Annual Report **2004**

Keep a life.
Seize opportunities.

Eckert & Ziegler

		2004	Change over 2003	2003	2002
Sales	Million EUR	**35.5**	22%	29.2	31.2
Return on sales before tax	%	**10.2**	- 5%	10.7	2.9
Return on sales after tax	%	**6.5**	- 10%	7.2	1.1
Gross earnings	Million EUR	**16.3**	22%	13.4	15.3
Operating income	Million EUR	**3.4**	- 8%	3.7	2.0
EBITDA	Million EUR	**7.7**	8%	7.1	5.4
EBIT	Million EUR	**3.9**	14%	3.4	1.1
EBT	Million EUR	**3.6**	16%	3.1	0.9
EBITDA margin	%	**21.5**	- 12%	24.4	17.2
EBIT margin	%	**11.0**	- 6%	11.7	3.5
Net income from continuing operations	Million EUR	**2.3**	10%	2.1	0.3
Group net income / loss (-)	Million EUR	**3.3**	363%	- 1.3	0.3
Earnings per share	EUR	**1.09**	360%	- 0.42	0.11
Earnings per share from continuing operations	EUR	**0.74**	7%	0.69	0.11
Earnings per share from discontinued operations	EUR	**0.34**	181%	- 0.42	-
Cash flow from operating activities	Million EUR	**2.6**	- 38%	4.2	7.0
Operational cash flow per share	EUR	**0.84**	- 40%	1.39	2.16
Effective tax rate	%	**37**	11%	33	62
Equity	Million EUR	**32.7**	13%	28.8	32.9
Equity ratio	%	**67**	6%	63	66
Return on equity (ROE)	%	**7.1**	- 3%	7.3	1.1
Total assets	Million EUR	**49.0**	7%	45.7	49.7
Book value per share (31.12.)	EUR	**10.57**	8%	9.82	10.13
Investments in tangible fixed assets	Million EUR	**3.2**	111%	1.5	2.3
Depreciation and amortization (net)	Million EUR	**2.2**	- 8%	2.4	3.0
Employees (31.12.)	Persons	**241**	22%	197	199
Number of shares (31.12.) (without own shares)	Item	**3,088,551**	5%	2,935,503	3,250,000
Dividends	EUR	**0.25***	-	0.00	0.45

The comparative figures for the previous year have been restated in accordance with SFAS 144 (reclassification as income from discontinued operations), see explanation page 55, paragraph 16.

*) Dividend to be recommended by the company to the annual general meeting on May 31, 2005.

Notes to the English translation

This English translation of Eckert & Ziegler AG annual report has been compiled with care and diligence. However, the relevant version is in all cases, including errors and omissions, the German original.

Further, since the annual report is a technical document, some of the translations may sound awkward. We tried to eliminate clumsy passages as much as possible, but apologize if we failed to do so completely.

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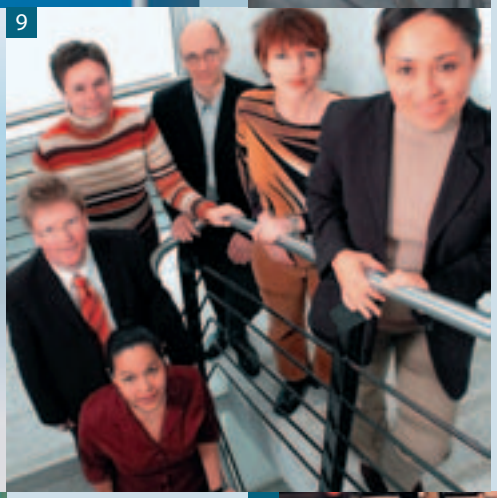

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January

■ Acquisition of radiation equipment subdivision from CIS bio international, a subsidiary company of Schering S.A. France (1)

February

■ Conclusion of a long-term cooperation agreement concerning prostate seeds worth almost EUR 2 million with the French Institut Curie (2)

■ Acquisition of a majority holding in the marketing subsidiary, Isotope Products Europe Blaseg GmbH (IPE), Waldburg, Germany

■ Acquisition of the raw material broker, CNL Scientific Resources International Inc., USA (3)

■ Prof. Detlev Ganten resigns from the Supervisory Board for professional reasons

March

■ Acquisition of the technical medical product group MMI from HEK GmbH, Lübeck, Germany

■ DRAXIMAGE Inc. becomes distributor for nuclear medical products in Canada (4)

May

■ The blood radiation equipment BIOBEAM® obtains CE certification (5)

■ Conclusion of an outline agreement with a leading Portuguese cancer research center with a volume of nearly EUR 1 million

■ Expansion of BEBIG France's offices in Paris

June

■ Extension of the outline agreement in the Nuclear Imaging segment with Cardinal Health, USA, with a volume of over US$10 million (6)

■ Decision on the deconsolidation of the equity investment company NEMOD Biotherapeutics GmbH & Co. KG, thereby strengthening the core business

■ As planned, Finance Director Gerald Pohland steps down from the Executive Board with effect from June 30, 2004. The finance function now reports to the Chairman of the Executive Board, Dr. Andreas Eckert. Jens Giltsch takes over as Commercial Director (7)

July

■ The cancer radiation equipment Curietron® obtains CE certification (1)

September

■ Delivery of the first Curietron®C manufactured under license by BEBIG to French clinics

October

■ First order from Germany (Bayreuth) for the new cancer radiation equipment MultiSource® (8)

■ Relocation of Isotope Products Europe GmbH (IPE) from Waldburg to Berlin. Concentration of European sales and marketing on one site (9)

November

■ Contract for the supply of afterloaders to Russia with a volume of around EUR 0.5 million

December

■ Dr. Andreas Hey appointed as the third member of the company's Executive Board with effect from January 1, 2005, with responsibility for the Nuclear Imaging & Industry segment (10)

■ Delivery of plant under a major contract valued at over USD 1 million to the US for the manufacture of radioactive medical products (11)

■ Health insurance fund in France clears the use of seeds for the treatment of prostate cancer

■ Isotope Products Laboratories Inc., USA obtains the exclusive European distribution rights for Strontium 89 from Bio-Nucleonics Inc., USA, as a palliative radio-pharmaceutical for the treatment of bone metastasis

Dr. Andreas Hey, Dr. Edgar Löffler, Dr. Andreas Eckert
(from left to right)

Dear Shareholders,

The introduction to the annual report is particularly easy to write when there is good news to report and things have worked out just as one had hoped and predicted.

Last year on the same occasion we had reported on the withdrawal from the development of bio-pharmaceutical products and on the concentration on the medical device area, as well as announcing acquisitions for the strengthening of the business base. In the past twelve months we have able to keep these promises. Four new units, the raw material broker CNL, MMI GmbH in Lübeck, STS GmbH in Brunswick (both in Germany), as well as a subdivision of the French company CIS bio international ("Curietron") have joined the Eckert & Ziegler Group, and have in particular widened the attractiveness of the range of products we can offer radiation therapists, including modern computer-driven radiation equipment (termed afterloaders) and contour cutting machines for a more efficient patient throughput. The new products complement our original portfolio to an exceptional extent, reduce the fixed cost burden and thus bring about positive synergy effects.

We have already felt the first effects of this in sales and net income this year. Whereas we originally feared that the costs which would inevitably be incurred in the purchase and integration of new units would give rise to a special charge in 2004, with an appreciable effect on net income, there was a surprising boost to operating income in the last quarter, which offset all integration charges and more than doubled net operating income for the year compared to 2003. Along with implants for the treatment of prostate cancer and the completion of a works order for equipment, it was the new products that contributed especially to this development. The hopes that were bound up with their acquisition have therefore already been fulfilled.

This success strengthens our opinion that, out of all the other possibilities, it was right several years ago to concentrate primarily on medical applications. Despite prophesies to the contrary, in fact the prospects for specialists in nuclear medicine and radiation therapists in the decades to come are outstanding. The ageing of the population means that cancer rates are accelerating in nearly all industrialized countries, with a resultant rise in the demand for effective diagnosis and treatment facilities.

This also applies to techniques based on radiation technology. Contrary to the widely held opinion, radio-oncologists and specialists in nuclear medicine have in no way lost ground in recent decades, but can demon-

strate impressive progress in many aspects of their work. When in competition with surgical, chemotherapeutical or biotechnological forms of therapy, it can be shown in a broad range of special cases—one has only to think of gynecological tumors, of early prostate carcinomas or of eye cancer—that they possess considerable advantages that make them into the first weapon in the doctor's arsenal: Products based on isotope technology can be very precisely applied and are easy to handle, they show hardly any side-effects, are readily tolerated, and in many cases their high degree of effectiveness and efficiency is impressive. Moreover, with numerous symptoms radiotherapeutic procedures offer a sensible supplement to mainstream therapy.

Therefore, for years ahead radio-oncology and nuclear medicine will remain interesting fields of activity with numerous growth possibilities, in which an adequately capitalized and, moreover, internationally placed specialist like Eckert & Ziegler AG need not fear any competitor. As a further back-up to this, we have already been strategically investing for years in the therapy segment in our own marketing, and thus possess a favorable basis for product positioning and sales promotion. The direct line to the user not only enables us to actively publicize the advantages of our products, but also constantly generates ideas as to how equipment and services might be improved.

Encouraged by positive feedback from radio-oncologists, we have also begun in recent months to seek out contacts with end-users in the nuclear medical segment. These activities include, for instance, the build-up of telemarketing capacity at the Los Angeles site or the acquisition of our European distributor, Isotope Products Europe GmbH based in Baden-Württemberg, Germany. The relocation of this business to the headquarters at Berlin-Buch, the creation of a separate directorate for nuclear medicine and industry and the strengthened assortment and initial licensing-in of products for specialists in nuclear medicine are further steps on the way to increased growth in this segment. I am sure that we will be reporting yet more pleasing news in the years to come on this subject.

All indications are that there will be further acquisitions or participating interests. As is demonstrated by the incorporation of the entities acquired in 2003 and 2004, there is no need for us to fear the challenges which this entails. The company can, moreover, call on a number of exceptionally talented technical and commercial staff when new products and organizational units have to be integrated into the Group as smoothly as possible.

Their performance is a reminder that the most important assets, alongside availability of capital and products, are versatile and experienced staff who continue to be motivated, and who over the years understand customers and products better and better. As in medical technology nothing seems to be as constant as change, inventiveness and broad problem solving competence proves yet again to be one of the greatest assets not to appear on the balance sheet. We are very proud to have first-class teams in many areas with whom we can realize further opportunities for growth, and we see the primary duty of the Executive Board to maintain and enhance its function as a catalyst for such outstanding performance.

That also answers the central question as to the company's vision which should not only inspire shareholders, but also staff, suppliers and others. In response one can affirm here without exaggeration that Eckert & Ziegler AG has again come on a long way in 2004. The acquisitions have strengthened its position in the market, have brought the company back on to its growth track and improved the economic situation in significant dimensions. If one combines these results with the knowledge that not even the first signs of the income and sales potential of the original and new products have been exhausted, then one can only greet 2005 with confidence.

In the hope that this is also how you see things, I remain

Yours truly

Dr. Andreas Eckert,
Chairman of the Executive Board

With afterloader radiation equipment, prostate seeds and eye applicators, the Eckert & Ziegler subsidiary BEBIG GmbH is a global leading sprecialist in brachytherapeutic products for the treatment of cancer

Seed Implants: A Method Catches On

The best advocates for our seed implants are the patients that have been treated with them. European patients tend to be less vocal than, for example, their American counterparts, but even so we see again and again that recommendations of patient groups and testimonials of former prostate cancer patients provide the main inducement for clinics to offer the procedure. It then saddens us much, if health maintenance groups or other reimbursement agencies postpone the payment for the procedure, citing as an argument that this treatment has not yet been taken up in Germany in all the catalogs of reimbursable treatments—in spite of what now amounts to almost twenty years satisfactory experience with hundreds of thousands of patients worldwide.

Such experiences are a spur for us to further increase the amount of information we provide, for example, via the internet (www.bebig.de) and to intensify lobbying efforts for this patient friendly procedure.

Brachytherapy: Curing cancer through radiation

Cancer. Terrible news for the person affected, and unfortunately not a rare event. In Germany alone the statistics show that there are 395,000 new cases of tumors each year, and the trend is upwards. The main reason is the increasing ageing of the population.

Fortunately, the illness can be successfully treated in many cases. An important procedure for this is radiation. It is extremely effective in many situations, shows hardly any side-effects and can be employed painlessly and with precision by the doctor. For a radiation source he either uses an electrically driven accelerator or, in cases where the geometry or the volume of the organ dictate, natural radioisotopes. This form of radiation, where the isotope is concentrated in a small capsule which is inserted directly into the seat of the tumor, is called contact therapy, or *brachytherapy* after the Greek expression.

BEBIG GmbH, a subsidiary of Eckert & Ziegler AG, is one of the world's leading specialists in brachytherapeutic products. Its products include: low level radioactive rice grain-size implants (termed *seeds*) for the treatment of the early stages of prostate carcinomas; small discs, the size of a one-euro coin, for eye tumors (termed *applicators*); and from the beginning of 2004 also millimeter-thin cannulas they are applied fully automatically for a defined period into or onto a tumor with the aid of special radiation devices termed *afterloaders*. The equipment in question is very versatile and can be utilized with the appropriate attachments, for example, with breast, lung, prostate, womb, bladder and brain tumors. Through software modules they afford the doctor the possibility of simulating the treatment in detail, to plan it in advance and thus to customize it according to the needs of the particular patient.

Those interested can find an overview of clinics that offer seed implantation for prostate cancer under www.bebig.de.

Part of the therapy segment are also the engineering services. As Eckert & Ziegler AG itself has developed and built most of its own production facilities for its products, it possesses an impressive store of knowledge in the construction of production equipment for products using isotope technology. It offers its engineering services through its subsidiary EUROTOPE to other technical medical companies for the development and construction of production facilities.

The handy Perflexion™ flood source facilitates the routine calibration of SPECT and gamma cameras.

Nickel sources for application in explosives detectors at airports

Revealing what is hidden

Revealing what is hidden. That's what Nuclear Imaging is about.

Modern imaging techniques allow processes in the human body to be pictured. Is the chemotherapy or radiotherapy showing signs of success with the patient? Is that thyroid over- or under-active, or is the lump malignant? Diagnostic tools such as positron emission tomographs, SPECT or gamma cameras provide information on metabolic processes. For quality assurance purposes and to calibrate these diagnostic devices Eckert & Ziegler supplies radioactive reference sources via its subsidiary company, Isotope Products Laboratories Inc. The company is the world market leader with a market share of around 60 per cent.

Measurement under extreme conditions

In the Industry Division radioactive source material is produced for application in measurement and testing technologies. More than 400 equipment manufacturers worldwide use encapsulated radioactive sources for use in their special measuring equipment, with which thickness, density and similar physical properties can be determined even under extreme conditions. Fields of application include the iron and steel industry, energy supply, defense and security technology, plant construction and the chemicals industry.

Keep a life. Seize opportunities.

With products from Eckert & Ziegler AG cancer cases can be quickly detected and given a mild form of treatment. For there is nothing more valuable than a healthy life. That is why we are continually developing new products and services in the therapy and nuclear medicine and industry divisions of our business. Furthermore, the company took the opportunity last year of broadening its range of products through strategically favorable acquisitions in the brachytherapy area.

By means of the personal profiles of successfully treated cancer patients we would like to give courage to all those afflicted, and show that pleasure in life is even possible after such an illness. In conversations with the patients it was evident that for many the illness was a spur for them to positively reshape their lives afterwards.

"My life has changed for the better."

The Share

Since their stock exchange flotation in May 1999 Eckert & Ziegler AG shares have been quoted on the Frankfurt Stock Exchange as well as on all the German regional exchanges. In addition, they are traded electronically on the XETRA (Exchange Electronic Trading) system under the unique international 12-digit International Securities Identification Number (ISIN) DE0005659700. A number of German banks and savings banks also identify the share by means of the former WKN [Wertpapier-Kenn-Nummer] indicator 565970.

As from February 20, 2003 Eckert & Ziegler AG shares have been listed under the Prime Standard. This segment is subject to particularly high transparency standards, even exceeding those of the prescribed publicity requirements.

From October 1, 2004 onwards Eckert & Ziegler AG shares are listed under the Gate-M trading segment on the Stuttgart stock exchange. Gate-M was especially created for medium-sized companies, and provides reliable marketability for quoted shares with a high quality record in the determination of prices (www.boerse-stuttgart.de/gate-m).

As was already the case in the three previous years, all the acquisitions, investments in property, plant and equipment and product innovations in the year under review were entirely financed from cash flow. There was no need to call on the capital markets for further finance.

Since June 2, 2000, the date of the last increase of capital, the nominal share capital of the company has remained unchanged at EUR 3,250,000.

Take-up in GEX of the Deutsche Börse

Since January 3, 2005 Eckert & Ziegler AG has been a member of the newly created "German Entrepreneurial Index" (GEX). This segment exclusively takes up companies that are listed in the Prime Standard, and where significant amounts of stock are held by founders or management. The background to the creation of this special index lies in Deutsche Börse statistics which show that owner-managed enterprises on the stock exchanges have in many cases demonstrated stronger growth in value and have stood their ground better than non-owner-managed firms, particularly in the difficult environment of recent years. Furthermore, such enterprises score positively in relation to their strategic planning, their focus on core competencies and other business-economic criteria.

Movements in the share price

Although the Eckert & Ziegler share was not able to match the growth rates of the previous year, its performance was, nevertheless, pleasing.

Particularly in the first six months of the year, there were times when the share significantly outperformed the marker index. Following its final price for 2003 of EUR 7.10, the share had already reached its highest price of the year at EUR 9.76 on February 18. The impetus for this rise were press announcements of sharp improvements in profits, several acquisitions to strengthen the core business, and the decision on the deconsolidation of the biotech subsidiary NEMOD Biotherapeutics GmbH & Co. KG.

Meanwhile, in the first half of the third quarter, the share fell to its lowest price of the year of EUR 7.00 on August 17. The causes for this fall were the emerging book losses arising from the weakness of the dollar, as well as the continuing costs for restructuring and integration. Towards the end of September the price had recovered, but fell away in the following months to end at EUR 8.35 on the last trading day of the year.

The performance of the Eckert & Ziegler share in the year under review was only slightly below that of the

Rate changes in the year 2004
(1-1-2004 = 100%, source: onvista.de)

Prime Pharmaceutical & Healthcare Index; however, it appreciably outperformed the Prime All Share Index. Stockholders who kept their faith in the company throughout 2004 could take pleasure at the year-end in a gain in price of around 18 per cent.

Investor Relations

As in previous years, Eckert & Ziegler AG also took part in a number of events in 2004 where investors and analysts interested could obtain detailed information and meet company representatives in person. In accordance with tradition, the beginning was marked by press conferences on the financial statements and for analysts on the publication of the annual report in March. On May 18 the company made presentations as part of the Berlin MedTech Day, a conference for specialists in the field of medical technology, which Eckert & Ziegler AG had helped to launch four years ago. The event has meanwhile established itself as a permanent fixture for the industry sector. At the Deutsche Eigenkapitalforum (German Equity Capital Forum) on November 23 in Frankfurt, an important investors' conference for innovative and growth-oriented enterprises, there was a further presentation to a wider public. In between, the annual general meeting at the end of May provided a further opportunity for making contacts.

In April a roadshow was organized with the support of Concord Effekten AG to selected financial analysts and fund managers, and in November a similar round was conducted with the assistance of the Landesbank Baden-Württemberg (LBBW). During the whole year there were in addition a number of individual discussions with public and private investors and analysts concerning the situation, targets and strategy of the Group.

At the quarterly reporting we provided the usual telephone conference facilities in which the Executive Board explained current developments and answered questions. Apart from that, through our internet site www.ezag.com, it has been and is possible to get up-to-date information at any time, and to view annual or quarterly reports or press announcements. The website has recently been revamped and made even more user-friendly.

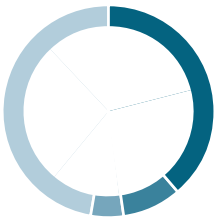
Shareholder structure

The company's shareholder structure has hardly changed since last year. The founding shareholder, Eckert Consult GmbH, continued to hold 38.8 per cent of the nominal capital as of the balance sheet date. The second founding shareholder, Jürgen Ziegler, reduced his holding by approx. 1.3 percentage points to 9.0 per cent. During the course of the year under review Eckert & Ziegler AG placed 153,551 of its own shares on the market to protect the share price, so that the proportion of shares in circulation rose by 4.7 percentage points. This meant that the shares available to the public (free float) increased from 41.3 to 47.2 per cent.

