# Ion Beam Applications
# (“IBA”)

## IFRS Interim Condensed Consolidated Financial Statements for the six months ended June 30, 2011

# IFRS Interim Condensed Consolidated Financial Statements

In accordance with IAS 34, IBA S.A. has elected to publish its interim consolidated financial statements at June 30, 2011 in a condensed format.

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## General Information

Ion Beam Applications SA (the "Company" or the "parent"), founded in 1986, and its subsidiaries (together, the "Group" or "IBA") are committed to technological progress in the field of cancer diagnosis and therapy and deliver efficient, dependable solutions providing unequaled precision. IBA also offers innovative solutions for everyday hygiene and safety.

IBA has organized its businesses into two operating segments in order to manage its activities and monitor their financial performance.

- **Pharmaceuticals** composed of production, development and distribution services for radiopharmaceuticals and bio-assays.

- **Equipments** forming the technology foundation of the Company's many businesses, including the development, manufacture, and service of medical and industrial particle accelerators, proton therapy systems, and a wide range of dosimetry products and solutions in radiation therapy.

The Company is a limited liability company incorporated and domiciled in Belgium. The address of its registered office is Chemin du Cyclotron, 3, 1348 Louvain-la-Neuve, Belgium.

The Company is listed on the pan-European stock exchange Euronext and is included in the Bel-Small Index.

Consequently, IBA has agreed to follow certain rules to enhance the quality of financial information provided to the market. These include:

- Publication of its annual report, including its audited annual consolidated financial statements, within four months from the end of the financial year;

- Publication of a half-year report covering the first six months of the financial year within two months from the end of the second quarter;

- Publication of half-year and annual consolidated financial statements prepared in accordance with IFRS;

- Audit of its annual consolidated financial statements by its auditors in accordance with the auditing standards set forth by the International Federation of Accountants ("IFAC").

These interim condensed consolidated financial statements have been approved for issue by the Board of Directors on August 26, 2011. The Board of Directors of IBA is composed as follows :

Internal directors: Mr. Pierre Mottet, Mr. Yves Jongen and Bayrime S.A. represented by its Managing Director, Mr. Eric de Lamotte. Mr. Pierre Mottet is the Managing Director and Chief Executive Officer. His mandate was renewed at the Ordinary General Meeting of Shareholders held on May 11, 2011 and will expire at the Ordinary General Meeting of 2015 which will decide on the 2014 financial statements. Mr. Yves Jongen is Managing Director and Chief Research Officer. His mandate was renewed at the Ordinary General Meeting of Shareholders held on May 12, 2010 and will expire at the Ordinary General Meeting of 2013 deciding on the 2012 financial statements. The mandate of Bayrime S.A. represented by Mr. Eric de Lamotte was renewed at the Ordinary General Meeting of Shareholders held on May 11, 2011 and will expire at the Ordinary General Meeting of 2013, deciding on the 2012 financial statements

Independent Directors: PSL Management Consulting S.C.S. represented by Mr. Pierre Scalliet, its Managing Director, and Windi S.P.R.L. represented by Mr. Yves Windelincx, its Managing Director and Consultance Marcel Miller S.C.S. represented by Mr. Marcel Miller, were nominated as Independent Directors. The mandate of S.C.S. PSL Management Consulting represented by Mr. Pierre Scalliet, its General Manager was renewed at the Ordinary General Meeting of Shareholders of May 13, 2009 and will expire at the Ordinary General Meeting of 2012 deciding on the 2011 financial statements. The mandate of Windi SPRL represented by Mr. Yves Windelincx was approved at the Ordinary General Meeting of Shareholders on May 11, 2011 and will expire at the Ordinary General Meeting of 2015 deciding on the 2014 financial statements. The mandate of S.C.S. Consultance Marcel Miller started on May 11, 2011 and will expire at the Ordinary General Meeting of Shareholders of 2012 deciding on the 2011 financial statements.

Other directors: Innosté S.A. represented by Mr. Jean Stéphenne, the Institut National des Radioéléments represented by Ms. Nicole Destexhe its Chief Financial Officer and Olivier Ralet BDM S.P.R.L. represented by its Managing Director, Mr. Olivier Ralet. The mandate of Mr. Peter Vermeeren ended at the Ordinary General Meeting of Shareholders of 2011, deciding on the 2010 financial statements. The mandate of Innosté S.A. was renewed at the Ordinary General Meeting of Shareholders held on May 11, 2011, and will expire at the Ordinary General Meeting of Shareholders of 2013, deciding on the 2012 financial statements. The mandate of the IRE was renewed at the Ordinary General Meeting of Shareholders of May 12, 2010 and will expire at the Ordinary General Meeting of Shareholders of 2013, deciding on the 2012 financial statements. The mandate of Olivier Ralet BDM S.P.R.L. represented by Mr. Olivier Ralet was renewed at the Ordinary General Meeting of Shareholders of May 13, 2009 and will expire at the Ordinary General Meeting of Shareholders of 2012 deciding on the 2011 financial statements.

The Board of Directors of IBA operates within the guidelines defined in its Charter of Corporate Governance as approved by the Board session of April 1st, 2010. A copy of it can be found on the IBA website (www.iba-worldwide.com).

# Interim Consolidated Statement of Financial Position as at June 30, 2011

The Group has chosen to present its statement of financial position on a current/ non-current basis. The notes on pages 11 to 25 are part of those interim condensed consolidated financial statements.

| | Note | **June 30, 2011 (EUR '000)** | **December 31, 2010 (EUR '000)** |
|---|---|---|---|
| **ASSETS** | | | |
| Goodwill | 6.3 | 29 631 | 31 492 |
| Other intangible assets | 6.3 | 40 985 | 40 916 |
| Property, plant and equipment | 6.3 | 84 972 | 86 429 |
| Investments accounted for using the equity method | | 11 533 | 8 255 |
| Other investments | | 2 965 | 1 943 |
| Deferred tax assets | | 30 923 | 31 877 |
| Derivative financial instruments | | 589 | 0 |
| Other long-term receivables | | 96 238 | 90 429 |
| **Non-current assets** | | **297 836** | **291 341** |
| Inventories and contracts in progress | 6.5 | 110 671 | 102 694 |
| Accounts receivable | | 82 748 | 89 249 |
| Other receivables | | 34 172 | 25 286 |
| Derivative financial instruments Assets | | 2 197 | 1 535 |
| Cash and cash equivalents | 6.2 | 40 137 | 18 102 |
| **Current assets** | | **269 925** | **236 866** |
| **TOTAL ASSETS** | | **567 761** | **528 207** |
| **EQUITY AND LIABILITIES** | | | |
| Share capital | 6.8 | 38 005 | 37 888 |
| Share premium | 6.8 | 125 799 | 125 421 |
| Treasury shares | 6.8 | -8 655 | -8 655 |
| Hedging and other reserves | | 13 873 | 9 878 |
| Cumulative translation differences | | -17 153 | -9 948 |
| Retained earnings | | -5 337 | -3 269 |
| **Capital and reserves attributable to Company's equity holders** | | **146 532** | **151 315** |
| **Non-controlling interests** | | **1 061** | **1 087** |
| **TOTAL EQUITY** | | **147 593** | **152 402** |
| Borrowings | 6.4 | 39 455 | 39 943 |
| Derivative financial instruments Liabilities | | 369 | 344 |
| Deferred tax liabilities | | 923 | 948 |
| Long-term provisions | | 85 023 | 87 191 |
| Other long-term liabilities | | 39 869 | 43 861 |
| **Non-current liabilities** | | **165 639** | **172 287** |
| Short-term provisions | | 11 544 | 11 812 |
| Borrowings | 6.4 | 3 561 | 5 115 |
| Other short-term financial liabilities | | 751 | 751 |
| Accounts payable | | 61 145 | 63 412 |
| Current income tax liabilities | | 1 542 | 2 384 |
| Other payables and accruals | 6.6 | 175 986 | 120 044 |
| **Current liabilities** | | **254 529** | **203 518** |
| **TOTAL LIABILITIES** | | **420 168** | **375 805** |
| **TOTAL EQUITY & LIABILITIES** | | **567 761** | **528 207** |

