

Press release

Results for the first half-year: IBA back in profit

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- **At the end of the first 6 months, IBA is once again making a profit even in its configuration after transfer of its Sterilization & Ionization division.**
- **The group's net cash reached EUR 120 million.**
- **Proposal for a reduction of the equity capital at the rate of EUR 3.1 per share.**

LOUVAIN-LA-NEUVE, BELGIUM, 23 SEPTEMBER 2004 - IBA (Ion Beam Applications S.A.: Reuters IOBAAt.BR and Bloomberg IBAB.BB) announced today its consolidated results for the half-year which closed on 30 June 2004.

On the whole, although the dollar continues to exercise a negative influence on the company's performance and in particular on turnover growth, the contribution to the net results of the company, both the future IBA and the Sterilization & Ionization (S&I) division, has been positive.

Transfer of the S&I business and net liquid funds of EUR 120 million

On 25 March 2004, IBA announced the signing with PPM Ventures and PPM America Capital Partners of a preliminary agreement for the transfer of its Sterilization & Ionization activities at a company value of USD 311.5 million. This was followed by the definitive conclusion of this agreement on 14 June in 2004 and by payment of the net price of debts and liquidities left in the company. The proceeds of this sale were in particular used to repay in advance the loan of USD 115 million taken out with a bank syndicate.

The company, which at the closing of the 2003 financial year had a net debt of EUR 130.3 million, showed, as of 30 June 2004, positive net cash of EUR 120 million.

Net result

After extraordinary charges, the net results (group's share) showed a profit of EUR 5.5 million as against a loss of EUR 9.8 million for the first half of 2003. In pro forma terms, the net result of the group, excluding the Sterilization & Ionization business, would amount to EUR 4.4 million out of the total of EUR 5.5 million recorded.

RESULTS – First half of 2004

Operational results

Income in the middle of the year was EUR 128.3 million as against EUR 128.6 million for the corresponding period of the previous financial year, despite the combined negative effects

- of, on the one hand, the evolution of the average EUR/USD exchange rate for the comparable periods (first half of 2004: USD 1.2274 for EUR 1.00 as against USD 1.1050 for EUR 1.00 during the first half of 2003);
- of, on the other hand, the transfer of the S&I business which was carried out in mid-June and which was therefore consolidated only 5 ½ months instead of the 6 months of the corresponding period in 2003.

At a constant rate and zone, the group would have shown growth of close to 12% as compared with the first half of 2003.

The table below shows in detail the evolution of turnover for each of the three IBA business divisions. It makes it possible not only to observe a comparison at a constant exchange rate (pro forma) with income obtained during the preceding year but also to realize that the growth observed at a constant rate was greater than 18% in the segments which remained after transfer of the S&I business.

	1st half of 2004 at actual exchange rate (EUR 000)	1st half of 2004 Pro forma at 2003 exchange rate (EUR 000)	1st half of 2003 at actual exchange rate (EUR 000)	Pro forma variation at actual exchange rate (EUR 000)	Pro forma variation at constant exchange rate (%)	Variation at actual exchange rate (%)
IBA business divisions						
Technology & Equipment	40,106	40,638	34,868	5,770	16.55%	15.02%
Production and distribution of radioisotopes	18,161	19,953	16,458	3,495	21.24%	10.35%
Consolidated turnover of the future IBA (excluding S&I)	58,267	60,591	51,326	9,265	18.05%	13.52%
Sterilisation & Ionisation	70,019	76,622	77,278	-656	-0.85%	-9.39%
Consolidated turnover for the 3 divisions	128,286	137,213	128,604	8,609	6.69%	-0.25%

The company estimates that, following transfer of the S&I business, its dependence in relation to the dollar will decrease from 63% for the first half of 2004 (70% for the year 2003) to around 50% in future.

