

## Press release

### 2005 Half Year Results: IBA confirms good results

Embargo until 5:40 pm (Belgian time) – September 15, 2005

- **Positive results for three consecutive half years**
- **€5.3 million in profit**
- **10.5% increase in sales**

LOUVAIN-LA-NEUVE, BELGIUM, September 15, 2005 – IBA (Ion Beam Applications S.A.: Reuters IOBAAt.BR and Bloomberg IBAB.BB) announced today its consolidated results for the half year ending June 30, 2005 in accordance with the new international reporting standards (IFRS) for the first time. Data for 2004 were reprocessed to ensure full compliance.

#### 1. HIGHLIGHTS

The company confirmed its recovery and recorded its third consecutive half-year with substantially positive results of €5.3 million and an increase in revenue by 10.5%, compared with the same period last year, under similar perimeter Gross margin reached €22.1 million, up 3% compared with 2004, confirming the successful refocusing on cancer diagnosis and treatment.

Net results amounted to €5.3 million.

#### Highlights for the first half-year at operational level:

- January:
  - American Positron Emission Tomography (PET) network extended with purchase of two additional centers
- February:
  - Constitution of joint venture with Schering to extend FDG network in Italy
  - Reimbursement of €76,4 million to shareholders in share premiums, as of February 1
- June:
  - Opening of proton therapy center by IBA in Zibo, China
- In course of half year:
  - Orders for 6 PET cyclotrons and a system for treating certain cancers (BNCT)
  - I<sup>m</sup>RT MatriXX product launch welcomed in Dosimetry market
  - Additional openings of FDG centers in Europe (Belgium, Italy, UK) and in Asia (India) through various joint ventures.

## 2. DETAILED RESULTS

### Operating income

During the first half year 2005, the Group's revenues grew by more than 10.5% compared with the same period last year, in spite of the depreciation of the Dollar against the Euro by more than 4.8%.

	First half year 2005 at 2005 rate (€000)	%	First half year 2004 at 2004 rate (€000)	%	Variation at current rates %
Technology & Equipment	43,560	67%	40,471	69%	7.6%
Radioisotopes	<u>21,239</u>	33%	<u>18,160</u>	31%	17.0%
<b>Consolidated Group</b>	<b>64,799</b>		<b>58,631</b>		<b>10.5%</b>

The average \$/€ exchange rate for the first half year 2005 amounted to \$1.2863 for €1 compared with \$1.2275 a year earlier. A 12.6% growth would have been recorded at fixed exchange rate. Radioisotopes is the segment most impacted by the fluctuation of the Dollar, as a large share of its revenue results from sales of FDG markers in the US. Growth for this segment would have amounted to 22.1% at fixed rate compared with 17.0% at actual rate.

### Operating result

The gross margin reached €22.1 million, up slightly (3%), compared with 2004. This results from a significant improvement of the gross margin on recurring revenue and mainly in the FDG segment (+22% at actual rate and +27% at fixed rate) that more than compensated the 2004 contribution by €3.8 million for inventory margin capitalization generated by the order of a Proton Therapy system in Florida.

Marketing costs increased 22.3%, resulting from major investments by the company in the scope of its commercial repositioning following its refocusing on activities linked to cancer diagnosis and treatment. In addition, the company has continued investing in R&D (+19.7%) to strengthen and increase its technological edge.

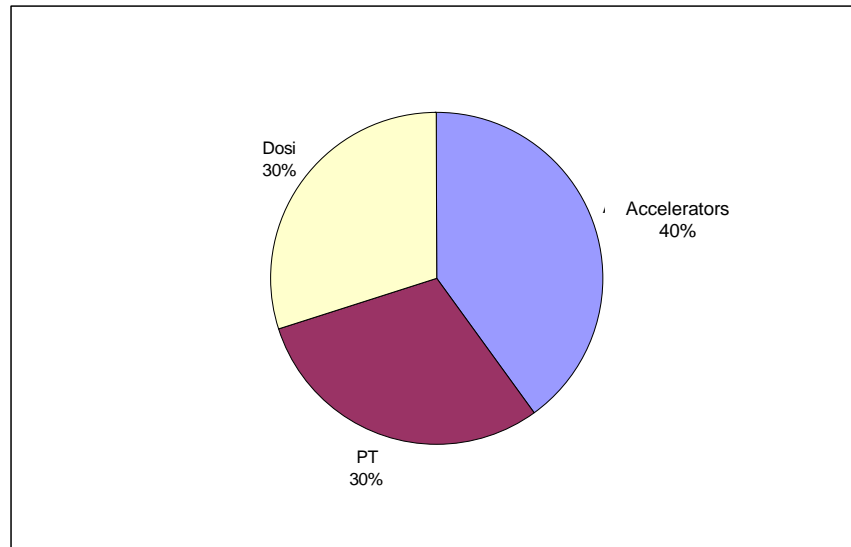
Therefore the Group's operating result before recurring charges amounted to €3.6 million, down by €1.3 million. However, it has increased by 70% compared with the second half of 2004 (€3.6 million in 2005 compared with €2.0 million in 2004).

