IBA

SHAPING THE FUTURE OF CANCER TREATMENT

ANNUAL REPORT 2012

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CONTENTS

SHAPING THE FUTURE OF CANCER TREATMENT

In 2012, IBA opened a new chapter in its history with the refocus of its activities on its core business, proton therapy.

This refocus will enable IBA to position itself for the future and consolidate its dominant position in a proton therapy market with high growth potential. 2012 was a pivotal year with an objective to strengthen the foundations of the Company.

The Management Team is convincing. The strategy and financial objectives are clear. IBA has a bright future to look forward to.

HIGHLIGHTS 2012
& KEY FIGURES

OPERATING HIGHLIGHTS

- Seven proton therapy rooms sold in 2012, including three for Apollo in India in early 2013.
- Significant interest in IBA's smaller, more affordable proton therapy system, *Proteus®**ONE****.
- Efficiency program implemented to generate annual savings of EUR 10 million by 2014. First significant effects seen in H2, with Company on track to reach 10% EBIT margin in 2014.
- Sale of stake in IBA Molecular to SK Capital Partners for a net cash proceeds of EUR 74.7 million.
- ING hired to advise on disposal of Bioassays business.
- Following restructuring, IBA Equipment now operating as two segments, "Proton therapy & Particle accelerators" and Dosimetry. Bioassays reclassified as "Held for Sale" and excluded from operational numbers.
- Appointment of Olivier Legrain as new Chief Executive Officer.

PROTON THERAPY

IBA continues to demonstrate leadership on the proton therapy market. To date, IBA proton therapy systems are utilized in over half of the world's proton therapy clinics, amounting to thirteen operational centers and twelve further centers under development.

- Three proton therapy centers sold over the last 12 months, amounting to seven rooms in total.
- In June, a new contract worth EUR 20 million is signed for *Proteus®**ONE*** in France combined with a ten-year service and maintenance agreement.
- In December, a contract for the installation of a multi-room proton therapy system in Irving-Las Colinas, Texas, is signed. This contract is worth approximately USD 50 million, including a five-year operation and maintenance agreement.
- Shortly after the year end, IBA signs a contract worth EUR 50 million with Apollo Hospitals, Asia's largest integrated healthcare group to establish the first proton therapy center in India.

Significant progress on the construction and installation of proton therapy centers.

- In 2012, IBA completes the installation of a number of Pencil Beam Scanning (PBS) solutions. This advanced treatment method allows physicians to precisely "paint the targeted cells" in 3-D with the treatment beam, thus further optimizing the targeting of the tumor while sparing the surrounding healthy tissue.
- The first patient receives treatment at the ProCure Proton Therapy Center in New Jersey after a record-breaking equipment installation time of 12 months. IBA and ProCure are able to achieve the same performance and complete the commissioning of ProCure's Seattle center in the same time frame.
- The Prague Proton Therapy Center begins patient treatment in December.

Proteus®ONE** is the brand name of a new configuration of the Proteus® 235, including some new developments subject to review by Competent Authorities (FDA, European Notified Bodies, et al.) before marketing.*

PARTICLE ACCELERATORS

- IBA sells 15 medical accelerators, mainly to emerging countries (BRIC countries and others). Half of the cyclotrons sold include the Company's IntegraLab® solution which combines equipment and services for the establishment of radiopharmaceutical production centers.
- IBA signs major contracts for the supply of Rhodotron® Electron Beam Sterilization (in Asia and in Brazil).
- In October, IBA launches a new CAREprogram that includes a complete portfolio of solutions to install, optimize, support and maintain its equipment.

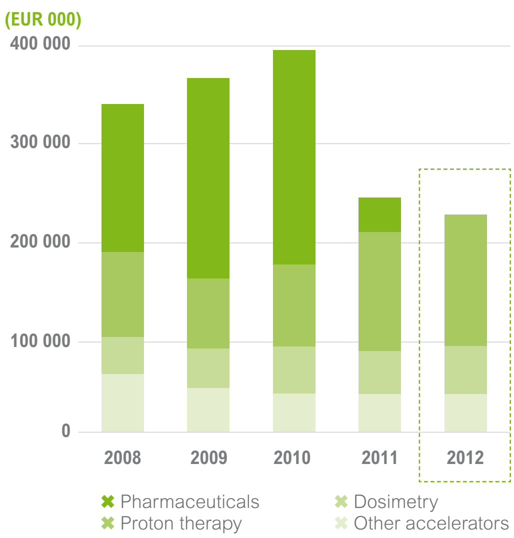
DOSIMETRY

- IBA sees excellent growth in its Dosimetry business during 2012, attributed to the Company's increased success in building market share in emerging countries.
- IBA Dosimetry opens the International Competence Center (ICC), a training center which offers dosimetry training programs of the highest level.
- Dosimetry launches MagicMax Universal Multimeter Product Line and Sales & Service Network in North America for the Medical Imaging QA business.
- The high level of service at IBA Dosimetry is recognized in 2012 by the prestigious "Siemens Supplier of the Year" award in the Diagnostics segment.

IBA MOLECULAR

As part of the overall Group restructuring, IBA announces in April that it has agreed with SK Capital Partners, a US private investment firm, to create IBA Molecular, a jointly owned company derived from IBA's worldwide Radiopharmaceutical division. 40% owned by IBA, IBA Molecular is a worldwide leader in the manufacture and distribution of radioactive isotopes used for medical imaging and therapy, with over 1 000 employees and 50 locations in the US, Europe and Asia. On closing the deal, IBA receives a net payment of EUR 74.7 million from SK Capital Partners.

SALES TRENDS



- IBA is a high-technology medical company which concentrates its activities on radiotherapy.
- IBA is the worldwide leader on the proton therapy market.
- Quoted on the pan-European stock exchange Euronext.
- 1 200 employees worldwide.
- IBA now operates as two segments, "Proton therapy & Particle accelerators" and "Dosimetry".

SALES TRENDS BY ACTIVITY

	2008 (EUR 000)	2009 (EUR 000)	2010 (EUR 000)	2011 (EUR 000)	2012 (EUR 000)	CAGR[1] (%)
SALES						
Pharmaceuticals	149 971	203 587	217 603	34 529 (*)	0	N.A.
Proton therapy	86 191	39 815	82 884	121 157	133 213	11.5%
Dosimetry	37 557	37 557	48 018	43 112	48 902	6.8%
Other accelerators	58 888	45 070	39 086	38 896	38 991	-9.8%

(1) Compound annual growth rate.

SALES TRENDS BY GEOGRAPHICAL SECTOR (%)

	2008	2009	2010	2011	2012
USA	40	30	31	35*	38**
ROW	60	70	69	65*	62**

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

*** The 2012 figures don't include any Radiopharmaceutical activity.*

IBA
AT A GLANCE

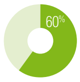
Created by Yves Jongen in March 1986 in Louvain-la-Neuve in Belgium, IBA (Ion Beam Applications SA) is the worldwide leader in advanced cancer radiotherapy and diagnostic technologies. The Company's special expertise lies in the development of innovative proton therapy technologies, supplying the oncological world with equipment of unequalled precision.

Headquartered in Belgium and employing more than 1 200 people worldwide, IBA has installed systems across the United States and Europe. More recently it has successfully entered developing markets.

IBA has developed and installed more than half of the proton therapy clinical installations in the world.

TODAY, IBA FOCUSES ON THREE PRINCIPAL ACTIVITIES

PROTON THERAPY



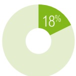
2012 ACTIVITY TURNOVER
133 213 (EUR 000)

Thanks to its more conformal dose distribution and reduced side effects, proton therapy is considered to be the most advanced and most targeted treatment in the fight against cancer. Protons deposit the majority of their energy within a precisely controlled zone, directly in the center of the tumor without damaging healthy surrounding organs. Today, proton therapy is used to treat many cancers. It is particularly appropriate when treatment options are limited and conventional radiotherapy presents risks to patients. These situations include eye and brain cancers, tumors close to the brain stem and spinal cord, as well as prostate, liver, breast and pediatric cancers.

While proton therapy is becoming more accessible throughout the world, IBA, with its concern for patient wellbeing, continues to innovate through the design of ergonomic treatment rooms with advanced features, in order to meet the highest standards of clinical oncology practice .

Today, more than half of proton therapy clinical facilities worldwide are IBA systems. This includes 13 proton therapy centers in operation and 12 additional centers under development. Over 20 000 patients have been treated on IBA equipment – more than on all major competitive installations combined (Hitachi, Varian, Sumitomo, Mevion, Protom). The IBA product offer ranges from complete solutions *Proteus®***PLUS** with five treatment rooms to *Proteus®***ONE**, a single-room solution. With *Proteus®***ONE**, proton therapy is more accessible than ever.

PARTICLE ACCELERATORS

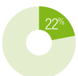


2012 ACTIVITY TURNOVER
38 991 (EUR 000)

To date, IBA has installed more than 400 accelerators. The majority of them are used for the production of radioisotopes for the detection of cancer. Capitalizing on its unique experience in radiopharmaceuticals, IBA is able to offer its customers better-integrated solutions. These solutions not only include equipment, but also services for setting up radiopharmaceutical production centers in total compliance with current norms.

In addition to its medical activity, IBA leverages its scientific expertise in radiation to develop its industrial sterilization and ionization activities.

DOSIMETRY



2012 ACTIVITY TURNOVER
48 902 (EUR 000)

Precision is everything in the delivery of radiation. For both diagnosis and therapy, delivering exactly the prescribed dose to a precisely defined area in the patient's body is absolutely crucial. Treatment success and safety depend on it. IBA offers a full range of monitoring equipment and software enabling radiologists to perform the necessary checks and calibration procedures.

MESSAGES FROM THE CEO AND CHAIRMAN

Olivier Legrain, Chief Executive Officer, Jean Stéphenne, Chairman of the Board.

INTERVIEW WITH OLIVIER LEGRAIN

WHAT IS THE EVENT THAT STANDS OUT MOST IN 2012?

Olivier Legrain : We have redefined the scope of our activities to refocus on our core business, proton therapy. This strategy is based on several simple observations.

We are witnessing unfortunately an unavoidable increase in the number of cancer cases in the world. We expect to see the share of cancers treated by radiotherapy double in the next 10 years. In parallel, the share of indications for which proton therapy is recommended is going to increase significantly. We therefore anticipate a strong worldwide increase in demand for proton therapy rooms in the years to come. We are also seeing a change in the profile of hospitals adopting this type of treatment. Historically, proton therapy was prevalent in research centers and prestigious institutions. Today, more and more of our customers are clinical institutions striving to offer their patients the best form of radiotherapy. With the contracts of McKesson, in Texas, and Apollo in India, IBA is now successfully reaching a new segment of the market: large hospital groups.

Proton therapy is therefore our principal source of growth for the future, particularly since IBA also enjoys the position of uncontested world market leader. More than half of the worldwide proton therapy market is equipped by IBA. Our installations have treated more than 20 000 patients. That's more than all the competitive systems combined! We are also widening our geographical coverage. The last proton therapy contract signed with Apollo will serve as a base for spreading proton therapy in Asian countries.

In addition, IBA has over time developed unique operational excellence in the installation of proton therapy centers. In 2012 we completed the installation of several centers in record time (Chicago, Somerset and Seattle) and our customers in Prague and Somerset treated their first patients.

AS LEADER, IS IBA CONTRIBUTING TO THE EFFORT OF SPREADING PROTON THERAPY?

OL: Indeed, making proton therapy more accessible is an important objective for us. The launch of *Proteus®**ONE*** is the most tangible embodiment: *Proteus®**ONE*** is a compact single-room solution which is smaller, more affordable, easier to install, easier to operate and ultimately easier to finance. With *Proteus®**ONE***, proton therapy becomes possible for more patients worldwide. We will soon be installing the first *Proteus®**ONE*** centers in Nice, France, and Shreveport, in Louisiana, USA.

Another factor which is going to accelerate the movement towards proton therapy is the growing number of clinical studies that establish the superiority of this treatment mode in an increasing number of cancer indications. Moreover, every year IBA brings together its customers to encourage the sharing of clinical studies and help develop the technology.

Proton therapy is therefore at a turning point in its history: it is progressively becoming mainstream. We are proud to be part of this.

THE DOSIMETRY SEGMENT ALSO APPEARS TO BE GROWING RAPIDLY?

OL: Yes indeed, expertise in dosimetry, both for medical imagery and radiotherapy, is indispensable today. Our technological leadership in the field is renowned throughout the world. Our 3 500 customers are a testament to this expertise.

Furthermore, with the Dosimetry division we benefit from the potential offered by markets which are complementary to proton therapy. This helps make IBA more resilient to fluctuations in the proton therapy sector.

THAT LEAVES US WITH INDUSTRIAL AND RADIOPHARMACEUTICAL PRODUCT LINES. HOW ARE THEY PROGRESSING?

OL: The Industrial division is doing very well. Our recent success in Asia reassures us that we have taken the right path. The Rhodotron® systems sold in China will be used for the sterilization of medical material by electron beam technology. Compared to classical sterilization modes using radioactivity or chemical products, IBA Rhodotron® electron beam technology enables users to avoid all the contamination associated with chemical products and radioactive materials.

Finally, the radiopharmacy equipment that we produce and sell also contributes to our success, particularly in emerging markets. Whether we are talking about multi-purpose automated synthesizers or complete radiopharmacy projects, our know-how is recognized throughout the world.

Clearly there is also great potential for us outside proton therapy.

ARE THERE CONCERNS ON THE HORIZON? THE CRISIS?

OL: Yes, of course. As far as proton therapy is concerned, the crisis makes access to financing more difficult in general. Projects take longer to complete. But as I have explained, this market is growing strongly.

Having said that, our order book – which stands at around EUR 240 million – gives us a good indication of revenue in the 12 or 24 months to come. And maintenance of proton therapy sites also provides income which is recurrent and important for the growth of IBA.

COULD YOU TELL US ABOUT THE DISPUTES WITH WESTDEUTSCHES PROTONENTHERAPIEZENTRUM ESSEN GMBH (WPE) IN ESSEN AND SK CAPITAL PARTNERS?

OL: We are close to signing a new agreement with our client WPE in Essen, Germany. We are grateful to our financial partners for the effort they have made to find a solution and we look forward to working with WPE in the future. This center will treat its first patient in the coming weeks.

As for our partnership with SK Capital Partners, which assures the future of the IBA Molecular division, we can today confirm that it is progressing very well. We have a common aligned strategy.

We have made financial provisions for those disputes.

HOW DO YOU SEE THE FINANCIAL FUTURE OF IBA?

OL: We are going to continue to refocus our activities on our core business and obtain the benefits from it. We are confident that the cost reduction measures we have taken – which represent around 10 million euros for 2013 – will enable us to achieve the objective we have fixed of 10% operating profit margin by end 2014. Over the next three years, our cumulated annual growth rate should be between 5 and 10%.

Our financial objectives are clear. All our teams have made great efforts this year to support our strategy of refocusing our activities on proton therapy, with a view to improving profitability. And I thank them all very sincerely.

OLIVIER LEGRAIN

Chief Executive Officer

INTERVIEW WITH JEAN STÉPHENNE

2012 WAS CLEARLY A YEAR OF REFOCUS FOR IBA. WHAT DO YOU THINK OF THE STRATEGY OF THE NEW CEO?

Jean Stéphenne: 2012 was indeed a turning point. With the arrival of Olivier Legrain at the head of IBA, the Company repositioned to focus on its core business, proton therapy. During the strategic review in December, the Board of Directors was impressed by the clarity and lucidity of the strategy, and the competences of the new IBA Management Team. Olivier Legrain presented a strategic plan aimed at returning the Company to profitability. I have total confidence in his capacity to meet IBA's financial and technological challenges, while continuing to benefit from the expertise of Yves Jongen and Pierre Mottet who are still active in the Company. The role of the Board of Directors is to ensure a smooth transition in company management based on a clear strategic plan.

THE BOARD OF DIRECTORS HAS ALSO SEEN SOME CHANGES…

JS: Inevitably the composition of the Board changes, if only to find a balance between industrial, scientific and financial expertise. Professor Mary Gospodarowicz, who joined the Board in May 2012, is an important link both technically and medically (Prof. Mary Gospodarowicz is the Medical Director of the Princess Margaret Cancer Centre at the University Health Network in Toronto, Canada, and is also President of the Union for International Cancer Control). Mary understands better than anyone the issues around cancer and demonstrates the added value of proton therapy every day. She also represents the North American market on the Board, a market with enormous potential for proton therapy.

ON THIS SUBJECT, HOW IS IBA RESPONDING TO THE ISSUE OF ACCESSIBILITY TO THIS REVOLUTIONARY THERAPY?

JS: IBA has developed a proton therapy solution that is more standardized and more compact: *Proteus®* ***ONE***. This new system opens new doors for IBA because it makes proton therapy more accessible to a greater number of hospitals around the world. It also allows IBA to penetrate new markets, particularly in Asia. *Proteus®* ***ONE*** will enable IBA to remain the indisputable leader of this market with strong growth potential.

WHAT HAPPENS TO THE RADIOPHARMACEUTICAL DIVISION IN VIEW OF IBA'S REFOCUS ON ITS CORE BUSINESS, PROTON THERAPY?

JS: Related to this refocus, IBA has created a new joint company with SK Capital Partners: IBA Molecular. The backing of SK Capital Partners will strengthen the potential of IBA Molecular to increase its production capacity, generate new products and widen its geographical coverage. On its own, IBA would not have sufficient financial resources to ensure this development. The relationship with SK Capital Partners is constructive, and we are aligned together on the strategy to follow.

SO YOU SEEM OPTIMISTIC ABOUT THE FUTURE OF IBA?

JS: Yes. Analysts and investors expect recurrent results. Olivier Legrain and his team are in the process of reestablishing the profitability of IBA. The Company has refocused on its flagship activities, where the potential is clear. *Proteus®* ***ONE*** is the response to the fundamental market changes taking place in proton therapy. 2012 was a key year aimed at strengthening the foundations of the Company. The strategy for the coming years is clear and explicit. The new IBA Management Team is extremely competent. IBA has a bright future to look forward to.

JEAN STÉPHENNE

Chairman of the Board

*Pierre Mottet,
Chief Executive Officer
till May 2012,
Olivier Legrain,
Chief Executive Officer,
Jean Stéphenne,
Chairman of the Board.*

GLOBAL STRATEGY

IBA is a medical technology company which concentrates its activities on the fight against cancer through integrated and innovative solutions for the diagnosis and treatment of the disease. The Group's priority is the development of proton therapy, the most advanced form of radiotherapy today. Other activities grouped around this principal activity include dosimetry and the development of particle accelerators for the medical world and industry.

These enable IBA to expand its range of products and help achieve the mission it has set itself: to protect, enhance and save lives.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The year 2012 saw important changes in Group strategy. A first change is the realignment towards its Equipment core activity. In order to ensure the necessary investment for its Equipment activity, IBA formed a strategic alliance with SK Capital Partners and created the IBA Molecular company on April 2nd 2012. This jointly-owned company regroups the Pharmaceutical activities of IBA, such as the production of radioisotopes, and the development of new tracers (products which enable the identification of the human body's organic activity).

A second significant change is the Management handover at the top of the Company. Pierre Mottet, Chief Executive Officer of IBA for more than 25 years passed on the baton to Olivier Legrain on May 9th 2012.

While maintaining the Group's leadership in proton therapy, these two changes have enabled IBA to embark on a new path that will significantly improve its profitability. Major initiatives have already been taken both to improve the productivity and efficiency within the organization, and to support growth in the Company's markets. Indeed IBA is convinced that these initiatives will enable the Group to achieve an operating profit of 10% from end 2014.

In order to maintain its technological market leadership, the Group has continued to invest in Research and Development. In 2012, R&D staff represented 21% of Group full-time equivalent employment with 275 units.

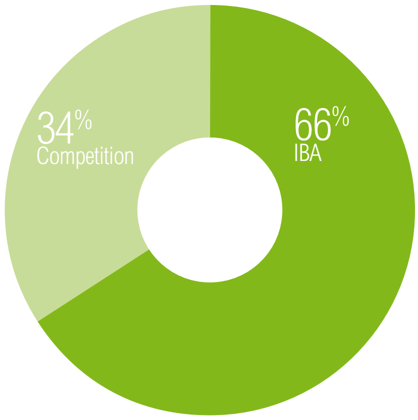
Actual expenditure for managing and developing the intellectual property of the Group reached approximately EUR 0.89 million.

In 2012 IBA reduced its patent portfolio to those actually used, in order to maintain the level of annual expenditure in this area while ensuring the protection of its new inventions.

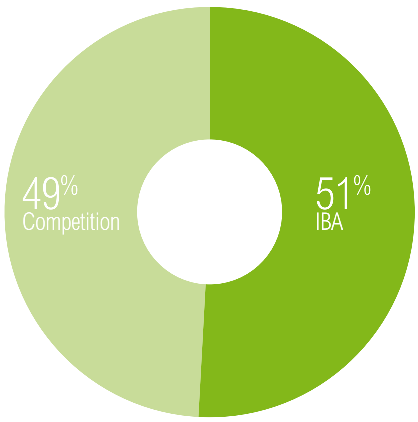
At December 31 2012, the IBA patent portfolio contained 405 patents and patent applications covering 86 different inventions.

MARKET SHARE

ROOMS IN OPERATION



ROOMS SOLD



PROTON THERAPY

PROTON THERAPY, A GROWING MARKET; IBA, A DRIVING FORCE

Proton therapy is a form of radiotherapy considered by many specialists to be the technology of the future in cancer treatment, due to the precision with which it is possible to target the tumor. The particular physical properties of the proton beam enable it to:

- reduce the radiation dose deposited in healthy tissue surrounding the tumor;
- reduce the risk of secondary cancers and growth anomalies linked to the radiation of healthy tissue;
- offer patients a better quality of life during and after treatment by significantly reducing side effects.

At the end of 2012, IBA confirmed its position as leader with a 50% share of market and the sale of 73 treatment rooms – of which 45 are in operation – to 25 institutions.

The growth potential of this market is enormous. While proton therapy today represents less than 1% of radiotherapy treatments, studies – such as the report by the Nederlands Gezondheidsraad[(1)] (Netherlands Health Council) – estimate that more than 17% of patients treated by radiotherapy would benefit from being treated by this technique.

MOVING TO SIMPLER, MORE ACCESSIBLE TECHNOLOGY

In order to make proton therapy accessible to a greater number of patients throughout the world, IBA has developed a new, more compact and economically affordable concept: *Proteus®**ONE***. This proton therapy system, simpler to install and operate, is also more easily financeable. While encompassing the most meaningful clinical functionalities, *Proteus®**ONE*** facilitates access to proton therapy.

Leveraging its unique expertise in the design and development of particle accelerators for clinical use, IBA has developed a more compact and affordable accelerator. This new accelerator incorporates the latest technologies available in the sector and is one of the innovative elements of *Proteus®**ONE***.

In its search for compactness, IBA has also developed a new compact isocentric gantry that enables the treatment of the widest range of clinical indications. The expertise provided by Philips Design in this project has enabled IBA to develop a treatment environment that is highly innovative technically in terms of patient wellbeing and safety of clinical teams.

In addition, IBA is also constantly reducing the installation time of its proton therapy centers, thereby reducing technological and financial risks for the customer and making IBA the preferred choice in the market.

DEPLOYING TECHNOLOGICAL SOLUTIONS WITH HIGH ADDED VALUE TO RESPOND TO CLINICAL CHALLENGES

IBA's mission is to provide technological solutions to meet the clinical challenges of cancers which are particularly complex to treat.

In order to provide a proton therapy solution with high precision assisted by advanced imagery, IBA has invested in two major research areas together with clinical and scientific partners:

(1) Health Council of the Netherlands. Proton radiotherapy. Horizon scanning report. The Hague: Health Council of the Netherlands, 2009; publication no. 2009/17E. ISBN 978-90-5549-786-7 http://www.gezondheidsraad.nl/ en/publications/healthcare/ proton-radiotherapy

*The state-of-the-art technology of Proteus®**PLUS** offers compelling advantages in terms of simplicity, reliability and operability that are unequaled on the market.*

Proteus®ONE benefits from 20 years of experience and the latest technologies in proton therapy developed by IBA with clinical partners. It is designed to enhance the patient experience by fostering a soothing environment and facilitate medical staff daily practice.

PENCIL BEAM SCANNING (PBS): MILLIMETRIC PRECISION IN 3 DIMENSIONS TO DESTROY THE TUMOR

This advanced treatment modality allows physicians to precisely "paint the targeted cells" in 3-D with the treatment beam. PBS enables doctors to control the intensity and spatial distribution of the dose to the nearest millimeter, adapting it to the shape and heterogeneity of the tumor, while sparing surrounding healthy tissue.

MOVING TOWARDS IMAGE- AND DOSE-GUIDED PROTON THERAPY

In order to optimize treatment precision, IBA supports several initiatives aimed at creating innovative solutions for image- and dose-guided proton therapy.

The final goal of these techniques is to have, in real time, a very precise view of the tumor location and its immediate environment, to verify the position of the patient and the dose deposited during the actual treatment. These features will enable clinicians to fully leverage the precision of proton beam therapy.

DEMONSTRATING AND PROMOTING THE LONG-LASTING DIFFERENTIAL CLINICAL ADVANTAGE OF PROTON THERAPY

In addition to its investment in research aimed at developing the technology of tomorrow, as a leader, IBA actively supports its partners in the effort to build awareness and clinical acceptance of this treatment within the oncology and general healthcare sector.

Specifically, IBA assists its clinical partners in the setting up of clinical studies, and the development and distribution of protocols for new indications such as lung, breast and pancreatic cancer. IBA also helps distribute educational and didactic information to doctors and patients through the support of foundations, educational platforms and other patient associations. Finally, in cooperation with academic partners IBA builds training and clinical certification bodies.

DOSIMETRY

PROTECTING, ENHANCING AND SAVING PATIENTS' LIVES

There are two main applications of the use of radiation for patients: during diagnosis aided by medical imaging (such as X-ray or computer tomography) and in cancer therapy (radiation therapy). In both applications, radiation is used to improve the outcome of the patient. However radiation has to be applied wisely and carefully in order to both maximize the quality of the diagnosis and therapy, and minimize the associated risks. In medical imaging the goal is generally to decrease to a minimum the imaging doses to the patient whilst maintaining good image quality. In radiation therapy the goal is to focus high doses of cancer-cell-killing radiation with pinpoint accuracy on the tumor mass.

With over 3 500 users worldwide, IBA Dosimetry is the market leader in providing healthcare professionals with high-end solutions to measure and analyze the imaging and treatment doses received by patients. With the healthcare market's increasing awareness of higher patient safety, the dosimetry and Quality Assurance (QA) segment will grow further, with single digit annual growth rates in saturated markets and double digit growth in emerging markets. The accelerating trend of merging radiation therapy machines with imaging devices provides further synergies for IBA Dosimetry.

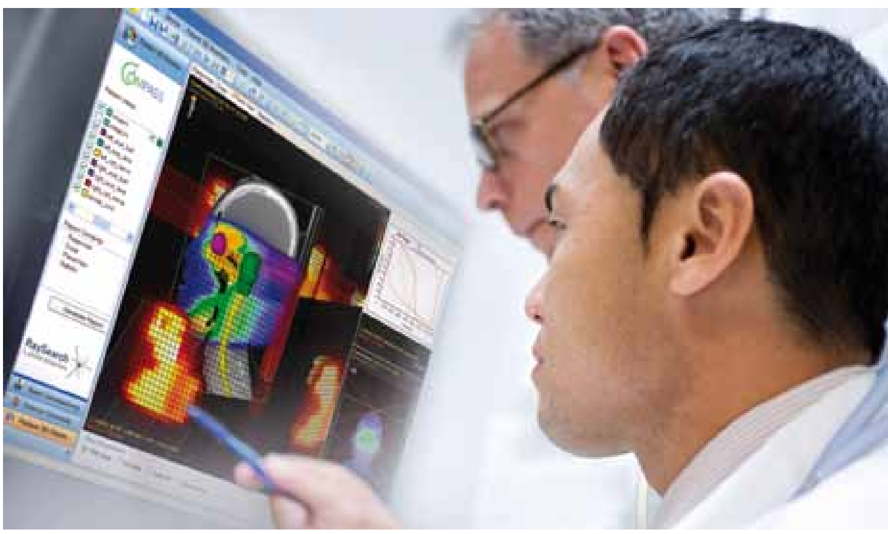
IBA Dosimetry's latest innovations are gaining more and more acceptance worldwide:

COMPASS® is the first and most advanced solution that overcomes traditional phantom based QA. In contrast, COMPASS® visualizes the exact dose distribution inside the patient, enabling healthcare professionals to make clinical decisions on the safety and efficiency of the treatment even before the dose is applied.

DigiPhant PT. Launched at the American Congress of Medical Physicists in 2012, this unique solution for modern proton therapy QA of Pencil Beam Scanning reduces the QA time for each patient by 30 minutes, thus providing proton therapy centers with higher patient throughputs and safer treatments.

In diagnostics, the launch of the new MagicMaX Universal multimeter at the 2012 European Congress of Radiology provides an extremely fast, yet very powerful solution for all diagnostic imaging, from X-ray to fluoroscopy, computer tomography, mammography and dental modalities.

IBA Dosimetry presents an excellent growth of 13.4% totaling EUR 48.9 million.



IBA DOSIMETRY CUSTOMER-TAILORED SOLUTIONS

IBA Dosimetry has launched the new CAREprogram to take customer focus to a level beyond traditional service offerings. The newly-opened International Competence Center (ICC) offers dosimetry training programmes of the highest level, enabling users to utilize high-end dosimetry equipment more efficiently and effectively.

The IBA Dosimetry Laboratory offers SSDL calibrations which meet international regulations and offer documented traceability to primary standards for leading-edge accuracy.

IBA Dosimetry offers also a new worldwide physics service enabling hospitals to commission new radiation therapy equipment much faster.

R&D IN DOSIMETRY

IBA Dosimetry's collaboration with leading healthcare institutions around the world is the core for future innovations that will make IBA's dosimetry and Quality Assurance solutions the preferred choice.

RADIOPHARMACY

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

Thanks to this unique in-house expertise that no other competitor can claim, IBA won important contracts in all regions in 2012 (Asia, Europe, North America, Russia, Middle East, …).

Growth perspectives for IBA in this segment are positive with the increased demand for Positron Emission Tomography (PET) radiopharmaceuticals throughout the world, particularly in emerging countries.

IBA also continues to develop its leadership and differentiation through constant innovation: in 2012 the Company developed IntegraLab®ONE (a ready-to-run integrated radiopharmacy center), Nirta conical targets (reducing the operating cost and increasing productivity for the client) and also added new molecules that can be produced on the Company's chemistry module Synthera®.

