

2006 Quarterly Report II



		Q1-2 2006	Q1-2 2005	Change
Revenue	Million EUR	23.2	18.8	23%
Return on revenue before tax	%	9	9	-
EBITDA	Million EUR	4.6	3.9	19%
EBIT	Million EUR	2.4	2.1	13%
EBT	Million EUR	2.2	1.8	23%
Net income before minority interest	Million EUR	1.5	1.0	51%
Net income/loss	Million EUR	1.4	0.9	50%
Earnings per share (basic)	EUR	0.45	0.31	45%
Earnings per share (diluted)	EUR	0.45	0.30	50%
Cash flow from operating activities	Million EUR	1.6	1.2	37%
Depreciation and amortization (net)	Million EUR	2.2	1.8	25%
Employees (as of June 30)	Persons	292	236	24%

Cover page

Large photo (above):

With the Curietron® Remote Afterloading System from Eckert & Ziegler BEBIG cancer on the neck of the uterus, which is particularly common in developing countries, can be healed with minimally, low-side effect brachytherapy.

Small photos to the right (from left to right):

Katrin Antonenko, Director Logistics,
Eckert & Ziegler BEBIG GmbH, Berlin, Germany
Joe Hathcock, Chief Operating Officer, Eckert & Ziegler
Isotope Products Laboratories Inc., Valencia, USA

Small photos (left):

PET/CT scans can detect very small tumor masses.
Eckert & Ziegler supplies the radioactive tracers for these scans.

Large photo (below):

Many shareholders take the opportunity to find out more about current company developments at the annual general meeting in Berlin.

Dear Shareholder,

The upward trajectory of the preceding quarters continued on into the second quarter of 2006. The three-month period of April to June marked the first time that sales reached nearly 12 million EUR, representing a new high-water mark for the Group. Including the already strong first quarter of 2006, half-year results for 2006 show an increase in Group sales of approximately 23% over the first half of 2005, from 18.8 to 23.2 million EUR. A substantial share of this increase, namely around one half or 2.4 million EUR, derives from the new Radiopharmaceuticals segment. A third of the increase, or 1.4 million EUR, comes as expected from the Nuclear Imaging and Industry segment, whose sales potential was considerably strengthened late last year by two acquisitions (Analytics Inc. and Sorad s.r.o.), and for which the reference sources (standards) developed as expected especially well (+114%). In the Therapy segment, sales increased by around 7% over the strong first half of last year, to 8.8 million EUR. Growth in this area was driven by products for treating prostate cancer, which showed an increase of more than 20%.

Profits also continued on an upward trajectory. For the three-month period from April to June, the Group achieved an average return on sales after taxes of 6%. This means that net income after taxes for the first half of the year rose to 1.4 million EUR, which corresponds to a profit per share of 0.45 EUR. Compared to last year's values for the same period (converted to IFRS below) of 0.9 million EUR and 0.30 EUR per share, this represents an increase in profit of approximately 50%. This is the strongest half-year income in the Group's history, because the top figure of 0.52 EUR per share in 2004 derived in large part from the deconsolidation of biotechnology activities. If we compare the half-year income in 2004 (0.4 million EUR) with the current value, earning power has more than tripled over the last two years.

The Nuclear Imaging and Industry segment has played a major role in this encouraging development. It achieved a return on sales of 13% for continuing operations, thus posting a net income of 1.4 million EUR for the first half of the year (last year: 0.5 million EUR). By contrast, the Therapy segment's return on sales reached only 4% for the first half of the year, due in large part to a level of sales that is still too low for current overhead. Because gross sales revenues in the Therapy segment are generally higher than for nuclear imaging and industry products, the Board continues to expect that the profit situation will improve considerably in connection with the anticipated increase in sales volume.

Another factor that contributed strongly to this positive profit performance was the fact that the Radiopharmaceuticals segment incurred considerably lower costs than originally planned, because negotiations with authorization agencies on the design of the clinical study for the rheumatism drug SpondylAT® have been delayed, and thus also the expenditures for said study.

Milestones

- Delivery of cancer radiation systems to Venezuela as part of a large-scale contract for basic oncology services
- Successful market introduction of the Modular-Lab™ synthesis module in Germany, Great Britain, and the USA
- The IsoCord® prostate implant receives authorization in France
- Radiodiagnostic contract received at one of the largest nuclear medical centers in Poland, for a volume of 1.3 million EUR
- International user conference in Paris is very well received
- General shareholders' meeting on May 30 attended by holders of around 50% of capital stock.

