PRESS RELEASE

innate pharma

2015: CREATING THE PLATFORM FOR GROWTH

- ***Cash, cash equivalents and financial instruments amounting to €274 million[*];***
- ***Landmark co-development and commercialization agreement with AstraZeneca for monalizumab in immuno-oncology;***
- ***Building foundations for future growth by broadening pipeline and expanding R&D capabilities.***

Marseille, France, February 18, 2016

Innate Pharma SA (the "Company" - Euronext Paris: FR0010331421 – IPH) reports today its consolidated financial results for the year ended December 31, 2015. The consolidated financial statements are attached to this press release.

Hervé Brailly, Chief Executive Officer and co-founder of Innate Pharma, commented: *"2015 was a very important year for Innate Pharma. We signed a landmark co-development and commercialization agreement in April with AstraZeneca which we can leverage on to bring us to the next steps of our corporate progress, i.e. late stage drug development and marketing. The initial payment also gives us financial flexibility which we are using to expand the base of the Company. We are growing the organization, hiring new talent and investing in our proprietary clinical and preclinical pipeline to ensure the future growth of Innate. One tangible move in this direction was the recent acquisition of CD39, a new, preclinical first-in-class checkpoint inhibitor program, and our investment in innovative technologies such as the NK bispecific engagers illustrated by the recently announced collaboration with Sanofi.*

As we await important clinical data for lirilumab, we intend to continue to broaden and consolidate our unique positioning in the very promising area of immuno-oncology".

A conference call will be held today at 2:30pm (CET)

Dial in numbers: +33 (0)1 70 77 09 34

A replay will be available during three months after the conference call.

Dial in number: +33 (0)1 72 00 15 00 Access number: 298781#.

[*] Including short term investments (€83.0m) and non-current financial instruments (€37.8m)

Financial highlights for 2015:

The key elements are as follows:

- Cash, cash equivalents and financial instruments amounting to €273.7m (million euros) at December 31, 2015 (€69.2m at December 31, 2014), following the receipt on June 30, 2015 of a $250m (€223.5m) initial payment from AstraZeneca relating to a co-development and commercialization agreement signed on April 24, 2015 for monalizumab.
    - Financial instruments include short term investments (€83.0m) and non-current financial instruments (€37.8m);
    - At the same date, the financial liabilities amounted to €3.8m (€4.2m at December 31, 2014).
- Revenue and other income amounting to €25.1m (€7.6m in 2014). This amount mainly results from licensing revenue (€17.9m) and from research tax credit (€7.0m).
    - Revenue from collaboration and licensing agreements mainly results from the recognition of the $250m initial payment from AstraZeneca, and recognized ratably as costs of the related clinical trials are incurred by Innate Pharma (amounting to €12.1m in revenue in 2015). The 2015 revenue also includes a $5m (€4.5m) milestone payment received from Bristol-Myers Squibb relating to the start of a clinical trial in hemato-oncology.
- Operating expenses amounting to €35.9m (€27.6m in 2014) of which 83% related to research and development. This variance mainly results from the increase in staff (118 employees on December 31, 2015 to be compared to 99 on December 31, 2014) and the increase in subcontracting costs resulting from progress in the development of our drug candidates.
- A net financial income amounting to €4.1m.
- As a consequence of the items mentioned previously, the net loss for 2015 amounts to €6.7m (€19.6m for 2014).

The table below summarizes the IFRS consolidated financial statements for fiscal year 2015, with a comparison with 2014:

	Year ended December 31	
In thousand euros (IFRS)	**2015**	**2014**
Revenue from collaboration and licensing agreements	17,906	907
Government financing for research expenditures	7,235	6,715
Revenue and other income	**25,141**	**7,623**
Research and Development expenses	(29,906)	(22,671)
General and Administrative expenses	(6,008)	(4,918)
Operating expenses	**(35,914)**	**(27,589)**
Operating income / (loss)	**(10,772)**	**(19,966)**
Financial income / (expenses), net	4,066	508
Net gain on dilution	-	(19)
Share of profit (loss) of associates and joint ventures	-	(170)
Net income / (loss)	**(6,706)**	**(19,647)**

Pipeline update:

Lirilumab (anti-KIR antibody), licensed to Bristol-Myers Squibb:

- EffiKIR (double-blind placebo-controlled randomized Phase II trial of lirilumab as maintenance treatment in elderly patients with acute myeloid leukemia in first complete remission - study IPH2102-201):

  In September 2015, the DSMB completed its fifth assessment of the EffiKIR study and recommended continuation of the trial without modification. As a reminder, since March 2015, the trial continues with one active arm and the placebo arm.

