

Q3

Interim Management Statement January to September 2016



ZhongDe Waste Technology AG



COMPANY PROFILE

ZhongDe Group with its parent company ZhongDe Waste Technology AG (“ZhongDe”) is formed by waste-to-energy companies that design, invest in, construct and operate waste to energy plants, which generate electricity through the disposal of solid municipal, industrial (including hazardous) and medical waste. ZhongDe Waste Technology AG has been publicly listed since 2007 at the Frankfurt Stock Exchange. The registered office of ZhongDe Waste Technology AG is located in Frankfurt, Germany and the operating headquarter is located in Beijing, China.

The organizational structure of ZhongDe generally follows the two sales chains: As general contractor of EPC projects (“Engineering, Procurement and Construction projects”) ZhongDe Group is responsible for the design, procurement, construction and installation of waste-to-energy plants applying different technologies. As an investor in BOT (“Build-Operate-Transfer projects”) projects ZhongDe also builds and operates waste-to-energy plants for a contractually agreed period before transferring the plant to the grantor.

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KEY FIGURES

Key figures (group total):

in k€	Q3 2016	Q3 2015	Change	9M 2016	9M 2015	Change
Order intake	0	0	0.0%	0	0	0.0%
Order backlog ¹⁾	77,755	214,855	-63.8%	77,755	214,855	-63.8%
EBITDA	305	-817	>+100.0%	-4,952	-2,800	-76.9%
EBITDA margin	2%	-37%	+39 pp	-9%	-27%	+18 pp
EBIT	7,801	-1,348	>+100.0%	2,016	-4,082	>+100.0%
EBIT margin	53%	-61%	+114 pp	4%	-40%	+44 pp
Headcount (as at 30 September)	376	366	+2.7%	376	366	+2.7%

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

Key figures related to **continuing operation**:

in k€	Q3 2016	Q3 2015	Change	9M 2016	9M 2015	Change
Order intake	0	0	0.0%	0	0	0.0%
Order backlog ¹⁾	17,761	70,956	-75.0%	17,761	70,956	-75.0%
EBITDA	-626	-589	-6.3%	-1,636	-1,386	-18.0%
EBITDA margin	n.a.	n.a.	n.a.	n.a.	<-100%	n.a.
EBIT	-628	-598	-5.0%	-1,645	-1,425	-15.4%
EBIT margin	n.a.	n.a.	n.a.	n.a.	<-100%	n.a.
Headcount (as at 30 September)	58	69	-15.9%	58	69	-15.9%

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

Key figures related to discontinued operation disclosed under IFRS 5:

in k€	Q3 2016	Q3 2015	Change	9M 2016	9M 2015	Change
Order intake	0	0	0.0%	0	0	0.0%
Order backlog ¹⁾	59,994	143,899	-58.3%	59,994	143,899	-58.3%
EBITDA	931	-228	>+100.0%	-3,317	-1,414	<-100.0%
EBITDA margin	6%	-10%	+16 pp	-6%	-15%	+9 pp
EBIT	8,429	-750	>+100.0%	3,660	-2,657	>+100.0%
EBIT margin	57%	-34%	+91 pp	7%	-28%	+35 pp
Headcount (as at 30 September)	318	297	+7.1%	318	297	+7.1%

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

INTERIM MANAGEMENT STATEMENT

Key facts of the third quarter

In the three month period ended September 2016, ZhongDe continued to focus on the progress of its main BOT project Lanzhou, which led to strongly improved revenues. Total revenues for the three month period ended 30 September 2016 grew by more than 100 per cent to € 14.8 million (Q3 2015: € 2.2 million) due to the project progress in Lanzhou. Nearly 100% of sales in Q3 2016 were contributed by the BOT project in Lanzhou (Q3 2015: € 1.8 million). At the end of the third quarter 2016 the project has been completed by 74.0% (Q2 2016: 62.8%).

