PRESS RELEASE

Ipsen: 2013 half-year results and financial objectives

- **Specialty care sales up 3.0%[1]**

– Robust sales of Somatuline® and Dysport®, respectively up 9.2%[1] and 8.4%[1]

– Decapeptyl® sales down 5.7%[1], impacted by a toughening environment in Europe and China and non-recurring elements

- **Primary care above expectations, down 4.3%[1]**

– Sales down 26.3%[1] in France and international sales up 11.2%[1]

- **Sound operating performance in a challenging context**

– Recurring adjusted[2] operating income of €132.2 million, or 20.9% of sales, up 1.2%

– Fully diluted EPS up 6.2%

- **Updated sales objectives for 2013**

Paris (France), 30 August 2013 - The Board of Directors of Ipsen (Euronext: IPN; ADR: IPSEY), chaired by Marc de Garidel, met on 29 August 2013 to approve the financial statements for the first half 2013, published today. The interim financial report, with regard to regulated information, is available on the Group's website, www.ipsen.com, under the Regulated Information tab in the Investor Relations section. The 2013 half year financial statements are subject to a limited review by statutory auditors.

Commenting on the first half 2013 performance, **Marc de Garidel, Chairman and Chief Executive Officer of Ipsen**, stated: *"Our key products, Somatuline® and Dysport®, posted solid growths in the first half 2013, respectively 9.2%[1] and 8.4%[1]. Nevertheless, the first half was marked by a decline in Decapeptyl® sales, stemming partly from price pressure and an increasingly stringent competitive environment and partly from exceptional elements. Ipsen delivered a sound and improving operational performance as a result of good cost control". **Marc de Garidel** added: "The Group confirms its long term growth prospects with the acquisition of Syntaxin in the field of toxin engineering and the positive results delivered by our R&D on the Somatuline® CLARINET study".*

[1] Sales growth computed year-on-year excluding foreign exchange impacts
[2] « Recurring adjusted »: Reconciliations between reported results and recurring adjusted results for H1 2013 and H1 2012 are detailed in appendix 4

Extract of consolidated results

(in millions of euros) *These results were subject to limited review by the auditors*	***H1 2013***	***H1 2012***	***% change****
Specialty Care sales	449.4	439.8	*+2.2%*
Primary Care sales	164.8	172.2	*(4.3)%*
Total drug sales	**614.2**	**612.0**	***+0.4%***
Drug-related sales**	19.4	17.8	*+9.1%*
Consolidated sales	**633.6**	**629.8**	***+0.6%***
Other revenues	**30.3**	**28.4**	***+6.7%***
Total revenues	**663.9**	**658.2**	***+0.9%***
Research and development expenses	(124.0)	(118.3)	*+4.8%*
Operating income	**121.0**	**124.9**	***(3.1)%***
In % of sales	*19.1%*	*19.8%*	-
Recurring adjusted[(1)] operating income	**132.2**	**130.7**	***1.2%***
In % of sales	*20.9%*	*20.7%*	-
Share of profit/loss from associated companies	0	0	-
Consolidated net profit *(attributable to shareholders of Ipsen)*	**96.2**	**90.4**	***6.4%***
Earnings per share – fully diluted (€)	**1.15**	**1.09**	***6.2%***
Recurring adjusted[(1)] consolidated net profit *(attributable to shareholders of Ipsen)*	**98.8**	**86.4**	***14.3%***
Recurring adjusted[(1)] earnings per share – fully diluted (€)	**1.18**	**1.04**	***14.0%***
Net cash flow from operating activities	**54.5**	**63.2**	***(13.8%)***

The 30 June 2012 income statement was restated for purposes of comparison between the two half-year periods, in accordance with provisions related to discontinued operations and changes in accounting methods.
** At current exchange rates*
*** Active ingredients and raw materials*
(1) Before non-recurring elements. See appendix 4

Review of the first half 2013 sales and results

Note: Unless stated otherwise, all variations in sales are stated excluding foreign exchange by restating the H1 2012 figures with the H1 2013 average exchange rate. In compliance with provisions on "discontinued activities" and changes in accounting methods, H1 2012 figures have been restated to provide comparative information between H1 2012 and H1 2013.

The Group's consolidated sales reached €633.6 million, up 1.2% year-on-year. Sales of **Specialty care** products amounted to €449.4 million, up 3.0%. Specialty care products accounted for 70.9% of the Group's consolidated sales, compared to 69.8% the previous year. Sales of **Primary care** products reached 164.8 million euros, down 4.3% year-on-year.

Specialty Care growth was impacted by an unfavorable comparison base. In the second quarter 2012, the Group posted 19.7% growth at current exchange rates, enhanced by the following effects:

- strong activity on tender offer in Russia on Decapeptyl® and Dysport®;
- stock building in Australia following the agreement signed with Galderma in April 2012;

Specialty Care growth was also impacted by significant events in 2013:

- an exceptional political situation in certain Middle Eastern countries where Ipsen, in the absence of payment guarantees, has stopped supplying Decapeptyl® and to a lesser extent Dysport®, since the end of the first quarter 2013;
- a strained environment in Europe where Decapeptyl® has been negatively impacted by a more frequent use of co-payment (notably in Poland), by a contracting pharmaceutical market in Southern Europe (notably in Spain) and a slowdown in the growth of Eastern European countries;
- the consequences of the ongoing French primary care restructuring plan, mainly impacting Decapeptyl®;
- in China, Decapeptyl® was impacted, by a temporary realignment of inventory in the second quarter 2013 following the Group's assessment that distributors had overstocked, and by the launch of new local competitors; Moreover, Ipsen was impacted by the recent disruption of the Chinese pharmaceutical market
- the Increlex® shortage in the US in June 2013.

Consequently, **Drug sales** were up 0.9% year-on-year.

In the first half 2013, sales in the **major Western European countries** amounted to €256.8 million, down 5.4% year-on-year. The sales growth of specialty care products was more than offset by the consequences of an increasingly competitive environment in Primary care in France and administrative measures in Spain. In **Other European countries**, sales amounted to €167.7 million in the first half 2013, up 5.4%. Sales growth was mainly driven by the strong performance of Russia where both primary and specialty care (notably Dysport® and Decapeptyl®) performed well despite an unfavorable comparison base resulting from an important tender offer activity in the first half 2012. Sales in **North America** reached €36.5 million, up 2.3%. In 2012, sales were notably boosted by the recognition of the pediatric use of Increlex® by the Centre for Medicare and Medicaid Services, allowing for a reduced compulsory rebate on the product (from 23% to 17%). Restated from this effect, sales were up 5.5%, driven by the continuous penetration of Somatuline® in acromegaly, where the product exceeded 50% market share[1], and by sales of Dysport® in therapeutic, which grew double digit. Dysport® sales were affected by a temporary decline in sales to our partner in North America following its acquisition in 2012. In the **Rest of the World**, sales amounted to €172.5, up 7.9% year-on-year or 7.0% at current exchange rates. In the first half 2012, sales included the following effects: in Australia, Galderma built a stock following the agreement signed with Ipsen in April 2012; in Vietnam, some orders were brought forward in anticipation of the expiration of primary care import licenses, while in China, the destruction of Etiasa® inventory was observed. Restated from all the aforementioned items, sales grew 13.9% at current exchange rates, to be compared to the 7.0% figure mentioned above.

Other revenues amounted to €30.3 million in the first half 2013, up 6.7% compared to June 2012, when they reached €28.4 million. Growth was mainly driven by the higher royalties paid by the Group partners in aesthetics and to the revenues from the Group's co-promotion and co-marketing agreements in France.

Consequently, **total revenues** reached €663.9million in the first half 2013, up 0.9% year-on-year.

The **cost of goods sold** represented 19.8% of sales compared to 20.5% over the same period in 2012. The favourable mix effects related to the increase in the weight of speciality care products, as well as the productivity efforts implemented by the Group, contributed to offsetting the negative impact of lower Primary Care volumes in France.

R&D expenses increased by €5.7 million compared with June 2012 and represented €124.0 million, or 19.6% of sales, compared with 18.8% of sales in the prior year. Drug-related research and development costs increased 6.5% compared to June 2012. Main research and development projects pursued in the first half 2013 included Dysport® (lower and upper limb spasticity) and the phase II studies of tasquinimod.

Selling, general and administrative expenses amounted to €279.8 million in the first half 2013, representing 44.4% of sales, compared to 43.8% in 2012. The increase is driven by royalties paid to third parties on sales of products marketed by the Group (mainly specialty care products) and by the growth of selling, general and administrative expenses, notably driven by initiatives undertaken to accelerate strategy execution. Moreover, selling expenses (excluding royalties paid) were stable year-on-year, reflecting productivity and selective resource-allocation efforts.

[1] US market share of Somatuline® in the sales of somatostatin analogs for acromegaly

In the first half 2013, the Group recorded a €1.3 million profit in the "**restructuring costs**" line item after reversing a provision in France, notably related to the primary care restructuring plan in France, which more than offset restructuring costs related to reorganization of US Dysport® commercial platform.

In the first half 2013, the Group recognized a non-recurring €11.7 million **impairment loss** on Increlex®, following the supply interruption effective mid-June in the United States and expected in the third quarter in 2013 in Europe and the Rest of the World. Re-supply is not anticipated before the end of 2013. With this impairment loss, the carrying value of the IGF-1 active ingredient became zero.

Based on the aforementioned items, the **operating income** in the first half 2013 totaled €121.0 million, or 19.1% of sales, down 3.1% compared to the same period in 2012, when it represented 19.8% of sales.

The Group's **recurring adjusted[1] operating income** amounted to €132.2 million, or 20.9% of consolidated sales, up 1.2% year-on-year.

At 30 June 2013, the Group's **financial income** amounted to €1.1 million, compared with €8.9 million the previous year. The cost of net financial debt represented an income of €6.7 million, mainly stemming from a financial gain on the repayment of Debtor-in-Possession (DIP)-type financing granted by Ipsen to Inspiration Biopharmaceuticals Inc. at the end of 2012 following the sale of its hemophilia assets to Baxter and Cangene. Other financial income and expenses amounted to a €5.6 million charge at 30 June 2013, primarily as a result of a negative €5.0 million foreign exchange impact.

At 30 June 2013, the **effective tax rate** amounted to 26.0% of profit from continuing operations before tax, compared with an effective tax rate of 25.3% at 30 June 2012. The difference resulted notably from the research tax credit, which despite remaining flat in volume terms from June 2012 to June 2013, increased in relative terms by one percentage point, and a new 3.0% tax implemented in France on dividend payouts that negatively impacted the effective tax rate by 1.6 percentage point. Excluding non-recurring operating, financial and tax items, the Group's effective tax rate amounted to 25.0% in June 2013, compared with 23.3% in June 2012.

The Group did not record any **share of profit or loss from associated companies** in the first half 2013.

At 30 June 2013, the **result from discontinued operations** amounted to a €6.2 million profit, compared to €9.2 million loss at 30 June 2012, and mainly included the negotiated repayment of advisory fees paid by Ipsen during the joint asset-sale process with Inspiration, and the tax impact related to the compensation paid by the Group to the U.S. affiliate which sold its assets.

Consolidated net profit increased 6.4% to €96.5 million (€96.2 million attributable to shareholders of Ipsen S.A.), compared to €90.7 million at 30 June 2012 (€90.4 million attributable to shareholders of Ipsen S.A).

Recurring adjusted[1] consolidated net profit at 30 June 2013 amounted to €98.8 million, up 14.3% over the €86.4 million recorded the previous year.

At 30 June 2013, the total of **milestone payments received in cash by the Group but not yet recognized** in the income statement amounted to €137.3 million compared to €162.7 million collected the previous year.

Net cash flow from operating activities amounted to €54.5 million, compared to €63.2 million generated over the same period in 2012. At 30 June 2013, the Group had **closing cash and cash equivalents** of €117.6 million, compared to €84.2 million as of 30 June 2012.

Update of 2013 financial objectives

In the first half 2013, our key products, Somatuline® and Dysport®, posted solid growth rates of 9.2% and 8.4%, respectively. Nevertheless, **Specialty Care** growth was impacted by significant elements that occurred in China and in the Middle East, mentioned above.

Based on those elements, the Group updated its 2013 sales objectives:

Drug sales:

- **Specialty Care** sales growth of around 3%, excluding unanticipated major deterioration of the Chinese and Middle Eastern markets;
- **Primary Care** sales decline of around 1%.

[1] Before non-recurring items. See appendix 4

The above sales objectives are set year-on-year at constant currency.

Recurring Adjusted Operating Margin:

Moreover, the Group is pursuing the implementation of productivity measures while continuing to invest in its R&D platform and, as a result, confirms its **recurring adjusted operating margin**[1] objective of **approximately 16.0%** of sales.

