WISELY HARNESSING GROWTH

ANNUAL REPORT 2010

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 and included in the Bel Mid index (IBA: Reuters IBAB.BR and Bloomberg IBAB.BB).

Key elements in 2010:
Sales achieve a growth of 7.9% and reach EUR 387.6 million. Recurring operating income reaches EUR 13.0 million, growing strongly from 2009.
The financial year closes with a net income of EUR 6.6 million.

Pharmaceuticals:
- ➤ Phase III clinical trials show that Redectane® and PET/CT scanning significantly improve the diagnosis of kidney cancer.
- ➤ Creation of an IBA-IRE-CEA partnership to secure production of radioisotopes for medical use in Europe.
- ➤ IBA and Bayer sign a contract for the supply of a tracer for clinical tests on the detection of Alzheimer's disease.
- ➤ IBA wins the Frost & Sullivan «2010 European Radiopharmaceuticals Technology Leadership of the Year» award for R&D results, development of new technologies and value to customers.

Equipment:
- ➤ Sale of four proton therapy centers: Somerset and Knoxville, USA; Dimitrovgrad, Russia; and Krakow in Poland.
- ➤ IBA launches ProteusONE™: a smaller-sized and more cost-effective proton therapy system.
- ➤ Sale of 11 particle accelerator systems.
- ➤ IBA sells its 1000th dosimetry clinical MatriXX Detector.
- ➤ Proton therapy: the 2nd generation Pencil Beam Scanning system is approved by European medical equipment authorities.

TABLE OF CONTENTS

KEY FIGURES

	2006 (EUR '000)	2007 (EUR '000)	2008 (EUR '000)	2009 (EUR '000)	2010 (EUR '000)	CAGR (%)
Sales and services	170 257	213 849	332 607	359 161	387 591	22.8%
Gross margin	53 345	69 845	112 335	131 311	144 460	28.3%
REBITDA(1)	17 963	18 269	26 143	25 433	34 046	17.3%
REBIT(2)	9 769	11 788	10 751	7 306	12 957	7.3%
REBIT/Sales and services	5.7%	5.5%	3.2%	2.0%	3.3%	
Net profit	29 989	13 846	5 329	-12 293	6 643	
Capital expenditure	13 585	23 772	33 701	31 328	38 249	29.5%
Research and development expenses	10 028	17 167	27 001	28 982	27 774	29.0%
Equity	136 329	141 481	152 366	144 142	152 402	2.8%
Net cash position	43 996	32 028	17 806	-17 061	-26 956	
Current liabilities	78 767	118 658	200 914	177 543	203 862	26.8%
Total assets	266 868	324 438	509 521	479 643	528 207	18.6%
Return on equity	22.0%	9.8%	3.5%	-8.5%	4.4%	
Return on capital employed (ROCE)	5.2%	5.7%	3.5%	2.4%	4.0%	
Share price at December 31 (Euro)	18.36	19.00	7.75	8.45	8,28	-18.1%
Number of shares	25 465 066	25 800 252	26 563 097	26 719 155	26 992 015	1.5%
Net earnings per share (Euro per share)	1.18	0.54	0.20	-0.46	0.25	
Price/Earnings	15.59	35.40	38.63	-18.37	33.64	
Market capitalization	467 539	490 205	205 864	225 777	223 494	-16.9%
Book value per share (Euro per share)	5.35	5.48	5.74	5.39	5.65	1.3%
Dividend per share	0.00	0.17	0.08	0.00	0.15	
Enterprise value	423 543	458 177	188 058	242 838	250 450	-49.8%
EV/REBITDA	23.6	25.1	7.2	9.5	7.4	
Employees at December 31	1 076	1 360	2 067	1 988	2 057	17.6%

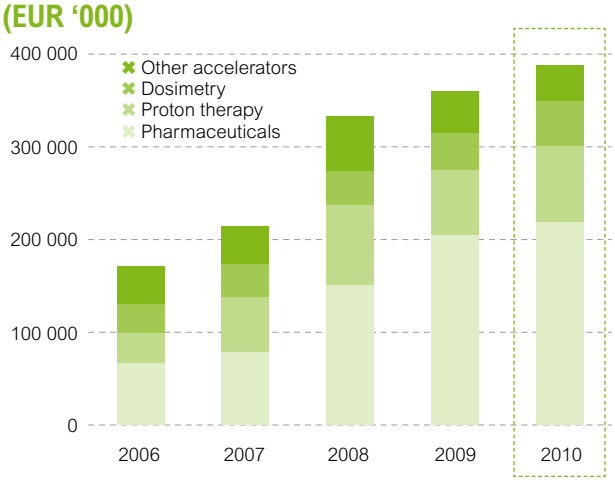
SALES TRENDS BY ACTIVITY

	2006 (EUR '000)	2007 (EUR '000)	2008 (EUR '000)	2009 (EUR '000)	2010 (EUR '000)	CAGR (%)
SALES						
Pharmaceuticals	66 087	78 265	149 971	203 587	217 603	34.7%
Proton therapy	32 539	59 343	86 191	70 689	82 884	26.3%
Dosimetry	31 570	35 240	37 557	39 815	48 018	11.1%
Other accelerators	40 061	41 001	58 888	45 070	39 086	-0.6%
RECURRING OPERATIONAL PROFIT/(LOSS)						
Pharmaceuticals	247	3 205	2 918	1 135	-2 569	
Equipment	9 522	8 583	7 833	6 171	15 526	13.0%

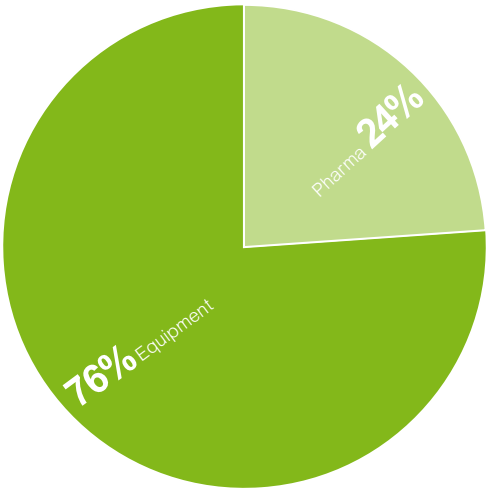
(1) REBITDA: Recurring earnings before interest, taxes, depreciation, and amortization.
(2) REBIT: Recurring earnings before interest and taxes.

SALES TRENDS

(EUR '000)



R&D 2010

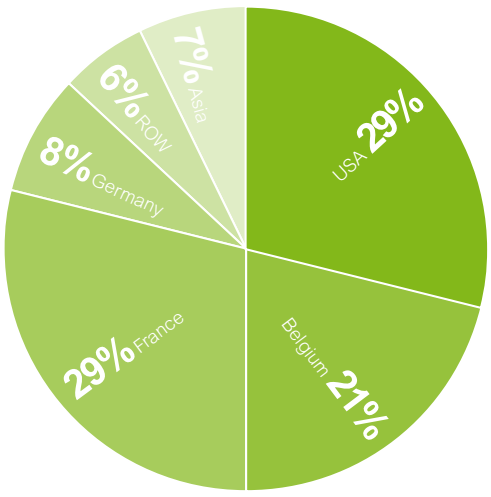


SALES TRENDS BY GEOGRAPHIC SECTOR

2006	(%)	2007	(%)	2008	(%)	2009	(%)	2010	(%)
USA	49	USA	55	USA	40	USA	30	USA	31
ROW	51	ROW	45	ROW	60	ROW	70	ROW	69

NUMBER OF EMPLOYEES AND EMPLOYEE DISTRIBUTION WORLDWIDE

EMPLOYEE DISTRIBUTION WORLDWIDE



NUMBER OF EMPLOYEES

HIGHLIGHTS
2010

FEBRUARY 2010

FEBRUARY 23
IBA SIGNS A CONTRACT FOR A PROTON THERAPY CENTER IN SOMERSET, NJ, USA.

APRIL 2010

APRIL 1
IBA SIGNS A DISTRIBUTION AGREEMENT FOR DASHENG ACCELERATORS IN INDUSTRIAL APPLICATIONS.

APRIL 15
THE 2ND GENERATION PBS IS APPROVED BY EUROPEAN AUTHORITIES FOR MEDICAL EQUIPMENT.

APRIL 23
IBA WINS THE FROST & SULLIVAN «2010 EUROPEAN RADIOPHARMACEUTICALS TECHNOLOGY LEADERSHIP OF THE YEAR» AWARD FOR ITS R&D INVESTMENTS, DEVELOPMENT OF NEW TECHNOLOGIES AND CUSTOMER VALUE.

MAY 2010

MAY 18
CLINICAL PHASE III TRIALS SHOW THAT REDECTANE® AND PET/CT SCANNING IMPROVE KIDNEY CANCER DIAGNOSIS.

MAY 26
IBA DEVELOPS INNOVATIVE AND FLEXIBLE SOLUTIONS FOR THE SHORTAGE OF MOLYBDENUM.

AUGUST 2010

AUGUST 2
IBA SIGNS A CONTRACT FOR INSTALLING THE NEW PROTON THERAPY CENTER IN CRACOW, POLAND.

AUGUST 27
IBA AND BAYER SIGN A SUPPLY AGREEMENT FOR TRACERS FOR CLINICAL TRIALS ON THE DETECTION OF ALZHEIMER'S DISEASE.

SEPTEMBER 2010

SEPTEMBER 2
CREATION OF AN IBA-IRE-GEA PARTNERSHIP TO PRODUCE RADIOISOTOPES FOR MEDICAL USE IN EUROPE.

SEPTEMBER 2
IBA SELLS THE PROTOTYPE OF ITS NEXT-GENERATION CARBON THERAPY SYSTEM IN CAEN, FRANCE.

OCTOBER 2010

OCTOBER 13
IBA SIGNS A CONTRACT FOR A PROTON THERAPY CENTER IN DIMITROVGRAD, RUSSIA.

OCTOBER 25
FILTRACIS™ (RADIOPHARMACEUTICAL KIT FOR THE DIAGNOSIS OF KIDNEY AND URINARY TRACT MALFUNCTIONS) IS APPROVED IN FRANCE.

OCTOBER 26
IBA SELLS ITS 1000TH MATRIXX THERAPEUTIC DOSIMETRY.

OCTOBER 31
IBA LAUNCHES THE PROTEUS ONE™, A SMALLER AND LOWER-COST PROTON THERAPY SYSTEM.

NOVEMBER 2010

NOVEMBER 2
IBA SIGNS A CONTRACT FOR A PROTON THERAPY CENTER IN KNOXVILLE, TN, USA.

NOVEMBER 18
A WORLD RECORD FOR THE CYCLONE® 70 WHICH SUCCESSFULLY PRODUCES A PROTON RAY INTENSITY OF 750µA WITH ITS HIGH-ENERGY TRIPLE-PARTICLE CYCLOTRON.

DECEMBER 2010

DECEMBER 23
IBA RENEWS AN EXCLUSIVE FOUR-YEAR RADIOPHARMACEUTICAL CONTRACT WITH PUBLIC HOSPITALS IN ANDALUSIA, SPAIN.

Pierre Mottet *Chief Executive Officer (right)*
Jean Stéphenne *Chairman of the Board of Directors (left)*

MESSAGE FROM THE CHAIRMAN AND THE CEO

«WE ARE STRENGTHENING OUR TECHNOLOGICAL SUPREMACY.»

Last year will be remembered at IBA as the year that beat all records for equipment orders. Well equipped to resist the vagaries of the market thanks to its appropriate R&D investments, the Company has been able to manage the crisis and overcome its challenges. 2010 can be seen as a year of transition with particularly ambitious objectives in terms of new competencies and increased profitability for traditional competencies. Thank you to all those who have helped carry IBA to this level of performance.

GLOBALLY, WHAT CONCLUSIONS CAN WE DRAW FROM THE YEAR 2010?

« We can distinguish two major trends. Firstly, a record year for orders in the Equipment sector, essentially in proton therapy, which experienced a growing success in 2010. Secondly, we should note an important transition phase taking place in the Pharmaceutical field: we are now developing new products increasingly linked to our biotechnology research, while until now, our production was focused mostly on generics.

Therefore, on the one hand, we have confirmation of the progress that IBA has achieved in proton therapy, and on the other hand, a change of the Company profile towards patented products with higher added value. This naturally implies longer investment cycles, but also much more attractive prospects in the long term. »

DID YOU ACHIEVE YOUR FINANCIAL OBJECTIVES?

« Yes. But we should put this achievement into context: there is certainly a clear progression in comparison with 2009 but we had recorded a loss due to an exceptional event. If we exclude this external element, 2010 was a rather good year. The 2010 turnover is the result of our order book from the two previous years. I am therefore delighted that this last year has been so successful in order intake. The outlook for 2011 and 2012 looks highly favorable. »

THAT CONCERNS MOSTLY THE EQUIPMENT SIDE. HOW SHOULD WE INTERPRET PHARMACEUTICAL RESULTS?

« It is a fact that IBA consists of two different dynamics today, with Equipment on one side, now very profitable, and the Pharmaceutical activity on the other side, in the middle of an investment phase. The book loss of this activity is largely offset by profits from our Equipment business, but their sum does not accurately reflect the potential of the Company as a whole. It is clear that in terms of new product development, we invest more in Pharma R&D than we do in Equipment R&D. It is a winning strategy in the medium and long term, but the effects are not visible yet in a purely financial analysis.

It would not be surprising to see the Pharma activity split off 12 or 18 months from now, perhaps even with a listing on the stock market. Today the Equipment business is more than 50% recurrent, which means that it requires less investment even though we are of course determined to maintain technological leadership. Our research and development investment currently represents 8% of sales and is increasing continuously. »

WHAT WERE THE MOST IMPORTANT EVENTS OF 2010?

« For Equipment, I would say the order from Nice for a second-generation proton therapy center. More compact and referred to as a « single-room » center, this new approach brings the technology nearer the patient and makes it accessible to less populated areas. In this way we are playing an active part in a real personalization of medicine.
We should also underline the opening of the Russian market with the order of a first multi-room center. And thirdly, the signing of an agreement, subject to financing, for the construction of a carbon therapy center in Caen, France. This last one aims at improving the therapeutic effectiveness of particle therapy even more and helping maintain IBA's worldwide technological leadership position.

As for Pharmaceutical activities, we should stress the inauguration of the new production plant in Saclay, near Paris. This is the most modern facility of its kind in Europe, a fact recognized by competitors who sub-contract to us what they cannot produce themselves. This project is the result of an investment of almost EUR 70 million.

We should also mention the expansion of our network of Positron diagnostic products. These tracers have a very short life, which compels us to produce them locally.
Lastly, we planned to join with an outside partner for the Bioassays business. This was not finalized in 2010 but the objective should be achieved in time. »

WHAT IS YOUR COMPETITIVE POSITION TODAY IN TERMS OF TECHNOLOGY?

« We are maintaining our technological leadership in all our competencies: as far as proton therapy is concerned, we enjoy a market share in excess of 50%; in Dosimetry, we are the clear number 1 with new products that have clearly validated the technological choices we have made. Our tools are in fact totally unique in this area.
As for cyclotrons, we have a market share of 25% to 30% which is entirely satisfactory and motivates us to push the technology even further. In terms of carbon therapy, we are already a step ahead of all the other players who are struggling to enter the market.
In Pharma we want to underline the importance of developing our network worldwide. This led us to form three partnerships in 2010: one for a renal cancer tracer (Redectane®), a product we hope to be approved by the American Food & Drug Administration within the next 12 to 18 months; a second for an apoptosis tracer which enables the effectiveness of cancer treatment to be followed in real time and be adjusted as necessary; and a third one in which we have made a preliminary agreement with Bayer for preparing the distribution of our Alzheimer diagnostics, an area where a lot still needs to be done. It is our competencies alone that have enabled us to conclude these partnerships which also, by the way, attract researchers who can develop new molecules that we have the means to market with the power of an industrial group.

Today, medicine is evolving towards a more personalized approach. The pharmaceutical industry is becoming aware that the generic approach is no longer sufficient: diagnostics lack precision, solutions are less and less targeted, results are less uniform, and costs are exploding.

This personalized approach would be impossible without nuclear medicine and the precise diagnostics that it allows, impossible without high-quality dosimetry, and impossible without ultra-precise treatment of cancer tailored to each individual case. We are contributing to this medicine of tomorrow with passion and determination every day. »

WHAT ARE THE GROUP'S PLANS IN TERMS OF EMPLOYMENT?

« We have a very full order book to fulfill and numerous technological developments to complete. We have been driving change for 25 years, hiring a wide variety of profiles. We will recruit a further 100 to 150 persons in Belgium in the coming year and some 300 persons within the Group. Naturally we are looking for technical and very diverse profiles, from electrical specialists to doctors in physics and engineers. »

COULD YOU OUTLINE SOME PERSPECTIVES FOR 2011?

« Our first priority is to fulfill 2010 orders to bring about Group growth. In this respect we are convinced that the development of single-room proton therapy will grow rapidly. But we are still being realistic about our planning: new technologies take time to penetrate.
2011 should be the last transition year in Pharma because the first products developed through research will enter the market in 2012 – subject to approval by the American Food & Drug Administration. We will therefore only start reaping the rewards in 2013. But we reckon they will be significant, both financially and for healthcare progess! »

HUMAN RESOURCES

« Protect, enhance and save lives » is the mission that IBA has set itself. All IBA staff are going to support this mission by contributing actively to the achievement of the Group's vision, by strengthening the Company's teams, both quantitatively (primarily by some important new recruitments in 2011) and qualitatively, by combining top-level training and human resource techniques.

2010 SAW THE CONSTRUCTION OF A SOLID PLATFORM FOR ORGANIZATIONAL GROWTH.

Human talent is the keystone of IBA success today and, even more so, the platform for future development of the Group. For several years therefore, IBA human resources departments have been preparing IBA organizational development along two axes:

- Firstly, to construct a more effective human resources approach, based on a solid foundation of globalized procedures shared throughout the whole Group;
- Secondly, to assure the training and development of competencies of the leaders and experts of tomorrow.

The year 2010 saw IBA human resources management develop into a function whose performance can be compared to any of the largest corporations.

1. A LARGE-SCALE EMPLOYEE SATISFACTION SURVEY.

One of the crowning achievements of 2010 was the organization in June of a Group-wide employee satisfaction survey; the first of its kind in IBA. Setting up a survey of this type is impossible if the fundamentals have not been established. This research, in its first edition, achieved very high participation. Even more important than the enthusiasm is the satisfaction of finally being able to formalize communication with IBA teams, providing the platform for carrying out the transformation of IBA more effectively. As a result of this survey, a concrete action plan has been established in each Business Unit and will be implemented during 2011 in order to further strengthen employee satisfaction and commitment.

2. A STRONG DRIVE FOR INTERNAL MOBILITY.

Aware that skills are just as available inside the Company as outside it, IBA has set up several programs aimed at encouraging and facilitating the mobility of employees within the Group. A Mobility Forum across Business Units gives management a view of competencies available in other group entities. Moreover, new posts opening up in IBA are now offered firstly to current employees in the Group through the

widespread use of international « open job postings ». These open job postings enable employees to apply transparently for other experiences and opportunities for personal development.
The need for this is extensive: growth of the Group will lead to more than 300 new posts to be filled in 2011, primarily in technical fields.

3. AN ACCELERATED TRAINING PROGRAM TO PREPARE OUR LEADERS AND EXPERTS OF TOMORROW.

IBA is preparing its future by aligning vision and resources. Today, for both experts and managers, IBA wishes to enrich Group growth by internal promotion. A development program has been set up enabling managers and experts to take part in around 15 training modules over a period of five years, aimed at strengthening their managerial and technical competencies. Some technical courses of this IBA Academy are also open to customers, enabling them to become familiar with the very specific nature of IBA equipment.
It is also now well established that all managers have the responsibility to propose a development plan for each of their subordinates, thus giving every employee the opportunity to achieve individual objectives and to progress in the organization.

4. A SOLID PLATFORM OF HUMAN RESOURCES PROCEDURES AND SYSTEMS FOR DAY-TO-DAY BUSINESS.

The Company observed that many existing HR procedures and systems – such as performance management systems, personal data access and individual development plans – no longer required explanation and learning phases, having been adopted quite naturally by employees. Accordingly, through a cascading process, employees will in future define their individual objectives by translating directly the objectives of their department or Business Unit. This approach increases both an understanding by each employee of their individual contribution and their adherence to a common goal - the real basis for Group performance.

5. A RESTRUCTURED HR ORGANIZATION.

In order to improve the quality of service to employees, the structure of HR teams has been reoriented towards a matrix organization on a Group level. From now on, each HR team covers both a geographic zone and the population of a Business Unit. This offers a better combination of transactional HR services and strategic support.

GROWTH AND IDENTITY: DEFINING THE IMPORTANCE OF PEOPLE!

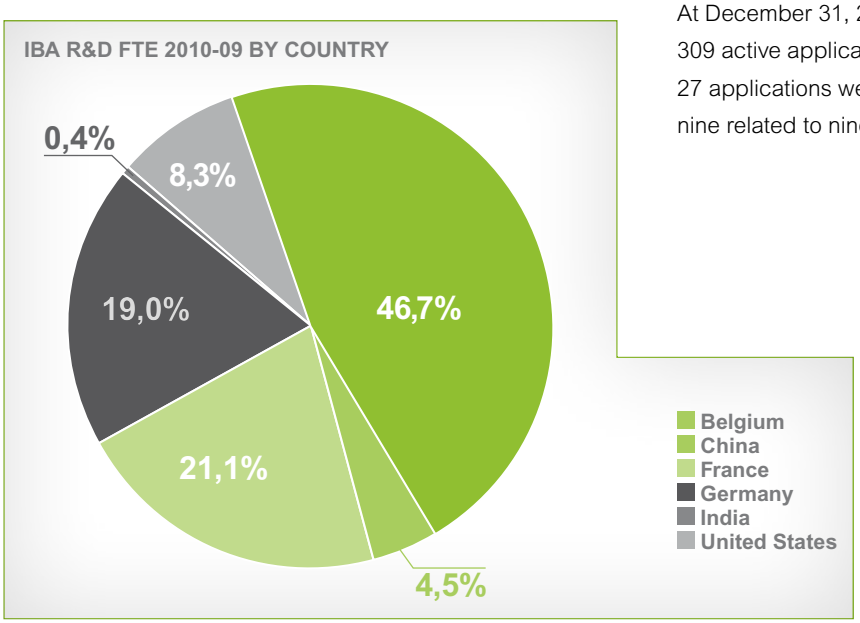
The challenge of growth is to keep the pioneering spirit of IBA while at the same time supplying it with the means to continue growing successfully on a multinational scale. This certainly appears to have been achieved according to the satisfaction survey: IBA has a perfect combination of formal approaches in human capital and specific IBA energy. This rare balance is no doubt linked to the low turnover of personnel at IBA.

IBA is still, above all else, IBA: a truly human enterprise with « caring » in the full sense of the word. As reflected by the annual « Thank You Day » initiative (an original, positive and slightly nostalgic event that reminds everyone of the importance of thanking their colleagues in business relationships) and the « Health Week » (a program addressed to all IBA employees which echoes the mission to « protect, enhance and save lives »), IBA remains a company centered on people. IBA is a company that has, this year probably more than others, managed its growth very successfully.

RESEARCH AT IBA IN 2010

After a slight dip in 2009, the budget allocated to Group R&D in 2010 was re-established at its ongoing rate of 2007 and 2008: approximately 8% of planned revenue. In absolute figures, the amount allocated to R&D activities continues to increase from year to year.

In September 2010, R&D staff represented 12% of Group FTE (Full-Time Equivalent) employment with 242 units (versus 256 in 2009) and was split as follows:



These figures do not include the significant amount of work undertaken by research teams in universities, institutions and other industrial partners. IBA Group R&D departments continue to allocate more and more scientific activities through cooperation contracts, in line with Group strategy introduced five years ago to diversify sources of expertise.

In 2010, expenditure to ensure the intellectual protection of Group inventions was about EUR 1.08 million.

At December 31, 2010, the IBA patent portfolio contained 309 active applications covering 122 inventions. In 2010, 27 applications were introduced or confirmed, of which nine related to nine new inventions.