# Interim Consolidated Income Statement for the 6 months ended June 30, 2011

The Group has chosen to present its income statement by function of expenses. The notes on pages 11 to 25 are an integral part of these IFRS interim condensed financial statements.

| | Note | June 30, 2011 (EUR '000) | June 30, 2010 (EUR '000) |
|---|---|---|---|
| Sales and contract revenue | | 199 172 | 181 306 |
| Cost of sales and contract costs | | 126 016 | 108 702 |
| **Gross profit** | | **73 156** | **72 604** |
| Selling and marketing expenses | | 20 894 | 20 000 |
| General and administrative expenses | | 32 690 | 31 042 |
| Research and development expenses | | 15 277 | 12 926 |
| Other operating expenses | 6.7 | 2 829 | 6 798 |
| Other operating (income) | 6.7 | -6 231 | -1 681 |
| Finance expenses | | 19 975 | 9 504 |
| Finance (income) | | -16 544 | -9 645 |
| Share of (profit)/loss of companies consolidated using equity method | | - 799 | - 849 |
| **Profit before tax** | | **5 065** | **4 509** |
| Tax (income)/ expense | 6.10 | 1 795 | 1 959 |
| **Profit for the period from continuing operations** | | **3 270** | **2 550** |
| Profit/ (loss) for the period from discontinued operations | | 0 | 0 |
| **Profit for the year** | | **3 270** | **2 550** |
| **Attributable to :** | | | |
| Equity holders of the parent | | 3 083 | 2 308 |
| Minority interest | | 187 | 242 |
| **Earnings per share from continuing and discontinued operations (€ per share)** | | | |
| - basic | | 0.12 | 0.09 |
| - diluted | | 0.12 | 0.09 |
| **Earnings per share from continuing operations (€ per share)** | | | |
| - basic | | 0.12 | 0.09 |
| - diluted | | 0.12 | 0.09 |

## Interim Consolidated Statement of Comprehensive Income for the six months ended June 30, 2011

| | June 30, 2011 (EUR '000) | June 30, 2010 (EUR '000) |
|---|---|---|
| **Income/(expenses) for the period** | **3 270** | **2 550** |
| Changes in available-for-sale financial asset reserves | - 359 | 131 |
| Changes in strategic hedge reserves | 2 516 | -6 202 |
| Changes in currency translation difference | -7 205 | 13 579 |
| **Net income/(expenses) recognized directly in equity** | **-5 048** | **7 508** |
| **Comprehensive income** | **-1 778** | **10 058** |
| Attributable to : | | |
| Equity holders of the parent | -1 965 | 9 816 |
| Non-controlling interests | 187 | 242 |

As the Group has substantial available tax losses, no deferred tax impact has been calculated on the elements debited or credited directly to comprehensive income.

# Interim Consolidated Statement of Changes in Shareholders' Equity

| | Attributable to equity holders of the parent | | | | | | | Non-controlling | Equity |
|---|---|---|---|---|---|---|---|---|---|
| | Share capital | Share premium | Treasury shares | Hedging reserve | Other reserves | Cumulative translation differences | Retained earnings | Interests | |
| **Balance at 1 January 2010** | **37 505** | **124 788** | **-9 515** | **1 755** | **14 322** | **-16 377** | **-9 117** | **781** | **144 142** |
| **Profit/(loss) for the period** | **0** | **0** | **0** | **-6 202** | **131** | **13 579** | **0** | **0** | **7 508** |
| Comprehensive income for the period | 0 | 0 | 0 | 0 | 0 | 0 | 2 308 | 242 | 2 550 |
| **Employee share option scheme :** | **0** | **0** | **0** | **-6 202** | **131** | **13 579** | **2 308** | **242** | **10 058** |
| Dividends | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Employee stock options & share based payment | 0 | 0 | 0 | 0 | - 274 | 0 | 0 | 0 | - 274 |
| Purchase & sale of treasury shares | 0 | 0 | 858 | 0 | 0 | 0 | - 491 | 0 | 367 |
| Other changes in non-controlling interests | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other movements | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Increase/(reduction) of capital stock/capital surplus | 216 | 355 | 0 | 0 | 0 | 0 | 0 | 0 | 571 |
| **Balance at 30 June 2010** | **37 721** | **125 143** | **-8 657** | **-4 447** | **14 179** | **-2 798** | **-7 300** | **1 023** | **154 864** |
| **Balance at 1 January 2011** | **37 888** | **125 421** | **-8 655** | **-1 177** | **11 055** | **-9 948** | **-3 269** | **1 087** | **152 402** |
| **Profit/(loss) for the period** | **0** | **0** | **0** | **2 516** | **- 359** | **-7 205** | **0** | **0** | **-5 048** |
| Comprehensive income for the period | 0 | 0 | 0 | 0 | 0 | 0 | 3 083 | 187 | 3 270 |
| **Employee share option scheme :** | **0** | **0** | **0** | **2 516** | **- 359** | **-7 205** | **3 083** | **187** | **-1 778** |
| Dividends | 0 | 0 | 0 | 0 | 0 | 0 | -4 020 | 0 | -4 020 |
| Employee stock options & share based payment | 0 | 0 | 0 | 0 | 707 | 0 | 0 | 0 | 707 |
| Purchase & sale of treasury shares | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other changes in non-controlling interests | 0 | 0 | 0 | 0 | 0 | 0 | 0 | - 213 | - 213 |
| Other movements | 0 | 0 | 0 | 0 | 1 131 | 0 | -1 131 | 0 | 0 |
| Increase/(reduction) of capital stock/capital surplus | 117 | 378 | 0 | 0 | 0 | 0 | 0 | 0 | 495 |
| **Balance at 30 June 2011** | **38 005** | **125 799** | **-8 655** | **1 339** | **12 534** | **-17 153** | **-5 337** | **1 061** | **147 593** |

# Interim Consolidated Statement of Cash Flow for the six months ended June 30, 2011

The Group has chosen to present the cash flow statement using the indirect method. The notes on pages 11 to 25 are part of those interim condensed consolidated financial statements.

| | June 30, 2011 (EUR '000) | June 30, 2010 (EUR '000) |
|---|---|---|
| **CASH FLOW OPERATING ACTIVITIES** | | |
| **Net profit/(loss) for the period** | **3 083** | **2 308** |
| Adjustments for: | | |
| Depreciation and impairment of perty, plant, and equipment | 6 900 | 8 275 |
| Amortization and impairment of intangible assets | 1 960 | 2 787 |
| Write-off on receivables | 190 | 215 |
| Changes in fair values of financial assets (gains)/losses | 1 289 | - 732 |
| Change in provisions | - 400 | 3 101 |
| Taxes | 308 | 225 |
| Share of results of associates and joint ventures accounted for using the equity method | - 799 | - 849 |
| Other non-cash items | 849 | 866 |
| **Net profit/(loss) before changes in working capital** | **13 380** | **16 196** |
| Trade receivables, other receivables, and deferrals | -3 505 | -14 951 |
| Inventories and contract in progress | 41 632 | 2 513 |
| Trade payables, other payables, abd accruals | 759 | -4 782 |
| **Changes in working capital** | **38 886** | **-17 220** |
| Income tax paid / received, net | 0 | 0 |
| Interest expenses | 684 | 715 |
| Interest income | -1 043 | -1 180 |
| **Net cash (used in)/generated from operations** | **51 907** | **-1 489** |
| **CASH FLOW FROM INVESTING ACTIVITIES** | | |
| Acquisitions of property, plan and equipment | -7 768 | -9 670 |
| Acquisitions of intangibles assets | -2 599 | -1 000 |
| Disposals of assets | 30 | 112 |
| Acquisitions of subsidiaries, net of acquired cash | 0 | 0 |
| Acquisitions of third party and equity-accounted compagnies | -3 651 | - 206 |
| Acquisitions of non-current financial assets and loan granted | 0 | -7 951 |
| Other investing cash-flows | -8 112 | -3 116 |
| **Net cash (used in)/generated from investing activities** | **-22 100** | **-21 831** |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | |
| Proceeds from borrowings | 178 | 36 643 |
| Repayments of borrowings | -2 879 | -3 153 |
| Interest paid/received net | - 431 | - 672 |
| Capital increase (or proceeds from issuance of ordinary shares) | 477 | 547 |
| Purchase of treasury shares | 0 | - 595 |
| Dividends paid | -4 019 | - 4 |
| Other financing cash flows | - 57 | 211 |
| **Net cash (used in)/generated from financing activities** | **-6 731** | **32 977** |
| **Net cash and cash equivalents at the beginning of the period** | **18 102** | **17 586** |
| Change in the net cash and cash equivalents | 23 076 | 9 657 |
| Exchange gains/(losses) on cash and cash equivalents | -1 041 | - 621 |
| **Net cash and cash equivalents at the end of the period** | **40 137** | **26 622** |

# Notes to the Interim Condensed Consolidated Financial Statements

## 1. Financial Statements – Basis of preparation

### 1.1 Basis of preparation

These interim condensed consolidated financial statements of IBA are for the six months period ended June 30, 2011. They have been prepared in accordance with IAS 34 "Interim Financial Reporting".