  The Company expects that analysis on the primary efficacy endpoint, leukemia-free survival, will occur in H2 2016. Per protocol, this analysis is event driven.

- New Phase II trial started with lirilumab in hematological malignancies in H2 2015:

  This new Phase II trial tests a combination of nivolumab, lirilumab and 5-azacytidine for the treatment of patients with myelodysplastic syndrome (MDS).

  Multiple combinations of lirilumab, including with nivolumab, are currently being explored in five Phase I/II trials and in different hematological malignancies; in addition, the combination of lirilumab and nivolumab is being investigated in various solid tumors.

- First milestone payment received:

  In October 2015, Innate Pharma received a $5 million milestone payment from Bristol-Myers Squibb triggered by the dosing of the first patient in the Phase II trial of lirilumab in combination with rituximab in patients with relapsed/refractory or high-risk untreated chronic lymphocytic leukemia (CLL).

Monalizumab (anti-NKG2A antibody), partnered with AstraZeneca/Medimmune:

During the second half of 2015, the clinical development plan of monalizumab (previously IPH2201) progressed as planned and 3 new trials were initiated:

- In September, a first patient was treated in the Phase I/II trial testing monalizumab as a single agent in platinum resistant or sensitive patients with high grade ovarian cancer. The trial, which will include 38 patients, is sponsored by the NCIC Clinical Trials Group and conducted in Canada.
- In October, the Phase I/II trial of the combination of monalizumab and ibrutinib in patients with relapsed or refractory CLL opened. This trial, which will include up to 45 patients, is multicentric and performed in the United States.
- In December, the Phase Ib/II trial of the combination of monalizumab and cetuximab in patients with relapsed or metastatic squamous cell cancer of the head and neck (SCCHN) opened. This multicentric trial, which will include up to 70 patients, is performed in Europe and the United States.

In February 2016, the fifth trial of the initial development plan of monalizumab started. It tests monalizumab in combination with durvalumab in solid tumors and is performed by AstraZeneca/MedImmune. This trial is a multicenter, open-label, dose-escalation and cohort-expansion study to evaluate the safety, tolerability and antitumor activity of the combination in patients with selected advanced solid tumors. It will include up to 208 patients, and will be performed in the United States and in Europe.

As a reminder, as part of the initial development plan, monalizumab is also currently tested in Europe in a Phase II trial as a single agent in a pre-operative setting of squamous cell carcinoma of the oral cavity, a tumor type representative of the larger group of squamous cell cancer of the head and neck.

IPH4102 (anti-KIR3DL2 antibody):

IPH4102 is a first-in-class cytotoxic antibody in development by Innate Pharma for the treatment of some types of KIR3DL2-expressing cancers, such as cutaneous T-cell lymphomas ("CTCL") and in particular their aggressive forms Sezary syndrome and transformed mycosis fungoides.

In December, a first patient was dosed in the Phase I clinical trial of IPH4102 in patients with relapsed/refractory CTCL.

This trial is an open label, multicenter study which is performed in Europe and in the US. It comprises a dose escalation and a cohort expansion, which are expected to deliver data at the end of 2017 and 2018 respectively.

In September, Professor Martine Bagot, Head of the Dermatology Department at the Saint-Louis Hospital in Paris and co-discoverer of the target KIR3DL2, presented the rationale of IPH4102 for the treatment of CTCL as well as the protocol of the Phase I trial at the EORTC Cutaneous Lymphoma Task Force meeting in Turin, Italy.

The Company hosted two Key Opinion Leader meetings to discuss cutaneous T-cell lymphoma, respectively in New York with Youn H. Kim, MD, Professor of Dermatology, Director of the Multidisciplinary Cutaneous Lymphoma Program and Medical Director of the Photopheresis Service at the Stanford Medical Center, and in Paris with Professor Martine Bagot. Those events are available on Innate's website.

Corporate update:

Consolidation of R&D capabilities:

In 2015, Innate Pharma recruited 19 new people, mostly in wetlab and clinical operations, in relation with the expansion of the preclinical portfolio and the increase in the number of clinical trials performed by the Company. As at December 31, the headcount was 118 employees. Further recruitment is planned in 2016.