2010 R&D: KEY MOMENTS

PROTON THERAPY

The year 2010 was particularly fruitful for R&D activities in the area of proton therapy with the certification and market introduction of new functionalities and equipment for the Proteus® 235, all of which obtained FDA and CE approval. Namely:

- A new version of PBS (Pencil Beam Scanning) which allows for 3D irradiation of tumors, voxel by voxel, with extreme precision. These voxels (elementary volumes) with a size of about a few cubic millimeters, can be programmed to cover a volume of up to 30 cm long x 40 cm wide x 32 cm deep. This treatment modality is awaiting clinical commissioning on site in Essen (Germany).
- Two new types of treatment room:
  - The IBTR (Inclined Beam Treatment Room) allowing the movement of the isocentric nozzle between two fixed beam lines, one horizontal and the other at 60° from it. This type of room enables to combine a wide range of treatment incidence angles while also maximizing building compactness. This room configuration will shortly be installed in Procure centers in Oklahoma, Chicago, Princetown and Seattle, as well as future Procure centers.
  - The FSBTR (Fixed Small Beam Treatment Room) for treatment of eye tumors, currently undergoing clinical commissioning at UFPTI – Florida.
- The integration of PTS (Proton Therapy System), which consists of IBA control software and hardware, with an OIS (Oncology Information System) and a market TPS (Treatment Planning System) adapted to PBS-type treatment modalities. This development is also compatible with other OIS and TPS thanks to a DICOM standardized communication interface.
- The UBTI (Universal Beam Trigger Interface) for respiratory monitoring which allows the treatment to be interrupted, by temporarily switching off the proton beam, if the tumors move, for example during respiratory movements.
- A new modality allowing a fluoroscopy examination in order to verify or re-verify the position of the tumor in the treatment room whilst interrupting treatment for a few seconds.
- Numerous specific improvements of the system leading to reduced positioning and treatment time for patients.
- An in-depth redesign of the control software (TCS) in order to increase modularity and reliability while facilitating easy maintenance.

Two major new R&D projects also dawned in this field in 2010:

- The Proteus ONE™, a new highly-compact proton therapy system aimed at extending the IBA offer towards the market of smaller-sized (7m by 17m) treatment centers making them affordable for a larger number of hospitals. The system will consist of a high-end supraconducting synchrocyclotron (S^2C^2P) with an innovative design, coupled directly to a compact isocentric gantry. It will allow PBS treatments through a new version of this modality adapted to the pulsed proton beams from S^2C^2P. This system will be an important addition to the Proteus® range.
- InVivo-IGT, a development program of innovative 3D and 4D imagery techniques for the positioning of patients and the control of organ motion with the respiratory cycles. This program is the result of a PPP (Private Public Partnership) between IBA, Louvain-La-Neuve Catholic University and the Walloon Region. Around 20 scientists will be dedicated to the program for the next two years.

IBA Proton Therapy R&D teams are also active in many European research projects in partnership with internationally-renowned academic institutions. These projects range from the control of the depth of proton penetration in Vivo to the measurement of dose distribution during irradiation by means of gamma rays induced by the

proton beam in the patient. Teams are also developing new technologies aimed at accelerating treatment or verifying treatment programs.

ACCELERATORS AND EQUIPMENT (EXCLUDING PROTON THERAPY)

2010 was equally rich in major R&D developments in the particle accelerator field.

PARTICLE ACCELERATORS (EXCLUDING PROTON THERAPY)

- After more than two years of intensive finalization, the Arronax C70 project fully succeeded its reception tests at the Nantes site, establishing a new international norm in the field. The many lessons gained from this complex project have enriched the experience of the development teams and are now routinely applied in the initial phases of new development projects in this domain.
- The C30XP, the latest generation of IBA's historical C30 inspired from the C70, has continued its construction phase without incident thanks to the experience acquired in Nantes.
- The self-shielded C11, a significant evolution from the Cyclone® 10, succeeded its factory acceptance tests (FAT). It awaits its installation at the final site so as to experimentally validate the effectiveness of its
- New version of self-shielding.
- A new version of the Cyclone 3, sold in 4 copies in the 1990's, was successfully developed and tested, further extending the previous limits of this accelerator.
- In spite of the fact that expected specifications have not yet been achieved, the technical progress that has been made on the Proton Dynamitron ordered by Sigen has been sufficient to confirm the potential of this technology for the cutting of silicon wafers for photovoltaic panel production.

ELECTRON ACCELERATORS

- The completion of the R&D program at LEONI Studer in Switzerland has confirmed the specifications of the eXelis® solution (Rhodotron® TT1000 accelerator and X-ray target), thus confirming its potential for the replacement of cobalt units (sources of radioactivity) in the X-ray sterilization market.

CONTROL SOFTWARE

- The control software user interfaces of several accelerator models have been completely redesigned to the huge satisfaction of customers already using them.
- Software fundamentals have also been re-examined and rewritten in object-oriented language. This new software orientation should in the long-term reduce new product development time through the reuse of common objects, while simplifying the maintenance of installed equipment.
- These improvements will be extended to all accelerator types in the near future.

Instead of continuously improving /modifying cyclotrons at each sold unit, R&D decided in 2010 to merge set of changes in product releases that are delivered to production at scheduled periods. This method already in place in other sectors has demonstrated benefits in production costs, maintenance improvement and spare parts management.

RADIOPHARMACEUTICALS

In the Pharmaceutical field, 2010 was marked by the following five market authorizations:

- In January 2010, Scintimun® (^{99m}Tc- radiolabeling kit for diagnosis of osteomyelitis) received authorization for the European market.
- In March 2010, Dopacis® (^{18}F-Fluorodopa for the diagnosis of Parkinson's disease and neuroendocrine tumors) was approved for the French market. This authorization led to European approval in November via the Mutual Recognition Procedure.
- In May 2010, CISNAF® (^{18}F-Na for the diagnosis of bone metastases) received approval in France.
- In September 2010, Filtracis® (^{99m}Tc- radiolabeling for the diagnosis of kidney and urinary tract malfunctions and malformations) was also granted market approval which should be extended to European level in 2011.

- Construction of the new ^{99m}Tc-generator production line, started in 2009, was completed in 2010. The ^{99m}Tc generator itself received market approval for France in October and extension of this approval to the rest of the world is expected in 2011.

Other achievements include the successful completion of phase III clinical trials of Redectane® (imaging agent for the confirmation of clear cell kidney cancer prior to surgery, developed by Wilex AG). Its NDA (New Drug Application) will be filed with the FDA for mid-2011 in view of the USA market approval.

EarliTest® (^{18}F-ML-10), a tracer for the molecular imaging of apoptosis (programmed natural cell death or cell suicide) is now used in Aposense® phase II clinical trials which were introduced in 2010 to evaluate response to treatment of three major forms of cancer with Aposense® tracer.

In 2010, IBA also signed with Bayer Pharma a technology agreement related to the transfer of the Florbetaben chemistry process on the IBA Synthera platform. Florbetaben is a BSP proprietary fluorine-18 labeled tracer for the imaging of amyloïd plaques in Alzheimer disease.

BIOASSAY

Throughout 2010 Bioassay continued to intensively develop new technologies and products for targeting receptors on the surface of living cells.

The Bioassay Cell2lead research program (EUR 10 million) was awarded a EUR 5.6 million grant by the French government (FUI, Fond Unifié Interministériel). Cell2lead is organized in cooperation with IGF/CNRS (Institute of Functional Genomics) of Montpellier, INSERM and Sanofi-Aventis and is aimed at strengthening the Tag-lite® program – introduced in 2009 and sponsored by Eurobiomed and the Languedoc-Roussillon Region.

Following the establishment of a joint laboratory at IGF in Montpellier, R&D teams from Cisbio-Biossays and IGF/CNRS have since the beginning of 2010 been working to develop new technologies to study the behavior of receptors in living cells.

DOSIMETRY

In IBA Dosimetry, R&D has completed several important developments for the therapy sector of the Business Unit, while continuing to improve the new generation of Water Phantom, Blue Phantom 2 (BP2) including:

- A new CCU (Common Control Unit) for the remote control of Water Phantom systems;
- A new version of Water Phantom BP2;
- A new version of Omni Pro Accept software, the V7.2

Other improvements in the field of verification of patient treatment plans were added in spring 2010 through version 2.7 of Compass® software. Market introduction of version 3.0 suffered delays which should however be recovered in 2011.

Following market trends in Medical Imaging IBA Dosimetry R&D further adapted its product portfolio to the needs in digital modalities. Market releases of the color measuring device LX Chroma for QA on display image devices as well as further added functionalities to the multimeter product line have been achieved during the year.

In order to follow market trends, IBA Dosimetry Medical Imaging also adapted its product portfolio through the addition of numerical modalities. The LX Chroma used in AQ for the measurement of colors displayed on-screen and new functionalities of the Multimeter product line were introduced to the market prior to the end of 2010.

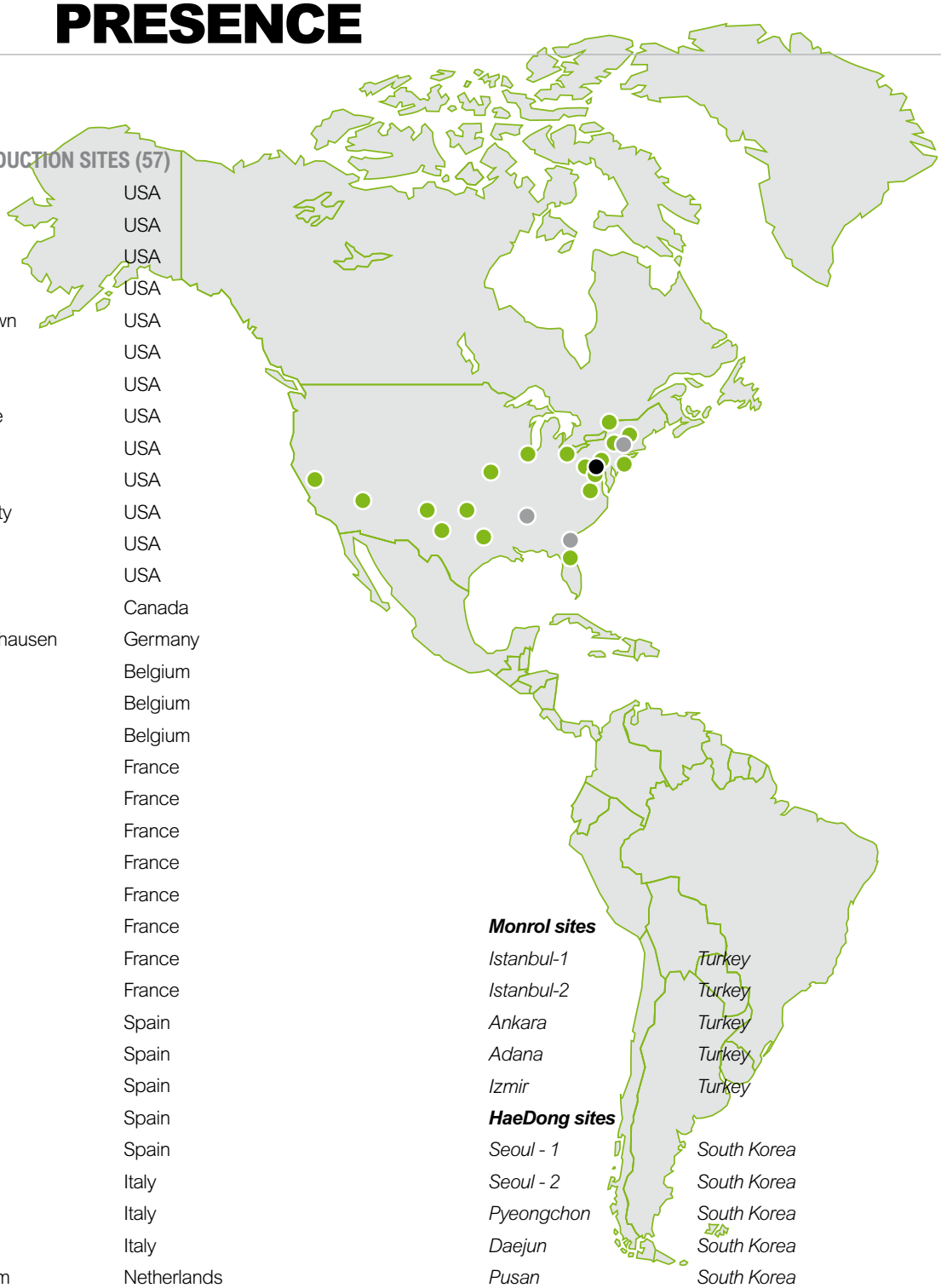
After launching its new business activity in the field of Health Physics in 2009, IBA Dosimetry successfully released its first iBeOx installation, a new passive-based radiation/dose measurement system sold to Controlatom, Belgium's largest radiation control services provider. The installation received official approval after being commissioned in August 2010.

In 2010 IBA Dosimetry R&D has continued serving and releasing new solutions for its OEM partners. Amongst other areas, efforts were concentrated on two new software applications for Siemens and Elekta.

In parallel, IBA Dosimetry continued research in the field of 2D detectors and wireless communications between different sets of equipment. New applications are planned to be launched on market in the next 24 months.

Research at IBA in 2010

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
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

Monrol sites	
Istanbul-1	*Turkey*
Istanbul-2	*Turkey*
Ankara	*Turkey*
Adana	*Turkey*
Izmir	*Turkey*
HaeDong sites	
Seoul - 1	*South Korea*
Seoul - 2	*South Korea*
Pyeongchon	*South Korea*
Daejun	*South Korea*
Pusan	*South Korea*
Suncheon	*South Korea*
Daegu	*South Korea*
BioTech sites	
Albuquerque	*USA*
Las Vegas	*USA*
Lubbock	*USA*

◆ HEADQUARTERS

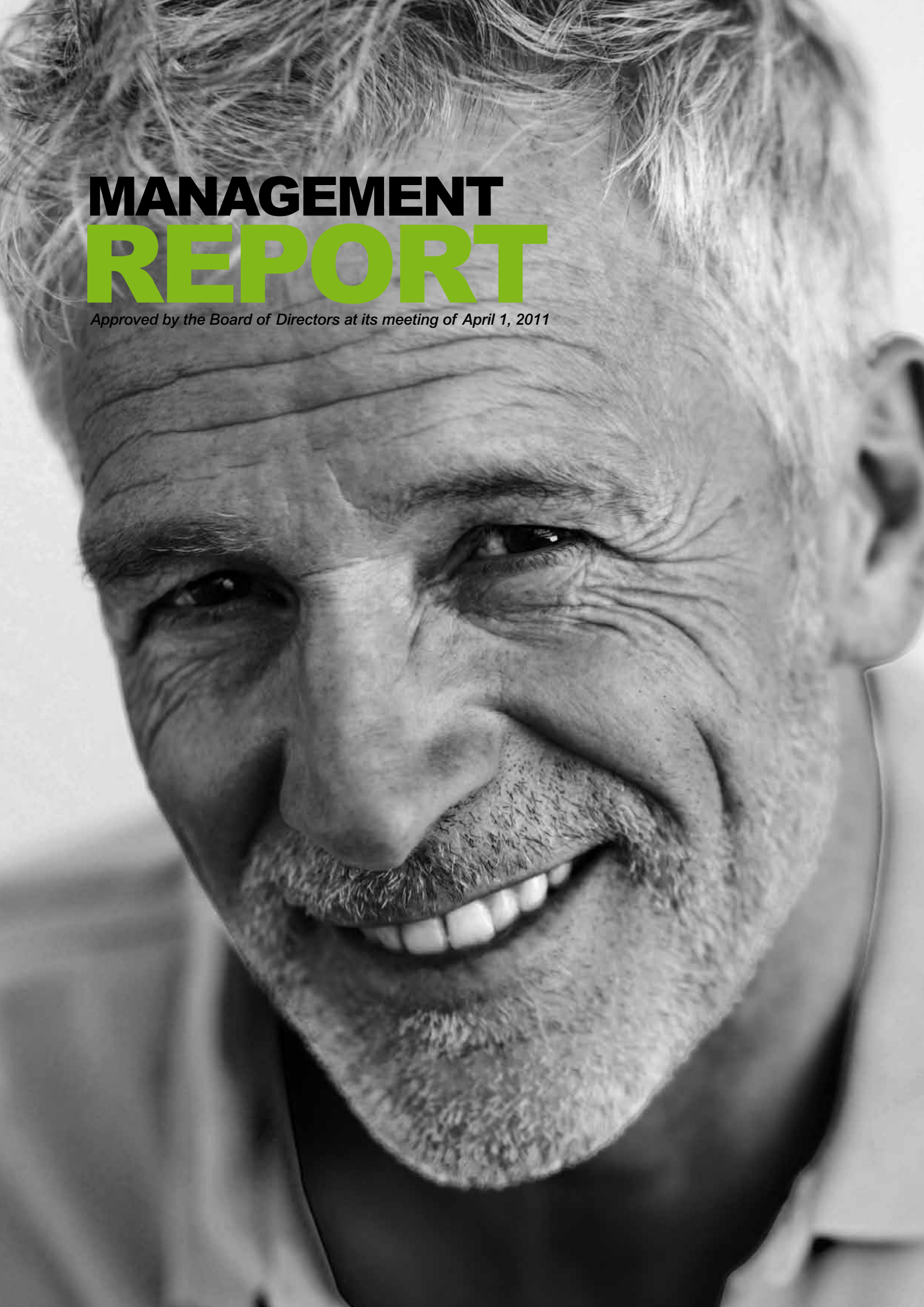
IBA Group	Louvain-la-Neuve	Belgium

● 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)

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, 2011

HIGHLIGHTS OF THE YEAR

During the second half of 2010 IBA resumed growth in the Equipment sector and was able to continue growth in the Pharma sector:

- While contraction in the first half still reached 7.9% of income in the Equipment sector, reflecting the sharp reduction in orders during 2008, the high level of activity in the second half of the year, principally in proton therapy, enabled the Group to end the year with an annual growth rate of 9.3%.
- The growth in Pharma revenue, which was stable throughout the year, reached 6.9%, led primarily by Europe.

Recurring operating income reached EUR 13.0 million, representing strong growth compared to 2009.

This positive change was entirely due to Equipment sector since the profitability of the Pharma sector decreased significantly, principally due to unfavourable changes in the United States market and the increasing level of investments required for the launch of proprietary diagnostic molecules from 2012 which had an impact of more than EUR 5 million on the 2010 result.

The net profit before tax of EUR 9.4 million shows very strong growth compared to 2009.

It should nevertheless be remembered that the previous year had been severely affected by non-recurring charges on R&D projects.

The financial year ended with a positive net income of EUR 6.6 million.

In view of these positive results and taking forecasts into account, the IBA Board of Directors asked the General Meeting to vote for a dividend of EUR 0.15 per share.

The order book has grown constantly since the low point of 2008 caused by the severe economic crisis:

- At the end of 2010, the Company's Equipment order book stood at more than EUR 240 million.
- If we take into account the firm order for a proton therapy system received in early January, it exceeds EUR 260 million.

Net debt at the end of 2010 amounted to EUR 27.0 million, with a significant decline (EUR 15 million) during the second half of the year.

Over the complete year, **cash flow improved significantly** although it was still restrained by:

- Financing contributions to the Trento and Essen proton therapy projects;
- Significant investments (almost EUR 24 million) made principally in the Pharmaceuticals sector, in particular for completing renovation of the Saclay site in France, as well as for the continued improvement of safety, expansion of the network (in Europe and Asia) and the preparation for market introduction of the new Redectane® and Aposense® molecules.

REVIEW OF IBA OPERATIONAL SEGMENTS

IBA FINANCIAL REPORTING IS ORGANISED IN TWO OPERATIONAL SEGMENTS:

The Pharma sector comprising the production and distribution of radiopharmaceutical agents and Bioassays activities.

RADIOPHARMACEUTICALS:

- PET[1], principally fluorodeoxyglucose (FDG), is a product used in molecular imaging for the diagnosis of many diseases (primarily cancer);
- SPECT[2] used in nuclear medicine for therapy and imaging.

BIOASSAYS

- A range of biomarkers used for in vitro medical diagnoses, such as radioimmunoassay;
- Thanks to its HTRF®[3] technology, IBA is active in the in vitro screening of new drugs for the pharmaceutical industry and biotech companies;
- More than 50% of these products are dedicated to the diagnosis and treatment of cancer.

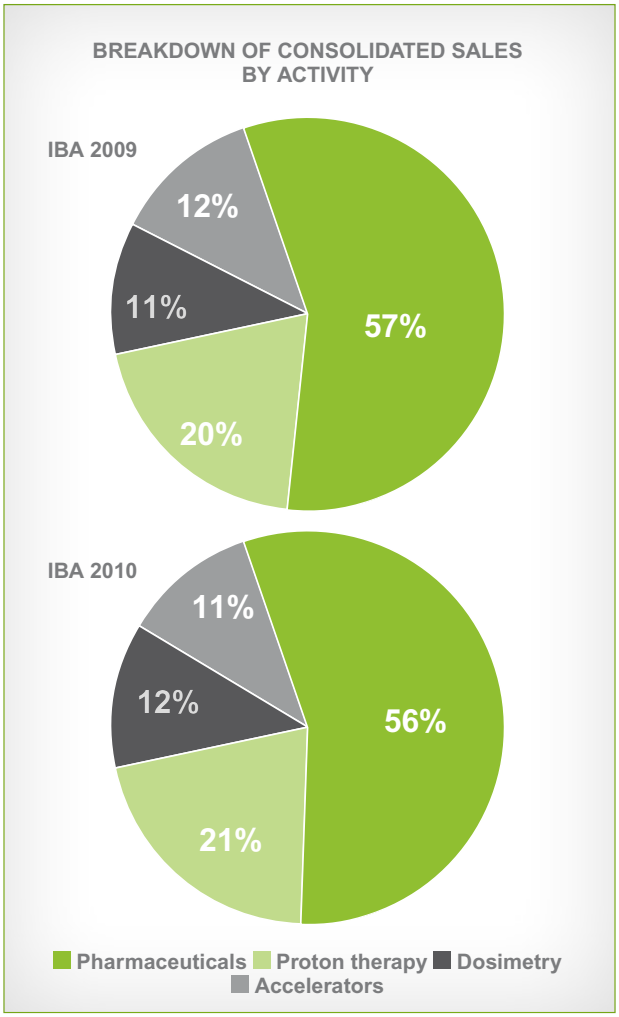
The Equipment sector which comprises:

PROTON THERAPY which offers turnkey solutions for 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 radioisotopes (Positron Emission Tomography) and SPECT (Single Photon Emission Computed Tomography); 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 doses precisely and accurately.

IBA's two business sectors – Pharmaceuticals and Equipment – incorporate the four IBA business units whose sales and highlights for the year 2010 are presented in this management report.



1 PET = Positron Emission Tomography.
2 SPECT = Single Proton Emission Computed Tomography.
3 HTRF = Homogeneous Time-Resolved Fluorescence.

PHARMACEUTICALS

	2009 (EUR '000)	2010 (EUR '000)	Change (EUR '000)	Change (%)
Sales and services	**203 587**	**217 603**	**14 016**	**6.9%**
- Radiopharmaceuticals	165 898	178 298	12 400	7.5%
- Bioassays	37 689	39 305	1 616	4.3%
REBITDA	**16 141**	**13 951**	**-2 190**	**-13.6%**
% of sales	*7,9%*	*6,4%*		
REBIT	**1 135**	**-2 569**	**-3 704**	**N/A**
% of sales	*0.6%*	*-1,2%*		
Share of profit/(loss) of equity accounted entities	812	1 455	643	79.2%
REBIT + EQUITY ACCOUNTED ENTITIES	**1 947**	**-1 114**	**-3 061**	**N/A**
% of sales	*1.0%*	*-0.5%*		

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

The growth in Pharmaceutical sales and services of 6.9% can be analyzed as follows:

- Significant growth of PET in Europe (+7%) reaching EUR 53.4 million;
- With sales of EUR 82.0 million, SPECT has shown unforeseen growth in Europe (+13%) linked to the effects of the Molybdenum crisis;
- Decrease of PET business in the United States (-1%), in spite of the positive effect of the dollar exchange rate over the year. At constant rates, the sales decrease would have been 5%, explained by the combination of 3% price erosion amplified by a decline of 4% in volumes due to the level of unemployment in the United States.

Operating earnings are negative for the whole of 2010. The second half in particular was impacted by the following factors:

- The substantial investment of more than EUR 5 million over the year in R&D, pre-marketing, approval and adaption of sites for new molecules to be introduced on the market from 2012;
- The price increase of Molybdenum in SPECT;
- The fall in revenue in the United States which could not be totally offset by cost reductions due to the fixed nature of the production structure;
- Costs related to the attempt to bring financial partners into the Bioassays activity.

Taking account of revenue from equity stakes in which IBA has invested in recent years (principally in Canada, Japan and Spain), the operating loss amounted to EUR 1.1 million in 2010, a decrease from the profit of EUR 1.9 million recorded in 2009.

On the commercial side, on December 23, 2010 IBA announced the four-year renewal of its exclusive contract with Servicio Andaluz de Salud in Andalusia, Spain. Under the terms of the agreement, IBA will supply all radiopharmaceutical products to the 12 nuclear medicine departments of public hospitals in Andalusia as from mid-January 2011. This contract is valued at more than EUR 33 million over the four-year period.

