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REACHING MORE PATIENTS

ANNUAL REPORT 2017

PROTECT +
ENHANCE +
SAVE LIVES

IBA's Mission

TO DEVELOP CUTTING-EDGE TECHNOLOGY IN THE FIGHT AGAINST CANCER

IBA is the world leader in cutting-edge technology as applied to radiotherapy treatment and the diagnosis of cancer. With unique expertise in the field of innovative proton therapy technology, we design equipment of unrivalled precision for the world of oncology.

We share our ideas and know-how with our clients and stakeholders for the purpose of developing new solutions.

We care for the welfare of patients, our employees, the Company, the planet and our shareholders alike, because it is they who make it possible for us to fulfill our mission to Protect, Enhance and Save Lives.

The Skandionkliniken proton therapy center in Uppsala, Sweden,
Image: with courtesy of Skandionkliniken.

Table of Contents

PROTECT +
ENHANCE +
SAVE LIVES

IBA at a glance

PROTON THERAPY

Proton therapy is considered to be the most advanced form of radiotherapy in the fight against cancer. The unique dose deposition that proton therapy offers enables the tumor to be targeted more effectively than other treatments. Compared to photon radiotherapy, protons deposit almost all their energy within a controlled zone and, in the vast majority of cases, limit the amount of the dose deposited in the healthy tissue surrounding the tumor. The use of protons consequently offers the potential to reduce the secondary effects of the treatment.

DOSIMETRY

In both radiotherapy and radiology, precision and dose control are fundamental requirements. That is why it is absolutely crucial to release the prescribed dose within a precisely defined area of patients' bodies, their safety and successful treatment being at stake. IBA offers hospitals a full range of monitoring equipment and software to safeguard the reliability of procedures and instrument calibration.

PARTICLE ACCELERATORS

Currently, IBA has installed more than 450 accelerators worldwide. Most of them are used to produce radio isotopes for oncological (detection of cancer), neurological and cardiological diagnosis. In addition to this medical activity, IBA leverages on its scientific expertise in the field of radiation to develop solutions for sterilization and ionization in a variety of industrial applications.

Message from Olivier Legrain

While 2016 saw a combination of several favorable factors, 2017 was more difficult, with a downturn in our turnover and our operating margin. We took a number of measures to return to profitability in 2018 while continuing to contribute to the interests of our clients, patients, employees, society and our shareholders.

The slowdown in the proton therapy market and the delays of some clients in constructing their buildings impacted our results in 2017. This market is distinctive as it has very long sales, installation and revenue recognition cycles, spread over 3 or 4 years. In the longer term, we have no doubt as to the promising development of proton therapy as a modality of choice in treating cancer. The body of evidence for proton therapy is growing with 629 proton therapy publications published in 2017 and a total of 160 trials active.

Our position as market leader places us ideally to take advantage from this development. We remain confident in our long-term growth potential. Proton therapy has great potential for the treatment of numerous cancers.

IBA is making every effort to realize the clinical potential of proton therapy. Firstly, IBA is growing the market by encouraging the adoption of proton therapy and the recognition of its clinical benefits. We do this by training and helping to create a solid set of data supporting proton therapy. Secondly, IBA is working to increasing our market share by providing the most innovative solutions, the fastest project execution, and a proven ability to upgrade current systems and best system reliability, supported by our global network of best-in-class partners.

Our main asset, however, is our workforce. As well as being experts in their fields, the current situation enables us to see the commitment of our employees to the company's mission and values.

We are optimistic for 2018. The innovations developed in each of our activities are already bearing fruit. Dosimetry achieved very good results in 2017. With the new Cyclone®KIUBE cyclotron, IBA RadioPharma Solutions has demonstrated its technical superiority and enabled the division to increase its market share. As for the Industrial Solutions division, the launch of the new generation of Rhodotron® promises to attract substantial orders, with several sales already made.

Finally, the proton therapy market growth is remaining stable over time. With the best proton therapy offer on the market, we have competitive advantages, a solid backlog and a strategy to continue to profitably capture projected market growth over the long-term.

We are working to increase our market share by providing the most innovative solutions, the fastest project execution, and a proven ability to upgrade current systems and improve their reliability.

Olivier Legrain
Chief Executive Officer

Proton Therapy

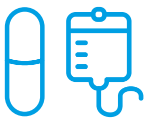
PROTON THERAPY IS CONSIDERED TO BE THE MOST ADVANCED FORM OF RADIOTHERAPY TREATMENT AVAILABLE

The two main types of treatment used in the fight against cancer are: systemic – namely chemotherapy and immunology – both of which seek to destroy cancerous cells in the body, and localized - which seek to destroy a tumor located in a specific part of the body. Today, more than half the patients suffering from cancer receive doses of radiation as part of their treatment.
At present, proton therapy is considered as the most advanced form of radiotherapy. Protons have the physical property of being able to deposit most of their energy within a strictly controlled area, inside the tumor, whilst limiting the doses delivered to the surrounding healthy tissue.

The compact Proteus®ONE proton therapy solution
Proteus®ONE is a Proteus® 235 registered trademark

Systemic Treatments

Chemotherapy, Immunotherapy, Targeted Therapy



Medication, stem cell infiltration / Destruction of cancerous cells

Localized Treatments

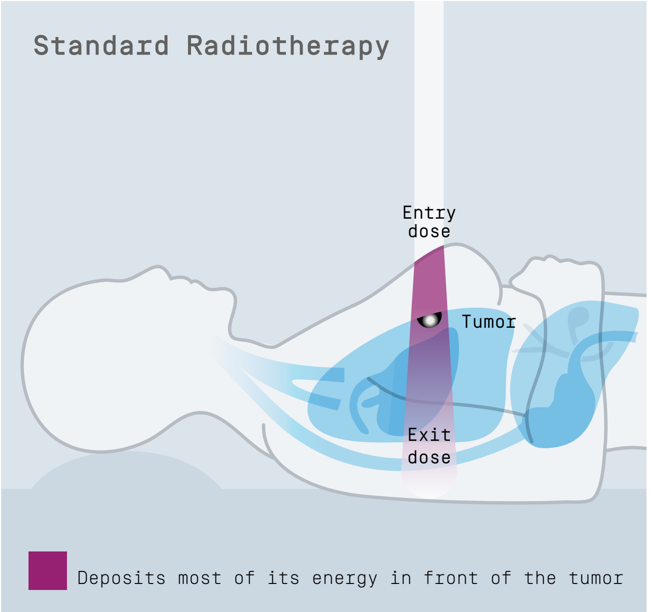
Surgery

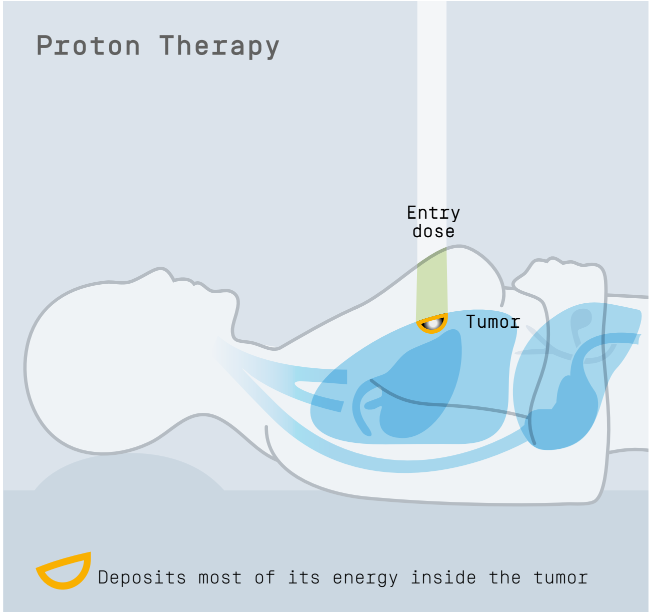
Invasive treatment / Ablation of the tumor

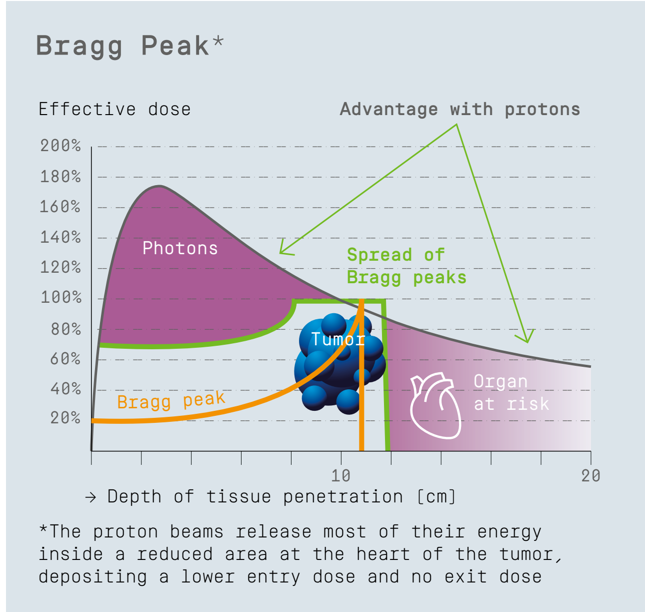
Radiotherapy

Photon Radiotherapy [standard]
Proton Therapy
Brachytherapy

Non-invasive treatment [photons and protons] / Destruction of the tumor







The Bragg Peak diagram shows that protons deliver the prescribed dose to the heart of the tumor. The dose deposited in front of the tumor is lower than the dose delivered by radiotherapy with photons. Behind the tumor, protons deposit no dosage. Higher doses can be deposited inside the tumor, without increasing the risk of side effects or long-term complications, which may improve the outcome of the treatment and a patient's quality of life.

Well-known medical doctors and physicians are working to extend the clinical application of proton therapy. For example, the value of this treatment modality for pediatric cancers is widely recognized. The medical community is currently assessing how this technology could also benefit more adult patients.

IBA is a proton therapy pioneer

THE POTENTIAL ADVANTAGES OF PROTON THERAPY

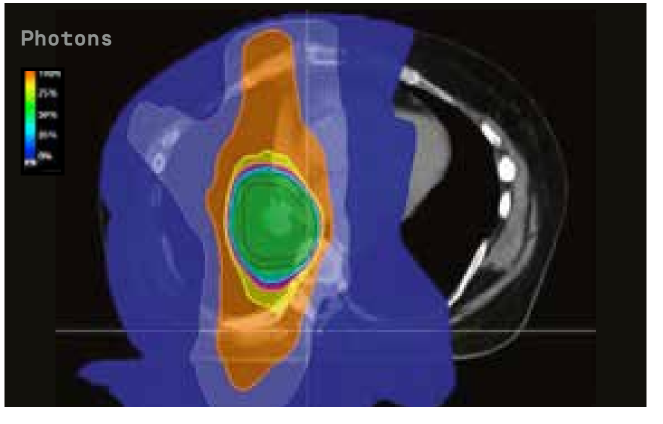
- **A more effective treatment** due to the increased dose deposited inside the tumor and the radio-biological effect of protons, which is superior to that of photons
- **A reduction of side-effects** thanks to a lower dose deposited in healthy tissue, which can contribute to preserving the quality of life of a patient both during and after treatment
- **A reduce risk of secondary cancers** and other long-term complications because proton therapy reduces the dose deposited in healthy tissue
- A preferred solution **for retreatments**

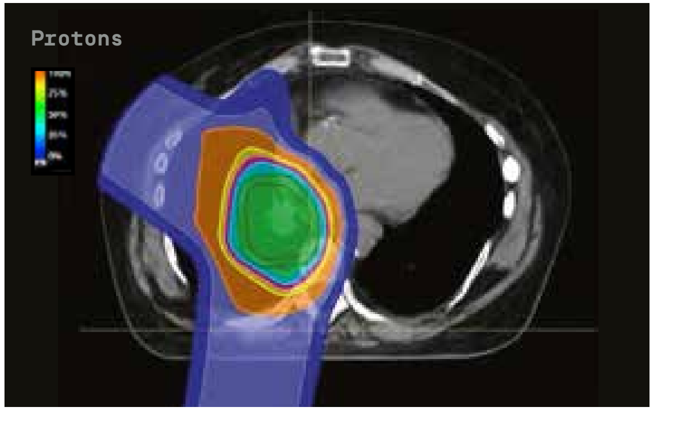
Proton therapy is currently being used to treat numerous types of cancer. It is proving to be a particularly appropriate treatment when options are limited and standard radiotherapy presents unacceptable risks for the patient. This applies in particular to ocular and brain cancers, cancers of the head and neck, complex prostate cancer, cancer of the liver, lung and left breast, pediatric cancers, and also tumors located close to one or more vital organs.

An increasing number of studies show that, in addition to its benefits and physical properties, proton therapy is also a more cost-effective, long-term treatment for certain clinical indications when patients are selected in an appropriate manner.

Unfortunately, at present, too few patients are benefiting from this treatment. In fact, less than 1% of those receiving radiotherapy currently have access to it.

Proton therapy can improve the quality of life of patients both during and after treatment





With courtesy of the Seattle Cancer Care Alliance Proton Therapy Center – "Non-small cell" lung cancer

"*Proton therapy made sense for me as it would allow me to keep a high quality of life after my treatment.*"

Samantha Williams
Treated with proton therapy in 2015

A NEW ERA FOR PROTON THERAPY TREATMENT

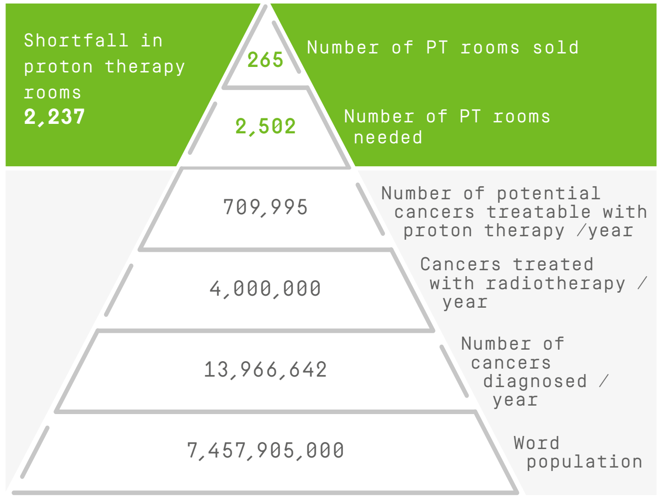
More and more clinical trials and studies are on going to evaluate the clinical benefit of proton therapy compared to standard radiotherapy.
Dutch "Horizon scanning report*" results extrapolation to the world population shows that at least 17.7% of the patients treated with radiotherapy could have benefited from proton therapy, whereas less than 1% are currently doing so.

When this proportion of 17.7% is extrapolated to the world population, it can be seen that there would be a need for more than 2 500 proton therapy rooms worldwide, whereas only 265 have currently been sold.

In order to increase the use of proton therapy, IBA is developing new solutions and more affordable technologies. These developments will determine the future of applications for proton therapy treatments and will undoubtedly open the doors to a new era.

In 2017, the American Society for Radiation Oncology (ASTRO) and the National Comprehensive Cancer Network (NCCN) expanded their indication policies for proton therapy, leading to greater penetration of the market for proton therapy in the US. The guidelines further endorse proton therapy as a treatment option in some clinical conditions.

Estimated number of proton therapy rooms needed worldwide



Projection based on the Nederlands Gezondheidsraad report and Globocan2012 data

In the United States, 23% of patients receiving radiotherapy are given proton therapy treatment in centers using both photon and proton technologies

Source: Alcimed 2017 report.

*Netherlands. Proton radiotherapy. Horizon scanning report. Publication n° 2009/17E. ISBN 978-90-5549-786-7. www.gezondheidsraad.nl

"*I already see a difference today from what was accepted five years ago. I think proton therapy will be more widely accepted for a larger number of treatments within the next few years. Additionally, when we think about the potential for combining proton therapy with other techniques such as chemotherapy or immunotherapy, it is clear that proton therapy will have an even more important role to play in the treatment of cancer.*"

James M Metz
Chair of Penn Medicine Department of Radiation Oncology
Executive Director, OncoLink,
Philadelphia, Pennsylvania,
United States

RECOGNITION OF THE CLINICAL ADVANTAGES OF PROTON THERAPY

As the number of patients being treated with proton therapy continues to grow, awareness of the effectiveness of the technology is also increasing among members of the medical profession.
This awareness is reflected in the increase in clinical data available. In 2017, more than 629 scientific articles were published.

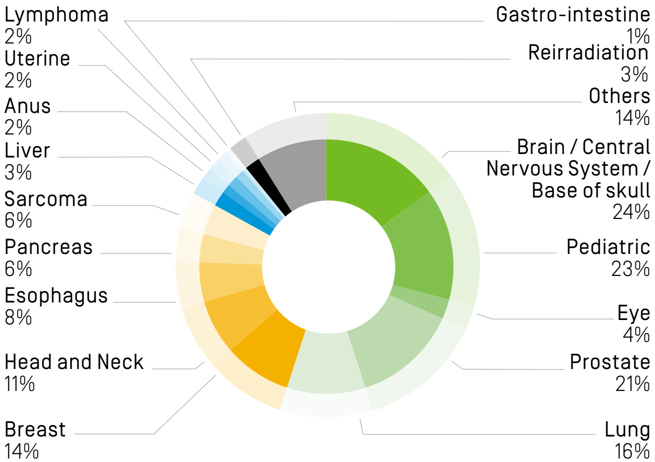
Clinical trials are also contributing toward the increased use of proton therapy for a growing number of different types of cancer. As of the end of 2017, 160 trials were ongoing.

Interest in proton therapy has been increasing exponentially since the year 2000, as evidenced by the growing number of centers treating patients worldwide.

629 Scientific articles published in 2017

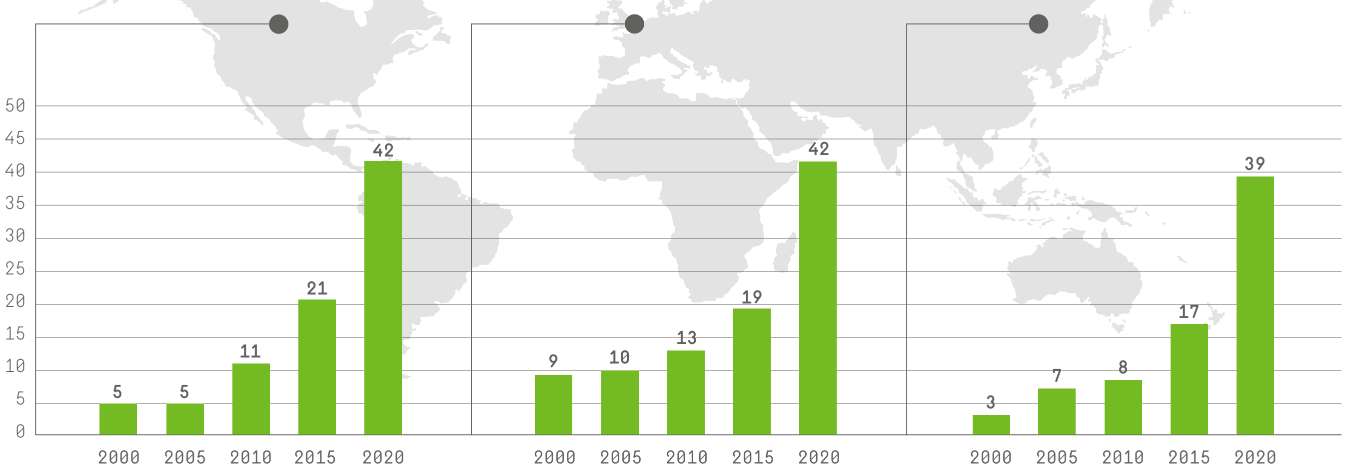
66 Academic and business center in operation at the end of 2017

Types of cancer for which clinical trials using proton therapy treatment are being conducted



Source: https://clinicaltrials.gov/

Number of proton therapy centers in operation between 2000 and 2020*



**Academic and business centers. Source: PTCOG 2017*

IBA DRIVES TO AN APPROPRIATE ADOPTION OF PROTON THERAPY

In support of the adoption of proton therapy, IBA is taking the initiative of promoting its use in various groups of interest:

Radiotherapy Professionals

IBA organizes several annual events dedicated to radiotherapy practitioners. The "IBA Proteus User Meeting" brings together all its customers with the aim of working together to encourage the future use of proton therapy. IBA also arranges symposiums for radiotherapy professionals during the course of scientific meetings and similar events.

In parallel with this, the company publishes a collection of white papers, each dedicated to a specific indication. Regularly supplemented and updated, these works focus on current practices as well as the opportunities and challenges of proton therapy as applied to oncology.

Oncology Community

IBA collaborates with more than 90 clinical institutions and research laboratories. It also encourages reflection by organizing "focus groups" that bring together world experts from the five different specializations. The aim is to exchange information and reach a multidisciplinary consensus on the role of proton therapy.

Patients

IBA is committed to several initiatives towards patients because they are of primary concern. For example, it has set up a website* to inform them about proton therapy and the various steps they should take in order to benefit from this type of treatment when appropriate. The company sponsors associations such as the Compass to Care Childhood Foundation, which helps children in the United States by providing them with transport to take them from their home to the proton therapy center. It also supports the "Alliance for Proton Therapy Access", which acts on behalf of patients enabling them to obtain fair and rapid decisions with regard to the reimbursement of medical expenses by health-care insurance providers.

*https://iba-worldwide.com/proton-therapy/for-patients

IBA DRIVES INNOVATION

The Pencil Beam Scanning (PBS) and Cone Beam Computed Tomography (CBCT) have enabled proton therapy to be used for a greater number of clinical indications.

Within IBA itself, the Product Management Department, made up of experienced medical physicists, together with the Research Department, carry out work leading to the identification and development of innovations to improve the clinical application of proton therapy. The free access website "OpenPath", created by IBA, also encourages innovation and collaboration between researchers. This internal and external exchange of information will contribute towards a continued increase in the number of clinical indications being treated by proton therapy.

IBA is strongly committed to remaining at the forefront of innovation. It is making a major contribution towards obtaining recognition of proton therapy as a preferred technology for use in precise and quality treatments within the context of a personalized medical approach.

1. More precise treatment

THE TREATMENT OF MOBILE TUMORS

In proton therapy, motion management needs specific attention due to the possible interplay between the tumor motion and the time structure of the proton beam delivery. IBA's current solution is to employ a range of varied counter-measures to enable clinical teams to adapt treatment to an individual patient's condition. The company is currently studying additional imaging tools to improve this process. IBA develops a volumetric imagery technique that takes account of the temporal dimension (4D-CBCT) in order to assess to the motion pattern of the tumor during the treatment. The aim is to enable clinicians to ensure that assumptions made during the treatment planning stage remain valid for each fraction of the dose delivered to the patient.

THE VERIFICATION OF THE DELIVERED DOSE

IBA's developments are intended to reassure clinicians of the precise location where the dose delivered to the patient's body should stop. In collaboration with the Carl Gustav Carus university clinic in Dresden (Germany), and the University of Pennsylvania (United States), IBA is developing a "Prompt Gamma" camera. This research tool should make possible the in vivo verification of the range reached by the proton beam and could be used as a quality control measure for the accurate delivery of the dose to the patient.
IBA and the proton therapy center at the Carl Gustav Carus university clinic in Dresden have also started work on a research program involving the combination of magnetic resonance imaging and proton therapy (MR-PT). This innovation should offer the advantage of obtaining imagery of superior quality without using ionizing rays. MR-PT and 4D-CBCT will contribute to a more precise treatment for patients.

IBA and the Beaumont Proton Therapy Center are currently collaborating on a research project that seeks to develop a new method of delivering the proton beam delivery, similar to arc therapy: namely "proton arc therapy". Delivered from several different angles, the dose can be more conformal to the tumor and be reduced in vital organs. The initial results show that "proton arc therapy" can plan treatment with the same conformity as IMPT plans, but with the possibility of either reducing

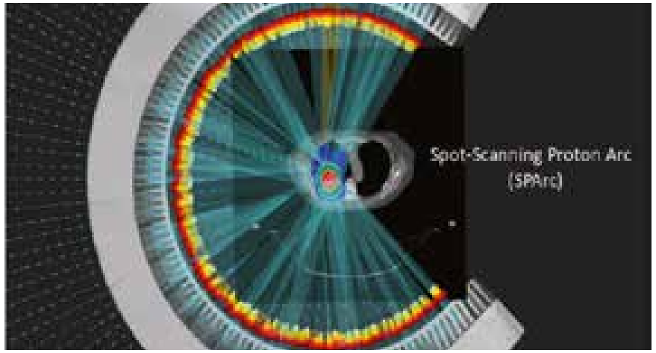


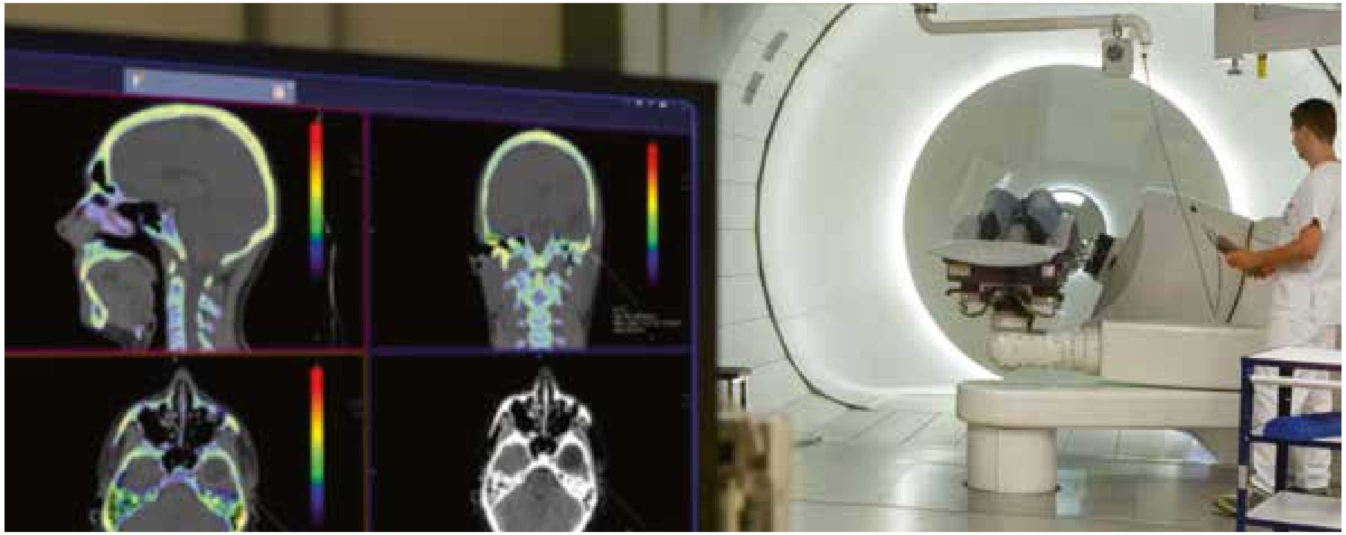
Illustration Proton arc therapy
Source: https://www.ncbi.nlm.nih.gov/pubmed/27869083

the treatment margins or further reducing the dose delivered to healthy tissue.

THE ADAPTATION OF TREATMENTS
A patient's body and the tumor can change along the treatment. The "OpenPath" research program enables researchers to upload and reuse clinical indicator test results to facilitate the re-planning of a treatment and even automate it.

The software integration work being done with Raysearch, Elekta and Philips will also make it easier to adapt treatments in the clinical environment.
In addition, IBA has launched a research project with a view to finding an integrated quality assurance solution for patients. Clients will be able to introduce it automatically, using data obtained directly from the proton therapy system. In that way, the medical team, when necessary, will be able to rapidly adapt the treatment of a patient's tumor.

2. Towards personalized medicine
Evidence-based medicine is rapidly giving rise to new forms of precision treatment. This seeks to identify the most effective therapeutic approach for patients based on their individual parameters.
In order to set proton therapy on a path towards personalized medicine, innovation aimed at defining and validating predictive models is of paramount importance. Relying on this information and exhaustive clinical databases, it will soon be possible to identify the typologies of patients who would benefit the most from the clinical benefits of proton therapy, and hence to better direct clinical indications.



*The moving-target project team leaders reported impressive results in terms of treatment feasibility and efficacy.
We are proud to translate research projects in a clinical benefit for our patients.*

Dr. Maurizio Amichetti,
MD, Clinical Director
Proton Therapy Center in Trento, Italy

IBA DRIVES ACCESSIBILITY TO PROTON THERAPY

IBA has invested heavily in research and development aimed at minimizing the costs of proton therapy and making it more accessible to cancer patients.

In terms of that aim, IBA's Proteus®ONE represents a compact single room solution.
More affordable, it is also easier to install, operate and finance.

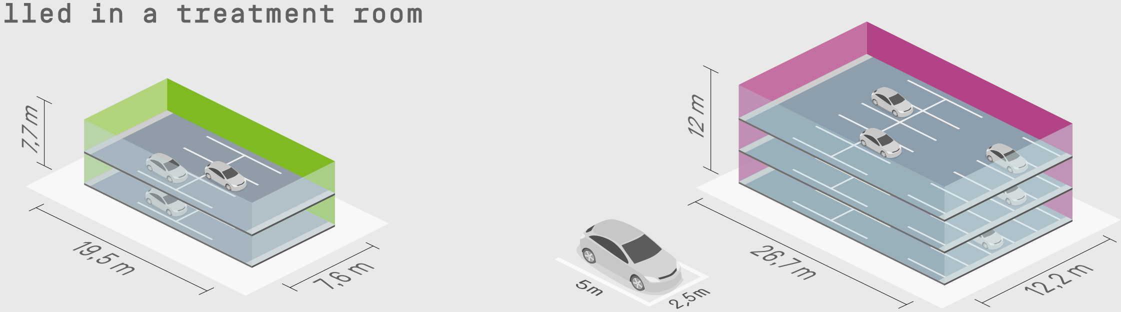
Proteus®ONE incorporates the most advanced technology: namely image-guided proton therapy. This combines precision of the dose, using Pencil Beam Scanning (PBS) technology, with the three-dimensional precision of Cone Beam Computed Tomography (CBCT), thus enabling medical practitioners to more accurately localize the volumetric space to be treated and within which the protons will target the cancerous cells.

Thanks to Proteus®ONE, proton therapy is becoming accessible to an increasing number of patients worldwide. Interest in this compact solution is also growing rapidly.

Footprint area required by Proteus®ONE compared to its main competitor **-200%**

Volume required by Proteus®ONE compared to its main competitor **-300%**

Illustration of the amount of space needed for proton therapy systems installed in a treatment room

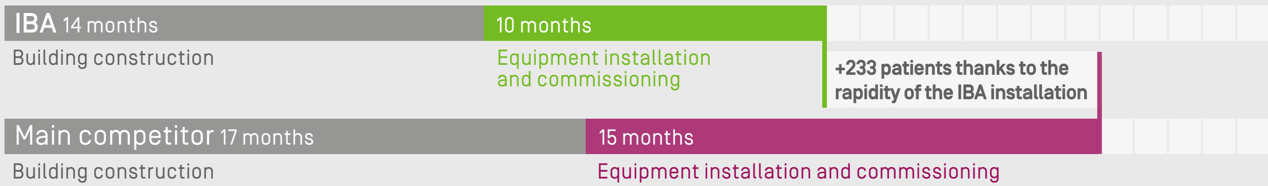


IBA Proteus®ONE

Main Competitor 1 room

Potential number of additional patients due to shorter construction and installation time (based on considering an average of 280 patients treated per room per year) **+233**

Comparison of construction times from start of work until treatment of the first patient.



*Proteus®ONE is a Proteus® 235 registered trademark

RECORD IN INSTALLATION OF A PROTON THERAPY SYSTEM

IBA holds the record for the shortest time taken in the industry to install a proton therapy center. The faster a center is installed, the sooner patients can be treated and benefit from the oncological care they need.
IBA has demonstrated several times its ability to install the first treatment rooms for its Proteus®PLUS and Proteus®ONE solutions in less than 12 months.

> *IBA was very helpful in meeting our tight time requirements. In fact, by working extra shifts in parallel with our Beaumont team we were able to combine some of the acceptance testing and commissioning. This reduced a typical 16 week process down to 7. We could not have met our timelines without IBA's commitment to our partnership.*

MD Craig W. Stevens, PhD
Royal Oak, MI, United States


Proteus®ONE solution, installed in the proton therapy center in Beaumont, MI, United States, has been treating patients since 14 July 2017

*Proteus®PLUS is a Proteus® 235 registered trademark

IBA DRIVES STRATEGIC PARTNERSHIPS

A world leader in proton therapy, IBA is developing numerous partnerships with the aim of making its solutions more competitive and accessible for its clients and beneficial for their patients. The main areas in which these partnerships are active are:

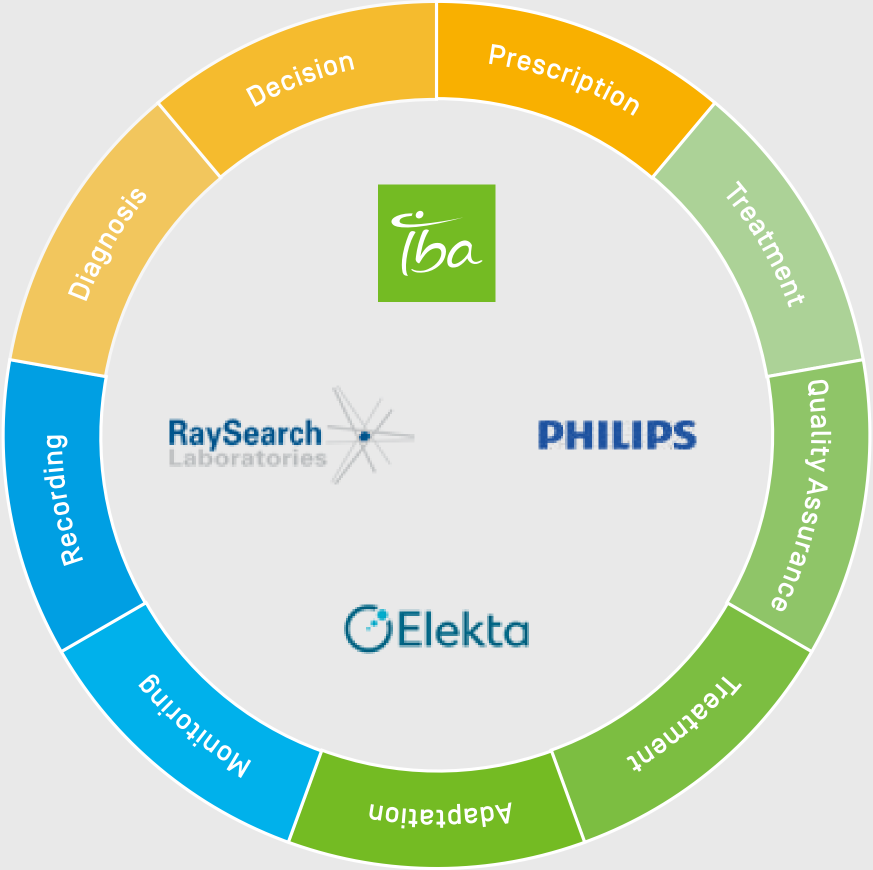
Integration of software and imaging solutions

A cutting-edge treatment like proton therapy demands great precision in the alignment of patients and constant monitoring of the development of the tumor during the treatment. The current technologies enable IBA to provide an adaptive treatment in which the tumor is constantly monitored and the treatment adapted accordingly.

By intelligently integrating the most advanced capabilities of partners such as Elekta, Philips and RaySearch, IBA can leverage their IT developments in imagery and conventional radiotherapy to offer the most sophisticated treatment.

This software integration results in unequalled performances in terms of quality of treatment functionality, workflow and automation.

Flow-chart of patient treatment events



Extension of the sales network

In regard to its international development, IBA has established several collaborations with major companies like Philips, Elekta and Canon Medical.

As part of the collaboration agreement with IBA, Philips includes a proton therapy offer in its catalogue on selected markets.

IBA has also signed a memorandum of understanding with Elekta, a world leader in the radiotherapy market, to collaborate on, among other things, the sale and marketing of their respective products. This partnership is intended to provide a solution that combines conventional radiotherapy and proton therapy. It is aimed at the major radiotherapy centers that would like to have both technologies and offer a full range of treatment methods, including proton therapy and the entire spectrum of conventional radiotherapy.

Construction program

The design of a building is a key stage in the construction program for a proton therapy center. IBA is currently collaborating with several companies, one of which is Vinci Construction, a world leader in the construction industry.

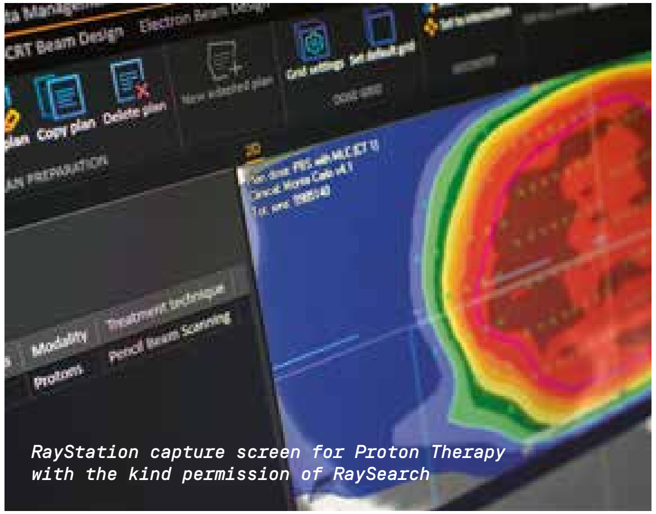
These collaborations enable IBA's customers to work together with developers to ensure that buildings are delivered by the specified timelines and constructed in line with customer's requirements and in compliance with IBA's quality standards.

Patient's wellbeing

Philips Ambient is a patient-focused solution developed by Philips. IBA has incorporated it into the Proteus®PLUS and Proteus®ONE solutions, providing patients with the option of choosing the atmosphere in the room where they will receive their treatment.

The Ambient experience produces a more relaxed atmosphere, relieving stress for the patient as well as the medical team. As a result, it enables the flow of patients through the treatment room to be optimized.

Philips Ambient Experience



RayStation capture screen for Proton Therapy with the kind permission of RaySearch

IBA DRIVES THE PROTON THERAPY MARKET

Proton therapy is the company's main source of growth, particularly since it enjoys an undisputed position as world market leader.

In 2017, after a period of very strong growth, market demand slowed. This trend, added to an increase in competition, has slowed down the flow of new orders.

Despite these challenges, several signs point to a more positive market outlook.
ASTRO (American Society for Radiation Oncology) and NCCN (National Comprehensive Cancer Network) have expanded their policies for which proton therapy is a treatment option. This should facilitate its penetration in the US market.

IBA's aim is to create a worldwide proton therapy platform based on a long-term strategy and ideally placed to profitably capture projected market growth over the long-term.

