

# 2004

Quarterly Report III



# BIOBEAM

## Ratios (in million EUR)

	Q1 – 3 2004	Q1 – 3 2003	Change
Sales	25.3	18.9	34%
Return on sales before tax (in %)	5%	1%	245%
EBITDA	4.2	3.2	31%
EBIT	1.4	0.5	197%
EBT	1.1	0.2	360%
Net income from continuing operations	0.5	0.0*	-
Group net income / loss (-)	1.7	- 2.1	179%
Group net income / loss (-) per share (in Euro)	0.54	- 0.70	178%
Cash flow from operating activities	1.4	3.6	- 61%
Depreciation and amortization (net)	1.9	1.8	4%
Employees (September 30)	237	187	27%

\*) 5,000 EUR

Title page:

The Caesium-137 based BIOBEAM, manufactured by our subsidiary STS Steuerungstechnik + Strahlenschutz GmbH in Braunschweig, is used by blood banks for the sterilization of blood and blood components and in research.

**Robust growth,  
good profit trend**

**Dear Shareholder,**

the past quarter was the most successful summer quarter ever in terms of sales for Eckert & Ziegler AG, with 8.5 million EUR of products and services sold. Compared to the third quarter of 2003 (6.0 million EUR), this represents an increase of approximately 42%. Total sales for 2004 thus increased in the traditionally weak summer holiday months to 25.3 million EUR. Compared to the previous year's period (18.9 million EUR), this represents a rise of around 34%.

This success is all the more impressive given that the increase is not based on special factors such as deliveries of production equipment, but rather primarily on a doubling of sales in the therapeutic segment (especially for cancer products), from 5.0 million EUR in the first nine months of last year to 10.4 million EUR for the same period of 2004. Within the therapeutic segment itself, an increase of 3.2 million EUR derives from new product lines purchased in the spring of 2004. The remaining 2.2 million EUR is organic, and thus showed an increase of approximately 44%. Nuclear medical products (industry and nuclear imaging) contributed 1.1 million EUR to sales growth, while the Miscellaneous Revenues posted a decline of 0.1 million EUR.

On the profit side, net income from ongoing activities increased by 27% over the 2004 half-year

result, from 0.4 to 0.5 million EUR. On 30 September 2003, the figure was only 5,000 EUR. The reasons for this improvement in net income from ongoing activities are the following:

- a) A significant decline in losses from other activities due to withdrawal from drug development.
- b) Profit improvements in the industry and nuclear imaging segment, based predominately on scale effects and new products with strong profit margins.
- c) A lower tax rate, attributable to balance sheet artefacts in the previous year.

The therapeutic segment also showed profit improvements, albeit not as strongly due to the costs of integrating the new business fields. Adjusted income after taxes, including the NEMOD deconsolidation, reached 1.7 million EUR (-2.1 million EUR) for the nine-month period. For a share volume of around 3 million, that corresponds to a result of 0.54 EUR per share (-0.70) for the end of September.

A look at the cash-flow account shows liquid funds and short-term securities at a level of 7.3 million EUR. The decrease of around 2.5 million EUR over the last nine months was expected, and is due in large part to purchasing prices for the new business fields and the associated increase in net working capital (including reserves).

## Milestones

- Delivery to French clinics of the first Curietron®C treatment units manufactured by BEBIG under its own license.
- First order from Germany (Bayreuth) for the new MultiSource® cancer radiation unit.
- Relocation of Isotope Products Europe Blaseg GmbH (IPE) from Waldburg to Berlin. Concentration of European sales activities at a single site.

## Research and Development

In the therapy field, a production system for radioactive components developed to meet customer specifications was successfully completed. Eckert & Ziegler is also pursuing several other development projects in order to generate additional areas of application for radioactive components.

## Staff

Eckert & Ziegler AG employed a total number of staff of 237 (187) throughout the Group as of 30 September 2004.

## Outlook

In the fourth quarter which is traditionally the strongest, efforts are focusing on year-end business, billing a large production system order, and supplying numerous radiation units, in particular to the Far East. These activities are expected to generate additional

boosts in sales and profits that will allow the projected sales and profit targets for 2004 to be reached – assuming a stable exchange rate with the US dollar. Additional plans call for concluding the organizational integration of the relocated subsidiary Isotope Products Europe Blaseg GmbH, which will be renamed Isotope Products Europe GmbH and become a wholly owned subsidiary at the new site of Berlin-Buch.



