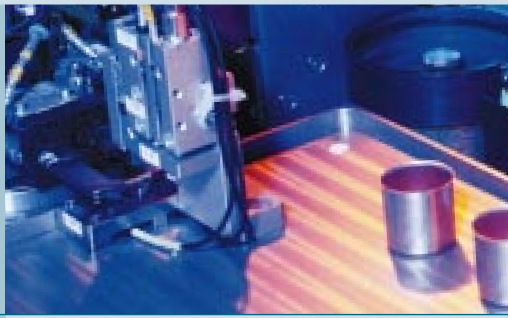
Annual Report 2000

Eckert & Ziegler

Ratios
of the Eckert & Ziegler Group



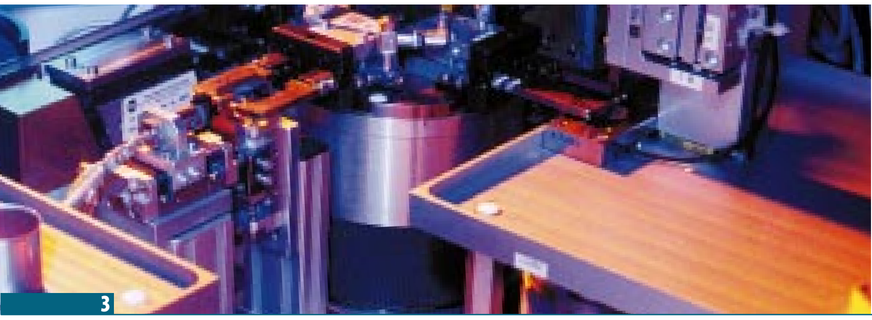
according to US-GAAP		**2000**	**1999**	**Veränderung in %**
Sales	Million EUR	23.6	10.0	136
Gross earnings	Million EUR	9.4	4.4	114
Profit/loss before taxes	Million EUR	2.5	0.02	–
Net income/loss for the year	Million EUR	1.3	– 0.1	–
Earning per share	EUR	0.40	– 0.03	–
Diluted earning per share	EUR	0.40	– 0.03	–
Cash-flow from operating activities	Million EUR	3.4	2.8	21
Equity	Million EUR	32.3	13.2	145
Equity ratio	%	64	52	23
Balance sheet total	Million EUR	50.5	25.4	99
Investments (1)	Million EUR	8.4	5.3	58
Employees (31.12.)	Persons	204	139	47
Number of shares	item	3,250,000	3,000,000	8

(1) without acquisitions

Title page:

Production line for radioactive balloon catheters

Radioactive balloon catheter RDX™
for treating restenosis



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What does Eckert & Ziegler AG do?

Eckert & Ziegler AG is an international developer and producer of low-level radioactive components. These products are used in four areas:

Treating tumors (Oncology).
In this process, capsules containing a radioactive material are applied in or on the tumor tissue in order to destroy it by irradiation. The capsules are usually very small (diameter less than a millimeter) and are designed to irradiate only a few millimeters around the core of the capsule. Most of the sales in this area come from permanent implants containing radioactive iodine or palladium, which are used to treat prostate cancer. Eye applicators for choroidal melanomas or retinoblastomas are an additional important product.

Treating arterial constriction (Cardiology).
In the early nineties, medical researchers found that the feared renarrowing of blood vessels following balloon dilations can be prevented by tiny doses of radioactivity. This discovery set off a race among the leading medical device manufacturers to develop effective treatment systems. Eckert & Ziegler AG is not involved in constructing the devices themselves for the various companies, but it produces the radioactive "pills" which are the central component of this type of equipment.

Creating images in nuclear medicine (Nuclear Imaging).
Radioactive emission together with suitable detectors can help make processes visible that are otherwise concealed within the body. Eckert & Ziegler AG is active in this branch primarily with calibration and reference emitters for so-called gamma cameras.

Numerous industrial and scientific measurement methods (Industry and Science).
Around 400 mainly mid-sized manufacturers worldwide use radioactive components in special measurement equipment to measure thickness, densities, and similar physical magnitudes under extreme conditions. Eckert & Ziegler AG produces these components at its subsidiaries in Prague (CESIO s.r.o.) and Los Angeles (Isotope Products Laboratories, Inc.).

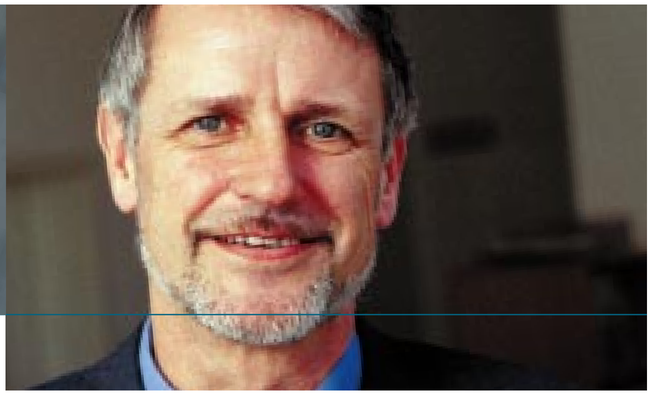
4	Preface by the Management Board
6	2000 Milestones
9	Management Report
16	The Share
18	Environmental Protection and Safety
19	Quality Management
21	Consolidated Financial Statements
44	Supervisory Board Report
46	Corporate Structur
47	Impressum
47	Contact
47	Financial Calendar

**Dear employees,
shareholders, and
friends of the company,**

Eckert & Ziegler AG has just completed an especially active year, during which sales and revenues again rose considerably. This outstanding performance should be viewed in light of the revolution taking place in the life sciences, which is opening the door to extraordinary growth potential for innovative and flexible companies. This requires, however, that companies are able to keep valuable employees, that they have a sufficient level of equity capital, that they actively manage the innovation process, and that they are at the forefront when it comes to entering international markets.

The staff of Eckert & Ziegler has never shied away from export markets, not even that of the United States. For this reason, the Group has derived a large part of its talent, sales, and revenues from that country from the beginning, and has never perceived globalization as a threat. With the start of the New Market and the associated opportunities for acquiring equity capital, it has been possible to surmount the grave structural disadvantages involved in founding German businesses. As for the innovation process, it has never been slowed by a shortage of talent, rather by difficulties in prefinancing or implementing these innovations.

As I see it, Eckert & Ziegler AG is therefore well placed for the coming year. It is still a specialist in the niche area of low-level radioactive components, but it is undergoing continuous development towards becoming one of the leading



From left to right:
Dr. Andreas Eckert,
Gerald Pohland,
Jürgen Ziegler

medical specialists that are changing the way in which diseases are diagnosed, treated, and prevented. With this expertise, Eckert & Ziegler AG will soon be able to set its sights on larger markets as well and generate further growth potential. I am therefore confident that there will be many more positive results to report about our company in the future.

In the name of the entire Board, I thank you all for your support.

Dr. Andreas Eckert
Chairman of the
Management Board

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January
The radioactive palladium implants for treating prostate cancer are authorized by the US Food and Drug Administration (510K).
A new production line is started up for manufacturing afterloader sources.
Source production for industry and technical measurement is moved to Prague and Los Angeles.

February
Eckert & Ziegler concentrates European sales of industrial and research components at Isotopen Dienst Blaseg GmbH, a participation of Eckert & Ziegler.

March
The company moves into the first wing of the new facilities in Berlin.

April
Dr. Gunnar Mann becomes managing director of BEBIG GmbH. He takes over responsibility for operations from the two founders, who will leave BEBIG. (Dr. Andreas Eckert will resign his post as managing director of BEBIG as of November 1, 2000).

May
The first general shareholders' meeting is held after the listing on the stock exchange.

June
With the acquisition of all assets and the product portfolio for radioactive sources from DuPont Pharmaceuticals Company in Delaware (USA), Eckert & Ziegler becomes one of the largest manufacturers of nuclear medicine calibration and reference sources.
Eckert & Ziegler raises the share capital by 250,000 no-par shares to a total of 3,250,000 shares.
Isotope Products Laboratories Inc. takes over the fixed assets of the "The Source," a calibration source specialist in New Mexico (USA).

July
Eckert & Ziegler signs a contract with Radiance Medical Systems in California to set up comprehensive production capacities for a new device to treat renarrowed arteries.
The Berlin State Economics Minister, Wolfgang Branoner, awards Eckert & Ziegler AG the 4,000th subsidy certificate in conjunction with the program “Improving Regional Economic Structure.”

1 Gamma cameras are calibrated with radioactive sources

2 Radioactive systems are used to measure density in the paper industry

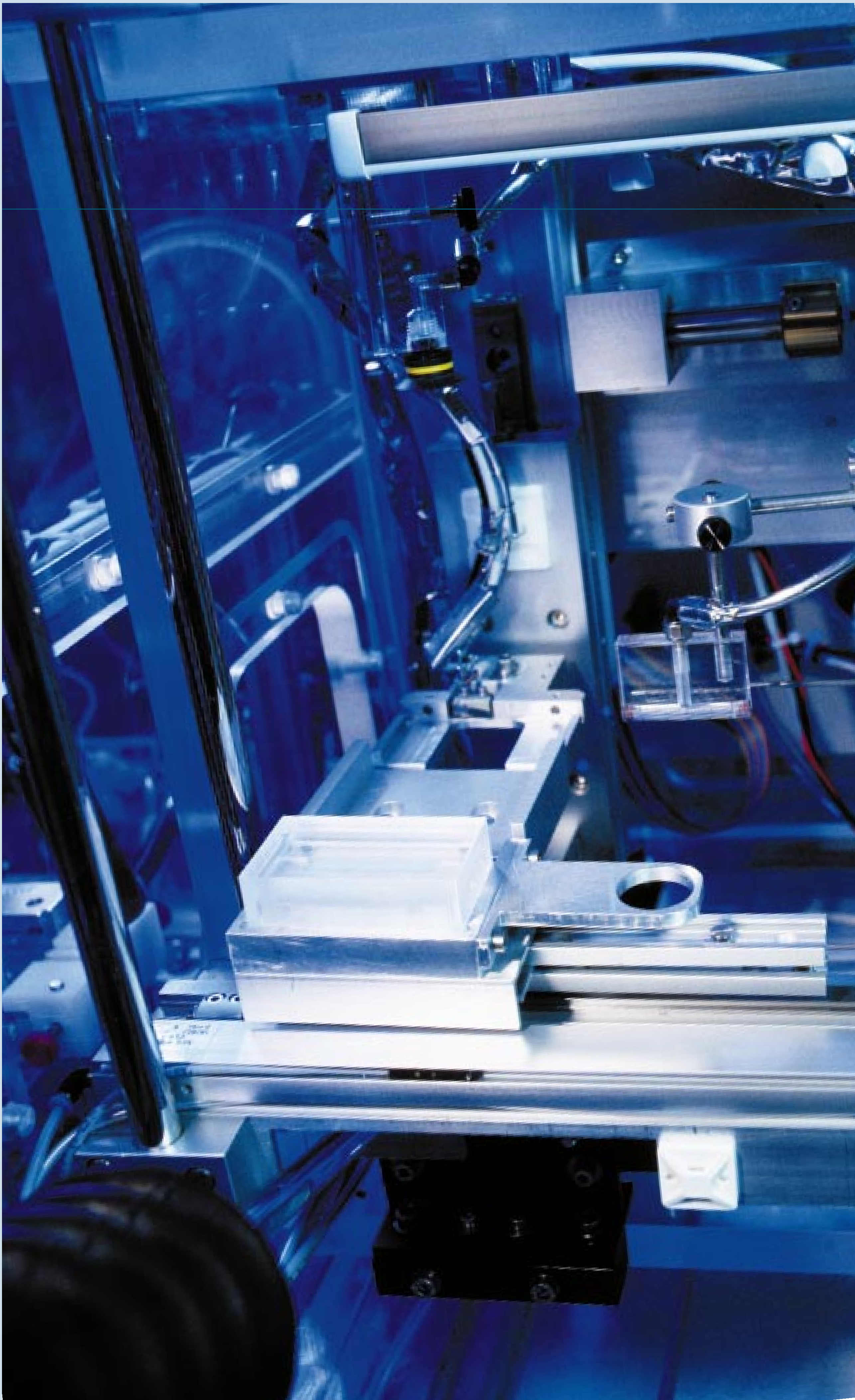
3 Radioactive sources are used to measure thickness in steel production

August
Via its Berlin subsidiary jojumarie Intelligente Instrumente GmbH, Eckert & Ziegler AG takes over the SurgiScope medical robot division of Medtronic Surgical Navigation Technologies Inc. (Minnesota, USA) and thus the rights to one of the world’s first and most commonly used medical overhead robots. With this transaction, Eckert & Ziegler AG acquires a branch in Grenoble, France.
The radioactive palladium seeds for treating prostate cancer receive CE authorization.

