

Innate Pharma SA

First six months financials as at June 30, 2006.

The balance sheet, income statement and statement of cash flows are established in accordance with IFRS.

To access to the notes to IFRS accounts as well as to the financial statements in accordance with French GAAP, please refer to paragraph 11, section Information about the Offering, in our International Offering Memorandum.

Balance Sheet
(in thousands of euros)

	December 31, 2005	June 30, 2006
Assets		
Current Assets		
Cash and cash equivalents	2,585	19,112
Current financial instruments	15,757	14,444
Current receivables and prepayments	2,866	3,533
Total current assets	21,209	37,089
Non-current assets		
Non-current receivables	2,792	2,547
Property, plant and equipment	707	819
Other fixed assets	59	49
Total non-current assets	3,558	3,414
Total assets	24,766	40,503
Liabilities and equity		
Current liabilities		
Trade payables	2,030	7,988
Borrowings	169	383
Provisions	61	-
Total current liabilities	2,260	8,371
Non-current liabilities		
Trade payables	-	3,208
Conditional subsidies and grants	2,015	2,724
Borrowings	411	274
Pension benefits	16	106
Total non-current liabilities	2,442	6,312
Equity		
Capital and reserves attributable to equity holders of the Company		
Share capital	745	857
Share premium	39,089	48,703
Retained earnings	(14,084)	(20,173)
Net loss for the year or the period	(6,129)	(3,739)
Other comprehensive income	444	172
Total capital and reserves attributable to equity holders of the Company	20,065	25,820
Total liabilities and equity	24,766	40,503

Income Statement
(in thousands of euros)

	6-month accounting period ended June 30,	
	2005	2006
Licensing revenue	900	1,908
Government financing for research expenditure	519	838
Operating revenue	1,419	2,746
Cost of supplies and consumable materials	(595)	(900)
Intellectual property expenses	(233)	(582)
Other purchases and external expenses	(2,024)	(2,934)
Employee benefits other than share-based compensation	(1,114)	(1,785)
Share-based compensation	(29)	(451)
Depreciation and amortisation	(150)	(157)
Other income and expenses, net	(22)	(82)
Net operating expenses	(4,167)	(6,890)
Operating income / (loss)	(2,748)	(4,144)
Interest income / (expense), net	224	405
Income / (loss) before tax	(2,524)	(3,739)
Income tax expense	-	-
Net loss	(2,524)	(3,739)
Loss per share attributable to the equity holders of the Company:		
(in €per share)		
- basic	(0.17)	(0.23)
- diluted	(0.17)	(0.23)

Income Statement by function
(in thousands of euros)

	6-month accounting period ended June 30,	
	2005	2006
Licensing revenue	900	1,908
Government financing for research expenditure	519	838
Operating revenue	1,419	2,746
Research and Development	(3,446)	(5,375)
General and Administrative	(721)	(1,514)
Net operating expenses	(4,167)	(6,890)
Operating income / (loss)	(2,748)	(4,144)
Interest income / (expense), net	224	405
Net loss	(2,524)	(3,739)

Statement of cash flows
(in thousands of euros)

	6-month accounting period ended June 30,	
	2005	2006
Cash flows from operating activities		
Net loss	(2,524)	(3,739)
Adjustments to reconcile net loss to net cash from operating activities:		
Depreciation and amortisation	150	157
Provisions	-	29
Share-based compensation	29	451
Changes in working capital	(202)	8,146
Other items not included in operating activities	(110)	(356)
Net cash generated from / (used in) operating activities	(2,657)	4,688
Cash flows from investing activities		
Acquisition of fixed assets	(54)	(249)
Disposal / (purchase) of current financial instruments	(3,821)	1,340
Net cash generated from / (used in) investing activities	(3,875)	1,091
Cash flows from financing activities		
Gross proceeds from issuance of share capital	-	10,000
Fees on issuance of share capital	-	(51)
Costs attributable to issuance of share capital in progress	-	(633)
Changes in working capital from financing activities	-	589
Increase in indebtedness	265	791
Debt repayment	(10)	(5)
Net cash generated from financing activities	255	10,691
Changes in cash and equivalents not arising from cash flows	(54)	57
Net increase / (decrease) in cash and cash equivalents	(6,331)	16,527
Cash and cash equivalents at the beginning of the period	11,015	2,585
Cash and cash equivalents at the end of the period	4,684	19,112