

# PRESS RELEASE

innate pharma

## INNATE PHARMA ANNOUNCES OPERATING REVENUE OF 8.4 MILLION EUROS IN 2006 AND UPDATES ON ITS FINANCES

(Subject to change; Non audited figures)

Marseilles, February 6, 2007

Innate Pharma SA (Euronext Paris: FR0010331421 – IPH), a biopharmaceutical company developing first-in-class drugs targeting the innate immune system, announced today operating revenue of 8.4 million euros in 2006. Turnover amounted to 6.2 million euros, including 1.7 million euros in the fourth quarter closed on December 31, 2006.

The following table breaks down the operating revenue and compares 2006 to 2005:

<b>In thousands of euros</b>	<b>Fiscal year ended on December 31</b>	
	<b>2005</b>	<b>2006</b>
Revenue from collaboration and licensing agreements	1,300	6,195
Non-core services	-	7
Government funding for research costs	1,144	2,178
<b>Operating revenue</b>	<b>2,444</b>	<b>8,380</b>

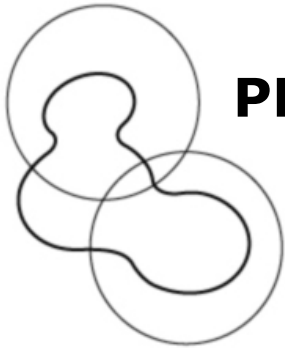
*Turnover is constituted by revenue from collaboration and licensing agreements as well as non-core services.*

*The research tax credit for 2006, included in the government funding for research costs, shall be later (in the 2006 accounts) updated with the application of an annual revalorization index.*

The following table breaks down the sales of products and revenue from collaboration and licensing agreements for the fourth quarter of 2006:

<b>In thousands of euros</b>	<b>Fourth quarter</b>	
	<b>2005</b>	<b>2006</b>
Revenue from collaboration and licensing agreements	200	1,704
Non-core services	-	7
<b>Turnover</b>	<b>200</b>	<b>1,711</b>

As stated in its 2006 IPO prospectus, the company does not expect significant sales of products before the marketing registration of its own products, which could happen in 2011 or 2012, unless it acquires or in-licenses a or some products before then.



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The significant increase in revenue from collaboration and licensing agreements between 2005 and 2006 is mostly explained by the signature of the strategic partnership with Novo Nordisk A/S in March 2006 (exclusive partnership on NK platform).

2006 revenue in relation with the collaboration and licensing agreement with Novo Nordisk A/S are broken down as:

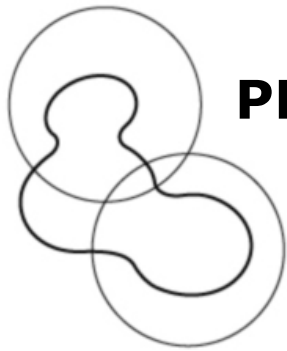
- Research and development financing from January to December 2006,
- A lump sum payment on signing the agreement, fully paid in 2006 but spread in the accounts over three years, the initial duration of the research and development stage of the agreement, and
- A milestone payment at first clinical trial application for IPH 2101 (NN 1975), the most advanced product of the collaboration.

At signing of the partnership, the two companies had indicated that they were expecting 25.0 million euros in revenue for Innate Pharma over the first three years of the collaboration (2006-2008). Considering the ongoing collaborative work, this objective is today confirmed by Innate Pharma.

Government funding for research costs is mostly composed by research tax credit, which is dependent on research and development effort. The increase in research and development expenses between 2006 and 2005 resulted in a sharp increase in research tax credit (1.8 million euros in 2006 versus 0.9 million euros in 2005), which explains most of the increase in government funding for research costs between 2005 and 2006.

The company listed on Euronext in Paris in November 2006. The gross proceeds of this initial public offering were 33.7 million euros. Cash, cash equivalent and current financial instruments amounted to 59.8 million euros as at December 31, 2006.

Turnover will be published in the French official bulletin BALO on February 7. Annual results will be released by the company on March 20, 2007.



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## About Innate Pharma:

Founded in 1999 and funded by reference venture capitalists up to its IPO on Euronext in Paris in 2006, Innate Pharma S.A. (Euronext Paris: FR0010331421 – IPH) is a biopharmaceutical company developing first-in-class\* drugs targeting innate immunity.

The pioneering work of Innate Pharma's scientific founders and research groups has led to the development of three product platforms (gamma delta T cells, NK cells and TLR), each directly or indirectly validated in clinical oncology settings.

Besides cancer, Innate Pharma's drug candidates have development potential in the treatment of infectious disease and chronic inflammation. The company's most advanced molecule is in Phase II clinical trials in cancer.

With its strong scientific position in innate immunity pharmacology, its robust intellectual property portfolio and its R&D expertise, Innate Pharma intends to become a leading player in the rapidly growing market of immunotherapeutics.

Based in Marseilles, France, Innate Pharma had 67 employees as at December 31, 2006.

Learn more about Innate Pharma at [www.innate-pharma.com](http://www.innate-pharma.com)

## Practical Information about Innate Pharma shares:

ISIN code	FR0010331421
Ticker code	IPH

## Disclaimer:

This press release, and the information contained herein, does not constitute an offer to sell or a solicitation of an offer to buy or subscribe for shares in Innate Pharma in any country.

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\* with new mechanisms of action.