

Ion Beam Applications ("IBA")

IFRS Condensed consolidated financial
statements for the six months ended June 30,
2007

IFRS Condensed consolidated Financial Statements

In accordance with IAS 34.7, IBA S.A. has elected to publish its interim consolidated financial statements at June 30, 2007 in a condensed format.

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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);
- **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 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 interim condensed consolidated financial statements have been approved for issue by the Board of Directors on August 29, 2007. The Board of Directors of IBA is composed as follows:

- Internal Directors: Mrs. 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 9, 2007 and will expire at the Ordinary General Meeting of 2010 deciding on the 2009 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 was renewed at the Ordinary General Meeting of Shareholders on May 9, 2007 and will expire at the ordinary General Meeting of 2010 deciding on the 2009 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 9, 2007 and will expire at the Ordinary General Meeting of 2010 deciding on the 2009 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).

*IBA – IFRS Condensed consolidated Financial Statements
for the six months ended June 30, 2007*

Interim Condensed Consolidated Balance Sheet as at June 30, 2007

The Group has chosen to present its balance sheet on a current/ non-current basis
The notes on pages 9 to 19 are an integral part of these condensed consolidated financial statements.

	30 June 2007	31 December 2006
	(EUR '000)	(EUR '000)
ASSETS		
Goodwill	27.503	28.100
Other intangible assets	4.037	4.115
Property, plant and equipment	53.040	46.414
Investments accounted for using the equity method	5.934	5.744
Investments third parties	2.560	2.560
Deferred tax assets	29.201	24.978
Other long-term receivables	17.017	8.789
Non-current assets	139.292	120.700
Inventories and contracts in progress	34.854	31.194
Accounts receivable	50.819	37.046
Other receivables	13.156	10.044
Short-term financial assets	666	284
Cash and cash equivalents	66.773	67.600
Current assets	166.268	146.168
TOTAL ASSETS	305.560	266.868
	30 June 2007	31 December 2006
	(EUR '000)	(EUR '000)
EQUITY AND LIABILITIES		
Share capital	36.113	35.747
Share premium	114.933	200.899
Treasury shares	-256	-256
Hedging and other reserves	5.643	4.745
Cumulative translation differences	-5.446	-3.922
Retained earnings	-6.807	-101.384
Capital and reserves attributable to Company's equity holders	144.180	135.829
Minority interest	476	500
TOTAL EQUITY	144.656	136.329
Borrowings	19.313	18.156
Deferred tax liabilities	1.928	225
Provisions	12.260	11.813
Other long-term liabilities	27.191	21.578
Non-current liabilities	60.692	51.772
Borrowings	5.323	5.448
Other short-term financial liabilities	978	0
Accounts payable	31.139	23.437
Current income tax liabilities	570	441
Other payables	62.202	49.441
Current liabilities	100.212	78.767
TOTAL LIABILITIES	160.904	130.539
TOTAL EQUITY AND LIABILITIES	305.560	266.868

Interim Condensed Consolidated Income Statement

The Group has chosen to present its income statement by function of expenses.
The notes on pages 9 to 19 are an integral part of these condensed consolidated financial statements.

	30 June 2007 (EUR '000)	30 June 2006 (EUR '000)
Sales and contract revenue	96.699	82.803
Cost of sales and contract costs	65.125	57.459
Gross profit	31.574	25.344
Selling and marketing expenses	9.139	7.459
General and administrative expenses	9.102	7.803
Research and development expenses	7.756	4.654
Other net operating expenses / (income)	688	-11.989
Finance (income)/ expenses – net	58	835
Share of loss of companies consolidated using equity method	-190	138
Profit before tax	5.021	16.444
Tax expense	-2.098	-10.822
Profit for the period from continuing operations	7.119	27.266
Profit for the period from discontinued operations	0	-1.030
Profit for the period	7.119	26.236
Result attributable to :		
Equity holders of the parent	7.143	26.242
Minority Interests	-24	-6
	7.119	26.236
Earnings per share from continuing and discontinued operations (€per share)		
- basic	0,28	1,05
- diluted	0,26	1,03
Earnings per share from continuing operations (€per share)		
- basic	0,28	1,09
- diluted	0,26	1,07
Earnings per share from discontinued operations (€per share)		
- basic	0,00	-0,04
- diluted	0,00	-0,04

Interim Condensed consolidated Statement of Changes in Shareholders' Equity

The notes on pages 9 to 19 are an integral part of these condensed consolidated financial statements.

