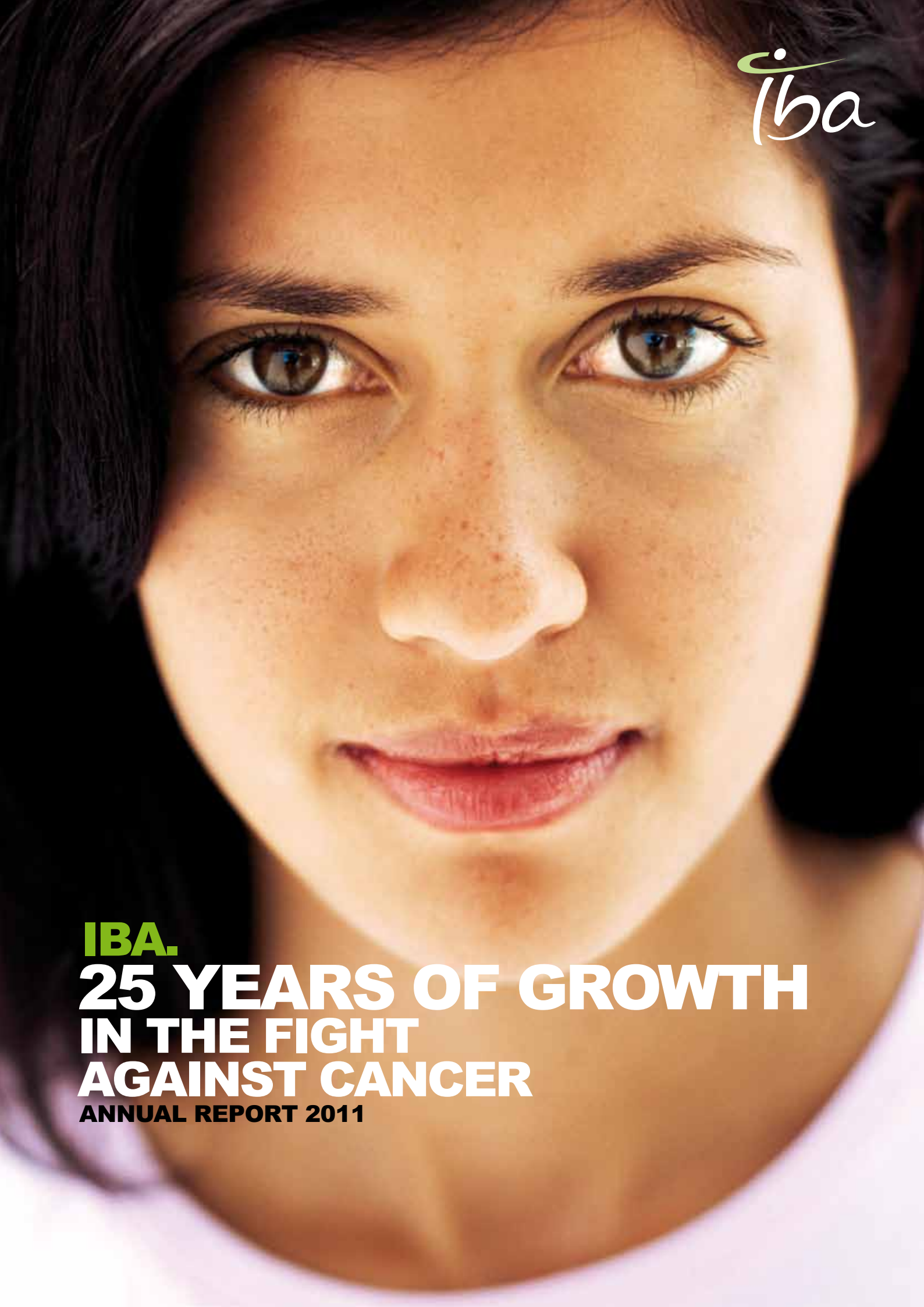


IBA.

25 YEARS OF GROWTH IN THE FIGHT AGAINST CANCER

ANNUAL REPORT 2011

CONTENT

INTRODUCTION

Founded in 1986 in Louvain-la-Neuve, Belgium, IBA develops and markets advanced technologies, pharmaceutical products and customized solutions in the healthcare field, with emphasis on the diagnosis and treatment of cancer. Leveraging its scientific expertise, IBA is also active in the sterilization and ionization market.

IBA is quoted on the pan-European EURONEXT exchange (IBA: Reuters IBAB.BR and Bloomberg IBAB.BB).

KEY ELEMENTS IN 2011

IBA celebrates its 25th anniversary and starts implementing its 2020 vision of personalized medicine already.

Sales achieve a growth of 14% and reach EUR 238.3 million. Recurring operating income reaches EUR 9.8 million, a decline from the 2010 result. The financial year closes with a net loss of EUR 84 million.

These financial results do not take into account of IBA's radiopharmaceutical activity, 60% of which is, since January 9 2012, in the process of being transferred to a private investment firm, SK Capital Partners, based in the United States. In line with current IFRS norms, all activity over which IBA will lose control has been reclassified in "profit (loss) of the year from discontinued operations" for both the 2011 financial year and the 2010 comparative year.

PHARMACEUTICALS :

IBA announces its intention to form an alliance with a strategic partner in order to finance the development, market introduction and distribution of proprietary molecules for PET diagnosis.

- IBA continues its co-development efforts with WILEX and Aposense in the area of innovative molecules for cancer diagnosis. A pre-BLA meeting and follow-up meeting were held between IBA, WILEX and the FDA in order to define next steps in the submission of REDECTANE® to American health authorities.
- The global PET radiopharmaceutical network is extended thanks to IBA's participation in PET Net Germany. With the completion of this operation, IBA possesses the only PET network with worldwide coverage, with 57 PET production centers and an ultramodern SPECT site.
- IBA suspends negotiations with a financial consortium concerning the transfer of the majority of its shares in Cisbio Bioassays.

EQUIPMENT :

- Sale of six proton therapy centers: Dresden (Germany), Seattle, Knoxville and Shreveport (United States), Stockholm (Sweden) and Krakow (Poland).
- Sale of the first Proteus®ONE a compact and more economical proton therapy system.
- Sale of 16 particle accelerator systems (five industrial accelerators and 11 cyclotrons for PET radiopharmaceuticals).
- Visicoil™ receives market authorization from the Japanese health ministry.

KEY FIGURES

	2007 (EUR '000)	2008 (EUR '000)	2009 (EUR '000)	2010 (EUR '000)	2011 (EUR '000)	CAGR (%)
Sales and services	213 849	332 607	359 161	387 591	237 694 (*)	N/A
Gross margin	69 845	112 335	131 311	144 460	97 216 (*)	N/A
REBITDA	18 269	26 143	25 433	34 046	17 032 (*)	N/A
REBIT	11 788	10 751	7 306	12 957	9. 855 (*)	N/A
REBIT/Sales and services	5.5%	3.2%	2.0%	3.3%	4.1%	N/A
Net profit	13 846	5 329	-12 293	6 643	-84 128	N/A
Capital expenditure	23 772	33 701	31 328	38 249	40 310	14.1%
Research and development expenses	17 167	27 001	28 982	27 774	28 082 (*)	N/A
Equity	141 481	152 366	144 142	152 402	68 718	-16.5%
Net cash position	32 028	17 806	-17 061	-26 956	-40 606 (*)	N/A
Current liabilities	118 658	200 914	177 543	203 518	389 152 (*)	N/A
Total assets	324 438	509 521	479 643	528 207	498 011	11.3%
Return on equity	9.8%	3.5%	-8.5%	4.4%	-122.4%	N/A
Return on Capital Employed (ROCE)	5.7%	3.5%	2.4%	4.0%	9.1%	N/A
Share price at December 31 (Euro)	19.00	7.75	8.45	8.28	4.77	-29.2%
Number of shares	25 800 252	26 563 097	26 719 155	26 992 015	27 365 028	1.5%
Net earnings per share (EPS) - (Euro per share)	0.54	0.20	-0.46	0.25	-3.07	
Price/Earnings	35.40	38.63	-18.37	33.64	-1.55	
Market capitalization	490 205	205 864	225 777	223 494	130 531	-28.2%
Book value per share (Euro per share)	5.48	5.74	5.39	5.65	2.51	-17.7%
Dividend per share	0.17	0.08	0.00	0.15	0.00	0.0%
Enterprise value	458 177	188 058	242 838	250 450	171 137	-21.8%
EV/REBITDA	25.1	7.2	9.5	7.4	10.0	N/A
Employees at December 31	1 360	2 067	1 988	2 057	2 201	12.8%

** The financial statements have been restated to exclude the radiopharmaceutical operations that have been sold and reclassify them to discontinued operations. The figures affected are indicated with an asterisk. This impacts the interpretation of the ratios.*

SALES TRENDS BY ACTIVITY

	2007 (EUR '000)	2008 (EUR '000)	2009 (EUR '000)	2010 (EUR '000)	2011 (EUR '000)	CAGR (%)
SALES						
Pharmaceuticals	78 265	149 971	203 587	217 603	34 529 (*)	
Proton therapy	59 343	86 191	70 689	82 884	121 157	19.5%
Dosimetry	35 240	37 557	39 815	48 018	43 112	5.2%
Other accelerators	41 001	58 888	45 070	39 086	38 896	-1.3%
RECURRING OPERATING PROFIT (LOSS)						
Pharmaceuticals	3 205	2 918	1 135	-2 569	1 690 (*)	
Equipment	8 583	7 833	6 171	15 526	8 165	-1.2%

(1) CAGR: Compound annual growth rate.

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

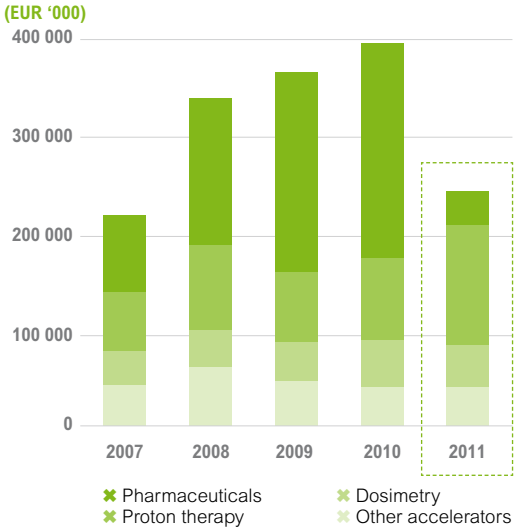
(3) REBIT: Recurring earnings before taxes and financial charges.

(4) Cash and cash equivalents less long-term and short-term financial debts.

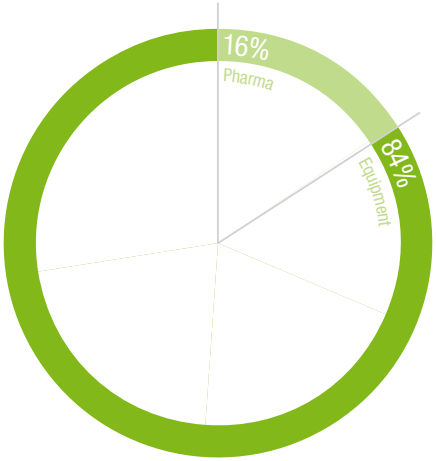
(5) The share price on December 31 multiplied by the number of shares.

(6) Market capitalization less the net cash position.

SALES TRENDS



R&D 2011



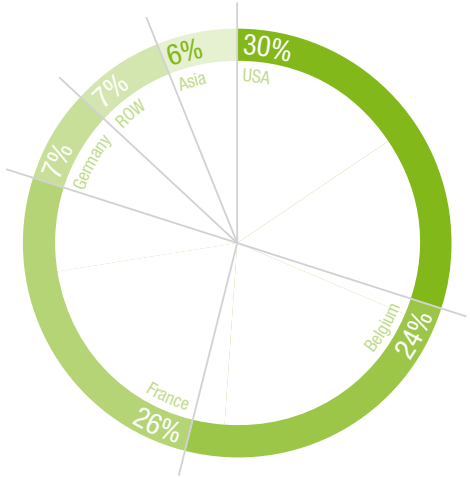
SALES TRENDS BY GEOGRAPHIC SECTOR (%)

	2007	2008	2009	2010	2011
USA	55	40	30	31	35*
ROW	45	60	70	69	65*

** The financial statements have been restated to exclude the radiopharmaceutical operations that have been sold and reclassify them to discontinued operations. The figures affected are indicated with an asterisk. This affects the interpretation of the ratios.*

NUMBER OF EMPLOYEES AND EMPLOYEE DISTRIBUTION WORLDWIDE

EMPLOYEE DISTRIBUTION WORLDWIDE



NUMBER OF EMPLOYEES

This link will take you to the Investor Relations page on the IBA website http://group.iba-worldwide.com/investor-relations

HIGHLIGHTS 2011

1st quarter 2011

January 17 — IBA halts negotiations with a French financial consortium on the transfer of a majority stake in Bioassays.

IBA is selected for a new proton therapy center in Dresden, Germany.

January 20 — IBA announces the closing of the financing for the Seattle proton therapy center.

March 18 — IBA signs a contract with Skandionkliniken for the installation of Scandinavia's first dedicated proton therapy center.

2nd quarter 2011

April 18 — IBA acquires 25% of PET Net Germany and strengthens its worldwide PET radiopharmaceuticals production network.

May 9 — IBA distributes RayCheck and BrachyCheck software solutions which will enhance radiation therapy quality assurance.

May 10 — IBA announces its new Proteus®TK2, a proton therapy center with two treatment rooms which includes the patient management solution developed by its partner Elekta.

May 18 — IBA is selected by the company Huber & Suhner for the supply of three Dynamitron® accelerators.

May 20 — IBA demonstrates its innovation with the presentation of its patented dual proton source solution on a cyclotron for PET radiopharmaceuticals.

June 17 — WILEX and IBA report the results of the Pre-BLA Meeting with the FDA in addition to the next steps in the approval process of REDECTANE®, the tracer for renal cell cancer.

June 22 — IBA celebrates its 25th anniversary and announces that it implements its 2020 vision of personalized medicine already.

3rd quarter 2011

August 2 — IBA extends its worldwide PET radiopharmaceuticals network through cooperation with PET Net Germany and Munich University Hospital.

August 11 — IBA announces SHONIN approval of Visicoil™ by the Japanese health ministry.

August 18 — IBA announces a sales representative agreement with Five One Star Medical for Visicoil™ in the United States and Canada.

4th quarter 2011

October 1 — IBA introduces its portfolio of proton therapy solutions, the Proteus Series, at the ASTRO annual meeting.

October 3 — The Willis-Knighton Cancer Center in Shreveport (United States) orders the first IBA ultra-compact proton therapy system, Proteus®ONE

November 9 — The Polish Academy of Sciences selects IBA's proton therapy technology for the second time with the order of an additional treatment room for its Krakow proton therapy center.

December 14 — WILEX, IBA and the FDA conduct a follow-up meeting to define the next steps in the submission of REDECTANE® to the American authorities.

December 19 — IBA signs a contract with Provision Healthcare for the installation of a proton therapy system in Knoxville, Tennessee (United States).

MESSAGE
FROM THE CEO, COO AND CHAIRMAN

Pierre Mottet
Chief Executive Officer (left)
Olivier Legrain
Chief Operating Officer (center)
Jean Stephenne
Chairman of the Board (right)

The year we have just completed is marked by a new record in Equipment orders. Thanks to its judicious efforts in Research and Development (including enlarging the range of proton therapy centers by bringing the ultra-compact Proteus®ONE to market) and a full order book, IBA has a solid base on which to build the future growth of its exceptional competencies. Moreover, with the aim of better focusing resources on its core business, radiation therapy, while maximizing its chances of success in the molecular imaging activity, IBA has drawn up a strategic partnership with the American investment firm SK Capital Partners in order to develop the Radiopharmaceuticals activity within a specific joint company. This new entity, in which IBA retains 40%, possesses the necessary means for the market introduction of new proprietary molecules for diagnosis by PET scanner. Overall, IBA will become stronger in its strategy and capacity to deliver increased profitability.

2010 WAS A RECORD YEAR. WHAT IS THE SITUATION FOR 2011?

Pierre Mottet: During the year we registered six orders for proton therapy Equipment. It is the highest number of orders ever registered by IBA in a single year. In this respect, 2011 is a good year and can perhaps once again be termed a record year for the proton therapy activity. This excellent performance allows us to compensate for the Dosimetry and Bioassays activities, in economic decline by 8% and 12% respectively. As for Accelerator activity, it recorded sales which were more or less stable compared to the previous year.

DID THE CRISIS HAVE AN IMPACT ON IBA ACTIVITIES AND IF SO, AT WHAT LEVEL AND IN WHAT MANNER?

Pierre Mottet: For Equipment, financing sources for large projects have not yet totally recovered to their level of availability prior to the crisis. Nevertheless, this has not affected our order book in 2011. In Dosimetry, a significant part of the sales decrease is due to the steep decline of demand in Japan following the consequences of the earthquake of March 2011. And the Bioassays activity suffered restrictions in the pharmaceutical industry. Overall, with a sales growth of 13.7%, the Group's activity stood up well even though results would have been much stronger without these two crisis effects in 2011. Moreover, to assure delivery of current orders and best serve our customers, we hired more than 250 new employees in 2011, increasing personnel by 12%.

ARE THERE ANY HIGHLIGHTS SINCE THE END OF 2011?

Pierre Mottet: Two events definitely stand out. Firstly, the transfer of control of the Radiopharmaceuticals activity and secondly, the imminent arrival of Olivier Legrain to take over the CEO responsibilities.

Concerning radiopharmacy, we established an objective in 2011 to find a reliable and credible partner with whom we could develop this activity jointly. On January 9th 2012, IBA and SK Capital Partners, a private investment firm based in the United States, announced that they had signed an agreement to create IBA Molecular Imaging, a joint company stemming from the IBA Radiopharmaceuticals division. Based on the terms of this agreement, when the transaction is finalized, SK Capital will possess 60% of the new company while IBA will retain 40%.

The partners also agreed to split evenly the development costs of the portfolio of new patented molecules, through a separate joint company. In recognition of the investment that IBA has already made, 60% of the profits from this activity will be allocated to IBA and 40% to SK Capital.

The strength of this agreement lies both in the fact that the partners of this firm have wide experience in the imaging field and in the international dimension of SK Capital Partners. This partnership will ensure the necessary financial means for the rapid development of the Radiopharmaceuticals activity and market introduction of new proprietary molecules.

WHY WERE YOU LOOKING FOR A PARTNER FOR THIS RADIOPHARMACY ACTIVITY?

Pierre Mottet: We were confronted by two markets growing rapidly: proton therapy and molecular imaging applications. The development potential of proton therapy is very strong. As for radiopharmacy applications, they represent one of the most advanced and innovative technologies in the medical diagnosis field, and also offer strong potential. Nevertheless, leading the development of these two activities required considerable investment. Thanks to this partnership, we will be able to optimize our current PET and SPECT radiopharmacy networks, and develop new patented radiopharmaceutical tracers at a faster rate.

HOW ARE YOU GOING TO MANAGE THE POWER TRANSFER AT THE TOP OF THE COMPANY?

Jean Stephenne: We prepared this internal change some months ago. Olivier Legrain knows the Company well because he joined IBA in 1996 as financial controller. Pierre Mottet, who will replace me as Chairman of the Board, wanted to take on new challenges in his professional and private life. But he will remain deeply involved with the future development of IBA, providing the wide experience he has acquired at the head of the Company over the last 24 years. He is the person who has led IBA from its position of start-up to its status as an international Group today.

It should be pointed out that Olivier Legrain has wide experience in the deployment of IBA activities; he managed the Dosimetry division from 2001 to 2003 and the Radiopharmaceuticals division from 2003 until 2010 before becoming Chief Strategy Officer of the Group. Olivier is both a visionary and a rigorous financial manager. He understands perfectly the complexities and challenges of IBA, and has all the cards necessary for continuing the Company growth strategy based on solid financial discipline.

IN TERMS OF PROTON THERAPY EQUIPMENT, IBA HAS NOW SEGMENTED ITS RANGE OF PRODUCTS INTO A CLEARER CUSTOMER PROPOSITION. WHY?

Olivier Legrain: Proton therapy equipment requires significant investment. We wanted to offer our clients the possibility to invest in smaller and therefore less expensive units, notably with the Proteus®ONE – an ultra-compact proton therapy center concept consisting of one treatment room. Thanks to Proteus®ONE, a greater number of hospitals will be able to offer their patients proton therapy. Our objective is to offer greater customer satisfaction and generate greater profitability for IBA.

IBA HAS DEVELOPED STRONGLY OVER THE LAST 25 YEARS AND CONTINUES TO GROW RAPIDLY. HOW CAN THAT BE MANAGED EFFECTIVELY?

Olivier Legrain: We have always managed our development and growth by proceeding step by step and with prudence. Over the years we have maintained a very high level of R&D investment (more than 8% of turnover) in order to strengthen our technological lead. We are also committed to keeping agile and fast decision-making in the implementation of our strategy. We have shown that again today through our partnership for the Radiopharmaceuticals activity.

CAN WE ALREADY MAKE FORECASTS FOR 2012?

Olivier Legrain: We have started the year with an order book of EUR 250 million for proton therapy and other accelerators. This gives us a very good visibility of future revenue in the Equipment segment over the next two to three years. What's more, a significant part of our turnover is from now on related to recurrent business, notably Dosimetry and maintenance contracts. We can therefore say that the year 2012 has started under favorable auspices.

Alongside these positive perspectives on the Group's new sphere of operation, it should not be forgotten that the Radiopharmaceuticals activity, which continues to make significant investments, remains 100% within the Group until March 31st 2012.

HUMAN RESOURCES

IBA has always greatly valued human talents. Thanks to its mission, size and organization, IBA is positioned as a company with direction in which every member of the staff can make a personal impact, thus contributing to the development of the Company. It is therefore essential to create room for individual development, because no technologically-advanced company can exist without the talents of its employees. In 2011, IBA recruited more than 400 new employees. In Belgium alone, personnel increased by 22%. This growth is unprecedented and presents a real challenge.

A CULTURE OF CREATIVITY AND PERSONAL IMPACT

IBA is characterized by the strong added value provided by its employees. The Company looks for competent people who are willing to commit to its mission and culture. The challenge for a technological company is to establish a long-term relationship with its employees, which therefore means offering them career opportunities. For the Human Resources department, the objective is to establish a culture which allows everyone to express their talents in a stimulating work environment. The Company must create room for personal development and set creativity as the priority.

MANAGING GROWTH: A CONTINUAL CHALLENGE FOR HUMAN RESOURCES

At the end of December 2011, there were 2 269 employees in the Group, of which 550 were in Belgium, 672 in the United States, 583 in France, 185 in Germany and 119 in China. The remainder is spread across various countries, including Russia where a representative office has been opened. More than 80% of personnel are executives or managers.

In 2011, the Company recruited a total of 416 new employees, including replacements for those who left or retired. In Belgium alone, the headcount increased by 22%. While the Company is still looking for physicians, engineers and scientists, it intends to stabilize recruitment in 2012 in order to integrate the new employees. This is essential in a company which has become international, and therefore multicultural. The HR department identifies this as an ongoing challenge, particularly since IBA has more and more staff outside Belgium, which demands humility and open-mindedness. The company believes that the common mission that unites employees is stronger than anything which may differentiate them.

IBA can also pride itself on a personnel turnover rate below the market average. On a Group level, the attrition rate was 6% last year, but only 2% in France and 4.2% in Belgium. For the Human Resources department, it is an excellent barometer of the health of the Company and a remarkable result, especially since IBA hires many young people who are generally more tempted by offers elsewhere. It should also be pointed out that on a Group level, more than 25% of employees have less than two years seniority in the Company and

60% have less than five years. Nevertheless, the fact that the Company has maintained the start-up spirit which prevailed in the early days of the company is a distinct advantage.

Recruitment of new talent has been carried out through activities on university campuses and via an original advertising campaign aimed at all age groups. IBA recruits personnel aged over 50 years, or even 60, as long as they are competent, motivated and willing to travel.

Another recruitment method is based on personal referral, through the Employee Referral Program. The Company encourages its employees to be ambassadors and recommend that their acquaintances work in the Group. In 2011 this operation was successful and led to the recruitment of 48 people. For Human Resources, this method generally leads to high-quality recruitment since the employee who recommends an acquaintance is anxious that this person fits in with Company culture.

MOTIVATE PERSONNEL AND PROVIDE CAREER OPPORTUNITIES

An employee satisfaction survey was undertaken Group-wide in 2010. It enabled interesting conclusions to be drawn, some of which were enacted from the beginning of 2011, including a program of internal mobility and career management. Although not all findings have been converted into action, the most important elements have been taken into account. IBA intends to conduct a similar survey in 2012.

In all enterprises, particularly international companies, employees are eager to have career prospects. For this reason, the Mobility Forum was set up, giving a managerial view on internal mobility and career opportunities within the Group. Human Resources also introduced a system of internal advertisements for vacant posts that become available. Last year, 88 people worldwide changed function through this process which is proving highly effective, notably for proton therapy centers.

REWARD CONTRIBUTIONS TO INNOVATION AND THINK ABOUT HEALTH

Furthermore, IBA has introduced an internal "Innovation Award", awarding the title of "Fellow" in recognition of those who make a major contribution in the area of innovation. This recognition of technical and scientific value was awarded to seven members of the staff in 2011.

Another initiative was also taken in 2011: the introduction of a "health week". The objective is to make everyone aware of the importance of prevention in matters of personal health and lifestyle, based on the concept of "Good move, good foods". Several activities were organized such as jogging and walking events, conferences chaired by high-level sportspeople, the provision of fruit and check-ups for staff wishing to restart a sporting activity. For the Human Resources department, this initiative was highly appreciated and contributed to the creation of a good work atmosphere. Various sports teams were also created within the Group.

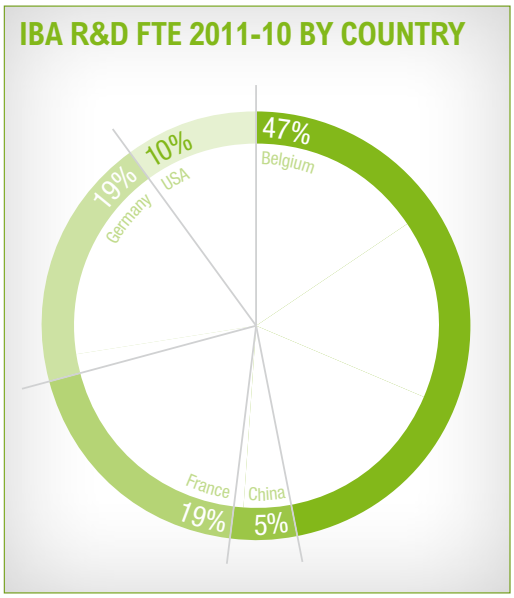
TRAIN IN ORDER TO PROGRESS

Finally, while the Company invests heavily in technical and technological training, it has also created the IBA Academy which provides international training in leadership, coaching and work effectiveness. The objective is to give employees the means to evolve and progress in their careers. Results from these training programs have been excellent; they have proved to be both stimulating and a source of motivation. This increases staff loyalty and helps individuals, and therefore the Group, to strengthen the capacity to innovate.

RESEARCH AT IBA IN 2011

After 2010 saw a return to the ongoing expenditure levels of 2007 and 2008, the budget allocated to R&D in 2011 was equivalent to 8% of actual revenue. In absolute terms, the amount allocated to R&D activities continues to increase from year to year.

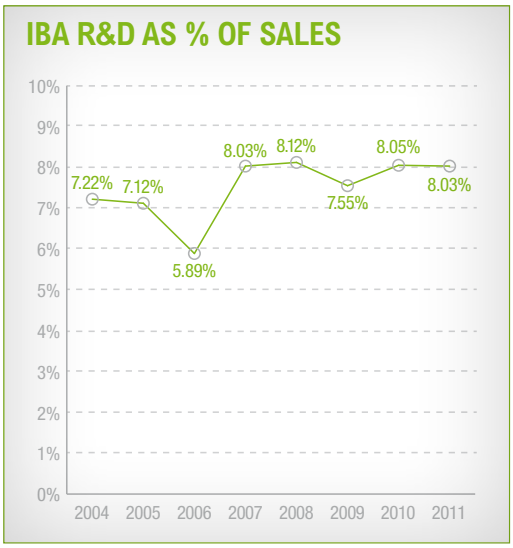
In September 2011, R&D staff represented 13% of Group FTE (Full-Time Equivalent) employment with 285 units (versus 242 in 2010) and was split as follows:



These figures do not include the numerous FTE undertaken by research teams in universities, institutions and other industrial partners. IBA Group R&D departments continue to allocate an increasing number of scientific activities to these entities through cooperation contracts, in line with the Group strategy introduced several years ago to diversify sources of expertise.

In 2011, expenditure to manage and develop the intellectual property of the Group was about EUR 1.08 million.

At December 31 2011, the IBA patent portfolio contained 326 patents or active applications, covering 117 different inventions. During the course of the year, 12 new patent applications were introduced, 10 of which concerned particle therapy. In 2011, 25 patents were granted to IBA, notably in Europe, the United States, Japan, China and Korea.



ACCELERATORS & EQUIPMENTS

MEDICAL ACCELERATOR SOLUTIONS RESEARCH GROUP (MAST)

IBA MAST actively works on several research activities with the aim of developing innovative solutions for IBA needs and products. Project objectives range from the real-time monitoring and control of the penetration depth of proton beam in patients to the development of an innovative detector for the prototype of IBA's Synchrocylcotron (S2C2). Teams are also developing new technologies that aim at reducing proton therapy treatment time and optimizing treatment scheduling so as to globally improve the performance of the treatment centers offered to customers and improve their profitability. Most of these activities are carried out in close collaboration with internationally-renowned academic institutions and research centers. This approach has led to numerous publications in journals and at international conferences. It is important to note that IBA is also active in several projects funded by the European Union.

PROTON THERAPY SOLUTIONS

During the course of 2011 new versions of the Proteus®PLUS proton therapy system were developed and delivered to customers. These releases offer new clinical features such as:

- The FSTR (Fixed Small beam Treatment Room) specifically dedicated to eye treatment. The first room of its kind has been validated and commissioned at the Proton Therapy Institute of the University of Florida (UFPTI), USA.
- A new version of the PBS (Pencil Beam Scanning) delivery technique using 3D scanning of the tumor with a proton beam. This new version, which uses the PBS Dedicated Nozzle, has been validated and is now used to treat patients at the Roberts Proton Therapy Center of the University of Pennsylvania Health System in Philadelphia, USA.
- A new version of the PBS (Pencil Beam Scanning) delivery technique that uses the Universal Nozzle. This enables the treatment of tumors in four different treatment modalities (Single Scattering, Double Scattering, Uniform Scanning and Pencil Beam Scanning) within the same room.
- The integration of the Mosaïq Oncology Information System from Elekta and the ARIA Oncology Information System from Varian for treatment with the PBS delivery technique.
- The FRST (Fast Room Switching Time), a device which enables time to be saved during the switch of the proton beam from one treatment room to another. Currently the switch of rooms prepared for PBS modality takes less than 15 seconds.
- A new version of the UBTI (Universal Beam Triggering Interface), a device allowing the temporary switching off of the proton beam in the event of the tumour moving, for example during controlled respiratory movements (respiratory gating). This new version supports beam triggering for all treatment modalities, including PBS.
- The 2D Fluoroscopy option before and after beam irradiation. This option uses cine-mode X-Ray imaging allowing real-time visioning of the tumor and organ movement during patient setup. This option also enables verification after the treatment or during a beam pause.
- The SpiroDynr'X V1 option allowing the integration of a spirometric control and monitoring system of the patient's breath in order to guarantee in a reproducible manner that the position of a mobile tumor during its treatment complies with the calculated clinical treatment plan. The SpiroDynr'X

system from Dyn'R can now be integrated in IBA proton therapy treatment rooms.

