IPSEN

Innovation for patient care

2017

HALF YEAR FINANCIAL REPORT

SUMMARY

1. FIRST HALF 2017 CONSOLIDATED FINANCIAL STATEMENTS

1.1 Consolidated income statement

(in millions of euros)	Notes	30 June 2017	30 June 2016 Restated
Sales	4	919.5	763.8
Other revenues	4	50.2	42.8
Revenue		**969.7**	**806.6**
Cost of goods sold		(190.2)	(172.2)
Selling expenses		(349.6)	(283.2)
Research and development expenses		(115.0)	(95.0)
General and administrative expenses		(68.3)	(59.0)
Other operating income	5	1.9	1.1
Other operating expenses	5	(64.2)	(15.1)
Restructuring costs	6	(7.9)	(0.4)
Impairment losses	7	-	(8.4)
Operating Income	4	**176.4**	**174.6**
Investment income	*8*	*0.6*	*0.4*
Financing costs	*8*	*(4.8)*	*(15)*
Net financing costs	8	(4.2)	(1.1)
Other financial income and expense	8	(7.5)	(1.8)
Income taxes	9.1	(41.4)	(39.4)
Share of net profit (loss) from entities accounted for using the equity method		1.0	1.3
Net profit (loss) from continuing operations		**124.4**	**133.6**
Net profit (loss) from discontinued operations		1.6	(0.3)
Consolidated net profit (loss)		**125.9**	**133.3**
- Attributable to shareholders of Ipsen S.A.		125.9	133.0
- Attributable to non-controlling interests		0.0	0.3

Basic earnings per share, continuing operations (in euros)		1.51	1.62
Diluted earnings per share, continuing operations (in euros)		1.50	1.61

Basic earnings per share, discontinued operations (in euros)		0.02	(0.00)
Diluted earnings per share, discontinued operations (in euros)		0.02	(0.00)

Basic earnings per share (in euros)		1.53	1.62
Diluted earnings per share (in euros)		1.52	1.61

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

1.2 Comprehensive consolidated income statement

(in millions of euros)	30 June 2017	30 June 2016
Consolidated net profit (loss)	**125.9**	**133.3**
Actuarial gains and (losses) on defined benefit plans, net of taxes	6.3	(10.2)
Other items of comprehensive income that will not be reclassified to the income statement	**6.3**	**(10.2)**
Revaluation of financial derivatives for hedging, net of taxes	12.1	0.0
Foreign exchange differences, net of taxes	(39.3)	(18.9)
Financial assets available for sale, net of taxes	0.6	(4.2)
Other items of comprehensive income likely to be reclassified to the income statement	**(26.5)**	**(23.1)**
Comprehensive income: Consolidated net profit (loss) and gains and (losses) recognized directly in equity	**105.7**	**100.0**
- Attributable to shareholders of Ipsen S.A.	105.8	99.7
- Attributable to non-controlling interests	(0.1)	0.3

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

1.3 Consolidated balance sheet before allocation of net profit

(in millions of euros)	Notes	30 June 2017	31 December 2016
ASSETS			
Goodwill	10	396.7	357.2
Other intangible assets	11	899.0	380.1
Property, plant & equipment	12	382.8	379.0
Equity investments	13	22.8	21.2
Investments in companies accounted for using the equity method		16.4	15.6
Non-current financial assets		136.6	0.2
Deferred tax assets	9.2	181.3	213.2
Other non-current assets	14	6.1	6.7
Total non-current assets		**2,041.7**	**1,373.1**
Inventories	15	152.2	113.3
Trade receivables	15	394.1	363.5
Current tax assets	15	51.1	66.3
Current financial assets		12.1	6.6
Other current assets	15	115.2	75.2
Cash and cash equivalents		200.6	425.5
Total current assets		**925.3**	**1,050.4**
TOTAL ASSETS		**2,967.0**	**2,423.5**
EQUITY & LIABILITIES			
Share capital	16.1	83.6	83.6
Additional paid-in capital and consolidated reserves		1,172.7	998.5
Net profit (loss) for the period		125.9	225.9
Foreign exchange differences		15.9	50.9
Equity attributable to Ipsen S.A. shareholders		**1,398.1**	**1,358.9**
Equity attributable to non-controlling interests		9.9	3.3
Total shareholders' equity		**1,408.1**	**1,362.2**
Retirement benefit obligation		52.4	58.4
Non-current provisions	17	35.0	21.6
Other non-current financial liabilities	18	443.0	314.8
Deferred tax liabilities	9.2	12.6	14.6
Other non-current liabilities	15	94.4	90.6
Total non-current liabilities		**637.4**	**500.0**
Current provisions	17	18.9	27.8
Current financial liabilities	18	412.4	58.6
Trade payables	15	264.1	241.5
Current tax liabilities	15	5.7	4.1
Other current liabilities	15	190.8	226.4
Bank overdrafts		29.7	3.0
Total current liabilities		**921.6**	**561.3**
TOTAL EQUITY & LIABILITIES		**2,967.0**	**2,423.5**

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

1.4 Consolidated statement of cash flow

(in millions of euros)	Notes	30 June 2017	30 June 2016
Consolidated net profit (loss)		**125.9**	**133.3**
Share of profit (loss) from entities accounted for using the equity method before impairment losses		(1.0)	(0.2)
Net profit (loss) before share from entities accounted for using the equity method		**124.9**	**133.1**
Non-cash and non-operating items			
- Depreciation, amortization, provisions		53.3	5.1
- Impairment losses included in operating Income and net financial income	7	(0.0)	8.4
- Change in fair value of financial derivatives		(12.1)	10.7
- Net gains or losses on disposals of non-current assets		0.1	0.3
- Foreign exchange differences		15.9	(5.2)
- Change in deferred taxes	9.2	8.8	4.6
- Share-based payment expense		4.5	3.2
- Other non cash items		0.2	0.0
Cash flow from operating activities before changes in working capital requirement		***195.5***	***160.1***
- (Increase)/decrease in inventories	15	(19.5)	(7.0)
- (Increase)/decrease in trade receivables	15	(34.0)	(22.4)
- Increase/(decrease) in trade payables	15	18.1	3.1
- Net change in income tax liability	15	16.4	23.0
- Net change in other operating assets and liabilities	15	(47.0)	(25.8)
Change in working capital requirement related to operating activities		***(66.0)***	***(29.1)***
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		**129.6**	**131.0**
Acquisition of property, plant & equipment	12	(28.1)	(35.2)
Acquisition of intangible assets	11	(93.4)	(194.1)
Proceeds from disposal of intangible assets and property, plant & equipment		0.1	-
Acquisition of shares in non-consolidated companies		(0.7)	0.0
Payments to post-employment benefit plans		(0.2)	(0.3)
Impact of change in the consolidation scope		(547.6)	-
Deposits paid		(0.1)	2.2
Change in working capital related to investment activities		(11.6)	0.5
Other cash flow related to investment activities		(0.2)	-
NET CASH PROVIDED (USED) BY INVESTMENT ACTIVITIES		**(682.0)**	**(226.8)**
Additional long-term borrowings	18	1.6	318.0
Repayment of long-term borrowings	18	(2.8)	(3.1)
Net change in short-term borrowings	18	375.5	-
Capital increase	16.1	3.5	0.5
Treasury shares		(3.3)	0.6
Dividends paid by Ipsen S.A.	16.2	(70.2)	(70.0)
Dividends paid by subsidiaries to non-controlling interests		(0.4)	(0.4)
Change in working capital related to financing activities		(2.8)	(0.5)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES		**301.1**	**245.1**
CHANGE IN CASH AND CASH EQUIVALENTS		**(251.3)**	**149.3**
Opening cash and cash equivalents		**422.5**	**214.0**
Impact of exchange rate fluctuations		(0.4)	(3.9)
Closing cash and cash equivalents		**170.9**	**359.5**

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

1.5 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 2017	**83.6**	**732.9**	**411.2**	**(28.1)**	**(1.4)**	**(65.2)**	**225.9**	**1,358.9**	**3.3**	**1,362.2**
Consolidated net profit (loss) for the period	-	-	-	-	-	-	125.9	125.9	0.0	125.9
Gains and (losses) recognized directly in equity [1]	-	-	(38.5)	6.3	12.1	-	-	(20.1)	(0.1)	(20.3)
Consolidated net profit (loss) and gains and losses recognized directly in equity	**-**	**-**	**(38.5)**	**6.3**	**12.1**	**-**	**125.9**	**105.8**	**(0.1)**	**105.7**
Allocation of net profit (loss) from the prior period	-	-	225.9	-	-	-	(225.9)	-	-	-
Capital increases (decreases)	0.1	2.9	(0.0)	-	-	0.2	-	3.1	-	3.1
Share-based payments	-	-	4.5	-	-	0.6	-	5.1	-	5.1
Own share purchases and disposals	-	-	-	-	-	(4.5)	-	(4.5)	-	(4.5)
Dividends	-	-	(70.2)	-	-	-	-	(70.2)	(0.5)	(70.8)
Other changes	-	-	-	-	-	-	-	-	7.2	7.2
Balance at 30 June 2017	**83.6**	**735.8**	**532.8**	**(21.9)**	**10.7**	**(68.8)**	**125.9**	**1,398.1**	**9.9**	**1,408.1**

[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 2016	**83.2**	**720.1**	**299.6**	**(20.4)**	**1.3**	**(51.2)**	**189.9**	**1,222.5**	**3.1**	**1,225.6**
Consolidated net profit (loss) for the period	-	-	-	-	-	-	133.0	133.0	0.3	133.3
Gains and (losses) recognized directly in equity (1)	-	-	(23.0)	(10.2)	0.0	-	-	(33.3)	(0.1)	(33.3)
Consolidated net profit (loss) and gains and losses recognized directly in equity	**-**	**-**	**(23.0)**	**(10.2)**	**0.0**	**-**	**133.0**	**99.7**	**0.3**	**100.0**
Allocation of net profit (loss) from the prior period	-	-	189.9	-	-	-	(189.9)	-	-	-
Capital increases (decreases)	0.0	0.5	-	-	-	-	-	0.5	-	0.5
Share-based payments	-	-	3.2	-	-	0.6	-	3.8	-	3.8
Own share purchases and disposals	-	-	(0.1)	-	-	(1.1)	-	(1.1)	-	(1.1)
Dividends	-	-	(70.0)	-	-	-	-	(70.0)	(0.4)	(70.3)
Other changes	-	-	(0.3)	-	-	-	-	(0.3)	-	(0.3)
Balance at 30 June 2016	**83.3**	**720.6**	**399.3**	**(30.6)**	**1.4**	**(51.7)**	**133.0**	**1,255.1**	**3.0**	**1,258.1**

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

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

1.6 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Significant events during the period

1.1 Acquisition of Oncology Assets from Merrimack Pharmaceuticals

On 9 January 2017, Ipsen announced that it has entered into a definitive agreement to acquire global oncology assets from Merrimack Pharmaceuticals, including its key marketed product Onivyde® for the treatment of patients with metastatic adenocarcinoma of the pancreas. Under the terms of the agreement, Ipsen will gain exclusive commercialization rights for the current and potential future Onivyde® indications in the U.S., as well as the current licensing agreements with Shire for commercialization rights ex-U.S. and PharmaEngine for Taiwan. The transaction also includes Merrimack's commercial and manufacturing infrastructure, and generic doxorubicin HCl liposome injection.
Under the terms of the agreement, Ipsen must pay $578 million to Merrimack Pharmaceuticals, and could pay up to $450 million upon the approval of potential additional indications for Onivyde® in the U.S. The transaction will be fully financed by Ipsen's existing cash and lines of credit.

