tax credits, tax deductions and withholdings. The tax credit surplus not charged against the income tax is reimbursable if it is equal to or greater than 8 euros.

The social security withholding (CSG, social security withholding, supplemental social security contribution and CRDS) applies to the amount of the dividends paid before application of the 50% general allowance and the annual fixed allowance.

(b) Capital gains

Pursuant to the provisions of Articles 150-0 A and following of the GTC, capital gains realised by individuals are taxable, from the first euro, if the total amount from sales of securities, shares and related securities (with the exception of the tax-exempt sales of securities held within a share savings plan (**''PEA''**) instituted by Law 92-666 of 16 July 1992, and from securities exchanges eligible for the tax suspension stipulated in Article 150-0 B of the French General Tax Code) realised during the calendar year exceeds, per tax household, the threshold currently set at 15,000 euros. If the tax threshold is exceeded, the capital gains will be taxed at the current global rate of 27%, which breaks down as follows:

— 16% for the income tax at the proportional rate;

— 8.2% for the CSG at the rate, which is not deductible from the income tax base;

— 2% for the social security withholding, which is not deductible from the income tax base;

— 0.3% for the surtax on the social security withholding, which is not deductible from the income tax base; and

— 0.5% for the CRDS, which is not deductible from the income tax base.

Pursuant to the provisions of Article 150-0 D 11 of the French General Tax Code, losses from the sale of securities, shares or related securities may be charged against gains of the same type realised during the year of sale or the next ten years, provided that the sale threshold stipulated above is exceeded in the year said losses are realised.

(c) Shares held in a PEA

The Company's shares may be acquired within a PEA.

Under certain conditions, the dividends collected and the capital gains realised in this context are exempt from income tax and social security withholding, but remain subject to the CSG, the CRDS, the social security withholding of 2% and the surtax at the rate in force on the date the gain is realised.

Dividends received within a PEA since 1 January 2005 give rise to the aforementioned 50% tax credit, capped at 115 euros or 230 euros depending on the filing status of the beneficiary; this tax credit is not paid into the PEA but is chargeable, on the same terms as the tax credit attached to dividends received for shares held outside a PEA, against the total amount of the income tax due by the taxpayer for the year in which the dividends are received and may be returned in the event of a surplus equal to or greater than 8 euros.

Losses realized on shares held within a PEA may be charged, in principle, only against the gains realised within the same PEA. It is specified that any losses recorded in the event of early closing of the PEA before the end of the fifth year or in the event of the closing of the PEA after the fifth year, when the net asset value of the PEA or the value of redemption of the capitalisation contract is less than the amount of the contributions made to the PEA since the date it opened (without including contributions made for withdrawals or redemptions that did not result in the closing of the PEA) and provided that, on the closing date of the PEA, all securities in the PEA have been sold (or the capitalisation contract has been redeemed in full) are chargeable against gains of the same type realised during the same year or the next ten years, provided that the annual threshold for the sale of securities and shares applicable for the year in which the loss was incurred, which is currently 15,000 euros, is exceeded.

The table below summarises the various taxes applicable at 1 January 2005 based on the closing date of the PEA (as an exception, early releases of funds invested in a PEA to be used to form or purchase a business within three months do not cancel the exemption provided for the sums invested and do not result in the early closing of the plan — Article 31 of Law 2003-721 of 1 August 2003 the economic initiative).

Duration of the PEA	Social security withholding[1]	CSG	CRDS	Income tax	Total
Less than 2 years	2.3%	8.2%	0.5%	22.5%[2]	33.5%[3]
Between 2 and 5 years	2.3%	8.2%	0.5%	16.0%[2]	27.0%[3]
Greater than 5 years	2.3%	8.2%	0.5%	0.0%	11.0%[3]

(1) Including surtax of 0.3%.

(2) Calculated on all gains if the annual threshold for the aforementioned sale of securities and corporate rights (currently set at 15,000 euros) is exceeded.

(3) The amount of the CSG, the CRDS and the social security withholding (including the surtax) may vary based on the date on which the gains are realised:

— fraction of the gains acquired up to 31 December 1997: between 0 and 3.9%;

— fraction of the gains acquired between 1 January 1998 and 30 June 2004: 10%;

— fraction of the gains acquired between 1 July 2004 and 31 December 2004: 10.3%;

— fraction of the gains acquired on or after 1 January 2005: 11%.

(d) Wealth tax

The shares of the Company held by individuals as private assets will be included in their taxable holdings subject, if applicable, to the wealth tax.

(e) Inheritance and gift taxes

Shares of the Company acquired by individuals resident in France through inheritance or gift will be subject to inheritance or gift taxes.

Legal entity shareholders liable for the corporate income tax

(a) Dividends

Legal entities not classified as a parent company in France

French legal entities that hold less than 5% of the capital of the Company are not classified as a parent company for the application of the tax regime set forth in Articles 145 and 216 of the French General Tax Code.

Dividends received by these companies are taxable under the general law, either in principle at the regular corporate tax rates, which is currently equal to 33$^1/_3$%, plus the surtax of 1.5% (Article 235 *ter* ZA of the French General Tax Code; this surtax is eliminated for financial years ended on or after 1 January 2006) and, if applicable, the social contribution of 3.3% (Article 235 *ter* ZC of the French General Tax Code) which applies to the amount of the corporate income tax, after application of an allowance that may not exceed 763,000 euros per 12-month period.

However, pursuant to Article 219 I-b of the French General Tax Code, legal entities with revenues before tax of less than 7,630,000 euros, in which at least 75% of the fully paid-up share capital has been held, continuously during the fiscal year or the tax period in question, by individuals or by a company that itself meets all these conditions, the corporate tax rate is set at 15%, up to a maximum 38,120 euros, of the taxable profits per 12-month period. These companies are also exempt from the 3.3% social contribution described above.

Legal entities classified as a parent company in France

Pursuant to the provisions of Articles 145 and 216 of the French General Tax Code, French legal entities that hold at least 5% of the capital of the Company may be eligible, under certain conditions and at their option, for the parent company and subsidiary regime under which the dividends received by the parent company are not subject to income tax, with the exception of a portion of such dividends that represent the costs and expenses paid by that company; this portion is equal to 5% of the amount of such dividends, but may not exceed, for each tax period, the total amount of the costs and expenses of any kind incurred by the parent company during the fiscal year in question.

(b) Capital gains

The capital gains realised from the sale of shares of the Company are included in taxable income at the ordinary legal rate, i.e., in principle, at the current corporate tax rate of 33⅓% (or, if applicable, at the 15% rate up to a maximum 38,120 euros per 12-month period for companies that meet the conditions described in paragraph (a) above), plus the surtax of 1.5% (Article 235 *ter* ZA of the French General Tax Code, it is specified that this surtax is eliminated for the years ended on or after 1 January 2006) and, if applicable, the 3.3% social security tax on profits which applies to the amount of the corporate tax minus an allowance that may not exceed 763,000 euros per period of 12-months (Article 235 *ter* ZC of the French General Tax Code).

However, pursuant to the provisions of Articles 219-I a and 219-I a *ter* of the French General Tax Code, net capital gains realised from the sale of securities that meet the tax definition of equity interests and which have been held for at least two years are eligible for the regime for long-term capital gains and are taxable at the reduced rate of 15% plus, as applicable, the surtax of 1.5% and the social security contribution of 3.3% described above, which is an effective rate of 15.225% or 15.72%.

This rate will be reduced to 8%, plus as applicable the aforementioned 3.3% social security contribution on profits (an effective tax rate of 8.264%), for gains realised during fiscal years opened on or after 1 January 2006. An exemption will be applicable for the gains realised during fiscal years beginning on or after 1 January 2007, subject to a portion of costs and expenses equal to 5% of the net income from the sales gains, which will be included in the taxed result under the conditions of ordinary law.

Equity interests, as defined by Article 219-I a *ter* of the French General Tax Code, are the units or shares of companies classified as equity affiliates in the accounting plan, as well as, under certain conditions, the shares acquired in the execution of a tender or exchange offer by the company which initiates it and the securities giving the right to the parent company regime stipulated in Articles 145 and 216 of the French General Tax Code. Securities for which the cost price is at least equal to 22,800,000 euros, and which meet the conditions to benefit from the regime for parent companies and subsidiaries other than holding at least 5% of the capital of the issuing company are also assumed to constitute equity interests if these securities are recognised in the accounts as ''equity interests'' or in a special sub-account of another balance sheet account that reflects the accounting classification.

However, pursuant to the provisions of Article 219-I-a *quinquies* of the French General Tax Code, securities with a cost price at least equal to 22,800,000 euros but representing less than 5% of the capital of the issuing company, and the securities of companies dealing predominantly in real estate will be excluded from the category of equity interests as defined, and will thus continue to be taxed at the reduced rate of 15% plus, as applicable, the social security contribution of 3.3% described above, provided, however, that the securities sold had been held for more than two years at the time of the sale.

Long-term capital losses realised, if any, from the sale of the shares are chargeable exclusively against the gains of the same type realised during the same year or, with respect to losses on

securities subject to the 15% tax, for the next ten years. However, the net capital losses from the sale of securities eligible for the reduced rate of 8%, then from the exemption for years opened on or after 1 January 2007, may not be carried forward to subsequent years.

The long-term capital losses that may be carried forward to the opening of the first fiscal year that begins on or after 1 January 2006 will be subject to special charging rules depending on the fiscal nature of the securities or assets when first recognised. The persons concerned are advised to consult their usual tax advisor in order to determine the rules that will apply to their individual case.

4.11.2 Persons who are not French tax residents

(a) Dividends

Under French domestic law, the dividends distributed by a company whose registered office is in France to shareholders whose tax residence or registered office is located outside France are subject, in principle, to withholding tax of 25% withheld by the institution paying the dividends.

However, shareholders whose effective management offices are located in a member state of the European Community may, subject to the conditions stipulated in Article 119 *ter* of the French General Tax Code, be eligible for an exemption from withholding.

In addition, shareholders whose tax residence or registered offices are located in a state with which France has signed double taxation treaty may, subject to certain conditions related primarily to compliance with the procedure to obtain the benefits of the convention, be eligible for a partial or total reduction of withholding.

Dividends paid by a French company to a shareholder who is a resident of a state that has signed a double taxation treaty with France may be eligible, upon payment of the dividends, for the reduced withholding rate stipulated in the applicable convention, under the terms stipulated by the administrative instruction of 25 February 2004 (4 J-1-05), upon presentation by the non-resident shareholder of an affidavit of residence stamped by the tax authorities in his state of residence.

Non-resident shareholders who are not in a position to benefit from the reduced withholding rate at the time of the dividend payment shall pay the 25% withholding at the time of payment of the dividends. The reduction of this withholding on the basis of the rate stipulated in the convention may be granted at a later date by charging against or repayment of the tax levied above this convention rate, provided that the beneficiaries of these dividends complete the convention form on the terms provided in the aforementioned instruction.

Individual shareholders benefiting from a double taxation treaty with France that stipulates the transfer of the dividend tax credit shall be entitled to the reimbursement of the 50% capped tax credit attached to the dividend described above, provided that he meets the conditions stipulated by the treaty to benefit from this transfer and complies with the procedures for granting this tax credit to be set subsequently by the French tax administration.

It is recommended that investors who are not residents of France consult their usual tax advisor in order to determine if such treaty provisions may apply to their individual case and to determine the consequences for their individual case and to establish the consequences of the subscription or acquisition of shares of the Company on their individual situation.

(b) Capital gains

Capital gains realised from sales of securities made for consideration by persons who are not tax residents of France, as defined by Article 4B of the French General Tax Code, or whose registered office is located outside France, are generally exempt from taxes in France, provided that these gains cannot be attached to a permanent establishment or a fixed base which is

subject to taxes in France (Article 244 *bis* C of the French General Tax Code), and provided that the seller has not held, directly or indirectly with his spouse, ascendants or descendants, or ascendants or descendants of his spouse, shares giving the right to more than 25% of the profits of the company whose shares are sold, at any time during the five years prior to the sale. Capital gains realised from the sale of an interest that exceeds or has exceeded the 25% threshold during the aforementioned period are subject to the tax in France at the proportional rate of 16% (Article 244 *bis* B of the French General Tax Code), subject to the possible application of the more favourable provisions of a double taxation treaty.

(c) Wealth tax

Subject to the provisions of international tax conventions, individuals who are not tax residents of France as defined by Article 4 B of the French General Tax Code and who own, directly or indirectly, less than 10% of the capital of the Company, and insofar as their stake does not allow them to exert an influence on the Company, are not subject to the wealth tax in France.

(d) Inheritance and gift taxes

Subject to the provisions of the international tax conventions, the shares of French companies transmitted by inheritance or gift could be subject to inheritance or gift taxes in France.

Other situations

Shareholders subject to tax laws other than those described above must consult their usual tax advisor about the rules that apply to their individual cases.

5. CONDITIONS OF THE PLACEMENT

5.1 Conditions, indicative timetable and procedures for the Placement

5.1.1 Conditions of the Placement

Prior to the initial listing for trading, it is planned that the New Shares will be distributed to the public through an offering (the **''Placement''**), which includes:

— a public offering in France in the form of an open price retail offering, intended primarily for individuals (the **''Public Offering''**);

— a global placement intended primarily for institutional investors (the **''Global Placement''**), including:

  — a public placement in France; and

  — an international private placement in certain countries, but excluding in particular the United States of America.

The New Shares will be distributed to the public in France in accordance with the provisions of Articles P 1.2.1 et seq. of Book II (''Special rules applicable to French regulated markets'') of the Euronext market rules, as indicated below:

— approximately 10% of the maximum number of New Shares (excluding the Over-allotment Option) will be offered in the Public Offering;

— approximately 90% of the maximum number of New Shares (excluding the Over-allotment Option) will be offered in the Global Placement.

The allocation of the New Shares between the Public Offering, on the one hand, and the Global Placement, on the other hand, may be adjusted on the following terms based on the nature of the demand:

— the number of shares offered in the Public Offering may be increased by withdrawal from the shares offered in the Global Placement; however, the number of shares offered in the Public Offering may not exceed 15% of the total number of shares offered in the Placement;

— the number of shares offered in the Global Placement may be increased by withdrawal from the shares offered in the Public Offering in the event the Public Offering is not entirely covered.

The New Shares will be allocated between the Public Offering and the Global Placement depending on the nature and size of the demand expressed, in accordance with the provisions of Article 321-115 of the General Regulations of the AMF.

The number of shares initially offered in the Placement may be increased by a number between 316,901 and 362,903 of shares of the Company in the event the Over-allotment Option is exercised in full.

5.1.2 Amount of the Placement

The total amount of the Placement (before possible exercise of the Over-allotment Option) will be 30 million euros and will be communicated in a press release by the Company scheduled for 7 December 2005.

It is planned that the Company will increase its capital through the issue of an initial number of between 2,112,677 and 2,419,355 New Shares, representing between 35.35% and 39.99% of the total number of Existing Shares and Shares Resulting from 2005 ORA; this initial number of shares could be raised to a maximum number of between 2,429,578 and 2,782,258 shares if the entire Over-allotment Option is exercised. If the entire Over-allotment Option is exercised, the number of shares issued would represent approximately between 40.66% and 45.99% of the total number of Existing Shares or Shares Resulting from 2005 ORA.

5.1.3 Procedure and term of the Placement

Principal features of the Public Offering

Period of the Public Offering

The Public Offering will begin on 23 November 2005 and will close at 5:00 p.m. (Paris time) on 6 December 2005.

The closing date of the Public Offering may be advanced (but the period of the Public Offering may not be less than three trading days) or extended subject to the publication of a notice by Euronext Paris and the publication by the Company of a press release announcing this change in at least two national financial newspapers no later than the eve of the new closing date or the initially stipulated closing date, as applicable. If the closing date is extended, the instructing banks in the Public Offering may, if they wish, revoke the orders issued before the publication of this press release with the institutions that have received these orders before the new closing date of the Public Offering. New irrevocable orders may be issued until the new closing date of the Public Offering.

Number of shares offered in the Public Offering

Between 211,268 and 241,936 shares, i.e., approximately 10% of the maximum number of shares offered in this Placement, will be offered in the Public Offering.

The number of shares offered in the Public Offering may be increased or reduced in accordance with the provisions appearing in section 5.1.1 in this Transaction Note.

Authorised entities, receipt and transmission of subscription orders

The Public Offering is primarily intended for individuals. Individuals wishing to participate in the Public Offering must submit their orders to an authorised French financial intermediary.

Individuals who do not have an account in France which allows for the acquisition of or subscription to shares of the Company in the Public Offering must open an account for this purpose with an authorised provider of investment services for processing their orders.

In accordance with Article P 1.2.6 of Book II of the Euronext regulations, the orders will be classified based on the number of shares requested:

— between 1 and 100 shares inclusive, A1 orders;

— over 100 shares, A2 orders.

Notice of the results of the Public Offering to be published by Euronext Paris will indicate any reductions applied to subscription or purchase orders, it being noted that A1 orders will receive preferential treatment in the event that all of the subscription and purchase orders cannot be filled in their entirety.

The result of the Public Offering will be the subject of a notice published by Euronext Paris and a press release from the Company which will specify any reductions applied to orders submitted.

It is specified that:

— a single issuer of an order may only submit one order. This order may not be distributed among several financial intermediaries and must be given to a single financial intermediary;

— in the case of a joint account, a maximum of two A1 orders may be issued;

— in the event that the application of the reduction rate(s) does not result in the allocation of a whole number of shares, the number will be rounded to the nearest lower whole number;

— the orders will be given in numbers of shares without price indications and will be treated as stipulated at the Placement Price;

— the orders will be, even in the event of a reduction, irrevocable, subject to the provisions appearing in the paragraph ''Results of the Public Offering and allocation methods'' in this Transaction Note.

In order to be considered, the orders submitted as part of the Public Offering must be received by the authorised investment service providers during the period that the Public Offering is open, i.e., no later than 6 December 2005, at 5:00 PM.

To centralise the orders, the authorised investment service providers will arrange for their transmission to Euronext Paris in accordance with the terms specified in the opening notice of the Public Offering by Euronext Paris.

Results of the Public Offering and allocation methods

A1 orders will have priority over A2 orders, and a reduction rate of as much as 100% may be applied to A2 orders to accommodate A1 orders.

In the event that the application of the reduction methods results in a non-whole number of shares, the number will be rounded down to the nearest whole number, and the fractional shares will be allocated thereafter in accordance with market practice.

The results of the Public Offering will be the subject of a notice published by Euronext Paris and a press release by the Company.

This notice and press release will specify the reduction rate which may be applied to orders.

Principal features of the Global Placement

Number of shares offered in the Global Placement

Between 1,901,409 and 2,177,419 shares, or approximately 90% of the maximum number of shares offered in the Placement, will be offered as part of the Global Placement.

The number of shares offered in the Global Placement may be increased or reduced in accordance with the provisions appearing in section 5.1.1 this Transaction Note.

Duration of the Global Placement

The Global Placement will be open from 23 November 2005, to 7 December 2005, at 12:00 noon (Paris time). In the event that the closing date of the Public Offering is extended, the closing date of the Global Placement will be extended accordingly.

The Global Placement may be closed early without prior notice.

Entities authorised to place orders in connection with the Global Placement

Entities other than individuals are authorised to place orders in connection with the Global Placement.

Orders which may be placed in connection with the Global Placement

Orders may be expressed in number of shares or amounts requested. They may contain conditions relating to price.

Receipt and transmission of orders placed in connection with the Global Placement

To be recognised, orders placed in connection with the Global Placement must be received by one of the Underwriters no later than 7 December 2005, at 12:00 noon (Paris time), unless there has been an early closing.

Only those orders with price limits greater than or equal to the Placement Price will be considered in the allocation process. They may be subject to a partial or complete reduction.

Indicative timetable

23 November 2005	Opening of the Public Offering
	Opening of the Global Placement
6 December 2005.....	Closing of the Public Offering at 5 p.m.
7 December 2005.....	Closing of the Global Placement at 12 p.m. (absent early closing)
	Pricing
	Notice of the Public Offering and Global Placement result by Euronext Paris
	First listing of the Company's shares on Eurolist market of Euronext Paris, including shares to be issued as part of the Placement and the Reserved Capital Increase.
	Press release of BioAlliance Pharma on the final amount of the Public Offering and the Global Placement and on the Placement Price
8 December 2005.....	Opening of trading on Eurolist market of Euronext Paris
12 December 2005.....	Certification of the definitive completion of the Placement
	Certification of the definitive completion of the Reserved Capital Increase
	Settlement and delivery of the shares offered in the Placement and the Reserved Capital Increase
6 January 2006.....	Deadline for exercising the Over-allotment Option

The times indicated in the timetable are understood to be Paris time. ''Trading days'' refers to days when trading is open on the markets managed by Euronext Paris.

5.1.4 Revocation or suspension of the Placement

The Placement and the capital increases in respect of the Placement are subject to the condition that the underwriting agreement (for a description of the principal terms of this agreement, refer to Section 5.4.3 of this Transaction Note) is not terminated by the Underwriters and that the certificate from the depository of the funds relating to the New Shares is issued.

Therefore, if the underwriting agreement is terminated by the Underwriters, the orders for new and existing shares, the Placement and the capital increases in the Placement will be cancelled retroactively. All trades of shares made before the settlement-delivery date will be null and void and will be unwound retroactively. Specifically:

— the Public Offering, the Global Placement and all orders for new or existing shares placed in this respect will be retroactively null and void;

— all trades executed before the settlement-delivery date will be null and void and will have to be unwound retroactively; each investor being personally responsible for any resulting loss and any costs arising from such cancellation.

If the underwriting agreement is terminated, the Company will immediately inform Euronext Paris, which will publish a notice to that effect. The Company will also publish a notice concerning such termination in a nationally distributed daily newspaper.

5.1.5 Reduction of applications for new and existing shares

For a description of the reduction of the orders placed in the Placement, refer to Sections 5.1.1 and 5.1.3 of this Transaction Note.

5.1.6 Amount of the subscription applications

For a description of the amount of a subscription in the Placement, see sections 5.1.1 and 5.1.3 of this Transaction Note.

5.1.7 Revocation of the applications for new and existing shares

The orders received in the Public Offering and the Global Placement will be irrevocable even in the event of reduction, subject to the conditions applicable in the event of any significant new fact or any error or inaccuracy in the information contained in the prospectus (see section 5.4.3 of this Transaction Note).

5.1.8 Settlement and delivery of the shares

The price of the shares offered, subscribed or acquired in the Placement must be paid in cash by the instructing banks on the date set for settlement-delivery of the Placement, which is 12 December 2005.

The shares offered, subscribed or acquired in the Placement will be registered in an account as of the settlement-delivery date, i.e. on or after 12 December 2005, the date on which the Company will be paid the proceeds from the shares offered in the Placement.

5.1.9 Publication of the results of the Placement

The final conditions of the Public Offering and the Global Placement will be announced in a press release from the Company and a notice of result from Euronext Paris on 7 December 2005, unless they are closed in advance (see section 5.3.2 of this Transaction Note).

5.2 Share distribution and allocation plan

5.2.1 Categories of potential investors — Countries in which the Placement is open — Placement restrictions

Categories of potential investors

Individuals are authorised to place orders in response to the Public Offering.

Entities other than individuals are authorised to place orders in the Global Placement.

Countries in which the Placement is open

The Placement is open to the public in France.

Restrictions applicable to the residents of certain countries other than France

The distribution of the prospectus (composed of the Company's Registration Document registered by the AMF on 15 November 2005 under number I.05-132 and this Transaction Note), or a component of the prospectus, or the offer or sale of the Shares may be governed by specific regulations in certain countries. Persons in possession of the prospectus or a component of the prospectus must obtain information about possible local restrictions and comply therewith.

Any person receiving the prospectus or a component of the prospectus must not distribute or forward it to such countries in violation of the applicable laws and regulations.

Any person who, for any reason, transmits or allows the transmission of the prospectus or a component of the prospectus to such countries must call the recipient's attention to the stipulations of this paragraph.

No measure has been taken to allow a public offering of the Shares in any jurisdiction other than France.

The prospectus, any component of the prospectus, or any other document or communication relating to the Shares may not be transmitted and may not constitute an offer for the subscription or purchase of shares in the countries in which such an offer would violate the applicable legislation.

In particular, the Shares have not been, and will not be, registered in the United States of America under the 1933 act governing securities in the United States of America as amended (the **''U.S. Securities Act''***)* and may not be offered or placed in the United States of America.

As a result, the prospectus may not be used in support of any offer or sales of shares in the United States of America.

No communication concerning this offer and no public call for the subscription or sale of the Shares may be addressed to the United States of America or target persons residing or present in the United States of America.

In particular, neither the prospectus (or any of its components) nor any other offering document relating to the Share offering may be distributed or disseminated by an intermediary or any other person in the United States of America.

5.2.2 Subscription intentions of the principal shareholders or the members of the administrative, management or supervisory bodies or of anyone who intends to acquire a subscription of more than 5%

To the Company's knowledge, on the date of this Transaction Note, neither the principal shareholders nor the members of the management board or supervisory board intend to subscribe to the Placement.

5.2.3 Pre-allocation information

On this subject, refer to Section 5.1.3 of this Transaction Note.

5.2.4 Procedure to notify subscribers of the amount allocated to them and start of trading

The result of the Public Offering and the Global Placement will be announced on 7 December 2005 in a press release from the Company and a notice from Euronext Paris, which will indicate the reductions, if any, applied to the orders placed.

In the Public Offering, subscribers will be informed of their allocations through their financial intermediary. In the Global Placement, the subscribers will be informed of their allocation by the Bookrunners and Lead Managers.

5.2.5 Over-allotment

Pursuant to the fourth resolution of the combined shareholders' meeting of BioAlliance Pharma of 18 November 2005, it is expected that the management board of the Company will decide on 7 December 2005 to issue, on the date of signature of the underwriting agreement, between 316,901 and 362,903 subscription warrants reserved for ING on behalf of the Underwriters (the **''Over-allotment BSA''**). These Over-allotment BSA, the issue of which is an option granted to the Underwriters, shall be issued at a unit price of 0.000001 euro and shall each give the right to subscribe to one share at the Placement Price. The exercise of the Over-allotment BSA, which will be possible at any time until 6 January 2006, will allow the Underwriters to subscribe, as applicable, at the Placement Price to approximately 15% of the initial number of

issued shares, for the sole purpose of covering over-allotments, if any, i.e. between 316,901 and 362,903 additional shares.

The definitive number of New Shares offered in the Public Offering and in the Global Placement, before any exercise of the Over-allotment Option, the distribution of the New Shares between the Public Offering and the Global Placement, and the Public Offering Price and the Global Placement Price will be announced to the public by means of a press release from the Company and a notice from Euronext Paris.

5.3 Pricing

5.3.1 Price at which the New Shares will be offered

The price of the shares offered in the Public Offering will be equal to the price of the shares offered in the Global Placement (the **''Placement Price''**) and shall be set at the same time. The Placement Price is planned to be set by the management board on 7 December 2005, and it is specified that this date may be extended if market conditions and the results of the order book building do not allow the Placement Price to be set under satisfactory conditions. The date on which the Placement Price is set may also be advanced in the event that the Public Offering and the Global Placement are closed early.

The Placement Price will result from the comparison of the offer of Shares in the Global Placement and the applications presented by investors, using the technique known as ''order book building'' as developed by industry practices.

This reconciliation will be performed on the basis of the following market criteria:

— the capacity of the investors selected to ensure orderly development of the secondary market;

— the order of arrival of the investors' applications;

— the amount requested; and

— price sensitivity of the applications made by investors.

The Placement Price may be in a range of 12.40 euros to 14.20 euros per share, a range that can be modified at any time up to and including the date planned for setting the Placement Price. This information is given for information purposes only and does not preclude a Placement Price that can be set outside this range.

5.3.2 Announcement of the price and changes in the scope of the Placement

The Placement Price and the definitive number of shares offered in the Placement are expected to be announced to the public on 7 December 2005, by means of the publication of a notice from Euronext Paris and a press release from the Company.

If the price range indicated above is changed, the new price range will be announced to the public by means of a press release published in at least two national financial newspapers and a notice published by Euronext Paris.

If the price range is changed, and if the Placement Price is set outside the indicative price range, the closing of the Public Offering will be postponed, as necessary, so that the instructing banks in this offering have, in any event, at least two full trading days from the publication of whichever of the releases described above which is published, if they wish, to revoke, prior to the closing of the Public Offering, the orders placed in the Public Offering before it is notified to the institutions that have received such orders. New irrevocable orders may be issued until the new closing date of the Public Offering. This date will be indicated in the aforementioned press release.

If the date on which the Placement Price is set is postponed, the new closing date of the Global Placement and the Public Offering and the new date planned for setting the Placement Price will be announced in a notice issued by Euronext Paris and a press release issued by the

Company no later than the eve of the initial closing date of the Public Offering and published in at least two national financial newspapers.

In the event that the Public Offering and the Placement are closed in advance, the new date for setting the Placement Price will be announced in a notice issued by Euronext Paris and a press release issued by the Company no later than the eve of the initial closing date of the Public Offering and published in at least two national financial newspapers.

5.3.3 Basis of the price calculation

Based on the proposed price range, the valuation that will be applied will result from the order book building method in accordance with market practices. In this context, investors will indicate their subscription instructions based on the valuation that they propose. The final price will be assessed on the basis of the Company's historical data, the characteristics of its business sector and its prospects for growth.

The following criteria were used to obtain the proposed range:

Risk adjusted discounted cash flow method

The valuation method using the discounting of free cash flows, known as Discounted Cash Flow, values the company on the basis of an estimate of its future cash flows, adjusted for the probability of success of the Company's products during each clinical trial phase as well as the probability of bringing these products to market. This valuation method is the most relevant for estimating the value of the Company in this sector, given the atypical profile of the cash flows over a medium-term horizon and the operating losses generated by the Company until its products are marketed. Thus, the ability of a company to generate cash flows is assessed over a medium to long-term horizon (more than five years).

This method is appropriate for the valuation of BioAlliance Pharma insofar as this is a company that is evolving in a growth sector, which will generate positive free cash flows in the future, after financing of operating capital expenditures and working capital. The implementation of this method gives valuations that are consistent with the indicative price range proposed in this Transaction Note.

On the other hand, the following valuation methods were deemed not to be relevant: the market comparables method and the EVA (Economic Value Added) method.

The valuation methods using market comparables is the least appropriate method for the sector for the following reasons:

- The choice of a relevant sample of publicly traded companies in Europe and the United States which is representative of the Company's activity (products, markets, competition, etc.) and its financial situation (balance sheet, earnings, etc.) seems particularly arbitrary and can only be a statistical approach to valuing the Company by comparison with observed multiples.

- The choice of the criteria for comparison (the ''multiples'') is difficult given the fact that most of the developing biotechnology companies have negative operating margins and gross margins because of the very nature of their activity. While the multiple of Company Value/Revenues is the only criterion applicable in this case, using it makes sense only for companies that have already marketed products. Thus, it is not relevant to the Company's case.

Thus, the Company's specific business model and the absence of directly comparable traded companies in Europe and the United States does not allow for a useful comparison of the Company with other companies in the sector by using the market multiples method.

5.3.4 Restriction or elimination of the preemptive subscription rights

The shares offered in the Placement consist of New Shares and, possibly, additional new shares issued in the exercise of the Over-allotment Option. The New Shares are being issued pursuant to the third resolution of the combined shareholders' meeting of the Company of 18 November 2005 authorising a capital increase without preemptive subscription rights with a public offering (See Section 4.6 of this Transaction Note). The additional new shares may be issued pursuant to the Fourth Resolution of the combined ordinary and extraordinary shareholders' meeting of the Company on 18 November 2005 which authorises a share capital increase without preemptive subscription rights reserved for ING in the context of the potential exercise of the Over-allotment Option as described in Section 4.6 of this Transaction Note.

5.3.5 Price disparity

The Company's Combined Shareholders meeting of 7 November 2005 authorised the issuance of 161,000 stock subscription warrants (BSA) and new business creator warrants (BCE), each giving the right to subscribe four shares at a strike price equal to the higher of (i) the opening price of the Company's shares on their initial listing for trading on the Eurolist market of Euronext Paris decreased by 20%, and (ii) 6.14 euros per share, save an exception allowing for implementation of a supervisory board resolution of 17 November 2004. This issue is reserved to employees, members of the management board, and independent members of the Company's supervisory board.

It is anticipated that the Company's management board will allocate 15,000 BCE to Dominique Costantini, 15,000 BCE to Gilles Avenard, 32,297 BCE (17,297 of which are exercisable at a price of 6.14 euros per share, pursuant to the supervisory board resolution of 17 November 2004) to Richard Keatinge, and 10,000 BSA to Jean-Claude Deschamps. The other BCE and BSA will be allocated to the Company's employees or to independent members of the supervisory board. In particular, it is anticipated that 5,000 BSA will be allocated to François Sarkozy, who was appointed as independent member of the supervisory board on 7 November 2005. The management board will set the deadlines and conditions for exercising these warrants; in particular, the allocation of BSA's to supervisory board members will be subject to approval by the supervisory board.

Among the BCE received by Richard Keatinge, 17,297 were exercisable at a price of 6.14 euros per share, pursuant to the supervisory board resolution of 17 November 2004. At this meeting, the supervisory board decided to submit to the shareholders' vote the allocation of 17,297 BCE to Richard Keatinge giving the right to subscribe one share per warrant at a price of 24.55 euros per share, which submission was not carried out for practical reasons. The resolution of the 7 November 2005 meeting authorising the allocation of 17,297 BCE to Richard Keatinge at a price of 6.14 euros per share (equivalent to 24.55 euros, after the four-to-one split in the par value of the shares effective upon the listing of the Company's shares for trading on the Eurolist market of Euronext Paris) allows this previous commitment to be taken into account.

The BCE and BSA which have been or will be allocated within the framework of the authorisation of the extraordinary general shareholders' meeting of 7 November 2005 are subject to the shareholders' commitment to hold the outstanding shares for 365 days after the date of the Placement's settlement-delivery, i.e., until 12 December 2006.

5.4 Placement and underwriting

5.4.1 Contact information of the Bookrunners and Lead Managers

Bryan Garnier & Co. Limited, 33 avenue de Wagram, 75017 Paris, France / ING Securities Bank (France), Coeur Défense — Tour A — La Défense 4, 110, Esplanade du Général de Gaulle, 92931 Paris, France

5.4.2 Contact information of the intermediaries responsible for financial services and depositaries in each pertinent country

The securities and financial service of the Company's Shares will be provided by Société Générale.

5.4.3 Underwriting

The Placement will be subject to a placement guarantee by a group of financial institutions (the **''Underwriters''**) consisting of Bryan Garnier and ING, as lead managers and bookrunners, for all shares initially offered under the Placement. This underwriting agreement will contain a standard termination clause, typical for this type of agreement, and may be terminated by the Underwriters, along with the Company, specifically in case of the occurrence of one of the following events:

a) non-performance of one of the standard conditions precedent appearing in the underwriting agreement at the settlement and delivery date for the New Shares, absent an express waiver of this condition by the Underwriters;

b) inaccuracy or failure to respect the statements and guarantees or commitments, by the Company or by one of its principal shareholders, appearing in the underwriting agreement;

c) occurrence of events having a material adverse impact on major financial markets;

d) suspension or significant limitation in securities trading on major financial markets, declaration of a banking moratorium in certain countries or material disruption in banking activities or payment and delivery systems or securities settlement;

e) outbreak or escalation of hostilities, a crisis situation or any other event which could bring about a change in the political, economic or financial situation (on a domestic or international level), as well as a change in currency exchange rates;

to the extent that the above events are subject to the opinion of at least one of the Lead Managers, to significantly compromise or hinder the completion of the Placement.

Consequently, with regards to the New Shares, this guarantee does not constitute a guarantee of successful completion *(garantie de bonne fin)* pursuant to Article L. 225-145 of the French Commercial Code. The Shares Resulting from 2005 ORA will be excluded from the Placement and will not be subject to the guarantee granted by the Underwriters.

The signing of this underwriting agreement will occur no later than the day the price for the Global Placement is set, i.e., 7 December 2005.

In the event of termination of the underwriting agreement by the Underwriters following the occurrence of an event allowing the Underwriters to terminate this agreement, the Placement will be cancelled and all share trades occurring prior to the settlement and delivery will be null and void and must be rescinded as described in section 5.1.4 of this Transaction Note.

The institutions that would be party to the underwriting agreement described above (the Underwriters) are the following:

— Bryan Garnier & Co. Limited; and

— ING Securities Bank (France).

6. LISTING FOR TRADING AND TRADING METHODS

6.1 Listing for trading

The Existing Shares comprising the Company's share capital on the date of this Transaction Note, the Shares Resulting from 2005 ORA, and the New Shares to be issued are subject

to a request for Admission to trading on the Eurolist market of Euronext Paris (Compartment C).

The conditions for the listing of the Company's shares will be set in a notice from Euronext Paris.

The first listing of the Company's shares is scheduled on 7 December 2005. Trading must begin during the trading day of 8 December 2005.

6.2 Listing locations

The Company's shares are not currently listed for trading on any regulated market.

6.3 Simultaneous share offerings

Not applicable

6.4 Share liquidity agreement

As of the date of this Transaction Note, the Company has not entered into any agreement with an investment services provider to implement a liquidity agreement. The Company does not envision implementing a liquidity agreement before the end of the stabilisation period, i.e., 6 January 2006.

6.5 Stabilisation period

Between the date of the first listing of the Company's shares on the Eurolist market of Euronext, i.e., 7 December 2005, and 6 January 2006 (inclusive), ING or one of its affiliates, acting in the capacity of stabilization manager, may (but will not under any circumstances be required to), pursuant to the applicable legislative and regulatory provisions, specifically those of European Commission Regulation No. 2273/2003, undertake stabilization operations for this purpose, specifically to stabilize or support the price of the Company's shares on the Eurolist market of Euronext Paris. Even if stabilisation efforts are made, ING or one of its affiliates may resolve, at any time, to such operations. Reporting to the competent market authorities and the public will continue pursuant to Article 9 of Regulation No. 2273/2003 of the European Commission. Interventions will be likely to affect the trading price of the Company's shares and may result in a market price higher than that which would have otherwise prevailed.

7. LOCK-UP AGREEMENTS

7.1 Persons or entities intending to sell capital or securities giving access to the Company's capital

None.

7.2 Sale restriction agreement

7.2.1 Lock-up, entered into by the Company

Within the context of the guarantee agreement described in paragraph 5.4.3, and for a period of 365 days after the date of settlement and delivery of the Placement, i.e., until 12 December 2006, the Company has undertaken not to issue or agree to issue, offer, directly or indirectly sell, pledge, loan, or otherwise transfer shares, other equity securities of the Company, or financial instruments giving direct or indirect access to the Company's share capital, without the prior written agreement of Bryan Garnier and ING, in their capacity as joint lead managers and bookrunners. This undertaking is granted subject to the following exceptions:

— issuance of the New Shares;

— issuance of the Shares Resulting from 2005 ORA;

— the issuance of shares upon exercise of the Over-allotment BSA issued as part of the Over-allotment Option;

— the issuance of shares (i) in payment of dividends or advances on dividends, or (ii) upon the exercise of stock subscription warrants existing on the date of the signing of the guarantee agreement described in section 5.4.3 of this Transaction Note;

— the issuance of shares or other investment securities giving access to the Company's capital in return for an acquisition of shares or assets through a third party, provided that the Company's shares thus issued not exceed 15% of the Company's capital on that date; and

— the allocation of BSA or BCE allowing the subscription of Company's shares, issued under the authorisation of the extraordinary general shareholders meeting of 7 November 2005.

Furthermore, the lock-up concerning the Shares Resulting from 2005 ORA described above may not be released without the prior consent of the AMF.

7.2.2 Lock-up, entered into by the Company's senior management and shareholders

The Company's senior management and certain of its shareholders directly or indirectly holding, on their own behalf or on behalf of the investment funds they manage, over 1% of the Company's share capital and voting rights before the Placement, and all beneficiaries of BSA and BCE authorised on 7 November 2005, have undertaken to the Underwriters, for a period of 365 days after the date of the initial listing of the Company's shares on the Eurolist market of Euronext Paris, i.e., 7 December 2006, not to (without the prior written consent of Bryan Garnier and ING): (i) offer, sell, pledge, or transfer in any way whatsoever the shares of the Company or of securities giving rights to the Company's shares by conversion, exchange, reimbursement or any other means held by them on the date of this prospectus, or which they may come to hold during the 365 day period cited above; or (ii) to proceed with transactions involving derivative products or any other transaction having as its purpose to transfer, in part or in its entirety, directly or indirectly, a portion of the Company's capital. In this regard, the Underwriters have undertaken to examine in good faith requests for release of these lock-ups submitted by those subject to such undertakings.

Furthermore, holders of the 2005 ORA and of BSA and BCE authorised on 7 November 2005 have made a similar undertaking to the AMF concerning Shares Resulting from 2005 ORA and the shares resulting from these BSA and BCE.

8. PLACEMENT-RELATED EXPENSES

The gross proceeds from the issue of the New Shares are estimated at approximately 30 million euros. New Shares issued will be determined as a function of the Placement Price in order for the gross proceeds of the issue to correspond to the amount indicated above. In the event that the number of New Shares calculated as a function of the Placement Price does not total a whole number of New Shares, this number will be rounded to the nearest whole number and the total gross proceeds of the issue will be adjusted as a result.

The global compensation of the financial intermediaries and total legal, accounting, and administrative expenses, net of the exercise of all or part of the Over-allotment Option, are estimated at 3.5 million euros. Legal, accounting, and administrative expenses will be allocated to the issue premium. The global compensation of financial intermediaries, entirely incurred by the Company, will be allocated to the premium related to the issue.

9. DILUTION

9.1 Amount and percentage of dilution resulting immediately from the Placement

The minimum number of shares to be issued outside of the Over-allotment Option and assuming a price equal to the upper limit of the indicative range of the Placement Price, i.e.

14.20 euros, is 2,112,677 New Shares, representing a capital increase of 528,169.25 euros and issue premium of 29,471,844.15 euros.

In case of the exercise of the entire Over-allotment Option, and assuming a price equal to the lower limit of the indicative range of the Placement Price, i.e. 12.40 euros, the maximum number of shares to be issued would be 2,782,258 New Shares, representing a capital increase of 695,564.50 euros and issue premium of 33,804,434.70 euros.

Based on a price in the middle of the range, (i.e., 13.30 euros per share), the Company's shareholders' equity as of 30 September 2005 would be as follows:

	Before issuance of the New Shares		After Reserved Capital Increase and issuance of the New Shares[1]	
	Before Reserved Capital Increase	After Reserved Capital Increase	Excluding Over-allotment Option	After Exercise of Over-allotment Option
Net equity (€ thousands)	(1,898)	(1,898)	28,102[4]	32,602[4]
Number of shares comprising the capital	5,463,124	6,010,411[2]	8,266,051[3]	8,604,397[3]
Net equity per share (€)	(0.347)	(0.316)	3.400	3.789

(1) Calculation based on the assumption of a price in the middle of the indicative range for the Placement Price, i.e., 13.30 euros.

(2) This amount is equal to the sum of the Existing Shares, i.e., 5,463,124 shares, and the Shares Resulting from 2005 ORA, i.e., 547,287 shares.

(3) This amount is equal to the sum of the Existing Shares, the Shares Resulting from 2005 ORA and the New Shares.

(4) Shareholders' equity as of 30 September 2005, plus gross proceeds of the issue of the New Shares.

The Company holds no treasury shares on the date of this Transaction Note.

9.2 Impact of the issue on shareholders

Assuming that the number of New Shares issued is, respectively, equal to the minimum number of shares likely to be issued (before the exercise of the Over-allotment Option), and assuming a price equal to the upper limit of the indicative range of the Placement Price (i.e., 14.20 euros), i.e., 2,112,677 shares, or is equal to the maximum number of shares likely to be issued (after the exercise of the entire Over-allotment Option) and assuming a price equal to the lower limit of the indicative range of the Placement Price (i.e. 12.40 euros), representing 2,782,258 shares, the effect of the issue on a shareholder would be the following:

Impact on a shareholder's share in the capital

A shareholder holding 1% of the Company's capital prior to the Placement who is not a holder of the 2005 ORA (allowing him to subscribe the Reserved Capital Increase) and who decided not to subscribe for New Shares would see his share in the Company's share capital change to:

— 0.68% (calculation excluding exercise of the Over-allotment Option and assuming a price equal to the upper limit of the indicative range of the Placement Price, i.e., 14.20 euros);

— 0.62% (calculation assuming exercise of the entire Over-allotment Option and assuming a price equal to the lower limit of the indicative range of the Placement Price, i.e., 12.40 euros).

Impact on the structure of the share capital and corresponding number of voting rights

The distribution of shares comprising the Company's share capital, based on the number of Existing Shares and their distribution as of the date of this Transaction Note, and assuming that the number of New Shares issued is, respectively, equal to the minimum number of New Shares likely to be issued (excluding the exercise of the Over-allotment Option), and assuming a price equal to the upper limit of the indicative range of the Placement Price (i.e. 14.20 euros), representing 2,625,288 New Shares likely to be issued (after exercise of the entire Over-allotment Option), and assuming a price equal to the lower limit of the indicative range of the

Placement Price (i.e., 14.20 euros), representing 3,369,281 New Shares, would be changed as follows:

Share issue and sales absent the exercise of the Over-allotment Option	% of equity and voting rights[1]	% of equity and voting rights[2]
Management	4.64%	4.25%
Dominique Costantini	2.32%	2.12%
Gilles Avenard	2.32%	2.12%
Investment funds	64.78%	60.16%
Capricorn Group[4]	5,84%	5.36%
SPEF Ventures Group[5]	3.53%	3.33%
XANGE PE Group[6]	7.16%	6.65%
Edmond de Rothschild Group[7]	1.18%	1.12%
Auriga Ventures II	15.53%	14.42%
ING Belgique Group[8]	15.53%	14.42%
FPCR-FCJE	9.79%	9.09%
Siparex Group[9]	6.23%	5.78%
Other	30.58%	35.60%
Total (including the public)	100.00%	100.00%

(1) Minimum dilution (based on the upper limit of the range and before exercise of the Over-allotment Option);

(2) Maximum dilution (based on lower limit of range and after exercise of the Over-allotment Option in its entirety).

10. ADDITIONAL INFORMATION

10.1 Advisers related to the Placement

On this topic, see section 3.3 of this Transaction Note.

10.2 Reports from the statutory auditors

See section 1.2 above of this Transaction Note.

10.3 Information from third parties

Pertinent third parties cited in this prospectus specifically include:

IMS Management Consulting
7 Harewood
London NW1 6 JB
United Kingdom

10.4 Internal control procedures

Since its creation, the Company has set internal control procedures in order to guarantee reliable and accurate preparation of the accounting and financial data and to prevent risks, especially economic, financial, and legal risks.

The principal procedures relate to:

— authorisations prior to the commitment of expenses;

— control and settlement of committed expenses;

— the signing of agreements committing the Company.

Compliance with these procedures is the responsibility of the chief financial officer who himself reports monthly to the members of the management board on the Company's financial

condition. Specifically, in terms of financial reporting, the chief financial officer reports the following information on a monthly basis:

— total revenues,

— a balance sheet and income statement,

— cash flow status.

A separation of authority between the individual authorising expense commitments, and those authorised to make settlements is provided for.

A French stock corporation with a Management Board and a Supervisory Board
Share capital of 1,365,781 euros
Registered Office at 59, boulevard du général Martial Valin – 75015 Paris
Paris Commercial Register No. 410 910 095

REGISTRATION DOCUMENT

INTRODUCTORY NOTE

This introductory note and the summarised presentation of BioAlliance Pharma SA form an integral part of this Registration Document.

In this Registration Document, the company BioAlliance Pharma is called ''BioAlliance Pharma'' or the ''Company''.

In connection with the admission of the Company's shares for trading on the Eurolist market of Euronext Paris, the Company plans to proceed with a public offering of its shares, on the one hand to individuals and institutional investors in France and on the other hand to institutional investors outside of France (the ''Offer''), as part of a global placement (the ''Placement'') the arrangements for which are described in a Transaction Note; the latter, together with this Registration Document, forming the prospectus submitted to the *Autorité des marchés financiers* (French Financial Markets Authority) for permission to deal.

Unless otherwise specified in this Registration Document, the information and scientific and medical data is derived from the Company's knowledge, which is based in turn on the results of its research or on scientific publications that the Company considers relevant.

The historical financial information selected by the Company and shown in this Registration Document is, unless otherwise stated, extracted from its accounts for the financial periods ending on 30 June 2003 and 2004 and its pro forma financial information for the 12 months ending as at 30 June 2005.

In 2004, BioAlliance Pharma changed the closing date of its accounting period from 30 June to 31 December (on this point see section 6.1.5 of this Registration Document); the preparation of the pro forma financial information for the 12-month period ending 30 June 2005 was carried out in order to permit comparability of the financial statements for the Company over three years.

At the date of registration of this Registration Document, the Company has no holdings in other companies. Prior to this registration it held all the shares of its subsidiary VIRalliance, a company carrying out diagnostic activities which it dissolved, transferring all its assets to BioAlliance Pharma on 30 October 2005 (on this point see section 4.5 of this Registration Document).

The extraordinary general meeting of shareholders of the Company of 4 November 2005, subject to the non-retroactive condition precedent of admission to trading and the initial listing of the Company's shares on the Eurolist market of Euronext Paris, resolved to divide the nominal value of the shares by four. Certain historic information contained in this Registration Document has not been amended and does not take the impact of this division into account.

The most frequently used technical expressions are defined in a glossary appearing at the end of this Registration Document.

