



QUARTERLY REPORT  
**I/2002**

## Dear Shareholder,

Eckert & Ziegler AG has continued to show double-digit growth rates for the beginning of the year 2002. These represent purely internal growth, without acquisition-based effects.

Sales increased by 13% from 7.2 to 8.1 million EUR, with profits before taxes and the share in loss from the NEMOD venture (immunology segment) rising by 33% from 824 to 1,095 thousand EUR. If profits from the previous year are stripped of yields from stock option expiration (+250 thousand EUR) and the good-will depreciation that terminated as of 2002 (-150 thousand EUR), pre-tax profits for the core business increased by 51%.

The greatest growth rate, although based on a low volume, was shown by the cardiology segment, with sales more than doubling.

The nuclear imaging and oncology segments increased by the above-average rates of 15% and 21%, respectively. The latter, however, lagged behind expectations. Here we had hoped for greater impetus from the newly established direct sales force in Europe. For the USA, the distribution channel was changed on account of economic difficulties encountered by the exclusive sales partner of BEBIG. We expect that this change will keep the prospects open over the medium term for us to operate more successfully in this market as well.

The lowest rate of growth, at somewhat over 2%, was shown by the industrial sources segment. Stimulus for growth in this area, however, is expected to be provided in the coming weeks and months from the "Homeland Defense" campaign in the USA. Decisions are awaited on bids submitted over the preceding weeks.

The remaining sales decreased from 250 to 200 thousand EUR. Last year, this area still included sales from the medical robotics division, which the corporation has since discontinued.

Because the first quarter is traditionally the weakest of the year – the first quarter of 2001 brought in around 22% of the year's sales, of 2000 around 20% of the non-acquisition total – Eckert & Ziegler AG is well on its way to meeting the target sales figure of 36 million EUR.

In terms of profits, first-quarter figures for the core business also lie slightly above the target values.

Nevertheless, the decision of our auditor, KPMG, as to how the atypical silent partnership in NEMOD AG should be handled in accordance with US-GAAP (see also the section on accounting methods) created some surprise. In the course of this holding, the sum of 600 thousand EUR was provided to NEMOD in the first quarter, but it had not been fully used by March 31. R&D expenses of 731 thousand EUR from this activity, however, have to be listed in the Eckert & Ziegler AG profit and loss statement. Depreciation is thus higher than investment, which considerably skews the view of the asset, finance, and revenue situation. If the result per share after taxes (but before deducting the investments for the immunology projects) was 0.19 EUR, only 3 cents per share remain after all these transactions, although the investments for biotechnology only add up to around 12 cents per share.

This holding is also the largest investment item, because the level of fixed asset purchases has decreased considerably. In general, the core business can expand on its capital fund acquired over the preceding years. The negative development in financial assets of -514 thousand EUR for the first quarter, however, can be ascribed to a strong reduction in short-term liabilities. Tax payments, among other things, played a considerable role here. This trend will reverse in the coming quarters, so the flow of funds from the current business activity will again show a marked increase. Liquid funds and short-term securities amounted to 7.7 million EUR as of March 31, 2002.

## Milestones

- The investor forum "2<sup>nd</sup> Berlin MedTechDay" was held as a joint initiative by six medical technology companies.
- The management team of NEMOD Immuntherapie AG was strengthened by the addition of two new board members: Dr. Andreas Hey and Dr. Ronald Linke.
- The 10-year anniversary of BEBIG GmbH was celebrated, with the Berlin Senator of Economy, Dr. Gregor Gysi, in attendance.
- Leading urology centers in France and Portugal were acquired for brachytherapy.
- An efficiency and quality enhancement program was introduced at the American subsidiary Isotope Products Laboratories, Inc.

## Research and Development

Work in the oncology segment focussed on developing successor products as well as a series of process improvements, especially in the area of applicators for treating eye tumors as well as cardiovascular radioactive sources.

