iba-worldwide.com

MEANINGFUL INNOVATION

ANNUAL REPORT 2016

Viggo Mommaerts, treated with proton therapy

PROTECT +
ENHANCE +
SAVE LIVES

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IBA AT A GLANCE

IBA focuses on three main activities:

Proton therapy

Proton therapy is considered to be the most advanced form of radiation treatment available in the fight against cancer. With the unique dose deposition that proton therapy offers, it is possible to target the tumor more effectively while limiting the side effects. Protons deposit the majority of their energy within a controlled zone while limiting the impact on healthy tissues surrounding the tumor.

Dosimetry

IBA offers a full range of monitoring equipment and software that enable hospitals to perform the necessary calibration and procedural checks for radiation therapy and radiology equipment. Precision and control are essential. That is why delivering exactly the prescribed dose to a precisely defined area in the patient's body is absolutely crucial. The treatment's success and the patient´s safety depend on it.

Particle accelerators

IBA has installed more than 450 accelerators worldwide. Most of these are used to produce radioisotopes in oncology (for cancer detection), as well as in neurology and cardiology. In addition to its medical activities, IBA leverages its scientific expertise in radiation to develop sterilization and ionization solutions for various industrial uses.

Our mission is to Protect, Enhance and Save Lives. We develop innovative solutions for the diagnosis and treatment of cancer, pushing back the limits of technology. IBA is the global leader in advanced cancer radiation therapy technologies. Our special expertise lies in the development of leading-edge proton therapy technology.

PROTECT +
ENHANCE +
SAVE LIVES

A MESSAGE FROM OLIVIER LEGRAIN

“ IBA’s employees are the key to our success. ”

Was 2016 a good year for IBA?
Yes, it was a very good year. On the economic level, the results were in line with the objectives we set ourselves, with growth exceeding 20% and an operating margin that was higher than 11%. On the commercial level, we signed a record number of contracts, including for the sale of eight proton therapy solutions and fourteen orders for Other Accelerators. Our order book has achieved a record level of EUR 335.5 million for the Proton Therapy and Other Accelerators segment. Our services order book has also hit a new record, with EUR 673 million, representing revenues for the next 10 to 15 years. Proton therapy is a huge defining factor in IBA’s growth but we have a nicely balanced portfolio of activities, that are all profitable and synergies also exist between them.

How do you explain this success?
IBA owes its success to the quality of its employees, who work tirelessly every day to introduce innovative solutions to different markets. Proteus®ONE*, our compact proton therapy solution, for example caused a minor revolution, making proton therapy more accessible, while incorporating the latest innovations and technology.

Another example is the Cyclone®KIUBE, which was launched to market in 2016 by our RadioPharma Solutions division. This highly compact and evolutive cyclotron led to an incremental increase in our production capacity. This new accelerator demonstrates IBA’s impressive growth capacity, and not just in proton therapy.

How do you explain the exponential growth of proton therapy?
This growth is no coincidence. Three factors contributed to the success of proton therapy. Firstly, the medical community’s growing recognition of the role of proton therapy in cancer therapy. Secondly, better access to technology because of Proteus®ONE, which means a larger number of clinical institutions and patients around the world can enjoy the benefits of proton therapy. And finally, the new technology that we incorporate in our solutions and that allows us to extend the scope of proton therapy applications, such as, for example, Pencil Beam Scanning and Cone Beam CT.

How does IBA respond to this growth?
On the one hand, we are increasing our production capacity by building a new assembly line for the particle accelerators for Proteus®ONE, which will be up and running in 2018. We have also hired just under 400 new employees, for the installation and maintenance of the centers in our order book. We will pursue this recruitment drive with the hiring of another 200 engineers in 2017.

What about the future?
The prospects for 2017 are good, and our growth is expected to continue. Our order book is continuing to fill up. Our workforce has doubled in just a few years. Regionalisation will become more important. If we succeed in achieving our vision of ensuring that 20% of all patients who are treated with radiation therapy have access to proton therapy, IBA may very well become one of the market leaders for radiation

> *Proton therapy’s penetration in the radio therapy market is on the rise because of the medical community’s growing interest, thanks to cheaper access and technological progress.*

Olivier Legrain, Chief Executive Officer

therapy in the years to come. IBA is undergoing a transformation, albeit without forfeiting its unique culture. IBA is also very fortunate that its teams are exceptionally loyal and committed. All IBA employees have the same open, caring mindset when it comes to their colleagues, to patients, to society and to the environment. We aim to have a societal impact while minimising our carbon footprint. IBA also succeeded in bringing its employees together around a unique project and company, thanks to the noble task it set itself. Every time patients show their gratitude, it gives us a sense of why what we do makes such a difference.

Olivier Legrain
Chief Executive Officer

A tribute to Professor Philippe De Woot
Former President of IBA's Board of Directors, who was a leading light in the field of Corporate Social Responsibility, passed away September 29, 2016.

* Proteus®ONE and Proteus®PLUS are brand names of Proteus 235

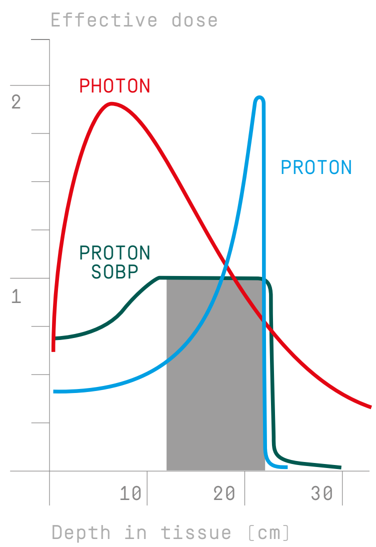
PROTON THERAPY

Proton therapy is currently considered to be the most advanced form of radiation treatment possible.

It is considered the most advanced form of radiation treatment available in the fight against cancer thanks to the uniform dose deposition and the reduction of the doses to the tissue adjacent to the tumor. Protons deposit the majority of their energy within a controlled zone while limiting the impact on the healthy tissue that surrounds the tumor, meaning larger doses can be deposited in the tumor without increasing the risk of secondary effects or long-term complications. This has the potential to improve the treatment results and the patients' quality of life.

Unfortunately, not enough patients can benefit from proton therapy. Less than 1% of all patients who are undergoing radiation therapy currently have access to it.

Bragg Peak*

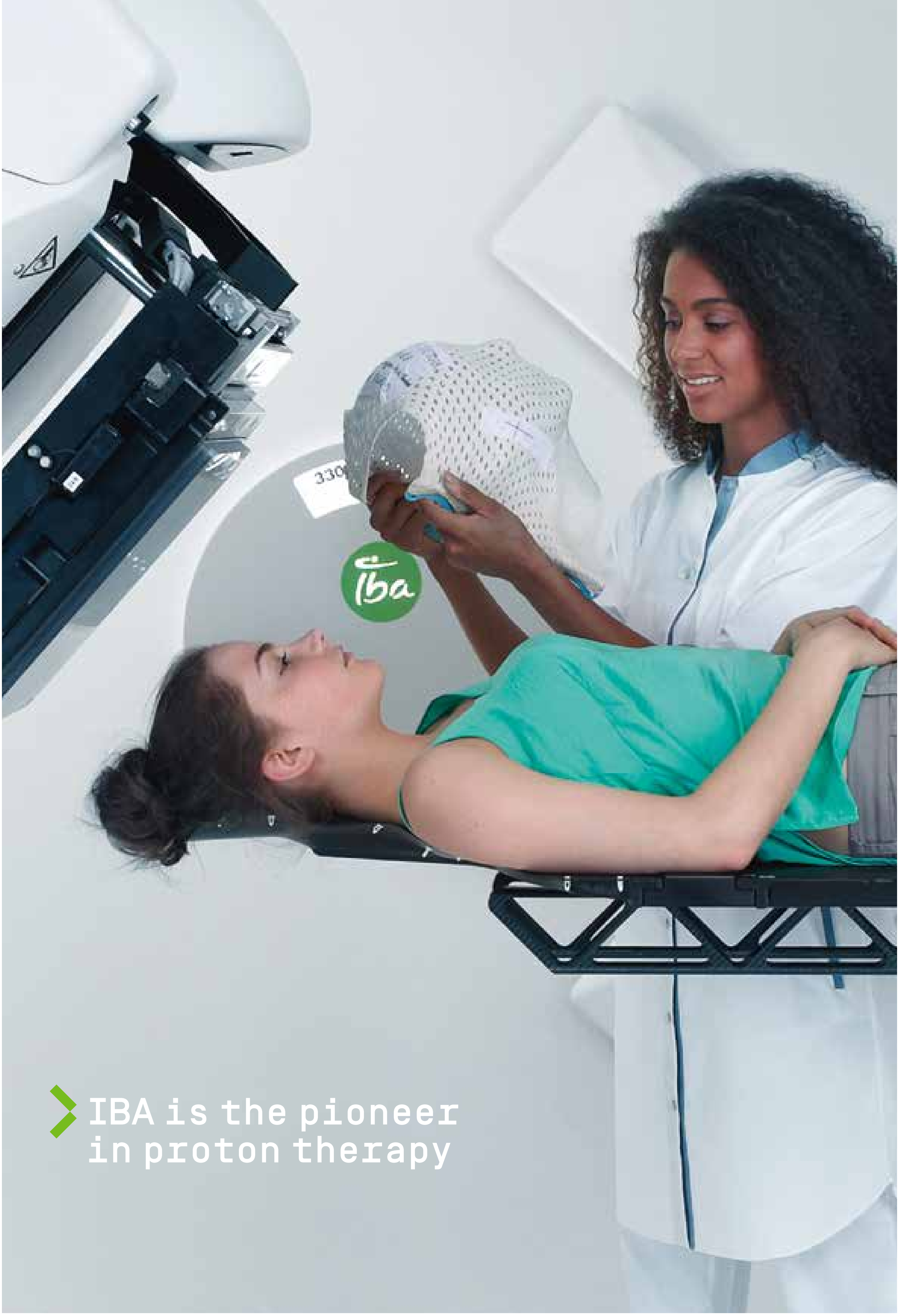


Prescribed dose in tumor

* Proton beams release the majority of their destructive energy within a small range inside the tumor, depositing less entrance dose and no exit dose.

The only thing we, as parents, could do for Viggo was to look for the best therapy in the world so that after treatment, he could maintain a high quality of life.

Valérie Verlinden
Viggo's mother


IBA is the pioneer
in proton therapy

The advantages of proton therapy.

Nowadays proton therapy is used to treat many forms of cancer. It is particularly appropriate in situations where treatment options are limited and conventional radiation therapy using a photon beam presents unacceptable risks to patients. These situations include and are not limited to: eye and brain cancers, head and neck cancers, prostate, liver, lung, breast, and pediatric cancers, as well as other tumors in close proximity to one or more critical structures.

The advantages of proton therapy

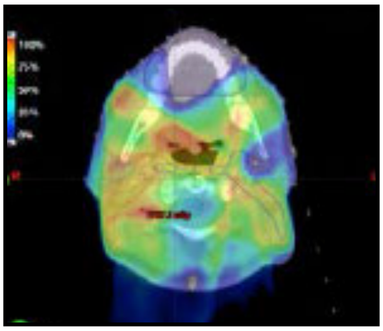
- **Little to no radiation beyond the tumor**
- **Lower integral dose per treatment**
- **Potential to lower the risk of side effects**
- **May improve the quality of life during and after treatment**

Protons can help us be more effective and smarter in the way we try to address and treat the tumor. It can also help us better spare the surrounding tissues.

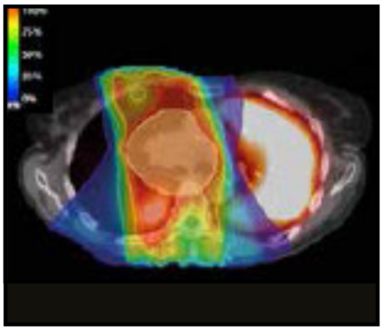
Ramesh Rengan MD PhD
Medical Director, SCCA Proton Therapy Associate Member, Clinical Research Division Fred Hutchinson Cancer Research Center. Associate Professor, Department of Radiation Oncology, University of Washington School of Medicine, USA

Proton therapy vs Conventional photon beam radiation therapy

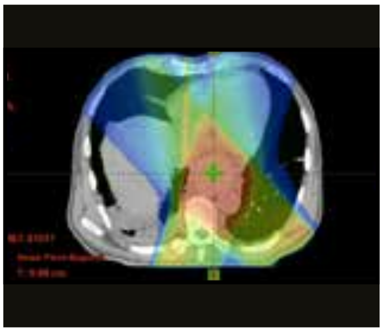
Head and neck | **Lung** | **Esophagus**



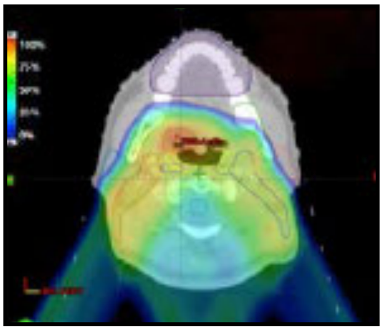
Conventional photon beam radiation therapy



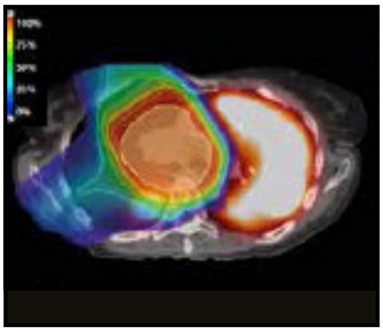
Conventional photon beam radiation therapy



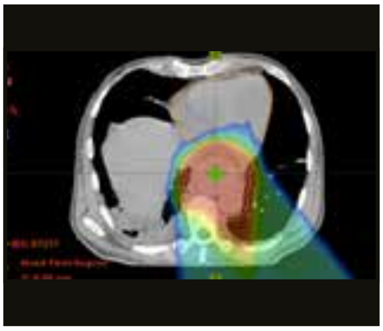
Conventional photon beam radiation therapy



Proton therapy



Proton therapy



Proton therapy

Images with courtesy of Dr Alexander Lin, University of Pennsylvania School of Medicine

Images with courtesy of Stephen Bowen, PhD, University of Washington

Images of the esophagus are from Dr John Plastaras, University of Pennsylvania School of Medicine


Improving the quality
of life during and after
cancer treatment

A new era for proton therapy treatment.

While proton therapy today accounts for less than 1% of radiation therapy treatments, studies estimate that at least 20%* of radiation therapy patients would benefit from proton therapy. A large number of clinical trials are under way to demonstrate the benefits of proton therapy. IBA develops new, more affordable solutions and technologies that will further increase the adoption of proton therapy. These developments will shape the future of proton applications, and undoubtedly open a new era for proton therapy treatment.

** Nederlands Gezondheidsraad. Health Council of the Netherlands. Proton radiotherapy. Horizon scanning report. Publication n° 2009/17E. ISBN 978-90-5549-786-7. www.gezondhheidsraad.nl*

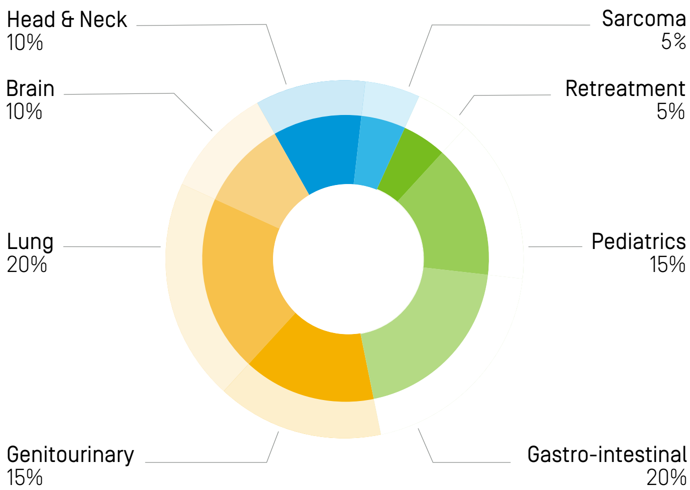
Perspective on radiation therapy patients receiving proton therapy as part of their treatment

1%	today
20%	following reports & policies*
45%	following clients' experiences

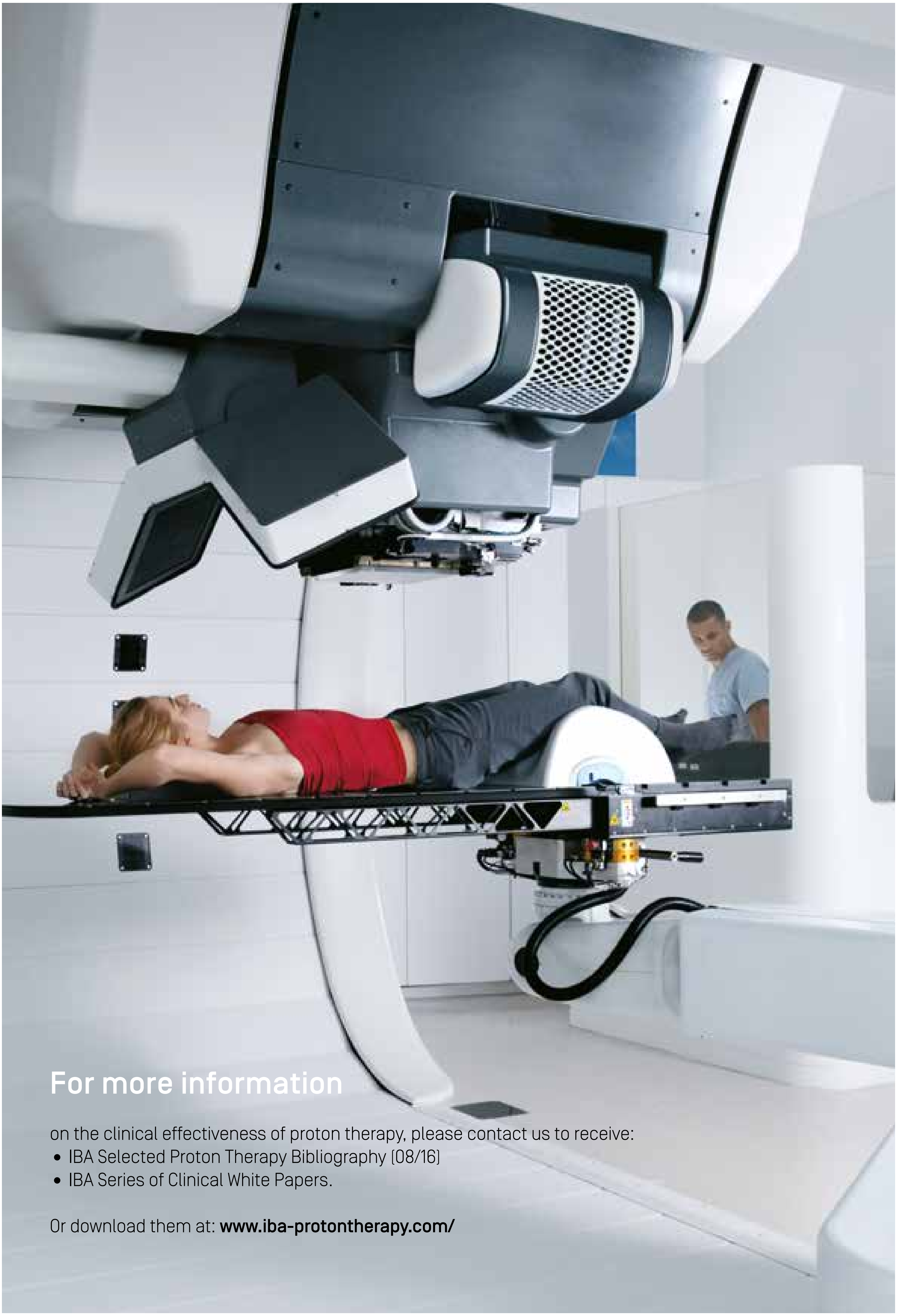
Following our clinical practice experience, we have been able to implement PBS technology and Cone Beam CT which have allowed us to open new protocols and increase to 40% the number of patients eligible for proton treatment at our center.

James M Metz, MD
Chair of Penn Medicine Department of Radiation Oncology
Executive Director, OncoLink,
Philadelphia, PA, USA

Proton therapy typical cancer indication mix
(% patients)



Source : data from a cutting edge academic center in the United States



For more information

on the clinical effectiveness of proton therapy, please contact us to receive:
- IBA Selected Proton Therapy Bibliography (08/16)
- IBA Series of Clinical White Papers.

Or download them at: **www.iba-protontherapy.com/**

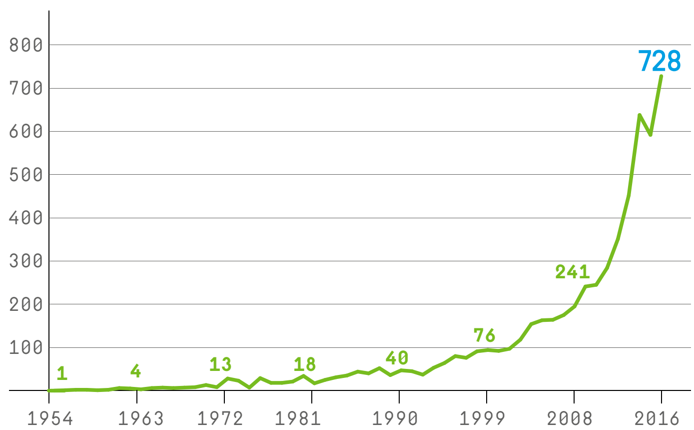
Recognition of the clinical advantages of proton therapy.

Awareness of proton therapy within the medical community is growing, just as the number of patients treated with proton therapy grows. The interest is reflected in the increasing amount of clinical data that has become available. Last year more than 700 scientific papers were published.

To keep up with the new findings, IBA compiles and updates the available data into a series of white papers, dedicated to each specific indication. This series of white papers contains information about current practices and the opportunities and challenges for proton therapy in oncology. Besides making available general information about proton therapy, these white papers present an overview of the available data and results for specific indications, targeting stakeholders in cancer radiation therapy around the world.

728 scientific papers published last year

Publication statistics per year

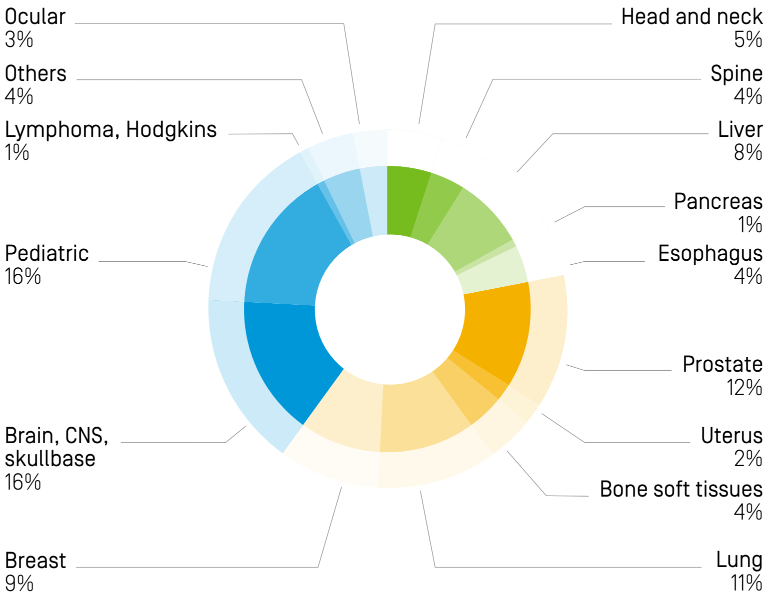


Source: https://www.ncbi.nlm.nih.gov/pubmed
use keywords: "Proton beam therapy" and "Proton therapy"

IBA gathers its customers every year to build proton therapy of tomorrow

IBA users meeting in Dallas, TX, USA, March 2017

PT market scoreboard
Growth in prospective clinical trials
108 trials open and recruiting



Data from https://clinicaltrials.gov/

> *"The IBA users meeting is a unique opportunity to connect with other worldwide experts in proton therapy. It allows exchanging ideas and sharing recent developments with the worldwide technology leader in the field of proton therapy. The Skandionkliniken is happy to be the next center to host the IBA users meeting in 2018."*

Håkan Nyström, PhD
PhD. Chief Physicist at Skandionkliniken, Uppsala, Sweden

IBA makes proton therapy more accessible.

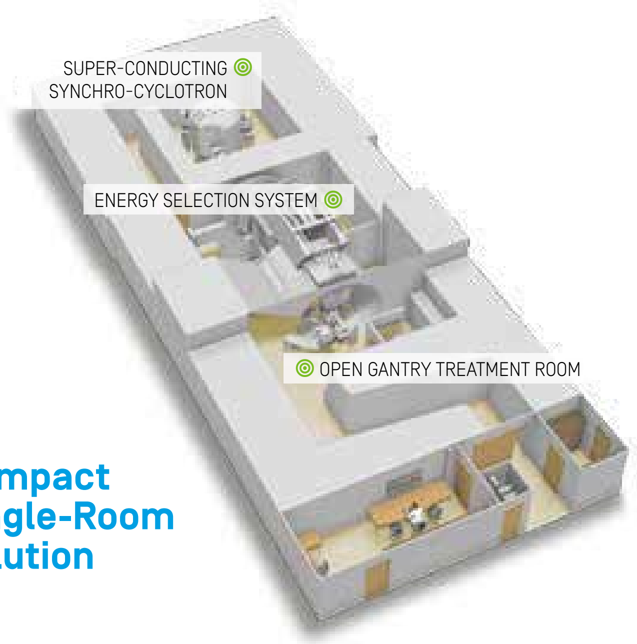
IBA has been researching and developing ways to minimize the cost of proton therapy and make it more accessible to all cancer patients.

In line with this commitment, the Proteus®ONE is a compact single-room solution that is more affordable while also being easier to install, operate and finance. Proteus®ONE delivers the latest improvements in proton therapy: Image-Guided IMPT.

It combines the precise dose delivery of Pencil Beam Scanning (PBS) with the dimensionally accurate imaging of 3D Cone Beam Computed Tomography (CBCT), enabling physicians to truly track where protons will be targeting tumor cells.

Proteus®ONE was inspired by everyday clinical practice. Its patient-centered design was developed in collaboration with Philips Healthcare to foster a soothing patient environment while helping the medical staff work more efficiently.

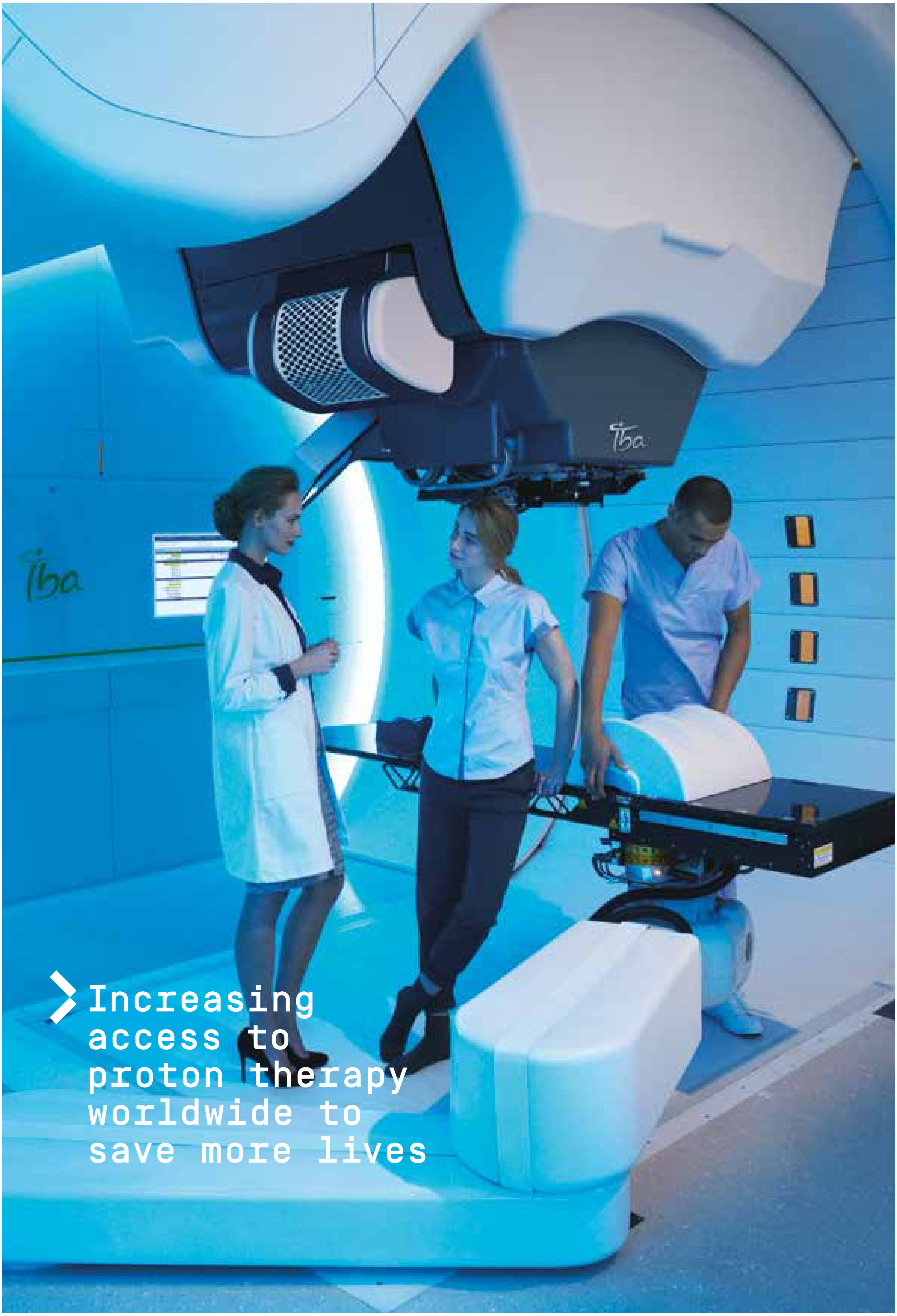
With Proteus®ONE, proton therapy becomes accessible for more patients worldwide. Interest in this compact solution has grown rapidly.



Compact Single-Room Solution

"At the Willis-Knighton Cancer Center in Shreveport, LA, we wanted to offer the latest form of proton therapy, Pencil Beam Scanning, while taking advantage of advances in image guidance and remaining within the budget of our hospital system. We needed assurances that our partner had experience in designing, installing, and maintaining a proton therapy facility but also had the financial strength to invest in research and development for the future. IBA has continually demonstrated innovation in the field of proton therapy and they were chosen for their unique ability to meet our department needs."

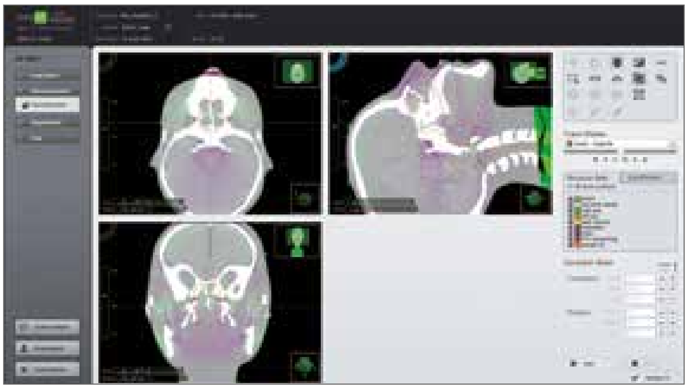
Lane R Rosen, MD
Medical Director
Willis-Knighton Cancer Center, Shreveport, LA, USA


Increasing
access to
proton therapy
worldwide to
save more lives

Treating with Intensity Modulated Proton Therapy.

