

Ion Beam Applications ("IBA")

IFRS Consolidated financial statements for
the six months ended June 30, 2006

IFRS Consolidated Financial Statements

In accordance with IAS 34.7, IBA S.A. has elected to publish its interim consolidated financial statements at June 30, 2006 in a condensed format.

Structure of the IFRS interim consolidated financial statements

	Page
General information.....	3
Consolidated balance sheet.....	5
Consolidated income statement	6
Consolidated statement of changes in shareholders' equity.....	7
Consolidated condensed cash flow statement.....	8
Notes to the consolidated condensed financial statements.....	9-20

1. Financial statements – basis of preparation
2. Effect of changes in the composition of the Group
3. Critical accounting estimates and judgments
4. Segment information
5. Earnings per share
6. Other selected disclosures

General information

Ion Beam Applications s.a. (the "Company") and its subsidiaries (together the "Group" or "IBA") was founded in 1986 and is committed to technological progress in the field of cancer diagnosis and therapy and delivers efficient, dependable solutions of a unique precision. IBA also offers innovative responses to improve the efficacy, hygiene and safety of everyday life.

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

- **Radioisotope Production & Distribution** composed of production and distribution services for FDG (F-18 fluorodeoxyglucose a radiopharmaceutical used in medical imaging) and the development of advanced brachytherapy products used in the treatment of prostate cancer;
- **Technology & Equipment** 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, is integrated into the NextEconomy market segment and belongs to the BelMid index.

By adhering to this quality segment, IBA commits itself to adopting certain rules that enhance the quality of financial information provided to the market. These include:

- Making public its annual report including audited annual consolidated financial statements within three months from the end of the financial year
- Making public a half-yearly report, covering the first six months of such financial year, within three months from the end of the second quarter
- Publishing its half-year and annual consolidated financial statements under IFRS as from financial year 2005.
- Subjecting its annual consolidated financial statements to an audit performed by the its auditors in accordance with the auditing standards set forth by the International Federation of Accountants (for purposes of this Chapter 7 referred to as "IFAC") or national Generally Accepted Auditing Standards (for purposes of this chapter 7 referred to as "GAAS"), as the case may be.

These consolidated financial statements have been approved for issue by the Board of Directors on September 11, 2006. The Board of Directors of IBA is composed as follows:

- Internal Directors: Messrs. Pierre Mottet, Yves Jongen and Bayrime S.A. represented by Eric de Lamotte, its Managing Director. Mr. Pierre Mottet is Managing Director and Chief Executive Officer. His mandate was renewed at the Ordinary General Meeting of Shareholders on May 14, 2004 and will expire at the Ordinary General Meeting of 2008 deciding on the 2007 accounts. Mr. Yves Jongen is Managing Director and Chief Research Officer. His mandate was renewed at the Ordinary General Meeting of Shareholders on May 14, 2003 and will expire at the Ordinary General Meeting of 2007 deciding on the 2006 accounts. The mandate of Bayrime S.A. represented by Mr. Eric de Lamotte was granted at the Ordinary General Meeting of Shareholders on May 10, 2006 and will expire at the Ordinary General Meeting of 2008 deciding on the 2007 accounts.
- Independent Directors: Innosté S.A. represented by Mr. Jean Stéphane, its Managing Director, Mr. Peter Vermeeren, Mr. Pierre Scalliet and JJ Verdickt SPRL represented by Mr. Jean-Jacques Verdickt its General Manager were nominated as Independent Directors. The mandate of Innosté S.A. represented by Mr. Jean Stéphane was granted at the Ordinary General Meeting of May 10, 2006 and will expire at the ordinary General Meeting of 2008 deciding on the 2007 accounts. The mandate of Mr. Peter Vermeeren was renewed at the Ordinary General Meeting of May 14, 2004 and will expire at the ordinary General Meeting of 2008 deciding on the 2007 accounts. Mr. Peter Vermeeren was also nominated as Chairman of the Board, Nomination Committee and Remuneration Committee. The mandate of JJ Verdickt SPRL represented by Mr. Jean-Jacques Verdickt was granted at the General Meeting of Shareholders of May 10, 2006. He was also nominated as Chairman of the Audit Committee. The mandate of JJ Verdickt SPRL will expire at the ordinary General Meeting of 2007 deciding on the 2006 accounts. The mandate of Mr. Pierre Scalliet was renewed at the Ordinary General Meeting of Shareholders of May 10, 2006 and will expire at the Ordinary General Meeting of 2009 deciding on the 2008 accounts.
- Other directors: The Institut National des Radioéléments (IRE) represented by Mrs. Nicole Destexhe, its Chief Financial Officer and Olivier Ralet BDM SPRL represented by Mr. Olivier Ralet, its General Manager. IRE's mandate was renewed at the Ordinary General Meeting of Shareholders on May 14, 2003 and will expire at the Ordinary General Meeting of 2007 deciding on the 2006 accounts. The mandate of Olivier Ralet BDM SPRL represented by Mr. Olivier Ralet was granted at the Ordinary General Meeting of Shareholders of May 10, 2006 and will expire at the Ordinary General Meeting of 2009 deciding on the 2008 accounts.

