

Q1

1st Quarterly Report 2015



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1 KEY FIGURES

Operational Data

in k€	Q1 2015	Q1 2014 ¹⁾	Change
Order intake	0	0	+0%
Order backlog ²⁾	234,199	219,060	+7%
Revenues	5,568	1,072	>100%
Gross profit	-122	-30	<-100%
Gross profit margin	-2%	-3%	1 pp
Cost of sales	-5,690	-1,102	<-100%
EBITDA	-573	-1,073	+47%
EBITDA margin	-10%	-100%	90 pp
EBIT	-951	-1,368	+30%
EBIT margin	-17%	-128%	111 pp
Net result	-2,168	-2,259	+4%
Net result margin	-39%	-211%	172 pp
Earnings per share (in €) ³⁾	-0.17	-0.18	+0%

¹⁾ Reclassified.

²⁾ Based on exchange rate at the end of the period.

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

Cash Flow Data

in k€	Q1 2015	Q1 2014	Change
Cash flow used in operating activities	-6,023	-7,542	+20%
Cash flow used in (-) / generated from (+) investing activities	-13	1,193	<-100%
Cash flow used in financing activities	-1,541	-1,087	-42%

Balance Sheet Data

in k€	31 Mar. 2015	31 Dec. 2014	Change
Total assets	279,899	249,292	+12%
Non-current assets	128,829	108,647	+19%
Net working capital ¹⁾	74,011	70,379	+5%
Cash and cash equivalents	90,531	87,205	+4%
Long-term liabilities	77,587	66,127	+17%
Shareholders' equity	125,253	112,899	+11%
Headcount (as at 31 March)	365	371	-2%

¹⁾ Current asset less current liabilities

2 SHARE PERFORMANCE

ZDWT

DAX

SDAX

XETRA closing prices as of May 18, 2015

ZDWT: 2.05 EUR



Positive share price development at the beginning of the year could not be continued

All in all, ZhongDe's share price showed a significant reduction during the first four and a half months of 2015. In January the share price increased strongly at first and reached a peak of € 3.10 on January 27. Afterwards it declined to a level of around € 2.70 and remained relatively stable between February and mid of March. In April a strong downwards trend followed, reaching an interim year-low of € 1.98. On May 18 the share closed at € 2.05 and therewith 18 % below the year-end price of 2014. The current market capitalisation amounts to € 26.7 million.

Meanwhile the benchmark indices DAX and SDAX developed very positive with a performance of 18.2 % and 21.6 %.

Key share indicators 1 January – 18 May 2015

(in €)

Share price	
Price 31.03.	2.40
High 27.01.	3.10
Low 14.05.	1.98
Earnings per share	-0.17
Market capitalisation (as at May 18, 2015)	26.7 million

3 INTERIM GROUP MANAGEMENT REPORT

Macroeconomic-Environment

According to the preliminary estimation, the gross domestic product (GDP) of China in the first quarter of this year was 14,066.7 billion yuan, a year-on-year increase of 7.0 % at comparable prices.

In the first quarter of 2015, the investment in fixed assets (excluding rural households) kept strong and was 7,751.1 billion yuan, a year-on-year growth of 13.5 %. Consumption and trade surplus increased significantly as well. In the first quarter of 2015, the total retail sales of consumer goods reached 7,071.5 billion yuan, which is an increase of 10.6 %. The total value of exports was 3,149.3 billion yuan growing by 4.9 %; and that of imports was 2,394.0 billion yuan going down by 17.3 %. The trade surplus was 755.3 billion yuan. The investment, trade surplus and consumption remained as the major engine of the economy growth. The service industry has increased by 7.9 %, compared with Q1 2014. The Chinese government continues to stimulate R&D and to upgrade the economic structure of China.

Sector Trend

The energy-from-waste industry still benefits from the stimulating environmental protection policies and the efforts to improve environment protection in China.

The new environment protection law taking effect as of 1 January 2015 requires local governments to take responsibility for the environmental quality within their jurisdictions, to set up a monitoring and early warning mechanism regarding resource and environment carrying capacity, to introduce a target responsibility system and ensuing evaluation system for environmental protection, and to take into full consideration the environmental impact of economic policy-making.

