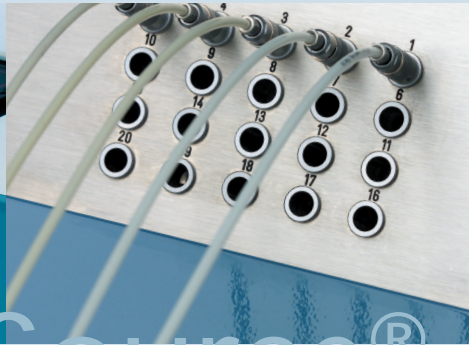


# 2004

Quarterly Report I



# MultiSource®

**Dear Shareholder,**

The first quarter of 2004 was marked by brisk acquisition activity, which brought four additional sales and revenue sources into the corporate group. Two of the acquisitions involve products oriented primarily to radiation therapists, and thus fall in the oncology segment. One is the radiation equipment division of the French company CIS bio international, comprising low-dose-rate afterloader (cesium radiation equipment) and therapeutic iridium radiation sources. The other is the medical equipment business of HEK GmbH in Lübeck, which brings items such as a newly developed high-dose-rate afterloader (iridium and cobalt radiation unit), patient placement equipment, and collimator cutting units into the portfolio. In the Nuclear Imaging and Industry segment, the purchase of more shares of Isotope Products Europe Blaseg GmbH (IPE), Waldburg allows Eckert & Ziegler AG to centralize various sales and administrative activities over the medium term. And finally, acquisition of the raw material broker CNL Scientific Resources International, San Francisco, brings vertical integration to strengthen the activities of our American subsidiary Isotope Products Laboratories Inc. (IPL).

As for the figures: Sales in the first quarter of 2004 rose to 8.0 million EUR, a marked growth of 17% over the same quarter of last year which is all the more noteworthy given that the exchange rate for the dollar – and thus the amounts invoiced in US\$ – dropped by 16% over the last twelve months. Of the

1.2 million EUR increase in sales, approximately 0.5 million EUR are based on the newly acquired units but the rest is due to organic increases in the segment Oncology and Cardiology. In addition to satisfying sales of implants for treating prostate cancer, invoices for equipment orders were the driving force here. Nominal sales in US\$ for the industrial and nuclear medicine segment – not counting acquisitions – were at the same level as last year.

All revenue figures showed considerable increases, but it is difficult to compare them with last year owing to the fact that exchange rate fluctuations and major changes in accounting regulations (affecting e.g. the NEMOD consolidation as well as the handling of taxes and reserves) must also be considered. They led to leaps of over 10,000% in operating profits, and to an increase of roughly 25 percent even in revenues from ongoing activities. For net income after taxes, this quarter's profit of 0.4 million EUR contrasts with a loss of 0.5 million EUR in the same quarter of last year. Although the figure corresponds to an increase of about 0.14 EUR per share for this quarter already, the board continues to project a net profit of approximately 0.40 EUR per share for the full year.

As is to be expected for a quarter with intensive acquisition activity, the level of liquid funds declined from the end of 2003. Company acquisitions and additions of near-money securities amounted to a total level of 5.5 million EUR, but were offset only by payments of

about 2.6 million EUR. The reason behind this moderate reduction in liquidity is the ongoing high cash flow from operational activities, which increased by 47% over the same quarter of last year, as well as the fact that treasury shares were used for part of the acquisitions. From the other balance sheet items, it is clear that longer inventory and payment periods must be expected for the investment products recently acquired (afterloaders, blood radiation equipment) than for our main business thus far.

**Research and Development**

In the oncology segment, final acceptance of the production facility for prostate implants sold to Theragenics Corp. was successfully concluded. For the new form of stranded prostate seed IsoCord®, the production plant was expanded to handle larger unit volumes.

**Staff**

As of 31 March 2004 the total number of staff employed by the corporate group was 186.

## Milestones

- Acquisition of the radiation equipment segment from CIS bio international, France.
- Conclusion of a multiple-year cooperation agreement for prostate seeds with the Institut Curie, France, at a value of nearly 2 million EUR.
- Majority acquisition of the sales subsidiary Isotope Products Europe Blaseg GmbH (IPE), Waldburg, Germany.
- Acquisition of the raw material broker CNL Scientific Resources International, USA.
- Takeover of the MMI medical equipment division of HEK GmbH, Lübeck, Germany.
- DRAXIMAGE Inc. becomes distributor for nuclear medical products in Canada.
- Contract signed for distribution of dendritic cells in Japan.
- Professor Detlev Ganten resigns from the Supervisory Board.