Dr. Andreas Eckert,  
CEO



Dr. Edgar Löffler,  
COO

Berlin, September 30, 2004

## Accounting and Valuation Methods

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

Following the majority takeover of Isotope Products Europe Blaseg GmbH (IPE) based in Waldburg, both it and CNL Scientific Resources International (USA) have been fully consolidated as of 1 February 2004.

Initial consolidation of MCP Medical International GmbH took place on 31 March 2004. In addition to the purchase price paid thus far, the contract calls for a further sales-dependent purchase price component in addition to the acquisition of MMI. This component cannot be precisely determined at present, so the final purchase price is subject to change, also in regard to upcoming consultation with our auditors. If changes of this type are made, they will affect a number of balance sheet items.

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

	Quarterly report III/2004 07 – 09/2004	Quarterly report III/2003 07 – 09/2003 (previous year)	9-monthly report 01 – 09/2004	9-monthly report 01 – 09/2003 (previous year)
Revenues	8,508	5,970	25,265	18,916
Cost of Revenues	- 5,170	- 3,060	- 14,127	- 10,378
<b>Gross profit/loss</b>	<b>3,338</b>	<b>2,910</b>	<b>11,138</b>	<b>8,538</b>
Selling and Marketing expenses	- 1,641	- 757	- 3,843	- 2,288
General and administrative expenses	- 1,395	- 1,476	- 5,508	- 4,514
Research and development expenses	- 65	- 586	- 629	- 1,796
Other operating income and expenses	77	131	100	813
<b>Operating income/loss</b>	<b>314</b>	<b>222</b>	<b>1,258</b>	<b>753</b>
Interest income and expenses	- 107	- 102	- 279	- 231
Foreign currency exchange gains/losses	- 65	35	84	- 250
Other income/expense	144	- 131	79	- 24
<b>Result before income tax and minority interest</b>	<b>286</b>	<b>24</b>	<b>1,142</b>	<b>248</b>
Income tax	- 169	458	- 603	- 243
<b>Net income from continuing operations</b>	<b>117</b>	<b>482</b>	<b>539</b>	<b>5</b>
Projected results				
from deconsolidation of affiliates	0	0	1,191	0
Cumulative effect of change in accounting principle (SFAS 143 and FIN 46)	0	0	0	- 2,024
Minority interests in net income of consolidated subsidiaries	- 32	0	- 73	- 68
<b>Net income/loss</b>	<b>85</b>	<b>482</b>	<b>1,657</b>	<b>- 2,087</b>
Weighted average shares outstanding (basic)	3,076	2,930	3,051	2,999
Weighted average shares outstanding (diluted)	3,108	2,930	3,095	3,000
<b>Net earnings per share (basic)</b>	<b>0.03</b>	<b>0.16</b>	<b>0.54</b>	<b>- 0.70</b>
<b>Net earnings per share (diluted)</b>	<b>0.03</b>	<b>0.16</b>	<b>0.54</b>	<b>- 0.70</b>