A table of concordance with the information covered in Appendix 1 of Regulation No. 809/2004 of the European Commission of 29 April 2004 appears at the end of this Registration Document.

GENERAL INTRODUCTION TO THE COMPANY

BioAlliance Pharma is a bio-pharmaceutical firm specialising in the development of new therapeutic products aimed at overcoming resistance to medicines, particularly by making them easier for the patient to take and improving their delivery to the site of the illness.

Since its foundation, the Company has concentrated on the development of three ranges of products, based on:

- **Lauriad technology**, which allows bio-adhesion of pills on a mucous membrane, especially in the mouth, and thus improves delivery by allowing early and extended access to the site of the illness by the therapeutic agents;
- **Transdrug technology**, which, based on nanotechnology, is specially designed for intracellular targeting, thus improving the effectiveness and tolerance of the medicines; and
- **New Chemical Entities (NCE)**, a portfolio of new medicines with newly identified targets, aimed at the oncology and the Human Immunodeficiency Virus (HIV) markets.

Current progress of products under development

BioAlliance Pharma has developed a product, miconazole Lauriad, for the treatment of oropharyngeal-candidiasis. In September 2005 an application was made for this product to be authorised for the European market at the end of Phase III clinical trials. The Company also finished a Phase I clinical study (pharmacokinetics and pharmacodynamics) on acyclovir Lauriad antiviral medicine for treatment of labial herpes.

The first product being developed by the Company using the Transdrug technology is based on ''doxorubicin'', a potent chemotherapy agent indicated for many cancers. Transdrug doxorubicin is currently under Phase I/II clinical trials for the treatment of primary liver cancer.

The new medicines in the NCE program are being developed on the basis of research contracts and licences arranged with French research bodies and are at the initial stage of development.

Competitive advantages

BioAlliance Pharma has the following competitive advantages:

- **A product in an advanced stage of development: miconazole Lauriad;**
- **Continuous access to leading-edge innovation, reflecting its reputation in research circles;**
- **A portfolio of products with independent risks;**
- **A cost structure allowing flexible and steady growth; and**
- **An experienced international management team.**

Strategy

BioAlliance Pharma has the intention of using these competitive advantages to implement the following strategy:

- **To develop drugs for markets where the demand for new products is continuous and medical needs are not being adequately met;**
- **To target markets where penetration requires a smaller sales force (hospital and specialist markets);**
- **To use its most advanced product, miconazole Lauriad, to generate revenue by a direct entry into the pharmaceutical market;**

- **To limit the risks and development costs thanks to innovative products designed from active pharmaceutical ingredients already recognised on the market and for which the effectiveness and tolerance profiles are well established;**
- **To limit risks and development costs by concentrating on serious illnesses; and**
- **To pursue the development of existing products and seize opportunities for selective acquisitions and concessions for product licences.**

CHAPTER 1.

PERSONS RESPONSIBLE FOR THE REGISTRATION DOCUMENT PERSONS RESPONSIBLE FOR AUDITING

1.1 PERSONS RESPONSIBLE FOR THE REGISTRATION DOCUMENT

1.1.1 Name and function of persons responsible for the Registration Document

Ms. Dominique Costantini, chairman of the management board of BioAlliance Pharma

Mr. Gilles Avenard, member of the management board and general manager of BioAlliance Pharma.

1.1.2 Attestation from persons responsible for the Registration Document

''We confirm that to the best of our knowledge and after taking all reasonable measures in this regard, the data in this Registration Document is true and accurate; it includes all the information needed by investors to form an opinion as to the assets, the activity, the financial situation, the results and the prospects for BioAlliance Pharma; there are no omissions of any kind likely to alter the significance thereof''.

Ms. Dominique Costantini
Chairman of the management board

Mr. Gilles Avenard
General Manager

1.2 PERSONS RESPONSIBLE FOR AUDITING

1.2.1 Appointed auditors

- Grant Thornton
  French member of Grant Thornton International
  100 rue de Courcelles
  75017 Paris
  Represented by Mr. Thierry Dartus

Appointed at the time the Company was formed for a term of six fiscal years, and who were reelected at the general meeting of 17 November 2004 that approved the financial statements for the period ending 30 June 2004. This appointment expires at the end of the general meeting called to approve on the financial statements for the period ending 31 December 2009.

- Ernst & Young Audit
  11 Allée de l'Arche, Tour Egée
  92037 Paris, La Défense Cedex
  Represented by Ms. Béatrice Delaunay

Appointed by the general meeting of 7 November 2005, for a term of six fiscal years. This appointment expires at the end of the general meeting called to approve the accounts for the fiscal year ending 31 December 2010.

1.2.2. Alternate auditors

- Jean Pierre Cordier
  100 due de Courcelles
  75017 Paris

Appointed by the general meeting of 17 November 2004 for a term of six fiscal years. This appointment expires at the end of the general meeting called to approve the accounts for the period ending 31 December 2009.

- Société Auditex SA

Faubourg de l'Arche, Tour Ernst & Young
92400 Courbevoie

Appointed by the general meeting of 7 November 2005, for a term of six fiscal years. This appointment expires at the end of the general meeting called to approve the accounts for the period ending 31 December 2010.

1.3 INFORMATION POLICY

1.3.1 Name and function of person responsible for information

Mr. Piers Morgan
Chief Financial Officer
Immeuble les Chevrons
59 Boulevard du général Martial Valin
75015 Paris
Tel: +33 (0) 1 45 58 76 00
Fax: +33 (0) 1 45 58 08 81
Email: infofin@bioalliancepharma.com

1.3.2 Documents accessible to the public

The following corporate documents may be reviewed at the head office of the Company (where a copy can be obtained):

- The Articles of Association, the bylaws, the minutes of general meetings and other corporate documents of the Company;
- All reports, letters and other documents, historic financial information, assessments and declarations made by an expert at the request of the Company, some of which are included or covered in this Registration Document; and
- the historic financial information on the Company and its former subsidiary VIRalliance for each of the two financial periods preceding the publication of this Registration Document.

1.3.3 Indicative timetable for financial communications

The financial information given to the public by the Company (press releases, presentation of results, annual reports) will be available on the Internet site of BioAlliance Pharma at the following website: http://www.bioalliancepharma.com.

The indicative timetable for financial communications from BioAlliance Pharma until 31 December 2006 should be as follows, subject to the admission of its shares on a regulated market:

Annual results for 2005	March 2006
Revenue for first quarter 2006	May 2006
Results for first half 2006	September 2006
Revenue for third quarter 2006	November 2006

CHAPTER 2.

INFORMATION RELATING TO THE OPERATION

In the event of a financial operation by means of a public offering, the information in this Section will be covered in a Transaction Note included in a prospectus submitted to the Financial Markets Authority for permission to deal.

CHAPTER 3.

RISK FACTORS

Investors are asked to take into consideration the risks described in this chapter before purchasing or subscribing for shares in the Company. The risks described below are, on the date of registration of this Registration Document, those risks which, if they occur, could have a material adverse effect on the Company, its business, financial position or earnings. Investors are also reminded that the risks and uncertainties described below are not the only risks that could impact the Company. Risks or uncertainties not known or considered to be insignificant today could also produce a negative effect on the Company, its business, financial position or results. If one or more of these risks or uncertainties were to occur, the operations, financial situation, results and development of the Company could be negatively affected.

3.1. RISKS RELATED TO THE COMPANY'S BUSINESS

3.1.1 Dependence on the most advanced product — miconazole Lauriad

As of this date, the development and marketing of new medications incorporating the Lauriad or Transdrug technologies or resulting from the Company's NCE program are not yet completed.

Miconazole Lauriad, intended for the treatment of oropharyngeal candidiasis, is the Company's most advanced product in the development and marketing pipeline. After completing two Phase III clinical studies in Europe and North Africa for this product, in September 2005 the Company filed an application for a marketing authorisation (MA) as part of the EU procedure for decentralised mutual recognition, with France as the reporting Member State (see section 4.2.2.1 of this Registration Document). The Company cannot, however, guarantee that it will obtain a MA for this product from the French Agency for the Health Safety of Health Products (*Agence française de sécurité sanitaire de produits de santé,* AFSSAPS) with which it filed the application, or from other national regulatory authorities. Even if it obtains this authorisation, the Company does not anticipate that the requested MA can be delivered before the end of 2006.

In addition, in July 2005 the US Food and Drug Administration (FDA), the American agency that authorises the marketing of drugs in the United States, authorised the launch of a Phase III clinical trial for miconazole Lauriad in the United States. The Company intends to conduct this trial and to market this product in the United States and in Japan under a collaboration and licensing agreement that it intends to sign with one or more partners. However, there are still uncertainties both about the identity of the partner and about the nature of the collaboration agreement planned (licensing agreement or distribution agreement).

Finally, even if the American administrative procedure allows the conduct of a single pivotal Phase III clinical study, the Company cannot guarantee that such study will not be delayed, that the FDA will not refuse the benefits of this procedure, or that other modifications in its development program, related primarily to a possible obligation to conduct additional studies, will not delay the MA for miconazole Lauriad in the United States, which could result in a significant increase in the costs or the development time for the product.

In any event, the Company believes that, if it were to receive MAs for miconazole Lauriad in the United States and Japan, they could not be obtained respectively before the end of 2008 in the United States and sometime in 2009 for Japan.

The development of miconazole Lauriad has required, and will continue to require from the Company, substantial investments in time and financial resources, as well as very special attention from highly qualified personnel. As a result, if BioAlliance Pharma were not to

receive the MA for miconazole Lauriad, its outlook and its financial position would be materially and negatively affected.

3.1.2. Possibility of commercial failure of miconazole Lauriad

The Company projects that, in the medium term, almost all of its revenues will come from the sale of miconazole Lauriad, provided that it receives the desired MAs. The revenues that the Company will generate from this sale will depend heavily on two factors: first, on its ability to obtain an appropriate pricing and rate of return from public or private health organisations; and second, on the number of patients suffering from oropharyngeal candidiasis for whom miconazole Lauriad is indicated.

In addition, the Company will have to face competition from alternative therapies that exist today and from the therapies that result, if any, from the discovery and use of new treatments between now and the marketing of miconazole Lauriad. As the active pharmaceutical ingredient in miconazole Lauriad is in the public domain, to be successful the Company will have to convince prescribers of the value of the Lauriad delivery system in comparison with other formulations with the same active pharmaceutical ingredient.

If BioAlliance Pharma were not to succeed in successfully marketing miconazole Lauriad, the Company could, given the relatively early stage of development of its other products, be unable to market other products for several years and its revenues would be reduced or delayed.

3.1.3. Commercial risk related to the less advanced development of other products

With the exception of miconazole Lauriad, the Company's other products are in their initial phases of development. For acyclovir Lauriad, intended for the treatment of labial herpes, a Phase I pharmacokinetic and pharmacodynamic clinical study was completed in the third quarter of 2005, which should allow the launch of a Phase II or Phase II/III clinical program in 2006. Doxorubicin Transdrug, the principal product coming from the Company's nanoparticle development program, is currently the subject of a Phase I/II study in the European Union for the treatment of primary cancer of the liver, and a Phase II or II/III study on this product is planned for 2006. This product received the status of orphan drug issued by the European Agency for the Evaluation of Medicinal Products (EMEA) and the FDA.

Fentanyl Lauriad, a third product based on the Lauriad technology, for which the indication is the treatment of severe cancer pain, is being studied as a candidate for development. The final choices regarding the development of this product will be made only after the Company has specifically defined the medical need of the chronic pain market through interviews with specialists and a review of scientific literature. This approach will also be adopted for several other candidates for development that use the Transdrug technology: oral formulations, an anticancer drug and an antiretroviral for the treatment of HIV. Finally, the three projects in the Company's NCE program are all in the initial development phase or the preclinical phase.

In order to complete the development of its products and market them, the Company will have to implement significant research and development efforts and conduct a large number of tests, obtain regulatory authorisations, and make substantial financial investments. For the development and marketing of products based on its technologies, the Company, which has not to date identified or selected any partners for the development of its products, is facing a high degree of risks and uncertainties that could slow or suspend the development of its products and thus have a very negative effect on its activities. Thus, even if it is able to obtain and maintain the regulatory authorisations to sell its products, it is possible that:

— the Company will not obtain the MAs for its products quickly enough to allow it to benefit from a competitive position in the targeted markets;

— the Company will not be able to successfully manufacture and market its future products at a price, a rate of return, or a scale that will allow it to be profitable;

— the Company's future products will not be accepted by medical centers, hospitals, physicians or patients or, in general, will not have the anticipated commercial success;

— the Company's future products will lose their competitive advantage and will be rendered obsolete by the development by third parties of other products that are equally or more innovative; or that

— the Company's future products will not be marketable because of claims related to third-party property rights.

In the event that BioAlliance Pharma were not to succeed in developing or marketing its products, its revenues would continue to be limited and its prospects would be substantially reduced.

3.1.4. Risks related to the new delivery systems and new chemical entities (NCE)

As the Company's development projects for the Lauriad or Transdrug technologies are innovations in the method of delivery of medications that are already known, they therefore modify the benefits/risks ratio of active pharmaceutical ingredients for which the chemical, toxicological and pharmacological profile is known and established. Each product developed by the Company on these delivery systems results in a new medication, the efficacy and tolerance of which must be specifically established, because this new product differs in its pharmacological properties from the product that initially used the active pharmaceutical ingredient. Therefore, it cannot be guaranteed that these compounds will offer a benefits/risks ratio for the indications and patient populations selected which is equivalent to the ratio previously determined for the active pharmaceutical ingredients, or that these compounds will not interact in an unexpected and toxic manner with biological systems.

With respect to the NCEs developed by the Company, the Company must establish the ratio between the expected therapeutic benefit and the toxic risk incurred throughout their development; this ratio must be reviewed at each stage in the preclinical development and in the clinical development. For the moment, the toxicological profile of these new molecules is unknown.

3.1.5. Specific risks related to obtaining a marketing authorisation

In order to obtain an MA for any of its products, the Company must demonstrate, through multiple long and costly clinical trials, the outcome of which is uncertain, that the use of its products is effective and without danger for humans. If the Company is unable to meet its development schedule or if it cannot successfully conduct the clinical trials of its products within the deadlines, its activities, financial position, results and development could be significantly and negatively affected.

The ability of the Company to obtain an MA for its products will depend on several factors, including the following:

— the possibility of continuing the development of its products which, with the exception of miconazole Lauriad, are currently in early clinical phases or of moving its products currently in preclinical development to a clinical stage;

— the fact that, alone or with possible partners, it successfully conducts the clinical trials, within the specific deadlines, and with the resources and under the conditions initially stipulated;

— the fact that the Company's trials demonstrate the efficacy and safety of its products;

— the fact that the Company's products are approved for a given indication; and

— the Company's ability to announce clinical results that are more promising than those of its competitors.

In addition, products of the Company already approved could prove to be less safe and be withdrawn from the market, or produce effects over time that are different from those initially projected, which could limit or make it impossible to market them.

3.1.6. Specific risks related to the preclinical and clinical trials

In order to obtain an MA for its products, the Company must conduct complete preclinical and clinical trials on humans in order to demonstrate their safety and effectiveness. Clinical trials are generally scheduled over several years and are very costly.

Clinical trials are placed under the control of ethics committees, regulatory authorities or other government agencies. The regulatory authorities could prevent the Company from conducting clinical trials or from continuing clinical developments if it is proven that the planned trials do not meet the required regulatory standards, particularly in terms of the ratio between the hoped for benefits of the product and any risks. In addition, the Company could decide, or the regulatory authorities could ask the Company, to suspend or end clinical trials if the patients are or come to be exposed to unexpected and serious risks. Deaths and other adverse events could occur during a clinical trial because of medical problems which may or may not be related to the treatment being tested, and require the Company to delay or interrupt the trial. Based on the trial results, the Company could even decide to abandon development projects that it initially believed to be promising.

Moreover, it cannot be guaranteed that the clinical trials authorised will be conducted by the Company or its partners, if any, within the deadlines stipulated or that they will be able to be completed without additional resources or knowledge or expertise.

The completion of the clinical trials also depends on 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 recruitment, the availability of sufficient quantities of products, assistance from third parties, and compliance with regulatory standards.

A large number of pharmaceutical companies have suffered major setbacks during clinical trials at an advanced stage or during the regulatory authorisation procedure, even after promising results.

The inability of the Company to successfully conduct and complete clinical trials could have a material adverse effect on its activities, its financial position, its results and its development.

3.1.7. Risks related to possible side effects of the products

The Company's products in the clinical development phase may cause serious, adverse side effects or unexpected effects. For example, local toxicity or possible hypersensitivity related to the products could appear as a result of an application of the products resulting from the Lauriad technology to the mucous membranes.

With regard to the products developed on the basis of the Transdrug technology, the anti-cancer medications selected may have severe or serious side effects that may affect one or more organs such as the heart, lungs, and various blood lines. Primary cancer of the liver, the pathology targeted by the products of the Transdrug technology, is often complicated by associated cirrhosis. The combination of these two risks, an impaired liver and medications that would have normally been eliminated by the liver, can multiply the risks of toxicity and limit the development of products in this area. The liver acts as a filter and decreased liver function due to cirrhosis results in slower elimination of the products, which leads to risks of accumulation that can increase the side effects of the product.

If the Company's products proved to be ineffective, or if they resulted in unacceptable side effects, it would be impossible for the Company to market them, and its activities, financial position, results and development would be substantially and negatively affected.

3.2. RISKS RELATED TO THE COMPANY'S STRUCTURE AND STRATEGY

3.2.1. Need to attract and retain key personnel

BioAlliance Pharma is heavily dependent on the principal members of its scientific and management team. The loss of one or more members of the Company's scientific and management team would be likely to cause material adverse effects on the activities, financial position, results and general development of the Company. The Company has signed ''key-men'' insurance contracts, which are described in section 3.6 of this Registration Document, for Dominique Costantini, Gilles Avenard and Richard Keatinge. BioAlliance Pharma also wants to hire additional qualified personnel in the scientific, pharmaceutical and regulatory areas, and in the areas that concern the marketing and sale of the products. There is intense international competition to recruit qualified employees with such a profile. The Company cannot guarantee that it will be able to continue to attract and retain the personnel necessary for the development of its activities. If the Company cannot attract and retain key personnel, the resulting situation could have material adverse effects on the activities, prospects, financial position, results and growth of the Company.

3.2.2. Outsourcing the manufacture of the products

The Company's dependence on third parties and its lack of infrastructure for the manufacture of its products on an industrial scale could affect its ability to develop and market its products competitively within reasonable time periods.

Today, the Company depends on third parties for the production of miconazole Lauriad, its most advanced product. As a result, the Company might be unable to sign subcontracting agreements for the future commercial supply of miconazole Lauriad, or to make it under favourable conditions. If the Company were unable to sign subcontracting agreements on favourable terms, the successful marketing of miconazole Lauriad could become uncertain. In addition, the dependence on third-party manufacturers generates additional risks which the Company would not face if it produced miconazole Lauriad itself. These risks include:

- failure by these third parties to comply with regulatory and quality control standards;
- breach by the third parties of the agreements signed with the Company; and
- the termination or non-renewal of the agreements signed with the third parties for reasons outside the Company's control.

If products manufactured by third-party suppliers did not comply with regulatory standards, sanctions could be imposed on the Company. Those sanctions could include fines, injunctions, civil penalties, a refusal by regulatory bodies to grant MAs to the Company's products, delays, the suspension or withdrawal of authorisations, licence revocations, the seizure or recall of the Company's products, operating restrictions or criminal proceedings; all such measures could have a significant negative impact on the Company's activities, its financial position, results and development.

If the Company were to change manufacturers for miconazole Lauriad, it would have to revalidate the manufacturing process and procedures for this product in compliance with the good manufacturing practices (GMP) in force in the pharmaceutical industry. This revalidation could be costly, long, and could require the attention of the most qualified persons in the Company. If revalidation were refused, the Company could be forced to find another supplier, delaying the marketing of miconazole Lauriad accordingly, which could also increase the costs to manufacture the product. The Company would also have to demonstrate, through pharmaceutical studies, that miconazole Lauriad, as it is produced by the new manufacturers, is comparable to the product used in the two Phase III clinical trials. New clinical studies could also be required if the pharmaceutical studies did not demonstrate the similarity of the product.

3.2.3. The Company's limits in selling, marketing and distribution resources

To date, the Company has not invested in the areas of sales, marketing and distribution. It will have to develop a marketing and sales capacity, either alone or with strategic partners. In line with its strategy, the Company will have to find partners for the clinical development and marketing of some of its products, particularly for the finalisation of the development and marketing of miconazole Lauriad in the United States and Japan.

Assuming that the Company obtains the MA for miconazole Lauriad in Europe, it intends to market this product in France and, in the medium term, in other European countries through its own resources. In this context, the Company would have to set up its own sales and marketing infrastructure. As a result, it would need to make additional expenditures, mobilise management resources, recruit special personnel, obtain new expertise and take the time necessary to establish the appropriate organisation and structure to assist development of the product in accordance with the legislation in force and, more generally, optimise its marketing efforts. The Company will also evaluate the strategic and financial advantages of an agreement with a partner to market miconazole Lauriad in certain European countries if the opportunity presents itself. It is possible that the Company will not succeed in signing a partnership agreement on reasonable terms for the sale and marketing of miconazole Lauriad or any other product that it is developing, or in maintaining such partnerships, or marketing its products itself.

3.2.4. Competition

The markets in which the Company is present are well-defined, extremely competitive and changing rapidly. The Company competes with larger companies with more industrial and commercial experience and which have clearly superior resources. As a result, the Company cannot guarantee that its medications will:

- obtain the regulatory authorisations necessary and reach the targeted markets more rapidly than the products of its competitors;
- be competitive with other products developed or being developed which prove to be safer, more effective or less expensive;
- adapt fairly rapidly to the appearance and development of new technologies and scientific advances;
- be accepted by medical centers, physicians and patients instead and in place of existing treatments; and
- be effectively competitive with the other products to treat the same indications.

It is probable that new developments will continue within the pharmaceutical industry and in public and private research institutes. In addition to the development of products that are safer, more effective or less expensive than those developed by the Company, its competitors could manufacture and market their products under better conditions. In this respect, the Company cannot exclude the possibility that the companies and other public and private organisations currently competing with it will not merge or sign partnerships or other types of alliances with each other, or that they will not become, as a result, more aggressive competitors. In addition, rapid technological developments by these competitors could make the Company's medications or possible future products obsolete before it has been able to earn a return on the research, development and marketing costs incurred for its products.

Even if the Company's products are successfully marketed, it could take time before they are recognised by the market and the Company could be unable to offset its costs with potential revenues. In order to make the market accept its products rather than those already present in the market, the Company will have to make substantial efforts in terms of marketing and

investments. To date, the Company has not undertaken any significant marketing activity and has few financial and human resources for this purpose.

Finally, the contracts signed by the Company with its employees, particularly the key personnel, do not include non-compete clauses. The Company does not have the protection of such clauses, even if it intends to maintain and develop a loyalty policy by granting securities giving rights to capital (stock subscription warrants or founders' share warrants (*bons de souscriptions d'actions* or *bons de créateur d'entreprise*, BSA/BCE) to the Company's key personnel.

3.3. FINANCIAL RISKS

3.3.1. History of operating losses — Specific risks related to projected losses

The Company has recorded net operating losses since the start of its operations in 1997. As of 30 June 2005, accumulated losses totalled 20.6 million euros under French accounting standards. These operating losses are primarily the result of investments in research and development costs for the completion of preclinical studies and clinical trials. The Company anticipates substantial new operating losses in the coming years as its research and development activities, preclinical studies and clinical trials continue. On the date of registration of this Registration Document, none of its medications generated any revenues. Its revenues come only from the diagnostic activity of its former subsidiary VIRalliance, which will not be continued by the Company (on this point, see section 4.5 of this Registration Document). The Company's profitability will depend on its ability, alone or with possible partners, to successfully develop, produce and market its products. With the exception of miconazole Lauriad for which an application for an MA has been filed, and provided it is obtained, the Company's only financial resources in the near future will come from payments made by possible partner companies and public subsidies, if any, from private associations and financial revenues. The Company does not anticipate any revenues from the sale of products other than miconazole Lauriad in the medium term. If an MA is delayed or not obtained for this product, the Company might even sell no product in the medium term. Moreover, it is probable that the Company will pay no dividends to its shareholders in the short and medium term.

3.3.2. Future capital needs and uncertain additional financing

As the final development phases for products in the biotechnology and biopharmaceutical industry require ever larger investments, the Company's financing needs will continue to rise as the Company invests to develop existing and new products. The Company believes, however, that the proceeds from the capital increase that it wishes to conduct as part of its initial public offering will be sufficient to cover its financing needs in the medium term if it does not make major acquisitions. However, the Company may need to raise additional funds early because of various factors, such as:

— unexpected opportunities to develop new promising products or to acquire technologies or other activities;

— higher costs and slower progress than the Company is anticipating to develop new products and obtain the crucial MAs;

— costs incurred by the Company to register, maintain and defend patents and other intellectual property rights;

— costs incurred by the Company to respond to technological and market developments, to sign and maintain cooperative agreements in force, and to ensure the effective manufacture and marketing of its products; and

— the inability of the Company to sign cooperative agreements within the time periods anticipated.

3.4. LEGAL RISKS

3.4.1. Limitations of the protection provided by patents and other intellectual property rights

The Company's commercial success depends on its ability to obtain, maintain, and protect its patents and other intellectual property rights. In the pharmaceutical sector where the Company conducts its business, patent law is still evolving and presents uncertainties. When a patent is registered, there may be other patents, as yet unissued, that have priority. Consequently, the grant of a patent guarantees neither validity nor applicability, both of which may be challenged by third parties.

Therefore, the Company can provide no assurances that:

— it will develop new inventions;

— applications to register patents under consideration will actually result in the grant of patents;

— third parties will refrain from invalidating or challenging patents granted or licensed to the Company or its negotiating parties;

— the degree of protection conferred by patents will be enough to protect the Company from its competitors;

— the Company's products will not infringe or be accused of infringing patents belonging to third parties; or

— third parties will refrain from instituting an action or claiming ownership of the Company's patents or other intellectual property rights.

The granting and applicability of a patent in the biopharmaceutical sector is extremely unpredictable and raises complex legal and scientific issues. To date, there is no standard international policy covering the content of patents granted in the biotechnology sector and the scope of authorised claims. It might 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 might involve considerable expense, reduce the Company's potential profits, and not bring about the protection needed. The Company's competitors could successfully challenge patents granted or licensed to the Company by taking the Company to court or in the framework of other proceedings, which could result in a reduction of the scope of the Company's patents. Additionally, these patents could be infringed or successfully circumvented by innovations. Finally, Company employees who contributed to inventions covered by patents could demand compensation on top of the pay provided by their employment contract. To this end, the Company has started a discussion with its employee representatives in order to define, in the framework of a company-wide agreement, the terms and conditions of compensating employees for their possible inventions. The Company can provide no assurance that this discussion will result in a company-wide agreement.

3.4.2. Specific risks related to patent infringement

The Company's competitors could infringe its patents. The Company might have to commence expensive long-term infringement suits to stop the pirating of its products. It is difficult to protect against the unauthorised use of intellectual property rights and the Company can provide no assurances that it will successfully maintain protection.

Additionally, as the pharmaceutical industry expands and the number of patents granted increases, there is a growing risk of infringement suits against the Company for its technology. To the extent that the Company's patents protect a large number of components, some of its patents may cover derivative components protected by patents held by third parties that could prevent BioAlliance Pharma from using those components. As a rule, patent requests remain unpublished for eighteen months from the filing of priority claims and, in the United States,

some requests remain unpublished until the patent is obtained. Moreover, in the United States, patents may be granted as a function of the invention date, which does not always mean that a patent is granted to the first filer of the request. The publication of discoveries may be delayed by several months, and often several years, in relation to patent filing dates and discovery dates. Consequently, the Company cannot be certain that other companies before it did not update inventions covered by the Company's patent requests under consideration or that the Company is the first to file patent requests for these inventions.

In such a hypothesis, the Company would have to obtain sufficient licences for those patents, interrupt or modify certain activities or procedures, or even develop or obtain alternative technologies, which is likely to have an adverse affect on the development of its products and the generation of future revenue.

3.4.3. Risks related to licensing agreements

The Company's business depends on licence agreements that allow it to use technologies such as those described in section 4.6 of this Registration Document. Licences granted by the Company's negotiating partners for technologies that the Company uses or seeks to use for its products stipulate that these licences are revocable if the Company fails to comply with certain terms and conditions, in particular financial ones. Achieving compliance with these terms and conditions would require the Company, under the terms of these licences, to increase the resources initially allocated for the Company's development projects. Moreover, obtaining these licences may require third-party consent, which could be denied. The licence agreements entered into by the Company may also include provisions requiring compliance from the Company's licensors. If the Company is reliant upon these licensors in order to sue for any third party infringement of patents for which the Company has been granted a licence (in particular a wholly or partially exclusive licence), the Company can provide no assurance that its licensors are or will be willing to bring such proceedings.

3.4.4. Dependence on trade secrets

The Company occasionally provides information and products to researchers working within universities or other public or private institutions or asks them to conduct certain tests, and in both cases, the Company enters into appropriate confidentiality agreements with each entity and a research contract granting the Company the rights related to any new invention. However, the Company can provide no assurance that these entities will refrain from claiming intellectual property rights concerning the results of tests conducted by their researchers, nor that they will grant licences regarding these rights to the Company under acceptable terms and conditions. The Company could sustain substantial losses from a claim or if the Company failed to obtain a licence for these rights.

The Company also relies on confidential and unpatented technologies, processes, know-how, and data, which it protects by confidentiality agreements with its employees, consultants, and certain joint venturers. However, the Company can provide no assurance that these agreements will be honored; the Company will have adequate recourse in the event of disclosure; third parties will not acquire this confidential information by any other means; and competitors will not use and develop this confidential information independently.

3.4.5. Risks related to the outsourcing of research and fabrication

The Company uses subcontractors for the research and manufacture of products and therefore has only developed limited know-how in these areas. Although the Company believes that the number of subcontractors capable of providing research and manufacturing capabilities to the Company remains substantial, the unavailability of these subcontractors to complete a project or their default could adversely affect the development of the Company's products and the generation of future income.

3.4.6. Risks of non-renewal of the concession relating to the Company's laboratory on the premises of the Châtenay-Malabry Pharmaceutical Faculty

The Company does not own the laboratory in which it is developing its products derived from the Transdrug technology. The Faculté de Pharmacie de Châtenay-Malabry and Université Paris XI have granted the Company a concession to use public real property. The Company can provide no assurance that this concession will not be challenged, or that it will not be terminated as of July 2006 (the expiration date of the current concession to occupy public real property), which would have a negative impact on the conduct of the Company's activities in this field and would require the Company to establish a new laboratory or to work with sub-contractors under potentially less favourable terms and conditions. The Company can provide no assurance that, under such circumstances, it would not fall behind on its Transdrug technology programs, which could affect its business and results. Even if several potential sub-contractors existed for each of the Company's activities, enabling the Company to continue its activities, their replacement would require an adjustment period that could adversely affect the development of the Company's business. If the Faculté de Pharmacie failed to renew the concession, the Company would have to resort to sub-contractors as an alternative solution, in order to complete pre-production development activities that it currently conducts in the laboratory concerned. The identification of sub-contractors and the entering into agreements with them would require an adjustment period for the Company, which could adversely affect the development of its business.

3.4.7. Risks related to the regulatory environment

To date, none of the Company's products, including its most advanced product, miconazole Lauriad, is the subject of an application for an MA with any regulatory authority. The Company is unable to guarantee that it will receive the necessary authorisations to market any of its products whatsoever. The Company's products are subject to many stringent laws and the applicable regulatory requirements are uncertain and subject to change. The FDA, the French Health Products Safety Agency (AFSSAPS), and the EMEA, as well as their counterparts in other countries, regulate, among other things, research and development, pre-clinical trials, clinical studies, manufacturing, safety, efficacy, storage, labelling, marketing, and distribution of therapeutic products. In particular, without FDA approval, it would be impossible for the Company to gain access to the North American market, which is the world's largest pharmaceutical market.

The regulatory process to obtain authorisation for new therapeutic products requires the Company to submit the product's detailed properties, the details of the manufacturing and control process, as well as pre-clinical and clinical data and any information enabling the agency to establish the product's potential safety and efficacy for each indication. The regulatory process may also require post-marketing studies on an on-going basis, as well as quality control of the manufacturing process.

These regulatory processes are costly, may take many years, and their result is unpredictable. The data from pre-clinical and clinical developments may give rise to conflicting interpretations, which could delay or limit the scope of regulatory approvals. The regulatory requirements and processes vary greatly from one country to another, so that the Company's potential strategic partners or the Company itself may not be in a position to obtain timely approval for each country concerned. Because the Company's products are based on new technologies under continuous development that have not been widely tested on humans, the applicable regulatory requirements are still uncertain and could be subject to major changes. Regulatory changes that take place during product development and regulatory review of the product may involve delays or a denial of approval.

Regulation in the United States, Europe, and other countries is likely to:

— delay or materially increase the costs associated with the development, testing, manufacture, and marketing of the Company's products;

— restrict the indications for which the Company would be authorised to market its products;

— impose new, more stringent requirements; suspend the MAs for the Company's products; and halt clinical studies or marketing if other researchers obtain unexpected results in their studies of products similar to the Company's; or

— impose labelling restrictions.

If the Company fails to comply with the laws and regulations governing its activities, it could be subject to penalties that may include the following: a refusal to approve applications under consideration; Company product recalls; restrictions on Company sales; the temporary or permanent suspension of the Company's operations; and civil or criminal proceedings.

3.4.8. Risk related to product liability

The Company is exposed to the risk of incurring liability, in particular because of its products. The Company's liability could also be incurred for its clinical studies in the context of preparing tested therapeutic products and unexpected side effects resulting from the administration of these products. Complaints and lawsuits could be filed or commenced against the Company by patients, regulatory authorities, biotechnology and biopharmaceutical companies and any other third party using or marketing the Company's products. These risks are inherent in the control, manufacture, and marketing of therapeutic products for human use. Although the Company has an insurance policy, it could prove to be inadequate for the purpose of compensating damages suffered. Similarly, the cost incurred by modifying the scope of this insurance policy could be excessive. The difficulty created by the need for the Company to protect itself from this type of complaint could impede the commercialisation of all or part of Company's product line under development. If the Company were sued for damages caused by its products or processes, its liability could exceed its insurance coverage, jeopardizing all the Company's assets.

3.4.9. Risks related to changes in taxes on drugs

The deficit of certain national mutual insurance systems and the government assumption of drug costs has led and could lead governments in certain countries to impose taxes on the activities of drug companies. The introduction or increase of such taxes could adversely affect the Company's business and profitability.

3.4.10. Risks related to changes in drug reimbursement policies

The Company's ability to derive sufficient profits from the sale of its products will partially depend on the degree to which they are made available and reimbursed by public health administrations, private health insurers, managed care organisations, and other organisations.

If the Company's products fail to obtain a reasonable level of reimbursement, the Company might not be in a position to market its products.

Governments and other third-party payers are actively trying to contain health care costs by limiting both coverage and the rate of reimbursement for new therapies. The Company expects legislative proposals calling for government controls will continue to increase. The adoption of these proposals and reforms could impact the Company's activity and income level.

Additionally, governments and other third-party payers are increasingly interceding with companies in the medical and pharmaceutical sector to establish prices for medical products and services. Tremendous uncertainty surrounds the reimbursement status of new health care products and the possibility of sufficient reimbursement by health administration authorities

and third-party payers. If purchasers and users of the Company's products are unable to obtain an adequate level of reimbursement in relation to the cost of using the Company's products, then product acceptance on the market would be adversely affected and purchasers and users could be led to discontinue or limit their use.

3.4.11. Risk related to a tax audit on research tax credits

In May 2004, the Company transferred research tax credits for the 2000 and 2001 financial years (of 357,355 euros and 514,511 euros respectively), totalling 871,866 euros, for the benefit of the BDPME. In exchange, in May 2004, based on a favourable opinion from an expert at the Ministry of Research, the BDPME granted a loan of 80% of the tax credits transferred, an amount of 696,000 euros (with 286,000 euros payable in December 2004 and the balance of 410,000 euros payable in September 2005). The repayment of the first amount due has not been effected as of this date, because the tax authorities have not yet paid the corresponding tax credit due to the Company. This delay in payment of the tax credit for the 2000 financial year (in December 2004) seems to be attributable to a reorganisation of the tax authorities. In addition, in June 2005, these same tax authorities initiated an audit on the requested reimbursement. The tax audit currently underway relates to the bases for the research tax credits for the financial years 1998, 1999, 2000 and 2001.

The Company is confident as to the outcome of this audit, particularly in light of the favourable opinion of the expert cited above, who was authorised by the Ministry of Research to carry out investigations (in the context of a tax audit or of the transfer of receivables on behalf of the BDPME), who gave a favourable opinion of the eligibility of the research expenses which gave rise to the tax credits for the years 1998, 1999, 2000 and 2001. The various verifications carried out as part of the current audit seem to reconfirm the eligibility of these research expenses. However, the possibility does exist that the tax authorities may raise questions on various calculation methods used for establishing research and development expenses. The Company believes that the potential financial impact of this tax audit will not be significant and will not call into question the Company's pursuit of the development program.

It should be noted that the tax credits for the financial years 1997, 1998 and 1999 have already been paid to the Company.

3.5. MANUFACTURING RISKS RELATED TO THE ENVIRONMENT

The Company's research and development programs and its pre-clinical and clinical studies require the storage, monitoring, utilisation, and disposal of dangerous substances and biological material, in particular genotoxic active ingredients and virus pathogens that pose a human health risk. The Company is subject to laws and regulations regarding the use, manufacture, storage, handling, and disposal of dangerous substances and biological waste. Even if the Company believes that its safety procedures regarding the handling and elimination of these dangerous substances comply with legal and regulatory standards, the Company nevertheless cannot rule out the risk of contamination or accidental injury caused by these dangerous substances. In the event of an accident, the Company could be held liable for any resulting damage and the Company's liability could exceed the limits of its insurance policies or fall outside their scope of application. Additionally, the Company might have to bear substantial expenses in order to achieve compliance with regulatory provisions stemming from current or future environmental law.

Furthermore, if the Company fails to comply with regulations in effect, it could be fined and required to suspend its production or all of its activities. Compliance with laws relating to the environment, health, and safety imposes costs upon the Company, and compliance with future environmental laws could cause the Company to incur substantial expenses. This situation exists in each country where the Company might have to incur such expenses, as the case may be. Achieving compliance with environmental laws and regulations could compel the Company to acquire equipment, to modify existing facilities, and generally to incur substantial additional

expenses, which could adversely affect its activities, financial position, results, and development.

3.6. INSURANCE AND RISK COVERAGE

As of the filing date of this Registration Document, the Company is satisfied that it has insurance coverage suitable for its activities on an international scale, and in particular limited coverage for clinical studies in France and abroad. The Company does not anticipate any specific problems in maintaining adequate levels of insurance in the future, within the limits of market availability and conditions.

Among the Company's several insurance policies, the principal policies are:

- ''Property damage'' policies, usually covering the risks of fire, water damage, theft, and equipment breakdown on the Company's premises in Paris and at Châtenay-Malabry, with the insurers' maximum liability in the event of a claim totalling 3,490,827 euros;
- ''Civil liability'' policies covering the Company's civil liability stemming from its operation of laboratories conducting research and development, and the Company's professional civil liability. The first policies have an overall limitation of 7,623,000 euros per claim and the second policies have an annual limitation of 152,450 euros per claim.
- Individual insurance policies for each clinical study the Company sponsors. The rate and the guaranteed amounts depend on what local regulations apply to the clinical research center concerned. In France, the Public Health Code specifies that sponsors of clinical studies must carry insurance, as well as the terms and conditions of this insurance. In the countries where there is no requirement to subscribe to an insurance contract, the Company nevertheless maintains an insurance policy covering its liability in undertaking clinical studies. The overall amount of the premiums and the guarantees subscribed per study depend on the number of studies, their localisation, and the preliminary number of patients to be included in the study.

As of 8 March 2001, the Company has also carried insurance to cover the civil liability of its directors and officers, when insurance is called for in the performance of their duties, with a guarantee up to 750,000 euros. The Company is also the beneficiary of a ''key personnel'' policy effective from 9 July 2004 for Dominique Costantini, Gilles Avenard, and Richard Keatinge, in the event they sustain personal injury, guaranteed up to 500,000 euros in the event of death by accident or permanent disability by accident.

Considering its lack of sales, the Company chose not to carry insurance covering the risk of operating losses.

In 2005, the Company paid 62,000 euros in premiums for all the insurance policies it maintains.

3.7. RISK CONCERNING RESEARCH ACTIVITY IN THE DIAGNOSTIC FIELD

BioAlliance Pharma decided to transfer the diagnostic business developed by its former subsidiary VIRalliance to a subsidiary of the Eurofins Group, so that it could withdraw from this business that it no longer wished to pursue in the future in order to concentrate on its pharmaceutical business. Negotiations with Eurofins ended with the parties entering into an agreement and the transfer of the business to this third party is currently underway, subject to certain conditions precedent, which include agreements with certain institutions. Even if the Company is confident in the successful outcome of this transfer, as long as the conditions precedent remain unfulfilled, the Company will be required to continue to cover the associated costs of this business, which essentially amount to the salaries of seven employees.

After the transfer of its diagnostic business to a partner (see section 4.5 of this Registration Document), BioAlliance Pharma will no longer directly participate in this business, except in the framework of a potential research contract entered into with this partner. In this case, the Company cannot exclude the risk of its partner's default.

CHAPTER 4

ACTIVITIES

4.1. PRESENTATION

4.1.1. History and evolution of BioAlliance Pharma

BioAlliance Pharma is a late stage biopharmaceutical company focused on drug resistance through the development and commercialisation of innovative therapeutics that target growing markets in cancer, HIV, severe and opportunistic infections, and that also respond to the needs of specialist physicians, particularly in the hospital setting.

Since it was created in 1997, the Company has focused its activities on certain diseases for which medical needs are poorly satisfied in the current treatment setting and for which resistance to medication has very serious consequences. It designs and manufactures innovative products, starting from active pharmaceutical ingredients already recognised on the market, and which have a proven efficacy and tolerance profile.

The Company specialises in the development of both existing and new drugs designed to control resistance to medication, particularly by improving their delivery to the site of the disease and improving convenience, safety and compliance for the patient.

There are many options for controlling or preventing resistance to medication or treatment failure:

— encouraging continued treatment (patient's observance of or adherence to the treatment);

— delivering a sufficient concentration of the drug to the site of the disease, thus applying constant pressure on the originating cell or organism;

— by-passing the biological resistance mechanisms (transmembrane pumps for instance) due to better intracellular targeting; and

— attacking new targets with new products.

In this context, the Company has developed a number of products using its two proprietary drug delivery systems, the Lauriad® adhesive technology and the Transdrug® nanoparticle technology, together with a New Chemical Entities program as follows:

- **Lauriad technology: improving delivery to the site of the disease**

Lauriad was the first technology adopted by the Company which improves the delivery of a drug to the site of the disease. Drug delivery technologies are sought after by the pharmaceutical industry to improve a drug's efficacy and to extend a product's life cycle.

Lauriad technology is an adhesive technology that allows the rapid and prolonged release of therapeutic agents at the site of buccal infections. Lauriad technology targets local diseases of the mucosal membranes, particularly in the mouth, and the transmucosal penetration of medications. It allows more concentrated treatments at the actual site of a disease and also less frequent dosing (one per day), thus providing a more convenient course of treatment for a patient (ensuring better patient compliance with the prescribed treatment).

The Company's first product developed using the Lauriad technology is based on miconazole, an anti-fungal agent acting on *candida*. BioAlliance Pharma has developed miconazole Lauriad for the treatment of oropharyngeal candidiasis, for which a European marketing authorisation (MA) filing was submitted in September 2005, following the successful completion of Phase III clinical trials. The Company has also completed a Phase I clinical trial (pharmacokinetic and pharmacodynamic study) on acyclovir Lauriad, for the treatment of labial herpes.

- **Transdrug technology: improving delivery by intracellular targeting**

Transdrug technology is a patented nanoparticle technology which is designed specifically for improved delivery of medications by intracellular targeting thus improving drug efficacy and tolerance.

The Company's first product developed using Transdrug technology is based on doxorubicin, a strong chemotherapy agent designed for use against many types of cancer. Doxorubicin Transdrug is currently being studied as part of a Phase I/II clinical trial for the treatment of primary liver cancer.

- **NCEs: innovative compounds focusing on new treatment targets**

The Company is also developing a portfolio of new drugs (New Chemical Entities or NCEs), focusing on new treatments in the oncology and HIV markets. These new drugs, developed from the Company's research and licence agreements with its network of French academic and scientific organisations, are in the early stages of pre-clinical development.

The founders of BioAlliance Pharma initially created the business by acquiring the Transdrug technology in 1997. From 1998 to 1999, a number of research programs focusing on resistance to anti-cancer and antiviral treatments were established through public grants from French organisations that support scientific research.

The Company was able to fund its own laboratory on the premises of the Faculté de Pharmacie de Châtenay-Malabry in February 1999 due to an external round of financing, the first for the Company. The laboratory was primarily dedicated to the industrial scale development of innovative galenic forms of anti-cancer medication. The funds also allowed the Company to launch its first clinical trials in 2000 for miconazole Lauriad and in 2001 for a doxorubicin Transdrug, as well as to fund research projects related to the identification of new therapeutic targets and new chemical entities acting on these targets.

Phase III clinical trials on miconazole Lauriad were started at the end of 2002 and completed in 2004 in Europe and North Africa thus enabling the Company to file a European MA application with the French authorities in September 2005. In July 2005, the Company also obtained approval to conduct Phase III clinical trials for this product in the United States under the Investigational New Drug (IND) status.

The Company's main objective is to generate revenues by selling miconazole Lauriad as soon as marketing approval has been received. The Company initially plans to sell its first product in France and, in order to do this, will create its own sales force who will target specialist physicians (oncologists, internists, infection specialists, etc.). It is planned that the product will be sold throughout the rest of Europe via a distribution network. The Company is currently seeking commercial partners in the United States and Japan with the intention of putting in place licence and distribution agreements before the end of 2006.

BioAlliance intends to use the experience gained from selling miconazole Lauriad in Europe to sell other products targeting the same specialist physicians. These products could originate either from the Company's portfolio, or be in-licensed or acquired from other biopharmaceutical companies, depending on the opportunities that arise. BioAlliance Pharma is looking to become a recognised player in pharmacoresistance related to cancer treatment, HIV, contagious and opportunistic infections.

4.1.2. Competitive advantages of the Company

The Company believes it benefits from certain competitive advantages that will allow for the further development of its projects and will drive future growth:

A product in registration: miconazole Lauriad

In September 2005, the Company filed a European MA application under the mutual recognition procedure for the use of miconazole Lauriad in the treatment of oropharyngeal candidiasis in immunocompromised patients or those suffering from cancer or a chronic disease.

In July 2005, BioAlliance Pharma was authorised by the FDA to conduct a pivotal Phase III clinical trial on miconazole Lauriad in immunosuppressed patients (HIV) for the treatment of oropharyngeal candidiasis. The initiation of this trial is planned for the first half of 2006. BioAlliance Pharma obtained an agreement in principle from the FDA concerning the application of the procedure provided for in Article 505(b)(2) of the United States law governing applications for marketing of new pharmaceutical products (IND), which allows it to submit a MA application based on a single pivotal Phase III clinical trial, conducted against a reference product in the United States.

In this regulatory framework, the FDA has accepted the principle of broad application of miconazole Lauriad in oropharyngeal candidiasis, irrespective of the nature of the patient population or the underlying condition (HIV, oncology, internal medicine patients, diabetics, elderly persons and patients suffering from chronic conditions).

Continuous access to cutting edge innovation, a reflection of its reputation in the research environment

The Company has established long-term relationships with reputed French healthcare research organisations such as CNRS, INSERM, Ecole Normale Supérieure de Cachan, as well as several university research centers, including those of the Universities of Paris VI and Paris XI, Institut Gustave Roussy and Institut Pasteur. These relationships give the Company access to a number of proposed drug research projects designed to control resistance to medication. The Company has thus been able to select innovative programs in close cooperation with the best specialists in the field.

A portfolio of products involving separate risks

The products developed by the Company are not dependent on each other in any way, nor are they dependent on any one single technology. This allows the Company to limit the impact that the potential termination of the development of a given technology or product might have on the rest of the Company's development activities.

At the same time, the knowledge accumulated for each product that uses the Lauriad or Transdrug delivery technology enables BioAlliance to optimise and accelerate the development of other products designed around the same technology, in particular through a better understanding of product tolerance and of the product manufacturing and industrialisation process.

A cost structure that allows for flexible growth in stages

The Company sub-contracts part of its research activities to outside research centers, which gives it considerable flexibility in the management of its research activities and reduces costs. Moreover, since the Company's commercial strategy is to target a specialist physician who principally work in a hospital setting through a focused and dedicated sales and marketing force, the associated sales and marketing costs should be limited. The Company also plans to develop a distribution or licence network that should lead to steady growth in revenues and

allow for a progressive increase in the Company's sales and marketing resources for future products.

An experienced and international management team

The Company's senior executives, Dominique Costantini, Gilles Avenard and Richard Keatinge, have either worked for large pharmaceutical companies or in the biopharmaceutical industry and collectively have considerable experience in both product development and bringing products to market, as well as in the completion of commercial and licence agreements in France and the United States.

