2015 HALF YEAR FINANCIAL REPORT

2015 HALF YEAR FINANCIAL REPORT SUMMARY

I. FIRST-HALF 2015 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Consolidated income statement

(in millions of euros)	Notes	30 June 2015	30 June 2014
Sales	4	713.9	638.7
Other revenues	4	38.0	30.1
Revenue		**751.9**	**668.8**
Cost of goods sold		(168.3)	(155.8)
Selling expenses		(259.9)	(211.4)
Research and development expenses		(91.8)	(87.6)
General and administrative expenses		(61.3)	(51.3)
Other core operating income	5	1.9	4.0
Other core operating expenses	5	(4.8)	(4.7)
Core operating income		**167.6**	**162.0**
Other operating income	6	1.4	0.4
Other operating expenses	6	(8.0)	(3.4)
Restructuring costs	7	(0.7)	(12.3)
Impairment losses	8	(57.0)	(0.4)
Operating income	4	**103.4**	**146.3**
Investment income		0.6	0.8
Financing costs		(2.5)	(1.2)
Net financing costs		**(1.9)**	**(0.5)**
Other financial income and expense	9	5.1	(1.7)
Income taxes	10.1	(17.9)	(40.7)
Share of net profit (loss) from entities accounted for using the equity method		1.5	1.2
Net profit (loss) from continuing operations		**90.2**	**104.7**
Net profit (loss) from discontinued operations		0.3	(0.2)
Consolidated net profit		**90.5**	**104.5**
- Attributable to shareholders of Ipsen S.A.		90.1	104.0
- Attributable to non-controlling interests		0.3	0.4
Basic earnings per share, continuing operations (in euro)		1.09	1.27
Diluted earnings per share, continuing operations (in euro)		1.09	1.27
Basic earnings per share, discontinued operations (in euro)		0.00	(0.00)
Diluted earnings per share, discontinued operations (in euro)		0.00	(0.00)
Basic earnings per share (in euro)		1.10	1.27
Diluted earnings per share (in euro)		1.09	1.26

The accompanying notes form an integral part of these condensed consolidated financial statements.

Comprehensive consolidated income statement

(in million euros)	30 June 2014	30 June 2013 restated [1]
Consolidated net profit	**104.5**	**96.5**
Actuarial gains and (losses) on defined benefit plans, net of taxes	(2.6)	(18.3)
Other items of comprehensive income that will not be reclassified to the income statement	**(2.6)**	**(18.3)**
Revaluation of financial derivatives for hedging, net of taxes	(1.2)	-
Foreign exchange differences, net of taxes	5.8	(1.6)
Other items of comprehensive income likely to be reclassified to the income statement	**4.6**	**(1.6)**
Comprehensive income: consolidated net profit and gains and (losses) recognized directly in equity	**106.5**	**76.5**
- Attributable to shareholders of Ipsen S.A.	106.0	76.2
- Minority interests	0.4	0.3

The accompanying notes form an integral part of these condensed consolidated financial statements.

Consolidated balance sheet before allocation of net profit

(in millions of euros)	Notes	30 June 2015	31 December 2014
ASSETS			
Goodw ill	11	336.8	324.4
Other intangible assets	12	105.8	160.9
Property, plant & equipment	13	336.9	309.6
Equity investments	14	53.3	15.0
Investments in companies accounted for using the equity method		15.4	13.7
Non-current financial assets		-	4.2
Deferred tax assets	10.2	225.6	204.6
Other non-current assets	15	14.5	9.3
Total non-current assets		**1,088.2**	**1,041.7**
Inventories	16	107.8	105.5
Trade receivables	16	318.0	243.5
Current tax assets	16	63.2	65.9
Current financial assets		6.1	0.1
Other current assets	16	84.6	67.8
Cash and cash equivalents		92.9	186.3
Assets of disposal group classified as held for sale		-	2.6
Total current assets		**672.6**	**671.6**
TOTAL ASSETS		**1,760.8**	**1,713.3**
EQUITY AND LIABILITIES			
Share capital	17.1	83.1	82.9
Additional paid-in capital and consolidated reserves		902.4	801.7
Net profit (loss) for the period		90.1	153.5
Foreign exchange differences		56.3	27.1
Equity attributable to Ipsen S.A. shareholders		**1,132.0**	**1,065.2**
Equity attributable to non-controlling interests		2.6	2.7
Total shareholders' equity		**1,134.6**	**1,067.9**
Retirement benefit obligation		57.1	59.6
Non-current provisions	18	43.5	42.1
Other non-current financial liabilities	19	10.4	12.1
Deferred tax liabilities	10.2	10.0	5.6
Other non-current liabilities	16	131.0	115.8
Total non-current liabilities		**251.9**	**235.2**
Current provisions	18	6.0	26.0
Current bank loans	19	4.0	4.0
Current financial liabilities	19	3.1	4.0
Trade payables	16	172.5	179.8
Current tax liabilities	16	7.1	4.1
Other current liabilities	16	176.6	186.1
Bank overdrafts		5.1	6.1
Total current liabilities		**374.3**	**410.2**
TOTAL EQUITY & LIABILITIES		**1,760.8**	**1,713.3**

The accompanying notes form an integral part of these condensed consolidated financial statements.

Consolidated statement of cash flow

(in millions of euros)	Notes	30 June 2015	30 June 2014
Consolidated net profit		**90.5**	**104.5**
Share of profit (loss) from companies accounted for using the equity method before impairment losses		(0.8)	0.4
Net profit (loss) before share from companies accounted for using the equity method		**89.6**	**104.9**
Non-cash and non-operating items			
- Depreciation, amortization, provisions		5.8	15.7
- Impairment losses included in operating income and net financial income	8	57.0	0.4
- Change in fair value of financial derivatives		2.6	(0.2)
- Net gains or losses on disposals of non-current assets		0.0	1.3
- Foreign exchange differences		(4.7)	(3.5)
- Change in deferred taxes	10.2	(9.3)	7.1
- Share-based payment expense		1.9	2.3
- (Gain) or loss on sales of treasury shares		0.1	0.0
Cash flow from operating activities before changes in working capital requirement		***143.0***	***128.0***
- (Increase)/decrease in inventories	16	0.6	4.9
- (Increase)/decrease in trade receivables	16	(60.2)	(46.8)
- Increase/(decrease) in trade payables	16	(12.4)	0.2
- Net change in income tax liability	16	5.6	2.6
- Net change in other operating assets and liabilities	16	(40.4)	(34.3)
Change in working capital requirement related to operating activities		***(106.8)***	***(73.3)***
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		**36.2**	**54.7**
Acquisition of property, plant & equipment	4.3	(16.4)	(20.9)
Acquisition of intangible assets	4.3	(5.4)	(3.3)
Proceeds from disposal of intangible assets and property, plant & equipment		0.0	0.1
Acquisition of shares in non-consolidated companies		(31.3)	-
Payments to post-employment benefit plans		(0.5)	(0.4)
Impact of changes in the consolidation scope		-	(3.6)
Other cash flow related to investment activities		(5.3)	(2.0)
Deposits paid		0.4	0.0
Change in working capital related to operating activities		0.4	(1.9)
NET CASH PROVIDED (USED) BY INVESTMENT ACTIVITIES		**(57.8)**	**(32.0)**
Additional long-term borrowings		1.1	82.2
Repayment of long-term borrowings		(3.7)	(3.4)
Capital increase	17.1	2.3	0.6
Treasury shares		(2.0)	(33.4)
Dividends paid by Ipsen S.A.	17.2	(70.0)	(65.5)
Dividends paid by subsidiaries to non-controlling interests		(0.5)	(0.2)
Change in working capital related to operating activities		(1.6)	(0.7)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES		**(74.4)**	**(20.5)**
CHANGE IN CASH AND CASH EQUIVALENTS		**(96.1)**	**2.2**
Opening cash and cash equivalents		**180.1**	**125.4**
Impact of exchange rate fluctuations		3.8	1.4
Closing cash and cash equivalents		**87.8**	**129.0**

The accompanying notes form an integral part of these condensed consolidated financial statements.

Statement of change in consolidated shareholders' equity

(in millions of euros)	Share capital	Share premiums	Consolidated reserves	Reserves related to retirement benefit obligations	Cash flow hedge reserves	Treasury shares	Net profit (loss) for the period	Total Group equity	Equity attributable to non-controlling interests	Total equity
Balance at 1 January 2015	**82.9**	**714.9**	**171.4**	**(29.4)**	**0.8**	**(28.8)**	**153.5**	**1,065.2**	**2.7**	**1,067.9**
Consolidated net profit (loss)	-	-	-	-	-	-	90.1	90.1	0.3	90.5
Gains and (losses) recognized directly in equity [(1)]	-	-	37.7	3.7	3.0	-	-	44.4	0.1	44.5
Consolidated net profit (loss) and gains and losses recognized directly in equity	**-**	**-**	**37.7**	**3.7**	**3.0**	**-**	**90.1**	**134.5**	**0.5**	**135.0**
Allocation of net profit (loss) from the prior period	-	-	153.5	-	-	-	(153.5)	-	-	-
Capital increases (decreases)	0.2	2.2	(0.1)	-	-	-	-	2.3	-	2.3
Share-based payments	-	-	1.9	-	-	2.7	-	4.6	-	4.6
Own share purchases and disposals	-	-	0.1	-	-	(4.8)	-	(4.6)	-	(4.6)
Dividends	-	-	(70.0)	-	-	-	-	(70.0)	(0.5)	(70.5)
Other changes	-	-	0.0	-	-	-	-	0.0	-	0.0
Balance at 30 June 2015	**83.1**	**717.1**	**294.5**	**(25.7)**	**3.8**	**(31.0)**	**90.1**	**1,132.0**	**2.6**	**1,134.6**

[(1)] Detailed in the note "Comprehensive income statement".

(in millions of euros)	Share capital	Share premiums	Consolidated reserves	Reserves related to retirement benefit obligations	Cash flow hedge reserves	Treasury shares	Net profit (loss) for the period	Total Group equity	Equity attributable to non-controlling interests	Total equity
Balance at 1 January 2014	**84.2**	**711.9**	**90.3**	**(20.9)**	**1.9**	**(48.4)**	**152.5**	**971.5**	**2.2**	**973.7**
Consolidated net profit (loss)	-	-	-	-	-	-	104.0	104.0	0.4	104.5
Gains and (losses) recognized directly in equity (1)	-	-	5.8	(2.6)	(1.2)	-	-	2.0	(0.0)	2.0
Consolidated net profit (loss) and gains and losses recognized directly in equity	**-**	**-**	**5.8**	**(2.6)**	**(1.2)**	**-**	**104.0**	**106.1**	**0.4**	**106.5**
Allocation of net profit (loss) from the prior period	-	-	152.5	-	-	-	(152.5)	-	-	-
Capital increases (decreases)	(1.5)	0.6	(49.7)	-	-	51.2	-	0.6	-	0.6
Share-based payments	-	-	2.2	-	-	0.2	-	2.3	-	2.3
Own share purchases and disposals	-	-	0.0	-	-	(34.7)	-	(34.7)	-	(34.7)
Dividends	-	-	(65.5)	-	-	-	-	(65.5)	(0.2)	(65.7)
Other changes	-	-	0.1	-	-	-	-	0.1	-	0.1
Balance at 30 June 2014	**82.8**	**712.4**	**135.6**	**(23.5)**	**0.8**	**(31.8)**	**104.0**	**980.3**	**2.5**	**982.8**

[(1)] Detailed in the note "Comprehensive income statement".