Post period events:

In-licensing of OREGA Biotech's first-in-class anti-CD39 checkpoint inhibitor program:

On January 10, 2016, Innate Pharma and OREGA Biotech announced that they entered into an exclusive licensing agreement by which OREGA Biotech granted Innate Pharma full worldwide rights to its program of first-in-class anti-CD39 checkpoint inhibitors.

This program, currently in preclinical development, aims at developing an anti-CD39 mAb. By targeting the adenosine immunosuppressive pathway, it has potential to promote anti-tumor immune responses across a wide range of tumors.

The in-licensing of this program broadens Innate Pharma's portfolio of innovative immuno-oncology assets. Under the terms of the agreement, OREGA Biotech will be eligible to undisclosed upfront payment, milestone payments for preclinical, clinical and regulatory achievements as well as royalties on net sales.

Research collaboration and licensing agreement with Sanofi on new bispecific NK cell engagers in Immuno-Oncology:

On January 11, 2016, Innate Pharma and Sanofi announced that they have entered into a research collaboration and licensing agreement to apply Innate Pharma's new proprietary technology to the development of innovative bispecific antibody formats engaging natural killer (NK) cells to kill tumor cells through the activating receptor NKp46.

Under the terms of the licence agreement, Sanofi will be responsible for the development, manufacturing and commercialization of products resulting from the research collaboration. Innate Pharma will be eligible to up to €400m in development and commercial milestone payments as well as royalties on net sales.

Next scientific publications

New preclinical data on Innate Pharma's pipeline assets will be presented in five posters at the American Association Of Cancer Research (AACR) Annual Meeting 2016 in New Orleans, Louisiana, USA, (April 16-20, 2016).

About Innate Pharma:

Innate Pharma S.A. is a biopharmaceutical company discovering and developing first-in-class therapeutic antibodies for the treatment of cancer and inflammatory diseases.

The Company has three clinical-stage programs, including two checkpoint inhibitors in immuno-oncology, a new therapeutic field that is changing cancer treatment by enhancing the capability of the body's own immune cells to recognize and kill cancer cells.

Its innovative approach has translated into alliances with leaders in the biopharmaceutical industry such as Bristol-Myers Squibb and AstraZeneca, Sanofi and Novo Nordisk A/S.

Listed on Euronext-Paris, Innate Pharma is based in Marseille, France, and had 118 employees as at December 31, 2015.

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 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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APPENDIX

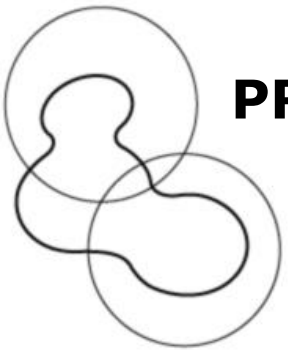
Innate Pharma SA

Consolidated financial statements at December 31, 2015

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

The audit procedures on the consolidated financial statements have been performed. The auditors' report will be issued after the finalization of the required procedures relating to the filing of the annual report ('Document de Référence'). The consolidated financial statements were approved by the Company's Executive board on February 17, 2016. These statements were reviewed by the Company's Supervisory board on February 17, 2016 and will be submitted for approval to the Shareholders' General Meeting on June 2, 2016.

Innate Pharma's financial annual report, included in the reference document, will be available in April 2016.



PRESS RELEASE

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Balance Sheet
(in thousand euros)

	At December 31,	
	2015	**2014**
Assets		
Current Assets		
Cash and cash equivalents	152,870	64,286
Short term investments	83,040	4,952
Current receivables	16,216	10,075
Total current assets	**252,126**	**79,314**
Non-current assets		
Intangible assets	9,732	5,362
Tangible assets	6,304	5,931
Other non-current financial assets	37,794	84
Total non-current assets	**53,830**	**11,377**
Total assets	**305,956**	**90,690**
Liabilities		
Current liabilities		
Trade payables	59,541	10,322
Financial liabilities – current portion	622	453
Total current liabilities	**60,163**	**10,775**
Non-current liabilities		
Financial liabilities – current portion	3,132	3,753
Defined benefit obligations	1,740	1,094
Other non current liabilities	168,854	441
Total non-current liabilities	**173,726**	**5,289**
Shareholders' equity attributable to equity holders of the Company		
Share capital	2,692	2,648
Share premium	186,337	181,746
Retained earnings	(109,525)	(89,881)
Net income (loss)	(6,706)	(19,647)
Other reserves	(730)	(241)
Total shareholders' equity attributable to equity holders of the Company	**72,067**	**74,626**
Total liabilities and equity	**305,956**	**90,690**

