

**BioAlliance
Pharma**



**Innovation
and performance**

BioAlliance Pharma

Innovation and performance, from research to the market

Specialising in cancer and supportive care - pathologies associated with cancerology, chemotherapy and radiotherapy complications and opportunistic infections that develop in immunocompromised patients - BioAlliance Pharma conceives and develops innovative drugs mainly for hospital use, some of which target rare or orphan diseases.

Founded in 1997 and listed on Euronext Paris in 2005, the company's ambition is to become a leading player in these fields by coupling innovation and patients' needs.

It has key skills in identifying, developing and registering drugs in Europe and the United States, and entrusts its marketing to a network of international sales partners in the hospital sector.

Its targeted approaches in areas where medical needs are insufficiently satisfied contribute to the fight against drug resistances and improve patients' health and quality of life.



Dominique Costantini, CEO

“ Our recent successes, particularly in the United States, confirm our growth and provide the foundations for our future revenues. ”

Management's message

Decisive successes First registration in the United States

In 2009 and since the beginning of 2010, we have enjoyed decisive successes as regards the company's future growth and the value of our assets.

Registration of Loramyc® in the United States for the treatment of oropharyngeal candidiasis was obtained in April 2010 (under the Oravig™ trademark). This fact, unique for a company of our size, confirms our development and registration expertise within a complex international context and opens up the US market to us.

The second drug in our supportive care range, Setofilm®, was approved in Europe throughout 16 countries in March 2010 for the treatment of nausea and vomiting in patients undergoing chemotherapy and radiotherapy.

Specialisation passed on to international sales partners

Specialising in the areas of cancer and supportive care (candidiasis, nausea, severe chronic pain, etc.), we have chosen to rely, in the various regions of the world, on strategic sales partners in the hospital sector whose expertise complements our own.

Boosted by the commercial dynamism of Loramyc®, whose sales in France doubled in 2009 on the preceding year, we signed a partnership agreement with the Therabel Group on 31 March 2010 and transferred to them the rights to market Loramyc® and Setofilm® in Europe along with our sales operations in France.

This agreement joins those that we had already put in place with Strativa/Par Pharmaceutical in the United States and Handok and NovaMed in Asia. These experienced sales partners, who have highly effective structures in the hospital sector, will be in a position to oversee the efficient launch and marketing of our first product Loramyc®/Oravig™ and Setofilm® for which we acquired European rights in 2008.

Capitalising on our achievements

The company continues to develop its products and patented know-how in mucous release and nanotechnological targeting for the administration of chemotherapies.

BioAlliance Pharma has capitalised on its mucous technology Lauriad® validated by the achievements of Loramyc® and the excellent phase III results obtained for aciclovir Lauriad® in December 2009, by having two new Lauriad® products start the clinical phase at end 2009.

The last year also saw significant growth in our portfolio of high value-added products for the future, products intended for rare cancers or severe pathologies (accelerated development and targeted markets); in this context, the AMEP®, anti-invasive biotherapy for treating invasive melanoma started the clinical phase at end 2009.

Major assets for the future

Our priorities for 2010–2011 are first and foremost to assist our partners Therabel and Strativa in launching and marketing our products.

Meanwhile, we will continue to press ahead with our projects in order to maximise their value and multiply their sources of future revenue: looking for sales partners for aciclovir Lauriad®, continuing clinical developments under way and looking for new growth opportunities by means of targeted acquisitions (severe pathologies, rare cancers).

BioAlliance Pharma is now a company that has made some concrete achievements, with several advanced products capable of generating revenues and a portfolio of high-potential products for the medium and long term. Our teams are experienced in development, registration and market access. Confident in the collaboration with our sales partners, we wish to develop the company in the areas of supportive care and cancer treatments and thereby meet the therapeutic needs of patients who remain at the heart of our concerns.

