
Clean

Technology for the Future



Interim Report

Third Quarter 2011

ZhongDe Waste Technology AG

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Key Figures

Operational data

Amount in k€	Q3 2011	Q3 2010	Change %	9M 2011	9M 2010	Change %
Order intake ¹⁾	0	0	0.0	0	25,761	0.0
Order backlog ²⁾	149,955	168,872	-11.2	149,955	168,872	-11.2
Revenues	6,379	4,595	38.8	13,410	19,565	-31.5
Gross profit	1,301	1,263	3.0	2,788	4,312	-35.3
Gross profit margin	20%	27%	-25.8	21%	22%	-5.7
Cost of sales	5,078	3,332	52.4	10,622	15,253	-30.4
EBITDA	(1,069)	(504)	>100.0	(3,303)	(851)	>100.0
EBITDA margin	-17%	-11%	>100.0	-25%	-4%	>100.0
EBIT	(1,197)	(627)	-90.9	(3,685)	(1,199)	>100.0
EBIT margin	-19%	-14%	-37.5	-27%	-6%	>100.0
Net profit	(1,818)	328	<-100.0	(5,035)	(1,384)	>100.0
Net profit margin	-28%	7%	<-100.0	-38%	-7%	>100.0
Earnings per share (in €)	(0.14) ³⁾	0.03 ⁴⁾	<-100.0	(0.40) ⁵⁾	(0.11) ⁶⁾	>100.0

¹⁾ Average exchange rate used for translation.

²⁾ Period-end exchange rate used for translation.

³⁾ Calculated on the basis of 12,600,000 shares.

⁴⁾ Calculated on the basis of 12,656,200 shares.

⁵⁾ Calculated on the basis of 12,611,712 shares.

⁶⁾ Calculated on the basis of 12,667,497 shares.

Cash flow data

Amount in k€	Q3 2011	Q3 2010	Change %	9M 2011	9M 2010	Change %
Cash flow from operating activities	(8,538)	(9,660)	11.6	(23,171)	(18,524)	-25.1
Cash flow from investing activities	234	(242)	<-100.0	21,486	2,582	>100.0
Free cash flow before financing	(8,304)	(9,902)	16.1	(1,685)	(15,942)	89.4

Balance sheet data

Amount in k€	30 September 2011	31 December 2010	Change %
Total assets	184,203	168,572	9.3
Tangible and intangible fixed assets	51,171	40,958	24.9
Net working capital	107,850	107,400	0.4
Cash and cash equivalents	100,097	106,476	-6.0
Non-current liabilities	28,141	12,750	>100.0
Shareholders' equity	130,880	135,608	-3.5
Headcount	379	378	0.3

Highlights of the Third Quarter 2011

Revenues

During the third quarter of 2011, revenues of € 6.4 million were generated, representing an increase of € 1.8 million or 38.8% compared to the same period of 2010. During the first nine months of 2011, revenues decreased by € 6.2 million, or 31.5%, to € 13.4 million.

Operating results

In Q3 2011, gross profit amounted to € 1.3 million, representing an increase of 3.0% compared to Q3 2010.

However, EBITDA decreased by k€ 565 to k€ -1,069 (Q3 2010: k€ -504), while EBIT declined by 90.9% to k€ -1,197 (Q3 2010: k€ -627). Net profit amounted to k€ -1,818 in Q3 2011. This corresponds to a decrease of k€ 2,146 compared to the same period of the previous year.

The increased selling and distribution expenses, together with the higher administrative expenses, were the main reason for the net loss in Q3 2011. Selling and distribution expenses went up by 60.1% to k€ 530 (Q3 2010: k€ 331) in the third quarter of 2011. Administrative expenses rose from k€ 683 to € 1.2 million in the third quarter of 2011. This was mainly due to increased personnel costs, as new operating and other managers were hired in the third quarter.

Order intake and order backlog

Although ZhongDe was not able to generate new orders in Q3 2011, there are currently four new project contracts in the process of being approved by ZhongDe with a minimum waste disposal capacity of 1,000 tonnes per day.

Order backlog decreased by 11.2% to € 150.0 million year-on-year. This was mainly a result of the construction phase of BOT and EPC projects being recognised according to the PoC (percentage of completion) method and due to foreign exchange differences.

Cash position

The net cash position as at 30 September 2011 amounted to € 100.1 million, compared to € 106.5 million as at 31 December 2010. ZhongDe's strong cash position ensures the flexibility of ZhongDe in the fields of BOT investment and project finance.

Relocation of registered office from Hamburg to Frankfurt

In September 2011 the relocation of ZhongDe's registered office became effective with the entry in the commercial register. The relocation to Frankfurt am Main, the financial centre and air traffic hub of Germany and Europe, enables the Company to enhance its relations with international investors and business partners. In addition, the Company will enjoy a slightly less tax rate as a result of the relocation.

Research & development

The development for our waste leachate treatment technology has been completed. The negotiation work for the contract signing for the grate technology co-operation is fully underway. The process preparation work for the CFB350 waste incineration gas purification system before equipment manufacturing has been completed. An improved design for the 100t/d rotary drying kiln of double-loop incineration systems, the push device for 100 t/d double-loop incineration systems, as well as for the slagging system for medical waste pyrolysis incinerators has been developed.