On 3 April 2017, Ipsen announced that it has completed the acquisition of those oncology assets.

1.2 Acquisition of Akkadeas Pharma

On 31 January 2017, Ipsen announced that it has signed an agreement to take an equity stake in Akkadeas Pharma with an option to acquire 100% of the company in the future. Akkadeas Pharma is a privately-held Consumer Healthcare company in Italy with a diversified gastrointestinal-focused portfolio including probiotics, medical devices and food supplements. As part of the transaction, Akkadeas Pharma will become Ipsen's Italian distributor for Smecta® (Diosmectal®).

1.3 Acquisition of a portfolio of select Consumer Healthcare products from Sanofi

On 13 February 2017, Ipsen announced that it has entered into a definitive agreement to acquire from Sanofi five Consumer Healthcare products in certain European territories. The most significant product is Prontalgine®, an analgesic for the treatment of moderate to severe pain, which has grown at double digit rates over the last four years and is available only in France. The portfolio also includes Buscopan®, an antispasmodic; Suppositoria Glycerini, a laxative; and Mucothiol® and Mucodyne®, expectorants for cough and flu. Combined, these regional brands span a geographic scope of eight European countries. Manufacturing will be provided by third parties. Under the terms of the agreement, Ipsen will pay €83 million cash upon closing for the products.

On 8 May 2017, Ipsen announced that it has completed its acquisition.

Note 2. Changes in the scope of consolidation

During the first semester 2017, the Group took the control of Akkadeas Pharma. This company is fully integrated as of 30 June 2017.

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 July 26, 2017.

3.1 General principles and compliance statement

In compliance with European 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 2016 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 notes to the condensed consolidated financial statements at 30 June 2017 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 2016.

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 2017

The condensed consolidated financial statements were prepared in accordance with the accounting principles and methods used by the Group for the 2016 financial statements and described in note 3 to consolidated financial statements for the year ended 31 December 2016. Furthermore, the condensed consolidated financial statements were prepared in compliance with other standards and interpretations in force as of 1 January 2017, with the exception of the application of the new standards and interpretations described below.

3.2 Other standards and interpretations that became applicable as of 1 January 2017

The mandatory standards, amendments and interpretations published by the ASB and applicable as of the 2017 financial year are listed below.

- Amendments to IAS 12 – Recognition of deferred tax assets for unrealised losses
- Amendments to IAS 7 – Disclosure initiative
- Amendments to IFRS 12 – Annual improvements to IFRS standards 2014-2016 cycle.

A review of these amendments showed that their application had a non-material impact on the Group's interim financial statements, which - consequently - were not restated.

3.3 Standards, amendments and interpretations adopted by the European Union and not adopted early by the Group

The Group did not opt for early adoption of the standards, amendments and interpretations adopted by the European Union for which the application was not mandatory on 1 January 2017, namely:

- IFRS 9 – Financial instruments
- IFRS 15 – Revenue from contracts with customers.

A review of IFRS 9 was under way by the Group at the close of the 2017 Group's interim financial statements.

Following a review of the main impacts of IFRS 15 – Revenue from contracts with customers, the standard is not expected to have a material impact on the Group's consolidated financial statements, including the balance sheet, the income statement or the comprehensive income statement.

3.4 Standards, amendments and interpretations published but not yet approved by the European Union

Standards, amendments and interpretations published butnot yet approved by the European Union are listed below:

- IFRS 16 – Leases.

A review of this standard was under way by the Group at the close of the 2017 Group's interim financial statements.

3.5 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 2016.

3.6 Seasonal effects

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

3.7 Change in presentation

Since 2016, Ipsen does not present any alternative performance indicator anymore in Consolidated Income Statement.

Therefore, other core operating income and other non-core operating income are from now combined in the ligne « other operating income » whereas other core operating expenses and other non-core operating expenses are from now combined in the ligne « other operating expenses ». This change in presentation has no impact on the Operating Income nor on the Consolidated net profit (see note 22).

Note 4. Operating segments

Segment information is presented according to the Group's two operating segments, i.e. Specialty Care and Consumer Healthcare.

All costs allocated to these two segments are presented in the key performance indicators. Only general and administrative expenses and the impact of cash flow hedges are not allocated to the two operating segments. Research and development costs are now allocated to the operating segments. Previously, they were unallocated.

Since 31st December 2016, the key indicator for the Group is the Core Operating Income.

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

Core Operating Income excludes amortizations of intangible assets (excluding software), restructuring costs, impairment losses and other operating income and expenses related to significant events likely to disturb the reading of the Group's performance from year to year.

Those performance indicators do not replace IFRS indicators and should not be perceived as such. They are used to complete IFRS indicators.

4.1 Operating Income by operating segment

(in millions of euros)	Specialty Care	Consumer Healthcare	Other (unallocated)	30 June 2017
Sales	764.6	154.8	-	**919.5**
Other revenues	24.6	25.6	-	**50.2**
Revenue	**789.2**	**180.5**	**-**	**969.7**
Core Operating Income	**281.3**	**47.1**	**(87.8)**	**240.5**

Figures at June 30 2016 have been restated for comparative purposes.

(in millions of euros)	Specialty Care	Consumer Healthcare	Other (unallocated)	30 June 2016 Restated
Sales	613.5	150.4	-	**763.8**
Other revenues	19.2	23.6	-	**42.8**
Revenue	**632.6**	**174.0**	**-**	**806.6**
Core Operating Income	**214.8**	**53.8**	**(77.3)**	**191.3**

The reconciliation of Core Operating Income and Operating Income is presented in the following table:

(in millions of euros)	30 June 2017	30 June 2016 Restated
Core Operating Income	**240.5**	**191.3**
Amortization of intangible assets, excluding software	(21.5)	(2.2)
Other operating income and expenses	(34.8)	(5.8)
Restructuring costs	(7.9)	(0.4)
Impairment losses	-	(8.4)
Operating Income	**176.4**	**174.6**

For informational purposes, the operating segment information published in 2016 is presented below:

(in millions of euros)	Specialty Care	Primary Care	Other (unallocated)	30 June 2016 Published
Sales	613.5	150.4	-	**763.8**
Other revenues	19.2	23.6	-	**42.8**
Revenue	**632.6**	**174.0**	**-**	**806.6**
Core Operating Income	**288.1**	**53.5**	**(152.8)**	**188.8**
Other operating income			0.9	0.9
Other operating expenses			(6.4)	(6.4)
Restructuring costs			(0.4)	(0.4)
Impairment losses			(8.4)	(8.4)
Operating Income	**288.1**	**53.5**	**(167.1)**	**174.6**

4.2 Sales by therapeutic area and product

(in millions of euros)	30 June 2017	30 June 2016
Oncology	560.8	431.9
Somatuline ®	*340.4*	*254.9*
Decapeptyl ®	*171.0*	*167.6*
Cabometyx ®	*16.9*	-
Onivyde ®	*19.3*	-
Other Oncology	*13.3*	*9.4*
Neurosciences	165.4	140.5
Dysport ®	*163.6*	*139.6*
Rare diseases	38.4	41.1
NutropinAq ®	*27.1*	*30.4*
Increlex ®	*11.3*	*10.7*
Specialty Care	**764.6**	**613.5**
Smecta ®	58.8	54.1
Forlax ®	21.3	20.1
Tanakan ®	15.5	18.9
Fortrans/Eziclen ®	15.8	12.8
Etiasa ®	9.4	9.4
Other Consumer Healthcare	34.1	35.1
Consumer Healthcare	**154.8**	**150.4**
Group Sales	**919.5**	**763.8**

4.3 Other information

(in millions of euros)	Specialty Care	Consumer Healthcare	Other (unallocated)	30 June 2017
Acquisition of intangible assets	(1.3)	(86.8)	(5.3)	(93.4)
Acquisition of property, plant & equipment	(18.8)	(6.5)	(2.8)	(28.1)
Total investments [1]	**(20.2)**	**(93.3)**	**(8.1)**	**(121.6)**
Net depreciation, amortization and provisions (excluding financial assets)	(24.8)	(3.3)	(11.4)	(39.5)
Share-based payment expenses with no impact on cash flow			(4.5)	(4.5)

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

[1] At 30 June 2017, the increase in intangible assets for the consumer healthcare segment resulted mainly from the acquisition of a portfolio of select Consumer Healthcare products from Sanofi (see note 1.3).

(in millions of euros)	Specialty Care	Primary Care	Other (unallocated)	30 June 2016
Acquisition of intangible assets	(190.1)	(0.3)	(3.7)	(194.1)
Acquisition of property, plant & equipment	(28.0)	(6.2)	(0.9)	(35.2)
Total investments	**(218.1)**	**(6.5)**	**(4.6)**	**(229.3)**
Net depreciation, amortization and provisions (excluding financial assets)	(3.6)	(1.2)	0.8	(4.0)
Share-based payment expenses w ith no impact on cash flow			(3.2)	(3.2)

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

Note 5. Other operating income and expenses

In the first half of 2017, other operating income and expenses totaled €62.4 million. Those expenses consisted mainly of the amortization of Onivyde® and Cabometyx® intangible assets, of integration costs related to the Onivyde® acquisition, the adaptation of the R&D structure and programs and a settlement with a partner in Japan.

Other operating expenses for the six months ended 30 June 2016 amounted to €13.9 million and consisted mainly of the impact from the change in corporate governance, expenses arising from consolidating Ipsen's UK R&D capacities to the Oxford site and the impact of the currency hedging policy.

Note 6. Restructuring costs

At 30 June 2017, restructuring costs amounted to €7.9 million, compared to €0.4 million a year earlier. Those expenses consisted mainly of integration costs related to the Onivyde® acquisition as well as the adaptation of the R&D structure and programs.

Note 7. Impairment losses

At 30 June 2017, no impairment loss was recognized in the Group accounts.

At 30 June 2016, Ipsen impaired the MCNA intangible asset for €8.4 million before tax, an exclusive license for MCNA acquired from Telesta Therapeutics.

Note 8. Net financial income

In the first half of 2017, the Group had net financial expenses of €11.6 million, versus net financial expenses of €2.9 million in the first half of 2016.

Net financing cost amounted to €4.2 million, versus €1.1 million at end of June 2016. This evolution is mainly driven by interest expenses on the bond issued in June 2016 and by financing costs related to the acquisitions completed during this semester (see note 1).

In the first half of 2017, Other financial income and expense amounted to an expense of €7.5 million, compared to an expense of €1.8 million in the first half of 2016. This evolution is mainly driven by the costs of the hedges implemented to mitigate the foreign exchange risk of the Group.

Note 9. Income taxes

9.1 Effective tax rate

(in millions of euros)	30 June 2017	30 June 2016
Net profit (loss) from continuing operations	124.4	133.6
Share of net profit (loss) from entities accounted for using the equity method	1.0	1.3
Profit from continuing operations before share of results from companies accounted for using the equity method	123.4	132.3
Current tax	(32.6)	(34.8)
Deferred tax	(8.8)	(4.6)
Income taxes	**(41.4)**	**(39.4)**
Pre-tax profit from continuing operations before share of results from companies accounted for using the equity method	164.7	171.7
Effective tax rate	**25.1%**	**23.0%**

At 30 June 2017, the effective tax rate came to 25.1% of pre-tax profit from continuing operations before the share of profit (loss) from companies accounted for using the equity method, compared with an effective rate of 23.0% at 30 June 2016.