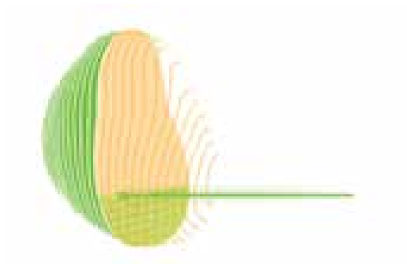
IBA continues to provide the most advanced technologies to its partners and maintains its unrivaled position as an innovator in proton therapy.

IMAGE-GUIDED PROTON THERAPY (IGPT)
Measurement tools are important to maximize the efficiency of radiation therapy, and fine tuning these tools significantly increases the precision of proton therapy. IBA incorporates the latest imaging technologies so clinicians can deliver Image-Guided Proton Therapy (IGPT) to cancer patients. IGPT relies on high-resolution and high-sensitivity X-ray digital imaging systems that provide low-dose stereoscopic and 3D imaging in various geometrical arrangements. Those advanced imaging technologies ensure quick and accurate patient position verification by comparison with diagnostic CT images during the treatment planning process. IBA also benefits from a partnership with Philips Healthcare to provide superior diagnostic imaging expertise.



IBA spends about 10% of its annual revenues on research and development

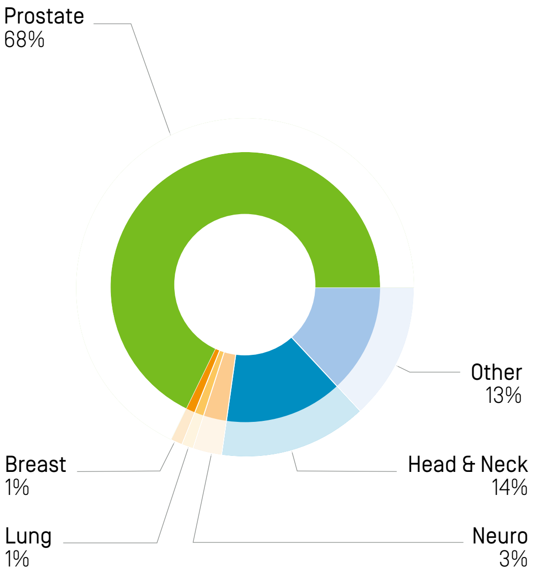
PENCIL BEAM SCANNING
Pencil Beam Scanning (PBS) easily and precisely sculpts the dose in complex volumes. PBS is a proton beam delivery mode which paints the target volume, one layer at a time, voxel by voxel, to precisely match the shape of the tumor. It allows clinics to sculpt the dose with very high levels of conformity and dose uniformity, even in complex shaped tumors. PBS provides the opportunity to increase the number of clinical indications for proton therapy and contributes to minimizing the overall radiation dose.



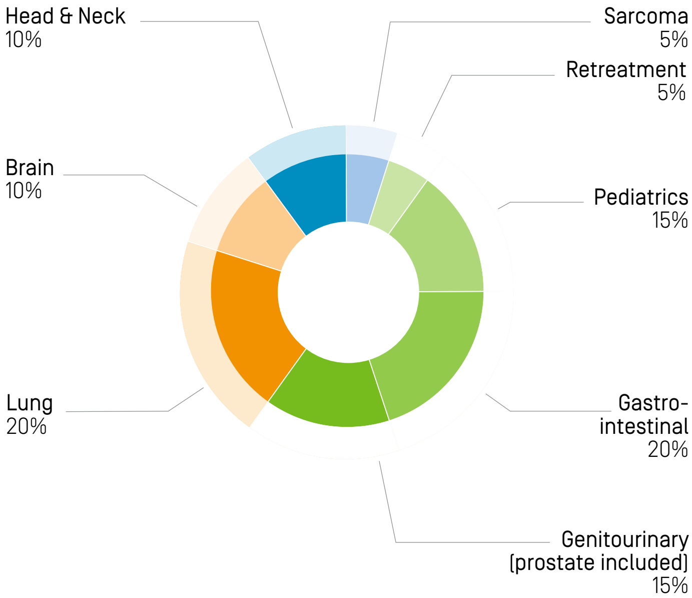
PBS sculpts the dose by painting the target volume, one layer at a time, voxel by voxel

THANKS TO PBS, MORE CLINICAL INDICATIONS ARE TREATED BY PROTON THERAPY

Before PBS



After PBS



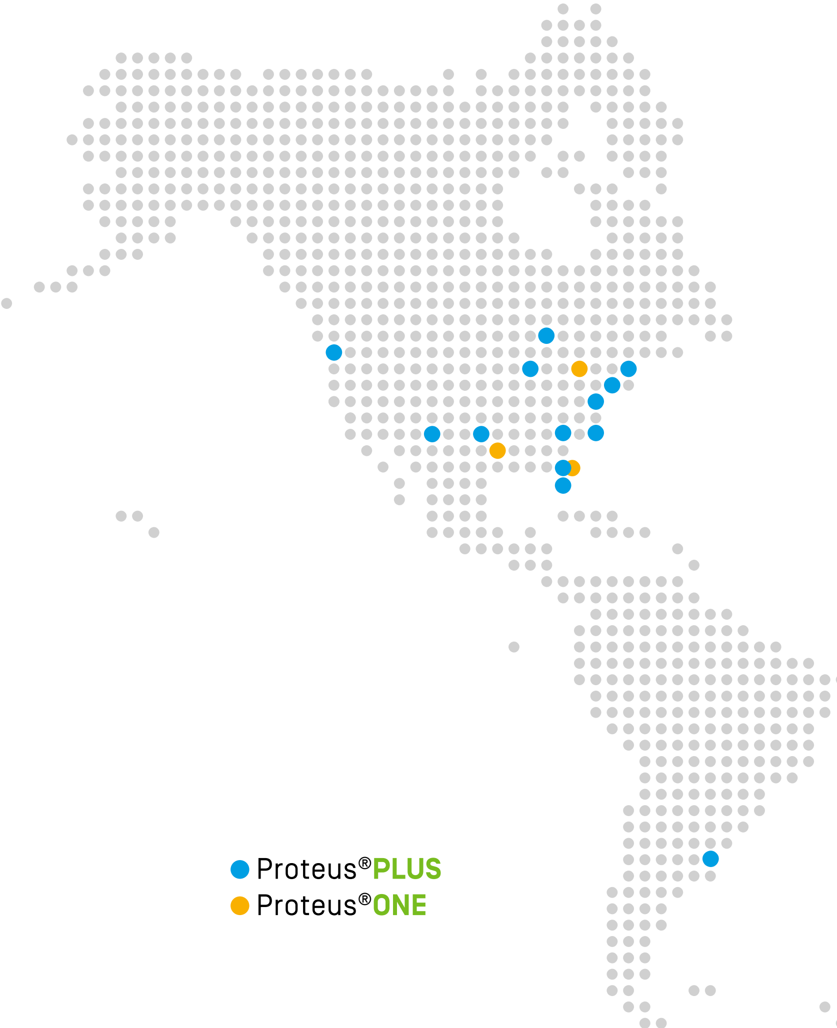
Typical cancer indication treated (% patients)
Data from a leading center in the US)

IBA continues to strengthen its leading market position.

Proton therapy is IBA's principal source of growth for the future, particularly since the company also enjoys the position of uncontested global market leader. IBA provides the systems for more than half of all proton therapy treatment projects in the world.

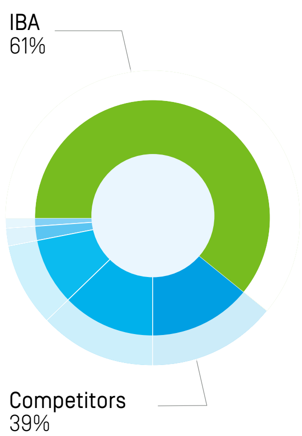
The company benefits from the increasing global adoption and acceptance of proton therapy as it is considered as the most advanced and precise treatment option for radiation therapy patients. IBA has continued to maintain its strong leadership in the field, securing approximately 50% of all proton therapy solutions ordered. To date, more than 50,000 patients have been treated by IBA customers, more than on all competitor systems combined.

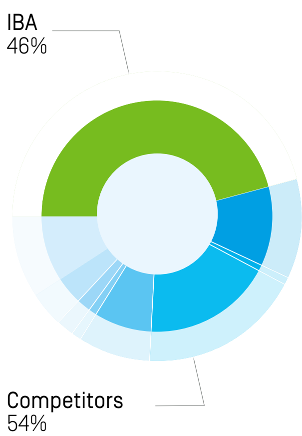
Thanks to new collaborations with Philips and Toshiba, IBA further strengthens its world leadership in proton therapy remaining at the forefront when it comes to delivering the latest in innovative cancer therapy in key regions.



Patients treated with IBA systems + 50 000

Total market share of IBA proton therapy systems 46 %



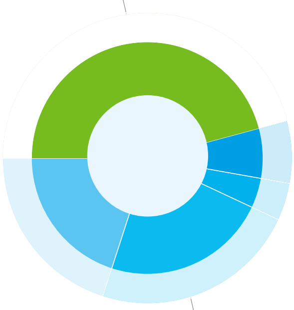


Total market share of IBA proton therapy rooms

45%

North America

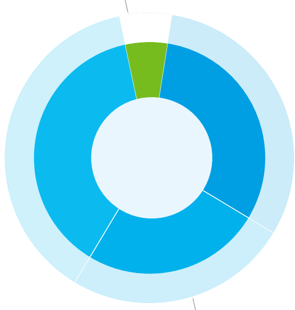
IBA
46%



Competitors
54%

Japan

IBA
6%



Competitors
94%

APAC without Japan

IBA
54%

Competitors
46%

Europe + ROW

IBA
56%

Competitors
44%

DOSIMETRY

Integrated Quality Assurance.

IBA dosimetry offers a full range of integrated high-quality solutions in radiation therapy and medical imaging quality assurance, and calibration procedures.

Both in medical imaging and in radiation therapy applications, radiation has to be applied wisely and carefully. In medical imaging, the goal is to minimize radiation exposure to the patient while maintaining good image quality. In radiation therapy, the goal is to target the tumor mass with a high dose of cancer-killing radiation with pinpoint accuracy, while sparing healthy tissue.

With over 10,000 users worldwide, IBA Dosimetry is the market leader in providing healthcare professionals with high-end quality assurance solutions to measure and analyze the imaging and treatment doses received by patients.

IBA believes that in view of the increasing requirement in the healthcare market for higher patient safety, the demand for dosimetry and quality assurance solutions in conventional radiation therapy, proton therapy, and medical imaging will grow as fast as the demand for radiation therapy and medical imaging equipment.

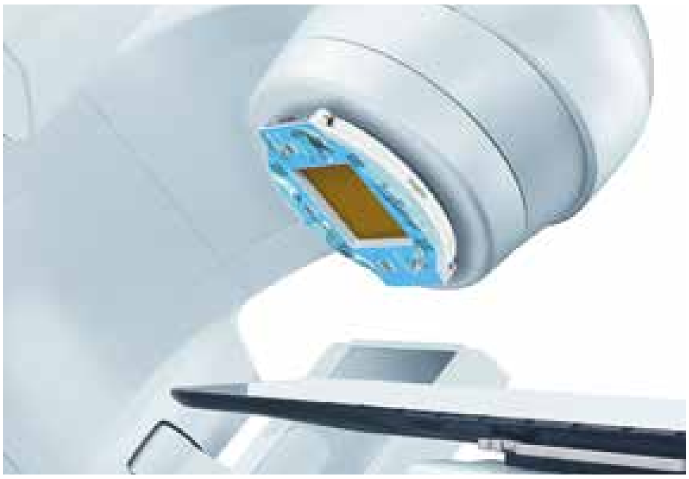
myQA®

myQA® sets a new workflow efficiency standard by integrating all quality assurance applications and data into one common software platform. It offers a complete overview of the radiation therapy department and connects users worldwide, so that new treatment methods can be applied faster and with more confidence - resulting in safer patient treatments.

#1 — Worldwide leader for providing solutions for innovative high-end dosimetry and QA equipment

+10 k — More than 10 000 users worldwide

CAREprogram — Unique CAREprogram for customers: expert services, enhanced trainings, engaging events.



Dolphin® Online Ready Patient QA and Monitoring solution

IBA provides the best patient safety in radiation therapy and medical imaging

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

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

RADIOPHARMA SOLUTIONS

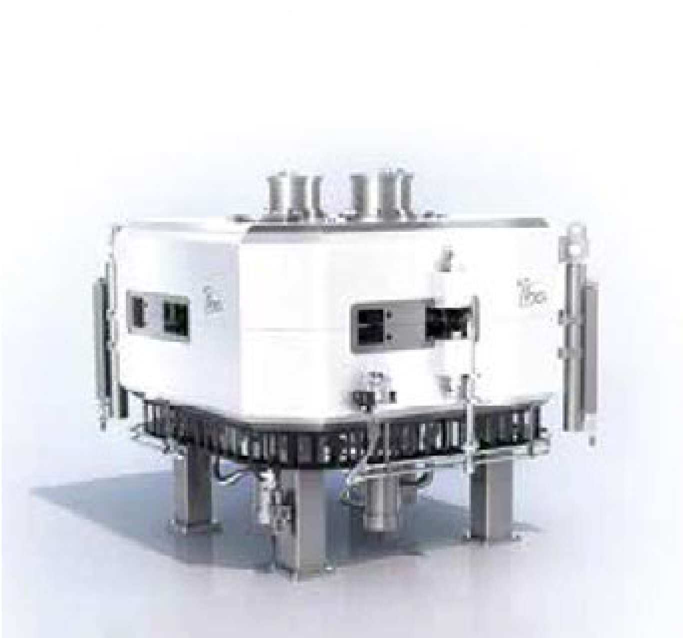
Better diagnosis for better treatment strategies.

IBA has developed in-depth experience in setting up medical radiopharmaceutical production centers. Based on this longstanding expertise, the IBA RadioPharma Solutions team helps nuclear medicine departments in hospitals and radiopharmaceutical distribution centers to design, build and operate a radiopharmacy.

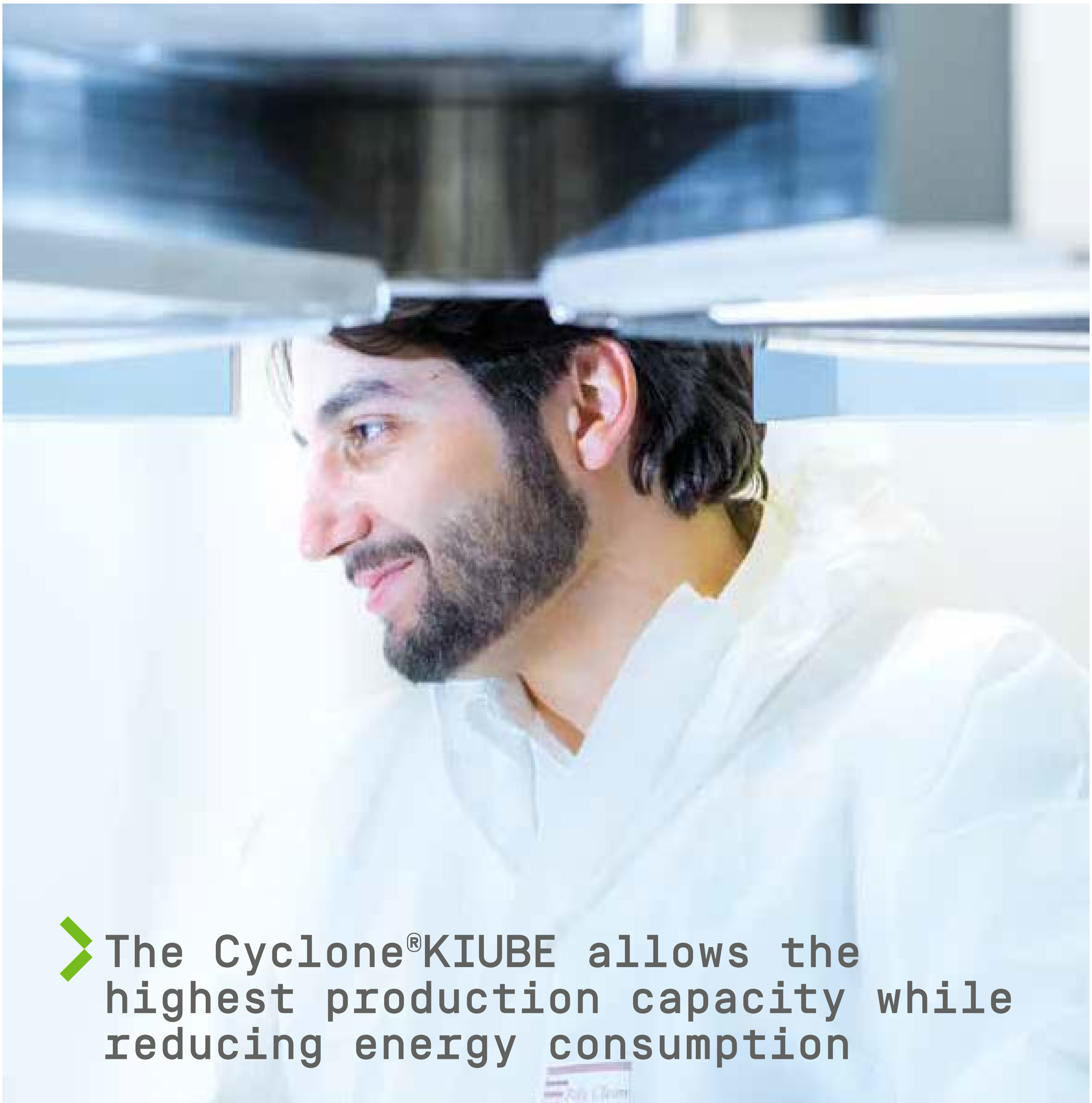
Acquiring a cyclotron is the first step in the complex project of acquiring a fully-functional radiopharmacy, one that requires all components and auxiliary equipment to be integrated into a consistent and efficient radiopharmacy center.

IBA RadioPharma Solutions has already installed 260 cyclotrons and over 500 Synthera® chemistry modules throughout the world. The sales potential for IBA in mid- and high-energy cyclotrons is high considering the increased demand for radiopharmaceuticals for the diagnosis of severe diseases throughout the world, particularly in emerging countries. In addition, in 2016, IBA launched the Cyclone®KIUBE and the Synthera®+ which are the perfect answers to the market needs for PET tracers production.

260	cyclotrons sold worldwide
500	Synthera® sold worldwide
80	radiopharmaceutical production facilities that have been fully integrated by IBA



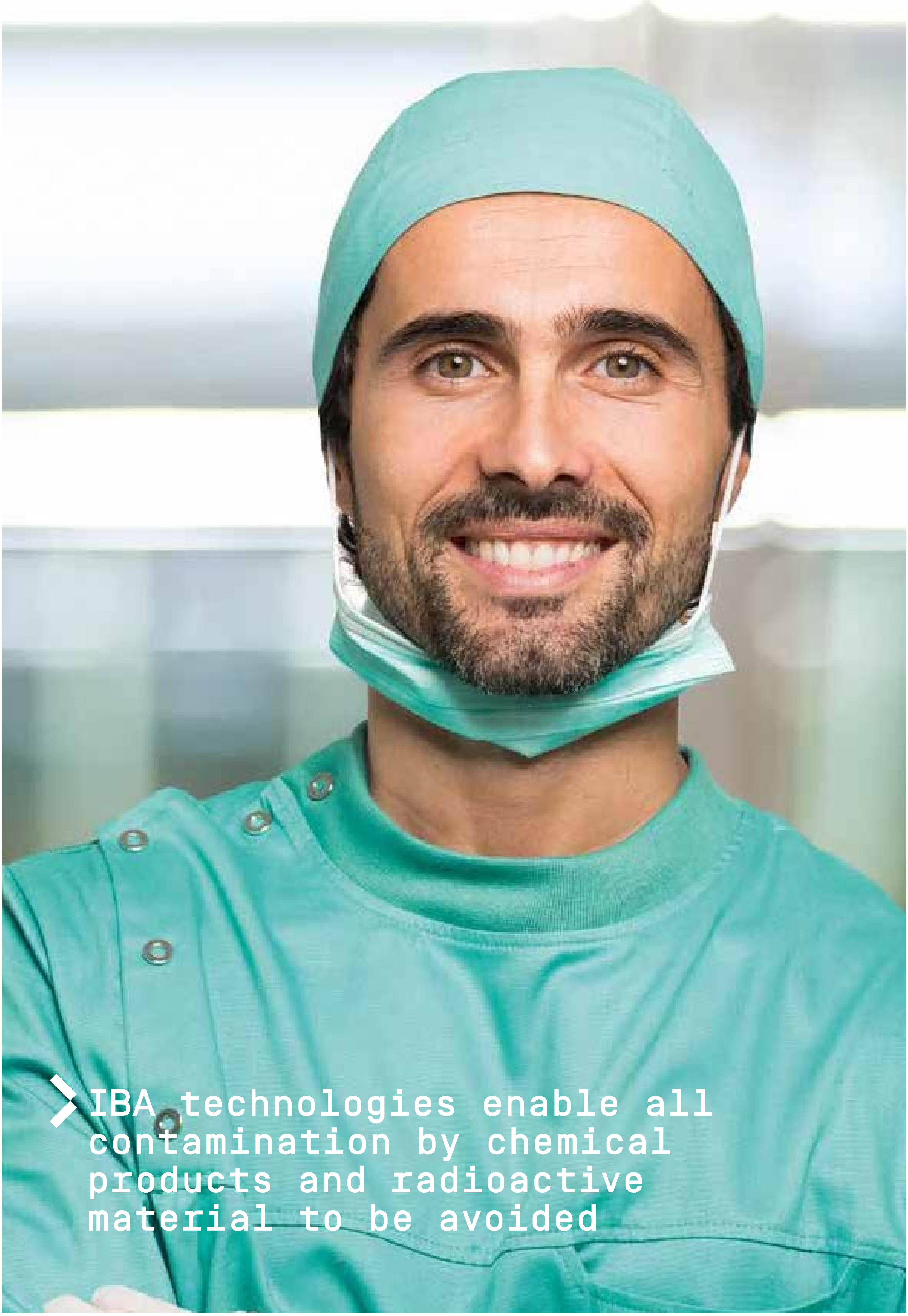
The new Cyclone®KIUBE cyclotron



The Cyclone®KIUBE allows the highest production capacity while reducing energy consumption

"*With the Cyclone®KIUBE and Synthera®+, IBA not only reduces the global footprint of a radiopharmacy but creates the opportunity to do a wider range of products, simultaneously. This allows us to broaden our perspective to deliver the compounds that the community of practitioners and patients need.*"

Trevor Subero
Senior Director, Business Development Zevacor Pharma, Inc. USA


IBA technologies enable all contamination by chemical products and radioactive material to be avoided

INDUSTRIAL & STERILIZATION SOLUTIONS

E-beam and X-ray sterilisation of medical devices.

As the world leader in electron, X-ray and proton high energy accelerators for industrial applications, IBA Industrial remains at the forefront of innovation. The two key target market share the sterilization of single-use medical products and the improvement of the physical properties of polymers (crosslinking).

In the sterilization market, IBA offers unique high power solutions based on the Rhodotron®. These solutions allow customers to sterilize medical devices either by X-ray or electron beam treatment. That enables the industry to break its dependency on chemical or radioactive-based sterilization processes.

The second key target market - polymer crosslinking - is mainly bolstered by the automotive industry, which benefits from light and compact high performance crosslinked electric cables, which improve fuel efficiency.

In addition, IBA Industrial is continuously evaluating and developing new growth markets, such as X-ray cargo screening. IBA Industrial's X-ray generator, based on the Rhodotron®, is the heart of a new kind of cargo screening system installed in the Port of Boston. It is a state-of-the-art, non-intrusive, cargo inspection system designed to efficiently detect, locate and identify contraband and security threats.

Over 200 IBA Industrial accelerators are used in the world today.

#1	Worldwide n°1
+200	industial accelerators

> *We were supported perfectly throughout the whole project lifetime. It's more partnership and not only cooperation.*

Bernhard Gallnboeck-Wagne
Technical Manager, Mediscan GmbH

In 2016, IBA unveiled its new 10 MeV Rhodotron®, the TT50: a new compact system

SUSTAINABLE DEVELOPMENT

We wanted to build a different company. While we need to make a profit, as it is a condition for our survival, we don't consider it an end in itself.

Yves Jongen
Founder and Chief Research Officer

From left to right:Pierre Mottet, Olivier Legrain and Yves Jongen

Since its inception, IBA has focused on bringing real improvement to people's lives, not just on providing services or products. Sustainability is part of our business culture. We share ideas and know-how with our customers and our partners to contribute to new solutions for the diagnosis and treatment of cancer and new processes for the long-term vitality of our industry. We care about the well-being of patients, our employees, society, the Earth and our shareholders because this is the only way we can complete our mission to Protect, Enhance and Save Lives.

OUR AMBITION

Besides its economic purpose, IBA is determined to reduce any negative impact on society and the environment. In this effort toward a sustainable world, we are in the process of defining our focus and main targets, using participative methods. Sharing our ambition and our progress publicly and transparently is a real driver and motivator to go beyond expectations and regulations.

ENGAGEMENT, QUALITY AND INNOVATION

There are three levers of action to realize our ambitions toward sustainability. The first is the engagement of our people through raising awareness about global issues, encouraging voluntary action and supporting employee's initiatives. A second lever is the efficiency and quality of our day-to-day operations, industrial processes and management. The third is about our core business, the heart of our mission: the innovations we develop for our products and services.

Sustainability is part of our culture

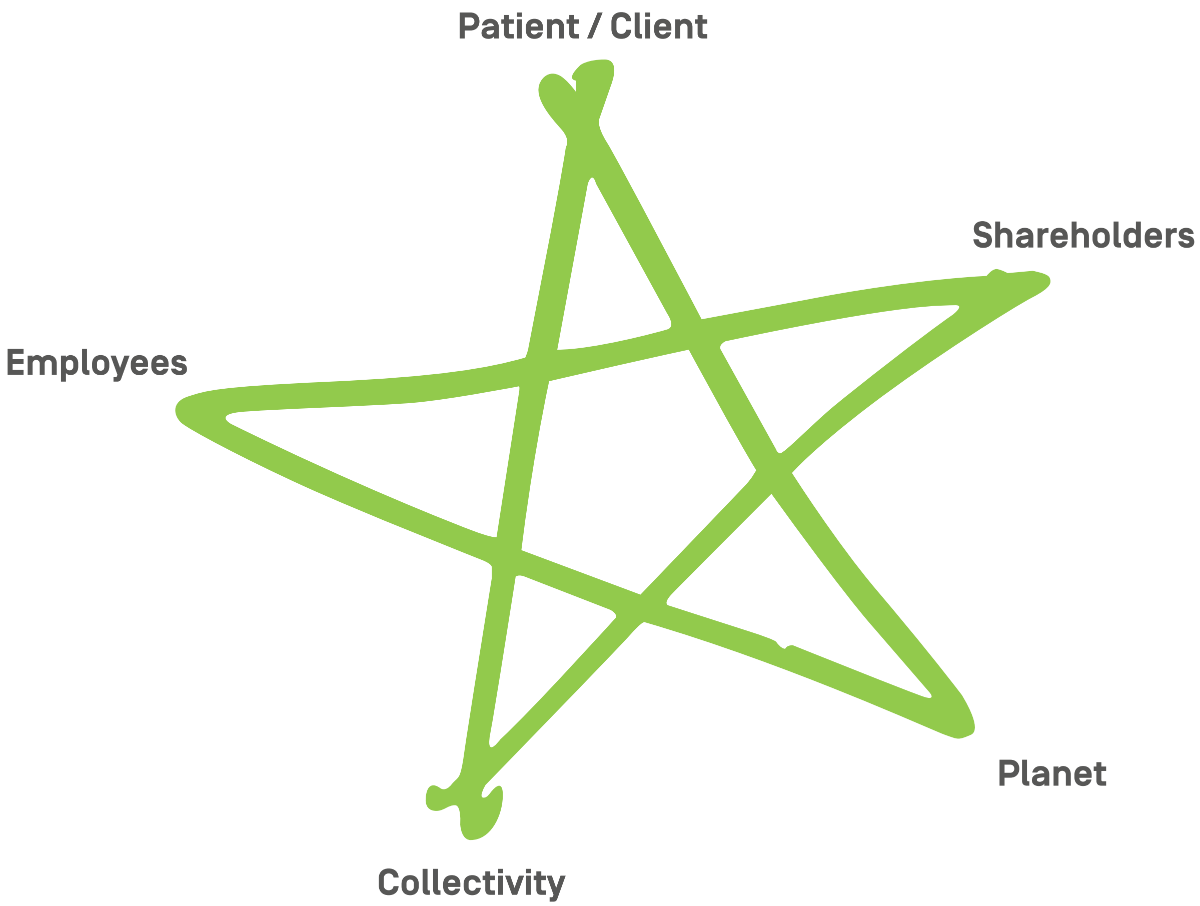
A stakeholder's approach.

We believe that we will create positive impact and values if our stakeholders can be part of the journey, if they can bring their voices into the debate.

IBA is committed to hearing the voices of its stakeholders when defining or reviewing its strategies. Each stakeholder of our five-pointed star deserves our attention. We then strive to keep a fair balance between them, as we don't want to create value for one stakeholder at the cost of another. To the contrary, we focus on synergies between them to improve our positive impact in a global approach.

"*Dare to believe in your dreams, to go beyond the limits of your managerial competencies, to break out of your comfort zone, in your professional life.*
Don't be a conformist.
Be creative and innovative, be an entrepreneur."

Pr Philippe De Woot
Former IBA chairman of the Board of Directors and recognized as a pioneer in the development of the Corporate Social Responsibility



Focus on our customers and their patients.

To satisfy its customers and help them to take care of their patients, IBA works on:

- **Innovation**
  As part of its DNA, IBA develops leading-edge technologies and advanced features in line with its mission to Protect, Enhance and Save Lives.

- **Affordability**
  IBA works continuously to make its solutions affordable to more customers. Today, thanks to the compact proton therapy solution Proteus®ONE, proton therapy is more accessible to cancer hospitals and patients.

- **Clinical Affairs**
  Launched in 2015, IBA continues the white paper series on proton therapy in oncology. This series compiles information on current practice, opportunities and challenges of proton therapy. IBA published three papers in 2016, increasing the awareness of the clinical advantage of proton therapy so that more institutions adopt this technology.

- **Treatment & process quality**
  IBA develops top quality and associated processes (medical and industrial) for the safety of users and the healing of patients.

- **Customer satisfaction**
  IBA fosters a strong quality culture and moves its quality system from a compliance tool to a business and improvement tool. By challenging its internal and external suppliers, the company delivers the best products to its customers.

"We have been able to treat more than 6,500 patients in just 10 years and we have been at capacity since we were open. Over this time period, there have been only six days that we have lost to treatment. So the operation and equipment have been fantastic from the highest levels to the IBA people on the ground. There is an obvious, deep commitment to patient care."

Nancy Mendenhall, MD
Medical Director at UF Health Proton Therapy Institute, Jacksonville, Florida, USA

Focus on our employees.

