

PRESS RELEASE

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FINANCIAL RESULTS FOR THE FIRST HALF OF 2013

- Stable financial results with maintenance of the cash horizon into mid-2015
- Clinical and pre-clinical programs progressing on track
- Strengthening of the Supervisory board and of the Scientific Advisory Board
- New US-based fund among institutional shareholders

Marseille, France, September 19, 2013

Innate Pharma SA (the "Company" - Euronext Paris: FRO010331421 – IPH), the innate immunity company developing first-in-class drugs for cancer and inflammatory diseases, announces today its financial results for the first half of 2013.

Hervé Brailly, CEO of Innate Pharma, said : *"The exciting clinical data presented during the last ASCO further emphasized the potential of immunotherapy in cancer treatment, with a highlight this year on combinations of immunomodulating antibodies. Innate Pharma is one of the very few biotech companies positioned in this field. Innate is a pioneer in the discovery of novel agents such as lirilumab, licensed to BMS, now in Phase II trial, and one of the most advanced product candidate in immune-oncology.*

We are also honored to welcome Prof Michael A. Caligiuri from Ohio State University to our Supervisory board, as well as Prof Ron Levy from Stanford University to our Scientific Advisory Board. Innate Pharma will benefit from their vision and broad experience at this turning point in the history of immune-oncology."

Financial highlights of the first-half of 2013:

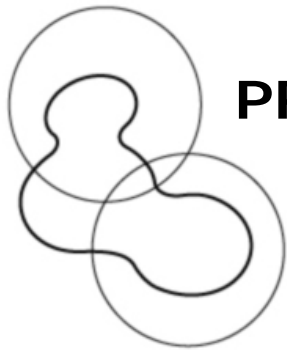
- Revenue and other income of 7.0 million euros for the six-month period ended June 30, 2013 (2012: 7.7 million euros) and operating expenses of 9.2 million euros (2012: 9.9 million euros). Stable operating loss of 2.2 millions euros;
- 24.7 million euros in cash and cash equivalents as at June 30, 2013, leading to a cash horizon of mid-2015.

Post period events:

- Review by the Data and Safety Monitoring Board of ongoing EffiKIR Phase II trial with lirilumab unanimously recommends continuation of trial without modification;
- New institutional shareholder (Boston-based Wellington Management Company) with declared holding greater than 5%;
- New shareholder in Platine Pharma Services.

***A meeting for fund managers, financial analysts and journalists
will be held today at 11:30 am (CET) at the SFAF premises in Paris***

24, rue de Penthièvre, 75008



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Update on drug-candidates portfolio:

Lirilumab (anti-KIR antibody, IPH2102/BMS986015), partnered with Bristol-Myers Squibb:

During the first half of the year, three posters on lirilumab were presented at the ASCO (American Society of Clinical Oncology) 13th annual meeting, which took place in Chicago, Illinois, from May 31 to June 4, 2013.

These posters presented the three clinical trials which began in 2012 and are currently ongoing with lirilumab. Two of them test lirilumab in Phase I in solid tumors in combination respectively with ipilimumab and the anti-PD1 antibody candidate nivolumab (BMS-936558). A Phase II randomized placebo controlled trial tests lirilumab as a single-agent in a maintenance setting in elderly patients with Acute Myeloid Leukemia (EffiKIR trial). EffiKIR is sponsored by Innate Pharma.

In early September, a Data and Safety Monitoring Board ("DSMB") completed its first assessment of the EffiKIR study and recommended continuation of the trial without modification. The assessment was based on a safety analysis pre-planned for when the first 30 patients would be treated with a minimum of two cycles of therapy.

As at June 30, 2013, the number of patients enrolled in EffiKIR was in line with plans.

During the second half of 2013, posters on lirilumab will be presented at the annual meetings of the Society for Immunotherapy of Cancer (SITC, November 7 to 10 at National Harbor, MD) and of the American Society of Hematology (ASH, December 7 to 10, New Orleans, LA).

Lirilumab is licenced to Bristol-Myers Squibb. Under this agreement, Bristol-Myers Squibb holds worldwide and exclusive rights for the development and commercialization of lirilumab. The agreement included an upfront payment of \$35.3 million (€24.9 million) when it was signed in July 2011 and potential milestone payments of up to another \$430 million, as well as double-digit royalty payments on worldwide net sales.