This increase is mainly attributable to the increase of unrecognized deferred tax assets in the United States and Germany.

9.2 Movements during the first half of 2017

(in millions of euros)	31 December 2016	Movements during the period						30 June 2017
		Income statement income / expense	Deferred taxes recorded directly to reserves	SoRIE	Changes in consolidation scope	Foreign exchange differences	Other movements	
Deferred tax assets	213.2	5.1	(1.7)	(2.0)	0.1	(12.5)	(20.9)	181.3
Deferred tax liabilities	(14.6)	(13.8)	(4.5)	-	(0.8)	0.2	20.9	(12.6)
Net assets / (liabilities)	**198.6**	**(8.8)**	**(6.2)**	**(2.0)**	**(0.8)**	**(12.2)**	**0.0**	**168.7**

A significant share of the Group's deferred tax assets / liabilities is 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 10. Goodwill

10.1 Net goodwill carried in the balance sheet

The Group's operating segments are Consumer Healthcare and Specialty Care. Accordingly, goodwill is allocated to these two Cash Generating Units (CGUs) in accordance with the Group's organization.
Goodwill totaling €135.3 million related to the Group's 1998 structuring operations was allocated to the Consumer Healthcare 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 Consumer Healthcare business.

The goodwill related to the acquisition of Vernalis Inc. and Ipsen Biopharmaceuticals Inc. in the second half of 2008, the goodwill related to the acquisition of BioInnovation Ltd in 2013, the goodwill arising from the acquisition of Octreopharm in 2015 and the goodwill arising from the acquisition of Onivyde® during the first semester 2017, have been allocated to the Specialty Care operating segment.

The goodwill related to the acquisition of Akkadeas Pharma during the first semester 2017 has been allocated to the Consumer Healthcare operating segment.

10.2 Movement of goodwill

In the first half of 2017, movements for the period included:

- the acquisition of oncology assets from Merrimack Pharmaceuticals (see note 1.1) treated according to IFRS 3 revised – Business combination. The goodwill generated by this transaction amounts to $47.6 million, corresponding to €44.5 million (see note 10.3). It is allocated to Specialty Care operating segment;
- the acquisition of Akkadeas Pharma (see note 1.2). The transaction generated goodwill of €8.6 million at 30 June 2017. It is allocated to Consumer Healthcare operating segment;
- foreign exchange differences by €(13.9) million on gross goodwill and €0.3 million on impairment losses.

(in millions of euros)	31 December 2016	Movements during the period				30 June 2017
		Increase	Decrease	Changes in consolidation scope	Foreign exchange differences	
Gross goodwill	365.7	-	-	53.1	(13.9)	405.0
Impairment losses	(8.6)	-	-	-	0.3	(8.3)
Net goodwill	**357.2**	**-**	**-**	**53.1**	**(13.6)**	**396.7**

Since 2016, the Group conducts goodwill impairment testing at 30 June. The perpetual growth rates and discount rates of both CGUs were reviewed at that date and found to be unchanged versus the rates at 31 December 2016.

At 30 June 2017, no impairment losses related to goodwill were recorded. The previously recorded impairment loss concerned solely the goodwill arising from the acquisition of Sterix Ltd.

10.3 Acquisition cost analysis on oncology assets acquired from Merrimack Pharmaceuticals

On 9 January 2017, Ipsen announced that it has entered into a definitive agreement to acquire global oncology assets from Merrimack Pharmaceuticals. Under the terms of the agreement, the transaction includes Merrimack's commercial and manufacturing infrastructure, and generic doxorubicin HCl liposome injection.

The purchase price allocation process is currently in progress and will be finalized by the full-year 2017 closing.

The provisional acquisition impact is however described hereafter:

(in millions of euros)	
Cash-out made for the acquisition	544.6
Fair value of deferred payments to Merrimack Pharmaceuticals	43.1
Fair value of deferred payments to Pharma Engine	75.8
Fair value of deferred payments to be received from Shire	(122.6)
Others	2.7
Onivyde total acquisition costs valuation	**543.6**
Fair value of net assets and liabilites acquired:	
- intangible assets	466.6
- tangible assets	1.3
- net w orking capital and others	31.1
Total	**499.1**
Provisional Goodwill generated after allocation process	**44.5**

The impact of the business combination related to Onivyde® business' acquisition has provisionally led the Group to:

- recognize an intangible asset for €466.6 million corresponding to the intellectual property acquired as well as the fair value of the royalty right related to the partnerships with Shire and Pharma Engine in the territories outside the United States;
- evaluate to their fair value the additional payments that could take place in the event a development or commercialization milestone is achieved (achievement of certain revenue thresholds or FDA registration of additional indications), with the companies Merrimack Pharmaceuticals, Shire and Pharma Engine. The fair value of these contingent considerations discounted and probabilized result in a €122.6 million asset and a €118.9 million liability;
- recognize tangible assets and net working capital revaluated to their fair market value. Inventories have notably been revaluated for an amount of €6.0 million to be recorded at fair market value decreased from distribution expenses.

10.4 Detail of acquired assets and liabilities linked to Onivyde®

(in millions of euros)	Opening balance sheet
Assets	
Goodw ill	44.5
Other intangible assets	466.6
Tangible assets	1.3
Non-curent financial assets	122.6
Current asssets	40.5
Cash and cash equivalents	(544.6)
Total assets	**131.0**
Liabilities	
Non-current financial liabilities	121.6
Current liabilities & other	9.4
Total liabilities	**131.0**

10.5 Acquisition cost analysis on Akkadeas Pharma

On 31 January 2017, Ipsen announced that it has signed an agreement to take an equity stake in Akkadeas Pharma with an option to acquire 100% of the company in the future.

Ipsen acquired 49% of the entity's equity following several payments for a total amount of €4.9 million and also holds a call option on the equity's remaining 51% that will be exercisable in 2018.

Following the integration of this entity in the consolidation scope, Ipsen opted for the full goodwill method. This goodwill amounts to €8.6 million and is allocated to Consumer Healthcare operating segment.

This goodwill corresponds to the company's valuation of €12.1 million, less the fair value of assets and liabilities acquired.

The impact of the business combination related to Akkadeas' takeover has led the Group to recognize intangible assets for €3.9 million, a reevaluated working capital requirement for €0.5 million and a deferred tax liability for €0.8 million.

Note 11. Other intangible assets

- Movements during the first half of 2017

(in millions of euros)	31 December 2016	Movements during the period					30 June 2017
		Increase	Decrease	Changes in consolidation scope	Foreign exchange differences	Other movements	
Intellectual property	804,3	87,0	(1,7)	473,3	(36,7)	3,9	1 330,2
Intangible assets in progress	10,0	6,4	-	-	(0,1)	(3,8)	12,5
Gross assets	**814,3**	**93,4**	**(1,7)**	**473,3**	**(36,9)**	**0,1**	**1 342,7**
Depreciation	(213,7)	(27,0)	1,0	(2,8)	8,1	(4,2)	(238,6)
Impairment losses	(220,5)	-	0,6	-	10,6	4,2	(205,1)
Net assets	**380,1**	**66,4**	**0,0**	**470,5**	**(18,2)**	**0,1**	**899,0**

At 30 June 2017, most of the increase in intangible assets is explained by the acquisitions made during the first half of 2017:

- as part of the acquisition of Onivyde® assets from Merrimack (see note 1.1), intangible assets have been included in the Group balance sheet for an amount of €466.6 million
- as part of the acquisition of Akkadeas Pharma (see note 1.2), intangible assets have been included in the Group balance sheet for an amount of €3.9 million;
- as part of the acquisition of a portfolio of select consumer healthcare products from Sanofi (see note 1.3), trademarks have been included in the balance sheet for an amount of €55.5 million. Market authorization rights as well as regulatory rights have been included in the balance sheet for an amount of €31.0 million.

Movements during the first half of 2016:

(in millions of euros)	31 December 2015	Movements during the period					30 June 2016
		Increase	Decrease	Changes in consolidation scope	Foreign exchange differences	Other movements	
Intellectual property	539.4	190.0	(1.9)	-	(13.0)	2.5	717.0
Intangible assets in progress	7.9	4.2	-	-	(0.1)	(2.2)	9.7
Gross assets	**547.3**	**194.1**	**(1.9)**	**-**	**(13.1)**	**0.3**	**726.7**
Depreciation	(185.8)	(7.0)	1.9	-	1.5	(4.1)	(193.5)
Impairment losses	(210.1)	(8.4)	0.0	-	8.0	4.1	(206.4)
Net assets	**151.5**	**178.7**	**(0.0)**	**-**	**(3.6)**	**0.3**	**326.8**

At 30 June 2016, the €184 million ($200 million) upfront payment for the exclusive licensing agreement to commercialize and develop Cabozantinib®, Exelixis' main oncology product, accounted for most of the increase in intangible assets.

An upfront payment totaling €5 million for the exclusive licensing agreement with 3B Pharmaceuticals GmbH concerning new radiopharmaceutical product in oncology was also recorded in intangible assets.

Further, at 30 June 2016, Ipsen impaired the MCNA intangible asset for €8.4 million before tax, an exclusive license acquired from Telesta Therapeutics.

Note 12. Property, plant & equipment

- Movements during the first half of 2017

(in millions of euros)	31 December 2016	Movements during the period					30 June 2017
		Increase	Decrease	Changes in consolidation scope	Foreign exchange differences	Other movements	
Land	20.2	0.3	-	0.3	(0.2)	-	20.6
Buildings	264.5	0.7	(0.3)	0.1	(3.4)	12.4	273.9
Plant & equipment	301.8	2.3	(1.4)	1.0	(4.2)	4.0	303.5
Other assets	68.4	1.4	(0.9)	0.3	(1.1)	1.1	69.3
Assets in progress	174.3	23.1	(0.0)	0.1	(3.8)	(17.6)	176.1
Advance payments	-	0.3	-	-	(0.0)	-	0.3
Gross assets	**829.3**	**28.1**	**(2.6)**	**1.8**	**(12.8)**	**(0.1)**	**843.7**
Depreciation	(444.2)	(18.4)	2.4	(0.1)	5.5	(0.7)	(455.4)
Impairment losses	(6.1)	-	-	-	-	0.7	(5.5)
Net assets	**379.0**	**9.8**	**(0.2)**	**1.6**	**(7.3)**	**(0.1)**	**382.8**

- Movements during the first half of 2016

(in millions of euros)	31 December 2015	Movements during the period					30 June 2016
		Increase	Decrease	Changes in consolidation scope	Foreign exchange differences	Other movements	
Land	20.8	0.0	-	-	(0.5)	0.5	20.9
Buildings	228.6	0.3	(0.1)	-	(2.9)	1.9	227.7
Plant & equipment	266.2	1.6	(3.0)	-	(8.1)	3.5	260.1
Other assets	132.1	1.8	(3.8)	-	(2.4)	3.3	131.0
Assets in progress	143.6	31.2	-	-	(12.8)	(9.5)	152.5
Advance payments	-	0.2	-	-	(0.0)	0.0	0.3
Gross assets	**791.2**	**35.2**	**(7.0)**	**-**	**(26.7)**	**(0.2)**	**792.4**
Depreciation	(430.0)	(15.4)	6.7	-	9.8	(0.0)	(428.9)
Impairment losses	(12.5)	(0.5)	0.1	-	-	-	(12.9)
Net assets	**348.7**	**19.3**	**(0.3)**	**-**	**(16.9)**	**(0.2)**	**350.6**

Note 13. Equity investments

- Movements during the first half of 2017

(in millions of euros)	31 December 2016	Movements during the period				30 June 2017
		Acquisitions and increases	Disposals and decreases	Foreign exchange differences	Other movements	
Investments in non-consolidated companies	34,1	0,7	-	(0,4)	0,6	35,0
Write-downs & impairment losses	(12,9)	-	-	0,4	0,3	(12,2)
Net book value (Available-for-sale financial assets)	**21,2**	**0,7**	**-**	**(0,0)**	**0,9**	**22,8**

Net equity investments classified as financial assets available for sale include in particular the following equity investments at 30 June 2017:

- A €10.3 million interest in Radius Health Inc. based on the company's unit share price of $45.23 at that date. During the first six months of 2017, the value of this investment changed by €0.8 million, and the variation was recorded in other movements against consolidated equity.
- A €7.2 million investment in the Innobio venture capital fund. During the first six months of 2017 the value of this investment changed by €0.1 million.

