

modern waste management



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01

Key Figures

Operational Data

Amount in k€	Q1 2013	Q1 2012	Change in %
Order intake	0	0	0
Order backlog ¹⁾	264,529	138,681	90.7
Revenues	1,245	1,216	2.4
Gross profit	158	138	14.5
Gross profit margin	13%	11%	2 pp
Cost of sales	1,087	1,078	0.8
EBITDA	(911)	(1,335)	31.8
EBITDA margin	(80%)	(110%)	30 pp
EBIT	(1,264)	(1,461)	13.5
EBIT margin	(102%)	(120%)	18 pp
Net result	(1,517)	(1,785)	15.0
Net profit margin	(122%)	(147%)	25 pp
Earnings per share (in €) ²⁾	(0.12)	(0.14)	14.3

¹⁾ Based on exchange rate at the end of the period

²⁾ Calculated on the basis of 12,600,000 shares

Cash Flow Data

Amount in k€	Q1 2013	Q1 2012	Change in %
Cash flow from operating activities	(5,165)	(12,231)	57.8
Cash flow from investing activities	(104)	(32)	<-100.0
Cash flow from financing activities	1,785	10,596	-83.2-

Balance Sheet Data

Amount in k€	31 March 2013	31 December 2012	Change in %
Total assets	207,389	200,741	3.3
Tangible and intangible fixed assets	71,759	67,942	5.6
Net working capital	96,564	94,530	2.2
Cash and cash equivalents	99,992	100,309	-0.3
Long-term liabilities	53,440	49,713	7.5
Shareholders' equity	114,883	112,759	1.9
Number of employees	377	362	4.1

02

Highlights of the First Quarter of 2013

Revenues

During the first quarter of 2013, revenues of € 1.2 million were generated, representing an increase of 2.4% compared to the same period in 2012.

Operating Results

In Q1 2013, gross profit amounted to k€ 158, representing an increase more of 14.5% compared to Q1 2012. EBITDA increased to € -0.9 million (Q1 2012: € -1.3 million), while EBIT went up to € -1.3 million (Q1 2012: € -1.5 million). Net result amounted to € -1.5 million in Q1 2013 (Q1 2012: € -1,8 million).

Selling and distribution expenses were reduced by € 0,2 million compared to Q1 2012 mainly due to the decrease of staff in the sales department. Administrative expenses went down by 25.9% to € 0.7 million (Q1 2012: € 1.0 million) due to strict cost control measures introduced by the Management Board in order to improve ZhongDe's operational results.

Order Intake and Order Backlog

During the first quarter of 2013, there is no order intake.

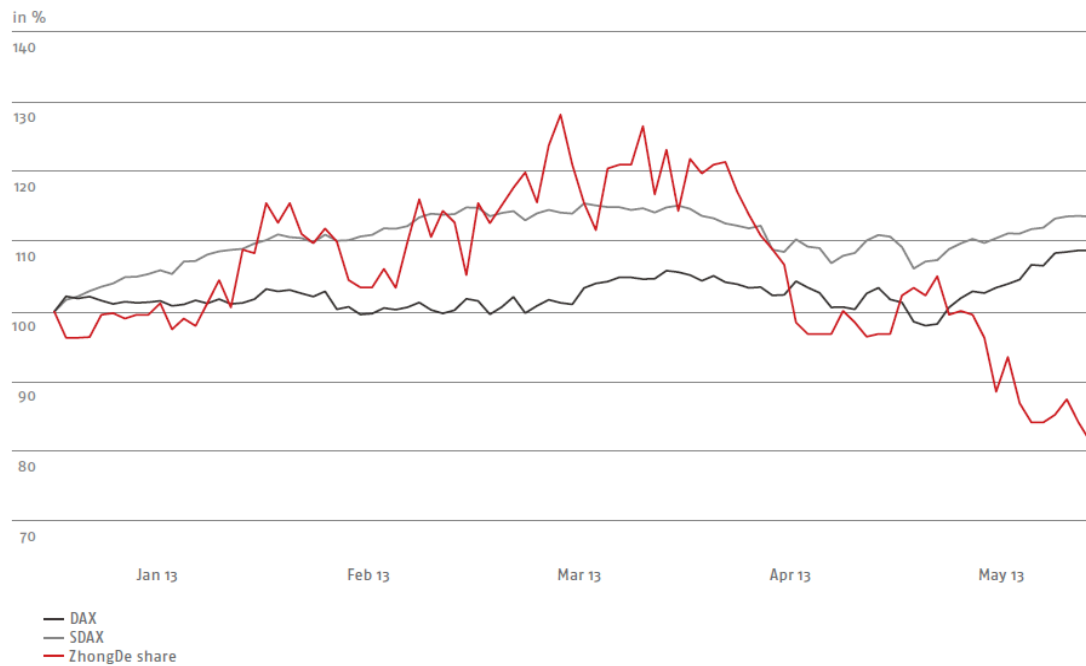
Order backlog increased by 90.7% to € 264.5 million year-on-year. This was mainly a result of the new project contract of Lanzhou in Q4 2012.

