



Interim Report

Second Quarter of 2012

ZhongDe Waste Technology AG

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01

Key Figures

Operational Data

Amount in k€	Q2 2012	Q2 2011 adjusted	Change (%)	HY1 2012	HY1 2011 adjusted	Change (%)
Order intake ¹⁾	0	0	0.0	0	0	0.0
Order backlog ²⁾	141,942	144,549	-1.8	141,942	144,549	-1.8
Revenues	3,731	4,613	-19.1	4,947	7,031	-29.6
Gross profit	303	942	-67.8	441	1,487	-70.3
Gross profit margin	8%	20%	-60.2	9%	21%	-57.8
Cost of sales	3,428	3,671	-6.6	4,506	5,544	-18.7
EBITDA	-1,874	-911	>100	-3,209	-2,304	-39.3
EBITDA margin	-50%	-20%	-30 pp	-65%	-33%	-32 pp
EBIT	-2,003	-1,019	-96.6	-3,464	-2,533	-36.8
EBIT margin	-54%	-22%	-32 pp	-70%	-36%	-34 pp
Net income	-2,361	-1,851	-27.6	-4,146	-3,262	-27.1
Net income margin	-63%	-40%	-23 pp	-84%	-46%	-37 pp
Earnings per share (in €)	-0.19 ³⁾	-0.15 ⁴⁾	-26.7	-0.33 ⁵⁾	-0.26 ⁶⁾	-26.9

¹⁾ Based on average exchange rate of the period.

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

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

⁴⁾ Calculated on the basis of 12,600,000 shares.

⁵⁾ Calculated on the basis of 12,600,000 shares.

⁶⁾ Calculated on the basis of 12,617,665 shares.

Cash Flow Data

Amount in k€	Q2 2012	Q2 2011 adjusted	Change (%)	HY1 2012	HY1 2011 adjusted	Change (%)
Cash flow from operating activities	-13,889	-8,664	-60.3	-26,120	-14,702	-77.7
Cash flow from investing activities	-63	21,327	<-100.0	-95	21,321	<-100.0
Free cash flow before financing	-13,952	12,663	<-100.0	-26,215	6,619	<-100.0

Balance Sheet Data

Amount in k€	30 June 2012	31 December 2011	Change (%)
Total assets	205,619	198,787	3.4
Tangible and intangible fixed assets	62,848	57,380	9.5
Net working capital	105,561	101,671	4.8
Cash and cash equivalents	106,713	117,308	-9.0
Long-term debts	45,508	33,383	36.3
Shareholders' equity	123,901	125,668	-1.4
Headcount	385	362	6.4

02

Highlights of the Second Quarter of 2012

-> Revenues

During the second quarter of 2012, revenues of €3.7 million were generated, representing a decrease of €0.9 million or 19.1% compared to the same period in 2011. The decrease was caused by external and internal factors leading to a delay in project construction. The external factors include delays in government approval..

-> Operating Results

In Q2 2012, gross profit amounted to €0.3 million, representing a decrease of 67.8% compared to Q2 2011.

EBITDA decreased by €1.0 million to €-1.9 million (Q2 2011: €-0.9 million), while EBIT was down by 96.6% to €-2.0 million (Q2 2011: €-1.0 million). Net profit amounted to €-2.4 million in Q2 2012. This corresponds to a decrease of €0.5 million compared to the same period of the previous year.

Selling and distribution expenses went down by 39.2% to k€373 (Q2 2011: k€613) in the second quarter of 2012. Administrative expenses stayed on the same level as in the second quarter of 2011 (€0.8 million).

-> Order Intake and Order Backlog

During Q2 of 2012, order intake was €0.

Order backlog decreased by 1.8% to €141.9 million year on year. This was mainly a result of the construction phase of BOT and EPC projects being recognized according to the POC (percentage of completion) method and due to foreign exchange differences.

-> Cash Position

The level of liquid funds as at 30 June 2012 amounted to €106.7 million, compared to €117.3 million as at 31 December 2011. ZhongDe's strong cash position ensures that the Company remains flexible in the fields of BOT investment and project finance.