Income Statement
(in thousand euros)

	Year ended December 31,	
	2015	**2014**
Revenue from collaboration and licensing agreements	17,906	907
Government financing for research expenditures	7,235	6,715
Revenue and other income	**25,141**	**7,623**
Research and Development expenses	(29,906)	(22,671)
General & Administrative expenses	(6,008)	(4,918)
Operating expenses	**(35,914)**	**(27,589)**
Operating income (loss)	**(10,772)**	**(19,966)**
Financial income	6,691	917
Financial expenses	(2,625)	(409)
Net gain on dilution	-	(19)
Share of profit (loss) of associates and joint ventures	-	(170)
Net income (loss) before tax	**(6,706)**	**(19,647)**
Income tax expense	-	-
Net income (loss)	**(6,706)**	**(19,647)**
Net income (loss) per share attributable to equity holders of the Company:		
Weighted average number of shares (in thousand):	53,400	50,152
(in € per share)		
- Basic	(0.13)	(0.39)
- Diluted	(0.13)	(0.39)

Statement of cash flows
(in thousand euros)

	Year ended December 31,	
	2015	**2014**
Net income (loss)	**(6,706)**	**(19,647)**
Depreciation and amortization	2,655	2,344
Provisions for charges and defined benefit obligations	386	118
Reversal of provisions	-	154
Share-based compensation	1,011	377
Share of profit (loss) of associates and joint ventures	-	170
Net gain / (loss) dilution	(91)	19
Gains on assets and other financial assets	(972)	(541)
Net paid interests	139	165
Other	-	26
Operating cash flow before changing in working capital	**(3,578)**	**(16,834)**
Change in working capital	211,491	(1,300)
Net cash generated from / (used in) operating activities	**207,912**	**(18,134)**
Acquisition of tangible and intangible assets	(7,397)	(2,343)
Purchase of current financial instruments	(84,075)	(1,963)
Disposal of current financial instruments	5,995	-
Purchase of non current financial instruments	(37,792)	-
Change in intercompany account with the associate	-	(60)
Gains on assets and other financial assets	972	541
Net cash generated from / (used in) investing activities	**(122,297)**	**(3,823)**
Proceeds from the exercise / subscription of equity instrument	3,497	1,015
Capital increase	-	47,785
Repayment of financial liabilities	(452)	(613)
Net paid interests	(139)	(165)
Transactions on treasury shares	125	(70)
Net cash generated from / (used in) financing activities	**3,032**	**47,950**
Effect of the exchange rate changes	(63)	(68)
Net increase / (decrease) in cash and cash equivalents	**88,584**	**25,926**
Cash and cash equivalents at the beginning of the year	64,286	38,360
Cash and cash equivalents at the end of the year	**152,870**	**64,286**

Management discussion on annual results for 2015:

Revenue and other income

Revenue and other income result from government financing for research expenditure and collaboration and licensing agreements. The Company's revenue and other income were €7.6 million and €25.1 million for the fiscal years ended December 31, 2014 and 2015, respectively, from the following sources:

	Year ended December 31	
In thousand euros	**2015**	**2014**
Revenue from collaboration and licensing agreements	17,906	907
Government financing for research expenditures	7,235	6,715
Revenue and other income	**25,141**	**7,623**

Revenue from collaboration and licensing agreements

Revenue from collaboration and licensing agreements respectively amounted to 0.9 and 17.9 million euros for the fiscal years ended December 31, 2014 and 2015. The 2015 revenue results from the co-development and commercialization agreement signed with AstraZeneca in April 2015 (12.1 million euros) and the licensing agreement signed with Bristol-Myers Squibb in July 2011 (5.8 million euros, including a €4.5 million from a milestone payment).