Overview of current projects

Zhucheng EPC project

The construction of the majority of the main factory has been completed. The painting of the interior wall of the central controlling building and the main construction for the cooling tower have been finished. The installation of boilers no. 1 and no. 2 as well as the heat recovery boiler has been completed. The installation of the slag dragging machine and the main structure of gas purification system no. 1 has also been realised.

As of 30 September 2011, 43.9% of the construction work had been completed.

Dingzhou EPC project

The plaster work for the interior wall and ceiling of the building complex has been completed. The foundation work for the trestle pile has also been finished. The steel frame for the boiler was delivered to the site.

As of 30 September 2011, 15.7% of the construction work had been completed.

Feicheng BOT project

The trial operation at the Feicheng project is running normally and smoothly.

Zhoukou BOT project

The construction for the road outside the main factory has been completed, as well as for the carriage road from waste trestle to the logistics entrance. Chimney painting and aeronautical light installation have been completed. The door and window installation for the building complex have been completed. Greening work for the plant is fully underway. The water reuse system, industrial water system and compensating water system have been put into operation. The design work for waste leachate treatment system has been completed, as well as for the construction of the leachate collecting pool.

As of 30 September of 2011, 78.4% of the construction work had been completed.

Kunming BOT project

The masonry and plaster work for the main factory complex and turbine room have almost been completed. The upper frame of the waste pool structure is nearly finished. Equipment installation for boiler no. 1 is 80% complete. The boiler and steam turbine have been delivered to the site.

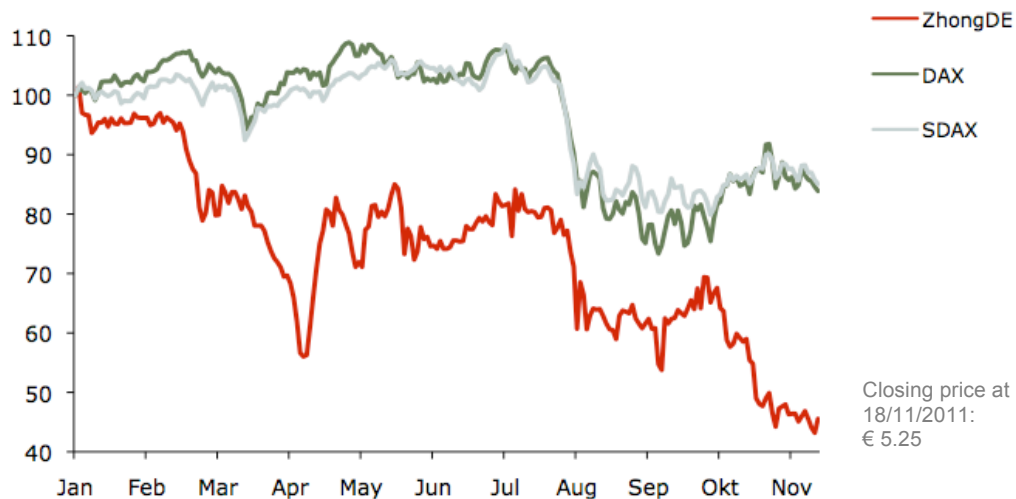
As of 30 September 2011, 22.0% of the construction work had been completed.

Xianning BOT project

The frame beam for the upper discharging platform structure in the main factory has been completed. The construction for the main structure of the waste pool and for the boiler room's frame structure has been completed. 85% of the steel frame for the boiler has been delivered to the site. The steam turbine has been delivered to the site.

As of 30 September 2011, 18.4% of the construction work had been completed.

Share Performance



Deteriorating growth prospects worldwide, together with the European sovereign debt crisis, resulted in a weakening of the global economy, driven by Western countries. The downgrading of the USA's credit rating at the start of the third quarter was a clear warning signal. At the same time, fears about the stability of the European financial system increased and investor uncertainty grew. In September, the IMF reduced its growth forecasts for this year and next year. Asia, and in particular China, is playing an increasingly important role in the global economic recovery.

In the period under review, the DAX initially fell from 7,419.44 to 5,480 points as of 19 August. It had made hardly any recovery by the end of the third quarter and closed at 5,502.02 points on 30 September. This means that the DAX suffered its biggest quarterly loss since autumn 2002 of more than 25%. The SDAX's performance was similar to that of the DAX and stood at 4,310.89 points at the end of the period under review (-21.1%). The situation on the European financial markets reached a climax in the second half of the quarter. When initial speculation about Greece's insolvency came to light, the DAX and SDAX reached lows of 5,072.33 and 4,157.98 points respectively.

Huge losses on global stock markets led to a decrease in the share price of ZhongDe Waste Technology AG as well. Share price developments at the start of the third quarter were almost the same as in the overall market. At the end of the third quarter, the price fell to a low of € 6.31 as of 12 September 2011. The share price thus recorded a drop of 30.43% (30 June 2011: € 9.07). The negative trend has continued into the current fourth quarter against the background of a market environment that continues to be difficult. The share price stood at € 5.25 on 18 November.