Note 14. Other non-current assets

At 30 June 2017, other non-current assets totaled €6.1 million, slightly down by €0.6 million from 31 December 2016.

Note 15. Detail of the change in working capital requirement

- Movements during the first half of 2017

(in millions of euros)	31 December 2016	Movements during the period					30 June 2017
		Change in w/cap related to operating activities	Change in w/cap related to investing activities	Change in perimeter	Foreign exchange differences	Other movements	
Inventories	113.3	19.5	-	22.1	(2.7)	-	152.2
Trade receivables	363.5	34.0	-	9.3	(10.9)	(1.8)	394.1
Current tax assets	66.3	(18.7)	-	0.1	(0.6)	4.1	51.1
Other current assets	75.2	31.6	(0.0)	10.5	(2.0)	(0.0)	115.2
WCR assets (1)	**618.3**	**66.4**	**(0.0)**	**42.0**	**(16.2)**	**2.2**	**712.6**
Trade payables	(241.5)	(18.1)	-	(10.1)	5.5	0.0	(264.1)
Current tax liabilities	(4.1)	2.3	-	(0.2)	0.3	(4.1)	(5.7)
Other current liabilities	(226.4)	20.0	11.6	(0.3)	3.2	1.0	(190.8)
Other non-current liabilities	(90.6)	(5.8)	-	-	3.0	(1.0)	(94.4)
WCR liabilities (2)	**(562.6)**	**(1.5)**	**11.6**	**(10.5)**	**12.0**	**(4.0)**	**(555.0)**
Total	**55.7**	**64.8**	**11.6**	**31.5**	**(4.2)**	**(1.8)**	**157.6**

(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 impact of changes in perimeter was mainly due to the acquisition of oncology assets from Merrimack Pharmaceuticals (see note 1.1)

The increase in trade receivables, trade payables and inventories resulted primarily from the growth in commercial activity during the period.

Deferred income amounts received under partnership agreements were recorded in other current liabilities. Milestone payments received by the Group under partnership agreements were recognized on a straight-line basis over the life of the contracts in "Other revenues" in the income statement. 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 16. Consolidated equity

16.1 Share capital

At 30 June 2017, Ipsen's share capital was comprised of 83,640,534 ordinary shares each with a nominal value of €1, including 47,845,429 shares with double voting rights, compared with 83,557,864 ordinary shares each with a nominal value of €1, including 47,829,011 shares with double voting rights at 31 December 2016.

These changes arose from the issuance of 82,670 new shares following the exercise of warrants in the first half of 2017.

16.2 Dividends

At 30 June 2017, a dividend of €0.85 per share approved by the General Shareholders Meeting of 7 June 2017, was paid to shareholders. Total distributed amount amounts to €70.2 million.

The dividend paid to shareholders a year earlier also amounted to €0.85 per share.

Note 17. Provisions

(in millions of euros)	31 December 2016	Movements during the period					30 June 2017
		Charges	Reversals		Foreign exchange differences	Other movements	
			Applied	Released			
Business and operating risks	2.2	22.3	-	(0.3)	(0.1)	-	24.1
Legal risks	15.4	3.4	(1.0)	(0.7)	(0.0)	-	17.1
Restructuring costs	3.2	4.2	(0.4)	(0.3)	(0.1)	-	6.6
Other	28.5	2.8	(22.7)	(1.9)	(0.6)	-	6.1
Total provisions	**49.4**	**32.7**	**(24.1)**	**(3.1)**	**(0.9)**	**-**	**53.9**
- of which current	27.8	16.6	(22.9)	(1.9)	(0.5)	(0.1)	18.9
- of which non-current	21.6	16.1	(1.2)	(1.2)	(0.4)	0.1	35.0

At 30 June 2017, provisions broke down as follows:

- **Business and operating risks**

These provisions include certain risks of an economic nature reflecting costs that the Group could be brought to bear to terminate commercial contracts or resolve various disagreements of commercial origin.

- **Legal risks**

These provisions include:

- €10.8 million for the risk of tax reassessment by local authorities at certain Group subsidiaries and certain additional taxes that the Group may be required to pay;
- €5.8 million for costs related to corporate litigation that the Group may incur;
- €0.5 million for various other legal risks.

- **Restructuring costs**

These provisions correspond mainly to costs incurred by the Group to adapt is structure.

- **Other**

At 30 June 2017, a provision was recorded for Group performance-related medium-term bonus plans. The variation for the period is related to the compensation paid at the end of the plans.

Note 18. Bank loans and financial liabilities

(in millions of euros)	31 December 2016	Additions	Repayments	Net change in interest	Other movements	Changes in consolidation scope	Foreign exchange differences	30 June 2017
Bonds and bank loans	297.1	-	-	0.2	-	-	-	297.3
Other financial liabilities (1)	17.8	1.6	(2.4)	0.0	0.2	121.6	(4.0)	134.9
Non-Current financial liabilities (measured at amortized cost) (2)	**314.8**	**1.6**	**(2.4)**	**0.2**	**0.2**	**121.6**	**(4.0)**	**432.1**
Derivative financial instruments	-	-	-	-	10.8	-	-	10.8
Non-Current financial liabilities (measured at fair value) (3)	**-**	**-**	**-**	**-**	**10.8**	**-**	**-**	**10.8**
Non-current financial liabilities	**314.8**	**1.6**	**(2.4)**	**0.2**	**11.0**	**121.6**	**(4.0)**	**443.0**
Credit lines and bank loans	4.0	93.5	-	-	(4.9)	-	-	92.7
Other financial liabilities	36.3	282.0	(0.4)	(2.8)	0.1	1.9	0.2	317.3
Current financial liabilities (measured at amortized cost) (2)	**40.3**	**375.5**	**(0.4)**	**(2.8)**	**(4.8)**	**1.9**	**0.2**	**410.0**
Derivative financial instruments	18.2	-	-	-	(15.9)	-	-	2.4
Current financial liabilities (measured at fair value) (3)	**18.2**	**-**	**-**	**-**	**(15.9)**	**-**	**-**	**2.4**
Current financial liabilities	**58.6**	**375.5**	**(0.4)**	**(2.8)**	**(20.7)**	**1.9**	**0.2**	**412.4**
Total financial liabilities	**373.4**	**377.2**	**(2.8)**	**(2.6)**	**(9.6)**	**123.5**	**(3.7)**	**855.4**

(1) Additions and repayments of other financial liabilities were related to employee profit sharing. Changes in consolidation scope correspond to the financial debts booked in the context of the acquisition of assets from Merrimack Pharmaceuticals (see note 1.1).
(2) The carrying book amount of current 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 €15.9 million in other movements corresponds to the change in the fair value of derivative financial instruments used to hedge foreign exchange risk.

On 16 June 2016, Ipsen S.A. issued €300 million in unsecured, seven-year bonds. The bonds mature on 16 June 2023 and pay an annual interest rate of 1.875%.

In addition, €300 million in depreciable bank loans were contracted with a maturity of 6.5 years. At 30 June 2017, none of these bank loans had been drawn down.

On 6 June 2017, Ipsen S.A. has amended its syndicated loan to increase the facility amount to €600 million and to extend its maturity until 17 October 2022. This syndicated loan does not contain any financial covenants. At 30 June 2017, €89 million were drawn on this facility.

On 27 June 2017, Ipsen S.A. increased its program of emission of NEU CP - Negotiable EUropean Commercial Paper, from €300 million to €600 million, among which €312 million were issued on 30 June 2017.

Note 19. Derivative financial instruments

Part 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, GBP, CNY, RUB, CHF, PLN, AUD, and BRL, based on its budget forecasts;
- Financing foreign exchange risk related to financing contracted in a currency other than the functional currencies of Group entities.

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

At 30 June 2017 and 31 December 2016, derivative financial instruments held by the Group broke down as follows:

	Fair value of financial derivatives	
(in millions of euros)	**30 June 2017**	**31 December 2016**
Put forward contracts	17.3	(15.3)
Seller at maturity foreign exchange swaps	0.4	(0.7)
Call forward contracts	(10.9)	5.1
Buyer at maturity foreign exchange swaps	0.1	0.2
Sales transactions	**6.9**	**(10.7)**
Financial transactions	**8.9**	**(0.9)**
Total net position	**15.8**	**(11.6)**

Derivative financial instruments reported in the balance sheet at 30 June 2017 and 31 December 2016 were as follows:

	30 June 2017		31 December 2016	
(in millions of euros)	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Market value of currency instruments	29.0	13.2	6.6	18.2
Total	**29.0**	**13.2**	**6.6**	**18.2**

Note 20. Information on related parties

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

Note 21. Commitments and contingent liabilities

Within the scope of its business activity, in particular with strategic development operations that lead to the formation of partnerships, the Group regularly enters into agreements that may result in potential financial commitments, subject to the completion of certain events.

Commitments existing at 31 December 2016 had not changed significantly at 30 June 2017.

Note 22. Change in presentation

Since 2016, Ipsen no longer includes any alternative performance indicator in the consolidated income statement.

This change in presentation has no impact on Operating Income or Consolidated net profit. The following table shows the changes between restated and published 2016 comparative data.

