



Quarterly Report I/2007



Highlights: organic growth of 12 %; earnings on target

- The CENTROTEC Group increased its revenue for the first quarter to more than EUR 90 million (previous year, reported: EUR 62 million including Solar Systems, excluding Wolf Group). Organic revenue growth was 12 % (as-if figures excluding Solar Systems, including Wolf Group)
- The integration of the new companies and additions to the product range are making swift progress, as planned. Numerous projects are under way to optimise new products and sales channels
- Improvements in operating revenue and EBIT in all segments based on as-if accounts for Q1/2006 (excluding Solar Systems; including Wolf Group)
- EBITDA up by almost 30 % to EUR 7.2 million; EBIT has risen as scheduled in the as-if accounts from EUR 2.0 million to EUR 3.3 million (prior-year figure EUR 3.6 million including Solar Systems and excluding Wolf Group)
- The net earnings (EAT) of EUR 0.7 million include investment losses of EUR -0.3 million from CENTROSOLAR AG (prior-year figure EUR 5.5 million including one-off effects of EUR 3.6 million from gains from transactions with minorities)
- Earnings per share (EPS) amount to EUR 0.08 (prior-year figure without Wolf-Group EUR 0.67, of which EUR 0.46 from one-off effects)
- After adjustment for application of the equity method to the consolidation of CENTROSOLAR AG (EUR 26.9 million), working capital has risen slightly by EUR 4.5 million since the start of the year to EUR 63.1 million, primarily as a result of a seasonal buildup of inventories

Outlook: forecasts proving correct

- On the basis of the opening months of the year, revenue for 2007 could easily reach the upper limit of the forecast range of EUR 390 to 400 million
- The earnings forecasts, with EBIT of at least EUR 29 million and EPS of more than EUR 2.00, are also proving correct because, typically for the industry, the CENTROTEC Group generates only a small portion of its annual earnings in the first quarter
- The group-wide programme to promote cross-company collaboration, including internationally, will continue to yield good results
- The export share of revenue will continue to rise
- A healthy level of orders and high demand in virtually all segments are expected to produce high revenue in the second half of the year
- The development of the Wolf Group, acquired in 2006, is progressing according to plan and will make a considerable contribution towards improving the earnings of the CENTROTEC Group for this financial year; in view of the seasonal nature of its business, markedly positive contributions to earnings are not expected before September
- The expansion of the Medical Technology area continues

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1. Consolidated entities and segment structure

The structure and scope of consolidation of the CENTROTEC Group have changed considerably compared with the financial statements at December 31, 2006 in particular now that the companies belonging to CENTROSOLAR AG are now accounted for using the equity method (comprehensively consolidated until December 31, 2006). CENTROTEC's unchanged interest of 33.63 % in CENTROSOLAR AG is included pro rata in this Quarterly Report in the result from investments recognised using the equity method. The "Solar Systems" segment is consequently no longer included in the segment report.

The segment structure has furthermore been adjusted by the reallocation of business units under Advanced Composites from the "Medical Technologies & Engineering Plastics" segment to "Other", which constitutes a sub-division of the

"Gas Flue Systems" segment. The segment structures have consequently been brought in line with the management and responsibility structures in the group, enhancing transparency.

2. Developments in revenue and earnings

CENTROTEC posted revenue of EUR 90.4 million in the first three months of the year, exceeding our expectations. The revenue of EUR 62.0 million reported in the previous year also included revenue for "Solar" activities amounting to EUR 26.2 million, but not the Wolf Group, which posted revenue of EUR 47.6 million in the first quarter of 2007 alone. The effect from the reallocation of Advanced Composites amounts to approx. EUR 1.8 million in the first quarter of 2007 (previous year: EUR 0.5 million). The following table shows the structural changes as reflected in the consolidated reported revenues for the first three months, on the basis of the new segment structure:

Revenue (in EUR million)	Q1 / 2007	Q1 / 2006 As-if (pro forma)*	Q1 / 2006 Reported	Year-on-year change As-if (pro forma)*
Gas Flue Systems	22.5	18.1	17.6	24 %
Climate Systems	58.9	55.1	10.2	7 %
Med. Technology & EP	9.0	7.5	8.0	19 %
Solar Systems	-	-	26.2	-
Total	90.4	80.7	62.0	12 %

* Reallocation of Advanced Composites; including Wolf Group; excluding CENTROSOLAR

The rise in revenue in the first quarter compared with the as-if accounts for Q1/2006 is attributable exclusively to organic growth.

EBITDA earnings of EUR 7.2 million in the first quarter are well up on the previous year (EUR 5.5

million). All segments show improvements in this earnings figure. At EBIT level, too, all segments reveal improvements compared with the as-if accounts for 2006 excluding Solar Systems and taking account of the aforementioned reallocations.

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EBIT of EUR 3.3 million is down on the figure reported for the previous year of EUR 3.6 million. The 2007 figure includes amortisation of EUR 0.5 million on the assets to be reported in the context of the purchase price allocation (PPA) process for the Wolf Group.



The return on earnings is dominated in particular by the consolidation of the Wolf Group. Although the earnings of this group were above the budgeted figures in the opening months of the year, taking the PPA expenses into account it has not yet been possible to achieve a positive EBIT. The seasonal effect at Wolf is much greater than at CENTROTEC's other companies. Wolf always posts a loss for the first quarter at both EBIT and EAT level. Wolf and the other segments were moreover confronted with price rises, in some cases appreciable, for direct materials compared with the previous year; these could only be passed on to a limited extent to customers, and with a certain time lapse.

Earnings before taxes (EBT) of EUR 1.0 million were diminished by the much higher interest expense now amounting to EUR 2.0 million (previous year EUR 0.7 million) originating largely from the acquisition of Wolf; EBT also includes the result of EUR -0.3 million for CENTROSOLAR AG, an investment recognised using the equity method. The EBT of EUR 6.5 million reported for the previous year included gains from transactions with minorities of EUR 3.6 million and no interest expense for financing the acquisition of Wolf. Including financing, EBT for the previous year would have been below this year's figure. This consequently reduced earnings after taxes (EAT) at March 31, 2007 to EUR 0.7 million (previous year, reported: EUR 5.5 million).