2010 was another active year in the development of the production and distribution network for radiopharmaceutical products.

- During the first half of the year, IBA took a 7.85% equity stake in the Company SISORA for which IBA is currently installing a cyclotron in Tunisia in order to produce and distribute FDG in the Tunis region.
- In August 2010, IBA also took a majority stake, jointly with SBI/BMI (Belgian Corporation for International Investment) and SOFINEX, in the share capital of Bio Molecular Industries which inaugurated an FDG

production and distribution centre in Kuala Lumpur, Malaysia, on March 1, 2011.

- Throughout 2010, IBA worked to complete the renovation of its production site in Saclay, France. This facility has now become the safest and most modern site in Europe for the production of radiopharmaceutical SPECT for nuclear medicine.

Progress has also been noted in the area of strategic development of new proprietary molecules:

- In May 2010, during a joint press conference, IBA and its partner WILEX AG (ISINDE0006614720 / WL6 / Frankfurt Stock Exchange) announced the final results of phase III Redectane® tests. These show that the PET/CT associated with Redectane® leads to a much better diagnosis than with CT alone. In parallel, IBA continued to adapt its installations in order to launch the product, first in the United States and then in the rest of the world, once market authorizations have been received. On condition of obtaining these authorizations, the timing of which is outside the Company's control, market introduction is expected in the United States by 2012.
- On August 27, 2010 IBA announced that it had signed a contract with Bayer Schering Pharma (Bayer) for the development of the chemical process and supply of clinical test doses for Florbetaben, a molecular imaging compound under development which will be used to detect Alzheimer's disease.
- In October 2010, IBA announced that it had obtained approval from AFSSAPS (French Health Products Safety Agency) for the sale of Filtracis™ in France. Filtracis is a radiopharmaceutical kit for the diagnosis of urinary and renal malfunction.
- As for Aposense®, the other proprietary molecule for which IBA has acquired exclusive distribution rights, which makes it possible to analyze more quickly patient response to cancer treatment, phase II tests are being carried out in the United States as planned.

In the Bioassays sub-sector, the activity continued to contribute positively towards Group results. Despite the fact that IBA has discontinued negotiations with a financial consortium, the Company confirms that the possibility of joining forces with an external partner is still under consideration, and that much interest has been received.

EQUIPMENT

	2009 (EUR '000)	2010 (EUR '000)	Change (EUR '000)	Change (%)
Sales and services	**155 574**	**169 988**	**14 414**	**9.3%**
- Proton therapy	70 689	82 884	12 195	17.3%
- Dosimetry	39 815	48 018	8 203	20.6%
- Accelerators and others	45 070	39 086	-5 984	-13.3%
REBITDA	**9 292**	**20 095**	**10 803**	**116.3%**
% Sales	*6.0%*	*11.8%*		
REBIT	**6 171**	**15 526**	**9 355**	**151.6%**
% Sales	*4.0%*	*9.1%*		

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

A strong increase in revenue during the second half of the year more than compensated for the decline registered in the first half-year.

- In Proton Therapy in particular, progress on current orders enabled the Company to offset a weak first half.
- In Dosimetry the entire year was extremely productive, enabling the division to record a growth rate of more than 20%, significantly higher than market growth (< 10%).
- Revenue for the Accelerators Division stabilized during the second half of 2010 after a steady decline from the start of 2009 due to the crisis in 2008.

In terms of operating margin, following a 2009 characterized by non-recurring costs resulting from a revaluation of the schedules for finalizing two projects, IBA confirmed the trend towards improved profitability in this sector which was already highlighted in the first half of the year. This positive trend is due to improvements in production processes and progress in the project experience curve (particularly in proton therapy), as well as to the increasing proportion of service contracts in Group results. Based on orders which are already finalized, service contracts should represent annual revenues of more than EUR 30 million by 2014/2015.

PROTON THERAPY

2010 proved to be an exceptional year in terms of order intake, with three firm orders for complete new systems, one order for an additional treatment room and five new selections subject to financing or finalization of contracts. These orders have enabled IBA to strengthen its market share which now exceeds 54% of treatment rooms sold.

- On February 19, 2010 IBA announced that it had received an additional order for a second treatment room from its Italian customer ATreP (Agenzia Provinciale per la Protonterapia).
- On February 23, 2010 IBA announced that it had been selected by ProCure Treatment Centers, Inc. to supply a proton therapy system to the ProCure Proton Therapy Center in Somerset, New Jersey, USA. Since the contract was financed, it came into effect immediately and represents between EUR 30 and 45 million in IBA equipment.
- On July 5, 2010 IBA announced that it had been selected by Seattle Procure Management LLC to install a proton therapy system in Seattle, WA, USA. The value of this contract is between EUR 45 and 55 million and financing was completed in January 2011.
- On July 8, 2010 IBA announced that Skandion Clinic, a clinical center for proton therapy in Sweden, had chosen IBA to install a proton therapy system for its new centre which is managed by a consortium of seven Swedish counties representing eight university hospitals. The estimated value of this project is between EUR 40 and 50 million. Final negotiations are ongoing but were delayed by an appeal process filed by Varian and Sumitomo Heavy Industries which was nevertheless dismissed in December 2010.
- On August 2, 2010 IBA announced that the Henryk Niewodniczanski Institute of Nuclear Physics of the Polish Academy of Sciences (IFJ) had selected IBA to install a cyclotron and technological infrastructure, and construct the building for the future proton therapy centre in Krakow, Poland. This public contract, which includes the cyclotron, the technical equipment and the building, is valued at between EUR 25 and 30 million.
- On September 2, 2010 IBA announced the signature of a sales contract, subject to financing, with the French Company CYCLHAD for the prototype of its next-generation carbon ion therapy system. Under the terms of the sales contract, IBA will provide CYCLHAD with the prototype of its carbon ion therapy system based on an advanced 400 MeV superconducting isochronous cyclotron able to accelerate carbon ions used in cancer therapy. As the system is a prototype, this transaction will have a very limited impact on IBA revenue.
- On October 13, 2010 the FSUE (Federal State Unitary Enterprise) « Federal Centre for Design and Development of Nuclear Medicine Projects » of the Russian FMBA (Federal Medico-Biological Agency) selected IBA to install a proton therapy centre in the Ulyanovsk region. This will be the first proton therapy centre equipped with an isocentric rotating gantry installed in Russia. The

centre will have two rooms with an isocentric rotating gantry, one dual-beam treatment room and a small fixed-beam room dedicated to eye treatment. The FSUE won the tender for the entire oncology center valued at 6 917 200 000 rubles (EUR 164 million), for which IBA will supply the proton therapy component equipment.

- On November 1, 2010 IBA announced that the Centre Antoine-Lacassagne (CAL) (Regional Cancer Treatment Centre) in Nice, France, had signed a letter of intent to acquire the prototype of IBA's new Proteus ONE™ proton therapy system. Initial installation and joint validation of the new system will take place within the framework of research cooperation between the CAL and IBA.
- On November 2, 2010 IBA announced that ProVision Trust and The Proton Therapy Center, LLC (TPTC) had selected IBA and made a down payment for the installation of a proton therapy center in Knoxville, Tennessee, USA. This project, subject to financing, will include the supply and installation of a proton therapy centre consisting of two isocentric gantry treatment rooms, a fixed-beam treatment room and a research room. In addition, it was agreed that IBA will provide the centre with operation and maintenance services for a period of 10 years. The contract represents total revenue of USD 70 to 80 million for IBA.

On the technological level, progress was made in the following areas in 2010:

- On April 15, IBA announced that it had received CE certification for the second-generation Pencil Beam Scanning (PBS) system for proton therapy. This new system will further improve the anti-cancer performance of the IBA system.
- At the 52nd annual meeting of the American Society for Radiation Oncology (ASTRO) in San Diego, CA, USA, IBA launched the Proteus ONE™: a more cost-effective, single-room proton therapy system. The Proteus ONE™ is roughly one-third the size of the current configuration and offers a more compact gantry and shorter proton-beam route from the cyclotron to the treatment room.

In addition, the installation of systems already on order proceeded according to plan, placing IBA in a unique position in terms of experience and installed systems compared with its competitors:

- During 2010 four new sites – the Institut Curie (Orsay, France), the CDH Proton Center owned by ProCure and located in the suburbs of Chicago (USA), U-Penn (University of Pennsylvania, Philadelphia, USA) and the University of Hampton (USA) – started daily treatment of patients, bringing the number of active sites equipped by IBA to 11 centres in three continents.
- IBA is also currently carrying out construction or installation work at eight other sites, two in the USA and six in Europe.

ACCELERATORS

As in 2009, there were limited orders for industrial cyclotrons and accelerators during the first half of the year but as expected, prospects in the pipeline became firm orders in the second half. In 2010 IBA recorded a total of 11 orders in this division.

DOSIMETRY

- The second half of 2010 confirmed the trend towards increased spending by hospitals (particularly in the USA) that was noted in the first half of the year. Thanks to the technological innovations offered to its customers, IBA Dosimetry registered a growth rate higher than the market.
- On October 27, IBA Dosimetry reached the milestone of its 1000th clinical MatriXX Detector.

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

INCOME STATEMENT

Consolidated sales and services for the year 2010 increased by EUR 28.4 million (+7.9%) compared with 2009 to EUR 387.6 million (EUR 359.2 million in 2009). This increase was due to a progression of 6.9% in the Pharmaceuticals sector and 9.3% in the Equipment sector.

The consolidated gross margin for 2010 totaled EUR 144.5 million, compared with EUR 131.3 million in the previous year, an increase of 10.0%. As a percentage of consolidated sales and services, gross margin reached 37.3% versus 36.6% a year earlier. This improvement resulted principally from an increase in profitability in the Equipment sector.

Overall recurring expenses increased by 6%, mainly due to a strong increase in sales and marketing costs related to preparation for the market introduction of high added-value radiopharmaceutical tracers planned from 2012. Research and development costs decreased slightly (-4.2%) in spite of the ongoing development of new products in the Pharma sector. It should be noted that 2009 levels had been affected by significant expenditure in the Equipment sector and that in 2010 more than EUR 3 million was capitalized in the Pharma sector.

The Group recorded net recurring earnings of EUR 12.9 million in 2010 versus EUR 7.3 million in 2009, an increase of 77.3%.

Other operating expenses for 2010 reached EUR 3.9 million, significantly down from EUR 10.5 million in 2009 which had reflected more than EUR 9 million in charges resulting from the re-evaluation of completion times of important R&D projects.

The 2010 statement posted a financial loss of EUR 1.1 million, 77.8% below that of 2009 which had been affected by the downward valuation of financial instruments. On the other hand, 2010 reflected the positive impact of restricted assets to cover the dismantling costs of installations in Saclay, France.

Tax liabilities for the year 2010 totaled EUR 2.7 million resulting from the balance between fluctuations of deferred tax assets and current taxes paid, principally in Germany and the USA.

Group share of the earnings of equity-accounted companies totaled EUR 1.4 million in 2010, an increase of 79.2% compared to 2009, resulting primarily from partnerships in the field of molecular imaging.

Net profit totaled EUR 6.6 million in 2010 compared to a loss of EUR 12.3 million in 2009.

CONSOLIDATED BALANCE SHEET AND FINANCIAL STRUCTURE

As was the case in the previous year, the most significant balance sheet movements in 2010 were brought about by the progress in proton therapy orders under construction as well as by the investment and development programs of Pharma activities.

Non-current assets increased by EUR 25.9 million during 2010, growing from EUR 265.4 million on December 31, 2009 to EUR 291.3 million at the end of 2010. The change is explained principally by the following movements:

- Goodwill which amounted to EUR 31.5 million only changed during the financial year due to the effects of currency fluctuations (USD and SEK) which strengthened in 2010.
- Tangible fixed assets (EUR 40.9 million) and intangible fixed assets (EUR 86.4 million) increased jointly by EUR 10.8 million. New investments totaling EUR 22.6 million were not amortized in 2010.
- Equity-accounted companies and investments increased by EUR 2.7 million, EUR 1.6 million of which related to new investments in Malaysia and Tunisia, while the

remainder related to the positive results from various other investments.

- Deferred tax assets were practically unchanged at EUR 31.9 million. Other long-term liabilities increased by EUR 10.3 million to EUR 90.4 million, principally due to injections of capital linked to a proton therapy contract for which the trade receivables did not qualify for derecognition according to IAS 39. In addition to the EUR 37.3 million of liabilities, this column also contains EUR 33.6 million of restricted assets for the decommissioning and site restoration of future Group installations.

Concerning current assets, trade receivables, inventories and contracts in progress explain why these have increased from EUR 214.2 million at the end of 2009 to EUR 236.9 million at the end of 2010. This change is explained primarily by the proton therapy centers in construction which have contributed to the record EUR 240 million order book.

Non-current liabilities increased from EUR 158.0 million at the end of 2009 to EUR 171.9 million at the end of 2010. The EUR 14.0 million difference is explained by the following movements:

- Long-term debts increased significantly (+ EUR 33.6 million), of which EUR 15.0 million is due to the long-term loan granted by the European Investment Bank at the beginning of 2010 to finance R&D programs, and EUR 20.1 million to a supplier credit granted by Dexia Bank in connection with the Trento proton therapy project. The balance results primarily from the transfer of other long-term debts to short-term debts. It should be noted that a significant part of this long-term debt is offset by a net repayment of short-term debt totaling EUR 22.6 million.
- Provisions and other long-term debt together decreased by EUR 19.5 million. This decrease is explained primarily by transfers made to short-term provisions and other debt. At the end of 2010, provisions totaled EUR 87.2 million, consisting mostly of environmental provisions (EUR 54.0 million) and others linked to pensions (EUR 24.4 million). Other long-term debts totaling EUR 43.9 million are represented by down payments on proton therapy contracts (EUR 34.0 million) for which the related receivables do not qualify for derecognition according to IAS 39, as well as the balance of recoverable advance payments obtained from public institutions to finance R&D projects.

Current liabilities increased by EUR 26.3 million to EUR 203.9 million. The following factors should be noted:

- Short-term provisions of EUR 11.8 million resulted from a transfer from long-term provisions for those which will probably be used in 2011 and which relate to secured obligations or contractual penalties on projects.
- The reduction of EUR 23.1 million in short-term bank debt should be seen in parallel to the growth of long-term debt.
- The growth in business debt is linked to proton therapy projects, as is the increase in trade receivables.
- Other debts at the end of 2010 amounted to EUR 120.0 million, an increase of EUR 21.3 million. These are principally related to advance payments on contracts received for new proton therapy orders as well as the transfer of debt, linked to recoverable public advances, from the long term to short term.

RESEARCH AND DEVELOPMENT

In 2010, Group research and development expenditure totaled EUR 27.8 million. This has been entered directly into the profit and loss account, to which almost EUR 3 million in capitalized costs should be added. This considerable investment has enabled the Company to maintain its position as one of the world leaders in all markets in which it is active.

SIGNIFICANT ACQUISITIONS AND DIVESTMENTS REALIZED IN 2010

IBA did not conduct any significant merger and acquisition operations in 2010.

CAPITAL INCREASE AND GRANTING OF SUBSCRIPTION RIGHTS

Over the course of the year, the Board of Directors exercised a capital increase with a waiver of shareholder

pre-emptive rights as part of the authorized capital procedure.

In September 2010, the IBA Board of Directors issued 900 000 stock options to Group employees and partners as part of the 2010 share option plan, of which 550 000 options were free and 350 000 payable.

On December 16 2010, it was noted that 329 136 free options and 130 503 payable options had been subscribed.

As a result, 220 864 free options were cancelled. The price of an option was EUR 7.8.

On August 27, 2010 the Board of Directors approved the introduction of an IBA share buy-back program in order to neutralize the dilutive effect of share option plans. No shares were repurchased by IBA in 2010.

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

Ion Beam Applications S.A. posted sales and services of EUR 152.5 million in 2010, an increase of 12% on 2009's total of EUR 136.6 million. This increase was primarily due to progress on current orders.

The operating income, which had posted a loss of EUR 6.8 million in 2009, recorded a profit of EUR 2.0 million in 2010.

The Company showed a net profit of EUR 15.2 million in 2010 after recording a net loss of EUR 10.9 million in 2009.

At the Shareholders General Meeting on May 11, 2011 the Board of Directors proposed a dividend of EUR 0.15 (15 Euro cents) for 2010.

At the end of 2010, the Company owned two subsidiaries: in Prague, Czech Republic, and Orsay, France. These subsidiaries were formed to carry out activities in connection with proton therapy.

CORPORATE STRUCTURE AND GOVERNANCE

This topic is covered fully in the « Corporate Governance, Management and Control » section of this annual report.

The company has adopted the 2009 Belgian Code of Corporate governance as its reference code and believes it is in compliance with it at one exception: the composition of the Audit Committee.
In consideration of the complementary and depth of skills of the current members, the Company currently has only one independent member out of three instead of the majority suggested by the code. The Company is planning to fully comply with the code as soon as it has found the proper candidates.

The Board meeting of March 3, 2010 which was to rule on the change of Chairman of the Board of Directors 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 concerned Mr. Peter Vermeeren who had accepted a mission to work with Mr. Renaud Dehareng in order to prepare the new President of the division for his new responsibilities. This

conflict of interest concerned (i) the financial conditions of the mission and (ii) the change of chairmanship of the Board, due to the question of whether Mr. Vermeeren could carry out his duties as an independent director having accepted the above mission. After deliberation, the Board unanimously approved the nomination of Innosté S.A., represented by Mr. Jean Stéphenne as Chairman of the Board and Chairman of the Compensation and Nomination Committees replacing Mr. Vermeeren, and the nomination of Mr. Vermeeren as Vice-Chairman of the Board. The Board also approved the nomination of Mr. Yves Windelincx as a member of the Compensation and Nomination Committees in replacement of Mr. Vermeeren.

The Board meeting of August 27, 2010 which was to rule on the introduction of a stock option plan also 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 concerned all members of the Board as beneficiaries of the above plan, with the exception of Ms. Nicole Destexhe (National Institute for Radioelements), Chairman of the Board Mr. Jean Stéphenne (Innosté S.A.) and Chairman of the Audit Committee Mr. Yves Windelincx (Windi S.P.R.L.) who although they had every right to be included in the scheme, declared that they did not wish to be beneficiaries. After deliberation, Ms. Destexhe, Mr. Stéphenne and Mr. Windelincx unanimously approved the introduction of a stock option plan of 900 000 warrants as well as the terms of the special Board draft report prepared in application of articles 583, 596 and 598 of the Belgian Code of Company Law.

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 announced that Mr. Yves Windelincx, Chairman of the Audit Committee and member of the Board since 2010, is the ex-General Manager and Chairman of the Management Board of Ducroire Group, specialized in worldwide export credit insurance. In this capacity he had taken part in numerous Audit Committees, as well as analyzed and managed insurance and finance for large, high-risk projects. Mr. Windelincx is also an independent director of various other companies (in particular Besix, Desmet Engineers and Contractors, TCRe, Concordia and the Belgian Foreign Trade Agency). In two of these companies, he is also a member or Chairman of the Audit Committee. Mr. Windelincx no longer carries out executive roles in any Company.

SHARE AND STOCK OPTION HOLDERS

	Nomber of shares	%
Belgian Anchorage SCRL	7 773 132	28.80%
IBA Investment SCRL*	610 852	2.27%
IBA SA*	75 637	0.28%
UCL ASBL	426 885	1.58%
Sopartec SA	529 925	1.96%
Institute for Radioelements PUF	1 423 271	5.27%
Public	16 152 313	59.84%
TOTAL	**26 992 015**	**100.00%**

(*) As at December 31, 2010 IBA S.A. held a total of 75 637 own shares and 610 852 shares via IBA Investments S.C.R.L. a wholly-owned indirect subsidiary.

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 organised 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.

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

A number of IBA products and some of its equipment are subject to regulatory approval for market introduction as medical equipment or pharmaceutical products. This approval must be obtained in each country where IBA wishes to sell these products or equipment. For example at the end of 2010, IBA had market approval for proton therapy equipment in the United States (FDA), the European Union (LRQA), China (SDA) and South Korea (KFDA). These authorizations may at any time be challenged by the relevant authorities. Furthermore, due to the technological development of IBA equipment, additional authorizations must be obtained periodically.

During 2010 IBA obtained the following authorizations:
From the FDA for:

- The interface for an external medical device which sends a signal to the patient treatment system to switch off and on the beam during treatment;
- A treatment room with fixed beam customized for the use of straight beams applicable in seated treatment.

From Lloyd's Register Quality Assurance (LRQA) for:

- A treatment room with fixed beam customized for the use of straight beams applicable in seated treatment;
- SMAD (Simultaneous Movement of Alignment Device);
- The interface for an external medical device which sends a signal to the patient treatment system to switch off and on the beam during treatment;
- Compatibility with the Align RT (Vision RT) function in autonomous treatment mode;
- Robot V2a (automatic docking);
- Inclined beam line;
- Straight beam scanning – PBS V2E;
- Adaptations: user guide in French / interface with existing building.

Similarly, the production and distribution of radiopharmaceuticals is subject to strict regulation with which the Company complies continuously, failing which the sale of its products would not be possible. The Company is in the process of introducing a request to the FDA for approval of a product developed in partnership with the Wilex Company. Although the process is well advanced, approval still remains uncertain.

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.

RISK OF DISMANTLING

CISBIO recently obtained INB (Basic Nuclear Facility) designation in France. This status requires the Company to set aside resources for the restoration of the operating site where its activities are located at the expiration of a period ending in either 2022 or 2078, whichever is applicable.

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.

DEPENDENCE 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 RISKS 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

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

On January 20, 2011, financing for the project ordered by Seattle Procure Management LLC to install a proton therapy centre in Seattle, WA, USA was finalized.

GENERAL OUTLOOK FOR 2011

The Company forecasts a growth in sales in 2011 compared to the 2010 financial year, thanks in particular to the following elements:

- The order book reached a record level at the end of 2010, principally due to proton therapy, and continued its upward trend at the beginning of 2011 to reach EUR 260 million at the end of March;
- Steady growth in the sales of radiopharmaceuticals in Europe and a stabilization of sales in the American market.

In terms of operating income, on a like-for-like basis the Company expects 2011 to show:

- A stabilization of results in the traditional Pharma business and a marked increase of investment in new molecules;
- A stabilization of profitability in the Equipment sector which will support development costs for Proteus ONE™ in 2011.

The profitability of Equipment activity should remain higher than the losses generated by investments in the Pharma business. Therefore, on a consolidated basis, IBA should remain profitable although at a lower level than in 2010.

As announced during the 2010 financial year, it appears increasingly clear that Pharmaceuticals activities and Equipment activities are undergoing very different dynamics and cycles. This observation has led the Company to put in place measures intended to:

- Optimize non-strategic activities through sales or mergers: the attempt to sell Bioassays activities to a

financial consortium was not concluded satisfactorily in 2010 but remains under examination.

- Pursue the development of the network with global or local partners to meet the needs of the PET and SPECT markets and increase IBA profitability. In addition to the equity stakes taken in Tunisia and Malaysia, IBA is currently examining investment opportunities in Europe and Asia that may come to fruition during the 2011 financial year.
- Invest, by the most suitable means available, in the radiopharmaceutical activity in order to speed up the pace of investments in new molecules. This could be achieved by specific fund-raising and result in partial deconsolidation of this activity in the future.

DIRECTORS' DECLARATION

This management report and the accompanying financial statements have been established by the Chief Executive Officer (CEO), Pierre Mottet and the Chief Financial Officer (CFO), Jean-Marc Bothy. To their knowledge: they have been established in accordance with applicable accounting standards, give a true and fair image of the assets, the financial position and the results of the Company and the companies included in the consolidation. The management report contains a faithful account of the important events and principal transactions with related parties for the year 2010 and their effect on the set of consolidated financial statements, as well as a description of the main risks and uncertainties which the Company faces.

IFRS CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

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 stock exchange Euronext and is included in the Bel MID Index.

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

- Publication of its annual report, including its audited annual consolidated financial statements, within four months from the end of the financial year;
- Publication of a half-yearly 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 set forth by the International Federation of Accountants («IFAC»).

These consolidated financial statements were approved for release by the Board of Directors on April 1, 2011.

STATEMENT OF CONSOLIDATED FINANCIAL POSITION AT DECEMBER 31, 2010

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

The notes on pages 43 to 106 are an integral part of these consolidated financial statements.

