Ion Beam Applications
(“IBA”)

IFRS Interim Condensed Consolidated Financial Statements as of June 30, 2012

IFRS Interim Condensed Consolidated Financial Statements

In accordance with IAS 34, IBA SA has chosen to publish its interim consolidated financial statements as of June 30, 2012 in condensed form.

General information

Ion Beam Applications SA (the "Company"), founded in 1986, together with its subsidiaries (together referred to as the "Group" or "IBA") seek to develop key technologies for the diagnosis and treatment of cancer and provides efficient and reliable solutions with an unequaled accuracy. IBA also offers innovative solutions to improve everyday hygiene and safety.

IBA is organized into two business sectors to manage its activities and monitor their financial performance.

The **Pharmaceuticals** segment, which on an operational basis now only includes the biomarkers activity. On April 2, 2012, IBA entered into a partnership with "SK Capital Partners", a private equity fund based in the United States, to sell 60% of its radiopharmaceuticals activity. IBA remains the partner of SK Capital Partners in the new group through the company “Rose Holding SARL” of which it still holds the remaining 40%. The segment still encompasses the interests held by the Group which are consolidated according to the equity method. The biomarkers activity has not been sold, and is fully consolidated in the Group.

The **Equipment** segment, constitutes the technological basis of the Group’s many businesses and encompasses development, fabrication and services associated with medical and industrial particle accelerators, proton therapy systems, and a wide range of dosimetry products and solutions for radiation therapy.

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

The Company is listed on the pan-European stock exchange Euronext and is included in the BEL Small index.

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

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

These interim condensed consolidated financial statements have been approved for issue by the Board of Directors on August 29, 2012. The Board of Directors of IBA is composed as follows:

Inside directors: Messrs. Olivier Legrain, Pierre Mottet and Yves Jongen. Olivier Legrain is Managing Director and Chief Executive Officer. Olivier Legrain was appointed as inside director during the Ordinary General Meeting of shareholders held on May 9, 2012, his term will expire at the Ordinary General Meeting of shareholders in 2016 which will approve the 2015 financial statements. Pierre Mottet's mandate was renewed at the Ordinary General Meeting of shareholders on May 11, 2011 and will expire at the 2015 Annual General Meeting called to approve the 2014 financial statements. Yves Jongen is Managing Director and Chief Research Officer. His mandate was renewed at the Ordinary General Meeting of shareholders of May 12, 2010 and will expire at the Ordinary General Meeting of 2013 which will approve the 2012 financial statements. Following the appointment of Olivier Legrain as inside director, Bayrime S.A. represented by Mr. Eric de Lamotte continues his tenure as other director of the board.

Outside Directors: Marcel Miller Consulting SCS represented by Mr. Marcel Miller, Windi SPRL represented by Mr. Yves Windelincx, its CEO and PSL Management Consulting SCS represented by Mr. Pierre Scalliet, its CEO, have been appointed independent directors. The mandate of the Marcel Miller consultancy SCS represented by its manager Marcel Miller was renewed at the Ordinary General Meeting of May 9, 2012 and will expire at the 2016 Ordinary General Meeting of Shareholders called to approve the 2015 accounts. The mandate of Windi SPRL represented by Mr. Yves Windelincx was approved at the Ordinary General Meeting of Shareholders on May 11, 2011 and will expire at the Ordinary General Meeting of 2015 called to approve the 2014 financial statements. The mandate of the PSL Management Consulting SCS represented by Mr. Pierre Scalliet, its CEO, which was to expire at the Ordinary General Meeting of Shareholders of 2012 continues pending the identification of a new outside director who best matches the criteria set by the Nomination Committee.

Other directors: Innosté SA represented by Mr. Jean Stéphenne, the National Institute of Radionuclides (IRE) represented by Mr. Jean-Michel Vanderhofstadt, its CEO and Bayrime SA represented by Eric de Lamotte, its Managing Director. The mandate of Olivier Ralet BDM SPRL, represented by its General Manager Olivier Ralet, ended at the General Meeting of Shareholders of 2012 which approved the 2011 accounts. The mandate of Innosté SA was renewed at the General Meeting of Shareholders on May 11, 2011 and will expire at the Ordinary General Meeting called to approve the 2012 financial statements in 2013. The mandate of IRE was renewed at the Ordinary General Meeting of Shareholders on May 12, 2010 and will expire at the 2013 Annual General Meeting called to approve the 2012 financial statements. Nicole Destexhe Permanent Representative of the IRE was replaced by Jean-Michel Vanderhofstadt at the Ordinary General Meeting of Shareholders on May 9, 2012. The mandate of Bayrime SA represented by Mr. Eric de Lamotte was renewed at the Ordinary General Meeting of shareholders on May 11, 2011 and expires at the Ordinary General Meeting of 2013 called to approve the 2012 financial statements.

The IBA Board acts in accordance with the guidelines established in its Corporate Governance Charter as approved by the Board of Directors meeting of April 1, 2010. A copy of the charter can be found on the IBA website (www.iba-worldwide.com).

Interim consolidated statement of Financial Position as of June 30, 2012

The Group has chosen to present its balance sheet on a current/non-current basis. The notes on pages 11 to 37 are an integral part of these interim consolidated financial statements.

	Note	June 30, 2012 (EUR '000)	December 31, 2011 (EUR '000)
ASSETS			
Goodwill	6.3	3 844	3 820
Other intangible assets	6.3	10 105	13 928
Property, plant and equipment	6.3	16 666	19 745
Investments accounted for using the equity method		27 263	1 741
Other investments		1 815	1 773
Deferred tax assets		11 852	13 168
Long-term financial assets		0	332
Other long-term assets		30 917	13 509
Non-current assets		**102 462**	**68 016**
Inventories and contracts in progress	6.5	111 105	98 311
Trade receivables		74 904	41 347
Other receivables		89 317	68 909
Short-term financial assets		545	1 025
Cash and cash equivalents	6.2	32 021	11 943
Assets held for sale		2 922	208 460
Current assets		**310 814**	**429 995**
TOTAL ASSETS		**413 276**	**498 011**
EQUITY AND LIABILITIES			
Capital stock	6.8	38 409	38 408
Capital surplus	6.8	126 393	126 366
Treasury shares		-8 612	-8 612
Reserves		10 451	11 858
Currency translation difference		-8 555	-9 282
Retained earnings		-93 032	-91 687
Reserves for assets held for sale		0	524
Capital and reserves		**65 054**	**67 575**
Non-controlling interests		**0**	**1 143**
EQUITY		**65 054**	**68 718**
Long-term Borrowings	6.4	68 628	22 348
Long-term liabilities		1 329	994
Deferred tax liabilities		1 143	1 095
Long-term provisions		20 366	10 876
Other long-term liabilities		2 876	4 828
Non-current liabilities		**94 342**	**40 141**
Short-term provisions		48 628	10 215
Short-term liabilities	6.4	2 656	30 201
Short-term financial liabilities		1 958	1 510
Trade payables		52 705	51 146
Current income tax liabilities		1 217	681
Other payables	6.6	145 379	143 492
Liabilities directly related to assets held for sale		1 337	151 907
Current liabilities		**253 880**	**389 152**
TOTAL LIABILITIES		**348 222**	**429 293**
TOTAL EQUITY & LIABILITIES		**413 276**	**498 011**

Interim consolidated Income Statement for the six months ended June 30, 2012

The Group has chosen to present its income statement using the "function of expenses" method. The notes on pages 11 to 37 are an integral part of these IFRS interim condensed consolidated financial statements.

