



ANNUAL REPORT 2016

Eckert & Ziegler BEBIG



Eckert & Ziegler
Contributing to saving lives

Key Figures

Amounts in EUR thousand	2016	2015	2014	2013	CAGR (%)
Sales	24,884	31,088	28,816	27,838	-3.7%
Gross profit	12,888	12,647	12,996	15,302	-5.6%
Gross profit (in %)	51.8%	40.7%	45.1%	55.0%	
EBITDA	2,739	-228	445	4,893	-17.6%
EBITDA margin (in %)	11.0%	-0.6%	1.5%	17.6%	
EBIT	540	-2,766	-1,305	1,958	-34.9%
EBIT margin (in %)	2.2%	-8.9%	-4.5%	7.0%	
Net income	553	-4,050	-3,047	3,460	-45.7%
Net margin (in %)	2.2%	-13.0%	-10.6%	12.4%	
Equity	44,416	38,715	43,221	46,402	-1.4%
Cash	6,302	2,444	2,355	3,601	20.5%
Total assets	63,893	62,803	66,447	70,897	-3.4%
Share price on December 31	10.50	0.85	1.52	2.05	n/a
Number of shares on December 31	2,330,000	17,554,354	17,554,354	17,554,354	n/a
Market capitalization	24,465	14,921	26,683	35,986	-3.3%
Earnings per share (EPS) (in EUR/share)	0.27	-0.23	-0.17	0.20	n/a
Book value per share (in EUR/share)	19.06	2.21	2.46	2.64	n/a
Price/earnings ratio	38.89	-3.68	-8.39	10.45	55.0%
Price/book value	0.55	0.39	0.62	0.78	-10.9%
Employees on December 31	126	163	197	207	-15.3%

Content

About Eckert & Ziegler BEBIG	4
Share and Shareholders	5
Board of Directors' Management Report	7
Key Consolidated Figures.....	9
Research & Development.....	10
Risk Management.....	10
Corporate Governance Statement.....	16
Statutory Items – Eckert & Ziegler BEBIG S.A.	28
Auditor's Report on the Consolidated Financial Statements.....	29
Eckert & Ziegler BEBIG Group - Financial Statements.....	31
Consolidated Statement of Profit or Loss and Other Comprehensive Income.....	31
Consolidated Statement of Cash Flows.....	32
Consolidated Statement of Changes in Equity	33
Consolidated Statement of Financial Position	34
Subsequent Events.....	35
Eckert & Ziegler BEBIG Group – Reporting Rules	36
Eckert & Ziegler BEBIG Group – Notes to the Financial Statements ..	45
Preliminary Note – Consolidation Scope	45
Notes on the Consolidated Income Sheet	47
Notes on the Consolidated Balance Sheet	53
Financial Risk Analysis	65
Statement from the Responsible Persons	72
Non-Consolidated or Statutory Financial Statements	73
Non-Consolidated Statement of Income.....	73
Non-Consolidated Balance Sheet.....	74
Financial Calendar 2017	75

About Eckert & Ziegler BEBIG

Eckert & Ziegler BEBIG, incorporated in 1996, is a European-based company active in the medical device segment of the health-care industry.

Eckert & Ziegler BEBIG's core business is the treatment of cancer using brachytherapy, a special form of radiation therapy.

Eckert & Ziegler BEBIG is a leader in brachytherapy in Europe. The company headquarters are in Belgium, with a production facility in both Germany and the US and subsidiaries throughout Europe, Brazil, and in India. In addition, Eckert & Ziegler BEBIG has a worldwide network of distributors and agents to support the international marketing of its product line.

The company's products and equipment are intended for use by oncologists, radiologists, urologists, and medical physicists. Eckert & Ziegler BEBIG employs approximately 100 people. The company has been listed on the NYSE Euronext Brussels stock exchange since April 1997 (Euronext: EZBG; Reuters: EZBG.BR; Bloomberg: EZBG:BB).

Share and Shareholders

Eckert & Ziegler BEBIG is a public limited liability company (*naamloze vennootschap/société anonyme*) within the meaning of article 438 of the Belgian Company Code. It has offered its shares to the public and is registered with the Financial Services and Markets Authority in Belgium (“FSMA”).

The company was incorporated on February 15, 1996, under the name International Brachytherapy S.A., in short “IBt” for an open-ended period and may be dissolved by decision of the general meeting voting as for changes to statutes. The company changed its name to Eckert & Ziegler BEBIG S.A., in short “EZB” at the general assembly on June 6, 2011.

I. The Eckert & Ziegler BEBIG Share

Eckert & Ziegler BEBIG Share Price

Shares are listed on NYSE Euronext - Brussels. Ticker symbols used are: Euronext EZBG; Reuters: EZBG.BR; Bloomberg: EZBG:BB.

During the year 2016, the EZBG share price increased by 24%¹ to close at EUR 10.50 on December 31, 2016, versus EUR 8.50¹ a year earlier. The volume of shares traded daily increased by 8%, going on average from 356¹ shares traded daily in 2015 to 393 shares traded daily in 2016.

The market capitalization of the group ended 2016 at EUR 24.5 million. Free float is limited to 15%, which may result in higher volatility of the share price.

Stock Market Data

	2016 ²	2015	2014	2013	2012
Minimum price (in EUR)	0.65	0.83	1.48	1.70	1.35
Maximum price (in EUR)	11.48	1.57	2.30	2.44	2.70
Closing price, December 31 (in EUR)	10.50	0.85	1.52	2.05	2.16
Number of shares, December 31	2,330,000	17,554,354	17,554,354	17,554,354	17,554,354
Market capitalization (in EUR million)	24.5	14.9	26.7	36.0	37.9

¹ The number of shares is shown as if the reverse stock split in 2016 would have applied already in 2015 and 2016 for the full year

² Reverse stock split on November 11, 2016, with a ratio of 10:1; capital increase on June 9, 2016, by 5,745,646 new regular shares

Changes in Equity and Securities in 2016

Eckert & Ziegler BEBIG SA increased its capital in June 2016 by issuing 5,745,646 new regular shares to its main shareholder Eckert & Ziegler AG, cancelling all preferential rights of the other current shareholders. The contribution in cash amounted to EUR 5,056,168.48, of which EUR 3,560,771.10 is allocated to the share capital and EUR 1,495,397.38 as share premium. The issuing price per share was EUR 0.88.

On November 10, 2016, Eckert & Ziegler BEBIG SA implemented a reverse stock split of the shares and beneficiary shares (Class A and Class B) of Eckert & Ziegler BEBIG SA, in accordance with the resolution passed by the extraordinary shareholders' meeting held on June 9, 2016, with a ratio of one new share or beneficiary share (ISIN BE0974300320) for ten existing shares or beneficiary shares (ISIN BE0003689032).

The reverse stock split related to all existing shares and beneficiary shares (Class A and Class B) of Eckert & Ziegler BEBIG SA and was implemented under the same terms for all holders of securities. The table below shows the status before and after the stock split.

	Situation before the reverse stock split	Situation after the reverse stock split
Number of outstanding shares	23,300,000	2,330,000
ISIN code	BE0003689032	BE0974300320
Number of outstanding beneficiary shares A	5,000,000	500,000
Number of outstanding beneficiary shares B	25,000	2,500

Any fraction of shares which resulted from odd lots was consolidated by Euroclear Belgium. Those shares were sold to Eckert & Ziegler AG at a price equal to the average trading price 30 days prior the date of the effective reverse stock split date.

No public offering of Eckert & Ziegler BEBIG shares has been made since 1998.

II. Transparency Declarations

Pursuant to the Belgian law relating to the declaration of significant shareholdings, the articles of association specify that any shareholder owning voting rights equal to 5% or more of the existing voting rights is obliged to declare such shareholding to the company and to the FSMA (Belgium's financial market regulator). Any rise or fall below the threshold of 5% or any multiple of 5% is subject to the above-mentioned declaration.

Eckert & Ziegler AG (ISIN: DE0005659700), listed on the Frankfurt Stock Exchange, is the ultimate controlling shareholder.

The shareholder structure of the company, based on the information made available to the company as of December 31, 2016, is summarized in the Corporate Governance section.

Board of Directors' Management Report

Approved by the Board of Directors on March 14, 2017

Ladies and Gentlemen,

The Board of Directors of Eckert & Ziegler BEBIG (hereafter BEBIG) is pleased to report on the group's activities for the year ending on December 31, 2016.

General Conditions

The general economic conditions in 2016 continued to be challenging for a number of business areas. In markets outside of Europe and North America, where governmental health systems mostly rely on state income, budgets often were significantly reduced as consequence of declining oil and gas prices. This held true for most of the successor countries of the former Soviet Union, traditionally strong importers of BEBIG products. In addition to decreasing terms of trade, these countries also suffered from the sanctions imposed in the aftermath of the Ukraine crisis and low internal growth rates. Similar difficulties remained in key BEBIG export markets in Latin America and Asia.

Economic conditions in the Western European and North American nations, by contrast, were stable.

The difficult economic conditions in the non-industrial regions primarily affect the export of tumor treatment devices (afterloaders or HDR [high dose rate] equipment). By contrast, prostate implant or low dose rate (LDA) products, which are primarily sold to hospitals and doctors in Western Europe, were unaffected by general economic conditions. Neither were eye applicators or other ophthalmic products.

Dominant Theme in 2016: Restructuring and Cost Saving

Reacting to mounting losses in 2015, and in light of the bleak economic conditions in non-industrial countries, management decided last year to significantly scale back operations. In December 2015, the group sold or discontinued a number of marginally profitable or even loss-making businesses in the therapy accessory area, and in subsequent months closed down unprofitable sales office in various countries, now relying instead on independent distributors. At headquarters, executives implemented stringent cost-saving measures to reduce overhead. For a number of senior management positions, new talent was recruited, resulting, toward the end of 2016, in a completely new team of executive directors.

As was to be expected from the divestments, business volume in 2016 shrunk significantly by 20%, or EUR 6.3 million, to EUR 24.9 million. Most of the decline – about 60%, or EUR 3.7 million – resulted from the sale of businesses and was anticipated; the rest – about EUR 2.7 million in total – came from disappointing sales of HDR products in non-industrial countries once again. Expectations were only met or exceeded in Cuba, Iran, the Philippines, and Spain. In the countries of the former Soviet Union, demand was almost non-existent, as was the case in most of Latin America. Although the level of sales in the HDR product group hit a five-year low, they still tallied up to significantly more than one-third of overall revenues. The product category therefore remains important. Strategically, the challenge for management is to develop a fallback position in case HDR markets do not recover in the coming periods.

The other product categories, net of discontinued product lines, saw increases in business volumes, a welcome reversal of the previous year's trends. In the prostate implant product category, management also seized an opportunity at the end of 2016 to acquire a smaller Belgium competitor. As a result, it was able to continue its market consolidation strategy that it had pursued in past years. The full impact of the acquisition was not very large in 2016 and will not become visible until 2017.

Return to Profitability and Cash Break-Even

On a profit level, the cost-saving measures and the divestment of unprofitable businesses worked as anticipated and resulted in a return to profitability. Net income reached EUR 0.6 million, a big leap forward over last year's losses of EUR 4.0 million. All other profitability measures (EBITDA, EBIT, EBT) improved in a similar magnitude. Cash flow from operations was sufficient not only to cover capital expenditures, but also to reduce debt.

Key Consolidated Figures

Comparability

It should be mentioned that comparability between the years 2016 and 2015 is limited. Major items in 2016 and 2015 related to the profit and loss statement, which have a material impact on comparability, are as follows:

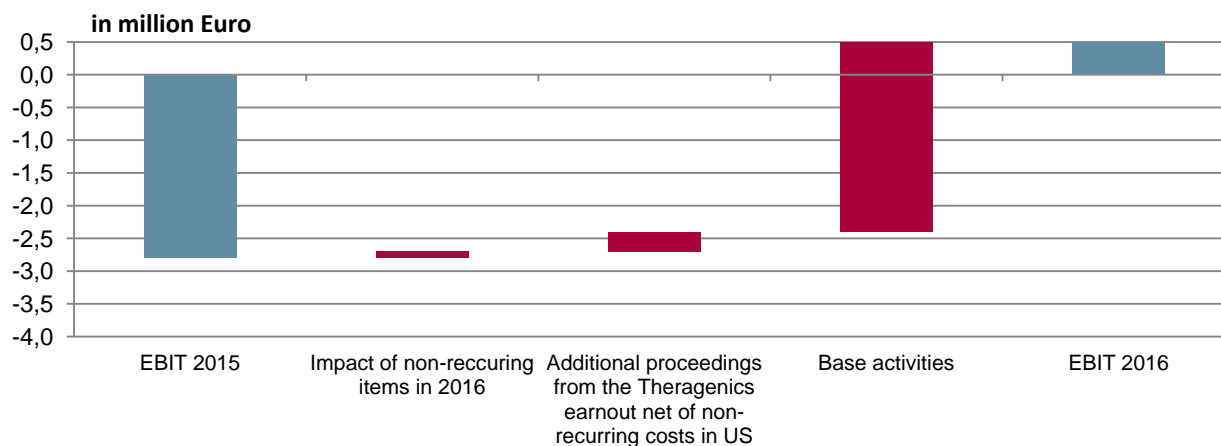
- 2015: Eckert & Ziegler BEBIG sells the North American seed and needle business to Theragenics
- 2016: The earnout in connection with the sale of the North American seed and needle business develops much better than anticipated
- 2016: Non-recurring costs in the US related to the sale of the North American seed and needle business

Income Statement

Sales for 2016 were EUR 24.9 million, compared with EUR 31.1 million in 2015, a decrease of 20.0%. The difference is mainly related to the seed and needle business, which was sold to Theragenics at the end of 2015.

Consolidated gross margin reached EUR 12.9 million in 2016, compared to 12.6 million in 2015, an increase of 1.9%. As a percentage of sales, the gross margin increased by 11.11%, from 40.7% in 2015 to 51.8% in 2016.

Operating results were a profit of EUR 0.2 million in 2016, compared with a loss of EUR 3.7 million in 2015. Earnings before interest and taxes (EBIT) were EUR 0.5 million in 2016, compared to EUR -2.8 million in 2015. The following chart shows the different impacts on EBIT:



Interest showed a net expense of EUR 0.0 million in 2016, compared to an expense of EUR 0.6 million in 2015. Net profit was EUR 0.6 million in 2016, compared to net loss of EUR 4.1 million in 2015.

Balance Sheet

The group's total equity was EUR 44.4 million on December 31, 2016, compared to EUR 38.7 million on December 31, 2015. Of that increase, EUR 5.0 million is related to a capital increase by the main shareholder.

Trade accounts receivables were EUR 6.8 million in December 2016, compared to EUR 5.8 million in December 2015. The amount was substantially increased due to the purchase of BrachySolutions BVBA.

Inventories increased by 4.7% in 2016.

Cash balance was EUR 6.3 million at the end of December 2016, compared to EUR 2.4 million in December 2015. The equity to assets ratio was 69.8% at the end of December 2016.

Advance payments received increased from EUR 0.6 million to EUR 1.6 million.

The borrowing position decreased further in 2016 by EUR 1.9 million. Outstanding loan payments were made as scheduled. It should be mentioned that the group fulfilled all three covenants attached to the loans granted, whereas it missed them partially in 2014 and 2015.

Other non-current assets decreased further by EUR 0.7 million to EUR 0.0 million, mainly due to the reimbursement of note receivables granted.