Cash Position

The cash position as at 31 March 2013 amounted to € 100.0 million, compared to € 100.3 million as at 31 December 2012 (-0.3%). ZhongDe's strong cash position generally ensures the flexibility of ZhongDe in the fields of BOT investment and project finance.

03

ZhongDe Share Trend



DAX climbs to all-time high despite euro crisis

Setbacks in the euro debt crisis and subdued economic data in the eurozone posed considerable challenges for the DAX in the first quarter of 2013. Nonetheless, it recorded significant growth in April and May after a long period of sideways movement. This growth was primarily driven by the expansionary monetary policy of the central banks and the comparatively strong economic data for Germany. On 3 May, the DAX has already achieved its new all-time high at 8,122.29 points. On 9 May, it closed at an even higher level with 8,262.55 points – a gain of 8.5% since the start of the year.

The SDAX began the new year dynamically and reached its all-time high on 5 March at 6,061.36 points. After a brief interim low at the end of March, the SDAX climbed to 5,963.79 points on 9 May (+13.6% compared to the end of last period).

Performance of ZhongDe share not satisfactory

Our share price fluctuated significantly in the first quarter of 2013, achieving its annual high of EUR 2.33 on 1 March 2013 and annual low of EUR 1.53 on 3 May. The share began the new year with very positive performance at first and maintained a price of over EUR 2.00 until the end of March. After stabilising at EUR 1.80 at the start of April, the price then deteriorated significantly. On 9 May, the share closed at EUR 1.59, representing a loss of 12.6% compared with the closing price of the previous year.

Management Board and Investor Relations team provide investors with transparent information

We would like our investor relations activities to increase awareness of the ZhongDe Group within the financial community and communicate a transparent picture of business development to investors and interested parties. We are therefore actively seeking to engage in dialogue with analysts and investors. This year, we will once again participate in the German Equity Forum in Frankfurt in November.

We will also carry out regular one-on-one talks and conference calls regarding our business figures. You can find additional information relevant to the capital market at www.zhongde-ag.de.

Basic data

ISIN	DE000ZDWT018
WKN (German securities identification number)	ZDWT01
Trading symbol	ZEF
Sector	Industry
Stock category	Individual non-par value nominal shares
Share capital	13,000,000 shares
Stock market segment	Prime Standard, Frankfurt Stock Exchange

Key share indicators Q1 2013 in €

Share price	
Quarter-end price	1.94
High	2.33
Low	1.75
Earnings per share	-0.12
Dividend per share (proposed)	0.0
Market capitalisation (as of 9 May 2013)	20.7 million

04

Interim Group Management Report

Economic and Political Environment

Macroeconomic-Environment

According to the preliminary estimation from the National Bureau of Statistics of China, the gross domestic product (GDP) of China in the first quarter of this year was RMB 11,885.5 billion, a year-on-year increase of 7.7%. The value added of the primary industry was RMB 742.7 billion up by 3.4%; that of the secondary industry was RMB 5,456.9 billion, up by 7.8%; and that of the tertiary industry was RMB 5,685.9 billion, up by 8.3%. The total value of imports and exports in the first quarter of 2013 was 974.7 billion US dollars, a year-on-year growth of 13.4%. The total value of exports was 508.9 billion US dollars, up by 18.4%; and that of imports was 465.8 billion US dollars, up by 8.4%. The trade surplus was 43.07 billion US dollars.

The 7.7% GDP increase in China in Q1 2013 (Q1 2012 7.9%) is mainly based on the growth of imports and exports. The per capita disposable income of urban households increased by 9.3%, while the inflation rate stayed at 2.4%. As the second largest economy in the world, China remains one of the driving forces in the global economy. This provides an excellent background for the development of the energy-from-waste industry in China.

In the first quarter of 2013, the investment in fixed assets (excluding rural households) was RMB 5,809.2 billion, a year-on-year growth of 20.9%. The total retail sales of consumer goods reached RMB 5,545.1 billion, an increase of 12.4%. The consumer prices went up by 2.4% year-on-year. The per capita total income of urban households was RMB 8,015. Specifically, the per capita disposable income of urban households was RMB 7,427, a year-on-year growth of 9.3%. Based on the macroeconomic data presented above, the Chinese economy is still growing considerably.

Sector Trend

The energy-from-waste industry still benefits from stimulating environmental protection policies and more effort into environment protection in China.

Mr. Han Jiangzhou, Director of New Energy and Renewable Energy Department in National Energy Bureau, made a statement in the **6th Solid Waste Strategic Forum** on 11 January 2013. He expressed that the energy-from-waste industry has tremendous development opportunities in China. The Chinese government plans to make up industry policies for developing energy-from-waste and relevant technical standards, in order to promote that energy-from-waste could be connected to the power grid. He also expects that the waste volume will greatly increase and could rise to 600 million tons per year in China. For comparison: the annual waste treatment capacity reached 300 million tons in America and 50 million tons in Japan. Therefore, there are material development opportunities for solid waste treatment and realizing recycling utilization in China in the future.