	Notes	December 31, 2009 (EUR '000)	December 31, 2010 (EUR '000)
ASSETS			
Goodwill	7	29 563	31 492
Other intangible assets	7	37 020	40 916
Property, plant, and equipment	8	79 526	86 429
Investments accounted for using the equity method	10	5 097	8 255
Other investments	10	2 377	1 943
Deferred tax assets	11	31 732	31 877
Other long-term assets	12	80 093	90 429
Non-current assets		**265 408**	**291 341**
Inventories and contracts in progress	13	97 011	102 694
Trade receivables	14	70 178	89 249
Other receivables	14	26 869	25 286
Short-term financial assets	21	2 591	1 535
Cash and cash equivalents	15	17 586	18 102
Current assets		**214 235**	**236 866**
TOTAL ASSETS		**479 643**	**528 207**
EQUITY AND LIABILITIES			
Capital stock	16	37 505	37 888
Capital surplus	16	124 788	125 421
Treasury shares	16	-9 515	-8 655
Reserves	17	16 077	9 878
Currency translation difference	17	-16 377	-9 948
Retained earnings	17	-9 117	-3 269
Capital and reserves		**143 361**	**151 315**
Non-controlling interests		**781**	**1 087**
EQUITY		**144 142**	**152 402**
Long-term borrowings	18	6 372	39 943
Long-term liabilities	21	0	344
Deferred tax liabilities	11	1 004	948
Long-term provisions	19	97 169	87 191
Other long-term liabilities	20	53 413	43 861
Non-current liabilities		**157 958**	**172 287**
Short-term provisions	19	0	11 812
Short-term liabilities	18	28 275	5 115
Other short-term liabilities	21	103	751
Trade payables	22	48 264	63 412
Current income tax liabilities		2 198	2 384
Other payables	23	98 703	120 044
Current liabilities		**177 543**	**203 518**
TOTAL LIABILITIES		**335 501**	**375 805**
TOTAL EQUITY AND LIABILITIES		**479 643**	**528 207**

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2010

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

	Notes	December 31, 2009 (EUR '000)	December 31, 2010 (EUR '000)
Sales and services		359 161	387 591
Cost of sales and services		227 850	243 131
Gross profit		**131 311**	**144 460**
Selling and marketing expenses		35 316	41 845
General and administrative expenses		59 707	61 884
Research and development expenses		28 982	27 774
Other operating expenses	24	18 887	11 629
Other operating (income)	24	-8 353	-7 742
Financial expenses	25	11 990	16 923
Financial (income)	25	-6 865	-15 785
Share of (profit)/loss of companies consolidated using the equity method	10	-812	-1 455
Profit/(loss) before taxes		**-7 541**	**9 387**
Tax (income)/expenses	26	4 752	2 744
Profit for the period from continuing operations		**-12 293**	**6 643**
Profit/(loss) for the period from discontinued operations	6	0	0
Profit/(loss) for the period		**-12 293**	**6 643**
Attributable to:			
Equity holders of the parent		-12 492	6 228
Non-controlling interests		199	415
		-12 293	**6 643**
Earnings per share from continuing and discontinued operations (EUR per share)			
- basic	34	-0.48	0.24
- diluted	34	-0.47	0.23
Earnings per share from continuing operations (EUR per share)			
- basic	34	-0.48	0.24
- diluted	34	-0.47	0.23
Earnings per share from discontinued operations (EUR per share)			
- basic	34	0.00	0.00
- diluted	34	0.00	0.00

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2010

	December 31, 2009 (EUR '000)	December 31, 2010 (EUR '000)
Income/(expense) for the period	**-12 293**	**6 643**
Changes in available-for-sale financial asset reserves	2 075	-2 409
Changes in strategic hedge reserves	1 066	-2 932
Changes in post-employment benefit reserves	1 123	-1 161
Changes in companies accounted for using the equity method	0	525
Changes in currency translation differences	-1 264	5 985
Permanent financing-related changes	2 643	-81
Income tax-related changes	-692	0
Net income/(expenses) recognized directly in equity	**4 951**	**-73**
Comprehensive income	**-7 342**	**6 570**
Attributable to: Equity holders of the parent	-7 541	6 155
Non-controlling interests	199	415

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	Non-controlling interests	Share-holders' equity
Balance at January 1, 2009	**37 285**	**124 358**	**-7 563**	**689**	**8 531**	**-17 064**	**5 446**	**684**	**152 366**
Net income/ (expenses) recognized directly in equity	**0**	**0**	**0**	**1 066**	**3 198**	**687**	**0**	**0**	**4 951**
Profit/(loss) for the period							-12 492	199	-12 293
Comprehensive income for the period	**0**	**0**	**0**	**1 066**	**3 198**	**687**	**-12 492**	**199**	**-7 342**
Purchase of treasury shares			-1 952						-1 952
Dividends							-2 127		-2 127
Employee stock options and share-based payments					2 593				2 593
Increase/(reduction) of capital stock/ capital surplus	220	430							650
Other changes in non-controlling interests							56	-102	-46
Balance at December 31, 2009	**37 505**	**124 788**	**-9 515**	**1 755**	**14 322**	**-16 377**	**-9 117**	**781**	**144 142**
Balance at January 1, 2010	**37 505**	**124 788**	**-9 515**	**1 755**	**14 322**	**-16 377**	**-9 117**	**781**	**144 142**
Net income/ (expenses) recognized directly in equity	**0**	**0**	**0**	**-2 932**	**-3 570**	**6 429**	**0**	**0**	**-73**
Profit/(loss) for the period							6 228	415	6 643
Comprehensive income for the period	**0**	**0**	**0**	**-2 932**	**-3 570**	**6 429**	**6 228**	**415**	**6 570**
(Acquisitions)/ transfers of treasury shares			860				-486		374
Dividends							0		0
Employee stock options and share-based payments					303				303
Increase/(reduction) of capital stock/ capital surplus	383	633							1 016
Other changes							106	-109	-3
Balance at December 31, 2010	**37 888**	**125 421**	**-8 655**	**-1 177**	**11 055**	**-9 948**	**-3 269**	**1 087**	**152 402**

CONSOLIDATED CASH FLOW STATEMENT

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

	Notes	December 31, 2009 (EUR '000)	December 31, 2010 (EUR '000)
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit/(loss) for the period attributable to equity holders of the parent		**-12 492**	**6 228**
Adjustments for:			
Depreciation and impairment of tangible fixed assets	8	15 460	10 741
Amortization and impairment of intangible assets	7	5 810	4 245
Write-off on receivables	14	325	2 119
Changes in fair value of financial assets (gains)/losses		-1 808	-465
Change in provisions	19	7 965	8 409
Deffered taxes	26	2 661	224
Share of result of associates and joint ventures accounted for using the equity method	10	-812	-1 455
Other non-cash items	28	1 254	1 596
Net profit/(loss) before changes in working capital		**18 363**	**31 642**
Trade receivables, other receivables, and deferrals		18 142	-15 039
Inventories and contracts in progress		-11 176	6 420
Trade payables, other payables, and accruals		-22 523	12 489
Changes in working capital		**-15 557**	**3 870**
Income tax paid/received, net		-1 137	-1 323
Interest expense		2 387	1 623
Interest income		-2 680	-4 400
Net cash used in/generated from operations		**1 376**	**31 412**
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of property, plant, and equipment	8	-17 175	-15 918
Acquisition of intangible assets	7	-3 273	-6 740
Disposals of fixed assets		322	331
Acquisition of subsidiaries, net of acquired cash	6	0	8
Acquisition of third party and equity-accounted companies		-672	-952
Disposals of subsidiaries and equity-accounted companies, and other net investments from cash disposed		-51	50
Other investing cash flows	28	-10 880	-15 591
Net cash used in/generated from investing activities		**-31 729**	**-38 812**
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from borrowings		23 289	36 971
Repayments of borrowings		-24 222	-28 014
Interest paid		-2 387	-1 623
Interest received		1 129	441
Capital increase (or proceeds from issuance of ordinary shares)		608	915
Purchase of treasury shares		-1 952	-593
Dividends paid		-2 039	-94
Other financing cash flows	28	-1 038	-266
Net cash used in/generated from financing activities		**-6 612**	**7 737**
Net cash and cash equivalents at beginning of the year		**53 943**	**17 586**
Change in net cash and cash equivalents		-36 965	337
Exchange gains/losses on cash and cash equivalents		608	179
Net cash and cash equivalents at end of the year	15	**17 586**	**18 102**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT GROUP ACCOUNTING POLICIES

1.1 INTRODUCTION

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

1.2 BASIS OF PREPARATION

IBA's consolidated financial statements for the year ended December 31, 2010 have been drawn up 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, 2010.

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. The 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 adopted in the preparation of the consolidated accounts comply with IFRS standards and interpretations as adopted by the European Union at December 31, 2010.
These accounting principles are consistent with those used for the preparation of the Group's annual financial statements for the financial year ended December 31, 2009, with the exception of the following standards and interpretations adopted on January 1, 2010, as shown below.

IFRIC 17 Distribution of Non-cash Assets to Owners

IFRIC 17 Distribution of Non-cash Assets to Owners indicates how to account for distributions in kind to shareholders.
A liability must be accounted when the dividend has been properly authorized and is no longer at the discretion of the entity, the measurement of the liability must be based on the fair value of the assets to distribute. Distributions in kind relating to the goods that are controlled by the same party(ies) before and after the distribution (common control transactions) are outside the scope of IFRIC 17.
The company adopted this interpretation on January 1, 2010 without any significant impact on its financial results or financial position.

IFRIC 18 Transfers of Assets from Customers

IFRIC 18 Transfers of Assets from Customers applies to the accounting of all transfers of property and equipment received from customers as part of access provision. Accounting for these assets depends on the person controlling the transferred assets. When the assets are accounted for by the access provider, they are measured at their fair value at time of initial accounting. Timing for measuring associated items depends on facts and circumstances.
The company adopted this interpretation on January 1, 2010 without any significant impact on its financial results or financial position.

Amendment to IAS 39 Financial Instruments: Recognition and Measurement – Eligible hedged items

Amendment to IAS 39 Financial Instruments: Recognition and Measurement – Eligible hedged items specifies how the current principles for hedge accounting should be used in specific situations («eligible hedged items»).

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

Improvements to IFRS (2009)

Improvements to IFRS (2009) relate to a series of minor changes to existing standards.

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

Amendments to 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 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 amendment on January 1, 2010 without any significant impact on its financial results or financial position.

IAS 24 (revised) Related Party Disclosures (2009)

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 and IAS 19 – The limit on a defined benefit asset, minimum funding requirements, and their interaction

Amendments to IFRIC 14 and IAS 19 – The limit to a defined benefit asset, minimum funding requirements, and their interaction suppress the unwanted consequences of instalment payments when there is a minimum funding requirement. These amendments result in that contributions payments are recognized as an asset rather than a cost in some circumstances.

The Company adopted this amendment on January 1, 2010 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. For the year ending on December 31, 2010, they have not been used in the preparation of the consolidated financial statements.

- IFRS 7 Financial Instruments: Disclosures – amendments to disclosures
- IFRS 9 Financial Instruments
- IAS 12 Income Taxes
- IAS 32 Financial Instruments: Presentation – Classification of Right Issues
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments
- Improvements to IFRS standards (adopted in May 2010)

IFRS 7 Financial Instruments - Disclosures

Amendments to this standard are effective for annual accounts beginning on or after July 1, 2011 and intend to improve the understanding of transfer transactions of financial assets, including the understanding of possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of assets transfers are undertaken at the end of a reporting period.

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

IFRS 9 Financial Instruments

IFRS as issued reflects the first and second working phase of the I.A.S.B. on the replacement of the IAS 39 standard and relates to the classification and measurement of assets and liabilities as defined in IAS 39. This standard will be effective for annual accounts beginning on or after January 1, 2013. In subsequent phases, the I.A.S.B. will address hedge accounting, derecognition, and asset and liability off-setting. This project is expected to be completed in early 2011. The adoption of the first IFRS 9 phase will have an impact on the classification and measurement of the Group's financial assets. The Group will quantify the impact of this standard in conjunction with the other phases once issued, in order to present a comprehensive picture of this impact.

IAS 12 Income Taxes

The amended standard will be effective for annual accounts beginning on or after January 1, 2012. The amendment provides a practical solution to the difficult and subjective assessment whether recovery will be done through use or through sale when the asset is measured using the fair value of IAS 40 for Investment Properties, by introducing a presumption that the recovery of the carrying value will usually be done through sale.
The Group does not expect any impact in its financial statements.

IAS 32 Financial Instruments: Presentation – Classification of Rights Issues

Amendments to IAS 32 Financial Instruments: Presentation – Classification of Rights Issues allow rights, options or warrants with the aim to acquire a fixed number of company's equity investments, in any currency, to be classified as equity in instruments, provided that the entity give these rights, options and warrants pro rata to all existing owners of the same of non-derivative equity instruments.
The Company adopted this amendment on January 1, 2010 without any significant impact on its financial results or financial position.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

IFRIC 19 is effective for annual accounts beginning on or after July 1, 2010. The interpretation of the standard specifies that the equity instruments issued to a creditor with the view to extinguish a financial liability are deemed paid. The equity instruments are measured and issued at their fair value. Should it not possible to measure them with reliability, the instruments are measured at the fair value of the liability to extinguish. Any gain or loss on equity instruments are immediately recognized in the income statement.
The adoption of this interpretation will have no impact on the Group's financial statements.

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 Group holds more than 50 percent 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 consolidated balance sheet 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 percent of the investee's voting power but not to exist when less than 20 percent 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, 2009	Average annual rate 2009	Closing rate at December 31, 2010	Average annual rate 2010
USD	1.4332	1.3939	1.3252	1.3280
SEK	10.3111	10.6321	8.9929	9.5586
GBP	0.8999	0.8915	0.8566	0.8585
CNY	9.7705	9.5354	8.7351	8.9893
INR	67.0164	67.2465	60.0564	60.9806
JPY	134.2040	130.3441	108.1930	116.6139

1.4 INTANGIBLE FIXED ASSETS

Recognition as an intangible fixed asset is required when
(1) this asset is identifiable, i.e. separable (it can be sold, transferred, or licensed) or where it arises from contractual or other legal rights;
(2) it is probable that future economic benefits attributable to the asset will flow to IBA;
(3) IBA can control the resource, and
(4) the cost of the asset can be measured reliably.

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

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

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

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

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

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

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

The applicable useful lives are as follows:

Intangible fixed assets	Useful life
Product development costs	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
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 rule are made when justified.

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 are excluded from 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 reported in equity, until they are impaired or sold, at which time the gains or losses accumulated in equity are recycled into the income statement. 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. 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 CAPITAL STOCK

Ordinary shares are classified in the caption «Capital stock». Treasury shares are deducted from equity. Movements on treasury shares do not affect the income statement.

1.14 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.

1.15 CAPITAL GRANTS

Capital grants are recorded as deferred income.
Grants are recognized as income at the same rate as the 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 compensate 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, the Group has defined benefit plans.

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

- 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; 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 retirement 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 retirement plans with defined benefits, the costs related to these plans are assessed per retirement 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 remeasured.

Cash-settled share-based payments are measured at the fair value of the liability. IBA does not have plans of this type.

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, divisions, associates and joint ventures (deferred taxes will only be recognized when IBA does not control the distribution and if IBA controls the distribution, that it is likely that dividends will be distributed in a 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 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 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 significant, 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.

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 as from 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. The 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 income in the periods when the hedged item affects profit or loss (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 qualifies for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is reclassified to the income statement when the forecast transaction is ultimately recognized in income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred 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 balance sheet, with changes in fair value recognized in the income statement.
These instruments are designated as economic hedges inasmuch as they are not used to speculate on positions.

1.23 OPERATING SEGMENTS

A business segment is a distinguishable component engaged in providing products or services subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a specific economic environment subject to risks and returns that are different from those of segments operating in other economic environments.

2. DESCRIPTION OF FINANCIAL RISK MANAGEMENT POLICIES

2.1 FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks, of which the largest is market risk (including currency risk). Other financial risks include credit risk, liquidity risk, interest rate risk, and commodity risk. The Group's overall financial risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.
Financial risk management is carried out by a central treasury department (Group Treasury) under policies approved by the Audit Committee of the Board of Directors. These policies provide written principles for overall financial risk management, as well as written policies covering specific areas, such as foreign exchange risk, use of derivative financial instruments and non-derivative financial instruments, and investing excess liquidity. Group Treasury identifies, evaluates, and hedges financial risks in close cooperation with the Group's operating units.

2.1.1 MARKET RISK

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 entities against the U.S. dollar.

Approximately 16 percent of the Group's sales are denominated in currencies other than the functional currency of the operating unit making the sale, while almost 92 percent of costs 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 2010, the Group had drawn up to EUR 15 million on this line of credit.
The Group has credit lines totalling EUR 100 million, of which 15.86 percent have been utilized 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, 2010, EUR 20 million of this credit has been utilized.

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

December 31, 2009 EUR '000	Due	< 1 year	1-2 years	2-5 years	> 5 years	Total
FINANCIAL LIABILITIES						
Bank borrowings	403	2 025	2 861	294	0	5 583
Finance lease liabilities	0	1 924	1 123	1 451	643	5 141
Other interest-bearing liabilities	0	267	0	0	0	267
Trade payables	14 597	33 667	0	0	0	48 264
Other ST & LT payables	8 678	114 033	43 705	4 273	7 281	177 970
TOTAL	**23 678**	**151 916**	**47 689**	**6 018**	**7 924**	**237 225**

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
Other interest-bearing liabilities	0	0	0	0	0	0
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**

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 analyzed the impact of a 1 percent fluctuation in interest rates on its consolidated income statement. The effect would have been insignificant.

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, 2009		December 31, 2010	
EUR '000	Category	Net carrying value	Fair value	Net carrying value	Fair value
FINANCIAL ASSETS					
Trade receivables	Loans and receivables	70 178	70 178	89 249	89 249
Long-term receivables on contracts in progress	Loans and receivables	39 591	39 591	39 142	39 142
Available-for-sale financial assets	Available for sale	32 192	32 192	33 557	33 557
Long-term receivables for decommissioning of sites	Loans and receivables	1 395	1 395	1 516	1 516
Other long-term receivables	Loans and receivables	6 009	6 009	16 214	16 214
Non-trade receivables and advance payments	Loans and receivables	17 414	17 414	15 704	15 704
Other short-term receivables	Loans and receivables	9 455	9 455	9 582	9 582
Other investments	Available for sale	2 377	2 377	1 943	1 943
Investments in structured products	FVPL2	906	906	0	0
Cash and cash equivalents	Loans and receivables	17 586	17 586	18 102	18 102
Hedging derivative products	Hedge accounting	2 433	2 433	491	491
Derivative products – other	FVPL1	158	158	1 043	1 043
TOTAL		**199 694**	**199 694**	**226 544**	**226 544**
FINANCIAL LIABILITIES					
Bank borrowings	FLAC	5 583	5 583	39 996	39 996
Finance lease liabilities	FLAC	5 141	5 141	3 382	3 382
Other interest-bearing liabilities	FLAC	267	267	0	0
Trade payables	FLAC	48 264	48 264	63 412	63 412
Hedging derivative products	Hedge accounting	0	0	871	871
Derivative products – other	FVPL1	103	103	224	224
Other long-term liabilities	FLAC	53 413	53 413	43 861	43 861
Amounts due to customers for contracts in progress	FLAC	28 933	28 933	42 143	42 143
Social security liabilities	FLAC	17 066	17 066	18 454	18 454
Other short-term liabilities	FLAC	52 704	52 704	59 447	59 447
Short-term tax liabilities	FLAC	2 198	2 198	2 384	2 384
Short-term bank credit	FLAC	23 656	23 656	1 680	1 680
TOTAL		**237 329**	**237 329**	**275 854**	**275 854**

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 could not be separated from the underlying notional value)

At December 31, 2010, the net carrying amount of these financial assets and liabilities does not differ from their calculated fair value.

At December 31, 2009, the caption «Investments» (FVPL2) included the fair value of synthetic collateralized obligations. These synthetic collateralized debt obligations were purchased for EUR 3.0 million in the context of the contract for the sale of the proton therapy system to the University of Pennsylvania. In lieu of requiring an advance payment guarantee, this contract protected the buyer's down payment by placing it in an escrow account.

Seeking a low risk (AAA rating), highly liquid investment, the financial institution working with IBA on this project recommended investing in the most senior tranche of these financial products. In 2010, these collateralized obligations were transferred to a financial institution and have yielded a capital gain of EUR 0.3 million. As a reminder, the revaluation to market value had in the past led to the recording of a EUR 2.1 million financial expense.

The captions «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, 2009
- Forward foreign exchange contracts		1 930		1 930
- Foreign exchange options		6		6
- Interest rate caps		497		497
Hedge-accounted financial assets		**2 433**		**2 433**
Available-for-sale financial assets	**32 192**			**32 192**
Other available-for-sale assets			**2 377**	**2 377**
- Forward foreign exchange contracts		96		96
- Foreign exchange rate swaps		13		13
- Foreign exchange options		40		40
- Interest rate swaps		9		9
- Synthetic collateralized debt obligations			906	906
Financial assets at fair value through the income statement		**158**	**906**	**1 064**
- Oil futures contracts		53		53
- Forward foreign exchange contracts		29		29
- Foreign exchange rate swaps		21		21
Financial liabilities at fair value through profit or loss		**103**		**103**

(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 profit or loss		**224**		**224**

2.3.1 HEDGE-ACCOUNTED FINANCIAL INSTRUMENTS

At December 31, 2010, the Group held 30 forward exchange contracts (26 at December 31, 2009) and 8 foreign exchange swaps (none at December 31, 2009) to cover future USD and Polish zlotys cash flows.
These hedges are deemed highly effective.
These hedges generated a EUR 2.9 million loss in 2010 (EUR 1.1 million profit in 2009). 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, 2009					
- Foreign exchange hedge in	USD	1 863	614	1 249	
- Interest rate hedge in	EUR	-108	-108		
		1 755	**506**	**1 249**	**0**
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			139
		-380	**-175**	**-208**	**3**

The amount presented in the other items of the comprehensive income statement at December 31, 2009 and transferred in the income statement in 2010 totals EUR 0.2 million (of which EUR 0.14 million relating to the ineffective part of the financial instruments).

2.3.2 FAIR VALUE THROUGH INCOME STATEMENT – HELD FOR TRADING

At December 31, 2010, the Group held 6 forward exchange contracts and 35 exchange rates swaps (none at December 31, 2009) to cover future USD, Canadian dollars, Polish zlotys and Czech koruna cash flows. The Group also held interest rates caps to hedge the interest rate risk associated with a manufacturing credit for a proton therapy project.
At December 31, 2009, the Group held only an interest rate swap for a notional USD amount.

Through its US radiopharmaceutical distribution business, the Group has some exposure to fluctuations in the price of gasoline.
To manage this risk, the Group had entered into a number of futures contracts involving a notional of 52,000 gallons at December 31, 2009. These contracts matured in January 2010.

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 gains generated on these instruments included in the income statement amount to EUR 1 million at December 31, 2010 (gain of EUR 0.1 million at December 31, 2009).

2.4 CAPITAL MANAGEMENT

The Group's aim is to optimize the capital structure in order to maximise 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 15 million on this line of credit in 2010. In light of its financial situation in late 2010, IBA respects this covenant.

Based on the results for the year, the Group decided to distribute a dividend of EUR 0.15 per share for the 2010 financial year. As a reminder, as the Group had made a loss in 2009, it had decided not to distribute a dividend for the 2009 financial year.

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, 2010, the Group had accumulated net operating losses of EUR 195.7 million to usable to offset future profits taxable mainly in Belgium, France, Italy, Spain, the United Kingdom and the United States and temporary differences amounting to EUR 100.5 million. The Company recognized deferred tax assets of EUR 30.9 million with the view to use the tax losses carried forward and EUR 1.0 million as temporary differences.

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 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 balance sheet would have been a reduction of EUR 4 million of the deferred tax assets.

(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, compared with EUR 36.9 million at December 31, 2009. They were primarily for obligations in connection with a radiopharmaceutical production facility belonging to the Group's French subsidiary, CIS Bio International SAS.

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, compared with EUR 32.2 million at December 31, 2009.

In the U.S., approximately EUR 1.5 million 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.

(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, compared with EUR 17.6 million at December 31, 2009.

(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 and IBA Radio-isotopes France SAS. These employee benefit provisions were calculated on the basis of the following assumptions at December 31, 2010:

- Discount rate: 4.5%. (4.7% at December 31, 2009)
- 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, 63 for non-management.

See Note 27.2 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 7.1 for additional information.

The growth rates used for the impairment tests vary between 0 percent and 11 percent and the discount rates vary between 9.99 percent and 11 percent. At December 31, 2010, 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.

(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. It should be noted that, 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 for this holding).

(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, 2010, these capitalized expenses stood at EUR 3.7 million compared with EUR 1 million at December 31, 2009 (see Note 7.2)

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

At December 31, 2010, the Group had two primary business segments for reporting purposes: (1) Equipment and (2) Pharmaceuticals.

- **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).
  - 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.