Key data on the Eckert & Ziegler share

Security identification number (WKN) 565 970
International Securities Identification Number (ISIN)
DE0005659700
Stock exchange symbols
EUZ (Deutsche Börse)
EUZ (Bloomberg)
EUZG (Reuters)
Stock exchange sector
Prime Standard, Frankfurt
All Share Indices
Prime All Share
Technology All Share
German Entrepreneurial Index (GEX)
Industry-specific index
Prime sector: Pharmaceuticals & Healthcare
Industry group: Medical Technology
Nominal share capital (12-31-2004)
EUR 3,250,000
Owner bearer shares (12-31-2004)
3,250,000 units
Share price (12-31-2004)
EUR 8.35
Market capitalization (12-31-2004)
EUR 27.14 million
Highest/lowest price in 2004
EUR 9.76 / EUR 7.00

Shareholder structure 12-31-2004



Eckert Consult GmbH 38,8%
Jürgen Ziegler 9,0 %
Eckert & Ziegler AG 5,0%
Free float 47,2%

Eckert & Ziegler AG sees itself as a global supplier of products or services for radiotherapists and specialists in nuclear medicine. In this it can call on its long-standing technological core competence, particularly for products containing radioactive components or radioactive materials. Such products are manufactured by the Group in its own specialized production facilities in Berlin, Los Angeles and Prague.

As radioactive components are also in demand for applications outside the medical sphere, the Group supplies in addition selected niche products based on isotope technology for industry, metrology or science, as well as production equipment for radioactive components in certain instances. However, the focus of the business is on medical or nuclear pharmaceutical products for the diagnosis and treatment of cancer. In this field the Executive Board believes there are favorable pre-conditions for sustainable growth and rising income because of the ageing of the population and the resultant increase in cancer.

Within the Group, a variety of business models are being pursued based on product group, market structure, competitive pressure or geographic region. These range from direct sales to doctors or clinics by salesmen on the payroll through to "anonymous" outsourced production for other medical device companies, and can be completely changed as opportunities dictate. As a rule, the design of products and services or the expansion of the portfolio attempts to create synergy effects with existing activities, and to utilize and build on the specialized knowledge available in the company in the area of handling and processing of radioactive materials.

Opportunities for this are provided, for example, by leveraging existing sales channels, the common use of a specialized infrastructure, the regulatory know how, expertise in radiation protection, quality assurance, logistics or similar activities associated with the handling of radioisotopes.

These activities are centered geographically in the European Union and in the United States where the company maintains its major facilities and operates several branches. In other parts of the world business is handled through trade agents or representatives.

Despite a common use of resources, the various activities are generally independent of each other, as determined by the market, so that risks can be dispersed and business based on a broad range of products. The real risks to income and sales have less to do with direct competitors, but rather with competition through substitution from outside the industry. The barriers to newcomers wishing to enter the sector are recognized as being high.

"I've just carried on with my life as before, and I'm sure that has helped me to remove the fear from the illness. My friends, the family and especially my wife of course have helped me in this. We now enjoy every day."

Group Management Report

"The fear of breast cancer is so great. That's why many women leave it until much too late to get screened."

Business trends

Sales

Eckert & Ziegler AG achieved sales in the year under review of EUR 35.5 million, an increase over the previous year (EUR 29.2 million) of approx. 22 percent. With reference to the forecasts given at the beginning of 2004, this was bang on target. It would have been higher had the rate of the euro against the dollar not gone sky-high, thereby consistently devaluing a large part of the exports from the European Union as well as products sold by subsidiaries outside Europe. Without this effect, in other words, had the dollar maintained its previous year's level, sales would have exceeded the EUR 38 million mark.

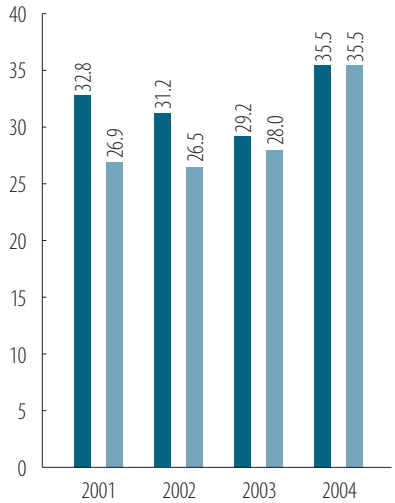
As in previous years, sales in 2004 were split over two segments which differ by their main customer groups. In the one category there are radiation therapists to whom the group targets products for treating illnesses. Last year this segment was still called "Oncology and Cardiology", but after sales in cardiovascular radiation sources dropped off, the new term "Therapy segment" seems more appropriate. Specialists in nuclear medicine, our other target group, tend to occupy themselves, in contrast, with the diagnosis of illnesses; that is why we have primarily grouped together products in the Nuclear Medicine & Industry segment that fulfill this need. Neither segment is homogeneous in its product structure. Rather, each segment comprises up to half a dozen product groups with very different applications achieving sales between a few hundred thousand and several million euros. The largest product groups include, for instance, products for medical imaging (Nuclear Medicine & Industry segment), implants for the treatment of prostate cancer (Therapy segment) and products for industrial radiometry (Nuclear Medicine & Industry segment). In the following sections business trends in the individual segments are described.

Therapy segment

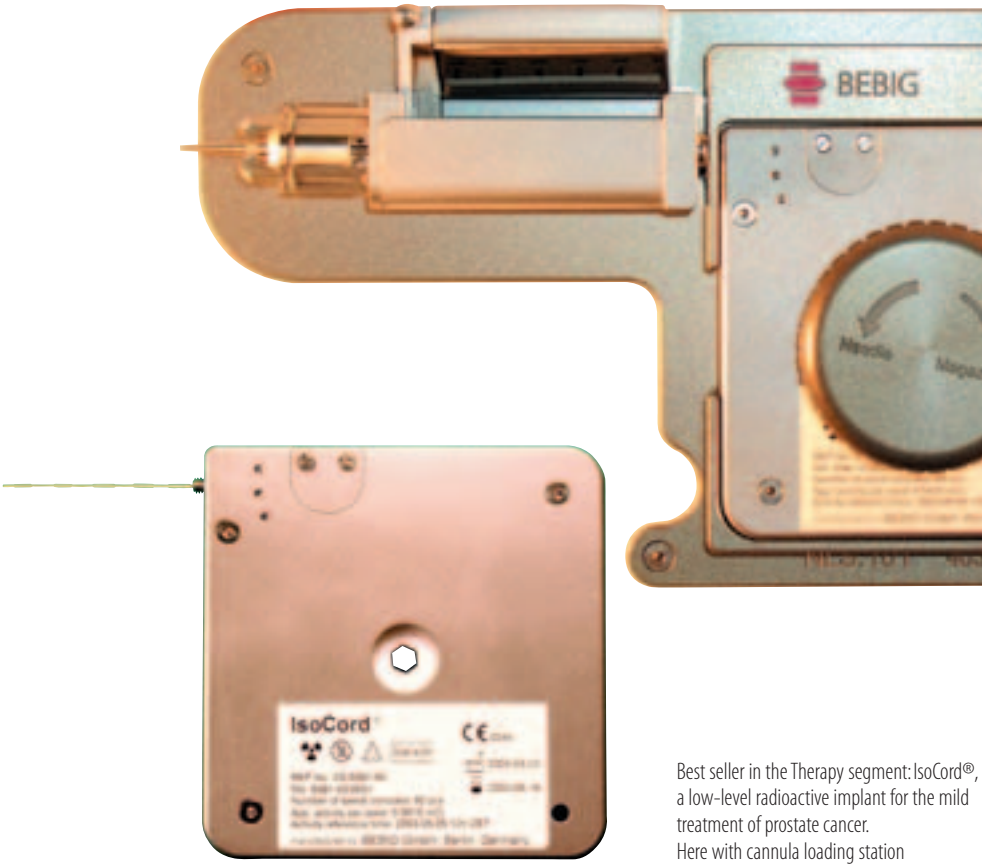
The strongest growth in sales was recorded in the Therapy segment. Here external sales increased rapidly from EUR 10.6 million in the previous year by 52 percent to EUR 16.1 million. A particularly significant share was taken by products whose sales were consolidated for the first time in 2004 in Eckert & Ziegler AG, following the acquisition of various enterprises and business areas. At about EUR 6.4 million these accounted for more than the total nominal growth of the Therapy segment, whereas the original products lost EUR 0.9 million in volume. Main culprit, as expected, were declining sales from equipment manufacture, which fell by nearly EUR 2 million compared to the previous year. The remaining original products in the Therapy segment, mainly implants for the treatment of prostate cancer, eye applicators and the remaining cardiovascular radiation sources, gained ground by around 14 percent, with the real impulse for growth as in prior years coming from prostate implants.

The European market for this product group expanded in the year under review to over EUR 20 mil-

Sales trends

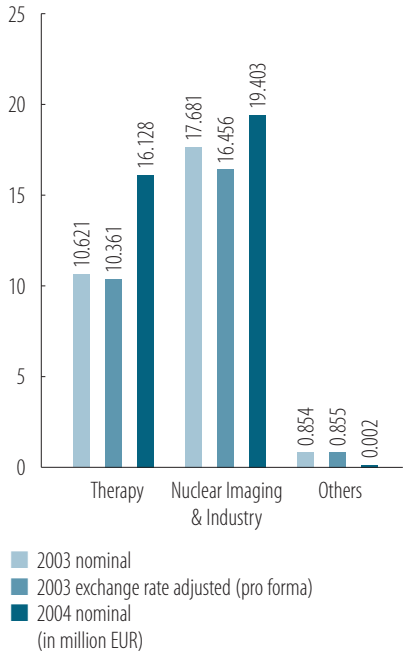


nominale sales
pro forma at exchange rate for 2004 used in the consolidation
(in million EUR)



Best seller in the Therapy segment: IsoCord®, a low-level radioactive implant for the mild treatment of prostate cancer.
Here with cannula loading station

Sales trends by segment



lion, with the number of patients needing treatment noticeably rising faster than the rate of prostate cancer in itself. The technique is thus also gaining market share on the old continent at the cost of other forms of treatment, a phenomenon that a decade ago was already to be observed in the United States.

All indications point to the fact that up to now at most 10 % of the market potential—a maximum of 6,000 treatments per year therefore—has been reached and that the growth trend is being maintained. Supporting this trend is the inclusion of the procedure in more and more reimbursement schemes. Our share of the European market amounts to between 25 and 40 percent.

The situation with the other established therapeutic product groups in the Group appears less dynamic. With eye applicators, a product on offer for decades and with a very high take-up rate by users, the treatment figures have stabilized at the relative constant numbers of cases diagnosed, on average about 80 per year per one million of the population. By contrast, cardiovascular radiation sources suffered a setback in sales in 2004 as expected with agreed warranty payments being made by one customer. We do not anticipate that sales in this product group will revive.

In the case of afterloaders, our latest product category, we have only been able to accumulate a few months' experience. User interest and incoming orders support our conviction that here we have an attractive product family with

Radioactive multimodal marker for CT, PET and SPECT image fusion

Am-241 sources for density and thickness gauges

a number of exclusive features facilitating its launch on the market. Firstly, there are the low running and maintenance costs with which our products stand out against the competition. The reason for this, among other things, is the longer half-life of the installed radiation sources. It has the tendency to require longer rest periods of patients, but against that does not have to be exchanged every three months: a charge lasts for years. In many situations that is a decisive factor, for instance for clinics with low patient throughput, or, particularly in fast-developing countries, for hospitals that are hard to reach and do not have organized waiting lists. As our equipment, moreover, belongs to the top category with regard to the other relevant performance parameters, and naturally can be operated on request with shorter-lived radiation sources, we offer an attractive alternative on which we shall be reporting even more frequently in the forthcoming months.

The blood radiation equipment in the BIOBEAM® series has also developed well, as have the accessories for clinical applications which include the contour cutting equipment series Autimo™ and various patient fixation devices. The latter count as traded goods which we unfortunately cannot offer across Europe, but they do at least strengthen our position with radiation therapists in the important French market.

The equipment manufacturing area has contributed to sales as in the previous year with the delivery of a major order. In addition, the approx. 25-strong team of technical and engineering talent, who have wide-ranging experience in the manufacture of equipment for isotope processing, bore the main burden of the technical integration of the new units. In this their main task was to complete various license applications and product enhancements. As the increases in sales meant that production capacity had to be expanded in-house, the announced repositioning of equipment manufacturing, which was aimed at a permanent increase in the volume of external orders, has been postponed.

Nuclear Medicine & Industry segment

In the Nuclear Medicine & Industry segment, sales growth from EUR 17.7 million to EUR 19.4 million was less spectacular, and amounted to only about 10 percent compared to the previous year. As the product sales being consolidated for the first time took a share of approx. EUR 2.7 million in this, the nominal sales volume of the original products was noticeably down on the previous year. It should also be noted that sales of the subsidiary Cesio of EUR 0.8 million, which in the previous year were shown under the Other segment, have now been reallocated to Nuclear Medicine & Industry. Stripped of

the exchange rate effects of the US dollar, which lost nearly 10 percent of its value against the euro in the reporting period, the decline in sales is, however, relatively minor. The fall is mainly attributable to declining sales of industrial products, whereas sales of nuclear medical products held up well and improved.

We have noticed further growth in the market for this important product group in the year under review, caused principally by the introduction of new imaging techniques. More and more equipment manufacturers are offering, for instance, cameras for cardiological applications, or they are advertising multimodal equipment where various imaging techniques are combined, for example, a computer tomograph with a positron emission tomograph (PET/CT). With the amalgamation of both pictures, anomalies and other diagnostic details can be more precisely and more readily recognized. This broadening and continuous improvement in equipment means that for us, at the end of the food chain, there is a constant demand for improved calibration and reference sources.

Through close collaboration with major equipment manufacturers, Eckert & Ziegler AG has in the past been able to establish numerous product innovations with a trend towards better margins, so that in 2004 in some product categories we were able to slightly raise not only the number of products sold, but also the average selling price. Up to now the demand for these products was predominantly led by American users, whereas in Europe—with roughly the same structure of population—only a significantly smaller sales volume could be achieved. The main reason are tight budgets in most healthcare systems which results in numerous sensible products enjoying no more than a shadowy existence in our home market. This situation often has little to do with the technical with product characteristics, but rather with the influence of the various economic interest.

In the industrial product group, we were disconcerted by delivery delays of major customers in the defense area during the year, with the result that sales volume fell below expectations. This decrease was partly compensated for by taking up trading in radioactive raw materials which CNL Scientific Resources International, acquired during the year, engages in. CNL is also interesting from a strategic point of view, because it improves the security of our own raw material sourcing, thanks to the growing personal and business contacts that have been established.

Result of operations

Eckert & Ziegler AG earned a Group net income after tax of EUR 3.3 million, equivalent to undiluted earnings per share of EUR 1.09, a clear improvement over 2003, in which a loss of EUR 1.3 million or EUR 0.42 per share was recorded. However, in the previous year, the loss was largely the result of an accounting artefact, caused by the first application of the new accounting standards (SFAS 143 and FIN 46). Without this special effect there would have been a net income for the year in 2003 of about EUR 0.8 million or EUR 0.28 per share.

If one wants to compare like with like, a comparison of both years has to take further into account that in the 2003 financial statements around EUR 1.3 million of immunological development expenditure was absorbed. Against this, income from the deconsolidation of NEMOD of around EUR 1.1 million arose in 2004 (after taking into account NEMOD's current expenditure and tax effects). If these special items are taken together, and one concentrates on the result of continuing operations after tax, the striking improvement in earnings of EUR 4.6 million is largely reduced to the elimination of the accounting artefact and the avoidance of certain outlays, in this case expensive financing early stage developments. For the net income from continuing operations for the year under review there remains an improvement of about EUR 0.2 million or 10 percent compared to 2003, which in absolute terms is equivalent to an amount of EUR 2.3 million.

As this income was earned from sales which were 22 percent up on 2003, there was a slight deterioration in the sales margin from continuing operations.

There is, however, no reason for serious alarm. A comparison would, namely, also have to recognize the fact that the 2004 financial statements include substantial costs for the rationalization and integration of newly purchased business entities; these costs were not incurred in the previous year, and are not expected in succeeding years.

They include reserves for processing costs and severance payments related to the acquisitions, the temporary costs for an expensive, duplicated sales and marketing organization, as well as additional travel and communications costs totaling at least EUR 0.3 million. Worst affected from this was the Nuclear Medicine & Industry segment.

Furthermore, in 2004 net income from continuing operations was also reduced by the weak dollar. This effect was again particularly evident in the nuclear medical segment, where traditionally sales and costs are centered in North America. Considering that the dollar has fallen in value by approx. 10 percent against the euro in the year under review, the currency effect has made the comparison with 2003 worse by EUR 0.1 million. If one further considers that in 2003, lucrative equipment sales, which did not arise in 2004 to the same extent, bolstered net income from continuing operations, the deterioration in margins in the net income from continuing operations is seen in a completely different light.

A glance at the segmental reporting likewise reveals a positive trend. It shows that the more dynamic Therapy segment produced an after-tax return on sales (about 9 percent) of more than half as large again as products in the Nuclear Medicine & Industry segment (about 6 percent). If Eckert & Ziegler succeeds in the years to come to keep its overhead growth below the rate of growth in sales, then the after-tax return on sales of the Group as a whole will improve, merely through the increasing proportion taken by the more profitable therapeutic products.

A disproportionate increase of approx. 80 percent in sales and marketing costs compared to 2003 is evident. Along with the temporary additional expenditure already mentioned, this sharp rise is principally due to the first-time consolidation of the sales and marketing company IPE GmbH.

The Nuclear Medicine net income from continuing operations has risen in nominal terms by about 15 percent from just EUR 1.0 million last year to somewhat over EUR 1.1 million in 2004. Admittedly, this total includes a reclassification effect of around EUR 0.5 million relating to units that were still part of the "Other" segment in 2003. Strictly speaking, compared to the previous year, net income from continuing operations in nuclear medical and industrial products has fallen to EUR 0.6 million. This decline is, however, qualified by reserves of EUR 0.3 million for legal liabilities from the acquisitions and by other rationalization costs which are of a non-recurring nature, and by a fall of 10 percent in the dollar exchange rate, so that overall a slight increase in earnings, corresponding to the relative rise in sales, has been achieved.

Financial position and net assets

The greatest movements in asset values in the year were in net working capital which went up by 15 times from EUR 0.4 million to EUR 6.1 million, thereby absorbing liquidity of EUR 5.7 million. The explosion in receivables and inventories in connection with the takeover of the new firms and the introduction of new products on to the market were to blame for this. Whereas trade accounts receivable at the 2003 year-end amounted to EUR 2.8 million, equivalent to an average payment period of 33 days, by December 31, 2004 the balance had risen by 147 percent to EUR 6.9 million, or about 70 days. A similar overindulgence is evident in inventories, which compared to the balance brought forward from the previous year, increased by nearly 90 percent, from EUR 2.9 million to EUR 5.5 million.

Most importantly, these numbers disguise legacies from the new entities. These include not only suboptimal processes, generous terms in favor of customers, excessive inventory levels and bridging loans to fund acquisitions, but also the partial financing of foreign distributors through lengthy payment periods. Although the company will surely succeed in the coming months to reduce these capital required for these processes, the expansion of net working capital cannot be completely reversed, as it reflects a shift in the product and added value spectrum towards more complex systems. With short-lived radioactive isotopes, which are hardly stored at all, it is not unusual for suppliers' payment

terms for raw materials, delivered exactly on the same day as they were immediately processed, to extend beyond the date that payment is received from customers. This would only succeed in exceptional circumstances with complex capital goods such as Curietron®, MultiSource® or blood radiation equipment.

It will be an enormous challenge for the Therapy segment to meet the target for reducing net working capital, as it was this segment that had the largest appetite for capital in 2004. Whereas the segment was still more than self-financing in the previous year, thanks principally to reserves and advance payments, in 2004 it called on almost EUR 4.6 million of additional net working capital. In the Nuclear Medicine & Industry segment, on the other hand, the total additional requirement for capital only came to about EUR 1.1 million. This was mainly because it was owed additional receivables which originated from the initial full consolidation of the European marketing subsidiary (IPE GmbH).

The changes in non-current assets are slight in comparison with the seismic shifts in current assets. The total value of all property, plant and equipment and long-term assets rose by almost EUR 0.6 million, about 2 percent, to EUR 27.9 million. Although the purchase of new enterprises left clear traces behind in sales, income and the need for net working capital, they were hardly to be detected below the line in non-current assets. The synergy potential of the acquisitions is most striking on the balance sheet: existing non-current assets are wholly adequate for the additional business areas, or are better utilized because of them.

Autimo 3D-equipment for intensity modulated radiation therapy (IMRT), a particularly effective form of radiation therapy. The technique is based on changing (modulating) the intensities of radiation doses within a radiation field. This makes it possible to increase the dosage in the tumor without risking damage to neighboring organs.

The equity components of the balance sheet have increased substantially by 13 percent compared to the previous year, or by around EUR 3.8 million to EUR 32.7 million, which brings the equity ratio back up to a pleasingly high level of 67 percent. A contributory factor in this, along with net income for the year of EUR 3.3 million, was that shareholders' equity rose by around EUR 1.2 million outside the income statement because treasury stock, obtained on advantageous terms, could be used for the acquisitions. This effect was overridden to a certain extent through exchange rate-driven write-downs in the translation of the net income of foreign subsidiaries, which reduced cumulative other comprehensive income by EUR 0.7 million.