- The AlignRT V1 option, an optics system that detects real-time motion, thus enabling the patient's position to be controlled during proton beam treatment. The AlignRT system from VisionRT has been integrated in proton therapy treatment rooms.
- The Setup Room option, an area dedicated to the pre-positioning of patients on the treatment table outside the treatment rooms themselves. It allows daily imaging and position verification of the patient on the treatment couch using high quality CT and MR imaging which is difficult to include in treatment rooms. This option includes the equipment (table, motorized and automated support) and the control of the complete logistic chain, ensuring the automated movement of the patient towards the treatment room (ONCOlog's PatLog system). This feature allows the embedded control of workflows prior to treatment (3D imaging, patient positioning on the treatment table, movement and positioning of the table in the treatment room at the moment dedicated to the patient's treatment). This option also interfaces perfectly with control and verification software used by IBA in its proton therapy centers (Elekta Mosaiq, MEDCOM VeriSuite).

2011 witnessed important progress in the development of the Proteus®ONE compact proton therapy system:

- The compact gantry structure design was finalized and its manufacture started.
- The design of the new treatment room was conceived and finalized in collaboration with Philips Design.
- The S2C2 (SupraConducting SynchroCyclotron), a new top-of-the-range IBA accelerator containing a compact magnet yoke, is under construction in IBA's Louvain-la-Neuve assembly hall and will be tested, along with its sub-systems, during the course of 2012:

— An ion source prototype bench test has been set-up and has already proven the "small size, long life, cold cathode" concept;

— The cryostat and superconducting coils which will produce the high magnetic field required to confine the protons accelerated by the S2C2 in the magnet's compact volume are almost completed and was delivered to IBA beginning of 2012, after the first low temperature tests have been performed by the manufacturer (ANSALDO);

— The detailed design of the variable frequency radio-frequency device sub-system required to accelerate protons, is completed and the first devices will be delivered in 2012. Assembly and preliminary testing will be performed on this complex equipment which is crucial to the good performance of the accelerator.

INDUSTRIAL SOLUTIONS

DYNASOLAR® (SIGEN)

In 2011 IBA continued to work on the first proton beam Dynamitron® project dedicated to slicing silicon wafers for the photovoltaic industry (DynaSolar®). This project was ongoing both on site at SIGEN in California and in the IBA factory in Long Island (NY-USA). A large number of successfully-completed developments have helped to increase the prototype's reliability:

- The beam line on site has been fully aligned and upgrades have been performed to better maintain and use the system.
- The full current capabilities of the proton scan features, handling 36 bricks of silicon (6x6) simultaneously, are now able to be used. Previously the system was limited to 16 bricks (4x4) allowing only the cutting or production of 16 wafers per irradiation run.
- The initial versions of the terminal/source assembly of the DynaSolar have been upgraded to improve the stability of the accelerator and obtain current proton

power. These changes are centred mainly on the amplifier, shielding and vacuum equipments.

- Major developments have been successfully implemented on the control system software in order to improve equipment safety and ease of use by the customer.
- A new version of the source terminal has been developed based on the experience acquired during the first two years of development of the prototype. This should further improve the reliability and stability of the system. The new terminal is now designed and is expected to be tested on site in 2012.

EXELIS®: X-RAY STERILIZATION

Today, after more than a year and a half of testing, the first eXelis® center (installed on site for LEONI Studer Hard AG, Switzerland) has exceeded all expectations due to successful efforts to address system issues. The maximum number of accelerated electrons has increased from 42 mA at the end of November 2011 to 61 mA by mid-January 2012. The final objective of 80 mA will be reached during 2012.

MODULAR RHODOTRON®

A new concept, the modular Rhodotron®, was launched in 2011 with the aim of better meeting customers' needs. This new concept consists of coupling a number of final amplifiers on the cavity of the Rhodotron®. It offers greater production standardization as well as improved flexibility, enabling the customer to continue its production process in degraded mode should one of the amplifiers fail. This new final compact amplifier design is now complete. It will be tested at the end of 2012 before being integrated in IBA standard production lines.

EASY-E-BEAM™

In 2011 a new maintenance release of the "Easy-e-beam™" Dynamitron® was launched to reduce installation time and optimize the 800 keV accelerator design.

DYNAMITRON®PLC UPGRADE

The Dynamitron® Control System was redesigned in order to align it with current industrial standards and importantly, ease its integration in customer applications and production lines.

A new control cabinet based on the Siemens PLC was designed at the same time. The prototype is now running in IBA's Long Island factory and is used for customer tests and training. The new control system will be integrated in all new configurations, but was also developed as an upgrade for older configurations at existing installed sites. The first customer site installation is expected to take place in the 2nd quarter of 2012.

IFMIF (INTERNATIONAL FUSION MATERIALS IRRADIATION FACILITY)

IFMIF is an international research project in the field of nuclear fusion. Its main goal is to test materials placed under a very high 14MeV neutron flux so as to select those that best meet the criteria required to run the future fusion nuclear reactor DEMO, scheduled for construction in 30 to 40 years from now.

In the framework of the IFMIF international project, IBA was selected as adviser for the accelerator RF system (2 linacs accelerating 125 mA deutons at 40 MeV). Initially IBA will also develop and deliver 19 RF Final Power Amplifiers (final stage of max 200 kW). The first two FPAs succeeded in their Factory Cold Acceptance Tests (conducted without power) and will now be integrated in the complete RF chain for testing in Spain in the 4th quarter of 2012.

MOLECULAR IMAGING EQUIPMENT

2011 was highlighted by a number of R&D achievements in the particle accelerator field and its equipment:

- After many months of design and on-site installation, the Cyclone 30HC, a high-current version of the historical IBA machine, successfully delivered on target

the contractual beam intensities. This level of performance breaks new ground and places IBA as leader of the market, opening new perspectives for radioisotopes production.

- The first Cyclone 11, a self-shielded machine running under the new Zephyros control system, successfully underwent acceptance tests at a customer site. Lessons learned in the scope of this installation provide inputs for improvement plans for the production of other command systems.
- The new Cyclone 3, based on the elegant and compact concept dating back to the 1990's, was upgraded to today's standards to the huge satisfaction of the Japanese customer. This effective tool will now enable the customer to explore interesting paths in heart and brain diagnostics, in Japan and elsewhere.
- The multi-particle (protons, deutons, alphas) version of the famous IBA machine, the Cyclone 30XP, has benefited from the great number of learnings from the older Cyclone 70 and is currently completing its factory acceptance tests. In addition to offering a large number of industrial improvements, it includes an ingenious patented two-frequency accelerating system. Its impending shipment to the customer site and achievement of set performances will be one of the major R&D activities for 2012.
- Final validation has been given for the latest version of the Cyclone 18/9 equipped with its new control system. This system is presently the first IBA accelerator to have been managed by release, both for software and hardware. This industrial approach has produced benefits in terms of cost management and quality, and contributes strongly to the increase of performance and simplification in maintenance of the equipment. The approach, which was highly commended by customers during the 2011 IBA Users' Meeting, validates a management model that will be used in the future for many other accelerators in the range.
- Factory tests were successfully conducted for a number of new target models and their associated chemistry modules. Their final on-site validation is currently under way: Iode123 in Turkey, Copper64 in Australia and Oxygen15 in The Netherlands.

DOSIMETRY SOLUTIONS

OMNI PRO ACCEPT

As part of the strategic goal to maximize clinical workflow efficiency in radiotherapy treatment routines, IBA Dosimetry introduced two major releases of the Omni Pro Accept relative Dosimetry software.

A major change was the improvement in the usability and functionalities of the multi-detector array LDA 99, a device that considerably reduces therapy beam commissioning.

OmniPro Accept now also supports latest Linear Accelerator treatment technologies such as High Dose Rate and Un-flattened Beams. Furthermore, new and additional interfacing features for Treatment Planning Systems were released on the market.

BLUE PHANTOM HELIX®

The Blue Phantom Helix was developed and added to the Blue Phantom product family, in order to enable efficient and accurate quality assurance of, amongst others, Tomotherapy treatment devices.

OMNIPRO®-ADVANCE

In 2011 IBA Dosimetry released a new version of OmniPro® Advance software that enables clinical professionals to use their MatriXX for both patient dose verification and treatment device quality assurance. This combination of functionalities increases clinical efficiency and optimizes hospital investment in IBA equipment. By the end of 2011, more than 1 200 MatriXX systems were sold.

COMPASS®

For several years, IBA has successfully marketed the Compass solution for advanced patient dose verification at anatomical level. The Compass version 2.1 was released in order to gain access to, amongst others, the Japanese market, the second biggest single radiotherapy market worldwide. Version 2.1 supports 10MV photon beams which are widely used in Japan. The latest Compass version also supports the Elekta Beam modulator and the newest versions of Windows operational systems.

MAGIC MAX®

As a next step in the globalization of IBA's diagnostic dosimetry business segment, the Dosimetry team successfully released a new version of the Magic Max Multimeter family in 2011. This release was largely driven by IBA's ambition to enter the diagnostic market in the USA. The new version includes an updated multimeter software in line with US requirements and the possibility to connect ionisation chambers for CT QA.

German PTB approval (Physikalist Technische Bundesanstalt) for the Magic Max was obtained in 2011. This ratification is mandatory and must be obtained prior to the use of this type of equipment in Germany. The device can now be used as an official dosimeter by German state inspectors and demonstrates again the state-of-the-art performance of this multimeter family.

To serve IBA Dosimetry's important diagnostic OEM segment, several integrations of existing and modified IBA Dosimetry systems for patient monitoring were developed and introduced to the market.

IBEOX

In 2010 IBA decided to enter a new business segment with the launch of the OSL-based (Optical Stimulated Luminescence) iBeOX personal dosimetry system.

During 2011 the IBA Dosimetry R&D team, together with the largest European Radiation Monitoring Service and the cooperation partner, the National Center for Environmental Health (HMGU – Helmholtz Zentrum Muenchen GmbH) in Munich, managed to obtain official German PTB approval for the use of the iBeOX system.

With this type testing, the iBeOX system is the only OSL-based system authorized for official personal dosimetry purposes in Germany.

MOLECULAR TRACERS

APOSENSE® ^{18}F-ML-10

The clinical development programs and patient recruitment for the ongoing phase II trials CA004 [brain metastases] and CA007 [NSCLC and squamous cell head & neck carcinoma] for EarliTest® (^{18}F-ML-10) progressed according to plan in 2011. Major clinical centers in the US are actively participating in these trials. EarliTest® is a tracer for the molecular imaging of apoptosis (programmed natural cell death or cell suicide) and is foreseen as a means to evaluate the response to treatment in major forms of cancer.

REDECTANE®

In 2011, IBA also made significant progress with the qualification and validation of its new central manufacturing facility for REDECTANE® in Somerset, NJ, USA. IBA is currently preparing the documentation related to product characterization, quality assurance and process validation.

In 2011, IBA and WILEX also continued to discuss with the United States Food and Drug Administration (FDA) further steps for the development of REDECTANE® (INN: 124I-Girentuximab, a radio-labeled chimeric antibody that binds to carbonic anhydrase IX and allows imaging agent tissue characterization and confirmation of clear cell renal cell carcinoma [ccRCC] prior to surgery). This tissue characterization can be performed non-invasively and prior to surgery. Phase 3 results have shown superior diagnosis in comparison to CT alone for both sensitivity and specificity. REDECTANE® is being developed by WILEX AG in strategic collaboration with

IBA. The FDA had strategic face-to-face meetings with WILEX and IBA in May and November 2011 where the further development of REDECTANE® was discussed.

WILEX and IBA accepted the option of discussing the regulatory pathway with an FDA Advisory Committee to help accelerate development decisions on REDECTANE®'s next steps. The FDA is investigating if and when such an Advisory Committee could take place.

^{18}F-CHOLINE

There is high demand from the medical community for a reliable diagnosis of prostate cancer extension knowing that current conventional imaging methodologies have poor efficiency. Recent publications have indicated that ^{18}F-Choline is a promising tracer both for the diagnosis of prostate cancer extension in high risk patients and for detecting cancer recurrences in the presence of rising PSA.

In 2011 IBA launched a multi-centric clinical trial in France and Spain for validating the use of ^{18}F-Choline in well-controlled clinical studies.

^{99M}TC-GÉNÉRATOR

Construction of a new ^{99m}Tc-generator production line was completed in 2010. The ^{99m}Tc-generator itself received market approval in France in October 2010 and positive opinion for European Marketing Approvals in September 2011. The launch of the new ^{99m}Tc-generator is planned for 2012.

RESEARCH COLLABORATION

IBA is the unique industrial partner of nine European laboratories that were granted several million euros for a project called "Raddel" under the funding scheme of the "Marie Curie Initial Training Networks" as part of the 7th Framework Program of the European Community. Raddel (which stands for Radioactivity Delivery) is a research program focusing on the development of molecules based on radionuclides trapped in carbon nanotubes linked to organic vectors. The therapeutic aspect is also known as "nanosurgery".

IBA is also involved in the project dealing with new PET molecules for the quantification of P-glycoprotein in the blood brain barrier, initiated by VUmc (Amsterdam, The Netherlands) and UMCG (Groningen, The Netherlands) and granted by the Dutch government.

CISBIO & BIOASSAYS

During the course of 2011 this unit of the Group continued its R&D efforts aimed at introducing 25 new Tag-Lite products in its portfolio.

The ANR (French National Research Agency) selected IBA's new collaboration program with the IGF (Institut for Functional Genomics – Montpellier, France) concerning the development of new sensors for receptor activities related to pathologies of the central nervous system (CNS). This three-year project should lead to the development of new test grids, leading to the discovery of new medications in this field.

A new cryptate of proprietary Europium was developed in collaboration with the University of Durham (UK) and l'Ecole Normale Supérieure in Lyon (France). It considerably improves the analytical performance of some existing kits.

A new strategic approach to the clinical bio marker field and personalized medicine was initiated through the signature of a number of research collaboration agreements with research institutes (INSERM), hospitals and biotechnology companies developing new methods for the personalized care and treatment of patients.

Finally, four new patents were filed in the chemistry and bio marker field. A new company was set up focusing on the development of short-life products so as to better respond to the pharmaceutical industry's needs.

GEOGRAPHICAL PRESENCE

FDG PRODUCTION SITES (57)

Albany	USA
Haverhill	USA
Cleveland	USA
Gilroy	USA
Morgantown	USA
Orlando	USA
Richmond	USA
Romeoville	USA
Somerset	USA
Sterling	USA
Kansas City	USA
Dallas	USA
Totowa	USA
Montreal	Canada
Bad Oeynhausen	Germany
Bruxelles	Belgium
Gand	Belgium
Fleurus	Belgium
Lyon	France
Paris	France
Sarcelles	France
Orsay	France
Rennes	France
Nîmes	France
Nancy	France
Bordeaux	France
Madrid	Spain
Barcelona	Spain
Seville	Spain
Malaga	Spain
San Sebastian	Spain
Santander	Spain
Milan	Italy
Rome	Italy
Udine	Italy
Amsterdam	Netherlands
Coimbra	Portugal
Dinnington	United Kingdom
Guildford	United Kingdom
Delhi	India
Kuala Lumpur	Malaisya
Casablanca	Maroco

Sites HaeDong

Seoul - 1	South Korea
Seoul - 2	South Korea
Pyeongchon	South Korea
Daejun	South Korea
Pusan	South Korea
Suncheon	South Korea
Daegu	South Korea

◆ HEADQUARTERS

IBA Group	Louvain-la-Neuve	Belgium

● OTHER OFFICES (7)

IBA Particle Therapy	Louvain-la-Neuve	Belgium
IBA Industrial	Louvain-la-Neuve	Belgium
IBA Molecular	Dulles	USA
IBA China	Beijing	China
IBA Dosimetry	Schwarzenbruck	Germany
IBA Molecular	Saclay	France
CISBIO Bioassays	Marcoule	France

● MAIN SALES OR OTHER OFFICES (4)

Cisbio US	Bedford	USA
IBA Particle Therapy	Jacksonville	USA
IBA Industrial	Edgewood	USA
IBA Dosimetry	Bartlett	USA
IBA Dosimetry	Schwarzenbruck	Germany

MANAGEMENT REPORT

Approved by the Board of Directors at its meeting of April 1, 2012

HIGHLIGHTS OF THE YEAR

The partnership with SK Capital Partners and its influence on 2011 results
In January 2012, IBA and SK Capital Partners, a private investment firm based in the United States, announced the signing of an agreement to create IBA Molecular Imaging, a joint-venture originating from IBA's Radiopharmaceutical division. As foreseen in the terms of this agreement, at the closing of this transaction (which should take place at the beginning of April 2012), SK Capital will hold 60% of the new company while IBA will retain 40%.

The partners have also agreed to share equally the development costs of the portfolio of new patented molecules through a separate joint-venture. In recognition of investments already made by IBA, 60% of the profits of this company will be allocated to IBA and 40% to SK Capital.

While certain end-of-year figures having an impact on the final value of the transaction – such as the level of debts, cash available and working capital – have not yet been estimated with precision, these nevertheless have a significant influence on the presentation of the Group's 2011 results.

In line with IFRS, all activity over which IBA will lose control has been reclassified in the financial statements under "results from discontinued operations" as "results of transferred activities" for both the 2011 financial year and the 2010 comparative year, and in the balance sheet as "assets and liabilities held for sale" for the year 2011.

The following summaries of operational performance are therefore principally concentrated on continuing operations, namely Equipment and Bioassays.

- **Sales and services of activities undertaken register an increase of 13.7% compared to 2010:**
  - This is driven by growth of more than 46% in proton therapy, resulting from existing orders at the end of 2010 boosted by six new orders in 2011. This excellent performance compensates for the Dosimetry and Bioassays activities in decline by 8% and 12% respectively. The Accelerators activity proved more or less stable compared to the previous year.
- **Recurring operating results (REBIT) from continuing activities declined by EUR 4.8 million compared to 2010.** The excellent performance of proton therapy, even after absorbing Proteus®ONE launch costs, was unable to compensate for weak Dosimetry and Bioassays sales.
- **The accounts are also affected by an amount of net other operating expenses of EUR 13.9 million** essentially resulting from legal costs related to the Essen project, which is currently in arbitration, as well as fair value adjustments to several assets.
- In consequence, **the pre-tax loss on continued activities reached EUR 2.6 million for the year** compared with a profit of EUR 7.3 million at the end of 2010.
- Although generating cash inflow of more than EUR 100 million for the Group, including approximately EUR 50 million available in the short term, the SK transaction, combined with operating results of the Radiopharmaceutical activity which will be deconsolidated, has **a negative non-recurring impact of EUR 66.4 million.** This is principally due to the low value accorded by SK to the portfolio of new molecules developed by IBA, in view of the uncertainty of the future return of these investments. A successful launch of these new molecules could lead to a revaluation of the activity.
- **The reorganization of the Group has led to a revaluation of deferred tax**

assets and an impairment of almost EUR 13 million has been registered.

- After taking these elements into account, **the net loss for the year 2011 is EUR 84.1 million,** compared to a profit of EUR 6.6 million for 2010.
- In contrast to the situation indicated in the income statement, the cash situation of the Group should improve strongly in the short term. This evolution should enable the Company to strengthen its competitive position, notably in proton therapy, and remunerate its shareholders. Due to the losses recorded in 2011, the Company will not be in a position to distribute a dividend for the year. Nevertheless, on condition that the agreement with SK Capital Partners is completed as planned, the Board of Directors intends to ask the Shareholders General Meeting to vote for **a capital reduction via the distribution of share premiums for approximately EUR 5.0 million or 18 euro cents per share.**
- At the end of 2011, **the order book for proton therapy and other accelerators stood at almost EUR 250 million,** providing a clear indication of future revenue in the Equipment sector during the next two or three years.
- **Operating cash flow stood at EUR 38.3 million, an increase of 22% on 2010.**
- **At the end of 2011, net debt amounted to EUR 40.6 million,** up from EUR 27.0 million at December 31, 2010. It should be noted that of this EUR 40.6 million, EUR 21.3 million is attributed to the Trento proton therapy contract for which IBA offered its customer total supplier credit which will be reimbursed in mid-2013 upon client acceptance of the center.

REVIEW OF IBA ACTIVITY SECTORS

IBA FINANCIAL REPORTING IS ORGANIZED IN TWO SECTORS OF ACTIVITY.

THE PHARMA SECTOR,

comprised until the end of 2011 the production and distribution of radiopharmaceutical agents, and Bioassays activities. Following the transfer of the Radiopharmaceutical activity to SK Capital Partners, the Pharma sector will be composed only of the Bioassays activity.

Bioassays

- A range of biomarkers used for in-vitro medical diagnosis, such as radioimmunoassays;
- Thanks to its HTRF®(1) technology, IBA is active in the in-vitro screening of new medicines for the pharmaceutical industry and biotech companies;
- More than 50% of these products are dedicated to the diagnosis and treatment of cancer.

Radiopharmaceutiques

- PET (Positron Emission Tomography), principally FDG (fluorodeoxyglucose), is a product used in molecular imaging for the diagnosis of many diseases, primarily types of cancer;
- SPECT (Single Photonic Emission Computed Tomography) used in nuclear medicine for imaging and therapy.

THE EQUIPMENT SECTOR

which consists of:

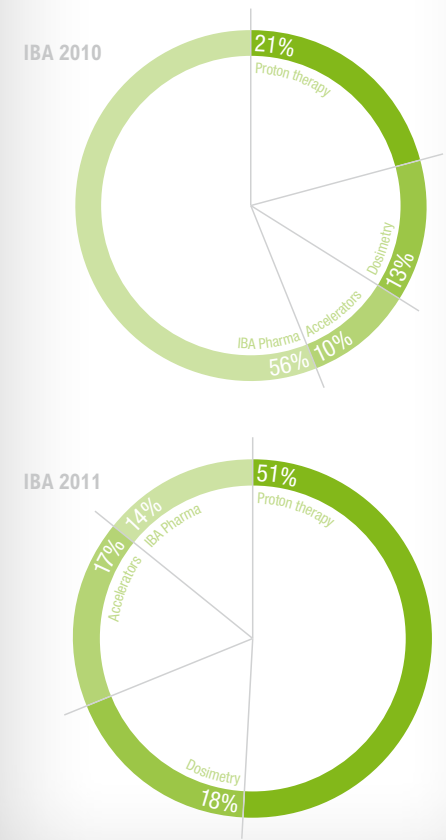
Proton therapy
which offers turnkey solutions for a more precise treatment of cancer, with fewer side effects, through the use of proton beams.

Particle 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).

Dosimetry
which 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.

IBA's two business sectors, Pharmaceuticals and Equipment, incorporate the four IBA Business Units, whose turnover and highlights for the year 2011 are presented in this management report.

BREAKDOWN OF CONSOLIDATED TURNOVER BY ACTIVITY



(1) HTRF = Homogeneous Time-Resolved Fluorescence.

PHARMACEUTICALS

	2010 (EUR 000)	2011 (EUR 000)	Change (EUR 000)	Change %
Sales and services	**39 305**	**34 529**	**-4 776**	**-12.2%**
- Radiopharmaceuticals	0	0	0	N/A
- Bioassays	39 305	34 529	-4 776	-12.2%
REBITDA	**5 907**	**3 326**	**-2 581**	**-43.7%**
% of sales	15.0%	9.6%		
REBIT	**4 024**	**1 690**	**-2 334**	**-58.0%**
% of sales	10.2%	4.9%		

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

- Following the reclassification of the Radiopharmaceuticals activity in "results from discontinued operations", only results from the Bioassays activity are presented in the Pharmaceutical sector of the Group.
- Sales and services in Bioassays declined by 12.2%.
  - Almost 3% is explained by a one-off license revenue received in the first half of 2010.
  - The remainder results principally from the weakness in sales of "Drug Discovery" products during the year.
- In consequence, operating income declined from EUR 4.0 million in 2010 to only EUR 1.7 million in 2011.
- If the Radiopharmaceuticals activity had remained intact, it would have shown negative recurring operating result of EUR 9.1 million compared with negative result of EUR 7.2 million in 2010.
- Throughout the year, IBA continued the co-development of innovative diagnosis molecules with its partners WILEX and Aposense®. In the future, most of these investments will be continued within the new IBA Molecular Compound Development joint venture.
- In 2011, IBA also took a minority share in PET Net GmbH and PET Net Solutions AG ("PET Net"). These two entities are integrated in the partnership with SK Capital Partners. In line with the agreement undertaken, IBA purchased 25.2% of PET Net from its owner Medical Imaging Research Holding GmbH, for a cash payment of between EUR 2.5 million and EUR 3 million. PET Net, which holds market authorization for FDG, operates two PET production centers in Erlangen and Regensburg in Germany. These two entities are included in the scope of the partnership with SK Capital Partners.

EQUIPMENT

	2010 (EUR 000)	2011 (EUR 000)	Change (EUR 000)	Change %
Sales and services	**169 988**	**203 165**	**33 177**	**19.5%**
- Proton therapy	82 884	121 157	38 273	46.2%
- Dosimetry	48 018	43 112	-4 906	-10.2%
- Accelerators and others	39 086	38 896	-190	-0.5%
REBITDA	**15 190**	**13 706**	**-1 484**	**-9.8%**
% of sales	8.9%	6.7%		
REBIT	**10 621**	**8 165**	**-2 456**	**-23.1%**
% of sales	6.2%	4.0%		

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

➤ The segment's good results in sales and services can be explained by the strong growth in proton therapy. The order book also indicates a high level of activity in the equipment segment in the future.

➤ Operating profits are in decline compared to those of 2010, principally due to the current decrease in profitability of Dosimetry.

PROTON THERAPY

➤ The Company booked the following six orders in 2011:

— On January 17, 2011, IBA announced that the Carl Gustav Carus University Clinic of the Technical University of Dresden, Germany, had selected IBA for the installation of a proton therapy center with a treatment room equipped with an isocentric gantry and research room. The agreement also includes a long-term maintenance contract.

— On January 20, 2011, financing of a project ordered by Seattle Procure Management LLC for the installation of proton therapy center in Seattle, WA, USA, was finalized.

— On March 17, 2011, during the signing ceremony in Stockholm, IBA announced that Skandionkliniken, the first Scandinavian cancer research center dedicated to proton-beam treatment, had signed a definitive contract with IBA for the manufacture, installation and maintenance of a new proton therapy system. The contract between IBA and Skandionkliniken is valued at between EUR 50 and 60 million, including a five-year service agreement.

— On October 3, 2011, IBA recorded the sale of its first ultra-compact proton therapy system called Proteus®ONE. The first installation in the United States of this unique compact proton-therapy solution with a single room completes the care facilities provided by the Willis-Knighton cancer treatment center in Shreveport, LA, USA.

— On November 9, 2011, IBA announced that the Henryk Niewodniczanski Institute of Nuclear Physics of the Polish Academy of Sciences (IFJ) had selected IBA for the extension of its Krakow, Poland, proton therapy center.

— On December 19, 2011, Provision Healthcare signed a contract with IBA for the purchase, installation and maintenance of a new proton therapy system at Knoxville for the first cancer treatment center in Tennessee using proton beams. The contract is valued at more than $ 70 million and includes a cyclotron, two iso-centric

gantry treatment rooms, a fixed-beam treatment room and long-term operation and maintenance agreement.

- It should be noted that the center constructed at Essen, Germany, which was the result of a public-private partnership, has still not been accepted by the customer WPE (Westdeutsches Protonentherapiezentrum Essen GmbH). IBA believes that it has fulfilled its obligations. An arbitrage process was initiated in parallel with discussions in order to arrive at an agreement between the two parties but this process had not produced results at the time of this report going to press. For the establishment of its financial statements, the Company has made certain hypotheses which include elements of uncertainty, and which could therefore differ significantly from the actual resolution of the dispute. The net asset value linked to this project in the balance sheet at December 31, 2011, is in the region of EUR 25 million.

ACCELERATORS

- In 2011, IBA sold five industrial accelerators and 11 cyclotrons, representing a total of 16 orders, compared with 11 accelerators sold in 2010. This excellent level of orders signifies that the sub-segment will generate strong income in 2011.

DOSIMETRY

- After years of growth superior to that of the market and an extraordinary year in 2010, Dosimetry experienced slower growth in 2011 due to weakness in the level of orders from Japan following the Fukushima catastrophe, in addition to a short-term decrease in orders.
- The number of orders registered at the end of 2011 and beginning of this year suggests that a return to growth can be expected over the complete year of 2012.

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

INCOME STATEMENT

As a result of the Group's decision to sell a majority interest in its Radiopharmaceuticals division, the income statement has been restated to show net income from these operations on a single line, "Profit/(loss) from discontinued operations." The 2010 income statement has been similarly restated to allow comparison on a like-to-like basis.

Consolidated sales and services increased by EUR 28.7 million, or 13.7%, over 2010, totaling EUR 237.7 million in 2011 versus EUR 209 million in 2010. This improvement, explained primarily by a strong growth of EUR 38.3 million in proton therapy in the Equipment segment, was partially offset in 2011 by situational declines of EUR 4.9 million in Dosimetry and EUR 4.8 million in Bioassays.

Consolidated gross margin for 2011 was EUR 97.2 million compared with EUR 95.8 million in the previous year, an increase of 1.5%. As a percentage of consolidated sales and services, gross margin represented 40.9% versus 45.8% a year earlier. This slight absolute increase and percentage decrease are explained essentially by the slowdown in the Bioassays business and weak Dosimetry sales due to global recession and the impact of the tsunami on the important Japanese market. Proton therapy's excellent performance was not sufficient to offset these declines entirely.

Overall, recurring expenses increased by 7.7%, mainly due to a 15.4% increase in sales and marketing expenses combined with a 15.8% increase in R&D expenses. These

increases were partially offset by a 4.1% decrease in overhead expenses.

The Group recorded net recurring earnings of EUR 9.9 million in 2011 versus EUR 14.6 million in 2010, a decrease of 32.7%.

Net other income and operating expenses for 2011 came to EUR 13.9 million. Of this amount, more than EUR 4 million were for legal and other expenses relating to the commissioning of the Essen proton therapy center, for which arbitration remains ongoing. Another EUR 3 million represent the fair value adjustment to a series of assets connected with the Bioassays business. The remaining EUR 6.9 million relate mainly to fair value adjustments to other related assets as well as provisions and expenses for various improvement projects.

Financial income and expenses for 2011 showed a net income of EUR 1.3 million, which is in line with the 2010 figure.

Tax liabilities of EUR 15.1 million for 2011 were the result of miscellaneous changes to deferred tax assets and corporate tax charges, principally in Belgium, Germany, and the United States.

Net loss from continuing operations was EUR 17.7 million in 2011 compared with net profits of EUR 4.6 million in 2010.

Net loss including losses for the period from discontinued operations totaled EUR 84.1 million in 2011, compared with net profits of EUR 6.6 million in 2010.

CONSOLIDATED BALANCE SHEET AND FINANCIAL STRUCTURE

In the consolidated balance sheet at December 31, 2011, the balance sheet positions of discontinued operations have been aggregated under "Assets held for sale" and "Liabilities directly related to assets held for sale".

Non-current assets decreased by EUR 223.3 million in 2011, primarily due to the reclassification of assets pending sale in the SK transaction as assets held for sale.

Goodwill at December 31, 2011 (EUR 3.8 million) is for the Dosimetry business. The other amounts have been reclassified as "Assets held for sale."