At IBA, we believe that our people are our most important asset and that they are the driving force behind our organization.

A MUTUAL ENGAGEMENT

IBA is an ambitious company that creates, innovates and stimulates, a company that passionately believes in its employees. Our priority is to ensure their safety and their well-being at work.
Creating an environment in which they can boldly innovate and do an interesting job, with an impact. An environment in which they can develop on a professional and private level. These are just a few of the commitments that IBA has made to its employees in the framework of The Promise.

Without this commitment, the company could never achieve its mission and fulfil its social and economical role. On the other hand, IBA also enjoys the full support and loyalty of its personnel, with an employee turnover of 3.48% around the world and 0.67% in Belgium.

A STRONG CULTURE

IBA employees also share a common open and friendly culture. A culture where we all care for each other and our stakeholders. Where we are mutually accountable for our results. Where we constantly act in the spirit of fairness and sustainability.

EXTERNAL RECOGNITION

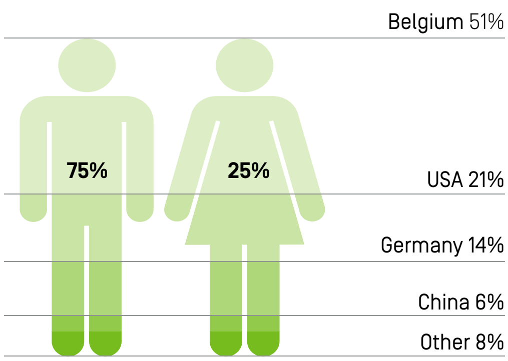
For its contribution to building and sustaining a change-minded workforce and a positive environment for its employees, IBA was honored with a “Corporate HR” and the “Best Workplaces” awards.

Corporate HR Awards 2016

GREAT PLACE TO WORK® Best Workplaces 2017 Belgium

IBA employees profile

IBA employees worldwide



Focus on our Shareholders.

Since its founding, IBA has made sustainability a priority to ensure its economic health and a means of achieving its purpose and mission. Being sustainable means IBA has better access to capital from responsible investors caring about the purpose of our business and the ethical way we work.

Besides investing in an ethical company with a sustainable purpose, we believe that our shareholders also deserve to enjoy a “traditional” return on investment. IBA expects to maintain the dividend pay-out ratio at 30%.

As a recognition of its corporate social responsibility, as per December 31, 2016, IBA was selected for the Triodos sustainable investment universe and became therefore eligible for investment by the Triodos SRI funds and Triodos Bank Private Banking. The share was included in the Triodos Sustainable Pioneer Fund. This fund invests worldwide in small and medium-sized listed companies engaged in innovative and groundbreaking activities in the field of sustainability. Further details about this fund via www.triodos.com

Focus on our Society.

IBA's sustainability program also reaches out to the community and future generations with actions that can change lives.

SUPPORT OF VARIOUS CANCER ASSOCIATIONS

Reinforcing its mission to Protect, Enhance and Save Lives, IBA supports many associations and employee initiatives in the fight against cancer and their efforts to provide patient support.
IBA supports the Belgian foundation against cancer through direct sponsoring, as well as through donations from employee initiatives such as the IBA Sailing Team and the "Golf Against Cancer" event.
In the US, IBA provides a grant to the Compass to Care Childhood Cancer Foundation which helps children access life-saving cancer treatment like proton therapy by providing travel from their homes to the hospital.

INTEGRATION OF YOUNG GRADUATES

With the future in mind, IBA has joined forces with other large European companies to launch the "All4Youth" Program. It helps to integrate young graduates all over Europe in the job market by offering internships. Since the launch of this program in 2015, 150 graduates have had that opportunity at IBA and 28 were offered a contract at IBA.

I've wondered how we could help all these families in need without IBA. I've realized how much of a blessing IBA has been to our organization and to those we help.

Michelle Ernsdorff-May
Compass to Care founder

Volunteers working for the Belgian association "La Vie-là". www.lavielaottignies.org

Focus on our Planet.

PLANET-MINDED PRODUCTION
Finally, IBA measures the environmental impact of IBA's activities (externalities) and assigns financial means for internal company projects aimed at shrinking that impact.

IBA is committed to reducing its greenhouse emissions. In order to determine its goals and the time frame, IBA is currently calculating its precise carbon footprint. Drawing inspiration from the "Science Based Target" method, the company will be able to define its commitments, over the next few months, in line with the climate change targets of COP21.

Among numerous sustainability projects, IBA announced the construction of a new logistic and production center in order to meet the growing demand for the compact proton therapy solution, Proteus®ONE. This new kind of factory will help reduce greenhouse emissions and optimize the use of energy and raw materials. (This construction includes the innovative elements of green roofs, biodiversity, recycled materials, solar panels energy for electricity, lights and heating, among others...)

Lower Activation Concrete is another project that reflects how innovative IBA and its partners can be. It uses concrete that retains less radioactivity in shielding the vaults when testing accelerators. This project illustrates the focus of IBA to reduce and sort waste from our end-of-life products, as well as develop new products and services while using renewables and recycled resources.

We have one life,
we have one world

The new logistic and production center will be operational by 2018

IBA employees working in the IBA vegetable garden

GOVERNANCE

Management Team.

From left to right: Frédéric Nolf, Jean-Marc Bothy, Rob Plompen, Soumya Chandramouli, Yves Jongen, Olivier Legrain

Board of Directors.

From left to right: Jeroen Cammeraat, Sybille van den Hove, Marcel Miller, Olivier Legrain, Pierre Mottet, Dr Mary Gospodarowicz, Eric de Lamotte, Katleen Vandeweyer, Yves Jongen

MANAGEMENT REPORT

Approved by the Board of Directors at its meeting of March 22, 2017.

HIGHLIGHTS OF THE YEAR

The main events of the 2016 financial year, further details of which are contained in the Management report, were as follows:

- Proton Therapy and Other Accelerators order intake of EUR 250 million (2015: EUR 221 million), comprising five Proteus®ONE* and three Proteus®PLUS systems, totaling 17 rooms, and 14 Other Accelerator orders
    - Strong system upgrade sales in 2016: EUR 19.5 million worth of upgrades sold in all business lines, in particular at PT sites in US and Europe
    - Strong sales in Other Accelerators boosted by introduction of new Cyclone®KIUBE PET accelerator
- 42 ongoing Proton Therapy service and long-term maintenance contracts now signed, representing a backlog of EUR 673.3 million over the next 10-15 years, up 17% YoY from 33 contracts, representing EUR 575.0 million
- High period-end backlog for Proton Therapy and Other Accelerators at EUR 335.5 million, slightly above YE 2015. Dosimetry backlog at EUR 17.9 million, slightly down versus EUR 18.4 million in 2015
- Strategy to meet increasing global demand on track:
    - Recruitment of 400 engineers completed. Plan to recruit another 200 engineers in 2017
    - Production capacity scale-up commenced (9000 m² facility under construction)
- Strengthening of management team with appointment of Jean-Marc Bothy as Chief Strategy Officer and Soumya Chandramouli as Chief Financial Officer

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

- Group revenues for the full year ending 31 December 2016 of EUR 328.8 million, up 21.6% from EUR 270.4 million at 31 December 2015
- Highest ever REBIT for the Company at 11.3%, up 25.7% from 2015
- Proton Therapy and Other Accelerators revenue growth of 30% to EUR 280.7 million, up from EUR 216.2 million at 31 December 2015
- Dosimetry sales of EUR 48.1 million, down 11.1% compared to an unusually strong FY 2015, due to slow conversion rate, but improving over Q4.
- Highest ever REBIT for the Company at 11.3%, up 25.7% from 2015
- Net profit of EUR 24.4 million, down from EUR 61.2 million in 2015. 2016 was impacted by around EUR 8 million of non-recurring expenses mostly from one-off incentives to staff, reorganizational costs and write-offs on some minor-loss making contracts. 2015 had been impacted by more than EUR 30 million non-recurring profits, including the capital gain on exit from the Molecular business in 2015 as well as EUR 3.2 million financial profit essentially from FX gains
- Net cash of EUR 44.5 million (EUR 50.0 million at end of 2015)
- IBA's Board of Directors will recommend to the General Assembly the distribution of a dividend of EUR 0.29 per share representing more than 35% of its net profit, at the same level at last year's regular dividend (ie excluding the exceptional dividend distributed following the sale of the Molecular business)
- 2017 financial guidance: Revenue growth guidance maintained at around 15% to 20% in 2017 and double digit thereafter, REBIT margin guidance of approximatively 11% to 12% in 2017; increasing to 13% – 15% in 2018 and stabilizing at 15% by 2020 and 30% dividend pay-out ratio target maintained for 2017

REVIEW OF IBA ACTIVITY SECTORS

THE PROTON THERAPY AND OTHER ACCELERATORS SEGMENT COVERS:

Proton therapy

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

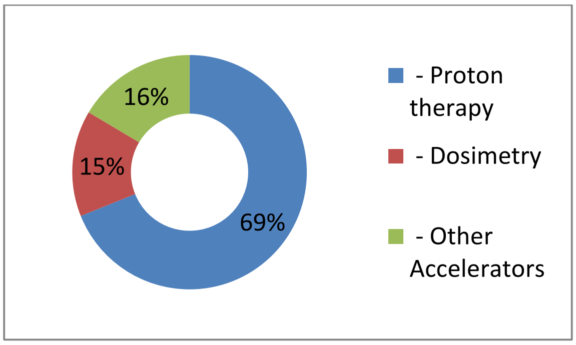
Other accelerators

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

THE DOSIMETRY SEGMENT

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

BREAKDOWN OF CONSOLIDATED TURNOVER BY ACTIVITY



PROTON THERAPY AND OTHER ACCELERATORS

	FY 2015 (EUR 000)	FY 2016 (EUR 000)	Variance (EUR 000)	Variance %
Net Sales	**216 261**	**280 666**	**64 405**	**+29.8%**
- Proton therapy	161 938	226 529	64 591	+39.3%
- Other accelerators	54 323	54 137	-186	-0.3%
REBITDA	**25 270**	**38 613**	**13 343**	**+52.8%**
% of Sales	*11.7%*	*13.8%*		
REBIT	**21 956**	**34 115**	**12 159**	**+55.4%**
% of Sales	*10.2%*	*12.2%*		

Net sales for Proton Therapy and Other Accelerators grew by 29.8% in 2016, driven in part by fast execution of orders in the backlog, in addition to continued strong growth of service revenues, now accounting for 29% of segment revenues.

IBA's Other Accelerators division delivered stable revenues, mostly due to slow conversion of backlog on industrial accelerators, despite 14 orders in 2016. Revenues declined very slightly by -0.3% to EUR 54.1 million, from EUR 54.3 million in 2015.

Proton Therapy service revenues alone increased by 21.7% and, including Other Accelerators, by 16.9%, further indicating the sustainability and predictability of this important revenue stream. The Company now has 42 PT service contracts signed, totaling a backlog of EUR 673 million in future booked recurring revenues over the next 10-15 years.

In addition, IBA has a record year-end backlog in Proton Therapy and Other Accelerators of EUR 335.5 million, up from EUR 332 million at the end of 2015. This figure excludes the H1 2016 order in China (Qingdao) which is awaiting down payment.

IBA has continued to deliver a strong commercial performance with eight systems sold comprising 17 proton therapy rooms in 2016 across all major markets including India (1 system, 3 rooms), China (2 systems, 9 rooms), US (1 room), UK (2 systems, 2 rooms), Belgium (1 room) and Abu Dhabi (1 room).

Additionally, IBA is generating growing revenues from the upgrade of its existing installed base of machines. EUR 19.5 million worth of upgrades were sold in all business lines in 2016 with major upgrades on several PT sites in the US and Europe to bring them up to standard on the latest IBA technologies available to customers today.

Proton Therapy Strategy for Growth

Following the proton therapy orders booked over the last few years globally, IBA launched an international plan to recruit 400 new employees over 2016. Approximately half of these are now based in Louvain-la-Neuve, Belgium, with the remainder in the USA, Europe and Asia. The majority of hires are field service engineers, responsible for the installation and maintenance of proton therapy solutions. Building on this growth and to support further revenue growth, IBA will recruit a further 200 engineers through the course of 2017.

As IBA's operations grow worldwide, the Company has also reorganized its activities, building up a more regionalized structure for certain functions. Notably installation, services and S&M organizations which are being decentralized to better serve customers.

IBA is investing more than EUR 16 million in CAPEX as part of a "scale up" program to increase production capacity. The construction of a new testing vault is well on its way and the permit for the new Proteus®ONE* assembly line, the marketing infrastructure and the customer center was obtained at the end of the year 2016. The majority of these expenses will be in 2017. The assembly line should be operational in Q1 2018 and the rest of the infrastructure will follow in the course of the same year.

Proton Therapy Key Commercial and Strategic Alliances

Building on collaborative achievements since 2014 to provide advanced diagnostic and therapeutic oncology solutions, initiatives continue with Philips to jointly develop next-generation proton therapy planning methods to further increase efficiencies in the patient treatment workflow.

More than 30 IBA proton therapy centers are expected to benefit from an enhanced Cone Beam CT imaging technology as a result of this collaboration with Philips. This advanced imaging technology provides the large field-of-view needed for enhanced image guidance during proton therapy procedures.

IBA announced in August that it has invested USD 2 million in HIL Applied Medical Ltd to develop a laser-based proton therapy solution. HIL is applying a novel, patented approach to particle acceleration and delivery, combining nano-technology with ultra-high-intensity lasers and ultra-fast magnets. This potential technological breakthrough could enable a meaningful reduction in the size and cost of proton therapy solutions without compromising clinical utility in the medium to long term.

In September, IBA entered into a long-term strategic alliance with RaySearch to combine respective technologies and advance adaptive proton therapy. As part of the collaboration, the RayCare® oncology information system, which is currently in development at RaySearch, will be customized for optimal use together with the IBA delivery solutions. The result will be a complete turnkey solution for all software and hardware needed to deliver outstanding adaptive proton therapy treatment.

Proton Therapy – Ongoing Innovation

With the regulatory approval of Proteus®ONE in Japan in December, IBA's compact proton therapy solution is now certified in three major regions: the US, Europe and Japan. Certification in Japan also unlocks the potential of the Japanese distribution agreement signed with Toshiba in 2015 and is expected to add to positive momentum in this market in 2017 and beyond.

In July, Penn Medicine and IBA announced the world's first patient treatment using IBA's Prompt Gamma camera in Pencil Beam Scanning Mode, providing in vivo feedback on the proton beam penetration depth within the patient on an individual spot basis, thus allowing unprecedented quality control of the target volume coverage.

Constantly looking to advance technologies in order to provide better solutions for patients, IBA is working on a number of developments. Motion management will accommodate movement of the target tumor during treatment, improving accuracy and reducing treatment time. To further refine the penetration depth, advanced imagery will reduce the effects of range uncertainties. Adaptive therapies will improve accuracy to account for anatomical changes during the course of treatment.

Radiopharma Solutions

IBA launched a new evolutionary cyclotron at the 2016 Society of Nuclear Medicine and Molecular Imaging (SNMMI) annual meeting in San Diego, California, United States, in June. The Cyclone®KIUBE is a true evolutionary cyclotron meaning that production capacity can be increased step-by-step. Positron Emission Tomography (PET) imaging procedures play a critical role in medical care today and growing demand for radioisotopes means a greater need for efficiency. This new 18MeV cyclotron is more compact (about 30% weight reduction), more powerful, and comes with a self-shielding option.

IBA also launched the Synthera + chemistry box system, in addition to completing the acceptance testing of two Cyclone® 70 for cardiac imaging.

Industrial Accelerators

Over 250 IBA Industrial Accelerators are used in the world today, including some that have been functioning for more than 50 years. IBA's Industrial Accelerators division focuses on two markets: the sterilization of single-use medical products, and the improvement of the physical properties of polymers (crosslinking). IBA Industrial is evaluating new long term markets such as container screening and energy saving solutions. These new markets could contribute to growth of the segment.

At the 18th International Meeting on Radiation Processing in Vancouver, Canada, in November, IBA unveiled its new 10 MeV Rhodotron®: the TT50; a new compact and cost efficient system with a more efficient use of power.

The first fully integrated cargo screening solution integrating a TT100 Rhodotron is in the final commissioning phase before a handover to US Customs for a full year of testing and validation. This solution will dramatically increase the efficiency of detection of radioactive or other threats for cargos entering the Port of Boston, as well as commercial smuggling.

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DOSIMETRY

	FY 2015 (EUR 000)	FY 2016 (EUR 000)	Variance (EUR 000)	Variance %
Net Sales	**54 096**	**48 108**	**-5 988**	**-11.1%**
- Dosimetry	54 096	48 108	-5 988	-11.1%
REBITDA	**8 440**	**4 077**	**-4 363**	**-51.7%**
% of Sales	*15.6%*	*8.5%*		
REBIT	**7 597**	**3 022**	**-4 575**	**-60.2%**
% of Sales	*14.0%*	*6.3%*		

Dosimetry sales were down 11.1%, despite strong Dosimetry for PT activity, partly due to an unusually strong 2015 and also the low conversion rate on long-term orders, even though sales caught up well over Q4 with conversion rates improving.

The total order intake in 2016 of EUR 48.1 million was down 11.1% on FY 2015 due to strong prior year including long term South America orders as well as exchange rate effects.

Despite this, the backlog of EUR 17.9 million remains high (EUR 18.4 million at the end of 2015) and, importantly, over the last three years, the average growth of the Dosimetry business (excluding temporary periodic effects) continues at around 3% in line with Linac market.

In August, Dosimetry announced the first worldwide clinical implementation of its newly released Dolphin Online Ready Patient QA and Monitoring system. The team at the radiation therapy department of the Klinikum Bayreuth GmbH in Germany, has successfully validated and clinically implemented three Dolphin systems at two of its sites.

In addition, IBA has also announced the third release of its global quality assurance platform: myQA®. myQA is a unique platform that connects QA applications and data through a central database and software application.

IBA MOLECULAR

In March, IBA completed the sale of IBA Molecular ("IBAM"), in which IBA had a 40% stake, to funds advised by CapVest Partners LP ("CapVest"). With this transaction, IBA has fully exited its joint venture with SK Capital Partners and retains no interests in IBA Molecular. Most of the capital gain booked in 2015 was distributed to IBA shareholders as part of a dividend payout of EUR 40.1 million in June 2016.

MANAGEMENT'S DECLARATIONS

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

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

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

INCOME STATEMENT

IBA reported a 21.6% increase in revenues to EUR 328.8 million during 2016 (2015: EUR 270.4 million).

Recurring operating profits before interest and taxes (REBIT) continued to improve compared with 2015, due to strong proton therapy order intake and equipment revenues.

The Company's REBIT increased 25.7% in 2016 from EUR 29.6 million in 2015 to EUR 37.1 million in 2016. At constant FX rate, the growth would have been 25.4%.

Other operating result mainly includes a one-time bonus granted to employees excluding management, a provision for a long-term incentive plan, costs of share-based payments and reorganization expenses (see note 25).

IBA's Board of Directors will recommend to the General Assembly the distribution of a dividend of EUR 0.29 per share representing more than 35% of its net profit.

Operating cash flow during 2016 amounted to EUR -17.0 million.

Cash flow from investing was positive at EUR 48.3 million, thanks to the payment received from the disposal of IBA Molecular (Rose Holding SARL) for EUR 62.3 million and the payment of the deferred earn-out related to the disposal of Pharmalogic PET Services of Montreal Cie. assets for EUR 1.2 million compensated by the acquisition of a minority stake in HIL Applied Medical Ltd. for EUR 1.8 million and investments in software, buildings and equipment for EUR 13.0 million.

The net cash position at the year-end was EUR 44.5 million, slightly below year-end 2015 of EUR 50 million.

CONSOLIDATED BALANCE SHEET AND FINANCIAL STRUCTURE

Non-current assets increased by EUR 12.4 million during the 2016 financial year, essentially due to the combined effects of:

- high investment in software, buildings and equipment;
- the acquisition of a minority stake in HIL Applied Medical Ltd;
- the increase of other long-term receivables.

Goodwill at the end of 2016 (EUR 3.8 million) remained unchanged and was related to the Dosimetry business.

Intangible fixed assets (EUR 10.0 million) and tangible fixed assets (EUR 16.3 million) increased by a total of EUR 8.3 million. The change during the year is mainly attributable to high investment in software, buildings and equipment for EUR 13.0 million and depreciation and amortization for 4.7 million.

Companies accounted for using the equity method and other investments increased by EUR 1.3 million, mainly due the acquisition of a minority stake in HIL Applied Medical Ltd. for EUR 1.8 million (USD 2 million) partially compensated by the impact of the margin elimination surplus of a proton therapy project sold to an equity-accounted company for EUR 0.5 million.

Deferred tax assets amounting to EUR 20.4 million decreased by EUR 0.4 million and represent recoverable losses on future earnings, essentially on IBA SA and LLC Ion Beam Applications (Russia) and temporary differences on IBA's American entities and Ion Beam Beijing Applications Co Ltd. amounting to EUR 2.4 million.

Other long-term assets increased by EUR 1.8 million to EUR 18.5 million. This change is essentially attributable to the recognition of additional research tax credit of EUR 2.32 million, the transfer to short term of research tax credit of EUR 0.88 million, the increase of long term trade receivables on a proton therapy customer for EUR 0.42 million and the decrease of long term deposits for EUR 0.23 million.

Current assets amount to EUR 297.8 million at the end of 2016. There was a large increase of EUR 26.1 million compared with 2015.

Inventories and contracts in progress increased by EUR 32.7 million, EUR 25.8 million was attributable to contracts in progress and EUR 9.7 million was attributable to raw materials compensated by the decrease of EUR 2.1 million of the finished products and work in progress and the increase of EUR 0.7 million of write-off on inventories.

Trade receivables increased by EUR 5.8 million.

The decrease of EUR 59.4 million in other receivables mainly related to the decrease of the other receivables related to the disposal of IBA Molecular for EUR 64 million, the decrease of the deferred earn-out related to the disposal of Pharmalogic PET Services of Montreal Cie. assets for EUR 1.16 million, the increase of advance payments made to suppliers for EUR 3.4 million, the increase of value added tax and other tax receivables for EUR 0.8 million and the increase of prepaid expenses for EUR 1.4 million.

Non-current liabilities increased by EUR 14.9 million compared with the end of 2015 to EUR 43.8 million at the end of 2016. This change is mainly attributable to the following factors:

- Long-term borrowings increased by EUR 12.5 million, essentially due to a new loan from a Belgian bank for EUR 10 million (of which EUR 2 million was reclassified to short term and EUR 1.0 million was repaid), the issuing of a private five-year bond subscribed for an amount of EUR 5.75 million and the reclassification to short-term of financial leases amounting to EUR 0.22 million. At the end of 2016, long-term borrowings amounted to EUR 27.75 million, comprising EUR 15 million for the SRIW loans, EUR 7.0 million for a Belgian bank loan and EUR 5.75 million private bond.
- The increase of EUR 0.75 million in other long-term liabilities results mainly from the recording of additional long-term contractual obligations related to proton therapy projects for EUR 0.3 million, the increase of other long-term liabilities related to the partial impact of the margin elimination surplus of a proton therapy project sold to an equity-accounted company for EUR 0.5 million and the decrease of advances received from the Walloon Region of Belgium for EUR 0.05 million.
- The increase of EUR 1.18 million in long-term provisions results mainly from the recording of additional long-term incentive plan provision for EUR 1.87 million and the reclassification to short-term of provisions covering the Group's estimated commitments under the agreement with SK Capital Partners for EUR 0.66 million.

Current liabilities decreased from EUR 205.9 million in 2015 to EUR 186.4 million in 2016. The following elements are to be noted:

- Short-term provisions, which amounted to EUR 6.3 million at the end of 2016, decreased by EUR 0.7 million, mainly due to the reduction on provisions related to the settlement for outstanding claims and counterclaims regarding IBA Molecular for EUR 0.7 million.

- Short-term borrowings of EUR 2.15 million at the end of 2016 include the short-term portion of the loan from a Belgian bank for EUR 2.0 million and the short-term portion of financial lease obligations for EUR 0.15 million. Short-term borrowings have decreased due to advance repayment of the total remaining amount due to the E.I.B. for EUR 16.3 million compensated by the reclassification from long term of the short-term portion of a loan borrowed from a Belgian bank for EUR 2.0 million.
- Other short-term payables at the end of 2016 amount to EUR 118.8 million which represent a decrease of EUR 16.5 million compared to 2015. This decrease is mainly explained by the decrease of contractual advance payments received for proton therapy orders for EUR 19.1 million, the decrease of other current liabilities for EUR 2.5 million partially compensated by the increase of non-trade payables for EUR 0.8 million, the increase of deferred income for EUR 0.8 million, the increase of social debts for EUR 2.8 million and the increase of advances received from Walloon Region of Belgium for EUR 0.7 million.

The Group's cash and cash equivalents decreased by EUR 7.15 million in 2016, mainly due to a negative operating cash-flow of EUR 17.0 million, to acquisitions of tangible and intangible assets of EUR 13.0 million, by the investment in HIL Applied Medical Ltd. of EUR 1.8 million and by a financing cash-out of EUR 38.8 million mainly related to the dividend payment of EUR 40.3 million reduced by cash-in related to the disposal of IBA Molecular for EUR 62.28 million and cash-in for a deferred earn-out related to the disposal of Pharmalogic PET Services of Montreal Cie. assets for EUR 1.16 million.

Net financial position decreased from EUR 50 million net cash end of 2015 to EUR 44.5 million end of 2016.

RESEARCH AND DEVELOPMENT

Research and development expenses related to the Group's businesses amounted to EUR 34.66 million (10.5% of sales) in 2016 less EUR -2.31 million of research tax credit for which provisions were recognized.

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

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

There was no issues of stock options or convertible bonds in 2016. The capital was increased several times further to the exercise of stock options granted to employees. Those are further detailed in Section General Information – Capital (See page 151).

REPURCHASE OF OWN SHARES (ART. 624 C)

IBA SA did not repurchase or sell any of its stock in 2016. At December 31, 2016, IBA SA held 63 519 of its own shares.

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

In 2016, the reported profit for the period reached EUR 26.7 million compared to EUR 23.4 million in 2015. This presents an increase of EUR 3.3 million.

Sales and services (non-recurring excluded) increased by 30% in 2016 from EUR 247.7 million to EUR 322.7 million due to strong order intake in proton therapy but also growth in maintenance operations and good ongoing equipment project execution.

Operating profit (excluding non-recurring impact) amounts to EUR 29.5 million in 2016 against EUR 24.9 million in 2015, resulting in a net increase of EUR 4.5 million. Operating expenses (non-recurring excluded) went up EUR 70.4 million in 2016. This increase is attributable to the company's investment in growth mainly in areas such as purchase of services and goods and hiring additional staff. The R&D expenditure of EUR 32.3 million in 2016, compared to EUR 27.3 million in 2015, is capitalized. The development expenses of EUR 29.0 million are depreciated over three years where research expenses EUR 3.3 million are depreciated immediately in the same year.

IBA presented a financial charge of EUR 1.7 million in 2016 compared to a financial charge of EUR 0.8 million in 2015. The interest charges on loans in 2016 represent EUR 1.6 million. The remainder includes mostly foreign exchange impacts and bank charges.

The operational perspectives of IBA SA remain highly positive.

At the end of 2016, the Company had eight branches in Prague, Czech Republic; Orsay, France; Krakow, Poland; Trento, Italy; Seoul, South Korea; Uppsala, Sweden; Groningen, Netherlands; and Newport, United Kingdom. The branches were established as part of the company's Accelerator business.

CONFLICTS OF INTEREST

BOARD MEETING OF MARCH 21, 2016

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

"*The directors affected by the conflict of interests decide not to participate in the deliberations relating to the proposals on the agenda, nor to take part in the vote. After deliberation, the Board unanimously approves the recommendations made by the compensation Committee in his report to the Board* regarding the Managing Directors remuneration."

COMPETENCE AND INDEPENDENCE OF MEMBERS OF THE AUDIT COMMITTEE

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

- Ms Katleen Vandeweyer (representing Katleen Vandeweyer Comm. V.), chairman of the Audit Committee since 2015, member of the Audit Committee and Board member since 2013, is CFO of Worldline SA/NV, an Atos company. As such, she participates in many Audit Committees and is responsible for the overall financial management of Worldline, including the establishing of statutory accounts, tax management, treasury management and financial controlling of operations. Ms Katleen Vandeweyer is also member of the Board of Directors of BPost Bank and is member of the Risk and Remuneration Committee of this bank.
- Mr. Jeroen Cammeraat, member of the Audit Committee and Board member since 2014, is CEO of venture capital backed ophthalmology companies i-Optics BV and Cassini BV and former COO of global radiation therapy company Nucletron BV. As such, he has an extensive track record in managing global businesses including financial management, complex financing structures, shareholder and investor relations.

SIGNIFICANT ACQUISITIONS AND DIVESTMENTS IN 2016

No significant acquisition or divestment occurred in 2016.

PRINCIPAL RISKS AND UNCERTAINTIES FACED BY THE COMPANY

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

AUTHORIZATIONS

Some IBA products and devices cannot be marketed without regulatory approval or registration as medical devices. Such authorization is necessary in each country where IBA wishes to market a product or device. At the end of 2016 IBA was authorized to market its particle therapy devices in the United States (FDA), the European Union (LRQA), Australia (TGA), Russia (Gost-R) and South Korea (MFDS), Taiwan (TFDA), Singapore (SFDA) and Japan (Shonin). Authorizations may always be revoked. Moreover, as IBA's equipment evolves technologically, further authorizations may be required.

TECHNOLOGY RISKS

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

REIMBURSEMENT OF HEALTHCARE

The subsidization by healthcare reimbursement institutions of costs for 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 financial instruments but cannot however, predict sudden changes in these ratings or market modifications leading to the loss of this liquidity.

DECOMMISSIONING RISK

The risk of decommissioning at IBA facilities can be considered low since there is neither production of radioisotopes nor are the accelerators activated during the production phase.

There is a decommissioning risk where IBA operates an accelerator for R&D or business purposes.

DEPENDENCE ON CERTAIN MEMBERS OF STAFF

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

DEPENDENCY ON A SPECIFIC CUSTOMER OR A LIMITED NUMBER OF ORDERS

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

INTELLECTUAL PROPERTY (PATENTS)

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

COMPETITION AND RISK OF RAPID PRODUCT OBSOLESCENCE

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

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

PENALTIES AND WARRANTIES

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

EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On February 17, 2017, IBA announced that it has been selected as the preferred vendor by four leading universities of Brussels (ULB), Liège (Ulg), Mons (UMons) and Namur (UNamur), alongside the Wallonia Region government, to install a Proteus®ONE solution, IBA's single-room compact proton therapy system, in Charleroi, Belgium. IBA was selected following a comprehensive European public tender process and expects to sign a final contract in the coming weeks, after expiration of the applicable waiting period.

The new center will be dedicated primarily to the research and development of new proton therapy applications and techniques in order to extend the range of proton therapy used in the treatment of cancer. The center, which will also treat patients, will be located in Charleroi and is expected to be operational in 2020. The Wallonia Region will invest a total of EUR 47 million in this research project, which will include the IBA technology, research program, maintenance contract as well as related equipment.

On February 23, 2017, IBA announced that it has signed a contract with Quirónsalud, Spain's leading hospital group and part of Germany's Helios Group, to install a Proteus®ONE compact proton therapy solution in Madrid.