Balanced tax assets and liabilities decreased by EUR 0.1 million to EUR 4.4 million in 2016, compared to EUR 4.5 million in 2015. Goodwill increased by 0.4% to EUR 30,061 thousand due to exchange rate variances. Intangible assets decreased to EUR 3.9 million compared to EUR 4.2 million in 2015.

Research & Development

Research & Development (R&D) is an essential part of Eckert & Ziegler BEBIG's activities. In the course of 2016, R&D expenditures, on a non-capitalized basis, represented 5.6% of sales. R&D activities are focused on new products, technology, and applications development. A team of 14 people on average, representing 11% of Eckert & Ziegler BEBIG's employees, is working on specific new product and technology development, as well as providing high-level technical support for production and maintenance on some equipment at customers' sites.

Risk Management

General Comment

Eckert & Ziegler BEBIG, like any other company operating internationally, is exposed to a large number of opportunities, but also to risks that may influence the company's business activities. The associated consequences could affect the company's business significantly, and even the very existence of the group. At the same time, these risks and/or their perception can potentially have a material impact on the evolution of the share price listed on the NYSE Euronext Brussels.

The identified risks have been regrouped into a number of categories. For each category, the risk is briefly described together with, when applicable, the estimated impact it may have on the group as a whole and

complemented by a summary of the actions undertaken to anticipate or reduce its effects. This list is not exhaustive, and the order of presentation does not reflect either the degree of seriousness or likelihood of occurrence of these risks.

Risks Related to Product Development and Manufacturing, Regulatory Approval and Commercialization

The production process risk includes the risk of being unable to buy all the raw materials and consumables at the right time and in the necessary quantities. In addition, official licenses and permits are needed for the production and the dispatch of products in many different countries, and Eckert & Ziegler BEBIG SA can only exert indirect influence on when these are issued or renewed. These licenses and permits are audited constantly by different authorized bodies, and some of them have to be renewed every year. The manufacturing risk relates to the possibility of the occurrence of irreparable damage to the manufacturing lines. Commercial and health-care reimbursement risks are linked, in particular, to the success of individual products and commercial policies, the competitive situation in a particular country, the renewal of distribution contracts, the conditions governing the reimbursement of medical treatment in different countries, and other factors.

In this respect, major sales and revenue risks continue to exist in developing the European market for permanent implants for the treatment of prostate cancer, since it is approximately half of the current business of the group. In European countries, this treatment method faces the problem that reimbursement by health insurance programs – public or private – is essential for its economic success. There is currently no intention to invest in other markets for permanent implants for the treatment of prostate cancer.

For the sales associated with temporary brachytherapy treatment, sales of radiation systems are still subject to the risk that market penetration in the primary target markets will not take hold as expected or will be delayed due to the high capital expenditures and follow-up costs that these machines represent. As such, these risks can, of course, not be covered.

Additionally, the possibility cannot be excluded that improved processes and efforts on the part of the competition might lead to the loss of important markets, or that development efforts will remain unsuccessful and that new business fields can only be developed too late, or inadequately, or not at all. Problems with reimbursement or competing products and methods lead to price pressure. It should be highlighted that the group needs a substantial gross margin in order to support the costs for compliance with regulatory standards, especially for radiation safety and health care.

Furthermore, the company is owner of radioactively contaminated assets and is responsible for ultimately disposing of those assets in a way compliant with the applicable law and acceptable to local authorities. These assets are located in Germany and Belgium. The amount to be spent, the method of disposal, and the timing can therefore not be predicted; hence, there is a risk that provisions taken to reflect this liability might materially be too low.

Approximately 85% of the sales are related to the manufacturing facility in Berlin. If this site is not able to operate for a period longer than a few days, customers might switch to other products or buy the same products from competitors. Depending on the duration, such an event might fundamentally affect the ability to continue the business.

Risks Related to the Company's Reliance on Third Parties

The radioactive materials used by the company are controlled by extensive regulations under local and international law, as they are extremely dangerous goods. These materials are also scarce on the world market. Due to this situation, it should be considered that local or international changes in law, sanctions, or new trade barriers might prevent the company from obtaining the materials at an acceptable price or even completely prevent the company from obtaining these materials.

Due to the handling of radioactive materials, contaminated assets of the company cannot be moved easily. Therefore, Eckert & Ziegler BEBIG Group is somewhat dependent on the lessor of the relevant facility it uses for those assets. The right to use one of the production buildings located in Germany is in the ownership of Eckert & Ziegler EZAG, the company's main shareholder. Eckert & Ziegler EZAG, as the lessor, leases these premises to the company. Should the main shareholder decide to terminate the lease agreement with respect to this premise located in Germany, the company might have not sufficient liquid assets to move those contaminated assets to another location. This could prevent the company from producing an essential part of its products. The company owns the land and the building in Seneffe, Belgium.

Aside from the special risk mentioned above, the company is exposed to the risk that suppliers may decide not to supply raw materials or trading goods necessary for the business of the company anymore or only at an unaffordable price. This is a particularly serious risk for the company, as it only buys small quantities of highly specialized products. Some of the radioactive materials are currently available in Russia only; this adds the serious risk that the supply could be interrupted by politically motivated sanctions. So far, the company has not experienced essential impacts from the monopolistic situation. Approximately half of all revenues of Eckert and Ziegler BEBIG group sales depend on reactors in Russia.

Risks Related to the Company's Intellectual Property

The value of the group's activities is, to a considerable extent, based on its intellectual property portfolio and on the know-how it has gained since its incorporation. The risk of a challenge to its intellectual property rights and/or their potentially insufficient protection should be considered, as well as the cost of defending said rights. Eckert & Ziegler cannot guarantee that the loss of certain employees would not have a negative impact on its intellectual property rights.

Risks Related to the Company's Organization, Structure, and Operation

The company depends on the specialized knowledge of its employees, particularly highly qualified key personnel. Eckert & Ziegler BEBIG SA cannot guarantee that these employees will remain with the company or display the necessary level of commitment.

The company has outsourced major parts of its administrative tasks to its main shareholder Eckert & Ziegler EZAG AG, which may lead the company to be somewhat dependent on this shareholder. The services received are legal support, IT support, HR support, accounting support, IR and PR support, radiation safety support, and infrastructure. Additionally, facilities are rented and IT equipment is used. Those services are provided for EUR 1.9 million per year and are deemed to be at arm's length, but there is no substantiation for all transactions available. As a result, there is the risk that those transactions are not at arm's length. Reference is made as well to sections 6.3 and 6.1.

The company operates in different countries via its sales outlets. This structure might be challenged by tax authorities in those countries regarding the transfer prices used for the products. This could lead to substantial additional tax payments, should this structure be found to be incompliant with the local rules.

In addition to its sales outlets, the company uses a number of sales agents and distributors to carry out its business. The company may hence be adversely affected directly or indirectly by the market behavior of such sales agents and distributors.

Risks Related to a World Bank Audit Performed in 2015 and 2016

The World Bank performed an audit of a transaction in which the company was and is involved. The transaction has a total volume of EUR 3.1 million and relates to five HDR devices delivered to Bangladesh. The World Bank believes it has found sufficient evidence to conclude that BEBIG S.A. more likely than not failed to comply with its obligations under the Health Sector Development Program of the World Bank. Although BEBIG S.A. disagrees with this opinion, the World Bank is entitled to impose sanctions related to future programs. Therefore, the World Bank and BEBIG S.A. are currently discussing and negotiating how to improve the already existing compliance program and are working toward a settlement.

Strategic Market Risk

The company currently operates in a highly specific market segment, proposing cancer treatment by brachytherapy through permanent or temporary implantation. The group's entire income is generated from this source. For this reason, the company can be considered to be acting in one market segment only. Risk is therefore linked to the highly concentrated origin of the recurring income. To reduce this risk, the company has set the strategic objective of significantly extending and diversifying the field of application to other types of tumors.

Business Risks

Overall, the group attempts to manage its business risks by using a range of instruments, such as yearly interviews with technical managers and executives. To the greatest extent possible, preventive measures are taken to counter those risks that might damage the company, contingency plans are drawn up, and regular evaluations of these risk factors are organized. These include market surveys, evaluation of scientific literature, analysis of customer complaints, and financial control analysis. These reports provide discussion material for the meetings of the executive committee, at which significant risks to the earnings of the group are discussed.

Personnel Risks

In different areas, the group depends on highly specialized or skilled employees. It relies on the expertise and skills of a few particularly well-qualified key individuals. In order to minimize the risk of losing talented personnel, the company strives to create a friendly and supportive atmosphere, adequate compensation, and continuing education opportunities. Despite these measures, the group cannot guarantee that these employees will remain with the company or display the necessary commitment.

Financial Risks

Financial risks group different types of risks, namely: liquidity, foreign exchange, interest rate, and credit risks. The liquidity risk relates to the group's ability to have at its disposal and maintain the financial resources needed for its activities, development, and future expansion. Prudent management of this risk makes it necessary to maintain sufficient liquid funds and borrowing facilities. Acquiring such facilities and maintaining them can never be guaranteed. This is even less so in the current context, characterized by a clear tightening of access to credit and the associated conditions.

Additionally, when financing through borrowed sources is used, it is critical to ensure that the future cash flows generated by the group will make it possible to safely cover the cash outflows associated with the required interest payments and capital reimbursements. In this context, the group is also taking measures to monitor and limit the risks associated with credit and loans by borrowing an amount that is manageable in relation to the group's overall assets.

In the area of managing exchange rate and interest rate risks, the company pursues a simultaneously active and conservative policy. Insofar as possible, this entails restricting the volatility of the results to variations in exogenous parameters such as interest rates or prices of foreign currencies. To do this, the associated income and charges are denominated in the same currency wherever and whenever possible. Similarly, debt and its interest burden are denominated in the currency of the income that the financing of the investment made it possible to generate. Options, forward contracts, and swaps are some of the instruments that might be used to implement this risk management policy.

Finally, the credit risk is linked to the risk of the customer's insolvency or inability to pay. This risk has risen significantly insofar as the company now essentially deals with a broader base of customers and also ventures into emerging markets. Requiring pre-payments and/or the usage of letters of credit makes it possible to reduce this risk.

Please also see paragraphs 29, 30, 31, and 32 of the notes.

Commercial and Health-Care Reimbursement Risks

Commercial and health-care reimbursement risks are linked, in particular, to the success of individual products and commercial policies, the competitive situation in a particular country, the renewal of distribution contracts, the conditions governing the reimbursement of medical treatment in different countries, and other factors. In this respect, major sales and revenue risks continue to lie in developing the European market for permanent implants for the treatment of prostate cancer, since it generates a significant portion of the current business of the group. In European countries, this treatment method faces the problem that reimbursement by health insurance programs – public or private – is essential for its economic success. For the sales associated with temporary brachytherapy treatment, sales of radiation systems are still subject to the risk that market penetration in the primary target markets will not take hold as expected or will be delayed due to the high capital expenditures and follow-up costs that these machines represent. As such, these risks can, of course, not be covered. Even so, the group takes measures to ensure that not one single market or distribution channel happens to represent too large a portion of the group's overall revenue. Additionally, the possibility cannot be excluded that improved processes and efforts on the part of the competition might lead to the loss of important markets, or that development efforts will remain unsuccessful and that new business fields can only be developed too late, or inadequately, or not at all. Problems with reimbursement or competing products and methods lead to price pressure. It should be highlighted that the group needs a substantial gross margin in order to support the costs for compliance with regulatory standards, especially for radiation safety and health care.

Other Operational Risks

Other operational risks are linked to risks relating to information technology, personal health and safety, and other factors. The group uses insurance to cover catastrophic hazards in all cases where insurance is compulsory and also when insurance represents the best economic solution for transferring risk.

Reputation Risks

The historic performance of Eckert & Ziegler BEBIG, its approach to ethics and governance, its organization, and its responsibility to exercise an abundance of caution in dealing with its customers, the community, and stakeholders contribute to the group's renown. Safeguarding this sound reputation is essential.

Corporate Governance Statement

Eckert & Ziegler BEBIG has adopted the 2009 Belgian Code on Corporate Governance as its reference code. The Code can be found on the website of the Corporate Governance Committee (www.corporategovernancecommittee.be).

Eckert & Ziegler BEBIG believes that a good corporate governance system is a necessary condition to ensure its long-term success. This implies an effective decision-making process. It has to allow for an optimal balance between a culture of entrepreneurship and highly effective steering and oversight processes.

Eckert & Ziegler BEBIG has prepared a Corporate Governance Charter in order to describe the main aspects of its corporate governance policy. This charter is updated from time to time; its most recent version was approved by the board on July 29, 2016, and is available on the company's website (www.bebig.com > Investors > Corporate Governance > Corporate Governance Charter).

As a company incorporated under Belgian law and listed on the NYSE Euronext Brussels, Eckert & Ziegler BEBIG is committed to following the nine corporate governance principles set forth in the Code, namely:

- The company shall adopt a clear governance structure.
- The company shall have an effective and efficient board making decisions in the corporate interest.
- All directors shall demonstrate integrity and commitment.
- The company shall have a rigorous and transparent procedure for the appointment and evaluation of the board and its members.
- The board shall set up specialized committees.
- The company shall define a clear executive management structure.
- The company shall remunerate directors and executive managers fairly and responsibly.
- The company shall enter into a dialogue with shareholders and potential shareholders based on a mutual understanding of objectives and concerns.
- The company shall ensure adequate disclosure of its corporate governance.

This section describes the practical application of these governance rules during the financial year ending on December 31, 2016.

Compliance with the Corporate Governance Code

Under the provisions of the Code, companies have to report annually in their corporate governance statement to what extent they have followed the code. If they have not, they are invited to explain why they have chosen to deviate from some of the provisions of the code.

During the financial year ending on December 31, 2016, the company fully complied with the provisions of the Code with the exceptions mentioned in this statement or the company's Corporate Governance Charter.

Governance Structure

The company is headed by a board of directors acting as collegial body. The board's role is to pursue the long-term success of the company by providing entrepreneurial leadership and making it possible to assess and manage risks. The board pays attention to corporate social responsibility and diversity.

Without prejudice of the powers granted to the management committee (as specified below) and as provided for by article 522 of the Belgian Companies Code, the board is the ultimate decision-making body at the company, except with respect to such areas that are reserved for the shareholders' meeting by law or by the company's articles of association.

With respect to its monitoring responsibilities, the board shall:

- approve and review the existence and functioning of a system of internal control, including adequate identification and management of risks (including those relating to compliance with existing legislation and regulations);
- describe the main features of the company's internal control and risk management systems in the corporate governance statement;
- take all necessary measures to ensure the integrity and timely disclosure of the company's financial statements and other material financial and non-financial information disclosed to the shareholders and the potential shareholders;
- review executive management performance and the realization of the company's strategy;
- supervise the performance of the external auditor and supervise the internal audit function; and
- monitor and review the effectiveness of its committees.

Furthermore, the board supports the dialogue with all shareholders and potential shareholders of the company and encourages the company's controlling shareholder(s) to comply with the Code.

The company has set up a management committee in accordance with articles 23 and 23ter of the articles of association of the company and article 524bis of the Belgian Companies Code. The management committee is a corporate body established by the Board of Directors and acting under its supervision. The board decides on the management structure and determines the powers and duties entrusted to the management committee. In general, all management powers of the board can be delegated to the

management committee, with the exception of the general policy of the company and all acts that are reserved for the board by the Companies Code.