(in millions of euros)	30 June 2016 Restated	Impacts	30 June 2016 Published
Sales	763.8	-	763.8
Other revenues	42.8	-	42.8
Revenue	**806.6**	**-**	**806.6**
Cost of goods sold	(172.2)	-	(172.2)
Selling expenses	(283.2)	-	(283.2)
Research and development expenses	(95.0)	-	(95.0)
General and administrative expenses	(59.0)	-	(59.0)
Other core operating income		(0.2)	0.2
Other core operating expenses		8.6	(8.6)
Core Operating Income			**188.8**
Other operating income	1.1	0.2	0.9
Other operating expenses	(15.1)	(8.6)	(6.4)
Restructuring costs	(0.4)	-	(0.4)
Impairment losses	(8.4)	-	(8.4)
Operating Income	**174.6**	**-**	**174.6**
Investment income	*0.4*	-	*0.4*
Financing costs	*(1.5)*	-	*(1.5)*
Net financing costs	**(1.1)**	**-**	**(1.1)**
Other financial income and expense	(1.8)	-	(1.8)
Income taxes	(39.4)	-	(39.4)
Share of net profit (loss) from entities accounted for using the equity method	1.3	-	1.3
Net profit (loss) from continuing operations	**133.6**	**-**	**133.6**
Net profit (loss) from discontinued operations	(0.3)	-	(0.3)
Consolidated net profit	**133.3**	**-**	**133.3**
- Attributable to shareholders of Ipsen S.A.	133.0	-	133.0
- Attributable to non-controlling interests	0.3	-	0.3

Basic earnings per share, continuing operations (in euros)	1.62	-	1.62
Diluted earnings per share, continuing operations (in euros)	1.61	-	1.61
Basic earnings per share, discontinued operations (in euros)	(0.00)	-	(0.00)
Diluted earnings per share, discontinued operations (in euros)	(0.00)	-	(0.00)
Basic earnings per share (in euros)	1.62	-	1.62
Diluted earnings per share (in euros)	1.61	-	1.61

Note 23. Post-closing events with no impact on the consolidated financial statements at 30 June 2017

On 12 July 2017 – A ruling with immediate effect taken by the French Minister of Health and Solidarity registered all pharmaceuticals containing codeine, dextromethorphan, ethylmorphine, or noscapine on the list of pharmaceuticals available by prescription only to prevent misuse. Due to the late decision, the Group is currently investigating several options to develop this product in the future without being able to identify yet the potential impacts on the asset net book value. Patients will now be able to obtain Prontalgine®, a pharmaceuticals containing codeine, only under medical prescription. Prontalgine® is the main product of Consumer HealthCare medicines portfolio bought from Sanofi on 8 May 2017 for a total amount of €83 million. Prontalgine® sales amounted to €1.9 million since its acquisition by Ipsen.

No other 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 interim consolidated financial statements themselves or make it necessary to mention such an event in the notes to the interim consolidated financial statements.

2. ACTIVITY REPORT

Comparison of consolidated sales for the second quarter and first half of 2017 and 2016:

***Sales by therapeutic area and by product*[1]**
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 quarter and first half of 2017 and 2016:

	2nd Quarter				6 months			
(in millions euros)	2017	2016	% Variation	% Variation at constant currency	2017	2016	% Variation	% Variation at constant currency
Oncology	299.9	227.5	31.8%	31.1%	560.8	431.9	29.9%	29.0%
Somatuline®	171.5	133.2	28.8%	27.6%	340.4	254.9	33.6%	31.8%
Decapeptyl®	93.5	89.4	4.6%	5.1%	171.0	167.6	2.0%	2.5%
Cabometyx®	9.3	0.0	n.a.	n.a.	16.9	0.0	n.a.	n.a.
Onivyde®	19.3	0.0	n.a.	n.a.	19.3	0.0	n.a.	n.a.
Other Oncology	6.4	4.9	29.7%	29.9%	13.3	9.4	41.6%	41.8%
Neurosciences	78.8	76.9	2.4%	-0.8%	165.4	140.5	17.7%	13.8%
Dysport®	77.8	76.4	1.8%	-1.2%	163.6	139.6	17.2%	13.6%
Rare Diseases	19.4	21.0	-7.4%	-7.5%	38.4	41.1	-6.5%	-6.7%
NutropinAq®	13.8	15.2	-9.6%	-9.2%	27.1	30.4	-10.8%	-10.4%
Increlex®	5.7	5.7	-1.5%	-3.0%	11.3	10.7	5.7%	3.8%
Specialty Care	**398.1**	**325.4**	**22.4%**	**21.1%**	**764.6**	**613.5**	**24.6%**	**23.1%**
Smecta®	29.6	24.9	18.9%	17.1%	58.8	54.1	8.6%	6.6%
Forlax®	11.3	10.1	11.8%	11.0%	21.3	20.1	5.8%	5.0%
Tanakan®	9.1	9.1	0.4%	0.2%	15.5	18.9	-18.0%	-19.8%
Fortrans/Eziclen®	8.8	8.1	8.9%	2.6%	15.8	12.8	23.3%	15.7%
Etiasa®	6.7	6.0	12.8%	14.7%	9.4	9.4	0.4%	2.2%
Other Consumer Healthcare	17.8	18.4	-3.3%	-3.8%	34.1	35.1	-2.7%	-3.3%
Consumer Healthcare	**83.3**	**76.5**	**8.9%**	**7.6%**	**154.8**	**150.4**	**3.0%**	**1.3%**
Group Sales	**481.4**	**401.9**	**19.8%**	**18.5%**	**919.5**	**763.8**	**20.4%**	**18.8%**

Sales amounted to €919.5 million, up 18.8% year-on-year, driven by 23.1% growth of Specialty Care sales, and 1.3% growth of Consumer Healthcare sales.

Sales of **Specialty Care** reached €764.6 million, up 23.1% year-on-year. Oncology and Neurosciences sales grew by 29.0% and 13.8%, respectively, while Rare Diseases sales decreased by 6.7%. Over the period, the relative weight of Specialty Care continued to increase to reach 83.2% of Group sales, compared to 80.3% in the previous year.

In **Oncology**, sales reached €560.8 million, up 29.0%, year-on-year, driven by the launch of Onivyde® and Cabometyx®, as well as the continued strong performance of Somatuline® while Decapeptyl® was slightly up by 2.5%. Oncology sales represented 61.0% of total Group sales, compared to 56.5% in the previous year.

[1] New sales reporting according to the main therapeutic indication of each product

Somatuline® – Sales reached €340.4 million, up 31.8% year-on-year, driven by a strong volume and continuous market share growth in North America as well as a good performance in most European countries, notably in France, Germany, and the UK.

Decapeptyl® – Sales reached €171.0 million, up 2.5% year-on-year, positively impacted by good sales trends in Europe, in Algeria and East Middle East, despite price pressure in China and Poland.

Cabometyx® – Sales reached €16.9 million, mainly driven by the good performance in France and Germany, which accounted for the majority of product sales.

Onivyde® – Sales reached €19.3 million registering first sales during the second quarter following completion of the acquisition from Merrimack in April 2017.

In **Neurosciences**, sales of **Dysport®** reached €163.6 million, up 13.6% year-on-year, driven by the good performance of our partner Galderma in aesthetics in North America and Europe, offset by the sales decrease in Brazil due to temporary importation issues. Neurosciences sales represented 18.0% of total Group sales, compared to 18.4% in the previous year.

In **Rare Diseases**, sales of **NutropinAq®** reached €27.1 million, down 10.4% year-on-year, impacted by lower volumes especially in Germany and France. Sales of **Increlex®** reached €11.3 million, up 3.8% year-on-year, driven by the United States. Rare Diseases sales represented 4.2% of total Group sales, compared to 5.4% in the previous year.

Consumer Healthcare sales reached €154.8 million, up 1.3% year-on-year, driven by the portfolio of products acquired in May 2017, and the equity stake in Akkadeas Pharma (Italy) acquired in January 2017. Over the period, Consumer Healthcare sales represented 16.8% of total Group sales, compared to 19.7% in the previous year.

Smecta® – Sales reached €58.8 million, up 6.6% year-on-year, driven by the favorable impact of the OTC strategy in China, the Diosmectal re-launch in Italy following the acquisition of the equity stake in Akkadeas Pharma in 2017, and a good sales dynamic in Russia, partly offset by a sales decrease in Vietnam due to an inventory build-up in early 2016 for the license renewal.

Forlax® – Sales reached €21.3 million, up 5.0% year-on-year, supported by growing sales to partners, partly offset by importation issues in Algeria.

Tanakan® – Sales reached €15.5 million, down 19.8% year-on-year due to a continuous market slowdown in France and Russia.

Fortrans®/Eziclen® – Sales reached €15.8 million, up 15.7% year-on-year helped by favorable base of comparison after Fortrans® shortage issues in the first half of 2016.

Etiasa® – Sales reached €9.4 million, up 2.2% year-on-year including impact of new distribution model in China.

Other Consumer Healthcare products sales reached €34.1 million (including €1.9 million for the first sales of Prontalgine®), down 3.3% year-on-year, mainly affected by the decline and price cut of Nisis®/Nisisco® and by Adrovance® underperformance, down 16.8% over the period.

Sales by geographical area

Group sales by geographical area in the second quarter and first half of 2017 and 2016 were as follows:

	2nd Quarter				6 months			
(in million euros)	**2017**	**2016**	*% Variation*	*% Variation at constant currency*	**2017**	**2016**	*% Variation*	*% Variation at constant currency*
France	62.7	56.4	*11.3%*	*11.3%*	124.2	111.5	*11.4%*	*11.4%*
Germany	35.6	31.4	*13.5%*	*13.5%*	70.3	60.8	*15.5%*	*15.5%*
Italy	25.2	21.4	*17.6%*	*17.6%*	48.9	43.0	*13.9%*	*13.9%*
United Kingdom	19.6	18.6	*5.3%*	*15.3%*	38.4	37.1	*3.4%*	*14.4%*
Spain	18.3	18.0	*2.0%*	*2.0%*	35.4	34.9	*1.3%*	*1.3%*
Major Western European countries	**161.6**	**145.9**	***10.8%***	***12.0%***	**317.2**	**287.4**	***10.4%***	***11.8%***
Eastern Europe	51.2	45.6	*12.3%*	*4.4%*	98.1	85.1	*15.3%*	*6.3%*
Others Europe	46.2	43.2	*6.8%*	*7.1%*	96.3	84.1	*14.5%*	*15.0%*
Other European Countries	**97.4**	**88.8**	***9.6%***	***5.7%***	**194.4**	**169.2**	***14.9%***	***10.6%***
North America	**117.9**	**64.8**	***81.9%***	***77.2%***	**220.3**	**118.2**	***86.5%***	***81.3%***
Asia	60.2	55.4	*8.7%*	*9.4%*	100.1	101.4	*-1.3%*	*-0.9%*
Others Rest of the world	44.4	47.0	*-5.6%*	*-8.4%*	87.4	87.7	*-0.3%*	*-4.1%*
Rest of the World	**104.6**	**102.4**	***2.1%***	***1.2%***	**187.5**	**189.1**	***-0.8%***	***-2.4%***
Group Sales	**481.4**	**401.9**	***19.8%***	***18.5%***	**919.5**	**763.8**	***20.4%***	***18.8%***

Sales in **Major Western European countries** reached €317.2 million, up 11.8%. Sales in Major Western European countries represented 34.5% of total Group sales, compared to 37.6% in 2016.

France – Sales reached €124.2 million, up 11.4% year-on-year, driven by the sustained growth of Somatuline® and the Cabometyx® launch contribution. Consumer Healthcare sales are up due to the acquisition of Prontalgine®, partly offset by lower sales of Tanakan®, Adrovance® and Nisis®/Nisisco®.

Germany – Sales reached €70.3 million, up 15.5% year-on-year, driven by the Cabometyx® sales and the strong growth of Somatuline®.

Italy – Sales reached €48.9 million, up 13.9% year-on-year, driven by the acquisition of the equity stake in Akkadeas Pharma in January 2017, and the growth of Somatuline® and Decapeptyl®.