The contract covers delivery of a Proteus®ONE solution, including latest generation Pencil Beam Scanning (PBS), isocenter volumetric imaging (Cone Beam CT) capabilities and a long-term maintenance agreement. The hospital group will also benefit from Penn Medicine and IBA's world leading proton therapy clinical education program. The hospital will be ready to start treating patients by 2019. The typical end-user price for a Proteus®ONE system with a maintenance contract is between EUR 35 and 40 million.

GENERAL OUTLOOK FOR 2017

Proton therapy's penetration of the radiation therapy market continues to grow due to increasing clinical relevance, affordability and technological advances. To keep ahead of and to lead this growth, IBA continues to scale up production capacity, including investment in a new Proteus®ONE assembly line and a new customer center, with an expected further combined CAPEX of about EUR 16 million, of which around EUR 10 million will be invested in 2017. The Company is also recruiting an additional 200 engineers and qualified staff, worldwide, through 2017.

IBA has a record backlog of EUR 335.5 million and the sustainable revenue source from service and maintenance contracts now represents EUR 673.3 million of revenue over the next 10-15 years. IBA expects to achieve revenue growth between 15% to 20% in 2017 and double digit thereafter.

The Company expects its operating margin to be 11% to 12% in 2017, increasing to 13%-15% by 2018 and stabilizing at 15% by 2020.

IBA is planning to maintain a dividend payout ratio of 30%.

This guidance is based upon the continued expected growth of the proton therapy market but also the balance between the economies of scale that we can achieve at a higher production rate. In addition, the growing importance of service revenue versus the increased demand driven by the equipment price tag reduction in the proton therapy market and our continued investment in R&D and software capabilities, are anticipated to be contributing factors.

CORPORATE GOVERNANCE STATEMENT

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

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

CHARACTERISTICS OF INTERNAL CONTROL SYSTEMS AND RISK MANAGEMENT

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

CONTROL ENVIRONMENT

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

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

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

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

RISK MANAGEMENT PROCESS

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

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

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

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

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

- A monthly management dashboard (versus budget, versus previous year);
- A 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 matrix for all Group commitments to third parties;
- The introduction of double-signature bank authorizations to prevent the handling of accounts by a single individual;
- The nomination of a Chief Compliance Officer responsible for compliance with various procedures as well as the code of business

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

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

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

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

CONTROL ACTIVITIES

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

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

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

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

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

INFORMATION AND COMMUNICATION

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

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

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

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

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

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

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

MANAGEMENT

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

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

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

LEGISLATION GOVERNING TAKEOVER BIDS AND TRANSPARENCY

DISCLOSURES REQUIRED UNDER TRANSPARENCY LEGISLATION

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

In this framework, IBA SA received the following notifications:

November 10, 2016

On November 10, 2016, IBA received a transparency notification regarding Capfi Delen Asset Management NV ("Delen"). Delen purchased IBA shares with voting rights, so that as from November 10, 2016, Capfi Delen Asset Management NV held 889 372 IBA shares with voting rights. As a result, Delen owned 3.01% of IBA shares with voting right, over the 3% threshold provided in Article 34 of IBA's Articles of Association.

IBA has not received any other transparency notifications in 2016.

LEGAL OR STATUTORY RESTRICTION TO THE EXERCISE OF VOTING RIGHTS

Further to Article 34, 5° of the Royal Decree of November 14, 2007 regarding the obligations of issuers of financial instruments admitted to trading on a regulated market, the management report of the Company exposes any legal or statutory restriction to the exercise of voting rights that may have an influence in case of a takeover bid.

Article 25 of the Company's Articles of Association provide the following limitation:

"*Each share gives the right to one vote.*
However, no shareholder can, with its affiliated companies and persons, vote at a general assembly for more than 35% of the voting rights of the Company.
Moreover, insofar other non-affiliated shareholders holding at least 15% of the voting rights of the Company take part in the assembly, no shareholder shall be entitled, together with its affiliated persons, vote for more than 50% less one vote of the votes.
For the application of the previous alineas, is affiliated to a shareholder : (i) any company or person affiliated to it in the meaning of Article 11 of the Belgian Companies Act; (ii) any physical or moral person part of the management of the said shareholder or of a company listed under (i), (iii) any third party acting in its own name but for the account of the said shareholder or of a company listed under (i) or (ii), (iv) any shareholders that provided the said shareholder listed under (i), (ii) or (iii) with a power of attorney to represent them at the said assembly."

STRUCTURE OF THE SHAREHOLDING

To the best of the Company’s knowledge, there were no other relationships or special agreements among the shareholders as at December 31, 2016.

Further to the events mentioned under this section "LEGISLATION GOVERNING TAKEOVER BIDS AND TRANSPARENCY", the shareholdings of the shareholders known to IBA have undergone various modifications which can be summarized as follows:

Situation as at		December 31, 2015		December 31, 2016		Variation	
Denominator		**29 115 067**		**29 764 396**			
Entity		**Shares**	**%**	**Shares**	**%**	**Shares**	**%**
Belgian Anchorage SCRL		6 204 668	21.30%	6 204 668	20.85%	0	-0,46%
IBA Investment SCRL		610 852	2.10%	610 852	2.05%	0	-0.05%
IBA SA		63 519	0.22%	63 519	0.21%	0	-0.01%
	Subtotal	6 879 039	23.62%	6 879 039	23.11%	0	-0.52%
UCL		426 885	1.47%	426 885	1,43%	0	-0,04%
Sopartec SA		234 531	0.81%	193 801	0.65%	-40 730	-0.15%
	Subtotal	661 416	2.28%	620 686	2,09%	-40 730	-0.19%
S.R.I.W.		704 491	2.42%	704 491	2.37%	0	-0.05%
S.F.P.I.		69 200	0.24%	62 700	0.21%	-6 500	-0.03%
IRE FUP		1 423 271	4.89%	1 423 271	4.78%	0	-0.11%
Capfi Delen Asset Management NV				1 207 375	4.06%		
	Total	**9 737 417**	**33.45%**	**10 897 562**	**36.61%**		
Floating		**19 377 650**	**66.55%**	**18 866 834**	**63.39%**		

GOVERNING BODIES AND COMMITTEES

BOARD OF DIRECTORS

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

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

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

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

The Board of Directors met 5 times in 2016, under the chairmanship of Mr. Pierre Mottet. Attendance at meetings of the Board was high. A large majority of the directors attended all meetings. Only one absence was recorded for all of the meetings, which represent an absentee rate of approximately 2%. The Company believes that the attendance record of individual directors is not pertinent in the context of this report.

On the proposal of the Nomination Committee, the Ordinary General Meeting of May 11, 2016 (i) approved the renewal of the term of SCS Consultance Marcel Miller represented by its director Monsieur Marcel Miller, as independent director and fixed the expiry of its term of office at the 2020 Ordinary General Meeting convened to approve the financial statements for the 2019 financial year, (ii) approved the appointment of Median Sustainability S.L (incorporated under Spanish law), represented by its manager Sybille van den Hove, as independent director and fixed the expiry of its term of office at the 2020 Ordinary General Meeting convened to approve the financial statements for the 2019 financial year.

On the proposal of the Managing Directors, , the Ordinary General Meeting of May 11, 2016 (i) approved the renewal of the term of Mr. Olivier Legrain, as internal director and fixed the expiry of its term of office at the 2020 Ordinary General Meeting convened to approve the financial statements for the 2019 financial year.

Board of Directors as at December 31, 2016:

NAME	AGE	START OF TERM	END OF TERM	DUTIES AT IBA	PRIMARY DUTIES OUTSIDE IBA
Olivier Legrain[1]	48	2012	AGM 2020	Chief Executive Officer / Internal Director / Managing Director/ NC	N/A
Saint-Denis SA (represented by Pierre Mottet)[1]	55	1998	AGM 2019	Internal Director / Chairman of the Board of Directors / CC (president) NC (president)	Director of UWE (Walloon Business Association), Agoria and several funds and start-ups in the field of health and environment
Yves Jongen[1]	69	1991	AGM 2017	Chief Research Officer / Internal Director / Managing Director / NC	Before the establishment of IBA in 1986, Director of the Cyclotron Research Center of the Université Catholique de Louvain (UCL)
Bayrime SA (represented by Eric de Lamotte) [3]	60	2000	AGM 2017	Other Director / AC	Director in several companies. Former CFO of IBA (1991- 2000)
Consultance Marcel Miller SCS (represented by Marcel Miller) [2]	63	2011	AGM 2020	Independent Director / CC NC	President Alstom Belgium / Director Agoria Wallonia / Vice-President UWE / Director Technord
Mary Gospodarowicz [2]	69	2012	AGM 2017	Independent Director	Staff Radiation Oncologist, Radiation Medicine Program, Princess Margaret Cancer Centre, University Health Network, Toronto Medical Director, Princess Margaret Cancer Centre, University Health Network, Toronto Regional Vice-President, Cancer Care Ontario, Toronto President, Immediate Past President and member of the Board of directors, Union for International Cancer Control
Jeroen Cammeraat [3]	51	2014	AGM 2019	Independent Director / CC NC AC	CEO i-Optics BV CEO Cassini BV
Katleen Vandeweyer Comm. V. (represented by K Vandeweyer) [2]	47	2013	AGM 2018	Independent Director / AC (president)	CFO of Worldline SA/NV Independent director at BPost Bank
Median Sustainability S.L. (represented by Sybille van den Hove) [2]	52	2015	AGM 2020	Independent Director	Visiting Professor Autonomous University of Barcelona. Sustainability research and advice. Former chair of the scientific committee of the European Environment Agency

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

COMPENSATION COMMITTEE

The Compensation Committee met 4 times in 2016. A report on each of its meetings was submitted to the Board.

Topics of discussion included issues relating to the 2015 bonuses, directors' compensation, and compensation schemes in general.

One absence was recorded for all of the meetings held.

At December 31, 2016, the Compensation Committee was comprised of Saint-Denis SA represented by its managing director, Mr. Pierre Mottet, of Consultance Marcel Miller SCS represented by its manager, Mr. Marcel Miller, and of Mr. Jeroen Cammeraat. The 2 latter members being independent, the Compensation Committee is thus comprised of a majority of independent directors. It is chaired by Mr. Pierre Mottet. Mr. Olivier Legrain is invited to attend, except where the Committee is called on to decide on the compensation policy or other matters relating to the managing directors.

NOMINATION COMMITTEE

The Nomination Committee met 4 times in 2016 for the purpose of assessing the areas of expertise needed by the Board of Directors to fill expiring directorship positions and of making proposals in this regard to the Board of Directors.

Based on its report, the Board proposed to the Ordinary General Meeting of May 11, 2016 (i) to approve the renewal of the term of SCS Consultance Marcel Miller represented by its director Monsieur Marcel Miller, as independent director and fixed the expiry of its term of office at the 2020 Ordinary General Meeting convened to approve the financial statements for the 2019 financial year and (ii) to approve the appointment of Median Sustainability S.L (incorporated under Spanish law), represented by its manager Sybille van den Hove, as independent director and fixed the expiry of its term of office at the 2020 Ordinary General Meeting convened to approve the financial statements for the 2019 financial year.

One absence was recorded for all of the meetings held.

The Nomination Committee has five members, including the Chairman of the Board of Directors and a minimum of two outside directors.

At December 31, 2016, the Nomination Committee was comprised of Saint-Denis SA represented by its managing director, Mr. Pierre Mottet, of Consultance Marcel Miller SCS represented by its manager, Mr. Marcel Miller, and of Mr Jeroen Cammeraat, Mr. Olivier Legrain and Mr. Yves Jongen. It is chaired by Mr. Pierre Mottet.

PRODUCT COMMITTEE

A Product Committee has been set up in 2015 as an IBA Board Committee. That Committee met 1 time in May 2016 to overview the Protontherapy product strategy, to analyse and validate the research and development projects in Protontherapy and the report his activities to the Board.

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

As of December 31, 2016, the Product Committee was composed by Saint-Denis SA represented by his managing director, Mr. Pierre Mottet, by Ms. Mary Gospodarowicz, by Median Sustainability Sl represented by her general manager Ms. Sybille van den Hove, by Consultance Marcel Miller SCS represented by his general manager, Mr. Marcel Miller, et by Mrs. Jeroen Cammeraat, Olivier Legrain and Yves Jongen. The Committee is presided by Mr. Pierre Mottet.

AUDIT COMMITTEE

The Audit Committee met 4 times in 2016, including 3 times in the presence of the external auditors, and also, each time, in the presence of the internal auditor. On each occasion, the Committee reported on its meetings to the Board of Directors. The main topics addressed were the 2015 annual results and analysis of the external auditors' Management Letter, analysis of the half-year results, monitoring of the implementation of International Financial Reporting Standards (IFRS), examination of the 2017 budget and follow-up of the internal audit and risk management.

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

One absence was recorded for all of the meetings held.

At December 31, 2016, the Audit Committee was comprised of three members: Bayrime SA, represented by its managing director Mr. Eric de Lamotte, Mr Jeroen Cammeraat, and Katleen Vandeweyer Comm. V. represented by its manager Mrs. Katleen Vandeweyer. It is chaired by Mrs. Katleen Vandeweyer.

INFORMATION REGARDING THE POWERS OF THE MANAGEMENT BODY

In accordance with the decision of the special shareholders' meeting of June 12, 2013, the Board of Directors is authorized to increase the capital one or more times up to a maximum of twenty-five million euros (25 000 000).

The authorized capital was not used in 2016

DAY-TO-DAY AND STRATEGIC MANAGEMENT

The day-to-day management of the Company and the authority to act for such management is delegated to two managing directors, Olivier Legrain, Chief Executive Officer, and Yves Jongen, Chief Research Officer.

The Chief Executive Officer is specifically responsible for implementing strategy and for day-to-day management and is assisted by a Management Team consisting of certain members of the corporate team and of the president of IBA Dosimetry GmbH. Together, they constitute the Group's Management Team.

The Chief Executive Officer, accompanied by the Chief Financial Officer, makes regular reports to the Board of Directors.

The Board of Directors has also asked Management Team members or division heads to report to the

Board on two topics: adoption of the strategic plan and adoption of the 2017 budget.

Management Team as at December 31, 2016:

MANAGEMENT TEAM MEMBERS	POSITIONS
1. Olivier Legrain (representing Lamaris Group SPRL)	Chief Executive Officer
2. Yves Jongen (representing Research Management Systems SA)	Chief Research Officer
3. Jean-Marc Bothy	Chief Strategy Officer
4. Soumya Chandramouli	Chief Financial Officer
5. Rob Plompen	President, IBA Dosimetry
6. Frédéric Nolf	Group Vice-President Human Resources

MANAGEMENT TEAM MEMBERS

CODE OF CONDUCT

CODE OF ETHICS CONDUCT

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

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

CODE OF CONDUCT TO COMBAT INSIDER TRADING AND MARKET ABUSE

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

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

DIVERSITY WITHIN THE BOARD OF DIRECTORS

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

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

At December 31 2016, one third of the directors are woman which means that the company meets the requirements on diversity.

REMUNERATION REPORT

REMUNERATION POLICY

Procedure

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

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

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

Policy

Directors

The remuneration policy for IBA directors has not substantially changed during 2016. A full description of the policy is included in annex 1 to this remuneration report. It is not anticipated that the policy will fundamentally change over the next two years. Both the level and structure of director remuneration continue to be monitored and reviewed on an annual basis, which may result in an adjustment when deemed necessary or appropriate.

Managing Directors and Other Management Team Members

The remuneration policy for managing directors and other Management Team members has not substantially changed during 2016. The key change implemented relates to a claw-back provision, allowing the recovery of variable payments that would be made on the basis of erroneous financial information.

The overall philosophy remains focused on IBA's ability to attract, retain and engage the executive talent it requires to deliver on its promises. A description of the policy is included in annex 2 to this remuneration report.

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

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

REMUNERATION COMPONENT	PART OF TOTAL REMUNERATION (WHEN OFFERED)*
Annual fixed remuneration	Between 44% and 62%
Annual variable remuneration (at target)	Between 17% and 37%
Annualized value of long-term incentives*	Between 8% and 19%
Annual value of retirement plan contributions	Up to 7%
Annual value of other components	Up to 7%

It is not anticipated that, the remuneration policy will fundamentally change over the next two years. The performance period under the current long-term incentive plan, for its cash component, will end on December 31, 2017, and, for its warrant component, on December 31, 2018. The design and implementation of a new plan, which may contain revised features, will be finalized in the course of 2017.

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

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

REMUNERATION OF THE BOARD OF DIRECTORS

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

BOARD MEMBER	TOTAL FEES (EUR)	LUMP-SUM FEE (EUR)		MEETING RELATED FEES* (EUR)
Olivier Legrain (internal director, Managing Director, CEO)	None	None	BM	None
			AC	N/A
			NC	None
			CC	N/A
			MAC	N/A
			PC	None
			Other	None
Yves Jongen (internal director, Managing Director, Chief Research Officer)	None	None	BM	None
			AC	N/A
			NC	None
			CC	N/A
			MAC	N/A
			PC	None
			Other	None
Saint-Denis SA, represented by Pierre Mottet (internal director, Chairman of the Board, President of the Nomination Committee, President of the Compensation Committee)	63 000	12 000	BM	30 000
			AC	3 000
			NC	6 000
			CC	6 000
			MAC	N/A
			PC	6 000
			Other	N/A
Mary Gospodarowicz (independent director)	18 800	6 000	BM	11 200
			AC	N/A
			NC	N/A
			CC	N/A
			MAC	N/A
			PC	N/A
			Other	1 600
SCS Consultance Marcel Miller, represented by Marcel Miller (independent director)	31 600	6 000	BM	16 000
			AC	N/A
			NC	3 200
			CC	3 200
			MAC	N/A
			PC	3 200
			Other	N/A
Bayrime SA, represented by Eric de Lamotte (other director)	26 800	6 000	BM	16 000
			AC	4 800
			NC	N/A
			CC	N/A
			MAC	N/A
			PC	N/A
			Other	N/A
Jeroen Cammeraat (independent director)	38 000	6 000	BM	16 000
			AC	6 400
			NC	3 200
			CC	3 200
			MAC	N/A
			PC	3 200
			Other	N/A
Katleen Vandeweyer Comm.V., represented by Katleen Vandeweyer (independent director, President of the Audit Committee)	35 400	9 000	BM	16 000
			AC	8 800
			NC	N/A
			CC	N/A
			MAC	N/A
			PC	N/A
			Other	1 600
Median Sustainability SL, represented by Sybille van den Hove (independent director)	28 400	6 000	BM	16 000
			AC	N/A
			NC	N/A
			CC	N/A
			MAC	N/A
			PC	3 200
			Other	3 200

In 2016, the Group has also employed the services of Saint-Denis SA for specific activities not related to its directorship. The fees corresponding to these services amounted to EUR 139 072.

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

REMUNERATION OF THE CHIEF EXECUTIVE OFFICER

In 2016, the total remuneration directly or indirectly received by the CEO, Mr. Olivier Legrain, or by companies he controls was as follows. Fixed remuneration amounted to EUR 357 224. Variable remuneration, in cash, amounted to EUR 423 000, in relation to performance during fiscal year 2015, reflecting, in line with the remuneration policy in annex 2 to this remuneration report, overachievement both in terms of collective performance at Group level and in terms of individual performance. Variable remuneration in relation to fiscal year 2016 will be paid in 2017 and is not yet known at the time of finalization of this report.

The total cash remuneration amounted to EUR 780 224. All payments referred as made directly or indirectly to the CEO in this report are the aggregate of payments made to Mr Legrain and to Lamaris Group SPRL, a company controlled by Mr Legrain, which provides services to the Group. The Chief Executive Officer has not directly or indirectly received any other form of remuneration in 2016, except through his participation in the long-term incentive plan as described below.

REMUNERATION OF THE MANAGEMENT TEAM

Total cash remuneration, including fixed remuneration and variable remuneration (as defined in the remuneration policy in annex 2 to this remuneration report), directly or indirectly received, under any agreement or in any form, by Management Team members excluding the Chief Executive Officer amounted to EUR 1 746 890 in 2016. This amount includes fixed remuneration for a total amount of EUR 1 076 930 and variable remuneration for a total amount of EUR 557 925. Variable remuneration relates to performance in fiscal year 2015 and, on average, reflects, in line with the remuneration policy, overachievement in terms of collective performance and on-target individual performance. Variable remuneration in relation to fiscal year 2016 is paid in 2017 and is not yet known at the time of finalization of this report.

Other remuneration of members of the Management Team excluding the Chief Executive Officer, received in 2016, includes i) contributions to retirement plans for a total amount of EUR 38 197, ii) other remuneration components for a total amount of EUR 73 838. Retirement plans are defined contribution type of plans. Other remuneration components mainly include participation in personal risk insurance programs, company cars, meal vouchers, all in line with local practice where the Management Team members are based.

Group Management Team Members besides CEO

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

MANAGEMENT TEAM MEMBER	POSITION	CHANGES IN 2016
Yves Jongen (Managing Director and representative of Research Management Systems SA)	Chief Research Officer	None
Jean-Marc Bothy	Chief Strategy Officer	As June 1, 2016, Chief Financial Officer until May 31, 2016
Soumya Chandramouli	Chief Financial Officer	As of June 1, 2016
Frédéric Nolf	Chief Human Resources & Sustainability Officer	None
Rob Plompen	President, IBA Dosimetry	None

LONG-TERM INCENTIVES OF THE MANAGEMENT TEAM

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

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

In 2016, no additional long-term incentives – either in the form of a cash-based incentive or in the form of warrants – have been granted to the managing directors, including the Chief Executive Officer, and the other members of the Management Team, except to Ms Soumya Chandramouli, whose participation in the plan has been reviewed following her integrating the Group Management Team as of June 1, 2016. In accordance with the plan rules outlined in annex 2 to this remuneration report, her target payout under the cash-based portion of the plan has increased to 100% of annual fixed remuneration.

The schedule below details, on an individual basis, the stock options exercised and expired in 2016:

MANAGEMENT TEAM MEMBER	WARRANTS EXERCISED IN 2016			WARRANTS EXPIRED IN 2016	
	WARRANTS (NUMBER)	EXERCISE PRICE (EUR)	GRANT DATE (YEAR)	WARRANTS (NUMBER)	GRANT DATE (YEAR)
Olivier Legrain	8 000 31 357	5,03 4,78	2011 2012	None	N/A
Yves Jongen	6 477 50 078	7,80 5,03	2010 2011	None	N/A
Jean-Marc Bothy	5 153 16 990	5,03 4,78	2011 2012	None	N/A
Soumya Chandramouli	400 1 000 900	7,80 5,03 4,78	2010 2011 2012	None	N/A
Frédéric Nolf	4 262 1 033 5 836	19,94 7,80 5,03	2007 2010 2011	None	N/A
Rob Plompen	2 629 8 144 12 003	7,80 5,03 4,78	2010 2011 2012	None	N/A

TERMINATION ARRANGEMENTS WITH THE MANAGEMENT TEAM

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

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

ANNEX 1 – REMUNERATION POLICY FOR DIRECTORS

In 2016, IBA directors have been remunerated by an annual lump-sum fee of EUR 6 000, except the Chairman of the Board, who has received an annual lump-sum fee of EUR 12 000, and the Chairman of the Audit Committee, who has received an annual lump-sum fee of EUR 9 000.

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

Non-managing directors have not received any form of variable remuneration – related to individual or collective performance, or otherwise – and no other form of fixed, equity-based or in-kind remuneration in the course of 2016.

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

At present, it is not anticipated that the policy will fundamentally change over the next two years. Both the level and structure of director remuneration are monitored and reviewed on an annual basis, which may result in an adjustment when deemed necessary or appropriate.

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

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

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

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

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

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

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

Annual Fixed Remuneration

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

Annual Variable Remuneration

The annual variable remuneration program rewards performance against specified objectives, defined and formalized at the beginning of the performance period. Payout levels currently are targeted at between 30% and 100% of direct or indirect annual fixed remuneration, depending on the position. Actual payout levels are, for 50%, subject to collective performance at Group level (or, for the President IBA Dosimetry only, at business unit level), and, for 50%, subject to individual performance.

At Group and business unit levels, collective performance is currently measured based on profit before tax and order intake targets, geared towards achieving the fiscal year 2016 guidance provided to the market, including a top line revenue growth of above 20% and a REBIT margin of 11% for the year.

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

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

Managing directors and other Management Team members do not participate in IBA's global performance-based profit sharing plan.

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

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

Long-Term Incentives

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

The cash-based incentive has been implemented in 2014 and is linked to actual cumulative profit before tax over the period 2014 – 2017 compared to a predefined target aligned to the Group strategic plan and the guidance provided to the market in this respect. Vesting occurs in full at the end of 2017, subject to each participant's continued service up to that date and subject to a threshold backlog requirement being met on the same date. The target payout is equal to 100% of annual fixed remuneration directly or indirectly received, except for the Chief Executive Officer, for whom it is 200%. The maximum payout upon superior performance is set at 200% of the target payout. Poor performance results in a zero payout. Satisfactory individual performance, for each calendar year included in the performance period, operates as an additional threshold under the plan, reducing the actual payout by 25% for each year that the individual performance is below expectations. Individual overachievement does not result in an increased payout under the plan. No new cash-based incentive has been implemented in 2015 and 2016.

A grant of warrants has been made in 2014 under IBA's 2014 Warrant plan. The number of warrants amounted to 50.000 for the Chief Executive Officer and 10.000 for the other Management Team members in office at that time, all at an exercise price equal to the fair market value of the share at grant, i.e., EUR 11,52. Vesting occurs in full on December 31, 2018, subject to each participant's continued service up to that date, without further performance conditions. The warrants expire 10 years following grant. No new grant of warrants has been made in 2015 and 2016.

As the vesting under the current long-term incentive plan, for its cash component, will end on December 31, 2017, and, for its warrant component, on December 31, 2018, the design and implementation of a new plan, which may contain revised features, are currently investigated and will be finalized in the course of 2017. In addition to the plan objectives stated above, particular attention will be given to ensuring an appropriate balance with regard to the interests of the various Company stakeholders identified – clients and patients, shareholders, employees, the society in general and the earth.

Retirement Plan

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

Other Components

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

IFRS CONSOLIDATED FINANCIAL

STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

INTRODUCTION

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

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

The Company is listed on the pan-European Euronext stock exchange (B-compartment) and is included in the BEL Mid Index.

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

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

These consolidated financial statements were approved for release by the Board of Directors on March 22, 2017.

STATEMENT OF CONSOLIDATED FINANCIAL POSITION AT DECEMBER 31, 2016

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

	Note	December 31, 2015 (EUR 000)	January 1, 2016 (*) (EUR '000)	December 31, 2016 (EUR 000)
ASSETS				
Goodwill	8	3 821	3 821	3 821
Other intangible assets	8	8 629	8 629	9 972
Property, plant and equipment	9	9 327	9 327	16 322
Investments accounted for using the equity method	11	1 888	1 888	1 402
Other investments	11	7 116	7 116	8 909
Deferred tax assets	12	23 221	23 221	22 796
Long-term financial assets	22	779	779	2 171
Other long-term assets	13	16 691	16 691	18 467
Non-current assets		**71 472**	**71 472**	**83 860**
Inventories and contracts in progress	14	99 959	99 959	132 702
Trade receivables	15	59 938	59 938	65 736
Other receivables	15	81 846	81 846	22 409
Short-term financial assets	22	422	422	1 346
Cash and cash equivalents	16	81 715	81 715	74 564
Current assets		**323 880**	**323 880**	**296 757**
TOTAL ASSETS		**395 352**	**395 352**	**380 617**
EQUITY AND LIABILITIES				
Capital stock	17	40 864	40 864	41 776
Capital surplus	17	37 329	37 329	40 618
Treasury shares	17	-8 502	-8 502	-8 502
Reserves	18	11 675	8 637	9 496
Currency translation difference	18	-1 993	-1 993	-1 367
Retained earnings	18	84 259	84 259	68 370
Capital and reserves		**163 632**	**160 594**	**150 391**
Non-controlling interests		**0**	**0**	**0**
EQUITY		**163 632**	**160 594**	**150 391**
Long-term borrowings	19	15 220	15 220	27 750
Long-term financial liabilities	22	879	879	1 423
Deferred tax liabilities	12	697	697	582
Long-term provisions	20	5 896	8 934	10 112
Other long-term liabilities	21	3 162	3 162	3 916
Non-current liabilities		**25 854**	**28 892**	**43 783**
Short-term provisions	20	7 007	7 007	6 311
Short-term borrowings	19	16 454	16 454	2 151
Short-term financial liabilities	22	2 110	2 110	3 006
Trade payables	23	44 887	44 887	56 041
Current income tax liabilities		75	75	90
Other payables	24	135 333	135 333	118 844
Current liabilities		**205 866**	**205 866**	**186 443**
TOTAL LIABILITIES		**231 720**	**234 758**	**230 226**
TOTAL EQUITY AND LIABILITIES		**395 352**	**395 352**	**380 617**

(*) see note 1.2.1 change in accounting policy for employee benefit.