03

Share Performance

Closing price
on 22/08/2012:
€1.76



Unfortunately, the negative performance of ZhongDe share continued during the first half year of 2012. In the first quarter the share price developed very volatile until it reached the previous year-end 2011 level. As of 23 March 2012 the share stood at EUR 3.75, followed by a downward movement to a low of EUR 2.36 as of 10 May. Afterwards, the share price increased to a level of 2.90 (as of 19 June 2012). The following sharp decrease to a year low of EUR 1.69 could reflect the increasing mistrust of investors because of the publication delay of our annual report 2011, which we deeply regret. After a slight recovery the share price moved sideways.

As of 22 August 2012 the Xetra closing price of ZhongDe share stood at EUR 1.76, 53.2% below year-end price 2011. This corresponds to a current market capitalisation of EUR 22.9 million. In the period under review the DAX increased by 19.0% and the small cap index SDAX went up by 12.1%.

The Management together with the Investor Relations team will focus on explaining the business model and the current status of ZhongDe's waste-to-energy projects to investors. In order to raise the awareness among the financial community, they will again take part at the German Equity Forum in Frankfurt am Main in November 2012. Shareholders can find additional capital market-relevant information on the internet under www.zhongde-ag.de.

04

Interim Management Report

Macroeconomic Environment

In the first half of 2012, China's national economy realized steady development and grew at a moderate pace. According to a preliminary estimate of the National Bureau of Statistics of China, the country's gross domestic product (GDP) was amounted to RMB 22,709.8 billion in the first half of this year, which equates to a year-on-year increase of 7.8%. Value added in the primary industry was RMB 1,747.1 billion, up by 4.3%. In the secondary industry, it was RMB 11,095.0 billion, up by 8.3%, and in the tertiary industry, it came to RMB 9,867.7 billion, up by 7.7%. In the second quarter of 2012, China's GDP went up by 1.8% on a quarterly basis.

In the first half of 2012, investment in fixed assets (excluding rural households) totalled RMB 15,071.0 billion, equivalent to year-on-year growth of 20.4%. Total retail sales of consumer goods reached RMB 9,822.2 billion, an increase of 14.4%. Consumer prices went up by 3.3% year on year. The per capita disposable income of urban households was RMB 12,509, corresponding to year-on-year growth of 13.3%.

The total value of imports and exports in the first half of 2012 was US\$ 1,839.84 billion, representing year-on-year growth of 8%. The total value of exports was US\$ 954.38 billion, up by 9.2%, while imports amounted to US\$ 885.46 billion, up by 6.7%. The trade surplus was US\$ 68.92 billion.

Result of Operations

Amount in k€	Q2 2012	Q2 2011 adjusted	Change (%)	HY1 2012	HY1 2011 adjusted	Change (%)
Revenue	3,731	4,613	-19.1	4,947	7,031	-29.6
Cost of sales	-3,428	-3,671	-6.6	-4,506	-5,544	-18.7
Gross profit	303	942	-67.8	441	1,487	-70.3
Other operating income	6	135	-95.6	81	212	-61.8
Selling and distribution expenses	-373	-613	-39.2	-650	-1,209	-46.2
Administrative expenses	-814	-804	1.2	-1,814	-1,940	-6.5
Research and development expenses	-47	-43	9.3	-90	-80	12.5
Other operating expenses	-1,078	-636	69.5	-1,432	-1,003	42.8
Profit from operations	-2,003	-1,019	-96.6	-3,464	-2,533	-36.8
Finance income	876	492	78.0	1,510	978	54.4
Finance costs	-877	-484	81.2	-1,791	-761	>100.0
Profit before income tax	-2,004	-1,011	-98.2	-3,745	-2,316	-61.7
Income tax	-357	-840	-57.5	-401	-946	-57.6
Net profit for the period	-2,361	-1,851	-27.6	-4,146	-3,262	-27.1

During the second quarter of 2012, revenues of €3.7 million were generated, representing an increase of €0.9 million or 19.1% compared to the same period in 2011.

In Q2 2012, gross profit amounted to €0.3 million, representing a decrease of 67.8% compared to Q2 2011.