On 30 March 2015, the Ministry of environment protection (MEP) held a meeting on establishing the “Green GDP 2.0 accounting system”, resuming the studies on “green GDP”, in an effort to accelerate the promotion of ecological progress and effectively advance the enforcement of the new environment protection law, which will encourage the development of the environment protection industry e.g. waste-to-energy.

Results of Operations

in k€	Q1 2015	Q1 2014 ¹⁾	Change
Revenues	5,568	1,072	>100%
Cost of sales	-5,690	-1,102	>100%
Gross profit	-122	-30	<-100%
Other operating income	678	186	>100%
Selling and distribution expenses	-56	-119	-53%
Administrative expenses	-1,224	-1,174	+4%
Research and development expenses	-39	-38	+3%
Other operating expenses	-188	-193	-3%
Loss from operations	-951	-1,368	+30%
Finance income	1,140	749	+52%
Finance costs	-1,121	-1,436	-22%
Loss before income tax	-932	-2,055	+55%
Income tax expenses	-1,236	-204	>100%
Loss for the period	-2,168	-2,259	+4%

¹⁾ Reclassified.

During the first quarter of 2015, the revenues reached € 5.6 million, representing an increase of more than 500 % compared to the same period in 2014. Thereof revenues amounting to € 4.9 million were contributed by the progress in the BOT-projects and € 0.7 million by EPC projects (during the first quarter of 2014 €0.6 million were contributed by BOT projects and € 0.5 million by EPC projects).

The gross profit for Q1 2015 amounted to € -0.1 million compared to € 0.0 million for Q1 2014. The slight decrease was mainly due to the fact that the prevailing part of revenues relates to BOT projects, where the zero-profit-method is still applied. In these projects the stage of completion has no influence on the gross profit.

Mainly due to the net proceeds from trial runs other income increased to € 0.7 million compared to € 0.2 million for Q1 2014. EBITDA improved to € -0.6 million compared to € -1.1 million in Q1 2014, while EBIT went up to € -1.0 million compared to € -1.4 million in Q1 2014. Net loss went down to € -2.2 million compared to € -2.3 million in Q1 2014. The increase of BOT receivables, which resulted mainly from the project progress achieved in 2014, led to an improvement of the financial result by € 0.7 million, which was offset by the increase of income tax expenses from € 0.2 million in Q1 2014 to € 1.2 million in Q1 2015, mostly due to the increase of taxable profits caused by foreign currency exchange gains.

in k€	31 Mar. 2015	31 Dec. 2014	Change
Current liquidity ratio ¹⁾	1.9	2.1	+0%
Equity ratio ²⁾	44.7%	45.3%	-1 pp
Net working capital ³⁾	74,011	70,379	+5%
Cash and cash equivalents	90,531	87,205	+4%
Current assets	151,070	140,645	+7%
Non-current assets	128,829	108,647	+19%
Total assets	279,899	249,292	+12%
Current liabilities	77,059	70,266	+10%
Long-term liabilities	77,587	66,127	+17%
Shareholders' equity	125,253	112,899	+11%

¹⁾ Current asset / current liabilities

²⁾ Equity / total assets

³⁾ Current asset less current liabilities

The negative result was compensated for the first quarter 2015 due to foreign currency translation effect. It led to an increase of shareholders' equity by 10.9 % to € 125.3 million until 31 March 2015 compared to 31 December 2014. As total assets increased by 12.3 % compared to 31 December 2014, ZhongDe's equity ratio went down from 45.3% as at 31 December 2014 to 44.7 % as at 31 March 2015.

The cash position as at 31 March 2015 amounted to € 90.5 million, compared to € 87.2 million as at 31 December 2014 (+3.8 %). Regarding the functional currency RMB there was a cash outflow due to the company's normal operation and repayments of loans. The material exchange rate differences led to an overall increase of the cash position.

The management is engaged to secure the cash position of ZhongDe, for example by obtaining more loans.