4.1.3. Strategy

By taking advantage of the competitive advantages described in section 4.1.2, BioAlliance Pharma's strategy is based on the following key lines of development:

Develop drugs targeting markets where there is high demand for new products and there is a clear unmet medical need

By focusing its activities on combating resistance to medication — a constantly growing public healthcare problem — the Company targets major high-growth markets (oncology, HIV, contagious and opportunistic diseases) where there is a real need to improve medical treatment.

The classic causes of resistance to treatment include insufficient treatment compliance by patients and failure to use prescribed dosages. BioAlliance Pharma's strategy is to prevent and treat resistance as soon as it appears by using innovative technologies that facilitate the delivery of medication to the infectious agent or cellular target. This should improve the efficacy of the treatment and simplify the life of the patient, while also reducing side effects. BioAlliance Pharma is also developing NCEs, which act directly on new therapeutic targets for which no resistance mechanism has yet been developed.

Target markets that only require a limited sales force (hospital and specialized drugs markets)

The Company is planning to create a marketing and sales infrastructure dedicated to the specific needs of a limited number of specialist physicians and their patients, mainly in a hospital environment (oncology, HIV, severe and opportunistic infections).

For diseases that represent larger target markets than those described above and which would involve a larger base of physicians (such as pediatrics, geriatrics or general medicine), BioAlliance Pharma plans to emphasise partnerships with the pharmaceutical industry.

Use its most advanced product, miconazole Lauriad, to generate revenues through direct entry into the pharmaceutical market

The Company plans to sell its most advanced product, miconazole Lauriad, as soon as it receives its MA licence, to generate revenues from the French pharmaceutical market with its own sales and marketing force.

Miconazole Lauriad is directed at both the HIV and cancer markets, by targeting the treatment of oropharyngeal candidiasis, a potentially serious condition that could appear in immunocompromised patients, as well as in patients with chronic diseases (cancers being treated by chemotherapy or radiation treatment).

The Company wants to reach other chronic patient populations likely to develop oropharyngeal candidiasis, such as diabetics, asthmatics, elderly persons, as well as the pediatric market, through partnerships with pharmaceutical companies that already have a sales force in these sectors.

Limit development costs and risks through the design of innovative products, based on active pharmaceutical ingredients established on the market with proven efficacy and tolerance

By capitalising on existing scientific data concerning known active pharmaceutical ingredients, the Company can concentrate its efforts on the development of novel delivery methods for these active pharmaceutical ingredients, thus giving them an innovative and attractive pharmacological profile.

This strategy allows the Company to reduce the overall risk related to the development of its products, while at the same time reducing development time and costs. Consequently, this allows the Company to develop products that have a better risk/benefit profile for the selected treatment purposes.

Limit development risks and costs by focusing on markets for serious diseases

By focusing on serious diseases through doxorubicin Transdrug and its NCE portfolio, the Company should be able to accelerate the development of new products within these areas, aided by certain specific regulations such as Fast Track designation (a special registration granted for serious diseases), or ''orphan drug'' status, which authorises a single pivotal trial before obtaining the MA.

Pursue development of existing products and take advantage of selective acquisition and licensing opportunities

The Company further plans to expand its sales in Europe, provided its products are approved, by adding additional products. These will come either from its internal portfolio or from appropriate licence agreement opportunities for drugs targeting cancer, HIV, severe and opportunistic diseases.

4.2. DRUGS PORTFOLIO

4.2.1. General presentation of products under development

BioAlliance Pharma has several clinical development programs based on its Lauriad and Transdrug delivery technologies.

The Company's most advanced products under development, using Lauriad technology, reinforce the efficacy of the administration of two active anti-infectious products, which are both well-known and off-patent: miconazole, an anti-fungal agent acting on *candida* and acyclovir, an anti-viral acting on the herpes simplex virus type 1 and 2 (HSV-1 and HSV-2).

The Company's first product under development using Transdrug nanoparticle technology transforms the pharmacological profile of doxorubicin. Doxorubicin is a chemotherapy agent which may be prescribed for many cancers and which is generally used in cancer treatment in the first lines of poly-chemotherapy (particularly for the treatment of breast and hematological cancers).

In addition, the Company has entered into licensing agreements with a number of French research institutions, with the goal of developing available portfolios of NCEs. These products are currently in the preliminary stages of research and development and will target the oncology and HIV infection markets.

The table presented below shows the current status of the Company's product portfolio as of the registration date of this Registration Document and the Company's planned progress in preclinical development between now and 2008:

Product	Disease	Optimisation of Research and Development	Pre-clinical	Phase I	Phase II	Phase III	Submission of MA Application
Lauriad (Adhesive technology)							
Miconazole	Oral candidasis						European Union: Sept. 2005 United States: 2008
Acyclovir	Labial herpes						
Fentanyl	Resistant pain						
Transdrug (Nanoparticle technology)							
Doxorubicin	Early liver cancer (HCC)						
Anticancer	Cancer						
Anti-Retroviral	HIV						
New chemical and biological entities (NCE)							
Integrase	HIV						
AMEP	Cancer						
Zyxine	Cancer						

* Estimated

4th quar. 2005	2007 - 2008

The most advanced product developed by the Company is miconazole Lauriad. An MA application has been submitted in France for the European Union, and the initiation of a pivotal Phase III clinical trial in the United States has been approved by the FDA (see section 4.2.2.1 of this Registration Document). The clinical trial in the United States is expected to start in the first half of 2006.

4.2.2. Drugs using Lauriad technology

Lauriad adhesive technology allows the rapid and prolonged release of therapeutic agents at the site of buccal infections. Lauriad technology targets local diseases of the mucus membranes and the transmucosal absorption of medications. It allows more concentrated treatments at the actual site of the disease, and also less frequent dosing (one per day), thus providing a more convenient course of treatment for the patient (ensuring better patient compliance with the prescribed treatment).

4.2.2.1. Miconazole Lauriad

The Company's principal product, for which it has completed Phase III trials in Europe and in North Africa, is a bioadhesive buccal tablet of miconazole Lauriad that uses patented Lauriad technology. This technology permits delivery of miconazole, an off-patent anti-fungal agent acting on *candida,* to the site of the disease.

(a) Therapeutic application

Miconazole Lauriad is prescribed for the treatment of oropharyngeal candidiasis. Oropharyngeal candidiasis is an opportunistic infection in immunocompromised patients (a patient with an impaired immune system or affected by chronic infections) caused by *candida,* a fungus that invades the oral cavity, potentially endangering the life of an immunocompromised patient because of its invasive risks.

This fungus may also develop in patients with chronic illnesses, such as cancer, who have undergone chemotherapy or radiation therapy with resultant damage to the oral cavity; patients infected with HIV; diabetics; patients with chronic inflammatory diseases; the elderly; and patients under long term corticosteroid therapy, such as asthmatics.

The miconazole Lauriad project, which uses Lauriad adhesive technology, was selected for the following reasons:

— the choice of miconazole due to its broad antifungal spectrum (with little or no known resistance) and its efficacy, which is widely proven locally, and its tolerance profile;

— the development of a bioadhesive buccal tablet with long term release which should lead to a continuous and constant antifungal salivary concentration;

— an increase in the period of contact of the active pharmaceutical ingredient against the fungus with effective concentrations (greater than the minimum inhibiting concentration or MIC) to increase the local efficacy;

— local application, thus limiting the systemic absorption of miconazole elsewhere in the body through general or systemic means, avoiding the risk of drug interactions in patients who are often taking multiple medications; and

— an effective period long enough so that only one application a day is required.

(b) Stage of development

Two Phase III clinical studies on miconazole Lauriad in the treatment of oropharyngeal candidasis were completed in Europe and North Africa in 2004.

Based on the satisfactory results of these two clinical studies, the Company applied for an MA for the European Union in September 2005 as part of the Community's procedure for mutual recognition, in which France acts as the reporting country. The application file is based on the product's chemical-pharmaceutical information (CMC), the Phase I pharmacokinetic study with selection of the effective dose, the Phase III study of oral candidasis in severely immuno-compromised patients infected by HIV, and the pivotal comparative trial on patients suffering from cancers of the head or neck. This last trial, which tested for efficacy and tolerance of miconazole Lauriad, was carried out on a selected group of patients at high risk for oropharyngeal candidasis with very serious local conditions (dry mouth due to radiation therapy, inadequate saliva and serious alterations of the mucosal membranes). This trial compared treatment with miconazole Lauriad (a single 50 mg tablet) to a reference treatment consisting of the miconazole gel marketed under the brand name Daktarin with a dose of 500 mg per day (four times 125 mg, or two spoonfuls four times a day). Length of treatment was 14 days for each arm of the trial.

In the United States, BioAlliance Pharma received authorisation from the FDA to begin a pivotal Phase III clinical study in July 2005 to assess miconazole Lauriad in immuno-compromised patients (HIV), which will be carried out in comparison with an American reference product. The authorisation was issued in accordance with Investigational New Drug procedures. The approved trial will perform, in a non-inferiority study, an evaluation of the efficacy and safety of miconazole Lauriad tablets compared with Mycelex lozenges (which contain the active pharmaceutical ingredient clotrimazole whose antifungal spectrum is very similar to that of miconazole). Miconazole gel is not registered in the United States so utilisation of Mycelex lozenges, one of the treatments recognised for oropharyngeal candidiasis in immuno-compromised patients, was accepted by the FDA for comparative purposes.

In July 2005, BioAlliance Pharma obtained the FDA's agreement in principle regarding the application of a procedure described in Article 505(b)(2) of American regulations concerning New Drug Applications (NDA), allowing submission of a request for MA based on a single pivotal Phase III clinical study.

The Phase III clinical study in the United States should begin within the first six months of 2006. The Company has therefore already begun the process of seeking a partner to participate in the development, and the subsequent marketing, of miconazole Lauriad in the United States.

With regard to the development of this product in Japan, a meeting with the Japanese Registration Agency (*Kiko*) is expected in 2006 in order to plan the clinical development pathway for a trial that would link Lauriad technology with a product that is registered on the Japanese market. For example, the trial might compare miconazole Lauriad with a miconazole gel (Florid), which is registered in Japan with a dose of 400 mg administered 4 times a day in amounts of 100 mg. The Company has initiated a search for a partner to participate in the development, and the subsequent marketing, of miconazole Lauriad in Japan.

(c) Principal clinical results

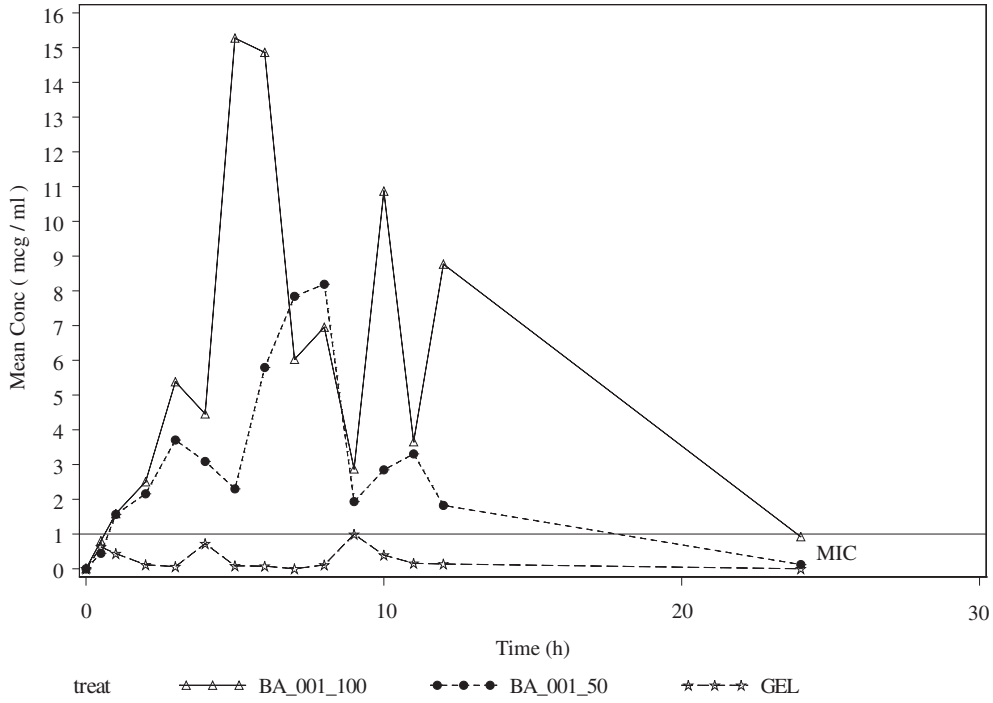
The development of miconazole Lauriad tablets began in 1999. Miconazole is an antifungal molecule belonging to the azole family, which acts by inhibiting the synthesis of ergosterol. This molecule, widely described in scientific medical literature and marketed throughout the world, is in particular prescribed in cases of candidiasis. It offers a well-established profile of tolerance and efficacy for treatment of oral and intestinal candidiasis because it has a broad antifungal spectrum of activity against different types of *candida,* including *candida albicans* and *candida non albicans* (*C. krusei, C. glabrata, C. pseudotropicalis and C. parapsilosis)*. Its desirable tolerability profile is complemented by its limited absorption at a general or systemic level, thus avoiding the risk of drug-drug interactions.

The bioadhesive miconazole Lauriad tablet is designed to be administered once per day, resulting in an extended maintenance level in the saliva sufficient for an effective treatment of oropharyngeal candidiasis.

(i) Pharmacokinetic study

A pharmacokinetic and pharmacodynamic study on miconazole Lauriad was carried out by BioAlliance Pharma on healthy volunteers. This was a monocentric study, randomised and cross-over, carried out in France on eighteen men and women in good health (aged 18 to 35) to evaluate the pharmacokinetic parameters of miconazole in the saliva and tolerance of 50 mg to 100 mg buccal tablets compared to miconazole gel. Each of the eighteen subjects received three treatments, followed by a seven-day rest period. The bioadhesive tablets of miconazole Lauriad were administered in a single dose. The oral gel Daktarin, used as a comparison, was administered in the buccal cavity in 125 mg three-times-per-day dosages on the days the study was carried out. The pharmacokinetic parameters and the local tolerance of buccal tablets were evaluated. The length of exposure was much more extensive, early and continuous for the adhesive tablets than for the oral gel. The pharmacokinetic levels obtained in the saliva permit application once a day with plasma concentrations which are generally undetectable.

Table of pharmacokinetic salivary levels
Mean concentration of all subjects



Horizontal reference line correspond to MC of 1 µa/ml

Note on the table: the horizontal line corresponds to the minimum effective concentrations (MIC minimal inhibitory concentration). The three graphed lines represent a 50 mg. adhesive tablet, a 100 mg. adhesive tablet, and miconazole gel (reference product 3x125 mg.).

Based on the results of the pharmacokinetic study studying two dosages, the 50 mg tablet of miconazole Lauriad was selected for clinical follow-up. This decision was based on tissue concentration, on the duration of exposure superior to the minimum inhibitory concentration (effective concentration against *candida* 1 mg/mL) and the superior local tolerance due to the smaller size of the 50 mg tablet.

Use of the miconazole Lauriad tablet, when compared to the miconazole oral gel, had the advantage of a decrease of the systemic exposure to miconazole, a much more rapid and extended exposure of the oral mucosal membranes to miconazole, and a simplified treatment profile with better tolerance. All of these elements would be expected to increase patient compliance with the treatment, an important consideration in avoiding resistance, which is more likely to arise if the course of treatment has too low a dosage or is not followed conscientiously by the patient.

(ii) Clinical studies

A Phase III study on miconazole Lauriad for the treatment of oropharyngeal candidiasis was carried out on 25 HIV sero-positive patients in clinical sites in France. A sequential analysis was performed, based on effectiveness levels. The results of this study clearly demonstrate the efficacy, with an 84% success rate at the end of two weeks (calculated in accordance with the analytical method known as ''ITT'' or Intent to Treat, which combines all the patients who have received the treatment, including those for whom information is missing, particularly data concerning the primary endpoint of efficacy), and 94.7% in the analytical method known as *per* protocol (including only those patients treated who perfectly followed the prescribed treatment and who could be evaluated on the primary endpoint of efficacy at the conclusion of the treatment).

Another pivotal Phase III study was carried out with patients suffering from oropharyngeal candidiasis arising from cancer in 36 clinical sites in Europe and North Africa. This was a non-inferiority comparative study using a 500 mg dosage of miconazole gel. This open, multicenter, randomised and controlled study was carried out with fragile patients suffering from oropharyngeal candidiasis which developed following radiation or chemotherapy treatments for cancers of the head or neck.

The primary endpoint for this trial was the clinical efficacy on the fourteenth day, defined as a complete or partial clinical response (reduction of at least 50% of lesions), evaluated in a blind study by an independent assessor. In this pivotal trial on 306 randomly chosen patients, the results clearly confirmed the non-inferiority (on both an *ITT* and a *per* protocol analysis) of bioadhesive miconazole Lauriad buccal tablets in a 50 mg dose compared to miconazole gel in a 500 mg dose. Efficacy of miconazole Lauriad was obtained at one-tenth the dose of miconazole (50 mg *versus* 500 mg) and with a much more practical administration method than the gel (once per day versus four times per day). This administration method provides a better level of compliance in patients at high risk of oropharyngeal candidiasis with affected mucosal membranes and dryness of the mouth.

4.2.2.2. Other drugs under development using the Lauriad technology

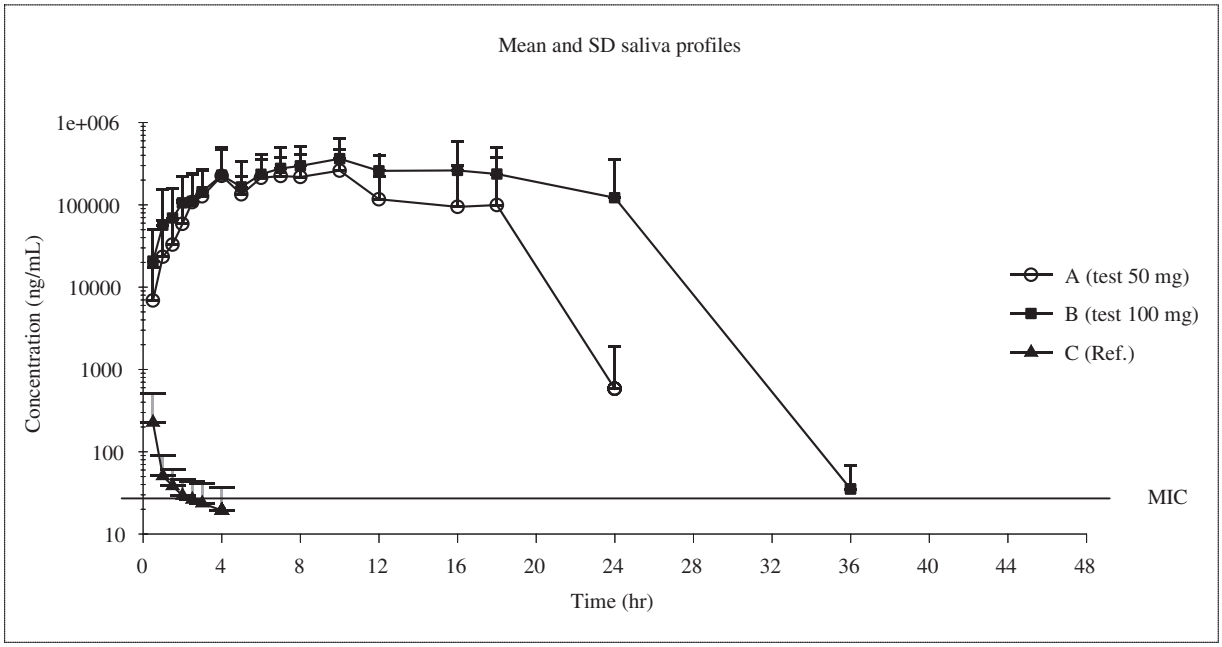
The Company has developed other drugs using the Lauriad technology.

(a) Acyclovir Lauriad

The drug acyclovir Lauriad is intended for the treatment of labial herpes (BA-021).

The product is a combination of Lauriad technology and acyclovir (Zovirax). Acyclovir is considered the gold standard product for the treatment of Herpes virus infections (HSV). Acyclovir in the form of topical cream is prescribed in cases of labial herpes but has limitations due to its poor penetration. To respond to the need for a more efficient local treatment for labial herpes, the goal in the development of acyclovir Lauriad is to obtain strong concentrations of acyclovir at the infected site. In March 2005, BioAlliance Pharma carried out a clinical pharmacokinetic study of acyclovir Lauriad studying two dosages of a bioadhesive buccal tablet (50 mg and 100 mg) compared to a reference treatment (200 mg Zovirax tablet). This study was conducted at a monocentric site in France. It was a randomised, cross-over trial on 12 men and women in good health.

Table showing pharmacokinetic saliva profiles



Note to the table: the horizontal line represents the minimum effective concentrations (MIC minimal inhibitory concentration). The three graphed lines correspond to a 50 mg adhesive tablet, a 100 mg adhesive tablet, and a 200 mg reference tablet.

A prompt and lasting elevated concentration was obtained for 24 hours in the saliva, corresponding to a continuous presence of the active pharmaceutical ingredient. A very elevated concentration above minimum effective concentration (MIC) levels was also found at the labial site for 24 hours.

BioAlliance Pharma concluded this Phase I pharmacokinetic and pharmacodynamic study on acyclovir Lauriad during the third quarter of 2005 with encouraging results which allow it to plan for a Phase II/III clinical program in 2006.

(b) Fentanyl Lauriad

Fentanyl Lauriad is under evaluation as the next candidate for development in the Lauriad program for the treatment of severe persistent pain from cancer.

Fentanyl is a synthetic opiate one hundred times more powerful than morphine. The need for a form of fentanyl which can be simply administered with an extended release period, which has been especially adapted to the types of pain that have resulted from a resistance developed to other forms of pain treatment, has led the Company to study the utilisation of bioadhesive systems. Lauriad may offer a reformulation of fentanyl for treatment of this condition.

Fentanyl Lauriad is currently in the stage of being considered for preclinical development. BioAlliance Pharma is focusing its attention on the analysis of unmet medical needs in the treatment for chronic pain since products currently available in this area do not satisfy all patients' requirements.

4.2.3. Drugs using Transdrug technology

BioAlliance Pharma has developed a patented nanoparticle technology using polyisohexylcyanoacrylate (PIHCA), a patented polymer, to deliver a certain number of medications in the form of nanoparticles. In the human body, these nanoparticles carry cancer-fighting medications to the nucleus of the cancer cell where they can perform their cytotoxic actions. The mechanism by which this polymer operates and by which it enables the bypassing of the transmembrane

resistance mechanisms is innovative: the charged part of the polymer combines with the cancer-fighting drug to form a pair of ions that mask the anticancer drug, so that the transmembrane multidrug-resistance pumps do not recognise it and therefore do not eject it from the cell. This mechanism allows the anticancer drug to reach its target in the cell without affecting the functioning of the pumps. This intracellular targeting is the source of the name of this Transdrug technology.

4.2.3.1. Transdrug Doxorubicin

The principal product in the Company's Transdrug program is doxorubicin. This product contains lyophilised doxorubicin in the form of PIHCA nanoparticles, allowing it to overcome resistance by direct targeting of cells or tissues and producing controlled release of its active pharmaceutical ingredient. It is primarily directed at hepatocellular carcinoma (HCC or primary liver cancer or hepatocarcinoma) via hepatic intra-arterial administration.

(a) Range of therapeutic applications

Cancer resistance, whether arising spontaneously or acquired, represents a major issue in the struggle against this type of disease. Currently, multidrug-resistance to medication is the principal reason for failure in chemotherapy treatments. For example, about 60% of patients suffering from breast cancer develop resistance to chemotherapy. Multidrug-resistance of certain tumor cells after repeated cycles of chemotherapy treatments makes these cells impervious to any other form of therapy.

One of the causes of this type of multidrug-resistance to medications is the appearance of a family of proteins called ''transmembrane transporters''. These proteins are activated under the influence of a multidrug-resistance gene called MDR-1. These proteins actively diminish the intracellular concentration of cytotoxic agents. Their function is to repel the cytotoxic agent from the exterior of the target cell as soon as it enters. These proteins act as actual ''pumps'', preventing the cytotoxic agent from exercising its therapeutic function.

Doxorubicin Transdrug prevents this rejection from the exterior of the cell by masking the anticancer agent. This new therapeutic approach allows the resistance to be overcome by short-circuiting the multidrug-resistance mechanisms in order to target directly the cells or tissues. The technology also provides a controlled release of the active pharmaceutical ingredient in order to extend its effect over a prolonged period.

(b) Stage of development

The doxorubicin Transdrug product is currently undergoing Phase I/II clinical trials in the European Union for the treatment of hepatocarcinoma by hepatic intra-arterial administration; these trials were launched at the end of 2003 and are still underway. This product was designated an ''orphan drug'' in October 2004 by the EMEA in the European Union and in March 2005 by the FDA in the United States.

The Company anticipates that a further Phase I or Phase I/II study on this product will occur during 2006 in Europe.

(c) Principal clinical results

In the first Phase I clinical study on refractory solid tumors, the therapeutic pathway followed with doxorubicin Transdrug was an intravenous injection every four weeks within the limitation of the toxic dose of 90 mg/m^2 due to the hematological side effects for which this type of product is known.

During a second Phase I/II clinical study on patients suffering from resistant leukemia, the treatment plan called for intravenous administration over three consecutive days. This treatment plan was not suitable for the pharmacokinetic profile of this product with its extended half life

which produced serious side effects at elevated doses (130 mg./m^2 cumulatively over 2 days). These findings led to the halt (in 2001) of clinical research for resistant leukemia in situations where this pattern of three consecutive days of treatment is routine.

BioAlliance Pharma is currently conducting a new Phase I/II clinical study with doxorubicin Transdrug on hepatocellular carcinoma (HCC) in 8 clinical sites in France. HCC is a resistant cancer with a very poor general prognosis, particularly because there is currently no registered treatment for this indication. Doxorubicin Transdrug would be the indication of choice because of its favourable distribution in the liver which is particularly effective in the treatment of resistant cancers. In this situation, once the maximum tolerated dose is established, the treatment plan will be a dose every 4 to 6 weeks, which generally corresponds with the planned treatment offered for this type of cancer.

In the study currently underway, four levels of dosage were studied (three patients at each dosage level) (10, 20, 30 and 40 mg/m^2) using hepatic intra-arterial administration. At 40 mg/m^2, two patients suffered profound neutropenia (hematological illness) for 7 days, defining this dosage as the toxic dose limit (TDL). The study was followed at a dosage level lower than 35 mg/m^2 and a side effect (acute lung injury) appeared in one patient out of three patients recruited for trials at this level. Testing procedures in this case call for a repetition of this 35 mg/m^2 dosage level with three other patients to ascertain whether this dosage should be selected for repeated doses.

To date, three radiological responses have been observed in the course of this study after a single injection of the product. AFSSAPS, which has authority over clinical studies, has reviewed all of the information on tolerance and efficacy and has authorised BioAlliance Pharma to pursue this study with three additional patients.

4.2.3.2. Other potential developments in Transdrug technology

Certain anticancer agents and anti-retrovirals may be candidates for development of an orally administered form of Transdrug technology.

BioAlliance Pharma has carried out trials *in vivo* using Transdrug technology to demonstrate the improved absorption of certain products which are not readily soluble when taken orally. Applications of other nanoparticle products arising from Transdrug technology will only be developed clinically if the clinical results of the first doxorubicin Transdrug application are confirmed.

4.2.4. New chemical entities (NCE)

The Company's NCE program is focused on three projects whose goal is to combat HIV infections and cancer.

These projects include:

(1) Development of a new HIV integrase inhibitor (BA-011). Integrase is a viral replication HIV enzyme which allows the integration of the HIV virus into the genome. The integrase enzyme plays a key role in HIV related infections. This type of product is interesting because of its action on multidrug-resistant viruses which develop in response to current medications. Its mode of action is novel because it acts in the early stages of viral integration, allowing it to engage in synergistic action with other integrase inhibitors acting in the later stages of viral integration. This product is expected to begin clinical development between now and 2007 within a Phase I/II study.

(2) In the oncology sector, the Company has focused on new and interesting targets in the cytoskeleton cascade. The selected targets are involved in resistance and the metastatic and invasive processes. An anti-invasive peptide (AMEP in the disintegrin family) has been chosen as a drug candidate to intervene in the cytoskeleton cascade and to act against invasive and metastatic cancers. The AMEP locks on to a ligand present in both

endothelial cells (which nourish the neovessels) and in the cancerous cells. This allows action which is both anti-angiogenic and anti-tumor, as well as an *in vivo* anti-metastatic effect on tumors. Although it is still in a preclinical development phase, this product has the potential to enter into clinical development in 2007, with melanoma as its intended target.

(3) Also in the oncology sector, a third project is focused on a target gene (called Zyxine) which is also involved in the cytoskeleton cascade and whose sub-expression is implicated in the tumoral phenotype (the characteristics of the tumor cell). It is a key element in the phenotypic reversion in oncology and is the basis of a new test for screening medications capable of identifying new anti-cancer drugs, which permit a reversion of the tumoral phenotype (a return to a cell which is again capable of cellular contacts.) A product will be selected based on positive *in vitro* results on cancerous cells showing restoration of cellular contacts and on *in vivo* results showing an anti-invasive action.

The Company expects to bring a candidate medication based on the results of one of these three programs into the clinical development phase in 2007. However, the Company will deliberately control NCE development costs because of the inherent risks in advanced research and development programs.

4.3. MARKETS AND COMPETITORS

The biotechnology markets and the pharmaceutical industry in which the Company operates are characterised by very rapid change and intense competition.

BioAlliance Pharma primarily targets markets in oncology, HIV, infectious diseases and opportunistic infections, which are markets in which the prescription is initiated in a hospital environment. These markets overlap in the case of opportunistic infections in immuno-compromised patients weakened by cancer, depressed immune systems due to HIV, or by aggressive treatments.

The Company, in close co-operation with specialists, designs products adapted to specialists' needs, which respond to their concern to provide more complete treatment for the principal and related pathologies of their patients.

The innovative products developed by the Company are primarily intended for targeted markets for the treatment of oropharyngeal candidiasis with miconazole Lauriad, and the treatment of HCC with doxorubicin Transdrug.

In addition, certain products of the Company, such as acyclovir Lauriad for the treatment of labial herpes or the NCEs in an early development stage, could reach larger markets.

4.3.1. The market for miconazole Lauriad

Miconazole Lauriad is used for oropharyngeal candidiasis, an oral fungal infection. A study by the IMS Management Consulting division of IMS World Publication Limited (''IMS''), prepared at the Company's request, provides an assessment of the adult oropharyngeal candidiasis market in a hospital environment and in a retail market. In effect, since the adhesive technology used for miconazole Lauriad does not require hospital monitoring, the Company plans for a prescription initiated in a hospital (but not limited to hospitals) with follow-up at the doctor's office.

Fungi are present everywhere in the environment. The conditions associated with their development are often physiological, associated with a local trauma (irritation of the mucous membranes or poor dental hygiene) or with immune anomalies (advanced HIV infection, bone marrow or organ transplant, diabetes, severe malnutrition or debilitating age-related conditions).

Some treatments encourage the development of severe fungal infections through an alteration of the mucous membranes or by encouraging the development and entry of opportunistic infections. These treatments include immunosuppressive therapies, broad spectrum antibiotics, chronic or inhaled corticosteroid treatments, hemodialysis, intravascular catheters or parenteral nutrition.

In cancer treatments, epidemiological studies indicate an incidence of oral candidiasis estimated at a median of 50%[1]. This varies substantially depending on the type of cancer and the treatment. For example, the incidence of oral candidiasis is 12% in breast cancer[2] and 83% in extremely aggressive cancers[3].

In cases of immunosuppression related to HIV, the Company estimates, on the basis of existing scientific data, that oropharyngeal candidiasis affects between 30% to 50% of patients in developed countries and nearly 90% of patients if the disease is progressing rapidly.

Diabetes also encourages oral candidiasis with an estimated incidence of 15%[4]. Malnutrition and advanced age are also factors favouring the disease with an estimated incidence of 17%[5].

The complications from oropharyngeal candidiasis in a fragile patient result in a risk of invasion of the organism.

These opportunistic invasive fungal infections (esophageal candidiasis, candidemia, septicemia with *candida*) are associated with a high mortality rate of 40%[6].

The Company believes that the epidemiological change observed in severe invasive fungal infections in recent years, with an increase in the resistant strains of *candida non albicans* to the detriment of the *candida albicans* strains since the introduction of narrow spectrum systemic treatments like the triazols (fluconazol), must be integrated in the treatment of oropharyngeal candidiasis.

Thus, there is a real need in oropharyngeal candidiasis for local treatments with a broad spectrum activity, that prevents resistances and clearly reduces the potential of harmful drug interactions.

The clinical recommendations in force in the United States, Europe and Japan are to use these local usage agents for first-level treatment and to reserve systemic agents for the risks of invasion.

Market data

An IMS study, prepared at the Company's request, assesses the market of adult oropharyngeal candidiasis in and outside the hospital environment[7]. This study was conducted in seven key countries (United States, France, Great Britain, Italy, Germany, Spain and Japan) representing approximately 80% of the global market. It provides an estimate of the relevant market for adult oropharyngeal candidiasis, which would be the principal market for miconazole Lauriad. The study shows that the oropharyngeal candidiasis market in the countries studied represented a value of between 300 and 350 million euros in 2004. This estimate includes the class of mouth antifungals (class A1B in the *Anatomical Therapeutic Chemical* or ATC classification) and the systemic antifungals (class J2A in the ATC classification), which represented

1 HV Worthington: The Cochrane Library, Issue 1, 2004, ''Meta-analysis in oncology''.

2 Oral Surg Oral Med Oral Pathol 1992 74 172-8.

3 Jobbins et al J Oral Pathol Med 1992 21 305-8.

4 Guggenheimer J, et al. Oral Surgery 2000 vol 89, No. 5.

5 Rothan-Tondeur, et al. JAGS 2001, vol. 49 No. 12 prevalence of oropharyngeal candidiasis in geriatric inpatients.

6 Scope Project, study of infections in 49 hospitals in the United States.

7 IMS Study October 2005. Source: IMS Health. Copyright 2005. All rights reserved. The margin of error for the estimates provided is +/–10%.

respectively about 30% and 70% of the value of the defined market in 2004. Europe represents about one-third of this market in value while the United States represents about half the market.

The study concludes that, between 2000 and 2004, the adult oropharyngeal candidiasis market in the countries studied rose in value by an average of 8% each year (18% annual average growth for mouth antifungals and 5% annual average growth for systemic antifungals).

For the market analyzed in terms of prescription volumes, which is determined by the number of days of treatment, the study concludes that, in the countries studied, there were in 2004 about 115 million days of treatment, which rose between 2000 and 2004 an average of 3% annually (3% average annual growth for the mouth antifungals and 4% average annual growth for systemic antifungals). Mouth antifungals in 2004 represented approximately 55% of the total for this market in terms of prescription volumes.

With regard to the products currently prescribed in the adult oropharyngeal candidiasis market, fluconazole represents the largest market share in value and nystatin represents the largest share in prescription volume.

In its analysis of the global market for the treatment of adult oropharyngeal candidiasis, the IMS study did not include pediatric indications, products prescribed intravenously, or products used for indications other than oropharyngeal candidiasis (for example, dermatological and/or gynecological fungal infections).

Competitors

The two classes of products competing with miconazole Lauriad are a class of systemic products, the most important of which in value is fluconazole and a class of mouth topical products, the most prescribed of which is nystatin[8].

The systemic treatments for oropharyngeal candidiasis are primarily oral (fluconazole by Pfizer, ketoconazole and itraconazole by Johnson & Johnson and miconazole, amphotericin and nystatin, voriconazole by Pfizer).

These local topical treatments for the mouth all require several daily applications. For this purpose, nystatin and amphotericin (various players), ketoconazole and miconazole (Johnson & Johnson), clotrimazole (Alza Johnson & Johnson), fluconazole (Pfizer), and itraconazole (Johnson & Johnson) are the most frequently used products.

Many of these products are no longer under patent, which explains the presence of several potential generic competitors for this type of application.

Although other systemic products are currently in development for invasive candidiasis, these products could subsequently be developed for oral candidiasis, but could be limited by their systemic effects. These products include the intravenous caspofungin sold by Merck Sharp & Dohme, posaconazole in oral form by Schering Plough, ravuconazole in oral or intravenous form by Bristol-Myers Squibb, intravenous micafungin from Fujisawa Roche and intravenous anidulafungin marketed by Versicor and Eli Lilly.

The companies offering medications for oral candidiasis are major pharmaceutical companies, the number of which continues to be limited.

Tibozole is a local treatment developed by the Tibotec company, a subsidiary of the Johnson & Johnson, in the form of an adhesive tablet competing with miconazole Lauriad. The product used by Tibozole is 10 mg miconazole nitrate (a chemical form of miconazole not registered in the European Union or in the United States for the oral candidiasis indication). This product is being tested in Africa and publications indicate efficacy results of the same magnitude as ketoconazole, a systemic treatment[9].

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8 IMS Study October 2005.

9 JJ Roey 2004.

Finally, the Danish company Fertin Pharma has developed a local formulation of miconazole in the form of a gum to be chewed four times daily (14.4 mg/day), for which the published results[10] show an efficacy equivalent to that of gel miconazole at 200 mg/day (in four doses) and greater than a placebo. The six-week treatment period seems abnormally long and the dose chosen for the reference treatment is lower than the dose normally recommended (500 mg/day).

Miconazole Lauriad provides a major advantage over systemic treatments of a broad antifungal spectrum with an absence of drug-drug interactions and over topical treatments through the early and sustained delivery of the drug at the site of the infection, allowing a single application per day and, therefore, better observance of the treatment regime by patients.

4.3.2. The market for acyclovir Lauriad

Acyclovir Lauriad is the second product in the Lauriad line. It has been the subject of a Phase I/II trial. The active pharmaceutical ingredient of this product, acyclovir, is a recognised anti-herpes antiviral. In the form of an adhesive tablet, it provides a strong presence on the site of a labial herpes infection.

Over 80% of the world's adult population currently carries HSV-1, the principal labial herpes virus[11], while the incidence of the disease is estimated at 5% to 10% of new cases each year[12]. The target of acyclovir Lauriad is patients with at least three outbreaks each year, representing 7% of the total population[13].

In addition, the HSV-1 infection is often associated with the HIV infection and, in this case, patients have about twelve outbreaks each year.

Market data

According to the IMS, in 2003, world sales of topical anti-herpes treatments, primarily used for labial herpes (acyclovir, pencyclovir and vidarabin) represented 500 million euros. In addition, global sales of non-topical medications (acyclovir, valacyclovir and famyclovir) represented 1.26 billion euros; it should be noted that the portion of labial herpes remains negligible in comparison with the other indications for these drugs (other herpes infections, zona, etc.).

Competitors

The systemic forms of acyclovir, valacyclovir and famyclovir have been approved for the preventive and episodic treatment of recurrent herpes infections. GlaxoSmithKline dominates the market with a market share of 67%, followed by Novartis with a market share of 15%.

The drugs prescribed for the treatment of herpes target each episode of the disease and are designed to clear up the lesion more rapidly while easing the pain.

Nucleosides

Four types of nucleoside analogs are currently generally available for the treatment of VHS infections:

- Acyclovir (Zovirax — GSK), competes with the natural nucleotides during the viral replication process; generic versions are available;
- Valacyclovir (Valtrex — GSK), the pro-drug of acyclovir (transforms into acyclovir) with better absorption;

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10 H.L. Bastian 0ral Surg Oral Med Oral Radiol Endod 2004; 98:423-8.

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

12 R.J. Whitley et all Lancet 2001 357:1513-18 — R Brady et al *Antiviral Research* 2004: 61; 73-81.

13 See preceding note.

- Pencyclovir, similar to acyclovir; and
- Famyclovir (Famvir — Novartis), the pro-drug of pencyclovir.

Topical agents currently available in the form of a cream shorten the period of pain and symptoms, although no agent is truly effective in eliminating outbreaks. These agents are primarily the following:

- Pencyclovir (Denavir — Novartis) must be applied for four consecutive days and every two hours during the day (nine applications daily);
- Docosanol (Abreva — Avanirpharma — GSK) must be applied five times a day; and
- Acyclovir (Zovirax — GSK/Biovail), the reference treatment that must be applied five times daily; its effectiveness in cream form is limited because of its low bioavailability and its limited penetration.

Other medications are currently being developed but these seem to present the same disadvantage of repeated applications as the existing drugs cited above.

In this context, acyclovir Lauriad seems to represent a new treatment that could offer a strong presence at the labial site with continuous concentration on the site of the infection.

4.3.3. The potential market for fentanyl Lauriad in cancer pain

The Company is currently studying the needs that are insufficiently met to fight chronic or acute cancer pain and the opportunity of expanding Lauriad technology to fentanyl, a reference opioid.

Most of the existing drugs used to fight acute or chronic cancer pain are opioids. They can be administered orally, by injection, under the tongue (sublingual), rectally or by transmucosal absorption in the mouth.

Transmucosal administration includes medications taken by mouth but that are to be absorbed by oral mucous and not swallowed. This is the method of administration used by fentanyl Lauriad, currently in development.

In the current state of the market where use is initiated by hospital prescriptions, fentanyl exists both in the form of a patch (for chronic pain), such as Durogesic, with a market estimated at one billion euros in 2002[14], and in forms to be sucked (for acute pain), such as Actiq, global sales of which totaled about 319 million euros in 2004[15].

The disadvantage of the patches to be used for chronic pain is their variability and the delayed action while the forms intended for acute pain have no effect on chronic pain.

4.3.4. The market for doxorubicin Transdrug

The first indication for doxorubicin Transdrug is primary cancer of the liver (hepatocellular carcinoma or HCC), the fifth highest cancer in the world and the third highest cause of cancer-related deaths.

HCC, with a five-year survival rate of less than 5% without treatment, is also one of the diseases with the highest mortality rate[16].

The incidence of HCC is growing worldwide, with significant geographic differences. An orphan disease in Europe and the United States, this disease is, on the other hand, highly developed in Asia because of a stronger incidence of viral hepatitis (HBV and HCV).

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14 Janssen 2002 press release.

15 Statistics from IMS for 2004 published on the Cephalon Internet site.

16 Llovet JM et al. Hepatocellular Carcinoma. *Lance*t 2003; 362: 1907-17.

Various studies estimate slightly over 14,500 new cases of the disease diagnosed each year in the United States, over 18,300 in Europe, and more than 1 million in Asia. Primary cancer of the liver is generally rising 8% a year in the Western countries.

In addition, the incidence of HCC in developing countries is two to three times higher than in the developed countries.

Market data

Given the absence of reference treatments authorised for HCC, the Company believes that there is no data allowing an accurate evaluation of the size of the market in question.

Competitors

When primary cancer of the liver is diagnosed, the first treatment possible is surgical resection to remove the whole tumor. However, because of late diagnosis of HCC, the tumors are often large and numerous and only 20 to 30% of patients can have such surgical treatment.

In the other patients, there are three alternative therapies, none of which is approved:

- Systemic chemotherapy (intravenous): this has limited effectiveness and systemic toxicity while the tolerable doses are generally ineffective;
- Two intra-arterial methods (IA): an IA injection of lipiodol and doxorubicin which gives a response rate of about 12% and 23% in the case of the addition of mitomycin C;
- Chemoembolization: IA injection of an embolization agent to prevent blood circulation for a very short period. This therapy is accompanied by a syndrome following chemoembolization, resulting in longer hospitalisation for 30% of these patients.

The difficulties in treating HCC and the high associated mortality are attributable to different factors, such as cirrhosis, which limit treatment options. In addition to this, primary cancer of the liver is a resistant cancer, giving rise to an unmet medical need for an effective therapy and new treatment strategies for HCC.

Doxorubicin Transdrug is designed to administer an anthracyclin, doxorubicin, one of the therapeutic agents most widely prescribed for the treatment of cancer.

Interest in doxorubicin Transdrug is primarily its efficacy, which has been demonstrated in resistant cancer models *in vivo*, with established superiority over doxorubicin.

In the resistance segment, the competitors are:

- Drug administration systems through liposomes: several liposome formulations have been approved (doxorubicin and daunorubicin, in the anthracyclin class) for the treatment of ovarian cancer and Kaposi's sarcoma; these liposomes are not known to act on resistance phenomena; their development has been based on an improvement in tolerance because of lower cardiac passage, which is a known toxicity of the anthracyclins;
- Polymer conjugates: the anthracyclins are covalently linked chemically to a polymer, forming a new chemical entity, the profile of which remains to be demonstrated in full in the regulatory approval process; and
- Agents that block the active pumps in multi-drug resistance (MDR agents): designed to interfere specifically with the active pumps, these agents can, however, generate serious side effects (particularly cardiac effects related to the physiological role of these pumps).

As a result, doxorubicin Transdrug, which specifically targets the tumor cells of the liver and overcomes the resistance to drugs, would constitute a significant advance in the treatment of various cancers.

4.3.5. The market for new chemical entities (NCE)

Within the NCE programme, there has been insufficient progress in the Company's projects to allow the Company to define specific projected indications. For this reason, only the general markets of HIV and cancer are discussed here.

4.3.5.1. HIV: integrase inhibitors

The integrase inhibitor currently being researched presents the specific feature of targeting integrase, a key enzyme of HIV, and is active on multi-resistant strains of the virus. It could be one of the products of choice in an ideal multi-therapy, acting on the three enzymes of HIV.

One of the key elements in this market is the presence of HIV strains resistant to several drugs; in addition, patients are often resistant to several types of treatments.

A recent market analysis conducted by Datamonitor on thirty-two products undergoing clinical development against HIV (Phase I to Phase III) suggests that by 2012, global sales of anti-retrovirals could be USD 12 billion, which is twice the value recorded in 2003 (USD 5.76 billion).

4.3.5.2. Oncology: AMEP, anti-invasive product targeting the cytoskeleton and zyxin, another cytoskeleton target

Among the innovative anti-cancer NCEs being researched by the Company are AMEP and products targeting zyxin.

AMEP, a peptide currently under development, targets ligands that are present on both cancerous cells and on angiogenic cells, has anti-angiogenic properties (preventing the formation of vessels that feed the cancer cell) and anti-invasive properties.

Zyxin is a cytoskeleton target, allowing a reversion of the tumor cell phenotype and thus re-establishing cellular contact. The products resulting from the Company's zyxin research program will be original anti-cancer drugs with an anti-metastatic or anti-invasive potential.

Every year, cancer is diagnosed in more than 10 million individuals[17] and the number of new cases is estimated to grow to nearly 15 million annually by 2020. Cancer is responsible for 6 million deaths every year, corresponding to 12% of all deaths worldwide.

The global market for cancer treatments represented USD 34.32 billion in 2002[18], an increase of 16.5% over sales in 2001. The global market for cytotoxic drugs has grown 3.2% as a result, reaching a total value of USD 8.93 billion in 2002. The growth in this market is due primarily to the increase in sales of innovative products.

4.4. MARKETING STRATEGY

The principal objective of the Company is to generate revenues by marketing miconazole Lauriad as soon as authorisation to market it is obtained. The Company plans, in the first phase, to market this product in France and to create, for this purpose, its own sales force to work with specialists (oncologists, internists, infectious disease specialists, etc.), while developing a network of distributors for the rest of Europe. The Company is currently looking for industrial partners in the United States and Japan with the objective of establishing partnerships and distribution agreements by the end of 2006.

In the medium term, the Company plans to extend the marketing of its first product to Europe, once the MA has been obtained, and then to use the experience acquired to market other products intended for the same specialists. These products may come either from the Company's portfolio or be acquired from other biopharmaceutical companies depending on the opportunities that present themselves. The Company wants to become a recognised player in

17 Source WHS.

18 ''The Cancer Market Outlook to 2008'' Reuters Healthcare and Datamonitor report, 2003.

the drug resistance market related to cancer treatments, HIV, infectious diseases and opportunistic diseases.

BioAlliance Pharma intends to remain very flexible, if its financial resources allow it, in the way it develops and markets its portfolio of products. As a result, in some cases, the Company might decide to pursue on its own the clinical development and marketing authorisation for a given product. This method will require new investments to obtain the necessary marketing authorisations, given that obtaining an authorisation in one territory can facilitate obtaining authorisations in other territories.

BioAlliance Pharma might also periodically plan to work with partners to obtain the authorisations needed to market a given product. By forming such strategic alliances, BioAlliance Pharma could receive interim payments, prior to obtaining the required authorisations and subsequent royalties from its partners in return for more moderate investments. These strategic alliances would have to be set up when the Company believes that the risk of carrying the costs on its own and the risk of developing and marketing its products is too high in relation to the loss of future revenues within a partnership.

Europe

The Company is considering several options for organizing sales and marketing in Europe. One of these options is to establish a global partnership with an international pharmaceutical company or a mid-size European pharmaceutical company for sales in the principal European markets, and then to sign periodic partnerships for isolated markets.

In evaluating these different options, the recruitment of a specialised medical-marketing team working in the main markets of the European Union (with seven persons currently planned for 2006 and ten in 2007) is of high importance. This dedicated team of specialists would be responsible for supporting the development of the product and contacts with influential experts, while providing scientific support through informed experts mobilised for miconazole Lauriad.

In addition to the medical marketing team, the Company would also establish a direct sales and marketing organisation. The development of this organisation would be based first on an independent sales force in France (six persons planned in 2006 and eleven in 2007), with the subsequent objective of possibly expanding it to Germany, Spain, Italy and the United Kingdom. This organisation could also assist in the establishment of a network of distributors in Europe. This option has the advantage of allowing the Company to retain control over its initial product over time.

