



healthcomfortenergy

Quarterly Report Q3/2005
of CENTROTEC Sustainable AG



GROUP QUARTERLY REPORT

of CENTROTEC Sustainable AG, Brilon

at September 30, 2005

Report of the Management Board

Highlights

- Revenue in third quarter of 2005 up 3.1 % on revenue for prior-year quarter, at EUR 34.4 million
- Net earnings (EAT) of EUR 7.7 million after 9 months shows 3.8 % or EUR 0.2 million increase on prior-year figure (incl. IFRS 2)
- EPS (earnings per share) slightly up on prior-year level at EUR 0.98 (previous year EUR 0.97)
- EBIT reaches EUR 13.2 million after three quarters, slightly down on figure for prior-year period of EUR 13.6 million
- Equity ratio remains very high at 42.1 % despite effect of acquisitions (December 31, 2004: 39.4 %; June 30, 2005: 43.8 %)
- Net working capital rises by EUR 2.7 million to EUR 24.4 million in third quarter, largely as a result of acquisitions
- Net amount owed to banks up EUR 6.7 million since start of year to EUR 46.2 million (December 31, 2004: EUR 39.5 million)

Outlook

- Further year-on-year rises in revenue and earnings expected in final quarter
- The forecasts for the 2005 financial year as adjusted at the start of August, excluding CENTROSOLAR AG, are proving accurate: revenue forecast EUR 140 to 145 million; EBIT forecast EUR 18.5 to 19.5 million; EPS of EUR 1.35 to 1.40.
- Along with the consolidation of CENTROSOLAR in the fourth quarter, we expect a rise in revenue at December 31, 2005 of around EUR 13 to 15 million and an increase of around EUR 1 million in EBIT; the impact on EPS of around 2 cents is still marginal for the shareholders of CENTROTEC Sustainable AG.
- Solar activities are being pooled under the umbrella of the new entity CENTROSOLAR AG and rapidly expanded. In 2006, revenue including for the envisaged acquisitions is expected to reach EUR 150 to 190 million.
- The takeover of Innosource will provide a lasting boost to the Climate Systems segment and specifically the product area of non-central ventilation systems with noise and fine dust abatement, as well as the range for the retrofit market.
- The medium-term objective of average EPS growth of more than 20 % p.a. remains valid. Detailed planning for 2006 is in progress and should be completed by the end of 2005.
- The strategic emphasis on sustainability will be systematically maintained

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1. Consolidated entities: new acquisitions of CENTROSOLAR not yet included in third quarter

The establishment of CENTROSOLAR AG, in which CENTROTEC Sustainable AG holds a almost 44 % stake, will drastically alter the future structure of the group. However, these structural changes will not take effect until after October 1, 2005.

Until September 30, 2005 the solar business of CENTROTEC (Ubbink Econergy Solar GmbH and Ubbink Solar Modules B.V.) were business units of Ubbink B.V. and therefore fully consolidated within CENTROTEC AG. These solar businesses are being transferred to CENTROSOLAR AG during the fourth quarter. The transfer of the new acquisitions Centrosolar Glas and Solarstoccc, though already contractually realised, did not take place until October, as a result of which these companies are not included in the figures of this quarterly report.

2. Revenue: 3.1 % up on prior year, at EUR 34.4 million for the quarter

CENTROTEC Sustainable AG posted revenue of EUR 34.4 million in the third quarter of the year; this was 3.1 % up on the previous year (EUR 33.4 million). 2.1 % of this increase was from organic growth. The takeover of Innosource on September 8 added EUR 0.3 million to the revenue total. Following the slack first half of the year, growth is now picking up somewhat, as expected. The two largest segments Gas Flue Systems and Climate Systems have gained considerable momentum compared with the prior-year figures, with growth rates of 5 % and 18 % (14 % of which from organic growth). Only the Medical Technology & Engineering Plastics segment has proved a disappointment, with revenue down EUR 1.4 million on the previous year. The accumulated revenue for the year across all areas reached EUR 100.9 million (accumulated figure at September 30, 2004: EUR 100.0 million).

Macroeconomic developments particularly in Central Europe continue to restrict CENTROTEC's growth. No significant revival of the economy in the relevant markets can be detected in the core regions of the Netherlands and Germany. The anticipated catch-up effects in these countries in the second half of the year are now beginning to materialise as predicted, but this is occurring only gradually. Although the customary level of third-quarter growth experienced in previous years has not yet been achieved, an acceleration in business does appear to be taking shape. CENTROTEC anticipates further stimuli for growth in the fourth quarter of the year. These include the introduction of tougher energy-saving legislation in the Netherlands, additional business from key accounts in Belgium, the sales start of ventilation systems with heat recovery in Great Britain and higher revenue for the existing solar businesses. An organic rise in revenue for the full year of between 5 % is expected.

