

	Q1 – 3 2005	Q1 – 3 2004	Change
(Amounts in million EUR)			
Sales	30.0	25.3	19%
Return on sales before tax (in %)	6%	5%	39%
EBITDA	5.0	4.2	19%
EBIT	2.3	1.4	61%
EBT	1.9	1.1	65%
Net income from continuing operations	1.0	0.5	90%
Group net income / loss (-)	0.9	1.7 *	- 46% *
Group net income / loss (-) per share (in EUR)	0.29	0.54 *	- 47% *
Cash flow from operating activities	2.5	1.4	82%
Depreciation and amortization (net)	1.5	1.9	- 23%
Employees (as of September 30)	258	237	9%

*) Special effect in 2004 due to the deconsolidation of NEMOD with an amount of 1,191 Thousand EUR

Cover page

Left: New seed design for outstanding X-ray visibility

Center: Fully automated synthesis module for the production of radiopharmaceuticals

Right: Holder with Kr-85 sources placed into containers. Kr-85 sources are used for thickness and quality gauging in the paper industry.

Bottom: Radioactive foils for smoke detectors

Dear Shareholder,

in the 3rd Quarter of 2005 Eckert & Ziegler again achieved impressive results. With sales of 11.2 million EUR, the Group posted the highest quarterly results in its history. And cumulative sales of 30 million EUR over the first nine months represented an increase of about 19% over the same period of last year. Because the end of the year has traditionally been the strongest quarter for the company, sales figures for 2005 are expected to surpass the record level of 2004 and clearly exceed a total of 40 million EUR.

The greatest increase was shown by the Nuclear Medicine & Industry segment, with sales of 18.1 million EUR, or about 3 million more than last year. A large part of this rise derives from the products of newly acquired companies in Europe and the USA. Growth was slower in the Therapy segment, in which there were not any acquisitions over the last few quarters. In comparison to the 2004 figure of 10.4 million EUR, sales through September of this year have already hit the 11.9 million EUR mark, or about 15% higher. A significant share of this growth was due to cancer radiation systems (so-called afterloaders) and implants for treating prostate carcinomas.

The profit side was also encouraging: Compared to the same period of last year, earnings before taxes from continuing operations (EBT) rose by 65% to 1.9 million EUR, so that despite the efforts spent integrating newly acquired divisions, a net income of 0.29 EUR per share was posted for the period ending September 30, 2005. Without start-up losses from the new European holdings (EURO-PET Berlin Zyklotron GmbH, the f-con Group), this figure would have been approximately 0.49 EUR per share and thus nearly equal the compara-

ble value of the same period of last year (0.54 EUR/share) in which deconsolidation of biotechnology activities greatly boosted the income statement.

The acquisitions have meant an increase in fixed assets up to 30 September 2005, with total assets thus also increasing since the start of the year. This figure rose by 26%, or 12.6 million EUR, to 61.6 million EUR. Because the European acquisitions (EURO-PET Berlin Zyklotron GmbH, f-con group) in particular brought considerable liabilities with them into the Group, the degree of indebtedness rose to around 44%. Risks are lower than might be anticipated from the level of total assets, however, because the Group is not required to guarantee all the obligations of its new subsidiaries. In addition, certain items may also change by the end of the year in the course of purchase price accounting and conversion to the IFRS (see below). Although net current assets, defined as the sum of reserves, claims, and liabilities, showed a further, acquisition-based, strong increase to over 9.1 million EUR, capital requirements due to current assets decreased slightly as compared to the previous quarter, by 0.2 million EUR to 1.6 million EUR. We therefore anticipate that the operative cash flow (2.5 million EUR) in the future will be less affected by the expansion of current assets than it has been in previous quarters.

In terms of content, this quarter – like the preceding months – was marked by the acquisition of new divisions. Work focused on internal adjustments to the product portfolio, processing additional authorizations and certifications, recruiting and training distributors, and extending our marketing materials and technical documentation.

Milestones

- Acquisition of worldwide rights and production know-how for the rheumatism drug SpondylAT® from Altmann Therapie GmbH & Co. KG based in Salzgitter.
- Acquisition of Analytics Inc., a US manufacturer of radiation calibration standards for the nuclear power industry, via the Californian subsidiary Isotope Products Laboratories Inc. (IPL)
- Acquisition of SORAD s.r.o., a Czech manufacturer of anti-static and smoke detector foils for the electronics industry.
- Eckert & Ziegler f-con Pharma Italia s.r.l., the newly established production plant in Milan, starts deliveries of radioactive contrast media for cancer diagnosis.
- Introduction of a new IsoSeed® design to the market, with considerably improved X-ray visibility and optimized imaging properties for magnetic resonance tomography.