On 21 January 2013, the **National Committee on Environmental Information Technology** was founded in Beijing to give full play to the role of information technology in supporting and promoting environmental protection, overcome the difficulty of developing information technology for the good of environmental cause and improve its performance in this field.

The first Session of the 12th National People's Congress (NPC) opened in Beijing on March 6, 2013. Premier Wen Jiabao, on behalf of the State Council, delivered the report on the work of the government. Wen Jiabao pointed out that strategic emerging industries grow rapidly, including clean energy, energy conservation, environmental protection, next-generation information and communication technology, biomedicines, and high-end equipment manufacturing. China made steady progress in conserving energy, reducing emissions, and protecting the environment. Over the past five years, the daily urban sewage treatment capacity increased by 46 million tons. Energy consumption per unit of GDP fell by 17.2%. Total chemical oxygen demand fell by 15.7%. Total sulfur dioxide emissions fell by 17.5%. Environmental air quality standards were revised.

Result of Operations

Amount in k€	Q1 2013	Q1 2012	Change in %
Revenue	1,245	1,216	2.4
Cost of sales	(1,087)	(1,078)	(0.8)
Gross profit	158	138	14.5
Other operating income	26	75	(65.3)
Selling and distribution expenses	(78)	(277)	71.8
Administrative expenses	(741)	(1,000)	25.9
Research and development expenses	(39)	(43)	9.3
Other operating expenses	(590)	(354)	66.7
Profit / loss from operations	(1,264)	(1,461)	13.5
Finance income	597	634	(5.8)
Finance costs	(818)	(914)	10.5
Profit / loss before income tax	(1,485)	(1,741)	14.7
Income tax expense	(32)	(44)	27.3
Net loss for the period	(1,517)	(1,785)	15.0

During the first quarter of 2013, revenues of € 1.2 million were generated, representing an increase of 2.4% compared to the same period in 2012. The revenues relate to the progress of the construction of the BOT projects in Kunming and Xianning.

Gross profit amounted to k€ 158, representing an increase of 14.5% compared to Q1 2012. EBITDA increased to € -0.9 million (Q1 2012: € -1.3 million) and EBIT to € -1.3 million (Q1 2012: € -1.5 million). Selling and distribution expenses were reduced by € 0.2 million compared to Q1 2012 mainly due to the decrease of staff in the sales department. Administrative expenses went down by 25.9% to € 0.7 million (Q1 2012: € 1.0 million) due to strict cost control measures introduced by the Management Board in order to improve ZhongDe's operational results. Accordingly the net loss for the period amounted to € -1.5 million in Q1 2013, a reduction of € 0.3 million compared to Q1 2012.

In Q1 2013, shareholders' equity increased by 1.9% to € 114.9 million compared to 31 December 2012 mainly due to foreign currency translation. As total assets increased by 3.3% compared to 31 December 2012, ZhongDe's equity ratio went down from 56.2% as at 31 December 2012 to 55.4% as at 31 March 2013.

The cash position as at 31 March 2013 amounted to € 100.0 million, compared to € 100.3 million as at 31 December 2012 (-0.3%). The net decrease in cash in Q1 2013 amounting to € 3.5 million was partly compensated by foreign exchange differences of € 3.2 million. 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 31 March 2013)

EPC Projects under Construction	EPC	
	Zhucheng	Dingzhou
Daily capacity (tons/day)	500	600
PoC as of 31 Mar 2013	59.2%	16.7%
Estimated time of completion	2013	2014

BOT Projects under Construction	BOT		
	Zhoukou	Kunming	Xianning
Daily capacity (tons/day)	500	700	600
Average annual power generation capacity (MWh)	> 50	> 70	> 60
PoC as at 31 Mar 2013	87.7%	65.1%	74.7%
Estimated time of completion	2013	2013	2013

EPC Projects

Zhucheng EPC project

At the end of Q1 2013, the percentage of completion of the EPC project in Zhucheng remained at 59.2%. The project has been temporarily suspended on request of the customer, to renegotiate prices and approvals with local governments. Based on the current communications with the customer we expect the project to continue in August of 2013. We expect that the construction of Zhucheng EPC project will be completed by the end of 2013.

Dingzhou EPC project

At the end of Q1 2013, the percentage of completion of the project in Dingzhou remained at 16.7%. At the request of the customer, who needs time to renegotiate prices and approvals with the local government, the construction of the Dingzhou EPC project has also been temporarily suspended. Based on the current communications with the customer we expect the project to continue in June 2013. We expect that the construction of Dingzhou EPC project will be completed by the end of 2014.

At both EPC projects the company received prepayments from the customers covering the PoC-receivable capitalized.

Zhaodong and Shouguang EPC Projects

The status of the EPC projects in Zhaodong and Shouguang remains unchanged to 31 December 2012. Both projects have not yet started. Due to the delay, ZhongDe is in negotiations with the client regarding a price increase. In the event that these negotiations fail to bear fruit, ZhongDe will withdraw from the project on the basis of the delays, for which it was not responsible.