United Kingdom – Sales reached €38.4 million, up 14.4% year-on-year, driven by Somatuline® and Decapeptyl® growth.

Spain – Sales reached €35.4 million, up 1.3% year-on-year, mainly driven by Somatuline®, but impacted by lower sales in Rare Diseases.

Sales in **Other European countries** reached €194.4 million, up 10.6% year-on-year, supported by the strong performance of Dysport® across the region and the launch of Cabometyx® in certain countries.

Sales generated in **North America** reached €220.3 million, up 81.3% year-on-year, supported by the continued strong growth of Somatuline® and the good performance of Galderma for Dysport® in the aesthetics market. Sales in North America represented 24.0% of total Group sales, compared to 15.5% in 2016.

Sales in the **Rest of the World** reached €187.5 million, down 2.4% year-on-year, impacted by unfavorable inventory effects on Smecta® in Vietnam, on Decapeptyl® in the Middle East, on Dysport® in Southeast Asia and Brazil and on Bedelix® following import difficulties in Algeria.

Comparison of Core consolidated income statement for the first half of 2017 and the first half of 2016

Core financial measures are performance indicators. Reconciliation between these indicators and IFRS aggregates is presented in Appendix 4 "Bridges from IFRS consolidated net profit to Core consolidated net profit"

(in millions of euros)	30 June 2017	% of sales	30 June 2016	% of sales	% change
Sales	919.5	*100%*	763.8	*100%*	*20.4%*
Other revenues	50.2	*5.5%*	42.8	*5.6%*	*17.4%*
Revenue	**969.7**	***105.5%***	**806.6**	***105.6%***	***20.2%***
Cost of goods sold	(190.2)	*-20.7%*	(172.2)	*-22.5%*	*10.4%*
Selling expenses	(349.6)	*-38.0%*	(283.2)	*-37.1%*	*23.5%*
Research and development expenses	(115.0)	*-12.5%*	(95.0)	*-12.4%*	*21.0%*
General and administrative expenses	(68.3)	*-7.4%*	(59.0)	*-7.7%*	*15.7%*
Other core operating income	0.3	*0.0%*	0.2	*0.0%*	*17.2%*
Other core operating expenses	(6.3)	*-0.7%*	(6.1)	*-0.8%*	*3.0%*
Core Operating Income	**240.5**	***26.2%***	**191.3**	***25.0%***	***25.7%***
Net financing costs	(4.2)	*-0.5%*	(1.1)	*-0.1%*	*288.6%*
Other financial income and expense	(7.5)	*-0.8%*	(1.8)	*-0.2%*	*309.9%*
Core income taxes	(60.7)	*-6.6%*	(44.1)	*-5.8%*	*37.6%*
Share of net profit (loss) from entities accounted for using the equity method	1.0	*0.1%*	1.3	*0.2%*	*-23.4%*
Core consolidated net profit	**169.2**	***18.4%***	**145.7**	***19.1%***	***16.2%***
- Attributable to shareholders of Ipsen S.A.	169.2	*18.4%*	145.3	*19.0%*	*16.4%*
- Attributable to non-controlling interests	0.0	*0.0%*	0.3	*0.0%*	*-85.1%*
Core EPS fully diluted - attributable to Ipsen S.A. shareholders (in € per share)	**2.04**		**1.76**		***15.7%***

Reconciliation from Core consolidated net profit to IFRS consolidated net profit

Core consolidated net profit	**169.2**	**145.7**
Amortization of intangible assets (excl softwares)	(15.0)	(1.5)
Other operating income or expenses	(22.5)	(4.0)
Restructuring costs	(7.3)	0.1
Impairment losses	-	(6.7)
Other	1.6	(0.3)
IFRS consolidated net profit	**125.9**	**133.3**
IFRS EPS fully diluted - attributable to Ipsen S.A. shareholders (in € per share)	**1.52**	**1.61**

- **Sales**

For the six months ended 30 June 2017, the Group's consolidated sales came to €919.5 million, up 20.4% year-on-year and up 18.8% excluding the impact of foreign exchange.

- **Other revenues**

Other revenues for the first half of 2017 totaled €50.2 million, up 17.4% versus €42.8 million generated in the six-month period ended 30 June 2016.

The evolution was attributable to higher royalties received from Group partners, mainly Galderma for Dysport® and Menarini for Adenuric®.

- **Cost of goods sold**

For the six months ended 30 June 2017, Cost of goods sold amounted to €190.2 million, representing 20.7% of sales compared to €172.2 million, or 22.5% of sales, in the six-month period ended 30 June 2016.

The improvement in Cost of goods sold as a percentage of net sales was mainly driven by a favorable product mix from the growth in Specialty Care sales. Royalties paid to partners increased due to the growth of Group sales.

- **Selling expenses**

For the six months ended 30 June 2017, Selling expenses came to €349.6 million, representing 38.0% of sales, up 23.5% versus the six months ended 30 June 2016. The increase reflects the commercial efforts deployed to support the Cabometyx® launch in Europe, the growth of Somatuline® in the United States as well as the commercial investment for Onivyde® in the United States after the closing of the acquisition in April.

- **Research and development expenses**

For the half-year period ended 30 June 2017, Research and development expenses totaled €115.0 million, compared to €95.0 million in the same period in 2016.

The Group is strengthening its Oncology capabilities and increased development costs for Cabometyx®, the peptide receptor radionuclide therapy program and Onivyde®. In Neurosciences, the short acting toxin entered into the clinical phase, leading to a progressive increase of costs.

At 30 June 2017, the research tax credit amounted to €13.3 million, up €0.9 million versus 2016.

- **General and administrative expenses**

For the six months ended 30 June 2017, General and administrative expenses came to €68.3 million, up €9.2 million versus the same period in 2016. The increase resulted primarily from the strengthening of the structure to support the Onivyde® acquisition in the United States as well as to the impact of the Group's positive performance on variable compensation.

- **Other core operating income and expenses**

In the first half of 2017, Other core operating expenses totaled €6.0 million, in line with the first half of 2016.

- **Core Operating Income**

Core Operating Income in the first half of 2017 came to €240.5 million, representing 26.2% of sales, compared to €191.3 million in Core Operating Income in the first half of 2016, representing 25.0% of sales. The strong performance of Specialty Care including the contribution from new products Cabometyx® and Onivyde®, combined with higher commercial investments enabled the Group to increase its profitability by 1.2 points. The growth of Core Operating Income between the first half of 2017 and 2016 reached 25.7%.

Net financing costs and Other financial income and expense

In the first half of 2017, the Group incurred net financial expenses of €11.6 million, versus €2.9 million in the first half of 2016.

Net financing costs amounted to €4.2 million, versus €1.1 million in 2016, driven by interest expenses on the bond issued in June 2016 and by financing costs related to the acquisitions completed during this semester.

In the first half of 2017**,** Other financial income and expense amounted to an expense of €7.5 million, compared to €1.8 million in the first half of 2016, driven by the cost of hedging implemented to mitigate the foreign exchange risk of the Group.

Core income taxes

In the first half of 2017, Core income tax expense of €60.7 million resulted from a core effective tax rate of 26.5% on pre-tax profit compared to a core effective rate of 23.4% in 2016. This increase is mainly attributable to the increase of unrecognized deferred tax assets in the United States and Germany.

Core consolidated net profit

For the six months ended 30 June 2017, Core consolidated net profit increased by 16.2% to €169.2 million, fully attributable to Ipsen S.A. shareholders. This compares to Core consolidated net profit of €145.7 million, with €145.3 million attributable to Ipsen S.A. shareholders, at the end of June 2016.

Core Earning per share

At the end of June 2017, Core EPS fully diluted came to €2.04, up 15.7% versus €1.76 per share at the end of June 2016.

From Core financial measures to IFRS reported figures

Reconciliations between IFRS 2016 / 2017 half-year results and the Core financial measures are presented in Appendix 4.

In the first half of 2017, the main reconciling items between Core consolidated net income and IFRS consolidated net income were:

- **Amortization of intangible assets (excluding software)**

Amortization of intangible assets (excluding software) for the six months ended 30 June 2017 amounted to €21.5 million before tax, compared to €2.2 million before tax in the first half of 2016. This variance consisted mainly of the amortization of the intangible assets for Cabometyx® and Onivyde®.

- **Other operating income and expenses and Restructuring costs**

Other non-core operating expenses for the six months ended 30 June 2017 amounted to €34.8 million before tax and Restructuring costs came to €7.9 million before tax.

Those expenses consisted mainly of integration costs related to the Onivyde® acquisition, the adaptation of the R&D structure and programs and a settlement with a partner in Japan.

In the first half of 2016, Other non-core operating expenses totaled €5.8 million before tax and consisted mainly of costs from the change in the Group's corporate governance and costs from the move to the new research and development site in Oxford, UK. Restructuring costs were €0.4 million before tax at the end of June 2016.

- **Impairment losses**

In the first half of 2017, no impairment loss was recognized in the Group accounts.

In the first half of 2016, Ipsen recorded an impairment for €8.4 million before tax, on MCNA intangible assets acquired from Telesta Therapeutics.

- **Other**

In the first half of 2017, Other items amounted to €1.6 million and was related to discontinued operations, while in the first half of 2016, Other items amounted to € 0.3 million.

As a consequence, IFRS reported indicators are:

- **Operating income**

In the first half of 2017, Operating income totaled €176.4 million in line with last year, with an Operating margin at 19.2%, down 3.7 points compared to the first half of 2016.

- **Consolidated net profit**

Consolidated net profit was €125.9 million at 30 June 2017, decreasing by 5.5% versus last year at €133.3 million.

- **Earning per share**

Fully diluted EPS was €1.52 at 30 June 2017 versus €1.61 last year.

Operating segments: Core Operating Income by therapeutic area

Segment information is presented according to the Group's two operating segments, Specialty Care and Consumer Healthcare.

All costs allocated to these two segments are presented in the key performance indicators. Only corporate overhead costs and the impact of the currency hedging policy are not allocated to the two operating segments. Research and development costs are allocated to the operating segments while formerly included in Unallocated.

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 2017 and 2016 half-year periods in the following table.

(in millions of euros)		30 June 2017	30 June 2016 restated	Change	%
Specialty Care					
Sales		764.6	613.5	151.1	*24.6%*
Revenue		789.2	632.6	156.6	*24.8%*
Core Operating Income		281.3	214.8	66.5	*31.0%*
	% of sales	*36.8%*	*35.0%*		
Consumer Healthcare (*)					
Sales		154.8	150.4	4.4	*3.0%*
Revenue		180.5	174.0	6.5	*3.7%*
Core Operating Income		47.1	53.8	(6.7)	*-12.5%*
	% of sales	*30.4%*	*35.8%*		
Total Unallocated					
Core Operating Income		(87.8)	(77.3)	(10.5)	*13.7%*
Group total					
Sales		919.5	763.8	155.7	*20.4%*
Revenue		969.7	806.6	163.1	*20.2%*
Core Operating Income		240.5	191.3	49.2	*25.7%*
	% of sales	*26.2%*	*25.0%*		

(*) including drug related sales.

