IPSEN
Innovation for patient care

ANNUAL REPORT
2007

CONTENTS

PROFILE

Nearly **4,000** employees worldwide.

€920.5 m in consolidated sales in 2007.

20.1% of consolidated sales allocated to R&D in 2007.

Ipsen is an innovation driven international specialty pharmaceutical group, which currently markets more than 20 drugs, employing nearly 4,000 people around the world.
Its development strategy is based on a complementary combination of specialised products, which are growth drivers, in the Group's targeted therapeutic areas (oncology, endocrinology and neuromuscular disorders) and primary care products, which help finance its Research and Development activities. The location of its four Research and Development centres (Paris, Boston, Barcelona, London) and its peptide and protein engineering platform give the Group a competitive edge in gaining access to leading university research teams and highly qualified personnel. More than 700 people in R&D are dedicated to the discovery and development of innovative drugs for patient care. This strategy is also supported by an active partnership policy. In 2007, R&D expenditure was about €185 million, representing more than 20% of consolidated sales, which came out at €920.5 million. Total revenues* amounted to €993.8 million over the same period.

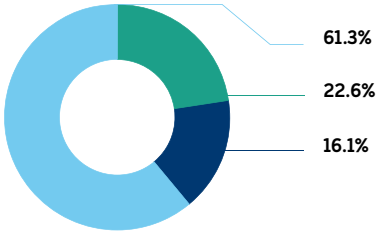
* Total revenues include sales as well as royalties and payments received in conjunction with the Group's partnerships and various other services.

KEY FIGURES 2007

SALES BY THERAPEUTIC AREA

- Targeted therapeutic areas **53.6%**
  - Oncology **25.5%**
  - Endocrinology **14.1%**
  - Neuromuscular disorders **14.0%**
- Primary care **42.7%**
  - Gastroenterology **18.7%**
  - Cognitive disorders **13.0%**
  - Cardiovascular **10.3%**
  - Others **0.7%**
- Drug-related activities **3.7%** (active ingredients and raw materials sales)

SALES BY GEOGRAPHICAL AREA



- Five major Western European countries **61.3%**
  - France **38.5%**
  - Italy **7.1%**
  - Spain **6%**
  - Germany **5.2%**
  - United Kingdom **4.5%**
- Other European countries **22.6%**
- Rest of the world **16.1%**

NET SALES OF GROUP'S LEADING PRODUCTS (€ MILLION)

	2007	2006	change 2007/2006
Decapeptyl®	235.1	221.9	+ 6.0%
Dysport®	128.7	113.3	+ 13.6%
Tanakan®	119.3	129.9	- 8.1%
Somatuline®	103.6	92.2	+ 12.4%
Smecta®	88.9	80.3	+ 10.6%
Nisis® and Nisisco®	53.7	50.7	+ 6.0%
Forlax®	51.8	46.3	+ 12.0%
Ginkor Fort®	36.9	41.7	- 11.5%
NutropinAq®	23.7	14.7	+ 60.8%

11.2% sales growth in specialist care.

9.1% growth in volumes of sold drugs.

14.9% sales growth outside major Western European countries.

TOTAL REVENUES* (€ MILLION)

2007: **993.8**

2006: **945.3**

+5.1%

SALES (€ MILLION)

2007: **920.5**

2006: **861.7**

+6.8%

RESEARCH AND DEVELOPMENT EXPENDITURE (€ MILLION)

2007: **184.7**

2006: **178.3**

+3.6%

OPERATING PROFIT (€ MILLION)

2007: **208.9**

2006: **187.2**

+11.6%

CONSOLIDATED PROFIT (€ MILLION)

2007: **150.6**

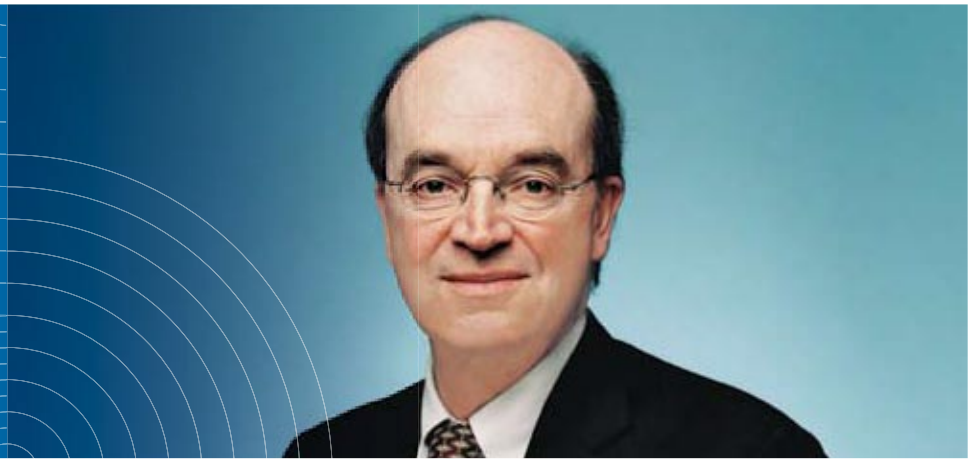
2006: **144.0**

+4.6%

* Total revenues include sales as well as royalties and payments received in conjunction with the Group's partnerships and various other services.

MESSAGE FROM THE CHAIRMAN

JEAN-LUC BÉLINGARD



2007 REPRESENTS A YEAR OF SIGNIFICANT SUCCESSES AND THE CONSOLIDATION OF CORE ACTIVITIES FOR FUTURE ACHIEVEMENTS.
Marketing approval of Somatuline® in the United States and Increlex® in Europe marks the creation of a global franchise in endocrinology. Somatuline® Depot is the first product originating from the Group's R&D to be approved by the FDA. More than ever, Ipsen is positioned as a key player in innovation.

In a difficult and competitive environment, Ipsen's objective is to build on its performance, bringing to the market, within the fastest possible time frame, a competitive and coherent portfolio of molecules originating both from internal research and from our alliances and partnerships.

THIS STRATEGY IS ACCOMPANIED BY AN OPERATIONAL REORGANISATION.
The decision to restructure the Research and Development department by distinguishing 'Discovery and Innovation' and 'Corporate Development' is a strategic move which aims to develop specific expertise in both areas by adopting an objective approach. Consequently, our ultimate aim is to further enhance our pipeline of drug candidates by optimising the selection and management of Ipsen's portfolio of molecules resulting from our internal research or partnerships. An agreement such as the one signed in January 2008 with the Salk Institute in California contributes towards reinforcing our exceptionally close ties with outstanding research teams in the academic world, converting scientific knowledge into medical solutions.

Our active alliance strategy, launched several years ago, continued throughout 2007 at an excellent rate, with agreements signed with MSD, Galderma, PregLem, GTF, bioMérieux, Debiopharm, Celera and Erasmus University, Rotterdam. This policy enabled us to expand our pipeline, to promote several compounds developed by our own research teams and to strengthen Ipsen's positioning in its targeted therapeutic areas (oncology, endocrinology and neuromuscular disorders).

"OUR ACTIVE ALLIANCE STRATEGY ENABLED US TO EXPAND OUR PIPELINE, TO PROMOTE SEVERAL COMPOUNDS DEVELOPED BY OUR OWN RESEARCH TEAMS AND TO STRENGTHEN IPSEN'S POSITIONING IN OUR THREE TARGETED THERAPEUTIC AREAS."

IN 2007, IPSEN YET AGAIN ACHIEVED ALL ITS GROWTH AND PROFITABILITY TARGETS.
Fulfilling our commitments is closely linked to our constant determination to improve performance through cost control and productivity optimisation programmes.
The efficiency of our continuing growth strategy enabled Ipsen to enter the SBF120 Index of the Paris stock exchange a mere two years after the Group was first listed on Euronext™. The Euronext™ Indices Steering Committee's decision reflects the soundness of our business and serves as a reward to Ipsen teams for their commitment.

AGAINST THIS BACKGROUND, 2008, CHARACTERIZED BY IMPORTANT REGULATORY, CLINICAL AND COMMERCIAL ISSUES, WILL BE A DECISIVE YEAR IN IPSEN'S FUTURE.
As regards regulatory matters, we are pursuing an active global market approval strategy for our botulinum toxin: in January 2008 the FDA accepted the filing of the Biologics License Application for Dysport® in the United States.
In addition, the European Medicines Agency (EMEA) recommended marketing authorisation of Adenuric® (febuxostat) which should lead to approval in Europe during 2008. We also intend to file for marketing approval in Europe for Acapodene® (toremifene citrate) before the end of the year.

2008 will be a busy year on the clinical front: phase II clinical trials for OBI-1, our recombinant factor VIII, have now been completed; we are assessing the results and analysing the measures to be taken for further development of this product. We are also awaiting the results of the phase I clinical trials on BN 83495 (STX 64), our promising antitumour agent, and on dopastatin, targeting various disorders linked to pituitary adenomas.

From a sales perspective, our growth in North America remains a priority and we are closely monitoring Somatuline® sales trends in the United States, while in the process of selecting a US commercialisation option for Dysport®.

In conclusion, I take this opportunity to sincerely thank all Ipsen employees for their professionalism and contribution. I also wish to highlight the solid support afforded us by our shareholders, and to express my gratitude to the medical community and to the patients for their loyalty and commitment.

MAIN RESEARCH AND DEVELOPMENT PROGRAMMES

Ipsen's dynamism in Research and Development will drive its future growth. The process of developing a molecule through to its approval by the regulatory authorities is usually divided up into distinct stages, from the preclinical stage to phase I, II and III clinical trials. During the preclinical stage, the Group's research scientists study the effects of innovative drug candidates on cell systems or organs in isolation, in vitro or in animal models.
If this research determines that the compound meets the therapeutic objectives laid down, the subsequent development stage is the clinical trial stage which aims to establish proof that the drug candidate is safe and effective in humans. Once the clinical trials have been completed, a registration dossier is submitted to the regulatory authorities.

Ipsen's Research and Development process is based on an original model. In 2007, the R&D division was organised around two entities: "Discovery and Innovation", dedicated to discovering new chemical entities, and "Corporate Development", which is responsible for ensuring that a coherent portfolio of molecules is brought to the market. Thereby, Ipsen can improve the creativity and productivity of its research programmes while accelerating the marketing authorisation process for its molecules worldwide.
Finally, four "Portfolio Management Teams" have been created which are responsible for defining and co-ordinating the Group portfolio strategy, promoting a clear and coherent vision of this strategy throughout the Group, and ensuring that the Group's key challenges and achievements are constantly kept in sight. These four teams (oncology, endocrinology, neuromuscular disorders and primary care) are fully operational in 2008.

A PROMISING PIPELINE WITH MORE THAN 20 PROGRAMMES*

Preclinical

ONCOLOGY

ANGIOMATES (STX 140)
Anticancer agent, tubulin/ anti-angiogenic

BIM 46187
Anticancer agent, G-Protein signal

CDC25 PHOSPHATASE INHIBITORS
Anticancer agent (cell cycle)

ENDOCRINOLOGY

GHRELIN AGONISTS
Regulation of food intake and gastro-intestinal function and treatment of cachexia

MSH AGONISTS FOR THE MC4 RECEPTOR
Metabolic disorders

11βHSD ENZYME INHIBITORS
Treatment of metabolic syndromes

SUSTAINED-RELEASE RECOMBINANT HUMAN GROWTH HORMONE
Long-term treatment of growth failure in children and growth hormone deficiency in adults

*As of 31 March 2008.

Phase I

ONCOLOGY

BN 83495 (STX 64)
Post-menopausal breast cancer expressing oestrogen receptors

ELOMOTECAN (BN 80927)
Advanced metastatic cancers

ENDOCRINOLOGY

DOPASTATIN
Symptomatic treatment of pituitary and neuroendocrine tumours

Phase II

ONCOLOGY

DIFLOMOTECAN (BN 80915)
Advanced metastatic cancers

ENDOCRINOLOGY

BIM 51077 (R1583)
Type 2 diabetes (partnership with Roche since July 2006)

OTHER PROGRAMMES

OBI-1
Haemostasis

Phase III

ONCOLOGY

DECAPEPTYL®
Combined hormone therapy for premenopausal breast cancer

DECAPEPTYL®
6-month sustained-release formulation (partnership with Debiopharm)

SOMATULINE® AUTOGEL®
Asymptomatic neuroendocrine tumours

ACAPODENE®
Treatment of side effects induced by androgen-deprivation therapy

ENDOCRINOLOGY

SOMATULINE® AUTOGEL®
Co-administration with pegvisomant

OTHER PROGRAMMES

TANAKAN®
Age-related cognitive impairment

DYSPORT®
Cervical dystonia
United States: regulatory review

RELOXIN®
Aesthetic medicine
Europe: regulatory review (partnership with Galderma)
United States: regulatory review (partnership with Medicis)

IPSEN WORLDWIDE

MAIN EVENTS IN 2007

UNITED STATES

DEVELOPMENT OF COMMERCIAL PRESENCE

• Marketing approval for Somatuline® Depot in the treatment of acromegaly. This drug, which was already marketed under the name Somatuline® Autogel® outside the United States, becomes the first product originating from the Group's R&D to be approved by the FDA.
• The FDA accepted the filing of the Biologics License Application for Dysport® in cervical dystonia.

FUNDAMENTAL RESEARCH PROGRAMME IN LIFE SCIENCES WITH THE SALK INSTITUTE

Ipsen gains access to cutting-edge technologies and advanced knowledge in the field of proliferative and degenerative diseases.

EUROPE AND LATIN AMERICA

BOTULINUM TOXIN'S MARKET PENETRATION BOOSTED

In 2007, Ipsen granted Galderma the right to promote and distribute the Group's botulinum toxin product for aesthetic indications in Brazil, Argentina, and Paraguay, and also the right to develop the product in the European Union, Russia and certain Middle East and Eastern European countries.

EUROPE

PRODUCT PORTFOLIO EXTENDED

• Marketing authorisation of Increlex®, for which Tercica granted Ipsen the development and commercialisation rights in Europe and certain other territories in October 2006.
• The European Medicines Agency (EMEA) recommends marketing authorisation of Ipsen's Adenuric® (febuxostat, in partnership with Teijin) for the treatment of chronic hyperuricaemia in gout.

FRANCE

€55 MILLION TO BE INVESTED AT THE DREUX SITE BY 2011

This programme will enable the Group to strengthen its Research and Development activity, as the Dreux site specialises in three strategic activities: formulation, analytical development and production of batches for preclinical and clinical research.

OPTIMISING THE PRIMARY CARE PRODUCT PORTFOLIO

• Agreement with MSD for the co-marketing of Adrovance® in the treatment of post-menopausal osteoporosis.
• Transfer of the marketing authorisations of Ginkor Fort® to GTF for France, Monaco and Andorra as from 1 January 2008.