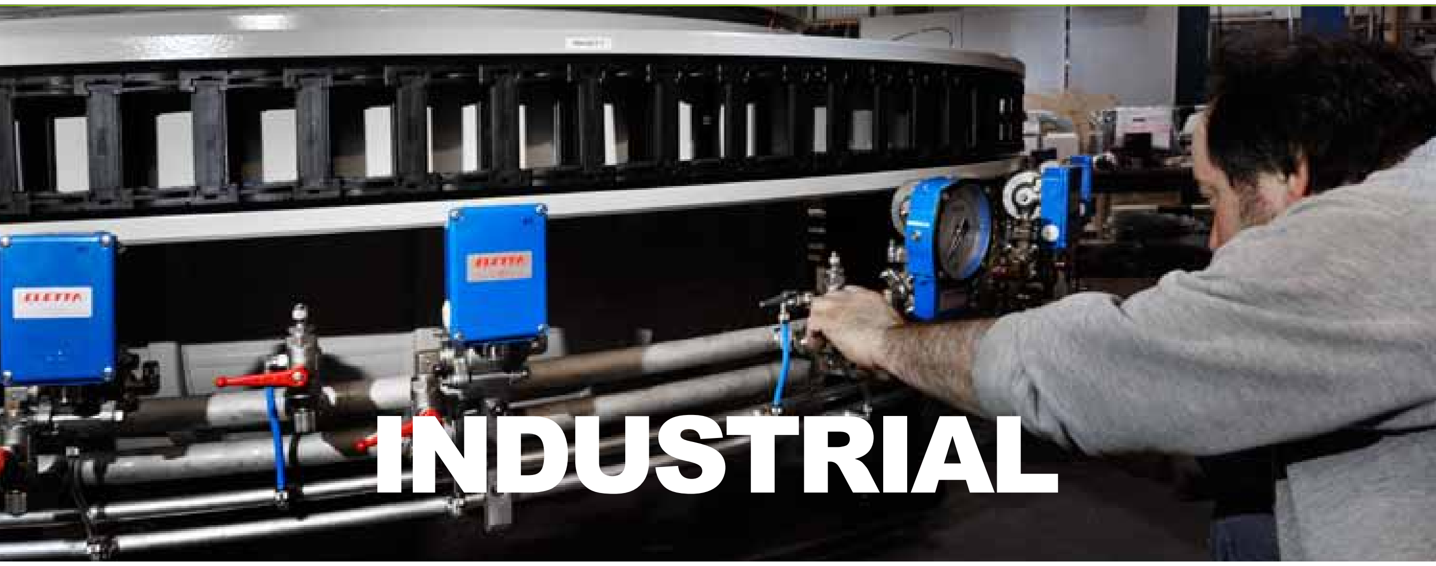
MAIN PRODUCTS

IntegraLab® is a fully-integrated solution combining equipment and services for the establishment of radiopharmaceutical production centers. Amongst other services, IntegraLab® includes the building design, achieving full regulatory compliance, and the selection, integration, supply and installation of suitable high-technology equipment to match the customer's radioisotope production goals.

IntegraLab®ONE is a ready-to-run integrated radiopharmacy center.

Synthera® is a multi-purpose automated synthesizer for the production of ^{18}F-FDG, other ^{18}F-labeled compounds (FCH, FLT, NAF) and radiopharmaceuticals. Synthera® is designed to accommodate a wide range of radiochemistries.

Synthera® is a multi-purpose automated synthesizer for the production of PET molecules.



INDUSTRIAL

The IBA Industrial division exploits electron beams and focuses on two markets: the sterilization of single-use medical products and the improvement of the physical properties of polymers (crosslinking).

In the sterilization market, IBA Industrial achieved a record year in 2012 with the sale of five Rhodotron® accelerators of which two include high added-value integration services. The value of these contracts is approximately EUR 16 million. In 2012, growth of the sterilization market was stimulated principally by China. IBA Industrial has developed a strategy of differentiation both on a product level and in terms of the positioning of its integrator services. Today IBA supplies more than 90% of installed power in the electron-beam sterilization equipment market and plans to break into other sterilization markets such as gamma ray and ethylene oxide sterilization. These new markets are now accessible thanks to an innovation patented in 2012 which enables Rhodotron® to cover a wider power range not achievable by any of IBA's competitors.

The polymer crosslinking market currently shows strong growth following a change in dynamics on the American continent. A growing number of automobile manufacturers are moving towards cables treated by electron beams that are both more compact and offer superior performance. IBA has captured a major share of this growth due to a global services offer and the recent development of its Easy-e-Beam accelerator which meets the specific needs of the automobile industry.

IBA Industrial is looking carefully at other emerging applications such as the sanitary treatment of food and the detection of hazardous materials in cargo. For these markets with high sales potential for IBA, electron beam and X-ray technology provides solutions for certain problems the industry is facing.

Rhodotron® IBA technology is faster and enables all contamination by chemical products or radioactive material to be avoided.

In a difficult economic and competitive situation, Cisbio Bioassays remains a key player in immunoassays for in vitro diagnostics. The launches of a total vitamin D assay – a highly important biomarker in certain cancers, osteoporosis and autoimmune diseases – and Inflamark, a marker for inflammatory intestinal pathologies, demonstrate Cisbio Bioassays' ambition to reinvest in the clinical biology field with new products using non-radioactive detection technologies (ELISA).

Moreover, the drug discovery market is restructuring with a significant redistribution of research programs within the industry. The market introduction in 2012 of 29 new assays is tangible proof of the new strategic direction taken by Cisbio Bioassays, which in anticipation of this change, has strengthened its position in key therapeutic fields such as oncology, and entered epigenetics, one of the leading new directions of pharmaceutical research. The contribution to Cisbio Bioassays' revenue from new products for drug discovery increased to 18% in 2012, from 11% the previous year. The new product launch program for these two segments is a sustainable and strategic trend, through a product program resulting from R&D investment and licensing agreements.

Following the decision to refocus its activities on the medical equipment sector, the Company appointed the ING Investment Bank to act as advisor on the transfer of the IBA Bioassays activity.

HUMAN RESOURCES

The training and development of employees for the satisfaction of customers and benefit of patients.

WHAT WERE THE HIGHLIGHTS OF IBA HUMAN RESOURCES MANAGEMENT IN 2012?

Last year was an important one for IBA Human Resources. We enrolled 220 new employees and continued our efforts to train the teams in the mission we have set ourselves: the fight against cancer.

The refocus of activities on our core business, proton therapy technologies, has also enabled us to realign our teams, their objectives and their training. Our teams' increased awareness of their important role in this fight against cancer will heighten the satisfaction of our customers.

This refocus combined with a reduction in the scope of activity through the creation of IBA Molecular Imaging (in a joint venture with SK Capital Partners), has enabled us to lighten the corporate structure. In parallel IBA has also developed its approach to outsourcing, which consists of “buying” rather than “producing”.

This new focus represents a real transformation. Indeed our teams and engineers are no longer just scientists, but men and women aiming to make proton therapy more accessible and affordable, for the benefit of medical teams and their patients. Naturally the role of human resources is to accompany and implement this strategic change through recruitment and training, in order to maintain IBA leadership in innovation in our markets.

IN 2010 YOU INTRODUCED A LARGE-SCALE EMPLOYEE ENGAGEMENT SURVEY, PROPOSING AT THE TIME TO MAKE IT A BIANNUAL EXERCISE

We did indeed carry out a first survey on employee “engagement” in 2010, and we conducted it again last year. Efforts undertaken since 2010 have certainly born fruit. The motivation and “engagement” of our teams have progressed substantially. We are delighted of course, but we want to go further. This survey reveals areas where progress can be made: supporting our employees better through their career plans, or more simply, by communicating better about Company's objectives, our mission and our competitive environment. We have heard what they have said and we will soon introduce measures in response.

In 2013 we will therefore push these initiatives forward while strengthening available training, increasing the opportunities for internal mobility and working on the relationship between our teams' work and the direction of our mission.

ARE IBA MEN AND WOMEN THE KEY TO IBA SUCCESS?

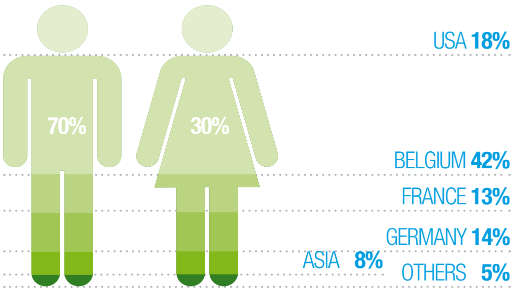
Undeniably. It is the talent and expertise of our men and women that have made – and will continue making – IBA the uncontested leader in proton therapy, dosimetry, and industrial applications of particle accelerators. It is our people who are continually pushing back the limits of technology. And it is thanks to their technological and business leadership in the fight against cancer that 20 000 patients have already been treated with proton therapy.

FRÉDÉRIC NOLF

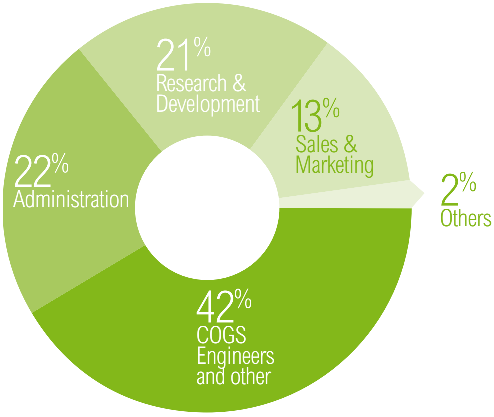
Group Vice-President Human Resources

EMPLOYEE DISTRIBUTION WORLDWIDE

IBA EMPLOYEES WORLDWIDE



EMPLOYEE ACTIVITY PROFILE



MANAGEMENT REPORT

Approved by the Board of Directors at its meeting of March 29, 2013.

HIGHLIGHTS OF THE YEAR

The main events of the 2012 financial year, further details of which are contained in the Management report, were as follows:

- Seven proton therapy rooms sold in 2012, including three for Apollo in India in early 2013.
- Significant interest in IBA's smaller, more affordable proton therapy system, *Proteus®**ONE****.
- Efficiency programme implemented to generate annual savings of EUR 10 million by 2014. First significant effects seen in H2, with Company on track to reach 10% EBIT margin in 2014.
- Essen project litigation nearing settlement.
- Sale of stake in IBA Molecular to SK Capital for a net cash proceeds of EUR 74.7 million.
- ING hired to advise on disposal of Bioassays business. Following restructuring, IBA Equipment now operating as two segments, "Proton therapy & Particle accelerators" and Dosimetry. Bioassays reclassified as "Held for Sale" and excluded from operational numbers.
- Appointment of Olivier Legrain as new Chief Executive Officer.

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

- Revenue growth of 8.8%.
- Operating margins rise to 7.6% from 4.0% in 2011.
- Reported net loss of EUR 5.8 million, mostly due to write-downs on Essen project and restructuring expenses.
- Net debt of EUR 28.3 million at year end, significantly reduced compared to H1.

** Proteus®**ONE** is the brand name of a new configuration of the Proteus® 235, including some new developments subject to review by Competent Authorities (FDA, European Notified Bodies, et al.) before marketing.*

REVIEW OF IBA ACTIVITY SECTORS

Following completion of the partial sale of the Radiopharmaceuticals business in 2012 and the decision to sell the Bioassays business, the PHARMA segment as constituted in previous years no longer exists. As only the EQUIPMENT segment remains, covering Proton therapy, Particle accelerators and Dosimetry, the Board of Directors has decided that reporting will now be based on 2 new segments: the "Proton therapy and Particle accelerators" segment on the one hand and the "Dosimetry" segment on the other.

THE PROTON THERAPY AND PARTICLE ACCELERATORS SEGMENT COVERS:

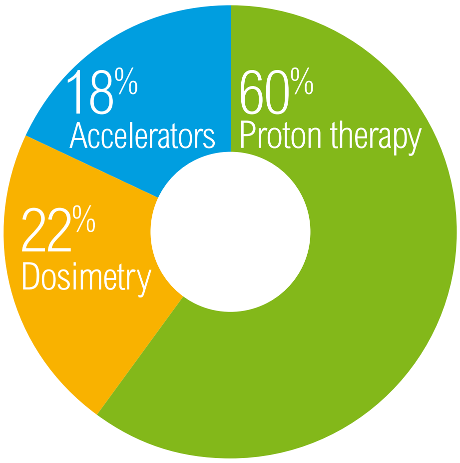
Proton therapy
which offers turnkey solutions for a more precise treatment of cancer, with fewer side effects, through the use of proton beams.

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

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 PARTICLE ACCELERATORS

	2011 (EUR 000)	2012 (EUR 000)	Change (EUR 000)	Change %
Net sales	**160 053**	**172 204**	**12 151**	**7.6%**
- Proton therapy	121 157	133 213	12 056	10.0%
- Other accelerators	38 896	38 991	95	0.2%
REBITDA	**8 329**	**12 402**	**4 073**	**48.9%**
% of sales	5.2%	7.2%		
REBIT	**3 733**	**9 148**	**5 415**	**145.1%**
% of sales	2.3%	5.3%		

PROTON THERAPY

IBA continues to demonstrate leadership in the global proton therapy market, which is estimated to be growing at about 10% per annum. IBA proton therapy systems are now utilized in over half of the world's proton therapy clinics, amounting to thirteen operational centers to date with twelve further centers in development. In addition, IBA launched its new *Proteus®**ONE*** proton therapy solution during 2012. *Proteus®**ONE*** is a compact single-room solution which is smaller, more affordable, easier to install, easier to operate and ultimately easier to finance. With *Proteus®**ONE***, proton therapy becomes possible for more patients worldwide. From a technological point of view, major progress has been made in the development of the prototype. The Company is confident that *Proteus®**ONE*** will be delivered in 2013 and treat its first patient in Shreveport Louisiana in 2014.

This growth in the global proton therapy market and the broadening of the Company's product range has enabled IBA to increase proton therapy equipment revenue by EUR 12.1 million to EUR 133.2 million, with several major new contracts signed during 2012. Throughout the year, IBA saw strong interest in proton therapy equipment from large clinical hospital groups as well as academic institutions.

Three proton therapy centers were sold over the last 12 months, amounting to seven rooms in total. In June, a new contract worth EUR 20 million was signed for *Proteus®**ONE*** in France combined with a service and maintenance agreement. We were also pleased to announce in December that we had signed a contract with the Texas Center for Proton Therapy for the installation of a multi-room proton therapy system to equip its new facility in Irving-Las Colinas, Texas. This supply contract with a five year operation and maintenance agreement is worth approximately USD 50 million to IBA.

During 2012, the Group continued to build its presence in the emerging markets. In October, IBA signed a Memorandum of Understanding with the Changhua Christian Hospital in central Taiwan for the installation of a single-room proton therapy system, *Proteus®**ONE***. A purchase agreement is expected to become effective in the course of 2013. Shortly after the year end, IBA signed a contract worth EUR 50 million with Apollo Hospitals, Asia's largest integrated healthcare group and India's No.1 private hospital, to establish the first proton therapy center in India.

We also made significant progress on the construction and installation of proton therapy centers during 2012, in particular with the installation of a number of Pencil Beam Scanning (PBS) solutions. This advanced treatment method allows physicians to precisely "paint the targeted cells" in 3-D with the treatment beam, thus further optimizing the targeting of the tumor while sparing the surrounding healthy tissue.

The first patient received treatment at the ProCure Proton Therapy Center in New Jersey after a record breaking time to install the equipment in just twelve months. IBA and ProCure were able to confirm the same performance and complete the commissioning of the ProCure's Seattle center in the same time frame. Today ProCure is operating four PT centers in the US and is the largest PT operator in the world. In January IBA lent ProCure USD 5 million, as agreed in the existing partnership arrangements between the two parties, in order for ProCure to develop the proton therapy market in the United States.

IBA also completed the installation of the Prague PT center during 2012, allowing access to the most advanced radiation therapy modality to cancer patients in the Czech Republic.

IBA has made major progress towards reaching a final settlement with Westdeutsches Protonentherapiezentrum Essen GmbH (WPE) on the open dispute. The respective negotiation teams involved have developed detailed acceptable solutions on all the deal terms supporting the buy-out of the center by WPE. LOI's reflecting these deal terms will be submitted to the next Board meeting of the involved parties in April to allow them to proceed with the final contracts. All expected impacts have been reflected in IBA's 2012 financial statements to the best of the Company's knowledge at the date of this release. The residual assets related to the project in IBA's books amounts to EUR 9.3 million at year end. In case the above described expected settlement would not be endorsed, the value of these assets could however be impaired.

PARTICLE ACCELERATORS

Accelerator revenues were flat during 2012 at EUR 39.0 million but with a strong 15.9% increase in H2 2012 compared to H2 2011. IBA sold 15 accelerators during the year, mainly to emerging countries (BRIC countries and others). Half of the cyclotrons sold included the Company's IntegraLab® solution which combines equipment and services for the establishment of radiopharmaceutical production centers. Those IntegraLab® contracts are an example of IBA's new streamlined approach in utilizing its unique expertise in radioisotope production to provide more integrated solutions to customers, which not only includes equipment but also a tailored approach to high quality service. This ensures each customer is provided with the most state of the art equipment and services for the establishment of radiopharmaceutical production centers, whilst achieving full regulatory compliance.

In 2012, IBA launched a new CAREprogram that includes a complete portfolio of solutions to install, optimize, support and maintain its radiopharmaceutical equipment. Given the rapid pace at which technology is currently evolving, IBA has also developed upgrade packages tailored to customers' specific configurations as well as training programs to increase accelerator performance and operator efficiency.

During the year, IBA signed major contracts for the supply of electron beam accelerators, primarily to be used for the sterilization of medical devices using electron beam technology. The key advantage of IBA's technology in comparison to radioactive or chemical based sterilization processes is that IBA's Rhodotron® electron beam process is fast and free from any contamination by chemicals and radioactive materials.

DOSIMETRY

	2011 (EUR 000)	2012 (EUR 000)	Change (EUR 000)	Change %
Net sales	**43 112**	**48 902**	**5 790**	**13.4%**
REBITDA	**5 377**	**8 023**	**2 646**	**49.2%**
% of sales	12.5%	16.4%		
REBIT	**4 432**	**7 668**	**3 236**	**73%**
% of sales	10.3%	15.7%		

IBA saw excellent growth in its Dosimetry business during 2012, with revenues increasing by 13.4% to EUR 48.9 million. The growth is attributed to the Company's increased success in building market share in emerging countries such as Eastern Europe, Asia and Latin America, as well as serving existing customers through IBA's CAREprogram.

The high level of service at IBA Dosimetry was recognized during 2012 by the prestigious "Siemens Supplier of the Year" award in the diagnostics segment.

In order to offer high level dosimetry training courses to its radiotherapy customers, IBA Dosimetry opened a first-in-class International Dosimetry Competence Center in July 2012, equipped with state-of-the-art treatment and dosimetry equipment infrastructure.

ACTIVITIES DISPOSED OR HELD FOR SALE

IBA MOLECULAR (DISPOSED OF IN 2012)

As part of the overall Group restructuring, IBA announced in April that it had agreed with SK Capital Partners, a US private investment firm, to create IBA Molecular, a jointly owned company derived from IBA's worldwide Radiopharmaceutical division. 40% owned by IBA, IBA Molecular is a worldwide leader in the manufacturing and distribution of radioactive isotopes used for medical imaging and therapy, with over 50 locations in the US, Europe and Asia, and employing over 1 000 people. On closing of the deal, IBA received a net payment of EUR 74.7 million from SK Capital.

During the second half of 2012, IBA Molecular has seen revenues come under pressure, with lower PET (Positron Emission Tomography) volumes in the US, lower SPECT sales in Europe and falling prices of its PET FDG product, particularly in Europe. These downward trends have been partially offset by increased volumes in Asia and the rest of the world.

Strategic initiatives are in progress to grow revenues and profits at IBA Molecular. As part of these initiatives, IBA Molecular signed an agreement to manufacture and distribute ^{18}F-Florbetaben, Piramal's new diagnostic imaging agent, in the European and US markets for use with positron emission tomography (PET) for the detection of beta-amyloid plaque deposition in the brain, associated with Alzheimer's disease and other neurologic conditions.

In addition, IBA is investing approximately EUR 1 million per quarter, mainly in the development of two new compounds which is impacting the Group's profitability in the short term:

- ML-10, a compound co-developed with Aposense® targeting apoptosis (cell death) imaging: further to the Aposense®'s immediate report of December 2012, with respect to initial findings of the CA004 phase 2 clinical trial for the evaluation of ML-10 tracer in the early assessment of response of brain metastases to radiation treatment, the Aposense®'s Board of Directors has resolved to freeze the ML-10 tracer's development program and clinical studies.
- Redectane®, a candidate for kidney cancer diagnostic developed by Wilex AG: in October 2012, Wilex announced that the FDA requires a second trial to confirm the diagnostic performance and safety of Redectane®. Wilex is currently developing the protocol for this Phase III trial (Redect 2) with the FDA under a Special Protocol Assessment (SPA).

Overall, consolidation of Molecular business still owned by the Company resulted in a loss of EUR 9.9 million during 2012, including non-recurring write-downs amounting to EUR 4.9 million relating to the development of the new compounds described above.

In November, IBA disclosed that Rose Holding SARL, the investment vehicle of SK Capital Partners in IBA Molecular, sent a Notice of Claims to IBA reserving the right to claim damages of approximately EUR 24 million. These claims cover several issues including but not limited to regulatory affairs, decommissioning, waste management and accounting treatments at IBA Molecular. IBA and SK Capital are discussing settlement of these claims. No arbitration has been initiated to date and the currently expected impact on IBA has been accrued in the 2012 financial statements. It should be noted that the final outcome of this dispute may significantly differ from the estimate currently reflected in the financial statements.

BIOASSAYS (HELD FOR SALE)

	2011 (EUR 000)	2012 (EUR 000)	Change (EUR 000)	Change %
Net sales	**34 529**	**33 604**	**-925**	**-2.7%**
REBITDA	**3 326**	**4 720**	**1 394**	**41.9%**
% of sales	9.6%	14.0%		
REBIT	**1 690**	**3 256**	**1 566**	**92.7%**
% of sales	4.9%	9.7%		

As part of the decision to restructure the Group and focus IBA on the medical equipment sector, the Board has concluded that Cisbio Bioassays SAS should be divested and a contract has been agreed with ING Investment Bank to advise on the disposal. As a consequence, the results of Cisbio Bioassays SAS have been reported in "discontinued operations" and are included as part of the EUR 19.5 million profit that also covers the divestment of IBA Molecular.

Operationally during 2012, Cisbio Bioassays SAS recorded a slight decrease (-2.7%) in revenues to reach EUR 33.6 million. However, due to productivity initiatives launched in the first half of the year, profit before interest and tax improved by EUR 1.5 million on a full year basis to reach EUR 3.3 million, representing an operating margin of 9.7%.

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

INCOME STATEMENT

IBA reported an 8.8% increase in revenues to EUR 221.1 million during 2012 (2011: EUR 203.2 million, restated in both 2012 and 2011 post the disposal of the 60% interest in IBA Molecular and reclassifying Bioassays under “discontinued operations”). The increase in revenues was driven by strong growth in Dosimetry (up 13.4%) and Proton therapy (up 10%).

The consolidated gross margin for the 2012 financial year was EUR 86.88 million, compared with EUR 76.7 million for the previous year, taking into account the reclassification of the margin from the Bioassays business in "divested businesses", i.e. an increase of 13.2%. The margin represented 39.3% of consolidated sales and services, compared with 37.8% in the previous year. This excellent performance is attributable on the one hand to the growth in both Proton therapy and Dosimetry, which allows for better absorption of fixed production costs, and on the other hand to the cost reduction programs implemented by Management.

Overall, recurring expenses only increased by 2.2%, while consolidated sales and services increased by 8.8% due to better cost control and an increase in tax credits recognized in respect of research and development activities.

Recurring operating profits before interest and taxes (REBIT) continued to improve compared with 2011, due to the growth in revenues and benefiting from the implementation of the Company’s productivity and efficiency program, particularly in the second half of the year. The Company’s REBIT more than doubled in 2012 from EUR 8.2 million in 2011 to EUR 16.8 million in 2012, an increase of 106.0%.

Non-recurring expenses, which totaled EUR 27.93 million, mainly associated with the Essen project dispute and restructuring costs, together with income of EUR 19.5 million mainly associated with the adjustment in 2012 to the estimates of the impact of the SK Capital Partners agreement recognized in 2011, resulted in a net loss of EUR 5.8 million.

CONSOLIDATED BALANCE SHEET AND FINANCIAL STRUCTURE

The balance sheet items relating to businesses intended for sale are aggregated in the consolidated balance sheet at the end of 2011 and 2012 in the lines assets held for sale and liabilities directly associated with assets held for sale. These are mainly assets and liabilities relating to the Radiopharmaceuticals business in 2011 and the Bioassays business in 2012.

Non-current assets increased significantly by EUR 26.6 million during the 2012 financial year, essentially due to the combined effects of:

- the reclassification of the assets of Cisbio Bioassays SAS held for sale (decrease in non-current assets);
- recognition of the interests retained under the SK agreement in companies accounted for by the equity method and other investments (increase in non-current assets).

Goodwill at the end of 2012 (EUR 3.9 million) remained practically unchanged and related mainly to the Dosimetry business.

Intangible fixed assets (EUR 8.9 million) and tangible fixed assets (EUR 10.2 million) decreased by a total of EUR 14.5 million. The change during the year is mainly attributable to the transfer of the assets relating to the Bioassays business to assets held for sale.

Companies accounted for by the equity method and other interests increased by EUR 28.2 million, mainly following recognition of the 40% stake in Rose Holding SARL, the investment vehicle established under the SK agreement, and totaled EUR 31.2 million at the end of 2012. It is to be noted that the assets associated with the development of new PET (Positron Emission Tomography) molecules were completely stripped of value.

Deferred tax assets remained practically unchanged at EUR 13.6 million and represented recoverable losses on future earnings, essentially on the entity IBA SA, amounting to EUR 9.6 million (compared with EUR 8.4 million at the end of 2011) and on the American and Chinese entities, amounting to EUR 4.0 million (compared with EUR 4.8 million at the end of 2011).

Other long-term assets increased by EUR 12.7 million to EUR 26.2 million. This change is essentially attributable to the recognition of a long-term receivable amounting to EUR 8.9 million associated with the agreement with SK Capital and interest to be received on the Trento proton therapy project.

In the case of current assets, which amounted to EUR 291.6 million at the end of 2012, the large decrease of EUR 138.4 million compared with 2011 resulted mainly from completion of the agreement with SK Capital Partners et transfer of the long-term assets associated with the Bioassays business to assets held for sale.

Out of the decrease of EUR 14.4 million in inventories and orders in progress, EUR 7.4 million was attributable to Bioassays. The remainder was associated projects in the course of manufacture, mainly in proton therapy.

Trade receivables increased by EUR 8 million, EUR 4.9 million of which was attributable to the writing back of receivables on hospitals in Spain and Italy not sold under the partial sale of the Radiopharmaceutical business.

The increase of EUR 11.5 million in other receivables related on the one hand to the placing of EUR 4.1 million in an escrow account to guarantee the obligations resulting from a proton therapy project, and on the other hand to the sale of the Radiopharmaceutical business.

At the end of 2012, available-for-sale financial assets amounted to EUR 35.3 million, relating to the company Cisbio Bioassays SAS and to the companies Pharmalogic and IBA Radioisotopes France SAS. The EUR 208.5 million at the end of 2011 related primarily to radiopharmacy and to the company Pharmalogic.

Non-current liabilities increased by EUR 19.9 million compared with the end of 2011 to EUR 60 million at the end of 2012. This change is mainly attributable to the following factors:

- Long-term debts increased by EUR 14.5 million, essentially due to the granting by SRIW of a EUR 20 million loan, EUR 10 million of which was drawn down during 2012, the reclassification in long-term debt of the EIB loan amounting to EUR 22.8 million, temporarily transferred to short-term debt at the end of 2011 as it was under renegotiation, and transfer to short-term debt of the majority of the trade payable associated with the Italian Trento project, since acceptance of the project's first treatment room, which will trigger repayment of the major part of the loan, is expected in the second half of 2013. At the end of 2012, long-term debts amounted to EUR 36.8 million, comprising EUR 3.2 million for the trade payable granted by a bank in respect of the Trento proton therapy project, EUR 22.8 million relating to the loan from the European Investment Bank, EUR 10 million for the SRIW loan and the balance of EUR 0.8 million made up of long-term debts relating to financial leases.
- Long-term provisions increased by EUR 8.5 million, primarily due to the adjustment to the provisions required to cover future known or estimated obligations following completion of the sale of the Molecular business to SK Capital.
- The decrease of EUR 4 million in other long-term debts resulted from the transfer to short-term debt of the majority of the debts resulting from recoverable loans granted by the Walloon Region to finance research and development, especially into proton therapy, which are repayable based on a percentage of annual revenues.

Current liabilities decreased by EUR 120.6 million to EUR 268.5 million. The following elements are to be noted:

- Short-term provisions, which amounted to EUR 46.9 million at the end of 2012, increased by EUR 36.7 million, mainly following the recognition, adjustment and transfer from available-for-sale financial liabilities of the provisions required to cover future known or estimated obligations following completion of the sale of the Molecular business to SK Capital Partners, and following provisioning for the estimated outcome of resolution of the ongoing dispute with the proton therapy client WPE (“Essen” project) described later in this report.
- Short-term debts of EUR 33.7 million at the end of 2012 corresponded primarily to EUR 27.5 million for the trade payable granted by a bank in respect of the Trento proton therapy project described above, EUR 6 million relating to the loan from the European Investment Bank corresponding to the amortization payable at less than one year, and the short-term portion of financial lease obligations in the case of the balance of EUR 0.2 million.
- Other short-term debts at the end of 2012 amounted to EUR 127.8 million, a decrease of EUR 15.8 million. This decrease related primarily to advance contractual payments received for proton therapy orders in the course of manufacture.
- Available-for-sale financial liabilities at the end of 2012 amounted to EUR 11.5 million relating to the company Cisbio Bioassays SAS and the companies Pharmalogic and IBA Radioisotopes France SAS. The EUR 151.9 million at the end of 2011 related primarily to radiopharmacy and to the company Pharmalogic.

The Group's cash and cash equivalents in 2012 were solid, due mainly to the income from the agreement with SK Capital Partners. Working capital also fell significantly in the second half of the year due to the receipt of contractual installments in respect of project in the Proton therapy division.

Net debt at year end was EUR 28.3 million, down compared with the EUR 40.6 million at the end of the previous year. In addition, during the second half of the year, IBA began to repay the long-term loan which it took out with the European Investment Bank.

RESEARCH AND DEVELOPMENT

Research and development expenses in respect of the Group's businesses amounted to EUR 26.1 million in 2012 less EUR -2.5 million of research tax credit for which provisions were made, EUR 2.7 million relating to the development of new molecules in collaboration with SK Capital and recognized in the "share of the (profit)/loss of entities accounted for by the equity method" and EUR 2.9 million relating to the R&D of the Bioassays business recognized in "profit/ (loss) for the period of divested businesses". Corrected for these amounts, actual research and development expenses amounted to EUR 31.7 million, i.e. 12% of sales including Bioassays.

At IBA, research and development expenses are recognized directly in the income statement. These significant investments enable the Company to remain among the world leaders in all the markets in which it operates.

CAPITAL STOCK INCREASES AND RIGHTS ISSUES

In the course of 2012, the Board of Directors carried out one capital increase with waiver of the shareholders' preemptive right in the framework of the authorized capital (exercice of stock options granted in the framework of the stock option plans).

In September 2012, the Board of Directors issued 870 000 stock options in favor of Group employees ("2012 plan"). These were allocated in a similar manner to that adopted for the "2011 plan".

It was declared by notarized deed of December 17, 2012, that out of the 600 000 stock options offered free of charge, 433 711 free stock options were finally accepted and that out of the 270 000 stock options requiring payment, 72 641 stock options were subscribed for. Consequently, 166 289 stock options offered free of charge were cancelled. These each allow subscription for one new share at a price of EUR 4.78 during certain periods and on certain terms between January 1, 2016 and September 30, 2018.

REPURCHASE OF OWN STOCK (ART . 624 C)

IBA SA did not repurchase any of its stock in 2012. At December 31, 2012, IBA SA held 75 637 of its own shares.

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

Sales and services by Ion Beam Applications SA for the 2012 financial year went from EUR 191.0 million in 2011 to EUR 212.0 million, i.e. an increase of 11.0%.

This increase in revenues is due in particular to the advance on orders in progress.

Income from operations, which showed a profit of EUR 1.5 million at the end of 2011, posted a loss of EUR 1 million in 2012 despite the significant increase in sales between one year and the next. This situation is primarily attributable to the expenses resulting from the continuation of operations on the proton therapy project site in Essen, Germany, pending full resolution of the dispute between the Company and its client WPE. Corrected for this factor, IBA SA's income from operations for the period would have been EUR 6.3 million in the black.