For the half year period ended 30 June 2017, **Specialty Care** sales grew to €764.6 million, up 24.6% over the first six months of 2017 (or 23.1% at constant exchange rate), driven by the contribution of the two new products Onivyde® and Cabometyx® and the strong growth of Somatuline®. The relative weight of Specialty Care products continued to increase, reaching 83.2% of total consolidated sales at 30 June 2017, versus 80.3% a year earlier. In the first half of 2017, **Core Operating Income** for Specialty Care amounted to €281.3 million, representing 36.8% of sales. This compares to €214.8 million in the prior-year period, representing 35.0% of sales. The improvement reflects Somatuline® continued sales growth in the United States and Europe and the Cabometyx® and Onivyde® incremental sales, along with increased commercial investments to support growth and launches.

For the six months ended 30 June 2017, sales of **Consumer Healthcare** products came to €154.8 million, up 3.0% year on year, driven by the good performance of Smecta® and the portfolio of Sanofi products acquired in May 2017. In the first half of 2017, **Core Operating Income** for Consumer Healthcare amounted €47.1 million, representing 30.4% of sales in comparison of 35.8% at 30 June 2016. This variance reflects the commercial efforts deployed to support the implementation of the OTx strategy as well as an increase in medical studies expenses.

In the first half of 2017, **Unallocated Core Operating Income** came to a negative €87.8 million, compared to a negative €77.3 million in the year-earlier period. The evolution is mainly attributable to the Group's positive performance on higher variable compensation and investments to support Ipsen's growth. These expenses consisted mainly of unallocated corporate expenses and of the impact from the currency hedging policy.

Net cash flow and financing

In the first half of 2017, the Group had a net cash decrease of €738.0 million after the acquisition of the Onivyde® assets, OTC products portfolio including Prontalgine® and the equity stake in Akkadeas Pharma, bringing closing net debt to €669.4 million.

Analysis of the consolidated net cash flow statement

(in millions of euros)	30 June 2017	30 June 2016
Opening net cash / (debt)	**68.6**	**186.9**
Core Operating Income	**240.5**	**191.3**
Non-cash items	(4.5)	(5.4)
Change in operating working capital requirement	(35.4)	(26.3)
(Increases) decreases in other working capital requirement	(20.0)	(8.9)
Net capex (excluding milestones paid)	(37.2)	(34.9)
Dividends received from entities accounted for using the equity method	0.0	1.2
Operating Cash Flow	**143.4**	**117.0**
Other operating income and expenses and restructuring costs (cash)	(18.3)	(10.2)
Financial income (cash)	(9.1)	2.3
Current income tax (P&L, excluding provisions for tax contingencies)	(32.6)	(34.8)
Other operating cash flow	11.5	(0.6)
Free Cash Flow	**94.9**	**73.6**
Dividends paid	(70.6)	(70.3)
Net investments (business development and milestones)	(759.8)	(172.6)
Share buyback	(4.0)	-
Other (discontinued operations)	1.6	(0.3)
Shareholders return and external growth operations	**(832.9)**	**(243.3)**
CHANGE IN NET CASH / (DEBT)	**(738.0)**	**(169.7)**
Closing net cash / (debt)	**(669.4)**	**17.3**

Operating cash flow

At 30 June 2017, Operating Cash Flow totaled €143.4 million, up €26.4 million (+22.6%) versus 30 June 2016. The increase was driven by higher Core Operating Income, partially offset by an increase in working capital requirement (WCR) and net capital expenditure (excluding milestones paid).

Working capital requirement for operating activities increased by €35.4 million at 30 June 2017, compared with an increase of €26.3 million at 30 June 2016. The change at 30 June 2017 stemmed mainly from the following:

- A €19.5 million rise in inventories during the first half, in step with business growth and recent acquisitions;
- A €34.0 million increase in trade receivables in line with sales growth, to compare to a €22.4 million increase in trade receivables at the end of June 2016;
- A €18.1 million increase in trade payables at end of June 2017 in correlation with the phasing of operating expenses mainly to support the growth of the business. At the end of June 2016, trade payables rose by €3.1 million.

In the first half of 2017, other WCR need increased by €20.0 million. This increase was mainly driven by negative seasonality on working capital components (including the payment of variable compensation and VAT), partially compensated by the reimbursement of R&D tax credit. The other WCR increased by €8.9 million in the first half of 2016.

Net capital expenditure advanced €2.3 million year-on-year to €37.2 million at 30 June 2017. These investments were aimed at reinforcing the production capacity at the United Kingdom and France industrial sites.

Free cash flow

At 30 June 2017, Free Cash Flow came to €94.9 million, up €21.3 million (+28.9%) versus 30 June 2016. This evolution is mainly driven by an improvement in Operating Cash Flow, partially compensated by higher Other operating income or expenses and restructuring costs, and increased Financial expenses.

Other non-core operating income and expenses and restructuring costs of €18.3 million included Onivyde® integration costs as well as the impact of the transformation of the R&D model. At the end of June 2016, €10.2 million of such payments were primarily comprised in costs arising from the change in corporate governance, as well as payments for earlier restructuring plans that were staggered over several fiscal periods.

The €9.1 million in financial expenses paid at end June 2017 resulted from interests on the bond issued in June 2016 and hedging costs. In comparison, the €2.3 million in financial income collected at end June 2016 resulted mainly from the collection of dividends, an earnout payment related to the sale of Spirogen shares and realized foreign exchange gains.

The change in current income tax stemmed mainly from the change in the effective tax rate.

Shareholders return and external growth operations

At 30 June 2017, the dividend payout to Ipsen S.A. shareholders amounted to €70.2 million.

Net investments at 30 June 2017 amounted to €760 million, including the acquisition of Onivyde® assets from Merrimack Pharmaceuticals on April 3rd for €666 million including the purchase price and future earn-outs (discounted and probabilized under IFRS), the acquisition of Consumer Healthcare products in European territories from Sanofi for €86 million and the equity stake in Akkadeas Pharma for €5 million as well as an additional commercial milestone paid to Exelixis for €9 million following the exclusive licence agreement signed in 2016. This was partially offset by a €8 million regulatory milestone payment received from Radius.

At 30 June 2016, net financial investments mainly encompassed a €184 million upfront payment to Exelixis for the exclusive licensing agreement for cabozantinib and a €5 million upfront payment to 3B Pharmaceuticals GmbH, partially offset by regulatory milestone payments received from Acadia and Radius (€10 million) and by scheduled payments related to the agreement signed with Galderma in December 2015 for Asia-Pacific markets (€7 million).

Reconciliation of cash and cash equivalents and net cash

(in millions of euros)	30 June 2017	30 June 2016
Closing cash and cash equivalents	**170.9**	**359.5**
Bonds	(297.3)	(296.9)
Other financial liabilities (excluding derivative instruments) (**)	(134.9)	(18.9)
Non-current financial liabilities	**(432.1)**	**(315.8)**
Credit lines and bank loans	(92.7)	(4.0)
Financial liabilities (excluding derivative instruments) (**)	(315.5)	(22.3)
Current financial liabilities	**(408.1)**	**(26.3)**
Debt	**(840.3)**	**(342.2)**
Net cash / (debt) (*)	**(669.4)**	**17.3**

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

(**) Financial liabilities mainly exclude €13.2 million in derivative instruments at 30 June 2017, compared with €12.6 million in derivative instruments at 30 June 2016.

- **Analysis of Group cash**

On 16 June 2016, Ipsen S.A. issued €300 million unsecured seven-year public bond loan with an annual interest rate of 1.875%.

In addition, €300 million in bilateral long term bank loans were contracted with a maturity of 6.5 years. At 30 June 2017, none of this bank loans have been drawn down.

On 6 June 2017, Ipsen S.A. has amended its syndicated loan to increase the facility amount from €300 million to €600 million and to extend its maturity until 17 October 2022. This syndicated loan does not contain any financial covenants. At 30 June 2017, €89 million were drawn on this facility.

On 27 June 2017, Ipsen S.A. increased its program of emission of NEU CP - Negotiable European Commercial Paper, from €300 million to €600 million, among which €312 million were issued on 30 June 2017.

APPENDICES

■ Appendix 1 – Consolidated income statement

(in millions of euros)	30 June 2017	30 June 2016 restated
Sales	**919.5**	**763.8**
Other revenues	50.2	42.8
Revenue	**969.7**	**806.6**
Cost of goods sold	(190.2)	(172.2)
Selling expenses	(349.6)	(283.2)
Research and development expenses	(115.0)	(95.0)
General and administrative expenses	(68.3)	(59.0)
Other operating income	1.9	1.1
Other operating expenses	(64.2)	(15.1)
Restructuring costs	(7.9)	(0.4)
Impairment losses	-	(8.4)
Operating Income	**176.4**	**174.6**
Investment income	*0.6*	*0.4*
Financing costs	*(4.8)*	*(15)*
Net financing costs	(4.2)	(1.1)
Other financial income and expense	(7.5)	(1.8)
Income taxes	(41.4)	(39.4)
Share of net profit (loss) from entities accounted for using the equity method	1.0	1.3
Net profit (loss) from continuing operations	**124.4**	**133.6**
Net profit (loss) from discontinued operations	1.6	(0.3)
Consolidated net profit (loss)	**125.9**	**133.3**
- Attributable to shareholders of Ipsen S.A.	125.9	133.0
- Attributable to non-controlling interests	0.0	0.3

Basic earnings per share, continuing operations (in euros)	1.51	1.62
Diluted earnings per share, continuing operations (in euros)	1.50	1.61
Basic earnings per share, discontinued operations (in euros)	0.02	(0.00)
Diluted earnings per share, discontinued operations (in euros)	0.02	(0.00)
Basic earnings per share (in euros)	1.53	1.62
Diluted earnings per share (in euros)	1.52	1.61

Appendix 2 – Consolidated balance sheet before allocation of net profit

(in millions of euros)	30 June 2017	31 December 2016
ASSETS		
Goodwill	396.7	357.2
Other intangible assets	899.0	380.1
Property, plant & equipment	382.8	379.0
Equity investments	22.8	21.2
Investments in companies accounted for using the equity method	16.4	15.6
Non-current financial assets	136.6	0.2
Deferred tax assets	181.3	213.2
Other non-current assets	6.1	6.7
Total non-current assets	**2,041.7**	**1,373.1**
Inventories	152.2	113.3
Trade receivables	394.1	363.5
Current tax assets	51.1	66.3
Current financial assets	12.1	6.6
Other current assets	115.2	75.2
Cash and cash equivalents	200.6	425.5
Total current assets	**925.3**	**1,050.4**
TOTAL ASSETS	**2,967.0**	**2,423.5**

EQUITY AND LIABILITIES		
Share capital	83.6	83.6
Additional paid-in capital and consolidated reserves	1,172.7	998.5
Net profit (loss) for the period	125.9	225.9
Foreign exchange differences	15.9	50.9
Equity attributable to Ipsen S.A. shareholders	**1,398.1**	**1,358.9**
Equity attributable to non-controlling interests	9.9	3.3
Total shareholders' equity	**1,408.1**	**1,362.2**
Retirement benefit obligation	52.4	58.4
Non-current provisions	35.0	21.6
Other non-current financial liabilities	443.0	314.8
Deferred tax liabilities	12.6	14.6
Other non-current liabilities	94.4	90.6
Total non-current liabilities	**637.4**	**500.0**
Current provisions	18.9	27.8
Current financial liabilities	412.4	58.6
Trade payables	264.1	241.5
Current tax liabilities	5.7	4.1
Other current liabilities	190.8	226.4
Bank overdrafts	29.7	3.0
Total current liabilities	**921.6**	**561.3**
TOTAL EQUITY & LIABILITIES	**2,967.0**	**2,423.5**

