

2000 MANAGEMENT REPORT

AFTER THE MAJOR CHANGES EXPERIENCED BY IBA IN 1999, THE FISCAL YEAR 2000 HAS BEEN A YEAR OF CONSOLIDATION, LARGELY DEVOTED TO THE TASK OF IMPLEMENTING AND STRENGTHENING THE ORGANIZATION AND TOOLS ENABLING IBA TO EMBARK UPON A NEW PHASE OF ITS GROWTH BASED ON SOLID FOUNDATIONS.

THANKS TO THE ACQUISITIONS ACCOMPLISHED IN THE LAST FEW YEARS, THE GROUP IS NOW A WORLD LEADER IN ALL ITS MARKETS, AND INTENDS TO CONTINUE ITS RATIONALIZATION AND OPTIMIZATION WORK IN ORDER TO EXTRACT MAXIMUM ADVANTAGE FROM THIS UNIQUE COMPETITIVE POSITION. IBA'S TECHNOLOGICAL EXPERTISE AND MASTERY, ALLIED WITH IN-DEPTH KNOWLEDGE OF ITS MARKETS AND THE NEEDS OF ITS CUSTOMERS, WILL CONTINUE, AS IN THE PAST, TO BE AT THE ROOT OF THE GROUP'S DEVELOPMENTS WITH A VIEW TO ACHIEVING AMBITIOUS, SELECTIVE AND PROFITABLE GROWTH.

2000 CONSOLIDATED RESULTS

The year 2000 results reflect for the first time in a full year the integration of the entities acquired during 1999, mainly in the fields of industrial Sterilization and Ionization, that today represent the majority of IBA's consolidated sales.

In 2000, consolidated sales amounted to 236.1 million EUR, representing a growth of 67% in comparison to 141.6 million EUR achieved in 1999. This growth reflects to a large extent the acquisitions made during the 1999 financial year. Pro forma, and at a comparable EUR/USD exchange rate, the Group sales growth would have been 10%.

The operating result before amortization of assets and goodwill (EBITDA) amounted to 69.6 million EUR, representing a growth of 59% when compared to 1999.

The Company's Earnings before interest, tax and goodwill amortization (EBIT) stood at 36.6 million EUR, increasing by 27% in comparison to 28.7 million EUR recorded in 1999.

After amortization of the acquisition goodwill, which in 2000 amounted to 12.6 million EUR, the operating result stood at 24.0 million EUR. The acquisition goodwill, which represents the difference between the cost of the acquisitions made in 1999 and 2000 and the net book value

of these companies at their acquisition date, is written off, following a decision of the Board of Directors, over a period of 20 years.

The consolidated financial result is negative by 10.4 million EUR compared to 7.1 million EUR in 1999. The evolution of the Group's financial structure and perimeter since the beginning of 1999 makes these figures difficult to compare. In fact, IBA's consolidated financial result for the first half of 1999 was positive before being affected by the financing of the acquisitions made in the middle of the financial year. The 2000 financial result has been affected by the amount of debt in US dollars, the currency used for the majority of the acquisitions, whereas the surplus cashflow stemming from the capital increase of January 2000 is denominated in Euros. It should be noted that the financial income for the financial year does not include the latent gains due to appreciation of the US dollar in comparison to the EUR with regard to the Group's net investment in the American entities.

The extraordinary result, negative by 6.1 million EUR, mainly corresponds to the costs relating to the capital increase of January 2000 (5.3 million EUR).

The net current result, that is excluding the impact of extraordinary costs (after adjustment for tax savings on these) and amortization of acquisition goodwill,

increased by 35% to 23.3 million EUR. The net current result per share, calculated on the total number of shares issued at the end of the financial year, stood at 0.955 EUR, indicating a growth of 13%.

After taxes, goodwill amortization, extraordinary items and contributions from the companies brought into equivalence, the net result Group share was up 106% to 7.0 million EUR in 2000. The net current result per share stood at EUR 0.29 compared to 0.17 EUR in 1999.

