French *société anonyme* governed by an executive board and a supervisory board with a share capital of 2,648,264.60 euros composed of 52,965,292 shares with a nominal value of 0.05 euros each.

Registered office: 117, Avenue de Luminy, F-13009 Marseille. Registered with the Company and Trade Register of Marseille under number 424 365 336.

Interim Financial Report June 30, 2014

Interim financial situation as of June 30, 2014

The following interim consolidated financial statements have been prepared by the Executive Board of the Company, and have been subject to a limited review by our Statutory Auditors. They have been examined by the Supervisory Board of the Company on September 16, 2014.

Summary

Innate Pharma at a glance

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

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

The Company has two clinical-stage programs 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. Innate Pharma science also has potential in chronic inflammatory diseases.

Incorporated in 1999 and listed on NYSE-Euronext in Paris in 2006, Innate Pharma is based in Marseilles, France, and had 90 employees as at June 30, 2014.

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

I. Financial Highlights and Management Discussions and Analysis

The key elements of Innate Pharma's financial results for the first half of 2014 are as follows:

- A decrease in revenue and other income (€4.1 million for the first half of 2014 compared to €7.0 million for the first half of 2013), mainly due to the decrease in the recognition of the upfront payment from the licencing deal with Bristol-Myers Squibb. As a reminder, this upfront payment of $35.3m is recognized in turnover during the expected period of duration of the clinical program in course at the date of the signing, which is now almost completed.
- An increase in operating expenses (€13.2 million vs €9.2 million) mainly related to IPH4102, which has entered IND-enabling studies in the fourth quarter of 2013. It also includes an amortization of intangible assets (rights and licences) for an amount of €0.7 million in relation with the anti-NKG2A antibody (no cash impact). The operating loss amounts to €9.1 million for the first half of 2014.
- A solid balance sheet: 78.9 million euros in cash and cash equivalents as at June 30, 2014, and 4.4 million in financial debt, of which 2.9 million euros are related to long term lease-financing. Based on its current programs, the Company estimates that it has sufficient cash to fund operations into 2017 (this estimate does not take into account any non-recurring revenue).

The table below summarizes the IFRS consolidated financial statements for the six-month period ended June 30, 2014, with a comparison to the same period in 2013:

	6-month period ended June 30	
In thousands of euros, except for data per share	2014	2013
Revenue and other income	**4,137**	**6,978**
Research and development	(10,890)	(7,003)
General and administrative	(2,310)	(2,152)
Operating expenses	**(13,200)**	**(9,155)**
Operating income/(loss)	**(9,063)**	**(2,177)**
Financial income	338	339
Financial expenses	(143)	(152)
Share of profit (loss) of associates and joint ventures	(170)	(332)
Net loss	**(9,039)**	**(2,323)**
Weighted average number of shares outstanding (in thousands)	47,337	38,003
Net loss per share	(0.19)	(0.06)

	June 30, 2014	December 31, 2013
Cash, cash equivalents and financial instruments	78,913	41,348
Total assets	103,468	55,882
Shareholders' equity	85,021	40,286
Total financial debt	4,425	4,819

Revenue and other income

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

	6-month period ended June 30	
In thousands of euros	**2014**	**2013**
Revenue from collaboration and licensing agreements	1,027	4,534
Government funding for research expenditures	3,110	2,444
Revenue and other income	**4,137**	**6,978**

For the six-month periods ended June 30, 2013 and 2014, 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 (1.8 million euros as at June 30, 2014). In addition to this payment, the Company invoiced back to Bristol-Myers Squibb external costs related to the licensed program as provided in the agreement.

Government funding for research costs is composed of the research tax credit (3.1 million euros for the six-month period ended June 30, 2014 compared to 2.4 million euros for the same year-ago period). The 2013 research tax credit should be received by the end of the fiscal year.

Operating expenses, by business function

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

	6-month period ended June 30	
In thousands of euros	**2014**	**2013**
Research and development expenses	(10,890)	(7,003)
General and administrative expenses	(2,310)	(2,152)
Operating expenses	**(13,200)**	**(9,155)**

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.

The variance in R&D expenses between the two periods under review (10.9 million euros for the six-month period ended June 30, 2014 compared to 7.0 million euros for the same year ago period, or +56%) mainly results from the subcontracting costs (5.1 million euros compared to 2.8 million euros). This rise results from the costs relating to the program IPH4102. In 2014, the line item also includes the amortization of the intangible asset relating to the acquisition of anti-NKG2A for an amount of 0.7 million euros (see "Key events since January 1, 2014" below).

R&D expenses accounted for 83% of Operating expenses for the six-month period ended June 30, 2014 (2013: 76%).

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 increase of these costs mainly results from an increase in staff costs (0.1 million euros).

G&A expenses accounted for 17% of Operating expenses for the six-month period ended June 30, 2014 (2013: 24%).

Operating expenses, by nature

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

	6-month period ended June 30	
In thousands of euros	**2014**	**2013**
Costs of supplies and consumable materials	(788)	(722)
Intellectual property expenses	(265)	(119)
Other purchases and external expenses	(7,358)	(4,522)
Employee benefits other than share-based compensation	(3,556)	(3,240)
Depreciation and amortization	(1,082)	(430)
Other income and (expenses), net	(150)	(121)
Operating expenses	**(13,200)**	**(9,155)**

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

- Costs of supplies and consumable materials: the rise in these expenses between the two periods (0.8 million euros for the six-month period ended June 30, 2014 compared to 0.7 million euros for the same year ago period, or +9%) mainly results from the increase of the discovery activities.

- Other purchases and external expenses: the variance in these expenses between the two periods (7.4 million euros for the six-month period ended June 30, 2014 compared to 4.5 million euros for the same year-ago period, or +63%) mainly results from the subcontracting costs (5.1 million euros compared to 2.8 million euros) relating to the IPH4102 program.

- Employee benefits other than share-based compensation: the increase in these expenses between the two periods (3.6 million euros for the six-month period ended June 30, 2014 compared to 3.2 million euros for the same year-ago period, or +10%) mainly results from the salary increases and the recruitments of the period.