September
A production line for palladium seeds goes into operation.

October
The iodine seeds from Eckert & Ziegler are used for the first time also in Germany for treating prostate carcinomas.
jojumarie Intelligente Instrumente in France supplies its first medical overhead robot for treating brain tumors.

December
Eckert & Ziegler restructures its distribution program for prostate cancer products in Europe and starts supplying hospitals directly.



Management Report

Group Management Report

Ruthenium applicators for treating eye cancer

Business development

As expected for the preceding year, the Eckert & Ziegler Group has once again shown considerable growth. Sales rose by around 136 percent from approximately 10 million EUR in the year before to 23.6 million EUR. In absolute terms, nuclear imaging products represented the largest share of this development, with sales increasing by 5.2 to approximately 8.7 million EUR (+149%). Oncological products represented the second largest growth area, which quadruplicated with respect to figures for the year before, increasing from 0.9 to 4 million EUR. The increase was not as dramatic for the industrial and cardiological sources. In the latter area, sales doubled from 1.1 to 2.4 million EUR. For the industrial sources, they rose by around 90%, from 4.1 to 7.8 million EUR.

With this leap in sales, the Eckert & Ziegler Group also entered a new order of magnitude in its revenues. Compared with prior year earnings before taxes and stock options increased to 2.8 million EUR. Despite this increase in revenues, the results lagged behind the forecasts presented in summer 2000 before the capital increase. The fact that a milestone payment for a major contract of 2.5 million US$ was not received as planned, had a noticeable effect. Due to changing market conditions, the customer refused to receive and utilize the production system as specified in the contract. As the production system was made available as scheduled, the Board is of the opinion that payment is due to Eckert & Ziegler. It is attempting to reach an agreement with the customer regarding a substantial part of this amount.

Previous page:

Production unit for balloon catheter radioactive coating

Developments in individual business areas

The rapid rise in sales in the nuclear imaging area is mainly due to the acquisition of the radioactive source business of the US company DuPont Pharmaceuticals. This has enabled Eckert & Ziegler, via its California subsidiary Isotopes Products Laboratories, to expand its leading position worldwide for calibration and reference sources as well as to substancially shorten the gap to the main competitor in the area of industrial sources. In the oncology area, the increase in delivery volume is based on successfully establishing a presence on the European market for permanent implants to treat prostate cancer. The Board estimates that around one third of all European patients with this condition in the year 2000 relied on iodine and palladium seeds from BEBIG GmbH. Furthermore, supply bottlenecks for the American market have now been eliminated, so deliveries to this region could also be increased. The market share in the United States is considerably smaller, however, due to the size of the market and the large number of established competitors.

Although clinical tests in 2000 all confirmed the high level of effectiveness of cardiovascular brachytherapy, it is taking longer than anticipated to establish a presence on the market. Sales have therefore remained at a low level, even though they doubled with respect to the figures for the year before. Two of our development partners, the Novoste Corporation in Georgia (USA) and the Johnson & Johnson subsidiary Cordis Corporation in Florida, were approved by the US federal health authorities for the important American market. This decision was based on a unanimous recommendation by the committee of experts responsible.

Development & Technology

Developing new products and further developing of existing products and processes are among the operations that secure the future of the Eckert & Ziegler Group. Primarily on behalf of its customers, Eckert & Ziegler develops radioactive components as well as the associated manufacturing processes and the facilities needed to produce them.

In the cardiology field, a production process for manufacturing radioactive balloon catheters was developed in cooperation with a company in the USA. This balloon catheter is used to irradiate the inner walls of arteries in order to prevent them from narrowing again (so-called restenosis). The production process requires both a high level of sophistication for handling radioactive materials and the specific production conditions needed for medical products (particle-less and non-pyrogenic environment, monitoring of low bacterial levels). The successful completion of this highly complex production line represents the basis for manufacturing further medical/technical and radiopharmaceutical products.

In the field of cancer treatment, we have developed a fully automated process to produce palladium seeds for treating prostate cancer. As palladium has a short half-life, as a European manufacturer we have an outstanding logistical/geographical advantage on the European market, which is undergoing especially dynamic growth.

For optimal placement of permanent radioactive implants in the prostate, we are working on a passively navigated positioning system. This system enables the seeds, which are only a few millimeters in size, to be implanted very accurately.

In the preceding fiscal year, 46 employees worldwide were involved in research and development. This increase of 30% compared with the year before is, among others, based on an increased level of development activities in the area of brachytherapy remedies.

Development and innovations also determine our company's future. In order to maintain a leading position for these increasingly complex technological products, we will be expanding our product spectrum in the area of radioactive applicators for treating eye cancer. A further strategic goal is to develop applications for new areas of indication. These include brachytherapy applications in peripheral vessels and radio-pharmaceutical products.

The Eckert & Ziegler Group places a high strategic priority on protecting its own innovations. Six patents were granted in the preceding fiscal year:

Radioactive X-ray source and the use thereof for intracavity and intravascular tissue irradiation
DE 198 25 397

Highly radioactive miniaturized ceramic strontium-90 radiation sources and processes for the manufacturing thereof
DE 198 48 312

Radioactive iodine-125 seeds based on ceramic carriers and processes for the manufacturing of these seeds
DE 198 50 203

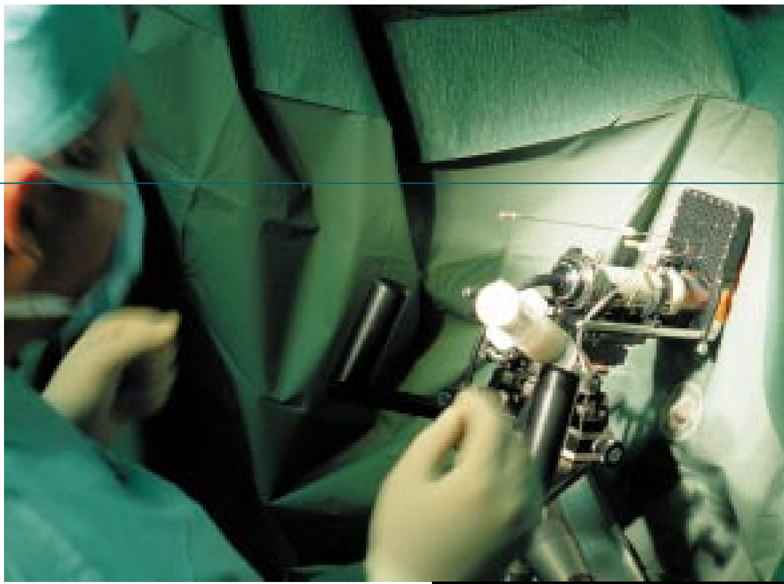
Radioactive palladium-103 radiation sources and injection molding sources for the production thereof
DE 198 59 100

Radioactive palladium-103 miniature radiation sources and processes for the production thereof
DE 198 59 101

Process for the production of medical radioactive ruthenium radiation sources by means of electrolytic depositing of radioactive ruthenium on a carrier, radiation sources produced with this process, and electrolyte cells for producing radioactive ruthenium layers
DE 198 15 568

Outlook

Although sales in the two preceding fiscal years had already quintupled, the Board anticipates a major increase in sales and revenues for the year 2001 as well. This is due in part to the fact that there is still a great potential for growth in oncology, the most dynamic market sector. In Europe in particular, the use of permanent implants for non-invasive and low-cost treatment of prostate cancer is at an early stage. If developments in the USA are taken as a comparison, the number of European patients undergoing treatment with this advantageous method could increase by a factor of ten in the next four to five years. The growing proportion of older people in all of the industrial countries as well as improved techniques for early detection are also promoting this trend. As production costs decrease with increasing volumes, revenues should increase even in the face of greater competition.



Major growth has yet to take place in the area of cardiovascular components. As an exclusive or semi-exclusive production partner for at least three of the five leading medical equipment companies, the company has an outstanding position and will also be included in follow-up and expansion projects. Introducing products to the market has taken longer than anticipated, however, which is why plans have been downscaled in this area. For the industrial sources, consolidation with the DuPont products will bring a growth spurt in 2001, after which sales are expected to stagnate .

The trend in the acceptance of nuclear medicine products is favorable. The Board observes a noticiable expansion of applications in this area. This development does not only promote sales of calibration and reference emitters, but also means that in addition to classical radiodiagnostic tools, more and more therapeutic products are appearing in the development pipelines. We can expect that the Eckert & Ziegler Group, will also increase its activity in this area and consequently gain considerable impetus for growth.

In addition to the various market developments, the Group also benefits from the fact that since being listed on the stock exchange, it has been able to develop new areas of expertise which allows further deversification into related market segments. These include establishing a direct distribution system, currently limited to Europe, for permanent implants. This is of strategic importance because Eckert & Ziegler had previously only used intermediaries to supply its medical products to end customers, while concentrating primarily on development and production. With direct access to physicians and clinics, we can assume the role of expert and complete supplier of interstitial treatment of prostate carcinomas, offering intelligent handling and positioning systems in addition to the permanent implants themselves. Eckert & Ziegler has already started on such initiatives.

Left page:

Production line for palladium seeds

Right page:

Operation preparation: Loading seeds into hollow needles

Implanting palladium seeds in the prostate

X-ray of the prostate with seed

Mick® Applicator for implanting seeds in the prostate

Risks

As a specialist for radioactive components, Eckert & Ziegler is active in business areas which are technically similar but only linked to each other in a limited manner. This wide presence reduces the risk that competitors might be able to destroy the entire commercial basis of the company with new and better products. At the same time, the company always has to be on guard against improved processes or efforts on the part of competitors that could threaten or destroy our established business areas. For this reason, staff members regularly speak with customers and analyze market reports, conference information, press statements, investor profiles, and similar material.
In order to note trends and if need be counter them, they follow the patent literature and are also engaged in registering our own patent rights. The Eckert & Ziegler Group has also entrusted the Board with the direct responsibility for establishing new business areas. It is working actively on expanding the product spectrum, without neglecting the established core areas with their emphasis on isotope technology. The company is also making every effort to establish close links with strategic partners via long-term agreements.

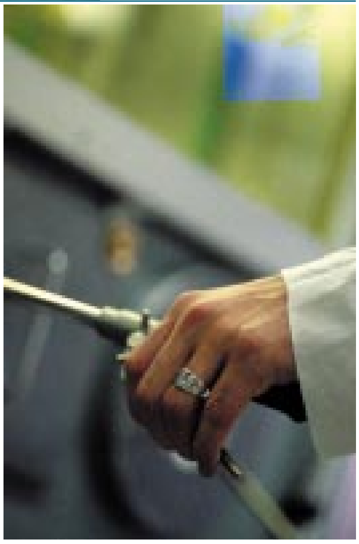
By following discussion in the scientific literature, we try to minimize the risk of unforeseen side effects which can appear in conjunction with the use of new cardiovascular applications.

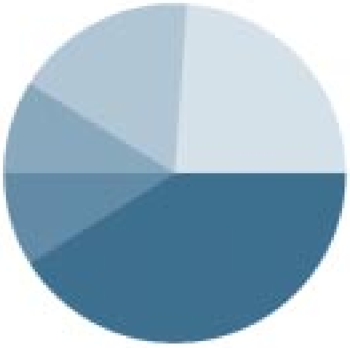
By including flexible time schedules in contracts with customers, we attempt to limit the risk of damage claims arising from exceeding development times or other failures to meet deadlines.

The remaining risks faced by Eckert & Ziegler AG are similar to those of other production companies. The major one is that of attracting and keeping talented employees. In order to achieve this, the company is working to provide appropriate compensation, a pleasant working atmosphere, suitable occupational and radiation safety, modern production and administration facilities, and flexible working hours. The company has set up a stock option program to promote long-term retention of key members of staff.

Dependencies on individual suppliers have reduced compared with previous years as a consequence of the enlarged product spectrum. The strong current growth has led to the expansion of subsidiary operations. Via employee training programs, regular quality checks, the introduction and maintenance of a quality assurance system following ISO 9001, and the purchase of conventional product liability and hazard insurance coverage, the Board is attempting to minimize these risks.

