

PRESS RELEASE

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INNATE PHARMA ANNOUNCES ITS FINANCIAL RESULTS FOR 2007: MODERATE BURN RATE IN THE CONTEXT OF CONTINUING CLINICAL EFFORT AND PIPELINE MATURATION

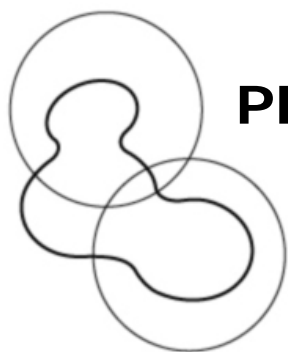
Marseilles, March 14, 2008

Innate Pharma SA (the "Company"), a biopharmaceutical company developing first-in-class drugs targeting the innate immune system, announces today its financial results for 2007. The key elements are as follows:

- The growth in operating revenue (14.3 million euros for 2007 vs. 8.5 million euros for 2006, related to the strategic collaboration with Novo Nordisk A/S as well as an increase in research tax credit) enabled the Company to control its cash burn rate;
- Research and development expenses amounted to 19.3 million euros in 2007 vs. 12.6 million euros in 2006 (+53%). This includes 8.7 million euros in clinical costs, compared with 5.1 million euros in 2006;
- By industry standards, the Company has a strong balance sheet situation, with 50.8 million in cash and cash equivalents and 3.6 million euros in indebtedness.

The table below summarizes the IFRS financial statements for the 12-month period ending December 31, 2007, plus a comparison with the same period in 2006:

In thousands of euros, except for data per share	12-month period ending December 31	
	2006	2007
Revenues from collaboration and licensing agreements	6,195	8,688
Non-core services	7	-
Government financing for research expenditure	2,275	5,602
Operating revenue	8,477	14,290
Research and development	(12,648)	(19,313)
General and administrative	(3,069)	(4,068)
Net operating expenses	(15,716)	(23,381)
Operating income / (loss)	(7,239)	(9,091)
Interest income / (expenses), net	1,198	173
Net gain / (loss)	(6,042)	(8,918)
Average number of shares outstanding (in thousands)	17,769	25,082
Net gain / (loss) per share	(0.34)	(0.36)



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In thousands of euros	Dec. 31, 2006	Dec. 31, 2007
Cash, cash equivalents and current financial instruments	59,823	50,783
Total assets	69,255	63,153
Capital and reserves attributable to equity holders of the Company	56,369	49,606
Total financial debt	3,308	3,647

Operating income:

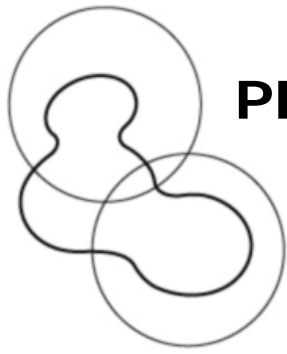
The following table details the operating revenue for the periods under review:

In thousands of euros	12-month period ending December 31	
	2006	2007
Revenues from collaboration and licensing agreements	6,195	8,688
Government financing for research costs and others	2,282	5,602
Operating revenue	8,477	14,290

The increase in revenues from collaboration and licensing agreements is mostly explained by pre-clinical achievements in the strategic alliance on the NK platform signed in March 2006 with Novo Nordisk A/S. The 2007 revenue related to this alliance consists of:

- Research and development financing for the year;
- A lump sum payment on signature of the agreement, fully paid in 2006 but recognized in the accounts over three years - the initial duration of the research and development stage of the agreement (i.e. twelve months' impact in 2007, compared with nine months' impact in 2006);
- Payments related to pre-clinical milestones successfully achieved in 2007 with IPH 2201 (NN8765, formerly IPH 22XX) and IPH 23XX, compared with a single milestone payment (related to IPH 2101) in 2006.

Government financing for research costs was mostly composed of the research tax credit. The year-on-year increase in research and development expenses during the periods under review resulted in a sharp rise in the research tax credit due: 4.9 million euros in 2007 vs. 1.9 million euros in 2006.