All the above objectives are set excluding major negative unforeseeable events, notably significant currency fluctuations in the context of currency depreciation in certain emerging countries.

[1] Before non-recurring items. See appendix 4

Media conference call (in French)

Ipsen will host a conference call on Friday 30 August 2013 at 8:30 am (Paris time - GMT+1). Participants in the conference call may connect for the meeting 5-10 minutes prior to its start. No reservations are required to participate. The conference ID is 24065951. The telephone number to call in order to connect to the conference call from France is +33 (0)1 70 70 97 06 and for the other countries it is 44 (0) 1452 560 622. The telephone number to call in order to access a recording of the conference call is from France +33 (0)805 111 337 and for the other countries +44 (0) 1452 55 00 00. The access number is 24065951#. The conference call is available for one week following the meeting.

Meeting, webcast and Conference Call (in English) for the financial community

Ipsen will host an analyst meeting on Friday 30 August 2013 at 2:30 p.m. (Paris time, GMT+1) at its headquarters in Boulogne-Billancourt (France). A web conference (audio and video webcast) and conference call will take place simultaneously. The web conference will be available at www.ipsen.com. Participants in the conference call should dial in approximately 5 to 10 minutes prior to its start. No reservation is required to participate. The conference ID is 935067. No access code is required. Phone numbers to call in order to connect to the conference are: from France and continental +33 (0) 1 70 99 32 12, from UK le +44 (0) 20 7162 0177 and from the United States +1 334 323 6203. A recording will be available shortly after the call. Phone numbers to access the replay of the conference are: from France and continental Europe +33 (0) 1 70 99 32 12, from UK +44 (0) 20 7162 0177 and from the United States +1 334 323 6203 and access code is 935067. This replay will be available for one week following the meeting.

About Ipsen

Ipsen is a global specialty-driven pharmaceutical company with total sales exceeding €1.2 billion in 2012. Ipsen's ambition is to become a leader in specialty healthcare solutions for targeted debilitating diseases. Its development strategy is supported by 3 franchises: neurology, endocrinology and uro-oncology. Moreover, the Group has an active policy of partnerships. Ipsen's R&D is focused on its innovative and differentiated technological platforms, peptides and toxins. In 2012, R&D expenditure totalled close to €250 million, representing more than 20% of Group sales. The Group has close to 4,900 employees worldwide. Ipsen's shares are traded on segment A of Euronext Paris (stock code: IPN, ISIN code: FR0010259150) and eligible to the "Service de Règlement Différé" ("SRD"). The Group is part of the SBF 120 index. Ipsen has implemented a Sponsored Level I American Depositary Receipt (ADR) program, which trade on the over-the-counter market in the United States under the symbol IPSEY. For more information on Ipsen, visit www.ipsen.com.

Forward Looking Statement

The forward-looking statements, objectives and targets contained herein are based on the Group's management strategy, current views and assumptions. Such statements involve known and unknown risks and uncertainties that may cause actual results, performance or events to differ materially from those anticipated herein. All of the above risks could affect the Group's future ability to achieve its financial targets, which were set assuming reasonable macroeconomic conditions based on the information available today.

Moreover, the targets described in this document were prepared without taking into account external growth assumptions and potential future acquisitions, which may alter these parameters. These objectives are based on data and assumptions regarded as reasonable by the Group. These targets depend on conditions or facts likely to happen in the future, and not exclusively on historical data. Actual results may depart significantly from these targets given the occurrence of certain risks and uncertainties, notably the fact that a promising product in early development phase or clinical trial may end up never being launched on the market or reaching its commercial targets, notably for regulatory or competition reasons. The Group must face or might face competition from Generics that might translate into a loss of market share.

Furthermore, the Research and Development process involves several stages each of which involves the substantial risk that the Group may fail to achieve its objectives and be forced to abandon its efforts with regards to a product in which it has invested significant sums. Therefore, the Group cannot be certain that favourable results obtained during pre-clinical trials will be confirmed subsequently during clinical trials, or

that the results of clinical trials will be sufficient to demonstrate the safe and effective nature of the product concerned. The Group also depends on third parties to develop and market some of its products which could potentially generate substantial royalties; these partners could behave in such ways which could cause damage to the Group's activities and financial results. The Group cannot be certain that its partners will fulfil their obligations. It might be unable to obtain any benefit from those agreements. A default by any of the Group's partners could generate lower revenues than expected. Such situations could have a negative impact on the Group's business, financial position or performance.

The Group expressly disclaims any obligation or undertaking to update or revise any forward looking statements, targets or estimates contained in this press release to reflect any change in events, conditions, assumptions or circumstances on which any such statements are based, unless so required by applicable law.

The Group's business is subject to the risk factors outlined in its registration documents filed with the French Autorité des Marchés Financiers.

For further information:

Media

Didier Véron

Senior Vice-Président, Public Affairs and Communication

Tél.: +33 (0)1 58 33 51 16

Fax: +33 (0)1 58 33 50 58

E-mail: didier.veron@ipsen.com

Brigitte Le Guennec

Media and Public Relations Officer

Tél.: +33 (0)1 58 33 51 17

Fax: +33 (0)1 58 33 50 58

E-mail : brigitte.le.guennec@ipsen.com

Financial Community

Pierre Kemula

Vice President, Corporate Finance, Treasury and Financial Markets

Tél.: +33 (0)1 58 33 60 08

Fax: +33 (0)1 58 33 50 63

E-mail: pierre.kemula@ipsen.com

Stéphane Durant des Aulnois

Investor Relations Officer

Tel.: +33 (0)1 58 33 60 09

Fax: +33 (0)1 58 33 50 63

E-mail: stephane.durant.des.aulnois@ipsen.com

Thomas Peny-Coblentz

Investor Relations Manager

Tél.: +33 (0)1 58 33 56 36

Fax: +33 (0)1 58 33 50 63

E-mail: thomas.peny-coblentz@ipsen.com

APPENDICES

Risk factors

The Group operates in an environment which is undergoing rapid change and exposes its operations to a number of risks, some of which are outside its control. The risks and uncertainties set out below are not exhaustive and the reader is advised to refer to the Group's 2012 Registration Document available on its website www.ipsen.com.

- The Group is faced with uncertainty in relation to the prices set for all its products, in so far as medication prices have come under severe pressure over the last few years as a result of various factors, including the tendency for governments and payers to reduce prices or reimbursement rates for certain drugs marketed by the Group in the countries in which it operates, or even to remove those drugs from lists of reimbursable drugs.
- The Group depends on third parties to develop and market some of its products, which generates or may generate substantial royalties for the Group, but these third parties could behave in ways that cause damage to the Group's business. The Group cannot be certain that its partners will fulfill their obligations. It might be unable to obtain any benefit from those agreements. A default by any of the Group's partners could generate lower revenues than expected. Such situations could have a negative impact on the Group's business, financial position or performance..
- Actual results may depart significantly from the objectives given that a new product can appear to be promising at a development stage, or after clinical trials, but never be launched on the market, or be launched on the market but fail to sell, notably for regulatory or competitive reasons.
- The Research and Development process typically lasts between eight and twelve years from the date of discovery to a product being brought to market. This process involves several stages; at each stage, there is a substantial risk that the Group could fail to achieve its objectives and be forced to abandon its efforts in respect of products in which it has invested significant amounts. Thus, in order to develop viable products from a commercial point of view, the Group must demonstrate, by means of pre-clinical and clinical trials, that the molecules in question are effective and are not harmful to humans. The Group cannot be certain that favorable results obtained during pre-clinical trials will subsequently be confirmed during clinical trials, or that the results of clinical trials will be sufficient to demonstrate the safety and efficacy of the product in question such that the required marketing approvals can be obtained.
- The Group must deal with or may have to deal with competition (i) from generic products, particularly in relation to Group products which are not protected by patents, such as Forlax® and Smecta® (ii), products which, although they are not strictly identical to the Group's products or which have not demonstrated their bioequivalence, may obtain a marketing authorization for indications similar to those of the Group's products pursuant to the bibliographic reference regulatory procedure (well established medicinal use) before the patents protecting its products expire. Such a situation could result in the Group losing market share which could affect its current level of growth in sales or profitability.
- Third parties might claim the benefit of intellectual property rights with respect to the Group's inventions. The Group provides the third parties with which it collaborates (including universities and other public or private entities) with information and data in various forms relating to the research, development, manufacturing and marketing of its products. Despite the precautions taken by the Group with regard to these entities, in particular of a contractual nature, they (or certain of their members or affiliates) could claim ownership of intellectual property rights arising from the trials carried out by their employees or any other intellectual property right relating to the Group's products or molecules in development.
- The Group's strategy includes acquiring companies or assets which may enable or facilitate access to new markets, research projects or geographical regions or enable the Group to realize synergies with its existing businesses. Should the growth prospects or earnings potential of such assets as well as valuation assumptions change materially from initial assumptions, the Group might be under the obligation to adjust the values of these assets in its balance sheet, thereby negatively impacting its results and financial situation.
- The marketing of certain products by the Group has been and could be affected by supply shortages and other disruptions. Such difficulties may be of both a regulatory nature (the need to correct certain technical problems in order to bring production sites into compliance with applicable regulations) and a technical nature (difficulties in obtaining supplies of satisfactory quality or difficulties in manufacturing active ingredients or drugs complying with their technical specifications on a sufficiently reliable and

uniform basis). This situation may result in inventory shortages and/or in a significant reduction in the sales of one or more products. More specifically, in their US Hopkinton facility, Lonza, our supplier of IGF-1 (Increlex® drug substance), is experiencing manufacturing issues with Increlex®. Lonza works closely with the Food and Drug Administration (FDA) to solve these issues. Ipsen is diligently addressing management of the shortage period to reduce its impact on the patients and their families. The supply interruption occurred in mid-June 2013 in the US and is expected in Q3 2013 in Europe and the rest of the world. The Group has no visibility on the resumption of supply before the end of 2013.

- In certain countries exposed to significant public deficits, and where the Group sells its drugs directly to public hospitals, the Group could face discount or lengthened payment terms or difficulties in recovering its receivables in full. The Group closely monitors the evolution of the situation in Southern Europe where hospital payment terms are especially long. More generally, the Group may also be unable to purchase sufficient credit insurance to protect itself adequately against the risk of payment default from certain customers worldwide. Such situations could negatively impact the Group's activities, financial situation and results.
- In the normal course of business, the Group is or may be involved in legal or administrative proceedings. Financial claims are or may be brought against the Group in connection with some of these proceedings. Ipsen Pharmaceuticals, Inc. has received an administrative demand from the United States Attorney's Office for the Northern District of Georgia seeking documents relating to its sales and marketing of Dysport® (abobotulinumtoxinA) for therapeutic use. Ipsen's policy is to fully comply with all applicable laws, rules and regulations. Ipsen is cooperating with the U.S. Attorney's Office in responding to the government's administrative demand.
- The cash pooling arrangements for foreign subsidiaries outside the euro zone expose the Group to financial foreign exchange risk. The variation of these exchange rates may impact significantly the Group's results.