The accompanying notes form an integral part of these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Significant events during the period

1.1 Option to acquire Canbex Therapeutics

On 24 February 2015, the Group announced that Canbex had granted Ipsen an option giving Ipsen the exclusive right to purchase 100% of Canbex shares upon completion of the Phase IIa study of Canbex's lead candidate for the treatment of spasticity in people with multiple sclerosis (MS), known as VSN16R.

Under the financial terms of the agreement, Ipsen paid Canbex a €6.0 million option fee. If Ipsen elects to exercise its option to acquire Canbex at the end of the proof of concept Phase IIa study, Canbex shareholders will be eligible to receive up to an additional €90 million, comprising an acquisition payment, and additional milestone payments contingent on clinical and regulatory achievements. In addition, Canbex shareholders will be eligible to receive royalties on worldwide annual net sales of VSN16R.

The €6.0 million option to purchase Canbex Therapeutics shares was recognized as other non-current assets in the consolidated financial statements at 30 June 2015 (see note 15).

1.2 Development of tasquinimod discontinued in prostate cancer

On 16 April 2015, the Group announced the top line results of the 10TASQ10 clinical study. Although the study showed that tasquinimod reduced the risk of radiographic cancer progression and death compared to placebo, tasquinimod did not extend overall survival in patients with metastatic castration-resistant prostate cancer who had not yet received chemotherapy.

Preliminary efficacy and safety results did not support a positive benefit-risk balance in this population, prompting a decision by Ipsen and Active Biotech to discontinue all studies in prostate cancer.

At 30 June 2015, the Group recognized a €57.0 million loss to impair all intangible assets related to the tasquinimod program. Further, the contracts linking Ipsen and Active Biotech were unwound in full. As a result, the tasquinimod-related gross assets as well as the corresponding impairment losses were derecognized (see notes 6, 8, 12 and 22).

1.3 Acquisition of OctreoPharm Sciences

On 19 May 2015, the Group announced that it would acquire OctreoPharm Sciences, a private German life sciences company focusing on the development of innovative radioactive-labeled compounds for molecular imaging diagnostics and therapeutic applications. Under the terms of the agreement, which is subject to closing conditions, OctreoPharm shareholders are eligible to receive up to a total of approximately €50 million for the purchase of 100% of the company's shares in the form of an upfront payment and downstream payments contingent upon clinical and regulatory milestones.

Ipsen completed its acquisition of OctreoPharm Sciences at 30 June 2015. Due to the closing date, the €31.3 million interest in this company was integrated into investments held by the Group (see note 14).

Note 2. Changes in the scope of consolidation

In March 2015, Syntaxin Limited changed its name to Ipsen Bioinnovation Limited.

The following companies were included in the scope of consolidation at 30 June 2015. They were created by the Group and are 100%-owned and controlled by the Group:

- Ipsen Biopharmaceuticals Canada, Inc.
- Ipsen (Tianjin) Pharmaceutical Trade Co., Ltd

Note 3. Accounting principles and methods, and compliance statement

Preliminary remarks:

All amounts in the Group's condensed consolidated financial statements are expressed in millions of euros, unless otherwise stated.

The closing date of the condensed interim consolidated financial statements is 30 June of each year. Individual statements incorporated into the condensed consolidated financial statements are prepared at the closing date of the condensed consolidated financial statements, i.e. 30 June, and cover the same period.

The condensed consolidated financial statements were approved by the Board of Directors on 30 July 2015.

3.1 General principles and compliance statement

In compliance with regulation n°1606 / 2002 adopted on 19 July 2002 by the European Parliament and the European Council, the Group's consolidated financial statements for the year ending 31 December 2014 were prepared in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union on the date of preparation.

The IFRS as adopted by the European Union differ in certain aspects with the IFRS published by the IASB. Nevertheless, the Group ensured that the financial information for the periods presented would not have been substantially different if it had applied IFRS as published by the IASB.

International accounting standards include International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), as well as the interpretations issued by the Standing Interpretations Committee (SIC), and the International Financial Reporting Interpretations Committee (IFRIC).

The condensed consolidated financial statements at 30 June 2015 were prepared in accordance with IAS 34 - Interim Financial Reporting, as endorsed by the European Union, which requires the disclosure of selected explanatory notes only.

The condensed financial statements do not include all disclosures required for annual financial statements and should therefore be read in conjunction with the consolidated financial statements for year ended 31 December 2014.

All the texts adopted by the European Union are available on the European Commission's website:

http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm

IFRS as applied at 30 June 2015

The condensed consolidated financial statements were prepared in accordance with the accounting principles and methods used by the Group for the 2014 financial statements and described in note 3 to consolidated financial statements for the year ended 31 December 2014. Furthermore, the condensed consolidated financial statements were prepared in compliance with other standards and interpretations in force as of 1 January 2015, with the exception of changes in presentation and the application of the new standards and interpretations described below.

3.2 Changes in presentation

The Group decided from now on to present the re-invoicing of R&D costs as a decrease in the "Research and development costs" line item, instead of "Other revenues". This presentation better reflects the substance of the transactions made with Group partners.

This reclassification had no impact on net profit.

As the amounts were non-material at the consolidated level, the new presentation did not warrant a restatement of the periods presented for purposes of comparison.

3.3 Other standards and interpretations that became applicable as of 1 January 2015

The mandatory standards, amendments and interpretations published by the IASB and applicable as of the 2015 financial year are listed below.

- IFRIC 21 - Levies:

This interpretation provides guidance on when to recognize a liability for a levy imposed by a government, for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

A review of this interpretation showed that its application had a non-material impact on the Group's half-year financial statements, which — consequently — were not restated.

Other amendments of standards became applicable as of 1 January 2015, but had no impact on the Group's half-year or annual financial statements.

3.4 Use of estimates

In the course of preparing its interim financial statements, Ipsen's management made estimates, judgments and assumptions impacting the application of accounting principles and methods as well as the carrying value of assets and liabilities and income and expense items.

The main sources of uncertainty with respect to key estimates and judgments made by Ipsen were identical to those applied in the consolidated financial statements for the year ended 31 December 2014.

3.5 Seasonal effects

The Group's business is not subject to any significant seasonal effects on sales.

Note 4. Operating segments

The Group's two operating segments are primary care and specialty care. All costs allocated to these two segments are presented in the key performance indicators. Only Research and Development costs and corporate overhead costs are not allocated to the two operating Segments.

The Group uses Core Operating Income to measure its segment performance and to allocate resources.

Core Operating Income corresponds to operating income before the recognition of significant non-recurring events in terms of the Group's performance, such as capital gains or losses on asset disposals, large and unusual write-downs of non-current tangible or intangible assets, certain restructuring costs that could hamper the interpretation of Core Operating Income by their unusual nature or size, and certain operating income and expenses, such as materially significant provisions for litigation or costs arising from significant acquisitions made by the Group.

4.1 Operating income by operating segment

(in millions of euros)	Primary care	Specialty Care	Other (unallocated)	30 June 2015
Sales	165.0	548.9	-	**713.9**
Other revenues	21.8	16.3	-	**38.0**
Revenue	**186.7**	**565.2**	**-**	**751.9**
Core Operating Income	**68.2**	**239.0**	**(139.6)**	**167.6**
Other operating income			1.4	1.4
Other operating expenses			(8.0)	(8.0)
Restructuring costs			(0.7)	(0.7)
Impairment losses			(57.0)	(57.0)
Operating income	**68.2**	**239.0**	**(203.8)**	**103.4**

(in millions of euros)	Primary care	Specialty care	Other (unallocated)	30 June 2014
Sales	166.1	472.5	-	**638.7**
Other revenues	15.2	14.9	-	**30.1**
Revenue	**181.3**	**487.4**	**-**	**668.8**
Core Operating Income	**67.5**	**220.3**	**(125.8)**	**162.0**
Other operating income			0.4	0.4
Other operating expenses			(3.4)	(3.4)
Restructuring costs			(12.3)	(12.3)
Impairment losses			(0.4)	(0.4)
Operating income	**67.5**	**220.3**	**(141.5)**	**146.3**

4.2 Sales by therapeutic area and product

(in millions of euros)	30 June 2015	30 June 2014
Urology Oncology	178.0	168.8
of which Decapeptyl®	*169.2*	*160.5*
of which Hexvix®	*8.8*	*8.3*
Endocrinology	229.8	175.1
of which Somatuline®	*188.2*	*139.3*
of which Nutropin®	*31.7*	*30.9*
of which Increlex®	*9.9*	*5.0*
Neurology	141.1	128.6
of which Dysport®	*140.6*	*128.6*
Specialty care	**548.9**	**472.5**
Gastroenterology	113.8	110.6
of which Smecta®	*62.3*	*60.8*
of which Forlax®	*18.8*	*18.8*
Cognitive disorders	24.2	31.2
of which Tanakan®	*24.2*	*31.2*
Cardiovascular	9.4	11.3
of which Nisis® and Nisisco®	*2.2*	*3.4*
of which Ginkor®	*6.7*	*7.3*
Other pharmaceutical products	5.5	5.7
of which Adrovance®	*4.1*	*4.6*
Drug-related sales	12.1	7.4
Primary care	**165.0**	**166.1**
Group sales	**713.9**	**638.7**

4.3 Other information

(in millions of euros)	30 June 2015			Total
	Primary care	Specialty care	Other (unallocated)	
Acquisition of property, plant & equipment	(3.8)	(12.1)	(0.4)	(16.4)
Acquisition of intangible assets	(0.2)	(1.7)	(3.5)	(5.4)
Total investments	**(4.1)**	**(13.8)**	**(4.0)**	**(21.8)**
Net depreciation, amortization and provisions (excluding financial assets)	(3.7)	(10.2)	6.2	(7.7)
Share-based payment expenses with no impact on cash flow			(1.9)	(1.9)

NB. Share-based payment expenses are not broken down by operating segment.

(in millions of euros)	30 June 2014			Total
	Primary care	Specialty care	Other (unallocated)	
Acquisition of property, plant & equipment	(2.6)	(18.1)	(0.2)	(20.9)
Acquisition of intangible assets	(0.0)	(0.5)	(2.8)	(3.3)
Total investments	**(2.6)**	**(18.6)**	**(3.1)**	**(24.2)**
Net depreciation, amortization and provisions (excluding financial assets)	(3.3)	(9.3)	(3.6)	(16.2)
Share-based payment expenses with no impact on cash flow			(2.3)	(2.3)

NB. Share-based payment expenses are not broken down by operating segment.