The early risk detection and management system that is still to be completed in 2001 will assist the Board in detecting risks to the product portfolio or other vital interests throughout the Group sufficiently early to allow implementation of appropriate counter measures.





Employees

The number of employees rose by 47% to a total of 204 (from 139) as of December 31, 2000. During the reporting period, Eckert & Ziegler incurred personnel costs of 8.6 million EUR. The absolute amount thus rose by 70%; the sales contribution per emloyee however increased by 65% to 134 TEUR.

Employees, by department

Production:	41%
Quality management:	9%
Sales:	9%
Administration:	17%
R&D:	24%

The production division at the Berlin site showed an above-average increase in the number of employees, due to the start-up of additional production lines.

59% of the total number of personnel work in Germany, 35% in the USA, and 6% in the Czech Republic.

More than 60% of the staff at the Berlin site have a degree from a technical college or higher qualifications. To ensure a high level of performance, 82% of the staff attended internal and/or external training programs. These programs extend from specific measures for certain jobs to further education and qualification programs in the relevant fields.

Our employees participate in the success of the company. In 2000, a performance-oriented compensation system was introduced, based on achieving sales targets for production staff. In addition, a stock option plan was established for top performers and management personnel. For the first stock option plan (AOP1) which is set to run over three years, the second tranche of 31,000 shares was distributed to a total of 50 employees in the reporting period.

The Share

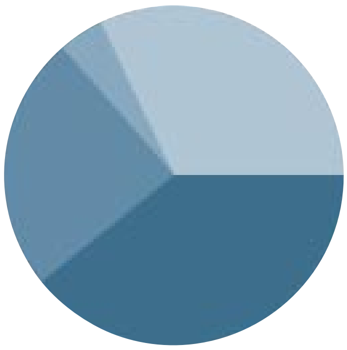
Institutional investors are increasingly recognizing the Eckert & Ziegler share as an attractive investment in the life sciences sector. The banking house Sal. Oppenheim also backs Eckert & Ziegler, having chosen the share for the new Oppenheim OnVista NM Classic Outperformer certificate. To finance further growth in the area of nuclear medicine radiation sources, Eckert & Ziegler introduced a capital increase in June, raising share capital by 250,000 no-par shares to a total of 3,250,000 shares.

Eckert & Ziegler share data, 2000
according to US-GAAP

Share ID number
565 970
Stock exchange abbreviation
EUZ
Exchange segment
Neuer Markt, Frankfurt
Share capital (Dec. 31)
3,250,000 EUR
Bearer shares (Dec. 31)
3,250,000
First day listed
May 25, 1999
Issue price
23 EUR
Year-end price
52 EUR
Performance as of Dec. 31
relative to issue price
126%
Highest/lowest share price 2000
139.00/44.00 EUR
Net income for the year
1.3 Million EUR
Result per share
0.40 EUR
Earnings before stock options
1.5 Million EUR
Diluted earnings per share
before stock options
0.49 EUR

Shareholder structure as of December 31, 2000

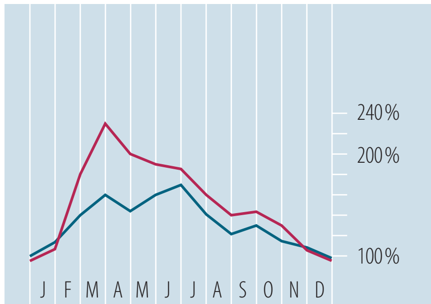
Eckert Consult GmbH:	39.2%
Jürgen Ziegler:	24.4%
Concord Effekten AG:	4.3%
Free-float:	32.1%



Share development

The year 2000 was a very turbulent one on the German stock exchange. Following a breath-taking development on the Neuer Markt in the first quarter, the Eckert & Ziegler share reached its highest level of 139 EUR on March 1. Further development until the middle of the year essentially reflected the corrective movement on the Neuer Markt.

The share price reached another intermediate high of 97 EUR in mid-June, when investors rewarded the acquisition of the radioactive source division of the DuPont Pharmaceuticals Company in Delaware (USA). Analogously to the development of the Nemax All Share, this was followed by a further downward trend which was then interrupted in September. Encouraged by the CE authorization for palladium seeds, the stock exchange began to recognize the potential associated with focussing on the prostate market. The year-end price of 52 EUR represented a performance of 126% relative to the issue price. During the reporting year, the share price development was largely above the NM Medtech & Health-Care Index.



Development of the price of Eckert & Ziegler shares

Price
NM-Medtech & Health Care

Production unit for classifying palladium seeds

Hot cell for storing radioactive substances

Investor Relations

We attach great significance to the information of our shareholders, which is why we have further increased communication with investors, analysts, and business journalists. We had more than thirty individual talks with fund managers and analysts in Berlin, Frankfurt, London, and Vienna. Current company developments were reported in seventeen ad hoc and press statements. We have regular telephone conferences for publishing our quarterly figures.

In addition, Eckert & Ziegler presented itself to an international circle of investors at the Berlin High Tech Forum sponsored by the Berliner Bankgesellschaft.

Eckert & Ziegler was able to concentrate primarily on private investors at a stock forum in Berlin in June and at the German Day at the EXPO in Hanover in October.

Our constantly updated information on the Internet (www.ezag.de) is used extensively by private investors. An IR chat held in November was well received, so we will continue to offer this forum in the future as well.

In the future we will also engage in continuous dialogue with our shareholders and financial analysts as well as structure our financial communication in an open and transparent manner. This is an essential part of our active approach to the capital market.

Shareholder structure

As of December 31, 2000 Eckert Consult GmbH hold a share of 39.2%, Jürgen Ziegler 24.4%, while Concord Effekten AG had 4.3%. The free-float accounted for 32.1%.

Environmental Protection and Safety

High safety standards are required when working with radioactive components. When constructing the four new production facilities, the necessary environmental protection measures and precautions were integrated as early and as comprehensively as possible. Solutions for the design of future production processes and procedures were chosen to already include environmental protection features and thus largely avoid pollution.

Production equipment
for radioactive heart agents

Production unit for balloon catheter radioactive coating

Our facilities and production processes undergo regular monitoring by the Technical Monitoring Association (TÜV) and other external auditors. Emissions are checked on a continuous basis by the State Office for Occupational Safety, Health Protection, and Technical Safety.

All members of the production staff attended comprehensive internal and external training programs. At the Berlin site, the number of radiation safety officers rose by 30% to a total of 13.

In the reporting year, a total of 296,717 EUR was spent on radiation safety in the Berlin based headquarters.

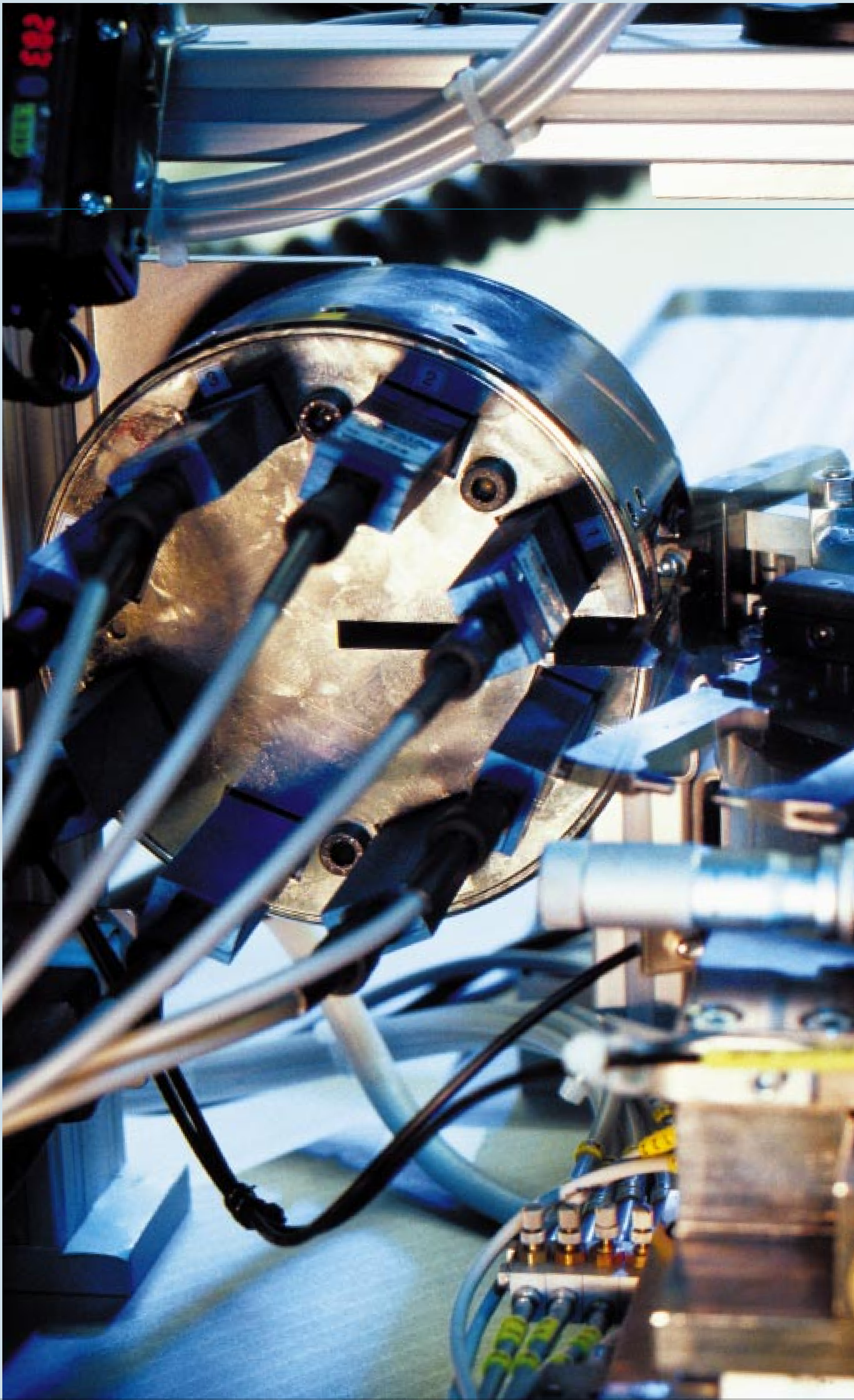
Quality Management

Quality assurance for our medical products and the associated production processes is the main feature of our quality policy. Our measures have been successful: In the reporting year, the percentage of returns for medical products per share of sales decreased by 60% thanks to the constantly enhanced quality control.

Authorization by the US Food and Drug Administration as well as CE authorization for the European market were granted in the reporting year for the palladium seeds.

The Mick® applicator for implanting prostate seeds and the associated Mick® magazine also received CE authorization. In the course of the annual monitoring audit of our quality management system, a new production line for palladium seeds was audited.

The applicators for treating eye cancer can now be sold in the USA, because they have been registered by the US agency in charge of authorizing radioactive products (National Regulatory Commission).



Consolidated Financial Statements

22 Consolidated Statements of Earnings
23 Consolidated Statements of Cash Flows
24 Consolidated Balance Sheets
25 Statement of Shareholders' Equity
26 Notes to the Group Financial Statements
41 Other Notes required by the German Commercial Code (HGB)

Fully automatic quality control and cassification of palladium seeds.

