

*"This is a free translation into English of the statutory auditors' report on the 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 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 balances, transactions or disclosures."*

## **INNATE PHARMA SA**

### **STATUTORY AUDITORS' REPORT ON THE ANNUAL 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 ANNUAL 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 annual financial statements of Innate Pharma;
- the justification of our assessments ; and
- the specific verifications and information required by law.

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

**I - Opinion on the annual 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 annual 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 annual 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 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 annual financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2013 and of the results of its operations for the year then ended in accordance with French accounting principles.

## **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:

Notes 2e and 2e1 of the annual financial statements describe the accounting treatment applied to intangible assets and to research and development expenses incurred by the Company.

Note 2c of the annual financial statements describes the accounting treatment applied to products used in the research and development activity.

Note 2k sets out the accounting policy relating to revenue and notably to 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 annual financial statements, and ensured that they were correctly applied.

### Accounting estimates:

Note 2k of the annual 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 on the arithmetical accuracy of the underlying calculation used by the Company to determine the amount of revenue from licensing and collaboration agreements.

Note 2e1 of the annual 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.

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

### **III – Specific verifications and information**

We have also performed the specific verifications required by law, in accordance with professional standards applicable in France.

We have no matters to report as to the fair presentation and consistency with the annual financial statements of the information given in the management report of the Executive Board, and in the documents addressed to the shareholders with respect to the financial position and the annual financial statements.

With regard to the information provided in accordance with the requirements of article L.225-102-1 of the French Commercial Code, relating to the remunerations and benefits received by the directors and any other commitments made in their favor, we have verified its consistency with the financial statements or with the underlying information used to prepare these financial statements, and, where applicable, with the information obtained by your Company from the companies that control or are controlled by your Company. Based on this work, we attest to the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information relating to the identity of holders of share capital or voting rights, and to reciprocal shareholding, has been properly disclosed in the management report.

Marseilles, March 5, 2014

The statutory auditors

PricewaterhouseCoopers Audit

AUDIT CONSEIL EXPERTISE SA  
*Member of PKF International*

Vincent Thyssen

Nicolas Lehnertz