ANNUAL REPORT

2016

Eckert & Ziegler

Contributing to saving lives

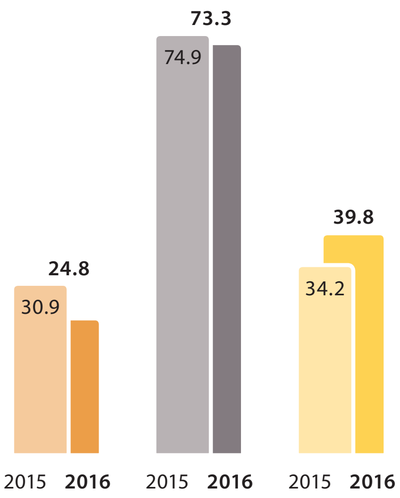
KEY DATA ECKERT & ZIEGLER

incl. discontinued operations		Change	2015	2016
Sales and Earnings				
Sales	€ thousand	– 1 %	140,046	137,955
EBITDA	€ thousand	– 7 %	25,574	23,724
Depreciations	€ thousand	0 %	8,764	8,737
EBIT	€ thousand	– 11 %	16,810	14,988
EBIT margin	%	– 8 %	12	11
Tax rate	%	– 8 %	33	30
Net profit for the year after taxes and minorities	€ thousand	– 11 %	10,718	9,551
Earnings per share w/o one-off effects	€	– 11 %	2.03	1.81
Cash Flow				
Cash flow from operating activities	€ thousand	22 %	16,230	19,832
Liquid assets as of 31 December	€ thousand	16 %	31,466	36,567
Balance				
Shareholders' equity	€ thousand	5 %	104,668	110,077
Total assets	€ thousand	1 %	196,676	199,464
Equity ratio	%	4 %	53	55
Net liquidity (liquidity minus debts)	€ thousand	56 %	15,938	24,910
Employees				
Average number of employees*	People	– 5 %	672	638
Number of employees as of 31 December	People	– 7 %	692	646
Key figures share				
Average number of shares in circulation	Item in thousand	0 %	5,288	5,288
Book value per share	Euro	41 %	18.86	26.51
Dividend**	Euro	10 %	0.60	0.66

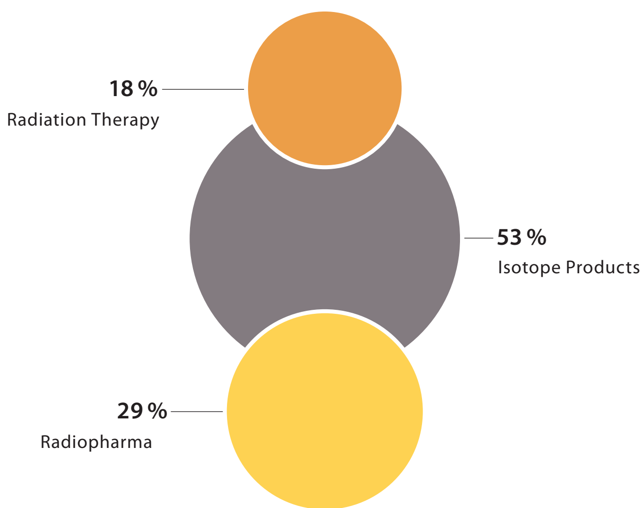
** without executive boards, general managers, freelancer*

*** Dividend to be proposed to the Annual General Meeting by the Group on May 31, 2017*

SALES TRENDS IN INDIVIDUAL SEGMENTS
in € million



SALES BY SEGMENTS
in %



CONTENT

Back to the table of contents

We have used the traditional plural form in our Annual Report when referring to men, women and others to streamline the language used and facilitate reading. It goes without saying that everyone is included.

The official version of the Eckert & Ziegler annual report is in German. The English translation is provided as a convenience to our shareholders. While we strive to provide an accurate and readable version of our annual report in English, the technical nature of an annual report often yields awkward phrases and sentences. We understand this can cause confusion. So, please always refer to the German annual report for the authoritative version.

* SALES BY REGIONS

America

€ 52

million *

NORTH-/SOUTH-AMERICA

1 Los Angeles, California, USA
2 Atlanta, Georgia, USA
3 Hopkinton, Massachusetts, USA
4 Mount Vernon, New York, USA
5 Fortaleza, Brazil
6 São Paulo, Brazil

EUROPE

7 Berlin, Germany (Headquarters)
8 Braunschweig, Germany
9 Bonn, Germany
10 Düsseldorf, Germany
11 Holzhausen, Germany
12 Vienna, Austria
13 Seneffe, Belgium (Headquarters Eckert & Ziegler BEBIG)
14 Paris, France
15 Didcot, Great Britain
16 Madrid, Spain
17 Prague, Czech Republic
18 Warsaw, Poland

ASIA AND REST OF WORLD

19 New Delhi, India

production site

distribution site

LETTER TO THE SHAREHOLDERS

Dear Shareholder,

The past fiscal year was characterized by restructuring measures in the Radiation Therapy segment. In previous years, a loss in the millions of euros had accumulated there, which was caused by significant and surprising declines in demand for cancer irradiation equipment in emerging countries, augmented in part by a hesitant reduction of overcapacities. However, extraordinary income from the sale of a pharmaceutical developer cushioned the impact of this turn of events on the Group's total comprehensive income. As a result, despite the challenging operating business situation, it was possible to report a much higher profit in 2015 compared to previous periods.

A repetition of this effect was not expected in 2016. Therefore, it was all the more important that significant countermeasures were approved and introduced by December 2015 in order to boost income in the Radiation Therapy segment. They included the sale of unprofitable business ventures and the closure of underutilized business units. This battle against capacity costs, led by a new business management team, continued in 2016. Business divisions were scrutinized without sentimentality, processes were streamlined and tasks were outsourced. All told, the Group lost approximately € 2 million in sales, but also reduced expenses by almost € 10 million. The difference was sufficient to build on the profitability of previous years without extraordinary effects and achieve earnings per share of € 1.81.

The company is leaner and fitter, most of all in the Radiation Therapy segment. Compared to the previous year, € 6 million of sales were lost, while expenses were trimmed by € 9 million, resulting in a jump in income of € 3 million and in absolute terms leading to a slight net loss for the year in the segment. However, only 60 % or € 3.7 million of the sales decline from € 31 million to almost € 25 million was attributable to the disposal of various businesses. Almost 40 % or € 2.7 million came from plan shortfalls. This shows that the segment has still not always found the point where capacity equals demand.

At the same time, products for the treatment of prostate cancer and eye tumors went according to plan or even experienced surprising growth. Plan shortfalls almost exclusively involved tumor irradiation equipment. This product category achieved the lowest annual sales in five years. Demand in emerging countries still does not match the annual average that would be expected historically and in terms of need. Demand will recover only if the prices for oil and gas rise and the budgets for health care spending, most of which are government budgets, increase again. The Radiation Therapy segment could benefit from this scenario more than ever. Overhead costs have declined by almost € 8 million, while the break-even point has fallen by at least € 5 million and now is approximately € 25 million.

DR. ANDREAS ECKERT
Chairman of the Executive Board

In any case, the Radiation Therapy segment has gained financial leeway for 2016. The prerequisites for this were created with a capital increase of € 5 million. Excluding cash, as of December 31, 2016 the segment had no liabilities and three months of cash and cash equivalents on hand. Furthermore, the Radiation Therapy segment was essentially self-financing. The increase in cash was € 1.3 million higher than would have been expected after the € 3.9 million debt reduction and the € 5 million capital increase. Nevertheless, much remains to be done. The return on sales is still unsatisfactory and the positive cash flows are attributable to extraordinary effects, without which the segment would scarcely be in the position to cover its maintenance expenses. This means there is only one conclusion to be drawn: the company is currently maintaining a stable recovery position.

The situation with Isotope Products, the Group's largest segment in terms of sales and earnings, looked better. The segment delivered a stable performance within its customary range. Although there was a slight decline in sales of 2 % to € 77 million, this did not lead to any disruptions. It could be traced back to lower demand for industrial components, which, similarly to tumor irradiation equipment, suffer from the drop in oil prices. The decline was partially offset by surprisingly strong growth in medical components and also in Latin America. This mitigated the effect on earnings. Since there were no extraordinary charges for Environmental Services or for Brazil, which had continued to harm earnings in the previous year, the segment actually produced slightly better earnings than in the previous year despite lower sales. The segment generated EBIT of almost € 10 million and thus a return on sales of approximately 13 %.

The highlight for the Group in 2016 was the Radiopharma segment. Its fiscal year featured a jump in sales of € 5.5 million or 17 %

The highlight for the Group in 2016 was the Radiopharma segment. Its fiscal year featured a jump in sales of € 5.5 million or 17 % to almost € 40 million, a new record, caused by growth in generators and cyclotron products. The increased demand for generators resulted from the expedited approval of a cancer diagnostic product, for which Eckert & Ziegler supplies the pharmaceutical agent. This led to a doubling of related product sales and high marginal returns. Together with a profitable project business, the segment was able to increase its EBIT from operating activities – without the extraordinary effects in 2015 from the sale of the pharmaceutical developer OctreoPharm Sciences GmbH – from € 2.2 million in the previous year to a record of more than € 6 million and a return on sales of almost 20 %.

As a result of the good figures in the Radiopharma segment, Eckert & Ziegler AG ended up with a profit for the year almost precisely in line with the forecast of € 1.80 per share at the beginning of the year. A precision landing, so to speak, although the Radiation Therapy segment and the Isotope Products industrial segment delivered a slightly weaker than usual performance.

The other performance indicators were also in line with expectations. Income was driven by robust cash flows, which increased cash on hand to almost € 37 million. Adjusted for liabilities, the Group's net liquidity climbed from approximately € 15 million by about € 10 million within a year to now almost € 25 million. The solid equity ratio amounted, as in previous years, to more than 50 % of total assets of approximately € 200 million.

to almost € 40 million, a new record, caused by growth in generators and cyclotron products. « **DR. ANDREAS ECKERT** *(Chairman of the Executive Board*

As in previous years, the good data led the Executive Board to propose a dividend to the Annual General Meeting at the end of May 2017. In the anniversary year of 2017, 25 years after the Group's founding, the dividend of € 0.66 per share is 10 % higher than in the past.

In terms of personnel, the fiscal year was characterized by a rejuvenation of the Executive Board. Dr. Edgar Löffler, who had shaped the growth and fate of the Group for many years, handed over his area of responsibility to Dr. Harald Hasselmann at the end of the year for age reasons. He will remain at the Group's disposal as an advisor and friendly supporter.

We would be grateful if you, our shareholders, remained similarly loyal to us.

Best regards,

DR. ANDREAS ECKERT
Chairman of the Executive Board of Eckert & Ziegler AG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GROUP EXECUTIVE COMMITTEE

The Group Executive Committee is comprised of the managers of the most important segments – who are mostly the same members of the Executive Board – and the executive managers of the larger subsidiaries. The responsibilities and duties of the Group Executive Committee include providing regular updates regarding business trends and transactions, discussing strategic issues and implementing decisions made by the Executive Board.

1 | Dr. Andreas Eckert

Chairman of the Executive Board

Dr. Andreas Eckert studied economics and social science in Heidelberg, New York and Berlin. After completing his Ph. D., he represented the Secretary-General as Information Officer for the United Nations in New York, Latin America, Asia and Africa. Dr. Eckert returned to Berlin after German reunification and worked as an independent management consultant. He then founded Eckert & Ziegler Strahlen- und Medizintechnik AG as well as other technology companies that are predominantly involved in the life science sectors.

2 | Dr. André Heß

Member of the Executive Board | Radiopharma Segment

After completing his doctorate in chemistry and industrial engineering and management, Dr. Heß worked as a scientific assistant at the Humboldt University in Berlin for several years. He joined the Eckert & Ziegler Group in 1996, initially as a radiochemist and later as Head of Development and General Manager of different subsidiaries within the Group. In March 2008, he was appointed a member of the Executive Board of Eckert & Ziegler.

3 | Dr. Harald Hasselman

Member of the Executive Board | Radiation Therapie Segment

After completing his doctorate studies in economics he gained experience at various international pharmaceutical companies. He was head of controlling for Europe at Bayer Pharma, managing director at Schering's Hungarian subsidiary and director of the Berlin-based biotech company metaGen. He has held various positions in large and medium-sized healthcare companies and has an excellent track record in sales, controlling and implementing restructuring measures. In January 2017 he was appointed a member of the Executive Board of Eckert & Ziegler.

4 | Dr. Gunnar Mann

Member of the Group Executive Committee | Others Segment

Dr. Mann holds an MBA and a Ph. D. in physics. After completing his studies, he worked at the Dresden University of Applied Sciences and TÜV Energie- und Systemtechnik GmbH. In 1998, Dr. Mann joined the Eckert & Ziegler Group, first as a physicist, then as Product Development Manager. Since 2000, Dr. Mann has been General Manager of various subsidiaries and affiliated companies of Eckert & Ziegler AG. Since January 2012, he has served as Head of the Environmental Services division. Since fiscal year 2014, Environmental Services is no longer a separate segment but is managed as a cost center in the holding and recognized under the Others segment.

5 | Frank Yeager

Member of the Group Executive Committee | Isotope Products Segment

After completing a degree in mechanical engineering and an MBA, Mr. Yeager worked in executive-level positions at international industrial corporations. Since the end of 2001, he has served as CEO and Head of the Isotope Products division at the American subsidiary of Eckert & Ziegler Isotope Products, Inc.

REPORT OF THE SUPERVISORY BOARD

Dear shareholders,

In fiscal year 2016, the Supervisory Board properly fulfilled the tasks incumbent upon it according to the law, the Articles of Association, and the rules of procedure. It continuously monitored the Executive Board and advised it on its corporate management activities. The Supervisory Board was directly involved in all decisions of fundamental importance to the company.

The Executive Board regularly, promptly, and extensively informed the Supervisory Board about corporate planning, business performance, and strategic progress, as well as the Group's current situation.

The Chairman of the Executive Board also regularly informed the Chairman of the Supervisory Board outside the Supervisory Board's meetings about current developments and significant business transactions. Moreover, the Chairman of the Supervisory Board and the Chairman of the Executive Board liaised on a regular basis on issues related to strategy, planning, general business development, the risk situation, risk management, and compliance. A total of five Supervisory Board meetings took place during the period under review. If necessary, the Supervisory Board also issued authorizations by written procedure. Resolutions of fundamental importance were either passed on the basis of relevant documentation or after direct discussions with the Executive Board. There were no committees of the Supervisory Board during the period under review. With the exception of two members who were each only able to attend four meetings personally, all members of the Supervisory Board participated in all Supervisory Board meetings. On average, all members of the Supervisory Board attended 93 % of the meetings.

Key topics addressed by the Supervisory Board

The following key topics formed the focus of the individual Supervisory Board meetings:

At the meeting on January 20, 2016, the Executive Board mainly reported on the preliminary key figures for fiscal year 2015, the economic state particularly of the Radiation Therapy segment and the Group-wide Code of Conduct. The company's risk report, which describes the key risk positions and the Group's risk management, was also presented and discussed during this meeting. The audit of the annual financial statements and the management reports for the Group and the company were the main topics of the meeting on March 21, 2016. At the meeting on June 8, 2016, the focus was on the business figures for the first quarter of 2016, the purchase of shares in the Czech company Eckert & Ziegler Cesio s.r.o., the capital increase at the Belgian company Eckert & Ziegler BEBIG S. A., and preparations for the Annual General Meeting. The Supervisory Board meeting on August 1, 2016, discussed the business figures for the second quarter of 2016 in particular as well as the status of restructuring measures in the Radiation Therapy segment. In addition, the Supervisory Board reported about its duties within the scope of the European Union's Market Abuse Directive (MAR).

PROF. DR. WOLFGANG MAENNIG
Chairman of the Supervisory Board

The focus of the meeting on October 14, 2016 was the presentation and approval of the budget for fiscal year 2017 as well as the presentation of the business figures for the third quarter of 2016. Another topic on the agenda was the strategic positioning of the Radiopharme and Isotope Products segments.

In a teleconference on December 2, 2016, the Supervisory Board accepted the resignation of Dr. Edgar Löffler for age reasons, effective December 31, 2016, and unanimously approved the appointment of Dr. Harald Hasselmann to the Executive Board effective January 1, 2017.

Corporate governance principles

In the period under review, the Supervisory Board continued to deal with the further development of the standards of good and responsible corporate governance, taking into account the German Corporate Governance Code as amended on May 5, 2015. On December 2, 2016, the Executive Board and the Supervisory Board issued a new Declaration of Conformity with the German Corporate Governance Code. Additional details are available in the Group's Corporate Governance Report, which is published on the Group's website in connection with the Declaration on Compliance. In order to increase the efficiency of the Supervisory Board, it assigned the task of revising documents to the Executive Board in several cases.

In the period under review, there were no conflicts of interest among members of the Supervisory Board.

Audit of the annual financial statements for 2016

The annual financial statements of Eckert & Ziegler Strahlen- und Medizintechnik AG, the consolidated financial statements of the Eckert & Ziegler Group, and the management reports were audited, together with the accounting system, by the auditors appointed by the Annual General Meeting for fiscal year 2016, BDO AG Wirtschaftsprüfungsgesellschaft, Berlin, Germany. The auditor has concluded that all legal requirements have been met and has granted an unqualified auditor's opinion. Furthermore, the auditor has concluded that the Executive Board has implemented the measures incumbent upon it pursuant to Section 91 (2) of the German Stock Corporation Act (Aktiengesetz, AktG) regarding the establishment of a risk-monitoring system in a suitable form and that this system is suitable for the early detection of developments that endanger the continued existence of the company as a going concern. In regard to the report presented by the Executive Board on the company's relationships to affiliated enterprises in accordance with Section 312 AktG (affiliated company report), the auditor has confirmed that the statements made in the report are correct and that the payments made by the company for the legal transactions listed in the report were not inappropriately high.

The annual financial statements, including the affiliated company report and the auditor's audit report, were submitted to the Supervisory Board. A representative of the auditor took part in the Supervisory Board's balance-sheet meeting on March 21, 2017 and reported on the key findings of the audit. The Supervisory Board acknowledged and approved the auditor's results.

Based on its subsequent examination, the Supervisory Board raises no objections against the audited annual financial statements and the affiliated company report, including the Executive Board's concluding statement. The Supervisory Board therefore approves the annual financial statements of Eckert & Ziegler Strahlen- und Medizintechnik AG and the consolidated financial statements of the Eckert & Ziegler Group presented to it. The annual financial statements of Eckert & Ziegler Strahlen- und Medizintechnik AG are thereby adopted. The Supervisory Board concurs with the Executive Board's recommendation on the appropriation of net profit.

Changes in the Executive Board

Dr. Edgar Löffler retired from the Executive Board effective December 31, 2016. Replacing him, Dr. Harald Hasselmann was unanimously appointed as a member of the Executive Board effective January 1, 2017. The Supervisory Board would like to thank Dr. Löffler for his many years of service in the Radiation Therapy segment.

Acknowledgment

The Supervisory Board would like to thank the management as well as all employees for their commitment and performance in fiscal year 2016.

Berlin, March 2017
For the Supervisory Board

PROF. DR. WOLFGANG MAENNIG
Chairman of the Supervisory Board

THE SUPERVISORY BOARD

Prof. Dr. Wolfgang Maennig
Chairman of the Supervisory Board
Berlin

Prof. Dr. Nikolaus Fuchs
Deputy Chairman of the Supervisory Board
Berlin

Dr. Gudrun Erzgräber
Birkenwerder

Prof. Dr. Detlev Ganten
Berlin

Prof. Dr. Helmut Grothe
Wandlitz

Hans-Jörg Hinke
Berlin


// Radiopharma
500
devices installed worldwide for the development and the production of radiopharmaceuticals
// Isotope Products
>10,000
products
for medical and scientific research as well as industrial radiometry

// Radiation Therapy

0.8 mm

Diameter of a seed.

// Our Segments

Contributing to saving lives.

The Eckert & Ziegler Group is one of the world's largest providers of isotope technology for medical, scientific and industrial use. The core businesses of the Group are: cancer therapy, industrial radiometry and nuclear-medical imaging. In some of its business fields the Group is world market leader.

**SAGINOVA®
TUMOR IRRADIATION DEVICE**

Without radiation therapy, a great number of women in developing countries would have no access to effective treatment methods for uterine cancer.

// Radiation Therapy Segment

Tiny implants against prostate cancer

Eckert & Ziegler is one of the leading manufacturers for brachytherapy products. Brachytherapy is a form of radiation therapy which irradiates the tumor from a very short distance. Among the products are low radioactive, miniaturized implants for the treatment of prostate cancer (seeds), tumor irradiation systems (afterloaders) and eye applicators.

EYE APPLICATORS

As an alternative to enucleation in patients with eye melanomas, the Ru-106 eye applicator enables eyesight to be maintained in many cases.

SEEDS

Tiny, miniature radioactive sources enclosed in a titanium shell can be implanted directly into the center of the tumor, enabling an effective and minimally invasive treatment for prostate cancer.

GALLIAPHARM® RADIOPHARMACEUTICAL

Patients are often injected with radioactively marked peptides for the purpose of cancer diagnosis. GalliaPharm® provides the radioactive substance.

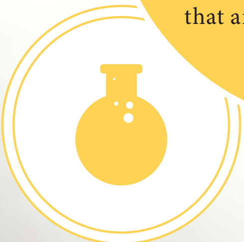
// Radiopharma Segment

Diagnosing cancer at an early stage

Eckert & Ziegler is one of the leading suppliers of products used in nuclear medicine. This includes devices used in radiosynthesis and quality control as well as radiopharmaceuticals for the diagnosis and treatment of cancer. Eckert & Ziegler is also a reliable partner for payroll services in the pharmaceutical industry.

CONTRACT MANUFACTURING

Eckert & Ziegler carries out radioactive marking of pharmaceutical substances under contract with international pharmaceutical companies. This includes, for example, small beads of just a few micrometers that are enriched with radioactive yttrium and that are used in the treatment of liver cancer.

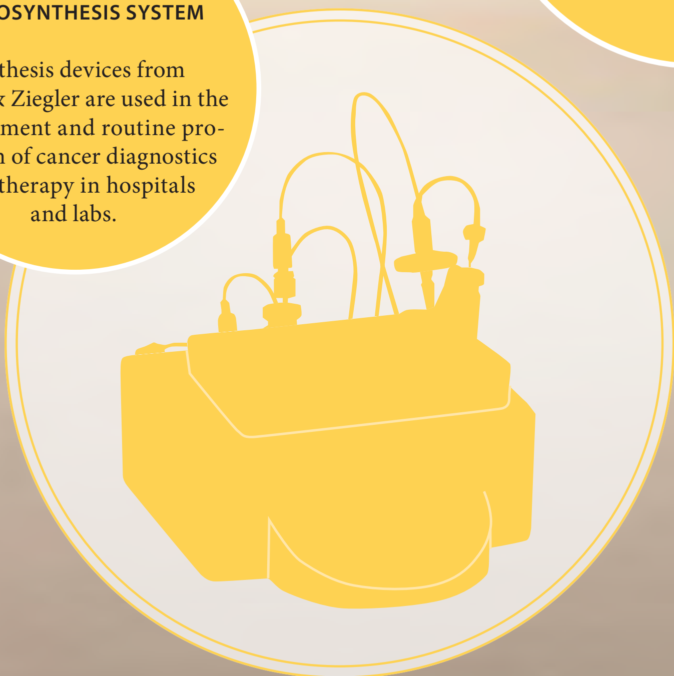


RADIOPHARMACEUTICAL FDG

It is only by using a radioactive substance such as [^{18}F]FDG on a patient that an analyzable image for a cancer diagnosis can be attained in positron emission tomography (PET).

MODULAR LAB RADIOSYNTHESIS SYSTEM

Synthesis devices from Eckert & Ziegler are used in the development and routine production of cancer diagnostics and therapy in hospitals and labs.



// Isotope Products Segment

Contact-free measuring with radiometry

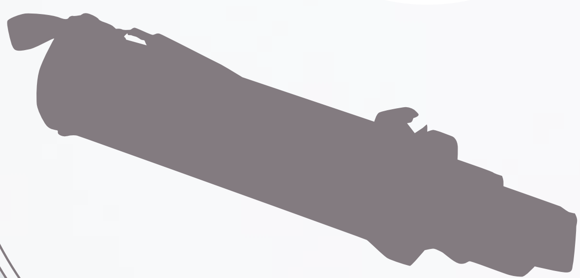
Eckert & Ziegler is one of the leading manufacturers worldwide of radioactive sources for nuclear imaging, measurement technology, quality assurance and environmental monitoring. The product range extends from calibration sources for PET cameras in hospitals to radiation sources for radiometric level measurements.

INDUSTRIAL SOURCES

Measuring technology containing a radioactive source is used in many cases for the level measurement of liquids and bulk material in silos or tanks.

FLOOD SOURCE

Calibration sources are used to conduct quality assurance testing on gamma cameras every day in clinics. This ensures high image quality and reliable evidence for patient diagnosis.



MEASUREMENT SOURCES

In order to translate a measurement device's results into an analyzable measurement, exact calibration sources are required that encompass all imaginable nuclides.

INDUSTRIAL SOURCES

Safety checks at airports often use weak radioactive sources to look for tiny traces of explosives.

THE YEAR 2016 IN REVIEW

COOPERATION PROGRAM WITH DRUG DEVELOPERS

Eckert & Ziegler expands its cooperation program with promising drug developers in the field of nuclear medicine and will support Curasight (Denmark) in obtaining market clearance for its uPAR breast cancer diagnostic agent.

NEW EXECUTIVE BOARD MEMBER FOR RADIATION THERAPY SEGMENT

The Supervisory Board of Eckert & Ziegler AG has appointed Dr. Harald Hasselman as the new Executive Board member for the Radiation Therapy segment with effect from January 1, 2017. He succeeds Dr. Edgar Löffler, who will retire from the company as planned at the end of 2016, thereby stepping down from his duties. Dr. Hasselmann has worked for the Eckert & Ziegler Group since 2015. As the Commercial Managing Director of Eckert & Ziegler BEBIG GmbH, he has successfully implemented the realignment of the specialist for brachytherapy.

10 YEARS of Modular-Lab

10 YEARS OF MODULAR-LAB

With more than 500 devices installed in more than 35 countries worldwide, Modular-Lab is one of the most successful synthesizers for the development and the production of radiopharmaceuticals.

FIRST SAGINOVA® AFTERLOADER FOR ECUADOR

The Instituto del Cáncer SOLCA in Cuenca (Ecuador) decided in favour of the SagiNova® HDR afterloader and therewith introduced the first SagiNova® system to Ecuador.

AWARDS FOR YOUNG NUCLEAR MEDICINE RESEARCHERS

Eckert & Ziegler travel grants are awarded for the ninth time to outstanding young scientists in the field of nuclear medicine at the annual congress of the European Association of Nuclear Medicine (EANM) in Barcelona.

ACQUIRING A BELGIAN PROVIDER OF BRACHYTHERAPY ACCESSORIES

Eckert & Ziegler BEBIG SA acquires Brachy-Solutions BVBA. The Belgian company is one of the largest independent European distributors of prostate seeds with main markets in Benelux and Portugal. Through the takeover, Eckert & Ziegler is acquiring BrachySolutions' customer base in Benelux, the United Kingdom, and Portugal, thereby securing its strong position in Europe as a manufacturer of seeds.

TAKEOVER OF BRAZILIAN MEDICAL TRANSPORT SPECIALIST

Eckert & Ziegler Brasil Comercial Ltda. has acquired BR-77 Comércio, Distribuidora e Transportes de Medicamentos Ltda. of São José do Rio Preto, São Paulo, Brazil. The company specializes in the transport of medical isotopes used in the diagnosis of cancer and other medical devices. By way of the takeover, Eckert & Ziegler has strengthened its presence in South America, one of the world's most dynamic health care markets.

LAUNCH OF NEW PROSTATE SEED

I-125 IsoSeed® S17plus for LDR prostate brachytherapy received the CE mark. The new seed combines the fundamental roots of LDR prostate brachytherapy by using a full-length silver marker in accordance with the most recent manufacturing standards and is available in a wider range of activities.

DIAGNOSING NEUROENDOCRINE TUMORS

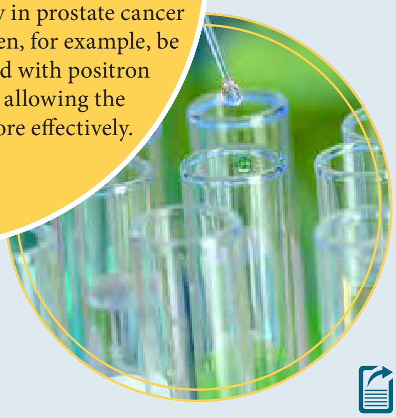
The FDA has approved NETSPOT™, the first kit for the preparation of gallium Ga 68 dotatate injection, a radioactive diagnostic agent for positron emission tomography (PET) imaging GalliaPharm®, produced by Eckert & Ziegler, is currently the only approved Ge-68/Ga-68 generator that is permitted to deliver the radioactive components for the labelling process. The radioactive probe will help locate neuroendocrine tumors.

FIRST MODULAR-LAB EAZY IN UZBEKISTAN

For the first time the synthesis device Modular-Lab Eazy has been installed in M. Fedorovich Clinic Sanatoriyasi in Tashkent (Uzbekistan). Nuclear physicians use the system for the synthesis of radiodiagnostics.

NONINVASIVE DIAGNOSTIC METHOD FOR PROSTATE CANCER

Eckert & Ziegler is supporting a clinical study by the German Cancer Research Center (Deutsches Krebsforschungszentrum) that is testing the efficacy of a new, noninvasive diagnostic method for prostate cancer. A particular receptor molecule (PSMA) that is found significantly more frequently in prostate cancer cells than in healthy cells could then, for example, be marked with 68-Ga and detected with positron emission tomography (PET), allowing the tumor patient to be treated more effectively.



THE SHARE

BASIC INFORMATION ON THE ECKERT & ZIEGLER SHARE

International Securities
Identification Number
(ISIN) DE0005659700

Security Identification Number
(WKN) 565 970

Stock exchange sector
Prime Standard, Frankfurt

Stock exchange abbreviation and symbols
EUZ (Deutsche Börse)
EUZ (Bloomberg)
EUZG (Reuters)

Free float
64.0 %

Quotation in indices of the German Stock Exchange
CDAX
DAX International Mid 100
DAXplus Family Index
DAXsector All Pharma & Healthcare
DAXsector Pharma & Healthcare
DAXsubsector All Medical Technology
DAXsubsector Medical Technology
Prime All Share
Technology All Share

IR-KONTAKT

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KEY DATA

		Dec 31, 2015	Dec 31, 2016	in %
Closing price for the financial year *	€	19.37	26.75	38
Highest price for the financial year *	€	24.29	27.28	12
Lowest price for the financial year *	€	16.88	17.27	2
Price-Earnings Ratio (PER)		10	11	10
Earnings per share (EPS)	€	2.03	1.81	– 11
Cashflow per share	€	3.07	3.75	22
Book value per share	€	18.86	26.51	41
Average shares in circulation	shares	5,288,165	5,288,165	0
Number of shares outstanding as of the reporting date	shares	5,288,165	5,288,165	0
Market capitalization	€ million	102	142	39
Average trading volume per day	shares	8,556	6,408	– 25

** Xetra*

Development of the share

The 2016 stock market year was turbulent and was shaped by the low price of oil, economic concerns in the emerging markets, Brexit, the U.S. election and the referendum in Italy. Despite the political uncertainties, on the whole the shock waves that some thought would affect the financial markets failed to materialize, and the share price drops following the surprising Brexit decision were back to a healthy position in just a few weeks. The ECB's expansive monetary policy, the robust economic environment in the U.S. and the slight economic recovery in the eurozone were supportive factors.

At the beginning of February, the Eckert & Ziegler share reached an annual low of € 17.27. The share rose again upon publication of the dividend proposal, and reached a temporary high of € 21.16 at the beginning of June 2016. Following a short share price drop as a result of the dividend distribution, the share continued to increase as the year progressed and reached its annual high of € 27.28 on December 12, 2016. At the end of the fiscal year, the share closed at € 26.75, which was a significant increase of 41 %. Trading volume at the end of the past fiscal year amounted to a daily average of 6,408 shares (prior year: 8,556 shares).

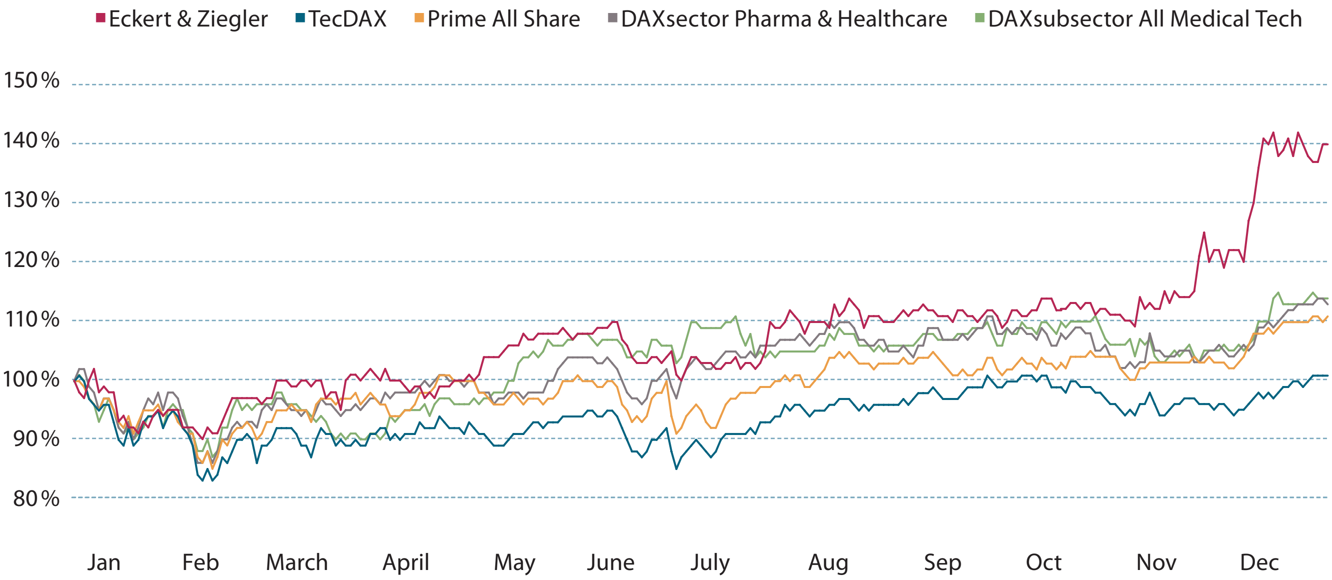
Earnings per share of € 1.81

In the period under review, the Eckert & Ziegler Group generated consolidated earnings per share of € 1.81. Earnings per share is calculated by dividing the consolidated net income by the average number of shares in the fiscal year.

Dividend of € 0.60 + additional dividend of € 0.06

The company intends to continue its ongoing dividend policy of the past years and distribute roughly a third of consolidated net income as dividends. The Executive Board and Supervisory Board will therefore propose to the General Annual Meeting on May 31, 2017 a dividend of € 0.60 per share for the fiscal year 2016. Celebrating 25 years of Eckert & Ziegler, the Board of Directors exceptionally recommends an additional dividend of € 0.06 per share, so that the total dividend recommendation

DYNAMIC PERFORMANCE OF THE ECKERT & ZIEGLER SHARE IN 2016 (INDEXED AT 100)



adds up to € 0.66 per share. Based on the annual closing price of € 26.75, this works out at a dividend yield of 2.5 %. In comparison, the average dividend yield of the seven TecDAX stocks that cover the health care sector stands at just 1.0 %.

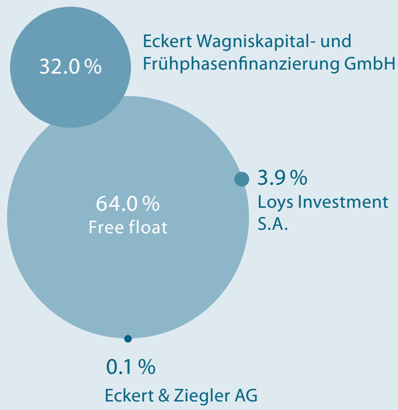
Analyst recommendations

Hauck & Aufhäuser and DZ Bank report on Eckert & Ziegler. In the period under review, these institutions and WGZ-Bank published a total of 12 studies and brief analyses on Eckert & Ziegler.

Investor Relations

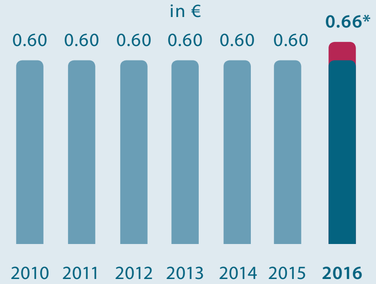
The objective of our investor relations activities is to provide private shareholders, institutional investors, financial analysts, and the press with open and timely information about the company. Essential components of this communication with the capital market comprise stock exchange and press releases, quarterly reports, interviews, and conference calls. At the analyst conference held in March, the DVFA spring conference in May, the Annual General Meeting in June and the German Equity Forum in November the Executive Board also presented information regarding new developments and, in cooperation with the employees from the Corporate Communications and Finance departments, were available year-round for enquiries or visits by interested parties. Published studies by stock analysts and other company information can be found on our website under *www.ezag.com* > Investor Relations. If you would like to join the IR mailing list and receive stock exchange and press releases regularly by email, call or email us now.