Consolidated Statements of Earnings
Years ended December 31

(Amounts in thousand, except per share data)

	2000	1999
	EUR	EUR
Net sales	23,614	9,979
Cost of goods sold	-14,243	-5,594
Gross profit	9,371	4,385
Operating expenses		
Selling, general and administrative	-7,066	-4,192
Research and development	-423	-5
	-7,489	-4,197
Operating Income	1,882	188
Other income (expense)		
Interest income	625	224
Interest and financing costs	-163	-637
Other (see note 12)	166	246
	628	-167
Net Income/loss before income taxes	2,510	21
Income tax expense (see note 11)	-1,257	-80
Net income/loss	1,253	-59
Net Earnings per common share		
Basic	0.40	-0.03
Diluted	0.40	-0.03

The accompanying notes are an integral part of these statements

Supplemental Disclosures:

(ref. to Consolidated Statements of Cash Flows, page 23)

(Amounts in thousand)

	2000	1999
	EUR	EUR
Cash paid for interest	756	292
Cash paid for taxes	595	530
Equipment acquired under capital leases	357	-
Issuance of note payable for assets acquired - Medtronic	1.038	-

The accompanying notes are an integral part of these statements

Consolidated Statements of Cash Flows
Year ended December 31

(Amounts in thousand)

	2000	1999
	EUR	EUR
Cash flows from operating activities		
Net income/ loss	1,253	-59
Adjustments to reconcile net earnings to net cash		
provided by operating activities:		
Depreciation and amortization	2,559	1,706
Amortization of Goodwill	362	48
Proceeds from grants, net	2,703	309
Effect of exchange rates on operating cash flows	- 8	-4
Deferred income taxes	85	-614
Changes in long-term accruals	140	103
Stock based compensation	281	8
Calculated interest on discounted debts	120	-262
Gain (-), loss on sale of affiliates	18	-14
Gain (-) on sale of available-for-sale securities, net	-532	-132
Other, net	289	255
Change in assets and liabilities:		
Accounts receivable	-3,801	-986
Inventories	-1,311	-763
Prepaid expenses and other current assets	143	-297
Accounts payable	973	1,581
Income taxes payable	269	-50
Accrued liabilities	1,427	1,063
Deferred revenues	-405	518
Other liabilities	-1,198	380
Net cash provided by operating activities	3,367	2,790
Cash flows from investing activities		
Additions to property, plant and equipment and intangible		
assets, net of disposals	-8,418	-5,257
Acquisitions, net of cash acquired	-14,921	-3,821
Investments in or sales of affiliates	332	-427
Proceeds from sales of available-for-sale securities	11,571	810
Purchases of available-for-sale securities	-8,804	-6,681
Increase decomissioning sinking fund and other deposits	-234	-120
Net cash used by investing activities	-20,474	-15,496
Cash flows from financing activities		
Long-term borrowing	2,611	393
Repayment of long-term debt	-323	-722
Change in short-term borrowing	-98	-241
Proceeds from issuance of common stock, net	17,290	9,474
Net cash provided by financing activities	19,480	8,904
Effect of exchange rate changes on cash and cash equivalents	11	40
Net change in cash and cash equivalents	2,384	-3,762
Cash and cash equivalents - beginning of the year	1,069	4,831
Cash and cash equivalents - end of the year	3,453	1,069

The accompanying notes are an integral part of these statements

Consolidated Balance Sheets December 31

(Amounts in thousand)

Assets	2000	1999
Current Assets:	EUR	EUR
Cash and cash equivalents	3,453	1,069
Trade accounts receivable, less allowance of	5,102	1,341
TEUR 246 in 2000 and TEUR 164 in 1999		
Receivables from related parties	353	313
Inventories	3,154	1,843
Investments in available-for-sale securities	3,768	6,003
Deferred income taxes	257	585
Other current assets and prepaid expenses	688	831
Total current assets	16,775	11,985
Property, plant and equipment	18,636	9,491
Investments in affiliates	71	420
Notes receivable, related parties	119	119
Deferred income taxes, long term	9	-
Other long term assets	454	221
Intangible assets	14,434	3,161
Total Assets	50,498	25,397
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	1,914	986
Accrued liabilities	2,543	1,116
Current portion of long-term debt and short-term notes payable	916	964
Related party liabilties	129	34
Income taxes payable	430	161
Deferred revenues	1,022	639
Other short-term liabilities	677	1,875
Total current liabilities	7,631	5,775
Notes payable to banks	3,118	1,643
Notes payable, related parties	171	-
Other long-term notes payable	908	-
Other long-term liabilities	1,094	1,201
Deferred income taxes, long-term	606	839
Deferred revenues	4,697	2,782
Total liabilities	18,225	12,240
Stockholders' equity		
Common stock, no-par value, 4,500,000 shares authorized; 3,250,000		
and 3,000,000 shares issued and outstanding as of December 31, 2000 and 1999, respectively	3,250	3,000
Additional paid-in capital	26,926	9,431
Accumulated other comprehensive income	902	784
Retained earnings/ Accumulated deficit	1,195	-58
Total stockholders' equity	32,273	13,157
Total liabilities and stockholders' equity	50,498	25,397

The accompanying notes are an integral part of these statements

Statement of Shareholders' Equity December 31, 2000 and 1999

(Amounts in thousand EUR, except share data)

	Common stock		Additional paid-in capital	Retained earnings	Acc. Other Comprehensive Income	Total Shareholders' Equity
	Shares	Amount				
Balance, December 31, 1998	22,472	57	2,499	1		2,557
conversion of paid-in-capital into common stock and conversion from 5 DM par value shares to no-par value shares	2,532,528	2,498	-2,498			
Issuance of common stock in initial public offering	445,000	445	9,790			10,235
Offering cost (net of tax, TEUR 393)			-368			-368
Stock-based compensation			8			8
Net income				-59		
Other comprehensive income:						
Unrealized gain and loss on investments in certain debt and equity securities						
Unrealized holding gains arising during the period (net of tax, TEUR 148)					138	
Foreign currency translation adjustment					646	
Total comprehensive income:						725
Balance, December 31, 1999	3,000,000	3,000	9,431	-58	784	13,157
Issuance of common stock in public offering	250,000	250	17,375			17,625
Offering cost (net tax of TEUR 174)			-161			-161
Deferred compensation stock option plan			281			281
Net loss				1,253		
Other comprehensive income:						
Unrealized gain and loss on investments in certain debt and equity securities						
Unrealized holding gains arising during the period (net tax of TEUR 18)					-17	
Less: reclassification adjustment for gains including in net income					-138	
Foreign currency translation adjustment					273	
Total comprehensive income:						1,371
Balance, December 31, 2000	3,250,000	3,250	26,926	1,195	902	32,273

The accompanying notes are an integral part of these statements.

Notes to Group Financial Statements December 31, 1999 and 2000

1. ORGANIZATION AND DESCRIPTION OF BUSINESS

Eckert & Ziegler Strahlen- und Medizintechnik AG, Berlin (hereinafter called "Eckert & Ziegler AG" or "the Company") is a world-market leader in the development, testing, manufacturing and marketing of low radioactive sources, so-called "Seeds", used in the treatment of cancer and cardiovascular diseases. Current areas of application include prostate cancer, eye cancer, and arteriosclerosis. Considerable success in treatment as compared with conventional methods are achieved in these cases with short-term, weak radiation, known as brachytherapy. Additionally, the use of seed therapy allows for a minimally invasive approach which results in reduced side-effects and treatment costs.

In addition to medical components, Eckert & Ziegler AG offers radioactive sources for use in specialized measuring devices or for scientific applications.

The Company competes in a market characterized by rapid technological innovation, significant research efforts and continual scientific discoveries. This market is also subject to significant regulatory oversight at the federal, state and local levels. The regulatory bodies include among others, the "Landesamt für Arbeitsschutz, Gesundheitsschutz und technische Sicherheit, Berlin", the "CETECOM, Essen", or the "RWTÜV, Essen", as well as the U.S. counterparts of these institutions, as for example the FDA or the Nuclear Regulatory Commission (NRC). The Company is therefore directly affected by changes in technology and products, as they may apply to cancer treatment, governmental regulations related to its industry and the well being of the healthcare industry.

2. BASIS OF PRESENTATION

The accompanying consolidated financial statements of Eckert & Ziegler AG, were prepared in accordance with accounting principles generally accepted in the United States (US GAAP), as is permitted under the reporting provisions for entities listed on the German Neuer Markt.

However, in order to comply with Section 292 a of the HGB (German Commercial Code), the consolidated financial statements presented under US GAAP were supplemented with a group management report and additional explanations within the notes. Therefore, the consolidated financial statements, which have to be filed with the Commercial Register and published in the Federal Gazette, comply with the Fourth and Seventh Directives of the European Community. For the interpretation of these directives we relied on DRS No. 1 (Deutsche Rechnungslegungsstandard) issued by the German Accounting Standard Committee, which has also been approved by the European Commission and the German Federal Department of Justice. Departures from GERMAN GAAP relate to the following areas:

– Capitalization of patent costs
– Capitalization of tax shield up and intangible assets while performing purchase price accounting for IPL
– Capitalization of interest expenses arising in connection with self-constructed assets
– Capitalization of leasing according to FAS 13
– Foreign currency translation according to FAS 52
– Valuation of securities available for sale in accordance with FAS 115
– Amortization of debt discount over the life time of the loan
– Calculation of deferred taxes according to the liability method under FAS 109
– Calculation of deferred taxes on losses carried forward according to FAS 109
– Offsetting of costs arising in connection with the raising of shareholders' equity with the capital reserve
– Application of APB Opinion No. 25 for the stock option plan
– Accounting for Pensions under FAS 87

The consolidated financial statements and the group management report as of December 31, 2000 prepared in accordance with Section 292 a of the HGB (German Commercial Code) and filed with the Commercial Register in Berlin Charlottenburg under the number, HRB 64 997, will be provided to shareholders on request.

The consolidated financial statements include the accounts of the Company and its subsidiaries, unless control has been deemed to be temporary. Consolidated subsidiaries include BEBIG Isotopentechnik und Umweltdiagnostik GmbH ("BEBIG GmbH"), Berlin; EUROTOPE Entwicklungsgesellschaft für Isotopentechnologien mbH, Berlin; Iso-Science Laboratories, Inc., doing business as Isotope Products Laboratories, Burbank, USA, and CESIO spol. s.r.o., Prague, Czech Republic; as well as the Companys'

80 % interest in jojumarie Intelligente Instrumente GmbH, ("jojumarie GmbH"), Berlin (a subsidiary of BEBIG GmbH). The Companys' 25.1 % participation in Isotope Products Europe Blaseg GmbH, Waldburg, is included in the accompanying consolidated statements using the equity method of accounting. At the end of 1999 the 100 % subsidiary BEBIG Trade GmbH (a former subsidiary of BEBIG GmbH; see note 6) as well as a 35 % investment in G.O.T. Gesellschaft für Therapieoptimierung und Targeting mbH was included in the accompanying consolidated statements using the equity method of accounting. All significant intercompany accounts and transactions have been eliminated in consolidation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition – Revenue from product sales is recognized when earned, generally upon shipment. No warranty coverage or right of return provisions are given to customers. Licensing fees are recognized in the period to which they relate.

Advertising – Expenditures for advertising and for other sales-related expenses are charged to expense as incurred. Advertising expense was not significant for each of the two years in the period ended December 31, 2000.

Research and Development – Research and development costs are expensed as incurred.

Earnings Per Share – Basic earnings per share is calculated by dividing net income by the weighted average number of shares outstanding. Diluted earnings per share reflects the potential dilution that would occur if all options to issue Ordinary Shares were exercised. It is computed by dividing the net income by the sum of the weighted average number of common shares outstanding for the period plus the assumed exercise of all dilutive securities by applying the treasury stock method. Net income represents the earnings of the Group after minority interests.

Property, Plant and Equipment – Property, plant and equipment is valued at acquisition or manufacturing costs less accumulated depreciation. Depreciation expense is recognized using the straight-line method. Property and equipment held under capital leases, which involve a transfer of ownership, are amortized over the estimated useful life of the asset. Other property and equipment held under capital leases and leasehold improvements are amortized over the shorter of the lease term or the estimated useful life of the related asset. The costs of self-constructed equipment and facilities include all direct costs and allocable manufacturing overhead. Self-constructed assets primarily concern the construction of production units. Costs of the construction of certain long-term assets include capitalized interest which is amortized over the estimated useful life of the related asset. Interest costs capitalized were TEUR 352 and TEUR 89 in 2000 and 1999 respectively.

The depreciation period is determined according to the expected service life. The following useful lives are assumed:

Buildings	39 to 45 years
Leasehold improvements	10 to 15 years
Technical assets and machines	4 to 10 years
Other equipment, factory and office equipment	4 to 12 years.

Tangible assets with purchase costs up to EUR 409 (DM 800) are expensed in the year of acquisition. Assets purchased with costs exceeding EUR 409 (DM 800) are capitalized and will be depreciated over the expected useful lives. Upon retirement or sale, the cost of assets disposed of and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is credited or charged to income.

A significant portion of the Companys' depreciable assets are utilized in the production of its products. Management periodically evaluates the realizability of its depreciable assets in light of its current industry environment. Management believes that no impairment of depreciable assets exists at December 31, 2000. It is possible, however, that managements' estimates concerning the realizability of the Companys' depreciable assets could change in the near term due to changes in the technological and regulatory environment.