	Attributable to equity holders of the Company						Minority Interest	Total Equity	
	Share capital	Share premium	Treasury shares	Hedging reserves	Other reserves	Cumulative translation differences			Retained Earnings
Balance at 1 January 2006	34.883	198.887	-256	-706	1.037	905	-131.391	518	103.877
Cash flow hedges, net of tax				809					809
Other movements								-6	-6
Currency translation differences						-2.865			-2.865
Net income/(expenses) recognised directly in equity				809		-2.865		-6	-2.062
Profit/(loss) for the period							26.242		26.242
Total recognised income for the period				809		-2.865	26.242	-6	24.181
Employee share options					3.051				3.051
Issue/(Reduction) of share capital	498	1.331							1.829
Balance at 30 June 06	35.381	200.218	-256	103	4.087	-1.960	-105.148	513	132.938
Balance at 1 January 2007	35.747	200.899	-256	220	4.525	-3.922	-101.384	500	136.329
Cash flow hedges, net of tax				-215					-215
Other movements									
Currency translation differences						-1.524			-1.524
Net income/(expenses) recognised directly in equity				-215		-1.524			-1.739
Profit/(loss) for the period							7.143	-24	7.119
Total recognised income/(expenses) for the period				-215		-1.524	7.143	-24	5.379
Employee share option scheme :									
- value of services provided									
- proceeds from shares									
Dividends									
Employee share options					1.113				1.113
Issue/(Reduction) of share capital	366	-85.966					87.435		1.836
Balance at 30 June 2007	36.113	114.933	-256	5	5.638	-5.446	-6.807	476	144.656

Interim Condensed Consolidated Cash Flow Statement

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for the six months ended June 30, 2007*

The Group has chosen to present the cash flow statement using the indirect method.
The notes on pages 9 to 19 are an integral part of these condensed consolidated financial statements.

	June 30, 2007	June 30, 2006
	(EUR '000)	(EUR '000)
Cash flows from operating activities		
Net profit/ (loss) for the period	7.143	26.242
Adjustments for:		
+ depreciation/ amortization & impairments	4.842	13.992
+ other non-cash expenses	-4.204	-34.555
+/- changes in working capital	1.556	-11.960
Net cash generated/ used from operating activities	9.337	-6.281
Cash flows from investing activities		
Acquisition/disposal of subsidiaries	0	27.232
Acquisition of property, plant and equipment (net)	-11.362	-4.305
Other investing cash flows, net	-1.222	-1.145
Net cash generated/ used in investing activities	-12.584	21.782
Cash flows from financing activities		
Capital reduction/increase	1.694	1.600
Proceeds less payments on long-term borrowings	599	-4.641
Other financing cash flows, net	29	1.265
Net cash generated/ used in financing activities	2.322	-1.776
Net (decrease)/increase in cash and cash equivalents	-925	13.726
Movement in cash and cash equivalents		
Cash and cash equivalents at beginning of the period	67.600	43.708
(Decrease)/ Increase during the period	-925	13.726
Effects of exchange rate changes	98	-1.425
Cash and cash equivalents at end of the period	66.773	56.009

Notes to the interim condensed consolidated financial statements

1 FINANCIAL STATEMENTS – BASIS OF PREPARATION

1.1 Basis of preparation

These interim condensed consolidated financial statements of IBA are for the six months period ended June 30, 2007. 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 2006 consolidated financial statements.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements as at 31 December 2006.

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:

	2007	
	Closing rate at June 30	Average rate for the mid-year
USD	1,346	1,3295
SEK	9,2418	9,2252
GBP	0,6726	0,6743
CNY	10,2365	10,2678
INR	54,9555	56,5793
JPY	165,5350	159,6488

	2006	
	Closing rate at Déc. 31	Average rate for the year
	1,3137	1,2558
	9,0401	9,2588
	0,6705	0,6821
	10,2519	10,0221
	58,1745	56,9409
	156,0710	146,0660

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 31 companies and associated companies in 11 countries.