Current status of energy-from-waste projects

(as of 31 March 2015)

EPC projects under construction	Zhucheng	Dingzhou	Wuhai
Daily capacity (tons/day)	500	600	1,000
PoC as at 31 March 2015	70.1%	48.8%	0.0%
PoC as at 31 December 2014	70.1%	47.0%	0.0%
Estimated time of completion	2015	2015	2017

BOT projects under construction	Xianning	Zhoukou	Kunming	Lanzhou	Feicheng
Daily capacity (tons/day)	600	500	700	2,000	200
Average annual power generation capacity (MW·h)	> 60	> 50	> 70	>200	none
PoC as at 31 March 2015	95.4%	89.3%	84.7%	21.2%	in operation
PoC as at 31 December 2014	95.1%	89.2%	82.1%	18.1%	in operation
Estimated time of completion	2015	2015	2016	2018	in operation

EPC Projects

Zhucheng EPC project

At the end of Q1 2015, the percentage of completion of the project in Zhucheng is 70.1 % (31 December 2014: 70.1 %).

The construction of the Zhucheng EPC project is approaching to be completed and to enter into trial operation. As part of the acceptance process, the progress of the construction performed by subcontractors needs to be confirmed by both parties. Currently Zhongde is negotiating the price with the subcontractors. As a result no revenue for the Zhucheng project could be recognized.

The remaining work relates to the following:

- **Civil construction**
The ending improvement for the main factory, boiler room, steam turbine room, gas purification room, decoration works for the complex building; the road construction, greening landscape, civil works for the leachate treatment system, ash treatment system.
- **Installation**
The debugging works for gas treatment system, ending works for the steam turbine generator, thermal insulation for boiler and gas system, equipment painting, construction works for leachate treatment system and ash treatment system.

The Zhucheng project is expected to be completed in 2015.

Dingzhou EPC project

At the end of Q1 2015, the percentage of completion of the project in Dingzhou is 48.8 % (31 December 2014: 47.0 %).

Because of Spring Festival and cold weather, the slow construction progress is not unusual in the first quarter of the year. However it is slightly higher in Q1 2015 than in Q1 2014.

The installation works for the steam turbine room and travelling crane for complex pumping room have been completed. The main steam pipeline system has been completed. The thermal insulation for the gas purification system has been completed.

The remaining work relates to the following:

- **Civil construction**
The rendering works for the main factory, road construction, decoration works for the complex building, pumping house, oil pump room and weighbridge room; the construction works for ash treatment system, outer casing for main factory; construction works for leachate treatment system.
- **Installation**
Outdoor pipeline construction; installation works for ignition oil pipeline, dosing system, sampling system; oil circulation for steam turbine generator; auxiliary equipment installation for

boiler, steam turbine generator; gas purification system installation; complex water pumping room and oil pumping room equipment installation; instrument points and lighting installations for boiler body; plate cabinet installations for electronic equipment room; installation works for leachate and ash treatment equipment

The Dingzhou project is expected to be completed in 2015.

Wuhai EPC Projects

At the end of Q1 2015, the percentage of completion of the project in Wuhai is 0.0 % (31 December 2014: 0.0 %).

The Wuhai EPC project has completed the preparatory stage and is now ready to start with construction in 2015.

The Wuhai project is supposed to enter into normal operation and to be completed in 2017.

BOT Projects

Zhoukou BOT project

At the end of Q1 2015, the percentage of completion of the project in Zhoukou is 89.3 % (31 December 2014: 89.2 %).

Civil construction works have been 100 % completed. Boiler, steam turbine generator unit and auxiliary equipment have been put into the normal operation.

The remaining work relates to the following:

- **Installation**

The acceptance works for environment protection.

The estimated finalization of the Zhoukou project is at the end of 2015.

Kunming BOT project

At the end of Q1 2015, the percentage of completion of the project in Kunming is 84.7 % (31 December 2014: 82.1 %).

The remaining work relates to the following:

- **Civil works**

The construction works for factory road; ending works for civil construction of main factory; decoration works for complex building and main factory; greening landscape; construction works for fire protection engineering.

- **Installation**

Debugging works for gas equipment system, steam turbine generator unit and DCS; installation works for gas on-line monitoring equipment; ending improvement for equipment insulation; debugging for leachate treatment system and ash treatment equipment.

The estimated finalization date for the project is in 2016.