- Depreciation and amortization: the rise of the line item between the two periods (1.1 million euros for the six-month period ended June 30, 2014 compared to 0.4 million euros for the same year-ago period, or +175%) results from the amortization of the intangible asset relating to anti-NKG2A for an amount of 0.7 million euros (see "Key events since January 1, 2014" below).

Balance sheet items

Cash, cash equivalents and financial instruments amounted to 78.9 million euros as at June 30, 2014, as compared to 41.3 million euros as at December 31, 2013. Cash and cash equivalents do not include the reimbursement of the 2013 research tax credit which will be received during the second half year (4.1 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 (BPI France). As at June 30, 2014, these repayable advances amount to 1.5 million euros booked in non-current financial liabilities.

The other key balance sheet items as at June 30, 2014 are as follows:

- Intangible assets for a net book value of 6.3 million euros, corresponding to the rights and licences relating to the acquisition during the half year of the anti-NKG2A antibody (see "Key events since January 1, 2014" below).
- Receivables from the French government in relation to research tax credit for the year 2013 and the six-month period ended June 30, 2014 (7.3 million euros).
- Deferred revenue for 1.8 million euros relating to the remaining of the initial payment from Bristol-Myers Squibb not yet recognized as turnover (including 0.9 million euros booked as 'Other non-current liabilities').
- Shareholders' equity of 85.0 million euros including the net loss for the period (9.0 million euros).

Cash-flow items:

The net cash flow generated over the six-month period ended June 30, 2014 amounted to 35.6 million euros, compared to a net cash flow of 7.8 million euros used for the same year-ago period.

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

- A loss of 9.0 million euros for the six-month period ended June 30, 2014, including amortization for an amount of 1.1 million euros.
- The net proceed from a capital increase completed in June 2014 subscribed by specialist institutional investors for an amount of 47.8 million euros.
- The acquisition of the anti-NKG2A antibody from Novo Nordisk A/S (2.0 million euros, see "Key events since January 1, 2014" below).
- The acquisition of current financial assets (2.0 million euros).
- The net proceed from the issuance of new shares corresponding to the exercise of equity instruments (1.0 million euros).

Other elements

None to be reported.

Key events since January 1, 2014

- On February 5, 2014, Innate Pharma SA acquired from Novo Nordisk A/S full development and commercialization rights to the anti-NKG2A antibody, a first-in-class immune checkpoint inhibitor ready for Phase II development in oncology. Novo Nordisk A/S received 2 million euros in cash and 600,000 shares Innate Pharma and will be eligible to a total of 20 million euros in potential registration milestones and single-digit tiered royalties on future sales.
- On June 24, 2014, the Company raised 50 million euros in a capital increase subscribed by specialist institutional investors. 6.25 million new ordinary shares were issued. The subscription price of each new share is 8.0 euros, corresponding to a 11.7% discount to the volume-weighted average of the closing prices of the Company's existing shares on the Euronext Paris stock exchange over the last five stock market trading days preceding the date upon which the issuance price is set, i.e. on June 23, 2014, in accordance with the sixteenth resolution of the Shareholders General Meeting of the Company March 27, 2014.

Nota

The interim consolidated financial statements for the six-month period ended June 30, 2014 have been subject to a limited review by our Statutory Auditors and were approved by the Executive Board of the Company on September 16, 2014. They were reviewed by the Supervisory Board of the Company on September 16, 2014. They will not be submitted for approval to the general meeting of shareholders.

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 April 7, 2014. The main risks and uncertainties the Company may face in the six remaining months of the year are the same as the ones presented in the reference document available on the internet website of the Company.

Related party transactions:

Transactions with related parties during the periods under review are disclosed in Note 21 to the Interim consolidated financial statements prepared in accordance with IAS 24 revised.

Forward-looking statements:

Certain information contained in this presentation includes forward-looking statements. Forward-looking statements are not guarantees of future performance of the Company and its actual financial condition, actual results of operations and cash flows and the development of the industry in which it operates may differ materially from those made in or suggested by the forward-looking statements contained in this presentation. In addition, even if the Company's financial condition, results of operations and cash flows and the development of the industry in which the Company operates are consistent with the forward-looking statements contained in this presentation, those results or developments may not be indicative of results or developments in future periods. These statements are based on management's current expectations or beliefs and involve risks and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. The Company does not undertake, nor does it have any obligation, to provide updates or to revise the forward-looking statements contained in this presentation to reflect events that occur or circumstances that arise after the date of this presentation. The Company takes no responsibility for the use of this information by any person.

II. Statutory auditors' limited review report on interim consolidated financial statements

This is a free translation into English of the Statutory Auditors' review report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France

To the Shareholders,

In compliance with the assignment entrusted to us by the General Manager and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code (Code monétaire et financier) , we hereby report to you on:

• the review of the accompanying condensed half-yearly consolidated financial statements of Innate Pharma for the period from January 1 to June 30, 2014;

• the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union applicable to interim financial information.

2. Specific verification

We have also verified information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Marseille, September 16, 2014

The Statutory Auditors

French original signed by

AUDIT CONSEIL EXPERTISE, SA	**DELOITTE & ASSOCIES**
Member of PKF International	
Nicolas Lehnertz	Hugues Desgranges

III. Interim consolidated financial statements

Consolidated Interim Balance Sheet
(in thousands of euros)

	Note	June 30, 2014	December 31, 2013
Assets			
Current Assets			
Cash and cash equivalents	4	73,969	38,360
Financial instruments	4	4,944	2,989
Current receivables	5	12,045	8,002
Total current assets		**90,958**	**49,350**
Non-current assets			
Intangible assets	6	6,347	-
Tangible assets	7	6,054	6,258
Associates and joint ventures	8	102	272
Other non-current assets		6	2
Total non-current assets		**12,509**	**6,532**
Total assets		**103,468**	**55,882**
Liabilities			
Current liabilities			
Trade payables	9	12,291	8,665
Financial liabilities	10	444	613
Provisions		-	-
Total current liabilities		**12,735**	**9,278**
Non-current liabilities			
Financial liabilities	10	3,981	4,206
Defined benefit obligations	11	848	789
Other non-current liabilities	12	883	1,324
Total non-current liabilities		**5,712**	**6,319**
Capital and reserves attributable to equity holders of the Company			
Share capital	13	2,648	2,287
Share premium		181,437	128,000
Retained earnings		(89,964)	(87,072)
Net income (loss)		(9,039)	(2,892)
Other reserves		(61)	(38)
Total capital and reserves attributable to equity holders of the Company		**85,021**	**40,286**
Total liabilities and equity		**103,468**	**55,882**