We note with satisfaction that the two highest-revenue core segments Gas Flue Systems and Climate Systems reported substantial rates of growth in the third quarter compared with the previous year. In the largest CENTROTEC segment of Gas Flue Systems, revenue for the quarter was up 5.4 % on the corresponding quarter of the previous year, to EUR 19.1 million (Q3/2004: EUR 18.1 million). Revenue for the Climate Systems segment was actually more than 18 % up on the prior-year quarter, at EUR 9.3 % (of which 4 % was due to acquisitions). In particular, revenue for large, high-performance heat recovery systems increased by more than 20 %. The tougher

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energy standards that will apply in the Netherlands from 2006 are moreover having an initial impact in the form of rising sales of systems for residential buildings.

The Medical Technology & Engineering Plastics segment unfortunately suffered a setback. Revenue for the quarter of EUR 6.0 million was EUR 1.4 million down on the prior-year level. The causes, as in the previous quarter, are in the first instance very poor sales of composites components for the Chrysler Crossfire and the loss of revenue following the switch to our own sales channels for liposuction systems in the medical technology area. This situation will persist until the end of the year. 2006 will, however, see the production start of an additional order for a leading car manufacturer, as a result of which the Composites area will be able to contribute towards profits for the first time. The changeover to our own sales channels for medical technology represents a strategic step of a medium-term nature, but in our experience it will likewise yield positive results as early as next year. In the area of medical technology, we have furthermore secured new orders worth an annual volume in excess of EUR 2 million. It has in addition been possible to extend contracts with a number of key accounts for medical technology, on advantageous terms.

3. Earnings: EBIT margin at high level of 13.1 %

Accumulated earnings before interest and taxes (EBIT) for the CENTROTEC Group amounted to EUR 13.2 million (previous year: EUR 13.6 million), with the result that the EBIT margin for the first nine months was 13.1 % (previous year: 13.6 %). With revenue for the quarter rising by 3.1 %, the direct material costs were up 3.6 %. The cost increases for materials in the first three quarters amounted to 1.3 %. With a 7 % increase in the personnel total (FTE) – excluding the new employees of Innosource the figure is 3.8 % – personnel expenses rose by 5.2 % (4.9 % excluding Innosource).

With a net profit for the period after interest and taxes (EAT) of EUR 7.7 million at September 30, 2005, the prior-year figure of EUR 7.5 million was exceeded by 3.8 %. Lower interest expenses and a reduced tax ratio of now 33.8 % (previous year 36.0 %) had a positive effect. With a higher average number of shares, earnings per share (EPS) are EUR 0.98 and therefore slightly higher than the comparative value for the previous year (previous year EUR 0.97). Both figures include the expenses for the stock options scheme pursuant to IFRS 2.

4. Balance sheet: high equity ratio of 42 %

The balance sheet total at the end of the quarter compared with December 31, 2004 showed a substantial increase of EUR 15.7 million to EUR 134.8 million. One major factor behind this development is the integration of Innosource, which extends the balance sheet by EUR 6.0 million without goodwill. The current assets were moreover higher at September 30 than at the start of the year due to seasonal factors, as in the previous year. With shareholders' equity having risen by more than 20 % on the previous year to EUR 56.7 million, the equity ratio nevertheless fell slightly from the half-year figure of 43.8 % due to the balance-sheet extension, but remains 2.7 % higher than at the start of the year, at 42.1 %. This compares with a ratio of 34.6 % at the corresponding point last year.

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Cash flow I (EAT plus depreciation and amortisation) of EUR 11.2 million is slightly up on the prior-year figure of EUR 11.1 million, with depreciation and amortisation EUR 0.1 million lower.

The cash flow from operating activities in the first nine months is EUR 4.9 million, of which EUR 3.0 million were generated in the third quarter. However, due to changes within working capital, the figure is EUR 3.2 million lower than that for the previous year. The increase in inventories and a decrease in liabilities represent the main changes compared with the previous year. We expect that the cash flow from operating activities will yet again rise considerably by the end of the year.

Net amounts owed to banks (current and non-current loans less cash and cash equivalents) amounted to EUR 46.2 million, which was EUR 6.7 million higher than the amount at the start of the year (EUR 39.5 million on December 31, 2004). Of this change, EUR 5.8 million alone was attributable to the consolidation of Innosource, which forms part of the Climate Systems segment.

In the quarter under review, the net working capital (current assets – cash and cash equivalents – short-term, non-interest-bearing borrowings) rose from EUR 21.7 million after six months to EUR 24.4 million. Yet compared with the end of the last quarter, there was a rise in inventories of EUR 1.6 million and in receivables of EUR 1.5 million due to seasonal factors, and in particular in other current assets. These were up EUR 1.9 million on the position at June 30, 2005, at EUR 3.8 million. The portion of the rise in the net working capital that is attributable to Innosource amounts to EUR 2.0 million.

