

ECKERT & ZIEGLER AG

STRAHLEN- UND MEDIZINTECHNIK



Quarterly Report
II/2000

Dear Shareholder,

This quarter was marked by another big event in the yet-brief history of Eckert & Ziegler AG: The acquisition of the Worldwide Radiation Sources Business of the American DuPont Pharmaceuticals Company. With the takeover of this Business, Eckert & Ziegler AG has strengthened its world market position in the areas of industrial and calibration sources, and has advanced to the position of worldwide market leader in some segments. As a result, we expect additional sales of 7 million USD starting in 2001, additional cash flow of 2 million USD and an increase in income of 1 million USD per year. For 2000, we also expect the shift of production to Prague and California and some purchase-price components which cannot be capitalized to cause a negative item in the result, amounting to approximately 400,000 USD. The purchase was financed by a capital increase by 250,000 shares that was concluded successfully in July, from which Eckert & Ziegler AG received 17 million EUR in liquid funds.

Business development

During the second quarter, the remarkable growth of Eckert & Ziegler AG continued unchanged. Sales amounted to 9.1 million EUR, and rose by 88% compared with the prior year period; compared with the first quarter of 2000, the increase amounted to 19%. The results from ordinary activities increased over the prior year period by about 205%, to 1.2 million EUR; compared with the first quarter of 2000, the increase amounted to 43%. The essential engine of growth was oncological radiation sources, whose sales quintupled compared with the prior year period, and increased by about 60% compared with the first quarter. Sales of cardiological sources showed an increase of 38% over the first half of 1999. In comparison with the first quarter of 2000 however, they could achieve no further growth.

The next growth spurt is to be expected in this area only when final FDA approval of this treatment in the USA is obtained, which can be assumed for the beginning of next year.

The product groups standards, industrial and calibration sources achieved a sales growth of 63% compared with the first half-year of the prior year. Even when calculated on a dollar basis, i. e., eliminating the favorable exchange rate fluctuation, we still find 40% growth over the prior year and 20% over the first quarter of 2000—encouraging growth rates clearly exceeding expectations.

Research and development

During the first half-year of 2000, Eckert & Ziegler AG spent approximately 2 million EUR on development activities, including the development and construction of new production lines.

All projects were on schedule as agreed upon with the customers, so that the substantial premium payments planned for this year, (approx. 3 million EUR) do not appear to be in any danger at present.

Milestones

- Takeover of the Worldwide Radiation Sources Business of DuPont Pharmaceuticals
- Acquisition of the assets of the calibration source specialist "The Source," New Mexico (USA), by our California subsidiary, IPL Inc.
- Transaction of the first regular Shareholders' Meeting after the IPO
- Opening of a new facility of the jojumarie GmbH in Berlin
- Capital increase by 250,000 no-par shares
- Appointment of Dr. Gunnar Mann as General Manager of BEBIG GmbH, as of April 1st 2000

Employees

During the first half-year, the number of employees increased by some 46% over the prior year period, from 118 to 172.

Outlook

For the current fiscal year, we expect sales of approximately 20 million EUR and a result after taxes of approximately 2.1 million EUR. During the second half-year, the board of directors expects the completion and settlement of accounts for several big development projects and the bringing into operation of further production lines. In the area of medical robots, we expect several product introductions and also our first sales.



Dr. Andreas Eckert
Chief Executive Officer



Jürgen Ziegler
Board Member



Gerald Pohland
Board Member

Berlin, August 16, 2000

Income statement (US GAAP) (in thousand EUR)		
	01-06/2000	01-06/1999
Sales	9,147	4,865
Changes in inventories	-47	86
Self-construction own expenses, capitalized	2,194	874
Other operating income	353	1,312
Total operating performance	11,647	7,137
Cost of materials	-4,013	-1,470
Personnel costs	-3,651	-2,352
Depreciation	-1,027	-813
Other operating expenses	-1,788	-1,844
Financial results	81	-249
Results from ordinary activities	1,249	409
Extraordinary expenses	-	-683
Pretax financial income	1,249	-274
Tax on income	-657	54
Other taxes	-23	-
Differences from currency translation	-9	-
Net income/loss for the financial year of which minority income/(loss)	560	-220
Earnings per share	0.19	-0.07
Weighted average number of shares outstanding	3,041,667	3,000,000

Consolidated cash flow statement (US GAAP) (in thousand EUR)		
	01-06/2000	01-06/1999
Current business operations		
Net income/loss for fiscal year	560	-220
IPO costs		483
Amortization and depreciation	1,027	813
Changes in deferred income-investment grants	954	233
Additions to long-term reserves	33	10
Other non-payment-related procedures	-111	4
Cash Flow	2,463	1,323
Increase in current assets	-5,128	-869
Increase in current liabilities	3,364	1,608
Cash flow from current business operations	699	2,062
Investing activity		
Purchase of fixed assets	-14,013	-3,510
New building construction (active RAP)	-773	-
Acquisition of IPL	-	-3,707
Cash inflow/outflow (-) for other financial investments	-104	-107
Net cash outflow from investing activities	-14,890	-7,324
Financing activities		
Proceeds from issuance of share capital and additional paid-in capital	250	9,368
Principal payments on long term borrowings	8,942	2,629
Currency translation differences	-31	-
Cash inflow from financing activities	9,161	11,997
Changes in cash and cash equivalents	-5,030	6,735
Cash and cash equivalents on January 1	7,046	4,804
Cash and cash equivalents on June 30	2,016	11,539

Consolidated balance sheet (US GAAP) (in thousand EUR)		
	June 30, 2000	June 30, 1999
Assets		
Fixed assets		
Intangible assets	12,453	2,857
Tangible assets	11,873	7,419
Financial assets	896	312
	25,222	10,588
Current assets		
Inventories	5,459	1,529
Receivables and other assets	4,159	1,637
Securities	1,072	–
Checks, cash on hand, bank balances	944	11,395
	11,634	14,561
Prepaid expenses and deferred charges	1,613	32
Deferred taxes	183	1,081
	38,652	26,262
Shareholders' equity and liabilities		
Shareholders' equity		
Subscribed capital	3,250	3,000
Reserves	9,456	9,406
Unappropriated retained earnings brought forward	–55	3
Net income/loss for the year	569	–220
Minority interest	–	–
Currency translation differences	455	149
	13,675	12,338
Special item for investment subsidies	3,831	2,817
Accruals	3,353	2,397
Liabilities	17,324	8,710
Prepaid expenses and deferred charges	469	
	38,652	26,262

Note: For the first time, the accounting was undertaken in accordance with US GAAP. For reasons of better comparability with the previous year, the Consolidated balance sheet and the Income statement for the second quarter of 2000 were structured in accordance with HGB. For the methods of balancing accounts and evaluation, cf. the statements in the HGB Annual Report 1999 and the explanations of the reconciliation to US GAAP for 1999.

Company calendar

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

(Subject to change)

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