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2010.

### 1.2 Changes to accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2010, except for the adoption of new Standards and Interpretations as of 1 January 2011, noted below.

**a) Recently issued IFRS**

To the extent that new IFRS requirements are expected to be applicable in the future, they have been summarized hereafter. For the six-month period ended 30 June 2011, they have not been applied in preparing these unaudited condensed consolidated interim financial statements.

Standards related to the consolidation of the financial statements:

- IFRS 10 *Consolidated Financial Statements* , which replaces IAS 27 and SIC-12;
- IFRS 11 *Joint Arrangements*;
- IFRS 12 *Disclosure of Interests in Other Entities*;
- IAS 27 (Revised 2011), which has been amended for the issuance of IFRS 10 but retains the current guidance on separate financial statements;
- IAS 28 (Revised 2011), which has been amended for conforming changes on the basis of the issuance of IFRS 10 and IFRS 11.

Other Standards:

- IFRS 9 *Financial Instruments*;
- IFRS 13 *Fair Value Measurement*;
- IAS 19 Revised: *Employee Benefits*.

These standards become mandatory for IBA's 2013 consolidated financial statements. IBA is in the process of evaluating the impact of these new standards. It is anticipated that their application will not have a material impact on IBA consolidated financial statements in the period of initial application.

A number of other new standards, amendment to standards and new interpretations became mandatory for the first time for the financial year beginning 1 January 2011, and have not been listed in these unaudited condensed consolidated interim financial statements because of either their non-applicability to or their immateriality to IBA's consolidated financial statements.

### 1.3 Translation of financial statements of foreign operations

All assets (including goodwill) and liabilities, both monetary and non-monetary, are translated at the closing rate. Income and expenses are translated at the rate of the date of the transaction (historical exchange rate) or at an average rate for the month.

The principal exchange rates that have been used are as follows:

| | 2011 | | 2010 | |
|---|---|---|---|---|
| | Closing rate at end June | Average rate for the 6 months period | Closing rate at end December | Average rate for the year |
| **USD** | 1.4390 | 1.4028 | 1.3252 | 1.3280 |
| **SEK** | 9.2152 | 8.9374 | 8.9929 | 9.5586 |
| **GBP** | 0.8982 | 0.8677 | 0.8566 | 0.8585 |
| **CNY** | 9.3108 | 9.1690 | 8.7351 | 8.9893 |
| **INR** | 65.2350 | 63.5782 | 60.0564 | 60.9806 |
| **JPY** | 116.5270 | 115.5955 | 108.1930 | 116.6139 |

## 2. Consolidation scope and effects of changes in the composition of the group

IBA Group consists of IBA S.A. and a total of 44 companies and associated companies in 15 countries. Of these, 35 are fully consolidated and 9 are accounted for using the equity method. The group has elected not to use the proportional method for any subsidiaries.

### 2.1 List of companies consolidated in IBA Group

| Name | Country of incorporation | Share of equity held (%) | Variation in % held compared to 31 December 2010 |
|---|---|---|---|
| IBA Molecular Holding (BE 0880.070.706) | Belgique | 100% | - |
| IBA Pharma S.A. (BE 0860.215.596) | Belgique | 100% | +0,1% |
| IBA Pharma Invest S.A. (BE 0874.830.726) | Belgique | 68,75% | +0,07% |
| IBA Participations S.P.R.L. (BE 0465.843.290) | Belgique | 100% | - |
| IBA Investments S.C.R.L. (BE 0471.701.397) | Belgique | 100% | - |
| IBA Corporate Services S.A. (BE 0471.889.261) | Belgique | 100% | - |
| Molecular Imaging S.A. (BE 0819.674.051) | Belgique | 100% | +0,1% |
| Ion Beam Beijing Medical Appliance Technology Service Co. Ltd. | Chine | 100% | - |
| Ion Beam Applications Co. Ltd. | Chine | 100% | - |
| IBA RadioIsotopes France S.A.S. | France | 100% | +0,1% |
| IBA Dosimetry Gmbh | Allemagne | 100% | - |
| IBA Molecular Imaging (India) Pvt. Ltd. | Inde | 68,75% | +0,07% |
| IBA RadioIsotopi Italia S.r.L. | Italie | 100% | +0,1% |
| IBA Molecular Spain S.A. | Espagne | 100% | +0,1% |
| MediFlash Holding A.B. | Suède | 100% | - |
| IBA Molecular UK limited | Royaume-Uni | 100% | +0,1% |
| IBA Dosimetry North America Inc. | Etats-Unis | 100% | - |
| IBA Proton Therapy Inc. | Etats-Unis | 100% | - |
| IBA Industrial Inc. | Etats-Unis | 100% | - |
| IBA Molecular North America Inc. | Etats-Unis | 100% | +0,1% |
| RadioMed Corporation | Etats-Unis | 100% | - |
| IBA USA Inc. | Etats-Unis | 100% | - |
| IBA Molecular Montreal Holding Corp. | Etats-Unis | 100% | - |
| BetaPlus Pharma S.A. (BE 0479.037.569) | Belgique | 75% | +0,07% |
| IBA Particle Therapy Gmbh | Allemagne | 100% | - |
| Radiopharma Partners S.A. (BE 0879.656.475) | Belgique | 100% | +0,1% |
| CIS Bio International S.A.S. | France | 100% | +0,1% |
| Cis Bio Spa | Italie | 100% | +0,1% |
| Cis Bio Gmbh | Allemagne | 100% | +0,1% |
| Cis Bio US Inc. | Etats-Unis | 100% | +0,1% |
| IBA Bio Assays S.A.S. | France | 100% | +0,1% |
| IBA Molypharma S.L. | Espagne | 100% | +0,1% |
| PetLinq L.L.C. | Etats-Unis | 100% | - |
| IBA Hadronthérapie S.A.S. | France | 100% | - |
| Cyclhad S.A.S. | France | 60% | - |

## 2.2 Equity-accounted investments

| Name | Country of incorporation | Share of equity held in (%) | Variation in % held compared to 31 December 2010 |
|---|---|---|---|
| **Striba Gmbh** | Allemagne | 50% | - |
| **Pharmalogic Pet Services of Montreal Cie** | Canada | 48% | - |
| **Radio Isotope Méditerranée** | Maroc | 25% | - |
| **Molypharma** | Espagne | 24,5% | - |
| **Swan Isotopen AG** | Suisse | 20,2% | - |
| **Sceti Medical Labo KK** | Japon | 39,8% | - |
| **Bio Molecular Industries SDN** | Malaisie | 36,83% | - |
| **Petnet GmbH** | Allemagne | 25.20% | 25.20% |
| **Petnet Solutions AG** | Allemagne | 25.20% | 25.20% |

## 2.3 Changes in the composition of IBA Group

In April 2011, IBA acquired an investment of 25.2% in the German companies PETNET GmbH and PETNET Solutions AG for an amount between € 2.5 and 3 million. Since then, these two entities are accounted for using the equity method. IBA is currently in the process of the purchase price allocation.