The current and non-current accruals remained unchanged at EUR 3.5 million in the third quarter. The current accruals have fallen from EUR 2.1 million to EUR 1.2 million since the start of the year.

5. Employees: employee total edges up

The number of employees has risen in absolute terms by 34 FTE since the end of the last quarter, to 977 FTE (full time equivalents); the rise compared with the previous year is 7.0 % (September 30, 2004: 913 FTE). The rise in the quarter under review is attributable in particular to the integration of Innosource (29 FTE), whereas the employee total remained largely unchanged in virtually all other units. Of the total of 977 FTE, 35 % were employed in Deutschland and 49 % in the Netherlands.

6. Gas Flue Systems: rise in third-quarter revenue

In the Gas Flue Systems segment, revenue after nine months was stepped up by 3.9 % from EUR 51.3 million to EUR 53.3 million. Growth in the third quarter reached 5.4 %. This confirms our expectation that the pace of growth would pick up in the second half of the year.

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Following a very difficult start to the year in virtually all areas of the heating sector, the market situation has stabilised again in recent months. The downturn in the market was particularly pronounced in Germany. Unit sales of boilers using condensing boiler technology have been unexpectedly low. Boiler manufacturers are reporting a year-on-year drop in sales in the region of 15 to 20 %. Here again, however, there are signs of stabilisation in the third quarter. Business in Belgium, France and Italy has continued to make good progress.

Particularly in Belgium, growth of almost 15 % compared with the previous year has been achieved. CENTROTEC is benefiting here from the fact that the separate certification of gas flue systems ("C6") is fuelling the trend towards buying gas flue systems from specialist wholesalers rather than from the boiler manufacturer, as was previously the case. The Belgian CENTROTEC subsidiary Ubbink enjoys a particularly strong position in the specialist wholesale trade. We expect to see a further rise in the market share of specialist wholesalers and in our own revenue. A new, extended distribution centre is therefore being erected in Ghent.

The production start of "UBIFLEX" has been delayed. At the start of mass production we experienced production difficulties with this newly developed product, which is a combination of plastic and a metal fabric and is intended to substitute the toxic lead that has previously been virtually the only option as a covering material. It was proving difficult to match the innovative combination of materials perfectly to the production plant. The problems have now been analysed and solutions identified. Corresponding modifications to the production systems are currently being carried out. Production commenced at high speed at the end of October to meet the high level of demand. The product will also be launched in France along with the Paris exhibition in mid-November. Further new products include those that facilitate the installation or conversion of gas flue systems.

The unit Ubbink Solar Modules B.V., which still belonged to the Gas Flue segment until the end of the quarter, pushed ahead with developing the production of solar modules exactly according to schedule. As matters stand, production will be able to commence at the start of the new year and will then achieve a combined annual output of up to 12 MWp by multiple shifts being worked.

The Gas Flue Systems segment again expects a year-on-year increase in revenue in the final quarter that will probably result in organic growth of more than 5 % for 2005 as a whole.

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7. Climate Systems: high growth for large heat recovery systems and takeover of Innosource

The Climate Systems segment exceeded the prior-year figure by 5.4 % in the first nine months, with revenue amounting to EUR 27.7 million. The last three months were particularly strong, with revenue up 17.9 % on the figure for the prior-year quarter. This figure also includes the pro rata revenue of the Innosource Group of EUR 0.3 million, following its acquisition. Organic growth therefore reached 14.0 % - still a very good figure considered in the context of our expectations to date.

The development in large heat recovery systems for functional buildings (e.g. schools, offices) was especially good, with a rise in revenue of more than 20 % on the previous year realised. Revenue in the Netherlands from smaller heat recovery systems for houses was likewise satisfactory. This market segment will gain further momentum in 2006 because tougher energy consumption regulations are being introduced in the Netherlands from January 1, 2006. The markets in Belgium and Great Britain are being developed, as planned. The market entry has already been accomplished in both countries.

Innosource B.V. (Lisse, the Netherlands), a young and highly innovative company with around 30 employees in Lisse (NL) and Freudenberg (D), was acquired at the start of September. Innosource is a leading supplier of non-central ventilation systems and supplies a wide range of intelligent solutions for noise protection and fine dust abatement. The market for these products, which are protected by numerous patents, is growing very rapidly and focuses predominantly on the cyclically less susceptible retrofit sector thanks to the ease with which the systems can be fitted in existing buildings. The key advantages of Innosource's systems are the sensor-regulated, room-specific control of CO₂ levels via a building's existing power supply. As the systems not only filter out more than 90 % of airborne fine dust but are also particularly quiet and energy efficient, they help to save energy. Thanks to the ease with which they can be installed, the systems are particularly suitable for buildings where central systems would be structurally impossible or too complex to install. Classrooms for example offer considerable potential, as concentration is promoted by both fresh air and quiet. Another major sales area is the retrofitting of houses or individual rooms in urban areas where there are high noise levels and fine dust loads. Innosource's highly efficient, non-central ventilation systems are the ideal solution here. The consolidated revenue will reach around EUR 1.3 million by the end of the year. Revenue expectations for 2006 are in excess of EUR 6.0 million.