Consolidated Interim Income Statement
(in thousands of euros)

		6-month period ended June 30	
	Note	2014	2013
Revenue from collaboration and licensing agreements	14	1,027	4,534
Government financing for research expenditures	14	3,110	2,444
Revenue and other income		**4,137**	**6,978**
Cost of supplies and consumable materials	15	(788)	(722)
Intellectual property expenses		(265)	(119)
Other purchases and external expenses	15	(7,358)	(4,522)
Employee benefits	16	(3,556)	(3,240)
Depreciation and amortization	7	(1,082)	(430)
Other expenses	17	(150)	(121)
Operating expenses, net		**(13,200)**	**(9,155)**
Operating income (loss)		**(9,063)**	**(2,177)**
Financial income	18	338	339
Financial expenses	18	(143)	(152)
Share of profit (loss) of associates and joint ventures	8	(170)	(332)
Net income (loss) before tax		**(9,039)**	**(2,323)**
Income tax expense	19	-	-
Net income (loss)		**(9,039)**	**(2,323)**
Net income (loss) per share attributable to the equity holders of the Company:			
(in € per share)			
- basic	22	(0,19)	(0,06)
- diluted	22	(0,19)	(0,06)

Statement of comprehensive income
(in thousands of euros)

	6-month period ended June 30	
In thousands of euros	**2014**	**2013**
Net loss for the period:	**(9,039)**	**(2,323)**
Elements which won't be recycled in the income statement		
Actuarial gains and (losses)	(18)	(10)
Elements which will be recycled in the income statement		
Currency translation gain / (loss)	(5)	(4)
Other comprehensive income for the period:	**(23)**	**(14)**
Comprehensive income for the period:	**(9,062)**	**(2,337)**

Consolidated Interim Statement Of Cash Flows
(in thousands of euros)

	6-month period ended June 30	
	2014	2013
Net income (loss)	**(9,039)**	**(2,323)**
Depreciation and amortization	1,082	430
Provisions for charges and defined benefit obligations	41	41
Share of profit (loss) of associates and joint ventures	170	332
(Gains) / losses on disposal of fixed assets	2	2
Gains on assets and other financial assets	(242)	(271)
Net interests paid	86	75
Operating cash flow before changing in working capital	**(7,900)**	**(1,714)**
Current receivables and prepayments	(4,043)	(2,024)
Deferred revenue	(441)	(3,831)
Trade payables	3,626	(395)
Net cash generated from / (used in) operating activities:	**(8,759)**	**(7,964)**
Acquisition of property, plant and equipment	(230)	(259)
Acquisition of intangible assets	(2,023)	-
Disposal of fixed assets	-	117
Acquisition of current financial assets	(1,955)	(1,988)
Disposal of current financial assets	-	2,033
Gains on assets and other financial assets	242	271
Net cash generated from / (used in) investing activities:	**(3,967)**	**174**
Transactions on treasury shares	11	34
Capital increase	47,807	-
Issue of own shares	1,003	420
Repayment of financial liabilities	(394)	(417)
Net interests paid	(86)	(75)
Net cash generated from financing activities:	**48,340**	**(38)**
Effect of the exchange rate changes	(5)	(4)
Net increase / (decrease) in cash and cash equivalents:	**35,609**	**(7,833)**
Cash and cash equivalents at the beginning of the period:	38,360	30,584
Cash and cash equivalents at the end of the period:	**73,369**	**22,751**

Interim Statement Of Changes In Equity
(in thousands of euros)

	Share capital	Share premium	Retained earnings	Net gain / (loss)	Other compre-hensive income	Total attributable to equity holders of the Company
Balance as at January 1, 2013	**1,897**	**108,552**	**(83,870)**	**(3,199)**	**(17)**	**23,364**
Net loss for the 6-month period ended June 30, 2013	-	-	-	(2,323)	-	(2,323)
Actuarial gains / losses)	-	-	-	-	(10)	(10)
Foreign exchange gain / (loss)	-	-	-	-	(4)	(4)
Total comprehensive income for the period	**-**	**-**	**-**	**(2,323)**	**(14)**	**(2,323)**
Net loss appropriation for 2012	-	-	(3,199)	3,199	-	-
Directoire 24th May 2013 – Exercise BSA 2007	10	394	-	-	-	404
Directoire 27th May 2013 – Subscription BSAAR 2012	-	16	-	-	-	16
Liquidity contract – Treasury shares	-	34	-	-	-	34
Total contributions by and distributions to owners of the company, recognized directly in equity	**10**	**444**	**(3,199)**	**3,199**	**-**	**454**
lance as at June 30, 2013	**1,907**	**108,996**	**(87,069)**	**(2,323)**	**(31)**	**21,481**
Net loss for the six-month period ended December 31, 2013	-	-	-	(569)	-	(569)
Actuarial gains / losses)					(34)	(34)
Foreign exchange gain / (loss)	-	-	-	-	27	27
Total comprehensive income for the period	**-**	**-**	**-**	**(569)**	**(7)**	**(576)**
Directoire 17th July 2013 – Subscription BSA 2013	-	2	-	-	-	2
Directoire 18th September 2013 – Subscription BSA 2013-1	-	1	-	-	-	1
Directoire 20th November 2013 Capital increase	380	18,554	-	-	-	18,934
Share base payments	-	325	-	-	-	325
Liquidity contract – Treasury shares	-	117	-	-	-	117
Others	-	5	(3)	-	-	2
Total contributions by and distributions to owners of the company, recognized directly in equity	**380**	**19 111**	**(3)**	**-**	**-**	**19,381**
Balance as at December 31, 2013	**2,287**	**128,000**	**(87,072)**	**(2,892)**	**(38)**	**40,286**
Net loss for the six-month period ended June 30, 2014	-	-	-	(9,039)	-	(9,039)
Actuarial gains and losses	-	-	-	-	(18)	(18)
Foreign exchange gain / (loss)	-	-	-	-	(5)	(5)
Total comprehensive income for the period	**-**	**-**	**-**	**(9,039)**	**(23)**	**(9,062)**
Net loss appropriation for 2013	-	-	(2,892)	2,892	-	-
Directoire February 10, 2014 – Exercice of stock-options 2005	1	104	-	-	-	105
Directoire February 10, 2014 – Exercice of BSAAR 2010	1	48	-	-	-	49
Directoire February 10, 2014 – Exercice of BSAAR 2012	-	4	-	-	-	4
Directoire March 7, 2014 - Exercice of stock options 2005	6	409	-	-	-	414
Directoire March 7, 2014 - Exercice of BSA 2011	4	146	-	-	-	150
Directoire March 7, 2014 - Exercice of BSA 2013	1	35	-	-	-	35
Directoire March 7, 2014 - Exercice of BSAAR 2010	1	39	-	-	-	40