Xianning BOT project

At the end of Q1 2015, the percentage of completion of the project in Xianning is 95.4 % (31 December 2014: 95.1 %).

Defect elimination for slag tap system and ending improvement works have been completed. Steam turbine generator unit has been put into the normal operation.

The remaining work relates to the following:

- **Civil construction**
Ending improvement for decoration of complex building; ending improvement works for fire protection engineering.
- **Installation**
Defect elimination for gas purification system.

The project is supposed to be completed at the end of 2015.

Lanzhou BOT Project

At the end of Q1 2015, the percentage of completion at Lanzhou is 21.2 % (31 December 2014: 18.1 %).

The construction works for discharging platform have been completed. Installation works for #1 boiler steel structure and steam drum have been completed.

The next steps of work relate to the following:

- **Civil Construction:**
Structure construction works for feeding trestle, waste storage tank, 1# and 2# steam turbine room and cooling tower; the construction works for ramp retaining wall; road foundation construction; construction works for main controlling room; foundation excavation for complex pumping room.
- **Installation:**
Installation works for water wall and super heater of 2# boiler; installation works for ladder landing.

The Lanzhou project is expected to be completed in 2018.

Order Development

in k€	BOT				EPC			Incinerators		Total
	Zhoukou	Xianning	Kunming	Lanzhou	Zhucheng	Dingzhou	Wuhai	Xiangyin	Zhejiang	
Order Backlog as at 1 January 2015	3,415	3,295	7,567	117,584	9,770	17,997	49,662	1,554	1,645	212,489
Order intake in Q1 2015	0	0	0	0	0	0	0	0	0	0
Revenues in Q1 2015	12	80	1,079	3,715	0	658	0	0	0	5,544
Currency translation differences	442	422	924	15,047	1,267	2,299	6,438	202	213	27,254
Order Backlog as at 31 March 2015	3,845	3,637	7,412	128,916	11,037	19,638	56,100	1,756	1,858	234,199

During the first quarter of 2015 no new order intake was recorded. However order backlog increased by 10.2 % to € 234.2 million in Q1 2015 compared to 31 December 2014 due to the material foreign currency translation differences.

Business Segments Overview

in k€	Q1 2015	Q1 2014 ¹⁾	Change
BOT			
Revenues (thereof as PoC k€ 4,886 in Q1 2015 / k€ 524 in Q1 2014)	4,910	543	>100%
Gross profit	(252)	(132)	-91%
EPC			
Revenues (PoC)	658	529	+24%
Gross profit	130	102	+27%
Small and medium sized incinerators			
Revenues	0	0	0%
Gross profit	0	0	0%
Total Revenues	5,568	1,072	>100%
Total Gross Profit	(122)	(30)	<-100%

¹⁾ Reclassified.

BOT projects

In Q1 2015, the current four BOT projects contributed with € 4.9 million to consolidated revenues (€ 0.6 million in Q1 2014).

EPC projects

Two EPC projects contributed with € 0.7 million to consolidated revenues in Q1 2015 (€ 0.5 million in Q1 2014).

Incinerators

In Q1 2015 as well as Q1 2014, no small and medium sized incinerators were sold, because within its strategy the Group is focussed on large-size energy-from-waste projects. As this segment will contribute revenues to the Group in the next years, it is still disclosed in the table above.

Net Worth

in k€	31 Mar. 2015	31 Dec. 2014	Change
Non-current assets	128,829	108,647	+19%
Current assets	151,070	140,645	+7%
Equity	125,253	112,899	+11%
Liabilities	154,646	136,393	+13%
Balance sheet total	279,899	249,292	+12%

The balance sheet total amounted to € 279.9 million as of 31 March 2015 increasing by 12.3 % compared to 31 December 2014, while equity went up by € 12.4 million or 10.9% to € 125.3 million. Consequently the Company's equity ratio decreased to 44.7 % as at 31 March 2015 from 45.3 % as at 31 December 2014.