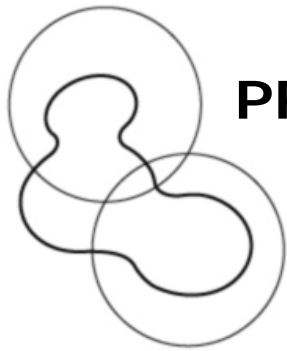
IPH2201/NN8765 (anti-NKG2A antibody), partnered with Novo Nordisk A/S:

The Phase I clinical trial for IPH2201 in rheumatoid arthritis initiated in 2011 has completed patient recruitment. Study completion is expected during the first semester of 2014.

IPH2201 is a first-in-class monoclonal antibody generated by the research collaboration between Innate Pharma and Novo Nordisk A/S.

Proprietary pre-clinical programs:

IPH33 is an anti-TLR3 monoclonal antibody program for development in chronic inflammation. An antibody candidate was selected and humanized in 2012. The goal is now to qualify this candidate for entry in regulatory preclinical development. A program review was presented at the "Molecular Pattern Recognition Receptors" meeting in April in Boston (MA).



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IPH41 is an anti-KIR3DL2 monoclonal antibody program for development in some rare blood cancer. A poster presenting Innate Pharma's therapeutic and diagnostic antibodies was presented at the American Association for Cancer Research meeting in Washington in April. During the next half-year, a poster on IPH41 will be presented at the annual SITC meeting.

Innate Pharma continues to work on other targets with innovative mechanisms of action.

Changes in the governance bodies of Innate Pharma:

During the Annual General Meeting ("AGM") which took place on June 28, 2013, Dr. Michael Caligiuri, CEO of The James Cancer Hospital and Director of the Comprehensive Cancer Center at Ohio State University, was appointed as a new member of the Supervisory Board.

G.B.B.A. van Herk B.V, a Dutch investment fund, was also appointed as a new observer on the Supervisory Board.

Furthermore, the Scientific advisory board of Innate Pharma welcomed Ron Levy, Professor and Chief Division of Oncology at Stanford School of Medecine, as a new member.

Post period events:

Shareholders holding more than 5%:

Novo Nordisk A/S, member of the Supervisory board, reduced its shareholding from 14.6% to 12.0% in June 2013.

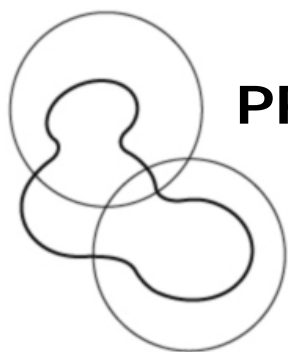
Alta Partners, a US-based venture capital fund and investor since since 2002, reduced its shareholding below 5% on August 7 2013.

Wellington Management Company, a Boston-based investment fund, crossed the 5% treshold on August 7, 2013 and held 6.6% of Innate Pharma at the same date.

Associate:

On July 31, 2013, the general shareholders' meeting of Platine Pharma Services SAS, of which Innate Pharma SA owned 49.62% of the capital, approved a merge between Platine Pharma Services SAS and Indicia Biotechnology SA. As a consequence, Indicia Biotechnology SA proceeded to a partial asset transfer in favour of Platine Pharma Services SAS.

Following these operations, Innate Pharma SA owns 33.26% of Platine Pharma Services SAS.



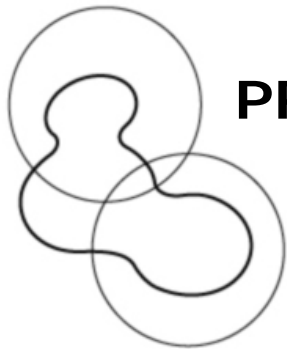
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Key financial items:

The table below summarizes the IFRS consolidated financial statements for the six-month period ended June 30, 2013, with a comparison to the same period in 2012:

In thousands of euros, except for data per share	6-month period ended June 30	
	2013	2012
Revenue and other income	6,978	7,719
Research and development	(7,003)	(7,689)
General and administrative	(2,152)	(2,230)
Net operating expenses	(9,155)	(9,919)
Operating income (loss)	(2,177)	(2,200)
Financial income	339	513
Financial expenses	(152)	(159)
Share of profit (loss) of associates and joint ventures	(332)	(174)
Net loss	(2,323)	(2,021)
Weighted average number of shares outstanding (in thousands)	38,003	37,687
Net loss per share	(0.06)	(0.05)
	30/06/2013	31/12/2012
Cash and cash equivalents	24,739	32,616
Total assets	41,820	48,295
Shareholders' equity	21,481	23,364
Total financial debt	4,088	4,505



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About Innate Pharma:

Innate Pharma S.A. is a biopharmaceutical company developing first-in-class immunotherapy drugs for cancer and inflammatory diseases.

The Company specializes in the development of new monoclonal antibodies targeting receptors and pathways controlling the activation of innate immunity cells. Its innovative approach has been validated by licence agreements with two major pharmaceutical companies, Novo Nordisk A/S and Bristol-Myers Squibb.

Incorporated in 1999 and listed on NYSE-Euronext in Paris in 2006, Innate Pharma is based in Marseilles, France, and had 84 employees as at June 30, 2013.

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

Practical Information about Innate Pharma shares:

ISIN code FR0010331421
Ticker code IPH

Disclaimer:

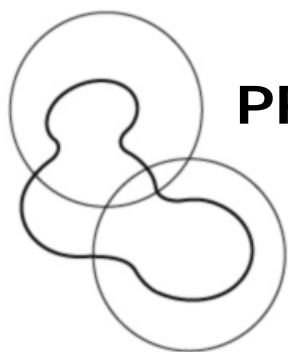
This press release contains certain forward-looking statements. Although the company believes its expectations are based on reasonable assumptions, these forward-looking statements are subject to numerous risks and uncertainties, which could cause actual results to differ materially from those anticipated. For a discussion of risks and uncertainties which could cause the company's actual results, financial condition, performance or achievements to differ from those contained in the forward-looking statements, please refer to the Risk Factors ("Facteurs de Risque") section of the *Document de Reference* prospectus filed with the AMF, which is available on the AMF website (<http://www.amf-france.org>) or on Innate Pharma's website.

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

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Interim Financial Statements and Notes

Operating revenue:

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

In thousands of euros	6-month period ended	
	2013	June 30 2012
Revenue from collaboration and licensing agreements	4,534	5,365
Government funding for research expenditures	2,444	2,354
Revenue and other income	6,978	7,719

For the six-month periods ended June 30, 2012 and 2013, revenue from collaboration and licensing agreements came from the licensing agreement signed with Bristol-Myers Squibb in July 2011. Following this agreement, the Company received an upfront payment of 24.9 million euros (35.3 million U.S. dollars). This upfront payment, non-refundable and non-creditable, is recognized in turnover during the expected period of duration of the clinical program in course at the date of the contract. The amount that is not yet recognized as turnover is booked as deferred revenue in the balance sheet (9.4 million euros at June 30, 2013). In addition to this payment, the Company invoiced back to Bristol-Myers Squibb the amount of external costs related to the licensed program as provided in the agreement.

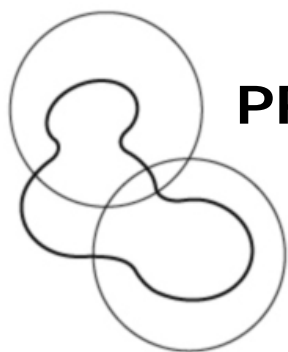
Government funding for research costs is mostly composed of the research tax credit (2.4 million euros as at June 30, 2013 vs. 2.1 million euros as at June 30, 2012, including grants for 0.3 million euros). The 2012 research tax credit should be cashed in by the end of the fiscal year.

Net operating expenses by business function:

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

In thousands of euros	6-month period ended	
	2013	June 30 2012
Research and development expenses	(7,003)	(7,689)
General and administrative expenses	(2,152)	(2,230)
Net operating expenses	(9,155)	(9,919)

Research and development ("R&D") expenses include the cost of employees assigned to research and development operations (including employees assigned to work under the collaboration and licensing agreements), product manufacturing costs, subcontracting costs as well as costs of materials (reagents and other consumables) and pharmaceutical products.