The Company posted a current profit before tax of EUR 2.9 million, as the operating loss described above was more than offset by an exceptional dividend of EUR 4.7 million received from a Swedish subsidiary in voluntary liquidation for organizational reasons. The exceptional income and expenses relating to the sale of the Molecular business and to the exceptional amortization of assets and appropriation of provisions in relation to the Essen project brought the net earnings for the period to a loss of EUR 25 million.

As a consequence, the Board of Directors will recommend to the General Meeting that no dividend should be paid for 2012.

It should be noted that the Board of Directors has decided to terminate the reduction in equity begun in 2012. The Board of Directors will not convene a General Meeting on this matter until further notice.

Pursuant to article 96, 6 of the Belgian Companies Act, the Board of Directors is of the opinion that, despite the losses recorded in the last two financial years, the annual financial statements must be prepared on the going concern principle. In fact, the losses result from non-recurring events relating on the one hand to the sale of the radiopharmacy interests, and on the other to developments in a dispute with one of the Company's clients. The prospects for the Company's recurring operations remain positive and the Board of Directors is of the opinion that the Company will fulfill its bank commitments throughout 2013.

IBA is currently involved on the one hand in discussions and arbitration proceedings relating to a dispute between the Company and one of its clients, and on the other hand with a demand for damages from the purchaser of the Radiopharmaceutical business sold in 2012. The Board of Directors has made certain assumptions in relation to resolution of the dispute with the client which result in an assessment of some EUR 9.3 million of net assets associated with this project. In addition, the Board of Directors has made provisions to cover the amounts which it estimates probable that will have to be paid in relation to the sale of the Radiopharmaceutical business, without this sum covering the full amount of the demand for damages. If the resolution of these disputes were to prove different from the assumptions adopted, this could have a significant impact on the valuation of the net assets and provisions referred to above.

At the end of 2012, the Company had six branches in Prague, Czech Republic; Orsay, France; Krakow, Poland; Trento, Italy; Seoul, South Korea; Moscow, Russia, and Uppsala, Sweden. The branches were established as part of the Proton therapy business.

CONFLICTS OF INTEREST

BOARD MEETING OF MARCH 30, 2012,

being called on to decide on approval of the plan for the purchase of shares for the staff and workforce of IBA SA and its Belgian subsidiaries, triggered application of the procedure governing directors' conflict of interests as defined in article 523 of the Belgian Companies Act. This conflict of interests concerns the managing directors in their capacity as beneficiaries of the said plan. "The directors affected by the conflict of interests decided 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 approved the terms of the plan for the purchase of shares for the staff and workforce of IBA SA and its Belgian subsidiaries and the terms of the special Board report drawn up pursuant to article 596 of the Belgian Companies Act. The Board decision was then notified to the managing directors." This plan was ultimately not offered as the subscription price was higher than the market price at the time of the subscription period.

BOARD MEETING OF AUGUST 29, 2012,

being called on to decide on the launch of a stock option plan, triggered application of the procedure governing directors' conflict of interests as defined in article 523 of the Belgian Companies Act.

The members approved the principle of the launch of this plan and the terms of the special Board report attached to these minutes. With the exception of the Chairman and Vice-Chairman of the Board and the Chairman of the Audit Committee, all Board members are eligible for inclusion in this plan. Jean-Michel Vanderhofstadt stated, however, that he did not wish to be included in the list of beneficiaries. The other directors, in their capacity as beneficiaries of the plan, declared a direct proprietary interest and triggered a conflict of interests situation as defined in article 523 of the Belgian Companies Act. They took no further part in the discussions.

After discussion, the Chairman and Vice-Chairman of the Board, Chairman of the Audit Committee and Jean-Michel Vanderhofstadt unanimously approved the launch of a stock options plan for 880 000 stock options and, subject to arrangements required by the FSMA (Belgian Financial Services and Markets Authority), thereafter approved the terms of the draft of the special Board report drawn up pursuant to articles 583, 596 and 598 of the Belgian Companies Act attached to these minutes.

"To the extent required, they authorize the executive directors to sign the final special report and delegate to the Chief Executive Officer the power to determine the precise terms of allocation and exercise of the stock options (excluding the allocation decision which will be taken by the Compensation Committee), provided always that these terms could in certain cases be altered to take into account the specific circumstances of the beneficiaries and the national regulations to which the offer or exercise of the stock options will be subject."

BOARD MEETING OF DECEMBER 4, 2012,

being called on to decide on the granting of a loan to Belgian Anchorage SCRL, triggered application of the procedure governing directors' conflict of interests as defined in article 523 of the Belgian Companies Act and application of the procedure applicable transactions with a related party as defined in article 524 of the Belgian Companies Act.

NATURE OF THE TRANSACTION:

The members were informed of the request from Belgian Anchorage SCRL, IBA SA's major shareholder, for the granting of a loan for a principal amount of EUR 1 100 000.

The terms of the loan would be as follows:

- Principal amount: EUR 1 100 000.
- Interest rate: Euribor 12 months plus 300 basis points.

- Due date: June 30, 2013.
- Early repayment: permitted at any time without penalty.
- Payments: principal and interest on the due date or date of repayment.
- Lien on 200 000 of the Company's shares held by Belgian Anchorage SCRL.

NOTIFICATION OF A CONFLICT OF INTERESTS AS DEFINED IN ARTICLE 523 OF THE BELGIAN COMPANIES ACT:

Before starting the discussion, the following directors gave notice, in the context of this transaction, of the existence of a potential conflicting interest of a proprietary nature as defined in article 523 of the Belgian Companies Act:

- Saint-Denis SA represented by Pierre Mottet,
- Bayrime SA represented by Eric de Lamotte,
- Olivier Legrain,
- Yves Jongen.

The above mentioned directors stated that the conflict of interests arose from the fact (i) that they held a direct or indirect stake in Belgian Anchorage SCRL or (ii) that they were directors of the latter.

The Board of Directors took note of the declaration by the above mentioned directors and concluded that they should leave the meeting.

APPLICATION OF ARTICLE 524 OF THE BELGIAN COMPANIES ACT:

Given that the proposed transaction concerned relations between the Company and a related party as defined in article 524, para. 1, subpara. 1 of the Belgian Companies Act, the provisions of this article must be complied with and the matter was, therefore, referred to a committee of independent directors (hereinafter referred to as the "Committee") made up of Professor Mary Gospodarowicz, Windi SPRL (represented by Yves Windelincx) and SCS Marcel Miller (represented by Marcel Miller).

The Committee met at 2 pm on December 4, 2012.

In accordance with article 524, para. 2 of the Belgian Companies Act, the Committee reported to the Board of Directors on a description of the type of transactions to be assessed, their benefit or disbenefit for the Company and for its shareholders, an estimate of the financial consequences thereof on the Company's assets and any potential disadvantage to the Company in terms of its policy.

This report to the Board was submitted as follows:

"A Committee of independent directors was constituted pursuant to article 524 of the Belgian Companies Act. This Committee met at 2 pm on December 4, 2012.

1. Description of the type of transaction to be assessed

Belgian Anchorage SCRL is the major shareholder in IBA SA. Its holding of IBA SA shares is its sole activity and its sole asset. At August 10, 2012, Belgian Anchorage SCRL held 28.4% of IBA SA's shares.

Belgian Anchorage SCRL is facing interest payments due on a loan which it took out with the bank ING Belgique (the "Loan"). The interest payments due amount to EUR 1.100.000. In order to secure Belgian Anchorage SCRL's commitments under the Loan, ING Belgique has a lien on 4 187 550 of the Company's shares held by Belgian Anchorage SCRL.

In order to be able to repay the Loan and make the interest payments due, Belgian Anchorage SCRL must receive returns of money from IBA SA. In the past, such returns took the form of the payment of dividends or reimbursement of share premiums.

IBA SA had planned such a return of money through a reduction in share premiums. This proposal was submitted to an Extraordinary General Meeting (EGM) on Monday September 24, 2012. At this meeting, the shareholders (including Belgian Anchorage SCRL) voted for a further adjournment of the decision based on a recommendation from the Board of Directors. In fact, as stated on publication of the half yearly results at the end of August 2012, the sale of the minority stake in Pharmalogic (IBA's Molecular business in Canada) was postponed and the dispute on the Essen project, although *appearing to be coming to a resolution, was not yet sufficiently close to conclusion to give all the expected clarity. The Board of Directors, therefore, stated that the elements, which had justified proceeding in July 2012 had not developed sufficiently, and proposed a further postponement of the decision.*

In place of this reimbursement of share premiums, Belgian Anchorage SCRL recently requested that IBA SA grant it a short-term loan of EUR 1 100 000 enabling it to meet the interest payments due.

The terms of the loan would be as follows:

- *Principal amount: EUR 1 100 000.*
- *Interest rate: Euribor 12 months plus 300 basis points.*
- *Due date: June 30, 2013.*
- *Early repayment: permitted at any time without penalty.*
- *Payments: principal and interest on the due date or date of repayment.*
- *Lien on 200 000 of the Company's shares held by Belgian Anchorage SCRL. The Committee has been called on to express an opinion on this transaction.*

2. Procedure

Article 524 of the Belgian Companies Act authorizes the Committee to engage the assistance of one or more independent experts. After discussing this, the members of the Committee concluded that the transaction submitted for their approval was not of such technical complexity as to require the assistance of experts. The Committee, therefore, decided not to call on an independent expert.

3. Advantage or disadvantage for the Company and its shareholders

3.1. The Committee concluded above all that the Company had a direct interest in granting this load to the extent that it is involved in maintaining the financial soundness of its major shareholder and that such financial soundness is essential for the Company. If this loan is not granted, it is possible that ING Belgique could enforce part of its lien on the shares and that these shares would be put on the market, which in turn could have a negative effect on IBA's share price. It could raise doubts around the presence of a major shareholder which has been stable and loyal since the foundation of the Company and secures its base in Belgium, and expose the Company to takeovers which might prove contrary to the interests of Company, its shareholders, partners, workforce and/or employees.

3.2. The Committee also confirmed that the Company's main creditors, namely SRIW under a bond for EUR 10 million and the European Investment Bank (EIB) under a loan of EUR 30 million, had been informed of the transaction. The EIB did not respond formally to this notification.

As provided for in the agreement, SRIW expressly accepted the transaction by letter on October 17, 2012. The Committee also obtained confirmation that the EIB is not required to provide this type of formal acceptance of the transaction.

3.3. The Committee then established that the granting of a loan was within the Company's objects. These include all financial transactions relating indirectly to research, development, the acquisition of industrial property rights for the operation, manufacture and sale of applications and equipment in the field of applied physics.

Maintenance of its base in Belgium is also one of the fundamental conditions of SRIW loan which prohibits (a) transfer out of the Walloon Region of the headquarters of the group to which the Company belongs, i.e. the company which consolidates the financial statements and develops the strategy or manages the central administrative and finance functions of the said group, its human resources, product and markets policy, international expansion and, in particular, its creative and R&D function; and (b) relocation outside the Walloon Region of the Company's registered office or current manufacturing or R&D functions.

3.4. The Committee is of the opinion that Belgian Anchorage SCRL will be in a position to repay this loan through the distribution of dividends and/or repayments of capital to be made by the Company to its shareholders. It is also of the opinion, based on statement by the Management and by the Vice-Chairman of the Board in charge of the case, that the Essen case will be settled favorably.

As the Company's Management expressly confirmed that an amount of EUR 1 100 000 could be made available for granting this loan by drawing down short-term lines of credit and would not impede the development and/or financing of the Company's other projects, the Committee does not see any specific disbenefit in granting the loan.

The Committee is, however, of the opinion that, in order to protect the Company's interests and ensure that the loan is taken out on market terms, a lien should be created on 200 000 of the Company's shares held by Belgian Anchorage.

4. Estimate of the financial consequences of the transaction on the Company's assets and any potential disadvantage to the Company in terms of its policy

The Committee found that the interest rate agreed is in line with the market, as it is in line with the terms granted by ING Belgique to Belgian Anchorage. This rate is higher than that which the Company would have to pay if it had to borrow the funds. Moreover, the security is identical to that granted to ING Belgique.

The IBA Group (comprising IBA SA and its subsidiaries) had cash and cash equivalents of EUR 12.8 million at October 31, 2012. At the due date of June 30, 2013, taking into account a reimbursement of share premium to be made before June 30, 2013, IBA SA expects to retain positive cash and cash equivalents of between 10 million and over 50 million depending on the different scenarios studied.

As stated in para. 3, IBA SA has no development and/or financing project that will be cancelled, impeded or postponed as a result of granting the loan. The loan does not, therefore, constitute a brake on the policy pursued by IBA SA.

5. Conclusion

In conclusion, the Committee is of the opinion that the loan backed by a lien on 200 000 of the Company's shares is in IBA SA's corporate interest, does not impede the policy pursued by the Company and is granted on standard market terms and conditions.

Deliberation :

The Board of Directors found that the procedure specified in article 524 of the Belgian Companies Act had been followed.

After reading the Committee's report, the Board of Directors decided unanimously among the members present to follow the opinion given and grant the loan referred to in para. 1 to Belgian Anchorage SCRL.

The Board of Directors, therefore, unanimously approved the granting of the loan and mandated Mr. Olivier Legrain and Windi SPRL represented by Yves Windelincx to set the transaction in motion and conclude and sign the agreement necessary for its implementation.

Notification to the auditor:

Before signing these minutes, the Company notified the auditor of the conflicted interests, in accordance with article 523 of the Belgian Companies Act, and of the terms of the Committee's report provided pursuant to article 524 of the Belgian Companies Act.

The auditor issued a positive assessment of the reliability of the information contained in the Committee's opinion and in the Board minutes. The auditor's opinion is attached to the minutes.

Publication:

The content of these resolutions, the Committee's opinion and the auditor's assessment will be published in full in the annual report in accordance with articles 95, 523 and 524 of the Belgian Companies Act."

COMPETENCE AND INDEPENDENCE OF MEMBERS OF THE AUDIT COMMITTEE

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

SIGNIFICANT ACQUISITIONS AND DIVESTMENTS IN 2012

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 have also agreed to share equally the development costs of the portfolio of new patented molecules through a separate joint-venture. In recognition of investments already made by IBA, 60% of the profits of this company will be allocated to IBA and 40% to SK Capital, but decisions are taken jointly. As a result, on April 2, 2013, IBA SA sold 40% of the company newly created by the contribution of IBA Molecular Compound Development SARL assets to SK Capital Partners.

In 2012, IBA acquired 100% of the Russian company Particle Engineering Solutions for a cash sum of approximately EUR 0.5 million. This company is intended to serve as a platform for the installation and maintenance of projects currently in progress both in proton therapy and in particle accelerators and has all the necessary licenses to perform this function in Russia.

PRINCIPAL RISKS AND UNCERTAINTIES FACED BY THE COMPANY

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

AUTHORIZATIONS

Some IBA products and devices cannot be marketed without regulatory approval or registration as medical devices or pharmaceutical products. Such authorization is necessary in each country where IBA wishes to market a product or device. At the end of 2012 IBA was authorized to market its particle therapy devices in the United States (FDA), the European Union (LRQA), Australia (TGA), China (SDA), Russia (Gost-R) and South Korea (KFDA). Authorizations may always be revoked. Moreover, as IBA's equipment evolves technologically, further authorizations are required. This is particularly the case for *Proteus*®***ONE*** currently under development.

TECHNOLOGY RISKS

The Company continues to invest heavily in research and development and cannot overlook the possibility that one of its prototypes or new molecules may not be commercially viable or may become obsolete during its development because of competing technological 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 (AAA) financial instruments but cannot however, predict sudden changes in these ratings or market modifications leading to the loss of this liquidity.

DECOMMISSIONING RISK

IBA has two facilities with working cyclotrons. In this context, it is committed to providing the means to reinstate the site on which it conducts its operations. Under the sale of its Radiopharmaceutical business, IBA has also retained liability for 5 years if the funds ring-fenced to cover the decommissioning of the facilities at Saclay in France prove to be less than the discounted provision over a period running to 2021 or 2042 depending on the case in point. The risks result on the one hand from a possible change in the interest rate used in the discount calculation (TEC30) and on the hand from the yield that will be obtained on the assets entrusted to an independent asset management company.

DEPENDENCE ON CERTAIN MEMBERS OF STAFF

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

DEPENDENCY ON A SPECIFIC CUSTOMER OR A LIMITED NUMBER OF ORDERS

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

INTELLECTUAL PROPERTY (PATENTS)

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

COMPETITION AND RISK OF RAPID PRODUCT OBSOLESCENCE

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

PENALTIES AND WARRANTIES

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

EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

In January 2013, IBA announced the signing of a new contract with Apollo Hospitals, the largest integrated healthcare group in Asia and the leading private hospital operator in India, for the first proton therapy center in India. The equipment and services to be supplied by IBA to the Apollo Proton Therapy Center is worth approximately EUR 50 million to IBA and includes a long-term operation and maintenance contract.

GENERAL OUTLOOK FOR 2013

The Company's market leading position and growth prospects in proton therapy remain excellent and IBA expects to further penetrate into the compact system market by 2014 on the receipt of FDA approval of *Proteus®**ONE***.

The backlog of EUR 244 million in the Proton therapy and Accelerators division's order book is expected to provide good visibility over the next 12 to 24 months. Revenues from service agreements are also expected to provide a beneficial impact on the Proton therapy business as these agreements are typically associated with 5 to 10 years operating and maintenance contracts.

IBA's Dosimetry business is also well-positioned, with its product portfolio showing significant growth in the field of patient delivery quality assurance in radiation therapy as well as opportunities for growth in the BRIC countries.

IBA anticipates low single-digit growth in Group revenues in 2013, based on a proton therapy order intake of 8 to 12 rooms and service revenue growing from EUR 17 million to approximately EUR 24 million. The Company expects to continue showing improvements in operational profitability over the coming quarters as the productivity and efficiency initiatives are rolled out across the organization. IBA expects to report positive net profits during 2013.

Net debt is expected to reduce significantly in 2013 with the partial acceptance of the Trento project, triggering repayment of a substantial part of the EUR 30 million supplier's credit due to IBA during the second half of the year.

Over the medium term, IBA Management is confident it can achieve an annual compound revenue growth of 5% to 10% over the next three years and deliver an operational profit margin of 10% by the end of 2014, despite the investment required to achieve the first deliveries of *Proteus®**ONE*** over the period.

Cisbio Bioassays SAS and Pharmalogic PET Service of Montreal Inc. are still recognized in assets held for sale.
The sale of these businesses should further improve the Company's profitability and net financial position.

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

The Company has adopted the 2009 Belgian Code of Corporate Governance as its reference Code and believes that it is in compliance, with one exception: the composition of the Audit Committee. Because of the high-level, complementary expertise of the current membership, the Company currently has only one independent member out of three, instead of the majority suggested by the code. It will bring the membership fully in line with the code as soon as it is able to identify satisfactory candidates.

CHARACTERISTICS OF INTERNAL CONTROL SYSTEMS AND RISK MANAGEMENT

In compliance with legal requirements stipulated in the Law of April 6, 2010 and following the recommendations of the Code of Company Governance of 2009, the principal characteristics of the internal control systems and risk management practices set up by IBA as part of the process of providing financial information can be described as follows:

CONTROL ENVIRONMENT

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

The organization of the accounting and finance department contributes to this process. The Chief Executive Officer (CEO) and Chief Financial Officer (CFO) jointly agree department objectives and the CFO is then responsible for dividing these between the various levels of hierarchy. The human resources department, working with Management, has established a library of functions detailing descriptions of the functions required in the organization of IBA Group activities. Individual responsibilities for maintaining accounts and financial information are identified in this process.

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

RISK MANAGEMENT PROCESS

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

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

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

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

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

- A monthly management dashboard (versus budget, versus previous year);
- A five-year strategic plan and annual budget;
- Treasury forecast tables;
- Project status reports;
- Procedures for establishing technical documents;

- Request forms for investment and recruitment approvals;
- A table of firm and current orders for the Equipment sector;
- The introduction of a signature template for all Group commitments to third parties;
- The introduction of double-signature bank authorizations to prevent the handling of accounts by a single individual;
- The nomination of a Chief Compliance Officer responsible for compliance with various procedures as well as the code of business practice applicable throughout the Group. All employees are required to report to this person any incidents or events likely to represent a risk to the Company.

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

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

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

CONTROL ACTIVITIES

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

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

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

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

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

INFORMATION AND COMMUNICATION

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

Although the current IT environment is heterogeneous (upgrade in progress - SAP/Synergy), the computing systems are sufficiently secured by:

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

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

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

Accounting and financial information is communicated to Management on a monthly basis in the form of reports from the management controllers and consolidated financial statements. This information is provided directly to division presidents and financial management, and published via a web-based tool. The annual accounts, budget, strategic plan and follow-up on investments and treasury are presented to the Audit Committee before being submitted to the Board of Directors. Furthermore, the 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 legal, communication and finance departments of the organization. Shareholder concentration in the Belgian market allows this process to be centralized with a limited number of people, with the CFO playing a leading role. A schedule summarizing the periodic requirements for the communication of financial information is available at Group level, with details of the nature and date of each requirement. A procedure stipulates the persons responsible for preparing, approving and communicating this financial information to the market, based on whether the information is restricted or not, and commercial or financial in nature.

MANAGEMENT

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

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

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

LEGISLATION GOVERNING TAKEOVER BIDS AND TRANSPARENCY

DISCLOSURES REQUIRED UNDER TRANSPARENCY LEGISLATION

In accordance with the Act of May 2, 2007 on the disclosure of significant holdings in issuers whose securities are traded on a regulated market and its implementing royal decree of February 14, 2008 (both effective September 1, 2008), and on the basis of article 34 of the articles of incorporation of IBA SA, our shareholders are required to report their holdings to the Financial Services and Markets Authority (FSMA) and to IBA SA whenever these holdings reach a threshold of 3% percent, 5% percent, or multiples of 5% percent.

IBA SA did not receive any reports of this nature in 2012.

LEGISLATION GOVERNING TAKEOVER BIDS (TRANSITIONAL REGIME)

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

In this regard, on August 13, 2012, IBA sent the FSMA the discounted data as at August 10, 2012 for the notification made pursuant to article 74, para. 6 of the Belgian Takeover Act.

It reported the following:

- Belgian Anchorage SCRL (registered office Clos des Salanganes 5, 1150 Brussels; VAT BE 0466.382.136; RPM Brussels) continued to hold 7 773 132 shares of IBA SA shares (28.4% of the voting rights) at August 10, 2012;
- Institut National des Radioéléments FUP (registered office avenue de l'Espérance 1, 6220 Fleurus, Zoning Industriel; BE VAT 0408.449.677, RPM Charleroi) continued to hold 1 423 271 shares of IBA SA shares (5.20% of the voting rights) at August 10, 2012;
- The Université catholique de Louvain ASBL, (Catholic University of Louvain) having its registered office at 1 Place de l'Université, 1348 Louvain-la-Neuve, company no. 0419.052.272, Nivelles RPM (register of legal entities), maintained its holding in IBA SA over the last twelve months at 426 885 shares (i.e. 1.56% of the voting rights in IBA SA at August 10, 2012);
- Sopartec SA, having its registered office at Place de l'Université, 1348 Louvain-la-Neuve, company no. 0404.978.679, Nivelles RPM, maintained its holding in IBA SA over the last twelve months at 529 925 actions (i.e. 1.94% of the voting rights in IBA SA at August 10, 2012).

In light of the above, these parties together, held 10 153 213 IBA SA shares (i.e. 37.09% of the voting rights) at August 10, 2012.

For information, although IBA Investments SCRL, having its registered office at 3 Chemin du Cyclotron, 1348 Louvain-la-Neuve, company no. 0471.701.397, Nivelles RPM, is associated with Belgian Anchorage SCRL, it is not part of the Concerted action agreement to which Belgian Anchorage SCRL, the Institut des Radioéléments FUP, the UCL and Sopartec SA are parties.

SUBSEQUENT EVENTS

The situation was as follows at December 31, 2012:

	Reference shareholders		Parties acting in concert		Companies providing Art. 74§6 notification	
SITUATION AS AT 31, DECEMBER 2012 DENOMINATOR 27 365 028	Number of shares	%	Number of shares	%	Number of shares	%
Belgian Anchorage SCRL	7 773 132	28.39%	7 773 132	28.39%	7 773 132	28.39%
IBA Investments SCRL	610 852	2.23%	N/A	N/A	N/A	N/A
IBA SA	75 637	0.28%	N/A	N/A	N/A	N/A
UCL ASBL	426 885	1.56%	426 885	1.56%	N/A	N/A
Sopartec SA	529 925	1.94%	529 925	1.94%	N/A	N/A
Institut des Radioéléments FUP	1 423 271	5.20%	1 423 271	5.20%	1 423 271	5.20%
TOTAL	**10 839 702**	**39.60%**	**10 153 213**	**37.09%**	**9 196 403**	**33.59%**

RELATIONSHIP WITH DOMINANT SHAREHOLDERS

IBA's dominant shareholders - Belgian Anchorage SCRL, UCL, Sopartec, and IRE - which have declared that they are acting in concert, have signed an agreement that will expire in 2013. The above shareholders' agreement governs, inter alia, the sharing of information and preemptive rights on the sale of IBA share. The parties to this agreement held 10 153 213 ordinary shares at December 31, 2012, representing 37.09% of the Company's voting rights.

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

To the best of the Company's knowledge, there were no other relationships or special agreements among the shareholders at December 31, 2012.

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 twelve times in 2012, each time under the chairmanship of Jean Stéphenne. Attendance at meetings of the Board was high. A large majority of the directors attended all meetings. Only nine absences were recorded for all of the meetings, which represents an absentee rate of approximately 6%. The Company believes that the attendance record of individual directors is not pertinent in the context of this report.

On the proposal of the Appointments Committee, the Ordinary General Meeting of May 9, 2012 (i) approved the renewal of the term of office of SCS Consultance Marcel Miller represented by its manager Mr. Marcel Miller as independent director and fixed the expiry of its term of office as the 2016 Ordinary General Meeting convened to approve the financial statements for the 2015 financial year. The Chairman stated that SCS Consultance Marcel Miller met all the independence criteria set out in article 526 ter of the Belgian Companies Act, (ii) in accordance with article 11 paragraph 8 of the by-laws, the meeting noted the continuation in the office of independent director of SCS PSL Management Consulting, represented by its manager Pierre Scalliet, pending identification by the Appointments Committee of a new independent director that best meets the independence criteria set by the Committee.

On the proposal of the Managing Directors, the Ordinary General Meeting of May 9, 2012 approved the appointment of Mr. Olivier Legrain as internal director and fixed the expiry of his term of office as the 2016 Ordinary General Meeting convened to approve the financial statements for the 2015 financial year.

The Appointments Committee and the General Meeting noted that (i) following the appointment of Mr. Olivier Legrain, Bayrime SA represented by its managing director, Mr. Eric de Lamotte, and elected as internal director at the 2011 Ordinary General Meeting will continue in the office as other director and (ii) Mrs. Nicole Destexhe, permanent representative of IRE, has been replaced by Mr. J.-M. Vanderhofstadt.

The Board of Directors' meeting of August 29, 2012 subsequently (i) on the proposal of the Appointments Committee and in accordance with the decision of the Ordinary General Meeting of shareholders held on May 9, 2012, approved the replacement, as independent director, of SCS PSL Management Consulting, represented by its manager Pierre Scalliet by Professor Mary Gospodarowicz and (ii) noted and approved the resignation of Pierre Mottet as director and his replacement by the limited company Saint-Denis SA, having its registered office at 8 Avenue Isidore Gérard, 1160 Brussels, represented by Mr. Pierre Mottet, its managing director. This appointment and replacement will be submitted to the next Ordinary General Meeting of shareholders for ratification.

Board of Directors as at December 31, 2012:

NAME	AGE	START OF TERM	END OF TERM	DUTIES AT IBA	PRIMARY DUTIES OUTSIDE IBA
Olivier Legrain[1]	44	2012	AGM 2016	Chief Executive Officer (as from May 9, 2012) / Inside Director / Managing Director	NA
Innosté SA (represented by Jean Stéphenne)[3]	62	2000	AGM 2013	Chairman of the Board of Directors / Other Director/ CC NC AC	Chairman and President of GSK Biologicals / President of Besix and Vesalius / Director of BNP Fortis and GBL Nanocyl / President of Biowin / Member of the Executive Committee of FEB and UWE office
Pierre Mottet, replaced during his term of office, subject to ratification by the 2013 AGM, by Saint-Denis SA (represented by Pierre Mottet)[1]	51	1998	AGM 2015	Inside Director / Vice-President of the Board / NC	Member of the Executive Comittee of FEB (Federation of Enterprises in Belgium), Director of UWE (Walloon Business Association), Agoria and several startups
Yves Jongen[1]	65	1991	AGM 2013	Chief Research Officer / Inside Director / Managing Director/ NC	Before the establishment of IBA in 1986, Director of the Cyclotron Research Center of the Université Catholique de Louvain (UCL)
Bayrime SA (represented by Eric de Lamotte)[3]	56	2000	AGM 2013	Other Director / AC	Corporate Director. Formerly Financial Director of IBA (1991-2000)
Consultance Marcel Miller SCS (represented by Marcel Miller)[2]	59	2011	AGM 2016	Outside Director/ CC NC	President Alstom Belgium / President Agoria Wallonia / Vice-President UWE / Director Technord
Mary Gospodarowicz, appointed by the Board of Directors' meeting of August 29, 2012, subject to ratification by the AGM[2]	64	2012	AGM 2017	Outside 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, Union for International Cancer Control
Windi SPRL (represented by Yves Windelincx)[2]	65	2010	AGM 2015	Outside Director /CC NC AC	Outside Director of Besix, Desmet Engineers and Contractors, Balteau, Concordia, Foreign Trade Agency
Institut des Radioéléments FUP (represented by J.-M. Vanderhofstadt as from May 9, 2012)[3]	60	1991	AGM 2013	Other Director	General Manager, IRE, Fleurus, Belgium General Manager, IRE Elit (Environment & Lifescience Technology), Fleurus, Belgium President of Transrad (company specialized in transportation of nuclear material) Appointed lecturer in Business Management at the Universities of Liège, Brussel and Louvain-la-Neuve, Belgium

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 four times in 2012. A report on each of its meetings was submitted to the Board.

Topics of discussion included issues relating to the 2011 bonuses, determination of the beneficiaries of the 2012 stock option plan, directors' compensation, and compensation schemes in general.

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

At December 31, 2012, the Compensation Committee comprised Innosté SA represented by Mr. Jean Stéphenne, SCS Consultance Marcel Miller, represented by its manager, Mr. Marcel Miller, and Windi SPRL represented by Mr. Yves Windelincx. It is chaired by Innosté SA, represented by Mr. Jean Stéphenne. Mr. Olivier Legrain and Pierre Mottet are 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 four times in 2012 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 (i) in May 2012, renewal of the term of office of SCS Consultance Marcel Miller represented by its manager Mr. Marcel Miller as independent director and fixing the expiry of its term of office as the 2016 Ordinary General Meeting convened to approve the financial statements for the 2015 financial year, (ii) in August 2012, the replacement, as independent director, of SCS PSL Management Consulting represented by its manager Pierre Scalliet (who had continued in office as independent director in the interim pending identification by the Appointments Committee of a new independent director that best meets the independence criteria set by the Committee) by Professor Mary Gospodarowicz. This appointment will be submitted to the General Meeting in May 2013 for ratification.

Only 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, 2012, the Appointments Committee comprised Innosté SA, represented by Mr. Jean Stéphenne, SCS Consultance Marcel Miller, represented by its manager, Mr. Marcel Miller, Windi SPRL, represented by Mr. Yves Windelincx, Saint-Denis SA, represented by its managing director Pierre Mottet, and Mr. Yves Jongen. It is chaired by Innosté SA, represented by Mr. Jean Stéphenne.