	Note	**June 30, 2012 (EUR '000)**	**June 30, 2011 (EUR '000)**
Sales and services		121 003	107 182
Cost of sales and services		70 868	61 079
Gross profit		**50 135**	**46 103**
Selling and marketing expenses		13 489	12 605
General and administrative expenses		16 359	15 158
Research and development expenses		12 551	13 006
Other operating expenses	6.7	22 665	2 623
Other operating (income)	6.7	- 180	-2 066
Financial expenses		4 820	3 354
Financial (income)		-3 956	-3 905
Share of (profit)/loss of companies consolidated using the equity method		1 766	- 121
Profit/(loss) before taxes		**-17 379**	**5 449**
Tax (income)/ expenses	6.10	3 432	1 077
Profit/(loss) for the period from continuing operations		**-20 811**	**4 372**
Profit/(loss) for the period from discontinued operations		19 404	-1 102
Profit/(loss) for the period		**-1 407**	**3 270**
Attributable to :			
Equity holders of the parent		-1 407	3 084
Non-controlling interests		0	186
Earnings per share from continuing and discontinued operations (€ per share)			
- basic	5.1	-0.05	0.12
- diluted	5.2	-0.05	0.12
Earnings per share from continuing operations (€ per share)			
- basic	5.1	-0.78	0.17
- diluted	5.2	-0.78	0.17
Earnings per share from discontinued operations (€ per share)			
- basic	5.1	0.73	-0.05
- diluted	5.2	0.72	-0.05

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

Interim consolidated statement of Comprehensive Income for the six months ended June 30, 2012

	June 30,2012 (EUR '000)	June 30,2011 (EUR '000)
Profit/(loss) for the period	**-1 407**	**3 270**
Changes in available-for-sale financial asset reserves	-1 350	-5 268
Reclass of changes in reserves taken in the income statement for activities sold	835	0
Changes in strategic hedging reserves	- 587	2 516
Changes in post-employment benefits reserves	363	0
Changes in companies accounted for using the equity method	- 80	0
Reclass of changes on currency translation difference taken in the income statement for activities sold	-1 722	0
Changes in currency translation difference	371	-1 446
Permanent financing related changes	356	- 850
Net Profit/(loss) recognized directly in equity	**-1 814**	**-5 048**
Comprehensive income	**-3 221**	**-1 778**
Attributable to :		
Equity holders of the parent	-3 221	-1 964
Non-controlling interests	0	186

Due to the level of available tax losses, IBA did not calculate deferred tax on items credited or debited directly in the comprehensive income.

Interim consolidated statement of changes in Shareholder's Equity

	Attributable to equity holders of the parent							Reserves for assets held for sale	Non-controlling interests	Total shareholder's equity
EUR '000	Capital stock	Capital surplus	Treasury shares	Hedging reserves	Other reserves [1]	Currency translation difference [1]	Retained earnings			
Balance at January 1, 2011	**37 888**	**125 421**	**-8 655**	**-1 177**	**11 055**	**-9 948**	**-3 269**	**0**	**1 087**	**152 402**
Net income/(expenses) recognized directly in equity	**0**	**0**	**0**	**2 516**	**810**	**-2 296**	**0**	**-6 078**	**0**	**-5 048**
Profit/(loss) for the period	0	0	0	0	0	0	3 084	0	186	3 270
Comprehensive income for the period	**0**	**0**	**0**	**2 516**	**810**	**-2 296**	**3 084**	**-6 078**	**186**	**-1 778**
Dividends	0	0	0	0	0	0	-4 020	0	0	-4 020
Employee stock options & share based payments	0	0	0	0	707	0	0	0	0	707
Purchase & sale of treasury shares	0	0	0	0	0	0	0	0	0	0
Other changes in non-controlling interests	0	0	0	0	0	0	0	0	- 213	- 213
Other movements	0	0	0	0	0	0	0	0	0	0
Increase/(reduction) of capital stock/capital surplus	117	378	0	0	0	0	0	0	0	495
Balance at June 30, 2011	**38 005**	**125 799**	**-8 655**	**1 339**	**12 572**	**-12 244**	**-4 205**	**-6 078**	**1 060**	**147 593**
Balance at January 1, 2012	**38 408**	**126 366**	**-8 612**	**-1 683**	**13 541**	**-9 282**	**-91 687**	**524**	**1 143**	**68 718**
Net income/(expenses) recognized directly in equity	**0**	**0**	**0**	**- 587**	**- 232**	**- 995**	**0**	**0**	**0**	**-1 814**
Profit/(loss) for the period	0	0	0	0	0	0	-1 407	0	388	-1 019
Comprehensive income for the period	**0**	**0**	**0**	**- 587**	**- 232**	**- 995**	**-1 407**	**0**	**388**	**-2 833**
Dividends	0	0	0	0	0	0	0	0	0	0
Employee stock options & share based payments	0	0	0	0	610	0	0	0	0	610
Activities Held for sale	0	0	0	0	-1 198	1 722	0	- 524	0	0
Purchase & sale of treasury shares	0	0	0	0	0	0	0	0	0	0
Other changes in non-controlling interests	0	0	0	0	0	0	0	0	-1 531	-1 531
Other movements	0	0	0	0	0	0	62	0	0	62
Increase/(reduction) of capital stock/capital surplus	1	27	0	0	0	0	0	0	0	28
Balance at June 30, 2012	**38 409**	**126 393**	**-8 612**	**-2 270**	**12 721**	**-8 555**	**-93 032**	**0**	**0**	**65 054**

[1] A transfer was done at the opening of January 1, 2012 between the accounts "other reserves" and "currency translation difference"

Interim consolidated statement of Cash Flow for the six months ended June 30, 2012

The group has chosen to present the cash flow statement using the indirect method. The notes on pages 11 to 37 are an integral part of these IFRS interim condensed consolidated financial statements.

	Note	June 30, 2012 (EUR '000)	June 30, 2011 [2] (EUR '000)
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit/(loss) for the period attributable to equity holders of the parent [1]		**-1 407**	**3 084**
Adjustments for:			
Depreciation and impairment of property, plant, and equipment	6.3	1 534	6 900
Amortization and impairment of intangible assets	6.3	981	1 960
Write-off on receivables		469	190
Changes in fair values of financial assets (gains)/losses		1 009	1 289
Changes in provisions		17 562	- 400
Deferred taxes	6.10	1 486	308
Share of results of associates and joint ventures accounted for using the equity method		1 766	- 799
(Profit)/loss on disposal of assets held for sale		-25 576	0
Other non-cash items		-1 710	848
Net profit/(loss) before changes in working capital		**-3 886**	**13 380**
Trade receivables, other receivables, and deferrals		-33 185	-3 505
Inventories and contracts in progress		-21 373	41 632
Trade payables, other payables, and accruals		6 119	334
Other short-term assets and liabilities		-5 638	425
Changes in working capital		**-54 077**	**38 886**
Income tax paid / received, net		0	0
Interest paid/ Interest received		- 30	- 359
Net cash (used in)/generated from operations		**-57 993**	**51 907**
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisitions of property, plant and equipment	6.3	- 806	-7 768
Acquisitions of intangibles assets	6.3	-1 400	-2 599
Disposals of assets		5	30
Acquisitions of subsidiaries, net of acquired cash		0	0
Acquisitions of third party and equity-accounted investments		-21 304	-3 651
Disposals of subsidiaries and equity-accounted companies, and other investments net of cash disposed	2.3	75 809	0
Acquisitions of non-current financial assets and loan granted		0	0
Other investing cash-flows		-1 630	-8 112
Net cash (used in)/generated from investing activities		**50 674**	**-22 100**
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from borrowings	6.4	18 252	178
Repayment of borrowings	6.4	- 125	-2 879
Net interest paid/received		- 721	- 431
Capital increase (or proceeds from issuance of ordinary shares)		19	477
Purchase of treasury shares		0	0
Dividends paid		0	-4 019
Other financing cash flows		1 628	- 57
Net cash (used in)/generated from financing activities		**19 053**	**-6 731**
Net cash and cash equivalents at the beginning of the period		**20 410**	**18 102**
Change in net cash and cash equivalents		11 734	23 076
Exchange gains/(losses) on cash and cash equivalents		- 123	-1 041
Net cash and cash equivalents at the end of the period		**32 021**	**40 137**