With EUR 40.7 million for the first half-year as against EUR 38.0 million a year earlier, the gross margin increased by 7.2%. At a constant exchange rate, growth would have been 14.2%. In particular, the gross margin, excluding the S&I business, went from 26.6% of sales and services for the first 6 months of 2003 to 35.8% for the first half of 2004.

Operating expenses went from EUR 40.1 million for the first 6 months of 2003 to EU 29.1 million, mainly due to the measures taken at the end of 2003. Among these can be noted mainly a reduction of EUR 6.8 million in charges resulting from cost-reduction programs as well as the closing of the company's American headquarters. To this can be added a fall in amortization of consolidation goodwill (EUR 2.2 million following the recording of write-downs in the preceding financial year) and positive effect from conversion of expenses denominated in USD in the income statement presented in EUR (EUR 2.0 million).

As a consequence, the operating result (EBIT) shows a profit of EUR 11.6 million as compared with a loss of EUR 2.1 million in the first half of 2003.

Net financial charges

The net financial charges of EUR 0.8 million for the first half of 2004 represent a substantial reduction as compared with the EUR 6.2 million recorded for the first half of 2003. This development resulted from the rise of the dollar between the close of the 2003 financial year (\$1.2552 against EUR 1) and the close of this half-year (\$1.2117 against EUR 1) and its effect on the exchange results whether realized or not and also from the reduction in indebtedness carried out between these two periods.

Extraordinary charges

Extraordinary charges represent mainly expenses relating to the Optivus lawsuit as well as the continuation of reorganization efforts with a view to adjusting the company's structure to its future profile.

During the financial year, there were no significant developments in the lawsuit involving Optivus and IBA and it did not have a significant impact on the consolidated results of the first half of 2004, apart from the expenses relating to lawyers and the proceedings. At the request of Optivus, the hearing of the case was postponed to the end of 2004.

Net result

After extraordinary charges, the net result (group's share) showed a profit of EUR 5.5 million as against a loss of EUR 9.8 million during the first half of 2003.

Impact of the transfer of the S&I business

The balance sheet values relating to the S&I business had, to a large extent, been adjusted to the sale price anticipated in the balance sheet of 31 December 2003 and in such a way that the actual transfer of S&I in the first half of 2004 generated only a positive transfer result of EUR 1.7 million. However, this amount has not to date been taken into account in the income statement and has been deferred as a liability on the balance sheet pending finalization of the (upwards) price adjustments provided for by virtue of application of the contract.

Balance sheet structure

The transfer of the S&I business made it possible to improve considerably the profile of the IBA balance sheet. Indeed, the company has undertaken advance repayment of most of its debts and has, in addition, consequent liquidity reserves. Following deconsolidation of the entities sold to PPM, the company is publishing a balance sheet showing liquid assets of EUR 145 million (of which EUR 19.7 million is restricted) and debts of EUR 24.7 million, intended mainly to finance sites for the production of radioisotopes.

Adoption of the 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 is working actively on conversion to this benchmark. Although, due to the disruption entailed by the transfer of the S&I business, the company has not yet finalized calculation of the impact of this change on its 2004 opening balance sheet, it has confidence in its ability to meet all requirements in the matter. In accordance with the requirements of the Euronext NextEconomy segment to which it belongs, the company has put on its Internet site www.iba-worldwide.com a note, explaining the probable impact of the conversion on its accounts, without quantifying them.

Stock options

As of 30 June 2004, there was a total of 3,000,452, 472 stock options in the context of the three stock-option plans currently in force. Following the sale of the S&I business, 5,700 options awarded within the framework of the 2002 plan were exercised on 13 July 2004, entailing an increase in the company's equity capital of

EUR 29,127. In addition, 1,184,199 options were cancelled on this date, as some employees of the S&I business lost the right to exercise them. The total number of warrants in circulation was therefore reduced to 2,262,573 as follows: 167,148 warrants in the context of the 2002 plan and generally at the exercise price of EUR 28, as well as 260,525 warrants in the context of the 2001 plan and generally at the exercise price of EUR 15.70 and 1,834,900 warrants issued in the context of the 2002 plan and generally at the exercise price of EUR 5.11. It is useful, however, to indicate that 475,000 warrants of this 2002 plan were maintained only by reason of a legal dispute between the company and its former CEO, James Clouser, who considers that he can claim the benefit of these warrants following his departure, this being something which the company vigorously rejects. In the event that IBA succeeds in this dispute, these 475,000 warrants will be immediately canceled.