The Group's financial structure was considerably reinforced with the capital increase of January 2000, which has enabled the Group to return to its moderate debt ratios compatible with the Group's target of sustained growth (net financial debt ratio over shareholders' equity equal to 35% at the end of 2000 versus 108% at the end of 1999).

Furthermore, the short-term financial US dollar debt, contracted for the acquisition of SteriGenics in 1999, was replaced in January 2000 by a syndicated loan of 5 million US dollars, with a 5-year maturity period, thus enabling the Group to improve its liquidity ratios and extend its bank relations.

The operational cash flow generated in 2000 was afflicted by an unfavourable development in the need for working capital linked to the Group's funding of a large part of its production work-in-process.

Furthermore, sustained investments, Research & Development expenditure, and finally the shares taken in RadioMed Corp., which was incorporated by the equity method pro rata temporis, and in the Proton Therapy Corporation of America Inc (PTCA), have led to investments totalling 66.0 million EUR for the 2000 financial year. These sizeable outlays explain the negative available cash flow over the whole of the financial year.

IBA S.A. STATUTORY ACCOUNTS AND ALLOCATION OF THE RESULT

The net non-consolidated result of Ion Beam Applications S.A. stands at a loss of 5.1 million EUR. This result is difficult to compare with the result for fiscal 1999, which was negative by 0.3 million EUR, insofar as IBA has strengthened its organizational structure in coherence with its status as the parent company of the Group. The principal organizational changes made during the financial year will be itemized at a later stage in this report. The Board of Directors has confirmed that the accountancy methods should be continued since they are fully justified by the Company's prospects.

The Board of Directors will be proposing to the General Assembly, in view of the major investments required for the Group's growth in the years ahead, not to distribute a dividend for the Financial Year ending December 31, 2000 and to allocate the loss of the financial year to profit to be carried forward.

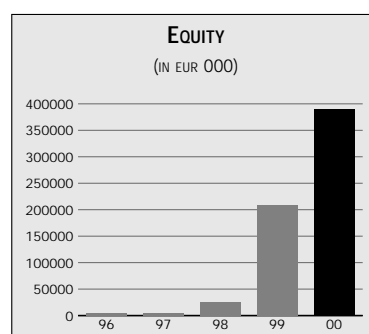
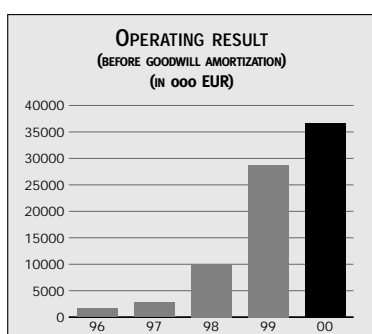
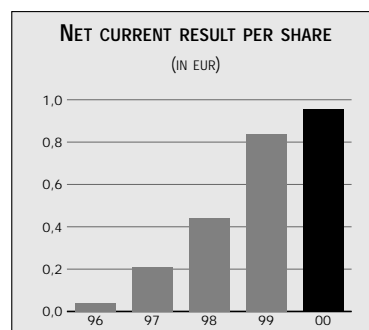
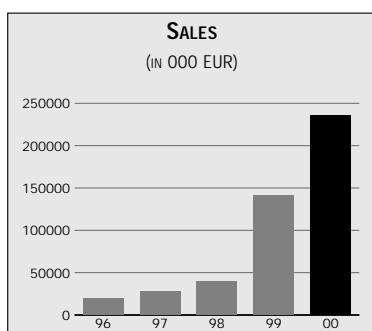
COMPARISON OF THE LAST FIVE YEARS

The strong growth strategy implemented by IBA in the last few years resulted in a powerful progression of the principal financial figures, as shown in the tables below.

From 1996 to 2000, IBA's sales figure has been multiplied by 12, growing almost 86% per year. During the same period, the operating result before goodwill amortization and the net current result have been multiplied respectively by 22 and 42, reflecting an average annual growth rate of 117% and 154%.

Thanks mainly to the capital increases, the Group's equity has at the same time grown from 5 million EUR to 391 million EUR.

