

Dear Shareholder,

Eckert & Ziegler AG increased its sales by 8% in the first quarter of 2005, from 8.0 to 8.6 million EUR. As expected, most of this increase is due to the Therapy segment, which grew by 28% from 2.9 million EUR to 3.7 million EUR and showed a significant and welcome boost from implant sales. These grew by nearly 30% compared to the same period of last year. However, delayed authorizations prevented the new divisions of the Therapy segment, including tumor radiation systems, from developing their full potential in the first quarter and building on successful sales in the closing months of last year. Nevertheless, the order volume showed a steady rise and now exceeds 1.4 million EUR, so we can anticipate considerably higher sales figures for the remainder of the year.

In the Nuclear Medicine and Industry segment, the decline in sales from the same quarter of last year's level of 5.1 million EUR to the current figure of 4.9 million EUR is due primarily to the continuing unfavorable exchange rate with the dollar. Adjusted for this effect, the segment showed modest growth.

On the profit side, the first quarter showed a decline in profit per share over the comparable period of last year, from 0.14 to 0.09 EUR. An insufficient gross margin is operative here, due to delayed delivery of tumor radiation systems and other products from the new divisions. This is due to the relatively long time required for new market registrations of products acquired last year, as well as to the fact that some customer construction measures for the installation of radioactive medical

products are not yet completed. At 3.2 million EUR, overhead costs remained largely constant compared to previous quarters. One factor behind the disproportionately high manufacturing costs (61% of sales) was the one-time effect of relocating iridium source production from Paris to Berlin, which accounted for nearly 0.3 million EUR.

Conspicuous features of the balance sheet compared to the close of 2004 include an increase in non-current assets (4.5 million EUR), goodwill (0.7 million EUR), and deferred taxes (0.9 million EUR) on the assets side as well as non-current liabilities (5.5 million EUR) on the liabilities side. This increase in total assets and liabilities is due in large part to the initial consolidation of EURO-PET Berlin Zyklotron GmbH.

By contrast, the levels of liquid funds and money-like securities remained nearly unchanged throughout the period under report, at 7.1 million EUR. Net current assets showed a slight increase of 0.4 million EUR over the value for December 31, 2004. This is due to increases of 0.8 million EUR for both receivables and inventories, as compared to a rise in short-term liabilities of only 1.2 million EUR. The increase in receivables derives primarily from the Therapy segment (0.5 million EUR), while the increase in inventory is due mainly to higher inventory levels (0.6 million EUR) in the Nuclear Imaging and Industry segment.

Milestones

- Dr. Andreas Hey joined the Executive Board on January 1, 2005 with responsibility for the Nuclear Medicine and Industry segment.
- Majority acquisition of the Berlin cyclotron operator EURO-PET Berlin Zyklotron GmbH.
- Iridium 192 wires for brachy-therapeutic treatment of cancer in the head, neck, and breast regions receive the CE mark and are authorized for sales in France.
- Large-scale contract to supply BIOBEAM® blood radiation systems to France, for a total volume of approx. 1.2 million EUR.
- Legal registration of Multi-Source® in Russia
- BEBIG opens a branch office in Madras (India) and receives the first contract for a Multi-Source® in this country.
- Isotope Products Laboratories Inc. receives exclusive distribution rights for the NeuroShield removable PET scanner shielding system.

Research and Development

In the Therapy segment, the entire production technology and associated production facilities for iridium 192 wires, a medical product for treating cancer in the head, neck, and breast region, were relocated to the Berlin site.

Staff

Eckert & Ziegler AG employed a total number of staff of 247 (186) throughout the Group as of March 31, 2005.

Outlook

Over the coming months, the Executive Board of Eckert & Ziegler AG and the managing directors of the subsidiaries will again concentrate on expanding the new divisions, particularly in the Therapy segment. Based on a good order volume and the fact that authorization questions have now been cleared up, we assume that in addi-

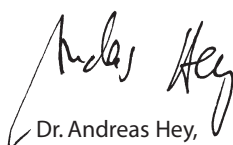
tion to the positive trajectory shown by implants, the new products will also meet the planned growth in sales. Revenues of the Group should exceed 40 million EUR for 2005 and support a price per share (before acquisitions) of between 0.50 and 0.80 EUR.



Dr. Andreas Eckert,
CEO



Dr. Edgar Löffler,
COO



Dr. Andreas Hey,
COO

Berlin, April 30, 2005

Accounting and Valuation Methods

See also the information in the 2004 annual report on the accounting and valuation methods.

Since February 1, 2005, holdings in EURO-PET Berlin Zyklotron GmbH have been included in the consolidated financial statements in the course of full consolidation. The complex initial consolidation is still based on provisional figures, which means that changes might yet result. If changes of this type are made, they would affect a number of balance sheet items.