IBA Board of Directors operates within the guidelines defined in its Charter of Corporate Governance as approved by the Board session of May 11, 2005. A copy of it can be found on the IBA website (www.iba-worldwide.com).

Consolidated Balance Sheet as at June 30, 2006

The Group has chosen to present its balance sheet on a current/ non-current basis
The notes on pages 9 to 20 are an integral part of these consolidated financial statements.

Notes	30 June 2006 (EUR '000)	31 December 2005 (EUR '000)
ASSETS		
Goodwill	28,696	31,072
Other intangible assets	4,517	4,621
Property, plant and equipment	43,037	33,906
Intercompany investments	0	0
Investments accounted for using the equity method and other investments	3,067	1,747
Deferred tax assets	27,380	16,515
Long-term financial assets	0	0
Other long-term receivables	2,337	3,099
Non-current assets	109,034	90,960
Inventories and contracts in progress	31,406	28,655
Accounts receivable	34,921	30,492
Other receivables	7,941	8,940
Short-term financial assets	218	0
Cash and cash equivalents	56,009	43,708
Current assets	130,495	111,795
Non-current assets held for sale	732	0
TOTAL ASSETS	240,261	202,755
EQUITY AND LIABILITIES		
Share capital	35,381	34,883
Share premium	200,218	198,887
Treasury shares	-256	-256
Hedging and other reserves	4,190	331
Cumulative translation differences	-1,960	905
Retained earnings	-105,148	-131,391
Capital and reserves attributable to Company's equity holders	132,425	103,359
Minority interest	513	518
TOTAL EQUITY	132,938	103,877
Borrowings	20,237	19,356
Other long-term financial liabilities	0	0
Deferred tax liabilities	-2	40
Provisions	13,475	7,945
Other long-term liabilities	16,139	12,914
Non-current liabilities	49,849	40,255
Borrowings	5,869	6,055
Other short-term financial liabilities	284	1,597
Accounts payable	15,341	15,771
Current income tax liabilities	29	155
Other payables	35,178	35,045
Current liabilities	56,701	58,623
Liabilities directly associated with non-current assets classified as held fo sale	773	0
TOTAL LIABILITIES	107,323	98,878
TOTAL EQUITY AND LIABILITIES	240,261	202,755

Condensed Consolidated Income Statement

The Group has chosen to present its income statement by function of expenses.
The notes on pages 9 to 20 are an integral part of these consolidated financial statements.