Note 5. Other core operating income and expenses

Other core operating income amounted to €1.9 million at 30 June 2015, compared with €4.0 million a year earlier. This item included revenue from the sublease on Ipsen's headquarter, flat year-on-year, and the neutral impact of cash flow hedges versus a gain at 30 June 2014.

Other core operating expenses came to €4.8 million at 30 June 2015, compared with €4.7 million a year earlier. This item included mainly amortization expense for intangible assets, excluding software, as well as subleasing costs on the Group's headquarter.

Note 6. Other operating income and expenses

In the first half of 2015, other non-core operating expenses totaled €8.0 million, versus €3.4 million in the prior-year period.

Following the decision to discontinue prostate cancer clinical studies (see note 1.2), all of Ipsen's committed expenses related to the clinical development of tasquinimod and totaling €6.9 million was recognized in the financial statements at 30 June 2015.

At 30 June 2014, other non-core operating expenses stemmed primarily from costs related to the transfer of operations of the Group's US-based Ipsen Bioscience subsidiary from Milford to Cambridge.

Note 7. Restructuring costs

In the first half of 2015, the Group recognized €0.7 million in restructuring costs, versus €12.3 million in the prior-year period. First-half 2014 restructuring costs included measures to adapt support functions, continued efforts to restructure R&D activities and costs related to transferring the operations of the Group's US-based Ipsen Bioscience Inc. subsidiary from Milford to Cambridge.

Note 8. Impairment losses

At 30 June 2015, the Group recorded a €57.0 million loss to impair all intangible assets related to the tasquinimod program, following a decision to discontinue clinical studies in prostate cancer (see note 1.2).

Note 9. Other financial income and expense

At 30 June 2015, other financial income represented a €5.1 million net income, up €6.8 million over the prior-year period. The financial income resulted primarily from a final €4.9 million earnout payment received in 2015 stemming from the sale of PregLem shares in 2010.

Note 10. Income taxes

10.1 Effective tax rate

(in millions of euros)	30 June 2015	30 June 2014
Net profit (loss) from continuing operations	90.2	104.7
Share of profit (loss) from companies accounted for using the equity method	1.5	1.2
Profit from continuing operations before share of results from companies accounted for using the equity method	88.7	103.5
Current tax	(27.4)	(33.6)
Deferred tax	9.5	(7.1)
Income taxes	**(17.9)**	**(40.7)**
Pre-tax profit from continuing operations before share of results from companies accounted for using the equity method	106.6	144.1
Effective tax rate	**16.8%**	**28.2%**

At 30 June 2015, the effective tax rate came to 16.8% of pre-tax profit from continuing operations (excluding the share of profit (loss) from companies accounted for using the equity method), compared with an effective rate of 28.2% at 30 June 2014.

The Group's effective tax rate benefited from the write-off of tasquinimod-related intangible assets, which were fiscally deductible at 38% (see note 1.2).

10.2 Movements during the first half of 2015

(in millions of euros)	31 December 2014	Movements during the period					30 June 2015
		Income statement income / expense	Deferred taxes recorded directly to reserves	SoRIE	Foreign exchange differences	Other movements	
Deferred tax assets	204.6	8.7	-	(1.4)	13.2	0.6	225.6
Deferred tax liabilities	(5.6)	0.8	(4.3)	-	(0.3)	(0.6)	(10.0)
Net assets / (liabilities)	**199.0**	**9.5**	**(4.3)**	**(1.4)**	**12.9**	**(0.0)**	**215.6**

A significant share of the Group's deferred tax assets / liabilities are related to tax loss carryforwards and temporary differences on Ipsen Biopharmaceuticals Inc.

A review of the deferred tax assets by the Group showed no additional risk concerning the expiry of certain tax loss carryforwards within the time frame of their potential use. The situation will be reviewed in the second half of the year based on changes in the underlying markets.

Note 11. Goodwill

11.1 Net goodwill carried in the balance sheet

Gross goodwill shown on the balance sheet at 30 June 2015 resulted from:

- €135.3 million arising on the Group's structuring operations from 1998 to 2004, as a result of acquiring SCRAS and its subsidiaries, and €53.5 million arising from the acquisition of BB et Cie;
- €10.3 million arising from the 2004 acquisition of Sterix Ltd, which was fully amortized at the time of the business combination;
- €3.5 million arising from the acquisition of Vernalis Inc. on 1 July 2008, and €159.2 million arising from the acquisition of Ipsen Biopharmaceuticals Inc. on 16 October 2008. These transactions generated net residual goodwill in the amount of €128.5 million;

- €31.3 million arising from the acquisition of BioInnovation Ltd on 12 July 2013, with this transaction generating net residual goodwill in the amount of €19.3 million.

The Group's operating segments are primary care and specialty care. Accordingly, goodwill is allocated to these two CGU's in line with the Group's organization.
Goodwill totaling €135.3 million related to the 1998 Group's structuring operations was allocated to the primary care and specialty care segments, in proportion to the sales generated.

The €53.5 million in goodwill arising from the end of the Group's 2004 structuring operation, with the acquisition of BB et Cie, was allocated in full to the primary care business.

The goodwill related to the acquisition of Vernalis Inc. and Ipsen Biopharmaceuticals Inc. in the second half of 2008, as well as the goodwill related to the acquisition of BioInnovation Ltd. in 2013, was allocated to the specialty care CGU.

11.2 Movement of goodwill

In the first half of 2015, movements for the period included €13.4 million in foreign exchange differences on gross goodwill and (€1.0) million on impairment losses.

(in millions of euros)	31 December 2014	Movements during the period			30 June 2015
		Increase	Decrease	Foreign exchange differences	
Gross goodwill	333.7	-	-	13.4	347.1
Impairment losses	(9.3)	-	-	(1.0)	(10.3)
Net goodwill	**324.4**	**-**	**-**	**12.4**	**336.8**

At 30 June 2015, no impairment losses related to goodwill were recorded. Due to the lack of evidence of impairment losses over the six-month period ended 30 June 2015, goodwill was not tested for impairment but will be tested for impairment for the closing of the financial statements at 31 December 2015.

The previously recorded impairment loss concerned solely the goodwill arising from the acquisition of Sterix Ltd.

Note 12. Other intangible assets

- Movements during the first half of 2015

(in millions of euros)	31 December 2014	Movements during the period					30 June 2015
		Increase	Decrease	Changes in consolidation scope	Foreign exchange differences	Other movements	
Intellectual property	503.2	1.7	(57.3)	-	25.0	3.1	475.6
Intangible assets	6.8	3.7	-	-	0.1	(2.7)	7.9
Gross assets	**510.0**	**5.4**	**(57.3)**	**-**	**25.1**	**0.4**	**483.5**
Amortization	(155.5)	(6.6)	0.3	-	(6.7)	(4.3)	(172.9)
Impairment losses	(193.6)	(57.0)	57.0	-	(15.4)	4.1	(204.9)
Amortization & Impairment losses	**(349.1)**	**(63.6)**	**57.3**	**-**	**(22.1)**	**(0.2)**	**(377.7)**
Net assets	**160.9**	**(58.2)**	**-**	**-**	**3.0**	**0.2**	**105.8**

At 30 June 2015, the Group recorded a €57.0 million loss to impair all tasquinimod-related intangible assets and then derecognized all corresponding assets. The move followed a joint decision by Active Biotech and Ipsen to discontinue clinical studies in prostate cancer and to unwind the contract between the two parties (see note 1.2).

- Movements during the first half of 2014

(in millions of euros)	31 December 2013	Movements during the period					30 June 2014
		Increase	Decrease	Changes in consolidation scope	Foreign exchange differences	Other movements	
Intellectual property	443.3	0.2	(0.0)	-	4.2	0.5	448.2
Intangible assets	6.7	3.1	-	-	0.0	(1.0)	8.8
Gross assets	**450.1**	**3.3**	**(0.0)**	**-**	**4.2**	**(0.5)**	**457.1**
Amortization	(112.5)	(6.3)	0.0	-	(0.6)	-	(119.3)
Impairment losses	(192.8)	-	-	-	(2.6)	-	(195.3)
Amortization & Impairment losses	**(305.3)**	**(6.3)**	**0.0**	**-**	**(3.1)**	**-**	**(314.7)**
Net assets	**144.8**	**(3.0)**	**0.0**	**-**	**1.1**	**(0.5)**	**142.4**

Note 13. Property, plant & equipment

- Movements during the first half of 2015

(in millions of euros)	31 December 2014	Movements during the period					30 June 2015
		Increase	Decrease	Changes in consolidation scope	Foreign exchange differences	Other movements	
Land	19.4	0.0	-	-	0.5	0.8	20.7
Buildings	204.2	0.6	(0.0)	-	3.5	19.3	227.7
Plant & equipment	246.4	0.9	(1.2)	-	8.5	10.7	265.2
Other assets	112.6	1.5	(0.8)	-	2.4	10.8	126.4
Assets in progress	121.5	13.4	-	-	9.5	(14.6)	129.7
Advance payments	-	0.0	-	-	(0.0)	-	0.0
Gross assets	**704.0**	**16.4**	**(2.0)**	**-**	**24.3**	**27.1**	**769.8**
Depreciation	(381.9)	(16.4)	2.1	-	(10.1)	(14.1)	(420.4)
Impairment losses	(12.5)	-	-	-	-	-	(12.5)
Depreciation & impairment losses	**(394.4)**	**(16.4)**	**2.1**	**-**	**(10.1)**	**(14.1)**	**(432.9)**
Net assets	**309.6**	**(0.0)**	**0.1**	**-**	**14.2**	**13.0**	**336.9**

Other movements included €10.6 million in gross value on buildings corresponding to the reclassification of indemnification paid to a US subsidiary by its lessor in 2014. The purpose of the indemnification was to finance the outfitting of the premises occupied by the subsidiary.

Other movements also included €16.8 million in gross value (€2.6 million net) related to reclassifying the Sant Feliu site assets in Spain as continuing operations. The assets have previously been classified as "assets held for sale" for more than 12 months.

