



Asian Bamboo

FY 2015 Interim Report

January to June

Q1-Q2

Disclaimer

As reported in the Company's ad hoc announced of 15 June 2015, the Hamburg District Court has appointed a strong provisional insolvency administrator. This has far-reaching implications for the Company and its decision-making bodies. Consequently, Asian Bamboo AG can no longer control the assets of the group. However, the Company is still required to fulfil its legal transparency and disclosure obligations. When reading this financial report for Q1 2015, Q2 2015 and Q1-Q2 2015, we therefore ask you to take the following into account:

- Going concern: The continued survival of the Company is not assured as insolvency writs have been filed and insolvency proceedings may be opened which may end with the liquidation of the Company.
- Comparative numbers of 31 December 2014 are based upon the unaudited preliminary financial statements. A summary of the preliminary financial statements were announced on 6 March 2015 after completing the vast majority of the auditing work.
- The biological asset valuations of 31 December 2014, which are still preliminary, are used as the basis for calculating the cost of goods sold and the biological asset valuations in Q1, Q2 and Q1-Q2 2015.
- If the Company is liquidated it is possible that the value generated from selling all the plantations would be lower than the current balance sheet valuations. The plantations which were sold in March 2015 were sold at prices which were in-line with the valuation of the plantations at the end of 2014.
- At present, the Company's Supervisory Board does not have the necessary number of members. In accordance with § 104:1 of the German Stock Corporation Act an application has been filed with the local court in Hamburg to appoint two new members.

Hamburg, August 2015

The Management Board



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Asian Bamboo at a Glance



Income statement

<i>In kEUR unless otherwise stated</i>	Q1-Q2 2015	Q1-Q2 2014	Change
Continued operations			
Revenue	1,693	10,763	-84%
Cost of goods sold	(866)	(11,841)	-93%
Loss arising from changes in fair value of biological assets*	(5,453)	6,061	-
Gross profit including revaluations*	(4,626)	4,983	-
Other income	67	6,926	-99%
Distribution expenses	(31)	(45)	-31%
Administrative expenses	(2,797)	(2,642)	6%
Other expenses	(3,240)	(597)	443%
Profit/(loss) from operations	(10,627)	8,625	-
Finance net	7	(428)	-
Profit before tax for continued operations	(10,620)	8,197	-
Income tax	-	(46)	-
Profit for the year (fully attributable to owners of the parent company)	(10,620)	8,151	-
Discontinued operations			
Result of discontinued operations	(12)	(10)	20%
Profit for the year (fully attributable to owners of the parent company)	(10,632)	8,141	-
Earnings per share			
For continued and discontinued operations			
Basic and diluted (EUR per share) [†]	(0.70)	0.53	-
For continued operations			
Basic and diluted (EUR per share) [†]	(0.69)	0.53	-

* FVBA is an abbreviation for gain/(loss) arising from changes in the fair value less estimated costs to sell of biological assets

[†] Computed on the basis of 15,281,100 shares

Cash flow

<i>In kEUR unless otherwise stated</i>	Q1-Q2 2015	Q1-Q2 2014	Change
Operating cash flow before movements in working capital	(3,632)	1,306	-
Net cash generated from operating activities	(2,177)	4,156	-
Cash flow used in investing activities	743	(29)	-
Cash flow from financing activities	-	(6,067)	-
Cash and cash equivalents at the end of the period	22,448	26,010	-14%

Simplified balance sheet and other selected data

<i>In kEUR unless otherwise stated</i>	30.06.2015	31.12.2014	Change
Biological assets	56,372	54,668	3%
Lease prepayments	174,694	164,913	6%
Cash and cash equivalents	22,448	24,247	-7%
Other assets	27,422	26,735	3%
Total assets	280,936	270,563	4%
Total equity	74,534	91,953	-19%
Long-term provisions	167,819	143,353	17%
Borrowings	30,818	28,982	6%
Other liabilities	7,765	6,275	24%
Total liabilities and equity	280,936	270,563	4%
Total size of plantations (ha)	48,123	50,338	-4%
Employees	389	502	-23%



CEO's Statement



Dear shareholders,

It is with deep sadness I report on the current situation of our Company. As we have extensively reported in the past, we continue to face a number of structural headwinds. The cost of operating in China has gone up very seriously and we have now reached a point where these costs, in connection with the continuously dwindling supply of farm labour, make it nearly financially impossible to operate the plantation business at all.

While the operating environment has been extremely difficult for years, we nevertheless had a realistic turnaround plan involving a diversification of our business to include property development, which, as previously reported, we were in the process of implementing. However, the implementation was quashed when DEG and PROPARCO ('the lenders') filed their insolvency writs, which meant that selling or acquiring assets have become more difficult as our counterparties are aware of the Company's precarious situation.

The filing of the insolvency writs made the situation go from bad to worse, as there are now obvious uncertainties about the Company's ability to survive and its ability to carry on its business. Therefore we are likely to post negative operating cash flows for the first time since we listed and our revenues for the year will be very low. Until the loan-issue is resolved,

unfortunately, I do not see any solution to the situation. I understand that Asian Bamboo has to make its contribution to resolve the situation and, as I've already emphasized on several occasions, I and the Company are willing to do so.