SHAREHOLDERS' STRUCTURE AS OF DEC 31, 2016



DIVIDENDS PAID BY ECKERT & ZIEGLER AG

in €



* *Proposal to the Annual General Meeting on May 31, 2017 incl. an additional dividend of € 0.06 per share on the occasion of the 25th anniversary of the Eckert & Ziegler Group.*

ENVIRONMENT AND SAFETY

Occupational safety

Protecting our employees from work-related dangers has top priority at Eckert & Ziegler. Industrial operations that use ionizing radiation or that use radio nuclides actually are in the lowest hazard class – at 0.65 – of all industrial branches of the chemistry sector (Source: BG RCI, annual report 2015), nevertheless we intend to reduce even further the number of accidents at our company, which is low compared to other industrial corporations. We are working towards this goal together with the relevant authorities and employers' liability insurance associations.

In the period under review, the number of work-related accidents – at 3 per 1,000 full-time employees (prior year: 4) – was significantly below comparable values for 2015 of approximately 18 workrelated accidents per 1,000 fulltime employees in Germany, according to the 2015 annual report of the Employers' Liability Insurance Association for Electrical Engineering, Textiles and Precision Mechanics (Berufsgenossenschaft Energie Textil Elektro Medienerzeugnisse BG ETEM). The comparable value according to the 2015 annual report of the Employers' Liability Insurance Association for Raw Materials and Chemical Industry (Berufsgenossenschaft Rohstoffe und chemische Industrie BG RCI) was around 18. The year under review saw no radiological incidents (prior year: 0) throughout the Group. However, it is important to note that the radiological incidents in recent years were merely deviations from normal operations. None of the incidents were safetyrelevant. The competent authorities were informed in accordance with radiation protection regulations or specific conditions set forth by the respective authorizations. Although neither persons nor the environment were harmed, the causes were examined in painstaking detail in each case, and measures were taken in conjunction with regulatory agencies to avoid similar incidents in the future. The precautions taken consisted mainly of organizational and administrative changes to thework processes in question.

WORK-RELATED ACCIDENTS AND RADIOLOGICAL INCIDENTS

	2010	2011	2012	2013	2014	2015	**2016**
Work-related accidents (in absolute values)							
Reported work-related accidents	3	5	4	3	**5**	**3**	**2**
Reported accidents en route to work	1	6	5	4	**2**	**4**	**3**
Reportable work-related accidents (per 1,000 employees)							
Reported work-related accidents	5.9	9.1	6.7	5.2	**7.0**	**4.3**	**3.0**
Reported accidents en route to work	1.9	10.9	8.4	6.9	**2.8**	**5.8**	**4.5**
Radiation protection							
Radiological incidents *	0	3	2	0	**0**	**0**	**0**

** Radiological incidents = reportable events in compliance with radiation protection regulations or specific conditions set forth by the respective authorizations. However, it is important to note that the radiological incidents in recent years were merely deviations from normal operations. None of the incidents were safety-relevant.*

Protecting our employees from work-related dangers has top priority at Eckert & Ziegler.

Environment

The Eckert & Ziegler Group is considered to be part of the metalworking or chemical and pharmaceutical industries. Like all industrial companies, it is subject to comprehensive rules and regulations that include guidelines on environmental impact. These rules and regulations often prescribe both limits on emissions as well as their monitoring. The guidelines usually stipulate that independent third parties or government authorities should be responsible for monitoring. The quality of the data can therefore be considered to be of high quality. In the period under review, there were no incidents that led to limits being exceeded. Furthermore, no serious deviations from requirements were recorded in the period under review in terms of the quality management system (DIN EN ISO 9001:2008; DIN EN ISO 13485:2012; CMDCAS; FDA; cGMP; GMP; PAL etc.).

We focus on energy-saving design and construction for new buildings and renovations. The Group headquarters in Berlin-Buch, which we moved into in 2012, is a prime example. The sustainable construction and facilities concept combines a variety of methods: improved insulation standards for the building envelope; district heating generated by combined heat and power; solar water heating for industrial water; solar-fed power from a solar-Protecting our employees from work-related dangers has top priority at Eckert & Ziegler. power system; and a double-flow ventilation system. Thanks to these measures, the building's calculated specific primary energy consumption of 154 kWh/m²a is 25 % lower than required by the strict conditions set forth in the Energy Conservation Regulation (Energieeinsparungsverordnung – EnEV).

By taking back used sources and processing them for new products, Eckert & Ziegler is making an additional contribution to environmental conservation. This recycling is extremely useful for all parties involved and helps conserve resources.

SOCIAL COMMITMENT

At its various locations, Eckert & Ziegler is engaged in projects and initiatives through financial support and the personal commitment of its employees. In this respect, we have set strategic priorities. In particular, the company supports initiatives for education, science, and research, as well as other projects in the region of individual company locations. Several years ago, Eckert & Ziegler launched the "Forschergarten" project (*www.forschergarten.de*) in cooperation with the Life Science Learning Lab Gläsernes Labor in Berlin-Buch and the Friedrich-Fröbel School for Social Pedagogy in order to promote science education among young children. The idea of this initiative is to make science and technology come alive for children in kindergartens and schools, reduce their fear of the unknown and enhance the quality of education during early childhood. The response to the initiative in the Berlin region, has been extremely positive. More than 20,000 children took part in the initiative in 2016. Due to popular demand, the course range has been enhanced and now includes physics classes. Under the motto "Atoms you can touch," courses have been offered that aim to convey the basics of radiation to high school students in a practical and visual manner. Among other things, the students are allowed to detect natural radioactivity in everyday objects such as building materials, cigarette ash or fertilizer using a Geiger counter, and gain an insight into the use of radiation in medicine. Almost 1,500 young people benefited from this educational program in 2016.

Scientific courses for children at the Forschergarten, an experimental research garden.





Eckert & Ziegler supports the "Buch Foxes" initiative, a program that encourages elementary school children to explore nature in the forests and meadows of Berlin-Buch.

Since 2011, Eckert & Ziegler has supported the initiative "Bucher Füchse" (Buch foxes), a local environmental education project that enables elementary school students in Berlin to under-take scientific explorations in woods and fields. A nature educator accompanies the children on their expeditions through flora and fauna and explains natural phenomena. Which animals live in the soil? What kind of natural habitat are meadows? How clean are our streams? In this way, the children experience nature up close with magnifying glasses, nets, and tweezers and are encouraged to think about the natural world.

In cooperation with the European Association of Nuclear Medicine (EANM), Eckert & Ziegler has been rewarding young scientists in nuclear medicine with the "Eckert & Ziegler Abstract Award" since 2008. The prize aims to encourage young scientists to present their ideas to a wider audience and to exchange ideas with other researchers in nuclear medicine. The five Abstract Awards, each worth € 1,000, were presented to five talented nuclear medical scientists from Italy, The Netherlands and Sweden at the EAMN's Annual Congress in Barcelona in October 2016. The winners were chosen from more than 700 entries by a jury of the European Association of Nuclear Medicine (EANM). The most outstanding research work was made in the fields of oncology diagnostics.

Our foreign subsidiaries are also involved in social projects. Eckert & Ziegler sponsors and donates to a team of American employees who raised more than USD 40.000 in donations by taking part in the National Multiple Sclerosis Society's annual "Walk MS" against multiple sclerosis. The donations will go towards research into fighting the disease, which is still incurable, while those afflicted with the disease will receive financial support. The fundraising campaign has been one of our projects for many years. At our Californian subsidiary, employees volunteered at the local homeless shelter. Eckert & Ziegler also supported the homeless shelter by matching employees' monetary donations to the shelter and collecting and contributing to in-kind donations.

Employees taking part in the National Multiple Sclerosis Society's annual "Walk MS" against multiple sclerosis

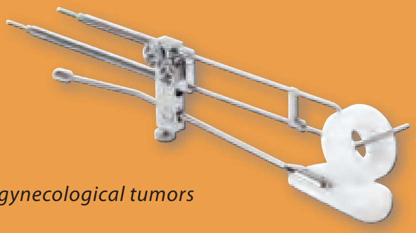
OUR PRODUCTS

TUMOR IRRADIATION DEVICE

SagiNova® afterloader for treating cancer with the afterloading technique, the radiation source (in the afterloader) is placed by remote control and with the help of applicators within the tissue immediately around the tumor. This enables the tumor to be irradiated while sparing surrounding healthy tissue.

SOFTWARE

Treatment planning software for afterloading therapy



APPLICATOR

Applicator for treating gynecological tumors

SEGMENT RADIATION THERAPY

APPLICATOR

Applicator for treating gynecological tumors

OPHTHALMIC APPLICATORS

Ruthenium applicators for treating eye cancer

SEEDS

Low-level radiation iodine seeds for minimally invasive treatment of prostate cancer

SEGMENT RADIOPHARMA

RADIOPHARMACEUTICAL

GalliaPharm® is the only approved (^{68}Ge/^{68}Ga) radionuclide generator for in vitro radioactive labelling of various carrier molecules

RADIOPHARMACEUTICALS

[^{18}F]FDG is a diagnostic for positron emission tomography (PET) for detecting oncological, cardiological and neurological diseases

RADIOSYNTHESIS SYSTEM

Modular-Lab PharmTracer for fully automated routine production of radiopharmaceuticals

CALIBRATION SOURCE

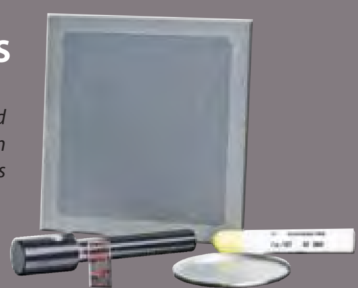
Calibration source used to ensure accurate results in positron emission tomography (PET) scans

RADIOSYNTHESIS SYSTEM

Modular-Lab eazy – the smallest radiosynthesis system on the market

FLOOD SOURCE

Perflexion™: a unique flexible radiation source used in the calibration of nuclear medicine imaging equipment



REFERENCE SOURCES

Reference sources for the calibration and checking of radiation protection measurement instruments

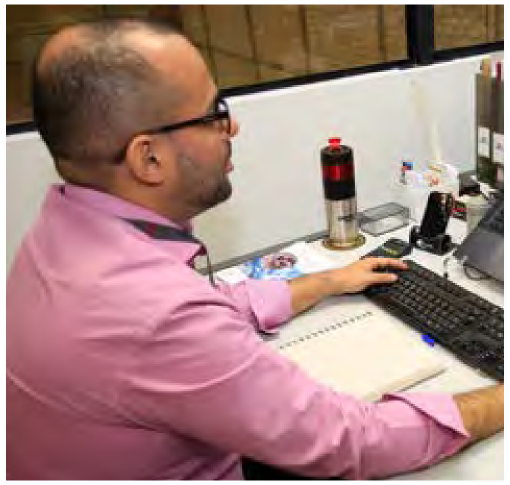
INDUSTRIAL SOURCES

Radiation sources used for radiometric measurement of the density, thickness and level of materials in industrial processes

SEGMENT ISOTOPE PRODUCTS

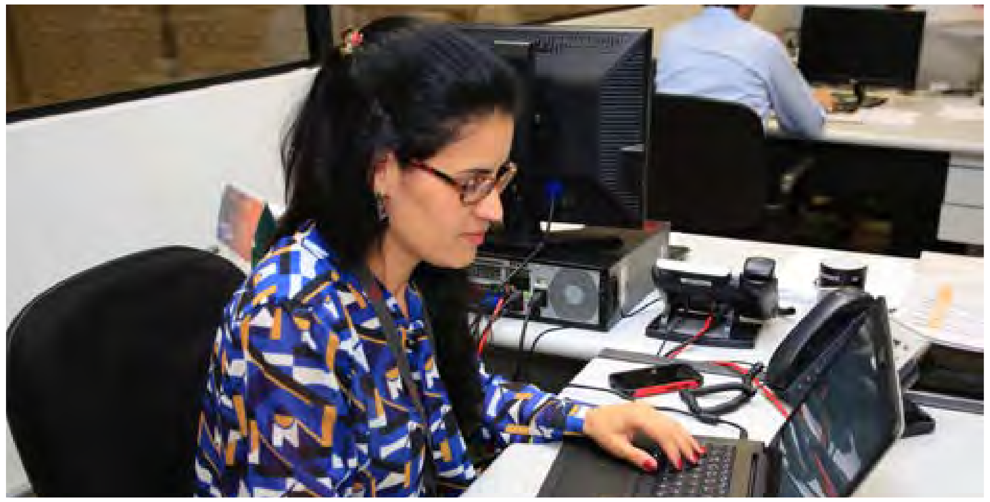



Eckert & Ziegler
Brasil Isotope Solutions
E PROGRESSO

Eckert & Ziegler






GRIFFIN
32
ADEMIE

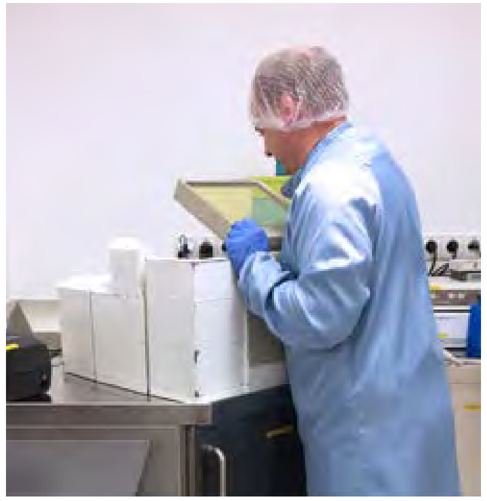


Eckert & Ziegler
Brasil Isotope Solutions












GROUP MANAGEMENT REPORT

Special Note:
Celebrating 25 years of Eckert & Ziegler, the Board of Directors exceptionally recommends an additional dividend of € 0.06 per share. This additional dividend has not been included in the group management report and the group financial statement. The total dividend recommendation adds up to € 0.66 per share.

1. THE GROUP

1.1 Business model of the Group

The Eckert & Ziegler Group (Eckert & Ziegler) is an internationally active producer of isotope-based components for medical, scientific, and industrial applications. Besides Eckert & Ziegler Strahlen- und Medizintechnik AG, a listed Aktiengesellschaft (joint-stock company) under German law with headquarters in Berlin, the Group has minority interests in a further 32 companies. The Group is managed by the Executive Board, which is supported by the extended Group Executive Committee in its decisions. It comprises the Executive Board of Eckert & Ziegler AG and the heads of selected Group segments.

The company's core business includes handling and processing of isotope-based materials in specially equipped and approved production facilities in Europe and the United States. In addition, Eckert & Ziegler develops, produces, and sells medical devices for cancer therapy as well as generators and synthesis equipment for the production of radiopharmaceuticals. Plant engineering and the retrieval of isotope-related waste from hospitals and research institutions round off the portfolio.

There are relatively few providers in the international markets in which Eckert & Ziegler operates. Eckert & Ziegler has no direct competitor that offers the same wide range of products. Its competitors each only serve special market niches. There are considerable barriers to market entry due to strict regulatory requirements.

Subsidiaries in the three segments – Radiation Therapy, Radiopharma, and Isotope Products – are responsible for the operating business activities. With their various product groups, the subsidiaries are oriented towards diverse customer groups. Internal Group services such as radiation protection, accounting, IT, and human resources are pooled at the holding company. In the prior year, the company maintained a fourth segment, Others, which comprised environmental services as well as the holding company. Environmental services were re-allocated to the Isotope Products segment in fiscal year 2016 as part of the restructuring of corporate management.

The **Isotope Products** segment produces isotope-based components for medical imaging, scientific applications, quality assurance, and industrial measurement purposes. The segment's headquarters are located in Los Angeles, California, U.S.A. Other production sites are located in Atlanta, U.S.A.; Braunschweig, Germany; and Prague, Czech Republic.

The segment is also responsible for retrieving, processing and conditioning low-level radioactive isotope waste from hospitals and other facilities. In the prior year, this area was allocated to the Others segment. Due to the strategic restructuring of the company and the associated change of management responsibilities, this area of business has been part of the Isotope Products segment since January 1, 2016.

The **Radiation Therapy** segment targets its products at radiation therapists, a group of doctors that is specialized in treating cancer through irradiation. Its two most important products are small radioactive implants for treating prostate cancer based on iodine-125 (known as "seeds") and tumor irradiation equipment based on cobalt-60 or iridium-192 (known as "afterloaders"). The product range is rounded off by ruthenium-106 and iodine-125 eye applicators, which are used to treat uveal melanoma (eye cancer). Since 2008, the Radiation Therapy segment has been operating under the umbrella of Eckert & Ziegler BEBIG SA, which is listed on the NYSE Euronext in Brussels. As of the balance sheet date (December 31, 2016), Eckert & Ziegler held an 80.8 % share in the company's earnings/losses and 84.2 % of the voting rights at the Annual General Meeting.

The products offered by the **Radiopharma** segment, based in Berlin and with additional locations in Mainz, Bonn, Braunschweig, Vienna (Austria), Warsaw (Poland), and Hopkinton (U.S.A.), comprise short-lived radioactive agents for oncological and neurological applications and imaging using positron emission tomography (cyclotron products), approved $^{68}Ge/^{68}Ga$ generators, laboratory equipment, including radiosynthesis equipment and consumables, and equipment for necessary quality controls. This segment also offers longer-lived radioisotopes for pharmaceutical applications (in particular yttrium-90), which is an approved product. This substance has a number of uses, such as in the production of radioactive embolic agents for the treatment of liver tumors.

Cyclotron-based radioactive agents primarily concern [18F] fludeoxyglucose (18F FDG), which is glucose marked with fluorine-18. This product is used in approximately 200 hospitals throughout Europe in positron emission tomography (PET) to diagnose cancer. The product is also used in the field of neurology to diagnose Alzheimer's. Eckert & Ziegler supplies the products to Germany, Poland, and Austria as well as to neighboring regions, making it one of the leading suppliers in Europe. The modules and equipment are used both in nuclear diagnostics and therapy as well as in research and are sold worldwide.

The fourth segment, Others, no longer exists after the transfer of this area of business for the processing of waste to the Isotope Products segment.

The segments' markets are only loosely interconnected. Each has its own cycles and distinctive characteristics. There are also national differences in terms of general conditions. This is particularly the case with medical products, where the intensity and dynamics of demand are influenced by the level of services provided by national health care systems and the presence of local competitors.

1.2 Business model of Eckert und Ziegler Strahlen- und Medizintechnik AG

Eckert & Ziegler Strahlen- und Medizintechnik AG operates as a financial and management holding company and as a strategic development partner for its subsidiaries and does not conduct its own business operations. The main sources of revenues are therefore the services fees, interest, and profits distributed by or transferred from the subsidiaries.

1.3 Targets and strategies

Sustainable and profitable growth is the goal of corporate development in the mid-term. This should be achieved on the one hand through organic growth, such as resulting from the (further) development of new and existing products, or by entering into new geographical markets. On the other hand, the Group seeks opportunities for profitable acquisitions and aims to generate revenues by improving efficiency.

1.4 Management system

The Executive Board manages the Group's production and sales companies. It sets the course for strategic development, makes important decisions with management members, and monitors the achievement of targets by the subsidiaries.

The long-term business plan for the Group is drawn up for five fiscal years, and is updated annually on the basis of prior-year figures. The annual individual business plan is bottom-up and is based on the business plans for each segment prepared by the respective general managers together with the Executive Board. Detailed targets are formulated with regard to specific benchmarks and key performance indicators for the individual production and sales companies. These individual business plans take into account estimates regarding the development of the industry.

In the fourth quarter of each fiscal year, the Executive Board submits a detailed annual Group business plan for the following fiscal year to the Supervisory Board. The centralized quarterly reports also include ongoing monitoring of budgets.

Segment controllers prepare reports for the segments and oversee actual development compared to planned development, particularly when it comes to the key performance indicators of revenues and EBIT. The controllers report on quantitative and qualitative developments in the reporting period directly to the Group Executive Committee on a quarterly basis using a structured financial report.

Financial management in the Group is mainly conducted at segment level with partial differences in terms of arrangements.

At regular meetings, the Executive Board gathers information about the market situation and sets the course for the company in coordination with the general managers and segment heads. A comprehensive review of the annual business plan is carried out once a year.

1.5 Research & development

Total expenditure on research and development, plus capitalized development costs and excluding amortization, fell from € 3.8 million to € 3.2 million in 2016. Development costs in the Isotope Products segment remained stable at € 0.3 million, whereas costs for development fell in the Radiation Therapy segment by € 0.2 million to € 1.2 million and in the Radiopharma segment by € 0.4 million to € 1.7 million. This was due to the completion of development services for new product areas in 2015.

Sales of products added to the Group's product range in the past five years remained stable at 26 %. A large part of these sales were attributed to neurological diagnostics and also the acquisitions in Brazil and the U.S. A significant share of sales was also attributed to SagiNova®; however, sales of this product still fell short of original expectations.

Specific details on the activities:

The equipment division of the Radiopharma segment took an important step towards becoming a full-line supplier in the area of theranostics in 2016. Theranostics is the integration of diagnostics and therapy. A substance is used in diagnostics in conjunction with gallium-68 and in therapy in conjunction with yttrium-90 and lutetium-177. This approach supports personalized medicine, which is becoming an increasing focus in nuclear medicine, as it makes a significant contribution to improving patient comfort over the long term, enables better patient management, and can lead to lower health-care costs over the long term.

Development of the SagiNova®/Plan software continued in the Radiation Therapy segment in the reporting year as a means of storing treatment results centrally.

In the Isotope Products segment, development activities focused on the continuous testing and further development of our production methods. The trend towards supplying entire systems continues to accelerate, and R&D is expertly following this trend together with its customers. New models specifically designed for customers but based on existing products have been developed and manufactured, particularly for the Chinese market.

2. ECONOMIC REPORT

2.1 Business development and net assets, financial position and results of operations of the Group

2.1.1 Business development of the Group

The Group generated sales of € 138.0 million in fiscal year 2016 including Vitalea, which is classified under discontinued operations. This roughly equates to the prior-year figure of € 140.0 million. Excluding discontinued operations, sales came to € 137.9 million, down from € 139.7 million in the prior year. There were no material currency effects in 2016, in contrast to 2015. Due to the disposal of seed technology in the U.S. in the prior year, sales in the Radiation Therapy segment declined by € 3.5 million.

The Isotope Products segment's acquisition in Brazil and the Radiation Therapy segment's acquisition in Belgium resulted in a base effect of € 0.4 million. Excluding these effects, organic sales growth came in at € 1.1 million.

The Group therefore almost achieved the sales figure forecast in the 2016 outlook of € 140.0 million.

Sales trends in individual segments

The largest segment, Isotope Products, registered a slight decline in sales by € 1.0 million to € 76.2 million. Sales in the energy sector (sources in oil exploration) in particular fell short of expectations due to the low oil price. The decline in sales was able to be offset by the increase in sales of medical sources. The acquisitions in Brazil have so far not generated the desired sales. In the area of waste disposal, price increases resulted in reduced inflow of weak radioactive materials. Sales only declined slightly year on year.

Sales in the Radiation Therapy segment declined in line with expectations. They declined by € 3.5 million due to the disposal of the seed technology in the U.S. in the prior year. Sales of SagiNova® fell short of expectations due to the poor economic climate in target markets in South America and in Russia. The discontinuation of trading activities involving low-margin medical products in France resulted in a € 0.5 million decline in sales. However, business involving seeds was able to be stabilized and actually exceeded expectations, with sales declining by € 6.2 million to € 24.9 million.

Sales in the Radiopharma segment increased from € 34.2 million to € 39.8 million. All main product groups contributed to the sales increase with the exception of the equipment division. The cyclotron division benefited from newly acquired products for diagnosing Alzheimer's.

This more than compensated for the slight decline in sales volumes of standard FDG products. Prices of standard FDG products stabilized at a low level in fiscal year 2016.

Europe remained the most important sales region for the Group in 2016 with sales of € 72.3 million. This segment generated 52.4 % of consolidated sales, compared to 46.2 %, or € 64.7 million, in the prior year. This was predominantly due to the rise in sales in the Radiopharma segment. Germany remained the most important sales market in Europe, accounting for € 29.7 million (2015: € 24.3 million). The largest sales market for Eckert & Ziegler's products in 2016 was once again the United States, where goods worth € 43.9 million (predominantly in USD) were invoiced. Sales in USD accounted for 42.2 % (prior year: 47.4 %) of total consolidated sales. This means that the Group is now less dependent on exchange rates than in the prior year.

2.1.2 Results of operations

One cash-generating unit was wound up in fiscal year 2016 and is therefore recognized in the income statement and cash flow statement under discontinued operations.

The values presented here relate to continued operations. With sales only down by 1.3 %, gross profit increased by 5.1 %, or € 3.2 million, to € 66.1 million.

The Group has been able to significantly reduce its cost base within just 12 months by selling off loss-making operations and closing unprofitable parts of the business. In addition, the Group has shifted towards higher-margin products, such as by generating higher sales with seeds in the Radiation Therapy segment. An increase in provisions in the waste processing business in the Isotope Products segment in the prior had a negative impact on gross profit. This one-off effect did not apply in the reporting year. By contrast, the aforementioned price rise actually had a positive effect on gross profit.

Restructuring in the Radiation Therapy segment in the U.S., Russia, and France led to a reduction of selling expenses by € 3.0 million, or 11.6 %, to € 22.6 million. Employee numbers were reduced and some distribution companies were closed down.

Increased consulting costs and fees, as well as the reclassification of some personnel costs away from selling costs led to an increase in general administrative costs by € 0.4 million, or 1.5 %, to € 26.7 million.

Other operating income decreased by € 8.4 million to € 3.6 million. The prior-year figure included extraordinary income of € 8.8 million from the disposal of the investment in OctreoPharm Sciences GmbH (OPS). Income generated from an earn-out component was € 0.4 million higher in fiscal year 2016.

Overall, EBIT declined by € 2.0 million, or 10.9 %, to € 16.2 million.

The improved income situation allowed deferred tax assets to be recognized in profit or loss for loss carryforwards in the reporting year. This saw the tax rate decline from 33.2 % to 30.3 %. Consolidated profit after taxes and minority interests from continued and discontinued operations declined by 10.3 % from € 10.7 million to € 9.6 million. The number of shares remained stable at 5.3 million. Earnings per share fell by € 0.22 per share to € 1.81 per share. This met the Group's expectations as detailed in the 2016 outlook.

Earnings from discontinued operations stood at € – 0.9 million (prior year: € – 0.9 million).

2.1.3 Development of the segments and the holding company

Isotope Products segment

The Isotope Products segment is the Group's largest and most profitable segment.
The segment's main product groups are:

1. Industrial components for metrology
2. Radiation sources for medical quality assurance
3. Calibration and measurement sources
4. Trade in raw isotopes and other products
5. Taking back radiation sources from customers and receiving low-level isotope-related waste, as well as projects relating to conditioning (part of the Others segment in the prior year)

Eckert & Ziegler has maintained a solid market position with its three most important product groups, accounting from a significant share of global market volume, which we believe was able to be maintained and expanded in the reporting period. Some niche markets in this area are recording growth. However, due to the low price of oil, the market declined slightly overall.

The fourth group makes use of Eckert & Ziegler's purchasing leverage to resell raw isotopes to third parties at a profit.

Sales in this segment declined by € 1.0 million to € 76.2 million, while cost of sales were able to be reduced by a disproportionately high € 1.0 million. A rise in costs associated with an important disposal channel in the prior year led to an increase in provisions for the disposal of radioactive waste by around € 2.5 million. Excluding this one-off effect, costs of sales rose in proportion to sales due to the fall in sales volumes of high-margin products in the energy sector. Other operating income in 2015 included a € 0.7 million rise in income, which was mainly generated from R&D services provided to the Radiopharma segment. This was no longer the case in 2016. In the prior year, this figure had been offset by a negative one-off effect from the devaluation of a loan by € 0.7 million due to exchange rates. Taking this into account, the segment generated a 5.6 %, or € 0.2 million, increase in net profit for the year.

Radiation Therapy segment

The segment's main product groups are:

1. Implants for treating prostate cancer "seeds"
2. Tumor irradiation equipment "afterloaders"
3. Therapeutic accessories
4. Ophthalmological products
5. Other therapeutic products and plant engineering

As a provider of implants used to treat prostate cancer, Eckert & Ziegler benefits from the findings of long-term prostate cancer analysis, according to which the "watchful waiting" approach leads to statistically worse outcomes. As a result, an increasingly number of patients are undergoing curative treatment, which is benefiting treatment methods involving radioactive implants. The price pressure observed over previous years is subsiding.

Eckert & Ziegler only holds a minor global market share in this segment's second main product group, isotope-based tumor irradiation equipment and associated services.

The primary sales markets are the emerging markets. Their lower overhead costs give Eckert & Ziegler's equipment a competitive edge over competing products. Cobalt emitters are used in most of Eckert & Ziegler's devices. Cobalt has a significantly longer half-life compared to the iridium used in competing equipment. As a result, the radiation source of Eckert & Ziegler equipment does not need to be changed as often, leading to cost and logistical advantages, which are particularly beneficial in developing and emerging countries. Sales activities began in the U.S. in 2015 and will be handled by distributors moving forward.

In 2016, segment sales declined by € 6.2 million, or 20.0 %, to € 24.9 million partly due to the sale of U.S. seed technology. The decline in afterloader business was another reason for the drop.

The restructuring of the segment, which began in the prior year, was completed in 2016. This significantly improved the segment's results of operations, with gross profit remaining on par with the prior year at € 14.1 million despite the € 6.2 million decline in sales. As a result, the gross margin rose by 11.4 % to 56 %. Selling expenses fell markedly by € 3.1 million to € 7.2 million. The closure of various distribution sites and the reduction in employee numbers in some countries resulted in costs being cut and adjusted to the lower sales volume. Income was generated in the prior year due to currency effects that were not repeated in fiscal year 2016 (€ 0.6 million). As in the prior year, extraordinary income of approximately € 1.2 million was generated from the earn-out agreement. The segment generated a slight loss of € 0.2 million overall; this equates to a year-on-year improvement of € 3.4 million.

Detailed information about the Radiation Therapy segment can be found in Eckert & Ziegler BEBIG SA's Annual Report (*www.bebig.com*). Differences between the consolidated financial statements of Eckert & Ziegler BEBIG SA and the segment reporting of the entire Eckert & Ziegler Group are depicted in the following table [in € thousand].

€ thousand	Radiation Therapy segment of Eckert & Ziegler AG	Consolidated report of the listed Eckert & Ziegler BEBIG S.A.	Grouping (Other costs vs. Sales	Differences resulting from customer base, Goodwill and tax adjustments
Sales to external customers	**24,888**	**24,884**	**4**	**0**
Other costs & income	– 25,128	– 24,334	– 4	– 790
EBT	**– 240**	**550**	**0**	**– 790**
Income taxes	106	3	0	103
Net income	**– 134**	**553**	**0**	**– 687**

Radiopharma segment

The segment's main product groups are:

1. Short-lived radiodiagnostics
2. Longer-lived radioisotopes for pharmaceutical applications
3. $^{68}Ge/^{68}Ga$ generators
4. Radiosynthesis equipment and consumables
5. Quality control equipment

This segment's sales rose by a total of 16.3 % to € 39.8 million, although developments varied within the individual product categories. All main product groups contributed to the sales increase with the exception of the equipment division. Sales of cyclotron-based radiodiagnostics rose once again year on year, as these products were also used in clinical neurological tests to diagnose Alzheimer's. A number of different pharmaceutical companies are currently developing treatments for Alzheimer's. The anticipated market launch of these forms of treatment will result in demand for diagnostics rising, and so Eckert & Ziegler expects the positive sales development to continue.

Gross profit rose by a disproportionately high margin to € 17.6 million, or 26.0 %. This was partly due to volume-based remuneration by a strategic partner. Despite the rise in sales, selling expenses and administrative costs only rose marginally by € 0.3 million, or 3.1 %. R&D costs declined by 34.6 % to € 1.5 million after the conclusion of a major development project in the prior year.

Due to the extraordinary income of € 6.1 million in the prior year from the sale of the OPS investment, other income was lower. All in all, earnings fell by € 3.4 million. Excluding extraordinary income, earnings rose by € 2.7 million to € 4.0 million.

Holding

In fiscal year 2016, only items of the holding company Eckert & Ziegler Strahlen- und Medizintechnik AG were reported. This company is unable to fully pass on its expenses to the segments and is therefore financed through the services rendered, such as accounting, human resources, IT, and radiation protection, which are passed on individually plus a profit margin. In addition, the holding company issues loans and receives interest as well as income from profit transfers.

The holding company generates an extremely small volume of sales outside of the Group primarily through services. Revenues were practically unchanged. Administrative costs increased by a total of € 0.4 million, partly through the addition of new employees.

In the prior year, the holding company received part of the income from the OPS investment of € 2.7 million, as both the Radiopharma segment and the holding company had options to the OPS shares. This explains the decline in other expenses and income by € 2.6 million. Earnings declined by € 2.4 million year on year to € – 0.3 million in the reporting year.

2.1.4 Financial position

The cash flow statement opens with net income from continued and discontinued operations which, as is outlined in the results of operations, fell by € 0.6 million to € 9.8 million. Cash inflows from operating activities rose by € 3.6 million to € 19.8 million. In order to determine cash inflows from operating activities, net income in the prior year had to be adjusted for the income from the sale of the OPS investment of € 8.8 million. Net income in the reporting year did not contain any such income, meaning that no adjustment is necessary. Liabilities and provisions rose by € 3.3 million in the prior year but declined by € 4.5 million in the reporting year. Receivables did not increase, while in 2015 they were cut by € 2.0 million. Income tax payments increased by € 2.3 million year on year.

Capital outflow from investment activities totaled € 5.5 million in 2016. In the prior year, cash inflow of € 5.4 million was generated from the sale of the OPS investment. Besides investment in new machinery and plants, which rose by € 1.5 million year on year, cash flow from investment activities in 2016 also included payments for acquisitions and for the purchase of investments totaling € 0.5 million. This value is roughly equivalent to the figure posted in the prior year, when € 0.6 million was paid for acquisitions.

Cash outflow from financing activities increased by € 1.1 million year on year, primarily because of the increase in payments for the acquisitions of shares from minority shareholders, which increased by € 1.3 million year on year to € 1.6 million. The stable dividend of € 0.60 per share resulted in stable cash outflow of € 3.2 million, while net cash outflows from bank loans remained roughly on par with the prior year (€ 3.3 million) at € 3.9 million.

A positive exchange rate effect due to the increase in the USD exchange rate caused the value of cash and cash equivalents to increase by € 0.9 million last year. This year, the positive effect was lower at € 0.3 million. Overall, liquidity rose by € 5.1 million to € 36.6 million in 2016.

2.1.5 Net assets

The balance sheet total increased by € 2.8 million to € 199.5 million in 2016. On the assets side, the change was due entirely to the € 5.1 million increase in cash and cash equivalents. Non-current assets declined by € 2.4 million, which was primarily due to the € 2.9 million fall in other non-current assets. Due to the passage of time, receivables from third parties totaling € 2.5 million were classified as current in 2016.

Goodwill rose by € 0.4 million. Of this amount, € 0.1 million was attributed to acquisitions in the fiscal year and € 0.7 million to exchange rate adjustments. This was offset by the impairment of the radiation therapy cash-generating unit totaling € 0.4 million as part of the annual goodwill impairment test.

Current assets rose by a total of € 5.2 million, mainly due to the greater need for a reduction in cash and cash equivalents. Trade receivables were up by € 1.8 million due to the increase in sales in December but also as a result of the change to currency effects, particularly at U.S. subsidiaries, as of the reporting date.

Other current assets declined by a total of € 1.8 million, even though non-current receivables of € 2.5 million were reclassified as current receivables. Prior-year receivables from the sale of OPS shares totaling € 2.8 million were paid. Receivables from an earn-out component decreased by € 1.2 million in the reporting year.

On the liabilities side, retained earnings rose by a total of € 5.3 million. The development of equity can be determined from the consolidated statement of changes in equity in the Group financial information. The equity ratio improved from 53.2 % to 55.2 %. Liabilities declined by a total of € 2.6 million. Non-current liabilities rose by € 3.1 million, whereas current liabilities declined by € 5.7 million.

The rise in non-current liabilities was the result of higher non-current provisions owing to the increase in provisions for the removal of contaminated buildings and machinery of € 2.5 million and the € 0.9 million increase in provisions for the costs of disposing of radioactive waste.

Of the € 5.7 million decline in current liabilities, € 3.0 million was attributable to loan repayments and € 2.7 million to a fall in other current liabilities. In relation to the shareholder dispute in the sale of OPS shares, Eckert & Ziegler Radiopharma GmbH had a liability vis-à-vis another shareholder of € 1.0 million, which was settled in the fiscal year. Furthermore, liabilities from outstanding invoices also decreased.

2.2 Net assets, financial position and results of operations of Eckert & Ziegler Strahlen- und Medizintechnik AG – explanations based on German Commercial Code (HGB)

Business development

During fiscal year 2016, profit and loss transfer agreements were in force between Eckert & Ziegler AG and a direct subsidiary and the subsidiary's subsidiaries. The annual profit or loss generated by the other subsidiaries is not completely transferred to the parent company and the separate financial statements of Eckert & Ziegler AG therefore differ greatly from consolidated earnings.