Tangible assets (EUR 13.9 million) and intangible assets (EUR 19.7 million) combined shrank by EUR 93.7 million. This year-over-year change primarily reflects the sale of assets to SK Capital Partners. Excluding assets sold, year-over-year change is mainly the result of software and patent acquisitions for around EUR 5.4 million. These acquisitions are partially offset by asset depreciations, reclassifications, and sales totaling EUR 2.6 million.

As a result of the partial sale of the Pharma business, equity-accounted companies and other investments at end-2011 declined by EUR 6.7 to a total of EUR 3.5 million, principally representing investments in commercial partners.

Deferred tax assets declined from EUR 31.9 million in 2010 to EUR 13.2 million in 2011, primarily because of the recognition of impairment. The remainder represents losses recoverable against future profits, mainly losses on the IBA SA entity (EUR 8.4 million) and the US entities (EUR 4.8 million).

Other long-term assets decreased by EUR 76.9 million to EUR 13.5 million. This change is due mostly to the SK transaction and the transfer of Radiopharmaceutical entity assets of approximately EUR 36.5 million, as well as to the reclassification of the Essen project receivables as short-term, owing to uncertainties over the outcome of arbitration and ongoing discussions with the customer.

The sizable increase in current assets was primarily the result of reclassifying all assets held for sale to SK Capital Partners as short-term. It was also affected by the growth of other assets, which rose from EUR 25.3 million in 2010 to EUR 68.9 million in 2011, mostly

due to the reclassification of the Essen project assets as short-term.

These significant increases were partially offset by decreases in trade receivables (down EUR 47.9 million) and inventories and contracts in progress, primarily owing to the reclassification of the Radiopharmaceutical entities as Assets held for sale.

Non-current liabilities also declined from EUR 172.3 million at the end of 2010 to EUR 40.1 million at the end of 2011. The total decrease of EUR 132.1 million is explained primarily by the following changes:

- Long-term debts at December 31, 2011 totaled EUR 22.3 million, of which EUR 21.3 million involved a supplier credit facility connected with the Trento proton therapy project. The change in long-term debts primarily reflects the transfer of the European Investment Bank loan for research and development to short-term liabilities.
- Provisions and other long-term liabilities combined decreased by EUR 115.3 million. This decline is mostly due to the reclassification of environmental provisions for the Radiopharmaceutical entities sold to SK Capital Partners as "Liabilities directly related to assets held for sale". In 2011, long-term provisions totaled EUR 10.9 million, of which EUR 3.6 million were provisions for pensions and the remainder, for warranty obligations and contract penalties in connection with Equipment segment projects. In 2010, these same provisions totaled EUR 87.2 million and consisted mainly of environmental provisions (EUR 54.0 million) and pension-related provisions (EUR 24.4 million). Other long-term liabilities totaling EUR 4.8 million (versus EUR 43.9 million in 2010) mostly involved a EUR 4.6 million loan from the Walloon Region. The decrease in other long-term liabilities is explained by the movement of amounts connected with the Essen proton therapy center to the short-term section of the balance sheet (EUR 34.4 million).

Current liabilities climbed to EUR 389.1 million, an increase of EUR 185.6 million. The following should be noted:

- Short-term provisions of EUR 10.2 million are for project-related warranty obligations and contract penalties.
- Short-term liabilities of EUR 30.2 million are primarily for a EUR 30 million European Investment Bank loan moved to the short-term section of the balance sheet pending its expected restructuring as a result of anticipated major changes in the Group's balance sheet following the sale of its Radiopharmaceuticals operations.
- Other short-term liabilities at December 31, 2011 totaled EUR 143.5 million, an increase of EUR 23.4 million. This growth primarily reflects advances on contracts for the new proton therapy orders and the movement of Walloon Region "recoverable advances" (avances récupérables) from long-term to short-term liabilities.

RESEARCH AND DEVELOPMENT

In 2011, Group research and development costs totaled EUR 28.1 million and were expensed directly to income. These considerable investments enable the Company to maintain its leadership position in all of the markets in which it operates.

SIGNIFICANT ACQUISITIONS AND DIVESTMENTS IN 2011

In 2011, IBA acquired a minority stake in PET Net GmbH and PET Net Solutions AG ("PET Net"). IBA purchased 25.2% of Pet Net from its owner, Medical Imaging Research Holding GmbH, for a cash amount between EUR 2.5 million and EUR 3 million.

The transaction with SK Capital Partners described above was not signed until early 2012.

CAPITAL STOCK INCREASES AND RIGHTS ISSUES

In the course of 2011, the Board of Directors carried out two capital increases with waiver of the shareholders' preemptive right in the framework of the authorized capital.

In April 2011, IBA offered 175 000 shares for subscription by Group employees. As recorded by notarial deed on June 29, 2011, of the 175 000 new shares offered for subscription, 52 643 were subscribed at a price of EUR 6.66 per share. The shares offered for subscription were registered IBA shares with VVPR strips and enjoyment granted as from 2011. They were offered at a subscription price equal to the average market price for 30 days prior to the offer, less a discount of 16.67%. The shares may not be sold for three years as from the end of the subscription period.

In September 2011, under the new 2011 stock option plan, the Board of Directors issued 1 487 000 stock options for Group employees and collaborators, consisting of 745 200 free options and 741 800 paid options. As of January 27, 2012, 562 998 free stock options had been accepted, and 131 180 paid stock options had been subscribed, leading to the cancelation of 182 202 free options. The strike price of an option is EUR 5.03 for staff members and EUR 5.42 for determined persons.

REPURCHASE OF OWN STOCK (ART. 624 C)

IBA SA did not repurchase any of its stock in 2011. At December 31, 2011, IBA SA held 75 637 of its own shares.

IBA S.A. STATUTORY ACCOUNTS AND APPROPRIATION OF NET PROFIT (LOSS)

Ion Beam Applications SA posted sales and services of EUR 191 million in 2011, up 25.3% from 2010's total of EUR 152.2 million. This increase was principally the result of progress on current contracts.

Operating income declined from EUR 2.0 million in 2010 to EUR 1.5 million in 2011. The Company showed a net loss of EUR 105.1 million compared with a net profit of EUR 15.2 million in 2010, primarily due to the impairment of investments in the pharmaceutical sector.

Because of the losses recorded in 2011, the Company will not be able to issue dividends for the 2011 year. However, if the transaction with SK Capital Partners goes through as anticipated, the Board of Directors plans to ask the general shareholders' meeting to approve a reduction of the capital stock through a capital surplus distribution of approximately EUR 5.0 million or EUR 0.18 per share.

Despite the loss recorded this year and the loss carried on the balance sheet, the Board of Directors is confident in future prospects and has prepared the annual financial statements on the basis that the Company is a going concern.

IBA is currently involved in discussions and arbitration aimed at settling a dispute with one of its customers. In order to prepare its annual financial statements, the Company has made reasonable assumptions which may prove significantly different from the actual outcome of the dispute. Around EUR 25 million of its net balance sheet assets at December 2011 relate to this project.

At the end of 2011, the Company had five branch offices: in Prague, Czech Republic; Orsay, France; Krakow, Poland; Trento, Italy; and Seoul, Korea. These branches were

established in the context its proton therapy business.

CONFLICTS OF INTEREST

The Board meeting of April 29, 2011, which was to rule on approving the stock purchase plan for employees of IBA SA and its Belgian subsidiaries, gave rise to the application of the procedure stipulated in article 523 of the Belgian Code of Company Law for cases of director conflict of interest. This conflict involved the managing directors as beneficiaries of this plan. Because of the conflict of interest, the directors concerned chose not to be present when the proposals on the agenda were discussed and did not vote on them. After deliberation, the Board unanimously approved the terms of the stock purchase plan for employees of IBA SA and its Belgian subsidiaries, as well as the special report prepared by the Board in accordance with article 596 of the Belgian Code of Company Law. It then informed the managing directors of its decision.

The Board meeting of August 26, 2011, during which the Board was to rule on launching a stock option plan, gave rise to the application of the procedure stipulated in article 523 of the Belgian Code of Company Law for cases of director conflict of interest.

This conflict of interest involved all of the members of the Board listed as plan beneficiaries, i.e., every director except the Chairman of the Board, Jean Stephenne (Innosté SA), and the Chairman of the Audit Committee, Yves Windelincx (Windi SPRL), as well as Nicole Destexhe (Institut des Radioéléments FUP), who elected not to participate in the plan even though they were eligible. After deliberation, the Board unanimously approved the launch of a stock option plan for up to 1 487 000 shares and, consequently, the draft special report prepared by the Board in accordance with articles 583, 596, and 598 of the Belgian Code of Company Law, subject to changes required by the Financial Services and Markets Authority (FSMA).

COMPETENCE AND INDEPENDENCE OF MEMBERS OF THE AUDIT COMMITTEE

In accordance with article 96, paragraph 9, of the Belgian Code of Company Law, the IBA Board of Directors reports that Yves Windelincx, Chairman of the Audit Committee and a Board member since 2010, was formerly the CEO and executive committee chairman of Ducroire, a group specializing in export credit insurance. As such, he participated in many Audit Committees and was responsible for analyzing and managing the insurance and financing of large, high-risk projects. Mr. Windelincx is an outside director of various other companies, including Besix, Desmet Engineers and Contractors, TCRe, Concordia, and the Belgian Foreign Trade Agency. He is also a member of the Audit Committee of one of these companies and the chairman of the Audit Committee of another. Mr. Windelincx no longer has executive responsibilities at any company.

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 or pharmaceutical products. Such authorization is necessary in each country where IBA wishes to market a product or device. At the end of 2011 IBA was authorized to market its particle therapy devices in the United States (FDA), the European Union (LRQA), Australia (TGA), China (SDA), and South Korea (KFDA). Authorizations may always be revoked. Moreover, as IBA's equipment evolves technologically, further authorizations are required.

In 2011, IBA received FDA registration for several laboratory devices and submitted drug master files on the following four products: Synthera® V1, Synthera® V2, IFP nucleophilic, and HPLC.

These registrations are necessary to our customers in the context of their applications to market their PET/SPECT molecules. The production and distribution of radiopharmaceuticals is also subject to many regulations with which the Company must comply at all times in order to be able to market its products.

TECHNOLOGY RISKS

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

REIMBURSEMENT OF HEALTHCARE

The subsidization by healthcare reimbursement institutions of costs for diagnostics by PET (Positron Emission Tomography) scans or SPECT (Single Photon Emission Computed Tomography) scans – or 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 (AAA) financial instruments but cannot however, predict sudden changes in these ratings or market modifications leading to the loss of this liquidity.

DISMANTLEMENT RISK

IBA has two facilities with working cyclotrons. It has agreed to provide the funds to decommission the facilities where it operates by 2021 in one case and by 2042 in the other.

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. The Company depends each year 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 know-how and are not protected by patents. The Company has filed patents but it cannot guarantee that these patents are 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.

EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

In early January 2012, IBA signed the previously described partnership agreement with SK Capital Partners. The parties should close on this transaction in early April 2012.

GENERAL OUTLOOK FOR 2012

Once the transaction with SK Capital Partners has been finalized, IBA will be rebranded as a medtech company specializing in radiation therapy through its proton therapy, dosimetry, and particle accelerator businesses. It will also maintain synergy-producing holdings in the radiopharmaceutical and bioassay industries.

In these conditions and markets, the Company has set targets of 10% recurring operating profit over the longer range and an average growth rate of 5% to 10% between 2011 and 2015.

With its new configuration, almost 50% of the Company's recurring income will continue to come from the increasingly large share of operating and maintenance income generated by its installed base and its Dosimetry and Bioassays businesses.

Nevertheless, IBA reaffirms its intent to turn its Bioassays business over to a partner. To that end, it has hired a new president tasked with consolidating the subsidiary's strategy and operational structure and exploring options for opening the capital to industrial or financial investors. However, market conditions do not encourage quick action, and setting up a partnership may be postponed in the medium term.

CORPORATE GOVERNANCE STATEMENT

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 believes that it is in compliance, with one exception: the composition of the Audit Committee. Because of the high-level, complementary expertise of the current membership, the Company currently has only one independent member out of three, instead of the majority suggested by the code. It will bring the membership fully in line with the code as soon as it is able to identify satisfactory candidates.

CHARACTERISTICS OF INTERNAL CONTROL SYSTEMS AND RISK MANAGEMENT

In compliance with legal requirements stipulated in the Law of April 6, 2010 and following the recommendations of the Code of Company Governance of 2009, 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 can be described as follows:

CONTROL ENVIRONMENT

After the Group has established its annual objectives, these are transferred to operational divisions, departments and each member of the staff. 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 total 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 Company 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. Amongst these are:

- A monthly management dashboard (versus budget, versus previous year);
- A five-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 template 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 to this person any incidents or events likely to represent a risk to the Company.

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 Administration Committee 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.

CONTROL ACTIVITIES

The close control of risks to which the Company is exposed is undertaken by management controllers and an independent financial analyst from the operational divisions. These two functions help to identify new 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, share 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 providing 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, and published via a web-based tool. 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 Executive Committee 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 legal, communication and finance 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 Accounting and 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 principals 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 principals are reviewed by the Accounting and Finance Department during the preparation of these accounting principals 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 identified

weaknesses. 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 Act 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 (both effective September 1, 2008), and on the basis of article 34 of the articles of incorporation of IBA SA, our 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% percent, 5% percent, or multiples of 5% percent.

IBA SA did not receive any reports of this nature in 2011.

LEGISLATION GOVERNING TAKEOVER BIDS (TRANSITIONAL REGIME)

Under article 74 of the Takeover Offer Act of April 1, 2007, single or concerted parties holding more than 30% percent of the voting shares of a Belgian company traded on a regulated market as of September 1, 2007 are not bound by the obligation to make a takeover offer for the stock of said company, provided that they have submitted notification to the FSMA in good order by the prescribed deadlines.

In this context, IBA submitted information to the FSMA updating its notification under article 74, paragraph 6, of the Takeover Offer Act of September 1, 2011, as well as an erratum in March 2012. It reported the following:

- Belgian Anchorage SCRL (registered office Avenue Charles Madoux 13-15; VAT BE 0455.382.136; RPM Brussels) continued to hold 7 773 132 shares of IBA SA shares (28.41% of the voting rights) at September 1, 2011.
- Institut National des Radioéléments FUP (registered office Avenue de l'Espérence 1, 6220 Fleurus, Zoning Industriel; BE VAT 0408.449.677, RPM Charleroi) continued to hold 1 423 271 shares of IBA SA shares (5.20% of the voting rights) at September 1, 2011. In view of the above, as of September 1, 2011, these two parties, which have provided notification under article 74, paragraph 6, of the Takeover Offer Act, held a combined interest in IBA SA of 9 196 403 shares (33.6% of the voting rights).
- Note that although IBA Investments SCRL (registered office Chemin du Cyclotron 3; BE VAT 0471.701.397; RPM Nivelles) is affiliated with Belgian Anchorage SCRL, it is not a party to the concert party agreement signed by Belgian Anchorage SCRL, Institut des Radioéléments FUP, the Université Catholique de Louvain (UCL), and Sopartec SA. IBA Investments SCRL held an interest of 610,852 shares in IBA SA (2.23% of the voting rights) at September 1, 2011.
- Although parties to the aforementioned concert party agreement, the Université Catholique de Louvain and Sopartec SA opted not to provide notification under article 74, paragraph 6, of the Takeover Offer Act.

SUBSEQUENT EVENTS

The situation was as follows at December 31, 2011:

	Reference shareholders		Parties acting in concert		Companies providing Art. 74 § 6 notification	
SITUATION AS AT DECEMBER 31, 2011 DENOMINATOR 27 365 028	Number of shares	%	Number of shares	%	Number of shares	%
Belgian Anchorage SCRL	7 773 132	28.41%	7 773 132	28.41%	7 773 132	28.41%
IBA Investment SCRL	610 852	2.23%	0	N/A	0	N/A
IBA SA	75 637	0.28%	0	N/A	0	N/A
UCL ASBL	426 885	1.56%	426 885	1.56%	0	N/A
Sopartec SA	529 925	1.94%	529 925	1.94%	0	N/A
Institut des Radioéléments FUP	1 423 271	5.20%	1 423 271	5.20%	1 423 271	5.20%
TOTAL	**10 839 702**	**39.61%**	**10 153 213**	**37.10%**	**9 196 403**	**33.61%**

RELATIONSHIP WITH DOMINANT SHAREHOLDERS

IBA's dominant shareholders—Belgian Anchorage SCRL, UCL, Sopartec, and IRE—which have declared that they are acting in concert, have signed an agreement that will expire in 2013. The above shareholders' agreement governs, inter alia, the sharing of information and preemptive rights on the sale of IBA share. The parties to this agreement held 10 153 213 ordinary shares at December 31, 2011, representing 37.10% of the Company's voting rights.

Under the terms of this agreement, in the event of a new IBA share offering, if one of the dominant shareholders does not exercise its preemptive subscription right, this right will pass to the other dominant shareholders, with Belgian Anchorage SA having first right of subscription. If a participant in the shareholders' agreement wishes to sell its IBA shares, the other parties to the agreement will have a preemptive right to acquire these shares, with Belgian Anchorage SA having first right of purchase. This preemptive right is subject to certain exceptions. In particular, it does not apply in the case of a transfer of shares to Belgian Anchorage SA.

Under the terms of an agreement signed on February 19, 2008, IRE granted IBA a call option to purchase its entire interest in Radiopharma Partners (80.1%) and Sceti Medical Labo KK (19.9%). On May 29, 2008, IBA exercised this option for a price of around EUR 20 million, half in cash and half in IBA shares. Without prejudice to the rights and obligations arising under other shareholders' agreements, IRE agreed to hold these shares for five years, to grant IBA a preemptive right to purchase these shares, and to continue to strive to maintain the "Belgian mooring" (ancrage belge) of IBA's shareholders.

To the best of the Company's knowledge, there were no other relationships or special agreements among the shareholders at December 31, 2011.

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, and human resources management. 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 eight times in 2011, each time under the chairmanship of Jean Stephenne. Attendance at meetings of the Board was high. A large majority of the directors attended all meetings. Only four absences were recorded for all of the meetings, which represents an absentee rate of approximately 6%. The Company believes that the attendance record of individual directors is not pertinent in the context of this report.

At the proposal of the Nominating Committee, the ordinary general shareholders' meeting of May 11, 2001 approved (i) the reappointment as an outside director of Windi SPRL represented by Yves Windelincx, until the 2015 ordinary general shareholders' meeting to approve the financial statements for 2014; (ii) the appointment as an outside director of Consultance Marcel Miller SCS, represented by Marcel Miller until the 2012 ordinary shareholders' meeting to approve the financial statements for 2011; and (iii) the reappointment as an "other" director of Innoste SA, represented by Jean Stephenne representing same, until the 2013 ordinary shareholder's meeting to approve the financial statements for 2012.

At the proposal of the managing directors, the ordinary general shareholders' meeting of May 11, 2011 approved (i) the reappointment of Pierre Mottet as an inside director until the 2015 ordinary general shareholders' meeting to approve the financial statements for 2014 and (ii) the reappointment of Bayrime SA, represented by Eric de Lamotte as an inside director until the 2013 ordinary shareholders' meeting to approve the financial statements for 2012.

The Board of Directors was comprised of the following nine members at December 31, 2011:

NAME	AGE	START OF TERM	END OF TERM	DUTIES AT IBA	PRIMARY DUTIES OUTSIDE IBA
Pierre Mottet[1]	50	1998	AGM 2015	Chief Executive Officer Inside Director Managing Director NC	Member of the Executive Committee of FEB (Federation of Enterprises in Belgium), Director of UWE (Walloon Business Association), Agoria and several startups
Yves Jongen[1]	64	1991	AGM 2013	Chief Research Officer Inside 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 S.A. (represented by Eric de Lamotte)[1]	55	2000	AGM 2013	Inside Director AC	Corporate Director. Formerly Financial Director of IBA (1991-2000)
Consultance Marcel Miller SCS (represented by Marcel Miller)	58	2011	AGM 2012	Outside Director CC, NC	President, Alstom Belgium Chairman, Agoria Wallonia Vice Chairman, UWE (Walloon Business Association) Director, Technord
PSL Management Consulting SCS (represented by Pierre Scalliet)	59	2005	AGM 2012	Outside Director	Chief of Service, Oncological Radiotherapy Professor of Clinical Oncology, Université Catholique de Louvain (UCL)
Innosté S.A. (représentée par Jean Stephenne)[2]	61	2000	AGM 2013	Chairman of the Board of Directors Other Director CC, NC	Chairman and President of GSK Biologicals President of Besix and Vesalius Director of BNP Fortis and GBL Nanocyl President of Biowin Member of the Executive Committee of FEB et UWE office

NAME	AGE	START OF TERM	END OF TERM	DUTIES AT IBA	PRIMARY DUTIES OUTSIDE IBA
Windi SPRL (represented by Yves Windelincx)[3]	64	2010	AGM 2011	Outside Director CC, NC, AC	Outside Director of Besix, Desmet Engineers and Contractors, TCRe, Concordia, Foreign Trade Agency
Olivier Ralet BDM SPRL (represented by Olivier Ralet)	54	2000	AGM 2012	Other Director AC	LL. B, Law and Economic Law Member of the Executive Committee of Atenor Group SA, Belgium
National Institute for Radioelements FUP (represented by Nicole Destexhe)	59	1991	AGM 2013	Other Director	Financial Director of IRE

COMPENSATION COMMITTEE

The Compensation Committee met five times in 2011. A report on each of its meetings was submitted to the Board.

Topics of discussion included issues relating to the 2010 bonuses, determination of the beneficiaries of the 2011 stock option plan, directors' compensation, and compensation schemes in general.

Only one absence was recorded for all of the meetings held.

At December 31, 2011, the Compensation Committee was comprised of Jean Stephenne, representing Innosté SA, Eric de Lamotte, representing Bayrime SA; and Yves Windelincx, representing Windi SPRL. It is chaired by Jean Stephenne (Innosté SA). Pierre Mottet and Yves Jongen are invited to attend unless the Committee is deciding on compensation policy or other subjects affecting the managing directors.

NOMINATING COMMITTEE

The Nominating Committee met five times in 2011 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.

On the basis of its report, in May 2011 the Board proposed (i) the reappointment as an outside director of Windi SPRL represented by Yves Windelincx; (ii) the appointment as an outside director of Consultance Marcel Miller SCS, represented by Marcel Miller; and (iii) the reappointment as an "other" director of Innoste SA, represented by Jean Stephenne.

Only one absence was recorded for all of the meetings held.

The Nominating Committee has five members, including the Chairman of the Board of Directors and a minimum of two outside directors. At December 31, 2011, the Nominating Committee was comprised of Jean Stephenne (Innosté SA), Marcel Miller (Consultance Marcel Miller SCS), Yves Windelincx (Windi SPRL), Pierre Mottet, and Yves Jongen. It is chaired by Jean Stephenne.

AUDIT COMMITTEE

The Audit Committee met four times in 2011, including three times in the presence of the auditors. A report on each of its meetings was submitted to the Board of Directors. The main topics were the annual results for 2010 and analysis of the auditors' management letter, analysis of the midyear results, oversight of implementation of IFRS accounting principles, examination of the 2012 budget, and oversight of internal audit and risk management.

Controllers in each of the Company's divisions closely monitor the risks to which it is exposed. This allows hands-on risk management. Identified risks are reported to the management team, which reports them to the Audit Committee and works with it and the person in charge of insurance to devise an appropriate solution.

All of the members attended every meeting.

At December 31, 2011, the Committee had three members: Yves Windelincx (Windi SPRL), Olivier Ralet (Olivier Ralet BMD SPRL), and Eric de Lamotte (Bayrime SA).

It is chaired by Yves Windelincx.

NC: Nominating Committee
CC: Compensation Committee
AC: Audit Committee.

(1) As defined in the Charter, i.e., an inside director is a director appointed at the proposal of the managing directors.

(2) An "other" director is a director who is neither an inside director, or an independent.

(3) These directors were presented to the shareholders as outside candidates at the time of their election. However, other directors may also meet the independence criteria. During the course of the year, none of the outside directors ceased to meet the requirements for independence, which are reiterated in the Charter.

INFORMATION REGARDING THE POWERS OF THE MANAGEMENT BODY

In accordance with the decision of the special shareholders' meeting of May 12, 2010, 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).

Authorization to issue convertible bonds or subscription rights

The special shareholders' meeting of May 12, 2010 expressly authorized the Board of Directors to issue convertible bond or subscription rights in accordance with the applicable legal provisions for a period of five years, pursuant to the Belgian Code of Corporate Law, articles 489 et seq., 496 et seq., and 583 et seq. At the time of any share, convertible bond, or subscription rights issue, the Board of Directors may limit or eliminate the preemptive right of the shareholders, including in favor of one or more specific shareholders, in accordance with terms to be determined by the Board and subject to compliance with the provisions of Article 598 of the Code of Company Law, if applicable.

Authorization to increase the capital up to the amount of the authorized capital during a takeover bid period

The special shareholders' meeting of May 12, 2010 expressly gave the Board of Directors three-year authority to increase the Company's capital in accordance with the applicable legal provisions during takeover bid periods involving the Company's stock, thorough either contributions in kind or cash injections, with the possibility of limiting or eliminating the preemptive voting rights of existing shareholders, provided that the total increase, including share premiums, did not exceed the authorized capital.

Authorization to buy back shares in order to prevent serious and imminent harm

The special shareholders' meeting of May 12, 2010 renewed the Board of Director's authorization under article 9 of the Company's articles of incorporation to buy and sell the Company's own shares for the purpose of preventing serious and imminent harm to the Company.

DAY-TO-DAY AND STRATEGIC MANAGEMENT

The day-to-day management of the Company and the authority to act for it such management is delegated to two managing directors, currently Pierre Mottet, 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 and the presidents of the business units. 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 occasions: adoption of the strategic plan and adoption of the 2012 budget.

The Management Team was comprised of the following members at December 31, 2011:

NAME	TITLE	AGE	LOCATION
1. Pierre Mottet	Chief Executive Officer	50	Louvain-la-Neuve, Belgium
2. Yves Jongen	Chief Research Officer	64	Louvain-la-Neuve, Belgium
3. Olivier Legrain	Chief Strategy Officer	43	Louvain-la-Neuve, Belgium
4. Jean-Marc Bothy	Chief Financial Officer	47	Louvain-la-Neuve, Belgium
5. Rob Plompen	President IBA Dosimetry	48	Schwarzenbruck, Germany
6. Renaud Dehareng	President IBA Molecular	39	Washington, USA
7. Jean-Marc Andral	President IBA Medical Accelerators Solutions (Technology)	62	Louvain-la-Neuve, Belgium
8. Serge Lamisse	President IBA Medical Accelerators Solutions (Sales and Marketing)	48	Louvain-la-Neuve, Belgium
9. Berthold Baldus	President IBA Bioassays	57	Marcoule, France
10. Frank Uytterhaegen	President IBA China	58	Beijing, Chine
11. Didier Cloquet	Chief of Staff	47	Louvain-la-Neuve, Belgium

Frank Uytterhaegen
1952 - 2011

Frank Uytterhaegen, a member of IBA's management team in his capacity as president of IBA China, died on December 27, 2011 of complications of cancer.

Frank worked for IBA for 25 years. He was the founder of IBA China and the architect of IBA's success in Asia, among many other achievements. He was a man of great humanity and a source of inspiration for all. His death leaves a gaping hole in the IBA family.

CODES OF CONDUCT

CODE OF ETHICAL 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 ethical 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 implemented a code of conduct to combat insider trading and market abuse. All employees have received a copy of this code. Furthermore, each of the directors and each member of the management team have signed in acceptance of the code in his or her management capacity.

Acting in their management capacities, in 2011 these individuals exercised 255,500 stock options issued under the 2002 stock option plan. Please see the section on the compensation report for details.

To the best of the Company's knowledge, there were no violations of this code of conduct in 2011.

CODE OF CONDUCT FOR CONTRACTUAL RELATIONSHIPS BETWEEN THE COMPANY (INCLUDING ITS AFFILIATED COMPANIES) AND AFFILIATED PERSONS

The Company has implemented a code of conduct governing transactions and other contractual relationships between IBA or its affiliated companies and persons affiliated with them. A transaction with an affiliated person is a transaction between the Company or one of its subsidiaries and (a) a member of the Board of Directors of IBA SA, (b) a member of the Group's Management Team, (c) a person living under the same roof as these individuals, or (d) an enterprise in which a person referred to in (a), (b), or (c) holds significant voting power, whether directly or indirectly. Such transactions must be conducted in accordance with the normal rules of the market. This code has been read and signed by all affiliated persons.

DIVERSITY WITHIN THE BOARD OF DIRECTORS

To ensure the ability of the Board of Directors to exercise its responsibilities effectively, the directors must bring together a set of core competencies defined in appendix 1 to the Corporate Governance Charter, published on the group website. Members are nominated on the basis of their potential contribution in terms of knowledge, experience and competence in one or more relevant areas, in accordance with the needs of the Board at that time. At the same time, the Board of Directors also needs to ensure that the balance between outside, inside and other directors – as stipulated in the articles of association – is maintained.

The Board and the Nomination Committee take all necessary measures and care for the avoidance of any kind of discrimination in the election and nomination process, in particular although not limited to gender. The Board of Directors currently consists of one woman – Ms Nicole Destexhe, representing the Institut National des Radioéléments FUP – and eight men, who have all been elected and nominated according to the criteria set out above. Both the Board and the Nomination Committee are very much in favor of the principles of gender diversity and diversity in general. They support the recommendations made in this respect and have taken due note of the legislation adopted in 2011. They are making all efforts possible with a view of complying with the new regulations within the required timeframe.

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 customary 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 it has 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

IBA directors are remunerated by an annual lump-sum fee of EUR 6 000, except the Chairman of the Board, who receives an annual lump-sum fee of EUR 12 000, and the Chairman of the Audit Committee, who receives an annual lump-sum fee of EUR 9 000. The annual lump-sum fee is supplemented with a fixed fee of EUR 1 000 per Board or committee meeting the director is invited to and which he attends. In line with common practice, the fee may be different depending on specific responsibilities and duties assigned to a director. This is currently the case for the Chairman of the Board, who receives EUR 2 000 per meeting attended, and the Chairman of the Audit Committee, who receives EUR 1 500 per Audit Committee meeting attended.

Directors other than the Chairman of the Board and the Chairman of the Audit Committee are eligible for a fixed number of IBA warrants, as defined by the Compensation Committee. The warrants follow the rules of the plan approved by the Board of Directors, the main characteristics whereof are set out below for the Management Team. The economic value of the warrants, if granted, is intended to represent, in general, not more than about 15% of the annual total remuneration of the director.

The participation of these directors in the warrant plan may be interpreted not to comply with the Belgian Code on Corporate Governance, prescribing that non-executive directors should not be entitled to performance-related remuneration such as bonuses, stock-related long-term incentive plans, fringe benefits or pension benefits. In the opinion of the Compensation Committee and the Board of Directors, the warrants ensure a stronger alignment between the directors and the longer-term success of the company than a cash fee. Also, given the limited number of warrants granted, the warrants do not interfere with the judgment of the directors involved, whilst the exclusion of the Chairman of the Board and the Chairman of the Audit Committee sufficiently safeguards the interests the Code intends to protect.

Non-managing directors do not receive 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.

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 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.

Managing Directors and Other 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, its shareholders, its employees and the communities in which it operates –, 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 –, 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.

At present, it is not anticipated that, in the next two years, the policy will fundamentally change beyond what is set out 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.

Annual Variable Remuneration

The annual variable remuneration program rewards performance against specified objectives. Payout levels currently are targeted at between 25% and 50% of annual base salary, depending on the position, except for the Chief Executive Officer, whose target is set at 100%. Actual payout levels range between 0% and 250% of the targeted percentages, depending on actual performance against the objectives. Payout occurs in cash.

