

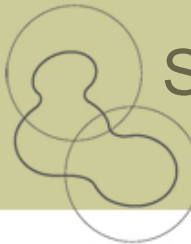


innate pharma

Half year results update



August 31, 2009



Snapshot

An immunotherapy company focused on cancer



Turning novel targets into first-in-class immunotherapeutics

R&D assets

- *World class academic network, boards and advisors*
- *Operations spanning from target validation to clinical proof of concept*
- *2 Phase II clinical programs, robust pre-clinical portfolio*

2009 value inflexion

- *Phase II POC data with most advanced program* ✓
- *First antibody program enters Phase II* ✓

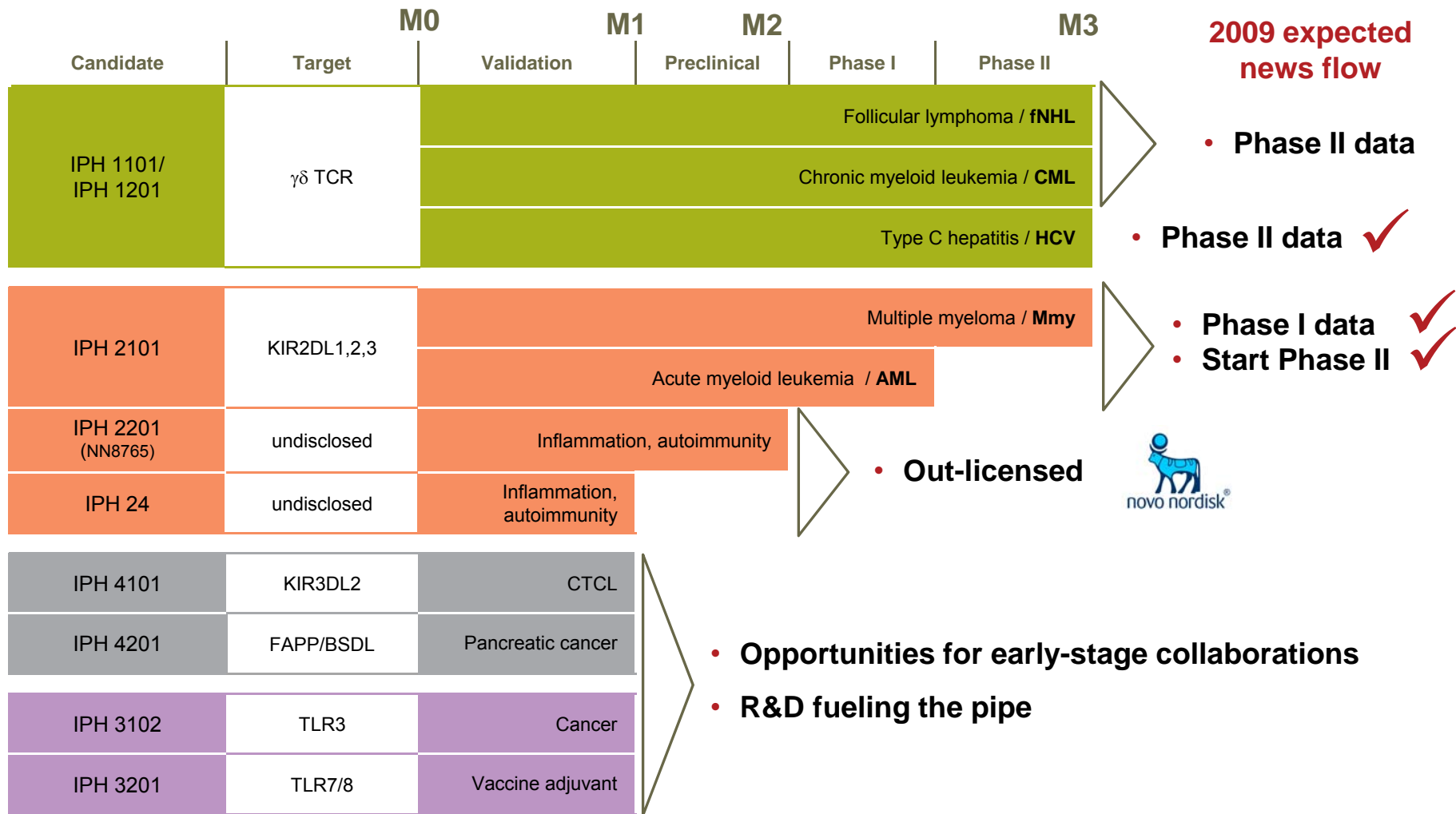
Cash runway until 2011

- *Phase II POC data with first antibody program*
- *Advance and fuel pre-clinical portfolio with new targets*



Pipeline status

Broad and diversified portfolio, primary focus on cancer





R&D highlights since January 1, 2009

- **Primary efficacy endpoint met for the Phase IIa with IPH 1101 in HCV**
- **Very good safety profile of IPH 2101** seen in preliminary data of the Phase I clinical trials with IPH 2101 in AML and MMy – **Decision to go into Phase II trials**
- **Commercial and collaboration agreement with Vivalis** for the development of IPH 4101 using Vivalis' technology - Grant of €6.7m from the French innovation agency Oséo for the project
- **Achievement of a pre-clinical milestone with IPH 24**, a novel antibody program developed within the context of the collaborative work with Novo Nordisk A/S and licensed to the latter
- **Contractual end of the R&D collaboration part of the agreement signed in 2006 with Novo Nordisk A/S** ; new R&D funding agreements on selective licensed R&D projects

Most recent news:

First Phase II trial with IPH 2101 approval by French regulatory authorities; €2.9m specific financing from Oséo for this trial



Corporate highlights since January 1, 2009

- **Operational start of Platine**, an immuno-monitoring platform jointly developed with industry and academic partners