Our strategy will focus on two axes:

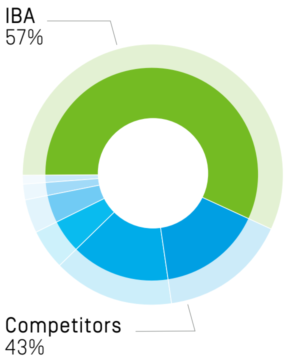
- Growing the market by facilitating evidence generation and creating awareness of the benefits of proton therapy, whilst improving its affordability
- Increasing IBA's market share with its superior clinical technology, fastest installation times, proven quality of service and unique ability to completely upgrade all systems to the latest technology available.

This strategy is backed up by a solid worldwide network of stakeholders and collaborators, which is essential if IBA is to be in a position to offer a full range of proton therapy services, which will not only release the brakes in terms of treatment adoption, but also improve recognition of its effectiveness and market growth.

IBA is holding its position as market leader, with approximately 44% of all proton therapy systems sold. By the end of 2017, more than 60,000 patients had been treated by IBA clients, more than all the installations of its competitors combined.

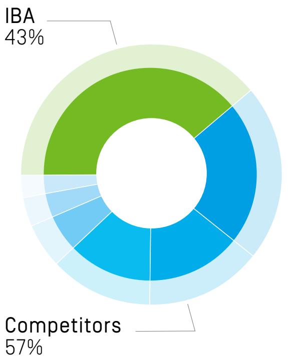
Number of patients treated by IBA solutions **+60 000**

Proportion of patients treated by IBA equipment



Market share of IBA proton therapy systems **44%**

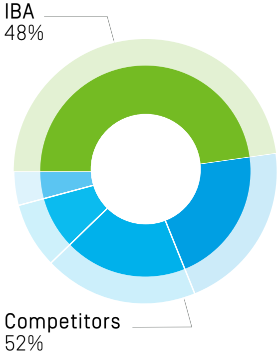
Market share of IBA treatment rooms



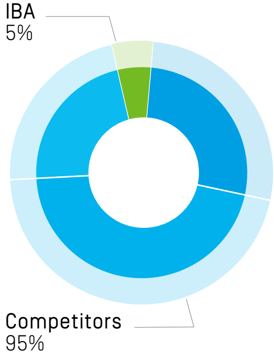
Market shares of IBA treatment rooms worldwide

43%

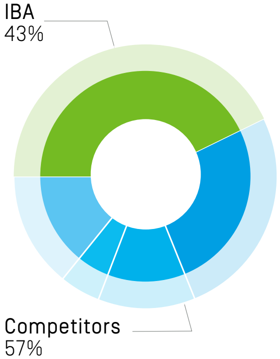
North America



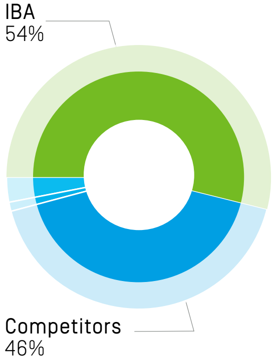
Japan

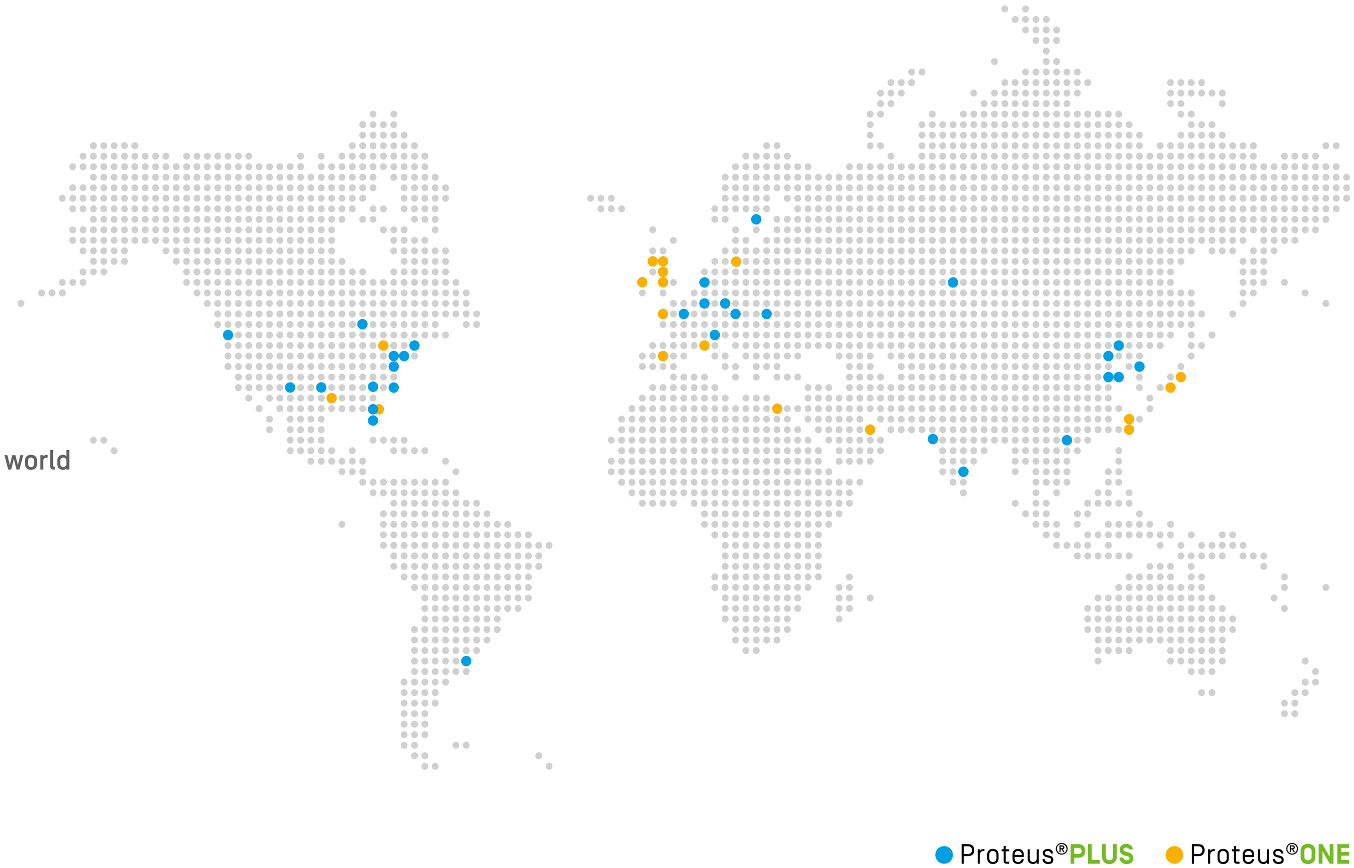


APAC minus Japan



Europe and the rest of the world





Dosimetry

IBA OFFERS INNOVATIVE AND INTEGRATED QUALITY ASSURANCE SOLUTIONS FOR RADIO THERAPY AND DIAGNOSIS. EFFECTIVE AND INTUITIVE, THEY CAN BE RELIED UPON TO GIVE USERS TRUE PEACE OF MIND.

Both in radiotherapy and medical imaging radiations must be used with caution. In the case of radiotherapy, the tumor mass is exposed to high doses of destructive rays, with millimetric precision, whilst at the same time reducing as much as possible the exposure of healthy tissue. In medical imaging, the aim is to minimize the doses to which patients are exposed, whilst maintaining a high-quality image.

IBA offers a full range of tools for the precise calibration of medical radiation equipment and measurement of the doses of ionizing radiations absorbed by patients during medical procedures.

#1 The world's leading supplier of innovative dosimetry and QA equipment

+10 k More than 10,000 users worldwide

+1 000 MyQA users

FOR A SAFER RADIOTHERAPY: QUALITY ASSURANCE FROM MACHINE COMMISSIONING TO PATIENT TREATMENTS

In order to better safeguard patients, it is vital that a series of quality control measures are taken to ensure that machines are properly calibrated. These measures make it possible to ensure that machines will deliver the exact dose intended by the medical team.

For our clients, it is also important that these quality control measures are accurate, fast and reliable, so that more patients can be treated.
IBA Dosimetry offers a full and integrated range of software and equipment for calibration, verification and quality assurance purposes in standard radiotherapy and proton therapy treatments.

As a result, medical practitioners can work at peace with regard to the safety of their patients.

IBA offers the best solutions for the safety of patients undergoing radiotherapy and medical imaging

FOR A SAFER MEDICAL IMAGING: QUALITY ASSURANCE FOR BETTER DIAGNOSIS AND DOSE CONTROL

IBA's quality assurance solutions applied to diagnostic and radiotherapeutic imagery enable a better-quality image to be obtained: diagnosis and therapy can therefore be more accurately determined and the dose to be delivered more precisely calculated.

With just a single exposure, IBA Dosimetry offers a full and instantaneous analysis of the dose delivered in the imaging process.

IMAGING MARKERS: SAFER AND MORE EFFECTIVE RADIATION TREATMENTS

In addition to the quality assurance solutions for radiation measurements, IBA Dosimetry also offers Visicoil fiducial markers: flexible, they can be inserted directly into soft tissue and are visually identifiable during the radiotherapy treatment set up. Minimally invasive, so as to ensure greater comfort for patients, the markers are also stable in the tissue, providing a reliable target (tumor) reference point just before the treatment.

This makes it possible to position the patient perfectly so as to ensure more effective treatment. The new Visicoil MR provides a clear reference point for magnetic resonance imagery (MRI), enabling a precise image and accurate definition of the tumor to be obtained for treatment planning purposes.

MYQA QUALITY ASSURANCE

More than 1000 healthcare centers worldwide use the myQA® solution, which is the first full quality assurance tool on the market. The tool incorporates quality assurance processes, applications and quality assurance workflows into one common software platform.

By grouping together all the applications and data relating to quality assurance, myQA® is able to define a new standard for the efficient flow of information. This package offers a complete overview of the radiotherapy department, providing connectivity between users worldwide. Consequently, new treatment methods can be employed more rapidly and safely, with improved safeguards for patients throughout their treatment.

"*Being so straightforward to use it allows us to plan to the capabilities of the treatment machines, rather than limiting what we do because legacy verification processes cannot keep up. This ensures our clinicians can offer the best possible care to their patients.*"

Docteur Andrew Reilly
Head of the Radiotherapy Department at the new North West Cancer Centre in Londonderry, United Kingdom

RadioPharma Solutions

BETTER DIAGNOSIS FOR MORE EFFECTIVE TREATMENT STRATEGIES

IBA RadioPharma Solutions assists nuclear medicine departments and radio-pharmaceutical product distribution centers to design, build and operate a radio-pharmacy.

Its extensive range of cyclotrons and Synthera®+ synthesis module is employed in the production of a large number of radio-pharmaceutical products used for the diagnosis of severe diseases in cardiology, neurology and oncology.

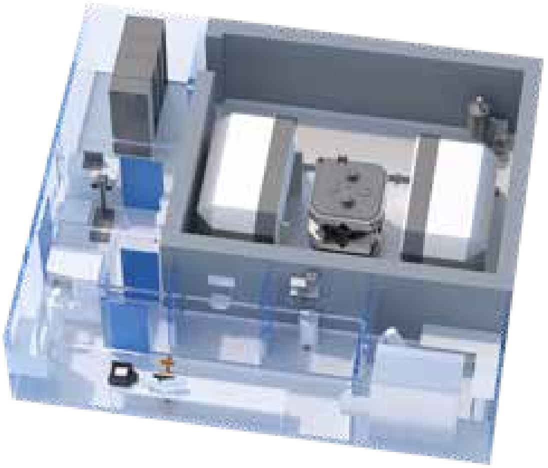
The new Cyclone®KIUBE enables progressive upgradability, offering the market improved production performance levels. It is used to produce several different types of radioactive tracer.

As of the end of 2017, IBA RadioPharma Solutions has sold more than 270 cyclotrons and more than 550 Synthera® chemistry modules worldwide.

Buying a cyclotron represents the first stage in the construction of a functional and operational radio pharmacy, which is a complex project requiring the integration of all the key components as well as ancillary equipment.

+270 cyclotrons sold worldwide

+550 Synthera® sold worldwide



IBA RadioPharma Solutions markets IntegraLab®, a fully-integrated solution which combines all the equipment and services needed to set up a radio-pharmaceutical product production center.

Thanks to the latest innovations, such as the Cyclone® KIUBE, IBA has been able to design the IntegraLab® ONE, which is the smallest integrated radio-pharmacy in the world.
With a surface area of less than 100m², this optimized solution covers the planning of the building, the selection of all production equipment, qualification, validation, staff training, maintenance and numerous other services related to the creation and operation of radio-pharmacies.

We have had the very first Cyclone 18/9 produced by IBA in 1990 and it is still operational today. We are still very happy with the performance thanks to multiple upgrades we can match quality and performance.

Dean Jolly
Manager Cyclotron facility
à McGill University, Canada

At IBA, we are proud to support our clients throughout the long life-cycle of our equipment. Radio-pharmaceutical centers are becoming more and more complex and consequently demand an increasing number of services to maximum their efficiency.

Bruno Scutnaire
Executive Vice President
IBA RadioPharma Solutions

Industrial and Sterilization Solutions

A PROVIDER OF SOLUTIONS FOR INDUSTRIAL AND STERILIZATION APPLICATIONS, IBA IS WORLD LEADER IN THE SUPPLY OF ELECTRON, X-RAY AND PROTON ACCELERATORS.

The two main markets covered by this division are the sterilization of single-use medical equipment and the improvement of the physical properties of polymers (crosslinking).

In the sterilization market, IBA offers solutions that enable customers to sterilize medical devices either with x-rays or by electron beams. The industry sees them as an alternative to sterilization technologies using chemical or radio-active compositions.

The second key market is polymer crosslinking. Its main use is in the automotive industry, providing it with high-performance electrical cables that are light and compact and thus contribute to the reduction of vehicle power consumption.

Focus on innovation with advanced research & development programs

IBA Industrial is constantly evaluating new markets with the potential for growth, such as cargo control and the food sterilization by means of x-rays.

IBA Industrial is continually investing to improve the performance, reliability and energy efficiency of its product lines.

In 2017, the division launched two major research and development programs with a view to adding new functionalities to its accelerators. The first, New Horizon, enables the energy efficiency of all Rhodotron® accelerators to be improved by reducing their electricity consumption.

This characteristic makes IBA products more competitive than linear accelerators. This research program also opens the door to new applications: for example, the Rhodotron® 40MeV offers a new solution for the production of radio-isotopes by photo-nuclear reactions.

The second program is the Rhodotron® compact TT50. Initially dedicated to the detection market, this solution can also be used by centers engaged in sterilization and the processing of food products.

Thanks to the results recently produced by the New Horizon research program, in 2018 IBA Industrial plans to strengthen its presence in existing markets whilst continuing to expand its installed base.

Rhodotron® X-ray generator

The IBA Industrial X-ray generator, based on Rhodotron® technology, is the key component of a new type of container control system installed in the port of Boston, in the United States. This advanced, non-intrusive system for inspecting cargoes is designed to detect, localize and identify contraband and security threats.

IBA has been very important to Passport success. We took part in the TT50 development and it's remarkable it came to reality. We cannot wait to have a chance to use it!

Bob Ledoux
Chief Executive Officer Passport Systems, Inc Boston, MA, United States

Sustainability

A STAKEHOLDER APPROACH

Since its creation over 30 years ago, IBA has had a long-term outlook, with a mission, ethical and transparent commitments and a purpose that gives the company a direction. In 2015, IBA defined a framework around its different initiatives in order to establish a sustainability program.

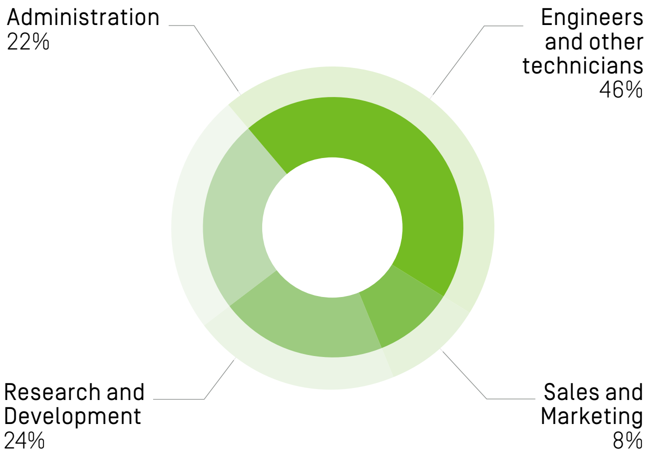
Numerous projects have been launched since then. However, in 2017, IBA decided to go further.
The company specified its long-term vision and ambition for sustainable development, a long-term ambition that brings together all its staff.

IBA deliberately began listening to each of its five stakeholders – patients/customers, employees, Society, Planet and shareholders.
The company has included the issues of each of them in its thinking on sustainable development since day one. This involvement is crucial if our actions are to be in line with our different stakeholders: there is systematic reflection upstream of any new initiative so that we can identify the impacts and, if necessary, develop a strategy to counterbalance them.

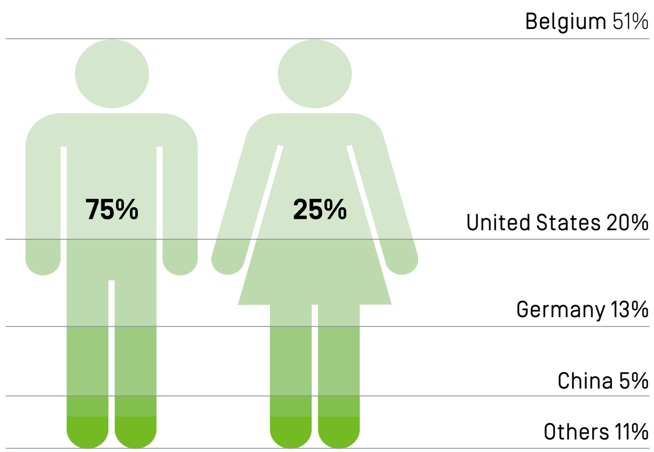
Pausing so that we can better understand their interests and issues is a necessary and recurrent step in defining our corporate strategy and for the company's success. A strong interest in the environment and nature helps the company to realize daily the importance of working to a systemic approach, in a natural or socio-economic context, to extend the life of the company and its mission for future generations.

1 518 employees

Functions



IBA employees worldwide



THE LONG-TERM VISION

All economic activity takes place within an eco-system whose long-term survival depends on the harmonious cohabitation of society with its natural environment. In fulfilling its mission, IBA is totally committed to the achievement of that aim.
IBA's technological solutions meet one of society's key aspirations: namely the health and wellbeing of everyone on the planet. Their main contribution is in the fight against cancer for diagnosis, treatment and dosimetry, but also other industrial applications related to health, safety and the environment.

The key-stone of IBA's ambition, in terms of long-term growth, is to contribute to the deployment of proton therapy worldwide so that it can be used for all patients that will benefit from it.
IBA is also eager to confirm its role as a leader in its quest to achieve positive impacts through ambitious projects: for example, the expansion of an economic model that will enable the company to become more profitable at the same time as drastically reducing its negative impacts (also referred to as "externalities").
IBA has seen fit to publicize its goals, in terms of growth between now and 2020 in its five main business sectors, in an initial Social Responsibility report announcing its commitments.
That report is available on the website https://iba-worldwide.com/about-iba/sustainability.

Our approach

1. is driven by our values **"care", "dare", "share" and "be fair";**

2. is participatory: we seek the advice and collaboration of our stakeholders;

3. aims for a balanced consideration of our stakeholders' opinions;

4. is open and fueled by a culture of dialogue.

Prof. Dr. Beate Timmermann

Director of the particle therapy clinic
and medical director of the West German Proton Therapy
Centre, Essen, Germany

Governance

MANAGEMENT TEAM

Olivier Legrain
Chief Executive Officer

Jean-Marc Bothy
Chief Strategy Officer

Soumya Chandramouli
Chief Financial Officer

Frédéric Nolf
Chief Human Resources & Sustainability Officer

Yves Jongen
Founder &
Chief Research Officer

BOARD OF DIRECTORS

Pierre Mottet
Representing Saint-Denis SA
Internal Director

- Chairman of the Board of Directors since May 2013
- Member of the IBA board of Directors since May 1998
- CEO of IBA from 1996 to May 2012
- Director of UWE (Walloon Business Association), agoria and several funds and start-ups in the field of health and environment

Marcel Miller
Representing Marcel Miller SCS
Independant Director

- Member of the IBA Board of Directors since May 2011
- Currently president of Alstom Belgium
- Director Agoria Wallonia
- Vice-President UWE
- Director of Technord

Katleen Vandeweyer
Representing Katleen Vandeweyer Comm. V
Independant Director

- Member of the IBA Board of Directors since May 2013
- Group Finance Director at Proximus SA/NV / Member of the Ageas Board of Directors

Yves Jongen
Internal Director

- Member of the IBA board of Directors since May 1991
- Founder and Chief Research Officer
- Managing Director since 1991
- Before the creation of IBA in 1986: Director of the Cyclotron Research Center at the Catholic University of Louvain (UCL)

MD Hedvig Hricak PhD, DR. H.C.
Independant Director

- Member of the IBA Board of Directors since May 2017
- Chair of Department of Radiology, Memorial Sloan-Kettering Cancer Center (MSKCC), a member of the Molecular Pharmacology and Chemistry Program, Sloan-Kettering Institute, and professor, Gerstner Sloan-Kettering Graduate School of Biomedical Sciences

Jeroen Cammeraat
Independant Director

- Member of the IBA Board of Directors since May 2014
- Chief Executive of Cassini Technologies BV

Eric de Lamotte
Representing SA Bayrime
Other Director

- Member of the IBA Board of Directors since 2000
- Director serving the board of several companies
- Formerly Chief Financial Officer (1991-2000) of IBA

Sybille van den Hove
Representing Bridging for Sustainability SPRL
Independant Director

- Member of the IBA Board of Directors since May 2015
- Former Chair Scientific Committee European Environment Agency

Olivier Legrain
Internal Director

- Member of the IBA Board of Directors since May 2012
- Chief Executive Officer and Managing Director since May 2012

MANAGEMENT REPORT

Approved by the Board of Directors at its meeting of March 20, 2018.

HIGHLIGHTS OF THE YEAR

The main events of the 2017 financial year, further details of which are contained in the Management report, were as follows:

- Order intake of five rooms comprising two Proteus®ONE* solutions sold in Egypt and Spain, one Proteus®PLUS* sold in Virginia, US and an additional Proteus®PLUS treatment room sold in Argentina
- Two IBA centers became operational in the US in 2017 and two more became operational in early 2018 in The Netherlands and the UK. Five site installations started in 2017 in India, Japan and the UK
- Completion of a review into Proton Therapy project management; enhanced systems in placeand all projects on track with revised timelines
  - Construction and installation timelines adjusted to reflect new project schedules
  - A reorganization of the Group's Proton Therapy business unit as part of the plan to further enhance efficiency, project management and delivery, which took place in the fourth quarter of 2017, including appointment of dedicated regional project directors to address project management more closely with customer teams early in the building construction process and a headcount reduction to reflect current market conditions
- Significant progress in increasing speed of delivery, a major competitive advantage for IBA and our customers
  - First patient treated post period-end at University Medical Center Groningen Proton Therapy Center within 13 months of installation of its Proteus®PLUS by IBA
  - Testing completed post period-end with Proton Partners International at the UK's first high energy proton beam system following a record nine month installation in Newport, South Wales
- Accelerated initiatives to improve technologies, construction delivery, cost competitiveness and commercial reach, whilst maintaining tight cost controls and efficiencies
  - Partnership with leading equipment and software provider Elekta, including joint software development and sales to advance proton therapy treatments
  - Collaboration with VINCI Construction to provide dedicated proton therapy center design and construction support for customers
- Updated guidelines from the American Society for Radiation Oncology (ASTRO) and National Comprehensive Cancer Network (NCCN) further endorse proton therapy as a treatment option in the fight against cancer, with several new indications added in 2017

The key figures in terms of financial results are as follows:

- Total Group 2017 revenues of EUR 287.4 million, down 12.6% (2016: EUR 328.8 million)
  - Proton Therapy and Other Accelerators revenue of EUR 233.6 million, down 16.8% due to project rescheduling primarily as a result of customer construction delays, a cyclical slowdown in the overall proton therapy market and aggressive activity by competitors to boost market share
  - Dosimetry revenue up 11.9% to EUR 53.8 million due to strong conversion of backlog and higher sales both from radiotherapy and proton therapy related business
- REBIT margin of -4.0% impacted by low Proton Therapy and Other Accelerators gross margin
- Equipment and service backlog of nearly EUR 1 billion, comprising an equipment backlog for Proton Therapy and Other Accelerators of EUR 283 million at full year 2017 including upgrades and a growing services backlog of EUR 689 million
- Total Group loss of EUR 39.2 million affected by strengthening EUR vs USD and including a EUR 16.1 million deferred tax asset write-off mainly due to tax reforms and the impact of R&D tax incentives in Belgium. Without the tax write-off, the Group loss would have been EUR 23.1 million

  Net cash position of EUR -15.5 million at the end of 2017 compared to EUR 44.7 million at the end of December 2016 driven down by higher working capital requirements. The Group has sufficient credit lines from its banks to finance its cash flow requirements

REVIEW OF IBA ACTIVITY SECTORS

THE PROTON THERAPY AND OTHER ACCELERATORS SEGMENT COVERS:

Proton therapy

which offers turnkey solutions for a more precise treatment of cancer, with fewer side effects, through the use of proton beams.

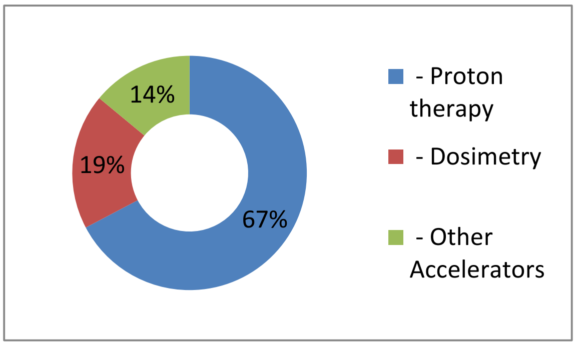
Other accelerators

which offer a line of cyclotrons used for the production of PET or SPECT radioisotopes and a line of industrial accelerators for sterilization and ionization (E-beam and Rhodotron® and Dynamitron® types of X-ray).

THE DOSIMETRY SEGMENT

Dosimetry offers measurement and quality assurance instruments for radiotherapy and medical imaging, enabling healthcare professionals to verify that equipment administers the planned dose to the targeted area.

BREAKDOWN OF CONSOLIDATED TURNOVER BY ACTIVITY



PROTON THERAPY AND OTHER ACCELERATORS

	FY 2016 (EUR 000)	FY 2017 (EUR 000)	Variance (EUR 000)	Variance %
Net Sales	**280 666**	**233 584**	**-47 082**	**-16.8%**
- Proton therapy	226 529	193 391	-33 138	-14.6%
- Other accelerators	54 137	40 193	-13 944	-25.8%
REBITDA	**38 613**	**-11 517**	**-50 130**	**-129.8%**
% of Sales	*13.8%*	*-4.9%*		
REBIT	**34 115**	**-17 261**	**-51 376**	**-150.6%**
% of Sales	*12.2%*	*-7.4%*		

Total net sales for Proton Therapy and Other Accelerators were down 16.8% year on year to EUR 233.6 million. This decrease is a result of:

- Lower sales in 2017 compared to 2016 with five rooms sold compared to 12 in 2016. This slowdown reflects the lumpy nature of the proton therapy market, which operates on three to four-year growth cycles with slower years tending to follow higher growth years. The overall market trend remains positive
- Lower conversion of the Proton Therapy backlog due to customer building delays in around half of the Proton Therapy installations, with milestones shifted to 2018 and 2019. IBA completed an in-depth review of its Proton Therapy project management and has put in place enhanced project management systems
- Some one-off project cost overruns related to specific projects
- A more aggressive stance by competitors seeking to increase market share. IBA is confident that its focus on building a full spectrum cutting-edge offering, making its systems as affordable as possible and ensuring the fastest installation times on the market and superior operations and maintenance will enable it to maintain its long-term market leadership

IBA continued to see good Proton Therapy Services revenue growth, up 4.5% from 59.5 million in 2016 to EUR 62.2 million in 2017. Moreover, upgrades of IBA's installed base began to make a greater impact on the Proton Therapy and Other Accelerators business in 2017 with EUR 5.6 million coming from upgrades of existing proton therapy equipment, up 27% from last year. Both factors demonstrate the long-term sustainability of revenues as the installed base grows.

IBA sold 11 Other Accelerator systems in 2017, maintaining a healthy order intake in this segment.

However, net sales for the Other Accelerators business segment were impacted by exceptional sales in 2016 resulting in a decline in Other Accelerator revenues of 25.8% year-on-year to EUR 40.2 million.

Services for Other Accelerators grew 13% to EUR 23.2 million due to a growing number of maintenance contracts and upgrades.

The improved performance of the combined Services for Proton Therapy and Other Accelerators resulted in this part of the business accounting for approximately 37% of total revenues. The performance also demonstrates the strength of the existing long-term contracts the Group has in place and helps to provide visibility with a backlog of EUR 689 million to be converted to sales over the next ten years.

Over the period, five new proton therapy rooms were sold by IBA. These were spread over customer sites in the US and Europe and include the first proton therapy system in Egypt, as well as a contract in South America.

Updates to US proton therapy policies and guidelines

Alongside our proton therapy customers and partners, IBA has a clear strategy to support the enhancement of clinical evidence supporting the adoption of proton therapy treatment and its use in a range of indications and to ensure the inclusion of proton therapy treatment into the critical clinical guidelines for healthcare systems across the world.

During the period, both the American Society for Radiation Oncology (ASTRO) and National Comprehensive Cancer Network (NCCN) expanded their indication policies for proton therapy, leading to greater penetration of the market for proton therapy in the US. The guidelines further endorse proton therapy as an important treatment option in the fight against cancer.

The body of evidence for proton therapy is growing with 620 proton therapy publications published in 2017 and a total of 160 trials active. IBA is committed to support multi-centric data collection initiatives in the US and Europe in order to accelerate the generation of clinical evidence regarding clinical outcome, cost effectiveness and patient selection criteria.

Moreover, IBA commissioned a study across a wide variety of proton therapy centers to give the Group a greater understanding and quantification of patient access to proton therapy in the US and Europe. In particular, the study shows that in US, hospital-based proton therapy centers, an average of 23% of the radiotherapy patients are treated with proton therapy. This number is very much in line with the Proton Radiotherapy Horizon Scanning report published in 2009 and revised in 2016 by the Health Council of The Netherlands.

Proton therapy partnerships

In September, IBA announced that it had entered into a memorandum of understanding with the radiotherapy leader Elekta to collaborate on software development and the sales and marketing of each other's products. As part of the agreement, the companies are co-investing in the development of new functionality for proton therapy treatment in Elekta's Monaco® treatment planning system and MOSAIQ® oncology information system. The goal is to further improve patient care by offering a more seamless experience for comprehensive radiotherapy departments. In addition to the software development collaboration, both companies expect to offer a joint portfolio of radiation therapy solutions and co-market each other's products, based on a shared vision of integration and adaptive radiation therapy.

IBA continues to make use of strong partnerships with Raysearch and Philips to integrate its solutions with the leading software used today by radiation oncologists. IBA also collaborates with Philips and Canon Medical Systems (previously Toshiba) in order to maximize its worldwide market coverage.

Together, these partnerships form the basis from which IBA is seeking to build its global proton therapy platform that can provide fully integrated support for proton therapy treatment from diagnosis to treatment planning and delivery.

Market leading installation time and technology

IBA is a market leader in the delivery of proton therapy solutions and our quality and fastest time to treating patients was demonstrated in January 2018 when the first patient was treated at University Medical Center Groningen Proton Therapy Center within 13 months of start of installation of its Proteus®PLUS. The Proteus®PLUS at UMCG is configured with two gantry treatment rooms equipped with IBA's pencil beam scanning (PBS) and Cone Beam Computed Tomography (CBCT) large field of view image guidance. These technologies improve the precision of treatment and enable adaptive treatment.

Post period end, alongside Proton Partners International, testing was completed at the UK's first high energy proton beam machine, following a record nine months installation in Newport, South Wales; a global record and at least 50% faster than any competitor. The single room Proteus®ONE solution, installed and maintained by IBA, is the industry's only truly compact image-guided IMPT proton therapy system.

This speed of delivery and time to go clinical is critical for customers for achieving their proton therapy business plan potential, and is of further importance for a system, which is the first in its local market.

Radiopharma Solutions and Industrial Accelerators

IBA sold 11 other systems in 2017 with particular success following the launch of the new Cyclone®KIUBE, and also building on the record level of upgrade orders.

In Industrial Accelerators, in particular, IBA's focus has been on its Rhodotron integrated solution with the launch of its new Rhodotron generation, including the new compact TT50, offering undisputable modularity and energy efficiency. IBA is leading the market with the sale of three Rhodotrons over the past three months and a promising pipeline, with fast growth expected in alternative applications such as sterilization, cargo screening and radioisotope production. Services for this segment also continued to add a growing revenue stream.

DOSIMETRY

	FY 2016 (EUR 000)	FY 2017 (EUR 000)	Variance (EUR 000)	Variance %
Net Sales	**48 108**	**53 837**	**5 729**	**11.9%**
- Dosimetry	48 108	53 837	5 729	11.9%
REBITDA	**4 077**	**6 777**	**2 700**	**66.2%**
% of Sales	*8.5%*	*12.6%*		
REBIT	**3 022**	**5 665**	**2 643**	**87.5%**
% of Sales	*6.3%*	*10.5%*		

Dosimetry saw excellent sales performance in 2017 with revenues up 11.9% to EUR 53.8 million thanks to fast conversion of the backlog and a strong 2017 order intake. REBIT has also increased 87.5% to EUR 5.7 million with a margin improvement to 10.5% from 6.3%.

The total order intake in 2017 was EUR 51.5 million, up 7% compared to last year, boosted by medical imaging and services. This has helped to maintain a backlog that remains high at EUR 15.4 million at end of 2017.

During the period, IBA launched the new RAZOR Nano Chamber, the smallest available ionization chamber in the market for small-field dosimetry. In addition, the IBA Dosimetry Blue Phantom system was used for acceptance of the first Varian Halcyon™ machine in Europe. IBA now has more than 1,000 worldwide customers using its myQA® quality assurance platform, a unique platform that connects QA applications and data through a central database and software application.

MANAGEMENT'S DECLARATIONS

Pursuant to Article 12, §2, 3° of the Royal Decree of November 14, 2007 regarding obligations of issuers of financial instruments admitted to trading on a regulated market, Olivier Legrain, Chief Executive Officer (CEO), and Soumya Chandramouli, Chief Financial Officer (CFO) of IBA SA, declare that, to their knowledge:

- the enclosed financial statements, prepared in accordance with applicable accounting standards and accurately reflect the assets, financial position, and results of IBA SA and the undertakings included in the consolidation; and
- this management report gives exact information and a true and fair view of the business evolution, the earnings, and the position of IBA and the undertakings included in the consolidation, as well as a description of the principal risks and uncertainties they face. This management report does not omit any information that would be significantly misleading as to any other information given in it.

NON FINANCIAL DECLARATION

The non-financial statement is the subject of a separate report which will be published on IBA website ((https://iba-worldwide.com/about-iba/sustainability).

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

INCOME STATEMENT

IBA reported a 12.6% decrease in revenues to EUR 287.4 million during 2017 (2016: EUR 328.8 million).

Recurring operating profits before interest and taxes (REBIT) decreased from EUR 37.1 million in 2016 to EUR -11.6 million at REBIT margin of -4% due to project delays, cyclical slowdown on market and aggressive activity by competitors to boost their market shares in the proton therapy despite excellent sales and gross margin performance of the Dosimetry activities.

Financial results were strongly affected by the strengthening of the Euro against the US dollar. Other operating losses were mostly related to restructuring and reorganization costs and write-offs on some assets and receivables.

IBA booked a deferred tax charge of EUR 16.1 million, due to tax reforms that became effective in Belgium at the end of December, as well as a very favorable tax regime for companies investing in research and development in Belgium,,that reduced recoverability of deferred tax assets against future taxable income.

As a result of the above effects, IBA reported a net loss of EUR -39.2 million down from a profit of EUR 24.4 million in the prior year.

CONSOLIDATED BALANCE SHEET AND FINANCIAL STRUCTURE

Non-current assets decreased by EUR 9.2 million during the 2017 financial year, essentially due to the combined effects of:

- high investment in software, other intangibles, buildings and equipment;
- the decrease of deferred tax assets;

- the disposal of equity accounted Sceti Medical Labo KK;

Goodwill at the end of 2017 (EUR 3.8 million) remained unchanged and was related to the Dosimetry business.

Intangible fixed assets (EUR 12.4 million) and tangible fixed assets (EUR 22.7 million) increased by a total of EUR 8.8 million. The change during the year is mainly attributable to high investment in software, other intangibles, buildings and equipment for EUR 15.3 million, disposals for EUR 0.23 million and depreciation and amortization for 6.1 million.

Companies accounted for using the equity method and other investments decreased by EUR 1.4 million, due the disposal of the equity accounted company Sceti Medical Labo KK for EUR 1.4 million.

Deferred tax assets amounting to EUR 6.0 million decreased by EUR 16.8 million and represent recoverable losses on future earnings, essentially on IBA SA and LLC Ion Beam Applications (Russia) for EUR 4.2 million and temporary differences on IBA's American entities and Ion Beam Beijing Applications Co Ltd. amounting to EUR 1.8 million.

Other long-term assets increased by EUR 0.1 million to EUR 18.6 million. This change is essentially attributable to the recognition of additional research tax credit of EUR 1.88 million, the transfer to short term of research tax credit of EUR 0.91 million, the repayment of the loan granted to Sceti Medical Labo KK of EUR 0.8 million, the decrease of long term trade receivables on a proton therapy customer for EUR 0.18 million and the increase of long term deposits for EUR 0.18 million.

Current assets amount to EUR 257.8 million at the end of 2017. There was a large decrease of EUR 38.9 million compared with 2016.

Inventories and contracts in progress increased by EUR 7.6 million, EUR 6.2 million was attributable to work in progress and EUR 11.5 million was attributable to raw materials compensated by the decrease of EUR 7.6 million of contracts in progress and the decrease of EUR 2.5 million of the finished products.

Trade receivables decreased by EUR 4.7 million.

The increase of EUR 3.8 million in other receivables mainly related to the increase of the non-trade receivables for EUR 2.5 million and the increase of the current income tax receivables for EUR 1.3 million.