[1] The impact of non-controlling interests is included in the "Other non-cash items" heading

[2] Cashflow at June 30, 2011 includes cash flows of assets held for sale. Impact on cash flow of assets held for sale is explained in note 2.4

Notes to Interim Condensed Consolidated Financial Statements

1. Financial Statements – Basis of preparation

1.1 Basis of preparation

These interim condensed consolidated financial statements of IBA cover the six months ended June 30, 2012. They have been prepared in accordance with IAS 34 "Interim Financial Reporting".

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at December 31, 2011.

1.2 Changes in accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2011, except for the adoption of new standards and interpretations as of January 1, 2012, noted below:

- ***IAS 12 – Deferred Tax: Recovery of Underlying Assets (Amendment)***

This amendment to IAS 12 includes a rebuttable presumption that the carrying amount of investment property measured using the fair value model in IAS 40 will be recovered through sale and, accordingly, that any related deferred tax should be measured on a sale basis. The presumption is rebutted if the investment property is depreciable and it is held within a business model whose objective is to consume substantially all of the economic benefits in the investment property over time, rather than through sale. Specifically, IAS 12 will require that deferred tax arising from a non-depreciable asset measured using the revaluation model in IAS 16 should always reflect the tax consequences of recovering the carrying amount of the underlying asset through sale. Effective implementation date is for annual periods beginning on or after January 1, 2012.

The Group does not have investment properties at fair value, nor assets under IAS 16 valued under the revaluation model. Therefore, the amendment does not have an impact on the financial statements of the Group.

1. IFRS 7 - Disclosures - Transfers of financial assets (Amendment)

The IASB issued an amendment to IFRS 7 that enhances disclosures for financial assets. These disclosures relate to assets transferred (as defined under IAS 39). If the assets transferred are not derecognised entirely in the financial statements, an entity has to disclose information that enables users of financial statements to understand the relationship between those assets which are not derecognised and their associated liabilities. If those assets are derecognised entirely, but the entity retains a continuing involvement, disclosures have to be provided that enable users of financial statements to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets. Effective implementation date is for annual periods beginning on or after July 1, 2011 with no comparative requirements.

As of June 30, 2012 the Group holds assets that are not derecognised for a total amount of EUR 39.6 million and liabilities that are not derecognised for EUR 36 million all related to the Essen proton therapy project.

The following amendments to IFRS standards did not have any impact on the accounting policies, financial position or performance of the Group as they are not applicable:

2. IFRS 1 - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (Amendment)

When an entity's date of transition to IFRS is on or after the functional currency normalisation date, the entity may elect to measure all assets and liabilities held before the functional currency normalisation date, at fair value on the date of transition to IFRS. This fair value may be used as the deemed cost of those assets and liabilities in the opening IFRS statement of the financial position. However, this exemption may only be applied to assets and liabilities that were subject to severe hyperinflation. Effective implementation date is for annual periods beginning on or after July 1, 2011 with early adoption permitted.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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 transaction date (historical rate) or at an average rate for the month.

The principal exchange rates used for conversion to EUR are as follows:

	2012		2011	
	Closing rate at end June	**Average rate for the 6 months period**	**Closing rate at end December**	**Average rate for the year**
USD	1.2590	1.2978	1.2939	1.3924
SEK	8.7728	8.8777	8.9120	9.0265
GBP	0.8068	0.8229	0.8353	0.8678
CNY	8.0011	8.1791	8.1588	8.9925
INR	70.120	67.9749	68.7130	65.220
JPY	96.10	103.6250	100.20	111.0463

2. Consolidation scope and the effects of changes in the composition of the Group

IBA Group consists of IBA S.A. and a total of 24 companies and associated companies in 9 countries. Of these, 19 are fully consolidated and 5 are accounted for using the equity method.

2.1 List of subsidiaries in IBA Group

Nom	Siège social	Actifs destinés à être cédés	Pays	Détention (en %) par le Groupe	Variation du % de détention par rapport au 31 décembre 2011
IBA Molecular Holding (BE 0880.070.706)	Chemin du cyclotron, 3, B-1348 LLN	Non	Belgique	100%	-
IBA Participations S.P.R.L. (BE 0465.843.290)	Chemin du cyclotron, 3, B-1348 LLN	Non	Belgique	100%	-
IBA Investments S.C.R.L. (BE 0471.701.397)	Chemin du cyclotron, 3, B-1348 LLN	Non	Belgique	100%	-
Ion Beam Beijing Medical Appliance Technology Service Co. Ltd.	No.6 Xing Guang Er Jie, Beijing OPTO-Mechatronics Industrial Park, 101 111 Tongzhou District, Beijing, China	Non	Chine	100%	-
Ion Beam Applications Co. Ltd.	No.6 Xing Guang Er Jie, Beijing OPTO-Mechatronics Industrial Park, 101 111 Tongzhou District, Beijing, China	Non	Chine	100%	-
IBA RadioIsotopes France S.A.S.	59 Blvd Pinel, 69003 LYON	Oui	France	100%	-
IBA Dosimetry Gmbh	Bahnhofstrasse 5, 90592 Schwarzenbruck Germany	Non	Allemagne	100%	-
MediFlash Holding A.B.	c/o PwC Box 179 S-751 04 Uppsala Sweden	Non	Suède	100%	-
IBA Dosimetry America Inc.	3150 Stage Post Dr. Ste. 110 Bartlett, TN 38133, USA	Non	États-Unis	100%	-
IBA Proton Therapy Inc.	152 Heartland Blvd, Edgewood New York 11717 USA	Non	États-Unis	100%	-
IBA Industrial Inc.	152 Heartland Blvd, Edgewood New York 11717 USA	Non	États-Unis	100%	-
RadioMed Corporation	3149 Stage Post Drive Suite 110 Bartlett, TN 38133, USA	Non	États-Unis	100%	-
IBA USA Inc.	151 Heartland Blvd, Edgewood New York 11717 USA	Non	États-Unis	100%	-
IBA Particle Therapy Gmbh	Bahnhofstrasse 5, 90592 Schwarzenbruck Germany	Non	Allemagne	100%	-
Radiopharma Partners S.A. (BE 0879.656.475)	Chemin du cyclotron, 3, B-1348 LLN	Non	Belgique	100%	-
Cis Bio US Inc.	135 South Road, Bedford, MA 01730, USA	Non	États-Unis	100%	-
IBA Bio Assays S.A.S.	Parc Marcel Boiteux BP 84175 30200 CODOLET	Non	France	100%	-
IBA Hadronthérapie S.A.S.	9 rue Ferdinand Buisson, 14280 Saint-Contest	Non	France	100%	-
Cisbio Asia Pacific, Limited	Unit 402 4/F Fairmont House, N°8 Cotton Tree Drive Admiralty, Hong Kong	Non	Chine (HK)	100%	100%
Cyclhad S.A.S.	9 rue Ferdinand Buisson, 14280 Saint-Contest	Non	France	60%	

2.2 List of equity-accounted investments

Name	Assets held for sale	Country of incorporation	Share of equity held (%)	Variation in % held compared to 31 December 2011
Rose Holding SARL	No	Luxemburg	40%	+40%
IBA Molecular Compounds Development SARL	No	Luxemburg	60%	+60%
Striba Gmbh	No	Germany	50%	-
Pharmalogic Pet Services of Montreal Cie	Yes	Canada	48.00%	-
Sceti Medical Labo KK	No	Japan	39.80%	-

2.3 Business combinations and other changes in the composition of IBA group

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 held for sale from IBA's Radiopharmaceuticals division.