	Share capital	Share premium	Retained earnings	Net gain / (loss)	Other compre-hensive income	Total attributable to equity holders of the Company
Directoire March 7, 2014 - Ecercice of BSAAR 2011	4	169	-	-	-	173
Directoire March 7, 2014 - Exercice of BSAAR 2012	-	7	-	-	-	7
Directoire March 26, 2014 - Exercice of BSA 2011	-	14	-	-	-	14
Directoire March 26, 2014 - Exercice of BSA 2013	-	9	-	-	-	9
Directoire March 26, 2014 - Exercice of BSAAR 2012	-	1	-	-	-	1
Directoire April, 4 2014 – Capital increase Novo Nordisk A/S	30	4,957	-	-	-	4,977
Directoire June, 23 2014 – Capital increase	313	47,494	-	-	-	47,807
Liquidity contract – Treasury shares	-	11	-	-	-	11
Total contributions by and contributions to owners of the Company, recognized directly in equity	**361**	**53,437**	**(2,892)**	**2,892**	**-**	**53,798**
Balance as at June 30, 2014	**2,648**	**181,437**	**(89,964)**	**(9,039)**	**(61)**	**85,021**

1) The Company

Innate Pharma is a biopharmaceutical company developing first-in-class immunotherapy drugs for cancer and inflammatory diseases. Based in Marseilles, France, it had 90 employees as at June 30, 2014. It was incorporated in 1999 and listed on NYSE-Euronext in Paris in 2006.

The Company specializes in the development of new monoclonal antibodies targeting receptors and pathways controlling the activation of innate immunity cells. The mechanisms controlling these cells were described at the end of the 90's, notably by the teams of the scientists who founded Innate Pharma.

On the basis of this science, Innate Pharma develops drug candidates with immuno-stimulating properties in cancer and with immuno-blocking properties in inflammatory conditions. Furthermore, many of the ligands to the innate immunity receptors are expressed on tumor cells, opening the way to the development of directly cytotoxic antibodies.

The most advanced drug-candidate of the Company (lirilumab), currently in Phase II in cancer, is licensed to the US biopharmaceutical group Bristol-Myers Squibb. Innate Pharma owns another proprietary program in clinical development in cancer, IPH2201.

Innate Pharma's key expertise is in immunopharmacology and antibody technology. The Company has a large panel of molecular and cellular assays and in vivo models for assessing the pharmacodynamics, the pharmacotoxicology and efficacy of drug candidates. In addition, Innate Pharma has access to a very large set of unique research tools in cellular immunology through its worldwide network of scientific collaborations.

The Company has share holdings in two companies. Innate Pharma, Inc. is a company registered in Delaware, United States, created in 2009 to manage Innate Pharma's business development activities in the US. This fully consolidated company is currently not in activity. Platine Pharma Services SAS is a 49.62% owned company, created on March 30, 2011 following the acquisition by Trangene SA of a 50% shareholding in the company Innate Pharma Services SAS, a fully-owned subsidiary of Innate Pharma SA. On June 30, 2013, the company Indicia Biotechnology SA acquired a shareholding in Platine Pharma Services SAS. Consequently, the shareholding of Innate Pharma SA in this company reduced 49.62% to 33.26%.

The Company is and should continue, in the near to mid-term, to be financed primarily through the issuance of new equity instruments as well as through partnering activity. The Company's activity is not subject to seasonal fluctuations.

The Executive Board approved these interim consolidated financial statements presented under IFRS on September 16, 2014. They were also examined by the Supervisory Board on the same day and were subject to a limited review by the statutory auditors of the Company. They are not subject to approval by the General Meeting of shareholders.

Key events since January 1, 2014

- On February 5, 2014, Innate Pharma SA has acquired from Novo Nordisk A/S full development and commercialization rights to the anti-NKG2A antibody, a first-in-class immune checkpoint inhibitor ready for Phase II development in oncology. Novo Nordisk A/S received 2 million euros in cash and 600,000 shares Innate Pharma and will be eligible to a total of 20 million euros in potential registration milestones and single-digit tiered royalties on future sales.
- On June 24, 2014, the Company raised 50 million euros in a capital increase subscribed by specialist institutional investors. 6.25 million new ordinary shares were issued. The subscription price of each new share is 8.33 euros, corresponding to a 11.7% discount to the volume-weighted average of the closing prices of the Company's existing shares on the Euronext Paris stock exchange over the last five stock market trading days preceding the date upon which the issuance price is set, i.e. on June 23, 2014, in accordance with the sixteenth resolution of the Shareholders General Meeting of the Company March 27, 2014.

2) Accounting policies

a) Basis of preparation

The interim consolidated financial statements for the six-month period ended June 30, 2014 have been prepared in accordance with IAS 34, 'Interim Financial Reporting' from the International Financial Reporting Standards (IFRS) as adopted by the European Union. They should be read in conjunction with the annual consolidated financial statements as at December 31, 2013 prepared in accordance with IFRS as adopted by the European Union and presented in paragraph 20.1 of the "Document de Référence" submitted to the French stock-market regulator, the "Autorités des Marchés Financiers", on April 7, 2014.