Non-current liabilities decreased by EUR 8.9 million compared with the end of 2016 to EUR 34.9 million at the end of 2017. This change is mainly attributable to the following factors:

- Long-term borrowings decreased by EUR 8.5 million, due to the reclassification to short-term of a private five-year bond (treasury notes) subscribed for an amount of EUR 5.75 million, of a portion of a loan from a Belgian bank of EUR 2.0 million and of a portion of SRIW loan of EUR 0.71 million. At the end of 2017, long-term borrowings amounted to EUR 19.29 million, comprising EUR 14.29 million for the SRIW loans and EUR 5.0 million for a Belgian bank loan.
- The increase of EUR 5.05 million in other long-term liabilities results mainly from, the new liability relating to the emphyteutic lease of the land of the new factory in Belgium for EUR 4.2 million and the increase of other long-term liabilities related to the partial impact of the margin elimination surplus of a proton therapy project sold to an equity-accounted company for EUR 0.9 million.
- The decrease of EUR 4.1 million in long-term provisions results mainly from the reversal in full of the long-term incentive plan for EUR 4.2 million.

Current liabilities increased from EUR 186.4 million in 2016 to EUR 188.9 million in 2017. The following elements are to be noted:

- Short-term provisions, which amounted to EUR 6.7 million at the end of 2017, increased by EUR 0.4 million, mainly due to new provisions for reorganization expenses for EUR 0.45 million.
- Short-term borrowings of EUR 23.46 million at the end of 2017 include the short-term portion of the loan from a Belgian bank for EUR 2.0 million, the short-term portion of SRIW loan of EUR 0.71 million, the private five-year bond (treasury notes) subscribed for an amount of EUR 5.75 million and short-term credit line facilities of EUR 15 million. Short-term borrowings have increased due to the reclassification from long of a private five-year bond (treasury notes) subscribed for an amount of EUR 5.75 million, of a portion of a loan from a

Belgian bank of EUR 2.0 million and of a portion of SRIW loan of EUR 0.71 million, the utilization of short-term credit line facilities of EUR 15 million compensated by the repayment of the short-term portion of a loan borrowed from a Belgian bank for EUR 2.0 million and the repayment of financial leases for EUR 0.15 million.

- Other short-term payables at the end of 2017 amount to EUR 111.5 million which represent a decrease of EUR 7.3 million compared to 2016. This decrease is mainly explained by the decrease of contractual advance payments received for proton therapy orders for EUR 12.6 million and the decrease of other current liabilities for EUR 0.5 million partially compensated by the increase of non-trade payables for EUR 1.85 million, the increase of deferred income for EUR 0.91 million, the increase of social debts for EUR 2.1 million, and the increase of advances received from Walloon Region of Belgium for EUR 1.01 million.

The Group's cash and cash equivalents decreased by EUR 47.3 million in 2017, mainly due to a negative operating cash-flow of EUR 44.6 million, to acquisitions of tangible and intangible assets of EUR 15.3 million, by the repayment of the loan granted to Sceti Medical Labo KK and the disposal of the Sceti Medical Labo KK participation for EUR 2.4 million and by a financing cash-in of EUR 10.2 million mainly related the proceed of short credit line facilities for EUR 15.0 million, Capital increases for EUR 1.0 million, new grants received in Belgium for EUR 1.15 million and the liability relating to the emphyteutic lease of the land of the new factory in Belgium for EUR 4.2 million reduced by cash-out related to the dividend payment of EUR 8.2 million, repayment of borrowings for EUR 2.2 million and interest payments for EUR 0.8 million.

Net financial position decreased from EUR 44.7 million net cash end of 2016 to EUR -15.5 million end of 2017.

RESEARCH AND DEVELOPMENT

Research and development expenses related to the Group's businesses amounted to EUR 37.03 million (12.9% of sales) in 2017 less EUR 2.59 million of research tax credit.

At IBA, research expenses are recognized directly in the income statement and development expenses are recognized directly in the income statement because the nature of capitalizable development costs cannot be demonstrated in accordance with the Group's accounting rules. These significant investments enable the Company to remain among the world leaders in all the markets in which it operates.

CAPITAL INCREASES AND ISSUES OF STOCK OPTIONS AND CONVERTIBLE BONDS – ART 608 OF THE BELGIAN COMPANIES ACT

There was no issues of stock options or convertible bonds in 2017. The capital was increased several times further to the exercise of stock options granted to employees. Those are further detailed in Section General Information – Capital (See page 152).

REPURCHASE OF OWN SHARES (ART. 624 C)

IBA SA did not repurchase or sell any of its stock in 2017. At December 31, 2017, IBA SA held 63 519 of its own shares.

IBA SA STATUTORY ACCOUNTS AND APPROPRIATION OF NET PROFIT (LOSS)

In 2017, IBA SA reported a loss EUR 10.0 million compared to a profit EUR 26.7 million in 2016. This presents a variation of EUR 36.7 million.

Sales and services (non-recurring excluded) decreased by 12% in 2017 from EUR 322.7 million to EUR 289.5 million due to lower order intake in proton therapy but also delayed equipment project execution.

Operating loss amounts to EUR 6.5 million in 2017 against profit EUR 28.6 million in 2016, resulting in a net decrease of EUR 35.1 million. Operating expenses increased EUR 1.8 million in 2017. The company has invested mainly in areas such as purchase of services and goods and hiring additional staff since two last years to respond to the growth. The R&D expenditure of EUR 37.2 million in 2017, compared to EUR 32.3 million in 2016, is capitalized. The development expenses of EUR 32.1 million are depreciated over three years where research expenses EUR 3.5 million are depreciated immediately in the same year.

IBA presented a financial charge of EUR 2.5 million in 2017 compared to a financial charge of EUR 1.7 million in 2016. The interest charges on loans in 2017 represent EUR 1.6 million. The remainder includes mostly foreign exchange impacts and bank charges.

The operational perspectives of IBA SA remain positive.

At the end of 2017, the Company had nine branches in Prague, Czech Republic; Orsay, France; Krakow, Poland; Trento, Italy; Seoul, South Korea; Uppsala, Sweden; Groningen, Netherlands; Newport, United Kingdom and Madrid, Spain. The branches were established as part of the company's Accelerator business.

In view of the loss of the 2017 exercise, IBA's Board of Directors intends to recommend to the General Assembly to not pay any dividend in 2018.

CONFLICTS OF INTEREST

BOARD MEETING OF MARCH 22, 2017

Being called on to decide on the approval of the report of the Compensation Committee regarding the appraisal of the Management Team triggered the application of the procedure governing directors' conflict of interests as defined in article 523 of the Belgian Companies Act. This conflict of interests concerned the managing directors in their capacity of Management team Members.

COMPETENCE AND INDEPENDENCE OF MEMBERS OF THE AUDIT COMMITTEE

In accordance with article 96, 9°, of the Belgian Companies Act, IBA's Board of Directors reports that

- Ms Katleen Vandeweyer (representing Katleen Vandeweyer Comm. V.), chairman of the Audit Committee since 2015, member of the Audit Committee and Board member since 2013, is Group Finance Director of Proximus SA/NV. As such, she is responsible for group financial reporting, working capital management, transversal finance transformation programs, efficiency trackings… She participates to many Audit and Remuneration Committees of Proximus. Ms Katleen Vandeweyer is also member of the Board of Directors of Ageas and is member of the Remuneration Committee of Ageas.
- Mr. Jeroen Cammeraat, member of the Audit Committee and Board member since 2014, is CEO of venture capital backed ophthalmology company Cassini Technologies BV and former COO of global radiation therapy company Nucletron BV. As such, he has an extensive track record in managing global businesses including financial management, complex financing structures, shareholder and investor relations.

SIGNIFICANT ACQUISITIONS AND DIVESTMENTS IN 2017

No significant acquisition or divestment occurred in 2017.

PRINCIPAL RISKS AND UNCERTAINTIES FACED BY THE COMPANY

Besides the risks to which all industrial companies are exposed, a list of significant risk factors specific to IBA's activities is described below. This list does not claim to be exhaustive.

AUTHORIZATIONS

Some IBA products and devices cannot be marketed without regulatory approval or registration as medical devices. Such authorization is necessary in each country where IBA wishes to market a product or device. At the end of 2017 IBA was authorized to market its particle therapy devices in the United States (FDA), the European Union (LRQA), Australia (TGA), Russia (Gost-R) and South Korea (MFDS), Taiwan (TFDA), Singapore (SFDA) and Japan (Shonin). Authorizations may always be revoked. Moreover, as IBA's equipment evolves technologically, further authorizations may be required.

TECHNOLOGY RISKS

The Company continues to invest heavily in research and development and cannot overlook the possibility that one of its prototypes may not be commercially viable or may become obsolete during its development because of competing technological development.

REIMBURSEMENT OF HEALTHCARE

The subsidization by healthcare reimbursement institutions of costs for the treatment of certain diseases for which equipment made by IBA is directly or indirectly involved – is subject to review. The healthcare reimbursement policies of these organizations will in turn influence the volume of orders that IBA obtains. These subsidies from reimbursement institutions differ greatly from one country to another.

INSURANCE COVERAGE FOR DELIVERED PRODUCTS AND THOSE IN THE PIPELINE

The use of products made by IBA may expose the Company to certain liability lawsuits. IBA maintains insurance to protect itself in the event of damages arising from a product liability lawsuit or from the use of its products. In a country such as the United States, where the slightest incident may result in major lawsuits, there is always a risk that a patient who is dissatisfied with services received by products delivered by IBA may initiate legal action against it. The Company cannot guarantee that its insurance coverage will always be sufficient to protect it from such risks or that it will always be possible to obtain coverage for such risks.

FOREIGN EXCHANGE RISKS

The Company is exposed to foreign exchange risks when it signs certain contracts in foreign currencies or when it invests abroad. To the fullest extent possible, the Company employs the financial instruments necessary to limit its exposure to these risks. The Company's financial risk management objectives and policy, as well as its policies on price, liquidity and cash flow risk are described in greater detail in the notes to the consolidated financial statements in this report.

ASSET DEPRECIATION RISKS

IBA invests in companies whose business sector is complementary to its own. In most cases, these are recently established companies in innovative sectors.

IBA cannot guarantee that all of these investments will be profitable in the future or that some projects will not be purely and simply terminated. In certain cases, IBA also invests its surplus cash in very liquid and highly rated financial instruments but cannot however, predict sudden changes in these ratings or market modifications leading to the loss of this liquidity.

DEPENDENCE ON CERTAIN MEMBERS OF STAFF

Since IBA was established, the number of highly qualified persons employed by the Company has significantly increased. However, it is possible that the defection of certain key employees possessing specific expertise could, for a short time, affect one of the Company's activities.

DEPENDENCY ON A SPECIFIC CUSTOMER OR A LIMITED NUMBER OF ORDERS

In general, IBA's customers are diversified and located on several continents. Each year the Company depends on a number of orders, particularly for its proton therapy systems that are executed over several financial years. The receipt of one additional order or one less order, or changes in an order that were not anticipated at the beginning of the year, are characteristics of this field of business which can have a significant impact over several accounting periods. On the other hand, the lead time for fulfilling orders gives the Company a good view of its level of activity several months in advance.

INTELLECTUAL PROPERTY (PATENTS)

The Company holds intellectual property rights. Some of these rights are generated by employee or production process knowhow and are not protected by patents. The Company has filed patents but it cannot guarantee that the scope of these patents is broad enough to protect the Company's intellectual property rights and prevent its competitors from gaining access to similar technologies. The Company cannot guarantee that the defection of certain employees will not have a negative impact on its intellectual property rights.

COMPETITION AND RISK OF RAPID PRODUCT OBSOLESCENCE

Currently, IBA has no direct competitor covering all the markets in which it is present. However in certain markets, it is competing against some of the world's largest corporations. These corporations have highly developed sales and marketing networks and more importantly, extensive financial resources beyond comparison with those of IBA. Furthermore, there is always the possibility that a new technology – notably a revolutionary therapy in the treatment of cancer that would render a part of IBA's current product line obsolete – could be developed.

The development and marketing of a new therapy does nevertheless require a relatively long period of time.

PENALTIES AND WARRANTIES

Some contracts may contain warranties or penalties which generally represent only a few percent of the amount of the contract in the case of conventional sales contracts. However these amounts may be significantly higher in public-private partnerships in as much as the penalties must cover the associated financing. Such clauses are applicable only to a limited number of contracts, essentially those relating to proton therapy projects. The possibility that a customer may one day exercise such a warranty or penalty clause cannot be excluded.

HUMAN RIGHTS

So far, no case of human rights violations has been identified in IBA's value chain. The nature of our activities and the origin of products entering our production chain are not considered to be risky in terms of respect for human rights. However, we recognize that our knowledge of our entire value chain is not optimal. We have a good view of our first level of supply, including rigorous vendor selection and validation processes. With regard to suppliers and subcontractors beyond the first level, we must acknowledge our ignorance. In this context, we have already initiated in 2016 a project to improve our purchasing management, inspired by the principles of ISO 20400. The work is still ongoing at present.

CORRUPTION

In our field of activity, and depending on the regions concerned, corruption is considered as a potential danger. Aware of this risk for over 10 years, we have published a Code of Business Conduct. This code defines, among other things, the strict framework in which IBA wishes to do business, including all elements and risks related to corruption. This code is part of our work policies. Each collaborator is required to have read and signed it for good understanding and acceptance. Failure to comply with this code will result in penalties for the employee concerned. This code is reviewed and amended on a regular basis. The last edition was published end of 2017.

SOCIAL MATTERS

Beyond the risks of dependence on some staff members, we consider other risks related to social issues to be low. The company has always advocated a climate of transparency with representatives of workers' organizations. We can consider today that the relations between the different parties are good and cordial. The higher interests of the company encourage the different partners to collaborate effectively and intelligently, for the benefit of all employees. While we still have room for improvement in this area, the level of maturity and wisdom that drives us are strong enough and can reassure us as to the limitation of these risks.

ENVIRONMENT

The analysis of environmental risks and impacts has highlighted several issues. Among these, the production of radioactive waste and the climate impact are particularly significant.

On the one hand, the production of radioactive waste originates from the unwanted and progressive increase of the accelerators radioactivity, as well as the radioactivity in the first centimeters of shielding concrete when certain machines are used. This issue fostered innovation with, in 2016 and 2017, the development of a low activation concrete formulation. This new shielding technology represents a way for the company and our customers to reduce the environmental and financial risks associated with the activation of materials.

With regard to the climate impact, analyzes have been carried out and have revealed a significant predominance of emissions related to the electrical consumption of accelerators as well as the release of SF6, the electrical insulating gas used in Dynamitrons. These challenges are addressed by IBA through a research program aimed at developing an alternative to SF6 as well as via the development of new energy-saving technologies (S2C2®, Cyclone Kiube®, Second Generation Rhodotron®).

IBA reports this year 2017 to the CDP (Carbon Disclosure Program). This report details our policy and our management of environmental risks and impacts. The Sustainability Report also gives additional information on this subject.

USE OF FINANCIAL INSTRUMENTS

Notes 1.22, 2.3 and 22 of this report include detailed information on the company's exposure to risks arising from financial instruments.

EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On March 12, 2018, IBA announced that it has signed three new contracts with Proton Partners International (PPI), to install three Proteus®ONE* compact proton therapy solutions across the UK. The contracts are subject to financing.

The contracted Proteus®ONE solutions include Pencil Beam Scanning (PBS) and Cone Beam CT (CBCT) capabilities making Proteus®ONE the only compact solution ready for adaptive treatment. The contracts also include a maintenance agreement.

The typical end-user price for a Proteus®ONE solution with a maintenance contract is between EUR 35 and 40 million.

These new centers will be the seventh, eighth and ninth that IBA will install for PPI.

In March 2018, IBA subscribed to 2 subordinated bonds of EUR 5 million respectively issued by SRIW and SFPI, and finalized an increase of its short-term credit facilities from EUR 30 million to EUR 60 million.

All the above facilities are subject to several financing covenants. The extended credit facilities with banks for which the main financing covenants are related to a minimum level of adjusted equity and a certain ratio of adjusted net debt to REBITDA, are tested for the first time at end of 2018.

GENERAL OUTLOOK FOR 2018

The fundamentals of the proton therapy market continue to be solid, as demonstrated by the numerous prospects IBA is pursuing across all global markets. IBA remains fully focused on driving growth and, alongside our strategic partnerships and ongoing focus on cost controls and maintaining the world's most competitive and attractive proton therapy offering, IBA will continue to drive towards a positive REBIT and net profit after tax in 2018 and beyond.

This will be focused around our two axes for growth: growing the market by facilitating evidence generation and creating awareness of the benefits of proton therapy, whilst improving its affordability, and increasing IBA's market share with its superior clinical technology, fastest installation times, proven quality of service and unique ability to completely upgrade all systems to the latest technology available.

Although current market conditions make it harder to predict IBA's near-term growth trajectory, the Group will continue to keep the market updated on its progress as the current year progresses. Whilst it is IBA's intention to keep providing quarterly qualitative business updates to the market, going forward, key financial figures and detailed analysis of its financials will only be provided at the time of its half and full year results.

The philosophy, structure, and general principles of IBA corporate governance are presented in the Company's Corporate Charter ("Charter"). The Charter is available on the Company's website www.iba-worldwide.com.

The Company has adopted the 2009 Belgian Code of Corporate Governance as its reference Code and is in compliance therewith, including composition of the Audit Committee.

CHARACTERISTICS OF INTERNAL CONTROL SYSTEMS AND RISK MANAGEMENT

The principal characteristics of the internal control systems and risk management practices set up by IBA as part of the process of providing financial information are as follows:

CONTROL ENVIRONMENT

After the Group has established its annual objectives, these are transferred to operational divisions, departments and each staff member. The annual evaluation procedure ensures that these objectives are followed.

The organization of the accounting and finance department contributes to this process. The Chief Executive Officer (CEO) and Chief Financial Officer (CFO) jointly agree department objectives and the CFO is then responsible for dividing these between the various levels of hierarchy.

The human resources department, working with Management, has established a library of functions detailing descriptions of the functions required in the organization of IBA Group activities. Individual responsibilities for maintaining accounts and financial information are identified in this process.

The accounting policies applied across the Group are defined in an accounting manual. This manual, which is available on the Company intranet, is followed by Company subsidiaries during their periodic accounting activities. The process of preparing consolidated financial information is supported by a collection of instructions aimed at guiding subsidiaries in the preparation of their local accounts.

RISK MANAGEMENT PROCESS

Financial statements are consolidated on a monthly basis. This procedure enables any new accounting issues to be highlighted quickly.

For this purpose, the finance department works closely with the legal department, as well as with external auditors, in order to ensure adequate adaptation to changes in legislation and the evolution of accounting standards.

These efforts are made in order to meet Company objectives concerning the provision of financial information in full compliance with Company law, deadlines and quality standards.

The control of risks which could affect the procedure of establishing financial information is informal. The identification and evaluation of these risks are undertaken by the Company's management in its daily activities.

Senior management has introduced a range of control and analysis tools in order to identify, evaluate and track financial and operational risks. These include:

- A monthly management dashboard (versus budget, versus previous year);
- A four-year strategic plan and annual budget;
- Treasury forecast tables;
- Project status reports;
- Procedures for establishing technical documents;
- Request forms for investment and recruitment approvals;
- A table of firm and current orders for the Equipment sector;
- The introduction of a signature matrix for all Group commitments to third parties;
- The introduction of double-signature bank authorizations to prevent the handling of accounts by a single individual;
- The nomination of a Chief Compliance Officer responsible for compliance with various procedures as well as the code of business

practice applicable throughout the Group. All employees are required to report any incidents or events likely to represent a risk to the Company to this person.

The responsibilities of each member of staff in the area of risk management are established during the allocation of tasks to be performed for the preparation of the various analysis tools.

The Board of Directors and the Audit Committee fulfill their responsibility for monitoring risk management essentially by reviewing the analysis tools introduced by senior management, such as:

- The monthly management dashboard;
- Monitoring of investments and risk analysis;
- Analysis of research and development achievements and performance;
- Approval of the strategic plan and budgets for the following period;
- Review of the treasury situation;
- Review of the internal audit report.

CONTROL ACTIVITIES

The close control of risks to which the Company is exposed is undertaken by financial controllers and an internal auditor reporting to both the CFO and the Audit Committee. These two functions help to identify new operational or accounting issues, apply suitable accounting procedures and ensure the safeguarding of assets. Through their work they also remain vigilant for any situation that could resemble internal or external fraud. A program of complementary tests and specific actions is conducted if a risk situation is identified.

Controls of procedures for closing of local accounts, approval of payments, invoicing, stock management and other regular activities are organized locally. Procedures for establishing financial statements are controlled by local financial management and the management controller of the division to which the entity belongs. This is a cross structure between staff from operational divisions and financial managers of the legal entities.

Certain operations are centralized on a Group level. Members of senior management are directly involved in the ratification and approval of these operations, thus ensuring control on the completion of accounting and financial information related to:

- Research and development activity;
- Investment and divestment in intangible, tangible and financial assets, based on an approval matrix;
- Long-term contracts and partnership contracts;
- Treasury, financing and financial instruments;
- Supervision of signatory powers and delegation of local authority;
- Capital operations;
- Provisions and commitments.

Control activities are completed by the fact that the procedures for establishing the financial statements of the Group are applicable in all the units within the scope of consolidation. The results of audits conducted by local external auditors are shared directly with the Group's financial department.

INFORMATION AND COMMUNICATION

The availability and relevance of accounting and financial information are assured by the analysis tools described above and by the information technology and data processing environment.

Although the current IT environment is heterogeneous, the computing systems are sufficiently secured by:

- A right-of-access procedure to data and programs;
- An anti-virus protection system;
- A protection system for networking;
- A data safeguard and preservation system;
- Availability and continuity of service measures.

A portal centralizes incidents, requests for information and other requests that staff may have concerning IT services.

The IT department works with consultants based on specific requirements. Work with these service providers is defined by contract. Security measures are tested periodically in order to ensure their effectiveness. The maintenance of the IT systems is an integral part of the IT department's mission.

Accounting and financial information is communicated to Management on a monthly basis in the form of reports from the management controllers and consolidated financial statements. This information is provided directly to division presidents and financial management. The annual accounts, budget, strategic plan and follow-up on investments and treasury are presented to the Audit Committee before being submitted to the Board of Directors. Furthermore, the Board of Directors is regularly informed about the financial state of the Group via monthly management dashboards.

The communication of financial information to the market is managed by the communication, finance and legal departments of the organization. Shareholder concentration in the Belgian market allows this process to be centralized with a limited number of people, with the CFO playing a leading role. A schedule summarizing the periodic requirements for the communication of financial information is available at Group level, with details of the nature and date of each requirement. A procedure stipulates the persons responsible for preparing, approving and communicating this financial information to the market, based on whether the information is restricted or not, and commercial or financial in nature.

MANAGEMENT

Evaluation of the internal control system takes place primarily when the management bodies review the financial statements and analyses prepared by the Finance Department, as well as during the follow-up on the effectiveness of internal control and risk management systems by the Audit Committee.

The analysis tools referred to above are established in line with the accounting principles validated by the Audit Committee and Board of Directors. They are adapted in function of the evolution of the Group's activities and environment as necessary. The pertinence of the information and proper application of accounting principles are reviewed by the Finance Department during the preparation of these accounting principles and by management bodies during their successive reviews.

The CEO and CFO present and comment the financial statements to the Audit Committee and Board of Directors every quarter or more frequently if necessary. The Audit Committee receives a summary of the control reviews conducted internally, underlining weaknesses identified by the internal audit. It also receives any comments made by external auditors on the accounting decisions and evaluation rules used in the preparation of financial statements, as well as their proposed action in relation to internal control.

LEGISLATION GOVERNING TAKEOVER BIDS AND TRANSPARENCY

DISCLOSURES REQUIRED UNDER TRANSPARENCY LEGISLATION

In accordance with the law of May 2, 2007 on the disclosure of significant holdings in issuers whose securities are traded on a regulated market and its implementing royal decree of February 14, 2008, and on the basis of article 34 of the articles of incorporation of IBA SA, IBA SA shareholders are required to report their holdings to the Financial Services and Markets Authority (FSMA) and to IBA SA whenever these holdings reach a threshold of 3%, 5%, or multiples of 5%.

In this framework, IBA SA received the following notifications:

Notifications from Norges Bank:

IBA received transparency notifications from Norges Bank, on March 25 and 31, 2017, April 7, 2017, June 30, 2017, July 7 and 11, 2017 further to upwards and downwards crossing of the 3% threshold provided in Article 34 of IBA's Articles of Association. Norges Bank successively held 897 230, 884 930, 920 355, 871 287, 913 929, 874 639, 1 015 762 IBA shares with voting rights. As a result, Norges Bank successively owned 3.01%, 2.97%, 3.09%, 2.93%, 3.06%, 2.93% and 3.40% of IBA shares with voting rights.

Notification from Capfi Delen Asset management NV

On July 13, 2017, IBA received a transparency notification from Capfi Delen Asset Management NV ("Delen") further to upwards crossing of the 5% threshold. Delen held 1 552 651 IBA shares with voting rights. As a result, Delen owned 5.20% of IBA shares with voting right. IBA has not received any other transparency notifications in 2017.

LEGAL OR STATUTORY RESTRICTION TO THE EXERCISE OF VOTING RIGHTS

Further to Article 34, 5° of the Royal Decree of November 14, 2007 regarding the obligations of issuers of financial instruments admitted to trading on a regulated market, the management report of the Company exposes any legal or statutory restriction to the exercise of voting rights that may have an influence in case of a takeover bid.Article 25 of the Company's Articles of Association provide the following limitation:"*Each share gives the right to one vote.However, no shareholder can, with its affiliated companies and persons, vote at a general assembly for more than 35% of the voting rights of the Company. Moreover, insofar other non-affiliated shareholders holding at least 15% of the voting rights of the Company take part in the assembly, no shareholder shall be entitled, together with its affiliated persons, vote for more than 50% less one vote of the votes.For the application of the previous alineas, is affiliated to a shareholder : (i) any company or person affiliated to it in the meaning of Article 11 of the Belgian Companies Act; (ii) any physical or moral person part of the management of the said shareholder or of a company listed under (i), (iii) any third party acting in its own name but for the account of the said shareholder or of a company listed under (i) or (ii), (iv) any shareholders that provided the said shareholder listed under (i), (ii) or (iii) with a power of attorney to represent them at the said assembly.*"

STRUCTURE OF THE SHAREHOLDING

To the best of the Company's knowledge, there were no other relationships or special agreements among the shareholders as at December 31, 2017. Further to the events mentioned under this section LEGISLATION GOVERNING TAKEOVER BIDS AND TRANSPARENCY", the shareholdings of the shareholders known to IBA have undergone various modifications which can be summarized as follows:

Situation as at		December 31, 2016		December 31, 2017		Variation	
Denominator		**29 764 396**		**29 962 246**			
Entity		**Shares**	**%**	**Shares**	**%**	**Shares**	**%**
Belgian Anchorage SCRL		6 204 668	20.85%	6 204 668	20.71%	0	-0.14%
IBA Investment SCRL		610 852	2.05%	610 852	2.04%	0	-0.01%
IBA SA		63 519	0.21%	63 519	0.21%	0	0.00%
	Subtotal	*6 879 039*	*23.11%*	*6 879 039*	*22.96%*		
UCL		426 885	1,43%	426 885	1.42%	0	-0.01%
Sopartec SA		193 801	0.65%	180 000	0.60%	-13 801	-0.05%
	Subtotal	620 686	2,08%	*606 885*	*2.03%*		
S.R.I.W.		704 491	2.37%	704 491	2.35%	0	-0.02%
S.F.P.I.		62 700	0.21%	58 200	0.19%	-4 500	-0.02%
IRE FUP		1 423 271	4.78%	1 423 271	4.75%	0	-0.03%
Capfi Delen Asset Management NV		1 207 375	4.06%	1 920 265	6.41%	712 890	2.35%
Norges Bank Investment Management				1 147 906	3.83%		
	Total	**10 897 562**	**36.61%**	**12 740 057**	**42.52%**		
Floating		**18 866 834**	**63.39%**	**17 222 189**	**57.48%**		

GOVERNING BODIES AND COMMITTEES

BOARD OF DIRECTORS

The Board of Directors is composed of nine members. The articles of incorporation and Corporate Governance Charter require a balance on the Board of Directors among outside directors, inside directors, and directors representing the shareholders.

The Board of Directors must always be made up of at least one third outside directors and one third directors appointed by the managing directors ("inside directors"). Two of the inside directors are also managing directors.

The Board of Directors meets whenever necessary, but a minimum of four times a year. The major topics of discussion include market situation, strategy (particularly as concerns acquisitions during the period), technological developments, financial developments, human resources management and corporate, social and environmental responsibility.

Reports on topics dealt with at Board meetings are sent to the directors first, so that they can exercise their duties with a full knowledge of the facts.

The Board of Directors met 9 times in 2017, under the chairmanship of Mr. Pierre Mottet. Attendance at meetings of the Board was high. A large majority of the directors attended all meetings. Four absences were recorded for all of the meetings, which represent an absentee rate of approximately 5%. The Company believes that the attendance record of individual directors is not pertinent in the context of this report.

On the proposal of the Nomination Committee, the Ordinary General Meeting of May 10, 2017 (i) approved the appointment of Hedvig Hricak as independent director and fixed the expiry of its term of office at the 2018 Ordinary General Meeting convened to approve the financial statements for the 2017 financial year, (ii) approved the renewal of the term of Bayrime SA, represented by its director Monsieur Eric de Lamotte , as other director and fixed the expiry of its term of office at the 2021 Ordinary General Meeting convened to approve the financial statements for the 2020 financial year.

On the proposal of the Managing Directors, the Ordinary General Meeting of May 10, 2017 approved the renewal of the term of Mr. Yves Jongen, as internal director and fixed the expiry of its term of office at the 2021 Ordinary General Meeting convened to approve the financial statements for the 2020 financial year.

The Ordinary General Meeting of May 10, 2017 took notice that Bridging for Sustainability SPRL takes over the mandate of Median Sustainability S.L. appointed as external director during the Ordinary General Meeting of shareholders held on May 11, 2016, its term remaining unchanged and expiring at the Ordinary General Meeting of shareholders of 2020 which will approve the 2019 financial statements.

Board of Directors as at December 31, 2017:

NAME	AGE	START OF TERM	END OF TERM	DUTIES AT IBA	PRIMARY DUTIES OUTSIDE IBA
Olivier Legrain[1]	49	2012	AGM 2020	Chief Executive Officer / Internal Director / Managing Director / NC	N/A
Saint-Denis SA (represented by Pierre Mottet)[1]	56	1998	AGM 2019	Internal Director / Chairman of the Board of Directors / CC (president) / NC (president)	Director of UWE (Walloon Business Association), Agoria and several funds and start-ups in the field of health and environment
Yves Jongen[1]	70	1991	AGM 2021	Chief Research Officer / Internal Director / Managing Director / NC	Before the establishment of IBA in 1986, Director of the Cyclotron Research Center of the Université Catholique de Louvain (UCL)
Bayrime SA (represented by Eric de Lamotte) [3]	61	2000	AGM 2021	Other Director / AC	Director in several companies. Former CFO of IBA (1991- 2000)
Consultance Marcel Miller SCS (represented by Marcel Miller) [2]	64	2011	AGM 2020	Independent Director / CC NC	Manging Director Alstom Benelux / Director Agoria Wallonia / Vice-President UWE / Director Technord
Hedvig Hricak [2]	71	2017	AGM 2018	Independent Director	Chairman, Department of Radiology, Memorial Sloan Kettering Cancer Center / Professor of Radiology, Weill Medical College of Cornell University / Professor, Gerstner Sloan-Kettering Graduate School of Biomedical Sciences
Jeroen Cammeraat [3]	52	2014	AGM 2019	Independent Director / CC NC AC	CEO Cassini Technologies BV
Katleen Vandeweyer Comm. V. (represented by K Vandeweyer) [2]	48	2013	AGM 2018	Independent Director / AC (president)	Group Finance Director of Proximus SA/NV / Member of the Board of Directors of Ageas
Bridging for Sustainability SPRL (represented by Sybille van den Hove) [2]	53	2015	AGM 2020	Independent Director	Sustainability research and advice / Former chair of the scientific committee of the European Environment Agency

CC : Compensation Committee - NC : Nomination Committee - AC : Audit Committee
(1) In accordance with the meaning ascribed by the corporate charter to the term "Internal director", namely an internal director is a director appointed on the proposal of the managing directors.
(2) Submitted to the General Meeting as candidate independent directors on their election, without excluding the fact that other directors also fulfill the independence criteria. None of the independent directors ceased during the financial year to fulfill the independence criteria set out in the corporate charter.
(3) An other director is a director who is neither an internal director nor an independent director

COMPENSATION COMMITTEE

The Compensation Committee met 3 times (plus 1 working meeting) in 2017. A report on each of its meetings was submitted to the Board.

Topics of discussion included issues relating to the 2017 bonuses, long terms incentives, and compensation schemes in general.

One absence was recorded for all of the meetings held.

At December 31, 2017, the Compensation Committee was comprised of Saint-Denis SA represented by its managing director, Mr. Pierre Mottet, of Consultance Marcel Miller SCS represented by its manager, Mr. Marcel Miller, and of Mr. Jeroen Cammeraat. The 2 latter members being independent, the Compensation Committee is thus comprised of a majority of independent directors. It is chaired by Mr. Pierre Mottet. Mr. Olivier Legrain is invited to attend, except where the Committee is called on to decide on the compensation policy or other matters relating to the managing directors.

NOMINATION COMMITTEE

The Nomination Committee met 2 times in 2017 for the purpose of assessing the areas of expertise needed by the Board of Directors to fill expiring directorship positions and of making proposals in this regard to the Board of Directors.

Based on its report, the Board proposed to the Ordinary General Meeting of May 10, 2017 (i) to approved the appointment of Hedvig Hricak as independent director and fixed the expiry of its term of office at the 2018 Ordinary General Meeting convened to approve the financial statements for the 2017 financial year and (ii) to approved the renewal of the term of Bayrime SA, represented by its director Monsieur Eric de Lamotte , as other director and fixed the expiry of its term of office at the 2021 Ordinary General Meeting convened to approve the financial statements for the 2020 financial year.

One absence was recorded for all of the meetings held. The Nomination Committee has five members, including the Chairman of the Board of Directors and a minimum of two outside directors.

At December 31, 2017, the Nomination Committee was comprised of Saint-Denis SA represented by its managing director, Mr. Pierre Mottet, of Consultance Marcel Miller SCS represented by its manager, Mr. Marcel Miller, and of Mr Jeroen Cammeraat, Mr. Olivier Legrain and Mr. Yves Jongen. It is chaired by Mr. Pierre Mottet.

PRODUCT COMMITTEE

A Product Committee has been set up in 2015 as an IBA Board Committee. That Committee met 1 time in December 2017 to overview the Protontherapy product strategy, to analyse and validate the research and development projects in Protontherapy and the report his activities to the Board.

That meeting was held in the presence of several members of the Management interested by these questions. All members were present during that meeting.

As of December 31, 2017, the Product Committee was composed by Saint-Denis SA represented by his managing director, Mr. Pierre Mottet, by Ms. Hedvig Hricak, by Bridging for Sustainability SPRL represented by her general manager Ms. Sybille van den Hove, by Consultance Marcel Miller SCS represented by his general manager, Mr. Marcel Miller, et by Mrs. Jeroen Cammeraat, Olivier Legrain and Yves Jongen. The Committee is presided by Mr. Pierre Mottet.

AUDIT COMMITTEE

The Audit Committee met 4 times in 2017, including 4 times in the presence of the external auditors, and also, each time, in the presence of the internal auditor. On each occasion, the Committee reported on its meetings to the Board of Directors. The main topics addressed were the 2016 annual results and analysis of the external auditors' Management Letter, analysis of the half-year results, monitoring of the implementation of International Financial Reporting Standards (IFRS), examination of the 2018 budget and follow-up of the internal audit and risk management.

The Company keeps close control of the risks to which it is subject through its financial controllers employed in each of the divisions. This enables the risks to be managed closely. The risks identified are transmitted up to the Management Team which reports to the Audit Committee and develops an appropriate solution, in conjunction with the Audit Committee and the insurance manager.

No absence was recorded for all of the meetings held.

At December 31, 2017, the Audit Committee was comprised of three members: Bayrime SA, represented by its managing director Mr. Eric de Lamotte, Mr Jeroen Cammeraat, and Katleen Vandeweyer Comm. V. represented by its manager Mrs. Katleen Vandeweyer. It is chaired by Mrs. Katleen Vandeweyer.

INFORMATION REGARDING THE POWERS OF THE MANAGEMENT BODY

In accordance with the decision of the special shareholders' meeting of June 12, 2013, the Board of Directors is authorized to increase the capital one or more times up to a maximum of twenty-five million euros (25 000 000). The authorized capital was not used in 2017.

DAY-TO-DAY AND STRATEGIC MANAGEMENT

The day-to-day management of the Company and the authority to act for such management is delegated to two managing directors, Olivier Legrain, Chief Executive Officer, and Yves Jongen, Chief Research Officer. The Chief Executive Officer is specifically responsible for implementing strategy and for day-to-day management and is assisted by a Management Team consisting of certain members of the corporate team. Together, they constitute the Group's Management Team. The Chief Executive Officer, accompanied by the Chief Financial Officer, makes regular reports to the Board of Directors. The Board of Directors has also asked Management Team members or division heads to report to the Board on two topics: adoption of the strategic plan and adoption of the 2018 budget.

Management Team as at December 31, 2017:

MANAGEMENT TEAM MEMBERS	AGE	POSITIONS	OTHER AND PRIOR DUTIES
Olivier Legrain (representing Lamaris Group SPRL)	49	Chief Executive Officer	Internal Director/ Managing Director/ Member of Nomination Committee
Yves Jongen (representing Research Management Systems SA)	70	Chief Research Officer	Internal Director / Managing Director Before the establishment of IBA in 1986, Director of the Cyclotron Research Center of the Université Catholique de Louvain (UCL)
Jean-Marc Bothy	54	Chief Strategy Officer	President of IBA Dosimetry since February 2018/ Joined IBA more than 20 years ago: 4 years as Business controller; 2 years as Finance Manager for the division Medical Accelerator Solutions, 12 years as Chief Financial Officer (CFO) for IBA Group (4 of which as CFO and Chief of Staff), 2 years as Chief Strategy Officer / 4 years as Auditor At EY / 6 years as Financial Director for an international group specialized in software localization
Soumya Chandramouli	40	Chief Financial Officer	Chief Financial Office since 2016/ Working at IBA since 2004, consecutively Group Consolidator, Group Financial Analyst, VP Corporate Finance and VP Finance, Medical Accelerators Solutions/ 5 years as Senior Auditor at EY
Frédéric Nolf	46	Chief Human Resources & Sustainability	Joined IBA in 2007 as HR Director Particle Therapy/ Previously working at Abbott Vascular (Guidant) and GSK in various HR roles

CODE OF CONDUCT

CODE OF ETHICS CONDUCT

The Company is committed to the honest, ethical, and honorable conduct of its business. It believes that ethical management is the lynchpin of its continued growth and success will enable it to maintain its good reputation and achieve its strategic mission of protecting, enhancing, and saving lives. For this reason, it has worked to create a code of ethics conduct.

This code defines the fundamental principles of ethical business conduct and provides guidance for the Group's employees and co-contracting parties on such matters as business partnerships, conflicts of interest, and confidentiality. All employees have read and approved this code.