COMPARISON OF THE LAST FIVE YEARS



ANALYSIS OF THE GROUP'S ACTIVITY IN 2000 PER MARKET

IBA has set itself the mission of offering customers worldwide innovative solutions in the fields of health and well-being. IBA's target customers can be divided into two principal markets composed of the Group's activities:

The Industrial sector, which includes customers from industrial companies in the fields of medical devices and food products, and of diverse products ranging from electronics to advanced materials.

The Medical sector, composed of customers active in the world of health, including hospitals, producers and distributors of products for nuclear medicine, imaging and radiotherapy centers, and research centers.

The Industrial sector includes the activities of the IBA Business Units operating services in the areas of industri-

al Sterilization & Ionization ("S&I America Operations" and "S&I Europe, Middle-East, Africa, & Asia") and the sales of equipment used for industrial applications (electron accelerators designed and produced by the "Technology Group" Business Unit).

The Medical sector comprises all the service activities and equipment sales proposed to the health market. This includes the activities of the Business Unit "Radioisotopes", responsible for the sales of cyclotrons designed to produce radioisotopes used both for medical imaging and brachytherapy, and for the production and distribution of radioisotopes, in particular FDG, a recently developed activity involving the acquisition in February 2001 of the American company, Eastern Isotopes. The other field of Group activity in the Medical Sector is under the responsibility of the Business Unit "Advanced Radiotherapy", and includes the sale of proton therapy equipment, conventional radiotherapy and dosimetry equipment.

The Business Unit “Technology Group” is responsible for producing cyclotrons and proton therapy equipment.

The breakdown of IBA’s consolidated sales figure per market between the Industrial sector and the Medical

sector is indicated in the table below. These figures are then commented upon in the individual commentaries per activity.

BREAKDOWN OF SALES

(in 000 EUR)

	2000	1999	Variation 00/99 in%
Industrial sector	163,605	93,056	76%
Medical sector	72,509	48,591	49%
Group total	236,115	141,647	67%

Industrial sector

This sector is the most important contributor to the Group’s consolidated sales figure, amounting to 163.6 million EUR or 69% of consolidated sales in 2000 compared to 93.1 million EUR in 1999. This progression has not been achieved with a constant perimeter since it mainly results from the consolidation of Griffith Micro Science as of May 1, 1999 and SteriGenics from July 1, 1999.

The essential contribution to this sector comes from the Sterilization & Ionization services, the major part of which is realized by the Business Unit “America Operations”, which comprises four activities:

- sterilization of medical equipment, predominant in terms of sales figures,
- analytical laboratory services,
- cold food pasteurization,
- enhancement of material characteristics.

For this Business Unit, the year 2000 was marked by intensified competitive pressure, resulting from the installation by competitors in certain regions of the United States of new medical equipment sterilization capacities, which has led to reduced margins. The Business Unit has however successfully concluded the

operational and administrative integration of the North American entities of Griffith and SteriGenics.

In the area of food safety, where all forecast studies confirm the major market potential represented by cold pasteurization of food using X-rays or e-beam, IBA made considerable commercial and marketing investments in 2000, constituting a dedicated team and forging the partnership with Ecolab for marketing cold food pasteurization services using X-rays or electron beam. The “Food Safety” Division has also set up, at the site of the RDI subsidiary at Long Island, NY, a test center enabling industrial food producers to test X-ray pasteurization on their products. This center has permitted validation of the quality of IBA’s technology in this promising new field.

These voluntarist efforts have inevitably weighed on the operating result since no significant income is expected in this field before at least two to three years. These efforts are, however, considered indispensable for developing the market and preparing the Group to take a major position in this market. These efforts were substantiated in part at the beginning of 2001 by the agreement signed with AmeriCold Logistics for construction of a food pasteurization center within a cold storage plant, the largest in the USA, in the state of Missouri.

Significant investments have been made in industrial Sterilization & Ionization not only in the USA, but also in Europe and Asia, with the opening in Thailand of a center offering the two technologies gamma radiation and electron beam radiation.