Objectives at group, business unit and individual levels are defined and formalized at the beginning of the performance period, except for the Chief Executive Officer and corporate positions, which do not have business unit objectives. At group and business unit levels, objectives include appropriate financial measures, currently related to profit and cash flow. At the individual level, they include appropriate non-financial measures. All objectives are focused on delivering the business strategy.

At the end of the performance period, for each measure, actual levels of achievement are positioned against the predefined – quantitative or qualitative – targets and are consolidated, resulting in an overall percentage of performance that is applied to the target payout levels.

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

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

Agreements with the managing directors and members of the management team do not contain claw-back provisions in relation to variable payments that would be made on the basis of erroneous financial information.

As of financial year 2012, target payout levels under the variable remuneration program

are based on objectives at business unit and individual levels, and on objectives at group and individual levels for the Chief Executive Officer and corporate members of the management team. In addition, the managing directors and the management team will participate in an all-IBA performance-based profit sharing plan, whereby the financial performance of the group, combined with individual performance, may lead to a supplementary payout. The maximum payout opportunity, combining both plans, is set at 300% of the target payout level under the variable remuneration program.

Long-Term Incentives

The company operates a long-term incentive plan, to which the directors (with some exceptions, as set out above), the managing directors and the management team are eligible. The plan aims to support their alignment with shareholder interests, to support their focus on the creation of longer-term shareholder value and to generate a retention effect over time. In 2011, the Board of Directors has approved a new grant, which has been offered to beneficiaries on the basis of the distribution decided by the Compensation Committee.

The long-term incentives currently take the form of warrants, which vest evenly over a period of five years. Vesting is not linked to performance criteria. The warrants cannot be exercised during the first three years following the year of grant. Following this initial period, they can only be exercised during specific exercise windows. The warrants expire six years following grant.

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 each of the countries where IBA operates. One member of the management team receives expatriate benefits and allowances during his assignment abroad, in accordance with the company's expatriate policy, which follows common market practice.

Relative Importance of Remuneration Components

The weight of the different remuneration components, as part of total remuneration, results from the position of each individual member of the management team, based on market practice in each of the locations where the members are based, except for variable remuneration and long-term incentives plans, which are more global in nature. As a result, the weight of each component is never the same and 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 50% and 75%
Annual Variable Remuneration (at Target)	Up to 30% (except for the Chief Executive Officer, up to 50%)
Long-Term Incentives	Up to 15%
Retirement Plan	Up to 10%
Other Components	Up to 10%

For the individual benefiting from expatriate benefits and allowances, these account for approximately 35% of total remuneration.

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. The directorship of SCS Consultance Marcel Miller started at the general shareholders' meeting of May 9, 2011. The directorship of Peter Vermeeren ended at the same meeting.

BOARD MEMBER	TOTAL COMPENSATION (EUR)	FIXED COMPENSATION (EUR)	BM* COMPENSATION (EUR)	AC* COMPENSATION (EUR)	NC/CC* COMPENSATION (EUR)	WARRANTS** (NUMBER)
Innosté SA, represented by Jean Stephenne (Outside Director, Chairman of the Board)	40 000	12 000	18 000	N/A	10 000	None
PSL Management Consulting SCS, represented by Pierre Scalliet (Outside Director)	13 000	6 000	7 000	N/A	N/A	1 950
SCS Consultance Marcel Miller, represented by Marcel Miller (Outside Director)	13 000	4 000	7 000	N/A	2 000	1 950
Windi SPRL, represented by Yves Windelincx (Outside Director, Audit Committee Chairman)	29 000	9 000	9 000	6 000	5 000	None
Peter Vermeeren (Outside Director)	None	None	None	N/A	N/A	None
Institut National des Radioéléments FUP, represented by Nicole Destexhe (Other Director)	15 000	6 000	9 000	N/A	N/A	None
Olivier Ralet BDM SPRL, represented by Olivier Ralet (Other Director)	19 000	6 000	9 000	4 000	N/A	None
Bayrime SA, represented by Eric de Lamotte (Inside Director)	19 000	6 000	7 000	4 000	2 000	1 950
Yves Jongen (Inside Director, Chief Research Officer)	None	None	None	N/A	None	None
Pierre Mottet (Inside Director, Chief Executive Officer)	None	None	None	N/A	None	None

** BM – Board meeting; AC – Audit Committee meeting; NC/CC – Combined Nomination Committee and Compensation Committee meeting. N/A indicates that the director is not a member of the Committee.*

*** In case of directorship of a company or organization, the warrants are granted directly to the representative of said company or organization.*

REMUNERATION OF THE CHIEF EXECUTIVE OFFICER

The Chief Executive Officer, Mr Pierre Mottet, provides services through Saint Denis SA, a management company. In 2011, fixed remuneration amounted to EUR 365 200. Variable remuneration, in cash, amounted to EUR 449 203,31, in relation to performance during financial year 2010. Variable remuneration in relation to financial year 2011 is paid in 2012 and is not yet known at the time of finalization of this report. The total cash compensation paid to Saint Denis SA in 2011 amounted to EUR 814 403,31. The Chief Executive Officer has not received any other form of remuneration in 2011, except warrants as described below.

REMUNERATION OF THE MANAGEMENT TEAM

Total cash remuneration, including fixed remuneration and variable remuneration as defined above, received by management team members excluding the Chief Executive Officer amounted to EUR 2 530 171 in 2011. This amount includes fixed compensation for a total amount of EUR 1 822 611 and variable remuneration for a total amount of EUR 707 560. Variable remuneration is paid in cash and relates to performance in financial year 2010. Variable remuneration in relation to financial year 2011 is paid in 2012 and is not yet known at the time of finalization of this report.

Other remuneration of members of the management team excluding the Chief Executive Officer, received in 2011, includes i) warrants as described below, ii) contributions to retirement plans for a total amount of EUR 84 986, iii) other remuneration components for a total amount of EUR 260 543. Retirement plans are defined contribution type of plans. Other remuneration components mainly include participation in risk insurance programs, company cars or car allowances, meal vouchers or meal subsidies, all in line with local practice where the management team members are based. They also include expatriate benefits and allowances for one individual on foreign assignment in 2011.

LONG-TERM INCENTIVES OF THE MANAGEMENT TEAM

The managing directors, including the Chief Executive Officer, and the other members of the management team do not receive shares as part of their remuneration. In accordance with the remuneration policy, they have received a grant under the warrant plan, which follows the terms and conditions outlined above, including vesting of 20% of the grant each year following the year of grant, non-exercisability for three years following the year of grant and expiry six years following the date of grant.

The schedule below details, on an individual basis, the warrants granted in 2011.

MANAGEMENT TEAM MEMBER	WARRANTS (NUMBER)	STRIKE PRICE (EUR)	OPTION PERIOD BEGINS (DATE)	OPTION PERIOD ENDS (DATE)	MONETARY VALUE (EUR)
Pierre Mottet (Managing Director)	71 262	5.03	January 1, 2015	September 30, 2017	100 479
Yves Jongen (Managing Director)	50 078	5.03	January 1, 2015	September 30, 2017	70 610
Jean-Marc Andral	30 798	5.03	January 1, 2015	September 30, 2017	43 425
Berthold Baldus	N/A	N/A	N/A	N/A	0
Jean-Marc Bothy	25 765	5.03	January 1, 2015	September 30, 2017	36 329
Didier Cloquet	19 454	5.03	January 1, 2015	September 30, 2017	27 430
Renaud Dehareng	24 294	5.03	January 1, 2015	September 30, 2017	34 255
Serge Lamisse (representative of Blue Peak SPRLU)	17 321	5.42	January 1, 2015	September 30, 2017	24 423
Olivier Legrain (representative of Lamaris Group SPRL)	40 000	5.42	January 1, 2015	September 30, 2017	56 400
Rob Plompen	24 718	5.03	January 1, 2015	September 30, 2017	34 852
Frank Uytterhaegen	16 531	5.42	January 1, 2015	September 30, 2017	23 309

The schedule below details, on an individual basis, the warrants exercised and expired in 2011.

	STOCK OPTIONS EXERCISED IN 2011			STOCK OPTIONS EXPIRING IN 2011	
MANAGEMENT TEAM MEMBER	STOCK OPTIONS (NUMBER)	STRIKE PRICE (EUR)	DATE OF ISSUE (YEAR)	STOCK OPTIONS (NUMBER)	DATE OF ISSUE (YEAR)
Pierre Mottet (Managing Director)	180 000	3.34	2002	None	N/A
Yves Jongen (Managing Director)	75 000	3.34	2002	None	N/A
Jean-Marc Andral	None	N/A	N/A	None	N/A
Berthold Baldus	None	N/A	N/A	None	N/A
Jean-Marc Bothy	None	N/A	N/A	2 110	2005
Didier Cloquet	None	N/A	N/A	None	N/A
Renaud Dehareng	None	N/A	N/A	None	N/A
Serge Lamisse (representative of Blue Peak SPRLU)	None	N/A	N/A	None	N/A
Olivier Legrain (representative of Lamaris Group SPRL)	None	N/A	N/A	None	N/A
Rob Plompen	None	N/A	N/A	None	N/A
Frank Uytterhaegen	500	4.51	2002	None	N/A

TERMINATION ARRANGEMENTS WITH THE MANAGEMENT TEAM

The schedule below summarizes the main contractual arrangements, with each member of the management team, including the Chief Executive Officer, in relation to termination at the initiative of the company.

MANAGEMENT TEAM MEMBER	TERMINATION ARRANGEMENT
Saint Denis SA, represented by Pierre Mottet	The agreement, started before 2009, provides a non compete and termination notice of 4 years based on 25 years with the company
Technofutur SA, represented by Yves Jongen	The agreement, started before 2009, provides a non compete and termination notice of 4 years based on 25 years with the company
Jean-Marc Andral	The agreement, started before 2009, provides minimum six months' notice or equivalent compensation.
Berthold Baldus	The agreement, started in 2011, provides 18 months' severance in case of dismissal during the first three years, except in case of gross negligence. The Compensation Committee recommended and the Board of Directors accepted this severance as a necessary condition for obtaining Mr Baldus's agreement, considering his termination rights accumulated with his previous employer.
Blue Peak SPRLU, represented by Serge Lamisse	The agreement, started before 2009, provides four 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.
Didier Cloquet	The agreement, started before 2009, provides three months' notice per initiated period of five years' service, or equivalent compensation.
Renaud Dehareng	The agreement, started before 2009, provides three months' notice per initiated period of five years' service, or equivalent compensation.
Lamaris Group SPRL, represented by Olivier Legrain	A new agreement has been entered into in 2011, providing six months' notice or equivalent compensation.
Rob Plompen	The agreement, started before 2009, provides twelve months' notice or equivalent compensation.
Frank Uytterhaegen	The agreement terminated on December 27, 2011, following Frank's death.

DECLARATION BY MANAGEMENT

Pursuant to the Royal Decree of November 14, 2007, IBA declares that this annual statement was prepared by Pierre Mottet, Chief Executive Officer (CEO), and Jean-Marc Bothy, Chief Financial Officer (CFO), who declare that, to their knowledge:

- The consolidated statements for 2011 have been prepared in accordance with applicable accounting standards and accurately reflect the assets, financial position, and results of IBA and the undertakings included in the consolidation;
- The management report gives a true and fair view of the business situation, 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 facing them.

IFRS CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

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 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 April 1, 2012.

STATEMENT OF CONSOLIDATED FINANCIAL POSITION AT DECEMBER 31, 2011

The Group has chosen to present its balance sheet on a current/non-current basis.

The notes on pages 59 to 123 are an integral part of these consolidated financial statements.

	Note	December 31, 2010 (EUR '000)	December 31, 2011 (EUR '000)
ASSETS			
Goodwill	8	31 492	3 820
Other intangible assets	8	40 916	13 928
Property, plant, and equipment	9	86 429	19 745
Investments accounted for using the equity method	11	8 255	1 741
Other investments	11	1 943	1 773
Deferred tax assets	12	31 877	13 168
Long-term financial assets	22	0	332
Other long-term assets	13	90 429	13 509
Non-current assets		**291 341**	**68 016**
Inventories and contracts in progress	14	102 694	98 311
Trade receivables	15	89 249	41 347
Other receivables	15	25 286	68 909
Short-term financial assets	22	1 535	1 025
Cash and cash equivalents	16	18 102	11 943
Assets held for sale	6	0	208 460
Current assets		**236 866**	**429 995**
TOTAL ASSETS		**528 207**	**498 011**
EQUITY AND LIABILITIES			
Capital stock	17	37 888	38 408
Capital surplus	17	125 421	126 366
Treasury shares	17	-8 655	-8 612
Reserves	18	9 878	11 858
Currency translation difference	18	-9 948	-9 282
Retained earnings	18	-3 269	-91 687
Reserves for assets held for sale	6	0	524
Capital and reserves		**151 315**	**67 575**
Non-controlling interests		**1 087**	**1 143**
EQUITY		**152 402**	**68 718**
Long-term borrowings	19	39 943	22 348
Long-term liabilities	22	344	994
Deferred tax liabilities	12	948	1 095
Long-term provisions	20	87 191	10 876
Other long-term liabilities	21	43 861	4 828
Non-current liabilities		**172 287**	**40 141**
Short-term provisions	20	11 812	10 215
Short-term liabilities	19	5 115	30 201
Short-term financial liabilities	22	751	1 510
Trade payables	23	63 412	51 146
Current income tax liabilities		2 384	681
Other payables	24	120 044	143 492
Liabilities directly related to assets held for sale	6	0	151 907
Current liabilities		**203 518**	**389 152**
TOTAL LIABILITIES		**375 805**	**429 293**
TOTAL EQUITY AND LIABILITIES		**528 207**	**498 011**

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2011

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

	Note	December 31, 2010 (EUR '000)	December 31, 2011 (EUR '000)
Sales and services		209 037	237 694
Cost of sales and services		113 256	140 478
Gross profit		**95 781**	**97 216**
Selling and marketing expenses		24 260	27 988
General and administrative expenses		32 635	31 291
Research and development expenses		24 241	28 082
Other operating expenses	25	9 697	16 731
Other operating (income)	25	-831	-2 874
Financial expenses	26	10 686	7 660
Financial (income)	26	-11 948	-8 968
Share of (profit)/loss of companies consolidated using the equity method	11	-249	-88
Profit/(loss) before taxes		**7 290**	**-2 606**
Tax (income)/expenses	27	2 680	15 144
Profit/(loss) for the period from continuing operations		**4 610**	**-17 750**
Profit/(loss) for the period from discontinued operations	6	2 033	-66 378
Profit/(loss) for the period		**6 643**	**-84 128**
Attributable to:			
Equity holders of the parent		6 228	-84 369
Non-controlling interests		415	241
		6 643	**-84 128**
Earnings per share from continuing operations and discontinued operations (EUR per share)			
- basic	35	0.24	-3.19
- diluted	35	0.23	-3.19
Earnings per share from continuing operations (EUR per share)			
- basic	35	0.18	-0.67
- diluted	35	0.17	-0.67
Earnings per share from discontinued operations (EUR per share)			
- basic	35	0.06	-2.52
- diluted	35	0.06	-2.52

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2011

	December 31, 2010 (EUR '000)	December 31, 2011 (EUR '000)
Income/(expense) for the period	**6 643**	**-84 128**
Changes in available-for-sale financial asset reserves	-2 409	-380
Changes in strategic hedging reserves	-2 932	-506
Changes in post-employment benefit reserves	-1 161	-94
Changes in companies accounted for using the equity method	525	158
Changes in currency translation differences	5 985	1 519
Permanent-financing related changes	-81	706
Net income/(expenses) recognized directly in equity	**-73**	**1 403**
Comprehensive income	**6 570**	**-82 725**
Attributable to: Equity holders of the parent	6 155	-82 966
Non-controlling interests in continuing operations	415	241

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

EUR '000	Attributable to equity holders of the parent									Total
	Capital stock	Capital surplus	Treasury shares	Hedging reserves	Other reserves	Currency translation difference	Retained earnings	Reserves for assets held for sale	Non-controlling interests	Shareholders' equity
Balance at 01/01/10	**37 505**	**124 788**	**-9 515**	**1 755**	**14 322**	**-16 377**	**-9 117**	**0**	**781**	**144 142**
Net income/ (expenses) recognized directly in equity	**0**	**0**	**0**	**-2 932**	**-3 570**	**6 429**	**0**	**0**	**0**	**-73**
Profit/(loss) for the period	0	0	0	0	0	0	6 228	0	415	6 643
Comprehensive income for the period	**0**	**0**	**0**	**-2 932**	**-3 570**	**6 429**	**6 228**	**0**	**415**	**6 570**
(Purchase)/ sale of treasury shares	0	0	860	0	0	0	-486	0	0	374
Employee stock options and share-based payments	0	0	0	0	303	0	0	0	0	303
Increase/ (reduction) in capital stock/ capital surplus	383	633	0	0	0	0	0	0	0	1 016
Other changes in non-controlling interests	0	0	0	0	0	0	106	0	-109	-3
Balance at 12/31/10	**37 888**	**125 421**	**-8 655**	**-1 177**	**11 055**	**-9 948**	**-3 269**	**0**	**1 087**	**152 402**
Balance at 01/01/11	**37 888**	**125 421**	**-8 655**	**-1 177**	**11 055**	**-9 948**	**-3 269**	**0**	**1 087**	**152 402**
Net income/ (expenses) recognized directly in equity	**0**	**0**	**0**	**-506**	**-998**	**2 383**	**0**	**524**	**0**	**1 403**
Profit/(loss) for the period	0	0	0	0	0	0	-84 369	0	241	-84 128
Comprehensive income for the period	**0**	**0**	**0**	**-506**	**-998**	**2 383**	**-84 369**	**524**	**241**	**-82 725**
Dividends	0	0	0	0	0	0	-3 978	0	0	-3 978
Employee stock options and share-based payments	0	0	0	0	1 767	0	0	0	0	1 767
Increase/ (reduction) in capital stock/ capital surplus	520	945	0	0	0	0	0	0	0	1 465
Other changes	0	0	43	0	0	0	-71	0	-185	-213
Balance at 12/31/11	**38 408**	**126 366**	**-8 612**	**-1 683**	**11 824**	**-7 565**	**-91 687**	**524**	**1 143**	**68 718**

CONSOLIDATED CASH FLOW STATEMENT

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

	Note	December 31, 2010 (EUR '000)	December 31, 2011 (EUR '000)
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit/(loss) for the period attributable to equity holders of the parent [1]		**6 228**	**-84 369**
Adjustments for:			
Depreciation and impairment of tangible fixed assets	9	10 741	20 006
Depreciation and impairment of intangible assets and goodwill	8	4 245	56 986
Write-off on receivables	15	2 119	881
Changes in fair value of financial assets (gains)/losses		-465	2 392
Changes in provisions	20	8 409	11 100
Deferred taxes	27	224	13 929[2]
Share of result of associates and joint ventures accounted for using the equity method	11	-1 455	-413
Other non-cash items	29	1 596	1 969
Net profit/(loss) before changes in working capital		**31 642**	**22 481**
Trade receivables, other receivables, and deferrals		-15 039	-6 107
Inventories and contracts in progress		6 420	21 126
Trade payables, other payables, and accruals		12 489	3 332
Changes in working capital		**3 870**	**18 351**
Income tax paid/received, net		-1 323	-2 284
Interest expense		1 623	1 443
Interest income		-4 400	-1 723
Net cash used in/generated from operations		**31 412**	**38 268**
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of property, plant, and equipment	9	-15 918	-25 435
Acquisition of intangible assets	8	-6 740	-4 857
Disposals of fixed assets		331	297
Acquisition of subsidiaries, net of acquired cash	7	8	0
Acquisition of third-party and equity-accounted investments	11	-952	-3 651
Disposals of subsidiaries and equity-accounted companies, and other net investments from cash disposed		50	0
Other investing cash flows	29	-15 591	-10 018
Net cash used in/generated from investing activities		**-38 812**	**-43 664**
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from borrowings	19	36 971	16 916
Repayment of borrowings	19	-28 014	-4 609
Interest paid		-1 623	-1 443
Interest received		441	353
Capital increase (or proceeds from issuance of ordinary shares)	17	915	1 429
Purchase of treasury shares		-593	0
Dividends paid		-94	-3 843
Other financing cash flows	29	-266	-1 207
Net cash used in/generated from financing activities		**7 737**	**7 596**
Net cash and cash equivalents at beginning of the year		**17 586**	**18 102**
Change in net cash and cash equivalents		337	2 200
Exchange gains/losses on cash and cash equivalents		179	108
Net cash and cash equivalents at end of the year	16	**18 102**	**20 410**

(1) The impact of non-controlling interests is included in the "Other non-cash items" heading.

(2) In 2011, out of the deferred tax total of EUR 13,929, EUR 133 were for discontinued operations, and EUR 13,796 were for continuing operations (see Note 27).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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, 2011 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, 2011.

These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial instruments at fair value.

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, 2010, with the exception of the new standards and interpretations adopted on January 1, 2011, which are described below.

IAS 24 (revised) Related Party Disclosures

IAS 24 (revised) Related Party Disclosures amends the definition of a related party and certain terms of disclosure of Information for entities related to public administration.

The Company adopted this revised standard on January 1, 2010 without any significant impact on its financial results or financial position.

Amendments to IFRIC 14 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements, and their Interaction – Prepayments of Minimum Funding Requirements

These amendments remove unintended consequence arising from the treatment of prepayments when there is a minimum funding requirement (MFR). These amendments results in prepayments of contributions in certain circumstances being recognized as an asset rather than an expense.

The Company adopted these amendments on January 1, 2010 without any significant impact on its financial results or financial position.

IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments

IFRS 19 provides accounting guidance towards the extinguishment of financial liabilities with equity instruments. If a debtor issues equity instruments to a creditor to extinguish all or part of a financial liability, those equity instruments are deemed consideration paid. IFRIC 19 requires that the equity instruments issued are measured at their fair value. If their fair value cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished. Any difference between the carrying amount of the financial liability (or part) extinguished and the consideration paid is recognized in profit or loss.

The Company adopted this amendment on January 1, 2011 without any significant impact on its financial results or financial position.

Insofar as new provisions to IFRS standards are expected to be applicable in the future, they have been listed below. They have not been used in the preparation of the consolidated financial statements for the year ended December 31, 2011.

- IFRS 7 Financial instruments: Disclosures (Amendments to IFRS 7)
- IFRS 9 Financial instruments
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IFRS 13 Fair Value Measurement
- IAS 1 Presentation of Financial Statements: Presentation of the statement of comprehensive income
- IAS 12 Income taxes
- IAS 19 Employee Benefits
- IAS 27 Consolidated and Separate Financial Statements
- IAS 28 Investments in Associates and Joint Ventures
- IAS 32 Financial Instruments: Presentation – Classification of Rights Issues

IFRS 7 Financial Instruments: Disclosures
The amendments to this standard are effective for annual periods beginning on or after July 1, 2011. They allow users of financial statements to improve their understanding of transfer transactions of financial assets, including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if disproportionate amounts of assets transfers are undertaken at the end of the reporting period.

The Group does not expect the implementation of this revised standard to have any impact on its financial statements.

IFRS 9 Financial Instruments
IFRS 9 covers the classification and measurement of financial assets and liabilities and will replace IAS 39. IFRS 9 will be effective for annual periods beginning on or after January 1, 2015. The project should be finalized in 2012. The Group will analyze the standard in order to present a clear and accurate picture of its impact.

IFRS 10 Consolidated Financial Statements
IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation – Special Purpose Entities. IFRS 10 establishes a single control model that applies to all types of entities. The standard also provides explicit guidance on assessing control in complex relationships. This standard is effective from January 1, 2013.

The Group will analyze the standard to assess its possible impact.

IFRS 11 Joint Arrangements
IFRS 11 focuses on the rights and obligations of joint arrangements rather than their legal form. The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. This standard is effective from January 1, 2013.

The Group will analyze the standard to assess its possible impact.

IFRS 12 Disclosure of Interests in Other Entities
IFRS 12 requires the disclosure of information that enables users of a company's financial statements to evaluate the nature of, and the risks associated with, its interests in other entities, as well as their effects on its financial position, performance and cash flows.

This standard is effective from January 1, 2013.

The Group will analyze the standard to assess its possible impact.

IFRS 13 Fair Value Measurement
On May 12, 2011, the IASB and the FASB issued new guidance on fair value measurement and disclosure requirements to be provided in the notes to the financial statements. This guidance is intended to bring the rules applicable to all of the fair value measurements required under IAS/IFRS together in a single framework. It does not expand the use of fair value in financial reporting. This standard is effective from January 1, 2013.

The Group will analyze the standard to assess its possible impact.

IAS 1 Presentation of Financial Statements: Presentation of the Statement of Comprehensive Income
These amendments require separate subtotals for the components of items of other comprehensive income that will subsequently be reclassified to net income. These amendments also confirm the current presentation rules for statements of comprehensive income, i.e., the components of items of other comprehensive income and the components of net income may be presented either in a single statement of net income and comprehensive income or in two separate, consecutive statements: the statement of net income and the statement of comprehensive income.

This standard is effective from January 1, 2013.

The Group is currently analyzing the impact of adopting these amendments.

IAS 12 Income Taxes: Deferred Tax
The amended standard clarifies the determination of deferred tax arising from investment property measured at fair value. This standard is effective from January 1, 2012.

The Group does not anticipate any impact on its financial statements.

IAS 19 Employee Benefits
These amendments make several improvements in the accounting of defined benefit plans, including eliminating the corridor method and streamlining the presentation of changes in assets and liabilities. They also enhance the disclosure requirements for defined benefit plans. This standard is effective from January 1, 2013.

The Group will analyze the standard in order to determine the possible impact of these amendments.

IAS 27 Consolidated and Separate Financial Statements
With the adoption of the IFRS 10 and IFRS 12, IAS 27 has been revised to limit this standard in accounting of investments in subsidiaries, joint ventures, and associates. The revised standard applies to annual reporting periods beginning on or after January 1, 2013.

The Group does not anticipate any impact on its financial statements as a result of this revision.

IAS 28 Investments in Associates and Joint Ventures
The amendment to IAS 28 describes the use of the equity method of accounting for investments in associates and joint ventures. The revised standard is effective for annual periods beginning on or after January 1, 2013.

The Group does not expect these amendments to have any impact on its financial statements.

IAS 32 Financial Instruments: Presentation – Classification of Rights Issues
Amendments to IAS 32 Financial Instruments: Presentation – Classification to Right Issues allow rights, options or warrants with the aim to acquire a fixed number of company's own equity investments for a fixed amount, in any currency, to be classified as equity instruments, provided that the entity give these rights, options and warrants pro rata to all

existing owners of the same class of non-derivative equity instruments.

The Company adopted this revised standard on January 1, 2010. It has had no significant impact on its financial results or financial position.

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. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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 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 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".

Unrealized 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 CONTROLLED ENTITIES

As with associates, the equity method is used for entities over which the Group exercises joint control (i.e., joint ventures).

1.3.4 TREATMENT OF GOODWILL OR NEGATIVE GOODWILL

Business combinations are the bringing together of separate entities or businesses into one reporting entity. 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 goodwill (if this difference is positive) or negative goodwill (if this difference is negative).

For all business combinations arising before January 1, 2004, no retrospective restatement to fair value has been made.

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 at December 31, 2010	Average annual rate 2010	Closing rate at December 31, 2011	Average annual rate 2011
USD	1.3252	1.3280	1.2939	1.3924
SEK	8.9929	9.5586	8.9120	9.0265
GBP	0.8566	0.8585	0.8353	0.8678
CNY	8.7351	8.9893	8.1588	8.9925
INR	60.0564	60.9806	68.7130	65.2200
JPY	108.1930	116.6139	100.20	111.0463

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: 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.g. ERP)	5 years
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 in order to achieve proper matching of cost and revenue.

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.

1.5.2 INVESTMENT PROPERTIES

Investment properties for the Group's own use are carried at acquisition cost less any accumulated depreciation and any impairment loss.

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 to sell (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 estimated reliably, 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, 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 de-recognized. 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.

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

Revaluation of certain financial assets used to manage the Group's cash position, including derivative products, is recorded at fair value through profit or loss if the derivative instrument cannot be valued separately.

When there are indicators of impairment, all 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. 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 occurred.

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 an interest 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

Premiums paid in relation to a defined contribution plan are expensed as incurred. Defined contribution plans are post-employment benefit plans under which IBA pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

As from the date of acquisition of CIS Bio International SAS and its subsidiaries (May 31, 2008), the Group has defined benefit plans.

These entitlements arising from commitments to employees of CIS Bio International SAS, IBA Bio Assays SAS, and IBA Radio-isotopes France SAS are recorded in provisions for post-employment benefits and are:

- Entitlements of employees in service at year-end in the form of benefits, supplements, and other retirement compensation not covered by the pension or insurance funds; and
- Entitlements conferred as a result of the lowering of the retirement age for employees working or having worked in hazard areas.

The obligations arising from the application of these benefit plans are pension plans with defined benefits that set the benefit amount that an employee will receive when retiring, depending generally on one or more factors such as age, years of service and salary.

For pension plans with defined benefits, the costs related to these plans are assessed per pension plan using the projected unit 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. The amounts recognized in the operating income statement include the cost of performed services, cost of past services and impacts of any plan reduction or settlement. The financial cost and the expected return on these plans' assets (if any) are recognized as financial expenses. The obligations relating to the retirement plans recognized in the balance sheet are assessed based on the present value of future cash flows, calculated using interest rates corresponding to those applicable to first category corporate bonds, whose maturity date is almost similar to that of the corresponding liabilities, less any past services costs not yet recorded and the fair value of all the retirement plans' assets. The past services costs result from the adoption or change brought to a retirement plan. They are recorded as expenses over the average remaining duration until the corresponding entitlements are acquired by the employees. 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

The comprehensive method and the liability method are used. 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. This assessment is subject to the principle of prudence.

The Group's Pharmaceuticals business is currently in the heavy investment phase of research and development for new molecules, which will generate profits only in the long term. To accommodate this change in IBA's business profile, the Board of Directors decided in 2010 to extend the period used for estimating future taxable profits taken into consideration for recognizing deferred tax assets from 4 to 5 years, for the Pharmaceutical business only. The 4-year rule remains unchanged for the Equipment business.

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.

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

a) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the U.S. dollar, the Chinese yuan, the British pound, and the Swedish krona.

Foreign exchange risk arises from future and committed commercial transactions, recognized financial assets and liabilities, and 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 twice 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.

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 transactional foreign currency risk mainly arises from open positions

in the Belgian business units against the U.S. dollar.

Approximately 19% of the Group's sales (with a scope of consolidation identical to that of 2010) or 33% (scope of continuing operations) are denominated in currencies other than the functional currency of the operating unit making the sale, while almost 93% of costs (with a scope of consolidation identical to that of 2010) or 87% (scope of continuing operations) are denominated in the unit's functional currency. Where the Group considers that there are no natural hedging opportunities, forward exchange contracts and forward currency options are used to cover currency exposure.

b) Other market risks

The Group is exposed to securities risk because of commercial paper and shares held by the Group in the context of its excess cash management. Risk is mitigated by a conservative selection of highly rated, highly liquid investment products. However, the Company cannot foresee sudden changes in the ratings of these products or market changes that may impair liquidity.

2.1.2 CREDIT RISK

The Group has no significant 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 (OND) that provides systematic coverage of all large equipment transactions.

With respect to its Pharmaceuticals business segment, the Company has instituted a trade credit insurance policy in the United States. For the rest of the world, owing to the generally public nature of the customers, risk can be held at acceptable levels by closely monitoring customer payments.