The management committee is entrusted with all the management powers of the board, with the exception of the general corporate policy and all acts that are reserved for the board by the Companies Code or the articles of association.

The management powers of the management committee include, in particular, the following:

- implementing the mission, strategy, and targets set by the board and making proposals to the board with respect to the company's general policy and strategy (including the general policies concerning financial management, risk management, and preparation of the business plan and the budget);
- submission to the board of an exhaustive, punctual, reliable, and accurate preparation of financial statements in conformity with financial and accounting standards and with the company's policies, as well as a clear and objective evaluation of the company's financial position;
- the drawing up, preparation, and presentation of proposals to the board or to its delegated committees in any matter within their remit;
- the operational management of the company;
- providing the board in good time with all the information necessary for the execution of its responsibilities;
- assisting the managing director(s) in the performance of his or her (their) duties;
- communicating with the outside world;
- maintaining a continuous dialogue and interaction with the members of the board in an atmosphere of openness and a climate of trust;
- maintaining excellent relationships with important customers, suppliers, and the authorities; and
- performing such other duties as may be assigned to it from time to time by the managing director(s) or the board.

Without prejudice of the powers of the management committee, the company's executive management is also composed of one Managing Director and one General Manager (*gedelegeerd bestuurder/administrateur délégué* and *general manager/directeur général*). Each Managing Director is entrusted with the day-to-day management of the company and represents the company with respect to such matters. The Managing Directors report directly to the board.

The board is assisted by specialized committees to analyze specific issues and advise the board on those issues. Decision-making remains within the collegial responsibility of the board, except for the powers granted by the board to the management committee.

The board decided not to set up an audit committee for the reasons explained in Appendix 2 of its Corporate Governance Charter. Hence, the board is responsible for carrying out the audit committee's statutory duties.

The board has appointed a company secretary who advises the board on all corporate governance matters (including all questions with respect to the application of articles 523 and 524 of the Belgian Companies Code) and who reports to the board on how procedures are complied with and whether the board is acting in accordance with its statutory obligations and its obligations under the articles of association. The company secretary assists the chairman in the logistics associated with the affairs of the board (information, agenda, etc.) and is responsible for drafting the minutes of the meetings of the board.

The Board of Directors and its Committees

Composition

The board is composed of a maximum of ten members, who can be individuals or legal entities and who need not be shareholders. The directors are appointed for a term of no more than six years by the shareholders' meeting, which is entitled to dismiss them at any time. At the end of 2016, the board consisted of six directors, of which five were non-executive directors; three were independent within the meaning of the Belgian Companies Code.

The board makes all efforts with a view to complying with the requirements of the Gender Equality Act of July 28, 2011, which provides that at least one-third of the board must be composed of members of the opposite gender by January 1, 2017. In 2016, two of the six directors were female; therefore, the requirements of the Gender Equality Act have been fulfilled.

The management committee must be composed of at least two members, who do not need to be directors and who are appointed by the board. In 2016, the management committee consisted of two members who took turns being a member of the board in June 2016. This is in deviation of principle 5.5 of the Code, according to which each committee is composed of at least three members. This is because of the fact that the board does not deem the appointment of additional members to the management committee to be necessary. The members of the management committee may be dismissed at any time by the board.

The composition of the Board of Directors and its committees during the financial year 2016 is shown hereafter:

Name	Main duties within the Board of Directors	Primary duties outside of Eckert & Ziegler BEBIG	Term of office	Board attendance
Dr. Andreas Eckert	Director, Chairman of the Board	Chairman of the Executive Board of Eckert & Ziegler AG, Berlin (D)	June 2015–June 2019	8 (100%)
Dr. Edgar Löffler	Managing Director; Member of the Management Committee	Member of the Executive Board of Eckert & Ziegler AG, Berlin (D) (until December 2016)	June 2013–June 2016	3 (100%)

Dr. Harald Hasselmann	Managing Director; Member of the Management Committee	Member of the Executive Board of Eckert & Ziegler AG, Berlin (D) (since January 2017)	June 2016– June 2020	5 (100%)
Dr. André Hess	Director	Member of the Executive Board of Eckert & Ziegler AG, Berlin (D)	June 2015– June 2019	8 (100%)
Martin Hölscher	Independent Director	Vice President and Executive Partner of Gartner Deutschland GmbH Munich (D)	June 2013– June 2016	2 (67%)
Prof. Lutz Uharek	Independent Director	Senior Physician at Charité Hospital, Berlin (D)	June 2016– June 2020	4 (80%)
Susanne Becker	Independent Director	Attorney, German Employers' Associations (BDA)	June 2015– June 2019	7 (87.5%)
Anna Steeger	Independent Director	Managing Director of Polyventures GmbH, Hamburg (D)	June 2015– June 2019	7 (87.5%)

Board Meetings in 2016 and Directors' Attendance

The board meets sufficiently regularly to fulfil its duties effectively, but in any case not less than four times a year. During the financial year 2016, the board held eight meetings, during which the following main topics were reviewed:

- The organizational structure of BEBIG
- Implementation of the company's code of conduct
- Capital increase and reverse stock split at Eckert & Ziegler BEBIG SA
- Discussion and approval of the budget for 2017
- Discussion and review of the World Bank investigation and potential risks and related tasks
- Acquisition of the Belgian provider of brachytherapy accessories BrachySolutions BVBA and merger with Eckert & Ziegler BEBIG SA
- Strategic review of US business

The overall attendance rate of the meetings of the board was 90.2%, whereas no directors attended less than 50% of the meetings during their individual terms of office.

Conflicts of Interest

The directors should arrange their personal and business affairs so as to avoid conflicts of interest with the company. Any director with a conflicting financial interest as set forth in article 523 of the Belgian Companies Code on any matter before the board must bring it to the attention of both the statutory auditor and fellow directors, and shall not take part in any deliberations related hereto. Any abstention from voting as a result of a conflict of interest shall be disclosed in accordance with the relevant legal provisions.

Given the existence of a controlling shareholder of the company, the company has decided that functional conflicts of interest shall be considered conflicts of interest within the meaning of article 523 of the Belgian Companies Code.

During 2016, only one conflict of interest occurred: Dr. Harald Hasselmann informed the board about having a functional conflict of interest within the meaning of article 523 of the Belgian Companies Code. As he was member of the board of Eckert & Ziegler BEBIG SA and Managing Director of BrachySolutions BVBA at the same time, he did not take part in the deliberations and the vote on the merger of both companies.

In deviation from principles 3.6 and 6.8 of the Code, the board refrained from establishing a policy for transactions or other contractual relationships between the company, including its related companies, and its board members or executive managers that are not covered by the provisions on conflict of interest in accordance with articles 523 and 524 of the Companies Code. The board determined that the types of conflict relevant for company are sufficiently covered by the legal provisions relating to conflict of interest.

Remuneration Report

Procedure

The shareholder's meeting determines the remuneration policy for non-executive directors and executive managers based on proposals made by the board, which includes proposals pertaining to variable remuneration, severance packages, and long-term incentives, and regarding the arrangements on early termination.

Remuneration of Directors

The mandate of directors is free of charge, unless decided otherwise by the shareholders' meeting. The shareholders' meeting has resolved to remunerate non-executive members with a fixed amount of EUR 6,000 per year. No remuneration is granted for the membership on any board committee. Non-executive directors will not receive any performance-related remuneration, nor will any options or warrants be granted to them in their capacity as director. With the exception of Dr. Andreas Eckert and Dr. André Hess, all non-executive directors requested payment of the remuneration.

Name	Main duties within the Board of Directors	Total remuneration in 2016
Dr. Andreas Eckert	Director, Chairman of the Board	none
Dr. André Hess	Director	none
Dr. Edgar Löffler	Director (until June 2016)	see below
Dr. Harald Hasselmann	Director (since June 2016)	see below
Martin Hölscher	Independent Director	EUR 6,000
Prof. Lutz Uharek	Independent Director	none
Susanne Becker	Independent Director	EUR 6,000
Anna Steeger	Independent Director	EUR 6,000
TOTAL		EUR 18,000

Managing Directors and the General Managers are remunerated on the basis of their management contracts only.

We do not expect any change in the remuneration policy. The group does not grant any incentives such as shares, options, or other rights to acquire shares. There is no evaluation process for the individual directors.

Remuneration of the Managing Director and the General Manager

The remuneration of the Managing Director and the General Manager is determined by the board, which shall benchmark such remuneration to ensure that it is competitive and makes it possible to attract the best person for the job.

Following that decision, the variable remuneration now comprises a short-term variable remuneration and a long-term variable remuneration. While the short-term variable remuneration is linked to qualitative performance criteria defined in order to improve operative performance or execute special projects to be achieved during the actual financial year, the long-term variable remuneration is based on the achievement of a defined percentage rate of the three-year moving average of the group's EBIT as compared to the three-year moving average of the group's annual sales revenues, subject to a correction factor applied in case of extraordinary growth of the business volume during any year. Non-achievement of the performance criteria results in a payment of zero. The variable remuneration always carries a cap and normally makes up between 30 and 60% of the total remuneration, whereas at least 50% of the variable remuneration is based on the long-term performance over three years.

Apart from the variable remuneration, the appointed Managing Director and the General Manager receive a fixed salary and perquisites (company car, insurances, mobile phones, and others). The total remuneration of the Managing Directors for 2016 amounted to EUR 525,707 (2015: EUR 359,000) and consisted of the following individual payments:

	Fixed salary	Variable remuneration	Perquisites	Total
Dr. Edgar Löffler	EUR 186,000	EUR 73,557	EUR 30,845	EUR 290,402
Dr. Harald Hasselmann	EUR 180,222	EUR 25,460	EUR 29,623	EUR 235,305

There are no promises regarding severance payments for Managing Directors. We do not expect any change in the remuneration policy. There is no right of recovery of variable remuneration granted based on incorrect financial data.

Share and Shareholders

Capital Structure

Eckert & Ziegler BEBIG's capital amounts to EUR 14,439,797.82 and is represented by 2,330,000 regular shares, without any nominal value, each representing 1/2,330,000th of the capital.

The general assembly authorized a capital increase in the amount of EUR 5,056,168.48 in June 2016 followed by a reverse stock split in November 2016, which entailed a relation of ten shares being equal to one newly issued share. As of November 10, 2016, the total number of shares amounted to 2,330,000 shares.

The "Beneficiary Shares A" convey the right to one vote per beneficiary share at the general assembly of shareholders (within the limits attached to beneficiary shares as defined by the Belgian Companies Code), but they do not entitle their holders to any dividends or to any liquidation surplus should the company be wound up or to any economic benefit. Despite their denomination, they could be assimilated to "shares with voting rights attached only."

The "Beneficiary Shares B" have exactly the same rights as ordinary shares, except for the applicable limitations provided under Belgian law and relating to voting at the general assembly of shareholders.

Shareholder Structure

Based on the transparency report made available to the company as of December 31, 2016, the shareholder structure of the company is summarized as follows:

	Number of regular shares	Number of beneficiary shares	Total number of shares	% of voting rights	% of economic rights
Eckert & Ziegler AG	1,882,905	502,500	2,385,405	84.21%	80.81%
SRIW	87,989	0	87,989	3.11%	3.78%
Free float	359,105	0	359,105	12.68%	15.41%
Total:	2,330,000	502,500	22,579,354	100.00%	100.00%

Given the existence of a controlling shareholder, the board shall endeavor to have the controlling shareholders make considered use of their position and respect the rights and interests of minority shareholders.

Given the existence of a controlling shareholder, article 524 of the Companies Code shall be strictly interpreted and applied in order to avoid that any transaction between the company and any of its affiliated companies not be in the company's best corporate interest or not be at arm's length. During 2016, the company was not required to apply the conflict-of-interest procedure in accordance with article 524 of the Companies Code.

Report on Internal Control and Risk-Management Systems

The board is responsible for monitoring the effectiveness of risk management and internal control systems.

Eckert & Ziegler BEBIG has set up risk management and internal control systems based on the COSO model and has adapted them to its functioning and to the environment in which it operates. The COSO model is based on five areas: the control environment, risk analysis, control activities, information and communication, and monitoring.

Business Code of Conduct

In October 2015, the main shareholder of the company, Eckert & Ziegler EZAG, decided on implementing a code of conduct within its entire business group. In February 2016, the board approved the implementation of the code of conduct for the company.

The Eckert & Ziegler Group conducts its business responsibly and in line with all legal requirements and official regulations in the countries where it operates. The executive committee of Eckert & Ziegler EZAG and the board of the company pledge their absolute commitment to complying with all legal and corporate regulations concerning responsible and lawful conduct as well as to preventing business practices that violate any of the principles set out in the code of conduct. The Eckert & Ziegler Group respects the law and expects the same from its employees and business partners. The principles set out in the code of conduct concern areas of particular relevance to day-to-day operations. The company offers its employees the use of all the necessary sources of information and advice to avoid violations of the law or the rules.

Control Environment

It is the overall responsibility of the board to review the existence and functioning of a system of internal control, including adequate identification and management of risks (including those relating to compliance with existing legislation and regulations).

The accounting and control organization consists of (i) the accounting teams in the different legal entities, responsible for the preparation and reporting of the financial information, and (ii) the controllers at the different levels in the organization, responsible inter alia for the review of the financial information in their area of responsibility.

The company's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS), which have been endorsed by the European Union. Such financial statements are also in compliance with the IFRS as issued by the International Accounting Standards Board. Employees involved in the preparation of the accounts are regularly trained.

Risk Assessment

As a standard procedure, management performs an annual internal study designed to classify the company's major risks by order of importance and frequency occurrence and to determine the level of control of these risks. The conclusions of the study are summarized in the risk management report, which will be reviewed by the board in order to take measures to control and limit the potential impact of each of the risks identified.

Furthermore, appropriate measures are taken to ensure timely and adequate reporting and to reduce the potential risks related to the financial reporting process, including (i) proper coordination between both the corporate communication department and controlling department of the company, (ii) careful planning of all activities, (iii) guidelines that are distributed prior to the quarterly reporting, including relevant points of attention, and (iv) follow-up and feedback on timeliness and quality in order to strive for continuous improvement.

Control Activities

Policies and procedures are in place for the most important business processes (sales, procurement, investments, treasury, etc.), and control activities have been developed to address the risks we are confronted with. These policies, procedures, and control activities are subject to (i) an evaluation by the respective management teams and (ii) regular controls by internal audit.

Specifically, the proper application of the accounting principles by the legal entities, as well as the accuracy, consistency, and completeness of the reported information, is reviewed on an ongoing basis by the control organization.

Clear roles and responsibilities in the closing process of the group financial statements have been defined. A very detailed closing calendar has been established, which includes in-depth cross-divisional preparatory meetings, deadlines for ending specific processes, exact dates when IT sub-systems are locked, and reporting deliverables.

For every process, different controls are performed, including preventive controls where information is tested before being processed, as well as detective controls, where the outcome of the processing is analyzed and confirmed.

Specific attention is paid to reasonableness tests, where financial information is being analyzed by more underlying operational drivers, and coherence tests, where financial information from different areas is brought together to confirm results or trends.

Tests on individual accounting entries are performed for material or non-recurrent transactions and on a sample basis for others.

Information and Communication

At all companies of the group, the company has deployed a global ERP system platform to support the efficient processing of business transactions and provide its management with transparent and reliable management information to monitor, control, and direct its business operations.

The provision of information technology services to run, maintain, and develop those systems is organized by its internal IT department, which is directed and controlled through appropriate IT governance structures. Appropriate measures are taken on a daily basis to sustain the performance, availability, and integrity of the company's IT systems.