Development work for immunology projects has concentrated on radioactively labelling a pan-carcinomic antibody and evaluating its biological activity under radioactive conditions. Test results have been extremely satisfactory and have shown no sign of worsening with respect to either specificity or affinity for the inactive antibody. Moreover, the antibody has been displayed in a series of alternative formats (e.g. tri-antibodies) and a production technique has been finalized for chelation and radioactive labelling. The Patent Office has declared two of the patent applications to be patentable.

## Staff

The number of employees has remained constant at 213 since the same period last year. This figure, however, does not include the staff of NEMOD.

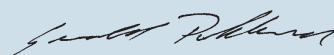


## Outlook

The second quarter will feature a series of activities aimed at improving efficiency and quality. These will include evaluating the regional sales structures for both nuclear medical and industrial products, as well as optimizing order processing in the industrial segment. In the immunology segment, the agenda for the second quarter includes starting to process larger orders for producing test charges.



Dr. Andreas Eckert, Chairman of the Management Board

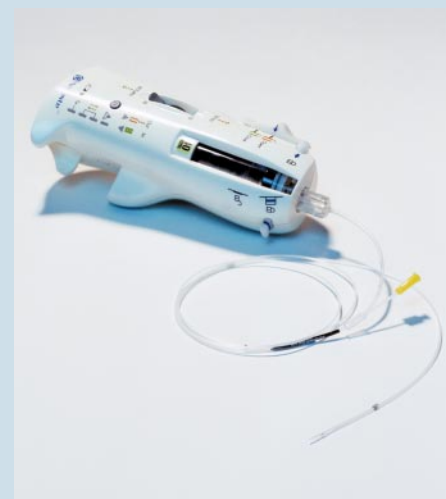


Gerald Pohland, Board Member



Dr. Edgar Löffler, Board Member

Berlin, April 30, 2002



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

	3-monthly report 01 – 03/2002	3-monthly report 01 – 03/2001
<b>Cash flows from operating activities</b>		
Net profit/loss	100	497
Adjustments for:		
Depreciation and amortization	974	1,296
Proceeds from grant, net	377	692
Deferred taxes	-133	-53
Accumulated other comprehensive income	-56	-171
Effect of exchange rates on operating cash flows	2	17
Long-term accruals, other long-term liabilities	116	43
Calculated interest and discounted debts	5	5
Gain (-)/loss on the sale of subsidiaries	731	-
Others, net	-13	-193
Changes in short-term assets and short-term liabilities:		
Accounts receivable	-383	-834
Inventories	109	-347
Prepaid expenses and other current assets	-131	-372
Accounts payable and accounts payable to affiliates	-441	-78
Accrued income taxes	-225	233
Other accrued liabilities	-138	316
Deferred income	-271	49
Other liabilities	-21	347
Net cash provided by operating activities	602	1,446
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	-512	-2,150
Investments in or sales of affiliates	-600	-128
Purchases and sales of available-for-sale securities	1	142
Other	-11	9
Net cash used in investing activities	-1,122	-2,127
<b>Cash flows from financing activities</b>		
Change in long-term borrowing	-128	-6
Change in short-term borrowing	139	55
Net cash provided by (used in) financing activities	11	49
Net effect of currency translation in cash and cash equivalents	-5	117
<b>Net increase (decrease) in cash and cash equivalents</b>	-514	-515
<b>Cash and cash equivalents at beginning of period</b>	4,448	3,453
<b>Cash and cash equivalents at end of period</b>	3,934	2,938