Research and Development

In the Therapy segment, efforts are concentrated on developing new applicators and accessory components for existing tumor radiation systems and on optimizing already existing components for further applications. Additional synthesis paths have been developed and documented for the Modular-Lab™ synthesis system (Radiopharmaceuticals segment), including some for substances that can be used to diagnose brain tumors and epilepsy. This family of systems now enables nuclear medical specialists to conveniently produce an even larger number of radiopharmaceuticals for positron emission tomography (PET) scans.

Staff

The total number of employees throughout the Eckert & Ziegler AG Group increased over the end of 2005, reaching 292 as of 30 June 2006 (31 December 2005: 275). An average of 287 persons was employed over the first half of 2006 (1st half of 2005: 241).

Outlook

In the aftermath of this successful second quarter of 2006, Eckert & Ziegler AG is optimistic about the further course of the year, and continues to anticipate double-digit increases in both sales and revenue for 2006 as a whole in comparison to last year. Due to the delay in expenditures for the clinical test of the rheumatism drug SpondylAT®, income after taxes in 2006 will presumably surpass the predicted value of 0.70 EUR per share. The level of received orders exceeds that of the year before.

Balance Sheet

The balance sheet does not show any major changes vis-à-vis the previous quarter. The biggest changes derive from a reduction in liabilities of 0.6 million EUR, and are also evident in the net current assets, which increased by 1.4 million EUR to 7.5 million EUR. The capital ratio rose slightly to 56%.

Accounting and Valuation Methods

This unaudited Group Interim Report for the second 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 Report of 30 June 2006 is published in accordance with IFRS. Group interim reports up to and including those of 2005 were prepared in accordance with the Generally Accepted Accounting Principles valid in the United States of America (US-GAAP). For purposes of comparison, last year's figures included in this Interim Report have been converted in accordance with IFRS.

Eckert & Ziegler AG's Group Interim Report of 30 June 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 Reporting Interpretations Committee (IFRIC) and/or the Standing Interpretations Committee (SIC).

The same accounting and valuation methods were applied to the Interim Report as to the Group Financial Statement 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 essential companies for which Eckert & Ziegler AG is able to directly or indirectly determine financial and business policy (control function). Between 31 December 2005 and 30 June 2006, there were no changes to the consolidation cycle, so the companies included in the Interim Report of 30 June 2006 are the same as those in the Group Financial Statement 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. A modified closing rate method is applied for all companies. Assets and debits are converted using the average rate on the date of the statement, and equity capital is converted using historical rates. Profit and loss statement items are converted by means of the weighted average rate for the period.

The following exchange rates EUR were used:

Country	Currency	Exchange rate on 30 June 2006	Exchange rate on 30 June 2005	Average rate for the first half of 2006	Average rate for the first half of 2005
USA	US\$	1.255100	1.206600	1.238104	1.284300
Czech Republic	CZK	28.486800	30.110700	28.449502	30.055302

Significant Events

No significant events have occurred after the first six months of the 2006 business year.



Dr. Andreas Eckert,
Chief Executive Officer

Limited Comparability of this Group Interim Report with Last Year

Eckert & Ziegler AG and/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 that of last year.



Dr. Edgar Löffler,
Executive Vice President

Dividends Paid

Dividends amounting to EUR 469,164.75 were paid in the second quarter of 2006. This corresponds to a dividend per share of EUR 0.15.



Dr. Andreas Hey,
Executive Vice President

Number of Own Shares

As of 30 June 2006, Eckert & Ziegler AG held 122,235 of its own shares.