Since April 2, 2012, SK Capital Partners holds 60% of the new venture and IBA 40%.

The partners also agreed to divide equally the costs of developing the portfolio of new patented molecules through a separate joint venture. In recognition of the investments already made by IBA, 60% of the profits thereof will go to IBA and 40% to SK Capital but the decisions are taken jointly.

The impact of this sale on the Group's cash is as follows:

	June 30, 2012 (EUR '000)
Net assets and non-controlling interests sold	53 733
Profit of the year on disposal of discontinued activities sold	25 576
Proceed from the sale of the radiopharmaceutical division	**79 309**

The proceeds from the sale are distributed as follows:

	June 30, 2012 (EUR '000)
Cash received	84 390
Trade receivables	8 037
Long-term assets	16 147
Other assets	8 900
Provisions	-38 165
Total	**79 309**

	June 30, 2012 (EUR '000)
Cash received	84 390
Cash disposed of	-8 581
Total	**75 809**

2.4 Operations held for sale (and sold)

The following table holds the list of the companies sold on April 2, 2012 to SK Capital Partners:

Name	Country
List of subsidiaries sold	
IBA Pharma S.A. (BE 0860.215.596)	Belgium
IBA Pharma Invest S.A. (BE 0874.830.726)	Belgium
Molecular Imaging S.A. (BE 0819.674.051)	Belgium
IBA Molecular Imaging (India) Pvt. Ltd.	India
IBA Molecular Italy S.r.L.	Italy
IBA Molecular Spain S.A.	Spain
IBA Molecular UK Limited	UK
IBA Molecular North America Inc.	United States
Betaplus Pharma S.A. (BE 0479.037.569)	Belgium
Radiopharma Partners S.A. (BE 0879.656.475)	Belgium
Cis Bio International S.A.S.	France
Cis Bio S.p.A.	Italy
Cis Bio GmbH	Germany
IBA Molypharma S.L.	Spain
PetLinq L.L.C.	United States
List of equity acounted companies sold	
Molypharma S.A.	Spain
Radio Isotopes Mediterranée S.A.	Marroco
Swan Isotopen AG	Switzerland
Bio Molecular Industries SDN	Malaysia
Petnet GmbH	Germany
Petnet Solutions AG	Germany

The net assets acquired and the positive or negative goodwill in Rose Holding SARL has not yet been determined at June 30, 2012.

Overview of income statement for operations held for sale and sold:

	June 30, 2012 (1) (EUR '000)	June 30, 2011 (2) (EUR '000)
Sales and services	46 174	91 990
Cost of sales and services	32 781	64 937
Gross profit	**13 393**	**27 053**
Selling and marketing expenses	3 158	8 289
General and administrative expenses	8 459	17 532
Research and development expenses	1 953	2 271
Other operating expenses/(income)	4 818	-3 959
Financial expenses/(income)	1 536	3 981
Profit/(loss) on disposal of assets held for sale	-25 576	0
Share of (profit)/loss of companies consolidated using the equity method	- 608	- 677
Profit/(loss) before taxes	**19 653**	**- 384**
Tax (income)/expense	249	718
Profit/(loss) for the period	**19 404**	**-1 102**

(1) June 2012 includes 3 months of held for sale activities (Pharmalogic Pet Service Montreal Cie and IBA Radioisotopes France SAS)

(2) June 2011 includes 6 months of held for sale activities

Net cash flows for operations held for sale and were as follows:

	June 30, 2011 (EUR '000)
Net cash (used in)/generated from operations	-6 578
Net cash (used in)/generated from investing activities	-13 204
Net cash (used in)/generated from financing activities	-3 565
Net cashflow from activities held for sale and sold	**-23 347**

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. We present below estimates and assumptions that could cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year

3.1 Income Tax

The Group has accumulated net operating losses available to offset future taxable profits mainly in Belgium and the United States for a total of EUR 115.6 million at June 30, 2012. The Company recorded deferred tax assets amounting to EUR 11.7 million with the view to use the tax losses carried forward and EUR 0.14 million as temporary differences as at June 30, 2012. The valuation of these assets depends on several assumptions and judgments about the probable future taxable profits of the Group's subsidiaries in different countries. These estimates are established with prudence and are based on the latest information available to the Company. If conditions change and the final amount of the future profits differs from the original estimate, such differences will impact the income tax and deferred tax assets during the period in which such determination is made.

The Group recognizes deferred tax assets on unused losses carried forward provided that taxable profits will be available to offset these assets. The estimates of the amounts recognized in the balance sheet are established with caution on the basis of recent financial information validated by the Board of Directors and depend on certain assessments relating to future taxable profits of the Group's subsidiaries.

3.2 Provisions 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 recorded to cover the necessary costs of dismantling the sites where radiopharmaceuticals are produced. These provisions are measured at the net present value of the best estimate of the cost required.

Following the sale of 60% of its Pharmaceuticals activity (except the Bio Assays activity) to “SK Capital Partners”, the majority of the provisions for decommissioning were transferred to the company ''Rose Holding SARL''. As of June 30, 2012, the remaining amount of these provisions amounted to EUR 3.7 million and relate to those sites remaining within the Group.

3.3 Provision for obligation to take over radioactive equipment and sources.

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

Following the sale of 60% of its Pharmaceuticals activity (except for the Bio Assays activity) to “SK Capital Partners”, almost all of these provisions have been transferred to the company “Rose Holding SARL”.

3.4 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. 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 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.

3.5 Provision for defined benefit plans

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

Actuarial gains and losses are recognized in the statement of comprehensive income.

At June 30, 2012 the amount of provisions for defined benefit plans amounts to EUR 3.0 million. The valuation of this provision, based on estimates and judgments made by the Group, is subject to recurring revision by an external actuarial consultant.

3.6 Estimating the value in use of intangible and tangible fixed assets

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

3.7 Valuation of private equity instruments

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

3.8 Risk on Proton Therapy projects

The center built in Essen, which was subject to a public / private partnership, has still not been accepted by the customer WPE (Westdeutsches ProtonentherapiezentrumEssen GmbH). For more information about this risk, please refer to Note 6.9 of this report.

To prepare its interim financial statements, the company has taken certain assumptions for which uncertain elements exist and which may be significantly far from efficiently resolving this disagreement. The amount of net assets related to this project recognized in the balance sheet at June 30, 2012 is approximately EUR 7.9 million. The assumptions made by management to reach this amount of net assets related to the project are related to the date of the final acceptance of the site, the refinancing of the project by the banks and the additional expenses that shall fall to the Group until the final acceptance by the client.

