Asian Bamboo

Q2

2009 Interim Report
April to June

Second quarter revenue was predominantly generated by selling various types of processed bamboo shoots, some of which are shown on the cover page. Processed bamboo shoots are the only products sold throughout the year, as they can be stored after going through a cooking and sterilisation process. Around half of our processed bamboo shoots are exported to Japan with the other half distributed throughout China.

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ASIAN BAMBOO AT A GLANCE

OPERATIONAL DATA

In '000 EUR unless otherwise stated	**Q2 2009**	Q2 2008	Change	**Q1-Q2 2009**	Q1-Q2 2008	Change
Revenue	**15,056**	10,388	45%	**25,778**	18,152	42%
Cost of sales	**-9,861**	-6,018	64%	**-13,186**	-8,492	55%
Gross profit	**5,195**	4,370	19%	**12,592**	9,660	30%
Gross profit margin	**35%**	42%		**49%**	53%	
Gain arising from changes in fair value less estimated point-of-sale costs of biological assets	**13,339**	–		**13,339**	–	
Finance income	**15**	59	-75%	**3,744**	591	534%
Income tax	**-4,389**	24		**-4,108**	-3,635	
Profit for the period	**12,680**	2,977	326%	**22,962**	4,619	397%
Adjusted net profit*	**2,676**	2,619	2%	**12,958**	7,920	64%
Adjusted net profit margin*	**18%**	25%		**50%**	44%	
EPS (EUR)**	**0.99**	0.23	326%	**1.80**	0.36	397%
Adjusted net profit per share (EUR)*/**	**0.21**	0.21	2%	**1.02**	0.62	64%

* Adjusted for changes in the fair value of biological assets and taxes thereon

** Computed on the basis of 12,750,000 shares

CASH FLOW

In '000 EUR unless otherwise stated	**Q1-Q2 2009**	Q1-Q2 2008	Change
Net cash generated from operating activities	**11,673**	4,229	176%
Cash flow used in investing activities	**-20,752**	-23,182	-10%
Cash flow from financing activities	**-1,688**	–	
Net increase / (decrease) in cash and cash equivalents	**-10,767**	-18,953	-43%

BALANCE SHEET AND OTHER SELECTED DATA

In '000 EUR unless otherwise stated	**30 June 2009**	31 December 2008	Change
Biological assets	**125,582**	116,312	8%
Long-term prepayments	**37,172**	16,073	131%
Cash and cash equivalents	**11,782**	25,481	-54%
Total assets	**191,696**	170,632	12%
Current liabilities	**3,979**	1,465	172%
Non-current liabilities	**17,078**	13,932	23%
Shareholders equity	**170,639**	155,235	10%
Total liabilities and equity	**191,696**	170,632	12%
Size of mature plantations (ha)	**22,229**	18,367	21%
Size of immature plantations (ha)	**4,400**	8,262	-47%
Total size of plantations (ha)	**26,629**	26,629	–
Headcount	**1,325**	724	83%

CEO'S LETTER TO SHAREHOLDERS

'WE ARE PLEASED TO RAISE OUR YEAR-END GUIDANCE TO A REVENUE OF MORE THAN EUR 55 MILLION AND AN ADJUSTED NET PROFIT MARGIN OF AT LEAST **45%**.'

Lin Zuojun

Dear fellow shareholders,

I am pleased to report that our Company maintained its strong performance in the second quarter of the year with our revenue up, year-on-year, by EUR 7.6 million (42%) to EUR 25.8 million and our adjusted net profit up by EUR 5.1 million (64%) to EUR 13 million. The adjusted net profit margin in the first half of the year was 50%, six percentage points higher than in the first half of 2008.

The sharp increase in revenue and adjusted net profit was a result of the additional income derived from previously immature plantations starting to generate output, stronger than expected sales, economies of scale and a change in the product mix towards higher margin products. Compared to the end of last year, we have increased the total size of our mature plantations by 3,862 ha (21%) to 22,229 ha.