With an average number of 8.2 million shares, earnings per share (EPS) were EUR 0.08 (previous year: EUR 0.67, of which EUR 0.46 attributable to gains from transactions with minorities).

3. Development of the segments

3.1 Gas Flue Systems

The revenue of the Gas Flue Systems segment rose by 24 % since the start of the year to EUR 22.5 million (previous year as-if EUR 18.1 million). Of this total, the Advanced Composites area accounted for EUR 1.8 million (previous year EUR 0.5 million). The organic growth of Gas Flue activities to date reached 17 %. Despite the higher materials ratio and a 17 % rise in personnel expenses, it was possible to improve the return on earnings.

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Key figures for Gas Flue Systems (in EUR '000)	Q1 / 2007	Q1 / 2006*
Revenue from third parties	22,546	18,130
Revenue from other segments	140	277
Change in inventories of finished goods and w. i. p.	814	816
Cost of materials	(11,817)	(9,304)
Employee benefit costs	(5,054)	(4,334)
Depreciation and amortisation	(869)	(752)
Other income and expense	(3,718)	(3,387)
EBIT	2,042	1,446

* Incl. Advanced Composites

Demand in the heating business in Germany was slack throughout the entire sector. Likely causes are the reduction in inventories at customers and investments in heating systems that had already been brought forward to 2006 due to the rise in the VAT rate in Germany at the start of this year. Domestic revenue for gas flue systems was consequently down on the previous year. An initial order from a leading European boiler manufacturer was successfully completed, even if this did not yet produce any significant revenue during the first quarter.

In other European countries, the companies in the Netherlands, Belgium, France and Italy in particular achieved significant revenue growth. The rise in France has been promoted by the fact that the market share for plastic gas flue systems, in which CENTROTEC specialises, has grown significantly in recent months. At the same time, awareness of the Ubbink brand within the trade has risen sharply. A similar development has been registered in Belgium, where the proportion of gas flue systems sold to the trade is well up on the previous year.

Our intensified sales activities in certain Eastern European countries are bearing fruit. Sales of gas flue systems have risen in the Czech Republic, Slovakia, Romania, Hungary and the Baltic states. The segment's management is convinced that there is scope for tapping further revenue potential in those countries.



European expansion in the Gas Flue Systems segment continues both at the sales end and at the procurement and production end. The network of functions in Europe has furthermore been intensified. For instance, the new production plant for rigid gas flue pipes in Brilon went into operation after a slight delay and now calibrates pipes also for the sister companies in the Netherlands and France. As the procurement costs for certain materials and bought-in parts have risen further and are significantly diminishing the gross profit compared with the previous year, further measures to coordinate the procurement areas more intensively have been implemented. Despite the increased direct costs of materials and amortisation of assets from the purchase price allocation process, the earnings for the segment of EUR 2.0 million are up on the previous year (previous year: EUR 1.4 million incl. Advanced Composites).

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The Advanced Composites area comprises the companies Centrotec Composites, Centrotec International and the Asian investments Centrotec JI Asia Pte. Ltd. (Singapore) and Centrotec JIT Bintan PT (Indonesia). The emphasis of this area's production activities is on parts/components made from fibre composites for the automotive supply industry. New developments made from these materials include subcomponents for both the solar thermal and the photovoltaics markets. Revenue in the first quarter reached EUR 1.8 million (previous year EUR 0.5 million). This also prompted a marked rise in earnings.

The Gas Flue Systems segment is expected to enjoy strong growth over the next few months, with the result that the forecast revenue for 2007 of EUR 88 to 91 million can be confirmed. This is also underpinned by the many new, stimulating ideas in evidence at the ISH exhibition, which is of pivotal importance for the industry.

3.2 Climate Systems

Total revenue in the Climate Systems segment in the first quarter had grown to EUR 58.9 million compared with the corresponding prior-year period (previous year EUR 10.2 million). The as-if accounts include the revenue of the Wolf Group for the first quarter of 2006. On this basis, the organic growth achieved is almost 7 %.

The largest business area in this segment is the Wolf Group, which has belonged to the CENTROTEC Group since the start of October 2006. It achieved net revenue growth of EUR 2.5 million to EUR 46.1 million, or 5 %, in the first quarter. In view of the weak heating market in Germany (downturn of more than 20 percent in some areas the market), the revenue of the Wolf Group for heating systems performed better than the market as a whole, but was still down on the prior-year figures in Germany.

Key figures Climate Systems (in EUR '000)	Q1 / 2007	Q1 / 2006 As-if (pro forma)*	Q1 / 2006 Reported
Revenue from third parties	58,920	55,080	10,203
Revenue from other segments	87	51	51
Change in inventories of finished goods and work in progress	(400)	1,402	341
Cost of materials	(28,054)	(27,023)	(4,586)
Employee benefit costs	(18,889)	(18,876)	(3,004)
Depreciation and amortisation	(2,624)	(2,645)	(270)
Other income and expense	(8,511)	(7,786)	(1,575)
EBIT	529	203	1,160

* Incl. Wolf

However, substantial rises in revenue were posted from exports and by the international companies. Significant rates of increase were

achieved in Eastern European countries, and Russia in particular. The market position in the Climate Control/Ventilation product group was

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consolidated and improved, with domestic demand showing a slight increase. Revenue in Germany was up around 20 %; growth internationally was in excess of 45 %. The Wolf product group Solar Thermal likewise achieved vigorous revenue growth.



Integration and collaboration between the Wolf Group and the Ventilation area progressed highly positively. Systems for controlled domestic ventilation from Ned Air and Wolf were jointly optimised and already exhibited at the ISH in March. These "plug & play systems" offer high value added for the customer thanks to their innovative technology and considerable ease of installation. The systems are a great advantage for the fitter, too, as they take less time to install.

Brink's newly developed controlled domestic ventilation systems with heat recovery will be brought onto the market during the next few weeks by the Wolf Group's sales organisation. As well as the appliance itself, the lines, valves, distributor box and its fastenings will be supplied as a system set. They will be sold exclusively to wholesalers that will receive the necessary support for fitters at Wolf's sales centres, in the form of computer-aided configuration systems and

installation aids. Other selected Wolf products and systems will also be sold via EnEV-Air's direct sales channels.