In the context of the acquisition from Novo Nordisk A/S of the rights of development and commercialization of the drug candidate anti-NKG2A, the financial counterpart paid by Innate Pharma was booked as an intangible asset. This asset is amortized on a straight-line basis over the expected duration of the Phase II trials planned by the Company, that is to say end of 2017.

b) Accounting policies

The accounting policies applied are the same as those adopted in the preparation of the annual financial statements as at December 31, 2013 in accordance with IFRS as adopted by the European Union.

Application of the following new and amended standards is mandatory for the first time for the financial period beginning on January 1, 2014 and, as such, they have been adopted by the Company:

- IFRS 10 "Consolidated financial statements", "IFRS 11 Joint arrangements" and "IFRS 12 Disclosure of interests in other entities";
- Amendments to IFRS 10, 11 and 12 "Transition guidance";
- Amendments to IFRS 10, 12 and IAS 27 "Investment entities";
- Amendment to IAS 27 "Separate financial statements";
- Amendment to IAS 28 "Investments in associates and joint ventures";
- Amendment to IAS 32 "Recovery of underlying assets";
- Amendment to IAS 36 "Recoverable Amount Disclosures for Non-Financial Assets";
- Amendment to IAS 39 "of Derivatives and Continuation of Hedge Accounting".

None of these amendments and interpretations has a significant impact on the financial statements of the Company for the six-month period ended June 30, 2014.

The following new standards, amendments to existing standards and interpretations have been published but are not applicable in 2014, and have not been early adopted by the Company:

- IFRS 9 "Financial instruments", mandatory for annual periods beginning on or after January 1, 2015;
- IFRS 14 "Regulatory deferral accounts", mandatory for annual periods beginning on or after January 1, 2016;
- IFRS 15 "Revenue from contracts with customers", mandatory for annual periods beginning on or after January 1, 2017;
- IFRIC 21 "levies", mandatory for annual periods beginning on or after June 17, 2014;
- Amendment to IAS 19 "Employee contributions", mandatory for annual periods beginning on or after July 1, 2014;
- Amendment to IFRS 11 "Acquisition of an interest in a joint operation", mandatory for annual periods beginning on or after January 1, 2016;
- Amendment to IAS 16 and IAS 38 "Clarification of acceptable methods of depreciation and amortisation", mandatory for annual periods beginning on or after January 1, 2016.

c) Consolidation using the equity method

Innate Pharma owns a 33.26% shareholding in Platine Pharma Services SAS. This entity is consolidated using the equity method.

According to this method, the holding of the Company is booked at cost, adjusted by the cumulative impact of the post operation variances and reduced by the amount of the dividends distributed. The net book value of Platine Pharma Services is presented in the balance sheet in the line item "Associates and joint-ventures".

The share of the Company of the profits or losses of Platine Pharma Services is presented in the line item 'Share of profit (loss) of associates and joint ventures' in the income statement.

3) Management of financial risks

Interim consolidated financial statements do not include all the information relating to financial risks described in the annual consolidated financial statements. The main financial risk to which the Company is exposed is foreign exchange risk. The Company did not identify other risks than the ones presented in the 2013 reference document.

Most of the Company's expenses are denominated in euros. Revenues from the main license agreement are denominated in U.S. dollars. The changes in the exchange rate between the euro and the U.S. dollar may therefore have an impact on the results of the Group.

4) Cash, cash equivalents and current financial instruments

	June 30, 2014	December 31, 2013
Cash and cash equivalents	73,969	38,360
Current financial instruments	4,944	2,989
Cash, cash equivalents and current financial instruments	**78,913**	**41,349**

Cash and cash equivalents

Cash and cash equivalents are composed of current accounts and fixed term accounts.

	June 30, 2014	December 31, 2013
Current accounts	61,892	25,293
Fixed term accounts	12,077	13,067
Cash and cash equivalents	**73,969**	**38,360**

Fixed terms accounts owned by the Company respect the criteria to be classified as cash equivalents: amounts invested are indeed available on a day to day basis the capital is free of risk and easily convertible into know amounts of cash.

Current financial instruments

The Company subscribed some shares of a mutual fund. Valuation of these shares as at June 30, 2014 amounts to 3,021 thousand euros (2,989 thousand euros at December 31, 2013). Amounts invested are available on a day to day basis and are easily convertible into known amounts of cash. However, the capital is not free of risk.

The Company also subscribed in 2014 a bond portfolio. Valuation of these bonds as at June 30, 2014 amounts to 1,923 thousands of euros.

5) Current receivable

Current receivables are analysed as follows (in thousands of euros):

	June 30, 2014	December 31, 2013
Research tax credit	7,263	4,167
Prepaid expenses	1,746	761
Trade receivables	1,252	1,993
VAT refund	1,107	491
Liquidity contract – Cash position	312	302
Prepayments made to suppliers	245	179
Grants and government subsidies	32	32
Other receivables	47	77
Current receivables and prepayments	**12,045**	**8,002**

Trade receivables are related to Bristol-Myers Squibb and mainly correspond to the subcontracting costs necessary to complete some trials currently being performed by the Company.

6) Intangible assets

	Anti-NKG2A rights	Other intangible assets	Total intangible assets
6-month period ended June 30, 2014			
Net opening balance	**-**	**-**	**-**
Acquisitions	7,000	-	7,000
Reclassification from tangible assets	-	76	76
Depreciation	(729)	-	(729)
Net closing balance	**6,271**	**76**	**6,347**

On February 5, 2014, Innate Pharma SA has acquired from Novo Nordisk A/S full development and commercialization rights to the anti-NKG2A antibody, a first-in-class immune checkpoint inhibitor ready for Phase II development in oncology. The financial counterpart (2 million euros and 600,000 shares issued at a unit price of 8.33 euros) was recognized as an intangible asset and amortized on a straight-line basis on the anticipated length of the Phase II trials planned by the Company (that is to say end of 2017).