3.9 Valuation of the amount receivables in the framework of the sale of activities

One element of the price to be received depends on the level of price attained when the fund will exit the pharmaceutical activity. In this context, the market value used to determine the value of the derivative associated therewith was based on a model of future cash flows and multiples.

A probability of exit varying each year was then determined: 10% in 2014, 60% in 2015, 25% in 2016 and 5% in 2017.

3.10 Categories of financial instruments

Fair values of hedging instruments are determined by valuation techniques widely used in financial markets and are provided by reliable financial information sources. Fair values are based on the trade dates of the underlying transactions. The Group uses the following hierarchy to classify financial instruments recognized at fair value according to the reliability of the valuation methods used:

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

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

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

During this past financial year, there was no transfer between the various categories for the financial instruments existing as of December 31, 2011. However, new financial instruments were acquired and are classified in levels 2 and 3.

	Level 1	Level 2	Level 3	June 30, 2012
- Forward foreign exchange contracts		106		106
- Foreign exchange rate swaps		7		7
- Interest rate caps				0
Hedge-accounted financial assets		**113**		**113**
Other long term assets		**8 945**	**7 202**	**16 147**
Other available-for-sale assets			**1 815**	**1 815**
- Forward foreign exchange contracts				0
- Foreign exchange rate swaps		431		431
Financial assets at fair value through the income statement		**431**		**431**
- Forward foreign exchange contracts		2 177		2 177
- Foreign exchange rate swaps		140		140
Hedge-accounted financial liabilities		**2 317**		**2 317**
- Forward foreign exchange contracts		400		400
- Foreign exchange rate swaps		570		570
Financial liabilities at fair value through the income statement		**970**		**970**

4. Operating 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 has been implemented. A business segment is a separate component of a company which provides products or services in a specific field of activity which is subject to risks and returns different from those of other activities. In accordance with IFRS 8 Operating segments, the business segments on which segment information is based are (1) Equipment and (2) Pharmaceuticals.

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

Six months ended June 30, 2012	EQUIPMENT	PHARMACEUTICALS CONTINUING OPERATIONS	GROUP
	(EUR '000)	(EUR '000)	(EUR '000)
Net sales and services	104 525	16 478	121 003
Inter-segment sales	0	0	0
External sales	**104 525**	**16 478**	**121 003**
Segment results	**-15 629**	**880**	**-14 749**
Financial income/(expenses)			- 864
Share of profit/(loss) of companies consolidated using the equity method			-1 766
Profit/(loss) before tax			**-17 379**
Tax (expense)/income			-3 432
Profit for the period from discontinued operations			19 404
PROFIT/(LOSS) FOR THE PERIOD			**-1 407**

Six months ended June 30, 2011	EQUIPMENT	PHARMACEUTICALS CONTINUING OPERATIONS	GROUP
	(EUR '000)	(EUR '000)	(EUR '000)
Net sales and services	89 954	17 228	107 182
Inter-segment sales	0	0	0
External sales	**89 954**	**17 228**	**107 182**
Segment results	**4 049**	**728**	**4 777**
Financial income/(expenses)			551
Share of profit/(loss) of companies consolidated using the equity method			121
Profit/(loss) before tax			**5 449**
Tax (expense)/income			-1 077
Profit for the period from discontinued operations			-1 102
PROFIT/(LOSS) FOR THE PERIOD			**3 270**

5. Earnings per share

5.1 Basic earnings per share

Basic earnings are calculated by dividing the net profit attributable to the 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	**June 30, 2012 (EUR '000)**	**June 30, 2011 (EUR '000)**
Weighted average number of ordinary shares	26 678 716	26 327 937
Earnings attributable to parent equity holders (€ '000)	-1 407	3 084
Basic earnings per share from continuing and discontinued operations (€ per share)	**-0.05**	**0.12**
Earnings from continuing operations attribuable to parent equity holders (€' 000)	-20 811	4 372
Weighted average number of ordinary shares	26 678 716	26 327 937
Basic earnings per share from continuing operations (€ per share)	**-0.78**	**0.17**
Earnings from discontinued operations attribuable to parent equity holders (€' 000)	19 404	-1 288
Weighted average number of ordinary shares	26 678 716	26 327 937
Basic earnings per share from discontinued operations (€ per share)	**0.73**	**-0.05**

5.2 Diluted earnings per share

Diluted earnings are calculated by adjusting the weighted average number of ordinary shares outstanding for the effects of conversion of all dilutive potential ordinary shares. The Company has only one category of dilutive potential ordinary shares: stock options.

A 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 above is compared with the number of shares that would have been issued assuming the exercise of the stock options.

DILUTED EARNINGS PER SHARE	**June 30, 2012 (EUR '000)**	**June 30, 2011 (EUR '000)**
Weighted average number of ordinary shares	26 678 716	26 327 937
Weighted average number of sotck options	992 195	842 117
Average share price over period	5.48	8.15
Dilution effect from weighted number of stock options	178 294	461 676
Weighted average number of ordinary shares for diluted earnings per share	26 857 010	26 789 612
Earnings attributable to parent equity holders (€ '000)	-1 407	3 084
Diluted earnings per share from continuing and discontinued operations (€ per share)	**-0.05**	**0.12**
Earnings from continuing operations attributable to parent equity holders (€ '000)	-20 811	4 372
Diluted earnings per share from continuing operations (€ per share)	**-0.78**	**0.17**
Earnings from discontinued operations attributable to parent equity holders (€ '000)	19 404	-1 288
Diluted earnings per share from discontinued operations (€ per share)	**0.72**	**-0.05**

6. Other selected disclosures

6.1 Seasonality or cyclicality of interim operations

IBA's business is not subject to any seasonal or cyclical effect.

6.2 Cash and cash equivalents

For the purpose of the interim consolidated cash flow statement, cash and cash equivalents are comprised of the following:

	June 30, 2012 (EUR '000)	June 30, 2011 (EUR '000)
Bank balances and cash	12 730	26 312
Accounts with restrictions shorter than 3 months	281	48
Short-term bank deposits and commercial paper	19 010	9 078
	32 021	**35 438**
Cash and cash equivalents attributable to assets held for sale		4 699
		40 137

6.3 Capital expenditure and commitments

Six months ended June 30, 2012	**Property, plant and equipment (EUR '000)**	**Intangible (EUR '000)**	**Goodwill (EUR '000)**
Net carrying amount at opening	**19 745**	**13 928**	**3 820**
Additions	806	1 400	0
Disposals	-2 617	-4 251	0
Transfers	0	0	0
Currency translation difference	266	9	24
change in consolidation scope	0	0	0
Depreciation/amortisation and impairment	-1 534	- 981	0
Net carrying amount at closing	**16 666**	**10 105**	**3 844**

6.4 Movement on borrowings

	June 30, 2012 (EUR '000)	December 31, 2011 (EUR '000)
Current	2 656	30 201
Non-current	68 628	22 348
Total	**71 284**	**52 549**
Opening amount	**52 549**	**45 058**
New borrowings [1]	18 858	18 136
Repayment of borrowings	- 125	-3 624
Entry in consolidation scope	0	0
Transfer to liabilities directly related to assets held for sale	0	-5 566
Increase/(decrease) bank short-term loans	0	-1 447
Currency translation difference	2	- 8
Closing amount	**71 284**	**52 549**

[1] The amount of new debt includes € 0.6 million in June 2012 and € 1.2 million in June 2011 of non-cash interest expenses

The Group has credit lines totaling EUR 97 million, including a long-term credit facility of EUR 50 million from the EIB (European Investment Bank) to provide financing for research and development projects and a EUR 20 million long-term subordinated credit facility from the SRIW (Société Régionale d'Investissement de Wallonie or Regional Investment Company of Wallonia). Under the terms of credit of the EIB and the SRIW, the Group has agreed to comply with certain covenants regarding the Group's debt. To date, 41.2% of these credit lines have been used.