Cash Flow

in k€	Q1 2015	Q1 2014	Change
Cash flow used in operating activities	-6,023	-7,542	+20%
Cash flow used in (-) / generated from (+) investing activities	-13	1,193	<-100%
Cash flow used in financing activities	-1,541	-1,087	-42%

Despite a significantly higher project progress compared to Q1 2014 the cash flow used in operating activities decreased by 20 % to € 6,0 million in Q1 2015 mainly due to large prepayments to the subcontractors of the BOT project in Lanzhou during Q1 2014.

Cash Position

Cash and cash equivalents amounted to € 90.5 million as at 31 March 2015, an increase of 3.8 % compared to € 87.2 million as at 31 December 2014. The increase is solely due to effects from foreign currency translation, while cash in the functional currency RMB declined due to the regular operations.

The company's cash represents an amount of € 7.0 (Q1 2014: € 7.7) cash per share and € 0.7 (Q1 2014: € 2.3) net cash per share (total cash amount minus the loan amount as at 31 March 2015 divided by the amount of shares). The existing funds are planned to be invested in budgeted projects such as the BOT projects in Kunming and Lanzhou, and EPC projects in Zhucheng, Dingzhou and Wuhai. In addition, they are expected to serve to finance further business activities. Generally cash transfers from China are restricted as they require a formal approval from the State Administration of Foreign Exchange ("SAFE").

Financing

As at 31 March 2015, the company's total loans amounted to € 81.4 million compared to € 73.6 million as at 31 December 2014. The increase of € 7.8 million is due to the fall in the exchange rate between Euro and the RMB from 7.5358 at 31 December 2014 to 6.6710 at 31 March 2015 leading to the appreciation of the Chinese currency and an increase of € 9.5 million, which is offset by the repayments of current loans amounting to € 1.7 million in accordance with the Company's repayment plan. Two loans granted by the Huarong Financial Leasing Ltd have been fully repaid in Q1 2015.

Project	Financial Institution	Total loan amount	Total loan amount	Effective interest rate in %	Term in years	Balance as at 31 Mar. 2015	Balance as at 31 Mar. 2015
		in EUR	in RMB			in EUR	in RMB
Zhoukou	China Merchants Bank	14,990,256	100,000,000	7.22%	6	9,940,525	66,313,240
Kunming	China Merchants Bank	26,982,461	180,000,000	7.64%	8	26,337,880	175,700,000
Xianning	Bank of China	17,688,502	118,000,000	7.83%	7	15,140,159	101,000,000
Lanzhou	Bank of China	29,980,513	200,000,000	8.30%	2	29,980,513	200,000,000
						81,399,077	543,013,240

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 2014. There were no significant changes in opportunities and risks compared to 31 December 2014. At present, due to the slow progress of the projects the management board is evaluating the risks and opportunities from the current projects and analysing the strategic options.

Outlook

In Q1 2015, Zhongde's revenue, EBITDA, EBIT, net profit have been improved, compared to those in Q1 2014.

Looking ahead to the coming quarters in 2015, 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 new Government of China has set the target of a "Beautiful China" and continuously strives to reduce the pollution and to protect the environment in China. The new Clean Air Law has been passed in 2015.

For the upcoming three quarters in 2015 we expect that the construction progress of the EPC projects (Dingzhou, Zhucheng and Wuhai), the construction progress of the BOT projects (Lanzhou etc.) and the trial run of the BOT projects (Zhoukou, Xianning and Kunming) will continue to contribute to ZhongDe's revenues.

The BOT projects in Zhoukou, Kunming and Xianning are in their trial operation. After the end of the trial runs the projects will receive the final approval from the referring customers, which marks the finalization of the projects. This is expected to take place in 2015 (Zhoukou and Xianning) and 2016 (Kunming). The EPC-projects in Zhucheng and Dingzhou are still expected to be finalized in 2015, although the construction is once again slowed down in the first quarter of the year.

In summary, we are expecting that the coming quarters of 2015 will still be transition period, however, the revenues and other results will be improved compared to the referring quarters in 2014. For 2015, the improvement of the operating result is to be expected. We will try our best to improve ZhongDe Group's profitability in 2015 and to balance the cash position of the Group.

Regarding the future development of the company the management board currently evaluates all strategic opportunities on a regular basis.

