

## Quarterly Report I/2007



		<b>Q1 2007</b>	<b>Q1 2006</b>	<b>Change</b>
Revenue	Million EUR	<b>13.0</b>	11.3	15%
Return on revenue before tax	%	<b>9</b>	9	4%
EBITDA	Million EUR	<b>2.3</b>	2.2	3%
EBIT	Million EUR	<b>1.3</b>	1.1	21%
EBT	Million EUR	<b>1.2</b>	1.0	20%
Net income before minority interest	Million EUR	<b>0.8</b>	0.7	14%
Net income / loss	Million EUR	<b>0.8</b>	0.6	17%
Earnings per share (basic)	EUR	<b>0.24</b>	0.21	16%
Earnings per share (diluted)	EUR	<b>0.24</b>	0.21	16%
Cash flow from operating activities	Million EUR	<b>1.3</b>	0.9	48%
Depreciation and amortization (net)	Million EUR	<b>1.0</b>	1.1	-14%
Employees (as of March 31)	Persons	<b>303</b>	285	6%

Cover (from left to right)

The miniaturized cobalt-60 source, which is one millimeter thick and just under 3.5 millimeters long, is superbly suited for use in afterloaders, a type of cancer radiation system. In January, Eckert & Ziegler received a large-scale contract from Venezuela for MultiSource® afterloaders.

“Forschergarten”, the pre-school natural science education program that Eckert & Ziegler initiated, was honored as a “2007 Selected Site in the Land of Ideas”.

Gas referencing standard with transfer kit for the nuclear industry, used in calibrating control systems

## **Business development for the Eckert & Ziegler Group**

Following the record year of 2006, the first three months of the new business year have developed very well.

In the first quarter of 2007, the Eckert & Ziegler Group posted sales of 13 million EUR, which were 1.7 million EUR or 15% above the figure for the same period of last year. Both the operating results (up 27%, or 0.3 million EUR) and the income from continuing operations (up 14%, or 0.1 million EUR) rose substantially over the figures for the same period of last year.

For all segments, sales increased over the same three-month period of 2006.

Sales in the Nuclear Medicine and Imaging segment increased nominally (disregarding devaluation of the US\$) by 11% over the same period of last year. This segment has traditionally been the largest in the Group; it produces primarily products for medical imaging and industrial measurement systems. The main growth engines in the segment for the first quarter of 2007 were radioactive sources. Sales of radioactive sources for industrial applications rose by 25% even on a US-dollar basis. This is due in large part to high demand from the oil and gas sector as well as the controlled systems sector. The majority of sales were to customers in North America, and thus took place in US\$. Due to the continuing decline in the US\$/EUR exchange rate, however, this considerable increase in sales did not generate the hoped-for effect. In real terms, the segment grew by 2%.

Sales revenues in the Therapy segment showed a significant rise. Compared to the same period of last year, they grew by 1.1 million EUR or 25%, to 5.4 million EUR. This increase derives especially from the supply of tumor radiation systems (+27%) as well as from greater sales of implants for treating prostate cancer (+20%). The high sales of tumor radiation systems resulted from the acquisition of a large-scale contract with the Venezuelan Health Ministry.

Sales in the Radiopharmaceuticals segment increased by 44%, or 0.5 million EUR. This growth is due primarily to revenue from decoupled products of the Modular-Lab group, as well as to a considerable increase (21%) in income from contrast agents for PET scans (Positron Emission Tomography), the main driver of sales in this segment.

## **Profit situation**

The Eckert & Ziegler Group also showed a positive trajectory for profits. Following taxes and distribution to other shareholders, it earned profits of 0.8 million EUR (last year: 0.6 million EUR), or 0.24 EUR per share (last year: 0.21 EUR per share). Figures for the first quarter of 2007 thus lie well over those for the same period of last year.