Berlin, July 28, 2006

	Quarterly report II/2006 04–06/2006	Quarterly report II/2005 04–06/2005	6-monthly report 2006 01–06/2006	6-monthly report 2005 01–06/2005
	TEUR	TEUR	TEUR	TEUR
Revenue	11,892	10,234	23,176	18,811
Others	–			
Cost of goods sold	-5,784	-5,376	-11,914	-10,592
Gross profit on sales	6,108	4,858	11,262	8,219
Selling expenses	-2,120	-1,516	-4,172	-2,839
General and administrative expenses	-2,610	-2,143	-5,107	-3,917
Research and development expenses	-163	-94	-266	-170
Other operating income	329	140	865	373
Other operating expense	-231	-6	-247	-10
Operating income/loss	1,313	1,239	2,336	1,656
Interest receivable and payable, net	-255	-155	-391	-240
Gains/losses on currency exchange, net	32	38	-15	337
Other income/expense, net	95	–	228	–
Income before tax and minority interest	1,185	1,122	2,157	1,753
Income tax expense	-341	-565	-617	-732
Net income/loss before minority interest	844	557	1,540	1,021
Share of profit (–) / or loss (+) attributable to minority interest	-75	-74	-121	-74
Net income/loss	769	483	1,419	947
Earnings per share (basic)	0.25	0.16	0.45	0.31
Earnings per share (diluted)	0.24	0.15	0.45	0.30
Average number of shares in circulation (basic)	3,123	3,093	3,123	3,091
Average number of shares in circulation (diluted)	3,158	3,140	3,158	3,130

	June 30, 2006	Dec 31, 2005
	TEUR	TEUR
ASSETS		
Non-current assets		
Property, plant and equipment	17,779	18,501
Intangible assets	7,087	6,994
Goodwill	11,171	11,681
Equity investments	68	68
Deferred taxes	4,047	3,985
Other non-current assets	2,016	1,860
Total non-current assets	42,168	43,089
Current assets		
Cash and cash equivalents	4,023	4,950
Marketable securities	1,631	2,444
Trade accounts receivable, less allowance for doubtful accounts	9,343	9,499
Receivables from related parties	12	13
Inventories	5,945	6,029
Prepaid expenses and other current assets	908	973
Total current assets	21,862	23,908
Total assets	64,030	66,997
EQUITY AND LIABILITIES		
Shareholders' equity		
Subscribed capital	3,250	3,250
Capital reserve	29,471	29,346
Retained earnings	5,266	4,316
Cumulative other comprehensive income	-2,258	- 1,623
Own shares	-409	- 434
Minority interests	221	100
Total shareholders' equity	35,541	34,955
Non-current liabilities		
Long-term debt, less current portion and capital lease obligations	9,983	9,316
Deferred income from grants and other deferred income	1,308	1,841
Deferred taxes	2,452	2,563
Pension reserves	133	128
Other non-current liabilities	3,627	3,755
Total non-current liabilities	17,503	17,603
Current liabilities		
Short-term debt and current portion of long-term debt and capital lease obligations	1,881	3,437
Trade accounts payable	3,188	4,162
Prepayments received	16	55
Accrued expenses	2,917	3,236
Deferred income from grants and other deferred income	932	939
Income tax payable	387	592
Other current liabilities	1,665	2,018
Total current liabilities	10,986	14,439
Total liabilities and shareholders' equity	64,030	66,997

	6-monthly report 01–06/2006	6-monthly report 01–06/2005
	TEUR	TEUR
Cash flows from operating activities		
Net income/loss	1,419	947
Adjustments for:		
Depreciation and amortization	2,233	1,782
Proceeds from grants		
less release of deferred income from grants	-533	-505
Deferred taxes	-86	441
Income (-)/expense from stock option plan	53	42
Unrealized foreign currency gains (-)/losses	258	-56
Long-term reserves, other long-term liabilities	-19	309
Gains (-) / losses (+) on the disposal of non-current assets	10	1
Gains (-) / losses (+) on the sale of securities	-25	0
Other items, net	-40	15
Changes in current assets and liabilities:		
Receivables	619	-1,004
Inventories	-24	-505
Prepaid expenses and other current assets	85	59
Accounts payable and accounts payable to affiliates	-1,200	638
Tax reserves	-246	-76
Other liabilities	-868	-895
Net cash generated from operating activities	1,636	1,193
Cash flows from investing activities		
Additions to / Sale of non-current assets	-2,082	-1,276
Acquisitions of consolidated enterprises	-	-123
Sale of securities	826	-801
Other items	-	-13
Net cash used in investing activities	-1,256	-2,213
Cash flows from financing activities		
Dividends paid	-469	-775
Change in long-term borrowing	-877	-246
Change in short-term borrowing	64	224
Treasury stock used for stock options	97	133
Net cash generated from financing activities	-1,185	-664
Effect of exchange rates on cash and cash equivalents	-122	127
Decrease/increase in cash and cash equivalents	-927	-1,557
Cash and cash equivalents at beginning of period	4,950	5,504
Cash and cash equivalents at end of period	4,023	3,947