In addition, in the context of its proton therapy contracts, IBA holds a manufacturing credit facility of EUR 60 million of which EUR 30.2 million has been utilized to date.

6.5 Inventories and contracts in progress

	June 30, 2012 (EUR '000)	December 31, 2011 (EUR '000)
Raw material and supplies	34 828	33 733
Finished products	5 459	5 543
Work in progress	9 845	9 197
Contracts in progress (in excess of billing)	69 458	57 582
Write-off on inventories and contracts in progress	-8 485	-7 744
Inventories and contracts in progress	**111 105**	**98 311**

Contracts in progress (in excess of billing)	**June 30, 2012 (EUR '000)**	**December 31, 2011 (EUR '000)**
Costs to date and recognized profit	167 932	181 059
Less: progress billings	-98 474	-123 477
Contracts in progress (in excess of billing)	**69 458**	**57 582**
Net amounts due to customers for contract in progress	70 473	77 077

6.6 Other payables and accruals

	June 30, 2012 (EUR '000)	**December 31, 2011 (EUR '000)**
Non-trade payables	188	124
Advances received on contracts in progress (in excess of CIP)	70 473	77 077
Social security liabilities	11 275	11 590
Accrued charges	4 766	2 937
Accrued interests charges	101	36
Deferred income	5 819	3 235
Capital grants	1 148	1 182
Other current liabilities	51 609	47 311
Other payables and accruals	**145 379**	**143 492**

6.7 Other operating income and expenses

The other operating expenses of EUR 22.7 million in 2012 include the valuation of stock option plans offered to IBA employees for EUR 0.7 million, provisions for potential contractual penalties or expected losses on projects for EUR 21.1 million at June 30, 2012 and other expenses for EUR 0.9 million.

Other operating income in 2012 amounts to EUR 0.2 million.

Other operating expenses in 2011 of EUR 2.6 million included the valuation of stock options plans offered to employees of IBA for EUR 0.7 million, potential contractual penalties or expected losses on projects for EUR 0.9 million June 30, 2011 as well as EUR 0.7 million for consulting fees incurred as part of the search for an investment partner for the pharmaceutical business and other expenses for EUR 0.3 million.

The other operating income for 2011 amounts to EUR 6.2 million and includes the positive effects of the decision in favor of IBA in its legal dispute with Bayer Schering Pharma AG for EUR 5.7 million and the reversal of a provision for EUR 0.2 million as well as other income for EUR 0.3 million.

6.8 Ordinary shares, share premium and treasury shares

	Number of ordinary shares	Capital Stock (EUR '000)	Capital surplus (EUR '000)	Treasury shares (EUR '000)	Total (EUR '000)
Balance at December 31, 2011	**27 365 028**	**38 408**	**126 366**	**-8 612**	**156 161**
Stock options exercised	500	1	27	0	28
Sale of treasury shares					
Balance at June 30, 2012	**27 365 528**	**38 409**	**126 393**	**-8 612**	**156 190**

6.9 Litigation

The Group is currently involved in a certain number of litigation. The risks incurred by those disputes are either judged to be insignificant or non-assessable or - when potential damage can be assessed - are adequately covered by provisions. The evolution of pending litigation at the end of the year 2011 mentioned in the 2011 Annual Report is included in this note.

a) Arbitration proceedings relating to Westdeutsches Protonentherapiezentrum Essen GmbH

STRIBA Protonentherapiezentrum Essen GmbH, a joint venture 50/50 between IBA SA and STRABAG Projektentwicklung GmbH (STRABAG) received a copy of a partial decision given on April 17, 2012 by the arbitrators relating to the arbitration procedure that opposes STRIBA Protonentherapiezentrum Essen GmbH to Westdeutsches Protonentherapiezentrum Essen GmbH ("WPE"). As a reminder, in November 2009, STRIBA Protonentherapiezentrum Essen GmbH initiated an arbitration procedure against WPE to determine the exact scope of the contractual obligations of STRIBA under a Public Private Partnership for the turnkey delivery of a proton therapy center in Essen, Germany. The arbitration essentially focuses on differences of interpretation of the contract specifications regarding the equipment, the building and the services to be provided. The partial decision, which is 180 pages long, is disappointing for STRIBA. STRIBA was indeed dismissed on most of its claims and the vast majority of WPE's claims were declared founded. The arbitrators considered that the clinical commissioning should take place before the formal acceptance of the system and that beyond the mere meeting of precise technical specifications, the proton-therapy center should also meet the functional needs of WPE, even if they are not precisely defined. This award is surprising in many ways and is often too vague to define precisely what actions are to be undertaken. The claim for payment for late delivery penalties and some of WPE's counterclaims have not yet been resolved. IBA has recently decided to bring an action for partial annulment of the arbitral award. The proceeding is currently pending before the High Court of the State of Rhine Westphalia.

Alongside this arbitration, in August 2011, IBA ordered an external audit which has confirmed that its equipment was of an equal or superior standard to that of its other facilities and was ready to be transferred to the clinical teams of WPE. Several months ago, STRIBA, WPE and all parties involved in the PPP, have also started and are still conducting, in parallel to this arbitration procedure, constructive negotiations in order to start treating patients as soon as possible

6.10 Income tax

	June 30, 2012 (EUR '000)	June 30, 2011 (EUR '000)
Current taxes	1 946	842
Deferred taxes	1 486	235
Total	**3 432**	**1 077**

6.11 Paid and proposed dividends

The decision on the operation consisting in reducing the share premium to 0.18 EUR per share originally scheduled July 9, 2012 has been postponed to September 24, 2012

6.12 Transactions with affiliated companies

The main transactions completed with related parties (mainly companies using the equity accounting method) are as follows:

	June 30, 2012
BALANCE SHEET	**(EUR '000)**
ASSETS	
Receivables	
Long-term receivables	19 742
Trade and other receivables	915
Impairment of receivables	- 556
TOTAL RECEIVABLES	**20 101**
LIABILITIES	
Debts	
Borrowings	0
Trade and other payables	1 707
TOTAL PAYABLES	**1 707**
INCOME	
Sales	1 413
Purchases	987
Financial income	16
Other operating income	0
NET INCOME	**442**

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

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

7. Interim Management report

7.1 Figures and significant events:

	1H 2012 (EUR 000)	1H 2011 (EUR 000)	Variation (EUR 000)	%
Sales & Services	121 003	107 182	13 821	12.9%
REBITDA	**10 952**	**7 597**	**3 355**	**44.2%**
% of Sales	*9.1%*	*7.1%*		
REBIT	**7 736**	**5 334**	**2 402**	**45.0%**
% of Sales	*6.4%*	*5.0%*		
Net Profit	**-1 407**	**3 270**	**-4 677**	**-143.0%**
% of Sales	*-1.2%*	*3.1%*		

