

**ECKERT & ZIEGLER AG**

STRAHLEN- UND MEDIZINTECHNIK



Quarterly Report  
I/2000

## Dear Shareholder,

Eckert & Ziegler AG has continued its upward development in sales and earnings in the first quarter of 2000. The pre-tax result rose by approximately 77% in comparison with the prior-year period, to 500,000 EUR; annual net income climbed by approximately 80%, to 200,000 EUR. From January through March, corporate sales increased as planned by approximately 51%, in comparison to the prior year period, to 4,200,000 EUR (prior year: 2,800,000 EUR). The total operating performance, i.e. the sum of sales, changes in inventories, self-construction own expenses and other operating income, climbed to 5,300,000 EUR (+50%).

## Sales development

Sales growth was provided to an equal degree by all segments, with the exception of the "Cardiology" segment, which accounted for 14% of sales. In this subsegment the market penetration did not materialize as quickly as anticipated, despite the early regulatory approval and a substantial market interest. Sales here remained steady by comparison with the prior-year period—which had, however, been quite strong). On the other hand, sales developments in the "Other Medical" segment were disproportionately high; that includes especially calibration sources (37%) and cancer remedies (brachytherapy sources and implants—18%). In this sector, the elimination of various technical bottle-necks and the resulting capacity expansion of our subsidiary, BEBIG Isotopentechnik und Umweltdiagnostik GmbH, Berlin, were notable. The Industrial Sources segment accounted for approximately 30% of sales.

As in the past, Eckert & Ziegler AG in the first quarter of 2000 continued to realize the bulk of its sales, some 60%, from American customers.

The strong global position of the American medical appliance industry has even made it possible for Eckert & Ziegler AG to in some cases invoice products reimported to Europe in U.S. dollars, and thus profit from the increase in value of this currency vis-à-vis that of the euro.

## Milestones

- Market approval (510K) by the American Food and Drug Administration for radioactive palladium seeds against prostate cancer.
- Bringing into operation of a production line for afterloader sources.
- Relocation of the production of industrial and measurement technology sources to Prague and Los Angeles.
- Occupation of the first construction section at the Berlin site.
- Patent award for medical radioactive iodine -125 radiation sources based on ceramic carriers, and procedures for the manufacture of the same.
- Patent award for medical radioactive palladium -103 miniature radiation sources, and procedures for the manufacture of the same.

## Research and development

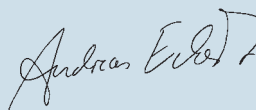
During the reporting period, Eckert & Ziegler AG spent 800,000 EUR on the development of new components and the establishment of new production lines. All development projects are on schedule and making promising progress.

## Employees

The number of the employees increased by about 42% during the first quarter of 2000, by comparison with the prior-year period, to 161 (prior year: 113).

## Outlook

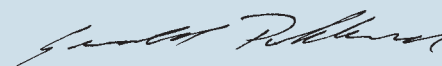
Eckert & Ziegler AG expects sales of 18,300,000 EUR and an operating result before taxes of approximately 6,000,000 EUR for the current fiscal year. We foresee that the bringing into operation of new production lines and the resulting project invoices and bonus payments will account for the bulk of the growth in the result during the last quarter.



Dr. Andreas Eckert  
Chief Executive Officer



Jürgen Ziegler  
Board Member

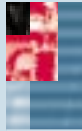


Gerald Pohland  
Board Member

Berlin, May 30, 2000

Income statement (US GAAP) (in thousand EUR)		
	01-03/2000	01-03/1999
Sales	4,173	2,774
Changes in inventories	27	49
Self-construction own expenses, capitalized	893	435
Other operating income	195	278
<b>Total operating performance</b>	<b>5,288</b>	<b>3,536</b>
Cost of materials	-1,718	-812
Personnel costs	-1,727	-1,066
Depreciation	-477	-402
Other operating expenses	-853	-693
Financial results	1	-133
<b>Results from ordinary activities</b>	<b>514</b>	<b>430</b>
Extraordinary expenses	-	-139
<b>Pretax financial income</b>	<b>514</b>	<b>291</b>
Tax on income	-262	-158
Other taxes	-9	-
Income from currency translation	-5	-1
<b>Net income/loss for the financial year of which minority income/(loss)</b>	<b>238</b>	<b>132</b>
Earnings per share	0.08	0.04