AUDIT COMMITTEE

The Audit Committee met 4 times in 2012, including 3 times in the presence of the external auditors, and on each occasion reported on its meetings to the Board of Directors. The main topics addressed were the 2011 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 2013 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 management 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.

There was only one absence at all the meetings which were held. At December 31, 2012, the Committee comprised three members: Windi SPRL represented by Mr. Yves Windelincx, Innosté SA, represented by Mr. Jean Stéphenne, and Bayrime SA, represented by Mr. Eric de Lamotte. It is chaired by Mr. Yves Windelincx. It has only one independent director, as the other independent directors do not have either the expertise or the time required to participate in this Committee.

INFORMATION REGARDING THE POWERS OF THE MANAGEMENT BODY

In accordance with the decision of the special shareholders' meeting of May 12, 2010, the Board of Directors is authorized to increase the capital one or more times up to a maximum of twenty-five million euros (25 000 000).

Authorization to issue convertible bonds or subscription rights

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

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

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

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

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

DAY-TO-DAY AND STRATEGIC MANAGEMENT

The day-to-day management of the Company and the authority to act for it such management is delegated to two managing directors, currently 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 the Presidents of the Business Units. Together, they constitute the Group's Management Team.

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

The Board of Directors has also asked Management Team members or division heads to report to the Board on two occasions: adoption of the strategic plan and adoption of the 2013 budget.

Management Team as at December 31, 2012:

MANAGEMENT TEAM MEMBER	POSITIONS
1. Olivier Legrain (representing Lamaris Group SPRL)	Chief Executive Officer
2. Yves Jongen (representing Technofutur SA)	Chief Research Officer
3. Jean-Marc Bothy	Chief Financial Officer
4. Rob Plompen	President, IBA Dosimetry
5. Berthold Baldus	President, IBA Bioassays
6. Frédéric Nolf	Group Vice-President Human Resources

CODE OF CONDUCT

CODE OF ETHICS

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.

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.

To the best of the Company's knowledge, there were no violations of this code of conduct in 2012.

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, each of the directors and each member of the Management Team have signed in acceptance of the code in his or her management capacity. Details of transactions by executives involving the Company's shares are available in the remuneration report.

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

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

DIVERSITY WITHIN THE BOARD OF DIRECTORS

The Corporate Governance Charter, published on the Group 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 and are committed to addressing the gender imbalance in line with legal requirements. Over the year 2012 initial efforts have been made, both with a direct and immediate impact, and with a view of progressing towards the required results in a structured and sustainable way.

As such, the Nomination Committee has recommended and the Board has approved the election of Mrs. Mary Gospodarowicz as outside director. Also in 2012, the Nomination Committee has identified a preliminary set of key areas of focus in order to reach the required results within the required timeframe. These may be summarized into the following categories:

- Review of the mix of core competencies identified for the Board of Directors, as well as the selection criteria for Board members.
- Review of the formal and informal candidate identification and selection processes.
- Review of the internal female talent pipeline and any initiatives for its strengthening.
- Review of and participation in relevant external networking and mentoring activities.

The key areas will be further investigated and crystalized into a recommended action plan to be presented to the Board.

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 2012. The only change relates to the remuneration of the Vice-Chairman of the Board of Directors, which is a newly-created position.

The Vice-Chairman receives an annual lump-sum fee of EUR 9 000, supplemented with a fixed fee of EUR 1 500 per Board or committee meeting the Vice-Chairman is invited to and attends. The fixed fee is on a half-day basis and adjusted per half day if required. The Vice-Chairman is not eligible for IBA stock options.

It is not anticipated that the policy will fundamentally change over the next two years. Both level and structure of director remuneration are monitored and reviewed on an annual basis, which may result in an adjustment when deemed necessary or appropriate. A full description of the policy is described in annex 1 to this remuneration report.

Managing Directors and Other Management Team Members

The remuneration policy for managing directors and other Management Team members has not substantially changed during 2012. As before, 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 described 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 of each 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 the each member are 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 40% and 75%
Annual variable remuneration (at target)	Between 15% and 30% (except for the chief executive officer, up to 50%)
Long-term incentives	Up to 15%
Retirement plan	Up to 10%
Other components	Up to 15%

One Management Team member benefited from expatriate benefits and allowances until end of March 2012. The value of these elements accounts for approximately 35% of total remuneration over the same period.

As announced in last year's remuneration report, the variable remuneration program has been structured differently as of fiscal year 2012, to more appropriately distinguish individual performance, business unit performance and group performance, the latter of which has evolved in the direction of a broad-based profit sharing plan, still providing, however, differentiation based on individual performance.

It is not anticipated that, over the next two years, the remuneration 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.

REMUNERATION OF THE BOARD OF DIRECTORS

Following the general shareholders' meeting of May 9, 2012:

- Mr. Olivier Legrain joined the Board of Directors as internal director;
- Mrs. Nicole Destexhe was replaced by Mr. Jean-Michel Vanderhofstadt as representative of the Institut National des Radioéléments FUP, other director.

As of August 29, 2012:

- Mrs. Mary Gospodarowicz joined the Board of Directors as outside director, replacing PSL Management Consulting SCS, in accordance with the decision of the general shareholders' meeting of May 9, 2012;
- Saint-Denis SA, represented by its managing director, Mr. Pierre Mottet, replaced Mr. Pierre Mottet as internal director. This replacement will be submitted to the general shareholders' meeting.

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)		WARRANTS** (NUMBER)
Olivier Legrain (inside director, CEO)	None	None	BM AC NC/CC MAC	N/A N/A N/A N/A	None
Yves Jongen (inside director, Chief Research Officer)	None	None	BM AC NC/CC MAC	N/A N/A N/A N/A	None
Innosté SA, represented by Jean Stéphenne (other director, Chairman of the Board, Chairman of the Nomination Committee, Chairman of the Compensation Committee)	42 000	12 000	BM AC NC/CC MAC	20 000 2 000 8 000 N/A	None
Pierre Mottet (inside director)	2 625	1 125	BM AC NC/CC MAC	1 500 N/A N/A N/A	None
Saint-Denis SA, represented by Pierre Mottet (inside director, Vice-Chairman of the Board)	21 000	4 500	BM AC NC/CC MAC	9 000 3 000 (invited) 3 000 (invited at CC) 1 500	None
Mary Gospodarowicz (outside director)	4 500	1 500	BM AC NC/CC MAC	3 000 N/A N/A N/A	None
PSL Management Consulting SCS, represented by Pierre Scalliet (outside director)	7 000	3 000	BM AC NC/CC MAC	4 000 N/A N/A N/A	None
SCS Consultance Marcel Miller, represented by Marcel Miller (outside director)	21 000	6 000	BM AC NC/CC MAC	11 000 N/A 4 000 N/A	2 000
Windi SPRL, represented by Yves Windelincx (outside director, Chairman of the Audit Committee)	30 000	9 000	BM AC NC/CC MAC	11 000 6 000 4 000 N/A	None
Bayrime SA, represented by Eric de Lamotte (other director)	23 000	6 000	BM AC NC/CC MAC	11 000 4 000 1 000 (invited) 1 000	2 000

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

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

BOARD MEMBER	TOTAL FEES (EUR)	LUMP-SUM FEE (EUR)		MEETING-RELATED FEES* (EUR)	WARRANTS** (NUMBER)
Institut National des Radioéléments FUP, represented by Jean-Michel Vanderhofstadt (other director)	15 000	6 000	BM AC NC/CC MAC	9 000 N/A N/A N/A	None
Olivier Ralet BDM SPRL, represented by Olivier Ralet (other director)	8 000	3 000	BM AC NC/CC MAC	3 000 2 000 N/A N/A	None

REMUNERATION OF THE CHIEF EXECUTIVE OFFICER

Until the general shareholders' meeting of May 9, 2012, Mr. Pierre Mottet acted as Chief Executive Officer, providing services through Saint-Denis SA, a management company. In this capacity and up to that date, fixed remuneration amounted to EUR 151 790, corresponding to EUR 388 000 on an annualized basis. Variable remuneration, in cash, amounted to EUR 269 874, in relation to performance during fiscal year 2011. Variable remuneration in relation to fiscal year 2012 is paid in 2013 and is not yet known at the time of finalization of this report. The total cash remuneration received in 2012 in the capacity of Chief Executive Officer amounted to EUR 421 664. No other remuneration has been paid or granted to Mr. Mottet or Saint-Denis SA in relation to the mandate of Chief Executive Officer.

On May 9, 2012, Mr. Olivier Legrain has been appointed Chief Executive Officer. Mr. Legrain provides services through Lamaris Group SPRL, a management company. In this capacity and as of that date, fixed remuneration amounted to EUR 192 500, corresponding to EUR 300 000 on an annualized basis. No variable remuneration has been paid in 2012 in relation to the mandate of Chief Executive Officer. Variable remuneration in relation to fiscal year 2012 is paid in 2013 and is not yet known at the time of finalization of this report. The Chief Executive Officer has not received any other form of remuneration in 2012, except stock options 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), received by Management Team members excluding the Chief Executive Officer amounted to EUR 2 484 887 in 2012. This amount includes fixed compensation for a total amount of EUR 1 663 283 and variable remuneration for a total amount of EUR 821 603. Variable remuneration relates to performance in fiscal year 2011. Variable remuneration in relation to fiscal year 2012 is paid in 2013 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 2012, includes i) stock options as described below, ii) contributions to retirement plans for a total amount of EUR 98 047, iii) other remuneration components for a total amount of EUR 128 013. Retirement plans are defined contribution type of plans. Other remuneration components mainly include participation in risk insurance programs, company cars or car allowances, meal vouchers or meal subsidies, all in line with local practice where the Management Team members are based. They also include expatriate benefits and allowances for one individual on foreign assignment until end of March 2012.

Group Management Team Members besides CEO

Group Management Team has been fundamentally amended in 2012, so as to align it with the changes occurred in 2012, to reduce the Group corporate structure and to integrate, when possible, the Company Management within the business operations and functions so as further reinforce its impact. Besides the CEO, it is comprised of the following members:

MANAGEMENT TEAM MEMBER	POSITION	CHANGES IN 2012
Yves Jongen (representative of Technofutur SA)	Chief Research Officer	None
Jean-Marc Andral	President, Medical Accelerator Solutions – Operations	Till October 1
Berthold Baldus	President, IBA Bioassays	None
Jean-Marc Bothy	Chief Financial Officer	None
Didier Cloquet	Chief of Staff	Left the Group on October 1*
Renaud Dehareng	President, IBA molecular	Left the Group on March 31*
Serge Lamisse (representative of Blue Peak SPRLU)	Vice-President, Sales Proton Therapy	Till October 1
Olivier Legrain (representative of Lamaris Group SPRL)	Chief Strategy Officer	Mr. Legrain was appointed Chief Executive Officer on May 9*
Frédéric Nolf	Group Vice-President Human Resources	Joined the team on October 1**
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. In accordance with the remuneration policy, they have received a grant under the warrant plan, which follows the terms and conditions outlined in annex 2 to this remuneration report, including vesting of 20% of the grant each year following the year of grant, non-exercisability for three years following the year of grant and expiry six years following the date of grant.

The schedule below details, on an individual basis, the stock options granted in 2012.

MANAGEMENT TEAM MEMBER	WARRANTS (NUMBER)	EXERCISE PRICE (EUR)	EXERCISABLE AS OF (DATE)	EXPIRY ON (DATE)	ECONOMIC VALUE (EUR)
Olivier Legrain (Managing director and CEO as of May 9, 2012)	52 263	4.78	January 1, 2016	September 30, 2018	75 781
Pierre Mottet (Managing director and CEO until May 9, 2012)	None	N/A	N/A	N/A	0
Yves Jongen (Managing director)	42 634	4.78	January 1, 2016	September 30, 2018	61 819
Jean-Marc Andral	26 650	4.78	January 1, 2016	September 30, 2018	38 643
Berthold Baldus	None	N/A	N/A	N/A	0
Jean-Marc Bothy	21 238	4.78	January 1, 2016	September 30, 2018	30 795
Didier Cloquet* **	None	N/A	N/A	N/A	0
Renaud Dehareng* **	None	N/A	N/A	N/A	0
Serge Lamisse (representative of Blue Peak SPRLU)	10 000	4.78	January 1, 2016	September 30, 2018	14 500
Frédéric Nolf	14 350	4.78	January 1, 2016	September 30, 2018	20 808
Rob Plompen	20 006	4.78	January 1, 2016	September 30, 2018	29 009

** The remuneration of the named individuals is excluded from the Management Team remuneration in this section as of the indicated date.*

*** The remuneration of the named individual is included in the Management Team remuneration in this section as of the indicated date.*

The schedule below details, on an individual basis, the stock options exercised and expired in 2012.

	WARRANTS EXERCISED IN 2012			WARRANTS EXPIRED IN 2012	
MANAGEMENT TEAM MEMBER	WARRANTS (NUMBER)	EXERCISE PRICE (EUR)	GRANT DATE (YEAR)	WARRANTS (NUMBER)	GRANT DATE (YEAR)
Olivier Legrain (Managing director and CEO as of May 9, 2012)	None	N/A	N/A	20 000	2006
Pierre Mottet (Managing director and CEO until May 9, 2012)	None	N/A	N/A	None	N/A
Yves Jongen (Managing director)	None	N/A	N/A	None	N/A
Jean-Marc Andral	None	N/A	N/A	9 634	2006
Berthold Baldus	None	N/A	N/A	None	N/A
Jean-Marc Bothy	None	N/A	N/A	20 000	2006
Didier Cloquet* **	None	N/A	N/A	None	N/A
Renaud Dehareng* **	None	N/A	N/A	None	N/A
Serge Lamisse (representative of Blue Peak SPRLU)	None	N/A	N/A	None	N/A
Frédéric Nolf	None	N/A	N/A	None	N/A
Rob Plompen	None	N/A	N/A	20 000	2006

**** Left the Group in the course of 2012.*

TERMINATION ARRANGEMENTS WITH THE MANAGEMENT TEAM

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

MANAGEMENT TEAM MEMBER	TERMINATION ARRANGEMENT
Lamaris Group SPRL, represented by Olivier Legrain	The agreement, started in 2011, provides six months' notice or equivalent compensation.
Saint-Denis SA, represented by Pierre Mottet	The agreement, started before 2009 and amended in 2012, provides 12 working days notice or equivalent compensation.
Technofutur SA, represented by Yves Jongen	The agreement, started before 2009 and amended in 2012, provides 12 months' notice or equivalent compensation.
Jean-Marc Andral	The agreement, started before 2009, provides six months' notice or equivalent compensation, as well as a non-competition obligation for nine months against 50% of remuneration over the same period, unless it is waived.
Berthold Baldus	The agreement, started in 2011, provides 18 months' severance in case of dismissal, except in case of gross negligence, approved by the 2012 general shareholders' meeting.
Blue Peak SPRLU, represented by Serge Lamisse	The agreement, started before 2009, provides four months' notice or equivalent compensation.
Jean-Marc Bothy	The agreement, started before 2009, provides three months' notice per initiated period of five years' service, or equivalent compensation, as well as a non-competition obligation for nine months against 50% of remuneration over the same period, unless it is waived.
Didier Cloquet	The agreement, started before 2009, provides three months' notice per initiated period of five years' service, or equivalent compensation, as well as a non-competition obligation for nine months against 50% of remuneration over the same period, unless it is waived.
Renaud Dehareng	The agreement, started before 2009, provides three months' notice per initiated period of five years' service, or equivalent compensation, as well as 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, as well as 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.

With regard to the Management Team members whose contractual arrangement with IBA has ended in the course of 2012, the following has applied:

- Saint-Denis SA: No payments for termination, severance or non-competition have been made to Saint-Denis SA or its representative, Mr. Pierre Mottet, upon the end of the mandate of Chief Executive Officer.
- Renaud Dehareng: No payments for termination, severance or non-competition have been made to Mr. Dehareng upon the end of his employment with IBA on March 31, 2012, upon the creation of IBA Molecular.
- Didier Cloquet: An amount equal to six months' remuneration has been paid to Mr. Cloquet following the end of his employment with IBA on October 1, 2012. The application of the non-competition clause has been waived. No additional payments for termination, severance or non-competition have been made. A total of 26 822 of non-vested stock options (granted under the 2008, 2009, 2010 and 2011 plans) have been forfeited. With these payments and warrant forfeiture the contractual arrangements existing between Mr. Cloquet

and IBA and the provisions of the respective IBA warrant plans have been fully executed.

ANNEX 1 – REMUNERATION POLICY FOR DIRECTORS

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

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

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

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

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

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

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, its shareholders, its employees and the communities in which it operates –, whilst aligning to their respective interests.

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

- They appropriately balance external competitiveness with other organizations and internal equity, considering both the content of the position, and the personal competencies and effectiveness of the manager within IBA;
- They are affordable, sustainable and cost efficient, avoiding excesses;
- They reward performance – both individual and collective – 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.

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. Payout levels currently are targeted at between 20% and 50% of annual base salary, depending on the position, except for the Chief Executive Officer, whose target is set at 100%.

Objectives at group and/or business unit levels, as well as at individual levels are defined and formalized at the beginning of the performance period. At group and business unit levels, objectives include appropriate financial measures, currently related to profit. At the individual level, they include appropriate non-financial measures. All objectives are focused on delivering the business strategy. At the end of the performance period, for each measure, actual levels of achievement are positioned against the predefined – quantitative or qualitative – targets and are consolidated, resulting in an overall percentage of performance that is applied to the target payout levels.

In addition, the managing directors and the Management Team members participate in an IBA global performance-based profit sharing plan, whereby the financial performance of the group, combined with individual performance, may lead to a supplementary payout. The maximum payout opportunity, combining both plans, is set at 300% of the target payout level under the variable remuneration program.

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.

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

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

Long-Term Incentives

The Company operates a long-term incentive plan, to which the directors (with some exceptions, as set out above), the managing directors and the Management Team are eligible. The plan aims to support the alignment of directors with shareholder interests, to support their focus on the creation of longer-term shareholder value and to generate a retention effect over time. In 2012, the Board of Directors has approved a new grant, which has been offered to beneficiaries on the basis of the distribution decided by the Compensation Committee.

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

Retirement Plan

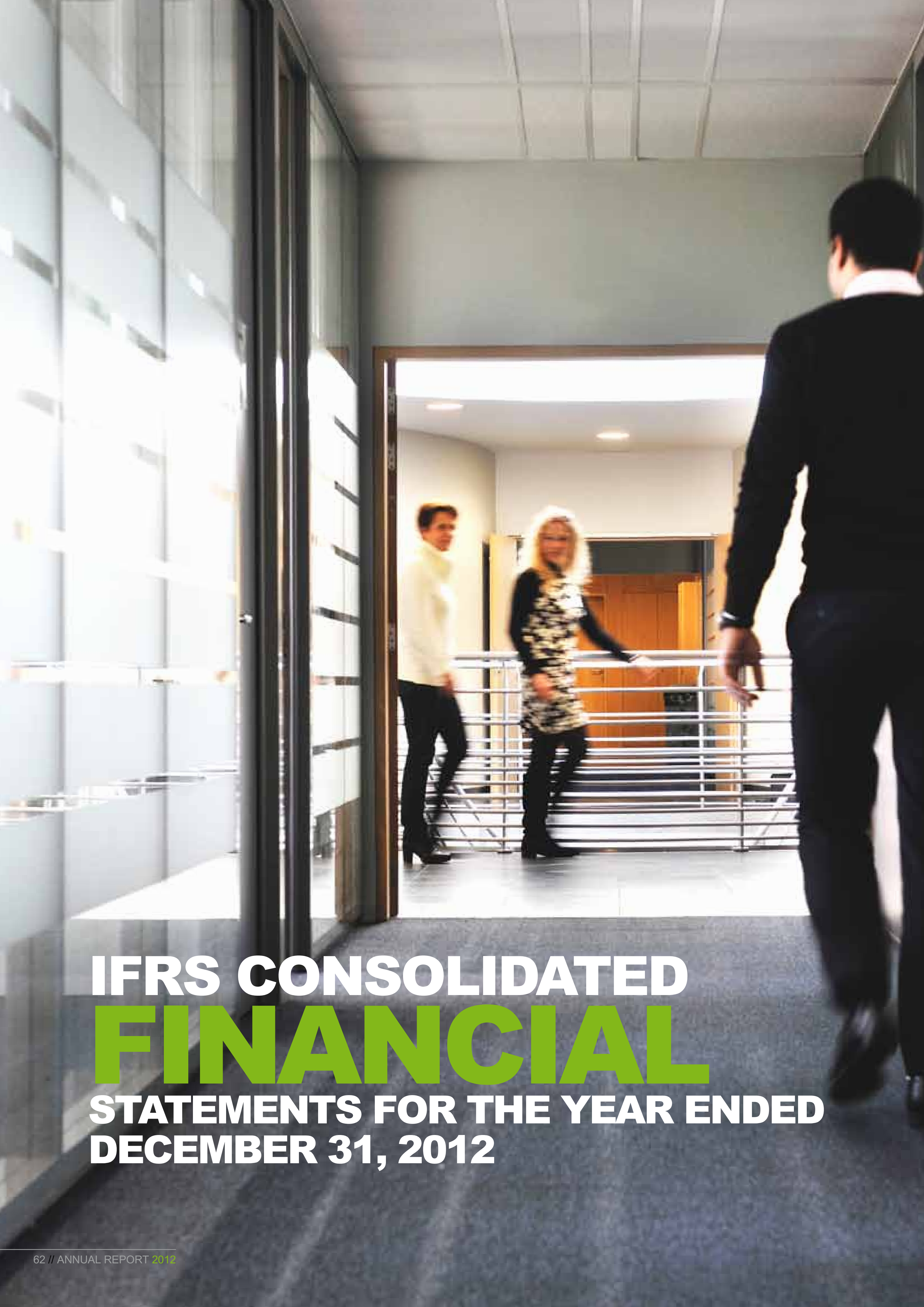
Depending on the terms and conditions of their agreement and the programs in place where the individual is based, managing directors and members of the Management Team may participate in a retirement plan. These plans follow market practice in the countries where they apply. They are generally defined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

Other Components

Similar as for retirement contributions, managing directors and members of the Management Team may be entitled to other remuneration components as per their agreement and the programs in place in their respective country. These mainly include participation in IBA's insurance programs (often covering life insurance, disability, travel insurance and medical care), company cars or car allowances, and other elements like meal vouchers or meal subsidies. All components follow local market practice in each of the countries where IBA operates. Until March 31, 2012, one member of the Management Team received expatriate benefits and allowances during his assignment abroad, in accordance with the company's expatriate policy, which follows common market practice.

DECLARATION BY MANAGEMENT

Pursuant to article 12, §2, 3° of the Royal Decree of November 14, 2007 with regard to the obligations of issuers of financial instruments admitted to the trading on a regulated market, Olivier Legrain, Chief Executive Officer, Director, and Managing Director of IBA SA, and Jean-Marc Bothy, Chief Financial Officer of IBA SA, declare that, to their knowledge, (i) the financial statements have been prepared according to the relevant accounting standards, give a fair view of the assets, the financial situation and results of IBA SA and of the companies enclosed within the consolidation perimeter and (ii) the management report is a fair review of the ongoing business, the results and the situation of IBA SA and of the companies enclosed within the consolidation perimeter and it includes a description of the main risks and uncertainties which they are facing.



IFRS CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

INTRODUCTION

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

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

The Company is listed on the pan-European Euronext stock exchange and is included in the BEL Small 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 29, 2013.

STATEMENT OF CONSOLIDATED FINANCIAL POSITION AT DECEMBER 31, 2012

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

The notes on pages 69 to 137 are an integral part of these consolidated financial statements.

	Note	December 31, 2011 (EUR 000)	December 31, 2012 (EUR 000)
ASSETS			
Goodwill	8	3 820	3 878
Other intangible assets	8	13 928	8 949
Property, plant and equipment	9	19 745	10 203
Investments accounted for using the equity method	11	1 741	31 256
Other investments	11	1 773	465
Deferred tax assets	12	13 168	13 624
Long-term financial assets	22	332	5
Other long-term assets	13	13 509	26 213
Non-current assets		**68 016**	**94 593**
Inventories and contracts in progress	14	98 311	83 923
Trade receivables	15	41 347	49 371
Other receivables	15	68 909	80 398
Short-term financial assets	22	1 025	121
Cash and cash equivalents	16	11 943	42 494
Assets held for sale	6	208 460	35 299
Current assets		**429 995**	**291 606**
TOTAL ASSETS		**498 011**	**386 199**
EQUITY AND LIABILITIES			
Capital stock	17	38 408	38 420
Capital surplus	17	126 366	25 032
Treasury shares	17	-8 612	-8 612
Reserves	18	10 141*	9 756
Currency translation difference	18	-7 565*	-10 135
Retained earnings	18	-91 687	3 831
Reserves for assets held for sale	6	524	-632
Capital and reserves		**67 575**	**57 660**
Non-controlling interests		**1 143**	**0**
EQUITY		**68 718**	**57 660**
Long-term borrowings	19	22 348	36 814
Long-term financial liabilities	22	994	1 868
Deferred tax liabilities	12	1 095	1 083
Long-term provisions	20	10 876	19 377
Other long-term liabilities	21	4 828	861
Non-current liabilities		**40 141**	**60 003**
Short-term provisions	20	10 215	46 917
Short-term borrowings	19	30 201	33 665
Short-term financial liabilities	22	1 510	1 041
Trade payables	23	51 146	45 947
Current income tax liabilities		681	1 741
Other payables	24	143 492	127 755
Liabilities directly related to assets held for sale	6	151 907	11 470
Current liabilities		**389 152**	**268 536**
TOTAL LIABILITIES		**429 293**	**328 539**
TOTAL EQUITY AND LIABILITIES		**498 011**	**386 199**

** Reclassification for the purposes of alignment with 2012 presentation.*

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2012

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

	Note	December 31, 2011 (EUR 000)	December 31, 2012 (EUR 000)
Sales		169 017	181 898
Services		34 148	39 208
Cost of sales and services (-)		-126 438	-134 218
Gross profit		**76 727**	**86 888**
Selling and marketing expenses		20 790	20 959
General and administrative expenses		24 156	25 533
Research and development expenses		23 614	23 580
Other operating expenses	25	13 230	27 933
Other operating (income)	25	-2 463	-67
Financial expenses	26	7 387	8 499
Financial (income)	26	-8 742	-6 858
Share of (profit)/loss of companies consolidated using the equity method	11	-88	9 951
Profit/(loss) before taxes		**-1 157**	**-22 642**
Tax (income)/expenses	27	14 867	2 637
Profit/(loss) for the period from continuing operations		**-16 024**	**-25 279**
Profit/(loss) for the period from discontinued operations	6	-68 084	19 479
Profit/(loss) for the period		**-84 108**	**-5 800**
Attributable to:			
Equity holders of the parent		-84 349	-5 800
Non-controlling interests		241	0
		-84 108	**-5 800**
Earnings per share from continuing operations and discontinued operations (EUR per share)			
- basic	35	-3.19	-0.22
- diluted	35	-3.19	-0.22
Earnings per share from continuing operations (EUR per share)			
- basic	35	-0.67	-0.95
- diluted	35	-0.67	-0.95
Earnings per share from discontinued operations (EUR per share)			
- basic	35	-2.52	0.73
- diluted	35	-2.52	0.73

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2012

	Note	December 31, 2011 (EUR 000)	December 31, 2012 (EUR 000)
Profit/(loss) for the period		**-84 108**	**-5 800**
Changes in available-for-sale financial assets reserves and other investments		-380	-754
Changes in strategic hedging reserves		-506	-1 067
Changes in post-employment benefit reserves	28	-94	-607
Changes in companies accounted for using the equity method (currency translation differences, actuarial reserves)		158	-474
Changes in currency translation difference		1 519	-2 098
Permanent-financing related changes		706	-241
Net profit/(loss) recognized directly in equity		**1 403**	**-5 241**
Comprehensive income		**-82 705**	**-11 041**
Attributable to : Equity holders of the parent		-82 946	-11 041
Non-controlling interests in discontinued operations		241	0

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

EUR 000	Attributable to equity holders of the parent									Total
	Capital stock	Capital surplus	Treasury shares	Hedging reserves	Other reserves	Currency translation difference	Retained earnings	Reserves for assets held for sale	Non-controlling interests	Shareholders' equity
Balance at 01/01/11	**37 888**	**125 421**	**-8 655**	**-1 177**	**11 055**	**-9 948**	**-3 269**	**0**	**1 087**	**152 402**
Net profit/(loss) recognized directly in equity	**0**	**0**	**0**	**-506**	**-998**	**2 383**	**0**	**524**	**0**	**1 403**
Changes in currency translation difference	0	0	0	0	0	0	0	0	0	0
Profit/(loss) for the period	0	0	0	0	0	0	-84 349	0	241	-84 108
Comprehensive income for the period	**0**	**0**	**0**	**-506**	**-998**	**2 383**	**-84 349**	**524**	**241**	**-82 705**
Dividends	0	0	0	0	0	0	-3 978	0	0	-3 978
Employee stock options and share-based payments	0	0	0	0	1 767	0	0	0	0	1 767
Increase/ (decrease) in capital stock/ capital surplus	520	945	0	0	0	0	0	0	0	1 465
Other changes	0	0	43	0	0	0	-91	0	-185	-233
Balance at 31/12/11	**38 408**	**126 366**	**-8 612**	**-1 683**	**11 824**	**-7 565**	**-91 687**	**524**	**1 143**	**68 718**
Balance at 01/01/12	**38 408**	**126 366**	**-8 612**	**-1 683**	**11 824**	**-7 565**	**-91 687**	**524**	**1 143**	**68 718**
Net profit/(loss) recognized directly in equity	**0**	**0**	**0**	**-1 067**	**-448**	**-2 570**	**0**	**-1 156**	**0**	**-5 241**
Profit/(loss) for the period	0	0	0	0	0	0	-5 800	0	0	-5 800
Comprehensive income for the period	**0**	**0**	**0**	**-1 067**	**-448**	**-2 570**	**-5 800**	**-1 156**	**0**	**-11 041**
Dividends	0	0	0	0	0	0	0	0	0	0
Employee stock options and share-based payments	0	0	0	0	1 130	0	0	0	0	1 130
Increase/ (decrease) in capital stock/ capital surplus	12	-101 334	0	0	0	0	101 378	0	0	56
Other changes	0	0	0	0	0	0	-60	0	-1 143	-1 203
Balance at 31/12/12	**38 420**	**25 032**	**-8 612**	**-2 750**	**12 506**	**-10 135**	**3 831**	**-632**	**0**	**57 660**

CONSOLIDATED CASH FLOW STATEMENT

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

	Note	December 31, 2011 (EUR 000)	December 31, 2012 (EUR 000)
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit/(loss) for the period		**-84 108**	**-5 800**
Adjustments for:			
Depreciation and impairment of tangible assets	9	20 006	2 645
Depreciation and impairment of intangible assets and goodwill	8	56 986	1 485
Write-off on receivables	15	881	739
Changes in fair value of financial assets (profits)/losses		2 392	1 063
Changes in provisions	20	11 100	23 113
Deferred taxes	27	13 929[1]	-459
Share of result of associates and joint ventures accounted for using the equity method	11	-413	9 188
Other non-cash items	29	1 708	-1 847
(Profit)/loss on the disposal of assets held for sale		0	-24 586
Net cash flow changes before changes in working capital		**22 481**	**5 541**
Trade receivables, other receivables and deferrals		-6 107	-13 299
Inventories and contracts in progress		21 126	-8 916
Trade payables, other payables and accruals		15 706	3 781
Other short-term assets and liabilities		-12 374	-16 580
Changes in working capital		**18 351**	**-35 014**
Net income tax paid/received		-2 284	-1 910
Interest expense		1 443	1 812
Interest income		-1 723	-1 165
Net cash (used)/generated from operations		**38 268**	**-30 736**
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	9	-25 435	-2 337
Acquisition of intangible assets	8	-4 857	-4 818
Disposals of fixed assets		297	64
Acquisition of subsidiaries net of acquired cash	7	0	-353
Acquisition of third-party and equity-accounted investments	11	-3 651	-21 304
Disposals of subsidiaries and equity-accounted companies and other net investments from cash disposed		0	74 700
Other investing cash flows	29	-10 018	-3 149
Net cash (used)/generated from investing activities		**-43 664**	**42 803**
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from borrowings	19	16 916	18 257
Repayment of borrowings	19	-4 609	-1 482
Interest paid		-1 443	-3 386
Interest received		353	1 228
Capital increase (or proceeds from issuance of ordinary shares)	17	1 429	56
Dividends paid		-3 843	-94
Other financing cash flows	29	-1 207	-677
Net cash (used)/generated from financing activities		**7 596**	**13 902**
Net cash and cash equivalents at beginning of the year		**18 102**	**20 410**
Net change in cash and cash equivalents		2 200	25 969
Exchange (profits)/losses on cash and cash equivalents		108	-646
Net cash and cash equivalents at end of the year	16	**20 410**	**45 733**

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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, 2012 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, 2012.