On October 14, 2016 ZhongDe Waste Technology AG (the “Company”) and CAPITAL YIELD GROUP LIMITED have entered into an agreement on the sale of all shares in its wholly owned subsidiary Chung Hua Environment Protection (Holding) Group Ltd., Hong Kong (“Chung Hua”). Chung Hua and its subsidiaries carry out the BOT (Build, Operate and Transfer) projects regarding waste-to-energy projects in China. As at 30 September 2016 the negotiations with the buyer were in such an advanced state Chung Hua and its subsidiaries are presented as discontinued operations in accordance with IFRS 5 in the statement of comprehensive income and the statement of financial position since then.

Results of Operations

in k€	Q3 2016 group total	Q3 2016 related to discontinued operation	Q3 2016 related to continuing operation	Q3 2015 ¹⁾ group total	Q3 2015 ¹⁾ related to discontinued operation	Q3 2015 ¹⁾ related to continuing operation
Revenues	14,753	14,753	0	2,221	2,221	0
Cost of sales	-14,909	-14,909	0	-2,490	-2,490	0
Gross result	-156	-156	0	-269	-269	0
Other operating income	8,810	8,809	1	1,031	1,031	0
Selling and distribution expenses	-14	-14	0	-376	-376	0
Administrative expenses	-995	-643	-352	-843	-598	-245
Research and development expenses	-5	-5	0	-38	-38	0
Other operating expenses	161	438	-277	-853	-500	-353
Profit (+) / loss (-) from operations	7,801	8,429	-628	-1,348	-750	-598
Finance income	977	977	0	81	96	-15
Finance costs	-2,099	-2,103	4	-1,041	-1,043	2
Profit (+) / loss (-) before income tax	6,679	7,303	-624	-2,308	-1,697	-611
Income tax expenses	-1,131	-1,127	-4	-130	369	-499
Profit (+) / loss (-) from continuing operation after income tax	5,548		-628	-2,438		-1,110
Profit (+) / loss (-) from discontinued operation after income tax		6,176	6,176		-1,328	-1,328
Profit (+) / loss (-) after income tax	5,548		5,548	-2,438		-2,438

¹⁾ Reclassified k€ 492 expense related to impairment of service concession rights from administrative expenses to other operating expenses.

in k€	9M 2016 group total	9M 2016 related to discontinued operation	9M 2016 related to continuing operation	9M 2015 ¹⁾ group total	9M 2015 ¹⁾ related to discontinued operation	9M 2015 ¹⁾ related to continuing operation
Revenues	52,314	52,314	0	10,321	9,657	664
Cost of sales	-53,007	-53,007	0	-11,722	-11,189	-533
Gross result	-693	-693	0	-1,401	-1,532	131
Other operating income	10,602	10,602	0	2,399	2,399	0
Selling and distribution expenses	-4,266	-4,266	0	-490	-490	0
Administrative expenses	-2,845	-1,934	-911	-2,511	-1,753	-758
Research and development expenses	-27	-27	0	-116	-116	0
Other operating expenses	-755	-21	-734	-1,963	-1,165	-798
Profit (+) / loss (-) from operation	2,016	3,660	-1,645	-4,082	-2,657	-1,425
Finance income	3,904	3,904	0	2,130	2,113	17
Finance costs	-5,401	-5,365	-35	-3,088	-3,083	-5
Profit (+) / loss (-) before income tax	519	2,199	-1,680	-5,040	-3,627	-1,413
Income tax expenses	-1,248	-1,248	0	-1,631	-849	-782
Loss from continuing operation after income tax	-729		-1,680	-6,671		-2,195
Profit (+) / loss (-) from discontinued operation after income tax		951	951		-4,476	-4,476
Loss after income tax	-729		-729	-6,671		-6,671

¹⁾ Reclassified k€ 1,152 expense related to impairment of service concession rights from administrative expenses to other operating expenses.

In the following we report on the figures of the Zhongde Group as a whole.

