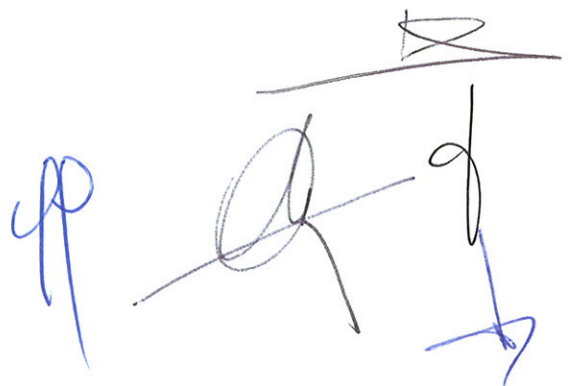


# Ion Beam Applications ("IBA")

IFRS Interim Condensed Consolidated  
Financial Statements for the six months ended  
June 30, 2010

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## **IFRS Interim Condensed Consolidated Financial Statements**

In accordance with IAS 34, IBA S.A. has elected to publish its interim consolidated financial statements at June 30, 2010 in a condensed format.

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## **General Information**

Ion Beam Applications SA (the "Company" or the "parent"), founded in 1986, and its subsidiaries (together, the "Group" or "IBA") are committed to technological progress in the field of cancer diagnosis and therapy and deliver efficient, dependable solutions providing unequalled precision. IBA also offers innovative solutions for everyday hygiene and safety.

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

- **Pharmaceuticals** composed of production, development and distribution services for radiopharmaceuticals and bio-assays.
- **Equipments** 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 and is included in the Bel MID Index.

Consequently, IBA has agreed to follow certain rules to enhance the quality of financial information provided to the market. These include:

- Publication of its annual report, including its audited annual consolidated financial statements, within four months from the end of the financial year;
- Publication of a half-year report covering the first six months of the financial year within two months from the end of the second quarter;
- Publication of half-year and annual consolidated financial statements prepared in accordance with IFRS;
- Audit of its annual consolidated financial statements by its auditors in accordance with the auditing standards set forth by the International Federation of Accountants ("IFAC").

These interim condensed consolidated financial statements have been approved for issue by the Board of Directors on August 27, 2010. 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. Pierre Mottet's mandate was renewed at the Ordinary General Meeting of Shareholders on May 14, 2008 and will expire at the Ordinary General Meeting of 2011 deciding on the 2010 accounts. Mr. Yves Jongen is Managing Director and Chief Research Officer. His mandate was renewed at the Ordinary General Meeting of Shareholders on May 12, 2010 and will expire at the Ordinary General Meeting of 2013 deciding on the 2012 accounts. The mandate of Bayrime S.A. represented by Mr. Eric de Lamotte was renewed at the Ordinary General Meeting of Shareholders on May 14, 2008 and will expire at the Ordinary General Meeting of 2011 deciding on the 2010 accounts.
- Independent Directors: Innosté S.A. represented by Mr. Jean Stéphane, its Managing Director, PSL Management Consulting S.C.S. represented by Mr. Pierre Scalliet, its General Manager, and Windi S.P.R.L. represented by Mr. Yves Windelinx, its General Manager, were nominated as Independent Directors. The mandate of Innosté S.A. represented by Mr. Jean Stéphane was renewed at the Ordinary General Meeting of May 14, 2008 and will expire at the ordinary General Meeting of 2011 deciding on the 2010 accounts. At the board of Directors of May 12, 2010, Innosté S.A. represented by Mr. Jean Stéphane was nominated as Chairman of the Board and Chairman of the Nomination and Remuneration Committee. The mandate of Windi SPRL represented by Mr. Yves Windelinx was approved at the Ordinary General Meeting of Shareholders on May 12, 2010 and will expire at the Ordinary General Meeting of 2011 deciding on the 2010 accounts. Mr. Yves Windelinx was also nominated as Chairman of the Audit Committee, and Member of the Nomination Committee and Remuneration Committee. The S.C.S. PSL Management Consulting represented by Mr Pierre Scalliet, its General Manager was renewed at the Ordinary General Meeting of Shareholders of May 13, 2009 and will expire at the Ordinary General Meeting of 2012 deciding on the 2011 accounts.
- Other directors: Mr. Peter Vermeeren, 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. The mandate of Mr. Peter Vermeeren was renewed at the Ordinary General Meeting of May 14, 2008 and will expire at the ordinary General Meeting of 2011 deciding on the 2010 accounts. Since the board of May 12, 2010, Mr. Peter Vermeeren is acting as Vice-Chairman of the Board. IRE's mandate was renewed at the Ordinary General Meeting of Shareholders on May 12, 2010 and will expire at the Ordinary General Meeting of 2013 deciding on the 2012 accounts. The mandate of Olivier Ralet BDM SPRL represented by Mr. Olivier Ralet was renewed at the Ordinary General Meeting of Shareholders of May 13, 2009 and will expire at the Ordinary General Meeting of 2012 deciding on the 2011 accounts.

IBA Board of Directors operates within the guidelines defined in its Charter of Corporate Governance as approved by the Board session of April 1, 2010. A copy of it can be found on the IBA website ([www.iba-worldwide.com](http://www.iba-worldwide.com)).

## Interim Consolidated Statement of Financial Position as at June 30, 2010

The Group has chosen to present its statement of financial position on a current/ non-current basis. The notes on pages 9 to 30 are part of those interim condensed consolidated financial statements.

	Note	June 30, 2010 (EUR '000)	December 31, 2009 (EUR '000)
<b>ASSETS</b>			
Goodwill	6.3	33 388	29 563
Other intangible assets	6.3	35 368	37 020
Property, plant and equipment	6.3	86 337	79 526
Investments accounted for using the equity method		6 350	5 097
Other investments		2 122	2 377
Deferred tax assets		32 875	31 732
Other long-term assets		90 849	80 093
<b>Non-current assets</b>		<b>287 289</b>	<b>265 408</b>
Inventories and contracts in progress	6.5	103 270	97 011
Trade receivables		91 321	70 178
Other receivables and accruals		24 358	26 869
Short-term financial assets		1 120	2 591
Cash and cash equivalents	6.2	26 622	17 586
<b>Current assets</b>		<b>246 691</b>	<b>214 235</b>
<b>TOTAL ASSETS</b>		<b>533 980</b>	<b>479 643</b>
<b>EQUITY AND LIABILITIES</b>			
Capital stock	6.8	37 721	37 505
Capital surplus	6.8	125 143	124 788
Treasury shares	6.8	-8 657	-9 515
Reserves		9 732	16 077
Cumulative translation difference		-2 798	-16 377
Retained earnings		-7 300	-9 117
<b>Capital and reserves attributable to Company's equity holders</b>		<b>153 841</b>	<b>143 361</b>
<b>Non-controlling interests</b>		<b>1 023</b>	<b>781</b>
<b>TOTAL EQUITY</b>		<b>154 864</b>	<b>144 142</b>
Long-term borrowings	6.4	32 956	6 372
Deferred tax liabilities		1 106	1 004
Long-term provisions		92 645	97 169
Other long-term liabilities		52 067	53 413
<b>Non-current liabilities</b>		<b>178 774</b>	<b>157 958</b>
Short-term borrowings	6.4	35 599	28 275
Other short-term financial liabilities		3 684	103
Short-term provisions		6 173	0
Trade payables		47 162	48 264
Current income tax liabilities		2 244	2 198
Other payables and accruals	6.6	105 480	98 703
<b>Current liabilities</b>		<b>200 342</b>	<b>177 543</b>
<b>TOTAL LIABILITIES</b>		<b>379 116</b>	<b>335 501</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>533 980</b>	<b>479 643</b>

## Interim Consolidated Income Statement for the 6 months ended June 30, 2010

The Group has chosen to present its income statement by function of expenses.  
The notes on pages 9 to 30 are an integral part of these IFRS interim condensed financial statements.