EBITDA decreased by €1.0 million to €-1.9 million (Q2 2011: €-0.9 million), while EBIT fell by 96.6% to €-2.0 million (Q2 2011: €-1.0 million). Net profit amounted to €-2.4 million in Q2 2012. This corresponds to a decrease of €0.5 million compared to the same period of the previous year.

Selling and distribution expenses went down by 39.2% to €0.4 million (Q2 2011: €0.6 million) in the second quarter of 2012. Administrative expenses stayed on the same level as in the second quarter of 2011 (€0.8 million).

At the end of Q2 2012, shareholders' equity had decreased by 1.4% to €123.9 million. The Company maintains an equity ratio of 60%.

The level of liquid funds as at 30 June 2012 amounted to €106.7 million, compared to €117.3 million as at 31 December 2011. ZhongDe's strong cash position ensures that the Company remains flexible in the fields of BOT investment and project finance.

Current Status of Waste-to-Energy Projects

(as at 30 June 2012)

Zhucheng EPC Project

At the end of Q2 2012, the Zhucheng project was 59.4% completed (31.03.2012: 59.4%).

Civil work: Construction work on the office building and chimney has been completed. Construction of the major structure of the main plant, building part of the main plant, the exterior decoration, the discharging platform and net rack for the steam turbine room, the cooling tower, the complex pumping house and the waste trestle and chemical water workshop have been completed.

Installation: Boilers #1 and #2 are installed. The gas purification equipment for boilers #1 and #2 are installed. The installation of the steam turbine generator is completed. The installation of auxiliary equipment is 70% completed. The installation of the transformer and electric plate has been completed.

Dingzhou EPC Project

At the end of Q2 2012, the Dingzhou project was 16.8% completed (31.03.2012: 16.5%).

Civil work: Construction of the complex building and the chimney has been completed. The foundations have been laid for all the buildings. The main structural work for the main plant is now 90% completed.

Installation: Installation of the #1 boiler steel framework has been completed. The installation work for the combination of heating surface as well as for the economizer is under way.

Zhoukou BOT Project

At the end of Q2 2012, the Zhoukou project was 81.9% completed (31.03.2012: 82.4%).

The decrease in the percentage of completion is a result of a budget adjustment.

Civil work: Construction of the main and auxiliary buildings has been completed, as have the plant road and the wall fence for the entrance door. The planting of green trees within the factory site is completed. The connections for all the ground wire and lightning protection equipment are completed. The second decoration phase for the main plant is now basically completed.

Installation: The installation of percolation equipment is now 70% completed. The installation and debugging work for the gas purification system for the #1 line is completed. The #2 production line is also completed and is now in the process of being debugged. The generator set was connected to the power grid at the beginning of April 2012 and has since been formally put into operation.

Kunming BOT Project

At the end of Q2 2012, the Kunming project was 43.7% completed (31.03.2012: 42.5%).

Civil work: The main construction work for the complex building is completed, as have the chimney construction and the structure for the main factory. Construction of the gas treatment room is also completed. Construction of the wall fence for the entrance and the plant road is now 40% completed. Construction work for the cooling tower, the complex water pumping house and the waste trestle is 60% completed. Construction of the net rack is completed and construction of the booster stations is 70% completed.

Installation: Installation of the #1 and #2 boiler equipment is completed, as has the installation of the steam turbine generator equipment. Installation of the gas purification equipment is under way.

Xianning BOT Project

At the end of Q2 2012, the Xianning project was 43.0% completed (31.03.2012: 33.4%).

Civil work: The following construction work is now 100% completed: the complex building and chimney, the structure construction for the main factory and gas treatment room, construction of the discharging hall and the cooling tower, the complex pumping house, the central control building, the boiler room, the steam turbine room, the chemical water treatment room, the clean water reservoirs, the deoxidizing room, the weighbridge room and the waste trestle room. Construction of the plant road is under way.