In fiscal year 2016, Eckert & Ziegler AG received profit of € 7,511 thousand (prior year: € 7,276 thousand) as part of the profit and loss transfer agreement with its German subsidiary, Eckert & Ziegler Isotope Products Holdings GmbH.

Results of operations

Compared to the prior year, the main changes to the income statement are as follows:

a) Revenues increased by € 179 thousand to € 4,818 thousand. This primarily relates to income from services and rents for affiliates. The increase was due to the greater scope of services.
b) Other operating income fell by € 2,035 thousand to € 457 thousand. This was primarily due to the income from the sale of the OPS investment of € 1.8 million in fiscal year 2015.
c) Personnel expenses dropped by € 80 thousand to € 2,692 thousand. The Group's remuneration system for the compensation of board members is explained in the Remuneration Report.
d) Depreciation on property, plant and equipment decreased by € 96 thousand to € 471 thousand as planned.
e) Other operating expenses rose year on year by € 708 thousand to € 2,617 thousand. This was partly due to the € 295 thousand increase in legal and consulting costs.
f) Income from profit and loss transfer agreements increased by € 236 thousand year on year to € 7,511 thousand.
g) Write-downs on shares in BEBIG SA came to € 3,294 thousand, meaning that write-downs on financial assets were € 944 thousand down on the prior-year figure of € 4,238 thousand.
h) Interest expenses declined by € 45 thousand to € 320 thousand due to the scheduled repayment of loans.

Net profit of € 3,586 thousand was reported for fiscal year 2016. This figure corresponds to the balance sheet profit for 2016.

Net assets and financial position

Eckert & Ziegler AG's balance sheet total decreased by € 664 thousand to € 86,443 thousand year on year.

There were the following material changes on the assets side:

Shares in affiliates increased by € 5,763 thousand. This was due to the rise in value of investments in BEBIG SA of € 5,056 thousand and in Eckert & Ziegler Isotope Products Holding GmbH of € 4.0 million owing to contributions to capital reserves. This was offset by the amortization of shares in BEBIG SA of € 3.3 million.

Loans to affiliates decreased by € 1.0 million due to the scheduled repayment of loans.

Receivables due from affiliates declined by € 5.2 million, as receivables due from profit and loss transfer agreements were recorded as income.

Other assets fell by € 2.7 million as receivables from outstanding payments relating to the sale of OPS were recorded as income. Cash at banks increased by € 2.8 million to € 6.7 million as a result.

Shareholders' equity amounted to € 83.4 million and therefore rose by € 413 thousand year on year. The increase stems from the difference between net profit for 2016 of € 3,586 thousand and the dividend payout of € 3,173 thousand.

Another major change came on the liabilities side and concerns the decline in liabilities to affiliates by € 1,158 thousand to € 284 thousand caused by the repayment of due liabilities.

The company was granted credit lines of € 3,000 thousand, which were fully available as of the balance sheet date. Cash at banks amounted to € 6,748 thousand. The company therefore has sufficient liquidity reserves for ongoing cash management.

The Executive Board continues to rate the company's economic situation as very good. The equity ratio improved from 95.3 % to 96.6 %.

2.3 Employees

As of December 31, 2016, Eckert & Ziegler had a total of 668 employees (2015: 692) throughout the Group. The number of employees therefore decreased by 24, or 3.5 %, over the same period in the prior year. The decline was the result of cost-cutting measures in the Radiation Therapy segment, where 44 jobs were lost due to poor business performance.

Based on the definition for calculating employee numbers set forth in the German Commercial Code (Handelsgesetzbuch; HGB), which reflects the average number of employees over the course of a year and excludes members of the Executive Board, general managers, trainees, and interns, but includes part-time employees and employees with minimal working hours, the number of employees fell from 672 to 638.

The turnover rate, i.e. the number of employees who left the Group in the reporting year according to this definition, was 14 %, lower than the prior-year figure of 16 % and in line with the average turnover rate in Germany of approximately 14 %. The reason for the lower turnover rate was the conclusion of restructuring efforts in the Radiation Therapy segment. The proportion of women in the total Group workforce declined by a minimal amount from 39 % to 38 % in the period under review. The average age of the Group's workforce in the period under review was 45 (prior year: 44) with a focus on the 45- to 50-year-old age group. Roughly half of all employees have a qualification from a university of applied sciences/bachelor's degree or a higher level of education.

Targets for the Executive Board and Supervisory Board

On June 3, 2015, the Supervisory Board decided to set the target for female representation on the Eckert & Ziegler AG Executive Board at 0 %. The deadline to achieve this target was set at June 30, 2017. Given that the Supervisory Board is not aiming to change the composition of the Executive Board of Eckert & Ziegler based on factors beyond personal and professional suitability for office, it was decided not to set any numerical target for the percentage of female Executive Board members (equates to 0 % ratio).

A ratio of 1/6 (equates to approximately 17 %) was set for the Supervisory Board by Supervisory Board resolution of the same date. The deadline to achieve this target was also set at June 30, 2017. The company's Supervisory Board currently has one female member.

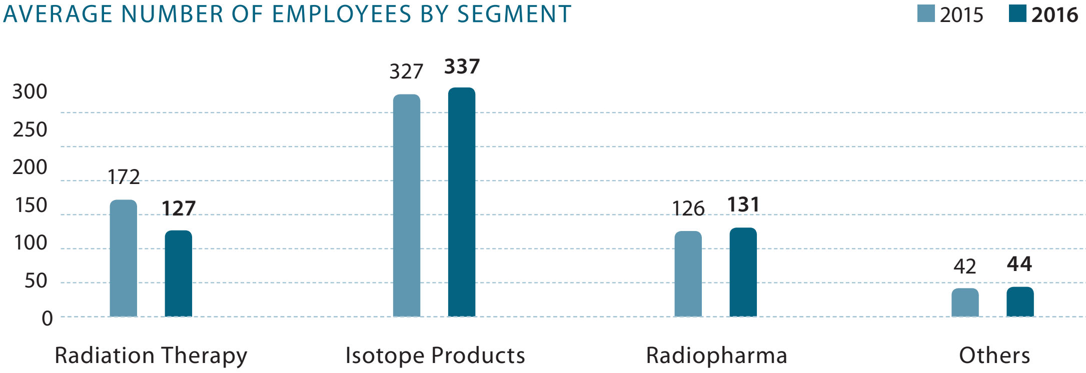
Targets at upper management levels

On June 3, 2015, the Executive Board set a target for female representation at the two levels of management below the Executive Board of Eckert & Ziegler AG at 0 %. The deadline to achieve this target was set at June 30, 2017. The first level of management below the Executive Board was determined to be the heads of department and the second level of management below the Executive Board the heads of sub-department.

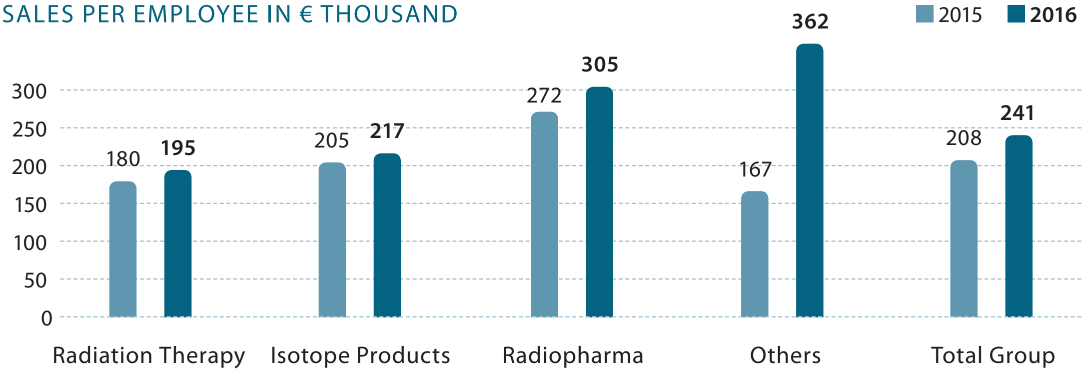
The percentage of female representation at the first and second levels of management below the Executive Board is currently 0 % and 25 % respectively.

As in the prior year, Eckert & Ziegler Strahlen- und Medizintechnik AG employed an average of 44 employees, a year-on-year rise of 2.

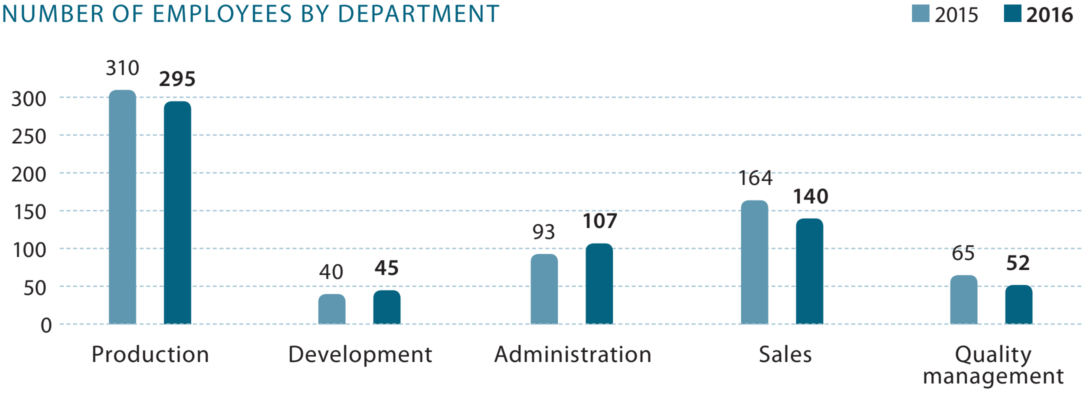
AVERAGE NUMBER OF EMPLOYEES BY SEGMENT



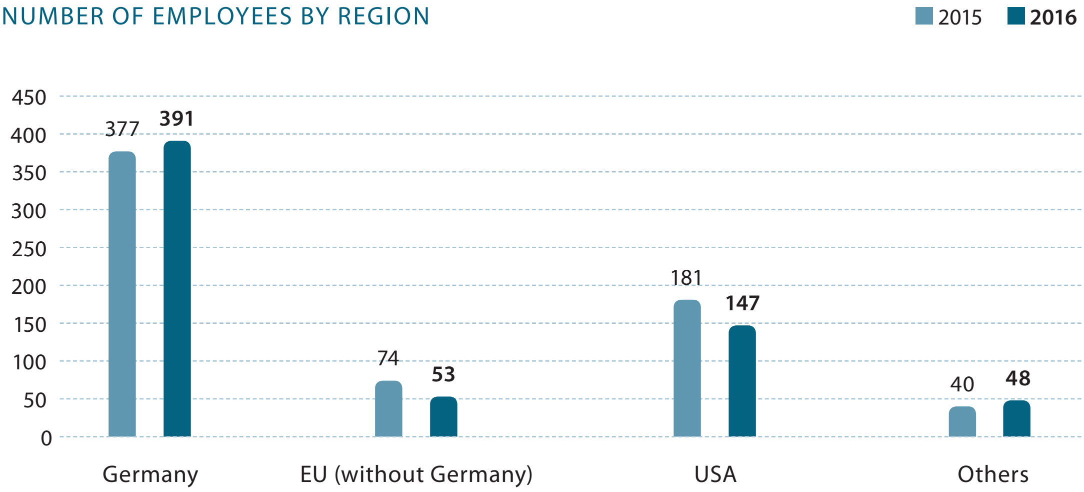
SALES PER EMPLOYEE IN € THOUSAND



NUMBER OF EMPLOYEES BY DEPARTMENT



NUMBER OF EMPLOYEES BY REGION



Personnel expenses totaled € 45.2 million in the reporting period (prior year: € 49.6 million). This resulted in average personnel expenses of roughly € 76 thousand per employee in 2016 compared to approximately € 74 thousand in the prior year. The overall decrease in personnel expenses was primarily caused by the lower number of employees.

2.4 Overall statement concerning the economic position

Some of the Eckert und Ziegler Group's target markets were plagued by problematic political and economic circumstances. Achieving sales of € 137.9 million in 2016 is therefore to be considered a success. The Group's results of operations were strengthened. The successful restructuring of the Radiation Therapy segment was completed in 2016. Core business remains stable overall. The order situation for GalliaPharm® is also very good. With its strong cash flow and sound balance sheet ratios, the Group remains in a position to both pursue and finance future growth and emerging business opportunities in the relevant business areas.

3. OPPORTUNITIES AND RISKS

Eckert & Ziegler AG's shareholders need to be aware that the company is exposed to a wide range of opportunities and risks that may influence the company's business activities and share price. This report outlines the risks and opportunities and their potential impact on the Group as a whole. Furthermore, it describes the Group's risk management system and the hedging measures in place.

The Group's opportunities and risks indirectly affect the parent company, Eckert & Ziegler AG, through its shareholdings.

3.1 Organization of risk management

The overall responsibility for risk management lies with the Executive Board. However, the operational responsibility (the early recognition, evaluation, management, and documentation of risks; the definition and implementation of suitable countermeasures; as well as the corresponding communication) lies primarily with the respective segment management and the management of the subsidiaries. This level below the Executive Board bears responsibility for the risk management in their area. In addition to the annual procedure for the structured recording of risks, operational management is required to constantly monitor its area for a changing risk situation. Fundamental changes to the specific risk situation for the area must be reported immediately to segment management and the Executive Board. Changes to risks with fundamental financial implications must also be reported to Group accounting.

Eckert & Ziegler's specialists and executives are questioned as part of the aforementioned annual process of structured risk recording. They are asked to name new and existing opportunities risks and classify them according to the probability of occurrence and their potential impact on the company. Preventative measures are taken, emergency plans are drafted, and regular evaluations are organized for these risks to the extent possible. Among other things, these include monitoring the market and competitors, evaluating scientific literature, analyzing customer complaints, and statistics on costs and sales. The assessment of the risks according to probability of occurrence and the potential extent of damages is reported to the Supervisory Board once a year.

As part of risk management, risks are classified according to financial risks, legal risks, IT risks, accounting-related risks and risk of the internal control system, personnel risks, general risks arising from the production and handling radioactivity, general commercial and strategic risks and development risks. The persons responsible for risks are defined. Based on their probability of occurrence and their potential financial impact on EBIT, the identified risks are assigned to categories low/medium/high/very high in a risk matrix. Risks which endanger the company as a going concern are – if present – highlighted and reported separately. Risks are classified as follows:

Classification	Probability of occurrence Within 24 months	Intensity
1-Low	Up to 10 %	Up to € 2 million
2-Medium	10 to 25 %	Between € 2 million and € 5 million
3-High	25 to 50 %	Between € 5 million and € 10 million
4-Very high	Above 50 %	Above € 10 million

The relevant euro amounts in the four risk classes were raised in fiscal year 2016 within the scope of the annual revision of the risk report. In the past, financial consequences of risks exceeding € 2.5 million were considered to have "extremely high intensity." This assessment no longer seemed appropriate given the sales volume and financial position of the Group. Now, intensity or rather anticipated financial consequences per risk of € 5 million to 10 million are classified as "high" and over € 10 million as "very high" The intensity of various risks that applied in the prior year to a comparable extent was adjusted accordingly.

Overall, a risk-minimizing approach is chosen. Existing risks are consistently monitored and are minimized or hedged by means of ongoing process improvements. New product developments and acquisitions are tested for potential risks from the very start and are incorporated into the risk management system. Market developments are monitored, as are the activities of competitors, with the aim of being able to modify and implement the Group's own strategies at an early stage.

The Supervisory Board – which is informed about and approves all key decisions, and is regularly kept up to date on economic developments – serves as an additional risk-hedging element.

3.2 Accounting-related risk management and internal control system

Probability of occurrence: **low**/intensity: **low**
Accounting-related risk management comprises all organizational rules and measures for detecting and handling financial reporting risks. With an eye toward the consolidated accounting process, the internal control system is intended to ensure that financial reporting conveys a realistic picture of the net assets, financial position, and results of operations in accordance with relevant laws and standards.

The consolidated financial statements contain the single-entity financial statements of Eckert & Ziegler AG as well as a total of 32 single-entity financial statements of domestic and foreign subsidiaries. Due to the number of companies and the varying regional distribution of the subsidiaries, risks exist in relation to the goal of reliable accounting. These can manifest themselves in the form of delayed publication, false statements in the consolidated financial statements, or fraudulent manipulations.

Two key components ensure that risks are avoided or reduced at the Group: a system of directives and rules of procedure as well as reporting for informative purposes. Rules of procedure govern the scope of responsibility of the Supervisory Board, the Executive Board and General Managers of all Group companies and include the various levels of hierarchy in the decision-making process. Individual directives which apply to all employees are available on the Group's intranet. Monitoring reports on the risk situation are provided to those responsible at predefined intervals. The Supervisory Board is informed of the risks in an annual risk report.

The objective of the internal control system of the accounting and consolidation process is to minimize sources of error and to recognize errors quickly. A system was implemented which corresponds to the size of the Group. The following organizational regulations and processes have been implemented to guarantee that the accounting complies with the applicable standards:

- All units of the Group are integrated in a defined management and reporting structure. The applicable principles, structural and procedural organization and defined processes are documented and adjusted according to current developments.
- The consolidated financial statements are prepared according to a schedule which is determined by the consolidated financial statement department. It includes all important activities and deadlines.
- The Group's accounting department is centralized and internationally organized in some cases. The involvement of external services providers in the financial statement process is generally limited to tax calculations for subsidiaries abroad. In minor exceptional cases, financial statements are prepared externally.

- New issues are agreed with the Group's headquarters. Changes to Group accounting are communicated directly to all employees and external service providers concerned.
- The reporting of the subsidiaries is conducted using standardized forms which are completed by the respective accounting departments for the monthly, quarterly and annual financial statements.
- All information flows to the segments' controlling department where it is monitored. Deviation analyses are carried out and discrepancies in terms of compliance with financial statement-relevant Group guidelines are examined and discussed with the respective subsidiary and reported to the consolidated financial statement department if necessary.
- Initial internal reconciliations and consolidations are carried out at segment level in the central controlling department. This includes the reconciliation of receivables and liabilities between Group companies.
- Monitoring with regard to consolidation arises from the consolidation process. Reconciliation discrepancies in terms of consolidation are communicated to the respective subsidiaries and rectified.
- Consolidation takes place with the help of a standardized consolidation program which is only applied by specifically trained and authorized employees.
- The internal tax department is involved in calculating relevant items for the financial statements which include taxes.
- Flat hierarchies, direct reporting channels and monthly interim financial statements allow for the recognition of risks and early detection of errors.

Various balance sheet items are subject to discretion and are therefore taken into account to a certain degree during the preparation of the financial statements.

As a listed company, Eckert & Ziegler is required to adhere to IFRS accounting standards in accordance with Section 315a (1) of the German Commercial Code (HGB) as are applicable in the EU. It must therefore calculate fair values for certain intangible assets as of the balance sheet dates. However, as there are no markets with reliable price information for many intangible assets, the fair values are usually based on estimates or forecasts with serious uncertainties. As a result, there is principally a risk in terms of the value of the intangible assets. Impairment tests are conducted annually if mandatory and when signs of impairment arise. Key assumptions are objectified by recognized rating agencies and peer groups or by consulting external experts in order to ensure the reliability of the estimates and valuations.

The amount of deferred taxes on loss carry-forwards is also subject to discretion, as deferred tax assets are recognized on the basis of earnings forecasts.

Changes in procedures due to new IFRS regulations or the deterioration of planning assumptions on account of lower future income or changes to discounting rates could cast doubt on the recoverability of the intangible assets or deferred tax assets on loss carry-forwards. This would result in non-cash impairment losses.

Because the Eckert & Ziegler Group is active in the manufacturing industry, it must maintain adequate inventories. However, it keeps inventories to a minimum in order to reduce costs and risks. Inventories are associated with impairment and inventory risks, which are limited by regular inventory and objective valuation involving analysis of future market and sales opportunities.

Pension commitments result in actuarial valuation risks in Eckert & Ziegler's consolidated financial statements. External experts are commissioned to write actuarial reports to limit these risks.

The implemented processes, systems and controls sufficiently guarantee that the (consolidated) accounting process complies with the International Financial Reporting Standards (IFRS), German Commercial Code (HGB) and other accounting-relevant regulations and laws and is therefore permitted.

3.3 Financial risks

Probability of occurrence: **low**/intensity: **low**
The Group believes it is currently in possession of sufficient funds to secure its status as a going concern and its further development. It also believes it is in a position to meet all payment obligations, even if a slight increase in the gearing ratio should become necessary in subsequent fiscal years in order to secure growth through further acquisitions and finance the development of new products.

The existing loans were paid back on schedule. Third-party financing was applied for at banks for a number of different projects in 2016. The various loan offers contain favorable terms and conditions, which leads to the conclusion that the Group has a good credit rating. The Executive Board believes this is because of the Group's solid financing with a high equity ratio and the favorable prospects of the profitable, operating units. In addition to the high equity ratio, good balance sheet ratios speak in favor of the Group's creditworthiness since the non-current assets are more than covered by the equity and non-current liabilities.

The existing loan agreements contain covenants pertaining to the maintenance of various balance sheet ratios. Eckert & Ziegler checks compliance with these ratios on a quarterly basis and in preparation for new investment and financing plans. On account of poor results of the Radiation Therapy segment once again, covenants based exclusively on this segment's key figures were not complied with in the case of one loan agreement last year. An agreement was reached with the bank that exempts the Radiation Therapy segment from maintaining the covenants until December 31, 2016. It is extremely likely that the covenants will be met in the future. A capital increase was conducted in June 2016 to ensure that this is the case. Accordingly, part of the loan agreement in question is included on the consolidated balance sheet under non-current liabilities.

Due to third-party financing, the Group is principally exposed to risk resulting from a change in interest rates. However, the most important loans have been taken out at fixed interest conditions

In addition to economic and technical development risks, Eckert & Ziegler is exposed to market interactions. These naturally result not only in income risks, but also liquidity risks, as the Group receives third-party financing for some of its acquisitions and issues guarantees for loans from subsidiaries. Even if management should react quickly and cut costs and/or abandon endangered business fields, the Group would remain susceptible in the event of problems. The Executive Board ensures to the greatest extent possible that the risks from granting loans or guarantees remains limited to a justifiable extent in relation to the Group's total assets.

The avoidance of financial risks is monitored and managed by tools such as annual financial planning with adjustments during the year and careful analysis of deviations from the plan. This makes it possible to identify potential risks at an early stage and launch suitable countermeasures.

Due to the high proportion of sales in the U.S., there is a degree of dependence on the exchange rate of the American currency. The impact of changes in the exchange rate is less than for conventional export business transactions because the subsidiary in the U.S. that is responsible for the majority of these sales also incurs its costs in U.S. dollars. For German exports, sales in foreign currencies are hedged by forward contracts and simple put options as necessary.

The Group bears debtor default risk on account of its trade receivables. Risk is primarily influenced by the size of the customer as well as regional rules and practices for processing the reimbursement of medical services by public authorities.

New customers are generally assigned a credit score, and first deliveries generally require advance payment. Deliveries to customers that are considered a permanent risk due to their size or location are hedged by advance payment or letters of credit.

The risk is monitored by regular overdue analyses of all trade receivables.

In some cases Eckert & Ziegler Strahlen- und Medizintechnik AG has assumed guarantees for loans granted to subsidiaries. One loan which the company granted to a subsidiary is subordinated. This loan is not expected to be utilized, as the subsidiaries are probably able to meet their obligations.

A change in interest rates in the weighted average cost of capital (WACC) can lead to changes in the valuation of shares in subsidiaries. The management cannot influence changes in interest rates. The potential deterioration in the valuation of the aforementioned financial assets is not associated with liquidity risk.

3.4 Political risks

Probability of occurrence: **high**/intensity: **low**
Following the entry into the Brazilian market, the Group is exposed to a risk from changes to the Brazilian real. Political instability, particularly in Brazil, can also lead to a further decline in the price of the BRL. This can lead to currency losses on receivables. In addition, a decline in market share and sales can also be a consequence. This risk is mitigated by constant market analysis and corresponding adjustments of prices.

3.5 Legal risks

Probability of occurrence: **low**/intensity: **very high**
The Group is susceptible to legal risks arising from lawsuits or legal proceedings by governments or government authorities in which it is either currently involved or that could arise in the future. The outcome of currently pending or future proceedings is not foreseeable. As a result, expenses could arise from decisions by courts or government authorities or from settlement agreements that are not or are not completely covered by insurance and could have a significant impact on the financial position and results of operations.

There are currently no lawsuits or court proceedings that could be expected to have a substantial negative influence on Group earnings.

3.6 IT risks

Probability of occurrence: **low**/intensity: **low**
Eckert & Ziegler is exposed to the risk of IT system outages. Damages could result in loss of data and, in the worst-case scenario, could interrupt operations. As security measures, backups are regularly performed, antivirus software is used, and most servers are virtualized.

3.7 Personnel risks

Probability of occurrence: **moderate**/intensity: **low**
In many business areas, Eckert & Ziegler depends on the specialized knowledge of its employees. The company depends on the knowledge and expertise of particularly highly qualified key individuals, especially when developing new business fields, as well as in development and sales and distribution. In order to minimize the risk of losing talented employees, the company strives to create a pleasant and supportive atmosphere, a modern and secure working environment, adequate remuneration, professional training and further education opportunities, and flexible working hours. Eckert & Ziegler is reliant on employees with specialist knowledge. In some cases, vacant positions cannot be filled immediately due to the lack of qualified personnel. Despite employee-friendly measures, Eckert & Ziegler cannot guarantee that these employees will remain with the company or display the necessary level of commitment.

3.8 Procurement risks

Probability of occurrence: **very high**/intensity: **medium**
The risk of delivery bottlenecks and production downtime arises when it is not possible to source all raw materials and indirect materials at the required time and in the necessary quantities. The group could lose key suppliers, suppliers could experience capacity bottlenecks, or political and organizational changes in the supplier countries could prevent or delay deliveries. This risk can never be fully excluded. However, it can be counteracted through warehousing and by establishing alternative sources.

3.9 General risks from the production and handling of radioactivity

Probability of occurrence: **medium**/intensity: **medium**
Both radioactivity itself and its use in medical or medicinal products entail product liability risks. Eckert & Ziegler addresses these risks by adhering to strict quality criteria. The majority of sites are ISO-certified, and the functionality of the quality management systems is regularly checked by both internal and external audits. In order to avoid accidents that could injure employees, cause damage to the environment, or prompt regulatory agencies to close down production facilities, employees regularly undergo training on occupational safety and radiation protection. Despite all these measures, it cannot be ruled out that events giving rise to liability could nevertheless occur and pose a threat to the company. As far as it is possible and feasible, appropriate insurance has been taken out to guard against liability risks.

Eckert & Ziegler is dependent on specialized service providers for the global shipping of products that are often transported as hazardous goods. It cannot be guaranteed that these services will be maintained in their existing forms. Special official authorization is necessary for the manufacturing and shipment of many products. Eckert & Ziegler is only able to exert indirect influence on the issuing or renewal of such authorization. Given the rising threat of terror around the world, there is also the risk that the transportation of radioactive components will be more strictly regulated.

Eckert & Ziegler relies on options for the disposal of radioactive waste, which is created when taking back sources or during production. The closure or delayed opening of disposal facilities can lead to significant increases in costs. Efforts are made to reduce the impact of this risk to the greatest extent possible through internal recycling. However, this uncertainty cannot be completely eradicated.

The handling of radioactive substances requires approval from the relevant government authorities. It cannot be ruled out that production or handling in individual cases or at certain locations may become more expensive, restricted, or even wholly prevented due to changes in legal or regulatory conditions.

3.10 Sales market risks and strategic risks

Probability of occurrence: **high**/intensity: **low**
As a specialist for a broad portfolio of isotope-based components, irradiation equipment, and radiopharmaceuticals, Eckert & Ziegler is better protected against slumps in the market than single-product companies. Although the various business fields are similar in terms of the technology they use, they differ considerably in terms of their product life cycles and in their customer and market structures. This diversification generally reduces the risk that competitors will undermine the company's business foundation with new and better products. Nevertheless, it cannot be ruled out that improved processes and efforts by competitors might cause the loss of important markets, thereby endangering the company.

To counter this threat, Eckert & Ziegler actively seeks to develop new products and to identify and develop new business fields. However, there is the risk that such efforts will remain unsuccessful and that new business fields can only be developed too late, or inadequately, or not at all. Furthermore, it cannot be ruled out that competitors might have greater success with other products or market launch strategies.

In the medical divisions, the economic success of Eckert & Ziegler's products depends on cost reimbursement for the respective applications. A reduction or elimination of cost reimbursement would have dire consequences on sales and earnings. Capital goods are also sold in the segments. In this regard, there is a risk of limited budgets at public and private contractors.

3.11 Main customer risk

Probability of occurrence: **medium**/intensity: **medium**
Sales to the Group's five largest customers in the period under review totaled € 11.6 million, or approximately 8 % of total performance. Compared to the prior year, in which the five largest customers accounted for 9 % of sales, sales with extremely large customers declined slightly. Eckert & Ziegler's customer base is generally relatively broad.

3.12 Research and development risks

Probability of occurrence: **medium**/intensity: **medium**
The Eckert & Ziegler Group carries out its own research projects where possible. These projects mainly involve the further development of the company's own existing products in order to maintain or reduce the competitive situation compared to the competition and alternative application methods. These measures may prove unsuccessful as a result of faster market developments, incorrect targets or non-achievement of the development objectives. Through market observations and project management-related measures, an attempt is made to minimize the risks. At the same time, successfully completed development projects offer opportunities for disproportional organic growth.

3.13 Opportunity report

Eckert & Ziegler's outstanding market position in the Isotope Product segment's product areas – which is primarily the result of acquisitions as well as excellent operative management of production and sales – creates opportunities to continue dominating the market, additionally increase sales and profitability, and further pursue the acquisition strategy.

If an Alzheimer's drug is launched in 2017, the prospects for providing cyclotron-based radiodiagnostics with neurological radiopharmaceuticals are good.

Eckert & Ziegler has undoubtedly acquired a great deal of expertise as a result of its many years of handling radioactivity and has thereby gained an edge on potential competitors planning to enter the market for the first time. Moreover, this also offers numerous opportunities for accelerating organic and acquisition-driven growth in the business areas.

3.14 Risks relating to financial instruments

Financial instruments are only concluded to hedge the operating business, such as risks arising from changes in exchange and interest rates. As financial instruments are only used to hedge transactions where the volumes exceed a certain threshold, exchange and interest rate fluctuation therefore has a certain impact on the Group's earnings.

As outlined in section 3.3 "Financial risks," key long-term financing was secured at fixed-interest conditions. Existing swaps are not recognized as hedges, as they do not meet the criteria to be classified as hedges.

3.15 Risk development

Despite the growth in its range of products, there has been no increase in the risk profile for the Eckert & Ziegler Group that could threaten the existence of the company. There have been no material changes in risks.

4. OUTLOOK

4.1 Prior-year comparison

In the prior year, sales of around € 140.0 million, EBIT of roughly € 16.0 million and consolidated profit of € 9.5 million were targeted for fiscal year 2016. With sales of € 137.9 million, EBIT of € 16.2 million and profit of € 9.6 million, these targets have largely been achieved.

4.2 Overall economic environment

The economy was generally positive in 2016. The global economy grew by around 3.1 %, meaning that it bottomed out in 2016. Growth in the U.S. amounted to 1.6 % while China registered growth of 6.6 % and is therefore no longer the economic powerhouse it has been for the last few years. The German economy recovered and was up by 1.9 %, while growth of approximately 1.7 % is expected for the eurozone as a whole in 2016. The forecasts for 2017 point to a difficult year marked by political uncertainty.

Eckert & Ziegler is only partially affected by economic fluctuations, as demand in the health care sector is subject to different cycles. Nevertheless, its operating business is influenced by global economic trends. This is especially the case if major public-sector projects are cancelled due to government austerity measures or if plans are introduced to cut administrative expenditure in health care.

Other general conditions which are of importance to Eckert & Ziegler include the U.S. dollar/euro exchange rate. As the Isotope Products segment, which is based in the U.S., makes a significant contribution to the Group's earnings and liquidity, even minor changes in the exchange rate have a noticeable impact on the Group's sales and expenses. The impact on income is lower as both sales and expenses are incurred in U.S. dollars.

In 2016, the weighted average of the USD/EUR was 1.10 which was just slightly below the prior year's average of USD/EUR 1.11. At the time of preparing the consolidated financial statements, the exchange rate was roughly at this level, which is to be considered favorable to Eckert & Ziegler's key figures in a historical context (2003 was the last time exchange rates were at such a level).

No significant negative effects have resulted from these currency fluctuations so far. It is difficult to forecast how exchange rates will develop throughout the remainder of 2017. This depends on numerous aspects including the development of budgets, the geopolitical situation in Asia and the political situation in southern European countries as well as the U.S. budget and trade balance deficits. The consensus among various economists for the exchange rate at year-end 2017 as recently determined by Consensus Economics, Inc. is currently USD/EUR 1.05. If the exchange rate remains within the range seen in recent years, Eckert & Ziegler will be able to manage any fluctuation in the exchange rate and there will be no material impact on the Group.

The following forecasts regarding economic development and the exchange rate are made on the basis of these assumptions:

4.3 Future business development in the Isotope Products segment

The Isotope Products segment features stable sales and income but is limited in terms of its organic growth opportunities. However, sales are expected to increase again in 2017 to around € 80 million following moderate growth in 2016. EBIT is expected to amount to € 12.4 million owing to positive expectations regarding the oil price and related higher sales with industrial sources. Business with China is also expected to grow.

4.4 Future business development in the Radiation Therapy segment

The restructuring of the Radiation Therapy segment is complete and various cost savings measures have been successfully implemented. Slight, but stable, growth is expected in seeds and ophthalmological products. Sales are expected to increase to € 26.9 million and EBIT to € 1.3 million.

4.5 Future business development in the Radiopharma segment

The positive development is expected to continue in all main product groups. Sales in the Radiopharma segment are likely to increase to over € 41.7 million, and EBIT should amount to around € 5.0 million.

4.6 Future business development at the holding company

In the Others segment, sales are expected to remain constant at a more or less stable EBIT of around € – 1.1 million.

4.7 Future business development at the Group

All in all, an increase in sales to approximately € 150 million is forecast for fiscal year 2017 and EBIT of roughly € 16 million. This should result in consolidated profit of roughly € 10.6 million, or € 2.00 per share.

The forecasts are based on a maximum exchange rate USD/EUR 1.15.

4.8 Future business development of Eckert & Ziegler Strahlen- und Medizintechnik AG

In the prior year, constant income from services, constant expenses, an operating loss and net profit of around € 4.0 million were planned for the holding company. In fiscal year 2016, the holding company reported € 0.2 million higher income from services, € 0.3 million higher expenses and net profit of € 3.6 million. As a result, the targeted figures were for the most part achieved.

The holding company's planning for 2017 is based on stable income from services and stable expenses. In operating terms, the company is likely to post a loss. However, this will be mitigated by the positive balance of interest income and expense. Dividend income and profit transfers are also likely to remain roughly unchanged compared to 2016 and therefore make a positive contribution to earnings. In total, net profit of around € 4.1 million is expected for fiscal year 2017, which will allow for stable dividend payments to shareholders.

5. OTHER DISCLOSURES

5.1 Remuneration report

5.1.1 Principles of the remuneration system

The Executive Board remuneration structure is oriented toward providing an incentive for long-term successful corporate development. Therefore, it is a significant aspect of the remuneration structure to agree on variable compensation components with a multi-year measurement basis in addition to fixed compensation components. This combination ensures that remuneration of the Members of the Executive Board appropriately reflects both positive and negative developments.

The area of responsibility and the individual performance of the respective Member of the Executive Board are of particular importance when it comes to specifying total remuneration and splitting remuneration between various components. The financial position, success and future outlook of the company are also included in this evaluation. Ultimately, remuneration should be attractive and appropriate compared to competitors and within the context of the remuneration structure at Eckert & Ziegler, both with regard to upper management and the workforce.

The Supervisory Board determines the total remuneration of the individual Members of the Executive Board as well as the remuneration structure for a period of several years and performs regular reviews. The aim of the remuneration is the sustainable development of the company. Executive Board contracts were amended as of fiscal year 2011 according to the provisions of the German Act on the Appropriateness of Management Board Compensation (Gesetz zur Angemessenheit der Vorstandsvergütung, VorstAG), establishing a multi-year measurement basis for the calculation of any and all variable compensation components and limits. Moreover, an option was introduced to limit Executive Board remuneration to a reasonable amount if and for as long as the economic situation of the company deteriorates. Fixed compensation components are paid monthly as salary on a pro-rata basis. The Members of the Executive Board also receive additional benefits in kind, which primarily include use of a company car, a telephone and insurance premiums. As a rule, these are equally available to all Members of the Executive Board. The extent of fringe benefits, however, may vary depending on the individual member's situation. Being part of the overall remuneration of the Members of the Executive Board, these benefits are subject to taxes.