Notes	30 June 2006 (EUR '000)	30 June 2005 (EUR '000)
Sales and contract revenue	82,803	64,799
Cost of sales and contract costs	57,459	42,734
Gross profit	25,344	22,065
Selling and marketing expenses	7,459	5,817
General and administrative expenses	7,803	7,702
Research and development expenses	4,654	4,994
Other operating expenses (net)	-11,989	4,701
Finance (income)/ expenses – net	835	-8,668
Share of loss of companies consolidated using equity method	138	264
Profit before tax	16,444	7,255
Tax expense	-10,822	1,865
Profit/ (loss) for the period from continuing operations	27,266	5,390
Profit for the period from discontinued operations	-1,030	-54
Profit for the year	26,236	5,336
Result attributable to :		
Minority Interests	-6	0
Profit for the year	26,242	5,336
Earnings per share from continuing and discontinued operations (€ per share)		
- basic	1.05	0.22
- diluted	1.03	0.21
Earnings per share from continuing operations (€ per share)		
- basic	1.09	0.22
- diluted	1.07	0.21
Earnings per share from discontinued operations (€ per share)		
- basic	-0.04	0.00
- diluted	-0.04	0.00

Consolidated Statement of Changes in Shareholders' Equity

The notes on pages 9 to 20 are an integral part of these consolidated financial statements.

	Attributable to equity holders of the Company					Minority	Total	
	Share capital	Share premium	Treasury shares	Hedging and other reserves	Cumulative translation differences	Retained Earnings	Interest Equity	
Balance at 31 December 2004 excluding IAS 32/39	34,605	275,279	-256	745	3,052	-134,786	50	178,689
Balance at 31 December 2004	34,605	275,279	-256	2,991	3,052	-134,786	50	180,935
Cash flow hedges, net of tax				-2,676				-2,676
Other movements						344		344
Currency translation differences					-3,097			-3,097
Net income/(expenses) recognised directly in equity	0	0	0	-2,676	-3,097	344	0	-5,429
Profit/(loss) for the period						5,336		5,336
Total recognised income/(expenses) for the period	0	0	0	-2,676	-3,097	5,680	0	-93
Employee share options				154				154
Issue/Reduction of share capital	278	-76,392						-76,113
Balance at 30 June 2005	34,883	198,887	-256	469	-45	-129,106	50	104,882
Balance at 1 January 2006	34,883	198,887	-256	331	905	-131,391	518	103,877
Cash flow hedges, net of tax				809				809
Other movements						0	-6	-6
Currency translation differences					-2,865			-2,865
Net income/(expenses) recognised directly in equity	0	0	0	809	-2,865	0	-6	-2,062
Profit/(loss) for the period						26,242		26,242
Total recognised income/(expenses) for the period	0	0	0	809	-2,865	26,242	-6	24,180
Employee share options				3,051				3,051
Issue/Reduction of share capital	498	1,331						1,829
Balance at 30 June 2006	35,381	200,218	-256	4,190	-1,960	-105,148	513	132,938

Condensed Consolidated Cash Flow Statement

The Group has chosen to present the cash flow statement using the indirect method.
The notes on pages 9 to 20 are an integral part of these consolidated financial statements.

	June 30, 2006 (EUR '000)	June 30, 2005 (EUR '000)
Cash flows from operating activities		
Net profit/ (loss) for the period	26,242	5,336
Adjustments for:		
+ depreciation/ amortization & impairments	13,992	7,382
+ other non-cash expenses	-34,555	-8,793
+/- changes in working capital	-11,960	-7,938
	-6,281	-4,013
Cash flows from investing activities		
Acquisition/disposal of subsidiaries	27,233	-5,844
Acquisition of property, plant and equipment (net)	-4,305	-3,235
Other investing cash flows, net	-1,145	747
	21,783	-8,332
Cash flows from financing activities		
Capital reduction/increase	1,600	-73,795
Proceeds less payments on long-term borrowings	-4,641	1,029
Other financing cash flows, net	1,265	-69
	-1,776	-72,835
Net (decrease)/increase in cash and cash equivalents	13,726	-85,180
Movement in cash and cash equivalents		
Cash and cash equivalents at beginning of the period	43,708	139,594
(Decrease)/ Increase during the period	13,726	-85,180
Effects of exchange rate changes	-1,425	5,333
Cash and cash equivalents at end of the period	56,009	59,747

Notes to the consolidated financial statements

1 FINANCIAL STATEMENTS – BASIS OF PREPARATION

1.1 Basis of preparation

These consolidated financial statements of IBA are for the six months period ended June 30, 2006. They have been prepared in accordance with IAS 34 “Interim Financial Reporting”.