- Movements during the first half of 2014

(in millions of euros)	31 December 2013	Movements during the period					30 June 2014
		Increase	Decrease	Changes in consolidation scope	Foreign exchange differences	Other movements	
Land	17.2	-	-	-	0.1	0.1	17.3
Buildings	182.6	0.2	(0.7)	(3.7)	0.4	4.1	182.8
Plant & equipment	233.1	0.7	(0.9)	(8.9)	2.6	0.9	227.5
Other assets	107.8	1.1	(1.3)	(0.6)	0.6	5.9	113.5
Assets in progress	123.6	18.9	(0.1)	-	3.8	(11.0)	135.1
Advance payments	-	0.0	-	-	(0.0)	-	0.0
Gross assets	**664.2**	**20.9**	**(3.0)**	**(13.2)**	**7.4**	**(0.0)**	**676.3**
Depreciation	(364.2)	(13.9)	2.4	11.1	(2.7)	-	(367.3)
Impairment losses	(12.5)	(0.4)	-	-	-	-	(12.9)
Depreciation & impairment losses	**(376.7)**	**(14.3)**	**2.4**	**11.1**	**(2.7)**	**-**	**(380.3)**
Net assets	**287.5**	**6.6**	**(0.6)**	**(2.1)**	**4.7**	**(0.0)**	**296.0**

Note 14. Equity investments

- Movements during the first half of 2015

(in millions of euros)	31 December 2014	Movements during the period				30 June 2015
		Increase	Decrease	Foreign exchange differences	Other movements	
Investments in non-consolidated companies	30.4	31.3	-	1.3	7.4	70.3
Write-downs & impairment losses	(15.4)	(0.3)	-	(1.3)	-	(17.1)
Net book value (Available-for-sale financial assets)	**15.0**	**30.9**	**-**	**0.0**	**7.4**	**53.3**

Net equity investments classified as financial assets available for sale notably included the following equity investments at 30 June 2015:

- A €31.3 million interest acquired in OctreoPharm Sciences (see note 1.3).
- A €15.6 million interest in Radius Health Inc. based on the company's unit share price of $67.70 at that date. During the first six months of 2015, the change in the value of the Radius Health interest amounted to €7.4 million, which was recorded in other movements against consolidated equity.

Note 15. Other non-current assets

At 30 June 2015, other non-current assets totaled €14.5 million, up €5.2 million from 31 December 2014. The increase stemmed primarily from the €6.0 million purchase of an option to acquire 100% of the shares in Canbex Therapeutics (see note 1.1).

Note 16. Detail of the change in working capital requirement related to operating activities

- Movements during the first half of 2015

(in millions of euros)	31 December 2014	Movements during the period					30 June 2015
		Change in w/cap related to operating activities	Change in w/cap related to investing activities	Change in w/cap related to financing activities	Foreign exchange differences	Other movements	
Inventories	105.5	(0.6)	-	-	2.3	0.6	107.8
Trade receivables	243.5	60.2	-	-	6.9	7.4	318.0
Current tax assets	65.9	9.5	-	-	0.3	(12.5)	63.2
Other current assets	67.8	13.9	0.0	1.0	1.9	-	84.6
WCR assets [1]	**482.7**	**82.9**	**0.0**	**1.0**	**11.4**	**(4.4)**	**573.6**
Trade payables	(179.8)	12.4	-	-	(4.8)	(0.2)	(172.5)
Current tax liabilities	(4.1)	(15.0)	-	-	(0.4)	12.5	(7.1)
Other current liabilities	(186.1)	36.3	(0.5)	0.6	(5.9)	(21.1)	(176.6)
Other non-current liabilities	(115.8)	(9.8)	-	-	(9.4)	4.0	(131.0)
WCR liabilities [2]	**(485.9)**	**23.9**	**(0.5)**	**0.6**	**(20.5)**	**(4.9)**	**(487.2)**
Total	**(3.2)**	**106.8**	**(0.4)**	**1.6**	**(9.2)**	**(9.3)**	**86.4**

[1] Impairment losses on "WCR assets" were not reported due to their immaterial nature.
The fair value of "WCR assets" corresponds to the value reported in the balance sheet (value at the transaction date and then tested for impairment on each reporting date).

[2] The carrying amount of items comprising "WCR liabilities" was deemed to be a reasonable estimation of fair value.

The growth in trade receivables resulted primarily from higher sales and the seasonal nature of trade receivables settlement at 30 June 2015, which was partially offset by tighter management of payment terms and conditions.

The decline in trade payables stemmed mainly from the seasonal nature of expenditures, as well as the pace of settlements, in particular the commissions paid annually to distributors.

The changes in other non-current liabilities were due in part to the recording of "deferred income" of the payments received. Under partnership agreements, mainly with Galderma and Menarini, the milestone payments received by the Group for these contracts were recognized on a straight-line basis over the life of the contracts. The portion unrecognized as income was recorded as "other non-current liabilities", if due after 12 months, and as "other current liabilities" if due within one year.

Note 17. Consolidated equity

17.1 Share capital

At 30 June 2015, Ipsen's share capital was comprised of 83,096,182 ordinary shares each with a nominal value of €1, including 47,707,585 shares with double voting rights, compared with 82,869,083 ordinary shares each with a nominal value of €1, including 47,707,470 shares with double voting rights at 31 December 2014.

The changes arose from the following: 142,596 new shares were issued as part of the 28 March 2013 stock option plan, and 84,503 warrants were exercised in the first half of 2015.

17.2 Dividends

At 30 June 2015, a dividend of €0.85 per share, approved by the General Shareholders Meeting of 27 May 2015, was paid to shareholders, versus a dividend of €0.80 per share at 30 June 2014.

Note 18. Provisions

(in millions of euros)	31 December 2014	Movements during the period					30 June 2015
		Charges	Reversals		Foreign exchange differences	Other movements	
			Applied	Released			
Business and operating risks	1.7	-	(0.4)	(0.7)	0.1	0.6	1.3
Legal risks	27.9	3.6	(4.8)	(5.8)	-	0.4	21.2
Restructuring	20.6	0.5	(9.0)	(0.7)	-	-	11.4
Other	17.8	7.4	(8.9)	(0.9)	0.2	-	15.5
Total provisions	**68.0**	**11.4**	**(23.2)**	**(8.2)**	**0.3**	**1.0**	**49.4**
- of which current	26.0	0.4	(20.8)	(1.9)	0.1	2.2	6.0
- of which non-current	42.1	11.0	(2.3)	(6.3)	0.2	(1.1)	43.5

At 30 June 2015, provisions broke down as follows:

- **Business and operating risks**

These provisions include certain risks of an economic nature reflecting costs that the Group may incur to resolve various disagreements of commercial origin whose individual impact is limited.

- **Legal risks**

These provisions include:

- €14.9 million for the risk of tax reassessment by local authorities at certain Group's subsidiaries and certain additional taxes that the Group may be required to pay;
- €3.6 million for costs related to corporate litigation that the Group may incur;
- €2.7 million for various other legal risks.

- **Restructuring costs**

These provisions correspond mainly to costs arising from measures taken by the Group to accelerate the execution of the transformation project, such as adapting support functions and continuing the restructuring of R&D activities.

- **Other**

After relocating all the Paris sites to the new headquarter in Boulogne-Billancourt in 2008, a provision was recorded to cover the difference in rents between the estimated market price for floor space not used by the Group, based on the sublease actually signed, and the amounts owed by the Group under its lease contract. In addition, a provision for medium-term bonus plans approved by the Board of Directors was recorded at 30 June 2015.

Note 19. Bank loans and financial liabilities

(in millions of euros)	31 December 2014	Additions	Repayments	Net change in interest	Other movements	Changes in consolidation scope	Foreign exchange differences	30 June 2015
Other financial liabilities (1)	12.1	1.1	(3.6)	0.0	0.5	-	0.3	10.4
Non-current financial liabilities (measured at amortized cost) (2)	**12.1**	**1.1**	**(3.6)**	**0.0**	**0.5**	**-**	**0.3**	**10.4**
Credit lines and bank loans	4.0	-	-		-	-	-	4.0
Other financial liabilities	3.2	0.0	(0.1)	(0.0)	(0.5)	-	(0.0)	2.6
Current financial liabilities (measured at amortized cost) (2)	**7.2**	**0.0**	**(0.1)**	**(0.0)**	**(0.5)**	**-**	**(0.0)**	**6.6**
Derivative financial instruments	0.8	-	-	-	(0.4)	-	-	0.5
Current financial liabilities (financial liabilities measured at fair value) (3)	**0.8**	**-**	**-**	**-**	**(0.4)**	**-**	**-**	**0.5**
Current financial liabilities	**8.0**	**0.0**	**(0.1)**	**(0.0)**	**(0.8)**	**-**	**(0.0)**	**7.1**
Total financial liabilities	**20.1**	**1.1**	**(3.7)**	**0.0**	**(0.4)**	**-**	**0.3**	**17.5**

(1) Additions and repayments of other financial liabilities were related to employee profit sharing.
(2) The carrying book amount of financial liabilities measured at amortized cost was deemed to be a reasonable estimation of fair value.
(3) Fair value corresponds to the market value. The (€0.4) million in other movements corresponds to the change in the fair value of financial instruments used for cash flow hedges.

The Group has a €500 million syndicated credit line, signed 17 October 2014, for a duration of five years with two one-year extension options.

Under the terms of the contract, the Group must respect the following covenant ratios at the end of each half-year period:

- Net debt to equity: less than 1
- Net debt to EBITDA: less than 3.5 with the ratio assessed on a rolling 12-month basis.

The Group met all its covenant ratios at 30 June 2015.

Note 20. Derivative financial instruments

The lion's share of the Group's business is conducted in countries where the euro, Ipsen's reporting currency, is the functional currency. However, owing to its international business scope, the Group is exposed to exchange rate fluctuations that can affect its results.

Several types of risks can be identified:

- Transactional foreign exchange risk related to business activities, The Group has hedged its main foreign currencies, including the USD, RUB, GBP, BRL, CNY, and PLN, based on its budget forecasts,
- Financing foreign exchange risk related to financing contracted in a currency other than the functional currencies of Group entities,
- Foreign exchange risk related to net investments in foreign operations, the impact of which is recognized in the statement of change in consolidated shareholders' equity.

Ipsen implemented a foreign exchange rate hedging policy to reduce the exposure of its net profit to foreign currency fluctuations.

At 30 June 2015 and 31 December 2014, derivative financial instruments held by the Group broke down as follows:

	Fair value of financial derivatives	
(in millions of euros)	30 June 2015	31 December 2014
Put forward contracts	2.3	2.9
Put option contracts	1.3	0.6
Seller at maturity foreign exchange swaps	0.9	-
Call forward contracts	1.5	0.5
Call option contracts	-	0.1
Buyer at maturity foreign exchange swaps	0.0	-
Sales transactions	**6.1**	**4.1**
Financial transactions	**-**	**(0.6)**
Asset hedging	**(0.5)**	**-**
Total net position	**5.7**	**3.5**

Derivative financial instruments reported in the balance sheet at 30 June and 31 December 2014 were as follows:

	30 June 2015		31 December 2014	
(in millions of euros)	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Market value of currency instruments	6.1	0.5	4.3	0.8
Total	**6.1**	**0.5**	**4.3**	**0.8**

Note 21. Information on related parties

The Group did not conclude any new significant transactions with related parties during the period.

Note 22. Commitments and contingent liabilities

Following a joint decision by Active Biotech and Ipsen to end prostate cancer studies (see note 1.2), Ipsen will not be liable for the milestone payments set out in the contract.