Following the co-development and commercialization agreement signed with AstraZeneca / MedImmune, the Company received on June 30, 2015 a non refundable upfront payment for an amount of 223.5 million euros which generated a foreign exchange gain of 2.5 million euros. The Company recognizes the upfront payment over the period during which the Company is committed to complete the studies and based on actual expenses incurred. The measurement of progress has been based on actual expenses incurred compared to the total estimated amount of expenses to be incurred for these studies. At December 31, 2015, the amount not yet in revenue amounts to €208.8 million (40.0 million euros as "Operational liabilities" and 168.8 million euros as "Other non-current liabilities".

Following the licensing agreement signed with Bristol-Myers Squibb for the development and commercialization of the drug candidate IPH2102 (lirilumab), the Company received an upfront payment of 24.9 million euros (35.3 million US dollars). This upfront payment, which is 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 (0.4 million euros). In addition to this upfront payment, the Company invoices Bristol-Myers Squibb for certain expenses relating to the licensed program.

Government financing for research expenditures

The table below details government financing for research expenditure for the fiscal years ended December 31, 2014 and 2015:

	Year ended December 31	
In thousand euros	**2015**	**2014**
Research tax credit	7,045	6,510
Grants	190	205
Government financing for research expenditures	**7,235**	**6,715**

The calculation of the research tax credit is based on 30% of the amount of eligible expenses for the fiscal year.

The table below shows the amount of R&D expenses (net of grants) eligible for the fiscal years ended December 31, 2014 and 2015:

	Year ended December 31	
In thousand euros	**2015**	**2014**
R&D expenses eligible for the research tax credit	24,248	21,568
Grants received, net	(799)	-
Net expenses eligible for the research tax credit	**23,449**	**21,568**

When research tax credit is not deductible from taxes payable by the Company, it is usually reimbursed by the French government during the fourth fiscal year following the period for which it was booked in the income statement. Since 2010, companies classified as small and medium sized ("SMEs") according to the European Union criterias are eligible for an early reimbursement of the research tax credit. Innate Pharma qualifies for early reimbursement of the research tax credit and received the 2014 amount in November 2015.

For the 2015 fiscal year, the Company booked a grant amounting to 0.2 million euros in its income statement, as opposed to repayable loans which are recognized as debt and thus only impact the balance sheet.

Operating expenses by business function

The table below gives a breakdown of net operating expenses by business function for the fiscal years ended December 31, 2014 and 2015:

	Year ended December 31	
In thousand euros	**2015**	**2014**
Research and development expenses	(29,906)	(22,671)
General and administrative expenses	(6,008)	(4,918)
Operating expenses	**(35,914)**	**(27,589)**

Research and development expenses include the cost of employees assigned to research and development operations, product manufacturing costs, subcontracting costs as well as costs of materials (reagents and other consumables) and pharmaceutical products.

Research and development expenses amounted to 22.7 million euros and 29.9 million euros for the fiscal years ended December 31, 2014 and 2015, respectively representing 82% and

83% of net operating expenses. The rise in research and development expenses between 2014 and 2015 mainly results from an increase of subcontracting costs relating to the progress in the development of the pre-clinical and clinical programs and a staff growth.

General and administrative expenses include expenses for employees not directly working on research and development, as well as the expenses necessary for the management of the business and its development. General and administrative expenses were 4.9 and 6.0 million euros for the fiscal years ended on December 31, 2014 and 2015, respectively representing 18% and 17% of the net operating expenses. This increase mainly results from the growth in staff costs, including share-based payments.

Operating expenses by nature

The table below gives a breakdown of net operating expenses by nature of expenses for the fiscal years ended December 31, 2014 and 2015:

	Year ended December 31	
In thousand euros	**2015**	**2014**
Cost of supplies and consumable materials	(2,607)	(1,693)
Intellectual property expenses	(1,216)	(511)
Other purchases and external expenses	(17,722)	(14,432)
Employee benefit other than share-based compensation	(10,142)	(7,915)
Share-based compensation	(1,011)	(377)
Depreciation and amortization	(2,655)	(2,344)
Other income and (expenses), net	(560)	(317)
Operating expenses	**(35,914)**	**(27,589)**

Cost of supplies and consumable materials

The cost of supplies and consumable materials amounted to 1.7 million euros and 2.6 million euros for the fiscal years ending on December 31, 2014 and 2015. The increase in this line item between the two fiscal years results from the growth in purchases used in the Company's laboratories.

