

This is a free translation into English of the statutory auditors' report issued in French and is provided solely for the convenience of English speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Innate Pharma SA
117 Avenue de Luminy
BP 30191
13276 Marseille Cedex 09

**Statutory auditors' report on the consolidated financial statements
For the year ended December 31, 2011**

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63 rue de Villiers
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**Statutory auditors' report on the consolidated financial statements
For the year ended December 31, 2011**

To the shareholders,
Innate Pharma SA
117 Avenue de Luminy
BP 30191
13276 Marseille Cedex 09

In compliance with the assignment entrusted to us by the shareholders' general meeting, we hereby report to you, for the year ended December 31, 2011, on:

- the audit of the accompanying consolidated financial statements of Innate Pharma,;
- the justification of our assessments; and
- the specific verifications required by law.

These consolidated financial statements have been approved by the Executive Board. Our role is to express an opinion on these consolidated financial statements based on our audit

1. Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2011 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

2. Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the following matters:

Accounting principles

Note 2e of the consolidated financial statements describes the accounting treatment applied to intangible assets and to research and development expenses incurred by your Company.

Note 2p sets out the accounting policy relating to revenue, including revenue generated by licensing agreements and research and development activities.

Note 2q sets out the treatment of share-based payments granted to employees and third parties.

In the context of our assessment of the accounting principles applied by your Company, we verified the appropriateness of the accounting methods described above and the information provided in the notes to the consolidated financial statements, and ensured that they were correctly applied.

Accounting estimates

Note 2u of the consolidated financial statements states that Management estimates the duration of involvement of the company in future research and development commitments. Our work consisted of assessing the reasonableness of the assumptions on which estimations are based and the arithmetical accuracy of the underlying calculation used by the Company to determine the amount of revenue from licensing and collaboration agreements.

Note 2u of the consolidated financial statements states that Management estimates the progress of research and development at the time of the concerned subcontracting account charges. Our work consisted of assessing the reasonableness of the assumptions on which estimations are based and the arithmetical accuracy of the underlying calculation used by the Company to determine the percentage of completion to be applied to the contract cost.

Note 2u of the consolidated financial statements states that management estimates the fair value of share warrants and options as well as free shares granted to employees or third parties based on actuarial models which require the use of certain calculation assumptions. Our work consisted of assessing the reasonableness of the assumptions on which estimations are based and the arithmetical accuracy of the underlying calculations performed by the Company.

Note 25 of the consolidated financial statements refers to the ongoing litigation with the company Bioagency AG. We ensured that the Company provided the appropriate information on the risks inherent to this litigation based on the information available at the date the accounts were closed.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

3. Specific verifications and information

As required by law, we have also verified in accordance with professional standards applicable in France the information presented in the Group's management report.

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

Marseille, April 26, 2012

The statutory auditors

Audit Conseil Expertise SA
Member of PKF International

PricewaterhouseCoopers Audit

Guy Castinel

Vincent Thyssen