## 3. Critical accounting estimates and judgments

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

### 3.1 Income taxes

The Group has accumulated net operating losses useable to offset future taxable profits essentially in Belgium, France, Italy, Spain, United Kingdom and the United States for € 185 million and for temporary differences amounting to € 90 million at June 30, 2011. The company has recognized deferred tax assets amounting to € 30.9 million on net operating losses at June 30, 2011. The valuation of these assets depends on a number of judgmental assumptions regarding the future probable taxable profits of different group subsidiaries in different jurisdictions. These estimates are made prudently in the limit of the best current knowledge. Where circumstances should change and the final tax outcome would be different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax assets in the period in which such determination is made.

The Group recognizes deferred tax assets on unused tax losses carried forward to the extent that taxable profit will be available against which these assets can be utilized. Estimates of the amount recognizable on the balance sheet are established prudently based on the most recent financial information available from Management and depend on certain judgmental assumptions regarding the future taxable profits of the Group’s subsidiaries. The Group’s Pharmaceutical business is currently in a phase of heavy investment in research and development of new molecules, with future profits only being generated over a longer period of time. In order to take into account this change in the profile of IBA’s business, the Board had decided to extend the period over which estimated taxable profits are considered for recognition of deferred tax assets, from 4 years to 5 years for the pharmaceutical business only - the rule remained unchanged for the equipment business. At June 30, 2011, the estimate of future taxable profits has been considered for a period of 3.5 years for the Equipment business and 4.5 years for the pharmaceutical business.

### 3.2 Provision for decommissioning costs

The production of Radiopharmaceuticals tracers (Pharmaceutical business segment) generates radiation and results in the contamination of the production site facilities. This situation may require the Group to pay restoration costs to comply with the regulations in these various jurisdictions, as well as with any legal or constructive obligations.

Analysis and estimates are performed by the Group, together with its legal advisers, in order to determine the probability, timing and amount involved with probable required outflow of resources.

Provision has been made for unavoidable costs in connection with decommissioning the sites where radiopharmaceutical agents are produced. These provisions are measured at the net present value of the best estimate of the necessary costs.

At June 30, 2011 the amount of such provisions amounts to € 40.2 million compared to € 39.1 million at December 31, 2010.

The French subsidiary CIS Bio International SAS has held nuclear operator status since December 2008 and as such is required to set aside restricted assets for the future decommissioning and restoration of the nuclear medicine facilities at the site in Saclay, France. At June 30, 2011, these restricted assets amounted to € 33.9 million, compared with € 33.6 million at December 31, 2010.

**3.3 Provisions for obligation to take over radioactive equipment and sources**

In the context of the gradual disengagement from radioactive source production (production of cobalt and cesium) at the Saclay site in France, a provision has been made to meet obligations for the takeover and disposal of used radioactive sources and certain equipment (irradiators) in France. This provision is valued at the net present value of the most probable estimates of unavoidable costs for the treatment and disposal of these used sources. This provision is discounted based on the estimated plan for source recovery.

At June 30, 2011 the amount of such provisions amounts to € 14.6 million compared to € 16.4 million at December 31, 2010.

**3.4 Revenue recognition**

Contracts in progress are valued at their cost of production, increased by income accrued as determinate by the stage of completion of the contract activity at the balance sheet date, to the extent that it is probable that the economic benefits associated with the contract will flow to the Group. This probability is based on judgment. If certain judgmental criteria differ from those used for previously recognized revenues, the Group’s income statement is impacted.

When appropriate, the company revises its estimated margin at completion to take into account the assessment of any residual risk arising from this contract over several years. When the final outcome of these uncertainties differs from initial estimations, the Group’s income statement is impacted.

### 3.5 Defined benefit plans

Under defined benefit plans, an employer's obligation is to provide the agreed benefits to current and former employees. The benefits are typically based on such factors as age, length of service and compensation. The actuarial risks and investment risks are retained by the employer. If actuarial or investment experience is different than expected, an employer's obligation may be increased or decreased. Such engagements should be valued and recognized on the balance sheet under IFRS.

Actuarial gains and losses are presented under other comprehensive income.

At June 30, 2011 the amount of provisions for defined benefit plans amounts to € 24.7 million.

The valuation of this provision, based on estimates and judgments made by the Group, is subject to the recurring revision by an external actuarial consultant.

### 3.6 Estimating the value in use of intangible and tangible fixed assets

The recoverable amounts of tangible and intangible fixed assets are determined on a "value in use" basis. Value in use is determined on the basis of IBA's most recent business plans, as approved by the Board of Directors. These plans incorporate various assumptions made by management and approved by the Board as to how the business, profit margins, and investments will evolve.

### 3.7 Valuation of private equity instruments

IBA revalues its private equity holdings using either the discounted cash flow method or the share value assigned to them during the most recent rounds of financing.

### 3.8 Development costs for new molecules

Expenses incurred to prepare the Group's facilities for the future commercialization of new molecules in phase 2 or phase 3 of development are recognized as tangible and intangible assets when management considers it likely that such molecules can be brought to market and that future revenues will offset the development costs incurred. At June 30, 2011, these capitalized expenses stood at EUR 8 million.

# 4. Segment information

For management purposes, the Group is organized on a worldwide basis into two main operating segments: (1) Equipment and (2) Pharmaceuticals (i.e. businesses related to the radiopharmaceuticals and bio-assays).

The table below provides details of the income statement for each segment. All inter-segment sales are contracted at arms' length.

| **Six months ended June, 30 2011** | **EQUIPMENT (EUR '000)** | **PHARMACEUTICALS (EUR '000)** | **GROUP (EUR '000)** |
|---|---|---|---|
| Net sales | 91 334 | 109 410 | 200 744 |
| Inter-segment sales | - 753 | - 819 | -1 572 |
| **External sales** | **90 581** | **108 591** | **199 172** |
| **Segment results** | **6 584** | **2 616** | **9 200** |
| Unallocated expenses | | | -1 504 |
| Fianancial income/(expenses) | | | -3 430 |
| Share of profit/(loss) of companies consolidated using equity method | | | 799 |
| **Profit before tax** | | | **5 065** |
| Tax (expense)/income | | | -1 795 |
| Profit for the period from discontinued operations | | | 0 |
| **PROFIT FOR THE PERIOD** | | | **3 270** |

| **Six months ended June, 30 2010** | **EQUIPMENT (EUR '000)** | **PHARMACEUTICALS (EUR '000)** | **GROUP (EUR '000)** |
|---|---|---|---|
| Net sales | 72 187 | 109 544 | 181 731 |
| Inter-segment sales | - 109 | - 316 | - 425 |
| **External sales** | **72 078** | **109 228** | **181 306** |
| **Segment results** | **6 289** | **-2 076** | **4 231** |
| Unallocated expenses | | | - 694 |
| Fianancial income/(expenses) | | | 141 |
| Share of profit/(loss) of companies consolidated using equity method | | | 849 |
| **Profit before tax** | | | **4 527** |
| Tax (expense)/income | | | -1 959 |
| Profit for the period from discontinued operations | | | **0** |
| **RESULTAT DE LA PERIODE** | | | **2 550** |

# 5. Earnings per share

## 5.1 Basic

Basic earnings per share are calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period. The weighted average number of ordinary shares excludes shares purchased by the Company and held as treasury shares.

| BASIC EPS | June 30, 2011 (EUR '000) | June 30, 2010 (EUR '000) |
|---|---|---|
| Weighted average number of ordinary shares | 26,327,937 | 26 167 788 |
| Earnings attribuable to equity holders of the parent (€' 000) | 3,083 | 2 308 |
| **Basic earnings per share from continuing and discontinued operations (€ per share)** | **0.12** | **0.09** |
| Earnings from continuing operations attribuable to equity holders of the parent (€' 000) | 3,083 | 2 308 |
| Weighted average number of ordinary shares in issue | 26,327,937 | 26 167 788 |
| **Basic earnings per share from continuing operations (€ per share)** | **0.12** | **0.09** |
| Earnings from discontinued operations attribuable to equity holders of the parent (€' 000) | - | 0 |
| Weighted average number of ordinary shares in issue | 26,327,937 | 26 167 788 |
| **Basic earnings per share from discontinued operations (€ per share)** | **0.00** | **0.00** |

## 5.2 Diluted

Diluted earnings per share are calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has only one category of dilutive potential ordinary shares: share options.

