CONSOLIDATED ACCOUNTING AND FINANCIAL INFORMATION (IFRS STANDARDS)

CONSOLIDATED STATEMENT OF NET INCOME AND STATEMENT OF OTHER COMPREHENSIVE INCOME ITEMS

(in euros)	notes	12.31.2014 (12 months)	12.31.2013 (12 months)
Sales revenue			
Other income from activities	6.1	2,025,687	1,802,262
Income from regular operations		**2 025 687**	**1 802 262**
Research and development costs	6.2 to 6.4	(2,243,971)	(2,502,790)
Clinical studies	6.2 to 6.4	(3,875,421)	(2,461,836)
Intellectual property costs	6.2 to 6.4	(493,481)	(363,363)
Overhead and general costs	6.2 to 6.4	(4,361,181)	(3,587,200)
Regular operating results		**(8,948,367)**	**(7,112,926)**
Other operating income and expenses			27,776
Operating results		**(8,948,367)**	**(7,085,150)**
Net cost of debt	6.5	(50,006)	(1,119,787)
Other financial income and expenses	6.5	118,179	20,199
Financial results		**68,173**	**(1,099,589)**
Before-tax results		**(8,880,194)**	**(8,184,739)**
Income tax	6.6	20,158	40,018
NET INCOME		**(8,860,036)**	**(8,144,721)**
Elements that may be recycled at a later time as earnings			
None			
Elements that may not be recycled at a later time as earnings			
Reappraisal of liabilities for defined-benefits schemes		58,547	5,755
Tax effect		(20,158)	(1,981)
Other comprehensive income		**38,389**	**3,774**
COMPREHENSIVE INCOME		**(8,821,647)**	**(8,140,947)**
Basic earnings per share		(1.51)	(1.74)
Diluted earnings per share		(1.51)	(1.74)

This is a free translation into English of a report issued in French and provided solely for the convenience purposes only.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS (in euros)	notes	12.31.2014	12.31.2013
NON-CURRENT ASSETS		**1,080,239**	**910,132**
Intangible assets	**7.1**	30,951	14,277
Tangible fixed assets	**7.2**	967,474	812,947
Non-current financial assets	**7.3**	81,814	82,908
Other non-current assets			
Deferred tax assets			
CURRENT ASSETS		**39,526,400**	**17,038,828**
Inventories	**7.4**	198,356	138,238
Clients and associated accounts		104,870	87,192
Other current assets	**7.5**	2,234,738	1,700,874
Cash and cash equivalents	**7.6**	36,988,436	15,112,523
TOTAL ASSETS		**40,606,639**	**17,948,960**

LIABILITIES AND SHAREHOLDERS EQUITY (in euros)		12.31.2014	12.31.2013
SHAREHOLDERS' EQUITY		**35,824,303**	**13,586,634**
Capital	**7.7**	688,276	550,602
Premiums	**7.7**	72,426,817	42,741,059
Reserves	**7.7**	(28,430,754)	(21,560,305)
Net income		(8,860,036)	(8,144,721)
NON-CURRENT LIABILITIES		**524,629**	**847,689**
Provisions - Non-current portion	**7.8**	88,594	117,144
Financial liabilities - Non-current portion	**7.9**	436,035	730,545
Deferred tax liabilities			
Other non-current liabilities			
CURRENT LIABILITIES		**4,257,706**	**3,514,636**
Provisions - Current portion			
Financial liabilities - Current portion	**7.9**	333,502	281,341
Trade payables and related accounts		2,084,546	1,421,436
Other current liabilities	**7.10**	1,839,658	1,811,858
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY		**40,606,639**	**17,948,960**

CONSOLIDATED STATEMENT OF VARIATIONS IN SHAREHOLDERS' EQUITY

TABLES OF VARIATION IN CAPITAL AND RESERVES (In euros)	Capital	Issue premiums	Reserves	Results	Capital and reserves
12/31/2012	**315,355**	**17,767,715**	**(19,938,025)**	**(2,172,035)**	**(4,026,990)**
Issuance of common stock	240,540				240,540
Issue premium increase		25,567,623			25,567,623
Treasury shares	(5,294)	(594,279)	(34,639)		(634,212)
Allocation of Earnings N-1			(2,172,035)	2,172,035	
Earnings for the period				(8,144,721)	(8,144,721)
Actuarial gains and losses			3,773		3,773
IFRS 2 Charges			580,621		580,621
12/31/2013	**550,602**	**42,741,059**	**(21,560,305)**	**(8,144,721)**	**13,586,634**
12/31/2013	**550,602**	**42,741,059**	**(21,560,305)**	**(8,144,721)**	**13,586,634**
Issuance of common stock	132,381				132,381
Issue premium increase		29,040,376			29,040,376
Treasury shares	5,294	645,832			650,675
Allocation of Earnings N-1			(8,144,721)	8,144,721	
Earnings for the period				(8,860,036)	(8,860,036)
Actuarial gains and losses			38,389		38,389
IFRS 2 Charges			1,235,883		1,235,883
12/31/2014	**688,276**	**72,426,817**	**(28,430,754)**	**(8,860,036)**	**35,824,303**

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CONSOLIDATED CASH FLOW STATEMENT

(in euros)	notes	12.31.2014	12.31.2013
Net income		**(8,860,036)**	**(8,144,721)**
Expenses (income) not affecting cash			
- Depreciation (write backs) and provisions of non-current assets		276,522	286 962
- Depreciation (write backs) and provisions of current assets			(106,665)
- - Expenses (income) as share-based payments		1,235,883	580,621
- Share of investment grants written back to income			-
- Gains and losses on disposals			-
Operating subsidies		(1,794,919)	(1,660,806)
Cost of net financial debt		50,006	1,119,787
Income tax expense (current and deferred)		(20,158)	(40,018)
Internal financing capacity before financial results and tax		(9,112,701)	(7,964,840)
Taxes paid		-	-
Changes in working capital needs related to business activities		1,874,169	1,491,607
Net cash flow generated by business activities		**(7,238,532)**	**(6,473,233)**
Cash flow related to investment operations			
Purchase of fixed assets		*(421,542)*	*(430,638)*
- Intangible assets		(25,798)	(9,009)
- Tangible fixed assets		(395,641)	(418,390)
- Investments		(103)	(3,238)
Disposal of fixed assets		*1,197*	*142,040*
- Intangible assets		-	-
- Tangible fixed assets		-	142,040
- - Investments		1,197	-
Grants cashed		-	-
Effects of changes in perimeter		-	-
Net cash flow generated by investment operations		**(420,345)**	**(288,598)**
Cash flows from financing activities			
Increase in cash capital		30,731,174	16,551,137
Costs of cash capital increase		(1,558,417)	(2,013,989)
Loan issue		-	193,284
Costs of loan issue		-	-
Repayment of loans		(281,341)	(130,000)
Treasury shares		650,675	(599,573)
Interest paid		(7,301)	(1,621)
Net cash flow generated by financing operations		**29,534,791**	**13,999,239**
Changes in cash position		**21,875,913**	**7,237,408**
Cash position at year start		15,112,523	7,875,115
Cash position at year end		36,988,436	15,112,523
Variation in net cash position		**21,875,913**	**7,237,408**

ERYTECH PHARMA GROUP
NOTES ANNEXED TO THE FINANCIAL STATEMENTS

The present annex forms an integral part of the consolidated financial statements for the year ended December 31, 2014.

The financial statements were issued by the Board of Directors on March 26, 2015.

1. DESCRIPTION OF THE GROUP'S ACTIVITY

The Group's main activity is research and development in the areas of treatment of acute leukemias and other orphan diseases.

Since its creation, the Group has concentrated its efforts:

- On the development of a patented technology based on the encapsulation of molecules in the red blood cells, offering an innovative approach to the treatment of acute leukemias and other solid tumors. Development of the main product, ERY-ASP, initiated upon creation of the Group, has led to the issue of 10 patent families held by the Company. The Group has likewise established a patented industrial process capable of producing clinical batches of ERY-ASP, and capable of responding to demand upon the product's placement on the market.

- The implementation of clinical study programs intended initially to validate Graspa® in terms of safety of usage and toxicology through a Phase I clinical study on ALL in adult and pediatric patients with a relapse of ALL. Based on the results obtained, the Group performed a Phase II clinical study that likewise demonstrated the safety of the product's use and its efficacy in patients older than 55 years of age with ALL. The Group has completed a Phase II/III clinical study, at the end of which Erytech intends to file an application, in 2015, for approval for the placement of Graspa® on the European market for the treatment of ALL. The Group has likewise initiated a Phase IIb study on acute myeloid leukemia (AML), as well as a Phase II study on pancreatic cancer.