The table in section 2.2 presents the financial assets of the Group by valuation method. 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.

In late 2009, IBA strengthened the availability of financing by obtaining a long-term credit facility of EUR 50 million from the EIB (European Investment Bank) to provide financing for research and development projects. Under the terms of this financing, the Group agrees to comply with specific covenants relating to the Group's level of debt.

In late 2011, the Group had drawn up to EUR 30 million on this line of credit.

As the transaction has been in process since the beginning of January 2012 with SK Capital Partners, IBA is currently discussing with EIB the adaptation of this credit line with the new profile of the Group closing the transaction with SK Capital Partners.

The Group has at its disposal credit lines up to EUR 106.9 million of which 28.1% are used to date.

In addition, in the context of its proton therapy contracts, IBA has negotiated a manufacturing credit facility of EUR 60 million which can be used up to end 2013. At December 31, 2011, EUR 21.3 million of this credit has been utilized.

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

DECEMBER 31, 2010 (EUR ' 000)	Due	< 1 year	1-2 years	2-5 years	> 5 years	Total
FINANCIAL LIABILITIES						
Bank borrowings	0	2 245	2 745	28 756	6 250	39 996
Finance lease liabilities	0	1 190	898	869	425	3 382
Trade payables	28 461	34 951	0	0	0	63 412
Other ST & LT payables	15 713	108 555	36 443	6 462	1 891	169 064
TOTAL	**44 174**	**146 941**	**40 086**	**36 087**	**8 566**	**275 854**

DECEMBER 31, 2011 (EUR ' 000)	Due	< 1 year	1-2 years	2-5 years	> 5 years	Total
FINANCIAL LIABILITIES						
Bank borrowings	0	30 000	21 345	0	0	51 345
Finance lease liabilities	0	201	218	560	225	1 204
Trade payables	30 305	20 841	0	0	0	51 146
Other ST & LT payables	1 216	143 063	3 084	3 952	190	151 505
TOTAL	**31 521**	**194 105**	**24 647**	**4 512**	**415**	**255 200**

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. The Group entered into interest rate swaps in order to limit the impact of interest rate fluctuation on its financial results.

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

IBA's analysis of the impact of a 1 percent fluctuation in interest rates (sensitivity analysis) on the income statement of an average financial debt of EUR 24.0 million 2011 suggests that it will be EUR -/+0.24 million.

2.1.5 COMMODITY RISK AND OTHERS

The Group's large automotive fleet for its U.S. radiopharmaceutical distribution business exposes it to fluctuations in the price of gasoline. The Group enters into contracts to hedge petroleum product price fluctuations as it deems necessary. The last such contract matured in January 2010.

2.2 FINANCIAL ASSETS AND LIABILITIES – ADDITIONAL INFORMATION

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

		December 31, 2010		December 31, 2011	
EUR '000	Category	Net carrying value	Fair value	Net carrying value	Fair value
FINANCIAL ASSETS					
Trade receivables	Loans and receivables	89 249	89 249	41 347	41 347
Long-term receivables on contracts in progress	Loans and receivables	39 142	39 142	3 088	3 088
Available-for-sale financial assets	Available for sale	33 557	33 557	0	0
Long-term receivables for decommissioning of sites	Loans and receivables	1 516	1 516	0	0
Other long-term receivables	Loans and receivables	16 214	16 214	10 421	10 421
Non-trade receivables and advance payments	Loans and receivables	15 704	15 704	11 305	11 305
Other short-term receivables	Loans and receivables	9 582	9 582	57 604	57 604
Other investments	Available for sale	1 943	1 943	1 773	1 773
Cash and cash equivalents	Loans and receivables	18 102	18 102	11 943	11 943
Hedging derivative products	Hedge accounting	491	491	660	660
Derivative products – other	FVPL1	1 043	1 043	697	697
TOTAL		**226 543**	**226 543**	**138 838**	**138 838**
FINANCIAL LIABILITIES					
Bank borrowings	FLAC	39 996	39 996	51 345	51 345
Finance lease liabilities	FLAC	3 382	3 382	1 204	1 204
Trade payables	FLAC	63 412	63 412	51 146	51 146
Hedging derivative products	Hedge accounting	871	871	1 768	1 768
Derivative products – other	FVPV1	224	224	736	736
Other long-term liabilities	FLAC	43 861	43 861	4 828	4 828
Amounts due to customers for contracts in progress	FLAC	42 143	42 143	77 077	77 077
Social security liabilities	FLAC	18 454	18 454	11 590	11 590
Other short-term liabilities	FLAC	59 447	59 447	54 825	54 825
Short-term tax liabilities	FLAC	2 384	2 384	681	681
Short-term bank credit	FLAC	1 680	1 680	0	0
TOTAL		**275 854**	**275 854**	**255 200**	**255 200**

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)

At December 31, 2011, the net carrying amount of these financial assets and liabilities does not differ from their calculated fair value.

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

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.

2.3 CATEGORIES OF FINANCIAL INSTRUMENTS

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 Group uses the following hierarchy to classify financial instruments recognized at fair value according to the reliability of the valuation methods used:

Level 1: Fair value is based on prices quoted in active markets.

Level 2: Fair value is determined using valuation techniques based almost exclusively on directly or indirectly observable inputs.

Level 3: Fair value is determined using valuation techniques based to a significant extent on non-observable inputs.

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, 2010
- Forward foreign exchange contracts		144		144
- Foreign exchange options		208		208
- Interest rate caps		139		139
Hedge-accounted financial assets		**491**		**491**
Available-for-sale financial assets	**33 557**			**33 557**
Other available-for-sale assets			**1 943**	**1 943**
- Forward foreign exchange contracts		390		390
- Foreign exchange rate swaps		654		654
Financial assets at fair value through the income statement		**1 044**		**1 044**
- Forward foreign exchange contracts		465		465
- Foreign exchange rate swaps		406		406
Hedge-accounted financial liabilities		**871**		**871**
- Forward foreign exchange contracts		51		51
- Foreign exchange rate swaps		173		173
Financial liabilities at fair value through the income statement		**224**		**224**

(EUR '000)	Level 1	Level 2	Level 3	December 31, 2011
- Forward foreign exchange contracts		657		657
- Interest rate caps		3		3
Hedge-accounted financial assets		**660**		**660**
Other available-for-sale assets			**1 773**	**1 773**
- Foreign exchange rate swaps		697		697
Financial assets at fair value through the income statement		**697**		**697**
- Forward foreign exchange contracts		1 215		1 215
- Foreign exchange rate swaps		552		552
Hedge-accounted financial liabilities		**1 767**		**1 767**
- Foreign exchange rate swaps		736		736
Financial liabilities at fair value through the income statement		**736**		**736**

2.3.1 HEDGE-ACCOUNTED FINANCIAL INSTRUMENTS

At December 31, 2011, the Group held 19 forward exchange contracts (30 at December 31, 2010) and 10 foreign exchange swaps (8 at December 31, 2010) to cover future USD, Swedish krona and Polish zlotys cash flows. These hedges are deemed highly effective.

These hedges generated a EUR 0.5 million loss in 2011 (loss of EUR 2.9 million in 2010). This loss is recognized in the other items of the comprehensive income statement.

The Group also holds an interest cap to hedge the interest rate risk associated with the fabrication credit for a proton therapy project. The ineffective part of this instrument was recognized in the income statement.

			Hedge instrument maturities		
(EUR '000)		Equity	< 1 year	1-2 years	> 2 years
AT DECEMBER 31, 2010					
- Foreign exchange hedge in	PLN	-237	-45	-100	-92
- Foreign exchange hedge in	USD	-282	-130	-108	-44
- Interest rate hedge in	EUR	139	0	0	139
		-380	**-175**	**-208**	**3**
AT DECEMBER 31, 2011					
- Foreign exchange hedge in	PLN	657	325	298	34
- Foreign exchange hedge in	USD	-1 317	-788	-344	-185
- Foreign exchange hedge in	SEK	-465	0	0	-465
- Interest rate hedge in	EUR	3	0	3	0
		-1 122	**-463**	**-43**	**-616**

2.3.2 FAIR VALUE THROUGH INCOME STATEMENT – HELD FOR TRADING

At 31 December 2011, the Group held no forward exchange contracts (6 at December 31, 2010), but held 26 exchange rate swaps (35 at December 31, 2010) to cover future USD, Canadian dollars and Polish zlotys cash flows.

As they do not qualify for hedge accounting under the IFRS or have become ineffective, the various hedge instruments discussed in this section are measured at fair value through profit and loss.

The loss generated on these instruments included in the income statement amount EUR 0.8 million at December 31, 2011 (gain of EUR 1 million at December 31, 2010).

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 to carry out the strategy approved by the Board of Directors.

Under this management, the Group uses among other things the ratio between the net financial debts divided by the equity plus the net financial debts (GEARING). The Group wishes to maintain this ratio below 35 percent.

The Group has agreed to comply with a debt-to-equity ratio covenant under the terms of a EUR 50 million credit facility received from the EIB for its research and development projects The Group drew EUR 30 million on this line of credit in late 2011.

Following the ongoing transaction with SK Capital Partners, the loan conditions of the EIB are no longer filled out and the amount withdrawn by the Group on this credit line has been reclassified from long-term to short-term. In addition, the Group is currently re-negotiating a new financing with the EIB.

Due to the losses recorded for the financial year 2011, the Company is unable to distribute a dividend for this financial year. As a reminder, the Group has distributed a dividend of EUR 0.15 per share for the financial year 2010.

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

At December 31, 2011, the Group had accumulated net operating losses of EUR 98.2 million to usable to offset future profits taxable mainly in Belgium and the United States and temporary differences amounting to EUR 3.3 million. The Company recognized deferred tax assets of EUR 13.1 million with the view to use the tax losses carried forward and EUR 0.1 million as temporary differences.

The data above do not take into account deferred tax assets recognized into the activities that are held for sale and which are transferred to assets held for sale.

The Group recognizes deferred tax assets on unused losses carried forward provided that taxable profits will be available to offset these assets. The estimates of the amounts recognized in the balance sheet are established with caution on the basis of recent financial information validated by the Board of Directors and depend on certain assessments relating to future taxable profits of the Group's subsidiaries. The Group's pharmaceutical business is currently in a heavy investment phase for the Research and Development of new molecules whose future profits will only be generated in the long term. In order to take this change in profile of IBA's business into account, the Board of Directors has decided in 2010 to extend the period used for estimating future taxable profits taken into consideration for recognizing deferred tax assets from 4 to 5 years, for the pharmaceutical business only. The 4-year rule remains unchanged for the Equipment business. If the company had not changed this internal rule, the impact on IBA's statement of financial position and income statement would have been a reduction of EUR 4 million of the deferred tax assets in 2010.

(B) PROVISION FOR DECOMMISSIONING COSTS

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

Analysis and estimates are performed by the Group, together with its legal advisers, in order to determine the probability, timing, and amount involved in a probable required outflow of resources.

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

At December 31, 2010, these provisions stood at EUR 39.1 million. They were primarily for obligations in connection with a radiopharmaceutical production facility belonging to the Group's French subsidiary, CIS Bio International SAS.

In 2011, in the framework of the transaction with SK Capital Partners, these provisions which amount to EUR 42.2 million have been reclassified as liabilities directly related to assets held for sale.

The French subsidiary CIS Bio International SAS has held nuclear operator status since December 2008 and as such is required to set aside restricted assets for the future decommissioning and restoration of the nuclear medicine facilities at the site in Saclay, France. At December 31, 2010, these restricted assets amounted to EUR 33.6 million. In 2011, in the framework of the transaction with SK Capital Partners, these restricted assets which amount to EUR 33.8 million have been reclassified as assets held for sale.

In the U.S., approximately EUR 1.6 million (EUR 1.5 million in 2010) has been deposited in blocked accounts in order to meet legal obligations in certain States (Illinois and California). Potential changes in US legislation may lead the Group to establish additional provisions for decommissioning. In 2011, in the framework of the transaction with SK Capital Partners, this amount was reclassified as assets held for sale.

(C) PROVISION FOR OBLIGATION TO TAKE OVER RADIOACTIVE EQUIPMENT AND SOURCES

In the context of the gradual disengagement from radioactive source production (production of cobalt and cesium) at the Saclay site in France, a provision has been made to meet obligations for the takeover and disposal of used radioactive sources and certain equipment (irradiators) in France.

This provision is valued at the net present value of the most probable estimates of unavoidable costs for the treatment and disposal of these used sources. This provision is discounted based on the estimated plan for source recovery.

At December 31, 2010, this provision stood at EUR 16.4 million. In 2011, in the framework of the transaction with SK Capital Partners, this provision which amounts to EUR 14.2 million has been reclassified as liabilities directly related to assets held for sale.

(D) 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.

(E) PROVISION FOR DEFINED BENEFIT PLANS

IBA records provisions for the defined benefit plans of its subsidiaries CIS Bio International SAS, IBA Bio Assays SAS, and IBA Radioisotopes France SAS.

These employee benefit provisions were calculated on the basis of the following assumptions at December 31, 2010 and 2011:

- Discount rate: 4.5%.
- Mortality table: TH-TF 00-02.
- Inflation rate: 2%.
- Salary adjustment rate: 2.5% per annum.
- Pension adjustment rate: 1% excluding inflation.
- Retirement age: 65 for management and 63 for non-management.

The provisions for defined benefit plans of both subsidiaries, CIS Bio International SAS and IBA Radioisotopes France SAS, have been reclassified as liabilities directly related to assets held for sale, in the framework of the transaction with SK Capital Partners.

See Note 28.2 for additional information.

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

The recoverable amounts of tangible and intangible fixed assets are determined on a "value in use" basis. Value in use is determined on the basis of IBA's most recent business plans, as approved by the Board of Directors. These plans incorporate various assumptions made by management and approved by the Board as to how the business, profit margins, and investments will evolve. See Note 8.1 for additional information.

The growth rates used for the impairment tests vary between 0 percent and 11 percent and the discount rates vary between 9.82 percent and 11 percent.

At December 31, 2011, the sensitivity tests carried out by the Group through the fluctuation of the growth and discount rates by 100 basis points (towards the top and bottom) have not revealed any significant impairment for continuing operations (for discontinuing operations see Note 6).

(G) VALUATION OF PRIVATE EQUITY INSTRUMENTS

IBA revalues its private equity holdings using either the discounted cash flow method or the share value assigned to them during the most recent rounds of financing.

At December 31, 2010, IBA had recorded an impairment of EUR 0.8 million for one private equity investment due to a downward revision of estimated gains from the use of an innovative technology (EUR 3.6 million had already been recorded in 2008 for this holding).

It should be noted that at December 31, 2011, as a result of the revaluation of the future flows related to development projects in 2 other investments, IBA decided to book a new write-down of EUR 1.3 million.

(H) DEVELOPMENT COSTS FOR NEW MOLECULES

Expenses incurred to prepare the Group's facilities for the future commercialization of new molecules in phase 2 development are recognized as assets when management considers it likely that such molecules can be brought to market and that future revenues will offset the development costs incurred.

At December 31, 2011, these capitalized expenses stood at EUR 8.8 million compared

with EUR 4.6 million at December 31, 2010 (see Note 8.2). These capitalized development expenses are part of the activity that is held for sale in the framework of the transaction with SK Capital Partners.

(I) RISKS ON PROTON THERAPY PROJECTS

The center built in Essen, which was subject to a public-private partnership, has not yet been accepted by the WPE (Westdeutsches Protonentherapiezentrum Essen GmbH) client. IBA considers that they have fulfilled their obligations. An arbitration procedure has been initiated and discussions were started simultaneously in order to reach an agreement between the parties but they had not yet succeeded by December 31, 2011. The company has, in order to establish its annual financial statements, taken certain assumptions for which uncertain elements exist and which may be significantly far from efficiently resolving this disagreement. The amount of the net assets related to this project and which are recognized in its balance sheet on December 31, 2011 is approximately EUR 25 million. The assumptions of the management to reach this amount of net assets related to this project are relevant to the date of the final reception acceptance of the site, the refinancing of the project by the banks and the additional expenses that shall fall to the Group until the final acceptance by the client.

(J) EVALUATION OF THE RECEIVABLE AMOUNT IN THE FRAMEWORK OF THE SALE OF ACTIVITIES TRANSACTIONS

A remuneration element depends on whether the sale price has been reached when taken out of the pharmaceutical segment investment funds. In this framework, the market value used to determine the value of the by-product associated to it has been based on a model of discounted future cash flows and of multiples.

A probability of an outflow that varies depending on the year was later finalized: 10% in 2014, 60% in 2015, 25% in 2016 and 5% in 2017.

4. OPERATING SEGMENTS

Application of IFRS 8 Operating Segments to periods beginning on or after January 1, 2009 had no impact on the segment information in the Group's consolidated financial statements. The Group's management has determined that the operating segments are the same as the previous business segments under IAS 14 Segment Information.

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) Equipment and (2) Pharmaceuticals.

The segment incomes, assets and liabilities include the items directly related to a segment, as well as those that may be allocated on a reasonable basis. The non-allocated assets mainly include deferred tax assets and some assets of companies that have a cross-segment role. The non-allocated liabilities mainly include those that are relevant to companies having a cross-segment role.

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

- **Equipment:** 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, proton therapy systems, and a wide range of dosimetry products.
- **Pharmaceuticals:** This segment encompasses radiopharmaceuticals (production and distribution) and bioassays:
  - Radiopharmaceuticals: IBA is active in the area of positron emission tomography (PET), where it produces and distributes primarily fluorodeoxyglucose (FDG), a chemical compound used in molecular imaging for the diagnosis of many diseases (principally cancer).
    IBA also has a presence in the field of single photon emission computed tomography (SPECT). Given that IBA will lose the control of this radiopharmaceutical business, the latter has been reclassified in the income statement for the financial years 2010 and 2011 as "earnings of discontinued operations" and in the statement of financial position as "assets and liabilities held for sale".
  - Bioassays: IBA produces and distributes a line of biomarkers used for in vitro medical diagnosis. The Group's HTRF® technology also gives it a presence in the in vitro screening of new drugs for the pharmaceutical industry and biotech companies.

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

	Equipment (EUR '000)	Pharmaceuticals Continuing operations (EUR '000)	Group (EUR '000)
YEAR ENDED DECEMBER 31, 2010			
Net sales and services	169 988	39 049	209 037
External sales	**169 988**	**39 049**	**209 037**
Segment result	**9 011**	**892**	**9 903**
Unallocated expenses [1]	0	0	-4 124
Financial (expense)/income [2]	0	0	1 262
Share of profit/(loss) of companies consolidated using the equity method	0	249	249
Result before taxes	**0**	**0**	**7 290**
Tax (expense)/income [2]	0	0	-2 680
RESULT FOR THE PERIOD FROM CONTINUING OPERATIONS			**4 610**
Profit/Loss for the period from operations held for sale			2 033
RESULT FOR THE PERIOD			**6 643**

	Equipment (EUR '000)	Pharmaceuticals Continuing operations and discontinued operations (EUR '000)	Group (EUR '000)
Segment assets	205 304	282 630	487 934
Investments accounted for using the equity method	0	8 255	8 255
Unallocated assets [3]			32 018
TOTAL ASSETS	**205 304**	**290 885**	**528 207**
Segment liabilities	207 264	168 350	375 614
Unallocated liabilities [4]	0	0	191
TOTAL LIABILITIES	**207 264**	**168 350**	**375 805**

Other segment information	Equipment (EUR '000)	Pharmaceuticals Continuing operations (EUR '000)	Pharmaceuticals discontinued operations (EUR '000)
Capital expenditure	3 574	1 323	17 761
Depreciation and impairment of property, plant, and equipment	1 812	678	8 251
Depreciation of intangible assets	1 071	892	2 282
Non-cash expense/(income)	5 567	875	-2 998
Headcount at year-end	913	179	965

	Equipment (EUR '000)	Pharmaceuticals Continuing operations (EUR '000)	Group (EUR '000)
YEAR ENDED DECEMBER 31, 2011			
Net sales and services	203 165	34 529	237 694
External sales	**203 165**	**34 529**	**237 694**
Segment result	**5 459**	**-5 748**	**-289**
Unallocated expenses [1]	0	0	-3 713
Financial (expense)/income [2]	0	0	1 308
Share of profit/(loss) of companies consolidated using the equity method	-13	101	88
Result before taxes			**-2 606**
Tax (expense)/income [2]	0	0	-15 144
RESULT FOR THE PERIOD FROM CONTINUING OPERATIONS			**-17 750**
Profit/(Loss) for the period from discontinued operations			-66 378
RESULT FOR THE PERIOD			**-84 128**

	Equipment (EUR '000)	Pharmaceuticals Continuing operations (EUR '000)	Pharmaceuticals Discontinued operations (EUR '000)	Group (EUR '000)
Segment assets	244 673	29 819	208 460	482 952
Investments accounted for using the equity method		1 741		1 741
Unallocated assets [3]				13 318
TOTAL ASSETS	**244 673**	**31 560**	**208 460**	**498 011**
Segment liabilities	266 491	10 633	151 907	429 031
Unallocated liabilities [4]				262
TOTAL LIABILITIES	**266 491**	**10 633**	**151 907**	**429 293**
Other segment information				
Capital expenditure	4 567	1 640	24 085	
Depreciation and impairment of property, plant, and equipment	1 647	1 201	17 158	
Depreciation of intangible assets and goodwill	1 051	3 347	52 588	
Non-cash expense/(income)	8 549	-1 565	217	
Headcount at year-end	984	182	1 035	

(1) Unallocated expenses consist mainly of expenses for stock option plans, stock plans and corporate expenses.
(2) Cash and taxes are handled at the Group level and are therefore presented under unallocated financial (expense)/income.
(3) Unallocated assets include deferred tax assets and the assets of IBA Participations SPRL, IBA Corporate Services SA, and IBA Investments SCRL.
(4) Unallocated liabilities include the liabilities of IBA Participations SPRL, IBA Corporate Services SA, and IBA Investments SCRL.

4.2 GEOGRAPHICAL SEGMENTS

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

These geographical segments have been determined on the basis of 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)	Group (EUR '000)
YEAR ENDED DECEMBER 31, 2010				
Net sales and services	367	78 296	130 374	209 037
Segment assets	151 608	97 455	239 012	488 075
Investments accounted for using the equity method	6	2 078	6 171	8 255
Unallocated assets				31 877
TOTAL ASSETS				**528 207**
Capital expenditure (incl. fixed assets from acquisitions in 2010)	1 941	9 187	11 530	

	Belgium (EUR '000)	USA (EUR '000)	ROW (EUR '000)	Operations held for sale (EUR '000)	Group (EUR '000)
YEAR ENDED DECEMBER 31, 2011					
Net sales and services	219	83 902	153 573	0	237 694
Segment assets	193 234	24 998	56 410	208 460	483 102
Investments accounted for using the equity method	6	0	1 735	0	1 741
Unallocated assets					13 168
TOTAL ASSETS					**498 011**
Capital expenditure (incl. fixed assets from acquisitions in 2011)	3 467	74	1 946	24 805	

There are no regular activity incomes coming from transactions with a client outside of IBA which will amount 10% at least of the regular activity incomes of the companies.

5. LISTS OF SUBSIDIARIES AND EQUITY-ACCOUNTED INVESTMENTS

At December 31, 2011, the IBA Group consists of IBA SA and 42 companies and associates in 14 countries. 34 of them are fully consolidated and 8 are accounted for using the equity method.

The Group has elected not to use the proportional method for joint ventures.

5.1 LIST OF SUBSIDIARIES

NAME	Assets held for sale	Country of incorporation	Share of equity held (%)	Change in % held compared to December 31, 2010
IBA Molecular Holding (BE 0880.070.706) *Registered office: Chemin du Cyclotron 3, 1348 Louvain-la-Neuve*	No	Belgium	100%	-
IBA Pharma S.A. (BE 0860.215.596) *Registered office: Chemin du Cyclotron 3, 1348 Louvain-la-Neuve*	Yes	Belgium	100%	+0.10%
IBA Pharma Invest S.A. (BE 0874.830.726) *Registered office: Chemin du Cyclotron 3, 1348 Louvain-la-Neuve*	Yes	Belgium	68.75%	+0.07%
IBA Participations S.P.R.L. (BE 0465.843.290) *Registered office: Chemin du Cyclotron 3, 1348 Louvain-la-Neuve*	No	Belgium	100%	-
IBA Investments S.C.R.L. (BE 0471.701.397) *Registered office: Chemin du Cyclotron 3, 1348 Louvain-la-Neuve*	No	Belgium	100%	-
IBA Corporate Services S.A. (BE 0471.889.261) [1] *Registered office:Avenue Albert Einstein 4, 1348 Louvain-la-Neuve*	No	Belgium	0%	-100%

NAME	Assets held for sale	Country of incorporation	Share of equity held (%)	Change in % held compared to December 31, 2010
Molecular Imaging S.A. (BE 0819.674.051) *Registered office: Chemin du Cyclotron 3, 1348 Louvain-la-Neuve*	Yes	Belgium	100%	+0.10%
Ion Beam Beijing Medical Appliance Technology Service Co. Ltd.	No	China	100%	-
Ion Beam Applications Co. Ltd.	No	China	100%	-
IBA Radio-isotopes France S.A.S.	Yes	France	100%	+0.10%
IBA Dosimetry GmbH	No	Germany	100%	-
IBA Molecular Imaging (India) Pvt. Ltd.	Yes	India	68.75%	+0.07%
IBA Radio-Isotopi Italia S.r.L.	Yes	Italy	100%	+0.10%
IBA Molecular Spain S.A.	Yes	Spain	100%	+0.10%
MediFlash Holding A.B.	No	Sweden	100%	-
IBA Molecular UK limited	Yes	United Kingdom	100%	+0.10%
IBA Dosimetry North America Inc.	No	USA	100%	-
IBA Proton Therapy Inc.	No	USA	100%	-
IBA Industrial Inc.	No	USA	100%	-
IBA Molecular North America Inc.	Yes	USA	100%	+0.10%
RadioMed Corporation	No	USA	100%	-
IBA USA Inc.	No	USA	100%	-
IBA Molecular Montreal Holding Corp.	Yes	USA	100%	-
BetaPlus Pharma S.A. (BE 0479.037.569) *Registered office: Avenue Hyppocrate 10, 1200 Woluwé-Saint-Lambert*	Yes	Belgium	75%	+0.07%
IBA Particle Therapy GmbH	No	Germany	100%	-
Radiopharma Partners S.A. (BE 0879.656.475) *Registered office: Avenue de l'Espérance 1, 6220 Fleurus*	Yes	Belgium	100%	+0.10%
CIS Bio International S.A.S.	Yes	France	100%	+0.10%
Cis Bio Spa	Yes	Italy	100%	+0.10%
Cis Bio GmbH	Yes	Germany	100%	+0.10%
Cis Bio US Inc.	No	USA	100%	+0.10%
IBA Bio Assays S.A.S.	No	France	100%	+0.10%
IBA Molypharma S.L.	Yes	Spain	100%	+0.10%
PetLinq L.L.C.	Yes	USA	100%	-
IBA Hadronthérapie S.A.S.	No	France	100%	-
Cyclhad S.A.S.	No	France	60%	-

(1) In 2011, the company has been acquired by IBA Investments S.C.R.L.

IBA Hadronthérapie SAS and Cyclhad SAS were established in 2010 and therefore do not give rise to goodwill.

5.2 LIST OF EQUITY-ACCOUNTED INVESTMENTS

NAME	Country of incorporation	Equity ownership (%)	Change in % ownership over December 31, 2010
CONTINUING OPERATIONS			
Striba Gmbh	Germany	50%	-
Sceti Medical Labo KK	Japan	39.8%	-
DISCONTINUED OPERATIONS			
Pharmalogic Pet Services of Montreal Cie	Canada	48%	-
Molypharma SA	Spain	24.5%	-
Swan Isotopen AG	Switzerland	20.2%	-
Bio Molecular Industries SDN	Malaysia	36.83%	-
Petnet GmbH	Germany	25.2%	+25.2%
Petnet Solutions AG	Germany	25.2%	+25.2%

In November 2011, the Group gave up all the shares it held for Radio Isotope Méditerranée (25% held by the Group on December 31, 2010).

6. DISCONTINUED OPERATIONS

On January 9, 2012, IBA and SK Capital Partners, a private investment fund based in the United States, announced that they have entered into an agreement to create IBA Molecular Imaging, a jointly-owned new company derived from the Radiopharmaceutical division of IBA. According to the terms of this agreement, at the closing of the transaction, SK Capital shall own 60% of the new company whereas IBA shall keep 40%.

The parties have also agreed to equally share the development costs of the new patented molecules portfolio through a separate joint venture. In recognition of IBA past investment, their resulting profit shall benefit at 60% to IBA and 40% to SK Capital.

The contract's terms and conditions provide for completion of the transaction within 90 days of it being signed.

In compliance with IFRS 5, all of the business over which IBA will lose control has been reclassified in the income statement as "income from discontinued operations" for both years 2011 and 2010 and in the statement of financial position as "assets and liabilities held for sale" for the year 2011.

The income statement for the businesses held for sale and discontinued operations is as follows:

	December 31, 2010 (EUR '000)	December 31, 2011 (EUR '000)
Sales and services	178 554	178 376
Cost of sales and services	129 875	127 901
Gross profit	**48 679**	**50 475**
Selling and marketing expenses	17 585	16 266
General and administrative expenses	29 249	32 891
Research and development expenses	3 533	4 818
Other operating (income)	-6 368	-8 378
Other operating expenses	1 388	2 480
Impairment loss recognized on remeasurement to fair value less costs to sell	0	58 572
Financial (income)	-8 614	-4 913
Financial expenses	11 014	12 283
Share of (profit)/loss of companies consolidated using the equity method	-1 206	-325
Profit/(loss) before taxes from discontinued operations	**2 098**	**-63 219**
Tax income/expense	65	3 159
Profit/(loss) for the period from discontinued operations	**2 033**	**-66 378**

Breakdown of the amount of impairment loss in 2011 on the remeasurement to fair value less costs to sell:

Goodwill impairment	25 657
Impairment of intangible assets	23 845
Impairment of property, plant, and equipment	9 070
Total	**58 572**

This impairment loss related to the transaction with SK Capital Partners is mainly the result of the low valuation given by SK Capital Partners to the portfolio of the new molecules that are developed by the Group, given the uncertainties relating to the future returns on these investments.

The main asset and liability categories for discontinued operations on December 31, 2011 are the following:

	December 31, 2010 (EUR '000)	December 31, 2011 (EUR '000)
ASSETS		
Other intangible fixed assets	0	482
Property, plant, and equipment	0	71 988
Companies accounted for using the equity method	0	9 882
Other investments	0	35
Deferred tax assets	0	5 097
Other long-term assets	0	36 517
Non-current assets	**0**	**124 001**
Inventories and contracts in progress	0	15 798
Trade receivables	0	52 195
Other receivables	0	7 999
Cash and cash equivalents	0	8 467
Current assets	**0**	**84 459**
TOTAL ASSETS HELD FOR SALE	**0**	**208 460**
EQUITY AND LIABILITIES		
Long-term borrowings	0	2 634
Deferred tax liabilities	0	2
Long-term provisions	0	83 082
Other long-term liabilities	0	520
Non-current liabilities	**0**	**86 238**
Short-term provisions	0	2 133
Short-term liabilities	0	2 955
Trade payables	0	25 698
Tax liabilities	0	989
Other payables	0	33 894
Current liabilities	**0**	**65 669**
TOTAL LIABILITIES DIRECTLY RELATED TO ASSETS HELD FOR SALE	**0**	**151 907**
NET ASSETS DIRECTLY RELATED TO OPERATIONS HELD FOR SALE	**0**	**56 553**

Included in the overall statement of comprehensive income for the financial year ending December 31, 2011:

	December 31, 2010 (EUR '000)	December 31, 2011 (EUR '000)
Actuarial reserves	0	-358
Revaluation reserves	0	-835
Currency translation differences	0	1 717
Reserves for assets held for sale	**0**	**524**

The net cash flows of the discontinued operations are the following:

	December 31, 2010 (EUR '000)	December 31, 2011 (EUR '000)
Cash flow from operating activities	18 102	4 602
Cash flow from investing activities	-25 655	-28 558
Cash flow from financing activities	-2 588	-4 299
Net change in cash flow from discontinued operations	**-10 141**	**-28 255**

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

7.1 ACQUISITIONS OF COMPANIES

In September 2010, IBA constituted Cyclhad SAS with Saphyn (SAnté et PHYsique Nucléaire, Health and Nuclear Physics, a public-private partnership based in Caen) and financial partners. IBA has a 60 percent majority stake in Cyclhad SAS. IBA will provide Cyclhad SAS with the prototype of its carbon ion therapy system based on an advanced 400 MeV (mega electrons volts) superconductive isochronous cyclotron capable of accelerating carbon ions used for cancer treatment.