The calculation is performed for the share options to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

| **DILUTED EPS** | **30 juin 2011 (EUR '000)** | **30 juin 2010 (EUR '000)** |
|---|---|---|
| Weighted average number of ordinary shares | 26,327,937 | 26 167 788 |
| Weighted average number of sotck options | 842,117 | 907 637 |
| Average share price over period | 8.15 | 8.04 |
| Dilution effect from weighted number of stock options | 461,676 | 475 597 |
| Weighted average number of ordinary shares for diluted earnings per share | 26,789,612 | 26 643 385 |
| | | |
| Earnings attributable to equity holders of the parent (€ '000) | 3,083 | 2 308 |
| **Diluted earnings per share from continuing and discontinued operations (€ per share)** | **0.12** | **0.09** |
| | | |
| Earnings from continuing operations attributable to equity holders of the parent (€ '000) | 3,083 | 2 308 |
| **Diluted earnings per share from continuing operations (€ per share)** | **0.12** | **0.09** |
| | | |
| Earnings from discontinued operations attributable to equity holders of the parent (€ '000) | 0 | 0 |
| **Basic earnings per share from discontinued operations (€ per share)** | **0.00** | **0.00** |

# 6. Other selected disclosures

## 6.1 Seasonality or cyclicality of interim operations

IBA's business is not affected by seasonality or cyclical effects.

## 6.2 Cash and cash equivalent

For the purpose of interim consolidated cash flow statement, cash and cash equivalents are comprised of the following:

| | June 30, 2011<br>(EUR '000) | December 31, 2010<br>(EUR '000) |
|---|---|---|
| Cash at bank and in hand | 30 779 | 23 587 |
| Restricted cash | 80 | 151 |
| Short-term bank deposits and commercial paper | 9 278 | 2 884 |
| | **40 137** | **26 622** |

## 6.3 Capital expenditure and commitments

| **Six months ended 30 June 2011** | **Property, plant and equipment**<br>**(EUR '000)** | **Intangible**<br>**(EUR '000)** | **Goodwill**<br>**(EUR '000)** |
|---|---|---|---|
| **Opening net book amount** | **86 429** | **40 916** | **31 492** |
| Additions | 7 768 | 2 599 | 0 |
| Disposals | - 19 | - 11 | 0 |
| Transfer | 195 | - 195 | 0 |
| CTA | -2 501 | - 364 | -1 861 |
| change in consolidation scope | 0 | 0 | 0 |
| Depreciation/amortisation and impairment | -6 900 | -1 960 | 0 |
| **Closing net book amount** | **84 972** | **40 985** | **29 631** |

## 6.4 Movements in borrowings

| | June 30, 2011 (EUR '000) | December 31, 2010 (EUR '000) |
|---|---|---|
| Current | 3 561 | 5 115 |
| Non-current | 39 455 | 39 943 |
| **Total** | **43 016** | **45 058** |
| | | |
| **Opening amount** | **45 058** | **34 647** |
| New borrowing | 848 | 38 224 |
| Repayments of borrowings | -1 894 | -5 999 |
| Transfer | 0 | 2 |
| Entry in consolidation scope | 0 | 34 |
| Exit of consolidation scope | 0 | 0 |
| Increase/(decrease) bank short-term loans | - 985 | -22 013 |
| Currency translation difference | - 11 | 163 |
| **Closing amount** | **43 016** | **45 058** |

(1) *The amount of new borrowings includes € 0.7 million of non-cash interest charges*

The Group has credit lines totaling EUR 100 million including a long-term credit facility of € 50 million from the EIB (European Investment Bank) to provide financing for research and development projects. Under the terms of the facility, the Group agreed to comply with specific covenants regarding the Group's debt. To date, 15% of these credit lines have been utilized.

In addition, in the context of its proton therapy contracts, IBA holds a manufacturing credit facility of EUR 60 million of which EUR 20.8 million has been utilized to date.

## 6.5 Inventory and construction contracts

| | June 30, 2011 (EUR '000) | December 31, 2010 (EUR '000) |
|---|---|---|
| Raw material and supplies | 46 227 | 40 366 |
| Finished products | 6 385 | 7 265 |
| Work in progress | 12 985 | 13 511 |
| Contracts in progress (in excess of billing) | 52 803 | 49 268 |
| Write-off on inventories and contracts in progress | -7 729 | -7 716 |
| **Inventories and contracts in progress** | **110 671** | **102 694** |

| Contracts in progress (in excess of billing) | June 30, 2011 (EUR '000) | December 31, 2010 (EUR '000) |
|---|---|---|
| Costs to date and recognized profit | 267 341 | 250 803 |
| Less: progress billings | -214 538 | -201 535 |
| **Contracts in progress (in excess of billing)** | **52 803** | **49 268** |
| Net amounts due to customers for contract in progress | 92 618 | 42 143 |

## 6.6 Other payables and accruals

| | June 30, 2011 (EUR '000) | December 31, 2010 (EUR '000) |
|---|---|---|
| Non-trade payables | 1 841 | 4 203 |
| Advances Billing (in excess of CIP) | 92 618 | 42 143 |
| Social debt | 20 110 | 18 454 |
| Accrued expenses | 28 967 | 27 364 |
| Accrued interests expenses | 18 | 196 |
| Deferred income | 3 911 | 4 106 |
| Capital grants | 1 479 | 1 349 |
| Other current liabilities | 27 042 | 22 229 |
| **Other payables and accruals** | **175 986** | **120 044** |

## 6.7 Other operating expenses and income

The other operating expenses of € 2.8 million at June 30, 2011 include the valuation of the stock option plans offered to IBA employees for € 0.7 million, provisions for potential contractual penalties or expected losses on projects for € 0.5 million based on Management's best estimate of the situation at June 30, 2011, as well as consulting fees (€ 0.7 million) incurred as part of the search for an investment partner for the pharmaceutical business and other expenses for € 0.94 million.

The other operating income for 2011 amounts to € 6.2 million and includes the positive effects of the decision in favor of IBA in its legal dispute with Bayer Schering Pharma AG for € 5.7 million and the reversal of a provision for € 0.2 million as well as other income for € 0.3 million.

### 6.8 Ordinary shares, share premium and treasury shares

| | Number of ordinary shares | Capital stock (EUR '000) | Capital surplus (EUR '000) | Treasury shares (EUR '000) | Total (EUR '000) |
|---|---|---|---|---|---|
| **Closing balance at December 31st, 2010** | **26 992 015** | **37 888** | **125 421** | **-8 655** | **154 654** |
| Share options exercised | 83 933 | 117 | 378 | 0 | 495 |
| Sale of treasury shares | | | | | |
| **Opening balance at June 30th, 2011** | **27 075 948** | **38 005** | **125 799** | **-8 655** | **155 149** |

### 6.9 Contingencies

The Group is currently involved in certain legal proceedings. The potential risks connected with these proceedings are deemed to be insignificant or unquantifiable or, where potential damages are quantifiable, adequately covered by provisions. Developments in litigation pending at end 2010 mentioned in the 2010 annual report are presented in this Note.

***a) Litigation with Bayer Schering Pharma AG***

During the first semester, the arbitral proceedings against Bayer Schering AG conducted through the AFA (Association Française d'Arbitrage) ended in favor of IBA. As a reminder, in the context of the acquisition of CIS Bio International S.A.S., the parties had agreed that Bayer Schering Pharma AG would pay an additional EUR 4 million in the event that CISBIO obtained the BNF (Basic Nuclear Facility) designation before December 31, 2008. This amount was intended to help CISBIO to set aside the reserves required by law of all BNF-designated facilities to cover any costs for decommissioning their facilities. A French decree of December 15, 2008 conferred BNF status on CISBIO, and Bayer Schering Pharma AG was asked for the EUR 4 million. Bayer Schering Pharma AG refused to pay on the pretext that the law allows the use of means other than cash to establish the guarantee and that its contractual commitment applied only in the case of a mandatory cash reserve. IBA believed that Bayer Schering Pharma AG had no basis for its position and instituted arbitration proceedings for payment through AFA (Association Française d'Arbitrage, French Arbitration Association). The arbitrating authorities finally agreed with IBA and ordered the payment by Bayer to IBA.