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



	<b>3-monthly report 01 – 03/2002</b>	<b>3-monthly report 01 – 03/2001</b>
Revenues	8,120	7,199
Cost of Revenues	- 4,369	- 3,915
<b>Gross profit/loss</b>	<b>3,751</b>	<b>3,284</b>
Selling and Marketing expenses	- 738	- 619
General and administrative expenses	- 2,082	- 1,455
Research and development expenses	- 827	- 231
Other operating income expenses	104	-
Amortization (and impairment) of goodwill	-	- 142
<b>Operating income/loss</b>	<b>208</b>	<b>837</b>
Interest income and expenses	- 38	- 5
Foreign currency exchange gains/losses	98	- 33
Other income/expense	96	25
<b>Result before income tax (and minority interest)</b>	<b>364</b>	<b>824</b>
Income tax	- 264	- 327
<b>Result before minority interest</b>	<b>100</b>	<b>497</b>
Minority interest	-	-
<b>Net income/loss</b>	<b>100</b>	<b>497</b>
Net earnings per share (basic)	0.03	0.15
Net earnings per share (diluted)	0.03	0.15
Weighted average shares outstanding (basic)	3,250	3,250
Weighted average shares outstanding (diluted)	3,250	3,260

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

	<b>Common Stock</b>	<b>Additional paid-in capital</b>	<b>Retained Earnings</b>	<b>Accumulated Other Comprehensive Income</b>	<b>Total Shareholders' Equity</b>
Balance, January 01, 2001	3,250	26,926	1,195	902	32,273
Stock-based Compensation		- 289			- 289
Net Income			3,240		3,240
Changes in Other					
Comprehensive Income				622	622
Balance, December 31, 2001	3,250	26,637	4,435	1,524	35,846
Balance, January 01, 2002	3,250	26,637	4,435	1,524	35,846
Stock-based Compensation					0
Net Income			100		100
Changes in Other					
Comprehensive Income				327	327
Balance, March 31, 2002	3,250	26,637	4,535	1,851	36,273

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



<b>Assets</b>	<b>3-monthly report 01–03/2002</b>	<b>Annual report 01–12/2001</b>
<b>Current assets</b>		
Cash and cash equivalents	3,934	4,448
Short-term investments/marketable securities	3,749	3,751
Trade accounts receivable	4,139	3,930
Accounts receivable due from related parties	1,034	772
Inventories	4,596	4,636
Deferred tax asset	395	261
Prepaid expenses and other current assets	491	303
<b>Total current assets</b>	<b>18,338</b>	<b>18,101</b>
<b>Non current assets</b>		
Property, plant and equipment	19,700	19,658
Intangible assets	5,989	6,180
Goodwill	8,521	8,371
Investments	202	202
Notes receivable/loans	68	68
Deferred taxes	18	5
Other assets	500	488
<b>Total non current assets</b>	<b>34,998</b>	<b>34,972</b>
<b>Total assets</b>	<b>53,336</b>	<b>53,073</b>
<b>Liabilities and shareholders' equity</b>		
	<b>01–03/2002</b>	<b>01–12/2001</b>
<b>Current liabilities</b>		
Current portion of capital lease obligation	59	58
Short-term debt and current portion of long-term debt	968	814
Trade accounts payable	1,383	1,790
Advance payments received	32	38
Accrued expenses	2,300	2,408
Deferred revenues	1,002	1,155
Income tax payable	1,461	1,663
Deferred taxes	30	38
Other current liabilities	569	434
<b>Total current liabilities</b>	<b>7,804</b>	<b>8,398</b>
<b>Non current liabilities</b>		
Long-term debt, less current portion	3,201	3,279
Capital lease obligations, less current portion	207	219
Deferred revenues	3,406	3,028
Deferred taxes	830	802
Pension accrual	90	92
Others	1,525	1,409
<b>Total non current liabilities</b>	<b>9,259</b>	<b>8,829</b>
Minority interest	0	0
<b>Shareholders' equity</b>		
Share capital	3,250	3,250
Additional paid-in capital	26,637	26,637
Retained earnings/accumulated deficit	4,535	4,435
Accumulated other comprehensive income/loss	1,851	1,524
<b>Total shareholders' equity</b>	<b>36,273</b>	<b>35,846</b>
<b>Totalliabilities and shareholders' equity</b>	<b>53,336</b>	<b>53,073</b>

(Accounting Policies please refer to the following page)

## Accounting and Valuation Methods

See also the information in the 2001 Annual Report on the accounting and valuation methods.