Group revenue

During the third quarter of 2016, revenues of € 14.8 million were generated, representing an increase of more than 100% compared to the same period in 2015. These revenues were almost exclusively contributed by the BOT project in Lanzhou. The growth relates to the fast progress of works which within the scope of the zero-profit-method led to revenues amounting to € 14.7 million (during the third quarter of 2015 € 2.2 million were contributed by BOT projects thereof € 1.8 million by the BOT project in Lanzhou). In the nine months period ended 30 September 2016, revenues reached € 52.3 million, representing an increase of more than 100% compared to the same period in 2015.

Group result

The gross result for Q3 2016 amounted to € -0.2 million compared to € -0.3 million for Q3 2015. In the nine months period ended 30 September 2016 gross result amounted to € -0.7 million compared to € -1.4 million in the same period in 2015. The negative gross result is mainly due to the fact that inventories had to be written off during 2016 as well as in 2015. As the zero-profit-method is still applied to BOT projects the increased stage of completion of the BOT project in Lanzhou has no influence on the gross result margin. The negative outcome of the gross result is also caused by the slow progress of the EPC projects which did not materially contribute to the profit margin.

Due to the planned sale of Chung Hua and its subsidiaries ultimately as of September 30 all assets and liabilities related to the discontinued operation had to be measured in accordance with applicable IFRSs. held as discontinued operations these assets have to be measured at fair value. Considering the purchase price underlying the contractual negotiations and (ultimately also contractually agreed) as a result the impairment of service concession rights accounted for in prior years relating to the BOT project in Zhoukou (€ 11.0 million) and Xianning (€ 6.0 million) had to be partly reversed by an total amount of € 7.1 million in Q3 2016 (of which € 4.1 million relate to Zhoukou and € 3.0 million to Xianning). Aside other operating income mainly relates to net proceeds from trial runs. Compared to the same period in 2015 the quantities of waste disposal treated and of electricity supplied in KWh went up which led to increased income. During the third quarter 2016 net proceeds from trial runs of € 1.7 million were generated compared to € 1.0 million in the same period 2015.

In the nine months period ended 30 September 2016 selling and distribution expenses increased by € 3.8 million to € 4.3 million compared to the same period 2015 due to an increase of bad debt allowances by € 4.0 million. In 2014 ZhongDe made advance payments to a subcontractor amounting to RMB 58.6 million (€ 8.3 million) for construction works at the BOT project in Lanzhou, which finally had to written off completely as the subcontractor did not repay the advances on a timely basis after the contract has been cancelled.

Accordingly EBITDA in the first nine months 2016 decreased to € -5.0 million compared to € -2.8 million for the same period in 2015. In Q3 2016 EBITDA increased to € 0.3 million compared to € -0.8 million for the same period in 2015.

The EBITDA presents earnings before interests, depreciation and amortization without effects from impairments or appreciations. Extraordinary effects regarding the impairments or appreciations of

service concession rights are not presented in EBITDA. The reconciliation from EBITDA to EBIT is presented below:

in k€	Q3 2016 ¹⁾	Q3 2015 ¹⁾	Change	9M 2016 ¹⁾	9M 2015 ¹⁾	Change
EBITDA	305	-817	>+100.0%	-4,952	-2,800	-76.9%
Depreciation	-25	-30	+16.7%	-77	-103	+25.2%
Amortization	-8	-9	+11.1%	-25	-27	+7.4%
Impairment (-) / Appreciation (+)	7,529	-492	>+100.0%	7,070	-1,152	>+100.0%
EBIT	7,801	-1,348	>+100.0%	2,016	-4,082	>+100.0%

¹⁾ Before considering the disclosure of discontinued operation under IFRS 5.

In Q3 2016 EBIT went up to € 7.8 million compared to € -1.3 million in Q3 2015. In the first nine months 2016 EBIT went up to € 2.0 million compared to € -4.1 million in the first nine months 2015.