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The variance in R&D expenses between the two periods under review (7.0 million euros for the six-month period ended June 30, 2013 vs. 7.7 million euros for the same period last year, or -9%) mainly results from the decrease of subcontracting costs related to the program IPH2101. Indeed, several trials of this program were completed at the end of 2012. At the same time, a Phase II trial "Effikir" with lirilumab was launched, with a first patient recruited in December 2012. As at June 30, 2013, the number of patients was in line with the expectations.

R&D expenses accounted for 76% of net operating expenses for the six-month period ended June 30, 2013 (2012: 78%).

General and administrative ("G&A") expenses mostly comprise costs of the "support" staff as well as external expenses for the management and development of our business. The amount of these costs is flat between the two periods under review.

G&A expenses accounted for 24% of net operating expenses for the six-month period ended June 30, 2013 (2012: 22%).

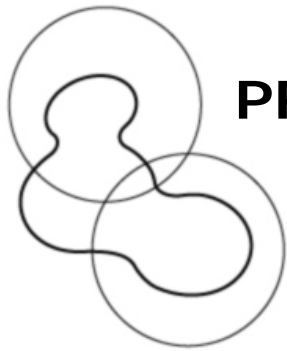
Net operating expenses by nature:

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

In thousands of euros	6-month period ended	
	June 30	
	2013	2012
Costs of supplies and consumable materials	(722)	(598)
Intellectual property expenses	(119)	(131)
Other purchases and external expenses	(4,522)	(5,382)
Employee benefits other than share-based compensation	(3,240)	(3,254)
Depreciation and amortization	(430)	(463)
Other income and (expenses), net	(121)	(91)
Net operating expenses	(9,155)	(9,919)

The changes in the most significant line items can be analyzed as follows:

- Costs of supplies and consumable materials: the rise in these expenses between the two periods under review (0.7 million euros for the six-month period ended June 30, 2013 vs. 0.6 million euros for the six-month period ended June 30, 2012, or +21%) mainly results from the increase of the discovery activities and the launch of new pre-clinical projects.
- Other purchases and external expenses: the variance in these expenses between the two periods under review (4.5 million euros vs. 5.4 million euros for the six-month periods ended June 30, 2013 and 2012 respectively, or -16%) mainly results from the decrease in subcontracting costs relating to the program IPH2101. Indeed, several trials of this program were completed by December 2012.
- Employee benefits other than share-based compensation: these costs are flat between the two periods under review.



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Balance sheet items:

Cash and cash equivalents amounted to 24.7 million euros as at June 30, 2013, as compared to 32.6 million euros as at December 31, 2012. Cash and cash equivalents do not include the reimbursement of the 2012 research tax credit which will be cashed in during the second half - year (3.8 million euros).

Since its incorporation in 1999, the Company has been primarily financed from revenue from its licensing activities (mostly in relation to the agreements with Novo Nordisk A/S and Bristol-Myers Squibb) and by issuing new securities. The Company also generated cash from government financing for research expenditure and repayable advances (Oséo-Anvar). As at June 30, 2013, these repayable advances amount to 0.6 million euros booked in current financial liabilities.

The other key balance sheet items as at June 30, 2013 are as follows:

- Receivables from the French government in relation to research tax credit for the year 2012 (6.2 million euros) and the six-month period ended June 30, 2013;
- Deferred revenue for 9.4 million euros related to the part of the initial payment from Bristol-Myers Squibb not yet recognized as turnover (including 1.8 million euros classified as 'Other non-current liabilities');
- Shareholders' equity of 21.5 million euros including the net loss for the period (2.3 million euros).

Cash-flow items:

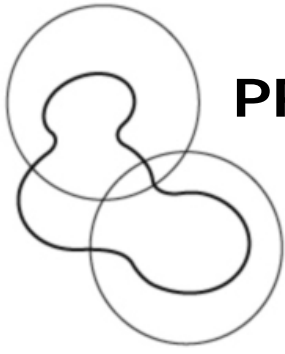
The net cash flow used in operations over the six-month period ended June 30, 2013 amounted to 7.8 million euros, compared to a net cash flow of 8.9 million euros used in operations for the same year-ago period.