BOT Projects

In Q1 2013 ZhongDe has exclusively been working on BOT projects. Generally, the first quarter of the year shows a reduced productivity due to the Chinese Spring Festival taking place in February. At this time of the year, all working people in China enjoy collective holidays. Furthermore, the extremely cold weather in the North of China is not suitable for construction work.

Zhoukou BOT project

At the end of Q1 2013, the percentage of completion of Zhoukou remained at 87.7% as at 31 December 2012. During Q1 2013, the work on the project was focussed on the preparation of the coming trial operation, such as the transportation of the waste to the plant, together with the local authorities. The remaining work relates to the following:

1) Civil construction

The remaining decoration works for the complex office building

2) Installation

The commissioning of the gas purification system; the installation works for flying ash solidification treatment equipment.

The Zhoukou project is expected to be completed in 2013.

Kunming BOT project

At the end of Q1 2013, the percentage of completion at Kunming is 65.1% (31 December 2012 63.7%). The remaining work relates to the following:

1) Civil construction

Factory road construction, decoration work for the building, plant's interior wall surface, floor surface, stair railing, firefighting system construction, plant's net rack construction, decoration works for the auxiliary buildings, entrance door and wall fence with remaining 20% works, greening landscape and flying ash solidification treatment station, water supply and drainage for the whole plant, factory cable trench construction.

2) Installation

The remaining installation of incinerator No. 1 & No. 2, thermal insulation construction, gas purification system for No. 1 & No. 2 boiler, drying boiler and debugging work for No. 1 & No. 2 boiler, auxiliary engine installation for steam turbine generator, the auxiliary equipment for No. 1 & No. 2 boiler, the electric system, the thermal control system, flying ash treatment equipment installation, leachate system equipment, pipeline construction for the whole plant; weight-bridge equipment.

The Kunming project is expected to be completed in 2013.

Xianning BOT project

At the end of Q1 2013, the percentage of completion at Xianning is 74.7% (31 December 2012 73.4%). The remaining work relates to the following:

1) Civil construction

Decoration for the office building of the plant, the remaining civil works for the main plant, greening landscape engineering; the improvement of the plant road, construction for the flying ash solidification treatment workshop; decoration tail works for the main plant, the side slope and wall fence for the plant, and the furnace building construction for No. 2 boiler.

2) Installation

Furnace grate installation, thermal insulation improvement, the defect treatment equipment for gas purification system, the lightning installation for No. 2 boiler, drying and debugging work for No. 2 boiler, grid connection for steam turbine generator, access system, metering mechanism and communication, hoisting facility, flying ash solidification equipment, leachate system pipeline.

The Xianning project is expected to be completed in 2013.

Lanzhou BOT Project

By signing the contract for a large Build-Operate-Transfer (BOT) project in October 2012 with the Lanzhou Qinqiangchuan Integrative Development Management Committee, ZhongDe successfully concluded a very important business deal. With a total investment of approximately EUR 139 million, ZhongDe will build the largest energy-from-waste plant in China. The project construction is divided into two phases. Within the first phase a daily waste disposal capacity of 2,000 tons will be achieved. The second phase will increase the daily capacity up to 3,000 tons.

The project is still in the preparatory stage as approvals such as the environment evaluation, the land use right, etc. have still not been granted. After the design of the project is finalised, the original budget will be adjusted to actual planning figures. The Lanzhou project company is currently negotiating with the local government about the construction of a new road which would connect the planned energy-from-waste plant to the downtown of Lanzhou.

Feicheng BOO Project

In Q1 2013 the plant generated guaranteed payments for its operating business. However due to its small-size the plant in Feicheng cannot generate electricity. Therefore it does not match ZhongDe's strategy of focussing on large-size energy-from-waste plants. Accordingly ZhongDe has decided to sell the site. ZhongDe is currently in negotiations relating to the sale, which are planned to be completed in the middle of 2013.

Order Development

During the first quarter of 2013, there was no order intake.

Order backlog increased by 90.7% to € 264.5 million year-on-year. This was mainly a result of the new project contract for the Lanzhou project in Q4 2012.

Business Segments Overview

Amount in k€	Q1 2013	Q1 2012	Change in %
EPC projects			
Revenues (PoC)	0	301	0.0
Gross profit	0	59	0.0
BOT projects			
Revenues (thereof PoC k€ 1,224))	1,245	914	36.2
Gross profit	158	79	100.0
Total revenues	1,245	1,216	2.5
Total gross profit	158	138	14.5

Incinerators

In Q1 2013 as well as Q1 2012, no small-size incinerators were sold, because the market for small to medium-sized incinerators has not yet recovered in China. As a result, the ZhongDe Group still focusses on large-scale EPC and BOT projects.

EPC projects

There is no revenue for EPC projects because both are temporarily suspended by the customer.

BOT projects

In Q1 2013, the current four BOT projects contributed with € 1.2 million to consolidated revenues. As mentioned before, the slow progress in the first quarter of the year is mainly due to the long Chinese Spring Festival and extreme cold weather in the north of China.

