Asian Bamboo

Q1

FY 2011
Interim report
January until March

Integrated growth

In Q1 we successfully launched the bamboo fibre processing project, which is the most important corporate initiative since we listed in November 2007 and a crucial step along the value chain towards becoming a fully integrated company.

The bamboo fibre processing project is bringing four key benefits as it:

- Generates additional revenue and profit streams
- Increases overall demand for bamboo trees which underpins future plantation size expansion
- Decreases our reliance on the plantation lease model
- Opens up further investment opportunities in the bamboo textile value chain

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Asian Bamboo at a glance

Income statement adjusted for sales of paper in Q1 2010

In kEUR unless otherwise stated	Q1 2011	Q1 2010*	Change
Revenue[†]	**26,478**	16,942	56%
Cost of sales[‡]	**(15,565)**	(11,896)	31%
Gain arising from changes in fair value less estimated costs to sell of biological assets	**972**	3,738	-74%
Gross profit including fair value changes	**11,885**	8,784	35%
Gross profit margin	**45%**	52%	
Other operating income	**3**	85	-96%
Distribution expenses	**(50)**	(28)	79%
Administrative expenses	**(2,211)**	(2,732)	-19%
Other operation expenses	**–**	(11)	
Share of loss of associate	**(11)**	–	
Finance net	**(55)**	(119)	-54%
Income tax	**(58)**	–	
Net profit	**9,503**	5,979	59%
Net profit margin	**36%**	35%	
Net profit per share (EUR)[§]	**0.62**	0.43	44%

* Q1 comparable numbers are adjusted in accordance with IAS 8
† Q1 2010 number adjusted for paper sales of kEUR 2,275
‡ Q1 2010 number adjusted for costs associated with paper sales of kEUR 2,153
§ Computed on the basis of 15,295,100 shares for Q1 2011 and 13,895,100 shares for Q1 2010

Cash flow

In kEUR unless otherwise stated	Q1 2011	Q1 2010*	Change
Operating cash flow before working capital changes	**17,510**	9,565	83%
Net cash generated from operating activities	**8,226**	7,205	14%
Cash flow used in investing activities	**(17,220)**	(17,592)	-2%
Cash flow from financing activities	**(389)**	11,129	
Net increase / (decrease) in cash and cash equivalents	**(9,383)**	742	
Cash and cash equivalents at the end of the period	**48,968**	37,027	32%

* Q1 comparable numbers are adjusted in accordance with IAS 8

Balance sheet and other selected data

In kEUR unless otherwise stated	31 Mar 2011	31 Dec 2010	Change
Biological assets	**95,168**	99,788	-5%
Lease prepayments	**195,862**	164,940	19%
Cash and cash equivalents	**48,968**	56,658	-14%
Other assets	**35,337**	25,320	40%
Total assets	**375,335**	346,706	8%
Total equity	**286,605**	282,421	1%
Liabilities	**88,730**	64,285	38%
Total liabilities and equity	**375,335**	346,706	8%
Size of mature plantations (ha)	**42,651**	35,051	22%
Size of immature plantations (ha)	**11,860**	12,760	-7%
Total size of plantations (ha)	**54,511**	47,811	14%
Employees	**746**	770	-3%

CEO’s statement

‘The revenue and net profit margin achieved in Q1 indicate that we are on track to reaching our year-end guidance.’

Lin Zuojun
CEO and Founder

Dear shareholders,

I am pleased to report a strong start to the year with revenue and net profit growing in line with the increase in the mature plantation size. The revenue and net profit margin achieved in Q1 indicate that we are on track to reaching our year-end guidance.

We book the fair value less estimated costs to sell ("fair value") of bamboo trees and bamboo shoots as cost of sales in the income statement when the harvested bamboo trees and bamboo shoots are sold. Using the fair value as cost of sales means that:

- Cost of sales are inflated as compared to using the cost method
- The net profit margin for bamboo shoots is lower than the net profit margin for bamboo trees as the ratio between the fair value and price is higher for bamboo shoots than for bamboo trees
- Under normal circumstances, the net profit margin in Q1 is lower than the net profit margin for the full year as we predominantly sell bamboo shoots in Q1
- The net profit is only a meaningful number if the gains in the fair value of biological assets are included

In Q1 2010 we recorded revenue and cost of sales of paper of around EUR 2.3 million and EUR 2.2 million, respectively. As this business was subsequently moved to an associated company (Haoming) and we do not have any such revenue and cost of sales in Q1 2011, year-on-year comparisons are more meaningful if these items are excluded. The Q1 financial highlights were as follows (percentage numbers are year-on-year comparisons and Q1 2010 numbers exclude paper sales):

- Revenue increased 56% to EUR 26.5 million (Q1 2010: EUR 16.9 million)
- Net profit increased 59% to EUR 9.5 million (Q1 2010 Restated: EUR 6 million), equivalent to a net profit margin of 36% (Q1 2010 Restated: 35%)
- Cash and cash equivalents were EUR 49 million (31 December 2010: EUR 56.7 million)

Operationally we achieved the following:

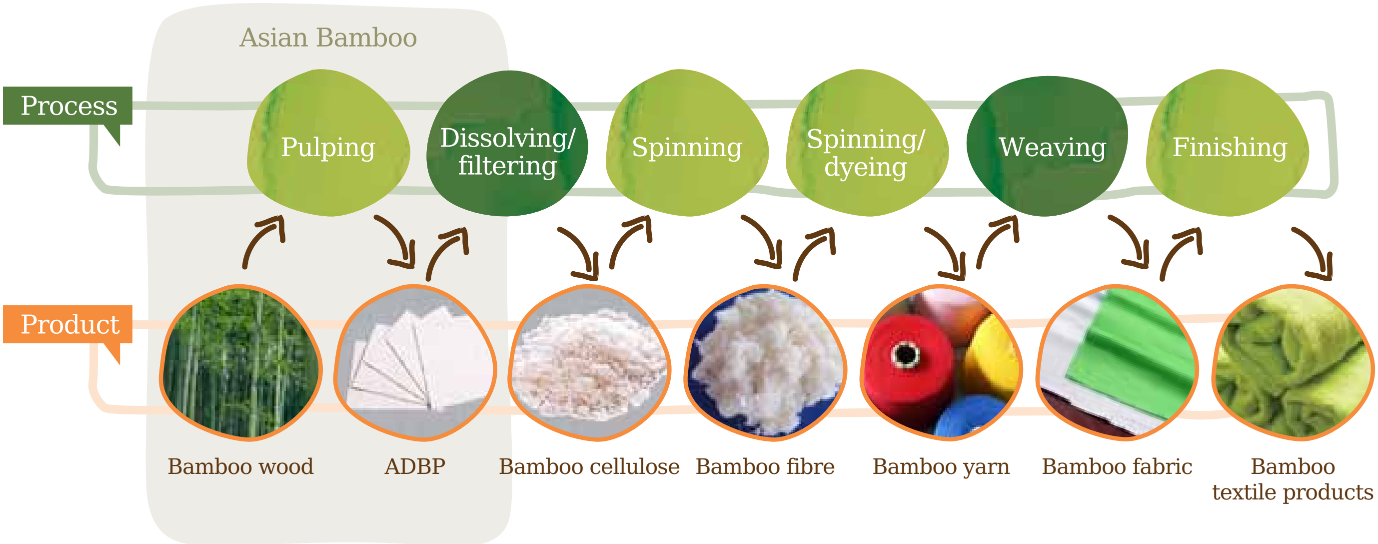
- Leased 6,700 ha of plantations
- Successfully launched the bamboo fibre processing project and secured a long-term contract with a key customer in the textile industry
- The Management Board members and other key executives signed new employment contracts for the period 1 July 2011 – 30 September 2015
- Took advantage of a strong EUR to convert some EUR deposits to RMB

Bamboo fibre processing project

The Company has increased its involvement in the bamboo industry value chain through the production of Acetified Dissolving Bamboo Pulp ("ADBP" or "bamboo fibre"). ADBP has a wide range of applications but is expected to be primarily used in the textile market. It is a direct substitute for other raw materials for textile production and due to the high costs of cotton and petroleum, as well as overall environmental concerns, demand for substitutes such as ADBP has risen considerably.

Bamboo fibre production	Trees required	Plantation size required (ha)
(Tonnes/year)	**(300 trees/tonne)**	**(50% of trees used for bamboo fibre)**
20,000	6,000,000	24,000
50,000	15,000,000	60,000
100,000	30,000,000	120,000

The bamboo textile value chain



Since our launch in late March, we have achieved the following:

- Daily average production of around 70 tonnes
- Total production and sales of around 2,000 tonnes
- Average price of around RMB 15,000 per tonne (around EUR 1,600 per tonne)
- Signed a five year contract with a key customer in the textile industry for a yearly supply of 25,000 tonnes at market prices. The price per tonne will be adjusted on a quarterly basis

Sales are booked when the products are delivered. The company began producing towards the end of March, therefore no products were delivered and no sales were booked in Q1. However, beginning in Q2 sales will be booked and the income statement will contain revenue and net profit contributions from this business segment. We expect growing demand for cellulose fibres, such as ADBP, as a result of:

- Overall rising demand for fibres and textiles due to global growth and the emergence of China as a leading economy
- High prices for cotton and petroleum due to increasing demand and limited supply
- Growing environmental understanding and concerns among consumers, who are gradually shifting their preference towards sustainable materials

We expect that the speed of this structural change will accelerate over the coming years and create the foundation for our growth in this segment in the same way as the structural changes in demand for other bamboo wood based products, and demand for organically grown vegetables, created the foundation of our growth in the past few years. Consequently, the bamboo fibre processing project will be a key factor supporting our future growth in plantation size. We estimate that we need at least 100,000 ha, which is nearly double the size of our current total plantation size, in order to be able to produce 100,000 tonnes of ADBP per year (see table on p. 5). Following the successful start, we are now developing plans for the second phase of this project.

Once the bamboo fibre processing project has matured, it is also possible that we will be participating in additional steps along the textile value chain.