## Outlook

In the coming quarters, the board of Eckert & Ziegler AG and management personnel from the subsidiaries will concentrate on integrating the newly acquired companies. The management expects only slight earning contribution from these commitments this year, on account of the integration costs and the fact that synergy effects will only start yielding results in subsequent quarters. The first full consolidation of the new units, however, will generate a further increase in sales in 2004 already.

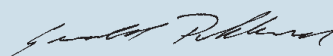
In the summer, delivery of another production facility is expected as planned.

In early April, our customer Novoste Corporation (Atlanta) informed us that it will be restructured and that it will cease to purchase cardiovascular radiation sources. This decision does not affect guaranteed sales. Because we can no longer expect significant sales of products for prevent-

ing restenosis, we will change the designation of our "Oncology and Cardiology" segment to the more appropriate "Radiation Therapy" (Therapy).



Dr. Andreas Eckert,  
Chairman of the Management  
Board



Gerald Pohland, Board Member



Dr. Edgar Löffler, Board Member

Berlin, April 30, 2004

## Accounting and Valuation Methods

See also the information in the 2003 annual report on the accounting and valuation methods.

Following the majority acquisition of Isotope Products Europe Blaseg GmbH (IPE), both it and CNL Scientific Resources International will be fully consolidated as of 1 February 2004.

Initial consolidation of MCP Medical International GmbH (MMI) took place on 31 March 2004. In addition to the purchase price paid thus far, the contract calls for a further sales-dependent purchase price component in addition to the payments already done. This component cannot be precisely determined at present, so the final purchase price is subject to change, also with respect to upcoming review by our auditors. Possible changes here would affect a number of balance sheet items.

## Statement of Shareholders' Equity (in thousand EUR)

	Common Stock	Additional paid-in capital	Retained Earnings	Accumulated Other Comprehens. Income	Treasury Stock	Total Share- holders' Equity
Balance, January 01, 2003	3,250	26,637	3,319	- 279	0	32,927
Acquisition of treasury stock					- 1,072	- 1,072
Sale of treasury stock		44			18	62
Stock-based compensation		71				71
Net Income			- 1,265			- 1,265
Changes in						
Other Comprehensive Income				- 1,909		- 1,909
Balance, December 31, 2003	3,250	26,752	2,054	- 2,188	- 1,054	28,814
Balance, January 01, 2004	3,250	26,752	2,054	- 2,188	- 1,054	28,814
Treasury stock						
used for acquisitions		632			468	1,100
Stock-based compensation		89				89
Net Income			423			423
Changes in						
Other Comprehensive Income				257		257
Balance, March 31, 2004	3,250	27,473	2,477	- 1,931	- 586	30,683

## Stock and stock options

Management Board and Supervisory Board		March 31, 2004	
		Stocks	Stock options
Dr. Andreas Eckert	Management Board	10	13,000
(Eckert Consult GmbH)		(1,260,446)	(0)
Dr. Edgar Löffler	Management Board	0	10,250
Gerald Pohland	Management Board	4,750	11,500
Prof. Dr. Wolfgang Maennig	Supervisory Board	0	0
Prof. Dr. Ronald Frohne	Supervisory Board	19,549	0
Prof. Dr. Detlev Ganten <sup>1)</sup>	Supervisory Board	0	0
Hans-Jörg Hinke <sup>2)</sup>	Supervisory Board	0	0
Ralf Hennig	Supervisory Board	141	0
Frank Perschmann	Supervisory Board	1,000	0
Prof. Dr. Nikolaus Fuchs	Supervisory Board	500	0