Moreover, as part of the takeover of the Japanese activities of the company, the two parties were involved in a legal dispute as Bayer claimed that IBA and the IRE had not respected their obligation as to « reasonable best efforts » in order to guarantee the transfer of the employees concerned by the takeover. In its counterclaim, as part of the arbitration proceedings mentioned above, Bayer claimed payment of YEN 180 076 111 and € 200 000 as severance pay for the employees involved. On this point too, the arbitrating authorities were of the opinion that IBA had accomplished reasonable best efforts and that if only 20 out of the 38 employees had joined IBA, it was due to elements solely attributable to Bayer. As a result, in the framework of these two demands, Bayer was sentenced to pay € 4 million To IBA.

***b) Arbitrage initiated against the Westdeutsches Protonentherapiezentrum Essen GmbH***

In November 2009, STRIBA Protonentherapiezentrum GmbH, a 50% affiliate of IBA S.A initiated an arbitration procedure against the Westdeutsches Protonentherapiezentrum Essen GmbH (“WPE”) in order to determine the exact scope of Striba’s contractual obligations under that Public Private Partnership for the delivery of a turnkey Proton therapy center in Essen, Germany.

WPE is disputing the quality of the software equipment for the Proton Therapy Patient Management System proposed by IBA claiming that this system does not represent the latest technology for the treatment of the mobile tumors. IBA introduced the arbitration to get a confirmation (i) that the proposed system is a state of the art system and satisfies the requirements of the functional description of the specification of services relating to the treatment of movable tumors, both in terms of the treatment quality, as well as in terms of the speed of treatment, (ii) that WPE is not entitled to a reduction in leasing fees and (iii) that it be determined that the costs for the development of the Proton Therapy Patient Management System proposed by IBA, to the extent that said costs exceed the budget provided in the Leasing Agreement, be borne by WPE.

Further to this, WPE introduced several other claims against STRIBA, in particular (i) the payment of contractual penalties for delay, (ii) a demand to carry out acceptance tests in addition to those stipulated in the contract, (iii), that the clinical commissioning of the centre be finalized before the start of the rental period (and the payment of the rent) and (iv) several other detailed technical demands with respect to both the equipment delivered by IBA as well as the building. The centre is now complete and has been presented for acceptance by STRIBA to WPE on June 30, 2011. However it appears that WPE may not have the financial means to pay the rent during the clinical commissioning and start-up phase of the centre. The arbitrage proceedings, which had been suspended in order for the parties to find a global agreement on the disputed items, were resumed during the first semester. The next proceedings are expected in September 2011.

### 6.10 Income tax

| | June 30, 2011 (EUR '000) | December 31, 2010 (EUR '000) |
|---|---|---|
| Current taxes | 1 487 | 1 729 |
| Deferred taxes | 308 | 230 |
| **Total** | **1 795** | **1 959** |

### 6.11 Dividends paid and proposed

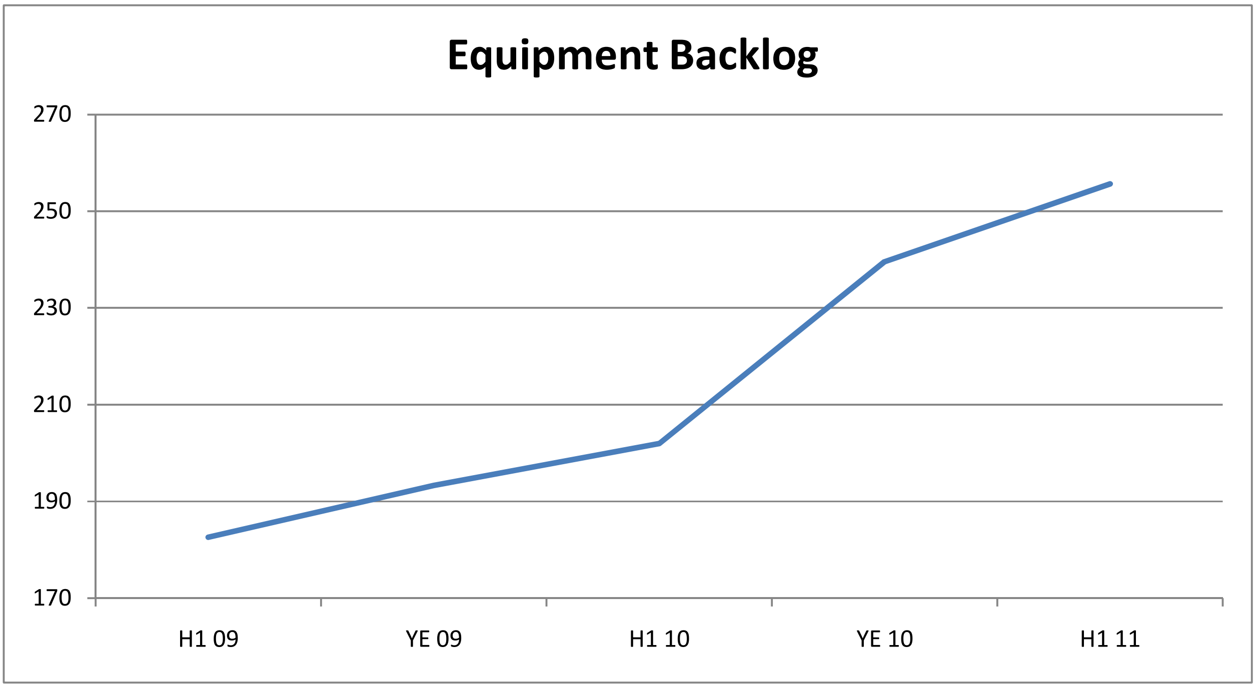
The distribution of a dividend of € 4 million was proposed and accepted by the Ordinary General Meeting of Shareholders held on May 11, 2011. The dividend payment was initiated during the first semester of 2011.

# 7. Interim Management Report

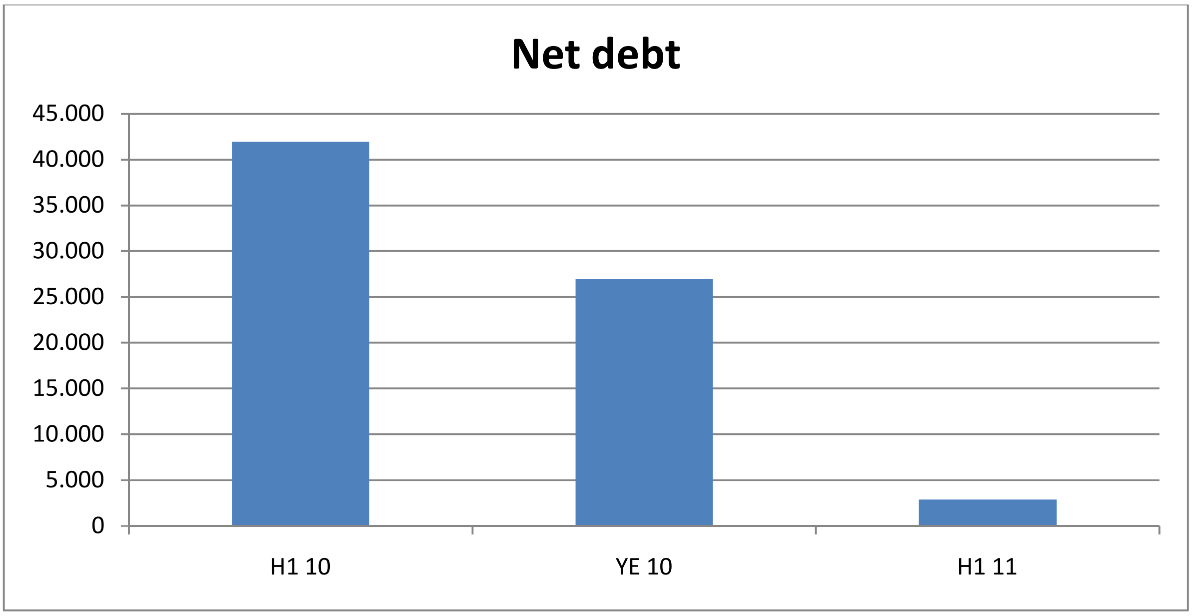
## 7.1 Figures and significant events:

| | H1 2011 (EUR 000) | H1 2010 (EUR 000) | Variance (EUR 000) | Variance % |
|---|---|---|---|---|
| Sales and Services | 199,172 | 181,306 | 17,866 | 9.9% |
| **REBITDA** | **13,671** | **18,340** | **-4,669** | **-25.5%** |
| *% of Sales* | *6.9%* | *10.1%* | | |
| **REBIT** | **4,294** | **8,636** | **-4,342** | **-50.3%** |
| *% of Sales* | *2.2%* | *4.8%* | | |
| **Net profit before tax** | **5,065** | **4,509** | **556** | **12.3%** |
| *% of Sales* | *2.5%* | *2.5%* | | |
| **Net result** | **3,270** | **2,550** | **720** | **28.2%** |
| *% of Sales* | *1.6%* | *1.4%* | | |