Appendix 3 – Cash flow statements

Appendix 3.1 – Consolidated statement of cash flow

(in millions of euros)	30 June 2017	30 June 2016
Consolidated net profit (loss)	**125.9**	**133.3**
Share of profit (loss) from entities accounted for using the equity method before impairment losses	(1.0)	(0.2)
Net profit (loss) before share from entities accounted for using the equity method	**124.9**	**133.1**
Non-cash and non-operating items		
- Depreciation, amortization, provisions	53.3	5.1
- Impairment losses included in operating income and net financial income	(0.0)	8.4
- Change in fair value of financial derivatives	(12.1)	10.7
- Net gains or losses on disposals of non-current assets	0.1	0.3
- Foreign exchange differences	15.9	(5.2)
- Change in deferred taxes	8.8	4.6
- Share-based payment expense	4.5	3.2
- Other non-cash items	0.2	(0.0)
Cash flow from operating activities before changes in working capital requirement	***195.5***	***160.1***
- (Increase) / decrease in inventories	(19.5)	(7.0)
- (Increase) / decrease in trade receivables	(34.0)	(22.4)
- Increase / (decrease) in trade payables	18.1	3.1
- Net change in income tax liability	16.4	23.0
- Net change in other operating assets and liabilities	(47.0)	(25.8)
Change in working capital requirement related to operating activities	***(66.0)***	***(29.1)***
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	**129.6**	**131.0**
Acquisition of property, plant & equipment	(28.1)	(35.2)
Acquisition of intangible assets	(93.4)	(194.1)
Proceeds from disposal of intangible assets and property, plant & equipment	0.1	0.0
Acquisition of shares in non-consolidated companies	(0.7)	0.0
Payments to post-employment benefit plans	(0.2)	(0.3)
Impact of changes in the consolidation scope	(547.6)	(0.0)
Deposits paid	(0.1)	2.2
Change in w orking capital related to investment activities	(11.6)	0.5
Other cash flow related to investment activities	(0.2)	(0.0)
NET CASH PROVIDED (USED) BY INVESTMENT ACTIVITIES	**(682.0)**	**(226.8)**
Additional long-term borrow ings	1.6	318.0
Repayment of long-term borrow ings	(2.8)	(3.1)
Net change in short-term borrow ings	375.5	-
Capital increase	3.5	0.5
Treasury shares	(3.3)	0.6
Dividends paid by Ipsen S.A.	(70.2)	(70.0)
Dividends paid by subsidiaries to non-controlling interests	(0.4)	(0.4)
Change in w orking capital related to financing activities	(2.8)	(0.5)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	**301.1**	**245.1**
CHANGE IN CASH AND CASH EQUIVALENTS	**(251.3)**	**149.3**
Opening cash and cash equivalents	**422.5**	214.0
Impact of exchange rate fluctuations	(0.4)	(3.9)
Closing cash and cash equivalents	**170.9**	**359.5**

Appendix 3.2 – Consolidated statement of net cash flow

(in millions of euros)	30 June 2017	30 June 2016
Opening cash and cash equivalents	422,5	214.0
Opening current and non-current financial liabilities	(353,9)	(27.1)
Opening net cash / (debt)	**68,6**	**186.9**
CORE OPERATING INCOME	**240,5**	**191.3**
Non-cash items	**(4,5)**	**(5.4)**
(Increase) /decrease in inventories	(19,5)	(7.0)
(Increase) / decrease in trade receivables	(34,0)	(22.4)
Increase / (decrease) in trade payables	18,1	3.1
Change in operating working capital requirement	**(35,4)**	**(26.3)**
Change in income tax liability	16,4	23.0
Change in other operating assets and liabilities (excluding milestones received)	(36,4)	(31.9)
Other changes in working capital requirement	**(20,0)**	**(8.9)**
Acquisition of property, plant & equipment	(28,1)	(35.2)
Acquisition of intangible assets (excluding milestones paid)	(7,0)	(4.7)
Disposal of fixed assets	0,1	-
Change in w orking capital related to investment activities	(2,1)	5.0
Net capex (excluding milestones paid)	**(37,2)**	**(34.9)**
Dividends received from entities accounted for using the equity method	**0,0**	**1.2**
Operating Cash Flow	**143,4**	**117.0**
Other operating income and expenses and restructuring costs (cash)	(18,3)	(10.2)
Financial income (cash)	(9,1)	2.3
Current income tax (P&L, excluding provisions for tax contingencies)	(32,6)	(34.8)
Other operating cash flow	11,5	(0.6)
Free Cash Flow	**94,9**	**73.6**
Dividends paid (including payout to non-controlling interests)	**(70,6)**	**(70.3)**
Acquisition of shares in non-consolidated companies	(0,7)	0.0
Impact of changes in consolidation scope (a)	(671,1)	-
Milestones paid (b)	(9,5)	(193.9)
Milestones received (c)	8,0	21.3
Other Business Development operations	(86,5)	-
Net investments (business development and milestones)	**(759,8)**	**(172.6)**
Share buybacks	**(4,0)**	**-**
Other (discontinued operations)	**1,6**	**(0.3)**
Shareholders return and external growth operations	**(832,9)**	**(243.3)**
CHANGE IN NET CASH / (DEBT)	**(738,0)**	**(169.7)**
Closing cash and cash equivalents	170,9	359.5
Closing current and non-current financial liabilities	(840,3)	(342.2)
Closing net cash / (debt)	**(669,4)**	**17.3**

(a) Impact of change in consolidation scope reflects the recent acquisitions of Onivyde® assets from Merrimack Pharmaceuticals and the equity stake in Akkadeas Pharma.

(b) Milestones paid correspond to payments subject to the terms and conditions set out in the Group's partnership agreements. The €9 million milestone paid to Exelixis accounted for the majority of the milestones paid at 30 June 2017. The amounts paid were recorded as an increase in intangible assets on the consolidated balance sheet. The transactions were included in the "Acquisition of intangible assets" line item in the consolidated statement of cash flow (see Appendix 3.1).

(c) Milestones received are amounts collected by Ipsen from its partners. The €8 million milestone received at 30 June 2017 were paid by Radius. The amounts were recorded as deferred income in the consolidated balance sheet and then recognized in the income statement as "Other revenues". Milestones received were included in the "Net change in other operating assets and liabilities" line item in the consolidated statement of cash flow (see Appendix 3.1).

■ Appendix 4 – Bridges from IFRS consolidated net profit to Core consolidated net profit

	IFRS						CORE
(in millions of euros)	30 June 2017	Amortization of intangible assets (excl softwares)	Other operating income or expenses	Restructuring	Impairment losses	Other	30 June 2017
Sales	919.5						919.5
Other revenues	50.2						50.2
Revenue	**969.7**	**-**	**-**	**-**	**-**	**-**	**969.7**
Cost of goods sold	(190.2)						(190.2)
Selling expenses	(349.6)						(349.6)
Research and development expenses	(115.0)						(115.0)
General and administrative expenses	(68.3)						(68.3)
Other operating income	1.9		(1.6)				0.3
Other operating expenses	(64.2)	21.5	36.4				(6.3)
Restructuring costs	(7.9)			7.9			-
Impairment losses	-				-		-
Operating Income	**176.4**	**21.5**	**34.8**	**7.9**	**-**	**-**	**240.5**
Net financing costs	(4.2)	-	-	-	-	-	(4.2)
Other financial income and expense	(7.5)					-	(7.5)
Income taxes	(41.4)	(6.5)	(12.3)	(0.5)	-		(60.7)
Share of net profit (loss) from entities accounted for using the equity method	1.0						1.0
Net profit (loss) from continuing operations	**124.4**	**15.0**	**22.5**	**7.3**	**-**	**-**	**169.2**
Net profit (loss) from discontinued operations	1.6					(1.6)	-
Consolidated net profit	**125.9**	**15.0**	**22.5**	**7.3**	**-**	**(1.6)**	**169.2**
- Attributable to shareholders of Ipsen S.A.	125.9	15.0	22.5	7.3	-	(1.6)	169.2
- Attributable to non-controlling interests	0.0						0.0

Earnings per share fully diluted - attributable to Ipsen S.A. shareholders (in € per share)	1.52	0.18	0.27	0.09	-	(0.02)	2.04

The reconciliation items between Core consolidated net profit and IFRS consolidated net profit are described in the paragraph “From Core financial measures to IFRS reported figures”.

	IFRS						CORE
(in millions of euros)	30 June 2016	Amortization of intangible assets (excl softwares)	Other operating income or expenses	Restructuring	Impairment losses	Other	30 June 2016
Sales	763,8						763,8
Other revenues	42,8						42,8
Revenue	**806,6**	**-**	**-**	**-**	**-**	**-**	**806,6**
Cost of goods sold	(172,2)						(172,2)
Selling expenses	(283,2)						(283,2)
Research and development expenses	(95,0)						(95,0)
General and administrative expenses	(59,0)						(59,0)
Other operating income	1,1		(0,9)				0,2
Other operating expenses	(15,1)	2,2	6,8				(6,1)
Restructuring costs	(0,4)			0,4			-
Impairment losses	(8,4)				8,4		-
Operating Income	**174,6**	**2,2**	**5,8**	**0,4**	**8,4**	**-**	**191,3**
Net financing costs	(1,1)	-	-	-	-	-	(1,1)
Other financial income and expense	(1,8)						(1,8)
Income taxes	(39,4)	(0,8)	(1,9)	(0,4)	(1,7)		(44,1)
Share of net profit (loss) from entities accounted for using the equity method	1,3						1,3
Net profit (loss) from continuing operations	**133,6**	**1,5**	**4,0**	**(0,1)**	**6,7**	**-**	**145,7**
Net profit (loss) from discontinued operations	(0,3)					0,3	-
Consolidated net profit	**133,3**	**1,5**	**4,0**	**(0,1)**	**6,7**	**0,3**	**145,7**
- Attributable to shareholders of Ipsen S.A.	133,0	1,5	4,0	(0,1)	6,7	0,3	145,3
- Attributable to non-controlling interests	0,3						0,3

Earnings per share fully diluted - attributable to Ipsen S.A. shareholders (in € per share)	1,61	0,02	0,05	(0,00)	0,08	0,00	1,76

3. INFORMATION ON RELATED PARTIES

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

4. 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 2016 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 (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.

- 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.

5. STATUTORY AUDITOR'S REVIEW REPORT ON THE HALF YEARLY FINANCIAL INFORMATION

This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Ipsen S.A.

Siège social : 65, Quai Georges Gorse - 92650 Boulogne-Billancourt

Statutory Auditors' Review Report on the Half-yearly Financial Information

For the period from January 1st 2017 to June 30, 2017

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 2017 to June 30, 2017,
- 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.

1. 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.

2. 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, July 27, 2017	Neuilly-sur-Seine, July 27, 2017

The Statutory Auditors

KPMG Audit *Department of KPMG S.A.*	Deloitte & Associés
French original signed by	*French original signed by*
Catherine Porta *Partner*	Jean-Marie Le Guiner *Partner*

6. ATTESTATION OF THE PERSON RESPONSIBLE FOR THE 2017 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 2017 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.

July 27, 2017

Mr. David Meek

Chief executive officer