Intangible Assets – Intangible assets consist primarily of patents, licenses, trademarks and goodwill. Purchased intangible assets, other than goodwill, are valued at acquisition cost and are generally amortized over their respective useful lives (2 to 20 years) on a straight-line basis. Goodwill represents the excess of the aggregate purchase price over the fair value of net assets acquired and is amortized on a straight-line basis over 15 years.

Cash and Cash Equivalents – The Company considers all highly liquid financial instruments purchased with a maturity of three months or less to be cash equivalents. The carrying value of these financial instruments approximates fair value due to their short-term nature.

Investments – Investments in marketable securities are classified as available for sale and are reported at fair value based upon quoted market prices at the balance sheet date. Unrealized gains and losses on available-for-sale securities are included in accumulated other comprehensive income, net of applicable deferred income taxes.
Investments in 20 % to 50 % owned affiliates are reported under the equity method of accounting.

Restricted Cash – As of December 31, 2000 and 1999, there was restricted cash of TEUR 382 (k$ 359) and TEUR 177 (k$ 178), respectively, for the future remediation and dilapidation of IPLs' facilities. These amounts are legally restricted and mandated by the state. At December 31, 2000 and 1999, restricted cash is classified as other assets – long term.

Inventories – Inventories, consisting primarily of raw materials, work in process and finished goods, are valued at the lower of acquisition cost or market. Cost of radioactive materials located at BEBIG GmbH are generally determined on the basis of the first-in, first-out method ("FIFO"), which corresponds to the actual consumption habits. Cost of raw materials located at IPL and all other inventories are valued at average cost. Provisions for obsolete or excess inventory are made based on managements' analysis of inventory levels and future sales forecasts.

Accrued Pension Liability – The Company's wholly owned subsidiary, BEBIG Isotopentechnik und Umweltdiagnostik GmbH, sponsors a defined benefit pension plan covering a single member of management. The valuation of a pension liability is based upon the projected unit credit method in accordance with Statement of Financial Accounting Standards ("SFAS ") 87, "Employers accounting for Pensions". Pension expense was not significant for each of the two years in the period ended December 31, 2000.

Use of Estimates – Preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Income taxes – Deferred income taxes are provided for using the asset and liability method under Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes. Under the assets and liability method, deferred tax assets and liabilities are recognized for the future tax consequence attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rate is recognized in income in the period that includes the enactment date. A valuation allowance is recorded to reduce the carrying amounts of deferred tax assets unless it is more likely than not that such assets will be realized.

Stock Option Plan – The Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 123, Accounting for Stock-Based Compensation ("SFAS no. 123"), which permits entities to recognize as expense over the vesting period the fair value of all stock-based awards on the date of grant. SFAS No. 123 superseded certain provisions of Accounting Principles Board ("APB") Opinion No. 25, Accounting for Stock Issued to Employees, and related interpretations.

SFAS No. 123 also allows entities to continue to measure compensation expense for their Employee plans using the intrinsic value based method of APB Opinion No. 25 and provide pro forma net income and pro forma earning per share disclosures as if the fair-value based method defined in SFAS No. 123 had been applied. Under the intrinsic value based method, compensation cost is the excess, if any, of the quoted market price of the stock at grant date or other measurement date over the amount an employee must pay to acquire the stock. The Company has elected to apply the provisions of APB Opinion No. 25 and provide the pro forma disclosure provision of SFAS No. 123 for its granted employee stock options.

Foreign currency translation – The Company applies the policies of Financial Accounting Standards No. 52, Foreign Currency Translation, in translating the financial statements of its affiliates. The local currency has been designated as the functional currency for each affiliate. Accordingly, all assets and liabilities have been translated at the current exchange rate as of the balance sheet date. Revenue and expenses have been translated at the weighted average monthly exchange rates prevailing during the year. Gains and losses resulting from the translation of the subsidiarys' financial statements are recorded within other comprehensive income. Foreign currency transaction gains and losses are included in determining net income.

The following is a summary of the changes in cumulative translation adjustment as of December 31, 2000 and 1999:

Investment and other grants – Amounts which the Company obtains from public or private grantors are recorded as deferred income in the year of receipt or used as a direct offset to certain incurred expenses for the period. Deferred items generally relate to grants received for the purchase of fixed assets and are recognized as income over the useful lives of the respective assets. During 1999 and 2000 the Company recorded TEUR 1,362 and TEUR 3,618 in grant funds received.

Comprehensive income – SFAS No. 130, Reporting Comprehensive Income, required a full set of general purpose financial statements to be expanded to include the reporting of comprehensive income. Comprehensive income is comprised of two components, net income and other comprehensive income. For the years ended December 31, 2000 and 1999, items qualifying as other comprehensive income were unrealized gain or loss on investments and the effects of translating foreign subsidiaries into the reporting currency.

(Amounts in thousand)

	2000	**1999**
	EUR	EUR
Translation adjustment, beginning of year	646	-
Change in cumulative translation adjustment during the year	273	646
Translation adjustment, end of year	919	646

4. INVENTORIES

Inventories consist of the following at December 31, 2000 and 1999

(Amounts in thousand)	2000	1999
	EUR	EUR
Raw materials	2,534	1,287
Finished goods	583	605
Work in progress	384	297
	3,501	2,189
Less: Reserve for Excess/ Obsolete	-347	-346
	3,154	1,843

5. INVESTMENTS IN AVAILABLE FOR SALE SECURITIES

The following is a summary of current available-for-sale marketable securities at December 31, 2000 and 1999:

(Amounts in thousand)				December 31, 2000
	EUR	EUR	EUR	EUR
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Debt securities	2,864	19	2	2,881
Equity securities	473	8	60	421
Investment funds	461	5	-	466
Total current available-for-sale securities	3,798	32	62	3,768

(Amounts in thousand)				December 31, 1999
	EUR	EUR	EUR	EUR
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Debt securities	910	15	8	917
Equity securities	331	120	1	450
Investment funds	4,476	175	15	4,636
Total current available-for-sale securities	5,717	310	24	6,003

The amortized cost and estimated fair value of current debt securities at December 31, 2000, by contractual maturity , are shown on the right:

(Amounts in thousand)		
	EUR	EUR
	Amortized Cost	Estimated Fair Value
Debt: securities		
Due in one year or less	-	-
Due after one year through five years	2,864	2,881
Total debt securities	2,864	2,881

The following table summarizes sales of available for sale securities for the years ended December 31, 2000 and 1999. The average method was used to determine cost in computing realized gain or loss.

(Amounts in thousand)	2000	1999
	EUR	EUR
Proceeds from sales	11,571	810
Gross realized gains	540	132
Gross realized losses	-8	-

6. ACQUISITIONS AND DISPOSALS

a) Acquisitions

On January 1, 1999, the Company acquired all the outstanding shares of Iso-Science Laboratories Inc., doing business as Isotope Products Laboratories Inc. ("IPL"), a California corporation concerned with the development and manufacturing of radioisotopes and related products for approximately TEUR 3,858 (k$ 4,457). The acquisition was affected by a cash payment in the amount of TEUR 2,018 (k$ 2,332), issuance of a note payable to the seller for TEUR 1,580 (k$ 1,825) and issuance of a note payable to the president of IPL for TEUR 260 (k$ 300). The acquisition is recorded under the purchase method of accounting and, accordingly, the results of operations of IPL have been included in the accompanying consolidated financial statements since the date of acquisition. The purchase price, which includes related costs, has been allocated to assets acquired and liabilities assumed based on the fair market value at the date of acquisition with the remainder being recorded as goodwill. The resulting goodwill is being amortized on a straight-line basis over 15 years.

A summary of the assets acquired and liabilities assumed in the acquisition follows:

(Amounts in thousand)	
	EUR
Purchase price	3.858
Equity aquired	1.041
Excess purchase price over equity	2.817
Net tangible assets aquired	397
Excess remaining purchase price over assets	2.420
Intangible assets	
Assembled workforce	325
Trademarks/ Tradenames	325
Licenses and permits	216
Customer relations	433
Technology/ Patents	433
Goodwill	688
	2.420

On August 23, 1999, BEBIG GmbH acquired the remaining 40 % interests in CESIO s.r.o. for TEUR 1 (40,000 CZK). The purchase price represented the book value of the purchased shares and approximated fair value as of the purchase date.

On September 1, 1999, Eckert & Ziegler AG acquired a 65 % interest in G.O.T. Gesellschaft für Therapieoptimierung und Targeting mbH, Berlin ("G.O.T.") for TEUR 654. On November 15, 1999, Eckert & Ziegler AG sold 30 % of its 65 % interest in G.O.T. to a venture capital company for TEUR 332, resulting in a gain of TEUR 30.

On November 9, 1999, Eckert & Ziegler AG acquired 25.1 % interests in ISOTOPEN DIENST Blaseg GmbH, Waldburg, subsequently Isotope Products Europe Blaseg GmbH, for TEUR 83.

In December 1999, BEBIG GmbH acquired the remaining 60 % interests in BEBIG Trade GmbH with the intention of reselling this company as a whole for TEUR 21. On January 3, 2000 BEBIG Trade GmbH was sold to Eckert Consult Organisations- und Strategieberatung GmbH, a related party, for TEUR 26. A loss of TEUR 16 was realized on this transaction (see note 15).

In June 2000, Eckert & Ziegler AG and its subsidiary IPL entered into an asset purchase agreement with DuPont Pharmaceuticals Company (DuPont) to acquire certain assets of DuPont for approximately EUR 14.9 million. Eckert & Ziegler AG paid EUR 1.1 million for certain intellectual property it retained from the acquisition while IPL paid approximately EUR 13.8 million for the assets it acquired and retained including acquisition costs. The acquisition is recorded under the purchase method of accounting and, accordingly, the results of operations of the DuPont assets have been included in the accompanying consolidated financial statements since the date of acquisition. The purchase price, which includes related costs, has been allocated to assets acquired based on the fair market value at the date of acquisition with the remainder being recorded as goodwill. The resulting goodwill is being amortized on a straight-line basis over 15 years. The Company was unable to obtain financial information for the period prior to the date of acquisition. As a result, the Company is unable to present pro-forma information for periods presented prior to the acquisition date.

Allocation of the purchase price is based on the estimated fair value of the assets at the date of acquisition as follows:

(Amounts in thousand)	
	EUR
Purchase price	14,921
Net tangible assets aquired	3,274
Excess purchase price over assets	11,647
Intangible assets	
Product licenses	1,139
Customer relationships	1,164
Manufacturing technology	593
Covenant not to compete	740
Goodwill	8,011
	11,647

b) Disposals

On July 6, 2000 the Company sold its 35% interest in G.O.T. Gesellschaft für Therapieoptimierung und Targeting Entwicklungs mbH for TEUR 334. Unamortized goodwill relating to G.O.T. of TEUR 352 was written-off in conjunction with the sale resulting in a net transaction loss of TEUR 18. An additional loss of TEUR 46 was incurred as the transaction lead to the write-off of a loan given to the former shareholders of G.O.T. mbH in 1999.

7. PROPERTY, PLANT AND EQUIPMENT

In September 2000 jojumarie GmbH, a subsidiary of BEBIG GmbH acquired, for approximately EUR 1.1 million, the SurgiScope medical robot product line from Medtronic Inc., Minnesota, USA, and with it the rights to one of the worlds' first and most frequently installed ceiling-mounted medical robots. The agreement between both companies also covers a cooperation in the servicing, development, and sale of robotic products. The acquisition of the product line was accompanied by the acquisition of a service and development group located in Grenoble, France. The Company is completing the review and determination of certain margin rights acquired with the purchase. Accordingly, the allocation of the purchase price is subject to revision based on the final determination of the respective values.

A summary of the assets acquired and liabilities assumed in the acquisition follows:

(Amounts in thousand)	
	EUR
Purchase price	1.126
Net tangible assets, inventory, WiP aquired	730
Liabilities assumed	-391
Excess purchase price over assets - liabilities	787
Intangible assets	
Customer list	19
Technology	58
Tradename	58
Patents	115
Technical documentation	12
Goodwill	525
	787

The transaction was financed by a note payable to the seller of TEUR 1,126 (k$ 975). Furthermore the Company received an additional loan from Medtronic in the amount of TEUR 664 (k$ 600). This loan shall be repaid out of the sales margin of 3 SurgiScope Systems in which Medtronic is acting as sales agent on behalf of the Company. In the event that upon the completion of the sales the aggregate SurgiScope margins are less than the loan balance, Medtronic will forgive the remaining balance. There is currently no payable due date on the loan.