- **Appointment of a Senior Vice President, Clinical and Regulatory Strategy**, based in the US
- **Closure of the Lyon facilities**; TLR research now localized in Marseilles

IFRS financials for the first half of 2008 and 2009

In million euros	1H2008 IAS 38 restatement (*)	1H2009
Revenue from collaboration and licensing agreements	4.4	2.6
Other revenue	0.0	0.1
Government financing for research expenditure	2.6	2.5
Operating revenue	7.0	5.2
R&D expenses	(9.3)	(9.8)
Including investments in clinical operations	(3.7)	(6.2)
SG&A expenses	(2.7)	(3.3)
Net operating expenses	(11.9)	(13.1)
Operating income / (loss)	(4.9)	(7.9)
Interest income and expenses, net	0.6	0.0
Net loss	(4.1)	(7.9)
Average number of shares (outstanding, in thousand)	25,418	25,912
Net loss per share	(0.17)	(0.31)
Key balance sheet information as at:	December 31	June 30
Cash, cash equivalents and financial instruments	33.8	36,1
Total financial debt	8.5	8.3

(*) see next page

Key facts

- Mandatory change in accounting method following amendment of IAS 38:
 - Consumable materials are expensed as they are purchased and no longer as they are used in the operations
 - 2008 accounts had to be restated (negative P&L impact of €0.2m in 1H2008)
- Decrease in operating revenue (€5.2m vs. €7.0m):
 - End of the R&D collaboration part of the NK partnership with Novo Nordisk A/S
 - Additional R&D funding from Novo Nordisk A/S for collaborative work performed after March 2009 on selected products licensed to Novo Nordisk A/S
- Increase in net operating expenses (€13.1m vs. €11.9m):
 - Significant increase in clinical expenses (€6.2m vs. €3.7m) following the acquisition back of rights to IPH 2101
 - Overall, change mostly related to additional non-cash IFRS 2 expense following the acceleration of the vesting period of free shares distributed in 2008
- Balance sheet reinforced early refund of €10.4m in research tax credit; €36.1m in cash, cash equivalent and current financial instruments as at June 30, 2009