Key figures

KEY FIGURES (IFRS)

| (in € thousands on 31 December) | 2009 | 2008 |
|---|----------|----------|
| Sales | 7,536 | 8,174 |
| Operating loss | (15,478) | (23,192) |
| Net financial income | 95 | 1,828 |
| Net loss | (15,383) | (21,366) |
| Net earnings per share | (1.19) | (1.66) |
| Receivable concerning research tax credit | 1,829 | 4,627 |
| Cash flow | (14,091) | (23,927) |
| Net cash flows from operating activities | (17,529) | (27,710) |
| Investment flows | (341) | (1,851) |
| Cash flow from financing activities | 890 | 4,995 |
| Change in net cash | (16,981) | (24,565) |
| Cash and cash equivalents at year end | 14,710 | 31,691 |
| Headcount | 67 | 92 |

COMMENTS

Sales

Sales in 2009 came to €7.5 million, against €8.2 million in the preceding year.

This change is due mainly to accounting rules that stagger the sums received under the licensing agreements signed for Loramyc®, such revenues totalling €5.1 million in 2009, compared with €7 million in 2008.

Sales of Loramyc® in France were extremely dynamic in a low-growth market and totalled €2.1 million, double the 2008 figure.

This result shows that this product is becoming ever better known to the medical profession and hospital staff in cancerology. It is now nationally and internationally recommended for treating opportunistic infections in immunocompromised patients with cancer or AIDS.

Cash

Cash at 31 December 2009 stood at €14.7 million. This figure includes an amount of €0.9 million representing a share of the OSEO grant of €6.4 million obtained by BioAlliance Pharma to develop two ambitious programmes in invasive cancers, notably its AMEP® biotherapy.

In the first six months of 2010, the company received a payment of \$20 million (€15 million) stipulated in the contract with the US company Par/Strativa for obtaining authorisation to market Oravig™ in the United States along with a total amount of €7.5 million in the context of the partnership with the Therabel Group.



STOCK EXCHANGE

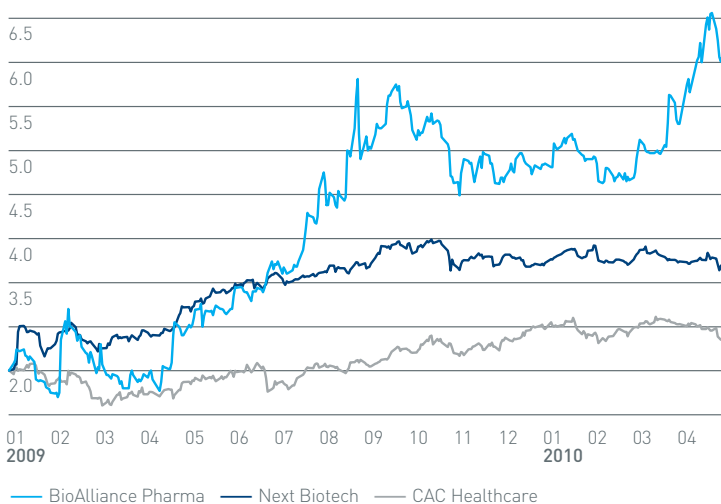
Shareholders at 30 April 2010

| | |
|---------------------------------|--------|
| ING Belgium | 8.03% |
| Financière de la Montagne Group | 7.48% |
| AGF Private Equity | 5.54% |
| Founders | 3.91% |
| Therabel Group | 3.80% |
| Others | 71.24% |

ISIN details

| | |
|---|---------------------------------|
| ISIN/Euronext code: | FR0010095596 |
| Ticker code: | BIO |
| Euronext Paris: | Euronext Paris Compartment C |
| Date of IPO: | December 2005 |
| Number of shares at 30 April 2010: | 13,407,672 |
| Share capital: Simple voting rights only | €3,351,918 |
| Liquidity contract: | CM-CIC Securities |

Change in share price



| | |
|---|---------------|
| Share price on 2 January 2009: | €2.50 |
| Share price on 31 December 2009: | €4.85 |
| Highest share price in 2009 (on 26 August 2009): | €5.81 |
| lowest share price in 2009 (on 04 February 2009): | €2.20 |
| Valuation at 30 April 2010: | €81.4 million |

