

Quarterly Report **I/2001**





Dear Stockholder,

Sales and revenue figures have continued to show a positive development in the first quarter of 2001. With sales of 7.2 million EUR and profits before tax and stock options of 574 thousand EUR, results exceeded not only those of the first quarter of 2000 by 70% and 15% respectively, but also the internal company forecasts.

The nuclear imaging area (up 65%) and the industrial sources area (up 100%) were the major forces behind the increase in sales compared to the first quarter of 2000. Part of the gain, however is due to the base effect of the DuPont acquisition in June of last year. Internal growth alone for the two areas was around 15% and 20%, respectively. In the meantime, the oncology segment for radioactive sources showed a very positive development with an increase of 54%. Efforts to open up the European market for prostate seeds with a newly established direct sales strategy have proven successful. Sixty-four percent of sales for this product are now taking place in Europe, with the trend clearly upwards. The cardiology segment showed slight decreases in sales compared to the first quarter of last year. These result from operative factors, because maintenance work on the production line led to a reduced production output. The main customer in this area has been reporting very good sales in the USA since the product was authorized there in November. Their planned figures published for the second quarter considerably exceed those of our own forecasts. We are therefore making preparations for dual-shift operation in order to be able to respond quickly to developments.

On considering the results before tax in the profit and loss statement amounting to 824 thousand EUR, one should note that they include earnings of 250 thousand EUR from stock options (82 thousand EUR in personnel costs for production and 168 thousand EUR in administrative and indirect costs). These were caused by the decreasing share prices in the first quarter which produced a sustained reduction in the value of the options issued. The strongly increased cost of sales is largely due to the direct sales program for prostate seeds introduced in December 2000. It lies within the forecasts, however, as do all the other cost figures. Financial results remained somewhat behind expectations, due to the loss in share value affecting 5% of our assets. Overall after-tax results exceeded our forecasts, thanks to the positive sales developments.

Milestones

- Cooperative work with the Ambulantes Operationszentrum im Ullsteinhaus in Berlin on using brachytherapy to treat prostate cancer
- Signing a contract with Radiance Medical Systems on expanding the production facilities and customer support
- Expanding a production line for cancer treatment agents
- European customer base in the permanent implant sector increases to over 20 clinics
- First investor forum "Berlin MedTech Day" held as a joint initiative by five medical technology companies in Berlin

Research and Development

During the reporting period, Eckert & Ziegler AG spent 1.3 million EUR for the development and construction of new production facilities. Of this sum, around 1 million EUR were capitalized.

Employees

The number of staff increased in the first quarter by 32% to 213 (from 161).

Outlook

Efforts in the second quarter are concentrated on expanding market positions and ensuring earnings. A key focus here is in the acquisition of further clinical partners in the oncology segment. In the area of cardiovascular sources, we anticipate decisions by two key customers regarding expanding capacities, which will affect potential sales in the coming years. In the nuclear medicine and industrial source areas, we will largely conclude the integration of DuPont and the move into the new building.

Dr. Andreas Eckert
Chairman of the Management Board

Jürgen Ziegler
Board Member

Gerald Pohland
Board Member

Berlin, March 31, 2001

Consolidated Statements of Earnings – US GAAP (in thousand EUR)

	01 – 03/2001	01 – 03/2000
Net sales	7,199	4,198
Cost of goods sold	- 3,915	- 2,296
Gross profit	3,284	1,902
Operating expenses		
Selling	- 619	- 283
General and administrative	- 1,828	- 1,110
Operating income	837	509
Other income (expense)	- 13	- 7
Net income before income taxes	824	502
Income tax expense	- 327	- 262
Net income	497	240
Net earnings per common share	0.15	0.08

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

	01 – 03/2001	01 – 03/2000
Cash flows from operating activities		
Net income/ loss	497	240
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	1,151	477
Proceeds from grants, net	692	994
Other, net	1,383	199
Change in assets and liabilities:		
Increase in short-term assets	- 2,028	- 823
Increase in short-term liabilities	1,177	286
Net cash provided by operating activities	2,872	1,373
Cash flows from investing activities		
Additions to property, plant and equipment and intangible assets	- 3,190	- 1,486
Investments in or sales of affiliates	- 128	7
Acquisitions, net of cash acquired	-	-
Purchases and sales of available-for-sale securities	142	- 124
Other	- 22	- 42
Net cash used by investing activities	- 3,198	- 1,645
Cash flows from financing activities		
Change in long-term borrowing	- 240	92
Change in short-term borrowing	- 66	- 26
Proceeds from issuance of common stock, net	-	-
Net cash used/ provided by financing activities	- 306	66
Effect of exchange rate changes on cash and cash equivalents	117	6
Net change in cash and cash equivalents	- 515	- 200

Consolidated Balance Sheets – US GAAP (in thousand EUR)

Assets	March 31, 2001	March 31, 2000
Current Assets		
Cash and cash equivalents	2,938	844
Trade accounts receivable	5,931	2,391
Investments in available for sale securities	3,595	6,127
Inventories	3,662	1,806
Other current assets and prepaid expenses	1,989	1,420
Total Current Assets	18,115	12,588

Property, plant and equipment	20,089	10,452
Investments in affiliates	198	436
Other long-term assets	604	506
Intangible assets	15,020	2,673
Total Assets	54,026	26,655

Liabilities and stockholders' equity	March 31, 2001	March 31, 2000
Current liabilities	8,741	6,791
Notes payable	3,962	2,249
Other long-term liabilities	2,149	1,524
Deferred revenues	5,389	2,871
Total liabilities	20,241	13,435

Stockholders' equity		
Common stock	3,250	3,000
Additional paid-in capital	26,676	9,423
Accumulated other comprehensive income	2,166	616

Stocks and stock options		March 31, 2001	
		Stocks	Stock options
Dr. Andreas Eckert	Management Board	10	2,500
(Eckert Consult GmbH)		(1,260,446)	(0)
Jürgen Ziegler	Management Board	742,857	2,500
Gerald Pohland	Management Board	1,000	5,000
Prof. Dr. Wolfgang Maennig	Supervisory Board	1,820	0
Margit Jatzke	Supervisory Board	385	0
Ralf Hennig	Supervisory Board	141	0
Dr. Johannes Mauser	Supervisory Board	271	0
Dr. Marlene Ziebig	Supervisory Board	0	0
Prof. Dr. Detlev Garten	Supervisory Board	0	0

Financial calendar

August 14, 2001	Quarterly report II/2001
November 13, 2001	Quarterly report III/2001
March 27, 2002	Balance press conference
March 27, 2002	Annual report 2001
March 28, 2002	Analyst presentation
May 15, 2002	Shareholders' meeting

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