Intellectual property expenses

Intellectual property expenses amounted to 0.5 million euros and 1.2 million euros for the fiscal years ending on December 31, 2014 and 2015.

These expenses include the cost of filing and protecting patents (including patents that were acquired from third parties and where the agreements specified that Innate Pharma is responsible for the relevant costs) as well as the costs for obtaining an option or license for intellectual property. In accordance with IAS 38, considering the degree of maturity of the Company and the uncertainty that exists as to the outcome of its research and development projects, intellectual property expenses are recorded in expenses.

Other purchases and external expenses

Other purchases and external expenses amounted to 14.4 million euros and 17.7 million euros during the fiscal years ending ended December 31, 2014 and 2015, broken down as follows:

	Year ended December 31,	
In thousand euros	**2015**	**2014**
Sub-contracting	(12,705)	(9,883)
Non-scientific consultancy	(1,326)	(904)
Travel and conference costs	(1,111)	(1,157)
Leases, maintenance and utility	(988)	(900)
Scientific consultancy and services	(753)	(860)
Marketing, communication and public relations	(356)	(314)
Attendance fees	(187)	(183)
Others	(297)	(231)
Other purchases and external expenses	**(17,722)**	**(14,432)**

Sub-contracting expenses involve discovery research costs (financing of research conducted externally, particularly academic research, antibody humanization technologies, manufacturing process development, etc.), pre-clinical development (pilot manufacturing, tolerance and pharmacology studies, etc.) and clinical costs (clinical trial management, etc.) outsourced to third parties. The increase in these costs mainly results from the growth and progress of the portfolio of preclinical and clinical programs.

Non-scientific consultancy expenses are mostly fees paid to audit firms, to our certified public accountant for his assistance in accounting, tax and employee matters, to our lawyers, to business strategy or development consultants and recruitment fees. The increase in these expenses between 2014 and 2015 mainly results from lawyer fees relating to the agreement signed with AstraZeneca.

Travel and conference costs mainly include expenses for employees travelling and attending conferences, particularly scientific, medical, business development and financial conferences.

Leases, maintenance and utility costs are mainly maintenance costs for laboratory equipment and the building.

Scientific consultancy and services consist of costs related to external consultants assisting in the research and development of our products. It also covers fees paid to members of our Scientific Advisory Board.

Employee benefits other than share-based compensation

Employee benefit expenses other than share-based compensation came to 7.9 million euros and 10.1 million euros for the fiscal years ended on December 31, 2014 and 2015.

This includes salaries and social benefit costs. On average, Innate Pharma had 91 employees during the fiscal year ended on December 31, 2014 and 109 employees during the fiscal year ended on December 31, 2015.

The proportion of total staff, excluding Executive committee members, allocated to research and development operations was respectively 78% and 79% for the fiscal years ended on December 31, 2014 and 2015.

The average amount of staff costs per employee was 87 and 93 thousand euros for fiscal years ended on December 31, 2014 and 205.

Share-based compensation

Share-based compensation amounted 0.4 and 1,0 million euros for the fiscal years 2014 and 2015.

In accordance with IFRS 2, these costs correspond to the fair value of the equity instruments allocated to directors and employees. The costs recognized in 2014 and 2015 result from the issuance during the fiscal year of warrants for shares (and free shares in 2015) not including a condition requiring presence. As a consequence, the fair value of these instruments were not deferred but have been recognized as expenses in the income statement for the 2014 and 2015 fiscal year.

Depreciation and amortization

Depreciation and amortization amounted 2.3 and 2.7 million euros for the fiscal years ended December 31, 2014 and 2015 respectively. This variance mainly results from the amortization of the intangible asset relating to a price complement to be paid to Novo Nordisk A/S following the agreement signed with AstraZeneca. The relating amortization expense amounts to 0.8 million euro for the fiscal year 2015.

Other income and expenses, net

Other income and expenses amounted 0.3 million euros and 0.6 million euros for the fiscal years ended on December 31, 2014 and 2015 respectively. They mainly included certain indirect taxes, as well as exceptional income and expenses.

Net financial income

The net financial income amounted respectively to 0.5 million euros and 4.1 million euros for the fiscal years ended on December 31, 2014 and 2015.