1) Member of the Supervisory Board up to February 6, 2004

2) Member of the Supervisory Board as from February 6, 2004

## Consolidated Statement of Cash Flows – US GAAP (in thousand EUR)

	3-monthly report 01 – 03/2004	3-monthly report 01 – 03/2003 (previous year)
Net profit/loss	423	- 517
Adjustments for:		
Depreciation and amortization	939	903
Proceeds from grants, net	464	- 329
Deferred taxes	30	- 450
Unrealized foreign currency gains (-)/losses	118	46
Long-term accruals, other long-term liabilities	112	1,255
Gains (-)/losses on holding of investments	-	493
Gains (-)/losses on the disposal of property, plant and equipment	16	-
Gains (-)/losses on the sale of securities	- 6	-
Others, net	10	40
Changes in short-term assets and short-term liabilities:		
Accounts receivable	108	- 296
Inventories/Work in progress	- 892	- 190
Prepaid expenses and other current assets	53	- 71
Accounts payable and accounts payable to affiliates	- 705	59
Tax reserves	201	334
Other liabilities	940	- 49
<b>Cash flows from operating activities</b>	<b>1,811</b>	<b>1,228</b>
Purchases and sales of property, plant and equipment	- 227	- 257
Acquisitions of consolidated enterprises	- 3,522	-
Investments in or sales of affiliates	-	- 400
Purchases and sales of securities	- 1,779	- 960
Other	- 8	- 5
<b>Cash flows from investing activities</b>	<b>- 5,536</b>	<b>- 1,622</b>
Change in long-term borrowing	- 96	- 29
Change in short-term borrowing	80	- 226
Purchase of treasury stock	-	- 1,072
Treasury stock used for acquisitions	1,100	-
<b>Cash flows from financing activities</b>	<b>1,084</b>	<b>- 1,327</b>
Effect of exchange rates on cash and cash equivalents	15	- 17
Net increase (decrease) in cash and cash equivalents	- 2,626	- 1,738
Cash and cash equivalents at beginning of period	8,942	6,138
Cash and cash equivalents at end of period	6,316	4,400
+ Short term investments	2,625	832
<b>= Cash and short term investments at the end of period</b>	<b>8,941</b>	<b>5,232</b>

## Consolidated Income Statement – US GAAP (in thousand EUR)

	Quarterly Report I/2004 01 – 03/2004	Quarterly Report I/2003 01 – 03/2003 (previous year)
Revenues	7,974	6,833
Cost of Revenues	- 4,195	- 3,844
<b>Gross profit/loss</b>	<b>3,779</b>	<b>2,989</b>
Selling and Marketing expenses	- 1,000	- 778
General and administrative expenses	- 1,709	- 1,599
Research and development expenses	- 338	- 608
Other operating income and expenses	8	0
<b>Operating income/loss</b>	<b>740</b>	<b>4</b>
Interest income and expenses	- 83	- 66
Foreign currency exchange gains/losses	130	- 63
Other income/expense	- 7	748
<b>Result before income tax and minority interest</b>	<b>780</b>	<b>623</b>
Income tax	- 328	- 448
<b>Net income from continuing operations</b>	<b>452</b>	<b>175</b>
Weighted average shares outstanding (basic)	3,003	3,137
Weighted average shares outstanding (diluted)	3,010	3,137
<b>Net earnings per share (basic)</b>	<b>0.15</b>	<b>0.06</b>
<b>Net earnings per share (diluted)</b>	<b>0.15</b>	<b>0.06</b>
Cumulative effect of change in accounting principle (SFAS 143 and FIN 46)	0	- 692
Minority interests in net income of consolidated subsidiaries	- 29	0
Net income/loss	423	- 517
Net income per share (basic)	0.14	- 0.16
Net income per share (diluted)	0.14	- 0.16