In response to growing demand for energy-saving systems for residential buildings, CENTROTEC is pursuing an additional approach in the Netherlands. The target market in this instance is municipal authorities, which are setting energy-saving targets way above the levels required by law in the Netherlands. These extremely low levels of energy consumption can only be achieved on the one hand by means of integrated systems for heating, ventilation and cooling, and on the other hand by including residential blocks or districts in the concept at a very early stage. CENTROTEC, with its expertise in the sphere of energy saving, is currently working with housing construction companies on such projects and is lined up both to supply the products themselves (largely from the Wolf Group) and to draw up and supervise the installation concept. This project is being led by a new employee who has experience of handling major projects of this type.

The repositioning of Innosource and its integration into the Staphorst location have been successfully completed. Only the restructuring of the sales organisation under the umbrella of the Brink Group, which will incur no further expenses, is still outstanding and will be completed during the second quarter. The restructuring of Innosource has nevertheless already produced satisfactory results in the first quarter. With revenue up by almost 20 % and an operating EBIT margin of more than 5 %, stable, positive results are expected over the next few months, in a reversal of the losses of the previous year.

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The result for the Climate Systems segment in the first quarter, with EBIT of EUR 0.5 million, has a strong seasonal character and is therefore not representative of the financial year as a whole. The EBIT margin will improve in the next quarter by virtue of higher capacity utilisation.

We believe that demand for integrated overall systems for heating, ventilation and cooling, with or without heat recovery, for residential and commercial buildings will continue to rise sharply. There was clear evidence of this trend for example at the ISH in March. Saving energy was "the" main topic, the prominence of which has also been heightened by new ordinances such as the energy pass that will become mandatory in Germany from 2008. Such regulations are also in the pipeline in other European countries and will serve to generate fresh demand for CENTROTEC systems. The rise in revenue for the segment to EUR 270 to 275 million for 2007 as a whole will definitely be achieved.

3.3 Medical Technology & Engineering Plastics

The Medical Technology & Engineering Plastics segment has included the activities of medimondi AG since the start of this year. With external revenue growth of more than 19 % to EUR 9.0 million, earnings have meanwhile been doubled. The comparison with the prior-year quarter refers to the segment after elimination of the Advanced Composites area. The revenue growth of 19 % is exclusively organic.

Key figures for MT & EP (in EUR '000)	Q1 / 2007	Q1 / 2006*
Revenue from third parties	8,979	7,518
Revenue from other segments	294	212
Change in inventories of finished goods and w. i.p.	67	(180)
Cost of materials	(3,620)	(2,617)
Employee benefit costs	(3,225)	(3,165)
Depreciation and amortisation	(361)	(302)
Other income and expense	(1,387)	(1,151)
EBIT	747	315

* Excl. Advanced Composites

The reason for the high growth rates in the segment is that the three largest companies in the segment (Möller Medical, Centroplast and Rolf Schmidt) were all able to post record revenue in the first quarter.

The highly satisfactory revenue growth for medical technology was also fuelled by self-developed products that are marketed for neurosurgical, blood transfusion and aesthetic medical applications via our own sales operations, which have now been increased. As well as the "LiquoGuard" liquor drainage system for neurosurgery that was successfully launched last year and operates according to a revolutionary new principle, intensive development work continues on further medical technology products. The experience that has now been acquired in products of this type is now being used to optimise the products themselves and further develop the sales organisation. An interesting and welcome side-effect of this development is that OEM customers are likewise coming to appreciate Möller Medical's more extensive medical and user expertise.



International expansion also continues. In addition to launching the new sales subsidiary in Switzerland, products were exhibited at shows in USA (Lab Automation in Palm Springs and Pittcon in Chicago), among other venues. Further medical technology trading partners are also being recruited internationally. The figure is to rise from 9 in 2006 to well over 25 in 2007.

The Engineering Plastics area maintained its growth strategy in the first quarter. New production facilities at Marsberg and Kolding (Denmark) are boosting productivity and paving the way for the production of higher-quality products. We continue to specialise in market niches by adjusting the product range accordingly.

The earnings for the quarter were EUR 0.7 million, and therefore up EUR 0.3 million on the previous year, even though product developments in the field of Medical Technology that will only boost earnings in the medium term continue to erode returns.

Thanks to the positive development in revenue in both the Medical Technology and Engineering Plastics areas, as matters stand the revenue target for the segment of more than EUR 34 million (excluding Advanced Composites) will be

achieved. The EBIT margin will continue to improve over the next few quarters, with the result that as matters stand the earnings target for the full year, with a double-digit EBITDA return, will be achieved.

The systematic development of medimondi AG will be promoted and expanded with the addition of new lines of business, with the aim of going public with a strong group of companies.

4. Development of affiliated companies

The largest non-consolidated affiliated company of CENTROTEC is CENTROSOLAR AG. The revenue of its solar businesses rose by 35.7 % in the first quarter of 2007 to EUR 35.5 million, with organic growth of more than 25 %. Solar companies at this value creation stage typically generate approx. 10 to 15 % of their annual revenue in the first quarter. The revenue performance is therefore comfortably on track for the full-year target of EUR 220 million. There was a disproportionately sharp rise in gross profit and EBITDA, with the most notable changes compared with the previous year achieved in the glass finishing (nanocoatings) area. Improvements that have a positive effect on the gross margin were likewise secured at the procurement end, following the fall in market prices in the second half of 2006. The first quarter saw the expected buildup in inventories that is typical of the season. The low revenue level for the first quarter, attributable to seasonal factors, is sufficient to cover all operating costs with a cash effect, but not the IFRS 3 depreciation and amortisation amounting to EUR 2.0 million, with the result that EBIT is EUR -0.4 million. Taxes and interest payments produce an EAT figure of EUR -0.8 million.