The Group's business model is to develop its products up to the point of obtaining authorization for their placement on the market in Europe and then in the United States. Commercial partnerships established by Erytech will allow for the distribution of ERY-ASP to be ensured first in Europe and then in the United States and in the rest of the world. Erytech has the capacity to ensure the supply of Graspa® for the first years of its sale in Europe, through its production unit in Lyon.

2. FACTS CHARACTERIZING THE FINANCIAL YEAR

2.1 Funds raised on the stock market

The parent company, ERYTECH PHARMA SA, raised approximately €30 M in October 2014 on Euronext, pertaining to a total of 1,224,489 new shares issued within the scope of a capital increase, with suppression of the preferential subscription right, reserved for investors regularly investing in securities specific to the fields of health care, representing approximately 17.8% of the number of shares in circulation (post-issue).

The issue price was set at 24.50 Euros per share, in compliance with resolution no. 10 of the mixed general shareholders' meeting of June 17, 2014. This price reflects a 3.5% reduction as compared to the weighted average of the parent company's share price in the last five trading sessions prior to establishing the price, i.e., 25.39 Euros. In total, 80% of the issue was performed internationally, with 68% in the United States.

2.2 Clinical trials

On 09/30/2014, the Group announced the positive Phase III results on its Phase II/III clinical study with GRASPA® in the treatment of ALL. Analysis of the data from the GRASPIVOTALL clinical trial (GRASPALL2009-06), after one year of monitoring, demonstrates that the study convincingly achieved its primary objectives, and its secondary objectives confirm a favorable profile for the clinical efficacy of GRASPA®. The study also shows favorable results in patients with histories of allergies to L-asparaginase.

During the financial year, the Group also recruited the first patient for its Phase II study on pancreatic cancer in Europe, as well as its first patient for its Phase I/II study in the United States.

The Group announced the positive opinion by its second committee of independent experts (DSMB) for its Phase IIb study on AML. The independent experts analyzed the tolerance data for the first 60 patients treated, and as with the first DSMB committee review on 30 patients, continuation of the study was unanimously confirmed, without requesting any modifications to the study or formulating any particular observations.

The Group likewise obtained Orphan Drug Designation from the FDA for its product ERY-ASP in the treatment of AML in the United States.

2.3 American subsidiary

The parent company ERYTECH PHARMA SA created the subsidiary "ERYTECH PHARMA Inc." in the USA in April 2014. The Company then proceeded to appoint the firm RSM-CCI Conseils as co-Statutory Auditors in the AGM of June 17, 2014. At June 30, 2014, the Group's financial statements were supplemented, for the first time, by consolidation of the 100% held American subsidiary. This activity had no impact on the financial year.

3. EVENTS SUBSEQUENT TO YEAR-END

Pierre-Olivier Goineau, co-founder of the company Erytech Pharma SA and Delegated Managing Director, submitted his resignation to the Group from his positions within ERYTECH PHARMA SA during the parent company's board of directors' meeting of January 11, 2015; Mr. Goineau will remain treasurer and secretary of the American subsidiary ERYTECH PHARMA Inc.

4. BUSINESS CONTINUITY

The Group's loss-making situation is explained by the innovative nature of the products developed, therefore involving a multi-year research and development phase. The general accounting conventions were applied in compliance with the principle of prudence, in accordance with the underlying assumptions of:

- business continuity,
- permanence of accounting methods from one year to the next,
- independence of fiscal years,

and in conformity with the general rules for the preparation and presentation of consolidated financial statements in accordance with the IFRS.

5. Accounting principles and methods

In application of European regulation 1606/2002 of July 19, 2002, the financial statements for the ERYTECH PHARMA Group are prepared in conformity with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB), as adopted by the European Union at the date of issue of the financial statements by the board of directors, as applicable at December 31, 2014.

This framework is available on the European Commission's website, at the following address: (http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm).

The accounting methods outlined below have been applied in a continuous manner to all the periods presented in the Group financial statements, after taking into account or with the exception of the new standards and interpretations described below.

The financial statements are presented in Euros, which is the functional currency of the parent company. All amounts mentioned in this annex to the financial statements are denominated in Euros, save where indicated otherwise.

5.1. New standards, amendments to standards, and interpretations applicable as of the financial year begun January 1st, 2014

The accounting principles adopted for their preparation are those applied by the Group at December 31, 2013, with the exception of the following new standards and interpretations applied for the first time as of January 1st, 2014:

- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosure of Interests in Other Entities
- Amendment to IAS 32 – Offsetting of financial assets and liabilities
- Amendments to IFRS 10, IFRS 11, and IFRS 12
- Amendments to IFRS 10, IFRS 12, and IAS 27: Investment Entities
- Amendments to IAS 36 - Impairment of Assets: Disclosure - Recoverable Amount of Non-Financial Assets
- Amendments to IAS 39 - Financial Instruments: Recognition and Measurement - Notation of Derivatives and Continuation of Hedge Accounting

These new texts published by the IASB had no significant impact on the Group financial statements.

5.2. Standards and interpretations published but not yet in force

- IFRS 9 – Financial Instruments – Amendments to IFRS 9: postponement of the date of entry into force and information to be disclosed on the transition
- IFRIC 21 - Levies Charged by Public Authorities
- Amendments to IAS 19 - Defined Benefit Plans: Employee Contributions
- Amendments to IFRS 11 - Partnerships: Accounting for Acquisitions of Interests in Joint Operations
- IFRS 15 - Revenue from Contracts with Customers
- Amendment IAS 36 and IAS 38 – Clarification of Acceptable Methods of [Depreciation and] Amortization
- IFRS Improvements (2010-2012 cycle and 2011-2013 cycle)

The Group has not applied in advance any standards and interpretations for which application was not obligatory at January 1st, 2014.

5.3. Presentation

The statement of comprehensive income presents the classification of expenses and income per item, with the exception of other operating income and expenses.

The comparative information is presented using an identical classification.

The cash flow table was prepared according to the indirect method.

5.4. Year-end

The Group closed its annual accounts on December 31, 2014.

5.5. Consolidation perimeter

The company ERYTECH Pharma SA (head office: 60 avenue Rockefeller, Bâtiment Adénine, 69008 LYON, FRANCE) holds 100% of its subsidiary, ERYTECH Pharma Inc. (head office: 185 Alawife Brook Parkway Ste 410, CAMBRIDGE, MA 02138, UNITED STATES).

The Group's financial statements include consolidation of the American subsidiary.

5.6. Use of estimates and judgment

Preparation of the financial statements in accordance with the rules prescribed by the IFRS requires the use of estimates and the formulation of hypotheses having an impact on the financial statement. These estimates can be revised where the circumstances on which they are based change. The actual results may therefore differ from the estimates initially formulated. The use of estimates and judgment primarily concern the measurement of share-based payments (Note 5.17 and Note 6.3), as well as the estimate of expenses owing relative to clinical trials (Note 9).

5.7. Intangible assets

<u>Intangible assets generated internally – Research and development costs</u>

In accordance with IAS 38, "Intangible Assets," research expenditures are accounted for in the period during which they are incurred.

An intangible asset internally generated relating to a development project is booked as an asset if, and only if, the following criteria are met:

- Technical feasibility required to complete the development project;
- Intention to complete the project, use or sell it;
- Demonstration of the probability of future economic benefits related to the asset;
- Availability of appropriate resources (technical, financial and other) to complete the project;
- Ability to reliably assess the expenditures attributable to the development project underway.

The initial measurement of the development asset is the sum of expenses sustained starting on the date on which the development project meets the above criteria.

Considering the strong uncertainty associated with the development projects performed by the Group, these conditions will only be met when the regulatory procedures necessary for placement of the products on the market have been finalized. Most of the expenditures being incurred before that stage, the development costs, are accounted for in the period in which they are incurred.

Other intangible assets

The other intangible assets are recognized at their cost, decreased by the aggregate amortizations and any losses in value. The amortization is calculated on a straight-line basis in function of the duration of the asset's use. The duration of use and the amortization method are reviewed at each year-end. All significant modifications to the anticipated use of the asset are recognized prospectively.

The other intangible assets are primarily composed of computer software and are amortized on a straight-line basis over 1 to 5 years.