Proper assignment of responsibilities and coordination between the pertinent departments ensure an efficient and timely communication process of periodic financial information to the market. A trading update is released in the first and third quarters, whereas all relevant financial information is disclosed at mid-year and year-end. Prior to the external reporting, the sales and financial information is subject to (i) the appropriate controls by the above-mentioned control organization, (ii) review by management, and (iii) approval by the Board of Directors.

Monitoring

Each process owner is responsible for reviewing and improving his or her business activities on a regular basis. This includes, among other things, process documentation, reporting on indicators, and monitoring them.

In order to have an objective review and evaluation of the activities of each organizational department, the internal audit department conducts regular audits across the company's operations.

Financial data is reviewed on a monthly basis. Unexpected discrepancies from historical numbers as well as discrepancies from planned numbers lead to a depth investigation of such discrepancies.

The results are presented to the management committee, which performs a monitoring function. Necessary corrective actions are taken and communicated immediately after revealing weaknesses in related processes.

Segment Reporting

The company acts in the niche market of brachytherapy, which is a sub-market of radiation therapy. Due to the limited diversification of the group, there are no further sub-segments that report to the chief decision-maker. The different product lines within the group flexibly share sales, marketing, and production capacities in order to maximize synergies. There are neither separate reporting paths nor separate management capacities for the various products sold by the group. Taking into account the described reporting structure as well as the segment information provided by the main competitors, the management reached the conclusion that there is only one reportable segment. In absence of reporting segments, the group reports sales and non-current assets by region.

Auditor

The current group and statutory auditor is BDO Réviseurs d'Entreprises, with its registered office at The Corporate Village, Da Vincilaan 9 – Box E.6 Elsinore Building, 1935 Zaventem, Belgium, represented by Félix Fank. The auditor is appointed for a three-year renewable term (the current mandate will expire at the end of the general assembly of shareholders convened to approve the annual accounts for the year ending December 31, 2016).

For his task of certifying the accounts in 2016, the auditor will receive an estimate-based remuneration that was approved by the general assembly of shareholders in June 2014. The auditor's emoluments for the duration of its term of office are fixed at EUR 75.000,00 annually. These emoluments do not include value-added tax (VAT) and out-of-pocket expenses; they are adapted annually on the basis of the consumer price index.

Statutory Items – Eckert & Ziegler BEBIG S.A.

Appropriation of the Result

The statutory accounts were drawn up in accordance with Belgian accounting legislation. The Board of Directors will propose to the general assembly of shareholders on June 8, 2017, that it approve the non-consolidated accounts closed on December 31, 2016, with a net loss (group share) of EUR 3.1 million. It will also propose to the meeting that it approve the deferral of the accumulated loss of EUR 26.5 million.

Risk Management

The risks incurred at group level are essentially the same as those prevailing at the level of the consolidating parent company (see description above).

The Board of Directors,

Seneffe, March 22, 2017

Statutory auditor's report to the general meeting of the company ECKERT & ZIEGLER BEBIG SA for the year ended December 31, 2016

As required by law, we report to you on the performance of our mandate of statutory auditor. This report includes our opinion on the consolidated financial statements, as well as the required additional statement. The consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2016, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and the explanatory notes.

Report on the consolidated financial statements - unqualified opinion

We have audited the consolidated financial statements of the company Eckert & Ziegler BEBIG SA for the year ended December 31, 2016, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, which show a consolidated statement of financial position total of 63,893 (000) EUR and a consolidated income statement showing a consolidated profit for the year of 553 (000) EUR.

Responsibility of the board of Directors for the preparation of the consolidated financial statements

The board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards as adopted by the European Union, and for such internal control as the board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the statutory auditor

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA's) as adopted in Belgium. Those standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk

A handwritten signature in blue ink, consisting of a stylized 'S' followed by a horizontal line and a small flourish.

assessments, the statutory auditor considers the company's internal control relevant to the preparation of consolidated financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We have obtained from the board of Directors and company officials the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Unqualified opinion

In our opinion, the consolidated financial statements of the company Eckert & Ziegler BEBIG SA give a true and fair view of the group's equity and financial position as at December 31, 2016, and of its results and its cash flows for the year then ended, in accordance with the International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

The board of Directors is responsible for the preparation and the content of the Directors' report on the consolidated financial statements.

In the context of our mandate and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we make the following additional statement, which do not modify the scope of our opinion on the consolidated financial statements:

- The Directors' report the consolidated financial statements includes the information required by law, is consistent with the consolidated financial statements and is free from material inconsistencies with the information that we became aware of during the performance of our mandate.

March 21, 2017

BDO Réviseurs d'Entreprises Soc. Civ. SCRL
Statutory auditor
Represented by



Felix Fank
Registered auditor

Eckert & Ziegler BEBIG Group

Financial Statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income

(Following the cost of sales method)

Amounts in EUR thousand except for per share data	Note	2016	2015
Sales	1.	24,884	31,088
Cost of sales	2. 5. 6.	-11,996	-18,441
Gross profit on sales		12,888	12,647
Sales and marketing expenses	3. 5. 6.	-5,872	-8,910
General and administration expenses	4. 5. 6.	-6,152	-6,019
Other operating income	7.	1,907	1,245
Other operating expenses	8. 5. 6.	-2,597	-2,652
Operating result		174	-3,689
Other financial result	9. 11.	359	915
Result of equity participations	10.	7	8
Earnings before interest and taxes		540	-2,766
Interest income	34.	573	271
Interest expenses	33. 34.	-563	-881
Profit before tax		550	-3,376
Income tax	12.	3	-674
Net profit (loss)		553	-4,050
Average number of shares in circulation (in thousand)		2,078	17,554
Earnings per share (in EUR)	14.	0.27	-0.23
Group statement of other comprehensive income:			
Net profit (loss)		553	-4,050
Exchange differences on translating foreign operations, which may subsequently be reclassified to income		119	-456
Total comprehensive income		672	-4,506

Consolidated Statement of Cash Flows

Years ended December 31, 2016 and 2015

Amounts in EUR thousand	Note	2016	2015
Cash flow from operating activities:			
Net profit		553	-4,050
Adjustments for:			
Depreciation and amortization	6.	2,150	2,538
Release of deferred income from grants		-16	-12
Interest expenses (+)/income (-)		10	610
Interest paid		-283	-457
Interest received		331	68
Tax expenses (+)/income (-)		3	674
Tax on earnings paid		108	-35
Unrealized foreign currency gains/losses		-164	-694
Change in long-term provisions, other non-current liabilities		-335	-78
Loss (+)/gain (-) on the disposal of non-current assets		0	-939
Others		-4	-103
Change in working capital			
Receivables	21.	-593	2,314
Inventories	22.	-121	390
Prepaid expenses, deferred charges, and other current assets	18. 24.	1,750	-273
Trade account payable and other current liabilities	36.	-2,025	1,099
Cash inflow (+) generated from operating activities		1,364	1,052
Cash flow from investing activities:			
Additions to intangible non-current assets	16.	-6	-230
Additions to tangible non-current assets	17.	-866	-180
Acquisition of subsidiary, net of cash acquired	23.	-757	0
Cash outflow (-) from investing activities		-1,629	-410
Cash flow from financing activities:			
Capital increase	14. 25.	5,056	0
Receipts from notes receivables granted	18. 24.	795	443
Receipts from take-up of borrowings	26.	0	2,650
Repayment of borrowings	26.	-1,745	-3,660
Cash in(+)/outflow (-) from financing activities		4,106	-567
Effect of exchange rates on cash and cash equivalents		17	14
Change in cash and cash equivalents		3,858	89
Cash and cash equivalents at the start of the period		2,444	2,355
Cash and cash equivalents at the end of the period		6,302	2,444

Consolidated Statement of Changes in Equity

As of December 31, 2016, 2015, and 2014

Amounts in EUR thousand	Capital	Issue premium	Reserves	Translation differences	Equity
Balance as of December 31, 2014	10,875	50,186	-17,736	-104	43,221
Result of the period			-4,050		-4,050
Deconsolidation					
Translation differences				-456	-456
Capital increase					
Balance as of December 31, 2015	10,875	50,186	-21,786	-560	38,715
Result of the period			553		553
Deconsolidation			-27		-27
Translation differences*	4			115	119
Capital increase	3,561	1,495			5,056
Balance as of December 31, 2016	14,440	51,681	-21,260	-445	44,416

*The result of the differences resulting from the conversion of BEF 25 to 0.62 EUR is shown under translation differences.

Consolidated Statement of Financial Position

As of December 31, 2016 and 2015

Amounts in EUR thousand	Note	2016	2015
Assets			
Non-current assets			
Goodwill	15.	30,061	29,939
Intangible assets	16.	3,927	4,207
Property, plant, and equipment	17. 34.	5,277	5,837
Deferred tax assets	20.	4,620	5,291
Other assets	18. 37.	24	719
Total non-current assets		43,909	45,993
Current assets			
Cash and cash equivalents	19. 30. 31. 37.	6,302	2,444
Trade accounts receivables	21. 29. 31. 37.	6,819	5,846
Inventories	22.	4,273	4,080
Other assets	24. 37.	2,590	4,440
Total current assets		19,984	16,810
Total assets		63,893	62,803
Equity and liabilities			
Shareholders' equity	25.		
Subscribed capital		14,440	10,875
Capital reserves		51,681	50,186
Retained earnings		-21,260	-21,786
Foreign exchange reserves		-445	-560
Total shareholders' equity		44,416	38,715
Non-current liabilities			
Long-term portion of borrowings	26. 30.	1,385	20
Deferred income from grants and other deferred income	27.	121	1
Provision	28.	7,409	7,604
Deferred tax liabilities	20.	216	823
Other non-current liabilities	28.	207	10
Total non-current liabilities		9,338	8,458
Current liabilities			
Short-term portion of borrowings	26. 30.	4,530	7,837
Trade accounts payables	36.	1,755	4,693
Advance payments received		1,558	605
Deferred income from grants and other deferred income	27.	82	175
Current tax payable	20.	40	30
Other current liabilities	29. 38.	2,174	2,290
Total current liabilities		10,139	15,630
Total equity and liabilities		63,893	62,803

Subsequent Events in 2017

From January onwards, BEBIG faced a shortage of raw material due to the unexpectedly long downtime of a reactor at its main supplier. The resulting shortage of raw material affected BEBIG's ability to service all its customers. Management was able to secure raw material from a second supplier. The full demand of the particular raw material will be met again by the end of March 2017.

Eckert & Ziegler BEBIG Group

Reporting Rules

Background and Principles

a. Organization and Brief Description of Business Activities

Eckert & Ziegler BEBIG S.A. (hereinafter referred to also as “the company”) is a holding and operating company whose specialized subsidiaries are engaged worldwide in the processing of radioisotopes and the development, manufacture, and sale of components based on isotope technology, radiation equipment, or of related products (together referred to as “Eckert & Ziegler BEBIG,” “Eckert & Ziegler BEBIG Group,” or “the group”). The main areas of application for group products are in medical technology, particularly in cancer therapy. In this area, the products of the Eckert & Ziegler BEBIG Group are primarily aimed at radiation therapists and radiation oncologists.

The company operates in a market characterized by rapid technological progress and constant new scientific discoveries. This market is subject to strict supervision by local regulatory authorities. Therefore, the company is directly affected by changes in technology and in products used in cancer treatment, by government regulations related to the industry in which the Eckert & Ziegler BEBIG Group operates, and by the general business environment within the health-care sector. For a more detailed risk analysis, please refer to the management report.”

b. Reporting Principles and Legal Basis

Pursuant to the Royal Decree of December 4, 2003, and European Regulation No. 1725/2003, the consolidated financial statements of the group have been prepared in accordance with the International Financial Reporting Standards (IFRS). All standards have been taken into account, applicable within the EU, defined by the International Accounting Standards Board (IASB), London, as well as the interpretations of the International Financial Committee (IFRIC) and the Standing Interpretations Committee (SIC) in force at the closing date. The financial statement conveys an effective picture of the group’s position on its assets, liabilities, and earnings. The financial statements are presented in thousands of euros (EUR thousand). According to the applicable IFRS standards, the valuation basis used for preparing the financial statements is cost, net realizable value, fair value, or recoverable value. Where IFRS standards leave a choice between cost and another valuation basis (such as systematic revaluation), the cost method has been applied.

The closing accounting of subsidiaries was done on December 31, 2016, which is the closing date of Eckert & Ziegler BEBIG. The financial statement includes the period from January 1, 2016, until December 31, 2016. The profit and loss statement was prepared by function of expense.

Preparing financial statements that are in conformity with IFRS standards requires management to make judgments, estimates, and assumptions that affect the application of the policies and the reported amounts of assets, liabilities, income, and charges. The estimated and related assumptions are based on

the experience of the past and on various other factors. The current results can differ from the estimated results. Judgments made by management in applying IFRS, which can significantly impact the financial statements and estimates and which present a major risk of producing significant adjustments in the course of a subsequent accounting period, are described in the notes below.

The main judgments were necessary related to the value of tax assets on losses carried forward, to the development of prices for disposal of radioactive waste and the recoverability of receivables overdue, as well as on the development of future cash flows in order to test the goodwill.

c. New Standards, Interpretations and Amendments Adopted by the Group

During the financial year, the Group adopted all of the new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that were relevant to its operations and effective for the accounting year starting on January 1, 2016. The group did not apply any new IFRS requirements that were not yet effective as per December 31, 2016.

The following new standards, interpretations, and amendments issued by the IASB and the IFRIC are effective for the current annual period:

- Annual Improvements to IFRSs 2012–2014 Cycle (issued by the IASB in September 2014)
- IFRS 12 Disclosure of Interests in Other Entities – Amendments regarding the application of the consolidation exception (December 2014)
- IAS 1 Presentation of Financial Statements – Amendments resulting from the disclosure initiative (December 2014)
- IAS 16 Property, Plant and Equipment – Amendments regarding the clarification of acceptable methods of depreciation and amortization (May 2014)
- IAS 16 Property, Plant and Equipment – Amendments bringing bearer plants into the scope of IAS 16 (June 2014)
- IAS 19 Employee Benefits – Amendments relating to Defined Benefit Plans: Employee Contributions (November 2013)
- IAS 27 Consolidated and Separate Financial Statements – Amendments reinstating the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements (August 2014)
- IAS 28 Investments in Associates and Joint Ventures – Amendments regarding the application of the consolidation exception (December 2014)
- IAS 38 Intangible Assets — Amendments regarding the clarification of acceptable methods of depreciation and amortization (May 2014)

The adoption of these new standards and amendments has not led to major changes in the group's accounting policies.

Standards and Interpretations Issued but Not yet Effective in the Current Period

The Group elected not to adopt early the following new standards, interpretations, and amendments, which had been issued but were not yet effective as of December 31, 2016.

- Annual Improvements to IFRSs 2014–2016 Cycle (December 2016)
- IFRS 9 Financial Instruments – Classification and Measurement (Original issue July 2014, and subsequent amendments)
- IFRS 14 Regulatory Deferral Accounts (Original issue January 2014)
- IFRS 16 Leases (Original issue January 2016)
- IAS 7 Cash flow statement – Amendments as result of the Disclosure initiative (January 2016)
- IAS 12 Income taxes – Amendments regarding the recognition of deferred tax assets for unrealized losses (January 2016)
- IFRIC 22 Foreign Currency Transactions and Advance Consideration (December 2016)

None of the other new standards, interpretations, and amendments, which are effective for periods beginning after January 1, 2017, and which have not been adopted early, are expected to have a material effect on the group's future financial statements, except IFRS 16 which will lead to a substantial balance sheet extension of about 3 to 4 million Euro in 2019.

