

# 2006 Quarterly Report I



		<b>Q1 2006</b>	<b>Q1 2005</b>	<b>Change</b>
Revenue	Million EUR	<b>11.3</b>	8.6	32%
Return on revenue before tax	%	<b>9%</b>	7 %	17%
EBITDA	Million EUR	<b>2.2</b>	1.6	40%
EBIT	Million EUR	<b>1.1</b>	0.7	55%
EBT	Million EUR	<b>1.0</b>	0.6	54%
Net income from continuing operations	Million EUR	<b>0.7</b>	0.5	50%
Earnings per share	EUR	<b>0.21</b>	0.15	38%
Net income / loss (-)	Million EUR	<b>0.6</b>	0.5	40%
Cash flow from operating activities	Million EUR	<b>0.9</b>	0.8	11%
Depreciation and amortization (net)	Million EUR	<b>1.1</b>	0.9	28%
Employees (as of March 31)	Persons	<b>285</b>	247	15%

**Dear Shareholder,**

Following the impressive final quarter of 2005, the first three months of the new business year have also developed favorably. During this period, the Group's volume of business increased to yield record sales of 11.3 million EUR, representing a 32% rise over the same period of last year.

The Group's traditional segments were responsible for around two thirds of the growth, or approximately 1.6 million EUR, while the new Radiopharmaceutical segment accounted for the rest (1.1 million EUR). The Therapy segment, which acquired no new companies last year, showed an organic growth rate of 16%. The Imaging & Industry segment, for which results from the American company Analytics Inc. and the Czech company SORAD s.r.o. are being consolidated for the first time, increased its sales by 20%.

Regarding profits, the operating result of 1.0 million EUR was more than twice (145%) that of last year's figure of 0.4 million EUR. Because extraordinary foreign exchange earnings of 0.3 million EUR were booked in the first quarter of last year, however, the increase in the quarterly surplus following taxes and distribution to other shareholders was not that high in the first quarter of 2006. It rose by 40%, or 186 TEUR, to 0.7 million EUR, which corresponds to a result per share this quarter of approximately 0.21 EUR (last year: 0.15 EUR).

On the balance sheet, relations have not changed much compared to last year. The balance sheet total decreased by 2.7 million EUR to 64.3 million EUR (-4%), due among other things to a reduction in both liquid funds and accounts receivable and inventory on the asset side and short-term liabilities on the other hand. One of the factors behind this development was the refinancing of the Adlershof cyclotron by EURO-PET Berlin Zyklotron GmbH, a process that included substituting the leasing agreement with General Electric with a lower priced regular loan. Due to the lower balance sheet total on the one hand and the quarterly profit on the other, the equity ratio rose to 55%, and the capital turn-over increased from 0.62 as of 31 December 2005 to the current value of 0.7.

The cash flow statement shows an essentially stable flow out of business operations, with an increase of about 11% over the same quarter of last year, to 0.9 million EUR. Around 1.5 million EUR resulted from a reduction in accounts receivable and inventory, which meant that on the other hand, supply and services obligations, tax provisions, and other liabilities could be reduced by around 2.2 million EUR. Regarding the investment part of the cash flow statement, the substantially higher investment in facilities of 1.1 million EUR was due in part to activating development costs for Modular-Lab™ in addition to normal investment activity. The reduction of 0.8 million EUR in long-term loans is due primarily to a restructuring contribution received by the minority shareholders of EURO-PET Berlin Zyklotron GmbH, who relinquished part of their shareholder loans in the course of the cyclotron turnaround process and sold other parts of their loan in exchange for shares in Eckert & Ziegler AG.

### Milestones

- Large-scale contract to supply cancer radiation systems (after-loader) to Venezuela
- Conclusion of a cooperation agreement with the Charité university hospital in Berlin to produce short-lived radiopharmaceutical products and establish a Berlin cyclotron association
- Receipt of authorization to produce <sup>18</sup>F-Fluoroethylcholin, a new tracer for diagnosing prostate cancer
- Conclusion of licensing agreement between Eckert & Ziegler's Californian subsidiary Isotope Products Laboratories on one hand and International Isotopes Inc. and Radqual LLC. on the other, allowing the latter to build imitation radiation sources for nuclear imaging.

## Research and Development

In the Radiopharmaceutical segment, the modular synthesis system known as Modular-Lab™ was extended to a broader range of substances for the diagnosis of cancer, Alzheimer, Parkinson and other diseases. The device now offers nuclear medicine specialists at both hospitals and medical offices a safe, convenient and efficient way to produce various radiopharmaceuticals and chemicals for Positron Emission Tomography and other nuclear imaging procedures. The first quarter saw the development and validation of a module for producing <sup>18</sup>F-Fluoroethylcholin, a radioactive tracer for diagnosing prostate cancer, as well as a module for producing gallium-68 DOTATOC for diagnosing endocrine tumors. In the Therapy segment, development activities focused on expanding the range of functions for cancer radiation systems.