	Equipments (EUR '000)	Pharmaceuticals (EUR '000)	Group (EUR '000)
YEAR ENDED DECEMBER 31, 2009			
Net sales and services	156 878	204 803	361 681
Intersegment sales	-1 304	-1 216	-2 520
External sales	**155 574**	**203 587**	**359 161**
Segment result	**537**	**-1 902**	**-1 365**
Unallocated expenses (1)			-1 863
Financial (expense)/income (2)			-5 125
Share of profit/(loss) of companies consolidated using the equity method	0	812	812
Result before tax			**-7 541**
Tax (expense)/income (2)			-4 752
RESULT FOR THE PERIOD			**-12 293**
Segment assets	177 495	266 701	444 196
Accounted investments allocated to a segment		5 097	5 097
Unallocated assets (3)			30 350
TOTAL ASSETS	**177 495**	**271 798**	**479 643**
Segment liabilities	159 998	175 378	335 376
Unallocated liabilities (4)			125
TOTAL LIABILITIES	**159 998**	**175 378**	**335 501**
Other segment information			
Capital expenditure	1 951	18 497	
Depreciation and impairment of property, plant, and equipment	1 969	13 491	
Amortization of intangible assets	901	4 908	
Non-cash expense/(income)	2 125	4 670	
Headcount at year-end	842	1 146	
YEAR ENDED DECEMBER 31, 2010			
Net sales and services	170 741	218 427	389 168
Intersegment sales	-753	-824	-1 577
External sales	**169 988**	**217 603**	**387 591**
Segment result	**9 011**	**1 372**	**10 383**
Unallocated expenses (1)			-1 313
Financial (expense)/income (2)			-1 138
Share of profit/(loss) of companies consolidated using the equity method	0	1 455	1 455
Result before tax			**9 387**
Tax (expense)/income (2)			-2 744
RESULT FOR THE PERIOD			**6 643**
Segment assets	205 304	282 630	487 934
Accounted investments allocated to a segment		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)			191
TOTAL LIABILITIES	**207 264**	**168 350**	**375 805**
Other segment information			
Capital expenditure	3 574	19 084	
Depreciation and impairment of property, plant, and equipment	1 812	8 929	
Amortization of intangible assets	1 071	3 174	
Non-cash expense/(income)	5 567	-2 123	
Headcount at year-end	913	1 144	

(1) Unallocated expenses consist mainly of expenses for stock option plans and stock plans.
(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.

	USA (EUR '000)	ROW (EUR '000)	Group (EUR '000)
YEAR ENDED DECEMBER 31, 2009			
Net sales and services	107 291	251 870	359 161
Segment assets	73 502	369 312	442 814
Investments accounted for using the equity method	1 352	3 745	5 097
Unallocated assets			31 732
Total assets			**479 643**
Capital expenditure (incl. fixed assets from acquisitions in 2009)	4 744	15 704	

	USA (EUR '000)	ROW (EUR '000)	Group (EUR '000)
YEAR ENDED DECEMBER 31, 2010			
Net sales and services	122 069	265 522	387 591
Segment assets	97 455	390 620	488 075
Investments accounted for using the equity method	2 078	6 177	8 255
Unallocated assets			31 877
Total assets			**528 207**
Capital expenditure (incl. fixed assets from acquisitions in 2010)	9 187	13 471	

5. LISTS OF SUBSIDIARIES AND EQUITY-ACCOUNTED INVESTMENTS

At December 31, 2010, the IBA Group consists of IBA SA and 42 companies and associates in 15 countries. 35 of them are fully consolidated and 7 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	Country of Incorporation	Share of equity held (%)	Change in % held compared to December 31, 2009
IBA Molecular Holding (BE 0880.070.706)	Belgium	100.00%	-
IBA Pharma SA (BE 0860.215.596)	Belgium	99.90%	-0.10%
IBA Pharma Invest SA (BE 0874.830.726)	Belgium	68.68%	-0.07%
IBA Participations SPRL (BE 0465.843.290)	Belgium	100%	-
IBA Investments SCRL (BE 0471.701.397)	Belgium	100%	-
IBA Corporate Services SA (BE 0471.889.261)	Belgium	100%	-
Molecular Imaging SA (BE 0819.674.051)	Belgium	99.90%	-0.10%
Ion Beam Beijing Medical Appliance Technology Service Co. Ltd.	China	100%	-
Ion Beam Applications Co. Ltd.	China	100%	-
IBA Radio-isotopes France SAS	France	99.90%	-0.10%
IBA Dosimetry GmbH	Germany	100%	-
IBA Molecular Imaging (India) Pvt. Ltd.	India	68.68%	-0.07%
IBA Radio-Isotopi Italia S.r.L.	Italy	99.90%	-0.10%
IBA Molecular Spain SA	Spain	99.90%	-0.10%
MediFlash Holding A.B.	Sweden	100%	-
IBA Dosimetry A.B. (1)	Sweden	0%	-100%
IBA Molecular UK limited	United Kingdom	99.90%	-0.10%
IBA Dosimetry North America Inc.	USA	100%	-
IBA Proton Therapy Inc.	USA	100%	-
IBA Industrial Inc.	USA	100%	-
IBA Molecular North America Inc.	USA	99.90%	-0.10%
RadioMed Corporation	USA	100%	-
IBA USA Inc.	USA	100%	-
IBA Molecular Montreal Holding Corp.	USA	100%	-
BetaPlus Pharma SA (BE 0479.037.569)	Belgium	74.93%	-0.07%
IBA Particle Therapy GmbH	Germany	100%	-
Radiopharma Partners SA (BE 0879.656.475)	Belgium	99.90%	-0.10%
CIS Bio International SAS	France	99.90%	-0.10%
Cis Bio Spa	Italy	99.90%	-0.10%
Cis Bio GmbH	Germany	99.90%	-0.10%
Cis Bio US Inc.	USA	99.90%	-0.10%
IBA Bio Assays SAS	France	99.90%	-0.10%
IBA Molypharma SL	Spain	99.90%	-0.10%
PetLinq L.L.C.	USA	99.90%	59.90%
IBA Hadronthérapie SAS	France	100%	100%
Cyclhad SAS	France	60%	60%

(1) In December 2010, the Company was merged with Mediflash Holding A.B.

Bio Assays SAS, Molecular Imaging SA, and IBA Molypharma SL were established in 2009 and therefore do not give rise to goodwill.

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	Share of equity held (%)	Change in % held compared to December 31, 2009
Striba GmbH	Germany	50%	-
Pharmalogic Pet Services of Montreal Cie	Canada	48%	-
Radio Isotope Méditerranée	Morocco	25%	-
Molypharma	Spain	24.5%	-
Swan Isotopen AG	Switzerland	20.2%	-
Sceti Medical Labo KK	Japan	39.8%	-
Bio Molecular Industries SDN	Malaysia	36.83%	36.83%

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

6.1 ACQUISITION 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 increased its stake by 60 percent in PETLINQ L.L.C. 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 amount 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 debts	-381	-381
Net acquired assets (USD '000)	**0**	**-1 179**
Net acquired assets (EUR '000)	**0**	**-866**
Price paid (EUR '000)	**0**	
- Amount paid in cash	0	
Fair value of the net acquired assets (EUR '000)	0	
Goodwill (EUR '000)	**0**	

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.

In January 2009, IBA had participated in the capital increase of the Swiss company Swan Isotopen AG.

The net acquired assets and goodwill arising from its January 2009 purchase of equity in Swan Isotopen AG were as follows:

(CHF '000)	Fair value	Carrying amount of net acquired assets
Cash and cash equivalents	800	800
Other receivables	14	14
Property, plant, and equipment	163	163
Intangible fixed assets	35	35
Trade payables	-12	-12
Other payables	-72	-72
Net acquired assets (CHF '000)	**928**	**928**
Net acquired assets (EUR '000)	**623**	**623**
Price paid (EUR '000)	**669**	
- Cash	669	
Fair value of net acquired assets (EUR '000)	623	
Goodwill (EUR '000)	**46**	

6.2 DISPOSAL OF COMPANIES

No company was disposed of during the 2010 financial year.

In September 2009, the Group had sold its subsidiary IBA Advanced Radiotherapy AB. Net assets disposed of in this sale were as follows:

(SEK '000)	Fair value	Carrying amount of net disposed assets
Cash and cash equivalents	166	166
Trade receivables	3 791	3 791
Other receivables	310	310
Inventories	4 856	4 856
Property, plant, and equipment	23	23
Trade payables	-5 886	-5 886
Other payables	-1 299	-1 299
Provisions	-1 500	-1 500
Net assets disposed (SEK '000)	**461**	**461**
Net assets disposed (EUR '000)	**51**	
Price received (EUR '000)	**0**	
- Cash	0	
Fair value of net assets disposed of (EUR '000)	51	
Loss (EUR '000)	**(51)**	

7. GOODWILL AND OTHER INTANGIBLE ASSETS

7.1 GOODWILL

Movements of goodwill are detailed as follows.

(EUR '000)	
At January 1, 2009	**29 936**
Final adjustments to previously acquired goodwill	0
Additions through business combinations	0
Goodwill impairment	0
Currency translation difference	-373
At December 31, 2009	**29 563**

At January 1, 2010	**29 563**
Final adjustments to previously acquired goodwill	0
Additions through business combinations	0
Goodwill impairment	0
Currency translation difference	1 929
At December 31, 2010	**31 492**

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

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

(EUR '000)	Equipment	Pharmaceutical	Group
December 31, 2009	3 618	25 945	**29 563**
December 31, 2010	3 807	27 685	**31 492**
Post-tax discount rate applied in 2009	10.86%	10.76%	
Long-term growth rate 2009 (*)	2.60%	3.00%	
Post-tax discount rate applied in 2010	9.82%	9.99%	
Long-term growth rate 2010 (*)	2.60%	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.

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 2009 or 2010.

7.2 OTHER INTANGIBLE ASSETS

(EUR '000)	Software	Patents and trademarks	Development costs	Other	Total
Gross carrying amount at January 1, 2009	**8 614**	**21 367**	**1 458**	**45 248**	**76 687**
Additions	1 625	723	761	164	3 273
Disposals	-6	-1	-1	0	-8
Transfers	784	266	-340	1 211	1 921
Changes in consolidation scope	0	0	0	0	0
Currency translation difference	-51	-3	13	-68	-109
Gross carrying amount at December 31, 2009	**10 966**	**22 352**	**1 891**	**46 555**	**81 764**
Accumulated depreciation at January 1, 2009	**6 615**	**11 753**	**772**	**19 779**	**38 919**
Additions	1 255	1 143	105	3 307	5 810
Disposals	-6	-4	0	0	-10
Transfers	-215	372	3	-3	157
Changes in consolidation scope	0	0	0	0	0
Currency translation difference	-35	-1	-10	-86	-132
Accumulated depreciation at December 31, 2009	**7 614**	**13 263**	**870**	**22 997**	**44 744**
Net carrying amount at January 1, 2009	**1 999**	**9 614**	**686**	**25 469**	**37 768**
Net carrying amount at December 31, 2009	**3 352**	**9 089**	**1 021**	**23 558**	**37 020**
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**

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 7.1.

No impairment of the intangible assets discussed in this Note was identified at December 31, 2009 or December 31, 2010.

In 2010, the Group capitalized EUR 1.0 million in development costs for new labeled molecules for EUR 3.7 million, part of which is in tangible fixed assets (EUR 1.0 million in 2009).

8. PROPERTY, PLANT, AND EQUIPMENT

(EUR '000)	Land and buildings	Plant, machinery, and equipment	Furniture, fixtures, and vehicles	Other property, plant, and equipment	Total
Gross carrying amount at January 1, 2009	**85 174**	**128 360**	**18 584**	**65 282**	**297 400**
Additions	2 002	3 171	629	13 298	19 100
Disposals	-145	-859	-1 080	-122	-2 206
Transfers	4 596	9 059	33	-15 609	-1 921
Changes in consolidation scope	0	0	0	0	0
Currency translation difference	174	-340	80	-120	-206
Gross carrying amount at December 31, 2009	**91 801**	**139 391**	**18 246**	**62 729**	**312 167**
Accumulated depreciation at January 1, 2009	**61 376**	**89 496**	**13 497**	**54 338**	**218 707**
Additions	4 296	8 913	2 275	1 460	16 944
Disposals	-145	-638	-1 004	-95	-1 882
Transfers	3 022	5 868	-116	-8 931	-157
Changes in consolidation scope	0	0	0	0	0
Currency translation difference	-211	-655	-51	-54	-971
Accumulated depreciation at December 31, 2009	**68 338**	**102 984**	**14 601**	**46 718**	**232 641**
Net carrying amount at January 1, 2009	**23 798**	**38 864**	**5 087**	**10 944**	**78 693**
Net carrying amount at December 31, 2009	**23 463**	**36 407**	**3 645**	**16 011**	**79 526**
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**

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 profit and loss 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 7.1, an impairment test was carried out in respect of the non-current assets at December 31, 2009 and December 31, 2010 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 7.1. No impairment was recognized in 2009 or 2010.

9. 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, 2009	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009	December 31, 2010
Gross carrying value	7 325	7 325	25 752	29 352	41	59
Accumulated depreciation	3 799	3 969	15 787	19 433	18	9
Net carrying value	**3 526**	**3 356**	**9 965**	**9 919**	**23**	**50**

Details of lease payments on finance liabilities relating to leased assets are set out in Note 18.2. These amounts are included in intangible fixed assets.

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

(EUR '000)	December 31, 2009	December 31, 2010
Investments accounted for using the equity method	5 097	8 255
Other investments	2 377	1 943
TOTAL	**7 474**	**10 198**

10.1 MOVEMENTS IN EQUITY-ACCOUNTED INVESTMENTS

Equity-accounted companies are listed in Note 5.2.

(EUR '000)	December 31, 2009	December 31, 2010
At January 1	**3 643**	**5 097**
Share in (loss)/profit of equity-accounted investments	812	1 455
Acquisitions	672	1 639
Dividends	0	-387
Currency translation difference	-30	451
At December 31	**5 097**	**8 255**

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 of incorporation	Assets	Liabilities	Revenue	Profit/ (Loss)	% Interest
2009						
Molypharma	Spain	12 122	6 687	12 541	1 205	24.5%
Pharmalogic Pet Services of Montreal Cie	Canada	3 402	1 818	5 306	1 150	48.0%
PetLinq L.L.C.	USA	340	694	1 280	-67	40.0%
Radio Isotope Méditerranée	Morocco	4 719	4 407	0	-820	25.0%
Striba GmbH	Germany	94 396	94 376	949	0	50.0%
Sceti Medilabo KK	Japan	4 430	3 873	6 616	341	39.8%
Swan Isotopen AG	Switzerland	4 446	1 749	1	-390	20.2%
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	98 111	98 073	1 790	18	50.0%
Sceti Medilabo KK	Japan	6 895	5 773	8 146	634	39.8%
Swan Isotopen AG	Switzerland	7 918	5 569	220	-775	20.2%
Bio Molecular Industries SDN	Malaysia	6 980	2 668	0	-17	36.8%

At December 31, 2010, outstanding balances with equity-accounted companies amounted to EUR 13.1 million for long-term assets, EUR 5.5 million for trade receivables, EUR 0.3 million for other current assets, EUR 2.9 million for trade payables and EUR 0.1 million for amounts owed to customers for work in progress.

At December 31, 2009, outstanding balances with equity-accounted companies amounted to EUR 2.7 million for other long-term assets and EUR 0.3 million for amounts owed to customers for work in progress.

10.2 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, 2009	**2 377**
Equity stake	200
Capital reductions	-50
Impairment	-712
Movements through reserves	128
Au December 31, 2010	**1 943**

10.3 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, 2009 Audited accounts	December 31, 2010 Unaudited accounts
Assets		
Non-current assets	0	0
Current assets	94 396	98 111
TOTAL	**94 396**	**98 111**
Liabilities		
Non-current liabilities	0	0
Current liabilities	94 376	98 073
TOTAL	**94 376**	**98 073**
Net assets	**20**	**38**
Revenue	949	1 790
Expense/(income)	949	1 773
Result after tax	**0**	**18**

11. DEFERRED TAXES

(EUR '000)	December 31, 2009	December 31, 2010
Deferred tax assets		
- Deferred tax asset to be recovered after more than 12 months	24 573	24 596
- Deferred tax asset to be recovered within 12 months	7 159	7 281
TOTAL	**31 732**	**31 877**
Deferred tax liabilities		
- Deferred tax liabilities to be paid after more than 12 months	659	720
- Deferred tax liabilities to be paid within 12 months	345	228
TOTAL	**1 004**	**948**
Net deferred tax assets	**30 728**	**30 929**

(EUR '000)	Total
Deferred tax assets	
At January 1, 2009	**33 986**
Credited/(charged) to the income statement	- 2 090
Acquisition of companies	0
Currency translation difference	-164
At December 31, 2009	**31 732**
Credited/(charged) to the income statement	- 343
Acquisition of companies	0
Currency translation difference	488
At December 31, 2010	**31 877**

(EUR '000)	Total
Deferred tax liabilities	
At January 1, 2009	**470**
(Credited)/charged to the income statement	524
Acquisition of companies	0
Currency translation difference	10
At December 31, 2009	**1 004**
(Credited)/charged to the income statement	-119
Acquisition of companies	0
Currency translation difference	63
At December 31, 2010	**948**

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.

At December 31, 2010, deferred taxes amounting to EUR 69.7 million (EUR 61.3 million in 2009) were not recognized as assets in the balance sheet. Tax losses (excluding Italy for EUR 6 million) and corresponding temporary differences have no expiry dates.

12. OTHER LONG-TERM ASSETS

(EUR '000)	December 31, 2009	December 31, 2010
Long-term receivables on contracts in progress	39 591	39 142
Available-for-sale financial assets	32 192	33 557
Long-term receivables for decommissioning of sites	1 395	1 516
Other assets	6 915	16 214
TOTAL	**80 093**	**90 429**

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. The caption «Long-term receivables for decommissioning of sites» includes deposits of EUR 1.5 million held in blocked accounts in the U.S. in order to meet legal obligations in certain States (Illinois and California).

Long-term liabilities arising from contracts in progress include down payments of EUR 37.7 million (EUR 39.6 million in December 2009) on proton therapy contracts for which the corresponding receivable amounts 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.

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.

At December 31, 2009, «Other assets» consisted primarily of EUR 3.4 million in receivables with associated companies, EUR 1.5 million in advances for the development of new labeled molecules and amounts invested in structured products with repayment horizons of more than 12 months.

13. 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, 2009	December 31, 2010
Raw materials and supplies	31 581	40 366
Finished products	6 437	7 265
Work in progress	18 442	13 511
Contracts in progress	46 706	49 268
Write-off on inventories and contracts in progress	-6 155	-7 716
Inventories and contracts in progress	**97 011**	**102 694**
Costs to date and recognized profit	135 565	250 803
Less: progress billings	-88 859	-201 535
Contracts in progress	**46 706**	**49 268**
Net amounts due to customers for contracts in progress (Note 23)	28 933	42 143

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.

14. TRADE AND OTHER RECEIVABLES

14.1 TRADE RECEIVABLES

Trade accounts receivable are detailed as follows:

(EUR '000)	December 31, 2009	December 31, 2010
Amounts invoiced to customers on contracts in progress but for which payment has not yet been received at balance sheet date	1 794	1 333
Other trade receivables	74 139	94 168
Impairment of doubtful receivables (-)	-5 755	-6 252
TOTAL	**70 178**	**89 249**

At December 31, 2010, receivables of EUR 0.3 million were given as collateral (EUR 0.9 million in 2009).

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
2009	**75 933**	24 510	17 523	6 917	3 473	4 183	4 492	5 097	9 738
2010	**95 501**	44 017	21 103	7 518	6 798	4 382	2 779	1 472	7 432

At December 31, 2010, trade receivable impairments totaled EUR 6.3 million.
Changes in the provision for doubtful debts for the past two years are as follows:

(EUR '000)	
At January 1, 2009	**8 881**
Charge for the year	2 113
Utilizations	-3 593
Write-backs	-1 607
Currency translation difference	-39
At December 31, 2009	**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**

14.2 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, 2009	December 31, 2010
Non-trade receivables and advance payments	17 414	15 704
Deferred charges	4 046	3 627
Accrued income–interest	2 455	2 062
Other current receivables	2 954	3 893
TOTAL	**26 869**	**25 286**

15. CASH AND CASH EQUIVALENTS

(EUR '000)	December 31, 2009	December 31, 2010
Bank balances and cash	12 512	16 372
Accounts with restrictions shorter than 3 months	142	67
Short-term bank deposits and commercial paper	4 932	1 663
TOTAL	**17 586**	**18 102**

At December 31, 2010, the effective interest rate on the cash position was 0.76 percent (2.16 percent in 2009).
Short-term deposits and commercial paper have an average maturity of less than 30 days.

16. CAPITAL STOCK AND SHARE-BASED PLANS

16.1 CAPITAL STOCK

	Number of shares	Capital stock (EUR '000)	Capital surplus (EUR '000)	Treasury shares (EUR '000)	Total (EUR '000)
Balance at January 1, 2009	**26 563 097**	**37 285**	**124 358**	**-7 563**	**154 080**
Stock options exercised	34 220	48	103		**151**
Capital increases	121 838	172	327		**499**
(Additions)/disposals of treasury shares				-1 952	**-1 952**
Balance at December 31, 2009	**26 719 155**	**37 505**	**124 788**	**-9 515**	**152 778**
Stock options exercised	272 860	383	633		**1 016**
Capital increases	0	0	0		**0**
(Additions)/disposals of treasury shares				860	**860**
Balance at December 31, 2010	**26 992 015**	**37 888**	**125 421**	**-8 655**	**154 654**

At December 31, 2010, 59.85 percent 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 130 of this annual report.

On April 1, 2011, the Board of Directors proposed a dividend equal to EUR 0.15 per share. In accordance with the IAS10 «events after the reporting period», the dividend has not yet been recorded in the 2010 financial statements.

16.2 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, 2010, IBA had eight stock option plans, including a new plan launched in 2010.

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, 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 repricing 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 2009 accounts amounted to EUR 0.04 million.

Details of the plans launched in 2010 and 2009 are given in this section.

	December 31, 2009	December 31, 2010
Type of plan	Stock option	Stock option
Date of grant	30/11/2009	30/11/2010
Number of options granted	435 771	459 639
Exercise price	8.26	7.80
Share price at date of grant	9.17	9.14
Contractual life (years)	6	6
Settlement	Actions	Actions
Expected volatility	40.00%	39.69%
Expected option life at grant date (years)	4.75	4.75
Risk-free interest rate	2.46%	3.04%
Expected dividend (stated as % of share price at grant date)	1%	1.79%
Expected departures at grant date	3.5%	2.5%
Fair value per granted option at grant date	3.78	3.43
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, 2010, a charge of EUR 1.3 million was recognized in the pre-tax financial statements for employee stock options (EUR 1.8 million in 2009).

The stock options outstanding at December 31, 2010 have the following expiration dates and exercise prices. Changes since December 31, 2009 are due to the new 2010 stock option plan.

	December 31, 2009		December 31, 2010	
Expiration date	Exercise price (EUR)	Number of stock options	Exercise price (EUR)	Number of stock options
September 30, 2010 (1)	3.72	374 620	3.72	0
December 31, 2010	12.60	123 625	12.60	0
September 30, 2011	6.37	40 913	6.37	21 913
August 31, 2012	3.34	316 337	3.34	304 607
September 30, 2012	13.64	331 408	13.64	269 408
September 30, 2013	19.94	257 025	19.94	219 025
September 30, 2013	3.72	289 580	3.72	252 280
September 30, 2014	14.18	111 903	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	435 771	8.26	426 271
September 30, 2016	19.94	81 221	19.94	81 221
September 30, 2016			7.80	459 639
TOTAL outstanding stock options		**2 508 332**		**2 287 263**

(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.

Stock option movements can be summarized as follows:

	December 31, 2009		December 31, 2010	
	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	**10.65**	**2 273 929**	**9.37**	**2 508 332**
Issued [2]	8.26	435 771	7.85	463 206
Forfeited (-)	24.90	-167 148	10.42	-373 925
Exercised (-)	4.42	-34 220	3.72	-272 860
Lapsed (-) [1]			3.72	-37 490
Outstanding at December 31	**9.37**	**2 508 332**	**9.65**	**2 287 263**
Exercisable at December 31		**1 402 407**		**1 050 448**

(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.

17. RESERVES

(EUR '000)	December 31, 2009	December 31, 2010
Hedging reserves	1 755	-1 177
Other reserves	14 322	11 055
Currency translation difference	-16 377	-9 948
Retained earnings	-9 117	-3 269

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.

Other reserves involve the fair value adjustment of available-for-sale investments, the valuation of employee stock option plans and share-based employee payments, and actuarial gains and losses on defined benefit plans.