In addition, the Board of Directors approved the project for issue of a maximum of 1 million warrants intended for the management and staff of the company. These warrants will be issued in October 2004. They can be exercised at the earliest as from October 2007 and at the latest up to October 2010.

KEY EVENTS BY BUSINESS SECTOR - First half of 2004

® Technology and Equipment division: sale of a protontherapy system in Florida and excellent results in dosimetry.

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

During the first half of 2004, this division accounted for 31% of the total of the group's sales and services, i.e. EUR 40.1 million, representing an increase of 15.0% at the actual exchange rate and 16.6% at a constant exchange rate. It should be noted that, apart from the S&I business, this division accounts for more than 2/3 of the group's income.

As regards the sale of "heavy" equipment, the first half of the year was characterized mainly by finalization of the order by the Florida Proton Therapy Institute for a complete protontherapy system and by registration of an order for a Cyclone 30 intended for the Japanese client, Daiichi Radioisotopes Laboratories. These major orders compensated for the fall in orders for cyclotrons intended for the PET market which had been particularly prolific in 2003.

In China, construction of the Zibo site is progressing and will be finalized at the end of the year, while two gantries are being installed at the IUCF (Indiana University Cyclotron Facility). Dosimetry activity registered excellent results during the first half of the year, due in particular to a record order book, particularly in the diagnostic part.

® Radioisotopes division: results of positive operation in molecular imaging (FDG).

The Radioisotopes division includes the production and sale of radiopharmaceutical products (mainly FDG in the USA and Europe).

Having grown constantly since its acquisition and 2001, this division realizes had, during the first half of 2004, sales and services amounting to EUR 18.2 million, i.e. an increase of 10.4% as compared with the corresponding period in the preceding financial year. At a constant exchange rate, this activity, focused today mainly on the United States, would have registered growth of 21%.

During the first 6 months of the year, this business division registered financial results by way of recovery. Indeed, the gross margin was 17% during the first half of 2004 whereas it was 4% a year earlier. Operational expenses were reduced in parallel by 21% during the same period (of which 6% was due to exchange effects). This performance resulted from action which was undertaken mainly in respect of American activities in 2003 and continued during the first half of 2004. These include:

- the reorganization of management and the decision to end the "price war"
- a buyout of the existing minority shareholders
- the closing of an administrative center
- finalization of the commissioning of a production center in California.

In Europe, IBA is continuing its relationship with the Schering AG company within the joint venture created in 2003 with a view to producing and distributing FDG initially for the United Kingdom.

IBA has at the present time seven FDG production units in the USA, with a total of 11 cyclotrons and two in Europe. A third center jointly owned with the Université Catholique de Louvain at Woluwé (Brussels-Belgium) is being set up in accordance with the established plan. Construction of the Gand (Belgium) center is also continuing as planned

Finally, the company, which had announced at the end of 2003 completion of finalization of the Radiocoil implants for treating prostate cancer, has been able to treat 6 patients to date. Marketing has started in a controlled way.

® Sterilization and Ionization: business sold in mid-June; 5 1/2 months consolidated for the 2004 financial year.

During the first half of 2004, the turnover of the business fell by 9.4 percent as compared with the same period in 2003. This tendency can be mainly explained by the effect due to the depreciation of the dollar as well as by the fact that only 5 1/2 months were consolidated for this first half of 2004 as against 6 during the same period in 2003.

Sterigencis International Inc., the name taken by the new company, remains an important IBA client both as regards the sale of equipment and as regards after-sales services.