At the same time, IBA also signed a research and development contract with SAPHYN to jointly develop the potential of carbon ion therapy.

On October 1, 2010, IBA acquired 60 percent of shares in PETLINQ L.L.C. for 1 dollar. Since then, the Company was fully consolidated.

The net acquired assets and goodwill arising from the purchase of the stake in Petlinq L.L.C. in October 2010, are as follows:

(USD '000)	Fair value	Carrying value of net acquired assets
Cash and cash equivalents	11	11
Other receivables	40	40
Fixed assets	13	13
Intangible fixed assets	1 369	190
Trade payables	-710	-710
Other current debts	-36	-36
Current bank debts	-44	-44
Provisions	-262	-262
Other non-current liabilities	-381	-381
Net acquired assets (USD '000)	**0**	**-1 179**
Net acquired assets (EUR '000)	**0**	**-866**

At December 31, 2010, the contribution of Petlinq L.L.C. to Group REBIT was EUR 0.23 million. Its contribution to net profit from continuing operations was EUR 0.23 million. If Petlinq L.L.C. had been acquired on January 1, 2010, at year end the Group's net result would have been EUR 6.3 million and sales and services would have been EUR 388.5 million.

7.2 DISPOSAL OF COMPANIES

No company was disposed of during the 2010 and 2011 financial years.

8. GOODWILL AND OTHER INTANGIBLE ASSETS

8.1 GOODWILL

Movements of goodwill are detailed as follows:

(EUR '000)	
At January 1, 2010	**29 563**
Currency translation difference	1 929
At December 31, 2010	**31 492**
At January 1, 2011	**31 492**
Goodwill impairment	-28 242
Currency translation difference	570
At December 31, 2011	**3 820**

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).

In 2011, the Group booked an impairment loss of EUR 28.2 million, of which EUR 25.66 million on the assets held for sale, and EUR 2.59 million on continuing operations.

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

(EUR '000)	Equipment	Pharmaceuticals	Group
December 31, 2010	**3 807**	**27 685**	**31 492**
December 31, 2011	**3 820**	**0**	**3 820**
Pre-tax discount rate applied in 2010	9.82%	9.99%	
Long-term growth rate 2010 (*)	2.60%	3.00%	
Pre-tax discount rate applied in 2011	10.26%	11.00%	
Long-term growth rate 2011 (*)	4.5%	3.00%	

(*) Rate consistent with expected growth in the segment

The recoverable amounts of subsidiaries' fixed assets 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 and future development prospects.

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

For the CGU Equipments, 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 2010 and 2011.

8.2 OTHER INTANGIBLE ASSETS

(EUR '000)	Software	Patents and trademarks	Development costs	Other	Total
Gross carrying amount at January 1, 2010	**10 966**	**22 352**	**1 891**	**46 555**	**81 764**
Additions	2 256	939	3 295	250	6 740
Disposals	-228	0	0	-1	-229
Transfers	489	-358	1 042	-708	465
Changes in consolidation scope	11	0	179	1 061	1 251
Currency translation difference	139	10	77	85	311
Gross carrying amount at December 31, 2010	**13 633**	**22 943**	**6 484**	**47 242**	**90 302**
Accumulated depreciation at January 1, 2010	**7 614**	**13 263**	**870**	**22 997**	**44 744**
Additions	1 289	195	274	2 487	4 245
Disposals	-228	0	0	0	-228
Transfers	299	164	0	-195	268
Changes in consolidation scope	6	0	84	77	167
Currency translation difference	96	6	26	62	190
Accumulated depreciation at December 31, 2010	**9 076**	**13 628**	**1 254**	**25 428**	**49 386**
Net carrying amount at January 1, 2010	**3 352**	**9 089**	**1 021**	**23 558**	**37 020**
Net carrying amount at December 31, 2010	**4 557**	**9 315**	**5 230**	**21 814**	**40 916**
Gross carrying amount at January 1, 2011	**13 633**	**22 943**	**6 484**	**47 242**	**90 302**
Additions	3 454	473	926	4	4 857
Disposals	-117	-88	-7	-170	-382
Transfers	-174	-564	-963	-1 595	-3 296
Transfer to assets held for sale	-5 758	-10 791	-5 262	-32 183	-53 994
Currency translation difference	76	3	88	75	242
Gross carrying amount at December 31, 2011	**11 114**	**11 976**	**1 266**	**13 373**	**37 729**
Accumulated depreciation at January 1, 2011	**9 076**	**13 628**	**1 254**	**25 428**	**49 386**
Additions	1 830	692	336	25 886	28 744
Disposals	-99	-53	0	-58	-210
Transfers	-98	48	-66	-638	-754
Transfer to assets held for sale	-4 524	-8 248	-784	-39 956	-53 512
Currency translation difference	62	3	16	66	147
Accumulated depreciation at December 31, 2011	**6 247**	**6 070**	**756**	**10 728**	**23 801**
Net carrying amount at January 1, 2011	**4 557**	**9 315**	**5 230**	**21 814**	**40 916**
Net carrying amount at December 31, 2011	**4 867**	**5 906**	**510**	**2 645**	**13 928**

The majority of the intangible assets involve software, licenses for the production and distribution of radiopharmaceutical agents, exclusive distribution rights, development costs for new molecules, and customer lists, accounted for by applying the purchase method to acquisitions made by the Group.

The remaining intangible assets have to do primarily with the value of customer relationships, which are amortized over the anticipated life of these relationships.

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

For details on impairment testing, see Note 8.1.

No impairment of the intangible assets (as discussed in this Note 8.2) was identified at December 31, 2010. However, an impairment has been recognized in 2011 for EUR 23.8 million,

as a result of the loss recorded for the disposal of the discontinued operations in the framework of the agreement with SK Capital Partners.

In 2011, the Group capitalized EUR 0.9 million in development expenses for new labeled molecules. These capitalized development expenses are part of the business to be disposed of in the framework of the transaction with SK Capital Partners.

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 at January 1, 2010	**91 801**	**139 391**	**18 246**	**62 729**	**312 167**
Additions	411	3 774	1 783	9 950	15 918
Disposals	-46	-7 699	-1 035	0	-8 780
Transfers	8 035	9 227	18	-17 745	-465
Changes in consolidation scope	0	30	5	0	35
Currency translation difference	1 509	3 494	564	57	5 624
Gross carrying amount at December 31, 2010	**101 710**	**148 217**	**19 581**	**54 991**	**324 499**
Accumulated depreciation at January 1, 2010	**68 338**	**102 984**	**14 601**	**46 718**	**232 641**
Additions	2 150	8 137	1 916	-1 462	10 741
Disposals	-44	-7 423	-997	0	-8 464
Transfers	1 165	4 000	3	-5 436	-268
Changes in consolidation scope	0	22	3	0	25
Currency translation difference	699	2 287	409	0	3 395
Accumulated depreciation at December 31, 2010	**72 308**	**110 007**	**15 935**	**39 820**	**238 070**
Net carrying amount at January 1, 2010	**23 463**	**36 407**	**3 645**	**16 011**	**79 526**
Net carrying amount at December 31, 2010	**29 402**	**38 210**	**3 646**	**15 171**	**86 429**
Gross carrying amount at January 1, 2011	**101 710**	**148 217**	**19 581**	**54 991**	**324 499**
Additions	546	5 842	1 941	17 106	25 435
Disposals	-66	-5 844	-749	-35	-6 694
Transfers	810	6 860	201	-4 612	3 259
Transfer to assets held for sale	-77 909	-142 202	-10 186	-59 115	-289 412
Currency translation difference	528	900	140	1 142	2 710
Gross carrying amount at December 31, 2011	**25 619**	**13 773**	**10 928**	**9 477**	**59 797**
Accumulated depreciation at January 1, 2011	**72 308**	**110 007**	**15 935**	**39 820**	**238 070**
Additions	2 719	18 736	1 969	-3 418	20 006
Disposals	103	-2 062	-759	0	-2 718
Transfers	385	-2 569	-1	2 939	754
Transfer to assets held for sale	-58 856	-115 954	-7 872	-34 742	-217 424
Currency translation difference	344	880	140	0	1 364
Accumulated depreciation at December 31, 2011	**17 003**	**9 038**	**9 412**	**4 599**	**40 052**
Net carrying amount at January 1, 2011	**29 402**	**38 210**	**3 646**	**15 171**	**86 429**
Net carrying amount at December 31, 2011	**8 616**	**4 735**	**1 516**	**4 878**	**19 745**

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

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

As indicated in Note 8.1, an impairment test was carried out in respect of the non-current assets at December 31, 2010 and December 31, 2011 to verify that the carrying amounts of tangible fixed assets, intangible assets, and goodwill were justified by the recoverable amounts. The key assumptions used to calculate value in use are indicated in Note 8.1.

No impairment was recognized in the 2010 financial year.

An impairment has been recognized in 2011 for EUR 9.1 million, as a result of the loss recorded for the disposal of the discontinued operations in the framework of the agreement with SK Capital Partners.

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, 2010	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010	December 31, 2011
Gross carrying amount	7 325	5 614	29 352	151	59	63
Accumulated depreciation	3 969	2 428	19 433	118	9	22
Net carrying amount	**3 356**	**3 186**	**9 919**	**33**	**50**	**41**

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 2011 mainly relate to several buildings located in Louvain-la-Neuve, for which sale options of EUR 0.2 million may be levied at the end of these contracts.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

(EUR '000)	December 31, 2010	December 31, 2011
Equity-accounted investments	8 255	1 741
Other investments	1 943	1 773
TOTAL	**10 198**	**3 514**

11.1 MOVEMENTS IN EQUITY-ACCOUNTED INVESTMENTS

Equity-accounted companies are listed in Note 5.2.

(EUR '000)	December 31, 2010	December 31, 2011
At January 1	**5 097**	**8 255**
Share of profit/(loss) of equity-accounted investments		
- Continuing operations	249	88
- Discontinued operations	1 206	325
Additions		
- Continuing operations	6	0
- Discontinued operations	1 633	2 960
Dividends on discontinued operations	-387	-163
Transfers to assets held for sale	0	-9 882
Currency translation difference	451	158
At December 31	**8 255**	**1 741**

During the first semester 2011, IBA acquired a stake in Petnet GmbH and Petnet Solutions AG companies up to EUR 2.96 million (25.2% of participation – this amount includes a deferred payment of EUR 0.45 million), in order to reinforce its production and distribution network of radiopharmaceutical agents.

In August 2010, IBA acquired a 36.83 percent stake in the capital of Bio Molecular Industries SDN.

In January 2009, IBA acquired a 20.2 percent stake in the Swiss company Swan Isotopen AG.

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
2010						
MolyPharma	Spain	12 087	5 353	13 223	1 008	24.5%
Pharmalogic Pet Services of Montreal Cie.	Canada	4 995	1 906	7 641	2 322	48.0%
Radio Isotope Méditerranée	Morocco	5 631	6 379	580	-445	25.0%
Striba GmbH	Germany	98 479	101 874	6 473	-3 415	50.0%
Sceti Medilabo KK	Japan	6 895	5 773	8 146	634	39.8%
Swan Isotopen A.G.	Switzerland	7 918	5 569	220	-775	20.2%
Bio Molecular Industries SDN	Malaysia	6 980	2 668	0	-17	36.8%
2011						
CONTINUING OPERATIONS						
Striba GmbH	Germany	101 498	111 875	4 563	-6 983	50.0%
Sceti Medilabo KK	Japan	7 886	6 385	8 248	472	39.8%
DISCONTINUED OPERATIONS						
Pharmalogic Pet Services of Montreal Cie.	Canada	7 063	1 796	8 065	2 224	48.0%
MolyPharma	Spain	12 710	4 848	11 628	1 529	24.5%
Swan Isotopen A.G.	Switzerland	18 878	17 553	1 151	-1 093	20.2%
Bio Molecular Industries SDN	Malaysia	6 970	2 642	0	4	36.8%
Petnet Gmbh (*)	Germany	2 146	1 861	3 377	252	25.2%
Petnet Solutions AG (*)	Germany	361	169	2 142	142	25.2%

(*) Figures as of December 2010

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.

(EUR '000)	TOTAL
At December 31, 2010	**1 943**
Equity stake	1 141
Impairment	-1 313
Movements through reserves	37
Transfer to assets held for sale	-35
At December 31, 2011	**1 773**

11.3 JOINTLY CONTROLLED COMPANIES

In 2006, IBA formed a joint venture named Striba GmbH with Strabag Projektenwicklung GmbH (Germany).

This joint venture will provide a proton therapy system and related medical technology to the Universitätsklinikum Essen (North-Rhine, Westphalia, Germany).

The assets and liabilities of this joint venture (consolidated using the equity method) are as follows:

(EUR '000)	December 31, 2010 Audited accounts	December 31, 2011 Unaudited accounts
ASSETS		
Current assets	98 479	101 498
TOTAL	**98 479**	**101 498**
LIABILITIES		
Current liabilities	101 874	111 875
TOTAL	**101 874**	**111 875**
Actifs nets	**-3 395**	**-10 377**
REVENUE	**6 473**	**4 563**
Expense/(income)	-9 888	-11 546
Result after taxes	**-3 415**	**-6 983**

12. DEFERRED TAXES

(EUR '000)	December 31, 2010	December 31, 2011
DEFERRED TAX ASSETS		
- Deferred tax assets to be recovered after 12 months	24 596	9 035
- Deferred tax asset to be recovered within 12 months	7 281	4 133
TOTAL	**31 877**	**13 168**
DEFERRED TAX LIABILITIES		
- Deferred tax liabilities to be paid after 12 months	720	724
- Deferred tax liabilities to be paid within 12 months	228	371
TOTAL	**948**	**1 095**
Net deferred tax assets	**30 929**	**12 073**

(EUR '000)	Total
DEFERRED TAX ASSETS	
At January 1, 2010	**31 732**
Credited/(charged) to the income statement	- 343
Currency translation difference	488
At December 31, 2010	**31 877**
Credited/(charged) to the income statement	- 13 784 (1)
Transfer to assets held for sale	-5 097
Currency translation difference	172
At December 31, 2011	**13 168**

(EUR '000)	Total
DEFERRED TAX LIABILITIES	
At January 1, 2010	**1 004**
Credited/(charged) to the income statement	-119
Currency translation difference	63
At December 31, 2010	**948**
Credited)/charged to the income statement	145 (2)
Transfer to liabilities directly related to assets held for sale	-2
Currency translation difference	4
At December 31, 2011	**1 095**

(1) -13 651 for continuing operations (see Note 27) and -133 for discontinued operations.

(2) 145 for continuing operations (see Note 27).

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

On December 31, 2011 besides the business units that were held for sale, EUR 22.1 million of deferred taxes were not recognized as assets in the balance sheet.

On December 31, 2011, in a consolidation scope identical to that of 2010, the deferred taxes which amount to EUR 74.6 million (EUR 69.7 million in 2010) were not recognized as assets in the balance sheet. Tax losses (excluding Italy for EUR 2.4 million) and corresponding temporary differences have no expiry dates.

13. OTHER LONG-TERM ASSETS

(EUR '000)	December 31, 2010	December 31, 2011
Long-term receivables on contracts in progress	39 142	3 088
Available-for-sale financial assets	33 557	0
Long-term receivables for decommissioning of sites	1 516	0
Other assets	16 214	10 421
TOTAL	**90 429**	**13 509**

The French subsidiary CIS Bio International SAS has held nuclear operator status since December 2008 and as such is required to set aside restricted assets for the future decommissioning and restoration of the nuclear medicine facilities at the site in Saclay, France.

At December 31, 2010, these assets, shown in "Available-for-sale financial assets", came to EUR 33.6 million.

In 2010, the heading "Long-term receivables for decommissioning of sites" included deposits of EUR 1.5 million held in blocked accounts in the US in order to meet legal obligation in certain States (Illinois and California).

These available-for-sale financial assets and these long-term liabilities related to the dismantling of sites have been reclassified as assets held for sale in the framework of the transaction with SK Capital Partners.

Long-term liabilities arising from contracts in progress include in 2011 a provision for invoices to issue in the framework of a proton therapy project for EUR 3.1 million.

Long-term liabilities arising from contracts in progress included in 2010 down payments of EUR 37.7 million received on proton therapy contracts and for which the corresponding trade receivables do not qualify for derecognition and a provision for bills to process within the scope of the proton therapy project for an amount of EUR 1.4 million. During the year 2011, down payments of EUR 37.7 million were reclassified as short-term liabilities.

At December 31, 2011, "Other assets" consisted primarily of EUR 3.6 million in receivables with associated companies, EUR 1.8 million in advances for the development of new labeled molecules and the subscription to a EUR 4.7 million bond.

At December 31, 2010, "Other assets" consisted primarily of EUR 3.7 million in receivables with associated companies, EUR 1.6 million in advances for the development of new labeled molecules, the subscription to a EUR 4.7 million bond, and EUR 5.0 million in advances for an associate company which were reclassified as short term in 2011.

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, 2010	December 31, 2011
Raw materials and supplies	40 366	33 733
Finished products	7 265	5 543
Work in progress	13 511	9 197
Contracts in progress	49 268	57 582
Write-off of inventories and contracts in progress	-7 716	-7 744
Inventories and contracts in progress	**102 694**	**98 311**
Costs to date and recognized profit	250 803	181 059
Less: progress billings	-201 535	-123 477
Contracts in progress	**49 268**	**57 582**
Net amounts due to customers for contracts in progress (Note 24)	42 143	77 077

It should be noted that part of the orders in progress related to a proton therapy contract will be set as warranty when the billing will have been established since financing for this contract is provided by the Group through a fabrication credit.

15. TRADE AND OTHER RECEIVABLES

15.1 TRADE RECEIVABLES

Trade accounts receivable are detailed as follows:

(EUR '000)	December 31, 2010	December 31, 2011
Amounts invoiced on contracts in progress but for which payment has not yet been received at balance sheet date	1 333	1 377
Other trade receivables	94 168	43 514
Impairment of trade receivables (-)	-6 252	-3 544
TOTAL	**89 249**	**41 347**

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
2010	**95 501**	44 017	21 103	7 518	6 798	4 382	2 779	1 472	7 432
2011	**44 891**	6 831	7 778	21 382	1 063	2 855	1 912	320	2 750

At December 31, 2011, trade receivable impairments totaled EUR 3.5 million. Changes in the provision for doubtful debts for the past two years are as follows:

(EUR '000)	
At January 1, 2010	**5 755**
Charge for the year	3 605
Utilizations	-1 745
Write-backs	-1 486
Currency translation difference	123
At December 31, 2010	**6 252**
Charge for the year	3 041
Utilizations	-574
Write-backs	-2 160
Reclassification	182
Transfer to assets held for sale	-3 244
Currency translation difference	47
At December 31, 2011	**3 544**

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, 2010	December 31, 2011
Non-trade receivables and advance payments	15 704	11 305
Deferred charges	3 627	2 661
Accrued income	2 062	560
Other current receivables	3 893	54 383
TOTAL	**25 286**	**68 909**

At December 31, 2011, the "other current receivables" heading was mainly composed of receivables that are not derecognized in the framework of a proton therapy project for EUR 39.9 million (of which EUR 37.7 million being reclassified as long-term), debts towards associated companies for EUR 11.5 million and of the "'research tax credit" for EUR 2.7 million.

16. CASH AND CASH EQUIVALENTS

(EUR '000)	December 31, 2010	December 31, 2011
Bank balances and cash	16 372	9 503
Accounts with restrictions shorter than 3 months	67	53
Short-term bank deposits and commercial paper	1 663	2 387
CASH AND CASH EQUIVALENTS – CONTINUING OPERATIONS	**18 102**	**11 943**
Cash and cash equivalents attributable to discontinued operations (Note 7)	0	8 467
CASH AND CASH EQUIVALENTS – CONTINUING OPERATIONS AND DISCONTINUED OPERATIONS	**18 102**	**20 410**

At December 31, 2011, the effective interest rate on the cash position was 0.80% (0.76% in 2010).

Short-term deposits and commercial paper 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	Capital surplus (EUR)	Treasury shares (EUR)	Total (EUR)
Balance at January 1, 2010	**26 719 155**	**37 504 503**	**124 787 899**	**-9 514 815**	**152 777 587**
Stock options exercised	272 860	383 122	633 587	0	1 016 709
Additions/(disposals) of treasury shares	0	0	0	860 279	860 279
Balance at December 31, 2010	**26 992 015**	**37 887 625**	**125 421 486**	**-8 654 536**	**154 654 575**
Stock options exercised	320 370	446 205	667 405	0	1 113 610
Capital increases (other)	52 643	73 895	276 707	0	350 602
Other	0	0	0	42 115	42 115
Balance at December 31, 2011	**27 365 028**	**38 407 725**	**126 365 598**	**-8 612 421**	**156 160 902**

At December 31, 2011, 60.38% 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 138 of this annual report.

Due to the losses recorded for the 2011 financial year, the company shall not be able to distribute a dividend for this year. However, provided that the transaction with SK Capital Partners runs as intended, the Board of Directors intends to propose at the Shareholders General Meeting to vote for a capital reduction via the distribution of share premiums for an amount close to EUR 5.0 million or 18 euro cents per share.

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 percent 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 grant. In the case of stock option plans, the fair value of the benefit awarded is measured using a Black & Scholes model, as described below. The benefit granted is recognized as an employee expense, and the share-based payment reserve is increased accordingly.

During the period ended December 31, 2011, IBA had 9 stock option plans, including a new plan launched in 2011.

Stock option plans launched from 2002 onwards 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 2005, the Group refunded a capital surplus of EUR 3.1 per share to its shareholders. Following this action, on March 13, 2006, IBA's Board of Directors approved a reduction in the exercise price for IBA employee stock option plans launched in 2000, 2001, 2002, and 2004. Under IFRS 2, this re-pricing qualifies as a modification of the terms of options granted under the 2000, 2001, 2002, and 2004 plans. The impact of this change on the 2011 accounts amounted EUR 0.03 million.

Details of the plans launched in 2011 and 2010 are given in this section.

	December 31, 2010	December 31, 2011
Type of plan	Stock option	Stock option
Date of grant	30/11/2010	30/11/2011
Number of options granted	459 639	694 178
Exercise price	7.80	5.10
Share price at date of grant	9.14	5.23
Contractual life (years)	6	6
Settlement	Stock	Stock
Expected volatility	39.69%	38.11%
Expected option life at grant date (years)	4.75	4.75
Risk-free interest rate	3.04%	4.33%
Expected dividend (stated as % of share price at grant date)	1.79%	0.00%
Expected departures at grant date	2.5%	2.54%
Fair value per granted option at grant date	3.43	2.11
Valuation model	Black & Scholes	Black & Scholes

The Company uses the Black & Scholes model to price 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 options plans was based on the average share price for the 30 days preceding the grant date.

At December 31, 2011, a charge of EUR 1.8 million was recognized in the pre-tax financial statements for employee stock options (EUR 1.3 million in 2010).

The stock options outstanding at December 31, 2011 have the following expiration dates and exercise prices.

Changes since December 31, 2010 are due to the new 2011 stock option plan.

	December 31, 2010		December 31, 2011	
EXPIRATION DATE	Exercise price (EUR)	Number of stock options	Exercise price (EUR)	Number of stock options
September 30, 2011	6.37	21 913	6.37	0
August 31, 2012	3.34	304 607	3.34	11 837
September 30, 2012	13.64	269 408	13.64	269 408
September 30, 2013	19.94	219 025	19.94	219 025
September 30, 2013	3.72	252 280	3.72	236 680
September 30, 2014	14.18	106 970	14.18	106 970
September 30, 2014	6.37	40 087	6.37	40 087
September 30, 2015	13.64	105 842	13.64	105 842
September 30, 2015	8.26	426 271	8.26	426 271
September 30, 2016	19.94	81 221	19.94	81 221
September 30, 2016	7.80	459 639	7.80	459 639
September 30, 2017			5.10	1 487 000 (1)
TOTAL outstanding stock options		**2 287 263**		**3 443 980**

(1) 792 822 options relating to the 2011 plan were included in the above table because they are still in circulation on December 31, 2011. They were cancelled in January 2012.

Stock option movements can be summarized as follows:

	December 31, 2010		December 31, 2011	
	Average exercise price in EUR per share	Number of stock options	Average exercise price in EUR per share	Number of stock options
Outstanding at January 1	**9.37**	**2 508 332**	**9.65**	**2 287 263**
Issued	7.85	463 206[2]	5.10	694 178
Forfeited (-)	10.42	-373 925		0
Exercised (-)	3.72	-272 860	3.47	-320 370
Lapsed (-)	3.72	-37 490[1]	6.37	-9 913
Outstanding at December 31	**9.65**	**2 287 263**	**9.21**	**2 651 158**
Exercisable at December 31		**1 050 448**		**952 437**

(1) 37 490 options relating to the 2004 plan were not included in the above table despite the fact that they are still in circulation because they lapsed on September 30, 2010.

(2) The number of stock options includes a correction of the 2008 plan by 3 567 options at EUR 14.18.

18. RESERVES

(EUR '000)	December 31, 2010	December 31, 2011
Hedging reserves	-1 177	-1 683
Other reserves – value of stock option plans and share-based compensation	11 750	13 513
Reserves for revaluation of restricted assets	-419	0
Other reserves – fair value adjustment of available-for-sale investments	85	122
Actuarial reserves	-361	-94
Reserves for assets held for sale	0	524
Currency translation difference	-9 948	-9 282
Retained earnings	-3 269	-91 687

According to the Belgian Code of Company Law, the legal reserve must equal at least 10 percent 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 on long-term loans that are part of the Group's net investment in foreign operations.

In 2011, after-tax profits of EUR 0.71 million on the retranslation of these loans were reclassified to equity in order to offset gain or loss arising on the translation of net investment in subsidiaries.

At December 31, 2011, the loans below to subsidiaries are designated as Group's net investments in foreign operations:

- IBA S.A. to IBA USA Inc: USD 0.5 million
- IBA S.A. to IBA Molecular North America Inc: EUR 10.5 million
- IBA S.A. to IBA Proton Therapy Inc: USD 10.2 million
  EUR 0.8 million
- IBA S.A. to IBA Molecular UK LTD: EUR 0.1 million
- IBA S.A. to IBA Industrial Inc: EUR 3.1 million

19. BORROWINGS

(EUR '000)	December 31, 2010	December 31, 2011
NON-CURRENT		
Bank debts (Note 19.1)	37 751	21 345
Financial lease liabilities (Note 18.2)	2 192	1 003
TOTAL	**39 943**	**22 348**
CURRENT		
Short-term bank loans	1 680	0
Bank borrowings (Note 19.1)	2 245	30 000
Financial lease liabilities (Note 19.2)	1 190	201
TOTAL	**5 115**	**30 201**

19.1 BANK BORROWINGS

(EUR '000)	December 31, 2010	December 31, 2011
Non-current	37 751	21 345
Current	2 245	30 000
TOTAL	**39 996**	**51 345**

Changes in bank borrowings are as follows:

(EUR '000)	December 31, 2010	December 31, 2011
Opening amount	**5 583**	**39 996**
New borrowings (1)	36 205	16 908
Repayment of borrowings	-1 852	-2 381
Transfer to liabilities directly related to assets held for sale	0	-3 185
Currency translation difference	60	7
Closing balance	**39 996**	**51 345**

(1) The new debts amount includes EUR 1.2 million in 2011 and 1.3 million in 2010 in undisbursed interest charges.

The maturities of bank borrowings are detailed as follows:

(EUR '000)	December 31, 2010	December 31, 2011
One year or less	2 245	30 000
Between 1 and 2 years	2 745	21 345
Between 2 and 5 years	28 756	0
Over 5 years	6 250	0
TOTAL	**39 996**	**51 345**

The minimum payments of bank borrowings are as follows:

(EUR '000)	December 31, 2010	December 31, 2011
One year or less	2 365	30 279 (1)
Between 1 and 5 years	34 098	22 995
Over 5 years	6 499	0
	42 962	**53 274**
Future interest expense on bank borrowings (-)	-2 966	-1 929
TOTAL	**39 996**	**51 345**

(1) Assuming a reimbursement to the EIB on the due dates of the second quarter 2012

The effective interest rates for bank borrowings at the balance sheet date were as follows:

	December 31, 2010		December 31, 2011	
	EUR	USD	EUR	USD
Bank debts	4.68%	5.54%	3.13%	5.23%

The carrying amounts of the Group's borrowings are denominated in the following currencies:

(EUR '000)	December 31, 2010	December 31, 2011
EUR	38 644	51 345
USD	1 352	0
TOTAL	**39 996**	**51 345**

Unutilized credit facilities are as follows:

(EUR '000)	December 31, 2010	December 31, 2011
FLOATING RATE		
- Expiring within one year	10 000	35 000
- Expiring beyond one year	74 815	41 922
TOTAL	**84 815**	**76 922**

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

Changes in financial lease liabilities are as follows:

(EUR '000)	December 31, 2010	December 31, 2011
Opening amount	**5 141**	**3 382**
New borrowings	2 019	1 228
Repayment of borrowings	-3 880	-1 243
Transfer to liabilities directly related to assets held for sale	0	-2 148
Currency translation difference	102	-15
Closing amount	**3 382**	**1 204**

Minimum lease payments on finance lease liabilities are as follows:

(EUR '000)	December 31, 2010	December 31, 2011
One year or less	1 339	271
Between one and five years	2 051	915
Over 5 years	452	232
	3 842	**1 418**
Future finance charges on financial leases (-)	-460	-214
Present value of finance lease liabilities	**3 382**	**1 204**

The present value of finance lease liabilities is as follows:

(EUR '000)	December 31, 2010	December 31, 2011
One year or less	1 190	201
Between one and five years	1 767	778
Over 5 years	425	225
TOTAL	**3 382**	**1 204**

The carrying amounts of finance lease liabilities are denominated in the following currencies:

(EUR '000)	December 31, 2010	December 31, 2011
EUR	3 030	1 166
CNY	50	38
USD	302	0
TOTAL	**3 382**	**1 204**

At December 31, 2011, the average interest rate paid on lease financing debts was 5.14% (4.30% in 2010).