Economic and Political Environment

In the first three quarters of 2011, the Chinese government was faced with the challenges presented by the complex and volatile international environment as well as domestic economic development. It therefore implemented a pro-active, prudent fiscal and monetary policy aimed at continuously strengthening and improving macro-control. As a result, the national economy maintained its steady and rapid development during the first three quarters of 2011.

According to preliminary estimates, China's gross domestic product (GDP) for the first three quarters of the year came to CNY 32,069.2 billion, meaning a year-on-year increase of 9.4% on a like-for-like basis. Primary industry contributed CNY 3,034.0 billion to value added, up 3.8%; secondary industry CNY 15,479.5 billion, up 10.8%; and tertiary industry CNY 13,555.7 billion, up 9.0%. Gross domestic product for the third quarter of 2011 rose 2.3% on a quarterly basis.

In the first three quarters of the year, the total value added generated by industrial enterprises above a designated size was up 14.2% in like-for-like comparison with last year and was 0.1 percentage points lower than in the first half of the year.

Capital expenditure for fixed assets (excluding rural households) totalled CNY 21,227.4 billion, corresponding to year-on-year growth of 24.9% (real growth of 16.9% after taking price factors into account), and was thus 0.7% lower than in the first half of the year.

In the first three quarters of the year, total retail sales of consumer goods reached CNY 13,081.1 billion, a nominal year-on-year rise of 17.0% (real growth of 11.3% after taking price factors into account) and 0.2 percentage points higher than in the first half of the year.

In the first three quarters of the year, the per capita disposable income available to the urban population amounted to CNY 16,301, representing nominal year-on-year growth of 13.7%, or real growth of 7.8% year on year after taking price factors into account. The per capita cash income of the rural population was CNY 5,875, up 20.7% year on year, or 13.6% in real terms.

Due to the Chinese government's stimulus policies supporting the energy-from-waste industry, further new participants are expected to enter the market.

Management Report

Result of operations

Amount in k€	Q3 2011	Q3 2010	Change %	9M 2011	9M 2010	Change %
Revenues	6,379	4,595	38.8	13,410	19,565	-31.5
Cost of sales	(5,078)	(3,332)	52.4	(10,622)	(15,253)	-30.4
Gross profit	1,301	1,263	3.0	2,788	4,312	-35.3
Other operating income	(65)	84	<-100.0	147	118	24.6
Selling and distribution expenses	(530)	(331)	60.1	(1,739)	(823)	>100.0
Administrative expenses	(1,157)	(683)	69.4	(3,097)	(2,033)	52.3
Research and development expenses	(51)	(66)	-22.7	(131)	(131)	0.0
Other operating expenses	(695)	(894)	-22.3	(1,653)	(2,642)	-37.4
Profit from operations	(1,197)	(627)	-90.9	(3,685)	(1,199)	>100.0
Finance income	434	729	-40.5	1,412	1,677	-15.8
Finance costs	(644)	(228)	>100.0	(1,405)	(753)	86.6
Profit before income tax	(1,407)	(126)	>100.0	(3,678)	(275)	>100.0
Income tax	(411)	454	<-100.0	(1,357)	(1,109)	22.4
Net profit for the period	(1,818)	328	<-100.0	(5,035)	(1,384)	>100.0

During the third quarter of 2011, revenues of € 6.4 million were generated, representing an increase of € 1.8 million or 38.8% compared to the same period of 2010. During the first nine months of 2011, revenues decreased by € 6.2 million, or 31.5%, to € 13.4 million.

In Q3 2011, gross profit amounted to € 1.3 million, representing an increase of 3% compared to Q3 2010.

However, EBITDA decreased by k€ 565 to k€ -1,069 (Q3 2010: k€ -504), while EBIT declined by 90.9% to k€ -1,197 (Q3 2010: k€ -627). Net profit amounted to k€ -1,818 in Q3 2010. This corresponds to a decrease of k€ 2,146 compared to the same period of the previous year.

The increased selling and distribution expenses, together with the higher administrative expenses, were the main reason for the net loss in Q3 2011. Selling and distribution expenses went up by 60% to k€ 530 (Q3 2010: k€ 331) in the third quarter of 2011. Administrative expenses rose from k€ 683 to € 1.2 million in the third quarter of 2011. This was mainly due to increased personnel costs, as new operating and other managers were hired in the third quarter.

At the end of the third quarter of 2011, shareholders' equity decreased by 3.5% to € 130.9 million. The Company maintains an equity ratio of 71%.

The net cash position as at 30 September 2011 amounted to € 100.1 million, compared to € 106.5 million as at 31 December 2010. ZhongDe's strong cash position ensures the flexibility of ZhongDe in the fields of BOT investment and project finance.

Current status of energy-from-waste projects

(as of 30 September 2011)

Zhucheng EPC project

(43.9% of construction work completed)

Construction work

The construction of the majority of the main factory has been completed. The painting of the interior wall of the central controlling building has been finished. The construction of the waste trestle bridge piers has been realised. The main construction work for the cooling tower and the water pumping room complex has been completed. The installation of window frames is 66% complete.