PROSPECTS

In parallel with the conclusion of transfer of its sterilization and ionization services business, IBA conducted a re-evaluation of its markets, its orientations, its strategy its priorities. At the end of this exercise, the company decided to refocus, on a priority basis, on cancer diagnosis therapy. This serious disease, which is among the most fatal, has been developing constantly. The analysis has confirmed the important potential accessible to the company, having regard to its technologies and its other significant competitive advantages in the various markets in which it is present as regards cancer diagnosis and therapy (molecular imaging/FDG, protontherapy and advanced radiotherapy, dosimetry and brachytherapy). In particular, molecular imaging/FDG and protontherapy, which are probably the most advanced and most precise technologies as regards the detection and treatment of cancer today, will be at the heart of the group's investment and development priorities. IBA will moreover continue to exploit its technologies in the field of medical imagery in general (PET and dosimetry) and the development of integrated solutions for sterilization and ionization by electrons and X-rays.

The transfer of the sterilization and ionization services has enabled IBA to generate a significant surplus of liquidity. The company will now conduct a more precise evaluation of its financial needs in its various fields of activity in order to determine the soundest use of this cash

During the summer, the company also conducted a reorganization of its structure in order, the one hand, to get closer to its markets in a more integrated manner and, on the other hand, to exploit to the maximum

potential synergies in the production of its equipment for all the applications envisaged. China and the Asian markets will, more than ever, continue to be the subject of particular attention.

More specifically:

- molecular imaging, which brings together the production and distribution of radiopharmaceutical tracers (mainly FDG), as well as the sale of PET and SPECT cyclotrons should, despite the efforts of the PetNet competitor to restart a price war, confirm the operational balance which it achieved during the first half of the year and benefit from the entry into production of the new California Gilroy site at the beginning of the second half of the year ;
- high-precision radiotherapy, which covers protontherapy, brachytherapy and the other radiotherapy systems, will see its results reflecting the steady pace of installation of protontherapy systems in China, Korea, Indiana and Florida. The company also hopes to finalize financing of the sale of the second Chinese site;
- dosimetry, diagnosis and radiotherapy are currently experiencing unequal order books, especially in diagnosis;
- the business of sterilization by electrons and X-rays also looks promising following the receipt of several orders since the beginning of the second half of the year.

During the first half of 2004, IBA was able to demonstrate that the markets in which the company is active offer a high growth potential and that the solutions proposed meet the needs of its clients.

It is clear that the change in the area of business has had as a corollary the disappearance of the more stable contribution of the sterilization and ionization activities as well as a greater volatility of results which are more influenced by markets which have greater growth but are more uncertain and by the sales of equipment at major unit prices and by the status of projects to be implemented. The current order books, the potential impact of the markets in which IBA is present and the quality of the solutions developed by IBA, allied with significant cost-control efforts should, however, enable IBA to continue to show a profit at the end of 2004, apart from the effects of the exchange rate or business cycle.

Capital reduction

Following a re-evaluation of the company's markets and strategy, the Board of Directors decided to convene an Extraordinary General Meeting aimed at considering its proposal to reduce the equity capital by EUR 76.4 million, i.e. EUR 3.10 per share, to be deducted from the share premiums included in the balance sheet.

The Board of Directors considers that the resources left at the disposal of the company after the capital reduction should be sufficient to achieve the company's objectives.

Agenda

- Extraordinary General Meeting on capital reduction: 20 October 2004 at 11h00 or, in the event of failure to act at this meeting, 9 November 2004 at 14h00.
- Publication of the annual results as of 31 December 2004 on 24 March 2005.
- Ordinary General Meeting of shareholders for the 2004 financial year scheduled for 11 May 2005 at 10h00.