Higher earnings margins are expected in subsequent quarters thanks to better capacity utilisation. Particularly outside Germany, sales structures that will not generate revenue until future quarters have been established. Overall, CENTROSOLAR is striving to boost its export ratio from the present 29 % to over 50 % in the course of this year. Another factor behind growth, as well as international expansion, is BIPV (building integrated photovoltaics). This refers to ultra-lightweight systems that can also be installed on lightweight-construction halls.

Bond Laminates (CENTROTEC interest 24.95 %) is also developing very successfully; as well as almost doubling its revenue to EUR 1.4 million in the first quarter, it improved substantially on the prior-year earnings.

5. Net worth, financial position and financial performance

The balance sheet total has fallen to EUR 354.2 million since the start of the year (December 31, 2006: EUR 483.1 million). This contraction of the balance sheet is attributable primarily to the representation of CENTROSOLAR using the equity method, initially with no effect on earnings, in a departure from the value shown in the annual financial statements for 2006 of approx. EUR 158 million. For the same reason, shareholders' equity in absolute terms fell during the period under review to EUR 92.1 million at the end of the quarter (December 31, 2006: EUR 146.3 million). However, excluding the CENTROSOLAR Group from the annual financial statements, shareholders' equity would have risen by EUR 1.2 million substantially as a result of the earnings for the quarter. The equity ratio at March 31, 2007 was 26.0 % (December 31, 2006: reported 30.3 %; as-if excluding CENTROSOLAR 25.7 %). The principal effect within shareholders' equity is that minority interests have disappeared almost entirely as a result of the change in consolidation.

Non-current assets (excluding Solar Systems) rose by EUR 4 million in the first quarter to EUR 228.9 million, largely by virtue of the increase in investments and deferred taxes. Overall, property, plant and equipment amount to EUR 95.5 million (EUR -0.7 million in Q1), goodwill to EUR 59.8 million (EUR +/-0 million in Q1), intangible assets to EUR 37.2 million (EUR -0.4 million in Q1) and investments now to EUR 27.7 million following the recognition of CENTROSOLAR AG using the equity method.



Current assets (excluding Solar Systems) fell from EUR 128.2 million at the start of the year to EUR 125.4 million. Whereas inventories rose by around EUR 3 million to EUR 55.9 million and receivables by almost EUR 2 million to EUR 56.7 million due to seasonal factors, cash and cash equivalents fell by EUR 8.3 million to EUR 5.1 million. The group had ample additional unutilised credit lines at the end of the quarter.

The net working capital (current assets – cash and cash equivalents – current, non-interest-bearing liabilities) amounted to EUR 63.1 million at March 31, 2007. The increase compared with the prior-year quarter, excluding Solar Systems, was thus EUR 3.5 million and stemmed principally from the higher inventories.

The total current and non-current financial liabilities improved to 41.0 % of the balance sheet total (December 31, 2006 excluding Solar Sys-

tems: 42.8 %). The net financial liabilities (current and non-current loans less cash and cash equivalents) of EUR 140.1 million have risen in recent months as a result of the higher inventories and trade receivables (as-if accounts: EUR 137.9 million at December 31, 2006).

Cash flow I (EAT plus depreciation and amortisation) was EUR 4.5 million after three months (previous year EUR 7.5 million). Although the higher depreciation and amortisation has a positive effect on cash flow from operating activities, the interest and tax payments likewise rose significantly, the negative effect of which, coupled with the lower net profit for the period, left a figure of EUR 0.4 million.

The cash flow from investing activities amounted to EUR 5.3 million. This includes capital expenditure of EUR 2.2 million for new property, plant and equipment. A further EUR 2.6 million resulted from the change in the consolidation method for CENTROSOLAR AG which are related to the change in liquide fonds.

6. Capital expenditure

The total volume of all capital expenditure in the first three months was EUR 2.8 million (previous year EUR 26.2 million, of which EUR 23.7 million from acquisitions). Spending on property, plant and equipment at the three-month mark amounted to EUR 2.2 million (previous year EUR 2.2) and on intangible assets EUR 0.6 million (previous year EUR 0.3 million). The breakdown in capital expenditure by segment in Q1 was as follows:

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Capital expenditure (in EUR million)	Q1 / 2007	Q1 / 2006*
Gas Flue Systems	1.2	0.9
Climate Systems	1.3	0.2
Med. Techn & Eng. Plast.	0.3	0.7
Solar Systems	-	0.7
Total	2.8	2.5

* Excluding capital expenditure of EUR 23.7 million from acquisitions

Buildings and machinery accounted for a large portion of capital expenditure on property, plant and equipment during the first quarter of 2007. The biggest significant investment projects were extensions to the production plant for gas flue pipes at Brilon and technical extensions to the machine capacity and logistics at the Doesburg and Staphorst plants. In addition to the investment projects mentioned, minor capital expenditure at the operating plants focused on the maintenance and extension of plant and machinery.

7. Development in employees

The average number of employees in the first quarter expressed as FTE (full time equivalents) rose sharply as a result of the integration of the Wolf Group to 2,375 FTE (previous year 1,408 FTE). In the current quarterly figures, the Wolf Group alone accounts for 1,362 employees (FTE), whereas the prior-year figures still included 374 FTE from the Solar Systems segment, which is no longer included in consolidation in 2007. Despite the expansion of business, the number of employees at Staphorst fell as a result of centralisation measures for the Climate Systems segment. The proportion of employees based in

Germany (as an FTE total) was up 53 % in the previous year to 68 % at the reporting date (in particular as a result of Wolf). The proportion based in the Netherlands fell correspondingly to less than 21 %, compared with 35 % in the previous year.

The number of employees (expressed as individuals) was 2,475 (previous year 1,479) at the end of the quarter. The employee structure has shifted; the proportion of industrial employees at March 31, 2007 was 56 % (previous year 66 %).

There was a sharp rise in personnel expenses as a result of the higher employee total compared with the previous year, in particular following the acquisition of the Wolf Group. Personnel expenses amounted to EUR 27.2 million in the first three months (previous year EUR 12.7 million).