We would like to highlight the following significant accounting rules affecting our results:

- As announced in Q1, we have been rearranging plantation leases entered into prior to the IPO from yearly payments to up-front payments. As such, these leases are accounted for as long-term prepayments in the balance sheet. The long-term prepayments are financially amortised over the leasing term and the amortisation contains an interest and a payment component, thus the amortisation affects both interest income and cost of sales. We make substantial savings on these prepayments compared to paying the lease fees on a yearly basis and these savings equal a discount rate of 17%. The entire amount of the savings, at an annual rate of 17% of the total prepayments, appear as interest income from fair value of long-term financial assets as part of finance income. In the first half of the year, we had a total of EUR 3.2 million in interest income from fair value of long-term financial assets reflecting this saving.
- A simplified discounted cash flow calculation of the fair value in the biological assets has been made by generally using the same assumptions as at year-end 2008. The gain in the fair value of biological assets in the first half of the year was around EUR 13.3 million, of which approximately EUR 11.2 million relates to the 3,862 ha of previously immature plantations, which have been reclassified as mature plantation this year as they have started generating output. The deferred tax calculated on the gains in fair value of biological assets was around EUR 3.3 million.

  The adjusted net profit (all numbers in EUR '000) in the first half was:

Profit for the period:	22,962
Deduct: Gain in the fair value of biological assets	13,339
Add: Deferred tax calculated on the gain in fair value of biological assets	3,335
Adjusted net profit:	12,958

- Principally all currency effects on balance sheet items are reflected in the profit and loss statement ("P&L"). However, as the inter-company loan, extended by Asian Bamboo AG to the Hong Kong company, is of similar character to a capital increase, it can be excluded and the currency effects need only to be accounted for in the "Equity" section of the balance sheet and not in the P&L. Therefore, there is no impact of the inter-company loan on the P&L in the first half of the year.

In the second quarter, there was a general improvement in the financial markets and I am pleased to note that our share price is moving towards achieving a fair valuation. During the period, we bought back a total of 68,150 shares and paid a dividend of EUR 20 cents. In addition, we conducted two major road shows and concluded our AGM. I would like to thank all our shareholders who participated at the AGM for your interest in and support of our Company.

Our Company currently possesses 22,229 ha of mature plantations and we plan to lease 3,000 ha of mature plantations in September this year. Next year, 2,714 ha of currently immature plantations will become mature, which means that we will have, in total, 5,714 ha, or 26%, of additional mature plantations generating output in 2010. Furthermore, we have detailed plans to lease an additional 7,000 ha of mature plantations by 2010. The plantations leased in 2010 are likely to start generating output in 2011, taking the total mature plantation size to 36,000 ha by 2011. This represents a doubling in total mature plantation size compared to the end of 2008, which we expect will lead to a corresponding increase in revenue and adjusted net profit. In the longer term, it is our goal to reach a total mature plantation size of 70,000 ha.

With the exception of export numbers, we have seen a general improvement in economic activity in China. In addition, the Shanghai Composite Index rose by around 62% in the first half of the year. The rebound in economic activity combined with rising asset prices have led to a rebound in confidence and risk appetite. Due to the better than forecast performance in the first half of the year in combination with an overall more positive outlook, we are pleased to raise our year-end guidance to a revenue of more than EUR 55 million and an adjusted net profit margin of at least 45%.