These interim financial statements have been prepared using the same accounting policies and methods of computation as compared with the 2005 consolidated financial statements

1.2 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:

	2006		2005	
	Closing rate at June 30	Average rate for the year	Closing rate at Dec 31	Average rate for the year
USD	1.2549	1.2293	1.1843	1.2457
SEK	9.2212	9.3306	9.4097	9.2855
GBP	0.691	0.6873	0.6882	0.6842
CNY	10.0223	9.8821	9.5535	10.2227
INR	58.0397	55.2361	53.3450	53.5928

1.3 Presentation of Accounts receivable & Accounts payable

At the 30th of June 2006 the company has decided to adjust the presentation of the sub-accounts “Non-trade receivables” and “Non-trade payables”.

Those accounts were previously presented under the rubric “Accounts receivable” and “Accounts payable” and are now presented under the rubrics “Other receivables” and “Other payables”.

This generates a decrease by €5,631 of the Accountsreceivable presented at 31 December 2005 in the consolidated balance sheet of this report compared to the amount presented in the annual report 2005 (& respectively an increase of the “Other receivables” by the same amount).

It generates as well a decrease of the Accounts payable at 31 December 2005 presented in this report by €527 compared to the amount presented inthe annual report 2005 (& respectively an increase of the “Other payables” by the same amount).

2. CONSOLIDATION SCOPE AND EFFECTS OF CHANGES IN THE COMPOSITION OF THE GROUP

The IBA Group consists of IBA S.A. and a total of 38 companies and associated companies in 11 countries.

Of these 31 are fully consolidated and 7 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 (in %)	Variation in % held compared to 31 December 2005
IBA RadioIsotopes S.A.	BELGIUM	95%	-
IBA Molecular Holding	BELGIUM	100%	100%
IBA Pharma S.A.	BELGIUM	100%	-
IBA Pharma Invest S.A.	BELGIUM	100%	-
IBA Participations S.P.R.L.	BELGIUM	100%	-
IBA Investment S.C.R.L.	BELGIUM	100%	-
IBA Corporate Services S.A.	BELGIUM	100%	-
Ion Beam Medical Appliance Technology Service Co. Ltd.	CHINA	100%	-
IBA RadioIsotopes France S.A.S.	FRANCE	100%	-
Scanditronix Wellhöfer GmbH	GERMANY	100%	-
IBA Molecular Imaging (India) Pvt. Ltd.	INDIA	61.90%	-
IBA RadioIsotopi Italia S.r.L.	ITALY	100%	50%
IBA Molecular Spain	SPAIN	100%	100%
MediFlash Holding A.B.	SWEDEN	100%	-
Scanditronix Wellhofer A.B.	SWEDEN	100%	-
Scanditronix Magnet A.B	SWEDEN	9.90%	-90.10%
IBA Advanced Radiotherapy A.B. (formerly GyraB International A.B.)	SWEDEN	100%	-
UK Radiopharma Ltd.	UNITED KINGDOM	100%	50%
Scanditronix Wellhöfer North America Inc.	USA	100%	-
IBA Proton Therapy Inc.	USA	100%	-
Radiation Dynamics, Inc.	USA	100%	-
IBA RadioIsotopes Inc.	USA	100%	-
RadioMed Corporation	USA	100%	-
Iba Molecular US.	USA	100%	-
IBA USA Inc. (formerly IBA G.P.)	USA	100%	-
West Texas Positron L.L.C.	USA	100%	-
Lubbock West Texas Positron L.L.C.	USA	100%	-
Pharmalogic PET Services of NJ L.L.C.	USA	100%	-
Pharmalogic PET Services of MA L.L.C.	USA	100%	-
Pharmalogic PET Services of NY L.L.C.	USA	100%	-
Cyclotech L.L.C.	USA	100%	-
IBA Molecular Montreal Holding Corp.	USA	100%	-
Striba GmbH	GERMANY	50.0%	50%
Beta Process & Research S.A.	BELGIUM	49.9%	-
Betaplus Pharma S.A.	BELGIUM	40%	-
Pharmalogic Pet Services of Montreal Cie	CANADA	48%	-
PetLinq L.L.C.	USA	40%	-
Radiopharma Partner SA	BELGIUM	19.9%	19.9%