	Note	June 30, 2010 (EUR '000)	June 30, 2009 (EUR '000)
Sales and services		181 306	180 805
Cost of sales and services		108 702	111 646
<b>Gross profit</b>		<b>72 604</b>	<b>69 159</b>
Selling and marketing expenses		20 000	17 733
General and administrative expenses		31 042	31 410
Research and development expenses		12 926	13 732
Other operating expenses	6.7	6 798	4 358
Other operating (income)	6.7	-1 681	-4 677
Financial expenses		9 504	10 641
Financial (income)		-9 645	-8 038
Share of (profit)/loss of companies consolidated using the equity method		-849	-267
<b>Profit/(loss) before taxes</b>		<b>4 509</b>	<b>4 267</b>
Tax (income)/expenses	6.10	1 959	1 048
<b>Profit for the period from continuing operations</b>		<b>2 550</b>	<b>3 219</b>
Profit/(loss) for the period from discontinued operations		0	0
<b>Profit/(loss) for the period</b>		<b>2 550</b>	<b>3 219</b>
<b>Attributable to :</b>			
Equity holders of the parent		2 308	3 036
Non-controlling interests		242	183
		<b>2 550</b>	<b>3 219</b>
<b>Earnings per share from continuing and discontinued operations (€ per share)</b>			
- basic		0.09	0.11
- diluted		0.09	0.11
<b>Earnings per share from continuing operations (€ per share)</b>			
- basic		0.09	0.11
- diluted		0.09	0.11

## Interim Consolidated Statement of Comprehensive Income for the six months ended June 30, 2010

	30 June 2010	30 June 2009
	(EUR '000)	(EUR '000)
<b>Income/(expenses) for the period</b>	<b>2 550</b>	<b>3 219</b>
Changes in available-for-sale financial asset reserves	131	747
Changes in strategic hedge reserves	-6 202	788
Changes in currency translation difference	13 579	1 075
<b>Net income/(expenses) recognized directly in equity</b>	<b>7 508</b>	<b>2 610</b>
<b>Comprehensive income</b>	<b>10 058</b>	<b>5 829</b>
Attributable to : Equity holders of the parent	9 816	5 646
Non-controlling interests	242	183

## Interim Consolidated Statement of Changes in Shareholders' Equity

The notes on pages 9 to 30 are part of those interim condensed consolidated financial statements.

	Attributable to equity holders of the parent						Non-controlling	Total	
	Share capital	Share premium	Treasury shares	Hedging reserve	Other Reserves	Cumulative translation differences	Retained Earnings	Equity	
<b>Balance at 1 January 2009</b>	37 285	124 358	-7 563	689	8 531	-17 064	5 446	684	152 366
Net income/(expenses) recognised directly in equity	0	0	0	788	747	1 075	0	0	2 610
Profit/(loss) for the period							3 036	183	3 219
<b>Comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>788</b>	<b>747</b>	<b>1 075</b>	<b>3 036</b>	<b>183</b>	<b>5 829</b>
Dividends							-2 126		-2 126
Employee stock options & share based payment					738				738
Purchase & sale of treasury shares			-1 263						-1 263
Other changes in non-controlling interests									0
Other movements							-308		-308
Increase/(reduction) of capital stock/capital surplus	190	357							547
<b>Balance at 30 June 2009</b>	<b>37 475</b>	<b>124 715</b>	<b>-8 826</b>	<b>1 477</b>	<b>10 016</b>	<b>-15 989</b>	<b>6 048</b>	<b>867</b>	<b>155 783</b>
<b>Balance at 1 January 2010</b>	<b>37 505</b>	<b>124 788</b>	<b>-9 515</b>	<b>1 755</b>	<b>14 322</b>	<b>-16 377</b>	<b>-9 117</b>	<b>781</b>	<b>144 142</b>
Net income/(expenses) recognised directly in equity	0	0	0	-6 202	131	13 579			7 508
Profit/(loss) for the period							2 308	242	2 550
<b>Comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-6 202</b>	<b>131</b>	<b>13 579</b>	<b>2 308</b>	<b>242</b>	<b>10 058</b>
Dividends									0
Employee stock options & share based payment					-274				-274
Purchase & sale of treasury shares			858				-491		367
Other changes in non-controlling interests									0
Other movements									0
Increase/(reduction) of capital stock/capital surplus	216	355							571
<b>Balance at 30 June 2010</b>	<b>37 721</b>	<b>125 143</b>	<b>-8 657</b>	<b>-4 447</b>	<b>14 179</b>	<b>-2 798</b>	<b>-7 300</b>	<b>1 023</b>	<b>154 864</b>

## Interim Consolidated Statement of Cash Flow for the six months ended June 30, 2010

The Group has chosen to present the cash flow statement using the indirect method.  
The notes on pages 9 to 30 are part of those interim condensed consolidated financial statements.

	June 30, 2010 (EUR '000)	June 30, 2009 (EUR '000)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net profit/(loss) for the period</b>	<b>2 308</b>	<b>3 036</b>
Adjustments for:		
Depreciation and impairment of property, plant, and equipment	8 275	7 410
Amortization and impairment of intangible assets	2 787	2 581
Write-off on receivables	215	-307
Changes in fair value of financial assets (gains)/losses	-732	-491
Change in provisions	3 101	732
Taxes	225	27
Share of result of associates and joint ventures accounted for using the equity method	-849	-267
Other non-cash items	866	1 670
<b>Net profit/(loss) before changes in working capital</b>	<b>16 196</b>	<b>14 391</b>
Trade receivables, other receivables, and deferrals	-14 951	7 638
Inventories and contracts in progress	2 513	-7 140
Trade payables, other payables, and accruals	-4 782	-24 849
<b>Changes in working capital</b>	<b>-17 220</b>	<b>-24 351</b>
Interest expenses	715	1 115
Interest income	-1 180	-1 042
<b>Net cash (used in)/generated from operations</b>	<b>-1 489</b>	<b>-9 887</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisitions of property, plant, and equipment	-9 670	-8 949
Acquisitions of intangible assets	-1 000	-976
Disposals of fixed assets	112	57
Acquisitions of subsidiaries, net of acquired cash	0	0
Acquisitions of third party and equity-accounted companies	-206	-336
Acquisitions of non-current financial assets and loan granted	-7 951	0
Other investing cash flows	-3 116	-5 228
<b>Net cash (used in)/generated from investing activities</b>	<b>-21 831</b>	<b>-15 432</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	36 643	10 274
Repayments of borrowings	-3 153	-19 242
Interest paid/received net	-672	-670
Capital increase (or proceeds from issuance of ordinary shares)	547	524
Purchase of treasury shares	-595	-1 263
Dividends paid	-4	-1 809
Other financing cash flows	211	416
<b>Net cash (used in)/generated from financing activities</b>	<b>32 977</b>	<b>-11 770</b>
<b>Net cash and cash equivalents at beginning of the period</b>	<b>17 586</b>	<b>53 943</b>
Change in net cash and cash equivalents	9 657	-37 089
Exchange gains/(losses) on cash and cash equivalents	-621	-912
<b>Net cash and cash equivalents at end of the period</b>	<b>26 622</b>	<b>15 942</b>

## 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, 2010. They have been prepared in accordance with IAS 34 “Interim Financial Reporting”.