There have been no changes to the outlook, risk and chances report compared to them as per 31 December 2014. Please note that these expectations are subject to uncertainty even if currently we do not have any information as to any other developments.

4 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2015

4.1 Condensed Three-Month Consolidated Statement of Comprehensive Income

in k€	Q1 2015	Q1 2014 ¹⁾
Revenues	5,568	1,072
Cost of sales	-5,690	-1,102
Gross profit	-122	-30
Other operating income	678	186
Selling and distribution expenses	-56	-119
Administrative expenses	-1,224	-1,174
Research and development expenses	-39	-38
Other operating expenses	-188	-193
Loss from operations	-951	-1,368
Finance income	1,140	749
Finance costs	-1,121	-1,436
Loss before income tax	-932	-2,055
Income tax expenses	-1,236	-204
Loss for the period	-2,168	-2,259
Items that may be reclassified subsequently to profit or loss:		
Foreign exchange differences	792	86
Items that will not be reclassified subsequently to profit or loss:		
Foreign exchange differences	13,730	-2,742
Other comprehensive income	14,522	-2,656
Total comprehensive income	12,354	-4,915
Loss attributable to owners of the parent	-2,168	-2,259
Total comprehensive income attributable to owners of the parent	12,354	-4,915
Earnings per share (in €) (diluted and undiluted)	-0.17	-0.18
Weighted average shares outstanding (diluted and undiluted)	12,600,000	12,600,000

¹⁾ Restated.

4.2 Condensed Interim Consolidated Statement of Financial Position

as at 31 March 2015

in k€	31 Mar. 2015	31 Dec. 2014	31 Mar. 2014
Assets			
Non-current assets			
Intangible assets	28,149	23,219	6,198
Property, plant and equipment	473	442	470
Receivables from BOT	99,244	84,103	59,716
Deferred tax assets	963	883	0
	128,829	108,647	66,384
Current assets			
Inventories	4,140	3,474	3,802
Trade receivables	1,649	1,747	1,069
Other receivables and prepayments	54,734	42,746	40,206
Amounts due from related parties and companies	16	14	12
Other financial assets	0	5,459	3,265
Cash and cash equivalents	90,531	87,205	99,927
	151,070	140,645	148,281
Total Assets	279,899	249,292	214,665
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
Chinese statutory reserves	8,459	8,459	8,062
Retained earnings	-2,279	-111	-1,022
Foreign currency translation reserve	47,767	33,245	19,693
Total Equity	125,253	112,899	98,039
Liabilities			
Long-term liabilities			
Long-term loans	75,988	64,695	63,171
Deferred tax liabilities	1,599	1,432	864
	77,587	66,127	64,035
Current liabilities			
Trade payables	39,474	31,774	10,344
Other payables and prepayments	26,639	25,192	28,244
Provisions	4,190	3,709	3,084
Amounts due to related parties and companies	8	8	7
Tax liabilities	1,337	662	56
Other financial liabilities	5,411	8,921	10,856
	77,059	70,266	52,591
Total Liabilities	154,646	136,393	116,626
Total Liabilities and Equity	279,899	249,292	214,665

4.3 Condensed Three-Month Consolidated Statement of Cash Flows

for the period from 1 January to 31 March 2015

in k€	Q1 2015	Q1 2014
Loss before income tax	-932	-2,055
Adjustments for:		
Amortization of intangible assets	339	258
Allowance for doubtful trade debts	0	44
Depreciation of property, plant and equipment	39	37
Interest income / exchange gains	-1,140	-749
Interest expense / exchange losses	1,121	1,436
Operating cash flows before working capital changes	-573	-1,029
Working capital changes:		
<i>(-) Increase/ (+) decrease in:</i>		
Inventories	-204	-300
Trade receivables	308	-422
PoC receivables from BOT projects	-4,910	-544
Other receivables and prepayments	-100	1,006
Amounts due from related parties	0	8
<i>(+) Increase/ (-) decrease in:</i>		
Trade payables	3,403	-8,920
Other payables, provisions and accruals	-1,946	4,210
Amounts due to related parties	0	6
Cash used in operations	-4,022	-5,985
Interest received	247	110
Interest paid	-1,638	-1,573
Income tax paid	-610	-94
Net cash used in operating activities	-6,023	-7,542
Cash flow from investing activities		
Proceeds from disposal of consolidated companies	0	1,197
Purchase of property, plant, equipment and intangible assets	-13	-4
Cash flow used in (-) / generated from (+) investing activities	-13	1,193
Cash flow from financing activities		
Repayments of loans	-1,673	-1,461
Cash repayments of financial assets (BOT projects)	132	374
Cash flow used in financing activities	-1,541	-1,087
Net decrease before income tax	-7,577	-7,436
Cash and cash equivalents at beginning of period	87,205	110,076
Foreign exchange differences	10,903	-2,713
Cash and cash equivalents at end of period	90,531	99,927