United States

In the United States, the Company is looking for an industrial partnership, which could be signed in the first half of 2006, in order to conduct the pivotal Phase III trial of miconazole Lauriad for oropharyngeal candidiasis. Revenues are projected from an up-front fee, interim payments, and royalties attached to this partnership.

Given the broad indication in the treatment of oropharyngeal candidiasis, discussed with the FDA, it is possible that the MA which might be issued for miconazole Lauriad will be issued for oropharyngeal candidiasis, whatever the population or the underlying pathology (HIV infection, oncology, patients in internal medicine, diabetic patients, elderly patients, and patients suffering from chronic diseases). If this were the case, the partner would initially have to focus on the most accessible hospital markets with a dedicated sales force (HIV and oncology), while exploring options to access other indications (general medicine, pediatric indications) that require a larger sales force able to target general practitioners or pediatricians.

If the marketing of doxorubicin Transdrug is authorised in the United States, it will be intended for medical oncologists and interventional radiologists. Despite the presence of nearly 5,400 medical oncologists and more than 5,000 interventional radiologists in the United States, the

initial objective of this product will be to target about one hundred institutions that have active vascular and interventional radiology programs. Because of the high concentration of this market, a sales force of about 30 people should be sufficient to launch doxorubicin Transdrug in this country.

Japan

In Japan, the Company's objective is to find a pharmaceutical partner in 2006 in order to collect initial up-front fees and interim payments in 2006 and royalties beginning in 2007. For this purpose, BioAlliance Pharma has hired Guidant Incorporated, an experienced Japanese consultant based in Tokyo, to represent it in Japan and facilitate contacts with potential Japanese partners.

The process of establishing a partnership with a Japanese company could be long. However, the efforts made by the Company reflect the importance of the Japanese market for Asia.

China

For miconazole Lauriad and doxorubicin Transdrug, BioAlliance Pharma is planning to grant a licence to market to a Chinese partner once the MA has been obtained in the European Union, the United States or Japan. Obtaining the MA from the Chinese drug authority (Chinese State Food and Drug Administration or SFDA) is facilitated when drugs have been previously approved in one of these other territories.

4.5. PLANNED TRANSFER OF DIAGNOSTIC ACTIVITIES

Since March 2000, the Company has conducted diagnostic research operations through its former subsidiary VIRalliance.

The objective of VIRalliance was the development and use of intellectual property rights and expertise related to diagnostic tests in the area of measuring HIV resistance to various antiretrovirals, including licences granted by the Pasteur Institute and INSERM. In fact, given the tendency of the HIV virus to mutate, the real efficacy of drug combinations (tritherapy, for example) can vary and they can become less effective once certain resistant mutations appear. The appearance of resistance then requires the use of diagnostic methods that exploit the sequencing of the virus and a search for mutations (genotyping), or the direct measurement of the replication of the virus (growth) in the presence of various drugs available (phenotyping). It is this last method that VIRalliance developed and used under the name of Phenoscript. The differences in therapeutic practices and the organisation of care between Europe and the United States are today leading to a different evolution in the use of these diagnostic resources: Europe is currently only recommending the use of genotyping while both methods (genotyping and phenotyping) are currently used in the United States.

The decision to dissolve the VIRalliance subsidiary, through universal transfer of its assets and liabilities to its sole shareholder BioAlliance Pharma, was made by the Company on 27 September 2005, based upon the authorisation granted by its supervisory board at its meeting on 7 September 2005. The dissolution was published in a legal announcement newspaper on 30 September 2005.

On 30 October 2005, BioAlliance Pharma, the sole shareholder, acquired all the diagnostic activities of VIRalliance, which are currently being transferred to a third party company, subject to certain conditions precedent.

On 20 October 2005, the Company signed an agreement with Eurofins, a leading international group in the area of biological analyses, under the terms of which BioAlliance Pharma would have to transfer the patents, expertise and activities of VIRalliance and BioAlliance Pharma for the development of phenotyping products (for HIV and HBV) to Eurofins VIRalliance, Inc., a subsidiary of this group specifically created for this purpose. The principal investments

necessary for this activity and for the technological transfer will be paid by this new entity. Eurofins VIRalliance, Inc. will be managed by Eurofins and the Company has the right to name a member of the board of directors of the new company. The board of directors may not make certain significant decisions without the approval of the Company's representative. In order to optimise the Company's transfer of the expertise to Eurofins VIRalliance, Inc., the Company will provide the new company with the necessary support under a technical assistance and research agreement, with Eurofins VIRalliance, Inc. reimbursing the actual costs of the services performed by the Company under the terms and with the limits that will be set forth in the agreement to be signed. Finally, the Company has an option to acquire a future stake in the new company.

This agreement constitutes a binding contract between the parties, subject to the conditions precedent of approvals from the institutes (such as the Pasteur Institute and the Institut National de la Santé et de la Recherche Médicale -INSERM) that are the owners or co-owners of certain patents or licences granted to VIRalliance for this business.

4.6. INTELLECTUAL PROPERTY

4.6.1. Patents and licences

Patents and licences are of significant importance in the Company's business sector. Its patents and licences consist of 20 families of patents and licences: two related to the Lauriad technology and the resulting drugs; three related to the Transdrug technology and the resulting drugs; eleven for NCEs; and four related to the diagnostic activities, the transfer of which to a third party is currently being completed (see section 4.5 of this Registration Document).

BioAlliance Pharma files patent applications regularly in order to protect its technological systems, products, preparation processes and pharmaceutical compounds.

BioAlliance Pharma has rights relating to 107 patent applications, 20 of which have been covered by issued patents (12 patents are owned or co-owned and 8 were issued under a licensing agreement), in several countries or major jurisdictions, including the United States, Europe and Japan. The other applications, which are more recent, are still being reviewed.

At this stage, BioAlliance Pharma has not granted any manufacturing, distribution or marketing licences relating to its pharmaceutical products.

4.6.1.1. Rights related to the Lauriad technology and the resulting drugs

The Lauriad technology is protected by two patent families: a family known as the ''main patent'' family and a family known as the ''initial patent'' family, which is not in use by the Lauriad products in development.

(a) ''Main patent'' family

BioAlliance Pharma holds intellectual property rights for the sustained release mucous membrane bioadhesive therapeutic tablet.

The priority patent application was filed in France on 23 July 2001 and was followed by the filing of an international application recorded under number W003/009800 pursuant to a patent cooperation treaty known as the ''PCT'' on 23 July 2002. To date, the French patent was delivered on 24 October 2003 and the American patent on 12 July 2005. These patents will expire in principle in 2021 and 2022, respectively. Patent applications in this family are currently being reviewed in Europe, Canada, Japan, Israel, India and China within the PCT procedure.

Although the Company holds these patents and patent applications, their use will generate royalties owed by the Company to Mr. Aiache, one of the inventors on this patent (see section 4.6.1.1 (c) of this Registration Document).

(b) ''Initial patent'' family

A patent application in this family, which is independent of the main patent, was the subject of a priority filing in France on 31 July 1990, which was followed by an international application registered under number WO 92/02209 within the PCT procedure on 30 July 1991. On the date of registration of this Registration Document, patents in Europe, the United States and Japan have been issued. These patents expire in principle in 2011.

BioAlliance Pharma has an exclusive world licence on this initial patent in the area of mouth and vaginal infections granted by Mr. Aiache (see section 4.6.1.1 (c) of this Registration Document). None of the Lauriad products developed by BioAlliance Pharma uses the technology covered by this patent family.

(c) Licences

Under the terms of a licensing agreement of 30 July 2002, Mr. Aiache, the holder of the initial patent family for the Lauriad technology, granted BioAlliance Pharma an exclusive world licence on the related patents and expertise. The licence covers the manufacture, use and sale of all products covered by the patents or manufactured using the processes covered by the patent in the treatment, using bioadhesive forms of active agents, of infections of the oral mucous membranes, oral or vaginal viral and bacterial fungal infections, oral or vaginal herpes infections, pain and oral or vaginal infections due to HIV.

Unless it is terminated early, this licensing agreement will remain in force until the expiration or cancellation of the last of the patents. BioAlliance Pharma has the option to terminate the licence to the work performed for the development or marketing of the products under licence in the event of a difficulty that could represent an obstacle to their sale.

In consideration, in addition to the payment of 37,500 euros to Mr. Aiache made upon signature of the licensing agreement, BioAlliance Pharma agreed to pay Mr. Aiache a royalty representing 1% of the net receipts earned by BioAlliance Pharma or by a third party authorised by the Company. Net receipts mean the gross receipts and royalties received, minus certain elements such as discounts or rebates granted.

In addition, under the same licensing agreement, the Company granted Mr. Aiache a royalty of 1% of the net receipts as defined above on the products within the main patent family relating to the Lauriad technology.

The licensing agreement stipulates that these royalties cannot be combined so that the maximum amount of the royalties that may be paid to Mr. Aiache is equal to 1% of the net receipts from the products coming from either of the aforementioned patent families.

4.6.1.2. Rights related to the Transdrug technology and from drugs derived from the technology

The Transdrug technology and medications derived from it are covered by three patent families: a ''main patent'' family relating to the polymer and cyclodextrin nanoparticles covered by all the Transdrug applications developed by the Company, an ''initial patent'' family, and a patent family related to nanoparticles with charged polysaccharide, intended for applications in the biotechnology sector.

(a) ''Main patent'' family

This family covers the nanoparticles composed of polymer and cyclodextrin.

The priority application was filed in France on 27 February 1998 and was followed by the filing of an international application (PCT) registered under number WO 99/43359 on 24 February 1999. On the date of registration of this Registration Document, the patents in France, Australia and the United States have been issued; they are being issued in Europe. They will expire in principle in 2019. Patent applications are being reviewed in Canada, Israel, India and Japan.

These patents and patent applications and all related rights were acquired from the CNRS in 1998, for payment of a fixed price, which has been paid.

(b) ''Initial patent'' family

BioAlliance Pharma acquired initial patents for the Transdrug technology from Rütgers-VfT, the successor to the rights of the SOPAR company, in a contract dated 8 December 1997. Of this family, only the American patent is valid until 2007; the other extensions have expired.

The assignment agreement was signed in consideration for the payment of royalties in the event the patents are used. At this stage, the Company is not developing any application using these patents.

(c) Patent family related to nanoparticles with charged polysaccharide

The priority application was filed in France on 20 June 2002 and was followed by the filing of an international application (PCT) registered under number WO 2004/000287 on 20 June 2003. The patent was delivered to BioAlliance Pharma in France. Patent applications are under review in Europe, the United States, Japan, Canada, India and Australia. These patents and patent applications could protect applications resulting from the biotechnology which the Company has not yet developed at this stage.

4.6.1.3. Rights related to the NCEs

BioAlliance Pharma holds an exclusive world licence granted by French public research institutes (CNRS, IGR, UPS, INSERM, ENS as applicable) on the new chemical compounds that it is developing.

These intellectual property rights are divided into three groups, each corresponding to distinct technologies:

- The HIV integrase inhibitor is covered by four patent families covering various aspects of the technology, ranging from active compounds to their therapeutic uses, including compositions and combinations of active pharmaceutical ingredients. The Company is the co-owner in two families and the sole owner for another. It has an exclusive world licence on the patent families related to the integrase inhibitors granted by a certain number of public organisations (represented by the CNRS) and is the co-owner of three of these families. The royalty due to the public agencies on this project should not exceed 3% of revenues from these products;
- The anti-invasive peptide AMEP is covered by two patent families. The Company has an exclusive world licence granted by INSERM on the basis of the first family. It also has a licence on the second family, which is co-held with the Institut Gustave Roussy (IGR) and the CNRS for a technology of electrotransfer of AMEP encoded in plasmids. The royalties due to the public institutions should not exceed 3% of the revenues from these products; and
- Zyxin is covered by three patent families. The Company has an exclusive world licence to these patent families granted by the Ecole Normale Supérieure de Cachan, the CNRS and Institut Gustave Roussy (IGR). The total of the royalties to be paid to the various institutions should not exceed 3% of the revenues from these products.

4.6.2. Research and collaboration agreements

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

To support this effort, BioAlliance Pharma has laboratories on several sites in Paris (including the Faculté de Pharmacie de Châtenay-Malabry and at the Company's headquarters). The Company employs a total of 42 persons, including 20 doctorates in science, 4 medical doctors and 15 scientists and technicians.

4.6.3 Trademarks

The BioAlliance trademark is registered in the European Union.

The Lauriad and Transdrug trademarks are registered in the European Union, Japan and the United States.

The Monorex trademark (which relates to a Transdrug component polymer) is registered in France and the European Union as designating pharmaceutical excipients.

The Loramyc trademark (possible commercial name for miconazole Lauriad) is registered in France and in the European Union.

4.7. MANUFACTURE

As part of its marketing strategy, the Company plans to retain all manufacturing and supply rights to its products in the European Union, the United States and Asia.

The manufacture of the products necessary for clinical studies, including packaging and labelling, is performed by contract manufacturers. BioAlliance Pharma plans to continue to use outside manufacturers to manufacture its future products when they are marketed. Most of the pharmaceutical regulatory authorities require that lots intended for clinical trials and authorised medications be manufactured, packaged and labelled in accordance with good manufacturing practices (GMP). The Company has implemented a quality assurance control program, in particular a series of operating methods, procedures and specifications designed to guarantee adherence to good practices and product development and manufacture, and for other local and foreign regulations applicable in the countries in which the Company is conducting clinical trials and intends to sell its products, once appropriate marketing authorisations have been obtained.

BioAlliance Pharma has retained Cardinal Health to manufacture the industrial production lots of bioadhesive 50 mg oral tablets of miconazole Lauriad at Cardinal Health's pharmaceutical site located in Schorndorf, Germany. These facilities are approved by the European regulatory authorities and the FDA as being in compliance with GMP.

Although other sites are being considered in the European Union and the United States, the industrial production of Transdrug is currently being performed at the manufacturing site of Laboratoires Thissen SA in Braine-l'Alleud, Belgium, a site that specialises in cytotoxic and sterile products. This site is approved by the European regulatory authorities as being in compliance with GMP but is not, as of this date, approved by the FDA.

4.8. FACILITIES

The Company has office and laboratory space in Paris in the same building as its corporate headquarters. Three premises (representing a total area of approximately 600 m^2) are rented in this building under the terms of three commercial leases renewable upon expiration of a ten-year period ending 31 January 2010.

In addition, in accordance with a temporary agreement to occupy State-owned property entered into with the Faculté de Pharmacie de Châtenay-Malabry and Université de Paris XI on 14 January 2002, the Company has a research and development laboratory located on the premises of the Faculté de Pharmacie de Châtenay-Malabry. This laboratory, which occupies an area of approximately 60m^2 has a clean room (a vacuum chamber enabling work with genotoxics) that the Company uses to conduct certain experiments on its products. The

Laboratory has been made available to the Company until 12 July 2006. The Company has requested renewal of the lease agreement.

4.9. REGULATORY FRAMEWORK

Legislative and regulatory provisions defined by the AFSSAPS, European Commission, EMEA, FDA, and equivalent regulatory authorities in other countries govern research and development, preclinical and clinical studies, regulation of premises, as well as drug manufacture and marketing. Regulatory control over the primary markets where the Company conducts its business is based on procedures defined by the International Conference on Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use (ICH).

The Company's products may not be offered for sale in a jurisdiction without obtaining prior approval via a marketing authorisation (MA) application. In order to obtain a MA for a product, the Company must submit proof of product efficacy and safety, as well as detailed information on the product's composition and manufacturing process. This forms the framework for conducting pharmaceutical development studies, preclinical studies, and clinical studies.

Broadly outlined, there are five stages in the development of a new drug, from basic research up to its introduction to the market: (1) research; (2) pharmaceutical development, preclinical studies and manufacture; (3) clinical studies using human subjects; (4) request for an MA; and (5) marketing. Regulatory authorities request follow-up after the drug is placed on the market in order to continually monitor the authorised products' safety and side effects. Similarly, regulatory authorities may request additional Phase IV or Phase III studies involving specific groups of individuals or impose conditions on the Company that may limit the commercial development of its products. Deadlines required by the regulatory approval process may reduce the actual exclusive use period for patented products or technologies.

If the Company fails to comply with these regulations, regulatory authorities may impose fines, seize or withdraw the Company's products from the market, and partially or completely suspend their production. Regulatory authorities may also deny MA requests and institute legal proceedings if the Company fails to meet applicable standards. Finally, regulatory authorities have the right to withdraw a MA if the Company fails to comply with the regulatory standards governing the MA.

4.9.1. Clinical studies

Clinical studies on human subjects are normally conducted in three phases called Phase I, Phase II and Phase III. Although generally sequential, the phases may also overlap.

***Phase I*:** The Company administers the product (usually to healthy subjects) in order to establish an initial profile for its safe use, identify side effects, assess tolerance of dosage administered and assess dosage distribution and metabolism.

***Phase II*:** The Company studies the drug in a limited group of patients carrying the target disease in order to establish preliminary efficacy and optimal dosage and to obtain a more precise tolerance profile.

***Phase III*:** The Company undertakes large-scale studies using patients carrying the disease in question and in comparison with reference treatments in order to generate enough data to prove levels of efficacy and tolerance required by regulatory authorities.

Clinical studies are sometimes required after products have been marketed, in order to explain certain side effects, explore a specific pharmacological effect, or obtain more accurate additional data. These supplementary studies are called Phase IV trials.

In certain cases, regulatory authorities may authorise the combination of Phase I and Phase II trials into a single Phase I/II study by approving a Phase II protocol in which the initial patients

undergo specific testing for user safety and tolerance. Phase I and Phase II are combined in particular when it is inappropriate to conduct Phase I studies on healthy volunteers, as is the case with some of the Company's products, such as the doxorubicin Transdrug.

Similarly, regulatory authorities may authorise the combination of Phase II and Phase III studies into a single Phase II/III study by approving a Phase III protocol in which a limited patient group receives treatment and the results are evaluated. The total number of patients for inclusion in the final trial is determined based on these results, in order to provide substantial scope in designing the trial.

In most countries, clinical studies must comply with strict legislation (in France, law No. 2004-806 of 9 August 2004 relating to biomedical research). Moreover, these studies must adhere to standards of best clinical practices (BPC) defined by the EMEA, FDA, and the ICH, as well as the ethical standards defined by the Declaration of Helsinki[19] in June 1964.

Undertaking a Phase I, Phase II, or Phase III clinical study requires regulatory approval, issued on the basis of an opinion from an ethics board, such as the *Comité de Protection des Personnes dans la recherche* (CPP) (Research Subjects Protection Board) or the Institutional Review Board (IRB). When companies requesting permission to test products submit clinical trial protocols, regulatory authorities may halt, suspend, or demand major changes to the protocol. Additionally, each ethics board overseeing a clinical site may delay, or even temporarily or permanently halt clinical studies, if the board believes patient safety is at risk, or if the Company fails to observe regulatory provisions.

In the United States, an Investigational New Drug (IND) request detailing the protocols planned for the clinical studies must be filed with the FDA and receive FDA approval before clinical studies can begin on human subjects. If there is no objection from the FDA, the authorisation to launch studies for an IND is valid for 30 days after receipt. At any time during this 30-day period or subsequently, the FDA may call for the suspension of clinical studies planned or already in progress. Such temporary suspension is maintained until the FDA receives the explanations it needs.

4.9.2. Marketing authorisations

In Europe, the United States and Japan, as well as in many other countries, a national or supranational regulatory authority controls access to the drug market. In order to optimise the MA, it is imperative to disclose to the competent authority full medical data concerning the new product, including toxicity, dosage, efficacy, and safety. The quality of this information is assured by carefully supervised preclinical and clinical studies. Many factors, including the nature of the disease, treatment developed, indications researched, and standards of care, influence the actual size and nature of these studies.

The MA record includes the results of preclinical and clinical studies, accompanied by the detailed particulars of the product's composition and manufacturing process. The preparation of these applications and their review by the competent authority is an expensive process that may take several years. In Europe, applications are made either to the regulatory authority of a European Union member state (the reference government), in order to be approved under the joint approval process for other member states or, for some products, directly to the EMEA under a centralised procedure. The centralised procedure allows for a single application, review, and authorisation process for permission to market the drug in all European Union member countries. The decentralised procedure calls for a coordinated process of application filings in each European Union Member State.

In the United States, the FDA is the competent authority that grants the MA.

19 World Medical Association (WMA) Declaration of Helsinki, ''Recommendations Guiding Physicians in Biomedical Research Involving Human Subjects.''

Various European and American regulations (for example, the US Food and Drug Administration Modernization Act) can facilitate the marketing of new drugs by fast tracking regulatory review. The framework of these accelerated processes may require various conditions to be met, such as undertaking clinical studies after MA.

Similarly, there are various European and American regulations that 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 in the United States. This status is also available in Europe under a similar law for drugs meant to treat a pathology that affects up to five persons out of 10,000 in the European Union and for which there is no satisfactory treatment.

If the Company receives approval to market its products, it will be required to comply with strict regulations in terms of labelling, advertising, promotion, marketing, and distribution. Any violation of these regulations may involve warnings, injunctions to compensate for reported violations, product seizure, or legal proceedings, which in certain jurisdictions, such as France, may be criminal in nature.

4.9.3. Product pricing and reimbursement

In many markets, drug prices are subject to control by the government, 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 France, what market access really means is that the cost of the Company's products is borne by the hospital (under an approval for such use) or reimbursed by social security programs. Drug prices will be negotiated with the *comité économique des produits de santé* after receiving an opinion of the *commission de transparence*.

In the United States, although pharmaceutical companies may freely establish prices for their products, federal and local initiatives have aimed to lower the overall cost of healthcare. Congress and state lawmakers are likely to continue their efforts towards reforming the healthcare system, the cost of prescription drugs, and Medicare and Medicaid reforms. The development of private health maintenance organisations (HMOs) in the United States, which have a substantial influence on the purchase of healthcare services and therapeutic products, as well as legislative proposals for the reform of the healthcare system or reducing social security, could contribute to lowering prices and could enable the imposition of discounts or special price reductions for the Company's products, in order to avoid the exclusion of the Company's products from the lists of recommended products that are drawn up by HMOs.

4.9.4. Laws regarding pharmaceutical companies

The Company also expects to be subject to a certain number of permanent regulatory requirements governing pharmaceutical entities, imposed by the FDA and its counterparts. In France, even if the Company has no intention of seeking the status of pharmaceutical manufacturer, the Company plans to request authorisation to operate as a pharmaceutical entity, so that, after filing a dossier allowing confirmation that its activities and facilities comply with applicable standards, the Company can market its products. In the United States, the FDA is mandated in particular to inspect production sites in order to verify that they comply with GMP, before granting an MA for the Company's products. After the MA is received, authorities regularly inspect production sites to verify regulatory compliance, in particular concerning quality control and record retention. Failure to comply with these regulatory requirements may result in criminal or administrative penalties, such as the suspension of production and product recalls.

4.9.5. Environmental, health and safety regulations

In the countries where it operates, the Company is also subject to environmental, health and safety laws and regulations applicable to the use, storage, handling, unloading, and disposal of hazardous materials, in particular chemicals and biological materials. These regulations have a

substantial impact on the Company's operations. Federal, national, and local authorities have extended powers in each of these areas and have the right to impose sanctions in the event of violation.

4.10. INVESTMENT POLICY

The Company plans to issue new shares in conjunction with its IPO on Euronext's Eurolist market. The Company's use of funds from this IPO will be described in a transaction memorandum relating to the shares in the listing application, including the prospectus which will be submitted for approval by the AMF (French stock market regulator) when appropriate.

4.10.1. Major investments made

Since its creation in 1997, the Company has raised 27 million euros from financial investors and individual shareholders to finance its development and operations. This figure includes an issue of convertible bonds (''ORA'') amounting to 6,329,630 euros in May 2005 (see section 6.3.5.3 of this Registration Document). Most of the expenditures made by the Company since its inception have been used for the development of its product portfolio and the acquisition and registration of patents and patent licences for its activities (see sections 5.2.2.1 and 5.2.2.2 of this Registration Document).

4.10.2. Major investments currently underway

The Company also intends to invest in clinical study programs. The clinical program for acyclovir Lauriad should enter Phase II in the European Union for labial herpes in 2006. Regarding the program for the orphan drug doxorubicin Transdrug, the majority of the financial expenditures will be associated with production and Phase II/III clinical studies to begin in 2006. Expenditures for the NCE program are earmarked for advancing pre-clinical programs at the start of Phase I/II programs. The Company does not anticipate major industrial investments that will be capitalised as property, plant, and equipment.

4.10.3. Major investments in the future

The Company plans to invest primarily in establishing a marketing and sales infrastructure, first in France and later in Europe, intended to support the launch of the miconazole Lauriad planned for late 2006 or early 2007, while in addition investing in ongoing research and development programs. The Company has no firm third-party commitments for these investment projects.

4.11. EXCEPTIONAL EVENTS AND LITIGATION

At present, the Company is not party to any outstanding legal or arbitrational proceedings and is not aware of any threatened legal action involving a major claim or any legal action likely to have a material adverse effect on its business or earnings.

4.12. SIGNIFICANT CONTRACTS

As of the filing date of this Registration Document, and in light of the Company's activities as described in this Registration Document, the Company has not entered into any major contract or contract likely to contain a material obligation or commitment, other than those the Company enters into in its ordinary course of business, and excluding the contracts covering the licensing and acquisition of patents and the contracts for research collaboration described in sections 4.6.1.1 (c) and 4.6.1.2 of this Registration Document.

CHAPTER 5.

ASSETS — FINANCIAL CONDITION — NET INCOME

5.1. SUMMARY FINANCIAL INFORMATION

Extracts from Profit and Loss Account and Balance Sheet:

Extracts from Profit and Loss Account (€ thousands)	Financial year ended 30 June 2003	Financial year ended 30 June 2004	Period of 12 months ended 30 June 2005 (unaudited pro forma)
Net sales	135	128	206
Other revenues	57	151	187
Total revenues	192	279	393
Purchases and external charges	(1,797)	(2,713)	(3,614)
Employment costs	(1,756)	(2,181)	(2,450)
Duties and other non-corporate taxes	(53)	(76)	(63)
Depreciation, amortisation and provisions	(339)	(272)	(444)
Other charges	(12)	3	(8)
Operating expenses	(3,957)	(5,239)	(6,579)
Loss from operations	(3,764)	(4,961)	(6,186)
Finance cost	(542)	(921)	(444)
Loss before corporation tax	(4,306)	(5,881)	(6,631)
Extraordinary charges	(14)	(12)	(32)
Corporation tax	662	253	638
Loss	(3,658)	(5,640)	(6,025)

Extracts from Balance Sheet (€ thousands)	30 June 2003	30 June 2004	30 June 2005 (unaudited pro forma)
Cash and equivalents	1,047	1,849	6,094
Total assets	4,009	4,707	9,585
Total short term liabilities	1,022	2,207	8,814
Total shareholders' funds	113	(2,916)	287

Note: in 2004 the Company changed its financial year end from 30 June to 31 December. Financial statements for the period ended 31 December 2004 therefore covered a period of six months. In order to present financial information on a comparable basis with earlier periods, the Company has prepared pro forma financial information for the period 1 July 2004 to 30 June 2005, based on its audited financial statements for the six month period ended 31 December 2004 together with its interim accounts for the six month period from 1 January to 30 June 2005.

5.2. COMMENTARY AND ANALYSIS ON FINANCIAL POSITION AND RESULTS

5.2.1. Overview

Established in 1997, BioAlliance Pharma is a biopharmaceutical company specialising in the development of novel therapeutic products to overcome resistance, particularly through enhancing patient compliance and improving drug delivery to the target site.

Since its creation, the Company has developed a number of products using its two proprietary drug delivery systems, the Lauriad® adhesive technology and the Transdrug® nanoparticle technology, together with a New Chemical Entities (NCE) programme as follows:

- **Lauriad technology,** an adhesive technology that allows for the rapid and prolonged release of therapeutic agents at the site of buccal infections. Lauriad technology targets

local diseases of the mucosal membranes, particularly in the mouth, and the transmucosal penetration of medications. It allows more concentrated treatments at the actual site of the disease and also less frequent doses (one per day), thus providing a simplified course of treatment for the patient (better patient compliance with the prescribed treatment);

- **Transdrug technology,** a patented nanoparticle technology which is designed specifically for improved delivery of medications by intracellular targeting, thus improving drug effectiveness and tolerance; and
- **NCEs,** a portfolio of new drugs focusing on new treatments in the oncology and HIV markets. Theses new drugs, developed from the Company's research and licence agreements with its network of French academic and scientific organisations, are in the early stages of preclinical development.

Product Development status

BioAlliance Pharma has developed miconazole Lauriad for the treatment of candidiasis and in September 2005 filed a European marketing authorisation (MA) application, following the conclusion of its Phase III clinical trials. The Company has also completed a Phase I study (pharmacokinetic and pharmacodynamic) on acyclovir Lauriad for the treatment of oral herpes.

The Company's lead product using Transdrug technology is based on doxorubicin, a potent chemotherapy agent indicated for a number of cancer types. Doxorubicin Transdrug is currently in a Phase I/II clinical trial for the treatment of primary liver cancer.

The new drugs in the NCE programme are developed from research contracts and licences entered into with French research institutes and are at an early stage of development.

The losses BioAlliance Pharma has sustained since its creation arise mainly due to essential research and development expenditures, and also to other general expenses. The Company expects that its research and development expenditure will grow significantly in the medium term in line with its development activity, and in particular the progression of its clinical trials.

The Company expects in the short term an increase in general expenses as a result of the strengthening of its management team, made necessary by the anticipated progression of its lead product, miconazole Lauriad, from the final stage of development into commercialisation.

The Company expects to incur significant marketing expenditure and other costs associated with the establishment of a sales force to enable the rapid launch of miconazole Lauriad in France (subject to the MA filing submitted in September 2005 and which could be granted in 2006). Due to the mutual recognition process in other European countries, the Company would be in a position to increase the level of its sales and marketing expenditure in order to launch the product in these key markets, in order to optimise the revenues and market position of miconazole Lauriad.

In the event that other products developed by the Company successfully complete their clinical development and obtain marketing authorisation, revenues may be generated, although it is not possible to predict the level of turnover which may result. The Company would incur additional sales and marketing expenditure promoting these other products.

In order to finance its development, the Company has, since its creation in 1997, raised 27 million euros from financial institutions and private shareholders, including the issue in May 2005 of 6,329,630 euros in bonds (see section 6.3.5.3 of this Registration Document). The majority of the Company's expenditures to date have been on the development of its product portfolio and the creation and maintenance of its intellectual property portfolio.

BioAlliance Pharma employed, on the date of this Registration Document, 42 staff in France, mostly working at the Company's headquarters in Paris, but with some staff also working from university laboratories nearby and in Lyon. To date clinical trials have been carried out in

Europe and North Africa, using internal resources and partnerships with public research institutions.

To date, manufacture, packaging and distribution of products for pre-clinical and clinical trials have been subcontracted.

For most therapies, the Company believes that the markets that hold the most promise for its products are located in the United States, the European Union and Japan. The research and development, pre-clinical and clinical trials, manufacturing and marketing of the Company's products will therefore require authorisation from various regulatory bodies in France, the United States, the European Union and Japan (see sections 4.9. of this Registration Document).

The cost of a clinical trial can vary but is generally proportional to the number of subjects taking part in the trial. When designing the development strategy of a new product, the trials are initially carried out on a small number of patients before progressing to a larger population, in the absence of any contra-indication.

The Company's product development programmes require trials which become progressively larger and more expensive, as a product advances through the different stages of clinical development and approaches commercialisation.

The Company has successfully completed the development of its miconazole Lauriad programme in Europe. Two Phase III clinical trials for the treatment of oropharyngeal candidiasis were initiated in 2002: the first on HIV patients was completed in 2003 and the second pivotal trial, in head and neck cancer patients after radio-therapy, was conducted between 2002 and 2004.

The Company has also carried out a Phase I clinical trial for acyclovir Lauriad, which was begun in March 2005 and completed in October 2005, and is conducting a Phase I/II trial with doxorubicin Transdrug, begun at the end of 2003 and which is ongoing.

5.2.2. Accounting methods

The financial statements presented in this Registration Document have been developed to conform with French GAAP. Since the Company is not required to prepare consolidated accounts, Article 4 of European Directive 1606/2002, dated 19 July 2002 concerning the international harmonisation of accounts does not apply. For a description of the approach adopted by the Company on this point see section 5.2.8.1 of this Registration Document.

5.2.2.1. Research and development expenses

BioAlliance Pharma has elected not to capitalise its research and development expenditure, and is therefore expensed in the period in which it is incurred. A significant proportion of these costs relate to clinical trials carried out either by the Company directly or through sub-contractors. In practice, development projects can last for several years. The associated costs are allocated to the profit and loss account for the period to which they relate, determined by management's assessment of the progression of the study, whether the amounts involved have actually been paid or not.

When making its assessment, management takes into account factors such as the number of patients enrolled in a clinical trial, the progress of pharmaceutical studies (chemistry, analysis, formulation, pharmacology *in vitro* and *in vivo*) and the pre-clinical pharmacology and toxicity studies, many of which are necessitated by applicable regulations.

The following table shows the progression of overall research and development expenditure for the financial years ended 30 June 2003 and 2004, and for the 12 months to 30 June 2005 for the three product areas:

(€ thousands)	Financial year ended 30 June 2003	30 June 2004	Period of 12 months ended 30 June 2005 (unaudited pro forma)
R & D expenses			
Lauriad	385	1,200	1,430
Evolution		212%	19%
Transdrug	360	580	640
Evolution		61%	10%
NCE	620	735	810
Evolution		19%	10%
Common scientific costs for the three product areas	1,070	1,415	1,665
Evolution		32%	18%
Total R & D expenses	2,435	3,930	4,545
Evolution		61%	16%

The increase in development costs between 2003 and 2004 for Lauriad technology reflects the costs associated with the Phase III clinical trial costs for miconazole Lauriad, whose costs continued at a similar level during the period 1 July 2004 to 30 June 2005.

For Transdrug technology, the increasing expenditure between 2003 and 2005 represents the costs associated with pre-clinical and clinical studies for doxorubicin Transdrug in primary liver cancer.

The expenses in NCE reflect the research costs on these new projects.

Common scientific costs reflect the overall costs of the laboratories, quality assurance, and other common costs including intellectual property costs.

5.2.2.2. Patents

The Company capitalised certain costs for the protection of its patents up to the period ending on 30 June 2001. Since 1 July 2001 the Company has expensed patent costs in the year in which they are incurred. The amount capitalised under patents and licences is amortised over 10 or 20 years.

5.2.2.3. Research tax credit (''CIR'')

The Company has followed the following principles:

— Accounting period to 30 June 2004

The CIR is calculated based on the calendar year. The Company has taken into account in each financial period, the CIR relating to the last calendar year. For example, for the period to 30 June 2004 the CIR taken into account covered the expenses incurred for the period 1 January 2003 to 31 December 2003.

— Accounting period to 31 December 2004 (6 months)

The CIR taken into account covered expenses incurred during the period 1 January 2004 to 31 December 2004.

Article 87 of the 2004 Loi de Finances amended the CIR regime. The changes principally affect two areas of the calculation for BioAlliance:

- 5% of tax credit is based on the level of expenses incurred.
- 45% of tax credit based on the increase of expenses during the year compared to the average amount of expenses incurred during the previous two years.

— Interim period to 30 June 2005 (6 months)

The CIR represents 5% of expenses incurred between 1 January and 30 June 2005.

The progression of the CIR may be summarised as follows:

	Financial Statements								
Progression of the CIR (€ thousands)	**30 June 2005**	**31 Dec 2004**	**30 June 2004**	**30 June 2003**	**30 June 2002**	**30 June 2001**	**30 June 2000**	**30 June 1999**	**30 June 1998**
Opening balance	2,346	1,820	1,753	1,097	630	273	87	48	—
Reimbursement of CIR			(186)	(39)	(48)				
CIR during the period		526	253	695	515	357	186	39	48
Provision at 30 June 5%	112								
Closing balance	2,458	2,346	1,820	1,753	1,097	630	273	87	48

5.2.2.4. Retirement Commitments

The actuarial evaluation uses the retrospective method. This method applies actual value on services rendered by the employee at the date of the calculation.

The actuarial assumptions used are as follows:

Collective bargaining agreement	Chemical industry
Retirement age	65
Calculation date	30 June 2005
Mortality table	TD-TV 99-01
Actualisation rate	OAT rate as at 31/12/2004
Salary increase rate including inflation rate	4%
Turn over rate	Per category
Social charges	42.07%

5.2.2.5. Pro forma financial information

BioAlliance Pharma has prepared financial statements for the periods to 30 June 2003 (12 months), 30 June 2004 (12 months) and 31 December 2004 (6 months), which have been certified by the Company's auditor.

In 2004, the Company changed its financial year end to 31 December. In order to provide financial information on a comparable basis, the Company has prepared:

— interim accounts for the six month period ended 30 June 2005; and

— pro forma financial information aggregating the audited financial statements for the period ended 31 December 2004 and the six month interim account ended 30 June 2005.

5.2.2.6. Comparison of results of operations for the financial years ended 30 June 2003 and 2004

Turnover

	Financial year ended	
Turnover (€ thousands)	**30 June 2003**	**30 June 2004**
Recharge of expenses incurred on behalf of VIRalliance	135	128
Other revenue	57	151
Total	192	279

The Company's turnover in 2003 and 2004 comprised in part the recovery of shared costs which were re-invoiced to its subsidiary VIRalliance, such as sub-letting of office and laboratory space and personnel expenses particularly administrative (see details on VIRalliance

set out in section 4.5 of this Registration Document). These amounted to 135 thousand euros in 2003 and 128 thousand euros in 2004.

BioAlliance Pharma obtained two licences, one granted by Institut Pasteur and the other by INSERM, relating to patents for testing strains of HIV. These patents were then sub-licensed by BioAlliance Pharma to its VIRalliance subsidiary, under which BioAlliance Pharma received up to 50% of revenues from VIRalliance sales. These payments enabled BioAlliance Pharma to meet its financial obligations vis-à-vis Institut Pasteur and INSERM. In 2003 and 2004 these revenues amounted to 35 thousand euros and 61 thousand euros respectively.

On 30 October 2005, pursuant to the *transmission universelle de patrimoine* described in section 4.5 of this Registration Document, all amounts due from VIRalliance to BioAlliance Pharma were cancelled and all the assets and liabilities of VIRalliance were transferred to BioAlliance Pharma. The intellectual property relating to VIRalliance's former activities is in the process of being sold. Details of this transaction are set out in section 4.5 of this Registration Document.

The Company recorded an increase in other income from 57 thousand euros in 2003 to 151 thousand euros in 2004, an increase of 94 thousand euros that mainly resulted from an increase in government grants (such grants amounted to 16 thousand euros in 2003 and 77 thousand euros in 2004, an increase of 61 thousand euros).

Operating expenses

Purchases and external charges

The most significant item of expense relates to research and development expenditures. These costs represent BioAlliance Pharma's technology and product development costs and associated service costs such as manufacturing, pharmacological and pre-clinical (including toxicology) tests. The development activities of the Company are carried out in-house or under contract by Clinical Research Organisations (''CRO''s).

While some of the Company's research and development costs are internal, the majority are charged by external service providers including CROs and contract manufacturers.

Clinical trial costs account for the largest proportion of development expenditure. These costs vary depending on the number of patients enrolled, the number of procedures, the duration of the treatment and of the trial, and any requirements for home visits.

The cost of clinical trials includes the cost of medication used in the trial. The Company does not plan to develop its own manufacturing facilities, although it is able to manufacture small quantities for internal research purposes. In order to produce compound for pre-clinical and clinical trials, the Company uses GMP certified sub-contract manufacturers. The Company expects to use sub-contract arrangements for production and commercialisation of any products which may be authorised for sale.

The Company recorded an increase in external charges from 1,797 thousand euros in 2003 to 2,713 thousand euros in 2004, an increase of 916 thousand euros. This was principally due to the increase of development costs for Lauriad products, including the cost of two Phase III studies for miconazole Lauriad. The expenses associated with these trials rose from 233 thousand euros in 2003 to 960 thousand euros in 2004, an increase of 727 thousand euros.

Other external charges rose from 1,564 thousand euros in 2003 to 1,753 thousand euros in 2005, an increase of 189 thousand euros. These included external charges for general research and development and for administration.

The Company is owner or co-owner of patents and bears the maintenance costs associated with such patents. It has also entered into licence agreements which could give rise to maintenance obligations (see section 4.6 of this Registration Document).

The costs of maintaining the Company's intellectual property estate represented less than 15% of operating expenses in 2003 and in 2004.

Employment costs

These costs rose from 1,756 thousand euros in 2003 to 2,181 thousand euros in 2004, representing an increase of 425 thousand euros. During this period the number of full-time staff rose from 34 to 37, including the recruitment of a number of senior staff to manage the portfolio of development products.

Duties and other non-corporate taxes

These costs were broadly unchanged, being 53 thousand euros in 2003 and 76 thousand euros in 2004. They chiefly comprise irrecoverable VAT, property-based taxes, and certain non-payroll salary taxes.

Depreciation, amortisation and provisions

Depreciation, amortisation and provisions (€ thousands)	Financial year ended 30 June 2003	Financial year ended 30 June 2004
Depreciation and amortisation	(93)	(90)
Provision of amounts due from VIRalliance	(246)	(182)
Total depreciation, amortisation and provisions	(339)	(272)

Depreciation and amortisation charges were broadly unchanged from 2003 to 2004. BioAlliance Pharma's activities do not require substantial capital investment; those activities which require significant infrastructure are sub-contracted. BioAlliance Pharma does not anticipate a change in its strategy in this area in the short-term.

Provisions recognised against trade receivables relate to amounts receivable from VIRalliance. Changes in these provisions between 2003 and 2004 correspond to balances arising from commercial transactions with that company in respect of which, as for financial advances, a provision was recognised for the full VAT exclusive amount.

Provision against VIRalliance shares

Taking into account the financial position of its subsidiary, BioAlliance Pharma has fully provided for the value of the VIRalliance shares it holds.

(€ thousands)	Period of 12 months ended 30 June 2005
Investment securities	228
Loan	378
Intercompany financial current accounts	1,399
Intercompany debts	863
Total VIRalliance assets	2,868
Provision	(2,766)

The *transmission universelle de patrimoine* (TUP) of VIRalliance to BioAlliance Pharma entered into on 30 September 2005 will have a modest beneficial impact on the net assets of the Company, after writing down the provisions described above.

Other charges

The level of other charges is not significant (2003: 12 thousand euros) and did not change materially from 2003 to 2004.

Finance cost

Finance cost (€ thousands)	Financial year ended 30 June 2003	30 June 2004
Depreciation on VIRalliance current accounts	(620)	(948)
Other income (expenses) financial	78	27
Total Finance cost	(542)	(921)

The finance cost includes provision against amounts loaned by BioAlliance Pharma to VIRalliance to fund its losses and working capital requirements.

In 2003 VIRalliance had a net loss of 536 thousand euros, and in 2004 674 thousand euros. These losses are due to the overall deterioration in the trading and financial performance of VIRalliance from 2003 to 2004 as a result of market conditions in Europe and the lack of sufficient progress in its activities in the United States (see paragraph on ''Depreciation, amortisation and provisions'' above).

Corporation Tax

Corporation tax in 2003 and 2004 reflects a research tax credit (CIR) relating to the research and development expenditure of the Company. This credit is granted annually on the closing of the accounts and is determined, in part, by the growth in eligible expenditure compared to expenditure in prior years.

At 30 June 2004, the level of incurred expenditure for the calculation of the research tax credit rose to 2,903 thousand euros, compared to 2,852 thousand euros at 30 June 2003. The consequent research tax credit amounted to 253 thousand euros (2003: 662 thousand euros).

Net loss

The net loss for the period ended 30 June 2003 was 3,658 thousand euros, compared to 5,640 thousand euros in 2004, an increase of 1,981 thousand euros.

In the absence of significant revenue, the increase in net loss reflects the increase in expenditure described above.

This progression is the result of the increase in costs associated with the clinical trials, reflecting the advancement of the Company's projects. The impact of these increasing costs is accentuated by the absence of any revenues deriving from these products at this time.

In 2004 the Company incurred a significant level of expenses relating to the miconazole Lauriad Phase III head and neck cancer trial compared to 2003. The same situation arose in respect of expenses on the miconazole Lauriad Phase III trial for candidiasis in HIV patients.

5.2.2.7. Comparison of results of operations for the period ended 30 June 2004 and the period from 1 July 2004 to 30 June 2005 (pro forma)

Turnover

Turnover (€ thousands)	Financial year ended 30 June 2004	Period of 12 months ended 30 June 2005 (unaudited pro forma)
Recharge of expenses incurred on behalf of VIRalliance	128	206
Other revenue	151	187
Total	279	393

BioAlliance Pharma incurred certain expenditures for the account of VIRalliance, which was then reinvoiced to VIRalliance. Consequently this is presented as revenues in the financial

information set out above; the recharge amounted to 128 thousand euros in 2004 and 206 thousand euros in 2005 (pro forma).

Two patents relating to HIV phenotyping were licensed to BioAlliance Pharma: one from Institut Pasteur and the other from INSERM. These rights were then sub-licensed by BioAlliance Pharma to its subsidiary VIRalliance, which remitted 50% of revenues it generated back to BioAlliance. These contributions enabled BioAlliance in turn to meet its financial obligations to Institut Pasteur and INSERM. These remittances amounted to 67 thousand euros in 2004 and 92 thousand euros in 2005 (pro forma).

At the date of this Registration Document, all amounts due from VIRalliance to BioAlliance have been cancelled and all assets and liabilities of VIRalliance have been transferred to BioAlliance Pharma. In order to simplify accounting for this situation, all operations and transactions of VIRalliance between October 1 and October 30, 2005 are deemed to have been transacted by BioAlliance Pharma. The intellectual property relating to VIRalliance's former activities is in the process of being sold. Details of this transaction are set out in section 4.5 of this Registration Document.

Other revenues amounted to 84 thousand euros in 2004 and 95 thousand euros in 2005 (pro forma), an increase of 11 thousand euros. These revenues principally comprised grants from French and European bodies, which amounted to 77 thousand euros in 2004 and 81 thousand euros in 2005 (pro forma).

Operating expenses

Purchases and external charges

Purchases and external charges increased from 2,713 thousand euros in 2004 to 3,614 thousand euros in 2005 (pro forma), an increase of 901 thousand euros.

This is principally due to an increase in the development costs of Lauriad programmes, in the costs associated with the preparation of the IND in the United States and in the costs associated with the European dossier for an MA in respect of miconazole Lauriad.

Clinical trial costs on Lauriad products amounted to 977 thousand euros in 2005 (pro forma).

Other purchases and external charges amounted to 1,753 thousand euros in 2004 and 2,637 thousand euros in 2005 (pro forma), an increase of 884 thousand euros. This includes external administrative charges which rose from 225 thousand euros in 2004 to 663 thousand euros in 2005 (pro forma), an increase of 438 thousand euros mainly reflecting expenses associated with the Company raising additional financing.

General expenses increased in 2005 (pro forma) compared to 2004 because of the development of minconazole Lauriad and of costs related to the aforementioned fundraising which notably enabled such development to be financed.

The cost of maintaining the Company's intellectual property, including its patents and trademark portfolio, represented less than 15% of operating expenses in each of the fiscal year 2004 and the period from 1 July 2004 to 30 June 2005. The Company expects that the cost of maintaining its intellectual property portfolio will increase modestly in the near term, without exceeding 15% of operating expenses.

Sales, General and Administrative expenses

Assuming the grant of the MA for its lead product miconazole Lauriad, the Company's strategy (described in section 4.4 of this Registration Document) is to establish a specialist hospital sales force in France. Commercialisation in other European countries will be carried out through distributors under distribution agreements. To support the European commercialisation of its products, the Company expects to establish at the same time a small European scientific oriented marketing team (doctors, pharmacists or scientists), to cover major European markets.

In the United States and Japan, the Company's goal is to enter into licence arrangements with partners, enabling it to generate revenues through royalty streams.

These marketing and sales costs will include staff costs as well as external charges in respect of the services provided by companies charged with commercialising products as well as marketing agencies.

Employment costs

These costs rose from 2,181 thousand euros in 2004 to 2,450 thousand euros in 2005, representing an increase of 269 thousand euros. This is linked to the *Jeune Entreprise Innovante* (JEI) status which benefited the Company in 2004 and which expired on 31 December 2004. This status enabled the Company to reduce its social charges by 20% in 2004.

Excluding this effect, employment costs were broadly unchanged over the two periods.

Duties and other non-corporate taxes

These costs decreased slightly from 76 thousand euros in 2004 to 63 thousand euros in 2005 (pro forma). These costs chiefly comprise certain non-payroll salary taxes.

Depreciation, amortisation and provisions

Depreciation, amortisation and provisions (€ thousands)	**Financial year ended 30 June 2004**	**Period of 12 months ended 30 June 2005 (unaudited pro forma)**
Depreciation and amortisation	(90)	(110)
Provisions against amounts due from VIRalliance	(182)	(334)
Total depreciation, amortisation and provisions	(272)	(444)

Depreciation and amortisation charges amounted to 90 thousand euros in 2004 compared to 110 thousand euros in 2005 (pro forma). This increase resulted from investments made in the latter part of the financial year ended 30 June 2004 which were subject to a full year's depreciation and amortisation in 2005.