THE NETHERLANDS

EXTENDED COLLABORATION AGREEMENT WITH THE ERASMUS UNIVERSITY MEDICAL CENTER ROTTERDAM

Creation of the Erasmus Research Institute for NeuroEndocrinology (ERINE) in partnership with the Erasmus University Medical Center Rotterdam to identify and progress therapeutic concepts and innovative products within the fields of endocrinology, diabetes and metabolism.

UNITED KINGDOM

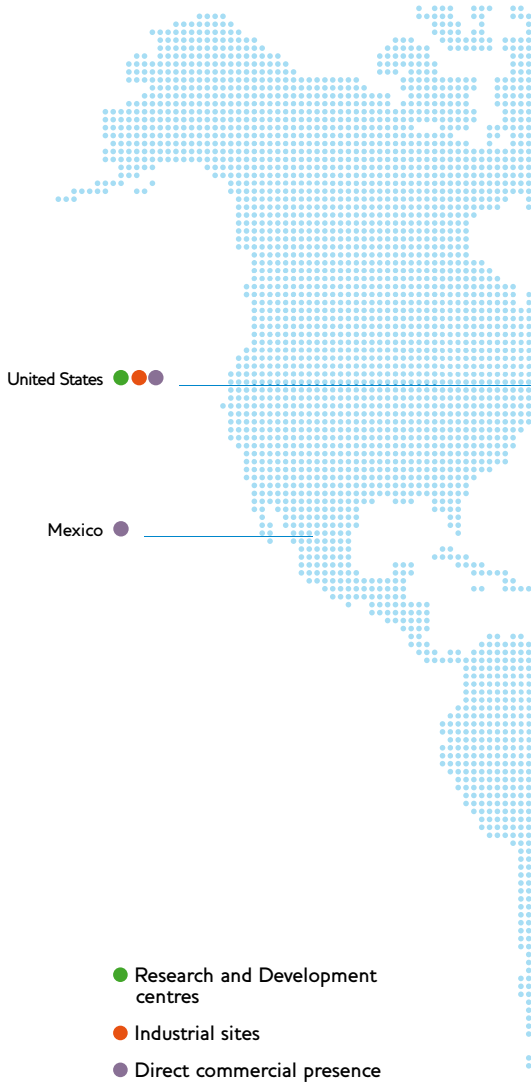
WREXHAM SITE PRODUCTION CAPACITY INCREASED

Representing an investment of €55 million, a new building should be operational in 2010. Ipsen thereby significantly increases its production capacity of Dysport®/Reloxin®. The site is also preparing for the inspections due in 2008 within the context of the FDA approval process.

ASIA

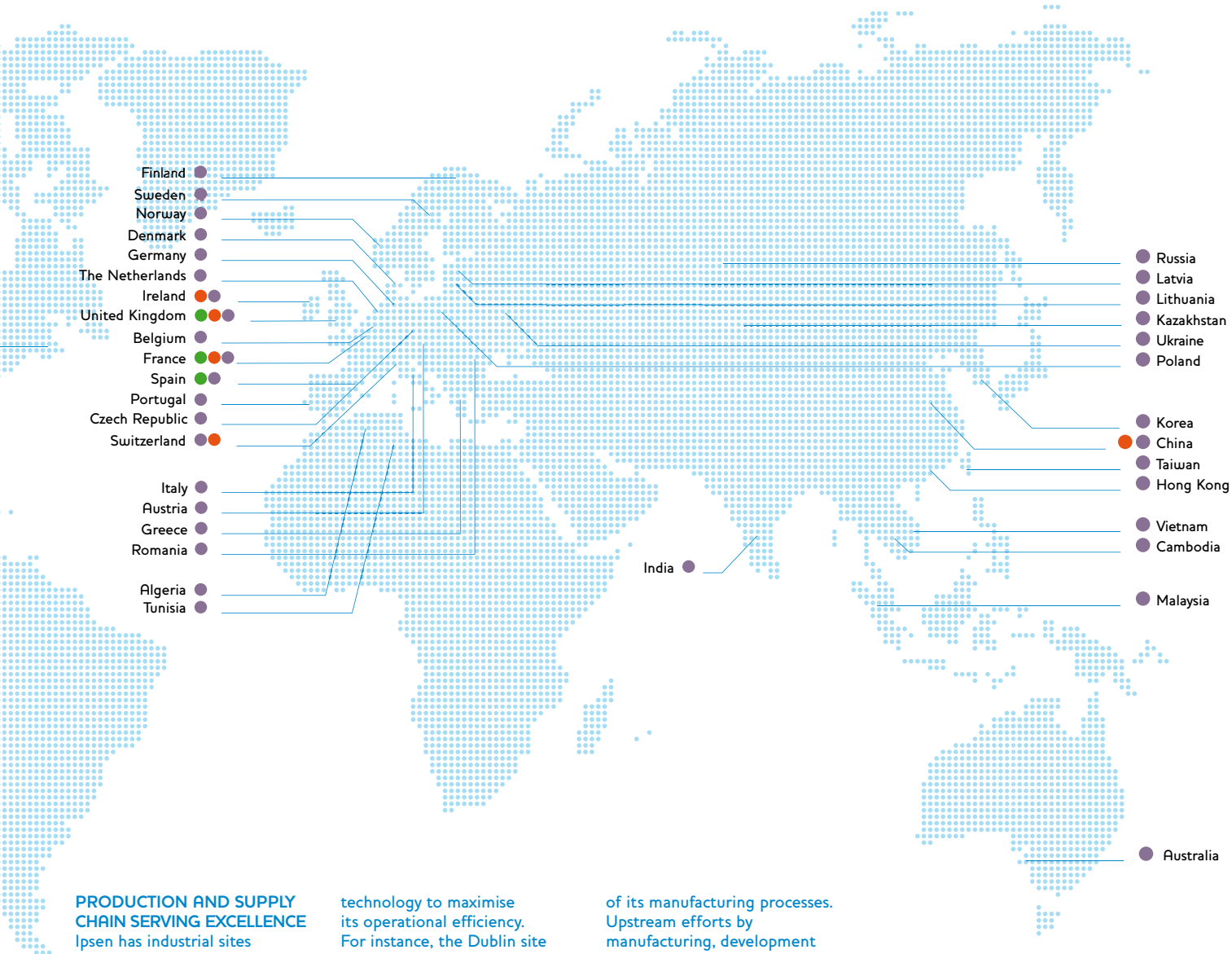
16.1% GROWTH IN 2007

In 2007, sales generated in Asia rose 16.1% namely due to the performance of Smecta® and Decapeptyl® in China.



Direct commercial presence in over **30** countries.

Products marketed in over **100** countries.



PRODUCTION AND SUPPLY CHAIN SERVING EXCELLENCE

Ipsen has industrial sites in France, the United Kingdom, Ireland, Switzerland, China and the United States, and plantations and leaf-drying facilities in France, China and the United States. Each of the Group's manufacturing facilities focuses on a particular technology to maximise its operational efficiency. For instance, the Dublin site (Ireland) is devoted to the purification and formulation of proteins, while the Dreux plant (France) specialises in the manufacturing and packaging of high volumes of oral formulations. Furthermore, Ipsen promotes continuous productivity improvement of its manufacturing processes. Upstream efforts by manufacturing, development and research teams promote mutual enhancement. This integration is a necessary step towards improving product quality, guaranteeing patient safety and developing optimal manufacturing processes within the Group's cost optimisation rationale.

IPSEN SHARE

LISTED ON:
Segment A of Eurolist
by Euronext™

ISIN CODE:
FR 0010259150

MNEMONIC:
IPN

FTSE CLASSIFICATION:
486 – Pharmaceuticals

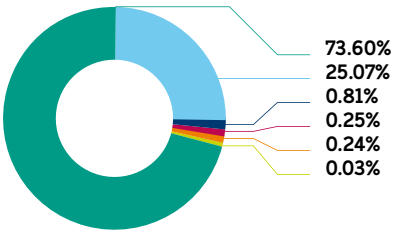
SECTORIAL CLASSIFICATION ICB:
4577 – Pharmaceuticals

NOMINAL VALUE:
€1

FIRST TRADING DAY:
7 December 2005

INVESTOR RELATIONS:
David Schilansky
investor.relations@ipsen.com

SHAREHOLDING STRUCTURE
as of 31 December 2007



- Mayroy **73.60%**
- Free float **25.07%**
- Treasury shares **0.81%**
- Employees **0.25%**
- Others registered shareholders **0.24%**
- Board members **0.03%**

CORPORATE AGENDA 2008

31 January	Full year sales 2007
27 February	Results 2007
29 April	First quarter 2008 sales
4 June	General shareholder's meeting
11 June	Payment of 2007 dividend*
31 July	First half 2008 sales
29 August	First half 2008 results
30 October	First 9 months 2008 sales

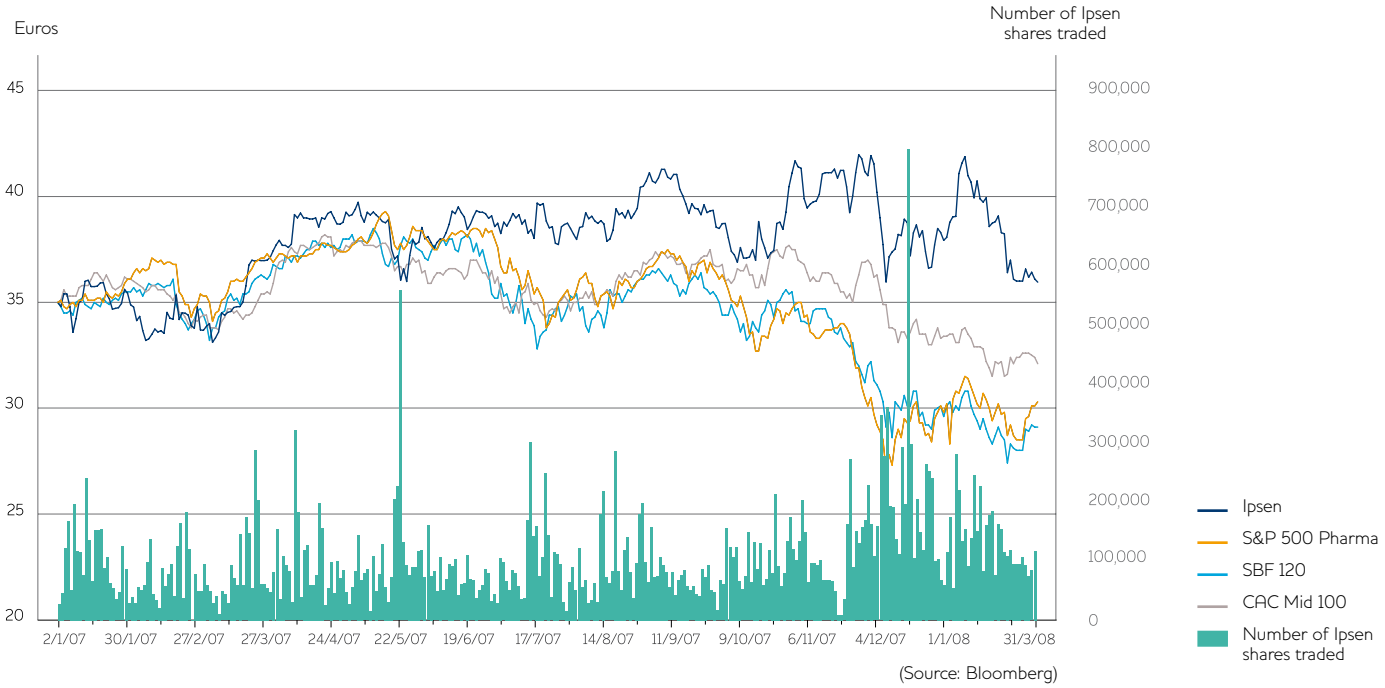
* Upon shareholders approval (General meeting on 4 June 2008).

€ 1.79 diluted earnings per share
(based on the average number of outstanding shares).

2007 dividend of €0.66 up **10%**
compared with 2006
(dividend subject to shareholder approval).

SHARE PRICE EVOLUTION COMPARED TO MAIN STOCK MARKET INDICES

from 2 January 2007 to 31 March 2008 (rebased on Ipsen share price as of 2 January 2007)



(Source: Bloomberg)

Ipsen shares have been eligible to the "Service de Règlement Différé" (SRD) since 28 March 2007.
On 24 December 2007, Ipsen shares were added to the SBF 120 index.