Profit-sharing bonuses are variable compensation components and are usually measured on a multi-year basis. This is based on a percentage of cumulative EBIT or net profit generated in the direct area of responsibility, observed over a defined period of multiple years. Partial payments are made annually after approval of the financial statements; final settlement will be made at the end of the defined period. It is also possible to agree on variable compensation elements that are only based on an annual review of successes and do not consider the achievement of a specific objective or provide for a share in the annual profit or loss. The variable components are subject to limits.

No severance payments have been agreed on in the event of premature or regular termination of a member's term on the Executive Board. Competition clauses were agreed for two members of the Executive Board stating that a part of the fixed salary is to be paid over a certain period as compensation for the prohibition of other employment in the sector. There are no pension commitments in the event of a member leaving the company. However, the company granted company pension benefits to two active Members of the Executive Board in the reporting year in the form of a so-called reinsurance-funded pension plan, which is financed by deferred compensation.

The members of the Supervisory Board receive fixed annual remuneration of € 10,000. The Chairman receives double the amount and the Deputy Chairman one-and-a-half times this amount.

If a member has not been on the Board for a full fiscal year, the respective member receives remuneration on a pro rata basis.

Members of the Supervisory Board receive € 1,000 for each Supervisory Board meeting they participate in.

5.1.2 Total remuneration of the Executive Board

The following table shows the Executive Board remuneration granted and paid in fiscal year 2016 and the prior year. Since no member of the Executive Board was granted stock options or pension commitments, the remuneration granted equals the amounts paid.

	Dr. Andreas Eckert				Dr. Edgar Löffler				Dr. André Heß			
	Chairman of the Executive Board EZAG				Member of the Executive Board responsible for the Radiation Therapy segment				Member of the Executive Board responsible for the Radiopharma segment			
	Date of appointment:		July 3, 1997		Date of appointment:		May 7, 2001		Date of appointment:		March 1, 2008	
					Date of departure:		December 31, 2016					
Amounts in € thousand	2015	2016	Min	Max	2015	2016	Min	Max	2015	2016	Min	Max
Fixed remuneration	300	300	300	300	186	186	186	186	194	208	208	208
Additional benefits	32	34	34	34	33	34	34	34	30	31	31	31
Total	**332**	**334**	**334**	**334**	**219**	**220**	**220**	**220**	**224**	**239**	**239**	**239**
One-year variable remuneration	0	0	0	0	0	0	0	0	0	0	0	0
Multi-year variable remuneration	270	253	0	500	19	71	0	250	272	198	0	275
Bonus based on Group EBIT (5 years)	*270*	*253*	*0*	*500*								
Bonus based on Group EBIT excluding the Radiation Therapy segment (5 years)					*96**	*77**	*0*	*100*				
Bonus based on EBIT of Radiation Therapy segment (5 years)					*– 78**	*– 6**	*0*	*150*				
Bonus based on Group EBIT excluding the Radiopharma segment (3 years)									*66**	*45**	*0*	*100*
Bonus based on EBIT of Radiopharma segment (3 years)									*207**	*153**	*0*	*175*
Total	**270**	**253**	**0**	**500**	**19**	**71**	**0**	**250**	**272**	**198**	**0**	**275**
Pension expenses	0	0	0	0	0	0	0	0	0	0	0	0
Total remuneration	**602**	**587**	**334**	**834**	**238**	**291**	**220**	**470**	**496**	**437**	**239**	**514**

* *Variable remuneration may be lower or higher than the disclosed minimum or maximum amounts on a case-by-case basis since the caps are generally considered cumulative over the contract term and the disclosed minimum and maximum amounts represent the annual average.*

The disclosed variable remuneration for 2016 is based on the final financial statement figures and is paid in these amounts in 2017. Due to the iteration issue, the provisions for bonuses reported in the balance sheet as of December 31, 2016 may deviate slightly from these amounts.

Pension provisions of € 375 thousand (prior year: € 391 thousand) relate to a former member of the Executive Board. Pension payments of € 32 thousand were made to this former Executive Board member in fiscal year 2016 (2015: € 32 thousand).

5.1.3 Total remuneration of the Supervisory Board

For fiscal year 2016, the members of the Supervisory Board are receiving fixed remuneration of € 75 thousand (2015: € 75 thousand) and attendance fees of € 28 thousand (2015: € 26 thousand). This equates to total expenditure of € 103 thousand (2015: € 101 thousand).

The individual members of the Supervisory Board received the following remuneration:

Name	Remunerated function	Fixed remuneration	Attendance fees	Total
Tsd. Euro				
Prof. Dr. Wolfgang Maennig	Chairman of the Supervisory Board	20 (2015: 20)	5 (2015: 5)	25 (2015: 25)
Prof. Dr. Nikolaus Fuchs	Deputy Chairman of the Supervisory Board	15 (2015: 15)	5 (2015: 5)	20 (2015: 20)
Hans-Jörg Hinke	Member of the Supervisory Board	10 (2015: 10)	4 (2015: 5)	14 (2015: 15)
Dr. Gudrun Erzgräber	Member of the Supervisory Board	10 (2015: 10)	5 (2015: 5)	15 (2015: 15)
Prof. Dr. Detlev Ganten	Member of the Supervisory Board	10 (2015: 10)	4 (2015: 2)	14 (2015: 12)
Prof. Dr. Helmut Grothe	Member of the Supervisory Board	10 (2015: 10)	5 (2015: 4)	15 (2015: 14)

Besides Supervisory Board activities, a consulting agreement approved by the Supervisory Board was concluded with a corporate consulting firm of a Supervisory Board member. Consulting services amounting to € 0.07 million were provided within the scope of this agreement.

5.2 Information required under takeover law

As of December 31, 2016, the company's nominal capital was € 5,292,983 (prior year: € 5,292,983), divided into 5,292,983 non-par value bearer shares. Each share represents one vote and is entitled to a share in profit. There are no shares with multiple, preferential or maximum voting rights.

The Executive Board is not aware of any restrictions concerning voting rights or the transfer of shares.

According to the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG), every investor who reaches, exceeds or falls short of certain amounts of voting rights in the company by way of acquisition, sale or any other action must inform the company and the German Federal Financial Supervisory Authority (Bundesanstalt fur Finanzdienstleistungsaufsicht, BaFin). The lowest threshold for the disclosure of voting rights is 3 %. The following direct or indirect shareholdings in the capital of the company that exceed 10 % of the voting rights were disclosed to the company as follows:

As of December 31, 2016, Chairman of the Executive Board Dr. Andreas Eckert indirectly held 1,692,990 shares through Eckert Wagniskapital und Frühphasenfinanzierung GmbH, Panketal, Germany, and directly held 12,001 shares, amounting to a total of 32.24 % of the subscribed capital of Eckert & Ziegler Strahlen- und Medizintechnik AG of 5,292,983 shares. The total holdings of the remaining members of the Group's Executive Board and the Group's Supervisory Board in shares issued by Eckert & Ziegler Strahlen- und Medizintechnik AG amounted to under 1 % of the subscribed capital as of December 31, 2016.

Shares with special rights that confer powers of control did and do not exist.

The Executive Board manages the company and represents it in dealings with third parties. Section 84 of the German Stock Corporation Act (Aktiengesetz, AktG) governs the appointment and dismissal of Members of the Executive Board. The Supervisory Board appoints the members of the Executive Board for a maximum of five years. Repeat appointments or extensions of the term of office for a maximum of another five years are permissible. Such repeat appointments or extensions require another resolution by the Supervisory Board, which cannot be adopted earlier than one year prior to the expiry of the current term of office. The Supervisory Board can appoint a member of the Executive Board to the position of Chairman of the Executive Board. The Supervisory Board can revoke an appointment to the Executive Board and the appointment of a member of the Executive Board to Chairman of the Executive Board for good cause. Possible causes include serious breach of duty, the inability to properly manage a business and a vote of no confidence by the Annual General Meeting.

According to Section 6 of the Articles of Association, the Executive Board consists of one or more persons. The Supervisory Board determines the number of members of the Executive Board.

The Articles of Association contain general provisions on the form of the company. Pursuant to Section 179 AktG, any amendments to the Articles of Association are subject to approval by the Annual General Meeting. Resolutions on changes to the Articles of Association require a majority of three quarters of the nominal capital represented.

On April 30, 1999, the Annual General Meeting passed a resolution, amended by the resolution of the Annual General Meeting of May 20, 2003, to contingently increase the company's nominal capital by a maximum of € 300 thousand, divided into a maximum of 300,000 non-par shares (contingent capital 1999). The contingent capital increase may only be implemented to the extent that the holders of stock options, which were issued based on the authorization provided to the Executive Board by the Annual General Meeting of April 30, 1999, utilize their subscription right to shares in the Group and the Group does not fulfill the option right by transferring own shares or by making a cash payment. With the approval of the Supervisory Board, the Executive Board exercised the right to contingently increase capital by € 32 thousand and issued 31,650 non-par shares in fiscal year 2009. With the approval of the Supervisory Board, the Executive Board exercised the right to contingently increase capital by € 33 thousand and issued 32,700 non-par shares in fiscal year 2010.

On May 24, 2012, the Annual General Meeting adopted a resolution to cancel the resolution adopted by the Annual General Meeting on May 20, 2009 regarding the "contingent capital 2009." At the same time, a decision was made to create a new tranche of contingent capital ("contingent capital 2012").

This involved the approval of a contingent increase in the subscribed capital by up to € 1,639 thousand. The contingent capital increase will only be implemented to the extent that the holders of convertible bonds or bonds with warrants, participation rights, or income bonds (or combinations thereof) utilize their conversion rights or fulfill their conversion obligation and as long as the Company does not utilize own shares, shares from the authorized capital, or shares of another listed company to settle the obligation.

Based on a resolution adopted by the Annual General Meeting on June 3, 2015, the Executive Board is empowered until June 2, 2020 to acquire own shares for purposes other than securities trading for up to 10 % of the subscribed capital. The shares purchased under this authorization together with other shares in treasury stock of the company that the company already purchased, still owns or that are attributed to the company pursuant to Sections 71a et seq. AktG, may not exceed 10 % of the company's nominal capital.

Based on a resolution adopted by the Annual General Meeting on June 8, 2016, the Executive Board is empowered until June 7, 2021 to increase the company's nominal capital subject to the approval of the Supervisory Board on one or more occasions by up to € 1,500,000.00 in total in return for cash contributions and/or contributions in kind by issuing new no-par bearer shares ("authorized capital 2016"). This accounts for just under 30 % of nominal capital.

The shareholders are generally granted preferential rights in the utilization of authorized capital 2016. The new shares can also be assumed by one or more financial institutions, which are then obliged to offer the shares to shareholders for subscriptions (indirect preferential right). However, subject to the approval of the Supervisory Board, these preferential rights may be excluded in four cases:

First and foremost, the preferential right shall be able to be excluded for fractional amounts. This simplifies the procedure of issuing shares with preferential rights for shareholders. Fractional amounts can result from the respective issue volume and the necessity to maintain an appropriate subscription ratio. The value of such fractional amounts is usually low for individual shareholders, but, without exclusion, they make the issuing process considerably more complex. The potential dilution effect is negligible as only fractional amounts are eliminated. New shares excluded from preferential rights due to fractional amounts will be utilized in the best possible manner for the company. Excluding preferential rights is therefore a matter of practicality and simplifies the process of issuing new shares.

Preferential rights shall be able to be excluded if, in the case of capital increases against contributions in cash pursuant to Section 186 (3) Sentence 4 AktG, new shares are issued at an amount that does not fall significantly short of the listed price. This authorization enables the company to leverage market opportunities quickly and flexibly in various areas of business and cover resulting capital requirements at extremely short notice. The exclusion of preferential rights not only allows the company to take action more promptly, it also enables shares to be issued at a price close to the listed price, and so without the usual discount attached to shares issued under preferential rights. This results in higher issue proceeds and serves the interests of the company. In addition, such share issues can also be used to attract new groups of shareholders. The AktG does not stipulate any fixed boundary for the discount. In utilizing this authorization, the Executive Board will – subject to the approval of the Supervisory Board – set this discount at the lowest amount possible under the prevailing market conditions at the time of the share issue. A discount of between 3 % and a maximum of 5 % of the current listed price is usually considered to be an insignificant reduction. The volume of shares issued under the exclusion of preferential rights pursuant to Section 186 (3) Sentence 4 AktG may not exceed 10 % of the nominal capital neither at the time the shares are issued nor at the time the authorization is utilized. The sale of treasury shares is to be offset against this limitation provided they are sold during the period in which this authorization excluding preferential rights in accordance with Section 186 (3) Sentence 4 AktG applies. This requirement takes into account shareholders' need for protection against the dilution of their shareholders in accordance with legal regulations. All shareholders have the fundamental opportunity to acquire on the stock market the shares necessary to maintain their shareholding ratio at terms that resemble their original terms as closely as possible. This ensures that, in accordance with the legal assessment of Section 186 (3) Sentence 4 AktG, asset and voting right interests are maintained in the event of this authorized capital being utilized under the exclusion of preferential rights, while the company is given further leverage in the interests of all shareholders.

In addition, preferential rights of shareholders shall be able to be excluded in the case of capital increases against contributions in kind. This allows the Executive Board to use shares in the company to acquire companies, parts of companies or company investments or other assets as it sees fit. Negotiations may focus on shares being used as a contribution instead of cash. The option of offering shares in the company as a contribution gives the company a competitive advantage when it comes to interesting acquisition targets and the possibility to take any opportunities to acquire companies, parts of companies, company investments or other assets that may arise without affecting liquidity. Offering shares as a contribution can also make sense in terms of maintaining an optimum financing structure. This does not put the company at a disadvantage, as a prerequisite for issuing shares against contributions in kind is that the value of the contribution in kind is appropriate in relation to the value of the shares. In determining the valuation relationship, the Executive Board will ensure that the interests of the company and its shareholders are suitably taken into consideration and an appropriate issue amount is determined for the new shares.

The Executive Board will carefully review each case in which it considers authorizing a capital increase while excluding the preferential rights of shareholders. This will only take place if the Executive Board and the Supervisory Board considers it to be in the interests of the company and therefore its shareholders. The Executive Board will report on the utilization of authorized capital at the next Annual General Meeting.

As of December 31, 2016, the company held 4,818 (2015: 4,818) shares in treasury stock with a nominal value of € 5 thousand, which was deducted from subscribed capital in the balance sheet. No treasury stocks were acquired in the fiscal year.

There are no material agreements subject to a change of control as the result of a takeover bid. Furthermore, there are no agreements with members of the Executive Board or employees regarding compensation in the event of a takeover bid.

5.3 Declaration on compliance (Secs. 289a, 315 (5) Sentence 1 HGB)

The company has issued a Declaration on Compliance. It is available on the website under *www.ezag.com* > Investors > Corporate Governance > Declaration on Compliance.

5.4 Affiliated company report

An affiliated company report with the following declaration of the Executive Board was issued:

“We declare that EZAG received appropriate consideration for the legal transactions described in the affiliated company report according to the circumstances known to us at the time the transactions were made. No measures were taken or omitted at the request or in the interest of the controlling company or an associated company.”

5.5 Statement of the legal representative (balance sheet oath)

We assure to the best of our knowledge that in accordance with the applicable financial reporting principles, the annual and consolidated financial statements provide a true and fair view of the net assets, financial position, and results of operations of the annual financial statements and the Group, and that the Group management report includes a fair review of the development and performance of the business, the business results, and the position of the Company and the Group, together with a description of the principal opportunities and risks associated with the expected development of the Company and the Group.

Berlin, March 21, 2017
Eckert & Ziegler Strahlen- und Medizintechnik AG
The Executive Board

Dr. Andreas Eckert   Dr. André Heß   Dr. Harald Hasselmann

GROUP FINANCIAL INFORMATION

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

€ thousand	Notes	2015	2016
Revenues	6.	**139,747**	**137,935**
Cost of sales	7.	– 76,884	– 71,812
Gross profit on sales		**62,863**	**66,123**
Selling expenses	8.	– 25,518	– 22,557
General administration costs	9.	– 26,256	– 26,692
Other operating income	12.	11,950	3,551
Other operating expenses	13.	– 5,336	– 5,032
Operating profit		**17,703**	**15,393**
Results from shares measured at equity	14.	– 408	0
Exchange rate gains	15.	1,641	1,544
Exchange rate losses	15.	– 720	– 707
Earnings before interest income and income taxes (EBIT)		**18,216**	**16,230**
Interest income	16.	165	445
Interest expenses	16.	– 1,442	– 1,388
Income before income taxes (EBT)		**16,939**	**– 15,287**
Income taxes	17.	– 5,626	– 4,634
Consolidated earnings from continuing operations		**11,313**	**10,653**
Net losses from discontinued operations		– 947	– 867
Consolidated earnings from continuing and discontinued operations		**10,366**	**9,786**
Profit (+) / loss (–) attributable to noncontrolling interests	18.	– 352	236
Earnings of Eckert & Ziegler AG attributable to the shareholders		**10,718**	**9,550**
Earnings per share from continuing and discontinued operations	19.		
Undiluted (€ per share)		**2.03**	**1.81**
Diluted (€ per share)		**2.03**	**1.81**
Earnings per share from continuing operations	19.		
Undiluted (€ per share)		**2.21**	**1.97**
Diluted (€ per share)		**2.21**	**1.97**
Shares in circulation on average (undiluted – in thousand units)		5,288	5,288
Shares in circulation on average (diluted – in thousand units)		5,288	5,288

CONSOLIDATED COMPREHENSIVE INCOME

€ thousand	Notes	2015	2016
Consolidated earnings		**10,366**	**9,786**
Of which attributable to shareholders of Eckert & Ziegler		10,718	9,550
of which profit (+)/loss (–) attributable to noncontrolling interests		– 352	236
Posten, die unter bestimmten Bedingungen zukünftig in die Gewinn- und Verlustrechnung umgegliedert werden			
Exchange rate differences resulting from the translation of foreign business		3,213	1,065
Amount reposted to income statement		0	– 112
Exchange rate differences from the translation of foreign business operations	**28.**	3,213	**953**
		3,213	**953**
Items that will not be reclassified to the income statement in the future			
Profit (+)/loss (–) from defined benefit pension commitments		560	– 1,122
Revaluation of the defined benefit obligation	28., 31.	**560**	**– 1,122**
Deferred taxes		**– 177**	**348**
		383	**– 774**
Other comprehensive income after taxes		**3,596**	**179**
Consolidated comprehensive income		**13,962**	**9,965**
Comprehensive income attributable to:			
Shareholders of Eckert & Ziegler AG		14,292	9,729
Minority interests		– 330	236

CONSOLIDATED BALANCE SHEET

€ thousand	Notes	As of Dec 31, 2015	As of Dec 31, 2016
Assets			
Non-current assets			
Goodwill	20.	40,029	40,422
Other intangible assets	20.	14,092	12,542
Property, plant and equipment	21.	35,973	37,823
Investments in associates and joint ventures	22.	2,780	2,872
Deferred tax assets	17.	9,366	9,000
Other non-current assets	23.	5,711	2,860
Total non-current assets		**107,951**	**105,519**
Current assets			
Cash and cash equivalents	24.	31,466	36,567
Securities	25.	21,391	23,208
Trade receivables	26.	25,049	25,100
Inventories	17., 27.	1,214	1,270
Other current assets	27.	9,605	7,801
Total current assets		**88,725**	**93,946**
Total assets		**196,676**	**199,465**
Equity and Liabilities			
Equity	28.		
Subscribed capital		5,293	5,293
Capital reserves		53,500	53,500
Retained earnings		39,681	44,997
Other reserves		1,248	1,427
Own shares		– 27	– 27
Equity to which the shareholders of Eckert & Ziegler are entitled		**99,695**	**105,190**
Minority interests	18.	4,973	4,887
Total equity		**104,668**	**110,077**
Non-current liabilities			
Loans and financial lease liabilities	29.	4,977	4,138
Deferred income from grants and other deferred income (non-current)	30.	1,588	1,524
Deferred tax liabilities	17.	4,081	3,297
Provisions for pensions	31.	10,494	11,802
Other non-current provisions	32.	27,762	31,515
Other non-current liabilities	33.	3,820	3,481
Total non-current liabilities		**52,722**	**55,757**
Current liabilities			
Loans and financial lease liabilities	29.	10,551	7,520
Trade payables		7,533	6,390
Advance payments received		398	1,441
Deferred income from grants and other deferred income	30.	256	147
Income tax liabilities	17.	2,134	2,307
Other current provisions	32.	3,662	3,743
Other current liabilities	34.	14,752	12,083
Total current liabilities		**39,286**	**33,631**
Total equity and liabilities		**196,676**	**199,465**

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

Figures in € thousand excluding the number of subscribed capital	Subscribed capital: Number	Subscribed capital: Nominal value	Capital reserve	Retained earnings
Balance as of January 1, 2016	**5,292,983**	**5,293**	**53,500**	**39,681**
Total of expenditures and income recognized directly in equity	0	0	0	0
Net income	0	0	0	9,550
Consolidated comprehensive income	0	0	0	9,550
Dividends paid	0	0	0	– 3,173
Acquisition of noncontrolling interests	0	0	0	– 1,061
Balance as of December 31, 2016	**5,292,983**	**5,293**	**53,500**	**44,997**

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

Figures in € thousand excluding the number of subscribed capital	Subscribed capital: Number	Subscribed capital: Nominal value	Capital reserve	Retained earnings
Balance as of January 1, 2015	**5,292,983**	**5,293**	**53,500**	**32,136**
Total of expenditures and income recognized directly in equity	0	0	0	0
Net income	0	0	0	10,718
Consolidated comprehensive income	0	0	0	10,718
Dividends paid	0	0	0	– 3,173
Balance as of December 31, 2015	**5,292,983**	**5,293**	**53,500**	**39,681**

Cumulative other equity items					
Unrealized profit from actuarial gains/losses	Foreign currency translation differences	Own shares	Equity attributable to shareholders Eckert & Ziegler Strahlen- und Medizintechnik AG	Minority interests	Consolidated Equity
– 2,282	**3,530**	**– 27**	**99,695**	**4,973**	**104,668**
– 774	953	0	179	0	179
0	0	0	9,550	236	9,786
– 774	953	0	9,729	236	9,965
0	0	0	– 3,173	0	– 3,173
0	0	0	– 1,061	– 322	– 1,383
– 3,056	**4,483**	**– 27**	**105,190**	**4,887**	**110,077**

Cumulative other equity items					
Unrealized profit from actuarial gains/losses	Foreign currency translation differences	Own shares	Equity attributable to shareholders Eckert & Ziegler Strahlen- und Medizintechnik AG	Minority interests	Consolidated Equity
– 2,665	**339**	**– 27**	**88,576**	**5,914**	**94,490**
383	3,191	0	3,574	22	3,596
0	0	0	10,718	– 352	10,366
383	3,191	0	14,292	– 330	13,962
0	0	0	– 3,173	– 611	– 3,784
– 2,282	**3,530**	**– 27**	**99,695**	**4,973**	**104,668**

CONSOLIDATED CASH FLOW STATEMENT

€ thousand	Notes	2015	2016
Cash flow from operating activities	36.		
Net income		10,366	9,786
Adjustments for			
Depreciation, amortization and impairments		8,764	8,737
Income tax expense		5,138	4,245
Income tax payments		– 2,823	– 5,124
Income not affecting payments from the writing back of deferred grants		– 101	– 158
Profit (–)/loss (+) from the disposal of noncurrent assets		– 858	699
Gains on the sale of entities consolidated at equity		– 8,755	–
Change in the non-current provisions, other current liabilities		3,130	192
Change in other non-current assets and receivables		451	2,446
Other events not affecting payments		– 1,664	1,932
Changes in the current assets and liabilities			
Receivables		1,985	– 13
Inventories		266	434
Change in other current assets		97	1,394
Change in the current liabilities and provisions		234	– 4,738
Cash inflow from operating activities		**16,230**	**19,832**
Cash flow from investment activities	37.		
Expenditures on intangible assets and property, plant and equipment		– 3,843	– 5,332
Profit from the sale of intangible assets and property, plant and equipment		23	333
Expenditures on acquisitions (less cash and cash equivalents)		– 574	– 225
Expenditure for the acquisition of investments		–	– 303
Expenditures on non-current assets		5,366	–
Cash outflow from investment activities		**972**	**– 5,527**
Cash flow from financing activities	38.		
Paid dividends		– 3,173	– 3,173
Distribution of shares of third parties		– 682	– 420
Cash inflows from the taking out of loans		3,129	535
Cash outflows from the redemption of loans		– 6,386	– 4,420
Purchase of equity instruments of subsidiaries		– 350	– 1,633
Received interest		100	360
Paid interest		– 1,058	– 772
Cash inflows/outflows from financing activities		**– 8,420**	**– 9,523**
Changes in the financial holdings owing to exchange rates		860	319
Decrease in the financial holdings		**9,642**	**5,101**
Financial holdings as of the beginnning of the period		**21,824**	**31,466**
Financial holdings as of the end of the period		**31,466**	**36,567**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR FISCAL YEAR 2016

The Executive Board approved the consolidated financial statements for submission to the Supervisory Board on March 21, 2017.

BASIS, PRINCIPLES, AND METHODS

1 | ORGANIZATION AND DESCRIPTION OF BUSINESS ACTIVITIES

Eckert & Ziegler Strahlen- und Medizintechnik AG, Berlin, Germany (referred to as "Eckert & Ziegler AG" in the following) is a holding company with specialized subsidiaries worldwide engaged in the processing of radio isotopes and the development, production, and sale of components based on isotope technology, radiation equipment, and radiopharmaceuticals or of related products. The Group's products are primarily used in medical technology, particularly in cancer therapy, as well as in nuclear medical imaging and industrial measurement. In these areas, Eckert & Ziegler AG and its subsidiaries address the needs of radiation therapists, radio-oncologists, and nuclear medicine specialists, among others.

The Group operates in a market characterized by rapid technological progress, heavy research expenditure, and constant new scientific discoveries. This market is regulated by German federal, state, and local authorities. These regulatory authorities include the Regional Office for Health and Social Affairs Berlin (LAGeSo), the Technical Monitoring Agency (TÜV Nord CERT GmbH, Essen), the Federal Institute for Drugs and Medical Devices (BfArM), and the corresponding foreign institutions, such as the US Food and Drug Administration (FDA) or the Nuclear Regulatory Commission (NRC). As a result, the Group is directly affected by changes in technology and in products used in cancer treatment and for nuclear medical imaging, by government regulations related to the industry in which Eckert & Ziegler AG operates, and by the general environment within the health care sector.

2 | FINANCIAL REPORTING PRINCIPLES

The consolidated financial statements of Eckert & Ziegler AG as of December 31, 2016 have been prepared in accordance with International Financial Reporting Standards (IFRS). All standards of the International Accounting Standards Board (IASB), London, applicable in the EU at the reporting date, as well as the relevant interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC) have been taken into account. In addition, the supplementary applicable commercial provisions of Section 315 a (1) of the German Commercial Code (HGB) have been observed. The consolidated financial statements provide a fair presentation of the net assets, financial position, and results of operations of the Group.

The reporting currency is the euro. The amounts shown in the consolidated financial statements have been rounded to thousand euros.

The financial Statements of the Group's subsidiaries have been prepared as of the same reporting date as the consolidated financial statements; this reporting date corresponds to that of Eckert & Ziegler AG. The consolidated financial statements cover the reporting period of January 1 to December 31, 2016. The consolidated income statements were prepared according to the cost of sales method. The other result was shown in the "Group comprehensive income statement."

The company is registered with the Commercial Register at Berlin-Charlottenburg under the number HRB 64997 B and the consolidated financial statements and the Group management report as of December 31, 2016 are published in the electronic version of the Federal Official Gazette (Bundesanzeiger).

3 | FUNDAMENTAL ACCOUNTING AND VALUATION PRINCIPLES

Accounting and measurement principles • Uniform accounting and measurement principles, which were also used for the comparative information of the prior year, are applied for the recognition of assets and liabilities of the domestic and foreign subsidiaries included by way of full consolidation.

Disclosure • In accordance with IAS 1.56 (Presentation of Financial Statements), current and non-current assets, as well as current and non-current liabilities, are differentiated on the balance sheet.

Estimates and assumptions • When preparing the consolidated financial statements in accordance with IFRS, it is necessary to make estimates and assumptions that affect the amount and disclosure of recognized assets and liabilities, revenues and expenses. Significant assumptions and estimates are made concerning useful lives, income achievable from intangible assets and property, plant, and equipment, recoverability of receivables, the accounting and measurement of provisions, as well as the balance and recoverability of deferred tax assets. These assumptions and estimates are based on current knowledge. Actual amounts may differ from the originally expected estimates because conditions might develop differently than assumed. The sensitivity of book values with respect to the assumptions and estimates that underlie the calculation of the book values was evaluated by means of sensitivity analyses. If changes in estimates have a significant impact, disclosures are made according to IAS 1.125.

Discretionary decisions in the application of the accounting and measurement • Non-current intangible assets and property, plant, and equipment are recognized on the balance sheet at amortized cost. The option to recognize these assets at fair value, which is also permitted, is not utilized.

Goodwill • Goodwill represents the difference between the total purchase price for a company or business operation and the fair value of the acquired net assets. Goodwill is not subject to amortization and is instead subjected to an impairment test at least once a year in accordance with the provisions of IAS 36.

Other intangible assets • Customer relationships, capitalized development costs, patents, technologies, restraints on competition, software, licenses and, similar rights are disclosed under other intangible assets. Development costs are capitalized as intangible assets if the capitalization criteria for internally generated intangible assets are all fulfilled in accordance with IAS 38. Capitalized development costs consist of all directly attributable costs, which are incurred from the date when all capitalization criteria have been met. After successful completion of the development project, capitalized development costs are amortized over the planned economic life of the product.

Amortization of capitalized development costs is reported within cost of sales. Research costs, along with development costs not eligible for capitalization, are expensed as incurred.

Intangible assets, provided that these are intangible assets with finite useful lives, are capitalized at cost and amortized over their respective useful lives. The following useful lives are assumed for amortizable intangible assets:

	Internally generated	Acquired
Customer relationships	–	8 – 15 years
Capitalized development costs	3 – 10 years	–
Patents, permits, trademarks, etc.	6 – 20 years	10 years
Other	3 – 5 years	3 – 5 years

Intangible assets with indefinite useful lives are reviewed on an annual basis to determine whether the asset continues to have an indefinite useful life.

Property, plant, and equipment • Property, plant, and equipment is measured at amortized cost less impairments. The cost of internally generated equipment and systems includes all direct costs and allocated production overheads, as well as financing costs insofar as the requirements according to IAS 23 are met. If available, acquisition or manufacturing cost includes the estimated cost of the demolition or disposal of the asset and the restoration of the site. Internally generated assets mainly relate to production lines. Depreciation is calculated using the straight-line method. The depreciation period is determined in accordance with the estimated useful life. The following useful lives are assumed:

Buildings	25 – 45 years
Leasehold improvements	10 – 15 years
Technical plants and machinery	4 – 10 years
Office equipment, furniture, and fixtures	3 – 13 years
Land	is not depreciated

When assets are scrapped or sold, the acquisition or manufacturing cost of the assets and the related accumulated depreciation and impairment losses are written off, and any resulting gain or loss from the disposal is recognized in profit or loss.

A significant portion of the Group's depreciable assets is used for the manufacture of the Group's products. The Executive Board assesses the recoverability of these assets by taking into account relevant events in the business environment. The Executive Board assumes that there is no impairment of recoverability as of December 31, 2016. However, it is possible for the assessments of the Executive Board regarding the ability to use and exploit the Group's depreciable assets to change, even in the short term, due to technology developments or changes in the regulatory environment.

Impairment of intangible assets and property, plant, and equipment • Intangible assets and property, plant, and equipment are impaired when the net realizable value of these assets exceeds their carrying amount due to specific events or changed circumstances. The recoverable amount is the higher of fair value minus sales costs and value in use. Acquired goodwill and intangible assets with an indefinite useful life are tested for impairment at least once a year.

Write-ups are carried out when the recoverable value exceeds the book value of the asset. The asset is written up to the maximum amount that would have existed if the previous impairment had not been carried out. Impaired goodwill is not written up.

In order to carry out the impairment test, acquired goodwill is allocated to those cash-generating units (CGU) that are expected to benefit from the synergies of the Group and the business acquisitions. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows from continued use and is largely independent of the cash inflows of other assets or other groups of assets. In the Radiation Therapy segment, the CGUs correspond to the segment. In the Isotope Products and Radiopharma segments, two cash-generating units were identified – to date – for each segment (VSU and Isotope Products without VSU as well as the cyclotron and equipment division). The VSU segment was discontinued in fiscal year 2016; as a result, the Isotope Products segment now only has one cash-generating unit.

The Executive Board considers amounts that exceed 10 % of the Group's total goodwill to be material. The CGUs of the Isotope Products without VSU and Radiation Therapy segments meet this criterion.

The recoverability of goodwill is tested by determining the value in use based on estimated future cash flows, which are derived from the medium-term planning for the segments. The medium-term planning horizon is five years. Cash flows after the detailed planning phase are extrapolated based on a growth rate of 0 % – 1 % that does not exceed the expected average growth of the market or industry.

The discount rates are determined based on the weighted average cost of capital (WACC) for the respective CGU. The following uncertainties exist regarding the estimates used in the underlying assumptions for the calculation:

Medium-term planning:
- The medium-term planning is based on historical empirical values and takes into account segment-specific market growth expectations.

Discount rates:
- The discount rates were determined based on the weighted average cost of capital commonly used in the industry.

Growth rates:
- The growth rates are based on published industry-related market research.

Inventories • Raw materials and supplies, work in progress and finished goods and merchandise are disclosed under inventories. Inventories are recognized at the acquisition or manufacturing cost or lower net realizable value as of the reporting date. Apart from direct costs, manufacturing cost includes appropriate portions of necessary material and manufacturing overhead, manufacturing-related depreciation as well as production-related administration and social welfare costs. Financing costs are not included in the cost of production since the production process takes place over the short term. The average cost method is used for simplified measurement where required.

Impairments of obsolete or excess inventory are made on the basis of an inventory analysis and future sales forecasts.

Receivables • Receivables are non-derivative financial assets with payments that are fixed or can be determined, and are not listed in an active market. After they are recognized, receivables are measured at amortized cost less impairments. Gains or losses are recognized in the Group net income if the trade receivables are impaired.

Financial assets • Financial assets are measured at fair value when they are acquired. After they are recognized, financial assets are measured at amortized cost using the effective interest method, less impairments.

Derivative financial instruments • Derivative financial instruments such as swaps are generally used only for hedging. They are measured in the consolidated balance sheet at fair value, with changes in value recognized in profit or loss, as the valuation unit is not recognized due to the lack of comprehensive documentation requirements.

Restricted assets • Restricted assets relate to amounts paid into a fund by the US subsidiary Eckert & Ziegler Analytics Inc., Atlanta, USA to guarantee its future remediation obligations for contaminated sites.

Certain other assets are also subject to restrictions because under the law governing early employee retirement, credits under that scheme must be protected against the risk of insolvency.

Please refer to the explanations under "Cash and cash equivalents," "Other non-current assets," and "Loans and financial leasing liabilities."

Cash and cash equivalents • The Group considers all cash and demand deposits, as well as cash equivalents that can be liquidated in the short term and are not subject to significant fluctuations in value (highly liquid assets) with a maturity of up to three months, as near-money assets disclosed under cash and cash equivalents. The face value of these assets is considered equal to their fair value due to their short maturity.

Financial liabilities • Financial liabilities include in particular trade payables, liabilities to financial institutions, and other financial liabilities. After their initial recognition, financial liabilities are remeasured at amortized acquisition cost using the effective interest method.

Pension provisions • Pension liabilities are measured according to the project unit credit method in accordance with IAS 19 (Employee Benefits). Under the projected unit credit method, future salary and pension developments are taken into account when measuring the obligation. In order to standardize Group procedures, actuarial gains and losses have been recognized in other comprehensive income under consideration of deferred taxes without affecting profit or loss and disclosed in full in the pension provisions since January 1, 2009.

Provisions • Provisions are recognized to the extent a past event results in a current obligation. Provisions are recognized when it is more likely than not that an obligation has been incurred and the amount of the obligation can be reliably estimated. The amounts recognized as provisions represent the best possible estimate of the expenditures required to settle the current obligation as of the reporting date. Provisions with a maturity of more than 12 months are discounted.

Provisions for removal and disposal obligations • According to IAS 16, costs for the demolition and removal of an asset and the restoration of the site are part of the acquisition or production cost insofar as provisions for these costs have to be recognized according to IAS 37.

Provisions for restoration obligations are based on statutory and civil obligations to decontaminate assets and buildings contaminated with radioactivity, to determine by measurement that they are free from contamination and to make them accessible and usable again without danger once the assets are removed from service. Accordingly, the estimated cost includes the labor costs for dismantling the asset, the costs of waste processing for disposal, room cleaning costs, the costs for acceptance by an expert and the costs for the disposal of radioactive waste. Provisions with a maturity of more than 12 months are discounted.

Under IAS 37, provisions for restoration obligations are based on fair market value. Provisions are recognized at the present value of the expenditures expected as of the reporting date. The calculation of the restoration obligations is based on various assumptions that are derived from estimates. These include estimates on the required number of labor days, per diem rates and expected material costs. The amount of the provision allows for expected cost increases until the restoration work is carried out. The amount of the obligation is reviewed as of each reporting date. In the event of changes to the amount, property, plant, and equipment and provisions are adjusted accordingly.