Finance income and finance costs (net) for the nine month period which ended 30 September 2016 amounted to € -1.5 million compared to € -1.0 million in the same period 2015 mainly due to increased interest expenses relating to the new bank loans granted to ZhongDe in the second half of 2015. This effect was partly offset by the decrease of income tax expenses from € 1.6 million in nine months period which ended 30 September 2015 to € 1.2 million in the same period 2016. Income tax expenses for the nine month period which ended 30 September 2016 amounting to € 0.8 million refer to deferred tax liabilities relating to the reversal of the impairments in Zhoukou and Xianning. The reasons for the tax expenses in the first nine months 2015 were mainly profits caused by foreign exchange gains which are locally taxable.

Net result increased to € 5.6 million compared to € -2.4 million for the three month period ended September 2016 compared to the same period in 2015. In the nine months period which ended 30 September 2016 net loss went up to € -0.7 million compared to € -6.7 million in the same period 2015.

Statement of Financial Position

The following statements of financial position reflect the planned sale of the BOT activities. These are disclosed as discontinued operation.

in k€	30 Sep. 2016 ¹⁾	31 Dec. 2015	Change
Current liquidity ratio ²⁾	1.4	1.5	-1.4%
Equity ratio ³⁾	30.2%	36.6%	-6 pp
Net working capital ⁴⁾	98,399	44,788	>+100.0%
Cash and cash equivalents	198	75,842	-99.7%
Current assets	325,548	143,624	>+100.0%
Non-current assets	22	142,043	-100.0%
Assets related to discontinued operation	318,643	0	>+100.0%
Total assets	325,570	285,667	+14.0%
Current liabilities	227,149	98,836	>+100.0%
Long-term liabilities	0	82,277	-100.0%
Liabilities related to discontinued operation	204,927	0	>+100.0%
Shareholders' equity	98,421	104,554	-5.9%

¹⁾ After considering the disclosure of discontinued operation under IFRS 5.

²⁾ Current assets / current liabilities.

³⁾ Equity / total assets.

⁴⁾ Current assets less current liabilities.

As at 30 September 2016, shareholders' equity decreased by 5.9% to € 98.4 million compared to 31 December 2015 due to the negative result for the nine months period ended 30 September 2016 and foreign currency translation effects. Total assets increased by 14.0% compared to 31 December 2015. Accordingly ZhongDe's equity ratio went down from 36.6% as at 31 December 2015 to 30.2% as at 30 September 2016.

The statement of financial position is mainly affected by assets and liabilities from discontinued operation.

in k€	30 Sep. 2016 before considering discontinued operation	30 Sep. 2016 adjustment for discontinued operation under IFRS 5	30 Sep. 2016 after considering discontinued operation
Assets			
Non-current assets			
Intangible assets	61,628	-61,628	0
Property, plant and equipment	335	-313	22
Receivables from BOT	134,251	-134,251	0
	196,214		22
Current assets			
Inventories	426	-388	38
Trade receivables	7,426	-7,426	0
Other receivables and prepayments	37,192	-30,523	6,669
Amounts due from related parties and companies	14	-14	0
Cash and cash equivalents	84,298	-84,100	198
Assets related to discontinued operation	0	318,643	318,643
	129,356		325,548
Total Assets	325,570	0	325,570
Liabilities and Equity			
Capital and Reserves			
Issued capital	13,000	0	13,000
Own shares	-4,608	0	-4,608
Capital reserves	62,914	0	62,914
Chinese statutory reserves	8,459	0	8,459
Retained earnings	-16,981	0	-16,981
Foreign currency translation reserve	35,637	-35,008	629
Cumulative other comprehensive income related to discontinued operation	0	35,008	35,008
Total Equity	98,421		98,421
Liabilities			
Long-term liabilities			
Long-term loans	116,594	-116,594	0
Deferred tax liabilities	2,363	-2,363	0
	118,957		0
Current liabilities			
Trade payables	25,824	-22,838	2,986
Other payables and prepayments	43,101	-24,168	18,933
Provisions	4,064	-3,762	303
Amounts due to related parties and companies	8	-8	0
Tax liabilities	427	-427	0
Other financial liabilities	34,768	-34,768	0
Liabilities related to discontinued operation	0	204,927	204,927
	108,192		227,149
Total Liabilities	227,149		227,149
Total Liabilities and Equity	325,570	0	325,570