Improvement in the equity ratio are mirrored by the degree of indebtedness of Eckert & Ziegler AG which fell in the year under review by about EUR 0.6 million or 4 percent to EUR 16.3 million, an effect that is principally due to the reduction in long-term debt by EUR 1.4 million to EUR 2.4 million. The major portion of this is not, however, attributable to the usual redemptions, but to the deconsolidation of NEMOD. Repayments contributed only about EUR 0.2 million to the reduction of long-term debt, as in the previous year. Current liabilities increased in 2004 more or less in line with the growth in sales, from EUR 5.8 million by 17 percent to EUR 6.8 million.

The balance of cash and marketable securities amounted as of December 31, 2004 to about EUR 7.1 million, and has therefore

Turnkey development and construction: a 5-man development team successfully delivered a customer order for a production facility for radioactive medical products

decreasedby EUR 2.6 million. The main reason for this lies with the acquisitions completed in the year and the associated rise in net working capital.

Development and Technology

Ignoring expenditure incurred in connection with NEMOD which was deconsolidated in 2004, research and development costs amounted to EUR 350 thousand (2003: EUR 670 thousand). The reasons for this very small proportion relative to sales are the current growth strategy which is predominantly acquisition-driven, and the fact that, following a succession of market launches in previous years, there has been a consolidation of activities with a shift towards product expansion. Besides, several development projects, including central software developments, have been outsourced to collaborative partners. In the early-phase development area, the contract for a development program in the field of nanotechnology has been awarded to our Californian subsidiary IPL, in conjunction with Cornell University in America.

Otherwise, development activities were concentrated on close cooperation with major equipment manufacturers, and the alignment of the product range with the new SPECT-CT technology. Under a customer order, new Gd-153 line sources were developed for imaging diagnostics for cardiological disorders. The successful product family Perflexion™ was supplemented by two variants which can now also be used for cardiovascular applications with high resolution diagnostic cameras. IPL is counted among the market leaders in the field of radiation sources for imaging techniques with animal models. In order to strengthen this position the company has developed the necessary Ge-68 sources for the latest PET scanner from GE Healthcare.

In the therapy segment development expenditure remained relatively constant at EUR 0.3 million. It was concentrated on product improvements with respect to implants, including the IsoCord® seed strand, together with an overhaul of individual production facilities. The chief object of this was to increase production capacity. Apart from that, the development area of the therapy segment bore the main brunt of the technical integration of the new units, and was otherwise engaged in the necessary completion of various licenses and product enhancements.

Risk management reporting

General: Eckert & Ziegler attempts to handle its business risks using a range of instruments. In the context of the risk management system, annual interviews of technical managers and executives are carried out, where, besides the identification of new and existing risks, their ranking with regard to probability of occurrence and possible effects on the company are discussed. Preventive measures are taken as far as possible to counter those risks which might damage the company, contingency plans drawn up and regular evaluations of these risk factors organized. These include regular market and competitor surveys, the evaluation of scientific literature, the analysis of customer complaints, cost and sales statistics, and similar data.

For the purposes of this reporting process, the Executive Board holds regular meetings at which the main risks to the assets and net income of the Group and its subsidiaries are presented and discussed.

Risk management also includes detailed annual sales and cost planning. These allow managers to identify the variables well in advance that are critical to the earnings position and to simulate the financial consequences of various eventualities. The Executive Board, to which all the main decisions are presented, explained, and submitted for approval, and which is kept regularly informed about economic developments, acts as a further element in the safeguard against risks.

Business environment and industry risks: As a specialist in radioactive components Eckert & Ziegler AG is not a one-product business. Its different fields of business may be closely related technologically, but vary considerably in respect of their customer and market structures. Alongside innovative products, the product portfolio contains many mature products in late phases of the product life-cycle. Normally, this diversification will reduce the risk that competitors might destroy the basis of the company's business through new and better products. Despite this, the possibility cannot be entirely excluded that improved processes and efforts on the part of competitors might cause important markets to be lost, and thus endanger the business.

To counter this threat, Eckert & Ziegler puts effort into developing new products and identifying and setting up new fields of business. The risk exists, however, that such efforts remain unsuccessful and that new fields of business can only be developed too late, or inadequately, or not at all.

Moreover, one cannot exclude the possibility that competitors might operate more successfully with other products or market introduction strategies.

Sales risks: The greatest risks to sales and earnings lie in the development of the European market for permanent implants for the treatment of prostate cancer. This innovative method of treatment is still in an introductory phase in European countries. The reimbursement of the costs of implants has not been completely regulated in all markets. There is a risk that cost reimbursements will not be introduced as planned, that for other reasons the market fails to develop in the way that the Executive Board has foreseen, or that competitors become more successful with better products or product marketing strategies. For our radiotherapy devices some sales risks may occur due to the fact that we are not yet running the distribution for a longer period and occasionally these devices may suffer from smaller teething troubles.

A considerable portion of the sales in the oncological division is, moreover achieved through distributors. That they might change suppliers cannot be excluded, and this would put large parts of sales and earnings at risk. In many subsegments of the nuclear-medical and industrial markets there are oligopolistic market structures in which the loss of major customers can have perceptible implications for the earnings and sales position. Eckert & Ziegler AG is endeavouring to hedge the sales risks by means of medium and long-term supply contracts, but cannot guarantee that it will always continue to be successful in the future.

Liability risks: Both radioactivity as well as its use as a medical product involve special product liability risks. Eckert & Ziegler AG counters these risks by submitting to very strict quality criteria. Its operational facilities are ISO-certified and the functionality of QM systems is regularly checked by internal and external audits.

In order to avoid internal accidents which affect staff, cause environmental damage or could lead to production facilities being closed down by the licensing authorities, all members of staff have to regularly attend training on safety at work and radiation protection.

For liability risks appropriate insurances were effected as far as possible. Despite all these steps, the possibility that events giving rise to liability will occur and lead to damage to the company cannot be ruled out.

Personnel risks: Eckert & Ziegler AG is highly dependent in many areas of its business on the specialist knowledge of its staff. Particularly in the building up of new fields of business, but also in development and in sales, it needs the knowledge and technical competence of a small number of highly qualified key employees.

In order to minimize the risk of the loss of talented staff, the company endeavors to provide adequate remuneration, a pleasant working atmosphere, suitable work and radiation protection, modern production and office facilities, and flexible working hours. The company has also introduced a share option program in order to increase long-term loyalty. In spite of these measures, Eckert & Ziegler AG cannot guarantee that these employees will remain with the company and demonstrate the necessary kind of commitment.

Financial risks: The monitoring and control methods used to avoid financial risks include the use of such instruments as the annual financial budget with revisions during the year, and a painstaking analysis of variances from budget. This allows possible risks to be recognized at an early stage and the appropriate countermeasures to be initiated. Because of the high proportion of US sales there is a certain level of dependence on the US dollar exchange rate. However, as the sales of the US subsidiary company, which is responsible for most of these, are made in US dollars but are matched by US dollar costs, there are hardly any margin problems when exchange rates fluctuate. These exchange movements only impact on the translation of US dollar income as part of the consolidation, and thus on Group earnings. Sales by the German companies denominated in foreign currency are hedged to about 50 % by forward exchange contracts and simple put options.

Other risks: Other risks faced by Eckert & Ziegler AG are similar to those faced by other manufacturing companies. These include the risk of being unable to buy in all the raw materials and consumables at the right time and in the necessary quantities. This risk can be reduced by holding inventory and establishing alternative procurement sources, but it can never be eliminated altogether. With products being dispatched all over the world, in many cases as hazardous materials, Eckert & Ziegler AG is dependent on specialist service providers. There can be no guarantee that these services will be sustained in their existing form. Official licenses and permits are necessary for the production and dispatch of many products, and Eckert & Ziegler AG can only exert an indirect influence when these are issued or renewed.

Post-balance sheet events

In the period between the end of the year under review and the publication deadline for the annual report, the following significant events have taken place. As already announced, Dr. Andreas Hey, who is responsible for the Nuclear Medicine & Industry segment, has joined the Executive Board; and the company has invested in an increase in capital in EURO-PET Berlin Zyklotron GmbH. This company, based in Berlin-Adlershof, whose former and founding shareholders include a number of specialists in nuclear medicine, is licensed as a pharmaceutical manufacturer for radiomedicaments, and mainly supplies local customers with contrast media used in so-called PET examinations. Through the investment in the capital increase Eckert & Ziegler AG holds about 70 per cent of the shares in this company.

Outlook

Although the integration of the newly acquired entities is already bearing fruit, there is still much work to be done in order to realize the full potential of the acquisitions. Accordingly, activities in the therapeutic segment in 2005 will focus on consolidating and strengthening the market position for the newly acquired products. This includes their revamping and improvement, the development, validation and licensing of further components, extending, for example, from software modules to simplified handling, as well as rationalization in the production area. As there are good prospects for selling much of the new medical equipment in emerging economies and in regions where Eckert & Ziegler has only been poorly represented up to now, efforts will be directed towards the founding of sales branches or the recruitment and training of additional agents.

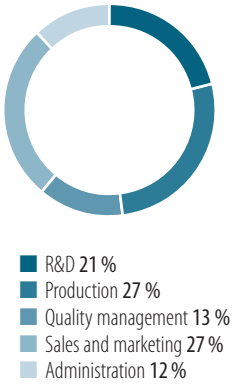
India has the highest incidence in the world of cancer of the neck of the womb. With the Curietron® C Remote Afterloading System from BEBIG the tumor can be healed with minimally invasive, low side-effect brachytherapy.

The 2005 financial year has started well for the Therapy segment. The new products have been well received in the market. We are confident that their attractive features are able to drive double-digit sales growth in this segment. Contributing substantially to this also is the continuing active growth in demand in Europe for implants for the treatment of prostate cancer.

In the Group's second segment, in industrial and nuclear medical products, the challenge is to defend our leading position and to build on our advantage over the competition with respect to reliability, product quality and adherence to deadlines. Additionally, it remains imperative to counter the pressure on margins, firstly by bringing new products to market, and secondly by means of constant cost reduction programs. Segmental management will continue strive to reduce the overhead burden through improved capacity utilization, particularly with respect to the new European marketing operation centered on Berlin, by licensing in additional services and products. Above all, products are sought which can be directed towards specialists in nuclear medicine. These products would profit from the knowledge of the Group in the approval, handling and transport of materials associated with isotope technology. Because of the favorable experience with acquisitions, the alternative of acquiring companies or taking up participating interests has to be considered, particularly in relation to companies whose products, one suspects, have potential synergies with our existing activities.

As Eckert & Ziegler AG already has high market shares in many aspects of the Nuclear Imaging & Industry segment, and licensing-in usually takes a certain time to result in sales on account of the approval and market introduction phase, the Executive Board anticipates sales in this segment to be stable or to show only modest growth in 2005.

Staff by function



Staff

At the end of 2004, 241 staff (2003: 197) were employed in the Group worldwide, including six trainees at the Berlin site. The increase in staff numbers by more than 20 per cent is mainly attributable to acquisitions and the expansion of the afterloader business in the Therapy Segment. The number of staff in sales and marketing rose disproportionately (by 70 per cent) and also in production (by 29 per cent).

Staff costs in the year under review amounted to EUR 12.6 million (2003: EUR 10.1 million), the average cost per head being EUR 58 thousand (2003: EUR 55 thousand). Around 42 per cent of all staff possess a diploma from a university for applied science or a higher degree. In the year approx. EUR 135 thousand was invested in outside training and further education.

Eckert & Ziegler AG are committed to being an attractive employer, and for this reason support regulations that enhance the compatibility of work and family. These measures include flexible working hours in the day and at weekends, part-time working, healthcare, and maintaining contact with the company during parental leave through regular exchange of information, as well as by means of programs to assist the return to work.

In order to foster a direct interest in staff in the economic development of the company, managers and other executives participate as far as possible in the success of the company through variable elements in their pay. Furthermore, by means of a stock option program, it is hoped that managers will have due regard to movements in the company's share price, and hence to the interests of shareholders. From this stock option program (AOP2), now running for more than three years, 50,000 options were granted in 2004 in a third tranche, 20,000 of which were to members of the Executive Board.

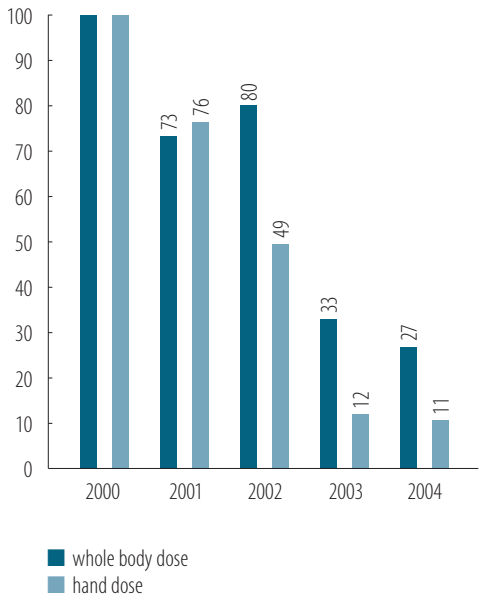
Once more at this time the Executive Board wishes to express its thanks to all members of staff for their commitment and support to the company.

Eckert & Ziegler was also able to build on its successes of prior years in the area of environment and safety. The reduction in the consumption of resources, in the exposure of staff and the environment to doses and the optimizing of safety at work were at the forefront. Thus, in the year under review, the exposure of staff to radiation in the course of their professional work was further reduced. In the production lines of the Therapy Division the reduction in the mean annual dose (whole body dose) amounted to 20 per cent, and for hand dose 24 per cent, based on the prior year's value in each case. Once again, the activity concentrations of radioactive materials in used air also fell well below the legal limits.

A saving in resources was achieved through the refitting of a heat recovery unit into another ventilation plant at the Berlin location. The potential heat saving thereby achieved lies between 40 and 60 per cent.

In the area of safety at work, particular value has been attached at the Berlin site to carrying out and completing hazard assessments for all jobs (in accordance with Sections 5 and 6 of the German Protection at Work Act). The results of the hazard assessments showed that there were no serious deficiencies impacting on the safety of staff. This is also reflected in the statistics of work-related accidents, which with the exception of road accidents, were zero for 2004. In order to optimize safety at work all plant and machinery is regularly inspected by independent experts.

Reduction in the mean annual dose



(in % by reference to the year 2000)

It is our aim to offer all our business partners and users high-value quality products and services without defect. We are therefore continuously optimizing all our processes, and investing considerable resources in the latest standards of quality management systems. We see this as being a critical element in assuring the future of our enterprise.

BEBIG Isotopen- und Medizintechnik GmbH, the nucleus of the Group, has operated a comprehensive and integrated quality management system since 1998, and has since then received all regular accreditations, with only minor qualifications, under the standards prevailing at the time. This includes the successful recertification under DIN EN ISO 9001:2000, as well as accreditation under the current standard for medical products, DIN EN ISO 13485 in the previous year. These certificates officially recognize that, in respect of currently applicable requirements for quality management, BEBIG GmbH complies with all European and national statutory provisions under medical product law.

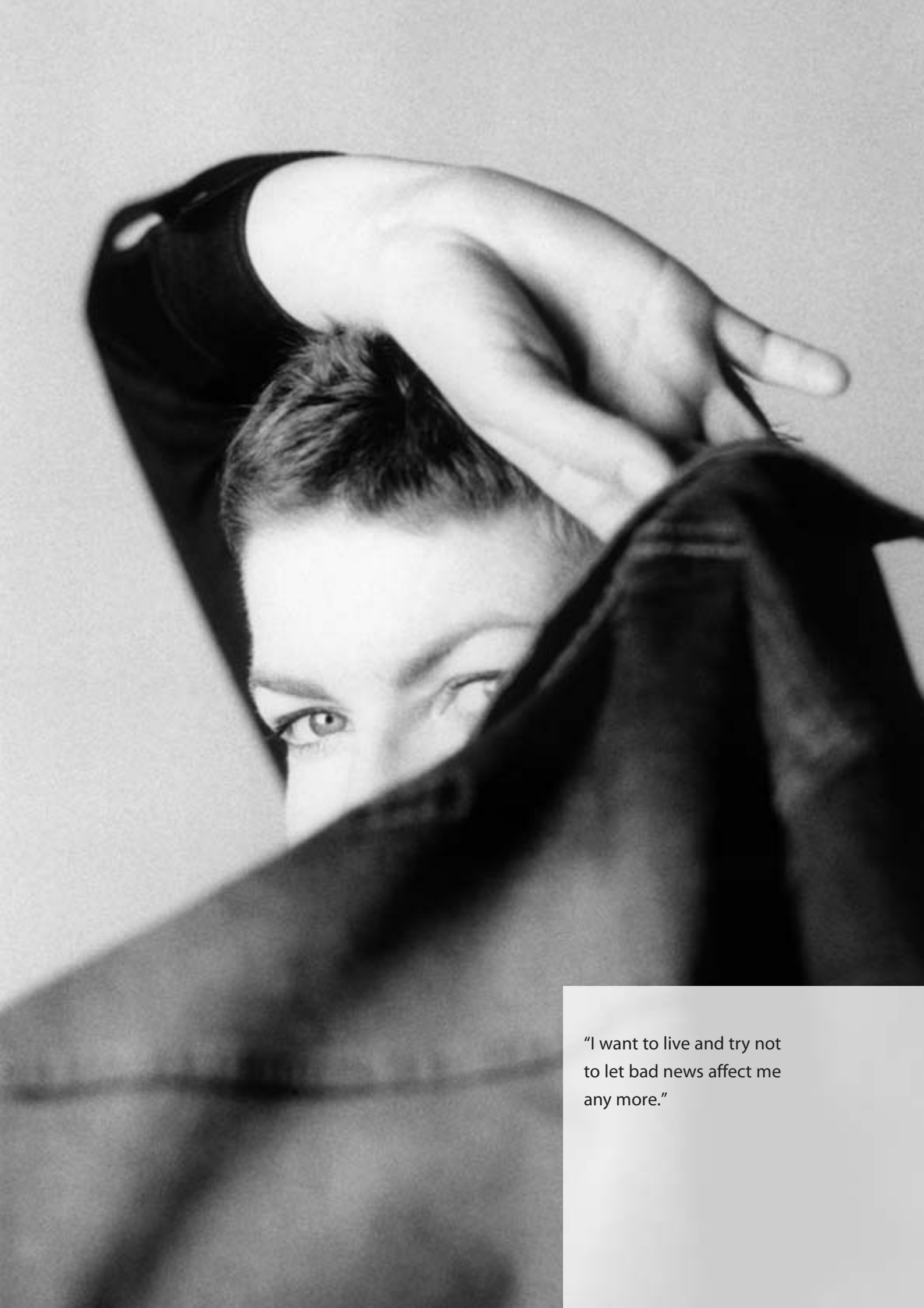
Moreover, in the year under review BEBIG GmbH was additionally awarded the "Complete Quality Assurance System" certificate under the European Directive 93/42. On the basis of this recognition, CE certification was obtained for three radiation sources in the brachytherapy segment, as well as for the afterloader for low to medium dosage, Curietron® C.

Our newly acquired enterprise, STS GmbH, was already certified under DIN EN ISO 13485 in the past. In the year under review STS obtained certification under the European Directive 93/42 for BIOBEAM®, the gamma radiation equipment for blood and blood components, as well as for the high dose rate (HDR) afterloader MultiSource®.

Our sales and marketing subsidiary, Isotope Products Europe GmbH (IPE), was subjected in 2004 to a compliance audit which ensured that certification under DIN EN ISO 9001:2000 was maintained.

Following on from the accreditation in the previous year of our American subsidiary IPL as a technical isotope calibrating laboratory by the German Calibration Service, this body successfully carried out a quality audit under ISO 17025 at the laboratory in 2004. IPL in turn meets the high demands under ISO 9001 for a quality management system as well as those under ISO 13485 for the standard for medical products.

Under the various quality assurance systems, Eckert & Ziegler and its applicable subsidiaries set internal quality targets relating, for instance, to the number of complaints per EUR million of sales, delivery delays and scrap rates in the production area. These key quality indicators are regularly raised and expanded and, where practicable, are made the basis for bonus arrangements.



"I want to live and try not to let bad news affect me any more."

Consolidated Financial Statements Eckert & Ziegler Group

"I've never tried to conceal my illness.
Just to talk about it was for me personally
a very important step towards recovery."