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

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

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

The accounting principles used to prepare the Group's annual financial statements are the same as those used for the year ended December 31, 2011, with the exception of the following points.

The Group adopted the following new amendments with effect from January 1, 2012:

- Amendments to the standard IAS 12 Income Taxes Deferred Taxes : Recovery of Underlying Assets
- Amendments to the standard IFRS 1 First-Time Adoption of IFRS - Severe Hyperinflation and the Removal of Fixed Date for First-Time Adopters
- Amendment to the standard IFRS 7 – Financial Instrument Disclosures

None of these new amendments had an impact on the Group's financial position or performance in 2012.

Where new provisions of IFRS standards are expected to be applicable in the future, these are summarized below. They have not been applied in preparing the consolidated financial statements for the year ended December 31, 2012.

IFRS 1 Government Loans – Amendment to the standard

This amendment allows an exception to the retrospective application of the standard IAS 20 Accounting for Government Grants and Disclosures of Government Assistance on first-time adoption of IFRS. The IASB has set the effective date for mandatory application of this amendment as January 1, 2013.

The Group does not anticipate that adoption of this interpretation will have an impact on its financial position or performance.

IFRS 7 Offsetting Financial Assets/ Liabilities – Amendments to the standard

These amendments require additional disclosures on all recognized financial instruments that are set off in accordance with paragraph 42 of IAS 32. The amendments also require disclosures on recognized financial instruments subject to enforceable off-setting arrangements or similar agreements, irrespective of whether they are set off in accordance with IAS 32. These changes must be applied retrospectively to financial years beginning on or after January 1, 2013.

The Group does not anticipate that adoption of this amendment will have an impact on the note relating to financial instruments.

IFRS 9 Financial Instruments
The current IFRS 9 constitutes the first phase in the process of replacing IAS 39 and relates to the classification and measurement of financial assets and liabilities. The IASB has decided to postpose the date of application of the standard from January 1, 2013 to January 1, 2015.

Subsequent phases will address impairment and hedge accounting.

The Group does not anticipate that adoption of this amendment will have an impact on the note relating to financial instruments.

IFRS 10 Consolidated Financial Statements
IFRS 10 will replace the portion IAS 27 Consolidated and Separate Financial Statements that relates to the accounting requirements for Consolidated Financial Statements. IFRS 10 will also replace the interpretation ISIC-12 Consolidation – Special Purpose Entities. IFRS 10 establishes a single consolidation model that defines control as the basis for the consolidation of all types of entities. The standard also gives specific instructions for assessing control in complex situations. Application of the new standard will require the Group to re-assess control and as a result identify the entities which must be consolidated by the Group. The European Union has set the effective date for mandatory application of IFRS 10 "Consolidated Financial Statements" as January 1, 2014.

The Group is currently in the process of analyzing the impact of adoption this standard.

IFRS 11 Joint Arrangements
IFRS 11 will replace IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities – Non-monetary Contributions by Venturers. IFRS 11 introduces a single method of accounting for interests in jointly controlled entities. The European Union has set the effective date for mandatory application of IFRS 11 "Joint Arrangements" as January 1, 2014.

The Group does not anticipate that the adoption of this amendment will have any impact.

IFRS 12 Disclosure of Interests in Other Entities
IFRS 12 brings together in a single standard the disclosures in IAS 27 in relation to consolidated financial statements and the disclosures in IAS 31 and IAS 28. These disclosures relate to the Group's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities.

The European Union has set the effective date for mandatory application of IFRS 12 "Disclosure of Interests in Other Entities" as January 1, 2014.

The Group does not anticipate that adoption of this interpretation will have an impact on its financial position or performance.

IFRS 13 Fair Value Measurement
The aim of this standard is to establish in a single document the rules applicable to all fair value measurements required by IAS/IFRS. The standard does not constitute a change to the options for using fair value in financial reporting.

The IASB has set the effective date for mandatory application of IFRS 13 "Fair Value Measurement" as January 1, 2013.

Although the Group is currently conducting an analysis, a preliminary analysis has concluded that application of this standard will have no material impact on the Group.

IAS 1 Presentation of the Financial Statements – Amendment to the standard
These amendments change the grouping of items which are part of other items of comprehensive income by requiring separate sub-totals for items comprising "other items of comprehensive income" which could subsequently be reclassified in "profit or loss" in the income statement (actuarial gains or losses on defined benefit plans and revaluation of land and buildings) and those that cannot be reclassified in profit or loss (gains on hedges of net investments in a foreign operation, exchange rate differences associated with the consolidation of foreign operations, change in the value of cash flow hedges or gains on available-for-sale financial assets). The effective date set by the IASB for the amendments relates to the financial years beginning on or after July 1, 2012.

The amendments affect presentation only and will have no impact on the Group's financial position or performance.

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

IAS 19 Employee Benefits – Amendment to the standard
The IASB has issued a substantial number of amendments ranging from fundamental changes, such as removing the "corridor" mechanism and the concept of expected returns on plan assets, to simple clarifications.

The effective date set by the IASB for the amendments relates to the financial years beginning on or after January 1, 2013.

The Group does not anticipate that adoption of this amendment will have any impact.

IAS 28 Investments in Associates and Joint Ventures
IAS 28 has been amended to be consistent with the amendments made following the issue of IFRS 10, IFRS 11 and IFRS 12. It defines the accounting requirements for investments in associates and describes the requirements in the case of the application of the equity method to investments in associates and joint ventures. The effective date set by the European Union relates to the financial years beginning on or after January 1, 2014.

The Group does not anticipate that adoption of this amendment will have any impact.

IAS 32 Financial Instruments: Presentation – Amendment to the standard
The IASB issued these amendments, clarifying the meaning of "must have a legally enforceable right to set off the amounts recognized", on December 16, 2011.
The amendments also clarify that certain comprehensive offsetting systems may be considered equivalent to a settlement on the basis of the net amount. The effective date set by the IASB relates to the financial years beginning on or after January 1, 2014.

The Group does not anticipate that adoption of this amendment will have any impact.

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine
This interpretation applies to the costs of removing material in order to provide better access to the mineral deposits ("stripping"). The interpretation relates to accounting for the future financial benefits associated with this activity. The interpretation must be applied with effect from January 1, 2013.

The Group does not anticipate that adoption of this interpretation will have an impact on the Group's financial position or performance.

ANNUAL IMPROVEMENTS TO IFRS

The Annual Improvements to IFRS –2009-2011 Cycle, where the Group does not anticipate any impact, comprise the following improvements:

IFRS 1 First-time Adoption of IFRS
This improvement clarifies subsequent adoptions of IFRS 1. The new adopter has the choice between a new application of IFRS 1 and the retrospective application of IFRS.

IAS 1 Presentation of Financial Statements
This improvement clarifies the requirements for comparative information. Generally, the information for the previous financial year is the minimum required.

IAS 16 Property, Plant and Equipment
This improvement clarifies the classification of maintenance equipment. If the equipment satisfies the definition of property, plant

and equipment, it cannot be recognized in inventories.

IAS 32 Financial Instruments: Presentation
This improvement clarifies the tax effects associated with distributions to equity holders and with the costs relating to transactions involving shareholders' equity.

IAS 34 Interim Financial Reporting
This amendment standardizes the information required by IFRS 8, in the event of a material change in the total segment assets since the end of the last financial year, and that required by IAS 34.

These amendments come into force with effect from January 1, 2013.

The Group will analyze this standard in order to assess any impact it may have.

IAS 1 Presentation of the Financial Statements – Presentation of Statement of Comprehensive Income
These amendments require separate sub-totals for items comprising "other items of comprehensive income" which could subsequently be reclassified in "profit or loss" in the income statement and those that cannot be reclassified in profit or loss. In addition, these amendments restate the current rules for presentation of the statement of comprehensive income, either presentation in a single statement "Statement of earnings and comprehensive income" of the items comprising earnings and those comprising comprehensive income, or in two separate, consecutive statements "Statement of earnings" and "Statement of comprehensive income".

The effective date for this standard is January 1, 2013.

The Group is currently in the process of analyzing the impact of adoption these amendments.

IAS 12 Income Taxes – Deferred Taxes
The amended standard clarifies the determination of deferred tax assets on investment properties valued at fair value. The effective date for this standard is January 1, 2012.

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

IAS 19 Employee Benefits
The amendments cover a substantial number of changes to accounting for defined benefit plans, such as removal of the corridor mechanism and rationalization of the presentation of changes to assets and liabilities. Improvements are also introduced to disclosures in relation to benefit plans. The mandatory effective date for this standard is January 1, 2013.

The Group will analyze this standard in order to assess any impact of these amendments.

IAS 27 Consolidated and Separate Financial Statements
The amendment relating to standard IAS 27, following the new standards IFRS 10 and IFRS 12, limits this standard to accounting for interests in subsidiaries, jointly controlled entities and associates. The amendments to this standard are effective for annual financial statements beginning on or after January 1, 2013.

The Group does not expect this amendment to have an impact on its financial statements.

IAS 28 Investments in Associates
The amendment relating to IAS 28 describes the application of the equity method to investments in jointly controlled enterprises, in addition to associates. The amendments to this standard are effective for annual financial statements beginning on or after January 1, 2013.

The Group does not expect implementation of this amendment to have an impact on its financial statements.

IAS 32 Financial Instruments: Presentation – Classification of Rights Issues
Amendments to IAS 32 Financial Instruments: Presentation – Classification of Rights Issues allowing rights, options or warrants intended for the acquisition of a fixed number of instruments of the Company's shareholders' equity for a fixed amount, irrespective of the currency, to be classified as equity instruments, provided that the entity offers rights, options and warrants pro rata to all existing holders of the same

class of instruments not derived from shareholders' equity.

The Company has adopted the amendment since January 1, 2010 without significant effect on its Income statement or its financial position.

1.3 CONSOLIDATION

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

1.3.1 SUBSIDIARIES

Assets and liabilities, rights and commitments, and income and charges of the parent and its controlled subsidiaries are consolidated in full. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

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

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

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

1.3.2 ASSOCIATES

An associate is an entity in which the investor has significant influence, but which is neither a subsidiary nor a joint venture (see next subsection) of the investor. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control 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".

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

1.3.3 JOINTLY CONTROLLED ENTITIES

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

1.3.4 TREATMENT OF GOODWILL OR NEGATIVE GOODWILL

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

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

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

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

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

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

Negative goodwill is recognized as profit.

1.3.5 ACQUISITION OF NON-CONTROLLING INTERESTS

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

1.3.6 TRANSLATION OF FINANCIAL STATEMENTS OF FOREIGN OPERATIONS

All monetary and non-monetary assets and liabilities (including goodwill) are translated at the closing rate. Income and expenses are translated at the rate of the date of the transaction (historical exchange rate) or at an average rate for the month.

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

	Closing rate at December 31, 2011	Average annual rate 2011	Closing rate at December 31, 2012	Average annual rate 2012
USD	1.2939	1.3924	1.3194	1.2860
SEK	8.9120	9.0265	8.5820	8.7043
GBP	0.8353	0.8678	0.8161	0.8113
CNY	8.1588	8.9925	8.2207	8.1054
INR	68.7130	65.2200	72.5600	68.6849
JPY	100.20	111.0463	113.6100	103.4317
CAD	1.3215	1.3761	1.3137	1.2852
RUB			40.3295	40.2052

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.g. ERP)	5 years
Other software	3 years
Concessions, patents, licenses, know-how, trademarks, and other similar rights	3 years; except if a longer useful life is justified

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

In 2012, the Group had no remaining 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.

1.5.2 INVESTMENT PROPERTIES

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

1.6 IMPAIRMENT OF INTANGIBLE AND TANGIBLE FIXED ASSETS

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

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

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

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

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

1.7 INVENTORIES

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

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

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

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

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

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

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

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

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

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

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

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

(1) IBA retains an obligation for unsatisfactory performance not covered by normal warranty provisions;

(2) the receipt of revenue from a particular sale is contingent on the derivation of revenue by the buyer from its sale of the goods;

(3) the buyer has the power to rescind the purchase for a reason specified in the sales contract; and

(4) IBA is uncertain about the probability of return.

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

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

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

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

1.9 CONTRACTS IN PROGRESS

Contract costs comprise:

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

When the outcome of a construction contract (i.e. estimation of the final margin) can be estimated reliably, contracts in progress are measured at production cost increased, according to the stage of completion of the contract, by the difference between the contract price and production cost ("percentage of completion" method). The stage of completion is determined by comparing actual costs incurred to date with estimated costs to completion (costs that do not reflect work performed, such as commissions and royalties are excluded for this calculation). The percentage of completion is applied on a cumulative basis.

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

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

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

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

1.10 RECEIVABLES

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

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

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

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

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

1.11 FINANCIAL ASSETS

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

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

Gains and losses on loans and receivables are recorded when receivables have been 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.

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. Cash and cash equivalents include bank overdrafts.

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

1.13 DEFERRED CHARGES AND ACCRUED INCOME

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

1.14 CAPITAL STOCK

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

1.15 CAPITAL GRANTS

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

1.16 PROVISIONS

A provision is recognized only when:

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

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

A present obligation arises from an obligating event and may take the form of either a legal obligation or a constructive obligation.

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

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

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

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

1.17 PENSIONS AND OTHER EMPLOYEE BENEFITS

1.17.1 PENSIONS

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

The Group has defined benefit plans only in Cisbio Bioassays SAS or in entities accounted for using the equity method. They do not, therefore, appear in provisions. These benefits are as follows:

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

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

For pension plans with defined benefits, the costs related to these plans are assessed per pension plan using the projected unit method. This method considers that each service period gives rise to an additional benefit entitlement unit. According to this method, the plans' cost is recognized as an expense in the income statement so as to spread this cost evenly throughout the employee's career, and this based on the recommendations of actuaries who carry out complete assessments on these retirement plans each year. The amounts recognized in the operating income statement include the cost of performed services, cost of past services and impacts of any plan reduction or settlement. The financial cost and the expected return on these plans' assets (if any) are recognized as financial expenses. The obligations relating to the retirement plans recognized in the balance sheet are assessed based on the present value of future cash flows, calculated using interest rates corresponding to those applicable to first category corporate bonds, whose maturity date is almost similar to that of the corresponding liabilities, less any past services costs not yet recorded and the fair value of all the retirement plans' assets. The past services costs result from the adoption or change brought to a retirement plan. They are recorded as expenses over the average remaining duration until the corresponding entitlements are acquired by the employees. Actuarial differences include, for assets and liabilities, differences between previous actuarial assumptions and what actually happened, and the impact of changes of actuarial assumptions on the plans' liabilities.

Actuarial differences are fully recorded in other items of the comprehensive income statement during their period of occurrence.

1.17.2 STOCK OPTION PLANS AND SHARE-BASED PAYMENTS

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

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

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

1.18 DEFERRED TAXES

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

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

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

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

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 provision 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 provision 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, the British pound, and the Swedish krona.

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

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

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

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

The Group's general hedging policy is to hedge any confirmed sales contracts denominated in a foreign currency as well as expected net operational cash flows when they can be reasonably predicted. Appropriate documentation is prepared in accordance with IAS 39.

The CFO approves and the CEO is informed of significant hedging transactions, with reporting to the Audit Committee twice a year.

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

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

Currency transactional risk:
The Group has some transactional currency exposure that arises from sales or purchases by an operating unit in currencies other than the unit's functional currency. The transactional foreign currency risk mainly arises from open positions in the Belgian business units against, among others, the US dollar.

Approximately 34% of the Group's sales (with a scope of consolidation identical to that of 2011) or 39.2% (scope of continuing operations) are denominated in currencies other than the functional currency of the operating unit making the sale, while almost 79.2% of costs (with a scope of consolidation identical to that of 2011) or 76.4% (scope of continuing operations) are denominated in the unit's functional currency. Where the Group considers that there are no natural hedging opportunities, forward exchange contracts and forward currency options are used to cover currency exposure.

b) Other market risks

The Group is exposed to the counterparty risk on commercial paper and investment funds held in companies accounted for using the equity method and in respect of which IBA is committed for 5 years to supporting the differences between the ring-fenced assets and the provisions for decommissioning of Rose Holding SARL (cf. Note 3B). The risk is mitigated by the rigorous selection of investment products with a high rating and high degree of liquidity. The Company cannot, however, assume that these ratings will not suddenly change or that changes will not occur in the market resulting in disappearance of the liquidity.

2.1.2 CREDIT RISK

The Group has no significant exposure to credit risk. The Company policy for large contracts is to have appropriate letters of credit issued prior to delivery of the equipment.

The Company has also a general agreement with the Belgian national export credit insurance institution (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. The carrying amount of these financial assets represents the maximum credit exposure of the Group.

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

2.1.3 LIQUIDITY RISK

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

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

At December 31, 2012, the Group had drawn up to EUR 30 million on this line of credit and made repayments for EUR 1.25 million.

The terms and conditions of this line of credit were modified in 2012, following the agreement with SK Capital Partners.

The Group has at its disposal credit lines up to EUR 87 million of which 46% are used to date.

In addition, in the context of its proton therapy contracts, IBA has negotiated a manufacturing credit facility of EUR 60.2 million which can be used up to end 2013. At December 31, 2012, EUR 30.8 million of this credit has been utilized (EUR 21.3 million at December 31, 2011).

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

DECEMBER 31, 2011 (EUR 000)	Due	< 1 year	1-2 years	2-5 years	> 5 years	Total
FINANCIAL LIABILITIES						
Bank borrowings	0	30 279	22 995	0	0	53 274
Financial lease liabilities	0	271	253	662	232	1 418
Trade payables	30 305	20 841	0	0	0	51 146
Other ST and LT liabilities	1 216	143 063	3 084	3 952	190	151 505
TOTAL	**31 521**	**194 454**	**26 332**	**4 614**	**422**	**257 343**

DECEMBER 31, 2012 (EUR 000)	Due	< 1 year	1-2 years	2-5 years	> 5 years	Total
FINANCIAL LIABILITIES						
Bank borrowings	0	36 183	8 999	15 904	18 799	79 885
Financial lease liabilities	0	239	232	673	0	1 144
Trade payables	25 346	20 601	0	0	0	45 947
Other ST and LT liabilities	1 966	127 107	2 881	1 239	73	133 266
TOTAL	**27 312**	**184 130**	**12 112**	**17 816**	**18 872**	**260 242**

2.1.4 INTEREST RATE RISK

The Group exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The Group entered into interest rate swaps in order to limit the impact of interest rate fluctuation on its financial results.

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

IBA's analysis of the impact of a 1 percent fluctuation in interest rates (sensitivity analysis) on the income statement of an average financial debt of EUR 41.5 million in 2012 (24 million in 2011) suggests that it will be EUR -/+0.42 million.

2.2 FINANCIAL ASSETS AND LIABILITIES – ADDITIONAL INFORMATION

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

		December 31, 2011		December 31, 2012	
EUR 000	Category	Net carrying value	Fair value	Net carrying value	Fair value
FINANCIAL ASSETS					
Trade receivables	Loans and receivables	41 347	41 347	49 371	49 371
Long-term receivables on contracts in progress	Loans and receivables	3 088	3 088	5 818	5 818
Available-for-sale financial assets	Available for sale	0	0	0	0
Long-term receivables for decommissioning of sites	Loans and receivables	0	0	0	0
Other long-term receivables	Loans and receivables	10 421	10 421	20 395	20 395
Non-trade receivables and advance payments	Loans and receivables	11 305	11 305	15 906	15 906
Other short-term receivables	Loans and receivables	57 604	57 604	64 492	64 492
Other investments	Available for sale	1 773	1 773	465	465
Cash and cash equivalents	Loans and receivables	11 943	11 943	42 494	42 494
Hedging derivative products	Hedge accounting	660	660	95	95
Derivative products – other	FVPL1	697	697	31	31
TOTAL		**138 838**	**138 838**	**199 067**	**199 067**
FINANCIAL LIABILITIES					
Bank borrowings	FLAC	51 345	51 345	69 502	69 502
Financial lease liabilities	FLAC	1 204	1 204	977	977
Trade payables	FLAC	51 146	51 146	45 947	45 947
Hedging derivative products	Hedge accounting	1 768	1 768	2 806	2 806
Derivative products - other	FVPV1	736	736	103	103
Other long-term liabilities	FLAC	4 828	4 828	861	861
Amounts due to customers for contracts in progress	FLAC	77 077	77 077	61 513	61 513
Social debts	FLAC	11 590	11 590	11 621	11 621
Other short-term liabilities	FLAC	54 825	54 825	54 621	54 621
Short-term tax liabilities	FLAC	681	681	1 741	1 741
Short-term bank credit	FLAC	0	0	0	0
TOTAL		**255 200**	**255 200**	**249 692**	**249 692**

At December 31, 2011 and 2012, the net carrying value of these financial assets and liabilities did not differ significantly from their fair value. The calculation has not therefore been performed.

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

The Group may acquire non-controlling interests from third companies, depending on the evolution of its strategy.

These interests are shown in the "available for sale" category.

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 values of hedging instruments are determined by valuation techniques widely used in financial markets and are provided by reliable financial information sources.

Fair values are based on the trade dates of the underlying transactions.

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

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

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

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

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

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

(EUR 000)	Level 1	Level 2	Level 3	December 31, 2012
- Forward foreign exchange contracts		78		78
- Foreign exchange rate swaps		17		17
Hedge-accounted financial assets		**95**		**95**
Other available-for-sale assets			**465**	**465**
- Forward foreign exchange contracts		1		1
- Foreign exchange rate swaps		30		30
Financial assets at fair value through the income statement		**31**		**31**
- Forward foreign exchange contracts		2 806		2 806
- Foreign exchange rate swaps		0		0
Hedge-accounted financial liabilities		**2 806**		**2 806**
- Foreign exchange rate swaps		103		103
Financial liabilities at fair value through the income statement		**103**		**103**

2.3.1 HEDGE-ACCOUNTED FINANCIAL INSTRUMENTS

At December 31, 2012, the Group held 41 forward exchange contracts (19 at December 31, 2011) and 2 foreign exchange swaps (10 at December 31, 2011) to cover future US dollars, Swedish krona, Czech krona and Polish zlotys cash flows. These hedges are deemed highly effective.

These hedges generated a EUR 1.1 million loss in 2012 (loss of EUR 0.5 million in 2011). This loss is recognized in the other items of the comprehensive income statement.

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

			Hedge instrument maturities		
(EUR 000)		Equity	< 1 year	1-2 years	> 2 years
AT DECEMBER 31, 2011					
- Foreign exchange hedge in	PLN	657	325	298	34
- Foreign exchange hedge in	USD	-1 317	-788	-344	-185
- Foreign exchange hedge in	SEK	-465	0	0	-465
- Interest rate hedge in	EUR	3	0	3	0
		-1 122	**-463**	**-43**	**-616**
AT DECEMBER 31, 2012					
- Foreign exchange hedge in	PLN	-760	-554	-206	0
- Foreign exchange hedge in	USD	-566	-351	-82	-133
- Foreign exchange hedge in	SEK	-1 442	0	-812	-630
- Interest rate hedge in	USD	18	18	0	0
- Foreign exchange hedge in	CZK	0	0	0	0
		-2 750	**-887**	**-1 100**	**-763**

2.3.2 FAIR VALUE THROUGH INCOME STATEMENT – HELD FOR TRADING

At 31 December 2012, the Group holds 2 forward exchange contracts (0 at December 31, 2011), but held 18 exchange rate swaps (26 at December 31, 2011) to cover future US dollars, Canadian dollars and Czech krona cash flows.

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

The loss generated on these instruments included in the income statement amount EUR 1.4 million at December 31, 2012 (loss of EUR 0.8 million at December 31, 2011).

2.4 CAPITAL MANAGEMENT

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

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

The Group has agreed to comply with a debt-to-equity ratio covenant under the terms of a EUR 50 million credit facility received from the EIB for its research and development projects. The Group drew EUR 30 million on this line of credit in late 2012.

Following the agreement with SK Capital Partners, the terms and conditions of this European Investment Bank loan have been modified and the amount drawn by the Group against this credit line has been reclassified from short-term to long-term with respect to the portion not reimbursable in 2013.

Owing to the losses recorded for the 2012 financial year, the Company is not in a position to distribute a dividend for this financial year.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

(A) INCOME TAXES

At December 31, 2012, the Group had accumulated net operating losses of EUR 103.9 million to usable to offset future profits taxable mainly in Belgium and the United States and temporary differences amounting to EUR 4.4 million. The Company recognized deferred tax assets of EUR 13.3 million with the view to use the tax losses carried forward and EUR 0.3 million as temporary differences.

The data above do not take into account deferred tax assets recognized into the activities that are accounted as held for sale.

The Group recognizes deferred tax assets on unused losses carried forward to the extent that the taxable profit are available against which these assets 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.

(B) PROVISION FOR DECOMMISSIONING COSTS

The production of FDG (discontinued operations and investments accounted for using the equity method) generates radiation and results in the contamination of production site facilities. This situation may require the Group to pay restoration costs to comply with regulations in these various jurisdictions, as well as with any legal or constructive obligations.

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

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

At December 31, 2012, these provisions stand at EUR 5.8 million. They were primarily for obligations in connection with a radiopharmaceutical production facility belonging to the mother company IBA SA at Fleurus.

CIS Bio International SAS has held nuclear operator status since December 2008, which obliges it to ring fence assets for the future decommissioning and clean-up of nuclear medicine installations on the Saclay site (France). In 2011 under the agreement with SK Capital Partners, these ring-fenced assets, which amounted to EUR 33.8 million, were reclassified in assets held for sale. The sale occurred in April 2012. Under the agreements signed, IBA retained for 5 years an indemnity obligation in the event that the IFRS discounting of the decommissioning provisions in the books of Rose Holding SARL (vehicle for the acquisition by SK Capital Partners of 60% of the Radiopharmaceutical business and in which IBA continues to hold 40% stake accounted for using the equity method) were to exceed the assets ring-fenced for this purpose and managed to date by Dexia Assets Management. At the 2012 closing date, the total assets exceeded the provision of EUR 30.4 million by EUR 2.3 million.

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

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

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

At December 31, 2011, under the agreement with SK Capital Partners, this provision which totaled EUR 14.2 million was reclassified in liabilities directly associated with assets held for sale, which occurred in April 2012. IBA, however, undertook to indemnify Rose Holding for 7 years for the negative cash flows which would result from the reprocessing of its sources as follows:

- 50% of the amounts between EUR 101 000 and EUR 1 000 000.
- 90% of the amounts in excess of EUR 1 000 000.

A provision of EUR 2.3 million was recognized in the books at the end of 2012 financial year.

(D) REVENUE RECOGNITION

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

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

When appropriate, the Company revises its estimated margin at completion to take into account the assessment of any residual risk arising from this contract over several years.

When the final outcome of these uncertainties differs from initial estimations, the Group's income statement is affected.

(E) PROVISION FOR DEFINED BENEFIT PLANS

IBA records provisions for the defined benefit plans of its subsidiaries Cisbio Bioassays SAS and IBA Radioisotopes France SAS.

These employee benefit provisions were calculated on the basis of the following assumptions at December 31, 2012 :

- Discount rate: 2.75% (4.5% in 2011).
- Mortality table: TH-TF 00-02.
- Inflation rate: 2%.
- Salary adjustment rate: 2.5% per annum.
- Pension adjustment rate: 1% excluding inflation.
- Retirement age: 65 for management and 63 for non-management.

The provisions for defined benefit plans of both subsidiaries, Cisbio Bioassays SAS and IBA Radioisotopes France SAS, have been reclassified as liabilities directly related to assets held for sale.

See Note 28.2 for additional information.

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

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

The growth rates used for the impairment tests vary between 0 percent and 4.5 percent and the discount rates vary between 9 percent and 11 percent.

At December 31, 2012, the sensitivity tests carried out by the Group through the fluctuation of the growth and discount rates by 100 basis points (towards the top and bottom) have not revealed any significant impairment for continuing operations (for discontinuing operations see Note 6).

(G) VALUATION OF PRIVATE EQUITY INSTRUMENTS

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

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

At December 31, 2012, IBA recognized an impairment of EUR 0.5 million on its interest in ProCure. In addition, IBA lent ProCure USD 5 million, as agreed in the existing partnership arrangements between the two parties, in order to enable ProCure to develop the proton therapy market in the United States.

(H) DEVELOPMENT COSTS FOR NEW MOLECULES

IBA co-invests with its associate SK Capital Partners through the joint venture IBA Molecular Compounds Development SARL in the development and future commercialization of new molecules that are in phase 2 or 3.

At December 31, 2012 and following an impairment test, the Company decided to reduce to zero the value of the interest in IBA Molecular Compounds Development SARL and the loans made during 2012.

(I) RISKS ON PROTON THERAPY PROJECTS

The center built in Essen, which was subject to a public-private partnership, has not yet been accepted by the WPE (Westdeutsches Protonentherapiezentrum Essen GmbH) client. IBA considers that they have fulfilled their obligations. An arbitration procedure has been initiated and discussions were started simultaneously in order to reach an agreement between the parties but they had not yet succeeded by December 31, 2012. The Company has, in order to establish its annual financial statements, taken certain assumptions for which uncertain elements exist and which may be significantly far from efficiently resolving this disagreement. The amount of the net assets related to this project and which are recognized in its balance sheet on December 31, 2012 is approximately EUR 9.3 million. The assumptions of the Management to reach this amount of net assets related to this project are relevant to the date of the final reception acceptance of the site, the refinancing of the project by the banks and the additional expenses that shall fall to the Group until the final acceptance by the client.

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

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

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

All assets on the Company's balance sheet which would be realized in the event of a complete exit from the business through sale of the 40% stake retained amount to EUR 14.1 million. If the multiple expected by the partner were not to be achieved, a portion of the assets in the books at the closing date could be reduced in value.

This derivative has been recognized in the balance sheet under the heading ''Investments accounted for using the equity method''.

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) Equipments and (2) Pharmaceuticals.

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

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

Following the sale of the Radiopharmaceutical business, reclassification of Bioassays in businesses held for sale and reorganization of the Equipment segment in 2012, the Group henceforth reports its operations based on the following 2 business segments:

- **Proton therapy/Particle 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, proton therapy systems, and a wide range of dosimetry products.
- **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 following table provides details of the income statement for each segment. Any intersegment sales are contracted at arm's length.