Best regards,

LIN ZUOJUN
FOUNDER AND CEO

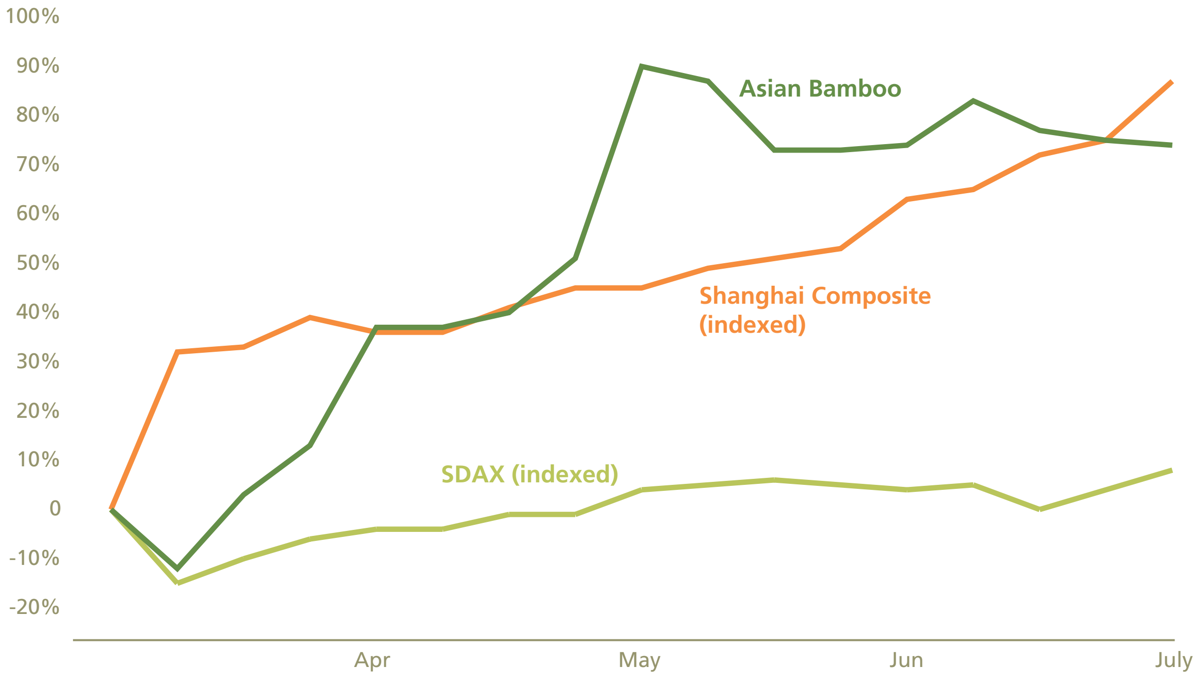
ASIAN BAMBOO'S SHARE PRICE

In the second quarter, our share price continued to rebound and made some progress towards achieving a fair valuation. We believe that this is partly due to a general improvement in sentiment, but also due to our strong operational performance and our IR activities. In addition to the usual activities in connection with our results announcements, we participated in Deutsche Boerse and Baader Bank's China small cap conference and met with investors in Hong Kong, Zurich, Geneva, Brussels, Amsterdam, Vienna, London, Paris, Frankfurt, Stuttgart and Munich.

On 21 April, we announced our first share buy-back programme to repurchase up to 100,000 shares and by the time of the AGM, on 5 June, we had re-purchased 62,400 shares. At the AGM, a new share buy-back programme was approved, which led to the cancellation of the initial buy-back program. A new programme to repurchase up to 100,000 shares was announced on 5 June. By the end of Q2, we had repurchased a total of 68,150 shares.

SHARE PRICE AND RELEVANT INDEX COMPARISON CHART

Apr – July



MACRO-ECONOMIC OUTLOOK

In recent years, we have seen a change in consumer preferences towards sustainable materials. Bamboo wood has developed into a symbol of environmental sustainability and we continue to see bamboo being used in new applications, which has supported demand and pricing for our bamboo trees.

Similarly, organic vegetables have grown in popularity. As bamboo shoots are organically grown, delicious and nutritious, we have seen a sharp increase in demand in recent years. In addition, bamboo shoots, which have predominantly been eaten in the south-eastern parts of China, are gaining in popularity all across the country as a result of rising living standards and a growing interest in quality food.

The strength of the demand for our products was shown last year when we increased the size of our mature plantations and output by around 200%. Despite last year being a difficult one, this did not result in a drop in our prices.

We are also helped by the support given by the government. The central government is concerned with protecting natural resources, improving the ecological balance, boosting economic development in rural areas and increasing farmers' incomes. Therefore, the government at various levels is supportive of the agriculture industry in general and the bamboo industry in particular, through tax incentives and favourable policies.

With the exception of exports, the positive momentum in the Chinese economy continues. Nearly all indicators are showing a rebound in economic activities and with rising asset prices there appears to be a rebound in confidence and risk appetite. Longer term, we believe that we will continue to benefit from the general rise in prices of agricultural products driven by strong Chinese and global demand.

PROCESSING FACTORY

We have two fine processing factories located in Mawei (Fuzhou) and Shaowu. The fresh bamboo shoots arrive at the factory within 16 hours of being harvested. Thereafter they go through a cooking and sterilisation process without losing their natural taste and nutritional value. After being cut, sliced or shredded, the processed bamboo shoots are either canned or vacuum sealed. Our processed products contain no additives and strictly comply with the international quality control system (ISO9001:2000).

GROUP INTERIM MANAGEMENT REPORT

OUR PLANTATIONS

In ha	**30 June 2009**	31 December 2008	Change
Mature plantation size	**22,229**	18,367	21%
Immature plantation size	**4,400**	8,262	-47%
Total plantation size	**26,629**	26,629	–

The Company did not lease any additional plantations during the period, however, as reported in Q1, two plantations which were previously classified as immature plantations, Sanming and Shunchang, were reclassified as mature as they started generating output. Consequently the total size of our mature plantations has increased by 3,862 ha, or 21%, to 22,229 ha compared to the end of last year.