Of these 25 are fully consolidated and 6 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 2006
IBA RadioIsotopes S.A. (BE 0466.749.548)	BELGIUM	95%	-
IBA Molecular Holding (BE 0880.070.706)	BELGIUM	100%	-
IBA Pharma S.A. (BE 0860.215.596)	BELGIUM	100%	-
IBA Pharma Invest S.A. (BE 0874.830.726)	BELGIUM	61,90%	-
IBA Participations S.P.R.L. (BE 0465.843.290)	BELGIUM	100%	-
IBA Investment S.C.R.L. (BE 0471.701.397)	BELGIUM	100%	-
IBA Corporate Services S.A. (BE 0471.889.261)	BELGIUM	100%	-
Ion Beam Beijing Medical Appliance Technology Service Co. Ltd.	CHINA	100%	-
Ion Beam Applications Co Ltd	CHINA	100%	-
IBA RadioIsotopes France S.A.S.	FRANCE	100%	-
Scanditronix Wellhöfer Dosimetrie GmbH	GERMANY	100%	-
IBA Molecular Imaging (India) Pvt. Ltd.	INDIA	61,90%	-
IBA RadioIsotopi Italia S.r.L.	ITALY	100%	-
IBA Molecular Spain	SPAIN	100%	-
MediFlash Holding A.B.	SWEDEN	100%	-
Scanditronix Wellhöfer A.B.	SWEDEN	100%	-
IBA Advanced Radiotherapy A.B. (formerly GyraB International A.B.)	SWEDEN	100%	-
IBA Molecular UK Limited	UNITED KINGDOM	100%	-
Scanditronix Wellhöfer North America Inc.	USA	100%	-
IBA Proton Therapy Inc.	USA	100%	-
Radiation Dynamics, Inc.	USA	100%	-
RadioMed Corporation	USA	100%	-
IBA Molecular North America Inc.	USA	100%	-
IBA USA Inc.	USA	100%	-
IBA Molecular Montreal Holding Corp.	USA	100%	-
Striba GmbH	GERMANY	50,0%	-
Pharmalogic Pet Services of Montreal Cie	CANADA	48%	-
PetLinq L.L.C.	USA	40%	-
Radiopharma Partners SA (BE 0879.656.475) consolidated (including Cis Bio International)	BELGIUM	19,9%	-
Molypharma	SPAIN	24,5%	-
Betaplus Pharma S.A. (BE 0479.037.569)	BELGIUM	40%	-

At 30th of March 2007, the IBA fully owned entities mentioned here after have merged and are now registered under the name IBA Molecular North America Inc. : Cyclotec L.L.C.; Pharmalogic PET Services of NJ L.L.C.; Pharmalogic PET Services of MA L.L.C.; Pharmalogic PET Services of NY L.L.C.; West Texas Positron L.L.C.; Lubbock West Texas Positron L.L.C; IBA RadioIsotopes Inc.; Eastern Isotopes Inc.

The Group has noticeable influence in RadioPharma Partners S.A. to the extent it is represented at the Board of Directors and in CIS Bio International to the extent it is represented in the supervisory

board (“Conseil de surveillance”) and one employee is employed by IBA and by Cis Bio. The IBA Group, nevertheless, does not have any decision power or control over Cis Bio International.

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 €124 million at June 30, 2007. The company has recognized deferred tax assets amounting to €29 million. 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 assets 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, 2007 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, 2007, 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 2007	EQUIPMENT (EUR '000)	RADIOISOTOPES (EUR '000)	GROUP (EUR '000)
Net sales	57.444	39.255	96.699
Inter-segment sales			0
External sales	57.444	39.255	96.699
Segment result	7.494	2.316	9.810
Unallocated expenses			-4.921
Financial income			58
Share of loss of companies consolidated using equity method	0	190	190
Profit before tax			5.021
Tax expense (income)			-2.098
Profit for the period from discontinued operations			0
Minority Interest		-24	-24
PROFIT FOR THE PERIOD			7.143

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	0	0
External sales	52.481	30.322	82.803
Segment result	3.265	23.227	26.492
Unallocated expenses			-9.075
Financial expense			835
Share of loss of companies consolidated using equity method	106	-244	-138
Profit before tax			16.444
Tax expense (income)			-10.822
Profit from the period from discontinued operations			-1.030
Minority Interest		-6	-6
PROFIT FOR THE PERIOD			26.242

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.