	Proton therapy and Particle accelerators (EUR 000)	Dosimetry (EUR 000)	Group (EUR 000)
YEAR ENDED DECEMBER 31, 2011			
Sales	131 155	37 862	169 017
Services	28 898	5 250	34 148
External sales	**160 053**	**43 112**	**203 165**
REBIT	**3 735**	**4 432**	**8 167**
Other operating (expenses)/income	-9 562	208	-9 354
Segment result	**-5 827**	**4 640**	**-1 187**
Unallocated expenses (1)			-1 413
Financial (expenses)/income (2)			1 355
Share of profit/(loss) of companies consolidated using the equity method			88
Result before taxes			**-1 157**
Tax (expenses)/income (2)			-14 867
RESULT FOR THE PERIOD FROM CONTINUING OPERATIONS			**-16 024**
Profit/(loss) for the period from discontinued operations			-68 084
RESULT FOR THE PERIOD			**-84 108**

	Proton therapy and Particle accelerators (EUR 000)	Dosimetry (EUR 000)	Pharmaceuticals continuing operations (Bioassays) (EUR 000)	Pharmaceuticals discontinued operations (EUR 000)	Group (EUR 000)
Segment assets	221 535	23 138	29 819	208 460	482 952
Investments accounted for using the equity method			1 741		1 741
Unallocated assets (3)					13 318
TOTAL ASSETS	**221 535**	**23 138**	**31 560**	**208 460**	**498 011**
Segment liabilities	257 986	8 505	10 633	151 907	429 031
Unallocated liabilities (4)					262
TOTAL LIABILITIES	**257 986**	**8 505**	**10 633**	**151 907**	**429 293**
Other segment information					
Capital expenditure	3 678	889	1 640	24 085	
Depreciation and impairment of property, plant and equipment	1 193	454	1 201	17 158	
Depreciation of intangible assets and goodwill	984	67	3 347	52 588	
Salary expenses	65 689	11 857	14 375	68 241	
Non-cash expenses/(income)	8 019	530	-1 565	217	
Headcount at year-end	824	160	182	1 035	

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

(2) Cash and taxes are handled at the Group level and are therefore presented under unallocated financial (expense)/income.

(3) Unallocated assets include deferred tax assets and the assets of IBA Participations SPRL and IBA Investments SCRL.

(4) Unallocated liabilities include the liabilities of IBA Participations SPRL and IBA Investments SCRL.

	Proton therapy and Particle accelerators (EUR 000)	Dosimetry (EUR 000)	Group (EUR 000)
YEAR ENDED DECEMBER 31, 2012			
Sales	138 650	43 247	181 897
Services	33 554	5 655	39 209
External sales	**172 204**	**48 902**	**221 106**
REBIT	**9 148**	**7 668**	**16 816**
Other operating (expenses)/income	-26 736	0	-26 736
Segment result	**-17 588**	**7 668**	**-9 920**
Unallocated expenses [(1)]			-1 130
Financial (expenses)/income [(2)]			-1 641
Share of profit/(loss) of companies consolidated using the equity method			-9 951
Result before taxes			**-22 642**
Tax (expenses)/income [(2)]			-2 637
RESULT FOR THE PERIOD FROM CONTINUING OPERATIONS			**-25 279**
Profit/(loss) for the period from discontinued operations			19 479
RESULT FOR THE PERIOD			**-5 800**

	Proton therapy and Particle accelerators (EUR 000)	Dosimetry (EUR 000)	Pharmaceuticals discontinued operations (EUR 000)	Group (EUR 000)
Segment assets	277 532	28 147	35 299	340 978
Investments accounted for using the equity method				31 256
Unallocated assets [(3)]				13 965
TOTAL ASSETS	**277 532**	**28 147**	**35 299**	**386 199**
Segment liabilities	307 094	9 857	11 470	328 421
Unallocated liabilities [(4)]				118
TOTAL LIABILITIES	**307 094**	**9 857**	**11 470**	**328 539**
Other segment information				
Capital expenditure	5 741	863	551	
Depreciation and impairment of property, plant and equipment	1 283	472	890	
Depreciation of intangible assets and goodwill	760	74	651	
Salary expenses	1 620	-151	135	
Non-cash expenses/(income)	62 749	13 262	14 114	
Headcount at year-end	858	207	195	

4.2 GEOGRAPHICAL SEGMENTS

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 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.

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

(2) Cash and taxes are handled at the Group level and are therefore presented under unallocated financial (expense)/income.

(3) Unallocated assets include deferred tax assets and the assets of IBA Participations SPRL and IBA Investments SCRL.

(4) Unallocated liabilities include the liabilities of IBA Participations SPRL and IBA Investments SCRL.

	Belgium (EUR 000)	USA (EUR 000)	ROW (EUR 000)	Operations held for sale (EUR 000)	Group (EUR 000)
YEAR ENDED DECEMBER 31, 2011					
Net sales and services*	219	76 139	126 807	34 529	237 694
Segment assets **	193 234	24 998	56 410	208 460	483 102
Investments accounted for using the equity method	6	0	1 735	0	1 741
Unallocated assets					13 168
TOTAL ASSETS					**498 011**
Capital expenditure (incl. fixed assets from acquisitions in 2011)	3 467	74	1 946	24 805	

	Belgium (EUR 000)	USA (EUR 000)	ROW (EUR 000)	Operations held for sale (EUR 000)	Group (EUR 000)
YEAR ENDED DECEMBER 31, 2012					
Net sales and services*	520	83 911	136 675	33 604	254 710
Segment assets **	253 006	15 933	37 081	35 299	341 319
Investments accounted for using the equity method	6		31 250		31 256
Unallocated assets					13 624
TOTAL ASSETS					**386 199**
Capital expenditure (incl. fixed assets from acquisitions in 2012)	5 610	187	807	551	

At December 31, 2012, one customer in the United States represents more than 10% of the regular activity incomes of the Group.

NET SALES AND SERVICES (EUR 000)		
ProCure	26 585	12.02%
Other customers	194 521	87.98%
TOTAL	**221 106**	**100%**

** We do not have a breakdown between sales and services by geographical sector.*

*** We do not have a breakdown between current and non-current assets by geographical sector.*

5. LISTS OF SUBSIDIARIES AND EQUITY-ACCOUNTED INVESTMENTS

At December 31, 2012, the IBA Group consists of IBA SA and 26 companies and associates in 10 countries. 21 of them are fully consolidated and 5 are accounted for using the equity method.

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

5.1 LIST OF SUBSIDIARIES

NAME	Assets held for sale	Country of incorporation	Equity ownership (%)	Change in % ownership over December 31, 2011
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 Medical Applications Technology Service Co. Ltd. *No.6 Xing Guang Er Jie, Beijing OPTO-Mechatronics Industrial Park, 101 111 Tongzhou District, Beijing, China*	No	China	100%	-
Ion Beam Applications Co. Ltd. *No.6 Xing Guang Er Jie, Beijing OPTO-Mechatronics Industrial Park, 101 111 Tongzhou District, Beijing, China*	No	China	100%	-
IBA RadioIsotopes France SAS *59 Blvd Pinel, 69003 LYON*	Yes	France	100%	-
IBA Dosimetry GmbH *Bahnhofstrasse 5, 90592 Schwarzenbruck Germany*	No	Germany	100%	-
MediFlash Holding A.B. *c/o PwC, Box 179, S-751 04 Uppsala Sweden*	No	Sweden	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%	-
Cis Bio US Inc. *135 South Road, Bedford, MA 01730, USA*	Yes	USA	100%	-
Cisbio Bioassays SAS *Parc Marcel Boiteux BP 84175, 30200 CODOLET*	Yes	France	100%	-
IBA Hadronthérapie SAS *9 rue Ferdinand Buisson, 14280 Saint-Contest*	No	France	100%	-
Cisbio Asia Pacific, Limited *Unit 402 4/F, Fairmont House, N°8 Cotton Tree Drive Admiralty, Hong Kong*	Yes	China (HK)	100%	100%
Cyclhad SAS *9 rue Ferdinand Buisson, 14280 Saint-Contest*	No	France	60%	
Cisbio China *1299 Zhangheng Road, Building #2, Suite 40I,ZhangSiang Hi-Tech Park Pudong District, Shanghai, China*	Yes	China	100%	100%
Particle Engineering Solutions, LLC *1st Magistralny tupik, 5A 123290 Moscow, Russia*	No	Russia	100%	100%

5.2 LIST OF EQUITY-ACCOUNTED INVESTMENTS

NAME	Country of incorporation	Equity ownership (%)	Change in % ownership over December 31, 2011
CONTINUING OPERATIONS			
Striba GmbH	Germany	50%	-
Sceti Medical Labo KK	Japan	39.8%	-
Rose Holding SARL	Luxembourg	40%	40%
IBA Molecular Compounds Development SARL	Luxembourg	60%	60%
DISCONTINUED OPERATIONS			
Pharmalogic Pet Services of Montreal Cie	Canada	48%	-

6. DISCONTINUED OPERATIONS

In compliance with IFRS 5, all of the business over which IBA will lose control has been reclassified in the income statement as “income from discontinued operations” for both years 2011 and 2012 and in the statement of financial position as “assets and liabilities held for sale” for the year 2011 and 2012.

As part of the decision to restructure the Group and focus IBA on the medical equipment sector, the Board of Directors has concluded that Cisbio Bioassays SAS should be divested. In October 2012, a contract has been agreed with ING Investment Bank to advise on the disposal.

The statement of the financial position of the Cisbio Bioassays SAS business held for sale and intended to be sold, excluding royalties for the use of patents held by the Parent Company (which amounted to EUR 2.3 million in 2012 and EUR 3.3 million in 2011), is as follows:

	December 31, 2011 (EUR 000)	December 31, 2012 (EUR 000)
Sales and services	34 529	33 604
Cost of sales and services	14 039	13 232
Gross profit	**20 490**	**20 372**
Selling and marketing expenses	6 887	7 081
General and administrative expenses	7 447	7 111
Research and development expenses	4 468	2 924
Other operating (income)	-75	0
Other operating expenses	3 159	326
Financial (income)	-225	-186
Financial expenses	259	336
Share of (profit)/loss of companies consolidated using the equity method	0	0
Profit/(loss) before taxes from discontinued operations	**-1 430**	**2 780**
Tax (income)/expense	276	318
Profit/(loss) for the period from discontinued operations	**-1 706**	**2 462**

The statement of the financial position of the Radiopharmaceutical business sold to SK Capital Partners and the Radiopharmaceutical business held for sale and intended to be sold is as follows:

	December 31, 2011 (EUR 000)	December 31, 2012 (EUR 000)
Sales and services	178 376	0
Cost of sales and services	127 901	0
Gross profit	**50 475**	**0**
Selling and marketing expenses	16 266	0
General and administrative expenses	32 891	78
Research and development expenses	4 818	2 250
Other operating (income)	-8 378	0
Other operating expenses	2 480	5 634
Impairment (profit)/loss recognized on remeasurement to fair value less costs to sell	58 572	-24 586
Financial (income)	-4 913	0
Financial expenses	12 283	369
Share of (profit)/loss of companies consolidated using the equity method	-325	-762
Profit/(loss) before taxes from discontinued operations	**-63 219**	**17 017**
Tax (income)/expense	3 159	0
Profit/(loss) for the period from discontinued operations	**-66 378**	**17 017**

As the detail by heading was not significant, at December 31, 2012 the result of the Radiopharmaceutical business sold to SK Capital Partners was recorded in (profit)/loss of value recognized on revaluation at fair value less the costs of sale.

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

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

The main asset and liability categories for discontinued operations on December 31, 2012 are the following:

31/12/2012 (EUR 000)	Bioassays	Other	TOTAL
ASSETS			
Other intangible assets	4 240		4 240
Property, plant and equipment	6 057		6 057
Investments accounted for using the equity method		2 691	2 691
Deferred tax assets	40		40
Other long-term assets	2 808	6	2 814
Non-current assets	**13 145**	**2 697**	**15 842**
Inventories and contracts in progress	6 378	55	6 433
Trade receivables	7 308	200	7 508
Other receivables	2 173	104	2 277
Cash and cash equivalents	3 206	33	3 239
Current assets	**19 065**	**392**	**19 457**
TOTAL ASSETS HELD FOR SALE	**32 210**	**3 089**	**35 299**
LIABILITIES			
Long-term provisions	3 711	237	3 948
Other long-term liabilities	400		400
Non-current liabilities	**4 111**	**237**	**4 348**
Trade payables	1 839	4	1 843
Tax liabilities	-288		-288
Other liabilities	5 178	389	5 567
Current liabilities	**6 729**	**393**	**7 122**
TOTAL LIABILITIES DIRECTLY RELATED TO ASSETS HELD FOR SALE	**10 840**	**630**	**11 470**
NET ASSETS DIRECTLY RELATED TO OPERATIONS HELD FOR SALE	**21 370**	**2 459**	**23 829**

Included in the overall statement of comprehensive income for the financial year ending December 31, 2011 and December 31, 2012:

	December 31, 2011 (EUR 000)	December 31, 2012 (EUR 000)
Actuarial reserves	-358	-708
Revaluation reserves	-835	0
Currency translation differences	1 717	76
Reserves for assets held for sale	**524**	**-632**

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

	December 31, 2011 (EUR 000)	December 31, 2012 (EUR 000)
Cash flow from operating activities	4 602	2 767
Cash flow from investing activities	-28 558	74 186
Cash flow from financing activities	-4 299	279
Net change in cash flow from discontinued operations	**-28 255**	**77 232**

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

7.1 ACQUISITIONS OF COMPANIES

IBA acquired a 100% stake in Particle Engineering Solutions LLC (PES LLC) for EUR 0.5 million on September 6, 2012. Since that date, the Company is consolidated in full.

IBA acquired this company in order to facilitate growth of its sales and business on the Russian market.

The net acquired assets and goodwill arising from the purchase of the stake in Particle Engineering Solutions LLC (PES LLC) in September 2012, are as follows:

(RUB 000)	Fair value	Carrying value of net acquired assets
Cash and cash equivalents	6 260	6 260
Other receivables	3 456	3 456
Property, plant and equipment	93	93
Intangible assets	9 692	0
Inventories	12	12
Deferred tax assets	1 341	0
Trade payables	-46	-46
Other current liabilities	-507	-507
Net acquired assets (RUB 000)	**20 301**	**9 268**
Net acquired assets (EUR 000)	**500**	**228**

At December 31, 2012, the contribution of Particle Engineering Solutions LLC (PES LLC) to Group REBIT was EUR -0.18 million. Its contribution to net profit from continuing operations was EUR -0.2 million. If Particle Engineering Solutions LLC (PES LLC) had been acquired on January 1, 2012, at year end the Group's net result would have been EUR -6.2 million and sales and services would have been EUR 221.1 million.

7.2 DISPOSAL OF COMPANIES

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 Radiopharmaceutical 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:

	December 31, 2012 (EUR 000)
Net assets and non-controlling interests sold	53 733
Profit of the year on disposal of discontinued activities sold	24 586
Proceed from the sale of the Radiopharmaceutical division	**78 319**

The proceeds from the sale are distributed as follows:

	December 31, 2012 (EUR 000)
Cash received	83 281
Trade receivables	8 222
Long-term assets	17 327
Other assets	12 691
Provisions	-41 880
Impairment of trade receivables (-)	-496
Impairment on a loan granted to a related party	-826
Total	**78 319**

	December 31, 2012 (EUR 000)
Cash received	83 281
Cash disposed of	-8 581
Total	**74 700**

8. GOODWILL AND OTHER INTANGIBLE ASSETS

8.1 GOODWILL

Movements of goodwill are detailed as follows:

(EUR 000)	
At January 1, 2011	**31 492**
Goodwill impairment	-28 242
Currency translation difference	570
At December 31, 2011	**3 820**
At January 1, 2012	**3 820**
Goodwill impairment	0
Currency translation difference	58
At December 31, 2012	**3 878**

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/ Particle accelerators	Dosimetry	Group
December 31, 2011	**0**	**3 820**	**3 820**
December 31, 2012	**0**	**3 878**	**3 878**
Pre-tax discount rate applied in 2011		10.26%	
Long-term growth rate 2011 (*)		4.50%	
Pre-tax discount rate applied in 2012		10.26%	
Long-term growth rate 2012 (*)		4.50%	

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

(*) Rate consistent with expected growth in the segment.

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

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

For the CGU 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 2011 and 2012.

8.2 OTHER INTANGIBLE ASSETS

(EUR 000)	Software	Patents and trademarks	Development costs	Other	Total
Gross carrying amount at January 1, 2011	**13 633**	**22 943**	**6 484**	**47 242**	**90 302**
Additions	3 454	473	926	4	4 857
Disposals	-117	-88	-7	-170	-382
Transfers	-174	-564	-963	-1 595	-3 296
Transfers to assets held for sale	-5 758	-10 791	-5 262	-32 183	-53 994
Currency translation difference	76	3	88	75	242
Gross carrying amount at December 31, 2011	**11 114**	**11 976**	**1 266**	**13 373**	**37 729**
Accumulated depreciation at January 1, 2011	**9 076**	**13 628**	**1 254**	**25 428**	**49 386**
Additions	1 830	692	336	25 886	28 744
Disposals	-99	-53	0	-58	-210
Transfers	-98	48	-66	-638	-754
Transfers to assets held for sale	-4 524	-8 248	-784	-39 956	-53 512
Currency translation difference	62	3	16	66	147
Accumulated depreciation at December 31, 2011	**6 247**	**6 070**	**756**	**10 728**	**23 801**
Net carrying amount at January 1, 2011	**4 557**	**9 315**	**5 230**	**21 814**	**40 916**
Net carrying amount at December 31, 2011	**4 867**	**5 906**	**510**	**2 645**	**13 928**
Gross carrying amount at January 1, 2012	**11 114**	**11 976**	**1 266**	**13 373**	**37 729**
Additions	4 811	0	7	0	4 818
Disposals	0	0	-63	-1 565	-1 628
Transfers	-24	0	0	0	-24
Transfers to assets held for sale	-895	-11 860	-675	-10 607	-24 037
Changes in consolidation scope	0	0	0	241	241
Currency translation difference	-11	-2	0	-26	-39
Gross carrying amount at December 31, 2012	**14 995**	**114**	**535**	**1 416**	**17 060**
Accumulated depreciation at January 1, 2012	**6 247**	**6 070**	**756**	**10 728**	**23 801**
Additions	1 099	0	206	180	1 485
Disposals	0	0	-35	-1 565	-1 600
Transfers	-32	290	-290	0	-32
Transfers to assets held for sale	-722	-6 259	-392	-8 133	-15 506
Currency translation difference	-10	-2	0	-25	-37
Accumulated depreciation at December 31, 2012	**6 582**	**99**	**245**	**1 185**	**8 111**
Net carrying amount at January 1, 2012	**4 867**	**5 906**	**510**	**2 645**	**13 928**
Net carrying amount at December 31, 2012	**8 413**	**15**	**290**	**231**	**8 949**

In 2012, the majority of the intangible assets involve softwares.

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

For details on impairment testing, see Note 8.1.

No impairment of the intangible assets (as discussed in this Note 8.2) was identified at December 31, 2012. However, an impairment had been recognized in 2011 for EUR 23.8 million, as a result of the loss recorded for the disposal of the discontinued operations in the framework of the agreement with SK Capital Partners.

In 2011, the Group capitalized EUR 0.9 million in development expenses for new labeled molecules. These capitalized development expenses were part of the business disposed of under the agreement with SK Capital Partners.

9. PROPERTY, PLANT AND EQUIPMENT

(EUR 000)	Land and buildings	Plant, machinery and equipment	Furniture, fixtures and vehicles	Other tangible fixed assets	Total
Gross carrying amount at January 1, 2011	**101 710**	**148 217**	**19 581**	**54 991**	**324 499**
Additions	546	5 842	1 941	17 106	25 435
Disposals	-66	-5 844	-749	-35	-6 694
Transfers	810	6 860	201	-4 612	3 259
Changes in consolidation scope	0	0	0	0	0
Transfers to assets held for sale	-77 909	-142 202	-10 186	-59 115	-289 412
Currency translation difference	528	900	140	1 142	2 710
Gross carrying amount at December 31, 2011	**25 619**	**13 773**	**10 928**	**9 477**	**59 797**
Accumulated depreciation at January 1, 2011	**72 308**	**110 007**	**15 935**	**39 820**	**238 070**
Additions	2 719	18 736	1 969	-3 418	20 006
Disposals	103	-2 062	-759	0	-2 718
Transfers	385	-2 569	-1	2 939	754
Changes in consolidation scope	0	0	0	0	0
Transfers to assets held for sale	-58 856	-115 954	-7 872	-34 742	-217 424
Currency translation difference	344	880	140	0	1 364
Accumulated depreciation at December 31, 2011	**17 003**	**9 038**	**9 412**	**4 599**	**40 052**
Net carrying amount at January 1, 2011	**29 402**	**38 210**	**3 646**	**15 171**	**86 429**
Net carrying amount at December 31, 2011	**8 616**	**4 735**	**1 516**	**4 878**	**19 745**
Gross carrying amount at January 1, 2012	**25 619**	**13 773**	**10 928**	**9 477**	**59 797**
Additions	61	1 169	429	678	2 337
Disposals	-91	-712	-4 558	0	-5 361
Transfers	705	3 631	-88	-4 248	0
Changes in consolidation scope	0	0	2	0	2
Transfers to assets held for sale	-12 023	-12 742	-905	-3 452	-29 122
Currency translation difference	-83	-39	-32	-33	-187
Revaluation	0	0	0	192	192
Gross carrying amount at December 31, 2012	**14 188**	**5 080**	**5 776**	**2 614**	**27 658**
Accumulated depreciation at January 1, 2012	**17 003**	**9 038**	**9 412**	**4 599**	**40 052**
Additions	895	928	617	205	2 645
Disposals	-91	-42	-4 558	-30	-4 721
Transfers	56	3 262	-54	-3 264	0
Changes in consolidation scope	0	0	0	0	0
Transfers to assets held for sale	-9 362	-9 771	-695	-564	-20 392
Currency translation difference	-56	-36	-31	-6	-129
Accumulated depreciation at December 31, 2012	**8 445**	**3 379**	**4 691**	**940**	**17 455**
Net carrying amount at January 1, 2012	**8 616**	**4 735**	**1 516**	**4 878**	**19 475**
Net carrying amount at December 31, 2012	**5 743**	**1 701**	**1 085**	**1 674**	**10 203**

Other tangible fixed assets mainly include 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 line items "Cost of sales and services", "Sales and marketing expenses", "General and administrative expenses", "Research and development expenses" and "Other operating expenses".

No impairment was recognized in the 2012 financial year.

An impairment amounting to EUR 9.1 million was recognized in 2011, as a result of the loss recorded on the disposal of the operations sold under the agreement with SK Capital Partners.

10. LEASE ARRANGEMENTS

IBA holds the following assets under finance lease contracts:

(EUR 000)	Land and buildings		Plant, machinery and equipment		Furniture, fixtures and vehicles	
	December 31, 2011	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011	December 31, 2012
Gross carrying amount	5 614	5 614	151	151	63	63
Accumulated depreciation	2 428	2 598	118	127	22	35
Net carrying amount	**3 186**	**3 016**	**33**	**24**	**41**	**28**

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 2012 mainly relate to several buildings located in Louvain-la-Neuve, for which sale options of EUR 0.2 million may be levied at the end of these contracts.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

(EUR 000)	December 31, 2011	December 31, 2012
Investments accounted for using the equity method	1 741	31 256
Other investments	1 773	465
TOTAL	**3 514**	**31 721**

11.1 MOVEMENTS IN EQUITY-ACCOUNTED INVESTMENTS

Equity-accounted companies are listed in Note 5.2.

(EUR 000)	December 31, 2011	December 31, 2012
At January 1	**8 255**	**1 741**
Share of profit/(loss) of equity-accounted investments:		
- Continuing operations	88	-10 714
- Discontinued operations	325	763
Additions:		
- Continuing operations	0	40 642
- Discontinued operations	2 960	0
Dividends on discontinued operations	-163	-227
Transfers to assets held for sale	-9 882	-661
Currency translation difference	158	-288
At December 31	**1 741**	**31 256**

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 Radiopharmaceutical division.

Since April 2, 2012, SK Capital Partners holds 60% of the new venture and IBA 40% (acquisition value of EUR 21.3 million). In the context of establishing and financing this new company, the Group granted a loan to the new entity which has been treated as quasi-equity and recognized in investments accounted for using the equity method for EUR 14.1 million at December 31, 2012.

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 participation taken by the Group in this new company amounts to EUR 5.25 million at the time of the transaction.

At December 31, 2012, the value of this stake was equal to zero following the assumption of losses from the year through the share in the result of companies accounted for by using the equity method and following an impairment on the investments resulting from a revaluation of the commercial perspectives of the developped products.

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
2011						
CONTINUING OPERATIONS						
Striba GmbH	Germany	101 498	111 875	4 563	-6 983	50.0%
Sceti Medilabo KK	Japan	7 886	6 385	8 248	472	39.8%
DISCONTINUED OPERATIONS						
Pharmalogic Pet Services of Montreal Cie.	Canada	7 063	1 796	8 065	2 224	48.0%
MolyPharma	Spain	12 710	4 848	11 628	1 529	24.5%
Swan Isotopen A.G.	Switzerland	18 878	17 553	1 151	-1 093	20.2%
Bio Molecular Industries SDN	Malaysia	6 970	2 642	0	4	36.8%
Petnet GmbH(1)	Germany	2 146	1 861	3 377	252	25.2%
Petnet Solutions AG(1)	Germany	361	169	2 142	142	25.2%
2012						
CONTINUING OPERATIONS						
Striba GmbH(2)	Germany					50.0%
Sceti Medilabo KK	Japan	5 833	4 379	3 631	209	39.8%
Rose Holding SARL	Luxembourg	282 981	252 131	130 116	-14 265	40%
IBA Molecular Compounds Development SARL	Luxembourg	9 718	5 382	54	-4 510	60%
DISCONTINUED OPERATIONS						
Pharmalogic Pet Services of Montreal Cie.	Canada	7 448	1 528	8 096	1 232	48.0%

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
At December 31, 2011	**1 773**
Equity stake acquisition	0
Impairment	-493
Movements through reserves	-788
Capital repayment	-27
At December 31, 2012	**465**

11.3 JOINTLY CONTROLLED COMPANIES

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

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

(1) Figures as of December 2010.

(2) As at the date of preparation of this annual report, we have not received any figures for December 31, 2012 from Striba.

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

(EUR 000)	December 31, 2011 Audited accounts	December 31, 2012 Unaudited accounts [2]
ASSETS		
Current assets	112 678	0
TOTAL	**112 678**	**0**
LIABILITIES		
Current liabilities	116 073	0
TOTAL	**116 073**	**0**
Net assets	**3 395**	**0**
REVENUE	**13 501**	**0**
Expense/(income)	13 501	0
Result after taxes	**0**	**0**

Since April 2, 2012, 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 assets and liabilities of this joint venture (consolidated using the equity method) are as follows:

(EUR 000)	December 31, 2012 Unaudited accounts
ASSETS	
Current assets	9 718
TOTAL	**9 718**
LIABILITIES	
Current liabilities	5 382
TOTAL	**5 382**
Net assets	**4 336**
REVENUE	
Expense/(income)	4 510
Result after taxes	**-4 510**

(2) As at the date of preparation of this annual report, we have not received any figures for December 31, 2012 from Striba.

12. DEFERRED TAXES

(EUR 000)	December 31, 2011	December 31, 2012
DEFERRED TAX ASSETS		
- Deferred tax assets to be recovered after 12 months - permanent differences	8 981	10 975
- Deferred tax assets to be recovered after 12 months - temporary differences	54	234
- Deferred tax assets to be recovered within 12 months - permanent differences	4 050	2 332
- Deferred tax assets to be recovered within 12 months - temporary differences	83	83
TOTAL	**13 168**	**13 624**
DEFERRED TAX LIABILITIES		
- Deferred tax liabilities to be paid after 12 months - temporary differences	724	596
- Deferred tax liabilities to be paid within 12 months - temporary differences	371	487
TOTAL	**1 095**	**1 083**
Net deferred tax assets	**12 073**	**12 541**

(EUR 000)	Total
DEFERRED TAX ASSETS	
At January 1, 2011	**31 877**
Credited/(charged) to the income statement	-13 784 (1)
Currency translation difference	172
Transfers to assets held for sale	-5 097
At December 31, 2011	**13 168**
Credited/(charged) to the income statement	430 (2)
Transfers to assets held for sale	-41
Currency translation difference	34
Changes in consolidation scope	33
At December 31, 2012	**13 624**

(EUR 000)	Total
DEFERRED TAX LIABILITIES	
At January 1, 2011	**948**
(Credited)/charged to the income statement	145 (3)
Currency translation difference	4
Transfers to liabilities directly related to assets held for sale	-2
At December 31, 2011	**1 095**
(Credited)/charged to the income statement	-30 (4)
Transfers to liabilities directly related to assets held for sale	0
Currency translation difference	18
At December 31, 2012	**1 083**

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

On December 31, 2012 besides the business units that were held for sale, EUR 24.4 million of deferred taxes were not recognized as assets in the balance sheet.

On December 31, 2012, in a consolidation scope identical to that of 2011, the deferred taxes which amount to EUR 31.7 million were not recognized as assets in the balance sheet. Tax losses and corresponding temporary differences have no expiry dates.

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

(2) EUR +389 for continuing operations (see Note 27) and EUR +41 for discontinued operations.

(3) EUR +145 for continuing operations (see Note 27).

(4) EUR -30 for continuing operations (see Note 27).

13. OTHER LONG-TERM ASSETS

(EUR 000)	December 31, 2011	December 31, 2012
Long-term receivables on contracts in progress	3 088	5 818
Research tax credit	0	3 447
Other assets	10 421	16 948
TOTAL	**13 509**	**26 213**

Long-term liabilities arising from contracts in progress include in 2012 a provision for invoices to issue in the framework of a proton therapy project for EUR 5.8 million (EUR 3.1 million in 2011).

At December 31, 2012, “Other assets” consisted primarily of EUR 3.2 million in receivables with associated companies, the subscription to a EUR 4.7 million bond and EUR 8.9 million for a loan granted to an associated company.

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

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, 2011	December 31, 2012
Raw materials and supplies	33 733	36 108
Finished products	5 543	2 681
Work in progress	9 197	2 383
Contracts in progress	57 582	48 144
Write-off of inventories and contracts in progress	-7 744	-5 393
Inventories and contracts in progress	**98 311**	**83 923**
Costs to date and recognized profit	181 059	227 115
Less: progress billings	-123 477	-178 971
Contracts in progress	**57 582**	**48 144**
Net amounts due to customers for contracts in progress (Note 24)	77 077	61 513

It should be noted that part of the orders in progress related to a proton therapy contract will be set as warranty when the billing will have been established since financing for this contract is provided by the Group through a fabrication credit that amounts to EUR 30.8 million at December 31, 2012.

15. TRADE AND OTHER RECEIVABLES

15.1 TRADE RECEIVABLES

Trade accounts receivable are detailed as follows:

(EUR 000)	December 31, 2011	December 31, 2012
Amounts invoiced on contracts in progress but for which payment has not yet been received at balance sheet date	1 377	4 622
Other trade receivables	43 514	48 059
Impairment of trade receivables (-)	-3 544	-3 310
TOTAL	**41 347**	**49 371**

Other trade receivables include a sum of EUR 4 852 for receivables assumed under the agreement with SK Capital Partners, their due payment date is not included in the table below.

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
2011	**44 891**	6 831	7 778	21 382	1 063	2 855	1 912	320	2 750
2012	**47 829**	8 201	14 384	1 622	3 729	1 635	600	16 810	848

At December 31, 2012, the increase in the trade receivables due for payment for more than 270 days includes the EUR 16.1 million impact of the litigation associated with the Essen project.