EC regulation 1606/2002 of July 19, 2002 requires parent companies listed in organized capital markets in the EU region to prepare their consolidated financial statements in accordance with International Accounting Standards (IAS), renamed International Financial Reporting Standards (IFRS). Eckert & Ziegler AG will start applying IFRS to its consolidated financial statements for December 31, 2005.

Consolidated Income Statement – US-GAAP | Quarterly Report I/2005

	Quarterly report I/2005 01 – 03/2005	Quarterly report I/2004 01 – 03/2004 (previous year)
(Amounts in thousands)	EUR	EUR
Revenues	8,577	7,974
Cost of Revenues	- 5,316	- 4,195
Gross profit/loss	3,261	3,779
Selling and Marketing expenses	- 1,323	- 1,000
General and administrative expenses	- 1,859	- 1,709
Research and development expenses	- 76	- 338
Other operating income and expenses	5	8
Operating income/loss	8	740
Interest income and expenses	- 85	- 83
Foreign currency exchange gains/losses	299	130
Other income/expense	224	- 7
Result before income tax and minority interest	446	780
Income tax	- 183	- 328
Net income from continuing operations	263	452
Net income/loss (-)	263	423
Weighted average shares outstanding (basic)	3,089	3,003
Weighted average shares outstanding (diluted)	3,122	3,010
Net earnings per share (basic)	0.09	0.14
Net earnings per share (diluted)	0.08	0.14

Consolidated Balance Sheet – US-GAAP | Quarterly Report I/2005

	Quarterly report March 31, 2005	Annual report December 31, 2004
(Amounts in thousands)	EUR	EUR
Assets		
Current assets		
Cash and cash equivalents	4,694	5,504
Short-term investments/marketable securities	2,413	1,607
Trade accounts receivable	7,763	6,924
Accounts receivable due from related parties	13	8
Inventories/Work in progress	6,252	5,473
Deferred tax asset	1,166	1,190
Prepaid expenses and other current assets	440	366
Total current assets	22,741	21,072
Non current assets		
Property, plant and equipment	17,245	12,753
Intangible assets	4,606	4,620
Goodwill	7,669	6,922
Investments	68	68
Notes receivable/loans	58	340
Deferred taxes	2,281	1,367
Other assets	1,695	1,816
Total non current assets	33,622	27,886
Total assets	56,363	48,958
Liabilities and Shareholders' Equity		
Current liabilities		
Short-term debt and current portion of long-term debt and capital lease obligations	174	200
Trade accounts payable	2,668	1,845
Advance payments received	606	261
Accrued expenses	2,544	2,626
Deferred revenues	1,230	1,241
Income tax payable	- 34	- 44
Deferred taxes	83	47
Other current liabilities	740	641
Total current liabilities	8,011	6,817
Non current liabilities		
Long-term debt, less current portion and capital lease obligations	7,194	2,384
Deferred revenues	3,452	2,827
Deferred taxes	1,173	1,060
Pension accrual	144	142
Others	2,824	2,913
Minority interests	165	165
Total non current liabilities	14,952	9,491
Shareholders' equity		
Share capital	3,250	3,250
Additional paid-in capital	27,583	27,481
Retained earnings	5,651	5,388
Accumulated other comprehensive income/loss	- 2,543	- 2,928
Treasury stock	- 541	- 541
Total shareholders' equity	33,400	32,650
Total liabilities and shareholders' equity	56,363	48,958

Consolidated Statement of Cash Flows – US-GAAP | Quarterly Report I/2005

	3-monthly report 01 – 03/2005	3-monthly report 01 – 03/2004 (previous year)
(Amounts in thousands)	EUR	EUR
Net profit/loss	263	423
Adjustments for:		
Depreciation and amortization	860	939
Proceeds from grants, net	- 272	464
Deferred taxes	122	30
Effect on income of stock option plan	102	-
Unrealized foreign currency gains (-)/losses	- 31	118
Long-term accruals, other long-term liabilities	148	112
Gains (-)/losses on the disposal of property, plant and equipment	- 1	16
Gains (-)/losses on the sale of securities	-	- 6
Others, net	5	10
Changes in short-term assets and short-term liabilities:		
Accounts receivable	- 656	108
Inventories/Work in progress	- 660	- 892
Prepaid expenses and other current assets	- 3	53
Accounts payable and accounts payable to affiliates	1,014	- 705
Tax reserves	23	201
Other liabilities	- 128	940
Cash flows from operating activities	786	1,811
Purchases and sales of property, plant and equipment	- 595	- 227
Acquisitions of consolidated enterprises	- 123	- 3,522
Purchases and sales of securities	- 801	- 1,779
Other	- 7	- 8
Cash flows from investing activities	- 1,526	- 5,536
Change in long-term borrowing	- 115	- 96
Change in short-term borrowing	- 12	80
Treasury stock used for acquisitions	-	1,100
Cash flows from financing activities	- 127	1,084
Effect of exchange rates on cash and cash equivalents	57	15
Net increase (decrease) in cash and cash equivalents	- 810	- 2,626
Cash and cash equivalents at beginning of period	5,504	8,942
Cash and cash equivalents at end of period	4,694	6,316
+ Short term investments	2,413	2,625
= Cash and short term investments at the end of period	7,107	8,941