An impairment is recorded where the asset's book value is greater than its recoverable value (see Note 7.1).

5.8. Tangible fixed assets

Fixed assets are recorded in the balance sheet at their purchase cost, composed of their purchase price and all directly associated costs sustained to place the asset in use and in a state of operation according to the usage intended by the company's management.

These assets are amortized according to the straight-line method, in function of their duration of use.

The primary durations of use adopted are as follows:

- Industrial equipment: 1 to 5 years;
- Systems and layout: 3 to 10 years;
- Office equipment: 3 years;
- Furniture: 3 to 5 years.

The duration of use of fixed assets, any residual values, and the amortization method are reviewed at each year-end result and, in the event of a significant change, in a forward-looking revision of the amortization plans.

In compliance with the IFRS, the different components of a single fixed asset having a different duration of use or procuring economic benefits for the company according to a different rhythm are recognized separately.

5.9. Impairment tests

According to the standard IAS 36, "Impairment of Assets," a loss in value must be recognized where the net book value is lower than the recoverable value. The recoverable value of an asset is the highest value between the fair value less disposal costs and the value in use.

The fair value less disposal costs is the amount that can be obtained from the sale of an asset in a transaction under conditions of normal competition between well-informed, consenting parties, less the disposal costs.

The value in use is the present value of estimated future cash flow anticipated from the ongoing use of an asset. The value in use is determined based on cash flows estimated based on budgets and plans, then discounted by adopting the long-term market rates after taxes that reflect the market estimates of the time value of money and the risks specific to the assets.

Amortizable fixed and intangible assets

Where new events or situations indicate that the book value of certain fixed or intangible assets may not be recoverable, this value is compared to its recoverable value, approached based on the value in use or its market value less disposal costs. Where the recoverable value is less than the net book value of these assets, the latter is changed to its recoverable value and a loss in the asset value is recognized under "provisions for impairment." The new value of the asset thus has a forward-looking amortization based on the new duration of the asset's residual life.

5.10. Other non-current financial assets

Non-current financial assets are initially recognized at their fair value, increased where applicable by the costs directly ascribable to their purchase, then further measured at the amortized cost. They cannot form the object of a loss in value where an objective indication of impairment exists. The loss in value is recognized in the profit or loss and is reversible where the recoverable value experiences a positive change in the future.

5.11. Inventories

In compliance with the IAS 2 standard for "Inventories," inventories are recognized at their cost or at their net realizable value, where this is lower. In the latter case, the loss in value is recorded under current operating income. Inventories are measured according to the FIFO method.

5.12. Lease agreements

A lease agreement is considered as being a finance lease where it transfers to the borrower substantially all the risks and benefits inherent in ownership of the asset. The other contracts are considered as being simple lease agreements.

The assets held within the scope of a finance lease are recognized in the balance sheet assets and liabilities under their fair value at the start of the contract or, where this is lower, at the discounted value of the minimum payments on the lease. These assets are then amortized in function of the anticipated duration of the asset's use.

5.13. Cash and cash equivalents

The item "cash and cash equivalents" in the balance sheet includes highly liquid securities for which the initial maturity is equal to or less than three months, considered equivalent to liquid assets. The fair value of these securities is very near their book value, given their short-term maturity.

5.14. Provisions and potential liabilities

A provision is recognized where the Group has a current or implicit legal obligation resulting from a prior event, where the obligation can be reliably estimated, and where it is probable that an outflow of resources representing economic benefits will be necessary to discharge the obligation. The portion of a provision estimated as payable in less than one year is recorded under current liabilities, and the balance under non-current liabilities. The provisions are discounted where the impact is significant.

Provisions notably include:

- obligations pertaining to retirement indemnities and long-service awards,
- provisions for disputes.

Disclosure is made in the detailed notes on any potential assets and liabilities where the impact is significant, except where the probability of occurrence is low.

Provisions for retirement indemnities - defined benefit plans

In compliance with IAS 19, "Employee Benefits," within the scope of defined benefit plans, the post-employment benefits and other long-term benefits are measured every year using the projected unit credit method. According to this method, each service period gives rise to an additional unit of rights to benefits, and each of these units is measured separately to obtain the final obligation. This final obligation is then discounted.

These calculations primarily include:

• a theorized benefit payment date;
• a financial discount rate;
• an inflation rate;
• theorized wage increases, rate of employee turnover, and mortality.

The primary actuarial assumptions adopted at December 31, 2014 are described in note 7.8.

The positive or negative actuarial differences include the effects, on the commitment, of a change in calculation assumptions as well as adjustments to the obligation linked to experience. In conformity with the standard IAS 19 "Post-employment benefits [employee benefits]", the Group recognizes these actuarial differences under other items of the comprehensive income for post-employment benefits.

The provision showing in the balance sheet under a specific line corresponds to the total commitment at year-end. The cost of prior services associated with a change in the plan are recognized in the statement of comprehensive income.

The expense for the period, composed of the cost of services rendered and the financial expense of accretion, constitutes an operating expense.

5.15. Income from regular operations

The other income from activities involves products pertaining to grants. The grants are initially recognized at their fair value under deferred income, where a reasonable assurance exists that they will be received and the Group will conform with the conditions attached to these grants.

They are then recognized as income, pro rata of costs sustained, in compliance with IAS 20. Due to this, the grants to be received can be recorded in the accounts where the assignment contract is signed but the grants have not yet been received.

In compliance with IAS 20, the "Research Tax Credit" is also presented on the line "Other income from regular operations" in the statement of comprehensive income.

Partnership with Orphan Europe

Within the scope of its partnership agreement with Orphan Europe on the development of AML, the Group re-invoices, with no margin, certain clinical costs incurred and invoiced to the Group by external providers.

In application of the standard IAS 18, the Group estimates that, within the scope of this partnership, it acts as agent insofar as concerns external costs re-invoiced, in that:

- The Group does not have primary responsibility for provision of the goods or service, the majority of services being provided by third parties, the most significant of which, the CRO (company responsible for a portion of the service provision associated with biomedical research for which ERYTECH Pharma SA is the sponsor) directly invoices Orphan Europe. The Group is only directly invoiced for the associated services.
- The Group sustains no inventory risk,

- The Group has no capacity to determine prices, all of the external costs being invoiced to the nearest euro, with no margin, and it absorbs no price changes applied by the suppliers.
- The Group sustains a credit risk not considered to be significant.

Consequently, the re-invoicing of these external costs to Orphan Europe is presented as a decrease in corresponding expenses sustained by the Group. For 2014, the amount of external costs re-invoiced within the scope of this partnership totaled 562,000 Euros.

Within the scope of this same agreement, the Group also re-invoiced certain internal clinical costs, such as personnel costs associated with the management of clinical trials, or personnel involved in the production of batches necessary for the AML clinical trial. These re-invoiced internal costs are recognized by the Group as other income from ordinary activities. They total 231,000 Euros for the 2014 financial year.

5.16. Regular operating results

The regular operating results are formed by income from regular operations less regular operating costs. The regular operating costs primarily include the research and development costs, the clinical studies, the intellectual property costs, the structural and general costs, the net allocations of reversals to amortizations and operating provisions, as well as the costs of share-based payments.

The regular operating results are an indicator used by the Group, enabling it to present "a level of operational performance that can serve as a forward-looking approach to recurring performance" (in conformity with Recommendation CNC2009-R03, relative to the format for corporate financial statements under the international accounting framework). In effect, the regular operating results are a management balance that facilitates an understanding of the Group's performance by excluding the other operating income and expenses defined below.

5.17. Share-based payments

In compliance with IFRS 2, the benefits granted to certain employees in the form of share-based payments are measured at the fair value of the instruments granted.
This remuneration can take the form of either equity or cash instruments.
Share call and subscription options are granted to directors and to certain employees of the Group.
In compliance with IFRS 2, "Share-Based Payment," the fair value of the options is determined on the grant-date.
To determine their value, the Group uses the Black & Scholes mathematical model. This allows them to take into account the characteristics of the plan (exercise price, period of exercise), the market data at the time of assignment (risk-free rate, volatility, expected dividends), and recipient behavior assumptions. Changes in value subsequent to the grant-date have no effect on this initial measurement.
The value of options is notably a function of their expected lifetime. This value is recorded under personnel expenses using the straight-line method between the grant date and the maturity date (rights acquisition period), with a direct contra-entry in the shareholders' equity.