## Staff

Eckert & Ziegler AG employed a total number of staff of 285 (247) throughout the Group as of March 31, 2006.

## Outlook

In the coming months, the Nuclear Medicine and Industry segment will concentrate on integrating the units acquired last year and improving various processes and products. The Therapy segment will focus on filling the large-scale contract to Venezuela as well as on acquiring follow-up contracts, while the Radiopharmaceutical segment is preparing a clinical study for the rheumatism drug SpondylAT® and market introduction of the new Modular-Lab™ family of synthesis systems. Response to this technology platform has thus far been positive. Demand for contrast agents for Positron Emission Tomography in Germany has also developed well, we therefore anticipate a continued increase in sales. Just a few weeks ago, the Group also succeeded in acquiring their first customers for PET-tracers in Poland.

## General Information

This unaudited Group Interim Report for the first quarter of the 2006 business year comprises the reports from Eckert & Ziegler Strahlen- und Medizintechnik AG and its subsidiaries (also "Eckert & Ziegler AG" below).

Eckert & Ziegler AG's Group Interim Reports historically have been prepared in accordance with the Generally Accepted Accounting Principles valid in the United States of America (US-GAAP). Due to new regulations, companies listed on the Prime Standard of the Frankfurt Stock Exchange are now legally required to report their results in accordance with the so-called International Financial Reporting Standards (IFRS). While US-GAAP and IFRS in principle do not differ substantially, the numbers of this Group Interim Report can not be compared directly with the Group Interim Report numbers published last year. We have therefore included, for easier comparison, in this report last years results restated in accordance with IFRS.



Dr. Andreas Eckert,  
Chief Executive Officer



Dr. Edgar Löffler,  
Executive Vice President Therapy



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

Berlin, April 28, 2006

## Accounting and Valuation Methods

Eckert & Ziegler AG's Group Interim Report of 31 March 2006 was produced in accordance with the International Financial Reporting Standards (IFRS). It takes into account all standards stipulated for application in the EU on that date by the International Accounting Standards Board (IASB) in London, as well as official interpretations by the International Financial Interpretations Committee (IFRIC) or the Standing Interpretations Committee (SIC).

The same accounting and valuation methods were applied to the Interim Report as to the Group Financial Statements of 31 December 2005.

To prepare Group interim reports in accordance with IFRS, it is necessary to make estimates and assumptions about the level and extent of the assets, debts, revenues, and expenditures on the balance sheet. The actual values can deviate from the estimates. Major assumptions and estimates are made for useful lives, obtainable revenues from fixed assets, viability of outstanding accounts, and accounting and valuation of provisions.

This Interim Report contains all the information and adjustments needed to acquire a view of the asset, financial, and profit situations of Eckert & Ziegler AG corresponding to actual conditions at the time of the Interim Report. Sub-year results for the ongoing business year cannot necessarily be used to derive conclusions about the development of future results.

## Consolidation Cycle

Eckert & Ziegler AG's Group Interim Report includes all the companies for which Eckert & Ziegler AG is able to directly or indirectly determine financial and business policy (control function). Between 31 December 2005 and 31 March 2006, there were no changes to the consolidation cycle, so the companies included in the Interim Report of 31 March 2006 are the same as those in the Group Financial Statements of 31 December 2005.

## Currency Conversion

Financial statements for subsidiaries outside the European Currency Union are converted in accordance with the notion of functional currency. The following exchange rates were used:

Country	Currency	Exchange rate on 31 March 2006	Exchange rate on 31 March 2005	Average rate for the 1st quarter of 2006	Average rate for the 1st quarter of 2005
USA	USD	1.207600	1.291600	1.202640	1.314137
Czech Republic	CZK	28.677300	30.041600	28.536370	29.881966

## Limited Comparability of this Group Interim Report with Last Year

Eckert & Ziegler AG or its subsidiaries acquired a number of companies during the 2005 business year. This substantially affected the Group's asset and profit situations, which makes it difficult to compare this Group Interim Report with last year.