Sales of equipment (Rhodotrons produced by the Louvain-la-Neuve site and Dynamitrons constructed by the Radiation Dynamics Inc., acquired in 1999) were on the other hand down on 1999, which has led to a review of the marketing organization. This situation should be energized by the arrival of Betaline, a self-shielded medium-capacity electron accelerator, intended for industrial customers wishing to integrate irradiation into their manufacturing process, in the areas of food-processing, disposable medical products and material enhancement. The Betaline is scheduled to be launched during 2001 and represents an extremely interesting complement to IBA's current range of solutions.

Medical sector

The Group's activities in the Medical sector generated a sales figure of 72.5 million EUR, up nearly 50% on 1999 (48.6 million EUR). They consist at this time essentially of equipment sales, the part achieved by the production and sale of radioisotopes remaining marginal for 2000.

Radiotherapy

In the area of cancer radiotherapy, the year 2000 saw a continuation of IBA's major efforts to finalize the development of the software for the proton therapy system sold to the Massachusetts General Hospital in Boston. These efforts, which mobilized significant Group resources, enabled completion of the file for clearance of the system, which was then submitted to the Food and Drug Administration (FDA), whose approval is a sine qua non for the commercialization of the system in the USA. The system developed by IBA has attracted considerable interest over a long period in the international medical com-

munity and several proton therapy center projects, in the USA and the rest of the world, are currently being actively negotiated by IBA. Orders for the proton therapy system constitute a major factor of the Group's immediate growth, and the acquisition of PTCA, which will be covered in greater detail at a later stage of this Management Report, enables IBA to position itself as a potential partner for the large American medical institutions.

The Business Unit "Advanced Radiotherapy" also experienced considerable marketing success with the sale of three top-of-the-range conventional MM 50 radiotherapy systems to a hospital in mainland China.

In the field of dosimetry, in which IBA is a world leader with about a third of the market following the acquisition in 1999 of Wellhöfer, activities were sustained with a high level of new orders.

Radioisotopes

The Business Unit "Radioisotopes" experienced a very good year in terms of new equipment orders, including the sale of a Cyclone 30 to the Korean Cancer Center Hospital and several PET cyclotrons.

As announced, IBA has also intensified its downstream development efforts in the production and distribution of radioisotopes, more particularly of FDG or F18 fluorodeoxyglucose, which is the most frequently used radiopharmaceutical in Positron Emission Tomography (PET), a medical imaging technique in full expansion. The FDG production centers in Lyons and Milan, the construction of which was decided in 1999, will soon be operational. IBA is waiting for permission to market FDG in the European Community.

However, the major and very recent development in this field is IBA's acquisition, in February 2001, of an 80% share in Eastern Isotopes, the American leader in the pro-

duction and distribution of FDG, the market for which in the USA is hugely expanding due to the rapid increase in the number of reimbursed applications. Based in Sterling, Virginia, Eastern Isotopes owns six distribution centers for pharmaceutical products used in positron emission tomography and single photon emission computed tomography (or SPECT). With more than 100 employees, Eastern Isotopes intends to accelerate its development with the aid of technological and financial support from IBA, scheduled to deliver Eastern Isotopes several cyclotrons starting this year. Eastern Isotopes will be entirely consolidated into the Group's accounts for the 2001 Financial Year. IBA is holding an option to buy the balance of the Eastern Isotopes capital in a few years time.

The project of cooperation with Syncor for FDG distribution, already announced in February 2000, has not materialized, since the two partners were unable to reach agreement on the practical conditions of their partnership.

In the field of brachytherapy, development work for a new machine intended to produce palladium 103 (Pd-103) was continued throughout the financial year. This cyclotron, the expected performance of which is far higher than that of the previous generation, will be installed in a dedicated center in Fleurus, Belgium, and will be operated in partnership with the Institute of Radio-elements (IRE). The cyclotron should be operational at the beginning of 2002.

Still in the field of brachytherapy, IBA acquired during the financial year 2000 a share, now at 46.1%, in the capital of the company RadioMed. This investment is the subject of specific comment at a later stage.