Installation work

The installation of boilers no. 1 and no. 2 as well as the heat recovery boiler has been completed. The installation for the slag dragging machine and the main structure of gas purification system no. 1 as well as the box installation of the bag filter for flue gas purification system no. 2 has been realised. The installation for the air compressing machine has commenced.

Status of materials delivery

The following materials have been delivered to the site: boiler, turbine generator, gas treatment system (certain individual parts have not yet arrived), air compressing room, primary and secondary air fan, induced draught fan, temperature and pressure reduction system, oil filter, muffler, steam engine crane, UPS, cooling tower, entire plant valve, cable bridge, etc.

Dingzhou EPC project

(15.7% of construction work completed)

Construction work

The plaster work for the interior wall and ceiling of the building complex has been completed. The frame beam for the discharging platform at 14.8 meters has been installed, and concrete for the waste pool at 13 meters has been poured. The concrete for the frame column at 13 meters in the boiler room as well as for the frame beam at 7 meters in the flue gas purification room has been poured. The beam at 19 meters in the turbine room has been finished. The seal top casting for the top plate at 12.2 meters in the main controlling building has also been completed. The foundation work for the trestle pile has also been realised.

Status of materials delivery

The steel frame for the boiler has been delivered to the site.

Feicheng BOT project

The trial operation at the Feicheng project is running normally and smoothly.

Zhoukou BOT project

(78.4% of construction work completed)

Construction work

The laying of brickwork for the floor and walls in the viewing corridor is fully underway. The construction of the road outside the main factory has been completed, as well as of the carriage road from the waste trestle to the logistics entrance. Installation of manhole covers for the rain and sewer drains has been completed. Chimney painting and aeronautical light installation has been completed. Indoor lighting has been installed in the oil cellar. The construction of the main entrance gate structure has been completed. The door and window installation for the building complex has been finished. Final construction work is underway for certain areas of the treatment and elimination facilities. Greening work for the plant is fully underway.

Installation work

The commissioning of boiler no. 1's primary and secondary air fans as well as of the induced draught fan has been completed. Valve and instrument control has been uploaded to the DCS. The heat insulation and drying work for boiler no. 1 has been completed. Furnace construction for boiler no. 2 has been completed. The commissioning of boiler no. 2's primary and secondary air fans as well as for the induced draught fan has been completed. Valve and instrument control has been uploaded, with 80% completed. The installation and debugging for the TV technology machine room, with the exception of the waste crane control room, has been completed. The commissioning of the turbine-side auxiliary system has been completed. The commissioning of the oil circulation system is fully underway. The commissioning of the water reuse system, industrial water system and compensating water system has been completed.

Waste leachate treatment system

The design work has been completed, and the construction work for the leachate collecting pool has been finished. The foundation work for the leachate treatment room is fully underway, and the construction has progressed to the above-ground level. The treatment equipment for the leachate system will be delivered successively. Installation work will commence from the end of November.

Xianning BOT project

(18.4% of construction work completed)

Construction work

The frame beam for the upper discharging platform structure in the main factory has been completed. The construction for the main structure of the waste pool and for the boiler room's frame structure has been completed. The pouring of concrete for the frame beam at 13 meters in the flue gas purification room has been completed, as well as for the turbine room's beam at 15.5 meters and for the main controlling building at 12.2 meters.

Status of materials delivery

85% of the steel frame for the boiler has been delivered to the site. The steam turbine has been delivered to the site.

Kunming BOT project

(22.0% of construction work completed)

Construction work

The masonry and plaster work for the main factory complex and turbine room have almost been completed, with 90% of the work complete. The upper frame of the waste pool structure is nearly finished. The gas purification room at 17 meters has been finished.

Installation work

Equipment installation for boiler no. 1 is 80% complete. The boiler furnace is being installed.

Status of materials delivery

The boiler has been delivered to the site (grate furnace no. 2 has not yet arrived). The steam turbine has been delivered to the site, and the electric generator will arrive in December. The gas treatment equipment will be delivered successively and is expected to be at the site in full by the end of November.

R&D

The development for our waste leachate treatment technology (UF ultrafiltration membrane technology components + NF nanofiltration membrane technology components + RO membrane modules) has been completed. The negotiation work for contract signing for the grate technology co-operation is fully underway.

The process preparation work for the CFB350 waste incineration gas purification system before equipment manufacturing has been completed. The research and development for the three 100t/d forward-acting grate furnaces for municipal waste applications has been completed.

An improved design for the 100t/d rotary drying kiln of double-loop incineration systems, the push device for 100 t/d double-loop incineration systems, as well as for the slagging system for medical waste pyrolysis incinerators has been developed. Preparation and technical design for a waste incineration scheme without electricity generation has been completed.

Production

The new production equipment was utilised to improve the manufacturing process, which not only enhanced the product quality, but also helped to improve efficiency and conserve materials.