SHARE PRICE EVOLUTION

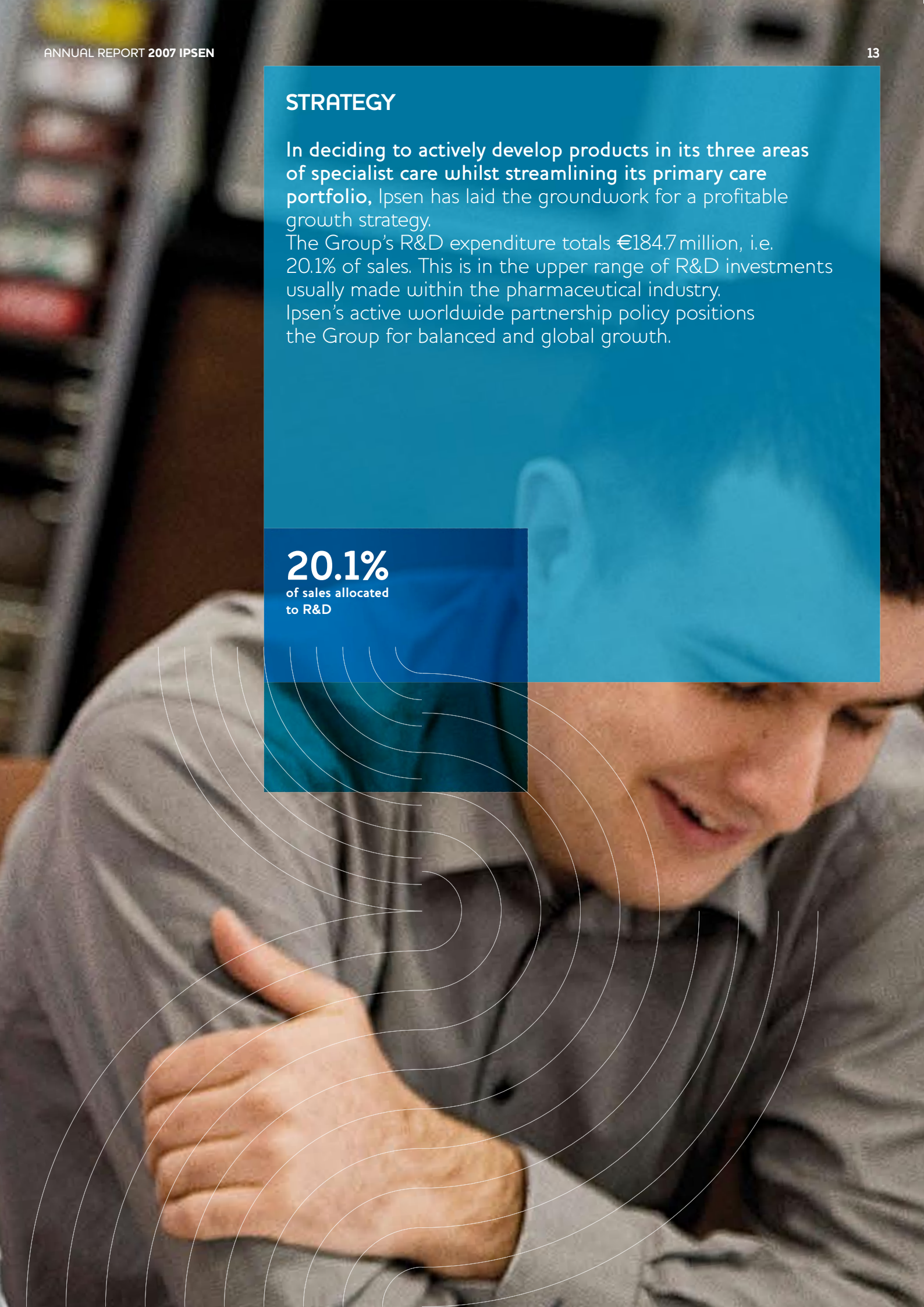
From 1 January 2007 to 31 March 2008

Average closing price	€38.00
Period high	€41.99
Period low	€33.11
Performance (between the period high and the share price on 1 January 2007)	20%
Daily average traded volume	108,110

STRATEGY

In deciding to actively develop products in its three areas of specialist care whilst streamlining its primary care portfolio, Ipsen has laid the groundwork for a profitable growth strategy.
The Group's R&D expenditure totals €184.7 million, i.e. 20.1% of sales. This is in the upper range of R&D investments usually made within the pharmaceutical industry.
Ipsen's active worldwide partnership policy positions the Group for balanced and global growth.

20.1%
of sales allocated to R&D



STRATEGY

Ipsen has implemented a profitable growth strategy in targeted disease areas offering strong expansion opportunities. Clinical development costs are actually lower, benefit/risk assessment is more favourable and the setting up of a sales network is more accessible for the treatments of severe diseases, for which medical needs remain largely unmet.

Ipsen has leveraged its technological and sales expertise as well as its financial soundness to develop three major strategic lines:
– **a growth strategy** in its three targeted disease areas (oncology, endocrinology, neuromuscular disorders) with the objective of becoming a major player;
– **a geographical expansion strategy** in its most promising markets, and especially in the United States;
– **an optimisation strategy** for primary care products through selective investments.

Besides, those lines of development are supported by:
– **a partnership policy** across all disease areas. Some partnerships are intended to secure complementary resources or technological skills for programmes, the development cost of which the Group does not want to bear on its own, or to open up new research perspectives. Others aim at maximising benefits from products originated from the Group's research, but which do not qualify as targeted disease areas, by granting development and marketing licenses to partners. Eventually, other marketing partnerships are established to maximise the profitability of Ipsen's distribution network through the securing of marketing rights for certain products in certain countries, especially primary care drugs in France, where the Group already boasts strong sales coverage.
– **a monitoring and rapid response strategy** in other therapeutic areas in which the Group develops and markets products based on its expertise in terms of both R&D and marketing.

STRATEGY

GROWTH IN TARGETED THERAPEUTIC AREAS

Ipsen has decided to specialise in three targeted therapeutic areas, offering innovative drugs fulfilling unmet medical needs.

This strategy is based on the Research and Development expertise developed at its four R&D centres in Paris, Boston, London and Barcelona. These technological platforms are located close to highly regarded university research centres, enabling Ipsen to tap into the wealth of scientific expertise available and to hire highly qualified personnel.

Ipsen's technological expertise focuses mainly in peptide and protein engineering and advanced drug delivery. It focuses primarily on the discovery of innovative molecules in the therapeutic areas of oncology, endocrinology and neuromuscular disorders. The majority of investments aims to promote the development of promising therapeutic solutions within those three therapeutic areas.

STRATEGY

GROWTH IN TARGETED THERAPEUTIC AREAS

RECENT DEVELOPMENTS

ONCOLOGY

Access to new sustained-release formulations of Decapeptyl®

In accordance with an agreement announced in October 2007, Ipsen gains access to future sustained-release formulations of Decapeptyl® developed by its partner Debiopharm, including a 6-month sustained-release formulation. Phase III clinical trials have been completed and Debiopharm expects to file for registration in 2008.

Positive results of phase III clinical trials for Acapodene®

Ipsen expects to submit Acapodene® for marketing authorisation in Europe before the end of 2008. In September 2006, GTx granted the Group an exclusive licence to develop and market this product in Europe.

Agreement with bioMérieux in theragnostics

In September 2007, Ipsen and bioMérieux signed a partnership agreement for the development of a companion test for Ipsen's BN 83495 molecule, currently undergoing phase I clinical evaluation for the treatment of breast cancer.

ENDOCRINOLOGY

Somatuline® Depot received marketing approval in the United States

In August 2007, Somatuline® received marketing approval in the United States under the name Somatuline® Depot and became the first product originating from the Group's R&D to be approved by the FDA.

Increlex® received marketing approval in the European Union

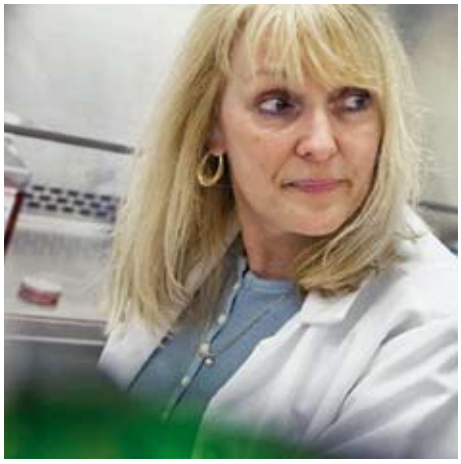
In August 2007, Increlex® received marketing approval in the European Union, and as an orphan medicinal product, was provided with a ten-year marketing exclusivity.

Phase II clinical trials for BIM 51077 (R1583) compound

Roche acquired the exclusive rights to develop and market Ipsen's patented anti-diabetes compound, BIM 51077, worldwide except in Japan, where they are shared with Ipsen's Japanese partner Teijin and in France, where Ipsen retains the option to exercise co-marketing rights. Phase II clinical trials have been completed by Roche.

Pharmacogenomic tests developed in partnership with Celera

In November 2007, Ipsen signed a research collaboration agreement with the Californian company Celera, to develop biomarkers and pharmacogenomic tests for growth failure patients.



6.8% sales growth in 2007.

11.2% sales growth in specialist care.

NEUROMUSCULAR DISORDERS

The FDA accepted the filing of the Biologics License Application for Dysport®.
In January 2008, the FDA accepted the filing of the BLA for Dysport® in the treatment of cervical dystonia.

Marketing agreements for botulinum toxin in aesthetic medicine
In 2006, the Group granted Medicis the rights to develop, distribute and market Ipsen's botulinum toxin in the United States, Canada and Japan for aesthetic use by physicians. Ipsen submitted a marketing authorisation with the FDA in March 2008.

In 2007, Ipsen granted Galderma the exclusive rights to promote and distribute Dysport® in aesthetic medicine in Brazil, Argentina and Paraguay and also the right to develop the product in the European Union, Russia and certain Middle East and Eastern European countries.

STRATEGY

GEOGRAPHIC EXPANSION

3 positive opinions from the EU and US regulatory authorities in 7 months.

14.9% sales growth outside major Western European countries in 2007.

To boost its global spread, Ipsen actively strives to obtain approval for products in its targeted therapeutic areas and pursues an active partnership policy for marketing alliances. The Group targets the most promising markets, namely the United States.

2007 was a turning point for the Group with the marketing approval of Somatuline® Depot in the United States. In January 2008, the FDA accepted the filing of the BLA for Dysport® in the treatment of cervical dystonia.

RECENT PARTNERSHIPS

DEBIOPHARM

In October 2007, Ipsen and its partner Debiopharm extended their agreement, granting Ipsen worldwide marketing rights for Decapeptyl® (excluding North America and Japan) in its current formulations and future sustained-release formulations (6-month sustained release formulation expected to be filed for registration in 2008).

GALDERMA

In 2007, Ipsen granted Galderma the exclusive rights to promote and distribute Dysport® in aesthetic medicine in Brazil, Argentina and Paraguay and also the right to develop the product in the European Union, Russia and certain Middle East and Eastern European countries.

MEDICIS

In March 2006, the Group granted Medicis the rights to develop and distribute Ipsen's botulinum toxin in aesthetic medicine in the United States, Canada and Japan under the brand Reloxin®.

TERCICA

In October 2006, Ipsen granted Tercica the exclusive marketing rights for Somatuline® Depot in the United States and Canada, and Tercica granted Ipsen the exclusive marketing rights for Increlex® worldwide with the exception of the United States, Japan, Canada, Middle East countries and Taiwan.
Somatuline® Depot is now marketed in North America and Increlex® is currently being launched in Europe.

STRATEGY

OPTIMISING THE PRIMARY CARE PORTFOLIO

Ipsen optimises the profitability of its primary care portfolio by capitalising on its track record providing it with solid expertise in this area.

The Group makes selective investments and pursues optimal product life-cycle management. This strategy is reinforced by a well structured partnerships policy, for both marketing and research and development alliances.

Study for the prevention of Alzheimer's disease
The GuidAge study, which is currently underway, assesses the effectiveness of EGb 761®, the active substance of Tanakan®, in the prevention of Alzheimer's disease in patients presenting a spontaneous memory complaint.

RECENT DEVELOPMENTS

Adrovance® launched in France
In January 2007, Ipsen signed an agreement with MSD for the co-marketing of Adrovance® in the treatment of post-menopausal osteoporosis.

Ginkor Fort® transferred to GTF
In August 2007, Ipsen transferred the marketing authorisations for Ginkor Fort® to GTF for France, Monaco and Andorra as from 1 January 2008.

Positive opinion for marketing authorisation of Adenuric®
In February 2008, the European Medicines Agency (EMEA) recommended marketing authorisation of Adenuric® (febuxostat) for the treatment of chronic hyperuricaemia in gout patients. Adenuric® represents the first significant treatment alternative for gout patients in over 40 years. Ipsen holds the licence in Europe for febuxostat, developed by the Japanese group Teijin, with which Ipsen signed a partnership agreement in July 2003.

Licences concerning Ipsen's BA058 compound
In September 2005, Ipsen granted Radius exclusive rights to BA058 (Ipsen proprietary compound previously referred to as BIM 44058,) on a worldwide basis with the exception of Japan, where Ipsen previously granted an exclusive license for BA058 to the Japanese group, Teijin.
In 2007, Radius granted Novartis an option to obtain an exclusive worldwide license (except Japan) to develop and market all formulations of BA058.

KNOW-HOW

Ipsen's R&D focuses on the discovery and development of innovative compounds and life-cycle management for products already on the market: new formulations, extension of indications or product registrations in new geographical areas. Ipsen's technological platforms benefit from collaboration programmes with outstanding university researchers.

More than 20
R&D programmes

KNOW-HOW

DISCOVERING NEW COMPOUNDS

By allocating more than 20% of sales to Research and Development, Ipsen pursues its ambitious target of ranking amongst the most innovative Groups within the pharmaceutical industry.

The Group benefits from the flexibility and reactivity of an innovative company supported by solid fundamentals in terms of research. It builds upon an original approach basing its therapeutic research on improving patient quality of life.
By focusing on hormone-dependent diseases, Ipsen's research programmes explore the most complex technological aspects.

DISCOVERY

Ipsen's expertise is developed on several therapeutic platforms around the world, which are located near university research centres, giving the Group access to top-ranking academic research teams.

BOSTON: PEPTIDE AND PROTEIN ENGINEERING

Peptide engineering focuses on the modification through synthesis of derivatives of naturally occurring neuropeptide hormones. Protein engineering aims to improve the therapeutic properties of naturally occurring proteins through the selective modification of their sequences. Researchers at the Boston centre work primarily on the following three areas: synthetic chemistry, pharmacology and biotechnology. The Boston centre boasts specific expertise in hormone-dependent pathophysiological mechanisms in which neuropeptides are involved. One of the main activities of the site is to modify the structure of endogenous proteins and peptides to enhance their properties. Replacing certain protein sequences with different sequences may reduce antigenicity (detection by existing antibodies), toxicity or immunogenicity (formation of new antibodies) and increase the duration of action, specificity or compatibility with controlled-release formulations.

PARIS: TRANSLATIONAL RESEARCH

Based in Paris, the teams specialised in translational research, aim to gain a better understanding of molecular, pharmacological, pharmacodynamic and pharmacokinetic properties of new chemical or biological candidates which may be developed in the fields of oncology, endocrinology and neuromuscular disorders.

BATH: STEROID ENGINEERING

In collaboration with Bath University (United Kingdom), Ipsen's research teams concentrate on the discovery of enzyme inhibitors involved in the biosynthesis of steroid hormones.

€184.7 m in R&D expenditure in 2007.

700 employees dedicated to R&D.

INNOVATION

Ipsen's research puts patient quality of life at the heart of its objectives.

VAST THERAPEUTIC APPLICATIONS IN ENDOCRINE DISORDERS

The technological platforms are above all inspired by naturally occurring molecules, and more specifically of hormonal nature. Ipsen's research is based on the fact that a large amount of disorders are linked to haemostasis loss due to an imbalance in the endocrine system and aims to rebalance the system.

BARCELONA: CUTTING EDGE ADVANCED DRUG DELIVERY

This research centre is specialised in the discovery, design and development of innovative formulations for new or existing products.
Its main objective is to determine optimal methods for the delivery of highly potent medicinal products.
These formulations meet the threefold aim of optimising the efficacy of the active substances while improving patient quality of life and facilitating the use of the products by healthcare professionals. Several of Ipsen's products benefit from these innovations, such as Somatuline® Autogel® and Decapeptyl®, or BIM 51077 (R1583) for which Roche owns the development and marketing rights.