Other financial commitments existing at 31 December 2014 had not changed significantly at 30 June 2015.

Note 23. Post closing events with no impact on the consolidated financial statements at 30 June 2015

No event occurring between the closing date of the consolidated financial statements and the date of their approval by the Board of Directors, and not taken into consideration, was likely to call into question Ipsen S.A.'s first-half consolidated financial statements themselves, or make it necessary to mention such an event in the notes to the consolidated financial statements.

Comparison of consolidated sales for the second quarters and first halves 2015 and 2014:

Sales by therapeutic area and by product

Note: Unless stated otherwise, all variations in sales are stated excluding foreign exchange impacts.

The following table shows sales by therapeutic area and by product for the second quarters and first halves 2015 and 2014:

	2nd Quarter				First Half			
(in millions euros)	2015	2014	% Variation	% Variation at constant currency	2015	2014	% Variation	% Variation at constant currency
Urology-oncology	90,8	90,6	0,2%	-5,3%	178,0	168,8	5,4%	1,0%
of which Hexvix®	4,5	3,9	14,8%	13,8%	8,8	8,3	5,4%	4,6%
of which Decapeptyl®	86,3	86,7	-0,4%	-6,1%	169,2	160,5	5,4%	0,8%
Endocrinology	120,1	88,9	35,2%	29,1%	229,8	175,1	31,2%	26,0%
of which Somatuline®	98,9	70,8	39,7%	32,9%	188,2	139,3	35,2%	29,1%
of which NutropinAq®	15,9	15,1	5,6%	4,5%	31,7	30,9	2,6%	1,7%
of which Increlex®	5,3	3,0	76,2%	56,8%	9,9	5,0	99,2%	83,1%
Neurology	72,3	67,8	6,5%	4,2%	141,1	128,6	9,7%	7,4%
of which Dysport®	72,0	67,8	6,1%	3,8%	140,6	128,6	9,3%	7,0%
Specialty care	**283,2**	**247,3**	**14,5%**	**9,7%**	**548,9**	**472,5**	**16,2%**	**12,0%**
Gastroenterology	54,6	58,7	-7,0%	-13,4%	113,8	110,6	2,9%	-3,3%
of which Smecta®	26,4	30,5	-13,5%	-20,6%	62,3	60,8	2,6%	-5,1%
of which Forlax®	9,7	10,5	-7,3%	-9,5%	18,8	18,8	-0,3%	-2,0%
Cognitive disorders	13,7	14,9	-8,2%	-7,6%	24,2	31,2	-22,5%	-17,4%
of which Tanakan®	13,7	14,9	-8,2%	-7,6%	24,2	31,2	-22,5%	-17,4%
Cardiovascular	4,4	5,8	-24,5%	-25,0%	9,4	11,3	-16,6%	-16,9%
Other Primary Care	2,5	2,8	-9,3%	-8,4%	5,5	5,7	-4,4%	-4,4%
Drug-related Sales*	5,5	3,3	65,3%	64,5%	12,1	7,4	64,9%	64,2%
Primary care*	**80,6**	**85,5**	**-5,7%**	**-10,2%**	**165,0**	**166,1**	**-0,7%**	**-3,7%**
Group Sales	**363,8**	**332,7**	**9,3%**	**4,5%**	**713,9**	**638,7**	**11,8%**	**7,9%**

* From January 2015 onwards, Drug-related sales (active ingredients and raw materials) are recorded within Primary care sales.

In the second quarter 2015, sales of **Specialty care** products reached €283.2 million, up 9.7% year-on-year. In the first half 2015, sales amounted to €548.9 million, up 12.0%. Sales in urology-oncology, endocrinology, and neurology grew by respectively 1.0%, 26.0% and 7.4%. In the first half 2015, the relative weight of specialty care products continued to increase to reach 76.9% of total Group sales, compared to 74.0% the previous year.

In **Urology-oncology**, sales of **Decapeptyl®** reached €86.3 million in the second quarter 2015, down 6.1% year-on-year, affected by a sales decrease in China, in a context of market slowdown and price pressure in some regions. In the first half 2015, sales amounted to €169.2 million, up 0.8%, in a declining European pharmaceutical market affected by a more frequent use of co-payment in Southern Europe and continued price reductions, notably an 11.0% cut as of 1st January 2015 in Greece and a 3.0% cut as of 1st February 2015 in France and more than 20% in Algeria. In the first half 2015, sales of **Hexvix®** amounted to €8.8 million, up 4.6% compared to the previous year, driven by solid performance in France and Germany, where customer demand was strong in the second quarter. Germany represented around 70% of this product's sales. Over the period, sales in Urology-oncology represented 24.9% of total Group sales, compared to 26.4% the previous year.

In **Endocrinology**, sales reached €120.1 million in the second quarter 2015, up 29.1% year-on-year. In the first half 2015, sales amounted to €229.8, up 26.0%, and represented 32.2% of total Group sales, compared to 27.4% the previous year.

Somatuline® – In the second quarter 2015, sales reached €98.9 million, up 32.9% year-on-year. In the first half 2015, sales of Somatuline® amounted to €188.2 million, up 29.2%, with strong growth in Europe and in North America, driven by the launch in neuroendocrine tumors. The product also registered good performance in Europe, notably in Germany, the UK, Spain and France.

NutropinAq® – In the second quarter 2015, sales reached €15.9 million, up 4.5% year-on-year. In the first half 2015, sales of NutropinAq® amounted to €31.7 million, up 1.7%, compared to the previous year.

Increlex® – In the second quarter 2015, sales reached €5.3 million, up sharply compared to the same period in 2014. In the first half 2015, sales of Increlex® amounted to €9.9 million, benefitting from a favorable comparison base with a low first half 2014 following the shortage situation that started mid-June 2013 in the United States and in August 2013 in Europe. Supply gradually resumed in Europe in early 2014 and in the United States in June 2014.

In **Neurology**, **Dysport®** sales reached €72.0 million in the second quarter 2015, up 3.8% year-on-year. Second quarter 2015 growth was affected by a slowdown of pharmaceutical market in Brazil. In the first half 2015, sales amounted to €140.6 million, up 7.0%, driven by product supply to Galderma for aesthetic use and by the solid performance in Russia and Mexico. Neurology sales represented 19.8% of total Group sales in the first half 2015, compared to 20.1% a year earlier.

In the second quarter 2015, sales of **Primary care** products reached €80.6 million, down 10.2% year-on-year, mainly affected by Smecta® sales decrease in China, Russia, Algeria (where Ipsen now supplies the active ingredient instead of the finished product) and Vietnam (where most of the first half sales were anticipated in the first quarter ahead of the import license renewal). In the first half 2015, sales amounted to €165.0 million, down 3.7%, penalized by the 7.7% decline in French sales, affected by the price cut on Smecta® in July 2014 and by the continued erosion of Tanakan® sales. Internationally, sales decreased 2.3%, affected by Smecta® and Tanakan® sales decrease in China and Russia. Primary care sales in France accounted for 25.3% of the Group's total primary care sales, compared to 27.2% the previous year.

In **Gastroenterology**, sales reached €54.6 million in the second quarter 2015, down 13.4% year-on-year. In the first half 2015, sales amounted to €113.8 million euros, down 3.3%.

Smecta® – In the second quarter 2015, sales reached €26.4 million, down 20.6% year-on-year. In the first half 2015, sales amounted to €62.3 million euros, down 5.1%. Sales were negatively impacted by a significant destocking effect in China's distribution channel in the second quarter in the distribution channel during the second quarter, in a context of price pressure in some regions. Moreover, sales growth in Vietnam only partially offset the termination of direct sales in Algeria, now replaced by sales of the active principle to a local manufacturer, which are recorded in "Drug-related sales". Sales were also affected in France by a 7.5% price cut implemented in July 2014.

Forlax® – In the second quarter 2015, sales reached €9.7 million, down 9.5% year-on-year, affected by a continued decline in France, where it still suffers from the "Tiers-Payant[1]" regulation. In the first half 2015, sales amounted to €18.8 million euros, down 2.0%, supported by growing sales to our partners marketing the generic versions of the product and from the good performance in Algeria and in Russia.

In the **cognitive disorders area,** sales of **Tanakan®** reached €13.7 million euros in the second quarter 2015, down 7.6% year-on-year. Sales in the first half 2015 amounted to €24.2 million euros, down 17.4%, affected by the performance in Russia due to greater competition and declining local sales, and in France, where the product suffers from heavy competitive pressure.

In the cardiovascular area, sales reached €4.4 million euros in the second quarter 2015, down 25.0% year-on-year. In the first half 2015, sales amounted to €9.4 million euros, down 16.9%, mainly impacted by the decline of **Nisis® / Nisisco®** sales, which faced an additional 40.0% price cut in February 2015.

Sales of **Other primary care** products reached €2.5 million in the second quarter 2015, down 8.4% year-on-year, mainly affected by the 10.8% decline in **Adrovance®** sales over the period. In the first half 2015, sales amounted to €5.5 million, down 4.4%.

In the second quarter 2015, **Drug-related sales (active ingredients and raw materials)[2]** reached €5.5 million, up 64.5% year-on-year. In the first half 2015, sales amounted to €12.1 million euros, up 64.2%. This performance was mainly explained by Smecta®'s active ingredient sales in South Korea and the shift in Algeria's commercial model, where Ipsen now supplies Smecta®'s active ingredient to a local manufacturer and records sales in the "Drug-related sales" line.

[1]With the "Tiers-Payant" regulation, the patient now pays upfront for a branded drug and is reimbursed only later on
[2] From January 2015 onwards, Drug-related sales (active ingredients and raw materials) are recorded within Primary care sales

Sales by geographical area

Group sales by geographical area in the second quarters and first halves 2015 and 2014 were as follows:

	2nd Quarter				First Half			
(in million euros)	2014	2013	% Variation	% Variation at constant currency	2014	2013	% Variation	% Variation at constant currency
France	52,8	52,3	0,8%	0,8%	106,9	106,7	0,2%	0,2%
United Kingdom	18,7	16,6	12,8%	-0,1%	37,1	30,4	22,2%	8,9%
Spain	15,8	14,6	8,2%	8,2%	32,6	29,2	11,7%	11,7%
Germany	27,0	22,8	18,1%	18,1%	53,5	47,1	13,5%	13,5%
Italy	20,8	21,5	-3,3%	-3,3%	42,0	43,7	-4,1%	-4,1%
Major Western European countries	**135,0**	**127,9**	**5,6%**	**3,8%**	**272,1**	**257,1**	**5,8%**	**4,3%**
Eastern Europe	44,7	46,5	-3,8%	4,7%	84,1	90,7	-7,3%	3,9%
Others Europe	39,2	37,0	5,9%	6,1%	76,6	74,4	3,0%	3,3%
Other European Countries	**83,9**	**83,5**	**0,5%**	**5,4%**	**160,7**	**165,0**	**-2,7%**	**3,6%**
North America	**37,6**	**17,2**	**119,0%**	**76,5%**	**67,5**	**31,5**	**114,0%**	**74,7%**
Asia	57,1	51,9	10,0%	-10,9%	116,8	92,2	26,6%	4,6%
Other countries in the Rest of the world	50,2	52,3	-4,1%	-5,3%	96,9	92,8	4,5%	1,9%
Rest of the World	**107,3**	**104,2**	**2,9%**	**-8,4%**	**213,7**	**185,0**	**15,5%**	**3,3%**
Group Sales	**363,8**	**332,7**	**9,3%**	**4,5%**	**713,9**	**638,7**	**11,8%**	**7,9%**

In the second quarter 2015, sales generated in the **Major Western European countries** reached €135.0 million, up 3.8% year-on-year. In the first half 2015, sales generated in the Major Western European countries amounted to €272.1 million, up 4.3%. Sales in the Major Western European countries represented 38.1% of total Group sales in the first half 2015, compared to 40.3% the previous year.

