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Half year results update

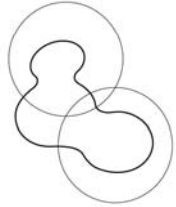


August 31, 2010



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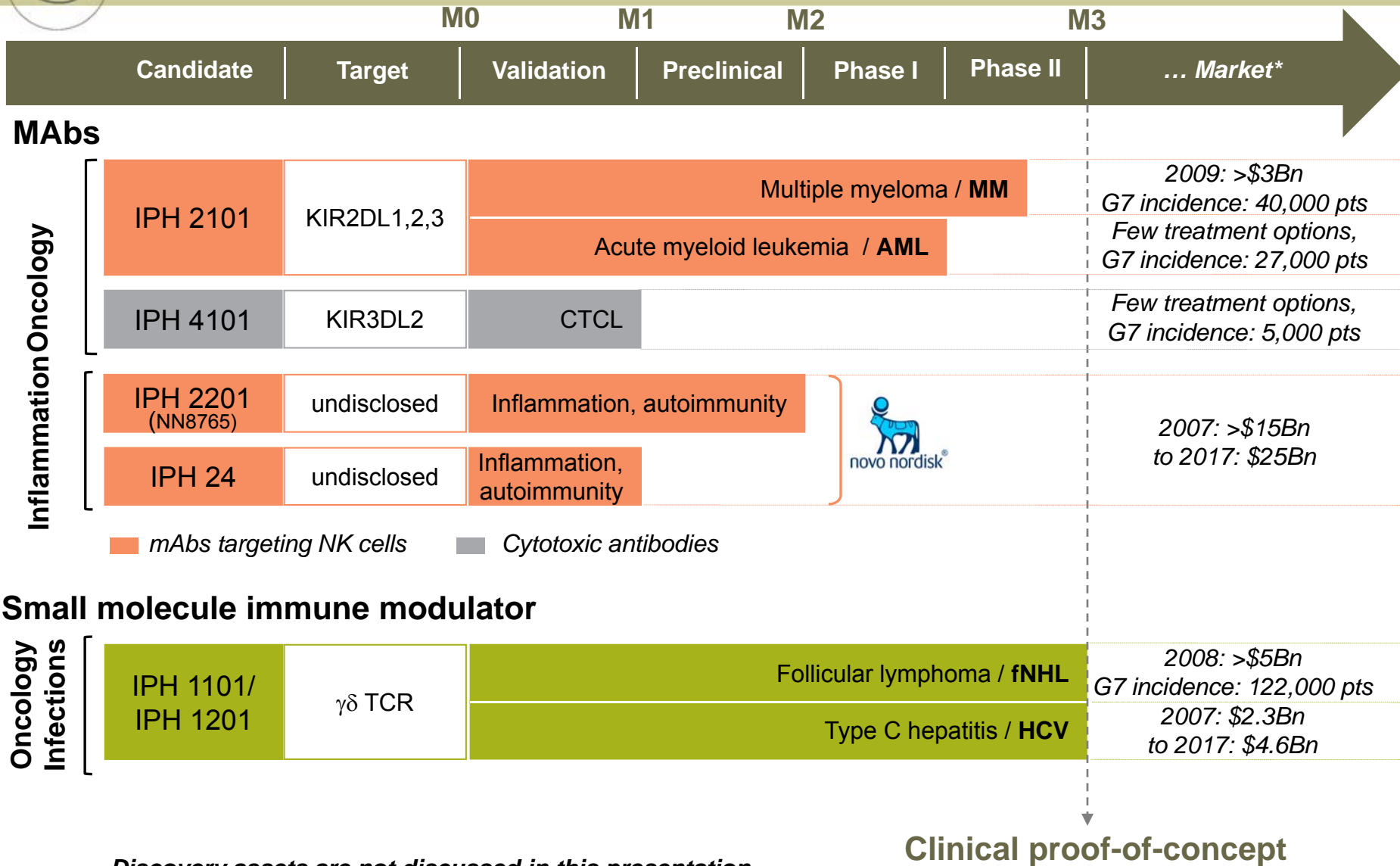
First-in-class
immunotherapeutics

- Immuno-pharmacology company:
 - > Therapeutic focus in cancer and inflammation
 - > Technology focus on antibody
- First-in-class immunotherapeutics
- Track-record in translational research up to clinical proof-of-concept
 - > Two proprietary Phase II drug candidates
- 81 FTEs, based in Marseilles, Lyon and New York
- Founded in 1999, listed on NYSE-Euronext in Paris (IPH) since 2006
- As at the end of 1H 2010, €39.1m in cash and cash equivalents