Statement of Shareholders' Equity – US-GAAP | Quarterly Report I/2005

	Common Stock	Additional paid-in capital	Retained Earnings	Accumulated Other Comprehens. Income	Treasury Stock	Total Shareholders' Equity
(Amounts in thousands)	EUR	EUR	EUR	EUR	EUR	EUR
Balance, January 1, 2004	3,250	26,752	2,054	- 2,188	- 1,054	28,814
Treasury stock used for acquisitions		655			513	1,168
Stock-based compensation		74				74
Net Income			3,334			3,334
Changes in Other Comprehensive Income				- 740		- 740
Balance, December 31, 2004	3,250	27,481	5,388	- 2,928	- 541	32,650
Balance, January 1, 2005	3,250	27,481	5,388	- 2,928	- 541	32,650
Stock-based compensation		102				102
Net Income			263			263
Changes in Other Comprehensive Income				385		385
Balance, March 31, 2005	3,250	27,583	5,651	- 2,543	- 541	33,400

Stock and stock options

Management Board and Supervisory Board		March 31, 2005	
		Stocks	Stock options
Dr. Andreas Eckert	Management Board	10	21,000
(Eckert Consult GmbH)		- 1,260,446	0
Dr. Edgar Löffler	Management Board	7,500	12,750
Dr. Andreas Hey	Management Board	0	0
Prof. Dr. Wolfgang Maennig	Supervisory Board	0	0
Prof. Dr. Ronald Frohne	Supervisory Board	19,549	0
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	0	0

Operating segments – US-GAAP | Quarterly Report I/2005

01 – 03/2005

	Nuclear Imaging & Industry	Therapy	Others	Consoli- dation	Totals
(Amounts in thousands)	EUR	EUR	EUR	EUR	EUR
Sales to external customers	4,874	3,703	0		8,577
Sales to other segments	0	26	145	- 171	
Total segment sales	4,874	3,729	145	- 171	8,577
Depreciation and amortization	- 307	- 525	- 29	1	- 860
Interest income	0	2	390	- 379	13
Interest expenses	- 166	- 248	- 62	378	- 98
Net income/loss (-)	245	17	10	- 9	263
Income tax	- 87	- 11	- 88	3	- 183
Segment assets	27,594	20,216	35,467	- 56,443	26,834
Segment liabilities	- 11,622	- 12,565	- 2,115	14,792	- 11,510
Equity investments		68			68
Additions to fixed assets (without financial investments)	109	361	0		470

Sales by geographic areas 01 – 03/2005

	million EUR	%
North America	4.2	49
Europe	3.9	45
Asia/Pacific	0.5	5
Others	0.0	<1%
	8.6	100

01 – 03/2004 (previous year)

	Nuclear Imaging & Industry	Therapy	Immunology	Others	Consoli- dation	Totals
(Amounts in thousands)	EUR	EUR	EUR	EUR	EUR	EUR
Sales to external customers	5,111	2,862	0	1		7,974
Sales to other segments	1	24	5	128	- 158	0
Total segment sales	5,112	2,886	5	129	- 158	7,974
Depreciation and amortization	- 265	- 621	- 24	- 29	0	- 939
Interest income	1	2		335	- 305	33
Interest expenses	- 160	- 168	- 29	- 63	304	- 116
Net income/loss (-)	425	271	- 28	- 199	- 46	423
Income tax	- 231	- 169	10	55	7	- 328
Segment assets	24,709	15,858	821	36,076	- 25,132	52,332
Segment liabilities	- 7,738	- 10,053	- 1,697	- 3,662	13,834	- 9,316
Equity investments		68				68
Additions to fixed assets (without financial investments)	134	120		1		255

Sales by geographic areas 01 – 03/2004

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

Financial Calendar

May 10, 2005:

Quarterly Report I/2005

May 31, 2005:

Annual general meeting
in Berlin

August 09, 2005:

Quarterly Report II/2005

November 08, 2005:

Quarterly Report III/2005

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