COLLABORATION WITH OUTSTANDING ACADEMIC RESEARCH CENTRES WORLDWIDE

For several decades Ipsen has established partnerships with universities, collaborating with top-ranking academic research teams. Today, the Group continues to excel in the field of research by extending its collaboration agreements with the academic world. Ipsen reiterates its commitment to innovation and research, and its capacity to work with leading worldwide academic centres of excellence thanks to its constant efforts and recognised expertise.

In October 2005, Ipsen signed a letter of intention with the French Atomic Energy Commission (CEA) on research projects covering the treatment of Parkinson's and Alzheimer's diseases.

In October 2005, Ipsen signed a collaboration agreement with the French national institute for health and medical research (Inserm) to conduct a R&D programme in the treatment of breast and prostate cancer.

ERINE (Erasmus Research Institute for NeuroEndocrinology) was created in December 2007. Ipsen and the Erasmus University Medical Center Rotterdam extended their alliance by concluding a collaboration agreement to identify and progress therapeutic concepts and innovative products within the fields of endocrinology, diabetes and metabolism.

A partnership agreement with the Salk Institute was announced in January 2008. The Salk Institute for Biological Studies is an independent non-profit organisation dedicated to fundamental discoveries in life sciences, the improvement of human health and the training of future generations of researchers. This major agreement will create the Ipsen Life Sciences Program at the Salk Institute, by which Ipsen will gain access to new cutting edge technologies in life sciences and advanced knowledge in the field of proliferative and degenerative diseases.

KNOW-HOW

DEVELOPING NEW THERAPEUTIC SOLUTIONS

In 2007, Ipsen organised its Research and Development activities around two entities: "Discovery and Innovation" and "Corporate Development".

The rationale of this new organisation is linked to the recent changes within the industry: slower growth and declining productivity in R&D.

This new operational model at Group management level aims to create a clearer distinction between Research activities and Development activities, focusing more precisely on these two functions which are at the very heart of our strategy.

"Discovery and Innovation" concentrates entirely on discovering new chemical entities, in particular peptides and proteins, on advanced drug delivery and on translational research, creating an excellence platform connecting innovation and development.

The task of "Corporate Development" is to bring a coherent pipeline of molecules to the market on a global scale, originating both from its own "Discovery and Innovation" activities, and from the Group's alliances and partnerships.

In creating a clear distinction between the two phases of drug design, Ipsen is positioned to improve the creativity and productivity of its internal research, renowned for its expertise by its partners worldwide. It also enables the Group to accelerate the process of transforming compounds into approved and marketed drugs by regrouping within the same entity, clinical development, pharmaceutical development, business development and legal and regulatory affairs.

4 R&D centres:
Barcelona, Boston, London and Paris.

SELECTION

"Corporate Development" brings together clinical development, pharmaceutical development, business development, regulatory affairs and legal affairs.
It aims to develop Ipsen's product portfolio by making the best strategic choices.
This organisation enables Ipsen to strengthen its development expertise.
The Group thereby adopts a new approach, more globally and strategically focused, for all candidate compounds, whether developed internally by Ipsen or externally.
This expertise offers Ipsen the possibility of grasping a wide range of opportunities in the therapeutic areas in which it specialises, enabling optimal selection and management of its product portfolio. Some of the compounds discovered by internal research teams are developed by the Group, whilst others are licensed out to laboratories via strategic partnerships. Ipsen may also develop and market compounds that do not come from its own research, but which are perfectly in line with its strategy. This gives the Group added flexibility in an environment where creativity and cost control have become key issues, without forsaking Ipsen's long tradition in research.

ELABORATION

For both new compounds and drugs already on the market, "Corporate Development's" role is to constantly take a fresh look at the product portfolio: developing new formulations, extending indications or product registrations in new geographical areas...
It is also responsible for life-cycle management of selected drugs, optimising the time and the resources used to generate the best added value possible, both medically and economically.

LONDON, PARIS, BOSTON: CLINICAL DEVELOPMENT AND REGISTRATION

Clinical development and regulatory affairs departments are located in London. They coordinate multi-centre international clinical trials, collect data, analyse results and file dossiers and registration applications with the international regulatory authorities.
The objective of the clinical development teams is to execute or commission execution of clinical trials complying strictly with the regulatory standards and able to provide high-quality and extensive data about the efficacy and safety of using the Group's products. Successful registration requires the consolidation, on a Group level, of all regulatory data necessary for a dossier.

Clinical development teams are also employed in Paris and Boston. In Paris, these teams carry out and coordinate clinical trials worldwide; and in Boston, they coordinate clinical trials in North America and regulatory issues with the FDA.

DREUX: PHARMACEUTICAL DEVELOPMENT

In 2007, Ipsen announced its plans to strengthen the infrastructure of this pharmaceutical development centre by specialising in three strategic activities: formulation, analytical development and production of batches for preclinical and clinical research. To enable this, two new buildings will be completed by 2009, and another one will be renovated.

BARCELONA: PHARMACOKINETICS

At this site which is specialised in drug delivery systems, the pharmacokinetics department takes part in clinical trials with the advanced drug delivery teams.

KNOW-HOW

ONCOLOGY

Cancer is a major worldwide public health concern. One man in two and one woman in three are affected by cancer. Whilst the number of cancer patients has doubled between 1980 and 2005, mortality has been reduced by 25%, underlining the benefits of early detection policies and the progress made in the therapeutic care of patients. In the light of these major public health issues, the disease poses real challenges in terms of diagnosis, therapeutics and prevention.

Significant progress has been made in diagnosis and therapeutics over the past few years. Nonetheless, therapeutic needs are still considerable in most clinical situations and underline the necessity for advanced research to address the many issues laid down by the disease.

More than half of the pharmaceutical industry's Research and Development programmes worldwide focus on oncology. Various therapeutic approaches have been developed, such as cytotoxic agents or hormonal therapies, but targeted molecular therapies now account for the majority of new strategies for treating cancer, supported by strong progress in identifying cellular and molecular abnormalities inherent in cancer cells.

Ipsen's strategy in oncology relies on the discovery, development and marketing of compounds which offer an innovative mechanism of action, at first targeting patients whose tumours show resistance or continue to grow using standard treatments, before considering a broader use of these compounds in treatment of cancers that have been detected earlier.

Ipsen's strategy relies on the development of a portfolio of innovative compounds and formulations which touch targets involved in the formation of a tumour or its growth and which show therapeutic resistance. Relying on the experience and expertise gained with Decapeptyl® (prostate cancer) and Somatuline® (neuroendocrine tumours), Ipsen intends to offer new therapeutic solutions in particular in hormone-dependent tumours providing several opportunities of improving treatment and patient quality of life.

Décapeptyl®, the Group's **leading** product with sales of €235.1 m.

DECAPEPTYL®

Decapeptyl® is a peptide formulation for injection used mainly in the treatment of advanced metastatic prostate cancer. Additional indications include the treatment of uterine fibroids (a benign tumour of muscle tissues in the uterus), endometriosis (proliferation of endometrial tissue, the mucous membrane that lines the uterine wall outside the reproductive tract) prior to surgery or when surgery is not deemed appropriate, as well as early-onset puberty and female infertility (in vitro fertilisation).

Decapeptyl® is available in monthly or quarterly sustained-release formulations, as well as a daily formulation.

Decapeptyl® was initially launched in France in 1986. At 31 December 2007, Decapeptyl® had marketing authorisations in over 60 countries, including 25 in Europe. In 2007, 61% of Decapeptyl® sales were generated in the Major Western European Countries.

Research programmes

The Group's technology programmes in steroïd, peptide and protein engineering enable it to explore and develop new approaches in cancer treatment under hormonal control. These research programmes are conducted internally with assistance from university and industry partners.

ANGIOMATES (STX 140)

The angiomates refer to a family of molecules acquired through the acquisition of Sterix which are multitargeted anticancer agents, exhibiting both antiproliferative (killing cancer cells) and antiangiogenic properties (inhibiting the blood vessels network supporting the tumour). These cytotoxic coumpounds are currently in preclinical phase and will target the treatment of hormone-dependent tumours and possibly some haematological malignancies.

BIM 46187

BIM 46187 is an innovative anti-tumour compound that acts on cellular signals by the receptors attached to G-Protein (the most common form of receptors for neuropeptide hormones and neurotransmitters). This coumpound is currently under preclinical development. BIM 46187 may be used either alone or in combination with other cancer therapies in the treatment of solid tumours, such as lung and prostate cancer.

CDC25 PHOSPHATASE INHIBITORS

These new molecules target key enzymes, CDC25 phosphatases, which regulate the cell division cycle. It has been demonstrated that these enzymes are abnormally high in a large number of tumours. These inhibitors are currently under advanced preclinical evaluation.

ONCOLOGY

Development programmes

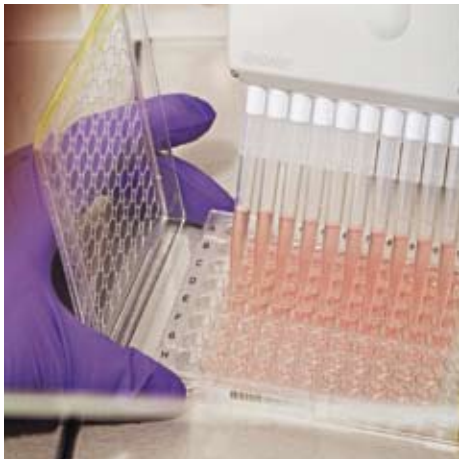
DECAPEPTYL®

Ipsen participates in three phase III studies conducted under the auspices of the International Breast Cancer Study Group in the treatment of breast cancer in premenopausal women, comparing the conventional treatment methods with hormone therapy combining Decapeptyl® with estrogen suppressant agents, such as Aromasin®, marketed by Pfizer. These trials are due to take place until 2015. The results could lead to the review of therapeutic recommandations for breast cancer in premenopausal women expressing hormonal receptors.

Pursuant to the terms of its agreement with Debiophram, Ipsen exclusively in-licensed from Debiopharm know-how and new patent applications for the commercialisation rights of Decapeptyl® (pamoate triptorelin) in the world excluding North America, and some other countries such as Sweden, Israel, Iran and Japan. Ipsen will thus have access to future sustained-release formulations of Decapeptyl® developed by Debiopharm, among which a 6-month sustained release formulation that has completed phase III clinical trials and is expected to be filed by Debiopharm in 2008.

ACAPODENE®

The Group has acquired the rights from the US biotech company GTx, specialised in men's health, for the development and marketing of Acapodene® for all indications except breast cancer in Europe. This drug is a Selective Oestrogen Receptor Modulator (SERM).



Oncology,

a major public health issue.

Acapodene® is currently undergoing its phase III development programme in two different clinical settings. First indication concerns the treatment of side-effects induced by androgen-deprivation therapy in advanced metastatic prostate cancer (80mg). The second indication aims at the prevention of prostate cancer in individuals carrying evidence of High-Grade Prostatic Intraepithelial Neoplasia (20mg).The Group detains the marketing rights for the first indication and an option for the second one.

In February 2008, GTx presented the results of the first phase III evaluating the efficacy and safety of toremifere citrate 80 mg daily, on multiple side effects of androgen-deprivation therapy in advanced prostate cancer patients.

One the basis of these positive results, Ipsen intends to file toremifere citrate 80 mg for this indication in the European Union before year-end 2008.

SOMATULINE® AUTOGEL®

With regard to managing the life-cycle of Somatuline® Autogel®, a phase III clinical trial of Somatuline® Autogel® is being conducted in Europe in the treatment of asymptomatic neuroendocrine tumours. This trial could be extended to other centres in the United States in 2008.

BN 83495 (STX 64)

BN 83495 and similar molecules acquired through the acquisition of Sterix are selective inhibitors of the sulphatase enzyme involved in a key stage of the biosynthesis of estrogens, one of the principal factors contributing to breast cancer in post-menopausal women. A first phase I clinical trial in patients with breast cancer has been completed and the results demonstrated the inhibition of the sulphatase enzyme at the dosages tested in tumour biopsies. A second phase I clinical trial is currently being conducted and aims to determine the optimal dose of BN 83495 for postmenopausal patients with advanced breast cancer expressing hormonal receptors.

KNOW-HOW

ENDOCRINOLOGY

Endocrinology is a key targeted disease area within the Ipsen portfolio. Endocrinology describes the control of cellular function by hormones, which are chemicals produced in specialised glands, targeting specific tissues in the body. The aim is to modulate homeostasis through hormone depletion or replacement-based therapies.

Ipsen is uniquely placed to develop its role as a global leader in endocrinology, with internationally recognised specialist clinicians and scientists working within the company. There is particular expertise in engineering of peptides, proteins and steroids, in convergence with advanced delivery systems, to yield products with therapeutic properties that facilitate patient compliance and convenience. Ipsen has developed partnerships with world renowned academic institutions and industry leaders such as the Erasmus Medical Centre, Salk Institute, Celera… to sustain its discovery programmes.

Ipsen now has a global presence in the clinical management of endocrine diseases, having developed key partnerships with US-based Genentech and Tercica. Ipsen is developing a complete portfolio of innovative products for the management of growth disorders in children, pituitary diseases and neuroendocrine tumours in adults. In addition, Ipsen is developing capabilities in the field of metabolic disorders such as diabetes, cachexia, obesity and insulin resistance.

12.4% growth in Somatuline® sales in 2007.

NutropinAq® launched in more than **20** European countries since 2006.

SOMATULINE®

Somatuline® and Somatuline® Autogel® are sustained-release formulations for injection containing lanreotide, a somatostatin analogue (a hormone that inhibits the release of growth hormone).

Somatuline® is used mainly in the treatment of acromegaly (a disorder caused by the over-production of growth hormone due to a benign tumour of the anterior pituitary gland). This product subsequently underwent further development in the treatment of symptoms associated with neuroendocrine tumours (particularly of a carcinoid type).

The Group believes that the Somatuline® Autogel® formulation, to which it holds the patent, represents a major technological advance. As far as the Group is aware, this represents the first semi-solid formulation for injection without any excipient, since the active substance itself controls the sustained release.

Somatuline® Autogel® releases the active substance with no excipient other than water over a period of at least 28 days, thus requiring just one injection per month compared with the two or three injections previously necessary. This product is presented in a pre-filled syringe for easier administration.

Somatuline® was initially launched in France in 1995. At 31 December 2007, Somatuline® and Somatuline® Autogel® were recorded in almost 60 countries and were marketed in more than 45 countries (including 26 in Europe) for the treatment of acromegaly and neuroendocrine tumours and in more than 45 countries for the treatment of acromegaly alone. On 30 August 2007, the FDA approved Somatuline® Depot (lanreotide) Injection 60, 90 and 120 mg in the United States for the treatment of acromegaly. This drug is now marketed in North America.