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 2010, after-tax profits of 0.08 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, 2010, the loans below to subsidiaries are designated as Group's net investments in foreign operations:

- IBA SA to IBA USA Inc.: USD 2.33 million
- IBA SA to IBA Molecular North America Inc.: EUR 9.4 million
- IBA SA to IBA Proton Therapy Inc.: USD 10.2 million

18. BORROWINGS

(EUR '000)	December 31, 2009	December 31, 2010
NON-CURRENT		
Bank debts (Note18.1)	3 155	37 751
Other debts (Note 18.3)	0	0
Financial lease liabilities (Note 18.2)	3 217	2 192
TOTAL	**6 372**	**39 943**
CURRENT		
Short-term bank loans	23 656	1 680
Bank borrowings (Note 18.1)	2 428	2 245
Other borrowings (Note 18.3)	267	0
Financial lease liabilities (Note 18.2)	1 924	1 190
TOTAL	**28 275**	**5 115**

18.1 BANK BORROWINGS

(EUR '000)	December 31, 2009	December 31, 2010
Non-current	3 155	37 751
Current	2 428	2 245
TOTAL	**5 583**	**39 996**

Changes in bank borrowings are as follows:

(EUR '000)	December 31, 2009	December 31, 2010
Opening amount	**9 856**	**5 583**
New debts [1]	172	36 205
Repayment of borrowings	-4 468	-1 852
Currency translation difference	23	60
Closing balance	**5 583**	**39 996**

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

The maturities of bank borrowings are detailed as follows:

(EUR '000)	December 31, 2009	December 31, 2010
One year or less	2 428	2 245
Between 1 and 2 years	2 861	2 745
Between 2 and 5 years	294	28 756
Over 5 years	0	6 250
TOTAL	**5 583**	**39 996**

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

	December 31, 2009		December 31, 2010	
	EUR	USD	EUR	USD
Bank debts	5.22%	6.33%	4.68%	5.54%

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

(EUR '000)	December 31, 2009	December 31, 2010
EUR	4 530	23 644
USD	1 053	1 352
CNY	0	0
TOTAL	**5 583**	**24 996**

Unutilized credit facilities are as follows:

(EUR '000)	December 31, 2009	December 31, 2010
FLOATING RATE		
– expiring within one year	0	10 000
– expiring beyond one year	77 970	74 815
FIXED RATE		
– expiring within one year	0	0
TOTAL	**77 970**	**84 815**

The facilities expiring within one year are annual facilities subject to review at various dates during the 12 months following the end of the fiscal year. The other facilities have been arranged to help to finance the proposed expansion of the Group's activities.

18.2 FINANCIAL LEASE LIABILITIES

Changes in financial lease liabilities are as follows:

(EUR '000)	December 31, 2009	December 31, 2010
Opening amount	**8 902**	**5 141**
New borrowings	117	2 019
Repayment of borrowings	-3 990	-3 880
Entry to consolidation	0	0
Exit from consolidation	0	0
Currency translation difference	112	102
Closing amount	**5 141**	**3 382**

Minimum lease payments on finance lease liabilities are as follows:

(EUR '000)	December 31, 2009	December 31, 2010
One year or less	2 151	1 339
From one to five years	2 997	2 051
Over five years	690	452
	5 838	**3 842**
Future finance charges on financial leases (-)	-697	-460
Present value of finance lease liabilities	**5 141**	**3 382**

The present value of finance lease liabilities is as follows:

(EUR '000)	December 31, 2009	December 31, 2010
One year or less	1 924	1 190
From one to five years	2 574	1 767
Over five years	643	425
TOTAL	**5 141**	**3 382**

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

(EUR '000)	December 31, 2009	December 31, 2010
EUR	3 773	3 030
CNY	3	50
USD	1 365	302
TOTAL	**5 141**	**3 382**

At December 31, 2010, the average interest rate paid on lease financing debts was 4.30 percent (4.51 percent in 2009).

19. LONG-TERM AND SHORT-TERM PROVISIONS

	Environment	Warranties	Litigation	Defined employee benefits	Other employee benefits	Other	Total
At January 1, 2009	**53 541**	**948**	**2 381**	**19 969**	**1 649**	**21 057**	**99 545**
Additions (+)	2 633	1 010	530	2 152	202	6 698	13 225
Write-backs (-)	0	-177	-1 508	0	-25	-3 031	-4 741
Utilizations (-)	-1 699	-785	-555	-517	-472	- 6 067	-10 095
Actuarial (gains) and losses for the period	0	0	0	-1 123	0	0	-1 123
Reclassifications	0	0	-40	0	0	40	0
Changes in consolidation scope	0	0	0	0	0	292	292
Currency translation difference	-18	15	78	0	0	-9	66
Total movement	**916**	**63**	**-1 495**	**512**	**-295**	**-2 077**	**-2 376**
At December 31, 2009	**54 457**	**1 011**	**886**	**20 481**	**1 354**	**18 980**	**97 169**

	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**

19.1 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 caption 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.

19.2 WARRANTIES

Provisions for warranties cover warranties for machines sold to customers.

19.3 LITIGATION

Provisions for litigation relate to litigation of a social nature for which a EUR 1.0 million provision was presented at December 31, 2010.

19.4 PROVISIONS FOR EMPLOYEE BENEFITS – DEFINED BENEFIT PLANS

Provisions for employee benefits at December 31, 2010 were primarily for the following:

- Obligations of EUR 9.2 million incurred by CIS Bio International 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 14.4 million incurred by CIS Bio International 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, 2007	December 31, 2008	December 31, 2009	December 31, 2010
0	-323	+800	-361

19.5 OTHERS

Other provisions at December 31, 2010 consisted primarily of the following:

- EUR 1.3 million for obligations incurred by CIS Bio International SAS upon formalization of a restructuring plan (prior to joining the IBA Group).
- EUR 4.7 million for obligations relating to the treatment of production wastes and disposal of equipment.
- EUR 1.9 million for commitments made on acquisition of Schering AG's FDG business in 2006.
- EUR 6.1 million relating to contractual commitments on projects.
- EUR 1.4 million for completion costs of equipment sector projects that were definitely accepted by clients.

20. OTHER LONG-TERM LIABILITIES

(EUR '000)	December 31, 2009	December 31, 2010
Advances received from local government	13 791	9 722
Other	39 622	34 139
TOTAL	**53 413**	**43 861**

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. It also reclassified advances of EUR 4.24 to other short-term liabilities.
At December 31, 2010, other long-term liabilities include down payments of EUR 34.1 million (EUR 39.6 million in December 2009) received on proton therapy contracts for which the corresponding receivable amounts do not qualify for derecognition.

In 2009, the Group received EUR 0.1 million in interest-free cash advances from the Walloon Region of Belgium and repaid EUR 1.3 million. It also reclassified advances of EUR 1.47 million to other short-term liabilities.
At December 31, 2009, other long-term liabilities include down payments of EUR 39.6 million (EUR 29.1 million in December 2008) received on proton therapy contracts for which the corresponding receivable amounts do not qualify for derecognition.

21. OTHER FINANCIAL ASSETS AND LIABILITIES

(EUR '000)	December 31, 2009	December 31, 2010
HEDGE-ACCOUNTED FINANCIAL INSTRUMENTS		
- Forward foreign exchange contracts	1 930	0
- Foreign exchange swaps	0	144
- Foreign exchange options	6	208
- Interest rate caps	497	139
INSTRUMENTS RECOGNIZED AT FAIR VALUE		
- Forward foreign exchange contracts	95	390
- Foreign exchange swaps	13	654
- Foreign exchange options	40	0
- Interest rate swaps	9	0
Short-term financial assets	**2 591**	**1 535**
HEDGE-ACCOUNTED FINANCIAL INSTRUMENTS		
- Forward foreign exchange contracts	29	121
- Foreign exchange swaps	21	406
- Oil futures contracts	54	0
INSTRUMENTS RECOGNIZED AT FAIR VALUE		
- Forward foreign exchange contracts	0	51
- Foreign exchange swaps	0	173
Short-term financial liabilities	**103**	**751**
HEDGE-ACCOUNTED INSTRUMENTS		
Forward foreign exchange contracts	0	344
Long-term financial liabilities	**0**	**344**

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, 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, 2009, an amount of EUR 2.6 million recognized as a short-term financial asset represented EUR 2.4 million in cash flow hedging instruments and EUR 0.2 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.

At December 31, 2009, an amount of EUR 0.1 million recognized as a short-term financial liability represented hedging instruments accounted for at fair value through profit and loss.

At December 31, 2010, an amount of EUR 0.3 million was recognized as a long-term financial liability and relates to cash flow hedging instruments.

Some of these financial instruments are designated as hedging instruments inasmuch 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, 2010, a cumulative loss of EUR 1.2 million was therefore directly accounted in the equity (under «Hedging Reserves»). At December 31, 2010, a cumulated loss of EUR 1.2 million was therefore recognized in the comprehensive income statement (in the «Hedging reserves» section). At December 31, 2009, the cumulated gain amounted to EUR 1.8 million.

22. TRADE PAYABLES

At December 31, the payment schedule for trade payables was as follows:

	Total ('000)	Due	< 3 months	4-12 months	1-5 years	> 5 years
2009	**48 264**	14 597	31 868	1 799	0	0
2010	**63 412**	28 461	34 555	396	0	0

23. OTHER PAYABLES

(EUR '000)	December 31, 2009	December 31, 2010
Amounts due to customers on contracts in progress (or advances received on contracts in progress)	28 933	42 143
Social security liabilities	17 066	18 454
Accrued charges	30 694	27 364
Accrued interest charges	80	196
Deferred income	3 042	4 106
Capital grants	834	1 349
Non-trade payables	3 068	4 203
Other	14 986	22 229
TOTAL	**98 703**	**120 044**

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.

24. OTHER OPERATING EXPENSES AND INCOME

24.1 OTHER OPERATING EXPENSES

Other operating expenses can be broken down as follows:

(EUR '000)	December 31, 2009	December 31, 2010
Legal costs	345	452
Cost of share-based payments	1 845	1 270
Depreciation and impairment	2 423	2 252
Amortization of revaluation to fair value of assets on the balance sheet of CIS Bio International SAS	3 079	0
Revaluation of the R&D projects portfolio & contractual commitments to projects	9 140	4 205
Others	2 055	3 450
TOTAL	**18 887**	**11 629**

At December 31, 2010, the depreciation and impairment include mainly impairments of trade receivables and participations for EUR 1.7 million.

At December 31, 2009, the «depreciation and impairment» caption includes depreciation of the radiopharmaceutical business (EUR 2.4 million).

24.2 OTHER OPERATING INCOME

Other operating income can be broken down as follows:

(EUR '000)	December 31, 2009	December 31, 2010
Reversal of provisions for legal costs	-1 438	0
Reversal of provisions for other employee benefits	-953	-1 860
Reversal of depreciation and impairment	0	-3 889
Earn-out on sale of a CIS Bio International SAS subsidiary	-2 123	0
Other	- 3 839	- 1 993
TOTAL	**-8 353**	**-7 742**

In 2010, the «Reversal of depreciation and impairment» heading includes the impact of the reversal of impairment losses on investments made in single photon emission computed tomography (SPECT). This reversal is justified by an improved strategic plan linked to this activity, thanks in particular to the sales price increase, better productivity and higher sales volumes especially on Asian markets. These assets were fully depreciated in the past and have been brought back to their utility value. The discount rate used is 11%.

In 2010, the «Other» heading includes mainly the recognition of a payment received on a project in the income statement (EUR -0.8 million).

In 2009, the caption «Other» primarily includes discharge of a client's debt (EUR 3.0 million) by reversal of an impairment provision for a loan on IBA's books.

25. FINANCIAL EXPENSES AND INCOME

25.1 FINANCIAL EXPENSES

(EUR '000)	December 31, 2009	December 31, 2010
Interest paid on debts	2 386	1 623
Foreign exchange differences	3 636	8 708
Changes in fair value of derivatives	1 393	244
Other	4 575	6 348
TOTAL	**11 990**	**16 923**

At December 31, 2010, the «Other» category includes mainly the impact of the discount cost of the retirement plans with defined benefits for EUR 1.0 million as well as the costs related to the discount of provisions for decommissioning for EUR 1.84 million, interest expenses as part of a proton therapy project for EUR 1.4 million, commissions on bank guarantees for EUR 0.5 million and other provisions for EUR 0.5 million.

At December 31, 2009, the caption «Other» mainly includes cost of the discounting of defined benefit plans (EUR 1.1 million), as well as expenses from the revaluation of decommissioning provisions (EUR 1.62 million) and other provisions (EUR 0.5 million).

25.2 FINANCIAL INCOME

(EUR '000)	December 31, 2009	December 31, 2010
Interest received on receivables and cash	-2 680	-4 214
Foreign exchange differences	-2 630	-8 231
Changes in fair value of derivatives	-1 249	-1 205
Other	- 306	- 2 135
TOTAL	**-6 865**	**-15 785**

At December 31, 2010, the «Other» category includes 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.

At December 31, 2009, the caption «Other» mainly includes the impact of revaluation of financial assets to fair value through profit and loss (EUR 0.16 million).

26. INCOME TAXES

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

(EUR '000)	December 31, 2009	December 31, 2010
Current taxes	1 446	2 520
Deferred taxes	3 306	224
TOTAL	**4 752**	**2 744**

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, 2009	December 31, 2010
Result before tax	-7 541	9 387
Taxes calculated on the basis of local tax rates	**-2 692**	**3 291**
Unrecognized deferred taxes	4 680	3 290
Tax-exempt transactions	2 196	223
Adjustments to deferred taxes of previous years	81	126
Impairment on recognized deferred taxes	3 047	-99
Loss available to offset against future taxable income	-1 476	0
Utilization of unrecognized tax losses	-1 597	-3 875
Local tax expense eliminated in consolidation	123	-133
Other tax (income)/expenses	390	-79
Reported tax expense	**4 752**	**2 744**
Theoretical tax rate	**35.7%**	**35.1%**
Effective tax rate	**-63.0%**	**29.2%**

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

27. EMPLOYEE BENEFITS

27.1 DEFINED CONTRIBUTION PLANS

At December 31, 2010, the Group recognized expenses of EUR 0.9 million for defined contribution plans (EUR 0.9 million at December 31, 2009).

27.2 DEFINED BENEFIT PLANS

IBA records provisions for the defined benefit plans of its CIS Bio International SAS and IBA Radio-isotopes France SAS subsidiaries (from 2010).

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

(EUR '000)	December 31, 2009
Defined benefit obligations at January 1, 2009	**19 969**
Cost of services rendered for the period	1 061
Cost of discounting	1 091
Plan termination	0
Benefits paid	-517
Actuarial (gains) and losses for the period	-1 123
Defined benefit obligations at December 31, 2009	**20 481**

(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
Plan termination	0
Benefits paid	-323
Actuarial (gains) and losses for the period	1 161
Defined benefit obligations at December 31, 2010	**23 592**

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

(EUR '000)	December 31, 2008	December 31, 2009	December 31, 2010
Cost of services rendered for the period	694	1 061	1 267
Cost of discounting	722	1 091	1 006
Expenses/(income) for the period	**1 416**	**2 152**	**2 273**

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

(EUR '000)	December 31, 2008	December 31, 2009	December 31, 2010
General and administrative expenses	694	1 061	1 267
Financial expenses – Other	722	1 091	1 006
Expenses/(income) for the period	**1 416**	**2 152**	**2 273**

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

28. CASH FLOW STATEMENT

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).

At December 31, 2009, the caption «Other non-cash items» included expenses in connection with employee stock option plans (EUR 1.8 million); inventory losses and write-downs, including the results of reversing asset revaluations during fair value revaluation of the balance sheet of CIS Bio International SAS (EUR 2.3 million), the non-cash impact of the settlement of the debt towards a client (EUR +3.0 million) and the impact of including unrealized foreign exchange differences on the revaluation of the Group's intercompany balance sheet positions (EUR +0.2 million).
At December 31, 2009, «Other cash flows from investing activities» included investments made to bring the site at Saclay, France, into compliance with safety and pharmaceutical standards (EUR -9.5 million) and investments under an exclusive collaboration agreement to market Aposense [18]-ML-10 (EUR -1.5 million).
At December 31, 2009, «Other cash flows from financing activities» include grants and interest-free cash advances from the Walloon Region of Belgium for (EUR +0.4 million), the repayment of grants and advances from the Walloon Region for (EUR -1.5 million), the repayment of cash credits for (EUR -0.3 million), and the changes in liabilities towards Group's employees in connection with the exercise of the stock option plans (EUR +0.3 million).

29. 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 2009 annual report as well as the principal cases pending at December 31, 2010 are presented in this Note.

DEVELOPMENT IN LITIGATIONS MENTIONED IN THE 2009 ANNUAL REPORT

LITIGATION MENTIONED IN THE 2009 ANNUAL REPORT AND SETTLED AT DECEMBER 31, 2010

- Cancellation of Skandion's tender for a proton therapy system in Uppsala, Sweden. Skandion had issued a tender for the delivery and installation of a complete proton therapy treatment center in the form of turnkey project in Uppsala, Sweden. The procedure was conducted as a negotiated procedure. On August 19, 2009, the Joint Authority awarded the tender to a German company, Varian Medical Systems Particle Therapy (Varian Germany). On December 3, 2009, at the request of IBA, the Uppsala County Administrative Court decided to cancel the tender. Skandion has decided not to appeal this decision and issued a new call to tender on February 26, 2010. Further to this new tender, the Joint Authority has awarded the tender to IBA.

  As a consequence, the unsuccessful candidates, namely Varian Medical Systems Particle Therapy (Varian Germany) and Sumitomo Heavy Industries, appealed the decision. The Uppsala Administrative County Court dismissed these appeals by decisions of November 24, 2010. None of these decisions was appealed. The contract was then finalized and signed with IBA on March 17, 2011.

DEVELOPMENT IN LITIGATION MENTIONED IN THE 2009 ANNUAL REPORT AND STILL PENDING AT DECEMBER 31, 2010

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. The matter has been submitted for decision and a decision shall be made at the latest in October 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. All procedures are still on-going and a decision is not expected before the end of the 2011 financial year.

NEW LITIGATION 2010

Subject to changes in the litigation at December 31, 2009, no significant litigation has occurred during the 2010 financial year.

30. COMMITMENTS

30.1 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:

(EUR '000)	December 31, 2009	December 31, 2010
One year or less	4 873	6 291
From one to five years	9 953	12 496
Over five years	12 378	6 234
TOTAL	**27 204**	**25 021**

Total operating lease payments included in the income statement in 2010 amounted to EUR 6.8 million (EUR 7.3 million in 2009).

30.2 FINANCIAL GUARANTEES

At December 31, 2010, IBA held financial guarantees for EUR 97.8 million given by Group's entities as security for debts or commitments, mainly in advance payment guarantees. Of these EUR 97.8 million, EUR 10.5 million are for guarantees granted by the parent company to cover lease financing debts and the bank debts of its subsidiaries.

31. RELATED PARTY TRANSACTIONS

31.1 CONSOLIDATED COMPANIES

A list of subsidiaries and equity-accounted companies is provided in Note 5.

31.2 SHAREHOLDER RELATIONSHIPS

The following table shows IBA shareholders at December 31, 2010:

(EUR '000)	Number of shares	%
Belgian Anchorage	7 773 132	28,80%
IRE (Institut des Radioéléments)	1 423 271	5,27%
Sopartec SA	529 925	1,96%
UCL A.S.B.L	426 885	1,58%
IBA Investments SCRL (*)	610 852	2,26%
Ion Beam Applications SA (*)	75 637	0,28%
Public	16 152 313	59,85%
Total	**26 992 015**	**100%**

** At December 31, 2010, IBA held a total of 75,637 of its own shares and 610,852 through the company IBA Investments SCRL, a wholly owned indirect subsidiary.*

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, 2010, representing 37.62 percent of the Company's voting rights.

Under the terms of this agreement, in the event of a new IBA stock 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 this stock and to continue to strive to maintain the Belgian presence amongst IBA shareholders.

31.3 DIRECTORS AND MANAGEMENT

As indicated in the corporate Charter, the Company does not wish to provide specific information on individual compensation, as long as it is not required to do so legally. It believes that information of this kind does not offer added value to the shareholders and is potentially harmful to the Company. However, communication of information on compensation policy is important for shareholders and is detailed in the Charter.

Actual compensation in 2010 is described in this section.

31.3.1 DIRECTORS

It should be noted that directors receive a fixed amount of EUR 6 000 plus EUR 1 000 per meeting they attend (this amount is increased to EUR 2 000 for the Chairman and EUR 1 500 for the Audit Committee Chairman). Fixed compensation paid to members of the Board of Directors for services rendered in 2009 totaled EUR 118 000. Managing directors were not compensated for attending meetings of the Board of Directors. Non-managing directors did not receive any compensation or other direct or indirect benefit from the Company or any other entity belonging to the Group for their services.
With the exception of Ms. Nicole Destexhe (IRE FUP) and Messrs Jean Stéphenne (Innosté SA) and Yves Windelincx (Windi SPRL), all directors were included as beneficiaries of the 2010 stock option plan. The number of stock options granted being limited to 1 250 options for directors other than the managing directors, the Company believes that granting these options does not interfere with the judgment of the recipient directors.

31.3.2 CHIEF EXECUTIVE OFFICER, MANAGING DIRECTORS, AND MANAGEMENT TEAM

The Board is careful to ensure that the managing directors and the Management Team are compensated for direct and indirect services to the Company in a manner consistent with market practices based on level of responsibility, services rendered, and nature of duties.

As indicated in the Charter, fixed and variable compensation of the managing directors is determined by the Compensation Committee in accordance with principles approved by the Board. Fixed and variable compensation of the Management Team is reviewed and determined by the Chief Executive Officer. It has been reported to the Compensation Committee and the Board of Directors and discussed by both.

The principle of launching of a 2010 stock option plan and the total number of options to be issued were approved by the Board of Directors.

The Compensation Committee identified the beneficiaries of the stock options and validated the number of stock options to be granted to each of them.

The total amount paid by the Company and any other entity in the Group in compensation for the duties exercised and services rendered directly or indirectly by the two managing directors and members of the Management Team (1) came to about EUR 2.6 million for 2010 of which about EUR 2.5 million as fixed compensation and about EUR 0.1 million as variable compensation for services rendered during 2010. Note that fixed compensation includes a Group contribution of EUR 0.1 million to a defined contribution retirement plan.
The total amount paid by the Company and any other entity in the Group in compensation for the duties exercised and services rendered by the CEO directly or indirectly, all benefits included, came to EUR 345 620 in 2010.
No variable compensation was paid to the CEO in 2010 since the objectives set for him by the Company were not met.

At December 31, 2010, all of the directors together held 1 507 0701 shares of IBA stock directly (including 1 423 271 shares held by IRE).

At the same date, the non-managing directors still held:

- 600 IBA stock options granted under the 2002 stock option plan
- 15 000 IBA stock options granted under the 2006 stock option plan
- 6 000 IBA stock options granted under the 2007 stock option plan
- 1 000 IBA stock options granted under the 2008 stock option plan
- 4 500 IBA stock options granted under the 2009 stock option plan
- 5 000 IBA stock options granted under the 2010 stock option plan

At December 31, 2010, members of the Management Team, including the managing directors, held a total of 850 125 stock options distributed as follows:

- 255 500 options granted under the 2002 stock option plan at the strike price of EUR 3.34.
- 62 510 options granted under the 2004 stock option plan at the strike price of EUR 3.72.
- 10 000 options granted under the 2005 stock option plan at the strike price of EUR 6.37.
- 92 000 options granted under the 2006 stock option plan at the strike price of EUR 13.64.
- 88 853 options granted under the 2007 stock option plan at the strike price of EUR 19.94.
- 48 649 options granted under the 2008 stock option plan at the strike price of EUR 14.18.
- 118 513 options granted under the 2009 stock option plan at the strike price of EUR 8.26.
- 174 100 options granted under the 2010 stock option plan at the strike price of EUR 7.80.

At December 31, 2010, the CEO held a total of 310 980 stock options distributed as follows:

- 180 000 stock options granted under the 2002 stock option plan at the strike price of EUR 3.34.
- 18 834 stock options granted under the 2007 stock option plan at the strike price of EUR 19.94.
- 16 951 stock options granted under the 2008 stock option plan at the strike price of EUR 14.18.
- 49 142 stock options granted under the 2009 stock option plan at the strike price of EUR 8.26.
- 46 053 stock options granted under the 2010 stock option plan at the strike price of EUR 7.80.

The Company believes that (i) the number of shares, stock options, or any other option purchase rights granted to during the financial year to the members of the executive management besides the CEO and (ii) the principal contract provisions regarding the hiring or departure of executive managers are not relevant to this report.
It should however be noted that these are perfectly in line with market practices.