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Net operating expenses, by business function:

The following table breaks down the net operating expenses by business function for the periods under review:

In thousands of euros	12-month period ending December 31	
	2006	2007
Research and development	(12,648)	(19,313)
General and administrative	(3,069)	(4,068)
Net operating expenses	(15,716)	(23,381)

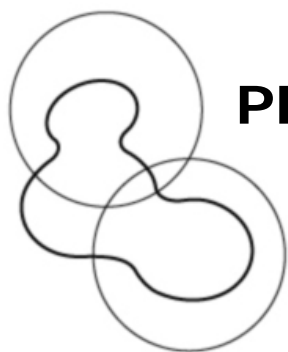
Research and development expenses primarily include R&D staff costs, product manufacturing costs and subcontracting costs (research and pre-clinical & clinical development), as well as the cost of materials (reagents and other consumables) and pharmaceutical products.

The year-on-year increase in R&D expenses for the periods under review (19.3 million euros in 2007 vs. 12.6 million euros in 2006, +53%) reflects the expected general increase in R&D activity as the Company's product candidates mature and notably the growth of the Phase II clinical trial program for IPH 1101.

Clinical development expenses represented a total of 8.7 million euros in 2007 (45% of R&D costs), compared with 5.1 million euros in 2006 (40% of R&D costs). R&D expenses accounted for 83% of net operating expenses in 2007, vs. 80% in 2006.

General and administrative ("G&A") expenses primarily include support staff costs and external expenses for the management and development of our business (legal, auditing, business development, etc.).

These costs amounted to 4.1 million euros in 2007, vs. 3.1 million euros in 2006 (+33%). G&A expenses accounted for 17% of net operating expenses for the twelve-month period ending December 31, 2007, vs. 20% in 2006.



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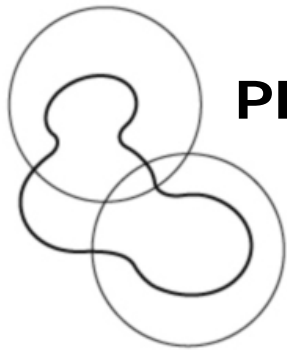
Net operating expenses, by nature:

The following table breaks down the net operating expenses by nature for the periods under review:

In thousands of euros	12-month period ending December 31	
	2006	2007
Costs of supplies and consumable materials	(2,201)	(2,766)
Intellectual property expenses	(943)	(993)
Other purchases and external expenses	(6,907)	(12,007)
Employee benefit costs	(4,053)	(5,573)
Share-based compensation	(1,187)	(1,260)
Depreciation and amortisation	(236)	(587)
Other income and expenses	(189)	(195)
Net operating expenses	(15,716)	(23,381)

The most significant changes in expenses can be explained as follows:

- Costs of supplies and consumables: the rise in these expenses between the two periods under review (2.8 million euros vs. 2.2 million euros in 2007 and 2006, respectively, +26%) is mostly explained by the increase in consumption of drug products in relation to the IPH 1101 Phase IIa clinical trial in renal cell carcinoma (trial IPH 1101-201).
- Other purchases and external expenses: the increase in these expenses between the two periods under review (12.0 million euros and 6.9 million euros in 2007 and 2006 respectively, +74%) is mostly explained by the sharp increase in subcontracting expenses (8.1 million euros and 4.1 million euros in 2007 and 2006, respectively, +98%). The clinical subcontracting (trial management) item accounted for 5.4 million euros in 2007 vs. 2.9 million euros in 2006. This is mostly explained by the Phase I/II and IIa clinical trial program for IPH 1101 (the first Phase IIa trial started in mid-2006, whereas there were five ongoing or filed Phase I/II or IIa trials with this compound at the end of 2007).
- Employee benefit costs: the increase in these expenses between the two periods under review (5.6 million euros in 2007 vs. 4.1 million euros in 2006, +38%) is explained by the increase in headcount (76.0 full-time equivalents (FTEs) on average in 2007, up from 60.5 FTEs on average in 2006), salary increases and loss of social security cost exemption on R&D staff salaries following expiry of "Young Innovative Company" fiscal status at the end of 2006.
- The share-based compensation (non-cash expenses based on IFRS 2 calculations) increased mechanically, since a distribution of free shares to company personnel took place in late April 2006 (with a full-year impact in 2007, compared with eight months in 2006).