- IFRS 15 Revenue from Contracts with Customers (original issue dated May 2014 and subsequent amendments)

The group has examined in more detail the current proposals relating to IFRS 15 “Revenue from Contracts with Customers,” as it is relevant for a major item of the group's financial statements. The group found that the implementation would not lead to a material impact on the financial statements of the group, as the group currently already complies with the main principals of the standard.

d. Goodwill

Goodwill represents the excess of the aggregate purchase price for an enterprise, or part of one, over the fair value of net assets acquired.

e. Foreign Currency: Conversion of Financial Statements – Transactions – Balance Sheet Item Translations

The financial statements of subsidiaries prepared in foreign currency and included in the group consolidation are translated into euros in accordance with IAS 21. As the subsidiaries conduct their business affairs autonomously from an economic and organizational standpoint, the functional currency of the companies included in the consolidation corresponds to their respective national currency. Assets and liabilities are translated at market rates on the balance sheet date.

Conversion of the Subsidiaries' Results and Financial Position

Each subsidiary's financial statements are drawn up in its operating currency. The consolidated financial statements are then subsequently prepared and presented in euros, which is the group's operating currency.

The exchange rates used in translating financial items upon consolidation are:

- Balance sheet items: exchange rate on December 31
- Income statement items: arithmetical average exchange rate for the year
- Equity items: historical exchange rate

The resulting translation differences are reported in equity under "Foreign exchange reserves."

Translation of Assets and Liabilities Denominated in Foreign Currencies

At the end of the financial year, monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates prevailing at the end of the period, and the resulting difference due to the different exchange rate used at the time the entry was made is accounted for as financial income or expenses in the income statement for the period. Non-monetary assets and liabilities denominated in foreign currencies are translated at the prevailing exchange rate at the transaction date. Non-monetary assets and liabilities denominated in foreign currencies that are estimated at fair value are translated into euros at the prevailing exchange rate on the date of establishment of such fair value.

Gains or Losses Resulting from Transactions Using Foreign Currencies

Profits and losses resulting from transactions in foreign currencies are accounted for as financial income or expenses in the income statement for the period.

f. Intangible Assets

Own Developments

Expenses applied to the planning or design of the production of new or improved products or processes are accounted for as assets (1) where the product or process is technically and commercially feasible, (2) where there are probable economic benefits, and (3) if the Eckert & Ziegler BEBIG Group has sufficient resources to develop them fully. The expenses capitalized in this way are the raw material costs and direct salary costs. All other development costs are charged to the income statement when they are incurred. Capitalized development expenses are shown in the balance sheet at acquisition cost. Amortization is applied on a straight-line basis as a function of the estimated useful life of the asset in question and is calculated from the date that the asset is ready for use. Own developments are amortized over ten years

Patents

Patents are capitalized at the cost to acquire them and amortized over their legal protection period, with impairment losses recorded if necessary. Patents are amortized over the timeframe they grant protection.

g. Tangible Assets

Tangible assets are carried at historical cost less accumulated depreciation and less any applicable impairment losses. Cost includes all directly imputable charges required to render the asset operational for its intended function. Depreciation is applied on a straight-line basis as a function of the estimated useful life of the asset in question and is calculated from the date that the asset is ready for use. At each balance sheet closing date, assets are examined to determine whether their carrying value is recoverable in the form of future benefits. If not, an impairment loss is recorded.

Land is not depreciated.

Fixed assets that have been lease-financed are recorded according to the useful lifetime period for the asset concerned, regardless of the term of the financial contract, as long as the group expects to obtain ownership of the assets. If there is no reasonable certainty that the group will obtain ownership of the assets, the assets will be fully depreciated over the shorter of the lease term or its useful life.

Depreciation periods:

Buildings	20 years
Machinery and equipment	3 to 10 years
Office equipment and tools	3 years
IT equipment	3 years
Vehicles	5 years

h. Leasing

If the conditions for a finance lease are satisfied, the leased assets in use are capitalized according to IAS 17 as property, facilities, and equipment and depreciated in full over the useful lifetime of the asset. At the commencement of the lease term, both the leased asset and the related lease obligation are recorded in the statement of financial position at an amount equal to the fair value of the leased asset or, if lower, to the present value of the minimum lease payments, each determined at the inception of the lease. In 2016, no assets were under financial lease.

i. Inventories

Inventories are recorded on the balance sheet at production cost. This production cost includes the direct purchasing or the manufacturing costs together with an allocation of overheads incurred in bringing the inventories to their present location or condition. Finished products that can no longer be sold due to radioactive decay are written off.

Inventories consist (IAS 2 § 6) of assets held in order to be sold in the normal course of business, assets in production for such sale, and assets in the form of raw materials or supplies to be consumed in the production process.

Inventories are valued according to the first-in, first-out (FIFO) method or, if traceable, by serial or lot number with the costs of the respective item or lot.

j. Provisions

A provision is set up whenever the company has a legal or implicit obligation on the balance sheet date resulting from a past event that will probably engender an outflow of resources, the amount of which can be reliably estimated (IAS 37 § 14).

The amount of the provision is the best possible estimate of the costs and expenditures needed to completely fulfill the obligation, given the probability of the occurrence of the event at the end of the financial period.

Provisions for Environmental Restoration

The costs for the demolition and clearance of assets, and also the restoration of the site, are part of acquisition or manufacturing costs under IAS 16, providing the costs have to be provided for under IAS 37.

Provisions for environmental restoration are based on statutory and civil obligations to decontaminate radioactively contaminated equipment and buildings, to determine by measurement that they are free from contamination, and to allow them to be accessible for general use again without danger. Accordingly, the estimate of costs includes labor costs for the demolition of the facilities, costs for the preparation of waste so that it can be decontaminated, costs for the cleaning of rooms and for the disposal of waste by experts, as well as the costs for the disposal and decontamination of radioactive waste. Therefore, only the radioactive waste from the decontamination of assets is taken into account. Waste that arises from normal production is regularly decontaminated, and the associated costs are shown as a separate item within cost of goods sold. Provisions are established at the present value of the costs expected as of the balance sheet date. Various assumptions underlie the calculation of the restoration obligations, based on estimates. These include estimates on the labor hours, daily rates, and expected material costs required. Expected cost increases are taken into account. The value of the obligation is checked on each balance sheet date. In the event of changes to the value of the property, plant, and equipment, the provisions are adjusted accordingly.

k. Trade Receivables and Payables

Trade and other receivables are recognized initially at their fair value; after initial recognition, they are measured at amortized cost using the effective interest method.

l. Interest-Bearing Borrowings

Interest-bearing loans are recorded initially at their fair value less related transaction costs. After initial booking, interest-bearing loans are recorded at amortized cost.

m. Financial Instruments

Cash and cash equivalents refer to cash, sight accounts, and short-term, highly liquid investments that do not present any major risk of change in value. Bank loans and overdrafts are accounted for in the amount of the net proceeds received. Financial charges, including any settlement or redemption premiums, are charged over the term of the facility.

n. Income

An income item is recognized once it is probable that the future economic benefits will flow to the company, and provided that these benefits can be reliably evaluated.

Revenue

Turnover consists only of sales to third parties. It is recognized when the significant risks and rewards attached to the ownership of the goods are transferred to the buyer. Turnover is recorded only when it can be reliably measured and when it is probable that the economic benefits linked to the transaction will be received by the entity.

Subsidies and Government Grants

Investment grants are initially recorded as amounts receivable when there is reasonable assurance that they will be received and that the conditions are fulfilled. Subsidies received as compensation for expenses incurred by the company are accounted for as other operating income during the period in which the corresponding expenses are incurred. Grants received for non-current assets are presented as part of these assets and are amortized over the lifetime of the respective asset.

Financial Income

Financial income consists of the interests received on investments, dividends, and gains on the translation of foreign currencies. Interest income is recorded when acquired (taking into account the time elapsed and the effective return on the asset), except where doubt exists as to its actual receipt. Dividends are recorded in the income statements on the date at which they are declared.

o. Financial Charges

Financial charges consist of interests due on borrowings, foreign exchange losses, charges relating to foreign exchange hedging instruments, charges relating to foreign exchange instruments that are not part of a hedge accounting relationship, and charges on financial assets held for transaction purposes. All interests and other costs incurred with respect to borrowings or financial transactions are charged to the income statement as financial charges. Interest expenses relating to lease contract payments are recognized in the income statement using the effective interest rate method.

p. Fringe Benefits

These cover all benefits of any kind provided by a company in return for the services rendered by its personnel.

Short-term benefits are the various elements making up employee remuneration. They are accounted for as expenses under operating result in the income statement.

For post-employment benefits, the company has a certain number of defined contribution plans in place, for which contributions are paid to distinct entities. The group is partially under obligation to pay additional contributions if the funds do not have sufficient assets to serve all the benefits corresponding to services rendered by personnel during the present and previous accounting periods (IAS 19 § 7).

q. Taxes

Income taxes recorded in the income statement are current taxes and deferred taxes on the taxable profit for the period, calculated by using the tax rates prevailing at the balance sheet closing date.

Deferred tax assets are recognized where taxable profits are likely to be realized, against which the deferred tax assets will be imputed. In the same way, the tax assets will be reduced where this probability no longer exists. Deferred tax liabilities are recognized separately if they will not be payable against a tax authority where a deferred tax asset exist in a higher or equal amount.

r. Consolidation Principles

Consolidation of investments in subsidiaries is carried out in accordance with IFRS 3 (Business Combinations) under the purchase method. Under this norm, the assets and liabilities acquired are measured at their “fair value” on the date of control. Acquisition related costs are accounted in expenses in the periods in which the costs are incurred. A positive difference resulting from this will be included under intangible assets as goodwill; a negative difference will be included affecting the operating result in the income statement. The initial consolidation is carried out as of the date on which control over the assets is obtained.

All receivables and payables, as well as transactions between related entities of the group, have been eliminated as part of the consolidation process.

s. Participation in Joint Ventures

The group is party to a joint arrangement when there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The group classifies its interests in joint arrangements as either:

- Joint ventures: where the group has rights to only the net assets of the joint arrangement
- Joint operations: where the group has both the rights to assets and obligations for the liabilities of the joint arrangement

In assessing the classification of interests in joint arrangements, the group considers:

- The structure of the joint arrangement
- The legal form of joint arrangements structured through a separate vehicle
- The contractual terms of the joint arrangement agreement
- Any other facts and circumstances (including any other contractual arrangements)

The group accounts for its interests in joint ventures in the same manner as investments in associates (i.e., using the equity method – please see above).

Any premium paid for an investment in a joint venture above the fair value of the group’s share of the identifiable assets, liabilities, and contingent liabilities acquired is capitalized and included in the carrying amount of the investment in joint venture. Where there is objective evidence that the investment in a joint

venture has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

The group accounts for its interests in joint operations by recognizing its share of assets, liabilities, revenues, and expenses in accordance with its contractually conferred rights and obligations. In accordance with IFRS 11 Joint Arrangements, the group is required to apply all of the principles of IFRS 3 Business Combinations when it acquires an interest in a joint operation that constitutes a business as defined by IFRS 3.

t. Forward-Looking Statements

This report contains qualifications as well as forward-looking information and estimates concerning the company's future performance. It may contain words that anticipate the future development. The declarations and estimates are based on various suppositions and assessments of risks, uncertainties, and others factors that appeared reasonable at the time they were made but that may or may not turn out to be correct. Events are not predictable and can depend on factors that lie outside the control of the company and that can turn out significantly differently from what had been anticipated.

u. Evaluations and Estimates

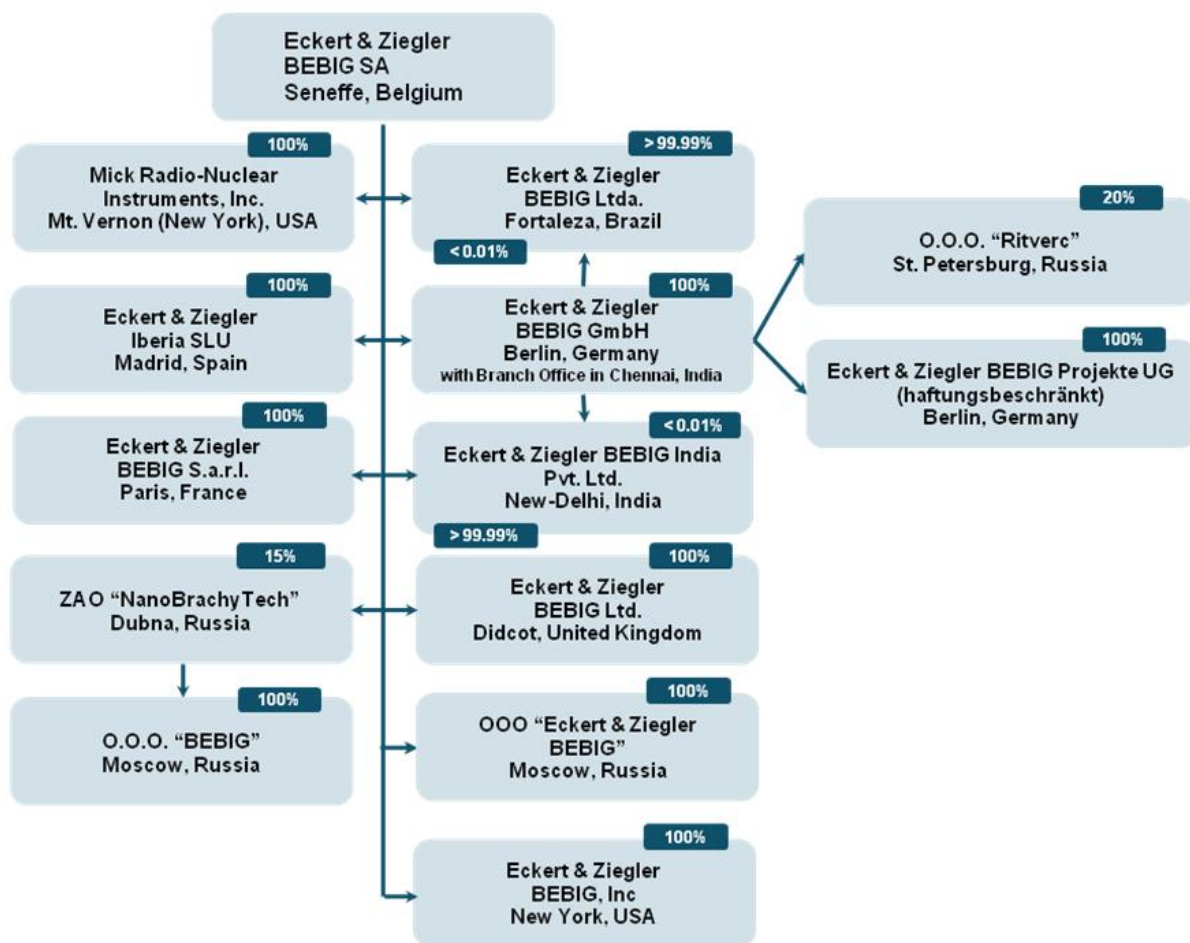
For the preparation of group financial statements in compliance with IFRS, it is necessary that estimates and assumptions are made that affect the amount and disclosure of recognized asset values and liabilities, income, and expense. Significant assumptions and estimates are made concerning useful life, earnings attainable from intangible assets and property, facilities and equipment, realization of receivables, the recognition and measurement of provisions, the portfolio, and realization of deferred tax assets with respect to loss carry-forwards. The assumptions and estimates are based on the available facts. Because of deviations in the development of these general conditions from the assumptions, the amounts included may differ from the original estimates. The sensitivity of book values with respect to assumptions and the estimates that underlie the book values were evaluated by means of sensitivity analyses. In case of a significant effect due to altered estimates, disclosures are made according to IAS 1.125.