In May 2000, IPL acquired the assets of The Source, Inc., a designer, developer and manufacturer of radioactive calibration and reference materials located in New Mexico, for approximately TEUR 449 (k$ 422). The Company paid TEUR 213 (k$ 200) for certain inventory and equipment and issued a five year note payable to the seller for TEUR 236 (k$ 222) representing a covenant not to compete for a period of five years. Pursuant to the acquisition agreement, IPL has contingent payment obligations to the former owner of The Source, Inc. based on 20% to 33.33% of sales, as further defined in the agreement, during the two year period following the date of acquisition. The maximum contingent obligation is TEUR 160 (k$ 150) and TEUR 106 (k$ 100) during the first and second year, respectively. These contingent obligations will be accounted for as additional purchase price. For the year ended December 31, 2000 IPL has recorded TEUR 42 (k$ 39) of such contingent payment obligations.

In December 2000, the Company completed the construction of a new facility, for administration and manufacturing at the Companys' Berlin location. Total cost for this facility was approximately TEUR 2,065 and have been capitalized in buildings within property, plant and equipment. The land on which the facility was created is owned by the state Berlin, therefore, a long term lease agreement was concluded with BBB GmbH, the administrator of this land (see note 12).

The Companys' property, plant and equipment is summarized as follows at December 31, 2000 and 1999:

(Amounts in thousand)	2000	1999
	EUR	EUR
Land	72	67
Buildings	3,579	1,484
Leasehold improvements	1,503	1,314
Furniture and office equipment	1,471	657
Machinery and equipment	12,118	6,876
Construction in progress	4,836	2,210
Total	23,579	12,608
Less: Accumulated depreciation and amortization -		
Owned assets	-4,907	-3,108
Assets under capital leases	-36	-9
	18,636	9,491

Property, plant and equipment includes TEUR 351 and TEUR 16 of assets under capital leases at December 31, 2000 and 1999, respectively. Amortization expense related to assets under capital leases was TEUR 27 and TEUR 4 for the years ended December 31, 2000 and 1999, respectively.

The development of the fixed assets of the corporate group is shown in the appended consolidated fixed-asset movement schedule as of December 31, 2000.

8. NOTES PAYABLE

Notes payable as of December 31, 2000 and 1999, consist of the following:

(Amounts in thousand)	2000	1999
	EUR	EUR
Loan payable to IKB net of debt discount of TEUR 142 and TEUR 262 in 2000 and 1999, secured by 2 personal guarantees of members of the Board of Management, interest 8,6% p.a. plus 3% dependent on profit payable on June 30, 2008	1,662	2,549
KfW loan payable to Commerzbank, secured by a guarantee of Eckert & Ziegler AG, payable in half-yearly installments of TEUR 80 (k$ 75) and quarterly interest payments of 7,38% p.a.	1,597	-
ERP loan payable to Berliner Volksbank, secured by various company assets and personal guarantees of management, payable in half-yearly installments of TEUR 13 and quarterly interest payments of 6% p.a.	-	25
KfW loan payable to Berliner Volksbank, secured by various company assets and personal guarantees of management, payable in half-yearly installments of TEUR 3 and quarterly interest payments of 5,75%	-	5
KfW loan payable to Deutsche Bank, secured by various company assets, payable in half-yearly installments of TEUR 13 and quarterly interest payments of 6,55%	-	13
Loan payable to Berliner Sparkasse, secured by a guarantee of Eckert & Ziegler AG, payable in monthly installments of TEUR 1 including 8% p.a. interest	-	15
Notes payable to Wells Fargo, secured by certain machinery and equipment, payable in yearly installments of TEUR 5 (k$ 5) plus interest ranging from 9,5% to 10,9%	24	-
Total notes payable to banks:	3,283	2,607
- short term portion	165	964
	3,118	1,643
Note payable to Medtronic, payable in quarterly installments of TEUR 65 (k$ 61) plus interest of 3,0% p.a. beginning September 2001	1,038	-
Note payable to Medtronic, payable out of the excess of SurgiScope revenues plus interest of 6,0% p.a.	621	-
Total other notes payable:	1,659	-
- short term portion	751	-
	908	-

The loan payable to the IKB in the original amount of TEUR 2,812 has a repayment period of 10 years and is to be fully repaid on June 30, 2008. An early repayment with payment of a cancellation fee is possible. In case of insolvency IKB has subordinated its claim to receive repayments. TEUR 1,007 and TEUR 0 was paid back according to plan in 2000 and 1999, respectively.

IPL has a line of credit agreement with a bank, which provides for borrowings of up to TEUR 532 (k$ 500) at an annual interest rate of U.S. prime plus 2%. Borrowings under this line of credit agreement are collateralized by IPLs' accounts receivable. At December 31, 2000 IPL had no outstanding borrowings under this line of credit agreement. The line of credit expires in June 2001, if not renewed.

Annual maturities of long-term debts outstanding at December 31, 2000 are as follows:

(Amounts in thousand)	
Years ending December 31:	
	EUR
2001	916
2002	425
2003	425
2004	425
2005	290
thereafter	2,461
	4,942

9. STOCKHOLDERS' EQUITY

On March 30, 1999, the Companys' shareholders approved the conversion of the share capital from DM 112,360, 5 par value to Euro 57,449 no-par value shares based on the legally established conversion rate of Euro 1 to DM 1.95583. Additionally, the Company converted EUR 2,497,551 in paid-in-capital to common stock resulting in 2,555,000 of authorized and outstanding shares of common stock.

On March 30, 1999 the general shareholders meeting authorized the cancellation of 4,528 in authorized, yet unissued shares. In addition, the managing board was authorized to increase, with the agreement of the Supervisory Board, the capital stock of the company up to a total of 1,500,000 authorized shares as needed by issuing new common or preferred shares payable to the bearer for noncash or cash contributions until March 31, 2004. In connection with the authorized increase in shares, the management board, with agreement of the Supervisory Board, was authorized to exclude the subscription rights of those shareholders existing prior to the increase. The exclusion of subscription rights is only effective in so far as the capital increase is made for the purpose of acquiring an investment or for issuing new market shares.

In addition, the Company was authorized according to § 71 paragraph 1 number 8 AktG to acquire its own shares. The authorization expired on September 30, 2000. As of December 31, 2000 no shares have been acquired.

On April 30, 1999 the general shareholders meeting voted to conditionally increase the capital stock of the company by 300,000 shares by issuing new individual share certificates payable to bearer (authorized but unissued capital). The conditional increase of capital stock may be carried out only in so far as the new shares are authorized as grants in conjunction with the employee stock option plan (see note 10).

On May 25, 1999 the Company completed the offering of 445,000 shares of its common stock on the German Neue Markt at EUR 23.00 per share. The Company received proceeds of TEUR 9,474, after deducting commissions and issuance costs of TEUR 761.

In June 2000 the Eckert & Ziegler AG approved a capital increase to fund the acquisition of the worldwide sources business from DuPont Pharmaceuticals Company, Delaware (USA). Funding was provided through the issuance of 250,000 new no-par-value shares on the Neue Markt and resulted in proceeds of TEUR 17,290 after deducting commissions and issuance costs of TEUR 335.

10. EMPLOYEE STOCK OPTION PLAN

On April 30, 1999, the general shareholders meeting authorized a stock incentive plan for employees and management of the company and its subsidiaries. The plan authorizes grants of options to purchase a maximum of 300,000 shares of authorized but unissued common stock. A single option entitles the holder to receive one share of common stock. The exercise price for the initial grant is equal to the stock price associated with the Companys' initial public offering, while the exercise price for subsequent grants is calculated as the average stock price of the last five days prior to the date the board authorizes grant of the options.

Awards issued vest over a two year period from the date of grant and may only be exercised during specific exercise periods. Additionally, the option may only be exercised, subsequent to vesting, if the performance of the Company shares in the period between the grant date and the day of proposed exercise exceeds the share performance of the NEMAX all shares index during the same period. Awards granted have a maximum term of five years after the vesting period. Options are subject to cancellation in the event of termination of employment prior to exercise. If the performance criteria is met, options granted in 1999 can be first exercised on March 31, 2002 while options granted in 2000 may be first exercised on November 15, 2002.

Stock option transactions for each of the two years in the period ended December 31, 2000, are summarized below:

	1999		2000	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding beginning of year	-		23,250	23.00 EUR
Granted	23,250	23.00 EUR	31,000	62.30 EUR
Exercised	-		-	
Forfeited	-		1,500	45.46 EUR
Outstanding end of year	23,250	23.00 EUR	52,750	45.46 EUR

The following table summarizes information about the stock options granted in 1999 and 2000:

	1999			2000		
	Shares	Weighted Average Exercise Price	Weighted Average Fair-value	Shares	Weighted Average Exercise Price	Weighted Average Fair-value
Exercise price less than market price of stock at grant date	23,250	23.00 EUR	48.00 EUR	31,000	62.30 EUR	71.20 EUR

The following table summarizes information about the stock options outstanding at December 31, 2000:

			Options Outstanding
Exercise Price	Options Outstanding at December 31, 2000	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price
23.00 EUR	22,000	6.25 years	23.00 EUR
62.30 EUR	30,750	6.87 years	62.30 EUR

As of December 31, 2000 there were no exercisable options.

The Company applies APB Opinion No. 25, "Accounting for Stock Issued to Employees", in accounting for its Plan. Accordingly, compensation expense will be recognized based on the number of shares to be exercised and the difference between the grant price and the market price as of each balance sheet date, with final compensation expense being calculated upon fulfillment of the vesting and performance criteria. This future expense will result in a related increase in additional paid-in capital. Total expense incurred to date under APB 25 was TEUR 281 and TEUR 8 in 2000 and 1999, respectively.

Had the Company determined compensation cost based on the fair value at the grant date for its stock options under SFAS No. 123, "Accounting for Stock-Based Compensation", the Companys' net income would have been increased in 1999 and reduced in 2000. Under SFAS 123, the fair value of each option grant on the date of grant is estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	2000	1999
Expected dividend yield	-	-
Risk-free interest rate	5.0%	4.0%
Expected volatility	77.6%	65.0%
Expected life	2.12 years	2.28 years
Weighted average fair value	19.67 EUR	22.08 EUR

For purposes of the pro forma calculation, the estimated fair value of the options is amortized to expense over the options' vesting periods. The Companys' pro forma information follows (Euro in thousand, except per share amounts):

(Amounts in thousand, except per share)

	2000	1999
	EUR	EUR
Net income:		
As reported	1,253	-59
Pro forma	1,239	-58
Earnings per share		
As reported basic	0.40	-0.03
As reported diluted	0.40	-0.03
Pro forma basic	0.39	-0.03
Pro forma diluted	0.39	-0.03

11. INCOME TAXES

The following tax rates were used for calculation of taxes in Germany and result in an aggregate statutory tax rate of 52.0 % for the Company:

Municipal trade tax:	5 % and 410 % municipal factor
Corporate income tax:	40 %
Solidarity surcharge:	5.5 %

The income tax provision (benefit) consists of the following components for the years ended December 31, 2000 and 1999:

(Amounts in thousand)

	2000	1999
	EUR	EUR
Current:		
Germany	284	-
Foreign subsidiaries	695	321
Total:	979	321
Deferred:		
Germany	473	-93
Foreign subsidiaries	-195	-148
Total:	278	-241

Reconciliation of the Companys' tax expense based on the statutory tax rate and the Companys' effective tax rate is as follows:

(Amounts in thousand)

	2000	1999
	EUR	EUR
Statutory tax Germany	1,306	11
Change in tax rate	45	-
Stock based compensation	146	-
Taxes on income of foreign subsidiaries	-263	107
Non deductable items	29	66
Tax free income	-6	-104
Effective tax	1,257	80

On October 23, 2000, new legislation was signed into law which reduced the base corporate tax rate in Germany to 25 %. The new tax rate is effective January 1, 2001 for calender-year companies. Accordingly, the Company has re-measured its deferred tax assets and liabilities as of the year end using the new base rate. The TEUR 45 loss from re-measurement is recorded as income tax expense in 2000.

