

MAKING YOU

safe & sound

ABOUT ION BEAM APPLICATIONS (IBA)

Founded in 1986, IBA is a global innovator in the design and development of particle accelerators, sterilization and ionization services, therapeutic and diagnostic dosimetry equipment, and the production and distribution of radioisotopes. With operations at more than 50 sites, spanning 12 countries and three continents, IBA provides extensive expertise and state-of-the-art services and equipment to numerous world markets in healthcare and industry. Our clients include top-ranking medical device manufacturers, specialized centers for the diagnosis and treatment of cancer, and the United States Postal Service. Our stock is listed on the pan-European stock exchange, EURONEXT, and is part of the market segment NextEconomy.

IBA'S LEADERSHIP POSITION

As a world leader in particle accelerator technology, our strategy has been to enter downstream businesses where the "accelerator" is an integral part of the success of that business. That strategy is beginning to pay off. While much growth is still ahead, IBA is already a leader:

- ***WE ARE THE WORLD'S LARGEST PROVIDER OF MEDICAL DEVICE STERILIZATION (AND LARGEST ETHYLENE OXIDE SERVICE PROVIDER, AND STILL THE LARGEST GAMMA RADIATION SERVICE PROVIDER).***
- ***WE PASTEURIZE BY IRRADIATION MORE FOOD PRODUCTS AND PACKAGING THAN ANYBODY IN THE WORLD TODAY.***
- ***WE ARE THE NUMBER ONE SUPPLIER OF DOSIMETRY SOLUTIONS IN THE RADIATION THERAPY MARKET.***
- ***WE ARE THE ONLY COMPANY IN THE UNITED STATES IRRADIATING THE U.S. MAIL.***
- ***WE ARE NUMBER TWO IN THE PRODUCTION OF FDG (FLUORODEOXYGLUCOSE) IN THE U.S. AND EUROPE.***
- ***WE ARE A LEADER IN THE PRODUCTION OF CYCLOTRONS, WITH MORE THAN A THIRD OF THE WORLD MARKET.***
- ***WE ARE THE WORLD'S LARGEST PRODUCER OF HIGH-POWER ELECTRON BEAM ACCELERATORS (RANGING FROM 35 kW TO 300 kW; SOON 700 kW) AND THE FIRST COMPANY TO COMMERCIALY OPERATE AN X-RAY PROCESSING CENTER IN THE UNITED STATES.***
- ***WE ARE THE WORLD'S LEADING PROVIDER OF PROTON THERAPY SYSTEMS IN NUMBER OF SYSTEMS SOLD.***

We are in the right markets with the right technology *and* the right people.

TO OUR SHAREHOLDERS:

It has been a year of change for IBA, a year of taking the necessary steps to get the company back on track. In only a few years, we acquired numerous complementary businesses and grew from a 100-person organization to more than 1,600 employees worldwide. Such accelerated growth did not come without some cost. We experienced many challenges in assimilating our new businesses, and, in some cases, underestimated what it would take to be successful. But despite these difficulties, we never stopped believing in the potential of our technology and service offering. By the end of 2001, we had begun to make dramatic changes that would help us refocus our business. We initiated a restructuring program that reorganized the company around our worldwide markets and customers, and made a number of management changes to heighten the entrepreneurial passion and spirit of IBA.

We are confident that we have the right technology and are in the right markets. While we are disappointed with our financial results, we believe we have a solid strategic plan—and are in good businesses that offer growth potential. We also believe we have the right people in place, a management team with the expertise and vision to take the company forward.

IBA is a world leader in particle accelerator technology—and a leading supplier of sterilization and ionization services, radioisotopes for medical applications, and equipment ranging from dosimetry to multimillion-dollar proton therapy systems. We rank number one or two in market share in all of our markets.

IBA's mission is to "protect, enhance and save lives." While it's a lofty undertaking, we truly believe in its message. We are playing a key role by focusing our business on two broad objectives: to kill microorganisms and to kill cancer.

FINANCIAL PERFORMANCE

Although faced with a struggling U.S. economy, unexpected fluctuation in exchange rates between the Euro and U.S. dollar, and prolonged volatility in global financial markets, IBA continued to make strides toward improved financial performance. For the fiscal year ended December 2002, we improved our consolidated cash flow, with a substantial reduction in net debt (due, in part, to the strengthening of the Euro) and a boost in overall profitability. While, on the whole, revenues were below our initial expectations, affected largely by the weakening of the U.S. dollar (nearly 70 percent of the company's revenues are generated in the United States), our net loss improved €2.7 million, or 11 percent, in 2002 compared with the previous year.

RESTRUCTURING PROGRAM—AHEAD OF SCHEDULE

During the year, we refocused several production plants and shifted key corporate functions to the United States to better capitalize on our established business presence in the U.S. This market makes up nearly 70 percent of our revenue, and offers many opportunities—particularly in the diagnosis and treatment of certain cancers. Having a stronger U.S. presence also positions us to take full advantage of financial markets within the United States.

To provide greater focus on global customer management and worldwide market opportunities, we reorganized IBA around a number of businesses—highlighted in this year's annual report—within three primary segments. We believe this new structure gives us a competitive advantage. It enables each business to have a singular focus on maintaining the latest technology and service offering, and gives us the flexibility to accurately anticipate trends within various world markets.

MANAGEMENT CHANGES

In January, Pierre Mottet, Chairman of the Executive and Strategic Committee for IBA, took over as CEO—bringing his long-standing view of IBA strategy and knowledge of the accelerator business and world-market expertise back to our organization. In March, James F. Clouser, the former Chief Executive Officer of SteriGenics International, joined IBA as President and Chief Operating Officer. And in May, Frederick J. Ruegsegger, a former board member of SteriGenics, became CFO and Chief of Staff. Along with Yves Jongen, founder of IBA and Chief Research Officer since March 2000, we have a well-balanced team with the vision to propel IBA to superior performance.

YEAR IN REVIEW

Challenges—While many good things happened in 2002, we did face some delays and challenges. The Sterilization & Ionization (S&I) segment, comprising our medical device sterilization, food pasteurization, material processing, and mail sanitization businesses, accounting for more than 60 percent of our revenue, grew at a rate less than we had anticipated due to unfavorable market conditions.

Additionally, we were late in obtaining permits for the construction of our new radioisotope production centers. We also fell behind in the manufacture of our proton therapy systems, and experienced delays in launching our brachytherapy product for prostate cancer.



PIERRE MOTTET
CHIEF EXECUTIVE OFFICER



JAMES F. CLOUSER
PRESIDENT & CHIEF OPERATING OFFICER

Accomplishments—Despite market challenges and setbacks, IBA achieved sales growth in many of its businesses, signed significant long-term agreements, and introduced a host of new competitive products and services. In fact, we saw significant growth in our radioisotope production business, and continued sales in proton therapy. This is good news for IBA's future, but more important, it is good news for the advancement of cancer diagnosis and treatment.

In December 2002, another U.S. Proton Therapy Center selected IBA equipment. Earlier in the year, we sold a system to Korea. We also completed development on our 13th new accelerator, a high-current, auto-extracted-beam cyclotron—particularly important for our new, coil-wire-based brachytherapy product.

LOOKING AHEAD

One of our key goals is to focus on retaining market leadership, cash flow, and profitability across all of our businesses. By mid-2003, we will have brought all of our S&I plants worldwide onto a common MIS system. In addition, we expect our new sterilization facility in Denmark to open on schedule mid-year. We also plan to complete installation of a new ethylene oxide (EtO) facility near Dallas, Texas, USA, featuring the new CycleOne™ process and add this new process to several more of our existing facilities. CycleOne is an all-in-one process that enables the three phases of EtO sterilization to take place in a single chamber, resulting in dramatically reduced turnaround time: from 7 to 14 days to as fast as one day. While not the only company to offer this service, we believe we can do it better using proprietary technology and equipment, thereby increasing our EtO business base.

As always, IBA will continue to be a leading innovator in its quest to protect, enhance, and save lives. Our core competencies remain the same: accelerator technology; distribution and service expertise; and other microbial reduction technologies. We will further our focus and concentration on markets and customers—looking to brand our businesses and products so they can be more closely identified to those customers and markets. We are confident about our vision and high-growth potential, and believe that 2002 was a turning point for us.

With a reenergized management team, talented and hardworking employees worldwide, and world-class customers, we believe our future is bright.

We protect lives. We enhance lives. We save lives. That is IBA's mission.

HIGHLIGHTS

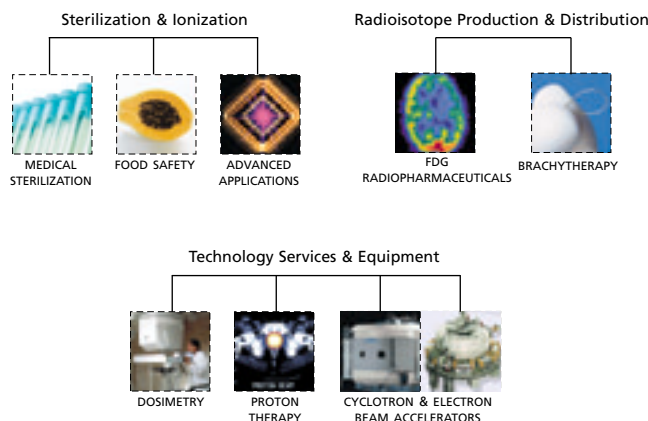
FIRST QUARTER

- Pierre Mottet, Chairman of the Executive and Strategic Committee, replaces Jean-Claude Delobel as Chief Executive Officer.
- IBA, The Titan Corporation, and SureBeam Corporation announce that they have amicably resolved all outstanding litigation.
- Renew contract with the United States Postal Service (USPS) for mail sanitization at the IBA Bridgeport Facility, New Jersey, USA.
- Receive authorization for CE marketing of the IBA proton therapy system, allowing it to be marketed in all 15 countries of the European Union.
- Announce sale of IBA PET cyclotron to the Chilean Commission for Atomic Energy (CCHEN) in Latin America.
- Appoint James F. Clouser—formerly Chief Executive Officer of SteriGenics International, acquired by IBA in 1999—as President and Chief Operating Officer.

SECOND QUARTER

- Sell high-power Rhodotron® accelerator to Gamma-Service in Dresden, Germany.
- Sign three-year contract with Premier, an alliance of 1,500 not-for-profit hospitals in the U.S. for FDG, the radiopharmaceutical used in PET (Positron Emission Tomography).
- Frederick J. Ruegsegger appointed CFO and Chief of Staff, as some functions (corporate finance, human resources, communications, and IT) are moved to the U.S.

PRIMARY BUSINESS SEGMENTS



WE HELP *PROTECT* LIVES BY KILLING MICROORGANISMS OR FOOD-BORNE PATHOGENS ON EVERYTHING FROM MEAT TO SPICES AND HERBS, AND FROM SINGLE-USE MEDICAL DEVICES TO MAIL. WE *ENHANCE* LIVES BY LEVERAGING THESE SAME TECHNOLOGIES TO MAKE EVERYDAY PRODUCTS STRONGER AND MORE EFFECTIVE, FROM STRENGTHENING RUBBER TIRES TO IMPROVING THE RESISTANCE OF CABLE SHEATHS USED IN AUTOS, AIRPLANES, AND PUBLIC BUILDINGS, TO OPTIMIZING THE PERFORMANCE OF SEMICONDUCTORS. WE *SAVE* LIVES BY PROVIDING THE TOOLS AND TECHNOLOGY TO BETTER DIAGNOSE, TREAT, AND KILL CANCER. IBA IS ONE COMPANY, WITH A SINGULAR FOCUS: *TO KEEP YOU SAFE AND SOUND.*

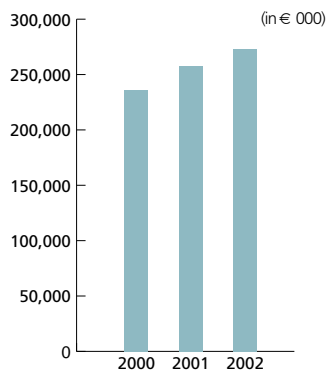
THIRD QUARTER

- Sell proton therapy system to Korean National Cancer Center in Seoul.
- Announce restructuring completed, and new focus on markets and customers through a number of strategic businesses.
- Announce first-half financial results, including reduction in net financial debt by €18 million since the close of 2001.

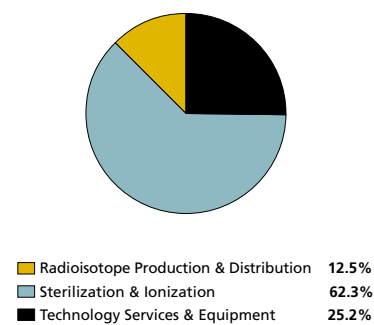
FOURTH QUARTER

- Exhibit the IBA cyclotron (the Cyclone 18/9) at the World Congress of Nuclear Medicine and Biology in Santiago de Chile.
- Renew agreement with the USPS to process mail and packages for an additional 6-month period; renewal term valued near \$5 million.
- Second U.S. Proton Therapy Center, the Midwest Proton Radiotherapy Institute (MPRI), selects IBA equipment.

CONSOLIDATED SALES BY BUSINESS SEGMENT

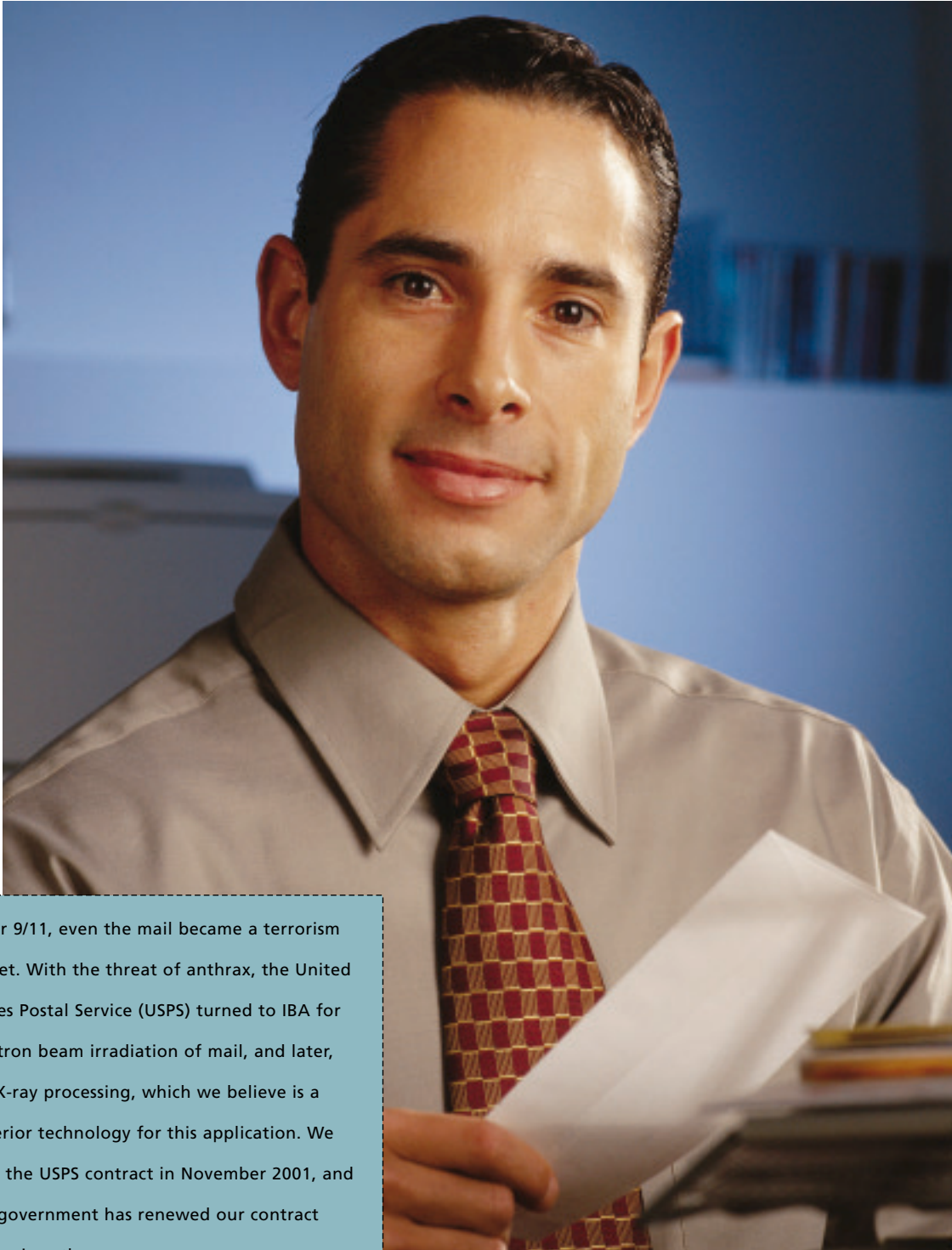


SALES BY BUSINESS SEGMENT



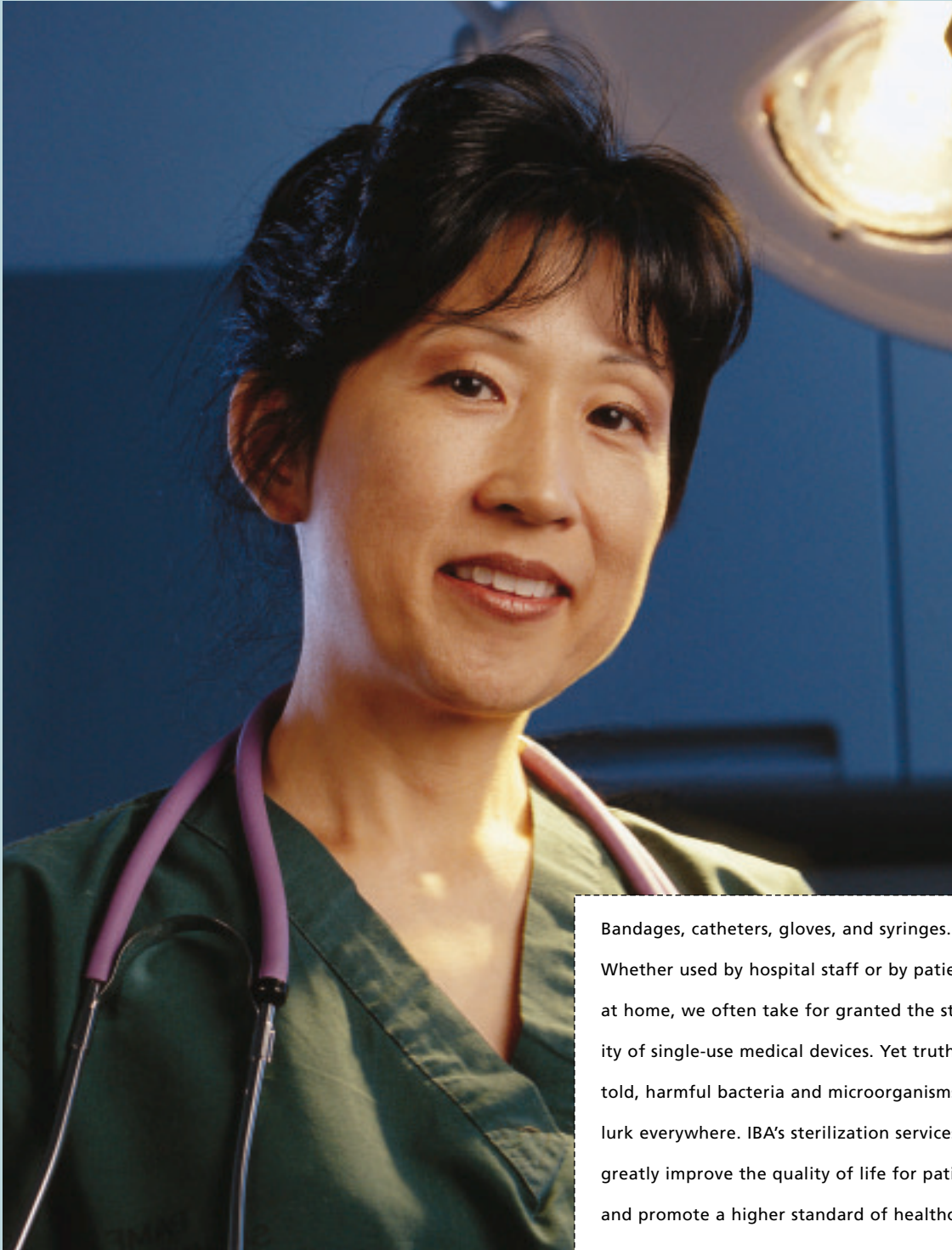
On the following pages, we highlight some of the interesting stories behind our new businesses and review operational results in our three primary segments—sterilization and ionization services; distribution and production of radioisotopes; and the development and manufacture of particle accelerators and related equipment.