Eckert & Ziegler BEBIG Group

Notes to the Financial Statements

Preliminary Note – Consolidation Scope

Structure of the Group



Subsidiaries of Eckert & Ziegler BEBIG S.A.

(directly or indirectly owned) as of December 31, 2016

Eckert & Ziegler BEBIG Ltd., Didcot, United Kingdom	100%
Eckert & Ziegler BEBIG GmbH, Berlin, Germany	100%
Eckert & Ziegler Iberia S.L.U., Madrid, Spain	100%
Eckert & Ziegler BEBIG Ltda., Fortaleza, Brazil	100%
Eckert & Ziegler BEBIG s.a.r.l., Paris, France	100%
OOO "Eckert & Ziegler BEBIG", Moscow, Russia	100%
Mick Radio-Nuclear Instruments, Inc., Mt. Vernon (New York), USA	100%
Eckert & Ziegler BEBIG India Pvt. Ltd., New Delhi, India	100%
Eckert & Ziegler BEBIG Projekte UG (haftungsbeschränkt), Berlin, Germany	100%
Eckert & Ziegler BEBIG, Inc, New York, USA	100%

- Eckert & Ziegler BEBIG, Inc in New York, USA, is in the process of being wound up. It is not deconsolidated, as the management still has control. Liabilities of USD 1.1 million are recorded in the company, whereas there are no assets to cover them.

Branches

Eckert & Ziegler BEBIG India, Chennai

Participations

OOO "Ritverc", St. Petersburg, Russia	20%
ZAO "NanoBrachyTech" (NBt), Dubna, Russia	15%

Both companies are located in Russia. As they both work with radioactive material, they have been classified as being strategically important for Russia. Due to that fact and the uncertainties in Russia, the management is unable to justify the fair value of the related assets. In addition, the materiality of the assets is not substantial. Both participations are accounted for at EUR 0.

Changes to Companies Included in the Scope of Consolidation

In the financial year 2016, the following changes were made to the companies included in the scope of consolidation:

- Eckert & Ziegler BEBIG Italia s.r.l., Milan, Italy, was dissolved in 2016, paying all its outstanding debts. The remaining assets were distributed to Eckert & Ziegler BEBIG S.A., Seneffe, Belgium. It is not expected that the entity will affect the group's financial figures or activities in 2017; therefore, it was deconsolidated in 2016.

Notes on the Consolidated Income Statement

1. Revenue

The company generates its income mainly from the sale of goods and equipment and, to a lesser extent, from the provision of services. Revenues decreased in the financial year 2016 from EUR 31,088 thousand to EUR 24,884 thousand. The main impact is related to the US seed and needle business, which was sold to Theragenics at the end of 2015. The revenue is broken down as follows:

Amounts in EUR thousand	2016	2015
Sales		
Revenue from sales of goods	24,771	30,140
Revenue from services	113	948
Total sales	24,884	31,088

2. Costs of Goods Sold

The costs of goods sold include all the direct costs associated with the materials used in the manufacturing of the goods that will be sold, together with the labor cost and the depreciation of the assets directly attributable to the products sold, as well as other indirect costs attributable to the products sold.

3. Sales and Marketing Expenses

All expenditures on advertising and other sales-related costs are charged to the expense as incurred. Sales and marketing expenses are broken down as follows:

Amounts in EUR thousand	2016	2015
Personnel	2,975	4,624
Depreciation	476	375
Other	2,421	3,911
Total	5,872	8,910

The strong decrease in the expenses is related to savings in personnel and associated costs related to the seed business in US and to the absence of larger payments to agents, which drove the costs in 2014 and 2015. Those payments were part of the investigation by the World Bank.

4. General and Administration Costs

General and administration costs include:

Amounts in EUR thousand	2016	2015
Personnel	1,732	1,139
Rent and depreciation	1,105	866
Services	2,768	8,813
Other	547	971
Total	6,152	6,019

5. Number and Cost of Employees

The items in the income statement include staff costs of EUR 8,819 thousand (2015: EUR 12,261thousand). The decrease of 28.1% in personnel costs primarily relates to the sale of the seed and needle business in US and to cost-saving measures implemented in 2015.

The group maintains defined-contribution pension plans for eligible employees. The assets pertaining to these plans are held in trusts separate from those of the group. The expenses recognized in the statement of profit and loss totaling TEUR 424 thousand (2015: TEUR 394 thousand) represent the group's contribution in the associated retirement plans. The majority of these plans is required by the law of the respective jurisdiction; only part is offered by the company as an incentive for employees.

The plans offered as incentive in Belgium have a minimum interest rate defined by Belgian law. If this interest is not generated by the separate trust, the company is liable for the difference. Currently, the interest rate required by law is above the interest rate provided by the respective plan. The underwriting loss for 2016 is negligible, as it was in 2015.

Staff costs for the financial years 2016 and 2015 were as follows:

Amounts in EUR thousand	2016	2015
Wages and salaries	7,468	9,371
Social security contributions and pension costs	1,298	2,136
Severance packages	53	754
Total personnel costs	8,819	12,261

On December 31, 2016, a total of 126 (2015: 163) people were employed by group companies.

As of December 31	2016	2015
Production	54	66
Research and development	14	15
General and administrative	7	5
Sales and marketing	37	60
Quality management	14	17
Total persons	126	163

These employees contributed to the group's result in 2016, generating approximately EUR 197 thousand (2015: TEUR 190 thousand) in sales per person on annual average basis.

6. Depreciation and amortization

In 2016, the amortization and depreciation of assets represented EUR 2,150 thousand, compared with EUR 2,538 thousand in 2015. The decrease of 15.3% was mainly due to the absence of the assets sold with the seed and needle business in the US.

7. Other Operating Income

This relates to other miscellaneous revenue items linked to the company's operations. In general, this category includes received reimbursement of certain expenses by export agencies, services provided, abandonment of claims, reversal of accruals, and other items.

In 2016, the following special items occurred:

- Additional earnout realized, which was not recognized in 2015, with a value of 1.3 million

In 2015, the following special items occurred:

- Sale of the seed and needle business in the US to Theragenics Corp. with a net value of EUR 939 thousand

Other operating income is comprised of the following:

Amounts in EUR thousand	2016	2015
Sale of fixed assets	39	939
Release of and other income from government grants	16	13
Services and allocations to Eckert & Ziegler Group	0	14
Reversal of accruals/abandonment of claims	65	236
Others	1,788	43
Total	1,907	1,245

8. Other Operating Expenses

In addition to the other items presented in this position, non-capitalized R&D expenses are included in the consolidated statement of income under other operating expenses.

All research costs, together with the development costs that were not eligible for capitalization, have been expensed as incurred. They amounted to EUR 1,390 thousand in 2016 (2015: EUR 1,541 thousand). No costs were capitalized in 2016 (2015: EUR 199 thousand).

The remaining other operating expenditures of EUR 1,206 thousand primarily consists of EUR 27 thousand related the deconsolidation of participations. The write-down of receivables represents EUR 12 thousand. EUR 1,098 thousand relates to write-down of assets in the process of winding up Eckert & Ziegler BEBIG, Inc. The remaining EUR 70 thousand are made up from minor items.

9. Other Financial Result

Other financial result consists mainly from gains from foreign currencies worth EUR 381 thousand (2015: EUR 923 thousand)

No options, forward contracts, or swaps were used in 2016 in order to manage financial risks.

10. Results from Participations Accounted for under Equity Method

Ritverc paid dividends worth EUR 7 thousand (2015: EUR 8 thousand)

11. Exchange Rates Used for Consolidated Foreign Subsidiaries and Branches

When it comes to managing foreign exchange risk, the company pursues a conservative policy consisting, to the greatest extent possible, of reducing the volatility of its results caused by exogenous parameters. To achieve this, income and the related charges are, whenever feasible, denominated in the same currency. Similarly, debt financing and interest charges are denominated in the currency of the income stream they have served to produce. Options, forward contracts, and swaps are some of the instruments available for implementing this risk management policy. In 2016, none of those instruments were used. It is group policy to centralize the management of this foreign exchange risk in the parent company, thereby relieving subsidiaries of the related administrative burden. The following exchange rates were used:

Currency	December 31, 2016	December 31, 2015	Average rate 2016	Average rate 2015
BRL	3.4305	4.3117	3.8561	3.7004
USD	1.0541	1.0887	1,1069	1,1095
RUB	64.3000	80.6736	74.1446	68.0720
INR	71.5935	72.0215	74.3717	71.1956
GBP	0.8562	0.7340	0.8195	0.7258

12. Income Tax Income or Expense

No current income tax was incurred by Eckert & Ziegler BEBIG S.A. The parent company has a large amount of tax losses that can be carried forward with no limitation in time under Belgian law.

The amount of current taxes reported in the results of the group essentially relate to income taxes incurred by Eckert & Ziegler BEBIG GmbH. The applicable tax rate for the computation of the tax charge in Germany for corporate tax and trade tax purposes during the financial year was 30.175%. The tax rate used for Eckert & Ziegler BEBIG is 33.99%.

The tax income of the group is comprised as follows:

Amounts in EUR thousand	2016	2015
Income tax expenditure consists of		
Income tax current year	101	65
Income tax for previous years	51	0
Deferred taxes on temporary differences	-228	514
Deferred taxes on losses carried forward	73	95
Total according profit (-) and loss (+) statement	-3	674
Tax rate reconciliation		
Income before tax (according statement of income)	550	-3,376
Applicable tax rate (in %)	34%	34%
Expected tax expenditure based on the applicable tax rate	187	-1,148
Expected effects of different tax rates of subsidiaries operating in other countries	370	30
Taxes for previous years	-31	0
Non-deductible expenditure	1,852	0
Tax-free income	0	150
Increase (-)/decrease (+) in the value of capitalized deferred taxes on losses carried forward incl. use of non-activated	-2,135	-1,188
Non-capitalized deferred taxes on losses in the financial year	279	2,331
Other	-525	499
Total according profit (-) and loss (+) statement	-3	674

13. Profit or Loss Attributable to Minority Interest

No minority interest was recorded in 2016 and 2015.

14. Earnings per share

The net result per share is obtained by dividing the net result recorded by the group by the weighted average number of shares in circulation during the year. There are no convertible securities outstanding, therefore there are not dilutive effects.

Earnings per share have been calculated as follows:

(Values are shown as if the reverse stock split would already have been happen in 2014)	2016	2015
Numerator		
Net profit/loss (in EUR thousand)	553	-4,050
Weighted average number of shares	2,078,136	1,755,435
Net profit per share (in EUR) on weighted average	0.27	-2.31

Notes on the Consolidated Balance Sheet

15. Goodwill

Amounts in EUR thousand	2016	2015
Goodwill as of January 1	29,939	29,557
Increase (+)/decrease (-)	0	0
Currency translation	122	382
Goodwill as of December 31	30,061	29,939

Pursuant to IAS 36, a goodwill impairment test was conducted on October 31, 2016. Goodwill is allocated to the relevant cash-generating units (CGU). This is the lowest level in which such assets are controlled for the purpose of management. This level is equal to the group level. As result, the goodwill is tested at the total group level, since there is no level below that could generate separately positive cash flows in the current setup of the group. The goodwill is tested with the methodology according to the value in use, whereas the value in use is compared to the total carrying value of the CGU. The result essentially depends on estimations regarding future development on revenue and costs of the CGU. The test basis is internal planning. The result of the test does not imply impairment of goodwill. An analysis of sensitivity determines a medium to high level of risk of an impairment of goodwill within the following financial reporting period. The general conditions and business environment were not as expected as in the planning cycle for 2016 and the following years, especially in the US afterloader business. Therefore, the assumptions were adjusted for the planning cycle for the year 2017 and following. This resulted in a decrease of headroom to EUR 4,570 thousand (2015: EUR 10,642 thousand). The following ratios should give an indication of the sensitivity of the equity value.

Change related to base case	Base case	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
Change sales	0%	-5%	-10%	0%	0%	-10%
Change cost of sales	0%	-4%	-8%	0%	0%	-8%
Change WACC	0%	0%	0%	+2%	+4%	+3%
Cumulative sales 5 years	100%	95%	90%	100%	100%	90%
Cumulative EBIT 5 years	100%	76%	52%	100%	100%	52%
Cumulative FCF 5 years	100%	82%	64%	100%	100%	64%
Entity value	100%	83%	65%	75%	59%	43%
Entity value/carrying amount ratio	1.10	0.90	0.71	0.82	0.65	0.47
Impairment loss	no	yes	yes	yes	yes	yes

The value in use is calculated on the basis of discounted future cash flows, which are budgeted in detail for a period of five years. The cash flows resulting from periods beyond the periods budgeted in detail are taken into account perpetually with a perpetual growth rate of 1%. The test will be performed every year on October 31 and additionally if triggering events occur. No triggering events occurred during 2016. The following rates and estimates were used to determine the entity value of the cash generating unit.

Determining rates and estimations	2016	2015
Base rate (risk free)	0.47%	1.5%
Market risk premium	6.75%	6.75%
Tax rate	34%	34%
WACC	7.14%	9.09%
Beta factor (levered, adjusted)	1.04	0.716
Used growth rate for the years after detailed evaluation period	1.00%	0.00%
WACC pre tax	9.90%	8.51%

The cash flows of the company are mainly dependent on sales, as more than half of the costs today are fixed. Therefore, the result of the test mainly depends on the development of sales in addition to the variation in interest rates. The 5 year plan is based on an annual compound growth rate for sales of 4.2% based on 2016 sales. The following table should give an indication of the outcome of the impairment test had other annual compound growth rates for sales been applied:

Change related to base case	Base case	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6
Compound annual growth rate for sales	4.2%	3%	2%	1%	0%	-1%	-2%
Resulting sales/EBIT ratio in 2021	17.3%	15.3%	13.6%	9.8%	9.8%	7.8%	5,6%
Goodwill write-off in EUR thousand	0	3,875	10,009	15,920	21,614	27,097	30,061

In order to justify the result of the test, the company additionally determines the market capitalization as an indicator of goodwill impairment. Due to the fact the composition of the CGU is the complete group, the impairment is determined as market capitalization of the company minus the book value of the equity. As of December 31, 2016, the market capitalization was significantly lower than the recognized value of assets and liabilities. Nonetheless, there are other facts to be considered for this result. Although the following list is not exhaustive, the following facts must be taken into account:

- Volume of shares traded in relation to the measured asset
- Decrease or increase in the volume of shares traded
- Control over an asset
- Current information available

Based on the low liquidity and limited free float on the relevant markets, and in consideration of having one controlling shareholder, the company uses the value in use methodology. It should be mentioned that if the general environment regarding transaction volume changes to a great extent, the company might decide to weight the market capitalization more strongly than it currently does.