Deferred taxes are recorded based upon differences between the financial statement and tax basis of assets and liabilities and available carryforwards. The Companys' temporary differences result in deferred tax assets and liabilities at December 31, 2000 and 1999, summarized as follows:

(Amounts in thousand)	2000	1999
	EUR	EUR
		Germany
Deferred tax assets:		
Net operating loss and tax credit carryforwards	112	408
Historical cost and depreciation of asset differences	74	162
Inventory	25	52
Accrued liabilities	25	5
Other	-	4
Total deferred tax assets:	236	631
Deferred tax liabilities:		
Exchange rate differences	116	140
Valuation of securities	13	148
Total deferred tax liabilities:	129	288
Net deferred tax assets:	107	343

(Amounts in thousand)	2000	1999
	EUR	EUR
		Foreign subsidiaries
Deferred tax assets:		
Net operating loss and tax credit carryforwards	8	12
Allowance for doubtful accounts	78	-
Accrued vacation	62	45
Accrued decomissioning expense	84	66
State income tax	-	27
Other	12	-
Total deferred tax assets:	244	150
Deferred tax liabilities:		
Depreciation and amortization	63	-
State income tax	12	-
Tax shield gross up IPL	616	747
Total deferred tax liabilities:	691	747
Net deferred tax asset/ liability:	-447	-597

In accordance with German tax law, net operating losses and tax credit carryforwards do not expire. Net operating losses relating to the Companys' operations in France expire in 5 years from the date of incurrance if not used.

12. OTHER INCOME (EXPENSE)

The following table summarizes components of other income (expense) in 2000 and 1999, respectively:

(Amounts in thousand)	2000	1999
	EUR	EUR
Exchange rate differences	70	-250
Release of accruals	46	24
Development grants	-	291
Sale of customer list	-	92
Other	50	89
Total other income (expense)	166	246

13. COMMITMENTS AND CONTINGENCIES

a) Lease Commitments

The Company has entered into capital and operating leases, relating to equipment, automobiles, land and buildings. Rent expense was TEUR 510 and TEUR 350 for the year ended December 31, 2000 and 1999, respectively.

During 1999, IPL entered into a capital lease line of credit agreement with a total availability of TEUR 266 (k$ 250). The line of credit is for the financing of certain production machinery and equipment, and bears a variable interest rate to be determined upon lease commencement. At December 31, 2000 and 1999, IPL had borrowed TEUR 316 (k$ 297) and TEUR 108 (k$ 109), respectively, under this line of credit. Lease payments commence upon receipt of all machinery and equipment acquired under the line of credit agreement. In addition obligations under the line of credit are classified as a capital lease.

In conjunction with the newly constructed administration and manufacturing facility located in Berlin (see note 7) the Company has entered into a long-term operating property lease with BBB GmbH, the administrator of the land. The lease agreement will result in annual lease expense of TEUR 167 on a straight line basis over an assumed lease term of 45 years. The lease agreement calls for an initial term of 15 years with the option to extend the lease for 3additional 10 year periods. The total amount of lease expense under the agreement is subject to change as the agreement calls for re-calculation of the annual lease expense based on changes in the standard rental rates for property within the State of Berlin.

Future minimum lease payments under noncancelable operating leases (with initial or remaining lease terms in excess of one year) and future minimum capital lease payments as of December 31, 2000 are as follows:

(Amounts in thousand)		
	Capital Leases	**Operating Leases**
Years ending December 31		
	EUR	EUR
2001	87	688
2002	87	656
2003	87	613
2004	84	547
2005	42	415
thereafter	–	8.300
Total minimum lease payments	387	11.219
Less: Amount representing interest	-61	
Present value of net minimum lease payments	326	
Less: Current portion	-58	
	268	

b) Contingencies

In December 2000 the Company completed the construction of a new production line. The line was built under a facility set-up and manufacturing agreement with an important supplier of medical devices. Due to changes in market conditions the customer is seeking to cancel the facility setup agreement and be reimbursed for payments made to the Company in conjunction with certain setup milestones. The Company is of the opinion that it has fulfilled all contractual obligations for the milestone payments received to date and additionally, is seeking further payments from the customer for all milestones achieved in regards to the agreement. The Company is currently in negotiation for a settlement with the customer for which the outcome is uncertain at this time. However, a negative impact to the profit and loss statement is not expected.

The German tax authorities are currently performing an examination of the German group entities, excluding Eckert & Ziegler AG, for the fiscal years ended 1996 through 1998. A final assessment of the examination has not been received from the tax authorities, therefore, a reasonable estimation of the examination outcome cannot be made at this time.

14. OPERATING SEGMENTS

The Eckert & Ziegler group has organized its business into four reporting units. These units offer different products and are also separated organizationally by location. Two of the units represented more than 95% of the groups' sales and earnings in 2000; the Industry & Nuclear Imaging Source business and the Cardiology & Oncology Source unit.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. Segment information is unconsolidated, as is consistent with segmental information regularly reviewed by management. Within the Cardiology & Oncology segment, segment assets include the net investment in the Industry & Nuclear Imaging assets. Depreciation and amortization relating to the investment is included in the result of operations for the Industrial and Nuclear Imaging segment. Transfers between the segments are generally valued at market prices.

The Industry & Nuclear Imaging Source segment manufactures and sells standards, industrial sources and medical sources. Standards are represented by radioisotopes used for calibration purposes and are generally sold to scientific institutions. Industrial sources are comprised of various measurement devices used in industrial facilities and industrial applications and are generally sold to manufacturers of the measurement devices or their operators. Medical source include calibration sources used in nuclear medical applications and are sold to hospitals and manufacturers of nuclear imaging devices. In June 2000, the medical sources unit purchased the source unit assets of DuPont Pharmaceuticals (see note 6). The addition of the DuPont line covers the same product fields and is projected to contribute approximately EUR seven million in new sales per year.

The Cardiology and Oncology segment is focused on product expansion and development within these fields that will assure the Company continued participation in these ever growing areas. Particular focus within oncology includes the development of new seed therapies for prostate treatment, while restenosis prevention is a key focal point for cardiology. Besides the production and sale of already existing products within this segment, the development and construction of new manufacturing lines has been a point of focus in 2000. The customer base for Cardiology and Oncology tends to differ from that of the Industry & Nuclear Imaging segment, as here one finds predominantly large basis contracts with medical equipment manufacturers (OEM business model).

Year 2000

EUR in thousand

	Industry & Nucl. Imaging	Cardiology & Oncology	Other	Totals
Sales to external customers	16,636	6,329	649	23,614
Sales to other segments	365	452	417	1,234
Total segment sales	17,001	6,781	1,066	24,848
Equity earnings from affiliates	-	2	-	2
Depreciation and amortization	-1,615	-1,192	-114	-2,921
Interest income	36	1,046	3	1,085
Interest expenses	-582	15	-41	-608
Non cash related income/ expenses	100	224	-36	288
Income tax	-468	-807	18	-1,257
Net income from continuing operations	607	663	-19	1,251
Segment assets	25,761	41,304	3,067	70,132
Segment liabilities	13,034	2,967	2,798	18,799
Equity investments	-	71	-	71
Additions to fixed assets (without financial investments)	12,847	8,599	1,893	23,339

Year 1999

EUR in thousand

	Industry & Nucl. Imaging	Cardiology & Oncology	Other	Totals
Sales to external customers	7,221	2,631	127	9,979
Sales to other segments	9	371	161	541
Total segment sales	7,230	3,002	288	10,520
Equity earnings from affiliates	-	4	-	4
Depreciation and amortization	-884	-836	-34	-1,754
Interest income	10	324	-	334
Interest expenses	-147	579	-12	-738
Non cash related income/ expenses	310	1,067	-	1,377
Income tax	-166	94	-8	-80
Net income from continuing operations	-39	-35	27	-47
Segment assets	8,602	22,484	322	31,408
Segment liabilities	2,725	5,358	311	8,394
Equity investments	-	420	-	420
Additions to fixed assets (without financial investments)	1,336	7,700	42	9,078

(Amounts in thousand)

Reconciliation of Segments	2000	1999
	EUR	EUR
Net income from continuing operations		
Segments total	1,251	-47
Elimination of intersegment gains/losses	2	-12
Consolidated net income from continuing operations	1,253	-59
Interest expenses		
Segment totals	-608	-738
Intersegment interest expenses	445	101
Consolidated interest expenses	-163	-637
Interest income		
Segment totals	1,085	334
Intersegment interest income	-460	-110
Consolidated interest income	625	224
Segment assets		
Segments totals	70,132	31,408
Investments one segment holds in another	-9,123	-3,862
Receivables and loans between the segments	-10,491	-2,128
Elimination of intersegment gains in fixed assets	-20	-21
Consolidated total assets	50,498	25,397
Segment liabilities (as defined under HGB)		
Segment totals	18,799	8,394
Elimination of intersegment liabilities	-10,491	-2,128
	8,308	6,266

The segment totals for sales to external customers, depreciation and income taxes are the same as the consolidated values.

Sales by geographic area (in Mio. EUR)

	2000		1999	
North America	19.1	83%	6.8	68%
Europe	3.7	14%	2.6	26%
Asia / Pacific	0.7	3%	0.6	6%
Other	0.1	<1%	0.04	<1%
	23.6	100%	10.0	100%

The assets held by the Industry & Nuclear Imaging segment are located in North America, the assets of all other segments in Europe.

Major customers

There is no customer who represents more than 10 % of the Companys' consolidated revenues in 2000. In 1999 one customer of the Industry and Medical Reference segment comprised 1.4 Mio. EUR or 13 % of the consolidated sales.

15. EARNINGS PER SHARE

Earnings per common share was computed as follows (in thousand except per share data):

	Year ended December 31,	
	2000	1999
	EUR	EUR
Numerator for basic and diluted earnings per share-income available common shareholders	1,253	-59
Denominator for basic earnings per share - weighted average shares	3,146	2,181
Effect of dilutive stock options	15	1
Denominator for diluted earnings per share - weighted average shares	3,161	2,182
Basic earnings per share	0.40	-0.03
Diluted earnings per share	0.40	-0.03

16. RELATED PARTY TRANSACTIONS

In 2000, the Company sold 7 % of its 35 % investment in G.O.T. Gesellschaft für Therapieoptimierung und Targeting Entwicklungs mbH and 100 % of its investment in BEBIG Trade GmbH, a subsidiary of BEBIG Isotopentechnik und Umweltdiagnostik GmbH to Eckert Consult Organisations und Strategieberatung GmbH, the main shareholder of Eckert & Ziegler AG. The transactions resulted in a TEUR 34 loss recorded in Other Expense.

The Company employs Eckert Consult Organisations und Strategieberatung GmbH, a main shareholder of Eckert & Ziegler AG as an agent of the Company to provide certain publication and public relations materials. Expenses incurred were TEUR 32 and TEUR 86 in 2000 and 1999, respectively.

On December 31, 1999 the Company had receivables of TEUR 51 to Eckert Consult GmbH, which are included in Receivables from related parties in the accompanying financial statements.

Included in the 2000 financial statements is a TEUR 51 related party loan payable received by jojumarie from a member of the Eckert & Ziegler AG management. The loan bears interest at 11.25 % per year plus additional interest of 3.75 % dependent upon jojumaries' profitability. The loan can be repaid by jojumarie Intelligente Instrumente at any time with a 12 month advance notice or at the discretion of the member of management with a 3 month advance notice.

The 2000 financial statements include a TEUR 222 loan payable to the former owner of the Source and current consultant for IPL, relating to the purchase price of the Source. The note bears interest at 9.3 % and is repayable in monthly installments of TEUR 4 for the period June 2000 through December 2001 and TEUR 5 for the period January 2002 through June 2005.

In November 1999, the Company purchased certain rights to acquire a patent for TEUR 8. In February 2000, the Company sold the patent acquisition rights to NEMOD New Modalities Heilmittel GmbH, formerly BEBIG Trade GmbH, for their TEUR 8 acquisition price. Therefore no gain or loss was recorded on the transaction. Additionally, on January 3, 2000 Eckert & Ziegler AG entered into a service agreement with NEMOD in which Eckert & Ziegler provides certain administrative support for NEMOD. Eckert & Ziegler AG receives a monthly fee of TEUR 1 for these services.