1H09 Interim financial situation

Operating revenue

Licensing revenue: €2,590k



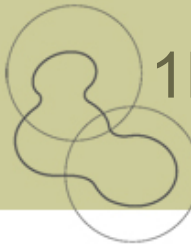
- R&D financing for 1Q2009 (end of the 2006 NK collaboration)
- Additional R&D financing on selected projects for 2009 (from 2Q2009)
- Lump sum payment at the signing of the agreement (2006), spread over the 3-year collaboration period (up to March 2009)
- IPH 24 milestone achieved in 1Q2009

Other revenue: €62k

Government financing for research expenditure: €2,507k

- Research tax credit: €2,085k
- Subsidies: €422k

Operating revenue: **€5,159k**



1H09 Interim financial situation

Operating expenses

R&D expenses: **€9,753k**

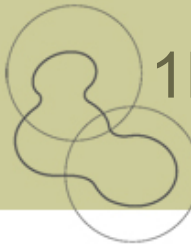
- +5% vs. €9,279k in 1H2008
- Investments in clinical operations significantly up (€6.2m or 64% of the R&D expenses, vs. €3.7m, or 41% of the R&D expenses in 1H2008)
- Non-cash IFRS 2 expense of €0.7m, vs. €0.4m in 1H2008, following a change in vesting conditions of free shares

G&A expenses: **€3,311k**

- +24% vs. €2,663k in 1H2008
- Non-cash IFRS 2 expense of €1.0m, vs. €0.3m in 1H2008, following a change in vesting conditions of free shares
- Cash overheads under stringent control

Operating expenses: **€13,064k**

- +9% vs. €11,942k in 1H2008 (+3% excluding share-based payments)
- In line with internal budget/plan



1H09 Interim financial situation

Cash and financial liabilities as at June 30, 2009

<u>Cash:</u>	
Cash and cash equivalents:	€12,896k
Current financial instruments:	€23,178k
▶ Investments in money market funds - no risk on capital	
<u>Cash, cash equivalents and financial instruments:</u>	<u>€36,074k</u>

<u>Financial liabilities:</u>	
Oséo financing:	€2,186k
Real estate lease-financing:	€4,880k
Other lease-financing (equipment, etc.):	€1,281k
<u>Financial liabilities:</u>	<u>€8,347k</u>