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

	9-monthly report September 30, 2004	Annual report December 31, 2003
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	4,659	8,942
Short-term investments/marketable securities	2,608	832
Trade accounts receivable	6,978	2,811
Accounts receivable due from related parties	38	882
Inventories/Work in progress	6,401	2,965
Deferred tax asset	1,076	1,011
Prepaid expenses and other current assets	1,321	997
<b>Total current assets</b>	<b>23,081</b>	<b>18,440</b>
<b>Non current assets</b>		
Property, plant and equipment	13,910	14,876
Intangible assets	5,120	3,688
Goodwill	7,774	6,004
Investments	68	109
Notes receivable/loans		383
Deferred taxes	733	1,134
Other assets	1,873	1,072
<b>Total non current assets</b>	<b>29,478</b>	<b>27,266</b>
<b>Total assets</b>	<b>52,559</b>	<b>45,706</b>
<b>Liabilities and Shareholders' Equity</b>		
<b>Current liabilities</b>		
Short-term dept and current portion of long-term dept and capital lease obligations	529	428
Trade accounts payable	1,953	677
Advance payments received	1,270	346
Accrued expenses	3,928	1,849
Deferred revenues	1,282	1,148
Income tax payable	163	11
Deferred taxes	112	210
Other current liabilities	1,770	1,151
<b>Total current liabilities</b>	<b>11,007</b>	<b>5,820</b>
<b>Non current liabilities</b>		
Long-term dept, less current portion and capital lease obligations	3,792	3,861
Deferred revenues	3,020	2,864
Deferred taxes	945	1,163
Pension accrual	136	131
Others	2,947	2,903
Minority interests	222	150
<b>Total non current liabilities</b>	<b>11,062</b>	<b>11,072</b>
<b>Shareholders' equity</b>		
Share capital	3,250	3,250
Additional paid-in capital	27,414	26,752
Retained earnings	2,519	2,054
Accumulated other comprehensive income/loss	- 2,107	- 2,188
Treasury stock	- 586	- 1,054
<b>Total shareholders' equity</b>	<b>30,490</b>	<b>28,814</b>
<b>Total liabilities and shareholders' equity</b>	<b>52,559</b>	<b>45,706</b>

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

	9-monthly report 01 – 09/2004	9-monthly report 01 – 09/2003 (previous year)
Net profit/loss	1,657	- 2,087
Adjustments for:		
Depreciation and amortization	2,814	2,760
Proceeds from grants, net	172	- 1,657
Deferred taxes	- 2	- 319
Effect on income of stock option plan	69	-
Unrealized foreign currency gains (-)/losses	192	232
Long-term accruals, other long-term liabilities	133	1,435
Losses on the first-time consolidation of NEMOD	-	1,218
Book profit from deconsolidation NEMOD	- 1,191	-
Gains (-)/losses on holding of investments	-	-
Gains (-)/losses on the disposal of property, plant and equipment	- 28	-
Gains (-)/losses on the sale of securities	- 8	-
Others, net	11	110
Changes in short-term assets and short-term liabilities:		
Accounts receivable	- 2,044	333
Inventories/Work in progress	- 1,732	- 971
Prepaid expenses and other current assets	113	- 134
Accounts payable and accounts payable to affiliates	415	2,012
Tax reserves	319	241
Other liabilities	490	404
<b>Cash flows from operating activities</b>	<b>1,380</b>	<b>3,577</b>
Purchases and sales of property, plant and equipment	- 1,287	- 1,041
Acquisitions of consolidated enterprises	- 3,581	0
Investments in or sales of affiliates	-	5
Purchases and sales of securities	- 1,778	- 794
Other	- 23	- 6
<b>Cash flows from investing activities</b>	<b>- 6,669</b>	<b>- 1,836</b>
Change in long-term borrowing	- 227	- 161
Change in short-term borrowing	68	- 689
Purchase of treasury stock	-	- 1,072
Treasury stock used for acquisitions	1,140	-
<b>Cash flows from financing activities</b>	<b>981</b>	<b>- 1,922</b>
Effect of exchange rates on cash and cash equivalents	25	19
Net increase (decrease) in cash and cash equivalents	- 4,283	- 162
Cash and cash equivalents at beginning of period	8,942	6,138
Cash and cash equivalents at end of period	4,659	5,976
+ Short term investments	2,608	3,183
<b>= Cash and short term investments at the end of period</b>	<b>7,267</b>	<b>9,159</b>

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

	Common Stock	Additional paid-in capital	Retained Earnings	Accumulated Other Comprehens. Income	Treasury Stock	Total Shareholders' Equity
Balance, January 01, 2003	3,250	26,637	3,319	-279	0	32,927
Acquisition of treasury stock					- 1,072	- 1,072
Sale of treasury stock		44			18	62
Stock-based compensation		71				71
Net Income			- 1,265			- 1,265
Changes in Other						
Comprehensive Income				- 1,909		- 1,909
Balance, December 31, 2003	3,250	26,752	2,054	- 2,188	- 1,054	28,814
Balance, January 01, 2004	3,250	26,752	2,054	- 2,188	- 1,054	28,814
Treasury stock used						
for acquisitions		593			468	1,061
Stock-based compensation		69				69
Net Income			465			465
Changes in Other						
Comprehensive Income				81		81
Balance, September 30, 2004	3,250	27,414	2,519	- 2,107	- 586	30,490