Major developments in the first half 2013

During the first half 2013, major developments included:

- On January 17, 2013 – Teijin Pharma Limited, the core company of the Teijin Group's healthcare business, and Ipsen announced the launch of Somatuline® 60/90/120 mg for subcutaneous injection in Japan for the treatment of acromegaly and pituitary gigantism (when response to surgical therapies is not satisfactory or surgical therapies are difficult to perform). In Japan, Teijin Pharma holds the rights to develop and market the drug.
- On January 24, 2013 – Ipsen and Inspiration Biopharmaceuticals Inc. (Inspiration) announced that they entered into an Asset Purchase Agreement (APA) whereby Baxter International (Baxter) agrees to acquire the worldwide rights to OBI-1, a recombinant porcine factor VIII (rpFVIII) in development for congenital hemophilia A with inhibitors and acquired hemophilia A, and Ipsen's industrial facility in Milford (Boston, MA). The APA was filed on 23 January 2013, with the US Federal Bankruptcy Court in Boston (MA). The sale is a result of joint marketing and sale process pursued by Ipsen and Inspiration shortly after Inspiration filed for protection under Chapter 11 of the U.S. Bankruptcy Code on October 30, 2012. The APA is subject to certain closing conditions, including Bankruptcy Court and regulatory approvals. Ipsen has agreed to extend the DIP to Inspiration for a period of 45 days i.e. for an additional amount of up to c. $5 million.
- On 6 February 2013 – Ipsen and Inspiration Biopharmaceuticals Inc. (Inspiration) announced that they entered into an Asset Purchase Agreement (APA) whereby Cangene Corporation (Cangene) agrees to acquire the worldwide rights to IB1001, a recombinant factor IX (rFIX) for the treatment of hemophilia B. Under the terms of the APA, Cangene has agreed to pay $5.9 million upfront, up to $50 million in potential additional commercial milestones as well net sales payments equivalent to tiered double digit percentage of IB1001 annual net sales. The APA is subject to certain closing conditions including Bankruptcy Court approval.
- On 7 February 2013 – Ipsen and Braintree Laboratories, Inc., a US-based company specializing in the development, manufacturing and marketing of specialty pharmaceuticals announced that Eziclen® / Izinova® (BLI-800) successfully completed its European decentralized registration procedure involving sixteen countries. The product will be indicated in adults for bowel cleansing prior to any procedure requiring a clean bowel (e.g. bowel visualization including bowel endoscopy and radiology or surgical procedure).
- On 20 February 2013 – Ipsen and Inspiration Biopharmaceuticals Inc. (Inspiration) announced the closing of the sale of the proprietary hemophilia B product, IB1001 (recombinant FIX), to Cangene Corporation (Cangene). Ipsen and Inspiration jointly agreed to sell their respective commercialization rights to IB1001 as part of the transaction. Cangene acquired worldwide rights to IB1001, a recombinant factor IX currently under regulatory review in the United States and Europe.
- On 21 March 2013 – Ipsen and Inspiration Biopharmaceuticals Inc. (Inspiration) announced the closing of the sale of its lead hemophilia program, OBI-1 to Baxter International Inc. (Baxter), the global leader in hemophilia. Baxter acquired worldwide rights to OBI-1, a recombinant porcine factor VIII in development for the treatment of congenital hemophilia A with inhibitors and acquired hemophilia A, as well as Ipsen's manufacturing facility for OBI-1 in Milford, MA. The Ipsen employees working on the development and manufacturing of OBI-1 were offered employment by Baxter. Baxter has agreed to pay $50 million upfront, up to $135 million in potential additional development and sales milestones as well as tiered net sales payments ranging from 12.5% to 17.5% of OBI-1 global net sales. OBI-1 is currently in a pivotal trial for the treatment of individuals with acquired hemophilia A. As Inspiration's only senior secured creditor and as the owner of non-Inspiration assets that will be included in the sale of both OBI-1 and IB1001, Ipsen will receive at least 60% of the upfront payments. Over and above these upfront amounts, Ipsen will receive 80% of all payments up to a present value of $304 million and 50% of all proceeds thereafter.
- On 9 April 2013 – Ipsen announced that Health Canada had granted a marketing authorization for Dysport® (Botulinum toxin type A for injection) for the temporary improvement in the appearance of moderate to severe frown lines (glabellar lines) in adult patients younger than 65 years of age. Medicis Aesthetics Canada, a division of Valeant Pharmaceuticals, will market Dysport® for use in aesthetic medicine in Canada.
- On 10 April 2013 – PeptiDream Inc., a Tokyo-based pharmaceutical company (PeptiDream), and Ipsen, a global specialty driven pharmaceutical Group, announced that they have entered into a research

collaboration and license option agreement to discover, evaluate, potentially develop and launch therapeutic peptides to treat serious medical conditions in areas of therapeutic focus for Ipsen.

- On 24 April 2013 – Upon proposal of the Appointments and Governance Committee, the Board of Directors of Ipsen will propose to the Combined Shareholders' Meeting to be held on 31 May 2013 the renewal of the terms of office as Directors of Mr. Antoine Flochel and Mr. Gérard Hauser and the appointment as a Director of Mrs. Martha Crawford in replacement of Mr. Klaus-Peter Schwabe who did not request the renewal of his term of office.
- On 25 April 2013 – Ipsen announced that the supplier of Increlex®'s (mecasermin [rDNA origin] Injection) active ingredient, Lonza, was facing manufacturing issues with Increlex® at its Hopkinton site (MA, USA). Lonza has been working closely with the Food and Drug Administration (FDA) to address these issues. Ipsen has been diligently addressing management of the shortage period to reduce its impact on the patients and their families. The supply interruption occurred in mid-June 2013 in the US and in Q3 2013 in Europe and the rest of the world. Re-supply before the end of 2013 is not currently anticipated.
- On 25 April 2013 – Active Biotech and Ipsen announced that the companies have updated the analysis plan for the 10TASQ10 trial, a global Phase III clinical trial evaluating tasquinimod in patients with metastatic castrate-resistant prostate cancer (mCRPC) who have not yet received chemotherapy. The companies now plan to conduct the primary PFS analysis for the 10TASQ10 trial in 2014, at the same time as the first interim overall survival (OS) analysis. The time point for the OS interim analysis will be driven by the number of OS events. The specified number of radiographic progression-free survival (PFS) events for the primary end-point will have been exceeded at the time of interim OS analysis.
- On 14 June 2013 – Ipsen announced that, as part of the accelerated execution of its strategy in the USA, the Group adopted a new organizational model for the distribution of Dysport® in therapeutic indications. With the growing importance of market access and payer driven decisions in healthcare, Ipsen is shifting its business model toward account management in the USA. As such, the Dysport® sales force has been optimized and refocused on key accounts, which will allow us to better serve physicians and patients. The costs linked to this reorganization are not expected to be material for the Group.
- On 17 June 2013 – Ipsen announced the results of an international phase IIIB study, PRIMARYS, assessing an investigational use of Somatuline® Autogel® (lanreotide) 120mg as first line therapy in newly diagnosed acromegaly patients with a macroadenoma. While PRIMARYS did not meet statistical significance with respect to its primary efficacy endpoint, investigators observed clinically relevant tumor volume reductions, in a majority of patients. Data from secondary biomarker endpoints of growth hormone (GH) and insulin-like growth factor-1 (IGF-1) levels were further supportive of these findings. Baseline GH level was the main factor identified as potential predictor for tumor response to primary therapy. Data were presented at the Endocrine Society annual congress (ENDO Congress, San Francisco, USA) on June 16t^{h}, 2013. PRIMARYS is the first study of a somatostatin analogue in such a large and homogeneous population (90 treatment-naïve acromegalic patients with macroadenoma) to evaluate tumor volume reduction as the primary endpoint using Magnetic Resonance Imaging (MRI) with a very robust and unique methodology for central assessment.

After 30 June 2013, major developments included:

- On 11 July 2013 – Ipsen announced results from the primary endpoint of the CLARINET study, assessing the effect of Somatuline® Autogel® 120 mg on tumor progression-free survival in patients with GEP-NETs. Treatment with Somatuline® Autogel® 120mg was found to be statistically significantly superior to placebo in extending time to either disease progression or death. The safety profile observed in the study is consistent with the known safety profile of Somatuline®. Comprehensive results from this study will be disclosed at the annual meeting of the European Society of Medical Oncology (ESMO) (Sept. 27 – Oct. 1, 2013). CLARINET provides medically important results as it is the first large scale placebo-controlled randomized study to demonstrate the antitumoral activity of a somatostatin analog in non-functioning GEP-NETs.
- On 15 July 2013 – Ipsen announced the closing of the acquisition of Syntaxin, a UK-based private life sciences company specialized in botulinum toxin engineering. Under the terms of the agreement, Ipsen will pay €28 million upfront, as well as further contingent payments that could reach €130 million or more depending on the achievement of development and commercial milestones. Furthermore, Syntaxin's shareholders will receive the greater part of additional downstream payments related to the company's most advanced asset, currently in Phase II clinical trials. The transaction fits into Ipsen's

strategy to reinforce its core technological platforms, peptides and toxins. Syntaxin has a wealth of experience in botulinum toxin biology, supported by an extensive patent portfolio – with 75 granted patents and over 130 patents pending. Syntaxin and Ipsen started collaborating in 2010. In 2011, they signed a global strategic partnership to explore the discovery and development of new compounds in the field of recombinant botulinum toxins. Syntaxin's team has used its extensive expertise in the discovery of new therapeutic candidates while Ipsen applied its skills to pharmacological, preclinical and clinical assessment of the compounds. Prior to the transaction, Ipsen owned c.10% of Syntaxin's capital on a fully diluted basis.

- On 15 July 2013 – Ipsen announced that it had initiated a research and development collaboration on novel engineered botulinum toxins with Harvard Medical School (Harvard). Under the terms of the agreement, Ipsen will fund Harvard research for at least three years with the aim to discover, evaluate and develop novel engineered recombinant botulinum toxins for the treatment of serious neurologic diseases. The collaboration will combine Harvard's discovery platform and botulinum toxins engineering expertise with Ipsen's know-how in drug discovery and pharmaceutical R&D. Ipsen will have exclusive worldwide rights on any candidate recombinant toxin stemming from the collaboration. Ipsen will be responsible for the development and marketing of the new toxins and will make associated upfront, milestones and royalty payments to Harvard.
- On 29 August 2013 – Ipsen announced the departure of Eric Drapé, Executive Vice-President, Technical Operations. Christel Bories, Deputy CEO, will take over his responsibilities on an interim basis.
- On 29 August 2013 – Ipsen and Allergan have signed an agreement to settle their dispute on patents for the therapeutic use of botulinum toxin in urology indications. This agreement will not impact the Group's treasury.

Government measures

In the current context of financial and economic crisis, the governments of many countries in which the Group operates continue to introduce new measures to reduce public health expenses, some of which are affecting the Group sales and profitability in 2013. In addition, certain measures introduced in 2012 have continued to affect the Group's accounts year-on-year.

Measures impacting 2013

In the Major Western European countries:

- In France, Tanakan® was delisted on 1st March 2012. An additional tax on promotional expenses of 0.6% was also introduced. Moreover, sales of Nisis®/Nisisco® and Forlax® were negatively impacted by a step-up in the regulation known as "Tiers-payant" in July 2012, whereby the patient must pay upfront for a branded drug at the pharmacy – when genericized – and is reimbursed only later on. Finally, a 5.5% price decrease on NutropinAq® was imposed by health authorities starting in June 2013;
- In Spain, Tanakan® was delisted on 1st September 2012. The new draft of the Royal Decree that establishes the prices for products more than 10 years old has been issued in March 2013 and affects all the LhRH (*Luteinizing hormone-Releasing Hormone*) analogues. The latter is expected to be enforced in Q3 2013;
- In Italy, the price alignment of LhRH regional tenders is not yet applicable due to the political context.

In the Other European countries:

- In Belgium, a modulated price decrease of 1.95% on reimbursed products has been applicable since 1st April 2013 through the Inami tax;
- In Portugal, new countries were included in the basket for the international reference pricing system, such as Slovakia, Spain and France. For retail products, the rule is to take the average of the basket. For hospital products, the rule is to take the lowest price of the basket effective June 1st 2013. There is no significant impact on Ipsen products. New measures published for 2013 call for a 6.0% price cut on all drugs and for a contribution of the pharmaceutical industry to the decrease of healthcare spending through the setup, by every pharmaceutical company, of a provision fund equal to 2.0% of sales;
- In Latvia, a national tender for LhRH analogues was put in place by local authorities in order to avoid parallels trades;
- In Czech Republic, VAT on drugs was increased from 14% to 15% in January 2013. New prices were published on 1st January 2013. They stem from the international reference pricing system (average of the 3 lowest prices in EU 18). Moreover, since January 2013, Growth Hormones are no longer considered a hospital product and are now subject to price revisions;
- In Slovakia, new prices were published on 1st March 2013. They were the result of the international reference pricing system based on the 2nd lowest price prevailing in the EU 27. Another price bulletin was published on 1st June 2013. Prices will be based on the average of the 3 lowest prices in the EU 27;
- In Greece, the new reimbursement list based on hybrid ATC4 classification and patient co-payment amounts was implemented, replacing the former reimbursement rule. A new price bulletin was published on 1st April 2013 impacting all LhRH analogues;
- In Finland, a general price cut of 5% was applied on all drugs on 1st February 2013;
- In the Netherlands, the NZA (Dutch health authority) transferred the budget for Growth Hormones from retail to hospital and introduced a new reimbursement system on 1st January 2013. The publication of the list containing the next wave of drugs to move to hospital budget was officially delayed;

- In Poland, new reimbursement limits were set after the launch of a competing product to Decapeptyl®. They led to the introduction of patient co-payments since 1st January 2013 and thus to a general price decrease by the industry as a way of compensating;
- In Romania, whereas prices are revised annually in March, the MoH has decided to maintain a price freeze of medicines for a further period of 3 months until 30 September 2013, while the pricing methodology for new products that will apply for price setting will remain unchanged.

In the Rest of the World:

- China is still working on its international reference pricing system, which would include ten countries such as the USA, France, Germany, South Korea and Japan. However, there is no sign of further implementation or control at this time. In April 2013, Tanakan® was included on the Essential Drug List, a decision usually accompanied by a strong price decrease that can range from 10% to 30%;
- In Algeria, a risk of class referencing on the GnRH (*Gonadotropin-Releasing Hormone*) analogues category remains, which could result in price decreases;
- In Colombia, drug prices have become a priority for Health Authorities further to the international reference pricing system introduced in mid-2012. In this context, at the end of July, the technical group of the national price commission of drugs published a list of 195 brands of high-cost drugs, including Somatuline®, which prices will be capped.