Consolidated Statements of Income

Years ended December 31

	2004	2003
(Amounts in thousand EUR except for per share data)	EUR	EUR
Net sales	**35,533**	29,156
Cost of goods sold	**- 19,226**	- 15,753
Gross profit on sales	**16,307**	13,403
Selling expenses	**- 5,455**	- 3,032
General and administrative expenses	**- 7,066**	- 6,111
Research and development expenses	**- 350**	- 670
Other operating income and expense, net	**13**	143
Operating income	**3,449**	3,733
Interest receivable and payable, net	**- 273**	- 236
Gains/losses on currency exchange, net	**- 119**	- 314
Other income/expenses, net	**578**	258
Income before tax	**3,635**	3,441
Income tax expense	**- 1,333**	- 1,347
Net income from continuing operations	**2,302**	2,094
Net income from discontinued operations (including income from the abandonment/deconsolidation of the immunology division of EUR 1,000 and proportionate tax credit of EUR 602 thousand)	**1,086**	- 1,265
Extraordinary items (net) less proportionate taxes on income of EUR 341 thousand	**38**	0
Adjustments from the first-time application of SFAS 143 and FIN 46 less proportionate taxes on income of EUR 0 thousand	**0**	- 2,003
Net income/loss (-) for the year before minority interests	**3,426**	- 1,174
Minority interests	**- 92**	- 91
Net income/loss (-) for the year	**3,334**	- 1,265
Earnings per share		
Basic	**1.09**	- 0.42
Diluted	**1.08**	- 0.42
Earnings per share – continuing operations		
Basic	**0.74**	0.69
Diluted	**0.73**	0.69
Earnings per share – discontinued operations		
Basic	**0.34**	- 0.42
Diluted	**0.34**	- 0.42
Earnings per share – extraordinary items		
Basic	**0.01**	0.00
Diluted	**0.01**	0.00
Earnings per share – FAS 143 and FIN 46 adjustments		
Basic	**0.00**	- 0.68
Diluted	**0.00**	- 0.68
Average number of shares outstanding (basic)	**3,061**	2,983
Average number of shares outstanding (diluted)	**3,081**	2,984

The accompanying Notes are an integral part of these Group financial statements.

Supplementary disclosures:
(refer to "Consolidated Statements of Cash Flows", page 35)

	2004	2003
(Amounts in thousands)	EUR	EUR
Interest payments, net of amounts capitalized	**328**	337
Taxes paid	**314**	1,254

The accompanying Notes are an integral part of these Group financial statements.

Consolidated Statements of Cash Flows

Years ended December 31

	2004	2003
(Amounts in thousands)	EUR	EUR
Cash flows from operating activities		
Net income/loss (-) for the year	**3,334**	- 1,265
Adjustments for:		
Depreciation and amortization	**3,742**	3,685
Proceeds from grants less release of deferred income from grants	**89**	- 2,075
Deferred tax	**- 271**	57
Income (-)/expense from stock option plan	**74**	71
Unrealized foreign currency gains (-)/losses	**412**	455
Effect of foreign currency rate changes on operating cash flows	**- 26**	- 50
Long-term reserves, other long-term liabilities	**236**	1,583
Book losses/gains on the first-time consolidation/deconsolidation of NEMOD + release of badwill	**- 1,501**	1,313
Gains (-)/losses on equity investments	**-**	954
Gains (-)/losses on the disposal of non-current assets	**35**	151
Gains (-)/losses on the sale of securities	**- 24**	- 93
Additions to/release of accruals for interest	**35**	27
Other items, net	**37**	- 154
Changes in current assets and liabilities:		
Receivables	**- 2,288**	1
Inventories	**- 996**	223
Prepaid expenses and other current assets	**170**	- 2
Trade accounts payable and accounts payable to affiliates	**- 612**	- 243
Tax reserves	**92**	- 423
Other reserves and accruals	**502**	- 186
Deferred income	**71**	- 19
Other liabilities	**- 552**	144
Cash inflows from operating activities	**2,559**	4,154
Cash flows from investing activities		
Additions to intangible assets and property, plant and equipment	**- 3,231**	- 1,534
Sale of property, plant and equipment	**953**	1,167
Acquisition of consolidated enterprises	**- 2,686**	- 1,036
Sale of equity investments	**-**	5
Purchase of securities	**- 2,493**	- 1,785
Sale of securities	**1,765**	3,542
Other items	**- 29**	- 12
Cash outflows/inflows from investing activities	**- 5,721**	347
Cash flows from financing activities		
Dividends paid	**-**	-
Distribution to minority interests	**- 76**	-
Purchase/sale of treasury stock	**68**	- 1,010
Receipts from the take-up of long-term borrowings	**-**	64
Repayments of long-term borrowings	**- 214**	- 209
Change in short-term borrowings	**- 29**	- 475
Cash outflows from financing activities	**- 251**	- 1,630
Effect of exchange rates on cash and cash equivalents	**- 25**	- 67
Decrease/increase in cash and cash equivalents	**- 3,438**	2,804
Cash and cash equivalents at beginning of period	**8,942**	6,138
Cash and cash equivalents at end of period	**5,504**	8,942

The accompanying Notes are an integral part of these Group financial statements.

Consolidated Balance Sheets

Assets December 31

	2004	2003
(Amounts in thousands)	EUR	EUR
Assets		
Current assets		
Cash and cash equivalents	**5,504**	8,942
Marketable securities	**1,607**	832
Trade accounts receivable, less allowance for doubtful accounts	**6,924**	2,811
Receivables from related parties	**8**	882
Inventories	**5,473**	2,965
Deferred taxes	**1,190**	1,011
Prepaid expenses and other current assets	**366**	997
Total current assets	**21,072**	18,440
Non-current assets		
Property, plant and equipment	**12,753**	14,876
Intangible assets	**4,620**	3,688
Goodwill	**6,922**	6,004
Equity investments	**68**	109
Notes receivable, related parties	**-**	21
Other loans	**340**	362
Deferred taxes	**1,367**	1,134
Other long-term assets	**1,816**	1,072
Total non-current assets	**27,886**	27,266
Total assets	**48,958**	45,706

The accompanying Notes are an integral part of these Group financial statements.

Consolidated Balance Sheets

Liabilities and Shareholders' Equity December 31

	2004	2003
(Amounts in thousands)	EUR	EUR
Liabilities and Shareholders' Equity		
Current liabilities		
Current portion of long-term finance lease obligations	**28**	41
Short-term loans and current portion of long-term debt	**172**	387
Trade accounts payable	**1,845**	677
Prepayments received	**261**	346
Reserves	**2,626**	1,849
Deferred income from grants and other deferred income	**1,241**	1,148
Income taxes payable	**- 44**	11
Deferred taxes	**47**	210
Other current liabilities	**641**	1,151
Total current liabilities	**6,817**	5,820
Non-current liabilities		
Long-term debt, less current portion	**2,384**	3,806
Long-term finance lease obligations, less current portion	**-**	55
Deferred income from grants and other deferred income	**2,827**	2,864
Deferred taxes	**1,060**	1,163
Pension reserves	**142**	131
Other non-current liabilities	**2,913**	2,903
Minority interests	**165**	150
Total non-current liabilities	**9,491**	11,072
Shareholders' equity		
Common stock	**3,250**	3,250
Additional paid-in capital	**27,481**	26,752
Retained earnings	**5,388**	2,054
Cumulative other comprehensive income	**- 2,928**	- 2,188
Treasury stock	**- 541**	- 1,054
Total shareholders' equity	**32,650**	28,814
Total liabilities and shareholders' equity	**48,958**	45,706

The accompanying Notes are an integral part of these Group financial statements.

Consolidated Statements of Shareholders' Equity

December 31, 2004 and 2003

	Common stock						
	Shares	Nominal value	Additional paid-in capital	Retained earnings/ losses (-)	Cumulative other comprehensive income	Treasury stock	Total share-holders' equity
(Amounts in thousand EUR except for per share data)							
Balance as of December 31, 2003	3,250,000	3,250	26,752	2,054	- 2,188	- 1,054	28,814
Cost of stock option plan			74				74
Purchase of treasury stock							
Application of treasury stock for acquisitions and to service stock option plan			655			513	1,168
Net income/loss (-) for the year				3,334			
Other comprehensive income:							
Unrealized gains and losses on marketable securities							
Unrealized holding losses as of the balance sheet date (net of taxes of EUR 12 thousand)					19		
Less: reversal of unrealized holding losses at the previous balance sheet date					- 5		
Foreign currency translation adjustments					- 754		
Total comprehensive income							2,594
Balance as of December 31, 2004	**3,250,000**	**3,250**	**27,481**	**5,388**	**- 2,928**	**- 541**	**32,650**

The accompanying Notes are an integral part of these Group financial statements.

	Common stock				Cumulative		Total
	Shares	Nominal value	Additional paid-in capital	Retained earnings/ losses (-)	other comprehensive income	Treasury stock	share-holders' equity
(Amounts in thousand EUR except for per share data)							
Balance as of December 31, 2002	3,250,000	3,250	26,637	3,319	- 279	0	32,927
Cost of stock option plan			71				71
Purchase of treasury stock						- 1,072	- 1,072
Sale of treasury stock			44			18	62
Net income/loss (-) for the year				- 1,265			
Other comprehensive income							
Unrealized gains and losses on marketable securities							
Unrealized holding losses as of the balance sheet date (net of taxes of EUR 3 thousand)					5		
Less: reversal of unrealized holding losses at the previous balance sheet date					11		
Foreign currency translation adjustments					- 1,925		
Total comprehensive income							- 3,174
Balance as of December 31, 2003	**3,250,000**	**3,250**	**26,752**	**2,054**	**- 2,188**	**- 1,054**	**28,814**

The accompanying Notes are an integral part of these Group financial statements.

Notes to the Group Financial Statements

as of December 31, 2004 and 2003

1. Organization and description of business activities

Eckert & Ziegler Strahlen- und Medizintechnik AG, Berlin (hereinafter called "Eckert & Ziegler AG" or "the company") is one of the world's leading companies in isotope technology, and holding company for a number of specialized subsidiaries which are engaged in the processing of radioisotopes and the development, manufacture and sale of components based on isotope technology or of related products. The main areas of application for Group products are in medical technology, particularly in cancer therapy, as well as in nuclear-medical imaging and industrial radiometry. In these areas, the products of Eckert & Ziegler and its subsidiaries are aimed at radiation therapists, radio-oncologists and nuclear-medical specialists, among others.

2. Reporting principles

These accompanying consolidated financial statements of Eckert & Ziegler AG were prepared in accordance with the Accounting Principles Generally Accepted in the United States (US GAAP), as is permitted under Section 292a HGB (German Commercial Code) for companies that are listed on an organized market within the meaning of Section 2 para. 5 of the German Securities Trading Law.

In order to comply with the exempting provisions of Section 292a HGB, the consolidated financial statements presented under US GAAP have been supplemented by a Group management report and additional disclosures within these Notes. Therefore, the consolidated financial statements, which have to be filed with the Commercial Register and published in the Federal Gazette, comply with the Fourth and Seventh Directives of the European Union. We have based our interpretation of these guidelines on Reporting Standard No. 1 (DRS 1), issued by the German Accounting Standards Committee (DRSC), and approved and disseminated by the German Federal Ministry of Justice.

Deviations from German GAAP relate to the following areas:

- capitalization of patent costs in accordance with APB 17
- capitalization of financing costs (interest) relating to the period of manufacture of self-constructed assets in accordance with SFAS 34
- capitalization of leased assets in connection with finance leasing as under SFAS 13
- foreign currency translation in accordance with SFAS 52
- valuation of marketable securities (available-for-sale securities) in accordance with SFAS 115
- spreading of additional fees on the IKB loan over its term
- calculation of deferred tax under the liability method in accordance with SFAS 109
- accounting treatment of deferred tax on loss carry-forwards as under SFAS 109
- offsetting of costs incurred in connection with the issue of equity capital against additional paid-in capital in accordance with SAB Topic 5a
- application of APB Opinion 25 and SFAS 123 to the stock option plan
- accounting for pension obligations in accordance with SFAS 87
- accounting for derivatives as under SFAS 133
- accounting for business combinations as under SFAS 141
- accounting for goodwill and other intangibles as under SFAS 142
- accounting for environmental restoration reserves in accordance with FASB 143
- application of FIN 46R for the consolidation of companies in which another company holds a majority of the voting rights
- recognizing profits on long-term contracts under the percentage-of-completion method
- accounting for treasury stock in accordance with ARB 43
- separate disclosure of minority interests in net income for the year and in shareholders' equity

The consolidated financial statements and the Group management report as of December 31, 2004, prepared in accordance with Section 292a HGB and filed with the Commercial Register at Berlin-Charlottenburg under the number HRB 64 997, will be provided willingly to shareholders on request.

The consolidated financial statements include the individual financial statements of the company and

its subsidiaries. The subsidiaries included in the consolidated financial statements are:

- BEBIG Isotopen- und Medizintechnik GmbH ("BEBIG GmbH"), Berlin
- EUROTOPE Entwicklungsgesellschaft für Isotopentechnologien mbH (EUROTOPE GmbH), Berlin
- MMI Medical Instruments GmbH (MMI GmbH), Berlin (formerly MCP Medical GmbH, Lübeck); initially consolidated as of March 31, 2004
- STS Steuerungstechnik + Strahlenschutz GmbH (STS GmbH), Berlin (formerly Brunswick); initially consolidated as of March 31, 2004
- Isotope Products Europe GmbH (IPE GmbH), (formerly: Isotope Products Europe Blaseg GmbH, Waldburg)
  Until it acquired the majority of the shares in IPE GmbH, Eckert & Ziegler AG's 25.1 percent equity investment in IPE GmbH was accounted for using the equity method of accounting. The book value of this investment amounted to EUR 83 thousand as of December 31, 2003; the at-equity value was EUR 42 thousand as of that date.
- Iso-Science Laboratories, Inc., trading as part of Isotope Products Laboratories Inc. (IPL), Burbank, USA
- CNL Scientific Resources International Inc. (CNL), San Francisco; initial consolidation as of January 31, 2004
- Isotope Products CESIO s.r.o. (CESIO), Prague, Czech Republic
- BEBIG Italia SRL, Milan, Italy
- As from July 1, 2004 100% of Eckert & Ziegler AG's inactive investment in NEMOD Biotherapeutics GmbH & Co. KG (NEMOD) has also been included in the consolidated financial statements in accordance with FIN 46R. The investment agreement was terminated effective December 31, 2004, with the result that NEMOD was deconsolidated as of that date.

All significant inter-company receivables, payables and other transactions have been eliminated on consolidation. The companies included in the Group financial statements are consolidated in accordance with US GAAP using the purchase method or the equity method of accounting. Initial consolidation and deconsolidation date back to the date of acquisition or sale of the companies concerned.

3. Summary of significant accounting policies

Revenue recognition – In accordance with SAB 101, revenue from product sales is recognized when performance is complete (generally upon shipment), provided a contractual agreement exists at a fixed or determinable price, and payment by the customer can be counted on. No guarantees or rights of return are granted to the customer beyond his statutory rights. Licensing fees are recognized in the period to which they relate. In 2003 a large contract for the construction of plant was accounted for as follows. In accordance with the rules of SAB 101 sales were only recognized in the income statement up to the amount of milestone payments received in 2003. The calculation of the gross margin realized was based on the proportion that forecast total proceeds bore to forecast total costs of the project. This percentage was applied in order to calculate the cost of sales to be recognized in the 2003 financial year. The difference between this and the costs actually incurred up to December 31, 2003 for the project was treated as deferred costs and shown in the balance sheet under other assets. In 2004 this item was released and the sale realized.

Advertising – Expenditure on advertising and other sales-related expenses are charged to expense as incurred. In the financial year 2004 advertising expense amounted to approx. EUR 646 thousand; in 2003 it was approx. EUR 435 thousand.

Research and development – Costs of research and development are recognized when incurred, and amounted to EUR 350 and 670 thousand for 2004 and 2003 respectively. In addition, in 2003 NEMOD incurred research and development costs of

EUR 1,493 thousand, which, on account of the divestment of the inactive equity investment in NEMOD, has been reclassified in the income statement in the financial statements under review as income from discontinued operations.

Earnings per share – Earnings or loss per share is calculated by dividing net income for the year by the average number of shares in circulation during the financial year. Diluted earnings per share reflect the potential dilution that would occur if all options to acquire common stock were exercised at a price below the average share price during the period. It is computed by dividing net income for the year by the sum of the average number of shares in circulation during the financial year plus the diluted shares arising from the exercise of all the outstanding options (calculated by applying the treasury stock method).

Property, plant and equipment – Property, plant and equipment is valued at acquisition or manufacturing cost less accumulated depreciation. Depreciation expense is calculated using the straight-line method. Property, plant and equipment acquired through leases that have to be capitalized (capital or finance leases) are depreciated over the estimated useful life of the asset. Other property, plant and equipment and leasehold improvements acquired through finance leases are depreciated over the shorter of the lease term and the estimated useful life of the related asset. The manufacturing costs of self-constructed plant and facilities include all direct costs and attributable manufacturing overheads. Self-constructed assets mainly relate to production lines. Cost of the construction of long-lived assets include capitalized interest amortized over the estimated useful life of the related asset. Capitalized interest for the years 2004 and 2003 was EUR 12 and 61 thousand respectively. In total, interest paid was EUR 488 thousand for 2004 and EUR 446 thousand for 2003.

The depreciation period is determined according to the expected useful life. The following useful lives are assumed:

Buildings	39 to 45 years
Tenants' fixtures	10 to 15 years
Plant and machinery	4 to 10 years
Fixtures and fittings	3 to 12 years

Items of property, plant and equipment costing up to EUR 410 are written off in full in the year of acquisition. Assets costing more than EUR 410 are capitalized and depreciated over their expected useful lives. Upon scrapping or sale, the acquisition or manufacturing costs of the assets and the related accumulated depreciation are extinguished, and any resulting gain or loss is credited or charged to income.

A significant portion of the company's depreciable assets is used for the manufacture of its own products. Management regularly assesses the future usefulness of these assets, taking the current business environment into account. On the basis of this assessment, no special depreciation was necessary for 2004. The Executive Board believes that no impairment arises as of December 31, 2004. It is possible, however, that its estimates concerning the utilization and realizability of the company's depreciable assets could change in the short term owing to changes in the technological and regulatory environment.

Intangible assets – Intangible assets consist primarily of patents, licenses, trademarks and goodwill. Purchased intangible assets, other than goodwill, are valued at acquisition cost and generally amortized over their respective useful lives (2 to 20 years) on a straight-line basis. Goodwill represents the excess of the aggregate purchase price of an enterprise, or part of one, over the fair value of net assets acquired. Under SFAS 142 "Goodwill and Other Intangible Assets", goodwill and other intangible assets with indefinite lives are no longer amortized as from 2002, but subjected to an annual impairment test. These impairment tests for 2004 and 2003 showed that there was no need for a write-down.

Liquid funds – The company considers all highly liquid funds with a maturity of up to three months to be cash equivalents, to be shown under cash and cash equivalents. In view of their short-term nature the nominal value of these assets is taken as their fair value.

Long-term investments and marketable securities – Investments in marketable securities are classified as available-for-sale, in view of their prospective temporary use to the Group, and are reported at fair value based upon their quoted market prices on the balance sheet date. Unrealized gains and losses from available-for-sale securities, net of applicable deferred tax, are included in cumulative comprehensive income within shareholders' equity.

Equity investments, where the Group's participation is between 20 and 50 percent, are accounted for under the equity method.

Financial instruments – Derivative financial instruments such as currency futures or swaps are in principle only used for hedge purposes. The Berlin parent company will receive payments totaling approx. USD 6,120 thousand up to the year

2015 from the scheduled repayment of several inter-company loans. In order to hedge a portion of these cash flows against exchange rate fluctuations, the company entered into an interest and currency swap agreement in 2001 with a term of 10 years. Under this arrangement the company has a financial obligation amounting to USD 3,182 thousand at a fixed interest rate of 10.0 percent. In return it receives EUR 3,433 thousand at a fixed interest rate of 8.77 percent. The market valuation of this swap transaction as of December 31, 2004 results in a receivable of EUR 1,339 thousand (2003: EUR 1,072 thousand) which is shown in the balance sheet under other long-term assets. Income of EUR 267 thousand arising from the market valuation has been included under gains on currency exchange.

Liquid funds with restricted availability – As of December 31, 2004 and 2003 liquid funds with restricted availability amounting to EUR 285 thousand (USD 389 thousand) and EUR 311 thousand (USD 389 thousand) respectively were held for the future restoration and reconstruction of IPL plant and facilities (decontamination fund). These amounts are prescribed by law and are under state control. As of December 31, 2004 and 2003 such funds are shown under other loans.

Inventories – Inventories, consisting primarily of raw materials, work-in-process and finished goods, are stated at the lowest of acquisition or manufacturing cost, replacement cost (market price) and net realizable value. The cost of radioactive material, and of all other inventory, is determined using the "FIFO" (first in, first out) method which corresponds to the actual consumption pattern. Excepted from this are inventories located at IPL which are valued at average purchase price or average manufacturing cost. Write-offs for obsolete or excess inventory are made on the basis of an inventory analysis carried out by the Executive Board as well as future sales forecasts.