Corporate and social responsibilities

During the quarter, work began on the reconstruction of a primary school located in Heyuan Village in Shaowu City which was severely damaged by heavy rain in June 2010. Our Xinrixian Village Development Fund ("the Fund") is sponsoring the reconstruction, which is expected to be completed by August 2011. Following the reconstruction, the school will be able to increase the number of students from 40 to 120.

In addition, the Fund continues to broaden its scope of activities. Recently the Fund sponsored:

- The purchase of 2,000 books for a library in a primary school in a village close to Fuzhou
- Medical treatment that helped to save the life of a university student at the Fujian Agricultural and Forestry University who was diagnosed with leukemia

Outlook

In FY 2011, the outlook remains very promising for the following key reasons:

- Compared to the end of FY 2010, we expect to begin harvesting from at least an additional 17,000 ha of plantations during the year, which we expect will increase revenue and net profit correspondingly
- We expect to produce and sell 15,000 tonnes of bamboo fibre

In FY 2011, we expect to achieve revenue of at least EUR 125 million and a net profit margin, including the contribution from the fibre processing project, of at least 40%. The Management Board expects the fibre processing project to be profitable in FY 2011 and that the profitability of this project will gradually improve over time.

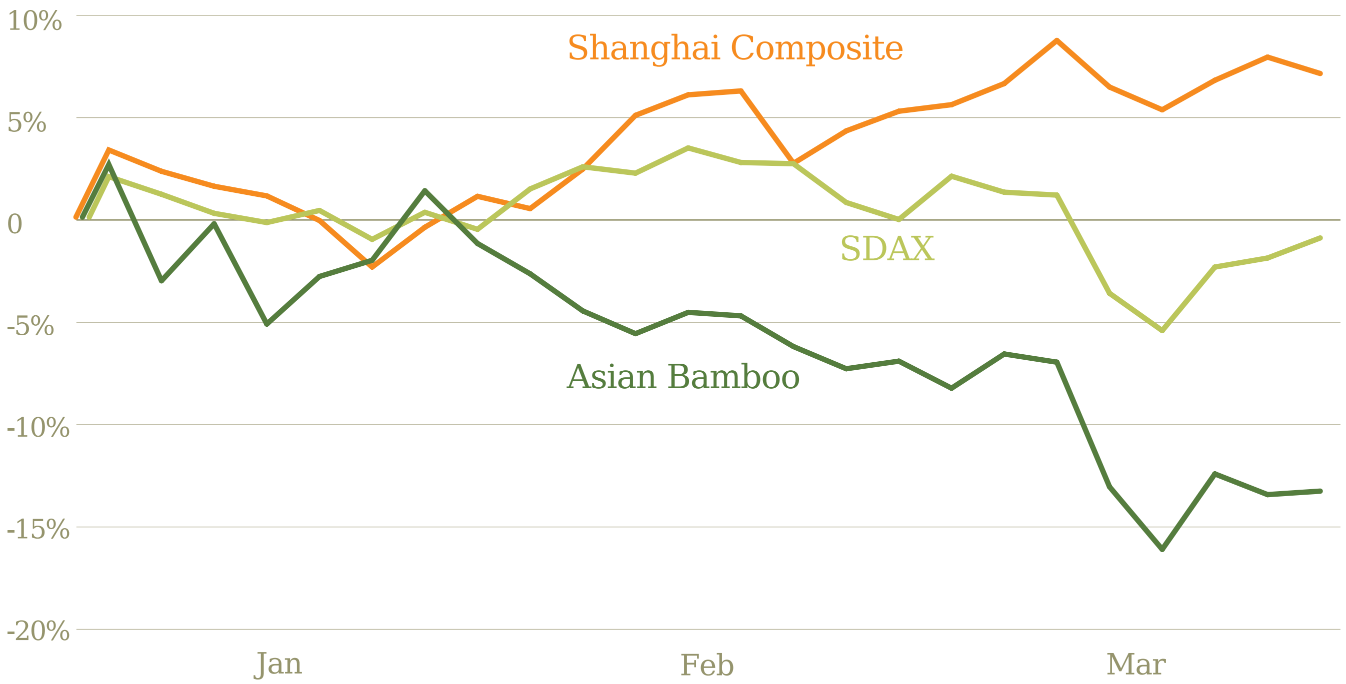
In this context, the Management Board wishes to state that the use of fair value accounting, as compared to using the cost method, leads to fluctuations in the net profit which are larger than actual changes in revenue and costs, excluding the impact of fair value accounting.

Lin Zuojun
CEO and Founder

Asian Bamboo share price

Share price and relevant index comparison chart

Jan – Mar



Following two years of very significant outperformance, the share price fell in Q1. There continues to be strong interest among institutional investors and analysts and during the period both Bank of America Merrill Lynch and Credit Lyonnais Securities Asian (CLSA) initiated coverage. In June we are going on our most ambitious road show ever, during which we will take part in both Credit Suisse's and Bank of America Merrill Lynch's small cap conferences in London and meet investors in most financial centres in the US and Europe.

In January Forbes magazine published its annual list of the 200 fastest growing companies in China and for the second year in a row Asian Bamboo appeared on the list. According to this list, Asian Bamboo ranked the 39th fastest growing company in China. Forbes assesses the performance of small and medium-sized listed and unlisted companies based on three-year growth rates in revenue, net profit and return on assets. The complete list, in Chinese, can be accessed at: http://www.forbeschina.com/list/1008/more.