Installation: Installation of the #1 boiler and of the #1 incinerator furnace is completed. The preheating oven for the #1 furnace is also completed. Installation of the one and secondary air fan has been completed. Installation of the steam turbine crane and waste grab and slag hanging is completed. Installation of the main transformer and the low-voltage plate has been completed. Installation work for the cable bridge is basically completed. Installation work for the cooling towers, the feed water pump, the chemical water equipment, the air compressor and the weighbridge is completed, as is installation of the flue gas pipeline. Work is under way on the boiler heat preservation, pipe installation and combination installation for #2 boiler's heating surface.

Order Development

During Q2 of 2012, order intake was €0.

The order backlog decreased by 1.8% year on year to €141.9 million. This was mainly a result of the construction phase of BOT and EPC projects being recognized according to the POC (percentage of completion) method and due to foreign exchange differences.

The investigation work and negotiations for large-scale projects, and in particular the preparation of international contracts, take more time than for small and medium-sized projects. Negotiations are currently under way for additional large-scale projects that have already entered the approval stage.

Corporate Strategy

ZhongDe's strategic target is to strengthen our position in the Chinese waste-to-energy industry and to again achieve strong and profitable business growth in order to create shareholder value. Within our strategy, we are focusing on large-scale energy-from-waste projects due to the slow recovery of the market for small-scale incinerators. The Company quickly adjusted its business strategy in response to the new market conditions, enabling it to largely offset the decline in sales by concentrating on large energy-from-waste projects.

As one of seven strategic new industry programmes during the 12th five-year plan period, the energy-from-waste sector will gain strong support from the Chinese government and will benefit from promising growth opportunities.

We plan to expand our market position and technological expertise. ZhongDe Waste Technology AG has taken another step forwards in terms of expanding its business and promoting its influence in the industry by securing a number of major projects.

We want to generate recurring revenues with BOT projects. The BOT business delivers a sustainable income stream from interest income and electricity sales and from other by-products. With the help of external service providers, ZhongDe designs and installs incinerators for the combustion of municipal solid waste and then operates these energy-from-waste plants for a contracted period of time in accordance with its concession agreements.

Business Segments Overview

Amount in k€	Q2 2012	Q2 2011	Change (%)	HY1 2012	HY1 2011	Change (%)
Waste incinerators						
Units sold	0	0	0.0	0	0	0.0
Revenues	0	0	0.0	0	0	0.0
Gross profit	0	0	0.0	0	0	0.0
EPC projects						
Revenues (POC)	76	2,083	-96.4	377	3,141	-88.0
Gross profit	12	421	-97.0	71	648	-89.0
BOT projects						
Revenues (POC)	3,655	2,530	44.5	4,570	3,890	17.5
Gross profit	290	529	-45.1	370	848	-56.4
Total revenues	3,731	4,613	-19.1	4,947	7,031	-29.6
Total gross profit	303	951	-68.1	441	1,496	-70.5

Incinerators

No incinerators were sold in Q2 2012 because the small to medium-sized incinerators market has not yet recovered in China. As a result, the ZhongDe Group has shifted its focus to large-scale projects.

EPC Projects

Zhucheng and Dingzhou contributed k€76 to consolidated revenues in the second quarter of the current year.

BOT Projects

In Q2 2012, the current four BOT projects contributed €3.7 million to consolidated revenues.

Net Worth

Amount in k€	30 June 2012	31 December 2011	Change (%)
Non-current assets	62,848	57,380	9.5
Current assets	142,771	141,407	1.0
Equity	123,901	125,668	-1.4
Liabilities	81,718	73,119	11.8
Balance sheet total	205,619	198,787	3.4

The balance sheet total amounted to €205.6 million as at 30 June 2012. Current assets edged up by just 1.0% from €141.4 million to €142.8 million, while equity fell by €1.8 million to €123.9 million. The Company's equity ratio consequently remained very high.

Financial Position

Amount in k€	Q2 2012	Q2 2011 adjusted	Change (%)	HY1 2012	HY1 2011 adjusted	Change (%)
Cash flow from operating activities	-13,889	-8,664	-60.3	-26,120	-14,702	-77.0
Cash flow from investing activities	-63	21,327	<-100.0	-95	21,321	<-100.0
Free cash flow before financing	-13,952	12,663	<-100.0	-26,215	6,619	<-100.0

Opportunities and Risks

For information on opportunities and risks, please refer to our Risk Report in the Group Management Report as at 31 December 2011. There were no significant changes in opportunities and risks as at 30 June 2012.