Net Worth

Amount in k€	31 March 2013	31 December 2012	Change in %
Non-current assets	71,759	67,942	5.6
Current assets	135,630	132,799	2.1
Equity	114,883	112,759	1.9
Liabilities	92,506	87,982	5.1
Balance sheet total	207,389	200,741	3.3

The balance sheet total amounted to € 207.4 million as of 31 March 2013 increasing by 3.3% compared to 31 December 2012, while equity went up by € 2.1 million or 1.9% to € 114.9 million. Consequently the Company's equity ratio declined to 55.4%.

Cash Flow

Amount in k€	Q1 2013	Q1 2012	Change in %
Cash flow from operating activities	(5,165)	(12,232)	57.8
Cash flow from investing activities	(104)	(32)	<-100.0
Cash flow from financing activities	1,785	10,597	(83.2)

Cash Position

Cash and cash equivalents amounted to € 100.0 million as at 31 March 2013, a decrease of 0.3% compared to € 100.3 million as at 31 December 2012. This represents an amount of € 7.7 cash per share and € 3.4 net cash per share (total cash amount minus the loan amount as at 31 March 2013 divided by the amount of shares). Cash transfers from China are insofar restricted as they require a formal approval from the State Administration of Foreign Exchange ("SAFE"). The existing funds are planned to be invested in budgeted projects such as the BOT projects in Zhoukou, Kunming, Xianning and Lanzhou, and EPC projects in Zhucheng and Dingzhou. In addition, they are expected to serve to finance further business activities.

Financing

As at 31 March 2013, the company's loans amounted to 56.3 million compared to € 52.9 million as at 31 December 2012.

In Q1 2013, ZhongDe received the remaining amounts of the two loans from China Merchants Bank relating to the projects in Kunming and Xianning as agreed in the original loan contracts. The loan for the Kunming project has a ten year term and bears an effective interest rate of 8.0%. The loan for the Xianning project has also a ten year term and bears an effective interest rate of 8.2%.

The loans are granted by various financial institutions and are used to finance the BOT projects. Please refer to the detailed presentation below:

Project	Financial Institution	Total loan amount in EUR	Total loan amount in RMB	Effective interest rate in %	Term in years	Received as of 31 Mar 2013 in EUR	Received as of 31 Mar 2013 in RMB
Zhoukou	Bank of China	12,562,814	100,000,000	7.43	10	12,562,814	100,000,000
Kunming	China Merchants Bank	22,613,065	180,000,000	7.98	10	22,613,065	180,000,000
Kunming	Huarong Leasing	15,075,377	120,000,000	11.57	5	9,386,935	74,720,000
Xianning	China Merchants Bank	14,824,121	118,000,000	8.20	10	14,824,121	118,000,000
Xianning	Huarong Leasing	11,306,533	90,000,000	11.95	5	7,389,447	58,820,000

Opportunities and Risks

For the information on opportunities and risks, please refer to our Risk Report in the Group Management Report as at 31 December 2012. There were no significant changes in opportunities and risks as at 31 March 2013.

Outlook

In 2013, the new government of China continuously strives to reduce the pollution and protect the environment due to the huge pollution challenges faced by China's society and its government. It has chosen the energy-from-waste as the most important way of municipal and industry solid waste disposal. In consequence, the energy-from-waste industry shows a huge market potential and a bright future in China.

Our Q1 2013 result is still negative, but it has improved compared with last year, mainly because we managed to lower our operating expenses.

Looking ahead to the remaining quarters in 2013, we expect to further benefit from the favorable political and economic environment for eco-friendly waste disposal, as well as from the growing demand for our energy-from-waste-plants, both in China and throughout Asia. The increasing demand for energy-from-waste-plants favors ZhongDe's operative business environment. We are confident that we will successfully conclude a new contract in Q2 2013. The expected volume will be 1.000 tons/day.

In 2013 we plan to complete the current BOT projects (Zhoukou, Xianning, and Kunming) and begin their operation. The BOT-projects will then start to generate cash-inflows from guaranteed payments. As these cash-inflows mainly cover the PoC-receivables, revenues will be generated as soon as the projects generate cash-inflows from by-products such as electricity. In addition, further revenues will be derived in the course of the finalization of the BOT-projects and the construction of the EPC-projects in Dingzhou und Zhucheng, once they have been restarted.

Building on our experience in the course of completing these projects, we are planning to improve our project controlling by implementing new software to transfer our knowledge to the production at the facility in Lanzhou. We will finish the preparation stage of the Lanzhou project in Q4 2013 and plan to start its construction by the end of 2013.

In summary, we are expecting that 2013 will still be a transition period, during which we finalize existing BOT projects, commence their operations and start our biggest project in Lanzhou. This will result in comparably more cash-inflows from guaranteed payments from the operations but at the same time in less revenue for that transition period. As the construction especially in Lanzhou starts to progress, further revenues will be realizable in the upcoming years.

Please note that these expectations are subject to uncertainty even if currently we do not have any information as to any other developments.