<u>BASIC EPS</u>	30 June 2007	30 June 2006
Weighted average number of ordinary shares in issue	25.573.624	25.104.280
Profit attributable to equity holders of the Company (€'000)	7.119	26.236
Basic earnings per share from continuing and discontinued operations (€per share)	0,28	1,05
Profit from continuing operations attributable to equity holders of the Company (€'000)	7.119	27.266
Weighted average number of ordinary shares in issue	25.573.624	25.104.280
Basic earnings per share from continuing operations (€per share)	0,28	1,09
Profit from discontinued operations attributable to equity holders of the Company (€'000)	0	-1.030
Weighted average number of ordinary shares in issue	25.573.624	25.104.280
Basic earnings per share from discontinued operations (€per share)	-	-0,04

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.

<u>DILUTED EPS</u>	30 June 2007	30 June 2006
Weighted average number of ordinary shares in issue	25.573.624	25.104.280
Weighted average number of shares under option	1.829.251	1.873.063
Average share price over period	22,02	10,01
Dilution effect from weighted number of shares under option	1.384.697	375.447
Weighted average number of ordinary shares for diluted earnings per share	26.958.320	25.479.727
Profit attributable to equity holders of the Company (€'000)	7.119	26.236
Diluted earnings per share from continuing and discontinued operations (€per share)	0,26	1,03
Profit from continuing operations attributable to equity holders of the Company (€'000)	7.119	27.266
Diluted earnings per share from continuing operations (€per share)	0,26	1,07
Profit from discontinued operations attributable to equity holders of the Company (€'000)	0	-1.030
Diluted earnings per share from discontinued operations (€per share)	0,00	-0,04

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 Cash and cash equivalent

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

	30 June 2007	30 June 2006
	(EUR '000)	(EUR '000)
Cash	28.402	5.473
Restricted cash	12.587	5.815
Short term deposits and commercial papers	25.784	44.721
TOTAL	66.773	56.009

6.3 Capital expenditure and commitments

Six months ended 30 June 2007

	Property, plant and equipment	Intangible	Goodwill
	(EUR '000)	(EUR '000)	(EUR '000)
Opening net book value	46.414	4.115	28.100
Additions	10.870	504	0
Disposals	-979	188	0
CTA	-390	-51	-597
Depreciation/amortisation and impairment	-2.875	-719	0
Closing net book amount	53.040	4.037	27.503

6.4 Movements in borrowings

	30 June 2007 (EUR '000)	31 December 2006 (EUR '000)
Current	5.323	5.448
Non-Current	19.313	18.156
TOTAL	24.636	23.604

	30 June 2007 (EUR)	31 December 2006 (EUR)
Opening amount	23.604	25.411
Acquisition of borrowings via subsidiaries acquired	0	4.374
Disposal of borrowings via subsidiaries disposed of	0	-196
New borrowings	4.416	2.154
Repayments of borrowings	-3.003	-6.107
Currency translation differences	-381	-2.032
Closing amount	24.636	23.604

6.5. Inventories and Construction contracts

	30 June 2007 (EUR '000)	31 December 2006 (EUR '000)
Raw material and supplies	8.865	7.825
Finished products	2.257	2.963
Work in progress	3.676	4.411
Contracts in progress	21.174	20.291
Write-off on inventories	-1.118	-4.296
Inventories and contracts in progress	34.854	31.194

<u>Contracts in progress</u>	30 June 2007 (EUR '000)	31 December 2006 (EUR '000)
Costs to date and recognised profit	47.296	34.444
Less: progress billings	-26.122	-14.153
Contracts in progress	21.174	20.291
Gross amount due to customers for contract work	33.803	23.806

6.6 Other operating income

The other operating expenses represent a net charge of €0.7 million which represents the costs related to the valuation of the stock option plans for the IBA personnel for €1 million, the impairment on current assets for €1.3 million and some legal costs for €1.7 million as well as other charges for €0.4 million. Those other operating charges are partially offset by the reversal of some impairment on inventory that was posted during the second semester 2006 (€3.3 million) and the reversal of some provisions for commitments taken upon the acquisition of the FDG business of Schering AG in 2006 (€0.5 million).

The other operating expenses represents for the first half of 2006 a net income of €12,0 million and were 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.