20. LONG-TERM AND SHORT-TERM PROVISIONS

	Environment	Warranties	Litigation	Defined employee benefits	Other employee benefits	Other	Total
At January 1, 2010	**54 457**	**1 011**	**886**	**20 481**	**1 354**	**18 980**	**97 169**
Additions (+)	2 644	1 713	384	2 273	480	4 317	11 811
Write-backs (-)	0	-864	-127	0	-21	-2 556	-3 568
Utilizations (-)	-1 761	-352	-156	-323	-394	- 4 859	-7 845
Actuarial (gains)/losses generated during the year	0	0	0	1 161	0	0	1 161
Reclassifications	47	0	25	0	0	-163	-91
Changes in consolidation scope	0	0	0	0	0	198	198
Currency translation difference	70	0	0	0	0	98	168
Total movement	**1 000**	**497**	**126**	**3 111**	**65**	**-2 965**	**1 834**
At December 31, 2010	**55 457**	**1 508**	**1 012**	**23 592**	**1 419**	**16 015**	**99 003**

	Environment	Warranties	Litigation	Defined employee benefits	Other employee benefits	Other	Total
At January 1, 2011	**55 457**	**1 508**	**1 012**	**23 592**	**1 419**	**16 015**	**99 003**
Additions (+)	4 323	1 419	221	2 342	136	9 618	18 059
Write-backs (-)	-2 353	-905	-352	0	-28	-3 321	-6 959
Utilizations (-)	-986	-245	-336	-621	-261	-1 627	-4 076
Actuarial (gains)/losses generated during the year	0	0	0	94	0	0	94
Reclassifications	4 669	534	0	0	-94	-4 969	140
Transfer to liabilities directly related to assets held for sale	-61 083	0	-420	-22 269	-810	-633	-85 215
Currency translation difference	24	5	2	0	0	14	45
Total movement	**-55 406**	**808**	**-885**	**-20 454**	**-1 057**	**-918**	**-77 912**
At December 31, 2011	**51**	**2 316**	**127**	**3 138**	**362**	**15 097**	**21 091**

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. This heading also includes provisions for obligations in connection with disposing of used radioactive sources and equipment. 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:

- New provisions for decommissioning costs related to entities that are reclassified to liabilities directly related to assets held for sale for EUR +3.3 million related to entities that are transferred to other environmental obligations related to entities that are reclassified to liabilities directly related to the assets held for sale for EUR +1.0 million.
- Reversals of provisions for other environmental obligations related to entities that are reclassified to liabilities directly related to the assets held for sale for EUR -2.4 million.
- Utilizations of provisions for other environmental obligations related to entities that are reclassified to liabilities directly related to the assets held for sale for EUR -0.9 million.

20.2 WARRANTIES

Provisions for warranties cover warranties for machines sold to customers.

Movements can be detailed as follows:

- New provisions for dosimetry for EUR +0.1 million and for proton therapy/accelerators and others for EUR +1.3 million.
- Reversals of provisions for proton therapy/accelerators and others for EUR -0.9 million.
- Utilizations of provisions for proton therapy/accelerators and others for EUR -0.2 million.

20.3 LITIGATION

Provisions for litigation relate to litigation of a social nature for which a EUR 0.1 million provision was presented at December 31, 2011.

Movements can be detailed as follows:

- New provisions related to entities that are reclassified to liabilities directly related to the assets held for sale for EUR +0.2 million.
- Reversals of provisions for social disputes at the level of IBA Bioassays SAS and IBA SA for EUR -0.1 million and towards entities that are reclassified to liabilities directly related to the assets held for sale for EUR -0.3 million.
- Utilizations of provisions for social disputes at the level of IBA Bioassays SAS and IBA SA for EUR -0.1 million and towards entities that are reclassified to liabilities directly related to the assets held for sale for EUR -0.2 million.

20.4 PROVISIONS FOR EMPLOYEE BENEFITS – DEFINED BENEFIT PLANS

Provisions for employee benefits at December 31, 2011 were primarily for the following:

- Obligations of EUR 2.7 million incurred by IBA Bioassays SAS for entitlements of employees active at year-end, in the form of benefits, supplements, and other retirement compensation not covered by the pension or insurance funds (lump-sum retirement payments, known as IDRs).
- Obligations of EUR 0.4 million incurred by IBA Bioassays SAS for entitlements arising from the lowering of the retirement age for employees working or having worked in hazardous areas (NIG119).

The history of actuarial gains and losses for defined benefits plans found in other reserves is as follows:

	December 31, 2008	December 31, 2009	December 31, 2010	December 31, 2011
Continuing operations	-323	+800	-361	-97
Discontinued operations				-358

Movements can be detailed as follows:

- New provisions at the level of IBA Bioassays SAS for EUR +0.3 million and towards entities that are reclassified to liabilities directly related to assets held for sale for EUR +2.1 million.
- Utilization of provisions at the level of IBA Bioassays SAS for EUR -0.2 million and towards entities that are reclassified to liabilities directly related to assets held for sale for EUR -0.4 million.

20.5 OTHERS

Other provisions at December 31, 2011 consisted primarily of the following:

- Of an amount of EUR 13.5 million related to non-recurring commitments on proton therapy projects and for an amount of EUR 1.4 million related to a bank guarantee granted to an associate company.

Main movements can be detailed as follows:

- New provisions for non-recurrent commitments on proton therapy projects for EUR 8.2 million and for a bank guarantee granted to an associate company for EUR 1.4 million.
- Reversals of provisions for:
  - completion of works related to Equipment segment projects for EUR -0.8 million.
  - non-recurrent commitments on proton therapy projects for EUR -0.2 million.
  - dismissal compensations for employees concerned by the Japanese take-over of Bayer Schering Pharma AG's activities by IBA (EUR -1.9 million) after the arbitral award of July 1, 2011 which dismissed Bayer Schering Pharma AG of its request.
  - towards entities that are reclassified to liabilities directly related to assets held for sale for EUR -0.3 million.
- Utilizations of provisions for completion of work for EUR -0.6 million, of provisions covering Bio Assays SAS obligations after the formalization in 2008 of a re-organization plan (prior to the integration of CIS Bio International SAS within the IBA Group) for EUR -0.2 million and towards entities that are reclassified to liabilities directly related to assets held for sale for EUR -0.7 million.

21. OTHER LONG-TERM LIABILITIES

(EUR '000)	December 31, 2010	December 31, 2011
Advances received from local government	9 722	4 828
Other	34 139	0
TOTAL	**43 861**	**4 828**

In 2011, the Group received EUR 0.24 million in interest-free cash advances from the local government agencies and transferred EUR 4.67 million to the other short-term liabilities.

In 2010, the Group received EUR 0.3 million in interest-free cash advances from the local government agencies and repaid EUR 0.1 million. The Group also reclassified advances of EUR 4.24 million to other short-term liabilities.

At December 31, 2010, other long-term liabilities include down payments of EUR 34.1 million received on proton therapy contracts for which the corresponding receivable amounts do not qualify for de-recognition. In 2011, these other long-term

liabilities have been transferred to the other short-terms liabilities.

22. OTHER FINANCIAL ASSETS AND LIABILITIES

(EUR '000)	31 December 2010	December 31, 2011
HEDGE-ACCOUNTED FINANCIAL INSTRUMENTS		
- Forward foreign exchange contracts	144	325
- Foreign exchange rate swaps	208	0
- Interest rate caps	139	3
INSTRUMENTS RECOGNIZED AT FAIR VALUE		
- Forward foreign exchange contracts	390	0
- Foreign exchange rate swaps	654	697
Short-term financial assets	**1 535**	**1 025**
HEDGE-ACCOUNTED FINANCIAL INSTRUMENTS		
- Forward foreign exchange contracts	0	332
Short-term financial assets	**0**	**332**
HEDGE-ACCOUNTED FINANCIAL INSTRUMENTS		
- Forward foreign exchange contracts	121	256
- Foreign exchange rate swaps	406	518
INSTRUMENTS RECOGNIZED AT FAIR VALUE		
- Forward foreign exchange contracts	51	0
- Foreign exchange rate swaps	173	736
Short-term financial liabilities	**751**	**1 510**
HEDGE-ACCOUNTED FINANCIAL INSTRUMENTS		
- Forward foreign exchange contracts	344	960
- Foreign exchange rate swaps	0	34
Long-term financial assets	**344**	**994**

The Group's policy on use of financial instruments is detailed in Note 1.22 on Group accounting policies and Note 2 on financial risk management.

At December 31, 2011, an amount of EUR 1.03 million recognized as a short-term financial asset represented EUR 0.33 million in cash flow hedging instruments and EUR 0.70 million in hedging instruments recognized at fair value through profit and loss.

At December 31, 2010, an amount of EUR 1.53 million recognized as a short-term financial asset represented EUR 0.49 million in cash flow hedging instruments and EUR 1.04 million in hedging instruments recognized at fair value through profit and loss.

At December 31, 2011, an amount of EUR 1.51 million recognized as a short-term financial liability represented EUR 0.77 million in cash flow hedging instruments and EUR 0.74 million in hedging instruments recognized at fair value through profit and loss.

At December 31, 2010, an amount of EUR 0.75 million recognized as a short-term financial liability represented EUR 0.52 million in cash flow hedging instruments and EUR 0.23 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. 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.

At December 31, 2011, a cumulative loss of EUR 1.7 million was therefore directly accounted in the equity (under "Hedging Reserves"). At December 31, 2010, the cumulated loss amounted EUR 1.2 million.

23. TRADE PAYABLES

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
2010	**63 412**	28 461	34 555	396	0	0
2011	**51 146**	30 305	20 298	543	0	0

24. OTHER PAYABLES

(EUR '000)	December 31, 2010	December 31, 2011
Amounts due to customers for contracts in progress (or advances received on contracts in progress)	42 143	77 077
Social security liabilities	18 454	11 590
Accrued charges	27 364	2 937
Accrued interest charges	196	36
Deferred income	4 106	3 235
Capital grants	1 349	1 182
Non-trade payables	4 203	124
Other	22 229	47 311
TOTAL	**120 044**	**143 492**

At December 31, 2011, the heading "other" is mainly composed of down payments of EUR 36 million received on the proton therapy contracts and for which the related receivables have not been derecognized and of advances received from the local government for EUR 9.1 million. The down payments were transferred to "other long term debts" on December 31, 2011.

In 2010, there remains EUR 5.4 million in the accrued charges that relate to modernization works to be done to the Saclay (France) site in compliance with the safety and pharmaceutical standards. The balance at the end of 2011 of EUR 0.3 million has been reclassified as liabilities directly related to assets held for sale.

25. OTHER OPERATING EXPENSES AND INCOME

25.1 OTHER OPERATING EXPENSES

Other operating expenses can be broken down as follows:

(EUR '000)	December 31, 2010	December 31, 2011
Legal costs	452	0
Cost of share-based payments	1 270	1 767
Depreciation and impairment	2 980	2 784
Impairment of goodwill for pharmaceutical operations	0	2 586
Nonrecurring commitments for projects	4 205	5 138
Expenses related to transaction with SK Capital Partners	0	1 709
Provision for bank guarantee received	0	1 391
Other	780	1 356
TOTAL	**9 687**	**16 731**

At December 31, 2011, the depreciation and impairment include mainly impairments of inventories and investments for EUR 2.0 million and depreciations for EUR 0.2 million.

At December 31, 2010, the depreciation and impairment include mainly impairments of trade receivables and investments for EUR 2.5 million.

25.2 OTHER OPERATING INCOME

Other operating income can be broken down as follows:

(EUR '000)	December 31, 2010	December 31, 2011
Reversal of provisions	0	-1 945
Reversal of depreciation and impairment	0	-75
Other	- 831	- 854
TOTAL	**-831**	**-2 874**

In 2011, the "Reversal of provisions" heading primarily includes the impact of the reversal of provisions on dismissal compensations for the employees concerned by the Japanese take-over of activities of Bayer Schering Pharma AG by IBA (EUR 1.8 million) after the arbitral award of July 1, 2011 which dismissed Bayer Schering Pharma AG of its request.

In 2011, the "Other" heading includes the impact that the rebilling of the legal costs borne by the Group in the frame of the arbitration procedure with Bayer Schering Pharma AG for EUR 0.5 million and the payment of the Earn-out on the sale of its MM50 business for EUR 0.3 million.

In 2010, the "Other" heading includes mainly the recognition of payment received on a project in the income statement.

26. FINANCIAL EXPENSES AND INCOME

26.1 FINANCIAL EXPENSES

(EUR '000)	December 31, 2010	December 31, 2011
Interest paid on debts	1 600	1 779
Foreign exchange differences	6 387	1 570
Changes in fair value of derivatives	244	1 907
Other	2 455	2 404
TOTAL	**10 686**	**7 660**

At December 31, 2011, the "Other" heading primarily includes interest expenses as part of a proton therapy project for EUR 1.0 million and commissions on bank guarantees for EUR 0.4 million.

At December 31, 2010, the "Other" heading primarily included interest expenses as part of a proton therapy project for EUR 1.4 million and commissions on bank guarantees for EUR 0.5 million.

26.2 FINANCIAL INCOME

(EUR '000)	December 31, 2010	December 31, 2011
Interest received on receivables and cash	- 4 319	-4 540
Foreign exchange differences	-4 678	-2 316
Changes in fair value of derivatives	-1 205	-1 082
Other	-1 746	-1 030
TOTAL	**-11 948**	**-8 968**

At December 31, 2011, the "Other" heading included mainly proceeds from future rebilling of interests charges as part of a proton therapy project for EUR 1.0 million.

At December 31, 2010, the heading "Other" included mainly the gain on the sale of synthetic collateralized bonds for EUR 0.3 million and proceeds from future rebilling of interests charges as part of a proton therapy project for EUR 1.4 million.

27. INCOME TAXES

The tax charge for the year can be broken down as follows:

(EUR '000)	December 31, 2010	December 31, 2011
Current taxes	1 824	1 348
Deferred taxes	856	13 796
TOTAL	**2 680**	**15 144**

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, 2010	December 31, 2011
Result from continuing operations before taxes	7 290	-2 606
Taxes calculated on the basis of local tax rates	**2 543**	**-1 061**
Unrecognized deferred taxes	109	4 134
Tax-exempt transactions	1 096	-594
Adjustment to prior years' deferred taxes	-7	0
Impairment on recognized deferred tax assets	0	13 617
Utilization of previously unrecognized tax losses	-976	-1 292
Other tax (income)/expense	-85	340
Reported tax expense	**2 680**	**15 144**
Theoretical tax rate	**34.9%**	**40.7%**
Effective tax rate	**36.8%**	**-581.3%**

Given the available tax losses, IBA did not calculate deferred taxes on items credited or charged directly to equity.

28. EMPLOYEE BENEFITS

28.1 DEFINED CONTRIBUTION PLANS

At December 31, 2011, the Group recognized expenses of EUR 0.9 million for defined contribution plans, of which EUR 0.6 million for the continued activities (EUR 0.9 million at December 31, 2010).

28.2 DEFINED BENEFIT PLANS

IBA records provisions for the defined benefit plans of its CIS Bio International SAS and IBA Radioisotopes France SAS subsidiaries (from 2010), and IBA Bio Assays SAS (from 2011).

Changes in the present value of defined benefit obligations are presented as follows:

(EUR '000)	December 31, 2010
Defined benefit obligations at January 1, 2010	**20 481**
Cost of services rendered for the period	1 267
Cost of discounting	1 006
Benefits paid	-323
Actuarial (gains)/losses for the period	1 161
Defined benefit obligations at December 31, 2010	**23 592**

(EUR '000)	December 31, 2011
Defined benefit obligations at January 1, 2011	**23 592**
Cost of services rendered for the period	1 242
Cost of discounting	1 100
Benefits paid	-621
Actuarial (gains)/losses for the period	94
Transfer to liabilities directly related to assets held for sale	-22 269
Defined benefit obligations at December 31, 2011	**3 138**

Defined benefit plan expenses recognized through profit and loss can be broken down as follows:

	December 31, 2008	December 31, 2009	December 31, 2010	December 31, 2011
Cost of services rendered for the period (including portion of discontinued operations	694	1 061	1 267	1 242 (1 100)
Cost of discounting (including portion of continuing operations)	722	1 091	1 006	1 100 (967)
Expenses/(income) for the period	**1 416**	**2 152**	**2 273**	**2 342**

Defined benefit plan expenses accounted for through profit and loss are included in the following income statement headings:

	December 31, 2008	December 31, 2009	December 31, 2010	December 31, 2011
General and administrative expenses (including portion of discontinued operations)	694	1 061	1 267	1 242 (1 100)
Finance expense – other (including portion of continuing operations)	722	1 091	1 006	1 100 (967)
Expenses/(income) for the period	**1 416**	**2 152**	**2 273**	**2 342**

The principal actuarial assumptions at the date of closing are summarized in 3 (e).

29. CASH FLOW STATEMENT

On December 31, 2011, the heading "Other non-cash items" included expenses in connection with employee stock option plans and stock plans (EUR +1.8 million), the net impact of inventory losses and write-downs and outstanding orders (EUR +2.3 million), the impact of the revaluation of non-current assets (EUR -0.6 million), the impact of taking into account unrealized foreign exchange differences on the revaluation of the intercompany balance sheet positions of the Group (EUR+0.2 million) and the impact of research tax credit (EUR -1.7 million).

At December 31, 2011, "Other cash flows from investing activities" primarily includes investments made to bring the site at Saclay, France, into compliance with safety and pharmaceutical standards (EUR – 1.6 million) and recoverable advances granted within the scope of the proton therapy activities of the Group (EUR – 8.3 million).

At December 31, 2011, "Other cash flows from financing activities" include grants and interest-free cash advances received from various public agencies (EUR + 0.4 million), repayment of grants and advances from the Walloon Region of Belgium (EUR -1.1 million), changes in liabilities towards Group employees in connection with the exercise of stock option plans (EUR – 0.1 million) and the partial decrease of a cash credit (EUR -0.4 million).

At December 31, 2010, the caption "Other non-cash items" includes expenses in connection

with employee stock option plans and stock plans (+EUR 1.3 million), inventory losses and write-downs and outstanding orders (EUR +1.4 million), the impact of the revaluation of non-current assets (EUR -1.8 million) and the impact of taking into account unrealized foreign exchange differences on the revaluation of the intercompany balance sheet positions of the Group (EUR +0.6 million).

At December 31, 2010, "Other cash flows from investing activities" primarily includes investments made to bring the site at Saclay, France, into compliance with safety and pharmaceutical standards (EUR -5.5 million),), the purchase of subordinate bond (EUR -4.7 million), recoverable advances granted within the scope of the proton therapy activities of the Group (EUR -6.8 million) and the sale of synthetic collateralized obligations (C.D.O.) for EUR +1.2 million.

At December 31, 2010, "Other cash flows from financing activities" include grants and interest-free cash advances received from various public agencies (EUR +0.7 million), repayment of grants and advances from the Walloon Region of Belgium (EUR -0.8 million) and changes in liabilities towards Group employees in connection with the exercise of stock option plans (EUR -0.2 million).

30. CONTINGENT LIABILITIES

The Group is currently involved in certain legal proceedings. The potential risks connected with these proceedings are deemed to be insignificant or unquantifiable or, where potential damages are quantifiable, adequately covered by provisions.

Developments in litigation mentioned in the 2010 annual report as well as the principal cases pending at December 31, 2011 are presented in this Note.

DEVELOPMENT IN LITIGATIONS MENTIONED IN THE 2010 ANNUAL REPORT

LITIGATION MENTIONED IN THE 2010 ANNUAL REPORT AND SETTLED AT DECEMBER 31, 2011

Litigation with Bayer Schering Pharma AG

In the context of the acquisition of CIS Bio International SA, the parties agreed that Bayer Schering Pharma AG would pay an additional EUR 4 million in the event that CISBIO obtained INB (Basic Nuclear Facility) designation before December 31, 2008. This amount was meant to aid CISBIO to set up the reserves required by the law for all INB installations so as to cover dismantling costs of such installations.

A French decree of December 15, 2008 conferred INB status on CISBIO, and Bayer Schering Pharma AG was asked for the EUR 4 million. Bayer Schering Pharma AG refused to pay on the pretext that the law allows the use of means other than cash to establish the guarantee and that its contractual commitment applied only in the case of a mandatory cash reserve. IBA believed that Bayer Schering Pharma AG had no basis for its position and has instituted arbitration proceedings for payment through AFA (Association Française d'Arbitrage, French Arbitration Association). IBA and Bayer Schering Pharma AG are also involved in a litigation in relation with the take-over of Japanese business, in which Bayer Schering Pharma AG maintains that IBA has not complied with its best reasonable effort obligation in order to guarantee the transfer of the employees concerned by the take-over.

Bayer Schering Pharma AG has submitted a counterclaim in the aforementioned arbitration proceedings demanding payment of JPY

180 076 111 and EUR 200 000 in severance compensation for the employees in question. IBA considers that it has fully complied with its best effort obligation and contends that, if only 20 of the 38 employees joined IBA, it was for reasons attributable exclusively to Bayer Schering Pharma AG. Both litigations were joined. An arbitral award was pronounced July 1, 2011. IBA's arguments were heard. Bayer Schering Pharma AG was sentenced to pay additional EUR 4 million and was dismissed from its counterclaim concerning the take-over of the Japanese business. The award is final and Bayer Schering Pharma AG has executed the award.

DEVELOPMENT IN LITIGATION MENTIONED IN THE 2010 ANNUAL REPORT AND STILL PENDING AT DECEMBER 31, 2011

ARBITRATION AGAINST WESTDEUTSCHES PROTONENTHERAPIEZENTRUM ESSEN GMBH.

In November 2009, STRIBA Protonentherapiezentrum GmbH, a joint venture in which IBA holds a 50 percent share, initiated arbitration against Westdeutsches Protonentherapiezentrum Essen GmbH ("WPE") to determine, in the context of the public private partnership, the exact extent of Striba's contractual obligations to supply a proton therapy facility to Essen, Germany, under turnkey contract.

WPE disputes the quality of the patient management software proposed by IBA. WPE considers that it is entitled to request delivery of a system currently in development for continuous treatment of mobile tumors. IBA has refused to honor this request in the context of the public-private partnership but remains open to research collaboration in this area. Given WPE's insistence on having this system included in the public-private partnership, IBA initiated arbitration proceedings in order to obtain confirmation that the system proposed by IBA followed the rules of the art and complied with the formal requirements specification with regard to both mobile tumor treatment and treatment speed, and that WPE was not entitled to reduce the fee owed to Striba. As part of the same file, WPE brought two counterclaims early in 2011. The first one is a claim for compensation for delay for EUR 4 088 000 in principal and EUR 777 000 in VAT because of Striba's alleged delay in providing a proton therapy center to WPE. The second is to declare that the clinical commissioning to be performed by WPE after the provision of the system must be finalized by WPE before it is forced to start paying the rent due under the PPP.

Both claims have been formally challenged by Striba and IBA. Later, in the course of 2011, WPE introduced several other counterclaims on technical points of the system's performance rendered by IBA and on the building built by Strabag Projecktentwicklung GmbH, IBA's partner in Striba. The dispute became very complex and technical. The dispute is still ongoing and no date has yet been set up regarding the sentencing of a decision on all or some of the dispute points.

NEW LITIGATION LITIGES 2011

Subject to changes in the litigation on December 31, 2010, no significant litigation has occurred during the 2011 financial year.

31. COMMITMENTS

31.1 OPERATING LEASES

The Group has a number of non-cancelable operating leases relating to vehicle, 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, 2010	December 31, 2011
Once year or less	2 786	3 756
Between 1 and 5 years	4 419	8 295
Over 5 years	1 831	5 349
TOTAL	**9 036**	**17 400**

31.1.2. OPERATING LEASES OF DISCONTINUED OPERATIONS:

(EUR '000)	December 31, 2010	December 31, 2011
Once year or less	3 506	3 071
Between 1 and 5 years	8 077	8 883
Over 5 years	4 402	4 147
TOTAL	**15 985**	**16 101**

Total operating lease payments included in the income statement in 2011 amounted to EUR 9.2 million (of which EUR 4.8 million on continued operations and EUR 4.4 million on discontinued operations) compared to EUR 6.8 million in 2010.

31.2 FINANCIAL GUARANTEES

At December 31, 2011, IBA held financial guarantees for EUR 132.4 million given by Group's business units as security for debts or commitments, mainly in advance payment guarantees. Of these, EUR 10.5 million are for guarantees granted by the parent company to cover lease financing debts and the bank debts of its subsidiaries.

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 related parties (mainly companies using the equity accounting method) are the following:

(EUR '000)	December 31, 2010	December 31, 2011
ASSETS		
Receivables		
Long-term receivables	3 362	3 623
Trade and other receivables	1 447	1 489
Impairment of receivables	0	-556
TOTAL RECEIVABLES	**4 809**	**4 556**
LIABILITIES		
Borrowings		
Trade and other payables	2 362	1 947
TOTAL PAYABLES	**2 362**	**1 947**
INCOME		
Sales	1 467	1 154
Purchases	-3 808	-2 537
Financial income	29	27
Other operating income	1 161	577
NET INCOME	**-1 151**	**-779**

The impairment of receivables fully relates to Bio Molecular Industries SDN.

The table above does not list an off-balance sheet commitment allocated for an amount of EUR 1.9 million in favor of Bio Molecular SDN.

32.3 SHAREHOLDER RELATIONSHIPS

The following table shows IBA shareholders at December 31, 2011:

	Number of shares	%
Belgian Anchorage SCRL	7 773 132	28.41%
IBA Investment SCRL	610 852	2.23%
IBA SA	75 637	0.28%
UCL ASBL	426 885	1.56%
Sopartec SA	529 925	1.94%
National Institute of Radioelements FUP	1 423 271	5.20%
Public	16 525 326	60.38%
TOTAL	**27 365 028**	**100%**

IBA's dominant shareholders, Belgian Anchorage, UCL, Sopartec and IRE, have declared to have acted jointly and have concluded an agreement which will expire in 2013. This shareholder agreement governs, inter alia, the sharing of information and preferential rights to purchase IBA shares. The parties to the agreement held 10 153 213 ordinary shares at December 31, 2011, representing 37.10% of the Company's voting rights.

Under the terms of this agreement, in the event of a new IBA share offering, if one of the shareholders does not exercise its preferential subscription right, this right will pass to the other dominant shareholders (with Belgian Anchorage having first right). If a party to the agreement wishes to sell its IBA shares, the other parties to the agreement will have a preemptive right to acquire these shares. This preemptive right is subject to certain exceptions, in particular it does not apply in the case of a transfer of stock to Belgian Anchorage SA.

In an agreement signed on February 19, 2008, IRE granted IBA a call option on the shares it

holds in Radiopharma Partners (that is 80.1 percent) and in Sceti Medical Labo KK (that is 19.9 percent). On May 29, 2008, IBA exercised this call option for about EUR 20 million, 50% in cash and 50% in IBA SA shares. Without prejudice to the rights and obligations arising under other agreements between the shareholders, IRE has agreed to hold these shares for 5 years, to grant IBA a preemptive right to purchase these shares and to continue to strive to maintain the Belgian presence amongst IBA shareholders.

32.4 DIRECTORS AND MANAGEMENT

See remuneration report on page 43.

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, 2010	December 31, 2011
Remuneration for statutory audits and audit of consolidated accounts	655	667(1)
Tax-related services	32	24
Other services	84	98
TOTAL	**771**	**789**

(1) This amount includes EUR 72 000 for 2011 audit missions.

34. EVENTS AFTER THE BALANCE SHEET DATE

AT THE CLOSING OF THE BALANCE SHEETS

On January 9, 2012, IBA and SK Capital Partners, a private investment fund based in the United States, announced that they have entered into an agreement to create IBA Molecular Imaging, a jointly-owned new company derived from the Radiopharmaceutical division of IBA. According to the terms of this agreement, at the closing of the transaction, SK Capital shall own 60% of the new company whereas IBA shall keep 40%.

The parties have also agreed to equally share the development costs of the new patented molecules portfolio through a separate joint venture. In recognition of IBA past investment, their resulting profit shall benefit at 60% to IBA and 40% to SK Capital. The financial value of the division used as a base for the transaction is approximately EUR 167 million excluding debts and cash assets. The completion of this transaction is anticipated for the beginning of the second quarter of 2012, subject to the usual regulatory approvals and the competition's authorities.

Once the current transaction with SK Capital Partners is finalized, IBA will be re-profiled as a specialized participant in the "MEDTECH" segment focused on radiotherapy through its activities in the fields of Proton Therapy, Dosimetry and particle acceleration. It will also retain the participations that bring synergy to the Radiopharmaceutical and Bioassays fields. Under these conditions and in these markets, the company aims at 10% of recurrent operational profit and at 5% to 10% of average growth between 2011 and 2015. In its new perimeter, the company will still be able to count on approximately 50% of recurrent income generated by operational

and maintenance income from its installed base, growing continually, and by its activities in the Dosimetry and Bioassays fields.

35. NET EARNINGS PER SHARE

35.1 BASIC EARNINGS

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, 2010	December 31, 2011
Weighted average number of ordinary shares	26 203 673	26 474 980
Earnings attributable to parent equity holders (EUR '000)	6 228	-84 369
Net earnings per share from continuing and discontinued (EUR per share)	**0.24**	**-3.19**
Earnings from continuing operations attributable to parent equity holders (EUR '000)	4 610	-17 750
Weighted average number of ordinary shares	26 203 673	26 474 980
Basic earnings per share from continuing operations (EUR per share)	**0.18**	**-0.67**
Earnings from operations held for sale attributable to parent equity holders (EUR '000)	1 618	-66 619
Weighted average number of ordinary shares	26 203 673	26 474 980
Basic earnings per share from discontinued operations (EUR per share)	**0.06**	**-2.52**

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. The Company has only one category of dilutive potential ordinary shares: 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, 2010	December 31, 2011
Weighted average number of ordinary shares	26 203 673	26 474 980
Weighted average number of stock options	618 887	298 517
Average share price over period	8.16	6.86
Dilution effect from weighted number of stock options	330 631	0 (*)
Weighted average number of ordinary shares for diluted earnings per share	26 534 304	26 474 980
Earnings attributable to parent equity holders (EUR '000)	6 228	-84 369
Diluted earnings per share from continuing and discontinued operations (EUR per share)	**0.23**	**-3.19**
Earnings from continuing operations attributable to parent equity holders (EUR '000)	4 610	-17 750
Diluted earnings per share from continuing operations (EUR per share)	**0.17**	**-0.67**
Earnings from operations held for sale attributable to parent equity holders (EUR '000)	1 618	-66 619
Diluted earnings per share from discontinued operations (EUR per share)	**0.06**	**-2.52**

(*) 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).

AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

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Statutory auditor's report to the general meeting of shareholders of Ion Beam Applications SA on the consolidated financial statements for the year ended 31 December 2011

In accordance with the legal requirements, we report to you on the performance of our mandate of statutory auditor. This report contains our opinion on the consolidated financial statements as well as the required additional comments.

Unqualified opinion on the consolidated financial statements with an emphasis of matters paragraph

We have audited the consolidated financial statements of Ion Beam Applications SA and its subsidiaries (collectively referred to as 'the Group') for the year ended 31 December 2011, as mentioned in the attached pages 20 to 127, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. These consolidated financial statements comprise the statement of financial position as at 31 December 2011, the consolidated statements of income, changes in equity, the statement of comprehensive income and cash flows for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated statement of financial position shows total assets of € (thousand) 498.011 and the consolidated income statement shows a loss for the year, attributable to equity holders of the parent, of € (thousand) 84.369.

Responsibility of the board of directors for the preparation and fair presentation of the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Responsibility of the statutory auditor

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the legal requirements and the auditing standards applicable in Belgium, as issued by the Institute of Registered Auditors (*Institut des Réviseurs d'Entreprises/Instituut van de Bedrijfsrevisoren).* Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

In accordance with these standards, we have performed procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

In making those risk assessments, we have considered internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order 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. We have evaluated the appropriateness of accounting policies used, the reasonableness of significant accounting estimates made by the Group and the presentation of the consolidated financial statements, taken as a whole. Finally, we have obtained from the board of directors and the Group's officials the explanations and information necessary for executing our audit procedures. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2011 give a true and fair view of the Group's financial position as at 31 December 2011 and of the results of its operations and its cash flows in accordance with IFRS as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.