05

Condensed Consolidated Financial Statements for the period from 1 January to 31 March 2013

05.1

Condensed Three-Month Consolidated Statement of Comprehensive Income

for the period from 1 January to 31 March 2013

Amount in k€	Q1 2013	Q1 2012
Revenue	1,245	1,216
Cost of sales	(1,087)	(1,078)
Gross profit	158	138
Other operating income	26	75
Selling and distribution expenses	(78)	(277)
Administrative expenses	(741)	(1,000)
Research and development expenses	(39)	(43)
Other operating expenses	(590)	(354)
Result from operations	(1,264)	(1,461)
Finance income	597	634
Finance costs	(818)	(914)
Result before income tax	(1,485)	(1,741)
Income tax expenses	(32)	(44)
Loss for the period	(1,517)	(1,785)
Foreign exchange differences	3,641	(3,708)
Other comprehensive income	3,641	(3,708)
Total comprehensive income	2,124	(5,493)
Loss attributable to owners of the parent	(1,517)	(1,785)
Total comprehensive income attributable to owners of the parent	2,124	(5,493)
Earnings per share (diluted and undiluted in EUR)	(0.12)	(0.14)
Weighted average shares outstanding (diluted and undiluted)	12,600,000	12,600,000

05.2

Condensed Three–Month Consolidated Statement of Financial Position

as at 31 March 2013

Amount in k€	31 March 2013	31 December 2012	31 March 2012
Assets			
<i>Non-current assets</i>			
Intangible assets	17,406	16,411	15,968
Prepayments for land use rights	3,581	3,484	0
Property, plant and equipment	758	805	1,134
Construction in progress	25	0	0
Receivables from BOT projects	49,753	47,070	38,392
Deferred tax assets	236	172	151
	71,759	67,942	55,645
<i>Current assets</i>			
Inventories	2,674	2,387	1,865
Trade receivables	275	201	1,084
Other receivables and prepayments	25,114	22,606	25,559
Amounts due from related parties	13	47	260
Cash and cash equivalents	99,992	100,309	111,962
Assets held for sale	7,562	7,249	0
	135,630	132,799	140,730
Total assets	207,389	200,741	196,375
Liabilities and Equity			
Capital and reserves			
Issued capital	13,000	13,000	13,000
Own shares	(4,608)	(4,608)	(4,608)
Capital reserves	62,914	62,914	62,914
Statutory reserves	7,972	7,972	7,972
Retained earnings	8,070	9,587	20,032
Foreign exchange difference	27,535	23,894	20,865
Total Equity	114,883	112,759	120,175
<i>Long-term liabilities</i>			
Long-term loans	51,584	47,927	37,177
Deferred tax liabilities	1,856	1,786	3,116
	53,440	49,713	40,293
<i>Current liabilities</i>			
Trade payables	15,897	15,784	16,878
Other payables and prepayments	13,794	13,081	11,997
Provisions	2,814	2,725	2,396
Amounts due to related parties	233	215	3
Tax liabilities	290	251	156
Other financial liabilities	4,762	4,984	4,477
Liabilities associated with assets held for sale	1,276	1,229	0
	39,066	38,269	35,907
Total Liabilities	92,506	87,982	76,200
Total Liabilities and Equity	207,389	200,741	196,375

05.3

Condensed Three-Month Consolidated Statement of Cash Flows

for the period from 1 January to 31 March 2013

Amount in k€	Q1 2013	Q1 2012
Loss before income tax	(1,485)	(1,741)
Adjustments for:		
Amortization of intangible assets	178	6
Expensing of land use rights	17	0
Allowance for doubtful trade debts	(4)	(7)
Provision for warranty	0	0
Depreciation of property, plant and equipment	78	120
Interest income / exchange gains	(597)	(634)
Interest expense / exchange losses	818	914
Operating cash flows before working capital changes	(995)	(1,342)
Working capital changes:		
(-) Increase/ (+) decrease in:		
Inventories	(201)	(112)
Trade receivables	(150)	272
Other receivables and prepayments	(1,565)	(5,667)
Amounts due from related parties	34	37
PoC receivables from BOT projects	(946)	(1,203)
(+) Increase/(-) decrease in:		
Trade payables	(392)	(1,050)
Other payables, provisions and accruals	(122)	(1,913)
Amounts due to related parties	11	(4)
Cash used in operations	(4,082)	(10,982)
Interest received	110	197
Interest paid	(1,165)	(1,118)
Income tax paid	(28)	(329)
Net cash used in operating activities	(5,165)	(12,232)
Cash flow from investing activities		
Purchase property, plant, equipment and intangible assets	(104)	(32)
Cash flow used in investing activities	(104)	(32)
Cash flow from financing activities		
Borrowings	2,737	9,964
Repayments of loans	(1,089)	(939)
Cash repayments of financial Assets (BOT-Projects)	137	1,572
Cash flow from financing activities	1,785	10,597
Net increase (+) / decrease (-) in cash and cash equivalents	(3,484)	(1,667)
Cash at beginning of year	100,313	117,308
Foreign exchange differences	3,168	(3,679)
Cash at end of period	99,997	111,962
of which: included in assets held for sale	(5)	0
of which: cash as per consolidated statement of financial position	99,992	111,962