As in preceding periods, the main source of profit was the Nuclear Medicine and Industry segment, which contributed a surplus of 0.6 million EUR after taxes and distribution to other shareholders. The Therapy segment posted profits of 0.3 million EUR, whereas the Radiopharmaceuticals segment showed a loss of 0.2 million EUR. For both the Therapy and the Nuclear Medicine and Imaging segments, the surplus after taxes and distribution to other shareholders rose by 0.2 million EUR.

## **Milestones**

■ The Venezuelan Health Ministry ordered innovative tumor radiation systems of the MultiSource® type for six additional clinics. This represents an additional order of afterloaders, following immediately upon the Curietron order of last year.

■ "Forschergarten", the pre-school natural science education program ([www.forschergarten.de](http://www.forschergarten.de)) that Eckert & Ziegler initiated, was honored as a "2007 Selected Site in the Land of Ideas" ("Ausgewählter Ort im Land der Ideen 2007"). As such, it is one of 365 innovative projects assigned a specific day in a campaign next year to highlight the future potential and wealth of ideas in Germany.

## **Research and Development**

In the Therapy segment, a new design was developed for the iridium-192 radioactive source. By further miniaturizing this source and by considerably increasing its physical flexibility, we can expand the range of treatment available from our cancer radiation systems. In addition to this enhanced design, a considerably more powerful drive for the afterloader was also developed.

In the Radiopharmaceuticals segment, the development work that was launched in the 2005 and 2006 business years on the Modular-Lab synthesis module was pursued further. This family of systems lets nuclear medical specialists conveniently produce yet larger amounts of radiopharmaceutical agents for PET scans (Positron Emission Tomography).

The Modular-Lab was also expanded to enable automatic marking of radiopharmaceuticals. A prototype has already been installed in Switzerland. This new technology will increasingly replace manual radioactive marking, and is helping to dramatically lower the levels of radiation that laboratory personnel are exposed to.

## **Staff**

As of 31 March 2007, Eckert & Ziegler Group employed a staff of 303 (compared to 285 on 31 March 2006). The total number of staff increased by 2 over the Group-wide figure at the end of 2006.

## **Outlook**

The Board anticipates a net income of 2.8 million EUR (earnings per share of 0.90 EUR) for the 2007 business year. The optimistic growth expectations are based primarily on greater sales of implants for treating prostate cancer, which were added to the list of products and services remunerated by health insurance companies in France last year. The Board also expects industrial components and tumor radiation systems to generate significant boosts to growth.

The net income prognosis of 2.8 million EUR is contingent on the EUR/US\$ exchange rate and stable tax rules. However, the German government plans to modify the corporate tax, which might lead to a depreciation of latent taxes. A precise outlook proves to be very difficult due to the hitherto fragmentary information flow and the unpredictable political decision making process.

Thanks to its solid financial situation and healthy capital structure, the Eckert & Ziegler Group has a sound basis for continued successful growth. Strong developments over the first three months of the new business year confirm this positive outlook for the year 2007.

	<b>Quarterly Report</b>	Quaterly Report	Annual Report
	I/2007	I/2006	2006
	<b>01-03/2007</b>	01-03/2006	01-12/2006
	TEUR	TEUR	TEUR
<b>Revenue</b>	<b>12,999</b>	11,284	50,378
Cost of goods sold	-6,977	-6,130	-26,464
<b>Gross profit on sales</b>	<b>6,022</b>	5,154	23,914
Selling expenses	-2,159	-2,052	-8,652
General and administrative expenses	-2,639	-2,497	-10,307
Research and development expenses	-6	-103	-333
Other operating income	85	535	1,451
Other operating expenses	-9	-15	-196
<b>Operating income/loss</b>	<b>1,294</b>	1,022	5,877
Interest receivable and payable, net	-174	-136	-796
Gains/losses on currency exchange, net	43	-47	-328
Other income/expense, net	-	133	-5
<b>Income before tax and minority interest</b>	<b>1,163</b>	972	4,748
Income tax expense	-367	-276	-1,611
<b>Net income from continuing operations</b>	<b>796</b>	696	3,137
Income from discontinued operations, net	-	-	-592
Minority interests in net income of consolidated subsidiaries	-39	-46	-324
<b>Net income/loss</b>	<b>757</b>	650	2,221
<hr/>			
<b>Ergebnis je Aktie</b>			
Unverwässert	<b>0,24</b>	0,21	0,71
Verwässert	<b>0,24</b>	0,21	0,70
<hr/>			
<b>Ergebnis je Aktie aus fortlaufender Geschäftstätigkeit</b>			
Unverwässert	<b>0,25</b>	0,22	1,00
Verwässert	<b>0,25</b>	0,22	0,99
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Average number of shares in circulation (basic)	<b>3,141</b>	3,123	3,131
Average number of shares in circulation (diluted)	<b>3,177</b>	3,158	3,167