How do I know my mail is not contaminated with anthrax?



After 9/11, even the mail became a terrorism target. With the threat of anthrax, the United States Postal Service (USPS) turned to IBA for electron beam irradiation of mail, and later, for X-ray processing, which we believe is a superior technology for this application. We won the USPS contract in November 2001, and the government has renewed our contract twice since then.

Can I trust that the medical devices I use are safe?



Bandages, catheters, gloves, and syringes.

Whether used by hospital staff or by patients at home, we often take for granted the sterility of single-use medical devices. Yet truth be told, harmful bacteria and microorganisms lurk everywhere. IBA's sterilization services greatly improve the quality of life for patients and promote a higher standard of healthcare.

Is my food safe to eat?



If it contains listeria, salmonella, or E.coli 0157:H7, the answer is no. Every year, these pathogens cause deadly illnesses. Irradiation of food, or cold pasteurization, has been fully tested for more than 50 years and has been proven a safe and effective method for greatly reducing the microorganisms or bacteria that contaminate food or cause food spoilage and deterioration. IBA is a leader in irradiation or cold pasteurization of food.

THE WORLD'S LEADER IN STERILIZATION AND IONIZATION SERVICES



MEAT PRODUCTS



FRESH FOOD



MAIL



SPICES



MEDICAL DEVICES



ADVANCED MATERIALS

Representing IBA's largest business segment at more than 60 percent of total revenue, our sterilization and ionization services have applications in medical product sterilization, food pasteurization, materials improvement, and mail sanitization. We offer nearly all of the existing sterilization techniques—ethylene oxide (EtO), gamma radiation, and electron beam (e-beam) and X-ray radiation, both generated by our particle accelerators. IBA is the only company to have an operating, high-energy X-ray system—giving us a distinct advantage. We operate 39 service centers, 29 in North America, eight in Europe and two in Thailand, with two new facilities planned for 2003.

MEDICAL PRODUCTS

With global market share of 40 percent, nearly twice the size of our nearest competitor, our medical products business is increasingly used by medical device manufacturers and pharmaceutical companies to sterilize their single-use medical products. With stable profitability from this group, we believe that future growth could come from additional outsourcing. Currently, only about 50 percent of all medical devices sterilized are outsourced today.

To give us a competitive edge in the European and U.S. markets, we are building an e-beam facility in Denmark and a state-of-the-art EtO facility near Dallas, Texas. We also began development of our new technology for EtO processing during 2002.

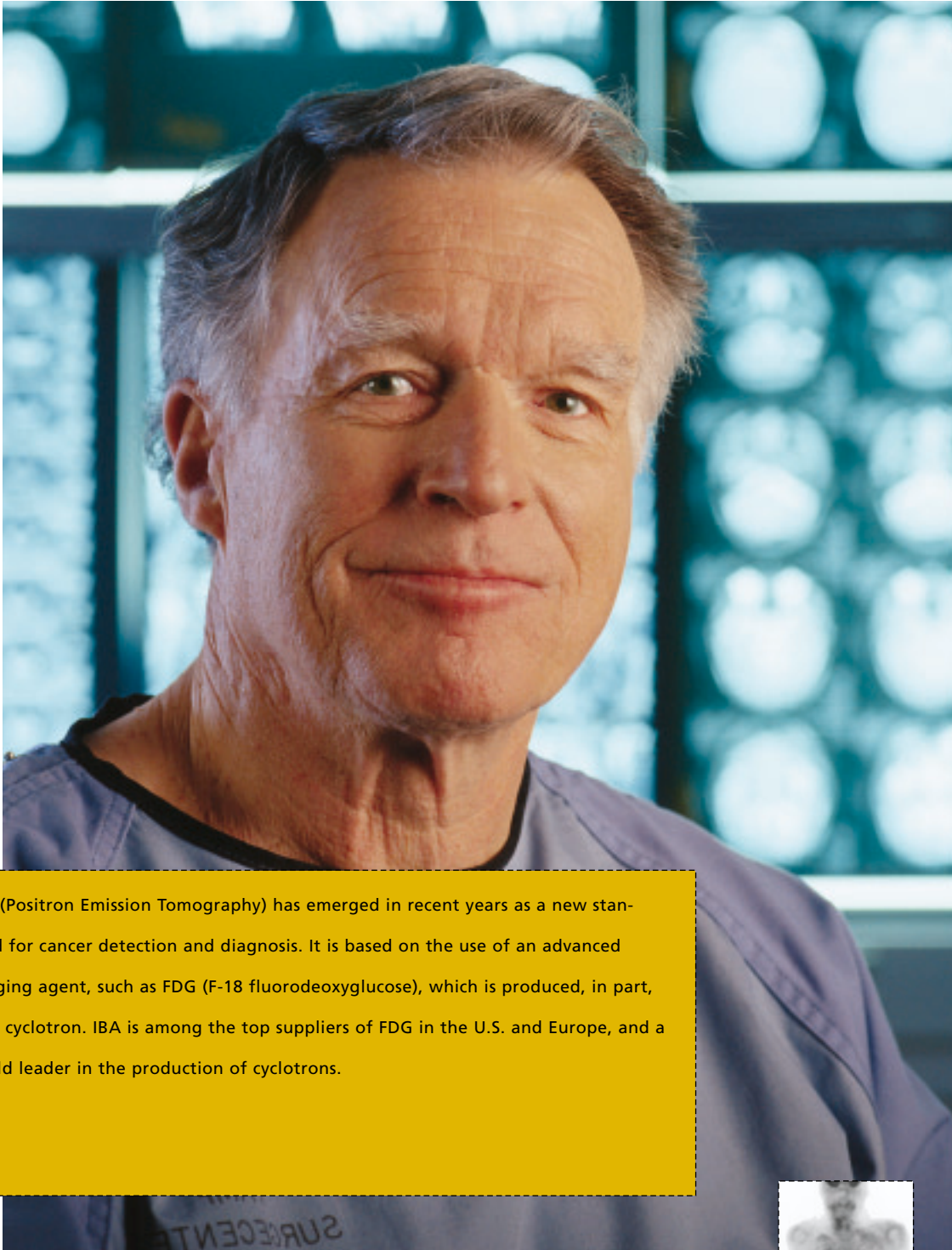
FOOD SAFETY

IBA irradiates more food products and packaging than anybody in the world today. With an established 90 percent share of the U.S. market for irradiated spices and 30 percent of the global market for the irradiation or cold pasteurization of food and related products, we're continuing to extend and improve the efficiency of our technology to take advantage of growth opportunities in the fresh food markets. This includes fruits and vegetables, meat and poultry, and ready-to-eat products such as lunchmeats, hot dogs, and prepared salads. While IBA has been a leader in irradiating spices and other dry ingredients, millions of pounds each year, Food and Drug Administration (FDA) approval of ready-to-eat foods is seen as a key driver of this market in the U.S. We believe our strategy to use X-ray irradiation for whole pallets will be a key differentiator.

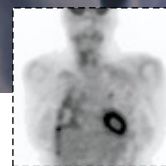
MAIL AND ADVANCED MATERIALS

Our newest application area is mail sanitization, or purification, services for the United States Postal Service. What's unique about our offering? We provide both X-ray and electron beam processing capabilities using a high-power, dual modality accelerator. Electron beams are also used to modify or enhance the molecular properties of various advanced materials—rubber tires to make them stronger and longer lasting, cable and wire sheaths to protect against fire damage, and dry resins for coatings used in paints, inks, razor blade lubricating strips, and other consumer products.

How can I pinpoint tumors as tiny as a few millimeters in size?



PET (Positron Emission Tomography) has emerged in recent years as a new standard for cancer detection and diagnosis. It is based on the use of an advanced imaging agent, such as FDG (F-18 fluorodeoxyglucose), which is produced, in part, by a cyclotron. IBA is among the top suppliers of FDG in the U.S. and Europe, and a world leader in the production of cyclotrons.



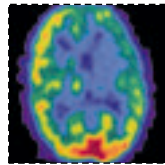
How can I know that the radiation isn't damaging my healthy tissue?



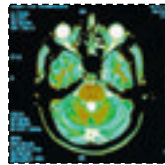
Even when prostate cancer is successfully treated, by surgery or conventional radiotherapy, it often results in significant damage to the surrounding nerves. IBA has developed a new fine-coiled wire technology that could result in a new generation of implants. The wire technique offers many advantages—including stability of the implant, ultrasound visibility that enables precise placement, and a less invasive, less traumatic procedure.



PRODUCING AND DISTRIBUTING RADIOISOTOPES



FUNCTIONAL IMAGING



STRUCTURAL IMAGING



FDG SYNTHESIS



GENETRA IMPLANT

When IBA was founded in 1986, its business focus was on commercializing cyclotrons for the production of radioisotopes. Leveraging this expertise, we acquired the majority ownership position of two U.S. companies in 2001—Eastern Isotopes and RadioMed—that furthered our vertical integration into the manufacture and distribution of radioisotopes for medical imaging and use in cancer implants (brachytherapy). Today, this segment, a high-growth area, represents about 12 percent of our revenue.

FDG—RADIOPHARMACEUTICALS

Is it a healthy cell or a cancerous one? While conventional medical imaging looks at anatomic structure, PET looks at metabolic function using a tracer or diagnostic agent to produce clear images of biological processes and physiological situations. PET is a powerful diagnostic tool that analyzes far more than mere anatomy. It enables doctors to detect developing cardiac, neurological or oncological anomalies as well as diagnose ailments at an early stage.

Already approved for a number of applications in the U.S., including lung, breast, head, and neck cancers; epilepsy; and cardiac disease, we see continued growth in the PET market worldwide and thus, an increased demand for FDG. During 2002, we signed a three-year contract for FDG with Premier, an alliance of 1,500 U.S. hospitals. We are also continuing to build out our network of FDG production centers in the U.S. and Europe, positioning ourselves for continued growth in these markets. Construction of our U.S. production facilities in New Jersey and California began in 2002. We also installed two IBA cyclotrons in our new Florida facility, and one additional cyclotron to meet increased demand in Illinois. During the year, we received official market authorization for our FDG production facility in Lyon, France and began limited operations at our Milan, Italy facility.

BRACHYTHERAPY

Brachytherapy is an innovative technique for performing radiation therapy that plants the radiation source, traditionally rice-sized seeds, inside the tumor to kill malignant cells—reducing radiation exposure to the surrounding tissue. While used primarily to treat prostate cancer, the number-two cause of cancer-related mortality in men, it has application in a range of other areas including breast cancer, following lumpectomy procedure. Once again, leveraging our expertise in particle accelerators, we're developing a remarkable technology that uses a unique, high-power external beam cyclotron to produce the GENETRA™ implant, our second-generation, patented, FDA-cleared, fine helical coiled wire technology.

OUR CORE TECHNOLOGY: PARTICLE ACCELERATORS AND RELATED EQUIPMENT



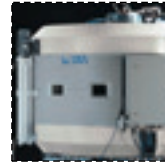
PROTON THERAPY



DOSIMETRY



RHODOTRON



PET CYCLOTRON

IBA is one of the world's largest producers of cyclotrons—machines used to produce beams of charged particles that can be directed at a specific target. Our proton and electron accelerators are the technology foundation of our business, and are used in a wide range of medical and industrial applications such as cancer treatment (proton therapy and brachytherapy), radioisotope production, medical device sterilization, food pasteurization, mail sanitization, and improvement of materials. This business represents 25 percent of our revenue.

PROTON THERAPY SYSTEMS

Proton therapy is regarded as the best clinically available way to treat most localized cancer with no or minimal damage to areas like the head, neck, eye, or spinal cord. IBA was the first company to develop and manufacture a commercially available proton therapy system designed to treat thousands of patients a year. In fact, IBA is the leading provider of proton therapy systems worldwide.

We believe this business, in particular, offers some exciting growth potential. The IBA proton therapy system is the only one of its kind with commercial authorization from both the U.S. Food and Drug Administration and the European Union. We have sold proton therapy systems and related equipment to several of the world's cancer treatment centers either operating, planned or under development.

DOSIMETRY

Our specialized dosimetry products measure the radiation dose administered to cancer patients during diagnosis and subsequent treatment with radiotherapy equipment. IBA is the number one supplier of dosimetry solutions in radiation therapy.

For the Intensity Modulated Radiation Therapy (IMRT) area—an advanced cancer treatment technique—we're developing complete dosimetry solutions, slated for 2003. IBA solutions will be the first to enable both dosimetric verification of the prescribed dose and IMRT quality assurance for radiotherapy equipment such as linear accelerators.

ACCELERATOR RESEARCH, DEVELOPMENT, AND MANUFACTURING

IBA particle accelerators range in both energy and power levels to satisfy a variety of application areas. Since our first cyclotron, we have developed an assortment of systems used in the production of radioisotopes for medical imaging, cancer treatment, and the diagnosis of heart disease and neurological disorders, such as Alzheimer's disease. IBA is the only manufacturer to produce cyclotrons for PET (Positron Emission Tomography), SPECT (Single Photon Emission Computed Tomography), and Palladium-103 (a radioisotope used in brachytherapy treatments). In addition to systems developed for the company's many businesses, IBA sold eight PET cyclotrons worldwide in 2002.

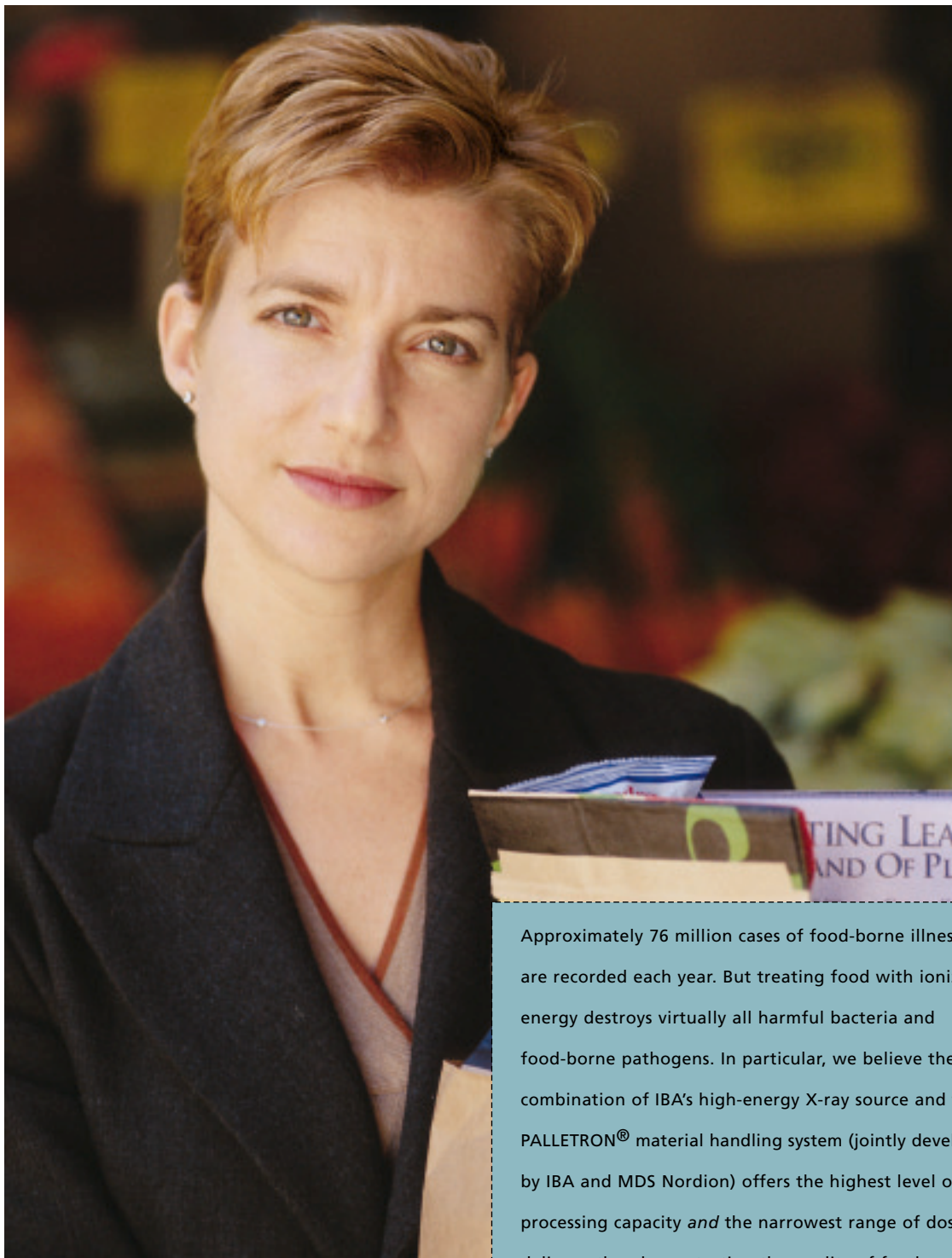
Our electron beam systems include the Rhodotron® and Dynamitron® family of accelerators. The IBA system designs range in power up to 700 kW and provide for dual modality processing (e-beam and X-ray radiation), making our systems ideal for a wide array of products—medical devices, food, and materials used in the production of everyday consumer products. IBA is the world's largest producer of high-power electron beam accelerators. During 2002, the company added to its worldwide market share with the sale of a Rhodotron system to Gamma-Service of Germany.

What if your child has to face the unimaginable heartbreak of cancer?



While all cancer is traumatic (it will affect one in three individuals over his or her life) and devastating to treat, childhood cancer is especially difficult. With bones and organs still developing in young children, the radiation has to be precisely targeted to destroy the tumor, and not the tissue behind or around it. With proton therapy, the area affected by the proton beam can be precisely controlled, allowing an optimum dose of radiation to be delivered to the tumor itself—a much higher dose than can be done with standard radiation treatment.

Are the ready-to-eat products I buy for my family truly safe?



Approximately 76 million cases of food-borne illness are recorded each year. But treating food with ionizing energy destroys virtually all harmful bacteria and food-borne pathogens. In particular, we believe the combination of IBA's high-energy X-ray source and the PALLETRON® material handling system (jointly developed by IBA and MDS Nordion) offers the highest level of processing capacity *and* the narrowest range of dose delivery, thereby protecting the quality of foods, while destroying harmful bacteria. Irradiation processing of ready-to-eat foods is currently under review by the FDA.