Furthermore, and in the context of the financial and economic crisis, governments of many countries in which the Group operates continue to introduce new measures to reduce public health expenses, some of which will affect the Group sales and profitability beyond 2013.

Measures which may have impacts beyond 2013

In the Major Western European countries:

- In France, the taxable basis taken into consideration for the promotion tax was significantly extended to institutional communication and congresses by a decree published in December 2012;
- In Italy, the cap for pharmaceutical hospital expense has been increased from 2.4% to 3.5% of hospital expenditure. In addition, pharmaceutical companies will have to pay 50.0% of any extra expenditure beyond this cap level;
- In the UK, the NHS is looking closely at proposals around value based pricing, which the Government plans to introduce from January 2014. Value based pricing will cover new medicines and a successor scheme to the current PPRS (*Pharmaceutical Price Regulation Scheme*) agreement will also be validated.

In the Other European countries:

- In Portugal, the outcome of negotiations between the pharmaceutical industry and the Ministry of Health on the reimbursement threshold borne by the industry is expected soon. The final 2012 reimbursement amount is not yet confirmed, nor is the 2013 threshold. The final agreement will very much depend on the drug value expenditure to be reached in 2013 as a percentage of GDP;
- In Greece, claw-back will potentially be adjusted by year-end and the target set by the Ministry of Health for 2013 currently stands at €2.44 billion. The government is aiming at €2 billion for 2014;
- In Belgium, the international reference pricing system was updated with new rules and a reference basket of 6 countries (France, Germany, the Netherlands, Austria, Ireland and Finland). The system has not yet been implemented;
- In Russia, within the frame of the healthcare reform, health authorities are considering a possible change in the price-setting methodology for drugs on the Essential Drug List (EDL). In the future, registered prices for drugs on the EDL should be set as the weighted average price of all drugs with the same International Non-proprietary Name (INN);
- In Croatia, Czech Republic replaced France in the basket of countries included in the international reference pricing system;

- In Slovenia, therapeutic reference pricing was introduced in June 2013 but does not yet apply.

In the Rest of the World:

- In Latin America, twelve countries (Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Guyana, Paraguay, Peru, Surinam, Uruguay, and Venezuela) agreed to create a regional drug-pricing database in order to harmonize drug prices in the region. At this stage, there has been no new announcement regarding this project.

Comparison of consolidated sales for the second quarters and first halves 2013 and 2012:

Note: Unless stated otherwise, all variations in sales are stated excluding foreign exchange by restating the H1 2012 figures with the H1 2013 average exchange rate

Sales by geographical area

Group sales by geographical area in the second quarters and first halves 2013 and 2012 were as follows:

	2nd quarter				First half			
(in million euros)	2013	2012	% Variation	% Variation at constant currency	2013	2012	% Variation	% Variation at constant currency
France	55.0	64.7	-15.0%	-15.0%	113.6	133.1	-14.7%	-14.7%
United Kingdom	14.5	14.9	-2.5%	1.9%	27.6	27.7	0.0%	3.3%
Spain	14.1	15.4	-8.6%	-8.6%	28.5	30.4	-6.2%	-6.2%
Germany	22.4	19.9	12.8%	12.8%	42.9	38.2	12.4%	12.4%
Italy	23.3	22.1	5.5%	5.5%	44.3	43.2	2.5%	2.5%
Major Western European countries	**129.2**	**136.9**	**-5.6%**	**-5.1%**	**256.8**	**272.4**	**-5.7%**	**-5.4%**
Eastern Europe	47.1	47.4	-0.6%	0.5%	93.1	90.0	3.4%	4.2%
Others Europe	38.9	35.3	10.1%	10.2%	74.6	69.7	7.1%	6.9%
Other European Countries	**86.0**	**82.7**	**4.0%**	**4.7%**	**167.7**	**159.8**	**5.0%**	**5.4%**
North America	**19.3**	**19.9**	**-3.2%**	**-1.3%**	**36.5**	**36.3**	**0.6%**	**2.3%**
Asia	45.8	49.7	-7.9%	-8.7%	85.1	78.4	8.6%	7.8%
Other countries in the rest of the world	46.7	47.8	-2.3%	-0.6%	87.4	82.9	5.4%	8.0%
Rest of the World	**92.5**	**97.5**	**-5.2%**	**-4.8%**	**172.5**	**161.3**	**7.0%**	**7,9%**
Group Sales	**327.0**	**337.0**	**-3.0%**	**-2.4%**	**633.6**	**629.8**	**0.6%**	**1.2%**
Of which: Total Drug Sales	**316.9**	**327.6**	**-3.3%**	**-2.7%**	**614.2**	**612.0**	**0.4%**	**0.9%**
Drug-related Sales*	**10.1**	**9.4**	**7.8%**	**8.9%**	**19.4**	**17.8**	**9.1%**	**10.1%**

* Active ingredients and raw materials

In the second quarter 2013, sales generated in the **Major Western European countries** amounted to €129.2 million, down 5.1% year-on-year. In the first half 2013, sales generated in the major Western European countries amounted to €256.8 million euros, down 5.4% year-on-year. The growth of specialty care products was more than offset by the consequences of a tougher competitive environment in the French primary care market and administrative measures in Spain. Sales in the Major Western European countries represented 40.5% of total Group sales in the first half 2013, compared to 43.3% the previous year.

France – In the second quarter 2013, sales reached €55.0 million, down 15.0% year-on-year. In the first half 2013, sales reached €113.6 million, down 14.7% year-on-year, penalized by the accelerating decline of primary care sales. The solid performance of Smecta®, resulting from a more widespread gastroenteritis epidemic than last year, was not sufficient to fully offset the decrease in sales of other primary care products. Sales of Nisis®/Nisisco® declined following the arrival of generics in November 2011. Sales of Tanakan® were impacted by the product delisting since March 2012 and by the launch of a competitive product (ginkgo biloba extract as well) in March 2013. Additionally, since July 2012, sales of the Group's genericized drugs (Nisis®/Nisisco® and Forlax®) were negatively impacted by the step-up of the regulation known as "Tiers-Payant[1]". Despite the strong volume growth of Somatuline® and NutropinAq®, sales of specialty care products were slightly down in the first half 2013, mainly impacted by the decline in Decapeptyl® sales, partly arising from the collateral effects of the current sales force restructuring. Consequently, the relative weight of France in the Group's consolidated

[1] With the "Tiers-Payant" regulation, the patient now pays upfront for a branded drug and is reimbursed only later on

sales continued to decrease, representing 17.9% of total Group sales compared to 21.1% the previous year.

United Kingdom – In the second quarter 2013, sales reached €14.5 million, up 1.9% year-on-year. In the first half 2013, sales reached €27.6 million, up 3.3%, notably fuelled by the double-digit volume growth of Decapeptyl® and by the launch of Hexvix® in June 2013. In the first half 2013, the United Kingdom represented 4.4% of total Group sales, a ratio in line with the previous year.

Spain – In the second quarter 2013, sales reached €14.1 million, down 8.6% year-on-year. In the first half 2013, sales reached €28.5 million, down 6.2% year-on-year. Over the period, sales were impacted by the significant decline of the Spanish pharmaceutical market, which notably affected Decapeptyl® sales. Moreover, the delisting of Tanakan® since 1st September 2012 together with the change in the commercial model negatively impacted the product's sales. In the first half 2013, sales in Spain represented 4.5% of total Group sales, compared to 4.8% the previous year.

Germany – In the second quarter 2013, sales reached €22.4 million, up 12.8% year-on-year. In the first half 2013, sales reached €42.9 million, up 12.4% year-on-year, driven by strong volume growth of Somatuline® and NutropinAq® as well as by the solid sales growth of Decapeptyl® and Hexvix®. In the first half 2013, sales in Germany represented 6.8% of total Group sales, compared to 6.1% the previous year.

Italy – In the second quarter 2013, sales reached €23.3 million, up 5.5% year-on-year. In the first half 2013, sales reached €44.3 million, up 2.5% year-on-year, driven by the volume growth of Decapeptyl® and Somatuline®. The strong sales growth of Forlax® in the second quarter offset the delay in the first quarter due to a change in the distribution model. In the first half, sales in Italy represented 7.0% of total Group sales, compared to 6.9% the previous year.

In the second quarter 2013, sales generated in the **Other European countries** reached €86.0 million, up 4.7% year-on-year. In the first half 2013, sales reached €167.7 million euros, up 5.4% year-on-year. Sales growth was mainly driven by Russia where both primary and specialty care (notably Dysport® and Decapeptyl®) performed well despite an unfavorable comparison base resulting from an important tender offer activity in the first half 2012. Restated from these items, sales generated in the Other European countries were up 8.1% year-on-year. In the first half 2013, sales in this region represented 26.5% of total consolidated Group sales, compared to 25.4% the previous year.

In the second quarter 2013, sales generated in **North America** reached €19.3 million, down 1.3% year-on-year. Sales were particularly impacted by the Increlex® supply interruption, which occurred mid-June. In the first half 2013, sales reached €36.5 million, up 2.3% year-on-year. In 2012, sales were notably boosted by the recognition of the pediatric use of Increlex® by the Centre for Medicare and Medicaid Services, allowing for a reduced compulsory rebate on the product (from 23% to 17%). Restated from the above, sales were up 5.5%, driven by the continuous penetration of Somatuline® in acromegaly, where the product exceeded 50% market share[1]. Sales of Dysport® in therapeutic grew double digit, offset by a decline in the sales to our partner in North America following its acquisition in 2012. Sales in North America represented 5.8% of total consolidated Group sales, a stable ratio year-on-year.

In the second quarter, sales generated in the **Rest of the World** reached €92.5 million, down 4.8% year-on-year, notably impacted by an exceptional political situation in certain Middle Eastern countries where Ipsen, in the absence of payment guarantees, has stopped supplying its products since the end of the first quarter. Restated from the above, growth in the Rest of the World was 0.6% in the second quarter. Moreover, in China, Ipsen established that distributors' stocks for Decapeptyl® were too high at the end of the first quarter 2013. Consequently, the Group decided to limit its sales to distributors in the second quarter. In the first half 2013, sales reached €172.5 million, up 7.9% year-on-year or 7.0% at current exchange rate. In the first half 2012, sales included the following effects: in Australia, the Group built a stock following the agreement signed with Galderma in April 2012; in Vietnam, some orders were brought forward in anticipation of the expiration of primary care import licenses; while in China, the destruction of Etiasa® inventory was observed. Restated from all the aforementioned items, sales grew 13.9% at current exchange rate, to be compared to the 7.0% figure mentioned above. In the first half 2013, sales in the Rest of the World continued to grow to reach 27.2% of total consolidated Group sales, compared to 25.6% the previous year.

[1] US market share of Somatuline® in the sales of Somatostatin Analogs for acromegaly

Sales by therapeutic area and by product

The following table shows sales by therapeutic area and by product for the second quarters and first halves 2013 and 2012:

	2nd quarter				First half			
(in million euros)	2013	2012	% Variation	% Variation at constant currency	2013	2012	% Variation	% Variation at constant currency
Uro-oncology	**80.3**	**91.1**	**-11.9%**	**-11.8%**	**154.6**	**162.1**	**-4.7%**	**-4.6%**
of which Hexvix®	3.4	3.0	12.9%	12.9%	7.4	6.0	23.3%	23.3%
of which Decapeptyl®	76.9	88.1	-12.7%	-12.7%	147.1	156.1	-5.7%	-5.7%
Endocrinology	**82.3**	**80.4**	**2.4%**	**2.9%**	**164.2**	**154.4**	**6.3%**	**6.7%**
of which Somatuline®	61.9	58.6	5.6%	6.0%	123.4	113.3	8.9%	9.2%
of which NutropinAq®	15.1	13.4	12.4%	12.6%	29.2	26.5	10.0%	10.1%
of which Increlex®	5.4	8.4	-35.7%	-35.0%	11.7	14.6	-20.0%	-19.3%
Neurology	**69.8**	**65.8**	**6.1%**	**8.5%**	**130.6**	**123.2**	**6.0%**	**8.4%**
of which Dysport®	69.7	65.7	6.1%	8.5%	130.5	123.1	6.0%	8.4%
Specialty Care	**232.4**	**237.3**	**-2.1%**	**-1.3%**	**449.4**	**439.8**	**2.2%**	**3.0%**
Gastroenterology	**60.4**	**53.8**	**12.3%**	**11.9%**	**114.0**	**98.3**	**16.0%**	**15.7%**
of which Smecta®	32.1	27.9	15.2%	14.5%	61.7	54.5	13.3%	12.9%
of which Forlax®	11.8	10.8	9.7%	9.4%	20.7	20.7	0.0%	-0.2%
Cognitive disorders	**15.3**	**21.9**	**-30.3%**	**-29.8%**	**32.7**	**44.9**	**-27.2%**	**-26.8%**
of which Tanakan®	15.3	21.9	-30.3%	-29.8%	32.7	44.9	-27.2%	-26.8%
Cardiovascular	**6.0**	**11.4**	**-47.6%**	**-47.6%**	**12.2**	**22.4**	**-45.8%**	**-45.8%**
of which Nisis® & Nisisco®	2.1	6.8	-69.2%	-69.2%	4.1	13.7	-70.3%	-70.3%
of which Ginkor®	3.5	4.0	-12.9%	-12.8%	7.6	7.1	7.0%	7.1%
Other Primary Care	**2.8**	**3.2**	**-11.6%**	**-11.6%**	**5.9**	**6.5**	**-9.2%**	**-9.2%**
of which Adrovance®	2.6	3.0	-11.3%	-11.3%	5.2	6.0	-12.9%	-12.9%
Primary Care	**84.5**	**90.3**	**-6.5%**	**-6.5%**	**164.8**	**172.2**	**-4.3%**	**-4.3%**
Total Drug Sales	**316.9**	**327.6**	**-3.3%**	**-2.7%**	**614.2**	**612.0**	**0.4%**	**0.9%**
Drug-related Sales*	**10.1**	**9.4**	**7.8%**	**8.9%**	**19.4**	**17.8**	**9.1%**	**10.1%**
Group Sales	**327.0**	**337.0**	**-3.0%**	**-2.4%**	**633.6**	**629.8**	**0.6%**	**1.2%**