5.18. Measurement and recognition of financial liabilities

Financial liabilities at the amortized cost

Loans and other financial liabilities are initially measured at their fair value, and then at the amortized cost, calculated using the effective interest method ("EIM").

The transaction costs directly ascribable to the acquisition or issue of a financial liability decrease this financial liability. These costs are then actuarially amortized on the lifetime of the liability, based on the EIM.

The EIM is the rate that equalizes the flow anticipated from future cash outflows at the current net book value of the financial liability, with a view to deducting its amortized cost.

Liabilities at fair value through profit and loss

The liabilities at fair value through profit and loss are measured at their fair value.

5.19. Other operating income and expenses

The other operating income and expenses correspond to individual, unusual, and infrequent items that the Group presents separately in its statement of comprehensive income to facilitate comprehension of its regular operational performance. These items, where significant, form the object of a precise description, including their amount and nature, in the note "Other operating income and expenses."

5.20. Segment reporting

In conformity with IFRS 8 "Operating Segments", reporting by operating segment is derived from the internal organization of the Group's activities; it reflects management's viewpoint and is established based on internal reporting used by the chief operating decision maker (the Chairman - CEO) to implement the allocation of resources and to assess performance.

The Group's current reporting has enabled it to define a single operating segment.

5.21. Financial results

The net cost of debt includes:

- interest expenses on the financial debt (cost of gross financial debt includes the financial costs and the issue costs on the financial debts) composed of loans and other financial debts (notably overdrafts and debts on financial leases);
- decreased by income from the cash and cash equivalents.

The other financial income and expenses are composed of:

- other costs paid to the banks on financial transactions;
- the effect of term investments on the results.

5.22. Taxes

Current taxes

Considering the level of tax losses that can be carried forward, no tax expense is owing, save for the exceptions established under standard IAS 12.

Deferred taxes

Deferred taxes are calculated for all the time-based differences between the book value of an asset or a liability and its tax value.

Changes in the tax rates are recorded in the results of the fiscal year during which the rate change is decided.

Deferred tax assets resulting from time-based differences or taxes losses carried forward are limited to the deferred tax liabilities with the same maturity, except where their allocation on future taxable income is probable.

Deferred taxes are calculated in function of the most recent tax rates adopted at the date of each fiscal year-end.

Deferred tax assets and liabilities are not discounted and are classified in the balance sheet under non-current assets and liabilities.

The parent company is subject to the territorial economic contribution (Contribution Economique Territorial - CET), which combines the corporate real estate contribution (cotisation foncière des entreprises - CFE) and the corporate value added contribution (cotisation sur la valeur ajoutée des entreprises - CVAE):

- the corporate real estate contribution, the amount of which is in function of property rental values and which can, where applicable, have a ceiling at a percentage of the value added, presents significant similarities to the business tax and is recognized under operating expenses;

- the corporate value added contribution meets, based on the Group's analysis, the definition of an income tax as established under IAS 12.2 ("taxes owing based on taxable income"). To enter within the scope of IAS 12, a tax must be calculated based on a net amount of income and expenses, and this net amount can be different from the net book results. The Group has judged that the corporate value added contribution satisfies the characteristics outlined in this conclusion, insofar as the value added constitutes the intermediate level of income that systematically serves as the basis, according to French tax law, for determining the amount owing in relation to the corporate value added contribution.

In conformity with the provisions of IAS 12, qualification of the corporate value added contribution as an income tax leads to the recognition of deferred taxes relative to time-based differences existing at year end, with a contra-entry of a net expense in that year's statement of comprehensive income. Where applicable, this deferred tax expense is presented on the line "taxes." For the moment, the parent company does not pay the CVAE.

5.23. Consolidated cash flow statement

The cash flow table is prepared using the indirect method and separately presents the cash flows associated with operating, investment, and financing activities.

Operating activities correspond to the company's primary income-generating activities and all the other activities that do not meet the investment or financing criteria. The Group has decided to classify grants received under this category. The cash flows associated with operating activities are calculated by adjusting the net results of variations in working capital requirements, of items with effects of a non-cash nature (amortization, impairment), of disposal gains, of calculated expenses.

Cash flows associated with investment activities correspond to cash flows associated with the purchase of assets, net of supplier debts on the assets, and with the disposal of assets and other investments.

Financing activities are operations that result in changes in the size and composition of the contributed equity and borrowings of the entity. Capital increases and the obtaining or repayment of loans are classified under this category. The Group has chosen to classify the repayable advances under this category.

The increases in assets and liabilities with non-cash effects are eliminated. As such, the assets financed through a finance lease are not included in the period's investments. The decrease in financial debt associated with leases is therefore included under the period's loan repayments.

5.24. Earnings per share

The Group presents the basic earnings per share and the diluted earnings per share.

The basic earnings per share are calculated by dividing the Group's net results by the weighted average number of shares in circulation during the financial year.

The diluted earnings per share are calculated by dividing the results by the weighted average number of common shares in circulation, increased by all dilutive potential common shares. The dilutive potential common shares include, in particular, the share subscription warrants.

5.25. Off-balance sheet commitments

The Group has defined and implemented monitoring for its off-balance sheet commitments so as to know their nature and object. This monitoring pertains to information relative to the following commitments given:

- personal guarantees (guarantees, endorsements, and bonds),
- security interests (mortgages, pledges, and sureties),
- simple leases, purchase and investment obligations,
- other commitments.

6. NOTES RELATIVE TO THE NET CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

6.1 Other income from activities

The other income from activities is composed of the following elements:

(in euros)	12.31.2014	12.31.2013
Research Tax Credit	1,523,688	1,366,656
Grants	271,231	294,150
Other earnings	230,769	141,456
Other income from activities	**2,025,687**	**1,802,262**

The other income was primarily generated by the research tax credit, the grants associated with the pre-clinical research programs in partnership with BPI France.

The "Other income" totaled €230,769 in 2014, representing the sum of the internal costs sustained by the Group within the scope of the AML study, and re-invoiced to the company Orphan Europe to this end. The other external costs associated with this clinical trial were re-invoiced to Orphan Europe with no margin, and do not appear under income from activities, but rather deducted from the associated expenses.

6.2 Details of expenses by item

12/31/2014 in €	Research and development costs	Clinical studies	Intellectual property costs	Overhead and general costs	**Grand total**
Consumables	251,917	171,975	-	28,257	**452,149**
Rental and maintenance	216,780	277,778	-	290,508	**785,066**
Services, subcontracting, and fees	356,144	2,186,597	416,030	1,045,220	**4,003,990**
Employee charges	1,351,320	1,016,651	74,835	2,367,872	**4,810,679**
Other	35,375	32,682	2,616	601,259	**671,931**
Net depreciation expense provisions	32,435	189,738	-	28,065	**250,238**
Grand total	**2,243,971**	**3,875,421**	**493,481**	**4,361,181**	**10,974,054**

12/31/2013 in €	Research and development costs	Clinical studies	Intellectual property costs	Overhead and general costs	**Grand total**
Consumables	288,280	186,997	-	31,929	**507,206**
Rental and maintenance	146,297	173,456	-	416,265	**736,018**
Services, subcontracting, and fees	629,890	1,060,498	265,371	449,780	**2,405,539**
Employee charges	1,331,773	814,789	97,992	1,839,667	**4,084,221**
Other	25,362	84,803	-	810,878	**921,043**
Net depreciation expense provisions	81,187	141,293	-	38,681	**261,161**
Grand total	**2,502,789**	**2,461,836**	**363,363**	**3,587,200**	**8,915,188**

6.3 Personnel costs

The personnel costs are broken down as follows:

12/31/2014 in €	Research and development costs	Clinical studies	Intellectual property costs	Overhead and general costs	Grand total
Wages and salaries	732,970	631,854	43,120	1,051,374	**2,459,317**
JV Share-based compensation plan	283,559	88,598	11,408	852,318	**1,235,883**
Social security charges	334,791	296,199	20,308	464,180	**1,115,479**
Total employee costs	**1,351,320**	**1,016,651**	**74,835**	**2,367,872**	**4,810,679**

12/31/2013 in €	Research and development costs	Clinical studies	Intellectual property costs	Overhead and general costs	Grand total
Wages and salaries	819,239	221,068	38,708	1,287,914	**2,366,928**
JV Share-based compensation plan	135,830	397,314	40,025	7,452	**580,621**
Social security charges	376,705	196,407	19,259	544,302	**1,136,673**
Total employee costs	**1,331,774**	**814,789**	**97,992**	**1,839,667**	**4,084,222**

Share-based payment (IFRS 2)

Share options have been allocated to the directors, to certain employees, as well as to members of the Board of Directors in the form of share subscription warrants ("BSA") or founder subscription warrants ("BSPCE").