	<b>March 31, 2007</b>	Dec 31, 2006
	TEUR	TEUR
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	<b>15,486</b>	15,920
Intangible assets	7,416	7,212
Goodwill	10,705	10,773
Equity investments	74	74
Deferred taxes	4,104	4,118
Other non-current assets	2,031	2,084
<b>Total non-current assets</b>	<b>39,816</b>	40,181
<b>Current assets</b>		
Cash and cash equivalents	2,892	4,683
Marketable securities	1,031	1,081
Trade accounts receivable, less allowance for doubtful accounts	10,544	11,110
Receivables from related parties	8	27
Inventories	6,261	5,888
Prepaid expenses and other current assets	1,816	1,204
<b>Total current assets</b>	<b>22,552</b>	23,993
<b>Total assets</b>	<b>62,368</b>	64,174
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholders' equity</b>		
Subscribed capital	3,250	3,250
Capital reserve	29,664	29,632
Retained earnings	6,825	6,068
Cumulative other comprehensive income	-2,935	-2,679
Own shares	-366	-366
Minority interests	463	424
<b>Total shareholders' equity</b>	<b>36,901</b>	36,329
<b>Non-current liabilities</b>		
Long-term debt, less current portion and capital lease obligations	6,268	7,319
Deferred income from grants and other deferred income	1,185	1,270
Deferred taxes	1,681	1,706
Pension reserves	132	129
Other non-current liabilities	3,414	3,449
<b>Total non-current liabilities</b>	<b>12,680</b>	13,873
<b>Current liabilities</b>		
Short-term debt and current portion of long-term debt and capital lease obligations	2,002	3,365
Trade accounts payable	3,864	3,855
Prepayments received	240	331
Accrued expenses	3,967	3,971
Deferred income from grants and other deferred income	958	960
Income tax payable	836	300
Other current liabilities	920	1,190
<b>Total current liabilities</b>	<b>12,787</b>	13,972
<b>Total liabilities and shareholders' equity</b>	<b>62,368</b>	64,174