* Active ingredients and raw materials

In the second quarter 2013, sales of **Specialty Care products** reached €232.4 million, down 1.3% year-on-year. In the first half 2013, sales reached 449.4 million, up 3.0% or 2.2% at current exchange rate. Sales in Neurology and Endocrinology grew by respectively 8.4% and 6.7% while sales in Uro-oncology were down 4.6% year-on-year. Sales growth was notably impacted by the 2012 base effects mentioned above. Restated from these items and from the Middle East effect mentioned above, specialty care sales were up 6.5%. In the first half 2013, the relative weight of specialty care products continued to increase to reach 70.9% of total Group sales, compared to 69.8% the previous year.

In Uro-oncology, sales of **Decapeptyl®** reached €76.9 million in the second quarter 2013, down 12.7% year-on-year, notably penalized by an exceptional political situation in certain Middle Eastern countries where Ipsen, in the absence of payment guarantees, has stopped supplying its products since the end of the first quarter. Moreover, in China, Ipsen established that distributors' stocks for Decapeptyl® were too high at the end of the first quarter 2013. Consequently, the Group decided to limit its sales to distributors in the second quarter. In the first half 2013, sales reached €147.1 million, down 5.7%. Restated from the tender offer activity in Russia in 2012 and the situation in the Middle East in 2013, sales declined 1.7%. This decrease took place in a strained environment in Europe, negatively impacted by a more frequent use of co-payment, a contracting pharmaceutical market in Southern Europe and a slowdown in the growth of

Eastern European countries. In France, beyond the market fall of LhRH, Decapeptyl® sales were impacted by the consequences of the current sales force restructuring in primary care. Finally, the competitive environment is getting tougher in China with the launch of new local competitors. In the first half 2013, sales of **Hexvix®** amounted to €7.4 million, mostly generated in Germany. In the first half 2013, sales in Uro-oncology represented 24.4% of total Group sales, compared to 25.7% the previous year.

In Endocrinology, sales continued to grow, reaching €82.3 million in the second quarter 2013, up 2.9% year-on-year. In the first half 2013, sales reached €164.2 million, up 6.7%, and represented 25.9% of total Group sales, compared to 24.5% in the previous year.

Somatuline® – In the second quarter 2013, sales reached €61.9 million, up 6.0% year-on-year. In the first half 2013, Somatuline® sales reached €123.4 million, up 9.2% year-on-year, driven by strong growth in the United States where Somatuline® now boasts over 50% market share[1] in acromegaly, in Germany, France and Latin America.

NutropinAq® – In the second quarter 2013, sales reached €15.1 million, up 12.6% year-on-year. In the first half 2013, sales of NutropinAq® reached €29.2 million, up 10.1%, driven by a solid performance in Germany, France, Kazakhstan and the Netherlands.

Increlex® – In the second quarter 2013, sales reached €5.4 million, down 35.0% year-on-year, mainly impacted by the shortage situation effective since mid-June in the United States. Increlex® sales in the first half 2013 reached €11.7 million, down 19.3%, penalized, in addition to the US shortage, by an unfavorable base effect arising from the recognition of the pediatric use of Increlex® by the Centre for Medicare and Medicaid Services in June 2012.

In Neurology, Dysport® sales reached €69.7 million in the second quarter 2013, up 8.5% year-on-year. In the first half 2013, sales reached €130.5 million, up 8.4% or 6.0% at current exchange rate. Neurology sales represented 20.6% of total Group sales in 2013, compared to 19.6% the previous year. Sales performance over the period was impacted by the unfavorable comparison base arising from the 2012 items mentioned above (stock building in Australia following the agreement signed with Galderma in April 2012 and strong tender offer activity in Russia). Restated from those items, Dysport® sales were up 9.7% year-on-year at current exchange rate.

In the second quarter 2013, sales of **Primary Care products** amounted to €84.5 million, down 6.5% year-on-year, penalized by the tougher competitive environment in France, notably the launch of a competitor to Tanakan® (ginkgo biloba extract) and by the implementation of the regulation known as "Tiers-Payant[2]" in summer 2012. In the first half 2013, sales amounted to €164.8 million, down 4.3% year-on-year. Primary care sales in France represented 31.7% of total Group primary care sales, compared to 41.3% the previous year.

In Gastroenterology, sales reached €60.4 million in the second quarter 2013, up 11.9% year-on-year. In the first half 2013, sales amounted to €114.0 million, up 15.7% year-on-year.

Smecta® – In the second quarter 2013, sales reached €32.1 million, up 14.5% year-on-year. In the first half 2013, Smecta® sales reached €61.7 million, up 12.9%, mainly driven by strong performance in China, Russia, Algeria and France. Smecta® sales represented 9.7% of total Group sales over the period, compared to 8.7% the previous year.

Forlax® – In the second quarter 2013, sales reached €11.8 million, up 9.4% year-on-year. In the first half 2013, sales reached 20.7 million euros, slightly down by 0.2% year-on-year. In the first half 2013, France represented 52.3% of total product sales, compared to 60.0% the previous year.

In the cognitive disorders area, sales of **Tanakan®** in the second quarter 2013 reached €15.3 million euros, down 29.8% year-on-year. Sales in the first half 2013 amounted to €32.7 million, down 26.8% year-on-year, penalized by the delisting of the product in France in March 2012, in Romania in May 2012 and in Spain in September 2012, as well as by the launch in France of a competitive product (ginkgo biloba extract as well) in March 2013 and by orders brought forward in 2012 in Vietnam. In the first half 2013, 27.1% of Tanakan® sales were made in France, compared with 34.9% the previous year.

[1] US market share of Somatuline® in the sales of somatostatin analogs for acromegaly
[2] With the "Tiers-Payant" regulation, the patient now pays upfront for a branded drug and is reimbursed only later on

In the cardiovascular area, sales in the second quarter 2013 amounted to €6.0 million euros, down 47.6% year-on-year. In the first half 2013, sales amounted to €12.2 million, down 45.8% year-on-year, mainly impacted by the 70.3% drop in sales of **Nisis® / Nisisco®** following the entry of generics and a 15% price cut in November 2011, as well as the reinforcement of the "Tiers-payant[1]" regulation in July 2012.

Sales of **Other primary care products** reached €2.8 million in the second quarter 2013, down 11.6% year-on-year. In the first half 2013, sales reached €5.9 million, down 9.2% year-on-year, mainly impacted by the 12.9% decrease in **Adrovance®** sales.

In the second quarter 2013, **drug-related sales (active ingredients and raw materials)** reached €10.1 million, up 8.9% year-on-year. In the second half 2013, sales amounted to €19.4 million, up 10.1% year-on-year.

[1] With the "Tiers-Payant" regulation, the patient now pays upfront for a branded drug and is reimbursed only later on

Comparison of consolidated income statement for the first halves 2013 and 2012

(in million euros)	30 June 2013		30 June 2012 restated [1]		Change
		% sales		*% sales*	
Sales of goods	**633.6**	**100.0%**	**629.8**	**100.0%**	**0.6%**
Other revenues	30.3	4.8%	28.4	4.5%	6.7%
Revenue	**663.9**	**104.8%**	**658.2**	**104.5%**	**0.9%**
Cost of goods sold	(125.2)	-19.8%	(128.9)	-20.5%	-2.9%
Research and development expenses	(124.0)	-19.6%	(118.3)	-18.8%	4.8%
Selling expenses	(229.2)	-36.2%	(228.0)	-36.2%	0.5%
General and administrative expenses	(50.7)	-8.0%	(47.9)	-7.6%	5.9%
Other operating income	2.7	0.4%	2.5	0.4%	7.4%
Other operating expenses	(3.9)	-0.6%	(14.1)	-2.2%	-72.0%
Amortisation of intangible assets	(2.2)	-0.4%	(5.6)	-0.9%	-60.3%
Restructuring costs	1.3	0.2%	(3.9)	-0.6%	-132.9%
Impairment losses	(11.7)	-1.8%	10.8	1.7%	-208.7%
Operating income	**121.0**	**19.1%**	**124.9**	**19.8%**	**-3.1%**
Recurring adjusted operating income [2]	***132.2***	***20.9%***	***130.7***	***20.7%***	***1.2%***
Investment income	7.9	1.2%	0.6	0.1%	-
Financing costs	(1.2)	-0.2%	(1.1)	-0.2%	10.3%
Net financing costs	**6.7**	**1.1%**	**(0.4)**	**-0.1%**	-
Other financial income and expenses	(5.6)	-0.9%	9.3	1.5%	-
Income taxes	(31.8)	-5.0%	(33.9)	-5.4%	-6.3%
Share of profit (loss) from associated companies	0.0	-	0.0	-	
Net profit from continuing operations	**90.3**	**14.3%**	**99.9**	**15.9%**	**-9.6%**
Profit (loss) from discontinued operations	6.2	1.0%	(9.2)	-1.5%	-
Consolidated net profit	**96.5**	**15.2%**	**90.7**	**14.4%**	**6.4%**
– attributable to shareholders of Ipsen S.A.	96.2		90.4		
– attributable to minority interests	0.3		0.3		

[1] The 30 June 2012 income statement was restated for purposes of comparison between the two half-year periods, in accordance with provisions related to discontinued operations and changes in accounting methods.
[2] See appendix 4.

Sales

In the first half 2013, the Group's consolidated sales reached €633.6 million, up 0.6% year-on-year, or 1.2% excluding foreign exchange impacts (variations excluding foreign exchange impacts are computed by restating the 30 June 2012 consolidated financial statements at 30 June 2013 currency rates).

Other revenues

Other revenues in the first half 2013 amounted to €30.3 million, a 6.7% increase compared to €28.4 million in the first half 2012.

Other revenues break down as follows:

(in million euros)	**30 June 2013**	**30 June 2012 restated [1]**	**Change**	
			in value	*in %*
Breakdown by type of revenue				
- Royalties received	7.7	5.9	1.8	*31.2%*
- Milestone payments - Licensing agreements [2]	11.9	12.3	(0.5)	*-3.9%*
- Other (co-promotion revenues, re-billings)	10.7	10.2	0.5	*5.4%*
Total	**30.3**	**28.4**	**1.9**	***6.7%***

[1] The 30 June 2012 income statement was restated for purposes of comparison between the two half-year periods, in accordance with provisions related to discontinued operations and changes in accounting methods.
[2] Milestone payments relating to licensing agreements are recognized primarily as milestone payments received on a prorata basis over the life of partnership agreements.

- **Royalties received** amounted to €7.7 million in the first half 2013, up 31.2% year-on-year, due to higher royalties paid by the Group's partners in aesthetics.
- **Milestone payments relating to licensing agreements** amounted to €11.9 million, stable year-on-year, mainly generated by the partnerships with Medicis, Menarini, Galderma, and Sanofi.
- **Other revenues** totalled €10.7 million in the first half 2013, versus €10.2 million the previous year. It primarily includes revenues from the Group's co-promotion and co-marketing agreements in France.

Cost of goods sold

In the first half 2013, the cost of goods sold amounted to €125.2 million, representing 19.8% of sales, compared with €128.9 million, or 20.5% of sales, for the same period in 2012.