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

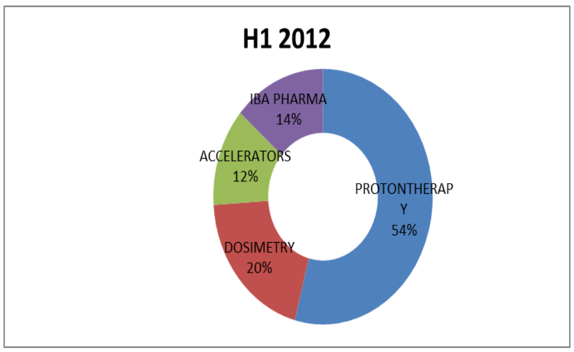
- 12.9% revenue growth across the Group in H1 2012 largely driven by IBA's radiation therapy business, supported by strong order backlog.
- Profit from recurring earnings before interest and taxes (REBIT) increased by EUR 2.4 million to EUR 7.7 million (H1 2011: EUR 5.3 million restated after the partial disposal of the IBA Molecular business).
- Operating margin grew from 5.0% of the revenues to 6.4% due to top-line growth and reduction of central overheads in the three months post partial disposal of the IBA Molecular business.
- The share of loss of companies consolidated under equity method (mostly IBA Molecular and IBA Molecular Compounds Development) was EUR 1.8 million.
- Loss from IBA Molecular for the first quarter, still consolidated under IBA Group combined with positive impacts of deconsolidation, brings the result from discontinued operation to a profit of EUR 19.4 million.
- Net loss for the first half year 2012 amounted to EUR 1.4 million after EUR 22.5 million of non-recurring expenses essentially relating to the Essen project and EUR 19.4 profit from discontinued operations.
- The increase in cash during the first half of the year amounting to EUR 11.7 million results from the combination of the following elements:
    - A positive EUR 50.1 million net inflow from the sale of IBA Molecular to SK Capital
    - A negative EUR 7.0 million net outflow from the Essen project
    - A negative EUR 41.4 million contribution mainly explained by a timing effect on the working capital requirement of the proton therapy contract portfolio
    - A positive EUR 10.0 million inflow from the subordinated loan granted by the S.R.I.W (Société Régionale d'Investissement de Wallonie - Walloon Region Investment Fund)
- At the end of the first half of 2012, net debt amounted to EUR 39.3 million. The gross EUR 71.3 million debt is made of EUR 30.2 million resulting from the 'Trento' proton therapy contract, for which IBA offered its client full supplier credit to be reimbursed mid-2013 upon acceptance of the centre and the rest essentially from a EUR 10 million subordinated loan granted during the first half 2012 by the S.R.I.W. and a EUR 30 million loan granted by the European Investment Bank in 2009.
- The company expects to show a significant improvement of its profitability over the next quarters as it has recently launched initiatives in order to significantly improve productivity and efficiency across the organization.

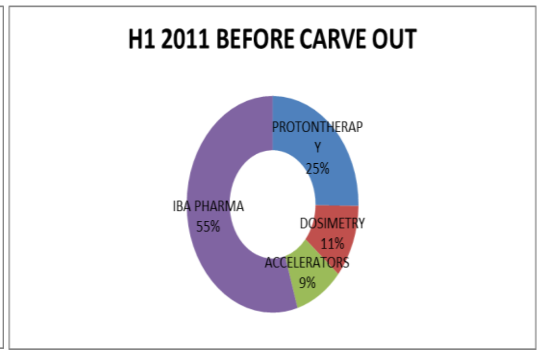
7.2 Results by operating segments

Despite the global economic climate, IBA has continued to make good progress and maintains its position as a global leader in the field of proton therapy solutions. There is a growing demand for high quality, targeted radiation therapy for the cancer treatment and IBA continues to focus on innovation and on delivering its technology into new markets.

IBA's business reports in two segments, 1) Equipment – which includes Proton Therapy, Dosimetry and Accelerators; and 2) Pharma – which incorporates Bioassays and (below operating profit line) the 40% stake IBA has kept in IBA Molecular as well as the partnership in IBA New Compounds Development (development of new molecules in partnership with IBA Molecular).

Breakdown of consolidated turnover by activity





EQUIPMENT

	1H 2012 (EUR 000)	1H 2011 (EUR 000)	Variance (EUR 000)	Variance %
Net Sales	**104 525**	**89 954**	**14 571**	**16.2%**
- Proton Therapy	65 527	50 106	15 421	30.8%
- Dosimetry	23 981	21 641	2 340	10.8%
- Accelerators & Others	15 017	18 207	-3 190	-17.5%
REBITDA	**9 084**	**5 980**	**3 104**	**51.9%**
% of Sales	*8.7%*	*6.6%*		
REBIT	**6 753**	**4 664**	**2 089**	**44.8%**
% of Sales	*6.5%*	*5.2%*		

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

H1 2011 REBITDA and REBIT have been restated compared to the numbers published last year to reflect the new allocation of the central expenses previously supported by the Radiopharma business. This represents an adjustment of EUR 2.6 million on the REBIT and EUR 3.0 million on the REBITDA.

For the Equipment segment, IBA has seen a significant growth in operational profits during the first half of 2012. The profits reached a level of EUR 6.7 million compared to EUR 4.7 million in the corresponding period last year. This was primarily due to advancements in the core proton therapy business. Growth has also been assisted by the return to positive trend seen in the dosimetry segment together with a reduction in the central expenses of the Group.

Proton Therapy

On June 29, 2012 IBA announced the signature of a contract for its new proton therapy solution, Proteus®ONE.(1) The equipment will be installed at the Centre Antoine-Lacassagne (CAL), in Nice, France. A down payment of EUR 1.9 million has been received by IBA and, subject to financing, IBA can expect to receive a total of EUR 20 million for the equipment provided. This contract includes also a 10 year service agreement.

Proteus®ONE is a revolutionary proton therapy concept developed by IBA. It features the most advanced proton therapy technology (Pencil Beam Scanning) through a fully integrated one-room configuration. Proteus®ONE has been designed to be ultra-compact (with a footprint that is much smaller than the size of two linear accelerator rooms). With Proteus®ONE, hospitals of all sizes can offer their patients the next generation of radiation therapy as part of a comprehensive cancer treatment program.

With Proteus®ONE, IBA proposes a unique proton therapy solution and IBA is confident that this innovation should ensure greater uptake of proton therapy solutions worldwide.

Update on Essen ligitation

Whilst IBA legally considers itself to have fulfilled its obligations, the centre in Essen, which was the result of a public-private partnership with IBA, has notbeen yet accepted by the client WPE (Westdeutsches Protonentherapiezentrum Essen GmbH). The dispute is subject to an ongoing arbitration procedure for which a partial decision not favorable to IBA was received in April 2012 – details of the ongoing arbitration are available on the IBA website: http://www.iba-worldwide.com/financial-results-reports.

The impact of the expenses incurred and the impairment related to some assets related to the project constitute the major part of the EUR 22.5 million of non-recurring expenses reported by the Company for the first half of 2012.

On August 10, 2012 IBA filed a recourse against the preliminary conclusions received. Simultaneously, negotiations are under progress to try to reach an agreement. The outcome remains unclear at this stage.

[1] *Subject to review by Competent Authorities (FDA, European Notified Bodies, et al.) before being put on the market.*

The proton therapy center at Essen features some of the most advanced technology available to treat cancer by radiation therapy in the world.

Accelerators

In the first half of 2012, IBA completed a total of six orders (two industrial accelerators and four cyclotrons). This compares to sales of 10 accelerators in the first half of 2011. The pipeline remains strong. However the revenues for the first half of 2012 were down 17.5% to EUR 15.0 million compared to first half 2011 reflecting timing fluctuations in the revenue recognition progress.