	Quarterly report I/2006 01–03/2006	Quarterly report I/2005 01–03/2005	Annual report 2005 01–12/2005
	TEUR	TEUR	TEUR
<b>Revenue</b>	11,284	8,577	41,792
Others			
Cost of goods sold	-6,130	-5,216	-23,300
<b>Gross profit on sales</b>	5,154	3,361	18,492
Selling expenses	-2,052	-1,323	-7,509
General and administrative expenses	-2,497	-1,774	-8,728
Research and development expenses	-103	-76	-512
Other operating income and expense, net	520	229	793
<b>Operating income/loss</b>	1,022	417	2,536
Interest receivable and payable, net	-136	-85	-667
Gains/losses on currency exchange, net	-47	299	343
Other income/expense, net	133	-	3
<b>Income before tax</b>	972	631	2,215
Income tax expense	-276	-167	-724
<b>Net income from continuing operations</b>	696	464	1,491
Minority interests in net income of consolidated subsidiaries	-46	-	-99
<b>Net income/loss</b>	650	464	1,590
<hr/>			
<b>Earnings per share (basic)</b>			
Net income from continuing operations	0.22	0.15	0.51
Net income	0.21	0.15	0.51
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<b>Earnings per share (diluted)</b>			
Net income from continuing operations	0.22	0.15	0.51
Net income	0.21	0.15	0.51
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Average number of shares in circulation (basic)	3,123	3,089	3,102
Average number of shares in circulation (diluted)	3,158	3,122	3,134

	Quarterly report 31.03.2006	Annual report 31.12.2005
	TEUR	TEUR
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	<b>18,206</b>	18,501
Intangible assets	<b>7,121</b>	6,994
Goodwill	<b>11,507</b>	11,681
Equity investments	<b>68</b>	68
Deferred taxes	<b>4,039</b>	3,985
Other non-current assets	<b>1,876</b>	1,860
<b>Total non-current assets</b>	<b>42,817</b>	43,089
<b>Current assets</b>		
Cash and cash equivalents	<b>4,033</b>	4,950
Marketable securities	<b>2,448</b>	2,444
Trade accounts receivable, less allowance for doubtful accounts	<b>8,506</b>	9,499
Receivables from related parties	<b>11</b>	13
Inventories	<b>5,790</b>	6,029
Prepaid expenses and other current assets	<b>666</b>	973
<b>Total current assets</b>	<b>21,453</b>	23,908
<b>Total assets</b>	<b>64,270</b>	66,997
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholders' equity</b>		
Subscribed capital	<b>3,250</b>	3,250
Capital reserve	<b>29,418</b>	29,346
Retained earnings	<b>6,038</b>	4,316
Cumulative other comprehensive income	<b>-3,225</b>	-1,623
Own shares	<b>-409</b>	-434
Minority interests	<b>146</b>	100
<b>Total shareholders' equity</b>	<b>35,217</b>	34,955
<b>Non-current liabilities</b>		
Long-term debt, less current portion and capital lease obligations	<b>9,972</b>	9,316
Deferred income from grants and other deferred income	<b>1,574</b>	1,841
Deferred taxes	<b>2,344</b>	2,563
Pension reserves	<b>130</b>	128
Other non-current liabilities	<b>3,680</b>	3,755
<b>Total non-current liabilities</b>	<b>17,701</b>	17,603
<b>Current liabilities</b>		
Short-term debt and current portion of long-term debt and capital lease obligations	<b>2,022</b>	3,437
Trade accounts payable	<b>3,772</b>	4,162
Prepayments received	<b>15</b>	55
Accrued expenses	<b>2,650</b>	3,236
Deferred income from grants and other deferred income	<b>936</b>	939
Income tax payable	<b>216</b>	592
Other current liabilities	<b>1,742</b>	2,018
<b>Total current liabilities</b>	<b>11,353</b>	14,439
<b>Total liabilities and shareholders' equity</b>	<b>64,270</b>	66,997

	<b>3-monthly report</b> <b>01–03/2006</b>	3-monthly report 01–03/2005
	TEUR	TEUR
<b>Cash flows from operating activities</b>		
Profit for the year	<b>650</b>	464
Adjustments for:		
Depreciation and amortization	1,118	873
Proceeds from grants less release of deferred income from grants	-267	-243
Deferred taxes	23	74
Income (-)/expense from stock option plan	-	19
Unrealized foreign currency gains (-)/losses	91	-31
Long-term reserves, other long-term liabilities	-44	47
Gains (-)/losses on the disposal of property, plant and equipment	46	-
Gains (-)/losses on the sale of securities	9	-1
Other items, net	-293	5
Changes in current assets and liabilities:		
Receivables	1,282	-656
Inventories	212	-660
Prepaid expenses and other current assets	248	-3
Accounts payable and accounts payable to affiliates	-764	1,014
Tax reserves	-705	23
Other liabilities	-736	-141
<b>Net cash generated from operating activities</b>	<b>870</b>	786
<b>Cash flows from investing activities</b>		
Additions to intangible assets and property, plant and equipment	-1,115	-595
Acquisitions of consolidated enterprises	-	-123
Sale of securities	-	-801
Other items	-	-7
<b>Net cash used in investing activities</b>	<b>-1,115</b>	-1,526
<b>Cash flows from financing activities</b>		
Change in long-term borrowing	-750	-115
Change in short-term borrowing	19	-12
Treasury stock used for stock options	97	-
<b>Net cash generated from financing activities</b>	<b>-634</b>	-127
Effect of exchange rates on cash and cash equivalents	-38	57
<b>Decrease/increase in cash and cash equivalents</b>	<b>-917</b>	-810
<b>Cash and cash equivalents at beginning of period</b>	<b>4,950</b>	5,504
<b>Cash and cash equivalents at end of period</b>	<b>4,033</b>	4,694