Manufacturing work for three 100t/d forward-acting reciprocating grate furnaces in Xiangyin, Hunan, has commenced. The installation phase of the Guilin project in the Guangxi province is being carried out. Installation work for Putian project is fully underway.

Order development

Although ZhongDe was not able to generate new orders in Q3 2011, there are currently four new project contracts in the process of being approved by ZhongDe with a minimum waste disposal capacity of 1,000 tonnes per day.

Order backlog decreased by 11.2% to € 150.0 million year-on-year. This was mainly a result of the construction phase of BOT and EPC projects being recognised according to the PoC (percentage of completion) method and due to foreign exchange differences.

The investigation work and negotiations for large-scale projects take more time than for small and medium-sized projects, particularly the preparation of international contracts. Currently, we are negotiating additional large-scale projects that have already entered the approval stage.

Business segments overview

Amount in k€	Q3 2011	Q3 2010	Change %	9M 2011	9M 2010	Change %
Waste incinerators						
Units sold	0	1	-100.0	0	1	-100.0
Revenues	0	1,620	-100.0	0	1,620	-100.0
Gross profit	0	604	-100.0	0	604	-100.0
EPC project						
Revenues (POC)	1,610	1,052	53.0	4,751	5,292	-10.2
Gross profit	290	222	30.6	938	1,100	-14.7
BOT project						
Revenues (POC)	4,768	1,921	>100.0	8,658	12,651	-31.6
Gross profit	1,013	429	>100.0	1,861	2,600	-28.4
Total revenues	6,378	4,593	38.9	13,409	19,563	-31.5
Total gross profit	1,303	1,255	3.8	2,799	4,304	-35.0

Incinerators

In Q3 2011, no incinerators were sold, because the small to medium-sized incinerators market has not yet recovered in China. As a result, the ZhongDe Group has shifted its focus to large-scale projects.

EPC projects

Zhucheng and Dingzhou contributed € 1.6 million to consolidated revenues in the third quarter of the current year.

BOT projects

In Q3 2011, the current four BOT projects contributed € 4.8 million to consolidated revenues.

Net worth

Amount in k€	30 September 2011	31 December 2010	Change %
Non-current assets	51,171	40,958	24.9
Current assets	133,032	127,614	4.2
Equity	130,880	135,608	-3.5
Liabilities	53,323	32,964	61.8
Balance sheet total	184,203	168,572	9.3

The balance sheet total amounted to € 184.2 million as of 30 September 2011. The rise in non-current assets is primarily due to an increase of approximately € 7.4 million in BOT project receivables. Current assets edged up by just 4.3% from € 127.6 million to € 133.0 million, while equity was down € 4.7 million to € 130.9 million. The Company's equity ratio is 71.1% and remains very high.

Financial position

Amount in k€	Q3 2011	Q3 2010	Change %	9M 2011	9M 2010	Change %
Cash flow from operating activities	(8,538)	(9,660)	11.6	(23,171)	(18,524)	-25.1
Cash flow from investing activities	234	(242)	<-100.0	21,486	2,582	>100.0
Cash flow from financing activities	1,043	(1,898)	<-100.0	14,518	(3,546)	89.4

Opportunities and risks

For more information on opportunities and risks, please refer to our Risk Report in the Group Management Report as of 31 December 2010. There were no significant changes in opportunities and risks as of 30 September 2011.

Outlook

The eurozone debt crisis further burdened the general market environment. China is still the driving force of the world economy and is expected to compensate for the negative economic developments in Western countries. Nevertheless, GDP growth decelerated in the third quarter to 9.1%, compared with 9.7% in Q1 and 9.5% in Q2 2011. The Chinese anti-inflation policy has registered initial successes.

ZhongDe Group will benefit from the stimulating policy promoting the energy-from-waste industry in China. Nevertheless, the political measures initiated by the Chinese central government will need some time to reach full effect. However, the four new project contracts currently in the approval phase at ZhongDe clearly show the positive tendency. Furthermore, ZhongDe has a strong order backlog (€ 150 million) and cash position (€ 100 million), which are the foundation for current BOT and EPC projects' constructions and will generate more revenues and profit growth when these projects' constructions were completed in the future.

The net loss in Q3, mainly caused by further delays in the completion process of energy-from-waste plants under construction. ZhongDe expects three or four projects under construction to complete in 2012. Accordingly, ZhongDe expects revenues and the net result for the full year 2011 to be slightly below the previous year's benchmark. In line with the delays, the Company anticipates the affected projects to generate their contribution to the Company's revenues in the course of 2012.