32. 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, 2009	December 31, 2010
Remuneration for statutory audits and audit of consolidated accounts	543	655
Tax-related services	57	32
Other services	57	84
TOTAL	**657**	**771**

33. EVENTS AFTER THE BALANCE SHEET DATE

On January 17, 2011, IBA announced that the Carl Gustav Carus University Clinic of the Dresden University of Technology, in Germany, selected IBA to install a proton therapy center which will have a treatment room fitted with an isocentric portal and a research room. The contract also includes a long-term service agreement. On January 20, 2011 the funding of the project ordered by Seattle Procure Management LLC to install a proton therapy system in Seattle, WA, United States, was finalized.

34. NET EARNINGS PER SHARE

34.1 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, 2009	December 31, 2010
Weighted average number of ordinary shares	26 077 237	26 203 673
Earnings attributable to parent equity holders (EUR '000)	-12 492	6 228
Basic earnings per share from continuing and discontinued operations (EUR per share)	**-0.48**	**0.24**
Earnings from continuing operations attributable to parent equity holders (EUR '000)	-12 492	6 228
Weighted average number of ordinary shares	26 077 237	26 203 673
Basic earnings per share from continuing operations (EUR per share)	**-0.48**	**0.24**
Earnings from discontinued operations attributable to parent equity holders (EUR '000)	0.00	0.00
Weighted average number of ordinary shares	26 077 237	26 203 673
Basic earnings per share from discontinued operations (EUR per share)	**0.00**	**0.00**

34.2 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, 2009	December 31, 2010
Weighted average number of ordinary shares	26 077 237	26 203 673
Weighted average number of stock options	1 061 537	618 887
Average share price over period	7.21	8.16
Dilution effect from weighted number of stock options	500 918	330 631
Weighted average number of ordinary shares for diluted earnings per share	26 578 155	26 534 304
Earnings attributable to equity holders of the parent (EUR '000)	-12 492	6 228
Diluted earnings per share from continuing and discontinued operations (EUR per share)	**-0.47**	**0.23**
Earnings from continuing operations attributable to equity holders of the parent (EUR '000)	-12 492	6 228
Diluted earnings per share from continuing operations (EUR per share)	**-0.47**	**0.23**
Earnings from discontinued operations attributable to parent equity holders (EUR '000)	0	0
Diluted earnings per share from discontinued operations (EUR per share)	**0.00**	**0.00**

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 2010

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

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 2010, as mentioned in the attached pages 36 to 106, 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 2010, 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) 528 207 and the consolidated income statement shows a profit for the year, attributable to equity holders of the parent, of € (thousand) 6 228.

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.

Société civile ayant emprunté la forme d'une société coopérative à responsabilité limitée
Burgerlijke vennootschap die de rechtsvorm van een coöperatieve vennootschap met beperkte aansprakelijkheid heeft aangenomen
RPM Bruxelles - RPR Brussel - T.V.A. - B.T.W. BE 0446.334.711
Banque - Fortis - Bank 210-0905900-69

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 2010 give a true and fair view of the Group's financial position as at 31 December 2010 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.

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.

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.

ERNST & YOUNG

Audit report dated 1 April 2011 on the consolidated financial statements of Ion Beam Applications SA for the year ended 31 December 2010 (continued)

- 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, 1 April 2011

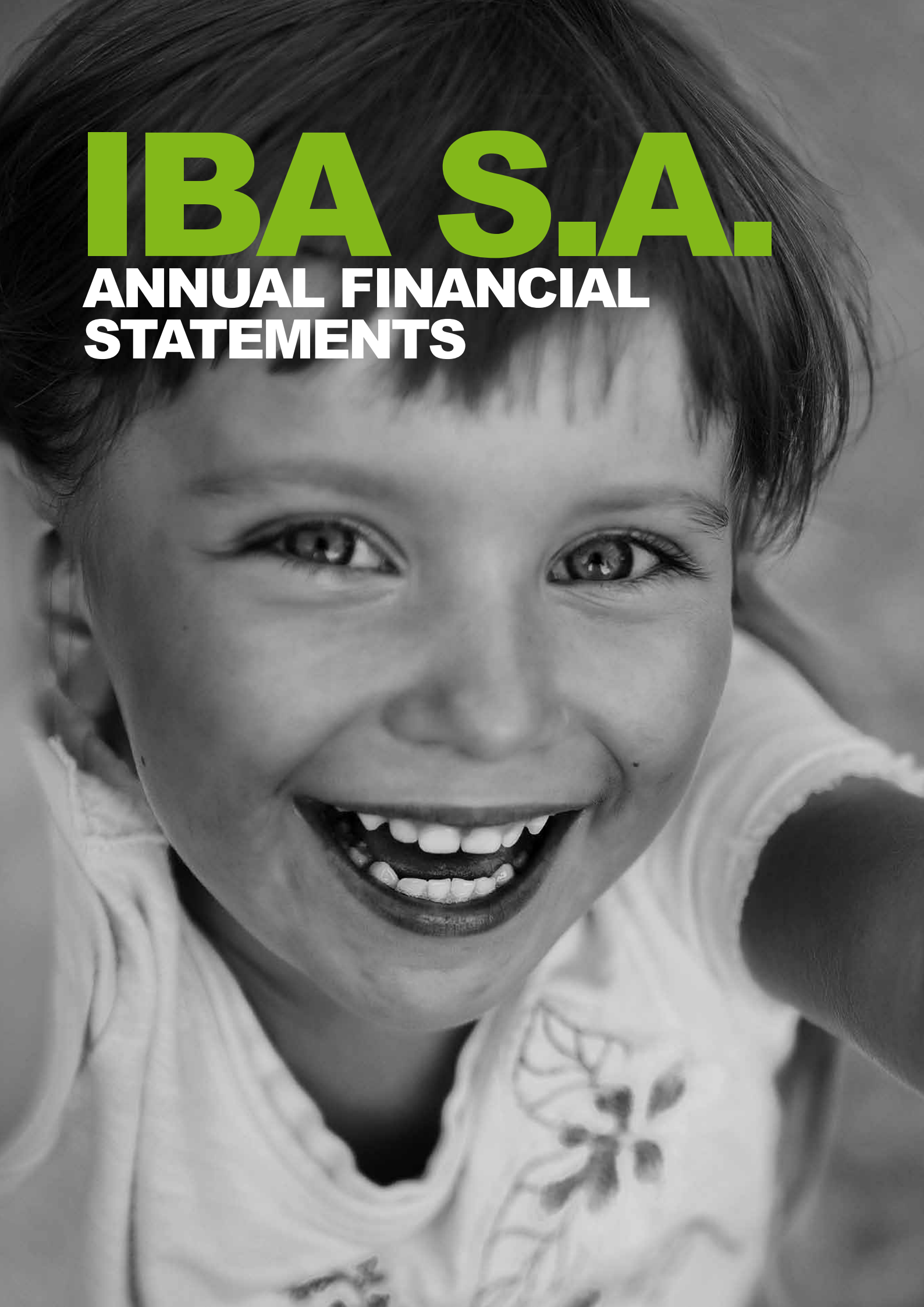
Ernst & Young Réviseurs d'Entreprises SCCRL
Statutory auditor
Represented by

Martine Blockx
Partner

11MBO0051

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 2010 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)	2008	2009	2010
FIXED ASSETS	**242 820**	**150 941**	**92 118**
Formation expenses	**4**	**2**	**1**
Intangible fixed assets	**1 201**	**1 711**	**2 606**
Tangible fixed assets	**7 287**	**5 902**	**5 876**
Land and buildings	1 070	909	700
Plant, machinery and equipment	367	249	173
Furniture and vehicles	1 088	622	497
Leases and similar rights	3 714	3 563	3 382
Assets under construction and advance payments	1 048	559	1 124
Financial assets	**234 328**	**143 326**	**83 635**
Affiliated companies	232 556	141 552	77 720
Other companies	0	0	0
Other financial assets	1 771	1 774	5 915
CURRENT ASSETS	**444 522**	**558 974**	**685 612**
Accounts receivable after one year	**297**	**47**	**1 441**
Inventories and contracts in progress	**339 775**	**401 849**	**473 142**
Inventories	24 810	22 113	20 289
Contracts in progress	314 966	379 736	452 853
Amounts receivable within one year	**71 359**	**153 108**	**205 652**
Trade debtors	61 709	44 183	40 122
Other amounts receivable	9 650	108 925	165 530
Investments	**25 654**	**1 596**	**689**
Cash at bank and in hand	**6 855**	**282**	**1 621**
Deferred charges and accrued income	**583**	**2 092**	**3 067**
TOTAL ASSETS	**687 342**	**709 915**	**777 730**

LIABILITIES AND EQUITY (EUR '000)	2008	2009	2010
SHAREHOLDERS' EQUITY	**167 961**	**157 526**	**170 743**
Capital	**37 285**	**37 505**	**37 888**
Additional paid-in capital	**124 358**	**124 788**	**125 421**
Reserves	**1 329**	**2 019**	**2 779**
Legal reserve	1 126	1 126	1 887
Reserves not available for distribution		689	689
Untaxed reserves	203	203	203
Retained earnings	**4 558**	**-7 030**	**3 370**
Capital grants	**430**	**245**	**1 285**
PROVISIONS AND DEFERRED TAXES	**1 371**	**5 064**	**9 018**
CREDITORS	**518 009**	**547 325**	**597 969**
Amounts payable after one year	**190 183**	**189 347**	**125 111**
Financial debts	1 757	1 390	36 291
Advances received on contracts in progress	78 981	141 532	79 822
Other amounts payable	109 445	46 426	8 998
Amounts payable within one year	**324 859**	**356 577**	**469 888**
Current portion of amounts payable after one year	3 710	57 641	45 820
Financial debts	10 000	23 000	985
Trade debts	62 026	34 298	41 280
Advances received on contracts in progress	230 601	224 162	368 438
Current tax and payroll liabilities	4 203	4 086	8 392
Other amounts payable	14 319	13 390	4 973
Accrued charges and deferred income	**2 968**	**1 401**	**2 970**
TOTAL LIABILITIES	**687 342**	**709 915**	**777 730**

INCOME STATEMENT (EUR '000)	2008	2009	2010
Operating income	**183 445**	**136 626**	**152 523**
Operating expenses (-)	**-185 127**	**-143 430**	**-150 487**
Raw materials, consumables, and goods for resale	-95 724	-47 150	-42 507
Services and other goods	-45 826	-46 043	-49 647
Salaries, social security, and pensions	-25 476	-28 029	-28 709
Depreciation and write-offs on fixed assets	-16 203	-15 097	-24 416
Increase/(decrease) in write-downs on inventories, work in progress and trade debtors	- 808	-1 448	- 988
Provisions for liabilities and charges	569	-3 692	-3 954
Other operating expenses	-1 658	-1 971	- 265
Operating Profit/(Loss)	**-1 682**	**-6 804**	**2 036**
Financial income	**25 724**	**9 136**	**32 228**
Income from financial assets	11 500	1 790	13 364
Income from current assets	4 574	3 667	4 898
Other financial income	9 651	3 678	13 966
Financial expenses (-)	**-13 578**	**-9 055**	**-15 988**
Interest expense	-4 375	-4 680	-2 088
Amounts written off on current assets other than inventories, work in progress and trade debtors - increase (decrease)	-2 271	163	0
Other financial charges	-6 933	-4 538	-13 900
Profit/(loss) on ordinary activities before taxes	**10 464**	**-6 723**	**18 276**
Extraordinary income (+)	**17**	**3 000**	**0**
Gain on sale of fixed assets	0	0	0
Other extraordinary income	17	3 000	0
Extraordinary expenses (-)	**-3 675**	**-7 165**	**-3 029**
Extraordinary depreciation and write-offs on fixed assets			

INCOME STATEMENT (EUR '000)	2008	2009	2010
Amounts written off financial fixed assets	-3 653	0	0
Other extraordinary expenses	- 21	-7 165	-3 029
Profit/(Loss) for the period before taxes	**6 807**	**-10 888**	**15 246**
Income taxes (-) (+)	0	- 10	- 38
Profit for the period (+)	**6 807**	**-10 899**	**15 209**
Transfer to tax free reserves (-)			
Profit/(Loss) for the period available for appropriation	**6 807**	**-10 899**	**15 209**

APPROPRIATION OF RESULTS (EUR '000)	2008	2009	2010
Loss to be appropriated (-)	**7 024**	**-6 340**	**8 179**
Profit for the period available for appropriation	6 807	-10 899	15 209
Loss carried forward (-)	217	4 558	-7 030
Transfers to capital and reserves	**0**	**0**	**0**
Transfer from capital and share premium account	0	0	0
Transfer from reserves			
Appropriations to capital and reserves	**341**	**689**	**760**
Appropriation to capital and share premium account			
Appropriation to legal reserve	341	0	0
Appropriation to other reserves		689	760
Profit/(loss) to be carried forward	**4 558**	**-7 030**	**3 370**
Profit to distribute	**2 125**	**0**	**4 049**
Dividends	2 125	0	4 049

STATEMENT OF CAPITAL (EUR '000)	Amount (EUR '000)	Number of shares
Capital		
1. Issued capital		
At the end of the previous financial year	**37 505**	
Changes during the financial year	383	272 860
At the end of the financial year	**37 888**	
2. Structure of the capital		
2.1. Categories of shares		
• Ordinary shares without designation of face value	20 507	14 734 590
• Ordinary shares without designation of face value with VVPR strip	17 380	12 257 425
2.2. Registered or bearer shares		
• Registered shares		9 551 367
• Bearer shares		17 440 648
Own shares held by		
• The Company itself	106	75 637
• Its subsidiaries	857	610 851
Share issue commitments		
Following exercise of share options		
• Number of outstanding share options		2 324 753
• Amount of capital to be issued	5 229	
Maximum number of shares to be issued		2 324 753
Amount of non-issued authorized capital	**24 355**	

CORPORATE GOVERNANCE, MANAGEMENT, AND CONTROL

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.

1. BOARD OF DIRECTORS

The Board of Directors is composed of nine members. The articles of incorporation and the 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 nominated by the managing directors («inside directors»). The two managing directors, who are responsible for the Company's day-to-day management, are also considered inside 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 seven times in 2010, under the chairmanship of Peter Vermeeren first and then Mr. Jean Stéphenne. Attendance at meetings of the Board was high. A large majority of the directors attended all meetings. Only eight absences were recorded for all of the meetings, which represent an absentee rate of approximately 15 percent. 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 Meeting of May 12, 2010 approved (i) the appointment of Windi SPRL, represented by its manager Mr. Yves Windelincx as an outside director; this appointment shall expire at the 2011 Ordinary General Meeting to be held to approve the financial statements for 2010 and (ii) the reappointment of the Institut des Radio-Eléments FUP, represented by Mrs. Nicole Destexhe as an other director; this appointment shall expire at the 2013 Ordinary General Meeting to be held to approve the financial statements for 2012.

At the proposal of the managing directors, the Ordinary General Meeting of May 12, 2010 approved the reappointment of Mr. Yves Jongen as an inside director; this appointment shall expire at the 2013 Ordinary General Meeting to be held to approve the financial statements for 2012.

The Board of Directors was comprised of the following nine members at December 31, 2010:

Nom	Age	Start of term	End of term	Duties at IBA	Primary duties outside IBA
Pierre Mottet[1]	49	1998	OGM 2011	Chief Executive Officer Inside director Managing Director NC	Member of the Executive Committees of FEB (Federation of Belgian Enterprises) and Agoria Wallonia; Director of UWE (Walloon Union of Companies) and several startups
Yves Jongen[1]	63	1991	OGM 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]	54	2000	OGM 2011	Inside director CC, NC, AC	Corporate director. Formerly Financial Director of IBA (1991-2000)
Peter Vermeeren	70	2000	OGM 2011	Vice-Chairman of the Board of Directors	Formerly Executive Vice President of Mallinckrodt and Executive Vice President of ADAC
PSL Management Consulting SCS (represented by Pierre Scalliet)	58	2005	OGM 2012	Outside director	Chief of Service, Oncological Radiotherapy Professor of Clinical Oncology, Université Catholique de Louvain (UCL)
Innosté S.A. (represented by Jean Stéphenne)[2]	60	2000	OGM 2011	Chairman of the Board of Directors Outside 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 Steering Committee of FEB and UWE office
Windi SPRL (represented by Yves Windelincx)[2]	63	2010	OGM 2011	Outside director CC, NC, AC	Outside director of Besix, Desmet Engineers and Contractors, TCRe, Concordia, Agency for Foreign Trade
Olivier Ralet BDM SPRL (represented by Olivier Ralet)	53	2000	OGM 2012	Other director AC	Bachelor of Civil Law Member of the Executive Committee of Atenor Group S.A., Belgium
Institut National des Radioéléments FUP (represented by Nicole Destexhe)	58	1991	OGM 2013	Other director	Financial Director of IRE

CC: Compensation Committee – NC: Nominating Committee – AC: Audit Committee
(1) As defined in the Charter.
(2) These directors were presented to the shareholders as outside candidates at the time of their election. However, other directors may also meet the same 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.

2. COMPENSATION COMMITTEE

The Compensation Committee met three times in 2010. A report on each of its meetings was submitted to the Board.

Topics of discussion included issues relating to the 2009 bonuses, determination of beneficiaries of the 2010 stock option plan, directors' compensation, and compensation schemes in general. All of the members attended each meeting.

The Compensation Committee is comprised of Innosté S.A. represented by Mr. Jean Stéphenne, Bayrime S.A. represented by Mr. Eric de Lamotte, Windi S.P.R.L. represented by Mr. Yves Windelincx. It is chaired by Innosté S.A., represented by Mr. Jean Stéphenne.

Mr. Pierre Mottet is invited to attend unless the Committee is deciding on compensation policy or other subjects affecting the managing directors.

3. NOMINATING COMMITTEE

The Nominating Committee met twice in 2010 for the purpose of analyzing the areas of expertise needed by the Board of Directors to fill expiring directorship positions and of making proposals in this regard to the Board of Directors. Based on its report, in May 2010 the Board of Directors proposed the appointment of Windi S.P.R.L. represented by its manager Mr. Yves Windelincx as an outside director and the reappointment of the Institut des Radio-Eléments FUP, represented by Mrs. Nicole Destexhe as an «other» director.

All of the members attended each meeting. The Nominating Committee consists of five members, including the Chairman of the Board of Directors and a minimum of two outside directors.
The Compensation Committee is comprised of Innosté S.A., represented by Mr. Jean Stéphenne, Bayrime S.A., represented by Mr. Eric de Lamotte, Windi S.P.R.L., represented by Mr. Yves Windelincx and Messrs. Pierre Mottet and Yves Jongen. It is chaired by Mr. Jean Stéphenne.

4. AUDIT COMMITTEE

The Audit Committee met four times in 2010, 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 2009 and analysis of the auditors' management letter, analysis of the midyear results, follow-up of implementation of IFRS accounting principles, examination of the 2011 budget, and follow-up of inside audit and risk management.

The Company ensures a close control of the risks that it is subject to with through the intermediary of its management controllers active in each of the services. The risks thus identified are reported to the Management Team which submits a report to the Audit Committee and elaborates an appropriate solution together with the Audit Committee and the person in charge of insurance.
All of the members attended each meeting.

The Committee is currently comprised of three members: Windi S.P.R.L., represented by Mr. Yves Windelincx, Olivier Ralet BMD S.P.R.L., represented by Mr. Olivier Ralet and Bayrime S.A., represented by Mr. Eric de Lamotte. It is chaired by Mr. Yves Windelincx.

5. DAY-TO-DAY AND STRATEGIC MANAGEMENT

Day-to-day management and corporate responsibility in such matters is delegated to two managing directors, currently Mr. Pierre Mottet, Chief Executive Officer, and Mr. 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 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 2011 budget.

The Management Team was comprised of the following members on December 31, 2010:

Name	Title	Age	Location
1. Pierre Mottet	Chief Executive Officer	49	Louvain-la-Neuve, Belgium
2. Yves Jongen	Chief Research Officer	63	Louvain-la-Neuve, Belgium
3. Jean-Marc Bothy	Chief Financial Officer	46	Louvain-la-Neuve, Belgium
4. Frank Uytterhaegen	President IBA China	57	Beijing, China
5. Rob Plompen	President IBA Dosimetry	47	Schwarzenbruck, Germany
6. Renaud Dehareng	President IBA Molecular	38	Saclay, France
7. Jean-Marc Andral	President IBA Particle Therapy	61	Louvain-la-Neuve, Belgium
8. Serge Lamisse	President IBA Industrial	47	Louvain-la-Neuve, Belgium
9. Didier Cloquet	Chief of Staff	46	Louvain-la-Neuve, Belgium

6. CONFLICTS OF INTEREST

The Board meeting of May 12, 2010 during which the Board had to rule on the change of President of the Board of Directors, gave rise to the application of the procedure relating to the director conflict of interest stipulated in article 523 of the Belgian Code of Company Law. This conflict of interest concerned Mr. Peter Vermeeren who accepted an active support role of Mr. Renaud Dehareng so as to prepare the latter to his new position. The conflict of interest concerned (i) the financial conditions of this mission and (ii) the change of presidency of the Board of Directors, as a consequence of the reconsideration of Mr. Peter Vermeeren in his quality of outside director further to the acceptation of the above mentioned mission. After deliberation, the Board unanimously adopted the appointment of Innosté S.A., represented by Mr. Jean Stéphenne, as President of the Board and President of the Compensation and Nominating Committees to replace Mr. Peter Vermeeren and the appointment of Mr. Peter Vermeeren as Vice-President of the Board. The Board also approved the appointment of Mr. Yves Windelincx as member of the Nominating and Compensation Committees to replace Mr. Peter Vermeeren.

Lastly, the Board meeting of August 27, 2010, which was to rule on the launch of 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 concerned all of the members of the Board, as beneficiaries of the plan in question, with the exception of Ms. Nicole Destexhe (Institut des Radio Eléments F.U.P.), of the President of the Board, Mr. Jean Stéphenne (Innosté S.A.) and of the President of the Audit Committee, Mr. Yves Windelincx (Windi S.P.R.L.) who, although eligible to participate in this plan, stated that they did not wish to be included in the list of beneficiaries. After deliberation, the Board unanimously approved the launch of a stock option plan up to 900 000 stock options and the terms of the special report project of the Board prepared in accordance with articles 583, 596, and 598 of the Belgian Code of Company Law.

7. CODES OF CONDUCT

7.1 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.

7.2 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 and acknowledged the code in his or her management capacity.

In 2010, these individuals exercised, in their capacity of person holding management duties, a total of 12 000 stock options issued under the 2004 stock option plan.

To the best of the Company's knowledge, there were no violations of this code of conduct in 2010.

7.3 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 an 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 market practice. This code has been read and signed by all affiliated persons.

8. COMPENSATION POLICY - STOCK AND STOCK OPTIONS

As indicated in the Charter, the Company does not wish to provide specific information on individual compensation as long as it is not legally compelled to do so. It believes that information of this kind does not offer added value to the shareholders and is potentially harmful to the Company. However, communication of information on compensation policy is important for shareholders and is detailed in the Charter. Compensation actually paid in 2010 is described below.

8.1. DIRECTORS

Directors earn a yearly fixed fee amounting to EUR 6 000 increased by EUR 1 000 per meeting they actually attended (EUR 2 000 for the Chairman and EUR 1 500 for the Chairman of the Audit Committee).
Fixed compensation paid to members of the Board of Directors for services rendered in 2010 totaled EUR 118 000. Managing directors were not compensated for attending meetings of the Board of Directors. Non-managing directors did not receive any compensation or other direct or indirect benefit from the Company or any other entity belonging to the Group for their services. However, with the exception of Ms. Nicole Destexhe and Messrs. Jean Stéphenne (Innosté S.A.) and Yves Windelincx (Windi S.P.R.L.), all of the directors were included as beneficiaries of the 2010 stock option plan. Because the number of options involved is limited to 1 250 options for directors other than the managing directors, the Company considers that granting these options does not interfere with the judgment of the recipient directors.
The Company considers that the amount of compensation or other benefits given directly or indirectly to directors by the Company or any other entity in the Group is not relevant to, and therefore not mentioned in, this report.

8.2. CHIEF EXECUTIVE OFFICER, MANAGING DIRECTORS, AND MANAGEMENT TEAM

The Board is careful to ensure that the managing directors and the Management Team are compensated for direct and indirect services to the Company in a manner consistent with market practices and based on level of responsibility, services rendered, and nature of duties.

As indicated in the Charter, fixed and variable compensation of the managing directors is determined by the Compensation Committee in accordance with principles approved by the Board. Fixed and variable compensation of the Management Team is reviewed and determined by the Chief Executive Officer. It has been reported to the Compensation Committee and the Board of Directors and discussed by both.