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 2009.

#### 1.2. Change in accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2009, except for the adoption of new Standards and Interpretations as of 1 January 2010, noted below:

##### IFRIC 17 Distributions of Non-cash Assets to Owners

IFRIC 17 Distributions of Non-cash Assets to Owners addresses the treatment of distributions in kind to shareholders. A liability has to be recognized when the dividend has been appropriately authorized and is no longer at the discretion of the entity, to be measured at the fair value of the non-cash assets to be distributed. Outside the scope of IFRIC 17 are distributions in which the assets being distributed are ultimately controlled by the same party or parties before and after the distribution (common control transactions).

The Group adopted the interpretation as of 1 January 2010 with no effect on its financial result or financial position.

##### IFRIC 18 Transfers of Assets from Customers

IFRIC 18 Transfers of Assets from Customers addresses the accounting by access providers for property, plant and equipment contributed to them by customers. Recognition of the assets depends on who controls them. When the asset is recognized by the access provider, it is measured at fair value upon initial recognition. The timing of the recognition of the corresponding revenue depends on the facts and circumstances.

The Group adopted the interpretation as of 1 January 2010 with no effect on its financial result or financial position.

##### Amendment to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items

Amendment to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items provides additional guidance concerning specific positions that qualify for hedging (“eligible hedged items”).

The Group adopted the amendment as of 1 January 2010 with no effect on its financial result or financial position.

Improvements to IFRSs (2009)

Improvements to IFRSs (2009) are a collection of minor improvements to existing standards. This collection, which becomes mandatory for 2010 consolidated financial statements, is not expected to have a material impact on the company's consolidated financial statements.

The Group adopted the improvement as of 1 January 2010 with no material effect on its financial result or financial position.

Amendment to IAS 32 Financial Instruments: Presentation – Classification of Rights Issues

Amendment to IAS 32 Financial Instruments: Presentation – Classification of Rights Issues allows rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency to be classified as equity instruments provided the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments.

The Group adopted the amendment as of 1 January 2010 with no effect on its financial result or financial position.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments provides guidance on the accounting for debt for equity swaps.

The Group adopted the interpretation as of 1 January 2010 with no effect on its financial result or financial position.

Revised IAS 24 Related Party Disclosures (2009)

Revised IAS 24 Related Party Disclosures amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities.

The Group adopted the revised standard as of 1 January 2010 with no effect on its financial result or financial position.

Amendments to IFRIC 14 IAS 19 The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Amendments to IFRIC 14 IAS 19 The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction removes unintended consequences arising from the treatment of prepayments where there is a minimum funding requirement. These amendments result in prepayments of contributions in certain circumstances being recognized as an asset rather than an expense.

### 1.3. 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:

	2010		2009	
	Closing rate at end June	Average rate for the 6 months period	Closing rate at end December	Average rate for the year
<b>USD</b>	1.2206	1.3306	1.4332	1.3939
<b>SEK</b>	9.5173	9.8083	10.3111	10.6321
<b>GBP</b>	0.8098	0.8715	0.8999	0.8915
<b>CNY</b>	8.2859	9.0946	9.7705	9.5354
<b>INR</b>	56.7084	61.0421	67.0164	67.2465
<b>JPY</b>	108.1930	121.6735	134.2040	130.3441

## 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 42 companies and associated companies in 14 countries.

Of these, 35 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

#### a) Consolidated subsidiaries

Name	Country of incorporation	Share of equity held (in %)	Variation in % held compared to 31 December 2009
IBA Molecular Holding S.A. (BE 0880.070.706)	BELGIUM	100.0%	-
IBA Pharma S.A. (BE 0860.215.596)	BELGIUM	99.99%	-0.01%
IBA Pharma Invest S.A. (BE 0874.830.726)	BELGIUM	68.75%	-
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%	-
Molecular Imaging S.A. (BE 0819.674.051)	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%	-
IBA Dosimetry GmbH	GERMANY	100%	-
IBA Molecular Imaging (India) Pvt. Ltd.	INDIA	68.75%	-
IBA Molecular Italy S.r.L.	ITALY	100%	-
IBA Molecular Spain S.A.	SPAIN	100%	-
MediFlash Holding A.B.	SWEDEN	100%	-
IBA Dosimetry A.B.	SWEDEN	100%	-
IBA Molecular UK limited	UNITED KINGDOM	100%	-
IBA Dosimetry North America Inc.	USA	100%	-
IBA Proton Therapy Inc.	USA	100%	-
IBA Industrial Inc.	USA	100%	-
IBA Molecular North America Inc.	USA	100%	-
RadioMed Corporation	USA	100%	-
IBA USA Inc.	USA	100%	-
IBA Molecular Montreal Holding Corp.	USA	100%	-
Betaplus Pharma S.A. (BE 0479.037.569)	BELGIUM	75%	-
IBA Particle Therapy GmbH	GERMANY	100%	-
Radiopharma Partners SA (BE 0879.656.475) consolidated	BELGIUM	100%	-
Cis Bio International S.A.S.	FRANCE	100%	-
Cis Bio Spa	ITALY	100%	-
Cis Bio GmbH	GERMANY	100%	-
Cis Bio US Inc.	USA	100%	-
IBA Bio Assays S.A.S.	FRANCE	100%	-
IBA Molypharma S.L.	SPAIN	100%	-
IBA Hadronthérapie S.A.S.	FRANCE	100%	100%
Cyclhad S.A.S.	FRANCE	60%	60%

b) **Equity-accounted investments**

<b>Name</b>	<b>Country of incorporation</b>	<b>Share of equity held (in %)</b>	<b>Variation in % held compared to 31 December 2009</b>
<b>Striba Gmbh</b>	GERMANY	50%	-
<b>Pharmalogic Pet Services of Montreal Cie</b>	CANADA	48%	-
<b>PetLinq L.L.C.</b>	USA	40%	-
<b>Radio Isotope Mediterranée S.A.</b>	MOROCCO	25%	-
<b>Molypharma</b>	SPAIN	24.5%	-
<b>Sceti Medical Labo KK</b>	JAPAN	39.80%	-
<b>Swan Isotopen AG</b>	SWITZERLAND	20.20%	-

## 2.2. Changes in the composition of the IBA Group

During the first six months of 2010, IBA created IBA Hadrontherapie SAS and created together with another party Cyclhad SAS, to pursue activities in Particle Therapy in France. IBA holds a 60% stake in the capital of Cyclhad SAS.

### **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.

#### **3.1. Income taxes**

The Group has accumulated net operating losses useable to offset future taxable profits essentially in Belgium, France, Italy, Spain, United Kingdom and the United States for € 164 million and for temporary differences amounting to € 112 million at June 30, 2010. The company has recognized deferred tax assets amounting to € 32.9 million on net operating losses at June 30, 2010. 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.