Activities in the USA also concentrated on integrating Analytics Inc. into Isotope Products Laboratories (IPL) management structures, and those in Europe on linking the former f-con subsidiaries in Germany and Italy to the Berlin headquarters. In the latter case, considerable start-up losses had to be absorbed due to delayed authorizations. However, production is now stable and contracts have been signed with several customers, so the situation should improve by the end of the year.

The development department released a new generation of prostate implants on schedule for introduction to the market. They are easier to see in fluoroscopy than previous products, which contributes to the quality of operations. Another large-scale contract was signed in Japan for cancer radiation systems.

Research and Development

In the Nuclear Medicine segment, a fully automated synthesis module for the production of radiopharmaceuticals was developed and presented at the annual congress of EANM in Istanbul.

The American subsidiary Isotope Products Laboratories has continued its collaboration with Pacific Northwest National Laboratory (US DOE) in the development of a new Ge68/Ga68 generator. These systems consist of production modules that enable physicians to easily and precisely generate the contrast media needed for diagnosing cardiac diseases and cancer.


Staff

Eckert & Ziegler AG employed a total number of staff of 258 (237) throughout the Group as of September 30, 2005.

Outlook

In addition to maintaining and expanding the regular customer base over the coming months, considerable management capacities will be devoted to integrating, expanding, and in a few instances refurbishing the newly acquired divisions. On the European side, this includes recruiting and training staff members

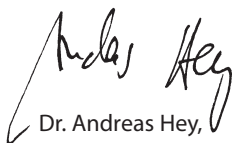
for new responsibilities in sales, marketing, and authorization management, as well as attaining a number of milestones in the expansion of radiopharmaceutical activities. These include preparing a clinical study for the rheumatism drug SpondylAT®, the rights to which we acquired from Altmann Therapie GmbH & Co.KG in Salzgitter on October 4, as well as the initial installation and pharmaceutical validation of a new modular synthesis lab, the authorization of additional radioactive contrast media, and practical tests on new generators. We also want to decide on further structures and facilities of a new Radiopharmaceutics segment by the end of the year, while retaining the option to part with or divest divisions. Risks here would be largely covered by the losses already contained in the income statement. For the fiscal year 2005 the Board is sticking to its forecast of over 40 million EUR in total sales and a profit per share of around 0.50 EUR.



Dr. Andreas Eckert,
CEO



Dr. Edgar Löffler,
Executive Vice President Therapy



Dr. Andreas Hey,
Executive Vice President
Nuclear Medicine & Industry

Berlin, September 30, 2005

Accounting and Valuation Methods

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

The companies acquired during this year will be included in the consolidated financial statement in the course of full consolidation, each as of their respective acquisition dates. The complex initial consolidations are 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 19 July, 2002 requires parent companies listed in organized capital markets in the EU region to prepare their consolidated financial statements as of 2005 in accordance with the International Accounting Standards (IAS), renamed the International Financial Reporting Standards (IFRS). Eckert & Ziegler AG will start applying IFRS to its consolidated financial statements of 31 December, 2005. Due to having previously used the US-GAAP standards, the switch to IFRS is not expected to have any significant effect on Group's ratio.

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

	Quarterly report III/2005 07 – 09/2005	Quarterly report III/2004 07 – 09/2004	9-monthly report 01 – 09/2005	9-monthly report 01 – 09/2004
(Amounts in thousands)	EUR	EUR	EUR	EUR
Net sales	11,211	8,508	30,022	25,265
Cost of goods sold	- 6,354	- 5,170	- 16,977	- 14,127
Gross profit on sales	4,857	3,338	13,045	11,138
Selling expenses	- 2,152	- 1,641	- 4,991	- 3,843
General and administrative expenses	- 2,238	- 1,395	- 6,400	- 5,508
Research and development expenses	- 91	- 65	- 261	- 629
Other operating income and expense, net	194	77	265	100
Operating income/loss	570	314	1,658	1,258
Interest receivable and payable, net	- 154	- 107	- 394	- 279
Gains/losses on currency exchange, net	- 64	- 65	273	84
Other income/expense, net	60	144	352	79
Income before tax	412	286	1,889	1,142
Income tax expense	- 222	- 169	- 863	- 603
Net income from continuing operations	190	117	1,026	539
Projected Results				
from deconsolidation of affiliates				1,191
Minority interests in net income of consolidated subsidiaries	- 54	- 32	- 128	- 73
Net income/loss	136	85	898	1,657
Weighted average shares outstanding (basic)	3,107	3,076	3,096	3,051
Weighted average shares outstanding (diluted)	3,154	3,108	3,136	3,095
Net earnings per share (basic)	0.04	0.03	0.29	0.54
Net earnings per share (diluted)	0.04	0.03	0.29	0.54