## Stock and stock options

Management Board and Supervisory Board		September 30, 2004	
		Stocks	Stock options
Dr. Andreas Eckert	Management Board	10	21,000
(Eckert Consult GmbH)		- 1,260,446	0
Dr. Edgar Löffler	Management Board	0	12,750
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	500	0



## Operating segments (in thousand EUR)

**01 – 09/2004**

	<b>Industry &amp; Nucl. Imaging</b>	<b>Therapy</b>	<b>Immunology</b>	<b>Others</b>	<b>Consoli- dation</b>	<b>Totals</b>
Sales to external customers	14,863	10,387	13	2		25,265
Sales to other segments	4,160	174	16	608	- 4,958	
Total segment sales	19,023	10,561	29	610	- 4,958	25,265
Depreciation and amortization	- 799	- 1,855	- 70	- 90	0	- 2,814
Interest income	3	8		1,007	- 951	67
Interest expenses	- 481	- 553	- 87	- 186	961	- 346
Net income from continuing operations	903	373	- 46	- 678	1,105	1,657
Income tax	- 468	- 210	16	54	5	- 603
Segment assets	23,522	19,862		36,794	- 27,619	52,559
Segment liabilities	- 6,738	- 13,687		- 2,890	13,811	- 9,504
Equity investments		68				68
Additions to fixed assets (without financial investments)	332	1064		5		1,401

**Sales by geographic areas 01 – 09/2004**

	<b>million EUR</b>	<b>%</b>
North America	13.1	53
Europe	10.8	42
Asia/Pacific	1.1	4
Others	0.3	< 1
	25.3	100

**01 – 09/2003 (previous year)**

	<b>Industry &amp; Nucl. Imaging</b>	<b>Therapy</b>	<b>Immunology</b>	<b>Others</b>	<b>Consoli- dation</b>	<b>Totals</b>
Sales to external customers	13,778	5,028	22	88		18,916
Sales to other segments	746	127	17	441	- 1,331	0
Total segment sales	14,524	5,155	39	529	- 1,331	18,916
Depreciation and amortization	- 822	- 1,820	- 26	- 93	1	- 2,760
Interest income	19	63		1,225	- 1,135	172
Interest expenses	- 604	- 632	- 26	- 272	1,131	- 403
Net income from continuing operations	817	245	- 948	- 90	- 19	5
Income tax	- 484	- 105	358	9	- 21	- 243
Segment assets	21,423	14,959	14	33,866	- 21,395	48,867
Segment liabilities	- 6,921	- 7,181	- 1374	- 2,316	12,318	- 5,474
Equity investments		68		75		143
Additions to fixed assets (without financial investments)	192	833	10	1		1,036

**Sales by geographic areas 01 – 09/2003**

	<b>million EUR</b>	<b>%</b>
North America	12.7	67
Europe	5.5	29
Asia/Pacific	0.7	4
	18.9	100



## **Financial calendar**

### **November 23, 2004**

Presentation at German  
Equity Forum of Deutsche Börse  
in Frankfurt

### **March 30, 2005**

Presentation  
of 2004 Annual Results.  
Annual Report 2004

### **March 30, 2005**

Press Conference (Berlin) on the  
occasion of the Publication  
of the Annual Results for 2004

### **March 31, 2005**

Analyst Presentation of 2004  
results in Frankfurt

### **May 10, 2005**

Quarterly Report I/2005

### **May 31, 2005**

Annual General Shareholder  
Meeting in Berlin

### **August 09, 2005**

Quarterly Report II/2005

### **November 08, 2005**

Quarterly Report III/2005

## **Eckert & Ziegler Strahlen- und Medizintechnik AG**

Robert-Rössle-Str. 10  
D-13125 Berlin  
[www.ezag.de](http://www.ezag.de)

Telephone +49 (0) 30 94 10 84 - 0  
Telefax +49 (0) 30 94 10 84 - 112  
e-mail [info@ezag.de](mailto:info@ezag.de)

WKN 565 970  
ISIN DE 0005659700