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2016

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

	Note	December 31, 2015 (EUR 000)	December 31, 2016 (EUR 000)
Sales		195 091	242 013
Services		75 266	86 761
Cost of sales and services (-)		-156 702	-190 213
Gross profit		**113 655**	**138 561**
Selling and marketing expenses		24 528	27 651
General and administrative expenses		32 827	41 424
Research and development expenses		26 747	32 350
Other operating expenses	25	12 886	8 173
Other operating (income)	25	-45 420	-244
Financial expenses	26	7 807	5 780
Financial (income)	26	-11 034	-4 327
Share of (profit)/loss of companies consolidated using the equity method	11	122	-145
Profit/(loss) before taxes		**65 192**	**27 899**
Tax (income)/expenses	27	3 930	3 359
Profit/(loss) for the period from continuing operations		**61 262**	**24 540**
Profit/(loss) for the period from discontinued operations		-73	-100
Profit/(loss) for the period		**61 189**	**24 440**
Attributable to :			
Equity holders of the parent		61 189	24 440
Non-controlling interests		0	0
		61 189	**24 440**
Earnings per share from continuing operations and discontinued operations (EUR per share)			
- Basic	35	2.172	0.850
- Diluted	35	2.094	0.829
Earnings per share from continuing (EUR per share)			
- Basic	35	2.175	0.854
- Diluted	35	2.097	0.832
Earnings per share from discontinued operations (EUR per share)			
- Basic	35	-0.003	-0.004
- Diluted	35	-0.003	-0.003

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

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2016

	December 31, 2015 (EUR 000)	December 31, 2016 (EUR 000)
Profit/(loss) for the period	**61 189**	**24 440**
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
- Exchange differences on translation of foreign operations	1 323	139
Exchange differences on translation of foreign operations	*997*	*139*
Reclassification adjustment of CTA following IAS 21.48	*326*	*0*
- Reserves movements of investments accounted for using the equity method	557	72
Currency translation difference	*557*	*72*
- Exchange difference related to permanent financing	-148	415
- Net movement on cash flow hedges	-345	735
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**1 387**	**1 361**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods :		
- Reserves movements in post-employment benefit reserves	0	-425
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	**0**	**-425**
Total comprehensive income for the year	**62 576**	**25 376**

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 – value of stock option plans and share-based compensation	Other reserves – reserves movements of investment accounted for using the equity method	Other reserves – defined benefit plans	Other reserves - Other	"Reverse convertible bond" S.R.I.W.	Currency translation difference	Retained earnings	Shareholders' equity and reserves
Balance at 01/01/15	**39 852**	**32 431**	**-8 612**	**-2 891**	**14 167**	**4 335**	**0**	**175**	**5 000**	**-3 725**	**26 794**	**107 526**
Other comprehensive income	0	0	0	-345	0	0	0	0	0	2 058	0	1 713
Profit/(loss) for the period excluding IAS 21.48 impact	0	0	0	0	0	0	0	0	0	0	60 863	60 863
Profit/(loss) IAS 21.48 impact	0	0	0	0	0	0	0	0	0	-326	326	0
Total comprehensive income for the period	**0**	**0**	**0**	**-345**	**0**	**0**	**0**	**0**	**0**	**1 732**	**61 189**	**62 576**
Dividends	0	0	0	0	0	0	0	0	0	0	-5 216	-5 216
Employee stock options and share-based payments	0	0	0	0	569	0	0	0	0	0	0	569
(Acquisitions)/sales of treasury shares	0	0	110	0	0	0	0	0	0	0	120	230
Increase/ (decrease) in capital stock/ capital surplus	1 012	4 898	0	0	0	0	0	0	0	0	0	5 910
Other changes	0	0	0	0	0	-4 335	0	0	-5 000	0	1 372	-7 963
Balance at 31/12/15	**40 864**	**37 329**	**-8 502**	**-3 236**	**14 736**	**0**	**0**	**175**	**0**	**-1 993**	**84 259**	**163 632**
Balance at 31/12/15	**40 864**	**37 329**	**-8 502**	**-3 236**	**14 736**	**0**	**0**	**175**	**0**	**-1 993**	**84 259**	**163 632**
Change in accounting policies (*)	0	0	0	0	0	0	-3 038	0	0	0	0	-3 038
Balance at 01/01/16	**40 864**	**37 329**	**-8 502**	**-3 236**	**14 736**	**0**	**-3 038**	**175**	**0**	**-1 993**	**84 259**	**160 594**
Other comprehensive income	0	0	0	735	0	0	-425	0	0	626	0	936
Profit/(loss) for the period	0	0	0	0	0	0	0	0	0	0	24 440	24 440
Total comprehensive income for the period	**0**	**0**	**0**	**735**	**0**	**0**	**-425**	**0**	**0**	**626**	**24 440**	**25 376**
Dividends	0	0	0	0	0	0	0	0	0	0	-40 329	-40 329
Employee stock options and share-based payments	0	0	0	0	549	0	0	0	0	0	0	549
Increase/ (decrease) in capital stock/ capital surplus	912	3 289	0	0	0	0	0	0	0	0	0	4 201
Balance at 31/12/16	**41 776**	**40 618**	**-8 502**	**-2 501**	**15 285**	**0**	**-3 463**	**175**	**0**	**-1 367**	**68 370**	**150 391**

As at December 31, 2105, other changes in retained earnings consist of the reclassification from other reserve of the other comprehensive income not to be reclassified to profit or loss in subsequent periods relating to actuarial gain on employee benefit provisions of Rose Holding SARL.

(*) see note 1.2.1 change in accounting policy for employee benefit.

CONSOLIDATED CASH FLOW STATEMENT

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

	Note	December 31, 2015 (EUR 000)	December 31, 2016 (EUR 000)
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit/(loss) for the period		**61 189**	**24 440**
Adjustments for :			
Depreciation and impairment of tangible assets	9	1 873	2 451
Depreciation and impairment of intangible assets and goodwill	8	2 226	2 219
Write-off on receivables	15	-49	253
Changes in fair value of financial assets (profits)/losses		-814	-141
Changes in provisions	20	-1 217	2 579
Deferred taxes		-107	398
Share of result of associates and joint ventures accounted for using the equity method	11	63	-145
Other non-cash items – impact of IAS 21.48		-326	0
Other non-cash items	29	3 012	-250
Net cash flow changes before changes in working capital		**65 850**	**31 804**
Trade receivables, other receivables and deferrals		-8 994	-10 445
Inventories and contracts in progress		14 982	-53 024
Trade payables, other payables and accruals		11 774	17 530
Other short-term assets and liabilities		-37 256	-1 455
Changes in working capital		**-19 494**	**-47 394**
Net income tax paid/received		-2 211	-2 510
Interest expense		1 388	1 190
Interest income		-139	-108
Net cash (used)/generated from operations		**45 394**	**-17 018**
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	9	-2 484	-9 406
Acquisition of intangible assets	8	-1 821	-3 559
Disposals of fixed assets		23	1
Acquisition of subsidiaries net of acquired cash	7	76	0
Acquisition of third-party and equity-accounted investments	11.2	-7 083	-1 793
Disposals of subsidiaries		6 781	0
Disposals of other investments and equity method accounted companies, net of assigned cash		20	63 437
Other investing cash flows	29	10 000	-380
Net cash (used)/generated from investing activities		**5 512**	**48 300**
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from borrowings	19	0	15 750
Repayment of borrowings	19	-5 201	-17 524
Interest paid		-1 510	-920
Interest received		139	108
Capital increase (or proceeds from issuance of ordinary shares)	17	5 910	4 201
Dividends paid		-5 216	-40 347
(Acquisitions)/disposal of treasury of shares		230	0
Other financing cash flows	29	68	-49
Net cash (used)/generated from financing activities		**-5 580**	**-38 781**
Net cash and cash equivalents at beginning of the year		**37 176**	**81 715**
Net change in cash and cash equivalents		45 326	-7 499
Exchange (profits)/losses on cash and cash equivalents		-787	348
Net cash and cash equivalents at end of the year	16	**81 715**	**74 564**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE

1. SUMMARY OF SIGNIFICANT GROUP ACCOUNTING POLICIES

1.1 INTRODUCTION

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

1.2 BASIS OF PREPARATION

IBA's consolidated financial statements for the year ended December 31, 2016 have been prepared in compliance with IFRS ("International Financial Reporting Standards") and IFRIC interpretations ("International Financial Reporting Interpretations Committee") adopted by the European Union, issued and effective or issued and early adopted at December 31, 2016.

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

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

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

The accounting principles used to prepare the Group's annual financial statements are the same as those used for the year ended December 31, 2015, with the exception of the following points.

The entity applied the same IFRSs as those adopted in the previous years, except for the new IFRSs and interpretations the entity adopted as of 1st January 2016.

1.2.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the consolidated financial statements for the year ended 31 December 2016 are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2015, except for the change presented below and for the adoption of new standards and interpretations effective as of 1 January 2016.

Change in accounting policy for employee benefit:

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

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

Following the evolution with respect of minimum guaranteed return, the plans are to be considered as defined benefit plans instead of contribution plans following IAS 19. As a result, the Group has changed its valuation rule and has adopted the projected unit credit method.

The impact on the financial statements is a provision of EUR 3.04 million recorded against reserves in equity in the restated financial position as of January 1, 2016.

The employee benefit provisions have been calculated on the basis of the following assumptions at January 1, 2016 :

Discount rate: 0.7% or 1.5% based the respective duration of each plan
Mortality table: IABE
Inflation rate: 1.6%
Salary adjustment rate: 2% per annum
Retirement age: 60

And at December 31, 2016 :
Discount rate: 1.69%, 1.43% or 1.03% based the respective duration of each plan
Mortality table: IABE

Inflation rate: 1.6%
Salary adjustment rate: 1.9% or 1.6% per annum
Retirement age: 65

1.2.2 STANDARDS ISSUED AND EFFECTIVE

The nature and the impact of each of the following new standards, amendments and/or interpretations are described below:

- Amendments to IFRS 10, IFRS 12 and IAS 28 – Investment Entities: Applying the Consolidation Exception, effective 1 January 2016
- Amendments to IFRS 11 Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations, effective 1 January 2016
- Amendments to IAS 1 Presentation of Financial Statements – Disclosure Initiative, effective 1 January 2016
- Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation, effective 1 January 2016
- Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture – Bearer Plants, effective 1 January 2016
- Amendments to IAS 27 Separate Financial Statements – Equity Method in Separate Financial Statements, effective 1 January 2016
- Annual Improvements to IFRSs 2012-2014 Cycle (issued September 2014), effective 1 January 2016

Amendments to IFRS 10, IFRS 12 and IAS 28 - Investment Entities: Applying the Consolidation Exception

The amendments address issues that have arisen in applying the investment entities exception under IFRS 10 Consolidated Financial Statements. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.
Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 Investments in Associates and Joint Ventures allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. These amendments are applied retrospectively and became effective for annual periods beginning on or after 1 January 2016. The amendments do not have any impact on the Group as the Group does not apply the consolidation exception.

Amendments to IFRS 11 Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant IFRS 3 Business Combinations principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation if joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are applied prospectively and became effective for annual periods beginning on or after 1 January 2016. These amendments do not have any impact on the Group as there has been no interest acquired in a joint operation during the period.

Amendments to IAS 1 Presentation of Financial Statements – Disclosure Initiative

The amendments to IAS 1 clarify, rather than significantly change, the existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. The amendments became effective for annual periods beginning on or after 1 January 2016. These amendments do not have any impact on the Group.

Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are applied prospectively and became effective for annual periods beginning on or after 1 January 2016. The amendments do not have any impact on the Group, given that it has not used a revenue-based method to depreciate its non-current assets.

Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture – Bearer Plants

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, IAS 20 Accounting for Government Grants and Disclosure of Government Assistance will apply. The amendments are applied retrospectively and became effective for annual periods beginning on or after 1 January 2016. The amendments do not have any impact on the Group as it does not have any bearer plants.

Amendments to IAS 27 Separate Financial Statements – Equity Method in Separate Financial Statements

The amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in their separate financial statements have to apply that change retrospectively. The amendments became effective for annual periods beginning on or after 1 January 2016. These amendments do not have any impact on the Group's consolidated financial statements.

Improvements to IFRS 2012-2014 Cycle (issued September 2014)

The IASB issued the 2012-2014 cycle improvements to its standards and interpretations, primarily with a view to removing inconsistencies and clarifying wording. The improvements became effective for annual periods beginning on or after 1 January 2016. These improvements include:

- IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations: Assets (or disposal groups) are generally disposed of either through sale or distribution to owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. This amendment is applied prospectively.

- IFRS 7 Financial Instruments: Disclosures
  Servicing contracts: The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures need not to be provided for any period beginning before the annual period in which the entity first applies the amendments. This amendment is applied retrospectively.
  Applicability of the amendments to IFRS 7 to condensed interim financial statements: The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment is applied retrospectively.
- IAS 19 Employee Benefits: The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment is applied prospectively.
- IAS 34 Interim Financial Reporting: The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment is applied retrospectively.

These amendments do not have any impact on the Group.

1.2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

- Amendments to IFRS 2 Share-based Payment - Classification and Measurement of Share-based Payment Transactions[1], effective 1 January 2018
- Amendments to IFRS 4 Insurance Contracts – Applying IFRS 9 Financial instruments with IFRS 4[1] effective 1 January 2018
- IFRS 9 Financial Instruments, effective 1 January 2018
- IFRS 15 Revenue from Contracts with Customers, including amendments to IFRS 15: Effective date of IFRS 15 and Clarifications to IFRS 15 Revenue from Contracts with Customers[2], effective 1 January 2018
- IFRS 16 Leases[1], effective 1 January 2019
- Amendments to IAS 7 Statement of Cash Flows – Disclosure Initiative[1], effective 1 January 2017
- Amendments to IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses[1], effective 1 January 2017
- Amendments to IAS 40 Investment Property – Transfers of Investment Property[1], effective 1 January 2018
- IFRIC 22 Foreign Currency Transactions and Advance Consideration[1], effective 1 January 2018
- Annual Improvements to IFRSs 2014-2016 Cycle (issued December 2016) [1], effective 1 January 2017 and 1 January 2018

1 Not yet endorsed by the EU as at 14 December 2016.

2 IFRS 15 including amendments to IFRS 15: Effective date of IFRS 15 has been endorsed by the EU. The Clarifications to IFRS 15 have not yet been endorsed by the EU as at 14 December 2016.

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

The amendments address three main areas:

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

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

Amendments to IFRS 4 Insurance Contracts – Applying IFRS 9 Financial Instruments with IFRS 4

The amendments introduce two optional approaches for entities that issue insurance contracts within the scope of IFRS 4:

- The "overlay approach" gives all companies that issue insurance contracts the option to recognise in OCI, rather than profit or loss, additional volatility that could arise when IFRS 9 is applied before the new insurance contracts Standard.
- The "deferral approach" gives companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021. These entities will continue to apply IAS 39 Financial Instruments: Recognition and Measurement during this period and will be required to make additional disclosures.

An entity shall apply the overlay approach retrospectively to eligible financial assets when it first applies IFRS 9. The amendments are effective for annual periods beginning on or after 1 January 2018, with early application permitted. These amendments are not relevant to the Group, because the Group does not issue any insurance contracts.

IFRS 9 Financial Instruments

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

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

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

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

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

1 Not yet endorsed by the EU as at 14 December 2016.

IFRS 15 Revenue from Contracts with Customers[2]

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

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

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

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

(a) Sale of goods

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

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

(i) Variable consideration

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

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

(ii) Warranty

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

(b) Rendering of services

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

(c) Equipment received from customers

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

(d) Presentation and disclosure requirements

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

2 IFRS 15 including amendments to IFRS 15: Effective date of IFRS 15 has been endorsed by the EU. The Clarifications to IFRS 15 have not yet been endorsed by the EU as at 14 December 2016.

IFRS 16 Leases[1]

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

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

Lessor accounting under IFRS 16 is substantially unchanged from today’s lessor accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

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

The new standard is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15 Revenue from Contract with Customers. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard’s transition provisions permit certain reliefs. In 2017, the Group plans to assess the potential effect of IFRS 16 on its consolidated financial statements.

Amendments to IAS 7 Statement of Cash Flows – Disclosure Initiative[1]

The amendments are part of the IASB’s Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. Application of the amendments will result in additional disclosure provided by the Group.

Amendments to IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses[1]

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

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

These amendments are effective for annual periods beginning on or after 1 January 2017 with early application permitted. If an entity applies the amendments for an earlier period, it must disclose that fact. These amendments are not expected to have any impact on the Group.

[1] *Not yet endorsed by the EU as at 14 December 2016.*

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

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

IFRIC 22 Foreign Currency Transactions and Advance Consideration[1]

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

Improvements to IFRS 2014-2016 Cycle (issued December 2016) [1]

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

- IFRS 12 Disclosure of Interests in Other Entities: The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10–B16, apply to interests that are classified as held for sale or discontinued operations. The amendments are effective for annual periods beginning on or after 1 January 2017.

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

[1] *Not yet endorsed by the EU as at 14 December 2016.*

These amendments are not expected to have any impact on the Group.

1.3 CONSOLIDATION

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

1.3.1 SUBSIDIARIES

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

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

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

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

- The carrying amount of the parent's investment in each subsidiary and the parent's portion of the equity of each subsidiary are eliminated;
- In the statement of consolidated financial position, non-controlling interests in the net assets of subsidiaries are identified and reported separately in the caption "Non- controlling interests";

- The portion of the profit or loss of the fully consolidated subsidiaries attributable to shares held by entities outside the Group is presented in the consolidated income statement in the caption "Profit/(loss) attributable to non-controlling interests".
- Intra-Group balances and transactions and unrealized gains and losses on transactions between Group companies are eliminated in full.

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

1.3.2 ASSOCIATES

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

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

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

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

1.3.3 JOINTLY ARRANGEMENTS

As with associates, the equity method is used for the Group's joint arrangements that are classified as joint ventures.

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 a goodwill.

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 on December 31, 2015	Average annual rate 2015	Closing rate on December 31, 2016	Average annual rate 2016
USD	1.0887	1.1105	1.0541	1.1068
SEK	9.1895	9.3512	9.5524	9.4613
RUB	80.6736	67.8946	64.3000	74.1017
CNY	7.0608	6.9026	7.3202	7.3493
INR	72.0215	71.0845	71.5935	74.2467
JPY	131.0700	134.3683	123.4000	120.2978
CAD	1.5116	1.4181	1.4188	1.4662
GBP	0.7340	0.7264	0.8562	0.8188
ARS (1)	N/A	N/A	16.7134	16.6779
THB (2)	N/A	N/A	37.7260	37.8500

(1) Average rate calculated on the basis of 6 months of activity
(2) Average rate calculated on the basis of 2 months of activity

1.4 INTANGIBLE FIXED ASSETS

Recognition as an intangible fixed asset is required when

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

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

(3) IBA can control the resource; and

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

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

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

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

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

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

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

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

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

The applicable useful lives are as follows:

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

Amortization commences only when the asset is available for use in order to achieve proper matching of cost and revenue.

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

1.5 TANGIBLE FIXED ASSETS (PROPERTY, PLANT AND EQUIPMENT)

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

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

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

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

The applicable useful lives are as follows:

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

1.5.1 LEASE TRANSACTIONS INVOLVING IBA AS A LESSEE

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

1.6 IMPAIRMENT OF INTANGIBLE AND TANGIBLE FIXED ASSETS

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

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

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

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

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

1.7 INVENTORIES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1.9 CONTRACTS IN PROGRESS

Contract costs comprise:

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

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

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

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

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

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

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

1.10 RECEIVABLES

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

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

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

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

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

1.11 FINANCIAL ASSETS

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

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

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

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

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

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

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

When there are indicators of impairment, 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. For the purpose of the statement of cash flow, Cash and cash equivalents include bank overdrafts.

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

1.13 DEFERRED CHARGES AND ACCRUED INCOME

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

1.14 CAPITAL STOCK

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

1.15 CAPITAL GRANTS

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

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

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

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

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

1.17 PENSIONS AND OTHER EMPLOYEE BENEFITS

1.17.1 PENSIONS

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

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

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

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

1.17.2 STOCK OPTION PLANS AND SHARE-BASED PAYMENTS

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

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

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

1.18 DEFERRED TAXES

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

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

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

A deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. The same principle applies to recognition of deferred tax assets for unused tax losses carried forward. This assessment is subject to the principle of prudence.

4 years are taken into account in order to determine the period for recovery of the taxes.

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

1.19 PAYABLES AFTER AND WITHIN ONE YEAR

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

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

1.20 ACCRUED CHARGES AND DEFERRED INCOME

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

1.21 FOREIGN CURRENCY TRANSACTIONS

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

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

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

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

1.22 DERIVATIVES AND HEDGING ACTIVITIES

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

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

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

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

a) FAIR VALUE HEDGES

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

b) CASH FLOW HEDGES

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

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

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

c) DERIVATIVES THAT DO NOT QUALIFY FOR HEDGE ACCOUNTING

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

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

The Group does not hold instruments for speculative purposes.

1.23 OPERATING SEGMENTS

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

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

2. DESCRIPTION OF FINANCIAL RISK MANAGEMENT POLICIES

2.1 FINANCIAL RISK FACTORS

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

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

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

2.1.1 MARKET RISK

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 US dollar, the Chinese Yuan, Czech krona, Polish zlotys, Russian ruble, British pound and the Swedish krona.

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

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

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

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

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

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

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

Dosimetry and Proton Therapy services are impacted by the fluctuation of the USD exchange rate against EUR. In 2016 a fluctuation of -3% of USD against EUR would have had a negative impact on the sales of Dosimetry segment by -1.16%. In 2016 a fluctuation of -3% of USD against EUR would have had a negative impact on the Proton Therapy Services sales segment by -2.17%.

The exposure of the Group to the fluctuation of Chinese Yuan, Czech Krona, Polish Zlotys, British pound and Russian ruble is not material for the Group.

Currency transactional risk

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

Approximately 12% of the Group's sales (24% in 2015) are denominated in currencies other than the functional currency of the operating unit making the sale, while 94.4% of costs (92.4% in 2015) are denominated in the unit's functional currency. Where the Group considers that there are no natural hedging opportunities, forward exchange contracts or forward currency options are used to cover currency exposure.

b) *Other market risks*

The Group is exposed to the counterparty risk on commercial paper and investment funds held in companies accounted for using the equity method and in respect of which IBA was committed for 5 years to supporting the differences between the pledged assets and the provisions for decommissioning of Rose Holding SARL (cf. Note 3.B). The risk was mitigated by the rigorous selection of investment products with a high rating and high degree of liquidity.

This risk doesn't exist anymore since the disposal of IBA Molecular end of March 2016.

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 (ONDD) that provides systematic coverage of all large equipment transactions.

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

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

2.1.3 LIQUIDITY RISK

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

S.R.I.W. :

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

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

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

S.F.P.I. :

In 2014, IBA strengthened the availability of financing by obtaining a long-term subordinated facility bond of EUR 9 million from the SFPI. This subordinated facility bond was due to expire the December 31, 2016, and the Group has decided to not apply to the S.F.P.I. to extend the availability of this subordinated facility bond.

Bank borrowings :

In April 2016 IBA borrowed EUR 10 million from a Belgian bank in order to partially refinance the early repayment of E.I.B. bank borrowing. This loan has a 5 years repayment period and will be repaid through 20 equal quarterly instalments in principal. The first repayment in principal of EUR 0.5 million occurred at the end of July 2016. The last instalment will be in April 2021.

In February 2016 IBA issued a private 5 years bond for a total subscribed amount of EUR 5.75 million. The purpose is to partially refinance the E.I.B. early repayment. This loan will be repaid in one instalment in February 2021.

Some financial covenants apply.

As at December 31, 2016, the Group has at its disposal credit lines up to EUR 59.75 million of which 49.8% are used to date.

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

DECEMBER 31, 2015 (EUR 000)	due	< 1 year	1-2 years	2-5 years	> 5 years	Total
FINANCIAL LIABILITIES						
Bank borrowings	0	17 184	760	6 975	11 194	36 113
Financial lease liabilities	0	225	230	0	0	455
Trade payables	23 675	21 212	0	0	0	44 887
Other ST and LT liabilities	0	137 518	4 041	0	0	141 559
TOTAL	**23 675**	**176 139**	**5 031**	**6 975**	**11 194**	**223 014**

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

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

DECEMBER 31, 2015 (EUR 000)	Due	< 1 year	1-2 years	2-5 years	> 5 years	Total
FINANCIAL ASSETS						
Trade receivables	32 886	27 052	0	0	0	59 938
Other ST and LT assets	2 491	79 777	1 735	3 813	11 922	99 738
TOTAL	**35 377**	**106 829**	**1 735**	**3 813**	**11 922**	**159 676**

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

2.1.4 INTEREST RATE RISK

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

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

At the end of 2015 and 2016, the Group has no interest rate swaps.

IBA's analysis of the impact of a 1% fluctuation in interest rates (sensitivity analysis) on the income statement of an average financial debt of EUR 29.5 million in 2016 (30.4 million in 2015 – impact of EUR -/+0.30 million) suggests that it will be EUR -/+0.30 million.

2.2 FINANCIAL ASSETS AND LIABILITIES – ADDITIONAL INFORMATION

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

EUR 000	Category	December 31, 2015 Net carrying value	December 31, 2015 Fair value	December 31, 2016 Net carrying value	December 31, 2016 Fair value
FINANCIAL ASSETS					
Trade receivables	Loans and receivables	59 938	59 938	65 736	65 736
Long-term receivables on contracts in progress	Loans and receivables	882	882	837	837
Other long-term receivables	Loans and receivables	15 809	15 809	17 630	17 630
Non-trade receivables and advance payments	Loans and receivables	11 927	11 927	16 403	16 403
Other short-term receivables	Loans and receivables	69 919	69 919	6 006	6 006
Other investments	Available for sale	7 116	7 116	8 909	8 909
Cash and cash equivalents	Loans and receivables	81 715	81 715	74 564	74 564
Hedging derivative products	Hedge accounting	1 065	1 065	3 224	3 224
Derivative products – other	FVPL2	136	136	293	293
TOTAL		**248 507**	**248 507**	**193 602**	**193 602**
FINANCIAL LIABILITIES					
Bank and other borrowings	FLAC	31 250	31 250	29 750	29 750
Financial lease liabilities	FLAC	424	424	151	151
Trade payables	FLAC	44 887	44 887	56 041	56 041
Hedging derivative products	Hedge accounting	2 836	2 836	4 021	4 021
Derivative products – other	FVPL2	153	153	408	408
Other long-term liabilities	FLAC	3 162	3 162	3 916	3 916
Amounts due to customers for contracts in progress	FLAC	104 620	104 620	85 516	85 516
Social debts	FLAC	11 930	11 930	14 737	14 737
Other short-term liabilities	FLAC	18 783	18 783	18 591	18 591
Short-term tax liabilities	FLAC	75	75	90	90
TOTAL		**218 120**	**218 120**	**213 221**	**213 221**

As at December 31, 2015 and 2016, the net carrying value of these financial assets and liabilities did not differ significantly from their fair value.

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

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

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

2.3 CATEGORIES OF FINANCIAL INSTRUMENTS

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

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

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

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

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

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

(EUR 000)	Level 1	Level 2	Level 3	December 31, 2015
- Forward foreign exchange contracts		1 065		1 065
- Foreign exchange rate swaps		0		0
Hedge-accounted financial assets		**1 065**		**1 065**
- Forward foreign exchange contracts		44		44
- Foreign exchange rate swaps		92		92
Financial assets at fair value through the income statement		**136**		**136**
- Forward foreign exchange contracts		2 467		2 467
- Foreign exchange rate swaps		369		369
Hedge-accounted financial liabilities		**2 836**		**2 836**
- Forward foreign exchange contracts		98		98
- Foreign exchange rate swaps		55		55
Financial liabilities at fair value through the income statement		**153**		**153**

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

2.3.1 HEDGE-ACCOUNTED FINANCIAL INSTRUMENTS

As at December 31, 2016, the Group held 50 forward exchange contracts (63 as at December 31, 2015) and 2 foreign exchange swaps (5 as at December 31, 2015) to cover future cash flow movements US dollars, British pounds and Swedish krona cash flows. These hedges are deemed highly effective.

These hedges generated a EUR 0.74 million loss in 2016 (loss of EUR 0.35 million in 2015). This loss is recognized in the other items of the comprehensive income statement.

			Hedge instrument maturities		
(EUR 000)		Equity	< 1 year	1-2 years	> 2 years
AS AT DECEMBER 31, 2015					
- Foreign exchange hedge in	GBP	1 055	283	258	514
- Foreign exchange hedge in	USD	-3 939	-3 071	-821	-47
- Foreign exchange hedge in	SEK	-352	-352	0	0
		-3 236	**-3 140**	**-563**	**467**
AS AT DECEMBER 31, 2016					
- Foreign exchange hedge in	GBP	3 215	1 057	2 158	0
- Foreign exchange hedge in	USD	-5 716	-3 437	-1 382	-897
		-2 501	**-2 380**	**776**	**-897**

2.3.2 FAIR VALUE THROUGH INCOME STATEMENT

As at 31 December 2016, the Group holds 20 forward exchange contracts (12 on December 31, 2015), and 16 exchange rate swaps (17 as at December 31, 2015) to cover future cash flows of US dollars, Swedish krona, British pounds, Chinese yuan, Canadian dollars and Polish zlotys.

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

The loss generated on these instruments included in the income statement amount to EUR 0.18 million at December 31, 2016 (loss of EUR 0.06 million at December 31, 2015).

2.4 CAPITAL MANAGEMENT

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

S.R.I.W. :

On June 30, 2014, the Group strengthened its equity with a capital increase from two leading regional and federal investment companies in Belgium for a total amount of EUR 6 million (EUR 5 million from S.R.I.W. and 1 million from S.F.P.I.) and with a ''reverse convertible bond'' subscribed by S.R.I.W. for EUR 5 million. EUR 10 million were used to repay outstanding bank loans.

December 31, 2015 was the latest date for converting the bond into equity. The Group has decided not to exercise its right to convert the ''reverse convertible bond'' into capital. As consequence, the ''reverse convertible bond'' has been reclassified from equity to bank and other borrowings.

S.F.P.I. :

On June 30, 2014, the Group strengthened its equity with a capital increase from two leading regional and federal investment companies in Belgium for a total amount of EUR 6 million (EUR 5 million from S.R.I.W. and 1 million from S.F.P.I.) and with a new subordinated facility bond of EUR 9 million granted by S.F.P.I (undrawn as at December 31, 2016). This subordinated facility bond expired the December 31, 2016, and the Group has decided not . to extend the availability of this subordinated facility bond.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(A) INCOME TAXES

The Group recognizes deferred tax assets on unused losses carried forward to the extent that the taxable profit against which these assets are available can be used. The amounts recognized in the balance sheet are prudent estimates made on the basis of recent financial plans approved by the Board of Directors and depend on certain judgments with respect to the amounts and location of the future taxable profits of the Group's subsidiaries and parent company. The period used for estimates of the future taxable profits taken into account for the recognition of deferred tax assets is 4 years. The assumptions taken in consideration in the financial plans are as follow: revenue guidance maintained at around 15% to 20% in 2017 and double digit thereafter and operating margin guidance of approximatively 11% to 12% in 2017 increasing to 13% – 15% in 2018 and stabilizing at 15% by 2020.

As at December 31, 2016, the Group had accumulated net operating losses of EUR 92.3 million usable to offset future profits taxable mainly in Belgium and in Russia and temporary differences amounting to EUR 6.3 million mainly in the United States and in China. The Company recognized deferred tax assets of EUR 20.4 million with the view to use the tax losses carried forward and EUR 2.4 million as temporary differences.

(B) PROVISION FOR DECOMMISSIONING COSTS

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

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

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

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

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

(C) REVENUE RECOGNITION

Contracts in progress are valued at their cost of production, increased by income accrued as determined by the stage of completion of the contract activity at the balance sheet date, to the extent that it is probable that the economic benefits associated with the contract will flow to the Group.

This probability is based on judgment. If certain judgmental criteria differ from those used for previously recognized revenues, the Group's income statement is affected.

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

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

The recoverable amounts of tangible and intangible fixed assets are determined on a "value in use" basis.

Value in use is determined on the basis of cash-flows coming from IBA's most recent business plans, as approved by the Board of Directors. These plans incorporate various assumptions made by management and approved by the Board as to how the business, profit margins, and investments will evolve.

See Note 8.1 for additional information.

The growth rates used for the impairment tests vary between 0% and 4.5% and the discount rates vary between 6% and 11%.

At December 31, 2016, the sensitivity tests carried out by the Group based on the fluctuation of the growth and discount rates by 100 basis points (towards the top and bottom) have not revealed any significant impairment for continuing operations.

(E) VALUATION OF THE ASSETS KEPT ON THE BALANCE SHEET FOLLOWING THE PARTIAL SALE OF THE RADIOPHARMACEUTICAL BUSINESS TO SK CAPITAL PARTNERS

A deferred remuneration element depended on whether a certain sale price will be reached by the investment fund on exit. Until the disposal date of IBA Molecular by IBA and SK Capital Partners, the market value used to determine the value of the by- product associated to it has been based on a model of discounted future cash flows and of multiples combined with probabilities of an exit that varies depending on the year.

In the framework of the disposal of IBA Molecular and based on an agreement signed by both parties, this derivative has been revaluated at EUR 5.83 million and has been repaid in the first quarter of 2016.

As at December 31, 2015, this derivative had been recognized in the balance sheet under the ''other receivables'' heading.

(F) LONG TERM INCENTIVE PLAN

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

The cash-based incentive has been implemented in 2014 and is linked to actual cumulative profit before tax over the period 2014 – 2017 compared to a predefined target aligned to the Group strategic plan and the guidance provided to the market in this respect. Vesting occurs in full at the end of 2017, subject to each participant's continued service up to that date and subject to a threshold backlog requirement being met on the same date. The target payout varies between 30% and 100% of annual fixed remuneration directly or indirectly received, except for the Chief Executive Officer, for whom it is 200%. The maximum payout upon superior performance is set at 200% of the target payout. Poor performance results in a zero payout. Satisfactory individual performance, for each calendar year included in the performance period, operates as an additional threshold under the plan, reducing the actual payout by 25% for each year that the individual performance is below expectations. Individual overachievement does not result in an increased payout under the plan. No new cash-based incentive has been implemented in 2015 and 2016.