8. Share price developments

The price of CENTROTEC shares rose sharply during the first three months of the year, by around 25 % (January 2: EUR 24.63; March 30: EUR 30.74) and consequently outperformed for instance the SDAX, which rose by around 8 % over the same period. The shares reached their highest level for the quarter on February 9, when they were traded at EUR 32.93 at the Frankfurt Stock Exchange. The price stabilised at above EUR 33 until the start of May. Recent research studies indicate the fair value to be even higher.

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Share price development, Jan. to early May 2007

Source: www.ariva.de

Based on a total of 8,212,000 shares, market capitalisation at March 31, 2007 was in the order of EUR 250 million.

9. Opportunities and risks

There have been no fundamental changes in the assessment of opportunities and risks in the core areas of business compared with the position outlined in the last Annual Report. Cyclical influences and changes to the customer and competitor structure therefore remain the principal risks. The positive overall development in revenue, the current level of orders and projects currently undergoing development or already being implemented nevertheless give rise to optimism.

10. Expectations for 2007

Business developments in the first quarter of 2007 were in line with expectations. The Management Board of CENTROTEC Sustainable AG assesses the business development of the group very

positively because sustained high demand for the group companies' energy-saving products and services is expected.

CENTROTEC will concentrate on organic growth in the existing business areas and on improving earnings during the 2007 financial year. Now comprising the three segments Gas Flue Systems, Climate Systems and Medical Technology & Engineering Plastics, the CENTROTEC Group will be able to focus even more closely on energy-saving concepts involving ventilation, heating, climate control and solar thermal technology. This change does not affect the extensive operational collaboration with CENTROSOLAR Group companies that aims to intensify both international expansion and reciprocal supplier relations and development partnerships. With revenue possibly even exceeding the upper end of the forecast range of EUR 400 million, high earnings are expected particularly coming months, which are typically the busiest of the year. Reduced tax burdens in the core countries should facilitate attainment of the target earnings.

CENTROTEC plans to invest in expanding its core business to pave the way for further sustained growth. It is planning capital expenditure of more than EUR 15 million throughout the group during the current financial year. The emphasis is on further developing existing products and creating new, innovative energy-saving concepts as well as increasing and extending existing production capacities, both to meet increasing demand and to preserve its technologically advanced production infrastructure. On top of this, CENTROTEC will continue to invest specifically in building up

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existing markets and accessing new ones, in line with its strategy of expansion.

The ever-present cyclical and customer-specific uncertainties in our principal sales markets, however, continue to be a risk. The prospects of the CENTROTEC Group for achieving profitable growth in future years, too, remain very bright.

Brilon, May 2007

The Management Board

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KEY FIGURES GROUP

in thousand EUR

	31.03.2007	31.03.2006	Changes
Total revenue	90.445	62.020	45,8%
Gas Flue Systems	22.546	18.130	24,4%
Climate Systems	58.920	10.203	477,5%
Medical Technology & Engineering Plastics	8.979	7.518	19,4%
Solar Systems	0	26.169	-100,0%
Earnings			
EBITDA	7.172	5.541	29,4%
EBIT	3.318	3.605	-8,0%
EBIT Yield (in %)	3,7%	5,8%	
EBT	1.042	6.536	-84,1%
EAT	660	5.532	-88,1%
EPS (in EUR; basic)	0,08	0,67	-88,4%
Balance Structure***			
Balance sheet total	354.212	483.078	-26,7%
Shareholders' equity	92.066	146.313	-37,1%
Equity ratio (in %)	26,0	30,3	
Property, plant and equipment	95.547	102.979	-7,2%
Intangible Assets	37.191	58.827	-36,8%
Goodwill	59.841	118.867	-49,7%
Net financial liabilities	140.149	159.316	-12,0%
Net Working Capital	63.114	86.215	-26,8%
Cash Flow Statement			
Cash flow I (EAT & depreciation/amortisation)	4.514	7.468	-39,6%
Cash flow from operating activities	404	(7.858)	100,0%
Cash flow from investing activities	(5.320)	(2.190)	142,9%
Employees			
Total (in FTE)	2.375	1.408	68,7%
Shares*			
Number of shares**	8.198	7.955	3,1%
Share price 01.01.	24,63	21,90	
Year-high	32,93	30,58	
Year-low	24,63	19,85	
Share price 31.03.	30,74	25,06	

* Quotation in EUR

** Weighted average shares outstanding (basic; in thousand)

*** Previous period is related to December, 31 2006

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CONSOLIDATED BALANCE SHEET

in thousand EUR

ASSETS

	31.03.2007	31.12.2006
Non current assets		
Goodwill	59.841	118.867
Intangible assets	37.191	58.827
Property, plant and equipment	95.547	102.979
Financial investments accounted for using the equity method	27.653	1.861
Loans and financial assets available for sale	799	2.698
Other assets	577	532
Deferred tax	7.254	3.225
	228.862	288.989
Current assets		
Inventories	55.925	84.209
Trade account receivables	56.748	79.352
Income tax receivable	2.101	3.079
Cash and cash equivalents	5.095	20.048
Other assets	5.481	7.401
	125.350	194.089
ASSETS	354.212	483.078

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CONSOLIDATED BALANCE SHEET

in thousand EUR

EQUITY AND LIABILITIES

	31.03.2007	31.12.2006
Shareholders` equity		
Share capital	8.212	8.204
Additional paid-in-capital	23.889	23.476
Treasury stock	(112)	(112)
Stock option reserve	682	603
Deferred tax reserve	393	478
Currency translation differences in shareholders' equity and fair value adjustment of interest rate derivatives	(53)	136
Retained earnings	58.315	44.367
Profit attributable to share capital holders of the CENTROTEC Sustainable AG	639	14.316
Minority interest, present within equity	101	54.845
	92.066	146.313
Non current liabilities		
Pension accruals	21.565	22.188
Other accruals	11.259	12.661
Financial liabilities	116.307	129.018
Other liabilities	184	8.452
Deferred tax	26.753	26.275
	176.068	198.594
Current liabilities		
Other accruals	1.067	1.788
Income tax payable	4.600	6.793
Financial liabilities	28.937	50.346
Trade accounts payable	22.698	38.295
Other liabilities	28.776	40.949
	86.078	138.171
Equity and Liabilities	354.212	483.078