France – In the second quarter 2015, sales reached €52.8 million, up 0.8% year-on-year. In the first half 2015, sales amounted to €106.9 million, up 0.2%, affected by Smecta® sales decline over the period, penalized by the 7.5% price cut implemented in July 2014. Moreover, sales of Tanakan® continued to erode. Sales of specialty care products, up 6.0% over the period, were driven by the sustained growth of Somatuline® and Dysport®, offsetting the decrease in Decapeptyl® sales following the 3.0% price cut implemented as of 1st February 2015. Consequently, the relative weight of France in the Group's consolidated sales has continued to decrease and now represents 15.0% of sales, compared to 16.7% the previous year.

Germany – In the second quarter 2015, sales reached €27.0 million, up 18.1% year-on-year. In the first half 2015, sales reached €53.5 million, up 13.5%, driven by the strong growth of Somatuline® and NutropinAq®, offsetting the decline in Dysport® sales. Over the period, sales in Germany represented 7.5% of total Group sales, compared to 7.4% a year earlier.

Italy – In the second quarter 2015, sales reached €20.8 million, down 3.3% year-on-year. In the first half 2015, sales reached €42.0 million, down 4.1%. The implementation of austerity measures targeting hospital products still affects the performance of all specialty care products. In the first half 2015, sales in Italy represented 5.9% of consolidated Group sales, compared to 6.9% the previous year.

United Kingdom – In the second quarter 2015, sales reached €18.7 million, flat year-on-year. In the first half 2015, sales amounted to €37.1 million, up 8.9%, supported by the strong growth of Somatuline® and Decapeptyl®. In the first half 2015, sales in the United Kingdom represented 5.2% of total Group sales, compared to 4.8% the previous year.

Spain – In the second quarter 2015, sales reached €15.8 million, up 8.2% year-on-year. In the first half 2015, sales amounted to €32.6 million, up 11.7%, driven by the double-digit growth of Somatuline® and Decapeptyl®. In the first half 2015, Spain accounted for 4.6% of total Group sales, compared to 4.6% the previous year.

In the second quarter 2015, sales generated in the **Other European countries** reached €83.9 million, up 5.4% year-on-year. In the first half 2015, sales amounted to €160.7 million, up 3.6%, supported by solid performance in Czech Republic, Poland and Western Europe (excluding Major Western European countries[1]), mainly driven by the performance of Somatuline® in the Netherlands and in Scandinavia. Nevertheless, sales were negatively impacted by the contraction of activity in Ukraine as a result of the ongoing political crisis. Over the period, sales in this region represented 22.5% of consolidated Group sales, compared to 25.8% the previous year.

In the second quarter 2015, sales generated in **North America** reached €37.6 million, up 76.5% year-on-year. In the first half 2015, sales amounted to €67.5 million, up 74.7%, mainly driven by strong Somatuline® growth of 87.8% associated with the launch in neuroendocrine tumors, and by growing supply sales of Dysport® aesthetics, and by the positive base effect resulting from Increlex® supply interruption in the second half 2013. Sales in North America represented 9.4% of consolidated Group sales, compared to 4.9% a year earlier.

[1] France, Germany, Italy, United-Kingdom, Spain

In the second quarter 2015, sales generated in the **Rest of the World** reached €107.3 million, down 8.4% year-on-year, notably affected by the performance of Decapeptyl® and Smecta® in China and Algeria, and by the pharmaceutical market slowdown impacting Dysport® in Brazil. In the first half 2015, sales amounted to €213.7 million, up 3.3%, benefitting from solid performance of Somatuline® and Dysport® in Algeria, in Australia, in Mexico, and from the anticipation of sales in Vietnam ahead of the import license renewal. In the first half 2015, sales in the Rest of the World continued to progress given the favorable exchange rate fluctuation, representing 29.9% of total consolidated Group sales, compared to 29.0% the previous year.

Comparison of consolidated incomes for the first halves 2015 and 2014

(in millions of euros)	30 June 2015		30 June 2014		Change
		% sales		*% sales*	
Sales	**713.9**	***100.0%***	**638.7**	***100.0%***	**11.8%**
Other revenues	38.0	*5.3%*	30.1	*4.7%*	26.4%
Revenue	**751.9**	***105.3%***	**668.8**	***104.7%***	**12.4%**
Cost of goods sold	(168.3)	*-23.6%*	(155.8)	*-24.4%*	8.0%
Selling expenses	(259.9)	*-36.4%*	(211.4)	*-33.1%*	23.0%
Research and development expenses	(91.8)	*-12.9%*	(87.6)	*-13.7%*	4.8%
General and administrative expenses	(61.3)	*-8.6%*	(51.3)	*-8.0%*	19.5%
Other core operating income	1.9	*0.3%*	4.0	*0.6%*	-53.7%
Other core operating expenses	(4.8)	*-0.7%*	(4.7)	*-0.7%*	3.2%
Core operating income	**167.6**	***23.5%***	**162.0**	***25.4%***	**3.5%**
Other operating income	1.4	*0.2%*	0.4	*0.1%*	-
Other operating expenses	(8.0)	*-1.1%*	(3.4)	*-0.5%*	134.4%
Restructuring costs	(0.7)	*-0.1%*	(12.3)	*-1.9%*	-
Impairment losses	(57.0)	*-8.0%*	(0.4)	*-0.1%*	-
Operating income	**103.4**	***14.5%***	**146.3**	***22.9%***	**-29.3%**
Investment income	0.6	*0.1%*	0.8	*0.1%*	-21.7%
Financing costs	(2.5)	*-0.4%*	(1.2)	*-0.2%*	104.8%
Net financing costs	**(1.9)**	***-0.3%***	**(0.5)**	***-0.1%***	-
Other financial income and expense	5.1	*0.7%*	(1.7)	*-0.3%*	-
Income taxes	(17.9)	*-2.5%*	(40.7)	*-6.4%*	-
Share of net profit (loss) from entities accounted for using the equity method	1.5	*0.2%*	1.2	-	-
Net profit (loss) from continuing operations	**90.2**	***12.6%***	**104.7**	***16.4%***	**-13.9%**
Net profit (loss) from discontinued operations	0.3	*0.0%*	(0.2)	*0.0%*	-
Consolidated net profit	**90.5**	***12.7%***	**104.5**	***16.4%***	**-13.4%**
- Attributable to shareholders of Ipsen S.A.	90.1		104.0		
- Attributable to non-controlling interests	0.3		0.4		
Basic earnings per share - attributable to Ipsen S.A. shareholders (in € per share)	1.10		1.27		
Core basic earnings per share - attributable to Ipsen S.A. shareholders (in € per share) (*)	1.50		1.40		

(*) The core consolidated net profit is detailled in Appendix 4.

Sales

In the half-year period ended 30 June 2015, the Group's consolidated sales reached €713.9 million, up 11.8% year-on-year and up 7.9% excluding foreign exchange impact[1].

Other revenues

Other revenues at 30 June 2015 totaled €38.0 million, up 26.4% over the €30.1 million realized the prior year. The increase resulted primarily from royalties received, of which €3.4 million stemmed from the recognition of an upfront payment received by Ipsen as part of its sale to Tonipharm of Ginkor Fort® licensing rights in the Group's territories. The increase was also driven by royalties received from Group partners, notably for Adenuric®. At 30 June 2015, these royalties came to €14.9 million, versus €9.9 million a year earlier.

Cost of goods sold

At 30 June 2015, the cost of goods sold amounted to €168.3 million, representing 23.6% of sales, compared to a cost of goods sold totaling €155.8 million, which represented 24.4% of sales for the period ended 30 June 2014. The improvement in the ratio was fuelled primarily by a more favorable product-mix arising from higher sales volumes in specialty care as well as productivity gains from the Group's production sites.

Selling expenses

Selling expenses totaled €259.9 million, or 36.4% of sales at 30 June 2015. That performance represents a 23.0% rise over 30 June 2014, when selling expenses reached €211.4 million, or 33.1% of sales. The increase resulted primarily from the setup of an oncology sales force and the marketing and medical investments necessary to promote Somatuline® Depot® (lanreotide) 120 mg Injection in the United States in the treatment of gastrointestinal and pancreatic neuroendocrine tumors (GEP NETs). Somatuline® Depot® was approved for this new indication by the US Food and Drug Administration (FDA) on 16 December 2014.

Research and development expenses

At 30 June 2015, research and development expenses totaled €91.8 million, representing 12.9% of sales, compared with €87.6 million a year earlier. The decrease of the Research and Development ratio is notably related to the decision to stop the clinical trials of tasquinimod in prostate cancer, as announced on 16 April 2015, as well as the end of Somatuline® studies in neuroendocrine tumors.

The research tax credit reached €13.6 million, down versus the prior-year period mainly as a result of provisions reversed in 2014.

General and administrative expenses

In the first half of 2015, general and administrative expenses totaled €61.3 million, up 19.5% versus the prior-year period. The increase resulted mainly from beefing up support functions in the United States to support fast business growth, as well as the impact of the outperformance on incentive plans.

Other core operating income and expenses

Other core operating income amounted to €1.9 million at 30 June 2015, compared with €4.0 million a year earlier, including revenue from the sublease on Ipsen's headquarter, flat year-on-year, and the neutral impact of cash flow hedges versus a gain at 30 June 2014.

Other core operating expenses reached €4.8 million at 30 June 2015, compared with €4.7 million a year earlier, mainly including amortization expense for intangible assets, excluding software, as well as the cost of subleasing the Group's headquarter.

Core operating income

Core operating income totaled €167.6 million, representing 23.5% of sales in the first half of 2015. That result compares to €162.0 million, or 25.4% of sales in the first half of 2014.

Other operating income and expenses

In the first half of 2015, other non-core operating expenses totaled €8.0 million, versus €3.4 million the prior-year period.