FINANCIAL CALENDAR

9 February 2010

Publication of Q4 2009 sales and annual sales

3 March 2010

Publication of 2009 consolidated financial statements

4 March 2010

SFAF analyst meeting at the company's head office

6 April 2010

Publication of the 2009 Annual Financial Report

22 April 2010

Annual general meeting at the company's head office
Publication of Q1 2010 sales

22 July 2010

Publication of Q2 2010 sales

25 August 2010

Publication of the interim consolidated financial statements at 30 June 2010

26 August 2010

SFAF analyst meeting at the company's head office

21 October 2010

Publication of Q3 2010 sales

In accordance with the Transparency Directive, all regulated information concerning BioAlliance Pharma may be consulted online at www.bioalliancepharma.com



Significant events and outlook

FEBRUARY/MARCH 2009

Filing to register a second drug in Europe: Setofilm®

Intended for preventing and treating nausea and vomiting induced by chemotherapy and radiotherapy, Setofilm®, has entered the decentralised registration procedure in 16 European countries.

OSEO ISI funding

BioAlliance Pharma has obtained OSEO funding of €6.4 million, which it will devote to its new therapeutic entities for treating invasive cancers: AMEP® and zyxine.

AUGUST 2009

Filing to register Loramyc® in the United States

The acceptance of the registration file of miconazole Lauriad® (Loramyc®) for evaluation by the FDA in the United States represents a key stage for the company in commercial and financial terms.

The first product marketed by the company, Loramyc®, a mucoadhesive tablet, is indicated for the treatment of oropharyngeal candidiasis in immunocompromised patients in Europe.

OCTOBER/DECEMBER 2009

Three new products start clinical phase

Two products resulting from Lauriad®- validated technology: fentanyl Lauriad® (phase I) in severe chronic pain in cancer patients and clonidine Lauriad® (phase II) in the treatment of mucositis. The third product, AMEP® anti-invasive biotherapy (phase I), is intended for the treatment of invasive melanoma. A genuine technological breakthrough, it targets melanoma cells and blocks their growth.

Successful phase III trial for aciclovir Lauriad®

Capable of preventing the onset of vesicular lesions and lessening the duration of recurrent episodes with a single mucoadhesive tablet, aciclovir Lauriad® now represents a major opportunity to treat herpes labialis. The phase III trial conducted on more than 700 patients has established its efficacy and tolerance.

Survival results in the doxorubicine Transdrug® trial

This drug, intended for the treatment of primary liver cancer, has orphan drug status. A survival rate of 89% (against 55%) has been observed in patients who received three injections of doxorubicine Transdrug®, which opens the way to new approaches reducing the pulmonary risk observed in 2008.



Deloitte Prize

Awarded on the basis of sales growth over five years, the "Technology fast 50, 2009" prize confirms that BioAlliance Pharma is one of the fastest growing French technology companies.

MARCH 2010**Registration of Setofilm® in 16 European countries**

Recognised as particularly suitable for patients suffering from nausea and having difficulties swallowing, particularly when there is the risk of food going down the wrong way (child, elderly person), Setofilm® will be marketed, once its price has been obtained, in the supportive care range being built up by BioAlliance Pharma.

European partnership concluded with Therabel

Now that the sales potential of Loramyc® has been demonstrated in France, BioAlliance Pharma has entrusted to Therabel, a European player in the hospital sector, the marketing of Loramyc® and Setofilm® on the European territory.