The principle of launching a 2010 stock option plan and the total number of options to be issued were approved by the Board of Directors.
The Compensation Committee identified the beneficiaries of the stock options and determined the number of stock options to be granted to each of them.

The total amount paid by the Company and all other entities in the Group in compensation for duties exercised and services rendered directly or indirectly by the two managing directors and the members of the Management Team came to approximately EUR 2.6 million in 2010, of which around EUR 2.5 million for fixed compensation and around EUR 0.1 million for variable compensation payable for services performed in 2009. Note that fixed compensation includes a Group contribution of EUR 0.1 to a defined contribution plan. The total amount paid by the Company and all of other entities in the Group in compensation for duties exercised and services rendered directly or indirectly by the CEO, all benefits included, came to EUR 345 620 in 2010. No variable compensation was paid to the CEO in 2010 as the
objectives set for him were not met.
These amounts are always stated at total company cost.

As at December 31, 2010, all of the directors together held 1 507 071 shares of IBA stock directly (including 1 423 271 shares held by IRE).

At the same date, the non-managing directors still held:
- 600 IBA stock options granted under the 2002 stock option plan.
- 15 000 IBA stock options granted under the 2006 stock option plan.
- 6 000 IBA stock options granted under the 2007 stock option plan.
- 1 000 IBA stock options granted under the 2008 stock option plan.
- 4 500 IBA stock options granted under the 2009 stock option plan.
- 5 000 IBA stock options granted under the 2010 stock option plan.

As at December 31, 2010, members of the Management Team, including the managing directors, held a total of 850 125 stock options distributed as follows:
- 255 500 options granted under the 2002 stock option plan at the strike price of EUR 3.34.
- 62 510 options granted under the 2004 stock option plan at the strike price of EUR 3.72.
- 10 000 options granted under the 2005 stock option plan at the strike price of EUR 6.37.
- 92 000 options granted under the 2006 stock option plan at the strike price of EUR 13.64.
- 88 853 options granted under the 2007 stock option plan at the strike price of EUR 19.94.
- 48 649 options granted under the 2008 stock option plan at the strike price of EUR 14.18.
- 118 513 options granted under the 2009 stock option plan at the strike price of EUR 8.26.
- 174 100 options granted under the 2010 stock option plan at the strike price of EUR 7.80.

At December 31, 2010, the CEO held a total of 310 530 stock options distributed as follows:
- 180 000 options granted under the 2004 stock option plan at the strike price of EUR 3.34.
- 18 834 options granted under the 2007 stock option plan at the strike price of EUR 19.94.
- 16 951 options granted under the 2008 stock option plan at the strike price of EUR 14.18.
- 49 142 options granted under the 2009 stock option plan at the strike price of EUR 8.26.
- 46 053 options granted under the 2010 stock option plan at the strike price of EUR 7.80.

The Company believes that (i) on an individual basis, the number of shares, stock options, and other option purchase rights granted during the financial year to the members of the executive management excluding the CEO, and (ii) the principal contract provisions regarding the hiring or departure of executive managers are not relevant to, and therefore not mentioned in, this report. The Company notes however that these provisions are in line with the market standards.

9. RELATIONSHIP WITH REFERENCE SHAREHOLDERS

IBA's reference shareholders, Belgian Anchorage, UCL, Sopartec, and IRE have disclosed that they are acting in concert and have entered into an agreement that will expire in 2013. This shareholders' agreement governs, inter alia, the sharing of information and preferential rights on the sale of IBA stock.

The parties to this agreement held 10 153 213 shares of common stock at December 31, 2010, representing 37.62 percent of the Company's voting rights.

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

Under an agreement signed on February 19, 2008, IRE has granted IBA a purchase right for the shares it holds in Radiopharma Partners (that is 80.1 percent) and Sceti Medical Labo KK (that is 19.9 percent). On May 29, 2008, IBA exercised this option for about EUR 20 million as 50 percent in cash and 50 percent in IBA S.A. shares.

Without prejudice to rights and obligations arising from other agreements between shareholders, IRE has agreed to hold these stock shares for 5 years, to grant IBA a preemptive right for any transfer of these stock shares and to keep defending a Belgian hold on IBA shares.

To the best of the Company's knowledge, there were no other relationships or specific agreements among the shareholders at December 31, 2010.

10. LEGISLATION GOVERNING TAKEOVER BIDS AND TRANSPARENCY

10.1 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 admitted to trading 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, IBA's shareholders are required to report their holdings to the CBFA (Belgium's financial market regulator) and to IBA SA whenever these holdings reach a threshold of 3%, 5%, or multiples of 5%. IBA SA did not receive any disclosures of this nature in 2010.

10.2 LEGISLATION CONCERNING TAKEOVER BIDS (TRANSITIONAL REGIME)

Under article 74 of the Takeover Offer Act of April 1, 2007, single or concerted parties that hold more than 30 percent of the voting shares of a Belgian Company admitted to trading 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, subject to certain conditions, including having notified the CBFA in accordance with the applicable regulation and by the prescribed deadlines.

In this context, IBA transmitted on September 30, 2010 to the CBFA the data updated up to September 1, 2010 of the notification carried out under article 74, §6 of the law on takeover bids:

- *« Belgian Anchorage SCRL, whose registered office is located at Avenue Charles Madoux 13-15, 1160 Brussels, enterprise number VAT BE 0466.382.136, RPM Brussels, continues to hold 7 773 132 IBA SA shares (that is 28.80% of the voting shares in IBA SA at September 1, 2010).*
- *The Institut National des Radio Eléments FUP, whose registered office is located at Avenue de l'Espérance 1, enterprise number VAT BE 0408.449.677, RPM Charleroi, continues to hold 1 423 271 shares (that is 5.29% of the voting shares in IBA SA at September 1, 2010)*
- *To the best of IBA SA's knowledge, the Catholic University of Louvain, whose registered office is located at 1348 Louvain-la-Neuve, place de l'Université 1, enterprise number VAT BE 0419.052.272, RPM Nivelles, has continued to hold its participation in IBA SA's capital during these last twelve months with 426 885 shares (that is 1.59% of the voting shares in IBA SA at September 1, 2010), and*
- *To the best of IBA SA's knowledge, Sopartec SA, whose registered office is located at 1348 Louvain-la-Neuve, place de l'Université 1, enterprise number VAT BE 0402.978.679, RPM Nivelles, has continued to hold its participation in IBA SA's capital during these last twelve months with 529 925 shares (that is 1.97% of the voting shares in IBA SA at September 1, 2010)*

In view of the above, at September 1, 2010, these parties held therefore together a participation in IBA SA's capital of 10 153 213 shares (that is 37.74% of the voting shares). Although IBA Investments SCRL is associated to Belgian Anchorage SCRL, it is not part of the agreement of collaborating action to which Belgian Anchorage SCRL, the Institut des Radioéléments FUP, UCL and Sopartec SA participate.»

SUBSEQUENT EVENTS

The situation was as follows at December 31, 2010:

	31/12/2010
Situation of denominator	**26 992 015**

	REFERENCE SHAREHOLDERS		PARTIES ACTING IN CONCERT		AFFILIATED PERSONS GROUP A		AFFILIATED PERSONS GROUP B	
	Number of shares	%	Number of shares	%	Number of shares	%	Number of shares	%
Belgian Anchorage SCRL	7 773 132	28.80%	7 773 132	28.80%	7 773 132	28.80%		
IBA Investment SCRL	610 852	2.26%			610 852	2.26%		
IBA SA	75 637	0.28%			75 637	0.28%		
UCL ASBL	426 885	1.58%	426 885	1.58%			426 885	1.58%
Sopartec SA	529 925	1.96%	529 925	1.96%			529 925	1.96%
Institut des Radioéléments FUP	1 423 271	5.27%	1 423 271	5.27%				
	10 839 702	**40.16%**	**10 153 213**	**37.62%**	**8 459 621**	**31.34%**	**956 810**	**3.54%**

GENERAL INFORMATION

CORPORATE NAME

Ion Beam Applications SA, abbreviated IBA SA.

REGISTERED OFFICE

Chemin du Cyclotron, 3
B-1348 Louvain-la-Neuve, Belgium
Enterprise number VAT BE 0428.750.985,
RLP 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. It is a listed Company pursuant to article 4 of the Belgian Code of Company Law and a Company having offered securities to the public pursuant to article 438 of the Belgian Code of Company Law.

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, 2010, IBA's capital stock was valued at EUR 37 887 624.51 and consisted of 26 992 015 fully paid shares with no par value, including 12 257 425 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 July 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.

During 2010, the following exercises and cancellations were noted: exercise of 3 000 stock options by notarial act on April 21, 2010, exercise of 150 stock options by notarial act on July 26, 2010, exercise of 1,280 stock options and cancellation of 7,300 stock options by notarial act on November 8, 2010. At December 31, 2010, 304 607 stock options of the 2002 plan remained and had not yet been exercised.

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 percent of the strike price to employees and Specific Persons not subject to the Belgian Employment Action Plan Act of March 26, 1999 (« purchasable 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 offer, 496 000 free stock options were accepted, and 390 000 purchasable options were subscribed to. 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.

During 2010, the following exercises and cancellations were noted: exercise of 79 300 stock options by notarial act on January 20, 2010, exercise of 71 600 stock options by notarial act on April 21, 2010, exercise of 31 300 stock options by notarial act of July 26, 2010, exercise of 85 230 stock options and cancellation of 107 000 stock options by notarial act on November 8, 2010. At December 31, 2010, 289 770 stock options of the 2004 plan remained and had not yet been exercised.

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. During 2010, the following exercises and cancellations were noted: exercise of 1 000 stock options and cancellation of 18 000 stock options by notarial act on November 8, 2010. At December 31, 2010, 62 000 stock options of the 2005 plan remained and had not yet been exercised.

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 for 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 purchasable stock options, 149 750 were purchased. Consequently, 44 500 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. During 2010, 62 000 stock options were canceled by notarial act on November 8, 2010. At December 31, 2010, 375 250 stock options of the 2006 plan remained and had not yet been exercised.

In October 2007, Company issued 450 000 stock options for Group employees (« 2007 Plan »). The offering was distributed in much the same way as for 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 purchasable 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. During 2010, 38 000 stock options were canceled by notarial act on November 8, 2010. At December 31, 2010, 300 246 stock options remained of that plan. None of these stock options could be exercised at December 31, 2010.

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 for 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 purchasable 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. During 2010, 8 500 stock options were canceled by notarial act on November 8, 2010. At December 31, 2010, there remained therefore 106 970 stock options of that plan. None of these stock options could be exercised at December 31, 2010.

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 granted 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 for 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 purchasable 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. During 2010, 9 500 stock options were canceled by notarial act on November 8, 2010. At December 31, 2009, there remained therefore 426 271 stock options from this plan. None of these options was exercisable at December 31, 2010.

In September 2010, the Company issued 900 000 stock options for Group employees («2010 plan»). The offering was distributed very much in the same manner as for the 2004 plan. As recorded by notarial act on December 16, 2010, it was noted that of the 550 000 free stock options, 329 136 free stock options were definitely accepted and that of the 350 000 purchasable stock options, 130 503 stock options were purchased.

Consequently, 220 864 free stock options were canceled. They allow the beneficiary to purchase a new share at EUR 7.8 following certain procedures during specific periods between January 4, 2014 and September 30, 2016. At December 3, 2010, there remained 459 639 stock options of this plan. None of these stock options could be exercised at December 31, 2010.

The total number of stock options in circulation at December 31, 2010 is therefore of 2 324 753.

All stock options may also be exercised in the event of a takeover bid for IBA or of a capital increase with preferential rights.

In April 2009, the Company offered 200 000 shares for subscription by Group employees (2009 ESP Plan). As recorded by notarial act on May 29, 2009, of the 200 000 new shares offered for purchase, 121 838 were purchased at a price of EUR 4.09 per share. The shares offered for purchase were registered common stock shares of IBA capital stock with V VPR strips and ownership granted as from 2009. They were offered at a purchase price equal to the average market price for 30 days prior to the offer, less a discount of 16.67 percent. The shares may not be sold for three years as from the end of the purchase period.

AUTHORIZED CAPITAL

The Extraordinary General Meeting of May 12, 2010 authorized the Board of Directors to increase the Company's capital 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 Extraordinary General Meeting of May 12, 2010; that is, until June 7, 2015.
At December 31, 2010, following the launch of the 2010 stock option plan, the authorized capital was valued at EUR 24 354 804.74.

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 involve, for example, certain aspects of its particle accelerator technology and a number of components of its proton therapy equipment. Several agreements relate to Bioassays business. Eventually, more recent agreements were entered into with regards to the future commercialization of proprietary molecules in medical imaging.

Five-Year Capital History

SHARES			CAPITAL (IN EUR)	
Transaction	**New shares**	**Total shares**	**Change (Δ)**	**Total**
17/02/2006 exercise of options under 2002 stock option plan	+350 000	25 192 453	+ 487 095.00	35 370 051.00
18/04/2006 exercise of options under 2002 stock option plan	+7 930	25 200 383	+11 036.00	35 381 087.00
14/07/2006 exercise of options under 2002 stock option plan	+159 823	25 360 206	+222 426.00	35 603 513.00
17/10/2006 exercise of options under 2002 stock option plan	+87 110	25 447 316	+121 231.00	35 724 743.00
17/10/2006 exercise of options under 2001 stock option plan	+17 750	25 465 066	+24 555.00	35 749 299.00
15/01/2007 exercise of options under 2001 stock option plan	+82 550	25 547 616	+114 197.00	35 863 495.00
15/01/2007 exercise of options under 2002 stock option plan	+118 180	25 665 796	+164 471.00	36 027 967.00
17/04/2007 exercise of options under 2001 stock option plan	+20 050	25 685 846	+27 737.00	36 055 703.00
17/04/2007 exercise of options under 2002 stock option plan	+43 280	25 729 126	+60 233.00	36 115 936.00
17/07/2007 exercise of options under 2001 stock option plan	+10 500	25 739 626	+14 525.00	36 130 462.00
17/07/2007 exercise of options under 2002 stock option plan	+56 636	25 796 262	+78 820.00	36 209 282.00
16/10/2007 exercise of options under 2001 stock option plan	+3 350	25 799 612	+4 634.00	36 213 916.00
16/10/2007 exercise of options under 2002 stock option plan	+640	25 800 252	+891.00	36 214 807.00
16/01/2008 exercise of options under 2001 stock option plan	+1 500	25 801 752	+2 075.00	36 216 882.00
16/01/2008 exercise of options under 2002 stock option plan	+7 270	25 809 022	+10 118.00	36 227 000.00
16/01/2008 exercise of options under 2004 stock option plan	+143 450	25 952 472	+201 447.00	36 428 447.00
15/04/2008 exercise of options under 2002 stock option plan	+7 500	25 959 972	+10 438.00	36 438 884.00
15/04/2008 exercise of options under 2004 stock option plan	+15 500	25 975 472	+21 767.00	36 460 651.00
23/06/2008 capital increase	+544 611	26 520 083	+764 447.00	37 225 098.00
16/07/2008 exercise of options under 2001 stock option plan	+600	26 520 683	+830.00	37 225 928.00
16/07/2008 exercise of options under 2002 stock option plan	+3 434	26 524 117	+4 779.00	37 230 707.00
16/07/2008 exercise of options under 2004 stock option plan	+26 900	26 551 017	+37 776.00	37 268 483.00
17/10/2008 exercise of options under 2001 stock option plan	+600	26 551 617	+830.00	37 269 313.00
17/10/2008 exercise of options under 2002 stock option plan	+630	26 552 247	+877.00	37 270 190.00
17/10/2008 exercise of options under 2004 stock option plan	+10 850	26 563 097	+15 237.00	37 285 426.00
21/01/2009 exercise of options under 2004 stock option plan	+12 750	26 575 847	+17 905.00	37 303 331.00
16/04/2009 exercise of options under 2004 stock option plan	+350	26 576 197	+492.00	37 303 823.00
29/05/2009 ESP Plan. 2009	+121 838	26 698 035	+17 1024.00	37 474 847.00
14/07/2009 exercise of options under 2004 stock option plan	+5 450	26 703 485	+7 653.00	37 482 500.15
16/10/2009 exercise of options under 2002 stock option plan	+120	26 703 605	+167.00	37 482 667.15
16/10/2009 exercise of options under 2004 stock option plan	+6 550	26 710 155	+9 198.00	37 491 865.32
16/10/2009 exercise of options under 2005 stock option plan	+9 000	26 719 155	+12 638.00	37 504 503.12

SHARES			CAPITAL (IN EUR)	
Transaction	**New shares**	**Total shares**	**Change (Δ)**	**Total**
20/01/2010 exercise of options under 2004 stock option plan	+55 900	26 775 055	+78 500.00	37 583 003.49
20/01/2010 exercise of options under 2004 extended plan	+23 400	26 798 455	+32 861.00	37 615 864.11
21/04/2010 exercise of options under 2002 short-term US plan	3 000	26 801 455	4 175.10	37 620 039.21
21/04/2010 exercise of options under 2004 stock option plan	64 200	26 865 655	90 156.06	37 710 195.27
21/04/2010 exercise of options under 2004 extended plan	7 400	26 873 055	10 391.82	37 720 587.09
26/07/2010 exercise of options under 2002 long-term plan	150	26 873 205	208.76	37 720 795.85
26/07/2010 exercise of options under 2004 stock option plan	28 300	26 901 505	39 741.69	37 760 537.54
26/07/2010 exercise of options under 2004 extended plan	3 000	26 904 505	4 212.90	37 764 750.44
8/11/2010 exercise of options under 2002 stock option plan	680	26 905 185	946.36	37 765 696.79
8/11/2010 exercise of options under 2002 stock option plan	600	26 905 785	835.02	37 766 531.81
8/11/2010 exercise of options under 2004 stock option plan	81 730	26 987 515	114 773.44	37 881 305.25
8/11/2010 exercise of options under 2004 extended plan	3 500	26 991 015	4 915.05	37 886 220.31
8/11/2010 exercise of options under 2005 stock option plan	1 000	26 992 015	1 404.20	37 887 624.51
21/02/2011 exercise of options under 2002 stock option plan	6.140	26.998.155	8 545.04	37 896 169.55
21/02/2011 exercise of options under 2004 stock option plan	4 000	27 002 155	5 617.20	37 901 786.75
21/02/2011 exercise of options under 2005 stock option plan	12 000	27 014 155	16 850.40	37 918 637.15

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 Bell 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, 2010.
During 2010, IBA stock followed the stock markets, closing at EUR 8.28 at the end of December 2010.

The total number of stock options issued for personnel rose to 2 324 753 at the end of 2010.

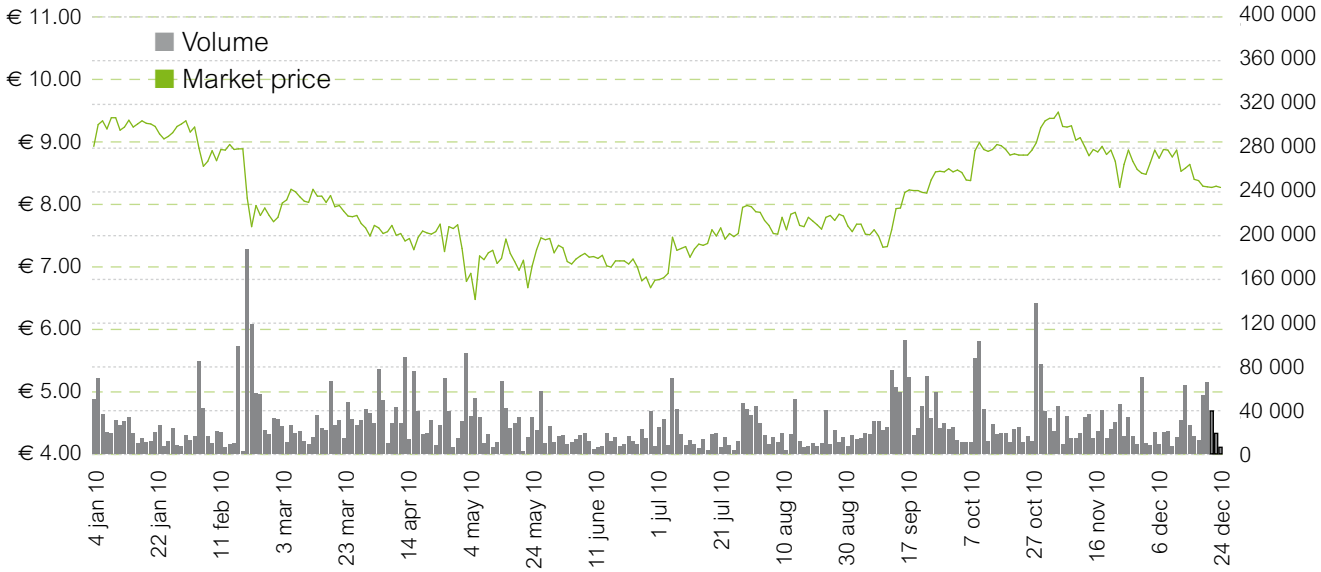
	December 31, 2009		Diluted		December 31, 2010		Diluted	
Actionnaires	Number of shares	%	Number of shares	%	Number of shares	%	Number of shares	%
Belgian Anchorage S.A.[1][2]	7 773 132	28.80%	7 773 132	29.09%	7 773 132	29.09%	7 773 132	29.09%
Institut des Radioéléments (IRE)[1]	1 423 271	5.27%	1 423 271	5.33%	1 423 271	5.33%	1 423 271	5.33%
Sopartec (UCL)[1]	529 925	1.96%	529 925	1.98%	529 925	1.98%	529 925	1.98%
Université Catholique de Louvain (UCL)[1]	426 885	1.58%	426 885	1.60%	426 885	1.60%	426 885	1.60%
IBA Investments[3]	635 530	2.26%	635 530	2.38%	610 852	2.29%	610 852	2.29%
IBA S.A.	75 637	0.27%	75 637	0.28%	75 637	0.28%	75 637	0.28%
Float	15 854 775	59.84%	18 363 107	68.73%	16 152 313	60.45%	18 477 066	69.15%
TOTAL	**26 719 155**	**100.00%**	**29 227 487**	**100.00%**	**26 992 015**	**100.00%**	**29 316 768**	**100.00%**

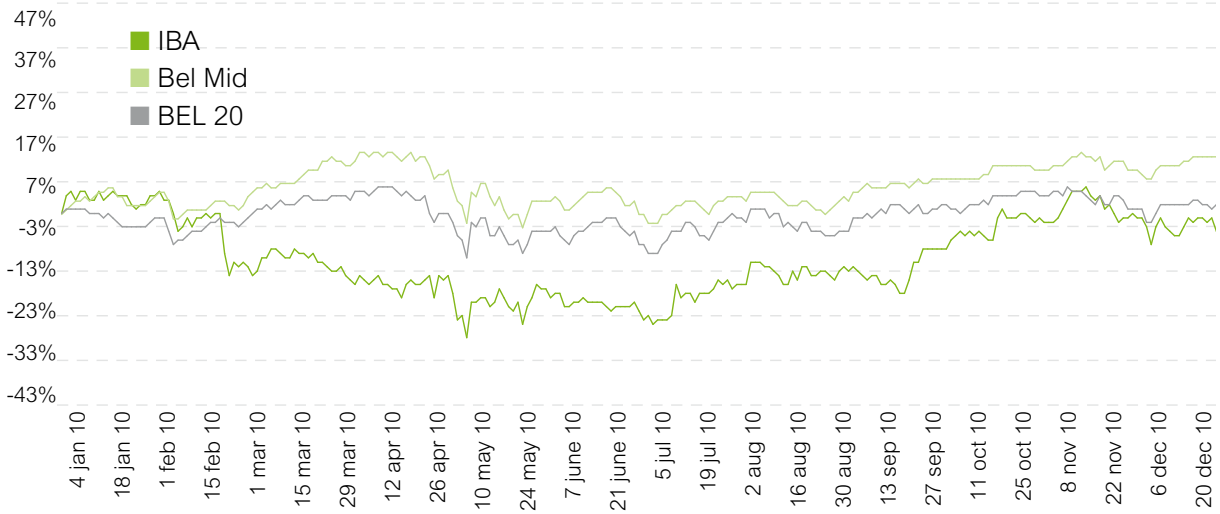
(1) Transparency statement at October 26, 2009 (most recent published statement).
(2) Belgian Anchorage is a company established and wholly owned by IBA management and employees.
(3) IBA Investments is a second-tier subsidiary of IBA S.A.

SHAREHOLDERS SCHEDULE

Interim statements, first quarter 2011	May 11, 2011
2011 Annual Shareholder's Meeting	May 11, 2011
Publication of the semi-annual results as of June 30, 2011	August 31, 2011
Interim statements, third quarter 2011	November 15, 2011
Publication of the annual results on December 31, 2011	March 15, 2012

STOCK MARKET PRICES





NOTES

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