GLOSSARY

BRACHYTHERAPY	cancer treatment by inserting tiny implants carrying radioactive isotopes directly into a tumor; radiation from the isotopes destroys the cancerous cells.
COBALT 60 (Co-60)	a radioisotope that emits gamma rays and is used by IBA to sterilize medical products and pasteurize foods.
CYCLOTRON	a circular particle accelerator with applications in medicine, which include the treatment of cancer and the production of radioisotopes for medical diagnostics or imaging.
DOSIMETRY	in radiotherapy, the discipline and equipment for measuring the dose of radiation to be delivered to cancerous tumors and other cells in a patient.
DYNAMITRON [®]	an electrostatic accelerator used for numerous industrial applications.
ELECTRON	elementary particle with a negative electric charge.
ETO (ETHYLENE OXIDE)	a bactericidal gas used for sterilizing single-use medical devices and food products such as spices.
FDA (FOOD & DRUG ADMINISTRATION)	a United States government agency with authority over certain processes and products within the U.S. healthcare and food markets.
FDG (F-18, FLUORODEOXYGLUCOSE)	a diagnostic imaging agent, comprising a radioisotope and sugar, used for the purpose of cancer detection.
KW(KILOWATT)	a standard unit of electrical power equal to one thousand watts, or to the energy consumption at a rate of 1000 Joules per second.
IMRT (INTENSITY MODULATED RADIATION THERAPY)	state-of-the-art method used to deliver high-conformal radiation doses to cancerous tumors.
IONIZATION	phenomenon in which an atom, a molecule, or a radical either gains or loses one or several electrons, thereby endowing it with an electric charge. Ionization is used in numerous industrial processes to modify the chemical or biological properties of different substrates (materials).
IRRADIATION	the process of exposing products or materials to ionizing rays of energy.
MEDICAL IMAGING	a technique enabling doctors to see organs, and their metabolic function inside the body, as an aid to diagnosis.
MEV (MILLION ELECTRON VOLTS)	unit of measure for energy; used in atomic physics.
NUCLEAR MEDICINE	technique for making medical diagnoses by using radioisotopes to visualize the functioning of the human body.
PARTICLE ACCELERATOR	a machine that imparts an extremely high velocity to elementary particles, such as electrons and protons. There are different types of accelerators, including cyclotrons, microtrons, Dynamitrons, Rhodotrons, synchrotrons, and linear accelerators.
PASTEURIZATION	action aimed at destroying a large number of disease-causing germs in food. Traditionally done by heat treatment (as is the case with pasteurized milk), the process can also be carried out without heat, using the energy of ionization.
POLYMERIZATION	combining different molecular components to form a large molecule. This process is used in industry, in particular to modify the properties of plastics and other polymers.
PET (POSITRON EMISSION TOMOGRAPHY)	the most advanced branch of nuclear medicine based on the use of short-duration radioisotopes integrated into molecules present in the human body and emitting positrons. Because it delivers high-quality functional images, PET is particularly valuable for detecting and locating cancerous tumors and unhealthy cells; it has equally valuable applications in cardiology and neurology.
PROTON THERAPY	treatment of cancerous tumors with proton beams. This high-precision technique ensures optimal dose delivery to the tumor without damaging surrounding healthy tissue. The proton is the nucleus of the hydrogen atom.
RADIOISOTOPES	in a group of atoms with the same number of protons but different numbers of neutrons, the atoms with an unstable number of neutrons that disintegrate, releasing rays of subatomic particles, are called radioisotopes.
RADIATION	a form of ionizing energy.
RADIOTHERAPY	the therapeutic application of rays of radiation (or energy) to cancerous tumors.
RHODOTRON [®]	a high-performance electron accelerator with a wide variety of industrial applications.

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SHAREHOLDER INFORMATION

Ticker Symbol: IOBA.t.BR (Reuters) IBAB.BB (Bloomberg)
Exchange: Euronext Brussels
2003 Annual General Meeting: May 14, 2003
Publication of mid-year results: September 18, 2003
Publication of annual results: March 25, 2004
2004 Annual General Meeting: May 12, 2004

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MAKING YOU

safe & sound

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The IBA 2002 Annual Report consists of two parts. The Belgian Banking and Finance Commission has authorized IBA to use its Annual Report (the "Report") as the document of reference for any public share offering IBA may conduct via the dissociated information procedure, based on Belgian Royal Decree 185 of July 9, 1935, until publication of the Company's next Report. Within the framework of this procedure, an operational note should be added to the present Report so that such Report constitutes a prospectus in compliance with article 29 of the aforementioned Royal Decree. So as also to be in compliance with the provisions of article 29 § 1, subsection 1, of the aforementioned Royal Decree, said prospectus must be submitted to the Belgian Banking and Finance Commission for approval. Furthermore, only the French Report shall be considered the authentic document of reference. The English equivalent, contained hereunder, has been validated by IBA.

Management Report 2002

Fiscal 2002 was a year of change for IBA (the "Company")—a year of refocusing our business. In January, Pierre Mottet returned as the Company's Chief Executive Officer, and in March, James F. Clouser—former Chief Executive Officer of SteriGenics International, Inc. acquired by IBA in 1999—joined the Company as President and Chief Operating Officer. These management changes resulted in the restructuring of the organization to foster a worldwide focus on customers and end markets through the creation of a number of strategic businesses within three primary segments: sterilization and ionization services; distribution and production of radioisotopes; and the development and manufacture of particle accelerators and related equipment. This new structure enabled IBA to re-hire many experienced managers who had left the Company during the past few years. Furthermore, management focused on improving the total profitability of the Company, recognizing that several of its businesses remained in product or market development stages that resulted in financial losses to the Company.

As a world leader in particle accelerator technology, IBA's strategy has been to enter downstream businesses where the "accelerator" is an integral part of the success of that business. Management has continued to execute against this previously stated strategy and will evaluate its effectiveness and modify, as appropriate, depending on the results of IBA's service businesses and the results of IBA as a total company.

In addition to its restructuring program, IBA faced financial challenges as well. The Company's financial performance was further affected by the weakening of the U.S. dollar. With approximately 70 percent of the Company's consolidated sales denominated in U.S. dollars, the decline in the dollar relative to the Euro had a €9.7 million negative impact on 2002 revenues. Moreover, currency translation adjustments accounted for 55.1 percent, or €25.6 million of the €46.5 million reduction in shareholder equity for the year ended December 31, 2002.

During fiscal 2003, IBA will focus on retaining market leadership and achieving positive cash flow and profitability across all of its businesses. IBA will continue to implement the changes identified and initiated in 2002, providing greater focus on global customer management and worldwide market opportunities. The Company will strive to execute on its strategy of focused business segments that capitalize on competitive advantages and technological expertise to increase market share and attain operating profitability.

IBA is committed to continued research and development within its core competency of particle accelerator technology. This is especially true for proton therapy, an area believed by the Company to offer significant market potential. Additionally, IBA will continue its efforts in the development of new applications for markets such as processing of advanced materials and the diagnosis and treatment of cancer utilizing other of the Company's existing technologies, such as X-ray and the production and distribution of radioisotopes.

SUMMARY OF ACTIVITY WITHIN IBA'S THREE PRIMARY BUSINESS SEGMENTS

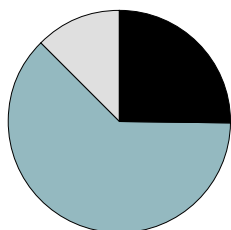
To ensure the greatest potential for growth, effective business management, and transparency of contribution to the consolidated group of companies, IBA has organized the management of its businesses and corresponding financial performance into three primary business segments:

Sterilization & Ionization composed of specialized services for medical product sterilization, food pasteurization, materials improvement, and mail sanitization.

Radioisotope Production & Distribution composed of production and distribution services for FDG (F-18 fluorodeoxyglucose—a radiopharmaceutical used in medical imaging) and the development of advanced brachytherapy products used in the treatment of select cancers, such as prostate and breast.

Technology Services & Equipment forming the technology foundation of the Company's many businesses, including the development, manufacture, and service of medical and industrial particle accelerators, proton therapy systems, and a wide range of dosimetry products and solutions in radiation therapy.

PERCENTAGE OF SALES BY BUSINESS SEGMENT FOR THE YEAR ENDED DECEMBER 31, 2002



	2002	2001
Radioisotope Production & Distribution	12.5%	8.2%
Sterilization & Ionization	62.3%	65.3%
Technology Services & Equipment	25.2%	26.5%

Total 2002 Sales = €273 million

Total 2001 Sales = €258 million

STERILIZATION & IONIZATION

The Sterilization & Ionization (S&I) segment continues to be the largest contributor to IBA's consolidated sales with €170.0 million of consolidated sales and services in 2002 compared with €168.3 million in 2001. As a percentage of total consolidated sales, the S&I segment contributed 62.3 percent in 2002, a decrease from the 65.3 percent reported in 2001.

While 79.4 percent of S&I sales were derived from sterilization services supplied to the medical device market, sales from the segment's sterilization business decreased 5.0 percent in 2002 to €135.1 million, compared with €142.2 million in 2001. Sales from the segment's food business decreased to €17.0 million in 2002 from €17.8 million in 2001, a 4.6 percent decrease year over year. Since a significant majority of S&I sales are denominated in U.S. dollars, the strong performance of the Euro during 2002 had a negative impact on year-to-year comparisons. This resulted in a €7.2 million reduction in reported sales when compared to what would have been reported using 2001 exchange rates. The overall increase in total sales for S&I is attributable to the 115.2 percent increase in sales within the advanced applications business, which grew to €17.9 million in 2002, up from €8.3 million in 2001. The increase in sales within advanced applications is primarily due to IBA's contract with the United States Postal Service (USPS) for the sanitization or purification of select U.S. mail and packages.

The contribution of sales and services from the businesses that comprise the Sterilization & Ionization segment, as well as the principal components of the income statement related to this segment as a whole, are as follows:

STERILIZATION & IONIZATION (in € 000)	2002	%	2001	%	% Change
Sales and services	170,019	100.0%	168,333	100.0%	1.0%
Medical Sterilization	135,054	79.4%	142,152	84.4%	(5.0%)
Food Safety	17,030	10.0%	17,847	10.6%	(4.6%)
Advanced Applications	17,935	10.6%	8,334	5.0%	115.2%
EBITDA	50,600	29.8%	50,035	29.7%	1.1%
EBITA	22,760	13.4%	21,819	13.0%	4.3%

EBITDA: Operating result before provisions, depreciation of assets and amortization of goodwill, taxes and financial expense.

EBITA: Operating result before amortization of goodwill, taxes and financial expense.

Business segment results are presented after allocation of corporate overhead.

MEDICAL STERILIZATION

IBA remains the world leader in medical product sterilization services, with an estimated 40 percent market share. With 39 service centers in North America, Europe, and Asia, IBA provides expertise in four key sterilization technologies, namely gamma radiation (using the source Cobalt-60), ethylene oxide (EtO), and particle accelerator radiation (electron beam and X-ray). IBA clients include some of the world's largest medical device manufacturers and healthcare product companies. Contracts with select customers often carry multi-year terms, thus offering IBA added stability on a large portion of its sales.

The Company continued its commitment to providing convenient and economical service centers in 2002 with the completion of a new EtO facility in Petit-Rechain, Belgium. Additionally in 2002, IBA continued construction of an e-beam facility in Denmark, which is expected to open mid-year 2003, as well as a new state-of-the-art EtO facility in Dallas, Texas (U.S.A.). Services in this market include not only sterilization, but also analytical laboratory services, providing an array of complementary, value-added services such as SteriPro®, a sterilization management service, and Excell®, a process-optimization service. Additional service offerings include time-based processing services and customer-specific distribution services.

Technology development, as well as capital investments aimed at optimizing existing capacity and enhancing the Company's EtO processing capabilities that were initiated in 2001, continued throughout 2002. Beginning in 2003, IBA expects to realize increased market share and fixed cost reductions based on these improvements.

FOOD SAFETY

IBA continues to be a world leader in the irradiation processing of food products and packaging, holding an estimated 90 percent share of the irradiated spice market in the U.S., as well as a 30 percent share of the irradiated food market worldwide. The Company believes growth in the U.S. food market to be largely dependent upon U.S. Food and Drug Administration (FDA) approval for the irradiation treatment or processing of ready-to-eat foods. As a result, sales remained concentrated in spices and other dry ingredients and did not achieve significant growth in 2002. IBA remains committed to the advancement of food safety and the worldwide food markets. The Company anticipates that it will continue to develop and improve its technology and service offerings in the future.

ADVANCED APPLICATIONS

Markets within IBA's advanced applications segment were an area of high growth in 2002, mainly due to the revenues generated under contract with the USPS for the sanitization or purification of select U.S. mail and packages. The mail and packages are processed at IBA's Bridgeport (New Jersey, U.S.A.) irradiation facility, which has been made available for the exclusive use of the USPS. The Bridgeport facility is designed around IBA's high-power Rhodotron® accelerator, which provides for dual modality processing with electron beam and X-ray capability. IBA is the only provider with existing capability and capacity for X-ray processing of the U.S. mail. The contract with the USPS is renewable on a semi-annual basis, and was renewed for a second time in late 2002. IBA continues to explore new opportunities in providing this and related services to other customers.

In addition to treating the U.S. mail, business within IBA's advanced applications segment includes the processing of advanced materials—semiconductors, gemstones, wire and cable sheaths, and bulk polymers such as PolyOx® and polytetrafluoroethylene (PTFE). IBA believes that the processing of these types of materials continues to present significant market opportunities. Whether developed within IBA, or strategically acquired over the years, IBA is able to draw on 50 years of experience within equipment sales and electron beam processing of industrial materials to better serve its customers and provide technology expertise to companies around the world.

RADIOISOTOPE PRODUCTION & DISTRIBUTION

In 2002, IBA realized expected growth in the radioisotope segment mainly due to the production and distribution of the radiopharmaceutical fluorodeoxyglucose (FDG), an advanced imaging agent used within the nuclear medicine market. The radioisotope segment, which is expected to be a source of continued growth throughout the coming years, accounted for €34.1 million, or 12.5 percent of the Company's total consolidated sales in 2002, a 61.7 percent increase compared with €21.1 million, or 8.2 percent of the total consolidated sales, in 2001.

The contribution of sales and services from the businesses that comprise the Radioisotope Production & Distribution segment, as well as the principal components of the income statement related to this segment as a whole, are as follows:

RADIOISOTOPE PRODUCTION & DISTRIBUTION (in € 000)	2002	%	2001	%	% Change
Sales and services	34,146	100.0%	21,117	100.0%	61.7%
FDG + related business	33,237	97.3%	20,975	99.3%	58.5%
Brachytherapy	909	2.7%	142	0.7%	540.1%
EBITDA	282	0.8%	2,029	9.6%	(86.1%)
EBITA	(4,080)	(11.9%)	287	1.4%	(1,521.6%)

EBITDA: Operating result before provisions, depreciation of assets and amortization of goodwill, taxes and financial expense.

EBITA: Operating result before amortization of goodwill, taxes and financial expense.

Business segment results are presented after allocation of corporate overhead.

FDG—RADIOPHARMACEUTICALS

FDG is the principal radiopharmaceutical agent used in Positron Emission Tomography (PET) imaging. This imaging technology analyzes cell metabolism and is used to aid in the diagnosis and monitoring of disease (primarily cancer). In continuing efforts to expand upon IBA's cyclotron expertise, which is key to the production of FDG, and to capitalize on the growing FDG market in the United States and Europe, IBA worked toward expanding its worldwide network in 2002. With established production and distribution capability on the East Coast and in the mid-western United States, IBA established production facilities in Lyon, France, and Milan, Italy in 2002. Also in 2002, IBA obtained market authorization for the production and distribution of FDG in France, and further enhanced operations through the integration of the Company's European and U.S. FDG businesses. Future U.S. expansion plans include production and distribution facilities in the Northeast, Southwest, and West Coast. Additionally, IBA intends to open a production facility in Woluwe, Belgium through a joint venture with the Cliniques Universitaires Saint-Luc (targeted for 2003), as well as a wholly owned facility in Ghent, Belgium in 2004.

Sales for the production and distribution of FDG and other related business increased 58.5 percent to €33.2 million in 2002, up from €21.0 million in 2001, principally due to an increase in the usage of PET imaging for the purpose of diagnosis or monitoring of diseases, particularly in the U.S. The national contract IBA signed with Premier, a group purchasing organization (GPO) in the U.S., also favorably influenced sales in this area. Premier maintains an alliance of 1,500 U.S. hospitals. While overall FDG sales increased, there was a 15 percent downturn in the selling price for FDG in the United States, as well as an increase in operating expenses associated with the opening and start-up of new facilities. The Company expects continued growth in the PET market worldwide and, therefore, continued sales growth within the radioisotope segment.

BRACHYTHERAPY

Brachytherapy is the treatment of cancer using sources of radioactivity that are implanted directly into the tumor or unhealthy cells. IBA initially invested in brachytherapy technology in 2000 with the purchase of a minority share in RadioMed Corporation, a company based in Tyngsboro, Massachusetts (U.S.A.). IBA took a majority share position in 2001. RadioMed's design is superior to that of standard products, rice-sized seeds. The new, coil-wire-based brachytherapy product offers many advantages—stability of the implant, ultrasound visibility that enables precise placement of the implant, and a less invasive, less traumatic delivery system.

Brachytherapy revenues grew to €909,000 in 2002 from €142,000 in 2001, which was mostly attributable to certain research and development grants. In 2002, RadioMed continued its move toward the commercial sale of its technologically advanced coiled-wire product (Genetra™) and developed a second use for its wire technology, a non-radioactive marker (Visicoil™). Additionally, the Company integrated its Fleurus, Belgium operation, which is equipped with a self-extracting cyclotron used in the production of brachytherapy products, with RadioMed's U.S. operation to form a cohesive, worldwide sales and service team. The Company expects both Genetra and Visicoil to attain commercial sales volumes in 2003.

Subsequent to December 31, 2002, IBA purchased the remaining 42.2 percent of RadioMed not already owned by the Company, making RadioMed a wholly owned subsidiary of IBA on February 21, 2003. The buy-out agreement consists of a total commitment for U.S. dollar 8.2 million, of which U.S. dollar 2.0 million was paid in cash at closing, with the balance subject to annual payments of cash and stock through 2005.

TECHNOLOGY SERVICES & EQUIPMENT

In 2002, IBA's Technology Services & Equipment segment, comprising business operations within proton therapy, dosimetry for radiation therapy, and particle accelerator technology, contributed €68.8 million of the Company's total consolidated sales and services, a slight increase from the €68.2 million reported in 2001. Sales and services for the segment, as a percentage of total consolidated sales, decreased to 25.2 percent in 2002, compared with 26.5 percent in 2001.

The contribution of sales and services from the businesses that comprise the Technology Services & Equipment segment, as well as the principal components of the income statement related to this segment as a whole, are as follows:

TECHNOLOGY SERVICES & EQUIPMENT (in € 000)	2002	%	2001	%	% Change
Sales and services	68,784	100.0%	68,177	100.0%	0.9%
Proton therapy	14,473	21.1%	7,961	11.7%	81.8%
Other accelerators	33,656	48.9%	41,633	61.1%	(19.2%)
Dosimetry	20,655	30.0%	18,583	27.2%	11.1%
EBITDA	10,483	15.2%	8,278	12.1%	26.6%
EBITA	(669)	(1.0%)	2,326	3.4%	(128.8%)

EBITDA: Operating result before provisions, depreciation of assets and amortization of goodwill, taxes and financial expense.

EBITA: Operating result before amortization of goodwill, taxes and financial expense.

Business segment results are presented after allocation of corporate overhead.

PROTON THERAPY

Leveraging our particle accelerator technology, IBA's proton therapy systems are used for the treatment of many localized cancers. During 2001, IBA received marketing clearance from the U.S. Food and Drug Administration, and in 2002, the Company received authorization to CE Mark its proton therapy systems for use throughout all 15 countries of the European Union. Although overall sales and services for the segment increased less than one percent in 2002, sales of our proton therapy systems rose 81.8 percent and accounted for 21.1 percent of the segment's sales, a substantial increase compared with 11.7 percent for 2001. The Company has now sold systems in the United States, China, and Korea. New sales contracts in 2002 included a gantry system (proton beam and patient positioning system) for the Midwest Proton Radiotherapy Institute (MPRI) in the United States, as well as a complete system to the National Cancer Center (NCC) in Seoul, Korea. Manufacturing and installation continued in 2002 on two systems that were sold in 2001—Wanjie Tumor Hospital (Wanjie), Zibo, China, and the Chang An Information Industry Group (Chang An), Xian, China. IBA recognizes revenue for the sale of its proton therapy systems on a percentage of completion basis. Therefore, the four contracts noted above are expected to continue to provide revenues into 2003 for MPRI, 2004 for Wanjie, and 2005 for NCC and Chang An.

IBA is committed to continued research and development (R&D) in the area of proton therapy and, thus, plans to continue its on-going support and R&D activities at Massachusetts General Hospital, Boston, Massachusetts (U.S.A.), where more than 3,200 treatment sessions were completed through December 31, 2002, using an IBA proton therapy system.