The cash flow absorbed during the period under review mainly results from the following:

- A loss of 2.3 million euros for the six-month period ended June 30, 2013, including 3.8 million euros relating to the spreading over of the upfront payment received from Bristol-Myers Squibb in July 2011;
- A 2.4 million euros working capital increase, resulting from the debt relating to the H1 2013 research tax credit;
- The reimbursement during the six-month period ended June 30, 2013 of financial liabilities for 0.4 million euros (Oséo advances and finance leases);
- The net proceed from the issuance of shares (0.4 million euros).

Precisions:

The interim consolidated financial statements have been subject to a limited review by our Statutory Auditors and approved by the Executive Board of the Company on September 17, 2013. They have been reviewed by the Supervisory Board of the Company on September 17, 2013. They will not be submitted for approval to a general meeting of shareholders.



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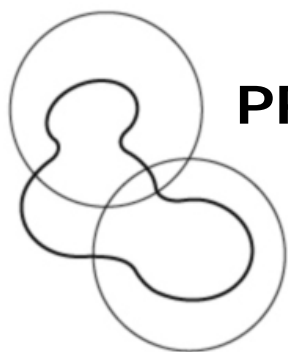
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Risk factors:

Risk factors identified by the Company are presented in paragraph 5 of the “Document de Référence” submitted to the French stock-market regulator, the “Autorité des Marchés Financiers”, on March 18, 2013.

Related party transactions:

Transactions with related parties during the periods under review are disclosed in Note 20 to the Interim consolidated financial statements prepared in accordance with IAS 24 revised.

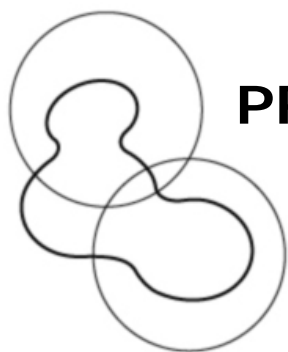


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Consolidated Interim Balance Sheet (in thousands of euros)

	June 30, 2013	December 31, 2012
Assets		
Current Assets		
Cash and cash equivalents	22,751	30,584
Financial instruments	1,988	2,032
Current receivables	10,405	8,381
Total current assets	35,144	40,997
Non-current assets		
Intangible and tangible assets	6,535	6,824
Associates and joint ventures	143	475
Other non-current assets	-	-
Total non-current assets	6,678	7,299
Total assets	41,820	48,295
Liabilities		
Current liabilities		
Trade payables	13,791	14,186
Financial liabilities	1,161	1,178
Provisions	-	-
Total current liabilities	14,952	15,364
Non-current liabilities		
Financial liabilities	2,297	3,327
Defined benefit obligations	694	643
Other non-current liabilities	1,766	5,597
Total non-current liabilities	5,386	9,567
Capital and reserves attributable to equity holders of the Company		
Share capital	1,907	1,897
Share premium	108,996	108,552
Retained earnings	(87,069)	(83,870)
Net income (loss)	(2,323)	(3,199)
Other reserves	(31)	(17)
Total capital and reserves attributable to equity holders of the Company	21,481	23,364
Total liabilities and equity	41,820	48,295



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Consolidated Interim Income Statement (in thousands of euros)

	6-month period ended June 30	
	2013	2012
Revenue from collaboration and licensing agreements	4,534	5,365
Government financing for research expenditures	2,444	2,354
Revenue and other income	6,978	7,719
Cost of supplies and consumable materials	(722)	(598)
Intellectual property expenses	(119)	(131)
Other purchases and external expenses	(4,496)	(5,382)
Employee benefits	(3,266)	(3,254)
Depreciation and amortization	(430)	(463)
Other income and (expenses), net	(121)	(91)
Net operating expenses	(9,156)	(9,919)
Operating income (loss)	(2,177)	(2,200)
Financial income	339	513
Financial expenses	(152)	(159)
Share of profit (loss) of associates and joint ventures	(332)	(174)
Net income (loss) before tax	(2,323)	(2,021)
Income tax expense	-	-
Net income (loss)	(2,323)	(2,021)
Net income (loss) per share attributable to the equity holders of the Company:		
(in € per share)		
- basic	(0,06)	(0,05)
- diluted	(0,06)	(0,05)