The cash position as at 30 September 2016 amounted to € 0.2 million for the continuing operation and € 84,1 million for the discontinued operation compared to € 75.8 million as at 31 December 2015 (from continuing operations). By obtaining the payments from the buyer of Chung Hua the actual cash position from continuing operations will increase accordingly. ZhongDe has already received the first down payment amounting to € 12 million (RMB 90,000,000) in November 2016. The next down payment amounting to € 36 million (RMB 270,000,000) is due in January 2017.

Current status of energy-from-waste projects

(as of 30 September 2016)

The EPC projects in Dingzhou and Wuhai belong to the continuing operation. The EPC project in Zhucheng will be sold within the sale of Chung Hua.

EPC projects	Dingzhou (continuing)	Wuhai (continuing)	Zhucheng (discontinued)
Daily capacity (tons/day)	600	1,000	500
PoC as at 30 Sep. 2016	48.8%	0.0%	89.3%
PoC as at 31 Dec. 2015	48.8%	0.0%	89.3%
Estimated time of completion	unknown ¹⁾	unknown ¹⁾	2016

¹⁾ To be determined after restart.

At the end of Q3 2016, the percentage of completion of the EPC project in Dingzhou remains at 48.8% (31 December 2015: 48.8%). Since April 2015 the construction at Dingzhou is on hold. The project in Dingzhou is stopped by the customer, since infrastructural works performed by governmental authorities are required first. Due to further delays the customer revised his former expectation regarding the resumption of works from the third quarter 2016 to January 2017.

In June 2013 ZhongDe Group signed a contract with an electricity company on the construction of a new energy-from-waste plant located in Wuhai City in Inner Mongolia with a total contract gross amount of about € 45.8 million. The planned large-scale EPC project in Wuhai should have a daily waste disposal capacity of 1,000 tons per day. Although some preparatory works have been finished already, the construction work in Wuhai has not started until 31 December 2015 and it was unclear when the work on the project will be resumed. Based on these facts and circumstances the management of ZhongDe decided to remove the project from the order backlog by the end of 2015.

At the end of Q3 2016, the percentage of completion of the EPC project in Zhucheng remains at 89.3% (31 December 2015: 89.3%). As part of the acceptance process, the progress of the construction performed by subcontractors needs to be confirmed for the quantity and quality by the cost control department of ZhongDe. Only after the confirmation from both sides the works are accepted and revenues realized accordingly. This process is time consuming and delayed. Accordingly the percentage of completion of the project did not progress in 2016.

BOT projects	Kunming (discontinued)	Lanzhou (discontinued)	Feicheng (discontinued)	Xianning (discontinued)	Zhoukou (discontinued)
Daily capacity (tons/day)	700	2,000	200	600	500
Average annual power generation capacity (MW·h)	> 70	> 200	none	> 60	> 50
PoC as at 30 Sep. 2016	85.5%	74.0%	in operation	94.9%	94.4%
PoC as at 31 Dec. 2015	85.5%	39.2%	in operation	94.7%	94.4%
Estimated time of completion	2017	2018	in operation	2016	2016

Developments after the end of the reporting period

With agreement of October 14, 2016 ZhongDe Waste Technology AG (the “Company”) has sold all shares in its wholly owned subsidiary Chung Hua Environment Protection (Holding) Group Ltd., Hong Kong (“Chung Hua”) to CAPITAL YIELD GROUP LIMITED for approximately € 122 million (RMB 900,000,000). The purchase price is due in five tranches. Chung Hua and its subsidiaries build the BOT projects in Lanzhou, Zhoukou, Xianning and Kunming and the EPC project in Zhucheng, which accordingly will be sold to the buyer as well as the BOT project in Feicheng which is already in operation.