The favourable product mix related to the increase in the weight of speciality care products, as well as the productivity efforts realised by the Group, helped offset the negative impact of lower Primary Care volumes in France.

Research and development expenses

In the first half 2013, research and development expenses amounted to 124.0 million, representing 19.6% of sales, up €5.7 million compared with June 2012, or 18.8% of sales.

(in million euros)	**30 June 2013**	**30 June 2012 restated [1]**	**Change**	
			in value	*in %*
Breakdown by type of expense				
- Drug-related research and development [2]	(101.8)	(95.5)	(6.2)	*6.5%*
- Industrial development [3]	(18.8)	(19.0)	0.2	*-0.9%*
- Strategic development [4]	(3.5)	(3.8)	0.3	*-9.0%*
Total	**(124.0)**	**(118.3)**	**(5.7)**	***4.8%***

[1] The 30 June 2012 income statement was restated for purposes of comparison between the two half-year periods, in accordance with provisions related to discontinued operations and changes in accounting methods.
[2] Drug-related research & development is aimed at identifying new agents, determining their biological characteristics and developing small-scale manufacturing processes. Pharmaceutical development is the process through which active agents become drugs approved by regulatory authorities. It is also the process used to improve existing drugs and to search for new therapeutic indications for them. Patent-related expenses are included in this type of expense.
[3] Industrial development includes chemical, biotechnical and development-process research costs to industrialise the small-scale production of agents developed by the research laboratories. The role of pharmaceutical development is to lead new product development projects, such as bibliographic research, formulation feasibility studies, method adaptation, method development and validation, and transpositions.
[4] Strategic development includes costs incurred for research into new product licenses and establishing partnership agreements.

- **Drug-related research and development costs** increased 6.5% compared to the previous year. In the first half 2013, the main research and development projects included Dysport® (lower and upper limb spasticity) and the phase II study of tasquinimod.
- **Industrial and strategic development costs** totalled €18.8 million and €3.5 million, respectively. These expenses notably included costs related to the validation of the tasquinimod manufacturing process, as well as the continuation of the rollout of a development platform for toxins, and notably work on a liquid, ready-to-use formulation of Dysport® Next Generation.

Selling, general and administrative expenses

Selling, general and administrative expenses amounted to €279.8 million in the first half 2013, representing 44.4% of sales, up 1.4% compared to the previous year, when they represented €275.9 million, or 43.8% of sales.

The table below provides a comparison of selling, general and administrative expenses in the first halves 2013 and 2012:

(in million euros)	**30 June 2013**	**30 June 2012 restated** [1]	**Change**	
			in value	*in %*
Breakdown by type of expense				
Royalties paid	(27.3)	(26.0)	(1.3)	4.9%
Other sales and marketing expenses	(201.9)	(202.0)	0.1	-0.1%
Selling expenses	(229.2)	(228.0)	(1.1)	0.5%
General and administrative expenses	(50.7)	(47.9)	(2.8)	5.9%
Total	**(279.8)**	**(275.9)**	**(4.0)**	**1.4%**

[1] The 30 June 2012 income statement was restated for purposes of comparison between the two half-year periods, in accordance with provisions related to discontinued operations and changes in accounting methods.

– **Selling expenses** amounted to €229.2 million, or 36.2% of sales in the first half 2013, up 0.5% compared to the previous year, when they reached €228.0 million, or 36.2% of sales.
  - In the first half 2013, royalties paid to third parties on sales of products marketed by the Group totalled €27.3 million, up 4.9% year-on-year. The increase was primarily driven by higher sales of certain specialty care products.
  - Other sales and marketing costs amounted to €201.9 million, or 31.9% of sales, stable year-on-year. This performance stemmed primarily from the Group's productivity and selective resource-allocation efforts.

– **General and administrative expenses** were up 5.9% in the first half 2013 to reach €50.7 million. The increase was mainly fuelled by initiatives undertaken to accelerate strategy execution.

Other operating income and expenses

Other operating income amounted to €2.7 million in the first half 2013, compared to €2.5 million the previous year.

Other operating expenses reached €3.9 million, versus €14.1 million the prior year. At 30 June 2012, other operating expenses included non-recurring costs related to the implementation of the strategy announced on 9 June 2011, the settlement of a trade dispute with a partner and an administrative procedure involving the Group.

At 30 June 2013, other operating income and expenses primarily included revenues and costs from the sublease of the headquarters.

Amortisation of intangible assets

In the first half 2013, amortization charges of intangible assets amounted to €2.2 million, compared to €5.6 million the previous year. At 30 June 2012, amortization charges of intangible assets included the accelerated amortisation of the primary care trademark Nisis®/Nisisco®, deprioritized following the arrival of generics on the market.

Restructuring costs

In the first half 2013, the Group recorded a €1.3 million profit in the "Restructuring costs" line item after reversing a provision in France that more than offset restructuring costs in the United States. At 30 June 2012, restructuring costs amounted to €3.9 million.

In June 2013, as part of its effort to accelerate the execution of its strategy in the United States, the Group adopted a new key account management organisational model for the distribution of Dysport® in therapeutic indications in the US market. The decision was based on the growing importance of payer driven decision-making and new market access conditions in healthcare. Accordingly, Dysport® sales force was optimized and refocused to better serve physicians and patients.

Consequently, the Group recognised non-recurring costs of €4.3 million at 30 June 2013, which primarily included compensation-related expenses for the early termination of employment contracts.

Moreover, at 31 December 2012, the Group recognised a non-recurring provision mainly related to the French primary care restructuring plan, for which labour talks started in the fourth quarter 2012. Following the latest round of negotiations, the provision was adjusted, leading to a reversal in the 30 June 2013 financial statements.

Impairment losses

In the first half 2013, the Group announced that Lonza, the supplier of Increlex®'s active ingredient (mecasermin [rDNA origin]), was experiencing manufacturing issues with Increlex® at its Hopkinton, MA production site in the United States.

The interruption of Increlex® supply began in the United Stated in mid-June, and is anticipated in Europe and the rest of the world in the third quarter 2013. At present, re-supply is not anticipated before the end of 2013.

Furthermore, on 25 July 2013, Lonza announced that it would gradually wind down its Hopkinton site, where Increlex® is produced. Lonza however said that its obligations to customers would not be affected.

In view of the supply interruption and the uncertainty about the date of re-supply, the Group recognised a non-recurring €11.7 million impairment loss on the Increlex® IGF-1 active ingredient at 30 June 2013. With this impairment loss, the carrying value of the IGF-1 active ingredient became zero.

At 30 June 2012, the Group reassessed the value of the Dreux assets and recorded an impairment write-back of €12.5 million, partially offset by an additional impairment loss of €1.7 million on assets related to deprioritized R&D projects.

Operating income

Based on the aforementioned items, the operating income reported in the first half 2013 totalled €121.0 million, or 19.1% of sales, down 3.1% compared to the same period in 2012, when it represented 19.8% of sales.

In the first half 2013, the Group's recurring adjusted operating income[1] amounted to €132.2 million, or 20.9% of consolidated sales, up 1.2% year-on-year.

Operating segments: Operating income by geographical region

Internal Reporting provided to the Executive Committee corresponds to the Group's managerial organisation based on the geographical regions within which the Group operates. Accordingly, operating segments as defined by IFRS 8 equate to long-term groupings of countries.

Operating segments existing at 30 June 2013 were as follows:

- "Major Western European countries": France, Italy, Spain, the United Kingdom and Germany;
- "Other European countries": other Western European countries and Eastern Europe;
- "North America": comprising for the most part the United States and Canada;

[1] The reconciliations of Operating Income and Adjusted Recurring Operating Income at 30 June 2013 and 2012 are presented in appendix 4.

- "Rest of the World": all countries not included in the three preceding operating segments.

The table below provides an analysis of sales, revenues and operating income by geographical region at 30 June 2013 and 2012:

(in millions of euros)	**30 June 2013**		**30 June 2012 restated** [1]		**Change**	
		% sales		*% sales*		*%*
Major Western European countries						
Sales	256.8	*100.0%*	272.4	*100.0%*	(15.6)	*-5.7%*
Revenue	271.7	*105.8%*	288.2	*105.8%*	(16.6)	*-5.7%*
Operating income	102.2	*39.8%*	122.4	*44.9%*	(20.2)	*-16.5%*
Other European countries						
Sales	167.7	*100.0%*	159.8	*100.0%*	8.0	*5.0%*
Revenue	171.9	*102.5%*	162.6	*101.8%*	9.3	*5.7%*
Operating income	78.5	*46.8%*	73.8	*46.2%*	4.7	*6.3%*
North America						
Sales	36.5	*100.0%*	36.3	*100.0%*	0.2	*0.6%*
Revenue	46.4	*126.8%*	45.3	*124.7%*	1.1	*2.3%*
Operating income	4.5	*12.2%*	2.2	*6.1%*	2.3	*102.7%*
Rest of the World						
Sales	172.5	*100.0%*	161.3	*100.0%*	11.2	*7.0%*
Revenue	173.8	*100.7%*	161.6	*100.2%*	12.2	*7.5%*
Operating income	75.1	*43.6%*	66.5	*41.2%*	8.7	*13.1%*
Total allocated						
Sales	633.6	*100.0%*	629.8	*100.0%*	3.8	*0.6%*
Revenue	663.7	*104.7%*	657.7	*104.4%*	5.9	*0.9%*
Operating income	260.4	*41.1%*	264.9	*42.1%*	(4.6)	*-1.7%*
Total unallocated						
Revenue	0.3	-	0.5	-	(0.2)	*-43.4%*
Operating income	(139.4)	-	(140.1)	-	0.7	*-0.5%*
Group total						
Sales	633.6	*100.0%*	629.8	*100.0%*	3.8	*0.6%*
Revenue	663.9	*104.8%*	658.2	*104.5%*	5.7	*0.9%*
Operating income	121.0	*19.1%*	124.9	*19.8%*	(3.9)	*-3.1%*

[1] The 30 June 2012 income statement was restated for purposes of comparison between the two half-year periods, in accordance with provisions related to discontinued operations and changes in accounting methods.

- **In the major Western European countries,** sales amounted to €256.8 million in the first half 2013, down 5.7% year-on-year. The sales growth of specialty care products was more than offset by the consequences of an increasingly competitive environment in Primary care in France and government measures in Spain. As a result, sales in the major Western European countries accounted for 40.5% of consolidated sales in the first half 2013, compared with 43.3% the prior year. The cost of goods sold fell 11.1% year-on-year primarily due to the effects of a favourable product mix from the increase in sales of speciality care products, coupled with the Group's productivity efforts, which helped offset the negative impact of lower primary care volumes in France. Operating income in the first half 2013 amounted to €102.2 million, down 16.5% year-on-year, representing 39.8% of sales, compared to 44.9% in the first half 2012.
- **In Other European countries** (other Western European countries and Eastern Europe), sales amounted to €167.7 million in the first half 2013, up 5.0%. Sales growth was mainly driven by Russia where both primary and specialty care (notably Dysport® and Decapeptyl®) performed well despite an unfavourable comparison base resulting from an important tender offer activity in the first half 2012. Restated from these items, sales generated in the Other European countries were up 8.1% year-on-year. In the first half 2013, sales in this region represented 26.5% of total consolidated Group sales, compared to 25.4% the previous year. Selling expenses for the Rest of Europe grew proportionally to sales in the first half 2013, amounting to 31.8% of sales, compared to 32.2% for the same period in 2012. Operating income in the first half 2013 amounted to €78.5 million, up 6.3%, compared to €73.8 million the previous year. Operating income represented 46.8% of sales, compared with 46.2% in the first half 2012.
- **In North America,** sales reached €36.5 million, up 0.6% year-on-year. In 2012, sales were notably boosted by the recognition of the pediatric use of Increlex® by the Centre for Medicare and Medicaid Services, allowing for a reduced compulsory rebate on the product (from 23% to 17%). Restated from the above, sales were up 5.5%, driven by the continuous penetration of Somatuline® in acromegaly, where the product exceeded 50% market share[1]. Sales of Dysport® in therapeutics grew double digits, offset by a decline in the sales to our partner in North America following its acquisition in 2012. Sales in North America represented 5.8% of total consolidated Group sales, a stable ratio year-on-year. Operating income in the first half 2013 amounted to €4.5 million, up 102.7% over the €2.2 million generated the previous year. Operating income represented 12.2% of sales in the first half 2013, compared to 6.1% in 2012.
- **In the Rest of the World**, where the Group markets most of its products through agents and distributors, except in a few countries where it has a direct presence, sales amounted to €172.5 million in the first half 2013, up 7.0%. In the first half 2013, sales in the Rest of the World continued to progress to reach 27.2% of total consolidated Group sales, compared to 25.6% the previous year. In the first half 2012, sales benefited from a number of effects: in Australia, Galderma built a stock following the agreement signed with Ipsen in April 2012; in Vietnam, some orders were brought forward in anticipation of the expiration of primary care import licenses; while in China, the destruction of Etiasa® inventory was observed. Restated from all the aforementioned items, sales grew 13.9%, to be compared to the 7.0% figure mentioned above. Selling expenses in the first half 2013 were sharply up by 5.2%, mainly as a result of the Group's selective allocation of selling resources to fast growing territories, namely China and Brazil. As such, operating income in the first half 2013 grew 13.1% year-on-year to €75.1 million, or 43.6% of area sales, versus 41.2% the previous year.