On the strength of our positive assessment of the next few months, we expect that revenue for the Climate Systems segment in the final quarter of the year will again be well up on the previous year.

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8. Medical Technology & Engineering Plastics segment: revenue dented by downturn for composites and loss of sales for medical technology

The revenue for the Medical Technology & Engineering Plastics segment in the first three quarters was EUR 2.5 million down on the prior-year period, at EUR 19.9 million. The most important individual effects were the downturn in Engineering Plastics (composites product for the Chrysler Crossfire) and the loss of revenue from the changeover to our own sales channels for liposuction systems. The segment's good figures for the previous year had moreover been boosted by one-off effects due to project business (representing revenue of around EUR 0.5 million). In addition, the market particularly for medical technology was weak. The high level of orders received in recent months means that the prospects for the coming months are bright, especially as it has been possible to extend most long-term contracts with key accounts on equally good or better terms. The long-term strategy of developing sales directly to the customer is proving beneficial here. The improved level of direct contact with medical personnel has helped to accelerate the systematic expansion of new and updated products. This strategy will strengthen our market position in the Medical Technology area over the next few years.

The Engineering Plastics area has had to absorb raw material price rises to the detriment of its profit margin in recent months, in the light of increasing pressure of competition. Sales in the market for semi-finished products proved very difficult. Particularly in other neighbouring European countries, we were unable to achieve the revenue expectations for the quarter. Only in Northern European countries did the market stabilise. The new company Semiplas (UK) contributed EUR 0.2 million towards revenue. In this area as a whole, we continue to pursue the objective of more actively marketing products that deliver a higher value added.

Centrotec Composites is pushing ahead this year with the measures to reduce costs as a result of the Crossfire project, for which volume is well below target. It is expected that the break-even point will be reached in 2006. This area has secured a new major contract for the production of components for the automotive industry. Production operations are currently being built up as a top priority, with the result that prototypes of the components should be available before the end of the year. Volume production will start in January 2006 and will achieve a revenue volume of EUR 1.5 to 2.5 million per year, over a contract period of several years. Intensive negotiations with a further car manufacturer on a long-term order, again for a high volume, are in progress. If these talks can be brought to a successful conclusion, we hope that this will represent the breakthrough for CENTROTEC's own fibre composites in the automotive sector. Along with the cost-cutting measures, the production start for loudspeaker cones and the new major order, the former start-up has now demonstrated its viability and value.

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9. Shares: actual around 10 % rise in price since start of year

CENTROTEC shares (opening price at start of year EUR 21.90) have risen by almost 40 % since the start of the year to EUR 30.58 at the end of the quarter. After a sudden sharp rise until mid-July, the share price consolidated at a level of around EUR 25 in August, followed by a renewed sharp rise towards the end of the quarter, reaching an all-time high of EUR 31.00 on September 27.

After the end of the quarter, the share price slipped back steadily to EUR 24.00, as in the previous quarter. This latter fall in the share price was more marked than the development in comparable share indices, which likewise suffered downturns in the first three weeks of October.

10. Expectations for 2005: organic growth averaging 5 %

The forecasts for 2005 that were revised in July remain valid. Excluding the new entities of CENTROSOLAR AG that are being included in consolidation in the fourth quarter, the revenue target for 2005 of EUR 140 to 145 million (previous year EUR 134.8 million) should be achieved. Taking into account the effects of the application of IFRS 2 since the start of the year, the EPS estimate is EUR 1.35 to 1.40 (previous year EUR 1.31; without IFRS 2 EUR 1.34). However, due to the disappointing performance of the Medical Technology & Engineering Plastics segment, the actual figures are likely to be towards the lower end of these ranges.

Expectations for the 2006 financial year are substantially more optimistic. Thanks to a wide variety of factors and trends, organic growth should be in the order of 10 %.