05.4

Condensed Three-Month Consolidated Statement of Changes in Equity

for the period from 1 January to 31 March 2013

Amount in k€	Numbers of shares outstanding	Share capital ZhongDe Tehnology AG	Capital Reserves	Statutory Reserves	Own shares	Retained earnings	Currency translation reserve (other comprehensive income)	Total equity
Balance as at 1 January 2012	12,600,000	13,000	62,914	7,972	(4,608)	21,817	24,573	125,668
Total comprehensive income for this period						(1,785)	(3,708)	(5,493)
Balance as at 31 March 2012	12,600,000	13,000	62,914	7,972	(4,608)	20,032	20,865	120,175
Balance as at 1 January 2013	12,600,000	13,000	62,914	7,972	(4,608)	9,587	23,894	112,759
Total comprehensive income for this period						(1,517)	3,641	2,124
Balance as at 31 March 2013	12,600,000	13,000	62,914	7,972	(4,608)	8,070	27,535	114,883

05.5

Selected Notes to the Condensed Interim Consolidated Financial Statements

Business of the ZhongDe Group

The ZhongDe Group designs, manufactures and installs incinerators for the disposal of solid medical, municipal (mixed household refuse) and industrial (including hazardous) waste. This involves a variety of incineration techniques: grate, pyrolytic and rotary kiln incineration as well as fluidized bed combustion. The ZhongDe Group waste incinerators are designed primarily for dedicated operators responsible for the disposal of medical waste produced by hospitals and the health industry, and also for small and medium-sized municipalities in developed areas of the People's Republic. Furthermore, as a general contractor of EPC projects, the ZhongDe Group is responsible for the design, engineering, procurement, construction and installation of waste incinerators with a power generation with the above mentioned techniques (energy-from-waste). In addition to the above EPC-role, the ZhongDe Group also produces and operates the energy-from-waste plants as an investor in BOT projects. The work and services required in connection with EPC and BOT projects are not carried out by the ZhongDe Group itself but by Chinese subcontractors. Generally, in the first quarter of the year, business activities are seasonally slow mainly due the Chinese Spring Festival when all workers are off for holidays.

General

ZhongDe Waste Technology AG ("the Company" or "ZhongDe AG") is the parent company of the ZhongDe Group. The condensed interim consolidated financial statements for the period 1 January to 31 March 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., which is located in Hong Kong.

Basis of preparation

The condensed interim consolidated financial statements of the ZhongDe Group are prepared for the three months period ended 31 March 2013 with comparative financial statements as at 31 December 2012 and 31 March 2012.

The condensed interim consolidated financial statements were prepared in accordance with Section 37w German Securities Trading Act (WpHG), the International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB), its interpretations of the International Financial Reporting Standards Interpretations Committee (IFRS IC) for condensed interim financial information effective within the European Union and the additional requirements of German commercial law pursuant to sec. 315a (1) of the German Commercial Code (HGB). Accordingly, these condensed first quarter consolidated financial statements do not include all of the information required in annual consolidated financial statements by IFRS.

With regard to the preparation of the condensed 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. The condensed interim

consolidated financial statements have been reviewed. In the opinion of ZhongDe Waste Technology AG's Management Board, the condensed first quarter consolidated financial statements include all adjustments of a normal and recurring nature considered necessary for a fair presentation of results for interim periods.

Results of the period ended 31 March 2013 are not necessarily indicative for future results.

The condensed interim consolidated financial statements for the first quarter of 2013 are drawn up in Euro. Amounts are stated in thousands of Euros (k€) except where otherwise indicated.

The first quarter financial statements of the individual consolidated companies are prepared as of the closing date for the Group first quarter financial statements. The condensed first quarter consolidated financial statements of ZhongDe AG and subsidiaries for the period from 1 January to 31 March 2013 were authorised for issue in accordance with a resolution of the Management Board on 27 May 2013.

Significant accounting policies

The accounting policies applied by the Group in the condensed 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 2012. For further details, please refer to the consolidated financial statements available on the Company's website: www.zhongdetech-ag.com.

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.

Standards, amendments and interpretations to existing standards applied for the first time in the reporting period

The Group had to apply the following new standards, amendments to existing standards or new interpretations for the first time:

- IAS 1 (Amendments) – Presentation of Items of Other Comprehensive Income
- IAS 12 (Amendments) – Deferred Tax: Recovery of Underlying Assets
- IAS 19 (Amendments) – Employee Benefits
- IFRS 1 (Amendments) – Government Loans
- IFRS 1 (Amendments) – Severe Hyperinflation and Removal of Fixed Dates for First Time Adopters
- IFRS 7 (Amendments) – Disclosures – Offsetting Financial Assets and Financial Liabilities
- IFRS 13 – Fair Value Measurement
- IFRIC Interpretation 20 - Stripping Costs in the Production Phase of a Surface Mine
- Improvements to IFRSs 2009-2011

The first-time application of these standards and interpretations did not have a significant impact on the net-assets, financial position and results of operations of the Group.