- **The 1st half of 2011 was marked by significant growth in Sales and Services** driven by the existing order book from year-end 2010 which was further embellished by additional orders made in the 1st first quarter of 2011 in the Equipment segment.
- **As stated in the 2010 year-end guidance, recurring operating income is down significantly compared to the first half of 2010**. A large part of this drop can be explained by the investments made as part of the process to change the profile of the Pharmaceutical segment and those aimed at maintaining the leadership of IBA in Proton therapy.
- **The pre-tax profit of EUR 5.1 million is significantly up compared to the first half of 2010.**
  - In the first half of 2011, pre-tax profit was influenced by EUR 5.7 million by the positive outcome of a legal dispute that had been going on between IBA and Bayer since 2008 following the acquisition of the radiopharmaceutical activity of the latter.
  - It is important to remember however, that during the 1st half of 2010, the company recorded exceptional costs primarily due to the accelerated depreciation of fixed assets and provisions for potential contractual penalties.
- **The EUR 3.3 million net result posted is therefore an increase of 28.2% compared to the same period in 2010.**
- **At June 30, 2011, the company's backlog stood at more than EUR 256 million showing a steady growth over five consecutive semesters.**




- **Operating cash flow improved significantly reaching 51.9 million over the first half of 2011.**
- **Net debt amounted to only EUR 2.9 million at June 30, 2011. This represents an improvement of 39 million compared to H1 2010 and 24 million compared to year-end 2010.**



**7.2 Update on strategic action**

At the time of the publication of the 2010 half-yearly and annual reports, the company indicated its desire to pursue initiatives to:

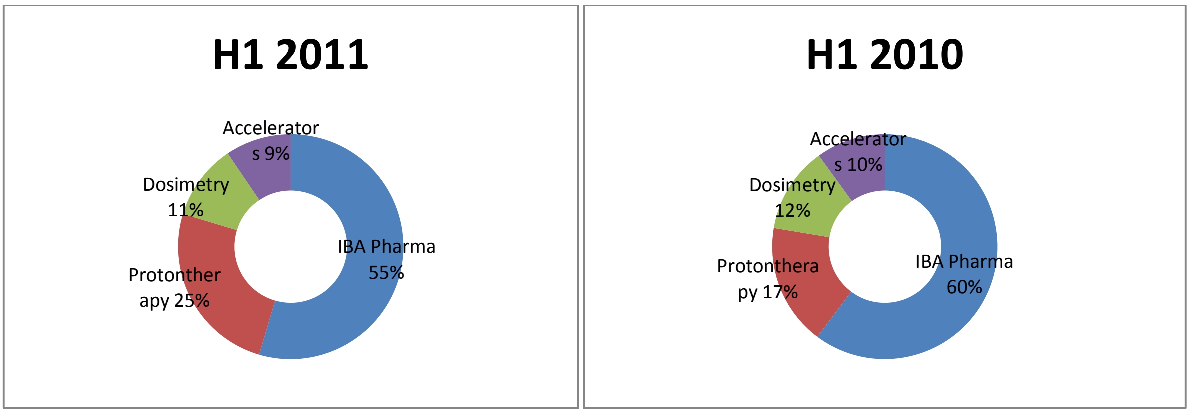
- Bring value to non-strategic activities through sales or mergers:
- Extend the network and speed up the search for synergy with global or local partners to meet the needs of the PET and SPECT markets and increase profitability for IBA.
- Invest in radiopharmaceutical activity using own funds in order to speed up the pace of development of new molecules.

These objectives remain a high priority for the company and various actions have been taken in this regard:

1. Valuation of non-strategic activities:
   I. Legal carve-out of of the Bioassay activity from the radiopharmaceutical sector.
   II. Appointment of a new Chairman with a mandate to consolidate the subsidiary's strategy and operational structure and explore options for opening the capital to industrial or financial investors.
2. Extension of the network:
   III. Acquisition of a minority equity stake in the Malaysian company BioMolecular in the first half of 2010 in order to produce and distribute FDG
   IV. Acquisition of a minority equity stake (25.2%) in PET Net GmbH and PET Net Solutions AG ("PET Net"), which operates two PET production centres in Erlangen and Regensburg in Germany.
   V. Development of an additional project in the Mumbai region of India.
3. Search for specific investors in IBA Pharma S.A.:
   VI. Legal carve-out of the radiopharmaceutical activity from the group activities.
   VII. Signature of an exclusive agreement with UBS bank for the search and evaluation of potential partnerships
   VIII. Preparation of audited IFRS pro-forma financial statements
   IX. Circulation of an information memorandum to a wide selection of potential industrial and financial investors. Discussions are ongoing with a number of investors to date, but may not be concluded until the fourth quarter of 2011.

### 7.3 Results by activity segment

**BREAKDOWN OF CONSOLIDATED TURNOVER BY ACTIVITY**




**PHARMACEUTICALS**

| | H1 2011 (EUR 000) | H1 2010 (EUR 000) | Variance (EUR 000) | Variance % |
|---|---|---|---|---|
| Sales and services | 108,591 | 109,228 | -637 | -0.6% |
| - Radiopharmaceuticals | 91,363 | 89,228 | 2,135 | 2.4% |
| - Bioassays | 17,228 | 20,000 | -2,772 | -13.9% |
| | | | | |
| REBITDA | 4,718 | 7,542 | -2,824 | -37.4% |
| *% of Sales* | *4.3%* | *6.9%* | | |
| REBIT | -2,946 | 212 | -3,158 | -1489.5% |
| *% of Sales* | *-2.7%* | *0.2%* | | |
| JVs & Investments | 799 | 849 | -50 | -5.9% |
| **REBIT + JV** | **-2,147** | **1,061** | -3,208 | N/A |
| *% of Sales* | *-2.0%* | *1.0%* | | |

REBITDA: Recurring earnings before interest, taxes, depreciation and amortization on assets and goodwill.
REBIT: Recurring earnings before interest and taxes.

- Overall, the segment does not show any growth in sales and services compared to the same period in the previous year. The main factors to be noted are:
  - Impact of changes in exchange rates: At constant rate, (principally dollar to euro), growth would have been 1%.
  - Growth in the sales of radiopharmaceutical products at constant exchange rates:
    - US down by 7% mainly due to FDG price erosion.
    - Europe and Asia up mainly thanks to the SPECT business.
  - Bioassays Sales and Services are down 13.9%