Due to the current economical situation, management has decided to take into account only 3 years of the strategic plan (versus 4 years at the end of last year) in order to determine the amount of deferred taxes to be recognized at an interim date. This methodology has been used as it is management's best estimate of what will be recovered in the foreseeable future for the Group. The situation will be reassessed at year-end with the new strategic plan.

#### **3.2. Provisions for decommissioning costs**

The production of FDG (Pharmaceutical business segment) generates radiation and results in the contamination of the production site facilities. This situation may require the Group to pay restoration costs to comply with the regulations in these various jurisdictions, as well as with 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.

Provision has been made for unavoidable costs in connection with decommissioning the sites where radiopharmaceutical agents are produced. These provisions are measured at the net present value of the best estimate of the necessary costs.

At June 30, 2010 the amount of such provisions amounts to € 38.1 million compared to € 36.9 million at December 31, 2009.

The French subsidiary CIS Bio International SAS has held nuclear operator status since December 2008 and as such is required to set aside restricted assets for the future decommissioning and restoration of the nuclear medicine facilities at the site in Saclay, France. At June 30, 2010, these restricted assets came to EUR 33.2 million, compared with EUR 32.2 million at December 31, 2009.

### **3.3. Provisions for obligation to take over radioactive equipment and sources**

In the context of the gradual disengagement from radioactive source production (production of cobalt and cesium) at the Saclay site in France, a provision has been made to meet obligations for the takeover and disposal of used radioactive sources and certain equipment (irradiators) in France. This provision is valued at the net present value of the most probable estimates of unavoidable costs for the treatment and disposal of these used sources. This provision is discounted based on the estimated plan for source recovery.

At June 30, 2010 the amount of such provisions amounts to € 17.1 million compared to € 17.6 million at December 31, 2009.

### **3.4. Provisions for potential contractual penalties**

When appropriate, the Group recognizes provisions for potential contractual penalties on delayed completion of certain projects. The amount recognized on the balance sheet is based on Management's best estimate of the probability that it will have to pay those penalties. At June 30, 2010, these provisions amount to EUR 6.2 million.

### **3.5. Revenue recognition**

Contracts in progress are valued at their cost of production, increased by income accrued as determinate by the stage 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. This probability is based on judgment. If certain judgmental criteria differ from those used for previously recognized revenues, the Group's income statement is impacted.

When appropriate, the company revises its estimated margin at completion to take into account the assessment of any residual risk arising from this contract over several years. When the final outcome of these uncertainties differs from initial estimations, the Group's income statement is impacted.

### **3.6. Defined benefit plans**

Under defined benefit plans, an employer's obligation is to provide the agreed benefits to current and former employees. The benefits are typically based on such factors as age, length of service and compensation. The actuarial risks and investment risks are retained by the employer. If actuarial or investment experience is different than expected, an employer's obligation may be increased or decreased. Such engagements should be valued and recognized on the balance sheet under IFRS.

Actuarial gains and losses are presented under other comprehensive income.

At June 30, 2010 the amount of provisions for defined benefit plans amounts to € 21.6 million.

The valuation of this provision, based on estimates and judgments made by the Group, is subject to the recurring revision by an external actuarial consultant.

### **3.7. Estimating the value in use of intangible and tangible fixed assets**

The recoverable amounts of tangible and intangible fixed assets are determined on a "value in use" basis. Value in use is determined on the basis of IBA's most recent business plans, as approved by the

Board of Directors. These plans incorporate various assumptions made by management and approved by the Board as to how the business, profit margins, and investments will evolve.

### **3.8. Valuation of private equity instruments**

IBA revalues its private equity holdings using either the discounted cash flow method or the share value assigned to them during the most recent rounds of financing. At June 30, 2010, the Group recognized an additional impairment of EUR 0.8 million on a third-party investment.

### **3.9. Development costs for new molecules**

Expenses incurred to prepare the Group's facilities for the future commercialization of new molecules in phase 2 development are recognized as tangible and intangible assets when management considers it likely that such molecules can be brought to market and that future revenues will offset the development costs incurred. At June 30, 2010, these capitalized expenses stood at EUR 5.2 million.

### **3.10. Termination benefits**

Prior to integration within the IBA Group in June 2008, CIS Bio International SAS had initiated a restructuring plan for which a remaining provision of €3.9 million is presented in the consolidated figures of the Group at 30 June 2010. This provision is based on estimates and judgments made by the Group.

## 4. Segment information

For management purposes, the Group is organized on a worldwide basis into two main operating segments: (1) Equipment and (2) Pharmaceuticals (i.e. businesses related to the radiopharmaceuticals and bio-assays).

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

Six months ended June 30, 2010	EQUIPMENT (EUR '000)	PHARMACEUTICALS (EUR '000)	GROUP (EUR '000)
Net sales	72 187	109 544	181 731
Inter-segment sales	-109	-316	-425
<b>External sales</b>	<b>72 078</b>	<b>109 228</b>	<b>181 306</b>
<b>Segment result</b>	<b>6 289</b>	<b>-2 076</b>	<b>4 213</b>
Unallocated expenses			-694
Financial income/(expenses)			141
Share of profit/(loss) of companies consolidated using equity method			849
<b>Profit before tax</b>			<b>4 509</b>
Tax (expense)/income			-1 959
Profit for the period from discontinued operations			0
Non-controlling Interests			-242
<b>PROFIT FOR THE PERIOD</b>			<b>2 308</b>

Six months ended June 30, 2009	EQUIPMENT (EUR '000)	PHARMACEUTICALS (EUR '000)	GROUP (EUR '000)
Net sales	78 524	103 670	182 194
Inter-segment sales	-233	-1 156	-1 389
<b>External sales</b>	<b>78 291</b>	<b>102 514</b>	<b>180 805</b>
<b>Segment result</b>	<b>8 973</b>	<b>-1 615</b>	<b>7 358</b>
Unallocated expenses			-755
Financial income/(expenses)			-2 603
Share of profit/(loss) of companies consolidated using equity method			267
<b>Profit before tax</b>			<b>4 267</b>
Tax (expense)/income			-1 048
Profit for the period from discontinued operations			0
Non-controlling Interests			-183
<b>PROFIT FOR THE PERIOD</b>			<b>3 036</b>

## 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.

<b><u>BASIC EPS</u></b>	<b>June 30, 2010</b>	<b>June 30, 2009</b>
Weighted average number of ordinary shares	26 167 788	26 596 236
Earnings attributable to equity holders of the parent (€ '000)	2 308	3 036
<b>Basic earnings per share from continuing and discontinued operations (€ per share)</b>	<b>0.09</b>	<b>0.11</b>
Earnings from continuing operations attributable to equity holders of the parent (€ '000)	2 308	3 036
Weighted average number of ordinary shares in issue	26 167 788	26 596 236
<b>Basic earnings per share from continuing operations (€ per share)</b>	<b>0.09</b>	<b>0.11</b>
Earnings from discontinued operations attributable to equity holders of the parent (€ '000)	0	0
Weighted average number of ordinary shares in issue	26 167 788	26 596 236
<b>Basic earnings per share from discontinued operations (€ per share)</b>	<b>0.00</b>	<b>0.00</b>