6.3.1 "2012 Plan"

Types of securities	Founder's share warrants (BSPCE) 2012	Share warrants (BSA)2012
Number of warrants authorized for issue	33,788	30,034
Number of warrants that the shares authorized to issue, for all types of shares	45,050	
Total number of warrants issued 2012/2013/2014	33,788	11,262
Total number of warrants Allocated 2012/2013/2014	33,788	5,025
Number of warrants exercised	6,807	5,025
Date of General Meeting	May 21,2012	
Exercise price per new share subscribed	€7,362	
Final date for exercising warrants	May 20, 2020	
Parity	1 warrant for 10 shares	
General conditions of exercise	Warrant holders can only exercise their subscribed warrants: (i)) Warrant holders can only exercise their subscribed warrants upon the occurrence of a firm, definitive operation involving the initial listing of Company shares for trading on a regulated or unregulated stock market, in France or the European Union, or a foreign securities exchange; (ii) on one single occasion, or (iii) on multiple occasions, within a limit of twice a year and at least 100 warrants. Warrant holders shall only be able to exercise the entirety of their warrants, already subscribed or Allocated but not yet subscribed, in the event that one of the following operations occurs: (i) acceptance, by shareholders representing at least sixty-six point six seven percent (66.67%) of the shares constituting the Company's capital, of a firm, definitive buyback offer pertaining to control of the Company (as pursuant to Article L. 233-3 of the Commercial Code). (ii) the formation of a merger agreement providing for absorption of the Company. The securities to which the warrants give rights are common shares. Each warrant shall give the right to ten (10) shares in the Company's share capital. The new shares resulting from the exercise of founder's share warrants (BSPCEs) shall form the object of periodic requests for admission for trading on the regulated market NYSE Euronext.	
Maximum number of new shares that can be issued	332,180	

Within the scope of the BSA_{2012} and $BSPCE_{2012}$plans, the board of directors' meeting of July 17, 2014 defined the additional list of beneficiaries, as well as the number of warrants to which each employee may subscribe within the scope of the BSA_{2012} and $BSPCE_{2012}$, in relation to the period of June 1st, 2013 to May 31, 2014. As such, 1,000 additional BSA_{2012} and 13,176 additional $BSPE_{2012}$ were allocated to Erytech employees.

In conformity with IFRS 2, Erytech performed a valuation of these instruments, and used the Black & Scholes measurement model to this end.

The primary assumptions used to determine the fair value of these instruments are:

- Risk-free rate: 0.18% (in function of the zero coupon government bond rates curve);
- Anticipated dividends: zero;
- Volatility: 20.37% based on the historical volatility observed on the NextBiotech index;
- Anticipated maturity: 2.9 years.

The fair value of warrants allocated in 2014 in relation to the 2012 plan was valued at €1,078,084.80 and was fully reported under income for the 2014 financial year.

At the end of 2014, the subscription warrants for the 2012 plan were broken down as follows:

BSA / BSPCE (Share warrants/founder's warrants) reference	GAB reference	Parity	Period of exercise	Number of warrants issued	Number of warrants allocated	fiscal year	Number of warrants remaining to be exercised	Number of warrants remaining to be allocated
Founder's share warrants (BSPCE) 2012	21/05/2012	1 warrant = 10 shares	20/05/2020	33,788	33,788	6,807	26,981	-
Share warrants (BSA) 2012	21/05/2012	1 warrant = 10 shares	20/05/2020	11,262	5,025	5,025	-	6,237
			Total	**45,050**	**38,813**	**11,832**	**26,981**	**6,237**

6.3.2 "2014 Plan"

On January 22, 2014, the board of directors used the delegation granted by the mixed general shareholders' meeting of April 2, 2013, in its twenty-fifth resolution, to decide on a plan for the free allocation of 22,500 founder share subscription warrants (hereinafter entitled $BSPCE_{2014}$) to the benefit of Erytech directors (12,000 warrants) and to a category of "employees with management status" not yet identified by name (10,500 warrants).

The plan's characteristics are as follows:

Types of securities	**Founder's share warrants (BSPCE)$_{2014}$**
Number of warrants issued	22,500
Number of warrants awarded	12,000
Number of warrants exercised	0
Board of Directors Date	Jan. 22, 2014
Exercise price per new share subscribed	€ 12,250
Final date for exercising warrants	Jan. 22, 2024
Parity	1 warrant for 10 shares
General conditions of exercise	In the event of the beneficiary's death, it is stipulated that, pursuant to the provisions of article 163 bis G of the general tax code, the decedent's heirs may exercise the warrants within six months starting from the death. The founder's share warrants (BSPCE)2014 can be exercised: - on one single occasion, or - except in the event of an M&A operation, at most four (4) times per year, and for the exercise of a minimum of fifty (50) founder's share warrants (BSPCE)2014. In the event of a so-called M&A operation, holders of BSPCE20124 shall have five (5) business days starting from notice by the Company of the occurrence of such an event to exercise all of their BSPCE20124. However, the exercise of the BSPCE2014 may be canceled in the event of the ultimate non-performance of the takeover or the merger operation, for any reason whatsoever.

Maximum number of new shares that can be issued	120,000

In the event of a beneficiary's departure from the Group for any reason whatsoever, this beneficiary shall retain the $BSPCE_{2014}$ to which he subscribed prior to his departure. However, in the event of a beneficiary's departure from the Group, for any reason whatsoever, prior to subscription of the $BSPCE_{2014}$ to which the beneficiary has a right, the $BSPCE_{2014}$ shall be considered invalid vis-a-vis this beneficiary. Within this hypothesis, the $BSPCE_{2014}$ not subscribed may be re-allocated to other beneficiaries within the same category and/or replacing the person who left the company.

In any case, the $BSPCE_{2014}$ not exercised at January 22, 2024 shall become duly and fully expired.

Concerning the directors and in accordance with IFRS 2, it was considered that the entirety of the 12,000 warrants were assigned on January 22, 2014. The fact that the directors can only subscribe to one third of these warrants each year constitutes a condition of service. In other words, these warrants form the object of a gradual 3-year acquisition period.

In the absence of a nominal allocation to "employees with management status", the Group estimated that definition of the allocation date in accordance with IFRS 2 could not be January 22, 2014 for the latter warrants, and that the allocation of each tranche of warrants would take place subsequently, during the 2nd quarter of each year over the period of 2015 to 2017, upon designation of the beneficiaries (with immediate acquisition of the rights associated with each tranche of warrants). Consequently, as no designation had yet been made at December 31, 2014, the Group did not record any expense for the period in relation to these $BSPCE_{2014}$.

In conformity with IFRS 2, Erytech performed a valuation of the $BSPCE_{2014}$ allocated to directors, and used the Black & Scholes measurement model to perform this valuation.

The primary assumptions used to determine the fair value of the $BSPCE_{2014}$ allocated to directors are:

- Risk-free rate: between 1.12% and 1.70% in function of the tranches (in function of the zero coupon government bond rates curve);

- Anticipated dividends: zero;

- Volatility: 18.98% based on the historical volatility observed on the NextBiotech index;

- Anticipated maturity: between 5.6 and 6.7 years in function of the tranches allocated.

The fair value of the plan was valued at €372,059. This expense will be distributed gradually over the duration of the 3-year plan in conformity with IFRS 2 ("graded vesting method"). An expense of €157,798 was recorded to this end under personnel expenses, "Structural and general costs", at December 31, 2014.

Moreover, the board of directors' meeting of December 4, 2014 transformed 3,000 $BSPCE_{2014}$ into 3,000 BSA_{2014} for a Medical Director at the subsidiary ERYECH PHARMA INC., in accordance with Annex IV-BSA_{2014} Regulations, as recorded in the minutes. This allocation is conditional upon the recruitment of a person to this position. As this suspensive clause has not yet been lifted, these BSA_{2014} had no accounting effect on the 2014 financial year.

