ANNUAL REPORT

2017

Eckert & Ziegler

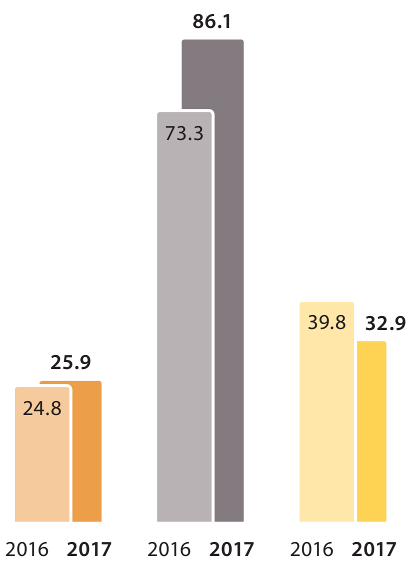
Contributing to saving lives

KEY DATA ECKERT & ZIEGLER

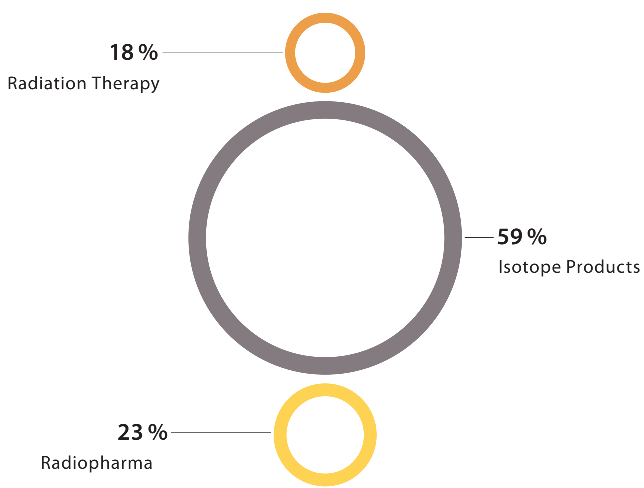
incl. discontinued operations		Change	2016	2017
Sales and Earnings				
Sales	€ thousand	5 %	137,955	144,844
EBITDA	€ thousand	25 %	23,725	29,744
Depreciations	€ thousand	– 1 %	8,737	8,645
EBIT	€ thousand	11 %	14,988	21,099
EBIT margin	%	34 %	11 %	15 %
Tax rate	%	3 %	30 %	31 %
Net profit for the year after taxes and minorities	€ thousand	54 %	9,550	14,701
Earnings per share	€	54 %	1.81	2.78
Cash Flow				
Cash flow from operating activities	€ thousand	35 %	19,832	26,851
Liquid assets as of 31 December	€ thousand	58 %	36,567	57,707
Balance				
Shareholders' equity	€ thousand	7 %	110,077	117,517
Total assets	€ thousand	9 %	199,465	216,987
Equity ratio	%	– 2 %	55 %	54 %
Net liquidity (liquidity minus debts)	€ thousand	125 %	24,909	55,974
Employees				
Average number of employees	People	16 %	638	740
Number of employees as of 31 December	People	14 %	668	764
Key figures share				
Average number of shares in circulation	Item in thousand	0 %	5,293	5,293
Book value per share as of 31 December	€	7 %	19.87	21.22
Dividend*	€	21 %	0.66	0.80

** Dividend to be proposed to the Annual General Meeting by the Group on May 30, 2018*

SALES TRENDS BY SEGMENTS
in € million



SALES BY SEGMENTS
in %



CONTENT

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

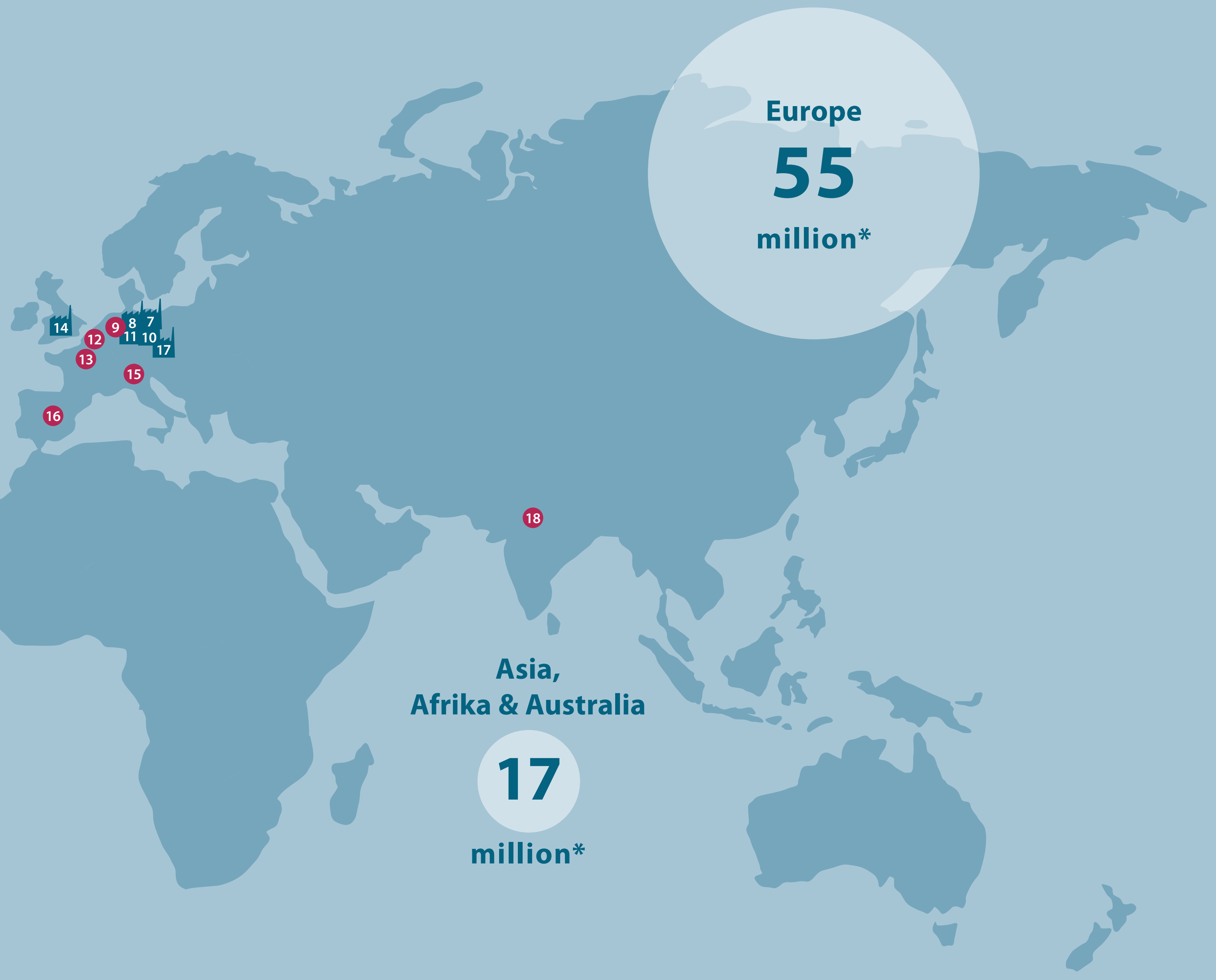
America

€ 67

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 Düsseldorf, Germany
10 Dresden, Germany
11 Leipzig, Germany
12 Seneffe, Belgien
(Headquarters Eckert & Ziegler BEBIG)
13 Paris, France
14 Didcot, Great Britain
15 Pfäffikon, Switzerland
16 Madrid, Spain
17 Prague, Czech Republic

ASIA AND REST OF WORLD

18 New Delhi, India

production site

distribution site

LETTER TO THE SHAREHOLDERS

Dear Shareholder,

2017 was an extremely successful fiscal year for Eckert & Ziegler Strahlen- und Medizintechnik AG. As of December 31, net income of more than € 15 million from continuing and discontinued operations set a record in the accounts. For the 14th time in a row, the Group has proven profitable in all income categories, self-financing and able to distribute a dividend. Our dividend recommendation is 0.80 cents per share. Shareholders will benefit more than ever before from the excellent results provided the Annual General Meeting agrees at the end of May.

The success in 2017 is by no means due only to special factors. Although most of the increase in profits is due to the optimization of the product portfolio and thus can be attributed to discontinued operations, the profitability of continuing operations also increased significantly. Their profits grew from € 1.93 per share in the previous year by 26 cents or 13 % to € 2.19. The Group has therefore reached the milestone it set itself of consistently earning over € 2 per share on a five-year average in the core areas. In absolute terms, this constitutes more than € 10 million in annual net profit.

Looking ahead, the situation looks favorable despite insecurity and challenges. The Therapy segment successfully completed its restructuring in 2017, and was able to post a profit again for the first time. Although capital and return on sales do not yet meet expectations, the course has been set for a better future. Several acquisitions in 2017 and strategic moves into new areas of activity have increased the likelihood that the new management will succeed in breaking out of the “fixed cost trap”. The worst seems to be over for tumor irradiation devices; earnings are stable for implants and eye applicators. Management no longer has to worry about firefighting and can concentrate on growth potential.

The Industry segment also improved its position, although it suffered in 2017 from an almost complete decline in demand for exploration platform components due to continued low oil prices. Brisk incoming orders for sources for medical quality assurance compensated for the loss of income. Other major product groups also succeeded. In total, business volume in continuing operations before acquisitions grew by € 2 million or 3 % to € 78 million. The purchase of the Gamma-Service Group from Saxony in May 2017 brought an additional € 11 million in business volume, so that total sales climbed to almost € 90 million. With the increasing business volume, there is additional earnings potential which the division management will strive for over the next few years.

Increasing net income in the remainder of the core business was also reported in 2017 by the Pharma segment, which benefited from double-digit increases in sales of generators and pharmaceutical radioisotopes, while device sales stagnated. The increase in sales in the three continuing divisions by 23 % or € 5 million to € 26.6 million led to a disproportionate increase in income. Excluding the discontinued operations, the segment’s net income increased by 81 % from € 2.2 million to € 4.0

"The group is now almost debt-free and has been able to drive net liquidity to a record level of almost € 60 million. Thus, it is able to actively seize all the opportunities that arise in its niche."

DR. ANDREAS ECKERT
Chairman of the Executive Board

million, and EBIT from € 4.4 million to € 6.1 million. These figures result in an EBIT margin of around 22 %. Looking forward, the situation is favorable and the demand for radiopharmaceuticals is high. An extensive investment program is intended to eliminate delivery bottlenecks in pharmaceutical radioisotopes in the coming years and strengthen the segment's position.

The successes in the segments' market positions are secured by a radical improvement in balance sheet ratios. The equity ratio, the return on equity, the repayment period and similar parameters have always been well above average for German listed companies. Now there has been a further increase in the scope for action. The group is now almost debt-free and has been able to drive net liquidity to a record level of almost € 60 million. Thus, it is able to actively seize all the opportunities that arise in its niche.

Competitors in the market have, in the past, only rarely been a problem. In none of the segments does the group have any indications that it has lost market share on a larger scale to more aggressive competitors in recent years. Declines in business volume have always hit competitors to the same or greater extent. For decades, the greatest challenge has been identifying and moving into new business areas with which the Group can replace divisions that occasionally collapse over time and find growth. To this end, the Group spends considerable sums which are not always accounted for as development costs. The purchase of companies and/or participations also serves the purpose of opening up new business areas for the Group.

At the moment, the Group places great hopes on the Gamma-Service Group, which we hope to make more profitable, on Brazil, where significant progress has been made towards profitability, and on a number of acquisitions in the Therapy segment. On the other hand, the company expects organic growth in the classic sense above all in the radiopharmaceuticals segment, which is investing heavily in expanding its production capacities.

You see, even if the isotope industry is not among the industries that produce unicorns overnight, there are many opportunities for further profitable growth. We will address these and would be delighted to continue to have you at our side as a shareholder.

Sincerely,

Andreas Eckert

DR. ANDREAS ECKERT
Chairman of the Executive Board

GROUP EXECUTIVE COMMITTEE

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.

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.

Dr. Harald Hasselman
Member of the Executive Board, Radiation Therapy 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.

Dr. Gunnar Mann
Member of the Group Executive Committee, Intragroup Services

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.

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.

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.

REPORT OF THE SUPERVISORY BOARD

Dear shareholders,

In fiscal year 2017, 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 three members who were each unable to attend one of the meetings personally, all members of the Supervisory Board participated in all Supervisory Board meetings. On average, all members of the Supervisory Board attended 91 % 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 17, 2017, the Executive Board mainly reported on the preliminary key figures for fiscal year 2016 and the economic state. 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 management reports for the Group and company as well as the declaration of compliance with the German Corporate Governance Code were the main topics of the meeting on March 21, 2017. At the meeting on May 31, 2017, the focus was on the business figures for the first quarter of 2017, the integration of the newly acquired Gamma-Service Group, and preparations for the Annual General Meeting. The Supervisory Board meeting on July 31, 2017, discussed the business figures for the second quarter of 2017 in particular as well as possible acquisitions. The focus of the meeting on October 20, 2017 was the presentation and approval of the budget for fiscal year 2018 as well as the presentation of the business figures for the third quarter of 2017. Another topic on the agenda was the strategic positioning of the Radiation Therapy, Radiopharma and Isotope Products segments.

PROF. DR. WOLFGANG MAENNIG
Chairman of the Supervisory Board

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 February 7, 2017. On December 1, 2017, the Executive Board and the Supervisory Board issued a new Declaration of Conformity with the German Corporate Governance Code. An updated version passes resolution on March 20, 2018. Additional details regarding Corporate Governance 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 2017

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 2017, 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 meetings on March 20 and 29, 2018 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 approved the annual financial statements of Eckert & Ziegler Strahlen- und Medizintechnik AG and the consolidated financial statements of the Eckert & Ziegler Group presented to it by circulation procedure on March 28, 2018. The annual financial statements of Eckert & Ziegler Strahlenund Medizintechnik AG are thereby adopted. The Supervisory Board concurs with the Executive Board's recommendation on the appropriation of net profit.

Changes in the Supervisory Board

At the end of May 31, 2017, the day of the Annual General Meeting, Mr. Prof. Dr. Nikolaus Fuchs resigned from his position as a member of the supervisory board. The General Meeting elected Mr. Albert Rupprecht (MdB) as his successor. The supervisory board is grateful for Mr. Prof. Dr. Fuchs' many years of activity and his accomplishments for the Eckert & Ziegler AG.

Acknowledgment

The Supervisory Board would like to thank the management as well as all employees for their commitment and performance in fiscal year 2017.

Berlin, March 2018
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 (until May 31, 2017)
Deputy Chairman of the Supervisory Board
Berlin

Prof. Dr. Helmut Grothe
Deputy Chairman of the Supervisory Board (since July 31, 2017)
Wandlitz

Dr. Gudrun Erzgräber
Birkenwerder

Prof. Dr. Detlev Ganten
Berlin

Hans-Jörg Hinke
Berlin

Albert Rupprecht, MdB (since May 31, 2017)
Waldthurn

ISOTOPE PRODUCTS SEGMENT

Eckert & Ziegler ranks among the globally leading manufacturers of radiation sources for imaging processes, measurement and analysis, quality assurance and environmental monitoring. The portfolio ranges from calibration sources for PET-cameras in hospitals to radiation sources for radiometric level measurement.

35%

Eckert & Ziegler share price performance in 2017

RADIOPHARMA SEGMENT

Eckert & Ziegler is one of the leading manufacturers in the field of nuclear medicine. This includes devices for radiosynthesis and quality assurance as well as radio-pharmaceuticals for the diagnose and therapy of cancerous diseases. Furthermore Eckert & Ziegler is a competent partner for contract services in the pharmaceutical industry.

2.2%

dividend yield

2018

Global market leader champion in the field »electronics & electrotechnology« segment »isotope-based components for medicine, industry and science«*

*listed in the global market leader index of the University St.Gallen/"Wirtschaftswoche"

18

locations worldwide

RADIATION THERAPY SEGMENT

Eckert & Ziegler is one of the globally leading manufacturers of brachytherapy products. Using brachytherapy, a form of radiation therapy, the tumor is irradiated from a very short distance.
The products include small, radioactive implants for the treatment of prostate cancer (Seeds) as well as tumor irradiation devices (Afterloader) and eye applicators.

764

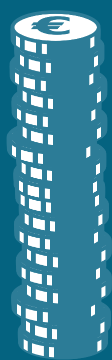
employees

IN SHORT

The Eckert & Ziegler Group ranges among the world's largest manufacturers for isotope-based components for medical, scientific and metrological applications.
The group's focus lies on applications in cancer treatment, nuclear medical diagnosis and industrial radiometry.
The group is a world leader in some of its areas of operation.

€ 5,292,983

share capital



54%

equity ratio

RADIOPHARMA SEGMENT

OVER 50

NON-INVASIVE DIAGNOSTIC AND TREATMENT OPTIONS

WITH OUR NUCLEAR MEDICINE SYNTHESIS MODULES

Dr. Johanna Seemann, Head of Chemical Development, Eckert & Ziegler Eurotope GmbH

»Patients are often injected with radiolabeled peptides for the diagnosis of cancer. Our synthesis modules ensure that these peptides meet the highest quality standards and can be produced safely. And because our devices are so easy to use and take up little space, they are used in many hospitals and research institutes around the world. My team and I work continuously on new developments for diagnosing and treating new diseases so that as many patients as possible can benefit from our intelligent solutions.«

RADIATION THERAPY SEGMENT

IN MORE THAN 20 COUNTRIES

PROSTATE CANCER PATIENTS CHOOSE SEEDS »MADE IN GERMANY«

Dirk Warmuth, Managing Director of Eckert & Ziegler BEBIG GmbH

»Many different kinds of cancer can be treated effectively with brachytherapy. Doctors often recommend minimally-invasive seed treatment, especially for patients with early-stage prostate cancer. In this form of treatment, tiny low-radioactive implants are placed in the diseased organ. Unlike conventional treatment, this method is considerably shorter and less stressful for the patient. Our seeds, made in Berlin, consisting of titanium capsules filled with iodine-125, are used in hospital and outpatient treatment centers throughout Europe. More than a third of doctors choose seeds from Eckert & Ziegler BEBIG because of the high quality and fast delivery times. For us, this is an incentive as well as an obligation.«

ISOTOPE PRODUCTS SEGMENT

MORE THAN 1,000 PRODUCTS

WORLD MARKET LEADER ACROSS MANY INDUSTRIES

Joe Hathcock, Chief Operation Officer, Eckert & Ziegler Isotope Products Inc.

»With the acquisition of Gamma-Service in 2017, we are strengthening our position as one of the world's leading isotope specialists and producer of sealed sources. Gamma-Service's strong market presence in regions in where Eckert & Ziegler has been less active has extended our global reach. The new products gained by the acquisition have increased the breadth and depth of our product offerings. In numerous, important applications, like sources used to calibrate Nuclear Medicine imaging equipment, we are the unquestioned market leader. This position gives us a sense of confidence and momentum as we move forward.«

THE YEAR 2017 IN REVIEW

25 YEARS OF ECKERT & ZIEGLER

With festivities attended by the governing mayor of Berlin and 300 guests from the spheres of politics and business as well as employees, Eckert & Ziegler celebrated its 25-year success story on July 11, 2017.

AWARDS FOR YOUNG NUCLEAR MEDICINE RESEARCHERS

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

MAJOR CONTRACT IN FINLAND

A special system for material testing of radioactively irradiated metals was developed for the leading Scandinavian research institute VTT (Helsinki). In August, this highly automated system was succesfully installed and handed over to the client.

ACQUISITION OF A MANUFACTURER OF X-RAY THERAPY EQUIPMENT

With the acquisition of WOLF-Medizintechnik GmbH (WOMED) in Thuringia, Germany, Eckert & Ziegler expanded its portfolio of products and customers in the Radiation Therapy segment. The WOMED X-ray therapy system ioRT-50 for tumor treatment was only recently certified.

CAPACITY EXPANSION OF THE GALLIAPHARM PRODUCTION LINE

The production capacity for the Germanium-68/Gallium-68-generator GalliaPharm is being expanded to satisfy the increasing demand for pharmaceutical generators.

ACQUISITION OF GAMMA-SERVICE

With the acquisition of substantial parts of its competitor Gamma-Service, Eckert & Ziegler strenghened its position as a world leader in the market of isotope technologies and expanded its portfolio of products and customers in the Isotope Products segment.

SALE OF THE CYCLOTRON DIVISION

The sale of the cyclotron division took place as part of a realignment of the Radiopharma segment towards globally scalable products and services.

NEW MEMBER OF THE SUPERVISORY BOARD

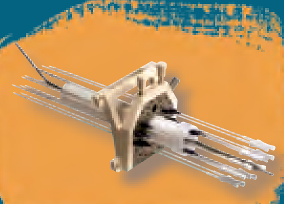
On May 31, 2017, the General Meeting elected Albert Rupprecht as a new member of the supervisory board. Mr. Rupprecht is spokesman for education and research policy of the CDU/CSU-fraction in the German Bundestag.

DIVIDEND

At the Annual General Meeting on May 31, 2017 a dividend of €0.66 was resolved.

CE-CERTIFICATION FOR BRACHYTHERAPY ACCESSORIES

The CT/MR M.A.C. interstitial GYN applicator received the CE-certification for its use in Europe. This applicator allows for the treatment of a wide range of gynecological tumors. The applicator is inserted into the field of treatment for a short period of time and a miniturised radiation source irradiates the tumor locally.



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
67.7 %

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 CONTACT

Karolin Riehle
Robert-Rössle-Straße 10
13125 Berlin, Germany

Phone +49 30 941084-138
Fax +49 30 941084-112
karolin.riehle@ezag.de
www.ezag.com

€ 41.10

HIGHEST PRICE
in the financial year 2017
previous year: 27.28 €

€ 25.02

LOWEST PRICE
in the financial year 2017
previous year: 17.27 €

KEY DATA

		Dec 31, 2016	Dec 31, 2017	in %
Closing price for the financial year *	€	26.75	36.11	35
Price-Earnings Ratio (PER)		11.00	11.50	5
Earnings per share (EPS)	€	1.81	2.78	54
Cashflow per share	€	3.75	5.07	35
Book value per share	€	19.87	21.22	7
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	142	191	34
Average trading volume per day	shares	6,408	9,913	55

** Xetra*

Development of the share

The stock market year of 2017 has been impressive: In the US, the indices rushed from record to record and the DAX also achieved an annual gain of approx. 13 % after a new all-time high. The positive development was fuelled by low inflation rates, an expansionary monetary policy and low interest rates. Political risks were apparently ignored by the markets. The SDAX ended 2017 with a price gain of almost 25 %.

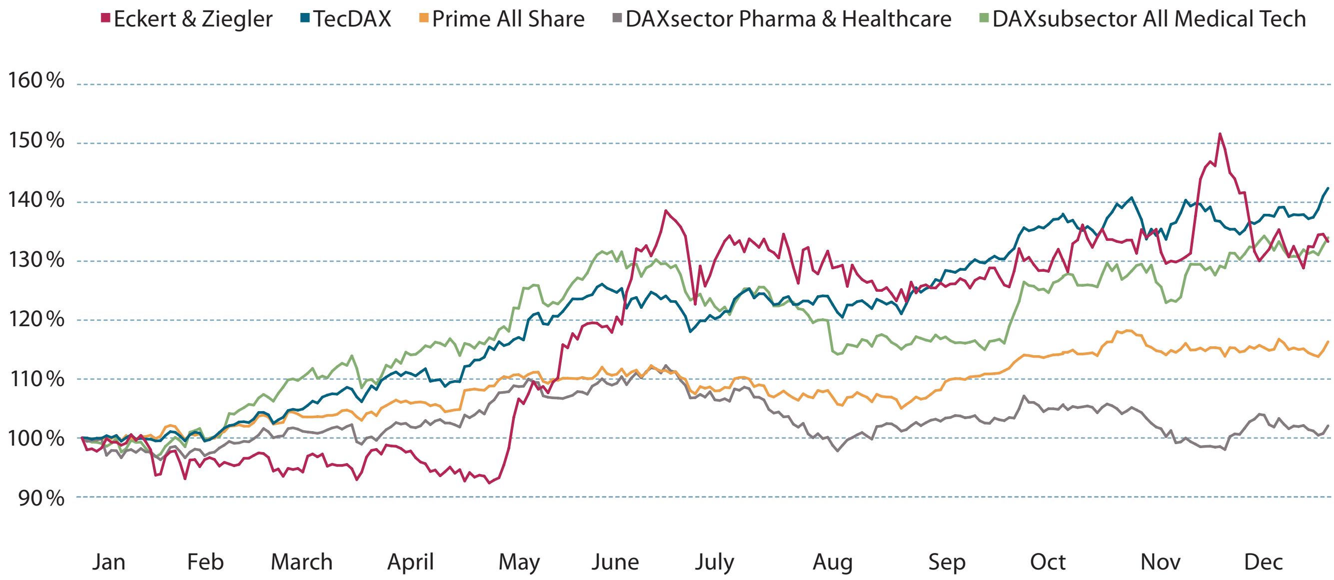
Eckert & Ziegler shares recorded an increase of around 35 % in the reporting period, outperforming the DAX, MDAX and SDAX. After a stable sideways movement, the shares slumped to their low for the year of € 25.02 at the beginning of May.

Starting the year with flat price development, Eckert & Ziegler shares reacted to the announcement of the sale of the cyclotron division at the beginning of May with a significant increase in share price. The announcement of the acquisition of parts of the Gamma-Service Group rewarded the share price with a renewed increase. After a further sideways movement and the publication of the positive Q3 figures, the stock reached its annual high on 27 November at 41.10. At the end of the fiscal year, the share closed at € 36.11, which was a significant increase of around 35 %. Trading volume at the end of the past fiscal year amounted to a daily average of 9,913 shares (prior year: 6,408 shares).

Earnings per share of € 2.78

In the period under review, the Eckert & Ziegler Group generated consolidated earnings per share of € 2.78. Earnings per share is calculated by dividing the consolidated net income by the average number of shares in the fiscal year.

DYNAMIC PERFORMANCE OF THE ECKERT & ZIEGLER SHARE IN 2017 (INDEXED AT 100)



Dividend of € 0.80

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 30, 2018 a dividend of € 0.80 per share for the fiscal year 2017. Based on the annual closing price of € 36.11, this works out at a dividend yield of 2.2 %. In comparison, the average dividend yield of the seven TecDAX stocks that cover the health care sector stands at just 0.6 %.

Analyst recommendations

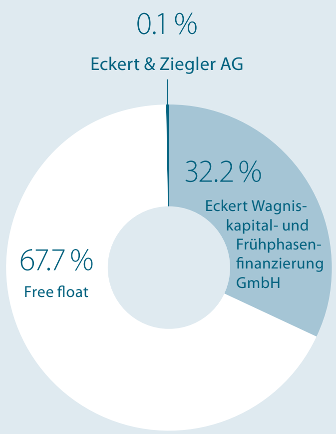
Hauck & Aufhäuser and DZ Bank report on Eckert & Ziegler. In the period under review, these institutions published a total of 10 studies and brief analyses on Eckert & Ziegler.

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 > Investors*. 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.