6.7 Ordinary shares, share premium and treasury shares

	Number of	Ordinary shares	Share premium	Treasury shares	Total
		(EUR '000)	(EUR '000)	(EUR '000)	(EUR '000)
Closing balance at 31 December 2006	25.465.066	35.747	200.898	-256	236.389
Share options exercised	264.060	366	1.470		1.836
Capital reduction					0
Other			-87.435		-87.435
Closing balance at 30 June 2007	25.729.126	36.113	114.933	-256	150.790

On the 9th of May 2007, the extraordinary shareholders meeting of IBA SA approved the reduction of the share premium account by €87,4million through reduction of the carried forward losses.

6.8 Contingencies

LITIGATION WITH OPTIVUS TECHNOLOGY

The case is now settled. In consideration for USD 1,250,000 (+/- EUR 929,000) from IBA, Optivus and LLUMC dismissed with prejudice all of their remaining claims and forever released IBA from liability under the asserted claims and covenanted not to sue or threaten to sue IBA on these claims in the future.

TAX LITIGATION IN SWEDEN

The tax dispute with the Swedish National Tax Board is still pending. A provision of EUR 1.3 million has been set aside.

LITIGATION AND DISPUTES WITH BAYER SCHERING PHARMA AG

Until April 30, 2006, IBA and Schering AG (now Bayer Schering Pharma AG) were partners in a joint venture to establish a network of FDG manufacturing sites in Italy and the United Kingdom. On April 30, 2006, in the context of closing a package deal for the sale of its radiopharmaceutical operations to IBA and IRE (Institut National des Radioéléments), Bayer Schering Pharma AG sold its British and Italian holdings to IBA for a symbolic euro. During closing, the parties disagreed over the handling of loans made by each of the partners to their joint British subsidiary. Bayer Schering Pharma AG immediately initiated arbitration proceedings with the Association Française d'Arbitrage (French Arbitration Association). These proceedings are pending. IBA contends that Bayer Schering Pharma AG's loan was abandoned for the symbolic euro along with its holdings and need not be repaid. Bayer Schering Pharma AG contends that this loan is not covered by the package deal and must be repaid by its due date of April 22, 2013. Subsidiarily, Bayer Schering Pharma AG contends that the loan should have been repaid on April 30, 2006. The principal of the disputed loan is GBP 1,144,000. The interest rate is LIBOR plus 1 percent. Arbitration is expected before year-end.

In the context of this same package deal with Bayer Schering Pharma AG, the parties are also in dispute over the net cash position adjustment at closing, on which they differ by on the order of EUR 300,000. This issue will be evaluated by a certified accountant.

A last dispute concerns the transfer of the Japanese operations of Bayer Schering Pharma AG, which contends that IBA and IRE have not complied with their reasonable best effort obligation in this regard. Bayer is asking for damages of EUR 1.3 million, and IBA and IRE have rejected this request. A provision has been set aside for the disputed amount.

6.9 Income tax

	30 June 2007	30 June 2006
	(EUR '000)	(EUR '000)
Current income tax charge	662	681
Deferred income tax	-2.760	-11.503
TOTAL Income tax expense/(income)	-2.098	-10.822

The tax expenses for the 1st half of 2007 and for the corresponding period of 2006 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 31 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 a positive P&L impacts of €2.1 million in the accounts reported for the first half of 2007.

**REPORT OF THE STATUTORY AUDITOR ON THE ACCOUNTING DATA PRESENTED IN THE
SEMI-ANNUAL COMMUNIQUÉ OF ION BEAM APPLICATIONS SA**

We have compared the accounting data presented in the semi-annual communiqué of Ion Beam Applications SA with the interim condensed consolidated financial statements as at 30 June 2007, which show a balance sheet total of € 305,560,000 and net income (group share) for the period of € 7,143,000. We confirm that these accounting data do not show any significant discrepancies with the interim condensed consolidated financial statements.

We have issued a review report on these interim condensed consolidated financial statements, in which we declare that, based on our review, nothing has come to our attention that causes us to believe that these interim condensed consolidated financial statements are not prepared, in all material aspects, in accordance with IAS 34 *Interim Financial Reporting*, as adopted for use in the European Union.

Brussels, 29 August 2007

Ernst & Young Reviseurs d'Entreprises SCC
Statutory Auditor
Represented by



Eric Golenvaux
Partner

08EG007