On August 7, 2002, Optivus Technology, Inc. (Optivus) filed a complaint against IBA in United States District Court, claiming that IBA's proton beam therapy system infringes five patents licensed by Optivus. The complaint also seeks an injunction against continuing infringement and treble damages against IBA. Subsequent to the initial filing, Optivus filed an amended complaint on August 30, 2002 to include, in addition to the patent infringement claims, additional allegations of statutory unfair competition and intentional interference with prospective economic damage, and claiming compensatory and punitive damages totaling, in the aggregate, in excess of U.S. dollar 375 million. In January 2003, Optivus filed a second amended complaint to include Loma Linda University Medical Center (LLUMC) as a named plaintiff in the case. The allegations in this second amended complaint are substantially the same as those in the first amended complaint. IBA has filed an answer to the second amended complaint denying all claims and has filed a counterclaim against Optivus. IBA believes that the Optivus and LLUMC complaint is without merit and intends to vigorously defend all aspects of the complaint while actively prosecuting counterclaims against Optivus. (See Notes to the Consolidated Financial Statements, section XVI. Legal Proceedings)

In December 2002, the Company entered into an agreement with the Florida Proton Therapy Institute, Inc. (FPTI), a U.S. not-for-profit corporation, for the sale of a proton therapy system. The agreement is contingent upon the attainment by FPTI of certain financing conditions.

CYCLOTRONS AND ELECTRON BEAM ACCELERATORS

IBA continues to be the renowned leader in particle accelerator technology—cyclotrons and electron beam (e-beam) accelerator systems. In fact, IBA is one of the world's largest producers of cyclotrons and the leading supplier of high-power e-beam and X-ray equipment. IBA believes that X-ray processing technology has many potential applications, including food pasteurization. IBA also believes that X-ray processing is a superior technology for the sanitization of mail and bulk packages.

Sales and service within the Company's particle accelerator business declined to €33.7 million in 2002, compared with €41.6 million in 2001, a reduction of 19.2 percent. The decline in sales during 2002 is primarily due to a reduction in revenue from the Company's MM50 product, a cancer treatment system manufactured in Sweden. Sales of note during the year include a high-power Rhodotron accelerator to Gamma-Service, a sterilization and ionization company located in Dresden, Germany, and eight PET cyclotrons.

In 2002, IBA evaluated its development program for the Betaline[®], a low-power, low-energy accelerator intended more specifically for medical or industrial applications integrated into production processes. As a result, the Company wrote off the Betaline development and prototype costs, but nonetheless plans to continue to investigate market opportunities for this product in 2003.

DOSIMETRY

The third component of the Technology Services & Equipment segment is dosimetry. IBA's specialized dosimetry products provide essential quality assurance tools for radiotherapy (therapeutic dosimetry) and radiation equipment (diagnostic dosimetry). Growth within this market continued for IBA in 2002 with an 11 percent increase in sales to €20.7 million, up from €18.6 million in 2001. IBA estimates that the Company is nearly twice the size of its nearest competitor in the therapeutic dosimetry market, and further believes that the global market for dosimetry will continue to increase over the coming years.

CONSOLIDATED FINANCIAL STATEMENTS

INCOME STATEMENT

Consolidated operating income, which includes the variation in work in progress for the sale of equipment, internal construction of fixed assets, and other operating income, increased €15.3 million, or 5.9 percent, to €272.9 million in 2002 compared with €257.6 million in 2001. The increase in sales is primarily attributable to the radioisotope business segment and more specifically to FDG sales.

The strong performance of the Euro during 2002 had a negative impact on the reporting of U.S. dollar denominated sales, which account for approximately 70 percent of the Company's consolidated sales. This resulted in a €9.7 million reduction in reported sales when compared to what would have been reported using 2001 exchange rates.

Gross margin for the year ended December 31, 2002 was €90.2 million compared with €94.4 million in 2001, a decrease of 4.4 percent. Gross margin, expressed as a percentage of operating income, declined to 33.1 percent compared with 36.6 percent in 2001. The decrease in gross margin is primarily attributable to two business segments, Technology Services & Equipment and Radioisotope Production & Distribution. The decrease in margins in Technology Service & Equipment is primarily due to the change in the mix of products sold in 2002 compared with 2001. The decrease in the radioisotope segment was primarily attributable to two primary factors pertaining to the FDG market; pricing pressures, and the start-up costs and productivity issues associated with opening new production facilities and distribution routes in 2002. The Sterilization & Ionization business segment decreased slightly year over year as reductions in gross margin in the medical and food markets were partially offset by an increase in the advanced applications market—attributable, in part, to a full year of margin from the USPS mail sanitization contract.

Selling, general and administration (SG&A) expenses decreased €1.8 million, or 2.9 percent, to €59.7 million in 2002 compared with €61.5 million in 2001. This decrease is attributable to a decrease of €1.7 million and €2.5 million in the Sterilization & Ionization and Technology Services & Equipment segments, respectively. Both business segments benefited from the decrease in the value of the U.S. dollar in 2002, as well as from continued efforts to reduce operating costs. The decrease was partially offset by an increase of €2.4 million in the radioisotope business segment, which was primarily due to higher costs associated with start-up and productivity issues at new facilities opened in 2002.

Research and development (R&D) expense before capitalization was €21.0 million in 2002 compared with €19.4 million in 2001. Actual spending on R&D remained constant at €12.1 million, year over year, while increased amortization of previously capitalized costs (€9.0 million in 2002 compared with €7.3 million in 2001) and a lower rate of capitalization of current period costs (€8.5 million in 2002 compared with €11.0 million in 2001) resulted in an increase in net R&D expense of €4.1 million to €12.5 million in 2002, compared with €8.4 million in 2001. As in 2001, a material portion of R&D expenditure was devoted to proton therapy.

Operating result before provisions, depreciation of assets and amortization of goodwill, taxes and financial expense (EBITDA) increased 1.7 percent to €61.4 million compared with €60.3 million in 2001.

Operating result before amortization of goodwill, taxes and financial result (EBITA) decreased in 2002 to €18.0 million from €24.4 million in 2001, and was primarily affected by the decrease in gross margin and the increase in net R&D expense, both of which were partially offset by the reduction in SG&A.

The financial result for the year ended December 31, 2002, was a loss of €12.8 million compared with a loss of €5.2 million in fiscal 2001. The increase of €7.6 million is attributable, in part, to approximately €3.9 million of net expenses related to the issuance of letters of credit, bond issuance costs and other non-interest-related financial charges. The year-to-year increase was offset by lower interest rates during the year on the Company's financial debt. Additionally, the net interest expense for 2001 was reduced by a €5.3 million one-time gain on the sale of treasury stock issued for acquisitions and investments.

Amortization of goodwill in 2002 was €12.5 million compared with €13.7 million in 2001. The decrease resulted from the positive effect on the translation of U.S. dollar denominated goodwill owing to the decline of the U.S. dollar in 2002, as well as a write-down of goodwill in 2001, which further reduced amortization expense in 2002. Goodwill is amortized over a period of 20 years. Current result before tax was a loss of €7.3 million compared with a gain of €5.5 million in 2001.

The net extraordinary result in 2002 was a loss of €13.8 million compared with a loss of €26.7 million in 2001. Material extraordinary items in 2002 included the write-off of approximately €2.9 million in previously capitalized development, as well as €2.1 million of prototype costs for the Betaline, a low-power and low-energy accelerator intended for medical or industrial applications.

In addition to the Betaline and other less significant items, the following net extraordinary losses were also recorded in 2002:

- Approximately €1.1 million related to the write-off of certain assets and construction in process related to S&I process control software.
- Approximately €1.3 million of construction in process related to proton therapy was deemed to be impaired in 2002.
- Approximately €1.1 million for recording obligations under a lease termination agreement for a building formerly used by S&I.
- Approximately €3.8 million for severance, reorganization, and restructuring costs.

Net tax expense decreased €2.1 million to €0.7 million in 2002 from €2.8 million in 2001. The decrease is primarily attributable to a shift in pre-tax earnings on an entity basis. Given the variance between effective tax rates on a country-by-country basis, the Company's consolidated tax expense does not necessarily coincide with the pre-tax result.

The net loss (Group share), or net result after tax, was €21.4 million, or €(0.87) per share for 2002 compared with a loss of €24.0 million, or €(0.98) per share in 2001.

CONSOLIDATED BALANCE SHEET AND CASH FLOW STATEMENT

In general, many of the changes in the Company's balance sheet at December 31, 2002, when compared to December 31, 2001, are attributable to the decline in the value of the U.S. dollar when compared to the Euro. At December 31, 2002, the exchange rate was U.S. dollar 1.0485 to €1, while at December 31, 2001, the exchange rate was U.S. dollar 0.8858 to €1, a change of 18.4 percent. A majority of the Company's assets and liabilities are denominated in U.S. dollars that must be converted to Euros, the Company's reporting currency.

Consolidated equity at December 31, 2002 was €327.1 million compared with €373.6 million at the end of 2001. The reduction is the result of the net loss for the year, as well as a currency translation loss of €25.6 million in 2002, compared with a €2.0 million translation gain in 2001. Consolidated equity, excluding currency translation adjustments at December 31, 2002 and 2001, was €336.2 million and €357.2 million, respectively.

The balance in goodwill at the end of 2002 was €187.1 million compared with €234.3 million at the end of 2001. The reduction was due to the amortization of goodwill in the amount of €12.7 million during the year, as well as a currency translation adjustment of €34.4 million. The Company performed an analysis as of December 31, 2002 and has determined that the value of goodwill on its balance sheet is fairly stated. Consequently, the Company has not recorded an impairment charge in 2002.

Net tangible fixed assets at December 31, 2002 were €250.4 million, compared with €287.8 million at the end of 2001. The decline is mainly attributable to a currency translation adjustment of €53.4 million, which was partially offset by the addition of fixed assets during the year in the amount of €35.1 million.

Cash and cash equivalents were €89.8 million at December 31, 2002, compared with €73.2 million one year earlier. Total financial debt declined to €231.7 million at the end of 2002 from €263.8 million at the end of 2001. The decline is attributable to a currency translation adjustment of €37.6 million as well as a decrease of €5.2 million in bank overdrafts, which were partially offset by an increase in financial debt of €10.7 million. At December 31, 2002, net financial debt (total financial debt less cash and investment) was €141.9 million, compared with €190.6 million at the end of 2001. The Company's ratio of net debt to equity, therefore, improved to 42.2 percent at the end of 2002, compared with 53.4 percent at the end of 2001.

The cash used for investing activities in 2002 was €51.2 million, mainly comprising the purchase of tangible fixed assets (€35.1 million), other intangible fixed assets (€5.8 million), and investments in research and development (€8.5 million), all of which include the internal production of fixed assets. This compares with €70.4 million in 2001, of which €44.4 million was attributable to the purchase of tangible fixed assets, €11.0 million to investments in research and development, €2.3 million for the purchase of other intangible fixed assets, and €11.1 million used in the acquisition of subsidiaries, net of cash acquired.

RESEARCH AND DEVELOPMENT

IBA continued its efforts in 2002 to sustain its position as the worldwide leader in particle accelerator technology. Gross research and development (R&D) expenditures were €21.0 million compared with €19.4 million in 2001, the increase mainly attributable to the increased amortization of R&D capitalized in prior years. The amount of research and development costs that were capitalized in 2002 was significantly less, €8.5 million or 70.6 percent of the total annual expenditures, compared with €11.0 million or 90.9 percent in 2001. This shift in the percentage capitalized significantly affected the increase in net R&D costs for 2002, €12.5 million, compared with €8.4 million in 2001.

As in 2001, a material portion of R&D expenditure was devoted to proton therapy. However, IBA also continued its efforts in the area of electron beam accelerators, specifically the further development of the Rhodotron TT1000, which offers higher power than any other system presently available. This accelerator is expected to be put into first commercial use by the Sterilization & Ionization business segment.

In 2002, IBA evaluated its development of the Betaline, a low-power, low-energy accelerator intended for medical or industrial applications integrated into production processes. As a result, the Company wrote off the Betaline development and prototype costs, but nonetheless plans to continue to investigate market opportunity for this technology in 2003.

ACQUISITIONS IN 2002

In 2002, IBA invested its resources in improving the operations of the businesses it had acquired in prior years. Additionally in 2002, IBA invested in two new joint ventures, as discussed below:

Shares acquired in Beta Process & Research S.A.

On August 1, 2002, IBA acquired a minority share amounting to 49.9 percent in the capital of Beta Process & Research S.A. (BPR), a newly formed company based in Namur, Belgium. BPR, incorporated on May 6, 2002, is in the development stage with plans to construct and operate an electron beam and X-ray facility in the Namur Province. The facility will utilize IBA technology and equipment to provide sterilization and ionization services within the Benelux region, France, and Germany. As such, this activity supports planned growth for two of IBA's business segments, Sterilization & Ionization and Technology Services & Equipment.

Shares acquired in BetaPlus Pharma S.A.

On December 12, 2002, IBA acquired a minority share amounting to 40 percent in the capital of BetaPlus Pharma S.A. The company was incorporated on December 12, 2002 as a joint venture between IBA S.A. and Cliniques Universitaires Saint-Luc, with plans to produce and distribute FDG in Brussels and south of Belgium. IBA currently owns FDG production and distribution centers in partnership with hospitals in France and Italy, and holds an approximate 30 percent market share in the U.S. through its prior acquisition of Eastern Isotopes. This joint venture extends IBA's penetration into the European market for this high-growth business segment.

ORGANIZATION OF THE COMPANY

IBA uses a decentralized organizational structure. To provide greater focus on global customer management and worldwide market opportunities, IBA is organized around a number of strategic businesses within three primary segments:

- Sterilization & Ionization encompasses specialized services for medical products, food and food packaging, and advanced materials and is headquartered in the United States.
- Radioisotope Production & Distribution is made up of FDG production and distribution activities as well as brachytherapy implants, both of which are also headquartered in the United States.
- Technology Services & Equipment includes the development, production, and commercialization activities for particle accelerators and proton therapy systems, for which the head offices are located in Louvain-la-Neuve, Belgium, and dosimetry activities, which are based in Uppsala, Sweden and Schwarzenbruck, Germany.

Each business has its own president who is responsible for worldwide performance and reports directly to the Company's President & Chief Operating Officer (COO). The COO reports directly to the Company's Chief Executive Officer (CEO). Each business also has its own research and development team that reports directly to its respective president and the Company's Chief Research Officer (CRO). In addition, the support functions at the corporate level, including finance, information technology, quality, environmental, health and safety, legal, human resources, radiation safety, communications and business development, are provided by a team of vice presidents and directors, reporting to the Company's Chief of Staff & Chief Financial Officer (CFO), who, in turn, reports to the COO.

STATUTORY ACCOUNTS OF IBA S.A. AND APPROPRIATION OF THE RESULT

Ion Beam Applications S.A. reported a net loss of €32.5 million in 2002 compared with a loss of €27.6 million in 2001. Operating income increased 5.1 percent to €46.5 million in 2002 from €44.3 million in 2001. Operating result was slightly improved in 2002 at €(8.4) million, compared with €(10.9) million in 2001.

At December 31, 2002, the Company performed a valuation analysis on certain investments and related goodwill of the consolidated group. Using this analysis, IBA S.A. determined that the value of participating interests on its balance sheet should be written down by €23.8 million. This write-down brings the value of these participating interests on the balance sheet of IBA S.A. to levels reflecting their carrying value in the consolidated financial statements. As a result of this write-down of investments and other less significant items, extraordinary expenses were €24.5 million in 2002. This compares with €16.9 million in 2001, of which €13.1 million was attributable to the write-down of investments.

The 2002 statutory accounts show a loss carried forward, which is the result of the accumulation of losses over the last four years. In accordance with article 96, 6° of the Company Law, the Board of Directors justifies the application of the going concern accounting rules by the financial soundness of the Company and its prospects of profitability.

The Board of Directors will propose to the General Meeting of Shareholders that the loss for the year be carried forward.

CORPORATE GOVERNANCE

The Articles of Association of the Company require a balance in the composition of the Board of Directors between independent directors, executive directors and directors representing the shareholders.

The Board of Directors met 10 times during 2002, and its members are set out on page 18 of this part of the Annual Report. Within the Board there is a Nomination Committee, a Remuneration Committee, and an Audit Committee.

REMUNERATION FOR ADDITIONAL SERVICES RENDERED BY THE STATUTORY AUDITORS

PricewaterhouseCoopers Reviseurs d'Entreprises, co-auditor of the statutory accounts of IBA S.A., and auditor of the consolidated accounts of IBA, the Company, provided the following services during the year, in addition to the services provided for within its mandate:

- Services reserved for the auditor by the Company Law, remunerated by fees of €7,000;
- A review of the first half 2002 consolidated financial statements, remunerated by fees of €87,000;
- Preliminary work in regard to the possible conversion of the Company's current accounting framework to another international accounting standard, remunerated by fees of €58,000;
- Other advisory services, remunerated by fees of €17,000.

Companies with which PricewaterhouseCoopers Reviseurs d'Entreprises has a related party relationship have provided advisory services, mainly employee related tax services, remunerated by fees of €149,000.

Salustro Triest Vleck, co-auditor of the parent company performed certain services reserved for the auditor by the Company Law during the year, remunerated by fees of €10,000. In addition to these services, letters of comfort were provided to bankers responsible for a proposed placement of bonds, remunerated by fees of €20,000.

SHAREHOLDERS AND WARRANTS

As disclosed to the Commission Bancaire et Financière on January 23, 2003, the distribution of the capital of IBA as of December 31, 2002 is as follows:

IBA SHAREHOLDERS AT DECEMBER 31, 2002	Number of shares	%
Belgian Anchorage	6,405,332	26.11%
Belgian Leverage	2,300,000	9.38%
Sopartec	870,185	3.55%
Institut des Radioéléments	878,660	3.58%
Université Catholique de LLN (Shareholders acting together)	532,885	2.17%
IBA Investments SCRL ^(*)	29,183	0.12%
Float	13,512,598	55.09%
Total	24,528,843	100.00%

(*) At December 31, 2002, IBA held a total of 29,183 of its own shares via the company IBA Investments SCRL, an indirect 100 percent affiliate.

WARRANTS

A warrants plan reserved for IBA personnel was launched in September 2002, within the limits of the authorized capital and with a withdrawal of the right of preference of the existing shareholders, to encourage loyalty and motivate IBA employees by allowing them to benefit from increases in the value of the Group's shares. A total of 3,000,000 warrants were issued under this plan, of which 2,832,850 warrants have been accepted, almost all of them at an exercise price of €5.11. The list of the beneficiaries and the number of options allocated to each of them was approved by a Special Committee appointed within the Board and composed of Messrs. Philippe de Woot de Trixhe, Eric de Lamotte, and Olivier Ralet. None of these warrants had been exercised at December 31, 2002.

In addition, at the end of 2002 a total of 800,279 warrants under earlier option plans remain to be exercised, of which 180,157 warrants were issued under the 1998 plan (mostly at an exercise price of €4.29), 241,222 warrants were issued under the 2000 plan (mostly at an exercise price of €28), and 378,900 warrants were issued under the 2001 plan (mostly at an exercise price of €15.70).

As of December 31, 2002, none of the warrants issued under the 2000 and 2001 plans had been exercised.

GENERAL OUTLOOK FOR 2003

Fiscal 2002 was a year characterized by our determination to refocus and re-strengthen the business, as well as resolve long-standing issues and define strategies and initiatives for the future. Looking to 2003, IBA is committed to implementing these initiatives and to taking the necessary steps toward achieving the goal for improved financial results.

IBA is committed to completing the improvements it has identified as necessary to strengthen the Company. At the corporate level, the focus in 2003 will include the following tasks: control and reduce overhead costs, improve financial reporting and control, complete a review and implementation of branding, and continued evolution of the Company's debt structure. These, as well as other long-term goals and objectives, will continue to be reviewed, modified, and implemented as required to achieve IBA's overall goal of maximizing shareholder value.