SHARES ACQUIRED IN THE COURSE OF THE FINANCIAL YEAR

Shares acquired in RadioMed Corporation

During the second half of 2000, IBA acquired a minority share, progressively increased to 46.1%, in the capital of

RadioMed Corporation, a young company based in Massachusetts, near Boston. The revolutionary concept invented and patented by RadioMed consists of a new generation of radioactive implants in the form of a wire of palladium produced by the irradiation of a wire of rhodium by a cyclotron. RadioMed was granted FDA approval for its first product intended to treat cancer of the prostate at the end of the year 2000. This acquisition represents a major strategic downstream development for IBA, which has adapted the cyclotron to be installed in Fleurus to meet the particular requirements of this project. IBA is holding options enabling it to take majority control and finally to buy all the shares of RadioMed. RadioMed has been incorporated in the IBA accounts by the equity method since August 1, 2000, income being taken into account according to the successive percentages of the IBA participation.

Acquisition of PTCA and transactions concluded with Tenet Healthcare Corporation in May 2000

On May 31, 2000, IBA bought from the Tenet Healthcare Corporation (Tenet) the activities exercised by the Proton Therapy Corporation of America (PTCA), a Tenet subsidiary. These had previously been transferred to a new company that took the name PTCA.

These activities aimed to develop proton therapy centers for cancer treatment in the USA, based on the use of equipment designed and manufactured by IBA. In this context, PCTA had entered into a contract with IBA in 1997 concerning the delivery of three proton therapy systems, and benefitted from exclusivity in the USA for the sale of the proton therapy equipment built by IBA. This contract was de facto cancelled by the acquisition of PTCA, and the exclusivity clause restricting IBA's market potential suppressed for the same reason.

The transaction concluded between IBA and Tenet also included the acquisition by IBA Investments SCRL (an

indirect subsidiary of IBA SA) of about 1% of IBA's capital at a below-market rate, and the payment by Tenet of a contractual contribution intended to cover PTCA's operating expenses until the end of 2001, justified by the fact that PTCA, being a developing organization, would not be generating income prior to the operational start-up of a proton therapy center.

This contribution, amounting to a total of 3.4 million EUR, is included in the results pro rata temporis over the period June 1, 2000 to December 31, 2001. This has enabled compensation of the operating costs for PCTA in 2000 to the tune of 1.25 million EUR, listed in the accounts as "Other operating income".

Concomitant with these operations, Tenet has concluded an agreement with IBA's shareholder of reference Belgian Anchorage to sell the remainder of its share in IBA (about 10% of the capital), the transferability of which was restricted by shareholder agreements binding Tenet to the other members of IBA's stable shareholders. The IBA Board of Directors has been kept informed of the discussions between Belgian Anchorage and Tenet, and of Tenet's requirements in terms of the operational timetable.

The Board of Directors, that includes independent directors, judged that the transaction between IBA and Tenet was concordant with the Company's strategy and in its best interests, and approved this operation unanimously. Thus, the suppression of the exclusivity clause binding IBA to PTCA/Tenet has already enabled IBA to secure promising contracts with university hospitals featuring among the most reputable in the USA, with a view to developing proton therapy centers in partnership with them. Nevertheless, the implementation of these projects depends on the approval by the American Food and Drug Administration (FDA) of IBA's proton therapy system, the prototype of which is nearing the end of its installa-

tion at the Massachusetts General Hospital, a hospital associated with Harvard University. The recent developments in proton therapy, and in particular the completion of the file for FDA approval which enabled its submission to be made at the beginning of March 2001, support the validity of the Group's development strategy in this field.

Research & Development

At the heart of IBA's strategy, which is based on the development of its unequalled expertise in particle accelerator technology, Research & Development was the subject of even more sustained efforts in 2000. R&D costs thus amounted to 20.8 million EUR in comparison with 11.9 million EUR in 1999 (before capitalization). These costs covered not only the entire range of existing Group products and processes, with a view to enhancing them still further and thus preserving IBA's leadership position, but also the development of innovative solutions. It should however be remembered that IBA does not carry out any fundamental research, and that its R&D efforts aim to focus on an ever more competitive commercial offering and source of added value for both the Group and its customers.