▸ **Unallocated operating income** amounted to (€139.4) million, to be compared to (€140.1) million recorded in the first half 2012. It mainly included the Group's central research and development costs for (€101.2) million in 2013 and (€97.0) million in 2012, and to a lesser extent, unallocated general and administrative expenses and other operating income and expenses arising primarily from non-recurring expenses related to the preparation and implementation of the strategy announced on 9 June 2011 and to changes within the Executive Committee.

■ Cost of net financial debt and other financial income and expenses

At 30 June 2013, the Group's financial income amounted to €1.1 million, compared with €8.9 million the previous year.

[1] US market share of Somatuline® in the sales of Somatostatin Analogs for acromegaly

- **The cost of net financial debt** represented an income of €6.7 million, compared with a €0.4 million expense a year earlier. The net income stemmed mainly from a financial gain on the repayment of Debtor-in-Possession (DIP)-type financing granted by Ipsen to Inspiration Biopharmaceuticals Inc. at the end of 2012 following the sale of its hemophilia assets to Baxter and Cangene.
- **Other financial income and expenses** amounted to a €5.6 million charge at 30 June 2013, primarily as a result of a negative €5.0 million foreign exchange impact. In 2012, other financial income and expenses were impacted by the disposal of Spirogen and Vernalis shares, and non-recurring additional payments from the sale of PregLem Holdings SA shares in 2010.

Income taxes

At 30 June 2013, the effective tax rate amounted to 26.0% of profit from continuing operations before tax, compared with an effective tax rate of 25.3% at 30 June 2012. The difference resulted notably from the research tax credit, which despite remaining flat in volume terms from June 2012 to June 2013, increased in relative terms by one percentage point, and a new 3.0% tax implemented in France on dividend payouts that negatively impacted the effective tax rate by 1.6 percentage points. Excluding non-recurring operating, financial and tax items, the Group's effective tax rate amounted to 25.0% in June 2013, compared with 23.3% in June 2012.

Share of profit / loss from associated companies

The Group did not record any share of profit or loss from associated companies in the first half 2013.

Net profit from continuing operations

As a result of the items above, the profit from continuing operations at 30 June 2013 amounted to €90.3 million, down 9.6% from the €99.9 million recorded over the same period in 2012. It represented 13.6% of Group's sales for the period, compared with 15.2% in the first half 2012.

Recurring adjusted[1] profit from continuing operations attributable to shareholders of Ipsen S.A. amounted to €96.2 million at 30 June 2013, compared to €90.4 million the previous year, and up a strong 6.4% year-on-year.

Profit / loss from discontinued operations

In the first six months of 2013, the profit from discontinued operations amounted to €6.2 million, compared to a loss of €9.2 million at 30 June 2012.

On 20 February 2013, Cangene Corporation (Cangene) acquired the worldwide rights to IB1001 (recombinant factor IX). Cangene has agreed to pay $5.9 million upfront, up to $50 million in potential additional commercial milestones as well net sales payments equivalent to tiered double digit percentage of IB1001 annual net sales.

On 21 March 2013, the Group and Inspiration Biopharmaceuticals Inc. announced the closing of the sale of their flagship hemophilia product, OBI-1, to Baxter International Inc. (Baxter), the world leader in the hemophilia market.

The transaction was first announced on 24 January 2013. As part of the deal, the Group and Inspiration jointly agreed to sell their respective OBI-1 rights.

Baxter acquired the worldwide rights to OBI-1, a recombinant porcine factor VIII (rpFVIII) in development for congenital hemophilia A with inhibitors and acquired hemophilia A, and Ipsen's industrial facility in Milford (Boston, MA). Ipsen employees working on the development and production of OBI-1 were offered employment at Baxter.

Under the terms of the deal, Baxter agreed to pay $50 million upfront, as well as potential additional payments contingent on OBI-1 development and commercial milestones. The closing resulted from the joint sale process pursued by Inspiration and Ipsen shortly after Inspiration filed for protection under Chapter 11 of the U.S. Bankruptcy Code on 30 October 2012.

[1] Before non-recurring items. See appendix 4

Ipsen provided Inspiration with $18.4 million in Debtor-in-Possession (DIP) financing to fund Inspiration's operations during the sale process. Upfront payments made by Baxter and Cangene were predominantly used to repay Ipsen's loan.

Hemophilia represented one of Ipsen's four therapeutic areas of focus for resources and investment. Because the activity met the criteria for discontinued operations, its result has been presented as a separate line item in the income statement starting on 31 December 2012.

At 30 June 2013, profit from discontinued operations mainly included the negotiated repayment of advisory fees paid by Ipsen during the joint asset-sale process with Inspiration, and the tax impact related to the compensation paid by the Group to the U.S. affiliate that sold the assets.

Consolidated net profit

As a result of the items above, **consolidated net profit** increased 6.4% to €96.5 million at 30 June 2013 (€96.2 million attributable to shareholders of Ipsen S.A.), compared to €90.7 million at 30 June 2012 (€90.4 million attributable to shareholders of Ipsen S.A). Consolidated net profit represented 14.5% of sales in the first half 2013, compared with 13.8% of sales in the first half 2012.

Recurring adjusted[1] consolidated net profit at 30 June 2013 amounted to €98.8 million, up 14.3% over the €86.4 million recorded the previous year.

Earnings per share

The Group's basic earnings per share at 30 June 2013 amounted to €1.15, up 6.2% compared to the €1.09 recorded the previous year.

The recurring adjusted[1] basic earnings per share attributable to the Group amounted to €1.18, up 14.0% year-on-year.

Milestone payments received in cash but not yet recognised in the Group income statement

At 30 June 2013, the total of milestone payments received in cash by the Group but not yet recognised in the income statement amounted to €137.3 million, down from the €162.7 million collected in the previous year.

The Group recorded no new deferred income from its partnerships in the first half 2013.

These deferred revenues will be recognised in the Group's future income statements as follows:

(in millions of euros)	30 June 2013	30 June 2012 restated (1)
Total *	**137.3**	**162.7**
The deferred income will be recognised over time as follows:		
In the year n	11.8	11.9
In the year n+1	21.6	22.2
In the years n+2 and subsequent	103.9	128.6

** Amounts converted at average exchange rates at 30 June 2013 and 30 June 2012 respectively.*

(1) In accordance with provisions related to discontinued operations, milestone payments have been restated for purposes of comparison between the two half-year periods.

[1] Reconciliations of Operating Income and Adjusted Recurring Operating Income at 30 June 2013 and 2012 are presented in appendix 4.

CASH FLOW AND CAPITAL

The consolidated cash flow statement shows that the Group's operating activities in the first half 2013 generated a net cash flow of €54.5 million, down compared with the €63.2 million generated over the same period in 2012.

Analysis of the cash flow statement

(in millions of euros)	**30 June 2013 [1]**	**30 June 2012 [1]**
- Cash generated from operating activities before changes in working capital requirement	139.9	94.3
- (Increase) / decrease in working capital requirement for operations	(85.3)	(31.2)
Net cash flow from operating activities	54.5	63.2
- Net investments in tangible and intangible assets	(11.8)	(32.5)
- Impact of changes in consolidation scope	-	(28.6)
- Other cash flow from investments	(16.9)	4.8
Net cash provided (used) by investment activities	(28.7)	(56.1)
Net cash provided (used) by financing activities	(20.7)	(68.9)
CHANGES IN CASH AND CASH EQUIVALENTS	**5.1**	**(61.9)**
Opening cash and cash equivalents	**113.3**	**144.8**
Impact of foreign exchange variations	(0.8)	1.3
Closing cash and cash equivalents	**117.6**	**84.2**

[1] The 30 June 2013 consolidated cash flow statement was restated to provide homogenous information for the two half-year periods. The impact of cash flow from operations to be sold or discontinued was broken down and apportioned to the various items on the consolidated cash flow statement as though no impact from operations to be sold or discontinued had been recorded.

Net cash flow from operating activities

In the first half 2013, cash flow from operating activities before changes in working capital requirement amounted to €139.9 million, up compared with the €94.3 million generated the previous year.

Working capital requirement for operating activities amounted to €85.3 million in the first six months of 2013, compared with €31.2 million the previous year. The variation during the first half 2013 was related to the following items:

- Inventories were up sharply in the first half 2013, owing notably to inventory build-ups in fast growing markets such as Russia and China. In addition, production schedules at some manufacturing sites were brought forward, ahead of maintenance and inspection work scheduled for the second half of the year.
- Account receivables increased by €63.7 million in the first half 2013, compared with an increase of €32.2 million at the end of June 2012. This increase was mainly due to payment lags at 30 June, versus 31 December, business growth in the first six months of the year, and payments received at the end of 2012 from the Southern Europe region.
- Trade payables decreased by €20.7 million in the first half 2013, compared with a decrease of €9.3 million at 30 June 2012. The trend was driven primarily by the early 2013 payment of invoices recorded in 2012, a shorter payment schedule at 30 June 2013, and lower spending at the half-year.
- The change in other operating assets and liabilities comprised the use of €34.6 million in the first half 2013, compared with a use of €31.3 million in the first half 2012. Advanced payments to some suppliers, notably in Russia, accounted for the greater share of the amount.
- The change in net tax liability in the first half 2013 represented a source of funds totalling €41.3 million and resulted, on the one hand, from a reimbursement by the tax authorities of an excess

amount of tax paid in France for fiscal 2012, and on the other hand, from the tax owed for the period, net of prepayments made.

- **Net cash flow from investment activities**

In the first half 2013, net cash flow from investment activities represented a net use of funds of €28.7 million, compared to a net use of €56.1 million in the prior year. It included:

- Investments in tangible and intangible assets, net of disposals, amounting to €11.8 million, compared to €32.5 million the previous year. This cash flow mainly included:
  - Acquisition of property, plant and equipment totalling €10.9 million, compared with €18.8 million in the first half 2012. These investments mainly consisted in items required for the maintenance of the Group's industrial facilities and in capacity investments in the Wrexham and Dublin factories;
  - Investments in intangible assets for €1.1 million, compared with €13.7 million in the first half 2012, mainly related to the partnership with Active Biotech for the rights of tasquinimod.
- A €12.0 million decrease in cash from other investment activities, which in the first half of 2012 notably included a CHF12.7 million additional payment following the sale of PregLem shares in 2010.
- An increase in working capital requirement for investment activities, notably arising from the early 2013 payment of debt recognised at the end of 2012 and related to the tasquinimod partnership with Active Biotech.
- In the first half 2013, changes in the scope of consolidation provided no net cash flow, compared with a net cash flow of €28.6 million at 30 June 2012, following the Group's subscription of a convertible bond issued by Inspiration Biopharmaceuticals Inc.

- **Net cash flow from financing activities**

In the first half 2013, the net cash flow from financing activities amounted to €(20.7) million, compared to €(68.9) million the previous year. The year-on-year variation stemmed mainly from the Group's €40.0 million drawdown of a credit line.

Furthermore, over the first half 2013, the Group paid out €66.6 million in dividends to shareholders, up from the €66.4 million paid out the previous year.

Lastly, net cash flow from financing activities included the repayment of €7.1 million in Debtor-In-Possession (DIP) financing previously granted by the Group to Inspiration Biopharmaceuticals Inc., as part of Inspiration's Chapter-11 bankruptcy procedure.

- **Net cash flow from discontinued operations**

At 30 June 2012, cash flow from discontinued operations mainly included payments received from Baxter related to the Group's sale of OBI-1 assets.

APPENDIX 1: Condensed consolidated income statement

(in millions of euros)	**30 June 2013**	**30 June 2012 restated [1]**
Sales of goods	633.6	629.8
Other revenues	30.3	28.4
Revenue	**663.9**	**658.2**
Cost of goods sold	(125.2)	(128.9)
Research and development expenses	(124.0)	(118.3)
Selling expenses	(229.2)	(228.0)
General and administrative expenses	(50.7)	(47.9)
Other operating income	2.7	2.5
Other operating expenses	(3.9)	(14.1)
Amortisation of intangible assets	(2.2)	(5.6)
Restructuring costs	1.3	(3.9)
Impairment losses	(11.7)	10.8
Operating income	**121.0**	**124.9**
Investment income	7.9	0.6
Financing costs	(1.2)	(1.1)
Net financing costs	**6.7**	**(0.4)**
Other financial income and expense	(5.6)	9.3
Income taxes	(31.8)	(33.9)
Share of profit (loss) from associated companies	-	-
Profit/loss from continued operations	**90.3**	**99.9**
Profit/loss from discontinued operations	6.2	(9.2)
Consolidated result	**96.5**	**90.7**
– Attributable to shareholders of Ipsen	96.2	90.4
– Attributable to minority interests	0.3	0.3
Basic earnings per share from continuing operations *(in euros)*	1.08	1.20

[1] The 30 June 2012 income statement was restated for purposes of comparison between the two half-year periods, in accordance with provisions related to discontinued operations and changes in accounting methods.