In addition, radioactive waste arising from ongoing production and radioactive waste from third parties is recorded and valued at the expected cost of disposal or processing. These expenses are reported within cost of sales.

Leasing • All lease contracts are operating leases. Leasing costs are expensed in the respective fiscal year.

Revenue recognition • Revenues from product sales are recognized at the time of performance according to IAS 18 insofar as there is a contractual agreement for a fixed or determinable price and payment from the customer can be expected. No guarantees or rights of return are granted to the customer beyond existing statutory rights. License fees are recognized through profit or loss in the period to which they relate.

Advertising • Expenditures for advertising and other sales-related costs are recognized through profit or loss when they are incurred.

Research and development • Research expenditures are recognized as other operating expenses in the period they are incurred. Development costs are capitalized in accordance with IAS 38 (Intangible Assets) when certain conditions are cumulatively fulfilled. Amortization of capitalized development costs is reported within cost of sales. Development costs that cannot be capitalized are expenses when incurred and reported within other operating expenses.

Income taxes • Income tax expense represents the sum of current tax expense and deferred taxes. Current and deferred taxes are recognized in the consolidated income statement unless they are related to items included in other comprehensive income, directly in equity. Current tax expense is determined on the basis of taxable income for the year. The Group's liabilities for current taxes are calculated based on the tax rates that are currently applicable or will be in the near future. Deferred tax assets and liabilities are recognized in accordance with IAS 12 in order to reflect the future tax effects arising from the temporary differences between the book value of assets and liabilities reported in the consolidated financial statements and their respective amounts in the tax accounts. Deferred taxes assets are recognized in addition for loss carry-forwards. Deferred tax assets and liabilities are measured based on the statutory tax rates applicable to taxable income in the years when these temporary differences are expected to reverse. The effects of a change in tax rates on deferred tax assets and liabilities are recognized in the income statement of the fiscal year when the legislative changes were adopted. Deferred tax assets are only recognized if it is likely that these asset values will be recovered. Deferred tax assets and liabilities are reported on a net basis if the corresponding criteria of IAS 12 are fulfilled. In accordance with IAS 12, deferred taxes are disclosed under non-current assets or liabilities and not discounted.

Current income taxes are calculated on the basis of the respective year's taxable income in accordance with national tax regulations.

Investment subsidies and other grants • Grants are only recognized in accordance with IAS 20.7 when the company meets the conditions for obtaining the grant. Funds that the Group receives from public or private sources for investment or development projects are recognized as deferred income at the time of receipt. Grants for expenses are offset against the subsidized expenditure in the fiscal year in which the expenditure is incurred. The deferred grants in the consolidated financial statements were received to purchase property, plant, and equipment, and development costs. They are released through profit or loss over the useful lives of the respective property, plant, and equipment or intangible assets.

Earnings per share • The profit or loss per share is calculated by dividing the consolidated profit applicable to the shareholders of Eckert & Ziegler AG by the average number of shares outstanding in the course of the fiscal year. Diluted earnings per share reflect the potential dilution that would occur if all options to acquire shares were exercised at a price below the average share price during the period. It is calculated by dividing the portion of consolidated net income/loss attributable to the shareholders of Eckert & Ziegler by the sum of the average number of shares in circulation during the fiscal year plus the dilutive shares arising from the exercise of all outstanding options (calculated by applying the treasury stock method).

NEW FINANCIAL REPORTING STANDARDS

All applicable IASB, IFRIC, and SIC standards that are required to be used in the EU as of the reporting date were taken into account in the consolidated financial statements.

Financial reporting standards applied for the first time in the current fiscal year:
The new or amended standards and interpretations listed below were first applied in fiscal year 2016.

Annual Improvements to IFRS – 2010 – 2012 cycle
Published on December 12, 2013

Standard	Type of amendment	Details of amendment
IFRS 2 Share-based Payment	Definition of "vesting condition"	Amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition' (which were previously part of the definition of 'vesting condition').
IFRS 3 Business Combinations	Accounting of contingent purchase price payments for business combinations	Clarifies that contingent consideration that is classified as an asset or a liability shall be measured at fair value at each reporting date.
IFRS 8 Operating Segments	Aggregation of operating segments	Requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments.
	Reconciliation of segments' assets to Group assets	Clarifies that an entity shall only provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly.
IFRS 13 Fair Value Measurement	Short-term receivables and payables – omission of discounting	Clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial.
IAS 16 Property, Plant and Equipment/ IAS 38 Intangible Assets	Revaluation method – proportionate restatement of accumulated depreciation	Clarifies that when an item of property, plant, and equipment is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.
IAS 24 Related Party Disclosures	Key management personnel	Clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

The application of these amendments had no impact on the consolidated financial statements.

Amendments to IAS 19: Employee Contributions to Defined Benefit Plans
Published on November 21, 2013

The amendments to IAS 19 relate to a narrow scope of application that relates to the accounting of contributions from employees and third parties within the scope of defined benefit plans (IAS 19.92 and IAS 19.93). Specifically, this amendment to IAS 19 clarified when or which period service costs to be recognized or pension obligations to be recognized will be reduced.

The application of these amendments had no impact on the consolidated financial statements.

Amendments to IAS 16 and IAS 41: Bearer Plants
Published on June 30, 2014

The amendments to IAS 16 and IAS 41 relate to the accounting of plants only used to generate agricultural produce. Within the scope of the amendment, such bearer plants were added to the scope of IAS 16 and excluded from the scope of IAS 41. This means that the same subsequent measurement principles that apply to property, plant, and equipment will also apply to bearer plants. As a result, these assets will no longer be measured at fair value through profit or loss.

The application of these amendments had no impact on the consolidated financial statements.

Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations
Published on May 6, 2014

The amendments to IFRS 11 concern the accounting for acquisitions of interests in joint operations if these joint operations constitute a business. The acquirer must account for these interests pursuant to the principles of IFRS 3 (Business Combinations) and other IFRS insofar as they do not contradict the provisions of IFRS 11. The following must be taken into account when accounting for acquisitions of interests in joint operations if these joint operations constitute a business:

a) Identifiable assets and liabilities are generally to be measured at fair value.

b) Costs relating to the acquisition are generally to be recognized as an expense. This does not apply to costs relating to the issuance of debt instruments or equity instruments.

c) Deferred taxes are to be recognized pursuant to IAS 12 (Income Taxes).

d) Goodwill and profits from bargain purchases are to be recognized.

e) Cash-generating units allocated to goodwill are to be tested for impairment pursuant to the provisions of IAS 36 (Impairment of Assets).

f) The corresponding disclosures pertaining to business combinations are to be provided.

The application of these amendments had no impact on the consolidated financial statements.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization
Published on May 12, 2014

For IFRS accounting purposes, revenue-based methods of depreciation and amortization are not appropriate, as depreciation and amortization geared towards future revenue does not focus on the consumption of the underlying assets – as required pursuant to IAS 16 and IAS 38. This applies both to property, plant, and equipment pursuant to IAS 16 and intangible assets pursuant to IAS 38. However, revenue-based methods of amortization may be used for intangible assets under certain circumstances (rebuttable presumption; IAS 38.98A). This may be the case, for example, when reaching a revenue threshold is a decisive determining factor. In addition, it must be demonstrated that there is a strong correlation between revenue and the consumption of the economic benefit. Guidelines were also added to IAS 16 and IAS 38 stating that greater consumption of the asset's future economic benefit can be implied by an expected future reduction is the disposal price.

The application of these amendments had no impact on the consolidated financial statements.

Annual Improvements to IFRS – 2012 – 2014 cycle

Published on September 25, 2014

Standard	Type of amendment	Details of amendment
IFRS 5 Non-current Assets Held for Sale and Discontinued Operations	Changes to a plan of sale	Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.
IFRS 7 Financial Instruments: Disclosures	Servicing contracts	Adds additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of determining the disclosures required.
	Applicability of the amendments to IFRS 7 to condensed interim financial statements.	Clarifies the applicability of the amendments to IFRS 7 on offsetting disclosures to condensed interim financial statements.
IAS 19 Employee Benefits	Discount rate for actuarial assumptions; regional market issue	Clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid (thus, the depth of the market for high quality corporate bonds should be assessed at currency level).
IAS 34 Interim Financial Reporting	Disclosure of information 'elsewhere in the interim financial report'	Clarifies the meaning of 'elsewhere in the interim report' and requires a cross-reference.

The application of these amendments had no impact on the consolidated financial statements.

Amendments to IAS 1: Disclosure Initiative

Published on December 18, 2014

Materiality principle

The amendment clarifies the following in connection with the materiality – in this case particularly with regard to note disclosures:

a) Disclosures not to be obscured by aggregating.

b) Materiality considerations must apply to all parts of the financial statements.

c) Disclosure of "material" information (with regard to accounting and measurement). Materiality considerations apply even when a standard requires a specific disclosure.

Presentation of the statement of financial position and presentation in the income statement or in other comprehensive income

a) Line items listed in the individual parts of the financial statements pursuant to IFRS can either be split or aggregated depending on their relevance. The amendment enables further guidelines to be used following reference to additional items, headings, and subtotals.

b) If interests in an entity are accounted for in the other comprehensive income of associates or joint ventures using the equity method, the resulting items, which are to be recognized as other comprehensive income either as an aggregated total or listed separately depending on whether they will later be recycled to the income statement.

Disclosures
The amendment clarifies that the disclosures do not necessarily need to be presented in the order listed in IAS 1.114. Instead, disclosures are to be ordered so that they are comprehensive and comparable. Irrelevant accounting policies, such as redundant disclosures of less relevant accounting policies, may be deleted from the notes to the financial statements.

The application of these amendments had no impact on the consolidated financial statements.

Amendments to IAS 27: Equity Method in Separate Financial Statements
Published on August 12, 2014

The amendment once again permits the application of the equity method presented in IAS 28 to the accounting of investments in subsidiaries, joint ventures and associates in an investor's separate financial statements (an option that had previously been removed in 2003).

The application of these amendments had no impact on the consolidated financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception
Published on December 18, 2014

The amendments relate to various provisions pertaining to the application of the consolidation exception to investment companies.

a) Pursuant to IFRS 10.4 (a) (iv), parent companies that are themselves subsidiaries of an investment company are exempted from the obligation to prepare consolidated financial statements.

b) According to IFRS 10.31, subsidiaries of an investment company are generally to be measured at fair value (meaning that they are not to be consolidated). Pursuant to IFRS 10.32, this does not apply to subsidiaries of investment companies that are not themselves investment companies, and whose main purpose and activities involve providing services that relate to the investment company's investment activities. Such subsidiaries are, pursuant to IFRS 10, to be consolidated.

c) As a general rule, investment companies whose subsidiaries are measured at fair value fall within the scope of IFRS 12 (Disclosure of Interests in Other Entities).

d) Notwithstanding the provisions of IAS 28.36, if an entity, that is not itself an investment company has an interest in an associate or a joint venture that is an investment company, the entity may, when applying the equity method, retain the fair value measurement applied by the investment company associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries.

The application of these amendments had no impact on the consolidated financial statements.

Published but not-yet-compulsory standards and interpretations:

The following IFRS as adopted by the EU were published as of December 31, 2016 but must only be applied in later reporting periods, provided that no use has been made of the option to apply these earlier. The company did not apply the regulations early in these consolidated financial statements.

Norm	Title	Required for financial years beginning from	EU application planned from	Possible effect on future financial statements
IFRS 9	Financial Instruments	January 1, 2018	January 1, 2018	undetermined
IFRS 15	Revenue from Contracts w ith Customers	January 1, 2018	January 1, 2018	undetermined

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments includes requirements for recognition and measurement, derecognition, and general hedge accounting. The IASB published the final version of the standard as part of the completion of various phases of its extensive financial instruments project on July 24, 2014; the standard was adopted by the EU effective November 22, 2016. The measurement of financial instruments previously defined under IAS 39 Financial Instruments: Recognition and Measurement can now be superseded in full by measurement under IFRS 9. The published version of IFRS 9 supersedes all prior versions. The main requirements of the final version of IFRS 9 can be summarized as follows:

- The requirements of IFRS 9 in relation to the area of application and recognition/derecognition are largely unchanged from the previous standard IAS 39 Financial Instruments: Recognition and Measurement.
- However, in contrast to IAS 39, IFRS 9 does provide for a new classification model for financial assets.
- In future, the subsequent remeasurement of financial assets will be based on three categories with different value measures and different methods of recognizing value changes. Categorization is based both on the instrument's contractually agreed cash flows as well as on the business model in which the instrument is held. In principle, these are therefore compulsory categories. The company is also entitled to make use of certain options.
- In terms of financial liabilities, existing regulations were largely transferred to IFRS 9. The only major new feature relates to financial liabilities in the fair value option. For these, fair value fluctuations are to be recognized in other comprehensive income due to a change in the reporting entity's own default risk.
- IFRS 9 provides for three levels, which determine the amount of the losses and received interest to be recognized. Under this system, expected losses are to be recognized at addition in the amount of the cash value of an expected 12-month loss (level 1). If there is a significant rise in the default risk, risk provisioning is to be increased to the amount of the expected losses for the entire residual term (level 2). In the event of an objective indication of impairment, the interest accrual takes place on the basis of the net book value (book value less risk provisioning) (level 3).
- In addition to comprehensive transition rules, IFRS 9 imposes extensive disclosure requirements both in the course of transition and for ongoing application. Changes compared to IFRS 7 Financial Instruments: Note disclosures are required in particular based on regulations for impairments.

The Executive Board assumes that the future application of IFRS 9 will have no material effect on the presentation of the Group's financial assets and financial liabilities. However, a realistic assessment of the effects of IFRS 9's application can only be made once a detailed analysis has been carried out.

IFRS 15 Revenue from Contracts with Customers

The IASB published IFRS 15 on September 11, 2015. The standard was adopted by the EU effective September 22, 2016. It must be applied to fiscal years beginning on or after January 1, 2016. IFRS 15 specifies how and when an IFRS reporter will recognize revenue. It also requires reporters to provide users of financial statements with more informative, relevant disclosures. IFRS 15 essentially applies to all contracts with customers, with the exception of the following contracts:

- Leasing relationships that fall under IAS 17 Leases;
- Financial instruments and other contractual rights or obligations that fall under IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IAS 27 Separate Financial Statements or IAS 28 Investments in Associates and Joint Ventures;
- Insurance contracts within the scope of IFRS 4 Insurance Contracts; and
- non-financial swaps between entities in the same sector, which are aimed at easing sales transactions to customers or potential customers.

In contrast to previous regulations, the new standard provides a single, principles-based five-step model to be applied to all contracts with customers. In this five-step model, the contract with the customer is to be identified first of all (step 1). Step 2 consists of identifying the performance obligations in the contract. The transaction price is subsequently determined (step 3), with explicit provisions governing treatment of variable considerations, financing components, payments to customers and swap transactions. Once the transaction price has been determined, the transaction price is allocated to the performance obligations in the contract (step 4). This process is based on the standalone selling prices of the individual performance obligations. The final step (step 5) involves the recognition of revenue when (or as) the entity satisfies a performance obligation. Revenue is recognized as control of the goods or service is transferred to the customer.

When a contract is concluded, it is to be determined in accordance with IFRS 15 whether the revenue resulting from the contract is to be recognized at a certain point in time or over a certain period of time. The first step is to clarify using certain criteria whether control over the performance obligation is transferred over a period of time. If this isn't the case, the revenue is to be recognized at the point in time in which control is transferred to the customer. Indicators of such a transfer include the transfer of the legal title to the asset, the transfer of material risks and rewards and official acceptance. If, however, control is transferred over a period of time, revenue may only be recognized over time to the extent that the progress towards complete satisfaction of a performance obligation can be accurately measured using input- or output-oriented methods. Aside from general revenue recognition principles, the standard also includes detailed implementation guidelines on subjects such as sales with a right of return, customer options for additional goods or services, principal versus agent consideration and bill-and-hold arrangements. New guidelines on the costs of fulfilling and obtaining a contract have also been added to the standard, as well as guidelines on the question of when these costs are to be capitalized. Costs that do not fulfill the specified criteria are to be recognized as expenses.

Lastly, the standard also contains new, more detailed provisions in relation to disclosures that must be made on revenue in the financial statements of an IFRS reporter. These include qualitative and quantitative disclosures on the following points:

- its contracts with customers,
- the significant judgments, and changes in the judgments, made in applying the guidance to those contracts; and
- any assets recognized from the costs to obtain or fulfill a contract with a customer.

The company has closely examined the amendments proposed to the current version of IFRS 15. The Executive Board consequently came to the conclusion that the company has already created the conditions needed to comply with the basic requirements of the new standard. Additional disclosures pertaining to the contracts are also expected, but the new standard is not expected to have a significant material impact. As a result, the first-time adoption of IFRS 15 is not expected to have a significant impact on the consolidated financial statements.

The following standards, as well as interpretations and amendments to existing standards, which have also been published by the IASB, do not yet have to be applied to the consolidated financial statements as of December 31, 2016. The application of the provisions assumes that they have been endorsed by the EU as part of the IFRS endorsement procedure.

Amendments/standards/interpretations	Date of publication	Date of endorsement in EU law	Date of application (EU)
IFRS 14 Regulatory Deferral Accounts	January 30, 2014	The European Commission has resolved to forgo the takeover procedure for this interim standard and instead to await the finalized standard.	
IFRS 16 Leases	January 13, 2016	H2/2017	January 1, 2019
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	September 11, 2014	Postponed	Postponed indefinitely
Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealized Losses	January 19, 2016	Q2/2017	January 1, 2017
Amendments to IAS 7: Disclosure Initiative	January 29, 2016	Q2/2017	January 1, 2017
Clarification to IFRS 15: Revenue from Contracts with Customers	April 12, 2016	Q2/2017	January 1, 2018
Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions	June 20, 2016	H2/2017	January 1, 2018
Amendments to IFRS 4: Applying IFRS 9 Financial Statements with IFRS 4 Insurance Contracts	September 12, 2016	2017	January 1, 2018
Annual Improvements to IFRS (AIP) – 2014 – 2016 cycle	December 8, 2016	H2/2017	January 1, 2017/ January 1, 2018
IFRIC Interpretation 22: Foreign Currency Transactions and Advance Consideration	December 8, 2016	H2/2017	January 1, 2018
Amendments to IAS 40: Transfer of Investment Property	December 8, 2016	H2/2017	January 1, 2018

CONSOLIDATION PRINCIPLES

The acquisition method is applied for the consolidation of investments in subsidiaries in accordance with IFRS 3 and IFRS 10. Initial consolidation takes place at the time of acquisition, that is when control over the acquired company is obtained. Control is obtained by the company when it can exercise the authority to dispose of the associated company, is exposed to fluctuating yields on its investment and is able to influence the amount of yields based on its authority to dispose. The acquired assets and liabilities and contingent liabilities are measured at their fair values at the time of acquisition. The acquisition cost of the acquired shares is subsequently offset against the pro rata remeasured equity of the subsidiary. Any resulting positive difference is reported as goodwill under intangible assets, while a negative difference is recognized immediately after review through profit or loss in the income statement.

All material assets and liabilities, income and expenses, and inter-company results between affiliated companies are eliminated in the course of consolidation. Joint ventures and associates are included in the consolidated financial statements according to the equity method. Earnings allocated to non-controlling interests are disclosed separately in the result for the period.

The gain or loss and all elements of other comprehensive income are allocated to the shareholders of Eckert & Ziegler AG and the non-controlling interests. This is done even when it results in a negative balance for the non-controlling shareholders.

Inclusion in the consolidated financial statements ends when the company ceases to have control of the subsidiary. The results of the subsidiaries acquired or disposed of in the course of the year were included in the consolidated income statement and other comprehensive income according to the date of acquisition or disposal.

SCOPE OF CONSOLIDATION

The companies included in the consolidated financial statements as of December 31, 2016 were:

	Share of voting rights
Eckert & Ziegler BEBIG SA, Seneffe, Belgium ***	84.2 %
Eckert & Ziegler BEBIG GmbH, Berlin, Germany *	84.2 %
Eckert & Ziegler BEBIG Projekte UG (haftungsbeschränkt), Berlin, Germany *	84.2 %
Eckert & Ziegler Iberia S.L., Madrid, Spain *	84.2 %
Eckert & Ziegler BEBIG SARL, Paris, France *	84.2 %
Eckert & Ziegler BEBIG Ltd., Didcot, Great Britain *	84.2 %
Eckert & Ziegler BEBIG Inc., Mt. Vernon (New York), USA *	84.2 %
Mick Radio-Nuclear Instruments Inc., Mt. Vernon (New York), USA *	84.2 %
Eckert & Ziegler BEBIG Serviços De Consultoria Em Produtos De Radioterapia Ltda., Fortaleza, Brazil *	84.2 %
Eckert & Ziegler BEBIG India Pvt. Ltd., New Delhi, India *	84.2 %
OOO "Eckert & Ziegler BEBIG", Moscow, Russia *	84.2 %
Eckert & Ziegler Isotope Products Holdings GmbH, Berlin, Germany	100 %
Chemotrade Chemiehandelsgesellschaft mbH, Düsseldorf, Germany	100 %
Eckert & Ziegler Isotope Products GmbH, Berlin, Germany *	100 %
Eckert & Ziegler Cesio s.r.o., Prague, Czech Republic *	88.9 %
Eckert & Ziegler Isotope Products Inc., Valencia, USA **	100 %
Eckert & Ziegler Analytics Inc., Atlanta, USA *	100 %
Eckert & Ziegler Nuclitec GmbH, Braunschweig, Germany	100 %
Eckert & Ziegler Isotope Products SARL, Les Ulis, France *	100 %
Eckert & Ziegler Brasil Participações Ltda., São Paulo, Brazil	100 %
Eckert & Ziegler Brasil Comericial Ltda., São Paulo, Brazil	100 %
Eckert & Ziegler Brasil Logistica Ltda., São Jose do Rio Preto, Brazil * (since July 31, 2016)	100 %
Eckert & Ziegler Radiopharma GmbH, Berlin, Germany	100 %
Eckert & Ziegler Eurotope GmbH, Berlin, Germany *	100 %
Eckert & Ziegler EURO-PET Berlin GMBH, Berlin, Germany *	100 %
BSM Diagnostica Gesellschaft m.b.H., Vienna, Austria *	100 %
Eckert & Ziegler f-con Deutschland GmbH, Holzhausen, Germany *	100 %
Eckert & Ziegler EURO-PET Köln/Bonn GmbH, Bonn, Germany *	100 %
Eckert & Ziegler EURO-PET Warszawa sp. z o.o., Warsaw, Poland *	100 %
Eckert & Ziegler Radiopharma Inc., Hopkinton, USA *	100 %
Eckert & Ziegler Umweltdienste GmbH, Braunschweig, Germany	100 %
Eckert & Ziegler Environmental Services Ltd., Didcot, Great Britain *	100 %

* *Indirect investment.*
** *Eckert & Ziegler Isotope Products Inc. has made a commitment to its bank to comply with certain financial covenants. The payment of a dividend by Eckert & Ziegler Isotope Products Inc. to Eckert & Ziegler AG is only possible if doing so does not breach those covenants.*
*** *On December 31, 2016 Eckert & Ziegler AG held 84.2 % of the voting rights in Eckert & Ziegler BEBIG SA, corresponding to 80.8 % of the shares entitled to dividends.*

CHANGES TO THE SCOPE OF CONSOLIDATION

The following shares in companies were acquired and changes made to the basis of consolidation in fiscal year 2016 (acquisitions are presented in Note 39).

- In March 2016, the Executive Board made a decision regarding the discontinuation of CGU Isotope Products (VSU). The income, expenses, and cash flows attributable to this segment will be reported as discontinued operations pursuant to IFRS 5 in these consolidated financial statements. Eckert & Ziegler Vitalea Science Inc. was dissolved effective December 31, 2016 and deconsolidated from the consolidated financial statements.

- Eckert & Ziegler Brasil Comercial Ltda. acquired all of the shares in BR-77 Transport Medicines Ltda., São Paulo, Brazil, effective July 31, 2016. The company was renamed Eckert & Ziegler Brasil Logistica Ltda. following the acquisition.

- BrachySolutions BVBA, Leuven, Belgium, was acquired effective August 26, 2016 and subsequently merged with Eckert & Ziegler BEBIG SA, Seneffe, Belgium.

- Eckert & Ziegler Italia s.r.l., Milan, Italy, discontinued business activities in fiscal year 2016. The company was dissolved effective September 28, 2016 and therefore deconsolidated from the consolidated financial statements.

- Eckert & Ziegler BEBIG Projekte UG (haftungsbeschränkt), as a newly founded wholly owned subsidiary of Eckert & Ziegler BEBIG GmbH, was included in the basis of consolidation effective on November 1, 2016.

The following shares in companies were acquired and changes made to the basis of consolidation in fiscal year 2015.

- Eckert & Ziegler BEBIG India Pvt. Ltd., as a newly founded wholly owned subsidiary of Eckert & Ziegler BEBIG SA, was included in the basis of consolidation effective on January 1, 2015.

INTERESTS IN JOINT VENTURES

A joint venture is based on a contractual agreement, according to which the Group and another contractual partner carry out an economic activity that is subject to joint management. This is the case when the strategic financial and business policies related to the business activities of the joint venture require the consent of all joint venture partners. Interests in joint ventures are accounted for in the balance sheet in accordance with the equity method. The consolidated income statement includes the Group's share of the income and expenses, as well as changes in the equity of investments measured using the equity method. If the Group's share of the joint venture's loss exceeds the book value of the "at-equity" interest on the balance sheet, the book value of this interest is written down to zero. Further losses are not recognized unless the Group has a contractual obligation or has made payments to the benefit of the joint venture. Unrealized gains or losses from transactions by Group companies with the joint venture are eliminated against the book value of the interest in the joint venture (maximum loss up to the book value of the interest).

4 | CURRENCY TRANSLATION

The financial statements of subsidiaries prepared in foreign currencies and included in the Group consolidation are converted into euros in accordance with IAS 21. As the subsidiaries conduct their business affairs autonomously from a financial, economic, and organizational standpoint, the functional currency of the consolidated companies corresponds to their respective national currency. Assets and liabilities are translated at middle rates on the reporting date. Items on the income statement and the cash flows statement are converted at the weighted average annual exchange rate. Equity components are translated at the historical rate when they were initially recognized. Resulting currency translation differences are recognized in a separate item in equity and under non-controlling interests without affecting profit or loss until the subsidiary is disposed of. Upon the disposal of the subsidiary, all accumulated currency translation differences are reclassified to the consolidated income statement.

When shares in a subsidiary are disposed of with no loss of control, the proportion of the currency translation differences applicable to the shares that are sold is allocated to the non-controlling interests effective on the date of disposal.

In preparing the individual financial statements of each subsidiary, transactions denominated in currencies other than the functional currency of the Group company are converted at the exchange rate in effect on the transaction date. Monetary items are measured at the average exchange rate on each reporting date. Non-monetary items in foreign currencies measured at the cost of acquisition or production are converted at the exchange rate on the date they are first recognized on the balance sheet. Any resulting currency gains and losses as of the reporting date are recognized in profit or loss in the income statement.

The following exchange rates were used for the currency translation:

Country	Currency	Dec. 31, 2016	Dec. 31, 2015	Average rate 2016	Average rate 2015
USA	USD	1.0541	1.0887	1.1069	1.1095
CZ	CZK	27.0210	27.0230	27.0343	27.2792
GB	GBP	0.8562	0.7340	0.8195	0.7258
PL	PLN	4.4103	4.2639	4.3632	4.1841
RU	RUB	64.3000	80.6736	74.1446	68.0720
BR	BRL	3.4305	4.3117	3.8561	3.7004
IN	INR	71.5935	72.0215	74.3717	71.1956

5 | COMPARABILITY OF THE CONSOLIDATED FINANCIAL STATEMENTS WITHTHE PRIOR YEAR

The first-time inclusion of the companies founded or acquired in fiscal year 2016 in the 2016 consolidated financial statements had no material impact on the Group's net assets, financial position, and results of operations.

In accordance with IFRS 5, the income, expenses, and cash flows attributable to discontinued operations were reported separately from those of continuing operations; the prior-year figures were adjusted accordingly, so that comparability with the prior year is given. The following table shows the reconciliation of the prior-year figures with the comparable figures adjusted pursuant to IFRS 5 included in subsequent notes:

CONSOLIDATED INCOME STATEMENT

€ thousand	2015	of which from discontinued operations	2015 (adjusted)
Revenues	**140,046**	**299**	**139,747**
Cost of sales	– 77,695	– 811	– 76,884
Gross profit on sales	**62,351**	**– 512**	**62,863**
Selling expenses	– 25,649	– 131	– 25,518
General and administrative expenses	– 27,029	– 773	– 26,256
Other operating income	11,964	14	11,950
Other operating expenses	– 5,336	0	– 5,336
Operating profit	**16,301**	**– 1,402**	**17,703**
Results from shares measured at equity	– 408	0	– 408
Exchange rate gains	1,641	0	1,641
Exchange rate losses	– 724	– 4	– 720
Profit/loss before interest and income taxes	**16,810**	**– 1,406**	**18,216**
Interest income	165	0	165
Interest expenses	– 1,471	– 29	– 1,442
Income before income taxes	**15,504**	**– 1,435**	**16,939**
Income taxes	– 5,138	488	– 5,626
Net income	**10,366**	**– 947**	**11,313**
Loss attributable to minority interests	– 352	0	– 352
Dividend to shareholders of Eckert & Ziegler AG	10,718	– 947	11,665
Earnings per share			
Undiluted (€ per share)	2.03	– 0.18	2.21
Diluted (€ per share)	2.03	– 0.18	2.21

NOTES TO THE CONSOLIDATED INCOME STATEMENT

6 | REVENUES

The Group generates its sales revenues primarily through the sale of goods and, to a minor extent, the provision of services. Sales revenues decreased from € 139,747 thousand to € 137,935 thousand in fiscal year 2016.

This was mainly due to the decision to withdraw some Radiation Therapy segment products from the US market.

Revenues are broken down as follows:

€ thousand	2016	2015
Revenues from the sale of goods	128,811	130,264
Revenues from the provision of service	9,124	9,483
Total	**137,935**	**139,747**

The sale of goods and provision of services results in revenues from the transfer of economic ownership.

For the breakdown of sales revenues by geographic segments and business areas, please see segment reporting.

7 | COST OF SALES

Apart from the cost of materials, labor, and depreciation that is directly attributable to sales, cost of sales also includes a share of the material and labor overhead and income from the release of deferred items. The cost of materials was € 35,956 thousand for 2016 and € 41,223 thousand for 2015.

8 | SELLING EXPENSES

Selling expenses are broken down as follows:

€ thousand	2016	2015
Personnel and employee benefit costs	10,350	11,438
Costs of goods issue	6,519	7,041
Advertisement	1,104	1,449
Depreciation	1,023	1,021
Commissions	840	1,470
Other	2,721	3,099
Total	**22,557**	**25,518**

9 | GENERAL ADMINISTRATIVE COSTS

General administrative costs include:

€ thousand	2016	2015
Personnel and employee benefit costs	12,520	12,149
Depreciation	2,452	2,967
Rent and auxillary costs	2,772	2,642
Insurance, contributions, fees, purchased services	2,249	2,077
Consulting expenses	1,951	1,811
Communication costs	484	486
IR expenses	163	172
Other	4,101	3,952
Total	**26,692**	**26,256**

10 | EMPLOYEES BENEFITS AND NUMBER OF EMPLOYEES

The items on the income statement include personnel expenses of € 46,555 thousand (2015: € 49,584 thousand).

Personnel costs for fiscal years 2016 and 2015 break down as follows:

€ thousand	2016	2015
Wages and salaries	40,455	43,094
Social security contributions and expenditure on pensions and old-age support	6,100	6,490
– of which for pensions	198	229

The Group companies had an average of 638 employees in 2016 (2015: 672). They worked in the following departments:

	2016	2015
Production	295	310
R & D/plant engineering	45	40
Administration	106	93
Sales and marketing	140	164
Quality management	52	65
Total	**638**	**672**

The employees in German and other European subsidiaries belong to government retirement plans, which are managed by government agencies. The companies must pay a certain portion of the employee's salary cost to the retirement plans in order to fund these benefits. The Group's only obligation regarding these retirement plans is the payment of these fixed amounts.

The American subsidiaries maintain defined-contribution pension plans for all eligible employees of those companies. The assets pertaining to these plans are held in trust separate from those of the Group.

Expenses totaling € 2,569 thousand (2015: € 3,127 thousand) are included in the income statement for Group contributions that are due to the disclosed pension plans. As of December 31, 2016 and 2015, all contributions due had been paid into the pension plans.

Information on the total remuneration of current and former members of the Executive Board as well as current members of the Supervisory Board is provided in Note 44.

11 | DEPRECIATION, AMORTIZATION, AND IMPAIRMENTS

Amortization on and impairments of intangible assets are included in the following items in the income statement:

	2016		2015	
€ thousand	Amortization	Impairments	Amortization	Impairments
Cost of sales	1,210	0	878	0
Selling expenses	552	0	580	0
General administration costs	1,324		1,665	61
Other operating expenses	85	447	85	0
from discontinued oeprations	21	0	121	0
Total	**3,192**	**447**	**3,329**	**61**

Depreciation and impairments of property, plant, and equipment are included in the following items in the income statement:

	2016		2015	
€ thousand	Amortization	Impairments	Amortization	Impairments
Cost of sales	3,129	0	2,976	0
Selling expenses	471	0	441	0
General administration costs	1,128	0	1,241	0
Other operating expenses	320	0	304	286
from discontinued operations	50	0	126	0
Total	**5,098**	**0**	**5,088**	**286**

12 | OTHER OPERATING INCOME

Other operating income decreased significantly in fiscal year 2016 compared to the prior year, to € 3,551 thousand (2015: € 11,950 thousand). In the prior year, other operating income had included a special effect from the sale of shares in Octreopharm Sciences GmbH at € 8,785 thousand; special income of € 1,377 thousand was incurred in fiscal year 2016 from the earn-out components of the production facilities and technologies sold in the prior year.

Other operating income mainly also includes income from development services for customers of € 843 thousand (2015: € 600 thousand), proceeds from the reimbursement of costs at € 344 thousand (2015: € 387 thousand), income from the measurement of financial instruments of € 176 thousand (2015: € 218 thousand) as well as income from the sale of long-term assets at € 34 thousand (2015: € 975 thousand).

This item also includes insurance proceeds, income from the reversal of impairments and other income.

13 | OTHER OPERATING EXPENSES

Other operating expenses decreased by € 304 thousand to € 5,032 thousand compared to the prior year (2015: € 5,336 thousand). In addition to research and development costs of € 3,109 thousand (2015: € 4,037 thousand), this item mainly consists of expenses relating to the closure of a Radiation Therapy segment production facility of € 1,098 thousand (2015: € 0 thousand), goodwill impairment of € 447 thousand (2015: € 0 thousand), value adjustments on receivables of € 192 thousand (2015: € 40 thousand) as well as losses on the disposal of non-current assets of € 10 thousand (2015: € 117 thousand).

In the prior year, the item had also included settlement costs incurred in the course of restructuring measures at € 754 thousand as well as impairment losses recognized on production facilities that are no longer usable in the amount of € 286 thousand.

Research and development costs in other operating expenses consist of:

- Directly attributable personnel and material costs associated with the research and development areas that cannot be capitalized,
- Depreciation in the research and development areas for acquired property, plant, and equipment as well as intangible assets and the corresponding release of deferred items relating to assets used for research purposes,
- Impairments of internally generated intangible assets capitalized in prior years as well as the corresponding release of deferred items,
- Other directly attributable expenses in the research and development areas, and
- A pro rata share of overhead of the research and development areas.

Research and development costs of € 3,109 thousand (2015: € 4,037 thousand) include amortization and impairments of € 405 thousand (2015: € 390 thousand), personnel costs of € 2,024 thousand (2015: € 2,563 thousand), cost of materials and external services at € 513 thousand (2015: € 839 thousand), and other expenses of € 167 thousand (2015: € 245 thousand).

14 | INCOME FROM SHARES MEASURED AT-EQUITY

In June 2013, Eckert & Ziegler Radiopharma GmbH acquired shares in OctreoPharm Sciences GmbH, Berlin as well as an option on further shares in the company. Under the loan and stock option agreement concluded with Eckert Wagniskapital- und Frühphasenfinanzierung GmbH in September 2012, the Group also has an option to acquire additional shares in OctreoPharm Sciences GmbH. Until the shares in OctreoPharm Sciences GmbH were sold (effective on June 30, 2015), the company had significant influence on OctreoPharm Sciences GmbH according to IAS 28 and therefore included the shares in the consolidated financial statements with measurement according to the equity method. The Group's share of the loss of OctreoPharm Sciences GmbH in fiscal year 2015 was € 408 thousand (also see the explanations under Note 22).

In fiscal year 2016 and prior years, the Group did not receive reliable information on the business and financial position of the joint venture ZAO "NanoBrachyTech". For this reason, the investment in the joint venture is no longer reported under shares in investments measured at equity but under other non-current assets since fiscal year 2015. However, this disclosure correction had no impact on the figures of the balance sheet items since the investment has been valued at € 0 thousand for several years already.