The Company has also set specific goals and objectives to be accomplished in 2003 by each of its business segments. The Technology Services & Equipment segment will focus on improving service and after-sales support, implementation of an integrated manufacturing management information system, developing world-class manufacturing capability, and continued profitable growth in dosimetry. Overall, the members of the Technology Services & Equipment group will strive to instill a more holistic design philosophy to encompass manufacturability, serviceability, and a reliable systems approach.

The Radioisotope Production & Distribution business segment will have a dual focus in 2003, the launch of new brachytherapy products and a transition to profitability in the FDG market. IBA anticipates the commercial launch of both its brachytherapy product (Genetra) and its marker product (Visicoil) in 2003. Both products possess a significant competitive advantage and are expected to play a material role in IBA's future results. In the area of radioisotope production and distribution, IBA will complete expansion in three locations in the United States and one in Belgium in 2003. This expansion, which will further support IBA's growing worldwide FDG network, is expected to enhance production efficiency as well as profitability.

The Sterilization & Ionization business segment will focus on increasing profitability and market share, while improving efficiency through technology improvements and new and updated processing facilities. Additionally in 2003, the Company expects an extension of the USPS contract for mail sanitization and intends to further explore and develop the mail security market.

Corporate Governance, Management, and Control

COMPOSITION OF THE BOARD OF DIRECTORS

In compliance with recommendations regarding Corporate Governance, the Articles of Association require a balance in the composition of the Board of Directors between independent directors, executive directors, and other directors representing the shareholders.

The Board of Directors must be made up of a minimum of three members and a maximum of 12 members for a renewable term not exceeding six years. No age limit is set by the Articles of Association.

The Board of Directors must always be made up of at least one-third independent directors and one-third executive directors. The effects of resignation, removal of a director, or expiry of the period of office are suspended for as long as they would result in disruption of these balances.

Proposals for nominations of independent directors are presented by a Nomination Committee formed within the Board of Directors. Proposals for nominations of executive directors are presented by the Executive Committee. Other directors are freely nominated by the General Meeting with the proviso, however, that among these other directors no more than two members shall be directly or indirectly related to the same shareholder or to a company or person related to said shareholder.

The composition of the Board of Directors at December 31, 2002, consisted of the following 12 people:

- Messrs. Pierre Mottet, James F. Clouser, Yves Jongen, and Eric de Lamotte in their capacity as executive directors. Mr. Pierre Mottet is Chairman of the Executive Committee, Managing Director, and since January 1, 2002, Chief Executive Officer. Mr. James F. Clouser is a member of the Executive Committee, Managing Director, and President and Chief Operating Officer since March 28, 2002. His nomination as director was approved at the General Meeting of Shareholders of May 8, 2002. He was appointed as Managing Director at the Board of Directors meeting of September 12, 2002. Mr. Yves Jongen is a member of the Executive Committee, Managing Director, and Chief Research Officer. Mr. Eric de Lamotte is a former Managing Director, having resigned from that position on July 5, 2001.
- Messrs. Jean Stéphane, Peter Vermeeren, Arthur Janta-Polczynski, and Diego du Monceau as independent directors. Mr. Diego du Monceau was nominated as director at the General Meeting of Shareholders of May 8, 2002.
- The Institut National des Radioéléments (IRE) represented by Mrs. Nicole Destexhe, its Chief Financial Officer, Messrs. Philippe de Woot de Trixhe, Olivier Ralet, and Gilles Capart as other directors.

The mandates of Messrs. Philippe de Woot de Trixhe, Yves Jongen, and of the Institut National des Radioéléments (IRE) will terminate at the General Meeting of May 14, 2003. The renewal of their mandate will be presented to the assembly. The mandates of Messrs. Jean Stéphane, Arthur Janta-Polczynski, Peter Vermeeren, Pierre Mottet, and Eric de Lamotte will terminate at the General Meeting deciding on the 2003 accounts.

The mandates of Messrs. Olivier Ralet and Gilles Capart will end at the General Meeting deciding on the 2004 accounts. The mandates of Messrs. James F. Clouser and Diego du Monceau will end at the General Meeting deciding on the 2005 accounts.

FUNCTIONING OF THE BOARD OF DIRECTORS

The Board of Directors is empowered to execute all actions that are necessary or useful in order to fulfill the objective of the Company, except those reserved by law or by the Articles of Association to the General Meeting.

The Board of Directors may make decisions only if a majority of its members are present or represented. Its decisions are based on a majority vote. In the event of a tie, the vote of the Chairman or of his substitute shall prevail.

If a legal person is nominated director, it shall designate a natural person through whom it shall exercise its mandate (article 12 of the Articles of Association).

In exceptional cases duly justified by urgency and the need to serve the interests of the Company, the decisions of the Board of Directors may be taken by Unanimous Written Consent of the Directors. This procedure may not be invoked to approve the annual accounts or release authorized capital.

In its acts, including those involving the participation of a public official or a Ministry official, and in courts of law, the Company may be represented by two directors acting jointly, who will not be required to justify vis-à-vis third parties any previous decision made by the Board of Directors.

The Board of Directors meets as and when it is necessary, but at least four times a year. The most significant subjects that are debated include the situation of the markets, the strategies employed, technological developments, financial evolution, as well as matters concerning human resources. Reports on the subjects discussed by the Board of Directors are communicated in advance to non-executive directors so that they may exercise their expertise in full knowledge of the facts.

During the year 2002, the Board of Directors met 10 times under the chairmanship of Mr. Philippe de Woot de Trixhe.

In order to follow the evolution of the activities of subsidiaries and of companies in which IBA has an equity stake, the Chief Executive Officer, the Chief Operating Officer, and the Chief Financial Officer are represented alongside the business heads on the majority of the Boards of Directors of subsidiary companies. For supervision of the day-to-day management, the Chief Operating Officer, generally accompanied by the Chief Financial Officer, makes regular reports to the Chief Executive Officer and to the Board of Directors. The Board of Directors also invites members of the management or business heads to report on certain specific points.

On December 31, 2002, the directors together held directly 891,445 IBA shares (including 878,660 shares owned by IRE) and a total of 1,385,300 warrants allowing them to subscribe to IBA shares. Warrants granted to directors under the 2002 stock option plan were approved by a special committee of the Board of Directors, composed of Messrs. Philippe de Woot de Trixhe, Eric de Lamotte, and Olivier Ralet.

The total amount paid by the Company to the members of the Board of Directors for functions performed or services rendered amounted to €1,243,000 for fiscal 2002. This sum and the warrants granted were divided up as follows: €1,192,000 and 1,250,000 warrants were granted to the executive directors. €51,000 (on the basis of a fixed sum of €6,000 per annum per person and an allowance of €1,000 per session) and 1,200 warrants were granted to the independent directors. The mandate of the other directors was exercised without charge. There was no conflict of interest in 2002 requiring a director to abstain from participation in a discussion. There have been no unusual transactions or loans accorded by IBA to members of the Board of Directors.

COMMITTEES CREATED BY THE BOARD OF DIRECTORS

A Nomination Committee, as provided by the Articles of Association, has been formed by the Board of Directors and is responsible for nomination of the independent directors. This committee consists of five members, including the Chairman of the Board of Directors and at least two independent directors. The committee currently consists of Messrs. Philippe de Woot de Trixhe, Arthur Janta-Polczynski, Jean Stéphane, Pierre Mottet, and Yves Jongen. On the initiative of the independent directors and after discussion, the Nomination Committee communicates to the Board of Directors the names of the candidates for the positions of independent directors to be submitted to the General Meeting.

A Remuneration Committee responsible for evaluation and for fixing the remuneration of the executive directors and the management team consists of Messrs. Philippe de Woot de Trixhe, Arthur Janta-Polczynski, Jean Stéphane, and Pierre Mottet. Remuneration is established taking account of market practices as established by surveys carried out by companies specializing in this field.

An Audit Committee has been created by the Board of Directors at its meeting on November 26, 2002. The Audit Committee ensures that the Board of Directors receives timely, regular, adequate, and correct information and assists the Board of Directors in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control over financial reporting, the audit process, the Company's process for monitoring compliance with laws and regulations, and any applicable internal regulations or codes of conduct. The Audit Committee consists of at least three and not more than six members appointed by the Board of Directors. Each member is not a member of the Executive Committee and at least half of the members are independent directors. The committee is currently composed of four members; Messrs. Diego du Monceau, acting as Chairman, Olivier Ralet, Peter Vermeeren, and Eric de Lamotte.

DAY-TO-DAY MANAGEMENT

The Board of Directors may delegate day-to-day management as well as the representation of the Company as regards such management to one or several directors or to one or several managers or officers. It nominates and revokes the persons delegated to carry out these tasks. These persons may be chosen from within or outside the Board.

The Board of Directors and the persons delegated to carry out day-to-day management may also delegate, within this framework, special and defined powers to one or several persons of their choosing.

The Company currently has three managing directors; Messrs. Pierre Mottet, Chief Executive Officer, James F. Clouser, President and Chief Operating Officer (since September 12, 2002), and Yves Jongen, Chief Research Officer. Mr. Pierre Mottet is primarily responsible for the Company's strategic direction. Mr. James F. Clouser is primarily responsible for implementation of the strategy and the day-to-day management of the Company.

There is an Executive Committee made up of the three managing directors. The Executive Committee meets regularly to debate the general policy and strategic orientations of the Company.

The Chief Operating Officer is assisted by a corporate team headed by Mr. Frederick J. Ruegsegger, Chief of Staff and Chief Financial Officer (CFO), and the nine business presidents. These presidents and the CFO collectively form the Board of Management, which is headed by the COO.

The remuneration paid by the Company in 2002 to the Board of Management, not including the executive directors, amounted to a total of €1,742,309 of which €1,645,488 was fixed and €96,821 was variable. Target bonuses can amount to 20 percent to 40 percent of fixed remuneration. These persons also received a total of 470,000 warrants under the 2002 share option scheme.

POLICY FOR APPROPRIATION OF THE RESULT

The Company currently intends to use any earnings to fund the expansion and growth of the business. As a result, the policy for allocation of the result adopted by the Board of Directors in its proposals to the General Meeting is not to propose a dividend distribution.

RELATION WITH DOMINANT SHAREHOLDERS

IBA's major shareholders—Belgian Anchorage, UCL, Sopartec, and IRE—have declared that they are acting jointly and have entered into an agreement, which expires in 2013. This agreement provides for, among other things, sharing of information, nomination of certain directors, and a minimum participation of 8,855,160 ordinary shares, which the major shareholders have undertaken to maintain together until June 2005. The parties to this agreement hold 11,016,245 ordinary shares as of December 31, 2002, representing 44.91 percent of the Company's voting rights.

Under the terms of this agreement, in the event of the issue of new shares by IBA, if one of the shareholders does not exercise its preferential subscription right, that right will be assigned to the other major shareholders (and in the first place to Belgian Anchorage S.A.). If a party to this agreement wishes to dispose of its IBA shares, the other parties (and in the first place Belgian Anchorage S.A.) will have a right of first refusal to acquire these shares.

This right of first refusal is subject to certain exceptions and does not apply specifically in the case of a share transfer to Belgian Anchorage S.A.

There are no other relations or particular arrangements between shareholders.

AUDITORS

The General Meeting of May 10, 2000 appointed PricewaterhouseCoopers Reviseurs d'Entreprises S.C.C.R.L., Sint-Stevens-Woluwe (B00009—429.501.944), represented by Philippe Barbier (F00629) as auditor for the statutory accounts of IBA S.A. in a joint audit with Salustro Triest Vleck S.C.P.R.L. (formerly Nevens & Co.—B00124—439.574.801).

PricewaterhouseCoopers Reviseurs d'Entreprises S.C.C.R.L. has also been appointed auditor for the consolidated financial statements of IBA.

PricewaterhouseCoopers Reviseurs d'Entreprises' mandate is expiring at the Annual General Meeting of May 14, 2003. The renewal of their mandate will be proposed to the Annual General Meeting of Shareholders.

Salustro Triest Vleck is represented by André Clybouw (N00510) and is co-auditor for statutory accounts. Its mandate was renewed on May 9, 2001 and is expiring at the 2004 Ordinary General Meeting of Shareholders.

Board of Directors

COMPOSITION OF THE BOARD OF DIRECTORS OF IBA AT MARCH 31, 2003⁽¹⁾

EXECUTIVE DIRECTORS

Pierre Mottet, 41

Chairman of the Executive Committee and Chief Executive Officer

Managing Director since February 2000.

Start of mandate: May 10, 2000.

Nominated "Manager of the Year 1997" by Trends-Tendances.

Also Vice Chairman of the Board of Directors of Agoria, Vice Chairman of the Board of Directors of the Union Wallonne des Entreprises, Vice Chairman of the Board of Directors of E-Capital and member of the Management Committee of the FEB (Belgian Federation of Enterprises).

James F. Clouser, 51

President and Chief Operating Officer

Director since March 2002.

Managing Director since September 12, 2002.

Formerly Chief Executive Officer of SteriGenics International, Inc., a company based in Fremont, CA, U.S. and acquired by IBA in 1999.

Member of the Executive Committee.

Yves Jongen, 55

Founder of IBA and Chief Research Officer

Managing Director since 1991.

Start of mandate: May 29, 1998.

Before the creation of IBA in 1986, Director of the Cyclotron Research Center at the Catholic University of Louvain (UCL).

Nominated "Manager of the Year 1997" by Trends-Tendances.

Member of the Executive Committee.

Eric de Lamotte, 46

Director

Director since February 2000.

Start of mandate: May 10, 2000.

Director serving on the Board of several companies.

Formerly Chief Financial Officer and Managing Director of IBA (1991-2000).

NON-EXECUTIVE INDEPENDENT DIRECTORS

Jean Stéphenne, 53

Director since May 2000.

Start of mandate: May 10, 2000.

Since 1998, President and CEO GlaxoSmithKline Biologicals, Belgium.

Other mandates: Director of Société Belge des Bétons, Fortis and Nanocyl.

Peter Vermeeren, 62

Director since May 2000.

Start of mandate: May 10, 2000.

Formerly General Manager of Mallinckrodt Inc. Medical, and member of the Board of ADAC.

Arthur Janta-Polczynski, 53

Director since May 2000.

Start of mandate: May 10, 2000.

Managing Director and General Manager of Russell Reynolds Associates, Belgium.

Commercial Engineer, University of Brussels and MBA, Harvard Business School, U.S.A.

Diego du Monceau de Bergendal, 53

Director since March 2002.

President of Continental Bakeries (NL).

President of the Management Committee of E-Capital.

Other mandates: Director of Bank Brussels Lambert, Quest for Growth and WE International.

Formerly Vice President and Managing Director of the GIB Group.

(1) For the composition of the Board of Directors during fiscal 2002, please refer to the explanations given in the section "Corporate Governance, Management, and Control" pp. 14-17 in this part of the Annual Report.

OTHER DIRECTORS, INCLUDING MAJOR SHAREHOLDERS

Philippe de Woot de Trixhe, 73

Chairman of the Board of Directors of IBA

Director since 1986.

Professor emeritus of the Catholic University of Louvain.

Director of Alcatel-Etca.

Member of the Académie Royale de Belgique,
Académie Européene des Arts et Sciences and
Académie Internationale de Management.

Olivier Ralet, 45

Director since June 2000.

Start of mandate June 28, 2000.

Bachelor of Law.

Business Development Director at Atenor
Group S.A., Belgium.

Institut National des Radioéléments (IRE)

Represented by Nicole Destexhe, 50.

Director since 1991.

Chief Financial Officer of IRE.

Member of the Institut des Experts Comptables.

Gilles Cappart, 60

Director since May 2001.

Start of mandate: May 10, 2001.

CEO of Sopartec SA, an investment company linked
with UCL, and General Manager of Auxin S.A.,
and of Brucells pharmaceutical company operating
in the field of cancer immunotherapy.

Formerly Manager for Investment, Environment and
Intellectual Property in the UCB Group.

Consolidated Financial Statements

CONSOLIDATED BALANCE SHEET

ASSETS (in € 000)	2002	2001	2000
FIXED ASSETS	468,116	555,085	521,139
I. Formation expenses	-	-	11
II. Intangible fixed assets (note VIII)	29,520	32,547	27,616
III. Goodwill (note XII)	187,146	234,274	227,450
IV. Tangible fixed assets (note IX)	250,408	287,833	264,269
A. Land and buildings	77,107	87,870	79,631
B. Plant, machinery and equipment	78,621	101,969	148,419
C. Furniture and vehicles	3,835	5,184	3,165
D. Leases and similar rights	8,409	6,144	2,562
E. Other tangible assets	54,133	63,419	2,687
F. Assets under construction and advance payments	28,303	23,247	27,805
V. Financial assets (note X)	1,042	431	1,793
A. Companies accounted for using equity method	599	-	359
1. Participating interests	599	-	359
2. Amounts receivable	-	-	-
B. Other companies	443	431	1,434
1. Participating interests and shares	111	111	83
2. Receivables	332	320	1,351
CURRENT ASSETS	222,034	209,392	231,907
VI. Amounts receivable after one year	6,619	7,699	4,985
A. Trade debtors	989	2,078	861
B. Other receivables	1,343	1,370	199
C. Long-term deferred tax assets	4,287	4,251	3,925
VII. Inventories and contracts in progress	79,161	77,296	57,662
A. Inventories	18,027	25,819	34,025
1. Raw materials and consumables	5,835	4,912	5,455
2. Work in progress	9,674	17,370	26,321
3. Finished goods	2,518	3,537	2,249
4. Goods purchased for sale	-	-	-
5. Property held for resale	-	-	-
6. Advance payments	-	-	-
B. Contracts in progress	61,134	51,477	23,637
VIII. Amounts receivable within one year	43,309	48,805	42,167
A. Trade debtors	37,929	37,637	26,450
B. Other amounts receivable	4,684	10,410	14,756
C. Current deferred tax assets	696	758	961
IX. Investments	39,474	36,027	105,725
B. Other investments and deposits	39,474	36,027	105,725
X. Cash at bank and in hand	50,287	37,162	18,310
XI. Deferred charges and accrued income	3,184	2,403	3,058
TOTAL ASSETS	690,150	764,477	753,046

CONSOLIDATED BALANCE SHEET (CONTINUED)

LIABILITIES (in € 000)	2002	2001	2000
SHAREHOLDERS' EQUITY	327,121	373,644	390,744
I. Capital	34,139	33,895	33,456
A. Issued capital	34,139	33,895	33,456
II. Additional paid-in capital	334,089	334,086	334,079
III. Revaluation surpluses			
IV. Consolidated reserves (+) (-) (note XI)	(32,810)	(11,269)	12,772
IV.^{bis} Own Shares	(149)	(328)	(4,488)
V. Consolidation differences	-	-	-
VI. Foreign currency translation adjustment (+) (-)	(9,124)	16,471	14,496
VII. Investment grants	976	789	429
MINORITY INTERESTS	3,028	3,894	(211)
VIII. Minority interests	3,028	3,894	(211)
PROVISIONS AND DEFERRED TAXES	12,744	18,534	20,827
IX. A. Provisions for liabilities and charges	5,039	3,877	7,550
1. Pensions and similar obligations	61	132	126
2. Taxation	-	-	305
3. Major repairs and maintenance	-	-	44
4. Other liabilities and charges	4,978	3,745	7,075
B. Deferred tax liabilities	7,705	14,657	13,277
CREDITORS (NOTE XIII)	347,257	368,405	341,686
X. Amounts payable after more than one year	216,498	229,847	232,591
A. Financial debts	181,143	224,782	228,101
1. Subordinated loans	-	-	-
2. Unsubordinated debenture loans	-	-	-
3. Leasing and similar obligations	9,904	6,439	3,302
4. Credit institutions	138,359	178,571	177,036
5. Other loans	32,880	39,772	47,763
B. Trade debts	-	-	-
1. Suppliers	-	-	-
2. Bills of exchange payable	-	-	-
C. Advances received on contracts in progress	31,700	-	-
D. Other amounts payable	3,655	5,065	4,490
XI. Amounts payable within one year	120,588	126,398	94,181
A. Current portion of amounts payable after one year	47,732	30,921	23,203
B. Financial debts	2,826	8,056	8,073
1. Credit institutions	2,826	8,056	8,073
2. Other loans	-	-	-
C. Trade debts	24,773	26,885	26,193
1. Suppliers	24,773	26,885	26,177
2. Bills of exchange payable	-	-	16
D. Advances received on contracts in progress	26,505	37,118	21,980
E. Current tax and payroll liabilities	9,605	16,964	12,087
1. Taxes	1,898	9,084	7,998
2. Salaries and social security	7,707	7,880	4,089
F. Other amounts payable	9,147	6,454	2,645
XII. Accrued charges and deferred income	10,171	12,160	14,914
TOTAL LIABILITIES	690,150	764,477	753,046