Brilon, November 2005

The Management Board

KEY FIGURES GROUP

of CENTROTEC Sustainable AG, Brilon

at September 30, 2005

in thousand EUR

KEY FIGURES

	30.09.2005	30.09.2004	Changes
Total revenue	100.944	99.986	0,9%
Medical Technology & Engineering Plastics	19.944	22.377	-10,9%
Climate Systems	27.703	26.289	5,4%
Gas Flue Systems	53.297	51.320	3,9%
Earnings			
EBIT	13.216	13.638	-3,1%
EBIT Margin (in %)	13,1%	13,6%	
EBITDA	16.688	17.253	-3,3%
EBT	11.691	11.664	0,2%
EAT	7.745	7.459	3,8%
EPS (in EUR; basic)	0,98	0,97	0,9%
Capital Structure*			
Balance sheet total	134.852	119.153	13,2%
Shareholders' equity	56.739	46.993	20,7%
Equity ratio (in %)	42,1%	39,4%	
Average number of shares outstanding (basic; in tsd.)	7.936	7.706	3,0%
Property, plant and equipment	35.224	34.813	1,2%
Goodwill	42.656	38.134	11,9%
Net amounts owed to banks	46.213	39.531	16,9%
Net Working Capital	24.446	14.720	66,1%
Cash Flow Statement			
Cash flow I (EAT + depreciation/amortisation)	11.217	11.074	1,3%
Cash flow from operating activities	4.855	8.129	-40,3%
Cash flow from investing activities	(10.702)	(3.704)	188,9%
Employees			
Total (in FTE)	977	913	7,0%
Changes in share price (in EUR)			
Share price 01.01.	21,90	9,70	
Year-high	31,00	16,60	
Year-low	19,85	9,30	
Share price 30.09.	30,58	16,25	

* Previous year is related to December 31, 2004

CONSOLIDATED BALANCE SHEET

of CENTROTEC Sustainable AG, Brilon

at September 30, 2005

in thousand EUR

ASSETS

	30.09.2005	31.12.2004
Current assets		
Cash and cash equivalents	3.701	3.672
Trade account receivables	21.369	17.190
Inventories	22.003	19.861
Prepaid expenses and other current assets	3.530	1.144
Income tax receivable	334	206
	50.937	42.073
Non-current assets		
Property, plant and equipment	35.224	34.813
Intangible assets	3.714	1.697
Notes receivable / loans	91	0
Goodwill	42.656	38.134
Deferred tax	2.190	2.411
Other assets	40	25
	83.915	77.080
Assets	134.852	119.153

CONSOLIDATED BALANCE SHEET

of CENTROTEC Sustainable AG, Brilon

at September 30, 2005

in thousand EUR

EQUITY AND LIABILITIES

	30.09.2005	31.12.2004
Current liabilities		
Finance lease liabilities	105	155
Current loans and current portion of non-current loans	16.298	11.749
Trade accounts payable	8.528	7.964
Accrued expenses	1.236	2.096
Income tax payable	1.318	1.617
Other liabilities	11.708	12.004
	39.193	35.585
Non-current liabilities		
Non-current loans	33.616	31.454
Finance lease liabilities less current portion	17	63
Deferred tax	2.698	2.674
Pension accrual	391	343
Other accruals	2.144	1.992
Other liabilities	54	49
	38.920	36.575
Shareholders` equity		
Share capital	8.002	7.889
Additional paid-in-capital	12.939	11.849
Treasury stock	(112)	(112)
Share benefit reserve	455	405
Deferred tax reserve	1.130	860
Currency translation differences and fair value adjustments of interest rate derivatives	(332)	(360)
Retained earnings	26.436	16.274
Profit attributable to share capital holders of the parent	7.757	10.162
Minority interest	464	26
	56.739	46.993
Equity and Liabilities	134.852	119.153

CONSOLIDATED INCOME STATEMENT

of CENTROTEC Sustainable AG, Brilon

from January 1 to September 30, 2005

in thousand EUR

INCOME STATEMENT

	01.01.2005 30.09.2005	01.01.2004 30.09.2004
Revenues	100.944	99.986
Other operating income	2.336	1.030
Changes in inventories of finished goods and work in progress	848	1.199
Own work capitalized	324	94
Cost of purchased materials and services	(43.002)	(42.444)
Personnel expenses	(28.672)	(27.252)
Depreciation and amortisation	(3.472)	(3.615)
Amortization (and impairment) of goodwill	0	0
Other operating expenses	(16.090)	(15.360)
Operating income (EBIT)	13.216	13.638
Interest income and expenses	(1.525)	(1.974)
Result before income taxes (EBT)	11.691	11.664
Income tax	(3.946)	(4.205)
Net income (EAT)	7.745	7.459
Profit or loss attributable to minority interest	(12)	2
Profit attributable to share capital holders of the parent	7.757	7.457

EPS (Earnings per share in EUR)

Earnings per share (basic)	0,98	0,97
Earnings per share (diluted)	0,94	0,93
Weighted average shares outstanding (in numbers; basic)	7.935.674	7.705.833
Weighted average shares outstanding (in numbers; diluted)	8.255.624	8.045.068