The legal transfer of the shares of Chung Hua will be effective after 90% of the down payment have been received.

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

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 2015. Please note that these expectations are subject to uncertainty even if currently we do not have any information as to any other developments. After the transfer of shares of Chung Hua the opportunities and risks relating to BOT projects will be transferred to the buyer. Besides that there were no significant changes in opportunities and risks compared to 31 December 2015.

Outlook

In the nine month period ended 30 September 2016, ZhongDe realized no revenues from EPC-projects mainly due to the temporarily suspension of the EPC projects in Dingzhou and Wuhai.

For coming Q4 2016, we expect that the construction progress of the EPC project in Wuhai will be resumed. The restart of the EPC project in Dingzhou is expected for the beginning of 2017.

Looking ahead to the forth coming quarter ZhongDe expects further progress in the BOT-project in Lanzhou. The projects in Zhoukou, Xianning and Kunming will contribute income from trial runs until they have successfully undergone acceptance by their respective customers.

Management expects a profit from the sale of Chung Hua. The legal transfer of shares is expected to be effective in the the first quarter of 2017.

Based on the results from the first nine months, management is convinced that for the group in total it will be able to meet the targets for the financial year 2016 outlined in the Annual Report for the financial year ended 31 December 2015, except the achievement of a positive EBITDA which turned into negative mainly due to an increase of bad debt allowances by € 4.0 million.

Forward Looking Statements

This interim management statement 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 2015, which is available on the ZhongDe website: www.zhongde-ag.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 management statement is for convenience purposes only. The German version of this interim report is binding for legal purposes.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2016

Condensed Nine-Month Consolidated Statement of Comprehensive Income

in k€	Q3 2016 ¹⁾	Q3 2015 ¹⁾	9M 2016 ¹⁾	9M 2015 ¹⁾
Revenues	0	0	0	664
Cost of sales	0	0	0	-533
Gross result	0	0	0	131
Administrative expenses	-352	-245	-911	-758
Other operating expenses	-277	-353	-734	-798
Loss from operations	-628	-598	-1,645	-1,425
Finance income	0	-15	0	17
Finance costs	4	2	-35	-5
Loss before income tax	-624	-611	-1,680	-1,413
Income tax expenses	-4	-499	0	-782
Loss from continuing operation after income taxes	-628	-1,110	-1,680	-2,195
Profit (+) / loss (-) from discontinued operation after income taxes	6,176	-1,328	951	-4,476
Profit (+) / loss (-) after income taxes	5,548	-2,438	-729	-6,671
Items that may be reclassified subsequently to profit or loss:				
Foreign exchange differences from continuing and discontinued operation	-1,010	-3,020 ²⁾	-5,404	6,730 ²⁾
Other comprehensive income	-1,010	-3,020	-5,404	6,730
Total comprehensive income	4,538	-5,458	-6,133	59
Profit (+) / loss (-) attributable to owners of the parent	5,548	-2,438	-729	-6,671
Total comprehensive income attributable to owners of the parent	4,538	-5,458	-6,133	59
Earnings per share (in €) (diluted and undiluted):				
from continuing operation	-0.05	-0.09	-0.13	-0.17
from discontinued operation	0.49	-0.11	0.08	-0.36
from continuing and discontinued operation	0.44	-0.19	-0.06	-0.53
Weighted average shares outstanding (diluted and undiluted)	12,600,000	12,600,000	12,600,000	12,600,000

¹⁾ After considering the disclosure of discontinued operation under IFRS 5.

²⁾ Amended.