The Companys' related party balances in accounts receivable, notes receivable, accounts payable and notes payable as of December 31, 2000 and 1999 are as follows:

(Amounts in thousand)	2000	1999
	EUR	EUR
Accounts receivable due from related parties	330	290
Notes receivable due from related parties	142	142
Accounts payable to related parties	27	34
Notes payable to related parties	273	-

Other Notes required by the German Commercial Code (HGB)

17. OTHER GAINS AND LOSSES

Other income (expense) contains prior periodic cost amounting to TEUR 56, which relate mainly to settlement of prior year rental and other service charges.

18. ADDITIONAL INFORMATION CONCERNING CONSOLIDATION PRINCIPLES

Company accounts included within the consolidated financial statements are presented at their purchased values or using equity method accounting in accordance with US GAAP. Companies are consolidated as of their acquisition date.

19. MANAGEMENT AND SUPERVISORY BOARD

In 2000, the total remuneration paid by Eckert & Ziegler AG to the members of the Board of Management amounted to TEUR 363, additionally 2,500 stock options were granted to a member of the Board of management. Remuneration paid to the members of the Supervisory Board totaled TEUR 19.

As of December 31, 2000, no advances or loans existed to members of the Board of Management of Eckert & Ziegler AG.

20. PERSONNEL

On average, 176 people were employed by the consolidated group companies during 2000. These people worked in the following departments:

Manufacturing	72
Research & Development	42
Administration	31
Sales	16
Quality Management	15
Total	176

Personnel costs for 2000 were as follows:

(Amounts in thousand)	2000
	EUR
Wages and salaries	7.675
Social security contribution and expenditures for pension benefits	957
-therein for pension	15

21. PLEDGED EQUIPMENT

Deposits received from a customer (as at December 31, 1999 TEUR 543, as at December 31, 2000 TEUR 183) are secured by certain equipment of the company.

22. FIXED ASSETS MOVEMENT SCHEDULE AS OF DECEMBER 31, 2000

	Acquisition and production cost				
	Jan 01, 2000	Additions	Disposals	Transfers	Dec 31, 2000
	TEUR	TEUR	TEUR	TEUR	TEUR
I. Intangible assets	3,691	12,376	-8	-	16,059
II. Property, plant and equipment					
1. Land and buildings, including buildings on third-party land	2,865	1,586	-	703	5,154
2. Machinery and technical equipment	6,876	2,395	-	2,847	12,118
3. Furniture and office equipment	657	823	-9	-	1,471
4. Construction in progress, including advance payments thereon	2,210	6,178	-2	-3,550	4,836
	12,608	10,982	-11	-	23,579
III. Investments and other long-term assets					
1. Investments in affiliated companies	420	3	-352	-	71
2. Notes receivable to related parties	119	-	-	-	119
3. Other long-term assets	220	234	-	-	454
	759	237	-352	-	644
	17,058	23,595	-371	-	40,282

	Accumulated depreciation				Net book value	
	Jan 01, 2000	Additions	Disposals	Dec 31, 2000	Dec 31, 2000	Dec 31, 1999
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
I. Intangible assets	530	1,095	-	1,625	14,434	3,161
II. Property, plant and equipment						
1. Land and buildings, including buildings on third-party land	630	180	-	810	4,344	2,235
2. Machinery and technical equipment	2,125	1,367	-	3,492	8,626	4,751
3. Furniture and office equipment	362	288	-9	641	830	295
4. Construction in progress, including advance payments thereon	-	-	-	-	4,836	2,210
	3,117	1,835	-9	4,943	18,636	9,491
III. Investments and other long-term assets						
1. Investments in affiliated companie	-	-	-	-	71	420
2. Notes receivable to related parties	-	-	-	-	119	119
3. Other long-term assets	-	-	-	-	454	220
	-	-	-	-	644	759
	3,647	2,930	-9	6,568	33,714	13,411

STATEMENT BY THE BOARD OF MANAGEMENT

The Board of Management of Eckert & Ziegler AG is responsible for preparing the accompanying consolidated financial statements. We have installed effective controlling and monitoring systems to guarantee compliance with accounting principles and the adequacy of reporting. These systems include the use of uniform guidelines group-wide, the use of reliable software and the selection and training of qualified personnel. With a view to the requirements of the German Business Monitoring and Transparency Act (KonTraG) we have integrated the Groups' early warning systems into a risk management system. This enables the Board of Management to identify significant risks at an early stage and to initiate appropriate measures.

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft audited the consolidated financial statements, which were prepared in accordance with the United States generally accepted accounting principles, as well as the group management report and issued the following auditors' report.

The Supervisory Board has audited the annual financial statements and the management report of Eckert & Ziegler Strahlen- und Medizintechnik AG, the consolidated financial statements of the Eckert & Ziegler Group, the Group management report for the Eckert & Ziegler Group and the auditors' reports and discussed them together with the Board of Management and the auditors. The Supervisory Board has approved the results of the audit and has approved the annual financial statements as well as the management report of Eckert & Ziegler Strahlen- und Medizintechnik AG.

Berlin, March 16, 2001
Eckert & Ziegler
Strahlen- und Medizintechnik AG

Dr. Andreas Eckert

Jürgen Ziegler

Gerald Pohland

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying consolidated balance sheets of Eckert & Ziegler Strahlen- und Medizintechnik AG, Berlin, and subsidiaries as of December 31, 2000 and 1999, and the related consolidated statements of income, statements of changes in equity and cash flows as well as notes for the years then ended. These consolidated financial statements prepared in accordance with United States Generally Accepted Accounting Principles are the responsibility of company´s Board of Managing Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit of the consolidated financial statements in accordance with German auditing regulations for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer in Deutschland (IDW) as well as in accordance with United States Generally Accepted Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The audit also includes assessing the accounting principles used and significant estimates made by the Board of Managing Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, based on our audit the consolidated financial statements referred to above present fairly, in all material respect, the net assets and financial position of the group as of December 31, 2000 and 1999, and of its result of operations and its cash flows for the years then ended in conformity with United States Generally Accepted Accounting Principles.

Our audit, which according to German auditing regulations also extends to the group management report prepared by the Board of Managing Directors for the business year from January 1, 2000, to December 31, 2000, has not led to any reservations. In our opinion, on the whole the group management report provides a suitable understanding of the Groups' position and suitably presents the risks of future development. In addition, we confirm that the consolidated financial statements and the group management report for the business year from January 1, 2000 to December 31,2000, satisfy the conditions required for the Companys' exemption from its duty to prepare consolidated financial statements and the group management report in accordance with German accounting law.

Berlin, March 16, 2001

PRICEWATERHOUSECOOPERS
GmbH
Wirtschaftsprüfungsgesellschaft

(G. Hartman)
German Public Accountant

(N. Karraß)
German Public Accountant

Over the course of five sessions with the Eckert & Ziegler Management Board, the Supervisory Board received comprehensive written and spoken information on developments within the Group. Commercial developments for each of the companies belonging to the Eckert & Ziegler Group were addressed and basic questions pertaining to company planning and development were discussed and counsel taken with the Management Board.

When approval was required by the Supervisory Board for certain Management Board decisions, this was done by members of the committee on the basis of the information available to them and following careful consideration. The Supervisory Board was informed in advance of decisions carrying considerable economic import.

The agendas of the five sessions in the preceding calendar year included the following items:

– acquiring shares of Isotopen Dienst Blaseg GmbH
– repurchase and further disposition of Bebig Trade GmbH
– business activities of jojumarie Intelligente Instrumente GmbH
– appointing a new member of the Supervisory Board
– capital increase
– acquiring the radioactive source area of DuPont Pharmaceuticals Company (Delaware, USA)
– sale of previously acquired investment in G.O.T. Gesellschaft für Therapieoptimierung und Targeting Entwicklungs mbH
– acquiring Medtronic Surgical Navigation Technologies Inc. (Minnesota, USA)

The annual financial statements of Eckert & Ziegler Strahlen- und Medizintechnik AG, the consolidated financial statements of the Eckert & Ziegler Group, the management report for Eckert & Ziegler Strahlen- und Medizintechnik AG, the group management report for the Eckert & Ziegler Group were presented and handed over to the Supervisory Board together with the auditors' report from the PricewaterhouseCoopers GmbH auditing firm.

The auditor took part in the balance-sheet session of the Supervisory Board and reported on the audit. The Supervisory Board approved the audit results.

After the final results of its own audit of the annual financial statements, the consolidated financial statements, and the management report, the Supervisory Board has no objections to make.
It approves the financial statements presented by the Management Board and the management report for Eckert & Ziegler Strahlen- und Medizintechnik AG, as well as the reports presented by the auditor. It declares itself in agreement with the proposal for the use of the profit shown on the balance sheet.

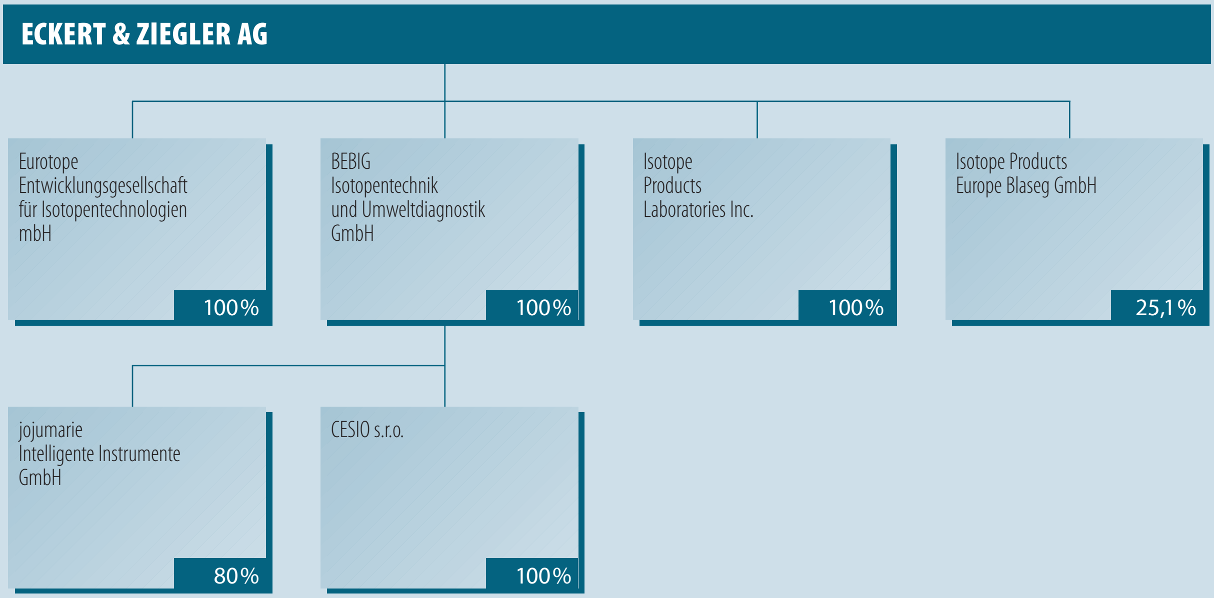
Mrs. Elke Middelstaedt resigned her position as member of the Supervisory Board as of February 22, 2000. Dr. Johannes Mauser was appointed member of the Supervisory Board of Eckert & Ziegler AG as of February 22, 2000.

The Management Board and the employees of Eckert & Ziegler AG have worked together with great commitment and responsibility in the 2000 financial year. The Supervisory Board wishes to express particular appreciation and recognition to them for their successful work.

Berlin, March 2001

The Supervisory Board

Prof. Dr. Wolfgng Maennig
Chairman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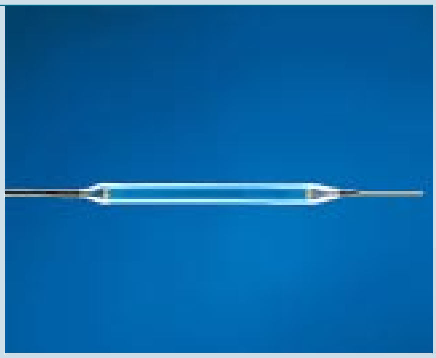

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FINANCIAL CALENDAR

28-03-2001:
Balance press conference in Berlin

28-03-2001:
Annual Report 2000

29-03-2001:
Analyst presentation in Frankfurt

16-05-2001:
Annual general meeting in Berlin

29-05-2001:
Quarterly report I/2001

14-08-2001:
Quarterly report II/2001

13-11-2001:
Quarterly report III/2001

Annual Report 2000

Eckert & Ziegler