APRIL 2010**Registration of Loramyc®/Oravig™ in the United States and 27 other countries**

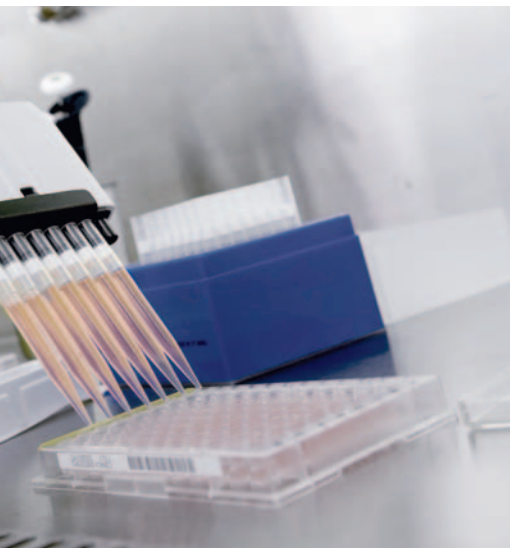
BioAlliance Pharma is the leading French innovatory company in obtaining marketing authorisation in the United States. This major success opens up the world's largest market to the company and is a key factor in the commercial success of the product, which has also obtained registration in 13 new European countries.

New governance for greater adaptability

The company wished to simplify its method of governance. The general meeting of 22 April 2010 changed the way the company is run and appointed an eight-member Board of Directors.

OUTLOOK FOR 2010/2011**The main stages for the future will be:**

- launch of Oravig™ in the United States by Strativa/Par Pharmaceutical (expected at end 2010);
- launch and marketing of Loramyc® and Setofilm® by the Therabel Group in the main European countries, depending on pricing and reimbursement negotiations (expected in 2011);
- establishment of the strategy to register aciclovir Lauriad® with the regulatory authorities in Europe and the United States (expected in H2 2010), paving the way to negotiation of partnership agreements for this product intended for herpes labialis in primary care;
- continued development of other products in the portfolio, particularly for future clinical projects that are candidates for other industrial agreements: fentanyl Lauriad®, clonidine Lauriad® and AMEP® anti-invasive biotherapy;
- looking for new growth opportunities by means of targeted acquisitions (severe pathologies, rare cancers).



Innovation and performance

BIOALLIANCE PHARMA

Highly targeted innovative products

BioAlliance Pharma is developing - in the areas of supportive care and cancer - products that are innovative in their delivery system or mechanism of action.

Main lines of development:

- delivery of sufficient concentrations through the mucosa;
- maximising efficacy by targeting diseased organs and diseased cells or key receptors;
- avoiding drug resistance;
- reducing the number of doses or facilitating administration of the medication;
- minimising adverse effects.

INNOVATION AT THE HEART OF VALUE CREATION

Innovative delivery systems and mechanisms of action

Innovative delivery systems:

- the mucoadhesive tablet Lauriad®, by its adhesion to the oral mucosa, makes it possible to obtain rapid and sustained salivary and plasma concentrations of the active ingredient;
- Setofilm® (RapidFilm® technology from APR), which dissolves in a few seconds in contact with saliva, releases the drug in the mouth and facilitates its absorption;
- Transdrug® nanoparticle technology short-circuits multi-resistance mechanisms by a protective masking of the anticancer drug and enables it to reach its target.

The company is also developing products whose **original mechanisms of action** represent genuine therapeutic breakthrough strategies: targeting of enzymes or key receptors (AMEP® biotherapy in melanoma) or induction of the return of a tumorous cell to a normal phenotype (zyxin programme in invasive tumours).

These new therapeutic approaches provide responses where traditional treatments have efficacy and tolerance limits.



KNOW-HOW

Tangible mucous know-how and industrial nanotechnology know-how

BioAlliance Pharma :

- develops independent products with independent components of development risk;
- relies on established expertise;
- targets markets in which accelerated development strategies are applied (active ingredients already known or "orphan" products);
- balances the allocation of products among development phases.

Capitalising on the **Lauriad® mucous technology** patented and validated by Loramyc® (60,000 patients treated) and aciclovir Lauriad®, BioAlliance Pharma is developing three other Lauriad® products: fentanyl Lauriad® in severe chronic pain in cancer, clonidine Lauriad® in the treatment of mucositis and corticosteroid Lauriad® in the treatment of inflammatory lesions.

It is also capitalising on its patented Transdrug® **nanotechnology targeting expertise** for the administration of chemotherapies in the treatment of cancers.