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

	9-monthly report September 30, 2005	Annual report December 31, 2004
(Amounts in thousands)	EUR	EUR
Assets		
Current assets		
Cash and cash equivalents	2,745	5,504
Marketable securities	2,439	1,607
Trade accounts receivable, less allowance for doubtful accounts	8,894	6,924
Receivables from related parties	30	8
Inventories	6,184	5,473
Deferred taxes	1,224	1,190
Prepaid expenses and other current assets	2,502	366
Total current assets	24,018	21,072
Non current assets		
Property, plant and equipment	17,407	12,753
Intangible assets	5,131	4,620
Goodwill	11,309	6,922
Equity investments	68	68
Notes receivable/loans	0	340
Deferred taxes	2,134	1,367
Other long-term assets	1,513	1,816
Total non current assets	37,562	27,886
Total assets	61,580	48,958
Liabilities and Shareholders' Equity		
Current liabilities		
Short-term debt and current portion of long-term debt and capital lease obligations	508	200
Trade accounts payable	3,998	1,845
Prepayments received	56	261
Accrued expenses	2,828	2,626
Deferred income from grants and other deferred income	1,209	1,241
Income tax payable	330	- 44
Deferred taxes	93	47
Other current liabilities	785	641
Total current liabilities	9,807	6,817
Non current liabilities		
Long-term debt, less current portion and capital lease obligations	7,258	2,384
Deferred income from grants and other deferred income	2,912	2,827
Deferred taxes	1,193	1,060
Pension reserves	147	142
Other non-current liabilities	5,747	2,913
Minority interests	294	165
Total non current liabilities	17,551	9,491
Shareholders' equity		
Common stock	3,250	3,250
Additional paid-in capital	27,752	27,481
Retained earnings	6,286	5,388
Cumulative other comprehensive income	- 2,632	- 2,928
Treasury stock	- 434	- 541
Total shareholders' equity	34,222	32,650
Total liabilities and shareholders' equity	61,580	48,958

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

	9-monthly report 01 – 09/2005	9-monthly report 01 – 09/2004
(Amounts in thousands)	EUR	EUR
Net profit/loss	898	1,657
Adjustments for:		
Depreciation and amortization	2,737	2,814
Proceeds from grants less release of deferred income from grants	85	172
Deferred taxes	194	- 2
Income (-)/expense from stock option plan	213	69
Unrealized foreign currency gains (-)/losses	- 524	192
Long-term reserves, other long-term liabilities	436	133
Book profit from deconsolidation NEMOD	-	- 1,191
Gains (-)/losses on the disposal of property, plant and equipment	0	- 28
Gains (-)/losses on the sale of securities	-	- 8
Other items, net	44	11
Changes in current assets and liabilities:		
Receivables	- 904	- 2,044
Inventories	- 697	- 1,732
Prepaid expenses and other current assets	- 190	113
Accounts payable and accounts payable to affiliates	237	415
Tax reserves	177	319
Other liabilities	- 190	490
Cash inflows from operating activities	2,516	1,380
Additions to intangible assets and property, plant and equipment	- 1,671	- 1,287
Acquisitions of consolidated enterprises	- 2,262	- 3,581
Sale of securities	- 801	- 1,778
Other items	- 19	- 23
Cash outflows/inflows from investing activities	- 4,753	- 6,669
Dividends paid	- 775	-
Change in long-term borrowing	- 351	- 227
Change in short-term borrowing	307	68
Treasury stock used for stock options	164	1,140
Cash outflows from financing activities	- 655	981
Effect of exchange rates on cash and cash equivalents	133	25
Decrease/increase in cash and cash equivalents	- 2,759	- 4,283
Cash and cash equivalents at beginning of period	5,504	8,942
Cash and cash equivalents at end of period	2,745	4,659
Short term investments	2,439	2,608
Cash and short term investments at the end of period	5,184	7,267