7) Tangible assets

Tangible assets can be broken down as follows (in thousands of euros):

	Buildings (1)	Laboratory equipment and other tangible assets	Property, plant and equipment and other tangible assets in progress	Total
Year ended December 31, 2013				
Net opening balance	**5,174**	**1,421**	**230**	**6,824**
Acquisitions	-	404	29	433
Disposals	-	(120)	-	(120)
Depreciation	(380)	(500)	-	(880)
Reclassification	-	229	(229)	-
Net closing balance	**4,794**	**1,434**	**30**	**6,258**
6-month period ended June 30, 2014				
Net opening balance	**4,794**	**1,434**	**30**	**6,258**
Acquisitions	-	213	13	226
Disposals	-	-	-	-
Depreciation	(149)	(204)	-	(353)
Reclassification	-	30	(30)	-
Reclassification to intangible assets	-	(76)	-	(76)
Net closing balance	**4,645**	**1,397**	**13**	**6,054**

(1) Gross value of the land amounts to 772 thousand euros. The land is not depreciated.

8) Associates and joint ventures

The Company has a joint control with Transgene SA and Indicia Biotechnology SA over Platine Pharma Services SAS. The Group accounts for its 33.26% shareholding in the company Platine Pharma Services SAS using the equity method.

	Shares	Current account	Total
At December 31, 2012	**58**	**418**	**475**
Capital increase by debt offset	339	(339)	-
Cash advances	-	120	120
Net gain on dilution	179	-	179
Debt write-off	-	(79)	(79)
Share of loss for the six month period ended on June 30, 2013	(424)	-	424
At December 31, 2013	**152**	**120**	**272**
Share of loss for the six month period ended on June 30, 2014	(152)	(18)	(170)
At June 30, 2014	**-**	**102**	**102**

Information related to Platine Pharma Services is summarized in the following table:

	June 30, 2014	December 31, 2013
Total assets	1,813	1,909
Total liabilities	(2,273)	(1,851)
Share of net assets	**(153)**	**19**
Operational revenue	484	1,588
Net results	(510)	(926)
Share of net results	**(170)**	**(424)**

9) Trade payables

This line item is analyzed as follows (in thousands of euros):

	June 30, 2014	December 31, 2013
Suppliers	9,639	5,141
Tax and social liabilities	1,646	2,092
Other payables (subsidies)	121	173
Deferred income	885	1,259
Trade payables	**12,291**	**8,665**

Deferred income is related to the part of the initial payment received from Bristol-Myers Squibb which will be recognized over the course of the next twelve months.

10) Financial liabilities

This line item breaks down as follows (in thousands of euros):

	June 30, 2014	December 31, 2013
BPI France (ex Oséo)	-	131
Finance leases	444	482
Total – Current financial liabilities	**444**	**613**
BPI France (ex Oséo)	1,500	1,500
Finance leases	2,481	2,706
Total – Non current financial liabilities	**3,981**	**4,206**
Total financial liabilities	**4,425**	**4,819**

Financings from BPI France accounted as financial liabilities are grants that are reimbursable in the event of success or free interest loan for innovation (PTZI). They do not bear any interest.

Lease-finance obligations relate primarily (i) the real estate transaction in relation the acquisition by the Company of its new headquarters and main laboratories, as well as (ii) laboratory equipment, office furniture and computer equipment.

The amounts presented in current liabilities as at June 30, 2014 are to be repaid within 12 months. The other items are mainly fixed assets acquired by finance-lease.

The table below details the repayment schedule of the aforementioned borrowings (in thousands of euros):

Repayment schedule	2015	2016	2017	2018	≥2019	Total
BPI France (ex Oséo)	-	-	300	300	900	**1,500**
Finance leases	444	462	482	502	1,035	**2,925**
Total	**444**	**462**	**782**	**802**	**1,936**	**4,425**

The table below details the repayment schedule for the contractual flow (principal and interest) of the aforementioned borrowings (in thousands of euros):

Repayment schedule	2015	2016	2017	2018	≥2019	Total
BPI France (ex Oséo)	-	-	300	300	900	**1,500**
Finance leases	555	554	554	554	1,074	**3,290**
Total	**555**	**554**	**854**	**854**	**1,974**	**4,790**

11) Pension benefits

The Company's pension benefits correspond to indemnities due to employees who leave the Company in the context of their retirement. The Company uses an external actuary firm so as to evaluate this provision corresponding to the fair value of the obligations not covered by plan assets.

12) Other non-current liabilities

The other non-current liabilities are composed of the part of the upfront payment received from Bristol-Myers Squibb which will be recognized in profit and loss after the period ended June 30, 2015.

13) Capital

Share Capital

As at December 31, 2013, the share capital was composed of 45,735,892 common shares with a 0.05 euro par value, or a share capital amounting to 2,286,794.60 euros.

On February 10, 2014, the Executive Board minuted the exercise of 28,000 stock-options 2005, 21,000 BSAAR-2010 and 2,2250 BSAAR-2012 bringing the share capital to 2,289,357.10 euros (45,787,142 shares). The exercise price received by the Company was recorded as share capital to 2 thousand euros and an issue premium for 156 thousand euros.

On March 7, 2014, the Executive Board minuted the exercise of 110,500 stock-options 2005, 100,000 BSA (including 70,000 BSA-2011, 15,000 BSA-2011-2 and 15,000 BSA-2013), 17,000 BSAAR-2010, 85,000 BSAAR-2011 and 3,450 BSAAR-2012 bringing the share capital to 2,305,154.60 euros (46,103,092 shares). The exercise price received by the Company was recorded as share capital to 16 thousand euros and an issue premium for 805 thousand euros.

On March 26, 2014, the Executive Board minuted the exercise of 11,700 BSA (including 8,060 BSA-2011-2 and 3,640 BSA-2013), 500 BSAAR-2012 bringing the share capital to 2,305,764.60 euros (46,115,292 shares). The exercise price received by the Company was recorded as share capital to less than one thousand euros and an issue premium for twenty-four thousand euros.

Subsequent to a capital increase reserved to Novo Nordisk A/S, on the basis of resolution 13 of the General Meeting of shareholders dated March 27, 2014, the Executive Board of April 4, 2014 minuted a capital increase bringing the share capital to 2,335,764.60 euros (46,715,292 shares). The exercise price received by the Company was recorded as share capital to 30 thousand euros and an issue premium for 4,947 thousand euros

Subsequent to a capital increase reserved to a class of investors, on the basis of resolution 16 of the General Meeting of shareholders dated March 27, 2014, the Executive Board of June 26, 2014 minuted a capital increase bringing the share capital to 2,648,264.60 euros (52,965,292 shares).