The main effort in R&D was focused, however, as mentioned earlier, on the continued development of the proton therapy system at the Massachusetts General Hospital, which occupied numerous internal and external resources. The Board of Directors judged that the R&D efforts undertaken by IBA in the field of proton therapy and the allocation as assets of the expenses incurred in this context (for a net amount of 9.9 million EUR for the financial year 2000, bringing the total assets to 14.7 million EUR at December 31, 2000, in keeping with the Group's accounting rules, were justified by its confidence both in the prospects of this market and in the particular advantages that IBA has for making a profitable sale.

Organization of the Group

During fiscal 2000, the Group was completely reorganized. The Group adopted a decentralized structure by means of Business Units, each addressing specific market segments with an offering combining services and equipment as required. The Group comprises a total of five Business Units:

- "S&I America Operations", headquartered in Chicago, USA
- "S&I Europe, Middle-East, Africa & Asia", based in Herentals, Belgium
- "Advanced Radiotherapy", based in Uppsala, Sweden
- "Radioisotopes" and "Technology Group", both based in Louvain-la-Neuve, Belgium.

Jean-Claude Delobel, the former General Manager of Cockerill Sambre, joined the Group in March 2000 as Chief Executive Officer and Managing Director. The Presidents of the Business Units are responsible to the Chief Executive Officer for their entity's performance. Furthermore, the support functions at Corporate level, (finance, controlling, information systems, human resources, business development, communication and research) are assumed by a select team of managers who also report to the CEO.

The Executive & Strategic Committee consists of the four Managing Directors: Pierre Mottet, Chairman of the Executive & Strategic Committee, Jean-Claude Delobel, CEO, Yves Jongen, the founder of IBA and Chief Research Officer, and Eric de Lamotte, who was Chief Financial Officer until June 2000.

Corporate Governance

Concerned to apply recent recommendations in terms of Corporate Governance, the Company has statutorily imposed a balance within the Board of Directors between independent directors, executive directors, and directors representing the shareholders.

The Board of Directors met on six occasions in the course of the year 2000, and its composition is given in the documents appended to this report.

Remuneration for exceptional service rendered by the statutory auditors

The college of auditors, composed of the companies PricewaterhouseCoopers Reviseurs d'Entreprises S.C.C.R.L. and Nevens & Co. S.C.P.R.L., accomplished in the course of the financial year missions of advice and assistance, mainly in the context of the adoption of an international accountancy referential, and was remunerated by emoluments of 111,000 EUR. A company with which one of the auditors has professional connections provided fiscal advice that was remunerated by fees amounting to 188,000 EUR.

Shareholders and warrants

In January 2000, in the context of the capital authorized by the extraordinary General Meeting of May 12, 1999, IBA proceeded with an increase in capital for an amount of 170.2 million EUR by issuing 3,700,000 shares at 46 EUR. The priority right of existing shareholders was suppressed, but they benefited from a right of priority allocation equal to one new share per five shares held.

This operation led to an increase of the public shares in IBA's capital, with the company's float now representing around 52%.

The distribution of voting rights among the shareholders of reference who are party to a shareholders' pact was modified in June 2000 by the complete departure from IBA's capital of the Tenet Healthcare Corporation (Tenet), an American company that became an IBA shareholder in 1997. This modification in IBA's shareholder structure did not have any major consequences on the weight of the leading shareholders within IBA, the main part of the shares relinquished by Tenet having been acquired by

Belgian Anchorage, the holding company composed of the founders and employees of IBA, and by the IRE, another member of the shareholders' pact with Tenet.

This operation and its context have been described in greater detail earlier.

Following this operation, the distribution of IBA's capital, established from the latest Transparency Declaration dated June 6, 2000, was as follows:

Distribution of capital	Actions	%
Belgian Anchorage / Belgian Leverage ⁽¹⁾	9,140,840	37.5%
Catholic University of Leuven (UCL) ⁽¹⁾	532,885	2.2%
Sopartec ⁽¹⁾	941,185	3.9%
Institut National des Radioéléments ⁽¹⁾ (Shareholders acting together)	827,200 11,442,110	3.4% 47.0%
IBA Investments SCRL (2)	399,327	1.6%
Public	12,528,181	51.4%
Total (at December 31, 2000)	24,369,618	100.0%