Dosimetry

Dosimetry has returned to growth in the first half of 2012, reporting revenues of EUR 24.0 million up 10.8%. The Asia-Pacific market in particular has continued to show good growth with the US and Europe recovering well after a slow 2011.
In July, IBA Dosimetry announced the opening of its innovative International Competence Center (ICC) in Germany to promote safer and more efficient use of radiation therapy dosimetry. Through providing high-end clinical training environment with most advanced treatment delivery and dosimetry tools for radiation therapy, this ICC will provide healthcare professionals with essential knowledge and skills necessary to minimize radiation errors and maximize accuracy and efficiency in their daily checks.
The ICC will strongly contribute to the promotion of the unique IBA dosimetry technology throughout the world.

PHARMACEUTICALS

	1H 2012 (EUR 000)	1H 2011 (EUR 000)	Variance (EUR 000)	Variance %
Net Sales	**16 478**	**17 228**	**-750**	**-4.4%**
- Radiopharmaceuticals	0	0	0	
- Bioassays	16 478	17 228	-750	-4.4%
REBITDA	**1 868**	**1 617**	**251**	**15.5%**
% of Sales	*11.3%*	*9.4%*		
REBIT	**983**	**670**	**313**	**46.7%**
% of Sales	*6.0%*	*3.9%*		
JVs & non-controlling interests	-1 766	121	-1 887	N/A
REBIT + JV	**-783**	**791**	**-1 574**	**N/A**
% of Sales	*-4.8%*	*4.6%*		

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

As a result of the partial disposal of IBA Molecular, only the sales and operating results of Bioassays activities are presented under the Pharmaceuticals segment at operating level. The first quarter's numbers are reported in Profit/(Loss) from discontinued operations and the business operated since the second quarter 2012 in joint venture with SK Capital is reported under "JVs and non-controlling interests".

In H1 2012, Bioassays Sales and Services decreased by 4.4% to EUR 16.5 million compared to H1 2011 due to the weakness of 'Drug Discovery' products sales. However, operating results increased by EUR 0.3 million due to the productivity initiatives.

Update on the partnership with SK Capital Partners and influence on 2012 results

On April 2, 2012, IBA and SK Capital Partners, a private equity firm based in the United States, closed the previously announced agreement to create IBA Molecular Imaging, a joint venture company derived from IBA's Radiopharmaceutical Division (excluding Canadian activity). According to the terms of this agreement, since the closing of the transaction, SK Capital owns 60% of the new company while IBA retains 40%.
The partners have also agreed to evenly share the development costs of the portfolio of the new patented molecules through a separate joint-venture company (IBA NEW COMPOUNDS DEVELOPMENT). In recognition of the investments already made by IBA, 60% of profits will go to IBA and 40% to SK Capital.
In accordance with IFRS, all operations related to the transaction and the deconsolidation impacts have been reclassified in the financial statements under "results from discontinued operations" both for the first quarter 2012 and for the financial year 2011 comparative figures. Mostly non-recurring positive deconsolidation impacts have led the total "results from discontinued operations" recorded for the first half of 2012 to reach EUR 19.4 million.
The balance sheet at June 30, 2012 reflects the situation post disposal as evaluated at this date and 2011 comparative numbers for assets and liabilities subject to the transaction have been reclassified under "Assets and liabilities available for sale".
Further adjustments might arise from the purchase price allocation (PPA) to be finalized within the 12 month of the transaction close (i.e. March 31, 2013) and from the finalization with the buyer of the "closing accounts" subject to cash adjustment in both directions (positive or negative for IBA).

IBA New Compound Development in the first half of the year 2012 has seen the following evolution:

- 18F-Florbetaben: On August 6, 2012, IBA Molecular and Piramal Imaging SA (Piramal, the company that took over the product from Bayer recently) announced an agreement whereby IBA Molecular will manufacture and distribute 18F-Florbetaben, Piramal's new diagnostic imaging agent, in the European and US markets. 18F-Florbetaben is a radiopharmaceutical currently in development for use with positron emission tomography (PET) for the detection of beta-Amyloid plaque deposition in the brain, a pathological feature associated with Alzheimer's disease and other neurologic conditions.
- ML10, the agent co-developed with APOSENSE aiming at Apoptosis imaging: Phase II trials are progressing well and the start of a Phase III trial is expected in 2013.
- REDECTANE®, WILEX's diagnostic candidate: The JV is still expecting a decision on the need and extent of a second phase III trial from the FDA and WILEX. The decision will be based on a positive independent recommendation made by its Oncologic Drugs Advisory Committee (ODAC) that discussed

the question on July 25, 2012. WILEX and FDA will discuss the further development strategy in a meeting which is planned for Q3 2012.

7.3 Subsequent events

Update on the sale of IBA Molecular business in Canada
On July 5, 2012, IBA announced it had negotiated and signed, together with its partner, Pharmalogic, a Letter of Intent for the sale of its shares in IBA Molecular Canada for a total net consideration of approximately CAD 14.1 million (EUR 10.9 million) to a Canadian private equity firm. Unfortunately, the parties could not reach an agreement and the LOI is therefore not in force any more. IBA and its partner Pharmalogic have decided to search for new potential buyers.

Update on Capital Reduction
On July 5, 2012, IBA's Board of Directors announced the decision to recommend to IBA shareholders to postpone the vote of items 1 and 2 on the agenda of the Extraordinary General Meeting to be held on July 9, 2012, dealing with the capital reduction by way of a distribution of EUR 0.18 per share, to a new meeting to be held on September 24, 2012. This was due to the recent developments regarding the final settlement of the Essen litigation and the potential sale of IBA Molecular in Canada.

7.4 Corporate Governance

On the occasion of the 2012 General Meeting, the following changes occurred in the management of the Company:
Olivier Legrain, former Chief Operating Officer at IBA, was appointed as the new Managing Director and CEO in replacement of Pierre Mottet who was appointed Vice-Chairman of the Board which mandate has been taken over by the St Denis S.A., represented by Pierre Mottet. Olivier Legrain was also appointed as Board member in replacement of Olivier Ralet who has resigned from IBA's Board of Directors.

7.5 Statement by the directors

These interim condensed consolidated financial statements have been prepared by the Chief Executive Officer (CEO) Olivier Legrain and Chief Financial Officer (CFO) Jean-Marc Bothy. To their knowledge: they are prepared in accordance with applicable accounting standards, give a true and fair view of the consolidated results. The interim management report includes a fair review of important events and significant transactions with related parties for the first half of 2012 and their impact on the interim condensed consolidated financial statements, as well as a description of the principal risks and uncertainties that the Company faces.

Auditor's report on the IFRS Interim Condensed Consolidated Financial Statements at June 30, 2012

ERNST & YOUNG

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Report of the statutory auditor to the shareholders of Ion Beam Applications SA on the review of the interim condensed consolidated financial statements as of 30 June 2012 and for the six months then ended

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Ion Beam Applications SA (the "Company") as at 30 June 2012 containing a statement of financial position as at 30 June 2012, a statement of comprehensive income, a statement of changes in equity and a statement of cash flows for the six-month period then ended, and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting* ("IAS 34") as adopted for use in the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

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

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Audit report dated 29 August 2012 on the review of the interim condensed consolidated financial statements of Ion Beam Applications SA for the six months ended 30 June 2012

Without qualifying our conclusion, we draw the attention to the uncertainty linked to the dispute between the company and a client in relation with a protontherapy project. As mentioned in note 3.8 of the interim condensed financial statements, the Board of Directors has taken some assumptions in relation with the resolution of the litigation which, in case they differ from the final agreement, might significantly impact the valuation of related net assets of some € 7,9 million recorded in the balance sheet.

Diegem, August 29, 2012

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

Blockx

Martine Blockx
Partner

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