CODE OF CONDUCT TO COMBAT INSIDER TRADING AND MARKET ABUSE

The Company has updated the code of conduct to combat insider trading and market abuse. All employees have received a copy of this code. Furthermore, executives have signed the Code for acknowledgement and consent.

Details of transactions by executives involving the Company's shares are available in the remuneration report.

DIVERSITY WITHIN THE BOARD OF DIRECTORS

The Corporate Governance Charter, published on the Group's website, defines the core competencies the Board of Directors requires to be effective. Members are nominated based on the Board's needs in terms of knowledge, experience and competence at that time, also respecting the balance between outside, inside and other directors laid down in the articles of association, the law, and the 2009 Corporate Governance Code.

The Board and the Nomination Committee fully acknowledge the benefits of diversity within the Board of Directors.

At December 31 2017, one third of the directors are women which means that the company meets the requirements on diversity.

REMUNERATION REPORT

REMUNERATION POLICY

Procedure

In accordance with IBA's Corporate Governance Charter, published on the group website, the Board of Directors determines the remuneration policy and amounts paid to non-managing directors, based on recommendations made by the Compensation Committee. It is reviewed regularly in the light of market practice.

By delegation of authority from the Board of Directors, direct or indirect remuneration paid to the managing directors is determined by the Compensation Committee in accordance with the remuneration policy defined in line with principles approved by the Board. The Committee ensures that remuneration is in line with market practice, as determined by studies performed by specialized firms. The Compensation Committee monitors and reviews the remuneration policy for management staff, adopted by the Chief Executive Officer.

For the purpose of the above and in general, the Board of Directors, the Compensation Committee and individual directors have the authority and duty, subject to the rules defined in the Corporate Governance Charter, to assign themselves sufficient resources, including the assistance of external consultants, if and when appropriate.

Policy

Directors

The remuneration policy for IBA directors has not substantially changed during 2017. A full description of the policy is included in annex 1 to the remuneration report. It is not anticipated that the policy will fundamentally change over the next two years. Both the level and structure of director remuneration continue to be monitored and reviewed on an annual basis, which may result in an adjustment when deemed necessary or appropriate. Given the current context of the Company, the Board has decided to voluntarily reduce all fees paid to its members by 15% over fiscal year 2018.

Managing Directors and Other Executive Management Team Members

The remuneration policy for managing directors and other Executive Management Team members has not substantially changed during 2017. The overall philosophy remains focused on IBA's ability to attract, retain and engage the executive talent it requires to deliver on its promises. A description of the policy is included in annex 2 to this remuneration report.

For managing directors and other Executive Management Team members, total remuneration generally consists of fixed remuneration, variable remuneration, long-term incentives, retirement plan contributions and other components.

Each individual member does not necessarily benefit from each remuneration component: this is primarily dependent upon the position they hold, the nature and structure of the individual agreement and the practices in the different locations where each member is based. As a result, the weight of the different remuneration components, as part of total remuneration differs on an individual basis. In general terms, the weight of each component of remuneration accounts for a part of total remuneration that may be summarized as follows:

REMUNERATION COMPONENT	PART OF TOTAL REMUNERATION (WHEN OFFERED)*
Annual fixed remuneration	Between 41% and 58%
Annual variable remuneration (at target)	Between 17% and 41%
Annualized value of long-term incentives*	Between 12% and 17%
Annual value of retirement plan contributions	Up to 8%
Annual value of other components	Up to 9%

It is not anticipated that the remuneration policy will fundamentally change over the next two years.

Given the current context of the Company, its managing directors, Mr Olivier Legrain and Mr Yves Jongen, have decided to voluntarily reduce the amount of fixed remuneration directly or indirectly paid to them by 15% over fiscal year 2018.

The performance period under the long-term incentive plan has ended on December 31, 2017 for its cash component, and will end on December 31, 2018 for its warrant component. The design and implementation of a new plan, which may contain revised features, will be finalized in the course of 2018. No new long-term incentive plan will apply to fiscal year 2018. Given the current context of the Company, a discretionary special short-term incentive plan will apply instead for 2018.

IBA continuously assesses the appropriateness of its remuneration programs in view of evolving needs and insights, both externally and internally, which may result in an adjustment when deemed necessary or appropriate.

**Under the current long-term incentive plan, the annualized value of long-term incentives granted represented here corresponds to the sum of 25% of the target cash-based incentive granted in 2014 (i.e., the target payout over the four-year performance period prorated to one year) and 22.22% of the economic value of the warrants granted under the 2014 Warrant Plan (i.e., the economic value over the 4.5 years vesting period prorated to one year). The value has not been discounted to account for full vesting at the end of the respective performance or vesting periods, or considering any assessment of vesting or payout probability. More details on the plan design are included in annex 2 to this remuneration report.*

REMUNERATION OF THE BOARD OF DIRECTORS

The schedule below outlines the total remuneration received by each director related to their membership of the Board of Directors.

BOARD MEMBER	TOTAL FEES (EUR)	LUMP-SUM FEE (EUR)	MEETING RELATED FEES* (EUR)	
Olivier Legrain (internal director, Managing Director, CEO)	None	None	BM	None
			AC	N/A
			NC	None
			CC	None
			MAC	None
			PC	None
			Other	None
Yves Jongen (internal director, Managing Director, Chief Research Officer)	None	None	BM	None
			AC	N/A
			NC	None
			CC	None
			MAC	None
			PC	None
			Other	None
Saint-Denis SA, represented by Pierre Mottet (internal director, Chairman of the Board, President of the Nomination Committee, President of the Compensation Committee)	87 000	12 000	BM	27 000
			AC	3 000
			NC	3 000
			CC	9 000
			MAC	15 000
			PC	6 000
			Other	12 000
Mary Gospodarowicz (independent director until May 10, 2017)	4 266	1 066	BM	3 200
			AC	N/A
			NC	N/A
			CC	N/A
			MAC	N/A
			PC	N/A
			Other	N/A
SCS Consultance Marcel Miller, represented by Marcel Miller (independent director)	30 000	6 000	BM	11 200
			AC	N/A
			NC	1 600
			CC	3 200
			MAC	N/A
			PC	3 200
			Other	4 800
Bayrime SA, represented by Eric de Lamotte (other director)	36 400	6 000	BM	14 400
			AC	6 400
			NC	N/A
			CC	N/A
			MAC	4 800
			PC	N/A
			Other	4 800
Jeroen Cammeraat (independent director)	54 800	6 000	BM	13 600
			AC	6 400
			NC	1 600
			CC	4 800
			MAC	8 000
			PC	3 200
			Other	11 200
Katleen Vandeweyer Comm.V., represented by Katleen Vandeweyer (independent director, President of the Audit Committee)	38 600	9 000	BM	14 400
			AC	8 800
			NC	N/A
			CC	N/A
			MAC	N/A
			PC	N/A
			Other	6 400
Bridging for Sustainability, represented by Sybille van den Hove (independent director)	38 000	6 000	BM	14 400
			AC	N/A
			NC	N/A
			CC	N/A
			MAC	N/A
			PC	3 200
			Other	14 400
Hedvig Hricak (independent director as of May 10, 2017)	25 561	10 361	BM	8 800
			AC	N/A
			NC	N/A
			CC	N/A
			MAC	N/A
			PC	3 200
			Other	3 200

In 2017, the Group has also employed the services of Saint-Denis SA for specific activities not related to its directorship. The fees corresponding to these services amounted to EUR 208 538.

** BM – Board meeting; AC – Audit Committee meeting; NC – Nomination Committee meeting; CC – Compensation Committee meeting; MAC – Mergers & Acquisitions Committee meeting; PC – Product Committee meeting. N/A indicates that the director is not a member of the Committee or that no Committee meeting has taken place; Other – Attendance of other meetings, such as client user meetings and/or strategic meetings.*

REMUNERATION OF THE CHIEF EXECUTIVE OFFICER

In 2017, the total remuneration directly or indirectly received by the CEO, Mr Olivier Legrain, or by companies he controls was as follows. Fixed remuneration amounted to EUR 370 698. Variable remuneration, in cash, amounted to EUR 387 500, in relation to performance during fiscal year 2016, reflecting, in line with the remuneration policy in annex 2 to this remuneration report, on-target collective performance at Group level and overachievement in terms of individual performance. Variable remuneration in relation to fiscal year 2017 will be paid in 2018 and is not yet known at the time of finalization of this report.

The total cash remuneration amounted to EUR 758 198. All payments referred as made directly or indirectly to the CEO in this report are the aggregate of payments made to Mr Legrain and to Lamaris Group SPRL, a company controlled by Mr Legrain, which provides services to the Group. The Chief Executive Officer has not directly or indirectly received any other form of remuneration in 2017, except through his participation in the long-term incentive plan as described below.

REMUNERATION OF THE EXECUTIVE MANAGEMENT TEAM

Total cash remuneration, including fixed remuneration and variable remuneration (as defined in the remuneration policy in annex 2 to this remuneration report), directly or indirectly received, under any agreement or in any form, by Executive Management Team members excluding the Chief Executive Officer amounted to EUR 1 250 621 in 2017.

Total cash remuneration includes fixed remuneration for a total amount of EUR 839 007, as well as variable remuneration for a total amount of EUR 411 614. Variable remuneration paid in 2017 relates to performance in fiscal year 2016 and, on average, reflects, in line with the remuneration policy, overachievement in terms of collective performance and on-target individual performance. Variable remuneration in relation to fiscal year 2017 is paid in 2018 and is not yet known at the time of finalization of this report.

Other remuneration of members of the Executive Management Team excluding the Chief Executive Officer, received in 2017, includes i) contributions to retirement plans for a total amount of EUR 42 325, and ii) other remuneration components for a total amount of EUR 62 095 . Retirement plans are defined contribution type of plans. Other remuneration components mainly include participation in personal risk insurance programs, company cars, meal vouchers, all in line with local practice where the Executive Management Team members are based.

Executive Management Team Members besides CEO

Besides the CEO, the Executive Management Team is comprised of the following members:

EXECUTIVE MANAGEMENT TEAM MEMBER	POSITION	CHANGES IN 2017
Yves Jongen **(Managing Director and representative of Research Management Systems SA)**	Chief Research Officer	None
Jean-Marc Bothy	Chief Strategy Officer	None
Soumya Chandramouli	Chief Financial Officer	None
Frédéric Nolf	Chief Human Resources & Sustainability Officer	None

LONG-TERM INCENTIVES OF THE EXECUTIVE MANAGEMENT TEAM

The managing directors, including the Chief Executive Officer, and the other members of the Executive Management Team have not received shares as part of their remuneration. They participate in IBA's long-term incentive plan, implemented in the course of 2014.

For managing directors, including the Chief Executive Officer, and the other members of the Executive Management Team, the plan directly or indirectly combines a cash-based incentive and a grant of warrants under IBA's 2014 Warrant Plan, following the terms and conditions outlined in annex 2 to the remuneration report.

In 2017, no additional long-term incentives – either in the form of a cash-based incentive, in the form of warrants or in any other form – have been granted to the managing directors, including the Chief Executive Officer, and the other members of the Executive Management Team.

No new long-term incentive plan will be implemented for 2018. Given the current context of the Company, a discretionary special short-term incentive plan will apply instead for fiscal year 2018, as outlined in annex 2 to this remuneration report.

The schedule below details, on an individual basis, the stock options exercised and expired in 2017:

EXECUTIVE MANAGEMENT TEAM MEMBER	WARRANTS EXERCISED IN 2017			WARRANTS EXPIRED IN 2017	
	WARRANTS (NUMBER)	EXERCISE PRICE (EUR)	GRANT DATE (YEAR)	WARRANTS (NUMBER)	GRANT DATE (YEAR)
Olivier Legrain **(Managing director and CEO)**	10 453 8 000	4,78 5,42	2012 2011	None	N/A
Yves Jongen	None	N/A	N/A	None	N/A
Jean-Marc Bothy	None	N/A	N/A	None	N/A
Soumya Chandramouli	1 200 200	4,78 5,03	2012 2011	None	N/A
Frédéric Nolf	2 870	4,78	2012	None	N/A

TERMINATION ARRANGEMENTS WITH THE EXECUTIVE MANAGEMENT TEAM

The schedule below summarizes the main contractual arrangements, concerning each member of the Executive Management Team, including the Chief Executive Officer, or companies they control, in relation to termination at the initiative of the Company.

EXECUTIVE MANAGEMENT TEAM MEMBER	TERMINATION ARRANGEMENT
Lamaris Group SPRL, represented by Olivier Legrain	The agreement, started in 2011, provides six months' notice or equivalent compensation.
Research Management Systems SA, represented by Yves Jongen	The agreement, started before 2009 and amended in 2012, provides 12 months' notice or equivalent compensation
Jean-Marc Bothy	The agreement, started before 2009, provides three months' notice per initiated period of five years' service, or equivalent compensation. For service accrued as of January 1, 2014, this clause will be subordinate to the application of the new legislation in effect as from that date. The agreement also contains a non-competition obligation for nine months against 50% of remuneration over the same period, unless it is waived
Soumya Chandramouli	The agreement, started before 2009, provides three months' notice per initiated period of five years' service, or equivalent compensation. For service accrued as of January 1, 2014, this clause will be subordinate to the application of the new legislation in effect as from that date. The agreement also contains a non-competition obligation for nine months against 50% of remuneration over the same period, unless it is waived
Frédéric Nolf	The agreement, started before 2009, provides three months' notice per initiated period of five years' service, or equivalent compensation. For service accrued as of January 1, 2014, this clause will be subordinate to the application of the new legislation in effect as from that date. The agreement also contains a non-competition obligation for nine months against 50% of remuneration over the same period, unless it is waived

ANNEX 1 – REMUNERATION POLICY FOR DIRECTORS

In 2017, IBA directors have been remunerated by an annual lump-sum fee of EUR 6 000, except directors residing overseas, who, in order to cover the specific implications and constraints related to intercontinental travel, received EUR 16 000. The Chairman of the Board received an annual lump-sum fee of EUR 12 000, whilst the Chairman of the Audit Committee received an annual lump-sum fee of EUR 9 000.

The annual lump-sum fee is supplemented with a fixed fee of EUR 1 600 per Board or committee meeting the director has been invited to and which he has attended. The Chairman of the Board receives EUR 3 000 per meeting attended. The Chairman of the Audit Committee receives EUR 2 200 per Audit Committee meeting attended and EUR 1 600 per other meeting attended. The fixed fees are on a half-day basis and adjusted per half day if required.

Non-managing directors have not received any form of variable remuneration – related to individual or collective performance, or otherwise – and no other form of fixed, equity-based or in-kind remuneration in the course of the year.

Managing directors do not receive specific director remuneration. The remuneration they receive for their direct or indirect role in the company includes compensation for their director responsibilities.

At present, it is not anticipated that the policy will fundamentally change over the next two years. Both the level and structure of director remuneration are monitored and reviewed on an annual basis, which may result in an adjustment when deemed necessary or appropriate. Given the current context of the Company, the Board has decided to voluntarily reduce all fees paid to its members by 15% over fiscal year 2018.

ANNEX 2 – REMUNERATION POLICY FOR MANAGING DIRECTORS AND OTHER EXECUTIVE MANAGEMENT TEAM MEMBERS

The key purpose of IBA's remuneration philosophy is to ensure the Company is able to attract, retain and engage the executive talent it requires to deliver on its promises towards its various stakeholders – including its clients and patients, its shareholders, its employees, society in general and the planet –, whilst aligning to their respective interests.

The structure and levels of remuneration, in general, must be effective in meeting these objectives. In particular, remuneration programs and decisions at all times meet the following criteria:

- They appropriately balance external competitiveness with other organizations and internal equity, considering both the content of the position, and the personal competencies and effectiveness of the manager within IBA;
- They are affordable, sustainable and cost efficient, avoiding excesses;
- They reward performance – both individual and collective – aligned to the business strategy, considering short-term results and long-term focus, and supported by a robust performance management system;
- They provide transparency and predictability, whilst offering sufficient flexibility to swiftly respond to changing business needs, if and when required.

The remuneration structure at IBA contains both monetary and non-monetary components. The monetary components consist of annual fixed remuneration, annual variable remuneration, long-term incentives and, where appropriate, other components – such as benefit programs and benefits in kind.

External competitiveness currently is assessed by reference to a general cross-section of companies active in the markets where the executives are based. At present, IBA aims to position executive remuneration, in case of solid performance, at or around the median of the market reference.

At present, it is not anticipated that, in the next two years, the policy will fundamentally change, except as specifically indicated in the sections below. IBA does, however, continuously assess the appropriateness of its remuneration programs in view of evolving needs and insights, both externally and internally, which may result in an adjustment when deemed necessary or appropriate.

Annual Fixed Remuneration

Annual fixed remuneration is a cash component of remuneration, defined in accordance with an individual's position, as well as his or her competencies and experience in the position. It is reviewed every year and not automatically increased, except where mandatory.

Given the current context of the Company, its managing directors, Mr Olivier Legrain and Mr Yves Jongen, have decided to voluntarily reduce the amount of fixed remuneration directly or indirectly paid to them by 15% over fiscal year 2018.

Annual Variable Remuneration

The annual variable remuneration program rewards performance against specified objectives, defined and formalized at the beginning of the performance period. Payout levels currently are targeted at between 25% and 100% of direct or indirect annual fixed remuneration, depending on the position. Actual payout levels are, for 50%, subject to collective performance at Group or at business unit level, and, for 50%, subject to individual performance.

At Group and business unit levels, collective performance is currently measured based on profit before tax (PBT) and order intake targets, geared towards achieving the fiscal year 2017 guidance provided to the market, including a top line revenue growth of above 15% and a REBIT margin of 10% to 12% for the year.

At the individual level, quantitative and qualitative objectives are focused on delivering the business strategy and reflect specific strategic challenges at Group or business unit level, including i) the execution of the clinical and technology roadmaps, ii) organizational, cultural and talent management objectives in view of the Group's prosperity, as well as iii) targeted actions towards the Company's stakeholders – clients and patients, shareholders, employees, the society in general and the planet. At the end of the performance period, for each measure, actual levels of achievement are positioned against the predefined targets and are consolidated, resulting in an overall percentage of performance that is applied to the target payout levels. The maximum payout is set at 150% of target in case of exceptional collective and individual performance, whilst performance below expectations results in a zero payout.

The performance period is the fiscal year. In accordance with the articles of association the Compensation Committee has decided not to include performance targets over a period exceeding one year.

Given the current context of the Company, the variable remuneration program described above is complemented with a discretionary special incentive plan for fiscal year 2018, providing increased payout levels directly geared towards accelerating the PBT generated over and above the PBT planned for the year. Any payout is expected to occur in shares subject to a holding requirement.Managing directors and other Executive Management Team members do not participate in IBA's global performance-based profit sharing plan.

The managing directors are not present at the Board and Compensation Committee meetings where their performance and variable payout levels are discussed and decided.

Agreements with the managing directors and members of the Executive Management Team do contain claw-back provisions in relation to variable payments that would be made on the basis of erroneous financial information.

Long-Term Incentives

The long-term incentive plan is aimed at supporting the Company's multi-year profitability targets, the alignment of plan participants with shareholder interests and longer-term shareholder value creation, as well as creating a suitable retention effect. The current plan is two-tiered, directly or indirectly combining a cash-based incentive with a grant of warrants.

The cash-based incentive was implemented in 2014 and linked to actual cumulative profit before tax over the period 2014 – 2017 compared to a predefined target aligned to the Group strategic plan and the guidance provided to the market in this respect. Vesting occurred in full at the end of 2017, subject to each participant's continued service up to that date and subject to a threshold backlog requirement being met on the same date. The target payout is equal to 100% of annual fixed remuneration directly or indirectly received, except for the Chief Executive Officer, for whom it is 200%. The maximum payout upon superior performance is set at 200% of the target payout. Poor performance results in a zero payout. Satisfactory individual performance, for each calendar year included in the performance period, operates as an additional threshold under the plan, reducing the actual payout by 25% for each year that the individual performance is below expectations. Individual overachievement does not result in an increased payout under the plan. Although the actual payout of the cash-based incentive is not yet known at the time of finalization of this report, it is expected that the threshold under the plan will not be met to allow any payout to occur. No new cash-based long-term incentive has been implemented in 2015, 2016 and 2017, and no new plan will be implemented for 2018. Given the current context of the Company, a discretionary special incentive plan will apply instead for fiscal year 2018 (see above, Annual Variable Remuneration).

A grant of warrants has been made in 2014 under IBA's 2014 Warrant plan. The number of warrants amounted to 50 000 for the Chief Executive Officer and 10 000 for the other Executive Management Team members in office at that time. The exercise price is equal to the fair market value of the share at grant, i.e., EUR 11,52. Vesting occurs in full on December 31, 2018, subject to each participant's continued service up to that date, without further performance conditions. The warrants expire 10 years following grant. No new grant of warrants has been made in 2015, 2016 and 2017.

The design and implementation of a new plan, which may contain revised features, are currently investigated and will be finalized in the course of 2018. In addition to the plan objectives stated above, particular attention will be given to ensuring an appropriate balance with regard to the interests of the various Company stakeholders identified – clients and patients, shareholders, employees, the society in general and the planet.

Retirement Plan

Depending on the terms and conditions of their agreement and the programs in place where the individual is based, managing directors and members of the Management Team may participate in a retirement plan. These plans follow market practice in the countries where they apply. They are generally defined contribution type of plans or plans where there is no funding risk for the Company.

Other Components

Similar as for retirement contributions, managing directors and members of the Management Team may be entitled to other remuneration components as per their agreement and the programs in place in their respective country. These mainly include participation in IBA's insurance programs (often covering life insurance, disability, travel insurance and medical care), company cars or car allowances, and other elements like meal vouchers or meal subsidies. All components follow local market practice in the country where the individual is based.

IFRS CONSOLIDATED FINANCIAL

STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

INTRODUCTION

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 unequaled precision. IBA also offers innovative solutions for everyday hygiene and safety.

The Company is a limited company incorporated and domiciled in Belgium. The address of its registered office is Chemin du Cyclotron, 3; B-1348 Louvain-la-Neuve, Belgium.

The Company is listed on the pan-European Euronext stock exchange (B-compartment) 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 rules 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-yearly 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 of the International Federation of Accountants (IFAC).

These consolidated financial statements were approved for release by the Board of Directors on March 20, 2018.

STATEMENT OF CONSOLIDATED FINANCIAL POSITION AT DECEMBER 31, 2017

The Group has chosen to present its balance sheet on a current/non-current basis.
The notes on pages 75 to 141 are an integral part of these consolidated financial statements.

	Note	December 31, 2016 (EUR 000)	December 31, 2017 (EUR 000)
ASSETS			
Goodwill	8	3 821	3 821
Other intangible assets	8	9 972	12 396
Property, plant and equipment	9	16 322	22 686
Investments accounted for using the equity method	11	1 402	0
Other investments	11	8 909	8 909
Deferred tax assets	12	22 796	6 017
Long-term financial assets	22	2 171	2 289
Other long-term assets	13	18 467	18 572
Non-current assets		**83 860**	**74 690**
Inventories and contracts in progress	14	132 702	140 288
Trade receivables	15	65 736	61 000
Other receivables	15	22 409	26 218
Short-term financial assets	22	1 346	3 049
Cash and cash equivalents	16	74 564	27 273
Assets held for sale	6	0	0
Current assets		**296 757**	**257 828**
TOTAL ASSETS		**380 617**	**332 518**
EQUITY AND LIABILITIES			
Capital stock	17	41 776	42 053
Capital surplus	17	40 618	41 322
Treasury shares	17	-8 502	-8 502
Reserves	18	9 496	16 205
Currency translation difference	18	-1 367	-3 321
Retained earnings	18	68 370	20 937
Reserves for assets held for sale	6	0	0
Capital and reserves		**150 391**	**108 694**
Non-controlling interests		0	0
EQUITY		**150 391**	**108 694**
Long-term borrowings	19	27 750	19 286
Long-term financial liabilities	22	1 423	0
Deferred tax liabilities	12	582	667
Long-term provisions	20	10 112	5 975
Other long-term liabilities	21	3 916	8 970
Non-current liabilities		**43 783**	**34 898**
Short-term provisions	20	6 311	6 722
Short-term borrowings	19	2 151	23 464
Short-term financial liabilities	22	3 006	118
Trade payables	23	56 041	46 332
Current income tax liabilities		90	756
Other payables	24	118 844	111 534
Liabilities directly related to assets held for sale	6	0	0
Current liabilities		**186 443**	**188 926**
TOTAL LIABILITIES		**230 226**	**223 824**
TOTAL EQUITY AND LIABILITIES		**380 617**	**332 518**

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2017

The Group has chosen to present its income statement using the "function of expenses" method.

	Note	December 31, 2016 (EUR 000)	December 31, 2017 (EUR 000)
Sales		242 013	195 855
Services		86 761	91 566
Cost of sales and services (-)		-190 213	-192 502
Gross profit		**138 561**	**94 919**
Selling and marketing expenses		27 651	28 842
General and administrative expenses		41 424	43 239
Research and development expenses		32 350	34 435
Other operating expenses	25	8 173	10 220
Other operating (income)	25	-244	-5 648
Financial expenses	26	5 780	7 444
Financial (income)	26	-4 327	-3 915
Share of (profit)/loss of companies consolidated using the equity method	11	-145	-92
Profit/(loss) before taxes		**27 899**	**-19 606**
Tax (income)/expenses	27	3 359	19 526
Profit/(loss) for the period from continuing operations		**24 540**	**-39 132**
Profit/(loss) for the period from discontinued operations		-100	-69
Profit/(loss) for the period		**24 440**	**-39 201**
Attributable to :			
Equity holders of the parent		24 440	-39 201
Non-controlling interests		0	0
		24 440	**-39 201**
Earnings per share from continuing operations and discontinued operations (EUR per share)			
- Basic	35	0.850	-1.344
- Diluted	35	0.829	-1.344
Earnings per share from continuing (EUR per share)			
- Basic	35	0.854	-1.342
- Diluted	35	0.832	-1.342
Earnings per share from discontinued operations (EUR per share)			
- Basic	35	-0.004	-0.002
- Diluted	35	-0.003	-0.002

Note: The above consolidated income statement recognizes the transactions between discontinued operations and continuing operations as third-party transactions.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2017

	December 31, 2016 (EUR 000)	December 31, 2017 (EUR 000)
Profit/(loss) for the period	**24 440**	**-39 201**
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
- Exchange differences on translation of foreign operations	139	-1 910
Exchange differences on translation of foreign operations	*139*	*-1 878*
Reclassification adjustment of CTA following IAS 21.48	*0*	*-32*
- Reserves movements of investments accounted for using the equity method	72	-94
Currency translation difference	*72*	*-94*
Cash flow hedges	*0*	*0*
Other	*0*	*0*
- Exchange difference related to permanent financing	415	50
- Reserves movements	0	-21
- Net movement on cash flow hedges	735	6 967
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**1 361**	**4 992**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods :		
- Reserves movements in post-employment benefit reserves	-425	-425
- Reserves movements of investments accounted for using the equity method (actuarial gain/(loss))	0	0
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	**-425**	**-425**
Total comprehensive income for the year	**25 376**	**-34 634**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

EUR 000	TOTAL										
	Capital stock	Capital surplus	Treasury shares	Hedging reserves	Other reserves – value of stock option plans and share-based compensation	Other reserves – reserves movements of investment accounted for using the equity method	Other reserves – defined benefit plans	Other reserves - Other	Currency translation difference	Retained earnings	TOTAL Shareholders' equity and reserves
Balance at 01/01/16	**40 864**	**37 329**	**-8 502**	**-3 236**	**14 736**	**0**	**-3 038**	**175**	**-1 993**	**84 259**	**160 594**
Other comprehensive income	0	0	0	735	0	0	-425	0	626	0	936
Profit/(loss) for the period	0	0	0	0	0	0	0	0	0	24 440	24 440
Total comprehensive income for the period	**0**	**0**	**0**	**735**	**0**	**0**	**-425**	**0**	**626**	**24 440**	**25 376**
Dividends	0	0	0	0	0	0	0	0	0	-40 329	-40 329
Employee stock options and share-based payments	0	0	0	0	549	0	0	0	0	0	549
Increase/ (decrease) in capital stock/ capital surplus	912	3 289	0	0	0	0	0	0	0	0	4 201
Other changes	0	0	0	0	0	0	0	0	0	0	0
Balance at 31/12/16	**41 776**	**40 618**	**-8 502**	**-2 501**	**15 285**	**0**	**-3 463**	**175**	**-1 367**	**68 370**	**150 391**
Balance at 01/01/17	**41 776**	**40 618**	**-8 502**	**-2 501**	**15 285**	**0**	**-3 463**	**175**	**-1 367**	**68 370**	**150 391**
Other comprehensive income	0	0	0	6 967	0	0	-425	-21	-1 954	0	4 567
Profit/(loss) for the period	0	0	0	0	0	0	0	0	0	-39 201	-39 201
Total comprehensive income for the period	**0**	**0**	**0**	**6 967**	**0**	**0**	**-425**	**-21**	**-1 954**	**-39 201**	**-34 634**
Dividends	0	0	0	0	0	0	0	0	0	-8 232	-8 232
Employee stock options and share-based payments	0	0	0	0	188	0	0	0	0	0	188
Increase/ (decrease) in capital stock/ capital surplus	277	704	0	0	0	0	0	0	0	0	981
Other changes	0	0	0	0	0	0	0	0	0	0	0
Balance at 31/12/17	**42 053**	**41 322**	**-8 502**	**4 466**	**15 473**	**0**	**-3 888**	**154**	**-3 321**	**20 937**	**108 694**

CONSOLIDATED CASH FLOW STATEMENT

The Group has chosen to present the cash flow statement using the indirect method.

	Note	December 31, 2016 (EUR 000)	December 31, 2017 (EUR 000)
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit/(loss) for the period		**24 440**	**-39 201**
Adjustments for :			
Depreciation and impairment of tangible assets	9	2 451	3 381
Depreciation and impairment of intangible assets and goodwill	8	2 219	2 742
Write-off on receivables	15	253	1 994
Changes in fair value of financial assets (profits)/losses		-141	834
Changes in provisions	20	2 579	-2 146
Deferred taxes		398	16 586
Share of result of associates and joint ventures accounted for using the equity method	11	-145	-92
Other non-cash items – impact of IAS 21.48		0	0
Other non-cash items	29	-250	-737
(Profit)/loss on the disposal of assets held for sale		0	0
Net cash flow changes before changes in working capital		**31 804**	**-16 639**
Trade receivables, other receivables and deferrals		-10 445	-3 477
Inventories and contracts in progress		-53 024	-20 066
Trade payables, other payables and accruals		17 530	1 044
Other short-term assets and liabilities		-1 455	-3 019
Changes in working capital		**-47 394**	**-25 518**
Net income tax paid/received		-2 510	-3 436
Interest expense		1 190	994
Interest income		-108	-42
Net cash (used)/generated from operations		**-17 018**	**-44 641**
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	9	-9 406	-9 913
Acquisition of intangible assets	8	-3 559	-5 363
Disposals of fixed assets		1	1
Acquisition of subsidiaries net of acquired cash	7	0	0
Acquisition of third-party and equity-accounted investments	11.2	-1 793	7
Disposals of subsidiaries		0	0
Disposals of other investments and equity method accounted companies, net of assigned cash		63 437	-494
Other investing cash flows	29	-380	2 891
Net cash (used)/generated from investing activities		**48 300**	**-12 871**
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from borrowings	19	15 750	15 000
Repayment of borrowings	19	-17 524	-2 151
Interest paid		-920	-838
Interest received		108	42
Capital increase (or proceeds from issuance of ordinary shares)	17	4 201	981
Dividends paid		-40 347	-8 232
(Acquisitions)/disposal of treasury of shares		0	0
Other financing cash flows	29	-49	5 391
Net cash (used)/generated from financing activities		**-38 781**	**10 193**
Net cash and cash equivalents at beginning of the year		**81 715**	**74 564**
Net change in cash and cash equivalents		-7 499	-47 319
Exchange (profits)/losses on cash and cash equivalents		348	28
Net cash and cash equivalents at end of the year	16	**74 564**	**27 273**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE

1. SUMMARY OF SIGNIFICANT GROUP ACCOUNTING POLICIES

1.1 INTRODUCTION

The main IFRS accounting principles applied by the Group in preparing the IFRS consolidated financial statements are presented below.

1.2 BASIS OF PREPARATION

IBA's consolidated financial statements for the year ended December 31, 2017 have been prepared in compliance with IFRS ("International Financial Reporting Standards") and IFRIC interpretations ("International Financial Reporting Interpretations Committee") adopted by the European Union, issued and effective or issued and early adopted at December 31, 2017.

These financial statements have been prepared on a historical cost basis, except for financial instruments (Derivative, AFS) that have been measured at fair value.

The Group's consolidated financial statements are presented in (thousands of) euros, which is the parent entity's functional currency.

These financial statements have been prepared on an accruals basis and on the assumption that the entity is a going concern and will continue to operate in the foreseeable future.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires Management to exercise judgment in the process of applying the Company's accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

The accounting principles used to prepare the Group's annual financial statements are the same as those used for the year ended December 31, 2016, with the exception of the following points.

The entity applied the same IFRSs as those adopted in the previous years, except for the new IFRSs and interpretations the entity adopted as of 1st January 2017.

1.2.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the consolidated financial statements for the year ended 31 December 2017 are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2016, except for the change presented below and for the adoption of new standards and interpretations effective as of 1 January 2017.

1.2.2 STANDARDS ISSUED AND EFFECTIVE

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2017. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Although these new standards and amendments apply for the first time in 2017, they do not have a material impact on the interim condensed consolidated financial statements of the Group. The nature and the impact of each of the following new standards, amendments and/or interpretations are described below:

- Amendments to IAS 7 Statement of Cash Flows – Disclosure Initiative, effective 1 January 2017
- Amendments to IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses, effective 1 January 2017
- Annual Improvements Cycle - 2014-2016[1], effective 1 January 2017

[1] *Not yet endorsed by the EU as at 30 September 2017.*

Amendments to IAS 7 Statement of Cash Flows – Disclosure Initiative

The amendments require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendment, entities are not required to provide comparative information for preceding periods. The Group has provided the information for the current period in Note 29.

Amendments to IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealized Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognized in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

The application has no effect on the Group's financial position and performance as the Group has no deductible temporary differences or assets that are in the scope of the amendments.

Annual Improvements Cycle - 2014-2016[1]

Amendments to IFRS 12 Disclosure of Interests in Other Entities – Clarification of the scope of disclosure requirements in IFRS 12

The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10–B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in disposal group that is classified) as held for sale. The Group has adopted the amendments retrospectively. The disclosure requirements in IFRS 12 do not specifically apply to the interim condensed consolidated financial statements. These amendments are not expected to have any impact on the Group.

1.2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards and interpretations issued but not yet effective during the reporting period are listed below:

- Amendments to IFRS 2 Share-based Payment - Classification and Measurement of Share-based Payment Transactions[1]**Error! Bookmark not defined.**, effective 1 January 2018
- IFRS 9 Financial Instruments, effective 1 January 2018
- IFRS 15 Revenue from Contracts with Customers, including amendments to IFRS 15: Effective date of IFRS 15 and Clarifications to IFRS 15 Revenue from Contracts with Customer[2], effective 1 January 2018
- IFRS 16 Leases[1], effective 1 January 2019
- IFRS 17 Insurance Contracts[1]**Error! Bookmark not defined.**, effective 1 January 2021
- Amendments to IAS 40 Investment Property – Transfers of Investment Property[1], effective 1 January 2018
- IFRIC 22 Foreign Currency Transactions and Advance Consideration[1], effective 1 January 2018
- IFRIC 23 Uncertainty over Income Tax Treatments[1]**Error! Bookmark not defined.**, effective 1 January 2019
- Annual Improvements Cycle 2014-2016[1], effective 1 January 2018
- Annual Improvements Cycle 2015-2017[1]**Error! Bookmark not defined.**, effective 1 January 2019

1 Not yet endorsed by the EU as at 30 September 2017.

2 IFRS 15 including Amendments to IFRS 15: Effective date of IFRS 15 has been endorsed by the EU. The Clarifications to IFRS 15 have not yet been endorsed by the EU as at 30 September 2017.

Amendments to IFRS 2 Share-based Payment - Classification and Measurement of Share-based Payment Transactions[1]

The amendments address three main areas:

- The effects of vesting conditions on the measurement of a cash-settled share-based payment transaction;
- The classification of a share-based payment transactions with net settlement features for withholding tax obligations; and
- Accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The amendments are effective for annual periods beginning on or after 1 January 2018, with early application permitted. The Group is assessing the potential effect of the amendments on its consolidated financial statements.

IFRS 9 Financial Instruments

The final version of IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement (and all previous versions of IFRS 9). IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9. It expects to continue measuring at fair value all financial assets currently held at fair value.

The equity shares in non-listed companies are intended to be held for the foreseeable future. The Group expects to apply the option to present fair value changes in OCI, and, therefore, believes the application of IFRS 9 would not have a significant impact. If the Group were not to apply that option, the shares would be held at fair value through profit or loss, which would increase the volatility of recorded profit or loss.

Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest.

The Group believes that all existing hedge relationships that are currently designated in effective hedging relationships will still qualify for hedge accounting under IFRS 9. As IFRS 9 does not change the general principles of how an entity accounts for effective hedges, the Group does not expect a significant impact as a result of applying IFRS 9. The Group will assess possible changes related to the accounting for the time value of options, forward points or the currency basis spread in more detail in the future.

IFRS 15 Revenue from Contracts with Customers[2]

IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted.

The Group plans to adopt the new standard on the required effective date using the modified retrospective method. During 2016, the Group performed a preliminary assessment of IFRS 15, which is subject to changes arising from a more detailed ongoing analysis. Furthermore, the Group is considering the clarifications issued by the IASB and will monitor any further developments.

The Group is in the business of providing equipment and services. The equipment and services are sold both on its own in separate identified contracts with customers and together as a bundled package of goods and/or services.

(a) Sale of goods

[1] Not yet endorsed by the EU as at 30 September 2017.

[2] IFRS 15 including Amendments to IFRS 15: Effective date of IFRS 15 has been endorsed by the EU. The Clarifications to IFRS 15 have not yet been endorsed by the EU as at 30 September 2017.

Contracts with customers in which equipment sale is generally expected to be the only performance obligation are not expected to have any impact on the Group's profit or loss. The Group expects the revenue recognition to occur over time due to the fact that the Group has an enforceable right to payment for performance completed to date.

In preparing to IFRS 15, the Group is considering the following:

(i) Variable consideration

A limited number of contracts with customers provide a volume rebates. Currently, the Group recognises revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of volume rebates. If revenue cannot be reliably measured, the Group defers revenue recognition until the uncertainty is resolved. Such provisions give rise to variable consideration under IFRS 15, and will be required to be estimated at contract inception.

IFRS 15 requires the estimated variable consideration to be constrained to prevent over-recognition of revenue. The Group continues to assess individual contracts to determine the estimated variable consideration and related constraint.