	Subscribed capital						Cumulative other equity items			Equity attributable to shareholders		Group share
	Shares	Nominal value	Capital-reserve	Retained earnings	Unrealized securities	Exchange differences	Own shares	TEUR	TEUR	TEUR	TEUR	holders' equity
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Balance January 1, 2005	3,250,000	3,250	29,188	3,729	19	-2,947	-541	32,698	165	32,863		
Dividends paid					-775				-775	-251	-1,026	
Cost of share option plan				99					99		99	
Application of own shares for acquisitions and to service share option plan				59				107	166		166	
Profit for the year					1,590				1,590	-99	1,491	
Unrealized gains/losses on securities at balance sheet date (after tax of EUR 26 thousand)						41			41		41	
Reversal of unrealized gains/losses on securities at previous balance sheet date						-19			-19		-19	
Foreign currency translation differences					1,283			1,283		1,283		
Increase/decrease in minority interest								0	285		285	
Negative minority interest acquired					-228				-228		-228	
<b>Balance December 31, 2005</b>	<b>3,250,000</b>	<b>3,250</b>	<b>29,346</b>	<b>4,316</b>	<b>41</b>	<b>-1,664</b>	<b>-434</b>	<b>34,855</b>	<b>100</b>	<b>34,955</b>		

	Subscribed capital						Cumulative other equity items			Equity attributable to shareholders		Group share
	Shares	Nominal value	Capital-reserve	Retained earnings	Unrealized securities	Exchange differences	Own shares	TEUR	TEUR	TEUR	TEUR	holders' equity
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Balance January 1, 2006	3,250,000	3,250	29,346	4,316	41	-1,664	-434	34,855	100	34,955		
Dividends paid								0		0	0	
Cost of share option plan								0		0	0	
Application of own shares for acquisitions and to service share option plan				72				25	97		97	
Profit for the year					650				650	46	696	
Unrealized gains/losses on securities at balance sheet date (after tax of EUR 26 thousand)						2			2		2	
Reversal of unrealized gains/losses on securities at previous balance sheet date								0		0	0	
Foreign currency translation differences						-533		-533		-533	-533	
Increase/decrease in minority interest								0		0	0	
Negative minority interest acquired								0		0	0	
<b>Balance March 31, 2006</b>	<b>3,250,000</b>	<b>3,250</b>	<b>29,418</b>	<b>4,966</b>	<b>43</b>	<b>-2,197</b>	<b>-409</b>	<b>35,071</b>	<b>146</b>	<b>35,217</b>		

01 – 03/2006

	Nuclear Medicine & Industry	Radio- pharma- ceuticals	Others	Consoli- dation	Totals
	Therapy	TEUR		TEUR	TEUR
Sales to external customers	5,847	4,298	1,139		11,284
Sales to other segments	110	36	19	217	-382
Total segment sales	5,957	4,334	1,158	217	-382
Depreciation and amortization	-341	-615	-123	-39	-1,118
Non-cash income and expenses	511	447	-2,142	1,191	263
Net income from continuing operations	410	158	185	-57	696
Segmental assets	27,068	19,147	8,993	38,051	-28,989
Segmental liabilities	-14,990	-18,939	-9,469	-5,396	19,741
Capital expenditure	166	852	97		1,115

**Sales by geographic areas 01 – 03/2006**

	Million EUR	%
North America	4.5	40
Europe	5.6	50
Asia/Pacific	0.4	3
Others	0.8	7
	11.3	100

## Stock and Stock Options

**Management Board and Supervisory Board****March 31, 2006**

		Stocks	Stock Options
Dr. Andreas Eckert (Eckert Consult GmbH)	Management Board	2,100 (1,260,446)	18,500 (0)
Dr. Andreas Hey	Management Board	0	6,000
Dr. Edgar Löffler	Management Board	10,250	16,000
Prof. Dr. Wolfgang Maennig	Supervisory Board	0	0
Prof. Dr. Ronald Frohne	Supervisory Board	19,549	0
Hans-Jörg Hinke	Supervisory Board	0	0
Ralf Hennig	Supervisory Board	141	0
Frank Perschmann	Supervisory Board	1,000	0
Prof. Dr. Nikolaus Fuchs	Supervisory Board	0	0

**Financial Calendar****May 09, 2006**

Quarterly report I/2006

**May 30, 2006**

Annual general meeting in Berlin

**August 08, 2006**

Quarterly report II/2006

**November 07, 2006**

Quarterly report III/2006

**November 29, 2006**

German Equity Forum, Frankfurt

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