APPENDIX 2: Condensed consolidated balance sheets before result allocation

(in millions of euros)	**30 June 2013**	**31 December 2012** [(1)]
ASSETS		
Goodwill	299.3	298.2
Other intangible assets	112.4	129.2
Property, plant & equipment	275.4	281.8
Equity investments	12.1	12.0
Investments in associated companies	-	-
Non-current financial assets	-	
Other non-current assets	11.7	18.7
Deferred tax assets	208.7	215.4
Total non-current assets	**919.5**	**955.3**
Inventories	133.4	127.9
Trade receivables	315.9	256.3
Current tax assets	24.0	54.4
Other current assets	55.7	53.6
Current financial assets	1.6	0.5
Cash and cash equivalents	121.2	113.6
Assets of discontinued operations	-	-
Total current assets	**651.9**	**606.3**
TOTAL ASSETS	**1,571.4**	**1,561.7**

EQUITY AND LIABILITIES		
Share capital	84.1	84.3
Additional paid-in capital and consolidated reserves	755.7	846.1
Net profit for the period	96.2	(29.5)
Exchange differences	1.3	1.6
Equity attributable to Ipsen shareholders	**937.4**	**902.5**
Attributable to minority interests	2.3	2.0
Total shareholders' equity	**939.7**	**904.5**
Retirement benefit obligation	41.3	42.5
Provisions	41.2	25.6
Bank loans	40.0	-
Other financial liabilities	14.8	15.9
Deferred tax liabilities	2.9	2.5
Other non-current liabilities	118.7	133.8
Total non-current liabilities	**258.9**	**220.2**
Provisions	44.2	66.2
Bank loans	4.0	4.0
Other financial liabilities	3.7	4.5
Trade payables	138.3	159.8
Current tax liabilities	14.2	3.3
Other current liabilities	164.3	198.3
Bank overdrafts	3.6	0.4
Liabilities of discontinued operations	0.6	0.5
Total current liabilities	**372.9**	**437.0**
TOTAL EQUITY & LIABILITIES	**1,571.4**	**1,561.7**

The balance sheet at 31 December 2012 included restatements related to net liabilities of post-employment benefit plans from changes in accounting methods under IAS 19. The impact of the revised IAS 19 on main balance sheet items at 31 December 2012 included a €21.8-million decrease in equity, which was offset by a €22.6-million increase in provisions for retirement, a €6.7-million decrease in net assets of post-employment benefit plans, and a €7.6-million increase in deferred tax assets.

APPENDIX 3: Condensed consolidated cash flow statement

(in thousands of euros)	30 June 2013			30 June 2012		
	Continuing operations	Operations held for sale / discontinued operations	**Total**	Continuing operations	Operations held for sale / discontinued operations	**Total**
Consolidated net profit	**90,332**	**6,207**	**96,539**	**99,891**	**(9,187)**	**90,704**
Share of profit/loss from associated companies	-	-	-	-	14,155	14,155
Net profit/loss from continuing operations before share of profit/loss from associated companies	**90,332**	**6,207**	**96,539**	**99,891**	**4,968**	**104,859**
Non-cash and non-operating items						
- Amortisation. provisions	18,037	434	18,471	3,622	961	4,583
- Impairment losses	11,712		11,712	(10,770)	-	(10,770)
- Change in fair value of financial derivatives	(1,925)		(1,925)	(2,560)	-	(2,560)
- Net gains or losses on disposals of non-current assets	256	(95)	161	(277)	-	(277)
- Share of government grants released to profit and loss	(26)		(26)	(38)	-	(38)
- Exchange differences	4,764		4,764	(784)	(4,691)	(5,475)
- Change in deferred taxes	7,088	(28)	7,060	866	-	866
- Share-based payment expense	2,540		2,540	1,881	-	1,881
- Gain/loss on sales of treasury shares	135		135	(104)	-	(104)
- Other non-cash items	438		438	1,358	-	1,358
Cash flow from operating activities before changes in working capital requirement	**133,351**	**6,518**	**139,869**	**93,085**	**1,238**	**94,323**
- (Increase)/decrease in inventories	(7,556)	-	(7,556)	(303)	-	(303)
- (Increase)/decrease in trade receivables	(63,746)	-	(63,746)	(32,233)	-	(32,233)
- Increase/(decrease) in trade payables	(20,651)	-	(20,651)	(9,319)	-	(9,319)
- Net change in income tax liability	41,258	-	41,258	39,570	2,379	41,949
- Net change in other operating assets and liabilities	(33,908)	(741)	(34,649)	(27,144)	(4,109)	(31,253)
Change in working capital requirement related to operating activities	**(84,603)**	**(741)**	**(85,344)**	**(29,429)**	**(1,730)**	**(31,159)**
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	**48,748**	**5,777**	**54,525**	**63,656**	**(492)**	**63,164**
Investment in property, plant & equipment	(10,863)	-	(10,863)	(18,758)	-	(18,758)
Investment in intangible assets	(1,082)		(1,082)	(13,721)	-	(13,721)
Proceeds from disposal of intangible assets and property, plant & equipment	143		143	17	-	17
Acquisition of shares in non-consolidated companies	-	-	-	(60)	-	(60)
Convertible bond subscriptions	-	-	-	-	(28,602)	(28,602)
Proceeds of financial assets	-	-	-	12,304	-	12,304
Payments to post-employment benefit plans	(1,198)	-	(1,198)	(959)	-	(959)
Other cash flow related to investment activities	(540)		(540)	1,203		1,203
Deposits	411	-	411	103	-	103
Change in working cap. related to investing activities	(15,568)	-	(15,568)	(7,637)	-	(7,637)
NET CASH PROVIDED (USED) BY INVESTMENT ACTIVITIES	**(28,697)**	**-**	**(28,697)**	**(27,508)**	**(28,602)**	**(56,110)**
Issue of long-term borrowings	40,000	-	40,000	-	-	-
Repayment of long-term borrowings	(179)	-	(179)	(178)	-	(178)
Capital increase by Ipsen	301	-	301	-	-	-
Treasury shares	112	-	112	(1,223)	-	(1,223)
Dividends paid by Ipsen	(66,592)	-	(66,592)	(66,444)	-	(66,444)
Dividends paid by subsidiaries to minority interests	(100)	-	(100)	(1,032)	-	(1,032)
DIP financing	7,066	-	7,066	-	-	-
Deposits received	-	-	-	12	-	12
Change in working cap. related to operating activities	(1,361)	-	(1,361)	(71)	-	(71)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	**(20,753)**	**-**	**(20,753)**	**(68,936)**	**-**	**(68,936)**
CHANGES IN CASH AND CASH EQUIVALENTS	**(702)**	**5,777**	**5,075**	**(32,788)**	**(29,094)**	**(61,882)**
Opening cash and cash equivalents	**113,289**	**-**	**113,289**	**144,831**	**-**	**144,831**
Impact of exchange rate fluctuations	(765)	-	(765)	1,270	-	1,270
Closing cash and cash equivalents	**111,822**	**5,777**	**117,599**	**113,313**	**(29,094)**	**84,219**

APPENDIX 4: Reconciliation of the income statement at 30 June 2013 and the recurring adjusted income statement at 30 June 2013

(in millions of euros)	30 June 2013 Adjusted recurring		Operations held for sale [1]	Impairment losses [2]	Other non-recurring items [3]	30 June 2013	
		% sales					*% sales*
Revenue	**663.9**	**104.8%**	**-**	**-**	**-**	**663.9**	**104.8%**
Cost of goods sold	(125.2)	-19.8%	-	-	-	(125.2)	-19.8%
Research and development expenses	(124.0)	-19.6%	-	-	-	(124.0)	-19.6%
Selling expenses	(229.2)	-36.2%	-	-	-	(229.2)	-36.2%
General and administrative expenses	(50.7)	-8.0%	-	-	-	(50.7)	-8.0%
Other operating income	2.7	0.4%	-	-	-	2.7	0.4%
Other operating expenses	(3.5)	-0.6%	-	-	0.5	(3.9)	-0.6%
Amortisation of intangible assets	(1.9)	-0.3%	-	-	0.3	(2.2)	-0.4%
Restructuring costs	(0.0)	0.0%	-	-	(1.3)	1.3	0.2%
Impairment losses		-	-	11.7		(11.7)	-1.8%
Operating income	**132.2**	**20.9%**	**-**	**11.7**	**(0.5)**	**121.0**	**19.1%**
Financial income/(expense)	**1.1**	**0.2%**	**-**	**-**	**-**	**1.1**	**0.2%**
Income taxes	(34.6)	-5.5%	-	(4.7)	1.9	(31.8)	-5.0%
Share of profit (loss) from associated companies		0.0%	-	-	-		0.0%
Net profit (loss) from continuing operations	**98.8**	**15.6%**	**-**	**7.0**	**1.4**	**90.3**	**14.3%**
Profit (loss) from discontinued operations		0.0%	(6.2)	-	-	6.2	1.0%
Consolidated net profit	**98.8**	**15.6%**	**(6.2)**	**7.0**	**1.4**	**96.5**	**15.2%**
– Attributable to shareholders of Ipsen S.A.	98.5	0.0%	(6.2)	7.0	1.4	96.2	0.0%
- Attributable to minority interests	0.3	0.0%				0.3	0.0%

[1] See above.

[2] Impairment losses recognised during the period are described in the "Impairment losses" paragraph.

[3] Other non-recurring items include primarily fees related to litigation under way and restructuring costs (see note on restructuring-related costs).

Reconciliation of the income statement at 30 June 2012 and the recurring adjusted income statement at 30 June 2012

(in millions of euros)	**30 June 2012 Adjusted recurring**		Impact of acquisitions in North America [2]	Impairment losses [3]	Other non-recurring items [4]	**30 June 2012 restated [1]**	
		% sales					*% sales*
Revenue	**658.2**	**104.5%**				**658.2**	**104.5%**
Cost of goods sold	(128.9)	-20.5%				(128.9)	-20.5%
Research and development expenses	(118.3)	-18.8%				(118.3)	-18.8%
Selling expenses	(228.0)	-36.2%				(228.0)	-36.2%
General and administrative expenses	(47.9)	-7.6%				(47.9)	-7.6%
Other operating income	2.5	0.4%				2.5	0.4%
Other operating expenses	(4.2)	-0.7%			9.8	(14.1)	-2.2%
Amortisation of intangible assets	(2.7)	-0.4%	0.4		2.5	(5.6)	-0.9%
Restructuring costs	(0.0)	0.0%			3.9	(3.9)	-0.6%
Impairment losses	-	0.0%		(10.8)		10.8	1.7%
Operating income	**130.7**	**20.7%**	**0.4**	**(10.8)**	**16.2**	**124.9**	**19.8%**
Financial income/(expense)	**(1.5)**	**-0.2%**			**(10.5)**	**8.9**	**1.4%**
Income taxes	(33.5)	-5.3%	(0.1)	3.9	(3.4)	(33.9)	-5.4%
Share of profit (loss) from associated companies	-	0.0%				-	0.0%
Net profit (loss) from continuing operations	**95.6**	**15.2%**	**0.2**	**(6.9)**	**2.4**	**99.9**	**15.9%**
Profit (loss) from discontinued operations	(9.2)	-1.5%				(9.2)	-1.5%
Consolidated net profit	**86.4**	**13.7%**	**0.2**	**(6.9)**	**2.4**	**90.7**	**14.4%**
– Attributable to shareholders of Ipsen S.A.	86.2		0.2	(6.9)	2.4	90.4	
- Attributable to minority interests	0.3					0.3	

[1] The 30 June 2012 income statement was restated for purposes of comparison between the two half-year periods, in accordance with provisions related to discontinued operations and changes in accounting methods.

[2] Impact of allocating goodwill from Group transactions in North America.

[3] Impairment losses recognised during the period are described in the "Impairment losses" paragraph.

[4] Other non-recurring items included:

- Non-recurring fees incurred as part of executing the strategy announced 9 June 2011,
- Non-recurring restructuring costs arising from the relocation of the Group's North American subsidiary to the East Coast,
- Settlement of a trade dispute with a partner, and
- Administrative proceeding brought against the Group.