On 16 April 2015, Active Biotech and Ipsen announced the results of the 10TasQ10 clinical study. Preliminary efficacy and safety results did not support a positive benefit-risk balance, prompting a decision by Ipsen and Active Biotech to discontinue all clinical studies in prostate

[1] Sales growth excluding foreign exchange impact was calculated by restating the first-half 2014 consolidated financial statements with currency rates at 30 June 2015

cancer. As a result, Ipsen recognized the full €6.9 million committed expenses related to tasquinimod clinical development studies at 30 June 2015.

At 30 June 2014, other non-core operating expenses stemmed primarily from costs related to the transfer of operations of the Group's US-based Ipsen Bioscience subsidiary from Milford to Cambridge.

- **Restructuring costs**

In the first half of 2015, the Group recognized €0.7 million in restructuring costs, versus €12.3 million in the prior-year period. First-half 2014 restructuring costs included measures to adapt support functions, continued efforts to restructure R&D activities and costs related to transferring the operations of the Group's US-based Ipsen Bioscience Inc. subsidiary from Milford to Cambridge.

- **Impairment losses**

At 30 June 2015, the Group recorded a €57.0 million loss to impair all intangible assets related to the tasquinimod program, following a decision to discontinue clinical studies in prostate cancer.

- **Net financing costs and other financial income and expenses**

At 30 June 2015, the Group had net financial income of €3.2 million, compared with net financial expense of €2.2 million a year earlier. The financial income resulted primarily from a final €4.9 million earnout payment received in 2015 stemming from the sale of PregLem shares in 2010.

- **Income taxes**

At 30 June 2015, the effective tax rate came to 16.8% of pre-tax profit from continuing operations (excluding the share of profit (loss) from associated companies and joint ventures), compared with an effective rate of 28.2% at 30 June 2014.

The Group's effective tax rate benefited from the write-off of tasquinimod-related intangible assets, which were fiscally deductible at 38%.

- **Consolidated net profit**

Consolidated net profit came to €90.5 million (€90.1 million attributable to Ipsen S.A. shareholders), down 13.4% versus the €104.5 million (€104.0 million attributable to Ipsen S.A shareholders) recorded at 30 June 2014.

- **Earnings per share**

At 30 June 2015, basic earnings attributable to the Group amounted to €1.10 per share, down from basic EPS of €1.27 a year earlier.

Core earnings per share (see Appendix 4) for the period came to €1.50 per share, up 7.0% over €1.40 per share at 30 June 2014. The improvement reflected strong business growth driven primarily by the launch of Somatuline® in the treatment of neuroendocrine tumors.

Operating segments: Distribution of core operating income by therapeutic area

Segment information is presented according to the Group's two operating segments, i.e. primary care and specialty care.

All costs allocated to these two segments are presented in key performance indicators. Only research and development costs and corporate overhead costs are not allocated to the two operating segments.

The Group uses Core Operating Income to measure its segment performance and to allocate resources.

Sales, revenue and Core Operating Income are presented by therapeutic area for the 2015 and 2014 half-year periods in the following table.

(in millions of euros)	30 June 2015	30 June 2014	Change	%
Specialty Care				
Sales	548.9	472.5	76.4	*16.2%*
Revenue	565.2	487.4	77.7	*16.0%*
Core Operating Income	239.0	220.3	18.7	*8.5%*
% of sales	*43.5%*	*46.6%*		
Primary care (*)				
Sales	165.0	166.1	(1.2)	*-0.7%*
Revenue	186.7	181.3	5.4	*3.0%*
Core Operating Income	68.2	67.5	0.7	*1.0%*
% of sales	*41.3%*	*40.6%*		
Total unallocated				
Core Operating Income	(139.6)	(125.8)	(13.7)	*10.9%*
Group total				
Sales	713.9	638.7	75.2	*11.8%*
Revenue	751.9	668.8	83.1	*12.4%*
Core Operating Income	167.6	162.0	5.6	*3.5%*
% of sales	*23.5%*	*25.4%*		

(*) including drug related sales

In **specialty care,** first-half 2015 sales amounted to €548.9 million, up 16.2% versus the prior-year period. The share of specialty care products continued to increase, reaching 76.9% of total consolidated sales at 30 June 2015, versus 74.0% a year earlier. Sales of Decapeptyl® grew 5.4%, taking advantage of a favorable exchange effect and held back by a slowdown in Europe's pharmaceutical market. Somatuline® sales increased 35.2%, driven by the launch of the new anti-tumor indication in the treatment of neuroendocrine tumors (NETs) in the United States and Europe. Dysport® sales rose 9.3% on the back of a robust performance in the aesthetics activity. After factoring in the investment to launch Somatuline® in neuroendocrine tumors in the United States, Core Operating Income for specialty care amounted €239.0 million, representing 43.5% of sales in the first half of 2015. That result compares to Core Operating Income in the prior-year period of €220.3 million, representing 46.6% of sales.

In **primary care,** first-half 2015 sales came to €165.0 million, down 0.7% over the prior-year period. In France, sales of primary care products declined 7.7%, as a result of a price cut for Smecta® in July 2014 and continued erosion of Tanakan® sales. International sales increased 1.9% year-over year on the back of a favorable foreign exchange impact, which offset lower sales in China and Russia. First-half 2015 Core Operating Income for primary care totaled €68.2 million, representing 41.3% of sales. That result compares to primary care Core Operating Income in the prior-year period of €67.5 million, representing 40.6% of sales.

Unallocated Core Operating Income came to (€139.6) million, compared with (€125.8) million in the first half of 2014. The expenses consisted mainly of the Group's research and developments costs, which totaled (€90.6) million in 2015, versus (€86.1) million in 2014, and, to a lesser extent, unallocated general and administrative expenses.

Cash flow and financing

The consolidated cash flow statement at 30 June 2015 shows that the Group's operating activities generated net cash flow of €36.2 million, compared with €54.7 million a year earlier.

Analysis of the consolidated cash flow statement

(in millions of euros)	30 June 2015	30 June 2014
Cash flow from operating activities before changes in working capital requirement	143.0	128.0
(Increase) / decrease in working capital requirement for operations	(106.8)	(73.3)
Net cash flow from operating activities	**36.2**	**54.7**
Net investments in financial and tangible and intangible assets	(53.0)	(24.0)
Other cash flow from investments	(4.9)	(8.0)
Net cash provided (used) by investment activities	**(57.8)**	**(32.0)**
Net cash provided (used) by financing activities	**(74.4)**	**(20.5)**
CHANGES IN CASH AND CASH EQUIVALENTS (a)	**(96.1)**	**2.2**
Opening cash and cash equivalents (b)	**180.1**	**125.4**
Impact of exchange rate fluctuations (c)	3.8	1.4

At 30 June 2014, closing cash and cash equivalents included €80 million drawn down from the Group's syndicated credit line.

Net cash flow from operating activities

In the first half of 2015, cash flow from operating activities before changes in working capital requirement amounted to €143.0 million, up from the €128.0 million generated in the prior-year period.

Working capital requirement for operating activities increased by €106.8 million in the first half of 2015, compared with growth of €73.3 million in the prior-year period. The increase stemmed from the following items:

- In the first half of 2015, inventories decreased by €0.6 million, compared to a decline of €4.9 million in the first half of 2014.
- In the first half of 2015, trade receivables grew by €60.2 million, compared with an increase of €46.8 million in the prior-year period. The growth resulted primarily from higher sales and the seasonal nature of trade receivables collection, notably in Italy, which was partially offset by tighter management of payment delays in Russia, Spain and Portugal.
- Trade payables in the first half of 2015 decreased by €12.4 million, compared to an increase of €0.2 million in the prior year period. The decline comes mainly from the seasonal nature of expenditures, as well as the pace of settlements, in particular the commissions paid annually to distributors.
- In the first half of 2015, the change in other operating assets and liabilities constituted a use of funds amounting to €40.4 million, compared with the €34.3 million use of funds recorded in the prior-year period. As in the first half of 2014, the Group recorded no new deferred income from its partnerships at 30 June 2015.
- In the first half of 2015, the change in net tax liability remained a favorable source of funds totaling €5.6 million, versus a source of funds amounting to €2.6 million in the prior-year period.

Net cash flow used by investment activities

In the first half of 2015, net cash used by investment activities came to €57.8 million in net use of funds, compared with a €32.0 million net use of funds in the prior-year period.

Investments in tangible and intangible assets, net of disposals, totaled €21.7 million, versus €24.0 million at 30 June 2014. The cash outflow mainly included:

- €16.4 million in acquisitions of property, plant and equipment, compared with €20.9 million in the first half of 2014. Those acquisitions consisted primarily of capital expenditures needed to maintain the Group's production equipment and R&D activities;
- €5.4 million in investments in intangible assets, versus €3.3 million in the first half of 2014, mainly in the area of information technology, as well as an additional payment as part of the partnership with Lexicon.

The investment outflow in the first half of 2015 also included the purchase of a €6.0 million option to acquire Canbex Therapeutics.

The acquisition of OctreoPharm Sciences during the first half of 2015 led to an outflow of €31.3 million. In the first half of 2014, cash flow used by other investment activities included €3.6 million reflecting the change in consolidation method for the Swiss company, Linnea.

Net cash provided (used) by financing activities

In the first half of 2015, net cash provided (used) by financing activities amounted to a net use of funds of €74.4 million, compared to a net use of funds of €20.5 million in the prior-year period.

The change in the first half of 2015 resulted mainly from the payment of €70.0 million in dividends, as well as the €3.9 million repurchase of treasury shares.

In the first half of 2014, the dividend payout totaled €65.7 million and €33.4 million in treasure shares were repurchased. The 2014 movement also included the Group's €80.0 million drawdown of the credit line.

Analysis of Group cash flow

The Group must respect the following covenant ratios at the end of each half-year period:

- Net debt to equity: less than 1
- Net debt to EBITDA: less than 3.5 with the ratio assessed on a rolling 12-month basis.

The Group met all its covenant ratios at 30 June 2015.

Reconciliation of cash and cash equivalents and net cash and cash equivalents

(in millions of euros)	30 June 2015	30 June 2014
Closing cash and cash equivalents	87.8	129.0
Credit lines and bank loans	-	(80.0)
Other financial liabilities	(10.4)	(10.9)
Non-current liabilities	**(10.4)**	**(90.9)**
Credit lines and bank loans	(4.0)	(4.0)
Financial liabilities (excluding derivative instruments) (**)	(2.6)	(3.6)
Current liabilities	**(6.6)**	**(7.6)**
Debt	**(17.0)**	**(98.5)**
Net cash and cash equivalents (*)	**70.8**	**30.4**

(*) Net cash and cash equivalents: Cash and cash equivalents, less bank overdrafts, bank loans and other financial liabilities and excluding derivative financial instruments.

(**) Financial liabilities exclude €0.5 million in derivative instruments at 30 June 2015, compared with no derivative instruments at 30 June 2014.