Financial Statements – ZhongDe Waste Technology AG

06.1

Interim Consolidated Balance Sheet

for the period from 1 January to 30 September 2011

Amount in k€	30 September 2011	31 December 2010
Assets		
Non-current assets		
Intangible assets	11,280	7,774
Land	2,352	2,336
Equipment	1,293	1,584
Construction in progress	6,821	6,577
Receivables from BOT projects	29,293	21,927
Deferred tax assets	132	760
	51,171	40,958
Current assets		
Inventories	2,294	1,442
Trade receivables	6,615	8,744
Other receivables and prepayments	23,638	10,933
Amounts due from related parties	388	19
Cash and cash equivalents	100,097	106,476
	133,032	127,614
Total assets	184,203	168,572
Liabilities and equity		
Capital and reserves		
Share capital	13,000	13,000
Capital reserves	70,522	70,522
Statutory reserves	7,794	7,794
Own shares	(4,611)	(4,104)
Retained earnings	25,297	32,222
Foreign exchange difference	18,878	16,174
	130,880	135,608
Liabilities		
Non-current liabilities		
Long-term liabilities		
Long-term loans	25,172	10,524
Deferred tax liabilities	2,969	2,226
	28,141	12,750
Short-term liabilities		
Short-term loans	3,526	0
Trade payables	14,314	15,729
Notes payables	2,184	0
Other payables and accruals	4,029	3,385
Provisions	1,120	1,091
Amounts due to related parties	2	2
Income tax payable	7	7
	25,182	20,214
Total liabilities	53,323	32,964
Total liabilities and equity	184,203	168,572

06.2

Interim Consolidated Statement of Income and Expenses

for the period from 1 January to 30 September 2011

Amount in k€	Q3 2011	Q3 2010	9M 2011	9M 2010
Revenue	6,379	4,595	13,410	19,565
Cost of sales	(5,078)	(3,332)	(10,622)	(15,253)
Gross profit	1,301	1,263	2,788	4,312
Other operating income	(65)	84	147	118
Selling and distribution expenses	(530)	(331)	(1,739)	(823)
Administrative expenses	(1,157)	(683)	(3,097)	(2,033)
Research and development expenses	(51)	(66)	(131)	(131)
Other operating expenses	(695)	(894)	(1,653)	(2,642)
Profit from operations	(1,197)	(627)	(3,685)	(1,199)
Finance income	434	729	1,412	1,677
Finance costs	(644)	(228)	(1,405)	(753)
Profit before income tax	(1,407)	(126)	(3,678)	(275)
Income tax	(411)	454	(1,357)	(1,109)
Profit for the period	(1,818)	328	(5,035)	(1,384)
Earnings per share (diluted and basic) (in EUR)	-0.14	0.03	-0.40	-0.11
Weighted average number of shares outstanding (diluted and basic)	12,600,000	12,656,200	12,611,712	12,667,497

06.3

Interim Consolidated Statement of Comprehensive Income

for the period from 1 January to 30 September 2011

Amount in k€	Q3 2011	Q3 2010	9M 2011	9M 2010
Profit for the period	(1,818)	328	(5,035)	(1,384)
Other comprehensive income				
Foreign exchange differences recognised directly in equity	10,180	-12,645	2,704	9,734
Total changes recognised directly in equity	10,180	-12,645	2,704	9,734
Total recognised income and expense	8,362	-12,317	(2,331)	8,350

06.4

Interim Consolidated Statement of Cash Flows

for the period from 1 January to 30 September 2011

Amount in k€	9M 2011	9M 2010
Profit before income tax	(3,678)	(275)
Adjustments for:		
Amortisation of intangible assets	17	17
Allowance for doubtful trade receivables	66	(8)
Provision for warranty	0	(53)
Depreciation of property, plant and equipment and land	365	331
Gains/losses PPE	21	45
Finance income	(659)	(1,677)
Finance expense	1,406	753
Operating cash flows before working capital changes	(2,462)	(867)
Working capital changes:		
(Increase)/decrease in:		
Inventories	(852)	2,213
Trade receivables	2,063	(152)
PoC receivables from BOT projects	(9,815)	(13,164)
Other receivables and prepayments	(12,705)	(8,521)
Amounts due from related parties	(369)	(1)
Increase/(decrease) in:		
Trade payables	770	2,466
Other payables, provisions and accruals	673	(484)
Amounts due to related parties	1	81
Cash generated from/(used in) operations	(22,696)	(18,429)
Interest received/exchange rate gains	659	1,677
Interest paid/exchange rate losses	(1,147)	(753)
Income tax paid	13	(1,019)
Net cash generated from operating activities	(23,171)	(18,524)
Cash flow from investing activities		
Payments in connection with the short-term financial management of cash investments	0	(22,590)
Receipts in connection with the short-term financial management of cash investments	21,612	25,590
Purchase of property, plant, equipment, intangible assets, land use rights	(126)	(418)
Cash flow used in investing activities	21,486	2,582
Cash flow from financing activities		
Cash proceeds from long-term borrowings	16,999	0
Cash repayments of long-term borrowings	(280)	0
Cash repayments of Financial Assets (BOT-Projects)	197	0
Dividend	(1,890)	(1,898)
Buy back of own shares	(507)	(1,648)
Cash flow from financing activities	14,518	(3,546)
Net increase in cash and cash equivalents	12,833	(19,488)
Cash at beginning of year	83,805	88,563
Foreign exchange differences	3,459	7,087
Cash fund at end of period	100,097	76,162
Short-term financial management of cash investments	0	21,901
Cash and cash equivalents	100,097	98,063