Outlook

The difficult transition period described in the Management Report for 2011 continued through the first half of 2012. The main reason for the poor results of the second quarter of 2012 is the delays in the construction of waste-to-energy plants due to internal and external factors. The external factors include delays in the granting of various Chinese government approvals. The future financial performance of ZhongDe will depend on how it progresses with completing its ongoing EPC and BOT construction projects. Past experience shows that the realization of our goals is clearly influenced by numerous internal and external factors which are difficult to predict. Nevertheless, in the long term, we expect to reach our goal. ZhongDe's Management Board expects that the current Zhoukou BOT project will have been completed by the end of the financial year 2012.

Looking ahead, ZhongDe expects to benefit from the favourable economic environment for eco-friendly waste disposal as well as from the growing demand for waste-to-energy plants in China and throughout Asia. With regard to the slow recovery of the market for small-scale incinerators, ZhongDe will continue to focus on large-scale waste-to-energy projects. The Company expects to sign one or two new project contracts in 2012, which will lead to a significant increase in order intake and order backlog. The management of ZhongDe is convinced that the Company will show improved financial performance in the coming years. We must point out, however, that these expectations are subject to the usual uncertainties, even though we currently have no reason to expect things will change.

05

Financial Statements – ZhongDe Waste Technology AG

05.1

Interim Consolidated Balance Sheet

for the period from 1 January to 30 June 2012

Amount in k€	30 June 2012	31 December 2011
Assets		
<i>Non-current assets</i>		
Intangible assets	18,784	15,782
Equipment	1,067	1,259
Receivables from BOT projects	42,840	40,181
Deferred tax assets	157	158
	62,848	57,380
<i>Current assets</i>		
Inventories	2,927	1,809
Trade receivables	840	1,385
Other receivables and prepayments	32,067	20,600
Amounts due from related parties	224	305
Cash and cash equivalents	106,713	117,308
	142,771	141,407
Total assets	205,619	198,787
Liabilities and equity		
<i>Capital and reserves</i>		
Share capital	13,000	13,000
Capital reserves	62,914	62,914
Statutory reserves	7,972	7,972
Own shares	-4,608	-4,608
Consolidated retained earnings	17,671	21,817
Foreign exchange difference	26,952	24,573
Total equity	123,901	125,668
<i>Liabilities</i>		
<i>Long-term liabilities</i>		
Long-term loans	42,059	30,054
Deferred tax liabilities	3,449	3,329
	45,508	33,383
<i>Short-term liabilities</i>		
Trade payables	15,520	18,459
Other payables and accruals	11,995	14,033
Provisions	2,519	2,741
Amounts due to related parties	1	6
Income tax payable	1,296	334
Share of long-term loans due in the short term	4,879	4,163
	36,210	39,736
Total liabilities	81,718	73,119
Total liabilities and equity	205,619	198,787

05.2

Consolidated Statement of Income and Expenses

for the period from 1 January to 30 June 2012

Amount in k€	Q2 2012	Q2 2011 adjusted	HY1 2012	HY1 2011 adjusted
Revenue	3,731	4,613	4,947	7,031
Cost of sales	-3,428	-3,671	-4,506	-5,544
Gross profit	303	942	441	1,487
Other operating income	6	135	81	212
Selling and distribution expenses	-373	-613	-650	-1,209
Administrative expenses	-814	-804	-1,814	-1,940
Research and development expenses	-47	-43	-90	-80
Other operating expenses	-1,078	-636	-1,432	-1,003
Profit from operations	-2,003	-1,019	-3,464	-2,533
Finance income	876	492	1,510	978
Finance costs	-877	-484	-1,791	-761
Profit before income tax	-2,004	-1,011	-3,745	-2,316
Income tax	-357	-840	-401	-946
Profit for the period	-2,361	-1,851	-4,146	-3,262
Earnings per share (diluted and basic) (in €)	-0.19	-0.15	-0.33	-0.26
Weighted average shares outstanding (diluted and basic)	12,600,000	12,600,000	12,600,000	12,617,665