  - 5% is accounted for by non-recurring license income received in the first half of 2010.
  - The rest results from the weak sales of Drug Discovery products during the first 6 months of the year.
- The company is pleased that its traditional pharmaceutical activity generated a REBITDA of almost EUR 12 million in the first half of 2011 More than half of the amount was reinvested in the support, pre-marketing, validation and adaptation of sites for new molecules to be launched from 2012.
- Therefore, in line with the results of the second half of 2010 and as announced in the company guidance, the half-year result is negative for this segment.
- Taking into account the revenue from joint ventures in which IBA has invested over recent years (mainly in Canada, Japan and Spain), the operational loss comes to EUR 2.1 million, a marked decrease when compared against the profit of EUR 1.1 million recorded in 2010.
- In the strategic area of the development of new marked molecules, the first half was characterized by the following developments:
  - In June 2011, during a joint press conference, IBA and its partner WILEX AG commented on the letter from the FDA following the "Pre-BLA meeting" (preparatory meeting for the introduction of the application for marketing authorization of a pharmaceutical product) for REDECTANE®. In summary, to enable WILEX and IBA to strengthen their case for launching the product on the market, the FDA suggested that an "outcome study" be carried out (study involving the use of the product in the doctor's decision making process). WILEX and IBA both agreed that it is quite logical that this outcome study follows the phase III study, finalized to date. However they suggested that this outcome study should be made during a phase IV trial, i.e. after introduction of the product on the market. Discussions are ongoing with the FDA about this. The FDA also discussed manufacturing process issues and requested that the third lot of the antibody Girentuximab being produced on site at Avid Bioservices, Inc., (Tustin, CA) and be made an integral part of the filing (and not submitted in the course of the approval process as hoped) and also requested additional information on the product characterisation and the validation processes by IBA, responsible for the marking of the antibodies. It is important to remember that the phase 3 trial of on the product showed that the PET/CT associated with REDECTANE® leads to a much better diagnosis than with the CT alone. Currently, IBA continues to adapt its installations in order to enable the product to be launched in the United States and then the rest of the world once authorisations for market release have been received. The next meeting with the FDA on this matter is being prepared. It will focus on the proposed new protocol for further clinical trials designed in collaboration with the Medical Advisory Board.
  - As for Aposense®, the other proprietary molecule to which IBA has bought exclusive distribution rights and which makes it possible to analyse the patient's response to cancer treatment more quickly, phase 2 tests are being carried out in the United States as planned.
- Throughout this half-year, IBA has continued to strengthen and expand its network of production of radiopharmaceuticals used in nuclear imaging. On April 18, the company announced the acquisition of a minority equity stake in PET Net GmbH and PET Net Solutions AG ("PET Net"). According to the agreement, IBA acquired 25.2% of PET Net from its owner Medical Imaging Research Holding GmbH for a cash amount of between EUR 2.5 million and 3 million. PET Net operates two PET production centres in Erlangen and Regensburg in Germany and has marketing authorization for FDG. As a result of this transaction, IBA has the only worldwide PET network, with 57 PET production centres and a state-of-the-art SPECT site. The company can thus directly manage distribution to the United States, Europe and India, and deliver its products to over 60 countries.

## EQUIPMENT

| | H1 2011 (EUR 000) | H1 2010 (EUR 000) | Variance (EUR 000) | Variance % |
|---|---|---|---|---|
| Sales and services | 90,581 | 72,078 | 18,503 | 25.7% |
| - Protontherapy | 50,106 | 31,530 | 18,576 | 58.9% |
| - Dosimetry | 21,641 | 22,426 | -785 | -3.5% |
| - Accelerators and other | 18,834 | 18,122 | 712 | 3.9% |
| | | | | |
| REBITDA | 8,952 | 10,798 | -1,846 | -17.1% |
| *% of Sales* | *9.9%* | *15.0%* | | |
| REBIT | 7,240 | 8,424 | -1,184 | -14.1% |
| *% of Sales* | *8.0%* | *11.7%* | | |

REBITDA: Recurring earnings before interest, taxes, depreciation and amortization of tangible and goodwill.
REBIT: Recurring earnings before interest and taxes.

- Sales and Services for the segment were driven by a strong growth in Proton therapy for which the accumulated order book allows the forecasting of a high level of activity in the coming half-year periods.
- Operating profits are down compared to the first half of 2010. The following explanations should be taken into account:
  - A varied mix of products (software/hardware and large/small systems) over the half-year period.
  - A very high margin of 11.7% during the first half of 2010 due to project budget adjustments reflecting the productivity gains of the experience curve. The 2011 first half margin of 8.0% remains higher than the performance of the second half of 2010, which stood at 7.3%.
  - As announced in the year-end 2010 guidance, for 2011, IBA forecasts a stabilisation of profit for the Equipment segment which will have to support this year's development costs of Proteus ONE(TM). The published results for this half-year period are in line with this trend.

- **Proton therapy**
  - 2011 began under excellent conditions with one new order and the closing of two others:
    - On 17 January 2011 IBA announced that the Carl Gustav Carus University Hospital at Dresden Technical University in Germany had selected IBA for the installation of a Proton therapy centre with a treatment room equipped with an isocentric gantry and a research room. The contract also includes a long-term maintenance agreement.
    - On 20 January 2011, the funding of the project commissioned by Seattle Procure Management LLC to install a Proton therapy system in Seattle, WA, USA was finalized.
    - On 17 March 2011, during the signing ceremony in Stockholm, IBA announced that the Skandionkliniken, the first cancer centre in Scandinavia devoted to treatment with proton beams, has signed a definitive agreement with IBA for the manufacturing, installation and maintenance of a new proton therapy system. The contract between IBA and Skandionkliniken, which involves the installation of the proton therapy system (2 clinical treatment rooms and 1 research room), is estimated at between EUR 50 and 60 million (including a five-year service contract).
  - Currently, IBA is also carrying out construction or installation work at nine other sites, two in the USA and seven in Europe.

- **Accelerators**
  - The first half-year period saw the sale of four industrial accelerators and six cyclotrons. This excellent performance compared with the11 accelerators ordered during the entire year 2010, only three of which were in the first half, reflects on the strength of the activity within IBA.

- **Dosimetry**
  - After years of growth above that of its market and an extraordinary 2010, the Dosimetry sector showed a slowdown in growth in the first half of 2011 which should be temporary and is partly due to the low level of orders from Japan following the Fukushima disaster that occurred during this period, and partly to a probable seasonal slowdown in orders from India and the United Kingdom.

### 7.4 Subsequent events

None

### 7.5 Corporate governance

On the occasion of the 2011 General Meeting of Shareholders, Mr. Marcel Miller was appointed independent director to replace Mr. Peter Vermeeren, Vice-Chairman of the Board, who did not wish to seek re-election after 11 years on IBA's Board of Directors.

### 7.7 Statement of Directors

This set of condensed financial statements has been prepared by Pierre Mottet (CEO) and Jean-Marc Bothy (CFO). To the best of their knowledge it has been written in compliance with actual accounting standards and gives a true picture of the assets, of the consolidated figures. The interim Management report gives a clear overview of major events and main transactions between entities over the first half of 2011 as well as their impact on the set of interim condensed consolidated financial statements and a description of major risks and uncertainties facing the Group.

# Auditor's report on the IFRS interim condensed consolidated financial statements at June 30, 2011

ERNST & YOUNG

**Ernst & Young**
**Réviseurs d'Entreprises**
**Bedrijfsrevisoren**
De Kleetlaan 2
B - 1831 Diegem
Tel: +32 (0)2 774 91 11
Fax: +32 (0)2 774 90 90
www.ey.com/be

## Report of the statutory auditor to the shareholders of Ion Beam Applications SA on the review of the interim condensed consolidated financial statements as of 30 June 2011 and for the six months then ended

### Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Ion Beam Applications SA (the "Company") as at 30 June 2011 containing a statement of financial position as at 30 June 2011, a statement of comprehensive income, a statement of changes in equity and a statement of cash flows for the six-month period then ended, and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting* ("IAS 34") as adopted for use in the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### Scope of Review

We conducted our review ("revue limitée/beperkt nazicht" as defined by the "Institut des Réviseurs d'Entreprises/Instituut der Bedrijfsrevisoren") in accordance with the recommendation of the "Institut des Réviseurs d'Entreprises/Instituut der Bedrijfsrevisoren" applicable to review engagements. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the auditing standards of the "Institut des Réviseurs d'Entreprises/Instituut der Bedrijfsrevisoren" and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Société civile ayant emprunté la forme d'une société coopérative à responsabilité limitée
Burgerlijke vennootschap die de rechtsvorm van een coöperatieve vennootschap met beperkte aansprakelijkheid heeft aangenomen
RPM Bruxelles - RPR Brussel - T.V.A. - B.T.W. BE 0446.334.711
Banque - Fortis - Bank 210-0905900-69

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***Audit report dated 26 August 2011 on the review of the interim condensed consolidated financial statements of Ion Beam Applications SA for the six months ended 30 June 2011***

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 as adopted for use in the European Union.

Diegem, August 26, 2011

Ernst & Young Réviseurs d'Entreprises SCCRL
Statutory auditor
represented by

Martine Blockx
Partner

Ref: 12/MBO/0010