Without qualifying our opinion, we draw the attention to the Director's report, which describes the uncertainty linked to the dispute between the company and a client in relation with a protontherapy project. The Board of Directors have taken some assumptions in relation with the resolution of the litigation which, in case they differ from the final agreement, might significantly impact the valuation of related net assets of some € 25 million recorded in the balance sheet.

Additional comments

The preparation and the assessment of the information that should be included in the directors' report on the consolidated financial statements are the responsibility of the board of directors.

ERNST & YOUNG

Audit report dated 6 April 2012 on the consolidated financial statements of Ion Beam Applications SA for the year ended 31 December 2011 (continued)

Our responsibility is to include in our report the following additional comments, which do not modify the scope of our opinion on the consolidated financial statements:

- The directors' report on the consolidated financial statements deals with the information required by law and is consistent with the consolidated financial statements. We are, however, unable to comment on the description of the principal risks and uncertainties which the entities included in the consolidation are facing, and on their financial situation, their foreseeable evolution or the significant influence of certain facts on their future development. We can nevertheless confirm that the matters disclosed do not present any obvious inconsistencies with the information that we became aware of during the performance of our mandate.

- In the context of our audit of the statutory financial statements of Ion Beam Applications SA, we ascertained that the board of directors of the Company had complied with the legal provisions applicable to cases of conflicting interest of a financial nature. In conformity with the Companies' Code, these transactions have been covered explicitly in our report on the statutory financial statements of Ion Beam Applications SA.

Diegem, 6 April 2012

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

Martine Blockx
Partner

12MBO0043

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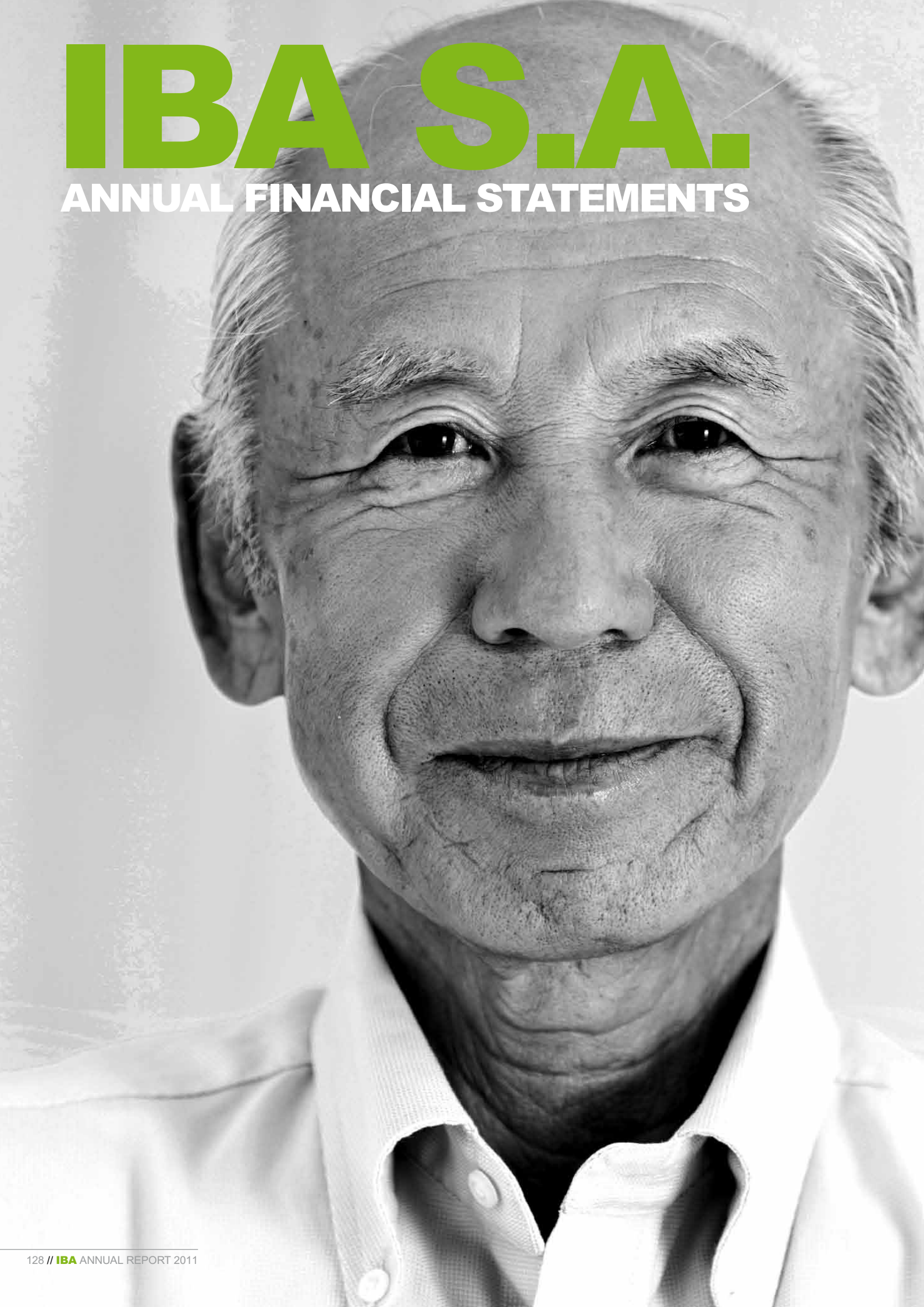
Pursuant to the Royal Decree of November 14, 2007, IBA declares that this annual statement was prepared by Pierre Mottet, Chief Executive Officer (CEO), and Jean-Marc Bothy, Chief Financial Officer (CFO), who declare that, to their knowledge:

- The consolidated statements for 2011 have been prepared in accordance with applicable accounting standards and accurately reflect the assets, financial position, and results of IBA and the undertakings included in the consolidation;
- The management report gives a true and fair view of the business situation, 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 facing them.

IBA S.A.

ANNUAL FINANCIAL STATEMENTS



In accordance with article 105 of the Belgian Code of Company Law, 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 appendices or the report of the auditor, who expressed an unqualified opinion.

ASSETS (EUR '000)	2009	2010	2011
FIXED ASSETS	**150 941**	**92 118**	**197 241**
Formation expenses	**2**	**1**	**0**
Intangible fixed assets	**1 711**	**2 606**	**4 465**
Tangible fixed assets	**5 902**	**5 876**	**6 820**
Land and buildings	909	700	564
Plant, machinery, and equipment	249	173	923
Furniture and vehicles	622	497	923
Leases and similar rights	3 563	3 382	3 205
Assets under construction and advance payments	559	1 124	1 205
Financial assets	**143 326**	**83 635**	**185 955**
Affiliated companies	141 552	77 720	180 166
Other financial assets	1 774	5 915	5 789
CURRENT ASSETS	**558 974**	**685 612**	**526 186**
Accounts receivable after one year	**47**	**1 441**	**3 258**
Inventories and contracts in progress	**401 849**	**473 142**	**436 997**
Inventories	22 113	20 289	24 497
Contracts in progress	379 736	452 853	412 499
Amounts receivable within one year	**153 108**	**205 652**	**76 557**
Trade debtors	44 183	40 122	49 712
Other amounts receivable	108 925	165 530	26 844
Investments	**1 596**	**689**	**2 660**
Cash at bank and in hand	**282**	**1 621**	**2 172**
Deferred charges and accrued income	**2 092**	**3 065**	**4 543**
TOTAL ASSETS	**709 915**	**777 730**	**723 427**

LIABILITIES AND EQUITY (EUR '000)	2009	2010	2011
SHAREHOLDERS' EQUITY	**157 526**	**170 743**	**67 027**
Capital	**37 505**	**37 888**	**38 408**
Additional paid-in capital	**124 788**	**125 421**	**126 366**
Reserves	**2 019**	**2 779**	**2 450**
Legal reserve	1 126	1 887	1 887
Reserves not available for distribution	689	689	360
Untaxed reserves	203	203	203
Retained earnings (-)	**-7 030**	**3 370**	**-101 377**
Capital grants	**245**	**1 285**	**1 182**
PROVISIONS AND DEFERRED TAXES	**5 064**	**9 018**	**17 181**
CREDITORS	**547 325**	**597 968**	**639 219**
Amounts payable after one year	**189 347**	**125 110**	**216 030**
Financial debts	1 390	36 291	22 325
Advances received on contracts in progress	141 532	79 822	189 137
Other amounts payable	46 426	8 998	4 568
Amounts payable within one year	**356 577**	**469 888**	**420 423**
Current portion of amounts payable after one year	57 641	45 820	82 106
Financial debts	23 000	985	30 000
Trade debts	34 298	41 280	55 943
Advances received on contracts in progress	224 162	368 438	243 252
Current tax and payroll liabilities	4 086	8 392	7 599
Other amounts payable	13 390	4 973	1 524
Accrued charges and deferred income	**1 401**	**2 970**	**2 766**
TOTAL LIABILITIES	**709 915**	**777 730**	**723 427**

INCOME STATEMENT (EUR '000)	2009	2010	2011
Operating income	**136 626**	**152 523**	**191 050**
Operating expenses (-)	**-143 430**	**-150 487**	**-189 532**
Raw materials, consumables, and goods for resale	-47 150	-42 507	-73 957
Services and other goods	-46 043	-49 647	-63 368
Salaries, social security, and pensions	-28 029	-28 709	-34 523
Depreciation and write-offs on fixed assets	-15 097	-24 416	-13 816
Increase/(Decrease) in write-downs on inventories, work in progress, and trade debtors	-1 448	- 988	-2 064
Provisions for liabilities and charges	-3 692	-3 954	-1 630
Other operating expenses	-1 971	- 265	- 175
Operating Profit/(Loss)	**-6 804**	**2 036**	**1 517**
Financial income	**9 136**	**32 228**	**21 875**
Income from financial assets	1 790	13 364	0
Income from current assets	3 667	4 898	4 580
Other financial income	3 678	13 966	17 295
Financial expenses (-)	**-9 055**	**-15 988**	**-20 841**
Interest expense	-4 680	-2 088	-2 092
Amounts written off on current assets other than inventories, work in progress and trade debtors - increase (decrease)	163	0	- 330
Other financial charges	-4 538	-13 900	-18 420
Profit/(Loss) on ordinary activities before taxes	**-6 723**	**18 276**	**2 551**
Extraordinary income (+)	**3 000**	**0**	**7**
Other extraordinary income	3 000	0	7
Extraordinary expense (-)	**-7 165**	**-3 029**	**-107 584**
Extraordinary depreciation and write-offs on fixed assets			
Other extraordinary expenses	-7 165	-3 029	-107 584
Profit/(Loss) for the period before taxes	**-10 888**	**15 246**	**-105 025**
Income taxes (-) (+)	- 10	- 38	- 52
Profit/(Loss) for the period	**-10 899**	**15 209**	**-105 077**
Transfer to tax free reserves (-)			
Profit/(Loss) for the period available for appropriation	**-10 899**	**15 209**	**-105 077**

APPROPRIATION OF RESULTS (EUR '000)	2009	2010	2011
Loss to be appropriated (-)	**-6 340**	**8 179**	**-101 707**
Profit/(Loss) for the period available for appropriation	-10 899	15 209	-105 077
Loss carried forward (-)	4 558	-7 030	3 370
Transfers to capital and reserves	**0**	**0**	**329**
From reserves			329
Appropriations to capital and reserves	**689**	**760**	**0**
To capital and share premium account			
To other reserves	689	760	0
Profit/(Loss) to be carried forward	**-7 030**	**3 370**	**-101 377**
Profit to distribute	**0**	**4 049**	**0**
Dividends	0	4 049	0

	2010		2011	
STATEMENT OF CAPITAL (EUR '000)	Amount (EUR '000)	Number of shares	Amount (EUR '000)	Number of shares
Capital				
1. Issued capital				
At the end of the previous financial year	**37 505**		**37 888**	
Changes during the financial year	383	272 860	520	373 013
At the end of the current financial year	**37 888**		**38 408**	
2. Structure of the capital				
2.1. Categories of shares				
• Ordinary shares without designation of face value	20 507	14 734 590	20 507	14 734 590
• Ordinary shares without designation of face value with VVPR strips	17 380	12 257 425	17 900	12 630 438
2.2. Registered or bearer shares				
• Registered shares		9 551 367		9 709 688
• Bearer shares		17 440 648		17 655 340
Own shares held by				
• The Company itself	106	75 637	106	75 637
• Its subsidiaries	857	610 851	857	610 852
Stock issue commitments				
Following exercise of share options				
• Number of outstanding share options		2 324 753		2 688 561
• Amount of capital to be issued	5 229		3 788	
Maximum number of shares to be issued		2 324 753		2 688 561
Amount of non-issued authorized capital	**24 355**		**22 194**	

GENERAL INFORMATION

CORPORATE NAME

Ion Beam Applications S.A.,
abbreviated IBA SA.

REGISTERED OFFICE

Chemin du Cyclotron, 3;
B-1348 Louvain-la-Neuve, Belgium;
VAT BE 0428.750.985, 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 Code of Company Law 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 marketing of applications and equipment 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 STOCK

At December 31, 2011, IBA's capital stock was valued at EUR 38 407 724.99 and consisted of 27 365 028 fully paid shares with no par value, including 12 630 438 shares with VVPR strips.

In September 2002, the Company issued 3 000 000 stock options for Group employees ("2002 Plan"). Of these options, 167 650 were canceled by notarial act on June 17, 2003, 991 750 were canceled by notarial act on July 13, 2004, and 474 220 were canceled by notarial act on July 11, 2005. Most of these stock options allow the beneficiary to purchase a new share at EUR 3.34 following certain procedures during specific periods between December 1, 2003 and August 31, 2012.

The following exercises of stock options were recorded in 2011: 6 140 by notarial act on February 21, 2011; 4 150 by notarial act on April 29, 2011; and 282 480 by notarial act on August 5, 2011. There were no cancelations. At December 31, 2011, a total of 11 837 of the 2002 Plan stock options remained outstanding.

In October 2004, the Company issued 1,000,000 stock options for Group employees ("2004 Plan"). Of these options, 500 000 were awarded free of charge to employees of IBA and its Belgian subsidiaries and Specific Persons subject to the Belgian Employment Action Plan Act of March 26, 1999 ("free stock options"). Another 500 000 of these options were offered at 4% of the strike price to employees and Specific Persons not subject to the Belgian Employment Action Plan Act of March 26, 1999 ("paid stock options"). This segment was intended essentially for employees and Specific Persons associated with subsidiaries of IBA SA in countries outside Belgium where stock options are taxed when they are exercised rather than when they are granted. In order to distribute the impact of the tax burden on beneficiaries subject the Belgian Employment Action Plan Act, instead of giving

these stock options away, the Company issued them at a price approximately equal to the marginal tax rate burden for beneficiaries subject to the Act. Of the total offering, 496 free stock options were accepted, and 390 000 paid stock options were purchased. Consequently, 4 000 unaccepted free stock options were canceled, as recorded by notarial act on December 22, 2004. These stock options allow the beneficiary to purchase a new share at EUR 3.72 following certain procedures during specific periods between December 1, 2007 and September 30, 2010.

The following exercises of stock options were recorded in 2011: 4 000 by notarial act on February 21, 2011; 5 000 by notarial act on April 29, 2011; and 6 600 by notarial act on August 5, 2011. There were no cancelations. At December 31, 2011, a total of 274 170 of the 2004 Plan stock options remained outstanding.

In October 2005, the Company issued 90 000 stock options for Group employees ("2005 Plan"). All of the stock options were accepted. They allow the beneficiary to purchase a new share at EUR 6.37 following certain procedures during specific periods between December 1, 2008 and September 30, 2011.

The following exercises of stock options were recorded in 2011: 12 000 by notarial act of February 21, 2011.

There were no cancelations. At December 31, 2011, a total of 50 000 of the 2005 Plan stock options remained outstanding.

In October 2006, the Company issued 575 000 stock options for Group employees ("2006 Plan"). The offering was distributed in much the same way as under the 2004 Plan. As recorded by notarial act on December 22, 2006, of the 332 000 free stock options, 287 500 were accepted, and of the 243 000 paid stock options, 149 750 were purchased. Consequently, 4 000 unaccepted free stock options were canceled, as recorded by notarial act. They allow the beneficiary to purchase a new share at EUR 13.64 following certain procedures during specific periods between December 1, 2009 and September 30, 2012.

None of these options were exercised or canceled in 2011. At December 31, 2011, a total of 375 250 stock options of the 2006 Plan stock options remained outstanding.

In October 2007, the Company issued 450 000 stock options for Group employees ("2007 Plan"). The offering was distributed in much the same way as under the 2004 Plan. As recorded by notarial act on December 20, 2007, of the 259 000 free stock options, 219 788 were accepted, and of the 191 000 paid stock options, 118 458 were purchased. Consequently, 39 212 free stock options were canceled, as recorded by notarial act. They allow the beneficiary to purchase a new share at EUR 19.94 following certain procedures during specific periods between December 1, 2010 and September 30, 2013.

None of these options were exercised or canceled in 2011. At December 31, 2011, 300 246 stock options remained outstanding under this plan.

In September 2008, the Company issued 350 000 stock options for Group employees ("2008 Plan"). The offering was distributed in much the same way as under the 2004 Plan. As recorded by notarial act on December 18, 2008, of the 200 000 free stock options, 77 283 were accepted, and of the 150 000 paid stock options, 38 187 were purchased. Consequently, 122 717 free stock options were canceled, as recorded by notarial act. They allow the beneficiary to purchase a new share at EUR 14.18 following certain procedures during specific periods between December 1, 2011 and September 30, 2014.

None of these options were exercised or canceled in 2011. At December 31, 2011, 106 970 stock options remained outstanding under this plan.

In May 2009, as authorized by law, the Board of Directors decided to propose a three-year extension of the exercise periods for free options under the 2004, 2005, 2006, and 2007

stock option plans, with certain restrictions applying to persons holding options with a total value of more than EUR 100 000 (calculated as the strike price times the number of options).

In September 2009, the Company issued 1 000 000 stock options for Group employees ("2009 Plan"). The offering was distributed in much the same way as under the 2004 Plan. As recorded by notarial act on December 16, 2009, of the 620 000 free stock options, 346 578 were accepted, and of the 380 000 paid stock options, 89 193 were purchased. Consequently, 273 422 free stock options were canceled, as recorded by notarial act. They allow the beneficiary to purchase a new share at EUR 8.26 following certain procedures during specific periods between December 1, 2012 and September 30, 2015.

None of these options were exercised or canceled in 2011. At December 31, 2011, 426 271 stock options remained outstanding under this plan. None of these options was exercisable at that date.

In September 2010, the Company issued 900 000 stock options for Group employees ("2010 Plan"). The offering was distributed in much the same way as under the 2004 Plan. As recorded by notarial act on December 16, 2010, of the 550 000 free stock options, 329 136 were accepted, and of the 350 000 paid stock options, 130 503 were purchased. Consequently, 220 864 free stock options were canceled, as recorded by notarial act. They allow the beneficiary to purchase a new share at EUR 7.80 following certain procedures during specific periods between December 1, 2014 and September 30, 2016.

None of these options were exercised or canceled in 2011. At December 31, 2011, 459 639 stock options remained outstanding under this plan. None of these options was exercisable at that date.

In September 2011, the Company issued 1 487 000 stock options for Group employees ("2011 Plan"). The offering was distributed in much the same way as under the 2004 Plan. As recorded by notarial act on January 27, 2012, of the 745 200 free stock options, 562 998 were accepted, and of the 741 800 paid stock options, 131 180 were purchased. Consequently, 182 202 free stock options were canceled, as recorded by notarial act. 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. 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.

Thus, at December 31, 2011, 3 491 383 stock options were issued and outstanding. The following cancelations were recorded by notarial act on January 27, 2012: 2 337 options in the 2002 Plan; 21 990 options in the 2004 Plan; 9 913 options in the 2005 Plan; 11 830 options in the 2006 Plan; 26 898 options in the 2007 Plan; 2 022 options in the 2008 Plan, 21 152 options in the 2009 Plan; and 4 651 options in the 2010 Plan. Thus, at January 27, 2012, 2 597 768 stock options were issued and outstanding.

In April 2011, the Company offered 175 000 shares for subscription by Group employees ("2011 ESP Plan"). As recorded by notarial act on June 29, 2011, of the 175 000 new shares offered for subscription, 52 643 were subscribed at a price of EUR 6.66 per share. The shares offered for subscription were ordinary registered shares with VVPR strips and enjoyment granted as from 2011. They were offered at a subscription price equal to the average market price for 30 days prior to the offer, less a discount of 16.67%. The shares may not be sold for three years as from the end of the subscription period.

AUTHORIZED CAPITAL

The Extraordinary General Meeting of May 12, 2010 authorized the Board of Directors to increase the Company's capital stock through one or more stock offerings up to a maximum of EUR 25 000 000. This authorization is valid for five years from the date of publication in the Moniteur Belge of the decision of the special shareholders' meeting of May 12, 2010; that is, until June 7, 2015. At December 31, 2011, following the launch of the 2011 stock option plan, the authorized capital was valued at EUR 22 193 905.26.

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. Several agreements also relate to its Bioassays business. More recently, a number of agreements have been signed with an eye to the future commercialization of proprietary molecules for medical imaging.

FIVE-YEAR CAPITAL HISTORY

SHARES				Capital (EUR)
TRANSACTION	New shares	Total shares	Change (Δ)	Total
01/15/2007 Exercise of options under 2001 Plan	+82 550	25 547 616	+114 197.00	35 863 495.00
01/15/2007 Exercise of options under 2002 Plan	+118 180	25 665 796	+164 471.00	36 027 967.00
04/17/2007 Exercise of options under 2001 Plan	+20 050	25 685 846	+27 737.00	36 055 703.00
04/17/2007 Exercise of options under 2002 Plan	+43 280	25 729 126	+60 233.00	36 115 936.00
07/17/2007 Exercise of options under 2001 Plan	+10 500	25 739 626	+14 525.00	36 130 462.00
07/17/2007 Exercise of options under 2002 Plan	+56 636	25 796 262	+78 820.00	36 209 282.00
10/16/2007 Exercise of options under 2001 Plan	+3 350	25 799 612	+4 634.00	36 213 916.00
10/16/2007 Exercise of options under 2002 Plan	+640	25 800 252	+891.00	36 214 807.00
01/16/2008 Exercise of options under 2001 Plan	+1 500	25 801 752	+2 075.00	36 216 882.00
01/16/2008 Exercise of options under 2002 Plan	+7 270	25 809 022	+10 118.00	36 227 000.00
01/16/2008 Exercise of options under 2004 Plan	+143 450	25 952 472	+201 447.00	36 428 447.00
04/15/2008 Exercise of options under 2002 Plan	+7 500	25 959 972	+10 438.00	36 438 884.00
04/15/2008 Exercise of options under 2004 Plan	+15 500	25 975 472	+21 767.00	36 460 651.00
06/23/2008 Capital stock increase	+544 611	26 520 083	+764 447.00	37 225 098.00
07/16/2008 Exercise of options under 2001 Plan	+600	26 520 683	+830.00	37 225 928.00
07/16/2008 Exercise of options under 2002 Plan	+3 434	26 524 117	+4 779.00	37 230 707.00
07/16/2008 Exercise of options under 2004 Plan	+26 900	26 551 017	+37 776.00	37 268 483.00
10/17/2008 Exercise of options under 2001 Plan	+600	26 551 617	+830.00	37 269 313.00
10/17/2008 Exercise of options under 2002 Plan	+630	26 552 247	+877.00	37 270 190.00
10/17/2008 Exercise of options under 2004 Plan	+10 850	26 563 097	+15 237.00	37 285 426.00
01/21/2009 Exercise of options under 2004 Plan	+12 750	26 575 847	+17 905.00	37 303 331.00
04/16/2009 Exercise of options under 2004 Plan	+350	26 576 197	+492.00	37 303 823.00
05/29/2009 ESP Plan (2009)	+121 838	26 698 035	+17 1024.00	37 474 847.00
07/14/2009 Exercise of options under 2004 Plan	+5 450	26 703 485	+7 653.00	37 482 500.15
10/16/2009 Exercise of options under 2002 Plan	+120	26 703 605	+167.00	37 482 667.15
10/16/2009 Exercise of options under 2004 Plan	+6 550	26 710 155	+9 198.00	37 491 865.32
10/16/2009 Exercise of options under 2005 Plan	+9 000	26 719 155	+12 638.00	37 504 503.12
01/20/2010 Exercise of options under 2004 Plan	+55 900	26 775 055	+78 500.00	37 583 003.49
01/20/2010 Exercise of options under extended 2004 Plan	+23 400	26 798 455	+32 861.00	37 615 864.11
04/21/2010 Exercise of options under short-term 2002 Plan	3 000	26 801 455	4 175.10	37 620 039.21
04/21/2010 Exercise of options under 2004 Plan	64 200	26 865 655	90 156.06	37 710 195.27
04/21/2010 Exercise of options under extended 2004 Plan	7 400	26 873 055	10 391.82	37 720 587.09
07/26/2010 Exercise of options under long-term 2002 Plan	150	26 873 205	208.76	37 720 795.85
07/26/2010 Exercise of options under 2004 Plan	28 300	26 901 505	39 741.69	37 760 537.54
07/26/2010 Exercise of options under extended 2004 Plan	3 000	26 904 505	4 212.90	37 764 750.44
11/08/2010 Exercise of options under 2002 Plan	680	26 905 185	946.36	37 765 696.79
11/08/2010 Exercise of options under 2002 Plan	600	26 905 785	835.02	37 766 531.81
11/08/2010 Exercise of options under 2004 Plan	81 730	26 987 515	114 773.44	37 881 305.25
11/08/2010 Exercise of options under extended 2004 Plan	3 500	26 991 015	4 915.05	37 886 220.31
11/08/2010 Exercise of options under 2005 Plan	1 000	26 992 015	1 404.20	37 887 624.51
02/21/2011 Exercise of options under 2002 Plan	6 140	26 998 155	8 545.04	37 896 169.55
02/21/2011 Exercise of options under 2004 Plan	4 000	27 002 155	5 617.20	37 901 786.75
02/21/2011 Exercise of options under 2005 Plan	12 000	27 014 155	16 850.40	37 918 637.15
04/29/2011 Exercise of options under US short-term 2002 Plan	4 150	27 018305	5 775.56	37 924 412.71
04/29/2011 Exercise of options under extended 2004 Plan	5 000	27 023 305	7 021.50	37 931 434.21
06/29/2011 ESP Plan (2011)	52 643	27 075 948	73 894.98	38 005 329.19
08/05/2011 Exercise of options under US (AP) long-term 2002 Plan	281 380	27 357 328	391 596.55	38 396 925.74
08/05/2011 Exercise of options under US (AP) short-term 2002 Plan	1 100	27 358 428	1 530.87	38 398 456.61
08/05/2011 Exercise of options under extended 2004 Plan	6 600	27 365 028	9 268.38	38 407 724.99

THE STOCK MARKET AND THE SHAREHOLDERS

IBA STOCK

IBA stock is quoted on the Euronext Brussels continuous market. It is part of the Euronext Brussels Bel Mid index. 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). There were no convertible bonds or warrants issued as of December 31, 2011.

During 2011, IBA stock followed the stock markets, closing at EUR 4.77 at the end of December 2011.

IBA had a total of 3 491 383 stock options issued and outstanding at December 31, 2011. It had a total of 2 597 768 stock options issued and outstanding at January 27, 2012.

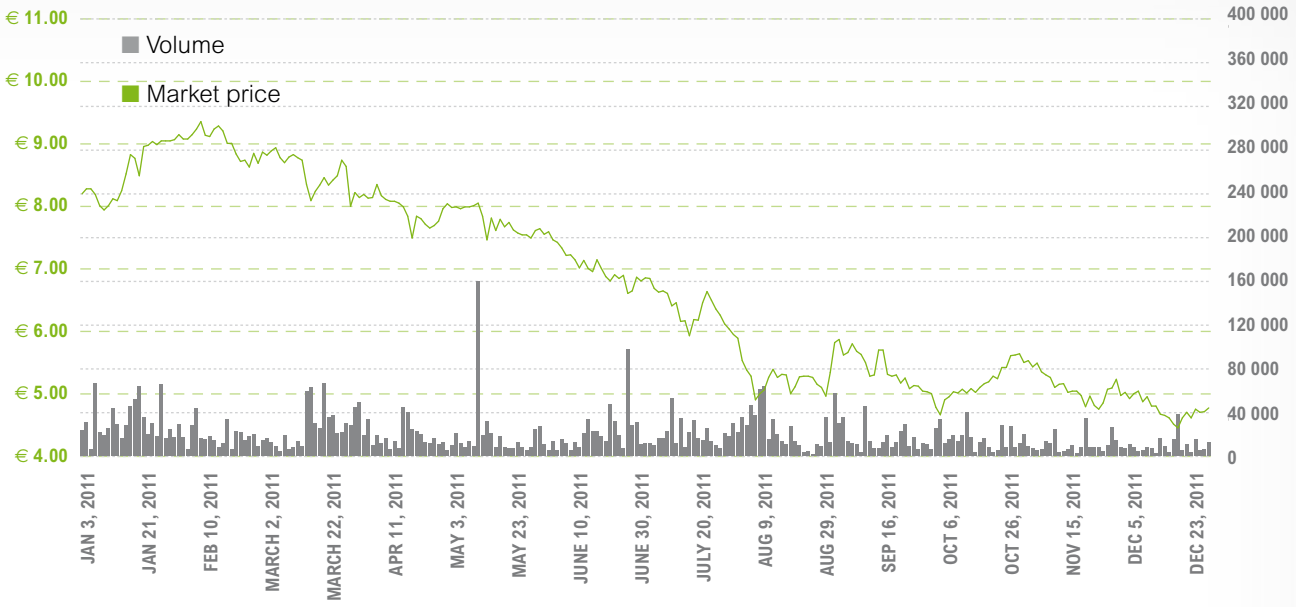
	December 31, 2010		Diluted		December 31, 2011		Diluted	
SHAREHOLDERS	Number of shares	%	Number of shares	%	Number of shares	%	Number of shares	%
Belgian Anchorage S.A.(1)	7 773 132	29.09%	7 773 132	26.51%	7 773 132	28.41%	7 773 132	26.94%
National Institute for Radioelements (IRE)	1 423 271	5.33%	1 423 271	4.85%	1 423 271	5.20%	1 423 271	4.93%
Sopartec (UCL)	529 925	1.98%	529 925	1.81%	529 925	1.94%	529 925	1.84%
Université Catholique de Louvain (UCL)	426 885	1.60%	426 885	1.46%	426 885	1.56%	426 885	1.48%
IBA Investments(2)	610 852	2.29%	610 852	2.08%	610 852	2.23%	610 852	2.12%
IBA S.A.	75 637	0.28%	75 637	0.26%	75 637	0.28%	75 637	0.26%
Float	16 152 313	60.45%	18 477 066	63.03%	16 525 326	60.38%	18 012 326	62.43%
TOTAL	**26 992 015**	**100.00%**	**29 316 768**	**100.00%**	**27 365 028**	**100.00%**	**28 852 028**	**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 2012	May 9, 2012
2012 Annual Shareholders' Meeting	May 9, 2012
Publication of the semi-annual results as of June 30,2012	August 31, 2012
Interim statements, third quarter 2011	November 15, 2012
Publication of the annual results on December 31, 2012	March 15, 2013

STOCK MARKET PRICES



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Version française disponible sur demande.

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