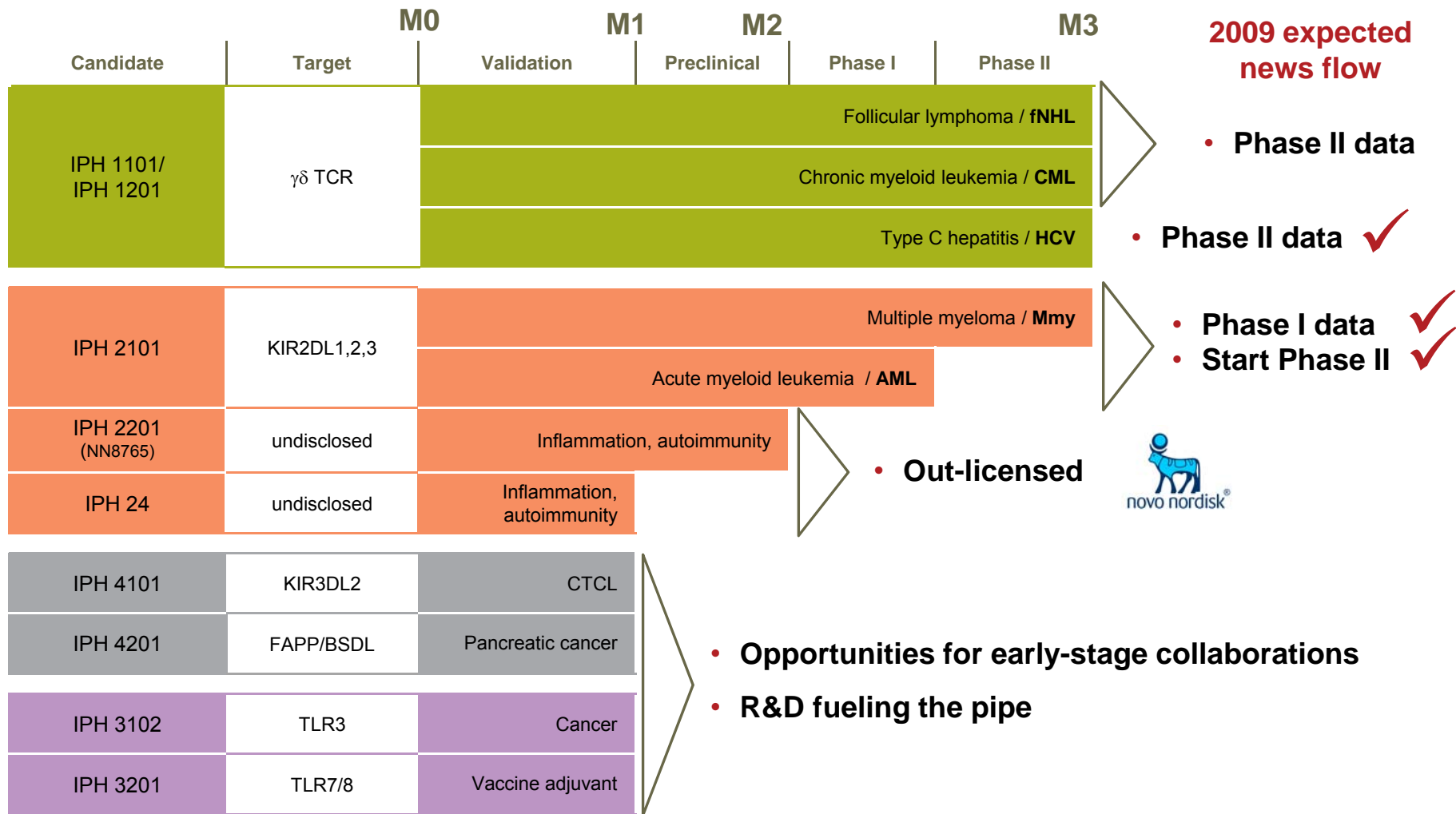


- Operating revenue:
 - Additional R&D funding from Novo Nordisk A/S expected in 2H2009 but **revenue for 2009 expected to be significantly below past years levels**
- Operating expenses:
 - Overall, **cash expenses in 2H2009 should be in the region of cash expenses in 1H2009**, as clinical expenses for IPH 2101 are set to increase while ongoing Phase II program with IPH 1101 is being completed
 - **No additional non-cash IFRS 2 expenses relating to free shares 2008** to be accounted for
- Cash flow statement and balance sheet:
 - Compared to 1H2009 (positive cash flow of €2.0m, mostly explained by refund of research tax credit), **cash flow should be significantly negative in 2H2009**
 - The Company estimates to have **enough cash to go into 2011** on the basis of its current business plan



Pipeline status

Broad and diversified portfolio, primary focus on cancer





Upcoming events

Scientific meetings

- **ESMO** (European Society for Medical Oncology) Meeting in Berlin, Germany
20/09/2009 - 24/09/2009
 - Oral presentation of Phase IIa preliminary results for IPH 1101 in NHL (oral presentation)
- **AFFEF** (French Association for the Study of Liver) Meeting in Paris, France
09/30/2009 - 10/03/2009
 - Presentation of Phase IIa results for IPH 1101 in HCV
- **AASLD** (American Association for the Study of Liver Diseases) Meeting in Boston, USA 10/30/2009 - 11/03/2009
 - Presentation of Phase IIa results for IPH 1101 in HCV

- **Sachs Forum (IPH presented by Hervé Brailly, CEO):**
 - September 14-15 / Zurich, Switzerland
- **CF&B MIDCAP Event (IPH presented by Hervé Brailly, CEO):**
 - September 21-22 / Paris, France
- **Bio-Europe 2009 (IPH presented by Hemanshu Shah, CBO):**
 - 02/11/2009 - 04/11/2009 Vienna, Austria