In 2007, 67.7% of the sales generated by Somatuline® and Somatuline® Autogel® derived from the major Western European countries. Somatuline® Autogel® accounted for 88.9% of total sales of this product vs. 85.9% a year before.

NUTROPINAQ®

In September 2002, Genentech, a US company specialised in biotechnology, granted the Group exclusive worldwide marketing rights for NutropinAq® except North America, Mexico and Japan. Genentech has pioneered the development of growth hormone and is currently one of the leading players in the United States market. NutropinAq® is a liquid formulation of a recombinant human growth hormone administered using the NutropinAq® Pen. The growth hormone is involved in several physiological processes including growth in stature and bone development in children.

At 31 December 2007, the Group had marketing authorisations in more than 30 countries. The product was launched in over 20 countries across Europe during 2006 and 2007.

KNOW-HOW

ENDOCRINOLOGY

INCRELEX®

In October 2006, Tercica granted Ipsen the exclusive license to develop and market Increlex® worldwide except for the United States, Japan, Canada, the Middle East and Taiwan.

The main active substance of Increlex® (mecasermin) is a recombinant human Insulin-like Growth-Factor-I (IGF-I). IGF-I is the principal hormonal mediator of statural growth that must be present for normal growth of bones and cartilage in children. In severe primary IGF deficiency, children IGF-I levels are low, despite the presence of normal or elevated GH (Growth Hormone) level. If the IGF-I is not present in sufficient quantities, the child will not reach normal stature. In children with this disorder, low IGF-I levels are due to growth hormone resistance associated with mutations in GH receptors, post-GH receptor signalling pathways, or to defects in IGF-I gene expression. As such, these children cannot be expected to respond adequately to exogenous GH treatment. Some individuals may also have a range of metabolic disorders, including lipid abnormalities, decreased bone density, obesity and insulin resistance that can lead to diabete.

Increlex® is marketed in the United States by Tercica since the beginning of 2006. Increlex® was granted orphan drug exclusivity by the EMEA on 5 April 2006 and was granted marketing authorisation in the European Union on 9 August 2007. Increlex® is marketed in the UK and Germany by the Group since the last quarter of 2007. First sales are ongoing in the other European Countries.

Research programmes

In pituitary disorders, the Group is involved in several programmes, chiefly in pituitary adenomas, such as acromegaly and Cushing's disease.

Ipsen is also exploring the role of certain peptide hormones (ghrelin, MSH/MC4) in regulating food intake and the gastro-intestinal function with the priority objective of treating cachexia (lack of appetite), which is often the cause of functional disorders in the elderly, cancer patients and patients with chronic illnesses.

Ipsen is continuing to pursue the programmes it initiated in 11βHSD enzyme inhibitors with a view to developing a therapy for the related metabolic syndromes associated in obese patients with greater cardiovascular risks.

In conjunction with Asterion, Ipsen is also continuing to develop growth hormone analogues with longer duration of action.

Regarding the life-cycle management of NutropinAq® (growth hormone developed by its partner Genentech), the Group is pursuing its preclinical investigations to identify the sustained-release formulations which could eliminate daily injections of growth hormone in children and adults.

Increlex®,
launch underway in Europe.

Development programmes

SOMATULINE® AUTOGEL®
With regard to managing the life-cycle of Somatuline® Autogel®, the Group is pursuing the following developments:
– a phase III clinical trial of Somatuline® Autogel® in co-administration with pegvisomant in the treatment of acromegaly is being conducted in Europe,
– in Japan, the Group's partner Teijin is currently finalising a phase II clinical trial for the treatment of acromegaly.

DOPASTATIN
Ipsen is currently studying molecules whose spectrum of activity is wider than that of somatostatin analogues and hopes that it will not only improve the symptomatic treatment of acromegaly and neuroendocrine tumours but will also reduce the size of tumours, thereby eliminating certain limits in treatments currently available. First phase I studies are in progress.

BIM 51077 (R1583)
BIM 51077 is an analogue of peptide hormone GLP-1 (Glucagon Like Peptide-1). This very promising molecule for the treatment of type 2 diabetes, originated from Ipsen's research, is developed by Roche within a global partnership. In Japan, the Group's partner, Teijin, is conducting a phase I clinical trial in sustained-release formulations using Ipsen's patented technology.

KNOW-HOW

NEUROMUSCULAR DISORDERS

MIKE BARNES, MD FRCP.
Professor of Neurological Rehabilitation, Newcastle University, UK
President, World Federation of Neurological Rehabilitation

"Spasticity is one of the most disabling problems for people with neurological disease. It not only reduces function but is often painful. It can also be a major problem for the caregiver and family, as it can make personal care so difficult. However, with the full involvement of the multidisciplinary team, treatment can often be very rewarding. The management will usually involve the physiotherapist, and often an orthotist, alongside the medical specialist.

Sometimes oral medications are helpful but often they cause unacceptable side-effects, such as drowsiness and weakness - making matters worse. The advent of botulinum toxin has revolutionised the management of spasticity. It is safe, effective and easy to administer. I have now used Dysport® for over 20 years and treated over 2,000 people with dystonia and spasticity. In my experience of post-stroke spasticity it has the desired effect in over 90% of people, with minimal side-effects. It has been the most significant addition to our armoury of anti-spastic treatments in the last several decades."

Dysport® is registered in over **70** countries.

13.6% growth in Dysport® sales in 2007.

Research programmes

The Group's research programmes in neuromuscular disorders mainly focus on the identification of new botulinum toxin formulations and therapeutic indications.

In neurodegenerative conditions, Ipsen has synthesised several original classes of chimeric compounds, i.e. compounds capable of performing several pharmacological activities simultaneously and used to protect mitochondria (intracellular organelles responsible for the production of energy) in connection with neurodegenerative conditions, such as Parkinson's and Huntington's disease or amyotrophic lateral sclerosis.

Development programmes

On 31 January 2008, the Food and Drug Administration has accepted the filing of the Biologics License Application (BLA) for Dysport® in cervical dystonia.
In March 2008, Ipsen has submitted a BLA for its botulinum toxin in aesthetic indications to the FDA.

DYSPORT®

Dysport®, which acts to block acetylcholine release, hence reducing muscular spasm was initially developed for the treatment of motor disorders and various forms of muscular spasticity, including cervical dystonia (a chronic condition in which the neck is twisted or deviated), spasticity of the lower limbs (heal) in children with cerebral palsy, blepharospasm (involuntary eye closure) and hemifacial spasm. It was later developed for the treatment of a wide variety of neuromuscular disorders and aesthetic medicine.

At 31 December 2007, Dysport® had marketing authorisations in over 70 countries. In 2007, 43% of Dysport® sales derived from the Major Western European Countries.

In March 2006 the Group signed an agreement with Medicis, granting the latter the exclusive right to develop, sell and market certain formulations of the botulinum toxin for use in aesthetic medicine indications in the United States, Canada and Japan under a brand other than Dysport®, which could be Reloxin®.

In addition, in 2007, Ipsen granted Galderma the exclusive rights to promote and distribute Dysport® for aesthetic indications in Brazil, Argentina and Paraguay as well as rights to develop the product in the European Union, Russia and certain Middle East and Eastern European countries.

Other programme: OBI-1

Ipsen also boasts longstanding expertise in haemostasis (blood coagulation).

The Group's research has enabled it to establish partnerships with Emory University (United States) and Octagen, in order to develop a recombinant version of porcine factor VIII using its protein engineering platform. OBI-1 is produced at the new biotechnology unit in Boston. This product is intended for the treatment of congenital or acquired haemophilia resistant to human factor VIII. Phase I and II clinical trials have been conducted with OBI-1 in the United States. The very encouraging results were presented to the American Society of Hematology in December 2007.

KNOW-HOW

PRIMARY CARE

The vocation of primary care products is to provide efficient and safe therapeutic solutions to widespread diseases which are usually dealt with by general or specialist practitioners.

In the field of primary care, Ipsen has focused more specifically on providing treatments for age-related neurological and rheumatological disorders and in gastroenterology. In France, the Group also markets products indicated in the treatment of arterial hypertension and osteoporosis.

Cognitive disorders, especially when they are aggravated by dementia or predementia, are a real public health issue. The GuidAge study aims to demonstrate the effectiveness of EGb 761® in delaying or preventing the onset of Alzheimer's dementia.

BRUNO VELLAS, PROFESSOR OF GERONTOLOGY IN TOULOUSE (FRANCE)

"It now appears evident that therapeutic research in age-related cognitive disorders, including memory complaints in the elderly, must focus on preventing the onset of dementia. It is at this stage, which is characterized by patient dependence, that the disease becomes a real burden for family, friends and society."

In rheumatology, Ipsen has signed a specific agreement with Teijin (in Japan) for developing febuxostat (Adenuric®) in Europe, a treatment which reduces chronic hyperuricaemia in symptomatic patients. This is the first significant treatment alternative for patients for more than forty years. This therapeutic innovation should provide treatment for patients presenting a symptomatic increase in plasma levels of uric acid, which are becoming more prevalent. In February 2008, the European Medicines Agency (EMEA) recommended marketing authorisation for Adenuric®.

Finally in gastroenterology, Ipsen participates in preventing colon cancer with the development and marketing of Fortrans®, which is used in the preparation for colonoscopies. An important development programme in acute diarrhoea in adults and children confirmed Smecta®'s effectiveness, taken in conjunction with rehydration solutions for children.

12% growth in Forlax® sales in 2007.

10.6% growth in Smecta® sales in 2007.

TANAKAN®

Tanakan® is an oral formulation of EGb 761®, extracted from the leaves of the Ginkgo biloba tree using a standardised and patented process that ensures a consistent composition of the various pharmacologically active substances. It was initially developed in the treatment of various neurological disorders, mainly the treatment of age-related cognitive impairment, neurosensorial disorders such as vertigo, tinnitus, acute or chronic hearing difficulties and retinal disorders.

At 31 December 2007, Tanakan® was approved for use in over 60 countries, mainly in Europe and Asia. Since 2004, it has been indicated and reimbursed in Belgium in the symptomatic treatment of mild to moderate forms of Alzheimer's-type dementia associated with memory and cognitive disorders.

The Group is endeavouring to validate the clinical benefits of EGb 761® in the treatment of age-related cognitive impairment, either with or without dementia and predementia.

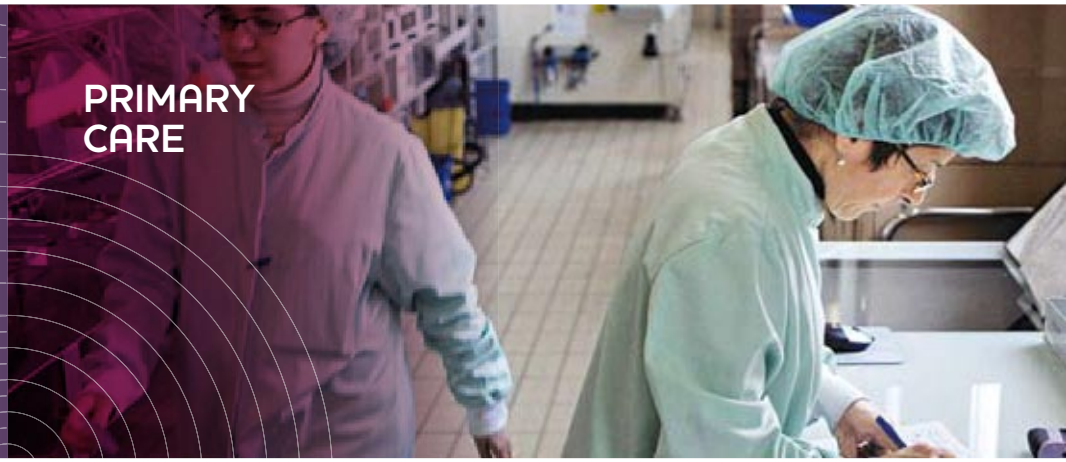
The National Institutes of Health (United States) are currently sponsoring two clinical trials: a study on the prevention of Mild Cognitive Impairment (MCI) in patients aged over 85 and a study on the primary prevention of Alzheimer's disease in "healthy" patients aged over 75 ("GEM"). The 3,000 patients for this study have now been recruited.

Ipsen is the sponsor of four other studies in Europe, including:
– the GuidAge study assessing the effectiveness of EGb 761® in the prevention of Alzheimer's disease in patients of more than 70 years of age with a spontaneous memory complaint; the 2,800 patients were recruited by September 2004 and their treatment will continue for five years. The results of this study are likely to be available in 2010.
– a study evaluating the efficacy of EGb 761® on platelet APP in patients with mild to moderate Alzheimer's disease.
– a study evaluating the effect of EGb 761® on cerebral glucose metabolism, evaluated by FDG-PET scan (in conjunction with the CEA), in patients suffering from memory loss and patients with Alzheimer's disease.
– a study evaluating the effect of EGb 761® on the mitochondrial metabolic functions in children suffering from Friedreich's ataxia, a rare genetic disorder.

All of these clinical studies, with the exception of the GuidAge study, are proof-of-concept studies. If successful, they will have to be confirmed by further clinical studies before a new indication can be registered. If the GuidAge trial is successful, its results may be used for the purpose of securing an indication for EGb 761® in the prevention of Alzheimer's disease in patients over 70 with spontaneous memory impairment.

KNOW-HOW

PRIMARY CARE



SMECTA®

Smecta® is an oral formulation of pharmaceutical clay devised and developed by Ipsen.

It is used in the treatment of both chronic and acute diarrhoea in adults and children and in the symptomatic treatment of pain associated with oesophageal, gastric, duodenal or colonic disorders.

At 31 December 2007, Smecta® had marketing authorisations in over 70 countries.

In 2007, around two thirds of Smecta® sales derived respectively from France and China, the product's main markets.

In 2007, positive results were reported in 3 trials (2 in children, 1 in adults).

In 2007, the Group obtained approval for a new flavour of Smecta® (orange vanilla) in some European countries.

FORLAX®

Forlax® is a macrogol of high molecular weight, an oral laxative devised and developed by Ipsen. It is used in the treatment of constipation for both adults and children.

At 31 December 2007, Forlax® had marketing authorisations in over 60 countries. In 2007, 81.5% of Forlax®' s sales derived from the major Western European countries.

NISIS® AND NISISCO®

In 2003, the Group added Nisis® and Nisisco®, two antihypertensive products, to its portfolio by signing an agreement with the Swiss group Novartis, to market the products in France, Andorra and Monaco.

Nisis® and Nisisco® were initially launched in France by Sanofi-Aventis. Following the contracts entered into with Novartis and Sanofi-Aventis in March 2003, the Group holds marketing authorisations and has marketed Nisis® and Nisisco® in France since May 2003.