CONSOLIDATED INCOME STATEMENT

of CENTROTEC Sustainable AG, Brilon

from July 1 to September 30, 2005

in thousand EUR

INCOME STATEMENT

	01.07.2005 30.09.2005	01.07.2004 30.09.2004
Revenues	34.419	33.384
Other operating income	1.186	115
Changes in inventories of finished goods and work in progress	269	333
Own work capitalized	301	29
Cost of purchased materials and services	(14.746)	(14.235)
Personnel expenses	(9.532)	(8.818)
Depreciation and amortisation	(1.142)	(1.152)
Amortization (and impairment) of goodwill	0	0
Other operating expenses	(5.308)	(4.422)
Operating income (EBIT)	5.447	5.234
Interest income and expenses	(536)	(571)
Result before income taxes (EBT)	4.911	4.663
Income tax	(1.639)	(1.693)
Net income (EAT)	3.272	2.970
Profit or loss attributable to minority interest	(3)	(8)
Profit attributable to share capital holders of the parent	3.275	2.978

CONSOLIDATED CASH FLOW STATEMENT

of CENTROTEC Sustainable AG, Brilon

from January 1 to September 30, 2005

in thousand EUR

CASH FLOW STATEMENT

	01.01.2005 30.09.2005	01.01.2004 30.09.2004
Net income before taxes and interest	13.216	13.638
Depreciation and amortisation	3.472	3.615
Gain/loss on disposal of non-current assets	4	0
Other non-cash items	982	178
Changes in provisions	(980)	(222)
Changes in inventories, trade receivables and other assets that cannot be allocated to investing or financing activities	(6.140)	(4.262)
Changes in trade payables and other liabilities that cannot be allocated to investing or financing activities	(1.519)	(866)
Interest paid	(1.346)	(1.787)
Income taxes paid	(2.834)	(2.165)
Cash Flow from operating activities	4.855	8.129
Acquisition of share in participations - net of cash acquired and outstanding amounts to be paid	(6.778)	0
Purchase of property, plant and equipment/ intangible assets / financial investments / loans	(3.764)	(3.852)
Proceeds from disposal of property, plant and equipment/intangible assets / financial investments / loans	(160)	148
Cash Flow from investing activities	(10.702)	(3.704)
Proceeds from issuance of shares	697	787
Proceeds from borrowings/repayment of borrowings	1.227	(4.172)
Cash Flow from financing activities	1.924	(3.385)
Change in financial resources	(3.923)	1.040
Financial resources at the start of the financial year	(1.193)	1.758
Financial resources at the end of the period	(5.116)	2.798

STATEMENT OF MOVEMENTS IN EQUITY AND SEGMENT REPORT

of CENTROTEC Sustainable AG, Brilon

from January 1 to September 30, 2005

in thousand EUR

STATEMENT OF MOVEMENTS IN EQUITY

	Share capital	Additional paid-in capital	Treasury stock	Share benefit reserve	Deferred tax reserve	Re-valuation reserves	Retained earnings and profit carry-forward	Income of the period	Minority interest	Consolidated equity
December 31, 2003	7.668	10.128	(112)	0	0	(304)	10.156	6.263	0	33.799
Adjustment first time adoption IFRS 2				184	185			(145)		224
December 31, 2003	7.668	10.128	(112)	184	185	(304)	10.156	6.118	0	34.023
Transfer to revenue reserves							6.118	(6.118)		0
Change in minority interest									33	33
Exercise of options	221	1.721								1.942
Share option plan				221	675					896
Fair value adjustment interest rate derivatives						(66)				(66)
Currency translation differences						10				10
Profit attributable to share capital holders of the parent								10.162		10.162
Profit or loss attributable to minority interest									(7)	(7)
December 31, 2004	7.889	11.849	(112)	405	860	(360)	16.274	10.162	26	46.993
Transfer to revenue reserves							10.162	(10.162)		0
Exercise of options	113	1.090		(76)	(430)					697
Share option plan				126	700					826
Fair value adjustment interest rate derivatives						(62)				(62)
Currency translation differences						90				90
Profit attributable to share capital holders of the parent								7.757		7.757
Profit or loss attributable to minority interest									(12)	(12)
Business Combinations									450	450
September 30, 2005	8.002	12.939	(112)	455	1.130	(332)	26.436	7.757	464	56.739

SEGMENT REPORT

	Medical Techn. & Eng. Plastics		Climate Systems		Gas Flue Systems		Consolidation		Total	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Revenues from third parties	19.944	22.377	27.703	26.289	53.297	51.320	0	0	100.944	99.986
Revenues from other segments	786	538	88	76	99	120	(973)	(734)	0	0
Cost of purchased materials	(7.068)	(8.120)	(11.894)	(11.648)	(25.013)	(23.410)	973	734	(43.002)	(42.444)
Personnel expenses	(9.226)	(9.289)	(7.864)	(7.410)	(11.582)	(10.553)	0	0	(28.672)	(27.252)
Depreciation and amortisation	(1.031)	(1.233)	(490)	(498)	(1.951)	(1.884)	0	0	(3.472)	(3.615)
Other income and expense from ordinary activities	(2.614)	(2.967)	(1.661)	(1.380)	(8.307)	(8.690)	0	0	(12.582)	(13.037)
EBIT	791	1.306	5.882	5.429	6.543	6.903	0	0	13.216	13.638
Interest result									(1.525)	(1.974)
EBT									11.691	11.664
Income tax									(3.946)	(4.205)
Net income (EAT)									7.745	7.459
Profit or loss attributable to minority interest									(12)	2
Profit or loss attributable to share capital holders of the parent									7.757	7.457