	<b>3-monthly report</b>	3-monthly report
	<b>01-03/2007</b>	01-03/2006
	TEUR	TEUR
<b>Cash flows from operating activities</b>		
Profit for the year	<b>796</b>	696
Adjustments for:		
Depreciation and amortization	<b>958</b>	1,118
Proceeds from grants		
less release of deferred income from grants	<b>-85</b>	-267
Deferred taxes	<b>-1</b>	23
Income (-)/expense from stock option plan	<b>32</b>	-
Unrealized foreign currency gains (-)/losses	<b>-36</b>	91
Long-term reserves, other long-term liabilities	<b>-6</b>	-44
Gains/losses from the disposal of non-current assets	<b>-1</b>	9
Other items, net	<b>4</b>	-293
Changes in current assets and liabilities:		
Receivables	<b>266</b>	1,282
Inventories	<b>-415</b>	212
Prepaid expenses and other current assets	<b>19</b>	248
Accounts payable		
and accounts payable to affiliates	<b>172</b>	-764
Tax reserves	<b>43</b>	-705
Other liabilities	<b>-458</b>	-736
<b>Net cash generated from operating activities</b>	<b>1,288</b>	870
<b>Cash flows from investing activities</b>		
Additions to / Sale of non-current assets	<b>-823</b>	-1,115
Purchase/sale of securities	<b>50</b>	-
<b>Net cash used in investing activities</b>	<b>-773</b>	-1,115
<b>Cash flows from financing activities</b>		
Change in long-term borrowing	<b>-925</b>	-750
Change in short-term borrowing	<b>-1,342</b>	19
Treasury stock used for stock options	<b>-</b>	97
<b>Net cash generated from financing activities</b>	<b>-2,267</b>	-634
Effect of exchange rates on cash and cash equivalents	<b>-39</b>	-38
<b>Decrease/increase in cash and cash equivalents</b>	<b>-1,791</b>	-917
<b>Cash and cash equivalents at beginning of period</b>	<b>4,683</b>	4,950
<b>Cash and cash equivalents at end of period</b>	<b>2,892</b>	4,033

	<u>Cumulative other equity items</u>								Group share- holders' equity	
	<u>Subscribed capital</u>		Retained earnings	Unrealized gains/losses on securities		Exchange differences	Own shares	Equity attri- butable to shareholders		
	Shares	Nominal value		Capital reserve	TEUR					
		TEUR		TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	
Balance Jan 1, 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				116				116		116
Application of own shares for acquisitions and to service share option plan				170			68	238		238
Profit for the year					2,221			2,221	324	2,545
Unrealized gains/losses on securities at balance sheet date (after tax of EUR 14 thousand)					22			22		22
Reversal of unrealized gains/ losses on securities at previous balance sheet date					-41			-41		-41
Foreign currency translation differences						-1,037		-1,037		-1,037
<b>Balance Dec 31, 2006</b>	<b>3,250,000</b>	<b>3,250</b>	<b>29,632</b>	<b>6,068</b>	<b>22</b>	<b>-2,701</b>	<b>-366</b>	<b>35,905</b>	<b>424</b>	<b>36,329</b>

	<u>Cumulative other equity items</u>								Group share- holders' equity	
	<u>Subscribed capital</u>		Retained earnings	Unrealized gains/losses on securities		Exchange differences	Own shares	Equity attri- butable to shareholders		
	Shares	Nominal value		Capital reserve	TEUR					
		TEUR		TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	
Balance Jan 1, 2007	3,250,000	3,250	29,632	6,068	22	-2,701	-366	35,905	424	36,329
Cost of share option plan				32				32		32
Profit for the year					757			757	39	796
Unrealized gains/losses on securities at balance sheet date (after tax of EUR 14 thousand)					22			22		22
Reversal of unrealized gains/ losses on securities at previous balance sheet date					-22			-22		-22
Foreign currency translation differences						-256		-256		-256
<b>Balance March 31, 2007</b>	<b>3,250,000</b>	<b>3,250</b>	<b>29,664</b>	<b>6,825</b>	<b>22</b>	<b>-2,957</b>	<b>-366</b>	<b>36,438</b>	<b>463</b>	<b>36,901</b>

**01 – 03/2007**

	<b>Nuclear Medicine &amp; Industry</b>	<b>Radio- pharma- ceuticals</b>	<b>Others</b>	<b>Consoli- dation</b>	<b>Totals</b>
	<b>Therapy</b>	<b>TEUR</b>			
Sales to external customers	5,984	5,367	1,645	3	12,999
Sales to other segments	0	50	0	255	-305
Total segment sales	5,984	5,417	1,645	258	-305
Depreciation & amortization	-302	-519	-107	-30	-958
Non-cash income and expenses	-1	-82	47	129	93
Net income/loss before minority interest	602	346	-158	6	796
Segmental assets	28,100	21,060	6,825	36,113	-33,834
Segmental liabilities	-12,219	-16,533	-9,410	-5,044	19,420
Capital expenditure	157	366	283	1	807
<b>Sales by geographic areas 01 – 03/2007</b>					Million EUR
North America					4,7
Europe					7,0
Asia/Pacific					0,9
Others					0,4
					13,0
					100