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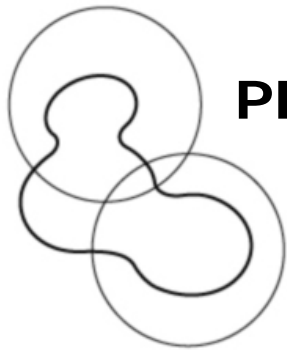
Balance sheet items:

Cash, cash equivalent and current financial instruments amounted to 50.8 million euros as of December 31, 2007, compared with 59.8 million euros as of December 31, 2006. Based on 25.2 million shares outstanding on December 31, 2007, the cash, cash equivalent and current financial instruments amounted to 2.0 euros per share at that date.

Since its incorporation in 1999, the Company has been primarily financed by issuing new securities. The Company has also generated cash flow from its licensing activities (mostly in relation to the agreements with Novo Nordisk A/S), government financing for research expenditure and repayable government financing (Oséo-Anvar). Financial debt amounted to 3.6 million euros as of December 31, 2007.

The other key balance sheet items as of December 31, 2007 were as follows:

- Prepaid consumables amounted to 1.6 million euros (vs. 1.7 million euros as of December 31, 2006). These are drug substances, drug products or materials paid for but not yet consumed at the closing date.
- Receivables from the French government on research tax credits (for the years 2004, 2005 and 2007) amounted to 6.8 million euros.
- Prepaid income (in trade payables) amounted to 3.3 million euros, in relation to the strategic alliance signed with Novo Nordisk A/S in March 2006.



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Update on 2007 achievements and the outlook for 2008:

The gamma delta platform:

Four additional Phase I/II or IIa trials of IPH 1101 were initiated, in follicular lymphoma ("NHL"), type-C viral hepatitis ("HCV"), chronic myeloid leukemia ("CML") and metastatic melanoma. The latter trial was approved by the French authorities in the first quarter of 2008. The Phase II exploratory program is now completely implemented.

In December 2007, the Company completed recruitment for the Phase IIa trial in metastatic renal carcinoma (mRCC) for IPH 1101. The results are expected to be published in Q2 08.

Depending on the patient recruitment rate, initial results for the Phase II HCV trial are expected in Q4 2008. The first safety results for the combination of IPH 1101 and rituximab in the Phase II NHL trial are expected in H2 2008.

Regulatory pre-clinical work with IPH 1201 is well advanced. The compound is expected to enter Phase I clinical trials in late 2008 / early 2009, depending on the Phase II results obtained with IPH 1101 in HCV.

The NK platform:

Two Phase I trials were initiated with IPH 2101 (NN1975) by our partner Novo Nordisk A/S in acute myeloid leukemia and multiple myeloma.

IPH 2201 (NN8765) passed the M1 milestone in 2007. It is now in regulatory pre-clinical development in cancer.

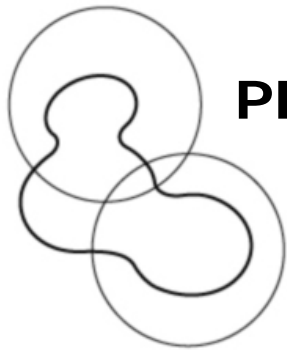
IPH 23XX, developed in inflammation, is expected to pass M1 in 2008.

In January 2008, Novo Nordisk A/S announced its decision to exit from oncology. The strategic R&D partnership between Innate Pharma and Novo Nordisk A/S has been refocused on inflammation. The companies are currently discussing the future of the "cancer" rights of the products arising from their collaboration and will inform the market when an agreement is reached.

The TLR platform:

During 2007, the TLR3 program was oriented toward a new indication, melanoma. It was shown that tumor cells from melanoma express TLR3 after having been exposed to interferon alpha. This approach would not necessitate patient selection vis-à-vis the TLR3 expression status of their tumor cells, thus facilitating access to patients in a disease with a significant, unmet medical need. It is now expected that melanoma will be the first indication in which IPH 31XX will be developed. Pre-clinical studies in breast cancer and development of a diagnostic antibody are ongoing in parallel. IPH 31XX is now expected to reach the M1 milestone in mid-2008.

In June, Innate Pharma acquired rights to novel TLR7 agonists from Cancer Research Technology, part of Cancer Research UK, the United Kingdom's leading cancer charity and a major funding body in cancer research. This program (still in the discovery phase) is known as IPH 32XX.