Pension reserves – The valuation of the liability for pensions is based upon the projected unit credit method in accordance with SFAS 87, "Employers' accounting for Pensions". Pension expense and pension liabilities were not significant for 2004 and 2003.

Reserves for environmental restoration – Since January 1, 2003 the company has applied the new Statement of Financial Accounting Standards 143 "Accounting for Asset Retirement Obligations".

The reserves for environmental restoration are based on statutory and civil obligations to decontaminate radioactively contaminated assets and buildings, to determine by measurement that they are free from contamination, and to allow them to be open to access and general use again without danger. Accordingly, the estimate of costs includes labor costs for the demolition of the facilities, for the preparation of waste so that it can be decontaminated, for the cleaning of rooms and for the disposal of waste by experts, as well as the costs for the disposal and decontamination of radioactive waste. In this, it is only the radioactive waste from the decontamination of assets that is taken into account. Waste that arises from normal production is regularly decontaminated, and the associated costs are shown as a separate item within cost of goods sold. Under FASB 143 such environmental costs must be determined on the basis of current value, i.e. on the assumption that the services as described above have been carried out by third-parties. Previously, the calculation was based on the assumption that the work would be carried out by the company's own labor.

For some operating sites sums have been paid into a fund with its use being restricted to future environmental restoration work. As of December 31, 2004 EUR 285 thousand had been paid into the fund.

Movements on the reserve for environmental restoration are as follows :

	2004	2003
(Amounts in thousands)	EUR	EUR
Balance as of January 1	**2,951**	3,096
Release	**- 268**	0
Utilization	**- 63**	- 37
Interest compounded	**178**	290
Currency translation	**- 86**	- 398
Balance as of December 31	**2,712**	2,951

Estimates – The preparation of the consolidated financial statements requires management to make estimates and assumptions affecting not only the reported amounts of assets and liabilities as of the balance sheet date and information on uncertain assets and liabilities in these Notes, but also the revenues and expenses shown for the period under review. Actual results may differ from these estimates and assumptions.

Income taxes – Deferred tax is provided under the liability method in accordance with SFAS No. 109, "Accounting for Income Taxes". Under this method, deferred tax assets and liabilities are recognized in order to reflect future tax impacts attributable to differences between the carrying amounts of assets and liabilities in the financial statements

and their respective values for tax purposes, as well as between reported net losses and tax loss carryforwards. Deferred tax assets and liabilities are measured on the basis of statutory tax rates expected to apply to taxable income in the years in which these temporary timing differences are expected to be reversed. The effects of a change in tax rates on the deferred tax assets and liabilities are shown in the income statement for the financial year in which the legislative changes were approved. An allowance is made to reduce the carrying amounts of deferred tax assets if it is unlikely that these asset values will be realized, e.g. in loss situations.

Stock option plan/employee share scheme – The Financial Accounting Standards Board (FASB) has issued SFAS 123, "Accounting for Stock-Based Compensation", which permits legal entities to determine the market value (fair value) of all outstanding stock options at the time they were granted, and to spread this amount as staff costs over the period up to the first due date when the options can be exercised (known as the vesting period). SFAS 123 supersedes certain provisions of the Accounting Principles Board (APB) Opinion No. 25, "Accounting for Stock Issued to Employees", and its related interpretations.

SFAS 123 also allows incorporated entities to measure the costs of their employee share schemes using the intrinsic value-based method under APB 25, and to provide details in the Notes to Group financial statements of the net income and earnings per share which would have arisen, if the fair value-based method defined in SFAS 123 had been applied (pro forma information). Under the intrinsic value-based method, the costs of the scheme are represented by the difference, if any, between the quoted market price of the underlying stock and the exercise price that an employee must pay to acquire the stock. The critical date for the determination of the values in question is the "measurement date" as defined in APB 25. The staff costs are determined on the date the option is granted and at every further balance sheet date, and are recognized in the income statement. The company has decided to apply the provisions of APB 25, and to provide the pro forma data in the Notes as required by SFAS 123 for the stock options granted to employees.

Foreign currency translation – In translating the financial statements of its foreign subsidiaries into the reporting currency of the consolidated financial statements, the company applies the principles of SFAS 52, "Foreign Currency Translation". The functional currency of foreign subsidiaries has been taken to be their respective national currency. Accordingly, the assets and liabilities of these subsidiaries have been translated at the exchange rate ruling on the balance sheet date. Revenue and expenses have been translated at average monthly exchange rates weighted by the monthly results of the Group. Gains and losses resulting from the translation of the subsidiaries' financial statements are shown as cumulative comprehensive income under shareholders' equity. Other gains and losses from foreign currency transactions are included in the determination of net income.

Investment and other grants – Funds that the company receives as grants from public or private sources are recorded as deferred income in the year of receipt, or—if they relate to specific expenses—used as a direct offset to such expenses in the period they are incurred. The deferred items mainly relate to grants received for the purchase of property, plant and equipment, and are released to income over the useful lives of the respective assets. In 2004 the company deferred income of EUR 1,184 thousand in relation to investment grants and allowances. In 2003, because some assets were sold, the conditions for receiving some of the grants were no longer met. The resultant obligation to make a refund amounting to EUR 691 thousand was included in the 2003 balance sheet under other current liabilities, and was settled in 2004.

Comprehensive Income – SFAS 130, "Reporting Comprehensive Income", requires Group financial statements to be supplemented by reporting comprehensive income. Comprehensive income consists of two components: net income for the year and other comprehensive income, which comprises certain gains and losses not included in the income statement. For the financial years ended December 31, 2004 and 2003, other comprehensive income includes unrealized gains and losses on securities and the effects of the translation of foreign subsidiaries' financial statements into the Group reporting currency. A summary of the changes in cumulative other comprehensive income as of December 31, 2004 and 2003 is shown on the next page:

(Amounts in thousands)	**2004** EUR	2003 EUR
Cumulative foreign currency translation differences at the beginning of the year	**- 2,193**	- 268
Changes in cumulative foreign currency translation differences during the year	**- 754**	- 1,925
	- 2,947	- 2,193
Cumulative unrealized gains and losses on marketable securities	**5**	- 11
Changes in unrealized gains and losses on marketable securities during the year	**14**	16
	19	5
Cumulative other comprehensive income	**- 2,928**	- 2,188

New accounting standards

In January 2003 the FASB published Interpretation FIN 46 "Consolidation of Variable Interest Entities – an Interpretation of ARB No. 51", which deals with the application of consolidation rules on variable interest entities. The interpretation was revised in December 2003 and issued as FIN 46R. FIN 46R introduced a new multistage model for the consolidation of companies in which another company has a controlling interest, either through voting rights or other variable financial involvement.

Consolidation on the basis of other variable financial involvement has to be made by the major beneficiary if the equity shareholders do not possess the essential features of a controlling financial interest, or if equity capital is insufficient to finance the business activity of the enterprise without additional secondary financial support from third-parties. The major beneficiary of a variable interest entity is the party which bears the majority of the expected losses or the expected residual profits owing to its variable financial involvement. FIN 46R also contains disclosure requirements for financial relationships with variable interest entities which do not lead to mandatory consolidation.

Eckert & Ziegler AG has to apply FIN 46R immediately to variable interest entities in which it has invested since January 31, 2003. For variable interest entities, with which Eckert & Ziegler AG has already entered into a financial relationship before February 1, 2003, the requirements of FIN 46R with regard to consolidation have to be applied as from July 1, 2003.

The requirements of FIN 46R were applicable to the inactive investment of Eckert & Ziegler AG in NEMOD. The company concluded a research and development agreement with NEMOD on July 31, 2001, and on March 22, 2002 an agreement relating to its inactive investment as well as an option agreement. Under these agreements, the company has a participatory interest in NEMOD's gains and losses as well as in its hidden reserves in the proportion which the capital it invested bears to NEMOD's total equity capital. The maximum loss for Eckert & Ziegler AG is limited by agreement to the amount of the equity investment it has introduced at any one time (see Note 8b).

75 percent of NEMOD's shares were held by Eckert Consult Organisations- und Strategieberatung GmbH whose sole shareholder is Dr. Andreas Eckert, the Chairman of the Executive Board of Eckert & Ziegler AG as well as general manager of NEMOD. NEMOD's main business consisted in the development of new kinds of innovative drugs for use in cancer therapy. A main emphasis in its development program is on drugs for the treatment of widespread cancer types, including tumors of the gastro-intestinal tract and breast cancer, as well as to methods of treating difficult tumors, such as kidney cell cancer. Technologically, NEMOD's work is concentrated on therapeutic antibodies, both radioactively marked and linked to cell poisons, as well as on tumor vaccines.

Because of the requirements of FIN 46R NEMOD was fully consolidated in the Group financial statements of Eckert & Ziegler AG as from July 1, 2003. As of the end of the 2004 financial year the inactive investment in NEMOD was liquidated. Consequently, NEMOD was deconsolidated as of December 31, 2004.

In December 2003 the FASB issued Statement FAS 132 (revised 2003) "Employers' Disclosures about Pensions and Other Postretirement Benefits". This statement requires enterprises once a year to provide detailed information on pension fund assets, cash values of pension rights, cash flows, net expenditure on pension obligations and on health and welfare benefits for pensioners, as well as other related, relevant data. In addition, enterprises must report quarterly on the individual elements of the net expenditure for pension obligations and for health and welfare benefits for pensioners. The standard is applicable for the first

time for financial years ending after December 15, 2003, and for quarters beginning after that date. In the Group there are no significant pension obligations for which the required information would be necessary.

In December 2003 the SEC published Staff Accounting Bulletin (SAB) No. 104 "Revenue Recognition". This Bulletin updates parts of the interpretation rules given by the SEC in SAB 101. SAB 104 eliminates the interpretations of SAB 101 no longer required, and revises the remaining interpretations to match pronouncements made in the meantime by the FASB through the EITF on various points that had arisen in connection with revenue recognition. The application of SAB 104 had no effect on the net assets, financial position and result of operations of the Group.

In March 2004 the Emerging Issues Task Force (EITF) reached consensus on EITF 03-1 "The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments". EITF 03-1 deals with the meaning of other than temporary impairment and its application to investments in debt and equity securities accounted for under SFAS 115 "Accounting for Certain Investments in Debt and Equity Securities", as well as to equity investments which are accounted for under the cost method. Under the agreement reached in March 2004, certain disclosures are required in the notes to financial statements concerning unrealized losses on investments within the scope of EITF 03-1. Further, EITF 03-1 also calls for disclosures in the Notes when fair values for investments valued under the cost method are not available. While the regulations on disclosures in the Notes have been complied with, the recognition and valuation rules in EITF 03-1 do not apply to the Group financial statements in hand, because, as set out in FSP EITF 03-1-1 of September 30, 2004, these regulations have been deferred until the publication of additional guidance.

In November 2004 the FASB issued SFAS 151 "Inventory Costs, an amendment of ARB No. 43, Chapter 4". SFAS 151 makes it clear that unusually high costs of idle plant, freight, transportation costs and material scrap are to be expensed in the period, and requires that fixed production overhead costs be allocated to cost of production on the basis of normal productive capacity. SFAS 151 is to be applied prospectively to manufacturing costs that are incurred in financial years beginning after June 15, 2005. SFAS 151 did not therefore need to be applied to the Group financial statements in hand.

In December 2004 the FASB issued SFAS 123 (revised 2004) "Share-Based-Payment" (SFAS 123R). SFAS 123R regulates the accounting for transactions, under which a company exchanges its own equity instruments for goods or services. Furthermore, SFAS 123R regulates the accounting for transactions, under which a company, from the receipt of goods or services, incurs liabilities whose amount depends on the present value of its own equity instruments or where these liabilities can be settled through the issue of these instruments. Compensation plans to be shown under equity are to be measured at present value solely at the time when awards are made. Compensation plans to be shown as liabilities are to be stated at present value in every balance sheet until they are fully balanced out. SFAS 123R is to be applied as of July 1, 2005 to all compensation plans issued, modified, repurchased or cancelled as from this date, based on a modified, prospective transitional method. SFAS 123R did not therefore need to be applied to the Group financial statements in hand.

4. Restricted comparability of the Group financial statements with the previous year

The company has acquired three enterprises in the year under review which have been fully consolidated for the first time in the Group financial statements (we refer to the explanatory notes in Section 8, Acquisition and disposal of enterprises). This has impacted significantly on the company's net assets, financial position and result of operations, so that comparability of the Group balance sheet and income statement with the previous year is impaired.

5. Trade accounts receivable

Trade accounts receivable consist of the following items as of December 31, 2004 and 2003:

	2004	2003
(Amounts in thousands)	EUR	EUR
Trade accounts receivable	**7,397**	3,131
less: allowances for doubtful debts	**- 473**	- 320
	6,924	2,811

6. Inventories

Inventories consist of the following items as of December 31, 2004 and 2003:

	2004	2003
(Amounts in thousands)	EUR	EUR
Raw materials, consumables and supplies	**4,269**	2,429
Finished products	**1,089**	456
Work in process	**262**	320
	5,620	3,205
less: allowance for obsolescence	**- 147**	- 240
	5,473	2,965

7. Marketable securities (available-for-sale securities)

The following summary shows the composition of marketable securities as of December 31, 2004 and 2003:

				12-31-2004
	Cost	Unrealized gains	Unrealized losses	Market value (fair value)
(Amounts in thousands)	EUR	EUR	EUR	EUR
Bonds	299	11	0	310
Shares	0	0	0	0
Mutual funds	1,277	20	0	1,297
Total marketable securities	1,576	31	0	1,607

				12-31-2003
	Cost	Unrealized gains	Unrealized losses	Market value (fair value)
(Amounts in thousands)	EUR	EUR	EUR	EUR
Bonds	301	4	2	303
Shares	0	0	0	0
Mutual funds	523	6	0	529
Total marketable securities	824	10	2	832

The market value of securities is determined by quoted prices.

Bonds have a redemption period between 19 and 52 months as of December 31, 2004.

The following table summarizes sales of marketable assets in the financial years ended December 31, 2004 and 2003. The average cost method has been applied in determining cost for the calculation of realized gains and losses.

	2004	2003
(Amounts in thousands)	EUR	EUR
Sales proceeds	**1,760**	3,542
Realized gains – gross	**23**	100
Realized losses – gross	**0**	- 7

8. Acquisition and disposal of enterprises

a) Acquisitions

In January 2004 Eckert & Ziegler AG initially increased its holding in Isotope Products Europe Blaseg GmbH from 25.1 to 74.9 percent, and then in September 2004 acquired the remaining 25.1 percent. IPE Blaseg GmbH was thereupon reincorporated as Isotope Products Europe GmbH. The purchase price totaled approx. EUR 1.5 million, of which approx. EUR 0.8 million was paid in own shares. The transaction has been treated in the Group financial statements as an acquisition, so that IPE GmbH's profits are contained in these financial statements from the date of the majority takeover. The purchase price, which includes ancillary costs, has been allocated to the assets acquired on the basis of fair values at the date of acquisition, with the excess of the purchase price over fair value being reported as goodwill.

The allocation of the purchase price on the basis of estimated fair values of the assets was carried out as follows:

(Amounts in thousands)	EUR
Purchase price	1,544
Net assets acquired	- 51
Difference	1,595
Intangible assets	
Customer base	719
Deferred tax on intangibles	- 281
Goodwill	1,157
	1,595

On February 5, 2004 IPL acquired the American raw material broker CNL Scientific Resources International Inc. of San Francisco. The purchase price amounted to approx. EUR 447 thousand. CNL owns the exclusive American marketing rights for a number of strategic radioisotopes, including Palladium-103 and Iodine-125, and had also supplied IPL in the past. The transaction has been treated in the Group financial statements as an acquisition, so that CNL's profits are contained in these financial statements from the date of the majority takeover. The purchase price, which includes ancillary costs as well as a conditional additional payment, has been allocated to the assets acquired on the basis of fair values at the date of acquisition, with the excess of the purchase price over fair value being reported as goodwill.

The allocation of the purchase price on the basis of estimated fair values of the assets was carried out as follows:

(Amounts in thousands)	EUR
Purchase price	447
Net assets acquired	25
Difference	422
Intangible assets	
Customer base	229
Goodwill	193
	422

In March 2004 Eckert & Ziegler AG acquired MCP Medical International GmbH of Lübeck, together with its 100 percent subsidiary, STS Steuerungstechnik + Strahlenschutz GmbH of Brunswick, Germany. The purchase price totaled approx. EUR 1.8 million, of which approx. EUR 0.3 million was paid in own shares. The purchase agreement also includes a clause, under which an additional amount (earn-out) is payable to the vendor when sales of the newly acquired product groups exceed a certain amount. In the course of preparing the 2004 financial statements, it was established that this threshold had not been passed, and that therefore no earn-out payment was due. The purchase has been treated in the Group financial statements as an acquisition, so that the profits of both companies are contained in these financial statements from the date of the takeover. The purchase price, which includes ancillary costs, has been allocated to the assets acquired on the basis of fair values at the date of acquisition. This has given rise to badwill of approx. EUR 0.6 million which has been credited in the year to income. In relation to this, extraordinary costs in connection with the integration of the new entities amounting to EUR 0.6 million after tax have been incurred.

The allocation of the purchase price on the basis of estimated fair values of the assets was carried out as follows:

(Amounts in thousands)	EUR
Purchase price	1,818
Net assets acquired including deferred tax asset	2,391
Badwill	- 573

b) Equity investments

An agreement with NEMOD Immuntherapie AG concerning a non-typical inactive investment by Eckert & Ziegler AG was signed on March 22, 2003. This agreement provided for a maximum equity contribution of EUR 9,000 thousand by Eckert & Ziegler AG, with the individual tranches being linked to various milestones. In return, Eckert & Ziegler AG had a share in NEMOD's gains and losses as well as in its hidden reserves, in the proportion which the capital it invested bore to NEMOD's total paid-in capital. The investment was to end on December 31, 2011. In conjunction with this, an option agreement was concluded which was to allow Eckert & Ziegler AG to acquire shares in

NEMOD by way of an increase in capital. The option premium paid by Eckert & Ziegler AG amounted to EUR 200 thousand and was capitalized as an intangible asset.

In 2003 NEMOD Immuntherapie AG was initially converted into a GmbH [German private limited company] and then its business operations were split off into the newly formed NEMOD Biotherapeutics GmbH & Co. KG. The non-typical inactive investment was a component of this demerger, so that from then onwards Eckert & Ziegler AG became an inactive shareholder of NEMOD Biotherapeutics GmbH & Co. KG. Up to June 30, 2003, Eckert & Ziegler AG had paid EUR 3,525 thousand into the investment. The share of losses up to this date included in the Group financial statements amounted to EUR 3,306 thousand, EUR 954 thousand of which related to 2003. From July 1, 2003 NEMOD Biotherapeutics GmbH & Co. KG was fully consolidated in the Group financial statements in accordance with FIN 46R.

In June 2004 Eckert & Ziegler AG and NEMOD Biotherapeutics GmbH & Co. KG concluded an agreement to discontinue the equity investment agreement, and this was supplemented in December 2004. In this, the parties agreed to the termination of the inactive investment as of December 31, 2004, as well as to waiving all claims against each other arising from the investment agreement. Accordingly, NEMOD was deconsolidated as of December 31, 2004 from these Group financial statements. NEMOD's profits/losses, together with income from the deconsolidation, are shown separately in the consolidated statements of income as discontinued operations. Prior year's amounts have been restated (we refer to Section 16 of the Notes).

9. Property, plant and equipment

Group property, plant and equipment as of December 31, 2004 and 2003 is made up of the following:

(Amounts in thousands)	**2004** EUR	2003 EUR
Land	**49**	54
Buildings	**3,237**	3,318
Tenants' fixtures	**2,768**	2,690
Fixtures and fittings	**2,656**	2,517
Plant and machinery	**20,445**	20,126
Asset retirement obligation	**1,690**	1,754
Payments on account and assets under construction	**673**	397
	31,518	30,856
Less: cumulative depreciation		
Assets owned	**- 18,615**	- 15,848
Assets under capitalized leases	**- 150**	- 132
	12,753	14,876

Property, plant and equipment includes leased assets of EUR 234 thousand and EUR 257 thousand as of December 31, 2004 and 2003 respectively (capital and finance leases). Depreciation charged on assets acquired under finance leases amounted to EUR 37 thousand for the year ended December 31, 2004 and EUR 40 thousand for the year ended December 31, 2003.

Movements on Group non-current assets in the financial year are shown in the Group non-current asset movement schedule (see Note 27).

10. Intangible assets

In January 2004 BEBIG GmbH entered into an agreement with the French company CIS bio international concerning the acquisition of its radiation equipment products. The purchase price amounted to EUR 401 thousand and was split over the fair values of the assets acquired. These are almost exclusively intangible assets, such as product expertise, manufacturing documentation, permits and licenses for "low-dose-rate afterloaders" (cesium radiation equipment) and therapeutic iridium radiation sources. These intangibles are amortized over their expected life of eight years.