GROUP QUARTERLY REPORT

of CENTROTEC Sustainable AG, Brilon

at September 30, 2005

Explanatory Notes

1. Rendering of accounts

This Quarterly Report has been drawn up in accordance with the International Financial Reporting Standards (IFRS) and the guidelines of Deutsche Börse AG on "Structured Quarterly Reports". The new mandatory accounting standards published by the IASB (International Accounting Standards Board) were applied at January 1, 2005. As well as IAS 1 (Presentation of Financial Statements) these include in particular IFRS 2 (Share Based Payments).

IFRS 2 has resulted in various changes for CENTROTEC Sustainable AG. The changes effected at December 31, 2004 and September 30, 2005 are summarised in the following table.

Figures in EUR '000	30/09/2005	30/09/2005 excl. IFRS 2	31/12/2004	31/12/2004 excl. IFRS 2
Deferred tax assets	2,190	1,604	2,411	1,469
Additional paid-in capital	12,939	12,279	11,849	11,849
Reserve for stock options	455	0	405	0
Reserve for deferred tax	1,130	0	860	0
	30/09/2005	30/09/2005 excl. IFRS 2	30/09/2004	30/09/2004 excl. IFRS 2
Personnel expenses	28,672	28,546	27,252	27,071
Taxes	3,946	3,966	4,205	4,241

In accordance with the new IAS standard, the balance sheet values have been reclassified into current and non-current items. This results above all in reclassifications in the accruals totalling EUR 2.0 million at December 31, 2004. The item "Minority interest" has moreover been allocated to shareholders' equity.

2. Changes to the company's structure

To reflect the emphasis on the growth trends health, comfort and energy, all CENTROTEC's business has been allocated to the segments Medical Technology & Engineering Plastics, Climate Systems and Gas Flue Systems/Other.

The corporate structure of the Centrotec Group was extended between July 1, 2005 and September 30, 2005 by the addition of Ubbink Solar Modules, B.V. and the Innosource Group. On August 29, 2005 CENTROTEC established Ubbink Solar Modules B.V., Doesburg, in the Netherlands, in the form of a joint venture with Econcern; CENTROTEC plays a lead role in its management by virtue of its 70 % interest, which was therefore fully consolidated within CENTROTEC at September 30, 2005. The purpose of the company is the manufacturing of solar modules from bought-in solar cells.

Innosource Holding B.V., Lisse, the Netherlands, was acquired 100 % from Brink Climate Systems B.V. on September 8. As well as the holding company, the Innosource Group includes the companies Innosource B.V., Soundscape B.V., Torque Solutions & Electronics B.V., Stiller Wonen B.V., all of Lisse, the Netherlands, and Innosource GmbH, Freudenberg, Germany. The group, the focal market of which is currently still the Netherlands, is a leading supplier of non-central energy-saving ventilation systems

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featuring patented concepts for reducing levels of noise and fine dust loads. This group was fully consolidated on a time proportion basis in the third quarter. In addition to a slight rise in revenue of EUR 0.3 million, this led to substantial increases in certain balance-sheet items (extending the balance sheet by EUR 10.2 million, of which EUR 4.2 million goodwill).

3. Contingent liabilities

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

4. Dividend payments

No dividend payment was made in the 2004 financial year, nor is such a payment envisaged for the current 2005 financial year.

5. Composition of Supervisory Board and Management Board

There have been no changes to the line-up of the Supervisory Board and Management Board since the 2004 annual financial statements.

6. Reportable security holdings

The totals of reportable shares and stock options at September 30, 2005 are shown in the following table.

	Shares (total)	Options (total)*
Management Board		
Dr. Gert-Jan Huisman	1,016	111,473
Martin Beijer	0	60,754
Dr. Alexander Kirsch	16,450	106,644
Rob Slemmer	0	63,520
Dr. Christoph Traxler	0	36,722
Supervisory Board		
Guido A. Krass	1,200,000	0
J. Willem Brink	0	0
Dr. Bernhard Heiss	0	0
CENTROTEC		
Ordinary shares	8,001,840	0
Own shares	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.