APPENDIX 1

Consolidated income statement

(in millions of euros)	30 June 2015	30 June 2014
Sales	**713.9**	**638.7**
Other revenues	38.0	30.1
Revenue	**751.9**	**668.8**
Cost of goods sold	(168.3)	(155.8)
Selling expenses	(259.9)	(211.4)
Research and development expenses	(91.8)	(87.6)
General and administrative expenses	(61.3)	(51.3)
Other core operating income	1.9	4.0
Other core operating expenses	(4.8)	(4.7)
Core operating income	**167.6**	**162.0**
Other operating income	1.4	0.4
Other operating expenses	(8.0)	(3.4)
Restructuring costs	(0.7)	(12.3)
Impairment losses	(57.0)	(0.4)
Operating income	**103.4**	**146.3**
Investment income	0.6	0.8
Financing costs	(2.5)	(1.2)
Net financing costs	**(1.9)**	**(0.5)**
Other financial income and expense	5.1	(1.7)
Income taxes	(17.9)	(40.7)
Share of net profit (loss) from entities accounted for using the equity method	1.5	1.2
Net profit (loss) from continuing operations	**90.2**	**104.7**
Net profit (loss) from discontinued operations	0.3	(0.2)
Consolidated net profit	**90.5**	**104.5**
- Attributable to shareholders of Ipsen S.A.	90.1	104.0
- Attributable to non-controlling interests	0.3	0.4

Basic earnings per share, continuing operations (in euro)	1.09	1.27
Diluted earnings per share, continuing operations (in euro)	1.09	1.27
Basic earnings per share, discontinued operations (in euro)	0.00	(0.00)
Diluted earnings per share, discontinued operations (in euro)	0.00	(0.00)
Basic earnings per share (in euro)	1.10	1.27
Diluted earnings per share (in euro)	1.09	1.26

APPENDIX 2

Consolidated balance sheet before allocation of net profit

(in millions of euros)	30 June 2015	31 December 2014
ASSETS		
Goodwill	336.8	324.4
Other intangible assets	105.8	160.9
Property, plant & equipment	336.9	309.6
Equity investments	53.3	15.0
Investments in companies accounted for using the equity method	15.4	13.7
Non-current financial assets	-	4.2
Deferred tax assets	225.6	204.6
Other non-current assets	14.5	9.3
Total non-current assets	**1,088.2**	**1,041.7**
Inventories	107.8	105.5
Trade receivables	318.0	243.5
Current tax assets	63.2	65.9
Current financial assets	6.1	0.1
Other current assets	84.6	67.8
Cash and cash equivalents	92.9	186.3
Assets of disposal group classified as held for sale	-	2.6
Total current assets	**672.6**	**671.6**
TOTAL ASSETS	**1,760.8**	**1,713.3**

EQUITY AND LIABILITIES		
Share capital	83.1	82.9
Additional paid-in capital and consolidated reserves	902.4	801.7
Net profit (loss) for the period	90.1	153.5
Exchange differences	56.3	27.1
Equity attributable to Ipsen S.A. shareholders	**1,132.0**	**1,065.2**
Equity attributable to non-controlling interests	2.6	2.7
Total shareholders' equity	**1,134.6**	**1,067.9**
Retirement benefit obligation	57.1	59.6
Non-current provisions	43.5	42.1
Other non-current financial liabilities	10.4	12.1
Deferred tax liabilities	10.0	5.6
Other non-current liabilities	131.0	115.8
Total non-current liabilities	**251.9**	**235.2**
Current provisions	6.0	26.0
Current bank loans	4.0	4.0
Current financial liabilities	3.1	4.0
Trade payables	172.5	179.8
Current tax liabilities	7.1	4.1
Other current liabilities	176.6	186.1
Bank overdrafts	5.1	6.1
Total current liabilities	**374.3**	**410.2**
TOTAL EQUITY & LIABILITIES	**1,760.8**	**1,713.3**

APPENDIX 3

Consolidated statement of cash flow

(in millions of euros)	30 June 2015	30 June 2014
	Total	Total
Consolidated net profit	**90.5**	**104.5**
Share of profit (loss) from companies accounted for using the equity method before impairment losses	(0.8)	0.4
Profit (loss) before share from companies accounted for using the equity method	**89.6**	**104.9**
Non-cash and non-operating items		
- Depreciation, amortization, provisions	5.8	15.7
- Impairment losses included in operating income and net financial income	57.0	0.4
- Change in fair value of financial derivatives	2.6	(0.2)
- Net gains or losses on disposals of non-current assets	0.0	1.3
- Foreign exchange differences	(4.7)	(3.5)
- Change in deferred taxes	(9.3)	7.1
- Share-based payment expense	1.9	2.3
- (Gain) or loss on sales of treasury shares	0.1	0.0
Cash flow from operating activities before changes in working capital requirement	**143.0**	***128.0***
- (Increase)/decrease in inventories	0.6	4.9
- (Increase)/decrease in trade receivables	(60.2)	(46.8)
- Increase/(decrease) in trade payables	(12.4)	0.2
- Net change in income tax liability	5.6	2.6
- Net change in other operating assets and liabilities	(40.4)	(34.3)
Change in working capital requirement related to operating activities	(106.8)	**(73.3)**
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	**36.2**	**54.7**
Acquisition of property, plant & equipment	(16.4)	(20.9)
Acquisition of intangible assets	(5.4)	(3.3)
Proceeds from disposal of intangible assets and property, plant & equipment	0.0	0.1
Payments to post-employment benefit plans	(0.5)	(0.4)
Acquisition of shares in non-consolidated companies	(31.3)	-
Impact of changes in the consolidation scope	-	(3.6)
Other cash flow related to investment activities	(5.3)	(2.0)
Deposits paid	0.4	0.0
Change in working capital related to operating activities	0.4	(1.9)
NET CASH PROVIDED (USED) BY INVESTMENT ACTIVITIES	**(57.8)**	**(32.0)**
Additional long-term borrowings	1.1	82.2
Repayment of long-term borrowings	(3.7)	(3.4)
Capital increase	2.3	0.6
Treasury shares	(2.0)	(33.4)
Dividends paid by Ipsen S.A.	(70.0)	(65.5)
Dividends paid by subsidiaries to non-controlling interests	(0.5)	(0.2)
Change in working capital related to operating activities	(1.6)	(0.7)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	**(74.4)**	**(20.5)**
CHANGE IN CASH AND CASH EQUIVALENTS	**(96.1)**	**2.2**
Opening cash and cash equivalents	**180.1**	**125.4**
Impact of exchange rate fluctuations	3.8	1.4
Closing cash and cash equivalents	**87.8**	**129.0**

APPENDIX 4

- **Core consolidated net profit for the first-half of 2015, versus the prior-year period**

(in millions of euros)	30 June 2015	Non-core items	30 June 2015 Core	30 June 2014	Non-core items	30 June 2014 Core
Core operating income	**167.6**	**-**	**167.6**	**162.0**	**-**	**162.0**
Other operating income	1.4	(1.4)	-	0.4	(0.4)	-
Other operating expenses	(8.0)	8.0	-	(3.4)	3.4	-
Restructuring costs	(0.7)	0.7	-	(12.3)	12.3	-
Impairment losses	(57.0)	57.0	-	(0.4)	0.4	-
Operating income	**103.4**	**64.2**	**167.6**	**146.3**	**15.7**	**162.0**
Investment income	0.6	-	0.6	0.8	-	0.8
Financing costs	(2.5)	-	(2.5)	(1.2)	-	(1.2)
Net financing costs	**(1.9)**	**-**	**(1.9)**	**(0.5)**	**-**	**(0.5)**
Other financial income and expense	5.1	(4.9)	0.2	(1.7)	-	(1.7)
Income taxes	(17.9)	(25.3)	(43.2)	(40.7)	(4.7)	(45.3)
Share of net profit (loss) from entities accounted for using the equity method	1.5	-	1.5	1.2	-	1.2
Net profit (loss) from continuing operations	**90.2**	**34.0**	**124.2**	**104.7**	**11.0**	**115.7**
Net profit (loss) from discontinued operations	0.3	(0.3)	-	(0.2)	0.2	-
Consolidated net profit	**90.5**	**33.7**	**124.2**	**104.5**	**11.3**	**115.7**
- Attributable to shareholders of Ipsen S.A.	90.1	33.7	123.9	104.0	11.3	115.3
- Attributable to non-controlling interests	0.3	-	0.3	0.4	-	0.4
Diluted earnings per share - attributable to Ipsen S.A. shareholders (in € per share)	1.09		1.50	1.26		1.40

Core Operating Income is the key performance indicator for understanding and measuring the performance of the Group's activities. Items not included in Core Operating Income are not tabbed as "exceptional" or "extraordinary" but correspond to unusual, abnormal or infrequent items of disclosure targeted in paragraph 28 of the IASB Framework.

Similarly, Core consolidated net profit corresponds to net profit adjusted for non-core items as defined above and unusual events affecting financial income (expense) items, net of taxes, or the taxes themselves.

III - INFORMATION ON RELATED PARTIES

The Group has not concluded any new significant transactions with related parties during the period.

IV - RISKS 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 2014 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®. Supply interruption occurred in mid-June 2013 in the US and in Q3 2013 in Europe and the rest of the world. On December 18th 2013, Ipsen announced that Lonza had successfully re-manufactured the active ingredient of Increlex® and that the European Medicines Agency (EMA) had been informed that Ipsen was preparing for the resupply of Increlex® in the European Union. Consultations with the National competent authorities have allowed a resupply in Europe early 2014. In the United States, Ipsen has released one batch of Increlex®'s active ingredient on 2 June 2014. Ipsen anticipates that additional lots will be released in the coming months, as the company continues to work closely with the FDA to make additional Increlex® lots available as soon as possible.

- 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.

- 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.

V - STATUTORY AUDITOR'S REVIEW REPORT ON THE 2015 HALF YEARLY CONSOLIDATED FINANCIAL STATEMENTS

Ipsen

Société Anonyme
65, quai Georges Gorse - 92650 Boulogne-Billancourt

To the shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code ("Code monétaire et financier"), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Ipsen S.A., for the period from January 1st, 2015 to June 30, 2015;
- the verification of the information presented in the half-yearly management report.

These condensed half yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

I – Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

II – Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Paris La Défense and Neuilly-sur-Seine, 30 July 2015

The statutory auditors

KPMG Audit	Deloitte & Associés
A department of KPMG S.A.	
Philippe GRANDCLERC	Fabien BROVEDANI

VI - ATTESTATION OF THE PERSON RESPONSIBLE FOR THE 2015 HALF YEAR FINANCIAL REPORT

I hereby declare that, to the best of my knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company and all the other companies included in the scope of consolidation, and that this half-year financial report gives a fair description of the major developments and their impacts on the Group's first half 2015 accounts and of the main risks and uncertainties for the remaining six months of the year and a fair view of the related parties transactions.

31 July 2015

Mr. Marc de Garidel

Chairman and Chief executive officer