

*"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.*

*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 financial statements**

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13007 Marseille

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63 rue de Villiers  
92208 Neuilly-sur-Seine

## **Statutory auditors' report on the financial statements**

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 financial statements of Innate Pharma;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Executive Board. Our role is to express an opinion on these 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 sample techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the 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 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, 2011 and of the results of its operations for the year then ended in accordance with French accounting principles.

### **2. Justification of our assessments**

In accordance with the requirements of article L.823-9 of the 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 financial statements describe the accounting treatment applied to intangible assets and to research and development expenses incurred by your Company.

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

Note 2k describes the accounting policy related to revenue and notably to revenue generated by licensing agreements and by research and development activities.

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 financial statements, and ensured that they were correctly applied.

### ***Accounting estimates***

Note 2k of the 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 2e1 of the 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 23 of the 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 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**

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

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

Concerning the information given in accordance with the requirements of article L.225-102-1 of the French Commercial Code (code de commerce) relating to remunerations and benefits received by the directors and any other commitments made in their favour, 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 companies controlling your company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the identity of shareholders and reciprocal shareholding has been properly disclosed in the management report.

Marseille, April 26, 2012

The statutory auditors

Audit Conseil Expertise SA  
*Member of PKF International*

PricewaterhouseCoopers Audit

Guy Castinel

Vincent Thyssen