Macro-economic outlook

In Q1 2011, China's GDP increased by 9.7% over the same period last year. The year-on-year GDP growth was similar to that of Q3 and Q4 2010 when the economy grew by 9.6% and 9.8%, respectively. Beginning in FY 2010, the overall inflationary environment prompted the government to tighten bank loan reserve ratios and increase interest rates, which is likely to create some volatility in the performance of the Chinese economy.

At the latest Party Congress (15-18 October 2010) we believe that there were indications that the government's focus is moving away from GDP growth towards sustainability and structural economic adjustments. The agriculture industry continues to be a priority and it was stated in the 12th Five-year-plan that strong policy support will be given to modern agriculture, including large scale farming and organic foods.

We expect that the bamboo industry will continue to do well, driven by government support, global demand for sustainable materials and strong demand for organically grown vegetables. In addition, we expect that prices for our products will go up over time.

Interim group management report

Our plantations

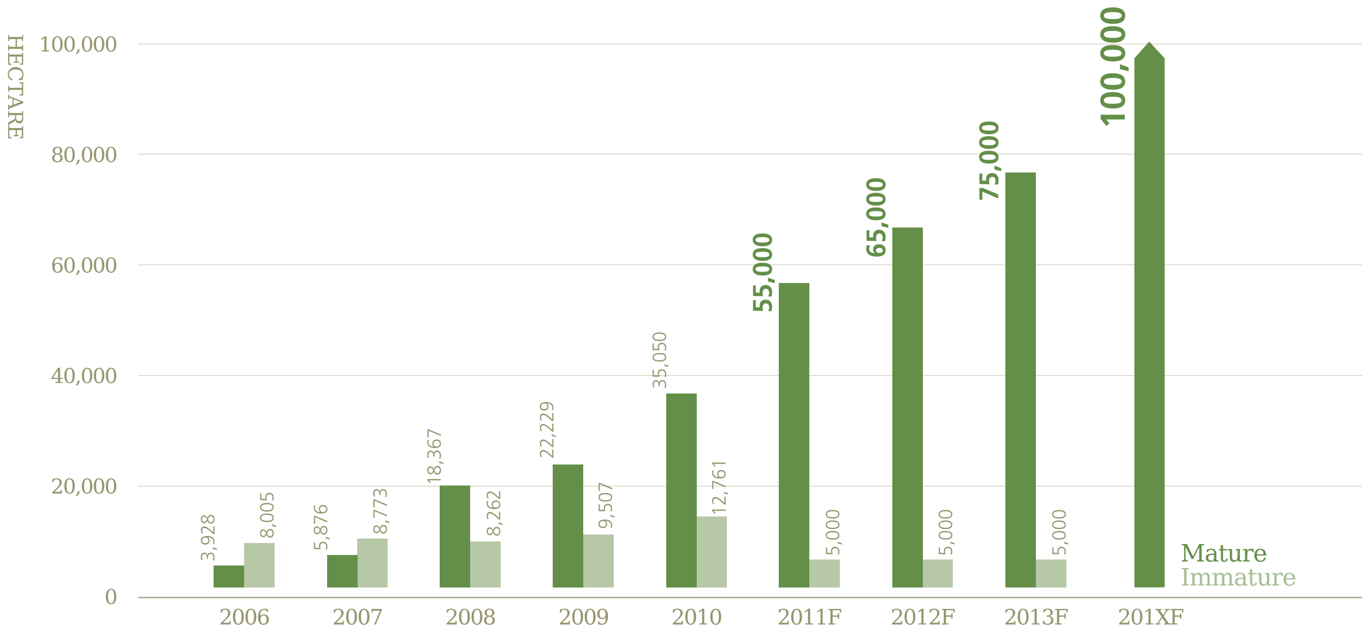
At the beginning of the year, we had a total plantation size of 47,811 ha. Following the leasing of 6,700 ha, we had a total plantation size of 54,511 ha as at the end of Q1.

In Q1, a total of 7,600 ha of plantations were reclassified as mature.

The plantations had the following development in Q1:

(All numbers in hectares)	31.12.10	Reclassified in Q1	New Plantations	31.03.11	31.03.10	Change
Mature	35,051	7,600		42,651	27,943	53%
Immature	12,760	-7,600	6,700	11,860	8,793	35%
Total	47,811		6,700	54,511	36,736	48%

In the future, we expect the following total plantation size at year end:



(All numbers in hectares)	New leases	Mature	Immature	Total
31 December 2010	16,075	35,051	12,760	47,811
31 December 2011F	11,700	54,511	5,000	59,511
31 December 2012F	10,000	64,511	5,000	69,511
31 December 2013F	10,000	74,511	5,000	79,511

The bamboo fibre processing business

The most commonly used raw materials for producing textiles are cotton and petroleum. Cotton is the most universal of textile fibres, associated with purity and positive natural qualities. However, it is a fragile crop which requires large amounts of pesticides, herbicides, fertilizers and irrigation.