This result is better understood in the light of key events in each business segment.

### Technology & Equipment

- **Excellent sales of PET cyclotrons (6 orders)**
- **Second IBA Proton Therapy system operated by client (China)**
- **Two Proton Therapy systems being implemented (Korea, USA)**
- **Sale of BNCT system in Japan**
- **Excellent results upheld in Dosimetry**

The Technology and Equipment division includes mainly particle accelerators (such as the Rhodotrons , Dynamitrons and cyclotrons), protontherapy and dosimetry.



The Technology and Equipment division recorded a growth of approximately 8%, although no new Proton Therapy systems orders were received in the first half of 2005:

- In Proton therapy, the first half-year was characterized by intense activity in terms of system installation. IBA is gaining ground over its competitors in terms of geographical coverage with the opening of a center at the Wanjie Tumor Hospital of Zibo, China, and the concurrent installation of a system in Seoul, Korea, and in Jacksonville, Florida, USA.
- The dosimetry business has continued recording strong growth with the launch of new products and signing of OEM-type supply agreements with leading players of the medical diagnosis and radiotherapy sector.
- Sales of PET accelerators have been strong with 6 orders in the first half-year, as opposed to only 5 for the whole of 2004.
- With the sale of its BNCT system in the first half-year, IBA has regained its position on the cutting edge of cancer treatment and diagnosis.

### **Radioisotopes Division**

- **Positive operating results in molecular Imaging (FDG)**
- **Extension of US Network**

The Radioisotopes area comprises the activities of production and distribution of FDG (F-18 fluorodeoxyglucose, a radio-pharmaceutical product used in medical imaging) and the development of new products of brachytherapy intended mainly for prostate cancer treatment.

FDG Production and Distribution has once more recorded significant growth, mostly in the US with an increase in volume by 36% partially offset by a fall in prices by 9%.

Overall, in this segment, IBA achieved revenues of €21.1 million, up 17% at actual rate and 22% at fixed rate.

In January 2005, with the acquisition of two additional centers in Texas and New Mexico, IBA widened its American network to nine FDG production centers. IBA also owns two production sites in Europe (including a joint venture with Schering AG) and is currently installing six additional sites in the scope of joint ventures in Europe and one in India.

In the Brachytherapy segment, IBA has made considerable headway in addressing technical issues that have prevented it from fully marketing the implant designed for treating prostate cancer. Delivery of implants to clients should restart during the second half year. In addition, IBA is still in talks with partners to make this activity successful in the US.

Finally, given uncertainties regarding the profitability of the Fleurus center, used for producing radioisotopes, notably palladium, the Board of Directors has decided to proceed with the exceptional amortization of most of the site's equipment.

### **Non-recurring charges**

In order to improve readability, the company has decided to separate its recurring from its non-recurring charges. Non-recurring charges are defined as follows:

- Charges and income resulting from selling shares but that do not meet the IFRS criteria defining a "discontinued operation".
- Costs from non-commercial litigations not initiated by the company and for which it is therefore in a position of defender.
- Major write downs decided based on an "impairment test".

For the first half year 2005, other non-recurring charges and income amounted to €4.7 million.

They are mainly constituted, in the amount of €4.6 million, of charges resulting from the exceptional depreciation of the Belgium assets linked to the Fleurus site.

The remaining non-recurring charges (€0.1 million) are constituted by expenses resulting from the Optivus dispute, in the amount of €1.4 million, as discussed below, and by the income from the joint venture with Schering AG in Italy. IBA sold 50% of its share in its subsidiary IBA RI, which gave rise to a gain of approximately €1.3 million in the balance sheet.

For the same period in 2004, recalculated in accordance with IFRS standards, expenses linked to this definition (only constituted by legal expenses resulting from the Optivus dispute) amounted to €1 million.

Also, all impact by the Sterilization division (including non-operational effects different from those set forth in the BE GAAP) is summarized in the "Profit/(Loss) of discontinued operations for the period" item.