### 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.

<b><u>DILUTED EPS</u></b>	<b>June 30, 2010</b>	<b>June 30, 2009</b>
Weighted average number of ordinary shares	26 167 788	26 596 236
Weighted average number of stock options	907 637	992 657
Average share price over period	8.04	6.35
Dilution effect from weighted number of stock options	475 597	429 864
Weighted average number of ordinary shares for diluted earnings per share	26 643 385	27 026 100
Earnings attributable to equity holders of the parent (€ '000)	2 308	3 036
<b>Diluted earnings per share from continuing and discontinued operations (€ per share)</b>	<b>0.09</b>	<b>0.11</b>
Earnings from continuing operations attributable to equity holders of the parent (€ '000)	2 308	3 036
<b>Diluted earnings per share from continuing operations (€ per share)</b>	<b>0.09</b>	<b>0.11</b>
Earnings from discontinued operations attributable to equity holders of the parent (€ '000)	0	0
<b>Basic earnings per share from discontinued operations (€ per share)</b>	<b>0.00</b>	<b>0.00</b>

## 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 :

	<b>June 30, 2010</b> (EUR '000)	<b>June 30, 2009</b> (EUR '000)
Cash at bank and in hand	23 587	11 091
Restricted cash	151	64
Short-term bank deposits and commercial paper	2 884	4 787
	<b>26 622</b>	<b>15 942</b>

### 6.3. Capital expenditure and commitments

<i>Six months ended 30 June 2010</i>	<b>Property, plant and equipment</b> (EUR '000)	<b>Intangible</b> (EUR '000)	<b>Goodwill</b> (EUR '000)
<b>Opening net book amount</b>	<b>79 526</b>	<b>37 020</b>	<b>29 563</b>
Additions	9 670	1 000	0
Disposals	-14	0	0
Transfer	185	-185	0
CTA	5 245	320	3 825
Change in consolidation scope	0	0	0
Depreciation/amortisation and impairment	-8 275	-2 787	0
<b>Closing net book amount</b>	<b>86 337</b>	<b>35 368</b>	<b>33 388</b>

#### 6.4. Movements in borrowings

	June 30, 2010	December 31, 2009
	(EUR '000)	(EUR '000)
Current	35 599	28 275
Non-current	32 956	6 372
<b>Total</b>	<b>68 555</b>	<b>34 647</b>

	30 June 2010	31 December 2009
	(EUR '000)	(EUR '000)
<b>Opening amount</b>	<b>34 647</b>	<b>36 137</b>
New borrowing	29 599	289
Repayments of borrowings	-3 153	-14 867
Transfers	0	0
Entry in consolidation scope	0	0
Exit of consolidation scope	0	0
Increase/(decrease) bank short-term loans	7 097	12 734
Currency translation difference	365	354
<b>Closing amount</b>	<b>68 555</b>	<b>34 647</b>

The Group has credit lines totaling EUR 100 million including a long-term credit facility of EUR 50 million from the EIB (European Investment Bank) to provide financing for research and development projects. Under the terms of the facility, the Group agreed to comply with specific covenants regarding the Group's debt. To date, a third of these credit lines has been utilized.

In addition, in the context of its proton therapy contracts, IBA holds a manufacturing credit facility of EUR 60 million of which EUR 11.7 million has been utilized to date.

#### 6.5. Inventories and Construction contracts

	June 30, 2010	December 31, 2009
	(EUR '000)	(EUR '000)
Raw material and supplies	36 435	31 581
Finished products	7 060	6 437
Work in progress	18 029	18 442
Contracts in progress (in excess of billing)	48 615	46 706
Write-off on inventories and contracts in progress	-6 869	-6 155
<b>Inventories and contracts in progress</b>	<b>103 270</b>	<b>97 011</b>

<u>Contracts in progress (in excess of billing)</u>	30 June 2010	31 December 2009
	(EUR '000)	(EUR '000)
Costs to date and recognized profit	238 064	135 565
Less: progress billings	-189 449	-88 859
<b>Contracts in progress (in excess of billing)</b>	<b>48 615</b>	<b>46 706</b>
Net amounts due to customers for contract in progress	36 707	28 933

## 6.6. Other payables and accruals

	<b>June 30, 2010</b>	<b>December 31, 2009</b>
	<b>(EUR '000)</b>	<b>(EUR '000)</b>
Non-trade payables	2 930	3 068
Advances Billing (in excess of CIP)	36 707	28 933
Social Debt	18 674	17 066
Accrued expenses	30 963	30 694
Accrued interest expenses	55	80
Deferred income	4 290	3 042
Capital grants	544	834
Other current liabilities	11 317	14 986
<b>Other payables and accruals</b>	<b>105 480</b>	<b>98 703</b>

## 6.7. Other operating expenses and income

The other operating expenses 2010 of €6.8 million include the valuation of the stock option plans offered to IBA employees for €0.7 million, the amortization of assets revaluated to fair value further to the acquisition of CIS Bio International SAS in 2008 (€0.6 million), the depreciation of decommissioning assets related to the Radiopharmaceuticals activity for €1.9 million, impairment of a third-party investment for €0.8 million, provisions for potential contractual penalties for €2.1 million based on Management's best estimate of the situation at June 30, 2010, and other expenses for €0.7 million.

The other operating income 2010 reaches €1.7 million which is constituted of the reversal of restructuring provisions for €0.8 million and other income for €0.9 million.

The other operating expenses 2009 of €4.4 million include the valuation of the stock option plans offered to IBA employees for €0.7 million, the amortization of assets revaluated to fair value further to the acquisition of CIS Bio International SAS in 2008 (€2.5 million), the depreciation of decommissioning assets related to the Radiopharmaceuticals activity for €0.7 million and other expenses for €0.5 million.

The other operating income 2009 reaches €4.7 million which is constituted of an earn-out of €2.1 million resulting from the sales in 2007 of a subsidiary of CIS Bio International SAS., the reversal of litigation and restructuring provisions for €1.8 million and other income for €0.8 million.

## 6.8. Ordinary shares, share premium and treasury shares

	Number of Ordinary shares	Capital stock (EUR '000)	Capital surplus (EUR '000)	Treasury shares (EUR '000)	Total (EUR '000)
Closing balance at December 31th, 2009	26 719 155	37 505	124 788	-9 515	152 778
Share options exercised	153 900	216	355		571
Sale of treasury shares				1 453	1 453
Purchase of treasury shares				-595	-595
Closing balance at June 30th 2010	26 873 055	37 721	125 143	-8 657	154 207

## 6.9. Contingencies

The Group is currently involved in certain legal proceedings. The potential risks connected with these proceedings are deemed to be insignificant or unquantifiable or, where potential damages are quantifiable, adequately covered by provisions. Developments in litigation pending at end 2009 mentioned in the 2009 annual report are presented in this Note.

### a) Litigation with Bayer Schering Pharma AG

In connection with the takeover of the Japanese operations, the parties are involved in a dispute in which Bayer Schering Pharma AG maintains that IBA and IRE have not complied with their “reasonable best effort” obligation to ensure the transfer of the employees concerned by the takeover. As a counterclaim within the arbitration here below, Bayer Schering Pharma AG demands a payment of YEN 180 076 111 and EUR 200 000 as a redundancy payment for the concerned employees. IBA considers having done his “reasonable best effort” and maintains that if only 20 of the 38 concerned employees have joined IBA, it is due to elements attributable exclusively to Bayer Schering Pharma AG.