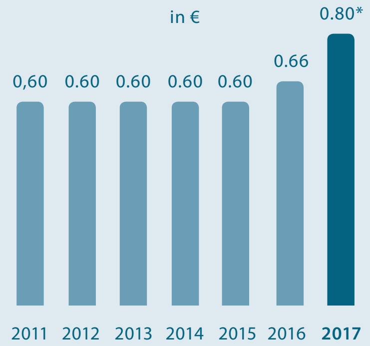
SHAREHOLDERS' STRUCTURE

AS OF DEC 31, 2017



DIVIDENDS PAID BY ECKERT & ZIEGLER AG

in €



* Proposal to the Annual General Meeting on May 30, 2018

ENVIRONMENT AND SAFETY

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

Occupational safety

Protecting our employees from workrelated 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 2016), 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 9 per 1,000 full-time employees (prior year: 3) – was significantly below comparable values for 2016 of approximately 18 work-related accidents per 1,000 fulltime employees in Germany, according to the 2016 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 2016 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

	2011	2012	2013	2014	2015	2016	**2017**
Work-related accidents (in absolute values)							
Reported work-related accidents	5	4	3	**5**	**3**	**2**	**7**
Reported accidents en route to work	6	5	4	**2**	**4**	**3**	**0**
Reportable work-related accidents (per 1,000 employees)							
Reported work-related accidents	9.1	6.7	5.2	**9.8**	**4.3**	**3.0**	**9.1**
Reported accidents en route to work	10.9	8.4	6.9	**2.8**	**5.8**	**4.5**	**0**
Radiation protection							
Radiological incidents *	3	2	0	**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.*

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 9001:2015; DIN EN ISO 13485:2012; CMDCAS; FDA; cGMP; GMP; PAL, u. a.). 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 & Zieglerpower system; and a double-flow ventilation system. Thanks to these measures, the building's calculated specific primary energy consumption of 154 kWh/m² a 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 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 and school. The response to the initiative in the metropolitan area of Berlin, has been extremely positive. Nearly 20,000 children took part in the initiative in 2017. 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 1,600 young people benefited from this educational program in 2017.

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 Germany, Sweden and The Netherlands at the EANM's Annual Congress in Vienna in October 2017. The winners were chosen from approximately 700 entries by a jury of the 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 approximately USD 45.000 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 children aid organization ZOE. Eckert & Ziegler also supported ZOE by matching employees' monetary donations to the organization.

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

OUR PRODUCTS

REFERENCE SOURCES

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

CALIBRATION SOURCE

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

ISOTOPE PRODUCTS SEGMENT

FLOOD SOURCE

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

INDUSTRIAL SOURCES

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

IRRADIATION DEVICE

Biobeam GM for gamma-irradiation of blood and blood components in transfusion medicine

PLANT ENGINEERING

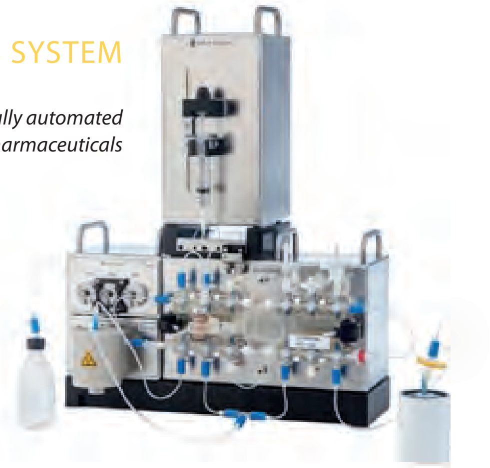
Special plant engineering for processing of radioactive materials in clinics and research centres

RADIOSYNTHESIS SYSTEM

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

RADIOSYNTHESIS SYSTEM

Modular-Lab PharmTracer for fully automated routine production of radiopharmaceuticals



RADIOPHARMA SEGMENT

QUALITY CONTROL DEVICE

With this GMP-conform TLC-Scanner various radioisotopes can be identified to ensure the purity of radiopharmaceuticals

RADIOPHARMACEUTICAL

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

SOFTWARE

Treatment planning software for afterloading therapy

OPHTHALMIC APPLICATORS

Ruthenium applicators for treating eye cancer

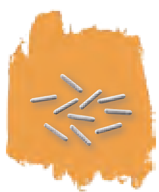
RADIATION THERAPY SEGMENT

X-RAY THERAPY DEVICE

X-ray therapy device ioRT-50 for the treatment of tumor diseases

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.



SEEDS

Low-level radiation iodine seeds for treatment of prostate cancer

Towards success as a team. White water rafting in Saxony

Exchange of ideas between colleagues

Working for our customers: our colleagues in Brazil

Team meeting in the laboratory

Staff members enjoying sports and leisure

Together we are strong.
Team event on the high rope course in Leipzig

Team meeting at Isotope Technologies Dresden

Manufacturing of applicators for tumor irradiation devices in Mt. Vernon, USA

Four athletic participants at the corporate run in Braunschweig

Presentation of the tumor irradiation device SagiNova®

GROUP MANAGEMENT REPORT

1. BASIC PRINCIPLES OF THE GROUP

1.1 Business model of the Group

The Eckert & Ziegler Group (Eckert & Ziegler) is an internationally active producer of isotope technology components for medical, scientific and industrial applications. In addition to Eckert & Ziegler Strahlen- und Medizintechnik AG, a listed German stock corporation with registered office in Berlin, the Group comprises 32 additional companies, including minority interests. The Group is managed by the Executive Board, which is supported in its decision by the advice of the Extended Executive Board. It consists of the Executive Board of Eckert & Ziegler AG and heads of selected business units.

The company's core competencies include the handling and processing of isotope technology 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 technology waste from hospitals and research institutions round off the portfolio.

There are comparatively few providers in the international markets where Eckert & Ziegler operates. Since its competitors serve only specific market niches, Eckert & Ziegler has no direct competitor offering the same range of products. There are considerable barriers to market entry due to strict regulatory requirements.

The operating business is managed through subsidiaries in the three segments of Radiation Therapy, Radiopharma and Isotope Products, which target differing customer groups with their different product groups. The holding company pools intragroup services such as radiation protection, the legal department, accounting, IT and human resources.

The **Isotope Products** segment manufactures isotope technology components for imaging techniques, scientific applications, quality assurance and industrial measurement purposes. The segment's headquarters are located in Los Angeles, California, USA. Other production sites are located in Atlanta, USA; Braunschweig, Dresden and Leipzig, Germany; and Prague, Czech Republic.

The segment also retrieves, processes and conditions low-level radioactive isotope technology waste from hospitals and other facilities.

With the acquisition of the companies of the Gamma-Service Group on May 31, 2017, which were added in their entirety to the Isotope Products segment, the construction of medical devices, so-called blood irradiation devices and a company for recycling isotope technology residues and other services are added, in addition to isotopic plant engineering.

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 (so-called "seeds") and tumor irradiation equipment based on cobalt-60 or iridium-192 (so-called "afterloaders"). The product range is rounded off by eye applicators based on ruthenium-106 and iodine-125 for the treatment of uveal melanoma (eye cancer). Since 2008, the Radiotherapy Segment has been managed under the umbrella of Eckert & Ziegler BEBIG SA, listed on the NYSE Euro next in Brussels, in which Eckert & Ziegler held 80.8 % of the economic results and 84.2 % of the general meeting voting rights as of the balance sheet date of December 31, 2017.

The products of the **Radiopharma** segment, with head office in Berlin, Braunschweig, Germany and Hopkinton, MA, USA, comprise the approved $^{68}Ge/^{68}Ga$ generator, laboratory equipment, including radiosynthesis devices and the associated consumables, as well as devices for the required quality control. The segment also produces long-lived radioisotopes for pharmaceutical applications (especially yttrium-90 as an approved drug). This substance has a number of uses, such as in the production of radioactive embolic agents for the treatment of liver tumors.

On May 5, 2017, the Group split off its cyclotron division, a group of five companies that produced and distributed short-lived radiodiagnostics for oncology and neurological imaging applications using positron emission tomography (cyclotron products). The cyclotron division was allocated to the Radiopharma segment.

The segments' markets are only loosely connected with each other. Each has its own cycles and distinctive characteristics. There are also national differences in the overall 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 administrative holding company and as a strategic development partner for its subsidiaries; it does not conduct its own business operations. The main sources of revenues are therefore service fees, interest and profits distributed by or transferred from the subsidiaries.

1.3 Goals and strategies

Sustainable and profitable growth is the mid-term business development goal. It is intended to achieve this on the one hand through organic growth, based for example on (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 distribution companies. It sets the course for strategic development, makes important decisions with the managing directors, and monitors subsidiaries' achievement of targets.

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 business area prepared by the respective managing directors together with the Executive Board. Detailed targets are formulated with regard to predefined control parameters and key performance indicators for the individual production and distribution companies. These individual business plans take into account estimates regarding the development of the industry.

In the fourth quarter of each financial year, the Executive Board submits to the Supervisory Board a detailed group annual planning for the following financial year. Ongoing monitoring of the budget size is carried out as part of central quarterly reporting.

The segment financial controllers generate reports for the business areas and monitor the development against plan, in particular the key performance indicators revenues and EBIT. The financial controllers report directly to the Group Executive Committee on a quarterly basis with a structured financial report on quantitative and qualitative developments in the reporting period.

The financial management of the Group is carried out largely at the segment level, with to some extent differing arrangements.

At regular meetings, the Executive Board gathers information about the market situation and sets the course in coordination with managing directors 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 depreciation and amortization increased from € 3.2 million to € 3.6 million in 2017. Development expenditures in the Isotope Products segment increased slightly to € 0.4 million. In the Radiation Therapy segment, too, expenditure rose only marginally to 1.3 million euros, thus remaining almost at the previous year's level. In the Radiopharma segment, spending on research and development also increased slightly by € 0.2 million to € 1.8 million. The reasons for this are development services for existing product ranges that are new in 2017.

Sales of products that were added to the group's portfolio over the past five years increased slightly to 30 % (previous year: 26 %). A significant portion of this is due to the acquisition of the Gamma-Service Group companies and the growth in sales of the companies acquired in Brazil in 2015 and 2016. Overall, sales with SagiNova® and the equipment division also represent a significant portion of the increase. Nevertheless, despite the increase in sales of Saginova® in the fourth quarter of 2017, overall sales fell short of the original expectations for the full year.

On the activities in detail:

The profile of the equipment division of the Radiopharma segment as the provider of solutions for the increasingly important field of theranostics, the close interlinking of diagnosis and therapy, was further enhanced in 2017. As its importance increases internationally, the demand for low-cost solutions for routine production is also increasing.

Therefore, in addition to the optimization and further development of existing products, the product portfolio was expanded to include a cost-efficient, cassette-based synthesis system alternative – Modular-Lab PharmTracer Tower – for the production of radiochemical theranostic tracers.

We also met the market demand for the production of a higher number of gallium-68 patient doses. With the development of the multi-generator elution tool in combination with the Modular-Lab eazy, Eckert & Ziegler Eurotope GmbH offers a possibility to use the activity of up to three 50 mCi generators for synthesis in one step.

New kits of chemicals for the manufacture of therapy tracers with lutetium-177 and yttrium-90 have been developed in the field of synthesis supplies. Together with gallium-68, which is used in the production of diagnostic tracers, these nuclides play a central role in implementing the theranostic approach in molecular imaging and nuclear medicine.

The Radiation Therapy segment worked on other indicators for seed therapy in the reporting year. CE approval for Seeds for the treatment of brain tumors was obtained; another indication is the treatment of lung cancer.

In the field of ophthalmic applicators, new business was done in the India distribution region. Business in Europe was further strengthened and the monopoly position in the ruthenium-106 sector was expanded.

BrachySolutions BVBA, acquired last year, was successfully integrated into BEBIG SA.

The Isotope Products segment achieved several important research and development milestones throughout the year. The Environmental Analytics Engineering team developed and installed a robot to automate the production of large area standards. These products are used to test the radiation intensity in filters and other large components used in environmentally sensitive areas. A series of new sources for material analysis and borehole source applications were developed. Interest in these new products indicates that these markets are starting to grow again. In the area of imaging components, a Positron Emission Tomography (PET) camera was installed and validated to analyze and verify the quality of our own production. This is the first "inspection only" PET system used in the industry. The system will achieve significant savings and improve quality. It is expected that there will be a positive amortization already within the first year of operation.

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

In the 2017 financial year, the Group generated sales of € 144.8 million, including discontinued operations. Thus, the result is above the level of the previous year of € 138.0 million.

Adjusting for the exchange rate effect, i.e. valued at the exchange rate level of the previous year, sales are even at € 145.8 million, thus € 1.0 million higher. The decline in turnover due to the sales was almost compensated by the acquisitions. The acquisition of the Gamma-Service Group in May 2017 generated a turnover of € 11.3 million. Due to the sale of the cyclotron division, € 11.9 million less turnover was generated compared to the previous year.

Excluding the discontinued operations, sales amounted to € 138.6 million, compared to € 119.9 million in the previous year.

The sales figure of € 150.0 million expected in the forecast report for the year 2017 was only narrowly missed (including the discontinued operations).

Sales trends in detail

The largest segment, Isotope Products, posted sales growth of € 13.5 million to € 89.7 million. In particular, the acquisition of the companies of the Gamma-Service Group in May 2017 contributed to an increase in sales of € 11.3 million. Sales of raw isotopes and others increased by € 1.5 million. Likewise, sales of isotope technology components for industry and imaging technique increased by € 1.6 million, while sales of components for measurement equipment and quality assurance decreased by € 0.9 million. In the area of waste disposal, price increases resulted in reduced inflow of weak radioactive materials. Sales fell only slightly by € 0.3 million compared to the previous year.

Sales in the Radiation Therapy segment increased by € 1.0 million compared to the previous year. SagiNova® sales continued to lag behind expectations due to the poor economic situation in the target markets of South America and Russia. Thanks to a good fourth quarter, however, the sales from the previous year were exceeded. Overall, € 0.8 million more was generated in the area of tumor irradiation systems than in 2016. Further sales growth of € 0.3 million was added to the business with the other areas: Seeds, Eye Applicators and Others.

In the Radiopharma segment, revenues excluding discontinued operations increased from € 21.8 million to € 26.6 million. All major product groups contributed equally to the increase in sales. The cyclotron division was sold in May 2017 and is accordingly reported as a discontinued operation; it was therefore not included in the analysis of revenue development.

With sales of € 73.1 million, Europe remained the most important sales region in 2017. In relation to group sales, the revenue share was 50.5 %, compared to € 72.3 million or 52.4 % in the previous year. While the Radiopharma segment increased sales outside of Europe, primarily in the US, sales in Europe rose in the Isotope Products segment. Germany remained the most important European customer with € 30.8 million (previous year: € 29.7 million). The largest single national market for Eckert & Ziegler products in 2017 was once again the United States, where goods worth of € 45.0 million were sold, compared to € 43.9 million in the previous year. These sales are mainly invoiced in USD. The overall sales in USD accounted for 32.0 % (previous year: 32.7 %) of total consolidated sales. Compared to the previous year, the exchange rate dependency of the Group fell slightly.

2.1.2 Earnings performance of the group

The reporting year was primarily defined by the sale of the cyclotron division on May 5, 2017 and the purchase of Gamma-Service Group on May 31, 2017. In line with the requirements of IFRS 5, the cyclotron division is recognized as a discontinued operation in the balance sheet, profit and loss statement, and cash flow statement.

Unless indicated otherwise, the values presented in this report relate to continuing business operations. With sales up by 15.7 %, gross profit increased by 7.2 % or by € 4.3 million to € 63.9 million. In contrast to sales, the margin fell by 3.6 % to 46.1 %. The main reason for the lower margin is in particular the takeover of low-margin projects of the Gamma-Service Group, which was acquired in the financial year.

Sales costs increased by € 1.94 million or 10.4 % compared to the previous year. The reason for this is the sales-related remuneration components of the sales staff. In addition, the existing sales team was reinforced in terms of staff.

Total general and administrative expenses decreased by € 0.8 million, or 3.2 % to € 23.9 million.

Other operating income increased by € 0.3 million to € 3.8 million. On the one hand, the devaluation of the holding in ZAO "NanoBrachyTech" (NBt) made in 2010 due to financial difficulties could be retracted again. This contributed to a special income of € 0.7 million. In addition, we posted a special income of € 0.7 million from the derecognition of liabilities no longer to be paid of a company liquidated in 2017. Furthermore, income from receivables that have already been impaired of € 0.2 million was collected. In 2016, there was a special income of € 1.3 million from a debtor warrant.

Other operating expenses amounted to € 4.5 million, i.e., € 0.5 million less than in the previous year. This item includes development costs of € 3.3 million, which totaled € 3.1 million in the previous year. In addition, other operating expenses of € 0.3 million were accrued for provisions for claims for damages and a further € 0.3 million for value adjustments on receivables. In the previous year, the item contained expenses in connection with the disposal of a production facility in the amount of € 1.1 million and impairments of goodwill in the amount of € 0.4 million.

The other financial result amounted to € – 1.2 million, compared with € 0.9 million in the previous year. This result is attributable to the reduced USD exchange rate.

In total, EBIT increased by € 1.8 million, or 11.4 %, to € 18.0 million.

The deferred tax assets from loss carryforwards of the Belgian subsidiary, which were recognized in profit or loss last year, had to be partially reduced in the reporting year. The Belgian tax reform reduces the tax rate from 33 % to 29.6 % in 2018 and 25.0 % from 2020 onwards. A minimum taxation of corporate profits above € 1.0 million p.a. was introduced as well. This reduces the amount of the deductible tax deductions over the next five years, reducing the deferred tax assets to be recognized. However, the loss carryforwards are not lost and can continue to be recognized in the following years. Tax expenses amounted to € 1.8 million. By contrast, the tax reform in the USA reduced deferred tax liabilities. Tax income in the reporting year amounted to € 0.9 million. In Germany, due to the improved earnings situation, € 1.1 million of deferred tax assets were recognized on tax loss carryforwards and recorded accordingly as tax income. Overall, this results in tax income from deferred taxes of € 0.3 million.

Overall, the group's tax rate fell slightly from 32.2 % to 30.7 %. Consolidated profit after taxes and minority interests from continuing and discontinued operations increased by 53.9 % from € 9.6 million to € 14.7 million. The number of shares remained stable at 5.3 million. Earnings per share increased by € 0.97 per share to € 2.78 per share. The continued business areas accounted for € 2.19 per share. The expectations from the forecast report for the year 2017 were thus exceeded by far. In an ad hoc announcement dated July 25, 2017, the expectation of earnings of € 2.80 per share and the expectation without the discontinued operations was raised to € 2.20 per share. These expectations were almost achieved.

The result from discontinued operations amounts to € 3.1 million in the reporting year (previous year: € – 0.9 million) or € 0.59/share.

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 technology waste, as well as projects relating to conditioning
6. Recycling isotope-related materials
7. Plant engineering of isotope-related plants
8. Blood irradiation devices

Eckert & Ziegler has maintained a solid market position in its three most important product groups, with a significant share of global market volume, which in our estimation we were able to maintain and expand in the reporting period. This was confirmed by the acquisition of the Gamma-Service Group companies. Some niche markets in this area are recording growth. However, due to the low price of oil, the overall market declined slightly.

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

The segment's revenues increased by € 13.5 million to € 89.7 million, mainly due to the aforementioned acquisition of the Gamma-Service Group companies. The cost of sales increased disproportionately by € 11.3 million. The reason for this is the changed product mix because of the purchased companies. In 2017, acquired ongoing low-margin projects were completed, increasing cost of sales in relation to sales. Distribution costs increased by € 1.2 million and administrative expenses by € 1.5 million. Other income and expenses increased by € 0.8 million. This includes development costs of € 0.4 million, which changed only slightly compared with the previous year's level of € 0.3 million. The financial result from currency effects was lower by € 0.9 million. Thus, the overall net income generated by the segment equaled that of the previous year.

Radiation Therapy segment

The segment's main product groups are:

1. Implants for treatment of 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. Based on these results more patients are undergoing curative treatment methods. The treatment methods with radioactive implants also benefit from this. 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, tumor irradiation equipment based on isotope technology and associated services. The main sales markets are in the emerging economies. Their lower overhead costs give Eckert & Ziegler's instruments a competitive edge over competing products. Cobalt emitters are used in most of Eckert & Ziegler's devices. Cobalt has a significantly longer half-life than the iridium used in competing devices. As a result, the radiation source of Eckert & Ziegler equipment does not need to be changed as often, which generates cost and logistics advantages, which are particularly beneficial in developing and emerging countries. Sales started in USA in 2015 and since 2016 have been carried out by distributors.

In 2017, sales increased by € 1.0 million or by 4.0 % to € 25.9 million, due *inter alia* to stronger business in the afterloader sector. There was also a slight increase in the business with seeds. Due to increased production costs, gross profit fell by € 0.5 million or by 3.7 % to € 13.5 million.

The restructuring of the segment, which began in the previous year, was completed in 2016. The earnings situation was therefore significantly improved. Selling expenses increased slightly by € 0.2 million to € 7.4 million as a result of expansion of staff, while administrative expenses fell by € 2.2 million.

Other income and expenses totaled € 0.1 million. € 1.2 million of this is attributable to development costs. In addition, further earnings of € 0.7 million are attributable to closing a company in the USA. Further profit of € 0.7 million can be attributed to the write-down of a previously impaired investment in the Russian ZAO "NanoBrachyTech" (NBt), as the reason for the devaluation, which was carried out in 2010, ceased to exist.

Further income of € 0.4 million was generated from the receipt of already impaired receivables and a correction of an earn-out liability.

By contrast, the value adjustment of non-recoverable receivables resulted in other expenses of € 0.2 million. Provisions were also made for claims for damages, resulting in other expenses of € 0.3 million.

The financial result fell by € 0.7 million to € 0.4 million, as income from transactions in foreign currencies generated in the previous year did not recur in the financial year. Overall, the result from interest amounted to € – 0.2 million. As expected, interest expenses fell by € 0.1 million due to diminished loans. By contrast, less interest income of € 0.3 million was generated compared to the previous year. Deferred taxes of € 1.8 million were derecognized in the reporting year due to the tax reform in Belgium. Deferred tax assets made on loss carryforwards were reduced accordingly. By contrast, deferred taxes on loss carryforwards of € 1.1 million were made due to the improved earnings situation in Germany. In total, the segment posted a profit after minority interests of € 0.9 million, which corresponds to an improvement of € 1.0 million compared to the previous year.

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.	Differences resulting from customer base, Goodwill and tax adjustments
Sales to external customers	**25,894**	**25,894**	**0**
Other costs & income	– 24,167	– 23,825	– 342
EBT	**1,727**	**2,069**	**– 342**
Income taxes	– 637	– 740	103
Group result	**1,089**	**1,329**	**– 240**
Minorities	– 227	0	– 227
Net income	**862**	**1,329**	**– 467**

Radiopharma segment

The segment's main product groups are:

1. Longer-lived radioisotopes for pharmaceutical applications
2. $^{68}Ge/^{68}Ga$ generators
3. Radiosynthesis devices and consumables
4. Quality control equipment
5. Short-lived radiodiagnostics (until May 5, 2017)

Taking only the continuing operations into account, segment sales increased by a total of € 4.9 million or 22.5 % to € 26.6 million. All major product groups contributed to this increase in sales.

Gross profit increased proportionately to € 13.3 million, i.e. by € 2.2 million or 20.1 %. As a result of the increase in sales, distribution costs that were to some extent performance-related also increased by € 0.6 million or 25.4 % to € 2.8 million. Administrative expenses fell slightly by € 0.2 million.

Other income and expenses increased by € 0.9 million. This includes R&D costs of € 1.7 million. These increased slightly by € 0.2 million compared with the previous year due to starting production expansion projects. In the previous year, other income of € 0.8 million was generated from services rendered for a development project. In contrast, only € 0.2 million was generated this year. The financial result also fell by € 0.4 million to € 0.3 million due to the currency effect. Overall, this results in an increase of € 0.6 million in EBIT. Interest fell by a total of € 0.4 million due to the repayment of the loans. The segment result increased by a total of € 0.7 million, or by 18.4 % to € 4.5 million. Adding the result from discontinued operations of € 3.1 million, which can be added exclusively to the Radiopharma segment, the segment achieves a record result of € 7.6 million.

Holding company

The holding company Eckert & Ziegler Strahlen- und Medizintechnik AG finances itself through services provided, such as accounting, personnel administration, IT and radiation protection; each of these is charged to the subsidiaries plus a profit surcharge. In addition, the holding company lends and generates interest income and receives income from profit transfers and distributions from the subsidiaries.

The holding company generates an extremely small volume of sales outside of the group, primarily with services provided to third parties. Revenues increased slightly by € 0.7 million to € 5.4 million. Administrative expenses increased by a total of € 0.6 million, partly due to new employees and higher miscellaneous administrative expenses.

As a result of the full repayment of loans by the subsidiaries to the holding company in the 2017 financial year, interest income fell by € 0.3 million. Overall, earnings declined in the reporting year compared to the previous year by € 0.1 million to € – 0.5 million.

2.1.4 Financial position of the Group

The cash flow statement opens with the net income from continuing and discontinued operations, which increased by € 5.4 million to € 15.2 million. Of this amount, € 4.7 million is attributable to the sale of the cyclotron division. The book profit is deducted here and leads to a corresponding difference to the previous year. Depreciation and amortization remained almost constant at € 8.6 million compared to the previous year, in which they amounted to € 8.7 million. Other non-cash transactions decreased by € 0.6 million compared to the previous year. While the tax expense included in the profit for the period increased by € 1.0 million, cash flows from income tax payments amounted to € 0.9 million more than in the previous year.

Short-term liabilities and provisions increased by € 2.5 million, whereas in the previous year these were reduced by € 4.7 million. Receivables were up by € 2.4 million, but remained unchanged in 2016. While other non-current assets increased by € 2.4 million in the previous year, they remained virtually constant in the financial year and dropped by only € 0.2 million. Non-current provisions and other non-current liabilities increased by € 1.9 million in the reporting year, while in the previous year these increased by only € 0.2 million. The cash inflow from operating activities thus increased by € 7.0 million to € 26.8 million.

The cash inflow from the sale of the cyclotron division of € 12.3 million is recognized in the cash flow from investments. This is up € 10.6 million on the previous year after deducting the net purchase price for the Gamma-Service Group of € 5.5 million, advance payments made for the shares in Womed GmbH of € 0.5 million acquired as of January 1, 2018, and the milestone payment received in 2017 from the sale of OPS of € 2.1 million and net cash outflow for investments in fixed assets of € 3.3 million.

The cash outflow from financing activities increased by € 0.4 million compared to the previous year. This increase is mainly due to the change in net cash outflow from bank loans of € 5.3 million this year compared to € 3.9 million in the previous year. By contrast, payments for the acquisition of shares from non-controlling interests fell by € 1.1 million year-on-year to € 0.6 million. The € 0.3 million dividend increase of € 0.66/share resulted in a cash outflow of € 3.5 million compared to € 3.2 million in the previous year.

A positive exchange rate effect from the rise in the US dollar exchange rate led to a revaluation of cash of € 0.3 million last year. This year, the weakness of the US dollar led to a devaluation of cash and cash equivalents of € 0.8 million. Overall, liquidity rose by € 21.1 million to € 57.7 million in 2017.

2.1.5 Asset position of the Group

The balance sheet total increased in 2017 by € 17.5 million to € 217.0 million.