4.4 Condensed Three-Month Consolidated Statement of Changes in Equity

for the period from 1 January to 31 March 2015

	Number of shares outstanding	Share capital AG	Own shares	Capital reserves	Chinese statutory reserves	Retained earnings	Foreign currency translation reserve (other compre- hensive income)	Total equity
in k€								
Balance as at 1 January 2014	12,600,000	13,000	-4,608	62,914	8,062	1,237	22,349	102,954
Total compre- hensive income for the period	0	0	0	0	0	-2,259	-2,656	-4,915
Balance as at 31 March 2014	12,600,000	13,000	-4,608	62,914	8,062	-1,022	19,693	98,039
Total compre- hensive income for the period	0	0	0	0	0	1,308	13,552	14,860
Appropriation of current year's income	0	0	0	0	397	-397	0	0
Balance as at 1 January 2015	12,600,000	13,000	-4,608	62,914	8,459	-111	33,245	112,899
Total compre- hensive income for the period	0	0	0	0	0	-2,168	14,522	12,354
Balance as at 31 March 2015	12,600,000	13,000	-4,608	62,914	8,459	-2,279	47,767	125,253

4.5 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 2015 with comparative financial statements as at 31 December 2014 and 31 March 2014.

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 for the period ended 31 March 2015 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 2015 are not necessarily indicative for future results.

The condensed interim consolidated financial statements for the three month period from 1 January to 31 March 2015 are drawn up in Euro. Amounts are stated in thousands of Euros (k€) except where otherwise indicated. Due to the change of the EUR/RMB relation from 7.5358 as at 31 December 2014 to 6.6710 as at 31 March 2015 the financial statements as at 31 March 2015 are materially affected by foreign currency translation effects.

The financial statements of the individual consolidated companies are prepared as of the closing date for the Group financial statements. The condensed three months consolidated financial statements of ZhongDe AG and subsidiaries for the period from 1 January to 31 March 2015 were authorised for issue in accordance with a resolution of the Management Board on 27 May, 2015.

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 2014. For further details, please refer to the consolidated financial statements available on the Company’s website: www.zhongde-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.

According to the general practice, in Q1 2014 income from trial runs was accounted in cost of sales. However after the IFRS-IC has put this issue on its agenda, the current technical discussion tends to prefer an accounting of trial runs in income insofar trial run revenues exceed trial run costs. As this accounting method results in more relevant information on the entity's performance, the former method of accounting for trial runs was changed and net income from trial runs was disclosed under other operating income since Q4 2014. Prior year's figures were reclassified accordingly. The change of the accounting method did not have any impact on the comprehensive income.

	Before restatement Q1 2014		Reclassi- fication	Restated Q1 2014	
	in k€	in %		in k€	in %
Revenues	1,072	100	0	1,072	100
Cost of sales	-916	-85	-186	-1,102	-103
Gross profit	156	15	-186	-30	-3
Other operating income	0	-0	186	186	17
Selling and distribution expenses	-119	-11	0	-119	-11
Administrative expenses	-1,174	-110	0	-1,174	-110
Research and development expenses	-38	-4	0	-38	-4
Other operating expenses	-193	-18	0	-193	-18
Loss from operations	-1,368	-128	0	-1,368	-127
Finance income	749	70	0	749	70
Finance costs	-1,436	-134	0	-1,436	-134
Loss before income tax	-2,055	-192	0	-2,055	-192
Income tax expenses	-204	-19	0	-204	-19
Loss for the period	-2,259	-211	0	-2,259	-211