CONSOLIDATED INCOME STATEMENT

(in € 000)	2002	2001	2000
I. Operating income	272,949	257,627	236,115
A. Sales	263,848	227,400	214,473
B. Increase in stocks of finished goods, work, and contracts in progress	5,276	19,814	18,764
C. Fixed assets—own construction	2,822	7,797	1,055
D. Other operating income	1,003	2,616	1,823
II. Cost of sales	182,719	163,246	144,463
III. Gross margin	90,230	94,381	91,652
IV. Selling and marketing expenses	17,958	17,593	16,344
V. General and administrative expenses	41,764	43,914	31,930
VI. R&D	21,023	19,447	20,776
VII. Other operating income (capitalized R&D)	(8,525)	(11,005)	(14,560)
VIII. Other operating expenses	-	-	558
IX. Operating result (before amortization of goodwill)	18,010	24,432	36,604
X. Amortization of goodwill	12,504	13,742	12,609
X^{bis}. Operating result	5,506	10,690	23,995
XI. Financial income	9,735	13,541	10,247
A. Income from financial assets	-	36	147
B. Income from current assets	1,550	3,463	5,919
C. Other financial income	8,185	10,042	4,181
XII. Financial expenses	22,523	18,778	20,625
A. Interest expense	10,457	15,168	17,504
B. Amounts written off current assets	-	-	-
C. Other financial charges	12,066	3,610	3,121
XIII. Current result before tax	(7,282)	5,453	13,617

CONSOLIDATED INCOME STATEMENT (CONTINUED)

(in € 000)	2002	2001	2000
XIII. Current result before tax	(7,282)	5,453	13,617
XIV. Extraordinary income	859	354	663
B. Provisions for extraordinary liabilities and charges	600	167	-
E. Gain on disposal of fixed assets	-	30	5
F. Other extraordinary income	259	157	658
XV. Extraordinary expenses	14,625	27,092	6,713
A. Extraordinary depreciation and amortization	3,175	8,275	22
B. Extraordinary amortization of goodwill	198	13,971	-
D. Provisions for extraordinary liabilities and charges	1,842	-	-
E. Loss on disposal of fixed assets	3,918	226	59
F. Other extraordinary expenses	5,492	4,620	6,632
XVI. Result before tax	(21,048)	(21,285)	7,567
XVII. Deferred tax	(1,999)	(213)	(3,310)
A. Deferred tax expense	6,349	2,057	2,856
B. Deferred tax credits	8,348	2,270	6,166
XVIII. Current tax	2,693	2,997	4,249
A. Current tax expense	2,693	3,628	4,082
B. Current tax credits	-	631	(167)
XIX. Result after tax	(21,742)	(24,069)	6,628
XX. Share in the result of enterprises accounted for using the equity method	-	(90)	(191)
A. Profits	-	-	-
B. Losses	-	90	191
XXI. Consolidated result	(21,742)	(24,159)	6,437
XXII. Group's share	(21,362)	(24,039)	7,026
XXIV. Share of third parties	(380)	(120)	(589)

CONSOLIDATED CASH FLOW

(in € 000)	2002	2001 ⁽¹⁾
OPERATING ACTIVITIES:		
Consolidated result	(21,362)	(24,039)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of fixed assets	43,565	43,709
Amortization of goodwill	12,702	27,713
Loss on disposal of tangible and intangible fixed assets	6,466	3,379
Minority interest and share in result under equity method	(380)	(30)
Deferred tax	(5,534)	1,890
Gain on sale of treasury sales	-	(5,273)
Change in assets and liabilities:		
Trade accounts receivable	5,144	(6,354)
Inventories	(3,457)	(19,334)
Provision for liabilities and charges	1,482	(3,754)
Prepaid and other current assets	(995)	942
Accounts payable	(5,468)	(853)
Accrued expenses	2,670	1,810
Income tax liabilities	(7,053)	352
Advances received on contracts in progress	21,973	14,714
Net cash provided by operating activities	49,753	34,872
INVESTING ACTIVITIES:		
Proceeds from sale of equipment	-	1,081
Purchase of fixed assets	(49,358)	(57,647)
Other long-term assets	(1,870)	(2,734)
Payment for purchase of subsidiaries net of cash acquired	-	(11,063)
Net cash used for investing activities	(51,228)	(70,363)
FINANCING ACTIVITIES:		
Proceeds from borrowings	14,760	37,735
Repayments of borrowings	(4,032)	(49,934)
Proceeds from issuance of common stock	247	446
Capital grant	187	360
Net cash provided (used) by financing activities	11,162	(11,393)
Net increase (decrease) in cash and investments	9,687	(46,884)
Foreign exchange impact on cash	6,885	(3,962)
CASH AND INVESTMENT AT BEGINNING OF THE PERIOD	73,189	124,035
CASH AND INVESTMENT AT END OF THE PERIOD	89,761	73,189

(1) The 2001 consolidated cash flow has been modified to conform to 2002 methodology.

The 2002 cash flow statement has been prepared as follows:

1. The cash flow statement reports cash flows during the period classified by operating, investing, and financing activities.
2. **Operating activities:** Cash flows from operating activities are primarily derived from the principal revenue-producing activities of the Company. Cash flows from operating activities are reported using the indirect method, whereby net profit or loss is adjusted for the effects of transactions of a non-cash nature, and for any deferrals or accruals of past or future operating cash receipts or payments.
3. **Investing activities:** Investing activities are the acquisition and disposal of long-term assets. The reported cash flows represent the extent to which expenditures have been made for resources intended to generate future income and cash flows. Cash flows from investing activities are reported using the direct method, whereby cash receipts and payments are reported on a gross basis.
4. **Financing activities:** Financing activities are activities that result in changes in the size and composition of the equity capital and borrowings of the Company. Cash flows from financing activities are reported using the direct method, whereby gross cash receipts and gross cash payments from operations relating to equity and financial debt are reported.
5. **Foreign currency cash flows:** Cash flows arising from transactions in a foreign currency are recorded in Euro by applying to the foreign currency amount the exchange rate between the Euro and the foreign currency at the date of the cash flow. A weighted average foreign exchange rate is, however, used for reporting subsidiary cash flows arising from the accumulation of successive transactions (example: fixed assets additions).

The effect of exchange rate changes is presented to reconcile cash and cash equivalent at the beginning and the end of the financial year. They include the differences that would have arisen had the cash flows been reported at end of period exchange rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

I. CONSOLIDATED CRITERIA AND CHANGES IN THE CONSOLIDATED SCOPE

A. Information and identification of the criteria governing the application of full consolidation, proportionate consolidation, and the equity method as well as those cases in which these criteria are departed from, and justification for such departures (by application of Article 165.1 of the Belgian Royal Decree of January 30, 2001).

Whether the Company has a controlling financial interest determines whether a company is consolidated. Voting rights associated with shares of subsidiary companies, which are held by those companies themselves or are held by their subsidiaries are not taken into account in determining the voting interest in such subsidiaries.

All majority-owned subsidiaries in accordance with the definitions of Article 5 of the Companies Code are consolidated using the full consolidation method.

Companies in which the Group has a significant but not controlling interest are reported for using the equity method of accounting for investments in common stock.

B. Information that makes a comparison meaningful to the consolidated accounts of the previous financial year in case the composition of the Company has been substantially modified during the financial year (by application of Article 112 of the Royal Decree of January 30, 2001).

No major change occurred in the consolidation scope during 2002.

II. LIST OF CONSOLIDATED COMPANIES

Name and address	Method of inclusion into the financial statements ⁽¹⁾	Share of equity held (in %)	Variation in % of equity held (02/01)
SUB-GROUP—TECHNOLOGY SERVICES & EQUIPMENT			
Mediflash Holding A.B. Stålgatan, 14 754 50 Uppsala—Sweden	F	100%	-
Scandiflash A.B. Stålgatan, 14 754 50 Uppsala—Sweden	F	100%	-
Scanditronix Medical A.B. Stålgatan, 14 754 50 Uppsala—Sweden	F	100%	-
Scanditronix Medical GmbH Burheimer Str, 10 79111 Freiburg—Germany	F	100%	-
Scanditronix Ophthalmology AB Stålgatan, 14 754 50 Uppsala—Sweden	F	100%	-
Gyrab International AB Stålgatan, 14 754 50 Uppsala—Sweden	F	100%	-
Wellhöfer Dosimetrie GmbH Bahnhofstrasse, 5 90592 Schwarzenbruck—Germany	F	100%	-
Scanditronix Magnet AB Box 26, 30 340 30 Vislanda—Sweden	F	100%	-
Scanditronix Wellhöfer North America Inc. 3111 Stage Post Drive, Suite 105 Barlett, TN 38133 U.S.A.	F	100%	-

(1) F: full consolidation—E: equity method

II. LIST OF CONSOLIDATED COMPANIES (CONTINUED)

Name and address	Method of inclusion into the financial statements ⁽¹⁾	Share of equity held (in %)	Variation in % of equity held (02/01)
Proton Therapy Corporation of America, Inc. 6140 Stoneridge Mall Road, Suite 350 Pleasanton, CA 94588 U.S.A.	F	100%	-
Radiation Dynamics, Inc. 151 Heartland Blvd. Edgewood, NY 11717 U.S.A.	F	100%	-
SUB-GROUP—STERILIZATION & IONIZATION			
IBA S&I International, Inc. (formerly known as Griffith Micro Science Int., Inc.) 2015 Spring Road, Suite 650 Oak Brook, IL 60523 U.S.A.	F	100%	-
IBA S&I, Inc., a Delaware corporation (formerly known as Griffith Micro Science Inc.) 2015 Spring Road, Suite 650 Oak Brook, IL 60523 U.S.A.	F	100%	-
IBA S&I, Inc., a Utah corporation (formerly known as Griffith Micro Science Inc. Utah) 2015 Spring Road, Suite 650 Oak Brook, IL 60523 U.S.A.	F	100%	-
NGS Enterprises S. de R.L. de C.V. Calle Norte, 7 S/N 54730 Tepeji Del Rio De O. Edo. De Hildalgo Mexico	F	60%	-
IBA S&I Canada, Inc. (formerly known as Griffith Micro Science Ltd.) Pharmacy Avenue, 757 Scarborough, Ontario M1L 3J8 Canada	F	100%	-
Ion Beam Applications de Mexico, S. de R.L. de C.V. (formerly known as Griffith Micro Science S. de R.L. de C.V.) James Watt NO.22 Zona Industrial Cuamalpa Cuautitlan Izcalliedo. De Mexico 54730 Mexico	F	100%	-
Ion Beam Applications, Inc. 2015 Spring Road, Suite 650 Oak Brook, IL 60523 U.S.A.	F	100%	-
RSI Leasing, Inc. 2015 Spring Road, Suite 650 Oak Brook, IL 60523 U.S.A.	F	100%	-
SteriGenics East Corporation 2015 Spring Road, Suite 650 Oak Brook, IL 60523 U.S.A.	F	100%	-
SteriGenics International Holding Corporation 2015 Spring Road, Suite 650 Oak Brook, IL 60523 U.S.A.	F	100%	-
SteriGenics Cayman Ugland House Georgetown, Grand Cayman Cayman Islands	F	100%	-
IBA S&I, Thailand, Ltd. 152 North Sathon Road Chartered Square Building, 16th Floor 10500 Bandrak, Bangkok, Thailand	F	100%	-

(1) F: full consolidation—E: equity method

II. LIST OF CONSOLIDATED COMPANIES (CONTINUED)

Name and address	Method of inclusion into the financial statements ⁽¹⁾	Share of equity held (in %)	Variation in % of equity held (02/01)
IBA S&I, B.V. Storkstraat, 10 1722 NN Zoetemeer, Netherlands	F	100%	-
IBA S&I N.V. Atealaan, 4C 2200 Herentals, Belgium	F	100%	-
IBA S&I Wallonie S.A. Avenue du Parc, ZI Petit-Rechain 4800 Verviers, Belgium	F	100%	-
IBA Mediris S.A. Avenue de l'Espérance, 1—ZI de Fleurus 6220 Fleurus, Belgium	F	82.8%	-
IBA S&I GmbH Dreieichstrasse, 7 64546 Morfelden, Germany	F	100%	-
IBA S&I Ltd. Cotes Park Estate DE55 4NJ Somercotes Derbyshire, England	F	100%	-
IBA S&I SAS Rue Parmentier, 8 60290 Rantigny, France	F	100%	-
IBA S&I S.A. Avenue de Lossburg ZI de ST Romain 69480 Anse, France	F	100%	-
IBA S&I Denmark A/S Aa. Louis-Hansens Alle, 11 3060 Espergaerde, Denmark	F	100%	-
Beta Process & Research S.A. Av des Champs Elysées 160 5000 Namur, Belgium	E	49.9%	+49.9 %
IBA S&I, S.R.O. Divadelni 105/3 Plze_ 3 30121 Czech Republic	F	100%	-
SUB-GROUP—RADIOISOTOPE PRODUCTION & DISTRIBUTION			
IBA Radioisotopes Inc. 6140 Stoneridge Mall Road, Suite 350 Pleasanton, CA 94588 U.S.A.	F	100%	-
RadioMed Corporation Industrial Way, 1 Tyngsborough, MA 01879 U.S.A.	F	57.8%	-
Eastern Isotopes Inc. 100 Executive Drive, Suite 3 Sterling, VA 20166 U.S.A.	F	83.3%	-
IBA Radioisotopes S.A. Avenue de l'Espérance, 1—ZI de Fleurus 6220 Fleurus, Belgium	F	95%	<5%>
IBA Radioisotopi Italia S.r.L. Galleria Passarella, 1 Milano, Italy	F	100%	-

(1) F: full consolidation—E: equity method

II. LIST OF CONSOLIDATED COMPANIES (CONTINUED)

Name and address	Method of inclusion into the financial statements ⁽¹⁾	Share of equity held (in %)	Variation in % of equity held (02/01)
IBA Radioisotopes France S.A. Bd Pinel, 59 69003 Lyon, France	F	100%	-
Betaplus Pharma S.A. Avenue Hippocrate 10 1200 Brussels, Belgium	E	40%	+40%
OTHER SUBSIDIARIES AND INVESTMENTS			
IBA Participations SPRL Chemin du Cyclotron, 3 1348 Louvain-La-Neuve, Belgium	F	100%	-
IBA Investments SCRL Chemin du Cyclotron, 3 1348 Louvain-La-Neuve, Belgium	F	100%	-
IBA Corporate Services S.A. Avenue Albert Einstein, 4 1348 Louvain-La-Neuve, Belgium	F	100%	-
IBA International Ltd. Nádor utca 21 H-1051 Budapest, Hungary	F	100%	-

(1) F: full consolidation—E: equity method

VI. SUMMARY OF ACCOUNTING POLICIES AND METHODS OF CALCULATION OF DEFERRED TAXES

A. Disclosure of the criteria governing the valuation of line items in the consolidated financial statements, and specifically:

- the application and adjustments of depreciation, amounts written down and provisions for liabilities and charges, and revaluations (in accordance with Article 165 VI.a of the Royal Decree of January 30, 2001).
- the translation of amounts that were originally expressed in a currency different from the reporting currency and the translation of the financial statements of foreign subsidiaries and investments (in accordance with Article 165 VI.b).

a) Tangible and intangible fixed assets Tangible and intangible fixed assets are initially recorded at their cost of acquisition. Depreciation or amortization periods reflect the nature of the assets and a best estimate of the period during which future economic benefits are expected to flow to the Company.

Research and development (R&D) expenses and fixed assets produced by the Company for its own use are transferred to assets at their full cost. Capitalized R&D charges are amortized prorata over a period of five years from the date of their transfer to assets.

The annual depreciation rates used by the Company are as follows:

1. Buildings	3%
2. Plant and machinery	10% and 20%
3. Equipment	33%
4. Furniture	10%
5. Computer equipment	33%
6. Vehicles	20%
7. Other tangible fixed assets	20%

b) Financial assets Shares in non-consolidated companies are booked at their cost of acquisition. Write-downs are recorded to recognize long-term losses in value.

Amounts receivable are recorded at their nominal value or cost of acquisition. Write-downs are recorded to recognize long-term losses in value.

c) Goodwill Accounting for the excess of the cost of acquisition over the interest in the net assets of an acquired company depends on whether it can be affected to identifiable assets or liabilities acquired.

The identifiable assets and liabilities acquired are measured at their fair value at the date of acquisition when reliable appraisals are available.

Any excess of the cost of the acquisition over the interest in the fair value of the identifiable assets and liabilities acquired at the date of the exchange transaction is described as goodwill and amortized. The amortization period reflects the best estimate of the period during which future economic benefits are expected to flow to the Company and is determined by the Board of Directors at the time of each acquisition. The useful life of goodwill does not exceed 20 years from initial recognition. Only the goodwill that arose from the acquisition of the Mediflash group of companies in 1998 was fully amortized during the year of acquisition.

If any indication exists that the value of the unit to which goodwill belongs may be impaired, the Company determines the recoverable amount of the unit and an impairment loss is reported under "Extraordinary amortization of goodwill" if the unit's carrying value exceeds its recoverable value.

Any excess, at the date of the acquisition, of the interest in the fair values of the identifiable assets and liabilities acquired over the cost of the acquisition, is recognized as negative goodwill. Negative goodwill is amortized to income only to the extent that it relates to expectations of future losses.

d) Inventories and work in progress The weighted average cost method is used to price goods with identical technical or legal characteristics. In all other cases, inventory items are priced using the latest cost of acquisition.

Inventories of finished goods are priced at their full cost, or at a standard price for mass-produced goods.

Contracts in progress are priced at their full cost of production, increased by income accrued by reference to 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 Company.

Installments billed to customers under these contracts are reported under "Advances received on contracts in progress" in the balance sheet.

e) Receivables Amounts receivable are recorded at their nominal value or cost of acquisition.

Bad debt allowances are recorded on amounts receivable whose collectability is not reasonably assured.

f) Investments Deposits with credit institutions are recorded at their nominal value. Deposits in foreign currency are translated at the exchange rate prevailing on the date of the financial statements. Unrealized foreign exchange gains and losses are recorded to income.

g) Provisions for liabilities and charges At the balance sheet date, the Board of Directors conservatively and fairly determines provisions deemed to be necessary. These provisions are individualized based on the nature of the obligations and contingencies they are designed to cover. They are not maintained to the extent that at the end of the period they exceed a revised estimate of the amount of the obligations and contingencies for which they had been set up.

h) Debts Debts are recorded at their nominal value.

i) Translation differences Differences from the translation of monetary items are recorded to income.

Unrealized foreign exchange differences arising on long-term receivables and loans that, in substance, form part of the Company's net investment in a foreign entity are excluded from the determination of net result and recorded for their net-of-tax amount to the translation adjustment component of equity. Net pre-tax foreign exchange losses of €36.8 million were excluded from the Company's 2002 results. Net pre-tax foreign exchange gains of €19.2 million had been excluded from the Company's 2001 result.

j) Conversion into Euro (€) of the financial statements of the consolidated companies In translating the financial statements of a foreign entity for incorporation in its financial statements, the Company uses the following procedures: assets and liabilities of the foreign entity are translated at the closing rate; income and expense items of the foreign entity are translated at the weighted average foreign exchange rate of the reporting period.

B. Deferred tax and taxable temporary differences

(in € 000)	Amounts
Deferred tax and taxable temporary differences, Breakdown of Section IX.B of Liabilities	7,705
• Deferred tax (in application of Article 76 of the R.D. of January 30, 2001, enforcing the Companies Act)	199
• Deferred tax liabilities in consideration of taxable temporary differences (in application of Article 129 of the R.D. of January 30, 2001)	7,506

Detailed explanation of the methods used for determining deferred taxes:

A deferred tax liability is reported for all taxable temporary differences, that is, those differences that will result in taxable amounts in determining taxable profit (tax loss) of future periods when the carrying amount of the asset or liability is recovered or settled.