Having obtained positive results in December 2009 in terms of survival for the doxorubicine Transdrug® phase II trial in primary liver cancer, BioAlliance Pharma wishes to develop new approaches aimed at lessening the secondary respiratory effects that had led to the trial's suspension.

The company is also developing an innovative oral **formulation technology of sustained released nanoparticles (SRN)**, which enables an optimal concentration of the product and prolonged exposure to cancerous cells, thereby improving the product's efficacy and tolerance.



Product portfolio

BIOALLIANCE PHARMA

A product portfolio that minimises risks and development times

The Company:

- is building up a range of supportive care products for hospitals: candidiasis, nausea and vomiting induced by chemotherapy and radiotherapy, severe chronic pain in cancer, mucositis, etc., which address the same types of diseases and the same prescribing doctors;
- is developing innovative products for the treatment of resistant cancers or severe diseases: primary liver cancer, invasive melanoma, etc., for which new therapeutic approaches are expected.

A diversified and robust portfolio of patents

At 30 April 2010, the product portfolio was protected by 34 families of published and licensed patents, covering 352 published patent applications or patents.

Any new innovative development is the subject of specific protections designed to ensure revenues from marketing over the long term.

| Products (indication) | Discovery | Preclinical | Phase I/II | Phase II/III | Registration | Market |
|--|------------|-------------|------------|-----------------------|-------------------------|-----------------|
| BA-001 / Loramyc® / Oravig™ (oropharyngeal candidiasis) | | | | | Europe / US Approved | France 09/07 |
| BA-030 / Sétofilm® (anti-emetic) | | | | | Europe Approved | |
| BA-021 / Aciclovir Lauriad® (oral herpes) | | | | Positive Phase III | | |
| BA-003 / Doxorubicine Transdrug® (liver cancer) | | | | Ongoing... | | |
| BA-041 / Fentanyl Lauriad® (cancer chronic pain) | | | Ongoing... | | | |
| BA-028 / Clonidine Lauriad® (oral mucositis) | | | Ongoing... | | | |
| BA-015 / AMEP® (metastatic melanoma) | | | Ongoing... | | | |
| BA-026 / Corticosteroid Lauriad® (erosive oral lichen planus) | | Ongoing... | | | | |
| BA-011 / Inhibiteur d'intégrase® (HIV infection) | | Ongoing... | | | | |
| BA-018 / Irinotécan Transdrug® (Per Os cancer treatment) | | Ongoing... | | | | |
| BA-016 / Zyxine (invasive cancer) | Ongoing... | | | | | |



Economic model and partnerships

BIOALLIANCE PHARMA

Specialty pharma economic model

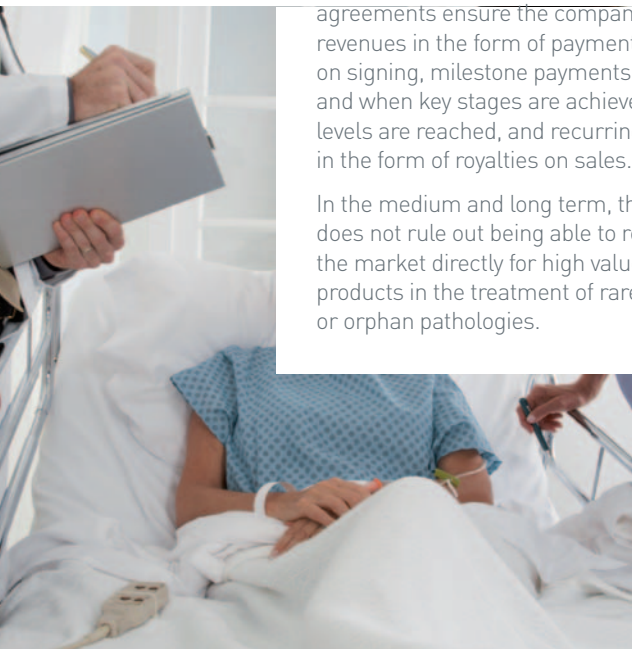
BioAlliance Pharma has chosen to specialise in the therapeutic area of oncology and its associated pathologies, for patients with severe diseases or unmet medical needs.