A provision of 334 thousand euros was made against debt due from VIRalliance, to cover losses sustained at this former subsidiary for the 12 month period ended 30 June 2005, which increased to 668 thousand euros.

Other charges

Other charges remained stable and not significant between 2004 and 2005 (8 thousand euros in 2005 (pro forma)).

Financial result

Finance cost (€ thousands)	**Financial year ended 30 June 2004**	**Period of 12 months ended 30 June 2005 (unaudited pro forma)**
Depreciation on ViRalliance current account	(948)	(438)
Other financial income/(expenses)	27	(6)
Total finance cost	(921)	(444)

As previously stated, the loss sustained by VIRalliance for the 12 month period ended 30 June 2005 (pro forma) has resulted in a corresponding provision of 438 thousand euros by the Company against loans advanced by it to this former subsidiary. VIRalliance losses amounted to 668 thousand euros as compared with 674 thousand euros for 2004.

Corporation Tax

Because the Company is loss-making, the only corporation tax impact is a research tax credit (CIR) which increased from 253 thousand euros in 2004 to 638 thousand euros in 2005 (pro forma). This change is principally due to the increase in the amount of eligible CIR expenditure incurred by the Company following successful fundraisings in April 2003 and July 2004.

The Company expects that the CIR, linked to research and development, will continue to increase but at a slower rate than in previous years.

Net loss

The net loss amounted to 5,640 thousand euros in 2004, 6,025 thousand euros in 2005 (pro forma), an increase of 385 thousand euros. As previously stated, this increase in net losses reflects the increasing level of expenditure incurred by the Company at a time when none of its products have yet been commercialised nor out-licensed. The growth in the Company's portfolio of products has led to an increase in operating costs in 2005 (pro forma). The Company expects that it will continue to be loss-making until such time as it is able to generate revenues either through the commercialisation of its products or through licensing.

During the 12 months ended 30 June 2005 (pro forma) the Company incurred a significant level of expenses relating to the pivotal Phase III trial of miconazole Lauriad, sub-contracted manufacturing, the European MA filing and the United States IND filing, as well as expenses from initiating the Phase I trial of acyclovir Lauriad, which has now been successfully concluded, and the Phase I/II trial costs for doxorubicin Transdrug.

This level of expenditure contrasts with the 12 month period to 30 June 2004 which included a part of the Phase III clinical trial costs for miconazole Lauriad.

5.2.2.8. Changes in the share capital of the Company

The extraordinary general meeting of the Company on 7 November 2005 decided, subject to the admission of the Company's shares to trading on the Eurolist market of Euronext Paris, to divide the nominal value of the shares by four, to become shares of 0.25 euro nominal value per share. This split would increase the share capital of the Company to 5,463,124 shares.

Upon admission of the Company's shares to trading on the Eurolist market of Euronext Paris, all class of shares will rank pari passu.

At the date of this Registration Document, excluding the anti-dilution BSA described in section 5.4.3.9 of this Registration Document, the total number of BSA and BCE in issue is 423,116 (including a 92,294 allotment which has been authorised by the supervisory board and will be made by the management board).

It should be noted that 68,706 BSA and BCE have been authorised during the general meeting dated 4 November 2005. These BSA and BCE were not allocated to any employees or third parties as of the date of this Registration Document.

The 491,822 BCE and BSA already authorised provide for the possibility to issue a total amount of 1,967,288 new shares (after the division of the nominal value) which represents 36% of BioAlliance Pharma share capital at registration date of the present Registration Document (see section 6.3.5.1 of the Registration Document).

On 18 May 2005 the Company issued 632,963 ORA, each with a nominal value of 10 euros. These obligations are described in section 6.3.5.3 of this Registration Document.

The evolution of the Company's share capital is set out in the table in section 6.3.8 of this Registration Document.

5.2.2.9. Subsidiary companies

VIRalliance was a subsidiary company created in 2000, and since July 2001 100% owned by BioAlliance Pharma. VIRalliance was absorbed on 30 October 2005 by BioAlliance Pharma, through the application of Article 1844-3 of the Civil Code, which transferred all of the assets and liabilities of VIRalliance to BioAlliance Pharma. From the date of absorption VIRalliance has ceased to exist. All amounts due between BioAlliance Pharma and VIRalliance were cancelled and BioAlliance Pharma assumed all VIRalliance's remaining liabilities and obligations (see section 4.5 of this Registration Document for further details).

5.2.3. Cash flow statement

Cash flow statement (€ thousands)	Financial year ended 30 June 2003	Financial year ended 30 June 2004	Period of 12 months ended 30 June 2005 (unaudited pro forma)
Net income	(3,658)	(5,640)	(6,025)
Depreciation and Amortisation	856	1,233	867
Operating profit before working capital changes	(2,802)	(4,407)	(5,158)
Changes in working capital	(718)	236	(806)
Net cash outflow from operating activities (A)	(3,520)	(4,171)	(5,964)
Net change in intangible assets, property, plant and equipment	(11)	(154)	(36)
Net change in long-term financial assets	48	(18)	35
Net change in amount due from VIRalliance	(271)	(705)	(423)
Net cash used in investing activities (B)	(234)	(877)	(424)
Cash flows from operating and investing activities (A+B)	(3,754)	(5,048)	(6,388)
Proceeds from issuance of share capital	61	2,611	9,229
Proceeds from convertible loan (ORA)	2,611	2,611	1,108
Proceeds from BDPME loan	0	700	0
Conditional advances	(53)	(80)	302
Net cash generated from financing	2,619	5,842	10,639
Net (decrease) / increase in cash and cash equivalents	(1,135)	794	4,251
Opening balance of cash and cash equivalents	2,182	1,047	1,841
Closing balance of cash and cash equivalents	1,047	1,841	6,092

Change in working capital (€ thousands)	Financial year ended 30 June 2003	Financial year ended 30 June 2004	Period of 12 months ended 30 June 2005 (unaudited pro forma)
Trade receivables	317	531	863
Others receivables	2,005	2,092	2,814
Prepaid expenses	113	51	87
Total assets	2,435	2,674	3,764
Trade creditors	634	992	1,095
Tax and social liabilities	369	506	570
Other payables and deferred revenues	19	—	117
Total liabilities	1,021	1,498	1,782
Working capital changes	1,414	1,176	1,982

Change in cash and cash equivalents as at 30 June 2003

At 30 June 2003 the cash and cash equivalents of the Company decreased by 1,135 thousand euros. The 2,619 thousand euros net cash generated from financing activities is mainly due to the 2,611 thousand euros proceeds from the first tranche of convertible bonds (''ORA'') which had partly covered the 3,520 thousand euros operating net cash outflows.

The 1,414 thousand euros working capital changes mainly comprised 2,515 thousand euros, other receivables (including 1,759 thousand euros of research and development tax credit) and 1,021 thousand euros current liabilities including 634 thousand euros trade payables and 369 thousand euros taxes and social liabilities.

Change in cash and cash equivalents as at 30 June 2004

At 30 June 2004, the cash and cash equivalents of the Company increased by 794 thousand euros. The 5,842 thousand euros net cash generated from financing activities was mainly due to the proceeds of 2,611 thousand euros from the issuance of share capital, 2,611 thousand euros from the second *tranche* of convertible bonds (''ORA''), and 700 thousand euros from a short-term loan subscribed at the *Banque du Développement des PME* (''BDPME'').

All these inflows covered the 4,171 thousand euros net cash used in operating activities.

The working capital changes which amounted to 1,176 thousand euros comprised mainly 2,092 thousand euros non-trade receivables (including 1,820 thousand euros research and development tax credit) and 1,498 thousand euros current liabilities including 992 thousand euros trade creditors and 505 thousand euros taxes and social liabilities.

Change in cash and cash equivalents as at 30 June 2005

For the twelve month period ended 30 June 2005, the cash and cash equivalents amounted to 6,092 thousand euros compared to 1,841 thousand euros as at 30 June 2004 and 1,047 thousand euros as at 30 June 2003. This level of cash and cash equivalents included all the liquid assets and amounts invested in mutual fund (SICAV). The Company used its available cash to fund its research and development expenditure and its general and administrative expenses.

The increase of 4,251 thousand euros in cash and cash equivalents is mainly due to 9,229 thousand euros in inflows from investors, a new 1,108 thousand euros series of redeemable bonds (ORA), and a 302 thousand euros advance payment received from ANVAR.

The 5,964 thousand euros operating cash outflows, including expenditures related to the development of the product portfolio, have been funded by these inflows.

The 1,982 thousand euros working capital changes comprised 2,814 thousand euros non-trade receivables (including 2,459 thousand euros research and development tax credit) and 1,782 thousand euros current liabilities (including 1,095 thousand euros of trade creditors and 570 thousand euros of taxes and social liabilities).

Investment policy

Cash flows from investing activities remained minor during the years ended 30 June 2003 and June 2004.

In 2003, the 234 thousand euros cash used in investing activities included mainly a 271 thousand euros additional advance to VIRalliance which has been offset by a 48 thousand euros settlement from a guarantee bond.

In 2004, the 877 thousand euros cash used in investing activities included mainly 172 thousand euros intellectual property expenditure and a 708 thousand euros advance to VIRalliance.

In 2005, the 424 thousand euros cash used in investing activities mainly comprised the financial advances to VIRalliance (423 thousand euros).

Financing to date

BioAlliance Pharma's research and development expenditure have been financed to date by funds from financial investors and individuals, and from grants and loans from government institutions.

(€ millions)	Fund-raising
30 June 1998	0.1
30 June 1999	1.1
30 June 2000	7.4
30 June 2001	0.2
30 June 2002	0.0
30 June 2003	2.7
30 June 2004	5.2
30 June 2005 (pro forma)	10.3
Total	27.0

Future financing strategy

As mentioned above in this present document, the Company plans to finance development costs up to commercialisation for some of its products, as it has done for miconazole Lauriad in Europe and to find partners for other products or other countries (Japan, United States). Depending on the stage of development of the product, the partner chosen could contribute to the development of clinical trials, in particular in their later stages, and thus limit development costs for BioAlliance Pharma. This strategy is particularly appropriate for certain products in the Company's new chemical entity program which require long and costly trials.

In the event that the Company is successful in entering into one or more partnership agreements, development costs for certain products in certain territories may be met in whole or part by the partner(s). In the absence of any such agreements, the Company would have to bear all the development costs.

BioAlliance Pharma plans to fund the clinical development and commercial costs for some of its products and expects to see its expenses increase in the near future.

The Company believes that the major sources of its income would comprise up-front and milestone payments, reimbursement of research and development expenditure, and royalties and direct sales from approved products.

BioAlliance Pharma may from time to time consider partnering in order to obtain MA necessary for a given product. BioAlliance Pharma may receive revenues as a result of such strategic alliances.

The decision on whether to enter into partnering arrangements will depend on the Company's assessment of the balance between giving up a share of future income against the risk of continuing to bear the ongoing costs of development and commercialisation of its products.

5.2.4 Contractual obligations

A portion of the Company's cash resources will be used to satisfy certain of its contractual obligations. In addition to normal operating expenses which may be variable in amount and timing, the Company has various contractual obligations where specific amounts are payable on set dates. These commitments are notably related to operating leases agreement for the Company's head office and its laboratories.

5.2.5 Transactions in foreign currencies and interest rate risks

The Company conducts its business mainly in France. However, the Company could contract with partners and, through its development and commercialisation programmes, set up activities outside the Euro currency area. In this case, the Company would be subject to currency movements taking into account volatility caused by changes in political and economic environments.

At the date of this Registration Document, the Company is not exposed to such fluctuations in exchange rates.

The Company's income and expenses are sometimes denominated in foreign currencies, and its operating results may be affected as the currency fluctuations affect pricing and operating costs. To date, the Company has no policy to hedge such risks. In the future, the Company will develop hedging policies to cover currency exchange risks as required.

The Company's liquid funds are maintained in interest bearing accounts and/or highly liquid managed money funds.

5.2.6. Off balance sheet items

At 30 June 2005, apart from the BSA, BCE, ORA and the financial support to VIRalliance, described above, BioAlliance Pharma was not involved in any operation or exposed to any agreement under which it would have:

- Any contractual obligation under any guarantee not recognised in the financial statements;
- Any participation or commitment in the business or assets of a non-consolidated entity which carries market or liquidity risks;
- Any obligation related to any financial instrument indexed on the Company's equity and which should be recognised as share capital or reflected in the financial statements; or
- Any possible commitment from any interest in a non-consolidated entity that would support liquidity or market risk; in which the Company would be engaged in hedging operations or would have concluded any rental agreement or research and development collaboration with partners on less than commercial terms.

5.2.7 Dividend distribution policy

Due to its net losses, BioAlliance Pharma has never made nor proposed any dividend payments.

The Company intends to focus its financial resources on increasing the value of the Company for the benefit of its shareholders. In the medium term any potentially distributable reserves will be retained by the Company in order to fund its activities.

Thereafter, subject to the availability of distributable reserves, the Company intends to pursue a dividend policy reflecting the Group's growth in earnings and cash inflow generated from operations. The Company does not anticipate declaring any dividends in the near future.

5.2.8 Information on transition to IFRS standards

5.2.8.1 IFRS transition

As the Company is not required to prepare any consolidated financial statements, it is not subject to the provisions of Article 4 of European Directive number 1606/2002 dated 19 July 2002 relating to harmonisation of financial statements to international standards.

The Company has however considered the impact of IFRS transition on its financial statements. The Company has included hereafter some additional information to describe the qualitative and quantitative impact of the IFRS on its financial statements, notably for the 12 month period

ended 30 June 2005 and, for comparative purposes, for the 12 month period ended 30 June 2004.

The IFRS pro forma financial information are the subject of a report prepared by the statutory auditor, Grant Thornton, and the contractual auditor, Ernst & Young, for the purposes of this transaction (see section 5.2.8.4. of this Registration Document).

5.2.8.2 IFRS pro forma financial information (unaudited)

(€ thousands)	30 June 2004 (unaudited)	30 June 2005 (unaudited)
Assets		
Non-current assets		
Intangible assets	154	139
Tangible assets	340	281
Financial Assets	118	72
Total non-current assets	612	492
Current assets		
Trade receivables	102	102
Others receivables and other current assets	2,143	2,901
Marketable securities	1,849	5,685
Cash & cash equivalents	1	421
Total current assets	4,094	9,108
Total assets	4,707	9,600
Liabilities		
Share capital	614	1,365
Premiums	10,917	19,394
Retained earnings	(8,824)	(14,454)
Net loss for year	(5,642)	(6,048)
Bonds redeemable in shares		6,330
Total equity	(2,935)	6,587
Provisions for contingencies	37	50
Loans and financial debt, long-term	5,631	
Others non-current liabilities	177	479
Total non-current liabilities	5,845	529
Current liabilities		
Loans and financial debt, short-term	299	703
Trade payables	992	1,094
Other current liabilities	505	687
Total current liabilities	1,797	2,484
Total Equity and Liabilities	4,707	9,600

Profit and loss account (€ thousands)	BioAlliance	
	Period ended 30 June 2004 (12 months) (unaudited)	Period ended 30 June 2005 (12 months) (unaudited)
Net sales	128	206
Other income	144	174
Cost of sales	(87)	(107)
Personnel costs	(2,182)	(2,450)
External charges	(2,619)	(3,494)
Taxes and duties	(76)	(63)
Depreciation and amortisation	(90)	(110)
Net increases in provisions	(196)	(360)
Other operating income and expenses	3	(40)
Operating loss	(4,975)	(6,244)
Net cost of the financial debt	(921)	(444)
Other financial income and expenses	—	3
Income from continuing operations before income taxes	(5,895)	(6,685)
Income taxes	253	638
Share of results of equity accounted companies	—	—
Net profit before results of discontinued activities / activities being sold	—	—
Net profit (after tax) of discontinued activities / activities being sold	—	—
Net profit (Loss)	(5,642)	(6,047)

5.2.8.3 Notes to the Pro forma IFRS financial information — 30 June 2005 (unaudited)

I. Accounting standards

a. Applicable accounting standards

Even though the conditions for application of regulation 1606/2002 adopted by the European Council on 19 July 2002 (publication of consolidated financial statements of listed companies on a regulated market in accordance with the International Financial Reporting Standards — IFRS — for all financial years commencing on or after 1 January 2005) do not apply to the Company, Bioalliance Pharma has elected to provide, on a voluntary basis, financial information in IFRS format. This is provided in the form of pro forma financial information for the year ended 30 June 2005 with comparatives for the year ended 30 June 2004.

The choice of standards applied reflects the Company's assumptions in respect of the IFRS accounting standards adopted by the European Union applicable as at 30 June 2005.

b. Date of transition for the purposes of pro forma financial information as at 30 June 2005

The Company has considered that for the sole purposes of the financial information that the pro forma date of transition is 1 July 2003. As the Company is not required to prepare consolidated financial statements under IFRS, this date is simply a working assumption.

As IFRS 1.36 A allows first-time adopters to choose the initial date of application of IAS 32 and IAS 39, BioAlliance Pharma decided to apply them as from the pro forma accounting period, commencing on 1 July 2004. No adjustment has thus been made to the financial statements as at 30 June 2004 in accordance with the provisions of IFRS 1 concerning first application of IFRS.

II. Accounting policies

NOTE 1 — INTANGIBLE ASSETS (IAS 38)

- **Research and Development costs**

Research and development costs are capitalised if the seven following criteria are satisfied:

— Probability that the expected future economic benefits that are attributable to the asset will flow the entity;

— Technical feasibility of completion of the intangible asset in order to be able to use it or sell it;

— Intention to complete the asset to use it or sell it;

— Ability to use or sell the intangible asset;

— Ability of the asset to generate future probable economic benefits;

— Current or future availability of resources required;

— Ability to measure reliably the expenditure attributable to the asset.

Bioalliance Pharma considers that these criteria are only satisfied when the company has obtained regulatory authorisation to sell its products. Consequently, no expenditure on applied research costs has been recognised as an intangible asset.

- **Patents**

IAS 38 envisages capitalisation of purchased patents when the following conditions are satisfied:

— It is probable that future economic benefits attributable to the asset will effectively flow to the entity;

— The cost of the asset can be measured reliably;

— The asset must be identifiable. An asset is identifiable, if it is either separable from the entity's activities (i.e. it is capable of being sold, transferred, licensed, rented or exchanged) or it results from contractual or other legal rights, even if these rights are not transferable or separable from the entity or from other rights and obligations;

— The asset must be controlled by the entity as a result of past events. An entity controls an asset if the entity has the power to obtain the future economic benefits flowing from the underlying resource and to restrict the access of others to those benefits.

The amortisation period for an intangible asset is based on its useful life for the entity which controls it and not on its probable total life or on any other arbitrary regulatory period. The amortizable amount is stated net of the intangible asset's residual value.

The amortisation period is the shorter of the period of legal or contractual protection and the asset's useful life.

The standard requires that account be taken of any possibility of renewal of utilisation rights as long as tangible proof exists that renewal can be effected without incurring material costs.

The amortisation period, the amortisation method and the residual value of an intangible asset are reviewed at least at each financial year-end. Similarly, each entity has to check at the end of each accounting period if an indicator of impairment loss exists. If such is the case, an impairment test must be performed in accordance with the guidelines set out in IAS 36.

— Purchased patents satisfy the criteria for recognition as intangible assets;

— Internally developed patents have not been restated. They have been treated as expenses of the period in accordance with the treatment of research costs.

- **Software**

Software licenses are amortised over a period of twelve months using the straight-line method. No restatement has been recognised in respect of software licences. The amortisation method applied is in line with their useful lives.

NOTE 2 — TANGIBLE ASSETS (IAS 16)

In accordance with IAS 16, tangible assets are recorded at their cost of acquisition less accumulated depreciation. Depreciation is calculated using the straight-line-method. After re-examination the useful life of fixed assets, the depreciation method used has not been restated.

The most common depreciation periods and methods were:

General equipment	5 years
Specialised equipment	5 years
Office and computer equipment	4 years
Fixtures and fittings	
Furniture	5 years

No tangible asset was impaired. No restatement was thus recorded in respect of tangible assets.

NOTE 3 — FINANCIAL ASSETS (IAS 32 AND IAS 39)

A financial asset is any asset that is:

— Cash;

— A equity instrument of another legal entity;

— A contractual right:

  - To receive cash or another financial asset from another entity, or
  - To exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

— A contract to buy or sell a non-financial item that will or may be settled in the entity's own equity instruments and is:

  - A non-derivative instrument for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments, or
  - A derivative instrument that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose, the entity's own equity instruments do not include instruments that are themselves constituent of the future receipt or delivery of the entity's own equity instruments.

Investment securities which are excluded from the scope of consolidation must be recorded at fair value. There are very few situations in which exclusion from the scope of consolidation is admissible. One of these is that consolidation of a subsidiary is not required when there is evidence that control is intended to be temporary. However, there must be evidence that the subsidiary was acquired with the intention to dispose of it within twelve months and that management is actively seeking a buyer. (IAS 27)

Financial assets measured at fair value with changes in such value being recognised through profit and loss include assets which are:

— Either obligatorily classified in this category because they meet with the definition of a held for trading financial asset;

— Or are voluntarily classified in this category at the date of initial recognition.

Loans and receivables are measured at fair value. If these loans and receivables contain favourable conditions for the counterpart entity and the effect of discounting is material, these loans and receivables are measured on the basis of cash flows discounted at a market rate.

Held to maturity assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that an entity has the positive intention and ability to hold to maturity. They are measured at amortised cost (effective interest rate method) with changes in such values being recognised through profit and loss.

Assets classified as available for sale are non-derivative financial assets designated as being available for sale and not classified in one of the other categories.

First time application of IAS 32 and IAS 39 is considered to be a change in accounting policy with the impact of the change at the date of application being recognised through shareholders' equity. This led the Company to make the following restatements:

NOTE 3.1 — FINANCIAL ASSETS

- **Investment securities**

Investment securities, comprising the Company's 100% interest in VIRalliance, have been measured at acquisition price, excluding fees related to such acquisition.

The provision for impairment of the VIRalliance shareholding in an amount of 228,487 euros was recognised to take account of the fair value of the investment, which has been determined on the basis of VIRalliance's shareholders' equity. As the provision for impairment was recognised in the Company's financial statements, no restatement has been made.

In view of the merger by absorption of all assets and liabilities (French legal method termed a *''Transmission Universelle de Patrimoine''*) of the Company's sole subsidiary, VIRalliance, on 30 September 2005, this entity has not been consolidated.

- **Other fixed asset receivables**

These assets include a loan granted to VIRalliance for an amount of 304 898 euros including interest charges of 73 394 euros. In the light of the net shareholders' equity of VIRalliance on 30 June 2005, this loan has been fully written down in accordance with French GAAP and has therefore not been restated for IFRS.

- **Other financial assets**

The other financial assets included a OBC Securité unit trust fund measured at its market value at the closing date.

The total impact of fair value restatement amounted +4 250 euros and consists of an impact of +3 707 euros on equity and an impact of +544 euros on results.

- **Security deposits**

The value of security deposits related to lease rentals have been discounted. The discount rate selected takes into account the termination date of the lease. An adjustment of –903 euros has been made, consisting of an impact of –2 294 euros on equity and an impact of +1 390 euros on results.

NOTE 3.2 — TRADE RECEIVABLES

Trade receivables have been measured at fair value:

— Trade receivables concerning VIRalliance of 857 769 euros have been fully provided against for their VAT exclusive amount of 761 391 euros. No IFRS restatement has been recorded;

— Other trade receivables have not been discounted because they are not outstanding for more than one year.

NOTE 3.3 — OTHER RECEIVABLES

- **Shareholders' current account**

The Company's shareholder current account with its subsidiary VIRalliance has been written off for its entire amount of 1 399 312 euros. The write off was made in the Company's annual financial statements. No restatement was thus required.

- **Research Tax Credits**

The total amount of research tax credits for the years 2000 to 2004 amounts to 2 346 355 euros.

The 12 months accounting period closed on 30 June 2005 contains a receivable for research tax credits which is not comparable to the balance at 30 June 2004.

The modification of the 2004 French Finance Bill (*Loi de Finances rectificative*) defines a new means of calculation of research tax credits based on 5% of all eligible expenditure. The Company has therefore recognised a receivable of 111 970 euros in respect of the first half of 2005. Consequently, the 12 months accounting period ended 30 June 2005 contains a receivable for research tax credits related to the calendar year 2004 and an accrual in respect of the first half of 2005.

As the modification of the 2004 French Finance Bill were only released on 30 December 2004, the year ended 30 June 2004 only contained a receivable for the research tax credit for the calendar year 2003.

Research tax credits are not considered as financial assets according to IAS 32 and IAS 39. They have thus not been discounted.

In accordance with IAS 12 paragraph 80 e (disclosure), research tax credits have been recognised in the income tax expenses account.

NOTE 3.4 — MARKETABLE SECURITIES

In accordance with IAS 32, marketable securities have been stated at their market value at the year end.

In case of disposal of part of a portfolio of securities of the same nature with the same rights, the value of securities disposed of has been estimated using the FIFO method (First in First out).

The impact of restatement to fair value is +11 452 euros and consists of an impact of +10 166 euros on equity and an impact of +1 266 euros on results.

NOTE 3.5 — CASH AND CASH EQUIVALENTS

The cash available on the bank accounts has been stated at fair value.

NOTE 4 — SHAREHOLDERS' EQUITY

A financial instrument is an equity instrument if, and only if, both of the following conditions are met:

— The instrument includes no contractual obligation:

- To deliver cash or another financial asset to another entity; or
- To exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the issuer.

— Where the instrument will or may be settled in the issuer's own equity instruments, it is:

  - Either a non-derivative that includes no contractual obligation for the issuer to deliver a variable number of its own equity instruments;
  - Or a derivative that will be settled only by the issuer exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

IFRS 2 addresses share-based payments and defines such transactions as being those in which:

— The entity receives goods or services as consideration for its own equity instruments;

— Or the entity acquires goods or services by incurring liabilities whose amount is based on the value of its own equity instruments;

— Or the entity acquires goods or services and the terms of the arrangement provide either the entity or the supplier of those goods or services with a choice of whether the entity settles the transaction in cash or by issuing equity instruments;

— Irrespective of whether these transactions are with employees, top executives or suppliers of goods and services;

— And whether the equity instruments used for payment are issued by the entity itself, the parent company, or another entity within the group.

For share-based payment transactions, the standard requires that the entity measure the goods or services received at fair value, with the double entry being an increase in shareholders' equity. An expense must be recognised in line with the consumption of the goods or services.

If the equity instruments granted vest immediately (no vesting period), the cost of services received is fully recognised in expenses at the date of grant with the double entry being an increase in shareholders' equity If the equity instruments granted do not vest immediately, the cost of services received is recognised in expenses over the period of acquisition of rights or over an estimated period.

NOTE 4.1 — LOANS AND FINANCIAL DEBT, LONG TERM

BioAlliance Pharma's bonds redeemable in shares comply with the two following requirements of paragraphs 16 a(i) and b(ii)) of IAS 32:

— No obligation to reimburse the bonds redeemable in shares in cash;

— Reimbursement on maturity of the bonds redeemable in shares on the basis of a fixed conversion rate;

The Bonds redeemable in shares, as equity instruments, were reclassified in shareholders' equity for 6 329 630 euros and do not need to be remeasured in the future.

NOTE 4.2 — STOCK SUBSCRIPTION WARRANTS NOT GRANTED TO EMPLOYEES

Warrants (BSA), whether related or not to a capital increase and not granted to employees, also comply with IAS 32 as the exercise price is either fixed or variable but depending on the issuer (decision to increase share capital).These instruments are recognised in shareholders' equity for an amount equal to their fair value at the date of their issuance (0.01 euro for BSA not related to a capital increase).

Information related to BSA is provided in the paragraph VI/Off-balance sheet commitments.

NOTE 4.3 — FOUNDERS WARRANTS (BCE) AND WARRANTS (BSA) GRANTED TO EMPLOYEES

BSA and BCE granted to employees should be subject to the provisions of IFRS 2. However, as they have been granted with the same conditions as those granted to investors, they are considered to be equity instruments in accordance with IAS 32.

Information related to BSA and BCE are provided in the paragraph VI/Off-balance sheet commitments.

NOTES 5 — FINANCIAL DEBTS

A financial liability, or debt instrument, is defined as opposed to and equity instrument.

The standard distinguishes two different types of financial liabilities:

— Financial liabilities assessed at fair value (liabilities held for trading);

— Other financial liabilities measured at amortised cost.

NOTES 5.1 — NON-CURRENT LIABILITIES

- **Employees benefits (IAS 19)**

The standard defines four categories of employees' benefits:

— Short term employee benefits

Short term employee benefits can be defined as benefits fully due to employees within 12 months following the end of the accounting period during which employees have rendered services in exchange for those benefits. The entity recognises the undiscounted amount of short-term employee benefits.

— Post-employment benefits

Post-employment benefits include benefits payable after cessation of employment and are classified as either defined contribution plans or defined benefit plans. For defined contribution plans, the Company shall recognise the undiscounted amount of the liability except if they are not completely due within 12 months following the end of the accounting period.

For defined benefit plans, the amount recognised must follow the standard's measurement methods.

— Other long term employee benefits

Long term benefits include benefits which are not fully due to employees within 12 months following the end of the accounting period during which employees have rendered services in exchange for those benefits.

The amount of these other long-term benefits must also comply with discounting rules in accordance with the standard.

— Termination benefits

Termination benefits are related to benefits granted to an employee due to the termination before the normal retirement date or due to an offer made in order to encourage voluntary redundancy in exchange of a financial compensation.

Where termination benefits fall due more than 12 months after the balance sheet date, they shall be discounted using the discount rate (reference is made to market yields at the balance sheet date on high quality corporate bonds).

- **Retirement commitments**

Retirement commitments are recognised in provisions for contingencies. In accordance with IAS 19, the actuarial valuation method used is the retrospective valuation method. This method involves determining the current value of defined benefits on the basis of the services rendered by the employee at the balance sheet date.

The actuarial assumptions used are:

Collective bargaining agreement	Chemical industry
Retirement age	65
Calculation date	30 June 2005
Mortality table	TD-TV 99-01
Discount rate	French Treasury Bond rate at 31/12/2004
Salary increase rate including inflation	4%
Turn over rate	By age category
Social charges	42.07%

(1) The turnover rate applied to employees between 0 and 49 years old is an average rate of the last three years, calculated in accordance with the ratio between the departures (resignations only) and the population. Beyond 49 years old, the turnover rate is zero.

On 30 June 2005, the turnover rate applied to employees between 0 and 45 years old was 6.66%. It was 3% for employees between 46 and 49 years old.

Unfunded accrued pension commitments amount to 44 707 euros. The impact on the shareholders' equity amounts to –18 828 euros. The impact on results amounts to –25 879.

- **Other non current liabilities**

Concerning government grants, the must be treated in accordance with IAS 20 and they are not discounted.

NOTE 5.2 — CURRENT LIABILITIES

- **Loans and financial debts, short term**

Debts contracted from credit institutions include the factoring of 2000 and 2001 research tax receivables on 27 May 2004 with the BDPME bank for an amount of 696 000 euros.

From an IAS 32 and 39 standpoint, the BDPME loan is considered to be a financial liability, measured at a fair value with changes in such fair value being recognised in profit or loss. The interest rate applied (around 8%) is above usual market rates but takes into account remuneration of the risk related to the new creation of the Company. As the BDPME loan was recorded at fair value in the Company's annual accounts, no restatement was made in the context of application of IFRS.

- **Trade payables**

Liabilities have been measured at fair value.

NOTE 6 — DEFERRED TAX

Although BioAlliance Pharma has accumulated tax losses in excess of 13.5 million euros, no deferred income tax asset has been recognised because the Company is not in a position to recover this tax in the short term.

NOTE 7 — EXCEPTIONAL INCOME

Exceptional income has been reclassified in accordance with its nature.

III. Major events

SHARE CAPITAL TRANSACTIONS

Four capital increases occurred during the accounting period:

- Shareholders' meeting on 19 July 2004:

36,653 share purchase warrants were exercised.

As the subscription price amounted 16.37 euros, the capital increase of 36,050 euros was accompanied by an issue premium of 562,357 euros.

- Management Board on 3 January 2005:

96,050 share purchase warrants were exercised.

As the subscription price amounted 24.55 euros, the capital increase of 96,050 euros was accompanied by an issue premium of 2,261,978 euros.

- Management Board on 15 June 2005:

592,792 Bonds were redeemed in shares, which generated a capital increase of 592,792 euros, accompanied by an issue premium of 5,628,552 euros.

25,900 share purchase warrants were exercised which generated a capital increase of 25,900 euros, accompanied by an issue premium of 23,308 euros.

BOND TRANSACTIONS

Three transactions occurred during the year:

- Shareholders' meeting on 19 July 2004:

Issuance of 61,800 bonds redeemable in shares amounting 1,001,011 euros and for which no interest is paid. These bonds redeemable in shares were issued at 16.37 euros and redeemable at the end of the loan on 13 July 2006.

- Shareholders' meeting on 18 May 2005:

Issuance of 632,963 bonds redeemable in shares amounting 6,329,630 euros and for which no interest is paid. These bonds redeemable in shares were issued at 10 euros each and are redeemable at the end of the loan period *i.e.*, on 31 December 2005.

- Executive Board on 15 June 2005:

592,792 bonds were redeemed in shares (see ''Transactions on share capital'').

YOUNG INNOVATING COMPANY STATUS

In 2004, the Company changed its balance sheet date to take advantage of young innovating company status. This status enabled the Company to reduce its social charges by 463,464 euros to 31 December 2004. As BioAlliance Pharma has existed for more than seven years as of 1 January 2005, (period for application of young innovating company status) it did not benefit from any social charges reduction for 2005.

RESEARCH TAX CREDIT

Due to its activity, the Company has benefited from a Research tax credit since 1998. This Research tax credit is repayable at the end of a three years period after its constitution. For 1998 and 1999, reimbursement occurred in accordance with the deadlines.

Due to a reorganisation within governmental tax services, the channel for granting these credits was modified. Also, the Company underwent a tax audit, carried out by the Director of the Tax services for accounting periods from 1998 to 2001 prior to accepting to reimburse the tax credit.

IV. SUBSEQUENT EVENTS

MERGER BY ABSORPTION OF ALL ASSETS AND LIABILITIES (French legal method termed a *''Transmission Universelle de Patrimoine''*) **OF VIRALLIANCE**

On 27 September 2005, the chairman of Viralliance ratified the *transmission universelle de patrimoine* of VIRalliance to BioAlliance Pharma as of 30 September 2005.

This transaction will have a minor impact on the shareholders' equity of the Company. The loss recognised on the *transmission universelle de patrimoine* of VIRalliance's is offset by the reversal of reserves which had been previously recorded by BioAlliance Pharma on the shares, shareholders' current account and trade receivables on VIRalliance.

V. KEY FINANCIAL DATA

Assets

- Intangible Assets

	30/06/2004	Increase	Decrease	Restatement	30/06/2005
Intangible assets	154,081	(15,368)			138,714
Gross Value	265,560	11,565			277,125
Amortisation	(111,479)	(26,933)			(138,412)

- Tangible Assets

	30/06/2004	Increase	Decrease	Restatement	30/06/2005
Tangible assets	339,893	(52,440)	(6,788)		280,666
Gross Value	585,628	31,056	(6,788)		609,896
Depreciation	(245,735)	(83,496)			(329,230)

- Financial Assets

	30/06/2004	Increase	Decrease	Restatement	30/06/2005
Financial assets	118,344	4,172	(51,689)		72,240
Gross Value	710,484	20,225	(51,689)		679,020
Provisions	(592,140)	(14,640)			(606,780)

- Trade and other receivables

	30/06/2005	< 1 year	> 1 year	30/06/2004
Trade receivables	863,025	863,025		531,100
Bad debt provision	(761,391)			(428,629)
Debtors	101,635			102,471
Personnel	4,171	4,171		12,821
Income taxes	2,352,231	872,971	1,479,260	1,825,203
Other tax receivables	400,071	400,071		244,040
Shareholder current account	1,399,312	1,399,312		976,312
Other receivables	57,606	57,606		9,669
Pre-paid expenses	86,747	86,747		50,916
Provision on shareholder current account	(1,399,312)			(976,312)
	2,900,826			2,142,649

- Marketable securities

	Net value as of 30 June 2005	Market value as of 30 June 2005
OBC marketable securities	5,621,671	5,627,638
BRED marketable securities	51,689	57,174
Total	5,673,360	5,684,812

Liabilities

- Shareholders' equity

	30/06/2004	Allocation of results	Increase	Decrease	30/06/2005
Share capital	614,386		751,395		1,365,781
Issue premiums	10,718,926		8,477,194		19,196,120
Contribution premiums	194,738				194,738
Stock subscription warrants	2,947				2,947
Retained earnings	(8,823,589)	(5,642,334)	11,579		(14,454,344)
Loss for year	(5,642,334)	5,642,334	(6,047,995)		(6,047,995)
Bonds redeemable in shares			6,329,630		6,329,630
Total shareholders' equity	(2,934,926)	0	9,521,803		6,586,877

- Loans and financial debt

	30/06/2005	Less than 1 year	From 1 year to 5 years	More than 5 years	30/06/2004
Bonds					5,221,333
BDPME loan and accrued interest	700,555	700,505			700,408
Commissions payable	2,719	2,719			
Overdraft					8,742
Total	703,274	703,274			5,930,483

- Current and non current provisions

	30/06/2004	Increases	Reversals	30/06/2005
Current				
Minimum Income Tax Charge	17,825	1,125	14,075	4,875
Non current				
Retirement obligations	18,828	25,879		44,707

- Trade payables and other current liabilities

	30 June 2005	30 June 2004
Trade payables	1,094,329	992,336
Social debts	412,572	405,867
Tax debts	156,956	99,362
Liabilities on fixed assets	1,124	
Other debts	88,703	
Deferred revenue	27,508	
Total	1,781,192	1,497,565

VI. Off balance sheet commitments

Type	Date of issuance	BSA or BCE authorised	BSA or BCE granted	Beneficiaries	BSA or BCE exercised	BSA or BCE in circulation	Shares to issue	Price to subscribe for a share	Final exercise date
BSA	14 April 2003, Resolution n° 48	6,600	6,600	Members of the Scientific Board	900	5,700	5,700	9.82	04/13/2008
BCE	14 April 2003, Resolution n° 49	38,400	38,400	Directors /employees	0	33,300[(1)]	33,300	9.82	04/13/2008
BCE	14 April 2003, Resolution n° 50	75,360	75,360	Founders	0	75,360	75,360	9.82	04/13/2008
BCE	14 April 2003, Resolution n° 51	30,144	30,144	Directors	0	30,144	30,144	9.82	04/13/2008
BCE & BSA..	14 April 2003, Resolution n° 52	75,359	73,859[(2)]	Employees	0	59,659[(3)]	59,659	9.82	04/13/2008
BSA	17 March 2004, Resolution n° 3	15,000	15,000	Directors	1,000	14,000	14,000	15.37	03/16/2009
BCE	19 July 2004, Resolution n° 5	5,420	5,420	Founders	0	5,420	5,420	16.37	07/18/2009
BCE & BSA..	19 July 2004, Resolution n° 6	5,420	0[(4)]	Employees	0	0	0	16.37	07/18/2009
BCE	19 July 2004, Resolution n° 7	114,157	114,157	Senior executives	0	107,239[(5)]	107,239	16.37	07/18/2009

(1) After deduction of 5,100 BCE cancelled due to termination.

(2) After deduction of 1,500 BCE not granted and cancelled on 22 September 2005.

(3) After deduction of 14,200 BCE cancelled due to termination of employees.

(4) Not granted, cancelled.

(5) After deduction of 6,918 BCE, cancelled due to termination.

5.3. PRESENTATION OF FINANCIAL STATEMENTS

5.3.1. Presentation of financial statements

The financial statements of the Company which follow must be read with the whole of this present document, in particular the audited financial statements of BioAlliance Pharma for the periods ended 30 June 2003 and 2004, and the unaudited financial statements as of (30 June 2005 (6 months) and 30 June 2005 (12 months pro forma).

In this document, all the notes to the financial statements are based on a different structure than the attached audited financial statements as:

— All the accounting principles and basis of accounting are presented only once as these are common to all the periods described above (except for specific principles relating to pro forma financial statements);

— The notes to the financial statements as at 30 June 2003 and 2004, 31 December 2004 (6 months); and for 30 June 2005 (6 months) and 30 June 2005 pro forma (12 months) include without major change, information that still figure on one hand in the notes to the financial statements built up for the periods ended 30 June 2003 and 2004, and for the 6 months period ended 31 December 2004, and on the other hand, in the notes to the financial statements for the half year ended 30 June 2005 and the notes to the pro-forma financial statements for the 12 months ended 30 June 2005.

5.3.2. Financial statements

Balance sheet

Balance sheet (€ thousands)	Financial year ended 30 June 2003	Financial year ended 30 June 2004	Period of 12 months ended 30 June 2005 (pro forma) (unaudited)
Assets			
Fixed assets			
Intangible assets	164	154	138
Tangible assets	266	340	281
Long-term investments	343	118	69
Total fixed assets	773	612	488
Current assets			
Stocks	—	—	—
Accounts receivable	2,076	2,194	2,916
Investment securities	1,032	1,848	5,673
Cash assets	15	1	421
Prepaid expenses	113	51	87
Total current assets	3,236	4,094	9,097
Total assets	4,009	4,706	9,585
Equity and liabilities			
Owners' equity	113	(2,917)	287
Other reserves	257	177	479
Provision for contingencies	6	18	5
Other liabilities	3,633	7,428	8,814
Total equity and liabilities	4,009	4,706	9,585

Profit and loss account

Profit and loss account (€ thousands) Source: Financial statements	Financial year ended 30 June 2003	Financial year ended 30 June 2004	Period of 12 months ended 30 June 2005 (pro forma) (unaudited)
Net sales	135	128	206
Other income	57	151	187
Total income	192	279	393
Operating expenses	(1,797)	(2,713)	(3,614)
Salaries and payroll expenses	(1,756)	(2,181)	(2,450)
Depreciation and amortization	(339)	(272)	(444)
Taxes and duties	(53)	(76)	(63)
Others expenses	(12)	2	(8)
Total expenses	(3,957)	(5,240)	(6,580)
Operating loss	(3,764)	(4,961)	(6,187)
Financial loss	(542)	(921)	(444)
Loss before taxation	(4,306)	(5,881)	(6,631)
Extraordinary items	(15)	(12)	(32)
Income tax expenses	662	253	638
Net income	(3,659)	(5,640)	(6,025)
Number of shares on 30 June	454,907	614,386	1,365,781
Net income per share*	(8.04)	(9.18)	(4.41)

* Due to the losses for the periods ended 2003, 2004 and 2005 the dilution effect was not disclosed.

Balance sheet

Balance sheet (€ thousands) Source: Financial statements	30 June 2004	31 December 2004
Assets		
Fixed assets		
Property, plant and equipment	154	145
Intangible assets	340	316
Long-term investments	118	991
Total fixed assets	612	1,452
Current assets		
Stock	—	—
Accounts receivables	2,194	1,872
Investment securities	1,848	2,821
Cash assets	1	143
Prepaid expenses	51	69
Total current assets	4,094	4,905
Total assets	4,706	6,357
Equity and liabilities		
Owners' equity	(2,917)	(2,783)
Other reserves	177	479
Provision for contingencies	18	3
Liabilities	7,428	8,658
Total equity and liabilities	4,706	6,357

Profit and loss account

Profit and loss account (€ thousands) Source: Financial statements	Financial period ended 30 June 2004 (12 months)	Financial period ended 31 December 2004 (6 months)
Net sales	128	61
Other income	151	83
Total income	279	144
Operating expenses	(2,713)	(1,821)
Salaries and payroll expenses	(2,181)	(1,136)
Taxes and duties	(76)	(28)
Depreciation and amortization	(272)	(166)
Other expenses	3	(4)
Total expenses	(5,239)	(3,155)
Operating loss	(4,961)	(3,011)
Financial cost	(920)	(317)
Loss before taxation	(5,881)	(3,328)
Extraordinary items	(12)	(23)
Income tax expenses	253	526
Net income	(5,640)	(2,825)

Changes in owners' equity

Changes in owners' equity (€ thousands)	Shares		Share premium	Retained earnings	Total of owners' equity
	Number	Nominal value			
on 30 June 2002	394,230	394	8,465	(5,148)	3,711
Exercice of BSA	60,677	61			61
Net loss				(3,659)	(3,659)
On 30 June 2003	454,907	455	8,465	(8,807)	113
Exercice of BSA	159,479	159	2,451		2,611
Net loss				(5,640)	(5,640)
On 30 June 2004	614,386	614	10,916	(14,447)	(2,917)
Exercice of BSA	132,703	133	2,825		2,958
Net loss				(2,825)	(2,825)
On 31 December 2004	747,089	747	13,742	(17,272)	(2,784)
Exercice of BSA	25,900	26	23		49
Bond discount (ORA)	592,792	593	5,629		6,222
Net loss				(3,200)	(3,200)
On 30 June 2005	1,365,781	1,366	19,394	(20,472)	287

5.3.3. Financial statement reports

The reports on the financial statements prepared by the statutory auditor and the contractual auditor related to the financial information presented in section 5.3.2 of the present document are as follows:

5.3.3.1. Statutory auditor report

(a) Period ended 30 June 2003

(i) Audit Report for the financial year ended 30 June 2003

Ladies and Gentlemen,

In our capacity as statutory auditors appointed by the annual general meeting of the Company, we present below our report related to the period ended 30 June 2003 on:

- Our audit of the financial statements of BioAlliance Pharma as attached to this report, and
- The specific verifications and information prescribed by law.

The financial statements are the responsibility of the Company's management board. Our responsibility is to express, based on our audit, an opinion on these financial statements.

1. Opinion on the financial statements

We conducted our audit in accordance with French professional accounting standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation.

We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 30 June 2003 and the results of its operations for the twelve months period then ended, in accordance with French accounting principles.

2. Specific verifications

We have also carried out the specific procedures prescribed by French Law, in accordance with French professional standards. We have nothing noting to report with respect to the fairness of information contained in the report of the management board and its consistency with the financial statements and other information presented to shareholders concerning the Company's financial position.

We draw your attention to the fact that Net Equity represents less than 50% of the Company's share capital.

Paris, 28 October 2003.

The Statutory Auditors
Amyot Exco Grant Thornton
Membre français de Grant Thornton International

Thierry Dartus
Statutory Auditor — Partner

(ii) Statutory auditor's special report on related party transactions, for period ended 30 June 2003

Ladies and Gentlemen,

As the statutory auditors of your Company, we hereby report on the regulated agreements governing related party transactions.

Our responsibility is not to search for the existence of any other agreements but to give you the description, on the basis of the information we were given, of the main terms and conditions of the ones of which we were informed, without us having to give an opinion as to their usefulness and validity.

In accordance with the terms of Article 117 of the Decree of 23 March 1967, it is your responsibility to assess the interest attached to the conclusion of these agreements in order to approve them.

1 Agreements concluded during the year

We were not informed of any agreement concluded during the period ended 30 June 2003, referred by the Article L.225-86 of the Commercial Code.

2 Agreement approved during the previous years and executed during the period ended 30 June 2003

In accordance with the terms of the Decree of 23 March 1967, we were informed that the execution of the following agreements, cleared during previous periods, have been executed during the last period.

2.1 VIRalliance current account

Your Company has made funds available to VIRalliance for an amount of 304,898 euros. This advance carries the right to interest at a rate of 4.80% per annum.

For the last period, interest received by the Company amounted to 14,460 euros.

2.2 Retrocession of revenues to VIRalliance

In accordance with the terms of Phenoscript business agreement, VIRalliance repay to the Company 30% of the revenues received in respect of the licence and 50% of the royalties payable by the American trading partner. This agreement includes all BioAlliance Pharma research and development costs.

For the period ended 30 June 2003, the revenue recognised for the royalties amounted to 35,291 euros.

We conducted our audit in accordance with French professional accounting standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Paris, 28 October 2003.

The Statutory Auditors
Amyot Exco Grant Thornton
Membre français de Grant Thornton International

Thierry Dartus
Statutory Auditor — Partner

(b) Period ended on 30 June 2004

(i) Report of the statutory auditor on the financial statements, for the period ended 30 June 2004.

Ladies and Gentlemen,

In our capacity as statutory auditors appointed by the annual general meeting of the Company, we present below our report for the period ended 30 June 2004 on:

- Our audit of the annual accounts of BioAlliance Pharma as attached to this report,
- The justification of our appreciations,
- The specific verifications and information prescribed by law.

The annual financial statements are the responsibility of the Company's management board. Our responsibility is to express an opinion on these financial statements based on our audit.

1 Opinion on the financial statements

We conducted our audit in accordance with French professional accounting standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation.

We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 30 June 2004 and the results of its operations for the period then ended, in accordance with French accounting principles.

2 Justification of the opinion

In accordance with the terms of Article L.225-235 of the Commercial Code, initiated the 1 August 2003 by the ''Loi de sécurité financière'' which was applied for the first time the period ended 30 June 2004, we inform you that:

The note on long-term investments presents the accounting treatment for equity interest depreciation of investment securities and related advances.

While assessing the accounting principles used, we review the effectiveness of the accounting treatment as mentioned below, and the nature of the information presented in the notes to the financial statements.

These assessments, in accordance with French professional accounting standards, justify our unqualified opinion on the financial statements as mentioned in the first part of this report.

3 Specific verifications

We have also carried out the specific procedures prescribed by French Law, in accordance with French professional standards. We have nothing to report with respect to the fairness of information contained in the report of the management board and its consistency with the financial statements and other information presented to shareholders concerning the Company's financial position.