In the context of the acquisition of CIS Bio International S.A.S., the parties agreed that Bayer Schering Pharma AG would pay an additional EUR 4 million in the event that CISBIO obtained the INB (Basic Nuclear Facility) designation before December 31, 2008. This amount was intended to help CISBIO to set aside the reserves required by law of all INB-designated facilities to cover any costs for decommissioning their facilities. A French decree of December 15, 2008 conferred INB status on CISBIO, and Bayer Schering Pharma AG was asked for the EUR 4 million. Bayer Schering Pharma AG refused to pay on the pretext that the law allows the use of means other than cash to establish the guarantee and that its contractual commitment applied only in the case of a mandatory cash reserve. IBA believes that Bayer Schering Pharma AG has no basis for its position and has instituted arbitration proceedings for payment through AFA (Association Française d’Arbitrage, French Arbitration Association).

The procedure is still pending and no decision is expected before the end of 2010.

### b) Arbitration initiated against the Westdeutsches Protonentherapiezentrum Essen GmbH

In November 2009, STRIBA Protonentherapiezentrum GmbH, a 50% affiliate of IBA S.A has initiated an arbitration against the Westdeutsches Protonentherapiezentrum Essen GmbH (“WPE”) in

order to determine the exact scope of Striba's contractual obligations under that Public Private Partnership for the delivery of a turnkey Proton therapy center in Essen, Germany.

WPE is disputing the quality of the software equipment for the Proton Therapy Patient Management System proposed by IBA claiming that this system does not represent the latest technology for the treatment of the mobile tumors. IBA has introduced the arbitration to get a confirmation (i) that the proposed system is a state of the art system and satisfies the requirements of the functional description of the specification of services relating to the treatment of movable tumors, as well as in view of the treatment quality, as well as in view of the speed of treatment, (ii) that WPE is not entitled to a reduction in leasing fees and (iii) that it be determined that the costs for the development of the Proton Therapy Patient Management System proposed by IBA, to the extent that said costs exceed the budget provided in the Leasing Agreement, be borne by WPE.

In parallel several other issues have raised including a global understanding on the acceptance tests to be performed to have the IBA equipment accepted and some delays in reaching the scheduled acceptance date of July 19, 2010.

The arbitration is currently on hold leaving a chance to parties to find a global understanding on all pending items.

## 6.10. Income tax

	June 30, 2010	June 30, 2009
	(EUR '000)	(EUR '000)
Current taxes	1 729	1 011
Deferred Taxes	230	37
<b>TOTAL</b>	<b>1 959</b>	<b>1 048</b>

The tax expenses for the 1<sup>st</sup> half of 2010 and for the corresponding period of 2009 differ 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 10 different countries with different tax rates applicable that differ from the Belgian tax rate.
- The reported figures result from the consolidation of 34 entities, some reporting taxable profit and others reporting tax losses.
- In the past, IBA accumulated significant tax losses that have not all been recognized as DTA.
- IBA has not recognized in the first half of 2010 additional deferred tax assets for a portion of these accumulated losses further to the decision to take only 3 years of the strategic plan to recognize deferred tax assets on tax losses carried forward, but has utilized deferred tax assets for €0.23 million on temporary differences.

## 6.11. Dividends paid and proposed

No dividend distribution was proposed at the Ordinary General Meeting of May 12, 2010. The Group dividend distribution policy remains unchanged, and it intends to resume distribution as soon as possible.

## 7. Interim management report

### 7.1. Key Figures and Events

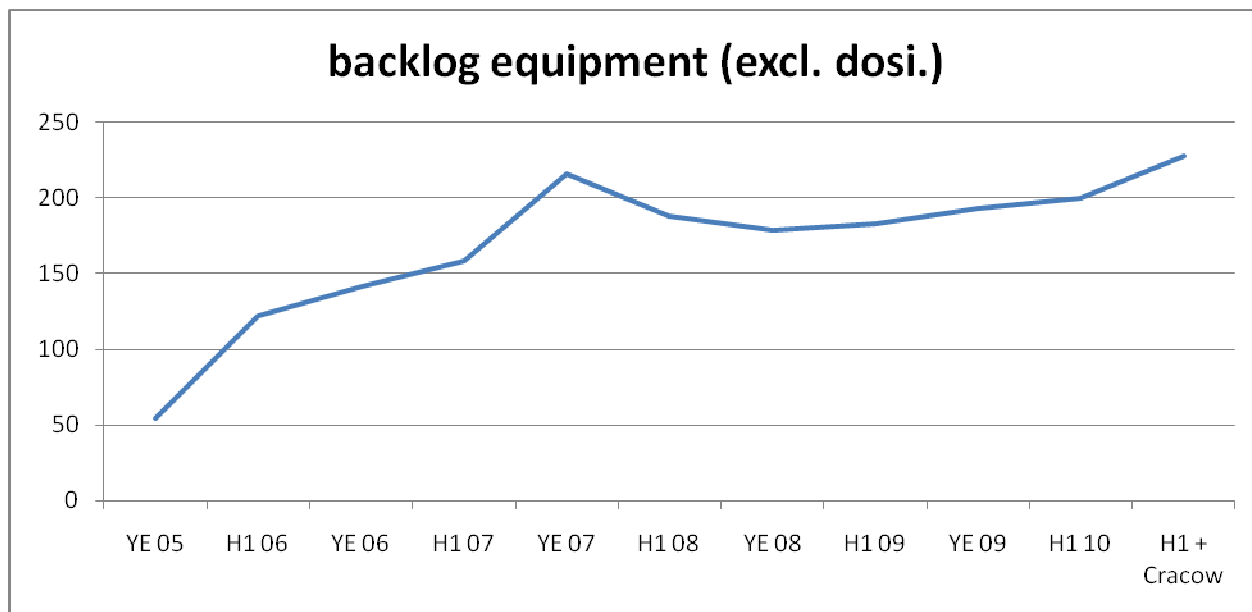
	H1 2010 (EUR 000)	H1 2009 (EUR 000)	Variance (EUR 000)	Variance %
Sales and services	181 306	180 805	501	0.3%
<b>REBITDA</b>	<b>18 340</b>	<b>14 908</b>	<b>3 432</b>	<b>023.0%</b>
<i>% of Sales</i>	<i>10.1%</i>	<i>8.2%</i>		
<b>REBIT</b>	<b>8 636</b>	<b>6 284</b>	<b>2 352</b>	<b>0.0%</b>
<i>% of Sales</i>	<i>4.8%</i>	<i>3.5%</i>		
<b>Net profit before tax</b>	<b>4 509</b>	<b>4 267</b>	<b>242</b>	<b>5.7%</b>
<i>% of Sales</i>	<i>2.5%</i>	<i>2.4%</i>		
<b>Net result</b>	<b>2 550</b>	<b>3 219</b>	<b>-669</b>	<b>-20.8%</b>
<i>% of Sales</i>	<i>1.4%</i>	<i>1.8%</i>		

#### A closer look at the figures for the first half of 2010:

- While overall sales are in line with those for the first half of 2009 (up 0.3 percent), the component figures are different:
  - Equipment segment revenues fell 8.0 percent—primarily because of limited progress on recent orders, a consequence of the economic downturn of 2008-2009; however, the order book thanks to the Protontherapy is at a record level.
  - Pharmaceutical segment revenues climbed 6.6 percent, driven by European sales.
- Recurring operating results totaled EUR 8.6 million, better than for the same period of 2009.
- The period closed with a pretax income of EUR 4.5 million, similar to last year. However, last year's results were improved by the reversal of an impairment loss for receivables, while this year's figure reflects a number of one-time charges, primarily due to the accelerated depreciation of fixed assets and potential contract penalties.
- The period ended with a positive net result of EUR 2.6 million, down compared to EUR 3.2 million at June 30, 2009.