Non-current assets decreased by € 4.3 million. The decline of € 2.4 million is attributable to other intangible assets. As a result of company sales, € 0.9 million of intangible assets were divested. Influenced by exchange rate changes, intangible assets fell by € 0.4 million. Other disposals amounted to 0.4 million. Another € 3.2 million were regularly written off. By contrast, € 0.7 million was added and € 1.7 million from the acquisition in the financial year.

Tangible assets decreased by € 4.0 million. € 7.4 million were invested in new facilities and € 5.5 million were regularly written off. A further € 7.1 million was raised through company acquisitions, with € 11.7 million being divested by company sales. Another € 0.3 million were disposals for other reasons.

Total goodwill increased by € 0.9 million. This amount is mainly attributable to additions of € 3.7 million due to acquisitions and € 0.5 million to disposals due to company sales. Goodwill continues to be reduced by € 2.4 million due to exchange rate adjustments. An impairment requirement arising from the impairment testing of goodwill as part of the annual impairment test of the cash-generating units did not result in any need for adjustment this year. Last year, this amounted to € 0.4 million.

Shares in at-equity valued holdings increased by € 0.3 million, partly due to the value recovery of an investment in a Russian company of € 0.7 million. By contrast, the valuation of the US joint venture fell by € 0.4 million due to the change in the exchange rate.

Other non-current assets increased by € 1.0 million, while deferred tax assets decreased by € 0.2 million.

Overall, current assets increased by € 21.9 million, mainly due to higher cash and cash equivalents, which increased by € 21.1 million from € 12.3 million due to the proceeds from the sale of the cyclotron division. Further information on the development of cash and cash equivalents can be found in the cash flow statement. Trade receivables increased by 1.1 million due to higher sales.

Inventories increased by € 1.7 million, which is attributable to the acquisitions in the financial year, while other current assets fell by € 2.2 million.

On the liabilities side, retained earnings increased by a total of € 11.2 million, while other reserves decreased by € 4.1 million. The development of equity can be determined from the consolidated statement of changes in equity in the Group financial information. The equity ratio has improved from 55.2 % to 54.3 %.

The liabilities have increased by a total of € 10.1 million. The relevant portion is attributable to non-current liabilities.

Non-current liabilities increased from € 55.8 million to € 65.5 million. The individual items have developed differently.

Long-term loan liabilities decreased by € 4.1 million compared to the previous year. Of this amount, € 2.7 million was transferred to the buyers with the sale of the cyclotron division as agreed. Another € 1.4 million was redeemed as agreed.

Non-current provisions increased by € 14.0 million, from € 31.5 million to € 45.5 million. Provisions for the dismantling of contaminated buildings and machinery increased by € 4.6 million and the provisions for disposal costs for radioactive waste by € 10.3 million. The increase is largely attributable to the Gamma-Service Group acquired in the financial year, which accounts for € 9.1 million. Another € 2.4 million are attributable to price increases for demolition and disposal costs. Other provisions fell by € 0.9 million.

Current liabilities increased by € 0.3 million, with individual items changing differently. Short-term loan liabilities fell by € 5.8 million to € 1.6 million. The reason for this, as is the case for the long-term loans, was the sale of the cyclotron business, reducing it by € 2.5 million. A further € 3.3 million was redeemed on schedule. Trade payables fell by € 1.9 million due to the sale of the cyclotron division, which constitutes € 1.5 million. The acquisition of the Gamma-Service Group added € 0.8 million. Liabilities from payments increased by € 4.4 million to € 5.9 million. Most of this, € 3.7 million, relates to the acquired Gamma Service Group. Another € 0.7 million relate to several other businesses. Income tax liabilities increased by € 1.8 million due to the positive business. Other current liabilities also increased by € 2.4 million. The largest item of € 2.0 million relates to the liabilities for wages and salaries.

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 of the AG

During the fiscal year 2017, profit 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 the fiscal year 2017, Eckert & Ziegler AG received profit of €4,715 thousand (previous year: €7,511 thousand) as part of the profit and loss transfer agreement with its German subsidiary, Eckert & Ziegler Isotope Products Holdings GmbH.

Earnings performance of the AG

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

a) Revenues increased by € 737 thousand to € 5,555 thousand. This primarily relates to income from services and rents for affiliated companies. The increase was due to the greater scope of services.
b) Other operating income increased by € 1,378 thousand to € 1,835 thousand. The reason for the increase is the sale of holdings in the cyclotron division of the group by Eckert & Ziegler Radiopharma GmbH in May 2017. In this connection, Eckert & Ziegler AG's previously impaired loan receivables from the cyclotron division were repaid to Eckert & Ziegler AG in the amount of the original nominal value of the loans and resulted in income.
c) Personnel expenses increased by € 158 thousand to € 2,850 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 € 48 thousand to € 423 thousand as planned.
e) Income from investments increased by € 4,036 thousand to € 4,146 thousand due to a profit distribution by the subsidiary Eckert & Ziegler Radiopharma GmbH.
f) Other operating expenses increased by € 592 thousand to € 3,209 thousand compared to the previous year, as the services provided to the Group companies were expanded.
g) Earnings from profit and loss transfers declined by € 2,796 thousand to € 4,715 thousand compared to the previous year due to IPH's lower profit transfer to the company.
h) Depreciation on financial assets was made during the reporting year. In the previous year, this amounted to € 3,294 thousand
i) Interest expenses declined by € 81 thousand to € 239 thousand due to the scheduled repayment of loans.
j) Taxes increased by € 511 thousand to € 695 thousand, in line with the earnings situation.

Net profit of € 8,923 thousand was reported for fiscal year 2017. This figure corresponds to the balance sheet profit for 2017.

Net assets and financial position of the AG

Compared with the previous year, the balance sheet total of Eckert & Ziegler AG rose by € 5,041 thousand to € 91,484 thousand.

On the assets side, the main changes were as follows:

Shares in affiliated companies increased by € 7,500 thousand as a result of the increase in the investment in Isotope Products Holding GmbH due to contributions to the company's capital reserve.

Loans to affiliated companies were partially repaid to the Company unscheduled. In the previous year, these amounted to € 1,350 thousand.

The receivables from affiliated companies fell by € 4,822 thousand, in particular as receivables from profit transfers were received.

Other assets declined by € 601 thousand mainly due to the receipt of the remaining claims from the OPS sale.

Bank balances increased by € 4,166 thousand to € 10,914 thousand due to the settlement of various receivables described above.

Shareholders' equity amounts to € 88,831 thousand and is up € 5,432 thousand year on year. The increase stems from the difference between net profit for 2017 of € 8,923 thousand and the dividend payout of € 3,490 thousand. Retained earnings increased by € 95 thousand.

Provisions fell by € 370 thousand to € 2,017 thousand. The decrease is due in particular to the lower provision for impending losses from the SWAP valuation. Total liabilities increased by € 104 thousand to € 601 thousand.

The company was granted credit lines of € 3,000 thousand and which were available as of the balance sheet date in the amount of € 2,944 thousand. Cash at banks amounted to € 10,914 thousand. Thus, the company has sufficient liquidity reserves for the current financial management.

The Executive Board continues to rate the company's economic situation as very good overall. The equity ratio improved from 96.5 % to 97.1 %.

2.3 Employees

As of December 31, 2017, Eckert & Ziegler had a total of 764 employees (2016: 668) throughout the group. Compared to the same period in the previous year, the number of employees thus increased by 96 or 14.4 %. The increase was largely due to adding 140 employees as a result of the acquisitions made in the Isotope Products segment as well as the inverse reduction by 58 employees due to the sale of the cyclotron division of the Radiopharma segment.

Based on the definition set forth in the German Commercial Code (HGB), which reflects the average number of employees over the course of a year and excludes members of the Executive Board and managing directors, as well as trainees and interns, but includes part-time employees and employees with minimal working hours, the number of employees rose from 638 to 740.

As in the previous year, Eckert & Ziegler Strahlen- und Medizintechnik AG employed an average of 48 employees, four more employees than last year. The turnover rate, i.e. the number of employees who left the Group in the reporting year according to this definition, was 13 %, lower than the prior-year figure of 14 % and in line with the average staff turnover rate in Germany of approximately 14 %. The reason for the decrease in the turnover rate continues to be the completed reorganization measures in the Radiation Therapy segment. The proportion of women in the total Group workforce declined by a minimal amount from 38 % to 34 % in the period under review. The average age of the Group's workforce in the period under review was 45 (previous year: 45) with emphasis on the 50 to 60-year-old age group. Slightly fewer than half of all employees have a qualification from a university of applied sciences/bachelor's degree or a higher level of education.

Target figures for the Executive Board and Supervisory Board

On July 31, 2017, the Supervisory Board decided to set the target figure of 0 % for Eckert & Ziegler AG for the representation of women on the Executive Board. This decision was made because the Supervisory Board does not seek to change the composition of the Eckert & Ziegler Executive Board in a way that is not based purely on personal and professional qualifications for the office. Accordingly, no numerical target value was set (corresponding 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 these targets was set at June 30, 2022. The company's Supervisory Board currently has one female member.

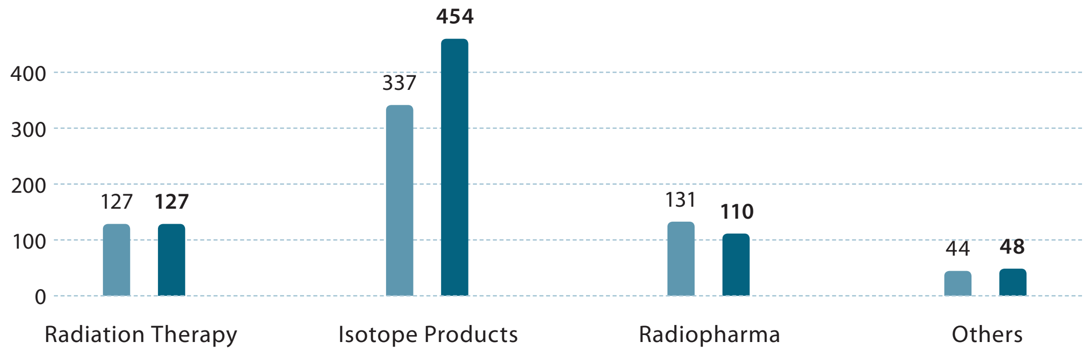
Target figures at upper management levels

Since the Executive Board also does not seek to change the composition of upper management levels below the Executive Board in a way that is not based purely on personal and professional qualification for the office, the Executive Board further decided on August 23, 2017 not to set a numerical target figure (equates to 0 % ratio) for the representation of women at these management levels. The first management level below the Executive Board was determined to be the group of department heads and, as the second management level below the Executive Board, the group of sub-department heads.

The percentage of female representation at the first and second levels of management below the Executive Board is currently 0 % and 37.5 % respectively.

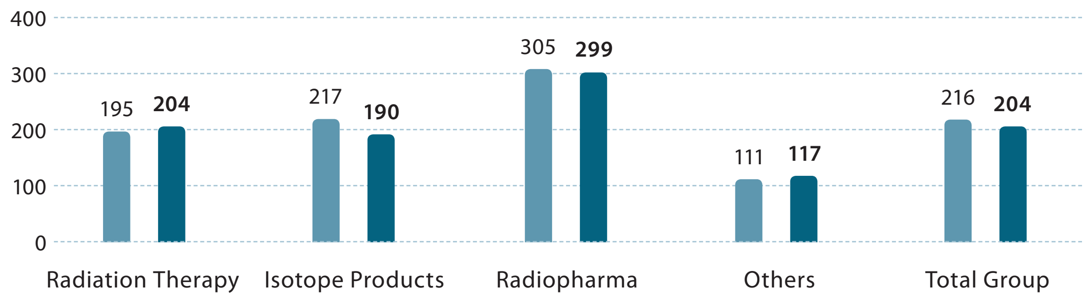
AVERAGE NUMBER OF EMPLOYEES BY SEGMENT

2016 **2017**



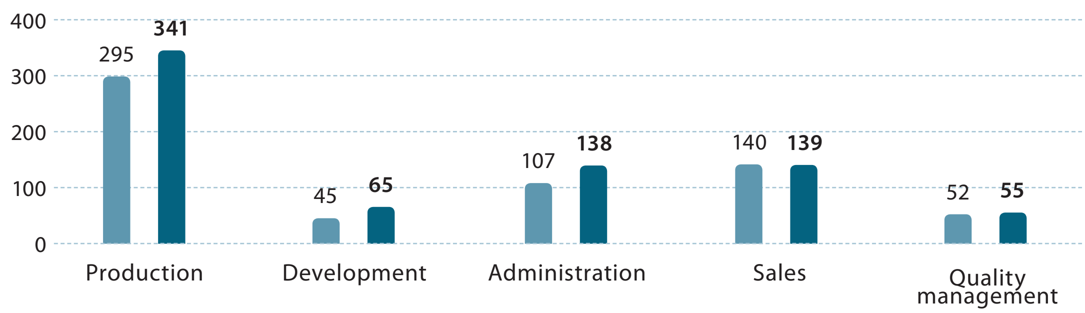
SALES PER EMPLOYEE IN € THOUSAND

2016 **2017**



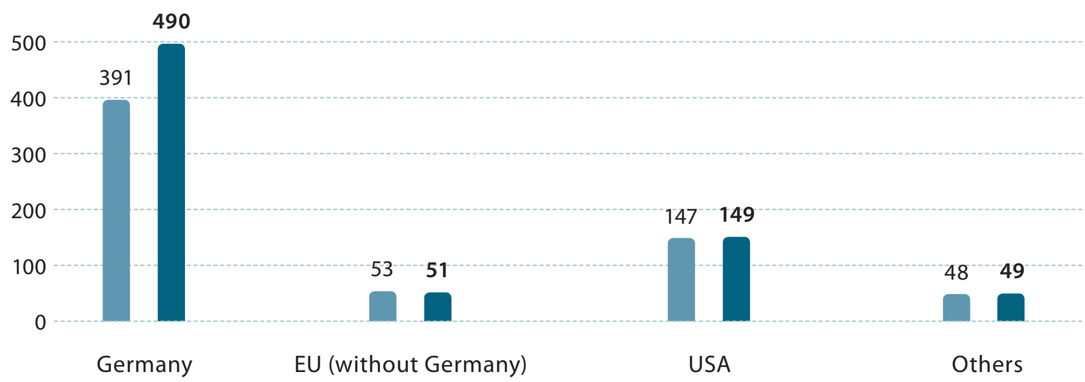
NUMBER OF EMPLOYEES BY DEPARTMENT

2016 **2017**



NUMBER OF EMPLOYEES BY REGION

2016 **2017**



Personnel expenses totaled € 48.3 million in the period under review (previous year: € 45.2 million). This results in average personnel expenses of roughly € 65 thousand per employee in 2017 compared to approximately € 76 thousand in the previous year. The lower total personnel expenses per head is mainly due to the changes in the salary structures as a result of the acquisitions and sales made.

2.4 Overall statement concerning the economic position

The overall situation of the group is good. For the 14th time in a row, the Group is profitable in all income categories, self-financing and in a position to pay a dividend. In the reporting year, it also managed to boost its earnings above a new record. This is not merely the result of special factors. Although most of the increase in profits is due to the streamlining of the product portfolio and thus to discontinued operations, the profitability of continuing operations also increased significantly. Its profits grew from the adjusted value of € 1.93 per share in the previous year by 26 cents or, after all, 13 % to € 2.19. The Group has thus reached its milestones of consistently earning above € 2 per share on a five-year average in the core areas.

Looking ahead, the situation looks favorable despite all the insecurity and challenges. The Therapy segment achieved turnaround in 2017, and was able to post a profit again for the first time. Although capital and return on sales do not yet meet expectations, the course is set for a better future. Several acquisitions in 2017 and strategic moves into new areas of activity have increased the likelihood that the new management will succeed in breaking out of the “fixed cost trap”. The worst seems to be over for the tumor irradiation devices; earnings are stable for implants and eye applicators. Management no longer has to worry about firefighting and can concentrate on growth potential.

Increasing net income in the remainder of the core business was also reported in 2017 by the Pharma segment, which benefited from double-digit increases in sales of generators and pharmaceutical radioisotope, while device sales stagnated. The increase in sales in the three continuing divisions by 23 % or € 5 million to € 26.6 million led to a disproportionate increase in income. Excluding the discontinued operations, the segment’s net income increased by 81 % from € 2.2 million to € 4.0 million, and EBIT from € 4.4 million to € 6.1 million. These figures result in an EBIT margin of around 22 %. Looking forward, the situation is favorable and the demand for radiopharmaceuticals is high. An extensive investment program is intended to eliminate bottlenecks in pharmaceutical radioisotopes in the coming years and strengthen the segment’s position.

The successes in the segments’ market positions are secured by a radical improvement in balance sheet ratios. The equity ratio, the return on equity, the repayment period and similar parameters have always been well above the average for German listed companies. Now there is an increased room for maneuver. 2017 has brought a renewed impetus. The Group is now almost debt-free and has been able to drive net liquidity to a record level of almost € 60 million. Thus, it is able to actively seize all the opportunities arising in its niche. As in the past, it will continue to do so without taking high risks.

3. REPORT ON 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 – i.e., the early recognition, evaluation, management, and documentation of risks; the definition and implementation of suitable countermeasures; 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 risk management in their area. In addition to the annual procedure for the structured recording of risks, operational management is required to monitor its area for a changing risk situation on an ongoing basis. 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 technical and managerial staff are consulted as part of the aforementioned annual process of a structured risk inventory. They are asked to name new and existing opportunities and 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 if applicable, and regular evaluations are organized for these risks to the extent possible. These include monitoring the market and competitors, evaluating scientific literature, analyzing customer complaints, and statistics on costs and sales, among other things. 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 risks of the internal control system, personnel risks, general risks arising from the production and from handling radioactivity, general commercial and strategic risks, and development risks. The persons responsible for risks have been defined. In a risk matrix, the identified risks are presented in terms of their likelihood of occurrence and their potential financial impact on EBIT in the categories low/medium/high/very high. Risks which endanger the company as a going concern are – where 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

In the scope of the annual revision of the risk report, the relevant euro amounts in the four risk classes were increased in the fiscal year. 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 group's sales volume and financial position. Now, an 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". Accordingly, the intensities were adjusted for various risks that already existed to a comparable extent in the previous year.

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 swiftly and promptly modify and implement the group's own strategies.

The Supervisory Board – which is informed about and approves all key decisions, and which is regularly kept up to date on business 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 of the Eckert & Ziegler group 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 differing 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, and reporting for monitoring and informative purposes. Rules of procedure regulate the scope of action for the Supervisory Board, the Executive Board and the managing directors of all group companies and the inclusion of different 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 all those responsible in various degrees of detail 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 ensure 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 are constantly adjusted to meet current developments.
- The consolidated financial statements are prepared according to a schedule which is determined by the department responsible for the consolidated financial statements. The schedule defines all important activities and deadlines.
- The group's accounting departments are centralized; in some cases they are transnationally organized. The involvement of external services providers in the closing process is generally limited to tax calculations for subsidiaries abroad. In minor exceptional cases, financial statements are prepared externally.

- New circumstance 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; if necessary, they are reported to the department responsible for the consolidated financial statements.
- Initial internal reconciliations and consolidations are carried out at segment level in the central controlling department. These include, among others, a reconciliation of receivables and liabilities among the group companies.
- Monitoring in the scope of consolidation arises from the consolidation process. Reconciliation discrepancies in 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 items relevant for the financial statements that include taxes.
- Flat hierarchies, direct reporting channels and monthly interim financial statements enable the recognition of risks and early detection of errors.

Various items of the balance sheet are subject to discretion and thus are given special consideration in preparing 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 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 considerable uncertainties. As a result, there is in principle a risk in terms of the valuation of the intangible assets. Impairment tests are conducted annually if mandatory and when signs of impairment arise. Key assumptions are objectivized by recognized rating agencies and peer groups or by consulting external experts in order to ensure the reliability of the estimates and evaluations.

The amount of deferred taxes on loss carryforwards 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 carryforwards. This would result in non-cash impairment losses.

Because the Eckert & Ziegler Group is active in manufacturing, 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 evaluation 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 ensure 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: **Medium**/Intensity: **Medium**
The group considers itself currently in possession of sufficient funds to secure its status as a going concern and its further development. It also sees itself is in a position to meet all payment obligations, even if a slight increase in the gearing ratio should become necessary in the upcoming 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 2017. The various loan offers contain favorable terms and conditions, indicating 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.

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.

With regard to interest rate risks from the valuation of non-current liabilities and assets, the group estimates the probability of occurrence as medium and the impact very high. However, these are only valuation risks; they have no influence on the cash situation.

In addition to economic and technical development risks, Eckert & Ziegler is exposed to the vicissitudes of the market. 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 reduce costs or exit from a threatened business, the group would remain exposed to problems here. 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 take appropriate countermeasures.

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

The group bears in particular a receivables default risk arising from its trade receivables, in particular for the numerous foreign transactions. Although the likelihood of occurrence is very high, the intensity of the impact is low due to guarantees via sureties.

Risk exposure is primarily influenced by the size of the clients and the country-specific rules and opportunities to handle reimbursements of medical services by public providers.

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. Thus, high receivables are secured with documentary transactions.

The risk is monitored by means of regular past due 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 itself granted to a subsidiary is subordinated. This loan is not expected to be utilized, as the subsidiaries are expected to be able to meet their obligations.

An interest rate change in the WACC may lead to a change in the valuation of the shares in subsidiaries or goodwill at group level. Changes in interest rates cannot be influenced by management. A liquidity risk is not associated with a possibly lower valuation of the financial assets mentioned.

3.4 Political risks

Probability of occurrence: **Medium**/Intensity: **Low**
The entry into the Brazilian market generates a risk from changes in the exchange rate of the Brazilian real. Political instability can lead to a further decline in the BRL rate, especially in Brazil. 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 ongoing market analysis and corresponding adjustments of prices.

The Eckert & Ziegler Group includes two companies in Great Britain, each of which has a significant economic position in this region. These economically relatively independent companies as well as the Group as a whole do not expect any significant effects from the forthcoming BREXIT.

3.5 Legal risks

Probability of occurrence: **Low**/Intensity: **Medium**
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 litigation is not foreseeable, so that court or official decisions or agreement on settlements may result in expenses that are not or not fully covered by insurance or provisions, but have no material impact on the earnings and financial position.

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: **Medium**/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 and 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: **Medium**/Intensity: **Medium**
The risk of delivery bottlenecks and production downtime arises if 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. It can, however, be counteracted through warehousing and by establishing alternative sources of supply.

3.9 General risks from the production and handling of radioactivity

Probability of occurrence: **Medium**/Intensity: **High**
Both radioactivity itself and its use in medical or medicinal products involve product liability risks. Eckert & Ziegler addresses these risks by adhering to strict quality criteria. The majority of sites are ISO-certified, and the functioning of the quality management systems is regularly checked by 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 to ship products worldwide that are often transported as hazardous goods. It cannot be guaranteed that these offers are maintained in the existing form. Special official authorization is necessary for the manufacturing and shipment of many products. Eckert & Ziegler is able to exert only 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. A 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.

There is also the risk that already classified radioactive waste may have to be disposed of differently than initially assumed due to new official regulations. This may result in the actual costs exceeding the values stated in the provision.

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 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 segments are technologically close, they differ considerably in the product life cycle as well as in the 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 customers.

3.11 Risks from cost increases due to price increases

Probability of occurrence: **High**/Intensity: **High**
There is a general risk that suppliers will increase their list prices by 3 – 5 % annually. Price negotiations and strategic purchasing decisions (such as framework agreements, quantity discounts, etc.) can counteract these developments or improve predictability and provide cost certainty for a certain period of time.

A much higher risk through cost increases exists in the so-called contaminated sites of radioactive waste. Due to political decisions and changes in legal requirements as well as state capacities, there can be increasing costs of disposal, for example through a reclassification of waste, bottlenecks in acceptance and thus delays or higher acceptance costs as a result of changed disposal conditions, which are passed on to the transferring companies; thus it might be the case that the provisions formed and calculated on the basis of the knowledge and assumptions available today are insufficient to cover the actual disposal costs.

For this reason, the management places the highest priority on the processing and timely disposal of these contaminated sites.

3.12 Main customer risk

Probability of occurrence: **High**/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 previous 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.

3.13 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.

3.14 Risks due to insufficient innovations in the Radiation Therapy segment

Probability of occurrence: **High**/Intensity: **High**
In the Radiation Therapy segment there is the risk that new innovations are lacking or inadequate and that no or insufficiently innovative products are being developed. This could lead to economic targets not being achieved.

As safeguards, the expansion of human resources for targeted innovation management is planned. The management takes countermeasures through innovation partnerships, the purchase of licenses and flexible planning strategies.

3.15 Opportunity report

The isotope industry is not among the industries that produce unicorns overnight. Even in the most dynamic segment, radiopharmacy, it usually takes at least 15 years from discovery to an approved drug. Eckert & Ziegler AG has a strong position in this mature industry, which is characterized by many slowly growing niches. It has been able to expand these niches in recent years and is now stronger than ever. The sale of the cyclotron division has further expanded its scope for action. The Group is now almost debt-free and has been able to drive net liquidity to a record level of nearly €60 million. This enables it to actively seize all opportunities in its markets.

Competitors in the market have, in the past, only rarely been a problem. In none of the segments does the Group have any indications that it has lost much of its market share to more aggressive competitors in recent years. Declines in business volume have always hit competitors to the same or greater extent. For decades, the greatest challenge has been in identifying and moving into new business areas with which the Group can occasionally replace divisions that collapse over time and find further growth. To this end, the Group spends considerable sums which are not always accounted for as development costs. The purchase of companies and participations also serves the purpose of opening up new business areas for the Group.

At the moment, the Group place great hopes on the Gamma Service Group, which we hope will be more profitable, on Brazil, where significant progress has been made towards profitability, and on a number of acquisitions in the therapy segment. On the other hand, the company expects organic growth in the classic sense above all in the radiopharmaceuticals segment, which is investing heavily in the expansion of production capacities.

As the scale of the provisions shows, considerable opportunities are also associated with reducing and containing contaminated sites. Although they are generally classified as a risk due to the increasing regulatory density, this assessment need not necessarily apply. If management succeeds in undercutting the reserves with innovative solutions, considerable revenues may be in store.

3.16 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 rate 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 such.

3.17 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 Comparison with the previous year

In the previous year, sales of around € 150.0 million, EBIT of roughly € 16.0 million and consolidated profit of € 10.6 million were targeted for fiscal year 2017. With sales of € 144.8 million, an EBIT of € 18.0 million and a profit of € 14.7 million, these targets (in each case based on considering the continuing and discontinued operations together) were largely achieved or exceeded in terms of EBIT and net income.

4.2 Overall economic environment

The economy was generally positive in 2017. The global economy grew by around 2.7 %, meaning that it bottomed out in 2016. Growth in the US was 2.3 %. China grew at about 6.7 % and is therefore no longer the economic engine of recent years, when growth was still over 7 %. The economy in Germany is growing at 2.2 % compared to the previous year, while for the entire euro zone in 2017 a growth of at least about 1.9 % is expected. The forecasts for the year 2018 are based on similar growth rates as in 2017. The political uncertainties in the euro zone have been reduced, but are likely to remain pervasive in the rest of the world.