2.2 Changes in the composition of the Group

2.2.1 Acquisition of companies

On February 23, 2006, IRE (related party – owner of 3.54% of IBA shares) and IBA announced that the consortium they formed had signed a purchase agreement for the acquisition of Schering AG's European FDG and CIS bio international radiopharmaceutical business. The transaction includes CIS US and Japan operations. CIS bio International offers a comprehensive range of diagnostic and therapeutic products for detection, treatment and monitoring in major medical fields (oncology, cardiology, rheumatology and endocrinology). It has about 750 employees and generated sales of approximately EUR 120 million in 2005. Under the consortium, IRE took an 80.1% share and IBA a 19.9% share in CIS bio International. In addition, IBA took over the control of Schering AG's European FDG business (Italy, Germany, UK and Spain) and joined forces with CIS Bio for distribution in Europe.

The closing of the transaction has occurred on May 5, 2006.

This transaction has been accounted for using the purchasing method of accounting. The interim condensed financial statements include the results of the European FDG (global consolidation) and CIS Bio International (RadioPharma Partners, equity method) for two months from the acquisition date. The costs of the acquisition amount to € 6.3 million and includes €4.3 million for future re-capitalization and restructuring, € 1.1 million of professional fees paid to advisers and €0.9 million of write-downs.

In view of the recent date of the transaction, fair values could only be provisionally allocated as follows:

	Fair value	Carrying Amount
Cash & cash equivalents	29,634	29,634
Accounts Receivable	1,882	2,149
Net Property, plant & equipment	12,932	12,932
Intangible assets	164	164
Invest under equity method	1,943	1,943
Other net assets/(liabilities)	8	8
Accounts payable	-7,563	-7,563
Provision	0	0
Borrowings	-4,374	-4,374
Other LT Liabilities	-1,668	-1,668
Net assets acquired	32,957	33,225
Purchase consideration		
- Cash paid	0	
- Deferred consideration	0	
- Direct costs related to the acquisition	6,293	
Total purchase consideration	6,293	
Fair value of net assets acquired	32,957	
Adjust for participation of 50% owned in Italy & UK prior to acquisition of the further 50%	-1,003	
Badwill	25,661	

From the date of acquisition, the European FDG and Cis Bio International have contributed for -0.3 million to the profit of the Group. If the combination had taken place at the beginning of the year,

the profit for the group would have been €26.5 million and revenues from continuing operations would have been €86,388

The negative goodwill recognized above is the result of a bargain purchase.

Early in 2005, IBA had sold 50% of its investment in IBA Radioisotopes Italia S.r.L. to Schering AG. A profit amounting to € 1.3 million was generated on that sale. This participation has been transferred back to IBA as a result of the whole European FDG business transaction described above.

On November 2, 2005 IBA announced the acquisition of the company Cyclo-Tech, LLC, based in Cleveland, Ohio, USA. The acquisition includes its PET marker production and distribution center that is equipped with a cyclotron.

On August 31, 2005, IBA announced that it has acquired four new PET tracers production and distribution centers from Pharmalogic, LLC, a US-based company. The facilities, including cyclotrons, are located in Albany and Long Island (New York State), Boston (Massachusetts) and Totowa (New Jersey). Terms of the acquisition were not disclosed.

On January 19, 2005, IBA announced the acquisition of New Mexico Positron, LP and Lubbock West Texas Positron, LLC, two American PET tracers production and distribution companies. The facilities, including cyclotrons, are located in Albuquerque, New Mexico and Lubbock, Texas, respectively.

2.2.2 Disposal of companies

2.2.2.1 Disposal of ScandiFlash A.B.

In December 2005, the Group disposed of its Swedish entity, Scandiflash, as part of its strategy to re-focus on its core business.