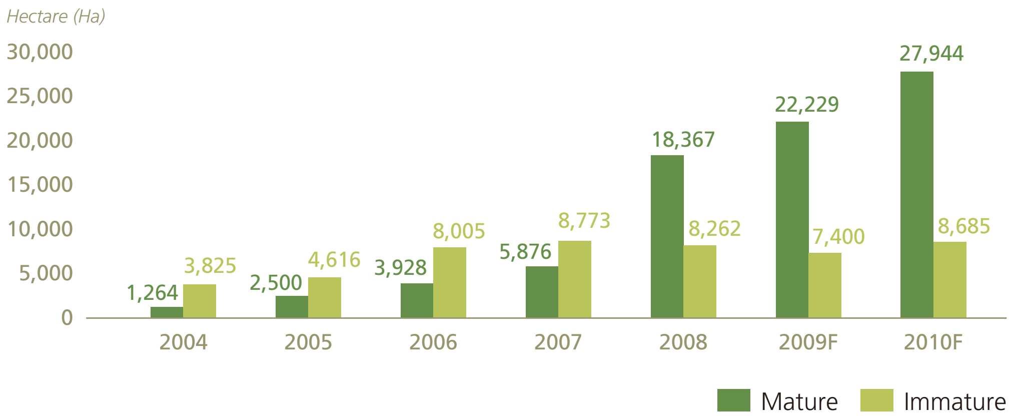
As we reported in Q1, we have been re-arranging plantation leases entered into prior to the Company's IPO from yearly payments to up-front payments for the entire lease period, in-line with the terms of recent plantation leases. Hence, all our lease agreements are now structured the same way, which reduces the total amount of the lease fees. In the second quarter, the total capital expenditure for long-term prepayments amounted to around EUR 4.6 million, which means that the total capital expenditure for long-term prepayments are EUR 21 million year to date.

In ha	Mature	Immature	Total	New leases*
31 December 2008	18,367	8,262	26,629	–
31 December 2009F	22,229	7,400	29,629	3,000
31 December 2010F	27,944	8,685	36,629	7,000
31 December 2011F	36,629	TBC	36,629	TBC

* New plantation leases generally generate limited or no output the first year of the lease as some preparation work needs to be carried out before harvesting can begin. From an accounting point of view, new leases are therefore generally classified as immature plantations for the first year.

Our Company currently possesses 22,229 ha of mature plantations and we plan to lease 3,000 ha of mature plantations in September this year. Next year, 2,714 ha of currently immature plantations will become mature, which means that we will have, in total, 5,714 ha, or 26%, of additional mature plantations generating output in 2010. Furthermore, we have detailed plans to lease an additional 7,000 ha of mature plantations by 2010. The plantations leased in 2010 are likely to start generating output in 2011, taking the total mature plantation size to 36,000 ha by 2011. This represents a doubling in total mature plantation size, compared to the end of 2008, which we expect will lead to a corresponding increase in revenue and adjusted net profit. In the longer term, it is our goal to reach a total mature plantation size of 70,000 ha.

PLANTATION SIZE



REVENUE

For the quarter, our revenue increased year-on-year by EUR 4.7 million, or 45%, to EUR 15.1 million (2008 = EUR 10.4 million). Year to date, our revenue increased, year-on-year, by EUR 7.6 million (42%) to EUR 25.8 million (2008 = EUR 18.2 million). The main reasons for the growth in revenue were the higher output generated by an increase in the total size of our mature plantations and an increase in the value of the RMB against the EUR.

Despite the relatively weak economy during the period, demand and prices for our fresh and processed shoots remained firm. Sales of all product categories increased, with dried bamboo shoots and fresh spring shoots reporting the most significant increase.

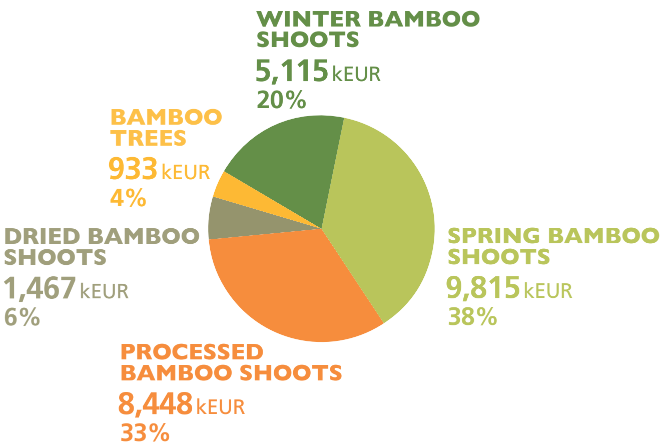
In Q2, processed bamboo shoots were our largest product category with sales of EUR 7 million followed by spring bamboo shoots (EUR 5.8 million). In line with our focus on higher margin products, the share of processed bamboo shoots in the product mix fell from 58% a year ago to 47% this year. Sales of all product categories rose during the period, with sales of dried bamboo shoots, spring bamboo shoots and processed bamboo shoots increasing, year on year, by 67%, 66% and 16% respectively. During the period, we also sold a small quantity of bamboo trees to Shaowu Zhongzhu, a paper mill with which we entered a strategic partnership on 18 February 2009.