Quarterly Report at March 31, 2007

CONSOLIDATED INCOME STATEMENT

from January 1 to March 31, 2007

in thousand EUR

	01.01.2007 31.03.2007	01.01.2006 31.03.2006
Revenues	90.445	62.020
Other operating income	1.159	1.798
Changes in inventories of finished goods and work in progress	481	5.021
Production for own fixed assets capitalized	445	151
Cost of purchased materials and services	(42.970)	(40.649)
Personnel expenses	(27.168)	(12.743)
Depreciation and amortisation	(3.854)	(1.936)
Other operating expenses	(15.220)	(10.057)
Operating income (EBIT)	3.318	3.605
Interest income and expenses	(2.037)	(715)
Profit from transactions with minorities	0	3.639
Result of investments accounted for using the equity method	(239)	7
Result before income taxes (EBT)	1.042	6.536
Income tax	(382)	(1.004)
Net income (EAT)	660	5.532
Profit or loss attributable to minority interest	21	172
Profit attributable to share capital holders of CENTROTEC Sustainable AG	639	5.360

EPS (Earnings per share in EUR)

Earnings per share (basic)	0,08	0,67
Earnings per share (diluted)	0,08	0,64
Weighted average shares outstanding (in units; basic)	8.198.036	8.032.576
Weighted average shares outstanding (in units; diluted)	8.448.036	8.349.128

Quarterly Report at March 31, 2007

CONSOLIDATED CASH FLOW STATEMENT

in thousand EUR

	01.01.2007 31.03.2007	01.01.2006 31.03.2006
Net income before taxes and interest (EBIT)	3.318	3.605
Depreciation	3.854	1.936
Gain/loss on disposal of non-current assets	(18)	(93)
Other non-cash items	(458)	274
Increase/decrease in accruals	91	89
Increase/decrease in inventories, trade receivables and other assets that cannot be allocated to investing or financing activities	(5.715)	(10.812)
Increase/decrease in trade payables and other liabilities that cannot be allocated to investing or financing activities	2.787	(3.221)
Interest paid	(2.126)	(339)
Income taxes paid	(1.329)	703
Cash Flow from operating activities	404	(7.858)
Acquisition of share in participations - net of cash acquired and outstanding earn outs to be paid	0	(4.916)
Cash received as a result of Transactions with Minorities	0	5.188
Change in cash flow as a result of change full consolidation into At Equity	(2.583)	0
Purchase of property, plant and equipment/ intangible assets/ investments/ financial assets/ loans receivable	(2.842)	(2.462)
Proceeds from disposal of property, plant and equipment/ intangible assets/ investments/ financial assets/ loans receivable	105	0
Cash Flow from investing activities	(5.320)	(2.190)
Proceeds from issuance of shares	76	0
Proceeds from borrowings; repayment of borrowings	(6.655)	5.551
Cash Flow from financing activities	(6.579)	5.551
Change in liquid funds	(11.495)	(4.497)
Liquid funds at the beginning of the financial year	(1.249)	5.556
Liquid funds at the end of the financial year	(12.744)	1.059

Quarterly Report at March 31, 2007

STATEMENT OF MOVEMENTS IN EQUITY

in thousand EUR

	Share capital	Additional paid-in capital	Treasury stock	Stock option reserve	Deferred tax reserve	Re-valuation reserves	Retained earnings and profit carry-forward	Profit attributable to share holders of CENTROTEC	Minority interest presented within equity	Consolidated equity
December 31, 2005	8.033	21.987	(112)	533	943	(375)	26.409	17.958	27.297	102.673
Transfer to revenue reserves							17.958	(17.958)		0
Change from the exercise of options	171	1.050								1.221
Share option plan		439		70	(465)					44
Changes due to acquisition activities									26.566	26.566
Fair Value adjustment interest rate derivatives						299				299
Currency translation differences						212				212
Profit attributable to shareholders of CENTROTEC Sustainable AG								14.316		14.316
Profit or loss attributable to minority interest									982	982
December 31, 2006	8.204	23.476	(112)	603	478	136	44.367	14.316	54.845	146.313
Transfer to revenue reserves							14.316	(14.316)		0
Change from the exercise of options	8	68								76
Share option plan		92		150	(85)					157
Fair Value adjustment interest rate derivatives						48				48
Change in status of Centrosolar AG		253		(71)		(199)	(368)		(54.765)	(55.150)
Currency translation differences						(38)				(38)
Profit attributable to shareholders of CENTROTEC Sustainable AG								639		639
Profit or loss attributable to minority interest									21	21
March 31, 2006	8.212	23.889	(112)	682	393	(53)	58.315	639	101	92.066

Quarterly Report at March 31, 2007

SEGMENT REPORT

from January 1 to March 31, 2007

in thousand EUR

Segment Structure	Gas Flue Systems & Other		Climate Systems		Medical Technology & Engineering Plastics		Solar Systems		Consolidation		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Statement of Earnings												
Revenue from third parties	22.546	18.130	58.920	10.203	8.979	7.518	0	26.169	0	0	90.445	62.020
Revenue from other segments	140	277	87	51	294	212	0	0	(521)	(540)	0	0
Chang. in invent. of finished goods and work in progress	814	816	(400)	341	67	(180)	0	4.044	0	0	481	5.021
Cost of purchased materials	(11.817)	(9.304)	(28.054)	(4.586)	(3.620)	(2.617)	0	(24.682)	521	540	(42.970)	(40.649)
Employee benefits costs	(5.054)	(4.334)	(18.889)	(3.004)	(3.225)	(3.165)	0	(2.240)	0	0	(27.168)	(12.743)
Depreciation and amortisation	(869)	(752)	(2.624)	(270)	(361)	(302)	0	(612)	0	0	(3.854)	(1.936)
Other income and expenses	(3.718)	(3.387)	(8.511)	(1.575)	(1.387)	(1.151)	0	(1.995)	0	0	(13.616)	(8.108)
Segment result (EBIT)	2.042	1.446	529	1.160	747	315	0	684	0	0	3.318	3.605
Interest result											(2.037)	(715)
Profit from transactions with minorities											0	3.639
Result of investments accounted for using the equity method	(239)	7									(239)	7
EBT											1.042	6.536
Income tax											(382)	(1.004)
Net income (EAT)											660	5.532
Profit or loss attributable to minority interest											21	172
Profit attributable to shareholders CENTROTEC Sustainable AG											639	5.360
Balance Sheet Key Figures												
Assets	89.103	90.902	218.227	221.255	26.618	30.089	0	143.672	(17.543)	(13.703)	316.405	472.215
Investments accounted for using the equity method	27.653	760	0	0	0	0	0	1.101	0	0	27.653	1.861
Loans and financial assets available for sale	0	0	799	109	0	0	0	2.589	0	0	799	2.698
Entitlement to income tax rebates**											9.355	6.304
Total liabilities	13.902	15.675	81.516	63.987	7.674	17.176	0	41.198	(17.543)	(13.703)	85.549	124.333
Financial liabilities											145.244	179.364
Income tax payable**											31.353	33.068
Investments												
Total investments in property, plant, equipment and intangible assets	1.101	896	1.422	177	319	672	0	24.463	0	0	2.842	26.208