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"In 2007, we finalized our clinical and regulatory organisation and fully implemented the Phase II program for IPH 1101, as anticipated in our business plan. We feel that the next two years will be crucial years for Innate Pharma, with key step of value creation just ahead of us" said Hervé Brailly, CEO of Innate Pharma. He added: "In 2008 and 2009, we should indeed see the first results for each of the Phase IIa or Phase I/II trials for our lead drug candidate IPH 1101 and we should then know which clinical settings and indications to target in further trials. We should also clarify the situation for the commercial rights in oncology for cancer candidates developed in the partnership with Novo Nordisk A/S. The first Phase I clinical data for IPH 2101 are also expected in this period. We also expect to initiate regulatory pre-clinical trials with IPH 31XX. We hope that these developments will translate into commercial opportunities for our proprietary compounds".

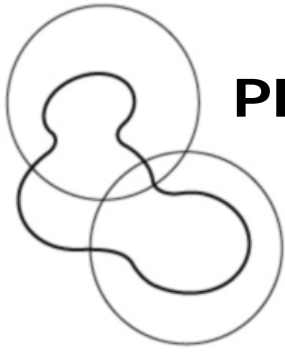
"With €50.8 million in cash and cash equivalents at the bank, we are in line with our budget forecast" said Stéphane Boissel, EVP and CFO of Innate Pharma. He added: "Today, business discussions are ongoing with Novo Nordisk A/S on the oncology rights to IPH 2101 and IPH 2201. We hope to be soon in a position to update the market on this important topic and then provide further clarity as to our financial flexibility".

Clarification:

The financial statements have been approved by the Company's Executive Board on March 13, 2008 and have been audited by our statutory auditors. These statements were reviewed by the Company's Supervisory Board on March 13, 2008 and will be submitted for approval to the Shareholders' General Meeting.

Risk factors:

Risk factors affecting the Company are presented in paragraph 4 of the latest "Document de Référence" registered by the French stock-market regulator, the "Autorité des Marchés Financiers" on April 19, 2007 under the reference number R.07-37.



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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 TLRs), 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 and viral infections.

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 immunotherapeutics market.

Based in Marseilles, France, Innate Pharma had 85 employees as at December 31, 2007.

Learn more about Innate-Pharma at www.innate-pharma.com

Practical Information

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.

For any additional information, please contact:

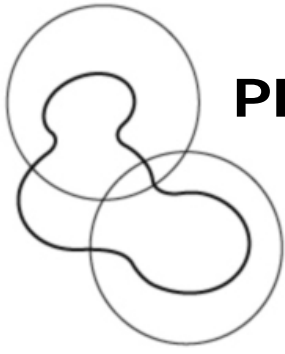
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* with new mechanisms of action.



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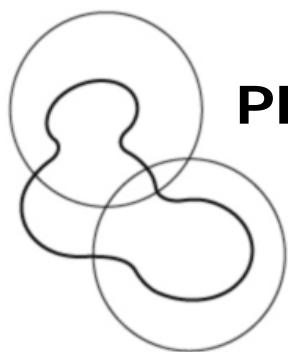
APPENDIX

Innate Pharma SA

Financial statements as at December 31, 2007.

Fiscal year 2007

The balance sheet, income statement and statement of cash flows are prepared in accordance with International Financial Reporting Standards.

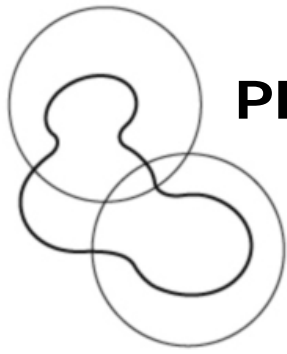


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Balance Sheet (in thousands of euros)