Petroleum, which is the basis for polyester, nylon and acrylic, is a non-renewable resource with a significant negative environmental impact. In recent years, due to the high costs of cotton and petroleum in combination with an increasing environmental awareness among consumers, alternative materials have gained popularity. The key alternative material is viscose, which is produced out of wood.

Cellulose fibres are cheaper and more environmentally friendly. Bamboo, as a renewable resource which does not need any irrigation, fertilisers or pesticides, is generally viewed as the most environmentally friendly and inexpensive material. To produce cellulose fibres, the wood is processed into dissolving pulp. In recent years, the global pulp market has seen steadily rising prices due to growing demand for viscose.

We believe that there is growing demand for cellulose fibres due to:

- Overall rising demand for fibres and textiles due to global growth and the emergence of China as a leading economy
- High prices for cotton and petroleum due to increasing demand and limited supply
- Growing environmental understanding and concern among consumers, who are increasingly shifting their preference towards sustainable materials

We expect that the speed of this structural change will accelerate over the coming years.

	ADBP	Cotton	Petroleum
Price	Low	High	High
Environmental impact	Positive	Negative*	Negative
Biodegradable	Yes	Yes	No
Harvest	Stable	Fragile	N/A
Supply	Abundant	Limited	Limited
Production process	Advanced	Simple	Advanced
End product	Viscose	Cotton yarn	Polyester, nylon, acrylic
Quality	High	High	Low
Market share	Low	High	High

* Whereas cotton is a natural material, the cultivation requires large amounts of pesticides, herbicides, fertilisers and irrigation

Pricing and quality

The price of ADBP, which is the technical name of the bamboo fibre we produce, is currently trading at a steep discount to cotton for the following reasons:

- Cotton is traditionally more widely used and accepted
- The cost of turning ADBP into yarn is more expensive than turning raw cotton into yarn
- We are still in the early stages of developing the distribution channels for this business

We expect ADBP to continue to take market share and gain acceptance in the market due to its attractive price, sustainable characteristics, breathability and coolness as well as its anti-bacterial and UV-protection qualities.

It is possible to produce various qualities of ADBP. Generally we are aiming at producing high quality pulp, which means that we are using a large amount of bamboo raw material and the output price is significantly higher than for lower quality pulp.

Outlook for the fibre processing project

We are encouraged by the huge interest in the market for our product, which has led to the signing of a very significant five year contract after producing ADBP for less than one month. Therefore we believe that our longer term goal of reaching a production capacity of 100,000 tonnes per year is achievable.

For investors wishing to learn more about the market environment for viscose, which is a product produced out of cellulose fibre, the web-site of Lenzing AG, a leading producer of these materials and a listed company on the Vienna stock exchange, is a good starting point.

Revenue analysis

In Q1 2010 we recorded revenue and cost of sales of paper of around EUR 2.3 million and EUR 2.2 million, respectively. As this business was subsequently moved to an associated company (Haoming) and we did not have any such revenue and cost of sales in Q1 2011, year-on-year comparisons are more meaningful if these items are excluded.

Excluding paper sales, revenue increased 56% year-on-year, to EUR 26.5 million (Q1 2010: EUR 16.9 million). Sales of all product categories grew year-on-year, with sales of fresh spring bamboo shoots increasing the most.

The relatively modest year-on-year increase in sales of bamboo trees is due to the change in Zhongzhu's business focus towards the production of bamboo fibre, which initially does not have a significantly positive impact on demand for bamboo trees, but which we expect will gradually lead to a very substantial increase in the demand for bamboo trees over the next few years.

The relatively larger increase in sales of spring bamboo shoots during the period, compared to the increase of sales of winter shoots, was mainly the result of a larger mature plantation size in March when we begin the spring bamboo shoot harvest, compared to January, when most of the winter bamboo shoots are harvested.

Revenue breakdown

kEUR	**Q1 2011**	Q1 2010	Change
Bamboo trees	**2,282**	1,756	30%
Fresh winter bamboo shoots	**10,975**	7,552	45%
Fresh spring bamboo shoots	**11,386**	5,968	91%
Processed bamboo shoots	**1,835**	1,666	10%
Paper		2,275	
Total	**26,478**	19,217	38%

Cost of sales

Excluding paper sales, cost of sales increased by 31% to EUR 15.6 million (Q1 2010 Restated: EUR 11.9 million). In our view, it is not meaningful to analyse cost of sales on a quarter to quarter basis using the biological asset accounting methods we are now using.

Gain arising from changes in fair value less estimated costs to sell of biological assets ("the gain in the fair value")

The gain in the fair value was calculated the following way (all numbers in kEUR):

Fair value at end of period:	95,168
Deduct: Fair value at beginning of period:	99,788
Deduct: Increases due to new plantation leases:	4,945
Deduct: Increases due to cultivation costs:	10,799
Add: Decreases due to harvest:	16,152
Deduct: Net foreign exchange differences:	-5,184
= Gain in the fair value:	972

The gain in the fair value was smaller in Q1 2011 compared to Q1 2010. The main reason is that the assumptions used in Q1 2010 were adjusted upwards compared to the end of FY 2009, due to the inflationary environment at that time. In Q1 2011 we did not make any changes to the assumptions used as compared to the end of FY 2010.