Paris, 29 October 2004.

The Statutory Auditors
Amyot Exco Grant Thornton
Membre français de Grant Thornton International

Thierry Dartus
Statutory Auditor — Partner

(ii) Statutory auditor's special report on related party transactions, for the period ended 30 June 2004

Ladies and Gentlemen,

As the statutory auditor of your Company, we hereby report on the regulated agreements governing related party transactions.

Our responsibility is not to search for the existence of any other agreements but to give you the description, on the basis of the information we were given, of the main terms and conditions of the ones of which we were informed, without us having to give an opinion as to their usefulness and validity.

In accordance with the terms of Article 117 of the Decree of 23 March 1967, it is your responsibility to assess the interest attached to the conclusion of these agreements in order to approve them.

1 Agreement concluded during the year

We were not informed of any agreement concluded during the period ended 30 June 2004, referred to by Article L.225-86 of the Commercial Code.

2 Previous agreements executed during the period ended 30 June 2004

In accordance with the terms of the Decree of 23 March 1967, we were informed that the execution of the following agreements, cleared during previous periods, have been executed during the last period.

2.1 VIRalliance current account

Your Company has made funds available to VIRalliance for an amount of 304,898 euros. This advance carries the right to interest at a rate of 4.80% per annum.

For the last period, interests received by the Company amounted to 14,460 euros.

2.2 Retrocession of revenues to VIRalliance

In accordance with the terms of Phenoscript business agreement, VIRalliance repay to your Company 30% of the revenues received in respect of the licence to the US partner and 50% of the royalties payable by the American trading partner. This agreement includes all BioAlliance Pharma research and development costs.

For the last period ended, the revenue recognised for the royalties amounted to 67,035 euros.

We conducted our audit in accordance with French professional accounting standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Paris, 29 October 2004

The Statutory Auditors
Amyot Exco Grant Thornton
Membre français de Grant Thornton International

Thierry Dartus
Statutory Auditor — Partner

(c) Period ended on 31 December 2004

(i) Report of the statutory auditor on the financial statements, for the period ended 31 December 2004.

Ladies and Gentlemen,

In our capacity as statutory auditors appointed by the annual general meeting of the Company, we present below our report for the period ended 31 December 2004 on:

- Our audit of the annual accounts of BioAlliance Pharma as attached to this report,
- The justification of our appreciations,
- The specific verifications and information prescribed by law.

The annual financial statements are the responsibility of the Company's management board. Our responsibility is to express an opinion on these financial statements based on our audit.

1 Opinion on the financial statements

We conducted our audit in accordance with French professional accounting standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation.

We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2004 and the results of its operations for the period then ended, in accordance with French accounting principles.

2 Justification of the opinion

In accordance with the terms of Article L.225-235 of the Commercial Code, initiated the 1 August 2003 by the ''Loi de sécurité financière'' which was applied for the first time, we inform you that:

The note on long-term investments presents the accounting treatment for depreciation of investment securities and related advances.

While assessing the accounting principles used, we review the effectiveness of the accounting treatment as mentioned below, and the nature of the information presented in the notes to the financial statements.

These assessments, in accordance with French professional accounting standards, justify our unqualified opinion on the financial statements as mentioned in the first part of this report.

3 Specific verifications

We have also carried out the specific procedures prescribed by French Law, in accordance with French professional standards. We have nothing to report with respect to the fairness of information contained in the management board's report and its consistency with the financial statements and other information presented to shareholders concerning the Company's financial position.

Paris, 25 March 2005

The Statutory Auditors
Amyot Exco Grant Thornton
Membre français de Grant Thornton International

Thierry Dartus
Statutory Auditor — Partner

(ii) Statutory auditor's special report on related party transactions, for the period ended 31 December 2004

Ladies and Gentlemen,

As the statutory auditor of your Company, we hereby report on the regulated agreements governing related party transactions.

Our responsibility is not to search for the existence of any other agreements but to give you the description, on the basis of the information we were given, of the main terms and conditions of the ones of which we were informed, without us having to give an opinion as to their usefulness and validity.

In accordance with the terms of Article 117 of the Decree of 23 March 1967, it is your responsibility to assess the interest attached to the conclusion of these agreements in order to approve them.

1 Agreement concluded during the year

We were not informed of any agreement concluded during the period ended 31 December 2005, referred to by Article L.225-86 of the Commercial Code.

2 Previous agreements executed during the period ended 30 June 2004

In accordance with the terms of the Decree of 23 March 1967, we were informed that the execution of the following agreements, cleared during previous periods, have been executed during the last period.

2.1 VIRalliance current account

Your Company has made funds available to VIRalliance for an amount of 304,898 euros. This advance carries the right to interest at a rate of 4.80% per annum.

For the last period, interest received by the Company amounted 7,320 euros. The total of the interest receivables as at 31 December 2005 amounted to 66,074 euros.

2.2 Retrocession of revenues to VIRalliance

In accordance with the terms of Phenoscript business agreement, VIRalliance repay to your Company 30% of the revenues received in respect of the licence to the US partner and 50% of the royalties payables by the American trading partner. This agreement includes all BioAlliance Pharma's research and development costs.

For the last period ended, the revenue recognised for the royalties amounted to 39,093 euros.

We conducted our audit in accordance with French professional accounting standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Paris, 25 March 2005

The Statutory Auditors
Amyot Exco Grant Thornton
Membre français de Grant Thornton International

Thierry Dartus
Statutory Auditor — Partner

5.4. NOTES TO THE FINANCIAL STATEMENTS

5.4.1. Nature of business activities

BioAlliance Pharma is a late-stage biopharmaceutical company focused on drug resistance through the development and commercialisation of innovative therapeutics that target cancer, HIV, severe infections and supportive care.

5.4.2. Operations in foreign currencies

The financial statements of the Company are denominated in Euros.

The Company's expenses and revenues are sometimes denominated in local currencies, and its operating profit and loss may be affected adversely as currency fluctuations affect pricing and operating costs. The Company may engage from time to time financial instruments in order to reduce its exposure on fluctuations in foreign currency rates.

It does not engage in hedging for speculative investment reasons. The Company cannot give any assurances that its hedging operations will eliminate or substantially reduce its exposure to the risks of fluctuating currencies.

5.4.3. Accounting principles and methods

The financial statements for the periods ended 30 June 2003, 30 June 2004 and 31 December 2004 and pro forma financial statements for the period ended 30 June 2005 have been prepared in accordance with the Commercial Code and under generally accepted accounting principles of the French Plan Comptable Général.

The financial statements are prepared under the historical cost convention.

The methods of evaluation adopted for these financial statements were not modified compared to the precedent financial statements.

5.4.3.1 Highlights

A general meeting held at 17 November 2004 amended the date of opening and closing of the financial periods, respectively to 1 January and 31 December.

The period, opening 1 July 2004 and ending 31 December 2004, has an exceptional length of 6 months compared to 12 months for the previous period. In order to provide comparable financial information, the Company prepared pro forma financial statements for the period from 1 July 2004 to 30 June 2005, including the period from 1 July 2004 to 31 December 2004 and the period from 1 January 2005 to 30 June 2005.

Although the date of 30 June 2005 does not correspond to the ending of the financial period of BioAlliance Pharma, the statutory auditor and contractual auditor have completed a limited review in accordance with the French professional standards. The Company aggregated the 30 June 2005 period ended (6 months) with the most recent audited financials statements as at 31 December 2004 (6 months), disclosed in the section 5.3.3 of this present document, in order to present 12 month pro forma financial statements comparable to the 30 June 2004 audited financial statements.

BioAlliance Pharma had opted for tax consolidation status with its former subsidiary VIRalliance, starting from 29 June 2001 but the Company ceased, this tax treatment for the year ended 31 December 2004.

During the periods ended 30 June 2003, 30 June 2004 and 31 December 2004, the Company had used the tax and social benefits related to its *''Jeune Entreprise Innovante''* status (JEI), obtained by the Company for periods up to 31 December 2004.

The change in the financial year end in 2004 from 30 June to 31 December was partly motivated by the Company wanting to benefit from its JEI status for the whole of the 2004 calendar year. Since 1 January 2005 the Company has not benefited from JEI status.

5.4.3.2. Intangible assets

Research and development costs are expensed directly to the profit and loss account. Patents and other intangible assets have been valued at their cost of acquisition, excluding acquisition costs.

Capitalised patents are depreciated over a period of 10 or 20 years using the straight line method. Software is depreciated over a period of 12 months in accordance with straight line method.

5.4.3.3. Tangibles assets

Gross tangible assets are stated at cost, excluding acquisition costs.

Depreciation of tangibles assets is calculated on a straight line basis as follows:

Material and Equipment	5 years
Specific Equipment	5 years
Office materials and computer equipment	4 years
Leasehold improvements	10 years
Furniture	5 years

5.4.3.4. Investment securities and other non-current financial assets

Investment securities, which represents the 100% interest in VIRalliance, and the other non-current financial assets have been valued at their acquisition cost, excluding the expenses incurred for their acquisition.

A 228,487 euros impairment provision for VIRalliance has been recognised, having regard to that company's net assets.

5.4.3.5. Other non currents assets (Non-performing assets)

Non performing assets have been valued at their nominal value.

These financial assets represent principally the 304,898 euros inter-company loan payable by its former subsidiary VIRalliance at 30 June 2003 with 73,394 euros interest due at 30 June 2005.

Due to VIRalliance's capital deficiency as at 30 June 2005, the refundable loan and accrued interest have been fully written down.

5.4.3.6. Trade receivables

All trade receivables and debts have been valued at their nominal value.

Trade receivables in respect of VIRalliance have been depreciated as follows:

	Euros
30 June 2003	246,402
30 June 2004	428,629
31 December 2004	539,466
30 June 2005	761,391

Amounts due from VIRalliance has been fully written down as follows:

	Euros
30 June 2003	171,312
30 June 2004	976,312
31 December 2004	1,279,312
30 June 2005	1,399,312

In accordance with the requirements of the Article L. 225-43 of the Commercial Code, no loans or advances have been made to the Directors of the Company.

5.4.3.7. Marketable securities

Marketable securities are mainly represented by investments in mutual funds (SICAV).

Marketable securities are stated at cost, excluding acquisition costs.

In case of disposal of such marketable securities, the FIFO (First In First Out) valuation method is used.

As at 30 June 2003, these investments comprise 312 SICAV OBC Sécurité purchased for 1,032,012 euros and valued at 30 June 2004 at 1,034,402 euros.

As at 30 June 2004, these investments comprise 552 SICAV OBC Sécurité purchased for 1,848,547 euros and valued at 30 June 2004 at 1,854,273 euros.

As at 31 December 2004, these investments comprises 835 SICAV OBC Sécurité purchased for 2,820,968 euros and valued at 31 December 2004 at 2,823,920 euros.

As at 30 June 2005, these investments comprise 1,653 SICAV OBC Sécurité and 17.54 FCP BRED purchased for 5,673,360 euros and valued at 30 June 2005 at 5,684,812 euros.

5.4.3.8. Cash and cash equivalents

All liquid assets have been valued at their nominal value.

5.4.3.9. History of the share capital

This history does not take account of the 4 for 1 share split.

As at 1 July 2002, the share capital consisted of 394,230 shares. BSA bonds were issued to the members of the scientific council, and BCE bonds to the employees in an aggregate number of 3,440, giving rights to subscribe for 15 new shares per bond.

At 14 April 2003, an extraordinary shareholders' meeting of the Company approved:

- The issuance of 60,677 BSA giving the right to subscribe for 60,667 new shares fixed at nominal value 1 euro each;
- The issuance of 159,479 BSA to investors subscribing to the convertible loan (ORA) (called BSA n°1) and giving the right to subscribe for new shares fixed at a price of 16.37 euros each;
- The issuance of 79,756 BSA to investors subscribing to the convertible loan (ORA) (called BSA n°2) and giving the right to subscribe for new shares fixed at a price of 24.55 euros each;
- The issuance of 24,000 BSA to accredited investors (called BSA n°4) giving the right to subscribe for new shares fixed at nominal value 1.00 euro each;
- The cancellation of 3,440 BSA and BCE issued to the members of scientific council and employees;

- The issuance of 6,600 BSA to the members of the scientific council in lieu of the cancelled bonds;
- The issuance of 38,400 BCE to the employees in lieu of the cancelled bonds;
- The issuance of 180,863 BSA and BCE to the founders, directors and employees of its former subsidiary VIRalliance.

The extraordinary shareholders' meeting held at 14 April 2003 authorised the issuance of 531,704 of convertible bonds (''ORA'') fixed at a conversion price of 9.82 euros each.

As at 30 June 2003, the share capital consisted of 454,907 shares after the exercise of the 60,677 BSA issued the 14 April 2003; there were also 263,235 BSA allotted to investors and 225,863 BSA and BCE allotted to the consultants of the Company, the founders and the directors and employees of the Company and its former subsidiary.

As at 1 July 2003, the share capital consisted of 454,907 shares, and at this date, 263,235 BSA were allotted to investors and 225,863 BSA and BCE allotted to the consultants of the Company, the founders, the directors and the employees of the Company and its former subsidiary.

As at 2 March 2004, the share capital increased by 159,479 new shares after the exercise of BSA n°1, and amounted to 614,386 shares.

The general shareholders' meeting of the Company held the 17 March 2004 authorised the issuance of 15,000 BSA to the independent members of the supervisory board.

As at 30 June 2004, the share capital consisted of 614,386 shares, and at this date, 103,756 BSA were allotted to investors and 240,863 BSA and BCE allotted to the consultants of the Company, the founders, the directors and the employees of the Company and its former subsidiary.

The General shareholders' meeting held on 19 July 2004 authorised:

- The issuance of 36,653 BSA to investors subscribing to the convertible loan (ORA) (called BSA n°1) and giving the right to subscribe to new shares fixed at a price of 16.37 euros each;
- The issuance of 16,924 BSA to investors subscribing to the convertible loan (ORA) (called BSA n°2) and giving the right to subscribe to new shares fixed at a price of 24.55 euros each;
- The issuance of 5,420 BCE to promoters giving the rights to subscribe to new shares fixed at a price of 16.37 euros each;
- The issue of 5,420 BCE to employees giving the rights to subscribe to new shares fixed at a price of 16.37 euros each;
- The issue of 114,157 BCE to the founders of the Company and to the employees giving the rights to subscribe to new shares fixed at a price of 16.37 euros each;

At 19 July 2004, the general shareholders' meeting of the Company authorised the issuance of 61,088 convertible bonds (ORA) fixed at a price of 16.37 euros per bond.

At 26 July 2004, the share capital increased by 36,653 new shares after the exercise of BSA n°1 issued the 19 July 2004, and amounted to 651,039 shares.

At 31 December 2004, the share capital increased by 96,050 new shares after the exercise of BSA n°2 issued the 14 April 2003 and the 19 July 2004, and amounted to 747,089 shares.

At 1 January 2005, the share capital consisted of 747,089 shares, and at this date, 24,000 BSA were allotted to investors and 365,860 BSA and BCE allotted to the consultants of the Company, the founders, the directors and the employees of the Company and its former subsidiary.

At 18 May 2005, the extraordinary shareholders' meeting of the Company authorised the issuance of redeemable bonds (''ORA'') for a minimum amount of 5,000 thousand euros and a maximum amount of 6,500 thousand euros.

At 1 June 2005, the supervisory board noted the subscription of convertible bonds (ORA) for 6,329,630 euros.

At 15 June 2005, the share capital increased by 618,692 new shares and consisted of 1,365,781 shares due to:

- The refund of the 531,704 redeemable bonds (ORA) issued the 14 April 2003 and the 61,088 convertible bonds (ORA) issued the 19 July 2004;
- The exercise of the 24,000 BSA n°4 issued the 14 April 2003;
- The exercise of 1,900 BSA among all the BSA and BCE issued to the consultants of the Company, the founders, the directors and the employees of the Company and its former subsidiary.

At 30 June 2005, 27,718 BCE had to be cancelled as these BCE have been issued to employees who left the Company and 5,420 BSA and BCE issued to consultants of the Company and the employees of the Company had not been allotted.

As at 30 June 2005, the share capital consisted of 1,365,781 shares, and at this date, 330,882 BSA and BCE were allotted to the consultants of the Company, the founders, the directors and the employees of the Company and its former subsidiary.

In addition, the Company issued anti-diluted BSA to investors still existing at the date of this present document but these BSA will lapse immediately prior the listing of the Company:

- 592,792 BSA (called April 2003 and July 2004 BSA) with a subscription prices fixed at less than 9.82 euros per share;
- 196,132 BSA (called BSA n°1.2) with subscription prices fixed at less than 16.87 euros per share;
- 96,050 BSA (called BSA n°2.2) with subscription prices fixed at less than 24.55 euros per share;

The exercise price of the anti-dilution BSA is lower, after dividing the nominal value by 4, than the subscription price of the first listing of the Company's shares on Eurolist by Euronext Paris.

Finally, the Company issued 884,974 BSA (called BSA n°3) the 14 April 2003 and the 19 July 2004, that can be exercised under a particular agreement. In May 2005 the investors who had been allotted these BSA decided to give up the right to exercise these BSA.

A table of Shareholders Funds' summarising the information contained in the accounts to 30 June 2003, 30 June 2004 and 31 December 2004 is set out in section 6.3.8 of this Registration Document.

5.4.3.10. Convertible loan

As mentioned in the section 5.4.3.9 of this present document, at 30 June 2003, 531,704 convertible bonds (ORA) at a subscription price 9.82 euros each have been subscribed, then released as to 50% on 14 April 2003 and 50% on 30 September 2003 for a total amount of 2,610,667 euros in each period. These convertible bonds were totally redeemed into shares on 15 June 2005.

At 19 July 2004, the general shareholders' meeting of the Company authorised the issuance of 61,088 ORA for 1,000,011 euros. These ORA have been subscribed at 16.37 euros each and have been fully settled to shares the 15 June 2005.

The general shareholders' meeting held the 18 May 2005 authorised the issuance of 632,963 ORA for 6,329,630 euros. These ORA have been subscribed at 10.00 euros each and are refundable at 31 December 2005 at the expiration date of the convertible loan. These convertible bonds are interest free but carry the right to be redeemed at an anticipated premium, as mentioned in the section 6.3.5.3 of the present Registration Document.

5.4.3.11. Other funds

At 30 June 2005 the Company has received three grants from the ANVAR, payable over several terms until 31 March 2010.

The first grant received in 1999, which amounted to 266,785.78 euros is related to a specific research expenditures on submission of doxorubicin Transdrug.

The second grant received in 2001, which amounted finally to 145,691 euros the 15 December 2003 is related to a specific research expenditures on phenotype of HIV strains.

The third grant received in 2004, which amounted to 400 thousand euros, is related to a specific research expenditures on doxorubicin Transdrug program.

These remaining amounts of these grants were 257,429 euros as at 30 June 2003, 177,392 euros as at 30 June 2004, 479,084 euros as at 31 December 2004 and 479 084 euros as at 30 June 2005.

5.4.3.12. BDPME loan

The 17 May 2004, the Company charged its research and development tax credits received during the years 2000 and 2001 for 871,846 euros to the benefit of the BDPME.

In return, the 27 May 2004, the BDPME granted a 696 thousand euros loan to the Company, refundable in December 2004 and September 2005 for respectively 286 thousand euros and 410 thousand euros.

The first term has not been refunded up to now as the French Treasury Administration has not yet reimbursed to the Company the research and development tax credit relating to the year 2000.

On 14 October 2005, the Treasury Administration initiated an inspection of the basis of the research and development tax credits granted related to the years 1998, 1999, 2000 and 2001.

5.4.3.13. Other disclosures

CIR

The research and development tax credits of the Company amounted as at 30 June 2003 1,753,254 euros, as at 30 June 2004 1,819,878 euros, as at 31 December 2004 2,347,356 euros and as at 30 June 2005 2,459,326 euros. Further information relating to the CIR calculation is set out in section 5.2.2.3 of this Registration Document.

Retirement provision

The pension benefit obligation of BioAlliance Pharma amounted as at 30 June 2003 16,212 euros, as 30 June 2004 19,919 euros and as at 30 June 2005 44,707 euros.

The actuarial evaluation uses the retrospective method. This method applies actual value on services rendered by the employee at the date of the calculation.

The actuarial assumptions used are as follows:

Collective bargaining agreement	Chemical industry
Retirement age	65
Calculation date	30 June 2005
Mortality table	TD-TV 99-01
Actualisation rate	OAT rate as at 31/12/2004
Salary increase rate including inflation rate	4%
Turn over rate	Per category
Social charges	42.07%

5.4.3.14. Off-balance sheet items

Following the general shareholders' meetings held respectively the 14 April 2003, the 17 March 2004 and the 19 July 2004, the Company issued 1,235,515 BSA and 300,763 BCE still available as at 30 June 2005.

As mentioned in the section 5.2.2.8 of this present document, the BSA include anti-dilution BSA and 30,059 BSA were allotted to the members of the scientific council, to the consultants and to the employees of its subsidiary VIRalliance as follows:

- 5,700 BSA issued the 14 April 2003 to the members of the scientific council for 0.01 euro each. These BSA gave the rights to subscribe to 5,700 new shares at a price of 9.82 euros per share;
- An extraordinary shareholders' meeting of the Company held the 14 April 2003 authorised the issuance of 5,700 BSA to the employees of its former subsidiary. All these BSA were issued on a list drawn up by the management board and endorsed on 4 March 2004 by the supervisory board for 0.01 euro each. At 30 June 2005, these BSA gave the right to subscribe to 5,700 new shares at a price of 9.82 euros per share;
- An extraordinary general shareholders' meeting of the Company held on 14 April 2003 issued 4,659 BSA to the scientific council members. All these BSA were issued on a list drawn up by the management board and endorsed on 4 March 2004 by the supervisory board for 0.01 euro each. As at 30 June 2005, these BSA gave the right to subscribe for 4,659 new shares at a price of 9.82 euros per share;
- At 14 April 2003, 14,000 BSA issued and allotted to the management board members for 0.01 euro each. As at 30 June 2005, these BSA gave the right to subscribe to 14,000 new shares at a price of 16.37 euros per share.

The 300,763 BCE were issued as follows:

- 5,700 BSA authorised by the extraordinary shareholders' meeting held on 14 April 2003 and reserved to the employees. All these BSA were issued on a list drawn up by the management board and endorsed the 4 March 2004 by the supervisory board for 0.01 euro each. As at 30 June 2005, these BSA gave the right to subscribe to 49,300 new shares at a price of 9.82 euros per share;
- 33,300 BCE authorised and allotted the 14 April 2003 to the employees for 0.01 euro each. These BCE gave the right to subscribe to 33,300 new shares at a price of 9.82 euros per share;
- 105,504 BCE authorised and allotted the 14 April 2003 to the founders and directors for 0.01 euro each. These BCE gave the right to subscribe to 105,504 new shares at a price of 9.82 euros per share;
- 5,420 BCE issued and allotted the 19 July 2004 to the founders for 0.01 euro each. These BCE gave the right to subscribe to 5,420 new shares at a price of 16.37 euros per share;

- 107,239 BCE issued and allotted the 19 July 2004 to the founders, management board and supervisory board members for 0.01 euro each. These BCE gave the right to subscribe to 107,239 new shares at a price of 16.37 euros per share.

5.4.4. Fees for the statutory auditors and members of their group which are paid by the Company

The following schedule sets out fees paid to the statutory auditor by the Company over the twelve month periods 1 July 2003 to 30 June 2004, and 1 July 2004 to 30 June 2005.

	Grant Thornton				Ernst & Young			
	Amount		%		Amount		%	
(€)	2004	2005	2004	2005	2004	2005	2004	2005
Audit, certification, and analytical procedures	33,837	21,983	100%	100%	0	0	0	0
Sub-total	33,837	21,983	100%	100%	0	0	0	0
Others fiscal, social and juridical assignments	0	0	0	0	0	0	0	0
Others assignments	0	0	0	0	0	0	0	0
Sub-total	0	0	0%	0%	0	0	0	0
Total fees	33,837	21,983	100%	100%	0	0	0	0

5.5. FINANCIAL STATEMENTS OF THE COMPANY FOR THE PERIOD FROM 1 JANUARY 2005 UNTIL 30 JUNE 2005

5.5.1 Balance sheet

	BioAlliance	
Balance sheet (€ thousands)	30 June 2005 (6 months)	30 June 2004 (6 months)
Assets		
Fixed assets		
Intangible assets	139	154
Tangible assets	281	340
Long-term investments	68	118
Total fixed assets	488	612
Current assets		
Stocks		
Accounts receivable	2,916	2,194
Investment securities	5,673	1,848
Cash assets	421	1
Prepaid expenses	87	51
Total current assets	9,097	4,094
Total Assets	9,585	4,707
Equity and liabilities		
Owner's equity	287	(2,917)
Other reserves	479	177
Provisions for contingencies	5	18
Other liabilities	8,814	7,428
Total equity and liabilities	9,585	4,707

5.5.2 Profit and loss account

Profit and loss account (€ thousands)	BioAlliance Period ending 30 June 2005 (6 months)	BioAlliance Period ending 30 June 2004 (6 months)
Net sales	145	53
Other income	104	34
Total income	249	87
Operating expenses		
Operating expenses	(1,793)	(1,509)
Salaries and payroll expenses	(1,314)	(1,239)
Depreciation and amortisation	(279)	(130)
Taxes and duties	(34)	(27)
Other charges	(4)	5
Operating loss	(3,175)	(2,813)
Financial loss	(127)	(343)
Loss before taxation	(3,302)	(3,156)
Extraordinary items	(9)	(13)
Income tax expenses	112	0
Net income	(3,199)	(3,169)

5.5.3 Notes to the financial statements for the period 1 January 2005 to 30 June 2005

1. Interim accounts

These interim accounts cover the period 1 January 2005 to 30 June 2005. The comparative period to 30 June 2004 includes the aggregate loss for the period to 31 December 2003 of €2,471,789 within reserves.

2. Highlights

Changes in capital

Two capital increases took place during this period:

- Management board of 15 June 2005:

— Reimbursement of 592,792 convertible bonds in the form of shares giving an increase in nominal share capital of 592,792 euros and an increase in share premium of 5,628,552.

— Exercise of 25,900 BSA giving an increase in nominal share capital of 25,900 euros giving an increase in share premium of 23,308 euros.

Changes in convertible debt

Two changes took place during this period:

— The General Assembly held on 18 May 2005 authorised the issuance of 632,963 ORA for €6,329,630. These ORA have been subscribed at €10.00 each and are refundable at 31 December 2005 at the expiration date of the redeemable bonds. These redeemable bonds are interest free but carry the right to be redeemed at an anticipated premium.

— On 15 June 2005, reimbursement of 592,792 redeemable bonds (see ''Changes in capital'' above).

Jeune Entreprise Innovante (JEI) status

BioAlliance Pharma has benefitted from reductions in tax and national insurance contributions under its JEI status which expired at the end of the calendar year 31 December 2004.

Research tax credit (CIR)

CIR for the periods 1998 to 2001 are currently the subject of a tax inspection.

3. Post balance sheet events

Transmission universelle du patrimoine (TUP) of VIRalliance subsidiary

On 27 September 2005 the President of VIRalliance entered into TUP arrangements for the absorbtion of VIRalliance by BioAlliance on 30 September 2005.

4. Accounting policies

The interim financial statements for the period ended 30 June 2005 have been prepared in accordance with the Commercial Code and under generally accepted accounting principles of the French Plan Comptable Général.

The financial statements are prepared under the historical cost convention.

For the period ended 30 June 2005, the company did not change its accounting policies compared to the prior period.

Intangible assets

Research and development costs are expensed directly to the profit and loss account. Patents and other intangible assets have been valued at their cost of acquisition, excluding acquisition costs.

Capitalised patents are depreciated over a period of 10 or 20 years using the straight line method.

Software is depreciated over a period of 12 months in accordance with straight line method.

Tangible assets

Gross tangible assets are stated at cost, excluding acquisition costs.

Depreciation of tangibles assets is calculated on a straight line basis as follows:

Material and Equipment	5 years
Specific Equipment	5 years
Office materials and computer equipment	4 years
Leasehold improvements	10 years
Furniture	5 years

Investment securities and other non-current financial assets

Investment securities, which represents the 100% interest in VIRalliance, and the other non-current financial assets have been valued at their acquisition cost, excluding the expenses incurred for their acquisition.

A 228,487 euros impairment provision for VIRalliance has been recognised, having regard to that company's net assets.

Other non currents assets (Non-performing assets)

Non performing assets have been valued at their nominal value.

These financial assets represent principally the 304,898 euros inter-company loan payable by its former subsidiary VIRalliance at 30 June 2003 with 73,394 euros interest due at 30 June 2005.

Due to VIRalliance's capital deficiency as at 30 June 2005, the refundable loan and accrued interest have been fully written down.

Trade receivables

All trade receivables have been valued at their nominal value.

Amounts due from VIRalliance have been depreciated as follows

— A net provision of 761,391 euros (being the VAT exclusive amount) has been made in respect of trade receivables of 857,769 euros.

— The inter-company indebtedness due from VIRalliance of 1,399,312 euros has been fully provided.

— Research tax credit (CIR)

CIR due for the years 2000 — 2004 totalled 2,346,355 euros.

The interim accounts to 30 June 2005 include a CIR which is not comparable to 30 June 2004.

For the period to 30 June 2005, BioAlliance Pharma has calculated a CIR based on 5% of eligible expenses incurred for the period, giving an amount due of 111,970 euros. The Research tax credit relating to 2004 was only recorded in December 2004.

Investment securities

Investment securities are stated at cost, excluding acquisition costs.

In case of disposal of such equity securities, the FIFO (First In First Out) valuation method is used.

As at 30 June 2005, the equity investments comprise 1,653 SICAV OBC Sécurité and 17.54 FCP BRED purchased for 5,673,360 euros and valued at 30 June 2005 at 5,684,812 euros.

Advances or loans

In accordance with the requirements of the article L. 225-43 of the ''Code du Commerce'', no loans or advances have been made to the Directors of the Company.

Cash and cash equivalents

All liquid assets have been valued at their nominal value.

Other funds

At 30 June 2005 the Company has received three grants from the ANVAR, payable over several terms until 30 September 2010. The outstanding balance of these loans at 30 June 2005 amounted to €479,084.

Debts

Debts are recorded at their nominal value.

On 27 May 2004, the Company charged its research and development tax credits relating to the years 2000 and 2001 for 871,846 euros to the benefit of the BDPME, in consideration for which the BDPME granted a 696 thousand euros loan to the Company.

5.5.4 Limited review report of the statutory auditor and the contractual auditor for the period from 1 January 2005 to 30 June 2005

To the Chairman of the management board,

As statutory auditor and contractual auditor of BioAlliance Pharma, we have reviewed the accompanying interim financial statements as for the six-month period from 1 January 2005 to 30 June 2005.

These interim financial statements are the responsibility of the Chairman of the management board. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with French professional standards. These standards require that we plan and perform the review to obtain moderate assurance, lesser than that which would result from an audit, as to whether the interim financial statements are free from material misstatement. The review excluded certain audit procedures and was limited to performing analytical procedures and to obtaining information from Company management and other appropriate sources.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not present fairly, in all material respects, the financial position of the Company and the results of its operations for the period then ended in conformity with French accounting principles.

However, we draw your attention to the following matters disclosed in Notes ''Accounts receivables'', ''Investment Securities'', and ''Post balance sheet events'' related to the valuation of the research tax credit on 30 June 2004 and 2005, the impairment provision on the interest in VirAlliance investment securities and the merger under the TUP.

Paris and Paris-La Défense, 7 October 2005

The Statutory Auditors	The Statutory Auditors
Amyot Exco Grant Thornton	**Ernst and Young Audit**
French member of Grant Thornton International	
Thierry Dartus	Béatrice Delaunay
Statutory Auditor — Partner	Statutory Auditor — Partner

5.6. USE OF PROCEEDS

The Company intends to increase its share capital through the listing of the Company's shares on Eurolist by Euronext Paris in order to develop the growth of its activity notably to:

- Establish in Europe a commercial infrastructure for miconazole Lauriad, assuming that this programme receives regulatory approval;
- Finance the ongoing development of its pre-clinical products, the clinical early stage drug candidates, including commencing in Europe by the Phase II studies for acyclovir Lauriad and doxorubicin Transdrug, together with the pivotal US Phase III trial for miconazole Lauriad if the cost is not taken by a trading partner;
- Finance the ongoing general expenses and infrastructure costs of the Company, together with the expenses incurred in the protection of its intellectual property.

As at the date of this Registration Document, the Company cannot predict with certainty all of the particular uses for the proceeds of this offering or the amounts that would actually be spent on the uses set forth above. The amounts that are actually spent for these purposes may vary significantly and depends on a large number of factors. The amount and the timing of expenditure will depend on numerous factors including the success of research and development efforts, the timing and success of pre-clinical testing, the timing and success of the Company's clinical trials, the timing of regulatory submissions, the amount of proceeds actually raised in this placement, and the amount of cash, if any, generated from potential collaboration agreements.

The Company may change the allocation of its income as a result of circumstances such as the progress and the results of the clinical trials and other research and development activities, and the completion of potential collaborations. As a result, the Company will keep full discretion

over the allocation of the proceeds from this offering. There are no current plans, agreements or commitments for the acquisition of any business, product or technology.

Pending use of the proceeds of this offering, the Company intends to invest the net proceeds in accordance with its investment policy guidelines, which provide for investment of funds in cash or equivalents.

CHAPTER 6.

INFORMATION ON THE COMPANY AND ITS CAPITAL

Certain general information concerning the Company, its capital and certain provisions of its bylaws, which are described in this chapter 6, result from resolutions adopted by the extraordinary shareholders' meeting of 7 November 2005, subject to the non-retroactive condition precedent that there is an initial quotation and the Company's shares are listed for trading on the Eurolist market of Euronext Paris. In particular, this meeting approved, subject to the same condition precedent, a four-for-one split of the Company's shares resulting in a 0.25 euro par value, making it necessary to make adjustments with regard to the securities giving rights to capital described in section 6.3.5 of this Registration Document. This chapter 6 takes into account those adjustments, except where otherwise stipulated, in particular with respect to the historic presentation of the capital and any changes therein.

6.1. GENERAL INFORMATION ABOUT THE COMPANY

6.1.1. Registered and commercial name of the Company

The registered and commercial name of the Company is: ''BioAlliance Pharma''.

6.1.2. Registration of the Company and APE code

BioAlliance Pharma is registered in the Paris Commercial Register under No. 410 910 095.

Its NAF code is 731Z. It is the code for research and development in physical and natural sciences.

6.1.3. Date of incorporation and duration of the Company

The Company was formed on 25 February 1997. It was registered in the Paris Commercial Register on 5 March 1997 for a term of 99 years, which expires on 5 March 2096, unless the Company is dissolved early or its term is extended.

6.1.4. Registered offices and legal form of the Company

The Company's corporate offices are located at Immeuble Les Chevrons, 59, boulevard du général Martial Valin, 75015 Paris.

The telephone number is: + 33 (0) 1 45 58 76 00

BioAlliance Pharma is a French *société anonyme* (stock corporation) with a management board and a supervisory board governed by the provisions of Book II of the French Commercial Code and Decree No. 67-236 of 23 March 1967 regarding commercial companies.

The legislation governing the Company's business is described in section 4.9 of this Registration Document.

6.1.5. Fiscal year

Since 1 January 2005, the Company's fiscal year begins on 1 January and ends on 31 December of each calendar year.

Prior to 1 January 2005, the fiscal year began on July 1 of each calendar year and ended the following 30 June. In 2004, the Company ended a 12-month fiscal year on 30 June 2004 and a 6-month year on 31 December 2004.

6.2. PRINCIPAL PROVISIONS OF THE BYLAWS

The principal provisions of the bylaws as well as provisions arising from laws and applicable regulations are described below:

6.2.1. Corporate purpose (Article 2 of the bylaws)

The purpose of the Company is:

— the design, research and development of health products from creation until market authorisations are obtained, and all operations related thereto;

— the acquisition, filing, award, assignment and licensing of all patents, trademarks, licences and all utilisation processes;

— the acquisition of a stake 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 purpose;

— providing services, advice, research, development and marketing in the health sector;

and, more generally, all industrial, commercial, financial, civil, securities or property operations that may be related directly or indirectly to one of the purposes cited above or any similar and related purposes, which may be useful for the performance and development of the business of the Company.

6.2.2. Statutory appropriation of earnings (Articles 29 and 30 of the bylaws)

From the profits for the year, minus any prior losses, at least five percent (5%) is taken and allocated to the formation of a reserve fund known as the ''legal reserve''. This withdrawal ceases to be mandatory when the amount of the legal reserve reaches one-tenth of the capital stock. It resumes when, for any reason, the legal reserve drops below one-tenth.

The distributable earnings consist of the earnings for the year, less any prior losses and amounts to be placed in reserve under the law and the bylaws, plus any retained earnings.

If the financial statements for the year, as approved by the shareholders' meeting, show the existence of distributable profits, the shareholders' meeting shall decide to allocate these amounts to one or more reserve items, the allocation and use of which it shall determine, or to retain the earnings. The balance, if any, shall be distributed among all the shareholders in proportion to the number of shares owned by each shareholder.

After noting the existence of reserves that it controls, the shareholders' meeting may decide to distribute sums taken from said reserves. In such a case, the resolution shall expressly stipulate the reserve items from which the sums are withdrawn. However, dividends shall be first taken from the distributable earnings for the year.

The terms for the payment of the dividends approved by the shareholders' meeting shall be set by the meeting or, failing this, by the Company's management board.

However, payment of cash dividends must be made within a maximum period of nine months after the close of the year, except where this period is extended by a court.

The shareholders' meeting ruling on the financial statements for the year may grant each shareholder, for all or part of the dividend paid out or interim dividends, an option between payment of the dividend or interim dividend in cash or in new shares subject to the conditions defined by law.

6.2.3. Rights and obligations attached to shares — Share classes (Article 7 of the bylaws)

Subject to the non-retroactive condition precedent that there is an initial quotation and the Company's shares are listed for trading on the Eurolist market of Euronext Paris, there will be only one class of shares giving the holders identical rights.

6.2.3.1. General rights and obligations attached to the shares (Article 12 of the bylaws)

Each share gives a right to a portion of the profits and corporate assets in proportion to the share of capital it represents, and gives the right to vote and be represented in shareholders' meetings under the conditions set by law and the Company's bylaws.

Subject to the effective date of issue and satisfaction of the condition precedent stipulated in section 6.2.3 of this Registration Document, all shares are equally ranked.

Every shareholder has the right to be informed about the Company's operations and to receive certain corporate documents at the times and under the conditions stipulated by law and the regulations.

The rights and obligations attached to the share follow the share, without regard to the owner thereof.

Ownership of a share implies automatic acceptance of the Company's bylaws and the resolutions of the shareholders' meeting.

Shareholders shall bear losses only in the amount of their contributions.

Subject to legal requirements, no majority may impose an increase in their commitments.

Every time that it is necessary to own a certain number of shares to exercise any right, owners who do not have this number shall be personally responsible for combining and, if necessary, buying or selling the number of shares required.

6.2.3.2. Actions necessary to modify shareholders' rights

Shareholders' rights may be modified by an extraordinary shareholders' meeting voting in compliance with the applicable laws and regulations. However, shareholders' obligations may be increased only by a unanimous vote.

6.2.3.3. Rights to dividends (Articles 12 and 30 of the bylaws)

Each share gives the right to a share of the earnings, corporate assets and liquidation dividend that is proportional to the percentage of capital that it represents.

Dividends not claimed within five years of the payment date are time-barred.

6.2.3.4. Voting rights (Article 12 of the bylaws)

The voting right attached to the shares is proportional to the percentage of capital that they represent; each share gives the right to one vote.

The bylaws do not provide for a double voting right for shareholders nor do they limit the voting rights attached to the shares.

6.2.4. Management and supervisory bodies (Articles 14, 15, 16 and 17 of the bylaws)

The Company is managed by a management board that performs its duties under the control of the supervisory board (see section 7.1 of this Registration Document describing the corporate governance).

6.2.5. Shareholders' meetings (Article 19 of the bylaws)

The collective decisions of the shareholders are made in an ordinary, special or extraordinary shareholders' meeting depending on the type of decisions to be made.

Only the extraordinary shareholders' meeting is authorised to amend the provisions of the bylaws. It may not, however, increase shareholders' commitments.

The ordinary and extraordinary general meetings exercise their respective powers subject to the conditions set by the law and regulations.

6.2.5.1. Notices of meetings (Article 20 of the bylaws)

Shareholders' meetings are called and meet under the conditions set by law. Meetings take place at the registered offices or at any other location indicated in the notice of meeting.

6.2.5.2. Participation in meetings (Article 22 of the bylaws)

The right to participate in meetings is subject to the following conditions:

— holders of registered shares must prove registration of the shares in the name of the shareholder in the Company's accounts at least five days before the date of the shareholders' meeting;

— holders of bearer shares must file a certificate issued by the intermediary holding their account, at least five days before the date of the shareholders' meeting, subject to the conditions stipulated in Article 136 of the Decree of 23 March 1967, at the locations indicated in the notice of meeting; the certificate must certify the non-transferability of the shares recorded in the account until the date of the shareholders' meeting,

The management board may eliminate or shorten the aforementioned periods, provided that it does so for all shareholders.

If a shareholder does not personally attend a meeting with simple proof of his identity, he may select one of the following three options:

— give his proxy to another shareholder or his spouse; or

— vote by mail (including e-mail); or

— send a proxy to the Company without indicating an agent;

subject to the conditions defined by law and the regulations.

Shareholders who participate in the meeting via video conferencing or via telecommunications methods that allow identification as required by the regulations then in force are also considered to be present for determination of a quorum and majority, if the management board so decides when the meeting is called.

6.2.6. Clauses impacting a change of control

To the Company's knowledge, there is no provision of the bylaws, internal rules or shareholders' agreement that might have the effect of delaying, deferring or preventing a change in control of the Company.

6.2.7. Form of shares and shareholder identification (Article 10 of the bylaws)

Fully paid-up shares are registered or bearer shares, at the shareholder's discretion.

Except in cases of account registration in the name of an intermediary governed by law and regulations, ownership of the shares is evidenced by registration of the shares in the name of the holders, either in the registers kept by the Company or an agent of the Company for registered shares, or in registers kept by an authorised financial intermediary for bearer shares.

6.2.7.1. Identification of holders of bearer shares (Article 10 of the bylaws)

For the purpose of identifying holders of bearer shares, the Company may ask the central depositary that keeps the issue account for its securities for the information stipulated in Article L. 228-2 of the French Commercial Code. Thus, the Company has the right to request at any time, for a consideration which it shall pay, the name and year of birth or, in the case of a

legal entity, the name and year of incorporation, and the nationality and address of persons holding securities that confer immediately or in the future the right to vote in shareholders' meetings and the number of securities held by each person and the restrictions, if any, on any securities.

After seeing the list transmitted by the central depositary, the Company has the right to request the same information about shareholders, under the same conditions, either through this central depositary or directly from the persons on said list, who the Company believes might be registered on behalf of third parties. Said persons are required, if they are acting as intermediaries, to reveal the identity of the owners of the securities. The information shall be provided directly to the authorised financial intermediary holding the account, and it is the responsibility of this intermediary to transmit the information to the Company or to the central depositary as applicable.

If the shares are registered and give immediate or future rights to the capital, the intermediary registered on behalf of an owner who does not reside in France is required to reveal the identity of the owners of said shares and the number of shares held by each person, at the request of the Company or its agent, which request may be made at any time.

As long as the Company believes that certain holders, whose identity has been communicated to the Company, are holding shares on behalf of third-party shareholders, the Company has the right to ask the holders to reveal the identity of the owners of such shares. After such a request, the Company may ask any legal entity owning its shares and holding more than 2.5% of the capital or voting rights, to inform the Company of the identity of the persons who hold, directly or indirectly, more than one-third of the capital or voting rights of the legal entity holding shares of the Company.

If the obligations described above are violated, the shares or securities giving immediate or future rights to capital for which said obligations have not been met shall be deprived of their voting rights for any shareholders' meeting that may be held until identification is provided, and payment of the corresponding dividend shall be deferred until that date.

Moreover, in the event that the person registered knowingly ignores these obligations, the court with jurisdiction for the Company's registered offices may, at the request of the Company or of one or more shareholders holding at least 5% of the capital, order withdrawal, in whole or in part, for a total period not to exceed five years, of the voting rights attached to the shares covered by an information request from the Company and, in its discretion, of the right to payment of the corresponding dividend for the same period.

6.2.7.2. Declaration obligations (Article 8 of the bylaws)

Pursuant to the provisions of the French Commercial Code, any individual or legal entity, acting alone or jointly with another person, who holds bearer shares registered in an account with an authorised intermediary and comes to own a number of Company shares representing more than one-twentieth, one-tenth, three-twentieths, one fifth, one-fourth, one-third, one half, two-thirds, eighteen-twentieths or nineteen-twentieths of the capital or voting rights shall inform the Company and the AMF, within the period after the ownership threshold is crossed as set by Council of State decree, of the total number of shares or voting rights which said person owns. This information shall be announced to the public as required by the General Regulations of the AMF. This information shall also be transmitted, within the same periods and under the same conditions, when the interest or voting rights drop below the thresholds stipulated above.

If the shares exceeding the fraction which should have been declared pursuant to the legal provisions noted above are not properly declared, they shall be deprived of the right to vote for any shareholders' meeting held until the expiration of a two-year period following the date on which said notification is regularised.

Moreover, the bylaws stipulate that any individual or legal entity, acting alone or jointly with another person, who comes to hold, in any manner, as defined by Articles L. 233-7 et *seq*. of the French Commercial Code, a number of shares representing a fraction equal to 1% of the capital or voting rights in shareholders' meetings, must inform the Company of the total number of shares and voting rights said person owns by registered letter with return receipt, or by any other equivalent method for holders of securities or shares residing outside France, sent to the Company's registered offices within fifteen days after one of said thresholds is crossed. This information must be provided again, without limitation, when each additional fraction of 1% of the capital or voting rights is crossed.

This information obligation shall apply, subject to the same conditions stipulated above, each time the fraction of capital stock or voting rights owned drops below 1% or a multiple of 1% of the capital or voting rights in shareholders' meetings.

In the event of failure to comply with the stipulations above, the shares exceeding the percentage that must be declared shall be deprived of the right to vote if this is requested by one or more shareholders holding, together or separately, at least 1% of the capital or voting rights in the Company's shareholders' meetings, under the conditions set forth in the last paragraph of Article L. 233-7 of the French Commercial Code.

6.3. CAPITAL STOCK

6.3.1. Form and registration method of shares

Shares are in registered or bearer form, at the shareholders' discretion, as long as they are listed for trading on a regulated market. If this condition is no longer met, the shares must be in registered form. They must then be registered in an account as required by law and regulations.

The accounts of registered shares are kept by the Company or by an agent designed by the Company on its behalf.

The shares are freely negotiable, subject to legal and regulatory requirements.

Shares in any form are transmitted by transfer from one account to another subject to the conditions and procedures defined by law.

6.3.2. Capital amount

On the date this Registration Document was registered, the capital stock was set at 1,365,781 euros.

It is divided into 5,463,124 shares, each with a par value of 0.25 euro.

The shares comprising the Company's capital are fully subscribed and paid up.

6.3.3. Changes in share capital (Article 8 of the bylaws)

The capital stock may be increased, reduced or amortised subject to the conditions defined by law.

6.3.4. Securities not representing capital

With the exception of the bonds redeemable in shares (''ORA''), the warrants (''BSA'') and the founders warrants (''BCE'') described in section 6.3.5 of this Registration Document, the Company has not issued securities that do not represent capital stock.

6.3.5. Securities granting rights to capital

The Company has issued several categories of securities giving rights to capital: BSA and BCE and ORA. The capital increase resulting from the exercise or redemption of each of these

securities has been authorised by a combined ordinary and extraordinary shareholders' meeting or an extraordinary shareholders' meeting of the Company.

6.3.5.1. Warrants (BSA) and founders warrants (BCE)

On the date of registration of this Registration Document, other than the anti-dilution BSA described in section 5.4.3.9 of this Registration Document, the total number of BSA and BCE outstanding was 423,116 (including 92,274 allotment of which has been authorised by the supervisory board and will be made by the management board). In addition, 68,706 BSA and BCE were authorised by the shareholders' meeting of 7 November 2005, but were not yet allotted on the date of registration of this Registration Document. Thus, the 491,822 BSA and BCE currently authorised allow subscription to a total of 1,967,288 new shares (after the stock split), representing approximately 36% of the shares of BioAlliance Pharma on the date of registration of this Registration Document.

The following table shows all the BSA and BCE issued by the Company but not yet exercised by their owners on the date of registration of this Registration Document.