Group intangible assets are composed of the following items as of December 31, 2004 and 2003:

(Amounts in thousands)	**2004** EUR	2003 EUR
Goodwill, etc.	**9,309**	8,253
Technologies, patents, etc.	**1,260**	1,713
Licenses and software	**2,936**	2,812
Other intangible assets	**2,007**	943
	15,512	13,721
Less: cumulative depreciation	**- 3,969**	- 4,029
	11,543	9,692

Depreciation of intangible assets totaled EUR 632 thousand in 2004. Depreciation of intangible assets on hand as of December 31, 2004 is expected to amount to EUR 591, 575, 534, 524 and 417 thousand for the years 2005 to 2009 respectively.

The carrying values of undepreciated assets consist of the following as at December 31, 2004 and 2003:

(Amounts in thousands)	**2004** EUR	2003 EUR
Goodwill	**6,922**	6,004
Customer relationships	**257**	279
Other items	**110**	120
	7,289	6,403

Movements in goodwill in 2004 were as follows:

(Amounts in thousands)	EUR
Balance as of 12-31-2003	6,004
Additions	1,350
Exchange differences	- 432
Balance as of 12-31-2004	6,922

11. Long-term loan liabilities

Long-term loan liabilities as of December 31, 2004 and 2003 are composed of the following:

(Amounts in thousands)	**2004** EUR	2003 EUR
Loan payable to IKB net of debt discount of EUR 66 and EUR 85 thousand in 2004 and 2003, payable on June 30, 2008, with interest at 8.6% plus 3% dependent on profit	**1,738**	1,719
KfW loan from Commerzbank to IPL, secured by a guarantee of Eckert & Ziegler AG, payable in half-yearly installments of EUR 60 thousand (USD 75 thousand) and quarterly interest payments at 7.38 %, due September 2010	**660**	837
Loan from Wells Fargo Bank, secured by assignment of certain machinery and equipment of IPL, payable in monthly installments of EUR 0.4 thousand (USD 0.5 thousand) plus interest from 8.4 % to 10.8 %, due February 2005	**1**	27
Loans payable to banks:	**2,399**	2,583
- current portion	**111**	141
	2,288	2,442
Partiari loan, net of accrued debt discount of EUR 98 thousand in 2003, payable on March 8, 2010, interest 6.25 % plus 3 % dependent on profit	**0**	1,302
NEMOD Verwaltungs GmbH loan, unsecured, indefinite term, repayable at 3 months' notice at a quarter' s end, interest 7 %	**0**	51
NEMOD Immuntherapie GmbH loan, unsecured, indefinite term, repayable at 3 months' notice at a quarter's end, interest 7 %	**0**	131
Loan, payable in quarterly installments of EUR 7 thousand (USD 9 thousand), interest 6.5 % p.a., due September 2008	**97**	0
Loan payable in monthly installments of EUR 1 thousand (USD 2 thousand) + interest, interest rate 4 %, due: August 2007	**39**	59
Loan from M. Ortiz, payable in monthly installments of EUR 4 thousand (USD 5 thousand) in the period from January 2002 to June 2005, interest 9.3 %	**21**	67
Other loan liabilities:	**157**	1,610
- current portion	**61**	246
	96	1,364

The IKB loan in the original amount of EUR 2,812 thousand extends over 10 years and is repayable on June 30, 2008. Early redemption is possible subject to payment of a penalty. In the event of Eckert & Ziegler AG's insolvency, IKB has secured a subordination of its receivables.

Market values (fair value) of the IKB and KfW loans as of December 31, 2004 amount to EUR 2,168 and EUR 711 thousand respectively, based on current interest rates.

IPL has been granted a credit line by a bank of up to EUR 733 thousand (USD 1,000 thousand). IPL had not utilized this credit line by December 31, 2004. Eckert & Ziegler AG have put up securities in respect of the IPL loan.

Eckert und Ziegler AG and its subsidiary BEBIG GmbH have joint credit lines available of EUR 2,570 thousand which have not been utilized up to now.

The following table shows the amounts becoming due in future years in respect of the loan liabilities reported as of December 31, 2004:

At each year-end (December 31):	
(Amounts in thousands)	EUR
2005	172
2006	151
2007	138
2008	1,875
2009	110
thereafter	110
	2,556

12. Shareholders' equity

The company's nominal capital amounted to EUR 3,250,000.00 as of December 31, 2004 and is divided into 3,250,000 shares with no par value.

On May 25, 2004, with the approval of the Supervisory Board, the shareholders' meeting authorized the Executive Board to increase the company's nominal capital by up to EUR 1,625,000 by issuing up to 1,625,000 bearer shares for cash or non-cash contributions, while excluding the subscription rights of existing shareholders where relevant (authorized capital). The Executive Board is authorized, with the approval of the Supervisory Board, to determine any further rights attaching to the shares and the conditions for the share issue. The exclusion of subscription rights is permissible for capital increases with non-cash contributions, particularly for the acquisition of enterprises or parts thereof, equity investments in enterprises or patents. For capital increases against cash contributions, exclusion of subscription rights is only permissible to the extent that it is necessary for the equalization of highest-ranking amounts, or if the capital increase does not exceed 10 percent of the nominal capital, and the issue price of the new shares does not lie significantly below the stock market price of the shares at the time that the Executive Board determines the issue price. The authorization is valid until December 31, 2006.

In June 2000, Eckert & Ziegler AG carried out an increase in capital from EUR 250,000 to EUR 3,250,000 in order to fund the acquisition of the worldwide radiation source material business of DuPont. This was partly funded by the authorized increase in capital of up to EUR 1,500,000 by issuing bearer shares against cash or non-cash contributions (authorized capital), as granted by the shareholders' meeting on March 30, 1999 and valid until March 31, 2004. The issue of 250,000 new shares of no par value on the Neuer Markt resulted in net cash inflows amounting to EUR 17,290 thousand, after deducting commission and costs of the issue of EUR 335 thousand.

The nominal capital has been conditionally increased by up to a further EUR 300,000 (authorized but unissued common stock), split into a maximum of 300,000 shares (see Note 12).

As part of a share buyback scheme the company bought a total of 320,000 of its own shares in March 2003 (about 9.8 percent of nominal capital) at an average price of 3.35 euro per share. 5,503 of these shares were resold in October 2003 at an average price of 11.23 euro per share. The realized gain on this, amounting to approx. EUR 44 thousand, was credited to additional paid-in capital (treasury stock). In order to finance the acquisitions of MMI GmbH and IPE GmbH in 2004, a total of 139,648 of the company's own shares were applied at an average price of 7.88 euro per share. 13,400 own shares at an average price of 7.35 euro per share were utilized to service employee stock options. Transactions in treasury stock gave rise to a total profit in 2004 of EUR 655 thousand, which was appropriated to additional paid-in capital (treasury stock) with no effect on net income. The balance of treasury stock was 161,449 shares as of December 31, 2004.

13. Employee stock option plan

On April 30, 1999, the annual general meeting authorized the Executive Board to set up a stock option plan for employees and management of the company and its subsidiaries. The annual general meeting of May 20, 2003 made minor revisions to some details of the plan. The employee stock option plan decided on by the Executive Board with the consent of the Supervisory Board provides for the granting of options to purchase a maximum of 300,000 shares from the authorized but unissued common stock, provided the company does not redeem the option rights by the transfer of treasury stock or by making a cash payment. A single option entitles the holder to receive one share. The exercise price for the initial tranche of options is equivalent to the share price fixed at the company's stock exchange flotation, while the exercise price for subsequent tranches will be calculated from the average price of Eckert & Ziegler's stock on the last five trading days prior to the passing of the Executive Board resolution on the granting of options.

The earliest time when the options granted may be exercised is after a vesting period of two years, counting from the date of issue and only within specified exercise dates. In addition, the exercise is dependent on reaching certain performance criteria. The increase in value of the company's stock in the period between the issue day and the first exercise date must exceed the increase in the Neuer Markt Index, or after the termination of that index, the rise in the Technology All Share Index during the same time period. Options must be exercised within five years of the vesting period. In the event of termination of employment, options not yet exercised lapse. If the performance criteria are met, the options granted in 2003 may be first exercised during the third quarter of 2005, while those granted in 2004 may not be exercised until the third quarter of 2006, at the earliest.

In 2004 the vesting period for the options granted in 2001 and 2002 expired. It was established that the performance criteria were satisfied in relation to the options granted in 2002. Thus, the exercise of the options is possible in principle. The first period for exercising options commenced on August 27, 2004, with the last possible date being August 27, 2009.

For the tranche issued in the year 2001 the performance criteria were not met; all options of this tranche have thus lapsed.

Movements in the number of outstanding stock options in the last two financial years are as follows:

	2004		2003	
	Options	Weighted average exercise price	Options	Weighted average exercise price
	Number	EUR	Number	EUR
Outstanding at beginning of year	**88,350**	**8.28**	106,500	13.09
Granted	**50,000**	**7.84**	30,000	5.30
Exercised	**13,400**	**5.04**	-	-
Lapsed	**12,300**	**8.75**	48,150	17.06
Outstanding at end of year	**112,650**	**8.42**	88,350	8.28

As of December 31, 2004 and 2003 the exercise price was not lower than the market price of the shares on the issue date in respect of any of the tranches.

The following table gives an overview of the stock options outstanding at December 31, 2004:

Outstanding options			
Exercise price	Options outstanding on December 31, 2004	Weighted average remaining contractual period	Weighted average exercise price
EUR	Number	Years	EUR
23.00	13,000	2.25	23.00
5.04	22,550	4.66	5.04
5.30	27,100	4.66	5.30
7.84	50,000	5.57	7.84

As of December 31, 2004 there were 35,550 exercisable options.

The company applies APB Opinion 25, "Accounting for Stock Issued to Employees", in accounting for its employee stock option plan. Accordingly, the staff costs to be disclosed are calculated from the number of shares to be exercised in the future, and the difference between the price at which the options were granted and the stockmarket price as of each balance sheet date, spread over the vesting period. Final staff costs will be calculated after the vesting period has elapsed and the performance criteria fulfilled. These staff costs imply an increase in additional paid-in capital. The application of APB 25 resulted in expenditure of EUR 74 and EUR 71 thousand being charged in 2004 and 2003 respectively.

Had the company determined staff costs for its stock options in line with SFAS 123 "Accounting for Stock-Based Compensation", the Group's net income would have been reduced in the financial years 2004 and 2003. Under SFAS 123, the fair value of each option granted on the issue date is calculated using a "Monte Carlo" option pricing model. For this, the company made the following assumptions for options granted in the respective years:

	2004	2003
Anticipated dividend income	**-**	-
Risk-free interest rate (%)	**2.53**	2.43
Anticipated volatility (%)	**58.7**	73.1
Expected life (years)	**2.00**	2.06
Market value (fair value) (EUR)	**2.18**	1.70

For purposes of the proforma calculation, the expense equivalent to the estimated fair value of the options at the time they are granted is spread over the vesting period. This would result in the following values (proforma information):

	2004	2003
(Amounts in thousands, except for per share data)	EUR	EUR
Group net income		
Per income statement	**3,334**	- 1,265
Excess expense through application of SFAS 123	**- 45**	- 204
Proforma	**3,289**	- 1,469
Earnings per share		
Basic per income statement	**1.09**	- 0.42
Diluted per income statement	**1.08**	- 0.42
Basic proforma	**1.07**	- 0.49
Diluted proforma	**1.07**	- 0.49

14. Income tax expense

The following tax rates were applied in the calculation of the tax charge; they result in an effective tax rate of 38.9 % for 2004 and 2003 for the Group:

	2004	2003
Local business income tax, applicable to both years: 5 % and 410 % rate of assessment		
Corporation tax	**25 %**	25 %
Solidarity surcharge on corporation tax	**5.5 %**	5.5 %

Income tax expense/income(-) is made up as follows for the financial years ended December 31, 2004 and 2003:

	2004	2003
(Amounts in thousands)	EUR	EUR
Net income before tax		
Germany	**953**	1,196
Foreign subsidiaries	**2,682**	2,245
	3,635	3,441
Current tax:		
Germany	**- 86**	91
Foreign subsidiaries	**1,101**	908
	1,015	999
Deferred tax:		
Germany	**449**	416
Foreign subsidiaries	**- 131**	- 68
	318	348
Total taxes	**1,333**	1,347

Deferred tax credits of EUR 335 thousand are attributable to loss carry-forwards.

Reconciliation of the Group's tax expense, based on the tax rates applicable in Germany, to the Group's actual reported tax charge is as follows:

	2004	2003
(Amounts in thousands)	EUR	EUR
Tax expense based on German tax rates	**1,414**	1,339
Tax differences on the income of foreign subsidiaries	**- 75**	- 33
Disallowable expenditure	**30**	66
Tax-free income	**0**	- 32
Other items	**- 35**	7
Effective tax charge	**1,333**	1,347

Deferred taxes are based upon the differences between the values of assets and liabilities in the consolidated financial statements and those in the tax accounts of individual Group companies, as well as in respect of available tax loss carry-forwards. The temporary differences result in deferred tax assets and liabilities as of December 31, 2004 and 2003, summarized as follows:

	2004	2003
(Amounts in thousands)	EUR	EUR
Germany		
Deferred tax assets:		
Taxable losses for the year and losses carried forward	**1,762**	532
Temporary differences – NEMOD	**0**	317
Deferred tax on tax-free investment allowance	**463**	539
Receivables	**523**	287
Inventories	**57**	16
Reserves	**455**	416
Total deferred tax assets	**3,260**	2,107
Deferred tax liabilities:		
Foreign currency valuation	**521**	418
Differences on acquisition and manufacturing cost and depreciation	**473**	249
Deferred income	**192**	326
Valuation of securities	**12**	3
Other	**9**	9
Total deferred tax liabilities	**1,207**	1,005
Deferred tax assets, net	**2,053**	1,102

(Amounts in thousands)	2004 EUR	2003 EUR
Foreign subsidiaries		
Deferred tax assets:		
Losses for the year and loss carried forward	**0**	21
Allowance for doubtful depts	**9**	50
Reserves	**480**	642
State taxes on income	**10**	33
Other	**13**	52
Total deferred tax assets	**512**	798
Deferred tax liabilities:		
Non-current assets	**942**	887
Deferred tax on tax shield gross up – IPL	**173**	241
Other	**0**	0
Total deferred tax liabilities	**1,115**	1,128
Deferred tax liabilities, net	**- 603**	- 330

Deferred tax assets and liabilities have been netted in the balance sheet to the extent permitted.

Under German tax law losses may be carried forward indefinitely. Based on expected future taxable profits and planned transactions with fiscal consequences, the Executive Board anticipates that the deferred tax assets can be fully realized.

The German tax authorities have commenced a tax audit in 2004 of Eckert & Ziegler AG for the periods of assessment from 2000 to 2002. The tax auditor has up to now only obtained a brief overview of the structure of the Group; further audit procedures have not yet been carried out. The tax audit will recommence in April 2005.

15. Other income / expenses

The following table gives an overview of the composition of other income/expenses in the financial years 2004 and 2003:

(Amounts in thousands)	2004 EUR	2003 EUR
Income from marketable securities incl. gains and losses	**37**	105
Release of reserves	**542**	55
Gains/losses from the sale of non-current assets	**- 13**	- 151
Gains/losses from the sale of shareholdings	**0**	- 55
Prior-year income/expenses	**- 2**	147
Other items	**14**	157
Total other income/expenses	**578**	258

16. Withdrawal from the immunology business and adjustment of prior year amounts

In December 2004 the company gave up its inactive equity investment in NEMOD, and with it the Immunology segment. Consequently, NEMOD was deconsolidated as of December 31, 2004. Income of EUR 1,000 thousand arising from the deconsolidation, together with the current loss for the year of EUR 516 thousand and proportionate tax credits of EUR 602 thousand, are shown separately in the consolidated statement of income as net income from discontinued operations. Prior year comparatives have been adjusted in accordance with SFAS 144, i.e. expenditure and income of NEMOD included in the consolidated statement of income have likewise been reclassified as net income from discontinued operations. The main area affected by the reclassification is NEMOD's reported prior year expenditure on research and development of EUR 1,493 thousand. Comparative figures in the segmental reporting and in other disclosures in the Notes have been adjusted to match.

17. Extraordinary items

Extraordinary items comprise income from badwill of EUR 573 thousand arising from the acquisition of MMI GmbH, and non-recurring special expenditure of EUR 876 thousand associated with it, plus proportionate tax credits of EUR 341 thousand.

18. Other financial commitments and coningent liabilities

a) Other financial commitments from rental and leasing agreements

The company has entered into capitalized leasing agreements (capital and finance leases) and non-capitalized leasing agreements (operating leases) relating to equipment, vehicles, and land and buildings. Rental and leasing expense amounted in the financial years 2004 and 2003 ending December 31 to EUR 770 and 714 thousand respectively.

In conjunction with the self-constructed administration and manufacturing building on third-party land in Berlin, the company has entered into a long-term operating lease. This lease results in annual payments by Eckert & Ziegler AG of EUR 167 thousand, EUR 89 thousand of which, however, is offset against the construction costs of the building. The lease runs initially until December 31, 2014; on expiry of this period the company has the right to opt for an extension to the lease until the suspense account set up for

the newly erected building has been cleared. This right can be exercised on several occasions and might only apply to parts of the building. The lease payments for all areas may not be increased before December 31, 2014; at this time the lease payments for newly created areas will be renegotiated.

Future minimum lease payments under non-cancelable operating leases (with initial or remaining lease terms in excess of one year) and future minimum capital lease payments as of December 31, 2004 are as follows:

Other rental and leasing agreements

(Amounts in thousands)	EUR
As of December 31 in each case	
2005	493
2006	487
2007	462
2008	456
2009	456
thereafter	1,441
Total minimum lease and rental payments	3,795

b) Contingent liabilities

There were no contingent liabilities as of December 31, 2004.

19. Segmental reporting

The Eckert & Ziegler Group has organized its business activities into four reporting units. These individual segments supply different products and are also separated organizationally by location.

In the previous year the Immunology segment was included in the full consolidation for the first time and shown as a standalone segment. Following the deconsolidation of NEMOD, in the future this segment will again disappear.

The two units, Nuclear Medicine & Industry and Therapy, have between them generated virtually 100 percent of sales and income for the Group in 2004.

The accounting principles applied to the individual segments are the same as those described in the summary of significant accounting policies (see Note 3). Segmental information is unconsolidated. This corresponds to the information used by management as part of regular reporting. Inter-segment transactions are accounted for at market prices.

The Nuclear Medicine & Industry segment manufactures and sells standards as well as radiation source materials for industrial and medical applications. Standards are radioisotopes for calibrating purposes. They are generally sold to scientific institutions. Industrial radiation source materials are used in various kinds of control and instrumentation for industrial equipment and other metrological devices, such as safety installations at airports. They are sold to manufacturers of the equipment or their operators. The medical radiation source materials include radioactive sources for the calibration of gamma cameras. Customers for these are hospitals and the manufacturers of related equipment. Since 2004 two further units have been fully incorporated into the Nuclear Medicine & Industry segment. The previous year both these entities were still included in the Other segment at the following amounts: Sales EUR 752 thousand; depreciation and amortisation EUR -25 thousand; interest receivable EUR 1 thousand; interest payable EUR -23 thousand; tax EUR -215 thousand; net income for the year EUR 454 thousand; equity investments EUR 42 thousand; liabilities EUR -34 thousand.

The Therapy segment (last year called Cardiology & Oncology) has been mainly focused up to now on product development and market introduction of radioactive sources in the cardiological and oncological fields. The main priorities in oncology continue to be the treatment of prostate cancer with radioactive iodine seeds. The discontinuation of cardiovascular products, as already announced last year, together with the significant expansion of the product range in this segment, brought about by the acquisitions in 2004, have caused the company to rename this segment as the Therapy segment. The new products include low and high-dose rate afterloaders, blood radiation equipment, iridium wire sources, and various therapy accessories. Customers for the Therapy segment's products are medical device manufacturers and clinics.

The Immunology segment was concerned with the development of therapeutic antibodies for application in cancer therapy. Despite very good research results the company has unfortunately not yet succeeded in its aim of licensing out to a strategic partner.