Published but not yet applied standards, amendments and interpretations

At the time of the preparation of the group condensed interim consolidated financial statements, the following standards and interpretations of the IASB as well as their changes and revisions had either not been endorsed by the European Union or were not compulsorily applicable in the first quarter 2013, and were therefore not applied by the ZhongDe Group.

- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosures of Interests in Other Entities
- IAS 27 – Separate Financial Statements
- IAS 28 – Investments in Associates and Joint Ventures
- IAS 32 (Amendments) – Presentation – Offsetting Financial Assets and Financial Liabilities
- Transition Guidance – Amendments to IFRS 10, IFRS 11 and IFRS 12
- IFRS 9 - Financial Instruments and Subsequent Amendments (amendments to IFRS 9 and IFRS 7)
- Investment Entities – Amendments to IFRS 10, IFRS 12 and IAS 27

Management does not expect the standards to have a material effect on the Group's financial statements.

Segment analysis and information**A. Business segments**

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

In the first quarter of 2013 only the BOT projects contributed to gross profit, as the EPC projects are currently suspended and the recovery of the small-size incinerator market is very slow..

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 three months of 2013:

Amount in k€	Incinerators		EPC		BOT		Total reportable segments		Consolidation		Group	
	Q1 2013	Q1 2012	Q1 2013	Q1 2012	Q1 2013	Q1 2012	Q1 2013	Q1 2012	Q1 2013	Q1 2012	Q1 2013	Q1 2012
Revenues	0	0	0	301	1,245	914	1,245	1,215	0	0	1,245	1,215
Intercom- pany revenues	0	0	0	0	0	0	0	0	0	0	0	0
Total revenue for reportable segments	0	0	0	301	1,245	914	1,245	1,215	0	0	1,245	1,215
Total gross profit from reportable segments	0	0	0	59	158	79	158	138	0	0	158	138
Order intake	0	0	0	0	0	0	0	0	0	0	0	0
Order Backlog	4,317	2,613	93,133	88,162	167,079	47,906	264,529	138,681	0	0	264,529	138,681

Functional and presentation currency

	31 March 2013	31 March 2012
Exchange rate RMB/€ at the end of the period	7.9600	8.4089
Average exchange rate RMB/€ for Q1	8.2209	8.2692
	31 March 2013	31 March 2012
Exchange rate HKD/€ at the end of the period	9.9420	10.3705
Average exchange rate HKD/€ for Q1	10.2428	10.1738

The functional currency of the consolidated subsidiaries and ZhongDe Waste Technology AG is the RMB.

Subsequent Events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorization of the condensed consolidated financial statements..

Frankfurt, 27 May 2013

ZhongDe Waste Technology AG



Zefeng Chen
Chairman of the
Management Board (CEO)



William Jiuhua 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 Group Management Report 2012, 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.

Review Report

To ZhongDe Waste Technology AG, Frankfurt/Main

We have reviewed the condensed interim consolidated financial statements –comprising the statement of financial position, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and selected notes – and the interim group management report of ZhongDe Waste Technology AG, Frankfurt/Main, for the period from 1 January 2013 to 31 March 2013 which form part of the quarterly financial reporting in accordance with section 37x paragraph 3 in conjunction with section 37w paragraph 2 German Securities Trading Act (Wertpapierhandelsgesetz – WpHG). The preparation of the condensed interim consolidated financial statements in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and of the interim group management report in accordance with the requirements of the German Securities Trading Act applicable to interim group management reports, is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We conducted our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material aspects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, and that the interim group management report has not been prepared, in material aspects, in accordance with the regulations of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review, no matters have come to our attention that cause us to believe that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the regulations of the German Securities Trading Act applicable to interim group management reports.

Hamburg, 27 May 2013

Warth & Klein Grant Thornton AG
Wirtschaftsprüfungsgesellschaft

Clemens	von Oertzen
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

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).

ZhongDe Waste Technology is a waste-to-energy company that designs, invests in, constructs and operates waste-to-energy 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. ZhongDe is one of the most well-known players in the field of energy-from-waste EPC and BOT projects in China. As a general contractor of EPC projects, ZhongDe is responsible for the design, procurement, construction and installation of energy-from-waste plants applying different technologies, such as grate, fluidized bed, pyrolytic or rotary kiln. As an investor in BOT projects, ZhongDe also operates energy-from-waste plants.

The registered office of ZhongDe Waste Technology AG is located in Frankfurt, Germany. The Chinese headquarter is located in Beijing, China. ZhongDe's production facility is in Fuzhou, China.

Financial Calendar and Contact Information

Financial calendar

Date	Event
28 June 2013	AGM 2013
28 August 2013	Interim report on the second quarter of 2013
11-13 November 2013	German Equity Forum, Frankfurt am Main
27 November 2013	Interim report on the third quarter of 2013

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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