Gross profit including fair value changes ('gross profit')

We book the fair value less estimated costs to sell of bamboo trees and bamboo shoots ('the fair value') as cost of sales when the harvested bamboo trees and bamboo shoots are sold. The gross profit margin for bamboo shoots is lower than the gross profit margin for bamboo trees as the ratio between the fair value and price is higher for bamboo shoots than for bamboo trees. Therefore, under normal circumstances, the gross profit margin in Q1 is lower than the expected gross profit margin for the full year.

Excluding paper sales, the gross profit increased by 35% to EUR 11.9 million (Q1 2010 Restated: EUR 8.8 million) and the gross profit margin was 45% (Q1 2010 Restated: 52%).

Other income and costs

Administrative expenses decreased by 19% to EUR 2.2 million (Q1 2010 Restated: 2.7 million). The main reason was that the costs linked to the share settled option scheme in Q1 2011 were smaller than the costs linked to the SAR option scheme in Q1 2010.

The finance net improved to kEUR -55 (Q1 2010 Restated: kEUR -119) as we managed to achieve a higher interest rate income on our deposited funds.

Net profit

The net profit was EUR 9.5 million (Q1 2010 Restated: EUR 6 million). The Q1 2010 number does not include the paper sales in that period last year. We book the fair value less costs to sell of bamboo trees and bamboo shoots ('the fair value') as cost of sales when the harvested bamboo trees and bamboo shoots are sold. The net profit margin for bamboo shoots is lower than the net profit margin for bamboo trees as the ratio between the fair value and price is higher for bamboo shoots than for bamboo trees. Therefore, under normal circumstances, the net profit margin in Q1 is lower than the expected net profit margin for the full year.

Financial position

kEUR	**31 March 2011**	31 December 2010	Change
Biological assets	**95,168**	99,788	-5%
Lease prepayments	**195,862**	164,940	19%
Cash and cash equivalents	**48,968**	56,658	-14%
Other assets	**35,337**	25,320	40%
Total assets	**375,335**	346,706	8%
Total equity	**286,605**	282,421	1%
Liabilities	**88,730**	64,285	38%
Total liabilities and equity	**375,335**	346,706	8%

The reason for the decrease in the fair value of biological assets was that the fair value less estimated costs to sell of the bamboo trees and the bamboo shoots which were harvested in Q1 were deducted from the biological asset value, whereas the bamboo trees which are currently growing and the bamboo shoots which will grow in the second half of the year are not included in the fair value assessment at the end of Q1. We expect that the fair value of biological assets will be significantly higher at the end of FY 2011 than at the end of Q1 2011.

In our view, the Company's financial position remains very healthy as we are net cash and have strong operating cash flows.

Cash flow

Operating cash flow before working capital changes increased 83% to EUR 17.5 million (Q1 2010 Restated: EUR 9.6 million).

In Q1 we made a prepayment to Zhongzhu of around EUR 5.8 million ahead of the launch of the fibre production. This prepayment is booked as other financial assets as part of current assets in the balance sheet.

In addition, due to a very significant increase in the volumes of spring bamboo shoots, account receivables for this product segment increased.

Net cash generated from operating activities increased by 14% to EUR 8.2 million (Q1 2010 Restated: EUR 7.2 million).

Investments

Total lease prepayments during the period amounted to EUR 17.2 million. Total outstanding payments on plantation leases entered into are EUR 61 million, of which a part will be paid in FY 2012.

Employees

At the end of Q1 we had 746 employees (31 December 2010: 770). The number of employees fluctuates from month to month depending on the production schedule.

Risk management

For a comprehensive description of our risk and opportunity management system as well as possible risks and opportunities, please see the Risk Report section in our FY 2010 Annual Report. There were no significant changes in risks and opportunities in the first quarter of the year. Therefore, the statements concerning the risks and opportunities described in the Annual Report essentially remain without change. The risks to which the Company is exposed, both in isolation or in conjunction with other risks, are limited and do not, according to current estimates, jeopardise the continued existence of the Company.

Outlook

Our integrated strategy remains unchanged. For a deeper analysis of our operating environment and strategic direction please refer to the Group Management Report on pages 35-47 in our FY 2010 Annual Report. Our key goals are:

Maintaining and enhancing operational sustainability

- Sustainable plantation management
- Harmonious relationships with farming communities where we operate
- Employee development and training
- Low cost of capital
- Corporate and social responsibility

Business development

- Longer term goal of producing 100,000 tonnes per year of bamboo fibre
- Enlarge the plantation size to at least 70,000 ha by Q3 2012 at the latest and more than 100,000 ha in the future
- Increase production capacity of processed bamboo shoots to 1.8 million cans
- Launch of the bamboo trading centre in Shaowu
- Identifying new distribution channels and markets for bamboo trees, bamboo shoots and bamboo fibres and increase sales under our brand name 'Xinrixian'

In FY 2011, we expect to achieve revenue of at least EUR 125 million and a net profit margin, including the contribution from the fibre processing project, of at least 40%.

In this context, the Management Board wishes to state that the use of fair value accounting, as compared to using the cost method, leads to fluctuations in the net profit which are larger than actual changes in revenue and costs, excluding the impact of fair value accounting.