As at December 2016, a cumulated provision of EUR 4.28 million has been booked by the Group for the long term incentive plan. The provision is calculated on a prorate basis of the achieved objectives versus targeted objectives (EUR 2.4 million in 2015).

(G) STOCK OPTION PLAN

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

(H) LOCAL TAXES IN COUNTRIES OTHER THAN BELGIUM

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

4. OPERATING SEGMENTS

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

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

4.1 BUSINESS SEGMENTS

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

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

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

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

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

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

	Proton Therapy and Other Accelerators (EUR 000)	Dosimetry (EUR 000)	Group (EUR 000)
YEAR ENDED DECEMBER 31, 2015			
Sales	147 746	47 345	195 091
Services	68 515	6 751	75 266
External Sales	**216 261**	**54 096**	**270 357**
REBIT	**21 956**	**7 597**	**29 553**
Other operating (expenses)/Income	-3 120	-715	-3 835
Segment result	**18 836**	**6 882**	**25 718**
Unallocated expenses (1)			36 369
Financial (expenses)/income (2)			3 227
Share of profit/(loss) of companies consolidated using the equity method			-122
Result before taxes			**65 192**
Tax (expenses)/income (2)			-3 930
RESULT FOR THE PERIOD FROM CONTINUING OPERATIONS			**61 262**
Profit/(loss) for the period from discontinued operations			-73
Profit/(loss) for the period			**61 189**

	Proton Therapy and Other Accelerators (EUR 000)	Dosimetry (EUR 000)	Group (EUR 000)
Non-current assets	63 258	6 326	69 584
Current assets	304 303	19 577	323 880
Segment assets	**367 561**	**25 903**	**393 464**
Investments accounted for using the equity method			1 888
TOTAL ASSETS	**367 561**	**25 903**	**395 352**
Non-current liabilities	24 617	1 237	25 854
Current liabilities	195 894	9 972	205 866
Segment liabilities	**220 511**	**11 209**	**231 720**
TOTAL LIABILITIES	**220 511**	**11 209**	**231 720**
Other segment information			
Capital expenditure	3 844	461	
Depreciation and impairment of property, plant and equipment	1 457	416	
Depreciation of intangible assets and goodwill	2 045	181	
Salary expenses	81 297	15 868	
Non-cash expenses/(income)	986	1 038	
Headcount at year-end	962	213	

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

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

	Proton Therapy and Other Accelerators (EUR 000)	Dosimetry (EUR 000)	Group (EUR 000)
YEAR ENDED DECEMBER 31, 2016			
Sales	200 598	41 415	242 013
Services	80 068	6 693	86 761
External Sales	**280 666**	**48 108**	**328 774**
REBIT	**34 114**	**3 022**	**37 136**
Other operating (expenses)/Income	-6 547	-657	-7 204
Segment result	**27 567**	**2 365**	**29 932**
Unallocated (expenses)/income (1)			-725
Financial (expenses)/income (2)			-1 453
Share of profit/(loss) of companies consolidated using the equity method			145
Result before taxes			**27 899**
Tax (expenses)/income (2)			-3 359
RESULT FOR THE PERIOD FROM CONTINUING OPERATIONS			**24 540**
Profit/(loss) for the period from discontinued operations			-100
Profit/(loss) for the period			**24 440**

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

(1) Unallocated expenses and income mainly consist of expenses for stock option plans, stock plans, the gain realized on the disposal of IBA Molecular and expenses related to the radiopharmaceutical activities sold.
(2) Cash and taxes are handled at Group level and are therefore presented under unallocated (expense)/income.

4.2 GEOGRAPHICAL SEGMENTS (information provided for the entire entity)

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

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

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

	Belgium (EUR 000)	USA (EUR 000)	ROW (EUR 000)	Operations held for sale (EUR 000)	Group (EUR 000)
YEAR ENDED DECEMBER 31, 2015					
Net sales and services*	2 185	105 815	162 357	0	270 357
Non-current assets	55 675	7 895	6 014	0	69 584
Current assets	278 958	15 398	29 524	0	328 880
Segment assets	**334 633**	**23 293**	**35 538**	**0**	**393 464**
Investments accounted for using the equity method	0	0	1 888	0	1 888
Unallocated assets					0
TOTAL ASSETS					**395 352**
Capital expenditure (incl. fixed assets from acquisitions in 2015)	3 629	222	454	0	

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

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

As at December 31, 2016, no single customer represents more than 10% of the Group's sales and services.

5. LISTS OF SUBSIDIARIES AND EQUITY-ACCOUNTED INVESTMENTS

As at December 31, 2016, the IBA Group consists of IBA SA and 21 companies and associates in 11 countries. 18 of them are fully consolidated and 3 are accounted for using the equity method.

5.1 LIST OF SUBSIDIARIES

NAME	Assets held for sale	Country of incorporation	Equity ownership (%)	Change in % ownership over December 31, 2015
IBA Molecular Holding (BE 0880.070.706) *Chemin du Cyclotron, 3, B-1348 LLN*	No	Belgium	100%	-
IBA Participations SPRL (BE 0465.843.290) *Chemin du Cyclotron, 3, B-1348 LLN*	No	Belgium	100%	-
IBA Investments SCRL (BE 0471.701.397) *Chemin du Cyclotron, 3, B-1348 LLN*	No	Belgium	100%	-
Ion Beam Beijing Applications Co. Ltd. *No.6 Xing Guang Er Jie, Beijing OPTO-Mechatronics Industrial Park, 101 111 Tongzhou District, Beijing,China*	No	China	100%	-
Striba GmbH *Waidmarkt 11, 50676 KÖLN, GERMANY*	No	Germany	100%	-
IBA RadioIsotopes France SAS *59 Blvd Pinel, 69003 LYON*	No	France	100%	-
IBA Dosimetry GmbH *Bahnhofstrasse 5, 90592 Schwarzenbruck. Germany*	No	Germany	100%	-
IBA Dosimetry America Inc. *3150 Stage Post Dr.* *Ste. 110, Bartlett, TN 38133, USA*	No	USA	100%	-
IBA Proton Therapy Inc. 152 Heartland Blvd, Edgewood New York 11717, USA	No	USA	100%	-
IBA Industrial Inc. *152 Heartland Blvd,* *Edgewood New York 11717, USA*	No	USA	100%	-
RadioMed Corporation *3149 Stage Post Drive* *Suite 110, Bartlett, TN 38133, USA*	No	USA	100%	-
IBA USA Inc. *151 Heartland Blvd,* *Edgewood New York 11717, USA*	No	USA	100%	-
IBA Particle Therapy GmbH *Bahnhofstrasse 5,* *90592 Schwarzenbruck, Germany*	No	Germany	100%	-
Normandy Hadrontherapy SAS (1) *9 rue Ferdinand Buisson, 14280 Saint-Contest*	No	France	100%	-
LLC Ion Beam Applications *1st Magistralny tupik, 5A* *123290 Moscow, Russia*	No	Russia	100%	-
IBA Particle Therapy India Private Limited *Office Unit - F, 3rd Floor, Ali Towers, Old No 22, New No. 55, Greams Road, Thousand Lights,, Chennai - 600006, Tamil Nadu, INDIA*	No	India	100%	-
IBA (Thailand) Co., Ltd N°888/70, Mahatun Plaza, 7th floor, Ploenchit Road Lumpini Sub-district, Parthumwan district, Bangkok	No	Thailand	100%	+100%
IBA Argentina SRL Ortiz de Ocampo 3302 Modulo 1 Buenos Aires (1425)	No	Argentina	100%	+100%

5.2 LIST OF EQUITY-ACCOUNTED INVESTMENTS

NAME	Country of incorporation	Equity ownership (%)	Change in % ownership over December 31, 2015
CONTINUING OPERATIONS			
Sceti Medical Labo KK	Japan	39.80%	-
Rose Holding SARL	Luxembourg	0.00%	-40.00%
Cyclhad SAS	France	33.33%	-
DISCONTINUING OPERATIONS			
PharmaLogic Pet Services of Montreal Cie	Canada	48.00%	-

On December 11, 2015, IBA had signed a definitive agreement for the sale of IBA Molecular (Rose Holding SARL), to Funds advised by CapVest Partners LP ("CapVest"). The transaction was closed at the end of the first quarter of 2016.

Rose Holding SARL has been accounted using the equity method until November 30, 2015.

6. DISCONTINUED OPERATIONS

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

For years 2015 and 2016, there were no businesses within the Group that met the requirements of reclassification of IFRS 5.

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

7.1 ACQUISITIONS OF COMPANIES

No company was acquired during the 2016 financial year.

7.2 DISPOSAL OF COMPANIES

On December 11, 2015, Rose Holding SARL (IBA Molecular) was sold to Funds advised by CapVest Partners LP ("CapVest") by IBA and SK Capital Partners.

Rose Holding SARL has therefore been equity accounted until November 30, 2015. The closing of the disposal took place on March 22, 2016. (see also note 11).

In 2015, the assets sold recognized under the heading ''Investments accounted using the equity method'' were as follows:

	Participation	Contingent loan	Total
Closing balance December 31, 2014	**15 076**	**19 449**	**34 525**
Share of profit/(loss) of companies consolidated using the equity method	14 128		14 128
Revaluation of the contingent loan through income statement (see note 3.E)		-13 619	-13 619
Equity movements of equity accounted investments	-244		-244
Dividend received from Rose Holding SARL following disposal of IBA North America	-10 000		-10 000
Closing balance November 30, 2015	**18 960**	**5 830**	**24 790**

In 2015, the profit of EUR 14.1 million was primarily related to the sale of IBA North America, Inc. (IBAM NA) to Illinois Health and Science (IHS) signed in April 2015 and closed in July 2015.

As at December 31, 2015, in the framework of the disposal of IBA Molecular (Rose Holding SARL) and based on an agreement signed by both parties, the contingent loan had been revaluated at EUR 5.83 million.

The impact of this sale on the Group's cash at the date of the disposal was as follows:

	December 31, 2015 (EUR 000)
Net assets sold	24 790
Realized gain on disposal – non cash	-1 070
Realized gain on disposal – cash	38 595
Other short term receivables	-64 011
Other long term payables	1 696
Proceed from the sale	**0**

The gain from the sale is as follows:

	December 31,2015 (EUR 000)
Other current assets	62 796
Net assets sold	-24 790
Reserves recycled through the income statement	2 285
Other current liabilities	-1 696
Total	**38 595**

8. GOODWILL AND OTHER INTANGIBLE ASSETS

8.1 GOODWILL

Movements of goodwill are detailed as follows:

As at January 1, 2015	**3 821**
Goodwill impairment	0
Currency translation difference	0
As at December 31, 2015	**3 821**
As at January 1, 2016	**3 821**
Goodwill impairment	0
Currency translation difference	0
As at December 31, 2016	**3 821**

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

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

(EUR 000)	Proton therapy and Other accelerators	Dosimetry	Group
December 31, 2015	**0**	**3 821**	**3 821**
December 31, 2016	**0**	**3 821**	**3 821**
Pre-tax discount rate applied in 2015		8.52%	
Long-term growth rate 2015 (2)		2.60%	
Pre-tax discount rate applied in 2016 (1)		7.68%	
Long-term growth rate 2016(2)		2.60%	

(1) Data used for the calculation of pre-tax discount rate applied: cost of equity of 9%, cost of debt of 2%, market value of the IBA Dosimetry GmbH equity of EUR 15 552, market value of IBA Dosimetry GmbH debt of EUR 3 240 and corporate tax rate of 30%.
(2) Rate consistent with expected growth in the sector.

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

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

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

For the CGU Dosimetry, if the growth rate is decreased by 100 basis points and the discount rate is increased by 100 basis points, the recoverable amount remains greater than the carrying amount of the tested assets. No impairment was identified in 2015 and 2016.

8.2 OTHER INTANGIBLE ASSETS

EUR 000	Software	Patents and trademarks	Development costs	Other	Total
Gross carrying amount as at January 1, 2015	**17 914**	**124**	**0**	**2 435**	**20 473**
Additions	1 691	0	0	130	1 821
Disposals	-391	0	0	-4	-395
Transfers	1 291	0	0	-1 291	0
Currency translation difference	88	14	0	3	105
Gross carrying amount as at December 31, 2015	**20 593**	**138**	**0**	**1 273**	**22 004**
Accumulated depreciation as at January 1, 2015	**10 115**	**124**	**0**	**1 056**	**11 295**
Additions	2 133	0	0	93	2 226
Disposals	-244	0	0	0	-244
Currency translation difference	84	14	0	0	98
Accumulated depreciation as at December 31, 2015	**12 088**	**138**	**0**	**1 149**	**13 375**
Net carrying amount as at January 1, 2015	**7 799**	**0**	**0**	**1 379**	**9 178**
Net carrying amount as at December 31, 2015	**8 505**	**0**	**0**	**124**	**8 629**
Gross carrying amount as at January 1, 2016	**20 593**	**138**	**0**	**1 273**	**22 004**
Additions	1 119	0	0	2 440	3 559
Disposals	-217	0	0	0	-217
Transfers	35	0	0	-35	0
Currency translation difference	-14	4	0	36	26
Gross carrying amount as at December 31, 2016	**21 516**	**142**	**0**	**3 714**	**25 372**
Accumulated depreciation as at January 1, 2016	**12 088**	**138**	**0**	**1 149**	**13 375**
Additions	2 163	0	0	56	2 219
Disposals	-217	0	0	0	-217
Currency translation difference	-17	4	0	36	23
Accumulated depreciation as at December 31, 2016	**14 017**	**142**	**0**	**1 241**	**15 400**
Net carrying amount as at January 1, 2016	**8 505**	**0**	**0**	**124**	**8 629**
Net carrying amount as at December 31, 2016	**7 499**	**0**	**0**	**2 473**	**9 972**

In 2015 and 2016, the majority of the intangible assets involves softwares (mainly SAP, Microsoft licenses, Customer Relationship Management (CRM), Computerized Maintenance Management System (CMMS) and Product Lifecycle Management (PLM)).

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

No impairment of the intangible assets was identified on December 31, 2015 and December 31, 2016.

9. PROPERTY, PLANT AND EQUIPMENT

EUR 000	Land and buildings	Plant, machinery and equipment	Furniture, fixtures and vehicles	Other tangible fixed assets	Total
Gross carrying amount as at January 1, 2015	**10 577**	**7 758**	**3 344**	**4 148**	**25 827**
Additions	517	950	64	953	2 484
Disposals	-105	-1 477	-985	-70	-2 637
Transfers	9	31	6	-46	0
Currency translation difference	32	259	215	44	550
Gross carrying amount as at December 31, 2015	**11 030**	**7 521**	**2 644**	**5 029**	**26 224**
Accumulated depreciation as at January 1, 2015	**6 739**	**4 182**	**2 916**	**3 327**	**17 164**
Additions	318	1 001	109	445	1 873
Disposals	-105	-1 463	-981	-69	-2 618
Transfers	0	0	0	0	0
Currency translation difference	18	232	196	32	478
Accumulated depreciation as at December 31, 2015	**6 970**	**3 952**	**2 240**	**3 735**	**16 897**
Net carrying amount as at January 1, 2015	**3 838**	**3 576**	**428**	**821**	**8 663**
Net carrying amount as at December 31, 2015	**4 060**	**3 569**	**404**	**1 294**	**9 327**
Gross carrying amount as at January 1, 2016	**11 030**	**7 521**	**2 644**	**5 029**	**26 224**
Additions	2 522	2 779	601	3 504	9 406
Disposals	0	-1	-524	-2	-527
Transfers	50	347	0	-397	0
Currency translation difference	8	36	-5	43	82
Gross carrying amount as at December 31, 2016	**13 611**	**10 682**	**2 715**	**8 177**	**35 185**
Accumulated depreciation as at January 1, 2016	**6 970**	**3 952**	**2 240**	**3 735**	**16 897**
Additions	377	1 206	140	729	2 452
Disposals	0	-1	-524	-1	-526
Transfers	0	0	-1	1	0
Currency translation difference	4	30	-9	15	40
Accumulated depreciation as at December 31, 2016	**7 351**	**5 187**	**1 846**	**4 479**	**18 863**
Net carrying amount as at January 1, 2016	**4 060**	**3 569**	**404**	**1 294**	**9 327**
Net carrying amount as at December 31, 2016	**6 260**	**5 495**	**869**	**3 698**	**16 322**

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

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

No impairment was recognized in the 2015 and 2016 financial year.

In 2015 and 2016, the disposals of tangible assets mainly correspond to the scrapping of unused assets by the Group.

10. LEASE ARRANGEMENTS

IBA holds the following assets under finance lease contracts:

(EUR 000)	Land and buildings		Plant, machinery and equipment		Furniture, fixtures and vehicles	
	December 31, 2015	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015	December 31, 2016
Gross carrying amount	5 847	5 847	89	88	73	71
Accumulated depreciation	3 323	3 489	80	83	73	71
Net carrying amount	**2 524**	**2 358**	**9**	**5**	**0**	**0**

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

The finance lease contracts at the end of 2016 mainly relate to several buildings located in Louvain-la-Neuve, for which call options of EUR 0.2 million may be levied at the end of these contracts.

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

(EUR 000)	December 31, 2015	December 31, 2016
Investments accounted for using the equity method	1 888	1 402
Other investments	7 116	8 909
TOTAL	**9 004**	**10 311**

11.1 MOVEMENTS IN EQUITY-ACCOUNTED INVESTMENTS

Equity-accounted companies are listed in Note 5.2.

(EUR 000)	December 31, 2015	December 31, 2016
As at January 1	**37 072**	**1 888**
Share of profit/(loss) of equity-accounted investments	293	145
Additions	0	0
Disposals	-24 790	0
Impact of margin elimination on tangible assets	-566	-703
Dividend received	-10 000	0
Equity movements of equity accounted investments	-121	72
Currency translation difference	0	0
As at December 31	**1 888**	**1 402**

On January 9, 2012, IBA and SK Capital Partners, a private investment fund based in the United States, announced that they had signed an agreement to create Rose Holding SARL, a company regrouping the assets and liabilities from IBA's Radiopharmaceutical division.

Following this transaction, SK Capital Partners hold 60% of the new venture and IBA 40% (acquisition value of EUR 21.3 million).

In August 2015, IBA announced that the US activities of IBA Molecular had been acquired by Illinois Health and Science.

On December 11, 2015, IBA signed a definitive agreement for the sale of IBA Molecular (Rose Holding SARL), to Funds advised by CapVest Partners LP ("CapVest"). The closing of the transaction was finalized at the end of the first quarter of 2016.

IBA Molecular (Rose Holding SARL) has been accounted for using the equity method until November 30, 2015.

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

(EUR 000)	Country	Assets	Liabilities	Revenue	Profit/(Loss)	% Interest
2015						
CONTINUING OPERATIONS						
Sceti Medilabo KK	Japan	5 266	4 450	3 417	-539	39.8%
Rose Holding SARL (1)	Luxembourg	213 488	165 038	168 706	35 634	40.0%
Cyclhad SAS	France	40 018	35 508	0	0	33.33%
DISCONTINUING OPERATIONS						
PharmaLogic Pet Services of Montreal Cie. (2)	Canada	379	247	0	-157	48.0%
2016						
CONTINUING OPERATIONS						
Sceti Medilabo KK	Japan	6 659	5 460	5 097	364	39.8%
Cyclhad SAS	France	57 274	52 764	0	0	33.33%
DISCONTINUING OPERATIONS						
PharmaLogic Pet Services of Montreal Cie. (2)	Canada	97	0	0	-151	48.0%

(1) Financials statement as of November 30, 2015.
(2) The activity of the company was sold in March 2014 through an asset deal.

Financial position of material equity-accounted investments:

	Sceti Medilabo KK (JPY 000) December 31, 2016	Cyclhad SAS (EUR 000) December 31, 2016
ASSETS		
Property, plant and equipment	471 112	50 632
Intangible assets and goodwill	3 860	0
Other receivables	126	0
Non-current assets	**475 098**	**50 632**
Inventories	80 649	0
Trade receivables	164 497	0
Other receivables	12 557	960
Cash and cash equivalents	88 929	5 682
Current assets	**346 632**	**6 642**
TOTAL ASSETS	**821 730**	**57 274**
EQUITY AND LIABILITIES		
Equity attributable to owners of the company	147 854	4 510
Non-controlling interests	0	0
Equity	**147 854**	**4 510**
Loans and borrowings	360 000	52 391
Non-current liabilities	**360 000**	**52 391**
Current tax liabilities	8 046	0
Loans and borrowings	100 000	0
Trade payables	173 886	362
Other payables	21 723	11
Provisions	10 221	0
Current liabilities	**313 886**	**373**
TOTAL LIABILITIES	**821 730**	**57 274**

Income statement of material equity-accounted investments:

	Sceti Medilabo KK (JPY 000) December 31, 2016	Cyclhad SAS (EUR 000) December 31, 2016
INCOME STATEMENT		
Sales	613 213	0
Cost of sales (-)	-219 717	0
Gross profit	**393 496**	**0**
Operating expenses (-)	-329 990	0
Other (expenses)	-9 325	0
Result from operating activities	**54 181**	**0**
Financial income	895	0
Financial (expenses)	-5 754	0
Result before tax	**49 322**	**0**
Tax income/(expenses)	-8 046	0
Net result for the period from continuing operations	**41 276**	**0**
Depreciation and amortization	79 448	0

Other comprehensive income of material equity-accounted investments:

	Sceti Medilabo KK (JPY 000) December 31, 2016	Cyclhad SAS (EUR 000) December 31, 2016
Profit/ (loss) for the period	**41 276**	**0**
Items that will not be reclassified subsequently to profit or loss		
Remeasurements of defined benefit liability	0	0
Income tax on items that will not be reclassified to profit or loss	0	0
Total items that will not be reclassified to profit or loss	**0**	**0**
Items that may be reclassified subsequently to profit or loss		
Change in fair value of cash flow hedges	0	0
Changes in fair value of assets held to cover the funding of decommissioning liabilities	0	0
Foreign currency translation adjustments	0	0
Total items that may be reclassified to profit or loss	**0**	**0**
Other comprehensive income for the period, net of tax	**0**	**0**
Total comprehensive income for the period	**41 276**	**0**

11.2 MOVEMENTS IN OTHER INVESTMENTS

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

(EUR 000)	TOTAL
As at December 31, 2015	**7 116**
Equity stake acquisition	1 793
Equity stake disposal	0
Movements through reserves	0
Impairment	0
As at December 31, 2016	**8 909**

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

In 2015, the Group took a stake of 7.58% (GBP 5 million) in Proton Partners International (PPI) with which the Group signed contracts to install three Proteus®ONE in private clinics in the United Kingdom. In 2016, PPI has signed three additional Proteus®ONE contracts, two of which are in the United Kingdom and one in the United Arab Emirates.

12. DEFERRED TAXES

The Group recognizes deferred tax assets on unused losses carried forward to the extent that the taxable profit against which these assets are available can be used. The amounts recognized in the balance sheet are prudent estimates made on the basis of recent financial plans approved by the Board of Directors and depend on certain judgments with respect to the amounts and location of the future taxable profits of the Group's subsidiaries and parent company. The period used for estimates of the future taxable profits taken into account for the recognition of deferred tax assets is 4 years. The assumptions taken in consideration in the financial plans are as follow: in 2017, IBA expects to achieve a revenue growth of around 15% to 20% in 2017 and double digit thereafter and operating margins of approximately 11% to 12% in 2017 increasing to 13% – 15% in 2018 and stabilizing at 15% by 2020.

(EUR 000)	December 31, 2015	December 31, 2016
DEFERRED TAX ASSETS		
- Deferred tax assets to be recovered after 12 months – Tax losses on carry-forward	20 477	20 370
- Deferred tax assets to be recovered after 12 months - temporary differences	0	0
- Deferred tax assets to be recovered within 12 months - Tax losses on carry-forward	0	0
- Deferred tax assets to be recovered within 12 months - temporary differences	2 744	2 426
TOTAL	**23 221**	**22 796**
DEFERRED TAX LIABILITIES		
- Deferred tax liabilities to be paid after 12 months - temporary differences	697	582
- Deferred tax liabilities to be paid within 12 months - temporary differences	0	0
TOTAL	**697**	**582**
Net deferred tax assets	**22 524**	**22 214**

In 2015 and in 2016, the recognized temporary differences are mainly related to taxable deferred revenues, non-deductible allowance for doubtful accounts, expenses accrual and inventory in the US entities.

(EUR 000)	TOTAL
DEFERRED TAX ASSETS	
As at January 1, 2015	**23 018**
Credited/(charged) to the income statement	-50
Currency translation difference	253
As at December 31, 2015	**23 221**
Credited/(charged) to the income statement	-605
Currency translation difference	180
As at December 31, 2016	**22 796**

(EUR 000)	TOTAL
DEFERRED TAX LIABILITIES	
As at January 1, 2015	**854**
(Credited)/charged to the income statement	-157
Currency translation difference	0
As at December 31, 2015	**697**
(Credited)/charged to the income statement	-115
Currency translation difference	0
As at December 31, 2016	**582**

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

On December 31, 2016, EUR 10.6 million of deferred taxes were not recognized as assets in the balance sheet (EUR 10.9 million in 2015).

Tax losses and corresponding temporary differences have no expiry dates.

13. OTHER LONG-TERM ASSETS

(EUR 000)	December 31, 2015	December 31, 2016
Long-term receivables on contracts in progress	882	837
Research tax credit	7 643	9 077
Other assets	8 166	8 553
TOTAL	**16 691**	**18 467**

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

As at December 31, 2015, “Other assets” mainly consists of EUR 0.7 million in receivables with associated company, a loan (principal and interest) and receivables for a total amount of EUR 7.0 million in a company in which the Group holds a participation and bank deposits of EUR 0.4 million.

14. INVENTORIES AND CONTRACTS IN PROGRESS

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

(EUR 000)	December 31, 2015	December 31, 2016
Raw materials and supplies	50 872	60 548
Finished products	6 178	4 929
Work in progress	3 353	2 562
Contracts in progress	47 202	72 961
Write-off of inventories	-7 646	-8 298
Inventories and contracts in progress	**99 959**	**132 702**
Costs to date and recognized revenue	519 437	564 062
Less : progress billings	-472 235	-491 101
Contracts in progress	**47 202**	**72 961**
Net amounts due to customers for contracts in progress (Note 24)	104 620	85 516

As at December 31, 2015 and 2016, there are no contracts in progress set as a warranty to cover the financing of a proton therapy contract.

15. TRADE AND OTHER RECEIVABLES

15.1 TRADE RECEIVABLES

Trade account receivables are detailed as follows:

(EUR 000)	December 31, 2015	December 31, 2016
Amounts invoiced on contracts in progress but for which payment has not yet been received at balance sheet date	2 686	4 780
Other trade receivables	60 058	64 052
Impairment of trade receivables (-)	-2 806	-3 096
TOTAL	**59 938**	**65 736**

Other trade receivables include a sum of EUR 661 (EUR 730 in 2015) for receivables assumed under the agreement with SK Capital Partners. Their due payment date is not included in the table below.

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

(EUR 000)	TOTAL	not due	< 30 days	30-59	60-89	90-179	180-269	270-360	> 1 year
2015	**62 015**	27 052	8 490	13 391	2 370	1 711	497	303	8 201
2016	**68 171**	25 466	15 170	5 239	2 450	13 677	923	176	5 070

As at December 31, 2016, trade receivable impairments totaled EUR 3.1 million. Changes in the provision for doubtful debts for the past two years are as follows:

(EUR 000)	
As at January 1, 2015	**3 221**
Charge for the year	707
Utilizations	-488
Write-backs	-756
Currency translation difference	122
As at December 31, 2015	**2 806**
Charge for the year	888
Utilizations	0
Write-backs	-635
Currency translation difference	37
As at December 31, 2016	**3 096**

15.2 OTHER RECEIVABLES

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

Other receivables are detailed as follows:

(EUR 000)	December 31, 2015	December 31, 2016
Non-trade receivables and advance payments	11 927	16 403
Deferred charges	1 175	2 625
Accrued income	824	853
Current income tax receivable	1 455	1 496
Other current receivables	66 465	1 032
TOTAL	**81 846**	**22 409**

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

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

As at December 31, 2015, the "Other current receivables" heading was mainly composed of a discounted earn-out related to the disposal of Pharmalogic Montreal assets concluded in March 2014 for EUR 1.15 million, the receivable resulting from the disposal in December 2015 of IBA Molecular by IBA and SK Capital Partners to Funds advised by CapVest Partners LP ("CapVest") for EUR 64 million and ''research tax credit" for EUR 0.94 million.

As at December 31, 2015, the ''Current income tax receivable'' heading was composed of tax assets in the United States for EUR 0.26 million, in Germany for EUR 1.18 million.

16. CASH AND CASH EQUIVALENTS

(EUR 000)	December 31, 2015	December 31, 2016
Bank balances and cash	38 672	54 501
Accounts with restrictions shorter than 3 months	0	0
Short-term bank deposits	43 043	20 063
CASH AND CASH EQUIVALENTS - CONTINUING OPERATIONS	**81 715**	**74 564**
Cash and cash equivalents attributable to discontinued operations (Note 6)	0	0
CASH AND CASH EQUIVALENTS - CONTINUING OPERATIONS AND DISCONTINUED OPERATIONS	**81 715**	**74 564**

As at December 31, 2016, the effective interest rate on the cash position was 0.13% (0.21% in 2015). Short-term deposits have an average maturity of less than 30 days.

17. CAPITAL STOCK AND SHARE-BASED PLANS

17.1 CAPITAL STOCK

	Number of shares	Issued capital stock (EUR)	Capital surplus (EUR)	Treasure shares (EUR)	Total (EUR)
Balance as at January 1, 2015	**28 393 804**	**39 851 781**	**32 431 369**	**-8 612 421**	**63 670 729**
Stock options exercised	721 263	1 012 405	4 897 371	0	5 909 776
Capital increases (other)	0	0	0	0	0
Disposal of treasury shares	0	0	0	-110 442	-110 442
Balance as at December 31, 2015	**29 115 067**	**40 864 186**	**37 328 740**	**-8 501 979**	**69 690 947**
Stock options exercised	649 329	911 369	3 289 158	0	4 200 527
Capital increases (other)	0	0	0	0	0
Disposal of treasury shares	0	0	0	0	0
Balance as at December 31, 2016	**29 764 396**	**41 775 555**	**40 617 898**	**-8 501 979**	**73 891 474**

As at December 31, 2016, 63.39% 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 152 of this annual report.

In 2014, a subordinated facility bond of EUR 9 million had been granted by S.F.P.I (undrawn as at December 31, 2016). This subordinated facility bond expired on December 31, 2016, and the Group has decided not to extend the availability of this subordinated facility bond.

IBA's Board of Directors will recommend to the General Assembly the distribution of a dividend of EUR 0.29 per share representing more than 35% of its net profit.

17.2 STOCK OPTIONS AND SHARE-BASED PAYMENTS

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

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

As at December 31, 2016, IBA had 4 stock option plans in place.

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

In 2013, no stock option plan has been launched.

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

In 2016, no stock option plan has been launched.