06.5

Selected Notes to the Interim Consolidated Financial Statements

for the period ending 30 September 2011

Interim Consolidated Statement of Changes in Equity for the period from 1 January to 30 September 2011

Amount in k€	Numbers of shares out- standing	Share capital AG	Capital reserves	Statutory reserves	Own shares	Retained earnings	Foreign exchang e differenc es	Total equity
Balance as at 1 January 2010	12,798,800	13,000	69,822	7,225	(2,408)	35,570	1,884	125,093
Total comprehensive income for the period						(1,384)	9,734	8,350
Buy back of own shares	(142,600)				(1,648)			(1,648)
Dividend distribution for the year 2009						(1,898)		(1,898)
Balance as at 30 September 2010	12,656,200	13,000	69,822	7,225	(4,056)	32,288	11,618	129,897
Balance as at 1 January 2011	12,652,440	13,000	70,522	7,794	(4,104)	32,222	16,174	135,608
Total comprehensive income for the period						(5,035)	2,704	(2,331)
Buy back of own shares	(52,440)	0	0	0	(507)	0	0	(507)
Dividend distribution for the year 2010	0	0	0	0	0	(1,890)	0	(1,890)
Balance as at 30 September 2011	12,600,000	13,000	70,522	7,794	(4,611)	25,297	18,878	130,880

General

The interim consolidated financial statements for the period 1 January to 30 September comprise all subsidiaries of ZhongDe Waste Technology AG. These subsidiaries are located in the People's Republic of China (PRC), except for the interim holding company Chung Hua Environmental Protection Assets (Holdings) Group Ltd., Hong Kong.

Basis of preparation

The interim consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU as of the balance sheet date and the additional requirements of German commercial law pursuant to sec. 315a (1) of the German Commercial Code (HGB). The interim consolidated financial statements comply with all IFRSs where adoption was mandatory as of the balance sheet date. With regard to the preparation of the interim consolidated financial statements, in accordance with IAS 34 "Interim Financial Reporting", the Management Board is required to make estimates and judgments which influence the application of accounting policies within the Company and the reporting of assets and liabilities as well as income and expenses. Actual amounts may differ from these estimates.

Significant accounting policies

The accounting policies applied by the Group in the interim consolidated financial statements generally correspond to the methods applied by ZhongDe Waste Technology AG in its consolidated financial statements for the year ending 31 December 2010. For further details, please refer to the consolidated financial statements available on the Company's website: www.zhongdetech-ag.com.

Income recognised during the reporting period for seasonal reasons, whether due to cyclical developments or

one-off developments, is not allocated accurately in the interim consolidated financial statements. Non-recurring expenses that are incurred during the reporting period have been allocated as they would be at year-end.

In accordance with IFRIC 12 “Service Concession Arrangements”, revenue relating to construction services under a service concession arrangement (BOT) is recognised based on the percentage of completion of the work. Revenue relating to operation services is recognised in accordance with IAS 18.

Segment analysis and information

-> A. Business segments

The Group’s operating activities are divided into three business segments: incinerator sales, which includes municipal waste incinerators and medical waste incinerators, its EPC (engineering, procurement and construction) projects, and its BOT (build – operate – transfer) and BOOT (build – operate – own – transfer) projects.

-> B. Business by region

The Group is principally engaged in the design and manufacture of various incinerators in the PRC, where all of its customers are based. In addition, all assets attributable to the Group’s operating activities are likewise located in the PRC. As such, no geographical segment analysis is necessary.

-> C. Allocation basis

Revenues and the cost of sales of the services rendered in generating revenues are directly attributable to the business segments. Income and expenses which are not directly attributable to a business segment are recognised separately as unallocated income and expenses.

Inter-segmental revenues are eliminated on consolidation.

The following table presents revenues and results information regarding the Group's business segments for the first three quarters of 2011:

Amount in k€	Incinerators		EPC		BOT		Total reportable segments		Unallocated		Consolida- tion		Group	
	9M 2011	9M 2010	9M 2011	9M 2010	9M 2011	9M 2010	9M 2011	9M 2010	9M 2011	9M 2010	9M 2011	9M 2010	9M 2011	9M 2010
Revenues	0	1,620	4,751	5,292	8,658	12,651	13,409	19,563	1	2	0	0	13,410	19,565
Intercom- pany revenues	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total revenues for reportable segments	0	1,620	4,751	5,292	8,658	12,651	13,409	19,563	1	2	0	0	13,410	19,565
Total gross profit from reportable segments	0	604	938	1,100	1,861	2,600	2,799	4,304	(11)	8	0	0	2,788	4,312
Order intake	0	0	0	25,761	0	0	0	25,761	0	0	0	0	0	25,761
Order backlog	1,642	1,550	88,498	93,851	59,815	73,471	149,955	168,872	0	0	0	0	149,955	168,872

Betrag in TEUR	9 M 2011	9 M 2010
Total profit or loss for reportable segments	2,788	4,312
Consolidation	0	0
Total profit or loss for the Group	2,788	4,312
Unallocated Income and Expenses of the Group	(6,473)	(5,511)
EBIT	(3,685)	(1,199)
Finance income	1,412	1,677
Finance expense	(1,405)	(753)
Profit before tax	(3,678)	(275)
Income tax	(1,357)	(1,109)
Profit (+)/Loss (-) for the year	(5,035)	(1,384)

Functional and presentation currency

	30 September 2011	30 September 2010
Exchange rate RMB/EUR at end of the period	8.6207	9.1321
Average exchange rate RMB/EUR for H1	9.1378	8.9581

	30 September 2011	30 September 2010
Exchange rate RMB/EUR at end of the period	10.5213	10.5918
Average exchange rate HKD/EUR for H1	10.9497	10.2263

The functional currency of the consolidated subsidiaries is the RMB.