A deferred tax asset is reported for:

- all deductible temporary differences, i.e., those differences that will result in deductible amounts in determining taxable profit (tax loss) of future periods when the carrying amount of the asset or liability is recovered or settled.
- the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized.

Deferred tax assets so recognized in the consolidated financial statements are as follows:

(in € 000)	December 31, 2002	December 31, 2001
Deferred tax assets, gross	22,832	17,027
Valuation allowance	(17,849)	(12,018)
Deferred tax assets, net	4,983	5,009

In assessing the probability that taxable profit will be available against which the unused tax losses or unused tax credits can be utilized, the Board of Directors considered the tax planning opportunities and actions that are available to the Company to create taxable profit in future periods.

The deferred tax asset recognized was limited to unused tax losses and unused tax credits that are probable to be used in the next three financial years.

VIII. INTANGIBLE ASSETS

(in € 000)	Research & Development expenses	Concessions, patents, licenses, etc.
A. Acquisition cost		
At the end of the preceding period	55,716	11,052
Movements during the period:		
• Acquisitions including own production of fixed assets	8,525	5,753
• Sales and disposals (-)	(4,241)	(679)
• Transfers from one heading to another (+) (-)	26	(2,520)
• Translation differences (+) (-)	74	(1,225)
• Other movements		
At the end of the period	60,100	12,381
C. Amortization and amounts written-down		
At the end of the preceding period	29,961	4,260
Changes during the period:		
• Recorded	8,639	2,513
• Write-backs (-)		
• Acquisitions from third parties		
• Written-down after sales and disposals (-)	(1,334)	(420)
• Transfers from one heading to another (+) (-)		
• Translation differences (+) (-)	(124)	(534)
• Other movements		
At the end of the period	37,142	5,819
D. Net carrying value at the end of the period (a) - (c)	22,958	6,562

IX. TANGIBLE FIXED ASSETS

(in € 000)	Land and buildings (heading IV.A)	Plant, machinery and equipment (heading IV.B)	Furniture and vehicles (heading IV.C)
A. Acquisition cost			
At the end of the preceding period	103,782	158,931	12,927
Movements during the period:			
• Acquisitions, including own production of fixed assets	1,394	4,787	1,260
• Sales and disposals (-)	(786)	(2,592)	(684)
• Transfers from one heading to another (+) (-)	4,444	4,165	229
• Translation differences (+) (-)	(14,523)	(21,604)	(1,225)
• Other movements	40		
At the end of the period	94,351	143,687	12,507
C. Depreciation and amounts written-down			
At the end of the preceding period	15,912	56,962	7,743
Movements during the period:			
• Recorded	4,139	17,023	2,093
• Write-backs (-)			
• Acquired from third parties			
• Written-down after sales and disposals (+) (-)	(728)	(1,618)	(518)
• Transfers from one heading to another (+) (-)			
• Translation differences (+) (-)	(2,079)	(7,301)	(646)
• Other movements			
At the end of the period	17,244	65,066	8,672
D. Net carrying value at the end of the period (a) - (c)	77,107	78,621	3,835

IX. TANGIBLE FIXED ASSETS (CONTINUED)

(in € 000)	Leases and similar rights (heading IV.D)	Other tangible assets (heading IV.E)	Assets under construction, advance payments (heading IV.F)
A. Acquisition cost			
At the end of the preceding period	7,584	86,327	23,247
Movements during the period:			
• Acquisitions, including own production of fixed assets	4,070	4,813	18,756
• Sales and disposals (-)	(30)	(528)	(1,789)
• Transfers from one heading to another (+) (-)		3,801	(10,145)
• Translation differences (+) (-)	(798)	(13,430)	(1,773)
• Other movements			
At the end of the period	10,826	80,983	28,296
C. Depreciation and amounts written-down			
At the end of the preceding period	1,440	22,908	-
Movements during the period:			
• Recorded	1,137	8,019	
• Write-backs (-)			
• Acquired from third parties			
• Written-down after sales and disposals (+) (-)	(30)	(402)	(7)
• Transfers from one heading to another (+) (-)			
• Translation differences (+) (-)	(130)	(3,909)	
• Other movements		234	
At the end of the period	2,417	26,850	(7)
D. Net carrying value at the end of the period (a) - (c)	8,409	54,133	28,303
Of which:			
• Land and buildings	2,594		
• Plant, machinery and equipment	4,811		
• Furniture and vehicles	26		
• Other	978		

X. FINANCIAL ASSETS

(in € 000)	Companies accounted for using the equity method (heading V.A.1)	Other companies (heading V.B.1)
1. Participating interests		
Acquisition cost		
At the end of the preceding period	-	111
Movements during the period:		
• Acquisitions	599	-
• Sales and disposals (-)		
• Transfers from one heading to another (+) (-)		
• Translation differences (+) (-)		
• Change in consolidation methods		
At the end of the period	599	111
Amounts written-down		
At the end of the preceding period		
Movements during the period:		
• Recorded		
• Written-back as superfluous (-)		
• Acquired from third parties		
• Written-down after sales and disposals (-)		
• Translation differences (+) (-)		
• Transferred from one heading to another (+) (-)		
At the end of the period	-	-
Movements in the net assets of the companies accounted for using the equity method		
Share in the result for the prior financial years		
Share in the result for the current year		
Elimination of dividends paid by the investee		
Other movements in Equity		
Net carrying value at the end of the period	599	111
2. Receivables		
Acquisition cost at the end of the preceding period		320
Movements during the period:		
• Additions		60
• Repayments (-)		(48)
• Amounts written-down (-)		
• Write-backs		
• Translation differences (+) (-)		
• Others (+) (-)		
Net carrying value at the end of the period	-	332
Accumulated amounts written-down on receivables at the end of the period	-	-

XI. CONSOLIDATED RESERVES

(in € 000)	Amounts
Consolidated reserves at the end of the preceding period	(11,269)
Movements during the period:	
• Group's share in the net consolidated result	(21,362)
• Other movements	(179)
• Out of which: Incorporation of reserves into share capital	-
Write-down of own shares to their market value	(179)
Consolidated reserves at the end of the financials period	(32,810)

XII. GOODWILL

(in € 000)	Subsidiaries	
	positive	negative
Net carrying value at the end of the preceding period	234,274	-
Movements during the period:		
• Movements due to increases in holding percentages	-	-
• Amortization	(12,702)	-
• Differences transferred to the income statement	-	-
• Foreign currency translation differences	(34,426)	-
Net carrying value at the end of the period	187,146	-

XIII. DEBTS

A. Breakdown of amounts originally payable after one year according to their residual term

(in € 000)	Debts less than one year (heading XIA.)	Debts between 1 and 5 years (heading X.)	Debts over 5 years (heading X.)
Financial debts	47,732	167,005	14,138
1. Subordinated loans	-	-	-
2. Unsubordinated debentures	-	-	-
3. Leases and similar rights	2,062	9,904	-
4. Credit institutions	41,489	138,245	114
5. Other loans	4,181	18,856	14,024
Trade debts	-	-	-
1. Suppliers	-	-	-
2. Notes payable	-	-	-
Advances received on contracts in progress	-	31,700	-
Other amounts payable	-	3,655	-
TOTAL	47,732	202,360	14,138

XIV. RESULTS FOR THE CURRENT AND THE PRECEDING FINANCIAL YEARS

A. Net sales (heading I.A. of the income statement)

The breakdown of sales by market is the following:

- Sterilization & Ionization: 62.3%
- Radioisotope Production & Distribution: 12.5%
- Technology Services & Equipment: 25.2%

Sales made in Belgium amount to €47 million.

B. Average headcount

(in units)	Fully consolidated companies	
	Current year	Preceding year
B1. Average headcount	1,566	1,502
Blue-collars	900	706
Employees	614	763
Management	42	33
Others	10	-
B3. Average headcount in Belgium	285	261

C. Extraordinary results

(in € 000)	Current Year
C2. Breakdown of other extraordinary expenses (heading XV.F)	5,492
Inventory write-off	2,081
Staff termination in the context of restructuring	1,334
Dispute settlements and contract termination costs	747
Obligations under guarantee for subtenant	1,115
Others	215

D. Income taxes

(in € 000)	Current Year
D2. Effects of the extraordinary results on the amount of income taxes for the current financial year	
Extraordinary results reduced the current and deferred income tax expense by a gross amount of €4,843 and a net amount of €1,162 after recording of a valuation allowance on the consolidating entity's deferred tax assets.	1,162

XV. OFF-BALANCE SHEET RIGHTS AND COMMITMENTS

(in € 000)	Current Year
Amount of personal guarantees given or irrevocably promised by companies included in the scope of consolidation as securities for third parties' debts or commitments	80,612
Commitments to acquire fixed assets	3,106
Long-term contracts and other goods or securities of third parties held by the Company	2,314
Rights and commitments from interest rate swaps ⁽¹⁾	42,935
Rights and commitments from foreign exchange contracts (currency swaps)	48,831
Rights and commitments from foreign exchange contracts (call options)	(16,696)

(1) In June 2000, the Company concluded an interest rate swap contract with a nominal amount of U.S. dollar 75 million (December 31, 2002: U.S. dollar 45 million) expiring in January 2005 (IBA paying the fixed rate and receiving three monthly variable rate) intended to cover its exposure to rate risk on a part of the syndicated loan of U.S. dollar 175 million concluded in 2000.

XVI. LEGAL PROCEEDINGS

The Company is currently involved in certain legal proceedings. The risks that these disputes might occasion are either judged to be insignificant or unquantifiable or, when potential damages are quantifiable, adequately covered by provisions. The development of the disputes in progress at December 31, 2001, and the principal disputes in progress at December 31, 2002, are mentioned in this note.

Development of disputes in progress at December 31, 2001, mentioned in the 2001 Annual Report

Dispute with the company Titan Corp. The American company Titan Corp., which designs and produces linear electron accelerators and irradiation systems, has filed for patents relating to the design of conveyors integrated into an electron beam or X-ray irradiation system. IBA both formally contested the validity of these patents and lodged a legal action before a federal court in California.

The parties have settled this dispute in April 2002. According to the terms of the settlement, Titan Corp. has recognized that IBA and its customers can continue to use IBA's electronic irradiation sterilization equipment. IBA, for its part, has abandoned its legal action relating to the validity and the enforceability of the principal patent of SureBeam, an affiliate of Titan Corp. The two companies have also concluded an agreement giving each of them the power to continue to supply their customers with electronic irradiation sterilization equipment and services. The details of the settlement include, among other things, that Titan undertakes to buy its accelerators above 150 kW from IBA in the United States for the next four years. Except for irradiation systems for whole pallets, IBA has also undertaken to buy from Titan Corp. its conveyor systems for products to be treated in the United States for the same four-year period. During 2002, the legal costs relating to this dispute were immaterial.

Dispute with the company Cofrar On September 21, 2001, IBA was summoned to appear before the Commercial Court of Versailles by the French company Cofrar. Cofrar alleges that IBA made use of documentation and know-how communicated by Cofrar during a cooperation agreement concluded between the two companies in 1995 and 1996. Cofrar is provisionally claiming damages of €762,245. The claim is based on the conclusions of a report drawn up by a legal expert who has concluded that IBA has published a Cofrar suggested layout of a sterilization center. The claim is disputed by IBA, which among other things, considers that the alleged know-how of Cofrar is not susceptible to be legally protected. On July 25, 2001, IBA lodged an action for redress for the attack on its reputation and is claiming provisional damages from Cofrar for the sum of €5 million. In April 2002, Cofrar has asked the Commercial Court of Versailles to appoint a second expert in order to compare the plans and documents transmitted by Cofrar to IBA during the 1995-1996 collaboration and the plans and documents related to the new center built by IBA in Denmark. The experts' report is still pending. The Company has not reserved for losses, which might arise from this matter.

Arbitration procedure for former directors of the company Scanditronix Medical In June 2001, the contract of employment of the chairman of Scanditronix Medical, the Company's Swedish subsidiary, was terminated and another director of this subsidiary gave his notice of resignation at the end of the year 2001. These parties are disputing the basis used for calculation of their variable remuneration for the year 2000 and 2001. An arbitration, which took place in January 2003, has allowed Scanditronix Medical AB to find a favorable settlement agreement. As of December 31, 2002, the Company had adequate reserves recorded on its books to cover the costs of this settlement.

Principal disputes arising in the course of the 2002 financial year, and in progress at December 31, 2002.

Dispute with the former president of our European medical sterilization business On April 29, 2002, the former president of our European medical sterilization business has claimed constructive termination of his employment agreement on the part of the Company. This employee started litigation before the Labour Court of Turnhout by making a claim in the amount of €1,862,800 against both the Company and its parent company, IBA S.A. The case is pending and has been set for pleadings at hearings on October 13, 2003. The Company intends to vigorously dispute the claim.

Dispute with Optivus Technology On August 7, 2002, Optivus Technology, Inc. (Optivus) filed a complaint against IBA in the United States District Court for the Central District of California, claiming that IBA's proton beam therapy system (PBTS) infringes five patents licensed by Optivus and seeks an injunction against continuing infringement and treble damages against IBA. On August 30, 2002, Optivus filed an amended complaint to include, in addition to the patent infringement claims, allegations of statutory unfair competition, and intentional interference with prospective economic damage, and claiming compensatory and punitive damages totaling, in the aggregate, in excess of U.S. dollar 375 million. In January 2003, Optivus filed a second amended complaint to include Loma Linda University Medical Center (LLUMC) as a named plaintiff in the case. The allegations in this second amended complaint are substantially the same as those in the first amended complaint.

IBA filed an answer to the Optivus and LLUMC second amended complaint and in that answer IBA: (i) denies all claims; (ii) seeks a declaratory judgment by the Court as to the validity of the patents; and (iii) seeks a declaratory judgment by the Court that IBA's PBTS does not infringe the patents. IBA has also filed a counterclaim against Optivus in that lawsuit in which IBA asserts against Optivus: (i) intentional interference with prospective economic advantage, (ii) tortuous interference with prospective business relations, (iii) interference with contractual relationship and unfair competition, and (iv) increased costs and lost profits.

IBA is of the position that the Optivus and LLUMC claims are without merit and intends to vigorously defend all aspects of the lawsuit and vigorously prosecute the IBA counterclaims against Optivus. Consequently as of December 31, 2003, the Company has not established a reserve for this matter.

XVII. FINANCIAL RELATIONS WITH THE DIRECTORS OF THE CONSOLIDATING COMPANY

(in € 000)

-
- A. Total amount of remuneration granted to the directors with respect to their responsibilities in the consolidating company, its subsidiaries and investees, including pension benefits granted to former directors: 1,243.
 - B. Total amount of advances and loans granted by the consolidating company, its subsidiaries and investees: 0.
-

Auditor's Report on the Consolidated Financial Statements



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Reviseurs d'Entreprises
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Auditor's report on the consolidated financial statements for the year ended 31 december 2002 to the shareholders' meeting of the company Ion Beam Applications S.A.

In accordance with legal and regulatory requirements, we are pleased to report to you on the performance of the audit mandate which you have entrusted to us.

We have audited the consolidated financial statements as of and for the year ended 31 December 2002 which have been prepared under the responsibility of the board of directors and which show a balance sheet total of EUR 690,150 (000) and a group's share in the loss for the year of EUR 21,362 (000). We have also examined the directors' report.

Unqualified audit opinion on the consolidated financial statements, with an emphasis of matter paragraph

We conducted our audit in accordance with the Belgian auditing standards, as issued by the "Institut des Reviseurs d'Entreprises/Institut der Bedrijfsrevisoren". Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, taking into account the legal and regulatory requirements applicable to consolidated financial statements in Belgium.

In accordance with those standards, we considered the group's administrative and accounting organisation, as well as its internal control procedures. We have obtained all explanations and information required for our audit. We examined, on a test basis, evidence supporting the amounts in the consolidated financial statements. We assessed the accounting principles used, the basis of consolidation and significant estimates made by the company, as well as the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the consolidated financial statements present fairly the company's consolidated net worth and financial position as of 31 December 2002 and the consolidated results of its operations for the year then ended in accordance with the applicable legal and regulatory requirements in Belgium, and information given in the notes to the consolidated financial statements is adequate.

Without qualifying our opinion, we draw attention to Note XVI in the consolidated financial statements and the directors' report, which discuss a claim filed against the company by Optivus Technology, Inc. At the date of this report, the ultimate outcome of the dispute cannot be determined and no provision for liabilities and charges has been made in the consolidated financial statements.

Other certification

We supplement our report with the following certification, which does not modify our audit opinion on the consolidated financial statements:

- The consolidated directors' report contains the information required by the law and is consistent with the consolidated financial statements.

Brussels, 17 April 2003

The auditor
PricewaterhouseCoopers Reviseurs d'Entreprises
Represented by

Philippe Barber
Reviseur d'Entreprises

PricewaterhouseCoopers Reviseurs d'Entreprises société civile coopérative à responsabilité limitée
PricewaterhouseCoopers Bedrijfsrevisoren burgerlijke coöperatieve vennootschap met beperkte aansprakelijkheid
Siège social / Maatschappelijke zetel : Avenue de Carbonne / Kortenbosweg 73, B-1000 Bruxelles / Brussel
TVA/BTW BE 429.581.944

IBA S.A. Financial Statements after Appropriation

IBA S.A. financial statements are presented in a condensed version. In accordance with the Company Law, the full set of financial statements and the joint auditors' report are filed with the National Bank of Belgium.

These documents can also be obtained on request from IBA's headquarters in Belgium. The joint auditors issued an unqualified audit opinion on the IBA S.A. financial statements, with an explanatory paragraph relating to the Optivus litigation, similar to that included in the auditor's report on the consolidated financial statements.