Eckert & Ziegler is only partially affected by economic fluctuations, as demand in the health care sector follows other patterns. Eckert & Ziegler's operating business, however, is also influenced by global economic developments. 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 income and expenses. As both sales and expenses are incurred in U.S. dollars, the impact on income is lower.

In 2017, the weighted average of the USD/€ was 1.12 which was just slightly below the previous year's average of USD/€ 1.10. At the time of preparing the consolidated annual financial statements, the exchange rate is around 1.24 USD, which is estimated to be unfavorable for the key figures of Eckert & Ziegler in a historical comparison (before 2015 a similar price level was last reached in 2013).

These currency fluctuations resulted in only slight negative effects. Forecasting the exchange rate for the remainder of 2018 is difficult and depends on a variety of factors, including budgetary developments and the geopolitical situation in Asia and the Middle East. The political situation in the southern European countries has stabilized. The USA's budget and trade account deficit is assessed as not relevant. The consensus among various economists on the exchange rate at year-end 2018 as recently determined by Consensus Economics, Inc. is at USD/€ 1.20. 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 are made on the basis of these assumptions:

4.3 Future business development in the Isotope Products segment

The Isotope Products segment is characterized by stable sales and income but is limited in terms of its organic growth opportunities. However, it is expected that the positive sales will continue to increase in 2018 and reach around € 102.0 million. EBIT is expected to amount to € 10.8 million. The reason for this is a positive expectation for the price of oil and related higher sales of industrial sources. Business with China is also expected to grow.

4.4 Future business development in the Radiation Therapy segment

Increasing sales in the afterloader business are expected in the Radiation Therapy segment. Rising prices for raw materials and an economic recovery of the target markets in South America, Africa and Asia already boosted sales in the fourth quarter of 2017. In addition, a slight but stable growth in ophthalmological products is expected, while sales generated from seeds are expected to decline slightly. Sales are expected to increase to € 26.7 million and EBIT to € 1.7 million.

4.5 Future business development in the Radiopharma segment

The positive development is expected to continue in all main product groups. In the Radiopharma segment, sales are expected to grow to more than € 27.0 million. The EBIT is expected to reach approximately € 6.0 million.

4.6 Future business development in the holding company

In the Others segment, sales are expected to remain constant at a more or less stable EBIT of around € – 1.3 million.

4.7 Future business development in the Group

All in all, an increase in sales to approximately € 155.0 million is forecast for fiscal year 2018 and EBIT of roughly € 18.5 million. This should result in a consolidated profit of about € 11.6 million or € 2.20 per share. The forecasts are subject to an exchange rate not higher than USD 1.15 per €.

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

In the previous year, constant income for services and expenses, an operating loss of € 0.5 million and a net profit of around € 4.2 million were planned for the holding company. Income from services in the financial year increased by € 1.4 million. Other operating income increased by € 1.8 million. By contrast, expenditures increased by € 0.1 million compared to the plan. Interest income was € 0.5 million lower and taxes € 0.9 million higher. A net profit of € 8.9 million was generated, € 5.1 million more than planned.

The planning of the holding company for the year 2018 is based on € 0.3 million lower income from services.

Other operating income will continue to develop as in previous years, and thus will be € 1.6 million lower than in 2017. A special income as in 2017 is not planned. Expenditures are estimated in the plan at € 0.7 million higher. The company is planned operationally with a loss. Interest income is not planned since most of the loans issued were repaid. Dividend income and profit transfers are estimated at € 6.7 million. In total, net profit of around € 5.7 million is expected for fiscal year 2018, which will enable stable dividend payments to shareholders.

5. OTHER DISCLOSURES

5.1 Non-financial reporting

Eckert & Ziegler is committed to sustainably aligning its entrepreneurial activities with a balanced relationship between economic, social and ecological aspects. Only in this way we can ensure the long-term success of the company. For further information, please refer to our Sustainability Report on our website *www.ezag.com > Investors > Reports*.

5.2 Remuneration report

5.2.1 Principles of the remuneration system

The Executive Board remuneration structure is oriented toward providing an incentive for long-term successful company development. Therefore, one significant aspect of the remuneration structure is 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 Members of the Executive Board are of particular importance when it comes to determining total remuneration and the split between various remuneration 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, with regard to both the upper management level 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 is a remuneration structure that is geared towards sustainable company development. 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 calculating 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 essentially consist of 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. As 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 based only on an annual evaluation of successes and thus are based either on the achievement of a specific objective or a share as a percentage of the annual profit or loss. The variable components are subject to upper limits in terms of amount.

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.

In addition to the fixed annual remuneration, members of the Supervisory Board receive € 1,000 for each Supervisory Board meeting they participate in.

5.2.2 Total remuneration of the Executive Board

The following table shows the Executive Board remuneration granted and paid in the financial year and the previous 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. Harald Hasselmann				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:		January 1, 2017		Date of appointment:		March 1, 2008	
€ thousand	2016	2017	Min	Max	2016	2017	Min	Max	2016	2017	Min	Max
Fixed remuneration	300,000	300,000	300,000	300,000	0	189,236	189,236	189,236	208,012	216,000	216,000	216,000
Additional benefits	33,537	34,961	34,961	34,961	0	34,294	34,294	34,294	31,364	33,095	33,095	33,095
Total	**333,537**	**334,961**	**334,961**	**334,961**	**0**	**223,531**	**223,531**	**223,531**	**239,376**	**249,095**	**249,095**	**249,095**
Inventor's compensation	0	0	0	0	0	0	0	0	0	0	0	0
Multi-year variable remuneration	253,035	340,000	0	500,000	0	121,040	0	150,000	197,193	255,000	0	300,000
Bonus on Group EBIT (5 years)	*253,035*	*340,000*	*0*	*500,000*								
Bonus on group net profits excluding the therapy segment					*0*	*100,000*	*0*	*100,000*				
Bonus on net profits therapy segment					*0*	*21,040*	*0*	*50,000*				
Bonus on Group EBIT excluding the Radiopharma segment (3 years)									*44,374*	*55,000*	*0*	*100,000*
Bonus on EBIT for the Radiopharma segment (3 years)									*152,819*	*200,000*	*0*	*200,000*
Total	**253,035**	**340,000**	**0**	**500,000**	**0**	**121,040**	**0**	**150,000**	**197,193**	**255,000**	**0**	**300,000**
Pension expenses	0	0	0	0		0	0	0	0	0	0	0
Total remuneration	**586,572**	**674,961**	**334,961**	**834,961**	**0**	**344,571**	**223,531**	**373,531**	**436,569**	**504,095**	**249,095**	**549,095**

The fixed remuneration and the variable remuneration of the Executive Board members Dr. Harald Hasselmann and Dr. André Heß are not included in the personnel expenses of the AG, since these remunerations are settled by subsidiaries.

In individual cases, the variable remuneration may be lower or higher than the minimum or maximum amounts shown, because the adjustment of the caps is always cumulative over the term of the contract and the stated minimum and maximum amounts are to be understood as the annual average.

The disclosed variable remuneration for 2017 is based on the final financial statement figures and is paid in this amount in 2018. Due to the iteration problem, the provisions for bonuses contained in the balance sheet as of December 31, 2017 may differ slightly.

Pension provisions of € 432 thousand (previous year: € 475 thousand) relate to a former member of the Executive Board. According to the HGB, the pension provisions relating to a former member of the Executive Board have a value of € 375 thousand (previous year: € 375 thousand). In the 2017 financial year, pension payments of € 32 thousand (2016: € 32 thousand) were made to this former member of the Executive Board.

5.2.3 Total remuneration of the Supervisory Board

For the 2017 financial year, the members of the Supervisory Board receive fixed remuneration of € 74 thousand (2016: € 75 thousand) and attendance fees of € 27 thousand (2016: € 28 thousand). This corresponds to a total expense of € 101 thousand (2016: € 103 thousand).

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

Name	Remunerated function	Fixed remuneration	Attendance fees	**Total**
€ thousand				
Prof. Dr. Wolfgang Maennig	Chairman of the Supervisory Board	20 (2016: 20)	4 (2016: 5)	24 (2016: 25)
Prof. Dr. Nikolaus Fuchs	until May 31, 2017: Deputy Chairman of the Supervisory Board	6 (2016: 15)	3 (2016: 5)	9 (2016: 20)
Prof. Dr. Helmut Grothe	since July 31, 2017: Deputy Chairman, previously member of the Supervisory Board	12 (2016: 10)	5 (2016: 6)	17 (2016: 15)
Hans-Jörg Hinke	Member of the Supervisory Board	10 (2016: 10)	5 (2016: 4)	15 (2016: 14)
Dr. Gudrun Erzgräber	Member of the Supervisory Board	10 (2016: 10)	4 (2016: 5)	14 (2016: 15)
Prof. Dr. Detlev Ganten	Member of the Supervisory Board	10 (2016: 10)	4 (2016: 4)	14 (2016: 14)
Albert Rupprecht	since May 31, 2017: Member of the Supervisory Board	6 (2016: 0)	2 (2016: 0)	8 (2016: 0)

No remuneration or benefits were paid to Supervisory Board members for services, in particular consulting and brokerage services, rendered outside of their activities on the Supervisory Board in the period under review.

In the previous year, a consultancy agreement approved in advance by the Supervisory Board was concluded with the management consulting company of a member of the Supervisory Board. Consulting services amounting to € 0.07 million were provided within the scope of this agreement.

The Supervisory Board has not established any committees, in particular an audit committee or nomination committee. The need to form committees, in particular an audit committee or a nomination committee, is not considered a priority by the Supervisory Board due to the small number of Supervisory Board members and the company's specific circumstances. All tasks of these committees are therefore performed by the Supervisory Board as a collective body.

5.3 Information required under takeover law

As of December 31, 2017, the company's nominal capital was € 5,292,983 (previous 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 %. 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, 2017, 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. As of December 31, 2017, 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.

Shares with special rights that confer powers of control did not 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; this 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 € 300,000, 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 its 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 € 32,000 and issued 31,650 non-par shares in the fiscal year 2009. With the approval of the Supervisory Board, the Executive Board exercised the right to contingently increase capital by € 33,000 and issued 32,700 non-par shares in the 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 € 1,639,000. 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 its 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 its own shares for purposes other than securities trading for up to 10 % of the subscribed capital. Shares acquired under this authorization may not account for more than 10 % of the share capital together with other treasury shares of the company which the company has already acquired and still owns or which are attributable to it in accordance with Section 71a et seqq Aktiengesetz.

By resolution of the Annual General Meeting on June 8, 2016, the Management Board, with the approval of the Supervisory Board, authorizes the share capital of the Company by one or several times until June 7, 2021, up to a total of € 1,500,000.00 against cash and/or non-cash contributions by issuing to increase new 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, it shall be possible to exclude the preferential right for fractional amounts. This simplifies the procedure of issuing shares with preferential rights for shareholders. Fractional amounts may result from the respective issue volume and the need for a manageable 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.

The subscription right is to be excluded if the new shares are issued in the event of cash capital increases in accordance with Section 186 (3) sentence 4 AktG at an amount that is not significantly lower than the stock exchange 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 limit for the discount. If the authorization is exercised, the Management Board – with the consent of the Supervisory Board – will set the discount as low as possible in accordance with the prevailing market conditions at the time of share issue. A discount of between 3 % and a maximum of 5 % of the current listed price is usually considered 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 own 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 the shareholders' need for protection against the dilution of their stock 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. It is therefore ensured that, in accordance with the legal valuation of section 186 (3) sentence 4 AktG, the assets and voting interests are adequately protected in the event of utilization of this authorized capital under exclusion of subscription rights, while the Company has further latitude 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, 2017, the Company holds 4,818 (2016:4,818) own shares with a nominal value of € 5,000, which are deducted from the subscribed open 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.

5.4 Corporate Governance Statement (sections 289a, 315 (5) sentence 1 HGB [German Commercial Code])

The Company has issued a Corporate Governance Statement which is available on the website at *www.ezag.com > Investors > Corporate Governance > Declaration on Compliance*.

5.5 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.”

5.6 Insurance of legal representatives (balance-sheet oath)

We assure to the best of our knowledge that, in accordance with the applicable accounting principles, the financial statements and the consolidated financial statements give a true and fair view of the financial position, the results of operations and the consolidated financial statements, including the business results and the position of the Company and the Group are presented in such a way as to give a true and fair view of the actual opportunities and risks of the expected development of the Company and the Group.

Berlin, March 20, 2018

Eckert & Ziegler Strahlen- und Medizintechnik AG
The Executive Board

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

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CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

€ thousand	Notes	2016	2017
Revenues	6.	**119,868**	**138,631**
Cost of sales	7.	– 60,266	– 74,766
Gross profit on sales		**59,602**	**63,865**
Selling expenses	8.	– 18,134	– 20,028
General administration costs	9.	– 24,726	– 23,938
Other operating income	12.	3,498	3,784
Other operating expenses	13.	– 5,000	– 4,497
Operating profit		**15,240**	**19,186**
Exchange rate gains	15.	1,604	233
Exchange rate losses	15.	– 707	– 1,447
Earnings before interest income and income taxes (EBIT)		**16,137**	**17,972**
Interest income	16.	445	252
Interest expenses	16.	– 1,163	– 881
Income before income taxes (EBT)		**15,419**	**17,343**
Income taxes	17.	– 4,971	– 5,320
Consolidated earnings from continuing operations		**10,448**	**12,023**
Net losses from discontinued operations		– 662	3,099
Consolidated earnings from continuing and discontinued operations		**9,786**	**15,122**
Profit (+) / loss (–) attributable to noncontrolling interests	18.	236	421
Earnings of Eckert & Ziegler AG attributable to the shareholders		**9,550**	**14,701**
Earnings per share from continuing and discontinued operations	19.		
Undiluted (€ per share)		**1.81**	**2.78**
Diluted (€ per share)		**1.81**	**2.78**
Earnings per share from continuing operations	19.		
Undiluted (€ per share)		**1.93**	**2.19**
Diluted (€ per share)		**1.93**	**2.19**
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	2016	2017
Consolidated earnings		**9,786**	**15,122**
Of which attributable to shareholders of Eckert & Ziegler		9,550	14,701
of which profit (+)/loss (–) attributable to noncontrolling interests		236	421
Posten, die unter bestimmten Bedingungen zukünftig in die Gewinn- und Verlustrechnung umgegliedert werden			
Exchange rate differences resulting from the translation of foreign business		1,065	– 4,041
Amount reposted to income statement		– 112	– 223
Exchange rate differences from the translation of foreign business operations	28.	**953**	**– 4,264**
		953	**– 4,264**
Items that will not be reclassified to the income statement in the future			
Profit (+)/loss (–) from defined benefit pension commitments		– 1,122	302
Revaluation of the defined benefit obligation	28., 31.	**– 1,122**	**302**
Deferred taxes		**348**	**– 95**
		– 774	**207**
Other comprehensive income after taxes		**179**	**– 4,057**
Consolidated comprehensive income		**9,965**	**11,065**
Comprehensive income attributable to:			
Shareholders of Eckert & Ziegler AG		9,729	10,641
Minority interests		236	424

CONSOLIDATED BALANCE SHEET

€ thousand	Notes	As of Dec 31, 2016	As of Dec 31, 2017
Assets			
Non-current assets			
Goodwill	20.	40,422	41,333
Other intangible assets	20.	12,542	10,106
Property, plant and equipment	21.	37,823	33,829
Investments in associates and joint ventures	22.	2,872	3,202
Deferred tax assets	17.	9,000	8,841
Other non-current assets	23.	2,860	3,848
Total non-current assets		105,519	101,159
Current assets			
Cash and cash equivalents	24.	36,567	57,707
Securities	25.	23,208	24,305
Trade receivables	26.	25,100	26,768
Inventories	17., 27.	1,270	1,598
Other current assets	27.	7,801	5,450
Total current assets		93,946	115,828
Total assets		199,465	216,987
Equity and Liabilities			
Equity	28.		
Subscribed capital		5,293	5,293
Capital reserves		53,500	53,500
Retained earnings		44,997	56,208
Other reserves		1,427	– 2,633
Own shares		– 27	– 27
Equity to which the shareholders of Eckert & Ziegler are entitled		**105,190**	**112,341**
Minority interests	18.	4,887	5,176
Total equity		**110,077**	**117,517**
Non-current liabilities			
Loans and financial lease liabilities	29.	4,138	46
Deferred income from grants and other deferred income (non-current)	30.	1,524	3,152
Deferred tax liabilities	17.	3,297	2,306
Provisions for pensions	31.	11,802	11,675
Other non-current provisions	32.	31,515	45,499
Other non-current liabilities	33.	3,481	2,848
Total non-current liabilities		**55,757**	**65,526**
Current liabilities			
Loans and financial lease liabilities	29.	7,520	1,687
Trade payables		6,390	4,504
Advance payments received		1,441	5,859
Deferred income from grants and other deferred income	30.	147	171
Income tax liabilities	17.	2,307	4,096
Other current provisions	32.	3,743	3,163
Other current liabilities	34.	12,083	14,464
Total current liabilities		**33,631**	**33,944**
Total equity and liabilities		**199,465**	**216,987**

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, 2017	**5,292,983**	**5,293**	**53,500**	**44,997**
Total of expenditures and income recognized directly in equity	0	0	0	0
Net income	0	0	0	14,701
Consolidated comprehensive income	0	0	0	14,701
Dividends paid	0	0	0	– 3,490
Acquisition of noncontrolling interests	0	0	0	0
Balance as of December 31, 2017	**5,292,983**	**5,293**	**53,500**	**56,208**

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**

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
– 3,056	**4,483**	**– 27**	**105,190**	**4,887**	**110,077**
207	– 4,267	0	– 4,060	3	– 4,057
0	0	0	14,701	421	15,122
207	– 4,267	0	10,641	424	11,065
0	0	0	– 3,490	– 155	– 3,645
0	0	0	0	20	20
– 2,849	**216**	**– 27**	**112,341**	**5,176**	**117,517**

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**

CONSOLIDATED CASH FLOW STATEMENT

€ thousand	Notes	2016	2017
Cash flow from operating activities	36.		
Net income		9,786	15,122
Adjustments for			
Depreciation, amortization and impairments		8,737	8,645
Income tax expense		4,245	5,270
Income tax payments		–5,124	–6,057
Income not affecting payments from the writing back of deferred grants		–158	–136
Profit (–)/loss (+) from the disposal of noncurrent assets		699	70
Gains on the sale of entities consolidated at equity		–	–4,710
Change in the non-current provisions, other current liabilities		192	1,939
Change in other non-current assets and receivables		2,446	–154
Other events not affecting payments		1,932	1,365
Changes in the current assets and liabilities			
Receivables		–13	2,353
Inventories		434	–230
Change in other current assets		1,394	854
Change in the current liabilities and provisions		–4,738	2,496
Cash inflow from operating activities		**19,832**	**26,827**
Cash flow from investment activities	37.		
Expenditures on intangible assets and property, plant and equipment		–5,332	–4,160
Profit from the sale of intangible assets and property, plant and equipment		333	843
Expenditures on acquisitions (less cash and cash equivalents)		–225	–5,454
Expenditure for the acquisition of investments		–303	–500
Expenditures on non-current assets		–	12,286
Income from the sale of at equity consolidated companies		–	2,098
Cash outflow from investment activities		**–5,527**	**5,113**
Cash flow from financing activities	38.		
Paid dividends		–3,173	–3,490
Distribution of shares of third parties		–420	–155
Cash inflows from the taking out of loans		535	178
Cash outflows from the redemption of loans		–4,420	–5,475
Purchase of equity instruments of subsidiaries		–1,633	–575
Received interest		360	113
Paid interest		–772	–551
Cash inflows/outflows from financing activities		**–9,523**	**–9,955**
Changes in the financial holdings owing to exchange rates		319	–845
Decrease in the financial holdings		**5,101**	**21,140**
Financial holdings as of the beginnning of the period		**31,466**	**36,567**
Financial holdings as of the end of the period		**36,567**	**57,707**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR FISCAL YEAR 2017

The Executive Board approved the Consolidated Financial Statements for submission to the Supervisory Board on March 29, 2018.

BASIS, PRINCIPLES AND METHODS

1 | ORGANIZATION AND DESCRIPTION OF BUSINESS ACTIVITIES

Eckert & Ziegler Strahlen- und Medizintechnik AG, Berlin, Germany (hereinafter referred to as "Eckert & Ziegler AG") is a holding company with specialized subsidiaries worldwide engaged in the processing of radio isotopes and the development, production and sale of isotope technology components, radiation equipment and radiopharmaceuticals or 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 (TUV 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 | ACCOUNTING PRINCIPLES

The Consolidated Financial Statements of Eckert & Ziegler AG as at December 31, 2017 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 on 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 (hereinafter "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 the nearest thousand euros.

The financial Statements of the Group's subsidiaries have been prepared as at 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, 2017. The Consolidated Income Statements were prepared according to the cost-of-sales method. The other result was shown in the Consolidated Comprehensive Income Statement.

The company is registered in the Commercial Register of Berlin-Charlottenburg under the number HRB 64997 B. The Consolidated Financial Statements and the Group Management Report as at December 31, 2017 are published in the electronic version of the German Federal Official Gazette (Bundesanzeiger).

3 | FUNDAMENTAL ACCOUNTING AND VALUATION PRINCIPLES

Accounting and valuation methods – Uniform accounting and valuation methods, which were also used for the comparative information of the previous 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, the recoverability of receivables, the accounting and valuation 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 valuation methods – 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 scheduled 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 are capitalized at acquisition or production cost and, provided that these are intangible assets with finite useful lives, are 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 acquisition or production cost less accumulated depreciation and impairment losses. The manufacturing 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 costs include 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. Amortization is calculated using the straight-line method. The amortization 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 amortization and value impairment losses are written off, and any resulting gain or loss from the disposal is recognized in profit and 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 triggering events in the business environment. The Executive Board assumes that there is no impairment of recoverability as at December 31, 2017. 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.

Value impairment of intangible assets and property, plant and equipment – Impairment losses on intangible assets and property, plant and equipment are recognized if, due to certain events or changed circumstances, the book value of the assets exceeds the recoverable amount of these assets. 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 value 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 at the maximum written up to the amount that would have existed if the previous value 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. The CGUs in the segments Radiation Therapy and Isotope Products each correspond to the segment. Two cash-generating units have been identified to date (cyclotron and equipment divisions) in the Radiopharma segment. The cyclotron division was sold in the 2017 fiscal year, so that only one cash-generating unit exists in the Radiopharma segment.

The Executive Board considers amounts that exceed 10 % of the Group's total goodwill to be material. The CGUs of the Isotope Products 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 %, which 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 average weighted cost of capital that is customary for 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 the lower net realizable value as at the reporting date. Apart from direct costs, manufacturing cost includes appropriate portions of necessary material and manufacturing overheads, manufacturing-related amortization as well as production-related administration and social welfare costs. Due to the brevity of the manufacturing process, financing costs are not recognized as part of the manufacturing cost. Where necessary, the average cost method is applied in order to simplify valuation.

Value impairments for obsolete or excess inventories 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 value 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 value impairments.

Derivative financial instruments – Derivative financial instruments such as swaps are generally used for hedging only. They are valued 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 available assets – Restricted available 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 availability restrictions because, under the German law governing early employee retirement credits [Altersteilzeitgesetz], they 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 revalued at amortized acquisition cost using the effective interest method.

Pension provisions – Pension liabilities are measured according to the projected 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 in 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 at 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 estimate of costs includes labor costs for the demolition of the systems, costs for the preparation of waste so that it can be decontaminated, costs for the cleaning of rooms, and the disposal of waste by experts, as well as the costs for the disposal and decontamination 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 at 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 at 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 accepted 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 and 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 recorded as 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 or deferred taxes are recognized in the Consolidated Income Statement unless they relate to items recognized directly in equity in other comprehensive income. 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. In addition, deferred tax assets are recognized as 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 based on the respective national taxable income for the year and 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 granted for the purchase of property, plant and equipment, and for development costs. They are released through profit and 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 at 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 2017.

Norm	Title	Required for financial years beginning from	Date of EU application	Application
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealized Losses	01.01.17	01.01.17	Retrospective
Amendments to IAS 7	Disclosure Initiative	01.01.17	01.01.17	Prospective
Annual improvements to IFRS	Cycle 2014 – 2016	01.01.17	01.01.17	Retrospective

Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealized Losses
The changes include the following clarifications:

- Unrealized losses on assets carried at fair value (for example, fixed rate debt instruments), the taxable value of which equals the cost of acquisition, gives rise to deductible temporary differences. This applies regardless of whether the company plans to sell the instrument, hold it to maturity, or a combination of both.

- If the applicable tax law restricts the offsetting of tax losses (e.g. if losses from the sale of securities may only be offset against corresponding capital gains), the assessment is to be made as to whether deferred tax assets for deductible temporary differences are to be accounted for separately for the deductible temporary differences of the same kind.

- When estimating the taxable profits available in the future, on the one hand, it can be assumed under certain conditions that it is possible to realize an asset beyond its book value, and, on the other hand, that tax deductions from the reversal of deductive temporary differences can be subtracted.

The application of the amendments to IAS 12 had no impact on the Consolidated Financial Statements.

Amendments to IAS 7: Disclosure Initiative

The amendments require more detailed information in order to enable users of financial statements to better assess changes in liabilities arising from financing activities. As a way of meeting these disclosure requirements, the standard provides for a reconciliation between the opening and closing balance for liabilities arising from financing activities.

The application of the amendments to IAS 7 had no impact on the Consolidated Financial Statements.

Annual improvements to IFRS (Cycle 2014 – 2016)

The annual improvements to IFRS involve amendments to a number of different standards. The amendments are presented as follows in table form:

Standard	Subject of amendment	Details of amendment
IFRS 1 First-time Adoption of International Financial Reporting Standards	Deletion of short-term exemptions for IFRS first-time adopters	Deletion of temporary exemptions in paragraphs E3 to E7 of IFRS 1, since these are no longer applicable due to the passage of time.
IFRS 12 Disclosure of Interests in Other Entities	Ratio of disclosure requirements in IFRS 12 and IFRS 5	Clarifying the scope of the standard by specifying that the disclosure requirements in IFRS 12 also apply to participations that fall within the scope of IFRS 5. The only exceptions are those given in paragraphs B10-B16 of IFRS 12.
IAS 28 Investments in Associates and Joint Ventures	Valuation at the level of individual investments	Clarification that the option to measure an investment in an associate or joint venture held by a venture capital company or other qualifying entity at fair value through the recognition of changes in the Income Statement is available, at initial recognition for each equity investment on a single-share basis. A clarification has also been made in IAS 28.36A, according to which when applying the equity method to shares in an investment company the valuation applied at the level of the investment entity may be maintained at fair value. This option can also be exercised individually for each participation.

The application of the annual improvements to the IFRS (cycle 2014 – 2016) had no significant impact on the Consolidated Financial Statements.