Interim consolidated financial statements and notes

Consolidated statement of income and expenses

for the period from 1 January to 31 March 2011

	Q1 2011 kEUR	Q1 2010* kEUR
Revenue	**26,478**	19,217
Cost of sales	**(15,565)**	(14,049)
Gain arising from changes in fair value less estimated costs to sell of biological assets	**972**	3,738
Gross profit including fair value changes	**11,885**	8,906
Other operating income	**3**	85
Distribution expenses	**(50)**	(28)
Administrative expenses	**(2,211)**	(2,732)
Other operating expenses	**–**	(11)
Profit from operations	**9,627**	6,219
Share of loss associates	**(11)**	–
Finance income	**111**	17
Finance costs	**(166)**	(136)
Profit before tax	**9,561**	6,100
Income tax	**(58)**	–
Profit for the period (fully attributable to the shareholers of the parent company)	**9,503**	6,100
Earnings per share		
Basic and diluted (EUR per share)	**0.62**	0.44
Computed on the basis of shares	**15,295,100**	13,895,100

* Comparable numbers are adjusted in accordance with IAS 8

Consolidated statement of comprehensive income

for the period from 1 January to 31 March 2011

	Q1 2011 kEUR	Q1 2010* kEUR
Profit for the period	**9,503**	6,100
Exchange differences arising from currency translations	**(5,979)**	22,456
Other comprehensive income, net of income tax	**(5,979)**	22,456
Total comprehensive income for the period	**3,524**	28,556

* Comparable numbers are adjusted in accordance with IAS 8

Consolidated balance sheet

for the period ending 31 March 2011

	31.03.2011 kEUR	31.12.2010 kEUR
ASSETS		
Non-current assets		
Property, plant and equipment	**3,636**	4,467
Biological assets	**95,168**	99,788
Lease prepayments	**195,862**	164,940
Investments in associates	**3,254**	3,329
Other financial assets	**3,162**	2,491
Deferred tax assets	**1,551**	1,551
	302,633	276,566
Current assets		
Inventory	**2,346**	1,299
Trade and other receivables	**4,985**	1,943
Other financial assets	**5,857**	204
Current tax assets	**–**	24
Lease and other prepayments	**10,546**	10,012
Cash and cash equivalents	**48,968**	56,658
	72,702	70,140
Total assets	**375,335**	346,706
EQUITY AND LIABILITIES		
Share capital	**15,425**	15,425
Par value of own shares	**(130)**	(130)
Issued capital	**15,295**	15,295
Capital reserves	**131,953**	131,953
Statutory reserves of subsidiaries	**8,191**	8,191
Equity-settled employee benefits reserve	**1,541**	881
Foreign currency translation reserve	**15,899**	21,878
Retained earnings	**113,726**	104,223
Total equity	**286,605**	282,421
Non-current liabilities		
Borrowings	**10,571**	11,261
Current liabilities		
Borrowings	**1,774**	2,267
Trade payables	**73,017**	48,357
Other financial liabilities	**1,697**	400
Current tax liabilities	**1,671**	2,000
	78,159	53,024
Total liabilities	**88,730**	64,285
Total liabilities and equity	**375,335**	346,706

Consolidated statement of changes in equity

for the period from 1 January to 31 March 2011

	Share capital kEUR	Capital reserves kEUR	Statutory reserves of subsidiaries kEUR	Equity-settled benefits employee reserve kEUR	Foreign currency translation reserve kEUR	Retained earnings kEUR	Total kEUR
01.01.2010	13,895	91,608	5,415	–	2,635	77,658	191,211
Profit for the period*	–	–	–	–	–	6,100	6,100
Other comprehensive income for the period, net of income tax*	–	–	–	–	22,456	–	22,456
Total comprehensive income for the period*	–	–	–	–	22,456	6,100	28,556
03.31.2010*	13,895	91,608	5,415	–	25,091	83,758	219,767
01.01.2011	15,295	131,953	8,191	881	21,878	104,223	282,421
Profit for the period	–	–	–	–	–	9,503	9,503
Other comprehensive income for the period, net of income tax	–	–	–	–	(5,979)	–	(5,979)
Total comprehensive income for the period	–	–	–	–	(5,979)	9,503	3,524
Recognition of share-based payments	–	–	–	660	–	–	660
03.31.2011	15,295	131,953	8,191	1,541	15,899	113,726	286,605