Segmental Reporting

(Amounts in thousand EUR)				**Year 2004**
	Nuclear Medicine & Industry	Therapy	Other	Total
Sales to external customers	19,403	16,128	2	35,533
Sales to other segments	1	133	607	741
Total segmental sales	19,404	16,261	609	36,274
Depreciation and amortization	- 1,170	- 2,365	- 119	- 3,654
Interest receivable	1	17	1,376	1,394
Interest payable	- 624	- 809	- 263	- 1,696
Non-cash income & expense	328	1,678	971	2,977
Income tax expense	- 648	- 835	152	- 1,331
Net income from continuing operations	1,114	1,403	- 220	2,297
Segmental assets	21,545	18,436	36,312	76,293
Segmental liabilities	- 6,044	- 11,500	- 2,082	- 19,626
Equity investments		68		68
Additions to property, plant and equipment	263	1,070	5	1,338

(Amounts in thousand EUR)				**Year 2003**
	Nuclear Medicine & Industry	Therapy	Other	Total
Sales to external customers	17,681	10,621	854	29,156
Sales to other segments	107	164	1,455	1,726
Total segmental sales	17,788	10,785	2,309	30,882
Income from investments in associated companies			1	1
Depreciation and amortization	- 1,032	- 2,464	- 151	- 3,647
Interest receivable	24	67	1,523	1,614
Interest payable	- 753	- 792	- 301	- 1,846
Non-cash income & expense	- 1,365	- 450	- 33	- 1,848
Income tax expense	- 628	- 556	- 185	- 1,369
Net income from continuing operations	970	829	278	2,077
Segmental assets	18,973	13,463	35,051	67,487
Segmental liabilities	- 681	- 8,089	- 908	- 9,678
Equity investments		68	42	110
Additions to property, plant and equipment	606	1,508	85	2,199

(Amounts in thousands)	2004 EUR	2003 EUR
Income from continuing operations		
Total segments	**2,297**	2,077
Elimination of inter-segment gains(-)/losses	**5**	17
Consolidated income from continuing operations	**2,302**	2,094
Income tax expense		
Total segments	**- 1,331**	- 1,369
Tax expense on inter-segmental profits	**- 2**	22
Consolidated tax expense	**- 1,333**	- 1,347
Depreciation and amortization		
Total segments	**- 3,654**	- 3,647
Depreciation and amortization from profit elimination and discontinued operations	**- 88**	- 38
Consolidated depreciation and amortization	**- 3,742**	- 3,685
Interest payable		
Total segments	**- 1,696**	- 1,846
Inter-segment interest payable	**1,324**	1,438
Consolidated interest payable	**- 372**	- 408
Interest receivable		
Total segments	**1,394**	1,614
Inter-segment interest receivable	**- 1,295**	- 1,442
Consolidated interest receivable	**99**	172
Segmental assets		
Total segments	**76,293**	67,487
Elimination of inter-segment shares, investments and receivables	**- 27,335**	- 21,781
Consolidated total assets	**48,958**	45,706
Segmental liabilities (liabilities in the HGB sense)		
Total segments	**19,626**	9,678
Elimination of inter-segment liabilities	**- 12,540**	- 7,184
Consolidated liabilities	**7,086**	2.494

Total segmental sales to external customers agree to the consolidated amounts in each case.

Sales by geographic region

	2004		2003	
	Million EUR	%	Million EUR	%
North America	**18.0**	**51**	20.6	71
Europe	**15.4**	**43**	7.7	25
Asia/Pacific	**1.8**	**5**	0.8	3
Other	**0.3**	**< 1**	0.1	< 1
	35.5	**100**	29.2	100

The breakdown under geographic region is based on the location of the invoice recipient. Sales in North America relate almost exclusively to the US. Assets of the Nuclear Medicine & Industry segment are located primarily in North America; those of all other segments are in Europe.

Main customers

Approx. EUR 1.8 million of sales in the Nuclear Medicine & Industry segment in 2004 were to one major customer (equivalent to approx. 5 percent of the consolidated sales of the Group).

20. Earnings per share

Earnings per share has been calculated as follows (in thousands, except for per share data):

	2004 EUR	2003 EUR
Numerator for calculation of basic and diluted earnings per share – net income/loss for the year	**3,334**	- 1,265
Denominator for calculation of basic earnings per share – weighted average number of shares	**3,061**	2,983
Effect of dilutive stock options	**20**	1
Denominator for calculation of diluted earnings per share – weighted average number of shares	**3,081**	2,984
Basic earnings per share	**1.09**	- 0.42
Diluted earnings per share	**1.08**	- 0.42

21. Transactions with related parties

In 2004 and 2003 transactions were engaged in with the following related third-parties:

- Eckert Consult Organisations- und Strategieberatung GmbH ("Eckert Consult") which holds 38.8 % of the shares in Eckert & Ziegler AG and whose sole shareholder is Dr. Andreas Eckert, Chairman of the Executive Board of Eckert & Ziegler AG.
- NEMOD Verwaltungs GmbH, formerly: jojumarie Intelligente Instrumente GmbH ("jojumarie GmbH"), which was a 100 percent subsidiary of Eckert Consult from September 2001 to August 2003, has been a 100 percent subsidiary of NEMOD Immuntherapie GmbH since August 2003. Dr. Eckert is one of the general managers of NEMOD Verwaltungs GmbH.
- NEMOD Immuntherapie GmbH, formerly: NEMOD Immuntherapie AG (previous to that NEMOD New Modalities Heilmittel GmbH) in which Eckert Consult holds 100 % of the shares as from January 2004. Dr. Eckert is one of the general managers of NEMOD Immuntherapie GmbH.
- Glycotope GmbH which is 66.4 % owned by Eckert Consult. Dr. Steffen Goletz is general manager of Glycotope GmbH.
- Mr. I. Simmer and Mr. J. Sadlo are general managers of Isotope Products Cesio s.r.o.

The company engages Eckert Consult for the placing of advertisements in daily newspapers and other publications. Expenditure on this in the year under review was EUR 16 thousand. This service was not called upon in the previous year.

Since January 1, 2000 a service agreement has existed between Eckert & Ziegler AG and NEMOD Verwaltungs GmbH (formerly jojumarie GmbH), under which Eckert & Ziegler AG provides certain administrative services. In October 2003 jojumarie GmbH was reincorporated as NEMOD Verwaltungs GmbH. The service agreement with Eckert und Ziegler AG ended on December 31, 2003. On September 24, 2001 BEBIG GmbH purchased for TEUR 10 the rights to two inventions of jojumarie GmbH. The agreement provides for a further payment of TEUR 5 (gross) per invention to jojumarie GmbH on the initial granting of a patent, and that further profit-related royalties will be payable upon commercial use. The agreement is still in force after the reincorporation as NEMOD Verwaltungs GmbH. No expenditure from this agreement was paid in the year under review. An annual charge of TEUR 1 is due from an agreement for the lease of assets dating from June 1, 2003 between BEBIG GmbH and NEMOD Verwaltungs GmbH (formerly jojumarie GmbH).

An agreement for the lease of assets has existed between NEMOD Biotherapeutics GmbH & Co. KG and NEMOD Verwaltungs GmbH since June 1, 2003 for an annual lump-sum of EUR 0.5 thousand. The agreement is still in force after reincorporation.

A loan agreement for EUR 50 thousand with an indefinite term was concluded on October 28, 2003 between NEMOD Biotherapeutics GmbH and NEMOD Verwaltungs GmbH. The amount was paid over on October 30, 2003. The loan bears interest at 7%. Interest of EUR 0.6 thousand was incurred for the period from November 1 to December 31, 2003. In the year under review interest amounts to EUR 3.6 thousand.

The financial statements of 2004 and 2003 contain a loan liability of EUR 21 thousand and EUR 67 thousand respectively in favor of the former owner of The Source, Inc. and present consultant to IPL. The loan helped to finance the acquisition of The Source, Inc. and bears annual interest of 9.3 percent. Repayments of EUR 5 thousand per month are due to be made up to June 2005.

From December 1, 2001, an agreement has existed between Eckert & Ziegler AG and Glycotope GmbH, Berlin, under which Eckert & Ziegler AG provides certain administrative services for a monthly fee of EUR 7 thousand. In July 2003 the fees for these services were lowered to EUR 4 thousand to reflect the actual expense. The agreement was terminated on December 31, 2003. In 2004 Glycotope GmbH was charged fees of EUR 2.4 thousand.

Since January 1, 2004 an agreement between Glycotope and BEBIG GmbH has been in force, whereby BEBIG GmbH renders IT and payroll services. The monthly fee is based on the actual costs incurred.
In the year BEBIG GmbH received EUR 20.6 thousand for services rendered.

An agreement for development services has existed between Glycotope and EUROTOPE GmbH since January 1, 2002. The agreement ended on June 30, 2004. In the year under review no income for EUROTOPE arose.

NEMOD Biotherapeutics GmbH & Co. KG and Glycotope concluded an agreement on December 1, 2001 for Glycotope to provide development services for a NEMOD project, with the monthly fees amounting to EUR 37 thousand. The agreement was terminated as of July 31, 2003. A second development agreement for a further NEMOD project ran from December 1, 2001

to January 31, 2004, renewed until March 31, 2004 at a monthly fee of EUR 18 thousand. On January 1, 2004 an agreement was concluded between NEMOD Biotherapeutics GmbH & Co. KG and Glycotope GmbH with an initial term of one year for support in marketing NEMOD's development results, care and maintenance of laboratory equipment and for the storage of biological materials belonging to NEMOD. Glycotope GmbH received monthly fees from this agreement of EUR 15 thousand. The agreement was terminated on September 30, 2004.

An agreement concerning technical scientific advisory services was in force between Glycotope and NEMOD from January 1, 2002 to December 31, 2003, for which NEMOD received a monthly fee of EUR 4 thousand. With effect from July 1, 2003 the amount was reduced to EUR 2.5 thousand. As part of a leasing agreement NEMOD has made available two items of plant to Glycotope for a monthly fee of TEUR 1. This agreement ceased on December 31, 2003.

A loan agreement for EUR 130 thousand with an indefinite term exists as from October 28, 2003 between NEMOD Biotherapeutics GmbH & Co. KG and NEMOD Immuntherapie GmbH. The loan bears interest at 7 percent. EUR 50 thousand was paid over to NEMOD Biotherapeutics GmbH & Co. KG on November 7, 2003 and EUR 80 thousand on November 24, 2003. Interest of TEUR 1 was incurred in 2003 and EUR 9.4 thousand in 2004.

A loan agreement between NEMOD Biotherapeutics GmbH & Co. KG and Dr. Eckert in the sum of EUR 1,400 thousand has existed since April 19, 2000. The loan bears interest at 6.25 percent. It is for a term of 10 years and is repayable by March 8, 2010 at the latest.

Since January 1, 2002 there has been a consultancy agreement in force between the company and the engineering office of Jürgen Ziegler (whose owner is the former Executive Board member of Eckert & Ziegler AG, Mr. Jürgen Ziegler.) The agreement was terminated on December 31, 2004. Under the agreement, the engineering office provided various advisory services, including those relating to quality management, product development and licensing problems. The fees for these services amounted to EUR 80 thousand in both 2004 and 2003. Furthermore, the company has expressed its willingness to take over and to maintain the pension rights granted by a subsidiary to Mr. Ziegler.

In 2004 Eckert & Ziegler AG granted the general managers of Cesio s.r.o., Mr. I. Simmer and Mr. J. Sadlo, loans of EUR 234 thousand each. The loans bear interest at 2 per cent and are due to be repaid with interest on September 30, 2008.

The balances which the Eckert & Ziegler Group has with related parties in respect of accounts receivable, loan receivables, accounts payable and loan payables as of December 31, 2004 and 2003, are as follows:

(Amounts in thousands)	**2004** EUR	2003 EUR
Trade accounts receivable from related third-parties	**8**	846
Receivables on loan account from related third-parties	**470**	56
Trade accounts payable due to related third-parties	**8**	0
Payables on loan account due to related third-parties	**93**	1,467
Other liabilities due to related third-parties	**0**	182

22. Post-balance sheet events

As of January 1, 2005 Dr. Andreas Hey was appointed as the third member of the Executive Board of Eckert & Ziegler AG. Dr. Hey is responsible for the Nuclear Medicine & Industry segment.

In February 2005 Eckert & Ziegler AG signed an agreement to take over an increase in capital in EURO-PET Berlin Zyklotron GmbH. This company, based in Adlershof, Berlin whose former and founding shareholders include a number of specialists in nuclear medicine, is licensed as a pharmaceutical manufacturer for radio-pharmaceuticals, and mainly supplies local customers with contrast media used in so-called PET examinations. Through the investment in the capital increase Eckert & Ziegler AG holds about 70 per cent of the shares in this company.

OTHER DISCLOSURES REQUIRED UNDER HGB

23. Other operating income/expense

Other operating income/expense contains prior year income of EUR 684 thousand and prior year expense of EUR 66 thousand. The prior year expense mainly represents losses on the disposal of non-current assets; the prior year income consists for the most part of the release of reserves and gains on the sale of non-current assets.

24. Executive board and supervisory board

In the year 2004 the total remuneration paid by Eckert & Ziegler AG to the members of the Executive Board was EUR 678 thousand plus 20,000 stock options from the stock option plan described in Section 13. This includes a profit-related element amounting to EUR 250 thousand, which is based on a certain percentage of Group net income for the year.

Members of the Supervisory Board receive annual remuneration of EUR 6 thousand for their efforts; the chairman gets EUR 12 thousand; and the deputy chairman EUR 9 thousand. The total remuneration for members of the Supervisory Board in 2004 came to EUR 45 thousand. No profit-related element was paid, nor were consultancy or arrangement fees.

As of December 31, 2004 no advances or loans were outstanding from the members of the executive or Supervisory Boards of Eckert & Ziegler AG.

25. Employees

On average 215 persons were employed by Group companies during 2004. They were working in the following departments:

Production	59
R&D/equipment manufacture	49
Administration	27
Sales and marketing	51
Quality management	29
Total	215

Staff costs for the financial year 2004 consist of the following:

	2004	2003
(Amounts in thousands)	EUR	EUR
Wages and salaries	**11,174**	8,936
Social security contributions and expenditure on pension benefits and old-age support	**1,460**	1,150
– of which for pensions	**55**	31

26. Other information

BEBIG Isotopen- und Medizintechnik GmbH avails itself of the exempting clause of Section 264 para. 3 HGB under which an audit of the financial statements required by Section 316 HGB may be dispensed with.

27. Movements in Group non-current assets in the financial year from January 1 to December 31, 2004

(See Group non-current asset movement schedule on pages 62–63.)

Movements in Group non-current Assets

In the financial Year from January 1 to December 31, 2004 (refer to point 27 , page 61)

Non-current asset movement schedule as of December 31, 2004

	Cost							
	Balance 12-31-03	Additions	Additions by acquisitions	Disposals	Transfers	Disposals by de-consolidation	Currency translation	Balance 12-31-04
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
A. Expenditure on business start-ups	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
B. Non-current assets								
I. Intangible assets								
1. Goodwill	6,706	277	1,177	0	0	0	- 499	7,661
2. Concessions, patents, trade marks and licenses	7,000	1,185	515	621	0	21	- 307	7,751
3. Advance payments on intangible assets	15	100	0	0	0	15	0	100
	13,721	1,562	1,692	621	0	36	- 806	15,512
II. Property, plant and equipment								
1. Buildings on third-party land	6,062	331	17	21	0	103	- 232	6,054
2. Plant and machinery	20,126	353	110	134	401	0	- 240	20,616
3. Other plant and equipment, fixtures and fittings	2,517	284	692	137	0	807	-65	2,484
4. Payments on account and assets under construction	397	700	0	0	- 401	0	- 23	673
5. Asset retirement obligation	1,754	0	0	0	0	0	- 63	1,691
	30,856	1,668	819	292	0	910	- 623	31,518
III. Long-term investments								
1. Shares in affiliates	0	0	0	0	0	0	0	0
2. Loans affiliates	21	0	0	21	0	0	0	0
3. Other loans	109	0	0	41	0	0	0	68
4. Other long-term investments	383	10	0	1	0	0	- 31	361
	513	10	0	63	0	0	- 31	429
	45,090	3,240	2,511	976	0	946	- 1,460	47,459

Depreciation and amortization								Net book values	
Balance 12-31-03	Additions	Additions by acquisitions	Disposals	Transfers	Disposals by de-consolidation	Currency translation	Balance 12-31-04	Balance 12-31-03	Balance 12-31-04
TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
702	73	16	1	0	0	- 51	739	6,004	6,922
3,327	559	68	576	0	20	- 127	3,231	3,673	4,520
0	0	0	0	0	0	0	0	15	100
4,029	632	84	577	0	20	- 178	3,970	9,692	11,542
1,140	266	8	4	0	32	- 28	1,350	4,922	4,704
11,888	2,246	96	64	0	0	- 96	14,070	8,238	6,546
1,669	511	452	109	0	460	- 44	2,019	848	465
106	0	0	0	0	0	0	106	291	567
1,177	87	0	0	0	0	- 44	1,220	577	471
15,980	3,110	556	177	0	492	- 212	18,765	14,876	12,753
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	21	0
0	0	0	0	0	0	0	0	109	68
21	0	0	0	0	0	0	21	362	340
21	0	0	0	0	0	0	21	492	408
20,030	3,742	640	754	0	512	- 390	22,756	25,060	24,703

Statement by the Executive Board

The Executive Board of Eckert & Ziegler AG is responsible for preparing the accompanying consolidated financial statements. We have installed effective controlling and monitoring systems to guarantee compliance with accounting principles and the adequacy of reporting. These systems include the use of uniform guidelines group-wide, the use of reliable software and the selection and training of qualified personnel. With a view to the requirements of the German Business Monitoring and Transparency Act (KonTraG) we have integrated the Groups' early warning systems into a risk management system. This enables the Executive Board to identify significant risks at an early stage and to initiate appropriate measures.

The KPMG Deutsche Treuhand-Gesellschaft audited the consolidated financial statements, which were prepared in accordance with the United States Generally Accepted Accounting Principles, as well as the group management report and issued the following auditors' report.

The Supervisory Board has audited the annual financial statements and the management report of Eckert & Ziegler Strahlen- und Medizintechnik AG, the consolidated financial statements of the Eckert & Ziegler Group, the Group management report for the Eckert & Ziegler Group and the auditors' reports. The Supervisory Board discussed all of these with the Executive Board and the auditors.

It acknowledged its agreement with the findings of the audit and has approved the annual and consolidated financial statements presented to it.

Berlin, March 22, 2005

Eckert & Ziegler
Strahlen- und Medizintechnik AG

Dr. Andreas Eckert

Dr. Edgar Löffler

Dr. Andreas Hey

Auditors' Report

We have audited the consolidated financial statements, comprising the balance sheet, the income statement and the statements of changes in shareholders' equity and cash flows as well as the Notes to the financial statements prepared by the Eckert & Ziegler Strahlen- und Medizintechnik AG for the business year from January 1 to December 31, 2004. The preparation and the content of the consolidated financial statements in accordance with Accounting Principles Generally Accepted in the United States of America (US-GAAP) are the responsibility of the Company's Executive Board. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit of the consolidated financial statements in accordance with German auditing regulations and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that it can be assessed with reasonable assurance whether the consolidated financial statements are free of material misstatements. Knowledge of the business activities and the economic and legal environment of the Group and evaluations of possible misstatements are taken into account in the determination of audit procedures. The evidence supporting the amounts and disclosures in the consolidated financial statements are examined on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating 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 give a true and fair view of the net assets, financial position, results of operations and cash flows of the Group for the business year in accordance with Accounting Principles Generally Accepted in the United States of America.

Our audit, which also extends to the Group management report prepared by the Company's Executive Board for the business year from January 1 to December 31, 2004, has not led to any reservations. In our opinion on the whole the group management report provides a suitable understanding of the Group's position and suitably presents the risks of future development. In addition, we confirm that the consolidated financial statements and the group management report for the business year from January 1 to December 31, 2004 satisfy the conditions required for the Company's exemption from its duty to prepare consolidated financial statements and the group management report in accordance with German law.

Berlin, March 9, 2005

KPMG Deutsche Treuhand-
Gesellschaft
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Dr. Kronner
Auditor

Pfaff
Auditor

The objective of the German Corporate Governance Code, first introduced by the Government Commission in February 2002, is to foster confidence of investors and the public in the management and supervision of German listed public companies. Corporate governance within the meaning of this Code means responsible and transparent corporate management which is directed towards long-term added value.

Eckert & Ziegler AG welcomes the content and aims of the German Corporate Governance Code, whose principles of responsible and accountable corporate management have always governed the behavior of the Executive and Supervisory Boards from the time of the company's founding.

Management, through the members of the Executive board and Supervisory Board of Eckert & Ziegler AG, is ruled by the standards laid down in the German Corporate Governance Code, and is dedicated exclusively to the corporate interest. Conflicts of interest of members of the Executive board and Supervisory Board do not arise.

Except for a few qualifications, the recommendations of the current provisions of the German Corporate Governance Code are largely complied with. Departures from the recommendations are permissible for reasons specific to the industry or enterprise; however, under Section 161 AktG [German Companies Act] these have to be disclosed in the annual declaration of compliance.

In respect of the financial year 2004 the following declaration of compliance was published on December 3, 2004:

Declaration under the German Corporate Governance Code in accordance with Section 161 AktG

The Executive and Supervisory Boards of Eckert & Ziegler Strahlen- und Medizintechnik AG hereby declare in accordance with Section 161 AktG:

Eckert & Ziegler AG Strahlen- und Medizintechnik AG complies with the recommendations of the Government Commission's German Corporate Governance Code, as published in the electronic Federal Gazette of June 30, 2003, with the following qualifications:

– ref. 3.8:
the Directors & Officers insurance policy taken out by the company on behalf of the members of its Executive and Supervisory Boards does not at present provide for any self-insured element.