(1) Transparency Declaration at June 6, 2000

(2) Number of shares held at December 31, 2000. At June 6, 2000, IBA Investments held 255,225 IBA shares

A warrants plan (subscription rights) reserved for IBA personnel was initiated in June 2000, within the limits of authorized capital, in order to foster loyalty and motivation among IBA employees by enabling them to benefit from the Group's growth prospects. A total of 427,000 warrants were thus issued, of which 380,450 were allocated at the end of fiscal 2000, with almost all of them allocated in June at a price of 28 EUR. Furthermore, 363,507 warrants issued in 1998 remain unexercised at the end of 2000, the majority of them having been issued at an exercise price of 4.29 EUR.

IBA held at December 31, 2000, via the IBA Investments SCRL company controlled indirectly at 100%, a total of 399,327 of its own shares, mainly acquired in the transaction with Tenet described elsewhere but also from buying on the stock market. It should be noted that most of

these shares were relinquished after the closure of the financial year, being offered as payment to the shareholders of Eastern Isotopes at the time of the acquisition of that company in February 2001.

General outlook for 2001

The Group's objective for fiscal 2001 is to enhance the profitability of its various activities by continuing, and if necessary intensifying, the optimization measures defined and implemented in the course of the year 2000.

This year will also be a decisive year in the field of proton therapy. The Group is thus expecting to see its efforts of recent years come to fruition both at the regulatory level by obtaining FDA approval and in terms of sales.

The production and distribution of radioisotopes will be a driving element for vigorous growth in the coming years, thanks in particular to the acquisition of Eastern Isotopes and of RadioMed.

IBA also wishes to provide innovative solutions and to take a leadership position in markets of longer-term development, particularly food pasteurization.

These activities will require sustained investment, and thus mobilization of the Group's financial resources, before making any significant contribution to the growth of profits. Nevertheless, thanks to strengthening its organizational structure and its financial resources during the last financial year, IBA is confident of its ability to prepare the conditions for its long-term growth.

CORPORATE GOVERNANCE, MANAGEMENT AND CONTROL

FUNCTIONING OF THE BOARD OF DIRECTORS

In compliance with recommendations regarding practices to be observed in matters of Corporate Governance, the company's Articles of Association were modified by the October 18, 1999 extraordinary General Meeting with a view to achieving a balanced representation within the Board of Directors of independent Directors, executive Directors and other Directors.

Henceforth, the Board of Directors must be made up for at least one third of its members by independent Directors nominated on the basis of proposals by a Nominations Committee formed within the Board of Directors, and for at least one third of its members by Directors nominated on the basis of proposals by the Executive and Strategic Committee.

Other Directors are freely nominated by the General Meeting under the proviso, however, that among these other Directors no more than two members shall be directly or indirectly related to the same shareholder or to a company or person related to said shareholder.

These new provisions will be in effect as of the conclusion of the ordinary General Meeting held on May 10, 2000.

At December 31, 2000, the Board of Directors was composed of Messrs. Pierre Mottet, Jean-Claude Delobel, Yves Jongen and Eric de Lamotte in their capacity as executive Directors, Messrs. Jean Stéphane, Jacques de Vaucleroy, Peter Vermeeren and Arthur Janta-Polczynski as independent Directors and the Institut National des Radioéléments (IRE) represented by Mrs Nicole Destexhe, Messrs. Philippe de Woot de Trixhe, Olivier Ralet and Ferdinand d'Oultremont as other Directors.

The mandates of Messrs. Jean Stephenne, Arthur Janta-Polczynski, Peter Vermeeren, Jacques de Vaucleroy, Jean-Claude Delobel, Pierre Mottet and Eric de Lamotte will terminate at the General Meeting deciding on the 2003 accounts. The mandate of Mr Olivier Ralet submitted for

ratification to the General Meeting of May 9, 2001, will terminate at the General Meeting deciding on the 2004 accounts. The mandates of Messrs. Philippe de Woot de Trixhe, Yves Jongen and Ferdinand d'Oultremont and that of the Institut National des Radioéléments (IRE) will expire at the General Meeting deciding on the 2001 accounts.