Condensed Interim Consolidated Statement of Financial Position

as at 30 September 2016

in k€	30 Sep. 2016 ¹⁾	31 Dec. 2015	30 Sep. 2015
Assets			
Non-current assets			
Intangible assets	0	35,340	27,333
Property, plant and equipment	22	412	439
Receivables from BOT	0	106,291	91,804
Deferred tax assets	0	0	392
	22	142,043	119,968
Current assets			
Inventories	38	437	3,232
Trade receivables	0	6,923	1,586
Other receivables and prepayments	6,669	60,192	53,370
Amounts due from related parties and companies	0	15	15
Other financial assets	0	215	180
Cash and cash equivalents	198	75,842	81,187
Assets related to discontinued operation	318,643	0	0
	325,548	143,624	139,570
Total Assets	325,570	285,667	259,538
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	8,459
Retained earnings	-16,981	-16,252	-6,782
Foreign currency translation reserve	629	41,041	39,975
Cumulative other comprehensive income related to discontinued operation	35,008	0	0
Total Equity	98,421	104,554	112,958
Liabilities			
Long-term liabilities			
Long-term loans	0	80,623	68,283
Deferred tax liabilities	0	1,654	1,815
	0	82,277	70,098
Current liabilities			
Trade payables	2,986	25,719	30,453
Other payables and prepayments	18,933	22,668	25,241
Provisions	303	4,286	4,241
Amounts due to related parties and companies	0	122	63
Tax liabilities	0	168	534
Other financial liabilities	0	45,873	15,950
Liabilities related to discontinued operation	204,927	0	0
	227,149	98,836	76,482
Total Liabilities	227,149	181,113	146,580
Total Liabilities and Equity	325,570	285,667	259,538

¹⁾ After considering the disclosure of discontinued operation under IFRS 5.

Condensed Nine-Month Consolidated Statement of Cash Flows

for the period from 1 January to 30 September 2016

in k€	9M 2016 ¹⁾	9M 2015 ¹⁾
Loss before income tax	-1,680	-1,413
Adjustments for:		
Depreciation of property, plant and equipment	9	39
Interest income / exchange gains	0	-17
Interest expense / exchange losses	36	5
Operating cash flows before working capital changes	-1,635	-1,386
Working capital changes:		
<i>(-) Increase) / (+) decrease in:</i>		
Other receivables and prepayments	2	307
<i>(+) Increase) / (-) decrease in:</i>		
Trade payables	-220	976
Other payables, provisions and accruals	-2	-1,136
Cash used in operations	-1,855	-1,239
Interest received	0	17
Interest paid	-36	-5
Income tax paid	-84	0
Net cash used in operating activities from continuing operation	-1,975	-1,227
Net cash used in operating activities from discontinued operation	-19,127	-22,659
Net cash used in operating activities	-21,102	-23,886
Cash flow from investing activities:		
Purchase of property, plant, equipment and intangible assets	0	-1
Cash flow used in investing activities from continuing operation	0	-1
Cash flow used in investing activities from discontinued operation	-20	-73
Cash flow used in investing activities	-20	-74
Cash flow from financing activities:		
Cash flow generated from financing activities from continuing operation	0	0
Cash flow generated from financing activities from discontinued operation	33,674	12,608
Cash flow generated from financing activities	33,674	12,608
Net increase (+) / decrease (-) before income tax	12,552	-11,352
Cash and cash equivalents at beginning of period	75,842	87,205
Foreign exchange differences	-4,096	5,334
Cash fund at end of period	84,298	81,187
of which: Cash fund included in assets related to discontinued operation	84,100	0
of which: Cash fund as per Consolidated Balance Sheet	198	81,187

¹⁾ After considering the disclosure of discontinued operation under IFRS 5.

FINANCIAL CALENDAR

Date*	Event
28 April 2017	Publication of Annual Report 2016
29 May 2017	Interim report on the first quarter of 2017
28 June 2017	Annual General Meeting
29 August 2017	Interim report on the first half of 2017
29 November 2017	Interim report on the third quarter of 2017

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

CONTACT INFORMATION

This interim management statement, 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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