Published but not-yet-compulsory standards and interpretations:

The following IFRS incorporated into EU law were issued by December 31, 2017, but are not to be mandatorily applied until later reporting periods, if no use is made of an option to early application. 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 with Customers	January 1, 2018	January 1, 2018	insignificant
IFRS 16	Leases	January 1, 2019	January 1, 2019	undetermined
Amendments to IFRS 4	Applying IFRS 4 "Insurance Contracts" with IFRS 9 "Financial Instruments"	January 1, 2018	January 1, 2018	insignificant

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, which has been incorporated into EU law as at November 22, 2016. This means that the accounting of financial instruments previously carried out under IAS 39 Financial Instruments: Recognition and Measurement, can now be fully replaced by accounting under IFRS 9 The published version of IFRS 9 supersedes all previous versions. The main requirements of the final version of IFRS 9 can be summarized as follows:

- Compared to the previous standard IAS 39 Financial Instruments: Recognition and Measurement, the requirements of IFRS 9 on the scope of application and derecognition remain largely unchanged.

- However, in contrast to IAS 39, IFRS 9 does provide for a new classification model for financial assets.

- In future, the subsequent revaluation 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. Depending on the nature of these conditions, they are measured at amortized cost using the effective interest method (AC category), at fair value, with changes recognized in other comprehensive income (FVTOCI category), or at fair value, with changes recognized in profit or loss (FVTPL category). 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 upon incurrence 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 value impairment, the interest accrual takes place on the basis of the net book value (book value less risk provisioning) (level 3).

- The revised rules for the accounting of general hedges continue to include the three types of hedge accounting, which are also available in IAS. 39 However, the requirements of IFRS 9 provide more opportunities for the application of hedge accounting and allow the reporting entity to better reflect its risk management activities in the financial statements. The main changes relate to the extended scope of the underlying and hedging transactions as well as new rules on the effectiveness of hedging relationships, in particular the elimination of the previous 80 – 125 % corridor.

- In addition to comprehensive transition rules, IFRS 9 imposes extensive disclosure requirements both in the course of transition and for ongoing application. New features compared to IFRS 7 Financial Instruments: Disclosures mainly refer to value impairment regulations.

- In addition to comprehensive transition rules, IFRS 9 imposes extensive disclosure requirements both in the course of transition and for ongoing application. New features compared to IFRS 7 Financial Instruments: Disclosures mainly refer to value impairment regulations.

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, 2018. 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 independent 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, it 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 provided that the entity satisfies a performance obligation. The prerequisite for this is the transfer of the authority to dispose of the goods or services 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 the authority to dispose of 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 the authority to dispose 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, the authority to dispose 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 revenue guidance to those contracts.
- 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 information on the contracts is expected, but no 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.

IFRS 16 Leases

The IASB published IFRS 16 on January 13, 2016. The standard was adopted by the EU effective November 3, 2017. It must be applied to fiscal years beginning on or after January 1, 2019. IFRS 16 regulates the recognition, measurement, presentation and disclosure requirements of leases in the financial statements of companies that are accounted for under IFRS.

IFRS 16 contains a comprehensive model for identifying lease agreements and accounting for lessors and lessees.

IFRS 16 essentially applies to all lease agreements: A lease within the meaning of the standard exists when the lessee is contractually granted by the lessor the right to control an identified asset for a specified period and the lessee in return receives consideration from the lessee.

The previous distinction between rental leasing and finance leasing is eliminated for lessees. Instead, the lessee has to account for the right of use of a leased asset (so-called "right-of-use asset" or RoU asset) and a corresponding lease liability for all leases in the future. Exceptions to this are only short-term leases and leases for low-value assets. The amount of the RoU asset at the time of acquisition is equal to the amount of the lease liability plus any initial direct costs of the lessee. In subsequent periods, the RoU asset is valued at amortized cost (with two exceptions). The lease liability is measured as the present value of the lease payments which are paid during the term of the lease. Subsequently, the book value of the lease liability is compounded using the interest rate used for discounting and reduced by the lease payments made. Changes in lease payments lead to a revaluation of the lease liability.

For lessors, on the other hand, the accounting principle known from IAS 17 Leases, with a distinction between finance leases and rental leases, remains the same. The list of criteria for the assessment of a finance lease was adopted unchanged from IAS 17.

In addition, the disclosure requirements for lessees and lessors in IFRS 16 have increased considerably in comparison with IAS 17. The objective of the disclosure requirements is to provide information to users of the financial statements so that they can gain a better understanding of the effects of leases on the asset, financial and earnings position.

As at December 31, 2017, the Group has payment obligations from non-cancellable rental leases in the amount of € 16,396 thousand. IAS 17 does not require the recognition of a RoU asset or lease liability for these future payments. Instead, note 41 contains the required disclosures. A preliminary assessment indicates that these arrangements meet the definition of a lease agreement under IFRS 16 and that the Group would therefore have to account for appropriate RoU assets and lease liabilities when applying IFRS 16, unless in individual cases the short-term lease or low-value asset exemptions apply. It can be assumed that this has a significant impact on the Consolidated Financial Statements. Management is currently reviewing the potential impact on the Consolidated Financial Statements. A reliable estimate of the amount of the financial effect can only be made after the conclusion of this review.

In the case of finance leases with the Group as lessee, assets and liabilities are already accounted for. For these cases, as well as for leases in which the Group is the lessor, management does not believe that the application of IFRS 16 will have a material impact on the Consolidated Financial Statements.

Amendments to IFRS 4 Application of IFRS 9 Financial Instruments together with IFRS 4 Insurance Contracts

On September 12, 2016, the IASB published amendments to IFRS 4 Insurance Contracts relating to the first-time application of IFRS 9 Financial Instruments. The standard was adopted by the EU effective November 3, 2017. It must be applied to fiscal years beginning on or after January 1, 2018.

The amendments aim to mitigate the effects of different first-time application dates of IFRS 9 and IFRS 17 (the successor standard to IFRS 4), especially for companies with large insurance activities.

The Executive Board does not expect the future application of the amendments to IFRS 4 to have any 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 at December 31, 2017. The application of the provisions assumes that they have been endorsed by the EU as part of the IFRS endorsement procedure.

Amendments/standards/interpretation	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.	
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 IFRS 2 Classification and Measurement of Share-based Payment Transactions	June 20, 2016	Q1/2018	January 1, 2018
Amendments to IAS 40 Transfer of investment property	December 8, 2016		January 1, 2018
IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration	December 8, 2016		January 1, 2018
IFRS 17 Insurance contracts	May 18, 2017		January 1, 2021
IFRIC Interpretation 23 Uncertainties in income tax treatment	June 7, 2017		January 1, 2019
Amendments to IAS 28 Long-term investments in associates and joint ventures	October 12, 2017		January 1, 2019
Amendments to IFRS 9 Termination agreements with negative compensation	October 12, 2017		January 1, 2019
Annual Improvements to IFRS (AIP) Cycle 2015–2017	December 12, 2017		January 1, 2019

CONSOLIDATION PRINCIPLES

Capital consolidation is carried out using the purchase method in accordance with IFRS 3 and IFRS 10. Initial consolidation takes place at the time of acquisition, i.e. 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 revalued 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

Companies included in the Consolidated Financial Statements 2017 are:

	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 %
up to 01/05/2017: 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 %
up to 31/10/2017: OOO „Eckert & Ziegler BEBIG“, Moscow, Russia *	84.2 %
Eckert & Ziegler Isotope Products Holdings GmbH, Berlin	100 %
Chemotrade Chemiehandelsgesellschaft mbH, Düsseldorf	100 %
Eckert & Ziegler Isotope Products GmbH, Berlin *	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	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 José do Rio Preto, Brazil*	100 %
from 01/06/2017: Gamma-Service Recycling GmbH, Leipzig *	100 %
from 01/06/2017: Gamma-Service Medical GmbH, Leipzig *	100 %
from 01/06/2017: GSG International GmbH, Freienbach, Switzerland*	100 %
from 01/06/2017: Isotope Technologies Dresden GmbH, Dresden *	100 %
from 01/06/2017: ISOTREND spol s.r.o., Prague, Czech Republic *	100 %
from 01/06/2017: IPS International Processing Services GmbH, Leipzig *	50 %
Eckert & Ziegler Radiopharma GmbH, Berlin	100 %
Eckert & Ziegler Eurotope GmbH, Berlin, Germany *	100 %
up to 05/05/2017: Eckert & Ziegler EURO-PET Berlin GMBH, Berlin, Germany *	100 %
up to 05/05/2017: BSM Diagnostica Gesellschaft m.b.H., Vienna, Austria *	100 %
up to 05/05/2017: Eckert & Ziegler f-con Deutschland GmbH, Holzhausen *	100 %
up to 05/05/2017: Eckert & Ziegler EURO-PET Köln/Bonn GmbH, Bonn *	100 %
up to 05/05/2017: Eckert & Ziegler EURO-PET Warszawa sp.z o.o., Warsaw, Poland *	100 %
Eckert & Ziegler Radiopharma Inc., Hopkinton, USA *	100 %
Eckert & Ziegler Umweltdienste GmbH, Braunschweig	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, 2017, Eckert & Ziegler AG held 84.2 % of the voting rights in Eckert & Ziegler BEBIG S. A., 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 2017 (acquisitions are presented in Note 39):

- The Eckert & Ziegler BEBIG Inc., Mt. Vernon, USA, discontinued business activities in fiscal year 2017. The company was dissolved effective April 30, 2017 and therefore deconsolidated from thConsolidated Financial Statements.

- On May 5, 2017, Eckert & Ziegler Radiopharma GmbH sold its entire "cyclotron division" (in the first instance, this concerns the shares in Eckert & Ziegler EURO-PET Berlin GMBH, BSM Diagnostica Gesellschaft m.b.H., Eckert & Ziegler f-con Deutschland GmbH, Eckert & Ziegler EURO-PET Köln/Bonn GmbH and Eckert & Ziegler EURO-PET Warszawa sp.z o.o.) to Alliance Medical Ltd. and decided on the sale of shares in Curasight ApS. In the present Consolidated Financial Statements, income, expenses and cash flows attributable to this segment are therefore reported as discontinued operations pursuant to IFRS 5; the previous year's figures have been adjusted accordingly. The companies were deconsolidated in the Consolidated Financial Statements effective as at May 5, 2017.

- On May 31, 2017, Eckert & Ziegler Isotope Products Holdings GmbH acquired all shares in the following companies (as well as the investments held by these companies in ISOTREND spol.s.o, IPS International Processing Services GmbH):
  - Gamma-Service Recycling GmbH, Leipzig, Germany
  - Gamma-Service Medical GmbH, Leipzig, Germany
  - Isotope Technologies Dresden GmbH, Dresden, Germany
  - GSG International GmbH, Freienbach, Switzerland

- OOO "Eckert & Ziegler BEBIG", Moscow, Russia Eckert, discontinued operations in the 2017 fiscal year. The company was dissolved effective October 31, 2017 and therefore deconsolidated from the Consolidated Financial Statements.

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). In the 2016 Consolidated Financial Statements, income, expenses and cash flows attributable to this area were therefore reported as discontinued operations in accordance with IFRS 5. 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.

INTERESTS IN JOINT VENTURES

A joint venture is based on a contractual agreement in which the Group and other contracting parties undertake a business venture under common leadership; this is the case if the strategic financial and business policies pursued in the joint venture require the consent of all parties. 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 Flow 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 at the reporting date are recognized in profit and loss in the Income Statement.

The following exchange rates were used for the currency translation:

Country	Currency	31/12/2017	31/12/2016	Average rate 2017	Average rate 2016
USA	USD	1.1993	1.0541	1.1297	1.1069
CZ	CZK	25.5350	27.0210	26.3254	27.0343
GB	GBP	0.8872	0.8562	0.8767	0.8195
PL	PLN	n.a.	4.4103	4.3026	4.3632
RU	RUB	69.3920	64.3000	65.9581	74.1446
BR	BRL	3.9729	3.4305	3.6050	3.8561
IN	INR	76.6055	71.5935	73.5412	74.3717
CH	CHF	1.1702	n.a.	1.1119	n.a.

5 | COMPARABILITY OF THE CONSOLIDATED FINANCIAL STATEMENTS WITH THE PREVIOUS YEAR

The first-time inclusion of the companies newly acquired in the 2017 fiscal year in the 2017 Consolidated Financial Statements partly had a material impact on the net assets, financial position and results of operations of the Group, as shown below.

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

CONSOLIDATED INCOME STATEMENT

€ thousand	2016	of which from in 2017 discontinued operation	2016 (adjusted)
Revenues	**137,935**	**– 18,067**	**119,868**
Cost of sales	– 71,812	11,546	– 60,266
Gross profit on sales	**66,123**	**– 6,521**	**59,602**
Selling expenses	– 22,557	4,423	– 18,134
General and administrative expenses	– 26,692	1,966	– 24,726
Other operating income	3,551	– 53	3,498
Other operating expenses	– 5,032	32	– 5,000
Operating profit	**15,393**	**– 153**	**15,240**
Exchange rate gains	1,544	– 42	1,502
Exchange rate losses	– 707	102	– 605
Profit/loss before interest and income taxes	**16,230**	**– 93**	**16,137**
Interest income	445	0	445
Interest expenses	– 1,388	225	– 1,163
Income before income taxes	**15,287**	**132**	**15,419**
Income taxes	– 4,634	– 337	– 4,971
Consolidated earnings from continuing operations	**10,653**	**– 205**	**10,448**
Net losses from discontinued operations	– 867	205	– 662
Consolidated earnings from continuing and discontinued operations	**9,786**		**9,786**
Profit attributable to non-controlling interests	236		236
Dividend to shareholders of Eckert & Ziegler AG	**9,550**		**9,550**
Earnings per share from continuing and discontinued operations			
Undiluted (€ per share)	1.81	0.04	1.81
Diluted (€ per share)	1.81	0.04	1.81
Earnings per share from continuing operations			
Undiluted (€ per share)	1.97		1.93
Diluted (€ per share)	1.97		1.93
shares in circulation on average (undiluted – in thousand units)	5,288	5,288	5,288
shares in circulation on average (diluted – in thousand units)	5,288	5,288	5,288

NOTES TO THE CONSOLIDATED INCOME STATEMENT

The following statements always refer to continuing operations, unless explicitly stated otherwise.

6 | SALES REVENUES

The Group generates its sales revenues primarily through the sale of goods and, to a minor extent, the provision of services. Sales revenues increased from € 119,868 thousand to € 138,631 thousand in the 2017 fiscal year.

The increase in 2017 mainly results from the newly acquired Isotope Products companies effective as at June 1, 2017.

Revenues are broken down as follows:

€ thousand	**2017**	2016
Revenues from the sale of goods	131,564	110,744
Revenues from the provision of service	5,853	9,124
Revenues from production orders	1,214	0
Total	**138,631**	**119,868**

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

In the 2017 fiscal year, the Group generated revenues from long-term construction contracts in accordance with the POC method amounting to € 1,214 thousand (2016: € 0 thousand). The cost-to-cost method was applied to determine the degree of completion.

€ thousand	**2017**	2016
Revenues	1,214	0
Order costs	– 1,054	0
Profit	160	0
Ongoing production orders as of the reporting date		
Costs incurred and profits recorded	1,054	0
Advance payments received	– 872	0
Production order assets	372	0
Production order liabilities	0	0

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

7 | COST OF SALES

Alongside the cost of materials, labor, and amortization that is directly attributable to sales, cost of sales also includes a share of the material and labor overheads and income from the reversal of deferred items. The cost of materials was € 33,335 thousand for 2017 and € 28,393 thousand for 2016.

8 | SELLING EXPENSES

Selling expenses are broken down as follows:

€ thousand	**2017**	2016
Personnel and employee benefit costs	8,646	9,545
Costs of goods issue	4,022	3,328
Advertisement	1,246	993
Depreciation	1,193	975
Commissions	757	791
Other	4,164	2,502
Total	**20,028**	**18,134**

9 | GENERAL ADMINISTRATIVE COSTS

General administrative costs include:

€ thousand	**2017**	2016
Personnel and employee benefit costs	11,405	11,620
Depreciation	2,765	2,433
Rent and auxillary costs	2,706	2,713
Insurance, contributions, fees, purchased services	2,131	2,182
Consulting expenses	1,393	1,794
Communication costs	473	440
IR expenses	296	163
Other	2,769	3,381
Total	**23,938**	**24,726**

10 | EMPLOYEE BENEFITS AND NUMBER OF EMPLOYEES

The items on the Income Statements include personnel expenses of €46,946 thousand (2016: €43,681 thousand).

Personnel costs for fiscal years 2017 and 2016 break down as follows:

€ thousand	**2017**	2016
Wages and salaries	39,280	38,080
Social security contributions and expenses for retirement pensions and support	7,666	5,600
– of which for pensions	306	198

The Group companies had an average of 731 employees in 2017 (2016: 584). They worked in the following departments:

€ thousand	**2017**	2016
Production	338	263
R & D/plant engineering	64	43
Administration	136	101
Sales and marketing	138	129
Quality management	55	48
Total	**731**	**584**

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 € 2,847 thousand (2016: € 2,569 thousand) are included in the Income Statement for Group contributions that are due to the disclosed pension plans. As at December 31, 2017 and 2016, 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 | AMORTIZATION AND VALUE IMPAIRMENTS

Amortization and value impairments on intangible assets are included in the following items in the Income Statement:

	2017		2016	
€ thousand	Amortization	Impairments	Amortization	Impairments
Cost of sales	1,151	0	1,196	0
Selling expenses	755	0	550	0
General administration costs	1,167	0	1,323	0
Other operating expenses	82	0	85	447
From discontinued oeprations	22	0	38	0
Total	**3,177**	**0**	**3,192**	**447**

Amortization and value impairments of property, plant, and equipment are included in the following items in the Income Statement:

	2017		2016	
€ thousand	Amortization	Impairments	Amortization	Impairments
Cost of sales	2,989	0	2,087	0
Selling expenses	438	0	425	0
General administration costs	1,598	0	1,111	0
Other operating expenses	93	0	320	0
From discontinued operations	350	0	1,155	0
Total	5,468	0	5,098	0

12 | OTHER OPERATING INCOME

Other operating income increased significantly in the fiscal year of 2017 compared to the previous year, to € 3,784 thousand (2016: € 3,498 thousand).

In 2017, other operating income mainly includes income from the revaluation of earn-out liabilities in the amount of € 851 thousand, income from the write-up of the write-down of the investment in NBT made in previous years in the amount of € 676 thousand, income from claims for damages resulting from breaches of contract of € 471 thousand and income from impaired receivables amounting to € 252 thousand.

Other operating income also includes income from the valuation of financial instruments in the amount of € 250 thousand (2016: € 176 thousand), income from development services on behalf of customers amounting to € 211 thousand (2016: € 843 thousand), income from reimbursements amounting to € 360 thousand (2016: € 310 thousand) as well as income from the sale of fixed assets amounting to € 24 thousand (2016: € 34 thousand).

Otherwise, the item includes insurance compensation, grants received and other income.

In the 2016 fiscal year, other operating income also included special income of € 1,377 thousand from the earn-out component of the production equipment and technologies sold in 2015.

13 | OTHER OPERATING EXPENSES

Other operating expenses fell by € 503 thousand to € 4,497 thousand compared to the previous year (2016: € 5,000 thousand). In addition to the costs of research and development amounting to € 3,321 thousand (2016: € 3,109 thousand), this item mainly includes value adjustments on receivables amounting to € 383 thousand (2016: € 185 thousand), expenses for possible claims for damages by third parties amounting to € 250 thousand, expenses for the adjustment of earn-out liabilities in the amount of € 247 thousand and losses from the disposal of fixed assets in the amount of € 94 thousand (2016: € 10 thousand).

In the previous year, the item also included expenses in connection with the abandonment of a production site of the Radiation Therapy segment amounting to € 1,098 thousand and impairments of goodwill amounting to € 447 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.
- Amortization in the research and development areas for acquired property, plant and equipment as well as intangible assets and the corresponding reversal of deferred items relating to assets used for research purposes.
- Value impairments on internally generated intangible assets capitalized in previous years as well as the corresponding reversal of deferred items.
- Other directly attributable expenses in the research and development areas.
- A pro rata share of the overheads of the research and development areas.

Research and development costs of € 3,321 thousand (2016: € 3,109 thousand) include amortization and value impairment of € 175 thousand (2016: € 405 thousand), personnel expenses of € 2,539 thousand (2016: € 2,024 thousand), material and third-party expenditure of € 414 thousand (2016: € 513 thousand) and other expenses of € 193 thousand (2016: € 167 thousand).

14 | RESULTS FROM SHARES MEASURED AT EQUITY

Among the investments accounted for using the at-equity method, the Group reports its investment in Americium Consortium LLC, Wilmington (Delaware). In fiscal year 2017, as in the previous year, this investment did not generate any expenses or income.

Furthermore, the investment in the joint venture ZAO "NanoBrachyTech", which is accounted for using the equity method, is also reported. In the 2017 fiscal year, as in the previous year, this investment also resulted in neither expenses nor income.

15 | CURRENCY GAINS/LOSSES

Currency gains of € 233 thousand (2016: € 1,604 thousand) and currency losses of € 1,447 thousand (2016: € 707 thousand) result from the valuation of foreign currency receivables and liabilities.

16 | INTEREST INCOME

Interest income on financial assets measured at amortized cost amounted to € 252 thousand in the fiscal year of 2017 (2016: € 445 thousand), while interest expenses totaled € 881 thousand (2016: € 1,163 thousand)

Interest expenses include € 330 thousand (2016: € 616 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 the 2017 and 2016 fiscal years. The Group tax rate consists of the following:

	2017	2016
Trade tax 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 (–)] is composed as follows for the fiscal years ending December 31, 2017 and 2016:

€ thousand	2017	2016
Earnings before taxes:		
Germany	6,365	4,409
Foreign subsidiaries	10,978	11,010
	17,343	**15,419**

€ thousand	2017	2016
Current taxes:		
Germany	3,218	1,736
Foreign subsidiaries	3,642	3,699
	6,860	**5,435**

Current taxes in 2017 include € – 389 thousand (income) from previous years (2016: € 255 thousand).

€ thousand	2017	2016
Deferred taxes:		
Germany	– 1,617	– 408
Foreign subsidiaries	77	– 56
	– 1,540	– 464
Total taxes:	**5,320**	**4,971**

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

€ thousand	2017	2016
Basis for determining the tax expenditure (earnings before tax)	17,343	15,419
Expected tax expenditure based on Group tax rate	5,233	4,653
Tax rate differences at subsidiaries	324	601
Taxes for prior years	– 389	– 255
Taxes on non-deductible expenses	314	2,056
Taxes on tax-free income	– 356	– 40
Deferred taxes on the capitalization of previously unrecognized loss carry-forwards	– 1,313	– 26
Adjustments to deferred taxes from differences in temporary deferred tax assets and expenses	– 527	– 820
Impairment of deferred taxes on loss carry-forwards	1,863	374
Utilization of previously non-capitalized deferred tax on loss carry-forwards	– 620	– 2,225
Non-capitalized deferred taxes on losses of the fiscal year	656	714
Other	135	– 61
Effective tax expenditure	**5,320**	**4,971**

In order to calculate deferred taxes, the following tax rates were used for the parent company as at December 31, 2017, which were unchanged as against December 31, 2016: Corporation tax 15 %, solidarity surcharge on corporation 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.

Deferred tax expenses of € 2,643 thousand (2016: € 1,351 thousand) and deferred tax income of € 1,569 thousand (2016: € 1,032 thousand) relate to changes in tax loss carryforwards in the reporting period, while temporary differences include deferred tax income of € 2,741 thousand (2016: deferred tax assets) Tax income of € 915 thousand).

A total of € 5,545 thousand (2016: € 6,619 thousand) is capitalized for deferred tax losses. The loss carryforwards essentially relate to loss carryforwards of Eckert & Ziegler BEBIG SA in the amount of € 2,618 thousand and loss carryforwards of the German companies of the Eckert & Ziegler Group. The losses in Belgium, Brazil and Germany can be carried forward indefinitely. Loss carryforwards amounting to € 129 thousand are attributable to the loss carryforward of the Czech company ISOTREND spol s.r.o. acquired in 2017 (Gamma-Service Group) purchased in 2017, where the carry forward is limited to 5 years.

Of a total of € 5,545 thousand in deferred tax assets on loss carryforwards, € 1,267 thousand (2016: € 1,059 thousand) are attributable to companies that still suffered a tax loss in 2017 and 2016, but that will generate profits as planned in the future. In the fiscal year 2017, € 620 thousand loss carryforwards were utilized (2016: € 2,225 thousand) for which no deferred tax assets were recognized for loss carryforwards as at December 31 of the previous year. As at December 31, 2017, the Group had loss carryforwards amounting to € 12, 125 thousand (2016: € 12,388 thousand) for which no deferred tax assets were 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 only provides 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 at December 31, 2017 is € 3,510 thousand (2016: € 3,834 thousand).

Both in Belgium and in the US, tax rates were reduced as of January 1, 2018 as part of tax reforms. Due to the resulting necessary revaluation of deferred tax assets and liabilities of companies located in these countries, total tax expenses of € 1,132 thousand have been recorded.

Currency conversion resulted in changes in deferred taxes on temporary differences in the amount of € 158 thousand (2016: € 107 thousand).

Deferred tax proceeds of € 95 thousand (2016: deferred tax expenses of € 348 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 € 339 thousand were recognized on the balance sheet as at December 31, 2017 due to the first-time consolidation of Gamma Service Group. The sale of the cyclotron division resulted in the recognition of deferred tax liabilities of € 562 thousand. No deferred tax liabilities were recognized for temporary differences from retained earnings of subsidiaries in the amount of € 28,538 thousand (2016: € 20, 173 thousand), as Eckert & Ziegler AG is in a position to control the timing of the reversal and the temporary differences will not be reversed for 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	**2017**	2016	**2017**	2016
Tax loss carry-forwards	5,545	6,619	0	0
Fixed assets	107	117	6,108	7,690
Receivables	17	158	314	437
Liabilities	661	747	0	0
Inventories	269	309	0	0
Provisions	6,085	5,604	0	0
Other	299	348	26	72
Subtotal	**12,983**	**13,902**	**6,448**	**8,199**
Offsetting	–4,142	–4,902	–4,142	–4,902
Balance according to the consolidated balance sheet	**8,841**	**9,000**	**2,306**	**3,297**

18 | NON-CONTROLLING INTERESTS

Consolidated earnings after taxes include profit shares attributable to non-controlling interests in the amount of € 421 thousand (2016: € 236 thousand).

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

		Participation rate of minority interests		Profit/loss (–) attributable to minority interests		Cumulative minority interests	
Name of subsidiaries	Head-quarters	**Dec. 31, 2017**	Dec. 31, 2016	**2017** € tousand	2016 € thousand	**Dec. 31, 2017** € tsd.	Dec. 31, 2016 € tsd.
Sub-group							
Eckert & Ziegler BEBIG SA	Seneffe, Belgium	15.8 %	15.8 %	227	29	4,476	4,248
Eckert & Ziegler CESIO s.r.o	Prague, Czech Republic	11.1 %	11.1 %	199	207	685	638

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 *
- 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 *

Furthermore, the subgroup owns the 15 % interest of Eckert & Ziegler BEBIG S.A. in the joint venture ZAO NanoBrachyTech, Dubna, 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, 2017	Dec. 31, 2016
Current assets	17,938	19,529
Non-current assets	29,931	31,430
Current liabilities	– 5,910	– 9,903
Non-current liabilities	– 9,021	– 9,119
Equity attributable to shareholders of Eckert & Ziegler AG	28,462	27,689
Equity attributable to non-controlling interests	4,476	4,248

€ thousand	2017	2016
Revenues	25,894	24,888
Expenses	– 25,032	– 25,069
Net loss for the year	**862**	**– 181**
Net loss for the year attributable to shareholders of Eckert & Ziegler AG	1,089	– 152
Net loss for the year attributable to non-controlling interests	– 227	– 29
Total net loss for the year	**862**	**– 181**
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	1,089	– 152
Comprehensive income attributable to non-controlling interests	– 227	– 29
Comprehensive income	**862**	**– 181**

€ thousand	Dec. 31, 2017	Dec. 31, 2016
Dividends paid to non-controlling interests	0	0

ECKERT & ZIEGLER CESIO S.R.O.