For the first half year, IBA recorded a profit of €8.7 million. IFRS showed income of €8.6 million that was not accounted for in the Income Statement but directly in the Balance Sheet, in accordance with Belgian accounting standards. Statements for the first half year 2004 were recalculated in the same way and show income of the same type in the amount of €3.2 million, to which is added an exchange profit of €3.6 million resulting from the repatriation of funds from the sale of the S&I business.

In addition, whereas, for the first half of 2004, the company was still subject to considerable interest charges resulting from the \$115 million syndicated loan, its reimbursement in June 2004 and the management of the remaining cash surplus after the capital was reimbursed in February, enables the net interest charge to drop from €1.2 million for the first six months of 2004 to less than €0.1 million for the same period in 2005 (interest income compensating charges linked to existing loans).

Therefore, financial income amounts to €8.7 million as opposed to €4.5 million one year earlier.

## **Income Taxes**

Most of tax expenses recorded for the first half of the 2005 fiscal year are constituted of deferred tax liability movements that do not have an impact on the Group's cash flow. Current tax expenses for the year amount to €0.7 million whereas as the deferred tax expenses amount to €1.2 million.

## **Net Result**

With a Net Result of €5.3 million, IBA has consistently posted positive results since selling its Sterilization & Ionization (S&I) business in June 2004 and refocusing on cancer diagnosis and therapy.

## **3. MISCELLANEOUS**

### **Optivus Dispute**

Since August 2002, Optivus Technology, Inc. (Optivus) and IBA have been involved in a legal dispute over several issues linked to Proton therapy. At the end of 2004, the United States District Court for the Central District of California dismissed Optivus' claim for unfair competition. By a decision of March 13, 2005, the same court declared the nullity of two of the five patents which Optivus is claiming to have been counterfeited by IBA. In June 2005, IBA was successful in convincing Optivus to purely and simply desist from these remaining claims and the claim pending in first instance has accordingly been dismissed without prejudice.

However, in August 2005, Optivus filed an appeal against the December 2004 and March 2005 decisions of the Court. In principle, a resolution is not expected before the second half of 2006. As a reminder, the parties have also agreed that a new district court trial before a jury could only be filed if the magistrate in charge of the appeal would reverse the December 2004 or March 2005 decisions in whole or in part.

IBA continues to maintain that Optivus' claims were and are without merit.

### **Subsequent Events**

Late August 2005, IBA purchased 4 centers from the American company Pharmalogic and, further to this acquisition, now owns 13 centers for the production of PET radiopharmaceutical products (Positron Emission Tomography) from the East to the West coast of the US. IBA intends to continue its expansion by offering PET markers throughout most of the US territory.

During the summer 2005, IBA sold a fourth Rhodotron to its Asian client, following the three sold at the end of November 2004. Like the other three, the Rhodotron will be installed in Asia and used to sterilize medical products by electron beam accelerators.

### **Capital Decrease**

It should be noted that following the Company's reevaluation of its markets and strategy, IBA reduced its shareholder equity in the amount of €76.4 million, equivalent to €3.10 per share, that were distributed to shareholders on February 1, 2005.

### **Balance Sheet Structure**

In spite of repaying share premiums in the amount of €76.4 million, acquiring two FDG production centers in the US and further investments in the European and Asian markets, the Group's net cash position remained significantly positive at €37.0 million. It breaks down as €59.7 million in cash and €22.7 million in debts.

The restricted cash (mainly in the scope of selling the S&I business) dropped from €17.4 million for the previous period to €8.5 million, as no disputes have arisen to date regarding the transaction.

### **Adoption of IFRS standards**

Like all listed European companies, IBA will publish, as from 1 January 2005, its consolidated accounts in accordance with the IFRS (International Financial Reporting Standards) standards, including comparative data relating to the 2004 financial year.

The company's consolidated accounts are available on its website: [www.iba-worldwide.com](http://www.iba-worldwide.com).

### **Agenda**

Publication of annual results ended December 31, 2005	March 16, 2005
2006 Annual General Meeting	May 10, 2006, at 10:00 AM
Publication of mid-year results ending June 30, 2006	September 14, 2006

### **Auditor's report**

The statutory auditor, PricewaterhouseCoopers – Reviseurs d'Entreprises, represented by Jean Fossion, has carried out a limited review of the consolidated interim financial statements which are available on IBA's website. This review has been performed in accordance with the standards of the "Institut der Bedrijfsrevisoren/Institut des Reviseurs d'Entreprises". These Standards require that the review is planned and performed to obtain moderate assurance about whether the consolidated financial information is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit.