BALANCE SHEET

ASSETS (in € 000)	2002	2001	2000
FIXED ASSETS	598,146	675,617	640,478
I. Formation expenses	-	-	-
II. Intangible fixed assets	18,983	21,262	18,781
III. Tangible fixed assets	3,758	4,198	5,473
A. Land and buildings	829	1,091	1,322
B. Plant, machinery and equipment	105	149	73
C. Furniture and vehicles	625	655	770
D. Leases and similar rights	2,199	2,303	2,406
F. Assets under construction and advance payments	-	-	902
IV. Financial assets	575,405	650,157	616,224
A. Affiliated companies	574,652	650,072	616,139
1. Participating interests	483,630	556,425	552,275
2. Receivables	91,022	93,647	63,864
B. Other companies	599	-	-
1. Participating interests	599	-	-
C. Other financial assets	154	85	85
1. Shares	144	83	84
2. Receivables and cash guarantees	10	2	1
CURRENT ASSETS	125,991	108,382	158,029
V. Accounts receivable after one year	989	2,077	-
A. Trade debtors	989	2,077	-
VI. Inventories and contracts in progress	66,871	59,664	37,481
A. Inventories	9,917	16,863	25,723
1. Raw materials and consumables	1,252	1,561	1,471
2. Work in progress	8,565	15,302	24,203
3. Finished goods	100	-	49
B. Contracts in progress	56,954	42,801	11,758
VII. Amounts receivable within one year	19,589	20,509	15,596
A. Trade debtors	18,599	17,382	11,785
B. Other amounts receivable	990	3,127	3,811
VIII. Investments	34,128	23,310	101,730
B. Other investments and deposits	34,128	23,310	101,730
IX. Cash at bank and in hand	3,324	2,028	2,580
X. Deferred charges and accrued income	1,090	794	642
TOTAL ASSETS	724,137	783,999	798,507

BALANCE SHEET (CONTINUED)

LIABILITIES (in € 000)	2002	2001	2000
<hr/>			
SHAREHOLDERS' EQUITY	310,268	342,724	369,789
<hr/>			
I. Capital	34,139	33,895	33,456
A. Issued capital	34,139	33,895	33,456
II. Additional paid-in capital	334,090	334,085	334,079
IV. Reserves	745	745	745
A. Legal reserve	542	542	542
C. Untaxed reserves	203	203	203
V. Retained earnings	-	-	1,103
Retained losses (-)	(58,937)	(26,454)	-
VI. Investment grants	231	451	406
<hr/>			
PROVISIONS AND DEFERRED TAXES	1,547	1,524	5,220
<hr/>			
VII. A. Provisions for liabilities and charges	1,547	1,524	4,947
1. Pensions and similar obligations	24	37	50
4. Other liabilities and charges	1,523	1,487	4,897
B. Deferred tax liabilities	-	-	273
<hr/>			
CREDITORS	412,322	439,751	423,498
<hr/>			
VIII. Amounts payable after one year	357,432	375,406	364,165
A. Financial debts	125,500	142,755	173,680
3. Leasing and similar obligations	1,590	1,781	1,919
4. Credit institutions	123,910	140,974	171,761
C. Advances received on contracts in progress	32,674	-	-
D. Other amounts payable	199,258	232,651	190,485
IX. Amounts payable within one year	52,254	61,413	53,278
A. Current portion of amounts payable after one year	19,223	18,765	17,595
B. Financial debts	45	516	3,754
1. Credit institutions	45	516	3,754
C. Trade debts	12,260	15,356	18,288
1. Suppliers	12,260	15,356	18,288
D. Advances received on contracts in progress	17,340	24,122	9,828
E. Current tax and payroll liabilities	3,102	2,654	2,718
1. Taxes	1,166	997	1,126
2. Salaries and social security	1,936	1,657	1,592
F. Other amounts payable	284	-	1,095
X. Accrued charges and deferred income	2,636	2,932	6,055
<hr/>			
TOTAL LIABILITIES	724,137	783,999	798,507

INCOME STATEMENT

(in € 000)	2002	2001	2000
I. Operating income	46,529	44,282	66,371
A. Sales	30,335	10,133	42,756
B. Increase/(decrease) in stocks of finished goods, work, and contracts in progress	7,515	22,093	4,850
C. Fixed assets—own construction	4,714	8,280	12,419
D. Other operating income	3,965	3,776	6,346
II. Operating expenses (-)	(48,862)	(45,697)	(53,011)
A. Raw materials, consumables, and goods for resale	11,872	13,850	19,379
1. Raw materials	11,684	13,940	20,068
2. Increase/(decrease) in stocks	188	(90)	(689)
B. Services and other goods	15,232	17,100	16,719
C. Salaries, social security, and pensions	13,381	11,058	9,403
D. Depreciation and other amounts written-off, formation expenses, intangibles and tangible assets	8,052	7,329	5,807
E. Increase/(decrease) in write-downs on inventories, contracts in progress, and trade debtors	240	(250)	630
F. Provisions for liabilities and charges (charges +, utilization and write backs -)	23	(3,423)	1,035
G. Other operating expenses	62	33	38
III. Operating Income (+)	-	-	13,360
Operating Loss (-)	(2,333)	(1,415)	-
IV. Financial income	24,186	15,729	15,871
A. Income from financial assets	6,737	6,386	5,279
B. Income from current assets	1,270	1,974	5,469
C. Other financial income	16,179	7,369	5,123
V. Financial expenses (-)	(30,239)	(25,255)	(28,331)
A. Interest expense	16,737	20,601	25,361
C. Other financial charges	13,502	4,654	2,970
VI. Profit on ordinary activities before taxes (+)	-	-	900
Loss on ordinary activities before taxes (-)	(8,386)	(10,941)	-
VIII. Extraordinary expenses (-)	(24,534)	(16,940)	(5,310)
A. Extraordinary depreciation of and extraordinary amounts written off, formation expenses, intangible and tangible fixed assets	-	1,105	-
B. Amounts written off financial fixed assets	23,787	13,110	-
E. Other extraordinary expenses	747	2,725	5,310
IX. Loss for the period before taxes (-)	(32,920)	(27,881)	(4,410)
X. Income taxes (-) (+)	437	324	(677)
A. Current income taxes (-)	(180)	(307)	(677)
B. Adjustments and write-back of tax provisions	617	631	-
XI. Loss for the period (-)	(32,483)	(27,557)	(5,087)
XII. Transfer to tax free reserves (-)	-	-	-
XIII. Loss for the period available for appropriation (-)	(32,483)	(27,557)	(5,087)

APPROPRIATION OF RESULTS

(in € 000)	2002	2001	2000
A. Profit to be appropriated	-	-	1,104
Loss to be appropriated (-)	(58,937)	(26,454)	-
1. Profit for the period available for appropriation	-	-	-
Loss for the period available for appropriation (-)	(32,483)	(27,557)	(5,087)
2. Profit brought forward	-	1,103	6,191
Loss brought forward (-)	(26,454)	-	-
C. Transfers to capital and reserves (-)	-	-	1
1. To capital and share premium account	-	-	1
D. Result to be brought forward	58,937	26,454	(1,103)
1. Profit to be brought forward (-)	-	-	(1,103)
2. Loss to be brought forward	58,937	26,454	-

STATEMENT OF CAPITAL

(in € 000)	AMOUNTS	NUMBER OF SHARES
A. Capital		
1. Issued capital		
At the end of the previous financial year	33,895	
Changes during the financial year	-	
Public placement of equity	244	56,813
At the end of the financial year	34,139	
2. Structure of the capital		
2.1. Categories of shares		
• Ordinary shares without designation of face value	20,507	14,734,590
• Ordinary shares without designation of face value strip VVPR	13,632	9,794,253
2.2. Registered or bearer shares		
• Registered shares		10,542,128
• Bearer shares		13,986,715
C. Own shares held by		
• The Company itself	-	-
• Its subsidiaries	40	29,183
D. Share issue commitments		
2. Following exercise of subscription rights		
• Number of outstanding subscriptions rights	-	3,633,129
• Amount of capital to be issued	5,566	-
• Maximum number of shares to be issued	-	3,633,129
E. Amount of non-issued authorized capital	14,554	

Details of shareholding are presented on page 48.

General Information

1) REGISTERED NAME

Ion Beam Applications S.A.

Abbreviated as IBA.

2) REGISTERED OFFICE

Chemin du Cyclotron, 3 in 1348 Louvain-la-Neuve (Belgium). RC Nivelles 054589.

3) CREATION, LEGAL STRUCTURE, AND DURATION

IBA was created for an unlimited duration on March 28, 1986, in the form of a legal structure of a corporation under the laws of Belgium. IBA is a commercial company making or having made public offerings.

4) OBJECTIVE OF THE COMPANY (ARTICLE 3 OF THE ARTICLES OF ASSOCIATION)

The objective of the Company is the research, development and acquisition of industrial property rights for the purpose of developing, manufacturing, and marketing applications and equipment in the area of applied physics. It may conduct all operations bearing on transferable securities, real property, and financial, commercial or industrial transactions directly or indirectly pertaining to its company objective. It may acquire a financial interest in the form of new capital, merger, and subscription or in any other manner in ventures, associations or companies with similar, analogous, related or useful objectives to achieve all or part of its company objective.

5) CONSULTATION OF COMPANY DOCUMENTS

The Company's own and consolidated accounts are filed with the National Bank of Belgium. The Articles of Association may be obtained from the Office of the Clerk of the Commercial Tribunal of Nivelles. These documents, as well as the annual and mid-year reports and all information published for the sake of shareholders, can also be requested by shareholders at the Company's Registered Office.

6) CAPITAL

At December 31, 2002, the issued capital of IBA stood at €34,138,937.22 and was represented by 24,528,843 shares without designation of face value, entirely released, including 9,794,253 shares with VVPR strips.

In addition, in 1998, the Company issued 538,300 warrants in favor of its employees ("1998 plan"). 24,125 of these warrants were cancelled by notary deed dated July 9, 2002. The majority of these warrants make it possible to subscribe to new shares at a price of €4.2885 per share, during certain periods and according to certain terms, between June 1, 2000, and February 28, 2004. At December 31, 2002, a total of 180,157 warrants were outstanding according to the 1998 plan.

In June 2000, the Company issued 427,000 additional warrants in favor of its employees ("2000 plan"). 185,778 of these warrants were cancelled by notary deed dated July 9, 2002. The majority of these warrants make it possible to subscribe to new shares at a price of €28 per share during certain periods and according to certain terms between June 1, 2001, and February 28, 2006. At December 31, 2002, a total of 241,222 warrants were outstanding according to the 2000 plan. None of these warrants has been exercised to date.

In October 2001, the Company issued 500,000 additional warrants in favor of its employees ("2001 plan"). 121,100 of these warrants were cancelled by notary deed dated July 9, 2002. The majority of these warrants make it possible to subscribe to new shares at a price of €15.70 per share during certain periods and on certain terms between December 1, 2002, and December 31, 2007. At December 31, 2002, a total of 378,900 warrants were outstanding according to the 2001 plan. None of these warrants has been exercised to date.

In September 2002, the Company issued 3,000,000 additional warrants in favor of its employees ("2002 plan"). 2,832,850 of these warrants were effectively granted and accepted by the beneficiaries. The majority of these warrants make it possible to subscribe to new shares at a price of €5.11 per share during certain periods and on certain terms between December 1, 2003, and August 31, 2012. At December 31, 2002, none of these warrants had been exercised to date.

All the warrants may also be exercised in the event of a public offer for the shares of IBA or for increase in equity with preferential rights.

7) AUTHORIZED CAPITAL

The extraordinary General Meeting of May 12, 1999, authorized the Board of Directors to increase the authorized capital in one or more steps by a maximum amount of €25,000,000. This authorization is valid for a period of 5 years, in other words until June 10, 2004. At December 31, 2002, following the issue of 3,000,000 warrants in September 2002, the non-utilized capital balance amounted to €14,553,995.10.

8) EVOLUTION OF SHAREHOLDERS' EQUITY DURING THE PAST FOUR YEARS

Operation	Shares		Capital (in €)	
	Movements	Total	Variation	Amounts
12/31/98	Situation at that date	3,381,918		22,857,445
03/23/99	Capital increase			
	• cash issue	+ 717,047	+ 4,846,389	
	• incorporation of reserves	-	+ 165	27,704,000
06/11/99	New presentation of capital (division of share by 5)	20,494,825		27,704,000
02/02/00	Capital increase			
	• cash issue	+3,700,000	+ 5,001,290	
	• incorporation of reserves	-	+ 710	32,706,000
07/06/00	Exercise of warrants from 1998 plan	+169,568	24,364,393	+ 727,447
11/07/00	Exercise of warrants from 1998 plan	+ 5,225	24,369,618	+ 22,415
03/14/01	Exercise of warrants from 1998 plan	+ 4,225	24,373,843	+ 18,125
07/10/01	Exercise of warrants from 1998 plan	+ 83,987	24,457,830	+ 360,304
11/09/01	Exercise of warrants from 1998 plan	+ 14,200	24,472,030	+ 60,918
07/09/02	Exercise of warrants from 1998 plan	+ 55,688	24,527,718	+ 238,902
11/14/02	Exercise of warrants from 1998 plan	+ 1,125	24,528,843	+ 4,826

9) PATENTS AND TECHNOLOGIES

It is IBA's practice to seek patent protection for certain aspects of its technology where a patent will provide a commercial advantage. Additionally, the Company maintains as trade secret a large body of know-how, which is not patented and for which the Company believes trade secret protection is more effective than disclosure in a patent filing. More fundamentally, the Company believes that it is the maintenance of its technological lead, more than patents, which gives it the best protection from its competitors.

The Company also licenses its technologies. For example, with the Rhodotron, IBA secures licenses on third-party patents in exchange for royalty payments.

Acquisitions made in recent years have allowed the Company to strengthen its competencies in the area of particle accelerators and to expand its know-how in new areas such as Cobalt and EtO technologies.

10) LICENSE AND COOPERATION AGREEMENTS

Cyclotron technology

The first license agreement concluded by IBA was a 20-year agreement with the Catholic University of Louvain (UCL) in March 1986 for the production of the Cyclone 30. This worldwide exclusive license allows IBA to develop, manufacture, and market cyclotron technologies developed at UCL by Yves Jongen. It also allows IBA, with the approval of UCL, to sub-license the technology.

This agreement provides for the payment of royalties to UCL on the net sales of systems integrating one or more of the elements covered by these patents. UCL also has the use of IBA's first Cyclone 30 model.

Proton therapy

In October 1991, IBA concluded a 10-year co-operation agreement with Sumitomo Heavy Industries Ltd. (SHI), a company under Japanese law, for the development, production, and marketing of proton therapy systems in certain territories. This agreement ended in October 2001. According to its terms, IBA and SHI are co-owners of the technology developed together. Since the end of this agreement, IBA has the right to produce and distribute proton therapy systems worldwide.

Rhodotron

In December 1991, IBA signed a cooperation and license agreement with the Commissariat à l'Énergie Atomique (CEA) headquartered in Paris, for the development and industrial use of the Rhodotron. This license will become due for renewal in December 2003.

The Rhodotron was patented in 1989 and the agreement with the CEA contains a program for technology transfer for the design and construction of Rhodotrons. One of the conditions of this contract is that the production of the equipment should remain in Europe. The license was granted to IBA as an exclusive and non-transferable license for 12 years, tacitly renewable for periods of two years, in return for payment of an initial fee and royalties for so long as IBA remains active in this market. In the event of non-renewal, the license will lose its exclusivity.

All the developments carried out by IBA in the context of the agreement are the exclusive property of IBA and some of these developments have been protected by patents of which IBA is the exclusive holder.

11) INVESTMENT POLICY

(in € 000)	2002		2001		2000	
Participations acquired	-	-	13,578	19.3%	7,601	10.2%
Capitalized Research & Development	8,525	17.3%	11,005	15.7%	14,560	19.6%
Net acquisition value of assets (excl. capitalized R&D)	40,833	82.7%	45,561	65.0%	52,148	70.2%
Total investments	49,358	100.0%	70,144	100.0%	74,309	100.0%

Shareholders and the Stock Exchange

THE IBA SHARE

IBA shares are quoted on the continuous market of the Euronext Brussels. It was introduced onto the Stock Exchange on June 22, 1998, at an initial offer price of €11.90 (adjusted for a 5-to-1 stock split in June 1999).

At March 15, 2003, the company had no outstanding convertible bonds or bonds with warrants. Warrants allowing the creation of 3,000,000 new shares were issued in 2002 in favor of IBA personnel of which 2,832,850 were effectively granted and accepted by the beneficiaries. The total number of warrants outstanding amounted to 3,633,129 at the end of 2002.

EVOLUTION OF IBA SHARE

IBA (in €)

SHARE PRICE ⁽¹⁾	Maximum	Minimum	Close	Average daily volume
1998				
	(Initial Public Offering, June 22, 1998)			
• 1st Quarter				515,625*
• 2nd Quarter	22.81	21.29	22.81	
• 3rd Quarter	41.60	24.79	31.33	40,123
• 4th Quarter	41.50	28.51	39.56	15,147
1999				
• 1st Quarter	61.00	37.20	54.54	34,535
• 2nd Quarter	65.90	54.00	60.75	25,402
• 3rd Quarter	63.50	51.25	51.25	22,754
• 4th Quarter	60.00	50.30	54.80	41,084
2000				
• 1st Quarter	55.00	42.00	44.00	57,305
• 2nd Quarter	47.40	26.40	27.80	40,516
• 3rd Quarter	30.50	22.87	23.30	32,959
• 4th Quarter	28.50	23.10	24.50	18,942
2001				
• 1st Quarter	29.10	24.00	25.80	22,707
• 2nd Quarter	27.05	24.14	25.30	13,019
• 3rd Quarter	27.90	14.76	18.25	23,179
• 4th Quarter	20.35	14.58	18.48	31,462
2002				
• 1st Quarter ⁽²⁾	18.48	11.45	12.97	18,020
• 2nd Quarter	14.00	9.00	9.80	14,928
• 3rd Quarter	10.00	3.32	3.60	21,559
• 4th Quarter	7.08	3.50	5.10	20,653
2003				
• 1st Quarter	5.91	2.60	2.60	18,639

(1) In € (fixed conversion rate: 1 € = BEF 40.3399) adjusted for a 5-to-1 stock split in June 1999.

(*) Two days of listing.

KEY FIGURES PER SHARE AND MARKET RATIOS

CONSOLIDATED FIGURES PER SHARE ⁽¹⁾	2002	2001	2000	1999
No. of shares at December 31 ⁽¹⁾	24,528,843	24,472,030	24,369,618	20,494,825
Operating result before goodwill amortization	0.73	1.00	1.50	1.40
Current result before goodwill				
Amortization⁽²⁾	0.21	0.78	1.08	1.06
Net result, Group Share	(0.87)	(0.98)	0.29	0.17
Gross dividend	-	-	-	-
Shareholder equity	13.34	15.27	16.03	10.23
Share price at year end	5.10	18.48	24.50	54.80
Return on share price for year (in %)	(72.4%)	(24.8%)	(55.3%)	38.5%
Market ratios based on end price				
Price Earnings Ratio (PER), based on current result before goodwill amortization	24.29	23.69	22.69	51.70
Price Cash Flow (PCF) ⁽³⁾	2.51	12.97	n.a.	n.a.
Price Book Value (PBV) ⁽⁴⁾	0.38	1.21	1.53	5.36
Market capitalization (€ 000)	125,097	452,243	597,056	1,123,116

(1) The calculation is based on the consolidated accounts of the Company divided by the number of existing shares at December 31. No warrants or convertibles exist which could reduce the result per share, apart from 3,633,129 warrants attributed to the personnel at December 31, 2001.

(2) Current result defined as result before goodwill amortization, tax and extraordinary items.

(3) Price Cash Flow = closing share price at year-end divided by net cash flow provided by operating activities for the year, related to one share.

(4) Price Book Value = closing share price at year-end divided by equity, Group share, at year-end, related to one share.

SHAREHOLDERS

The capital structure of the Company has evolved as follows for the fiscal year:

SHAREHOLDERS	12/31/2002		Fully diluted		12/31/2001		Fully diluted	
	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
Belgian Anchorage S.A. ⁽¹⁾⁽²⁾	6,405,332	26.1%	6,405,332	22.7%	6,505,150	26.6%	6,505,150	25.3%
Belgian Leverage ⁽¹⁾⁽³⁾	2,300,000	9.4%	2,300,000	8.2%	2,300,000	9.4%	2,300,000	9.0%
Sopartec (UCL) ⁽¹⁾	870,185	3.5%	870,185	3.1%	888,185	3.6%	888,185	3.5%
IRE (Institut des Radioéléments) ⁽¹⁾	878,660	3.6%	878,660	3.1%	878,660	3.6%	878,660	3.4%
UCL (Université Catholique de Louvain) ⁽¹⁾	532,885	2.2%	532,885	1.9%	532,885	2.2%	532,885	2.1%
Float	13,512,598	55.1%	17,145,727	60.9%	13,337,968	54.5%	14,526,063	56.6%
IBA Investments ⁽⁴⁾	29,183	0.1%	29,183	0.1%	29,182	0.1%	29,182	0.1%
Total	24,528,843	100%	28,161,972	100%	24,472,030	100%	25,660,125	100%

(1) Declaration of transparency at December 31, 2002 (last declaration published).

(2) Belgian Anchorage is a company created and wholly owned by IBA Management and certain IBA employees.

(3) Belgian Leverage is a wholly owned subsidiary of Belgian Anchorage.

(4) IBA Investments is a sub-affiliate of IBA S.A.

SHAREHOLDERS' AGENDA

2003 Annual General Meeting	May 14, 2003 at 10:00 AM
Publication of mid-year results ending June 30, 2003	September 18, 2003
Publication of annual results ended December 31, 2003	March 25, 2004
2004 Annual General Meeting	May 12, 2004 at 10:00 AM

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SHAREHOLDER INFORMATION

Ticker Symbol: IOBAAt.BR (Reuters) IBAB.BB (Bloomberg)
Exchange: Euronext Brussels
2003 Annual General Meeting: May 14, 2003
Publication of mid-year results: September 18, 2003
Publication of annual results: March 25, 2004
2004 Annual General Meeting: May 12, 2004

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