	BSA		BCE					BCE & BSA		BCE & BSA
(1)(2)	A	B	C	D	E	F	G	H	I	J
Meeting date	04/14/2003	03/17/2004		04/14/2003		07/19/2004[4]		04/14/2003	07/19/2004[4]	07/11/2005
Number of warrants authorised	6,600	15,000	38,400	75,360	30,144	5,420	114,157	75,359	5,420	161,000
Total number of shares that may be subscribed	26,400	60,000	153,600	301,440	120,576	21,680	456,628	301,436	21,680	644,000
Number of warrants allotted	6,600	15,000	38,400	75,360	30,144	5,420	114,157	63,500 BCE 10,359 BSA	0	92,294[6]
Number of holders	7	2	16	2	3	2	7	53	0	8
Number of lapsed warrants[3]	—	—	5,100	—	—	—	6,918	15,700	5,420	0
Start date for the exercise of the warrants	04/14/2003	03/17/2004	04/14/2003	04/14/2003	04/14/2003	07/19/2004	07/19/2004	04/14/2003	—	—
Final exercise data	04/13/2008	03/16/2009	04/13/2008	04/13/2008	04/13/2008	07/18/2009	07/18/2009	04/13/2008	—	11/07/2010
Exercise price per share	€2.455	€3.843	€2.455	€2.455	€2.455	€4.093	€4.093	€2.455	€4.093	See section 6.3.5.2
Number of warrants exercised on the date of registration of this Registration Document	900	1,000	0	0	0	0	0	0	0	0
Balance of shares that may be subscribed on the date of registration of this Registration Document (data not restated for the stock split)	5,700	14,000	33,300	75,360	30,144	5,420	107,239	49,300 BCE 10,359 BSA	0	161,000
Balance of shares that may be subscribed on the date of registration of this Registration Document (data restated for the stock split)	22,800	56,000	133,200	301,440	120,576	21,680	428,956	197,200 BCE 41,436 BSA	0	644,000
Dilution (%)[5]	0.42	1.03	2.44	5.52	2.21	0.40	7.85	4.37	0	11.79

Notes:

1. The data has been restated after the stock split authorised by the shareholders' meeting of 7 November 2005.
2. The beneficiaries of the warrants were (A) advisors and members of the scientific board, (B) independent members of the supervisory board, (C) executives and employees, (D) the founders, (E) the executives, (F) the founders, (G) executive managers, (H) employees, (I) employees and (J) officers, independent members of the supervisory board and employees.
3. The number of lapsed warrants reflects (i) 5,100 BCE cancelled because of the departure of Company employees (C), (ii) 1,500 BCE not allotted and cancelled (H), (iii) 14,200 BCE cancelled because of the departure of Company employees (H), (iv) 6,918 BCE cancelled because of the departure of Company employees (G) and (v) 5,420 warrants that become null and void after the expiration of the period granted to allot them (I).
4. Pursuant to the decision of the supervisory board on 17 November 2004, the BCE issued during the extraordinary shareholders' meeting of 19 July 2004 are acquired by the beneficiaries in segments as follows: 20% at the time of allotment, and by segments of 20% on the four anniversary dates following the allotment date. However, if an IPO on a regulated market or the sale of the Company takes place at a price equal to or greater than 7.5 euros per share (after the stock split), 100% of the warrants will be able to be exercised.
5. The dilution indicated is calculated as the percentage of the shares that would result from the exercise of the BSA and BCE in relation to the number of Company shares existing on the registration date of this Registration Document.

6. The warrants authorised will be allocated by the Company's management board. It is expected that 92,294 warrants will be allocated initially. The rest of the warrants, i.e., 68,706 of the BSA/BCE authorised on 7 November 2005, will be allocated at a future date.

7. 68,706 of the BSA/BCE authorised on 7 November 2005 have not been allotted on the date of registration of this Registration Document.

6.3.5.2. New BCE and BSA

The shareholders' meeting of 7 November 2005, authorised the issuance of 161,000 BSA and BCE, each giving the right to subscribe to four shares (after the stock split approved by the same meeting). The exercise price of these warrants, unless there is an exception allowing the implementation of a decision of the supervisory board made on 17 November 2004, is the higher of the following: (i) the initial offering price of the Company's shares when they are first quoted on the Eurolist market minus 20% and (ii) 6.14 euros per share.

As part of this issuance, it is expected that the Company's directors will allocate 15,000 BCE to Dominique Costantini, 15,000 BCE to Gilles Avenard, 32,297 BCE (of which 17,297 may be exercised at a price of 6.14 euros per share, following a decision of the supervisory board on 17 November 2004) to Richard Keatinge, and 10,000 BSA to Jean-Claude Deschamps. The other BCE and BSA will be allotted to employees of the Company or to independent members of the supervisory board. The directors will decide on the period and conditions for exercising the warrants, and the allotment of BSA to members of the supervisory board will be subject to the approval of the supervisory board.

6.3.5.3. Bonds redeemable in shares (ORA)

The Company issued 632,963 ORA on 18 May 2005, at the nominal value of 10 euros each. These bonds are redeemable in shares on 30 June 2006, unless they are redeemed early under the conditions described below. They were subscribed by investors who were already shareholders of the Company.

The issuance contract states that these ORA will be prepaid in cash in the event of a capital increase of the Company completed between now and 30 June 2006. Early redemption will occur when the capital increase is completed or deemed completed in accordance with law, and only by set-off with the amounts subscribed by each of the bondholders in a capital increase approved by the shareholders' meeting on the recommendation of the management board and supervisory board.

Early redemption will include, in addition to the nominal value of 10 euros for each bond, a premium equal to 1.5 euro per bond, payable only by set-off with the amount subscribed by each of the bondholders.

Due to the offset between, on one hand, the nominal value of the bonds and the premium per bond, and on the other hand, the commitment to subscribe, the Company will not pay funds to the bearers of ORA in connection with their prepayment.

Therefore, the capital increase resulting from the Placement will lead to the Company's receiving an additional capital increase reserved for bearers of ORA, for a total amount (including the issue premium) equal to the amount of the bond issue increased by the early redemption premium, i.e. 7,279,075 euros. It is therefore expected that the Company will proceed with two capital increases: (i) an initial capital increase with waiver of preemptive rights in favour of investors who have issued subscription orders under the Placement and (ii) a second capital increase reserved for ORA holders, for an amount (issue premium included) of 7,279,075 euros. The completion of the capital increase reserved for ORA holders will be implemented by means of repayment of the debts held by ORA holders and due from the Company, as decided by the Company's directors and confirmed by its auditors.

Under individual agreements with the Company, each ORA holder is irrevocably committed to vote in favour of the capital increases which are to be approved by the extraordinary shareholders' meeting of 18 November 2005, and described in the Transaction Note, as well as

to subscribe to the increase that would result from early redemption of the ORA for an amount corresponding to the nominal value of all their ORA, increased by a premium of 1.5 euros per ORA.

The ORA are held as follows:

ORA (issued 18 May 2005)			
Group	**Holder**	**Number of ORA per holder**	**Number of ORA per group**
Gérard Tardy	Idem	4,000	4,000
Alain Chatelin.....	Idem	6,000	6,000
Auriga Ventures II ...	Idem	150,000	150,000
ING Belgique	Idem	150,000	150,000
FPCR — FCJE.....	Idem	89,900	89,900
Capricorn Venture Partners	Capricorn Venture Fund N.V.	4,563	9,563
	Baring Capricorn Ventures Ltd	5,000	
Xange PE.....	AA Innovation 2002	13,949	70,000
	FRANCE INNOVATION 3	18,482	
	Investissement Innovation 2002	37,569	
LCF Rothschild	BioDiscovery FCPR	25,000	25,000
Groupe Siparex.....	FCPI CA AM INNOVATION 2	23,986	58,500
	FCPI CA AM INNOVATION 3	4,797	
	FCPI UNI-INNOVATION 2	3,452	
	FCPI UNI-INNOVATION 3	585	
	FCPI ACTION INNOVATION 2002	3,802	
	FCPI ACTIONS INNOVATION 2003	585	
	FCPI GENERATION INNOVATION	14,508	
	Siparex Croissance	643	
	Siparex Développement	292	
	FCPR INNOVATION ET PROXIMITE 1	5,850	
SPEF Ventures	BP INNOVATION 7	35,000	70,000
	BP INNOVATION 8	35,000	
Total ORA			632,963

6.3.5.4. Summary of potential capital

The total number of shares that may be issued by exercising the BSA and BCE described above in this section 6.3.5, which are not yet exercised or redeemed, is 1,967,288 shares, representing about 36% of the shares of BioAlliance Pharma on the basis of the number of shares existing on the date of registration of this Registration Document (following the decision to implement a four-for-one stock split for the Company's shares).

The potential dilution resulting from the redemption of the ORA in shares is not taken into account because of their early redemption in cash and the commitment of the holders to subscribe to the capital increase concurrent with the Company's listing on the stock exchange (see section 6.3.5.3 of this Registration Document above).

6.3.6. Authorised capital not issued

The Company has not authorised a capital increase that has not been completed on the date of registration of this Registration Document, with the exception of:

— the capital authorised for the exercise of the BSA, BCE and the redemption of the ORA described respectively in sections 6.3.5.1, 6.3.5.2 and 6.3.5.3 of this Registration Document; and

— the capital increases which will be decided by the extraordinary shareholders' meeting of 18 November 2005 for the purpose, and subject to the condition precedent, of having the Company's shares listed for trading on the Eurolist market of Euronext Paris, and which will be described in the Transaction Note.

6.3.7. Capital of the Company subject to an option or a conditional or unconditional agreement placing it under option

To the Company's knowledge, on the date of registration of this Registration Document, the Company's shares are not subject to an option or a conditional or unconditional agreement placing it under option, subject to:

- a unilateral commitment to sell granted by Gilles Avenard to Galapagos, a non-stock company, for 4,688 shares of the Company (before the division by four of the nominal value of the shares decided by the general meeting of 7 November 2005) held by him, which may be exercised in the event that the Company's shares are listed for trading on a regulated market;
- a commitment to transfer granted by ING Belgique, which may be exercised if the Company's shares are listed for trading on a regulated market, to the following persons: Denis Biju-Duval (6,981 shares); Paladin Holding SA (3,045 shares); C-Code SA (763 shares); Alain Parthoens (2,539 shares); Luc Van de Steen (1,270 shares); Ivan Trangez (1,015 shares); Philippe Hennebert (812 shares); Tom Bousmans (730 shares); Valérie Baroen (25 shares) (before the division by four of the nominal value of the shares decided by the general meeting of 7 November 2005);
- commitments to place shares of the Company, which will be taken for the purpose, and subject to the condition precedent, of having the Company's shares listed for trading on the Eurolist market of Euronext Paris, and which will be described in the Transaction Note.

6.3.8. Changes in share capital since 1 January 2003

The information table below shows the change in the capital over the last three fiscal years (since 1 July 2003), and the operations completed between 1 January 2003 and 1 July 2003 in order to take specific account of the financing obtained on 14 April 2003. The information in this table has not been adjusted to take into account the four-for-one stock split of the Company's shares.

Table of changes in the capital since 1 January 2003

Date of the definitive completion of the operation or acknowledgment	Operation	Number of shares issued	Nominal amount of the capital increase/reduction	Total issue premium	Successive capital amounts	Total number of shares	Par value of the shares
05/05/2003	Capital increase (exercise of BSA — ESM 14/04/2003)	60,677	€ 60,677	€ 0	€ 454,907	454,907	€1
02/03/2004	Capital increase (exercise of BSA — ESM 14/04//2003)	159,479	€159,479	€2,451,192.23	€ 614,386	614,386	€1
26/07/2004	Capital increase (exercise of BSA — ESM 19/07/2004)	36,653	€ 36,653	€ 563,356.61	€ 651,039	651,039	€1
03/01/2005	Capital increase (exercise of BSA — ESM 19/07/2004)	96,050	€ 96,050	€2,261,977.50	€ 747,089	747,089	€1
14/06/2005	Capital increase (redemption of bonds for shares and exercise of BSA — ESM 14/04/2003)	618,692	€618,692	€5,651,859.84	€1,365,781	1,365,781	€1

6.4. SHAREHOLDERS

This section takes into account the automatic conversion, at the time the Company's shares are listed for trading on the Eurolist market of Euronext Paris, of the preferred shares previously issued by the Company into shares of common stock.

6.4.1. Current distribution of share capital and voting rights

On the date of registration of this Registration Document, the Company had 50 shareholders.

The table below shows the breakdown of the capital and voting rights in the Company on the date of registration of this Registration Document:

	Shares		Voting rights[2]	
Shareholders[1]	Number of shares	% of capital stock	Number	% of capital stock
Individuals:	727,684	13.32%	727,684	13.32%
Dominique Costantini	187,500	3.43%	727,684	3.43%
Gilles Avenard	187,500	3.43%	187,500	3.43%
Gérard Tardy	71,448	1.31%	71,448	1.31%
Jean Théron	58,800	1.08%	58,800	1.08%
Dominique Agostini	58,800	1.08%	58,800	1.08%
Alain Chatelin	38,796	0.71%	38,796	0.71%
Gérard Kannengiesser	26,400	0.48%	26,400	0.48%
Others[3]	98,440	1.80%	98,440	1.80%
Investment Funds:	4,735,440	86.68%	4,735,440	86.68%
Groupe Capricorn[4]	464,528	8.51%	464,528	8.51%
Groupe SPEF Ventures[5]	228,780	4.19%	228,780	4.19%
Groupe Xange PE[6]	522,332	9.56%	522,332	9.56%
Groupe Edmond de Rothschild[7]	75,600	1.38%	75,600	1.38%
Auriga Ventures II	1,134,408	20.76%	1,134,408	20.76%
Groupe ING Belgium[8]	1,134,408	20.76%	1,134,408	20.76%
FPCR — FCJE	719,244	13.17%	719,244	13.17%
Groupe Siparex[9]	456,140	8.35%	456,140	8.35%
Total	5,463,124	100%	5,463,124	100%

Note: the number of shares above has been restated for the 4-for-1 stock split approved by the shareholders' meeting of 7 November 2005.

(1) On the date of registration of this Registration Document, there were 50 shareholders.

(2) Each share gives the right to one vote. The number of votes which each shareholder may hold is not limited.

(3) 14 persons, none of whom holds more than 20,400 shares.

(4) Baring Capricorn Ventures Limited and Capricorn Venture Fund N.V.

(5) Sopagest BP Innovation 2 and Sopagest BP Innovation 3.

(6) FCPI France Innovation 1, FCPI France Innovation 2, FCPI France Innovation 3, FCPI France Innovation 4, Investissement Innovation 2002 and AA Innovation 2002.

(7) Soge Innovation IV, BioDiscovery FCPR and Europe Tech Fund.

(8) 1,116,908, of these shares will be held, when the Company's shares are first listed for trading in compartment C of Eurolist d'Euronext Paris SA, by the following persons: ING Belgique: 1,048,188; Denis Biju-Duval: 27,924; Paladin Holding SA: 12,180; C-Code SA (Jean-Claude Deschamps): 3,052; Alain Parthoens: 10,156; Luc Van de Steen: 5,080; Ivan Trangez: 4,060; Philippe Hennebert: 3,248; Tom Bousmans: 2,920; Valérie Baroen: 100.

(9) FCPI Uni Innovation 2, FCPI Uni Innovation 3, FCPI Actions Innovation 2002, FCPI Actions Innovation 2003, FCPI Generation Innovation, Siparex Croissance, Siparex Développement, FCPR Innovation and Proximité 1, SIGEFI Ventures Gestion, FCPI CA AM Innovation 2 and FCPI CA AM Innovation 3.

6.4.2. Changes in shareholdings over past three fiscal years

The table below shows the changes that have occurred in shareholdings over the last three years. The information in this table has not been adjusted for the four-for-one split of the Company's stock.

	Situation at 12/31/04		Situation at 06/30/04		Situation at 06/30/03	
Shareholders	Number of shares	% of capital stock	Number of shares	% of capital stock	Number of shares	% of capital stock
Private investors:	165,237	22.12%	164,520	26.78%	163,354	35.89%
Gilles Avenard.....	46,845	6.27%	46,845	7.62%	46,875	10.30%
Jean Théron.....	14,700	1.97%	14,700	2.39%	15,000	3.30%
Dominique Costantini	46,875	6.27%	46,875	7.63%	46,845	10.29%
Dominique Agostini.....	14,700	1.97%	14,700	2.39%	14,700	3.23%
Gérard Kannengiesser...	6,600	0.88%	6,600	1.07%	6,600	1.45%
Gérard Tardy.....	5,147	0.69%	4,837	0.79%	4,216	0.93%
Alain Chatelin.....	7,630	1.02%	7,223	1.18%	6,408	1.41%
Others[1].....	22,740	3.04%	22,740	3.70%	22,710	4.99%
Investment funds	581,882	77.88%	449,866	73.22%	291,823	64.11%
Groupe Capricorn[2].....	84,602	11.32%	80,529	13.10%	72,384	15.90%
Groupe SPEF Ventures[3]	43,074	5.77%	40,956	6.67%	36,721	8.07%
Xange PE[4].....	92,565	12.39%	86,862	14.14%	75,459	16.58%
Groupe Edmond de Rothschild[5]	18,900	2.53%	18,900	3.08%	18,900	4.15%
Auriga Ventures II	109,725	14.69%	84,299	13.72%	33,459	7.35%
Groupe ING Belgique	109,725	14.69%	84,299	13.72%	33,459	7.35%
FPCR — FCJE	26,927	9.41%	54,021	8.79%	21,441	4.71%
Groupe Siparex[6]..	26,050	7.09%	0	0	0	0
Total.....	747,089	100.00%	614,386	100.00%	455,177	100.00%

(1) 13 individuals, none of whom holds more than 5,100 shares.

(2) Baring Capricorn Ventures Limited and Capricorn Venture Fund N.V.

(3) Sopagest BP Innovation 2 and Sopagest BP Innovation 3.

(4) FCPI France Innovation 1, FCPI France Innovation 2, FCPI France Innovation 3, FCPI France Innovation 4, Investissement Innovation 2002 and AA Innovation 2002.

(5) SOGE Innovation IV, BioDiscovery FCPR and Europe Tech Fund.

(6) FCPI Uni Innovation 2, FCPI Uni Innovation 3, FCPI Actions Innovation 2002, FCPI Actions Innovation 2003, FCPI Generation Innovation, Siparex Croissance, Siparex Développement, FCPR Innovation et Proximité 1, SIGEFI Ventures Gestion, FCPI CA AM Innovation 2 and FCPI CA AM Innovation 3.

6.4.3. Information regarding changes in the Company's capital since 1 January 2003

The table below provides the information about changes in the Company's capital from 1 July 2003 (addition of new shareholders or operations on the capital of existing shareholders) until the date of registration of this Registration Document; the information in this table has not been adjusted for the four-for-one stock split of the Company's shares:

Identity of the shareholder	Status of the shareholder	Percentage of the capital held before the operation	Date of the operation or record date	Type of operation	Number of shares acquired, subscribed or sold	Unit price of the shares acquired, subscribed or sold	Percentage of the capital acquired/sold or subscribed during the operation[1]	Percentage of the capital after the operation
Gilles Avenard.....	General Manager and Member of the Management Board	10.30	10/07/2003	Stock loan	30	N/A	NS	10.30
		6.27	20/05/2005	Loan repayment	30	N/A	NS	6.27
Jean Théron	Shareholder	3.29	16/09/2003	Assignment	300	N/C[19]	NS	3.23
Dominique Costantini.....	Chief Executive Officer	10.30	10/07/2003	Stock loan	30	N/A	NS	10.30
		7.19	22/12/2004	Loan repayment	30	N/A	NS	7.20
Baring Capricorn Ventures Limited.....	Financial investor	6.88	05/05/2003	Exercise of BSA (SM 04/14/03)	7,816	€1	1.7	8.32
		6.88	05/05/2003	Sale	2,896	N/C	0.63	8.32
		8.32	02/03/2004	Exercise of BSA (SM 04/14/03)	4,258	€16.37	0.69	6.85
		6.46	03/01/2005	Exercise of BSA (SM 04/14/03)	2,130	€24.55	0.28	5.92
		5.92	14/06/2005	Redemption of ORA (SM 04/14/03)	14,197	€9.82	1.03	4.36
		5.92	14/06/2005	Exercise of BSA (SM 04/14/03)	2,287	€1	0.16	4.36
Capricorn Venture Fund N.V.....	Financial investor	6.28	05/05/2003	Exercise of BSA (SM 04/14/03)	7,128	€1	1.56	7.59
		6.28	05/05/2003	Acquisition	2,644	N/C	0.58	7.59
		7.59	02/03/2004	Exercise of BSA (SM 04/14/03)	3,887	€16.37	0.63	6.25
		5.90	03/01/2005	Exercise of BSA (SM 04/14/03)	1,943	€24.55	0.26	5.40
		5.40	14/06/2005	Redemption ORA (SM 04/14/03)	12,958	€9.82	0.94	4.14
		5.40	14/06/2005	Exercise of BSA (SM 04/14/03)	2,088	€1	0.15	4.14
Alain Chatelin	Shareholder	1.52	05/05/2003	Acquisition	408	N/C	0.09	1.40
		1.40	02/03/2004	Exercise of BSA (SM 04/14/03)	815	€16.37	0.13	1.17
		1.10	03/01/2005	Exercise of BSA (SM 04/14/03)	407	€25.55	0.05	1.02
		1.02	14/06/2005	Redemption ORA (SM 04/14/03)	2,069	€9,82	0.15	0.71
Gérard Kannengiesser..	Shareholder	0.61	16/09/2003	Acquisition	300	N/C	0.06	0.68

Identity of the shareholder	Status of the shareholder	Percentage of the capital held before the operation	Date of the operation or record date	Type of operation	Number of shares acquired, subscribed or sold	Unit price of the shares acquired, subscribed or sold	Percentage of the capital acquired/sold or subscribed during the operation[(1)]	Percentage of the capital after the operation
Gérard Tardy	Shareholder	0.84	05/05/2003	Exercise of BSA (SM 04/14/03)	901	€1	0.19	0.92
		0.92	02/03/2004	Exercise of BSA (SM 04/14/03)	621	€16.37	0.10	0.78
		0.74	03/01/2005	Exercise of BSA (SM 04/14/03)	310	€24.55	0.04	0.68
		0.68	14/06/2005	Redemption ORA (SM 04/14/03)	2,715	€9.82	0.19	1.30
		0.68	14/06/2005	Exercise of BSA (SM 04/14/03)	10,000	€1	0.73	1.30
3 i Technology 2001	Financial investor	26.33	05/05/2003	Sale	103,815	N/C	22.82	0
SOPAGEST BP Innovation 2 (SPEF).....	Financial investor	2.39	05/05/2003	Exercise of BSA (SM 04/14/03)	7,472	€1	1.64	4.03
		2.39	05/05/2003	Acquisition	1,438	N/C	0.31	4.03
		4.03	02/03/2004	Exercise of BSA (SM 04/14/03)	2,118	€16.37	0.34	3.33
		3.14	03/01/2005	Exercise of BSA (SM 04/14/03)	1,059	€24.55	0.14	2.88
		2.88	14/06/2005	Redemption ORA (SM 04/14/03)	7,060	€9,82	0.51	2.09
SOPAGEST BP Innovation 3 (SPEF).....	Financial investor	2.39	05/05/2003	Exercise of BSA (SM 04/14/03)	7,472	€1	1.64	4.03
		2.39	05/05/2003	Acquisition	1,432	N/C	0.31	4.03
		4.03	02/03/2005	Exercise of BSA (SM 04/14/03)	2,117	€16.37	0.34	3.33
		3.14	03/01/2005	Exercise of BSA (SM 04/14/03)	1,059	€24.55	0.14	2.88
		2.88	14/06/2005	Redemption ORA (SM 04/14/03)	7,061	€9.82	0.51	2.09
Blue Medical Investments.....	Financial investor	0.28	05/05/2003	Sale	1,140	N/C	0.25	0
FCPI France Innovation 1 (ABN Amro-Xange).....	Financial investor	3.19	05/05/2003	Exercise of BSA (SM 04/14/03)	9,962	€1	2.19	4.96
FCPI France Innovation 2 (ABN Amro-Xange).....	Financial investor	3.19	05/05/2003	Exercise of BSA (SM 04/14/03)	9,962	€1	2.19	4.96
FCPI France Innovation 3 (ABN Amro-Xange)...	Financial investor	3.19	05/05/2003	Exercise of BSA (SM 04/14/03)	9,964	€1	2.19	4.96
Auriga Ventures II	Financial investor	0	05/05/2003	Acquisition	33,459	N/C	7.35	7.35
		7.35	02/03/2004	Exercise of BSA (SM 04/14/03)	50,840	€16.37	8.27	13.72
		12.94	03/01/2005	Exercise of BSA (SM 04/14/03)	25,426	€24.55	3.40	14.68
		14.68	14/06/2005	Redemption ORA (SM 04/14/03)	169,502	€9.82	12.41	20.76
		14.68	14/06/2005	Exercise of BSA (SM 04/14/03)	4,375	€1	0.32	20.76

Identity of the shareholder	Status of the shareholder	Percentage of the capital held before the operation	Date of the operation or record date	Type of operation	Number of shares acquired, subscribed or sold	Unit price of the shares acquired, subscribed or sold	Percentage of the capital acquired/sold or subscribed during the operation[(1)]	Percentage of the capital after the operation
ING Belgique	Financial investor	0	05/05/2003	Acquisition	33,459	N/C	7.35	7.35
		7.35	02/03/2004	Exercise of BSA (SM 04/14/03)	50,840	€16.37	8.27	13.72
		12.94	03/01/2005	Exercise of BSA (SM 04/14/03)	25,426	€24.55	1.86	14.68
		14.68	14/06/2005	Redemption ORA (SM 04/14/03)	161,502	€9.82	12.41	20.76
		14.68	14/06/2005	Exercise of BSA (SM 04/14/03)	4,375	€1	0.32	20.76
FCPI France Innovation 4 (ABN Amro-Xange)...	Financial investor	0	05/05/2003	Acquisition	5,181	N/C	1.14	1.13
		1.13	02/03/2004	Exercise of BSA (SM 04/14/03)	7,602	€16.37	1.23	2.08
		1.96	03/01/2005	Exercise of BSA (SM 04/14/03)	3,802	€24.55	0.50	2.22
		2.22	14/06/2005	Redemption ORA (SM 04/14/03)	25,345	€9.82	1.70	3.07
Investissement Innovation 2002 (ABN Amro-Xange)...	Financial investor	0	05/05/2003	Acquisition	1,889	N/C	0.41	0.41
		0.41	02/03/2004	Exercise of BSA (SM 04/14/03)	2,772	€16.37	0.45	0.75
		0.71	03/01/2005	Exercise of BSA (SM 04/14/03)	1,387	€24.55	0.18	0.81
		0.81	14/06/2005	Redemption ORA (SM 04/14/03)	9,242	€9.82	0.67	1.12
AA Innovation 2002 (ABN Amro-Xange)...	Financial investor	0	05/05/2003	Acquisition	701	N/C	0.15	0.15
		0.15	02/03/2004	Exercise of BSA (SM 04/14/03)	1,029	€16.37	0.16	0.28
		0.26	03/01/2005	Exercise of BSA (SM 04/14/03)	514	€24.55	0.06	0.3
		0.3	14/06/2005	Redemption ORA (SM 04/14/03)	3,431	€9.82	0.24	0.41
FPCR — FCJE....	Financial investor	0	05/05/2003	Acquisition	21,441	N/C	4.71	4.71
		4.71	02/03/2004	Exercise of BSA (SM 04/14/03)	32,580	€16.37	5.30	8.79
		8.29	03/01/2005	Exercise of BSA (SM 04/14/03)	16,293	€24.55	2.18	9.41
		9.41	14/06/2005	Redemption ORA (SM 04/14/03)	108,622	€9.82	7.95	13.16
		13.10	14/06/2005	Exercise of BSA (SM 04/14/03)	875	€1	0.06	13.16
Jean Claude Deschamps.....	Chairman of the Supervisory Board	0	10/07/2003	Stock loan	30	N/A	0.007	0.007
		0.004	14/06/2005	Exercise of BSA (SM 03/17/04)	1,000	€16.37	0.07	0.07
		0.013	20/05/2005	Repayment of the stock loan	30	N/A	0.004	0.13
Damien Salauze...	Former member of the Supervisory Board	0	10/07/2003	Stock borrowing	30	N/A	0.007	0.007
		0.005	22/12/2004	Cancellation of the stock borrowing	30	N/A	0.005	0

Identity of the shareholder	Status of the shareholder	Percentage of the capital held before the operation	Date of the operation or record date	Type of operation	Number of shares acquired, subscribed or sold	Unit price of the shares acquired, subscribed or sold	Percentage of the capital acquired/sold or subscribed during the operation[(1)]	Percentage of the capital after the operation
FCPI UNI-INNOVATION 2 (Sigefi Ventures Gestion).....	Financial investor	0	26/07/2004	Exercise of BSA (CSM 07/19/04)	2,162	€16,37	0.33	0.33
		0.33	03/01/2005	Exercise of BSA (CSM 07/19/04)	961	€24,55	0.12	0.41
		0.41	14/06/2005	Redemption ORA (SM 04/14/03)	3,604	€9.82	0.26	0.49
FCPI UNI-INNOVATION 3 (Sigefi Ventures Gestion).....	Financial investor	0	26/07/2004	Exercise of BSA (CSM 07/19/04)	367	€16.37	0.056	0.05
		0.05	03/01/2005	Exercise of BSA (CSM 07/19/04)	163	€24.55	0.022	0.07
		0.07	14/06/2005	Redemption ORA (SM 04/14/03)	611	€9.82	0.045	0.08
FCPI ACTION INNOVATION 2002 (Sigefi Ventures Gestion).....	Financial investor	0	26/07/2004	Exercise of BSA (CSM 07/19/04)	2,382	€16.37	0.36	0.36
		0.36	03/01/2005	Exercise of BSA (CSM 07/19/04)	1,059	€24.55	0.14	0.46
		0.46	14/06/2005	Redemption ORA (SM 04/14/03)	3,971	€9.82	0.29	0.54
FCPI ACTIONS INNOVATION 2003 (Sigefi Ventures Gestion).....	Financial investor	0	26/07/2004	Exercise of BSA (CSM 07/19/04)	367	€16.37	0.05	0.05
		0.05	03/01/2005	Exercise of BSA (CSM 07/19/04)	163	€24.55	0.02	0.07
		0.07	14/06/2005	Redemption ORA (SM 04/14/03)	611	€9.82	0.04	0.08
FCPI GENERATION INNOVATION (Sigefi Ventures Gestion).....	Financial investor	0	26/07/2004	Exercise of BSA (CSM 07/19/04)	9,091	€16.37	1.39	1.39
		1.39	03/01/2005	Exercise of BSA (CSM 07/19/04)	4,042	€24.55	0.54	1.75
		1.75	14/06/2005	Redemption ORA (SM 04/14/03)	15,150	€9.82	1.10	2.07

Identity of the shareholder	Status of the shareholder	Percentage of the capital held before the operation	Date of the operation or record date	Type of operation	Number of shares acquired, subscribed or sold	Unit price of the shares acquired, subscribed or sold	Percentage of the capital acquired/sold or subscribed during the operation[1]	Percentage of the capital after the operation
FCPI CA AM INNOVATION 2 (Sigefi Ventures Gestion).....	Financial investor	0	26/07/2004	Exercise of BSA (CSM 07/19/04)	5,028	€16.37	2.30	2.30
		2.30	03/01/2005	Exercise of BSA (CSM 07/19/04)	6,681	€24.55	0.89	2.90
		2.90	14/06/2005	Redemption ORA (SM 04/14/03)	25,046	€9.82	1.83	3.42
FCPI CA AM INNOVATION 3 (Sigefi Ventures Gestion).....	Financial investor	0	26/07/2004	Exercise of BSA (CSM 07/19/04)	3,005	€16.37	0.46	0.46
		0.46	03/01/2005	Exercise of BSA (CSM 07/19/04)	1,336	€24.55	0.09	0.58
		0.58	14/06/2005	Redemption ORA (SM 04/14/03)	5,009	€9.82	0.36	0.68
Siparex Croissance (Siparex)	Financial investor	0	26/07/2004	Exercise of BSA (CSM 07/19/04)	403	€16.37	0.06	0.06
		0.06	03/01/2005	Exercise of BSA (CSM 07/19/04)	179	€24.55	0.02	0.07
		0.07	14/06/2005	Redemption ORA (SM 04/14/03)	672	€9.82	0.04	0.09
Siparex Développement (Siparex)	Financial investor	0	26/07/2004	Exercise of BSA (CSM 07/19/04)	183	€16.37	0.02	0.02
		0.02	03/01/2005	Exercise of BSA (CSM 07/19/04)	81	€24.55	0.01	0.03
		0.02	31/12/2004	Stock loan	30	N/A	0.005	0.03
		0.03	14/06/2005	Redemption ORA (SM 04/14/03)	305	€9.82	0.02	0.03
FCPR INNOVATION ET PROXIMITE 1 (Sigefi Private Equity)	Financial investor	0	26/07/2004	Exercise of BSA (CSM 07/19/04)	3,665	€16.37	0.56	0.56
		0.56	03/01/2005	Exercise of BSA (CSM 07/19/04)	1,629	€24.55	0.21	0.70
		0.70	14/06/2005	Redemption ORA (SM 04/14/03)	6,109	€9.82	0.44	0.83
SIGEFI VENTURES GESTION	Financial investor	0	31/12/2004	Stock borrowing	30	N/A	0.005	0.004
Laurent Degos	Shareholder	0	14/06/2005	Exercise of BSA (SM 04/14/03)	900	€9.82	0.06	0.06
		0	14/06/2005	Transfer	900	N/C	0.12	0
Richard Keatinge	Member of Management Board	0	20/05/2005	Acquisition	900	N/C	0.12	0.06

[19] N/C: Not communicated because this was an over-the-counter sale of shares.

6.4.4. Control of the issuer

On the registration date of this Registration Document, the Company's capital is divided among 50 shareholders. There are no shareholders other than those indicated in section 6.4.1, who hold directly or indirectly a stake of more than 1% of the capital or voting rights in the Company.

To the Company's knowledge, no shareholders are acting jointly.

6.4.5. Shareholders' agreements

The current shareholders' agreements among the Company's shareholders will be terminated early and will become null and void if the Company's shares are listed for trading on a regulated market.

6.4.6. Pledges

6.4.6.1. Pledges of the Company's shares

None.

6.4.6.2. Pledges of the Company's assets

The Company has made no pledge of its assets, with the exception of the pledge of securities in the amount of 36,603 euros made to Investisseurs Fonciers et Participation, as security for the lease for the Company's premises.

6.5. Information on holdings

On the date of registration of this Registration Document, the Company had no equity interest in another French or foreign company with the exception of marketable securities.

CHAPTER 7

CORPORATE GOVERNANCE

7.1. COMPOSITION AND DUTIES OF THE SUPERVISORY AND MANAGEMENT BODIES

Corporate management is entrusted to a management board, which performs its duties under the control of a supervisory board. Members of the supervisory and management bodies are selected in accordance with the bylaws and internal regulations.

To the Company's knowledge, no members of the Company's management board and supervisory board have been associated with any bankruptcy, been subject to attachment or liquidation, or have been subject to any conviction or penalty of any kind whatsoever during the past five years.

The Company also declares it is in compliance with its obligations relating to corporate governance as defined by the French Commercial Code.

7.1.1. Composition

7.1.1.1. Composition of the Management Board (Article 14 of the bylaws)

The management board currently comprises three individual members, appointed by the supervisory board. The term of office of the members is three years, and is renewable. Board members may be dismissed by the general shareholders' meeting or the supervisory board.

As of the registration date of this Registration Document, the members of the Company's management board were the following:

First name, last name, age	Term of office	Principal duty performed in the Company	Other positions and duties performed in any company
Anne-Marie Dominique Costantini 50	*1st appointment: 19 December 1997*[20] *Expiration of term: 5 May 2007*	Chairman of the Management Board	None
Gilles Avenard..... 54	*1st appointment: 19 December 1997 Expiration of term: 5 May 2007*	General Manager and Member of the Management Board	Director of Hemosystem S.A.
Richard Keatinge..... 59	*1st appointment: 22 September 2004 Expiration of term: 5 May 2007*	General Manager and Member of the Management Board	None

20 Initially, chairman of the Company's board of directors.

Chairman of the Management Board

Dominique Costantini is co-founder of the Company. She has twenty years of experience in the fields of biopharmaceuticals, management and product marketing and development, specifically at Hoechst Marion Roussel (now Sanofi-Aventis). Ms. Costantini received her MD and a degree in immunology from the University of Paris V School of Medicine.

Other board members

Gilles Avenard is co-founder of the Company, along with Dominique Costantini. He is responsible for operations within the Company. He has twenty years of experience in the field of research and development management. He has specifically been executive director of projects at Hoechst Marion Roussel (now Sanofi-Aventis) and a member of the CNTS (National Blood Transfusion Center). Mr. Avenard received his MD and a degree in hematology from the University of Paris V School of Medicine.

Richard Keatinge is responsible within the Company for agreements and licences. He has over twenty years of experience in the biopharmaceutical industry in the United States as head of agreements and licences, at FeRx, DGT, and ICN Pharmaceuticals. Richard Keatinge is a graduate of the University of California (Berkeley) and holds a PhD from Harvard University.

7.1.1.2. Composition of the Supervisory Board (Article 16 of the bylaws)

As of the registration date of this Registration Document, the supervisory board comprised six members. Members of the supervisory board are appointed by the general shareholders' meeting for a term of office of three years, which may be renewed. In the case of a vacancy, members of the supervisory board may be co-opted under the conditions set by the law and applicable regulations.

In accordance with the bylaws, each member of the supervisory board must hold a minimum of thirty shares of BioAlliance Pharma.

As of the registration date of this Registration Document, the members of the Company's supervisory board were as follows:

First name, last name, age	Term of office	Principal duty performed in the Company	Other positions and duties performed in any company
Jean-Claude Deschamps 70	*1st appointment:* 18 November 2003 *Expiration of term:* general shareholders' meeting ruling on the financial statements for the year ending 31 December 2007	Independent member and Chairman of the Supervisory Board	Jean-Claude Deschamps is also director of the following companies: — Esko-Graphics A/S (Denmark), — Esko-Graphics Ltd (Japan), — Merit Capital N.V (Belgium), — Bricsnet Inc (Canada/United States), — C-Code SA (France) and permanent representative of this company on the administrative boards of: — Finocas N.V. (Belgium) and — Finindus N.V. (Belgium).
Auriga Partners, represented by Bernard Daugeras 62	*1st appointment:* 14 April 2003 *Expiration of term:* general shareholders' meeting ruling on the financial statements for the year ending 31 December 2007	Member of the Supervisory Board	Bernard Daugeras is also Chairman of the management board of Auriga Partners, and director of Faust Pharmaceuticals and Applied Spectral Imaging. He also represents Auriga Partners on the supervisory board of Novagali Pharma and on the boards of directors of Bioartificial Gel (Canada) and Median Technologies.
ING Belgique, represented by Denis Biju-Duval 49	*1st appointment:* 14 April 2003 *Expiration of term:* general shareholders' meeting ruling on the financial statements for the year ending 31 December 2007	Member of the Supervisory Board	Denis Biju-Duval also represents ING Belgique in the following companies: — Devgen N.V. (Belgium), — Environnement SA (France), — Numeca SA (Belgium), — Roller Grill SA (France), and — Surf SA (France). He is also director of Sogam SA and its permanent representative on Bienca SA (Belgium), Oncomethylome SA (Belgium), and Sodir SA (France).

First name, last name, age	Term of office	Principal duty performed in the Company	Other positions and duties performed in any company
Capricorn Venture Partners, ... represented by Claude Stoufs 55	*1st appointment:* 14 April 2003 *Expiration of term:* general shareholders' meeting ruling on the financial statements for the year ending 31 December 2007	Member of the Supervisory Board	Claude Stoufs represents Capricorn Venture Partners on the boards of directors of: — 4AZA Bioscience NV, — UroGene SA, — TiGenix NV, and — FlandersBio v.z.w.
Sigefi Ventures Gestion,..... represented by Marie Laure Garrigues 51	*1st appointment:* 19 July 2004 *Expiration of term:* general shareholders' meeting ruling on the financial statements for the year ending 31 December 2007	Member of the Supervisory Board	Marie Laure Garrigues is also Chairman of the supervisory board of GeneSystems SA and serves as representative of Sigefi Ventures Gestion on the board of directors of Faust Pharmaceuticals.
François Sarkozy.....	7 November 2005 *Expiration of term:* general shareholders' meeting ruling on the financial statements for the year ending 31 December 2007	Independent member of the Supervisory Board	François Sarkozy is also a member of the supervisory board of Progna AG (Germany), member of the management committee of SAS AEC Partners (France) and manager of the company FSNB Conseil (France).

7.1.2. Duties

7.1.2.1. Duties of the Management Board

Authority of the Management Board

The management board has the broadest authority to act under any circumstances on behalf of the Company; it shall exercise its duties subject to the bylaws, internal regulations, corporate objectives, and to those powers expressly allocated by law to the supervisory board and the general shareholders' meetings.

Meetings of the Management Board

Members of the management board shall meet whenever the corporate interest so requires, at the location indicated by the chairman. They may be convened by any means, including verbally.

7.1.2.2. Duties of the Supervisory Board

Authority of the Supervisory Board

The supervisory board exercises permanent control over the management board. To this end, it may at any time apply such verifications and controls as it deems appropriate and issue such documents as it deems useful to fulfilling its task.

At least once per quarter, it will receive a report from the management board concerning management of the Company.

Meetings of the Supervisory Board

Members of the supervisory board may be called to meetings of the board by any means, including verbally.

In order to be validly held, at least half the members of the supervisory board must be present at its meetings.

During the fiscal year ending 31 December 2004, the supervisory board met five times. At these various meetings, the attendance rate of its members was 100%.

Members of the supervisory board have been invited on a regularly scheduled basis to attend by the chairman of the board, by means of an e-mail sent at least three days prior to the date of the meeting.

Prior to holding board meetings, members of the supervisory board are issued any documents as may be useful for their information. This information is the responsibility of the chairman of the supervisory board and the chairman of the management board.

The statutory auditors (Amyot Exco Grant Thornton Audit) were invited to meetings of the supervisory board during which the annual and interim financial statements were balanced or prepared. They attended all of these meetings.

During the fiscal year just ended, the chairman of the supervisory board chaired all meetings of the supervisory board.

The attendance record for each meeting was signed by all board members present. The minutes of each meeting were prepared by the secretary and signed by the chairman and another board member participating in the meeting.

Internal regulations of the Supervisory Board

On 21 October 2005, the supervisory board adopted its internal regulations, pursuant to the recommendations contained in the report published in October 2003 by the AFEP and the MEDEF entitled *''Corporate governance of publicly traded companies''* (the ''Afep-Medef report''). The internal regulations became effective as of the date of their adoption and their provisions that require the formation of committee will be implemented progressively within a reasonable time period following this adoption.

The internal regulations describe the organisation and operating methods of the supervisory board and its committees, as well as the procedures for evaluating the performance of the supervisory board.

The internal regulations also provide for the possibility of holding meetings of the supervisory board by videoconference or other means of telecommunication under conditions set by decree, except with regard to decisions relating to approval of the Company's financial statements.

Finally, the internal regulations set the conditions under which the supervisory board shall perform a self-evaluation, and the ethics rules (specifically in matters of stock trading) applying to members of the board, committees, and the management board, and if appropriate, to their permanent representative, and to members of the committees.

Independence of the members of the Supervisory Board

The supervisory board comprises at least two independent members, Jean-Claude Deschamps, its chairman, and François Sarkozy.

These members are considered to be independent in accordance with the recommendations regarding corporate governance in the Afep-Medef report, insofar as they specifically satisfy the following conditions:

— they are not, and have not been during the five years preceding their appointment within the Company, employees or members of the management board of the Company;

— they are not customers, suppliers, commercial bankers, or financial bankers of the Company;

— they have no close family ties to any member of corporate management;

— they have not have been an auditor of the Company during the past five years;

— they have not been a director or member of the Company's supervisory board for more than twelve years; and

— they may not hold, directly or indirectly, more than 1% in the Company's capital, either on a fully diluted basis or otherwise.

7.1.2.3. Committees

The supervisory board is assisted in its tasks by a compensation committee, a scientific committee, and various operational committees. It is planned to establish an audit committee and a nominating committee within a reasonable time period, in accordance with the internal regulations adopted by the supervisory board on 21 October 2005.

The composition, tasks, and operating conditions of these committees are defined by the supervisory board's internal regulations.

(a) **Compensation committee**

The compensation committee, established on 17 September 2003, consists, as of the registration date of this Registration Document, of three members of the supervisory board, the permanent representatives of the ING, Capricorn, and Auriga groups. The composition of the compensation committee must be changed upon the appointment of new independent members of the supervisory board.

The compensation committee submits all recommendations to the supervisory board in the following areas:

— the initial level and any increase in the remuneration of members of the board of directors (including the fixed and variable portion and benefits in kind, including options to subscribe to shares or free shares);

— the distribution of directors' fees, which may be allocated to members of the supervisory board based on pre-established criteria;

— the initial level and any increase in the remuneration of independent members of the supervisory board (including the fixed and variable portions and benefits in kind, including options to subscribe for shares or free shares);

— the initial level and any increase in the remuneration of the chairman and vice-chairman of the supervisory board (including the fixed and variable portions and benefits in kind, including options to subscribe to shares and free shares); and

— all exceptional remuneration to members of the supervisory board for specific tasks or duties assigned by the board.

Except in extraordinary cases, the compensation committee is also consulted once per year after the annual budget has been approved by the supervisory board regarding salary increases and any bonuses awarded to the Company's employees.

During the fiscal year ending 31 December 2004, members of the compensation committee exchanged several letters for the purpose of preparing written recommendations to the supervisory board on 17 November 2004 concerning the compensation of the independent members of the supervisory board and officers.

(b) **Scientific committee**

The scientific committee consists of the chairman of the management board and the operations director of BioAlliance Pharma, as well as four well-known members affiliated with renowned French universities, hospitals, or scientific bodies.

The scientific committee is consulted depending on the Company's strategic needs, and members are consulted during scheduled meetings, separately by each operating unit. It is responsible for guiding and evaluating the progress of certain projects as well as the scientific

significance of the Company's new projects. It meets an average of every two months for each project being followed.

In addition to Dominique Costantini and Gilles Avenard, members of the management board, the members of the scientific committee are as follows:

François Clavel, MD, is a director of INSERM (National Institute of Health and Medical Research) Unit 552, dedicated to antiviral research at Bichat Hospital, Paris. Dr. Clavel participated in the discovery of the HIV2 virus at the Pasteur Institute.

Jean-Marc Aiache, PhD, is a director of the biopharmacy laboratory at the University of Clermont-Ferrand. Dr. Aiache is an internationally known expert in the field of adhesives technology and is the inventor of the Lauriad adhesives technology.

Patrick Couvreur, PhD, is a professor at the Paris School of Pharmacy and Director of the CNRS Unit UMR 8612 at Châtenay-Malabry. Professor Couvreur is the inventor of the Transdrug nanoparticles technology.

Christian Auclair, MD and PhD, is a director of the applied biotechnology and genetic pharmacology laboratory at the Ecole Normale Supérieure of Cachan. Professor Auclair is working with BioAlliance Pharma on the NCE program.

(c) **Operating committees**

Management committee:

The management committee consists of the chairman of the management board, the general manager, the VP Business Development, the director of the operating units, the director of regulatory affairs, the director of clinical research, the quality assurance director and the chief finance officer.

Several times each month, the management committee performs a broad review of operational and organisational issues and administrative and financial aspects, as well as projects being carried out in the operating units. During this review, the management committee reviews expense and revenue performance with regard to the budget.

Within the management committee, an executive committee has been established that includes the members of the management board and the chief finance officer. The executive committee is specifically responsible for budget and financial management.

Quality assurance committee:

The quality assurance committee consists of the quality assurance director, the general manager for operations of BioAlliance Pharma, and five other members. This committee meets approximately one hour every week to monitor progress on documentary aspects underway and to make decisions on new quality assurance actions.

The quality assurance committee also meets every six months to perform a management review.

Hygiene and safety committee:

The hygiene and safety committee consists of the head of hygiene and safety, the general manager for operations, the quality assurance director, a human resources consultant (external), and a labor physician (external). This committee validates the professional risk evaluation document, monitors regulations, prepares the necessary recommendations and corresponding procedures, performs audits, and undertakes site visits.

7.1.3. Internal audit

Pursuant to Article L. 225-37 section 6 of the French Commercial Code, at the close of the fiscal year ending 31 December 2004, the chairman of the BioAlliance Pharma supervisory

board prepared a report on the conditions for preparing and organizing the work of the supervisory board and the internal audit procedures established by the Company, including the following items.

7.1.3.1. General presentation

BioAlliance Pharma has set up a quality assurance system based on standard operating procedures (SOP) covering all of the Company's areas of activity. These procedures are written documents that describe the course of the activities and define the participants' resources and responsibilities.

This system includes:

(1) procedures relating to aspects of the Company's organisation and planning. They describe the progress of the activities and define the participants' resources and responsibilities;

(2) operating methods, texts describing the Company's know-how and giving precise instructions for performing a given operation; and

(3) forms, defined by default as any documents which do not correspond to the definition of procedures or operating methods, and which must be completed, such as a results report sheet, requests, or models. These forms are used for record-keeping.

All documentation relating to the quality system is recorded on the computer server located at the Company's registered office.

The Company's quality assurance department maintains two lists:

(1) a historic document management list comprising all documents relating to quality, the various versions of the document and any deletion of the document; and

(2) a list of current documents that contains all usable documents, along with the current version. This table is accessible to all staff.

Through this monitoring, the quality assurance department ensures the numbering and consistency of all quality assurance documents.

Quality assurance documents represent over 60 procedures, 70 operating methods, and 100 forms. The documents are available to all staff. The desired objective is continuous improvement in quality, and in the Company's processes, whether operational, management, or support.

The activities carried out within VIRalliance, formerly a wholly-owned subsidiary of BioAlliance Pharma, which was taken over in its entirety on 30 October 2005 by BioAlliance Pharma, have been certified ISO 9001/2000.

BioAlliance Pharma has adopted a computer charter that has been added to the internal regulations provided by the French Labor Code.