€ thousand	Dec. 31, 2017	Dec. 31, 2016
Current assets	6,443	5,335
Non-current assets	940	952
Current liabilities	– 295	– 218
Non-current liabilities	– 335	– 329
Equity attributable to shareholders of Eckert & Ziegler AG	6,068	5,102
Equity attributable to non-controlling interests	685	638

€ thousand	2017	2016
Revenues	5,470	5,732
Expenses	– 4,681	– 3,688
Net profit for the year	**789**	**2,044**
Net profit for the year attributable to shareholders of Eckert & Ziegler AG	590	1,837
Net profit for the year attributable to non-controlling interests	199	207
Total net profit for the year	**789**	**2,044**
Other net income attributable to shareholders of Eckert & Ziegler AG	0	0
Other net income attributable to non-controlling interests	3	0
Total other net income	**3**	**0**
Comprehensive income attributable to shareholders of Eckert & Ziegler AG	590	1,837
Comprehensive income attributable to non-controlling interests	202	207
Comprehensive income	**792**	**2,044**

€ thousand	Dec. 31, 2017	Dec. 31, 2016
Dividends paid to non-controlling interests	155	420

19 | EARNINGS PER SHARE

Earnings per share were calculated as follows:

FROM CONTINUING AND DISCONTINUED OPERATIONS

€ thousand	At year-end 2017	2016
Numerator for calculation of the profit and the diluted and undiluted earnings per share – earnings share of the shareholders of Eckert & Ziegler AG	14,701	9,550
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 Euro)	2.78	1.81
Diluted earnings per share (in Euro)	2.78	1.81

FROM CONTINUING OPERATIONS

€ thousand	At year-end 2017	2016
Numerator for calculation of the profit and the diluted and undiluted earnings per share – earnings share of the shareholders of Eckert & Ziegler AG	11,602	10,212
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 Euro)	2.19	1.93
Diluted earnings per share (in Euro)	2.19	1.93

NOTES TO THE CONSOLIDATED BALANCE SHEET

20 | INTANGIBLE ASSETS MMATERIELLE VERMÖGENSWERTE

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 scheduled amortization relate exclusively to the goodwill.

Goodwill items developed as follows in the fiscal years of 2017 and 2016:

€ thousand	**2017**	2016
As of January 1	40,422	40,029
Additions	3,650	152
Disposals	– 454	– 9
Impairments	0	– 447
Currency translation differences	– 2,285	697
As of December 31	**41,333**	**40,422**

Of the increase in goodwill, € 3,650 thousand was due to the recognition of goodwill in the Isotope Products segment related to the acquisition of Gamma-Service Group in the fiscal year of 2017. The disposal of € 454 thousand resulted from the sale of the cyclotron division of the Radiopharma segment and the deconsolidation of the sold companies in this connection.

The further decline in goodwill of € 2,285 thousand is due to currency conversion differences (2016: € 697 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.

In the previous year, the goodwill value impairment of € 447 thousand recognized in the Radiation Therapy segment also led to a corresponding decline in goodwill.

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

€ thousand	Goodwill **2017**	Goodwill 2016
Radiation Therapy	16,839	17,303
Isotope Products (without VSU)	22,141	20,124
Radiopharma (cyclotron division)	0	454
Radiopharma (equipment division)	2,353	2,541
As of December 31	**41,333**	**40,422**

Capitalized goodwill was tested for impairment in accordance with IAS 36 in fiscal year 2017. 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 each of the Radiation Therapy and Isotope Products segments. Two cash-generating units have been identified to date (cyclotron and equipment divisions) in the Radiopharma segment. Since the sale of the cyclotron division on May 5, 2017, there is also only one CGU in the Radiopharma segment.

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 % (previous year: 0 % – 1 %). The discount rate before tax for the Radiation Therapy segment stood at 8.4 % (2016: 9.9 %), 8.0 % for the Isotope Products (2016: 8.8 %), 8.2 % for the equipment division of the Radiopharma segment (2016: 8.6 %). In the previous year, a discount rate of 8.4 % was applied for the cyclotron division of the Radiopharma segment. (See also the explanatory notes under Note 3).

It was the outcome of the other value impairment tests as at December 31, 2017 that, no value impairment requirement was determined on the basis of the respective recoverable amounts determined. As at December 31, 2016, a value impairment requirement of € 447 thousand had been recognized for the CGU Segment Radiotherapy.

The outcome of the impairment test for the goodwill of 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 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:

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 %	74 %	48 %	100 %	100 %	48 %
Cumulative FCF over 5 years	100 %	79 %	57 %	100 %	100 %	57 %
Calculated goodwill	100 %	81 %	61 %	71 %	54 %	37 %
Calculated goodwill (EZAG share) in relation to book value	> 1.0	0.87	0.66	0.76	0.59	0,40
Value impairment need	No	Yes	Yes	Yes	Yes	Yes
Value impairment in € thousand	0	3,608	8,389	5,820	10,124	14.672

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 value 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 3 % in light of the sales revenues generated in 2017. This growth rate corresponds to the average annual revenue growth achieved in the past in the Radiotherapy segment. The following scenario analysis shows how goodwill would develop in the event that the planned sales growth was 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	3 %	2.5 %	2 %	1.5 %	1 %	0.5 %
Resulting sales/EBIT ratio in 2022	15 %	14 %	12 %	11 %	9 %	8 %
Value impairment need	No	Yes	Yes	Yes	Yes	Yes
Value impairment in € thousand	0	49	2,996	5,890	8,729	11,516

b) As at December 31 of the fiscal years of 2017 and 2016, amortized intangible assets consist of the following:

(1) Acquired intangible assets

	2017 € thousand	Remaining amortization period	2016 € thousand
Customer relationships	3,436	1 – 12 years	4,161
Licenses/software/permits	3,200	1 – 14 years	3,211
Patents/technology	586	1 – 7 years	899
As of December 31	**7,222**		**8,271**

(2) Company-produced intangible assets

	2017 € thousand	Remaining amortization period	2016 € thousand
Technology	2,097	3 – 5 years	3,046
Permits	785	13 – 14 years	1,220
Patents	2	1 – 2 years	5
As of December 31	2,884		4,271

Intangible assets were amortized using the straight-line method. They are allocated to the cost of sales, 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 to December 31, 2017 is shown in the assets analysis included as an attachment to the consolidated notes.

21 | PROPERTY, PLANT AND EQUIPMENT

The development of property, plant and equipment from January 1, 2017 to December 31, 2017 is shown in the fixed assets schedule.

Additions in the fiscal year of 2017 are mainly for ongoing replacement investments, as well as the expansion and modernization of existing production facilities. Self-produced production facilities were capitalized in the 2017 fiscal year totaling € 1,197 thousand (2016: € 292 thousand).

The Group concluded a long-term lease contract in connection with an administration and production building erected by the company in Berlin on third-party property, which will run until December 31, 2024 following the exercise of a renewal option in previous years.

22 | INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Since 2009, BEGIG S.A. holds 15 % interest in the Russian ZAO "NanoBrachyTech" (NBT). In previous years, the management of BEBIG S.A. had no information on the financial position of NBT, and NBT was experiencing repeated payment difficulties in the repayment of a loan issued to it. Taking into account these circumstances and the general risks on the Russian market, the shares in NBT were therefore devalued in 2010 from the original acquisition costs of € 1,027 thousand to Euro 0. In May 2015, NBT acquired 35 % of the shares in Russian Corporation of Nanotechnologies (RUSNANO), with NBT valued at 457 million rubles (€ 8,299 thousand) at the time of sale. In the last two years, the interest and principal payments by the NBT were again made on regular basis. Taking into account these new findings, the shares in NBT were revalued as at December 31, 2017. Basis of the evaluation was, among others, the above-mentioned acquisition of 35 % of the shares in Russian Corporation of Nanotechnologies (RUSNANO) on May 24, 2015, resulting in a value of € 1,245 thousand for the shares of BEBIG S.A. Converted to the exchange rate of December 31, 2017, € 977 thousand would have to be recognized. As at December 31, 2016, NBT had equity capital of 313 million rubles (€ 4,878 thousand), of which 47 million rubles is attributable to BEBIG S.A. Converted to the exchange rate as at December 31, 2017, this results in a value of € 676 thousand. The shares in NBT were revalued accordingly. The share valued using the equity method as at December 31, 2017 amounts to € 676 thousand (2016: € 0 thousand) (also see explanation under Note 14).

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 each hold 50 % of the shares in the joint venture, each of which may appoint one member of the joint venture's management and key decisions must be made unanimously. 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 in the loss generated by Americium Consortium LLC in fiscal year 2017 amounted to € 0 thousand (2016: € 0 thousand) On December 31, 2017 the share measured at-equity was € 2,526 thousand (2016: € 2,780 thousand) (also see explanations under Note 14).

The following tables contain an overview of all key financial data regarding the interest in the 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	2017	2016
Current assets	2	2
Non-current assets	5,049	5,742
Current liabilities	0	0
Non-current liabilities	0	0

The assets and liabilities listed above include the following amounts:

€ thousand	2017	2016
Cash and cash equivalents	4	2
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	2017	2016
Revenues	0	0
Net profit for the year from continuing operations	2	1
Income after tax of discontinued operations	0	0
Net income for the year	2	1
Other net income	0	0
Comprehensive income	**2**	**1**
Dividends received from the joint venture	0	0

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

€ thousand	2017	2016
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	2017	2016
Net assets of the joint venture	5,051	5,560
Group shareholding	50 %	50 %
Book value of the Group interest in the joint venture	**2,526**	**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 LONG-TERM 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. In 2017, the Group received all payments from the security deposit in full, and the milestone-dependent receivables continue to be reported under other non-current assets in the amount of € 2,183 thousand (2016: € 2,183 thousand).

Other non-current assets also include a loan granted by Eckert & Ziegler AG to ELSA Eckert Life Science Accelerator GmbH (ELSA) in the amount of € 753 thousand. The loan can be used by ELSA up to a maximum amount of € 2,500 thousand, has a term of 4 years and bears interest according to the 3-month EURIBOR plus 50 basis points.

In addition, the item includes the asset value of various reinsurance policies in the amount of € 332 thousand (2016: € 107 thousand), deposits paid in the amount of € 145 thousand (2016: € 72 thousand) and other long-term receivables of € 338 thousand resulting from a contractual agreement with a customer for the conversion of trade receivables in long-term receivables.

24 | CASH AND CASH EQUIVALENTS

The cash and cash equivalents amounting to € 57,707 thousand (2016: € 36,567 thousand) are cash on hand and bank balances with maturities calculated from the date of acquisition within not more than three months. 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 at December 31, 2017 and 2016:

€ thousand	2017	2016
Trade receivables	25,040	24,233
Less value adjustments	– 735	– 1,025
As of December 31	**24,305**	**23,208**

26 | INVENTORIES

Inventories as at December 31, 2017 and 2016 consist of the following:

€ thousand	2017	2016
Raw materials, consumables, and supplies	16,654	18,629
Finished products	6,540	5,415
Work in progress	4,820	1,930
	28,014	**25,974**
Less impairments	– 1,246	– 874
As of December 31	**26,768**	**25,100**

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

The value impairments recognized based on comparing the net realizable value to the carrying amount increased by € 372 thousand (2016: € 214 thousand).

27 | OTHER CURRENT ASSETS

The other current assets in the amount of € 5,450 thousand (2016:€ 7,801 thousand) relate to VAT receivables from tax authorities of € 1,412 thousand as at 31 December 2017 (2016: € 1,510 thousand) as well as accrued expenses, advance payments and other receivables in the amount of € 2,528 thousand (2016: € 2,128 thousand).

Also included are receivables from claims for recourse amounting to € 550 thousand (2016: € 0 thousand), trust assets amounting to € 500 thousand and loan receivables amounting to € 460 thousand (2016: € 1,288 thousand), which are due in the next year.

In the previous year, other current assets also included receivables from the sale of the shares in OctreoPharm Sciences GmbH in the amount of € 2,098 thousand and receivables from the sale of technologies and production facilities in the amount of € 777 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 Equity.

In accordance with the resolution of the Annual General Meeting on May 31, 2017, the balance sheet profit under commercial law of Eckert & Ziegler AG as at December 31, 2016 in the amount of € 3,586 thousand was used to distribute a dividend of € 0.66 per bearer share entitled to a dividend (€ 3,490 thousand). The remaining amount was allocated to other retained earnings (€ 96 thousand).

The subscribed capital of Eckert & Ziegler AG as at December 31, 2017, 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 at December 31, 2017.

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 € 4,231 thousand (€ 0.80 per share) from the balance sheet profit of Eckert & Ziegler AG of 2017 in the amount of € 8,923 thousand.

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 thousand, 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 treasury 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 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 € 1,639,316. 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 treasury 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 cash and/or 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 can also be acquired by one or more financial institutions, which are then obliged to offer the shares to shareholders for subscriptions (indirect preferential 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 amounts;

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 company mergers or when acquiring companies, parts of companies, holdings in companies, or other assets;

c) if the new shares are issued against cash contributions at an issue price that is not significantly below the stock exchange price of the already listed shares within the last five stock exchange trading days prior to the date of determination of the issue price by the Executive Board within the meaning of Sections 203 (1) sentence 1 and 2, 186 (3) sentence 4 AktG; however, this authorization to exclude subscription rights only applies to the extent that the proportionate amount of the new shares in the share capital, together with the proportionate amount of the share capital of other shares that the company may dispose of during the term of this authorization under exclusion of subscription rights pursuant to Sec. 186 (3) Sentence 4 AktG on the basis of a capital increase adopted by the Annual General Meeting, the utilization of authorized capital or after repurchase, does not exceed 10 % of the share capital at the time of entry of this authorization in the commercial register or – if less – at the respective time of exercise of the authorization.

Notification regarding changes to voting share percentage

In 2017, the following circumstances needed to be disclosed in accordance with the German Securities Trading Act (WpHG):

Axxion S.A., Grevenmacher, Luxemburg notified us on June 2, 2017 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 May 30, 2017 and amounted to 3.10 % on that day (this corresponds to 164,113 voting rights).

Loys AG, Oldenburg, Germany notified us on January 19, 2017, 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 13, 2017 and amounted to 2.73 % on that day (this corresponds to 144,677 voting rights). Of these, 2.73 % (144,677 voting rights) is attributable to the company pursuant to Section 22 (1) Sentence 1 No. 6 WpHG.

In 2016, the following circumstances needed to be disclosed in accordance with the 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 fell below 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 to the company pursuant to Section 22 (1) Sentence 1 No. 6 WpHG.

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 previous year, no expense was recognized in capital reserves from the issuance of share options.

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

Other reserves also include exchange rate differences in the amount of € 217 thousand resulting from the translation of the financial statements of foreign subsidiaries (2016: € 4,483 thousand) The movements in 2017 and 2016 mainly related to the US and Brazilian subsidiaries. In addition, other reserves include the unrealized actuarial gains/losses (after taxes) from defined benefit plans to be recognized in other comprehensive income in the amount of € – 2,849 thousand (2016: € – 3,056 thousand).

Treasury shares

With the resolution of the General Meeting on May 20, 2010 the Executive Board was authorized to acquire treasury shares of up to 10 % of the capital stock before November 19, 2015 for purposes other than securities trading. 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 treasury 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 treasury shares of the Group that the Group had already purchased, still owns, or is apportioned according to Sections 71a et seq Aktiengesetz. The Executive Board was further authorized, with the Supervisory Board's consent, to use the Company's treasury shares that had been previously purchased based on earlier authorizations as follows, besides via the stock exchange or by an offer to all shareholders:

- Treasury shares may be retired without the need for a decision from an Annual General Meeting concerning the retirement or its execution.

- Treasury 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 of the AktG, treasury 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).

- Treasury 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 treasury shares are to be transferred to members of the Group's Executive Board.

- Treasury 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 treasury shares stood at 4,818 shares as at December 31, 2017. This corresponds 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 2017 and 2016.

29 | LOAN AND LEASING LIABILITIES

Loans and leasing liabilities on December 31 of fiscal years 2017 and 2016 break down as follows:

€ thousand	2017	2016
Loan liabilities to banks	1,731	11,658
Leasing liabilities	2	0
Loan liabilities as of December 31, total	**1,733**	**11,658**
	1,687	**7,520**
	46	4,138

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

€ thousand	Interest rate p. a.	2017	2016
Loan from Commerzbank AG	3.99 %	1,385	3,245
Loan from DZ Bank	3.10 %	0	3,047
Loan from Deutschen Bank AG	3.17 %	0	968
Loan from Commerzbank AG	4.80 %	208	712
Other loans (including leasing liabilities)	1.2 % to 5.1 %	115	66
Current money market loans	2.50 %	0	3,250
Utilized credit lines		24	370
Loan liabilities as of December 31, total		**1,733**	**11,658**

Loan liabilities decreased significantly again in fiscal year 2017 compared to the previous year. The decline is partly due to the sale of the cyclotron division and, partly to the scheduled repayment of existing loans. In the fiscal year 2017, just as in the previous year, only short-term loans for liquidity optimization were added.

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.

A loan of USD 2,500 thousand was taken out from Commerzbank AG in June of 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.

The Group has a total of € 21,603 thousand of credit line commitments, of which € 7,909 thousand was utilized as at 31 December 2017.

As at December 31, 2017 and 2016, the contractually agreed residual terms of loan liabilities consisted of the following:

€ thousand	2017	2016
Residual term up to 1 year	1,467	4,138
Residual term > 1 to 5 years	46	7,520
Residual term more than 5 years	0	0
Loan liabilities as of December 31, total	**1,513**	**11,658**

30 | DEFERRED INCOME FROM GRANTS AND OTHER DEFERRED INCOME

Deferred income from grants item as at December 31 breaks down as follows:

€ thousand	2017	2016
Deferred short-term grants	171	147
Deferred long-term grants	3,152	1,524
As of December 31	**3,323**	**1,671**

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 at December 31, 2017 by Longial AG and Allianz Lebensversicherung AG, respectively (as in the previous year).

The most important assumptions underlying the actuarial valuation are:

%	Dec. 31, 2017	Dec. 31, 2016
Discount rate(s)	1.85 to 2.05	1.45 to 1.95
Expected income from plan assets	2.75	2.75
Expected percentual salary increases	0.00 to 2.50	0.00 to 2.50
Expected percentual pension increases	0.00 to 1.50	0.00 to 1.50
Expected percentual inflation rate	2.00	2.00

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

€ thousand	2017	2016
Present values of defined benefit pension entitlements	11,843	11,968
Plan assets at fair value	– 168	– 166
Pension provisions as of December 31	**11,675**	**11,802**

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

€ thousand	2017	2016
Pension provisions as of January 1	11,802	10,494
Expenditure for pension obligations	436	465
Actuarial gains (–) and losses (+)*	– 302	1,122
Disbursements from plan assets	0	0
Income from plan assets	– 3	– 4
Pension payments	– 258	– 275
Pension provisions as of December 31	**11,675**	**11,802**

** Before deferred taxes*

The following amounts were recognized in the Income Statement of the respective fiscal year:

€ thousand	2017	2016
Service period cost	219	214
Interest paid	217	251
Expected income from plan assets	– 3	– 4
Total recognized amounts	**433**	**461**

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

€ thousand	2017	2016
Cumulative actuarial gains (–)/losses (+) on January 1 * 3,357 3,916	4,478	3,357
Addition/disposal *	– 302	1,122
Cumulative actuarial gains (–)/losses (+) on December 31 *	**4,175**	**4,478**

** 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	2017	2016
Opening balance of plan assets recognized at fair value	166	171
Expected income from plan assets	3	4
Actuarial losses	– 1	– 9
Disbursement from plan assets	0	0
Closing balance of plan assets recognized at fair value	**168**	**166**

Pension payments in the amount of € 308 thousand are expected for fiscal year 2018.

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

€ thousand	2017	2016	2015	2014	2013
Defined benefit obligation	– 11,843	– 11,968	– 10,665	– 11,263	– 8,316
Plan assets	168	166	171	169	353
Funded status	**– 11,675**	**– 11,802**	**– 10,494**	**– 11,094**	**– 7,963**

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	11,675	
Discount rate – 0.25 %	12,379	6,0
Discount rate + 0.25 %	11,341	– 2.9

Furthermore, there is a pension plan for a member of the Executive Board, which has been designed as a employee-funded defined contribution plan (deferred compensation). The amount of the salary conversion for this pension plan amounted to € 10 thousand in the 2017 fiscal year (2016: € 10 thousand). The pension commitment is secured by means of a congruently reinsured provident fund.

32 | OTHER PROVISIONS

The following table provides an overview of the changes in other provisions during fiscal years 2017 and 2016.

€ thousand	**2017**	2016
Provisions for restoration obligations (non-current)	18,841	18,188
Other provisions (non-current)	26,658	13,327
Other non-current provisions as of December 31	45,499	31,515
Other provisions (current)	3,163	3,743
Other current provisions as of December 31	**3,163**	**3,743**

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 2017 and 2016:

€ thousand	**2017**	2016
Provisions as of January 1	18,188	15,721
Additions	2,655	2,843
Outflows	– 1,684	0
Compounding	177	273
Utilization	– 183	– 724
Currency translation	– 312	75
Provisions as of December 31	**18,841**	**18,188**

An adjustment of the discount rates for the measurement of provisions for removal obligations was made according to IFRIC 1 in fiscal year 2017, corresponding to the respective terms, in order to account for capital market developments. These adjusted interest rates lie between – 1.6 % and 2.9 %. Maintaining the previous-year interest rates of – 0.2 % to 3.0 % would have reduced the provisions by € 195 thousand (2016: € 240 thousand). The cash payments for the restoration are expected in fiscal years 2018 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 € 85 thousand (2016: € 72 thousand).

Other non-current provisions as at December 31, 2017 mainly consist of provisions for the obligation to process own and accepted third-party radioactive residues and take-back obligations for sold radiation sources in the amount of € 22,380 thousand (2016: € 12,047 thousand). Provisions are formed 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 non-current provisions also include € 2,225 thousand (2016: € 0 thousand) for long-term services still to be provided to fulfill a contract, obligations from the sale of shares amounting to € 850 thousand (2016: € 0 thousand), personnel-related provisions amounting to € 546 thousand (2016: € 714 thousand), provisions for release measurement and dismantling of € 404 thousand (2016: € 343 thousand) and archiving provisions amounting to € 243 thousand (2016: € 184 thousand).

The other current assets provisions in the amount of € 3,163 thousand (2016: € 3,743 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 of € 600 thousand (2016: € 850 thousand), as well as non-current liabilities under a license agreement concluded in the fiscal year of 2013 at € 1,957 thousand (2016: € 1,963 thousand) and earn-out liabilities of € 71 thousand (2016: € 197 thousand).

The item other long-term liabilities also includes an interest rate swap in the amount of € 220 thousand (2016: two interest rate swaps in the amount of € 470 thousand). These are derivatives accounted for in accordance with IAS 39.9 as financial liabilities measured at fair value through profit and loss. Further information on derivative financial instruments can be found in the explanations under Note 35.

34 | OTHER CURRENT LIABILITIES

The item Other current liabilities as at December 31 is made up as follows:

€ thousand	**2017**	2016
Liabilities from wages and salaries	7,385	5,190
Liabilities from social security obligations	656	895
Liabilities to tax authorities	1,837	877
Liabilities from other deferrals	2,762	1,229
Liabilities to non-controlling interests	0	325
Other liabilities	1,824	3,568
As of December 31	**14,464**	**12,084**

As at December 31, 2017 the other liabilities include an earn-out liability from a company acquisition at € 437 thousand (2016: € 1,285 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	2017	2016
Financial assets		
Cash and cash equivalents	57,707	36,567
Trade receivables	24,305	23,208
Other current assets	2,723	4,863
Other non-current assets	3,274	2,186
As of December 31	**88,009**	**66,824**
Financial liabilities		
Financial liabilities at amortized cost	13,451	26,180
Derivative financial instruments	220	470
As of December 31	**13,671**	**26,650**

In financial liabilities, interest swaps measured at fair value through profit and 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		2017	2016
Trade receivables	current	24,305	23,208
Receivables due from related parties	current	0	368
Receivables due from related parties	non-current	753	0
Other receivables	current	2,723	4,495
Other receivables	non-current	2,521	2,186
As of December 31		**30,302**	**30,257**

FINANCIAL LIABILITIES AT AMORTIZED COST

€ thousand		2017	2016
Loan liabilities	current	1,687	7,520
Loan liabilities	non-current	46	4,138
Trade payables	current	4,504	6,390
Other liabilities	current	4,586	5,122
Other liabilities	non-current	2,628	3,010
As of December 31		**13,451**	**26,180**

Financial liabilities at amortized cost consist of the following:

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:

	2017		2016	
€ thousand	Fair value	Book value	Fair value	Book value
Financial assets measured at cost or amortized cost				
Cash and cash equivalents	57,707	57,707	36,567	36,567
Trade receivables and other receivables	30,302	30,302	30,257	30,257
As of December 31	**88,009**	**88,009**	**66,824**	**66,824**
Financial liabilities measured at cost or amortized cost				
Trade payables	4,504	4,504	6,390	6,390
Liabilities to banks and other financial debts	1,791	1,733	12,006	11,658
Other non-derivative financial liabilities	7,214	7,214	8,132	8,132
As of December 31	**13,509**	**13,451**	**26,528**	**26,180**

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.

Since the term of the loan obligations is predominantly short term, discounting has only a marginal effect.

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, 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	2017	2016
Receivables	– 290	– 63
Measured at fair value through profit and loss	250	176

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	– 220	– 220
As of December 31, 2016	**0**	**0**	**– 220**	**– 220**

€ 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, 2015	**0**	**0**	**– 470**	**– 470**

Level 1: The market values for these assets and liabilities are determined based on quoted, unadjusted prices on active markets.

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

Level 3: The market values for these assets and liabilities are determined based on parameters for which no observable market data is 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 default risk is the risk that a customer or contracting party of Eckert & Ziegler Group cannot meet its contractual obligations. The result of this is, firstly, the risk of value impairments on financial instruments due to issues of credit rating and, secondly, 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.Deliveries to customers that are permanently deemed a risk because of their size or location are secured by means of advance payment or letter of credit. 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 € 24,305 (2016: € 23.208).

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

€ thousand	2017	2016
Europe	15,914	11,984
North America	5,383	6,365
Other	3,008	4,859
As of December 31	**24,305**	**23,208**

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

€ thousand	2017	2016
1 to 90 days	6,275	7,028
Over 90 days	1,077	2,730
	7,352	**9,758**

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	2017	2016
As of January 1	1,025	1,054
Net additions	200	192
Additions from the acquisition of consolidated companies	112	0
Utilization	–602	–222
Exchange rate effects	0	1
As of December 31	**735**	**1,025**

Liquidity risk

The liquidity risk is the risk that the Group will not be able to meet its financial obligations on time. 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 at December 31, 2017, Eckert & Ziegler AG and its subsidiaries also have, if needed, credit lines amounting to € 21,603 thousand (2016: € 17,962 thousand). Of this amount, € 13,694 thousand was freely available as at December 31, 2017, and € 7,909 thousand was utilized for sureties and guarantees.