#### The order book provides an excellent window into the company's future revenues:

- The company's order book was worth more than EUR 200 million at June 30, 2010.
- Including the confirmed proton therapy system order logged in early August, it is at a record level of more than EUR 220 million.



The net cash position at June 30 was -EUR 42 million. This temporary EUR 25 million decrease in comparison with the position at December 31, 2009 is essentially explained by the following:

- The structure of the proton therapy contract with ATreP in Trento, Italy. IBA provided a supplier's credit in order to meet the requirements of the call for bids. The almost EUR 12 million drawn on this credit as of June 30, 2010 weighs on the balance sheet and will continue to do so until project-end in 2013.
- Injection of around EUR 9 million in contractual funding for the Princeton and Essen projects.
- Substantial pharmaceutical sector investments (around EUR 13 million) to complete the renovation of its site in Saclay, France, improve safety, expand its pharmaceutical network in Europe and Asia, and prepare for the market launch of the new Redectane® and Aposense® molecules.

## 7.2. Strategic Considerations

In recent months, it has become increasingly clear that the Pharmaceuticals segment and Equipment segment follow very different rhythms and cycles, even if there are important synergies. By making strategic choices increasingly oriented towards co-development and the distribution of high value-added novel molecules (instead of non-proprietary products, as in the past), IBA becomes subject to the dynamics of the biotech industry. Consequently, in the near term, it will not be able to achieve the same level of profitability as in its Equipment segment, where, by maintaining a distributed product portfolio, it is able to pursue a strategy of innovation without unduly affecting operating profit. In view of these considerations, the following policies have been adopted and will be pursued in the months and years to come:

- Maximize the value of non-strategic businesses through sale or mergers
- Accelerate the search for synergy with local or global partners to meet PET and SPECT market demand and increase profitability for IBA.
- Fund the Radiopharmaceuticals business in order to continue and accelerate the pace of novel molecules development. This allows IBA to take the fullest possible advantage of the current momentum and its unique position in this market. IBA could explore all the possibilities to

reach this objective, without excluding an IPO of the activity if the circumstances are adequate.

### 7.3. Results by Business Segment

#### PHARMACEUTICALS

	H1 2010 (EUR 000)	H1 2009 (EUR 000)	Variance (EUR 000)	Variance %
Sales and services	109 228	102 514	6 714	6.5%
- Radiopharmaceuticals	89 228	84 319	4 909	5.8%
- Bioassays	20 000	18 195	1 805	9.9%
REBITDA	7 542	6 030	1 512	25.1%
% of Sales	6.9%	5.9%		
REBIT	212	-1 450	1 662	-114.6%
% of Sales	0.2%	-1.4%		

REBITDA: Recurring earnings before interest, taxes, depreciation, and amortization.

REBIT: Recurring earnings before interest and taxes.

- Sales growth was significant in Bioassays, but the real growth was in the Radiopharmaceuticals (“Molecular”) subsegment. As in 2009, increased PET sales in Europe (+7%) offset declining sales in the United States (-2%). However, the U.S. decline seems to be leveling off, since it was -11% in 2009.
- First half operating profit for this segment is much better than for the same period of 2009. Operating profit for this segment does not include income from the joint ventures in which IBA has invested in recent years (primarily in Canada, Japan, and Spain). If it had been included, the mid-year results for this segment would have shown EUR 0.8 million for H1 2010 compared to EUR 0.3 million for H1 2009.
- As part of its ongoing effort to grow its FDG production and distribution network in order to maintain its unique market position, IBA acquired a 7.85 percent interest in the company SISORA, for which IBA is in the process of installing a cyclotron in Tunisia to produce and distribute FDG for the Tunis region.
- Progress has been made in the strategic area of developing new labeled molecules:
  - In a joint press conference in May, IBA and its partner WILEX AG (ISIN DE0006614720 / WL6 / Frankfurt Stock Exchange) announced the final results of the phase III REDECT trial, which demonstrate that PET/CT scans using Redectane® lead to much more accurate diagnoses than CT scans alone.
  - IBA has also continued adapting its installations in order to be able to launch Redectane® as soon as it receives the authorizations to market (expected in 2011), first in the United States and then in the rest of the world.
- In the Bioassays subsegment, the biggest news is incontestably IBA’s receipt of a partnership offer for developing the bioassays business. While due diligence is now nearing completion, negotiations are ongoing, since the offer does not meet all of the company’s requirements. The final outcome is difficult to predict.

- Finally, as of June 30, 2010, IBA had all but finished renovation of its production site in Saclay, France, which will be the safest, most modern plant in Europe for the production of SPECT radiopharmaceuticals for nuclear medicine.

## EQUIPMENT

	H1 2010	H1 2009	Variance	Variance
	(EUR 000)	(EUR 000)	(EUR 000)	%
Sales and services	72 078	78 291	-6 213	-7.9%
- Protontherapy	31 530	35 957	-4 427	-12.3%
- Dosimetry	22 426	19 099	3 327	17.4%
- Accelerators and other	18 122	23 235	-5 113	-22.0%
REBITDA	10 798	8 878	1 920	21.6%
% of Sales	15.0%	11.3%		
REBIT	8 424	7 734	690	8.9%
% of Sales	11.7%	9.9%		

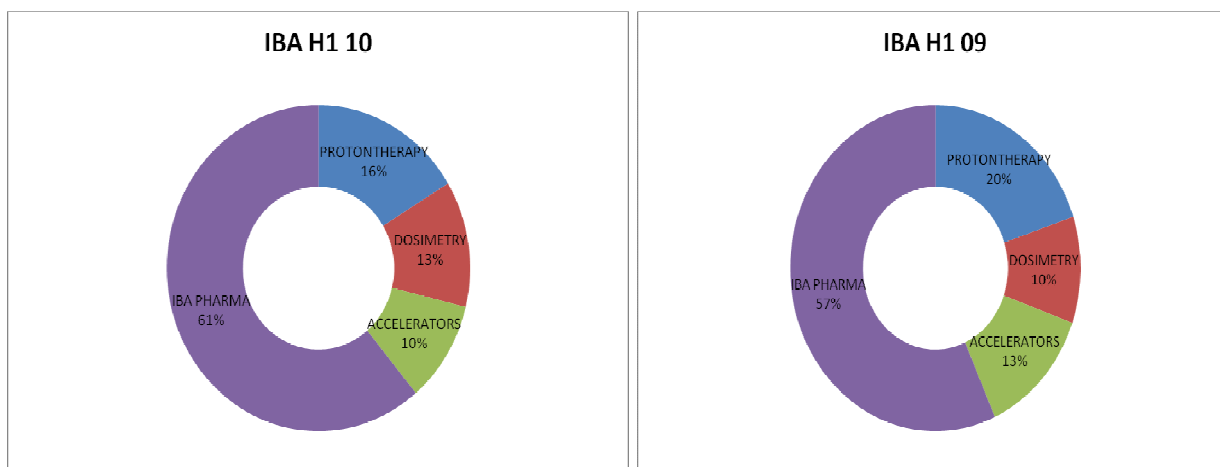
REBITDA: Recurring earnings before interest, taxes, depreciation, and amortization.