* Comparable numbers are adjusted in accordance with IAS 8

Consolidated statement of cash flow

for the period from 1 January to 31 March 2011

	Q1 2011 kEUR	Q1 2010* kEUR
Profit before tax	**9,561**	6,100
Depreciation of property, plant and equipment	**117**	102
Revaluation gain of biological assets	**(972)**	(3,738)
Amortisation of lease prepayments	**2,726**	1,528
Interest income	**(111)**	(17)
Interest expense	**166**	136
Share of loss of associates	**11**	–
Option scheme accrued	**660**	–
Increase in the biological asset value due to cultivation	**(10,799)**	(6,243)
Decrease in the biological assets value due to harvest	**16,152**	11,696
Operating cash flow before working capital changes	**17,510**	9,565
Increase/decrease in inventories, trade receivables and other financial assets if they are not allocated to investing or financing activities	**(10,413)**	1,509
Increase/decrease in trade payables and other financial liabilities unless they are classified as investing or financing activities	**1,462**	(3,355)
Interest income	**111**	17
Interest expense	**(166)**	(136)
Income tax paid	**(277)**	(395)
Net cash generated from operating activities	**8,226**	7,205
Cash flow from investing activities		
Payments made to acquire biological assets and prepayments for the lease of plantations	**(17,202)**	(15,169)
Payments for investments in other companies	**–**	(2,111)
Payments for property, plant and equipment	**(19)**	(312)
Cash flow used in investing activities	**(17,220)**	(17,592)
Cash flow from financing activities		
Proceeds from borrowings	**(389)**	11,129
Cash flow from financing activities	**(389)**	11,129
Net increase in cash and cash equivalents	**(9,383)**	742
Cash and cash equivalents at beginning of year	**56,658**	29,143
Foreign exchange difference	**1,693**	7,141
Cash and cash equivalents at the end of the period	**48,968**	37,027

* Comparable numbers are adjusted in accordance with IAS 8

Notes

for the period from 1 January to 31 March 2011

GENERAL

The interim consolidated financial statements for the period 1 January to 31 March 2011 comprise all subsidiaries of Asian Bamboo AG.

These subsidiaries are located in China (PRC) except for the interim holding companies, Hong Kong XRX Bamboo Investment Co., Ltd. and Asian Bamboo (Hong Kong) Industrial Co., Ltd. which are both incorporated in Hong Kong.

The Group legal and organisational structure presented in the FY 2010 Annual Report did not change as of 31 March 2011.

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 financial statements are prepared as condensed financial statements with selected explanatory notes as stipulated by IAS 34 'Interim Financial Reporting'. 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 pre-payments which account for approximately 78% of total assets.

As part of the consolidated financial statements as of 31 December 2010, the Management Board came to the conclusion that certain previously applied accounting, valuation and reporting methods did not fully comply with IFRS, which meant that previous financial statements were corrected and restated in accordance with IAS 8. In accordance with IAS 8.42, these corrections in the financial statements as of 31 December 2010 were carried out by restating FY 2009 numbers and the opening balance of FY 2009 (1 January 2009). Accordingly, the Q1 2010 comparative numbers have also been restated for the purpose of preparing the interim consolidated financial statements for the period 1 January to 31 March 2011. For a detailed explanation and reconciliation of all corrections made please see note no. 1.4 of the Group's consolidated financial statements as of 31 December 2010.

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 2010. For further details, reference is made to these consolidated financial statements, which can be found in the notes of the Company's FY 2010 Annual Report at www.asian-bamboo.com.

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.

FUNCTIONAL AND PRESENTATION CURRENCY

The currency of the Group is the Euro. The functional currency of the foreign subsidiaries is the Chinese renminbi (RMB), since nearly all transactions are done in RMB. The following exchange rates from RMB to EUR have been applied:

Exchange rates from RMB to EUR	**Q1 2011 RMB/EUR**	31.12.2010 RMB/EUR	Q1 2010 RMB/EUR
End of period	**9.3036**	8.822	9.2006
Average during period	**8.9966**	8.9712	9.4507

SEASONALITY OR CYCLICALITY OF INTERIM OPERATIONS

There are distinct harvesting cycles during the year. Winter bamboo shoots are harvested in Q1 and Q4, spring bamboo shoots are harvested in Q1 and Q2 and bamboo trees are primarily harvested in Q3 and Q4. In Q1 most of the revenue is generated from selling winter bamboo shoots and fresh spring bamboo shoots.

MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM PERIOD

No events of material importance for the Group requiring disclosure have occurred.

CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There have been no significant changes in contingent liabilities and assets in comparison with the annual consolidated financial statements 2010 and they can be classified as immaterial overall.

RELATED PARTIES TRANSACTIONS

Balances and transactions between the company and its subsidiaries, which are related parties of the company, are eliminated from the interim consolidated financial statements insofar as the subsidiaries are consolidated. In addition, business relations are maintained with companies over which Asian Bamboo AG can exercise a significant influence (associated companies.) Such relationships do not have a material influence on the interim consolidated financial statements of the Group. Related persons are mainly the members of the Management Board and the Supervisory Board. The remuneration received by this group of persons is disclosed annually in the remuneration report. There were no other material transactions with related parties.

AUDITOR’S REVIEW

The interim consolidated financial statements and the interim management report for the period 1 January to 31 March 2011 were not reviewed or audited by the auditor.

Hamburg, Germany, 12 May 2011
On behalf of the management

Lin Zuojun	Jiang Haiyan	Peter Sjovall
Chairman	COO	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, 12 May 2011
On behalf of the management

Lin Zuojun
Chairman

Jiang Haiyan
COO

Peter Sjovall
CFO

Financial calendar FY 2011

8 June
Participation in Credit Suisse's Small Cap Conference in London

17 June
AGM

28-29 June
Participation in Merrill Lynch's Small Cap Conference in London

12 August
Q2 results announcement

11 November
Q3 results announcement

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