* Previous year is related to December, 31 2006

** Including deferred tax

*** Incl. Goodwill and values out of business combinations; year to date

1. The CENTROTEC Group

The CENTROTEC Group is an international group, the focus of whose activities is on the development, production and sale of energy-saving products. In addition to its existing business activities, CENTROTEC regards its business purpose as including the establishment and acquisition of new business areas and companies.

The group parent, CENTROTEC Sustainable AG, Brilon, is listed in the GEX trading segment under toe stock exchange codes CEV and WKN 540750 of the Frankfurt Stock Exchange. It is entered on the Commercial Register of the Local Court of Arnsberg, Germany, under the number HRB 2161. The company's head office is located at Am Patbergschen Dorn 9, 59929 Brilon, Germany. CENTROTEC Sustainable AG is not part of a superordinate group, and is the ultimate parent company of the group presented in these quarterly accounts. Further financial and corporate information on CENTROTEC is available from the above address, or on the homepage www.centrotec.de.

2. Accounting standards and policies

This Quarterly Report at March 31, 2007 has been prepared in accordance with the "International Financial Reporting Standards" (IFRS) issued by the International Accounting Standards Board (IASB), as applicable within the European Union (EU), taking account of Section 315a (1) of German Commercial Code. All IFRS and IAS standards as well as IFRIC and SIC interpretations, and in particular IAS 34 (Interim Financial Reporting), that were valid at the reporting date and the application

of which was mandatory at that date, have been applied. The accounting policies explained in the Consolidated Financial Statements for 2006 have likewise been applied in this Quarterly Report, unless otherwise indicated, and apply correspondingly. This Interim Report has not been subjected to any external scrutiny (by auditors).

Pursuant to Section 37y of German Securities Trading Law (WpHG) in conjunction with Section 37w (2) No. 3 of WpHG, the Management Board declares: "We assure that, to the best of our knowledge and based on the principles of proper consolidated interim financial reporting, the Consolidated Interim Report provides a true and fair view of the net worth, financial position and financial performance of the group, that the Group Interim Management Report presents business progress including the business results and the position of the group in such a way that it provides a true and fair view, and that the principal opportunities and risks of the group's anticipated development in the remainder of the financial year are described."

The Management Board also points out, however, that the forward-looking statements made in the Quarterly Report are based on current expectations, assumptions and estimates. These statements are not to be interpreted as guarantees that the forecasts made have proved correct. Rather, future developments and occurrences are dependent on a wide range of factors that are subject to risks and uncertainties, the influencing factors of which lie outside the sphere of influence of the CENTROTEC Group. Actual developments may therefore depart from any implicit or explicit forward-looking statements made. Changing tax legislation may moreover affect individual items (in

particular deferred tax) and therefore the net earnings.

3. Changes in the corporate and investment structure in the first quarter

A total of 40 companies were comprehensively consolidated at March 31 (compared with 60 companies at December 31, 2006). The consolidated companies changed significantly from the position in the 2006 accounts as a result of the recognition of the CENTROSOLAR Group using the equity method from January 1, 2007, because the group coming under the Solar Systems segment has now been accounted for using the equity method since the start of the year.

In the current financial year, the business activities of CENTROTEC are allocated to the segments Gas Flue Systems & Other, Climate Systems, and Medical Technology & Engineering Plastics (in the previous year also Solar Systems). As well as the existing companies, the Gas Flue Systems & Other segment includes the corporate entities of the Advanced Composites sub-division that had still been allocated to the Medical Technology & Engineering Plastics segment until the end of 2006. The Medical Technology & Engineering Plastics segment now exclusively comprises companies that are comprehensively consolidated as part of medimondi AG. The prior-year figures in the segment report have been adjusted for greater ease of comparison. The reorganisation was carried out in response to the other changes within the group's structures and in the allocation of responsibilities, and also to reflect the changing opportunity and risk structures that result from restructuring and refocusing measures.

During the first quarter, the investment Rolf Schmidt Industriplast A/S that already came under the umbrella of medimondi AG was sold by Centroplast Engineering Plastics GmbH to medimondi AG as an intra-group transaction, with the result that the company is now operated as a direct investment of medimondi AG.

There were the following changes during the first three months in the CENTROSOLAR Group, which is now accounted for using the equity method: in the USA, Centrosolar America Inc. was established in Phoenix, Arizona, on March 15, 2007; CENTROSOLAR AG acquired a 10 % interest in Beteiligung an der Trillion Sun International Co. Ltd., Hong Kong, on February 5, 2007; CENTROSOLAR AG sold its 32.67 % interest in ASS (Automotive Solar Systems) GmbH, Erfurt, on March 30, 2007. The transaction has no effect on the Consolidated Financial Statements of CENTROTEC. The Quarterly Report available at www.centrosolar.com contains detailed information on CENTROSOLAR AG.

