

*"This is a free translation into English of the statutory auditors' report on the consolidated financial statements 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 presented below is the audit opinion on the consolidated 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 consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.*

## **INNATE PHARMA SA**

### **STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS**

**(For the year ended December 31, 2013)**

**PricewaterhouseCoopers Audit**  
63 rue de Villiers  
92208 Neuilly-sur-Seine Cedex

**AUDIT CONSEIL EXPERTISE, SA**  
*Member of PKF International*  
17, Boulevard Augustin Cieussa  
13007 Marseille

## **STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS**

**(For the year ended December 31, 2013)**

**INNATE PHARMA SA**  
117 Avenue de Luminy  
BP 30191  
13276 Marseille Cedex 09

To the shareholders,

In compliance with the assignment entrusted to us by the shareholders' general meeting, we hereby report to you, for the year ended December 31, 2013, 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.

### **I – Opinion on the consolidated 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, 2013 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.

## **II – 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 the Company.

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

In the context of our assessment of the accounting principles applied by the 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 the Company's involvement in future research and development commitments. Our work consisted of assessing the reasonableness of the assumptions on which estimates 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 when the related subcontracting expenses are recognized. Our work consisted of assessing the reasonableness of the assumptions on which estimates are based and the arithmetical accuracy of the underlying calculations performed by the Company to determine the percentage of completion to be applied to the total 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 estimates are based and the arithmetical accuracy of the calculations performed by the Company.

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.

**INNATE PHARMA SA**

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**III – Specific verifications**

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

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

Marseilles, March 5, 2014

The statutory auditors

PricewaterhouseCoopers Audit

AUDIT CONSEIL EXPERTISE SA  
*Member of PKF International*

Vincent Thyssen

Nicolas Lehnertz