05.3

Consolidated Statement of Comprehensive Income

for the period from 1 January to 30 June 2012

Amount in k€	Q2 2012	Q2 2011 adjusted	HY1 2012	HY1 2011 adjusted
Profit for the period	-2,361	-1,851	-4,146	-3,262
Other comprehensive result				
Foreign exchange differences recognized directly in equity	6,087	-508	2,379	-7,476
Total changes recognized directly in equity	6,087	-508	2,379	-7,476
Total recognized income and expense	3,726	-2,359	-1,767	-10,738

05.4

Consolidated Statement of Cash Flow

for the period from 1 January to 30 June 2012

Amount in k€	HY1 2012	HY1 2011 adjusted
Profit before income tax	-3,745	-2,316
Adjustments for:		
Amortization of intangible assets	12	11
Allowance for doubtful trade debts	-7	61
Provision for warranty	0	0
Depreciation of property, plant and equipment	243	218
PPE gains/losses	25	21
Finance income/exchange rate differences	-1,509	-478
Finance expense/exchange rate differences	1,791	760
Operating cash flows before working capital changes	-3,190	-1,723
Working capital changes:		
(Increase)/decrease in:		
Inventories	-1,057	-284
Trade receivables	566	1,092
POC receivables from BOT projects	-5,184	-4,627
Other receivables and prepayments	-10,806	-8,020
Amounts due from related parties	85	-240
Increase/(decrease) in:		
Trade payables	-3,227	-3,009
Other payables, provisions and accruals	-2,531	2,359
Amounts due to related parties	-6	-1
Cash generated from/(used in) operations	-25,350	-14,453
Interest received/exchange rate differences	628	478
Interest paid/exchange losses	-1,988	-561
Income tax paid	590	-166
Net cash generated from operating activities	-26,120	-14,702
Cash flow from investing activities		
Receipts in connection with the short-term financial management of cash investments	0	21,612
Purchase of property and plant and equipment, intangible assets, land use rights	-95	-291
Cash flow used in investing activities	-95	21,321
Cash flow from financing activities		
Taking on of loans	14,001	15,877
Repayment of long-term loan	-2,029	-136
Paid dividends	0	-1,890
Payment financial asset BOT projects	1,639	131
Buy-back of own shares	0	-504
Cash flow from financing activities	13,612	13,478
Net increase in cash and cash equivalents	-12,603	20,097
Cash at beginning of year	117,308	83,805
Foreign exchange differences in connection with financial management	2,008	-4,589
Cash fund at end of period	106,713	99,313
Short-term financial management of cash investments	0	0
Cash and cash equivalents	106,713	99,313

05.5

Consolidated Statement of Changes in Equity

for the period from 1 January to 30 June 2012

Amount in k€	Numbers of shares outstanding	Share capital AG	Capital reserves	Statutory reserves	Own shares	Retained earnings	Foreign exchange differences	Total equity
Balance as at 1 January 2011	12,652,440	13,000	70,522	7,794	-4,104	26,986	15,461	129,659
Total comprehensive income for this period						-3,262	-7,476	-10,738
Buy-back of own shares	-52,440				-504			-504
Dividend distribution for the year 2010						-1,890		-1,890
Balance as at 30 June 2011	12,600,000	13,000	70,522	7,794	-4,608	21,834	7,985	116,527
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						-4,146	2,379	-1,767
Balance as at 30 June 2012	12,600,000	13,000	62,914	7,972	-4,608	17,671	26,952	123,901

05.6

Selected Notes to the Consolidated Financial Statements

for the period from 1 January to 30 June 2012

General

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

On the basis of the error correction undertaken retrospectively in the consolidated financial statements as at 31 December 2010, under IAS 8, the following changes must be made to the presentation of the comparable figures for HY1 2011 in the previous publication:

Statement of Income and Expenses for the Period from 1 January 2011 to 30 June 2011

in k€	HY1 2011 before restatement	IAS 8 restatement	HY1 2011 after restatement
Revenues	7,031	0	7,031
Cost of sales	-5,544	0	-5,544
Gross profit	1,487	0	1,487
Other operating income	212	0	212
Selling and distribution expenses	-1,209	0	-1,209
Administrative expenses	-1,940	0	-1,940
Research and development expenses	-80	0	-80
Other operating expenses	-958	-45	-1,003
Profit from operations	-2,488	-45	-2,533
Finance income	978	0	978
Finance costs	-761	0	-761
Profit before income tax	-2,271	-45	-2,316
Income tax	-946	0	-946
Profit for the period	-3,217	-45	-3,262
Earnings per share (diluted and basic) (in €)	-0.25	-0.01	-0.26
Weighted average shares outstanding (diluted and basic)	12,617,665		12,617,665

Statement of Comprehensive Income for the Period from 1 January 2011 to 30 June 2011

in k€	HY1 2011 before restatement	HY1 2011 IAS 8 restatement	HY1 2011 after restatement
Profit for the period	-3,217	-45	-3,262
Other income			
Foreign exchange differences recognized directly in equity	-7,476	0	-7,476
Total changes recognized directly in equity	-7,476	0	-7,476
Total income	-10,693	-45	-10,737

For further information, please see the presentation in the Notes as at 31 December 2011.

Basis of Preparation

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

Significant Accounting Policies

The accounting policies applied by the Group in the interim consolidated financial statements generally correspond to the methods applied by ZhongDe Waste Technology AG in its consolidated financial statements for the year ending 31 December 2011. For further details, please refer to the consolidated financial statements available on the Company's website: www.zhongdetech-ag.com.

Income recognized during the reporting period for seasonal reasons, whether due to cyclical developments or one-off developments, is not allocated accurately in the interim consolidated financial statements. Non-recurring expenses that are incurred during the reporting period have been allocated as they would be at year-end.

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

Segment Analysis and Information

-> A. Business Segments

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

-> B. Business by Region

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

-> C. Allocation Basis

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

Inter-segmental revenues are eliminated on consolidation.

The following table presents revenues and results information regarding the Group's business segments for the first half of 2012:

Amount in k€	Incinerators		EPC		BOT		Total reportable segments		Unallocated		Consolidation		Group	
	HY1	HY1	HY1	HY1	HY1	HY1	HY1	HY1	HY1	HY1	HY1	HY1	HY1	HY1
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Revenues	0	0	377	3,141	4,570	3,890	4,947	7,031	0	0	0	0	4,947	7,031
Intercompany revenues	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total revenue for reportable segments	0	0	377	3,141	4,570	3,890	4,947	7,031	0	0	0	0	4,947	7,031
Total gross profit from reportable segments	0	0	71	648	370	848	441	1,496	0	-9	0	0	441	1,487
Order intake	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Order Backlog	2,746	1,515	92,580	83,232	46,616	59,847	141,942	144,594	0	0	0	0	141,942	144,594

Functional and Presentation Currency

	30 June 2012	30 June 2011
Exchange rate RMB/€ at the end of the period	8.0011	9.3416
Average exchange rate RMB/€ for Q2	8.1901	9.1755
	30 June 2012	30 June 2011
Exchange rate HKD/€ at the end of the period	9.7658	11.2475
Average exchange rate HKD/€ for Q2	10.0619	10.9212

The functional currency of the consolidated subsidiaries is the RMB.

Income Tax

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

Frankfurt, 30 August 2012
ZhongDe Waste Technology AG

On behalf of the management



Zefeng Chen
Chairman of the
Management Board (CEO)



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

Responsibility Statement by the Management

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

Frankfurt, 30 August 2012
ZhongDe Waste Technology AG
On behalf of the management



Zefeng Chen
Chairman of the
Management Board (CEO)



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

Cautionary Note Regarding Forward-Looking Statements

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

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

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

About ZhongDe Waste Technology AG



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

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

Financial Calendar and Contact Information

Financial Calendar

Date*	Event
30 August 2012	Annual General Meeting
12–14 November 2012	German Equity Forum, Frankfurt am Main
30 November 2012	Interim report on the third quarter of 2012

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

Contact Information

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

ZhongDe Waste Technology AG

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