16. Intangible Assets

Intangible assets include customer relations, patents and technologies, licenses and software, and capitalized development costs. All intangible assets in the group are subject to regular amortization, except goodwill.

Amortization included in:		
Amounts in EUR thousand	2016	2015
Cost of sales	812	766
Sales and marketing expenses	92	34
General and administration expenses	10	9
Other operating expenses	10	11
Total	924	820

The net book values of the intangible assets subject to scheduled amortization are as follows:

Intangible assets – initial values **Amounts in EUR thousand**

	As of Jan. 1, 2015	Currency translation	Additions	Disposals	Reclass	As of Dec. 31, 2015
Acquired						
1. intangibles	4,592	110	31	-987		3,746
Capitalized						
2. development costs	3,625		199			3,824
Total	8,217	110	230	-987	0	7,570

Intangible assets – cumulative amortization **Amounts in EUR thousand**

Cumulative amortization					Net value		
	As of Jan. 1, 2015	Currency translation	Additions	Disposals	As of Dec. 31, 2015	As of Jan. 1, 2015	As of Dec. 31, 2015
Acquired							
1. intangibles	2,749	17	415	-347	2,834	1,843	912
Capitalized							
2. development costs	124		405		529	3,501	3,295
Total	2,873	17	820	-347	3,363	5,344	4,207

Intangible assets – initial values
Amounts in EUR thousand

	As of Jan. 1, 2016	Acquisition of subsidiary	Currency translation	Additions	Disposals	Reclass	As of Dec. 31, 2016
Acquired							
1. intangibles	3,746	611	25	6	-16		4,372
Capitalized							
2. development costs	3,824						3,824
Total	7,570		25	6	-16	0	8,196

Intangible assets – cumulative amortization
Amounts in EUR thousand

	Cumulative amortization				Net value		
	As of Jan. 1, 2016	Currency translation	Additions	Disposals	As of Dec. 31, 2016	As of Jan. 1, 2016	As of Dec. 31, 2016
Acquired							
1. intangibles	2,834	-2	192	-16	3,008	912	1,364
Capitalized							
2. development costs	529		732		1,261	3,295	2,563
Total	3,363	-2	924	-16	4,269	4,207	3,927

The main item under capitalized development costs is the company's next-generation afterloader hardware and software, SagiNova® and SagiPlan®. The net value at the end of the reporting period was EUR 2.4 million.

17. Property, Plant, and Equipment

Tangible assets are recorded at cost less cumulative depreciation and impairment losses.

A number of the assets that have been acquired have been made available for use by customers.

The net book values of the tangible assets subject to scheduled amortization are as follows:

Amortization included in:		
Amounts in EUR thousand	2016	2015
Cost of sales	610	762
Sales and marketing expenses	384	442
General and administration expenses	228	216
Other operating expenses	4	298
Total	1,226	1,718

Tangible assets – initial values
Amounts in EUR thousand

	As of Jan. 1, 2015	Currency translation	Additions	Disposals	Reclass	As of Dec. 31, 2015
1. Land and buildings	4,504					4,504
2. Machines and equipment	16,755	32	149	-471	44	16,509
3. Other equipment	4,966	-7	31	-305		4,685
4. Prepaid assets	346	3		-305	-44	0
5. Asset retirement obligation	2,038		240	-93		2,185
Total	28,609	28	420	-1,174	0	27,883

Tangible assets – accumulated depreciation
Amounts in EUR thousand

	Accumulated depreciation					Net value	
	As of Jan. 1, 2015	Currency translation	Additions	Disposals	As of Dec. 31, 2015	As of Jan. 1, 2015	As of Dec. 31, 2015
1. Land and buildings	3,341		239		3,580	1,163	924
2. Machines and equipment	13,001	5	1,023	-227	13,802	3,754	2,707
3. Other equipment	3,835	-4	302	-285	3,848	1,131	837
4. Prepaid assets	0				0	346	0
5. Asset retirement obligation	748		154	-86	816	1,290	1,369
Total	20,925	1	1,718	-598	22,046	7,684	5,837

Tangible assets – initial values
Amounts in EUR thousand

	As of Jan. 1, 2016	Acquisition of subsidiary	Currency translation	Additions	Disposals	Reclass	As of Dec. 31, 2016
1. Land and buildings	4,504						4,504
2. Machines and equipment	16,509				394	-92	16,811
3. Other equipment	4,544	62	2	135	-92		4,651
4. Leased items	141			135			276
5. Prepaid assets	0		2	200			202
6. Asset retirement obligation	2,185			337	-597		1,925
Total	27,883	62	4	1,201	-444	0	28,369

Tangible assets – accumulated depreciation
Amounts in EUR thousand

	Accumulated depreciation				Net value		
	As of Jan. 1, 2016	Currency translation	Additions	Disposals	As of Dec. 31, 2016	As of Jan. 1, 2015	As of Dec. 31, 2016
1. Land and buildings	3,580		233		3,813	924	691
2. Machines and equipment	13,802	2	656	-92	14,368	2,707	2,443
3. Other equipment	3,815	2	279	-92	4,004	663	497
4. Leased items	33		42		75	108	201
5. Prepaid assets	0				0	0	202
6. Asset retirement obligation	816		16		832	1,369	1,093
Total	22,046	4	1,226	-184	23,092	5,837	5,277

18. Other Non-Current Assets

The amount decreased from EUR 719 thousand in 2015 to EUR 24 thousand in 2016 primarily due to the fact that the remaining notes receivable are to be reimbursed in 2017 and therefore became short term.

19. Cash and Cash Equivalents

Cash and cash equivalents amounted to EUR 6,302 thousand (2015: EUR 2,444 thousand) and were represented by cash in hand, cash at banks, and short-term deposits maturing within three months. Investments in high-yield financial assets were neither made during the year nor outstanding at the end of the year.

20. Deferred Tax Assets

Deferred tax assets are recorded on the basis of different valuations of assets and liabilities between the IFRS closing and the applicable tax statements, as well as calculations based on the available tax deductible losses carried forward. Deferred tax assets and liabilities are balanced to the extent possible under the rules of IAS 12. Tax assets are subject to an impairment test regarding existence and value.

The accounting for tax assets is based on assumptions and forward-looking planning done by the company, which is by nature not definite. The tax assets on losses carried forward are based on a five year base plan of the company.

The amount is allocated as follows:

Amounts in EUR thousand	Tax assets		Tax liabilities	
	2016	2015	2016	2015
On taxable losses carried forward	9,179	11,110		
Deferred tax assets on temporary difference				
Fixed assets	36	0	1,570	1,528
Provisions and asset retirement obligations	960	803	0	0
Receivables	11	150	50	0
Payables and prepayments received	11	0	0	0
Inventories	37	0	0	0
Others	0	0	0	0
Total deferred tax on temporary differences	1,055	953	1,620	1,528
Total deferred tax	10,234	12,063	1,620	1,528
Set-off	-1,404	-705	1,404	705
Deferred tax after set-off	8,830	11,358	216	823
Not recognized tax assets	-4,210	-6,067		
Deferred tax recognized	4,620	5,291	216	823

The valuation reserve of EUR 4,210 thousand (2015: EUR 6,067 thousand) represents the total amount of unrecognized tax assets on tax deductible losses carried forward. EUR 4,151 thousand (2015: EUR 5,680 thousand) in tax assets on losses carried forward will be recovered in periods after 2017.

The value of deferred tax assets is supported either by profits generated in the respective tax jurisdiction or the management projections of future cash flows in the respective tax jurisdiction. The main asset is related to Belgian tax jurisdiction, where the company generates recurring profits.

21. Trade Accounts Receivables

Trade accounts receivables less allowances increased by 15.8%, whereas the portion overdue more than 90 days increased by 46.7% to EUR 1,416 thousand (2015: EUR 965 thousand); the portion not due increased by 23.5%. Trade accounts receivables are comprised as follows:

Amounts in EUR thousand	2016	2015
Trade accounts receivables	7,671	6,686
Less allowances	-852	-840
Balance as of December 31	6,819	5,846

Amounts in EUR thousand	As of Dec. 31, 2015	Net allocations	Net Utilization	As of Dec. 31, 2016
Change in allowance for doubtful debtors	-840	-12	0	-852

22. Inventories

Inventories consisted of the following items as of December 31, 2016:

Amounts in EUR thousand	2016	2015
Raw materials and supplies	2,627	2,701
Finished products	1,643	1,179
Unfinished products	283	457
Total	4,553	4,337
Less value correction	-280	-257
As of December 31	4,273	4,080

Raw materials, consumables and supplies mainly consist of nuclides and components needed for the fabrication of end products. Adjustments were made on the basis of a comparison of net realizable value against the recorded book value.

23. Business Combinations

Eckert & Ziegler BEBIG SA took control over 100% of the shares in BrachySolutions BVBA effective August 26, 2016. The company, which is based in Leuven, Belgium, is an independent distributor of prostate seeds. Its main markets are Benelux and Portugal.

Through the takeover, Eckert & Ziegler is acquiring BrachySolutions' customer base in Benelux, the United Kingdom, and Portugal, thereby securing its strong position in Europe as a manufacturer of seeds. BrachySolutions generated EUR 1.1 million in sales in 2015, resulting in EBIT of EUR 0.2 million for the period. Numbers for 2016 are in the same magnitude as numbers in the same period in 2015. Eckert & Ziegler BEBIG will integrate this revenue stream into its current business. Along with the current earnings of BrachySolutions, it is expected that additional earnings will be generated due to the extended value chain within the group. The net debt position, as well as the number of employees of the Eckert & Ziegler BEBIG Group, will not change materially due to this transaction.

Had BrachySolutions been consolidated for the whole year 2016, EUR 0.7 million in sales and EUR 0.2 million in net earnings would have been recorded additionally. BrachySolutions was merged into Eckert & Ziegler BEBIG S.A. in 2016. EUR 0.3 million in sales and EUR 0.1 million in profit have been included in the consolidated statement of comprehensive income for the reporting period since the acquisition.

The purchase price was payable for a fixed amount, including the carrying amount of BrachySolutions, in 2016 in an amount of EUR 0.6 million. An earnout is payable over the following four years contingent on the number of sales and the cash conversion of existing receivables. This liability was estimated originally at EUR 0.7 million and was recorded under other current and non-current liabilities. Those liabilities decreased to EUR 0.6 million as of December 31, 2016, due to payments on the cash conversion of receivables. The portion falling due in 2017 is considered to be 0.4 million.

The acquisition-related costs to the company were EUR 0.03 million and were recognized as expense in general and administrative costs.

The purchase price is allocated as follows:

Amounts in EUR thousand	Book value at the date of acquisition	Re-evaluation	Preliminary fair value at the date of acquisition
Assets			
Intangible assets	0	611	611
Tangible assets	141	-77	64
Inventories	72		72
Receivables	353		353
Other assets	27		27
Cash and cash equivalents	461		461
Deferred tax assets	0	38	38
Liabilities			
Provisions and other long-term liabilities	93	-93	0
Trade payables	85		85
Other short-term liabilities	2		2
Liabilities form current profit tax	82		82
Deferred tax liabilities	0	239	239
Value of purchased assets and liabilities	792	426	1,218
Goodwill			0
Purchase price of company acquisition			1,218
less acquired cash and cash equivalents			-461
Net cash flow from business combination in 2016			757

24. Other Current Assets

The other current assets worth EUR 2,809 thousand (2015: EUR 4,440 thousand) primarily consist of the following:

Amounts in EUR thousand	2016	2015
Receivables from tax authorities	660	1,036
Prepayments for assets still to be received	64	282
Deferred charges	155	323
Short-term portion of loans granted	920	691
Others	791	2,108
Total	2,590	4,440

Other current assets include the receivables worth EUR 777 thousand against Theragenics Corp. from the sale of the US seed and needle business at the end of 2015. They are no longer contingent.

25. Shareholders' Equity

Capital

Eckert & Ziegler BEBIG's subscribed capital amounts to EUR 14.4 million (2015: EUR 10.9 million), and the issuance premium account amounts to EUR 51.7 million (2015: EUR 50.2 million). The par value per share stands at BEF 25, or approximately EUR 0.62 per share.

Authorized capital amounts to EUR 14,439,797.82.

Number of Shares

The total number of shares outstanding amounts to 2,330,000 shares without nominal value. For a detailed description of the rights and privileges linked to shares and beneficiary shares, see the section entitled "Eckert & Ziegler BEBIG Share and Shareholders."

The company does not hold any own shares.

26. Debt

Borrowings consisted of the following items as of December 31, 2016:

Amounts in EUR thousand	2016	2015
Bank borrowings	5,915	7,857
Other borrowings	0	0
Balance as of December 31	5,915	7,857

The following table gives an overview of the loans, broken down according to maturity.

Amounts in EUR thousand	Total	Duration < 1 year	Duration between 1 and 5 years	Duration > 5 years
Bank loans	5,915	4,530	1,385	0
Total borrowings as of December 31	5,915	4,530	1,385	0

The interest rates attached to the borrowings are between 2.5% and 3.99%. Attached covenants are related to equity asset ratios and debt EBITDA ratios. The covenants were met in 2016.

27. Deferred Income from Grants and Other Deferred Income

Deferred income from grants and other deferred income comprised the following as of December 31, 2016:

Amounts in EUR thousand	2016	2015
Other current deferred income	71	132
Current deferred income from grants	11	43
Other non-current deferred income	103	0
Non-current deferred income from grants	18	1
Balance as of December 31	203	176

28. Provisions and Other Non-Current Liabilities

The main element of the other non-current liabilities are the provisions recorded pursuant to IAS 37 and IAS 16, as adjusted in accordance with IFRIC 1. They are related to asset retirement obligations (i.e., for assets contaminated during the production process with radioactive nuclides). Those assets are located in Germany and Belgium. The amount to be spent, the method of disposal, and the timing can therefore not be predicted; hence, there is a risk that provisions taken to reflect this liability might be materially too low. There might be changes in the way in which radioactive material will be disposed, and there might be changes in the law that will force the company to deposit cash or cash equivalents as security for the future disposal. The following table gives an overview of the movements in other provisions

Amounts in EUR thousand	2016	2015
Disposal provisions	7,239	7,514
Other provisions	170	87
Other provisions as of December 31	7,409	7,604
Movements in the provisions for environmental restoration are as follows		
Disposal provisions as of January 1	7,517	7,177
Additions (+)/reductions (-) balanced	-302	135
Additions (+)/reductions (-) of interest	24	-107
Disposal provisions as of December 31	7,239	7,517

The other provisions include obligations that relate to the removal of changes to rented property and bookkeeping obligations.

Interest rates used for discounting of long-term provisions are in the range of -0.07% to 0.75% for 2016 (2015: -0.05% to 1.56%). Inflation is assumed to be 2% on a long-term basis, which equals the target rate

of the European Central Bank (ECB). Using the interest rates of the previous year, the provision for environmental restoration would not change the provision materially. Cash outflows are expected between 2017 and 2024. The assumption used might be subject to material changes in the future.

29. Other Current Liabilities

The position is related to liabilities to social security, salary, and similar items, as well as to accruals for auditors, commissions, and VAT, among other things.

Amounts in EUR thousand	2016	2015
Personnel costs, social security, and related items	632	1,081
Others	1,542	1,209
Balance as of December 31	2,174	2,290

Other current liabilities primarily include a contingent liability related to the earn-out for the purchase of shares of BrachySolutions BVBA (EUR 358 thousand). The second major item is a payable from an earnout to Biocompatibles, Inc (EUR 927 thousand)

Financial Risk Analysis

For a general risk analysis, please refer to the management report. The notes below refer more specifically to some of the financial risks. In the course of its operational activities, the group is exposed to credit, liquidity, and market risks in the finance sector. Market risks relate in particular to interest rate changes and foreign exchange risks.