(ii) Warranty

The Group provides warranties for general repairs in its contracts with customers. As such, the Group determines that such warranties are assurance-type warranties which will continue to be accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets consistent with its current practice.

(b) Rendering of services

The Group provides operation and maintenance services. These services are sold either on their own in contracts with the customers or bundled together with the sale of equipment to a customer. Currently, the Group accounts for the equipment and service as separate deliverables of bundled sales and allocates consideration between these deliverables using the relative fair value approach. The Group recognises service revenue by reference to the stage of completion. Under IFRS 15, allocation will be made based on relative stand-alone selling prices which is actually already the case. The Group has preliminarily assessed that the services are satisfied over time given that the customer simultaneously receives and consumes the benefits provided by the Group. Consequently, the Group would continue to recognise revenue for these service contracts/service components of bundled contracts over time rather than at a point of time.

(c) Equipment received from customers

Non cash consideration are not applicable in the Group sales contracts.

(d) Presentation and disclosure requirements

IFRS 15 provides presentation and disclosure requirements, which are more detailed than under current IFRS. The presentation requirements represent a significant change from current practice and significantly increase the volume of disclosures required in Group's financial statements. Many of the disclosure requirements in IFRS 15 are completely new. In 2016 and 2017, the Group developed and tested of appropriate systems, internal controls, policies and procedures necessary to collect and disclose the required information.

IFRS 16 Leases[1]

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17 Leases. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to recognise separately the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's lessor accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and

[1] *Not yet endorsed by the EU as at 30 September 2017.*

distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

The new standard is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15 Revenue from Contract with Customers. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs. In 2018, the Group will assess the potential effect of IFRS 16 on its consolidated financial statements.

Amendments to IAS 40 Investment Property – Transfers of Investment Property [1]

The amendments clarify the requirements on transfers to, or from, investment property. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. The amendments' transition provisions permit certain reliefs. The amendments will not have any impact on the Group.

IFRIC 22 Foreign Currency Transactions and Advance Consideration [1]

IFRIC 22 addresses the exchange rate to use in transactions that involve advance consideration paid or received in a foreign currency. The interpretation is effective 1 January 2018. The interpretation will not have any impact on the Group.

IFRIC 23 Uncertainty over Income Tax Treatments [1]

IFRIC 23 clarifies application of recognition and measurement requirements in IAS 12 Income Taxes when there is uncertainty over income tax treatments. The interpretation is effective for annual periods beginning on or after 1 January 2019. The interpretation will not have any impact on the Group.

Annual improvements Cycle - 2014-2016 [1]

The IASB issued the 2014-2016 cycle improvements to its standards and interpretations, primarily with a view to removing inconsistencies and clarifying wording. These improvements include:

- IAS 28 Investments in Associates and Joint Ventures: The amendments clarify that the measurement election, ie. measuring investees at fair value through profit or loss, is available on an investment-by-investment basis. Additionally, the amendment clarify that the choice, for an entity that is not an investment entity, to retain the fair value measurements used by that investment entity associate or joint venture when applying the equity method is also available on an investment-by-investment basis. The amendments are effective for annual periods beginning on or after 1 January 2018. This amendment is not expected to have any impact on the Group.

1.3 CONSOLIDATION

The parent and all of its controlled subsidiaries are included in the consolidation.

1.3.1 SUBSIDIARIES

Assets and liabilities, rights and commitments, and income and charges of the parent and its controlled subsidiaries are consolidated in full.

The Group controls an investee, if and only if, the Group has: power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee); exposure or rights to variable returns from its involvement with the investee; and the ability to use its power over investee to affect its returns.

It is presumed to exist when the IBA Group holds more than 50% of the entity's voting rights. This presumption may be rebutted if there is clear evidence to the contrary. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls an entity.

Consolidation of a subsidiary takes place from the date of acquisition, which is the date on which control of the net assets and operations of the acquiree are effectively transferred to the acquirer. From the date of acquisition, the parent (the acquirer) incorporates into the consolidated income statement the financial performance of the acquiree and recognizes in the statement of consolidated financial position the acquired assets and liabilities (at fair value), including any goodwill arising on the acquisition. Subsidiaries are deconsolidated from the date on which control

[1] *Not yet endorsed by the EU as at 30 September 2017.*

ceases. The following treatments are applied on consolidation:

- The carrying amount of the parent's investment in each subsidiary and the parent's portion of the equity of each subsidiary are eliminated;
- In the statement of consolidated financial position, non-controlling interests in the net assets of subsidiaries are identified and reported separately in the caption "Non- controlling interests";
- The portion of the profit or loss of the fully consolidated subsidiaries attributable to shares held by entities outside the Group is presented in the consolidated income statement in the caption "Profit/(loss) attributable to non-controlling interests".
- Intra-Group balances and transactions and unrealized gains and losses on transactions between Group companies are eliminated in full.

Consolidated financial statements are prepared applying uniform accounting policies to like transactions and other events in similar circumstances.

1.3.2 ASSOCIATES

An associate is an entity in which the investor has significant influence, but which is neither a subsidiary nor a joint venture (see next subsection) of the investor. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over those policies. It is presumed to exist when the investor holds at least 20% of the investee's voting power but not to exist when less than 20% is held. This presumption may be rebutted if there is clear evidence to the contrary.

All associates are accounted for using the equity method: participating interests are presented separately in the closing date statement of consolidated financial position (in the caption "Investments accounted for using the equity method") at an amount proportionate to the associate's equity (as restated under IFRS), including the result for the year. Dividends received from an investee reduce the carrying amount of the investment.

The portion of the result of associates attributable to the Group is presented separately in the consolidated income statement in the caption "Share of profit (loss) of companies consolidated using the equity method".

Profits and losses resulting from transactions between an investor (or its consolidated subsidiaries) and associates are eliminated in proportion to the investor's interest in the associate.

1.3.3 JOINTLY ARRANGEMENTS

As with associates, the equity method is used for the Group's joint arrangements that are classified as joint ventures. Currently, the Group has no interest in joint ventures.

1.3.4 TREATMENT OF GOODWILL OR NEGATIVE GOODWILL

Business combinations is a transaction or other event in which an acquirer obtains control of one or more businesses. A business is a set of activities and assets applied and managed together in order to provide a return or any other economic benefit to its investors. In all business combinations, one entity (the acquirer) obtains control that is not transitory of one or more other entities or businesses (the acquiree).

All business combinations (acquisitions of businesses) arising after January 1, 2004 are accounted for using the purchase method. The acquirer measures the cost of the business combination at the acquisition date (the date on which the acquirer obtains control over the net assets of the acquiree) and compares it with the fair value of the acquiree's identifiable net assets, liabilities, and contingent liabilities. The difference between the two represents a goodwill.

Similar rules have been applied to investments accounted for under the equity method, except that any goodwill arising on such investment is included in the carrying amount of the investment.

Negative goodwill arising on such investments is included in the determination of the entity's share of the investee's profit or losses in the period in which the investment is acquired.

Goodwill is not amortized but instead is tested for impairment annually (or more frequently if circumstances so require). Negative goodwill is recognized as profit.

1.3.5 ACQUISITION OF NON-CONTROLLING INTERESTS

The excess of the acquisition cost of non-controlling interests over the balance sheet entry for these non-controlling interests is deducted from equity ("economic unit model").

1.3.6 TRANSLATION OF FINANCIAL STATEMENTS OF FOREIGN OPERATIONS

All monetary and non-monetary assets and liabilities (including goodwill) 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 used for conversion to EUR are as follows:

	Closing rate on December 31, 2016	Average annual rate 2016	Closing rate on December 31, 2017	Average annual rate 2017
USD	1.0541	1.1068	1.1993	1.1295
SEK	9.5524	9.4613	9.8438	9.6316
CNY	7.3202	7.3493	7.8044	7.6263
INR	71.5935	74.2467	76.6055	73.4296
RUB	64.3000	74.1017	69.3920	65.8283
JPY	123.4000	120.2978	135.0100	126.6319
CAD	1.4188	1.4662	1.5039	1.4351
GBP	0.8562	0.8188	0.8872	0.8762
ARS	16.7134	16.6779	22.3236	18.6400
THB	37.7260	37.8500	39.1210	38.2054
MXN(1)	0	0	23.6612	22.0681

[1]Average rate calculated on the basis of 4 months of activity

1.4 INTANGIBLE FIXED ASSETS

Recognition as an intangible fixed asset is required when

(1) this asset is identifiable, i.e. separable (it can be sold, transferred, or licensed) or where it arises from contractual or other legal rights;

(2) it is probable that future economic benefits attributable to the asset will flow to IBA;

(3) IBA can control the resource; and

(4) the cost of the asset can be measured reliably.

Intangible assets are carried at acquisition cost less any accumulated amortization and any accumulated impairment loss.

Cost includes the fair value of the consideration given to acquire the asset and any costs directly attributable to the transaction, such as relevant professional fees or non-refundable taxes.

Indirect costs as well as general overheads are not included. Expenditure previously recognized as expense is not included in the cost of the asset.

Costs arising from the research phase of an internal project are expensed as incurred.

Costs arising from the development phase of an internal project (product development project or IT project) are recognized as an asset when IBA can demonstrate the following: technical feasibility, intention to complete development, how the intangible asset will generate probable future economic benefits (e.g., the existence of a market for the output of the intangible asset or for the intangible asset itself), availability of resources to complete development, and ability to measure the attributable expenditure reliably.

Maintenance costs, as well as costs for minor upgrades intended to maintain (rather than increase) the level of performance of the asset, are expensed as incurred.

The above recognition criteria are fairly stringent and are applied prudently.

The cost of the intangible assets is allocated on a systematic basis over the useful life of the asset using the straight-line method.

The applicable useful lives are as follows:

INTANGIBLE FIXED ASSETS	Useful life
Product development costs	3 years, except if a longer useful life is justified (however not exceeding 5 years)
IT development costs for the primary software programs (e.q. ERP)	5 years, except if a longer useful life is justified
Other software	3 years
Concessions, patents, licenses, know-how, trademarks, and other similar rights	3 years, except if a longer useful life is justified

Amortization commences only when the asset is available for use for example when it is in the location and condition necessary for it to be capable of operating in the manner intended by management in order to achieve proper matching of cost and revenue.

The Group has no intangible fixed assets with indefinite useful life relating to its continuing operations.

1.5 TANGIBLE FIXED ASSETS (PROPERTY, PLANT AND EQUIPMENT)

Tangible fixed assets are carried at acquisition cost less any accumulated depreciation and any accumulated impairment loss.

Cost includes the fair value of the consideration given to acquire the asset (net of discounts and rebates) and any directly attributable cost of bringing the asset to working condition for its intended use (inclusive of import duties and taxes).Directly attributable costs are the cost of site preparation, delivery costs, installation costs, relevant professional fees, and the estimated cost of dismantling and removing the asset and restoring the site (to the extent that such a cost is recognized as a provision).

Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item is separately depreciated over its useful life using the straight-line method. The depreciable amount is the acquisition cost, except for vehicles. For vehicles, it is the acquisition cost less the residual value of the asset at the end of its useful life.

Maintenance or repair costs whose objective is to maintain rather than increase the level of performance of the asset are expensed as incurred.

The applicable useful lives are as follows:

TANGIBLE FIXED ASSETS	Useful life
Land	Not depreciated
Office buildings	33 years
Industrial buildings	33 years
Cyclotrons and vaults	15 years, except in specific rare circumstances where a different useful life is justified
Laboratory equipment	5 years
Other technical equipment	5 to 10 years
Computer hardware	3 to 5 years (5 years for mainframes)
Furniture and fittings	5 to 10 years
Vehicles	2 to 5 years

1.5.1 LEASE TRANSACTIONS INVOLVING IBA AS A LESSEE

A finance lease, which transfers substantially all the risks and rewards incident to ownership, is recognized as an asset and a liability at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments (= sum of capital and interest portions included in the lease payments). Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The depreciation policy for leased assets is consistent with that for similar assets owned.

1.6 IMPAIRMENT OF INTANGIBLE AND TANGIBLE FIXED ASSETS

An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount, which is the higher of the following two amounts: fair value less costs of disposal (the money that IBA can recover through sale) or value in use (the money that IBA can recover if it continues to use the asset).

When possible, impairment tests have been performed on individual assets. When, however, it is determined that assets do not generate independent cash flows, the test is performed at the level of the cash-generating unit (CGU) to which the asset belongs (CGU = the smallest identifiable group of assets generating inflows that are largely independent from the cash flows from other CGUs).

Goodwill arising on a business combination is allocated among the Group's CGUs that are expected to benefit from synergies as a result of the business combination. This allocation is based on Management's assessment of the synergies gained and is not dependent on the location of the acquired assets.

Since it is not amortized, goodwill is tested for impairment annually, along with the related CGU (or more frequently depending on circumstances), even if no indication of impairment exists. Other intangible and tangible fixed assets/CGUs are tested only if there is an indication that the asset is impaired.

Any impairment loss is first charged against goodwill. Any impairment loss exceeding the book value of goodwill is then charged against the other CGUs' fixed assets only if the recoverable amount is below their net book value. Reversals of impairment losses (other than on goodwill) are recorded if justified.

1.7 INVENTORIES

Inventories are measured at the lower of cost and net realizable value at the balance sheet date.

The cost of inventories comprises all costs incurred in bringing inventories to their present location and condition, including indirect production costs. Administrative overheads that do not contribute to bringing inventories to their present location and condition, selling costs, storage costs, and abnormal amounts of wasted materials are not included in the cost of inventories.

The standard cost method is used. The standard cost of an item of inventory at period-end is adjusted to actual cost. The allocation of fixed production overheads to the production cost of inventories is based on the normal capacity of the production facilities.

The cost of inventories that are ordinarily interchangeable is allocated by using the weighted average cost formula. The same cost formula is used for all inventories that have a similar nature and use to the entity.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale (e.g. sales commissions).

IBA books a write-down when the net realizable value at the balance sheet date is lower than the cost.

IBA applies the following policy for write-down on slow-moving items:

- If no movement after 1 year: write-off over 3 years;
- If movement occurs after write-off: reversal of write-off.

However, inventory is valued individually at year-end. Exceptions to the above general policy for write-down on slow moving items are made when justified by the individual valuation.

1.8 REVENUE RECOGNITION (EXCLUDING CONTRACTS IN PROGRESS, WHICH ARE COVERED IN THE FOLLOWING SECTION)

Revenue arising from the sale of goods is recognized when an entity has transferred the significant risks and rewards of ownership and collectability and recovery of the related receivables are reasonably assured.

The transaction is not a sale and revenue is not recognized where

(1) IBA retains an obligation for unsatisfactory performance not covered by normal warranty provisions;
(2) the receipt of revenue from a particular sale is contingent on the derivation of revenue by the buyer from its sale of the goods;
(3) the buyer has the power to rescind the purchase for a reason specified in the sales contract; and
(4) IBA is uncertain about the probability of return.

Revenue is normally recognized when the buyer accepts delivery, and installation and inspection are complete. However, revenue is recognized immediately upon the buyer's acceptance of delivery when installation is simple in nature.

Revenue from the rendering of services is recognized by reference to the stage of completion of the transaction at the balance sheet date using rules similar to those for construction contracts (see next section); in other words, revenue is recognized as the related costs are incurred. Unless it is clear that costs are not incurred on a straight-line basis, revenues are spread evenly over the period of the services.

The recognition criteria are applied to the separately identifiable components of a single transaction when it is necessary to reflect the substance of the transaction.

Interest income is recognized using the effective yield method. Royalties are recognized on an accrual basis in accordance with the substance of the relevant agreement. Dividends relating to year N are recognized when the shareholder's right to receive payment is established (i.e. in year N+1).

1.9 CONTRACTS IN PROGRESS

Contract costs comprise:

- Direct and indirect production costs (same as for inventories, see above);
- Such other costs as are specifically chargeable to the customer under the terms of the contract;
- Costs incurred in securing the contract if they can be separately identified and measured reliably and if it is probable that the contract will be obtained.

When the outcome of a construction contract (i.e. estimation of the final margin) can be reliably estimated, contracts in progress are measured at production cost increased, according to the stage of completion of the contract, by the difference between the contract price and production cost ("percentage of completion" method).

The stage of completion is determined by comparing actual costs incurred to date with estimated costs to completion (costs that do not reflect work performed, such as commissions and royalties are excluded for this calculation). The percentage of completion is applied on a cumulative basis.

When the outcome of the contract cannot be estimated reliably, revenue is recognized only to the extent of costs incurred that it is probable will be recovered; contract costs are recognized as an expense as incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is immediately expensed to income statement, and a loss-at-completion provision is recorded.

The Group presents as an asset the net amount due from customers on contract work for all contracts in progress for which costs incurred plus recognized profits (less recognized losses) exceed progress billings. Progress billings not yet paid by customers and retention are included in trade receivables.

The IBA Group presents as a liability the net amount due to customers on contract work for all contracts in progress for which progress billings exceed costs incurred plus recognized profits (less recognized losses).

When financial guarantees must be given to third parties in connection with a contract and these guarantees involve a financial risk for IBA, a financial liability is recognized.

1.10 RECEIVABLES

Receivables are recognized initially at fair value and subsequently measured at amortized cost, i.e., at the net present value of the receivable amount.

Unless the discounting impact is significant, receivables are measured at nominal value. Receivables are written down when receipt of all or part is uncertain or doubtful.

In general, IBA applies the following rule to write-downs of bad or doubtful debts:

- 25% after 90 days overdue;
- 50% after 180 days overdue;
- 75% after 270 days overdue;
- 100% after 360 days overdue.

However, the recoverability of receivables is assessed on a case-by-case basis, and exceptions to the above general rule are made when justified.

1.11 FINANCIAL ASSETS

The Group classifies its financial assets in the following categories: loans and receivables, available-for-sale financial assets, and financial assets at fair value through profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not listed on an active market and are not held for trading.

Gains and losses on loans and receivables are recorded when receivables have been derecognized. Losses are recognized as soon as loans and receivables should be impaired.

Term deposits with maturities exceeding 3 months are classified as loans and receivables under IAS 39.

Investments in interest bearing securities, as well as investments in shares (other than shares in subsidiaries, joint ventures and associates) are accounted for as available-for-sale financial assets. They are recorded at fair value, with gains and losses recognized in equity, until they are impaired or sold, at which time the gains or losses accumulated in equity are reclassified to income.

For financial assets that are classified as available for sale, a significant or prolonged decline in the fair value of the investment below its cost is objective evidence of impairment. For restricted assets, a significant, prolonged decline is defined as a loss in value of more than 25% lasting over a continuous 6-month period. Impairment losses on these instruments are charged to income statement.

Increases in their fair value after impairment are credited directly to equity.

When there are indicators of impairment and except for the financial assets at fair value through the profit and loss, financial assets are subject to an impairment test. The indicators should provide objective evidence of impairment as a result of a past event that occurred subsequent to the initial recognition of the asset.

Expected losses as a result of future events are not recognized, no matter how likely.

1.12 CASH AND CASH EQUIVALENTS

Cash balances are recorded at their nominal value. Cash equivalents are short-term, highly liquid investments that can be used for any purpose and have a maturity date not exceeding three months from acquisition date. For the purpose of the statement of cash flow, Cash and cash equivalents include bank overdrafts.

If liquid funds are held in a special purpose account in the form of highly liquid investments that are renewed at maturity until needed for the special purpose, these cash equivalents are deemed restricted and are classified as other long-term receivables.

1.13 DEFERRED CHARGES AND ACCRUED INCOME

Deferred charges are the prorated amount of charges incurred in the current or prior financial periods but which are related to one or more subsequent periods. Accrued income is the prorated amount of income earned in the current or prior periods which will be received only in subsequent periods.

1.14 CAPITAL STOCK

Ordinary shares are classified in the caption “Capital stock.” Treasury shares are deducted from equity. Treasury share movements do not affect the income statement.

1.15 CAPITAL GRANTS

Capital grants are recorded as deferred income. Grants are recognized as income at the same rate as the rate of depreciation for related fixed assets. When grants relate to a non-capitalized cost, they are systematically recognized as income for the period during which the cost they are supposed to offset has inccurred.

1.16 PROVISIONS

A provision is recognized only when:

- IBA has a present obligation to transfer economic benefits as a result of past events;
- It is probable (more likely than not) that such a transfer will be required to settle the obligation;
- A reliable estimate of the amount of the obligation can be made.

When the impact is likely to be material (for long-term provisions), the amount recognized as a provision is estimated on a net present value basis (discount factor). The increase in provision due to the passage of time is recognized as a financial expense.

A present obligation arises from an obligating event and may take the form of either a legal obligation or a constructive obligation (A constructive obligation exists when IBA has an established pattern of past practice that indicates to other parties that it will accept certain responsibilities and as a result has created a valid expectation on the part of those other parties that it will discharge those responsibilities). An obligating event leaves IBA no realistic alternative to settling the obligation, independently of its future actions.

Provisions for site repair, restoration, and decommissioning costs are recorded as appropriate in application of the above.

If IBA has an onerous contract (that is, if the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it), the present obligation under the contract is recognized as a provision.

A provision for restructuring is recorded only if IBA can demonstrate that the Company is under an obligation to restructure at the balance sheet date. Such obligation must be demonstrated by (a) preparing a detailed formal plan identifying the main features of the restructuring and (b) raising a valid expectation to those affected that it will carry out the restructuring by starting to implement the plan or by announcing its main features to those affected.

1.17 PENSIONS AND OTHER EMPLOYEE BENEFITS

1.17.1 PENSIONS

The Group operates a contribution based plan funded through payments to an insurance company. The employer guarantees a minimum return on employer contributions resulting in a financial risk to be borne by the Group.

Up to December 31, 2015, the Group had opted to account for these plans using the intrinsic value method.

Following the evolution with respect of minimum guaranteed return, the plans are to be considered as defined benefit plans instead of contribution plans following IAS 19. As a result, as from January 1, 2016, the Group has changed its valuation rule and has adopted the projected unit credit method. This method considers that each service period gives rise to an additional benefit entitlement unit. According to this method, the plans' cost is recognized as an expense in the income statement so as to spread this cost evenly throughout the employee's career, and this based on the recommendations of actuaries who carry out complete assessments on these retirement plans each year.

Actuarial differences include, for assets and liabilities, differences between previous actuarial assumptions and what actually happened, and the impact of changes of actuarial assumptions on the plans' liabilities. Actuarial differences are fully recorded in other items of the comprehensive income statement during their period of occurrence.

1.17.2 STOCK OPTION PLANS AND SHARE-BASED PAYMENTS

Share-based payments are transactions to be paid with shares, stock options, or other equity instruments (granted to employees or other parties) and transactions paid in cash or other assets when the amount payable is based on the price of the Group's shares.

All transactions involving share-based payments are recognized as expenses.

Equity-settled share-based payment transactions are measured at the fair value of the goods or services received at the date on which the Group recognizes the goods and services. If the fair value of goods or services cannot be determined, the Group uses the fair value of the equity instruments granted. Equity-settled share-based payments are not re-measured.

1.18 DEFERRED TAXES

Deferred taxes are recorded on the temporary differences arising between the carrying amount of the balance sheet items and their tax base, using the rate of tax expected to apply when the asset is recovered or the liability is settled.

There are three exceptions to the general principle that deferred taxes are recognized on all temporary differences. Deferred taxes are not recognized for:

- Goodwill that is not amortized for tax purposes;
- Initial recognition of an asset or liability in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit;
- Investments in subsidiaries, branches, associates, and joint ventures (deferred taxes may be recognized only when IBA does not have control over the distribution or, if IBA controls the distribution, that it is likely that dividends will be distributed in the foreseeable future).

A deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. The same principle applies to recognition of deferred tax assets for unused tax losses carried forward. When assessing deferred tax assets management ensure that it is based on a reasonable number of years of taxable results.

Deferred taxes are calculated for each fiscal entity in the Group. IBA is able to offset deferred tax assets and liabilities only if the deferred balances relate to income taxes levied by the same taxation authority.

1.19 PAYABLES AFTER AND WITHIN ONE YEAR

Payables after and within one year are measured at amortized cost, i.e., at the net present value of the payable amount.

Unless the impact of discounting is material, the nominal value is taken.

1.20 ACCRUED CHARGES AND DEFERRED INCOME

Accrued charges are the prorated amount of expenses which will be paid in a subsequent financial period but relate to a prior period. Deferred income is the prorated amount of income received in the current or prior periods but related to a subsequent period.

1.21 FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are converted into the functional currency of the Group entity party to the transaction using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the conversion at the period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

Exchange differences arising from the consolidation of currency items that constitute part of the reporting entity's net investment in a foreign entity (i.e. when settlement is neither planned nor likely to occur in the foreseeable future) are recorded in equity if the following two conditions are met:

(1) The loan is made in either the functional currency of the reporting entity or the foreign operation; and
(2) The loan is made between the reporting entity and a foreign operation.

1.22 DERIVATIVES AND HEDGING ACTIVITIES

Derivative instruments are accounted for at fair value on the date the contracts are entered into.

Changes in the fair value of derivative instruments are accounted for in the income statement unless they qualify as cash flow hedges under IAS 39.

The Group designates certain derivative transactions as hedges of the variability of the fair value of recognized assets or liabilities (fair value hedges); as unrecognized firm commitments; or as hedges of the cash flow variability arising from a specific risk associated with a recognized asset or liability or with a highly probable forecast transaction (cash flow hedges).

The Group documents at the inception of the transaction the relationship between the hedging instruments and the hedged item, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

a) FAIR VALUE HEDGES

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

b) CASH FLOW HEDGES

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in equity. Gain or loss relating to the ineffective portion of the hedge is recognized immediately in the income statement.

Amounts accumulated in equity are reclassified to the income statement in the periods when the hedged item affects the income statement (e.g., when the forecast sale that is hedged takes place).

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and reclassified to the income statement when the forecast transaction is ultimately recognized in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately moved to the income statement.

c) DERIVATIVES THAT DO NOT QUALIFY FOR HEDGE ACCOUNTING

Certain derivative instruments do not qualify for hedge accounting. Such derivatives are recognized at fair value on the statement of financial position, with changes in fair value recognized in the income statement.

These instruments are considered economic hedges inasmuch as they are not used to speculate on positions.

The Group does not hold instruments for speculative purposes.

1.23 OPERATING SEGMENTS

A business segment is a group of assets and operations involved in the supply of products or the providing of services and exposed to risks and returns other than those in other business segments.

A geographic segment is engaged in the supply of products or the providing of services within a specific economic environment, exposed to risks and returns other than those in segments operating in other economic environments.

2. DESCRIPTION OF FINANCIAL RISK MANAGEMENT POLICIES

2.1 FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks, of which the largest is market risk (including currency risk). Other financial risks include credit risk, liquidity risk, interest rate risk, and commodity risk.

The Group's overall financial risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Financial risk management is carried out by a central treasury department (Group Treasury) under policies approved by the Audit Committee of the Board of Directors. These policies provide written principles for overall financial risk management, as well as written policies covering specific areas, such as foreign exchange risk, use of derivative financial instruments and non-derivative financial instruments, and investing excess liquidity. Group Treasury identifies, evaluates, and hedges financial risks in close cooperation with the Group's operating units.

2.1.1 MARKET RISK

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, Chinese Yuan, Czech krona, Polish zlotys, Russian ruble, British pound, Indian Rupee, Japanese Yen, Swedish krona and Argentine peso.

Foreign exchange risk arises from future and committed commercial transactions, from recognized financial assets and liabilities, and from net investments in foreign operations.

To manage foreign exchange risk arising from future and committed commercial transactions and from recognized assets and liabilities denominated in a currency different from the entity's functional currency, entities in the Group use forward exchange contracts, transacted with Group Treasury. Group Treasury is responsible for hedging the net position in each foreign currency by using forward exchange contracts entered into with banks when possible and appropriate.

For segment reporting purposes, each subsidiary designates contracts with Group Treasury as fair value hedges or cash flow hedges, as appropriate.

External foreign exchange contracts are designated at Group level as hedges of foreign exchange risk on specific assets, liabilities, or committed or future transactions on a gross basis.

The Group's general hedging policy is to hedge any confirmed sales contracts denominated in a foreign currency as well as expected net operational cash flows when they can be reasonably predicted. Appropriate documentation is prepared in accordance with IAS 39. The CFO approves and the CEO is informed of significant hedging transactions, with reporting to the Audit Committee four times a year.

Intercompany loans denominated in foreign currencies are entered into to finance certain subsidiaries and expose the Group to fluctuations in exchange rate.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

Dosimetry and Proton Therapy services are impacted by the fluctuation of the USD exchange rate against EUR. In 2017 a fluctuation of -3% of USD against EUR would have had a negative impact on the sales of Dosimetry segment by -1.00%. In 2017 a fluctuation of -3% of USD against EUR would have had a negative impact on the Proton Therapy Services sales segment by -1.84%.

The exposure of the Group to the fluctuation of Czech Krona, Polish Zlotys, British pound, Russian ruble, Indian Rupee, Japanese Yen, Swedish krona and Argentine peso is not material for the Group.

Currency transactional risk

The Group has some transactional currency exposure that arises from sales or purchases by an operating unit in currencies other than the unit's functional currency. The parent company of the Group operating in euros but making certain transactions purchase/sales among others expressed in US dollars, Chinese Yuan, Indian Rupee and Russian ruble.

Approximately 9% of the Group's sales (12% in 2016) are denominated in currencies other than the functional currency of the operating unit making the sales, while 93.7% of costs (94.4% in 2016) are denominated in the unit's functional currency. Where the Group considers that there are no natural hedging opportunities, forward exchange contracts or forward currency options are used to cover currency exposure.

2.1.2 CREDIT RISK

The Group has limited exposure to credit risk. The Company policy for large contracts is to have appropriate letters of credit issued prior to delivery of the equipment.

The Company has also a general agreement with the Belgian national export credit insurance institution (ONDD) that provides systematic coverage of all large equipment transactions.

The table in section 2.2 presents the financial assets of the Group by valuation method (fair value and carrying amount). The carrying amount of these financial assets represents the maximum credit exposure of the Group.

The fair value of a financial instrument is the price at which a party would accept the rights and/or obligations of this financial instrument from another independent party.

2.1.3 LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount in outstanding credit facilities. Due to the dynamic nature of the underlying businesses, Group Treasury aims to maintain flexibility in funding by keeping credit lines available.

S.R.I.W.:

In 2012, IBA strengthened the availability of financing by obtaining a long-term credit facility of EUR 20 million from the S.R.I.W. Under the terms of this financing, the Group agrees to comply with specific covenants relating to IBA SA level of equity.

As at December 31, 2016, the Group had drawn up to EUR 20 million on this line of credit and made repayments for EUR 10 million (of which EUR 10 million in 2014).

In 2014 the Group's equity was strengthened through a new financing arrangement with the S.R.I.W. A ''reverse convertible bond'' was put in place allowing the Group to ask the conversion of this bond into ordinary shares at any time before December 31, 2015. As at December 31, 2015, the ''reverse convertible bond'' of S.R.I.W. has not been converted in capital, it has turned back into a subordinate loan that increased the amount of our used credit lines up with EUR 5 million.

Bank borrowings & financial leases:

In April 2016 IBA borrowed EUR 10 million from a Belgian bank in order to partially refinance the early repayment of a bank borrowing with the European Investment Bank (EIB). This loan has a 5-year repayment period and will be repaid through 20 equal quarterly instalments in principal. The first repayment in principal of EUR 0.5 million occurred at the end of July 2016. The last instalment will be in April 2021.

In February 2016 IBA issued private 5-year treasury notes for a total subscribed amount of EUR 5.75 million. These notes are supposed to be repaid in a single instalment in February 2021 but have been reclassified to short term borrowings, pending the outcome of discussions to be held with the noteholders on a waiver of the covenants as at 31 December 2017.

IBA also has short-term credit facilities with 3 Belgian banks of EUR 10 million each.

In 2017, IBA signed a financial lease agreement with two Belgian banks in order to finance the new factory that will become operational in 2018 for an amount of EUR 13.84 Million.

As at December 31, 2017, the Group has at its disposal credit lines up to EUR 71.59 million of which 59.7% are used to date.

(EUR 000)	Credit facilities used	Credit facilities available
Short-term credit facilities	15 000	30 000
Bank borrowings	7 000	7 000
S.R.I.W.	15 000	15 000
Treasury Notes	5 750	5 750
Financial lease	0	13 837
TOTAL	**42 750**	**71 587**

On 9 March 2018, IBA has extended its short term credit facilities with banks from EUR 30 million to EUR 60 million. In addition IBA subscribed to two subordinated loans of EUR 5 million respectively issued by SRIW and SFPI.

Financing covenants

In 2017, the Treasury Notes have been reclassified in the short term borrowing as of 31 December 2017 as explain above.

All the above facilities are subject to several financing covenants. The extended credit facilities with banks for which the main financing covenants are related to a minimum level of adjusted equity and a certain ratio of adjusted net debt to REBITDA, are tested for the first time at end of 2018.

The table below summarizes the maturity profile of the Group's financial liabilities:

DECEMBER 31, 2016 (EUR 000)	due	< 1 year	1-2 years	2-5 years	> 5 years	Total
FINANCIAL LIABILITIES						
Bank borrowings	0	2 865	3 658	19 574	8 353	34 450
Financial lease liabilities	0	157	0	0	0	157
Trade payables	30 693	25 348	0	0	0	56 041
Other ST and LT liabilities	42	121 898	5 339	0	0	127 279
TOTAL	**30 735**	**150 268**	**8 997**	**19 574**	**8 353**	**217 927**

DECEMBER 31, 2017 (EUR 000)	due	< 1 year	1-2 years	2-5 years	> 5 years	Total
FINANCIAL LIABILITIES						
Bank borrowings	0	24 471	4 819	10 732	6 084	46 106
Financial lease liabilities	0	0	0	0	0	0
Trade payables	28 646	17 686	0	0	0	46 332
Other ST and LT liabilities	667	111 246	736	1 722	7 007	121 378
TOTAL	**29 313**	**153 403**	**5 555**	**12 454**	**13 091**	**213 816**

The table below summarizes the maturity profile of the Group's financial assets:

DECEMBER 31, 2016 (EUR 000)	Due	< 1 year	1-2 years	2-5 years	> 5 years	Total
FINANCIAL ASSETS						
Trade receivables	40 270	25 466	0	0	0	65 736
Other ST and LT assets	934	22 821	3 240	4 399	12 999	44 393
TOTAL	**41 204**	**48 287**	**3 240**	**4 399**	**12 999**	**110 129**

DECEMBER 31, 2017 (EUR 000)	Due	< 1 year	1-2 years	2-5 years	> 5 years	Total
FINANCIAL ASSETS						
Trade receivables	43 621	17 379	0	0	0	61 000
Other ST and LT assets	308	28 959	1 790	7 099	11 972	50 128
TOTAL	**43 929**	**46 338**	**1 790**	**7 099**	**11 972**	**111 128**

2.1.4 INTEREST RATE RISK

The Group exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. When the Group deems that the fluctuation of interest rate could have a significant impact on its financial results, the Group will use interest rate swaps in order to limit this impact.

IBA does not apply hedge accounting to these transactions, and these instruments are therefore revalued through profit and loss.

At the end of 2016 and 2017, the Group has no interest rate swaps.

IBA's analysis of the impact of a 1% fluctuation in interest rates (sensitivity analysis) on the income statement of an average financial debt of EUR 32.7 million in 2017 (29.5 million in 2016 – impact of EUR -/+0.30 million) suggests that it will be EUR -/+0.33 million.

2.2 FINANCIAL ASSETS AND LIABILITIES – ADDITIONAL INFORMATION

The assets and liabilities of the Group are valued as follows:

EUR 000	Category	December 31, 2016 Net carrying value	December 31, 2016 Fair value	December 31, 2017 Net carrying value	December 31, 2017 Fair value
FINANCIAL ASSETS					
Trade receivables	Loans and receivables	65 736	65 736	61 000	61 000
Long-term receivables on contracts in progress	Loans and receivables	837	837	762	762
Available-for-sale financial assets	Available for sale	0	0	0	0
Long-term receivables for decommissioning of sites	Loans and receivables	0	0	0	0
Other long-term receivables	Loans and receivables	17 630	17 630	17 810	17 810
Non-trade receivables and advance payments	Loans and receivables	16 403	16 403	18 931	18 931
Other short-term receivables	Loans and receivables	6 006	6 006	7 287	7 287
Other investments	Available for sale	8 909	8 909	8 909	8 909
Cash and cash equivalents	Loans and receivables	74 564	74 564	27 273	27 273
Hedging derivative products	Hedge accounting	3 224	3 224	4 974	4 974
Derivative products – other	FVPL2	293	293	364	364
TOTAL		**193 602**	**193 602**	**147 310**	**147 310**
FINANCIAL LIABILITIES					
Bank and other borrowings	FLAC	29 750	29 750	42 750	42 750
Financial lease liabilities	FLAC	151	151	0	0
Trade payables	FLAC	56 041	56 041	46 332	46 332
Hedging derivative products	Hedge accounting	4 021	4 021	93	93
Derivative products – other	FVPL2	408	408	25	25
Other long-term liabilities	FLAC	3 916	3 916	8 970	8 970
Amounts due to customers for contracts in progress	FLAC	85 516	85 516	72 906	72 906
Social debts	FLAC	14 737	14 737	16 864	16 864
Other short-term liabilities	FLAC	18 591	18 591	21 764	21 764
Short-term tax liabilities	FLAC	90	90	756	756
Short-term bank credit	FLAC	0	0	0	0
TOTAL		**213 221**	**213 221**	**210 460**	**210 460**

As at December 31, 2016 and 2017, the net carrying value of these financial assets and liabilities did not differ significantly from their fair value.

The headings “Hedging derivative products” and “Derivative products – other” in assets and liabilities include the fair value of forward exchange contracts and currency swaps.

The Group may acquire non-controlling interests from third companies, depending on the evolution of its strategy. These interests are shown in the “available for sale” category.

FLAC: Financial liabilities measured at amortized cost.
FVPL1: Fair value through profit or loss (held for trading).
FVPL2: Fair value through profit or loss (derivative- based asset whose value was inseparable from the underlying notional value).

2.3 CATEGORIES OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In conformity with IAS 39 all derivatives are recognized at fair value in the balance sheet.

The fair value of derivative financial instruments is either the quoted market price or is calculated using pricing models taking into account current market rates. Fair values of hedging instruments are determined by valuation techniques widely used in financial markets and are provided by reliable financial information sources. Fair values are based on the trade dates of the underlying transactions.

The fair value of these instruments generally reflects the estimated amount that IBA would receive on the settlement of favorable contracts or be required to pay to terminate unfavorable contracts at the balance sheet date, and thereby takes into account any unrealized gains or losses on open contracts.

As required by IFRS 13 *Fair value measurement*, the following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques for which the lowest level of input that is significant to the fair value measurement is unobservable.