In the first half of the year, spring bamboo shoots was the largest product category with sales of EUR 9.8 million, followed by processed bamboo shoots (EUR 8.4 million) and winter bamboo shoots (EUR 5.1 million). Sales of all product categories rose during the period with sales of winter bamboo shoots, spring bamboo shoots and processed bamboo shoots increasing, year on year, by 46%, 43% and 22% respectively. The share of processed bamboo shoots in the product mix fell from 38% last year to 33% this year.

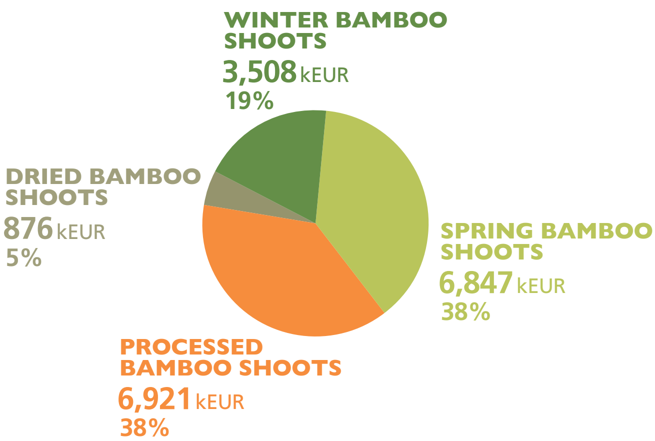
REVENUE BREAKDOWN (In ’000 EUR)

Category	Q2 2009	Q2 2008	Change	Q1-Q2 2009	Q1-Q2 2008	Change
Bamboo trees	771	–		933	–	
Winter bamboo shoots	–	–		5,115	3,508	46%
Spring bamboo shoots	5,814	3,499	66%	9,815	6,847	43%
Processed bamboo shoots	7,004	6,013	16%	8,448	6,921	22%
Dried bamboo shoots	1,467	876	67%	1,467	876	67%
Total	15,056	10,388	45%	25,778	18,152	42%

PRODUCT MIX BREAKDOWN



Q1-Q2 2009



Q1-Q2 2008

Note: Percentage numbers in the Q1-Q2 2009 pie-chart do not exactly add up to 100% due to rounding up effects

RESULTS OF OPERATIONS, NET WORTH AND FINANCIAL POSITION

In '000 EUR	**Q2 2009**	Q2 2008	Change	**Q1-Q2 2009**	Q1-Q2 2008	Change
Gross profit	**5,195**	4,370	19%	**12,592**	9,660	30%
Gross profit margin	**35%**	42%		**49%**	53%	
Profit for the period	**12,680**	2,977	326%	**22,962**	4,619	397%
Adjusted net profit	**2,676**	2,619	2%	**12,958**	7,920	64%

For the quarter, cost of sales increased, year-on-year, by EUR 3.8 million (64%) to EUR 9.9 million (2008 = EUR 6 million). In the first half of the year, cost of sales increased, year-on-year, by EUR 4.7 million (55%) to EUR 13.2 million (2008=EUR 8.5 million). Compared to a year ago, the gross profit margin decreased by around 7 percentage points to 35% (2008 = 42%) in Q2. In the first half of the year, the gross profit margin decreased by 4 percentage points to 49% (2008=53%).

The profit for the period in Q2 increased by EUR 9.7 million (326%) to EUR 12.7 million (2008 = EUR 3 million) year-on-year. In the first half of the year, the profit increased by EUR 18.4 million (397%) to EUR 23 million (2008=EUR 4.6 million) year-on-year. The main contributors to the sharp profit increase, compared to last year, were:

- An increase in gross profits of EUR 2.9 million
- An increase in the fair value of biological assets of EUR 13.3 million
- An increase in finance income by EUR 3.2 million