Since June 2002 BioAlliance Pharma has also had an animal experimentation ethics committee consisting of five members, the objectives of which are the validation of all experimental protocols relating to animal ethics and the monitoring of compliance with regulations and training.

7.1.3.2. Implementation of internal audit procedures

From an administrative and social standpoint, the principal areas covered are:

— preparation and audit of corporate financial statements;

— budget monitoring;

— cash management;

— investment and purchase control; and

— management control (specifically with regard to conflicts of interest and regulated agreements).

The quality assurance system was instituted in 1999, and then reformulated between 2000 and 2001, and extended during the ISO 9001/2000 certification of the activities of VIRalliance (taken over by BioAlliance Pharma on 30 October 2005).

Internal audit procedures are instituted by the supervisory board, the management board, the scientific committee, the management committee, the quality assurance committee, and the management of the various operating units.

Internal audit procedures specifically involve the following references:

— internal references: procedures manual, internal regulations, computer charter, and quality assurance manual;

— external references: regulatory texts applying to the Company's activity: these specifically include the ISO 9001/2000 standard, good clinical practices (GCP), good manufacturing practices (GMP), good laboratory practices (GLP), legal texts applying to the development of medications, regulatory texts on genetically modified organisms, the elimination of waste, the transport of hazardous products, the handling of microorganisms, and hygiene and safety.

7.1.3.3. Performance and monitoring of auditing tasks

An audit plan is prepared by the head of quality assurance, in coordination with management and auditors. This plan may be reviewed during the course of the year depending on how matters progress.

Upon completing the audit, the audit head drafts a report to be sent to the audited unit and to the head of quality assurance.

Shortcomings noted during audits are taken into consideration by the interested party, who is responsible for implementing the corresponding actions. In order to monitor opportunities for improvement, the leader of the audited process completes an improvement plan.

7.1.3.4. Specific presentation concerning accounting and financial information

Accounting and financial information is treated as follows:

— budget preparation and approval, formalisation by presentation to the supervisory board at the beginning of each fiscal year, and inclusion in the reports;

— monthly budget monitoring, formalisation (periodic activity report) in a financial reporting document (income statement and balance sheet), and a corporate document sent by the management board to all investors and members of the supervisory board;

— analysis of shortcomings, formalisation (periodic activity report);

— monitoring of off-balance-sheet commitments;

— involvement of a certified accountant each month to review all accounts and ledgers, perform a work dossier for the statutory auditors and prepare tax documentation;

— certification of the corporate financial statements by the statutory auditor.

7.1.3.5. Reports by statutory auditor on internal audit procedures relating to accounting and financial information

The reports by the statutory auditor on the reports from the chairman of the supervisory board to the general shareholders' meeting on the financial statements for the fiscal year ending

30 June 2004 and 31 December 2004 regarding internal audit procedures for accounting and financial information contain no specific comments. Copies of these reports are provided below:

(a) Report by the statutory auditor on the report from the chairman of the supervisory board on the internal audit for the fiscal year ending 30 June 2004

Ladies and Gentlemen,

As statutory auditor for BioAlliance Pharma, and pursuant to the final section of Article L. 225-235 of the French Commercial Code, please find attached our report on the report prepared by your Company's chairman pursuant to Article L. 225-37 of the French Commercial Code for the fiscal year ending 30 June 2004.

Under the supervision of the supervisory board, it is management's responsibility to define and implement adequate and effective internal audit procedures. It is the chairman's responsibility to report specifically concerning the conditions for preparing and organising the work of the supervisory board and the internal audit procedures instituted by the Company.

It is our responsibility to report to you our comments on the description contained in the chairman's report concerning the internal audit procedures for preparing and processing the accounting and financial information.

We have performed our work in accordance with professional practices applicable in France. This required the implementation of measures aimed at evaluating the accuracy of the description contained in the chairman's report on internal audit procedures on the preparation and processing of accounting and financial information. These measures specifically consist of:

- reporting on the objectives and general organisation of the internal audit function, as well as internal audit procedures relative to the preparation and processing of accounting and financial information, as presented in the chairman's report;
- reporting on the work underlying the description thus presented.

Based on this work, we have no comments to make on the description of the Company's internal audit procedures relative to the preparation and processing of the accounting and financial information contained in the report from the chairman of the supervisory board, prepared pursuant to the final section of Article L. 225-68 of the French Commercial Code.

Paris, 29 October 2004

Statutory Auditor
Amyot Exco Grant Thornton
Member of Grant Thornton International

Thierry Dartus
Partner

(b) Report by the statutory auditor on the report from the chairman of the supervisory board on the internal audit for the fiscal year ending 31 December 2004

Ladies and Gentlemen,

As statutory auditor for BioAlliance Pharma, and pursuant to the final section of Article L. 225-235 of the French Commercial Code, please find attached our report on the report prepared by your Company's chairman pursuant to Article L. 225-37 of the French Commercial Code for the fiscal year ending 31 December 2004.

Under the supervision of the supervisory board, it is management's responsibility to define and implement adequate and effective internal audit procedures. It is the chairman's responsibility

to report specifically concerning the conditions for preparing and organising the work of the supervisory board and the internal audit procedures instituted by the Company.

It is our responsibility to report to you our comments on the description contained in the chairman's report concerning the internal audit procedures for preparing and processing the accounting and financial information.

We have performed our work in accordance with professional practices applicable in France. This required the implementation of measures aimed at evaluating the accuracy of the description contained in the chairman's report on internal audit procedures on the preparation and processing of accounting and financial information. These measures specifically consist of:

- reporting on the objectives and general organisation of the internal audit function, as well as internal audit procedures relative to the preparation and processing of accounting and financial information, as presented in the chairman's report;
- reporting on the work underlying the description thus presented.

Based on this work, we have no comments to make on the description of the Company's internal audit procedures relative to the preparation and processing of the accounting and financial information contained in the report from the chairman of the supervisory board, prepared pursuant to the final section of Article L. 225-68 of the French Commercial Code.

Paris, 25 March 2005

Statutory Auditor
Amyot Exco Grant Thornton
French member of Grant Thornton International

Thierry Dartus
Partner

7.1.4. General management

The Company's management duties are performed by the management board. The chairman of the management board represents the Company in relations with third parties, and the supervisory board has assigned the same representation authority to the two other members of the board, each of who bear the title of *directeur general* (general manager) and are recorded in this capacity with the Commercial Register.

The chairman and the general managers are each invested with the broadest authority to act under any circumstances in the name of the Company. They exercise such authority within the limits of the corporate objective, bylaws and internal regulations and subject to those powers which the law expressly assigns to shareholders' meetings and to the supervisory board.

The Company is bound even by the actions of the chairman or general manager that do not conform to the corporate objective, unless it proves that the third party knew that the action exceeded this objective or that it must have been aware thereof given the circumstances, it being specified that mere publication of the bylaws shall not suffice to constitute such proof.

Similarly, the provisions of the bylaws or decisions of the supervisory board limiting the authority of the general manager are not binding on third parties.

Statutory restrictions

None.

Restrictions decided upon by the Supervisory Board

On 21 October 2005, the supervisory board adopted internal regulations which regulate relations between members of the supervisory board and members of the management board

and dictate the conditions under which the management board must request prior authorisation from the supervisory board for the following decisions:

- decisions to acquire or dispose of assets or an investment in a company, by any means whatsoever, or any investment, for an amount greater than 200,000 euros per year, other than those specified in the Company's annual budget;
- decisions to dispose of or sell any of the Company's significant intellectual or industrial property which might be used in a product under development.

7.1.5. Officers

As of the date of this Registration Document, the Company has four officers:

Name	Title	Appointment date	Age
Anne-Marie Dominique Costantini	Chairman of the management board	19 December 1997	50
Gilles Avenard	Member of the board and general manager	19 December 1997	54
Richard Keatinge	Member of the board and general manager	22 September 2004	59
Piers Morgan	Chief finance officer	29 March 2005	39

7.2. HOLDINGS AND COMPENSATION OF MANAGEMENT

7.2.1. Holdings of share capital by corporate management and directors

As of the registration date of this Registration Document, the holdings of corporate stock by corporate management and directors is as follows:

Holdings of corporate stock by corporate management and directors on the registration date of this Registration Document	Number of shares	%[1]	Number of shares resulting from exercise of BSA/BCE[3]	Total % after exercise of BSA/BCE[2]
Anne-Marie Dominique Costantini	187,500	3.43	454,128	8.6
Gilles Avenard	187,500	3.43	454,128	8.6
Richard Keatinge	3,600	0.07	266,568	3.6
Jean-Claude Deschamps	7,052	0.12	36,000	0.6
François Sarkozy	TBD[5]	TBD[5]	TBD[5]	TBD[5]
Auriga Ventures II, represented by Bernard Daugeras	1,134,408	20.76	—	—
ING Belgique, represented by Denis Biju-Duval	1,134,408	20.76	—	—
Capricorn Venture Partners, represented by Claude Stoufs	221,652	4.06	—	—
Sigefi Ventures Gestion, represented by Marie-Laure Garrigues	120	0.002	—	—
Denis Biju-Duval	27,924[4]	0.51	—	—

(1) Calculation of the percentage on basis of capital on the registration date of this Registration Document.

(2) Calculation of the percentage of total capital on the registration date of this Registration Document, increased by the number of shares resulting from any exercise of BSA and BCE.

(3) This information includes the new BCE and BSA described in section 6.3.5.2 of the Registration Document.

(4) These shares will be held during the initial admission of the Company's shares for trading in the Eurolist market of Euronext Paris S.A. This number of shares will be deducted from the 1,134,408 shares held by ING Belgique (see section 6.4.1 of this Registration Document).

(5) It is expected that François Sarkozy will hold the 30 shares required for members of the supervisory board. The number of BSA that he will hold will be determined at a later date by the supervisory board.

7.2.2. Compensation and in-kind benefits granted to corporate officers and directors

The following table shows annual compensation paid by the Company to corporate officers and directors on the registration date of this Registration Document:

Name	Title	Annual compensation(€)[1]	In-kind benefits(€)[1]
Anne-Marie Dominique Costantini.....	Chairman of the management board	156,750 (fixed portion) 25,000 (variable portion: conditional bonus)	Unemployment insurance Allocation of BCE
Gilles Avenard	Member of the management board and general manager	156,750 (fixed portion) 25,000 (variable portion: conditional bonus)	Unemployment insurance Allocation of BCE
Richard Keatinge	Member of the management board and general manager	156,750 (fixed portion) 25,000 (variable portion: conditional bonus)	Allocation of BCE
Jean-Claude Deschamps.....	Chairman and independent member of the supervisory board	36,000 (fixed portion) 18,000 (exceptional remuneration)	Allocation of BSA
Auriga Partners, represented by Bernard Daugeras	Member of the supervisory board	N/A	N/A
ING Belgique, represented by Denis Biju-Duval	Member of the supervisory board	N/A	N/A
Capricorn Venture Partners, represented by Claude Stoufs.....	Member of the supervisory board	N/A	N/A
Sigefi Ventures Gestion, represented by Marie-Laure Garrigues	Member of the supervisory board	N/A	N/A
François Sarkozy.....	Independent member of the supervisory board	To be determined[2]	To be determined

(1) Gross compensation.

(2) This amount will be determined at a future date by the supervisory board.

As of the date of this Registration Document, the members of the supervisory board of the Company receive no directors' fees.

At its meeting of 5 October 2005, the supervisory board debated the level of the current total compensation of the Company's management and senior officers with regard to information available on the practices of listed companies in the same sector and with stock market capitalisation similar to that anticipated for the Company. The supervisory board concluded that this compensation should be reviewed if the Company is listed, and proposes that the compensation committee meet after the listing to make any appropriate recommendation to the supervisory board on this subject, taking into consideration a potential increase. The Company cannot, at this stage, estimate the financial impact of any change in its practices with regard to compensation of the Company's managers and senior officers.

7.2.3. Option and share purchase plans

The Company has implemented no plan for the stock options or the purchase of shares but has issued BSA and BCE specifically in favour of its management, corporate officers and directors, and employees.

As of the registration date of this Registration Document, in addition to the anti-dilution BSA described in section 5.4.3.9. of this Registration Document, the total number of BSA and BCE in circulation is 423,116 (of which 92,294 have been authorised by the supervisory board to be allocated, a procedure which will be implemented by the management board). 68,706 BSA and BCE were also authorised during the general shareholders' meeting of 7 November 2005, but not yet allocated on the registration date of this Registration Document. The 491,822 BSA and BCE currently authorised allow a total of 1,967,288 new shares to be subscribed (after the split in the par value of the shares).

Among these BSA and BCE, 388,757 were allocated to employees of the Company and its former subsidiary VIRalliance.

7.2.4. Transactions with related entities

7.2.4.1. Regulated agreements during fiscal year 2004

No regulated agreement was entered into during the fiscal year ending 31 December 2004.

7.2.4.2. Previous agreements

BioAlliance Pharma entered into two regulated agreements during previous fiscal years that remained in effect during the fiscal year ending 31 December 2004. These were an agreement for a shareholder loan, and an agreement for the reassignment of income in favour of VIRalliance, formerly a wholly-owned subsidiary of BioAlliance Pharma, which was dissolved and taken over by BioAlliance Pharma on 30 October 2005. Gilles Avenard, who was the chairman of VIRalliance, is also general manager of BioAlliance Pharma.

These agreements became void on the date of dissolution of VIRalliance.

7.2.5. Agreements entered into with members of the supervisory and management bodies

The Company confirms that it has entered into no regulated agreements with members of the supervisory and management boards, with the exception of the following:

- employment contracts entered into with Dominique Costantini (chairman of the management board), Gilles Avenard (member of the management board and general manager), and Richard Keatinge (member of the management board and general manager); and
- unemployment insurance contracts underwritten by the Company in favour of Dominique Costantini and Gilles Avenard.

7.2.6. Loans and guarantees to members of the supervisory and management bodies

None.

7.3. CONFLICTS OF INTEREST OF THE SUPERVISORY AND MANAGEMENT BODIES

To the Company's knowledge, the members of the management board and supervisory board have no conflicts of interest with the Company.

7.4. RESTRICTIONS ON SALES OF SHARES

None.

7.5. EMPLOYEES

7.5.1. Number of employees

As of the registration date of this Registration Document, the Company employed 42 people, 41 having open-ended employment contracts and one employee having a fixed-term contract. 26 employees were working in research and development, nine were responsible for administrative, financial, legal, or management tasks, and seven were involved in diagnostic activities. The employment contracts of the Company's employees are subject to the chemical industry's collective agreement.

The Company believes it has good staff relations.

7.5.2. Profit sharing and employee share ownership agreements

None.

7.5.3. Options awarded to employees

See section 7.2.3 of this Registration Document.

CHAPTER 8

INFORMATION ON BUSINESS OUTLOOK AND TRENDS

8.1. BUSINESS OUTLOOK

Two Phase III clinical trials with Lauriad miconazole for treatment of orophangeal candidasis were completed in Europe and North Africa during 2004.

In September 2005, the Company submitted an application for an MA for the European Union as part of the community's procedure for mutual recognition, in which France acts in the role of reference member state.

In the United States, the Company received authorisation from the FDA to initiate a Phase III clinical study on miconazole Lauriad in immune suppressed HIV carriers in July 2005. This authorisation was awarded as part of the Investigational New Drug Application (IND) procedures, which are applicable to new products.

If bringing miconazole Lauriad to the European market is authorised, as the Company hopes it will be at the end of 2006 or the beginning of 2007, the Company plans to first market this product in France with its own sales force and marketing staff. For the rest of Europe, the Company intends to organise a distribution network. In the United States and Japan, and is seeking industrial partners, with the objective of establishing the necessary agreements by the end of 2006.

8.2 TRENDS

The Company believes that, taking into account its current research and development activities, it has no particular comments on trends which might affect its production, sale, inventory, costs or sales prices from the date of the last financial year ended 31 December 2004 and the date this Registration Document was filed.

CHAPTER 9

THIRD PARTY INFORMATION, STATEMENTS BY EXPERTS AND DECLARATIONS OF INTERESTS

The Company certifies that third party information, included in sections 4.2 and 4.3, has, to the best of its knowledge, been accurately reproduced and that, taking into consideration the information included in this Registration Document, no facts have been omitted which would render the information included inaccurate or misleading.

Persons referenced as third party in this Registration Document are in particular:

IMS Management Consulting
7 Harewood
London NW1 6 JB
United Kingdom

GLOSSARY

Terms in English	Definitions
AFSSAPS	(*Agence Française de Sécurité Sanitaire de Produits de Santé*). French Health Products Safety Agency.
AMEP	A peptide from the human Disintegrin area of ADAM-15.
ANVAR	(*Agence Nationale de Valorisation de la Recherche*). Commonly known as The French Agency for Innovation.
MA	Marketing Authorisation
QA	(Quality Assurance). A concept encompassing everything individually or collectively capable of influencing product quality. Quality assurance means all the measures taken to ensure that available products are suitable for their intended use and includes good practice in the following areas: sampling, transportation, manufacturing, and preservation.
BDPME	(*Banque de Développement des Petites et Moyennes Entreprises*). French Development Bank for Small and Medium-sized Companies.
GCP	(Good Clinical Practices). The group of measures ensuring the quality standard of clinical trials.
GMP	(Good Manufacturing Practices). An aspect of pharmaceutical quality assurance that ensures drugs are manufactured and controlled in a consistent manner according to quality standards suitable for the drug's intended use and in accordance with the drug's specifications.
BSA	(*Bon de Souscription d'Actions*). French Stock Subscription Warrants
BCE	(*Bon de Créateur d'Entreprise*, formerly BSPCE — Bon de Souscriptions de Parts de Créateurs d'Entreprise. Business Creation Warrants) Stock options offered to employees and executives of innovative French companies established less than 15 years.
MIC	Minimal Inhibitory Concentration
CNRS	(*Centre National de la Recherche Scientifique*). French National Scientific Research Center.
CRO	(Contract Research Organisation). A research organisation under contract.
EMEA	European Medicines Evaluation Agency (or the European Agency for the Evaluation of Medicinal Products), commonly known as the European Drug Agency.
Clinical trial	The systematic study of a drug on human subjects (either healthy or sick volunteers), in order to discover or verify drug adverse reactions, and to study the absorption, distribution, metabolism, and extraction of the drug in question, for the purpose of establishing its safety and efficacy.
Pharmacokinetic study	The study of a drug's kinetic parameters (uptake and clearance) in various compartments (the bloodstream, tissues).
Pharmacodynamic study	The study of a drug's effective dosage and length of therapeutic efficacy.

Terms in English	Definitions
Randomised trial	A trial in which selected participants are randomly distributed among various groups under study.
Pivotal trial	The clinical trial used to register the drug.
Drug Adverse Effect	Any adverse and undesirable event experienced by a participant in a clinical trial, regardless of the event's connection to the drug(s) under study and regardless of what caused the event.
Serious Adverse Effects	A serious adverse effect is an adverse effect that (1) contributed to death or is likely to endanger life; (2) causes disability or incapacity; or (3) leads to or prolongs hospitalisation.
FDA	(Food and Drug Administration). American agency overseeing drug registration.
HCC	(Hepatocellular Carcinoma). Primary liver cancer.
ICH	(International Conference on Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use). International conference on harmonizing technical requirements relating to the licensing of drugs for human use.
IFRS	(International Financial Reporting Standards). European accounting standards.
IGR	(Institut Gustave Roussy).
IND	(Investigational New Drug). Application filed with the FDA requesting authorisation to start clinical trials for investigational new drugs.
INSERM	(*Institut National de la Santé et de la Recherche Médicale*). The National Institute of Health and Medical Research, a French institution.
Investigator(s)	The individual(s) who conducts and monitors the clinical trial and is responsible for the protection, health, and well being of trial participants. The investigator is a qualified physician with adequate experience. When a trial is entrusted to several investigators, an investigator coordinator is appointed by the trial's sponsor.
In vivo	Manipulation taking place in the body of a human or animal.
ISO 9000 (9001, 9002, 9003)	The International Organization for Standardization of International Standards for Quality Management. A system meant to ensure quality in design, development, production, installation, and related services.
Lot	A defined quantity (of a raw material, an item used in packaging, or a product manufactured in a process or a series of processes) that may be deemed a consistent unit.
Lysate	A type of cellular extract (a product of lysis).
Drug	Substance or combination of substances presented as possessing curative or preventive properties regarding human disease, as well as any product that can be administered to man in order to establish a medical diagnosis or to restore, mitigate, or modify his biological functions.
MDR (Multi Drug Resistant)	A multi-drug resistant gene encoding transmembrane proteins that reject products or drugs outside of cells.
NCE (New Chemical Entities)	New chemical or biological entities.

Terms in English	Definitions
Compliance	The patient's adherence to treatment (good therapeutic follow-up).
ORA	French equity note (a bond redeemable into shares).
PCT (Patent Cooperation Treaty)	A cooperative patent agreement. The PCT is an international treaty that stipulates a standardised filing process for obtaining foreign patents in the signatory countries.
Phase I	This phase corresponds to the first clinical trials. It must evaluate drug tolerance in a small number of volunteer subjects (usually healthy) and enable initial studies on the administration of the drug in the human body.
Phase II	This phase is divided into two sub-phases: Phase II-A and Phase II-B. The purpose of Phase II-A is to study the effects of the drug on a small number of volunteer subjects (usually healthy) and to complete pharmacokinetic studies. Phase II-B must evaluate drug tolerance (adverse effects) and efficacy on a limited number of sick subjects and establish the administration of the drug.
Phase III	The purpose of this phase is to confirm and supplement the results regarding drug tolerance and efficacy on a sufficient number of sick subjects. This phase must also allow for the study of adverse effects and evaluate the balance of safety/efficacy vis-à-vis a reference treatment.
Phase IV	This phase corresponds post-MA studies. It is conducted on a large scale with the purpose of refining our knowledge of the drug and its adverse effects, adapting the drug's administration to individual cases, and evaluating treatment protocol.
Sponsor	Individual or entity that assumes leadership of a clinical trial and is responsible for its launch and management.
Protocol	Document describing the rationale, goals, methodology, and statistical methods of the trial and which specifies the terms and conditions under which the trial must be conducted and managed.
Benefit/risk ratio	The ratio between a drug's expected benefits and its possible risks.
Biomedical research	Study or experimentation conceived for and conducted on human subjects in view of developing biological or medical knowledge.
SICAV	(Société d'Investissement à Capital Variable). A French open-end investment company (mutual fund).
Immune response monitoring	All the techniques that enable us to monitor the immune system's induction and kinetic response. The monitoring of T responses (mediated by T-cells) is especially relevant to immunotherapy.
Traceability	All the information and measures taken to monitor and rapidly retrace to 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 realisation of planned outcomes and set specifications.
HIV	(Human immunodeficiency virus)
HSV	(Herpes simplex virus)

CONCORDANCE TABLE

Commission Regulation (EC) No 809/2004 of 29 April 2004
ANNEX I

Minimum Disclosure Requirements for the Share Registration Document (schedule)		Cross-reference
1.	PERSONS RESPONSIBLE	**CHAPTER 1 – 1.1**
1.1	**All persons responsible for the information given in the Registration Document and, as the case may be, for certain parts of it, with, in the latter case, an indication of such parts. In the case of natural persons, including members of the issuer's administrative, management or supervisory bodies, indicate the name and function of the person; in case of legal entities indicate the name and registered office.**	**1.1.1**
1.2	**A declaration by those responsible for the registration document that, having taken all reasonable care to ensure that such is the case, the information contained in the registration document is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import. As the case may be, a declaration by those responsible for certain parts of the registration document that, having taken all reasonable care to ensure that such is the case, the information contained in the part of the registration document for which they are responsible is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.**	**1.1.2**
2.	STATUTORY AUDITORS	**CHAPTER 1 – 1.2**
2.1	**Names and addresses of the issuer's auditors for the period covered by the historical financial information (together with their membership in a professional body).**	**1.2**
2.2	**If auditors have resigned, been removed or not been re-appointed during the period covered by the historical financial information, indicate details if material.**	**N/A**
3.	SELECTED FINANCIAL INFORMATION	**CHAPTER 5**
3.1	**Selected historical financial information regarding the issuer, presented for each financial year for the period covered by the historical financial information, and any subsequent interim financial period, in the same currency as the financial information.** **The selected historical financial information must provide the key figures that summarise the financial condition of the issuer.**	**5.1**
3.2	**If selected financial information for interim periods is provided, comparative data from the same period in the prior financial year must also be provided, except that the requirement for comparative balance sheet information is satisfied by presenting the year end balance sheet information.**	**5.3.3**
4.	RISK FACTORS **Prominent disclosure of risk factors that are specific to the issuer or its industry in a section headed ''Risk Factors.''**	**CHAPTER 3**
5.	INFORMATION ABOUT THE ISSUER	**CHAPTER 6**
5.1.	***History and Development of the Issuer***	

Minimum Disclosure Requirements for the Share Registration Document (schedule)		Cross-reference
5.1.1.	**the legal and commercial name of the issuer;**	**6.1.1**
5.1.2.	**the place of registration of the issuer and its registration number;**	**6.1.2**
5.1.3.	**the date of incorporation and the length of life of the issuer, except where indefinite.**	**6.1.3**
5.1.4.	**the domicile and legal form of the issuer, the legislation under which the issuer operates, its country of incorporation, and the address and telephone number of its registered office (or principal place of business if different from its registered office);**	**6.1.4**
5.1.5.	**the important events in the development of the issuer's business.**	**CHAPTER 4 – 4.1**
5.2.	***Investments***	**CHAPTER 4 – 4.10**
5.2.1.	**A description, (including the amount) of the issuer's principal investments for each financial year for the period covered by the historical financial information up to the date of the registration document;**	**4.10.1**
5.2.2.	**A description of the issuer's principal investments that are in progress, including the geographic distribution of these investments (home and abroad) and the method of financing (internal or external);**	**4.10.2 5.2.3**
5.2.3.	**Information concerning the issuer's principal future investments on which its management bodies have already made firm commitments.**	**4.10.3 / 5.2.1 / 5.5**
6.	BUSINESS OVERVIEW	**CHAPTER 3 and CHAPTER 4**
6.1.	***Principal Activities***	**CHAPTER 4**
6.1.1.	**A description of, and key factors relating to, the nature of the issuer's operations and its principal activities, stating the main categories of products sold and/or services performed for each financial year for the period covered by the historical financial information; and**	**4.1**
6.1.2.	**An indication of any significant new products and/or services that have been introduced and, to the extent the development of new products or services has been publicly disclosed, give the status of development.**	**4.2**
6.2.	***Principal Markets***	**4.3 / 4.4**
	A description of the principal markets in which the issuer competes, including a breakdown of total revenues by category of activity and geographic market for each financial year for the period covered by the historical financial information.	**4.3 / 4.4**
6.3	**Where the information given pursuant to items 6.1. and 6.2. has been influenced by exceptional factors, mention that fact.**	**4.11**

Minimum Disclosure Requirements for the Share Registration Document (schedule)		Cross-reference
6.4.	**If the issuer's activity or profitability is considerably impacted, provide information, in a summary form, concerning the issuer's degree of dependence on patents or licences, industrial, commercial or financial contracts or new manufacturing processes.**	**3.4 / 3.5**
6.5.	**Indicate the underlying items of any statement by the issuer concerning its competitive position.**	**4.3**
7.	ORGANISATION CHART	
7.1.	**If the issuer belongs to a group, briefly describe that group and the place occupied by the issuer in it.**	**N/A**
7.2.	**Prepare a list of the issuer's main subsidiaries, including their name, country of origin or of operation, as well as the percentage of capital, and the percentage of voting rights held, if different.**	**5.2.2.7**
8.	PROPERTY, PLANTS AND EQUIPMENT	**CHAPTER 4**
8.1.	**Indicate any significant property, plant or equipment, existing or planned, including rented real estate properties, and any major lien affecting them.**	**4.7 / 4.8 4.8**
8.2.	**Describe any environmental issue that might influence the issuer's use of its property, plant and equipment.**	**3.5 / 4.9.5**
9.	EXAMINATION OF THE FINANCIAL SITUATION AND INCOME	**CHAPTER 5**
9.1.	***Financial situation***	**5.2**
	If this information does not appear elsewhere in the registration document, describe the issuer's financial situation, the change in this financial situation and the income from operations performed during each fiscal year and interim period for which historical financial information is required, indicating the causes of significant changes that occurred, from one fiscal year to another, in this financial information, to the extent necessary to understand the issuer's activity in its entirety.	
9.2.	***Operating income***	**5.2.2.4 / 5.2.2.5**
9.2.1.	**Mention the significant factors, including unusual or infrequent events or new developments, which have a considerable impact on the issuer's operating income, indicating the extent of this impact on the issuer.**	**5.2.2.4 / 5.2.2.5**
9.2.2.	**When financial statements show significant changes in net sales and or net revenues, explain the reasons for these changes.**	**N/A**
9.2.3.	**Mention any strategy or any factor of a governmental, economic, budgetary, monetary or political nature that has considerably influenced or could considerably influence, directly or indirectly, the issuer's operations.**	**3.4.9 / 3.4.10**
10.	CASH, CASH INSTRUMENTS AND FUNDS	**CHAPTER 5**
10.1.	**Provide information on the issuer's funds (short and long term).**	**5.3.2**

Minimum Disclosure Requirements for the Share Registration Document (schedule)		Cross-reference
10.2.	**Indicate the source and the amount of the issuer's cash flows and describe these cash flows.**	**5.2.3**
10.3.	**Provide information on the issuer's borrowing conditions and the financial structure.**	**5.3.2 / 5.2.6 / 5.4**
10.4	**information concerning any restriction to the use of funds that had considerably influenced or could considerably influence, directly or indirectly, the issuer's operations.**	**N/A**
10.5.	**information concerning the expected financing sources which will be necessary to honor the commitments mentioned under points 5.2.3 and 8.1.**	**5.2.3 / 5.5**
11.	RESEARCH AND DEVELOPMENT, PATENTS AND LICENCES	**4.2 / 4.6 and CHAPTER 8**
	When the latter are important, provide a description of the research and development policies implemented by the issuer during each fiscal year of the period covered by the historical financial information, indicating the cost of the research and development activities sponsored by the issuer.	**5.2**
12.	TREND INFORMATION	
12.1.	**Indicate the main trends that impacted production, sales and inventories, the costs and sale prices from the end of last fiscal year until the date of the registration document.**	**4.7 and CHAPTER 8**
12.2.	**Indicate any known trend, uncertainty or request or any commitment or event reasonably likely to have a considerable impact on the issuer's prospects, at least for the current fiscal year.**	**CHAPTER 8**
13.	INCOME FORECASTS OR ESTIMATES	**N/A**
	If the issuer chooses to include an income forecast or estimate in the registration document, this document has to contain the information mentioned in points 13.1 and 13.2.	**N/A**
13.1.	**a statement listing the main assumptions on which the issuer based its forecast or estimate.** **We should make a clear distinction between the assumptions related to factors that can influence the members of the administrative, management or supervisory bodies, and the assumptions related to factors that are totally outside their control. Moreover, these assumptions have to be easy to understand for investors, be specific and precise and unrelated to the general accuracy of the estimates underlying the forecast.**	**N/A**
13.2.	**a report prepared by the accountants or the independent auditors, stipulating that, in the opinion of these accountants or independent auditors, the income forecast or estimate was adequately calculated on the basis indicated, and that the accounting basis used for the purposes of this provision or estimate is consistent with the accounting principles applied by the issuer.**	**N/A**
13.3.	**The income forecast or estimate has to be prepared on a basis that is comparable to the historical financial information.**	**N/A**

Minimum Disclosure Requirements for the Share Registration Document (schedule)			Cross-reference
13.4.		**If a profit forecast was included in a prospectus which is still pending, provide a statement indicating if this forecast is still valid or not, on the date of the registration document and, depending on the case, explain why it is no longer valid.**	**N/A**
14.		ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND GENERAL MANAGEMENT	**CHAPTER 7**
14.1.		**Give the name, business address and title in the issuing company of the following persons, mentioning the main activities that they conduct within this issuing company, when their activity is significant with respect to such company:**	**7.1**
	a)	**members of administrative, management or supervisory bodies;**	**7.1**
	b)	**partners, if this is a partnership limited by shares;**	**N/A**
	c)	**founders, if this is a company founded less than five years ago;**	**7.1.1.1**
	d)	**any chief operating officer or vice-president whose name can be mentioned to prove that the issuing company has the necessary expertise and experience to manage its own business.**	**7.1.1.1**
		Indicate the nature of any family relationship existing among any of these persons.	**N/A**
		For any person who is a member of an administrative, management or supervisory body and for any person mentioned under points b) and d) of the first paragraph, provide detailed information about his expertise and management experience, as well as the following information:	**7.1.1.1**
	a)	**the name of any company and partnership limited by shares in which this person was a member of an administrative, management or supervisory body or a partner at any time during the last five years (indicate also if the person still holds this position or not). It is not necessary to list all the subsidiaries of the issuing company in which the person is also a member of an administrative, management or supervisory body.**	**7.1.1.1 / 7.1.1.2**
	b)	**any conviction for fraud pronounced during the last five years or more.**	**N/A (7.1)**
	c)	**details of any bankruptcy, sequestration or liquidation with which any person mentioned in points a) and d) of the first paragraph acting in any of the positions mentioned in said points a) and d) was associated during the last five years or more.**	**N/A**

Minimum Disclosure Requirements for the Share Registration Document (schedule)		Cross-reference
	d) details of any official public charge and/or sanction pronounced against such person by the statutory or regulatory authorities (including designated professional authorities). Please also indicate if this person has already been prevented by a court from acting as a member of an administrative, management or supervisory body or from participating in the management or conduct of the business of an issuer during the last five years or more.	**N/A (7.1)**
	If no information of this type has to be disclosed, a statement has to be made to this effect.	**N/A**
14.2.	**Conflicts of interest at the level of administrative, management or supervisory bodies and of general management.**	**7.3**
	Potential conflicts of interest between the duties, with respect to the issuer, of any of the persons mentioned in point 14.1 and their private interests and/or other duties that have to be clearly indicated. In the absence of such conflicts of interest, a statement has to be made to this effect.	**7.3**
	Indicate any arrangement or agreement reached with the main shareholders, clients, suppliers or others, pursuant to which any of the persons mentioned under point 14.1 was selected as member of an administrative, management or supervisory body or as member of the general management.	**7.2.4.1 / 7.2.4.2**
	Give details about any restriction accepted by the persons indicated under point 14.1 concerning the sale, within a certain period of time, of their equity investment in the capital stock of the issuer.	**7.4**
15.	COMPENSATION AND BENEFITS	**7.2**
	Concerning the entire past fiscal year, indicate, for any person mentioned under point 14.1, first paragraph, points a) and d):	
15.1.	**the amount of compensation paid (including any conditional or deferred compensation) and the benefits in kind granted by the issuer and its subsidiaries for services of any type provided to them by this person.** **This information has to be provided on an individual basis, unless individualised information is not required in the issuer's country of origin or is otherwise published by the issuer.**	**7.2.2**
15.2.	**the total amount of sums provisioned or otherwise recorded by the issuer or its subsidiaries for the purposes of pension, retirement and other benefit payment.**	**7.2.5**
16.	OPERATION OF THE ADMINISTRATIVE AND MANAGEMENT BODIES	**7.1.**
	Provide, for the issuer's last fiscal year, and absent specification to the contrary, the following information concerning any person mentioned under point 14.1, first paragraph, point a):	

Minimum Disclosure Requirements for the Share Registration Document (schedule)		Cross-reference
16.1.	**the expiration date of the current mandate of such person, depending on the case, and the period during which the person remained in office.**	**7.1.1.1 / 7.1.1.2**
16.2.	**information on the service contracts between the members of the administrative, management or supervisory bodies and the issuer or any of its subsidiaries, which provide for the granting of benefits at the end of such contract, or provide an appropriate statement to the contrary.**	**N/A**
16.3.	**information on the audit committee and compensation committee of the issuer, including the name of the members of such committees and a summary of the mandate pursuant to which they serve.**	**7.1.2.3**
16.4	**Include a statement, as well, indicating if the issuer complies with the corporate governance mechanism in effect in its country of origin or not. If the issuer does not comply, the statement has to be accompanied by an explanation.**	**7.1.2.2**
17.	EMPLOYEES	**7.5**
17.1.	**Indicate the number of employees at the end of the period covered by the historical financial information, or their average number during each fiscal year over this period, until the date of the registration document (as well as any changes in this number, if they are significant) and, if possible, and if this information is significant, the distribution of employees by the main type of activity and by site. If the issuer employs a large number of temporary employees, also indicate the average number of these temporary employees during the most recent fiscal year.**	**7.5.1**
17.2.	**Equity investments and stock options**	**7.5.2 / 7.5.3**
	For each of the persons mentioned in point 14.1, first paragraph, points a) and d), provide the most recent available information concerning the equity investments that such persons hold in the capital stock of the issuer and any option on the issuer's shares.	**7.2.1 / 7.2.3**
17.3.	**Describe any agreement indicating an equity investment of the employees in the issuer's capital stock.**	**7.5.2 / 7.5.3**
18.	PRINCIPAL SHAREHOLDERS	**CHAPTER 6**
18.1.	**If such information is known to the issuer, provide the name of any person who is not a member of an administrative, management or supervisory body who holds, directly or indirectly, a percentage of the capital stock or voting rights of the issuer, who has to be notified pursuant to the national legislation applicable to the issuer, as well as the amount of the equity investment thus held, or, in the absence of such persons, provide an appropriate statement to the contrary.**	**6.4.1**
18.2.	**Indicate if the issuer's principal shareholders have different voting rights, or provide an appropriate statement to the contrary.**	**6.2.3.4**

Minimum Disclosure Requirements for the Share Registration Document (schedule)		Cross-reference
18.3.	**If such information is known to the issuer, indicate if the issuer is held or controlled, directly or indirectly, and by whom; describe the nature of this control and the measures taken to ensure that such control is not abusively used.**	**6.4.4**
18.4.	**Describe any agreement, known to the issuer, the implementation of which could trigger a change in its control at a subsequent date.**	**6.4.5**
19.	OPERATIONS WITH AFFILIATED COMPANIES	**CHAPTER 7**
	Details concerning operations with affiliated companies [which, for these purposes, are those indicated in the standards adopted pursuant to Regulation (EC) no. 1606/2002] concluded by the issuer during the period covered by the historical financial information, until the date of the registration document, have to be disclosed pursuant to the relevant standard adopted pursuant to said regulation, if it applies to the issuer.	**7.2.4**
	If this is not the case, the following information has to be published:	**N/A**
	a) **the type and amount of any operations that — considered separately or jointly — are significant to the issuer.** **When transactions with affiliates were not concluded under market conditions, explain why. In the case of pending loans, including guarantees of any type, indicate the amount of the loans.**	
	b) **the amount or the percentage of transactions with affiliates in the issuer's revenues.**	
20.	FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSET BASE, FINANCIAL SITUATION AND INCOME	**CHAPTER 5**
20.1.	***Historical financial information***	**5.1 / 5.2 / 5.3**
	Provide verified historical financial information for the last three fiscal years (or for any period of less than a year during which the issuer was in business) and the audit report prepared for each fiscal year. For issuers in the European Community, this financial information has to be prepared pursuant to regulation (EC) no. 1606/2002 or, if this is not applicable, to the national accounting standards of a member state. For issuers located in third countries, the financial information must be prepared according to the international accounting standards adopted pursuant to the procedure provided in Article 3 of Regulation (EC) no. 1606/2002 or the national accounting standards of a third country, equivalent to these standards. Absent an equivalency, the financial information must be presented in the form of restated financial statements.	**5.1 / 5.2 / 5.3**

The audited historical financial information for the last two fiscal years has to be prepared and presented in a form compatible with that which will be adopted in the next annual financial statements that will be published by the issuer, taking into account the accounting standards, methods and accounting legislation applicable to said annual financial statements. **5.2 / 5.3**

If the issuer has operated in its current field of economic activity for less than one year, the audited historical financial information for this period must be prepared according to the standards applicable to annual financial statements pursuant to Regulation (EC) no. 1606/2002 or, if this regulation is not applicable, to the national accounting standards of a member state, if the issuer is a member of the European community. For issuers located in third countries, the financial information must be prepared according to the international accounting standards adopted pursuant to the procedure provided in Article 3 of Regulation (EC) no. 1606/2002 or national accounting standards of a third country, equivalent to these standards. This historical financial information must be audited. **N/A**

If the audited financial information required under this point is prepared pursuant to the international accounting standards, it must include at a minimum:

a) **the balance sheet;**

b) **the income statement;**

c) **a statement indicating all the changes in shareholders' equity or changes in shareholders' equity other than those resulting from capital transactions with the owners and distributions to the owners;**

d) **the financing table;**

e) **the accounting methods and notes to the financial statements.**

The annual historical financial information must be subject to an independent audit or a note indicating if, for the purposes of the registration document, the information is an accurate reflection, pursuant to the audit standards applicable in a member state or to a similar standard. **5.3.3.1**

20.2. ***Pro forma financial information*** **5.2.2.3**

In case of a significant change in the gross values, describe the way in which the transaction could have impacted the issuer's assets, liabilities and income, depending on whether it took place at the beginning of the period covered or at the date indicated. Including the pro forma financial information would normally cover this obligation.

The pro forma financial information has to be presented according to Appendix II and include all the data mentioned therein.

Minimum Disclosure Requirements for the Share Registration Document (schedule)	Cross-reference
The financial information has to be accompanied by a report prepared by the accountants or independent auditors.	
20.3. *Financial statements*	
If the issuer prepares its annual financial statements both on an individual and a consolidated basis, include in the registration document at least the consolidated annual financial statements.	**N/A**
20.4. *Audit of annual historical financial information*	
20.4.1. Provide a statement attesting that the historical financial information has been audited. If the independent auditors have refused to prepare an audit report on the historical financial information, or if this audit report contains reservations or warnings on the impossibility of expressing an opinion, this refusal, reservations or warnings must be reproduced in their entirety and accompanied by an explanation.	**5.3.3.1**
20.4.2. Indicate what other information contained in the registration document was audited by the independent auditors.	**5.1 / 5.2.2.3**
20.4.3. When the financial information appearing in the registration document is not extracted from the issuer's audited financial statements, indicate the source and state that the information has not been audited.	**N/A**
20.5. *Date of latest financial information*	**5.2.2.5**
The latest fiscal year for which the financial information was audited should be: a) **no more than eighteen months prior to the date of the registration document, if the issuer includes in the latter interim financial statements that were audited.** b) **no more than fifteen months prior to the date of the registration document, if the issuer includes in the latter interim financial statements which have not been audited.**	**5.3.3.3**
20.6. *Interim financial information and other information*	**5.3.2**
20.6.1. If the issuer has published quarterly or half-yearly financial information since the date of its last audited financial statements, this information must be included in the registration document. If this quarterly or half-yearly financial information was examined or audited, the examination or audit report must also be included. If this is not the case, provide a statement to this effect.	**5.3.2**
20.6.2. If the registration document was prepared more than nine months after the end of the last audited fiscal year, the registration document must contain interim financial information, possibly unaudited (in which case this fact has to be stated), covering at least the first six months of the new fiscal year.	**5.3.2 / 5.3.3.2**

	The interim financial information has to be accompanied by comparative financial statements covering the same period of the previous fiscal year; the presentation of closing balance sheets is sufficient, however, for meeting the comparable balance sheet information requirement.	
20.7.	***Dividend distribution policy***	**5.2.7**
	Describe the issuer's policy with respect to dividend distribution and any applicable restriction to this effect.	
	For each fiscal year of the period covered by the historical financial information, provide the amount of dividends per share, possibly adjusted to allow for comparisons, when the issuer's number of shares has changed.	**N/A**
20.8.	***Legal and arbitration proceedings***	**4.12**
	Indicate, for a period covering at least the past twelve months, any governmental, legal or arbitration proceedings (including any proceeding of which the issuer has knowledge, which is pending or with which the issuer is threatened) which might have or has recently had a significant impact on the financial situation or profitability of the issuer and/or of the group, or provide an appropriate statement to the contrary.	
20.9.	***Significant change in the financial or commercial situation***	**4.11**
	Describe any significant change in the financial or commercial situation of the group that took place since the end of the previous fiscal year for which audited financial statements or interim financial statements have been published, or provide an appropriate statement to the contrary.	
21.	ADDITIONAL INFORMATION	**CHAPTER 6**
21.1.	***Capital stock***	**6.3**
	Provide the following information, dated as of the most recent balance sheet included in the historical financial information:	
21.1.1.	**the amount of capital subscribed and, for each class of shares:**	**6.3.2**
	a) **the number of authorised shares;**	**6.3.2**
	b) **the number of shares issued and fully paid-up and the number of shares issued but not fully paid-up;**	
	c) **the par value per share or the fact that the shares have no par value, and;**	
	d) **a reconciliation of the number of outstanding shares on the opening and the closing dates of the fiscal year. If over 10% of the capital was paid-up through assets other than cash during the period covered by the historical financial information, provide a statement to this effect.**	
21.1.2.	**if there are shares that do not represent the capital stock, their number and main characteristics;**	**6.3.4**
21.1.3.	**the number, accounting value and nominal value of the shares held by the issuer itself or in its name, or by its subsidiaries;**	**N/A**

Minimum Disclosure Requirements for the Share Registration Document (schedule)		Cross-reference
21.1.4.	**the amount of convertible or exchangeable securities, or securities accompanied by subscription warrants, with a note as to the conversion, exchange or subscription terms and conditions;**	**6.3.5 / 6.3.6 / 6.3.7**
21.1.5.	**information on the conditions governing any acquisition right and/or any obligation attached to the capital subscribed, but not paid-up, or on any capital increase operation;**	**6.3.5 / 6.3.6 / 6.3.7**
21.1.6.	**information on the capital of any member of the group that is subject to an option or a conditional or unconditional agreement providing its placement under an option, and details on these options, including the identity of the persons to whom they relate;**	**6.3.5 / 6.3.6 / 6.3.7**
21.1.7.	**a history of the capital stock for the period covered by the historical financial information, emphasizing any change.**	**6.3.8**
21.2.	***Articles of incorporation and by-laws***	**6.2**
21.2.1.	**Describe the corporate purpose of the issuer and indicate where this purpose is stated in the articles of incorporation and by-laws.**	**6.2.1**
21.2.2.	**Summarise any provision contained in the articles of incorporation, by-laws, charter or regulations of the issuer concerning the members of the administrative, management and supervisory bodies.**	**6.2.4 / 7.1**
21.2.3.	**Describe the rights, privileges and restrictions attached to each class of existing shares.**	**6.2.3**
21.2.4.	**Describe the shares necessary to change the shareholders' rights and, when the conditions are stricter than those provided by law, indicate this fact.**	**6.2.5**
21.2.5.	**Describe the conditions governing the manner in which annual and extraordinary shareholders' meeting are called, including admission conditions.**	**6.2.5.1 / 6.2.5.2**
21.2.6.	**Provide a summary description of any articles of incorporation, by-laws, charter or regulations of the issuer that could result in delaying, deferring or preventing a change in its control.**	**6.2.6**
21.2.7.	**Indicate, depending on the case, any provision of the articles of incorporation, by-laws, charter or regulations of the issuer that sets the threshold above which any equity investment has to be disclosed.**	**6.2.7.2**
21.2.8.	**Describe the conditions, imposed by the articles of incorporation, by-laws, charter or regulations that govern the changes in capital, when these conditions are stricter than those provided by law.**	**6.3.3**
22.	IMPORTANT CONTRACTS **Summarise, for the two years immediately preceding the publication of the registration document, each significant contract (other than the contracts concluded in the ordinary course of business) to which the issuer or any other group member is a party.**	**CHAPTER 4 – 4.12**

	Summarise any other contract (other than the contracts concluded in the ordinary course of business) entered into by any member of the group, which contains provisions creating a significant obligation or commitment for the entire group, on the date of the registration document.	
23.	INFORMATION ORIGINATING FROM THIRD PARTIES, EXPERT OPINIONS AND INTEREST STATEMENTS	**CHAPTER 9**
23.1.	**When a statement or a report attributed to a person acting as an expert is included in the registration document, indicate the name of this person, its business address, its credentials and, depending on the case, any significant interest that this person holds in the issuer. If this statement or this report was prepared at the issuer's request, attach a statement indicating that this document was included, and the form and context in which it was included, with a note as to the consent of the person having endorsed the content of this part of the registration document.**	**CHAPTER 9**
23.2.	**When the information originates from a third party, provide an attestation confirming that this information was accurately reproduced and that, to the issuer's knowledge and information in light of the data published by such third party, no fact was omitted that would render the information reproduced inaccurate or misleading. Moreover, identify the source of information.**	**CHAPTER 9**
24.	DOCUMENTS ACCESSIBLE TO THE PUBLIC	**CHAPTER 1 – 1.3.2**
	Provide a statement attesting that, while the registration document is in force, the following documents (or a copy thereof) can be consulted, as applicable: a) **articles of incorporation and by-laws of the issuer;** b) **all the reports, correspondence and other documents, historical financial information, evaluations and statements prepared by an expert at the issuer's request, a part of which is included or mentioned in the registration document;** c) **historical financial information of the issuer or, in case of a group, historical financial information of the issuer and of its subsidiaries for each of the two fiscal years preceding the publication of the registration document.** **Indicate where the above documents can be consulted, as hard copies or in electronic format**	
25.	INFORMATION ON EQUITY INVESTMENTS	
	Provide information concerning companies in which the issuer holds a fraction of capital likely to have a significant impact on the valuation of its asset base, its financial situation or its income.	**CHAPTER 6 – 6.5**