In 2007, these two products generated sales of €53.7 million.

ADROVANCE®

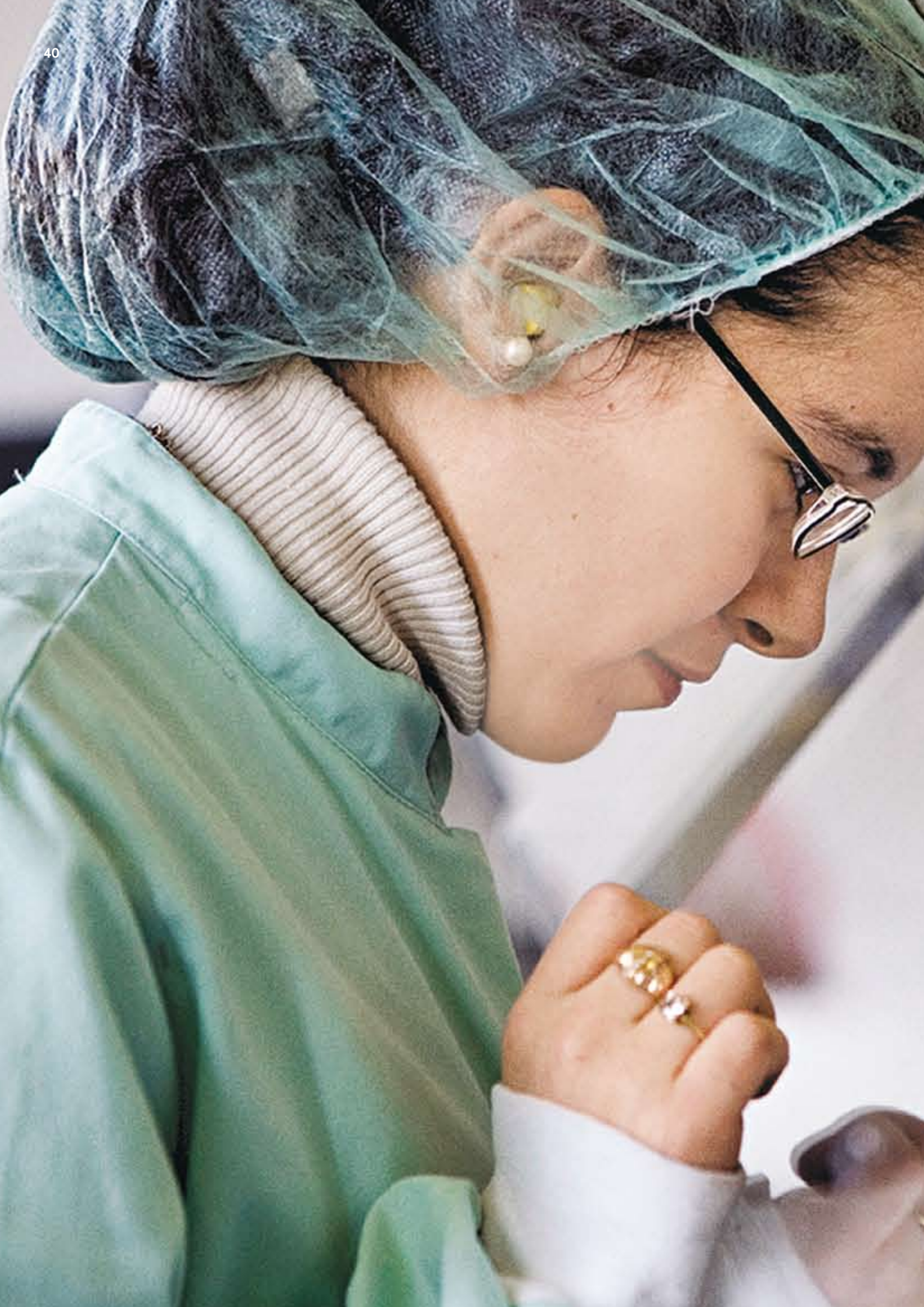
On 30 January 2007, MSD granted Ipsen the marketing rights in France for Adrovance®, for the treatment of postmenopausal osteoporosis in patients at risk of vitamin D deficiency. Osteoporosis is a diffuse disease of the skeleton, whose main characteristic is low bone mass and deterioration of bone tissue. Resulting bone fragility increases susceptibility to fractures. MSD currently markets this product under the brand name Fosavance®. The Group markets Adrovance® in France, where the product was launched in the second quarter of 2007 and has since generated sales of €2.6 million.

ADENURIC® (FEBUXOSTAT)

Within the framework of the partnership established in July 2003 with Japanese group Teijin in endocrinology, the Group signed a specific agreement to develop febuxostat in Europe.

In February 2008, the European Medicines Agency (EMEA) recommended marketing authorisation of Adenuric® for the treatment of chronic hyperuricaemia in gout patients.

During an extensive clinical development programme, febuxostat demonstrated superior effectiveness compared with allopurinol, which is currently virtually the only product used to reduce uric acid levels below the necessary threshold for treating gout patients. As no other new drug has been introduced over the past forty years for this disease, which is becoming increasingly prevalent, marketing approval for Adenuric® would provide gout patients with a true therapeutic alternative.



SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

Ipsen has allocated major resources to Social and Environmental Responsibility.
Objective: Ipsen, as a company performing a public health service, takes every step to implement a policy in keeping with the human healthcare missions that it has set for itself in the framework of research excellence.
Results: Human Resources management organised to accompany all Group talents by building on a performance culture, environmental efforts crowned with success, a research foundation which is more active than ever and a sponsorship programme renewed in 2008.

Ipsen,
member of the Louvre Museum Corporate Programme.

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

HUMAN RESOURCES

Sharing knowledge and recognising skills

Ipsen has based its Human Resources policy on four poles to serve a common culture: training, compensation and benefits, social relations and career development.

Within a functional and matrix-based structure, which supports all Group activities in the countries where Ipsen operates, Human Resources help employees within the framework of this policy and with adhering to Group values. 2007 saw the consolidation of various projects launched in 2005 with a view to establishing a strong performance culture throughout the Group.

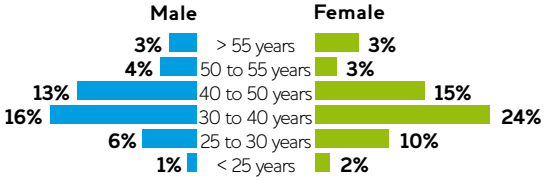
IDEA, IPSEN'S EDUCATION ACADEMY

Ipsen consistently aims to provide its employees with high-quality training tailored to the specific features of each business.
The Training, Development and Education department (TD&E) organises programmes to promote the development of managerial skills and Group cohesion. At local level, technical training is provided linked to business expertise. Training targets optimal implementation of good pharmaceutical practices at all levels.
IDEA (Ipsen Development and Education Academy) was set up two years ago to organise training sessions throughout the year contributing to individual achievement and management, and to help build a common corporate culture. IDEA provided around ten training sessions in 2007 for almost 10 % of the Group's workforce.

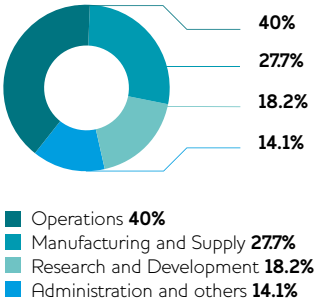
A GLOBAL APPROACH TO COMPENSATION

Global total reward is a global approach which aims to ensure the recognition of every function within the Group and of employee performance. It is based on four main principles: an assessment of individual positions using a model applicable to all the Group's positions; competitiveness at regional, national and international level; equal internal opportunities; and performance-based compensation.
These principles are applied in countries where Ipsen operates, and the way they are implemented is adapted to the local socio-economic and legal environment. Employees performing a management role are eligible to a bonus system. This performance-based element of compensation has been developed further in the framework of instilling a performance culture. Trends in compensation and benefits paid by Group companies depend on local circumstances.

DISTRIBUTION BY AGE



HEADCOUNT STAFFING BY DIVISION



Nearly **4,000** employees worldwide.

€6.7 m invested in training in 2007.

ECONOMIC AND SOCIAL ENTITY

In France, an Economic and Social entity was created at the beginning of 2007 and employees' representation is now ensured by a Central Works Council.
Employees' representation for each of the Group's companies is ensured in strict compliance with local applicable legislation. Ipsen ensures that the rights and freedoms of employee representatives are strictly observed and that they enjoy the same promotion and training opportunities as other employees. Where there are relevant local regulations, Ipsen applies collective bargaining agreements or industry agreements for the pharmaceutical sector. In addition, companies negotiate specific agreements according to their individual characteristics and requests of employee representatives and union organisations. Management continues its policy to develop the social dialogue.

ACCOMPANYING CHANGE

Ipsen's current challenge is to intelligently shape Group culture, to motivate teams and provide a strong corporate image, in line with strategic development. Focus is placed on career development and accompanying change. Recent changes in the Group's Human Resources policy support the fresh ambition of sustained growth and the changes needed in terms of organisation and mindset. This policy has enabled Ipsen both in France and abroad to attract new talents, conveying the corporate image of a highly technological, solid and innovative company. The Ipsen Performance Appraisal Process is now fully deployed. It encourages the identification of training and personal development needs to meet strategic goals. It facilitates regular discussions regarding personal and development objectives between employees and their managers.

GROUP'S VALUES

COMMITMENT

We recognise patients, prescribers, regulatory authorities, payers, business partners, suppliers, shareholders, and employees are the heart of everything we do and we are committed to meeting their needs and expectations.

DRIVE

We create new opportunities by nurturing innovation and welcoming change.
We deliver agreed objectives and quality work on time.
We demonstrate a competitive spirit, resilience, flexibility, compliance and drive to succeed.

TEAMWORK AND RESPECT

We work together as one Group and share our knowledge across hierarchies, functions, businesses and countries. Our diversity and mutual respect strengthen our performance.
We encourage individual and team development, foster expertise and reward success.

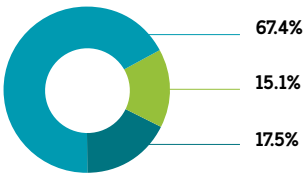
VALUE CREATION

We invest in our future through a strategy of clarity, consistency and market intelligence based on an accurate knowledge of the patients and the medical profession needs. We pursue competitive growth and are all accountable custodians of company assets.

ETHICS

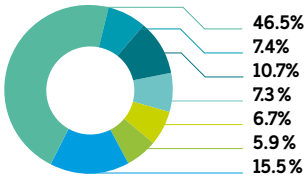
We earn the trust of others by consistent honesty, truthfulness and acting responsibly.
We adhere to the highest standards of ethics, social responsibility, personal integrity and safety.

HEADCOUNT STAFFING BY GEOGRAPHICAL AREA



- Major Western European countries **67.4%**
  Germany, Spain, France, Italy and United Kingdom
- Other European Countries **15.1%**
- Rest of the world **17.5%**
  (including North America and Asia)

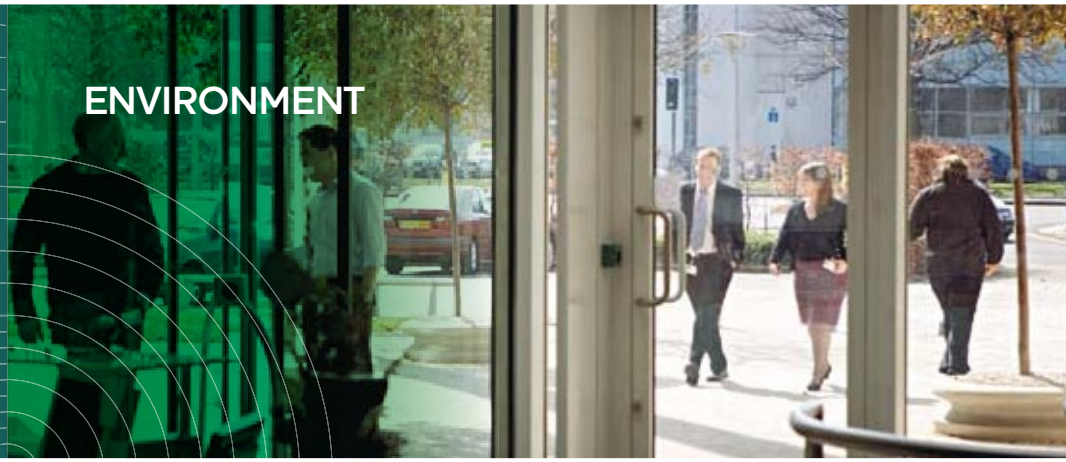
DISTRIBUTION OF TRAINING COSTS



- Professional and technical skills **46.5%**
- Personal development and effectiveness **7.4%**
- Project and people management **10.7%**
- Office and messaging applications **7.3%**
- Quality procedures **6.7%**
- Health, safety and environment **5.9%**
- Language training **15.5%**

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

ENVIRONMENT



Anticipating a different future

Ipsen is strongly committed to protecting the environment and is dedicated to implementing a management system in compliance with the environmental standard ISO 14001.

The Group's commitment to protecting the environment is embodied in securing ISO14001 version 2004 certification for the Isle-sur-Sorgue facility in July 2004. Meanwhile, the Wrexham plant secured Green Dragon Level 3 certification again in 2007 from the local environmental authorities, demonstrating the success of its initiatives. In addition the site was amongst the Royal Society for the Prevention of Accidents award winners. The RoSPA, is a body involved in the promotion of safety and the prevention of accidents.
The Cork site in Ireland, which started its ISO 14001 version 2004 certification process in 2005 and for which the audit was expected mid-2007, is in the process of obtaining certification.
The Tianjin plant was awarded an environment certificate by the local environmental authorities in December 2005 and has embarked upon an ISO 14001 certification process. At the end of 2007, a variance analysis was carried out and remediatory measures are being taken.

In 2007, to go one step further and define a genuine Group health safety and environment policy, Ipsen launched a vast plan to harmonise procedures throughout its sites. In 2007, 22 staff were involved in this organisation across the Group as a whole. It is managed by the quality manager of the Health-Safety-Environment function for the whole of the Industrial division.

BETTER ENERGY EFFICIENCY

Group energy consumption was reduced by 3.2% (vs. a 5% increase between 2005 and 2006). Energy consumption has been cut despite a strong increase in production volumes at the majority of Group sites and total growth of more than 10% in volumes sold. This improved energy efficiency was the result of deliberate efforts to reduce consumption at most plants. In 2007 some sites set up or reinforced employee awareness-raising campaigns in an aim to develop exemplary behaviour as regards energy consumption.

Water consumption down by **22.5%** in 2007.

84.1% of waste was recycled.