2.2.2.2 Disposal of 90.1% of ScandiMagnet A.B..

In January 2006, IBA sold 90.1% of its investment in another Swedish subsidiary, ScandiMagnet A.B. as part of the same strategy of re-focus on its core business.

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.

(a) Income taxes

The Group has accumulated net operating losses useable to offset future taxable profits essentially in Belgium, Sweden, and the US amounting to € 132 million at June 30, 2006. The company has recognized deferred tax assets amounting to € 27.4million. The valuation of this asset 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 provisions in the period in which such determination is made.

In order to mitigate this risk and given the rapid evolution of the technical environment in which the IBA group operates, estimated taxable profits beyond a horizon of 4 years are not considered.

(b) Provision for decommissioning costs

The production of FDG (Radioisotope segment) in the USA, in France, in Italy, in UK, in Spain and in Belgium generates some radiation and causes the contamination of the facilities of the production sites. This situation may require the Group to incur restoration costs to comply with the regulations in these various jurisdictions and to settle 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.

In this context, provisions for decommissioning costs in relation to the sites where radioisotopes are produced have been recognized where an obligation exists to incur these costs. These provisions are measured at the net present value of the best estimate of the costs that will need to be incurred.

In the US, an amount of approximately USD 1.1 million is classified as restricted cash, in order to meet these legal obligations in some specific States (Illinois & California).

At June 30, 2006 the amount of such provisions amounts to € 2.8 million.

(c) Revenue recognition

Contracts in progress are valued at their cost of production, increased by income accrued by reference to the percentage 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. Such probability requires some judgment. When some judgmental criteria change from those used for the recognized revenues, the Group's income statement is impacted. When appropriate, the company revises its estimated margin at completion to take into account the evaluation of a residual risk that it may be subject to, for a certain number of years. When the final outcome of the uncertainties differs from the initial estimates, the Group's income statement is impacted.

4 SEGMENT INFORMATION

At June 30, 2006, the Group is organized on a worldwide basis into two main business segments: (1) Technology and equipments and (2) Radioisotopes.

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

six month ended 30 June 2006	EQUIPMENT (EUR '000)	RADIOISOTOPES (EUR '000)	GROUP (EUR '000)
Net sales	52,481	30,322	82,803
Inter-segment sales			0
External sales	52,481	30,322	82,803
Segment result	3,265	23,227	26,492
Unallocated expenses			-9,075
Financial income			835
Share of loss of companies consolidated using equity method	106	-244	-138
Profit before tax			16,444
Tax expense (income)			-10,822
Profit for the period from discontinued operations			-1,030
Minority Interest		-6	-6
PROFIT FOR THE PERIOD			26,242

six month ended 30 June 2005	EQUIPMENT (EUR '000)	RADIOISOTOPES (EUR '000)	GROUP (EUR '000)
Net sales	43,560	21,239	64,799
Inter-segment sales	0	0	0
External sales	43,560	21,239	64,799
Segment result	7,248	-966	6,282
Unallocated expenses			7,431
Financial expense			-8,668
Share of loss of companies consolidated using equity method		-264	-264
Profit before tax			7,255
Tax expense (income)			1,865
Profit from the period from discontinued operations			-54
Share of loss of companies consolidated using equity method			0
PROFIT FOR THE PERIOD			5,336

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	30 June 2006	30 June 2005
Weighted average number of ordinary shares in issue	25,104,280	24,752,453
Profit attributable to equity holders of the Company (€ '000)	26,236	5,336
Basic earnings per share from continuing and discontinued operations (€ per share)	1.05	0.22
Profit from continuing operations attributable to equity holders of the Company (€ '000)	27,266	5,390
Weighted average number of ordinary shares in issue	25,104,280	24,752,453
Basic earnings per share from continuing operations (€ per share)	1.09	0.22
Profit from discontinued operations attributable to equity holders of the Company (€ '000)	-1,030	-54
Weighted average number of ordinary shares in issue	25,104,280	24,752,453
Basic earnings per share from discontinued operations (€ per share)	-0.04	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 June 2006	30 June 2005
Weighted average number of ordinary shares in issue	25.104.280	24.752.453
Weighted average number of shares under option	1.873.063	1.723.110
Average share price over period	10,01	6,85
Dilution effect from weighted number of shares under option	375.447	437.059
Weighted average number of ordinary shares for diluted earnings per share	25.479.727	25.189.512
Profit attributable to equity holders of the Company (€ '000)	26.236	5.336
Diluted earnings per share from continuing and discontinued operations (€ per share)	1,03	0,21
Profit from continuing operations attributable to equity holders of the Company (€ '000)	27.266	5.390
Diluted earnings per share from continuing operations (€ per share)	1,07	0,21
Profit from discontinued operations attributable to equity holders of the Company (€ '000)	-1.030	-54
Diluted earnings per share from discontinued operations (€ per share)	-0,04	0,00