During this past financial year, there was no transfer between the various categories presented below:

(EUR 000)	Level 1	Level 2	Level 3	December 31, 2016
- Forward foreign exchange contracts		3 215		3 215
- Foreign exchange rate swaps		9		9
Hedge-accounted financial assets		**3 224**		**3 224**
- Forward foreign exchange contracts		94		94
- Foreign exchange rate swaps		199		199
- Other financial assets at fair value through the income statement			0	0
Financial assets at fair value through the income statement		**293**	**0**	**293**
- Forward foreign exchange contracts		3 641		3 641
- Foreign exchange rate swaps		380		380
Hedge-accounted financial liabilities		**4 021**		**4 021**
- Forward foreign exchange contracts		326		326
- Foreign exchange rate swaps		82		82
Financial liabilities at fair value through the income statement		**408**		**408**

(EUR 000)	Level 1	Level 2	Level 3	December 31, 2017
- Forward foreign exchange contracts		4 870		4 870
- Foreign exchange rate swaps		104		104
Hedge-accounted financial assets		**4 974**		**4 974**
- Forward foreign exchange contracts		104		104
- Foreign exchange rate swaps		210		210
- Other financial assets at fair value		50		50
Financial assets at fair value through the income statement		**364**		**364**
- Forward foreign exchange contracts		19		19
- Foreign exchange rate swaps		6		6
Hedge-accounted financial liabilities		**25**		**25**
- Forward foreign exchange contracts		18		18
- Foreign exchange rate swaps		75		75
Financial liabilities at fair value through the income statement		**93**		**93**

2.3.1 HEDGE-ACCOUNTED FINANCIAL INSTRUMENTS

As at December 31, 2017, the Group held 42 forward exchange contracts (50 as at December 31, 2016) and 9 foreign exchange swaps (2 as at December 31, 2016) to cover future cash flow movements US dollars and British pounds cash flows. These hedges are deemed highly effective.

These hedges generated a EUR 0.94 million gain in 2017 (loss of EUR 0.74 million in 2016). This gain is recognized in the other items of the comprehensive income statement.

			Hedge instrument maturities		
(EUR 000)		Equity	< 1 year	1-2 years	> 2 years
AS AT DECEMBER 31, 2016					
- Foreign exchange hedge in	GBP	3 215	1 057	2 158	0
- Foreign exchange hedge in	USD	-5 716	-3 437	-1 382	-897
- Foreign exchange hedge in	SEK	0	0	0	0
		-2 501	**-2 380**	**776**	**-897**
AS AT DECEMBER 31, 2017					
- Foreign exchange hedge in	GBP	3 248	3 248	0	0
- Foreign exchange hedge in	USD	1 218	247	340	631
		4 466	**3 495**	**340**	**631**

2.3.2 FAIR VALUE THROUGH INCOME STATEMENT

As at 31 December 2017, the Group holds 10 forward exchange contracts (20 on December 31, 2016), 23 exchange rate swaps (16 as at December 31, 2016), and 1 ''option'' contract to cover future cash flows of US dollars, Chinese Yuan, Canadian dollars and Euro.

As they do not qualify for hedge accounting under the IFRS, the various hedge instruments discussed in this section are measured at fair value through the income statement.

The loss generated on these instruments included in the income statement amount to EUR 0.27 million at December 31, 2017 (loss of EUR 0.18 million at December 31, 2016).

2.4 CAPITAL MANAGEMENT

The Group's aim is to optimize the capital structure in order to maximize its value for the shareholders while maintaining the financial flexibility required carrying out the strategy approved by the Board of Directors.

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 recognizes deferred tax assets on unused losses carried forward to the extent that the taxable profit against which these assets are available can be used. The amounts recognized in the balance sheet are prudent estimates made on the basis of recent financial plans approved by the Board of Directors and depend on certain judgments with respect to the amounts and location of the future taxable profits of the Group's subsidiaries and parent company.

Deferred tax assets decreased from EUR 22.8 million to EUR 6 million mainly due to tax reforms and the impacts of research and development tax incentives in Belgium.

As at December 31, 2017, the Group had accumulated net operating losses of EUR 94.4 million usable to offset future profits taxable mainly in Belgium and in Russia and temporary differences amounting to EUR 6.4 million mainly in the United States and in China. The Company recognized deferred tax assets of EUR 4.3 million with the view to use the tax losses carried forward and EUR 1.8 million as temporary differences.

(B) PROVISION FOR DECOMMISSIONING COSTS

Production of pharmaceutical tracers (segment of the pharmaceuticals activity) generates radiation and results in contamination of production sites facilities. This could require the Group to incur restoration costs to meet regulations in different countries and fulfill any legal or implied obligation.

Analyzes and estimates are made by the Group with the assistance of its legal counsel to determine the likelihood, timing and amount of costs, together with a probable required outflow of resources.

Provisions have been made for unavoidable costs in connection with dismantling the sites where radiopharmaceuticals are produced. These provisions are measured at the net present value of the best estimate of the cost required.

The provisions were primarily for obligations in connection with a radiopharmaceutical production facility belonging to the mother company IBA SA in Fleurus.

In 2015, the Fleurus site was sold for EUR 1 including the transfer to the acquirer of the site decommissioning obligations. As a result a reversal of the provision of EUR 5.6 million has been recorded in 2015 and a provision of EUR 0.5 million is still included in the financials of IBA to cover the contractual obligations of IBA to dispose of radioactive waste according to this sales agreement. In 2017, EUR 0.17 million of this provision was utilized for the dispose of radioactive waste.

(C) REVENUE RECOGNITION

Contracts in progress are valued at their cost of production, increased by income accrued as determined 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 affected.

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 affected.

(D) ESTIMATING THE VALUE IN USE OF INTANGIBLE AND TANGIBLE FIXED ASSETS

When management considers that there is a risk of impairment, 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 cash-flows coming from 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.

(E) LONG TERM INCENTIVE PLAN

In 2014, the Company has put in place a new long-term incentive plan, aimed at supporting its multi-year profitability targets, the alignment of plan participants with shareholder interests and longer-term shareholder value creation, as well as creating a suitable retention effect. The plan is two-tiered, directly or indirectly combining a cash-based incentive with a grant of warrants.

The cash-based incentive has been implemented in 2014 and is linked to actual cumulative profit before tax over the period 2014 – 2017 compared to a predefined target aligned to the Group strategic plan and the guidance provided to the market in this respect. Vesting occurs in full at the end of 2017, subject to each participant's continued service up to that date and subject to a threshold backlog requirement being met on the same date. The target payout varies between 30% and 100% of annual fixed remuneration directly or indirectly received, except for the Chief Executive Officer, for whom it is 200%. The maximum payout upon superior performance is set at 200% of the target payout. Poor performance results in a zero payout. Satisfactory individual performance, for each calendar year included in the performance period, operates as an additional threshold under the plan, reducing the actual payout by 25% for each year that the individual performance is below expectations. Individual overachievement does not result in an increased payout under the plan.

As at December 2016, a cumulated provision of EUR 4.28 million was booked by the Group for the long term incentive plan. The provision was calculated on a prorate basis of the achieved objectives versus targeted objectives.

As the targeted cumulative profit before tax over the period 2014 – 2017 has not been reached at December 2017, the provision for the long term incentive plan has been completely reversed in 2017.

In 2016 and 2017, no additional long-term incentives – either in the form of a cash-based incentive, in the form of warrants or in any other form – have been granted.

No new long-term incentive plan will be implemented for 2018. Given the current context of the Company, a discretionary special short-term incentive plan will apply instead for fiscal year 2018, providing increased payout levels directly geared towards accelerating the PBT generated over and above the PBT planned for the year.

(F) STOCK OPTION PLAN

The company is using the Black & Scholes model to measure the options value. Terms and conditions of the Group stock option plans are described in note 17.2.

(G) LOCAL TAXES IN COUNTRIES OTHER THAN BELGIUM

In 2015, the Company initiated an analysis on the Group exposure in countries other than Belgium to be potentially obliged to pay certain local taxes whereas the payment of those taxes has been transferred to the Group's customers. Exposure identified as of December 31, 2015, has been reduced as a result of further investigation performed in 2016 and 2017. Based on the data available, it is still not possible to make a reliable estimate of the remaining exposure and therefore no provision has been accrued for in the Group financial statements.

4. OPERATING SEGMENTS

On the basis of its internal financial reports to the Board of Directors and given the Group's primary source of risk and profitability, IBA has identified two levels of operating information:

- Business segment-based information (Level 1);
- Geographical segment-based information (Level 2).

4.1 BUSINESS SEGMENTS

The operating segments are parts of the Company's business. Distinct financial information is available for these segments and is regularly checked by the Management.

The presentation format of IBA's operational segments is represented by activities in the primary dimension, as the Company's risks of the Company and the productivity rates related to the activities are mainly affected by the fact that IBA operates activities which have different fundamental risk profiles. Consequently, the organization of the Company's Management and its internal reporting system to the Board of Directors have been implemented. A business segment is a separate component of a company which provides products or services in a specific field of activity which is subject to risks and returns different from those of other activities. In accordance with IFRS 8 Operating segments, the business segments on which segment information is based are (1) Proton therapy and others accelerators and (2) Dosimetry.

- **Proton therapy and other accelerators:** This segment constitutes the technological basis of the Group's many businesses and encompasses development, fabrication, and services associated with medical and industrial particle accelerators and proton therapy systems.
- **Dosimetry:** this segment includes the activities that offer a full range of innovative high-quality solutions and services that maximize efficiency and minimize errors in radiation therapy and medical imaging Quality Assurance and calibration procedures.

The segment results, assets and liabilities include the items directly related to a segment, as well as those that may be allocated on a reasonable basis.

The segment investment expenses include the total cost of investments incurred during the period of acquisition of tangible and intangible assets investments, except goodwill.

The following table provides details of the income statement for each segment. Any intersegment sales are contracted at arm's length.

	Proton Therapy and Other Accelerators (EUR 000)	Dosimetry (EUR 000)	Group (EUR 000)
YEAR ENDED DECEMBER 31, 2016			
Sales	200 598	41 415	242 013
Services	80 068	6 693	86 761
External Sales	**280 666**	**48 108**	**328 774**
Costs of sales and services (-)	-166 255	-23 958	-190 213
Operating (expenses)	-80 297	-21 128	-101 425
Other operating (expenses)/Income	-6 547	-657	-7 204
Segment result	**27 567**	**2 365**	**29 932**
Unallocated expenses (1)			-725
Financial (expenses)/income (2)			-1 453
Share of profit/(loss) of companies consolidated using the equity method			145
Result before taxes			**27 899**
Tax (expenses)/income (2)			-3 359
RESULT FOR THE PERIOD FROM CONTINUING OPERATIONS			**24 540**
Profit/(loss) for the period from discontinued operations			-100
Profit/(loss) for the period			**24 440**

	Proton Therapy and Other Accelerators (EUR 000)	Dosimetry (EUR 000)	Group (EUR 000)
Non-current assets	75 726	6 732	82 458
Current assets	275 751	21 006	296 757
Segment assets	**351 477**	**27 738**	**379 215**
Investments accounted for using the equity method			1 402
TOTAL ASSETS	**351 477**	**27 738**	**380 617**
Non-current liabilities	42 466	1 317	43 783
Current liabilities	178 101	8 342	186 443
Segment liabilities	**220 567**	**9 659**	**230 226**
TOTAL LIABILITIES	**220 567**	**9 659**	**230 226**
Other segment information			
Capital expenditure	11 901	1 064	
Depreciation and impairment of property, plant and equipment	2 021	430	
Depreciation of intangible assets and goodwill	2 039	180	
Salary expenses	101 943	15 578	
Non-cash expenses/(income)	2 598	542	
Headcount at year-end	1 214	218	

(1) Unallocated expenses mainly consist of expenses for stock option plans, stock plans.
(2) Cash and taxes are handled at Group level and are therefore presented under unallocated.

Balance sheet intercompany position between segments is excluded from the assets and liabilities of the segment.

	Proton Therapy and Other Accelerators (EUR 000)	Dosimetry (EUR 000)	Group (EUR 000)
YEAR ENDED DECEMBER 31, 2017			
Sales	148 139	47 716	195 855
Services	85 444	6 122	91 566
External Sales	**233 583**	**53 838**	**287 421**
Costs of sales and services (-)	-166 215	-26 287	-192 502
Operating (expenses)	-84 630	-21 886	-106 516
Other operating (expenses)/Income	-3 352	-1 027	-4 379
Segment result	**-20 614**	**4 638**	**-15 976**
Unallocated (expenses)/income (1)			-193
Financial (expenses)/income (2)			-3 529
Share of profit/(loss) of companies consolidated using the equity method			92
Result before taxes			**-19 606**
Tax (expenses)/income (2)			-19 526
RESULT FOR THE PERIOD FROM CONTINUING OPERATIONS			**-39 132**
Profit/(loss) for the period from discontinued operations			-69
Profit/(loss) for the period			**-39 201**

	Proton Therapy and Other Accelerators (EUR 000)	Dosimetry (EUR 000)	Group (EUR 000)
Non-current assets	68 351	6 339	74 690
Current assets	236 581	21 247	257 828
Segment assets	**304 932**	**27 586**	**332 518**
Investments accounted for using the equity method			
TOTAL ASSETS	**304 932**	**27 586**	**332 518**
Non-current liabilities	34 085	813	34 898
Current liabilities	178 515	10 411	188 926
Segment liabilities	**212 600**	**11 224**	**223 824**
TOTAL LIABILITIES	**212 600**	**11 224**	**223 824**
Other segment information			
Capital expenditure	14 614	662	
Depreciation and impairment of property, plant and equipment	2 946	435	
Depreciation of intangible assets and goodwill	2 621	121	
Salary expenses	112 632	16 523	
Non-cash expenses/(income)	-164	76	
Headcount at year-end	1 257	219	

(1) Unallocated expenses mainly consist of expenses for stock option plans, stock plans.
(2) Cash and taxes are handled at Group level and are therefore presented under unallocated.

4.2 GEOGRAPHICAL SEGMENTS (information provided for the entire entity)

The Group's business segments operate in three main geographical areas, Belgium, the United States and the rest of the world.

These geographical segments have been determined on the basis of the economic and political context, the degree of proximity of the business activities, and the specific risks associated with the business activities in a given geographical area.

The sales figures presented below are based on customer location, whereas segment balance sheet items are based on asset location.

	Belgium (EUR 000)	USA (EUR 000)	ROW (EUR 000)	Operations held for sale (EUR 000)	Group (EUR 000)
YEAR ENDED DECEMBER 31, 2016					
Net sales and services*	12 714	111 561	204 499	0	328 774
Non-current assets	67 674	8 232	6 552	0	82 458
Current assets	247 365	16 752	32 640	0	296 757
Segment assets	**315 039**	**24 984**	**39 192**	**0**	**379 215**
Investments accounted for using the equity method	0	0	1 402	0	1 402
TOTAL ASSETS	**315 039**	**24 984**	**40 594**	**0**	**380 617**
Capital expenditure (incl. fixed assets from acquisitions in 2016)	11 215	580	1 170	0	

	Belgium (EUR 000)	USA (EUR 000)	ROW (EUR 000)	Operations held for sale (EUR 000)	Group (EUR 000)
YEAR ENDED DECEMBER 31, 2017					
Net sales and services*	10 228	101 530	175 663	0	287 421
Non-current assets	60 792	7 432	6 466	0	74 690
Current assets	214 279	11 664	31 885	0	257 828
Segment assets	**275 071**	**19 096**	**38 351**	**0**	**332 518**
Investments accounted for using the equity method	0	0	0	0	0
TOTAL ASSETS	**275 071**	**19 096**	**38 351**	0	**332 518**
Capital expenditure (incl. fixed assets from acquisitions in 2017)	14 100	477	698		

**There is no breakdown of sales and services available by geographical sector.*

As at December 31, 2017, no single customer represents more than 10% of the Group's sales and services.

5. LISTS OF SUBSIDIARIES AND EQUITY-ACCOUNTED INVESTMENTS

As at December 31, 2017, the IBA Group consists of IBA SA and 23 companies and associates in 12 countries. 21 of them are fully consolidated and 2 are accounted for using the equity method.

5.1 LIST OF SUBSIDIARIES

NAME	Assets held for sale	Country of incorporation	Equity ownership (%)	Change in % ownership over December 31, 2016
IBA Molecular Holding (BE 0880.070.706) *Chemin du Cyclotron, 3, B-1348 LLN*	No	Belgium	100%	-
IBA Participations SPRL (BE 0465.843.290) *Chemin du Cyclotron, 3, B-1348 LLN*	No	Belgium	100%	-
IBA Investments SCRL (BE 0471.701.397) *Chemin du Cyclotron, 3, B-1348 LLN*	No	Belgium	100%	-
Ion Beam Beijing Applications Co. Ltd. *No.6 Xing Guang Er Jie, Beijing OPTO-Mechatronics Industrial Park, 101 111 Tongzhou District, Beijing,China*	No	China	100%	-
Striba GmbH *Waidmarkt 11, 50676 KÖLN, Germany*	No	Germany	100%	-
IBA RadioIsotopes France SAS *59 Blvd Pinel, 69003 LYON, France*	No	France	100%	-
IBA Dosimetry GmbH *Bahnhofstrasse 5, 90592 Schwarzenbruck, Germany*	No	Germany	100%	-
IBA Dosimetry America Inc. *3150 Stage Post Dr.* *Ste. 110, Bartlett, TN 38133, USA*	No	USA	100%	-
IBA Proton Therapy Inc. 152 Heartland Blvd, Edgewood New York 11717, USA	No	USA	100%	-
IBA Industrial Inc. *152 Heartland Blvd,* *Edgewood New York 11717, USA*	No	USA	100%	-
RadioMed Corporation *3149 Stage Post Drive* *Suite 110, Bartlett, TN 38133, USA*	No	USA	100%	-
IBA USA Inc. *151 Heartland Blvd,* *Edgewood New York 11717, USA*	No	USA	100%	-
IBA Particle Therapy GmbH *Bahnhofstrasse 5,* *90592 Schwarzenbruck, Germany*	No	Germany	100%	-
Normandy Hadrontherapy SAS *9 rue Ferdinand Buisson, 14280 Saint-Contest, France*	No	France	100%	-
LLC Ion Beam Applications *1st Magistralny tupik, 5A* *123290 Moscow, Russia*	No	Russia	100%	-
IBA Particle Therapy India Private Limited *Office Unit - F, 3rd Floor, Ali Towers, Old No 22, New No. 55, Greams Road, Thousand Lights, Chennai - 600006, Tamil Nadu, India*	No	India	100%	-
IBA (Thailand) Co., Ltd N°888/70, Mahatun Plaza, 7th floor, Ploenchit Road Lumpini Sub-district, Parthumwan district, Bangkok	No	Thailand	100%	-
Ion Beam Application SRL Ortiz de Ocampo 3302 Modulo 1 Buenos Aires (1425), Argentina	No	Argentina	100%	-
IBA Mexico DE R.L.DE C.V. Paseo de la Reforma 126 (internal number 4) 06600 Cuauhtemoc, City of Mexico, Mexico	No	Mexico	100%	+100%
IBA Japan KK 3/F Shiodome Building, 1-2-20 Kaigan Minato-ku, Tokyo, Japan	No	Japan	100%	+100%
Imaging Innovation KK 3-6-7 Kasumigaseki, Chiyoda-Ku, Tokyo, Japan	No	Japan	100%	+100%

5.2 LIST OF EQUITY-ACCOUNTED INVESTMENTS

NAME	Country of incorporation	Equity ownership (%)	Change in % ownership over December 31, 2016
CONTINUING OPERATIONS			
Sceti Medical Labo KK	Japan	0%	-39.80%
Cyclhad SAS	France	33.33%	-
DISCONTINUING OPERATIONS			
PharmaLogic Pet Services of Montreal Cie	Canada	48.00%	-

6. DISCONTINUED OPERATIONS

IFRS 5 specifies that IBA has to reclassify in the income statement as "Profit/(loss) from discontinued operations" and in the statement of financial position as "assets and liabilities held for sale" all of the business over which IBA will lose control.

7. BUSINESS COMBINATIONS AND OTHER CHANGES IN THE COMPOSITION OF THE GROUP

7.1 ACQUISITIONS OF COMPANIES

Beginning December 2017, the Group acquired 100% of Japanese company Imaging Innovation KK shares. The net acquired assets and goodwill arising from this acquisition were as follows:

	Fair Value	Carrying amount of net acquired assets
Cash and cash equivalents	10 961	10 961
Trade payables	-3 013	-3 013
Current income tax liabilities	-1 008	-1 008
Net acquired assets (YEN 000)	**6 940**	**6 940**
Net acquired assets (EUR 000)	**52**	
Price paid (EUR 000)	**75**	
Cash	75	
Others	0	
Fair value of net acquired assets (EUR 000)	52	
Goodwill (+)/Negative goodwill (-) (EUR 000)	**23**	

This goodwill has been impaired in 2017.

7.2 DISPOSAL OF COMPANIES

Beginning December 2017, the Group sold its participation of 39.8% in Japanese company Sceti Medical Labo KK. Net assets disposed of in this sale were as follows:

	Fair Value	Carrying amount of net assets disposed
Cash and cash equivalents	34 613	34 613
Trade receivables	161 176	161 176
Other receivables	14 193	14 193
Inventories and contracts in progress	82 020	82 020
Property, plant and equipment	442 005	442 005
Other intangible assets	3 860	3 860
Trade payables	-156 078	-156 078
Other payables	-21 553	-21 553
Current income tax liabilities	-9 125	-9 125
Other long-term liabilities	-360 000	-360 000
Provisions	-13 294	-13 294
Net assets disposed (YEN 000)	**177 817**	**177 817**
Net assets disposed (EUR 000)	**1 336**	
39.8% of net assets disposed (EUR 000)	**532**	
Price received (EUR 000)	**38**	
Cash received	38	
Fair value of net assets disposed (EUR 000)	532	
Disposal result (EUR 000)	**-494**	

8. GOODWILL AND OTHER INTANGIBLE ASSETS

8.1 GOODWILL

Movements of goodwill are detailed as follows:

As at January 1, 2016	**3 821**
Goodwill impairment	0
Currency translation difference	0
As at December 31, 2016	**3 821**
As at January 1, 2017	**3 821**
Additions	23
Goodwill impairment	-23
Currency translation difference	0
As at December 31, 2017	**3 821**

The goodwill generated by an acquisition is allocated to the cash-generating units (CGUs) concerned and an impairment test is carried out annually on the CGUs' fixed assets (including goodwill).

The following table summarizes allocation of the carrying amount of goodwill by business segment:

(EUR 000)	Proton therapy and Other accelerators	Dosimetry	Group
December 31, 2016	0	3 821	3 821
December 31, 2017	0	3 821	3 821
Pre-tax discount rate applied in 2016		7.68%	
Long-term growth rate 2016 (2)		2.60%	
Pre-tax discount rate applied in 2017 (1)		7.26%	
Long-term growth rate 2017 (2)		2.60%	

(1) Data used for the calculation of pre-tax discount rate applied: cost of equity of 10%, cost of debt of 2%, market value of the IBA Dosimetry GmbH equity of EUR 16 622, market value of IBA Dosimetry GmbH debt of EUR 8 650 and corporate tax rate of 30%.

(2) Rate consistent with expected growth in the sector.

The recoverable amounts of goodwill have been determined on a "value in use" basis.

Value in use has been determined on the basis of IBA's latest business plans, as approved by the Board of Directors in the context of the strategic plan. The cash flows beyond a four-year period have been extrapolated using the growth rates shown in the table above. Impairment testing uses gross budgeted operational margins estimated by management on the basis of past performance.

The discount rates used reflect the specific risks related to the segments in question.

For the CGU Dosimetry, if the growth rate is decreased by 100 basis points and the discount rate is increased by 100 basis points, the recoverable amount remains greater than the carrying amount of the tested assets. No impairment was identified in 2016 and 2017.

8.2 OTHER INTANGIBLE ASSETS

EUR 000	Software	Patents and trademarks	Development costs	Other	Total
Gross carrying amount as at January 1, 2016	**20 593**	**138**	**0**	**1 273**	**22 004**
Additions	1 119	0	0	2 440	3 559
Disposals	-217	0	0	0	-217
Transfers	35	0	0	-35	0
Transfers to assets held for sale	0	0	0	0	0
Change in consolidation scope	0	0	0	0	0
Currency translation difference	-14	4	0	36	26
Gross carrying amount as at December 31, 2016	**21 516**	**142**	**0**	**3 714**	**25 372**
Accumulated depreciation as at January 1, 2016	**12 088**	**138**	**0**	**1 149**	**13 375**
Additions	2 163	0	0	56	2 219
Disposals	-217	0	0	0	-217
Transfers	0	0	0	0	0
Transfers to assets held for sale	0	0	0	0	0
Currency translation difference	-17	4	0	36	23
Accumulated depreciation as at December 31, 2016	**14 017**	**142**	**0**	**1 241**	**15 400**
Net carrying amount as at January 1, 2016	**8 505**	**0**	**0**	**124**	**8 629**
Net carrying amount as at December 31, 2016	**7 499**	**0**	**0**	**2 473**	**9 972**
Gross carrying amount as at January 1, 2017	**21 516**	**142**	**0**	**3 714**	**25 372**
Additions	2 302	0	0	3 061	5 363
Disposals	-194	0	0	0	-194
Transfers	2 592	0	0	-2 592	0
Transfers to assets held for sale	0	0	0	0	0
Revaluation	0	0	0	0	0
Currency translation difference	-127	-17	0	-32	-176
Gross carrying amount as at December 31, 2017	**26 089**	**125**	**0**	**4 151**	**30 365**
Accumulated depreciation as at January 1, 2017	**14 017**	**142**	**0**	**1 241**	**15 400**
Additions	2 640	0	0	79	2 719
Disposals	-27	0	0	0	-27
Transfers	0	0	0	0	0
Revaluation	0	0	0	0	0
Currency translation difference	-74	-17	0	-32	-123
Accumulated depreciation as at December 31, 2017	**16 556**	**125**	**0**	**1 288**	**17 969**
Net carrying amount as at January 1, 2017	**7 499**	**0**	**0**	**2 473**	**9 972**
Net carrying amount as at December 31, 2017	**9 533**	**0**	**0**	**2 863**	**12 396**

In 2016, the majority of the intangible assets involved softwares (mainly SAP, Microsoft licenses, Customer Relationship Management (CRM), Computerized Maintenance Management System (CMMS) and Product Lifecycle Management (PLM)).

In 2017, additional investments were made in softwares mainly CMMS and sales license for the Japanese market (Shonin).

Amortization expense for intangible assets was recognized in the income statement in the “Cost of sales and services”, “Sales and marketing expenses”, “General and administrative expenses”, “Research and development expenses”, and “Other operating expenses” line items.

No impairment of the intangible assets was recognized on December 31, 2016 and December 31, 2017.

9. PROPERTY, PLANT AND EQUIPMENT

EUR 000	Land and buildings	Plant, machinery and equipment	Furniture, fixtures and vehicles	Other tangible fixed assets	Total
Gross carrying amount as at January 1, 2016	**11 030**	**7 521**	**2 644**	**5 029**	**26 224**
Additions	2 522	2 779	601	3 504	9 406
Disposals	0	-1	-524	-2	-527
Transfers	50	347	0	-397	0
Changes in consolidation scope	0	0	0	0	0
Transfers to assets held for sale	0	0	0	0	0
Currency translation difference	8	36	-5	43	82
Gross carrying amount as at December 31, 2016	**13 611**	**10 682**	**2 715**	**8 177**	**35 185**
Accumulated depreciation as at January 1, 2016	**6 970**	**3 952**	**2 240**	**3 735**	**16 897**
Additions	377	1 206	140	729	2 452
Disposals	0	-1	-524	-1	-526
Transfers	0	0	-1	1	0
Changes in consolidation scope	0	0	0	0	0
Transfers to assets held for sale	0	0	0	0	0
Currency translation difference	4	30	-9	15	40
Accumulated depreciation as at December 31, 2016	**7 351**	**5 187**	**1 846**	**4 479**	**18 863**
Net carrying amount as at January 1, 2016	**4 060**	**3 569**	**404**	**1 294**	**9 327**
Net carrying amount as at December 31, 2016	**6 260**	**5 495**	**869**	**3 698**	**16 322**
Gross carrying amount as at January 1, 2017	**13 611**	**10 682**	**2 715**	**8 177**	**35 185**
Additions	6 889	2 228	377	419	9 913
Disposals	-16	-180	-34	-86	-316
Transfers	704	380	-9	-1 075	0
Changes in consolidation scope	0	0	0	0	0
Transfers to assets held for sale	0	0	0	0	0
Currency translation difference	-30	-154	-82	-107	-373
Gross carrying amount as at December 31, 2017	**21 158**	**12 956**	**2 967**	**7 328**	**44 409**
Accumulated depreciation as at January 1, 2017	**7 351**	**5 187**	**1 846**	**4 479**	**18 863**
Additions	552	1 680	172	977	3 381
Disposals	-13	-120	-33	-85	-251
Transfers	0	0	0	0	0
Changes in consolidation scope	0	0	0	0	0
Transfers to assets held for sale	0	0	0	0	0
Currency translation difference	-13	-130	-65	-62	-270
Accumulated depreciation as at December 31, 2017	**7 877**	**6 617**	**1 920**	**5 309**	**21 723**
Net carrying amount as at January 1, 2017	**6 260**	**5 495**	**869**	**3 698**	**16 322**
Net carrying amount as at December 31, 2017	**13 281**	**6 339**	**1 047**	**2 019**	**22 686**

Other tangible fixed assets mainly include computer hardware and assets under construction. There are no tangible fixed assets subject to title restrictions.

Depreciation expense for tangible assets was recognized in the income statement in the “Cost of sales and services”, “Sales and marketing expenses”, “General and administrative expenses”, “Research and development expenses” and “Other operating expenses” line items.

No impairment was recognized in the 2016 and 2017 financial year.

In 2017, additional investments were made for asset maintenance and for the new factory.

In 2016 and 2017, the disposals of tangible assets mainly correspond to the scrapping of unused assets by the Group.

10. LEASE ARRANGEMENTS

IBA holds the following assets under finance lease contracts:

(EUR 000)	Land and buildings		Plant, machinery and equipment		Furniture, fixtures and vehicles	
	December 31, 2016	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016	December 31, 2017
Gross carrying amount	5 847	4 135	88	0	71	0
Accumulated depreciation	3 489	38	83	0	71	0
Net carrying amount	**2 358**	**4 097**	**5**	**0**	**0**	**0**

Details of lease payments on finance liabilities relating to leased assets are set out in Note 19.2. These amounts are included in tangible fixed assets.

The finance lease contracts at the end of 2017 relate to the emphyteutic lease of the land of the new factory in Belgium. Options related to several buildings located in Louvain-la-Neuve, were levied during 2017.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD AND OTHER INVESTMENTS

(EUR 000)	December 31, 2016	December 31, 2017
Investments accounted for using the equity method	1 402	0
Other investments	8 909	8 909
TOTAL	**10 311**	**8 909**

11.1 MOVEMENTS IN EQUITY-ACCOUNTED INVESTMENTS

Equity-accounted companies are listed in Note 5.2.

(EUR 000)	December 31, 2016	December 31, 2017
As at January 1	**1 888**	**1 402**
Share of profit/(loss) of equity-accounted investments:		
- Continuing operations	145	92
- Discontinued operations	0	0
Additions:		
- Continuing operations	0	0
- Discontinued operations	0	0
Disposals :		
- Continuing operations	0	-1 400
- Discontinued operations	0	0
Impact of margin elimination on tangible assets	-703	0
Dividend received	0	0
Transfers to assets held for sale	0	0
Equity movements of equity accounted investments :		
- Continuing operations	72	-94
- Discontinued operations	0	0
Currency translation difference	0	0
As at December 31	**1 402**	**0**

The Group's holdings in its principal associates, all of which are unlisted, are as follows:

(EUR 000)	Country	Assets	Liabilities	Revenue	Profit/(Loss)	% Interest
2016						
CONTINUING OPERATIONS						
Sceti Medilabo KK. (1)	Japan	6 659	5 460	5 097	364	39.8%
Cyclhad SAS	France	57 274	52 764	0	0	33.33%
DISCONTINUING OPERATIONS						
PharmaLogic Pet Services of Montreal Cie. (2)	Canada	97	0	0	-151	48.0%

(EUR 000)	Country	Assets	Liabilities	Revenue	Profit/(Loss)	% Interest
2017						
CONTINUING OPERATIONS						
Cyclhad SAS	France	78 326	73 816	0	0	33.33%
DISCONTINUING OPERATIONS						
PharmaLogic Pet Services of Montreal Cie. (2)	Canada	152	8	0	-149	48.0%

(1) The company has been sold on November 30, 2017.
(2) The activity of the company has been sold in March 2014 through an asset deal.

Income statement of material equity-accounted investments:

	Cyclhad SAS (EUR 000) December 31, 2017
INCOME STATEMENT	
Sales	0
Cost of sales (-)	0
Gross profit	**0**
Operating expenses (-)	0
Other income	0
Other (expenses)	0
Result from operating activities	**0**
Financial income	0
Financial (expenses)	0
Share of result of investments accounted for using the equity method	0
Result before tax	**0**
Tax income/(expenses)	0
Net result for the period from continuing operations	**0**
Depreciation and amortization	0

Financial position of material equity-accounted investments:

	Cyclhad SAS (EUR 000) December 31, 2017
ASSETS	
Property, plant and equipment	63 624
Intangible assets and goodwill	0
Investments accounted for using equity method	0
Other receivables	0
Available for sale and other investments	0
Deferred tax assets	0
Non-current assets	**63 624**
Inventories	0
Current tax receivables	0
Trade receivables	0
Other receivables	376
Cash and cash equivalents	14 326
Current assets	**14 702**
TOTAL ASSETS	**78 326**
EQUITY AND LIABILITIES	
Equity attributable to owners of the company	4 510
Non-controlling interests	0
Equity	**4 510**
Loans and borrowings	72 676
Employee benefits	0
Other liabilities	0
Provisions	0
Deferred tax liabilities	0
Non-current liabilities	**72 676**
Current tax liabilities	0
Loans and borrowings	0
Derivative financial instruments	0
Trade payables	1 027
Other payables	113
Employee benefits	0
Provisions	0
Current liabilities	**1 140**
TOTAL LIABILITIES	**78 326**

Other comprehensive income of material equity-accounted investments:

	Cyclhad SAS (EUR 000) December 31, 2017
Profit/ (loss) for the period	**0**
Items that will not be reclassified subsequently to profit or loss	
Remeasurements of defined benefit liability	0
Income tax on items that will not be reclassified to profit or loss	0
Total items that will not be reclassified to profit or loss	**0**
Items that may be reclassified subsequently to profit or loss	
Change in fair value of cash flow hedges	0
Changes in fair value of assets held to cover the funding of decommissioning liabilities	0
Foreign currency translation adjustments	0
Total items that may be reclassified to profit or loss	**0**
Other comprehensive income for the period, net of tax	**0**
Total comprehensive income for the period	**0**

11.2 MOVEMENTS IN OTHER INVESTMENTS

The “Other investments” are comprised of shares of unlisted companies. These shares are reassessed either on the basis of the discount method for expected future cash flows, or on the basis of the value granted to them during the most recent operation to raise additional capital or from valuation by independent third parties.

(EUR 000)	TOTAL
As at December 31, 2016	**8 909**
Equity stake acquisition	0
Equity stake disposal	0
Movements through reserves	0
Impairment	0
As at December 31, 2017	**8 909**

In 2016, the Group took a stake of 10.26% (USD 2 million) in HIL Applied Medical Ltd, a private Israeli developer of laser-based proton therapy systems which is applying a novel, patented approach to particle acceleration and delivery, combining non-technology with ultra-high-intensity lasers and ultra-fast magnets. This potential technological breakthrough could enable a meaningful reduction in the size and cost of proton therapy systems without compromising clinical utility. Alongside this investment, IBA and HIL have signed an Original Equipment Manufacturer (OEM) agreement which gives IBA the right to purchase HIL’s laser-based proton accelerators for the purpose of integrating them into proton therapy solutions.

In 2015, the Group took a minority stake of GBP 5 million in Proton Partners International (PPI) with which the Group signed contracts to install three Proteus®ONE in private clinics in the United Kingdom. In 2016, PPI has signed three additional Proteus®ONE contracts, two of which are in the United Kingdom and one in the United Arab Emirates.

12. DEFERRED TAXES

The Group recognizes deferred tax assets on unused losses carried forward to the extent that the taxable profit against which these assets are available can be used. The amounts recognized in the balance sheet are prudent estimates made on the basis of recent financial plans approved by the Board of Directors and depend on certain judgments with respect to the amounts and location of the future taxable profits of the Group's subsidiaries and parent company.

(EUR 000)	December 31, 2016	December 31, 2017
DEFERRED TAX ASSETS		
- Deferred tax assets to be recovered after 12 months – Tax losses on carry-forward	20 370	4 250
- Deferred tax assets to be recovered after 12 months - temporary differences	0	0
- Deferred tax assets to be recovered within 12 months - Tax losses on carry-forward	0	0
- Deferred tax assets to be recovered within 12 months - temporary differences	2 426	1 767
TOTAL	**22 796**	**6 017**
DEFERRED TAX LIABILITIES		
- Deferred tax liabilities to be paid after 12 months - temporary differences	582	667
- Deferred tax liabilities to be paid within 12 months - temporary differences	0	0
TOTAL	**582**	**667**
Net deferred tax assets	**22 214**	**5 350**

Deferred tax assets decreased from EUR 22.8 million in 2016 to EUR 6 million in 2017 mainly due to tax reforms and the impacts of research and development tax incentives in Belgium.

In 2016 and in 2017, the recognized temporary differences are mainly related to taxable deferred revenues, non-deductible allowance for doubtful accounts, expenses accrual and inventory in the US entities.

(EUR 000)	TOTAL
DEFERRED TAX ASSETS	
As at January 1, 2016	**23 221**
Credited/(charged) to the income statement	-605
Transfers to assets held for sale	0
Currency translation difference	180
As at December 31, 2016	**22 796**
Credited/(charged) to the income statement	-16 501
Transfers to assets held for sale	0
Currency translation difference	-278
As at December 31, 2017	**6 017**

(EUR 000)	TOTAL
DEFERRED TAX LIABILITIES	
As at January 1, 2016	**697**
(Credited)/charged to the income statement	-115
Transfers to liabilities directly related to assets held for sale	0
Currency translation difference	0
As at December 31, 2016	**582**
(Credited)/charged to the income statement	85
Transfers to liabilities directly related to assets held for sale	0
Currency translation difference	0
As at December 31, 2017	**667**

Deferred tax assets are recognized on tax loss carry-forwards to the extent that it is likely that they can be recovered through future earnings. Note 3.A explains the estimates and judgments used by IBA in making this assessment.

On December 31, 2017, EUR 27.7 million of deferred taxes were not recognized as assets in the balance sheet (EUR 10.6 million in 2016). Tax losses and corresponding temporary differences have no expiry dates.

13. OTHER LONG-TERM ASSETS

(EUR 000)	December 31, 2016	December 31, 2017
Long-term receivables on contracts in progress	837	762
Research tax credit	9 077	10 048
Other assets	8 553	7 762
TOTAL	**18 467**	**18 572**

As at December 31, 2017, "Other assets" mainly consists a loan (principal and interest) and receivables for a total amount of EUR 7.3 million in a company in which the Group holds a participation and bank deposits of EUR 0.34 million.