6.4 Net allocation to amortizations and provisions

in euros	12.31.2014	12.31.2013
Research and development costs	32,435	81,187
Clinical studies	189,738	141,293
Intellectual property costs	-	-
Overhead and general costs	28,065	38,681
Net allocation to amortizations and provisions	**250,238**	**261,161**

6.5 Financial results

(in euros)	12.31.2014	12.31.2013
Interest on leasing	(6,801)	(4,656)
Interest on bonds	-	(1,059,272)
Financial charges	(43,205)	(55,860)
Net cost of debt	**(50,006)**	**(1,119,788)**
Earnings (losses) from disposal of VMP	140,935	19,689
Other Financial Income	619	3,210
Other Financial Charges	(23,375)	(2,700)
Other income & financial charges	**118,179**	**20,199**
Total Income (Loss)	**68,173**	**(1,099,589)**

The financial expenses were impacted in 2013 by the fair-value conversion of the A, B, and Recordati bonds, an amount of €240,000 paid to bondholders within the scope of the conversion and for expenses related to the restatement performed on the repayable advances. These bonds were converted in 2013.

6.6 Income tax

in euros	12.31.2014	12.31.2013
Deferred tax assets	-	-
Deferred tax liabilities	-	-
Net deferred taxes	**-**	**-**

Proof of tax

in euros	12.31.2014	12.31.2013
Before-tax results	(8,880,194)	(8,285,346)
Nominal tax proceeds	3,057,451	2,852,645
Non-activated deficit from fiscal year	(3,144,880)	(2,626,328)
CICE (jobs & competitiveness tax credit) non-taxation	14,748	9,877
Tax credits	524,606	470,540
Cancellation of the non-conversion premium.		(476,742)
Impact of the IFRS 2 restatement	(425,515)	(201,374)
Other differences	(6,252)	11,400
Effective tax (loss)/income	**20,158**	**40,018**

As a prudential measure, the losses that can be carried forward were activated only in the amount of the deferred tax liabilities; the amounts activated are not significant.

7 NOTES RELATIVES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

7.1 Intangible assets

in euros	12.31.2013	Acquisitions/Provision for depreciation	Disposals	12.31.2014
Other intangible assets				
Gross	109,177	25,798	-	134,975
Amortization and depreciation	(94,900)	(9,124)	-	(104,024)
Net book value	**14,277**	**16,674**		**30,951**

in euros	12.31.2012	Acquisitions/Provision for depreciation	Disposals	12.31.2013
Other intangible assets				
Gross	100,168	9,009	-	109,177
Amortization and depreciation	(70,575)	(24,325)	-	(94,900)
Net book value	**29,593**	**(15,316)**		**14,277**

7.2 Tangible fixed assets

in euros	12.31.2013	Acquisitions/Provision for depreciation	Disposals/Transfers	12.31.2014
Assets financed through lease with option to buy				
Laboratory equipment				
Gross	973,877			973,877
Amortization and depreciation	(654,154)	(98,593)		(752,747)
Net book value	**319,723**			**221,130**
Assets under construction	20,000		(20,000)	-
Assets not financed through lease with option to buy				
Plant, equipment, and tooling				
Gross	337,673	279,784		617,457
Amortization and depreciation	(308,027)	(38,371)		(346,398)
Net book value	**29,646**			**271,059**
General equipment, fixtures and fittings				
Gross	953,455	5,390		958,845
Amortization and depreciation	(540,239)	(95,616)		(635,855)
Net book value	**413,216**			**322,990**
Office equipment and computers				
Gross	57,668	17,988		75,656
Amortization and depreciation	(27,306)	(8,535)		(35,841)
Net book value	**30,362**			**39 815**
Assets under construction		218 109	(105,629)	112,480
GRAND TOTAL				
Gross	**2,342,673**	521,270	(125,629)	**2,738,314**
Amortization and depreciation	**(1,529,726)**	(241,114)	-	**(1,770,840)**

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in euros	12.31.2013	Acquisitions/Provision for depreciation	Disposals/Transfers	12.31.2014
Assets financed through lease with option to buy				
Net book value	**812,947**	**280,156**	**(125,629)**	**967,474**

in euros	12.31.2012	Acquisitions/Provision for depreciation	Disposals/Transfers	12.31.2013
Assets financed through lease with option to buy				
Laboratory equipment				
Gross	733 464	240 413		973,877
Amortization and depreciation	(547,573)	(106,581)		(654,154)
Net book value	**185,891**			**319,723**
Assets under construction	40,000	122,340	(142,340)	20,000
Assets not financed through lease with option to buy				
Plant, equipment, and tooling				
Gross	318,096	19,577		337,673
Amortization and depreciation	(281,622)	(26,405)		(308,027)
Net book value	**36,474**			**29,646**
General equipment, fixtures and fittings				
Gross	949,721	3,734		953,455
Amortization and depreciation	(444,513)	(95,726)		(540,239)
Net book value	**505,208**			**413 216**
Office equipment and computers				
Gross	25,041	32,627		57,668
Amortization and depreciation	(21,184)	(6,122)		(27,306)
Net book value	**3,857**			**30,362**
Assets under construction				
GRAND TOTAL				
Gross	**2,066,322**	418,691	(142,340)	**2,342,673**
Amortization and depreciation	**(1,294,892)**	(234,834)	-	**(1,529,726)**
Net book value	**771,430**	**183,857**	**(142,340)**	**812,947**

7.3 Non-current financial assets

in euros	12.31.2013	12.31.2014
Security deposits and bonds	82,908	81,814
Total other non-current financial assets	**82,908**	**81,814**

7.4 Inventories

in euros	12.31.2014	12.31.2013
Production inventory	122,936	55,848
Laboratory inventory	75,420	82,391

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Total Inventory	**198,356**	**138,238**

7.5 Other current assets

in euros	**12.31.2014**	**12.31.2013**
Research Tax Credit	1,523,688	1,366,656
Tax receivables (VAT, etc.) and other receivables	494,271	233,151
Prepayments	216,779	101,067
Other subsidies to be received	-	-
Other current assets	**2,234,738**	**1,700,874**

7.6 Cash and cash equivalents

in euros	**12.31.2014**	**12.31.2013**
Cash and cash equivalents	36,988,436	15,112,523
Bank overdrafts	-	-
Net cash on hand and at bank	**36,988,436**	**15,112,523**

The cash position is composed of the following items:

- At 12/31/2014:
  - €3.0 M in money market funds,
  - €1.9 M in current accounts,
  - €32.0 M in term deposits distributed between 3 banking institutions, with maturities of 1 month to 3 years, but available without penalty subject to a 32-day notice.
- As of 12/31/2013: €12.1 million in cash, €1 million in a term deposit (1 month maturity), and €2 million in an account with a 6-month guaranteed rate of return.

Liquidity agreement

On April 30, 2013, the Group signed a liquidity agreement with the company Bryan Garnier for an amount of 600,000 Euros. The agreement was since reduced, in April 2014, to €200,000. At December 31, 2014, the Group held under mandate, within the scope of the liquidity agreement, €251,102 in cash included in the net cash position (€0 at December 31, 2013).

7.7 Shareholders' equity

At December 31, 2013, the capital of the parent company was broken down into 5,558,952 shares, fully paid up, with a nominal value of 0.1 euro.
Following a new rising of funds on the Euronext market in October 2014, as well as the exercise of subscription warrants, the capital was increased to 6,882,761 shares with a nominal value of 0.1 euro.

	Number of shares
Number of shares as of December 31, 2013	**5,558,952**
Exercise of share warrants	99,320
Issuance of new shares on Euronext	1,224 489
Number of shares as of December 31, 2014	**6,882,761**

The costs for listing on the regulated market were allocated to the issue premium.

At December 31, 2014, the Group held, under mandate within the scope of the liquidity agreement signed with Bryan Garnier, 4,500 company shares at a weighted price of €28.00, i.e., €126,006 (52,935 shares at a weighted price of €11.34, i.e., €599,573 at December 31, 2013).

Basic earnings per share and diluted earnings per share

in euros	12.31.2014	12.31.2013
Net income	(8,860,036)	(8,144,721)
Weighted number of shares for the period	5,874,794	4,686,150
Basic earnings per share	**(1.51)**	**(1.74)**
Diluted earnings per share	**(1.51)**	**(1.74)**

At December 31, 2014, the 452,180 potential shares that could be issued within the scope of exercising subscription warrants issued were not taken into consideration in calculation of the diluted earnings, as their effects would be anti-dilutive.

7.8 Provisions

The provisions can be broken down in the following manner:

in euros	12.31.2014	12.31.2013
IDR provisions	88,594	117,144
Provisions for disputes.	-	-
Provisions	**88,594**	**117,144**

The regime applicable at Erytech Pharma SA is defined by the collective agreement for the pharmaceutical industry.