The Company's cash investment policy favours the minimum risk and, when ever possible, seeks guaranteed minimum performance on capital. Therefore it is preferentially directed to instruments with an absence of risk on principal and, wherever possible, guaranteed minimum performance. Only a small fraction if its investment portfolio (1,5% at December 31, 2015) includes some financial instruments presenting a level of risk, which is considered as very low.

The balance of cash, cash equivalents and short term investments was 69.2 million euros and 235.9 million euros for the fiscal years ended December 31, 2014 and 2015. This improvement in cash position mainly results from the upfront payment collected in June 2015 relating to the agreement signed with AstraZeneca (223.5 million euros).

Share of profit (loss) in associate and joint-venture

This amount represents the share of the Group of the loss of the company Platine Pharma Services SAS for the first half of the fiscal year 2014. Following the entry in the capital of the company Advanced Bioscience Laboratories Inc., Platine Pharma Services SAS is not consolidated anymore.

In November 2015, the Company disposed of its remaining stake into Platine Pharma Services SAS.

Income tax expense

Because of the accumulated losses reported this year and over the past fiscal years, there is no income tax expense. No deferred tax asset has been recorded as there is a minimal likelihood of recovery.

In accordance with IFRS, the research tax credit is classified as an 'Other revenue' and not in the line 'Income tax expense'.

Net income/(loss) per share

The net loss per authorized and issued share came to 0.39 euro and 0.13 euro for the fiscal years ended December 31, 2014 and 2015.

Balance sheet items:

Cash, cash equivalents and short term investments amounted to 235.9 million euros at December 31, 2015, as compared to 69.2 million euros at December 31, 2014. At the same date, non current financial instruments amounted to 37.8 million euros (none at December 31, 2014).

Since its incorporation in 1999, the Company has been primarily financed from revenue from its licensing activities (such as from the agreements with Novo Nordisk A/S, Bristol-Myers Squibb and AstraZeneca) and by issuing new securities. The Company also generated cash from government financing for research expenditure and repayable advances (BPI France). At December 31, 2015, these repayable advances amount to 1.5 million euros booked in non-current financial liabilities.

The other key balance sheet items at December 31, 2015 are as follows:

- Deferred revenue for 208.8 million euros relating to the remaining of the initial payment from Astra-Zeneca not yet recognized as turnover (including 168.8 million euros booked as 'Other non-current liabilities');
- Receivables from the French government in relation to research tax credit for the year 2015 (7.0 million euros);
- Intangible assets for a net book value of 9.7 million euros, corresponding to the rights and licences relating to the acquisition of the anti-NKG2A antibody (upfront payment in 2014 and a price supplement upon agreement with a third party in 2015);
- Shareholders' equity of 72.1 million euros including the net loss for the period (6,7 million euros).

Cash-flow items:

The net cash flow generated over the fiscal year 2015 amounted to 88.6 million euros, compared to a net cash flow of 25.9 million euros generated for the same year-ago period.

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

- A loss of 6,7 million euros for the fiscal year 2015, including amortization for an amount of 2.7 million euros;
- The proceed of the initial payment relating to the agreement signed with AstraZeneca on April 24, 2015 (223.5 million euros);
- The net proceed from the issuance of new shares corresponding to the exercise of equity instruments (3.5 million euros).

Post balance sheet events:

- On January 10, 2016, Innate Pharma and OREGA Biotech announced that they have entered into an exclusive licensing agreement by which OREGA Biotech granted Innate Pharma full worldwide rights to its program of first-in-class anti-CD39 checkpoint inhibitors. This license agreement arose from a research collaboration between the two companies initiated in 2014. The undisclosed upfront payment paid by the Company to Orega will be recognized as an intangible asset in the 2016 financial statements.

- On January 11, 2016, Sanofi and Innate Pharma announced that they have entered into a research collaboration and licensing agreement to apply Innate Pharma's new proprietary technology to the development of innovative bispecific antibody formats engaging natural killer (NK) cells to kill tumor cells through the activating receptor NKp46. Innate Pharma will be eligible to up to 400 million euros in development and commercial milestone payments as well as royalties on net sales.

Risk factors:

Risk factors affecting the Company are presented in Chapter 5 of the latest "Document de Référence" submitted to the French stock-market regulator, the "Autorité des Marchés Financiers" on March 12, 2015.

Annual financial report for 2015 and "Reference Document":

The Company intends to file its 2015 annual financial report as well as its "Reference Document" for the year so that these documents are made public in April 2016.