CONTROLLING WATER CONSUMPTION

Group water consumption was reduced by 22.5 % in 2007. This reduction is the result of an improved control of water consumption in the manufacturing processes, due to measures taken to increase recycling of the manufacturing and washing process water, and systematically identifying sources of water loss.

WASTE RECOVERY AND RECYCLING

Group waste production was reduced by 6.4% in 2007, despite an increase in production volumes over the year. The majority of waste is recycled (84.1%) compared with incineration (11.3%) and landfill (4.6%). Significant efforts are underway or are being developed by the majority of facilities to reuse a larger proportion of their waste. For instance, more and more organic waste is being composted in Cork, paper and cardboard recycling is developed in Tianjin since 2005 and in Isle-sur-Sorgue since 2006.

IMPROVE THE QUALITY OF DISCHARGES INTO THE AIR

The Group has made ongoing efforts over the past few years in this area: scrapping the use of fuel oil in Dublin at the end of 2003 and at Dreux in January 2005 and the plan to do the same in 2008 in Tianjin all contribute to the decrease in sulphur dioxide tonnages. To this end, the Group stepped up its efforts by renewing its plant with special emphasis on modern and more efficient processes, such as changing the gas burners at the Dreux facility.

EFFLUENT TO SALES RATIO REDUCED

Effluent volumes were cut by 4.4% in 2007. All the plants recorded lower or stable effluent volumes thanks to specific reprocessing measures or efforts to curb inputs, especially at the Isle-sur-Sorgue plant. Given the increase in the Group's sales, the effluent to sales ratio posted a very encouraging decline of 10.5% to 0.47m^3 per million euros during 2007 (compared with 0.53 m^3 per million euros in 2006).

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

LA FONDATION IPSEN

The Salk Institute, La Jolla, California.

Exchanging expertise to advance science

Created in 1983 under the patronage of *La Fondation de France*, *La Fondation Ipsen* mission is to contribute to the development and dissemination of scientific knowledge. Its ambition is not to offer definitive knowledge, but to initiate a reflection about the major scientific issues of the forthcoming years.

The long-standing action of *La Fondation Ipsen* is aimed at furthering the interaction between researchers and clinical practitioners to highlight new concepts and areas of research. Beyond frontiers and the sectorisation of activities, either alone or with partners from the academic and scientific world, *La Fondation Ipsen* focuses on future issues, for example the future of biomedicine.

MEDICINE AND RESEARCH SEMINARS

La Fondation Ipsen has created an international network of distinguished scientific experts who meet every year at the Medicine and Research Seminars dealing with emerging themes in medicine and biology. Every one of these meetings is a new challenge as science must remain open to uncertainty. These meetings organised year after year, reveal that *La Fondation Ipsen* was the first to organise international meetings on topics that have since become essential issues in biology and modern medicine: gene therapy in the central nervous system, brain stem cells, the role of apolipoprotein E in Alzheimer's disease, neurophilosophy, the notion of genes protecting against disease, neurobiology of human values…

Alzheimer's disease
Since 1987, there have been 21 conferences held on this theme. The last conference in this series, held on 28 April 2008, covered intracellular traffic and neurodegenerative disorders.

Neurosciences
Started in 1990, this set of conferences focuses on the major issues emerging in this field, concerning molecular biology or cognitive sciences. The 16th conference in this series, "Neurobiology Umwelt, how living beings perceive the world", was held on 18 February 2008.

Longevity
Launched in 1987, this topic brings up the issues and paradoxes of a medical approach which is not focused on the disease but on a better resistance to damaging attacks which weaken the physiological systems in ageing.

Endocrinology
This topic, launched in 2002, focuses on the interactions of the endocrine system, and their involvement in the body's functioning. In December 2007, the 7th conference in this series discussed the effect hormones have on social behaviour.

Vascular tree
This series which was launched in 2004, aims at exploring the various stages leading to the development of the vascular system, its smooth growth in relation to the growth of the various organs, its degeneration, its death and its regeneration possibilities. In 2007, the conference covered the relationship between angiogenesis and neurogenesis.

90 international conferences.

196 issues of *Alzheimer Actualités*.

Over **10,000** pages published.

Cancer

The first conference in 2005 was based on identifying the aims of therapeutic research, taking into account the fact that cancer is a chronic disease.
After the 2007 conference on metastases, the 4th conference in this series held in 2008, brought together the most renowned specialists worldwide, including several Nobel prize winners, to discuss the relationship between metabolism and cancer.

OTHER INTERNATIONAL CONFERENCES VIA PARTNERSHIPS

La Fondation Ipsen organises international meetings in partnership with several distinguished international scientific institutions and organisations, which bring together experts in various disciplines.
Three series of new conferences were launched in 2007: one with the Salk Institute and Nature magazine, which organises an annual conference on complexity, a second one with Nature magazine on "Emergence and convergence", and a third one with Cell Press and the Massachusetts General hospital on "Exciting Biologies". The meetings were organised in San Diego, New York, Évian and Seattle, which is a clear sign (if one was needed) of the truly international dimension of *La Fondation Ipsen*. Another example being the meetings organised since 1989 with the World Health Organisation (WHO) which have addressed some of the most widely debated topics in human genetics.

INTERNATIONAL PUBLICATIONS

The various events of *La Fondation Ipsen* result in the publication of summary books published by international publishers within various collections: Research and Perspectives in Alzheimer's disease, Research and Perspectives in Neurosciences, Research and Perspectives in Longevity, Research and Perspectives in Endocrinology, WHO/*La Fondation Ipsen* Collection, Collection Esprit et cerveau.
In addition, *La Fondation Ipsen* has since 1986 published a periodical dedicated to Alzheimer's disease entitled *Alzheimer Actualités* (196 issues released to date).
It also publishes the Medicine and Research Conferences reports dedicated to the decryption of the vascular tree and cancer.

AWARDS TO ENCOURAGE RESEARCH

NEUROPSYCHOLOGY

In 2007, the 16th Jean-Louis Signoret prize was awarded to Pr Alvaro Pascual-Leone for his research in transcranial magnetic stimulation.

NEUROSCIENCES

In 2007, the 18th Neuronal Plasticity prize was awarded to Nikos K. Logothetis (Max-Planck Institute, Tübingen, Germany), Keiji Tanaka (RIKEN Brain Institute, Wako, Japan) and Giacomo Rizzolatti (University of Parma, Parma, Italy), for their work in the neurophysiology of cognition.

ENDOCRINOLOGY

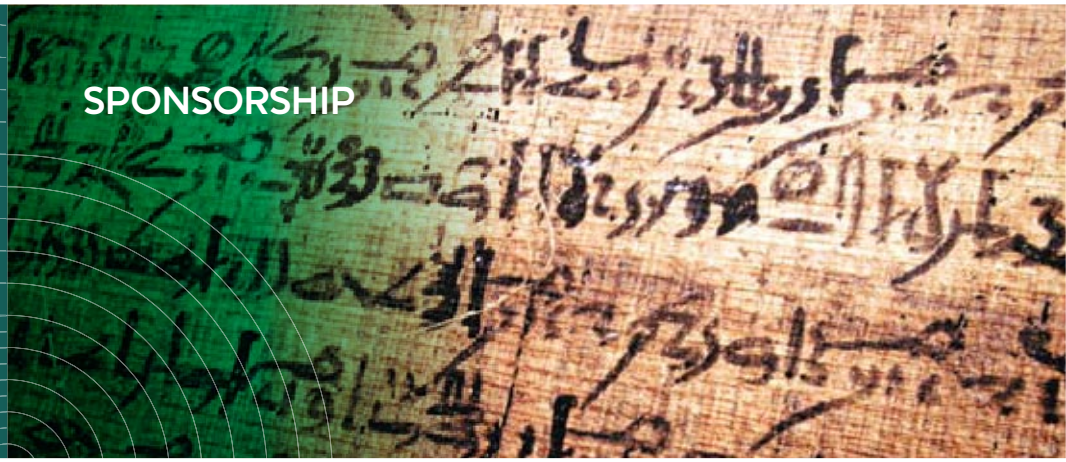
In 2007, the prize was awarded to Pr William Crowley for his clinical research which demonstrates an outstanding approach to translational medicine.

LONGEVITY

In 2007, the prize was awarded to Pr David Barker (University of Southampton, Princess Ann Hospital, United Kingdom) for his research in early determinants of longevity.

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

SPONSORSHIP



Furthering open knowledge

Naturally pursuing its role as an actor in public health and a forerunner in expertise and research, Ipsen adopted a new sponsorship approach in 2007. In 2008, Ipsen joined the Louvre Museum Corporate Programme.

Ipsen's upbeat growth strategy, its international development and its technological excellency in no way detract from the Group's fundamental philosophy, which puts the human being at the very heart of its therapeutic approach. Giving priority to a holistic view of medical research mindful of the patient quality of life, Ipsen wants to be a part of the propagation of human knowledge. In 2008, Ipsen joined the Louvre Museum Corporate Programme.

IPSEN ENABLES THE LOUVRE MUSEUM TO ACQUIRE AN EGYPTIAN MEDICAL PAPYRUS

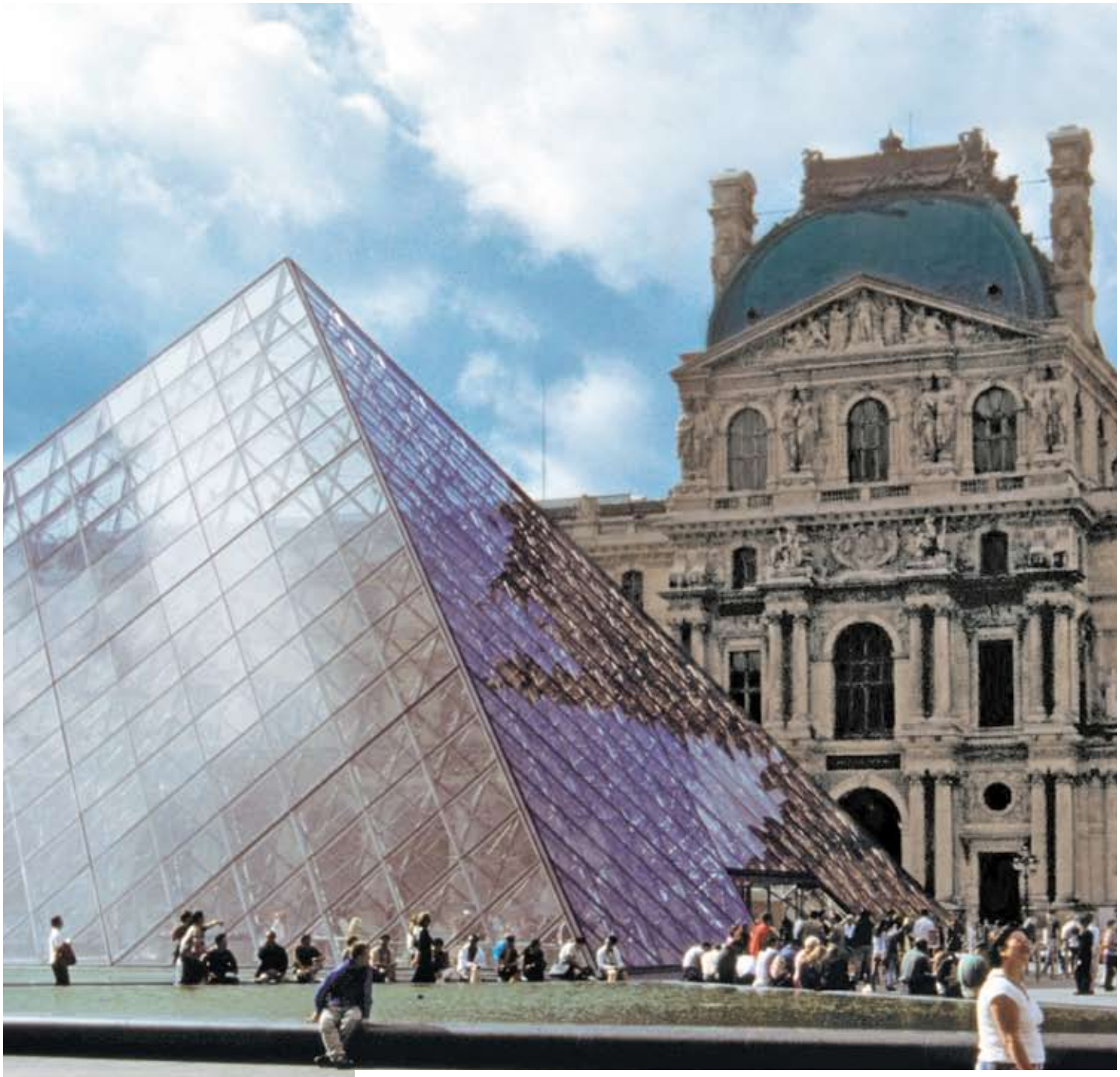
Unknown until it was classed as national treasure in 2005, this undiscovered piece has been added to the Louvre museum's Egyptian Antiquities department thanks to Ipsen in 2007. It is a genuine "medicine manual", unveiling original texts and enhancing the national collections with rare evidence of the past. Only a dozen ancient Egyptian medical texts still exist today worldwide.

AN EXCEPTIONAL DOCUMENT FROM THE NEW EMPIRE

It is estimated to be 7 metres long, with continual writing on both sides, and according to its size, and the amount and length of its texts, it is ranked second amongst known medical papyrus worldwide. It is at least 3,000 years old, and like most papyrus dating back to before the 6th century BC, is written in cursive hieroglyphics: hieratic script. As a medical manual for use by a professional practitioner, it presents several practical case studies, precise examples of diagnosis and indications which are not present in any other Egyptian medical text discovered to date.

A SCIENTIFIC BREAKTHROUGH IN MEDICAL HISTORY

Analysis of this medical papyrus should provide major information. Its texts and recipes will be compared with those found in other known medical documents to draw possible parallels. In the light of current knowledge, and thanks to the input of medical and pharmaceutical specialists, the task will be to try and identify the diseases described and the active substances of the cures to gain a better understanding of Egyptian doctors' knowledge, so renowned in ancient times.



EXTRACTS FROM THE PAPYRUS*

Extract from a variant of a remedy for inflammation: "Other [remedy] shasha plant, dedou plant 1 [measure], payt plant satet plant crush and make a uniform mass which is to be placed on canvas stamps. Make a bandage."

The description of a disease: "Description of the hema (type) growth. If you examine a hema (type) growth which has appeared at the top of his abdomen on the outside between the walls of the latter and when you put your hands on it, if you find that it is swollen and hard like a stone in the middle of his abdomen, then you will say: " [This is someone] with a hema (type) growth at the top of his abdomen on the outside of the latter. [This is] a disease which I will act on! "If it [the growth] is hot and clear and he [the patient] produces liquid inside his abdomen, it requires a doctor's hand. If it is clear and suppurates, it is the surgeon who will cure it using the doctor's way; the doctor will act [like that] for him [the patient]."