The Group recognizes actuarial differences under other items of comprehensive income. The pension commitments are not covered by plan assets. The portion of the provision for which the maturity is less than one year is not significant.

The calculation assumptions for measuring the provision concerning employees are as follows:

	12.31.2014	12.31.2013
Discount rate	1.49%	3.17%
Wage increase	2%	3%
Social welfare contribution rate	Non-executive 44% Executive 54%	Non-executive 47% Executive 55%
Age of retirement:	65-67 years	65-67 years
Mortality table	INSEE 2014	INSEE 2013

The breakdown of provisions is as follows:

in euros	BEGINNING	Other*	Provisions	Unused reversals	Used reversals	ENDING
Period from 01.01 to 12.31.2014						
IDR provision	117,144	(28,550)				88,594
Provision for disputes.	-					-
Net closing balance	**117,144**	**(28,550)**				**88,594**
Period from 01.01 to 12.31.2013						
IDR provision	97,098	20,046				117,144
Provision for disputes.	106,665			106,665		-
Net closing balance	**203,763**	**20,046**		**106,665**		**117,144**

* The "Other movements" correspond to actuarial differences recognized.

7.9 Debt

Debt by type

in euros	12.31.2014	12.31.2013
Debt associated with leases	220,376	303,217
Bank overdrafts	-	-
Conditional advances	549,161	693,669
Convertible bonds	-	-
Loans	-	15,000
Debt	**769,537**	**1,011,886**

Debt by maturity

in euros	2014		
	Amounts due		TOTAL
	Less than one year	More than one year	
Loans			
Conditional advances			-
Debt associated with leases	257,500	291,661	549,161
Convertible bonds			
Bank overdrafts	76,002	144,374	220,376
			-
Total loans	**333,502**	**436,035**	**769,537**

in euros	2013		
	Amounts due		TOTAL
	Less than one year	More than one year	
Loans	15,000		15,000
Conditional advances	144,502	549,167	693,669
Debt associated with leases			
Convertible bonds	82,841	220,376	303,217
Bank overdrafts	-	-	-
Total loans	**242,343**	**769,543**	**1,011,886**

The conditional advances from public authorities form the object of agreements with BPI FRANCE. The Group benefits from three agreements on repayable advances with BPI FRANCE Innovation. These advances are not interest-bearing and are 100% repayable (nominal value) in the event of technical and/or commercial success.

Within the IFRS framework, the fact that a repayable advance does not require an annual interest payment amounts to the consideration that the Group has benefited from a zero-interest loan, i.e., more favorable than market conditions. The difference between the amount of the advance at its historical cost and that of the advance discounted at the risk-free rate (10 year OAT) increased by an estimated credit spread is considered as a grant received from the State. These grants are distributed over the estimated duration of the projects financed by these advances.

The portion of the conditional advances at more than one year is recorded under financial debts - non-current portion, while the portion at less than one year is recorded under financial debts - current portion.

Since its creation, the Group has received 3 advances from BPI FRANCE, repayable under certain conditions, the main terms of which are presented below:

- **BPI FRANCE/PANCREAS**

The first assistance, granted by BPI FRANCE, for a total amount of €735,000, concerns the program for the "development of a new treatment against pancreatic cancer through the administration of allogenic red blood cells incorporating L-asparaginase".

This assistance was distributed in 3 phases:

- €294,000 upon signature of the agreement (paid in 2008)
- €294,000 upon calls for funds (paid in 2010)

- balance upon completion of work with end of program identified by BPI FRANCE (paid in 2011)

The repayment of this conditional advance will be made according to a fixed payment schedule that will end at the latest on 06/30/2016.

The Group has undertaken to repay the entirety of the loaned amount according to the following payment schedule:

- €100,000 at the latest on June 30, 2013
- €150,000 at the latest on June 30, 2014
- €225,000 at the latest on June 30, 2015
- €260,000 at the latest on June 30, 2016.

- **BPI FRANCE FEDER**

The second assistance, granted by BPI FRANCE FEDER, which provided for a total amount of €135,000, concerns a program for the "preclinical validation of the encapsulation of interfering RNA for therapeutic use in red blood cells, notably to limit inflammation of the cirrhotic liver and/or prevent the development of hepatocellular carcinomas".

This assistance provided for distribution in 4 phases:

- €40,500 upon signature of the agreement (paid in 2009)
- €40,500 upon calls for funds (paid in 2010)
- €27,000 upon calls for funds
- balance upon completion of work with end of program identified by BPI FRANCE.

The Group will have received €81,000 from BPI FRANCE/FEDER under this program. As the work corresponding to the FEDER assistance is currently terminated, the Group will not receive the last two payments of €27,000.

The repayment of this conditional advance will be made according to a fixed payment schedule that will end at the latest on June 30, 2016.

The Group has undertaken to repay the entirety of the loaned amount according to the following payment schedule:

- €7,500 at the latest on September 30, 2013
- €7,500 at the latest on December 31, 2013
- €7,500 at the latest on March 31, 2014
- €7,500 at the latest on June 30, 2014
- €9,250 at the latest on September 30, 2014
- €9,250 at the latest on December 31, 2014
- €9,250 at the latest on March 31, 2015
- €9,250 at the latest on June 30, 2015
- €14,000 at the latest on September 30, 2015.

- **BPI FRANCE/TEDAC:**

The third assistance, granted by BPI FRANCE within the scope of the TEDAC project, is for a total amount of €4,895,052. This assistance is distributed upon completion of the following key milestones:

- €62,607 upon signature of the agreement (paid in 2012)
- the remainder upon calls for funds in function of the key milestones.

The Group undertakes to repay BPI FRANCE initially:

a) a sum of €5,281,000 upon achieving a cumulative amount of before-tax sales revenue equal to or greater than 10 million Euros, according to the following payment schedule:

- €500,000 at the latest on June 30 of the first year in which this cumulative sales revenue is achieved,
- €750,000 at the latest on June 30 of the second year,
- €1,500,000 at the latest on June 30 of the third year,
- €2,531,000 at the latest on June 30 of the fourth year,

b) and, where applicable, an annuity equal to 50% of the income generated through the sale of intellectual property rights resulting from the project, within the limit of a total repayment of €5.3 million.

In a second phase, where the cumulative sales revenue reaches €60,000,000, the Group undertakes to pay BPI FRANCE a sum of 2.5% of the sales revenue generated by development of the products resulting from the project, within the limit of a total repayment of €15M over 15 years.

7.10 Other liabilities

in euros	**12.31.2014**	**12.31.2013**
Other current liabilities		
Taxation and social security	970,629	815,617
Deferred income	368,436	648,854
Other payables	500,593	347,388
Other current liabilities	**1,839,658**	**1,811,859**

7.11 Related parties

Gil Beyen, Pierre Olivier Goineau, and Yann Godfrin are the Group directors; Jérome Bailly is the Group's head pharmacist. The other related parties are members of the board of directors.

For 2014 in euros	Total gross compensation	Fixed portion	Variable or exceptional portion	In-kind benefits (excluding GSC)	Net attendance fees	Fees, net of outlays	Optional unemployment scheme GSC
Gil Beyen	€338,168	€244,000	€91,500	€2,668			
Pierre-Olivier Goineau	€252,922	€175,783	€67,500	€4,020			€5,619
Yann Godfrin	€252,768	€175,550	€67,500	€4,099			€5,619
Jérôme Bailly	€69,258	€60,755	€5,172	€3,331			
Galenos sprl *	€1,000				€1,000		
Sven Andreasson	€19,476				€19,476		
Philippe Archinard	€20,476				€20,476		
Hilde Windels	€9,024				€9,024		
Martine George	€10,024				€10,024		

For 2014 in euros	Total warrants allocated end 2013	warrants allocated in 2014	warrants exercised in 2014	Balance end 2014	Fair Market Value of warrants allocated in 2014
	by number				by value
Gil Beyen	5,632	7,631	3,400	9,863	€513,960
Pierre-Olivier Goineau	4,993	3,515	-	8,508	€220,482
Yann Godfrin	4,993	3,515	-	8,508	€234,127
Jérôme Bailly	943	515	500	958	€39,166
Galenos sprl *	-			-	
Sven Andreasson	1,288	500	1,788	-	€38,025
Philippe Archinard	837	500	1,337	-	€38,025
Hilde Windels	-			-	
Martine George	-			-	