6 OTHER SELECTED DISCLOSURES

6.1 Seasonality or cyclicity of interim operations

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

6.2 Capital expenditure and commitments

Six months ended 30 June 2006	Property, plant		
	and equipment	Intangible	Goodwill
	(EUR '000)	(EUR '000)	(EUR '000)
Opening net book value	33,906	4,621	31,072
Changes in consolidation scope	10,527	163	0
Additions	3,932	403	0
Additions through business combinations	2,099	0	0
Disposals	-405	0	0
Transfer	-1,439	169	0
CTA	-3,194	-193	-1,465
Addition adjustment	0	0	194
Depreciation/amortisation and impairment	-2,389	-646	-1,105
Closing net book amount	43,037	4,517	28,696

The impact of the changes in consolidation scope reflect the global consolidation of the Italian and English entities acquired from Schering AG which were previously integrated under the equity method.

The addition of fixed assets through business combination reflect the first time consolidation of the Spanish entity acquired from Schering AG.

The rubric "Transfer" includes the change in presentation of the fixed assets of the entity RadioMed currently presented as "held for sale".

The rubric "Depreciation/Amortization & impairment" includes the following impairments :

- Impairment on the goodwill previously generated on the acquisition of New Mexico Positron, LP, US entity acquired in the course of 2005 (€1.1 million).
- The impairment of the decommissioning asset on one of the European site of IBA (€1.3 million).

6.3 Movements in borrowings

	30 June 2006 (EUR '000)	31 December 2005 (EUR '000)
Current	5,869	6,055
Non-Current	20,237	19,356
TOTAL	26,106	25,411

	30 June 2006 (EUR)	31 December 2005 (EUR)
Opening amount	25,411	20,344
Acquisition of borrowings via subsidiaries acquired	4,465	
Disposal of borrowings via subsidiaries disposed of	0	0
New borrowings	8	8,362
Repayments of borrowings	-2,783	-5,777
Reclassifications (LT-ST)	214	
Currency translation differences	-1,208	2,482
Closing amount	26,106	25,411

6.4 Inventories and Construction contracts

	30 June 2006 (EUR '000)	31 December 2005 (EUR '000)
Raw material and supplies	6,213	5,420
Finished products	3,233	3,536
Work in progress	3,904	10,035
Contracts in progress	22,275	10,272
Write-off on inventories	-4,219	-610
Inventories and contracts in progress	31,406	28,655

<u>Contracts in progress</u>	30 June 2006 (EUR '000)	31 December 2005 (EUR '000)
Costs to date and recognised profit	63,507	81,375
Less: progress billings	-41,232	-71,103
Contracts in progress	22,275	10,272

Gross amount due to customers for contract work	13,674	14,002
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6.5 Other operating income

The other operating expenses represents for the first half of 2006 an income of EUR 12,0 millions and are a combination of several elements. Amongst them, the acquisition in May 2006 of the European FDG activity of Schering and the acquisition of a minority stake in CIS Bio led to the recognition of a € 25 million negative goodwill, the impact of the strike price reduction of the existing stock option plans for IBA personnel as a consequence of the share premium reduction in 2005 leading to an expense of € 2.9 million, write downs on inventories for € 3.7 million, impairment on goodwill and property, plant and equipment for respectively € 1.1 million and € 1.3 million, impairments on other assets for € 3 million and other expenses like the Optivus lawsuit, and the re-branding of IBA for € 1 million.