A new item is the accounting procedure for the atypical dormant holding in NEMOD Immuntherapie AG. The holding agreement was signed on March 22, 2002 by the participating parties, and stipulates that Eckert & Ziegler AG will provide a total of 9 million EUR as venture capital to NEMOD over the next two years, provided that specific milestones are attained and that the Supervisory Board grants the respective authorizations. Eckert & Ziegler AG will participate in the profits and losses of NEMOD AG in proportion to the capital that it actually provides. A subordination declaration was made in connection with claims resulting from this holding.

The overall result for NEMOD AG is listed as a research and development investment in the Eckert & Ziegler AG annual report, independent of the assigned level of profit or loss as stipulated in the contract. The holding is not listed on the balance sheet; instead, an active or passive minority interest will be formed for the difference between the capital actually provided and the R&D investment reported. For March 31, the sum of 131 thousand EUR were listed for this purpose under additional short-term liabilities.

The result from this area will be listed separately under the immunology heading in the segment reports.

## Financial calendar

May 28, 2002	Quarterly Report I/2002
August 13, 2002	Quarterly Report II/2002
November 12, 2002	Quarterly Report III/2002
January 2003	3 <sup>rd</sup> Berlin MedTech Day
March 27, 2003	Annual Report
March 27, 2003	Balance press conference
March 28, 2003	Analyst presentation
May 15, 2003	Shareholders' meeting

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## Operating segments (in thousand EUR)

01-03/2002						
	Industry & Nucl. Imaging	Cardiology & Onkology	Immunology	Others	Consoli- dation	Totals
Sales to external customers	5,455	2,517		148		8,120
Sales to other segments	66	33		307	- 406	
Total segment sales	5,521	2,550		455	- 406	8,120
Depreciation and amortization	- 403	- 517		- 54		- 974
Interest income	19	33		515	- 487	80
Interest expenses	- 290	- 248		- 78	498	- 118
Net income/loss(-)	223	185	- 527	219		100
Income tax	- 238	- 104	205	- 127		- 264
Segment assets	28,230	16,441		37,588	28,465	53,794
Equity investments	87	111				198

01-03/2001						
	Industry & Nucl. Imaging	Cardiology & Onkology	Immunology	Others	Consoli- dation	Totals
Sales to external customers	4,947	1,775		477		7,199
Sales to other segments	68	49		344	- 461	
Total segment sales	5,015	1,824		821	- 461	7,199
Depreciation and amortization	- 465	- 595		- 91		- 1,151
Interest income	45	7		456	- 463	45
Interest expenses	- 268	- 167		- 77	462	- 50
Net income/loss(-)	160	- 27		364		497
Income tax	- 293	17		- 51		- 327
Equity investments	27,357	18,763		36,512	28,606	54,026

Sales by geographic areas I/2002	million EUR	%
North Amerika	5.8	72
Europe	2.0	25
Asia/Pacific	0.2	2
Other	0.1	< 1
	8.1	100

## Stocks and stock options

Management Board and Supervisory Board		March 31, 2002	
		Stocks	Stock options
Dr. Andreas Eckert	Management Board	10	2,500
(Eckert Consult GmbH)		(1,260,446)	(0)
Gerald Pohland	Management Board	4,750	15,000
Dr. Edgar Löffler	Management Board	0	10,000
Prof. Dr. Wolfgang Maennig	Supervisory Board	2,680	0
Margit Jatzke	Supervisory Board	385	0
Ralf Hennig	Supervisory Board	141	0
Dr. Johannes Mauser	Supervisory Board	271	0
Frank Perschmann	Supervisory Board	200	0
Prof. Dr. Detlev Ganten	Supervisory Board	0	0