At December 31, 2012, trade receivable impairments totaled EUR 3.3 million. Changes in the provision for doubtful debts for the past two years are as follows:

(EUR 000)	
At January 1, 2011	**6 252**
Charge for the year	3 041
Utilizations	-574
Write-backs	-2 160
Reclassification	182
Transfers to assets held for sale	-3 244
Currency translation difference	47
At December 31, 2011	**3 544**
Charge for the year	926
Utilizations	-332
Write-backs	-187
Reclassification	0
Transfers to assets held for sale	-623
Currency translation difference	-18
At December 31, 2012	**3 310**

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, 2011	December 31, 2012
Non-trade receivables and advance payments	11 305	15 906
Deferred charges	2 661	1 743
Accrued income	560	534
Other current receivables	54 383	62 215
TOTAL	**68 909**	**80 398**

At December 31, 2012, the “Other current receivables” heading was mainly composed of receivables that are not derecognized in the framework of a proton therapy project amounting to EUR 39.6 million, debts to associated companies of EUR 11.5 million, an amount of EUR 10 million related to the sale of the Radiopharmaceutical business (provision difference) and the “’research tax credit” of EUR 1.0 million.

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

16. CASH AND CASH EQUIVALENTS

(EUR 000)	December 31, 2011	December 31, 2012
Bank balances and cash	9 503	26 299
Accounts with restrictions shorter than 3 months	53	281
Short-term bank deposits and commercial paper	2 387	15 914
CASH AND CASH EQUIVALENTS - CONTINUING OPERATIONS	**11 943**	**42 494**
Cash and cash equivalents attributable to discontinued operations (Note 7)	8 467	3 239
CASH AND CASH EQUIVALENTS - CONTINUING OPERATIONS AND DISCONTINUED OPERATIONS	**20 410**	**45 733**

At December 31, 2012, the effective interest rate on the cash position was 0.62% (0.8% in 2011).

Short-term deposits and commercial paper have an average maturity of less than 30 days.

17. CAPITAL STOCK AND SHARE-BASED PLANS

17.1 CAPITAL STOCK

	Number of shares	Issued capital stock (EUR)	Capital surplus (EUR)	Treasury shares (EUR)	Total (EUR)
Balance at January 1, 2011	**26 992 015**	**37 887 625**	**125 421 486**	**-8 654 536**	**154 654 575**
Stock options exercised	320 370	446 205	667 405	0	1 113 610
Capital increases (other)	52 643	73 895	276 707	0	350 602
Other	0	0	0	42 115	42 115
Balance at December 31, 2011	**27 635 028**	**38 407 725**	**126 365 598**	**-8 612 421**	**156 160 902**
Stock options exercised	9 000	12 532	43 987	0	56 519
Capital decreases (other)	0	0	-101 377 480	0	-101 377 480
Other	0	0	0	0	0
Balance at December 31, 2012	**27 644 028**	**38 420 257**	**25 032 105**	**-8 612 421**	**54 839 941**

At December 31, 2012, 60.40% 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 2012, the Group proceeded with a "share premium" reduction of EUR 101.4 million by clearing losses carried forward without cancelling shares.

Despite the 2011 losses, provided that the agreement with SK Capital Partners is completed as intended, the Board of Directors had intended to propose a vote at the Shareholders' General Meeting on a capital reduction via the distribution of share premiums amounting to almost EUR 5.0 million or 18 euro cents per share. The Board of Directors has decided to terminate the capital reduction initiated in 2012.

Due to the losses recorded for the 2012 financial year, the Company shall not be able to distribute a dividend for this year.

17.2 STOCK OPTIONS AND SHARE-BASED PAYMENTS

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

However, stock must be held for three years following grant. In the case of stock option plans, the fair value of the benefit awarded is measured using 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.

During the period ended December 31, 2012, IBA had 9 stock option plans, including a new plan launched in 2012.

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

In 2005, the Group refunded a capital surplus of EUR 3.1 per share to its shareholders. Following this action, on March 13, 2006, IBA's Board of Directors approved a reduction in the exercise price for IBA employee stock option plans launched in 2000, 2001, 2002, and 2004. Under IFRS 2, this re-pricing qualifies as a modification of the terms of options granted under the 2000, 2001, 2002, and 2004 plans. There is no impact of this change on the 2012 accounts (impact was EUR 0.03 million in 2011).

Details of the plans launched in 2012 and 2011 are given in this section.

	December 31, 2011	December 31, 2012
Type of plan	Stock option	Stock option
Date of grant	30/11/2011	30/11/2012
Number of options granted	694 178	506 352
Exercise price	5.10	4.78
Share price at date of grant	5.23	6.23
Contractual life (years)	6	6
Settlement	Shares	Shares
Expected volatility	38.11%	39.94%
Expected option life at grant date (years)	4.75	4.75
Risk-free interest rate	4.33%	0.82%
Expected dividend (stated as % of share price at grant date)	0.00%	0.00%
Expected departures at grant date	2.54%	2.54%
Fair value per granted option at grant date	2.11	2.74
Valuation model	Black & Scholes	Black & Scholes

The Company uses the Black & Scholes model to price options, with no vesting conditions other than time. Expected volatility for the stock option plans is based on historical volatility determined by statistical analysis of daily share price movements.

The fair value of shares for the stock options plans was based on the average share price for the 30 days preceding the grant date.

At December 31, 2012, a charge of EUR 1.1 million was recognized in the pre-tax Financial statements for employee stock options (EUR 1.8 million in 2011).

The stock options outstanding at December 31, 2012 have the following expiration dates and exercise prices.

Changes since December 31, 2011 are due to the new 2012 stock option plan.

	December 31, 2011		December 31, 2012	
EXPIRATION DATE	Exercise price (EUR)	Number of stock options	Exercise price (EUR)	Number of stock options
August 31, 2012	3.34	11 837	3.34	0
September 30, 2012	13.64	269 408	13.64	0
September 30, 2013	19.94	219 025	19.94	186 249
September 30, 2013	3.72	236 680	3.72	214 190
September 30, 2014	14.18	106 970	14.18	101 131
September 30, 2014	6.37	40 087	6.37	40 087
September 30, 2015	13.64	105 842	13.64	105 442
September 30, 2015	8.26	426 271	8.26	390 999
September 30, 2016	19.94	81 221	19.94	81 221
September 30, 2016	7.80	459 639	7.80	412 270
September 30, 2017	5.10	1 487 000 (1)	5.10	660 002
September 30, 2018	0	0	4.78	506 352
TOTAL outstanding stock options		**3 443 980**		**2 697 943**

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

Stock option movements can be summarized as follows:

	December 31, 2011		December 31, 2012	
	Average exercise price in EUR per share	Number of stock options	Average exercise price in EUR per share	Number of stock options
Outstanding at January 1	**9.65**	**2 287 263**	**9.21**	**2 651 158**
Issued	5.10	694 178	4.78	506 352
Forfeited (-)		0	11.74	-450 567
Exercised (-)	3.47	-320 370	3.36	-9 000
Lapsed (-)	6.37	-9 913	0	0
Outstanding at December 31	**9.21**	**2 651 158**	**7.97**	**2 697 943**
Exercisable at December 31		**952 437 (1)**		**898 537(1)**

18. RESERVES

(EUR 000)	December 31, 2011	December 31, 2012
Hedging reserves	-1 683	-2 750
Other reserves - value of stock option plans and share-based compensation	11 164	12 506
Reserves for revaluation of restricted assets	0	0
Other reserves - fair value adjustment of available-for-sale investments	754	0
Actuarial reserves	-94	0
Reserves for assets held for sale	524	-632
Currency translation difference	-7 565	-10 135
Retained earnings	-91 687	3 831

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

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

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

In 2012, after-tax losses of EUR -0.24 million on the retranslation of these loans were reclassified to equity in order to offset gain or loss arising on the translation of net investment in subsidiaries (after-tax profits of EUR +0.71 million in 2011).

At December 31, 2012, the loans below to subsidiaries are designated as Group's net investments in foreign operations:

- IBA SA to IBA USA Inc.: USD 0.5 million
- IBA SA to IBA Proton Therapy Inc.: USD 10.2 million
EUR 0.8 million
- IBA SA to IBA Industrial Inc.: EUR 3.1 million

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

19. BORROWINGS

(EUR 000)	December 31, 2011	December 31, 2012
NON-CURRENT		
Bank debts (Note 19.1)	21 345	36 018
Financial lease liabilities (Note 19.2)	1 003	796
TOTAL	**22 348**	**36 814**
CURRENT		
Short-term bank loans	0	0
Bank borrowings (Note 19.1)	30 000	33 484
Financial lease liabilities (Note 19.2)	201	181
TOTAL	**30 201**	**33 665**

19.1 BANK BORROWINGS

(EUR 000)	December 31, 2011	December 31, 2012
Non-current	21 345	36 018
Current	30 000	33 484
TOTAL	**51 345**	**69 502**

Changes in bank borrowings are as follows:

(EUR 000)	December 31, 2011	December 31, 2012
Opening balance	**39 996**	**51 345**
New borrowings(1)	16 908	19 407
Repayment of borrowings	-2 381	-1 250
Transfers to liabilities directly related to assets held for sale	-3 185	0
Currency translation difference	7	0
Closing balance	**51 345**	**69 502**

The maturities of bank borrowings are detailed as follows:

(EUR 000)	December 31, 2011	December 31, 2012
One year or less	30 000	33 484
Between 1 and 2 years	21 345	7 559
Between 2 and 5 years	0	13 005
Over 5 years	0	15 454
TOTAL	**51 345**	**69 502**

(1) The new debts amount includes EUR 1.2 million in 2012 and 1.2 million in 2011 in undisbursed interest charges.

The minimum payments of bank borrowings are as follows:

(EUR 000)	December 31, 2011	December 31, 2012
One year or less	30 279 [1]	36 183
Between 1 and 5 years	22 995	24 903
Over 5 years	0	18 799
	53 274	**79 885**
Future interest expense on bank borrowings (-)	-1 929	-10 383
TOTAL	**51 345**	**69 502**

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

	December 31, 2011		December 31, 2012	
	EUR	USD	EUR	USD
Bank debts	3.13%	5.23%	4.10%	N/A

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

(EUR 000)	December 31, 2011	December 31, 2012
EUR	51 345	69 502
USD	0	0
TOTAL	**51 345**	**69 502**

Unutilized credit facilities are as follows:

(EUR 000)	December 31, 2011	December 31, 2012
FLOATING RATE		
– expiring within one year	35 000	12 000
– expiring beyond one year	41 922	25 000
TOTAL FLOATING RATE	**76 922**	**37 000**
FIXED RATE		
– expiring within one year	0	0
– expiring beyond one year	0	10 000
TOTAL FiXED RATE	**0**	**10 000**
TOTAL	**76 922**	**47 000**

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, 2011	December 31, 2012
Non-current	1 003	796
Current	201	181
TOTAL	**1 204**	**977**

Changes in financial lease liabilities are as follows:

(EUR 000)	December 31, 2011	December 31, 2012
Opening balance	**3 382**	**1 204**
New borrowings	1 228	2
Repayment of borrowings	-1 243	-229
Transfers to liabilities directly related to assets held for sale	-2 148	0
Currency translation difference	-15	0
Closing balance	**1 204**	**977**

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

Minimum lease payments on financial lease liabilities are as follows:

(EUR 000)	December 31, 2011	December 31, 2012
One year or less	271	239
Between 1 and 5 years	915	905
Over 5 years	232	0
	1 418	**1 144**
Future financial charges on financial leases (-)	-214	-167
Present value of financial lease liabilities	**1 204**	**977**

The present value of financial lease liabilities is as follows:

(EUR 000)	December 31, 2011	December 31, 2012
One year or less	201	181
Between 1 and 5 years	778	796
Over 5 years	225	0
TOTAL	**1 204**	**977**

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

(EUR 000)	December 31, 2011	December 31, 2012
EUR	1 166	952
CNY	38	25
USD	0	0
TOTAL	**1 204**	**977**

At December 31, 2012, the average interest rate paid on financial lease debts was 4.03% (5.14% in 2011).

20. LONG-TERM AND SHORT-TERM PROVISIONS

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

	Environment	Warranties	Litigation	Defined employee benefits	Other employee benefits	Other	Total
At January 1, 2012	**51**	**2 316**	**127**	**3 138**	**362**	**15 097**	**21 091**
Additions (+)	5 959	1 959	135	291	78	60 411	68 833
Write-backs (-)	-269	-237	-127	0	0	-2 148	-2 781
Utilizations (-)	0	-1 041	0	-379	-244	-16 077	-17 741
Actuarial (gains)/losses generated during the year	0	0	0	607	0	0	607
Reclassifications	86	-86	0	0	0	0	0
Transfers to liabilities directly related to assets held for sale	-54	0	0	-3 657	0	0	-3 711
Currency translation difference	0	-3	0	0	0	-1	-4
Total movement	**5 722**	**592**	**8**	**-3 138**	**-166**	**42 185**	**45 203**
At December 31, 2012	**5 773**	**2 908**	**135**	**0**	**196**	**57 282**	**66 294**

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 for decommissioning radiopharmaceuticals manufacturing sites, excluding the agreement with SK Capital Partners, amounting to EUR +6.0 million (2 sites in Belgium and 1 site in the United States).
- Reversals of provisions for decommissioning relating to the American radiopharmaceuticals manufacturing site amounting to EUR -0.3 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/Particle accelerators amounting to EUR +2.0 million.
- Reversals of provisions in relation to Proton therapy/Particle accelerators amounting to EUR -0.2 million.
- Utilizations of provisions in relation to Proton therapy/Particle accelerators amounting to EUR -1.0 million.

20.3 LITIGATION

Provisions for litigation relate to litigation of a social nature for which a EUR 0.1 million provision was presented at December 31, 2012.

Movements can be detailed as follows:

- New provisions in relation to Proton therapy/Particle accelerators amounting to EUR 0.14 million.
- Reversals of provisions for social disputes in relation to Cisbio Bioassays SAS (entity reclassified in 2012 in liabilities directly associated with assets held for sale) amounting to EUR -0.13 million.

20.4 PROVISIONS FOR EMPLOYEE BENEFITS – DEFINED BENEFIT PLANS

Provisions for employee benefits as at 31 December 2011 mainly cover:

- Obligations incurred by Cisbio Bioassays SAS in relation to entitlements acquired by employees in service at year end, in terms of benefits, top-up benefits and other retirement compensation not covered by pension and insurance funds amounting to EUR 3.2 million (IDR).
  As at 31 December 2012, this provision is reclassified in liabilities directly associated with assets held for sale.
- Obligations incurred by Cisbio Bioassays SAS in relation to entitlements acquired as a result of the reduction in the retirement age for employees working or having worked in hazardous areas amounting EUR 0.5 million (NIG119).
  As at 31 December 2012, this provision is reclassified in liabilities directly associated with assets held for sale.

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

	December 31, 2008	December 31, 2009	December 31, 2010	December 31, 2011	December 31, 2012
Continuing operations	-323	+800	-361	-97	0
Discontinued operations				-358	-704

Movements can be detailed as follows:

- New provisions in relation to Cisbio Bioassays SAS (entity reclassified in 2012 in liabilities directly associated with assets held for sale) amounting to EUR +0.3 million.
- Utilization of provisions in relation to Cisbio Bioassays SAS (entity reclassified in 2012 in liabilities directly associated with assets held for sale) amounting to EUR -0.4 million.

20.5 OTHERS

Other provisions at December 31, 2012 consisted primarily of the following:

- An amount of EUR 29.0 million relating to non-recurring commitments on proton therapy projects, an amount of EUR 27.2 million covering the Group's estimated commitments under the agreement with SK Capital Partners, including the estimated impacts of the notice of claims lodged by Rose Holding SARL (vehicle for investment by SK Capital Partners in IBA Molecular), and an amount of EUR 1.1 million relating to a bank guarantee granted to an associate.

Details of the main changes are as follows:

- New provisions amounting to EUR 18.7 million in respect of non-recurring commitments on proton therapy projects, EUR 1.2 million in respect of provisions for completion of works relating to projects in the Proton therapy and Particle accelerators segment and EUR 40.4 million in respect of the Group's commitments under the agreement with SK Capital Partners, including the estimated impacts of the notice of claims lodged by Rose Holding SARL.
- Reversal of provisions amounting to EUR -2.1 million for the Group's estimated commitments under the agreement with SK Capital Partners.
- Use of provisions amounting to EUR -2.3 million for completion of works, provisions amounting to EUR -11.1 million covering the Group's estimated commitments under the agreement with SK Capital Partners, provisions amounting to EUR -2.3 million relating to non-recurring commitments on proton therapy projects and provisions amounting to EUR 0.4 million relating to a bank guarantee granted to an associate.

21. OTHER LONG-TERM LIABILITIES

(EUR 000)	December 31, 2011	December 31, 2012
Advances received from local government	4 828	858
Other	0	3
TOTAL	**4 828**	**861**

In 2012, the Group received EUR 0.14 million in interest-free cash advances from the local government agencies and transferred EUR 3.71 million to the other short-term liabilities. On the other hand, an amount of EUR 0.4 million has been transferred to liabilities directly related to assets held for sale.

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

22. OTHER FINANCIAL ASSETS AND LIABILITIES

(EUR 000)	December 31, 2011	December 31, 2012
HEDGE-ACCOUNTED FINANCIAL INSTRUMENTS		
- Forward foreign exchange contracts	325	73
- Foreign exchange rate swaps	0	17
- Interest rate caps	3	0
INSTRUMENTS RECOGNIZED AT FAIR VALUE		
- Forward foreign exchange contracts	0	1
- Foreign exchange rate swaps	697	30
Short-term financial assets	**1 025**	**121**
HEDGE-ACCOUNTED FINANCIAL INSTRUMENTS		
- Forward foreign exchange contracts	332	5
Long-term financial assets	**332**	**5**
HEDGE-ACCOUNTED FINANCIAL INSTRUMENTS		
- Forward foreign exchange contracts	256	938
- Foreign exchange rate swaps	518	0
INSTRUMENTS RECOGNIZED AT FAIR VALUE		
- Forward foreign exchange contracts	0	0
- Foreign exchange rate swaps	736	103
Short-term financial liabilities	**1 510**	**1 041**
HEDGE-ACCOUNTED FINANCIAL INSTRUMENTS		
- Forward foreign exchange contracts	960	1 868
- Foreign exchange rate swaps	34	0
Long-term financial liabilities	**994**	**1 868**

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

At December 31, 2012, an amount of EUR 0.12 million recognized as a short-term financial asset represented EUR 0.09 million in cash flow hedging instruments and EUR 0.03 million in hedging instruments recognized at fair value through profit and loss.

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

At December 31, 2012, an amount of EUR 1.04 million recognized as a short-term financial liability represented EUR 0.94 million in cash flow hedging instruments and EUR 0.10 million in hedging instruments recognized at fair value through profit and loss.

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

Some of these financial instruments are designated as hedging instruments as they hedge specific exchange rate risks to which the Group is exposed. Hedge accounting has been applied to these contracts because they are deemed to be effective hedges. For these cash flow hedges, movements are recognized directly in equity and released to the income statement to offset the income statement impact of the underlying transactions.

At December 31, 2012, a cumulative loss of EUR 2.75 million was therefore directly accounted in the equity (under "Hedging Reserves"). At December 31, 2011, the cumulated loss amounted EUR 1.7 million.

23. TRADE PAYABLES

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

(EUR 000)	TOTAL	Due	< 3 months	4-12 months	1-5 years	> 5 years
2011	**51 146**	30 305	20 298	543	0	0
2012	**45 947**	25 346	20 527	74	0	0

24. OTHER PAYABLES

(EUR 000)	December 31, 2011	December 31, 2012
Amounts due to customers for contracts in progress (or advances received on contracts in progress)	77 077	61 513
Social debts	11 590	11 621
Accrued charges	2 937	2 831
Accrued interest charges	36	132
Deferred income	3 235	3 207
Capital grants	1 182	1 406
Non-trade payables	124	44
Other	47 311	47 001
TOTAL	**143 492**	**127 755**

At December 31, 2012, the heading “Other” is mainly composed of down payments of EUR 36 million received on the proton therapy contracts and for which the related receivables have not been derecognized, advances of EUR 8.2 million received from local government and VAT and other taxes amounting to EUR 1.4 million.

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

25. OTHER OPERATING EXPENSES AND INCOME

25.1 OTHER OPERATING EXPENSES

Other operating expenses can be broken down as follows:

(EUR 000)	December 31, 2011	December 31, 2012
Legal costs	0	0
Cost of share-based payments	1 767	1 130
Depreciation and impairment	2 673	2 229
Impairment of goodwill for pharmaceutical operations	0	0
Non recurring commitments for projects	5 138	22 728
Reorganization expenses	0	1 074
Costs related to the transaction with SK Capital Partners	1 709	0
Provision for bank guarantee granted	1 391	0
Other	552	772
TOTAL	**13 230**	**27 933**

At December 31, 2012, the depreciation and impairment include mainly impairments of inventories and investments for EUR 2.2 million.

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

25.2 OTHER OPERATING INCOME

Other operating income can be broken down as follows:

(EUR 000)	December 31, 2011	December 31, 2012
Reversal of provisions	-1 945	0
Reversal of depreciation and impairment	0	0
Other	- 518	-67
TOTAL	**-2 463**	**-67**

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

In 2011, the heading “Other” included the payment of the Earn-out of EUR 0.3 million on the sale of its MM50 business.

26. FINANCIAL EXPENSES AND INCOME

26.1 FINANCIAL EXPENSES

(EUR 000)	December 31, 2011	December 31, 2012
Interest paid on debts	1 778	2 215
Foreign exchange differences	1 432	2 445
Change in fair value of derivatives	1 907	1 815
Other	2 270	2 024
TOTAL	**7 387**	**8 499**

At December 31, 2012, the heading “Other” primarily includes interest expenses of EUR 1.2 million in relation to a proton therapy project, commission and bank charges of EUR 0.5 million and expenses of EUR 0.2 million associated with the discounting of decommissioning provisions.

At December 31, 2011, the heading “Other” primarily included interest expenses of EUR 1.0 million in relation to a proton therapy project and commission and bank charges of EUR 0.4 million.

26.2 FINANCIAL INCOME

(EUR 000)	December 31, 2011	December 31, 2012
Interest received on receivables and cash	-4 539	-720
Foreign exchange differences	-2 125	-3 001
Change in fair value of derivatives	-1 082	-393
Other	-996	-2 744
TOTAL	**-8 742**	**-6 858**

At December 31, 2012, the heading “Other” includes mainly proceeds of EUR 2.7 million from future rebilling of interests charges in relation to a proton therapy project.

27. INCOME TAXES

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

(EUR 000)	December 31, 2011	December 31, 2012
Current taxes	1 071	3 056
Deferred taxes	13 796	-419
TOTAL	**14 867**	**2 637**

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, 2011	December 31, 2012
Result from continuing operations before taxes	-1 157	-22 642
Taxes calculated on the basis of local tax rates	**-584**	**-7 926**
Unrecognized deferred taxes	1 211	6 162
Recognized deferred taxes	0	1 147
Tax-exempt transactions and non-deductible expenses	1 575	4 134
Impairment on recognized deferred tax assets	13 617	0
Utilization of previously unrecognized tax losses	-1 292	-903
Other tax (income)/expense	340	23
Booked tax expense	**14 867**	**2 637**
Theoretical tax rate	**50.5%**	**35%**
Effective tax rate	**-1 284.96%**	**-11.65%**

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

28. EMPLOYEE BENEFITS

28.1 DEFINED CONTRIBUTION PLANS

At December 31, 2012, the Group recognized expenses of EUR 0.7 million for defined contribution plans (EUR 0.9 million at December 31, 2011, of which EUR 0.6 million for the continuing activities).

28.2 DEFINED BENEFIT PLANS

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

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

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

(EUR 000)	December 31, 2012
Defined benefit obligations at January 1, 2012	**3 138**
Cost of services rendered for the period	158
Cost of discounting	133
Benefits paid	-379
Actuarial (gains)/losses for the period	607
Transfers to liabilities directly related to assets held for sale	-3 657
Defined benefit obligations at December 31, 2012	**0**

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

	December 31, 2009	December 31, 2010	December 31, 2011	December 31, 2012
Cost of services rendered for the period (including portion of discontinued operations)	1 061	1 267	1 242 (1 100)	158 (158)
Cost of discounting (including portion of discontinued operations)	1 091	1 006	1 100 (967)	133 (133)
Expenses/(income) for the period	**2 152**	**2 273**	**2 342**	**291**

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

	December 31, 2009	December 31, 2010	December 31, 2011	December 31, 2012
General and administrative expenses (including portion of discontinued operations)	1 061	1 267	1 242 (1 100)	158 (158)
Financial expenses – other (including portion of discontinued operations)	1 091	1 006	1 100 (967)	133 (133)
Expenses/(income) for the period	**2 152**	**2 273**	**2 342**	**291**

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

29. CASH FLOW STATEMENT

At December 31, 2012, the heading “Other non-cash items” includes expenses in connection with employee stock option plans and stock plans (EUR +1.1 million), the net impact of losses and write-downs on inventories and outstanding orders (EUR +0.4 million), the impact of the write-down of current assets (EUR +1.4 million), the impact of taking into account unrealized foreign exchange differences on the revaluation of the intercompany balance sheet positions of the Group (EUR -0.4 million) and the impact of research tax credit not received in cash during the year (EUR -4.1 million).

At December 31, 2012, “Other cash flows from investing activities” primarily includes cash advances to the Radiopharmaceutical operations (EUR –3.15 million).

At December 31, 2012, “Other cash flows from financing activities” includes grants and interest-free cash advances received from various public agencies (EUR +0.4 million), repayment of grants and advances from the Walloon Region of Belgium (EUR -4.6 million), changes in liabilities towards Group employees in connection with the exercise of stock option plans (EUR +0.1 million) and the cash received from the disposal of a 40% stake in IBA Molecular Compounds Development SARL (EUR +3.5 million).

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

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

At December 31, 2011, “Other cash flows

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

30. LITIGATION

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

Developments in litigation mentioned in the 2011 annual report as well as the principal cases pending at December 31, 2012 are presented in this Note.

DEVELOPMENT IN LITIGATION MENTIONED IN THE 2011 ANNUAL REPORT AND STILL PENDING AT DECEMBER 31, 2012

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

A partial ruling against IBA was delivered in April 2012. On August 10, 2012, IBA lodged an appeal against the preliminary conclusions delivered by the arbitrators. This appeal was withdrawn following positive progress in negotiations with WPE with a view to having the center accepted by WPE. Likewise, the parties asked the arbitrators to suspend delivery of any arbitration ruling on the points not yet addressed in the first ruling. As the negotiations are complex, a formal, documented agreement has not yet been finalized, but IBA remains confident that such an agreement will be reached during 2013.

NEW LITIGATION 2012

On September 11, 2012, Rose Holding SARL, the vehicle for investment of SK Capital Partners in IBA Molecular, sent a "Notice of Claims" to IBA demanding, as a protective measure, cover of alleged losses of the order of EUR 24 million. These demands cover various items such as regulatory affairs, decommissioning obligations, waste management and accounting treatments. IBA has officially rejected all such demands, either because they are unfounded, or because they are insufficiently documented. No proceedings have been instituted by SK to date, and discussions have been opened with a view to the amicable resolution of the majority of the items under dispute.

31. COMMITMENTS

31.1 OPERATING LEASES

The Group has a number of non-cancelable operating leases relating to vehicle, equipment, and office space rental. Total future minimum lease payments under non-cancelable operating leases are as follows:

31.1.1. OPERATING LEASES OF CONTINUING OPERATIONS:

(EUR 000)	December 31, 2011	December 31, 2012
One year or less	3 756	4 696
Between 1 and 5 years	8 295	9 530
Over 5 years	5 349	5 186
TOTAL	**17 400**	**19 412**

31.1.2. OPERATING LEASES OF DISCONTINUED OPERATIONS:

(EUR 000)	December 31, 2011	December 31, 2012
One year or less	3 071	322
Between 1 and 5 years	8 883	1 070
Over 5 years	4 147	441
TOTAL	**16 101**	**1 833**

Total operating lease payments included in the income statement in 2012 amounted to EUR 5.2 million (of which EUR 5.0 million on continued operations and EUR 0.2 million on discontinued operations) compared to EUR 9.2 million in 2011.

31.2 FINANCIAL GUARANTEES

At December 31, 2012, IBA held financial guarantees for EUR 105.5 million given by Group's business units as security for debts or commitments, mainly in advance payment guarantees. Of these, EUR 9.0 million are for guarantees granted by the parent Company to cover the bank debts of its subsidiaries.

32. RELATED PARTY TRANSACTIONS

32.1 CONSOLIDATED COMPANIES

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

32.2 TRANSACTIONS WITH AFFILIATED COMPANIES

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

(EUR 000)	December 31, 2011	December 31, 2012 Discontinued operations	December 31, 2012 Continuing operations
ASSETS			
Receivables			
Long-term receivables	3 623	0	12 113
Trade and other receivables	1 489	2 343	5 504
Impairment of receivables	-556	0	- 496
TOTAL RECEIVABLES	**4 556**	**2 343**	**17 121**
LIABILITIES			
Payables			
Trade and other payables	1 947	115	864
TOTAL PAYABLES	**1 947**	**115**	**864**
INCOME STATEMENT			
Sales	1 154	7 613	0
Costs	-2 537	-2 105	-199
Financial income	27	0	32
Financial expense	0	0	-424
Other operating income	577	0	0
Other operating expense	0	0	-826
TOTAL INCOME STATEMENT	**-779**	**5 508**	**-1 417**

The main relationships between businesses held for sale and related parties were as follows:

- In 2011, Cisbio Bioassays SAS signed a 10-year contract with various European subsidiaries of the Group Rose Holding SARL (France, Italy, Germany, Spain, United Kingdom and Benelux) for the distribution of its RIA (Radio Immuno Assays) products.
- Cisbio Bioassays SAS has a contract with Sceti Medical Labo KK for the distribution of its IVD (In Vitro Diagnosis) and DD (Drug Discovery) products on the Japanese market.
- In 2012, Cisbio Bioassays SAS signed a service contract with CIS Bio International SAS (subsidiary of Rose Holding SARL) in order to supply logistics and storage, information technology, human resources, finance and legal support services.
  This contract was concluded for a period of 10 years (terminating in March 2022) and for a fixed amount of EUR 1.2 million per year.

Under the agreement with SK Capital Partners, the Group granted 2 loans to Rose Holding SARL.

The terms and conditions of these 2 loans are detailed below:

CONTINGENT LOAN

The principal amount of this loan of nominal value EUR 26.4 million must be repaid at the earliest (i) on December 31, 2021 or (ii) on the sale by SK Capital Partners and IBA SA of their total stakes in Rose Holding SARL (the repayment date). If the repayment date occurs within the first two years of signature of the agreement and SK Capital Partners has not received twice its investment in Rose Holding SARL, the loan including interest will not be repaid. If the repayment date occurs after the first two years of the agreement and SK Capital Partners has not received three times its investment in Rose Holding SARL, the loan including interest will not be repaid.

This loan has been granted at an annual interest rate of 2%. This interest is capitalized but may be paid provided that the main lenders of Rose Holding SARL state their agreement to payment. All interest not paid shall be capitalized up to the loan repayment date.

Rose Holding SARL may decide at any time to make early repayments on this loan.

The Group has accepted that the repayment of this loan shall be subordinate to the prior repayment of any existing or future debt of Rose Holding SARL to banks, financial lease companies and other financial institutions. As this loan is treated as quasi-equity, it is recognized in investments accounted for using the equity method.

BRIDGE LOAN

The principal amount of this loan of nominal value EUR 10 million must be repaid at the earliest (i) on December 31, 2021 or (ii) on the sale by SK Capital Partners and IBA SA of their total stakes in Rose Holding SARL (the repayment date).

This loan has been granted at an annual interest rate of 4%. This interest is capitalized but may be paid provided that the main lenders of Rose Holding SARL state their agreement to payment. All interest not paid shall be capitalized up to the loan repayment date.