* Company controlled by Mr. Sven Andreasson

For 2013, in euros	Total gross compensation	Fixed portion	Variable or exceptional portion	In-kind benefits (excluding GSC)	Net attendance fees	Fees, net of outlays	Optional unemployment scheme GSC
Gil Beyen	€164,736	€164,736					
Gil Beyen BVBA	€87,500					€87,500	
Pierre-Olivier Goineau	€251,007	€165,771	€75,000	€4,351			€5,885
Yann Godfrin	€251,110	€164,996	€75,000	€5,229			€5,885
Jérôme Bailly	€62,644	€55,293	€5,000	€2,351			
Galenos sprl *	€5,250					€5,250	
Sven Andreasson	€12,958				€12,958		
Philippe Archinard	€13,083				€13,083		
Marc Beer	€8,333				€8,333		
Alain Maiore							
Auriga Partners	€120,000					€120,000	
IDInvest Partners	€120,000					€120,000	

For 2013, in euros	Total warrants allocated end 2012	warrants allocated in 2014	warrants exercised in 2013	Balance end 2013	Fair Market Value of warrants allocated in 2013
	by number				by value
Gil Beyen		5,632		5,632	€239.811
Gil Beyen BVBA					
Pierre-Olivier Goineau	2,478	2,515		4,993	€107,089
Yann Godfrin	2,478	2,515		4,993	€107,089
Jérôme Bailly	428	515		943	€21,929
Galenos sprl *					
Sven Andreasson	1,033	255		1,288	€10,858
Philippe Archinard	684	153		837	€6,515
Marc Beer	1,033	51	1,084		€2,172
Alain Maiore	816		816		

* Company controlled by Mr. Sven Andreasson

The Group has no further related parties.

7.12 Financial instruments recorded in the balance sheet and effect on results

12/31/2014 in euros		Balance sheet value	Fair market value by earnings	Loans and receivables	Debt at amortized cost	Fair market value
Non-current financial assets	(1)	81,814		81,814		81,814
Other current assets	(1)	2,234,738		2,234,738		2,234,738
Cash and cash equivalents	(2)	36,988,436	36,988,436			36,988,436
						-
Total financial assets		**39,304,988**	**36,988,436**	**2,316,552**	**-**	**39,304,988**
Financial liabilities - Non-current portion	(1)	436,035			436,035	436,035
Financial liabilities - Current portion	(1)	333,502			333,502	333,502
Trade payables & related accounts	(1)	2,084,546			2,084,546	2,084,546
						-
Total		**2,854,083**	**-**	**-**	**2,854,083**	**2,854,083**

12/31/2013 in euros		Balance sheet value	Fair market value by earnings	Loans and receivables	Debt at amortized cost	Fair market value
Non-current financial assets	(1)	82,908		82,908		82,908
Other current assets	(1)	1,700,874		1,700,874		1,700,874
Cash and cash equivalents	(2)	15,112,523	15,112,523			15,112,523
						-
Total financial assets		**16,896,305**	**15,112,523**	**1,783,782**	**-**	**16 896 305**
Financial liabilities - Non-current portion	(1)	730,545			730,545	730,545
Financial liabilities - Current portion	(1)	281,341			281,341	281,341
Trade payables & related accounts	(1)	1,421,436			1,421,436	1,421,436
						-
Total		**2,433,323**	**-**	**-**	**2,433,323**	**2,433,323**

(1) The book value of these assets and liabilities is a reasonable approximation of their fair value.

(2) Fair value at level 2

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8 MANAGEMENT OF MARKET RISK

Exchange rate risk

The Group uses the Euro as its reference currency within the scope of its disclosures and financial communications. However, a significant portion, in the amount of 10% of its operating expenses, is denominated in US dollars (agency office in Philadelphia, collaborations relating to the production of clinical batches with the American Red Cross, business development consultants, consultants for the development of clinical trials in the United States, and various collaborations around tests and clinical projects in the United States).

To date, the Group has not opted to use active hedging techniques, and has not made recourse to derivative instruments to this end. Unfavorable exchange rate fluctuations between the euro and the dollar that are difficult to predict could affect the financial position of the Company.

This dependency will increase, as the Group will perform clinical trials in the USA and, in the longer term, sell on this market. The Group will opt to use exchange rate hedging techniques.

Expenses in US Dollars totaled $949,232 during the 2014 financial year. The counter-values recorded in the accounts totaled €714,807 in relation to the receipt of invoices and price fluctuations. This represents an average annual rate of $1.328 per €1 ($1.324/€ on average in 2013).

However, the EUR/USD rate fell considerably at the period end, reaching $1.2141 per €1 at December 31, 2014.

The Group purchased 1 million dollars at the rate of $1.2197 per €1 during December 2014.

The exchange rate differences are not significant for the periods presented.

Liquidity risk

The Group has been structurally loss-generating since its creation. The net cash flows associated with the Group's operating activities were respectively -7.2 million Euros at December 31, 2014 and -6.5 million Euros at December 31, 2013.

Historically, the Group has financed its growth by strengthening its shareholders' equity in the form of capital increases and the issue of convertible bonds. The capital increase associated with its introduction on the stock market in May 2013, as well as the operation renewed in 2014, enables the Group to ensure its business continuity over several years.

The remaining contractual maturities of financial liabilities are broken down as follows (including interest payments):

in euros	**2014**			
	Book value	**Contractual cash flows**		
		Total	**Less than 1**	**1 to 5 years**
Loans				
Conditional advances	549,161	(580,107)	(257,500)	(322,607)
Debt associated with leases				
Convertible bonds	220,376	(230,183)	(80,702)	(149,481)
Bank overdrafts				
Trade payables and related accounts				
	2,084,546	(2,084,546)	(2,084,546)	
Total	**2,854,083**	**(2,894,836)**	**(2,422,748)**	**(472,088)**

in euros	**2013**			
	Book value	**Contractual cash flows**		
		Total	**Less than 1**	**1 to 5 years**
Loans	15,000	(15,499)	(15,499)	-
Conditional advances	693,669	(763,607)	(183,500)	(580,107)
Debt associated with leases				
Convertible bonds Bank	303,217	(319,826)	(89,643)	(230,183)
overdrafts	-	-	-	-
Trade payables and related accounts	-	-	-	-
	1,421,436	(1,421,436)	(1,421,436)	
Total	**2,433,322**	**(2,520,368)**	**(1,710,078)**	**(810,290)**

9 OFF-BALANCE SHEET COMMITMENTS

Clinical trials

The costs associated with clinical trials are recognized as expenses as and when they are sustained.

Each patient included results in an obligation for Erytech to sustain certain costs whether or not the study continues, and to do so in addition to the expenses already incurred. When a patient is recruited, the Group establishes a provision to cover all the costs sustained to continue the clinical trial.

The remainder of the costs sustained leading up to the end of the clinical trial (patients not yet recruited) are monitored off-balance sheet.

12/31/2014 in Keuros		ERYTECH contractual commitment		
Clinical trial name	**Accrued payables, tax incl.**	**Definite accrued payables**	**Uncertain (Off-balance sheet, net of taxes)**	**Comment**
2007/04	-	-	-	Trial ended
2008/02	-	-	-	Trial ended
2009/06	200	-	-	Trial ended
2012/09	41	-	1,014	Recruitment begun
2012/10	4	-	-	Recruitment begun
2013/03	256	-	4,526	Recruitment begun
	Accrued payables		**off-balance sheet**	
	501		**5,539**	

12/31/2013 in Keuros		ERYTECH contractual commitment		
Clinical trial name	**Accrued payables, tax incl.**	**Definite accrued payables**	**Uncertain (Off-balance sheet, net of taxes)**	**Comment**
2007/04	-	-	-	Trial ended
2008/02	-	-	-	Trial ended
2009/06	347	-	-	Recruitment ended
2012/09	-	-	-	Recruitment not begun
2012/10	-	-	-	Recruitment not begun
2013/03	-	-	-	Recruitment not begun
	Accrued payables		**off-balance sheet**	
	347		**-**	

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The off-balance sheet commitments relating to simple leases total €687,000 and essentially correspond to the lease of buildings. The maturities on these expenses are as follows:

Less than 1 year: €397,000
Between 1 year and 5 years: €290,000
More than 5 years: €0

10 AUDITORS' FEES

For the 2014 financial year, the auditor fees paid on the financial year totaled:

- within the scope of its legal term of office: €95,000, excluding out-of-pocket expenses,
- within the scope of the capital increase by the parent company: €12,000