* Translation by Marc Étienne, curator of the Department of Egyptian Antiquities at the Louvre Museum.

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

CORPORATE GOVERNANCE


Jean-Luc BÉLINGARD


Frédéric BABIN


Éric DRAPÉ


Claire GIRAUT


Christophe JEAN


Jacques-Pierre MOREAU


Stéphane THIROLOIX

The Executive Committee ensures complete co-ordination of the Group's scientific, legal, financial, commercial and strategic actions.
It is also responsible for establishing consistent management policies throughout the Group and assisting the CEO in implementing the Board's decisions.

Members of the Executive Committee:
Jean-Luc BÉLINGARD, Chairman and CEO
Frédéric BABIN, Executive Vice-President, Human Resources
Éric DRAPÉ, Executive Vice-President, Manufacturing and Supply Organisation
Claire GIRAUT, Executive Vice-President, Chief Financial Officer
Christophe JEAN, Executive Vice-President, Chief Operating Officer
Jacques-Pierre MOREAU, Executive Vice-President, Chief Scientific Officer
Stéphane THIROLOIX, Executive Vice-President, Corporate Development.

Securing sustainability, integrity and fairness

The Board of Directors' role and operations are set out in the Board Charter adopted in 2005.

The Board of Directors carries out its functions in accordance with the provisions of law, the Company's Articles of Incorporation and standard corporate governance practice for listed companies.
The Board is assisted by four permanent committees which are responsible for making proposals, recommendations and opinions for the approval of the Board. To this end, the committees may conduct or commission external reports which may assist the Board in its decision making role. These committees report to the Board on their work at every Board meeting and assist it in reviewing the strategic guidelines and investment projects, in validating the quality and accuracy of financial statements, and in assessing the compensation and appointments policy.
The Board of Directors ensures clear communication with shareholders and the general public. It ensures that the Company has reliable procedures for identifying, assessing and monitoring its liabilities and risks, together with an appropriate internal control system at both operational and financial level.

BOARD OF DIRECTORS

Chairman and Chief Executive Officer
Jean-Luc BÉLINGARD
Directors
Anne BEAUFOUR
Henri BEAUFOUR
Alain BÉGUIN
Hervé COUFFIN
Antoine FLOCHEL (Vice-Chairman)
Gérard HAUSER
Pierre MARTINET
René MERKT
Yves RAMBAUD
Klaus-Peter SCHWABE

BOARD COMMITTEES

Strategic Committee
Its principal role is to review all strategic issues affecting the Group with regard to research and development, industrial, commercial and financial matters, and alliances and partnerships of all types.
Chairman
Jean-Luc BÉLINGARD
Members
Anne BEAUFOUR
Henri BEAUFOUR
Hervé COUFFIN
Antoine FLOCHEL

Audit Committee
Its principal role is to examine the individual and consolidated financial statements, together with budgets and forecasts, prior to their presentation to the Board, and to control the quality of and compliance with procedures, and assess information received from management, internal committees and internal and external auditors.
Chairman
Yves RAMBAUD
Members
Alain BÉGUIN
Pierre MARTINET

Appointments and Governance Committee
Its principal role is to make proposals to the Board of Directors on the re-election, replacement or nomination of new Directors.
Chairman
Anne BEAUFOUR
Members
Alain BÉGUIN
Hervé COUFFIN

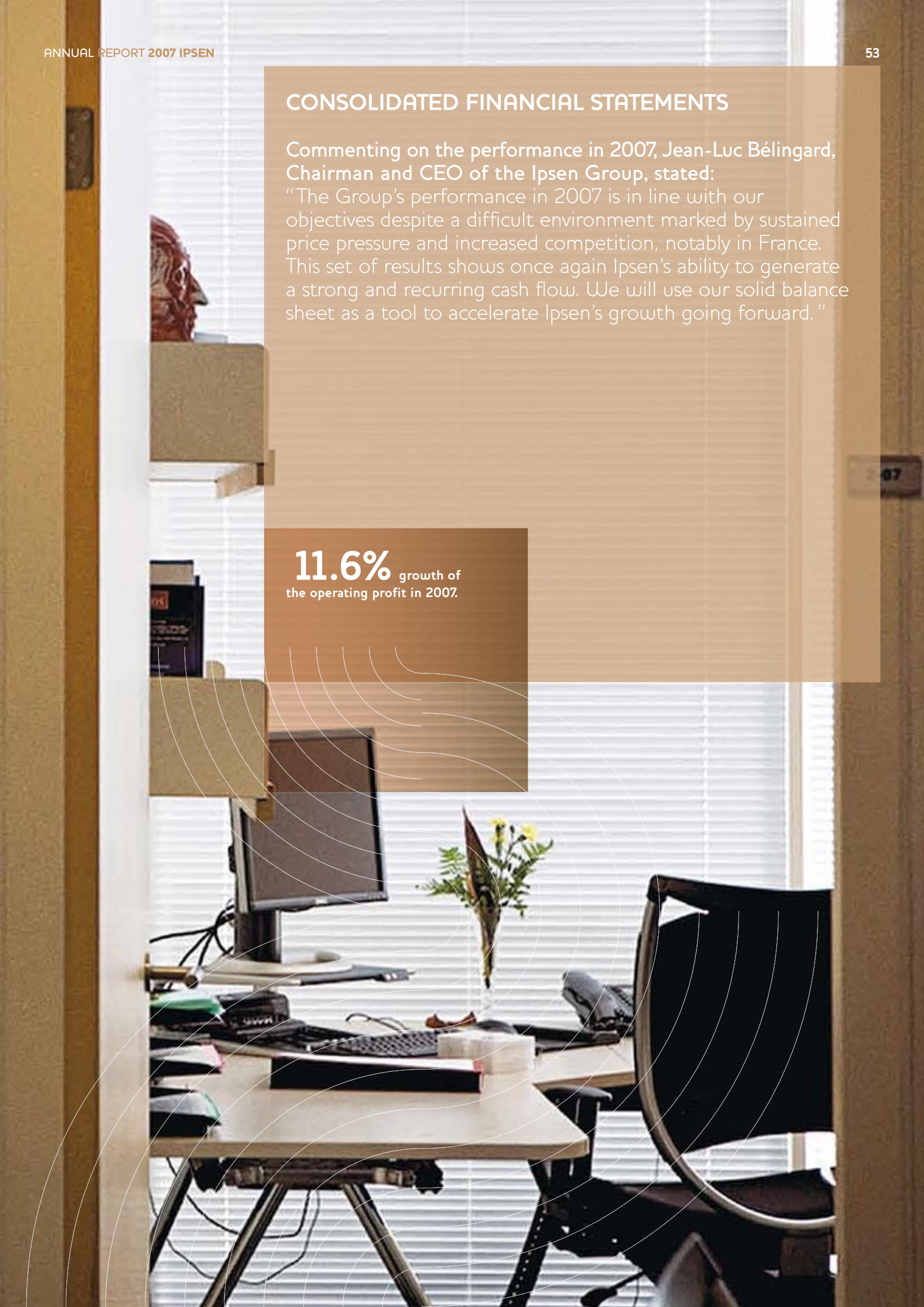
Compensation Committee
Its principal role is to make proposals to the Board of Directors on all components of the compensation paid to the Group's executive officers and senior managers.
Chairman
Antoine FLOCHEL
Members
Gérard HAUSER
Yves RAMBAUD


2-66

CONSOLIDATED FINANCIAL STATEMENTS

Commenting on the performance in 2007, Jean-Luc Bélingard, Chairman and CEO of the Ipsen Group, stated:
"The Group's performance in 2007 is in line with our objectives despite a difficult environment marked by sustained price pressure and increased competition, notably in France. This set of results shows once again Ipsen's ability to generate a strong and recurring cash flow. We will use our solid balance sheet as a tool to accelerate Ipsen's growth going forward."

11.6% growth of the operating profit in 2007.



CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENTS
(in thousand euros)

	31 December 2007	31 December 2006
Sales of goods	920,475	861,676
Other revenues	73,282	83,581
Revenue	**993,757**	**945,257**
Cost of goods sold	(199,025)	(181,377)
Research and development expenses	(184,739)	(178,348)
Selling expenses	(321,052)	(307,795)
General and administrative expenses	(80,429)	(75,220)
Other operating income and expenses	368	(8,223)
Restructuring costs	8	190
Impairment losses	–	(7,265)
Operating income	**208,888**	**187,219**
Investment income	11,541	7,974
Cost of financing	(1,950)	(2,142)
Net finance cost	**9,591**	**5,832**
Other financial income and expense	(2,855)	(5,707)
Income taxes	(54,478)	(40,891)
Share of loss/profi t from associated companies	(8,764)	(1,666)
Net profi t from continuing operations	**152,382**	**144,787**
Net loss from discontinued operations	(1,313)	(290)
Consolidated net profit	**151,069**	**144,497**
- Attributable to shareholders of Ipsen	150,611	144,006
- Minority interests	458	491
Basic earnings per share, continuing operations (in € per share)	1.81	1.72
Diluted earnings per share, continuing operations (in € per share)	1.81	1.72
Basic earnings per share, discontinued operations (in € per share)	(0.02)	0.00
Diluted earnings per share, discontinued operations (in € per share)	(0.02)	0.00
Basic earnings per share (in € per share)	1.80	1.71
Diluted earnings per share (in € per share)	1.79	1.71

Operating margin represented **22.7%** of Group sales in 2007.

14.9% sales growth outside major Western European countries in 2007.

CONSOLIDATED BALANCE SHEETS
(in thousand euros)

	31 December 2007	31 December 2006
ASSETS		
Goodwill	189,013	188,836
Other intangible assets	89,169	68,203
Property, plant & equipment	221,891	198,186
Equity investments	1,457	1,825
Investment in associated companies	40,948	50,832
Other non-current assets	55,632	18,018
Non-current financial assets	25,883	12,583
Deferred tax assets	61,393	64,025
Total non-current assets	**685,386**	**602,508**
Inventories	87,111	78,947
Trade receivables	216,214	191,702
Current tax assets	26,569	2,665
Other current assets	53,753	43,700
Non-current financial assets	96	901
Securities held for sale	6,000	-
Cash and cash equivalents	247,068	285,459
Total current assets	**636,811**	**603,374**
Assets of discontinued operations	725	8,391
Total assets	**1,322,922**	**1,214,273**
EQUITY & LIABILITIES		
Share capital	84,044	84,025
Additional paid-in capital and consolidated reserves	582,557	506,244
Net profit for the year	150,611	144,006
Foreign exchange differences	(17,350)	(7,789)
Equity – attributable to shareholders of Ipsen	**799,862**	**726,486**
Minority interests	1,247	1,419
Total shareholders' equity	**801,109**	**727,905**
Retirement benefit obligation	10,038	9,299
Long-term provisions	14,981	11,421
Bank loans	4,379	6,286
Other financial liabilities	16,449	15,313
Deferred tax liabilities	3,932	2,371
Other non-current liabilities	192,043	172,270
Total non-current liabilities	**241,822**	**216,960**
Short-term provisions	6,598	5,323
Bank loans	5,375	6,973
Financial liabilities	3,831	2,251
Trade payables	104,181	100,269
Current tax liabilities	12,327	27,215
Other current liabilities	136,234	114,824
Bank overdrafts	6,161	1,716
Total current liabilities	**274,707**	**258,571**
Liabilities of discontinued operations	5,284	10,837
Total equity and liabilities	**1,322,922**	**1,214,273**

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CASH FLOWS
(in thousand euros)

	31 December 2007	31 December 2006
CONSOLIDATED NET PROFIT	**151,069**	**144,497**
Net profit from discontinued operations	1,313	290
Share of loss/profit from associated companies	8,764	1,666
Net profi t from continuing operations before share from associated companies	**161,146**	**146,453**
Non-cash and non-operating items :		
- Depreciation, amortisation, provisions and impairment losses	41,226	49,940
- Change in fair value of derivative fi nancial instruments	(1,929)	1,562
- Net gains or losses on disposal of non-current assets	(252)	(877)
- Share of government grant released to profit and loss	(97)	(112)
- Exchange differences	3,905	694
- Change in deferred taxes	394	(34,227)
- Share-based payment expense	7,562	3,282
- Gain or loss on disposals of treasury shares	545	221
- Other non-cash items	1,754	690
Cash flow from operating activities before changes in working capital	**214,254**	**167,626**
(Increase)/decrease in inventories	(9,026)	(4,644)
(Increase)/decrease in trade receivables	(25,395)	(27,419)
(Decrease)/increase in trade payables	5,087	(7,121)
Net change in income tax liability	(38,456)	33,051
Net change in other operating assets and liabilities	29,506	166,142
Change in working capital related to operating activities	**(38,284)**	**160,009**
NET CASH PROVIDED BY OPERATING ACTIVITIES	**175,970**	**327,635**
Acquisitions of property, plant & equipment	(58,672)	(40,630)
Acquisitions of intangible assets	(26,483)	(41,217)
Proceeds from disposal of intangible assets and property, plant & equipment	1 160	3,044
Acquisition of investments in non-consolidated companies	(698)	(15)
Acquisition of investments in associated companies	(2,129)	(63,082)
Convertible note subscriptions	(44,386)	(20,966)
Payments to post-employment benefit plans	(5,026)	(4,226)
Impact of changes in the scope of consolidation	8	–
Other cash flows related to investing activities	(944)	(1 028)
Change in working capital related to investing activities	7,493	5,796
Deposits paid	(4,601)	–
Change in cash securities held for sale	(6,000)	–
NET CASH USED BY INVESTING ACTIVITIES	**(140,278)**	**(162,324)**
Additional long-term borrowings	1,900	–
Repayment of long-term borrowings	(2,170)	(31,824)
Net change in short-term borrowings	(1,584)	(89)
Treasury shares	(24,758)	(1,294)
Dividends paid by Ipsen	(50,389)	(50,407)
Dividends paid by subsidiaries to minority interests	(631)	(358)
Change in working capital related to fi nancing activities	814	464
NET CASH USED BY FINANCING ACTIVITIES	**(76,818)**	**(83,508)**
Impact of operations due to be sold or discontinued	1,285	647
CHANGE IN CASH AND CASH EQUIVALENTS	**(39,841)**	**82,450**
Opening cash and cash equivalents	**283,743**	**200,564**
Impact of exchange rate fluctuations	(2,995)	729
Closing cash and cash equivalents	**240,907**	**283,743**

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