6.6 Ordinary shares, share premium and treasury shares

	Number of shares	Ordinary shares (EUR '000)	Share premium (EUR '000)	Treasury shares (EUR '000)	Total (EUR '000)
Closing balance at 31 December 2005	24,842,453	34,883	198,887	-256	233,514
Share options exercised	357,930	498	1331		1,829
Capital reduction					0
Other					0
Closing balance at 30 June 2006	25,200,383	35,381	200,218	-256	235,343

6.7 Contingencies

On August 7, 2002, Optivus Technology, Inc. (Optivus) filed a complaint against IBA in the United States District Court for the Central District of California, claiming that IBA's proton beam therapy system (PBTS) infringes five patents licensed by Optivus and seeks an injunction against continuing infringement and treble damages against IBA («claim for patent infringement»). On August 30, 2002, Optivus filed an amended complaint to include, in addition to the patent infringement claims, allegations of statutory unfair competition, and intentional interference with prospective economic damage, and claiming substantial compensatory and punitive damages («claim for unfair competition»). In January 2003, Optivus filed a second amended complaint to include Loma Linda University Medical Center (LLUMC) as a named plaintiff in the case. IBA filed an answer to the Optivus and LLUMC complaints, denying all claims; seeking a declaratory judgment by the Court as to the validity of the patents; and seeking a declaratory judgment by the Court that IBA's PBTS did not infringe the patents. IBA's strategy was successful. In early January 2005, the Court dismissed Optivus' claim for unfair competition and by a decision of March 13, 2005, the same court declared the invalidity of two of the five patents. Claims to be submitted to a jury were therefore limited to deciding whether the three remaining patents were valid and counterfeit by IBA. IBA managed to convince Optivus to dismiss all pending claims. In return, IBA agreed to the same. The claim pending in first instance has accordingly been dismissed without prejudice. The settlement between the parties nevertheless allowed Optivus to lodge an appeal against the decisions of January 2005 and March 2005. This appeal was lodged in August 2005. There have been no significant events related to the case during first half of 2006. In principle, the resolution of the case is expected during the second half of 2006. In any event, 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 January 2005 or March 2005 decisions in whole or in part.

IBA continues to maintain that Optivus' claims were and are without merit. Consequently as of June 30, 2006, the Company has not established a reserve for this matter.

6.8 Result of discontinued operations

As announced with its year end results, IBA has decided to discontinue its Brachytherapy activity. As a consequence, all elements of the Radiomed Corp P&L have been reclassified into the section "Result of discontinued operations" of IBA Consolidated P&L. Detail of Radiomed Corp P&L elements are shown below

	30 June 2006 (EUR '000)
Revenue	54
Cost of sales and contract costs	76
Gross profit	-22
Selling and marketing expenses	53
General and administrative expenses	339
Research and development expenses	81
Other operating expenses (net)	649
Finance (income)/ expenses – net	-115
Loss recognised on the remeasurement to fair value	0
Profit before tax from a discontinued operation	-1,030
Tax (income)/expenses	
Profit/ (loss) for the period from discontinued operation	-1,030
- Gain on disposal of the discontinued operation	0
- Attributable tax expenses	
Net gain/(loss) associated with the discontinued operation	-1,030

6.9 Income tax

The tax expenses for the 1st half of 2006 and for the corresponding period of 2005 differ significantly from the amounts that would arise from the simple calculation of the pre-tax profit multiplied by the parent company's local applicable rate (33.99%). This is due to the following facts:

- IBA is present in 11 different countries with different tax rates applicable that differ from the Belgian tax rate.
- The reported figures result from the consolidation of 38 entities, some reporting taxable profit and others reporting tax losses
- In the past, IBA accumulated significant tax losses that have been used to offset taxable income
- IBA has recognized deferred tax assets for a portion of these accumulated losses; adjustment of the amounts recognized as deferred tax assets due to change in circumstance has generated significant P&L impacts (profit of €11.5 million) in the accounts reported for the first half of 2006.