	As of December 31	
	2006	2007
Assets		
Current Assets		
Cash and cash equivalents	6,159	2,482
Current financial instruments	53,664	48,301
Current receivables and prepayments	4,450	4,812
Total current assets	64,273	55,595
Non-current assets		
Non-current receivables	3,765	5,896
Property, plant and equipment	774	1,517
Other fixed assets	442	145
Total non-current assets	4,982	7,558
Total assets	69,255	63,153
Liabilities and equity		
Current liabilities		
Trade payables	9,452	9,670
Borrowings	585	826
Provisions	-	51
Total current liabilities	10,037	10,546
Non-current liabilities		
Borrowings	2,723	2,821
Pension benefits	126	180
Total non-current liabilities	2,849	3,001
Equity		
Capital and reserves attributable to equity holders of the Company		
Share capital	1,249	1,259
Share premium	81,265	82,808
Retained earnings	(20,213)	(26,256)
Net loss for the year	(6,042)	(8,918)
Other comprehensive income	110	713
Total capital and reserves attributable to equity holders of the Company	56,369	49,606
Total liabilities and equity	69,255	63,153

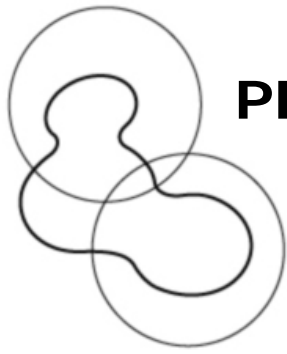


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Income Statement (in thousands of euros)

	12-month period ending December 31	
	2006	2007
Revenues from collaboration and licensing agreements	6,195	8,688
Non-core services	7	-
Government financing for research expenditure	2,275	5,602
Operating revenue	8,477	14,290
Cost of supplies and consumable materials	(2,201)	(2,766)
Intellectual property expenses	(943)	(993)
Other purchases and external expenses	(6,907)	(12,007)
Employee benefits other than share-based compensation	(4,053)	(5,573)
Share-based compensation	(1,187)	(1,260)
Depreciation and amortization	(236)	(587)
Other income and expenses, net	(189)	(195)
Net operating expenses	(15,716)	(23,381)
Operating income / (loss)	(7,239)	(9,091)
Interest income / (expense), net	1,198	173
Income / (loss) before tax	(6,042)	(8,918)
Income tax expense	-	-
Net gain / (loss)	(6,042)	(8,918)
Gain / (loss) per share attributable to the equity holders of the Company: (in € per share)		
- basic	(0.34)	(0.36)
- diluted	(0.34)	(0.36)

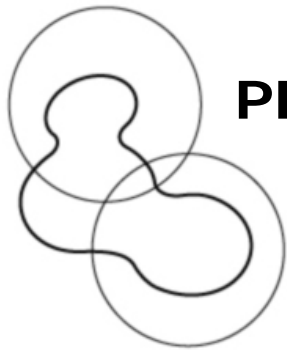


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Income Statement by function (in thousands of euros)

	12-month period ending December 31	
	2006	2007
Revenues from collaboration and licensing agreements	6,195	8,688
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Government financing for research expenditure	2,275	5,602
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Interest income / (expense), net	1,198	173
Net gain / (loss)	(6,042)	(8,918)



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Statement of cash flows (in thousands of euros)

	12-month period ending December 31	
	2006	2007
Cash flows from operating activities		
Net gain / (loss) from operating activities	(6,042)	(8,918)
Adjustments to reconcile net loss to net cash from operating activities:		
- Depreciation and amortization	298	536
- Provisions	49	105
- Share-based compensation	1,187	1,260
- Profit / (loss) on sale of assets	-	7
- Changes in working capital:		
o Trade debtors and prepaid expenses	(1,584)	(362)
o Other non-current debtors	(974)	(2,131)
o Trade creditors	7,425	222
Net cash generated from / (used in) operating activities	360	(9,282)
Cash flows from investing activities		
Acquisition of fixed assets	(370)	(1,296)
Change in other fixed assets	(382)	304
Purchase of current financial instruments	(99,449)	-
Disposal of current financial instruments	61,209	5,966
Net cash generated from / (used in) investing activities	(38,992)	4,974
Cash flows from financing activities		
Net proceeds from issuance of share capital	41,493	293
Increase in indebtedness	881	1,047
Debt repayment	(169)	(708)
Net cash generated from financing activities	42,206	631
Net increase / (decrease) in cash and cash equivalents	3,574	(3,677)
Cash and cash equivalents at the beginning of the period	2,585	6,159
Cash and cash equivalents at the end of the period ⁽¹⁾	6,159	2,482

⁽¹⁾ Not taking into account current financial instruments

Notes in English will be available in late March.