The proportionally higher increase in cost of sales and the lower gross profit margin in Q2 compared to Q1, and in Q1-Q2 compared to a year ago, was the result of the amortisation method for our long-term prepayments. As announced in Q1, we have been rearranging plantation leases entered into prior to the IPO, from yearly payments to up-front payments. As such, these leases are accounted for as long-term prepayments in the balance sheet. The long-term prepayments are financially amortised over the leasing term and the amortisation contains an interest and a payment component, thus the amortisation affects both interest income and cost of sales. We make substantial savings on these prepayments compared to paying the lease fees on a yearly basis and these savings equal a discount rate of 17%. The entire amount of the savings, at an annual rate of 17% of the total prepayments, appear as interest income from fair value of long-term financial assets as part of finance income. In the first half of the year, we had a total of EUR 3.2 million in interest income from fair value of long-term financial assets reflecting this saving.

The adjusted net profit in Q2 increased by EUR 0.1 million (2%) to EUR 2.7 million year-on-year. In the first half of the year, the profit increased by EUR 5.1 million (64%) to EUR 13 million. There is no impact from currency movements on the inter-company loan on the P&L in the first half of the year.

NET WORTH AND GROUP FINANCIAL POSITION

In '000 EUR	**30 June 2009**	31 December 2008	Change
Total assets	**191,696**	170,632	12%
Cash and cash equivalents	**11,782**	25,481	-54%
Total equity	**170,639**	155,235	10%
Total liabilities	**21,057**	15,397	37%

In the first half of the year, total assets increased by around EUR 21 million (12%) to EUR 192 million (2008 = EUR 171 million). The main reasons for the increase in total assets were an increase in the fair value of biological assets and long-term prepayments.

Cash and cash equivalents decreased by EUR 13.7 million (54%) to EUR 11.8 million (2008 = EUR 25.5 million). The main reason for the decrease in cash and cash equivalents was that the Company spent EUR 21 million on long-term prepayments (up-front payments) in the first half of the year.

The total cash outflow used in investing activities was EUR 20.8 million (2008 = EUR 23.2 million).

Net cash generated from operating activities was EUR 11.7 million (2008 = EUR 4.2 million).

The company had EUR 1.3 million in bank loans as of 30 June 2009.

Overall, the Company's financial position remains very strong given the sizeable cash balance, strong operational cash flow and limited debt.

INVESTMENTS

In the first half of the year, the Company made long-term prepayments on plantations leases of EUR 21 million.

EMPLOYEES

In the first half of the year, the total number of employees increased by 601, or 83%, to 1,325 (2008 = 724). The total number of employees peaks in the second quarter when the processing factories are operating at full capacity.

RISK MANAGEMENT

For more information on the risks the Company is exposed to and the Company's risk management policy, please refer to the Risk Report section in the Company's recently published annual report.

There were no significant changes in opportunities and risks in the first half of the year.

OUTLOOK

Our integrated strategy remains unchanged and for a deeper analysis of our operating environment and strategic direction, please refer to the Group Management Report on pages 24-35 in our recently published annual report. In summary, our growth strategy consists of the following key elements:

- Increasing the size of our mature plantations
- Deepening our involvement in the value added industries
- Brand building and expansion of distribution channels
- Maximising our product mix

Our Company currently possesses 22,229 ha of mature plantations and we plan to lease 3,000 ha of mature plantations in September this year. Next year, 2,714 ha of currently immature plantations will become mature, which means that we will have, in total, 5,714 ha (26%) of additional mature plantations generating output in 2010. Furthermore, we have detailed plans to lease an additional 7,000 ha of mature plantations by 2010. The plantations leased in 2010 are likely to start generating output in 2011, taking the total mature plantation size to 36,000 ha by 2011. This represents a doubling in total mature plantation size, compared to the end of 2008, which we expect will lead to a corresponding increase in revenue and adjusted net profit. In the longer term, it is our goal to reach a total mature plantation size of 70,000 ha.

With the exception of export numbers, we have seen a general improvement in economic activity in China. In addition, the Shanghai Composite Index rose by around 62% in the first half of the year. The rebound in economic activity, in combination with rising asset prices, has led to a rebound in confidence and risk appetite. Due to the better than forecast performance in the first half of the year combined with an overall more positive outlook, we are pleased to raise our year-end guidance to a revenue of more than EUR 55 million and an adjusted net profit margin of at least 45%.The Management Board will propose a dividend, in line with the Company's profitability in 2009, to be distributed in 2010.