Following the sale of the shares in OctreoPharm Sciences GmbH, Berlin, in fiscal year 2015 as well as the change in the disclosure of joint venture ZAO "NanoBrachyTech", the investment in Americium Consortium LLC, Wilmington (Delaware), is the only investment that the Group measures at equity. In fiscal year 2016, as in the prior year, this investment did not generate any expenses or income.

15 | CURRENCY TRANSLATION GAINS/LOSSES

Currency translation gains of € 1,544 thousand (2015: € 1,645 thousand) and currency translation losses of € 707 thousand (2015: € 724 thousand) result from the measurement of receivables and liabilities denominated in foreign currencies.

16 | INTEREST INCOME

Interest income on financial assets measured at amortized cost amounted to € 445 thousand in fiscal year 2016 (2015: € 165 thousand), while interest expenses totaled € 1,388 thousand (2015: € 1,442 thousand).

Interest expenses include € 616 thousand (2015: € 2015 thousand) of non-cash interest expenses (including compounding).

17 | INCOME TAXES

The parent company's tax rate for corporate tax, the solidarity surcharge, and trade tax used as the Group tax rate for the calculation of tax expense was 30.175 % for 2016 and 2015. The Group tax rate consists of the following:

	2016	2015
Trade tax – basic rate	3.5 %	3.5 %
Trade tax – assessment rate	410 %	410 %
Corporation tax	15 %	15 %
Solidarity surcharge on corporation tax	5.5 %	5.5 %

Income tax expense [expense(+)/income(–)] for fiscal years 2016 and 2015 respectively ending on December 31 breaks down as follows:

€ thousand	2016	2015
Earnings before taxes:		
Germany	4,277	6,004
Foreign subsidiaries	11,010	10,935
	15,287	**16,939**

€ thousand	2016	2015
Current taxes:		
Germany	1,520	1,292
Foreign subsidiaries	3,710	3,349
	5,230	**4,641**

Of the current taxes in 2016, € – 610 thousand (income) relate to prior years (2015: € – 41 thousand).

€ thousand	2016	2015
Deferred taxes:		
Germany	– 543	341
Foreign subsidiaries	– 53	644
	– 596	985
Total taxes:	**4,634**	**5,626**

The reconciliation of the income tax expense, determined based on the marginal tax rates applicable in Germany, to the Group's reported tax expense is as follows:

€ thousand	2016	2015
Basis for determining the tax expenditure (earnings before tax)	15,287	16,939
Expected tax expenditure based on Group tax rate	4,613	5,111
Tax rate differences at subsidiaries	601	– 58
Taxes for prior years	– 610	– 41
Taxes on non-deductible expenses	2,056	206
Taxes on tax-free income	– 40	– 1,772
Deferred taxes on the capitalization of previously unrecognized loss carry-forwards	– 26	– 1,025
Adjustments to deferred taxes from differences in temporary deferred tax assets and expenses	– 820	0
Impairment of deferred taxes on loss carry-forwards	374	441
Utilization of previously non-capitalized deferred tax on loss carry-forwards	– 2,225	0
Non-capitalized deferred taxes on losses of the fiscal year	714	2,753
Other	– 3	11
Effective tax expenditure	**4,634**	**5,626**

The following tax rates were used for the calculation of deferred taxes by the parent company on December 31, 2016 unchanged from December 31, 2015: corporate tax 15 %, solidarity surcharge on corporate tax 5.5 % and trade tax 14.35 %. For foreign companies, the prevailing local tax rates have been applied when calculating deferred taxes.

Deferred taxes are based on the differences between the amounts reported in the consolidated financial statements for assets and liabilities and the corresponding amounts included in the tax accounts of the respective individual Group companies. In addition, they apply to any available tax loss carry-forwards. Deferred tax assets and liabilities have been netted in the balance sheet to the extent permitted under IAS 12.

The change in tax loss carry-forwards in the reporting year resulted in deferred tax expenses of € 1,351 thousand (2015: € 1,744 thousand) and deferred tax income of € 1,032 thousand (2015: € 1,268 thousand), while temporary differences resulted in deferred tax income of € 915 thousand (2015: deferred tax expenses of € 509 thousand).

Total deferred taxes of € 6,619 thousand (2015: € 6,942 thousand) on tax loss carry-forwards have been capitalized. Tax loss carry-forwards are primarily attributable to the tax loss carry-forwards of Eckert & Ziegler BEBIG SA (€ 4,481 thousand) and the tax loss carry-forwards of the German companies of the Eckert & Ziegler Group. The losses in Belgium, Great Britain, and Germany can be carried forward indefinitely. Loss carry-forwards of € 330 thousand (2015: € 344 thousand) apply to Polish companies for which the loss carry-forwards begin, in part, to expire starting in 2017.

Of the deferred tax assets on loss carry-forwards in the amount of € 6,619 thousand, € 1,059 thousand (2015: € 1,690 thousand) apply to companies who incurred a loss for tax purposes in 2015 and 2016 but that will generate profits in the future. Loss carry-forwards were used in the amount of € 2,225 thousand (2015: € 0 thousand) for which no deferred tax assets for loss carry-forwards were recognized on December 31 of the respective prior year were utilized in fiscal year 2016. On December 31, 2016, the Group had loss carry-forwards of € 12,388 thousand (2015: € 13,450 thousand) for which deferred tax assets were not recognized. Due to the different tax systems and tax regulations in individual countries, we believe that the disclosure of a total amount of existing tax loss carry-forwards provides only limited informational value. For this reason, the amount of deferred tax assets that would be attributable to these tax loss carry-forwards is also disclosed in the following. The amount of deferred tax assets on these loss carry-forwards that was not recognized on the balance sheet as of December 31, 2016 is € 3,834 thousand (2015: € 4,627 thousand).

Currency conversion resulted in an increase of deferred tax liabilities on temporary differences in the amount of € 107 thousand (2015: € 291 thousand).

Deferred tax proceeds of € 348 thousand (2015: deferred tax expenses of € 177 thousand) relating to actuarial gains and losses from the valuation of pension provisions were offset directly against equity without affecting profit or loss in the reporting year.

Deferred tax liabilities of € 427 thousand were recognized on the balance sheet as of December 31, 2016 due to the first-time consolidation of BrachySolutions BVBA and Eckert & Ziegler Brasil Logistica Ltda. Deferred tax liabilities were not recognized for temporary differences on retained earnings of subsidiaries in the amount of € 20,173 thousand (2015: € 22,549 thousand) because Eckert & Ziegler AG is able to control the timing of the reversal and the temporary differences are not going to reverse in the foreseeable future.

The deferred tax assets and liabilities attributable to individual items in the balance sheet are presented in the following overview:

	Deferred tax assets		Deferred tax liabilities	
€ thousand	**2016**	2015	**2016**	2015
Tax loss carry-forwards	6,619	6,942	0	0
Fixed assets	117	94	7,690	6,932
Receivables	158	295	437	328
Liabilities	747	785	0	0
Inventories	309	382	0	362
Provisions	5,604	4,630	0	0
Other	348	13	72	234
Subtotal	**13,902**	**13,141**	**8,199**	**7,856**
Offsetting	– 4,902	– 3,775	– 4,902	– 3,775
Balance according to the consolidated balance sheet	**9,000**	**9,366**	**3,297**	**4,081**

18 | MINORITY INTERESTS

Consolidated earnings after taxes include profits of € 236 thousand (2015: losses of € 352 thousand) allocated to non-controlling interests.

The following table includes details on the non-wholly owned subsidiaries of the Group which are significant minority interests.

		Participation rate of minority interests		Profit/loss (–) attributable to minority interests		Cumulative minority interests	
Name of subsidiaries	Headquarters	**Dec. 31, 2016**	Dec. 31, 2015	**2016** € thousand	2015 € thousand	**Dec. 31, 2016** € thousand	Dec. 31, 2015 € thousand
Sub-group							
Eckert & Ziegler BEBIG S.A.	Seneffe, Belgium	15.8 %	20 %	29	– 1,086	4,248	4,220
Eckert & Ziegler CESIO s.r.o	Prague, Czech Republic	11.1 %	20 %	207	734	638	753

The Eckert & Ziegler BEBIG SA sub-group includes Eckert & Ziegler BEBIG SA and the following wholly owned subsidiaries:

- Eckert & Ziegler BEBIG GmbH, Berlin, Germany
- Eckert & Ziegler BEBIG Projekte UG (haftungsbeschränkt), Berlin, Germany
- Eckert & Ziegler Iberia SLU, Madrid, Spain
- Eckert & Ziegler BEBIG SARL, Paris, France
- Eckert & Ziegler BEBIG Ltd., Didcot, Great Britain
- Eckert & Ziegler BEBIG Inc., Mt. Vernon (New York), USA
- Mick Radio-Nuclear Instruments Inc., Mt. Vernon (New York), USA
- Eckert & Ziegler BEBIG Serviços De Consultoria Em Produtos De Radioterapia Ltda., Fortaleza, Brazil
- Eckert & Ziegler BEBIG India Pvt. Ltd., New Delhi, India
- OOO "Eckert & Ziegler BEBIG", Moscow, Russia

The key financial data of the Group's subsidiaries which represent significant minority interests are as follows. The summarized financial information corresponds to the amounts prior to eliminations internal to the Group.

ECKERT & ZIEGLER BEBIG SA SUB-GROUP

€ thousand	Dec. 31, 2016	Dec. 31, 2015
Current assets	19,529	16,809
Non-current assets	31,430	34,201
Current liabilities	– 9,903	– 15,629
Non-current liabilities	– 9,119	– 8,458
Equity attributable to shareholders of Eckert & Ziegler AG	27,689	22,703
Equity attributable to non--controlling interests	4,248	4,220

€ thousand	2016	2015
Revenues	24,888	31,103
Expenses	– 25,069	– 35,392
Net loss for the year	**– 181**	**– 4,289**
Net loss for the year attributable to shareholders of Eckert & Ziegler AG	– 152	– 3,203
Net loss for the year attributable to non--controlling interests	– 29	– 1,086
Total net loss for the year	**– 181**	**– 4,289**
Other net income attributable to shareholders of Eckert & Ziegler AG	0	0
Other net income attributable to non--controlling interests	0	0
Total other net income	**0**	**0**
Comprehensive income attributable to shareholders of Eckert & Ziegler AG	– 152	– 3,203
Comprehensive income attributable to non-controlling interests	– 29	– 1,086
Comprehensive income	**– 181**	**– 4,289**

€ thousand	Dec. 31, 2016	Dec. 31, 2015
Dividends paid to non-controlling interests	0	0

ECKERT & ZIEGLER CESIO S.R.O.

€ thousand	Dec. 31, 2016	Dec. 31, 2015
Current assets	5,335	5,667
Non-current assets	952	774
Current liabilities	– 218	– 2,404
Non--current liabilities	– 329	– 342
Equity attributable to shareholders of Eckert & Ziegler AG	5,102	2,942
Equity attributable to non-controlling interests	638	753

€ thousand	2016	2015
Revenues	5,732	8,049
Expenses	– 3,688	– 4,381
Net profit for the year	**2,044**	**3,668**
Net profit for the year attributable to shareholders of Eckert & Ziegler AG	1,837	2,934
Net profit for the year attributable to non-controlling interests	207	734
Total net profit for the year	**2,044**	**3,668**
Other net income attributable to shareholders of Eckert & Ziegler AG	0	88
Other net income attributable to non-controlling interests	0	22
Total other net income	**0**	**110**
Comprehensive income attributable to shareholders of Eckert & Ziegler AG	1,837	3,022
Comprehensive income attributable to non-controlling interests	207	756
Comprehensive income	**2,044**	**3,778**

€ thousand	Dec. 31, 2016	Dec. 31, 2015
Dividends paid to non-controlling interests	420	682

19 | EARNINGS PER SHARE

Earnings per share were calculated as follows:

FROM CONTINUING AND DISCONTINUED OPERATIONS:

	At year-end	
€ thousand	**2016**	2015
Numerator for calculation of the profit and the diluted and undiluted earnings per share – earnings share of the shareholders of Eckert & Ziegler AG	9,550	10,718
Numerator for calculation of undiluted earnings per share – weighted average of the number of shares (in thousands)	5,288	5,288
Numerator for calculation of diluted earnings per share – weighted average of the number of shares (in thousands)	5,288	5,288
Undiluted earnings per share (in EUR)	1.81	2.03
Diluted earnings per share (in EUR)	1.81	2.03

FROM CONTINUING OPERATIONS:

	At year-end	
€ thousand	**2016**	2015
Numerator for calculation of the profit and the diluted and undiluted earnings per share – earnings share of the shareholders of Eckert & Ziegler AG	10,417	11,665
Numerator for calculation of undiluted earnings per share – weighted average of the number of shares (in thousands)	5,288	5,288
Numerator for calculation of diluted earnings per share – weighted average of the number of shares (in thousands)	5,288	5,288
Undiluted earnings per share (in EUR)	1.97	2.21
Diluted earnings per share (in EUR)	1.97	2.21

NOTES TO THE CONSOLIDATED BALANCE SHEET

20 | INTANGIBLE ASSETS

Reported intangible assets include goodwill, customer relationships, bans on competition, patents, and technologies, licenses and software, capitalized development costs as well as other intangible assets.

a) Intangible assets not subject to regular amortization
The intangible assets that are not subject to any depreciation relate exclusively to the goodwill.

Goodwill developed as follows in fiscal years 2016 and 2015:

€ thousand	2016	2015
As of January 1	40,029	38,321
Additions	152	0
Disposals	– 9	0
Impairments	– 447	0
Currency translation differences	697	1,708
As of December 31	**40,422**	**40,029**

Of the increase in goodwill, € 152 thousand was due to the recognition of goodwill in the Isotope Products segment related to the acquisition of Eckert & Ziegler Brasil Logistica Ltda. in fiscal year 2016. The disposal of € 9 thousand was the result of the discontinuation of the Isotope Products (VSU) business field and the associated deconsolidation of Eckert & Ziegler Vitalea Science Inc.

The further increase in goodwill of € 697 thousand is due to currency translation differences (2015: € 1,708 thousand) since a large proportion of the goodwill applies to the companies in the Isotope Products and Radiation Therapy segments with accounting in US dollars.

The impairment losses of € 447 thousand recognized on the goodwill of the Radiation Therapy segment resulted in a corresponding decline in goodwill.

Specifically, goodwill is broken down among the business fields as follows:

€ thousand	Goodwill 2016	Goodwill 2015
Radiation Therapy	17,303	17,628
Isotope Products (without VSU)	20,124	19,446
Isotope Products (VSU)	0	9
Radiopharma (cyclotron division)	454	454
Radiopharma (equipment division)	2,541	2,492
As of December 31	**40,422**	**40,029**

Capitalized goodwill was tested for impairment in accordance with IAS 36 in fiscal year 2016. The goodwill was allocated to the relevant cash-generating units (CGU). These represent the lowest levels at which goodwill and assets are monitored for corporate management purposes. A CGU was identified for the Radiation Therapy segment. In the Isotope Products and Radiopharma segments, two cash-generating units were identified for each segment (VSU and Isotope Products without VSU as well as the cyclotron and equipment division).

The value in use of the cash-generating units is derived from the discounted future cash flows that were determined based on the current five-year budgets. For the subsequent period, the cash flows were calculated using a growth rate between 0 % and 1 % (prior year: 0 % – 1 %). The discount rate before tax for the Radiation Therapy segment stood at 9.9 % (2015: 9.2 %), 8.4 % for the cyclotron division (2015: 10.9 %), 8.6 % for the equipment division (2015: 10.9 %), and at 8.8 % for the CGUs in the Isotope Products segment (2015: 9.9 %) (see also Note 3).

The outcome of the other impairment tests as of December 31, 2016 was that, based on the recoverable amounts of the respective goodwill positions for the Radiation Therapy segment CGU, goodwill needs to be impaired by € 447 thousand (2015: no impairment need).

The outcome of the impairment test for the goodwill of the CGUs in the Isotope Products segment was that there are no conceivable potential changes to the primary assumptions that could result in the carrying amount of the goodwill exceeding the recoverable amount. No scenario analysis was conducted for the goodwill in the cyclotron division and equipment division as the respective values in the Group are not considered to be significant.

For the impairment test of the goodwill of the Radiation Therapy segment, a scenario analysis was performed that led to the following results:

Future cash flows are, to a significant extent, dependent on realizable revenues, as the Radiation Therapy segment CGU has a high percentage of fixed costs. Consequently, the results of the impairment test are strongly influenced by changes in planned sales growth. In the base scenario, the Company assumes in its planning average annual sales growth of 4 % in light of the sales revenues generated in 2016. The following scenario analysis shows how goodwill would develop in the event that the planned sales growth were not to be achieved.

For the impairment test of the goodwill of the Radiation Therapy segment, a scenario analysis was performed that led to the following results:

Change compared to the base scenario	Base scenario	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
Change in revenues	0 %	– 5 %	– 10 %	0 %	0 %	– 10 %
Change in cost of sales	0 %	– 4 %	– 8 %	0 %	0 %	– 8 %
Change in WACC	0 %	0 %	0 %	+ 2 %	+ 4 %	+ 3 %
Cumulative revenues over 5 years	100 %	95 %	90 %	100 %	100 %	90 %
Cumulative EBIT over 5 years	100 %	76 %	52 %	100 %	100 %	52 %
Cumulative FCF over 5 years	100 %	82 %	64 %	100 %	100 %	64 %
Calculated goodwill	100 %	83 %	65 %	75 %	59 %	43 %
Calculated goodwill (EZAG share) in relation to book value	0.98	0.81	0.64	0.73	0.58	0.42
Impairment need	Ja	Ja	Ja	Ja	Ja	Ja
Impairment in € thousand	447	5,011	9,577	7,069	11,075	15,372

Future cash flows are, to a significant extent, dependent on realizable revenues, as the Radiation Therapy segment CGU has a high percentage of fixed costs. Consequently, the results of the impairment test are strongly influenced by changes in planned sales growth. In the base scenario, the Company assumes in its planning average annual sales growth of 4% in light of the sales revenues generated in 2016. The following scenario analysis shows how goodwill would develop in the event that the planned sales growth were not to be achieved.

Change compared to the base scenario	Base scenario	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
Average annual sales growth	4%	3%	2%	1%	0%	– 1%
Resulting sales/EBIT ratio in 2020	17%	15%	14%	12%	10%	8%
Impairment need	Ja	Ja	Ja	Ja	Ja	Ja
Impairment in € thousand	447	4,724	7,336	10,651	13,538	16,280

b) As of December 31 of fiscal years 2016 and 2015, amortized intangible assets consist of the following:

(1) Acquired intangible assets

	2016 € thousand	Remaining amortization period	2015 € thousand
Customer relationships	4,161	1 – 12 years	3,781
Licenses/software/permits	3,211	1 – 14 years	3,681
Patents/technology	900	1 – 7 years	1,626
As of December 31	**8,272**		**9,088**

(2) Internally generated intangible assets

	2016 € thousand	Remaining amortization period	2015 € thousand
Technology	3,046	4 – 6 years	3,995
Permits	1,220	13 – 14 years	1,001
Patents	5	2 – 3 years	8
As of December 31	4,271		5,004

Development costs totaling € 292 thousand were capitalized in fiscal year 2016 (2015: € 248 thousand). Impairment tests were carried out for development projects not yet completed on the balance date, which confirm the intrinsic value of the respective capitalized amounts.

Intangible assets were amortized using the straight-line method. They are allocated to selling costs, distribution costs, general administrative costs and other operating expenses on the income statement according to the functional area of the respective intangible assets (also see the explanations under Note 11).

The development of intangible assets from January 1, 2016 to December 31, 2016 is shown in the assets analysis included as an attachment to the consolidated notes to the financial statements.

21 | PROPERTY, PLANT, AND EQUIPMENT

The development of property, plant, and equipment from January 1, 2016 to December 31, 2016 is shown in the assets analysis.

Additions in fiscal year 2016 are mainly for ongoing replacement investments, as well as the expansion and modernization of existing production facilities.

The Group had concluded a long-term leasing contract for the administrative and production building constructed on land owned by a third party in Berlin. This contract originally expired on December 31, 2014. Since the Group exercised its contractual renewal option before the deadline in fiscal year 2014, the contract now expires on December 31, 2024.

22 | INVESTMENTS IN INTERESTS MEASURED AT-EQUITY

Eckert & Ziegler Radiopharma GmbH acquired shares in OctreoPharm Sciences GmbH in June 2013. Under the loan and stock option agreement concluded with Eckert Wagniskapital- und Frühphasenfinanzierung GmbH in September 2012, the Group also had an option to acquire additional shares in OctreoPharm Sciences GmbH. According to IAS 28.13 the Group had "present access" to those shares even at that time. When these shares are included and with the shares already held directly through Eckert & Ziegler Radiopharma GmbH, the Group held a total of 25 % of the shares in OctreoPharm Sciences GmbH and therefore had significant influence on OctreoPharm Sciences GmbH. Accordingly, the shares were recognized in the consolidated financial statements according to the equity method until they were sold (effective on June 30, 2015). The acquisition cost of the shares was € 3,622 thousand. The Group's share of the loss of OctreoPharm Sciences GmbH in fiscal year 2015 was € 408 thousand. The shares in OPS were sold on June 30, 2015 so that no shares in OPS are measured at equity as of December 31, 2015.

In December 2013, Eckert & Ziegler Isotope Products Inc. signed an agreement with an American partner to establish a joint venture: Americium Consortium LLC. Both partners hold 50 % of the shares in the joint venture and both may appoint a member of management to the joint venture. Since the Company has significant influence on the joint venture according to IAS 28, the shares are recognized in these consolidated financial statements using the equity method. The acquisition cost of the shares was € 2,493 thousand. The Group's share of the loss of Americium Consortium LLC in fiscal year 2016 was € 0 thousand (2015: € 0 thousand). On December 31, 2016 the share measured at equity was € 2,872 thousand (2015: € 2,780 thousand) (also see the explanations under Note 14).

The following tables contain an overview of all key financial data regarding the interest in Americium Consortium LLC joint venture recognized using the equity method. The key financial data corresponds to the amounts in the company's financial statements prepared according to IFRS (adjusted for accounting according to the Group's equity method):

€ thousand	Dec. 31, 2016	Dec. 31, 2015
Current assets	2	1
Non-current assets	5,742	5,561
Current liabilities	0	0
Non-current liabilities	0	0

The assets and liabilities listed above include the following amounts:

€ thousand	Dec. 31, 2016	Dec. 31, 2015
Cash and cash equivalents	2	1
Current financial liabilities (not including trade payables, other liabilities and provisions)	0	0
Non-current financial liabilities (not including trade payables, other liabilities and provisions)	0	0

€ thousand	2016	2015
Revenues	0	0
Net profit for the year from continuing operations	1	0
Income after tax of discontinued operations	0	0
Net income for the year	1	0
Other net income	0	0
Comprehensive income	1	0
Dividends received from the joint venture	0	0

The net profit for the year listed above contains the following amounts:

€ thousand	2016	2015
Depreciation	0	0
Interest income	0	0
Interest expenses	0	0
Income tax expense or income	0	0

Reconciliation of the presented comprehensive financial information at book value of the investment in joint venture Americium Consortium LLC in the consolidated financial statements:

€ thousand	Dec. 31, 2016	Dec. 31, 2015
Net assets of the joint venture	5,744	5,562
Group shareholding	50 %	50 %
Book value of the Group interest in the joint venture	**2,872**	**2,780**

In subsequent years, the joint venture will need millions in financial funding to settle existing commodity purchasing contracts required for the production activities of some Eckert & Ziegler companies. This funding will be provided by selling the commodities to Group companies.

23 | OTHER NON-CURRENT ASSETS

In addition to the purchase price received in cash, selling the shares in OctreoPharm Sciences GmbH in fiscal year 2015 resulted in additional receivables. These consist on the one hand of an agreed security deposit and, on the other hand, additional receivables for which the amount and timing depend on reaching certain future milestones. The receivables dependent on achieving the milestones are included in other non-current assets at € 2,183 thousand (2015: € 4,281 thousand).

In February 2016, Eckert & Ziegler Radiopharma GmbH (EZR) acquired minority interests (9.2 % of the shares) in the Danish company Curasight ApS, Copenhagen. The investment (€ 303 thousand; 2015: € 0 thousand) is also recognized at cost under other non-current assets.

This item also includes the asset value of various reinsurance policies at € 107 thousand (2015: € 83 thousand), as well as deposits paid in the amount of € 72 thousand (2015: € 81 thousand).

In the prior year, a loan amounting to € 368 thousand (nominal amount of up to € 400 thousand, agreed interest rate of 3.25 %) granted by Eckert & Ziegler AG to Eckert Wagniskapital und Frühphasenfinanzierung GmbH (EWK) was also reported under other non-current assets. The loan is reported on the balance sheet as of December 31, 2016 under other current assets, as it is to be repaid by December 31, 2017.

24 | CASH AND CASH EQUIVALENTS

Cash and cash equivalents of € 36,567 thousand (2015: € 31,466 thousand) consist of checks, cash in hand and at bank with maturities of no more than three months from the date of acquisition. Cash and cash equivalents are consistent with the cash fund in the Group cash flow statement.

25 | TRADE RECEIVABLES

The current trade receivables are composed as follows as of December 31, 2016 and 2015:

€ thousand	**2016**	2015
Trade receivables	24,233	22,445
less value adjustments	– 1,025	– 1,054
As of December 31	**23,208**	**21,391**

26 | INVENTORIES

Inventories as of December 31, 2016 and 2015 consist of the following:

€ thousand	**2016**	2015
Raw materials, consumables, and supplies	18,629	18,725
Finished products	5,415	5,234
Work in progress	1,930	1,750
	25,974	**25,709**
less impairments	– 874	– 660
As of December 31	**25,100**	**25,049**

Raw materials, consumables, and supplies mainly relate to nuclides and components required for the production of finished goods.

The impairments recognized based on comparing the net realizable value to the carrying amount increased by € 214 thousand (2015: € 30 thousand).

27 | OTHER CURRENT ASSETS

Other current assets of € 7,801 thousand (2015: € 9,605 thousand) on December 31, 2016 consist of receivables from selling the shares in OctreoPharm Sciences GmbH at € 2,098 thousand (2015: € 2,887 thousand) and receivables from the sale of technologies and production facilities at € 777 thousand (2015: € 2,061 thousand). The item also includes loan receivables of € 1,288 thousand that are due next year. In the prior year, these loan receivables had largely been reported under other non-current assets.

This item also includes VAT receivables due from tax authorities of € 1,510 thousand (2015: € 1,148 thousand) as well as expense accruals, down payments made, and other receivables of € 2,128 thousand (2015: € 3,509 thousand).

28 | EQUITY

The development of equity allocated to the shareholders of Eckert & Ziegler AG and the non-controlling interests is shown in the consolidated statement of shareholders' equity.

In accordance with the resolution of the Annual General Meeting on June 8, 2016, the balance sheet profit under commercial law of Eckert & Ziegler AG as of December 31, 2015 in the amount of € 4,794 thousand was used to distribute a dividend of € 0.60 per bearer share entitled to a dividend (€ 3,173 thousand). The remainder was allocated to other retained earnings (€ 1,621 thousand).

The subscribed capital of Eckert & Ziegler AG as of December 31, 2016, amounts to € 5,292,983. It is divided into 5,292,983 non-par value owner bearer shares and is paid in full. The number of shares in circulation (without consideration of own shares) is 5,288,165 as of December 31, 2016.

Pursuant to the German Stock Corporation Act (Aktiengesetz or "AktG"), any potential dividend to be distributed to shareholders must be based on the balance sheet profit as shown in the Eckert & Ziegler AG financial statements that are prepared in accordance with German commercial law standards. A proposal has been made to the Annual General Meeting to pay the shareholders a dividend of € 3,173 thousand (€ 0.60 per share) from the 2016 balance sheet profit under commercial law of Eckert & Ziegler AG.

Contingent capital

On April 30, 1999, the Annual General Meeting adopted a resolution, amended by the resolution of the Annual General Meeting of May 20, 2003, for a contingent increase in the Group's subscribed capital by a maximum of € 300,000, divided into a maximum of 300,000 bearer shares ("contingent capital 1999"). The contingent capital increase may only be implemented to the extent that the holders of stock options, which were issued based on the authorization provided to the Executive Board by the Annual General Meeting of April 30, 1999, utilize their subscription right to shares in the Group and the Group does not fulfill the option right by transferring own shares or by making a cash payment.

In September 2009, the Executive Board exercised this authorization and implemented a capital increase of € 31,650 from this contingent capital by issuing 31,650 non-par-value owner bearer shares.

In fiscal year 2010, the Executive Board once again exercised this authorization, with the consent of the Supervisory Board, and increased the subscribed capital by € 32,700 from this contingent capital by issuing 32,700 non-par-value bearer shares.

On May 24, 2012, the Annual General Meeting adopted a resolution to cancel the resolution adopted by the Annual General Meeting on May 20, 2009 regarding "contingent capital 2009." At the same time, a decision was made to create a new tranche of contingent capital ("contingent capital 2012"). This involved the approval of a contingent increase in the subscribed capital by up to € 1,639,316. The contingent capital increase will only be implemented to the extent that the holders of convertible bonds or bonds with warrants, participation rights, or income bonds (or combinations thereof) utilize their conversion rights or fulfill their conversion obligation and as long as the Company does not utilize own shares, shares from the authorized capital, or shares of another listed company to settle the obligation.

Authorized capital

On June 8, 2016, the Annual General Meeting adopted a resolution which authorized the Executive Board, subject to the approval of the Supervisory Board, to raise the Company's subscribed capital one or several times by June 7, 2021 by up to € 1,500,000.00 by issuing up to 1,500,000 new bearer shares against contributions in kind ("authorized capital 2016"). As a rule, shareholders are to be given the right to subscribe to the new shares. The new shares may also be subscribed for by one or more banks subject to the condition that they in turn be offered for subscription to the shareholders (indirect subscription right). However, the Executive Board may, with the approval of the Supervisory Board, exclude the statutory subscription rights of shareholders in the following cases:

a) to compensate for fractional shares;

b) in the case of capital increases against contributions in kind to allow the shares to be offered to third parties in the event of business combinations or when acquiring companies, parts of companies, holdings in companies, or other assets;

c) if the new shares are issued against cash contributions at a price that is not significantly below the stock market price of shares already listed during the last five trading days prior to the day on which the Executive Board determined the issue price according to Sections 203 (1) Sentences 1 and 2, 186 (3) Sentence 4 of the German Stock Corporation Act (AktG); this authorization to exclude subscription rights only applies to the extent that the pro-rata amount of the subscribed capital attributable to the new shares, together with the pro-rata amount of the subscribed capital attributable to other shares that may have been issued by the Company during the term of this authorization under the exclusion of subscription rights pursuant or in accordance with Section 186 (3) Sentence 4 AktG on the basis of a capital increase resolved by the Annual General Meeting, the utilization of authorized capital, or following a repurchase, does not exceed 10 % of the subscribed capital existing on the date this authorization is entered in the commercial register or, if this amount is lower, as of the respective date the authorization is exercised.

Notification regarding changes to voting share percentage

In 2016, the following circumstances needed to be disclosed in accordance with the German Securities Trading Act (WpHG):

Hauck & Aufhäuser Investment Gesellschaft S.A., Munsbach, Luxembourg, notified us on December 8, 2016 pursuant to Section 21 (1) WpHG that its voting right share in Eckert & Ziegler Strahlen- und Medizintechnik AG, Berlin, Germany fell below the threshold of 3 % of the voting rights on December 1, 2016 and amounted to 0.48 % on that day (this corresponds to 25,300 voting rights).

Loys AG, Oldenburg, Germany, notified us on December 12, 2016 pursuant to Section 21 (1) WpHG that its voting right share in Eckert & Ziegler Strahlen- und Medizintechnik AG, Berlin, Germany exceeded the threshold of 3 % of the voting rights on December 1, 2016 and amounted to 3.93 % on that day (this corresponds to 207,825 voting rights). Of these, 3.93 % (207,825 voting rights) is attributable pursuant to Section 22 (1) Sentence 1 No. 6 WpHG.

In 2015, the following circumstances needed to be disclosed in accordance with the WpHG:

Allianz Global Investors GmbH, Frankfurt, Germany notified us on January 19, 2015 pursuant to Section 21 (1) WpHG that its voting right share in Eckert & Ziegler Strahlen- und Medizintechnik AG, Berlin, Germany fell below the threshold of 3 % of the voting rights on January 16, 2015 and amounted to 2.98 % on that day (this corresponds to 157,600 voting rights). Of these, 0.14 % (7,600 voting rights) is attributable pursuant to Section 22 (1) Sentence 1 No. 6 WpHG.

Taalerithedas Plc, Helsinki, Finland notified us pursuant to Section 21 (1) WpHG that its voting right share in Eckert & Ziegler Strahlen- und Medizintechnik AG, Berlin, Germany fell below the threshold of 3 % of the voting rights on November 30, 2015 and amounted to 2.51 % on that day (this corresponds to 133,000 voting rights).

Reserves

Capital reserves include the amount above par value (capital surplus) that was received by issuing shares, minus the issuing costs (after tax).

Furthermore, capital reserves include the amounts recognized in connection with share-based payments (IFRS 2). In the period under review, as in the prior year, no expense was recognized in capital reserves from the issuance of share options.

Retained earnings consist of undistributed prior-period earnings of consolidated Group companies. In addition, retained earnings include adjustments resulting from the first-time adoption of IFRS.

Foreign currency exchange differences of € 4,483 thousand (2015: € 3,530 thousand) resulting from converting the financial statements of the foreign subsidiaries are disclosed in the other reserves. The movements in 2016 and 2015 mainly related to the US and Brazilian subsidiaries. Furthermore, the other reserves include unrealized actuarial gains/losses (after taxes) on defined benefit plans recorded in other comprehensive income in the amount of € 3,056 thousand (2015: € 2,282 thousand).

Own shares

With the resolution of the General Meeting on May 20, 2010 the Executive Board was authorized to acquire own shares of up to 10 % of the capital stock for purposes other than securities trading until November 19, 2015. This authorization was renewed early for an additional period of five years. Therefore, the Executive Board, with the resolution of the General Meeting on June 3, 2015, is authorized to acquire own shares until June 2, 2020 of up to 10 % of the capital stock for purposes other than securities trading. No more than 10 % of the subscribed capital may be attributable to the shares purchased based on this authorization together with other own shares of the Group that the Group had already purchased, still owns, or is apportioned according to Sections 71a et seq. AktG. The Executive Board was further authorized, with the Supervisory Board's consent, to use the Company's own shares that had been previously purchased based on earlier authorizations as follows, besides via the stock exchange or by an offer to all shareholders:

- Own shares may be retired without the need for a decision from an Annual General Meeting concerning the retirement or its execution.
- Own shares may be sold for contributions in kind, provided the purpose is to acquire companies, interests in companies, parts of companies, industrial property rights such as patents, trademarks or licenses for these, or assets and services that are similar to contributions in kind.
- In accordance with Section 186 (3) Sentence 4 AktG, own shares may be sold for cash provided that the sales price does not fall significantly below the average closing price of the share on the Frankfurt Stock Exchange over the previous five trading days prior to the sale (not including any acquisition costs).

- Own shares may be used to satisfy the obligations of the Group's stock option plan that was agreed in the Annual General Meeting of April 30, 1999 and amended in the Annual General Meeting of May 20, 2003. The Group's Supervisory Board is responsible for deciding if own shares are to be transferred to members of the Group's Executive Board.
- Own shares may be utilized to fulfill the Group's obligations from conversion rights or conversion obligations from convertible bonds issued by the Group.

The portfolio of own shares stood at 4,818 shares as of December 31, 2015. This equates to a 0.1 % share of the Company's subscribed capital. The number (5,288,165) of shares issued and outstanding did not change in fiscal years 2016 and 2015.

29 | LOAN LIABILITIES

Loan liabilities on December 31 of fiscal years 2016 and 2015 break down as follows:

€ thousand	**2016**	2015
Loan liabilities to banks	11,658	15,528
Loan liabilities as of December 31, total	**11,658**	**15,528**
– thereof current	7,520	10,551
– thereof non-current	4,138	4,977

Covenants agreed with the bank for a loan in the Radiation Therapy segment were not met in fiscal year 2015. The bank theoretically has the option of terminating the loan and to demand repayment at short notice. For this reason, the remaining debt from this loan was fully recognized under current liabilities in the balance sheet as of December 31, 2015 (unlike the contractually agreed periods). The agreed covenants were met again in fiscal year 2016; as a result, the loan liabilities will again be reported on the balance sheet as of December 31, 2016 according to the contractually agreed terms.

The following table provides an overview of the loans as of December 31 of the respective fiscal year:

€ thousand	Interest rate p.a.	**2016**	2015
Loan from Commerzbank AG	3.99 %	3,245	5,105
Loan from DZ Bank	3.10 %	3,047	4,353
Loan from Deutschen Bank AG	3.17 %	968	1,161
Loan from Commerzbank AG	4.80 %	712	1,148
Loan from Comerica Bank (USA)	Prime + 1 %	0	528
Loan from Credit Agricole	5.00 %	0	42
Other loans	4.5 % to 5.1 %	66	60
Current money market loans	2.50 %	3,250	2,650
Utilized credit lines		370	480
Loan liabilities as of December 31, total		**11,658**	**15,528**

Loan liabilities decreased significantly again in fiscal year 2016 compared to the prior year. The decline is largely the result of scheduled repayment. Only short-term money market loans for liquidity optimization were taken out in fiscal year 2016 and in the prior year.