**01 – 03/2006**

	<b>Nuclear Medicine &amp; Industry</b>	<b>Radio- pharma- ceuticals</b>	<b>Others</b>	<b>Consoli- dation</b>	<b>Totals</b>
	<b>Therapy</b>	<b>TEUR</b>			
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 & amortization	-341	-615	-123	-39	-1,118
Non-cash income and expenses	511	447	-2,142	1,191	256
Net income/loss before minority interest	410	158	-25	153	696
Segmental assets	26,823	18,437	6,786	36,504	-28,319
Segmental liabilities	-13,068	-18,660	-8,724	-5,302	19,044
Capital expenditure	166	852	97		1,115
<b>Sales by geographic areas 01 – 03/2006</b>					Mio EUR
North America					4,5
Europe					5,6
Asia/Pacific					0,4
Others					0,8
					11,3
					100

## **1. General Information**

This unaudited Group Interim Report of 31 March 2007 comprises the reports from Eckert & Ziegler Strahlen- und Medizintechnik AG and its subsidiaries (also "Eckert & Ziegler AG" below).

## **2. Accounting and Valuation Methods**

Eckert & Ziegler AG's Consolidated Financial Statements (Interim Report) of 31 March 2007 was produced like the 2006 Annual Report 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) and/or the Standing Interpretations Committee (SIC).

The accounting and valuation methods contained in the notes to the 2006 Annual Report were applied unchanged.

To prepare consolidated financial statements 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.

## **3. Consolidation Cycle**

Eckert & Ziegler AG's Consolidated Financial Statements include all companies for which Eckert & Ziegler AG is able to directly or indirectly determine financial and business policy (control function). Between 31 December 2006 and 31 March 2007, there were no changes to the consolidation cycle, so the companies included in the Interim Report of 31 March 2007 are the same as those in the Consolidated Financial Statements of 31 December 2006.

**4. Limited Comparability of this Consolidated Report with Last Year**

Altmann Therapie GmbH & Co. KG left the consolidation cycle as of 31 December 2006. This substantially affected the Group's asset and profit situations, which makes it difficult to compare this Consolidated Report with that of the year before.

**5. 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 2007	Exchange rate on 31 March 2006	Average rate for the first quarter of 2007	Average rate for the first quarter of 2007
USA	US\$	1.333500	1.207600	1.323970	1.202640
Tschechien	CZK	28.045300	28.677300	28.010420	28.536370

**6. Number of Own Shares**

On 31 March 2007 Eckert & Ziegler AG held 109,335 of its own shares, a number that remained unchanged since 31 December 2006. This corresponds to 3.4% of the company's capital stock.

**7. Directors' Dealings**

Regarding directors' dealings, readers are referred to the information in the Consolidated Financial Statements of 31 December 2006.

**8. Significant Events**

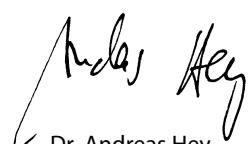
No significant events have occurred after the first three months of the 2007 business year.



Dr. Andreas Eckert,  
Chief Executive Officer



Dr. Edgar Löffler,  
Executive Vice President



Dr. Andreas Hey,  
Executive Vice President

**Financial Calendar**

**05-08-2007**

Quarterly Report I/2007

**06-12-2007**

Annual General Meeting  
in Berlin

**08-07-2007**

Quarterly Report II/2007

**11-06-2007**

Quarterly Report III/2007

**November 2007**

German Equity Capital Forum  
in Frankfurt

**Eckert & Ziegler  
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