7. Segment Report

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The Segment Report was extended in 2005 to show major expense items in the segments "Medical Technology & Engineering Plastics", "Climate Systems" and "Gas Flue Systems". Consolidation and evaluation have been extended down to segment level with the aid of a new consolidation tool. The result for the segments is furthermore shown at EBIT level. In contrast to the previous year, it also includes services rendered by the parent company, for which the business units have been charged regularly during the year (previous year: at the end of the year). The application of IFRS 2 results in further changes to the segment reporting at September 30, 2004.

The segment report is incorporated into the figures section of this quarterly report. The business developments in the segments are commented on in the Report of the Management Board.

8. Research and development

In all segments, development activities continued to concentrate on sustainable technologies in the areas of the environment, energy saving and reducing CO₂ emissions.

Development work was maintained at an intensive level in the Gas Flue Systems segment. One focal area of activity involved improving the production process for UBIFLEX. Patent applications were moreover filed for refined joining techniques for the pipe systems. These include first of all a screw connection for the flexible pipes, which considerably facilitates transporting and fitting the pipes. Secondly, a connection was developed using a screw thread technique that does not increase the pipe's diameter in the way that a conventional sleeve joint does, with the result that pipes have a single exterior dimension along their entire length.

In recent months, the further development activities in the Climate Systems segment have concentrated on the one hand on the development of heat recovery systems with a new control principle that depends on the CO₂ level in the air in a room. This system will be unveiled in the first quarter of 2006. On the other hand, work is progressing on interlinked ventilation and heating systems in an effort to achieve a further reduction in energy consumption. Here too, development work will be completed next year.

Development work was pursued on various individual components in the Medical Technology area. One outcome of this is that our liposuction devices have been further optimised. We have in addition developed a special hollow needle for anti-wrinkle injections.

Up to now development costs totalling EUR 0.3 million were capitalised in the CENTROTEC Group.

9. Capital expenditure

In the third quarter, the volume of investment that was not driven by acquisitions totalled EUR 1.6 million and was therefore exactly the same as the prior-year level. This expenditure focused on the maintenance and extension of plant and machinery. Within this figure, the biggest single investment of EUR 0.4 million was for the extension of

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Explanatory Notes

plant, including tools, at Ubbink (Doesburg). Cumulatively, the investment volume after nine months of the current financial year is EUR 3.8 million (previous year EUR 3.7 million).

In the fourth quarter, the machinery already on order for the production of solar modules and the setting up and expansion of production operations for fibre-composite vehicle components will push up investment spending on plant extensions.

10. Events occurring after the end of the quarter

In accordance with the contribution agreement concluded with CENTROSOLAR AG, Ubbink Solar Modules B.V. and Ubbink Econergy Solar GmbH were transferred to CENTROSOLAR AG, Munich, in the fourth quarter of this year by way of contribution in kind by the previous parent company Ubbink B.V., Doesburg, in return for the issue of shares. These contributions in kind were made in exchange for the issue of 4,470,000 shares in CENTROSOLAR AG to Ubbink B.V. and entered on the Commercial Register on October 26, 2005. Ubbink B.V. thus received 43.82 % of the shares in CENTROSOLAR AG. However, a majority share in the voting rights in CENTROSOLAR AG is retained by Ubbink B.V. in accordance with the agreement, and therefore by CENTROTEC Sustainable AG. The companies forming CENTROSOLAR AG will therefore be fully consolidated within CENTROTEC Sustainable AG on a time proportion basis during the fourth quarter, pursuant to IFRS 3, in the accounts at December 31, 2005.

CENTROSOLAR AG in addition owns Centrosolar Glas GmbH & Co. KG, Fürth, and Solarstocc AG, Durach, as well as smaller holdings of minor significance. Following the fulfilment of contractual conditions, the special legal succession of CENTROSOLAR Glas GmbH & Co. KG for Flabeg Solarglas GmbH & Co. KG, Fürth, was entered on the Commercial Register on October 4. CENTROSOLAR Glas is the market leader for solar glass with an anti-reflective coating, with annual revenue of more than EUR 20 million.

On October 5, CENTROSOLAR AG, Munich acquired 66 % of Solarstocc AG, Durach, through a capital increase of EUR 7.5 million and the buyout of financiers for EUR 2.5 million. Solarstocc AG has been fully consolidated since that date. The total sum of EUR 10 million has been available in full to Solarstocc AG by way of additional funds. Solarstocc develops and sells complete solar energy systems specifically for private households and will post annual revenue of around EUR 25 million in 2005.

On the basis of provisional estimates by CENTROSOLAR AG, the consolidation of the two acquisitions CENTROSOLAR Glas and Solarstocc will generate additional revenue of EUR 13 to 15 million and EBIT of approximately EUR 1 million by the end of the year. Excluding goodwill, the balance sheet total will be extended by EUR 10 to 12 million.

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