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

	Common Stock	Additional Paid-in Capital	Retained Earnings	Cumulative Other Comprehens. Income	Treasury Stock	Total Shareholders' Equity
(Amounts in thousands)	EUR	EUR	EUR	EUR	EUR	EUR
Balance, January 01, 2004	3,250	26,752	2,054	- 2,188	- 1,054	28,814
Application of treasury stock for acquisitions and to service stock option plan		655			513	1,168
Stock-based compensation		74				74
Net Income			3,334			3,334
Other comprehensive income				- 740		- 740
Balance, December 31, 2004	3,250	27,481	5,388	- 2,928	- 541	32,650
Balance, January 01, 2005	3,250	27,481	5,388	- 2,928	- 541	32,650
Treasury stock used for stock option program		58			107	165
Stock-based compensation		213				213
Net Income			898			898
Changes in other comprehensive income				296		296
Balance, September 30, 2005	3,250	27,752	6,286	- 2,632	- 434	34,222

Stock and Stock Options

		Management Board and Supervisory Board		September 30, 2005	
				Stocks	Stock Options
Dr. Andreas Eckert	Management Board			3,010	18,500
(Eckert Consult GmbH)				- 1,260,446	0
Dr. Andreas Hey	Management Board			0	6,000
Dr. Edgar Löffler	Management Board			10,250	16,000
Prof. Dr. Wolfgang Maennig	Supervisory Board			0	0
Prof. Dr. Ronald Frohne	Supervisory Board			19,549	0
Prof. Dr. Nikolaus Fuchs	Supervisory Board			0	0
Ralf Hennig	Supervisory Board			141	0
Hans-Jörg Hinke	Supervisory Board			0	0
Frank Perschmann	Supervisory Board			1,000	0

Operating Segments – US-GAAP | Quarterly Report III/2005

01 – 09/2005

	Nuclear Medicine & Industry	Therapy	Others	Consoli- dation	Totals
(Amounts in thousands)	EUR	EUR	EUR	EUR	EUR
Sales to external customers	18,123	11,897	2		30,022
Sales to other segments	125	122	438	- 685	
Total segment sales	18,248	12,019	440	- 685	30,022
Depreciation and amortization	- 1,019	- 1,630	- 89	1	- 2,737
Interest receivable	15	3	1,174	- 1,156	36
Interest payable	- 672	- 727	- 185	1,154	- 430
Net income from continuing operations	1,341	643	- 95		1,889
Income tax expenses	- 545	- 251	- 67		- 863
Segmental assets	35,504	18,894	35,105	- 27,923	61,580
Segmental liabilities	- 14,616	- 11,772	- 2,099	18,346	- 10,141
Equity investments		68			68
Additions to property, plant and equipment (without financial investments)	346	1,325	11		1,682

Sales by geographic areas 01 – 09/2005

	million EUR	%
North America	14.1	47
Europe	14.2	47
Asia/Pacific	1.6	6
Others	0.1	<1
	30.0	100

01 – 09/2004

	Nuclear Medicine & Industry	Therapy	Immunology	Others	Consoli- dation	Totals
(Amounts in thousands)	EUR	EUR	EUR	EUR	EUR	EUR
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	- 79	- 1,855	- 70	- 90	0	- 2,094
Interest receivable	3	8		1,007	- 951	67
Interest payable	- 481	- 553	- 87	- 186	961	- 346
Net income from continuing operations	903	373	- 46	- 678	1,105	1,657
Income tax expenses	- 468	- 210	16	54	5	- 603
Segmental assets	23,522	19,862		36,794	- 27,619	52,559
Segmental liabilities	- 6,738	- 13,687		- 2,890	13,811	- 9,504
Equity investments		68				68
Additions to property, plant and equipment (without financial investments)	332	1,064		5		1,401

Sales by geographic areas 01 – 09/2004

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

Financial Calendar

November 08, 2005:

Quarterly Report III/2005

March 31, 2006:

Annual Report 2005

March 31, 2006:

Balance press conference
in Berlin

April 04, 2006:

Analyst presentation
and MedTech Day in Frankfurt

May 09, 2006:

Quarterly Report I/2006

May 30, 2006:

Annual general meeting
in Berlin

August 08, 2006:

Quarterly Report II/2006

November 07, 2006:

Quarterly Report III/2006

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