Details of the plans launched in 2016 and 2015 are given in this section.

	December 31, 2015	December 31, 2016
Type of plan	Stock option	N/A
Date of grant	31/12/2015	N/A
Number of options granted	50 000	N/A
Exercise price	31.84	N/A
Share price at date of grant	32.61	N/A
Contractual life (years)	9	N/A
Settlement	Shares	N/A
Expected volatility	37.00%	N/A
Expected option life at grant date (years)	6	N/A
Risk-free interest rate	0.88%	N/A
Expected dividend (stated as % of share price at grant date)	0.5%	N/A
Expected departures at grant date	0%	N/A
Fair value per granted option at grant date	11.55	N/A
Valuation model	Black & Scholes	N/A

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

As at December 31, 2016, a charge of EUR 0.55 million was recognized in the other operating expenses for employee stock options (EUR 0.57 million in 2015).

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

	December 31, 2015		December 31, 2016	
Expiration date	Exercise price (EUR)	Number of stock options	Exercise price (EUR)	Number of stock options
September 30, 2016	19.94	39 219	19.94	0
September 30, 2016	7.80	143 979	7.80	0
September 30, 2017	5.10	355 127	5.10	100 137
September 30, 2018	4.78	487 487	4.78	261 366
June 30, 2024	11.52	196 500	11.52	186 500
June 30, 2024	31.84	50 000	31.84	50 000
TOTAL outstanding stock options		**1 272 312**		**598 003**

On February 24, 2015, IBA decided to shift the exercise periods for SOPs 2006, 2007, 2009, 2010, 2011, 2012 and 2014. The exercise periods of March, June and September were shifted to April, July and October respectively, so as to have the four exercise periods well distributed along the year (January, April, July and October).

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

Stock option movements can be summarized as follows:

Expiration date	December 31, 2015 Average exercise price in EUR per share	Number of stock options	December 31, 2016 Average exercise price in EUR per share	Number of stock options
Outstanding as at January 1	**7.31**	**2 075 675**	**7.78**	**1 272 312**
Issued	31.84	50 000		0
Forfeited (-)	7.32	-132 100	7.90	-24 980
Exercised (-)	8.18	-721 263	6.47	-649 329
Outstanding as at December 31	**7.78**	**1 272 312**	**9.20**	**598 003**
Exercisable as at December 31		**693 287**		**296 162**

18. RESERVES

(EUR 000)	December 31, 2015	December 31, 2016
Hedging reserves	-3 236	-2 501
Other reserves - value of stock option plans and share-based compensation	14 736	15 285
Other reserves – other	175	175
Actuarial reserves	0	-3 463
Currency translation difference	-1 993	-1 367
Retained earnings	84 259	68 370

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

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

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

In 2016, a profit of EUR 0.42 million on the retranslation of these loans was reclassified to equity in order to offset the loss arising from the translation of these loans between subsidiaries of the Group (profit of EUR 0.15 million in 2015).

In 2016, the decrease of ''Actuarial reserves'' is mainly related to the change in accounting policy for employee benefit (see note 1.2.1).

In 2015, the decrease of ''Other reserves – Reserves movements of investments accounted for using the equity method'' was related to the disposal of IBA Molecular by IBA and SK Capital Partners to Funds advised by CapVest Partners LP ("CapVest").

In 2015, the decrease of ''Other reserves – reverse convertible bond SRIW'' was tied to the transfer in bank and other borrowings further to the non-conversion of this loan into capital by the Group at 31 December 2015.

As at December 31, 2015 and 2016, the following loans between subsidiaries are designated as the Group's permanent financing in foreign operations:

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

In 2015, the movement of the currency translation adjustment included EUR -0.33 million from the technical recycling of currency translation adjustment to the income statement further to the disposal by IBA and SK Capital Partners of IBA Molecular (IAS 21.48).

19. BORROWINGS

(EUR 000)	December 31, 2015	December 31, 2016
Non-current		
Bank and other borrowings (Note 19.1)	15 000	27 750
Financial lease liabilities (Note 19.2)	220	0
TOTAL	**15 220**	**27 750**
Current		
Short-term bank loans	0	0
Bank and other borrowings (Note 19.1)	16 250	2 000
Financial lease liabilities (Note 19.2)	204	151
TOTAL	**16 454**	**2 151**

19.1 BANK AND OTHER BORROWINGS

	December 31, 2015 (EUR '000)	December 31, 2016 (EUR '000)
Current	16 250	2 000
Non-current	15 000	27 750
Total	**31 250**	**29 750**
Opening amount	**31 250**	**31 250**
New borrowings	5 000	15 750
Repayment of borrowings	-5 000	-17 250
Currency translation difference	0	0
Closing balance(1)	**31 250**	**29 750**

European Investment Bank:

The Group had borrowed EUR 30 million from the European Investment Bank (E.I.B.) and made repayments for a total of EUR 13.75 million at the end of 2015. In January 2016, the Group introduced a notice of early repayment of the total outstanding amount with the purpose to partially refinance this amount in the financial markets at a lower average cost of financing (repayment of EUR 10 million at end February 2016 and repayment of EUR 6.25 million at end March 2016). At December 31, 2016, the E.I.B. bank borrowing is fully repaid.

S.R.I.W.:

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

On June 30, 2014, the Group had strengthened its equity with a capital increase from two leading regional and federal investment companies in Belgium for a total amount of EUR 6 million (EUR 5 million from S.R.I.W. and 1 million from S.F.P.I.) and with a ''reverse convertible bond'' subscribed by S.R.I.W. for EUR 5 million. EUR 10 million were used to repay S.R.I.W. outstanding other borrowings.

December 31, 2015 was the latest possible date for converting the EUR 5 million S.R.I.W. bond into equity. At that time, the Group decided not to exercise its right to convert the ''reverse convertible bond'' into equity. As a consequence, the ''reverse convertible bond'' has been reclassified from equity to bank and other borrowings.

Bank borrowings :

In April 2016 IBA borrowed EUR 10 million from a Belgian bank in order to partially refinance the early repayment of E.I.B. outstanding amount. This loan has a 5 years repayment period and will be repaid through 20 equal quarterly instalments in principal. The first repayment in principal of EUR 0.5 million occurred in July 2016. The last instalment will be in April 2021.

(1)Including 2 subordinated loans of EUR 15 million from S.R.I.W.at end 2016 (2 loans for a total amount of EUR 15 million at end 2015).

In February 2016 IBA issued a private 5 years bond for a total subscribed amount of EUR 5.75 million. The purpose was to partially refinance the E.I.B. early repayment. This loan will be repaid in one instalment in February 2021.

Some financial covenants apply.

As at December 31, 2016, the bank and other borrowings include loans from S.R.I.W. (EUR 15 million) and bank borrowing for EUR 12.7 million. For more details see notes 2.4 and 2.1.3.

As at December 31, 2015, the bank and other borrowings included loans from European Investment Bank (EUR 16.25 million) and from S.R.I.W. (EUR 15 million). For more details see notes 2.4 and 2.1.3.

The maturities of bank and other borrowings are detailed as follows:

(EUR 000)	December 31, 2015	December 31, 2016
One year or less	16 250	2 000
Between 1 and 2 years	0	2 714
Between 2 and 5 years	5 000	17 179
Over 5 years	10 000	7 857
TOTAL	**31 250**	**29 750**

The minimum payments of bank and other borrowings are as follows:

(EUR 000)	December 31, 2015	December 31, 2016
One year or less	17 184	2 865
Between 1 and 5 years	7 735	23 232
Over 5 years	11 194	8 353
	36 113	**34 450**
Future interest expense on bank and other borrowings (-)	-4 863	-4 700
TOTAL	**31 250**	**29 750**

The effective interest rates for bank and other borrowings at the balance sheet date are as follows:

	December 31, 2015		December 31, 2016	
	EUR	USD	EUR	USD
Bank debts	3.33%	N/A	2.62%	N/A

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

(EUR 000)	December 31, 2015	December 31, 2016
EUR	31 250	29 750
TOTAL	**31 250**	**29 750**

Utilized credit facilities are as follows:

(EUR 000)	December 31, 2015	December 31, 2016
FLOATING RATE		
– expiring within one year	16 250	0
– expiring beyond one year	0	0
TOTAL FLOATING RATE	**16 250**	**0**
FIXED RATE		
– expiring within one year	0	2 000
– expiring beyond one year	15 000	27 750
TOTAL FIXED RATE	**15 000**	**29 750**
TOTAL	**31 250**	**29 750**

Unutilized credit facilities are as follows:

(EUR 000)	December 31, 2015	December 31, 2016
FLOATING RATE		
– expiring within one year	30 000	30 000
TOTAL FLOATING RATE	**30 000**	**30 000**
FIXED RATE		
– expiring within one year	9 000	0
TOTAL FIXED RATE	**9 000**	**0**
TOTAL	**39 000**	**30 000**

The facilities expiring within one year are annual facilities subject to review at various dates during the 12 months following the end of the financial year.

The other facilities have been arranged to help to finance the proposed expansion of the Group's activities.

19.2 FINANCIAL LEASE LIABILITIES

(EUR 000)	December 31, 2015	December 31, 2016
Non-current	220	0
Current	204	151
TOTAL	**424**	**151**

Changes in financial lease liabilities are as follows:

(EUR 000)	December 31, 2015	December 31, 2016
Opening balance	**625**	**424**
New borrowings	0	0
Repayment of borrowings	-201	-273
Currency translation difference	0	0
Closing balance	**424**	**151**

Minimum lease payments on financial lease liabilities are as follows:

(EUR 000)	December 31, 2015	December 31, 2016
One year or less	225	157
Between 1 and 5 years	230	0
Over 5 years	0	0
TOTAL	**455**	**157**
Future financial charges on financial leases (-)	-31	-6
Present value of financial lease liabilities	**424**	**151**

The present value of financial lease liabilities is as follows:

(EUR 000)	December 31, 2015	December 31, 2016
One year or less	204	151
Between 1 and 5 years	220	0
Over 5 years	0	0
TOTAL	**424**	**151**

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

(EUR 000)	December 31, 2015	December 31, 2016
EUR	419	151
USD	5	0
TOTAL	**424**	**151**

As at December 31, 2016, the average interest rate paid on financial lease debts was 4.02% (4.02% in 2015).

20. LONG-TERM AND SHORT-TERM PROVISIONS

	Environment	Warranties	Litigation	Defined employee benefits	Other employee benefits	Other	Total
As at January 1, 2015	**6 199**	**3 285**	**0**	**0**	**135**	**7 148**	**16 767**
Additions (+)	0	3 399	140	0	2 460	899	6 898
Write-backs (-)	-5 572	-1 912	0	0	0	-632	-8 116
Utilizations (-)	-69	-1 208	0	0	-66	-1 380	-2 723
Actuarial (gains)/losses generated during the year	0	0	0	0	0	0	0
Reclassifications	0	301	0	0	0	-301	0
Currency translation difference	0	7	0	0	0	70	77
Total movement	**-5 641**	**587**	**140**	**0**	**2 394**	**-1 344**	**-3 864**
As at December 31, 2015	**558**	**3 872**	**140**	**0**	**2 529**	**5 804**	**12 903**

	Environment	Warranties	Litigation	Defined employee benefits	Other employee benefits	Other	Total
As at December 31, 2015	**558**	**3 872**	**140**	**0**	**2 529**	**5 804**	**12 903**
Change in accounting policies	0	0	0	3 038	0	0	3 038
As at January 1, 2016	**558**	**3 872**	**140**	**3 038**	**2 529**	**5 804**	**15 941**
Additions (+)	49	1 999	0	0	1 944	5	3 997
Write-backs (-)	0	-1 132	0	-38	0	-248	-1 418
Utilizations (-)	0	-1 749	0	0	-67	-685	-2 501
Actuarial (gains)/losses generated during the year	0	0	0	425	0	0	425
Reclassifications	0	0	0	0	0	0	0
Currency translation difference	0	-1	0	0	18	-38	-21
Total movement	**49**	**-883**	**0**	**387**	**1 895**	**-966**	**482**
As at December 31, 2016	**607**	**2 989**	**140**	**3 425**	**4 424**	**4 838**	**16 423**

20.1 ENVIRONMENT

Provisions for decommissioning costs related to the Group sites where radiopharmaceutical agents are produced have been recognized where an obligation exists to incur these costs. These provisions are measured at the net present value of the best estimate of the costs that will need to be incurred. For more information on these provisions, see Note 3 of this report.

Movements can be detailed as follows:

- New provisions in relation to Dosimetry of EUR 0.05 million.

20.2 WARRANTIES

Provisions for warranties cover warranties for machines sold to customers.

Movements can be detailed as follows:

- New provisions in relation to Proton therapy and others accelerators amounting to EUR 2.0 million.
- Reversals of provisions in relation to Proton therapy and others accelerators amounting to EUR -1.07 million.
- Reversals of provisions in relation to Dosimetry for EUR -0.06 million.
- Utilizations of provisions in relation to Proton therapy and others accelerators amounting to EUR -1.47 million.
- Utilizations of provisions in relation to Dosimetry for EUR -0.28 million.

20.3 DEFINED EMPLOYEE BENEFITS

See notes 1.2.1 and 28.

20.4 OTHER EMPLOYEE BENEFITS

Other employee benefits provisions as at December 31, 2016 consisted primarily of the following:

- An amount of EUR 4.28 million relating the Group Long Term Incentive plan (for more information see note 3.F).

Details of the main movements are as follows:

- New provisions amounting to EUR 1.87 million for the Group Long Term Incentive plan.

20.5 OTHER

Other provisions as at December 31, 2016 consisted primarily of the following:

- An amount of EUR 1.02 million relating to non-recurring commitments on proton therapy projects, an amount of EUR 2.16 million covering the Group's commitments under the agreement with SK Capital Partners, an amount of EUR 1.02 million covering tax risks and an amount of EUR 0,63 million covering a risk of non-recoverability in full on a contractual commitment on a proton therapy project.

Details of the main movements are as follows:

- Reversal of provisions covering a risk of non-recoverability in full on a contractual commitment on a proton therapy project amounting to EUR -0.25 million.
- Utilizations of provisions amounting to EUR -0.66 million covering the Group's estimated commitments under the agreement with SK Capital Partners.

21. OTHER LONG-TERM LIABILITIES

(EUR 000)	December 31, 2015	December 31, 2016
Advances received from local government	88	33
Other	3 074	3 883
TOTAL	**3 162**	**3 916**

In 2016, the Group has transferred local government advances to short term for EUR 0.05 million, has recorded long-term contractual obligations related to proton therapy projects for EUR 0.3 million and has recorded a liability relating to the margin elimination surplus of a proton therapy project sold to an equity-accounted company for EUR 0.5 million.

In 2015, the Group had received new advances from the local government amounting to EUR 0.03 million, had transferred local government advances to short term for EUR 0.25 million and had recorded long-term contractual obligations related to proton therapy projects for EUR 0.3 million.

22. OTHER FINANCIAL ASSETS AND LIABILITIES

(EUR 000)	December 31, 2015	December 31, 2016
HEDGE-ACCOUNTED FINANCIAL INSTRUMENTS		
- Forward foreign exchange contracts	286	1 057
- Foreign exchange rate swaps	0	9
INSTRUMENTS RECOGNIZED AT FAIR VALUE		
- Forward foreign exchange contracts	44	81
- Foreign exchange rate swaps	92	199
Short-term financial assets	**422**	**1 346**
HEDGE-ACCOUNTED FINANCIAL INSTRUMENTS		
- Forward foreign exchange contracts	779	2 158
INSTRUMENTS RECOGNIZED AT FAIR VALUE		
- Forward foreign exchange contracts	0	13
Long-term financial assets	**779**	**2 171**
HEDGE-ACCOUNTED FINANCIAL INSTRUMENTS		
- Forward foreign exchange contracts	1 592	2 408
- Foreign exchange rate swaps	369	380
INSTRUMENTS RECOGNIZED AT FAIR VALUE		
- Forward foreign exchange contracts	94	136
- Foreign exchange rate swaps	55	82
Short-term financial liabilities	**2 110**	**3 006**
HEDGE-ACCOUNTED FINANCIAL INSTRUMENTS		
- Forward foreign exchange contracts	875	1 233
INSTRUMENTS RECOGNIZED AT FAIR VALUE		
- Forward foreign exchange contracts	4	190
Long-term financial liabilities	**879**	**1 423**

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

As at December 31, 2016, an amount of EUR 1.35 million recognized as a short-term financial asset represented EUR 1.07 million in cash flow hedging instruments and EUR 0.28 million in hedging instruments recognized at fair value through profit and loss.

As at December 31, 2015, an amount of EUR 0.42 million recognized as a short-term financial asset represented EUR 0.28 million in cash flow hedging instruments and EUR 0.14 million in hedging instruments recognized at fair value through profit and loss.

As at December 31, 2016, an amount of EUR 3.01 million recognized as short-term financial liabilities represented EUR 2.79 million in cash flow hedging instruments and EUR 0.22 million in hedging instruments recognized at fair value through profit and loss.

As at December 31, 2015, an amount of EUR 2.11 million recognized as short-term financial liabilities represented EUR 1.96 million in cash flow hedging instruments and EUR 0.15 in hedging instruments recognized at fair value through profit and loss.

Some of these financial instruments are designated as hedging instruments as they hedge specific exchange rate risks to which the Group is exposed. Hedge accounting has been applied to these contracts because they are deemed to be effective hedges. Those transactions are highly probable as they are linked to contracts. For these cash flow hedges, movements are recognized directly in equity and released to the income statement to offset the income statement impact of the underlying transactions.

As at December 31, 2016, a cumulative loss of EUR 2.50 million was therefore directly recorded in equity (under "Hedging Reserves"). At December 31, 2015, the accumulated loss amounted to EUR 3.24 million.

23. TRADE PAYABLES

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

(EUR 000)	TOTAL	Due	< 3 months	4-12 months	1-5 years	> 5 years
2015	**44 887**	23 675	21 212	0	0	0
2016	**56 041**	30 692	24 739	610	0	0

24. OTHER PAYABLES

(EUR 000)	December 31, 2015	December 31, 2016
Amounts due to customers for contracts in progress (or advances received on contracts in progress)	104 620	85 516
Social debts	11 930	14 737
Accrued charges	2 760	2 736
Accrued interest charges	134	247
Deferred income	6 480	7 272
Capital grants	142	830
Non-trade payables	3 039	3 816
Other	6 228	3 690
TOTAL	**135 333**	**118 844**

At December 31, 2016, the heading "Other" is mainly composed of advances of EUR 1.7 million received from the Walloon Region of Belgium, advance payments from customers of EUR 0.8 million and other amounting to EUR 1.2 million.

At December 31, 2015, the heading "Other" was mainly composed of advances of EUR 1.7 million received from the Walloon Region of Belgium, advance payments from customers of EUR 1.7 million, the accrued liabilities related to the disposal of Group's participation in IBA Molecular for EUR 1.7 million and other amounting to EUR 1.1 million.

25. OTHER OPERATING EXPENSES AND INCOME

25.1 OTHER OPERATING EXPENSES

Other operating expenses can be broken down as follows:

(EUR 000)	December 31, 2015	December 31, 2016
Legal costs	140	0
Cost of share-based payments	569	549
Depreciation and impairment	5 232	0
One-time bonus granted to employees, except management	2 004	2 269
Long term incentive plan	2 394	1 869
Reorganization expenses	841	2 336
Costs related to the transaction with SK Capital Partners	324	232
Other	1 382	918
TOTAL	**12 886**	**8 173**

At December 31, 2016, the heading ''other'' mainly includes commitments on Protontherapy and other accelerators projects for EUR 0.6 million and other expenses for EUR 0.3 million.

At December 31, 2015, the depreciation and impairment mainly included the write-offs on other investments for EUR 0.36 million, the write-offs on long term receivables for EUR 4.7 million and the depreciation on fixed assets for EUR 0.14 million.

25.2 OTHER OPERATING INCOME

Other operating income can be broken down as follows:

(EUR 000)	December 31, 2015	December 31, 2016
Reversal of provisions	-6 253	-21
Negative goodwill related to the 50% acquisition of participation in Striba GmbH	-472	0
Realized gain on disposal of the participation in IBA Molecular (Rose Holding SARL)	-38 595	0
Other	-100	-223
TOTAL	**-45 420**	**-244**

In 2015, the heading “Reversal of provisions” mainly includes the impact of the reversal of provisions for dismantling following the sale of the site of production of the radiopharmaceutical agents in Fleurus for EUR 5.6 million and the impact of the reversal of provisions related to estimated commitments under the agreement with SK Capital Partners for EUR 0.7 million.

26. FINANCIAL EXPENSES AND INCOME

26.1 FINANCIAL EXPENSES

(EUR 000)	December 31, 2015	December 31, 2016
Interest paid on debts	1 389	1 196
Foreign exchange differences	168	466
Change in fair value of derivatives	5 573	3 390
Other	677	728
TOTAL	**7 807**	**5 780**

As at December 31, 2016, the heading "Other" mainly includes commission and bank charges of EUR 0.71 million.

As at December 31, 2015, the heading "Other" mainly included discount charges of research tax credit of EUR 0.06 million and commission and bank charges of EUR 0.58 million.

26.2 FINANCIAL INCOME

(EUR 000)	December 31, 2015	December 31, 2016
Interest received on cash and cash equivalents	-138	-113
Foreign exchange differences	-1 311	-719
Change in fair value of derivatives	-8 742	-2 750
Other	-843	-745
TOTAL	**-11 034**	**-4 327**

As at December 31, 2016, the heading "Other" mainly includes EUR 0.37 million of rebilling of interests charges in relation to a proton therapy project, EUR 0.19 million of interest on long-term receivables and EUR 0.19 million of other interests.

As at December 31, 2015, the heading "Other" mainly included EUR 0.4 million of rebilling of interests charges in relation to a proton therapy project, EUR 0.1 million discount income on the deferred dividend not received in cash related to the asset deal of Pharmalogic PET Services of Montreal Cie, EUR 0.1 million of revaluation of receivables with Cisbio Bioassays SAS and EUR 0.23 million of interest on long-term receivables.

27. INCOME TAXES

The tax charge/(profit) for the year can be broken down as follows:

(EUR 000)	December 31, 2015	December 31, 2016
Current taxes	4 036	2 869
Deferred taxes	-106	490
TOTAL	**3 930**	**3 359**

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, 2015	December 31, 2016
Result from continuing operations before taxes	**65 192**	**27 899**
Deduct share of profit of companies consolidated using equity method	122	-145
Result before tax and before share of associate	**65 314**	**27 754**
Tax charge/(profit) calculated based on local tax rates	**22 250**	**9 386**
Unrecognized deferred tax assets	682	496
Recognized deferred tax assets	-171	0
Tax-exempt transactions and non-deductible expenses	-12 765	1 779
Patent deduction (PID)	-6 175	-8 691
Write-down of previously recognized deferred tax assets	151	605
Utilization of previously unrecognized tax losses	44	-101
Utilization of deferred tax assets	71	0
Utilization of deferred tax liabilities	-157	-115
Booked tax charge/(profit)	**3 930**	**3 359**
Theoretical tax rate	**34.1%**	**33.8%**
Effective tax rate	**6.0%**	**12.1%**

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

28. EMPLOYEE BENEFITS

DEFINED CONTRIBUTION PLANS

As at December 31, 2016, the Group recognized expenses in the United stated of EUR 0.4 million for contribution based plans accounted for using the intrinsic value.

DEFINED BENEFIT PLANS

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

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

Following the evolution with respect of minimum guaranteed return, the plans are to be considered as defined benefit plans instead of contribution plans following IAS 19. As a result, the Group has changed its valuation rule and has adopted the projected unit credit method.

The impact on the financial statements is a provision of EUR 3.04 million recorded against reserves in equity in the restated financial position as of January 1, 2016.

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

(EUR 000)	January 1, 2016	Service cost	Net interest expenses	Actuarial change arising from change in financial assumptions	Contributions by employer	December 31, 2016
Defined benefit obligation	**-8 426**	-727	-38	-425	0	**-9 616**
Fair value of plan assets	**5 388**	0	10	0	793	**6 191**
Benefit liability	**-3 038**	**-727**	**-28**	**-425**	**793**	**-3 425**

The employee benefit provisions have been calculated on the basis of the following assumptions at January 1, 2016 :

Discount rate: 0.7% or 1.5% based the respective duration of each plan
Mortality table: IABE
Inflation rate: 1.6%
Salary adjustment rate: 2% per annum
Retirement age: 60

And at December 31, 2016 :
Discount rate: 1.69%, 1.43% or 1.03% based the respective duration of each plan
Mortality table: IABE
Inflation rate: 1.6%
Salary adjustment rate: 1.9% or 1.6% per annum
Retirement age: 65

The impact on the benefit liability of the fluctuation of the discount rate is as follow :

(EUR 000)	December 31, 2016
Discount rate 0.25% increase	-3 329
Discount rate apply	-3 425
Discount rate 0.25% decrease	-3 525

29. CASH FLOW STATEMENT

As at December 31, 2016, the heading "Other non-cash items" mainly includes expenses in connection with employee stock option plans and stock plans (EUR +0.55 million), the net impact of losses and write-downs on inventories (EUR +0.63 million), the impact of research tax credit not received in cash during the year (EUR -2.31 million), the impact of revaluation and increase of long term assets (EUR -0.31 million), the impact of the margin elimination on the sale of a proton therapy center to an equity accounted company (EUR +1.2 million).

As at December 31, 2016, "Other cash flows from investing activities" mainly includes the drawing on a loan by a company in which the Group holds a participation for EUR 0.3 million.

As at December 31, 2016, "Other cash flows from financing activities" includes new payment of grants in Belgium (EUR +0.12 million), changes in liabilities towards Group employees in connection with the exercise of stock option plans (EUR -0.17 million).

As at December 31, 2015, the heading "Other non-cash items" mainly included expenses in connection with employee stock option plans and stock plans (EUR +0.57 million), the net impact of losses and write-downs on inventories (EUR +0.33 million), write off on other investments (EUR +0.35 million), the impact of research tax credit not received in cash during the year (EUR -1.9 million), grant depreciation (EUR -0.2 million), the impact of revaluation of long term assets (EUR -0.3 million), write off on long term receivables (EUR 3.9 million), the negative goodwill resulting from the acquisition of Striba GmbH (EUR -0.5 million), the impact of the margin elimination on the sale of a proton therapy center to an equity accounted company (EUR +0.57 million).

As at December 31, 2015, "Other cash flows from investing activities" included the distribution of a dividend of EUR 10 million by Rose Holding SARL to its shareholders following the sale of its subsidiary IBA Molecular North America Inc. to Illinois Health and Science (IHS), a non-profit healthcare system.

As at December 31, 2015, "Other cash flows from financing activities" included repayment of grants and advances from the Walloon Region of Belgium (EUR -0.32 million), new payment of grants in Belgium (EUR +0.19 million), changes in liabilities towards Group employees in connection with the exercise of stock option plans (EUR +0.20 million).

30. LITIGATION

The Group is currently not involved in any significant litigation. The potential risks connected with these minor proceedings are deemed to be either groundless or insignificant, and when the risk of payment of potential damages seems actual, are either adequately covered by provisions or insurance policies.

There is no litigation mentioned in the 2015 annual report and still pending in 2016.

31. COMMITMENTS

31.1 OPERATING LEASES

The Group has a number of non-cancelable operating leases relating to vehicles, equipment, and office space rental. Total future minimum lease payments under non-cancelable operating leases are as follows:

31.1.1 OPERATING LEASES OF CONTINUING OPERATIONS

(EUR 000)	December 31, 2015	December 31, 2016
Due	17	0
One year or less	5 630	6 139
Between 1 and 5 years	11 630	15 106
Over 5 years	6 676	5 604
TOTAL	**23 953**	**26 849**

Those operating leases are related to:

(EUR 000)	December 31, 2015	December 31, 2016
Building	16 462	17 196
Equipment	1 023	1 155
Vehicles	6 442	8 436
Other	26	62
TOTAL	**23 953**	**26 849**

The Group operating leases were concluded under the following conditions:

- Buildings: terms between three and fifteen years. The Group has the option to lease the assets for additional term negotiable with the lessor or for an additional term of four years for two operating leases in the United-States.
- Equipment: terms between five and seven years. The Group has the option, under some of its leases, to lease the assets for an additional term negotiable with the lessor.
- Vehicles: terms of three and four years and no option to lease the assets for an additional term.

Total operating lease payments included in the income statement:

(EUR 000)	December 31, 2015	December 31, 2016
Building	2 840	2 912
Equipment	331	370
Vehicles	2 408	2 821
Other	9	48
TOTAL	**5 588**	**6 151**

Operating lease charges are recognized in the income statement in the “Cost of sales and services”, “Sales and marketing expenses”, “General and administrative expenses”, and “Research and development expenses” line items.

31.1.2 OPERATING LEASES OF DISCONTINUED OPERATIONS

(EUR 000)	December 31, 2015	December 31, 2016
One year or less	0	0
Between 1 and 5 years	0	0
Over 5 years	0	0
TOTAL	**0**	**0**

31.2 FINANCIAL GUARANTEES

As at December 31, 2016, IBA held financial guarantees for EUR 67.0 million given by Group's business units as security for debts or commitments, mainly in advance payment guarantees (EUR 107.3 million December 31, 2015).

The Group is paying financial interest at a fixed rate on its financial guarantees. The interest depends on the duration of the guarantee. Therefore, the Group is not exposed to financial credit risk.

32. RELATED PARTY TRANSACTIONS

32.1 CONSOLIDATED COMPANIES

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

32.2 TRANSACTIONS WITH AFFILIATED COMPANIES

The main transactions completed with affiliated companies (companies using the equity accounting method) are the following:

(EUR 000)	December 31, 2015	December 31, 2016
ASSETS		
Receivables		
Long-term receivables	747	793
Trade and other receivables	2 497	290
Impairment of receivables	-730	0
TOTAL RECEIVABLES	**2 514**	**1 083**
LIABILITIES		
Payables		
Trade and other payables	1 452	0
TOTAL PAYABLES	**1 452**	**0**
INCOME STATEMENT		
Sales	5 138	6 809
Costs	-1 451	-3 206
Financial income	814	95
Financial expense	-19	0
Other operating income	0	0
Other operating expense	-2 000	0
TOTAL INCOME STATEMENT	**2 482**	**3 698**

32.3 SHAREHOLDER RELATIONSHIPS

The following table shows IBA shareholders at December 31, 2016:

	Number of shares	%
Belgian Anchorage SCRL	6 204 668	20.85%
IBA Investments SCRL	610 852	2.05%
IBA SA	63 519	0.21%
UCL ASBL	426 885	1.43%
Sopartec SA	193 801	0.65%
Institut des Radioéléments FUP	1 423 271	4.78%
Société Régionale d'Investissement de Wallonie (S.R.I.W.)	704 491	2.37%
Société Fédérale de Participation et d'investissement (S.F.P.I.)	62 700	0.21%
Capfi Delen Asset Management NV	1 207 375	4.06%
Public	18 866 834	63.39%
TOTAL	**29 764 396**	**100.00%**

The main transactions completed with the shareholders are the following:

(EUR 000)	December 31, 2015	December 31, 2016
ASSETS		
Receivables		
TOTAL RECEIVABLES	**0**	**0**
LIABILITIES		
Payables		
Bank borrowings	15 000	15 000
Trade and other payables	84	115
TOTAL PAYABLES	**15 084**	**15 115**
INCOME STATEMENT		
Financial expense	-507	-720
TOTAL INCOME STATEMENT	**-507**	**-720**

To the best of the Company's knowledge, there were no other relationships or special agreements among the shareholders at December 31, 2016.