## Consolidated Balance Sheet – US GAAP (in thousand EUR)

	3-monthly report 01 – 03/2004	Annual report 01 – 12/2003	
Assets	<b>Current assets</b>		
	Cash and cash equivalents	6,316	8,942
	Short-term investments/marketable securities	2,625	832
	Trade accounts receivable	4,865	2,811
	Accounts receivable due from related parties	3	882
	Inventories/Work in progress	5,660	2,965
	Deferred tax asset	916	1,011
	Prepaid expenses and other current assets	1,972	997
	<b>Total current assets</b>	<b>22,357</b>	<b>18,440</b>
	<b>Non current assets</b>		
	Property, plant and equipment	14,719	14,876
	Intangible assets	5,167	3,688
	Goodwill	7,837	6,004
	Investments	68	109
	Notes receivable/loans	-	21
	Deferred taxes	797	362
	Other assets	1,387	1,072
<b>Total non current assets</b>	<b>29,975</b>	<b>26,132</b>	
<b>Total assets</b>	<b>52,332</b>	<b>44,572</b>	
Liabilities and Share- holders' Equity	<b>Current liabilities</b>		
	Short-term dept and current portion of long-term dept and capital lease obligations	544	428
	Trade accounts payable	1,656	677
	Advance payments received	459	346
	Accrued expenses	3,662	1,849
	Deferred revenues	1,208	1,148
	Income tax payable	39	11
	Deferred taxes	89	210
	Other curent liabilities	2,557	1,151
	<b>Total current liabilities</b>	<b>10,214</b>	<b>5,820</b>
	<b>Non current liabilities</b>		
	Long-term dept, less current portion and capital lease obligations	3,902	3,861
	Deferred revenues	3,312	2,864
	Deferred taxes	990	1,163
	Pension accrual	132	131
	Others	2,920	2,903
	Minority interests	179	150
	<b>Total non current liabilities</b>	<b>11,435</b>	<b>11,072</b>
	<b>Shareholders' equity</b>		
	Share capital	3,250	3,250
Additional paid-in capital	27,473	26,752	
Retained earnings	2,477	2,054	
Accumulated other comprehensive income/loss	- 1,931	- 2,188	
Treasury stock	- 586	- 1,054	
<b>Total shareholders' equity</b>	<b>30,683</b>	<b>28,814</b>	
<b>Total liabilities and shareholders' equity</b>	<b>52,332</b>	<b>45,706</b>	

## Operating segments (in thousand EUR)

**01 – 03/2004**

	<b>Industry &amp; Nucl. Imaging</b>	<b>Therapy</b>	<b>Immunology</b>	<b>Others</b>	<b>Consoli- dation</b>	<b>Totals</b>
Sales to external customers	5,111	2,862	0	1		7,974
Sales to other segments	1	24	5	128	- 158	
Total segment sales	5,112	2,886	5	129	- 158	7,974
Depreciation and amortization	- 265	- 621	- 24	- 29	0	- 939
Interest income	1	2		335	- 305	33
Interest expenses	- 160	- 168	- 29	- 63	304	- 116
Net income from continuing operations	425	271	- 28	- 199	- 46	423
Income tax	- 231	- 169	10	55	7	- 328
Segment assets	24,709	15,858	821	36,076	- 25,132	52,332
Segment liabilities	- 7,738	- 10,053	- 1,697	- 3,662	13,834	- 9,361
Equity investments		68				68
Additions to fixed assets (without financial investments)	134	120		1		255

**Sales by geographic areas 01 – 03/2004**

	<b>million EUR</b>	<b>%</b>
North America	5.3	67
Europe	2.5	30
Asia/Pacific	0.2	3
	8.0	100

**01 – 03/2003 (previous year)**

	<b>Industry &amp; Nucl. Imaging</b>	<b>Therapy</b>	<b>Immunology</b>	<b>Others</b>	<b>Consoli- dation</b>	<b>Totals</b>
Sales to external customers	5,079	1,717		37		6,833
Sales to other segments	0	65		157	- 222	0
Total segment sales	5,079	1,782		194	- 222	6,833
Depreciation and amortization	- 280	- 586		- 37		- 903
Interest income	1	17		440	- 413	45
Interest expenses	- 211	- 240		- 75	415	- 111
Net income from continuing operations	397	238	- 500	28	12	175
Income tax	- 245	- 168		- 30	- 5	- 448
Segment assets	23,268	15,819		32,675	- 22,439	49,323
Segment liabilities	- 7,997	- 9,205		- 2,431	15,573	- 4,060
Equity investments		68		235		303
Additions to fixed assets (without financial investments)	66	381				447

**Sales by geographic areas 01 – 03/2003 (previous year)**

	<b>million EUR</b>	<b>%</b>
North America	4.7	69
Europe	1.9	28
Asia/Pacific	0.2	3
	6.8	100

## **Financial calendar**

**Mai 11, 2004**

Quarterly Report I/2004

**Mai 18, 2004**

4th Berlin MedTech Day

**Mai 25, 2004**

Annual general meeting  
in Berlin

**August 10, 2004**

Quarterly Report II/2004

**November 09, 2004**

Quarterly Report III/2004

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