As at December 31, 2016, "Other assets" mainly consisted of EUR 0.8 million in receivables with associated company, a loan (principal and interest) and receivables for a total amount of EUR 7.5 million in a company in which the Group holds a participation and bank deposits of EUR 0.2 million.

14. INVENTORIES AND CONTRACTS IN PROGRESS

Work in progress relates to production of inventory for which a customer has not yet been secured, while contracts in progress relate to production for specific customers in performance of a signed contract.

(EUR 000)	December 31, 2016	December 31, 2017
Raw materials and supplies	60 548	72 021
Finished products	4 929	2 414
Work in progress	2 562	8 811
Contracts in progress	72 961	65 352
Write-off of inventories	-8 298	-8 311
Inventories and contracts in progress	**132 702**	**140 288**
Costs to date and recognized revenue	564 062	492 103
Less : progress billings	-491 101	-426 751
Contracts in progress	**72 961**	**65 352**
Net amounts due to customers for contracts in progress (Note 24)	85 516	72 906

As at December 31, 2016 and 2017, there are no contracts in progress set as a warranty to cover the financing of a proton therapy contract.

15. TRADE AND OTHER RECEIVABLES

15.1 TRADE RECEIVABLES

Trade account receivables are detailed as follows:

(EUR 000)	December 31, 2016	December 31, 2017
Amounts invoiced on contracts in progress but for which payment has not yet been received at balance sheet date	4 780	15 498
Other trade receivables	64 052	49 038
Impairment of trade receivables (-)	-3 096	-3 536
TOTAL	**65 736**	**61 000**

In 2016, other trade receivables does not include an amount for receivables assumed under the agreement with SK Capital Partners for EUR 661. For 2016, their due payment date is not included in the table below.

As at December 31, the repayment schedule for trade receivables (excluding impairments) was as follows:

(EUR 000)	TOTAL	not due	< 30 days	30-59	60-89	90-179	180-269	270-360	> 1 year
2016	**68 171**	25 466	15 170	5 239	2 450	13 677	923	176	5 070
2017	**64 536**	22 517	6 104	13 611	2 420	15 086	888	1 436	2 474

As at December 31, 2017, trade receivable impairments totals EUR 3.5 million. Changes in the provision for doubtful debts for the past two years are as follows:

(EUR 000)	
As at January 1, 2016	**2 806**
Charge for the year	888
Utilizations	0
Write-backs	-635
Reclassification	0
Change in the consolidation scope	0
Currency translation difference	37
As at December 31, 2016	**3 096**
Charge for the year	2 575
Utilizations	-1 376
Write-backs	-581
Reclassification	0
Change in the consolidation scope	0
Currency translation difference	-178
As at December 31, 2017	**3 536**

15.2 OTHER RECEIVABLES

Other receivables on the balance sheet primarily involve advance payments on orders, deferred charges and accrued income.

Other receivables are detailed as follows:

(EUR 000)	December 31, 2016	December 31, 2017
Non-trade receivables and advance payments	16 403	18 931
Deferred charges	2 625	2 185
Accrued income	853	1 290
Current income tax receivables	1 496	2 790
Other current receivables	1 032	1 022
TOTAL	**22 409**	**26 218**

As at December 31, 2017, the ''non trade receivables and advance payments'' heading is mainly composed of VAT receivable for EUR 3.9 million, advance payments to supplier for EUR 12.1 million, grants receivables for EUR 1.4 million, other tax receivables for EUR 0.7 million and other non-trade receivables for EUR 0.8 million.

As at December 31, 2017, the "Other current receivables" heading is mainly composed of ''research tax credit" for EUR 0.89 million.

As at December 31, 2017, the ''Current income tax receivable'' heading is composed of tax assets in the United States for EUR 0.32 million and in Germany for EUR 2.47 million.

As at December 31, 2016, the ''non trade receivables and advance payments'' heading is mainly composed of VAT receivable for EUR 3.6 million, advance payments to supplier for EUR 11.8 million, grants receivables for EUR 0.6 million and other non-trade receivables for EUR 0.4 million.

As at December 31, 2016, the "Other current receivables" heading was mainly composed of ''research tax credit" for EUR 0.88 million.

As at December 31, 2016, the ''Current income tax receivable'' heading was composed of tax assets in the United States for EUR 0.76 million and in Germany for EUR 0.73 million.

16. CASH AND CASH EQUIVALENTS

(EUR 000)	December 31, 2016	December 31, 2017
Bank balances and cash	54 501	27 238
Accounts with restrictions shorter than 3 months	0	0
Short-term bank deposits	20 063	35
CASH AND CASH EQUIVALENTS - CONTINUING OPERATIONS	**74 564**	**27 273**
Cash and cash equivalents attributable to discontinued operations (Note 6)	0	0
CASH AND CASH EQUIVALENTS - CONTINUING OPERATIONS AND DISCONTINUED OPERATIONS	**74 564**	**27 273**

As at December 31, 2017, the effective interest rate on the cash position was 0.10% (0.13% in 2016). Short-term deposits have an average maturity of less than 30 days.

17. CAPITAL STOCK AND SHARE-BASED PLANS

17.1 CAPITAL STOCK

	Number of shares	Issued capital stock (EUR)	Capital surplus (EUR)	Treasure shares (EUR)	Total (EUR)
Balance as at January 1, 2016	**29 115 067**	**40 864 186**	**37 328 740**	**-8 501 979**	**69 690 947**
Stock options exercised	649 329	911 369	3 289 158	0	4 200 527
Capital increases (other)	0	0	0	0	0
Disposal of treasury shares	0	0	0	0	0
Other	0	0	0	0	0
Balance as at December 31, 2016	**29 764 396**	**41 775 555**	**40 617 898**	**-8 501 979**	**73 891 474**
Stock options exercised	197 850	277 683	703 604	0	981 287
Capital increases (other)	0	0	0	0	0
Disposal of treasury shares	0	0	0	0	0
Other	0	0	0	0	0
Balance as at December 31, 2017	**29 962 246**	**42 053 238**	**41 321 502**	**-8 501 979**	**74 872 761**

As at December 31, 2017, 57.48% of IBA's stock was ''trading'' on Euronext. Full details of the Group's shareholders are set out in the section "The stock market and shareholders" on page 155 of this annual report.

In view of the loss of the 2017 exercise, IBA's Board of Directors intends to recommend to the General Assembly to not pay any dividend in 2018.

17.2 STOCK OPTIONS AND SHARE-BASED PAYMENTS

Group employees and Management can purchase or obtain IBA stock through various stock option and stock plans. Option strike prices are set at the market price of the underlying stock on the date of grant. In the case of the stock plans, the benefit awarded is either the market value of the stock at the grant date or a discount of 16.67 % on the value of the stock at the grant date. Stock ownership vests irrevocably on the date of grant.

However, stock must be held for three years following the grant date. In the case of stock option plans, the fair value of the benefit awarded is measured using the Black & Scholes model, as described below. The benefit granted is recognized as an employee expense, and the share-based payment reserve is increased accordingly.

As at December 31, 2017, IBA had 3 stock option plans in place.

Stock option plans launched from 2002 to 2012 have the following vesting scheme: 20 percent vesting at grant date + 1 year, 40 percent at grant date + 2 years, 60 percent at grant date + 3 years, 80 percent at grant date + 4 years and 100 percent at grant date +5 years.

In 2013, no stock option plan has been launched.

Stock option plans launched in 2014 and 2015 have the following vesting scheme: 100 percent vesting as at December 31, 2018.

In 2016 and 2017, no stock option plan has been launched.

The Company used the Black & Scholes model to value options, with no vesting conditions other than time. Expected volatility for the stock option plans is based on historical volatility determined by statistical analysis of daily share price movements. The fair value of shares for the stock option plans was based on the average share price for the 30 days preceding the grant date.

As at December 31, 2017, a charge of EUR 0.19 million was recognized in the other operating expenses for employee stock options (EUR 0.55 million in 2016).

The stock options outstanding as at December 31 have the following expiration dates and exercise prices:

		December 31, 2016		December 31, 2017
Expiration date	Exercise price (EUR)	Number of stock options	Exercise price (EUR)	Number of stock options
September 30, 2017	5.10	100 137	5.10	2 537
September 30, 2018	4.78	261 366	4.78	161 116
June 30, 2024	11.52	186 500	11.52	186 500
June 30, 2024	31.84	50 000	31.84	50 000
TOTAL outstanding stock options		**598 003**		**400 153**

The 2 537 options expired on September 30, 2017 will be canceled during the first half of 2018.

On August 26, 2015, IBA decided to make the current SOPs exercisable on a continued period (outside of anti-insider dealing black out period and outside one additional technical black out period) as from October 1st, 2015.

Stock option movements can be summarized as follows:

		December 31, 2016		December 31, 2017
Expiration date	Average exercise price in EUR per share	Number of stock options	Average exercise price in EUR per share	Number of stock options
Outstanding as at January 1	**7.78**	**1 272 312**	**9.20**	**598 003**
Issued		0		0
Forfeited (-)	7.90	-24 980		0
Exercised (-)	6.47	-649 329	4.94	-197 850
Lapsed (-)		0		0
Outstanding as at December 31	**9.20**	**598 003**	**11.30**	**400 153**
Exercisable as at December 31		**296 162**		**161 116**

18. RESERVES

(EUR 000)	December 31, 2016	December 31, 2017
Hedging reserves	-2 501	4 466
Other reserves - value of stock option plans and share-based compensation	15 285	15 473
Other reserves – other	175	154
Other reserves - fair value adjustment of available-for-sale investments	0	0
Actuarial reserves	-3 463	-3 888
Reserves for assets held for sale	0	0
Currency translation difference	-1 367	-3 321
Retained earnings	68 370	20 937

According to the Belgian Company Code, the legal reserve must equal at least 10% of the Company's capital stock. Until such time as this level is attained, a top slice of at least one twentieth of the net profit for the year (determined according to Belgian accounting law) must be allocated to building this reserve fund.

The hedging reserve includes changes in the fair value of financial instruments used to hedge cash flows of future transactions.

Cumulative translation difference includes differences related to the translation of financial statements of consolidated entities whose functional currency is not the euro. It also includes foreign exchange differences arising from long-term loans that are part of the Group's net investment in foreign operations.

In 2017, a profit of EUR 0.05 million on the retranslation of these loans was reclassified to equity in order to offset the loss arising from the translation of these loans between subsidiaries of the Group (profit of EUR 0.42 million in 2016).

In 2017, the decrease of ''Actuarial reserves'' is related to changes in employee defined benefits provisions.

As at December 31, 2016 and 2017, the following loans between subsidiaries are designated as the Group's permanent financing in foreign operations:

- IBA SA to IBA USA Inc.: USD 0.5 million
- IBA SA to IBA Industrial Inc.: EUR 3.1 million
- Ion Beam Beijing Medical Applications Technology Service Co. Ltd. To IBA SA: CNY 45.0 million and CNY 14.8 million

In 2017, the movement of the currency translation adjustment included EUR -0.03 million from the technical recycling of currency translation adjustment to the income statement further to the disposal of Sceti Medical Labo KK (IAS 21.48).

19. BORROWINGS

(EUR 000)	December 31, 2016	December 31, 2017
Non-current		
Bank and other borrowings (Note 19.1)	27 750	19 286
Financial lease liabilities (Note 19.2)	0	0
TOTAL	**27 750**	**19 286**
Current		
Short-term bank loans	0	15 000
Bank and other borrowings (Note 19.1)	2 000	8 464
Financial lease liabilities (Note 19.2)	151	0
TOTAL	**2 151**	**23 464**

19.1 BANK AND OTHER BORROWINGS

	December 31, 2016 (EUR '000)	December 31, 2017 (EUR '000)
Current	2 000	23 464
Non-current	27 750	19 286
Total	**29 750**	**42 750**
Opening amount	**31 250**	**29 750**
New borrowings	15 750	15 000
Repayment of borrowings	-17 250	-2 000
Transfers to liabilities directly related to assets held for sale	0	0
Currency translation difference	0	0
Closing balance(1)	**29 750**	**42 750**

European Investment Bank:

The Group had borrowed EUR 30 million from the European Investment Bank (E.I.B.) and made repayments for a total of EUR 13.75 million at the end of 2015. In January 2016, the Group introduced a notice of early repayment of the total outstanding amount with the purpose to partially refinance this amount in the financial markets at a lower average cost of financing (repayment of EUR 10 million at end February 2016 and repayment of EUR 6.25 million at end March 2016). At December 31, 2016, the E.I.B. bank borrowing is fully repaid.

S.R.I.W.:

In 2012, IBA strengthened the availability of financing resources by obtaining a long-term credit facility of EUR 20 million from the S.R.I.W.. Under the terms of this financing, the Group agreed to comply with specific covenants relating to IBA SA's level of equity.

On June 30, 2014, the Group had strengthened its equity with a capital increase from two leading regional and federal investment companies in Belgium for a total amount of EUR 6 million (EUR 5 million from S.R.I.W. and 1 million from S.F.P.I.) and with a ''reverse convertible bond'' subscribed by S.R.I.W. for EUR 5 million. EUR 10 million were used to repay S.R.I.W. outstanding other borrowings.

December 31, 2015 was the latest possible date for converting the EUR 5 million S.R.I.W. bond into equity. At that time, the Group decided not to exercise its right to convert the ''reverse convertible bond'' into equity. As a consequence, the ''reverse convertible bond'' has been reclassified from equity to bank and other borrowings.

Bank borrowings:

In April 2016 IBA borrowed EUR 10 million from a Belgian bank in order to partially refinance the early repayment of E.I.B. outstanding amount. This loan has a 5 years repayment period and will be repaid through 20 equal quarterly instalments in principal. The first repayment in principal of EUR 0.5 million occurred in July 2016. The last instalment will be in April 2021.

In February 2016 IBA issued private 5-year treasury notes for a total subscribed amount of EUR 5.75 million. These notes are supposed to be repaid in a single instalment in February 2021 but have been reclassified to short term borrowings, pending the outcome of discussions to be held with the noteholders on a waiver of the covenants as at 31 December 2017.

IBA also has short-term credit facilities with 3 Belgian banks of EUR 10 million each.

(1)Including 2 subordinated loans of EUR 15 million from S.R.I.W.at end 2017 (2 loans for a total amount of EUR 15 million at end 2016).

As at December 31, 2017, the bank and other borrowings include loans from S.R.I.W. (EUR 15 million), bank borrowing for EUR 7 million, short term credit facilities for EUR 15 million and treasury notes for EUR 5.75 million. For more details see 2.1.3.

As at December 31, 2016, the bank and other borrowings included loans from S.R.I.W. (EUR 15 million) and bank borrowing for EUR 9 million and treasury notes for EUR 5.75 million. For more details see 2.1.3.

The maturities of bank and other borrowings are detailed as follows:

(EUR 000)	December 31, 2016	December 31, 2017
One year or less	2 000	23 464
Between 1 and 2 years	2 714	4 143
Between 2 and 5 years	17 179	9 429
Over 5 years	7 857	5 714
TOTAL	**29 750**	**42 750**

The minimum payments of bank and other borrowings are as follows:

(EUR 000)	December 31, 2016	December 31, 2017
One year or less	2 865	24 471
Between 1 and 2 years	3 658	4 819
Between 2 and 5 years	19 574	10 732
Over 5 years	8 353	6 084
	34 450	**46 106**
Future interest expense on bank and other borrowings (-)	-4 700	-3 356
TOTAL	**29 750**	**42 750**

The effective interest rates for bank and other borrowings at the balance sheet date are as follows:

	December 31, 2016		December 31, 2017	
	EUR	USD	EUR	USD
Bank debts	2.62%	N/A	2.95%	N/A

The carrying amounts of the Group's borrowings are denominated in the following currencies:

(EUR 000)	December 31, 2016	December 31, 2017
EUR	29 750	42 750
USD	0	0
TOTAL	**29 750**	**42 750**

Utilized credit facilities are as follows:

(EUR 000)	December 31, 2016	December 31, 2017
FLOATING RATE		
– expiring within one year	0	15 000
– expiring beyond one year	0	0
TOTAL FLOATING RATE	**0**	**15 000**
FIXED RATE		
– expiring within one year	2 000	8 464
– expiring beyond one year	27 750	19 286
TOTAL FIXED RATE	**29 750**	**27 750**
TOTAL	**29 750**	**42 750**

Unutilized credit facilities are as follows:

(EUR 000)	December 31, 2016	December 31, 2017
FLOATING RATE		
– expiring within one year	30 000	15 000
– expiring beyond one year	0	0
TOTAL FLOATING RATE	**30 000**	**15 000**
FIXED RATE		
– expiring within one year	0	0
– expiring beyond one year	0	0
TOTAL FIXED RATE	**0**	**0**
TOTAL	**30 000**	**15 000**

The facilities expiring within one year are annual facilities subject to review at various dates during the 12 months following the end of the financial year.

The other facilities have been arranged to help to finance the proposed expansion of the Group's activities.

19.2 FINANCIAL LEASE LIABILITIES

(EUR 000)	December 31, 2016	December 31, 2017
Non-current	0	0
Current	151	0
TOTAL	**151**	**0**

Changes in financial lease liabilities are as follows:

(EUR 000)	December 31, 2016	December 31, 2017
Opening balance	**424**	**151**
New borrowings	0	0
Repayment of borrowings	-273	-151
Transfers to liabilities directly related to assets held for sale	0	0
Currency translation difference	0	0
Closing balance	**151**	**0**

Minimum lease payments on financial lease liabilities are as follows:

(EUR 000)	December 31, 2016	December 31, 2017
One year or less	157	0
Between 1 and 5 years	0	0
Over 5 years	0	0
TOTAL	**157**	**0**
Future financial charges on financial leases (-)	-6	0
Present value of financial lease liabilities	**151**	**0**

The present value of financial lease liabilities is as follows:

(EUR 000)	December 31, 2016	December 31, 2017
One year or less	151	0
Between 1 and 5 years	0	0
Over 5 years	0	0
TOTAL	**151**	**0**

The carrying amounts of financial lease liabilities are denominated in the following currencies:

(EUR 000)	December 31, 2016	December 31, 2017
EUR	151	0
CNY	0	0
USD	0	0
TOTAL	**151**	**0**

As at December 31, 2017, the average interest rate paid on financial lease debts was 4.02% (4.02% in 2016).

20. LONG-TERM AND SHORT-TERM PROVISIONS

	Environment	Warranties	Litigation	Defined employee benefits	Other employee benefits	Other	Total
As at January 1, 2016	**558**	**3 872**	**140**	**3 038**	**2 529**	**5 804**	**15 941**
Additions (+)	49	1 999	0	0	1 944	5	3 997
Write-backs (-)	0	-1 132	0	-38	0	-248	-1 418
Utilizations (-)	0	-1 749	0	0	-67	-685	-2 501
Actuarial (gains)/losses generated during the year	0	0	0	425	0	0	425
Reclassifications	0	0	0	0	0	0	0
Transfers to liabilities directly related to assets held for sale	0	0	0	0	0	0	0
Currency translation difference	0	-1	0	0	18	-38	-21
Total movement	**49**	**-883**	**0**	**387**	**1 895**	**-966**	**482**
As at December 31, 2016	**607**	**2 989**	**140**	**3 425**	**4 424**	**4 838**	**16 423**

	Environment	Warranties	Litigation	Defined employee benefits	Other employee benefits	Other	Total
As at January 1, 2017	**607**	**2 989**	**140**	**3 425**	**4 424**	**4 838**	**16 423**
Additions (+)	1	1 633	84	394	74	1 732	3 918
Write-backs (-)	0	-834	0	0	-4 252	-977	-6 063
Utilizations (-)	-170	-869	0	0	-43	-830	-1 912
Actuarial (gains)/losses generated during the year	0	0	0	425	0	0	425
Reclassifications	0	0	0	0	0	0	0
Transfers to liabilities directly related to assets held for sale	0	0	0	0	0	0	0
Currency translation difference	0	-23	-1	0	-28	-42	-94
Total movement	**-169**	**-93**	**83**	**819**	**-4 249**	**-117**	**-3 726**
As at December 31, 2017	**438**	**2 896**	**223**	**4 244**	**175**	**4 721**	**12 697**

20.1 ENVIRONMENT

Provisions for decommissioning costs related to the Group sites where radiopharmaceutical agents 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. For more information on these provisions, see Note 3 of this report.

Movements can be detailed as follows:

- Utilizations of provisions related to the contractual obligations of IBA to dispose of radioactive waste on the Fleurus site for EUR 0.17 million.

20.2 WARRANTIES

Provisions for warranties cover warranties for machines sold to customers.

Movements can be detailed as follows:

- New provisions in relation to Proton therapy and others accelerators amounting to EUR 1.61 million.
- New provisions in relation to Dosimetry for EUR 0.02 million.
- Reversals of provisions in relation to Proton therapy and others accelerators amounting to EUR -0.83 million.
- Utilizations of provisions in relation to Proton therapy and others accelerators amounting to EUR -0.87 million.

20.3 DEFINED EMPLOYEE BENEFITS

See notes 1.2.1 and 28.

20.4 OTHER EMPLOYEE BENEFITS

Other employee benefits provisions as at December 31, 2017 consisted primarily of the following:

- An amount of EUR 0.17 million relating to retirement plan for our Italian personnel.

Details of the main movements are as follows:

- Reversal of provisions amounting to EUR 4.25 million for the Group Long Term Incentive plan (for more information see note 3.E).

20.5 OTHER

Other provisions as at December 31, 2017 consisted primarily of the following:

- An amount of EUR 1.02 million relating to non-recurring commitments on proton therapy projects, an amount of EUR 1.49 million covering the Group's commitments under the agreement with SK Capital Partners, an amount of EUR 1.02 million covering tax risks, an amount of EUR 0.58 million covering a risk of non-recoverability in full on a contractual commitment on a proton therapy project, an amount of EUR 0.15 million covering commitments on another accelerator project and an amount of EUR 0.45 million covering restructuring and reorganization costs.

Details of the main movements are as follows:

- New provisions amounting to EUR 1.73 million covering for EUR 1.02 million tax risks, for EUR 0.45 million restructuring and reorganization costs and for EUR 0.26 million commitments on another accelerator project.
- Reversal of provisions covering tax risks amounting to EUR -0.98 million.
- Utilizations of provisions amounting to EUR -0.66 million covering the Group's estimated commitments under the agreement with SK Capital Partners and EUR -0.17 million covering commitments on another accelerator project.

21. OTHER LONG-TERM LIABILITIES

(EUR 000)	December 31, 2016	December 31, 2017
Advances received from local government	33	24
Emphyteutic land lease	0	4 203
Other	3 883	4 743
TOTAL	**3 916**	**8 970**

In 2017, the Group has transferred local government advances to short term for EUR 0.01 million, has recorded a decrease of long-term contractual obligations related to proton therapy projects for EUR 0.06 million, has recorded additional liability relating to the margin elimination surplus of a proton therapy project sold to an equity-accounted company for EUR 0.92 million and has recorded a liability relating to the emphyteutic lease of the land of the new factory in Belgium for EUR 4.2 million.

In 2016, the Group had transferred local government advances to short term for EUR 0.05 million, has recorded long-term contractual obligations related to proton therapy projects for EUR 0.3 million and has recorded a liability relating to the margin elimination surplus of a proton therapy project sold to an equity-accounted company for EUR 0.5 million.

22. OTHER FINANCIAL ASSETS AND LIABILITIES

(EUR 000)	December 31, 2016	December 31, 2017
HEDGE-ACCOUNTED FINANCIAL INSTRUMENTS		
- Forward foreign exchange contracts	1 057	2 644
- Foreign exchange rate swaps	9	104
INSTRUMENTS RECOGNIZED AT FAIR VALUE		
- Forward foreign exchange contracts	81	96
- Foreign exchange rate swaps	199	155
Options	0	50
Short-term financial assets	**1 346**	**3 049**
HEDGE-ACCOUNTED FINANCIAL INSTRUMENTS		
- Forward foreign exchange contracts	2 158	2 226
INSTRUMENTS RECOGNIZED AT FAIR VALUE		
- Forward foreign exchange contracts	13	8
- Foreign exchange rate swaps	0	55
Long-term financial assets	**2 171**	**2 289**
HEDGE-ACCOUNTED FINANCIAL INSTRUMENTS		
- Forward foreign exchange contracts	2 408	19
- Foreign exchange rate swaps	380	6
INSTRUMENTS RECOGNIZED AT FAIR VALUE		
- Forward foreign exchange contracts	136	18
- Foreign exchange rate swaps	82	75
Short-term financial liabilities	**3 006**	**118**
HEDGE-ACCOUNTED FINANCIAL INSTRUMENTS		
- Forward foreign exchange contracts	1 233	0
INSTRUMENTS RECOGNIZED AT FAIR VALUE		
- Forward foreign exchange contracts	190	0
- Foreign exchange rate swaps	0	0
Long-term financial liabilities	**1 423**	**0**

The Group's policy on the use of financial instruments is detailed in Note 1.22 on Group accounting policies and Note 2 on financial risk management.

As at December 31, 2017, an amount of EUR 2.29 million recognized as a long-term financial asset represented EUR 2.23 million in cash flow hedging instruments and EUR 0.06 million in hedging instruments recognized at fair value through profit and loss.

As at December 31, 2016, an amount of EUR 2.17 million was recognized as a long-term financial asset represented EUR 2.16 million in cash flow hedging instruments and EUR 0.01 million in hedging instruments recognized at fair value through profit and loss.

As at December 31, 2017, an amount of EUR 3.05 million recognized as a short-term financial asset represented EUR 2.75 million in cash flow hedging instruments and EUR 0.30 million in hedging instruments recognized at fair value through profit and loss.

As at December 31, 2016, an amount of EUR 1.35 million was recognized as a short-term financial asset represented EUR 1.07 million in cash flow hedging instruments and EUR 0.28 million in hedging instruments recognized at fair value through profit and loss.

As at December 31, 2016, an amount of EUR 1.42 million was recognized as long-term financial liabilities represented EUR 1.23 million in cash flow hedging instruments and EUR 0.19 million in hedging instruments recognized at fair value through profit and loss.

As at December 31, 2017, an amount of EUR 0.12 million recognized as short-term financial liabilities represented EUR 0.03 million in cash flow hedging instruments and EUR 0.09 million in hedging instruments recognized at fair value through profit and loss.

As at December 31, 2016, an amount of EUR 3.01 million was recognized as short-term financial liabilities represented EUR 2.79 million in cash flow hedging instruments and EUR 0.22 million in hedging instruments recognized at fair value through profit and loss.

Some of these financial instruments are designated as hedging instruments as they hedge specific exchange rate risks to which the Group is exposed. Hedge accounting has been applied to these contracts because they are deemed to be effective hedges. Those transactions are highly probable as they are linked to contracts. For these cash flow hedges, movements are recognized directly in equity and released to the income statement to offset the income statement impact of the underlying transactions.

As at December 31, 2017, a cumulative gain of EUR 4.47 million was therefore directly recorded in equity (under "Hedging Reserves"). At December 31, 2016, the accumulated loss amounted to EUR 2.50 million.

23. TRADE PAYABLES

As at December 31, the payment schedule for trade payables was as follows:

(EUR 000)	TOTAL	Due	< 3 months	4-12 months	1-5 years	> 5 years
2016	**56 041**	30 692	24 739	610	0	0
2017	**46 332**	28 646	17 105	581	0	0

24. OTHER PAYABLES

(EUR 000)	December 31, 2016	December 31, 2017
Amounts due to customers for contracts in progress (or advances received on contracts in progress)	85 516	72 906
Social debts	14 737	16 864
Accrued charges	2 736	2 686
Accrued interest charges	247	201
Deferred income	7 272	8 179
Capital grants	830	1 842
Non-trade payables	3 816	5 662
Other	3 690	3 194
TOTAL	**118 844**	**111 534**

At December 31, 2017, the heading "Other" is mainly composed of advances of EUR 1.8 million received from the Walloon Region of Belgium, advance payments from customers of EUR 0.1 million and other amounting to EUR 1.3 million.

At December 31, 2016, the heading "Other" was mainly composed of advances of EUR 1.7 million received from the Walloon Region of Belgium, advance payments from customers of EUR 0.8 million and other amounting to EUR 1.2 million.

25. OTHER OPERATING EXPENSES AND INCOME

25.1 OTHER OPERATING EXPENSES

Other operating expenses can be broken down as follows:

(EUR 000)	December 31, 2016	December 31, 2017
Write-offs	0	1 467
Cost of share-based payments	549	188
Provisions	0	1 627
One-time bonus granted to employees, except management	2 269	2 852
Long term incentive plan	1 869	0
Reorganization expenses	2 336	2 287
Costs related to the transaction with SK Capital Partners	232	0
Other	918	1 799
TOTAL	**8 173**	**10 220**

At December 31, 2017, the heading "other" mainly includes commitments on Protontherapy and other accelerators projects for EUR 1.0 million, fees on specific projects for EUR 0.55 million and other expenses for EUR 0.25 million.

At December 31, 2016, the heading "other" mainly included commitments on Protontherapy and other accelerators projects for EUR 0.6 million and other expenses for EUR 0.3 million.

25.2 OTHER OPERATING INCOME

Other operating income can be broken down as follows:

(EUR 000)	December 31, 2016	December 31, 2017
Reversal long term incentive plan provision	0	-4 234
Reversal of other provisions	-21	-999
Other	-223	-415
TOTAL	**-244**	**-5 648**

In 2017 the heading "Reversal of other provisions" includes the impact of the reversal of provisions for tax risk for EUR 1.0 million.

26. FINANCIAL EXPENSES AND INCOME

26.1 FINANCIAL EXPENSES

(EUR 000)	December 31, 2016	December 31, 2017
Interest paid on debts	1 196	994
Foreign exchange differences	466	3 313
Change in fair value of derivatives	3 390	2 166
Other	728	971
TOTAL	**5 780**	**7 444**

As at December 31, 2017, the heading "Other" mainly includes commission and bank charges of EUR 0.97 million.

As at December 31, 2016, the heading "Other" mainly included commission and bank charges of EUR 0.71 million.

26.2 FINANCIAL INCOME

(EUR 000)	December 31, 2016	December 31, 2017
Interest received on cash and cash equivalents	-113	-42
Foreign exchange differences	-719	-87
Change in fair value of derivatives	-2 750	-3 103
Other	-745	-683
TOTAL	**-4 327**	**-3 915**

As at December 31, 2017, the heading "Other" mainly includes EUR 0.42 million of rebilling of interests charges in relation to a proton therapy project, EUR 0.11 million of interest on long-term receivables and EUR 0.15 million of other interests.

As at December 31, 2016, the heading "Other" mainly included EUR 0.37 million of rebilling of interests charges in relation to a proton therapy project, EUR 0.19 million of interest on long-term receivables and EUR 0.19 million of other interests.

27. INCOME TAXES

The tax charge/(profit) for the year can be broken down as follows:

(EUR 000)	December 31, 2016	December 31, 2017
Current taxes	2 869	2 940
Deferred taxes	490	16 586
TOTAL	**3 359**	**19 526**

The tax charge on IBA's result before taxes differs from the theoretical amount that would have resulted from application of the average applicable tax rates to the profits of the consolidated companies. The analysis is as follows:

(EUR 000)	December 31, 2016	December 31, 2017
Result from continuing operations before taxes	**27 899**	**-19 606**
Deduct share of profit of companies consolidated using equity method	-145	-92
Result before tax and before share of associate	**27 754**	**-19 698**
Tax charge/(profit) calculated based on local tax rates	**9 386**	**-6 946**
Unrecognized deferred tax assets	496	8 269
Recognized deferred tax assets	0	0
Tax-exempt transactions and non-deductible expenses	1 779	943
Patent deduction (PID)	-8 691	0
Adjustments in respect of income tax charges of previous years	0	731
Write-down of previously recognized deferred tax assets	605	16 586
Utilization of previously unrecognized tax losses	-101	0
Utilization of deferred tax assets	0	0
Utilization of deferred tax liabilities	-115	-57
Other tax (income)/expense	0	0
Booked tax charge/(profit)	**3 359**	**19 526**
Theoretical tax rate	**33.8%**	**35.3%**
Effective tax rate	**12.1%**	**-99.1%**

Given the available tax losses, IBA did not calculate deferred taxes on items credited or charged directly to other comprehensive income.

28. EMPLOYEE BENEFITS

DEFINED CONTRIBUTION PLANS

As at December 31, 2017, the Group recognized expenses in the United stated of EUR 0.5 million for contribution based plans accounted for using the intrinsic value.

DEFINED BENEFIT PLANS

The Group operates in Belgium a contribution based plan funded through payments to an insurance company. The employer guarantees a minimum return on employer contributions resulting in a financial risk to be borne by the Group.

Up to December 31, 2015, the Group had opted to account for these plans using the intrinsic value method.

Following the evolution with respect of minimum guaranteed return, the plans are to be considered as defined benefit plans instead of contribution plans following IAS 19. Since January 1, 2016, the Group has changed its valuation rule and has adopted the projected unit credit method.

Changes in the present value of defined benefit obligations are presented as follows:

(EUR 000)	January 1, 2016	Service cost	Net interest expenses	Actuarial change arising from change in financial assumptions	Contributions by employer	December 31, 2016
Defined benefit obligation	**-8 426**	-727	-38	-425	0	**-9 616**
Fair value of plan assets	**5 388**	0	10	0	793	**6 191**
Benefit liability	**-3 038**	**-727**	**-28**	**-425**	**793**	**-3 425**

(EUR 000)	December 31, 2016	Service cost	Net interest expenses	Actuarial change arising from change in financial assumptions	Contributions by employer	Benefits plan	December 31, 2017
Defined benefit obligation	**-9 616**	-1 279	-152	-182	-21	416	**-10 834**
Fair value of plan assets	**6 191**	0	103	-244	956	-416	**6 590**
Benefit liability	**-3 425**	**-1 279**	**-49**	**-426**	**935**	**0**	**-4 244**

The employee benefit provisions have been calculated on the basis of the following assumptions at January 1, 2016 :

Discount rate: 0.7% or 1.5% based the respective duration of each plan
Mortality table: IABE
Inflation rate: 1.6%
Salary adjustment rate: 2% per annum
Retirement age: 60

And at December 31, 2016 :
Discount rate: 1.69%, 1.43% or 1.03% based the respective duration of each plan
Mortality table: IABE
Inflation rate: 1.6%
Salary adjustment rate: 1.9% or 1.6% per annum
Retirement age: 65

And at December 31, 2017 :
Discount rate: 1.70%, 1.40% or 0.85% based the respective duration of each plan
Mortality table: IABE
Inflation rate: 1.6%
Salary adjustment rate: 1.83% per annum
Retirement age: 65

The impact on the benefit liability of the fluctuation of the discount rate is as follow :

(EUR 000)	December 31, 2016	December 31, 2017
Discount rate 0.25% increase	-3 329	-4 114
Discount rate apply	-3 425	-4 244
Discount rate 0.25% decrease	-3 525	-4 382

29. CASH FLOW STATEMENT

29.1 OPERATING CASH FLOW

	Note	December 31, 2016 (EUR 000)	December 31, 2017 (EUR 000)
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit/(loss) for the period		**24 440**	**-39 201**
Adjustments for :			
Depreciation and impairment of tangible assets	9	2 451	3 381
Depreciation and impairment of intangible assets and goodwill	8	2 219	2 742
Write-off on receivables	15	253	1 994
Changes in fair value of financial assets (profits)/losses		-141	834
Changes in provisions	20	2 579	-2 146
Deferred taxes		398	16 586
Share of result of associates and joint ventures accounted for using the equity method	11	-145	-92
Other non-cash items – impact of IAS 21.48		0	0
Other non-cash items		-250	-737
(Profit)/loss on the disposal of assets held for sale		0	0
Net cash flow changes before changes in working capital		**31 804**	**-16 639**
Trade receivables, other receivables and deferrals		-10 445	-3 477
Inventories and contracts in progress		-53 024	-20 066
Trade payables, other payables and accruals		17 530	1 044
Other short-term assets and liabilities		-1 455	-3 019
Changes in working capital		**-47 394**	**-25 518**
Net income tax paid/received		-2 510	-3 436
Interest expense		1 190	994
Interest income		-108	-42
Net cash (used)/generated from operations		**-17 018**	**-44 641**

As at December 31, 2017, the heading “Other non-cash items” mainly includes expenses in connection with employee stock option plans and stock plans (EUR +0.19 million), the net impact of losses and write-downs on inventories (EUR +0.01 million), the impact of research tax credit not received in cash during the year (EUR -1.86 million), the impact of the disposal of fixed assets (EUR +0.23 million), the impact of grant depreciation (EUR -0.15 million), the impact of interest income not received (EUR -0.2 million), the impact of the margin elimination on the sale of a proton therapy center to an equity accounted company (EUR +0.92 million).

As at December 31, 2016, the heading “Other non-cash items” mainly includes expenses in connection with employee stock option plans and stock plans (EUR +0.55 million), the net impact of losses and write-downs on inventories (EUR +0.63 million), the impact of research tax credit not received in cash during the year (EUR -2.31 million), the impact of revaluation and increase of long term assets (EUR -0.31 million), the impact of the margin elimination on the sale of a proton therapy center to an equity accounted company (EUR +1.2 million).

29.2 INVESTING CASH FLOW

	Note	December 31, 2016 (EUR 000)	December 31, 2017 (EUR 000)
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	9	-9 406	-9 913
Acquisition of intangible assets	8	-3 559	-5 363
Disposals of fixed assets		1	1
Acquisition of subsidiaries net of acquired cash	7	0	0
Acquisition of third-party and equity-accounted investments	11.2	-1 793	7
Disposals of subsidiaries		0	0
Disposals of other investments and equity method accounted companies, net of assigned cash	7.2	63 437	-494
Other investing cash flows		-380	2 891
Net cash (used)/generated from investing activities		**48 300**	**-12 871**

As at December 31, 2017, “Other cash flows from investing activities” mainly includes the repayment of a loan granted to Sceti Medical Labo KK for EUR 2.9 million.

As at December 31, 2016, “Other cash flows from investing activities” mainly includes the drawing on a loan by a company in which the Group holds a participation for EUR 0.3 million.

29.3 FINANCING CASH FLOW

	Note	December 31, 2016 (EUR 000)	December 31, 2017 (EUR 000)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from borrowings	19	15 750	15 000
Repayment of borrowings	19	-17 524	-2 151
Interest paid		-920	-838
Interest received		108	42
Capital increase (or proceeds from issuance of ordinary shares)	17	4 201	981
Dividends paid		-40 347	-8 232
(Acquisitions)/disposal of treasury of shares		0	0
Other financing cash flows		-49	5 391
Net cash (used)/generated from financing activities		**-38 781**	**10 193**

As at December 31, 2017, “Other cash flows from financing activities” includes new payment of grants in Belgium (EUR +1.15 million), changes in liabilities towards Group employees in connection with the exercise of stock option plans (EUR +0.04 million) and the liability relating to the emphyteutic lease of the land of the new factory in Belgium for EUR 4.2 million.