PROCESSED SHOOTS

In recent years, food distribution has made remarkable progress in China. This is mainly due the wealth effect created by years of high economic growth and the improved infrastructure. Today, our processed bamboo shoots are distributed all over the country and our packaged products can be bought in supermarkets.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

for the quarter ending 30 June 2009

'000 EUR	**30 June 2009**	31 Dec 2008
ASSETS		
Non-current assets		
Property, plant and equipment	**2,874**	3,008
Land use rights	**325**	334
Biological assets	**125,582**	116,312
Long-term prepayments	**37,172**	16,073
Deposits for leaseholds	**1,402**	1,426
Deferred tax	**828**	998
	168,183	138,151
Current assets		
Inventories	**2,362**	634
Trade receivables	**5,608**	582
Other receivables and prepayments	**3,761**	5,784
Cash and cash equivalents	**11,782**	25,481
	23,513	32,481
Total assets	**191,696**	170,632
EQUITY AND LIABILITIES		
Share capital	**12,750**	12,750
Capital reserves	**68,426**	68,426
Statutory reserves	**3,470**	3,470
Retained earnings	**81,687**	61,264
Own shares	**(578)**	–
Foreign exchange difference	**4,884**	9,325
Total equity	**170,639**	155,235
Non-current liabilities		
Deferred tax liabilities	**17,078**	13,932
Current liabilities		
Bank loans	**1,347**	–
Trade payable	**252**	143
Other payables, accruals and provisions	**1,922**	787
Income tax payable	**458**	535
	3,979	1,465
Total liabilities	**21,057**	15,397
Total liabilities and equity	**191,696**	170,632

CONSOLIDATED STATEMENT OF INCOME AND EXPENSES

for the period from 1 January to 30 June 2009

'000 EUR	Q2 2009	Q2 2008	Q1-Q2 2009	Q1-Q2 2008
Revenue	**15,056**	10,388	**25,778**	18,152
Cost of sales	**(9,861)**	(6,018)	**(13,186)**	(8,492)
Gross Profit	**5,195**	4,370	**12,592**	9,660
Gain arising from changes in fair value less estimated point-of-sale costs of biological assets	**13,339**	–	**13,339**	–
Other operating income	**54**	3	**55**	61
Selling and distribution expenses	**(276)**	(125)	**(312)**	(203)
Administrative expenses	**(894)**	(795)	**(1,780)**	(1,145)
Other operating expenses	**(291)**	(308)	**(487)**	(459)
Profit from operations	**17,127**	3,145	**23,407**	7,914
Finance income	**15**	59	**3,744**	591
Finance costs	**(73)**	(251)	**(81)**	(251)
Profit before income tax	**17,069**	2,953	**27,070**	8,254
Income tax	**(4,389)**	24	**(4,108)**	(3,635)
Profit for the period	**12,680**	2,977	**22,962**	4,619
Earnings per share in EUR *	**0.99**	0.23	**1.80**	0.36

* Computed on the basis of 12,750,000 shares

STATEMENT OF RECOGNISED CONSOLIDATED INCOME AND EXPENSES

for the period from 1 January to 30 June 2009

'000 EUR	Q2 2009	Q2 2008	Q1-Q2 2009	Q1-Q2 2008
Profit after tax	**12,680**	2,977	**22,962**	4,619
Foreign currency translation / Changes in value recognised directly in equity	**(6,062)**	1,555	**(4,442)**	(1,571)
Earnings after taxes and changes in value recognised in equity	**6,618**	4,532	**18,520**	3,048

CONSOLIDATED STATEMENT OF CASH FLOW

for the period from 1 January to 30 June 2009

'000 EUR	**Q1-Q2 2009**	Q1-Q2 2008
Profit before income tax	**27,070**	8,254
Adjustments for:		
Amortisation of intangible assets	**4**	2
Allowance for doubtful trade debts	**289**	24
Amortisation of long-term prepayments	**279**	–
Depreciation of property, plant and equipment	**137**	42
Depreciation of biological assets	**1,476**	–
Interest income	**(527)**	(591)
Interest expense	**821**	252
Revaluation gain of biological assets	**(13,339)**	–
Operating cash flows before working capital changes	**16,210**	7,982
Working capital changes:		
(Increase)/decrease in:		
Inventories	**(1,843)**	(1,761)
Trade receivables	**(5,630)**	(1,697)
Other receivables and prepayments	**2,002**	(253)
Amounts due from related parties	–	49
Increase/(decrease) in:		
Trade payables	**214**	1,061
Other payables and accruals	**1,030**	(2,041)
Amounts due to related parties	**–**	542
Cash generated from/(used in) operations	**11,983**	3,881
Interest received	**527**	591
Interest expense	**(821)**	(252)
Income tax paid	**(16)**	7
Net cash generated from operating activities	**11,673**	4,229
Cash flow from investing activities		
Purchase of biological assets/long-term prepayments	**(20,705)**	(22,451)
Purchase of land, property, plant and equipment	**(47)**	(159)
Deposits for leaseholds	**–**	(572)
Cash flow used in investing activities	**(20,752)**	(23,182)
Cash flow from financing activities		
Bank loan	**1,428**	–
Purchase own shares	**(578)**	–
Dividend	**(2,538)**	–
Cash flow from financing activities	**(1,688)**	–
Net increase in cash and cash equivalents	**(10,767)**	(18,954)
Cash at beginning of year	**25,481**	68,564
Foreign exchange difference	**(2,932)**	(1,875)
Cash at end of period	**11,782**	47,735