As at 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 2017, 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, 2017**

€ thousand		Book value	Present value Total	Cash outflow Up to 1 year	Cash outflow 1 to 5 years	Cash outflow Over 5 years
Loan liabilities	fixed-interest	1,733	1,791	1,735	56	0
Loan liabilities	variable interest	0	0	0	0	0
Trade payables	non-interest bearing	4,504	4,504	4,504	0	0
Other liabilities	non-interest bearing	21,055	20,903	19,392	1,663	0
Derivative financial liabilities	variable interest	220	220	220	0	0
As of December 31		**27,512**	**27,418**	**25,851**	**1,719**	**0**

ANALYSIS OF THE CONTRACTUALLY AGREED DUE DATES — December 31, 2016

€ thousand		Book value	Present value Total	Cash outflow Up to 1 year	Cash outflow 1 to 5 years	Cash outflow 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	variable interest	470	470	240	230	0
As of December 31		**24,824**	**25,172**	**17,681**	**7,491**	**0**

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

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 the 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.

If necessary, export transactions in foreign currencies are hedged using foreign currency options and forward transactions. There were no open positions under currency swaps and options as at the balance sheet date.

Risk exposure

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

Foreign exchange exposure converted in € thousand	December 31, 2017					December 31, 2016				
	USD	GBP	PLN	CZK	BRL	USD	GBP	PLN	CZK	BRL
Cash and cash equivalents	13,955	57	0	277	187	9,145	845	9	177	477
Trade receivables	4,751	650	0	178	993	6,902	443	81	0	1,004
Trade payables	–815	–47	0	–97	–626	–542	–68	–130	–33	1,418
Balance sheet exposure	**17,891**	**660**	**0**	**358**	**554**	**15,505**	**1,220**	**–40**	**144**	2,899

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 as at the reporting date, keeping all other assumptions the same:

Effect in € thousand	December 31, 2017					December 31, 2016			
	USD	GBP	PLN	CZK	BRL	USD	GBP	PLN	CZK
Aggregate result	–1,775	–69	0	–50	–164	–809	–66	51	–167

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 at the reporting date.

The foreign exchange rates listed under Note 5 were used as thebasis 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 paid a fixed amount of € 17,650 per quarter 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 the swap transaction still outstanding as at the balance sheet date is € – 220 thousand (2016: € – 470 thousand) and is reported in 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 at the balance sheet date:

€ thousand	**2017**	2016
Interest-bearing financial assets	753	440
– thereof variable-interest	753	72
– thereof fixed-interest	0	368
Interest-bearing financial liabilities	1,733	11,658
– thereof variable-interest	0	436
– thereof fixed-interest	1,733	11,222

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:

	2017		2016	
Effect in € thousand	+ 100 base points	– 100 base points	+ 100 base points	– 100 base points
Interest results for variable-interest financial instruments	60	– 60	141	– 87

Capital management

Eckert & Ziegler AG (parent company) is subject to the minimum capitalization pursuant to Article 92 AktG in accordance with German stock corporation and commercial law. 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 2017 and 2016.

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 2016.

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 on 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.

The cash flow from operating activity includes € – 1,023 thousand (2016: € 1,145 thousand) from discontinued operations.

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 flow from investing activities includes € 12,286 thousand in cash inflows from the sale of shares in consolidated companies and € 17 thousand in cash outflows from the purchase of fixed assets attributable to discontinued operations (2016: € 348 thousand in cash inflows from the sale or purchase of fixed assets and € 303 thousand in cash outflows from the acquisition of shareholdings).

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 flow from financing activities includes payments for the acquisition of equity instruments from subsidiaries in the amount of € 575 thousand (2016: € 1,633 thousand), payments for the repayment of loans in the amount of € 375 thousand (2016: € 2,020 thousand; and 2016: payments of € 535 thousand from the taking out of loans) as well as interest payments of € 49 thousand (2016: € 176 thousand) attributable to the discontinued operations.

OTHER DISCLOSURES

39 | COMPANY ACQUISITIONS AND DISPOSALS

Acquisition of Gamma-Service Recycling GmbH, Gamma-Service Medical GmbH, Isotope Technologies Dresden GmbH and GSG International GmbH in the fiscal year of 2017

Eckert & Ziegler Isotope Products GmbH has acquired all shares in the following companies (and their subsidiaries ISOTREND spol.s.o, IPS International Processing Services GmbH and Nuclear Control & Consulting GmbH) through a notarized contract dated May 31, 2017:

- Gamma-Service Recycling GmbH, Leipzig, Germany
- Gamma-Service Medical GmbH, Leipzig, Germany
- Isotope Technologies Dresden GmbH, Dresden, Germany
- GSG International GmbH, Freienbach, Switzerland

The purchase price was € 7,817 thousand and was paid in cash. The costs incurred in connection with the acquisition amounted to € 105 thousand and were recognized as an expense under general administrative expenses in the 2017 fiscal year. The main reason for the acquisition of the companies was to acquire existing customer relationships. Thanks to the acquisition, the Isotope Products segment has gained further market share and therefore further strengthened its market position.

The acquisition was included in the Consolidated Financial Statements in accordance with the acquisition method. The purchase price was provisionally allocated to the acquired assets and liabilities on the basis of the estimated fair values as at the date of the acquisition. The preliminary purchase price allocation resulted in goodwill of € 3,650 thousand. This goodwill is not deductible for tax purposes. 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	164	1,566	1,730
Property, plant, and equipment	6,526	585	7,111
Receivables	2,689	11,463	14,152
Other assets	14,710	– 5,851	8,859
Cash in hand and at bank	2,459		2,459
Liabilities	– 29,541		– 29,541
Deferred taxes	– 12	– 591	– 603
Net assets	**– 3,005**	**7,172**	**4,167**
Purchase price	– 7,817		– 7,817
Goodwill			**– 3,650**

With the acquisition of the above-mentioned companies, cash and cash equivalents amounting to € 2,459 thousand were taken over, so that the net cash flow in 2017 from the acquisition amounted to € – 5,358 thousand. Since the date of first-time consolidation, revenues of € 10,861 thousand and a loss of € 307 thousand have been recognized in the 2017 Consolidated Financial Statements. If the companies had been included in the Consolidated Financial Statements since January 1, 2017, consolidated sales would have been € 5,241 thousand and the loss € 342 thousand higher.

Acquisition of Eckert & Ziegler Brasil Logistica Ltda. in the fiscal year of 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 TBRL 2,118,and comprises a payment of TBRL 742 that is due immediately as well as earn-out components of TBRL 1,376. The payment of the earn-out components depends both on the amount and on the timing of the achievement of certain contractually agreed sales and earnings figures. 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 the fiscal year of 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 TBRL 556. This goodwill is not deductible for tax purposes. 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**

With the acquisition of Eckert & Ziegler Brasil Logistica Ltda., cash and cash equivalents amounting to TBRL 38 were taken over, so that the net cash flow in 2016 from the company acquisition amounted to TBRL – 704. Since the date of first-time consolidation, revenues of € 206 thousand and a loss of € 61 thousand have been recognized in the 2016 Consolidated Financial Statements. If the company had been included in the Consolidated Financial Statements since 1 January 2016, consolidated sales would have been € 192 thousand and the loss € 1 thousand higher.

Acquisition of BrachySolutions BVBA in the fiscal year of 2016

Effective as at August 26, 2016, Eckert & Ziegler BEBIG SA acquired all shares in BrachySolutions BVBA, Leuven, Belgium. With the acquisition of BrachySolutions BVBA as one of the largest independent distributors for prostate seeds in Europe with a focus on Benelux and Portugal, the radiotherapy segment has significantly strengthened its market position in Europe. The purchase price for the shares was € 1,218 thousand. The purchase price 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 depends both on the amount and on the timing of the achievement of certain contractually agreed sales and earnings figures. 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**

With the acquisition of BrachySolutions BVBA, cash and cash equivalents amounting to € 461 thousand were taken over, so that the net cash flow in the company acquisition amounted to € – 101 thousand. Sales revenues of € 393 thousand and earnings of € 50 thousand were generated by the time of the merger. If the company had been included in the Consolidated Financial Statements since January 1, 2016, consolidated sales would have been € 700 thousand and earnings € 200 thousand higher.

40 | LEASING ARRANGEMENTS

Financial obligations as lessee

The Group almost exclusively has operating leases for equipment, vehicles, land, and buildings which do not have to be capitalized. Rental and lease expenses for operating leases in the respective fiscal years of 2017 and 2016 each ending on December 31, amounted to € 3,798 thousand and € 3,672 thousand respectively.

The future minimum lease payments from non-cancellable, non-capitalizable operating leases amount to the following amounts as at 31 December 2017:

€ thousand	Rent and lease agreements
As of the end of the respective year (December 31)	
2018	3,985
2019	3,457
2020	3,362
2021	1,281
2022	1,030
thereafter	3,281
Minimum rent or lease payments, total	**16,396**

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, acting 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 amortized over the originally agreed lease term. As in the previous year, no value adjustments were required on the receivables from these leases in the fiscal year of 2017. 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 disclosures	
Total acquisition	Balance as at December 31, 2017	2018	2019 – 2022	After 2022	Not yet realized financial	Realized income 2017
276	165	69	110	0	9	62

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 Currently, 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** fsegment 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. The medical radiation sources include radioactive sources for the calibration of 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 addition to other services such as the transport of radioactive substances the segment also retrieves, processes and conditions low-level radioactive isotope technology 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 applicators 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 in Germany and the USA, whereas the products are sold worldwide.

The products of the **Radiopharma** segment, with locations in Berlin, Braunschweig and Washington, mainly include approved $^{68}Ge/^{68}Ga$ generators and GMP synthesis systems for the production of radiopharmaceuticals. The products are used for diagnostics and therapy in nuclear medicine and radiation therapy as well as in research. The Auriga business area was added with 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. The generators and synthesis modules as well as the Yttrium-90 are distributed worldwide.

The items of the holding company Eckert & Ziegler Strahlen- und Medizintechnik are included under “Holding”.

SEGMENTAL REPORT

	Isotope Products		Radiation Therapy		Radiopharma		Holding		Elimination		Total	
€ thousand	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Sales to external customers	86,107	73,329	25,858	24,778	26,649	21,746	18	16	0	0	138,631	119,868
Sales to other segments	3,590	2,898	36	111	0	6	5,430	4,726	– 9,056	– 7,740	0	0
Total segment sales	**89,696**	**76,227**	**25,894**	**24,888**	**26,649**	**21,751**	**5,448**	**4,742**	**– 9,056**	**– 7,740**	**138,631**	**119,868**
Results from shares measured at equity											0	0
Segment profit/loss before interest and income taxes (EBIT)	9,925	10,851	1,900	– 250	6,647	6,152	– 429	– 613	– 72	– 4	17,972	16,137
Interest expenses and income	– 180	– 328	– 173	10	– 197	– 604	– 88	173	9	31	– 629	– 718
Interest expense											0	0
Income taxes	– 2,767	– 3,551	– 637	106	– 1,960	– 1,626	45	99	0	0	– 5,320	– 4,971
Result from discontinued operations, net	0	– 867	0	0	3,099	205	0	0	0	0	3,099	– 662
Profit/loss before minority interests	6,978	6,106	1,089	– 134	7,589	4,127	– 472	– 341	– 63	28	15,122	9,786

SEGMENTAL REPORT

	Isotope Products		Radiation Therapy		Radiopharma		Holding		Total	
€ thousand	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Segmental assets	134,351	111,807	47,886	50,959	31,137	40,943	107,616	103,475	324,349	307,184
Elimination of inter-segmental shares, equity investments and receivables									– 107,362	– 107,719
Consolidated total assets									216,987	199,465
Segmental liabilities	– 82,887	– 53,019	– 14,944	– 19,022	– 15,879	– 29,497	– 2,607	– 4,320	– 116,317	– 105,858
Elimination of intersegmental liabilities									16,847	16,470
Consolidated liabilities									– 99,470	– 89,388
Investments (without acquisitions)	2,459	2,694	– 191	867	895	1,239	153	198	3,316	4,998
Depreciation	– 3,913	– 3,299	– 2,369	– 2,495	– 1,494	– 2,025	– 423	– 471	– 8,199	– 8,290
Non-cash income (+)/expenses (–)	– 203	– 1,881	– 651	– 1,005	3,119	– 1,385	845	39	3,110	– 4,232

INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT ACCORDING TO REGIONS

€ thousand	2017	2016
Germany	51,561	45,014
USA	25,806	29,893
Belgium	3,912	4,414
Others	3,988	11,466
Total	**85,267**	**90,787**

EXTERNAL SALES ACCORDING TO GEOGRAPHICAL REGIONS

	2017		2016	
	€ million	%	€ million	%
Europe	66.9	48	54.3	45
North America	46.3	33	45.1	38
Asia/Pacific	14.8	11	11.1	9
Others	10.6	8	9.4	8
Total	**138.6**	**100**	**119.9**	**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 AND COMPANIES

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 and companies 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, 2017 responsible for the Group strategy, finance and capital market communication, was 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, USA; Chairman of the Board of Directors of Eckert & Ziegler BEBIG SA, Seneffe (Belgium); until May 2017: Chairman of the Supervisory Board of Berlin Partner für Wirtschaft und Technologie GmbH

Dr. André Heß (member of the Executive Board, 2017 responsible for personnel and the Radiopharma segment), Berlin, graduate chemist and industrial engineer

On other boards: Member of the Board of Directors of Eckert & Ziegler Isotope Products Inc. (IPL), Valencia, USA, Member of the Board of Directors of Eckert & Ziegler BEBIG SA, Seneffe (Belgium), Member of the Board of Curasight ApS, Copenhagen (Denmark)

Dr. Harald Hasselmann (Member of the Board, 2017 responsible for the Radiation Therapy segment), Berlin, Kaufmann

On other boards: Member of the Board of Directors of Eckert & Ziegler BEBIG SA, Seneffe (Belgium)

Other members of the management in key positions

Dr. Gunnar Mann (2017 responsible for radiation protection, information technology, and infrastructure)

Frank Yeager (president of Eckert & Ziegler Isotope Products Inc. in 2017)

Joseph Hathcock (vice-president of Eckert & Ziegler Isotope Products Inc. in 2017)

Ivan Simmer (2017 Managing Director and minority shareholder of Eckert & Ziegler Cesio s.r.o.)

up to 05/05/2017: **Axel Schmidt** (CEO and minority shareholder of Eckert & Ziegler f-con Deutschland GmbH in 2017)

Supervisory Board

The members of the Group's Supervisory Board in fiscal year 2017 were:

Prof. Dr. Wolfgang Maennig (Chairman), Berlin, Germany, university professor

On other supervisory boards: None

up to 31/05/2017: **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

Prof. Dr. Helmut Grothe, (from 31/07/2017:Deputy Chairman), Wandlitz, lawyer, university professor at the Free University of Berlin

On other supervisory boards: None

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, President of the World Health Summit, Chairman of the Board of Trustees of the Max Planck Institute for Colloids and Interfaces (MPI-KG) and Molecular Plant Physiology (MPI-MP), Potsdam

On other supervisory boards: None

Albert Rupprecht, Waldthurn, economics graduate, member of the German Bundestag

On other supervisory boards: None

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

In June 2009, Eckert & Ziegler BEBIG SA contributed intangible assets to the joint venture ZAO "NanoBrachyTech" and received 15 % of the shares in the joint venture company. 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 € 1,508 thousand in fiscal year 2017 (2016: € 956 thousand). In addition, Eckert & Ziegler BEBIG SA received repayments of € 460 thousand (2016: € 460 thousand) and interest payments of € 22 thousand (2016: € 26 thousand) in the 2017 fiscal year in connection with a loan arising from the conversion of receivables. The loan bears interest of 2.5 % p. a. As at December 31, 2017, the outstanding receivables due from OOO BEBIG amounted to € 466 thousand (2016: € 920 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 GmbH (ELSA2), which is a wholly owned subsidiary of Eckert Wagniskapital und Frühphasenfinanzierung GmbH.

In 2017 and 2016, 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 according to the three-month EURIBOR plus 50 base points. The loan was fully repaid in 2017.

In October 2017, Eckert & Ziegler AG concluded a new loan and share option agreement with ELSA. The contract has a term of 4 years and a total volume of up to € 2,500 thousand. The loan bears interest according to the three-month EURIBOR plus 50 base points. As at December 31, 2017, € 753 thousand was disbursed from the contract to ELSA.

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 € 826 thousand were incurred in fiscal year 2017 (2016: € 982 thousand).

Companies in the Radiation Therapy segment had concluded a consultancy agreement with the wife of a member of the management by the end of the 2016 fiscal year. Consulting services in the amount of € 31 thousand were obtained under this contract in fiscal year 2016. As at December 31, 2016, there were no liabilities from this contract.

In the fiscal year of 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 were obtained under this agreement.

The balances of parties related to the Eckert & Ziegler Group regarding receivables, loan receivables, liabilities and loan liabilities as at December 31 of the 2017 and 2016 fiscal years are as follows:

€ thousand	2017	2016
Trade receivables due from related parties and companies	1,219	1,443
Trade payables due from related parties and companies	0	0

44 | DISCLOSURES ON THE REMUNERATION OF BOARD MEMBERS

The Group's remuneration system for the compensation of board members is explained in the Remuneration Report in the Group Management Report.

Executive Board remuneration

In the 2017 fiscal year, the members of the Executive Board received total compensation of € 1,524 thousand (2016: € 1,315 thousand). This corresponds to a 16 % increase over the previous year. Of this total remuneration, € 808 thousand (2016: € 793 thousand) was attributed to fixed salary components and € 716 thousand (2016: € 522 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. Harald Hasselmann				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:		January 1, 2017		Date of appointment:		March 1, 2008	
€ thousand	2016	2017	Min	Max	2016	2017	Min	Max	2016	2017	Min	Max
Fixed remuneration	300,000	300,000	300,000	300,000	0	189,236	189,236	189,236	208,012	216,000	216,000	216,000
Additional benefits	33,537	34,961	34,961	34,961	0	34,294	34,294	34,294	31,364	33,095	33,095	33,095
Total	**333,537**	**334,961**	**334,961**	**334,961**	**0**	**223,531**	**223,531**	**223,531**	**239,376**	**249,095**	**249,095**	**249,095**
Inventor's compensation	0	0	0	0	0	0	0	0	0	0	0	0
Multi-year variable remuneration	253,035	340,000	0	500,000	0	121,040	0	150,000	197,193	255,000	0	300,000
Bonus on Group EBIT (5 years)	*253,035*	*340,000*	*0*	*500,000*								
Bonus on group net profits excluding the therapy segment					*0*	*100,000*	*0*	*100,000*				
Bonus on net profits therapy segment					*0*	*21,040*	*0*	*50,000*				
Bonus on Group EBIT excluding the Radiopharma segment (3 years)									*44,374*	*55,000*	*0*	*100,000*
Bonus on EBIT for the Radiopharma segment (3 years)									*152,819*	*200,000*	*0*	*200,000*
Total	**253,035**	**340,000**	**0**	**500,000**	**0**	**121,040**	**0**	**150,000**	**197,193**	**255,000**	**0**	**300,000**
Pension expenses	0	0	0	0		0	0	0	0	0	0	0
Total remuneration	**586,572**	**674,961**	**334,961**	**834,961**	**0**	**344,571**	**223,531**	**373,531**	**436,569**	**504,095**	**249,095**	**549,095**

1) The fixed remuneration and the variable remuneration of the Executive Board members Dr. Ing. Harald Hasselmann and Dr. André Heß are not included in the personnel expenses of the AG, since these remunerations are settled via subsidiaries.

2) 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 member of the Executive Board, who left the Executive Board on 31/12/2016, Dr. Ing. Edgar Löffler received a total remuneration of € 291 thousand (fixed compensation: € 220 thousand, variable compensation: € 71 thousand) in the 2016 fiscal year.

The disclosed variable remuneration for 2017 is based on the final financial statement figures and is paid in this amount in 2017. Due to the iteration problem, the provisions for bonuses contained in the balance sheet as at December 31, 2017 may differ slightly.

Provisions of € 475 thousand (2016: € 475 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 2017 (2016: € 32 thousand).

Supervisory Board remuneration

For fiscal year 2017, the members of the Supervisory Board received a fixed remuneration of € 74 thousand (2016: € 75 thousand) and attendance fees of € 27 thousand (2016: € 26 thousand). This corresponds to a total expenditure of € 101 thousand (2016: € 103 thousand).

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

Name	Remunerated function	Fixed remuneration	Attendance fees	Total
€ thousand				
Prof. Dr. Wolfgang Maennig	Chairman of the Supervisory Board	20 (2016: 20)	4 (2016: 5)	24 (2016: 25)
Prof. Dr. Nikolaus Fuchs	up to 31/05/2017: Deputy Chairman of the Supervisory Board	6 (2016: 15)	3 (2016: 5)	9 (2016: 20)
Prof. Dr. Helmut Grothe	as at 31/07/2017: Deputy Chairman, previously member of the Supervisory Board	12 (2016: 10)	5 (2016: 6)	17 (2016: 15)
Hans-Jörg Hinke	Member of the Supervisory Board	10 (2016: 10)	5 (2016: 4)	15 (2016: 14)
Dr. Gudrun Erzgräber	Member of the Supervisory Board	10 (2016: 10)	4 (2016: 5)	14 (2016: 15)
Prof. Dr. Detlev Ganten	Member of the Supervisory Board	10 (2016: 10)	4 (2016: 4)	14 (2016: 14)
Albert Rupprecht	as at 31/05/2017: Member of the Supervisory Board	6 (2016: 0)	2 (2016: 0)	8 (2016: 0)

No remuneration or benefits were paid to Supervisory Board members for services, in particular consulting and brokerage services, rendered outside of their activities on the Supervisory Board in the period under review. In the fiscal year of 2016, a consultancy agreement with the company consultancy company of a member of the Supervisory Board was approved in advance by the Supervisory Board Consulting services of € 66 thousand were obtained under this agreement in 2016.

The Supervisory Board has not established any committees, in particular an audit committee or nomination committee. The need to form committees, in particular an audit committee or a nomination committee, is not considered by the Supervisory Board to be a priority due to the small number of Supervisory Board members and the specific circumstances of the company. All tasks of these committees are therefore performed by the Supervisory Board as a full body.

45 | EVENTS AFTER THE REPORTING DATE

On December 19, 2017, Eckert & Ziegler BEBIG GmbH signed an agreement to acquire the WOLF-Medizintechnik GmbH (WOMED) in Thuringia. The company, based in St. Gangloff, Thuringia, is a manufacturer of X-ray therapy equipment for the treatment of superficial skin tumors and joint diseases. WOMED employs approximately 15 employees and generated sales of around € 3 million in the 2017 fiscal year. In addition to WOMED's existing revenues, additional revenues and profits are expected from the expansion of the product portfolio. This is also the introduction of a device for intraoperative irradiation.

The purchase price for the shares in WOMED amounted to € 2,994 thousand and was financed from existing cash. The acquisition became effective as at January 1, 2018. Starting in the fiscal year 2018, the acquisition of WOMED for the Eckert & Ziegler Group is expected to generate additional revenues of € 2 million and profits of € 300 thousand.

Due to the short time span between the acquisition of WOMED and the preparation of the present Consolidated Financial Statements, the purchase price was initially allocated on the acquired assets and liabilities on a provisional basis as follows:

€ thousand	Book value at the time of purchase	Reclassification	Present value at the time of purchase
Intangible assets	0	2,077	2,077
Property, plant, and equipment	149		149
Inventory	1,082		1,082
Receivables	4		4
Other assets	305		305
Cash in hand and at bank	586		586
Liabilities	– 586		– 586
Deferred taxes	0	– 623	– 623
Net assets	**1,540**	**1,454**	**2,994**
Purchase price	– 2,994		– 2,994
Goodwill			0

Otherwise, there were no other events of particular importance that have a material impact on the earnings, financial and asset position of the Group.

DISCLOSURES PURSUANT TO SECTION 315a (1) HGB

46 | OTHER INCOME/EXPENSES

Other income/expenses and income from discontinued operations include non-period income from the sale of fixed assets in the amount of € 24 thousand (2016: € 93 thousand) and non-period expenses from losses on the sale of fixed assets in the amount of € 94 thousand (2016: € 792 thousand).

47 | TOTAL FEE OF THE GROUP AUDITOR

The services rendered by the auditor of the Consolidated Financial Statements for the fiscal year included a total fee of € 324 thousand (2016: € 377 thousand). Of these, auditing fees for the audit of the annual and Consolidated Financial Statements of Eckert & Ziegler AG and various subsidiaries account for € 304 thousand (2016: € 356 thousand), for tax consultancy services € 8 thousand and € 14 thousand for other services.

48 | DECLARATION PURSUANT TO SECTION 161 AKTG REGARDING COMPLIANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE (COMPLIANCE STATEMENT)

The declaration required by Eckert & Ziegler AG as a listed company to comply with the recommendations of the German Corporate Governance Code pursuant to Section 161 AktG was issued by the Executive Board and the Supervisory Board and permanently is available to shareholders via the company's website at *www.ezag.com*

Berlin, March 29, 2018

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, 2017

	Cost						
€ thousand	As of Dec. 31, 2016	Additions from company acquisitions	Additions	Disposals	Reclassi-fications	Currency translation	As of Dec. 31, 2017
NON-CURRENT ASSETS							
I. Intangible assets							
1. Goodwill	46,618	3,650	0	0	478	– 2,432	47,358
2. Acquired intangible assets	32,871	1,701	557	57	6,851	– 1,546	26,789
3. Internally generated intangible assets	10,177	8	35	0	636	3	9,587
4. Prepayments made	0	0	106	0	0	0	106
	89,666	**5,359**	**698**	**57**	**7,965**	**– 3,975**	**83,840**
II. Property, plant and equipment							
1. Buildings on third-party land	24,540	4,011	494	313	7,502	– 1,146	20,710
2. Technical plant and machinery	56,264	2,193	3,951	356	12,479	– 1,057	49,228
3. Other plants and equipment fixtures and fittings	13,912	809	1,252	– 221	1,196	– 287	14,269
4. Assets under construction	2,036	69	1,663	– 505	712	– 70	2,481
	96,752	**7,082**	**7,360**	**– 57**	**21,889**	**– 2,560**	**86,688**
	186,418	**12,441**	**8,058**	**0**	**29,854**	**– 6,535**	**170,528**

Depreciation and amortization							Net carrying amount	
As of Dec. 31, 2016	Additions	Impairments	Disposals	Reclassifications	Currency translation	As of Dec. 31, 2017	As of Dec. 31, 2017	As of Dec. 31, 2016
6,196	0	0	25	0	– 146	6,025	41,333	40,422
24,600	2,167	0	5,967	0	– 1,126	19,674	7,115	8,271
5,906	1,010	0	217	0	3	6,702	2,885	4,271
0	0	0	0	0	0	0	106	0
36,702	**3,177**	**0**	**6,209**	**0**	**– 1,269**	**32,401**	**51,439**	**52,964**
10,408	1,012	0	1,205	30	– 603	9,642	11,068	14,132
38,275	3,135	0	7,869	0	– 849	32,692	16,536	17,989
10,246	1,321	0	789	– 30	– 223	10,525	3,744	3,666
0	0	0	0	0	0	0	2,481	2,036
58,929	**5,468**	**0**	**9,863**	**0**	**– 1,675**	**52,859**	**33,829**	**37,823**
95,631	**8,645**	**0**	**16,072**	**0**	**– 2,944**	**85,260**	**85,268**	**90,787**

INDEPENDENT AUDITOR'S REPORT

to Eckert & Ziegler Strahlen- und Medizintechnik AG, Berlin

NOTE ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT

AUDIT OPINIONS

We have audited the Consolidated Financial Statements of Eckert & Ziegler Strahlen- und Medizintechnik AG, Berlin and its subsidiaries (the Group) – consisting of the consolidated balance sheet as at December 31, 2017, the consolidated profit and loss statement, the consolidated income statement, the consolidated statement of changes in equity, and the consolidated cash flow statement for the fiscal year from January 1, 2017 to December 31, 2017 and the notes to the Consolidated Financial Statements, including a summary of significant accounting policies. In addition, we have audited the Combined Management Report of Eckert & Ziegler Strahlen- und Medizintechnik AG for the fiscal year from January 1, 2017 to December 31, 2017. In accordance with German statutory provisions, we have not audited the components of the Combined Management Report referred to in "Other information".