The gross proceeds of the issuance were 50,000 thousand euros and the net costs were 47,807 thousand euros including 313 thousand euros recorded as share capital and 47,494 thousand euros recorded as issue premium.

Issuance of free shares ("BSA")

The Executive Board dated July 29, 2011, as per delegation given by the General Meeting of shareholders dated June 29, 2009, authorized the issuance of 325,000 BSA including 100,000 BSA-2011-1 and 225,000 BSA-2011-2, to independent members of the Supervisory Board, consultants and members of the Scientific Committee. Each BSA was subscribed for 0.01 euro and gives right to the subscription of a new share at a price of 1.77 euros.

The Executive Board dated July 17, 2013, as per delegation given by the General Meeting of shareholders dated June 28, 2013, authorized the issuance of 237,500 BSA-2013 to an independent member of the Supervisory Board, consultants and members of the Scientific Committee. Each BSA-2013 was subscribed for 0.01 euro and gives right to the subscription of a new share at a price of 2.36 euros. 62,500 BSA-2013 remained to be allocated on BSA-2013 300,000 authorized by the Assembly. The Executive Board of September 18, 2013, upon authorization of the Supervisory board, allocated 50,000 BSA-2013-1 to a consultant of the Company. Each BSA was subscribed for 0.01 euro and gives right to the subscription of a new share at a price of 2.35 euros. The subscription price received by the Company was recorded as an issue premium for respectively 2 and 1 thousand euros.

Issuance of redeemable warrants ("BSAAR")

On June 18, 2010, the Company distributed 100,000 redeemable warrants ("BSAAR-2010") to company officers and certain employees, as per a delegation given by the General Meeting of shareholders dated June 23, 2009. All BSAAR were acquired by beneficiaries. Each BSAAR-2010 will give beneficiaries the option to acquire one new share of the Company at a price of 2.34 euros within the five years following their distribution.

On September 9, 2011, as per delegation given by the General Meeting of shareholders dated June 29, 2011, the Company proposed 1,000,000 BSAAR-2011 to certain employees and company officers. On January 11, 2012, the Executive Board minuted the subscription of 650,000 BSAAR-2011 out of the 1,000,000 proposed BSAAR. Each BSAAR-2011 gives right to the subscription of one new share at a price of 2.04 euros. During a 24 months period following the Executive Board dated September 9, 2011, the BSAAR-2011 can be subscribed on a monthly basis by each beneficiary for an amount equal to 1/24 of the number of BSAAR-2011 which were attributed to him/her. The exercise period of the BSAAR-2011 was fixed to 10 years from their issuance date.

On May 27, 2013, as per delegation given by the General Meeting of shareholders dated June 28, 2012, the Company proposed 200,000 BSAAR-2012 to employees. On July 3, 2013, the Executive Board minuted the subscription of 146,050 BSAAR-2012 out of the 200,000 proposed BSAAR. Each BSAAR-2012 gives right to the subscription of one new share at a price of 2.04 euros. During a 24 months period following the Executed Board dated May 27, 2013, that is to say until May 27, 2015, the BSAAR-2012 can be subscribed on a monthly basis by each beneficiary for an amount equal to 1/24 of the number of BSAAR-2012 which were attributed to him/her. The exercise period of the BSAAR-2012 was fixed to 10 years from their issuance date. The subscription price received by the Company was booked in share premium for 16 thousand euros.

Potential capital

As at June 30, 2014, the number of shares that could be issued from outstanding warrants (535,800), outstanding stock-options (121,500 shares) and outstanding repayable warrants (766,850) totaled 1,424,150, representing approximately 2.62% of the Company's share capital based on the existing number of shares on a fully diluted basis (i.e. 54,389,442).

Treasury shares

From August 31, 2012, the Company has mandated Gilbert Dupont to manage this liquidity contract. As at June 30, 2014, the Company held 23,490 treasury shares (31,724 as December 31, 2013) for a total amount of 312 thousand euros (302 thousand euros as at December 31, 2013).

14) Revenue and other income

Revenue from collaboration and licensing agreements

For the six-month period ended June 30, 2014, 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 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 invoicing of the subcontracting costs necessary to complete trials currently being performed by the Company.

Government financing for research expenditures

As at June 30, 2014, estimate of the amount of research tax credit for the first half period is calculated on the basis of eligible expenses in the period (30% of these expenses).

15) Cost of supplies and consumable materials, other purchases and external expenses

Cost of supplies and consumable materials consists mainly in procurement of the Company's drug substances and/or drug products manufactured by third-parties.

Other purchases and external expenses are analyzed as follows (in thousands of euros):

	6-month period ended June 30	
	2014	2013
Subcontracting	(5,061)	(2,816)
Travel expenses and participation to congresses	(581)	(349)
Non-scientific advisory and consulting	(503)	(383)
Leases, maintenance and utilities	(417)	(431)
Scientific advisory and consulting	(403)	(207)
Marketing, communication and public relations	(187)	(152)
Attendance fees	(100)	(75)
Insurance	(55)	(45)
Telecommunications and postal services	(41)	(41)
Bank charges	(12)	(8)
Others, net	3	(15)
Other purchases and external expenses	**(7,358)**	**(4,522)**

The increase of the subcontracting costs mainly results from the increase of the costs relating to the program IPH4102.

16) Employee benefits

This item line amounted to 3,556 thousand euros and 3,240 thousand euros for the six-month periods ended June 30, 2014 and 2013 respectively. The Company had 90 employees as at June 30, 2014 (compared to 84 as at December 31, 2013).