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the quarter ending 30 June 2009

GENERAL

The interim consolidated financial statements for the period 1 January to 30 June 2009, comprise all subsidiaries of Asian Bamboo AG. These subsidiaries are located in China (PRC) except for the interim holding company, Hong Kong XRX Bamboo Investment Co., Ltd., Hong Kong.

BASIS OF PREPARATION

The interim consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU as of the balance sheet date, and the additional requirements of German commercial law pursuant to sec. 315a (1) HGB ('Handelsgesetzbuch'; German Commercial Law Code). The interim consolidated financial statements comply with IFRS.

The preparation of financial statements in conformity with IFRS requires management to exercise judgment in the process of applying the Group's accounting policies and requires the use of accounting estimates and assumptions. The main areas in which estimates are used are the fair value of biological assets and deferred tax liabilities. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The financial statements are significantly affected by the valuation of biological assets and related long-term prepayments which account for approximately 81% of total assets.

With regard to the preparation of the interim consolidated financial statements in accordance with IAS 34 'Interim Financial Reporting', the Management Board is required to make estimates and judgments which influence the application of accounting policies within the Company and the reporting of assets and liabilities as well as income and expenses. Actual amounts can differ from these estimates.

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in the interim consolidated financial statements generally correspond to the methods applied by Asian Bamboo AG in its consolidated financial statements for the year ending 31 December 2008. For further details reference is made to these consolidated financial statements, which can be found in the notes of the Company's annual report at www.asian-bamboo.de.

Income that may have been recorded during the reporting period for seasonal reasons, due to cyclical developments, or only occasionally, is not cut off in the interim consolidated financial statements. Expenses that are incurred irregularly during the reporting period have been cut off in those cases where they would also be cut off at year end.

We have conducted a simplified evaluation, using the assumptions from the year end 2008 evaluation done by Sallmanns, on the plantations which have become mature in 2009. A complete final valuation will be made at the end of the year by Sallmanns.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period from 1 January to 30 June 2009

'000 EUR	Share capital	Capital reserves	Statutory reserves	Own shares	Retained earnings	Foreign exchange difference	Total equity
Balance as at 1 January 2009	12,750	68,426	3,470	–	61,264	9,325	155,235
Net profit for the period	–	–	–	–	22,962	–	22,962
Own shares	–	–	–	(578)	–	–	(578)
Dividend	–	–	–	–	(2,538)	–	(2,538)
Foreign currency translation reserve	–	–	–	–	–	(4,442)	(4,442)
Balance as at 30 June 2009	12,750	68,426	3,470	(578)	81,687	4,884	170,639

FUNCTIONAL AND PRESENTATION CURRENCY

The presentation currency is EUR. The management has determined the currency of the primary economic environment in which the Group operates to be Renminbi ('RMB'). The following exchange rates from RMB to EUR have been applied:

exchange rates from RMB to EUR	**2009 RMB/EUR**	2008 RMB/EUR
30 June	**9.6545**	10.8051
Average for the first six months	**9.1028**	10.8012

OTHER

A tax rate of 25% is being used for the calculation of deferred tax on gains in the fair value less estimated point-of-sale costs of biological assets.

Hamburg, Germany, 13 August 2009
On behalf of the management

LIN ZUOJUN
Chairman

JIANG HAIYAN
COO

PETER SJOVALL
CFO

RESPONSIBILITY STATEMENT

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

Hamburg, Germany, 13 August 2009
On behalf of the management

LIN ZUOJUN
Chairman

JIANG HAIYAN
COO

PETER SJOVALL
CFO

FINANCIAL CALENDAR 2009

6 November
Interim Report Q3

9-11 November
Investors' and Analysts' Conference, German Equity Forum, Frankfurt am Main, Germany

12-20 November
Global Road Show

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