Based on this review, nothing has come to statutory auditor's attention that causes him to believe that the accompanying consolidated interim financial statements have not been properly prepared, in all material respects, in accordance with the basis of preparation included in these statements. Without qualifying his opinion, the statutory auditor draws attention to Note 8 of the consolidated interim financial statements (8.6. Contingencies), which describes the claim filed against the company by Optivus Technology, Inc. (Optivus), and to the basis of preparation in Note 1 to the consolidated financial statements which indicates that the IFRS standards and IFRIC interpretations that will be applicable at 31 December 2005, including those that will be applicable on an optional basis, are not known with certainty at the time of preparing this interim financial information.

A full version of the statutory auditor's report is available on the IBA's website.

## **4. PROSPECTS**

The company is confident it can achieve better results, according to IFRS standards, in 2005 than in 2004, according to Belgian GAAP standards, at fixed rate and under similar conditions, i.e. more than € million.

The positive results of the first half year 2005, following two positive half yearly statements, support the company's decision to refocus on cancer diagnosis and therapy. IBA regained its leading position in the field, following a successful commercial repositioning, improved product range and efficient sales strategy.

## **ABOUT IBA**

IBA delivers efficient, dependable solutions of a unique precision in the fields of cancer diagnosis and therapy. The company also offers innovative responses to improve the efficacy, hygiene and safety of everyday life through sterilization and ionization solutions. IBA is listed on the pan-European stock exchange EURONEXT, is integrated into the NextEconomy market segment and belongs to BelSmall index.

Website: <http://www.iba-worldwide.com>

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## Selected Key Figures

Notes	June 30, 2005 (EUR '000)	June 30, 2004 (EUR '000)
Sales and contracts revenue	64.799	58.631
Cost of sales and contracts costs	42.734	37.154
<b>Gross profit/ (loss)</b>	<b>22.065</b>	<b>21.477</b>
Selling and marketing expenses	5.817	4.757
General and administrative expenses	8.209	7.761
Research and development expenses	4.994	4.171
Other operating (income)/ expenses -net	-507	-78
<b>Recurring expenses</b>	<b>18.513</b>	<b>16.611</b>
<b>Recurring profit/ (loss)</b>	<b>3.552</b>	<b>4.866</b>
Other non-Recurring (income)/ expenses - net	4.701	1.019
Finance (income)/ expenses - net	-8.668	-4.457
<b>Profit/ (loss) before tax</b>	<b>7.519</b>	<b>8.304</b>
Income taxes	1.864	168
<b>Profit/ (loss) for the period from continuing operations</b>	<b>5.655</b>	<b>8.136</b>
Profit/ (loss) for the period from discontinued operations	-54	6.446
Share of result of companies accounted for using the equity method	-265	-83
<b>Profit/ (loss) for the period</b>	<b>5.336</b>	<b>14.499</b>

	June 30, 2005	December 31, 2004
Notes	(EUR '000)	(EUR '000)
<b>ASSETS</b>		
Goodwill	20.309	17.614
Intangible assets	2.120	1.434
Property, plant and equipment	28.098	27.705
Investments accounted for using the equity method	1.598	1.000
Deferred tax assets	18.459	18.168
Trade receivables and prepayments	816	391
<b>Non-current assets</b>	<b>71.400</b>	<b>66.312</b>
Inventories and contracts in progress	30.335	32.240
Trade receivables	31.703	21.401
Other receivables and prepayments	2.800	3.563
Cash and cash equivalents	59.747	139.594
<b>Current assets</b>	<b>124.585</b>	<b>196.798</b>
<b>Total assets</b>	<b>195.985</b>	<b>263.110</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	34.883	34.605
Share premium	198.887	275.279
Treasury shares	-256	-256
Fair value and other reserves	469	745
Cumulative translation differences	-45	3.052
Retained earnings	-129.106	-134.786
<b>Capital and reserves attributable to Company's equity holders</b>	<b>104.832</b>	<b>178.639</b>
<b>Minority interests</b>	<b>50</b>	<b>50</b>
Long term financial debts	17.746	16.612
Deferred tax liabilities	86	90
Provisions	8.421	8.162
Other liabilities	10.714	8.224
<b>Non-current liabilities</b>	<b>36.967</b>	<b>33.088</b>
Short term financial debts	4.971	3.750
Derivative financial instruments	1.824	0
Trade payables and accruals	45.439	45.204
Income tax payables	606	887
Other payables	1.296	1.492
<b>Current liabilities</b>	<b>54.136</b>	<b>51.333</b>
<b>Total liabilities</b>	<b>91.103</b>	<b>84.421</b>
<b>Total equity and liabilities</b>	<b>195.985</b>	<b>263.110</b>