In our opinion, based on the findings of our audit, the attached

- Consolidated Financial Statements comply with IFRS in all material respects, as they are applicable in the EU, and with the German statutory provisions applicable pursuant to section 315e (1) HGB (German Commercial Code) in compliance with these provisions, and provide a true and fair view of the Group's net assets and financial position as at December 31, 2017 and of the results of its operations for the fiscal year from January 1, 2017 to December 31, 2017; and

- the accompanying Combined Management Report conveys a true and fair view of the situation of the Group. In all material respects, this Combined Management Report is consistent with the Consolidated Financial Statements, complies with German legal requirements, and accurately depicts the opportunities and risks of future development. Our audit opinion on the Combined Management Report does not extend to the content of the components referred to as "Other Information" in the Combined Management Report.

In accordance with section 322 (3) sentence 1 HGB, we declare that no objections were raised by our audit as regards the proper preparation of the Consolidated Financial Statements and the Combined Management Report.

BASIS FOR THE AUDIT OPINIONS

We conducted our audit of the Consolidated Financial Statements and the Combined Management Report pursuant to section 317 HGB and the EU Auditors Ordinance (No. 537/2014, hereinafter "EU Audit Regulation") in accordance with generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors (Institut der Wirtschaftsprüfer, IDW). Our responsibilities under these rules and policies are further described in the section entitled "Responsibility of the Auditor for the Audit of the Consolidated Financial Statements and the Combined Management Report" of our report. We are in accordance with European and German commercial and professional regulations, independently of the Group companies, and have fulfilled our other German professional obligations in accordance with these requirements.

In addition, in accordance with Article 10 (2) (f) EU Audit Regulation, we declare that we have not performed any prohibited non-audit services under Article 5 (1) EU Audit Regulation.

We believe that the audit evidence we obtained is sufficient and appropriate to form the basis for our opinion on the Consolidated Financial Statements and the Combined Management Report.

PARTICULARLY IMPORTANT AUDIT CIRCUMSTANCES IN THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Particularly important audit circumstances are those matters that, in our best judgment, were the most significant in our audit of the Consolidated Financial Statements for the fiscal year between January 1, 2017 and December 31, 2017. These matters were taken into account in the context of our audit of the Consolidated Financial Statements as a whole and in preparing our opinion on the audit; we will not provide a separate opinion on these matters.

We have identified the following matters as particularly important audit circumstances:

1. Impairment of goodwill

2. Valuation of provisions for restoration obligations and provisions for disposal obligations

1. IMPAIRMENT OF GOODWILL

Facts of the matter

In the Consolidated Financial Statements of Eckert & Ziegler Strahlen- und Medizintechnik AG as at December 31, 2017, goodwill in the amount of € 41.3 million(19 % of total assets) is reported under the item "Non-current assets".

Goodwill is allocated to the smallest identifiable cash-generating units and tested for impairment annually and, if necessary, in addition on an ad hoc basis.

The assessment of the recoverability of goodwill requires a large number of discretionary decisions by the legal representatives. The basis for assessing whether there are indications of impairment of these assets and for determining the fair values are the future cash flows resulting from the budget statements prepared by the legal representatives and approved by the Supervisory Board for the respective cash-generating units. These budget statements are based on expectations regarding future market development as well as sales and margin developments. The fair values of the cash-generating units are determined using discounted cash flow models and are dependent not only on the assessment of the legal representatives with regard to future cash inflows, but also on the respective discount rates used.

Due to the uncertainty associated with the discretionary decisions and assessments of the legal representatives and the amount of the goodwill, its recoverability was a particularly important audit circumstance in our audit.

The information provided by Eckert & Ziegler Strahlen- und Medizintechnik AG on goodwill can be found in Note 20 of the notes to the Consolidated Financial Statements.

Auditor's reaction and findings

In the scope of our audit, we assessed the appropriateness of the key assumptions and discretionary parameters as well as the method of calculating the impairment tests, involving our valuation specialists in so doing. We gained an understanding of the planning system and of the planning process, as well as the essential assumptions made by the legal representatives in their planning. We coordinated the forecast of future cash flow surpluses in the detailed planning period with the multi-year plan approved by the Supervisory Board and convinced ourselves of the Company's planning loyalty based on an analysis of deviations between actual and planned deviations in the past and in the current fiscal year. We reconstructed the assumptions underlying the planning and the growth rates assumed in forecasting the cash flows beyond the detailed planning period by comparing them with past developments and current industry-specific market expectations. In addition, we critically examined the discount rates used based on the average cost of capital of a peer group. Our audit also included the sensitivity analyses carried out by Eckert & Ziegler Strahlen- und Medizintechnik AG. With regard to the effects of possible changes in the cost of capital and the assumed growth rates, we also conducted our own sensitivity analyses.

As a result, we were able to convince ourselves of the intrinsic value of the goodwill reported in the Consolidated Financial Statements.

2. VALUATION OF PROVISIONS FOR RESTORATION OBLIGATIONS AND PROVISIONS FOR DISPOSAL OBLIGATIONS

Facts of the matter

In the Consolidated Financial Statements of Eckert & Ziegler Strahlen- und Medizintechnik AG as at December 31, 2017, "Other long-term provisions" totaling € 45.5 million include € 19.7 million as provisions for restoration obligations. In addition, provisions for the obligation to process own and third-party radioactive wastes as well as take-back obligations for sold radiation sources (hereinafter referred to as "Provisions for disposal obligations") amounting to € 22.4 million are shown under "Other long-term provisions" and totaling € 3.2 million recognized under "Other current provisions".

Subsidiaries of Eckert & Ziegler Strahlen- und Medizintechnik AG produce isotope technology components, radiation equipment and radiopharmaceuticals in their own and rented buildings. The production facilities and buildings are contaminated accordingly. Provisions for restoration obligations have to be formed against the backdrop of existing obligations to restore the state prior to decontamination.

In the production process at subsidiaries of Eckert & Ziegler Strahlen- und Medizintechnik AG, radioactive residues are produced and, in addition, subsidiaries of Eckert & Ziegler Strahlen- und Medizintechnik AG accept radioactive residual materials from third parties for disposal. Provisions have to be set up for the disposal obligations.

According to IAS 37, the provisions for restoration and disposal obligations are to be valued on the basis of the best possible estimate of the expenses associated with the obligation as at the balance sheet date. All risks and uncertainties must be taken into account. Long-term provisions are to be discounted in accordance with IAS 37.45 to the present value of the expenses at the balance sheet date.

Determining the restoration or disposal obligations is based on various assumptions based on estimates that in the main concern the following parameters:

- Time of occurrence of the costs of decontamination or disposal (including time of disposal of the residues),
- Development of statutory regulations, e.g. limit values and required measures concerning the handling of radioactive substances (including prediction of the disposal methods),
- Development of the costs of decontamination or disposal,
- discount factor.

Due to the uncertainty associated with the assumptions and estimates of the legal representatives, the valuation of provisions for restoration or disposal obligations in the course of our audit was a particularly important audit circumstance.

The information provided by Eckert & Ziegler Strahlen- und Medizintechnik AG on other provisions is contained in Note 32 of the notes to the Consolidated Financial Statements.

Auditor's reaction and findings

To assess the provisions for restoration obligations, we have assessed the approach taken by the legal representatives to determine the measures to be taken (e.g. cleaning). In order to identify the probable date of the dismantling, we have assessed, inter alia, the rental periods as per the existing leases and coordinated it with the underlying timetable. We have reviewed the scope of the measures and the dismantling obligations as well as the imputed costs assumed by the legal representatives for the valuation. To this end, we deliberately coordinated the selection of the areas and machines with the production areas and equipment and assessed the imputed costs by comparing the estimated costs with the current costs. To assess the provisions for disposal obligations, we first obtained an understanding of the process of systematic quantitative recording and forward projection of radioactive wastes. As part of a sample inventory, we reviewed the inventories, obtaining third-party confirmations for stocks held at third parties with a deliberate selection process. We compared these stocks with the inventory of radioactive residues. In a next step, we gained an understanding of the planning system and of the planning process as well as of the essential assumptions and expectations made by the legal representatives in the planning with regard to the disposal methods, the associated costs, and the planned disposal times. We reviewed the plans for the years following the balance sheet date by analyzing and assessing the planning parameters in detail and mathematically reconstructing the cash value calculated by the client using the discounted cash flow method. For this purpose, we correlated the cost developments and delivery times planned by the legal representatives to our understanding of the existing disposal options. We had the assumptions of the company's expert presented to us in detail and substantiated. We also used an analysis of deviation from planned targets in the past to determine whether costs were properly assessed in the past. To assess the discount rate, we consulted our valuation specialists who reconstructed the discount rate used.

As a result, we were able to convince ourselves of the appropriate valuation of the provisions for dismantling and disposal obligations shown in the Consolidated Financial Statements.

OTHER INFORMATION

The legal representatives are responsible for the other information. Other information includes:

- the separately published non-financial consolidated statements referred to in Section 5.1 of the Combined Management Report
- the separately published consolidated corporate governance statement referred to in Section 5.4 of the Combined Management Report
- the other parts of the annual report, with the exception of the audited Consolidated Financial Statements and the Combined Management Report and our auditor's report,
- the Corporate Governance Report according to No. 3.10 of the German Corporate Governance Code and
- the insurance pursuant to Section 297 (2) sentence 4 HGB on the Consolidated Financial Statements and the insurance pursuant to section 315 (1) sentence 5 HGB on the Combined Management Report.

Our audit opinions on the Consolidated Financial Statements and the Combined Management Report do not extend to the other information, and accordingly we provide neither an opinion nor any other form of audit conclusion on it.

In connection with our audit of the Consolidated Financial Statements, we are responsible for reading the other information and assessing whether the other information

- is materially inconsistent with the Consolidated Financial Statements, the Combined Management Report or our audit findings, or
- otherwise materially misrepresented.

RESPONSIBILITY OF THE LEGAL REPRESENTATIVES AND THE SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT

The legal representatives are responsible for the preparation of Consolidated Financial Statements that comply with the IFRS, as applicable in the EU, as well as the applicable German statutory provisions in addition pursuant to Section 315e (1) HGB, in all material respects, and are responsible that in compliance with these regulations the Consolidated Financial Statements reflect a true and fair view of the net assets, financial position and results of operations of the Group. In addition, the legal representatives are responsible for the internal controls that they have determined to be necessary to enable the preparation of Consolidated Financial Statements and that are free from material misrepresentations, whether intentional or unintentional. When preparing the Consolidated Financial Statements, the legal representatives are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility to disclose matters that relate to the continuation of business, if these are relevant. In addition, they are responsible for accounting for continuing operations on the basis of the accounting principle, unless this is contrary to factual or legal circumstances.

In addition, the legal representatives are responsible for preparing the Combined Management Report, which collectively conveys an accurate picture of the Group's position, is in all material respects consistent with the Consolidated Financial Statements, complies with German legal requirements, and accurately reflects the opportunities and risks of future development. Furthermore, the legal representatives are responsible for the precautions and measures (systems) that they have deemed necessary to enable the preparation of a Combined Management Report in accordance with the applicable German statutory provisions and to provide sufficient suitable evidence for the statements in the Combined Management Report.

The Supervisory Board is responsible for overseeing the Group's accounting process for preparing the Consolidated Financial Statements and the Combined Management Report.

RESPONSIBILITY OF THE ANNUAL AUDITOR FOR THE EXAMINATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT

Our objective is to obtain reasonable assurance as to whether the Consolidated Financial Statements as a whole are free from material misrepresentations, whether intentional or unintentional, and whether the Combined Management Report provides an accurate picture of the Group's overall position and in all material respects is consistent with the Consolidated Financial Statements as well as with the findings of the audit, is in compliance with German legal requirements and accurately reflects the opportunities and risks of future development, as well as to issue an auditor's report containing our audit opinions on the Consolidated Financial Statements and the Combined Management Report.

Sufficient security is a high degree of security but no guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation in compliance with the generally accepted German standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) will always uncover a material misrepresentation. Misrepresentations can result from breaches or inaccuracies and are considered material if they could reasonably be expected to influence, individually or collectively, the commercial decisions of addressees made on the basis of these Consolidated Financial Statements and the Combined Management Report.

We exercise due discretion and maintain a critical attitude in the course of the audit. In addition,

- We identify and assess the risks of material misrepresentations – whether intentional or unintentional – in the Consolidated Financial Statements and the Combined Management Report, plan and perform procedures in response to those risks, and obtain audit evidence that is sufficient and appropriate to form the basis of our opinion. The risk that material misrepresentations will not be detected is higher for violations than for inaccuracies, as violations may include fraudulent interaction, counterfeiting, intentional incompleteness, misrepresentation or overriding of internal controls.

- We gain an understanding of the internal control system relevant for the audit of the Consolidated Financial Statements and the arrangements and measures relevant to the audit of the Combined Management Report in order to design audit procedures that are appropriate in the circumstances, though not with the aim of providing an opinion on the effectiveness of these systems.

- We assess the appropriateness of the accounting policies used by the legal representatives and the reasonableness of the estimates and related disclosures made by the legal representatives. We draw conclusions about the appropriateness of the accounting policy used by the legal representatives in continuing operations and, on the basis of the audit evidence obtained, whether there is material uncertainty regarding events or circumstances that can raise significant doubts regarding the Company's ability to continue as a going concern. If we conclude that there is material uncertainty, we are required to draw attention in the auditor's report to the related disclosures in the Consolidated Financial Statements and the Combined Management Report or, if these disclosures are inadequate, to modify our respective audit opinion. We draw our conclusions on the basis of the audit evidence obtained up to the date of our opinion. However, future events or circumstances may lead the Group to being unable to continue its business activities.

- We assess the overall presentation, structure and content of the Consolidated Financial Statements including the data provided and whether the Consolidated Financial Statements represent the underlying transactions and events such that the Consolidated Financial Statements, prepared in compliance with IFRS as adopted in the EU and supplemented by Section 315e para 1 German Commercial Code (HGB), provides a true and fair view of the Group's net assets, financial position and results of operations.

- We solicit sufficient appropriate audit evidence for the accounting information of the companies or business activities within the Group in order to submit audit opinions on the Consolidated Financial Statements and the Combined Management Report. We are responsible for the guidance, supervision and execution of the audit of the Consolidated Financial Statements. We bear sole responsibility for our audit opinions.

- We assess the consistency of the Combined Management Report with the Consolidated Financial Statements, its compliance with the law, and the picture it conveys of the Group's position.

- We perform audit procedures on the forward-looking statements presented by the legal representatives in the Combined Management Report. On the basis of sufficient appropriate audit evidence, we in particular track the significant assumptions on which the forward-looking statements are based, and assess the proper derivation of the forward-looking statements from these assumptions. We do not provide an independent opinion on the forward-looking statements and on the underlying assumptions. There is a significant unavoidable risk that future events will differ materially from the forward-looking statements.

Among other things, we discuss with those responsible for supervision the planned scope and timing of the audit, as well as significant audit findings, including any shortcomings in the internal control system that we identify during our audit. We provide a statement to those responsible for supervision to the effect that we have complied with the relevant requirements for independence and discuss with them all relationships and other issues that can reasonably be expected to affect our independence and the protective measures taken for this purpose. From the matters we discussed with those responsible for supervision, we determine those matters that were most significant in the audit of the Consolidated Financial Statements for the current period and are therefore the particularly important audit circumstances. We describe these matters in the audit report, unless laws or other legal provisions exclude public disclosure of the matters.

OTHER STATUTORY AND LEGAL REQUIREMENTS

OTHER INFORMATION PURSUANT TO ARTICLE 10 EU AUDIT REGULATION

We were elected as annual auditor by the Annual General Meeting on May 31, 2017. We were commissioned by the Supervisory Board on December 19, 2017. We have been working continuously as auditor of the Consolidated Financial Statements of Eckert & Ziegler Strahlen- und Medizintechnik AG since the 2014 fiscal year.

We declare that audit opinions contained in this Auditor's Report are consistent with the additional report to the Audit Committee pursuant to Article 11 EU-APrVO (audit report).

RESPONSIBLE PUBLIC AUDITOR

The auditor responsible for the audit is Stefanie Weisner.

Berlin, March 29, 2018

BDO AG
Public auditor

Rehmer	Weisner
Public auditor	Public auditor

INDIVIDUAL FINANCIAL STATEMENTS OF THE ECKERT & ZIEGLER AG

INCOME STATEMENT FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2017

	2016 € thousand	**2017** € thousand
1. Revenues	4,818	5,554
2. Other operating income	457	1,835
	5,275	**7,389**
3. Staff costs		
a) Wages and salaries	–2,392	–2,506
b) Social security contributions and expenditure on pensions and old-age support	–300	–344
of which for pensions: € 2 thousand (previous year: € 28 thousand)	–2,692	–2,850
4. Depreciations on intangible assets of the fixed assets and property, facilities and equipment	–471	–423
5. Other operating expenses	–2,617	–3,209
6. Income from profit-transfer agreements	7,511	4,715
7. Income from other securities and from loans included under long-term investments	110	4,147
of which from affiliates: € 180 thousand (previous year: € 352 thousand)		
8. Other interest receivable and similar income	268	88
of which from affiliates: € 86 thousand (previous year: € 268 thousand)		
9. Amortization of financial assets	–3,294	0
10. Interest payable and similar expenses	–320	–239
of which from affiliates: € 0 thousand (previous year: € 52 thousand)		
11. Taxes from income and revenue	–184	–695
12. Profit after tax =		
13. Annual net profit	3,586	8,923
14. Profit carried forward from the previous year	17,000	20,248
15. Transfer to profit reserves	3,248	1,261
16. Unappropriated profits	**23,834**	**30,432**

BALANCE SHEET AS OF DECEMBER 31, 2017

	Dec. 31, 2016 € thousand	**Dec. 31, 2017 € thousand**
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	974	758
II. Property, facilities and equipment		
1. Real properties, rights equivalent to real property and buildings	29	25
2. Other facilities and equipment, fixtures and fittings	405	356
	434	**381**
III. Financial investments		
1. Shares in affiliates	66,250	73,750
2. Loans to affiliates	1,350	0
3. Other loans	368	753
	67,968	**74,503**
	69,376	**75,642**
B. Current assets		
I. Receivables and other assets		
1. Receivables due from affiliates	9,537	4,715
2. Other assets	709	108
	10,246	**4,823**
II. Cash at banks	6,748	10,914
	16,994	**15,737**
C. Prepaid and deferred expenses	**73**	**105**
	86,443	**91,484**
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	5,293
minus nominal amount of own shares	5	5
	5,288	**5,288**
II. Capital reserves	51,395	51,395
III. Retained earnings		
Other retained earnings: € 22 thousand (previous year: € 22 thousand)	23,130	23,226
IV. Net profit for the year	3,586	8,923
	83,399	**88,832**
B. Special reserves for contributions to fixed assets	**149**	**131**
C. Provisions		
1. Provisions for pensions and similar obligations	378	377
2. Tax accruals	576	490
3. Other provisions	1,434	1,149
	2,387	**2,016**
D. Liabilities		
1. Trade liabilities	172	96
2. Liabilities toward affiliates	284	350
(including trade liabilities of € 106 thousand; 2016 € 16 thousand)		
3. Other liabilities	41	48
(including tax liabilities of € 43 thousand; 2016: € 37 thousand)		
(including liabilities related to social security of € 3 thousand; 2016: € 2 thousand)	497	494
E. Prepaid and deferred expenses	**12**	**11**
	86,443	**91,484**

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 22, 2018	Annual Report 2017
May 8, 2018	Quarterly Report I/2018
May 15, 2018	Spring Conference in Frankfurt/Main 2018
May 30, 2018	Annual General Meeting in Berlin
July 31, 2018	Quarterly Report II/2018
November 13, 2018	Quarterly Report III/2018
November 2018	German Equity Forum in Frankfurt/Main

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Nils Hendrik Müller

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CONTACT

Eckert & Ziegler
Strahlen- und Medizintechnik AG

Robert-Rössle-Straße 10
13125 Berlin, Germany
www.ezag.com

Karolin Riehle
Investor Relations

Phone + 49 30 94 10 84 – 0
Fax + 49 30 94 10 84 – 112
info@ezag.de

ISIN DE0005659700
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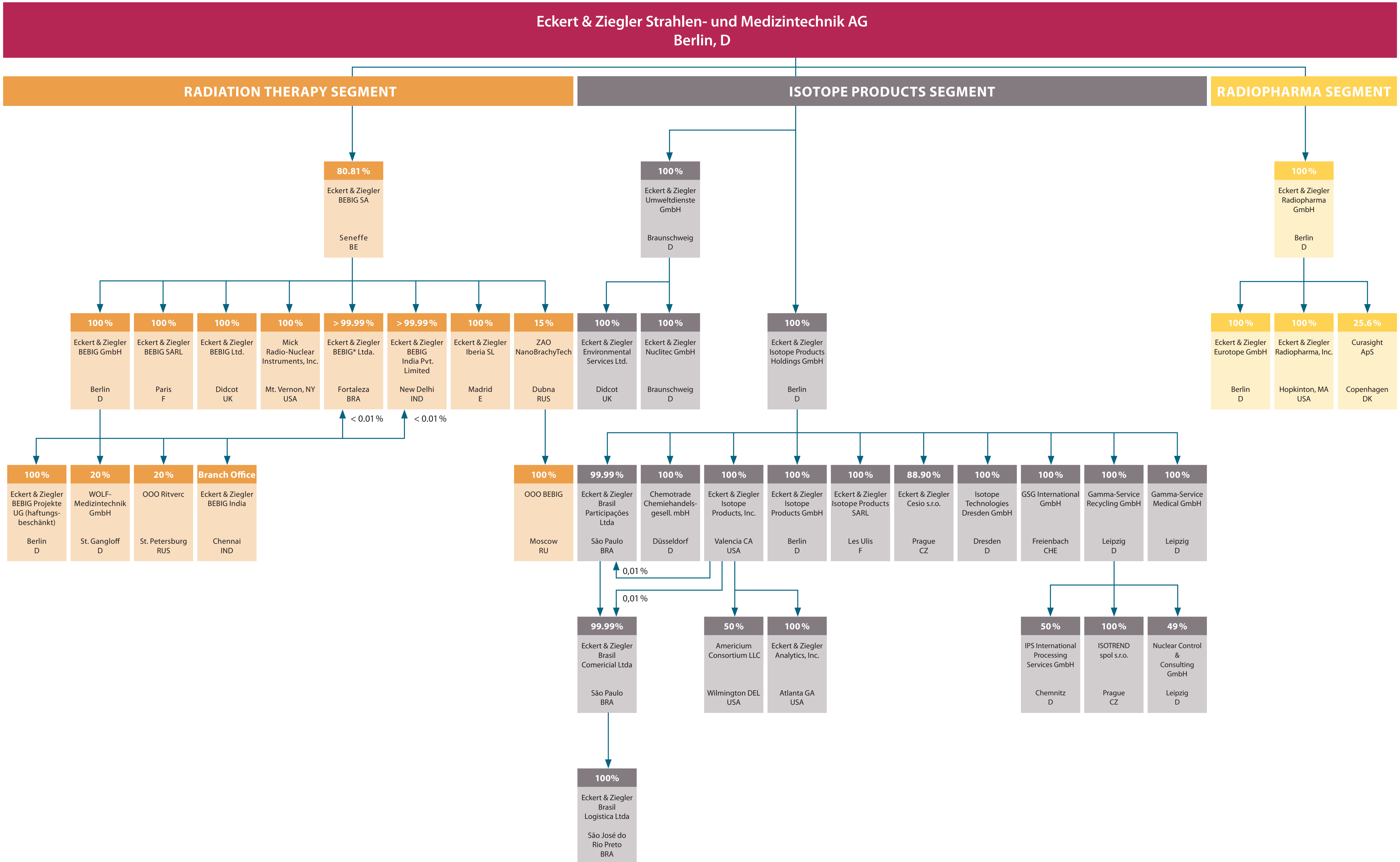
KEY DATA ECKERT & ZIEGLER incl. discontinued operations		Change	2014	2015	2016	2017
Sales and Earnings						
Sales	€ thousand	5 %	127,256	140,046	137,955	144,844
EBITDA	€ thousand	25 %	20,099	25,574	23,725	29,744
Depreciations	€ thousand	– 1 %	7,143	8,764	8,737	8,645
EBIT	€ thousand	11 %	12,956	16,810	14,988	21,099
EBIT margin	%	34 %	10 %	12 %	11 %	15 %
Tax rate	%	3 %	45 %	33 %	30 %	31 %
Net profit for the year after taxes and minorities	€ thousand	54 %	6,775	10,718	9,550	14,701
Earnings per share w/o one-off effects	€	54 %	1.28	2.03	1.81	2.78
Cash Flow						
Cash flow from operating activities	€ thousand	35 %	10,653	16,230	19,832	26,851
Liquid assets as of 31 December	€ thousand	58 %	21,824	31,466	36,567	57,707
Balance						
Shareholders' equity	€ thousand	7 %	94,490	104,668	110,077	117,517
Total assets	€ thousand	9 %	187,329	196,676	199,465	216,987
Equity ratio	%	– 2 %	50 %	53 %	55 %	54 %
Net liquidity (liquidity minus debts)	€ thousand	125 %	3,119	15,938	24,909	55,974
Employees						
Average number of employees	People	16 %	674	672	638	740
Number of employees as of 31 December	People	14 %	711	692	668	764
Key figures share						
Average number of shares in circulation	Item in thousand	0 %	5,293	5,293	5,293	5,293
Book value per share	€	7 %	16.76	18.86	19.87	21.22
Dividend*	€	21 %	0.60	0.60	0.66	0.80

** Dividend to be proposed to the Annual General Meeting by the Group on May 30, 2018*

CORPORATE STRUCTURE (DECEMBER 31, 2017)



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Eckert & Ziegler
Strahlen- und Medizintechnik AG
Robert-Rössle-Str. 10
13125 Berlin, Germany