As at December 31, 2016, “Other cash flows from financing activities” includes new payment of grants in Belgium (EUR +0.12 million), changes in liabilities towards Group employees in connection with the exercise of stock option plans (EUR -0.17 million).

30. LITIGATION

The Group is currently not involved in any significant litigation. The potential risks connected with these minor proceedings are deemed to be either groundless or insignificant, and when the risk of payment of potential damages seems actual, are either adequately covered by provisions or insurance policies.

31. COMMITMENTS

31.1 OPERATING LEASES

The Group has a number of non-cancelable operating leases relating to vehicles, equipment, and office space rental. Total future minimum lease payments under non-cancelable operating leases are as follows:

31.1.1 OPERATING LEASES OF CONTINUING OPERATIONS

(EUR 000)	December 31, 2016	December 31, 2017
Due	0	0
One year or less	6 139	6 628
Between 1 and 2 years	5 519	5 626
Between 2 and 5 years	9 587	8 638
Over 5 years	5 604	3 789
TOTAL	**26 849**	**24 681**

Those operating leases are related to:

(EUR 000)	December 31, 2016	December 31, 2017
Building	17 196	15 356
Equipment	1 155	835
Vehicles	8 436	8 455
Other	62	35
TOTAL	**26 849**	**24 681**

The Group operating leases were concluded under the following conditions:

- Buildings: terms between three and fifteen years. The Group has the option to lease the assets for additional term negotiable with the lessor or for an additional term of four years for two operating leases in the United-States.
- Equipment: terms between five and seven years. The Group has the option, under some of its leases, to lease the assets for an additional term negotiable with the lessor.
- Vehicles: terms of three and four years and no option to lease the assets for an additional term.

Total operating lease payments included in the income statement:

(EUR 000)	December 31, 2016	December 31, 2017
Building	2 912	3 030
Equipment	370	377
Vehicles	2 821	3 352
Other	48	47
TOTAL	**6 151**	**6 806**

Operating lease charges are recognized in the income statement in the "Cost of sales and services", "Sales and marketing expenses", "General and administrative expenses", and "Research and development expenses" line items.

31.1.2 OPERATING LEASES OF DISCONTINUED OPERATIONS

(EUR 000)	December 31, 2016	December 31, 2017
One year or less	0	0
Between 1 and 5 years	0	0
Over 5 years	0	0
TOTAL	**0**	**0**

31.2 FINANCIAL GUARANTEES

As at December 31, 2017, IBA held financial guarantees for EUR 79.0 million given by Group's business units as security for debts or commitments, mainly in advance payment guarantees (EUR 67.0 million December 31, 2016).

The Group is paying financial interest at a fixed rate on its financial guarantees. The interest depends on the duration of the guarantee. Therefore, the Group is not exposed to financial credit risk.

32. RELATED PARTY TRANSACTIONS

32.1 CONSOLIDATED COMPANIES

A list of subsidiaries and equity-accounted companies is provided in Note 5.

32.2 TRANSACTIONS WITH AFFILIATED COMPANIES

The main transactions completed with affiliated companies (companies using the equity accounting method) are the following:

(EUR 000)	December 31, 2016	December 31, 2017
ASSETS		
Receivables		
Long-term receivables	793	0
Inventory and contracts in progress	0	0
Trade and other receivables	290	0
Impairment of receivables	0	0
TOTAL RECEIVABLES	**1 083**	**0**
LIABILITIES		
Payables		
Trade and other payables	0	0
TOTAL PAYABLES	**0**	**0**
INCOME STATEMENT		
Sales	6 809	6 267
Costs (-)	-3 206	-3 515
Financial income	95	0
Financial expense (-)	0	0
Other operating income	0	0
Other operating expense (-)	0	0
TOTAL INCOME STATEMENT	**3 698**	**2 752**

32.3 SHAREHOLDER RELATIONSHIPS

The following table shows IBA shareholders at December 31, 2017:

	Number of shares	%
Belgian Anchorage SCRL	6 204 668	20.71%
IBA Investments SCRL	610 852	2.04%
IBA SA	63 519	0.21%
UCL	426 885	1.43%
Sopartec SA	180 000	0.60%
Institut des Radioéléments FUP	1 423 271	4.75%
Société Régionale d’Investissement de Wallonie (S.R.I.W.)	704 491	2.35%
Société Fédérale de Participation et d’investissement (S.F.P.I.)	58 200	0.19%
Capfi Delen Asset Management N.V.	1 920 265	6.41%
Norges Bank Investment Management	1 147 906	3.83%
Public	17 222 189	57.48%
TOTAL	**29 962 246**	**100.00%**

The main transactions completed with the shareholders are the following:

(EUR 000)	December 31, 2016	December 31, 2017
ASSETS		
Receivables		
Long-term receivables	0	0
Trade and other receivables	0	0
Impairment of receivables	0	0
TOTAL RECEIVABLES	**0**	**0**
LIABILITIES		
Payables		
Bank borrowings	15 000	15 000
Trade and other payables	115	127
TOTAL PAYABLES	**15 115**	**15 127**
INCOME STATEMENT		
Sales	0	0
Costs (-)	0	0
Financial income	0	0
Financial expense (-)	-720	-697
Other operating income	0	0
Other operating expense (-)	0	0
TOTAL INCOME STATEMENT	**-720**	**-697**

To the best of the Company's knowledge, there were no other relationships or special agreements among the shareholders at December 31, 2017.

32.4 DIRECTORS AND MANAGEMENT

See remuneration report on page 58.

33. FEES FOR SERVICES RENDERED BY THE STATUTORY AUDITORS

Ernst & Young Réviseurs d'Entreprises SCCRL, auditors of the statutory accounts of IBA SA and auditors of the consolidated accounts of IBA, provided the following services during the year:

(EUR 000)	December 31, 2016	December 31, 2017
Remuneration for statutory audits and audit of consolidated accounts	341	301
Tax-related services	0	0
Other services	2	17
TOTAL	**343**	**318**

34. EVENTS AFTER THE BALANCE SHEET DATE

AT THE CLOSING OF THE BALANCE SHEETS

On March 12, 2018, IBA announced that it has signed three new contracts with Proton Partners International (PPI), to install three Proteus®ONE* compact proton therapy solutions across the UK. The contracts are subject to financing.

The contracted Proteus®ONE solutions include Pencil Beam Scanning (PBS) and Cone Beam CT (CBCT) capabilities making Proteus®ONE the only compact solution ready for adaptive treatment.

The contracts also include a maintenance agreement. The typical end-user price for a Proteus®ONE solution with a maintenance contract is between EUR 35 and 40 million.

These new centers will be the seventh, eighth and ninth that IBA will install for PPI.

In March 2018, IBA subscribed to 2 subordinated bonds of EUR 5 million respectively issued by SRIW and SFPI, and finalized an increase of its short-term credit facilities from EUR 30 million to EUR 60 million.

All the above facilities are subject to several financing covenants. The extended credit facilities with banks for which the main financing covenants are related to a minimum level of adjusted equity and a certain ratio of adjusted net debt to REBITDA, are tested for the first time at end of 2018.

35. NET EARNINGS PER SHARE

35.1 NET BASIC EARNINGS

Net basic earnings per share are calculated by dividing the net profit attributable to Company shareholders by the weighted average number of ordinary shares outstanding during the period. The weighted average number of ordinary shares excludes shares purchased by the Company and held as treasury shares.

BASIC EARNINGS PER SHARE	December 31, 2016	December 31, 2017
Earnings attributable to parent equity holders (EUR 000)	24 440	-39 201
Weighted average number of ordinary shares	28 748 838	29 171 420
Net earnings per share from continuing and discontinued (EUR per share)	**0.850**	**-1.344**
Earnings from continuing operations attributable to parent equity holders (EUR 000)	24 540	-39 132
Weighted average number of ordinary shares	28 748 838	29 171 420
Basic earnings per share from continuing operations (EUR per share)	**0.854**	**-1.342**
Earnings from operations held for sale attributable to parent equity holders (EUR 000)	-100	-69
Weighted average number of ordinary shares	28 748 838	29 171 420
Basic earnings per share from discontinued operations (EUR per share)	**-0.004**	**-0.002**

35.2 DILUTED EARNINGS

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding for the effects of conversion of all dilutive potential ordinary shares. In 2016 and 2017, the Company had only one category of dilutive potential on ordinary share: stock options. The calculation is performed for the stock 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 stock 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 stock options.

DILUTED EARNINGS PER SHARE	December 31, 2016	December 31, 2017
Weighted average number of ordinary shares	28 748 838	29 171 420
Weighted average number of stock options	598 003	397 616
Average share price over period	39.34	38.42
Dilution effect from weighted number of stock options	740 966	382 797
Weighted average number of ordinary shares for diluted earnings per share	29 489 804	29 554 217
Earnings attributable to parent equity holders (EUR 000)	24 440	-39 201
Diluted earnings per share from continuing and discontinued operations (EUR per share)	**0.829**	**-1.344**
Earnings from continuing operations attributable to parent equity holders (EUR 000)	24 540	-39 132
Diluted earnings per share from continuing operations (EUR per share)	**0.832**	**-1.342**
Earnings from operations held for sale attributable to parent equity holders (EUR 000)	-100	-69
Diluted earnings per share from discontinued operations (EUR per share)	**-0.003**	**-0.002**

(*) In compliance with IAS33, which stipulates that the diluted earnings per share does not take into account assumptions for conversion, financial year, or other issuing of potential ordinary shares which may have an anti-dilutive effect on the earnings per share (shares whose conversion involves a decrease in the loss per share).

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Auditor's report to the general meeting of Ion Beam Application SA for the year ended 31 December 2017

As required by law and the Company's articles of association, we report to you as statutory auditor of Ion Beam Application SA (the "Company") and its subsidiaries (together the "Group"). This report includes our opinion on the statement of consolidated financial position as at 31 December 2017, the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated statement of changes in shareholders' equity and the consolidated cash flow statement for the year ended 31 December 2017 and the disclosures (all elements together the "Consolidated Financial Statements") and includes as well our report on other legal and regulatory requirements. These two reports are considered as one report and are inseparable.

We have been appointed as statutory auditor by the shareholders meeting of 10 May 2017, in accordance with the proposition by the Board of Directors following recommendation of the Audit Committee and on presentation of the Workers Council. Our mandate expires at the shareholders meeting that will deliberate on the Statutory Financial Statements for the year ending 2019.
We performed the audit of the Consolidated Financial Statements of the Group during 12 consecutive years.

Report on the audit of the Consolidated Financial Statements

Unqualified opinion

We have audited the Consolidated Financial Statements of Ion Beam Applications SA, which consists of the statement of consolidated financial position as at 31 December 2017, the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated statement of changes in shareholders' equity and the consolidated cash flow statement for the year ended 31 December 2017 and the disclosures, which show a consolidated balance sheet total of thousand € 332.518 and of which the consolidated income statement shows a loss for the year of thousand € 39.201.

In our opinion, the Consolidated Financial Statements of the Group give a true and fair view of the consolidated net equity and financial position as at 31 December 2017, as well as its consolidated results and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS") and with applicable legal and regulatory requirements in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the Consolidated Financial Statements" section of our report.

We have complied with all ethical requirements that are relevant to our audit of the Consolidated Financial Statements in Belgium, including those with respect of independence.

We have obtained from the Board of Directors and the officials of the Company the explanations and information necessary for the performance of our audit and we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements.

These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole and in forming our opinion thereon, and consequently we do not provide a separate opinion on these matters.

Revenue recognition on long-term contracts

Description of the matter

The Group applies the percentage-of-completion ("POC") method in determining revenue and cost recognition for its Proton therapy long-term contracts. For these contracts, management has to estimate the completion of the contract work, which is used to measure the POC for the recognition of contract revenue.

Significant judgements are used to estimate the POC and total contract costs. In making these estimates, management has relied on the expertise of the Group's experts to determine the progress of the contract and also on past experience of completed projects and industry practices.

The nature of these judgements result in them being susceptible to management bias, and inaccuracy in estimating POC and total contract costs can have a significant effect on the Consolidated Financial Statements.

We have considered this to be a key audit matter as significant judgements are involved in estimating the POC and total contract costs.

Description of procedures performed

We have, amongst others, performed following procedures:

- Updated our understanding of the revenue recognition process.
- Analysed sales contracts characteristics and ensured specific financial impacts have been identified and addressed by management.
- Reviewed significant components of estimated total contract costs and revenues for a sample of projects and challenged the completeness and accuracy of total contract costs estimated by management by comparing the total contract costs for selected ongoing projects to similar projects.
- Evaluated management's estimations of total expected costs per project by comparing initial to actual total expected costs.
- Traced significant actual costs incurred for selected contracts to the relevant supporting documents to ensure that the costs are directly attributable to the contracts tested.
- Assessed the correct application of the POC method.
- Performed detailed analytical review procedures by comparing results on these contracts with prior year.

Deferred tax assets

Description of the matter

IBA SA has significant tax loss carry forward, mainly resulting from historical losses in Belgium. IBA recognizes deferred tax assets to the extent that it is probable that future taxable profits will be available against which unused tax losses, tax credits and deductible temporary differences can be utilized.

Management supports the recoverability of the deferred tax assets mainly with income projections which contain estimates for future accounting results and future taxable results after specific tax deduction granted to IBA. Changes in, for example, the business and its markets and changes in regulations may impact these projections.

The valuation of deferred tax assets is a key audit matter because the assessment process is complex and is based on estimates of future taxable results and not only future accounting results.

Description of the procedures performed

We have, amongst others, performed following procedures:

- Evaluated the impact of changes in tax legislation as well as specific tax deduction granted to IBA.
- Tested the analysis of the recoverability of the deferred tax assets.
- Evaluated and challenged management's assumptions and estimates in business plans in relation to revenue forecasts by comparing with historical performance and resulting future taxable results.
- Assessed the appropriateness and completeness of the disclosures as included in Note 12 of the Consolidated Financial Statements.

Financing covenants

Description of the matter

In March 2018, the Group has extended its credit facilities with banks from € 30 million to € 60 million. The assessment of whether the Group will be able to meet the new related financing covenants is a significant aspect of our audit. This assessment is largely based on management's forecasts and estimates which can be influenced by elements such as estimated future cash flows, forecasted sales and margins from operations as well as developments in the economy and the market.

Description of procedures performed

We have, amongst others, performed following procedures:

- Obtained and reviewed the terms of the credit facilities.
- Reviewed the Group's assessment of compliance with relevant financial covenants within these credit facilities.
- Challenged the estimates made by management by assessing whether the estimates regarding revenue forecasts are consistent with historical revenues to date and current contracts in place.
- Assessed whether reasonable possible changes in the revenue forecasts would lead to alternative conclusions.
- Evaluated, based on management forecasts, the Group's capability to meet new financial covenants.

Responsibilities of the Board of Directors for the preparation of the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the Consolidated Financial Statements that give a true and fair view in accordance with IFRS and with applicable legal and regulatory requirements in Belgium. This responsibility involves implementing internal controls relevant to the preparation of the Consolidated Financial Statements that give a true and fair view and that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the Consolidated Financial Statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, and provide, if applicable, information on matters impacting going concern. The Board of Directors should prepare the Consolidated Financial Statements using the going concern basis of accounting, unless the Board of Directors either intends to liquidate the Company or to cease business operations, or has no realistic alternative but to do so.

Our responsibilities for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement, whether due to fraud or error, to express an opinion on these Consolidated Financial Statements based on our audit. Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit, in accordance with ISAs, we exercise professional judgment and we maintain professional skepticism throughout the audit. We also perform the following procedures:

- Identification and assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, the planning and execution of audit procedures to respond to these risks and obtain audit evidence which is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatements is larger when these misstatements are due to fraud, since fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtaining insight in the system of internal controls that are relevant for the audit and with the objective to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

Audit report dated 6 April 2018 on the Consolidated Financial Statements of Ion Beam Applications SA as of and for the year ended 31 December 2017 (continued)

- Evaluating the selected and applied accounting policies, and evaluating the reasonability of the accounting estimates and related disclosures made by the Board of Directors as well as the underlying information given by the Board of Directors;
- Conclude on the appropriateness of Board of Director's use of the going-concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to event or conditions that may cast significant doubt on the Company or Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company or Group to cease to continue as a going-concern;
- Evaluating the overall presentation, structure and content of the Consolidated Financial Statements, and of whether these financial statements reflect the underlying transactions and events in a true and fair view.

We communicate with the Audit Committee within the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the audits of the subsidiaries. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities.

We also provide the Audit Committee within the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and we have communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee within the Board of Directors, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements and are therefore the key audit matters. We describe these matters in our report, unless the law or regulations prohibit this.

Report on other legal and regulatory requirements

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and the content of the Board of Director's report on the Consolidated Financial Statements, the non-financial information and other information included in the annual report.

Responsibilities of the auditor

In the context of our mandate and in accordance with the additional standard to the International Standards on auditing ("ISA's") applicable in Belgium, it is our responsibility to verify, in all material respects, the Board of Director's report on the Consolidated Financial Statements, the non-financial information and, if relevant, other information included in the annual report, and to report any matters on these other legal and regulatory requirements.

Aspects relating to Board of Director's report

In our opinion, after carrying out specific procedures on the Board of Director's report, the Board of Director's report on the Consolidated Financial Statements is consistent with the Consolidated Financial Statements and has been prepared in accordance with article 119 of the Belgian Companies Code.

In the context of our audit of the Consolidated Financial Statements, we are also responsible to consider whether, based on the information that we became aware of during the performance of our audit, the Board of Director's report contain any material inconsistencies or contains information that is inaccurate or otherwise misleading. In light of the work performed, we do not need to report any material inconsistencies. In addition, we do not provide reasonable assurance regarding the Board of Director's report.

4

The non-financial information required by article 119 §2 of the Belgian Companies Code has been prepared as a separate report and is not included in the annual report. The report on the non-financial information has been prepared in accordance with article 119 §2 of the Belgian Companies Code and is consistent with the Consolidated Financial Statements for the same financial year. The Group has prepared this non-financial information based on Global Reporting Initiative Standards.

We do not comment on whether this non-financial information has been prepared, in all material respects, in accordance with Global Reporting Initiative Standards and we do not express any form of reasonable assurance regarding the individual elements included in this non-financial information.

Independence matters

Our auditor's office and our network have not performed any services that are not compatible with the audit of the Consolidated Financial Statements and has remained independent of the Company during the course of our mandate.

The fees for additional services that are compatible with the audit of the Consolidated Financial Statements intended by article 134 of the Belgian Companies Code have been correctly disclosed and detailed in the disclosures of the Consolidated Financial Statements.

Other communications

This report is consistent with our supplementary declaration to the Audit Committee as specified in article 11 of the regulation (EU) nr. 537/2014.

Diegem, 6 April 2018

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

Vincent Etienne
Partner*
*Acting on behalf of a BVBA/SPRL

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IBA SA

ANNUAL FINANCIAL STATEMENTS

In accordance with article 105 of the Belgian Company Code, the following statements represent a condensed version of the annual financial statements. The full text is available on request from the headquarters of the Company and will be filed with the National Bank of Belgium. This condensed version does not contain all of the appendixes or the auditor's report, who expressed an unqualified opinion.

ASSETS (EUR 000)	2016	2017
FIXED ASSETS	**118 802**	**128 649**
Formation expenses	**0**	**0**
Intangible fixed assets	**35 715**	**43 504**
Tangible fixed assets	**15 597**	**16 280**
Land and buildings	3 286	8 632
Plant, machinery, and equipment	4 262	5 098
Furniture and vehicles	1 750	1 895
Leases and similar rights	2 358	0
Assets under construction and advance payments	3 941	656
Financial assets	**67 490**	**68 865**
Affiliated companies	58 427	59 735
Other investments	0	0
Others financial assets	9 063	9 130
CURRENT ASSETS	**306 621**	**254 388**
Accounts receivable in more than one year	**12 126**	**13 037**
Inventories and contracts in progress	**119 549**	**130 736**
Inventories	49 255	64 334
Contracts in progress	70 294	66 402
Accounts receivable within one year	**108 563**	**87 377**
Trade receivables	95 110	77 882
Other receivables	13 453	9 495
Investments	**20 647**	**621**
Cash at bank and in hand	**32 194**	**17 875**
Deferred charges and accrued income	**13 542**	**4 742**
TOTAL ASSETS	**425 423**	**383 038**

LIABILITIES AND EQUITY (EUR 000)	2016	2017
SHAREHOLDERS' EQUITY	**129 409**	**121 450**
Capital stock	**41 776**	**42 053**
Capital surplus	**40 618**	**41 322**
Reserves	**4 960**	**4 960**
Legal reserve	4 177	4 177
Reserves not available for distribution	580	580
Untaxed reserves	203	203
Retained earnings	**41 226**	**31 273**
Capital grants	**830**	**1 842**
PROVISIONS AND DEFERRED TAXES	**10 292**	**6 590**
LIABILITIES	**285 721**	**254 997**
Accounts payable in more than one year	**117 722**	**91 504**
Financial debts	27 750	20 000
Advances received on contracts in progress	78 382	60 488
Other accounts payable	11 590	11 016
Accounts payable within one year	**156 770**	**158 687**
Current portion of accounts payable in more than one year	47 625	71 327
Financial debts	246	6 877
Trade debts	85 216	58 175
Advances received on contracts in progress	3 823	6 806
Current tax and payroll liabilities	10 309	14 370
Other accounts payable	9 550	1 131
Accrued charges and deferred income	**11 230**	**4 806**
TOTAL LIABILITIES	**425 423**	**383 038**

INCOME STATEMENT (EUR 000)	2016	2017
Operating income	**322 771**	**289 456**
Turnover	218 578	207 158
Work in progress, finished goods and contracts in progress	24 342	-3 892
Capitalized production	32 270	37 180
Other operating income	47 523	49 010
Other extraordinary income	57	0
Operating expenses (-)	**-294 188**	**-295 977**
Raw materials, consumables, and goods for resale	-87 327	-93 751
Services and other goods	-108 369	-94 878
Salaries, social security, and pensions	-59 220	-69 464
Depreciation and write-offs on fixed assets	-32 699	-38 672
Increase/(Decrease) in write-downs on inventories, work in progress, and trade debtors	-1 370	-834
Provisions for liabilities and charges	221	4 093
Other operating expenses	-4 486	-1 083
Other extraordinary expenses	-939	-1 388
Operating profit/loss)	**28 583**	**-6 521**
Financial income	**7 382**	**6 563**
Income from financial assets	0	0
Income from current assets	984	876
Other financial income	6 391	5 687
Extraordinary financial income	7	0
Financial expenses (-)	**-9 111**	**-9 046**
Interest expense	-1 595	-1 569
Amounts written off on current assets other than inventories, work in progress and trade debtors - increase (decrease)	0	0
Other financial charges	-7 516	-7 477
Extraordinary financial expenses (-)	0	0
Profit/(loss) for the period before taxes	**26 853**	**-9 004**
Income taxes (-) (+)	-150	-948
Profit/(loss) for the period	**26 703**	**-9 952**
Transfers to tax free reserves (-)	**0**	**0**
Profit/(loss) for the period available for appropriation	**26 703**	**-9 952**

APPROPRIATION OF RESULTS (EUR 000)	2016	2017
Profit/(Loss) to be appropriated	**49 946**	**31 273**
Profit/(loss) for the period available for appropriation	26 703	-9 952
Profit/(Loss) carried forward	23 243	41 226
Transfers to capital and reserves	**9**	**0**
On capital stock and capital surplus	0	0
From reserves	10	0
Appropriations to capital and reserves	**91**	**0**
To capital stock and capital surplus	0	0
To legal reserve	91	0
To other reserves	0	0
Profit/(Loss) to be carried forward	**49 864**	**31 273**
Profit to distribute	**49 864**	**31 273**
Dividends	-8 638	0

STATEMENT OF CAPITAL (EUR 000)	2016 Amount (EUR 000)	2016 Number of shares	2017 Amount (EUR 000)	2017 Number of shares
Capital				
1. Issued capital				
At the end of the previous financial year	**40 864**		**41 775**	
Changes during the financial year	911	649 329	278	197 850
At the end of the current financial year	**41 775**		**42 053**	
2. Structure of the capital				
2.1. Categories of shares				
• Ordinary shares without designation of face value	23 774	17 061 907	24 052	17 259 757
• Ordinary shares without designation of face value with WPR strips	18 001	12 702 489	18 001	12 702 489
2.2. Registered or bearer shares				
• Registered shares		7 957 746		7 967 000
• Bearer shares		21 806 650		21 995 246
Own shares held by				
• The Company itself	90	63 519	90	63 519
• Its subsidiaries	858	610 852	858	610 852
Stock issue commitments				
Following exercise of share options				
• Number of outstanding share options		598 003		400 153
• Amount of capital to be issued	839		562	
Maximum number of shares to be issued		598 003		400 153
Amount of non-issued authorized capital	**23 314**		**23 314**	

GENERAL INFORMATION

CORPORATE NAME

Ion Beam Applications SA, abbreviated IBA SA.

REGISTERED OFFICE

Chemin du Cyclotron, 3; B-1348 Louvain-la-Neuve, Belgium; enterprise number VAT BE0428.750.985, RPM Nivelles.

DATE, FORM AND PERIOD OF INCORPORATION

IBA was incorporated for an indefinite period on March 28, 1986 as a "Société Anonyme" under Belgian law. IBA is a listed corporation pursuant to Article 4 of the Belgian Company Code and a Company having issued equity to the public pursuant to Article 438 of the Code.

CORPORATE PURPOSE (ARTICLE 3 OF THE ARTICLES OF INCORPORATION)

The purpose of the Company is to engage in research and development and to acquire intellectual property rights with a view to the exploitation, fabrication, and commercialization of applications and equipments in the field of applied physics. It may engage in any and all securities, real-estate, financial, commercial, and industrial operations that are directly or indirectly related to its corporate purpose. It may acquire an interest, by contribution, merger, purchase of shares, or any other means, in companies, partnerships, or corporations whose purpose is similar, analogous, related, or useful to the achievement of its corporate purpose in whole or in part.

CONSULTATION OF CORPORATE DOCUMENTS

The Company's statutory and consolidated statements are filed with the National Bank of Belgium. Copies of the Company's consolidated articles of incorporation, its annual and semi-annual reports, and all other shareholder documentation may be obtained at the Company's website (www.iba-worldwide.com) or by shareholder request to the Company's registered office.

CAPITAL

At December 31, 2017, IBA capital amounted to EUR 42 053 237.84 and was represented by 29 962 246 fully paid up shares with no par value.

In September 2011, the Company issued 1 487 000 stock options for Group employees ("2011 Plan"). They allow the beneficiary to purchase a new share at EUR 5.03 (EUR 5.42 for determined persons) following certain procedures during specific periods between January 1, 2015 and September 30, 2017.

At December 31, 2016, there were 100 137 outstanding stock options of this plan.

The following exercises of these stock options were recorded by notarial deed in 2017: 47 861 stock options exercised on April 21 2017, 16 128 stock options exercised on August 22 2017, 33 611 stocks options exercised on November 17 2017.

At December 31, 2017, there were thus 2 537 outstanding stock options of this plan.

In September 2012, the Company issued 870 000 stock options for Group employees ("2012 Plan"). They allow the beneficiary to purchase a new share at EUR 4.78 following certain procedures during specific periods between January 1, 2016 and September 30, 2018.

At December 31, 2016, there were 261 366 outstanding stock options of this plan.

The following exercises of these stock options were recorded by notarial deed in 2017: 40 292 stock options exercised on April 21 2017, 11 574 stock options exercised on August 22 2017, 48 384 stocks options exercised on November 17 2017.

At December 31, 2017, there were thus 161.116 outstanding stock options of this plan.

In June 2014, the Company issued 250 000 stock options for the Group management ("2014 Plan"). They allow the beneficiary to purchase a new share at EUR 11.52 following certain procedures during specific periods between January 1, 2019 and June 30, 2024.

At December 31, 2016, there were 186 500 outstanding stock options of this plan.

Neither cancellations nor exercises of these stock options were recorded in 2017.

At December 31, 2017, there were thus 186 500 outstanding stock options of this plan.

In December 2015, the Company issued 50 000 stock options for the Group management ("2015 Plan"). They allow the beneficiary to purchase a new share at EUR 31.84 following certain procedures between January 1, 2019 and June 30, 2024.

Neither cancellations nor exercises of these stock options were recorded in 2017.

At December 31, 2017, there were thus 50 000 outstanding stock options of this plan. At December 31, 2017, none of these options were exercisable.

As at December 31, 2017, 400 153 options were issued and outstanding.

Please note that IBA decided on August 26, 2015 to render the current SOPs exercisable on a continued period (outside of anti-insider dealing black out period and outside one additional technical black out period) as from October 1st, 2015.

All stock options may also be exercised in the event of a takeover bid for IBA or of an increase in shareholders' equity with preemptive rights.

AUTHORIZED CAPITAL

At December 31, 2017, the authorized capital amounted to EUR 23 313 892.64.

PATENTS AND TECHNOLOGIES

IBA is careful to patent all aspects of its technology for which a patent provides a commercial advantage.

In addition, the Company has maintained the secrecy of a significant portion of its know-how that is not patentable or for which the Company believes secrecy is more effective than publication in a patent application. More fundamentally, the Company believes that the best way to protect itself from its competitors is not by patenting its inventions, but by maintaining its technological lead.

IBA also licenses patents from third parties and pays royalties on them.

LICENSING AND COOPERATION AGREEMENTS

IBA has licensing agreements involving various aspects of its technology. Listing and explaining the nature and terms of these licensing agreements is beyond the scope of this annual report. These agreements cover, for example, certain aspects of its particle accelerator technology and a number of components of its proton therapy equipment.

FIVE-YEAR CAPITAL HISTORY

OPERATION	Number of new shares	Total number of shares	Variation (Δ)	Amount
26/02/2013 Exercise of options under extended 2004 Plan	10 350	27 384 378	14 534.51	38 434 791.10
07/05/2013 Exercise of options under extended 2004 Plan	52 701	27 437 079	74 008.01	38 508 799.11
11/07/2013 ESP Plan (2013)	10 231	27 447 310	14 359.21	38 523 158.32
11/07/2013 Exercise of options under extended 2004 Plan	77 619	27 524 929	109 000.36	38 632 158.68
25/10/2013 Exercise of options under extended 2004 Plan	110 510	27 635 439	155 189.19	38 787 347.87
28/02/2014 Exercise of options under extended 2005 plan	32 197	27 667 636	45 211.03	38 832 558.90
29/04/2014 Exercise of options under extended 2005 plan	7 890	27 675 526	11 079.14	38 843 638.04
29/04/2014 Exercise of options under 2009 plan BE	221	27 675 747	310.22	38 843 948.26
29/04/2014 Exercise of options under 2010 BE plan	208	27 675 955	291.97	38 844 240.23
27/06/2014 capital increase in favor of S.R.I.W./S.F.P.I.	520 832	28 196 787	730 987.71	39 575 227.94
25/07/2014 Exercise of options under 2009 plan	78 679	28 275 466	110 441.71	39 685 669.65
25/07/2014 Exercise of options under 2010 plan	63 535	28 339 001	89 184.08	39 774 853.73
6/11/2014 Exercise of options under 2009 plan	28 494	28 367 495	39 997.03	39 814 850.76
6/11/2014 Exercise of options under 2010 plan	26 309	28 393 804	36 929.94	39 851 780.70
26/02/2015 Exercise of options under 2006 plan	38.287	28 432 091	53 751.12	39 905 531.82
26/02/2015 Exercise of options under 2006 plan (det pers)	800	28 432 891	1 123.12	39 906 654.94
26/02/2015 Exercise of options under 2009 plan	45.237	28 478 128	63 499.18	39 970 154.12
26/02/2015 Exercise of options under 2010 plan	49.528	28 527 656	69 522.45	40 039 676.57
26/02/2015 Exercise of options under 2011 plan	99.408	28 627 064	139 519.13	40 179 195.70
26/02/2015 Exercise of options under 2011 plan (det pers)	26.456	28 653 520	37 131.00	40 216 326.69
27/05/2015 Exercise of options under extended 2006 plan (det pers)	3.000	28 656 520	4 211.70	40 220 538.39
27/05/2015 Exercise of options under extended 2006 plan	34 205	28 690 725	48 020.40	40 268 558.79
27/05/2015 Exercise of options under extended 2007 plan	13 119	28 703 844	18 415.14	40 286 973.93
27/05/2015 Exercise of options under 2009 plan	141 435	28 845 279	198 532.31	40 485 506.24
27/05/2015 Exercise of options under 2010 plan	65 579	28 910 858	92 053.24	40 577 559.48
27/05/2015 Exercise of options under 2011 plan	72 340	28 983 198	101 529.19	40 679 088.67
27/05/2015 Exercise of options under 2011 plan (det pers)	34 232	29 017 430	48 044.61	40 727 133.28
31/08/2015 Exercise of options under extended 2006 plan (det pers)	3 000	29 020 430	4 211.70	40 731 344.98
31/08/2015 Exercise of options under extended 2006 plan	6 500	29 026 930	9 125.35	40 740 470.33
31/08/2015 Exercise of options under extended 2007 plan (det pers)	3 000	29 029 930	4 211.10	40 744 681.43
31/08/2015 Exercise of options under extended 2007 plan	5 349	29 035 279	7 508.39	40 752 189.82
31/08/2015 Exercise of options under 2009 plan	19 456	29 054 735	27 310.39	40 779 500.21
31/08/2015 Exercise of options under 2010 plan	5 507	29 060 242	7 730.18	40 787 230.38
31/08/2015 Exercise of options under 2011 plan	14 435	29 074 677	20 259.52	40 807 489.91
18/12/2015 Exercise of options under extended 2006 plan	8 750	29 083 427	12 284.13	40 819 774.04
18/12/2015 Exercise of options under extended 2007 plan	3 454	29 086 881	4 848.38	40 824 622.41
18/12/2015 Exercise of options under 2009 plan	20 328	29 107 209	28 534.41	40 853 156.83
18/12/2015 Exercise of options under 2010 plan	1 441	29 108 650	2 022.73	40 855 179.56
18/12/2015 Exercise of options under 2011 plan	6 417	29 115 067	9 006.26	40 864 185.82
22/04/2016 Exercise of options under 2007 plan (det pers prolonged)	3 993	29 119 060	5 604.97	40 869 790. 79
22/04/2016 Exercise of options under 2007 plan (prolonged)	23 656	29 142 716	33 205.93	40 902 996.72
22/04/2016 Exercise of options under 2010 plan	97 925	29 240 641	137 457.32	41 040 454.04
22/04/2016 Exercise of options under 2011 plan (det pers)	14 577	29 255 218	20 458.82	41 060 912.86
22/04/2016 Exercise of options under 2011 plan (empl)	109 472	29 364 690	153 643.95	41 214 556.81
22/04/2016 Exercise of options under 2012 plan	159 194	29 523 884	223 428.78	41 437 985.59
20/09/2016 Exercise of options under 2007 plan (det pers prolonged)	664	29 524 548	932.06	41 438 917.65
20/09/2016 Exercise of options under 2007 plan (prolonged)	1 879	29 526 427	2 637.55	41 441 555.20
20/09/2016 Exercise of options under 2010 plan	23 174	29 549 601	32 529.34	41 474 084.54
20/09/2016 Exercise of options under 2011 plan (det pers)	2 000	29 551 601	2 807.00	41 476 891.54
20/09/2016 Exercise of options under 2011 plan (empl)	5 586	29 557 187	7 839.95	41 484 731.49
20/09/2016 Exercise of options under 2012 plan	28 516	29 585 703	40 022.21	41 524 753.70
15/12/2016 Exercise of options under 2007 plan	8 812	29 594 515	12 369.40	41 537 123.10
15/12/2016 Exercise of options under 2010 plan	21 407	29 615 922	30 049.01	41 567 172.11
15/12/2016 Exercise of options under 2011 plan (det pers)	14 639	29 630 561	20 545.84	41 587 717.95
15/12/2016 Exercise of options under 2011 plan (empl)	100 080	29 730 641	140 462.28	41 728 180.23
15/12/2016 Exercise of options under 2012 plan	33 755	29 764 396	47 375.14	41 775 555.37
21/04/2017 Exercice of options under 2011 plan (det pers)	12 595	29 776 991	17 677.08	41 793 232.40
21/04/2017 Exercice of options under 2011 plan (empl)	35 266	29 812 257	49 495.83	41 842 728.28
21/04/2017 Exercice of options under 2012 plan	40 292	29 852 549	56 549.82	41 899 278.10
22/08/2017 Exercice of options under 2011 plan (empl)	16 128	29 868 677	22 635.65	41 921 913.75
22/08/2017 Exercice of options under 2012 plan	11 574	29 880 251	16 244.11	41 938 157.86
17/11/2017 Exercice of options under 2011 plan (det pers)	16 029	29 896 280	22 496.70	41 960 654.56
17/11/2017 Exercice of options under 2011 plan (empl)	17 582	29 913 862	24 676.34	41 985 330.90
17/11/2017 Exercice of options under 2012 plan	48 384	29 962 246	67 906.94	42 053 237.84

THE STOCK MARKET AND THE SHAREHOLDERS

IBA STOCKs'

IBA stock is quoted on the Euronext Brussels continuous market (Compartment B since January 17, 2013). It was introduced on the Stock Exchange on June 22, 1998 at a price of EUR 11.90 (adjusted for a 5 to 1 split in June, 1999).

IBA stock closed at EUR 23.885 on December 31, 2017.

The total number of outstanding stock options as at December 31, 2017 amounts to 400 153. There are no convertible bonds or bonds with warrants outstanding as at 31 December 2017.

Situation as at	**December 31, 2017 Non diluted**		**December 31, 2017 Fully diluted**	
Entity	**Number of shares**	**%**	**Number of shares**	**%**
Belgian Anchorage SCRL [1]	6 204 668	20.71%	6 204 668	20.44%
IBA Investments SCRL [2]	610 852	2.04%	610 852	2.01%
IBA SA	63 519	0.21%	63 519	0.21%
UCL	426 885	1.43%	426 885	1.41%
Sopartec SA	180 000	0.60%	180 000	0.59%
SRIW	704 491	2.35%	704 491	2.32%
SFPI	58 200	0.19%	58 200	0.19%
Institut des Radioéléments FUP	1 423 271	4.75%	1 423 271	4.69%
Subtotal	**9 671 886**	**32.28%**	**9 671 886**	**31.86%**
Public (including Capfi Delen Asset Management N.V. and Norges Bank Investment Management)	20 290 360	67.72%	20 690 513	68.14%
Total	**29 962 246**	**100.00%**	**30 362 399**	**100.00%**

[1] Belgian Anchorage is a company established and wholly owned by IBA Management and a number of IBA employees.
[2] IBA Investments is a second-tier subsidiary of IBA SA.

SHAREHOLDERS' SCHEDULE

Interim statements, first quarter 2018	May 9, 2018
2017 Annual Shareholders' Meeting	May 9, 2018
Publication of the half-yearly results as of June 30, 2018	August 23, 2018
Interim statements, third quarter 2018	November 15, 2018

STOCK MARKET PRICES

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