	Subscribed capital						Cumulative other equity items			Equity attributable to shareholders	Minority interest	Group share holders' equity
	Shares	Nominal value	Capital-reserve	Retained earnings	Unrealized securities	Exchange differences						
	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		1,283	
Increase/decrease in minority interest							0		285		285	
Negative minority interest acquired				-228					-228		-228	
Balance December 31, 2005	3,250,000	3,250	29,346	4,316	41	-1,664	-434	34,855	100	34,955		

	Subscribed capital						Cumulative other equity items			Equity attributable to shareholders	Minority interest	Group share holders' equity
	Shares	Nominal value	Capital-reserve	Retained earnings	Unrealized securities	Exchange differences						
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Stand 1. Januar 2006	3,250,000	3,250	29,346	4,316	41	-1,664	-434	34,855	100	34,955		
Dividends paid				-469					-469		-469	
Cost of share option plan			53						53		53	
Application of own shares for acquisitions and to service share option plan			72					25	97		97	
Profit for the year				1,419				1,419	121	1,540		
Unrealized gains/losses on -securities at balance sheet date (after tax of EUR 22 thousand)					34				34		34	
Reversal of unrealized gains/ losses on securities at previous balance sheet date			-41					-41		-41	-41	
Foreign currency translation differences				-628			-628		-628		-628	
Increase/decrease in minority interest							0		0		0	
Negative minority interest acquired							0		0		0	
Balance June 30, 2006	3,250,000	3,250	29,471	5,266	34	-2,292	-409	35,320	221	35,541		

01 – 06/2006

	Nuclear Medicine & Industry	Radio- pharma- ceuticals	Others	Consoli- dation	Totals
	Therapy	TEUR			
Sales to external customers	11,997	8,771	2,408		23,176
Sales to other segments	415	57	7	339	-818
Total segment sales	12,412	8,828	2,415	339	-818
Depreciation & amortization	-658	-1,233	-263	-79	-2,233
Net income/loss before minority interest	1,358	336	33	-187	1,540
Segmental assets	27,370	19,598	10,005	38,343	-31,286
Segmental liabilities	-14,867	-19,223	-10,112	-5,117	20,830
Capital expenditure	350	1,595	130	8	2,082

Sales by geographic areas 01 – 06/2006

		Mio EUR	%
North America		9.2	40
Europe		11.6	50
Asia/Pacific		0.9	4
Others		1.5	6
		23.2	100

01 – 06/2005

	Nuclear Medicine & Industry	Therapy	Others	Consoli- dation	Totals
	TEUR				
Sales to external customers	10,612	8,198	1		18,811
Sales to other segments	116	92	291	-499	
Total segment sales	10,728	8,290	292	-499	18,811
Depreciation & amortization	-656	-1,069	-59	1	-1,783
Net income/loss before minority interest	521	448	-22		947
Segmental assets	29,163	20,238	34,775	-27,522	56,654
Segmental liabilities	-12,026	-14,489	-2,054	17,669	-10,900
Capital expenditure	281	965	1		1,247

Sales by geographic areas 01 – 06/2005

		Mio EUR	%
North America		8.8	47
Europe		8.8	47
Asia/Pacific		1.2	6
Others		0.0	<1
		18.8	100

Management Board and Supervisory Board**June 30, 2006**

			Stocks	Stock Options
Dr. Andreas Eckert (Eckert Consult GmbH)	Management Board	2,100 (1,230,446)	18,500 (0)	
Dr. Andreas Hey	Management Board	0	6,000	
Dr. Edgar Löffler	Management Board	10,250	22,000	
Prof. Dr. Wolfgang Maennig	Supervisory Board	0	0	
Prof. Dr. Ronald Frohne	Supervisory Board	0	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**August 08, 2006**
Quarterly Report II/2006**March 29, 2007**
Balance Press Conference in Berlin**August 07, 2007**
Quarterly Report II/2007**November 07, 2006**
Quarterly Report III/2006**April 17, 2007**
Medtech Day in Frankfurt**November 06, 2007**
Quarterly Report III/2007**November 29, 2006**
German Equity Forum in Frankfurt**May 08, 2007**
Quarterly Report I/2007**November 2007**
German Equity Forum in Frankfurt**March 29, 2007**
Annual Report 2006**June 12, 2007**
Annual General Meeting in Berlin**Eckert & Ziegler
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