Income tax

The income taxes shown in the interim consolidated financial statements mainly comprise income taxes of Fujian FengQuan Environmental Protection Holding Ltd. and all subsidiaries which are located in the People's Republic of China (PRC). Due to the tax status of Fujian FengQuan as a foreign-owned entity, the tax rate for 2009, 2010 and 2011 amounts to half of the normal tax rate of 25%. The Group tax rate may differ considerably from the applicable local Chinese income tax rate due to the different treatment of exchange rate gains and exchange rate losses for the consolidated financial statements and for tax purposes.

Cash fund

Amount in k€	9M 2011	9M 2010
Cash at end of period	100,097	76,162
Short-term deposits (duration over 3 months)	0	21,901
Cash and cash equivalents (balance sheet)	100,097	98,063

Frankfurt, 29 November 2011
ZhongDe Waste Technology AG

On behalf of the management



Zefeng Chen
Chairman of the
Management Board (CEO)



William Jiu Hua Wang
Executive Director of the
Management Board (CFO)

Responsibility Statement by the Management

“To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the condensed interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group, and the condensed interim management report of the Group includes a fair view of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.”

Frankfurt, 29 November 2011
ZhongDe Waste Technology AG
On behalf of the management



Zefeng Chen
Chairman of the
Management Board (CEO)



William Jiu Hua Wang
Executive Director of the
Management Board (CFO)

Cautionary Note Regarding Forward-looking Statements

This interim report contains certain forward-looking statements. These statements may be identified by words such as “expects”, “looks forward to”, “anticipates”, “intends”, “plans”, “believes”, “seeks”, “estimates”, “will”, or words of similar meaning. Such statements are based on current assumptions, expectations and forecasts on future sector trends, on future legal and commercial developments, and on the future development of the ZhongDe Group. These assumptions, expectations and forecasts are no guarantee of future performance and are subject to change at any time, and are thus subject to certain risks and uncertainties. A variety of factors, many of which are beyond the ZhongDe Group’s control, affect its operations, performance, business strategy and results and could cause the actual results, performance or achievements of the ZhongDe Group to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

For us, particular uncertainties arise, among others, from: changes in general economic and business conditions, changes in the regulatory environment, the introduction of competing products or technologies by other companies, changes in business strategy, our analysis of the potential impact of such matters on our financial statements, as well as various other factors. More detailed information about our risk factors and key factors affecting our results and operations is contained in ZhongDe’s Securities Prospectus, which is available on the ZhongDe website, www.zhongdetech.com. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the relevant forward-looking statement as expected, anticipated, intended, planned, believed, sought, estimated or projected. ZhongDe does not intend, or assume any obligation, to update or revise these forward-looking statements in the light of developments which differ from those anticipated, unless otherwise required by law.

The English translation of this interim report is for convenience purposes only. The German version of this interim report is binding for legal purposes.

About ZhongDe Waste Technology AG



ZhongDe Waste Technology AG is listed on the Frankfurt Stock Exchange (German securities identification number ZDWT01, ISIN DE000ZDWT018, ticker symbol ZEF). Correspondingly, with effect from 1 January 2005, the Company is obliged to prepare its consolidated interim reports in compliance with the International Accounting Standards, as required by the “EU Regulation adopting certain international accounting standards”, Article 6 (2). This condensed interim report was prepared and published pursuant to IAS 34 of the International Financial Reporting Standards (IFRS). The interim report’s scope of consolidation comprises all fully consolidated affiliates.

ZhongDe Waste Technology is an energy-from-waste company that designs, invests in, constructs and operates energy-from-waste plants, which generate electricity through the disposal of solid municipal, industrial (including hazardous) and medical waste. Since 1996, ZhongDe Group has completed approximately 200 waste disposal projects in about 13 provinces in China, of which more than 80 projects have been completed in the last three years.

Financial Calendar and Contact

Financial calendar

Date*	Event
22–24 November 2010	German Equity Forum of Deutsche Börse, Frankfurt am Main
30 November 2010	Interim report on the third quarter of 2010
30 April 2012	Group annual financial statements for 2011
31 May 2012	Interim report on the first quarter of 2010

* All dates are provisional and may be subject to change.

Contact Information

This interim report, recent publications, and additional information are all available on the internet at: www.zhongde-ag.com and www.zhongde-ag.de.

ZhongDe Waste Technology AG

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