In September 2013, Eckert & Ziegler BEBIG GmbH took out a loan of € 6,500 thousand to finance the acquisitions completed in November. The loan has a term until September 30, 2018 and is being repaid in quarterly installments of € 465 thousand since the second quarter of 2015.

In May 2012, Eckert & Ziegler f-con Deutschland GmbH obtained a loan to finance the construction of a production site for its Polish subsidiary in Warsaw. The loan has a total volume of € 6,530 thousand, of which € 5,931 thousand was utilized. The loan has a term until April 30, 2019 and will be repaid in quarterly installments of € 327 thousand plus interest commencing in 2014.

In November 2013, Eckert & Ziegler EURO-PET Koln/Bonn GmbH took out a loan of € 1,500 thousand to finance the modernization of its production sites. The loan has a term until December 31, 2021 and is being repaid in quarterly installments of € 48 thousand plus interest since the second quarter of 2014.

A loan of USD 2,500 thousand was taken out from COMMERZBANK AG in June 2011. The loan has a term until June 30, 2018 and is repayable in quarterly installments of USD 125 thousand beginning on September 30, 2013.

In October 2012, Eckert & Ziegler Vitalea Science Inc. took out a loan of USD 1,500 thousand. The loan initially had a term until October 10, 2017 and was repaid in monthly installments of USD 25 thousand. The loan was repaid early in full in fiscal year 2016 in connection with the discontinuation of the Isotope Products (VSU) business field.

The Group has approved lines of credit totaling € 17,962 thousand, of which € 4,130 thousand was utilized as of December 31, 2016.

As of December 31, 2016 and 2015, the residual terms of loan liabilities consisted of the following:

€ thousand	**2016**	2015
Residual term up to 1 year	7,520	7,306
Residual term > 1 to 5 years	4,138	8,029
Residual term more than 5 years	0	193
Loan liabilities as of December 31, total	**11,658**	**15,528**

30 | DEFERRED INCOME FROM GRANTS AND OTHER DEFERRED INCOME

Deferred income from grants, respectively as of December 31, breaks down as follows:

€ thousand	**2016**	2015
Deferred short-term grants	147	256
Deferred long-term grants	1,524	1,588
As of December 31	**1,671**	**1,844**

31 | PROVISIONS FOR PENSIONS

Pension obligations were determined in accordance with IAS 19 (revised) using the projected unit credit (PUC) method, taking into account the present value of the defined benefit obligations on the valuation date including expected future pension and salary increases. The actuarial valuation of the plan assets and the present value of the defined benefit obligation was carried out as of December 31, 2016 by Longial AG and Allianz Lebensversicherung AG, respectively (as in the prior year).

The most important assumptions underlying the actuarial valuation are:

%	Dec. 31, 2016	Dec. 31, 2015
Discount rate(s)	1.45 – 1.95	2.1 to 2.5
Expected income from plan assets	2.75	2.75
Expected percentual salary increases	0.00 – 2.50	0.00 to 2.50
Expected percentual pension increases	0.00 – 1.50	0.00 to 1.50
Expected percentual inflation rate	2.00	2.00

As of December 31 of the respective fiscal year, the following actuarial amounts resulted:

€ thousand	2016	2015
Present values of defined benefit pension entitlements	11,968	10,665
Plan assets at fair value	– 166	– 171
Pension provisions as of December 31	**11,802**	**10,494**

The amount disclosed on the balance sheet for the pension provisions changed as follows:

€ thousand	2016	2015
Pension provisions as of January 1	10,494	11,094
Expenditure for pension obligations	449	454
Actuarial gains (–) and losses (+)*	1,122	– 559
Disbursements from plan assets	0	0
Income from plan assets	– 4	– 3
Pension payments	– 275	– 492
Pension provisions as of December 31	**11,786**	**10,494**

** Before deferred taxes*

The following amounts were recognized in the income statement of the respective fiscal year:

€ thousand	2016	2015
Service period cost	198	229
Interest paid	251	225
Expected income from plan assets	– 4	– 3
Total recognized amounts	**445**	**451**

The following amounts were recognized in other consolidated earnings in the fiscal year:

€ thousand	2016	2015
Cumulative actuarial gains (–)/losses (+) on January 1 *	3,357	3,916
Addition/disposal	1,122	– 560
Cumulative actuarial gains (–)/losses (+) on December 31 *	**4,478**	**3,356**

** Before deferred taxes*

Plan assets consist of reinsurance, which is exclusively financed from employer's contributions. The changes in the fair values of the plan assets in the current fiscal year are as follows:

€ thousand	2016	2015
Opening balance of plan assets recognized at fair value	171	169
Expected income from plan assets	4	3
Actuarial losses	– 9	– 1
Disbursement from plan assets	0	0
Closing balance of plan assets recognized at fair value	**166**	**171**

Pension payments in the amount of € 308 thousand are expected for fiscal year 2017.

The present value of the defined benefit pension entitlements and the fair value of the plan assets developed as follows:

€ thousand	2016	2015	2014	2013	2012
Defined benefit obligation	– 11,968	– 10,665	– 11,263	– 8,316	– 9,207
Plan assets	166	171	169	353	344
Funded status	**– 11,802**	**– 10,494**	**– 11,094**	**– 7,963**	**– 8,863**

One significant actuarial assumption for the determination of pension provisions is the discount rate. The sensitivity analysis shown below was carried out based on possible changes in the discount rate on the balance sheet date according to reasonable judgment while keeping the remaining assumptions unchanged.

	Defined benefit obligation	
	€ thousand	%
Current assumption	11,968	
Discount rate – 0.25 %	12,531	4.7
Discount rate + 0.25 %	11,441	– 4.4

Pension plans designed as employee-financed defined contribution plans (deferred compensation) also exist for two Executive Board members. In fiscal year 2016 the deferred compensation amount was € 20 thousand (2015: € 20 thousand). The pension commitments are secured through a congruent reinsured benevolent fund.

32 | OTHER PROVISIONS

The following table provides an overview of the changes in other provisions during fiscal years 2016 and 2015.

€ thousand	2016	2015
Provisions for restoration obligations (non-current)	18,188	15,721
Other provisions (non-current)	13,327	12,041
Other non-current provisions as of December 31	31,515	27,762
Other provisions (current)	3,743	3,662
Other current provisions as of December 31	**3,743**	**3,662**

Provisions for removal obligations include expected expenses for the removal and disposal of production facilities and tenant improvements. They developed as follows in fiscal years 2016 and 2015:

€ thousand	2016	2015
Provisions as of January 1	15,721	14,233
Additions	2,843	1,165
Compounding	273	171
Utilization	– 724	– 80
Currency translation	75	232
Provisions as of December 31	**18,188**	**15,721**

An adjustment of the discount rates for the measurement of provisions for removal obligations was made according to IFRIC 1 in fiscal year 2016, corresponding to the respective terms, in order to account for capital market developments. These adjusted interest rates lie between −0.2 % and 3.0 %. Maintaining the prior-year interest rates of 0.0 % to 3.0 % would have reduced the provisions by € 240 thousand (2015: € 847 thousand). The cash payments for the restoration are expected in fiscal years 2017 to 2030.

For some sites, amounts are paid into a fund whose use is restricted to future restoration. These payments are shown under the item "Other non-current assets" and amount to € 72 thousand (2015: € 81 thousand).

Other non-current provisions as of December 31, 2016 mainly consist of provisions for the obligation to process own and accepted third-party residual materials as well as repurchase obligations for sold radiation sources at € 12,047 thousand (2015: € 11,122 thousand). Provisions are set aside according to the expected external costs for disposal and are regularly reviewed and updated. Cost calculation is based on empirical values and past costs for waste disposal. The extrapolation of historic costs for the future includes the following uncertainties associated with estimates:

- Uncertainty relating to future valuation of underlying disposal channels, the degree of usability and related external costs.
- Inability to take potential amendments in legal and/or regulatory requirements affecting both internal expenses as well as external disposal costs into account.
- Valuation risks related to the recognition of flat rates of inflation and determined discount rates.

Other current provisions of € 3,743 thousand (2015: € 3,662 thousand) are for the current portion of the disposal of radioactive residual materials.

33 | OTHER NON-CURRENT LIABILITIES

Other non-current liabilities mainly consist of non-current liabilities to a minority shareholder from the acquisition of shares at € 850 thousand (2015: € 1,195 thousand) and non-current liabilities under a license agreement concluded in fiscal year 2013 at € 1,963 thousand (2015: € 1,957 thousand) as well as earn-out liabilities at € 197 thousand (2015: € 0 thousand).

The other non-current liabilities item also includes two interest swaps at € 470 thousand (2015: € 646 thousand). These are derivatives accounted for in accordance with IAS 39.9 as financial liabilities measured at fair value through profit or loss. Further information on derivative financial instruments can be found in the explanations under Note 35.

34 | OTHER CURRENT LIABILITIES

Other current liabilities, respectively on December 31, break down as follows:

€ thousand	2016	2015
Liabilities from wages and salaries	5,190	5,240
Liabilities from social security obligations	895	991
Liabilities to tax authorities	877	634
Liabilities from other deferrals	1,229	4,754
Liabilities to non-controlling interests	325	670
Other liabilities	3,568	2,463
As of December 31	**12,084**	**14,752**

On December 31, 2016, the other liabilities include earn-out liabilities from company acquisitions at € 1,285 thousand (2015: € 867 thousand).

35 | ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS

This section provides an overview of the importance of financial instruments for Eckert & Ziegler AG and provides additional information about balance sheet items that include financial instruments.

Overview of financial assets and liabilities
The following table shows the book value of all categories of financial assets and liabilities:

€ thousand	2016	2015
Financial assets		
Cash and cash equivalents	36,567	31,466
Trade receivables	23,208	21,391
Other current assets	4,863	5,879
Other non-current assets	2,186	4,649
As of December 31	**66,824**	**63,385**
Financial liabilities		
Financial liabilities at amortized cost	26,180	34,099
Derivative financial instruments	470	646
As of December 31	**26,650**	**34,745**

In financial liabilities, interest swaps measured at fair value through profit or loss are also included in the item derivative financial instruments. Market prices, at which the swaps can be redeemed at all times, are determined for these swaps.

Loans and receivables measured at amortized costs consist of the following:

LOANS AND RECEIVABLES AS WELL AS OTHER ASSETS

€ thousand		2016	2015
Trade receivables	current	23,208	21,391
Receivables due from related parties	current	368	0
Other receivables	current	4,495	5,879
Other receivables	non-current	2,186	4,649
As of December 31		**30,257**	**31,919**

Financial liabilities at amortized cost consist of the following:

FINANCIAL LIABILITIES AT AMORTIZED COST

€ thousand		2016	2015
Loan liabilities	kurzfristig	7,520	10,551
Loan liabilities	langfristig	4,138	4,977
Trade payables	current	6,390	7,533
Other liabilities	current	5,122	7,886
Other liabilities	non-current	3,010	3,152
As of December 31		**26,180**	**34,099**

The composition of the loan liabilities is explained in Note 29.

Fair values of financial assets and liabilities

The following table presents the fair values and the book values of the financial assets and liabilities that are measured at cost or amortized cost:

	2016		2015	
€ thousand	Fair value	Book value	Fair value	Book value
Financial assets measured at cost or amortized cost				
Cash and cash equivalents	36,567	36,567	31,466	31,466
Trade receivables and other receivables	30,257	30,257	31,919	31,919
As of December 31	**66,824**	**66,824**	**63,385**	**63,385**
Financial liabilities measured at cost or amortized cost				
Trade payables	6,390	6,390	7,533	7,533
Liabilities to banks and other financial debts	12,006	11,658	16,061	15,528
Other non-derivative financial liabilities	8,132	8,132	11,038	11,038
As of December 31	**26,528**	**26,180**	**34,632**	**34,099**

The fair value of cash and cash equivalents, of current receivables, of trade payables as well as of other current liabilities from trade payables and other receivables corresponds approximately with the book value. The primary reason for this is the short maturity of such instruments.

The Group determines the fair value of liabilities towards banks and other financial debts with a fixed interest rate (deviation from market interest rate) by discounting the expected future cash flows with the interest rate applicable for similar financial debts with a comparable residual term.

Non-current receivables and liabilities are recognized at their discounted value insofar as they are not interest-bearing.

The net gains or losses recognized according to IAS 39 categories consist primarily of disposal gains or losses, changes to fair value, impairments as well as subsequent receipts for financial instruments that have been written off. The following table shows the net gains/losses by category.

€ thousand	2016	2015
Receivables	– 192	– 40
Measured at fair value through profit or loss	176	216

The category "measured at fair value through profit or loss" relates to interest swaps.

Financial assets and liabilities measured at fair value are classified into the following measurement hierarchy:

€ thousand	Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value				
Derivative financial instruments	0	0	– 470	– 470
As of December 31, 2016	**0**	**0**	**– 470**	**– 470**

€ thousand	Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value				
Derivative financial instruments	0	0	– 646	– 646
As of December 31, 2015	**0**	**0**	**– 646**	**– 646**

Level 1: The market value was determined based on listed, unadjusted prices for these assets and liabilities in an active market.

Level 2: The market value for these assets and liabilities was determined based on parameters for which listed prices, derived either directly or indirectly, are available in an active market.

Level 3: The market value for these assets and liabilities was determined based on parameters for which observable market data are not available.

Risk analysis

The Group is exposed to financial credit, default, liquidity and market risks in the course of business operations. Market risks relate in particular to interest and foreign exchange risk.

Credit risk

Credit risk or risk of non-payment is the risk that a customer or contracting party of Eckert & Ziegler Group cannot meet its contractual obligations. The result of this is, first, the risk of impairments of financial instruments due to issues of credit rating and, second, the risk of partial or complete loss of contractually agreed payments.

The Group is mainly exposed to credit and default risk based on its trade receivables. Risk is primarily influenced by the size of the customer as well as regional rules and practices for processing the reimbursement of medical services by public authorities.

Fundamentally, a rating is obtained for new customers and initial deliveries are made against advance payments as a matter of principle. Fundamentally, a rating is obtained for new customers and initial deliveries are made against advance payments as a matter of principle. Credit and default risk is monitored within the scope of Group-wide risk management by means of the regular analysis of overdue trade receivables.

Risk exposure

The maximum default risk corresponds to the carrying amount of the trade receivables on the balance sheet date in the amount of € 23,208 (2015: € 21,391).

With the exception of trade receivables, the balance sheet does not contain any overdue or impaired financial assets. The Group assesses the risk of loss from these other financial assets as very low.

As of the reporting date, a geographic breakdown of the maximum credit exposure with respect to current trade receivables is as follows:

€ thousand	2016	2015
Europe	11,984	9,908
North America	6,365	7,393
Other	4,859	4,090
As of December 31	**23,208**	**21,391**

The aging of the overdue but unimpaired receivables as of December 31 is as follows:

€ thousand	2016	2015
1 to 90 days	7,028	6,611
Over 90 days	2,730	2,386
	9,758	**8,997**

The overdue but unimpaired receivables relate primarily to receivables due from doctors' practices and foreign clinics. Payments are expected to be received in the above amount based on past experience.

Customer specifics are used to determine the value adjustments on trade receivables. As a rule, the payment behavior of the respective customer to date is evaluated individually before the value adjustment of a receivable is made. The development of value adjustments on trade receivables is shown below:

€ thousand	2016	2015
As of January 1	1,054	1,382
Net additions	192	40
Utilization	– 222	– 380
Exchange rate effects	1	12
As of December 31	**1,025**	**1,054**

Liquidity risk

Liquidity risk is the risk of the Group not being able to meet its financial obligations as they come due. The aim and function of liquidity management is to ensure that adequate amounts of borrowed funds and equity capital are always available.

As part of the Group's financial planning, a liquidity forecast is prepared, from which it is possible to identify in advance the need for borrowed funds, among other things.

In principle, the Group generates its financial funding from its operating business. As of December 31, 2016, Eckert & Ziegler AG and its subsidiaries also had available lines of credit in the amount of € 17,962 thousand (2015: € 17,660 thousand) if needed. New debt financing is sometimes raised as per the framework conditions described above for extraordinary investments and acquisitions as well as for the repayment of maturing loans.

As of the reporting date of the consolidated financial statements, the consolidated balance sheet includes various current and non-current liabilities to banks. It is necessary for the future liquidity of the Group that this debt financing continues and that it can be refinanced at short notice.

The existing loans were paid back on schedule. In 2016, third-party financing was applied for at banks or presented by banks independently for a number of different projects. The various loan offers contain favorable terms and conditions, which leads to the conclusion that the Group has a good credit rating. The Executive Board believes this is because of the Group's solid financing with a high equity ratio and the favorable prospects of the profitable, operating units. In addition to the high equity ratio, good balance sheet ratios speak in favor of the Group's creditworthiness since the non-current assets are more than covered by the equity and non-current liabilities.

Based on its access to third-party financing and its forecast for liquidity needs, the Group has adequate financial funds at the present time to secure its existence and further development. The Group also believes it is able to meet all of its financial obligations, even if a slight increase in the debt ratio were necessary in the coming fiscal years in order to secure growth via further acquisitions and to finance the development of new products.

Risk exposure

The contractually agreed due dates for financial liabilities, including interest payments, are shown below:

ANALYSIS OF THE CONTRACTUALLY AGREED DUE DATES						**December 31, 2016**
		Book value	Present value	Cash outflow		
€ thousand			Total	Up to 1 year	1 to 5 years	Over 5 years
Loan liabilities	fixed-interest	11,222	11,570	7,319	4,251	0
Loan liabilities	variable interest	436	436	436	0	0
Trade payables	non-interest bearing	6,390	6,390	6,390	0	0
Other liabilities	non-interest bearing	6,306	6,306	3,296	3,010	0
Derivative financial liabilities		470	470	240	230	0
As of December 31		**24,824**	**25,172**	**17,681**	**7,491**	**0**

ANALYSIS OF THE CONTRACTUALLY AGREED DUE DATES						December 31, 2015
		Book value	Present value	Cash outflow		
€ thousand			Total	Up to 1 year	1 to 5 years	Over 5 years
Loan liabilities	fixed-interest	15,000	15,510	10,218	5,099	193
Loan liabilities	variable interest	528	551	293	258	0
Trade payables	non-interest bearing	7,533	7,533	7,533	0	0
Other liabilities	non-interest bearing	9,762	9,762	6,610	3,152	0
Derivative financial liabilities		646	646	230	416	0
As of December 31		**33,469**	**34,002**	**24,884**	**8,925**	**193**

Cash outflows for liabilities bearing interest at variable rates are based on an interest rate of 3.3 % in 2016 (2015: 2.9 %).

Foreign exchange risks

The Group's international business activity exposes it to foreign exchange risks resulting from the influence of exchange rate fluctuations on transactions as well as assets and liabilities denominated in a foreign currency (transaction risks).

The main foreign currency transactions in Eckert & Ziegler Group are related to the US dollar as a result of loan repayments and dividend payments of the American subsidiaries and the export business of the German subsidiaries. This effect is only partially offset by the operating activity of some subsidiaries that buy components and goods mainly in US dollars and then sell final products mainly in euros.

Export transactions in the Polish zloty are hedged with foreign currency options and forward contracts as needed. There were no open positions under currency swaps and options on the balance sheet date.

The devaluation of the Brazilian real also had a negative impact in fiscal year 2015, not because of holding cash and cash equivalents, receivables or liabilities but mainly due to the revaluation of a USD loan liability to a US subsidiary by the Brazilian company with accounting in BRL. Even though inter-company loan relationships are eliminated in the course of consolidation, the currency effect itself had a negative impact on the consolidated income statement.

Risk exposure

As of the reporting date, the Group's exposure to transaction risk was as follows:

Foreign exchange exposure converted in € thousand	December 31, 2016				December 31, 2015			
	USD	GBP	PLN	CZK	USD	GBP	PLN	CZK
Cash and cash equivalents	9,145	845	9	177	12,582	815	87	291
Trade receivables	6,902	443	81	0	10,225	1,005	112	1
Trade payables	– 542	– 68	– 130	– 33	– 2,411	– 71	– 305	– 12
Balance sheet exposure	**15,505**	**1,220**	**– 40**	**144**	**20,396**	**1,749**	**– 106**	**280**

Balance sheet exposure equates to net exposure, as no currency swaps existed at the respective reporting dates.

Sensitivity analysis

An increase in the Euro by 10 % compared to the following currencies would have led to the increases (decreases) in the overall result listed below on the reporting date, keeping all other assumptions the same:

Effect in € thousand	December 31, 2016				December 31, 2015			
	USD	GBP	PLN	CZK	USD	GBP	PLN	CZK
Aggregate result	**– 809**	**– 66**	**51**	**– 167**	**– 2,040**	**– 175**	**11**	**– 28**

A decrease in the Euro by 10 % compared to the currencies listed above would have led to the same but opposite effect on the currencies listed above as of the reporting date.

The foreign exchange rates listed under Note 4 were used as the basis for the sensitivity analysis.

Interest rate risk

The Group's interest rate risk exposure due to fluctuations in market interest rates is low for financial assets and liabilities with medium- to long-term maturities since the assets and liabilities only bear variable interest to a minor extent.

No hedging is undertaken if a change in interest rates does not result in a cash flow impact for an item.

In order to limit interest risk when procuring short-term funding, the Group arranged in October 2005 an interest swap with a maturity of 12 years. A reference amount of € 2,000 thousand was hedged at a fixed interest rate of 3.53 %. Eckert & Ziegler AG pays a fixed amount of € 17,650 quarterly until October 2017. In return, the bank pays variable quarterly amounts (respectively the 3-month EURIBOR) until the end of the contract term.

A further interest swap to limit interest risk for loans with variable interest rates was concluded in February 2011. This swap has a term of ten years; a reference amount of € 8,000 thousand was hedged, which is reduced at the end of each quarter by € 250 thousand beginning on December 31, 2013. Eckert & Ziegler AG pays fixed interest of 3.21 % on a quarterly basis on the respective reference amount and receives in return variable amounts totaling the three-month EURIBOR interest rate on the respective reference amount.

The fair value of these swaps on December 31, 2016 is € – 470 thousand (2015: € – 646 thousand) and is reported on the balance sheet under other non-current liabilities. The fair value was notified to the Group by the bank with which the swap transactions were concluded. Accordingly, to determine the actual cash value of the interest rate swaps, all payments to be made by the customer or by the bank are calculated from the measurement day until the end of the contract; then they are discounted based on the current yield curve, added together and then netted. The discounting of the variable interest payments (EURIBOR) was carried out based on the forward interest rates for the current yield curve with the corresponding maturity. The ensuing balances then represent a positive and a negative cash value for the counterparties from the existing contractual relationship.

Risk exposure

The Group has the following interest-bearing financial assets and liabilities as of the balance sheet date:

€ thousand	2016	2015
Interest-bearing financial assets	440	451
– thereof variable-interest	72	83
– thereof fixed-interest	368	368
Interest-bearing financial liabilities	11,658	15,528
– thereof variable-interest	436	528
– thereof fixed-interest	11,222	15,000

Sensitivity of the cash flows for variable-interest financial instruments

An increase in the market interest rate by 100 basis points on the reporting date – keeping all other assumptions the same – would have led to the increases (decreases) in the result for the period as listed below:

	2016		2015	
Effect in € thouand	+ 100 base points	– 100 base points	+ 100 base points	– 100 base points
Interest results for variable-interest financial instruments	141	– 87	120	– 160

Capital management

Eckert & Ziegler AG (parent company) is subject to the provisions of the German Stock Corporation Act and the German Commercial Code regarding minimum capitalization in accordance with Section 92 of the AktG. Accordingly, an Extraordinary General Meeting must be called if the sum of the parent company's equity under commercial law falls below 50 % of the subscribed capital. This did not occur in fiscal years 2016 and 2015.

The Group pursues a conservative investment and borrowing policy geared towards flexibly and maintains a well-balanced investment and financing portfolio. The Group is not subject to any external capital requirements. Ensuring the Group's liquidity and creditworthiness, including guaranteed access to the capital market at all times, and effectively increasing the company value are the main objectives of financial management.

Measures to achieve these goals include optimizing the capital structure, the dividend policy, acquisitions, and, if necessary, equity measures. Capital requirements and capital procurement should be coordinated in a manner that takes requirements in terms of earnings, liquidity, security, and autonomy into appropriate consideration. The Group's overall strategy remains unchanged from 2015.

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

Cash and cash equivalents reported in the consolidated cash flow statement include cash and cash equivalents reported on the balance sheet, comprised of cash in hand, checks, cash at bank and all highly liquid assets with a remaining term of no more than three months from the date of acquisition.

The consolidated cash flow statement describes the changes in cash and cash equivalents of the Eckert & Ziegler Group in the course of the fiscal year due to incoming and outgoing cash flows. In accordance with IAS 7 (Cash Flow Statements), cash flows in the consolidated cash flow statement have been divided into cash flows from operating, investing, and financing activities.

Changes in the balance sheet items examined for the development of the consolidated cash flow statement are adjusted for the non-cash effects of currency translation and changes to the basis of consolidation. Furthermore, investing and financing transactions that have not impacted liquid funds are not included in the cash flow statement. Because of the adjustments mentioned above, the changes in the respective balance sheet items reported on the consolidated cash flow statement cannot be compared directly to the corresponding values on the published consolidated balance sheet.

36 | OPERATING ACTIVITIES

Cash inflows and outflows are determined indirectly, starting with the consolidated net income. The profit (or loss) after tax is adjusted for non-cash expenses and supplemented by changes in assets and liabilities.

Cash inflows from operating activities include € 186 thousand from discontinued operations (2015: € 150 thousand).

37 | INVESTING ACTIVITIES

Cash flows from investing activities are derived from actual transactions. They include cash flows related to the acquisition, production, and sale of intangible assets and property, plant, and equipment not included in cash and cash equivalents.

Cash flows from investing activities include cash inflows from the sale of long-term assets of € 327 thousand (2015: cash outflows of € 49 thousand from the purchase of long-term assets) which are to be allocated to discontinued operations.

38 | FINANCING ACTIVITIES

Cash flows from financing activities are determined based on actual transactions and include not only the borrowing and repayment of loans and other financial liabilities, but also cash flows between the Group and its shareholders, such as dividend payments.

Paid and received interest is also reported as cash flow from financing activities in accordance with the option defined under IAS 7.33.

Cash flows from financing activities include payments for the redemption of loans of € 520 thousand (2015: € 270 thousand); these are attributable to discontinued operations.

OTHER DISCLOSURES

39 | COMPANY ACQUISITIONS AND DISPOSALS

Acquisition of Eckert & Ziegler Brasil Logistica Ltda. in fiscal year 2016

Eckert & Ziegler Brasil Comercial Ltda. acquired all of the shares in BR-77 Transport Medicines Ltda., São Paulo, Brazil, effective July 31, 2016. The purchase price was BRL 2,118 thousand, and comprises a payment of BRL 742 thousand that is due immediately as well as earn-out components of BRL 1,376 thousand. The payment of the earn-out components is dependent on achieving certain contractually agreed sales and earnings figures – both in terms of amounts and time. BR-77 Transport Medicines Ltda. was renamed Eckert & Ziegler Brasil Logistica Ltda. following the acquisition.

Costs of € 37 thousand incurred in the course of the acquisition were recognized under general and administrative expenses in fiscal year 2016.

The acquisition was included in the consolidated financial statements in accordance with the acquisition method. The purchase price was distributed across the acquired assets and assumed debt on the basis of the estimated fair value at the time of the acquisition. The purchase price distribution resulted in goodwill totaling BRL 556 thousand, which was not deemed a tax deductible. The distribution of the purchase price on the basis of estimated fair values of assets and debt was carried out as follows:

BRL thousand	Book value at the time of purchase	Reclassification	Present value at the time of purchase
Intangible assets	0	2,213	2,213
Property, plant, and equipment	220		220
Receivables	128		128
Cash in hand and at bank	38		38
Liabilities	– 284		– 284
Deferred taxes		– 753	– 753
Net assets	**102**	**1,460**	**1,562**
Purchase price	– 2,118		– 2,118
Goodwill			**– 556**

Cash and cash equivalents of BRL 38 thousand were obtained with the acquisition of Eckert & Ziegler Brasil Logistica Ltda. so that the net outflow of capital for the company acquisition was BRL – 704 thousand in 2016. Sales revenues of € 206 thousand and a loss of € 61 thousand were included in the 2016 consolidated financial statements since the date of first-time consolidation. If the company had been included in the consolidated financial statements from January 1, 2016, consolidated sales would have been € 192 thousand higher and the loss would have been € 1 thousand higher.

With effect from August 26, 2016, Eckert & Ziegler BEBIG SA acquired all of the shares of BrachySolutions BVBA, Leuven, Belgium. The acquisition of BrachySolutions BVBA, one of the largest independent distributors of prostate seeds in Europe focusing in the Benelux countries and Portugal, enabled the Radiation Therapy segment to significantly strengthen its market position in Europe. The purchase price for the shares was € 1,218 thousand and comprises a fixed amount of € 562 thousand that is due at short notice as well as earn-out components of € 656 thousand. The payment of the earn-out components is dependent on achieving certain contractually agreed sales and balance sheet figures – both in terms of amounts and time. The company was merged with Eckert & Ziegler BEBIG SA in November 2016.

Costs of € 5 thousand incurred in the course of the acquisition were recognized under general and administrative expenses in fiscal year 2016.

The acquisition was included in the consolidated financial statements in accordance with the acquisition method. The purchase price was distributed across the acquired assets and assumed debt on the basis of the estimated fair value at the time of the acquisition. The distribution of the purchase price on the basis of estimated fair values of assets and debt was carried out as follows:

€ thousand	Book value at the time of purchase	Reclassification	Present value at the time of purchase
Intangible assets	0	611	611
Property, plant, and equipment	141	– 77	64
Receivables	353		353
Other assets	99		99
Cash in hand and at bank	461		461
Liabilities	– 262	93	– 169
Deferred taxes		– 201	– 201
Net assets	**792**	**426**	**1,218**
Purchase price	– 1,218		– 1,218
Goodwill			**0**

Cash and cash equivalents of € 461 thousand were obtained with the acquisition of BrachySolutions BVBA so that the net outflow of capital for the company acquisition was € – 101 thousand. Sales revenues of € 393 thousand and earnings of € 50 thousand were generated until the merger. If the company had been included in the consolidated financial statements from January 1, 2016, consolidated sales would have been € 700 thousand higher and the profits would have been € 200 thousand higher.

40 | LEASING ARRANGEMENTS

Financial obligations as lessee

All of the Group's lease contracts for equipment, vehicles, land, and buildings are operating leases and therefore do not have to be capitalized. Rental and leasing costs for operating leases in fiscal years 2016 and 2015 ending on December 31 totaled € 3,672 thousand and € 2,210 thousand respectively.

As of December 31, 2016, the future minimum rent payments on non-cancellable operating leases total the following amounts:

€ thousand	Rent and lease agreements
As of the end of the respective year (December 31)	
2017	3,576
2018	2,939
2019	2,606
2020	934
2021	734
thereafter	4,064
Minimum rent or lease payments, total	**14,853**

There are no conditional rental payments in the period under review or in the future. Furthermore, the agreements contain no restrictions or obligations.

Leases as the lessor

The Group, serving as the lessor, has concluded leases with customers which saw medical equipment leased to customers and income generated from service contracts. The equipment has no material value for the Group at the end of the agreed lease term, meaning that the assets are fully depreciated over the originally agreed lease term. As in the prior year, no value adjustments were required on the receivables from these leases in fiscal year 2016. The following table provides an overview of the Group's leases were it serves as lessor (amounts in € thousand).

Value of the leased assets		Present value of the future minimum lease payments			Other information	
Total cost	Book value as of December 31, 2016	2017	2018 – 2021	After 2021	Not yet realized financial income	Realized income 2016
276	201	71	189	7	17	70

41 | OTHER FINANCIAL OBLIGATIONS AND CONTINGENT LIABILITIES AND RECEIVABLES

Pursuant to the contract with the landlord of a production building, the landlord shall cover the costs of building removal (decontamination) up to a contractually agreed amount when production ends. The remaining amount shall be borne by the tenant. The operator of the facility generally bears the decontamination obligation in accordance with legal regulations. At this time, the Company assumes that the landlord will meet its contractual obligation. Should the previous operator/landlord fail to meet its contractual obligation, the Company would be responsible for decontamination, which would have a significant impact on the Company's profitability and financial position, at least temporarily.

The World Bank conducted an audit of Eckert & Ziegler BEBIG SA, Belgium, in the second half of 2015. Within the scope of this audit, the World Bank asked the Company's management for further information related to a public tendering procedure for an investment project in Bangladesh during 2012 and 2013. In December 2016, the World Bank informed the Company that it believes it likely that the Company's project will not fully meet the provisions of the World Bank's "Health Sector Development Program." Although the Executive Board does not share this view, the World Bank has the option to impose unilateral sanctions with regard to participation in future World Bank projects. For this reason, Eckert Ziegler BEBIG SA is currently in negotiations with the World Bank with the objective of improving the existing compliance program as well as settling existing disagreements.

42 | SEGMENTAL REPORT

The Group applied "IFRS 8 Operating Segments" effective January 1, 2009. According to IFRS 8, operating segments must be separately identified based on the Group's internal management reporting. These internal segments are those that are regularly reviewed by the Group's main decision-makers with regard to decisions about the distribution of resources to this segment and the assessment of its financial performance.

The Eckert & Ziegler Group has organized its activities into three operational reporting units. The individual segments offer different products and are also organizationally separated by the location. The applicable reporting principles of the individual segments are consistent with the reporting principles described in the summary of the fundamental accounting and valuation principles (Note 3). The segment reporting is not consolidated. This corresponds to the information used by the Executive Board in its regular management reporting. Transactions between the segments are processed at market prices.

The Isotope Products segment manufactures and distributes standards and radiation sources for medical and industrial purposes. Standards are radioisotopes for calibration purposes. They are generally sold to scientific institutions. Industrial radiation sources are found in various measuring equipment for industrial facilities and other measuring devices, for example safety equipment at airports and in crude oil exploration. They are sold to the manufacturers or operators of systems. Medical radiation sources include radioactive sources for the calibration of what are known as gamma cameras. The production sites for this segment are located in North America and Europe. Worldwide sales and distribution also takes place from these locations. Following the acquisition of Nuclitec, the largest competitor, at the start of 2009, Eckert & Ziegler has been the global market leader in many products and applications. In some cases, it is the only provider. The segment is also responsible for retrieving, processing, and conditioning low-level radioactive isotope waste from hospitals and other facilities. This means that the Isotope Products segment offers the entire range of services relating to radiation sources for medical and industrial purposes.

The **Radiation Therapy** segment concentrates on product development, manufacturing, the market introduction, and the sale of radioactive products for cancer therapy. A special focal point is prostate cancer treatment using radioactive iodine seeds. Eye applications using ruthenium-106 are also used to treat uveal melanomas (eye cancer). Eckert & Ziegler is European market-leader in this area. Another fundamental component of the segment is low- and high-dose rate radiotherapy devices and applicators. Production is concentrated on Germany and the USA, whereas the products are sold worldwide.

The products of the **Radiopharma** segment, with sites in Berlin, Holzhausen, Bonn, and Braunschweig, Germany, and Washington, USA, include approved Ge-68/Ga-68 generators, GMP synthesis modules for producing radiopharmaceuticals as well as products such as radioactive diagnostics for positron emission tomography (PET). The products are used for diagnostics and therapy in nuclear medicine and radiation therapy as well as in research. Auriga was added through the acquisition of Nuclitec at the start of 2009. The most important products here include yttrium-90 as well as made-to-order production projects. While the sale of PET diagnostics is restricted to Central and Eastern Europe, generators and synthesis modules as well as yttrium-90 are sold throughout the world.

Environmental services operations were reported under "Holding" in fiscal year 2015, and then allocated to the Isotope Products segment from fiscal year 2016.

This item also includes holding company Eckert & Ziegler Strahlen- und Medizintechnik.