30. Credit Risk

Credit risk, or risk of non-payment, is the risk that a customer or contractor of the group cannot meet its contractual obligations. The result of this is, on the one hand, the risk of write-downs on financial instruments due to issues of solvency and, on the other hand, the risk of partial or complete loss of contractually agreed payments. For the group, a possible credit risk arises essentially from its receivables from goods and services. Exposure is primarily influenced by the size of the customer and region-specific regulations and customs for handling the reimbursement of medical services by public authorities. In general, initial deliveries are made in principle against cash in advance or letters of credit used as a safeguard. As part of the group-wide risk management system, the credit risk is monitored by means of regular analysis of overdue payments of all receivables from goods and services.

The age structure of due, but not written down receivables was as follows as of December 31, 2016:

Accounts receivable (less write-downs on receivables) by due date in EUR thousand	2016	2015
Not due	4,056	3,246
1 to 90 days	1,347	1,635
> 90 days	1,416	965
Total	6,819	5,846

The overdue, but not yet written down receivables relate essentially to receivables from doctors' practices and foreign clinics. Based on past experience, payment is expected at the above-mentioned level.

31. Liquidity Risk

The liquidity risk is the risk that the group is not able to meet its financial obligations on time. The aim and function of liquidity management is to ensure that the provision of borrowed funds and capital resources is always adequate. As part of financial planning, a liquidity forecast is produced, from which it is possible to identify the borrowed fund financing requirements in advance.

The group has credit lines with a number of financial institutions, providing access to EUR 4,035 thousand (2015: EUR 4,035 thousand) in short-term funding, of which EUR 430 thousand (2015: EUR 380 thousand) is unused.

32. Foreign Exchange Risks

The group's international business activities exposes it to foreign exchange risks resulting from the influence of exchange rate fluctuations on business and assets and liabilities denominated in foreign currencies (transaction risks). At present, the main foreign currency risk within the group relates to the fluctuations in the EUR–GBP and EUR–USD rates, and to a lesser extent, to CHF, BRL, RUB, and INR. In the case of these currencies, there are few costs incurred in the same currency. As a result, the complete revenues generated in those currencies are exposed to the currency risk.

The exposure of the group in respect of transaction risk as of the date of the annual accounts was as follows:

Amounts in thousands in the respective currency	EUR	USD	GBP	CHF	INR	BRL	RUB	PLN	Total in EUR
Assets and liabilities per currency									
Bank accounts	4,608	1,134	324	0	12,676	7	3,900		2,444
Accounts receivable	5,559	1,149	122	6	0	0	0	98	5,846
Accounts payable	1,305	338	21	0	2,355	245	62		4,693

Gains (+)/loss (-) in EUR thousand	USD	GBP	PLN	CHF	INR	BRL	RUB	Total in EUR
10% up	198	64	3	1	16	-6	5	281
10% down	-162	-53	-2	-1	-13	5	-4	-230

33. Interest Rate Risks

As of the balance sheet date, the company had the following medium- and long-term interest-bearing liabilities:

Amounts in EUR thousand	2016	2015
Interest-bearing liabilities	5,915	7,857
of which with a variable interest rate	0	0
of which with a fixed interest rate	5,915	7,857

34. Off-Balance-Sheet Items

The company uses leased vehicles and rented facilities on an operating basis. The liabilities from those leasing and renting contracts are as follows:

Minimum future rental payments

Amounts in EUR thousands

Total liability	2017	2018	2019	2020	2021	Thereafter	Expenses in 2016
4,465	608	571	530	369	369	2,018	624

The company entered into financial leasing agreements with clients as lessor. The company rents afterloaders to its clients and receives the respective income under a service contract. Once the leasing period is over, such afterloaders will have no material value to the company. Therefore, the assets are amortized fully during the initial leasing period. There are no write-downs on receivables from such agreements. The company recognized them in 2016.

Lessor's disclosures

Amounts in EUR thousand

Value of investment in lease		Present value of minimal lease payments receivable			Other disclosures	
Total assets initial value	Net assets as of December 31, 2016	2017	2018 to 2021	Thereafter	Unearned financial income	Income realized in 2016
276	201	71	189	7	17	70

35. Contingent Liabilities

The World Bank performed an audit of a transaction in which the company was and is involved. The transaction has a total volume of EUR 3.1 million and relates to five HDR devices delivered to Bangladesh. The World Bank believes it has found sufficient evidence to conclude that BEBIG S.A. more likely than not failed to comply with its obligations under the Health Sector Development Program of the World Bank. Although BEBIG S.A. disagrees with this opinion, the World Bank is entitled to impose sanctions related to future programs. Therefore, the World Bank and BEBIG S.A. are currently discussing and negotiating how to improve the already existing compliance program and are working toward a settlement. In the current situation, it is impracticable to estimate the financial effect of such negotiations.

36. Trade Accounts Payable and Other Current Liabilities

The main change of payables relates to the increase in collected advanced payments from customers for goods and services. The trade payables decreased by 62.6% to EUR 2,938 thousand. This was mainly related to the payment of overdue invoices to the main shareholder.

37. Concentration of Risk

The company is active in most markets in the world. The table below shows a geographical analysis of the sales and the non-current assets of the group, without tax assets and goodwill. As the cash generating unit is a combination of all subsidiaries of the group, the goodwill cannot be allocated to a specific country.

Amounts in EUR thousand	Sales		Non-current assets	
	2016	2015	2016	2015
Belgium and the Netherlands	1,954	1,715	1,898	2,154
Russia	2,118	1,230	28	22
France	1,855	3,100	0	0
UK and Ireland	1,247	1,428	54	81
Spain and Portugal	2,921	2,537	210	100
Germany	2,974	2,224	6,111	7,604
USA	3,335	6,842	911	793
Others	8,480	12,012	16	9

There is no customer that accounts for more than 10% of group sales.

38. Fair Value of Financial Assets and Liabilities

The following table shows the fair value and the book value of financial assets or liabilities, which are recognized at initial acquisition costs or amortized costs.

Amounts in EUR thousand	As of Dec. 31, 2016		As of Dec. 31, 2015	
	Fair value	Book value	Fair value	Book value
Financial assets				
Cash and cash equivalents	6,302	6,302	2,444	2,444
Trade and other receivables	9,433	9,433	11,005	11,005
Total	15,735	15,735	13,449	13,449
Financial liabilities				
Trade payables	1,755	1,755	4,963	4,963
Borrowings and finance lease obligations	5,908	5,915	7,857	7,857
Other financial liabilities	2,436	2,421	2,330	2,330
Total	10,099	10,091	14,880	14,880

The fair value of cash and cash equivalents, of trade receivables and payables, and of other current liabilities 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, as well as other non-current financial liabilities, by discounting the expected future cash flows with the interest rate applicable for similar financial debts with a comparable residual term.

The net gains or losses recognized according to IAS 39 categories consist primarily of disposal gains or losses, changes of fair value, and fair value impairments.

Fair value and book value are equal for all financial assets and liabilities as of December 31, 2016.

39. Related Parties

Under IAS 24, transactions with persons or companies on which Eckert & Ziegler BEBIG exercises control must be disclosed.

In 2012, the legal entities of the group having the EUR and GBP as their domestic currencies entered into a cash-pool agreement. The transactions under the cash pool agreement are not included in the following tables. Under the current negative interest rate environment, the group did not account for interest rates for intercompany short-term facilities such as the cash pool. This might change once the ECB increases its reference rates.

Eckert & Ziegler AG is the ultimate controlling shareholder of Eckert & Ziegler BEBIG S.A.

Eckert & Ziegler AG and its subsidiaries provide services to the Eckert & Ziegler BEBIG Group and, to a lesser extent, goods, whereas the Eckert & Ziegler Group takes advantage of the expertise of its ultimate shareholder and its subsidiaries in the market of radio nuclides. The subsidiary Chemotrade Chemiehandelsgesellschaft mbH is the main supplier of radio nuclides for the Eckert & Ziegler BEBIG Group. Kompetenzzentrum für sichere Entsorgung GmbH is the main partner for disposal of radioactive waste. Eckert & Ziegler Eurotope GmbH provides research and development services if additional capacity is needed. Eckert & Ziegler AG provides services such as accounting, radiation safety, IT, and human resources.

The following table offers an overview of the transactions involving Eckert & Ziegler AG and its affiliates. In order to keep it clear, arranged long-term and short-term balance sheet items are combined. Transactions in one direction are not repeated in the other direction (i.e., if a transaction between Eckert & Ziegler BEBIG GmbH and Eckert & Ziegler AG is disclosed, the same transaction between Eckert & Ziegler BEBIG GmbH and Eckert & Ziegler AG will not be disclosed). All transactions involving Eckert & Ziegler AG and its affiliates are short term in nature.

Amounts in EUR thousand	As of Dec. 31, 2016		For the reporting period	
	Receivables	Liabilities	Income	Expenses
Eckert & Ziegler BEBIG s.a.				
with				
Eckert & Ziegler AG	2	0	0	1
Eckert & Ziegler Brazil Comercial Ltda.	19	0	0	0
Eckert & Ziegler Cesio s.r.o.	0	0	20	0
Eckert & Ziegler BEBIG GmbH				
with				
Eckert & Ziegler AG	6	5	20	1.945
Eckert & Ziegler Eurotope GmbH	0	1	13	19
Eckert & Ziegler Cesio s.r.o.	0	0	0	22
Eckert & Ziegler Isotope Products, Inc.				
Eckert & Ziegler Radiopharma GmbH	0	0	6	0
Eckert & Ziegler Nuclitec GmbH	0	43	0	142
Chemotrade Chemiehandelsgesell. mbH	0	61	0	541
BSM Diagnostica Ges.m.b.H.	3	0	110	0
Mick Radionuclear Instruments Inc				
with				
Eckert & Ziegler Isotope Products, Inc.	0	11	0	53

In addition, there are major transactions between Eckert & Ziegler BEBIG Group and its participation NanoBrachyTech and its subsidiaries. These transactions relate to deliveries of products from the Eckert & Ziegler BEBIG Group, which will be sold on the Russian market. The value of goods delivered in 2016 was EUR 956 thousand (2015: EUR 1,038 thousand), and outstanding amounts on those transactions stood at EUR 173 thousand (2015: EUR 67 thousand) as of December 31, 2016. Additionally, the group received interests and reimbursement on loans granted by conversion of receivables in 2011. EUR 460 thousand (2015: EUR 333 thousand) in reimbursements and EUR 26 thousand (2015: EUR 37 thousand) in interest related to those loans were received in 2016. A nominal amount of EUR 920 thousand is still outstanding related to these loans. The interest rate is 2.5%.

Several companies of the Eckert & Ziegler BEBIG Group entered into a cash pool agreement, whereby Eckert & Ziegler BEBIG S.A. collects all cash from the participants and distributes it, as needed, back to them. Balances out of the related transactions are not shown in the tables above. The cash pool is operated by Commerzbank AG, Germany, and includes accounts operated by Commerzbank AG from the following companies:

Eckert & Ziegler BEBIG Ltd., Didcot, United Kingdom	100%
Eckert & Ziegler BEBIG GmbH, Berlin, Germany	100%
Eckert & Ziegler Iberia S.L.U., Madrid, Spain	100%
Eckert & Ziegler BEBIG s.a.r.l., Paris, France	100%

The cash pool includes accounts in EUR, GBP, and USD.

The remuneration of the key management personnel, including the Managing Directors and officers, is shown in the table below. Detailed information regarding the remuneration of Managing Directors can be found in the corporate governance statement of this report. The key management was composed of six persons in 2016.

	Fixed salary	Variable remuneration	Perquisites	Total
Key management personnel	EUR 699,784	EUR 125,410	EUR 126,779	EUR 951,973

Statement from the Responsible Persons

Pursuant to legal requirements and to the Royal Decree of November 14, 2007, Dr. Andreas Eckert, Chairman of the Board, Dr. Harald Hasselmann, Managing Director, and Dirk Warmuth, General Manager, declare that, to the best of their knowledge:

(1) The consolidated financial statements for 2016 have been prepared in accordance with applicable accounting standards and accurately reflect the assets, financial position, and earnings of Eckert & Ziegler BEBIG Group and its subsidiaries included in the consolidation.

(2) The management report includes a fair view of the business progress, the earnings, and the position of Eckert & Ziegler BEBIG Group and the subsidiaries included in the consolidation, as well as a description of principal risks and uncertainties they face.

(3) The financial statements were authorized for issue on March 14, 2017, by the Board of Directors.

Eckert & Ziegler BEBIG S.A. – Excerpts

Non-Consolidated or Statutory Financial Statements

Only the consolidated financial statements reproduced above present a faithful picture of the group's financial situation and results.

Although a deferred loss is shown in the past two years, management is using the going concern assumption based on its projections about the future development of the company as well as the positive results generated in the past four years.

In conformity with Belgian legislation, the non-consolidated financial statements, an excerpt of which is included here below, accompanied by the management report of the Board of Directors, and that of the Statutory Auditor, will be filed with the National Bank of Belgium.

The auditor will issue an unqualified opinion. This certifies that the non-consolidated financial statements present a true and faithful view of the company's financial situation in accordance with legal and statutory provisions.

These documents are available on request at:

Eckert & Ziegler BEBIG S.A.
Investor Relations
Zone Industrielle C
7180 Seneffe
Belgium

Non-Consolidated Statement of Income

Amounts in EUR thousand	2016	2015
Sales and services	8,562	11,883
Cost of sales and services	-7,168	-10,153
Operating result	1,394	1,729
Net financial result	685	1,163
Net non-recurring result	-6,277	986
Result before tax	-4,198	3,878
Income tax	2	0
Net result	-4,196	3,878

Non-Consolidated Balance Sheet

Amounts in EUR thousand	2016	2015
Assets		
Intangible assets	549	3
Tangible assets	887	969
Financial assets	37,589	40,764
Inventories	0	20
Amounts receivable within one year	5,797	6,739
Investments, cash and cash equivalents	3,418	-1,199
Total assets	48,239	44,206
Equity		
Capital	14,440	10,879
Issue premium	51,681	50,186
Deferred loss	-27,600	-23,404
Total equity	38,521	37,660
Liabilities		
Provisions	3,938	3,849
Amounts payable after one year	197	20
Amounts payable within one year	5,583	4,767
Total liabilities	9,719	10,424
Total equity and liabilities	48,239	44,206

References

Affiliated Parties – Intra-Group Transactions

This item was dealt with above in the notes (cf. note 39).

Events After the Closing Date

This item was dealt with in the Board of Directors' management report.

Statutory Auditor

This item will be dealt with in the "Corporate Governance" section of the Board of Directors' management report.

Capital Structure

This item was dealt with in the section entitled "Share and Shareholders."

Financial Calendar 2017

Annual General Meeting	Thursday, June 8, 2017
Half-Year Results 2017	Tuesday, August 2, 2017

Contact

Eckert & Ziegler BEBIG S.A.

Att. Investor Relations & Communication

Zone Industrielle C

7180 Seneffe (Belgium)

Tel: +32 64 520 808

Fax: +32 64 520 801

E-mail: ir@bebig.com

Website: www.bebig.com

Version française disponible sur demande