4. Notes on the Quarterly Report

– Recognition and measurement aspects

The change in the consolidation method adopted for the CENTROSOLAR Group has been implemented income-neutrally. The level of CENTROTEC's interest in CENTROSOLAR AG has not changed since December 31. The change of method results from the fact that around one million voting rights assigned to CENTROTEC were withdrawn from the voting trust agreement at the start of the 2007 financial year. Since that date, CENTROTEC has been working on the assumption that it is no longer assured de facto control over CENTROSOLAR AG. As a result of the presence

Quarterly Report at March 31, 2007 Explanatory Notes

of members of CENTROTEC corporate bodies on corporate bodies of CENTROSOLAR and the de facto control of the Shareholders' Meeting of CENTROSOLAR AG by the CENTROTEC Group, until December 31, 2006 the rebuttable assumption was still being made that CENTROTEC continued to control CENTROSOLAR on the basis of a potential presence at the Shareholders' Meeting. In addition to available information on major shareholders and the assumptions that they would be attending in full, it is assumed for this purpose that the remaining free float of 50 % could potentially be present at a Shareholders' Meeting. The effect of this decision on the net worth, financial position and financial performance of the CENTROTEC Group is considerable, as the CENTROSOLAR Group is now accounted for using the equity method following the loss of de facto control, whereas it was still consolidated comprehensively in 2006. This change has the consequence that the values to be deconsolidated, which do not however constitute disposals of pro rata consolidated net carrying amounts, represent the starting value for the future accounting of CENTROSOLAR using the equity method.

The as-if figures for the first quarter of 2006 that are provided for greater ease of comparison (excluding Solar Systems segment, including Wolf Group) would have resulted from the application of the key recognition and measurement rules and from the assumed distribution of earnings effects from the purchase price allocation correspondingly over the quarter. However, no finance cost for the WOLF acquisition, nor the tax effects on this, was included in the as-if figures.

– **Changes in the Supervisory Board and Management Board**

At the start of 2007, Dr. A. Kirsch left the Management Board of CENTROTEC Sustainable AG to concentrate on his role as Management Board Chairman of CENTROSOLAR AG. Dr. Huisman furthermore left the Management Board of CENTROSOLAR AG at the start of 2007 and will switch to its Supervisory Board.

– **Related party disclosures**

Within the CENTROTEC Group, goods and services are purchased by a large number of business partners. They are also provided by persons or companies who can be classified as related parties. Transactions with these persons or companies are conducted on generally accepted market terms. Transactions with related parties were presented comprehensively in the Consolidated Financial Statements for 2006 as a matter of principle. All reciprocated services such as the use of infrastructure are billed on generally accepted market terms (arm's length principle). The same applies to performance relationships between CENTROTEC companies and companies of the CENTROSOLAR Group, which is now accounted for using the equity method. As the volume of transactions in the first quarter was low, it was classified as not significant from the viewpoint of the CENTROTEC Group, as a result of which it is not analysed in greater detail in this report.

– **Reportable security holdings and options**

The totals of reportable shares and stock options at March 31, 2007 are shown in the following table:

Quarterly Report at March 31, 2007 Explanatory Notes

	Total shares	Total options*
Management Board		
Dr. Gert-Jan Huisman	23,016	88,058
Martin Beijer	1,500	42,818
Alfred Gaffal	3,500	37,000
Pieter van der Poel	0	12,000
Dr. Christoph Traxler	1,000	60,165
Supervisory Board		
Guido A. Krass	1,200,000	0
Dr. Bernhard Heiss	0	0
Christian C. Pochtler	0	0
CENTROTEC		
Ordinary shares	8,212,082	0
Treasury stock	6,040	0

* The maximum possible number of options has been indicated. How many options can actually be exercised depends on the attainment of specified targets.

Between January 1, 2007 and March 31, 2007, a total of 8,188 new shares were created through the exercising of options during the exercise period, with the result that the current total number of shares at the end of March 2007 is 8,212,082. The number of exercisable options at March 31, 2007 is 212,050.

On January 8, 2007, 145,000 options for employees, managing directors and Management Board members were issued at a price of EUR 22.20.

– Notices pursuant to Section 26 (1) of German Securities Trading Law (WpHG)

On January 30, 2007 we were notified by DWS Investment GmbH, Frankfurt, pursuant to Sections 21 (1), (24) of German Securities Trading Law in conjunction with Section 32 (2) of German Investment Law, that it had exceeded the threshold of 3 % of the voting rights in CENTROTEC Sustainable AG.

On February 20, 2007 we were notified by DWS Investment GmbH, Frankfurt, pursuant to Sections 21 (1), (24) of German Securities Trading Law in conjunction with Section 32 (2) of German Investment Law, that it had exceeded the threshold of 5 % of the voting rights in CENTROTEC Sustainable AG.

– Contingent liabilities

There has been no significant change in contingent liabilities since the balance sheet date.

– Dividend payments

No dividend payment was made for the 2006 financial year, nor is such a payment envisaged for the current financial year.

5. Significant events occurring after the reporting date

CENTROTEC has concluded a further interest hedge for EUR 2 million in the form of a swap with a 5-year term.

A proposal to increase the capital stock from company funds is to be voted on at the Shareholders' Meeting of CENTROTEC Sustainable AG on May 24, 2007. It is proposed to use the amount of EUR 8.2 million from the revenue reserves of EUR 19.8 million to increase the capital stock from company funds in exchange for the issue of new shares to shareholders on a ratio of 1:1. It will in addition be proposed to the Shareholders' Meeting that the reported net income for 2006 and the reported retained earnings of EUR 6,654 thousand be carried forward for new account.

6. Other particulars

– Corporate Governance Code

The Management Boards and Supervisory Boards of both CENTROTEC Sustainable AG and of CENTROSOLAR AG have, pursuant to Section 161 of German Stock Corporation Law, declared the extent to they have complied with and will comply with the recommendations of the Government Commission on the German Corporate Governance Code. The regularly submitted declarations and explanations are permanently available on the websites of CENTROTEC Sustainable AG and CENTROSOLAR AG.

– Financial Calendar 2007

May 24 Annual General Meeting of Shareholders

August 16 Publication of 2/2007 quarterly report

November 15 Publication of 3/2007 quarterly report