32.4 DIRECTORS AND MANAGEMENT

See remuneration report on page 58.

33. FEES FOR SERVICES RENDERED BY THE STATUTORY AUDITORS

Ernst & Young Réviseurs d'Entreprises SCCRL, auditors of the statutory accounts of IBA SA and auditors of the consolidated accounts of IBA, provided the following services during the year:

(EUR 000)	December 31, 2015	December 31, 2016
Remuneration for statutory audits and audit of consolidated accounts	297	341
Other services	29	2
TOTAL	**326**	**343**

34. EVENTS AFTER THE BALANCE SHEET DATE

AT THE CLOSING OF THE BALANCE SHEETS

On February 17, 2017, IBA announced that it has been selected as the preferred vendor by four leading universities of Brussels (ULB), Liège (Ulg), Mons (UMons) and Namur (UNamur), alongside the Wallonia Region government, to install a Proteus®ONE solution, IBA's single-room compact proton therapy system, in Charleroi, Belgium. IBA was selected following a comprehensive European public tender process and expects to sign a final contract in the coming weeks, after expiration of the applicable waiting period.

The new center will be dedicated primarily to the research and development of new proton therapy applications and techniques in order to extend the range of proton therapy used in the treatment of cancer. The center, which will also treat patients, will be located in Charleroi and is expected to be operational in 2020. The Wallonia Region will invest a total of EUR 47 million in this research project, which will include the IBA technology, research program, maintenance contract as well as related equipment.

On February 23, 2017, IBA announced that it has signed a contract with Quirónsalud, Spain's leading hospital group and part of Germany's Helios Group, to install a Proteus®ONE compact proton therapy solution in Madrid.

The contract covers delivery of a Proteus®ONE solution, including latest generation Pencil Beam Scanning (PBS), isocenter volumetric imaging (Cone Beam CT) capabilities and a long-term maintenance agreement. The hospital group will also benefit from Penn Medicine and IBA's world leading proton therapy clinical education program. The hospital will be ready to start treating patients by 2019. The typical end-user price for a Proteus®ONE system with a maintenance contract is between EUR 35 and 40 million.

35. NET EARNINGS PER SHARE

35.1 NET BASIC EARNINGS

Net basic earnings per share are calculated by dividing the net profit attributable to Company shareholders by the weighted average number of ordinary shares outstanding during the period. The weighted average number of ordinary shares excludes shares purchased by the Company and held as treasury shares.

BASIC EARNINGS PER SHARE	December 31, 2015	December 31, 2016
Earnings attributable to parent equity holders (EUR 000)	61 189	24 440
Weighted average number of ordinary shares	28 171 776	28 748 838
Net earnings per share from continuing and discontinued (EUR per share)	**2.172**	**0.850**
Earnings from continuing operations attributable to parent equity holders (EUR 000)	61 262	24 540
Weighted average number of ordinary shares	28 171 776	28 748 838
Basic earnings per share from continuing operations (EUR per share)	**2.175**	**0.854**
Earnings from operations held for sale attributable to parent equity holders (EUR 000)	-73	-100
Weighted average number of ordinary shares	28 171 776	28 748 838
Basic earnings per share from discontinued operations (EUR per share)	**-0.003**	**-0.004**

35.2 DILUTED EARNINGS

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding for the effects of conversion of all dilutive potential ordinary shares. In 2015 and 2016, the Company had only one category of dilutive potential on ordinary share: stock options.

The calculation is performed for the stock options to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding stock options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the stock options

DILUTED EARNINGS PER SHARE	December 31, 2015	December 31, 2016
Weighted average number of ordinary shares	28 171 776	28 748 838
Weighted average number of stock options	1 222 312	598 003
Average share price over period	25.21	39.34
Dilution effect from weighted number of stock options	1 044 781	740 966
Weighted average number of ordinary shares for diluted earnings per share	29 216 557	29 489 804
Earnings attributable to parent equity holders (EUR 000)	61 189	24 440
Diluted earnings per share from continuing and discontinued operations (EUR per share)	**2.094**	**0.829**
Earnings from continuing operations attributable to parent equity holders (EUR 000)	61 262	24 540
Diluted earnings per share from continuing operations (EUR per share)	**2.097**	**0.832**
Earnings from operations held for sale attributable to parent equity holders (EUR 000)	-73	-100
Diluted earnings per share from discontinued operations (EUR per share)	**-0.003**	**-0.003**

(*) In compliance with IAS33, which stipulates that the diluted earnings per share does not take into account assumptions for conversion, financial year, or other issuing of potential ordinary shares which may have an anti-dilutive effect on the earnings per share (shares whose conversion involves a decrease in the loss per share).

AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

EY
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Statutory auditor's report to the general meeting of the company Ion Beam Applications SA for the year ended 31 December 2016

In accordance with the legal requirements, we report to you in the context of our statutory auditor's mandate. This report includes our opinion on the statement of consolidated financial position as at 31 December 2016, the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated statement of change in shareholders' equity and the consolidated cash flows statement for the year ended 31 December 2016 and the notes (all elements together "the Consolidated Financial Statements"), and includes as well our report on other legal and regulatory requirements.

Report on the Consolidated Financial Statements - Unqualified opinion

We have audited the Consolidated Financial Statements of Ion Beam Applications SA ("the Company") and its subsidiaries (together "the Group") as of and for the year ended 31 December 2016, prepared in accordance with the *International Financial Reporting Standards* as adopted by the European Union, which show a consolidated balance sheet total of € (thousand) 380,617 and of which the consolidated income statement shows a profit for the year of € (thousand) 24,440.

Responsibility of the Board of Directors for the preparation of the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of Consolidated Financial Statements that give a true and fair view in accordance with the *International Financial Reporting Standards* as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation of Consolidated Financial Statements that give a true and fair view and 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 given 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 International Standards on Auditing ("ISAs") as they were adopted in Belgium. Those standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. The procedures selected depend on the statutory auditor's 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, the statutory auditor considers internal control relevant to the Group's preparation and presentation of the Consolidated Financial Statements that give a true and fair view, 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. An audit also includes evaluating the appropriateness of accounting policies used, the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the Consolidated Financial Statements.

Audit report dated 22 March 2017 on the Consolidated Financial Statements of Ion Beam Applications SA as of and for the year ended 31 December 2016 (continued)

We have obtained from the Board of Directors and the Company's officials the explanations and information necessary for performing our audit and we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Unqualified opinion

In our opinion, the Consolidated Financial Statements of the Group as at 31 December 2016 give a true and fair view of the consolidated net equity and financial position, as well as its consolidated results and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

The Board of Directors is responsible for the preparation and the content of the Board of Director's report on the Consolidated Financial Statements, in accordance with article 119 of the Belgian Company Code.

In the context of our mandate and in accordance with the additional standard to the ISA's applicable in Belgium, it is our responsibility to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we make the following additional statements, which do not modify the scope of our opinion on the Consolidated Financial Statements.

- The Board of Director's report to the Consolidated Financial Statements includes, both in form and in substance, the information required by law, is consistent with the Consolidated Financial Statements and does not contain any material inconsistencies with the information that we became aware of during the performance of our mandate.

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

Diegem, 22 March 2017

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

Vincent Etienne
Partner*
* Acting on behalf of a BVBA/SPRL

17VE0083

IBA SA

ANNUAL FINANCIAL STATEMENTS

In accordance with article 105 of the Belgian Company Code, the following statements represent a condensed version of the annual financial statements. The full text is available on request from the headquarters of the Company and will be filed with the National Bank of Belgium. This condensed version does not contain all of the appendixes or the auditor's report, who expressed an unqualified opinion.

ASSETS (EUR 000)	2014	2015	2016
FIXED ASSETS	**93 441**	**105 397**	**118 802**
Formation expenses	**0**	**0**	**0**
Intangible fixed assets	**29 023**	**33 295**	**35 715**
Tangible fixed assets	**6 477**	**7 230**	**15 597**
Land and buildings	471	926	3 286
Plant, machinery, and equipment	2 616	2 583	4 262
Furniture and vehicles	456	921	1 750
Leases and similar rights	2 690	2 524	2 358
Assets under construction and advance payments	244	276	3 941
Financial assets	**57 941**	**64 872**	**67 490**
Affiliated companies	57 176	57 371	58 427
Other investments	0	0	0
Others financial assets	765	7 501	9 063
CURRENT ASSETS	**509 956**	**272 130**	**306 621**
Accounts receivable in more than one year	**16 565**	**10 737**	**12 126**
Inventories and contracts in progress	**351 642**	**88 296**	**119 549**
Inventories	40 089	42 952	49 255
Contracts in progress	311 552	45 344	70 294
Accounts receivable within one year	**115 110**	**97 252**	**108 563**
Trade receivables	71 193	66 067	95 110
Other receivables	43 917	31 185	13 453
Investments	**13 716**	**36 259**	**20 647**
Cash at bank and in hand	**9 022**	**33 732**	**32 194**
Deferred charges and accrued income	**3 901**	**5 854**	**13 542**
TOTAL ASSETS	**603 397**	**377 527**	**425 423**

LIABILITIES AND EQUITY (EUR 000)	2014	2015	2016
SHAREHOLDERS' EQUITY	**118 602**	**106 443**	**129 417**
Capital stock	**39 852**	**40 864**	**41 776**
Capital surplus	**32 431**	**37 329**	**40 618**
Reserves	**4 878**	**4 879**	**4 960**
Legal reserve	3 985	4 087	4 177
Reserves not available for distribution	690	589	580
Untaxed reserves	203	203	203
Retained earnings	**40 840**	**23 243**	**41 233**
Capital grants	**601**	**128**	**830**
PROVISIONS AND DEFERRED TAXES	**15 426**	**10 513**	**10 292**
LIABILITIES	**469 369**	**260 571**	**285 714**
Accounts payable in more than one year	**188 642**	**112 594**	**117 722**
Financial debts	31 674	15 220	27 750
Advances received on contracts in progress	145 958	85 741	78 382
Other accounts payable	11 010	11 633	11 590
Accounts payable within one year	**276 958**	**144 780**	**156 762**
Current portion of accounts payable in more than one year	7 293	18 176	47 625
Financial debts	0	4 052	246
Trade debts	54 452	56 535	85 216
Advances received on contracts in progress	202 940	16 522	3 823
Current tax and payroll liabilities	6 409	7 263	10 309
Other accounts payable	5 864	42 232	9 543
Accrued charges and deferred income	**3 769**	**3 197**	**11 230**
TOTAL LIABILITIES	**603 397**	**377 527**	**425 423**

INCOME STATEMENT (EUR 000)	2014	2015	2016
Operating income	**211 002**	**247 729**	**322 715**
Operating expenses (-)	**-178 459**	**-222 800**	**-293 250**
Raw materials, consumables, and goods for resale	-51 233	-65 125	-87 327
Services and other goods	-67 818	-81 589	-108 369
Salaries, social security, and pensions	-42 949	-49 511	-59 220
Depreciation and write-offs on fixed assets	-16 181	-25 714	-32 699
Increase/(Decrease) in write-downs on inventories, work in progress, and trade debtors	-1 692	-2 236	-1 370
Provisions for liabilities and charges	14 433	4 913	221
Other operating expenses	-13 018	-3 538	-4 486
Operating profit/loss)	**32 543**	**24 929**	**29 465**
Financial income	**27 771**	**13 134**	**7 375**
Income from financial assets	18 952	0	0
Income from current assets	1 921	1 553	984
Other financial income	6 898	11 581	6 391
Financial expenses (-)	**-8 471**	**-13 967**	**-9 111**
Interest expense	-2 589	-1 896	-1 595
Amounts written off on current assets other than inventories, work in progress and trade debtors - increase (decrease)	0	0	0
Other financial charges	-5 882	-12 071	-7 516
Profit/(Loss) on ordinary activities before taxes	**51 843**	**24 096**	**27 729**
Extraordinary income (+)	**66**	**225**	**63**
Realized gain on fixed assets	0	0	0
Other extraordinary income	66	225	63
Extraordinary expense (-)	**-1 899**	**-861**	**-939**
Extraordinary depreciation and write-offs on fixed assets	-211	-20	0
Impairment on financial assets	-71	-269	0
Provisions for extraordinary charges and risk	0	0	0
Other extraordinary expenses	-1 617	-572	-939
Profit/(loss) for the period before taxes	**50 010**	**23 460**	**26 853**
Income taxes (-) (+)	-230	-106	-150
Profit/(loss) for the period	**49 780**	**23 354**	**26 703**
Transfers to tax free reserves (-)			
Profit/(loss) for the period available for appropriation	**49 780**	**23 354**	**26 703**

APPROPRIATION OF RESULTS (EUR 000)	2014	2015	2016
Profit/(Loss) to be appropriated	**47 897**	**64 194**	**49 946**
Profit/(loss) for the period available for appropriation	49 780	23 354	26 703
Profit/(Loss) carried forward	-1 883	40 840	23 243
Transfers to capital and reserves	**0**	**100**	**9**
On capital stock and capital surplus	0	0	0
From reserves	0	100	10
Appropriations to capital and reserves	**2 199**	**101**	**91**
To capital stock and capital surplus	0	0	0
To legal reserve	2 099	101	91
To other reserves	100	0	0
Profit/(Loss) to be carried forward	**45 698**	**64 193**	**49 864**
Profit to distribute	**40 840**	**23 243**	**49 864**
Dividends	-4 858	-40 950	-8 632

STATEMENT OF CAPITAL (EUR 000)	2015 Amount (EUR 000)	2015 Number of shares	2016 Amount (EUR 000)	2016 Number of shares
Capital				
1. Issued capital				
At the end of the previous financial year	**39 852**		**40 864**	
Changes during the financial year	1 012	721 263	911	649 329
At the end of the current financial year	**40 864**		**41 775**	
2. Structure of the capital				
2.1. Categories of shares				
• Ordinary shares without designation of face value	22 863	16 412 578	23 774	17 061 907
• Ordinary shares without designation of face value with WPR strips	18 001	12 702 489	18 001	12 702 489
2.2. Registered or bearer shares				
• Registered shares		7 555 920		7 957 746
• Bearer shares		21 559 147		21 806 650
Own shares held by				
• The Company itself	90	63 519	90	63 519
• Its subsidiaries	858	610 852	858	610 852
Stock issue commitments				
Following exercise of share options				
• Number of outstanding share options		1 272 312		598 003
• Amount of capital to be issued	1 786		839	
Maximum number of shares to be issued		1 272 312		598 003
Amount of non-issued authorized capital	**23 314**		**23 314**	

GENERAL INFORMATION

CORPORATE NAME

Ion Beam Applications SA, abbreviated IBA SA.

REGISTERED OFFICE

Chemin du Cyclotron, 3; B-1348 Louvain-la-Neuve, Belgium; enterprise number VAT BE0428.750.985, RPM Nivelles.

DATE, FORM AND PERIOD OF INCORPORATION

IBA was incorporated for an indefinite period on March 28, 1986 as a "Société Anonyme" under Belgian law. IBA is a listed corporation pursuant to Article 4 of the Belgian Company Code and a Company having issued equity to the public pursuant to Article 438 of the Code.

CORPORATE PURPOSE (ARTICLE 3 OF THE ARTICLES OF INCORPORATION)

The purpose of the Company is to engage in research and development and to acquire intellectual property rights with a view to the exploitation, fabrication, and commercialization of applications and equipments in the field of applied physics. It may engage in any and all securities, real-estate, financial, commercial, and industrial operations that are directly or indirectly related to its corporate purpose. It may acquire an interest, by contribution, merger, purchase of shares, or any other means, in companies, partnerships, or corporations whose purpose is similar, analogous, related, or useful to the achievement of its corporate purpose in whole or in part.

CONSULTATION OF CORPORATE DOCUMENTS

The Company's statutory and consolidated statements are filed with the National Bank of Belgium. Copies of the Company's consolidated articles of incorporation, its annual and semi-annual reports, and all other shareholder documentation may be obtained at the Company's website (www.iba-worldwide.com) or by shareholder request to the Company's registered office.

CAPITAL

At December 31, 2016, IBA capital amounted to EUR 41 775 555.37 and was represented by 29 764 396 fully paid up shares with no par value.

In October 2007, the Company issued 450 000 stock options for Group employees ("2007 Plan"). They allow the beneficiary to purchase a new share at EUR 19.94 (EUR 20.22 for the determined persons) following certain procedures during specific periods between December 1, 2010 and September 30, 2013 (plan of which the exercise periods were extended until September 30, 2016).

At December 31, 2015, there were 39 219 outstanding stock options of this plan.The following exercises and cancelations of these stock options were recorded by notarial deed in 2016: 27 649 stock options exercised on April 22, 2016, 2 543 stock options exercised on September 20, 2016, 8 812 stocks options exercised and 215 stock options cancelled on December 15, 2016.

At December 31, 2015, there were thus no outstanding stock options on this plan.

In September 2010, the Company issued 900 000 stock options for Group employees ("2010 Plan"). They allow the beneficiary to purchase a new share at EUR 7.80 following certain procedures during specific periods between January 1, 2014 and September 30, 2016.

At December 31, 2015, there were 143 979 outstanding stock options of this plan.

The following exercises and cancelations of these stock options were recorded by notarial deed in 2016: 97 925 stock options exercised on April 22, 2016, 23 174 stock options exercised on September 20, 2016, 21 407 stocks options exercised and 1 473 stock options cancelled on December 15, 2016.

At December 31, 2015, there were thus no outstanding stock options on this plan.

In September 2011, the Company issued 1 487 000 stock options for Group employees ("2011 Plan"). They allow the beneficiary to purchase a new share at EUR 5.03 (EUR 5.42 for determined persons) following certain procedures during specific periods between January 1, 2015 and September 30, 2017.

At December 31, 2015, there were 355 127 outstanding stock options of this plan.

The following exercises and cancelations of these stock options were recorded by notarial deed in 2016: 124 049 stock options exercised on April 22, 2016, 7 586 stock options exercised on September 20, 2016, 114 719 stocks options exercised and 8 636 stock options cancelled on December 15, 2016.

At December 31, 2015, there were thus 100 137 outstanding stock options of this plan.

In September 2012, the Company issued 870 000 stock options for Group employees ("2012 Plan"). They allow the beneficiary to purchase a new share at EUR 4.78 following certain procedures during specific periods between January 1, 2016 and September 30, 2018.

At December 31, 2015, there were 487 487 outstanding stock options of this plan.

The following exercises and cancelations of these stock options were recorded by notarial deed in 2016: 159 194 stock options exercised on April 22, 2016, 28 516 stock options exercised on September 20, 2016, 33 755 stocks options exercised and 4 656 stock options cancelled on December 15, 2016.

At December 31, 2016, there were thus 261 366 outstanding stock options of this plan.

In June 2014, the Company issued 250 000 stock options for the Group management ("2014 Plan"). They allow the beneficiary to purchase a new share at EUR 11.52 following certain procedures during specific periods between January 1, 2019 and June 30, 2024.

At December 31, 2015, there were 196 500 outstanding stock options of this plan.

The following cancelations of these stock options were recorded by notarial deed in 2016: 10 000 stock options cancelled on December 15, 2016.

At December 31, 2016, there were thus 186 500 outstanding stock options of this plan.

In December 2015, the Company issued 50 000 stock options for the Group management ("2015 Plan"). They allow the beneficiary to purchase a new share at EUR 31.84 following certain procedures between January 1, 2019 and June 30, 2024.

Neither cancellations nor exercises of these stock options were recorded in 2016.

At December 31, 2016, there were thus 50 000 outstanding stock options of this plan. At December 31, 2016, none of these options were exercisable.

As at December 31, 2016, 598 003 options were issued and outstanding.

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

All stock options may also be exercised in the event of a takeover bid for IBA or of an increase in shareholders' equity with preemptive rights.

AUTHORIZED CAPITAL

At December 31, 2016, the authorized capital amounted to EUR 23 313 892.64.

PATENTS AND TECHNOLOGIES

IBA is careful to patent all aspects of its technology for which a patent provides a commercial advantage.

In addition, the Company has maintained the secrecy of a significant portion of its know-how that is not patentable or for which the Company believes secrecy is more effective than publication in a patent application. More fundamentally, the Company believes that the best way to protect itself from its competitors is not by patenting its inventions, but by maintaining its technological lead.

IBA also licenses patents from third parties and pays royalties on them.

LICENSING AND COOPERATION AGREEMENTS

IBA has licensing agreements involving various aspects of its technology. Listing and explaining the nature and terms of these licensing agreements is beyond the scope of this annual report. These agreements cover, for example, certain aspects of its particle accelerator technology and a number of components of its proton therapy equipment.

FIVE-YEAR CAPITAL HISTORY

OPERATION	Number of new shares	Total number of shares	Variation (Δ)	Amount
04/27/2012 Exercise of options under 2004 Plan	500	27 365 528	702.15	38 408 427.14
08/10/2012 Exercise of options under 2002 Plan	8 500	27 374 028	11 829.45	38 420 256.59
02/26/2013 Exercise of options under extended 2004 Plan	10 350	27 384 378	14 534.51	38 434 791.10
05/07/2013 Exercise of options under extended 2004 Plan	52 701	27 437 079	74 008.01	38 508 799.11
07/11/2013 ESP Plan (2013)	10 231	27 447 310	14 359.21	38 523 158.32
07/11/2013 Exercise of options under extended 2004 Plan	77 619	27 524 929	109 000.36	38 632 158.68
25/10/2013 Exercise of options under extended 2004 Plan	110 510	27 635 439	155 189.19	38 787 347.87
28/02/2014 Exercise of options under extended 2005 plan	32 197	27 667 636	45 211.03	38 832 558.90
29/04/2014 Exercise of options under extended 2005 plan	7 890	27 675 526	11 079.14	38 843 638.04
29/04/2014 Exercise of options under 2009 plan BE	221	27 675 747	310.22	38 843 948.26
29/04/2014 Exercise of options under 2010 BE plan	208	27 675 955	291.97	38 844 240.23
27/06/2014 capital increase in favor of S.R.I.W./S.F.P.I.	520 832	28 196 787	730 987.71	39 575 227.94
25/07/2014 Exercise of options under 2009 plan	78 679	28 275 466	110 441.71	39 685 669.65
25/07/2014 Exercise of options under 2010 plan	63 535	28 339 001	89 184.08	39 774 853.73
06/11/2014 Exercise of options under 2009 plan	28 494	28 367 495	39 997.03	39 814 850.76
06/11/2014 Exercise of options under 2010 plan	26 309	28 393 804	36 929.94	39 851 780.70
26/02/2015 Exercise of options under 2006 plan	38.287	28 432 091	53 751.12	39 905 531.82
26/02/2015 Exercise of options under 2006 plan (det pers)	800	28 432 891	1 123.12	39 906 654.94
26/02/2015 Exercise of options under 2009 plan	45.237	28 478 128	63 499.18	39 970 154.12
26/02/2015 Exercise of options under 2010 plan	49.528	28 527 656	69 522.45	40 039 676.57
26/02/2015 Exercise of options under 2011 plan	99.408	28 627 064	139 519.13	40 179 195.70
26/02/2015 Exercise of options under 2011 plan (det pers)	26.456	28 653 520	37 131.00	40 216 326.69
27/05/2015 Exercise of options under extended 2006 plan (det pers)	3.000	28 656 520	4 211.70	40 220 538.39
27/05/2015 Exercise of options under extended 2006 plan	34 205	28 690 725	48 020.40	40 268 558.79
27/05/2015 Exercise of options under extended 2007 plan	13 119	28 703 844	18 415.14	40 286 973.93
27/05/2015 Exercise of options under 2009 plan	141 435	28 845 279	198 532.31	40 485 506.24
27/05/2015 Exercise of options under 2010 plan	65 579	28 910 858	92 053.24	40 577 559.48
27/05/2015 Exercise of options under 2011 plan	72 340	28 983 198	101 529.19	40 679 088.67
27/05/2015 Exercise of options under 2011 plan (det pers)	34 232	29 017 430	48 044.61	40 727 133.28
31/08/2015 Exercise of options under extended 2006 plan (det pers)	3 000	29 020 430	4 211.70	40 731 344.98
31/08/2015 Exercise of options under extended 2006 plan	6 500	29 026 930	9 125.35	40 740 470.33
31/08/2015 Exercise of options under extended 2007 plan (det pers)	3 000	29 029 930	4 211.10	40 744 681.43
31/08/2015 Exercise of options under extended 2007 plan	5 349	29 035 279	7 508.39	40 752 189.82
31/08/2015 Exercise of options under 2009 plan	19 456	29 054 735	27 310.39	40 779 500.21
31/08/2015 Exercise of options under 2010 plan	5 507	29 060 242	7 730.18	40 787 230.38
31/08/2015 Exercise of options under 2011 plan	14 435	29 074 677	20 259.52	40 807 489.91
18/12/2015 Exercise of options under extended 2006 plan	8 750	29 083 427	12 284.13	40 819 774.04
18/12/2015 Exercise of options under extended 2007 plan	3 454	29 086 881	4 848.38	40 824 622.41
18/12/2015 Exercise of options under 2009 plan	20 328	29 107 209	28 534.41	40 853 156.83
18/12/2015 Exercise of options under 2010 plan	1 441	29 108 650	2 022.73	40 855 179.56
18/12/2015 Exercise of options under 2011 plan	6 417	29 115 067	9 006.26	40 864 185.82
22/04/2016 Exercise of options under 2007 plan (det pers prolonged)	3 993	29 119 060	5 604.97	40 869 790. 79
22/04/2016 Exercise of options under 2007 plan (prolonged)	23 656	29 142 716	33 205.93	40 902 996.72
22/04/2016 Exercise of options under 2010 plan	97 925	29 240 641	137 457.32	41 040 454.04
22/04/2016 Exercise of options under 2011 plan (det pers)	14 577	29 255 218	20 458.82	41 060 912.86
22/04/2016 Exercise of options under 2011 plan (empl)	109 472	29 364 690	153 643.95	41 214 556.81
22/04/2016 Exercise of options under 2012 plan	159 194	29 523 884	223 428.78	41 437 985.59
20/09/2016 Exercise of options under 2007 plan (det pers prolonged)	664	29 524 548	932.06	41 438 917.65
20/09/2016 Exercise of options under 2007 plan (prolonged)	1 879	29 526 427	2 637.55	41 441 555.20
20/09/2016 Exercise of options under 2010 plan	23 174	29 549 601	32 529.34	41 474 084.54
20/09/2016 Exercise of options under 2011 plan (det pers)	2 000	29 551 601	2 807.00	41 476 891.54
20/09/2016 Exercise of options under 2011 plan (empl)	5 586	29 557 187	7 839.95	41 484 731.49
20/09/2016 Exercise of options under 2012 plan	28 516	29 585 703	40 022.21	41 524 753.70
15/12/2016 Exercise of options under 2007 plan	8 812	29 594 515	12 369.40	41 537 123.10
15/12/2016 Exercise of options under 2010 plan	21 407	29 615 922	30 049.01	41 567 172.11
15/12/2016 Exercise of options under 2011 plan (det pers)	14.639	29 630 561	20 545.84	41 587 717.95
15/12/2016 Exercise of options under 2011 plan (empl)	100.080	29 730 641	140 462.28	41 728 180.23
15/12/2016 Exercise of options under 2012 plan	33.755	29 764 396	47 375.14	41 775 555.37

THE STOCK MARKET AND THE SHAREHOLDERS

IBA STOCKx'

IBA stock is quoted on the Euronext Brussels continuous market (Compartment B since January 17, 2013). It was introduced on the Stock Exchange on June 22, 1998 at a price of EUR 11.90 (adjusted for a 5 to 1 split in June, 1999).

IBA stock closed at EUR 41.64 on December 31, 2016.

The total number of outstanding stock options as at December 31, 2016 amounts to 598 003. There are no convertible bonds or bonds with warrants outstanding as at 31 December 2016.

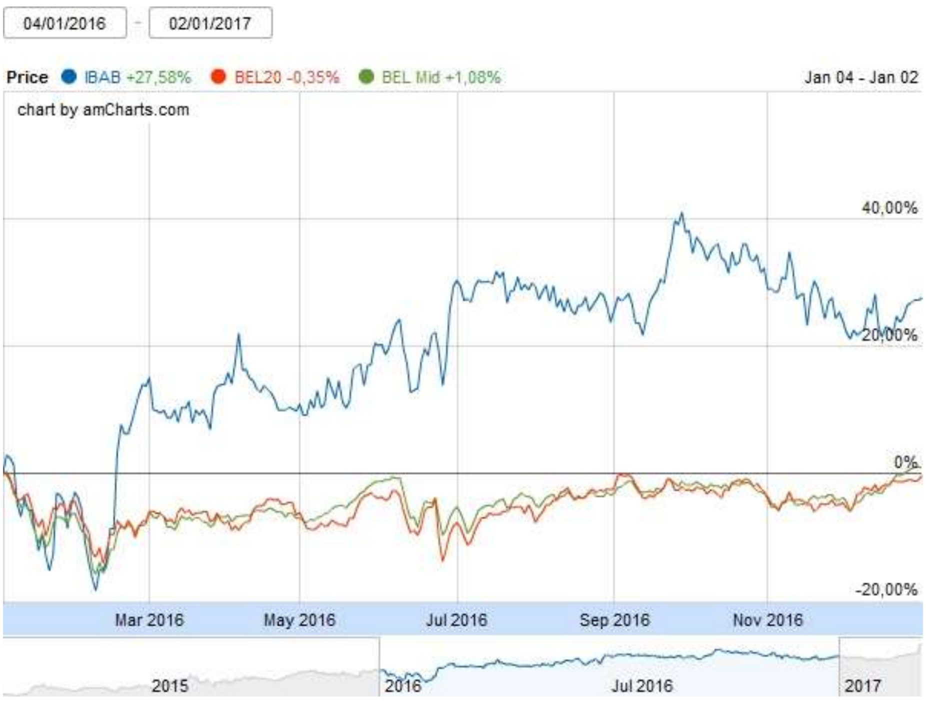
Situation as at	**December 31, 2016 Non diluted**		**December 31, 2016 Fully diluted**	
Entity	**Number of shares**	**%**	**Number of shares**	**%**
Belgian Anchorage SCRL [(1)]	6 204 668	20.85%	6 204 668	20.44%
IBA Investments SCRL [(2)]	610 852	2.05%	610 852	2.01%
IBA SA	63 519	0.21%	63 519	0.21%
UCL ASBL	426 885	1.43%	426 885	1.41%
Sopartec SA	193 801	0.65%	193 801	0.64%
SRIW	704 491	2.37%	704 491	2.32%
SFPI	62 700	0.21%	62 700	0.21%
Institut des Radioéléments FUP	1 423 271	4.78%	1 423 271	4.69%
Subtotal	**9 690 187**	**32.56%**	**9 690 187**	**31.92%**
Public (including Capfi Delen Asset Management N.V.)	20 074 209	67.45%	20 672 212	68.08%
Total	**29 764 396**	**100.00%**	**30 362 399**	**100.00%**

[(1)] Belgian Anchorage is a company established and wholly owned by IBA Management and a number of IBA employees.
[(2)] IBA Investments is a second-tier subsidiary of IBA SA.

SHAREHOLDERS' SCHEDULE

Interim statements, first quarter 2017	May 10, 2017
2016 Annual Shareholders' Meeting	May 10, 2017
Publication of the half-yearly results as of June 30, 2017	August 24, 2017
Interim statements, third quarter 2017	November 16, 2017

STOCK MARKET PRICES



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