Rose Holding SARL may decide at any time to make early repayments on this loan.

The Group has accepted that the repayment of this loan shall be subordinate to the prior repayment of any existing or future debt of Rose Holding SARL to banks, financial lease companies and other financial institutions.

The Group has also committed to support the Radiopharmaceutical business sold by paying EUR 16 million over a period of 2 years (amount accrued in the financial statements).

The Group has also paid the amount of EUR 4.9 million for receivables due from the Italian entities and Spanish entity sold. These entities are responsible for recovery and shall reimburse the Group when they receive payments.

SK Capital Partners and IBA have also agreed to share equally the development costs of the portfolio of new molecules patented through the company IBA Molecular Compounds Development SARL. The Group's financial contribution to this company in 2012 was EUR 2.35 million.

32.3 SHAREHOLDER RELATIONSHIPS

The following table shows IBA shareholders at December 31, 2012:

	Number of shares	%
Belgian Anchorage SCRL	7 773 132	28.39%
IBA Investment SCRL	610 852	2.23%
IBA SA	75 637	0.28%
UCL ASBL	426 885	1.56%
Sopartec SA	529 925	1.94%
Institut des Radioéléments FUP	1 423 271	5.20%
Public	16 534 326	60.40%
TOTAL	**27 374 028**	**100.00%**

IBA's dominant shareholders, Belgian Anchorage, UCL, Sopartec and IRE, have declared to have acted jointly and have concluded an agreement which will expire in 2013. This shareholder agreement governs, inter alia, the sharing of information and preferential rights to purchase IBA shares. The parties to the agreement held 10 153 213 ordinary shares at December 31, 2012, representing 37.09% of the Company's voting rights.

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

In an agreement signed on February 19, 2008, IRE granted IBA a call option on the shares it holds in Radiopharma Partners (that is 80.1 percent) and in Sceti Medical Labo KK (that is 19.9 percent). On May 29, 2008, IBA exercised this call option for about EUR 20 million, 50% in cash and 50% in IBA SA shares. Without prejudice to the rights and obligations arising under other agreements between the shareholders, IRE has agreed to hold these shares for 5 years, to grant IBA a preemptive right to purchase these shares and to continue to strive to maintain the Belgian presence amongst IBA shareholders.

Under an agreement signed in the second half of 2012, the Company lent its major shareholder Belgian Anchorage the principal sum of EUR 1.1 million on market terms and conditions and with a repayment date of June 30, 2013.

The full transaction is described in greater detail in the conflicts of interest section of the 2012 management report.

32.4 DIRECTORS AND MANAGEMENT

See remuneration report on page 52.

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, 2011	December 31, 2012
Remuneration for statutory audits and audit of consolidated accounts	667[(1)]	400
Tax-related services	24	23
Other services	98	119
TOTAL	**789**	**542**

34. EVENTS AFTER THE BALANCE SHEET DATE

AT THE CLOSING OF THE BALANCE SHEETS

In January 2013, IBA announced the signing of a new contract with Apollo Hospitals, the largest integrated healthcare group in Asia and the leading private hospital operator in India, for the first proton therapy center in India. The equipment and services to be supplied by IBA to the Apollo Proton Therapy Center is worth approximately EUR 50 million to IBA and includes a long-term operation and maintenance contract.

In January 2013, IBA lent ProCure USD 5 million, as agreed in the existing partnership arrangements between the two parties, in order for ProCure to develop the proton therapy market in the United States.

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

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, 2011	December 31, 2012
Weighted average number of ordinary shares	26 474 980	26 680 374
Earnings attributable to parent equity holders (EUR 000)	-84 369	-5 800
Net earnings per share from continuing and discontinued (EUR per share)	**-3.19**	**-0.22**
Earnings from continuing operations attributable to parent equity holders (EUR 000)	-17 750	-25 279
Weighted average number of ordinary shares	26 474 980	26 680 374
Basic earnings per share from continuing operations (EUR per share)	**-0.67**	**-0.95**
Earnings from operations held for sale attributable to parent equity holders (EUR 000)	-66 619	19 479
Weighted average number of ordinary shares	26 474 980	26 680 374
Basic earnings per share from discontinued operations (EUR per share)	**-2.52**	**0.73**

35.2 DILUTED EARNINGS

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

The calculation is performed for the stock options to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding stock options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the stock options.

DILUTED EARNINGS PER SHARE	December 31, 2011	December 31, 2012
Weighted average number of ordinary shares	26 474 980	26 680 374
Weighted average number of stock options	298 517	874 192
Average share price over period	6.86	5.36
Dilution effect from weighted number of stock options	0 (*)	0 (*)
Weighted average number of ordinary shares for diluted earnings per share	26 474 980	26 680 374
Earnings attributable to parent equity holders (EUR 000)	-84 369	-5 800
Diluted earnings per share from continuing and discontinued operations (EUR per share)	**-3.19**	**-0.22**
Earnings from continuing operations attributable to parent equity holders (EUR 000)	-17 750	-25 279
Diluted earnings per share from continuing operations (EUR per share)	**-0.67**	**-0.95**
Earnings from operations held for sale attributable to parent equity holders (EUR 000)	-66 619	19 479
Diluted earnings per share from discontinued operations (EUR per share)	**-2.52**	**0.73**

(*) 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

Ernst & Young
Réviseurs d'Entreprises
Bedrijfsrevisoren
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Statutory auditor's report to the general meeting of shareholders of Ion Beam Applications SA on the consolidated financial statements for the year ended 31 December 2012

In accordance with the legal requirements, we report to you on the performance of our mandate of statutory auditor. This report contains our opinion on the financial situation of the consolidated entity on 31 December 2012, the consolidated statement of realized and not realized income, consolidated statement of changes in equity and consolidated cash flow statement for the year ended 31 December 2012 and on the notes including the summary of significant accounting policies and other explanatory notes, and includes the required additional statements.

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

We have audited the consolidated financial statements of Ion Beam Applications SA and its subsidiaries (collectively referred to as 'the Group') for the year ended December 31, 2012, as mentioned in the attached pages 22 to 137, prepared in accordance with International Financial Reporting Standards as adopted by the European Union with the consolidated balance sheet amounting to total assets of € (thousand) 386.199 and the consolidated statement of income with a loss for the year of € (thousand) 5.800.

Responsibility of the board of directors for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union as well as the implementation of internal control, which it considers necessary for the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the statutory auditor

It is our responsibility to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the legal requirements and the International Standards on Auditing (ISA). Those standards require that we comply with the ethical requirements, plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

Ernst & Young

Audit report dated March 29, 2013 on the consolidated financial statements of Ion Beam Applications SA for the year ended 31 December 2012 (continued)

We have performed procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. We have evaluated the appropriateness of accounting policies used, the reasonableness of significant accounting estimates made by the Group and the presentation of the consolidated financial statements, taken as a whole.

We have obtained from the board of directors and the Group's officials the explanations and information necessary for executing our audit procedures.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

In our opinion, the consolidated financial statements of Ion Beam Applications SA for the year ended 31 December 2012 as mentioned in the attached pages 22 to 137 give a true and fair view of the Group's financial position as at 31 December 2012 and of the results of its operations and its cash flows in accordance with the International Financial Reporting Standards as adopted by the European Union.

Without qualifying the opinion, we draw the attention to the uncertainties linked to (i) the dispute between your company and a client and (ii) the damages claimed by the buyer of the radiopharmaceutical activities which were disposed of in 2012. The Board of Directors has taken some assumptions in relation with the resolution of the litigation with the client which value the net assets relating to the project at some € 9,3 million. In addition, the board of directors has provided for the probable cash out relating to the damage claims following the sale of the radiopharmaceutical activities without covering the entire amount of the claim. In case the resolution of these litigations differs from the assumptions taken, the valuation of the related net assets and provisions might be significantly different.

Report on other legal and regulatory requirements

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

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ERNST & YOUNG

Audit report dated March 29, 2013 on the consolidated financial statements of Ion Beam Applications SA for the year ended 31 December 2012 (continued)

Within the context of our assignment, it is our responsibility to verify in all material respects, the compliance with certain statutory and regulatory obligations. On this basis, we make the following comments which do not modify the scope of our opinion on the financial statements:

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

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

Diegem, March 29, 2013

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

Martine Blockx
Partner

13MBO0041

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DECLARATION BY MANAGEMENT

Pursuant to article 12, §2, 3° of the Royal Decree of November 14, 2007 with regard to the obligations of issuers of financial instruments admitted to the trading on a regulated market, Olivier Legrain, Chief Executive Officer, Director, and Managing Director of IBA SA, and Jean-Marc Bothy, Chief Financial Officer of IBA SA, declare that, to their knowledge, (i) the financial statements have been prepared according to the relevant accounting standards, give a fair view of the assets, the financial situation and results of IBA SA and of the companies enclosed within the consolidation perimeter and (ii) the management report is a fair review of the ongoing business, the results and the situation of IBA SA and of the companies enclosed within the consolidation perimeter and it includes a description of the main risks and uncertainties which they are facing.

IBA SA
ANNUAL FINANCIAL STATEMENTS

In accordance with article 105 of the Belgian Code of Company Law, the following statements represent a condensed version of the annual financial statements. The full text is available on request from the headquarters of the Company and will be filed with the National Bank of Belgium. This condensed version does not contain all of the appendices or the report of the auditor, who expressed an unqualified opinion.

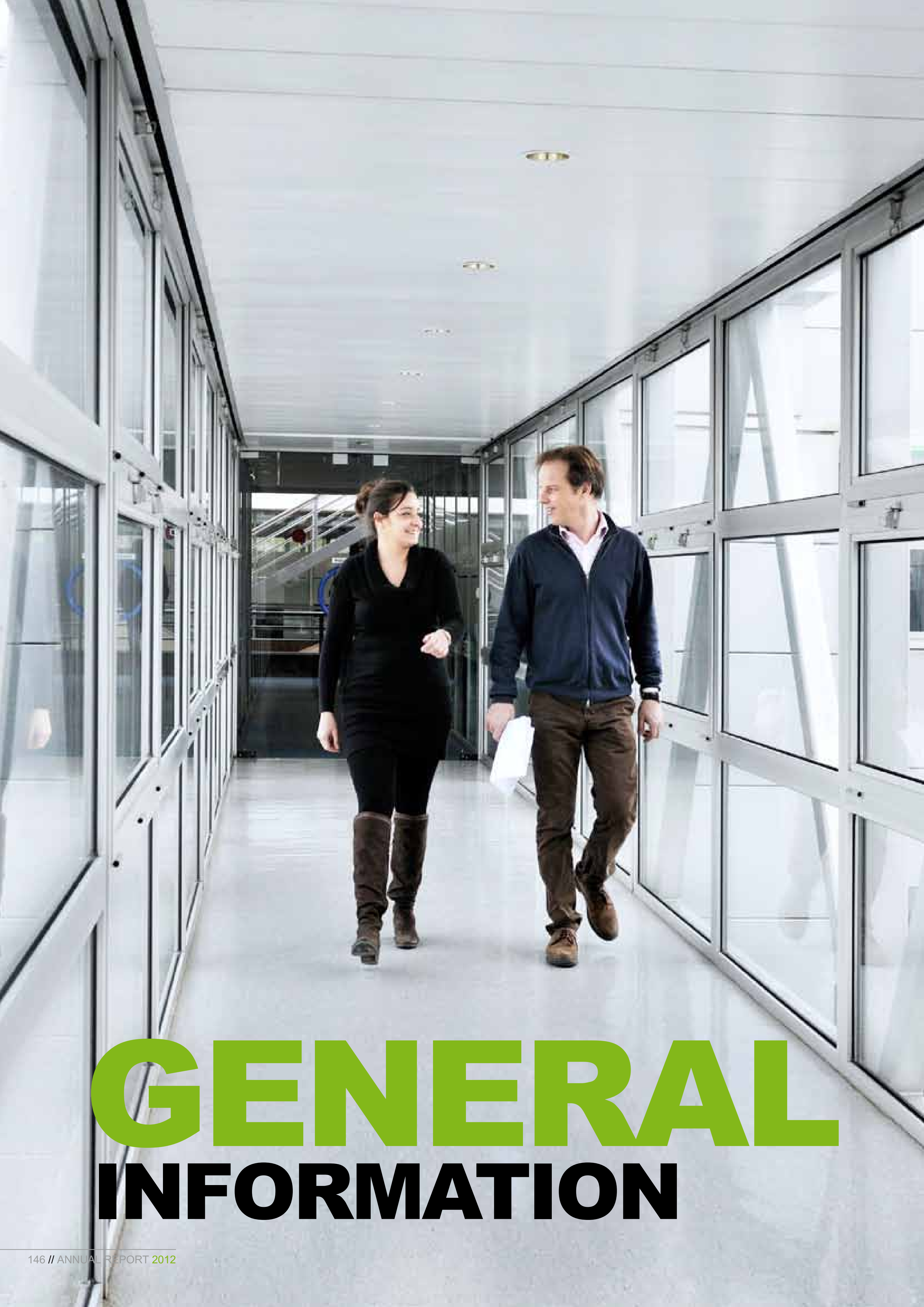
ASSETS (EUR 000)	2010	2011	2012
FIXED ASSETS	**92 118**	**197 241**	**108 072**
Formation expenses	**1**	**0**	**0**
Intangible fixed assets	**2 606**	**4 465**	**12 690**
Tangible fixed assets	**5 876**	**6 820**	**6 175**
Land and buildings	700	564	401
Plant, machinery, and equipment	173	923	735
Furniture and vehicles	497	923	790
Leases and similar rights	3 382	3 205	3 029
Assets under construction and advance payments	1 124	1 205	1 220
Financial assets	**83 635**	**185 955**	**89 206**
Affiliated companies	77 720	180 166	83 927
Other investments	0	0	4 749
Others financial assets	5 915	5 789	530
CURRENT ASSETS	**685 612**	**526 186**	**651 309**
Accounts receivable after one year	**1 441**	**3 258**	**9 265**
Inventories and contracts in progress	**473 142**	**436 997**	**483 477**
Inventories	20 289	24 497	27 087
Contracts in progress	452 853	412 499	456 391
Amounts receivable within one year	**205 652**	**76 557**	**123 327**
Trade debtors	40 122	49 712	57 572
Other amounts receivable	165 530	26 844	65 756
Investments	**689**	**2 660**	**16 220**
Cash at bank and in hand	**1 621**	**2 172**	**14 662**
Deferred charges and accrued income	**3 065**	**4 543**	**4 358**
TOTAL ASSETS	**777 730**	**723 427**	**759 381**

LIABILITIES AND EQUITY (EUR 000)	2010	2011	2012
SHAREHOLDERS' EQUITY	**170 743**	**67 027**	**42 019**
Capital	**37 888**	**38 408**	**38 420**
Additional paid-in capital	**125 421**	**126 366**	**25 032**
Reserves	**2 779**	**2 450**	**2 508**
Legal reserve	1 887	1 887	1 887
Reserves not available for distribution	689	360	418
Untaxed reserves	203	203	203
Retained earnings (-)	**3 370**	**-101 377**	**-25 074**
Capital grants	**1 285**	**1 182**	**1 132**
PROVISIONS AND DEFERRED TAXES	**9 018**	**17 181**	**65 629**
CREDITORS	**597 968**	**639 219**	**651 733**
Amounts payable after one year	**125 110**	**216 030**	**230 685**
Financial debts	36 291	22 325	36 804
Advances received on contracts in progress	79 822	189 137	193 024
Other amounts payable	8 998	4 568	858
Amounts payable within one year	**469 888**	**420 423**	**417 303**
Current portion of amounts payable after one year	45 820	82 106	61 181
Financial debts	985	30 000	2 500
Trade debts	41 280	55 943	65 726
Advances received on contracts in progress	368 438	243 252	277 524
Current tax and payroll liabilities	8 392	7 599	9 459
Other amounts payable	4 973	1 524	913
Accrued charges and deferred income	**2 970**	**2 766**	**3 746**
TOTAL LIABILITIES	**777 730**	**723 427**	**759 381**

INCOME STATEMENT (EUR 000)	2010	2011	2012
Operating income	**152 523**	**191 050**	**212 011**
Operating expenses (-)	**-150 487**	**-189 532**	**-213 018**
Raw materials, consumables, and goods for resale	-42 507	-73 957	-77 612
Services and other goods	-49 647	-63 368	-71 299
Salaries, social security, and pensions	-28 709	-34 523	-40 870
Depreciation and write-offs on fixed assets	-24 416	-13 816	-20 887
Increase/(Decrease) in write-downs on inventories, work in progress, and trade debtors	- 988	-2 064	-1 281
Provisions for liabilities and charges	-3 954	-1 630	297
Other operating expenses	- 265	- 175	-1 366
Operating profit/loss)	**2 036**	**1 517**	**-1 007**
Financial income	**32 228**	**21 875**	**12 925**
Income from financial assets	13 364	0	4 735
Income from current assets	4 898	4 580	5 495
Other financial income	13 966	17 295	2 695
Financial expenses (-)	**-15 988**	**-20 841**	**-9 014**
Interest expense	-2 088	-2 092	-3 550
Amounts written off on current assets other than inventories, work in progress and trade debtors - increase (decrease)	0	- 330	- 1
Other financial charges	-13 900	-18 420	-5 463
Profit/(Loss) on ordinary activities before taxes	**18 276**	**2 551**	**2 904**
Extraordinary income (+)	**0**	**7**	**36 854**
Plus-values sur réalisation d'actifs immobilisés	0	0	36 802
Other extraordinary income	0	7	52
Extraordinary expense (-)	**-3 029**	**-107 584**	**-64 554**
Extraordinary depreciation and write-offs on fixed assets			
Impairment on financial assets	0	0	-3 669
Provisions for extraordinary charges and risk			-48 745
Other extraordinary expenses	-3 029	-107 584	-12 140
Profit/(loss) for the period before taxes	**15 246**	**-105 025**	**-24 797**
Income taxes (-) (+)	- 38	- 52	- 219
Profit/(loss) for the period	**15 209**	**-105 077**	**-25 015**
Transfers to tax free reserves (-)			
Profit/(loss) for the period available for appropriation	**15 209**	**-105 077**	**-25 015**

APPROPRIATION OF RESULTS (EUR 000)	2010	2011	2012
Loss to be appropriated (-)	**8 179**	**-101 707**	**-126 393**
Profit/(loss) for the period available for appropriation	15 209	-105 077	-25 015
Loss carried forward (-)	-7 030	3 370	-101 377
Transfers to capital and reserves	**0**	**329**	**101 377**
On capital and capital surplus	0	0	101 377
From reserves		329	0
Appropriations to capital and reserves	**760**	**0**	**58**
To capital and share premium account			
To legal reserve	0	0	0
To other reserves	760	0	58
Profit/(Loss) to be carried forward	**3 370**	**-101 377**	**-25 074**
Profit to distribute	**4 049**	**0**	**0**
Dividends	4 049	0	0

STATEMENT OF CAPITAL (EUR 000)	2011 Amount (EUR 000)	2011 Number of shares	2012 Amount (EUR 000)	2012 Number of shares
Capital				
1. Issued capital				
At the end of the previous financial year	**37 888**		**38 408**	
Changes during the financial year	520	373 013	13	9 000
At the end of the current financial year	**38 408**		**38 420**	
2. Structure of the capital				
2.1. Categories of shares				
• Ordinary shares without designation of face value	20 507	14 734 590	20 507	14 734 590
• Ordinary shares without designation of face value with VVPR strips	17 900	12 630 438	17 900	12 639 438
2.2. Registered or bearer shares				
• Registered shares		9 709 688		9 709 688
• Bearer shares		17 655 340		17 664 340
Own shares held by				
• The Company itself	106	75 637	106	75 637
• Its subsidiaries	857	610 852	857	610 852
Stock issue commitments				
Following exercise of share options				
• Number of outstanding share options		2 688 561		2 697 943
• Amount of capital to be issued	3 788		3 077	
Maximum number of shares to be issued		2 688 561		2 697 943
Amount of non-issued authorized capital	**22 194**		**22 596**	**22 596**



GENERAL INFORMATION

CORPORATE NAME

Ion Beam Applications SA,
abbreviated IBA SA.

REGISTERED OFFICE

Chemin du Cyclotron, 3;
B-1348 Louvain-la-Neuve, Belgium;
VAT BE 0428.750.985, RPM Nivelles.

DATE, FORM, AND PERIOD OF INCORPORATION

IBA was incorporated for an indefinite period on March 28, 1986 as a "Société Anonyme" under Belgian law. IBA is a listed corporation pursuant to Article 4 of the Belgian Code of Company Law and a Company having issued equity to the public pursuant to Article 438 of the Code.

CORPORATE PURPOSE (ARTICLE 3 OF THE ARTICLES OF INCORPORATION)

The purpose of the Company is to engage in research and development and to acquire intellectual property rights with a view to the exploitation, fabrication, and marketing of applications and equipment in the field of applied physics. It may engage in any and all securities, real-estate, financial, commercial, and industrial operations that are directly or indirectly related to its corporate purpose. It may acquire an interest, by contribution, merger, purchase of shares, or any other means, in companies, partnerships, or corporations whose purpose is similar, analogous, related, or useful to the achievement of its corporate purpose in whole or in part.

CONSULTATION OF CORPORATE DOCUMENTS

The Company's statutory and consolidated statements are filed with the National Bank of Belgium. Copies of the Company's consolidated articles of incorporation, its annual and semi-annual reports, and all other shareholder documentation may be obtained at the Company's website (www.iba-worldwide.com) or by shareholder request to the Company's registered office.

CAPITAL STOCK

At December 31, 2012, IBA's capital stock was valued at EUR 38 420 256.59 and consisted of 27 374 028 fully paid shares with no par value, including 12 639 438 shares with VVPR strips.

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

The following exercises and cancelations of stock options were recorded in 2012: exercise of 8 500 options recorded by notarial act on August 10, 2012; cancelation of 2 337 options recorded by notarial act on January 27, 2012 and cancelation of 1 000 options recorded by notarial act on December 17, 2012.
At December 31, 2012, there were no options outstanding under the 2002 Plan.

In October 2004, the Company issued 1 000 000 stock options for Group employees ("2004 Plan"). Of these options, 500 000 were awarded free of charge to employees of IBA and its Belgian subsidiaries and Specific Persons subject to the Belgian Employment Action Plan Act of March 26, 1999 ("free stock options"). Another 500 000 of these options were offered at 4% of the strike price to employees and Specific Persons not subject to the Belgian Employment Action Plan Act of March 26, 1999 ("paid stock options"). This segment was intended essentially for employees and Specific Persons associated with subsidiaries of IBA SA in countries outside Belgium where stock options are taxed when they are exercised rather than when they are granted. In order to distribute the impact of the tax burden on beneficiaries subject the Belgian Employment Action Plan Act, instead of giving these stock options away, the Company issued them at a price approximately equal to the marginal tax rate burden for beneficiaries subject to the Act. Of the total offering, 496 000 free stock options were accepted, and 390 000 paid stock options were purchased.

Consequently, 4 000 unaccepted free stock options were canceled, as recorded by notarial act on December 22, 2004. These stock options allow the beneficiary to purchase a new share at EUR 3.72 following certain procedures during specific periods between December 1, 2007 and September 30, 2010.

The following exercises and cancelations of stock options were recorded in 2012: exercise of 500 options recorded by notarial act on August 10, 2012, and cancelation of 21 990 options recorded by notarial act on January 27, 2012. At December 31, 2012, there were 251 680 options outstanding under the 2004 Plan.

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

The following cancelations of stock options were recorded in 2012: cancelation of 9 913 options recorded by notarial act on January 27, 2012. No exercise was recorded. At December 31, 2012, there were 40 087 options outstanding under the 2005 Plan.

In October 2006, the Company issued 575 000 stock options for Group employees ("2006 Plan"). The offering was distributed in much the same way as under the 2004 Plan. As recorded by notarial act on December 22, 2006, of the 332 000 free stock options, 287 500 were accepted, and of the 243 000 paid stock options, 149 750 were purchased. Consequently, 44 500 unaccepted free stock options were canceled, as recorded by notarial act. They allow the beneficiary to purchase a new share at EUR 13.64 following certain procedures during specific periods between December 1, 2009 and September 30, 2012.

The following cancelations of stock options were recorded in 2012: cancelation of 11 830 options recorded by notarial act on January 27, 2012 and cancelation of 257 978 options by notarial act on December 17, 2012. No exercise was recorded. At December 31, 2012, there were 105 442 options outstanding under the 2006 Plan.

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

The following cancelations of stock options were recorded in 2012: cancelation of 26 898 options recorded by notarial act on January 27, 2012, cancelation of 5 878 options recorded by notarial act on December 17, 2012. No exercise was recorded. At December 31, 2012, there were 267 470 options outstanding under the 2007 Plan.

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

The following cancelations of stock options were recorded in 2012: cancelation of 2 022 options recorded by notarial act on January 27, 2012, cancelation of 3 817 options recorded by notarial act on December 17, 2012. No exercise was recorded. At December 31, 2012, there were 101 131 options outstanding under the 2008 Plan.

In May 2009, as authorized by law, the Board of Directors decided to propose a three-year extension of the exercise periods for free options under the 2004, 2005, 2006, and 2007 stock option plans, with certain restrictions applying to persons holding options with a total value of more than EUR 100 000 (calculated as the strike price times the number of options).

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

The following cancelations of stock options were recorded in 2012: cancelation of 21 152 options recorded by notarial act on January 27, 2012, cancelation of 14 120 options recorded by notarial act on December 17, 2012. No exercise was recorded. At December 31, 2012, there were 390 999 options outstanding under the 2009 Plan.

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

The following cancelations of stock options were recorded in 2012: cancelation of 4 651 options recorded by notarial act on January 27, 2012, cancelation of 42 718 options recorded by notarial act on December 17, 2012. No exercise was recorded. At December 31, 2012, there were 412 270 options outstanding under the 2010 Plan. At December 31, 2012, none of these options were exercisable.

In September 2011, the Company issued 1 487 000 stock options for Group employees ("2011 Plan"). The offering was distributed in much the same way as under the 2004 Plan. As recorded by notarial act on January 27, 2012, of the 745 200 free stock options, 562 998 were accepted, and of the 741 800 paid stock options, 131 180 were purchased. Consequently, 182 202 free stock options were canceled, as recorded by notarial act. They allow the beneficiary to purchase a new share at EUR 5.03 (EUR 5.42 for determined persons) following certain procedures during specific periods between January 1, 2015 and September 30, 2017.

The following cancelations of stock options were recorded in 2012: cancelation of 34 176 options recorded by notarial act on December 17, 2012. No exercise was recorded. At December 31, 2012, there were 660 002 options outstanding under the 2011 Plan. At December 31, 2012, none of these options were exercisable.

In September 2012, the Company issued 870 000 stock options for Group employees ("2012 Plan"). The offering was distributed in much the same way as under the 2004 Plan. As recorded by notarial act on December 17, 2012, of the 600 000 free stock options, 433 711 were accepted, and of the 270 000 paid stock options, 72 641 were purchased. Consequently, 166 289 free stock options were canceled, as recorded by notarial act. 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.

As at December 31, 2012, 2 735 433 options were issued and outstanding.

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.

In April 2009, the Company offered 200 000 shares for subscription by Group employees ("2009 ESP Plan"). As recorded by notarial act on May 29, 2009, of the 200 000 new shares offered for subscription, 121 838 were subscribed at a price of EUR 4.09 per share. The shares offered for subscription were ordinary registered shares with VVPR strips and enjoyment granted as from 2009. They were offered at a subscription price equal to the average market price for 30 days prior to the offer, less a discount of 16.67%. The shares could not be sold for three years as from the end of the subscription period.

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

AUTHORIZED CAPITAL

The Extraordinary General Meeting of May 12, 2010 authorized the Board of Directors to increase the Company's capital stock through one or more stock offerings up to a maximum of EUR 25 000 000. This authorization is valid for five years from the date of publication in the Moniteur belge of the decision of the special shareholders' meeting of May 12, 2010; that is, until June 7, 2015. At December 31, 2012, following the launch of the 2012 stock option plan, the authorized capital amounted to EUR 22 595 965.91.

PATENTS AND TECHNOLOGIES

IBA is careful to patent all aspects of its technology for which a patent provides a commercial advantage.

In addition, the Company has maintained the secrecy of a significant portion of its know-how that is not patentable or for which the Company believes secrecy is more effective than publication in a patent application. More fundamentally, the Company believes that the best way to protect itself from its competitors is not by patenting its inventions, but by maintaining its technological lead.

IBA also licenses patents from third parties and pays royalties on them.

LICENSING AND COOPERATION AGREEMENTS

IBA has licensing agreements involving various aspects of its technology. Listing and explaining the nature and terms of these licensing agreements is beyond the scope of this annual report. These agreements cover, for example, certain aspects of its particle accelerator technology and a number of components of its proton therapy equipment. Several agreements also relate to its Bioassays business.

FIVE-YEAR CAPITAL HISTORY

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

THE STOCK MARKET AND THE SHAREHOLDERS

IBA STOCK

IBA stock is quoted on the Euronext Brussels continuous market (Compartment C during the exercice 2012 and 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). There were no convertible bonds or stock options issued or outstanding as of December 31, 2012.

IBA stock closed at EUR 5.53 at December 31, 2012.

At December 31, 2012, 2 735 433 options were issued and outstanding.

Situation as at	31/12/2011 non diluted		31/12/2011 fully diluted (3)		31/01/2012 fully diluted (3)		31/12/2012 non diluted		31/12/2012 fully diluted (3)	
SHAREHOLDERS	Number of shares	%	Number of shares	%	Number of shares	%	Number of shares	%	Number of shares	%
Belgian Anchorage SCRL (1)	7 773 132	28.40%	7 773 132	25.21%	7 773 132	25.97%	7 773 132	28.39%	7 773 132	25.86%
IBA Investments SCRL (2)	610 852	2.23%	610 852	1.98%	610 852	2.04%	610 852	2.23%	610 852	2.03%
IBA SA	75 637	0.28%	75 637	0.25%	75 637	0.25%	75 637	0.28%	75 637	0.25%
UCL ASBL	426 885	1.56%	426 885	1.39%	426 885	1.43%	426 885	1.56%	426 885	1.42%
Sopartec SA	529 925	1.94%	529 925	1.72%	529 925	1.77%	529 925	1.94%	529 925	1.76%
Institut des Radioéléments FUP	1 423 271	5.20%	1 423 271	4.62%	1 423 271	4.76%	1 423 271	5.20%	1 423 271	4.73%
Subtotal	**10 839 702**	**39.61%**	**10 839 702**	**35.17%**	**10 839 702**	**36.22%**	**10 839 702**	**39.60%**	**10 839 702**	**36.05%**
Float	16 525 326	60.39%	19 979 219	64.83%	19 123 094	63.78%	16 534 326	60.40%	19 269 759	63.95%
TOTAL	**27 365 028**	**100.00%**	**30 818 921**	**100.00%**	**29 962 796**	**100.00%**	**27 374 028**	**100.00%**	**30 109 461**	**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.

(3) 37 490 options outstanding as at December 31, 2012 but not exercisable any more at that date have not been taken into account in the dilution calculations above.

SHAREHOLDERS' SCHEDULE

Interim statements, first quarter 2013	May 8, 2013
2013 Annual Shareholders' Meeting	May 8, 2013
Publication of the semi-annual results as of June 30, 2013	August 29, 2013
Interim statements, third quarter 2013	November 14, 2013
Publication of the annual results on December 31, 2013	March 18, 2014

To consult at any time the last version of the Shareholders' Schedule:
http://group.iba-worldwide.com/legal-and-regulatory-information#financial-calendar

STOCK MARKET PRICES

IBA Group | IBAL01/2050 | AR2012

THE CREW

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Design & Production: www.thecrewcommunication.com

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