As compared with drugs intended for the whole population followed by general medical practitioners, this specialised business model makes it possible to develop innovative products more rapidly, to reduce research and development costs and to limit the number of members of the specialised sales teams since they operate on targeted niche markets. It also makes it possible to obtain a specific price and reimbursement for innovative products intended for voluntarily limited patient populations.

All these factors converge over the long term to maximise the company's profitability while fostering rapid growth.

BioAlliance Pharma now accesses the market by means of agreements with sales partners based in its niche markets. These agreements ensure the company long-term revenues in the form of payments received on signing, milestone payments received as and when key stages are achieved or sales levels are reached, and recurring revenues in the form of royalties on sales.

In the medium and long term, the company does not rule out being able to return to the market directly for high value-added products in the treatment of rare cancers or orphan pathologies.



Strategic international partnerships

The international partners selected by BioAlliance Pharma have sales structures in the hospital sector, with a network based around opinion leaders and the main prescribing doctors.

In Europe, BioAlliance Pharma has concluded an exclusive partnership agreement with the Therabel Group for the marketing of Loramyc® (registered in 26 countries) and Setofilm® (registered in 16 countries).

The exclusive licensing agreement concluded with the US company Par Pharmaceutical and its proprietary products branch Strativa Pharmaceuticals will make it possible to market Oravig™ in the North American territory from end 2010.

Marketing of Loramyc® is also at the preparatory stage in Asia, on the basis of the agreement concluded with Handok for South Korea, Singapore, Malaysia, the Philippines and Taiwan and the agreement concluded with NovaMed Pharmaceuticals for China.

The contracts signed for Loramyc® and Setofilm® since 2007 collectively total €120 million, of which €47.5 million has already been received. Significant royalties on sales have also been received. BioAlliance Pharma plans to develop its policy of strategic industrial agreements, particularly for products capitalising on its mucoadhesive Lauriad® know-how.



Corporate governance

BIOALLIANCE PHARMA

New organisation

In a new shareholder context and following the withdrawal of the Supervisory Board's primary historical funds, the company wished to assist in the development of the business by simplifying its method of governance. With the objective of strengthening the consistency of decisions within a single collegial body, the general meeting of 22 April 2010 decided to change the company's method of administration and to revert to the form of a limited company with a board of directors.

The Board of Directors is made up of eight high-level professionals in pharmaceuticals and finance. In order to ensure continuity of governance, five of its members have come from the preceding Supervisory Board. Besides the two founders of BioAlliance Pharma, Dominique Costantini and Gilles Avenard, respectively CEO and Deputy General Manager, it also includes four independent members and two representatives of the company's leading shareholders.

The Board of Directors is assisted in the preparation of its decisions by two specialised committees, the Audit Committee and the Compensation and Appointments Committee.

Board of Directors

Chairman: André Ulmann, MD, doctor of sciences, founder and chairman of the supervisory board of Laboratoire HRA Pharma

CEO: Dominique Costantini, MD, co-founder of BioAlliance Pharma

Deputy General Manager: Gilles Avenard, MD, co-founder of BioAlliance Pharma

Other directors

Michel Arié, engineer, CFO at the CNIM Group, member of the management board of CNIM SA.
Gilles Marrache, pharmacist, President of Amgen France and Vice-President of Amgen Inc.
Catherine Dunand, engineer, international experience in large pharmaceutical groups.
ING Belgium, represented by Denis Biju-Duval.
AGF Private Equity, represented by Rémi Droller.

Management Committee

The Management Committee is the company's operational management body. It brings together the managers in charge of the company's various departments.





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BioAlliance Pharma

Tel. +33 1 45 58 76 00 - Fax +33 1 45 58 08 81
49 boulevard du général Martial Valin - 75015 Paris

www.bioalliancepharma.com