REBIT: Recurring earnings before interest and taxes.

- As mentioned above, the 7.9 percent decline in revenues is explained primarily by limited progress on the proton therapy orders booked in recent months. This phenomenon is the natural result of revenue recognition according to the percentage of completion method of accounting. At the outset of a project, while subcomponents are being supplied by outside suppliers, progress on an order is always relatively limited. In 2008 and early 2009, order intake had been affected by the financial and economic crisis.
- In contrast with the first half of 2009, which was affected by non-recurring costs due to the adjustment of the probable completion dates of two projects, IBA's REBITDA margin confirms a trend towards improving profitability in this business segment, despite limited progress in revenue recognition. This positive development is due to production process improvements and the learning curve effect (particularly in proton therapy), as well as to an increasingly large share of the group's results from service contracts.
- While REBIT took a slight hit from the impairment of current assets (inventories and accounts receivable), it remains at an excellent level as a percentage of revenue, which augers well for the second half of the year.
- Protontherapy  
Good sales news abounded in the first half of 2010:
  - On February 19, IBA issued a press release announcing that it had received an additional order for a second treatment room from its Italian customer ATreP (Agenzia Provinciale Per la Protonterapia).
  - On February 23, IBA announced that ProCure Treatment Centers, Inc. had chosen it to supply a proton therapy system for the ProCure Proton Therapy Center in Somerset, New Jersey. The contract has been financed and is effective immediately. It represents between EUR 30 million and EUR 45 million worth of IBA equipment.

- On the technological front, on April 15, IBA announced that it had received CE marking for its second generation pencil beam scanning (PBS) technique for proton therapy, which makes the IBA system an even more effective tool against cancer.
- Installation of previously ordered systems is proceeding on schedule, placing IBA in a unique position vis-a-vis all of its competitors in terms of both experience and installed base:
  - ◆ During the first half of 2010, both the Institut Curie (Orsay, France) and the University of Pennsylvania (Philadelphia, Pennsylvania) began treating patients on a daily basis, bringing the number of IBA-equipped facilities in operation to nine centers on three continents.
  - ◆ IBA is also pursuing construction or installation at seven other sites (three in the United States and four in Europe).
- Accelerators
  - As in 2009, there were very few orders for cyclotrons and industrial accelerators in the first half of the year. In fact, only three orders were booked. However, from the number of prospects in the pipeline, it appears that the pace will pick up in the second half of the year, just as it did in 2009.
- Dosimetry
  - The first half of 2010 confirms the recovery of hospital spending noted in the second half of 2009, especially in the United States. This segment registered strong growth: an increase of 17.4 percent compared with the first half of 2009 and 8.3 percent compared with the second half of 2009, which was particularly healthy.

### CONSOLIDATED SALES BY BUSINESS SEGMENT



#### 7.4. Post-Closing Events

- On July 5, 2010, IBA announced that Seattle Procure Management LLC had selected it to install a proton therapy system in Seattle, Washington. This contract is valued at between EUR 45 million and EUR 55 million. The final contract is subject to the usual financial and administrative contingencies. It will not have a significant impact on IBA's financial results for fiscal 2010.
- On July 8, 2010, IBA announced that Skandion Clinic, the Swedish clinical center for particle therapy, had chosen it to install a proton therapy system for its new center, which is operated by a consortium of seven Swedish counties representing eight university hospitals. This project is estimated at between EUR 40 million and EUR 50 million. However, award of the contract has been delayed pending an appeal by Varian and Sumitomo Heavy Industries. These proceedings generally take from four to six months.
- On August 2, 2010, IBA announced that the Henryk Niewodniczanski Institute of Nuclear Physics (IFJ) of the Polish Academy of Sciences had selected IBA to install a cyclotron and elemental technology equipment and to build the building that will house the future proton therapy center in Krakow, Poland. This government contract, which is for the cyclotron, the technology equipment, and the building, is worth between EUR 25 million and EUR 30 million.
- On August 6, 2010, IBA made a joint acquisition with SBI (Société Belge d'Investissement) and SOFINEX of a majority interest in Bio Molecular Industries, which is currently completing construction of an FDG production and distribution facility in Kuala Lumpur, Malaysia.
- On August 27, 2010, IBA announced today that they have entered into an agreement with Bayer Schering Pharma AG, Germany for chemical process development and clinical trial doses supply of FLORBETABEN, a molecular imaging compound in development for the detection of Alzheimer's Disease pathology.

## **7.5. Corporate Governance**

During the first half of 2010, the Board of Directors designated its President, Mr. Peter Vermeeren to lead a special project in the Pharmaceuticals division of IBA, related to certain strategic considerations mentioned above. The Board considered that remaining President of the Board as well as fulfilling this mission would be too heavy a burden for Mr. Vermeeren. Mr. Jean Stéphane, independent director on IBA's Board, therefore accepted the position of President of the Board, supported by Mr. Peter Vermeeren, who becomes the Vice-President of the Board of Directors.

## **8. Statement of Directors**

This set of condensed financial statements has been prepared by Pierre Mottet (CEO) and Jean-Marc Bothy (CFO). To the best of their knowledge it has been written in compliance with actual accounting standards and gives a true picture of the assets, of the consolidated figures. The interim statement gives a clear overview of major events and main transactions between entities over the first half of the year as well as their impact on the set of condensed financial statements and a description of major risks and uncertainties for the balance of the fiscal year.

**Auditor’s report on the IFRS interim condensed consolidated financial statements at June 30, 2010**

## **Report of the statutory auditor to the shareholders of Ion Beam Applications SA on the review of the interim condensed consolidated financial statements as of 30 June 2010 and for the six months then ended**

### **Introduction**

We have reviewed the accompanying interim condensed consolidated financial statements of Ion Beam Applications SA (the "Company") as at 30 June 2010 containing a statement of financial position as at 30 June 2010, a statement of comprehensive income, a statement of changes in equity and a statement of cash flows for the six-month period then ended, and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting* ("IAS 34") as adopted for use in the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### **Scope of Review**

We conducted our review ("revue limitée/beperkt nazicht" as defined by the "Institut des Réviseurs d'Entreprises/Instituut der Bedrijfsrevisoren") in accordance with the recommendation of the "Institut des Réviseurs d'Entreprises/Instituut der Bedrijfsrevisoren" applicable to review engagements. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the auditing standards of the "Institut des Réviseurs d'Entreprises/Instituut der Bedrijfsrevisoren" and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

***Audit report dated 27 August 2010 on the review  
of the interim condensed consolidated financial statements  
of Ion Beam Applications SA for the six months ended 30 June 2010***

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 as adopted for use in the European Union.

Diegem, August 27, 2010

Ernst & Young Réviseurs d'Entreprises SCCRL  
Statutory auditor  
represented by

A handwritten signature in black ink, appearing to read 'Blockx'.

Martine Blockx  
Partner

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