SEGMENTAL REPORT

€ thousand	Isotope Products 2016	Isotope Products 2015*	Radiation Therapy 2016	Radiation Therapy 2015	Radiopharma 2016	Radiopharma 2015	Holding 2016	Holding 2015	Elimination 2016	Elimination 2015	Total 2016	Total 2015
Sales to external customers	73,329	74,640	24,778	30,915	39,813	34,244	16	– 52	0	0	137,935	139,747
Sales to other segments	2,898	2,617	111	188	6	5	4,726	7,078	– 7,740	– 9,888	0	0
Total segment sales	**76,227**	**77,256**	**24,888**	**31,103**	**39,818**	**34,249**	**4,742**	**7,026**	**– 7,740**	**– 9,888**	137,935	139,747
Results from shares measured at equity						408					0	408
Segment profit/loss before interest and income taxes (EBIT)	10,851	10,710	– 250	– 3,109	6,113	8,271	– 613	2,380	128	– 35	16,230	18,216
Interest expenses and income	– 328	– 165	10	68	– 829	5	173	635	31	– 1,820	– 943	– 1,277
Income taxes	– 3,551	– 3,275	106	– 571	– 1,288	– 872	99	– 908	0	0	– 4,634	– 5,626
Result from discontinued operations, net	– 867	– 947	0	0	0	0	0	0	0	0	– 867	– 947
Profit/loss before minority interests	6,106	6,322	– 134	– 3,612	3,996	7,404	– 341	2,107	160	– 1,855	9,786	10,366

** The prior-year figures reported under Holding also include the environmental services operations of the former Others segment.*

SEGMENTAL REPORT

€ thousand	Isotope Products 2016	Isotope Products 2015*	Radiation Therapy 2016	Radiation Therapy 2015	Radiopharma 2016	Radiopharma 2015	Holding 2016	Holding 2015	Total 2016	Total 2015
Segmental assets	111,807	101,602	50,959	51,011	40,943	36,183	103,475	98,617	307,184	287,413
Elimination of inter-segmental shares, equity investments and receivables									– 107,719	– 90,737
Consolidated total assets									199,465	196,676
Segmental liabilities	– 53,019	– 58,146	– 19,022	– 24,087	– 29,497	– 28,654	– 4,320	– 7,309	– 105,858	– 118,196
Elimination of intersegmental liabilities									16,470	26,188
Consolidated liabilities									– 89,388	– 92,008
Interest in associates	2,872	2,780							2,872	2,780
Investments (without acquisitions)	3,028	1,949	867	– 2,154	1,239	952	198	451	5,332	1,198
Depreciation	– 3,299	– 2,851	– 2,495	– 2,587	– 2,025	– 1,971	– 471	– 1,008	– 8,290	– 8,417
Non-cash income (+)/expenses (–)	– 1,881	988	– 1,005	746	– 1,385	4,752	39	– 3,700	– 4,232	2,786

** The prior-year figures reported under Holding also include the environmental services operations of the former Others segment.*

INTANGIBLE ASSETS & PROPERTY, PLANT, AND EQUIPMENT ACCORDING TO REGIONS

€ thousand	2016	2015
Germany	45,014	45,967
USA	29,893	29,746
Belgium	4,414	4,077
Others	11,466	10,304
Total	**90,787**	**90,094**

EXTERNAL SALES ACCORDING TO GEOGRAPHICAL REGIONS

	2016 € million	2016 %	2015 € million	2015 %
Europe	72.3	52	64.7	47
North America	45.1	33	48.8	35
Asia/Pacific	11.2	8	15.8	11
Others	9.4	7	10.4	7
Total	**137.9**	**100**	**139.7**	**100**

The classification by geographical regions is based on the headquarters of the recipient of the service. Revenues in North America relate almost exclusively to the USA.

43 | RELATED PARTIES

In accordance with IAS 24, transactions must be disclosed if they involve parties or companies that control Eckert & Ziegler AG or are controlled by Eckert & Ziegler AG. Transactions between the Company and its subsidiaries that are related parties were eliminated in the course of consolidation and are therefore not discussed. Details of transactions between the Group and other related parties are disclosed below. Transactions between Eckert & Ziegler AG and related parties are handled based on the same conditions as transactions with third parties.

a) Members of the management in key positions

Executive Board

Dr. Andreas Eckert (Chairperson of the Executive Board, 2016 responsible for the Group strategy, finance, and capital market communication, as well as the Isotope Products and Other segments), Wandlitz, businessman

On other boards: Chairman of the Board of Directors of Eckert & Ziegler Isotope Products Inc. (IPL), Valencia, CA, USA; Chairman of the Board of Directors of Eckert & Ziegler BEBIG S. A., Seneffe, Belgium; Chairman of the Supervisory Board of Berlin Partner für Wirtschaft und Technologie GmbH

Dr. Edgar Löffler (Executive Board member, 2016 responsible for the Radiation Therapy segment), Berlin, medical physicist (until December 31, 2016)

In other governing bodies: Managing Director and member of the Administrative Board of Eckert & Ziegler BEBIG SA, Seneffe (Belgium); member of the Administrative Board of the closed corporation ZAO "NanoBrachyTech", Moscow (Russia)

Dr. André Heß (member of the Executive Board, 2016 responsible for personnel and the Radiopharma segment), Berlin, graduate chemist and industrial engineer

In other governing bodies: Member of the Administrative Board of Eckert & Ziegler Isotope Products Inc. (IPL), Valencia, USA, member of the Administrative Board of Eckert & Ziegler BEBIG SA, Seneffe (Belgium), since January 29, 2016: member of the Administrative Board of Curasight ApS, Copenhagen (Denmark)

Other members of the management in key positions

Dr. Gunnar Mann (2016 responsible for radiation protection, information technology, and infrastructure)

Axel Schmidt (2016 Managing Director and minority shareholder of Eckert & Ziegler f-con Deutschland GmbH)

Frank Yeager (2016 President of Eckert & Ziegler Isotope Products Inc.)

Joseph Hathcock (2016 Vice President of Eckert & Ziegler Isotope Products Inc.)

Ivan Simmer (2016 Managing Director and minority shareholder of Eckert & Ziegler Cesio s.r.o.)

Dr. Harald Hasselmann (2016 Managing Director of Eckert & Ziegler BEBIG GmbH, since January 1, 2017, Executive Board member of Eckert & Ziegler AG, responsible for the Radiation Therapy segment)

Supervisory Board

The members of the Group's Supervisory Board in fiscal year 2016 were:

Prof. Dr. Wolfgang Maennig (Chairperson), Berlin, university professor

On other supervisory boards: none

Prof. Dr. Nikolaus Fuchs, (Deputy Chairperson), Berlin, Managing Partner of Lexington Consulting GmbH and other companies, businessman

On other supervisory boards: member of the Supervisory Board of Berliner Volksbank eG

Hans-Jörg Hinke, Berlin, Managing Partner of CARISMA Wohnbauten GmbH

On other supervisory boards: none

Dr. Gudrun Erzgräber, Birkenwerder, physicist

On other supervisory boards: none

Prof. Dr. Detlev Ganten, Berlin, Chairperson of the Foundation Council of Charité Berlin, Chairperson of the Board of Trustees of the Max-Planck Institute of Colloids and Interfaces (MPI-KG) and of Molecular Plant Physiology (MPI-MP), Potsdam

On other supervisory boards: member of the Supervisory Board of Glyco Universe GmbH & Co KGaA, Berlin, Germany

Prof. Dr. Helmut Grothe, Wandlitz, lawyer, university professor at the Free University of Berlin

On other supervisory boards: none

b) Joint ventures in which the Group is a partner company

Eckert & Ziegler BEBIG SA contributed intangible assets to joint venture ZAO "NanoBrachyTech" in June 2009 in return for 15 % of the shares in the joint venture. Eckert & Ziegler BEBIG SA supplies weak radioactive implants to OOO BEBIG, a wholly owned subsidiary of the joint venture. The sales revenues of OOO BEBIG were € 956 thousand in fiscal year 2016 (2015: € 1,038 thousand). Eckert & Ziegler BEBIG SA also received interest and principal payments of € 460 thousand in fiscal year 2016 on a loan issued for the conversion of receivables (2015: € 333 thousand) and interest payments to € 26 thousand (2015: € 37 thousand). The loan bears interest of 2.5 % p. a. As of December 31, 2016, the outstanding receivables due from OOO BEBIG amounted to € 920 thousand (2015: € 1,342 thousand).

c) Other related parties

- Eckert Wagniskapital und Frühphasenfinanzierung GmbH (EWK), which holds 32.24 % of the shares in Eckert & Ziegler AG, and whose sole shareholder, Dr. Andreas Eckert, is the Chairperson of the Executive Board for Eckert & Ziegler AG.

- Eckert Beteiligungen 2 GmbH (EB2), which is a wholly owned subsidiary of Eckert Wagniskapital und Frühphasenfinanzierung GmbH.

- ELSA Eckert Life Science Accelerator GmbH (ELSA), which is a wholly owned subsidiary of Eckert Wagniskapital und Frühphasenfinanzierung GmbH.

- ELSA 2 Beteiligungen 2 GmbH (EB2), which is a wholly owned subsidiary of Eckert Wagniskapital und Frühphasenfinanzierung GmbH.

In 2016 and 2015, the following transactions were conducted with these related parties; all of them were arm's length transactions:

EZAG granted Eckert Wagniskapital und Frühphasenfinanzierung GmbH a loan of € 1,500 thousand in 2012. In 2013, Eckert Wagniskapital und Frühphasenfinanzierung GmbH transferred the contractual relationship to ELSA Eckert Life Science Accelerator GmbH within the scope of the spin-off; this means that the loan agreement described above is now between EZAG and ELSA Eckert Life Science Accelerator GmbH (hereinafter referred to as "ELSA"). The loan bears interest of the three-month EURIBOR plus 50 base points. Part of the loan was repaid in 2016; as of the reporting date, a loan receivable amounted to € 451 thousand, plus incurred interest of € 155 thousand.

EZAG also granted Eckert Wagniskapital und Frühphasenfinanzierung GmbH a loan of € 400 thousand, of which € 368 thousand has been utilized to date. The loan bears interest of 3.25 % and is due on December 31, 2017.

Eckert & Ziegler AG, Eckert & Ziegler BEBIG GmbH, Eckert & Ziegler Radiopharma GmbH and Eckert & Ziegler Eurotope GmbH concluded a long-term rental contract with Eckert Beteiligungen 2 GmbH in October 2012. Rent and incidental rental expenses of € 982 thousand were incurred in fiscal year 2016 (2015: € 973 thousand).

Companies in the Radiation Therapy segment concluded a consulting agreement with the wife of a member of the management. Consulting services in the amount of € 31 thousand were obtained under this contract in fiscal year 2016 (2015: € 40 thousand). Liabilities under this contract were € 0 thousand as of December 31, 2016 (2015: € 7 thousand).

In fiscal year 2016, Eckert & Ziegler AG concluded a consulting agreement with the management consulting company of a member of the Supervisory Board. Consulting services of € 66 thousand was obtained under this agreement.

The balances of parties related to the Eckert & Ziegler Group regarding receivables, loan receivables, liabilities and loan liabilities on December 31 of fiscal year 2016 and 2015 are as follows:

€ thousand	2016	2015
Trade receivables due from related parties	1,443	4,651
Trade payables due from related parties	0	1,011

44 | DISCLOSURES ON THE REMUNERATION OF BOARD MEMBERS

The Group's remuneration system for the compensation of board members is explained in the Group management report.

Executive Board remuneration

Total remuneration of € 1,315 thousand was granted to the members of the Executive Board in fiscal year 2016 (2015: € 1,336 thousand). This corresponds to a 2 % decrease over the prior year. Of this total remuneration, € 793 thousand (2015: € 775 thousand) was attributed to fixed salary components and € 522 thousand (2015: € 562 thousand) to variable salary components.

Remuneration granted and paid to Executive Board members is shown in the table below. Since no member of the Executive Board was granted stock options or pension commitments, the remuneration granted equals the amounts paid.

	Dr. Andreas Eckert				Dr. Edgar Löffler				Dr. André Heß			
	Executive Board Chairman EZAG				Member of the Executive Board responsible for the Therapy segment				Member of the Executive Board responsible for the Radiopharma segment			
	Date of appointment:		July 3, 1997		Date of appointment:		May 7, 2001		Date of appointment:		March 1, 2008	
					Date of departure:		December 31, 2016					
€ thousand	2015	2016	Min	Max	2015	2016	Min	Max	2015	2016	Min	Max
Fixed remuneration	300	300	300	300	186	186	189	189	194	208	208	208
Additional benefits	32	34	34	34	33	34	34	34	30	31	31	31
Total	**332**	**334**	**334**	**334**	**219**	**220**	**223**	**223**	**224**	**239**	**239**	**239**
One-year variable remuneration	0	0	0	0	0	0	0	0	0	0	0	0
Multi-year variable remuneration	270	253	0	500	19	71	0	250	272	198	0	275
Bonus on Group EBIT (5 years)	270	253	0	500								
Bonus on Group EBIT excluding the Therapy segment (5 years)					96*	77*	0	100				
Bonus on EBIT of the Therapy segment (5 years)					– 78*	– 6*	0	150				
Bonus on Group EBIT excluding the Radiopharma segment (3 years)									66*	45*	0	100
Bonus on EBIT for the Radiopharma segment (3 years)									207*	153*	0	175
Total	**270**	**253**	**0**	**500**	**19**	**71**	**0**	**250**	**272**	**198**	**0**	**275**
Pension expenses	0	0	0	0	0	0	0	0	0	0	0	0
Total remuneration	**602**	**587**	**334**	**834**	**238**	**291**	**223**	**473**	**496**	**437**	**239**	**514**

* *Variable remuneration may be lower or higher than the disclosed minimum or maximum amounts on a case-by-case basis since the caps are generally considered cumulative over the contract term and the disclosed minimum and maximum amounts represent the annual average.*

The disclosed variable remuneration for 2016 is based on the final financial statements figures and is paid in these amounts in 2017. Due to the iteration issue, the provisions for bonuses reported in the balance sheet as of December 31, 2016 may deviate slightly from these amounts.

Provisions of € 475 thousand (2015: € 462 thousand; calculation respectively according to IFRS) have been recognized for pension commitments to a former member of the Executive Board. Pension payments of € 32 thousand were made to this former Executive Board member in fiscal year 2016 (2015: € 32 thousand).

Supervisory Board remuneration

For fiscal year 2016, the members of the Supervisory Board are receiving fixed remuneration of € 75 thousand (2015: € 75 thousand) and attendance fees of € 28 thousand (2015: € 26 thousand). The total expenditure is € 103 thousand (2015: € 101 thousand).

The individual members of the Supervisory Board received the following remuneration:

Name	Remunerated function	Fixed remuneration	Attendance fees	**Total**
Tsd. Euro				
Prof. Dr. Wolfgang Maennig	Chairman of the Supervisory Board	20 (2015: 20)	5 (2015: 5)	25 (2015: 25)
Prof. Dr. Nikolaus Fuchs	Deputy Chairman of the Supervisory Board	15 (2015: 15)	5 (2015: 5)	20 (2015: 20)
Hans-Jörg Hinke	Member of the Supervisory Board	10 (2015: 10)	4 (2015: 5)	14 (2015: 15)
Dr. Gudrun Erzgräber	Member of the Supervisory Board	10 (2015: 10)	5 (2015: 5)	15 (2015: 15)
Prof. Dr. Detlev Ganten	Member of the Supervisory Board	10 (2015: 10)	4 (2015: 2)	14 (2015: 12)
Prof. Dr. Helmut Grothe	Member of the Supervisory Board	10 (2015: 10)	5 (2015: 4)	15 (2015: 14)

Outside Supervisory Board activities, a consulting agreement, which had previously been approved by the Supervisory Board, was concluded with the management consulting company of a member of the Supervisory Board. Consulting services of € 0.07 million was obtained under this agreement.

45 | EVENTS AFTER THE BALANCE SHEET DATE

After the reporting date, no events occurred which materially affected the net assets, financial position, or results of operations of the Company.

DISCLOSURES PURSUANT TO SECTION 315a (1) HGB

46 | OTHER INCOME/EXPENSES

Other income/expense as well as the result from discontinued operations include income applicable to other periods from the sale of assets in the amount of € 93 thousand (2015: € 1,235 thousand) and expenses applicable to other periods from losses on the sale of long-term assets in the amount of € 792 thousand (2015: € 117 thousand).

47 | TOTAL AUDIT FEE

The total fee for the services provided by the auditor for the consolidated financial statements was € 377 thousand in the fiscal year (2015: € 262 thousand). Out of this amount, € 356 thousand (2015: € 259 thousand) is for audit services for the annual and consolidated financial statements of Eckert & Ziegler AG, as well as various subsidiaries, and the remainder for other consulting services.

48 | DECLARATION PURSUANT TO SECTION 161 AKTG REGARDING COMPLIANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE (COMPLIANCE STATEMENT)

The Executive and Supervisory Boards submitted the Declaration of Compliance with the recommendations of the German Corporate Governance Code, as required of Eckert & Ziegler as a listed company in accordance with Section 161 AktG. This compliance statement was made permanently available to shareholders via the Company's Website at *www.ezag.com*.

Berlin, March 21, 2017

Eckert & Ziegler Strahlen- und Medizintechnik AG
The Executive Board

Dr. Andreas Eckert   Dr. André Heß   Dr. Harald Hasselmann

STATEMENT OF CHANGES IN FIXED ASSETS

STATEMENT OF CHANGES IN FIXED ASSETS AS OF DECEMBER 31, 2016

	Cost						
€ thousand	**As of Jan. 1, 2016**	Additions from company acquisitions	Additions	Disposals	Reclassi-fications	Currency translation	**As of Dec. 31, 2016**
NON-CURRENT ASSETS							
I. Intangible assets							
1. Goodwill	45,743	152	0	9	0	732	46,618
2. Acquired intangible assets	31,829	1,218	167	889	4	542	32,871
3. Internally generated intangible assets	9,885	0	292	0	0	0	10,177
4. Prepayments made	4	0	0	0	– 4	0	0
	87,461	**1,370**	**459**	**898**	**0**	**1,274**	**89,666**
II. Property, plant and equipment							
1. Buildings on third-party land	23,247	0	757	100	440	196	24,540
2. Technical plant and machinery	53,161	0	3,926	1,092	39	230	56,264
3. Other plants and equipment fixtures and fittings	12,972	121	1,144	480	0	155	13,912
4. Assets under construction	958	0	1,513	9	– 479	53	2,036
	90,338	**121**	**7,340**	**1,681**	**0**	**634**	**96,752**
	177,800	**1,491**	**7,799**	**2,579**	**0**	**1,908**	**186,418**

Depreciation and amortization							Net carrying amount	
As of Jan. 1, 2016	Additions	Impairments	Disposals	Reclassifications	Currency translation	As of Dec. 31, 2016	As of Jan. 1, 2016	As of Dec. 31, 2016
5,714	0	447	0	0	35	6,196	40,029	40,422
22,745	2,166	0	640	0	329	24,600	9,084	8,271
4,881	1,025	0	0	0	0	5,906	5,004	4,271
0	0	0	0	0	0	0	4	0
33,340	**3,191**	**447**	**640**	**0**	**364**	**36,702**	**54,121**	**52,964**
9,211	1,062	0	20	0	155	10,408	14,036	14,132
35,585	2,937	0	463	0	216	38,275	17,576	17,989
9,569	1,099	0	472	0	50	10,246	3,403	3,666
0	0	0	0	0	0	0	958	2,036
54,365	**5,098**	**0**	**955**	**0**	**421**	**58,929**	**35,973**	**37,823**
87,705	**8,289**	**447**	**1,595**	**0**	**785**	**95,631**	**90,094**	**90,787**

STATEMENT OF CHANGES IN FIXED ASSETS AS OF DECEMBER 31, 2015

	Cost						
€ thousand	**As of Jan. 1, 2015**	Additions	Disposals	Reclassification in accordance with IFRS 5*	Reclassifications	Currency translation	**As of Dec. 31, 2015**
NON-CURRENT ASSETS							
I. Intangible assets							
1. Goodwill	43,912	0	0	0	0	1,831	45,743
2. Acquired intangible assets	31,645	400	1,287	0	0	1,071	31,829
3. Internally generated intangible assets	9,660	248	25	0	0	2	9,885
4. Prepayments made	4	0	0	0	0	0	4
	85,221	**648**	**1,312**	**0**	**0**	**2,904**	**87,461**
II. Property, plant and equipment							
1. Buildings on third-party land	16,177	481	0	4,132	1,517	940	23,247
2. Technical plant and machinery	50,213	1,769	575	0	823	931	53,161
3. Other plants and equipment fixtures and fittings	12,307	1,093	400	0	– 84	56	12,972
4. Assets under construction	2,795	789	439	0	– 2,256	69	958
	81,492	**4,132**	**1,414**	**4,132**	**0**	**1,996**	**90,338**
	166,713	**4,780**	**2,726**	**4,132**	**0**	**4,900**	**177,799**

* *This relates to the repeated addition of the plot of land in Belgium reported as IFRS 5 in 2014, which is no longer held for sale.*

Depreciation and amortization								Net carrying amount	
As of Jan. 1, 2015	Additions	Impairments	Disposals	Reclassification in accordance with IFRS 5*	Reclassifications	Currency translation	As of Dec. 31, 2015	As of Jan. 1, 2015	As of Dec. 31, 2015
5,591	0	0	0	0	0	122	5,714	38,321	40,029
19,830	2,633	61	647	0	0	869	22,745	11,815	9,084
4,182	697	0	0	0	0	2	4,881	5,478	5,004
0	0	0	0	0	0	0	0	4	4
29,603	**3,330**	**61**	**647**	**0**	**0**	**993**	**33,340**	**55,618**	**54,121**
4,630	1,017	0	0	3,170	0	394	9,211	11,547	14,036
32,002	3,049	286	392	0	5	635	35,585	18,211	17,576
8,741	1,022	0	359	0	– 5	171	9,569	3,566	3,403
0	0	0	0	0	0	0	0	2,795	958
45,373	**5,088**	**286**	**751**	**3,170**	**0**	**1,200**	**54,365**	**36,120**	**35,973**
74,976	**8,418**	**347**	**1,398**	**3,170**	**0**	**2,193**	**87,705**	**91,737**	**90,094**

INDEPENDENT AUDITOR'S REPORT

We have audited the consolidated financial statements prepared by Eckert & Ziegler Strahlen- und Medizintechnik AG, Berlin – consisting of the balance sheet, the statement of comprehensive income, the income statement, the statement of changes in equity, the cash flow statement and the notes to the financial statements – and the Group management report, for the fiscal year from January 1, 2016 to December 31, 2016. The preparation of the consolidated financial statements and the Group management report in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315a (1) of the German Commercial Code (HGB) are the responsibility of the company's legal representatives. Our responsibility is to express an opinion on the consolidated financial statements and the Group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors (Institut der Wirtschaftsprüfer). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting standards and in the Group management report are detected with reasonable assurance. Knowledge of the business activities, the economic and legal environment of the Group, and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the Group management report are examined primarily on a random spot test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in the consolidation, the accounting and consolidation principles used, and significant estimates made by the legal representatives, as well as evaluating the overall presentation of the consolidated financial statements and the Group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRS, as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315a (1) HGB, and give a true and fair view of the net assets, financial position, and results of operations of the Group in accordance with these requirements. The Group management report is consistent with the consolidated financial statements and as a whole provides an accurate view of the Group's position and correctly presents the opportunities and risks of future development.

Berlin, March 21, 2017

BDO AG
Wirtschaftsprüfungsgesellschaft

gez. Rehmer	gez. Weisner
Wirtschaftsprüfer	Wirtschaftsprüferin
(German public auditor)	(German public auditor)

INDIVIDUAL FINANCIAL STATEMENTS OF THE ECKERT & ZIEGLER AG

INCOME STATEMENT FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2016

	2015 € thousand	**2016** **€**
1. Revenues	4,638	4,818,201.07
2. Other operating income	2,492	457,048.79
	7,130	**5,275,249.86**
3. Staff costs		
a) Wages and salaries	– 2,432	– 2,392,190.41
b) Social security contributions and expenditure on pensions and old-age support	– 340	– 300,103.83
of which for pensions: € 2 thousand (previous year: € 28 thousand)		
	– 2,772	**– 2,692,294.24**
4. Depreciations on intangible assets of the fixed assets and property, facilities and equipment	– 568	– 471,411.69
5. Other operating expenses	– 1,910	– 2,617,304.87
6. Income from profit-transfer agreements	7,276	7,511,360.57
7. Income from other securities and from loans included under long-term investments	193	110,320.04
of which from affiliates: € 180 thousand (previous year: € 352 thousand)		
8. Other interest receivable and similar income	440	267,708.50
9. Amortization of financial assets	– 4,238	– 3,294,000.00
10. Interest payable and similar expenses	– 365	– 319,531.06
11. Taxes from income and revenue	– 391	– 184,269.43
12. Profit after tax	**4,796**	**3,585,827.68**
13. Other taxes	– 2	0.00
14. Shortfall for the year	**4,794**	**3,585,827.68**

BALANCE SHEET AS OF DECEMBER 31, 2016

	31.12.2015 € thousand	31.12.2016 €
Assets		
A. Fixed assets		
I. Intangible assets		
Purchased industrial property rights and similar rights and values as well as licenses to such rights and values	1,259	974,231.64
II. Property, facilities and equipment		
1. Real properties, rights equivalent to real property and buildings	30	29,268.93
2. Other facilities and equipment, fixtures and fittings	393	404,215.75
	423	**433,484.68**
III. Financial investments		
1. Shares in affiliates	60,487	66,250,315.47
2. Loans to affiliates	2,396	1,350,000.00
3. Other loans	368	368,000.00
	63,251	**67,968,315.47**
	64,933	**69,376,031.79**
B. Current assets		
I. Receivables and other assets		
1. Receivables due from affiliates	14,698	9,536,992.18
2. Other assets	3,443	709,446.74
	18,141	**10,246,438.92**
II. Cash at banks	3,983	6,748,025.26
	22,124	**16,994,464.18**
C. Prepaid and deferred expenses	**50**	**72,794.44**
	87,107	**86,443,290.41**
Liabilities and Shareholders' Equity		
A. Holders' equity		
I. Subscribed capital		
Nominal amount of the contingent capital: € 1.875 thousand (previous year: € 1.875 thousand)	5,293	5,292,983.00
minus nominal amount of own shares: € 5 thousand (previous year: € 5 thousand)	5	4,818.00
	5,288	**5,288,165.00**
II. Capital reserves	51,395	51,394,685.23
III. Retained earnings	21,509	23,129,906.13
Other retained earnings: € 22 thousand (previous year: € 22 thousand)		
IV. Net profit for the year	4,794	3,585,827.72
	82,986	**83,398,584.08**
B. Special reserves for contributions to fixed assets	**168**	**149,174.21**
C. Provisions		
1. Provisions for pensions and similar obligations	393	377,958.00
2. Tax accruals	391	575,032.00
3. Other provisions	1,460	1,433,823.86
	2,243	**2,386,813.86**
D. Liabilities		
1. Liabilities towards banks	45	0.00
2. Trade liabilities	168	172,023.75
3. Liabilities towards affiliates	1,442	284,320.30
4. Other liabilities	45	40,878.81
(of which for taxes: € 35 thousand; previous year: € 39 thousand)		
(of which for social security: € 4 thousand; previous year: € 4 thousand)		
	1,700	**497,222.86**
E. Prepaid and deferred expenses	**11**	**11,495.40**
	87,107	**86,443,290.41**

GLOSSARY

Afterloader for afterloading therapy: Short-term radiation in cancer treatment in which a mostly wire-bonded radioactive source is propelled electrically for a brief period into the target tumor area by means of a tube-like catheter or by cannulas. Several sessions are usually necessary

Brachytherapy Contact treatment mainly in the form of irradiation with a minimal distance between the source of radiation and the tissue which is to be irradiated

Calibrated-reference emitters Radioactive sources used as a reference standard for measuring instruments

Carrier molecue A carrier molecule is a molecule that carries the radiolabeled substance (e. g. radioactive ^{68}Ga) to the targeted area

Calibration Referencing of measuring instruments to specified standards

Cobalt sources (Co-60) Radioactive source with the radioactive nuclide Co-60 which is well suited for radiating the surface of tumors. The MultiSource® and SagiNova® cancer radiation systems use cobalt-60 sources

Conditioning here: Processing of low and intermediate level radioactive waste; includes comprehensive measuring and categorization of waste materials, high-pressure compression of waste containers to reduce volume and the packaging of compressed waste in special containers so that it is suitable for final disposal

Contrast medium Medicinal product which improves the representation of structures and functions of the body in imaging processes

Cyclotron Circular particle accelerator for production of radioactive isotopes

Eye applicator Anatomically formed radiation source for radiotherapy for eye tumors

Emitter here: device that transmits radioactive rays. Sometimes also referred to as “source”

Fludeoxyglucose (FDG) also: Fluorodeoxyglucose glucose metabolism mark; radioactive marked glucose

Gallium generator Device for generating gallium-68 which is obtained from germanium-68. Gallium-68 is used to mark carrier molecules which aim at specific targetstructures in the organism and combined with gallium-68 enable the diagnosis of various cancers

IFRS Abbreviation for International Financial Reporting Standards. International accounting standards according to which these consolidated financial statements were prepared

Implants Natural or synthetic elements implanted in the body (here they are synonymous with seeds)

Implantation Placement or insertion of foreign materials into an organism

Isotope Chemical element having the same atomic number but different atomic weight. Isotopes can be stable or can disintegrate when subject to ionizing radiation (radioactive isotopes)

Iodine-125 Radioisotope of iodine. Low-energy photon radiation is used therapeutically

Modular Lab Synthesis device for the production of radioactive diagnostics

NASM North American Scientific, Inc. (Nasdaq: NASM). Former competitor whose industrial sources business was acquired by Eckert & Ziegler in 2008

Neuroendocrine tumors (NET) Benign or malignant tumors that develop from hormone-producing (endocrine) cells

Nuclear Imaging Image processing for nuclear medical purposes

Nuclear medicine Medical area concerned with the diagnostic and therapeutic use of open, usually ephemeral radionuclides

Oncology Medical area which deals with the origin and treatment of malignant tumors

Ophthalmology Science of the eye and eye diseases

Palliative Relieves pain in patients who suffer from incurable diseases at an advanced stage

Permanent implants Implants intended to remain in the organism/body permanently

Planning software Special software to support the planning of brachytherapy treatment

Positron Elementary particle with the mass of an electron, but with positive charge

Positron emission tomography (PET) Imaging process of nuclear medicine that produces sectional images of living organisms, in which it makes the distribution of low level radioactive marked substances (radiopharmacon, PET-Tracer) visible by using photons created by positron decay

Prostate Chestnut-size organ situated around the neck of the male urethra

Radioactivity Property of unstable nuclides emitting spontaneously or through disintegration of the atomic nuclei alpha and beta rays or electromagnetic waves (gamma rays)

Radiodiagnostics Radioactive substances which are used to diagnose illnesses. See also Radiopharmaceuticals

Radioembolization Form of therapy for the treatment of inoperable liver cancer. Microspheres labeled with Yttrium-90 are injected into the patient

Radioisotope See Radionuclide

Radiolabeled peptides Peptides are small, protein-like structures. The peptides in radiolabeled peptides act as carriers for radioactive particles (e.g. yttrium-90)

Radionuclide See Isotope

Radiopharmaceuticals Substances and medications which, based on radioactive nuclides, are effective and are used in diagnosis and therapy in nuclear medicine

Raw isotope Radioactive starting substance for producing radiation sources

SagiNova® afterloader, uses the afterloading technique where the radiation source (in the afterloader) is positioned in the immediate vicinity of the tumor via remote control and with the assistance of applicators. This allows the tumor to be irradiated without damaging the surrounding healthy tissue

Seed Small metal pins containing radioisotopes for interstitial radiation therapy

Synthesis modules here: components of the modular equipment system of the product Modular-Lab for automated synthesis of radiopharmaceuticals and radioactive chemicals

Tracer A radiochemical tracer is a radiolabeled substance that is absorbed into the metabolism after it enters the body and can be used for a wide range of analyses

Tumor irradiation device See Afterloader

Yttrium-90 radioactive isotope used with the internal radiotherapy among others for treating chronic-inflamed joint diseases (radiosynoviorthesis) or for cancer treatment. For the transport to the tumor the yttrium-90 is either coupled to active chemical ingredients or laden on little balls (see radio embolizers)

FINANCIAL CALENDAR

March 23, 2017	Annual Report 2016
May 09, 2017	Quarterly Report I/2017
May 10, 2017	DVFA Spring Conference in Frankfurt/Main
May 31, 2017	Annual General Meeting in Berlin
August 2, 2017	Quarterly Report II/2017
November 9, 2017	Quarterly Report III/2017
November, 2017	German Equity Forum in Frankfurt/Main

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buch berlin
dedicated to health

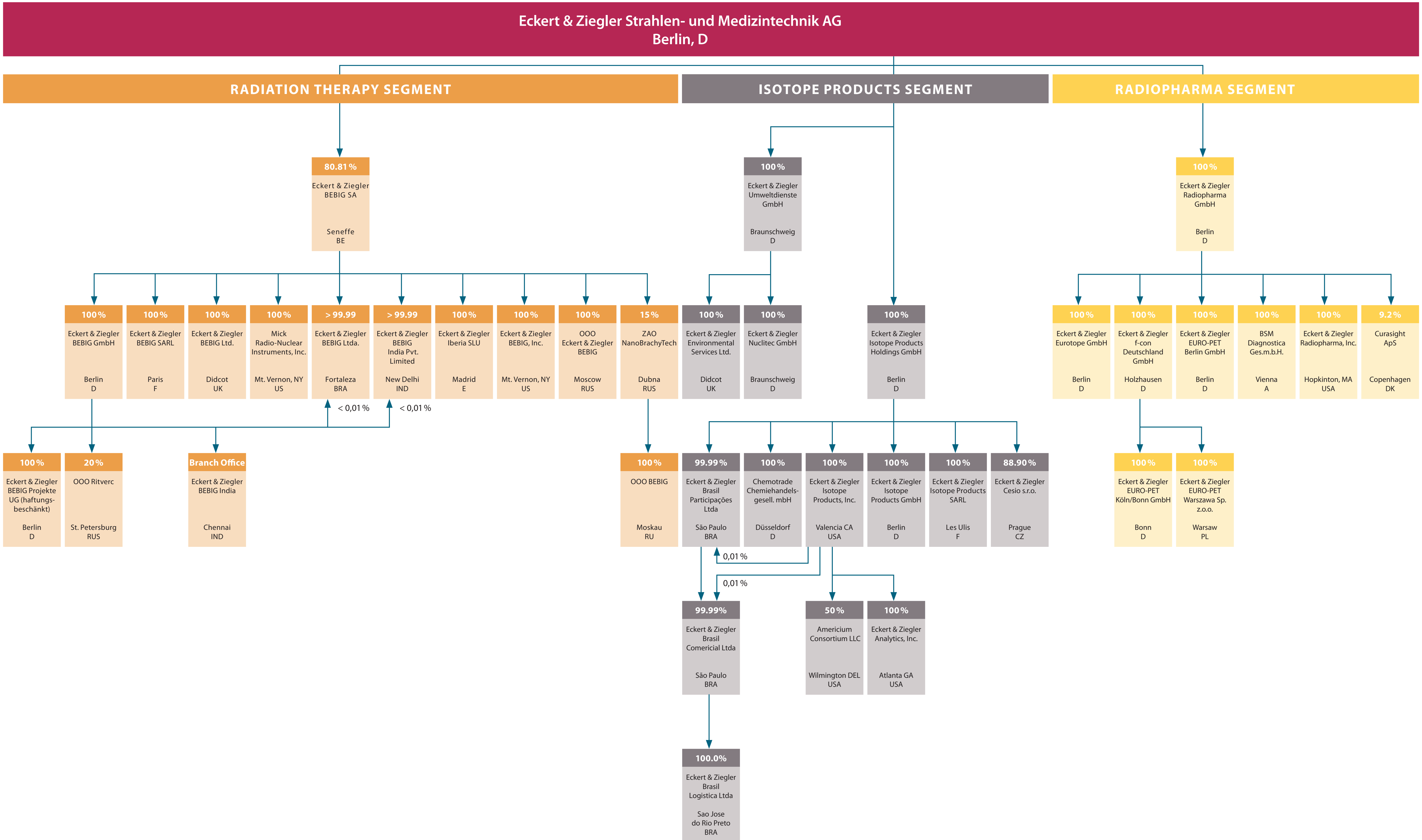
KEY DATA ECKERT & ZIEGLER
incl. discontinued operations

		Change	2013	2014	2015	2016
Sales and Earnings						
Sales	€ thousand	– 1 %	117,138	127,256	140,046	137,955
EBITDA	€ thousand	– 7 %	21,332	20,099	25,574	23,724
Depreciations	€ thousand	0 %	9,187	7,143	8,764	8,737
EBIT	€ thousand	– 11 %	12,145	12,956	16,810	14,988
EBIT margin	%	– 8 %	10 %	10 %	12	11
Tax rate	%	– 8 %	15 %	45 %	33	30
Net profit for the year after taxes and minorities	€ thousand	– 11 %	9,035	6,775	10,718	9,551
Earnings per share w/o one-off effects	€	– 11 %	1.71	1.28	2.03	1.81
Cash Flow						
Cash flow from operating activities	€ thousand	22 %	14,675	10,653	16,230	19,832
Liquid assets as of 31 December	€ thousand	16 %	29,414	21,824	31,466	36,567
Balance						
Shareholders' equity	€ thousand	5 %	90,265	94,490	104,668	110,077
Total assets	€ thousand	1 %	178,407	187,329	196,676	199,464
Equity ratio	%	4 %	51 %	50 %	53	55
Net liquidity (liquidity minus debts)	€ thousand	56 %	6,787	3,119	15,938	24,910
Employees						
Average number of employees*	People	– 5 %	613	674	672	638
Number of employees as of 31 December	People	– 7 %	686	711	692	646
Key figures share						
Average number of shares in circulation	Item in thousand	0 %	5,288	5,288	5,288	5,288
Book value per share	€	41 %	15.79	16.76	18.86	26.51
Dividend**	€	10 %	0.60	0.60	0.60	0.66

** without executive boards, general managers, freelancer*

*** Dividend to be proposed to the Annual General Meeting by the Group on May 31, 2017*

CORPORATE STRUCTURE (DECEMBER 31, 2016)



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