17) Other expenses

Other expenses are analyzed as follows (in thousands of euros):

	6-month period ended June 30	
	2013	2013
Taxes	(112)	(92)
Other expenses	(42)	(29)
Other expenses	**(150)**	**(121)**

18) Financial income and expenses, net

Financial income and expenses can be analyzed as follows (in thousands of euros):

	Six month period ended June 30	
	2014	2013
Gains on financial instruments	242	271
Foreign exchange gains	72	42
Other financial income	23	26
Financial income	**338**	**339**
Interests on borrowings and finance-leases	(86)	(101)
Foreign exchange losses	(53)	(51)
Other financial expenses	(4)	-
Financial expenses	**(143)**	**(152)**
Financial income and expenses, net	**195**	**186**

Interest paid on borrowings notably includes the finance lease agreement relating to the acquisition and refurbishment of the Company's main premises.

19) Income tax

Taking into account its stage of development which prevents management from making sufficiently reliable financial forecasts, the Group does not recognize deferred tax assets. Temporary differences mainly result from finance leases, provision for defined benefit obligation and tax loss carry forward. As at June 30, 2014, the net amount of deferred tax liabilities excluding tax loss carry forward was 50 thousand euros.

Taking into account the tax regulations, the Company had tax losses to be carried forward with no time limit for a total amount of 127 million euros as at December 31, 2013 (118 million euros as December 31, 2012).

20) Commitments, contingencies and litigation

On April 2, 2012, Platine Pharma Services SAS received a proposed adjustment following a tax audit. The adjustment amounts to 91 thousand euros. The management of Platine Pharma Services is contesting this adjustment. The period subject to the tax audit was prior to the acquisition by Transgene of an equity interest in Platine Pharma Services. Therefore, in accordance with the liabilities guarantee clause, the contingent liability resulting from this adjustment would only concern Innate Pharma SA.

On June 27, 2013, The Company received a summons to appear before the conciliation board of the labor relations tribunal of Marseille (bureau de conciliation du Conseil de Prud'hommmes de Marseille). The claim amounts to 91 thousand euros. Based on currently available information, the Company considers the risk as uncertain as at the end of June 2014. As a consequence, no provision was booked in the June 30, 2014 balance sheet.

21) Related party transactions

Members of the Executive Board and Executive Committee

The following compensations were granted to members of the executive committee of the Company and were expensed during the period under review (in thousands of euros):

	6-month period ended June 30	
	2014	2013
Salaries and short-term employee benefits	398	371
Extra pension benefits	7	7
Consultancy fees	235	202
Key management compensation	**640**	**580**

There were six members of the executive committee as at June 30, 2014 (six as at June 30, 2013).

Joint-ventures

The Company entered into sub-contracting services towards Platine Pharma Services. The amount invoiced to Innate Pharma by Platine Pharma Services for the six month period ended June 30, 2014 is 157 thousand euros VAT included (395 thousand euros for the same year-ago period). According to the percentage of completion, the amount recognized as expense during the six month period ended June 30, 2014 amounted to 57 thousand euros VAT excluded (334 thousand euros for the same year-ago period).

22) Earnings per share

Basic

Basic earnings per share are calculated by dividing the net earnings attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	6-month period ended June 30	
	2014	2013
Net loss for the period	(9,039)	(2,323)
Weighted average number of ordinary shares issued (in thousands)	47,337	38,003
Basic loss per share (€ per share)	(0.19)	(0.06)

Diluted

Diluted loss per share is calculated by adjusting the weighted number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. As at June 30, 2012 and 2013, warrants, stock options and free shares allocated but not yet acquired did not have a dilutive effect. Indeed, they incur an increase of the earning per share. Therefore, the diluted earning per share is equal to the earning per share.

	6-month period ended June 30	
	2014	2013
Net loss for the period	(9,039)	(2,323)
Weighted average number of ordinary shares issued (in thousands)	47,337	38,003
Adjustment for warrants, stock options and free shares (in thousands)	-	-
Diluted loss per share (€ per share)	(0.19)	(0.06)

23) Post balance sheet events

On July 16, 2014, the Shareholders Meeting of Platine Pharma Services SAS voted a capital increase reserved to a new investor, Advanced Bioscience Laboratories Inc (ABL, Inc). The shareholding of the Company into Platine Pharma Services SAS reduced from 33.26% to 9.87%.

The Executive board of July 16, 2014, in accordance with the use of delegations granted by the 22th Resolution as voted by the shareholders on March 27, 2014, allocated 150,000 BSA-2014 to consultants of the Company.

24) Income statement by function

The income statement by function is set out below (amounts in thousands of euros):

	6-month period ended June 30	
	2014	2013
Revenue from collaboration and licensing agreements	1,027	4,534
Government financing for research expenditures	3,110	2,444
Operating revenue	**4,137**	**6,978**
Research and development expenses	(10,890)	(7,003)
General and administrative expenses	(2,310)	(2,152)
Operating expenses	**(13,200)**	**(9,155)**
Operating income / (loss)	**(9,063)**	**(2,177)**
Financial income (expenses), net	195	186
Share of profit (loss) of associates and joint ventures	(170)	(332)
Net income / (loss)	**(9,039)**	**(2,323)**

In accordance with IFRS 8 – Operating segments, the information presented above is based on the internal reporting presented to the Chief Operating Decision Maker. Segments defined by the Company are General and administrative (G&A) expenses and research and development expenses (R&D). The core activity of the Company consists of managing a portfolio of drug candidates (identification and development of drug-candidates). Costs related to this activity are merged in the R&D segment. Costs of the support activities (finance, human resources, legal…), are merged in the G&A segment.

IV. Declaration by the person responsible for this Interim Financial Report

I hereby declare, to the best of my knowledge, that the financial statements for the last six month period have been prepared in accordance with generally accepted accounting principles and give a true and fair view of the assets and liabilities, the financial position and the results of the Company, and that the interim financial report beginning on page 3 reflects the changes in the turnover, results and financial position of the Company and of all of the entities included within the consolidation scope as well as a description of the principle risks and uncertainties for the six months to come.

Chairman of the Executive Board

Mr. Hervé Brailly

INVESTORS RELATIONS

Laure-Hélène Mercier
Director, Investors Relations
117, Avenue de Luminy - BP 30191
13 009 Marseille FRANCE
Tel:+33 (0)4 30 30 30 87
Fax:+33 (0)4 30 30 30 00
investors@innate-pharma.com