Together, the Directors hold directly 881,974 IBA shares and 105,200 warrants allowing them to subscribe to IBA shares. The total amount paid by the Group to the members of the Board of Directors in payment for the functions performed or services rendered amounted to EUR 1,049 thousand for fiscal 2000.

The Board of Directors is empowered to execute all actions that are necessary or useful in order to fulfil the objective of the company, except those reserved by law or by the Articles of Association to the General Meeting.

The Board of Directors may make decisions only if a majority of its members is present or represented. Its decisions are based on majority votes. In the event of a tie, the vote of the Chairman or of his substitute shall prevail.

If a legal person is nominated Director, it shall designate a natural person through whom it shall exercise its mandate (article 12 of the Articles of Association).

In exceptional cases duly justified by urgency and the need to serve the interests of the company, the decisions of the Board of Directors may be taken by unanimous consent of the Directors expressed in writing. This procedure however, may not be invoked to approve the annual accounts or release authorized capital.

In its acts, including those involving the participation of a public official or a Ministry official, and in the law courts, the company is represented by two Directors acting jointly, who will not be required to justify vis-à-vis third parties any previous decision made by the Board of Directors.

The Board of Directors meets as and when it is necessary and at least four times a year. The most significant subjects that are debated include the situation of the markets, the strate-

gies deployed, technological developments, financial evolution as well as matters concerning human resources.

Reports on the subjects discussed by the Board of Directors are communicated in advance to non-executive Directors so that they may exercise their expertise in full knowledge of the facts.

In order to follow the evolution of the activities of subsidiaries and of companies in which IBA has an equity stake, the members of the Executive and Strategic Committee are represented on the Boards of Directors of subsidiaries. The presidents of the Business Units report directly to the Chief Executive Officer.

The Remuneration committee, created by the Board of Directors, elaborates plans to remunerate the members of the Executive and Strategic Committee and stock option plans in favor of all members of the company.

There have been no unusual transactions or loans accorded by IBA to members of the Board of Directors or the Executive and Strategic Committee.

DAY-TO-DAY MANAGEMENT

The Board of Directors may delegate day-to-day management as well as the representation of the company as regards such management to one to several managers or officers.

It nominates and revokes the persons delegated to carry out these tasks, which may be chosen from within or outside the Board, decides their remuneration and establishes their attributions.

The Board of Directors and the persons delegated to carry out day-to-day management may also devolve, within the framework of this task, special and defined powers to one or several persons of their choosing.

There is an Executive and Strategic Committee comprising Jean-Claude Delobel (Chief Executive Officer),

Pierre Mottet (Chairman of this committee), Yves Jongen (Chief Research Officer) and Eric de Lamotte (former Chief Financial Officer of the Group until June 2000) who are Directors on IBA's Board.

The Group's Management Committee, chaired by the Chief Executive Officer, consists of the managers holding the Corporate functions (finance, business development, controlling, communication, human resources, information systems, research and development) and the five Business Units.

The salaries paid by the Group in 2000 for the positions held and the consultancy services rendered by the members of these two Committees (16 persons in all) amounted to a total of 2,100 thousand EUR.

SHAREHOLDER PACT ACTING TOGETHER

IBA's major shareholders – Belgian Anchorage, UCL, Sopartec and I.R.E. – who have declared that they are acting jointly, concluded a shareholder pact expiring in 2003 by which they commit to maintain together a substantial stake in IBA's equity. The total equity held by these shareholders on the date of the last transparency declaration of June 6, 2000 amounted to 11,442,110 shares, representing 47.3% of the stock and 47.8% of the company's voting rights.

There are no other relations or particular arrangements between shareholders.

AUDITORS

The General Meeting in May 2000 appointed PricewaterhouseCoopers, Reviseurs d'Entreprises S.C.C.R.L as company auditor in cooperation with Salustro Triest Vleck S.C.P.R.L. (formerly Nevens & Co.). The fees paid to the auditors for the work of auditing the statutory accounts of IBA SA, the Group consolidated accounts and the accounts of the Belgian subsidiaries within the perimeter of consolidation amounted to a total of EUR 66,620 for fiscal 2000.