Consolidated statement of cash flow (US GAAP) (in thousand EUR)		
	01-03/2000	01-03/1999
<b>Current business operations</b>		
Net income/loss for fiscal year	240	132
Amortization and depreciation	477	402
Changes in deferred income-investment grants	994	296
Additions to long-term reserves	16	16
Other non-payment-related procedures	5	-2
<b>Cash Flow</b>	<b>1,732</b>	<b>843</b>
Increase in current assets	-823	-668
Increase in current liabilities	290	295
<b>Cash flow from current business operations</b>	<b>1,199</b>	<b>471</b>
<b>Investing activity</b>		
Purchase of fixed assets	-1,126	-1,954
New building construction (active RAP)	-359	-
Acquisition of IPL	-	-3,804
Cash inflow/ outflow (-) for other financial investments	-35	-2
<b>Net cash outflow from investing activities</b>	<b>-1,521</b>	<b>-5,760</b>
<b>Financing activities</b>		
Proceeds from issuance of share capital and additional paid-in capital	-	-
Principal payments on long term borrowings	66	2,853
Currency translation differences	114	-14
<b>Cash inflow from financing activities</b>	<b>247</b>	<b>2,839</b>
<b>Changes in cash and cash equivalents</b>	<b>-75</b>	<b>-2,451</b>
<b>Cash and cash equivalents on January 1</b>	<b>7,046</b>	<b>4,804</b>
<b>Cash and cash equivalents on March 31</b>	<b>6,971</b>	<b>2,353</b>



**Consolidated balance sheet (US GAAP)\***  
(in thousand EUR)

	March 31, 2000	March 31, 1999
<b>Assets</b>		
<b>Fixed assets</b>		
Intangible assets	2,673	3,048
Tangible assets	9,201	6,970
Financial assets	817	212
	<b>12,691</b>	<b>10,230</b>
<b>Current assets</b>		
Inventories	2,060	1,317
Receivables and other assets	3,442	2,184
Securities	6,127	–
Checks, cash on hand, bank balances	844	2,409
	<b>12,473</b>	<b>5,910</b>
<b>Prepaid expenses and deferred charges</b>	1,191	29
<b>Deferred taxes</b>	300	167
	<b>26,655</b>	<b>16,336</b>
<b>Shareholders' equity and liabilities</b>		
<b>Shareholders' equity</b>		
Subscribed capital	3,000	57
Reserves	9,565	2,497
Unappropriated retained earnings brought forward	28	2
Net income/loss for the year	240	132
Minority interest	6	
Currency translation differences	381	114
	<b>13,220</b>	<b>2,802</b>
<b>Special item for investment subsidies</b>	3,771	2,880
<b>Accruals</b>	2,701	2,304
<b>Liabilities</b>	6,494	8,350
<b>Prepaid expenses and deferred charges</b>	469	
	<b>26,655</b>	<b>16,336</b>

\*) Breakdown as per HGB, to ensure comparability to previous year



**Company calendar**

August 16, 2000	Quarterly Report II/2000
November 15, 2000	Quarterly Report III/2000
March 28, 2001	Balance press conference in Berlin
March 29, 2001	Annual report 2000
March 28, 2001	Analyst presentation in Frankfurt
May 16, 2001	Annual general meeting in Berlin

(Subject to change)

Eckert & Ziegler  
Strahlen- und Medizintechnik AG  
Robert-Rössle-Str. 10  
D-13125 Berlin

Tel. (+49 30) 94 10 84 - 0  
Fax (+49 30) 94 10 84 - 112  
e-mail ez\_ag@t-online.de  
Internet <http://www.ezag.de>  
Security Code Number: 565 970