Auditor's report regarding limited review of the information for the half-year

We have reviewed the consolidated interim consolidated financial information of Ion Beam Applications SA as of and for the six-months period ended 30 June 2004, prepared under generally accepted accounting principles in Belgium, and which shows total assets of EUR 369,347 (000) and a profit for the half year of EUR 5,492 (000). This consolidated interim financial information is the responsibility of the company's management. We conducted our review in the context of the half year information to be presented by quoted companies in Belgium and in accordance with the recommendation of the "Institut des Réviseurs d'Entreprises" applicable to review engagements. This recommendation requires that we plan and perform the review to obtain moderate assurance as to whether the consolidated interim 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. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, we are not aware of any material modifications that should be made to the interim consolidated financial information of Ion Beam Applications SA as of and for the six-months period ended 30 June 2004. Without altering the above statement, we however draw attention to the mention of the claim filed against the company by Optivus Technology, Inc. The outcome of this claim cannot be predicted and the accounting information included in this press release has not been affected by any provision for risks and charges in relation to this matter.

September 21, 2004

The statutory auditor,
PricewaterhouseCoopers Réviseurs d'Entreprises SCCRL
Represented by
Jean Fossion

About IBA

IBA claims to be at the leading edge of technology in the fields of cancer diagnosis and therapy. IBA also offers innovative solutions ensuring the well-being, health and safety of many of our daily actions. It is listed on the pan-European stock exchange EURONEXT and is integrated into the NextEconomy market segment.

IBA S.A. Ion Beam Applications

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Ion Beam Applications
Summary Consolidated Income Statement
For the six months ended June 30,
(in '000 Euro)

	2004	2003
Revenue	128,286	128,604
Cost of sales	87,578	90,631
Gross margin	40,708	37,973
Selling and marketing expenses	6,920	7,446
General and administrative expenses	14,580	20,381
R&D	4,751	10,667
Capitalized R&D	0	-3,857
Operating result, before amortization of goodwill (EBITA)	14,457	3,336
Amortization of goodwill	2,809	5,453
Operating result (EBIT)	11,648	-2,117
Net financial result	842	6,250
Current profit before tax	10,806	-8,367
Net extraordinary result	1860	173
Result before tax	8,946	-8,540
Net tax	3,244	1,842
Result before minority interests	5,702	-10,382
Results of companies consolidated in accordance with equity method	210	542
Result of the group	5,492	-9,840
 Memo:		
EBITDA (earnings before interest, tax, depreciation and amortization, and before extraordinary items)	29,104	22,995

**Ion Beam Applications
Summary Consolidated Balance Sheet**

(in '000 Euro)

ASSETS	30-Jun-04	31-Dec-03
FIXED ASSETS	54,462	306,929
Intangible fixed assets	1,410	3,729
Goodwill	24,456	87,799
Tangible fixed assets	27,503	213,960
Financial assets	1,093	1,441
CURRENT ASSETS	314,885	193,631
Amounts receivable after more than one year	27,266	6,636
Inventories and contracts in progress	109,965	97,709
Amounts receivable within one year	27,606	45,317
Investments	116,550	818
Cash at bank and in hand	28,538	38,608
Deferred charges and accrued income	4,960	4,543
TOTAL ASSETS	369,347	500,560

LIABILITIES		
SHAREHOLDERS' EQUITY	189,657	181,012
Capital	34,139	34,139
Additional paid-in capital	334,546	334,089
Consolidated reserves (+) (-)	-150,911	-156,450
Own shares	-196	-149
Foreign currency translation adjustment (+) (-)	-29,053	-33,317
Investment grants	1,132	2,700
MINORITY INTERESTS	50	144
PROVISIONS AND DEFERRED TAXES	4,533	5,804
Provisions for liabilities and charges	4,445	5,354
Deferred tax liabilities	88	450
CREDITORS	175,107	313,600
Amounts payable after more than one year	34,245	55,099
Long term advances on contracts in progress	61,368	42,971
Amounts payable within one year	28,436	170,399
Current advances on contracts in progress	41,036	33,776
Accrued charges and deferred income	10,022	11,355
TOTAL LIABILITIES	369,347	500,560