– ref. 4.2.3:
the notes to the Group financial statements do not disclose the remuneration of the individual members of the Executive Board.

– ref. 5.3.1. and 5.3.2:
the Supervisory Board has not established any committees, specifically, an audit committee.

– ref. 5.4.5:
The members of the Supervisory Board do not receive any profit-related element in addition a fixed emolument.

Since the declaration of compliance of December 3, 2002, Eckert & Ziegler Strahlen- und Medizintechnik AG has fully complied with the recommendations of the "Government Commission's German Corporate Governance Code" with the exception of the departures notified.

Berlin, December 3, 2004

For the Executive Board:

Dr. Andreas Eckert

Dr. Edgar Löffler

For the Supervisory Board:

Prof. Dr. Wolfgang Maennig

The Executive Board makes the following statement on the exceptions notified in the declaration of compliance of December 3, 2004 (also on behalf of the Supervisory Board):

With reference to 3.8:
no self-insured element with D&O insurance

The arrangement of a self-insured element has been dispensed with, as this would not lead to a reduction in premium, nor do the generally recognized principles for the appropriateness of such a self-insured element apply.

With reference to 4.2.3:
no disclosure of remuneration for individual members of the Executive Board

The disclosure of remuneration of members of the Executive Board in the notes to the Group financial statements is not on an individual basis, but is combined for the Executive Board as a whole. This approach seems to the Executive and Supervisory Boards justifiable, when one takes into account the small number of members of the Executive Board, as well as the fact that these persons are accountable to the shareholders in particular as colleagues in the same enterprise. This serves the shareholders' interest concerning information on the amount of Executive Board remuneration, to the same extent that the interest of members of the Executive Board is served by keeping details of their personal income confidential.

With reference to 5.3.1 and 5.3.2:
no establishment of committees, specifically no establishment of an audit committee by the Supervisory Board

The need to form committees, and specifically an audit committee, is not seen as a matter of priority by the Supervisory Board. Because of the particular circumstances of the company and the small number of members of the Supervisory Board the duties conferred on such committees can be more effectively exercised by the Supervisory Board itself. A staff committee in existence since 2003 was dissolved by resolution of the Supervisory Board on February 17, 2004, as its establishment had not justified itself. The future establishment of Supervisory Board committees is, however, under regular review with efficiency in mind.

With reference to 5.4.5:
no profit-related remuneration for members of the Supervisory Board

Executive and Supervisory Board are of the opinion that remuneration linked to the profits of the enterprise is not compatible with the legally prescribed function of the Supervisory Board as an independent supervisory body and with the essential neutrality of interests that goes with it.

Supervisory Board Report

At five meetings with the Executive Board during the 2004 financial year, the Supervisory Board was kept fully informed about the course of business, the business policies, planning and risk management of the enterprises belonging to the Eckert & Ziegler Group. The Supervisory Board was directly involved in all decisions of key importance to the business. The Supervisory Board thereby duly discharged the duties of advising the Executive Board and monitoring its activities incumbent on it by law and the company's articles of incorporation. During 2004 the following topics were at the top of the agenda:

- the Group's strategies for growth
- acquisition of MCP Medical International GmbH and of STS Steuerungstechnik + Strahlenschutz GmbH
- deconsolidation of NEMOD Biotherapeutics GmbH & Co. KG
- acquisition of Isotope Products Europe GmbH
- restructuring of the Executive Board
- implementation of the German corporate governance code

The annual financial statements of Eckert & Ziegler Strahlen- und Medizintechnik AG, the consolidated financial statements of the Eckert & Ziegler Group, the management report for Eckert & Ziegler Strahlen- und Medizintechnik AG and the management report for the Eckert & Ziegler Group, together with the Executive Board's proposal to the annual general meeting for the appropriation of the net income for the year, and reports of the auditors KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft of Berlin have been submitted to the Supervisory Board, which has been supplied with copies of all these documents.

Representatives of the auditors have taken part at the Supervisory Board's meeting on the financial statements and have reported the main audit findings. The auditors confirmed in their report that all legal requirements had been complied with and have issued their unqualified opinion. The Supervisory Board acknowledged its agreement with the findings of the audit.

Following the conclusive results of its own examination, the Supervisory Board had no reservations in respect of the audited financial statements or any of the other documents submitted. Accordingly, it approved the annual and consolidated financial statements as presented.

Following Professor Detlev Ganten's resignation from the Supervisory Board, the businessman, Mr. Hans-Jörg Hinke, initially stepped up to replace him effective February 6, 2004. Professor Nikolaus Fuchs's election to the Supervisory Board was confirmed at the annual general meeting on May 25, 2004. In addition, Mr. Hans-Jörg Hinke was co-opted by Dr. Andreas Eckert as a further member of the Supervisory Board effective May 25, 2004. The Supervisory Board thanks Professor Ganten for his contribution.

The Supervisory Board thanks all members of the Executive Board, senior management and all staff of the Eckert & Ziegler Group for their active commitment in the year under review.

Berlin, March 2005

The Supervisory Board

Professor Dr. Wolfgang Maennig
Chairman

Income Statements (Parent Company)

of Eckert & Ziegler Aktiengesellschaft for the years ended December 31

	2004	2003
(Amounts in thousands)	EUR	EUR
1. Net sales	**621**	731
2. Other operating income	**1,042**	281
	1,663	1,012
3. Cost of materials		
bought-in services	**- 2**	0
4. Staff costs		
a) Wages and salaries	**- 1,084**	- 736
b) Social security	**- 121**	- 112
– of which for pensions	**- 39**	- 34
	- 1,205	- 848
5. Depreciation of property, plant and equipment and amortization of intangible assets and capitalized expenditure on business start-up	**- 205**	- 147
6. Other operating expense	**- 2,383**	- 1,115
7. Income from equity investments	**1,736**	886
8. Income arising from profit or loss takeover agreements	**292**	311
9. Income from other securities and from loans included under long-term investments	**354**	566
10. Interest receivable and similar income	**1,053**	991
11. Write-downs on long-term investments and on marketable securities	**- 424**	- 1,344
12. Interest payable and similar expense	**- 242**	- 261
13. Net income / loss (-) from ordinary activities	**637**	51
14. Income tax expense	**94**	- 84
15. Net income / loss (-) for the year	**731**	- 33
16. Losses carried forward from prior year	**- 33**	0
17. Release of treasury stock	**512**	0
18. Unappropriated retained earnings / losses (-)	**1,210**	- 33

Balance Sheets (Parent Company)

Assets of Eckert & Ziegler Aktiengesellschaft as of December 31

	2004	2003
(Amounts in thousands)	EUR	EUR
Assets		
A. Non-current assets		
I. Intangible assets		
Patents, licenses, trade marks and similar rights and software	**1,251**	898
II. Property, plant and equipment		
Other plant and equipment, fixtures and fittings	**15**	15
III. Long-term investments		
1. Shares in affiliates	**11,626**	9,998
2. Loans to affiliates	**5,419**	5,949
3. Equity investments	**0**	1,399
	17,045	17,346
Total non-current assets	**18,311**	18,259
B. Current assets		
I. Receivables and other assets		
1. Trade accounts receivable	**4**	1
2. Amounts due from affiliates	**11,373**	7,504
3. Other assets	**766**	286
	12,143	7,791
II. Securities		
1. Own shares	**542**	1,054
2. Other securities	**1,582**	826
	2,124	1,880
III. Cash at bank	**2,839**	6,567
Total current assets	**17,106**	16,238
C. Prepaid and deferred expenses	**2**	2
D. Deferred tax	**91**	84
Total assets	**35,510**	34,583

Balance Sheets (Parent Company)

Liabilities and Shareholders' Equity of Eckert & Ziegler Aktiengesellschaft as of December 31

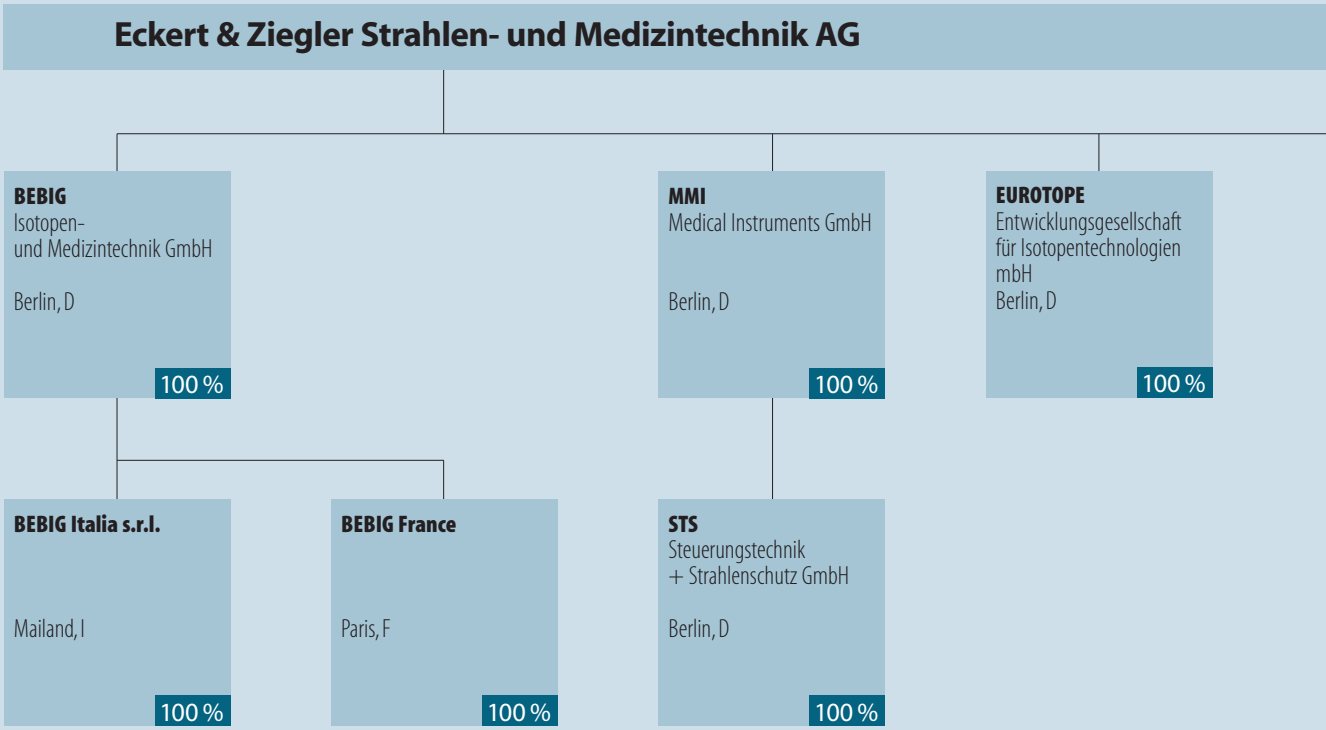
	2004	2003
(Amounts in thousands)	EUR	EUR
Liabilities and Shareholders' equity		
A. Shareholders' equity		
I. Common stock	**3,250**	3,250
Nominal amount of authorized but unissued common stock EUR 300,000.00		
II. Additional paid-in capital	**27,166**	27,166
III. Retained earnings		
1. Treasury stock	**542**	1,054
2. Other retained earnings	**207**	207
	749	1,261
IV. Unappropriated retained earnings / losses (-)	**1,210**	- 33
Total shareholders' equity	**32,375**	31,644
B. Deferred income from government grants	**302**	185
C. Reserves		
1. Tax reserves	**0**	86
2. Pension reserves	**292**	253
3. Other reserves and accruals	**412**	313
Total reserves and accruals	**704**	652
D. Liabilities		
1. Trade accounts payable	**13**	12
2. Amounts due to affiliates	**2**	2
3. Other liabilities	**2,114**	2,088
(of which for taxes TEUR 17; 2003: TEUR 19)		
(of which for social security TEUR 11; 2003: TEUR 11)		
Total liabilities	**2,129**	2,102
Total liabilities and shareholders' equity	**35,510**	34,583

Stock and Stock Options

Executive Board and Supervisory Board				December **31, 2004**
		Stock	Stock options	Transactions according to § 15a WpHG
Dr. Andreas Eckert	Executive Board	10	21,000	
(Eckert Consult GmbH)		(1,260,446)	(0)	
Dr. Edgar Löffler	Executive Board	7,500	12,750	
Prof. Dr. Wolfgang Maennig	Supervisory Board	0	0	
Prof. Dr. Ronald Frohne	Supervisory Board	19,549	0	Sale of stock (refer to www.ezag.com)
Hans-Jörg Hinke	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	

Corporate Structure

(Balance as of December 31, 2004)



Glossary

Afterloading therapy Short-term radiation in cancer treatment, in which a mostly wire-bonded radioactive source is propelled electrically for a brief period into the target tumor area by means of a tube-like catheter or by cannulas. Usually several sessions are necessary.

Antibodies Specific proteins which defend against disease-causing agents and destroy tumor cells.

Arteriosclerosis Constriction of the blood vessels through depositions.

Blood radiation equipment BIOBEAM® blood radiation equipment works by means of gamma rays directed on to blood, blood components and biological materials. Its application is particularly suitable in immune hematology, transfusion medicine and radio-biological research.

Brachytherapy Contact treatment mainly in the form of radiation at minimal distance between the source of radiation and the tissue.

Calibrated-reference emitters Devices which serve to compare measuring instruments with pre-specified standards.

Calibration Adjusting measuring instruments according to set standards.

Carcinoma Surface tissue malignant tumor.

Cardiology Sub-sector of internal medicine that deals with the causes, effects and possible treatments of heart disease.

Cardiovascular Pertaining to the heart and circulatory system.

Catheter Tube-like instrument inserted in vessels or cavities.

Contour cutting machine Microprocessor-controlled precision instrument that is used in the cutting of shielding material in order to protect the healthy tissue in radiotherapy.

D&O insurance (directors' and officers' liability insurance): Third-party liability insurance for management; in this context, the members of the Executive and Supervisory Boards of a public company. It is invoked if claims for compensation arise through management's failure to exercise the duty of care expected from a duly conscientious businessman.

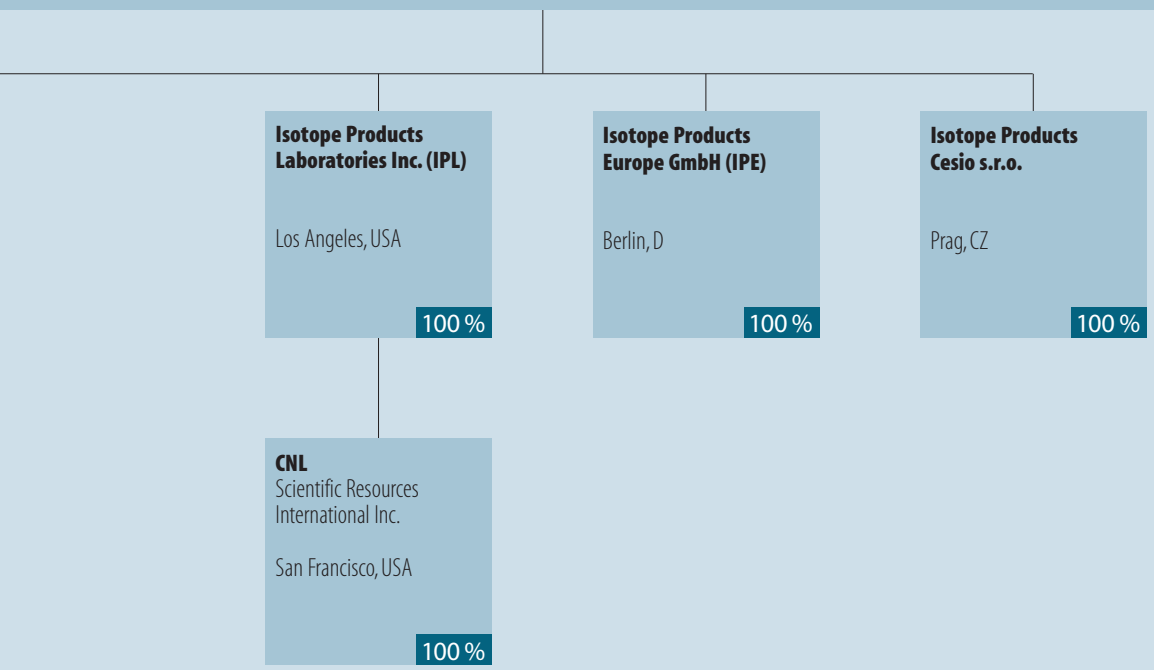
Emitter Here: device for emitting radioactive fields.

Eye applicator Anatomically formed source of radiation for radiation treatment of eye tumors.

Flat-rate reimbursement system As from January 1, 2004 a compulsory, performance-related system of settlement for nearly all hospitals in Germany that provide full or partial in-patient services. The costs of specifically defined types of hospital treatment are reimbursed on the basis of a scale of fixed charges.

Flood source Emission source with extended emission range (Perflexion™).

(continued on page 74)



Gamma camera Camera used for imaging diagnosis in nuclear medicine. Used in scintigraphic imaging.

Gamma radiation Energy-rich electromagnetic radiation, used in medical nuclear imaging and in radiation therapy in particular because of its high penetrative capability.

Gd-153 sources Radionuclide of the element gadolinium.

Ge-68 sources Radionuclide of the element germanium.

Immunological products Therapeutic drugs, e.g. antibodies, which when applied work via passive or active immune mechanisms.

Immunotherapy Treating diseases with drugs that manipulate the immune system.

Implantation Implanting foreign material in the body.

Implants Natural or false materials which are implanted in the body (here used synonymously with seeds).

Incontinence Inability to deliberately control the release of urine and/or faeces.

Interest and currency swap Contract between two parties involving the exchange of variously specified interest payments in different currencies within a fixed period. The main purpose is to hedge interest and currency risks.

Interstitial Lying between tissues (Interstitium).

Iridium source Iridium-192 is a radioactive isotope for medical source materials whose main characteristic is that a high dosage can be concentrated in a small volume. These kinds of sources are therefore used predominantly as a short-term implant in afterloading.

Isotope Chemical elements having the same atomic number but different atomic weights. Isotopes can be either stable or disintegrate emitting ionizing radiation (radioactive isotopes).

Minimally invasive As gentle as possible.

Multimodal Marker Marking where different medical imaging processes are to be combined.

Nuclear imaging Image processing for nuclear medicinal purposes.

Nuclear medicine Specialist medical area which deals with the use of mainly ephemeral radionuclides in diagnostic and therapeutic applications.

Oncology Specialist medical area which deals with the origin and treatment of malignant tumors.

Palliative Alleviating pain. Palliative medicine is especially applied in cases of advanced incurable illnesses. It aims to alleviate the suffering from cancerous symptoms, for instance, but has no effect on the cause of the illness.

Patient fixation The exact positioning and secure fixation of the part of the body to be examined (e.g. the head) by means of thermoplastic material, in order to obtain the greatest possible precision in imaging or radiation.

Permanent implants Implants that are meant to remain permanently in the organism/body.

Positron emission tomography (PET) Nuclear medicinal examination for creating sectional images using the photons created by positron decay.

Pre-clinical tests Testing of a drug/method before clinical use.

Prostate Chestnut-sized, course gland situated around the neck of a man's bladder.

Prostatectomy Surgical removal of the prostate gland.

Radioactivity Characteristic of unstable nuclides where corpuscular radiation (alpha and beta rays) or electromagnetic waves (gamma rays) are emitted either spontaneously or through disintegration of atomic nuclei.

Radio-isotope see Radio nuclide.

Radio nuclide Radioactive isotope.

Radio-oncology (also radiotherapy) A sub-division of medicine, dealing with the treatment of malignant tumors by means of ionizing rays.

Radio-pharmaceuticals Medicaments containing radioactive substances whose radioactivity is used for diagnostic or therapeutic purposes.

Scintigraphic Imaging Production of images in nuclear medicine using mainly gamma rays for diagnostic purposes.

Seed Radioactive isotopes embedded in small metal rods for interstitial radiation treatment.

SPECT Abbreviation for Single Photon Emission Computer Tomography. See also: Positron Emission Tomography.

Spectroscopy Technique for the analysis of oscillations of electromagnetic waves in a certain frequency range.

Stranded radiation particles Seeds constructed in a chain-like formation to improve seed localization.

Stranded seed implant see Stranded seeds.

Stranded seeds Seeds connected lengthways to each other.

Financial Calendar

03-30-2005:
Annual Report 2004

03-30-2005:
Balance press conference in Berlin

03-31-2005:
Analyst presentation in Frankfurt

04-14-2005:
MedTech Day 2005 in Frankfurt

05-10-2005:
Quarterly Report I/2005

05-31-2005:
Annual general meeting in Berlin

08-09-2005:
Quarterly Report II/2005

11-08-2005:
Quarterly Report III/2005

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