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:

- IFRIC 21 – Levies
- Annual Improvements to IFRSs 2011 – 2013 Cycle

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 2015, and were therefore not applied by the ZhongDe Group:

- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to IAS 16 and IAS 41: Bearer Plants
- Amendments to IAS 19 – Employee Contributions
- IFRS 9 – Financial Instruments
- Amendments to IAS 27: Equity Method in Separate Financial Statements
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 15 – Revenue from Contracts with Customers
- Annual Improvements to IFRSs 2010 – 2012 Cycle
- Annual Improvements to IFRSs 2012 – 2014 Cycle
- Amendments to IAS 1: Disclosure Initiative
- Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception

Aside from additional or modified disclosure requirements ZhongDe Group currently expects from the first-time application of these standards, interpretations and amendments only marginal effect on the consolidated financial statements. The potential impact of the application of IFRS 15 is currently analysed.

Segment analysis and information

A. Business segments

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

In the first quarter of 2015 only the BOT projects and the EPC projects contributed to gross profit and the recovery of the small and medium sized incinerator market is not in sight.

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 regarding the Group's business segments for the first three months of 2015:

in k€	BOT projects		EPC projects		Incinerators		Group	
	Q1 2015	Q1 2014 ¹⁾	Q1 2015	Q1 2014 ¹⁾	Q1 2015	Q1 2014 ¹⁾	Q1 2015	Q1 2014 ¹⁾
Revenues	4,910	543	658	529	0	0	5,568	1,072
Intercompany revenues	0	0	0	0	0	0	0	0
Total revenue for reportable segments	4,910	543	658	529	0	0	5,568	1,072
Total gross profit from reportable segments	(252)	(132)	130	102	0	0	(122)	(30)
Order intake	0	0	0	0	0	0	0	0
Order backlog	143,810	137,888	86,775	77,165	3,614	4,007	234,199	219,060

¹⁾ Restated.

Functional and presentation currency

Development of exchange rates (€ / foreign currency rate)	ISO code	Average rate		Ending rate		
		Q1 2015	Q1 2014	31 Mar. 2015	31 Dec. 2014	31 Mar. 2014
Chinese Yuan	CNY	7.0231	8.3576	6.6710	8.1857	8.5754
Hong Kong Dollar	HKD	8.7339	10.6287	8.3422	10.3025	10.6973

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

Related Party Information

The following transactions took place between the Group and the related parties during the three-month period from 1 January to 31 March 2015:

in k€	Q1 2015	Q1 2014
Related parties		
Rental, water and electricity fee	0	33

The transactions with related parties were based on market prices.

Receivables from and liabilities to related companies as a result of related party transactions are disclosed in the table below:

in k€	31 Mar. 2015	31 Mar. 2014
Due from related parties		
Other receivables	16	12
	16	12
Allowance for doubtful trade debts	0	0
	16	12
Due to related parties		
Trade payables	8	7
	8	7

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/Main, 27 May 2015
ZhongDe Waste Technology AG



Zefeng Chen
Chairman of the
Management Board (CEO)



William Jiuhua Wang
Executive Director of the
Management Board (CFO)

5 REVIEW REPORT

“To ZhongDe Waste Technology AG, Frankfurt/Main

We have reviewed the condensed interim consolidated financial statements – comprising the condensed statement of financial position, the condensed interim statement of comprehensive income, the condensed interim statement of cash flows, the condensed interim statement of changes in equity and selected notes – and the interim group management report of ZhongDe Waste Technology AG, Frankfurt/Main, for the period from 1 January 2015 to 31 March 2015 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, 28 May 2015

Warth & Klein Grant Thornton AG
Wirtschaftsprüfungsgesellschaft

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

6 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 2014, 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.

7 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.

8 FINANCIAL CALENDAR AND CONTACT INFORMATION

Financial calendar 2015

Date*	Event
28 May	Interim report on the 1st quarter of 2015
26 June	Annual General Meeting
28 August	Interim report on the 1st half of 2015
23 – 25 November	German Equity Forum, Frankfurt/Main
27 November	Interim report on the 3rd quarter of 2015

* 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.

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