Portfolio of core drug candidates

From novel target to clinical proof-of-concept



Discovery assets are not discussed in this presentation



R&D and Corporate highlights since January 1, 2010

- Completion of IPH 1101 Phase II program – **Final results with favorable complete response rate for the Phase II clinical trial with IPH 1101 in combination with rituximab in follicular Lymphoma** reported at the EHA Meeting
- **Updated interim data for the Phase I trial with IPH 2101 in Multiple Myeloma patients** reported at the ASCO Meeting – good safety and pharmacodynamic so far
- **Authorization process for new Phase II clinical trials with IPH 2101 in the US ongoing**
- **Changes in the Advisory and Executive Boards:**
 - Appointment of Mr. Patrick Langlois (former CFO of Rhone-Poulenc as well as Group Executive Vice President and CFO of Aventis) as member of the Supervisory Board
 - Appointment of the FSI (French Sovereign Fund) as observer to the Supervisory Board
 - Resignation of Mr. Stéphane Boissel, CFO, and Mr. Hemanshu Shah, CBO, from their position in the management team to pursue other business interests



Expected clinical newsflow for 2H 2010 / 2011

IPH 2101

- Initiation of new Phase II trials in the US:
 - Multiple Myeloma (patients relapsing after first-line treatment) in combination with lenalidomide (collaboration with Celgene Corp.)
 - Smoldering Multiple Myeloma (pre-myeloma), single agent
- Final results for Phase I trials in Multiple Myeloma and Acute Myeloid Leukemia
- Completion of the Phase II trial as a single agent in Multiple Myeloma patients in maintenance after induction therapy

IFRS financials for the first half of 2010 and 2009

In million euros	1H2010	1H2009
Revenue from collaboration and licensing agreements	0.2	2.6
Other revenue	0.0	0.1
Government financing for research expenditure	2.3	2.5
Operating revenue	2.5	5.2
R&D expenses	(7.2)	(9.8)
Including investments in clinical operations	(4.0)	(6.2)
SG&A expenses	(2.0)	(3.3)
Net operating expenses	(9.2)	(13.1)
Operating income / (loss)	(6.7)	(7.9)
Interest income and expenses, net	0.0	0.0
Net loss	(6.7)	(7.9)
Average number of shares (outstanding, in thousand)	37,184	25,912
Net loss per share	(0.18)	(0.31)
Key balance sheet information as at:	June 30	December 31
Cash, cash equivalents and financial instruments	39.1	49.2
Total financial debt	7.9	8.3

(*) see next page

Key facts

- Decrease in operating loss (€6.7m in 1H 10 vs €7.9m in 1H 09):
 - Decrease in operating revenue (€2.5m in 1H 10 vs €5.2m in 1H 09) following contractual end of NK collaboration with Novo Nordisk A/S in 1H 09
 - Decrease in net operating expenses (€9.2m vs 13.1m) with:
 - A decrease in clinical costs (completion of IPH 1101 Phase II program, only partly offset by the start of IPH 2101 Phase II program)
 - Decrease in share-based compensation (€20k vs €1,746k, non-cash expenses)
- Stable operating burn rate before changes in working capital (€6.3m in 1H 10 vs €6.2m in 1H 09)
- Strong balance sheet: €39.1m in cash, cash equivalent and current financial instruments as at June 30, 2010



1H10 Interim financial situation

Operating expenses

R&D expenses: **€7,179k**

- -26% vs. €9,753k in 1H2009
- Decrease in clinical costs (€4.0m or 56% of the R&D expenses, vs. €6.2m, or 64% of the R&D expenses in 1H2009)
- Non-cash IFRS 2 expense of €0.0m, vs. €0.7m in 1H2009, following a change in vesting conditions of free shares

G&A expenses: **€2,005k**

- -39% vs. €3,311k in 1H2009
- Non-cash IFRS 2 expense of €0.0m, vs. €1.0m in 1H2009, following a change in vesting conditions of free shares

Operating expenses: **€9,184k**

- +30% vs. €13,064k in 1H2009



1H10 Interim financial situation

Cash and financial liabilities as at June 30, 2010

<u>Cash:</u>	
Cash and cash equivalents:	€36,391k
Current financial instruments:	€2,751k
▶ Investments in money market funds - no risk on capital	
<u>Cash, cash equivalents and financial instruments:</u>	<u>€39,142k</u>

<u>Financial liabilities:</u>	
Oséo financing:	€2,474k
Real estate lease-financing:	€4,521k
Other lease-financing (equipment, etc.):	€0,941k
<u>Financial liabilities:</u>	<u>€7,936k</u>



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