I will not go into all the details of our negotiations with the lenders, but I would like to highlight a few events. For example the Company offered to repay all the outstanding debt by September 2015, which was well ahead of the original expiration of the loan contracts in 2017 and 2018, respectively. This offer was rejected by the lenders without explanations. Furthermore I also offered to purchase the debt in my personal capacity at 85% to the face value with a very short settlement period, which was also rejected by the lenders without explanation.

In addition, in my view, the lenders have acted in bad faith during the negotiations. For example PROPARCO signed a revised loan agreement with the Company as late as December 2013, in which they agreed that the loan was going to be repaid in 2017, before completely reversing their stance only a few months later without providing a coherent explanation to their change in views. In DEG's case the Company voluntarily repaid the first DEG-loan in October 2013, three years ahead of the original loan expiration in October 2016, at which time the present DEG-representatives agreed with me that the second DEG-loan, which was expiring in 2018, should remain unchanged.

I wish to emphasize that I and the Company were all along very transparent about the Company's financial situation, its plans and worked towards a compromise taking all stakeholders' interests into account. Unfortunately it is uncertain if and when the negotiations can begin, due to the attitude of the lenders who have refused to engage in negotiations for some time, but I'm always willing to negotiate in order to facilitate a solution. However, a solution must take the actual situation into account and the lenders must not impose unrealistic conditions.

Asset sales programme

In March 2015 we completed the sale of four plantations which made up the first part of the asset sales programme. Following the filing of the insolvency writs we were advised by our legal advisers not to proceed with any asset sales. We have stayed in touch with potential buyers with the aim of significantly reducing the total asset base of the Company. This work has turned out to be more difficult as it is now widely known that our company may be liquidated and therefore the buyers feel that our bargaining position has worsened.

The plantations sold in March were sold at prices in line with the valuation reports done by our independent valuer and in line with the balance sheet valuation at year-end 2014. We will make another valuation of the plantations at the end of 2015 and we will adjust the valuation of the plantations accordingly. It is likely that the value of the plantations will gradually decrease for the following reasons:

- The harvesting volumes are not likely to rebound in the current environment
- As time elapses on the leases there is a shorter period left on the leases
- The absence of reclamation work and the lower harvesting volumes mean that the density increases and the age-structure of the bamboo trees deteriorates

Resignations and appointments

I'm sad to see many of our long-serving Supervisory Board and Management Board members leave the Company, but it is understandable under the circumstances. Following the resignations of Mr. Peter Sjøvall, CFO, and Jiang Haiyan, COO, on 16 June I'm the only remaining member of the Management Board. Following the resignations of Mr. Chris McAuliffe, vice chairman, and Mr. Jiang Tao, member, an application has been filed with the local court in Hamburg to appoint two new members in accordance with § 104:1 of the German Stock Corporation Act.

Outlook

Fujian Province has been hit with two serious typhoons in July and August. Particularly the latest typhoon – Super-typhoon Soudelor – created landslides which caused very severe damage to the roads leading up to the Company's plantations particularly in Longyan and Shaowu.

The Company has a contractual obligation to maintain the roads in proper conditions and although the Company's production levels are minimal at the moment, it still has to pay for the repair works which are estimated at EUR 2-3 million.

This means that the Company's negative operating cash flow is likely to increase from the previous estimate of EUR 3 million to EUR 5-6 million for the year. The revenue guidance remains at EUR 2 million.

With my best regards,



Lin Zuojun
CEO and Founder

Asian Bamboo Share Price

The share price remained at historically low levels during the first half of the year affected by the filing of the insolvency writs by DEG and PROPARCO.

There were no investor relations activities in the first half of the year other than fulfilling the general transparency and

disclosure obligations. The AGM, which was supposed to be held on 14 July 2015 had to be postponed as the annual report cannot be completed before the insolvency issue, due to the filing of the insolvency writs by DEG and PROPARCO, has been resolved.

Share price and relevant index comparison chart



Macro-economic Environment in 2015

In the first half of the year China's GDP growth remained at historically low levels. The GDP growth both in Q1 and Q2 was 7%, which are the lowest quarterly growth rates since Q1 2009. The Management Board believes China's GDP growth for the full year 2015 will come in slightly above 7% as there is likely to be a small rebound in the second half of the year due to the various stimulus measures the Chinese government is implementing.

The annual consumer price index ('inflation') was between 0.8% and 1.5% on a monthly basis during the first half of the year, which is historically low numbers.

As a response to the economic slowdown, the Chinese government implemented monetary easing policies. Most notably the People's Bank of China (PBOC) lowered its benchmark, one-year lending rate three times in the first half of the year to 5.1 percent beginning May 11. In the Management Board's view it is likely that the interest rates will be further cut in order to support the economy.

The Management Board believes that there will be continued measures from the Chinese government with the aim of promoting growth and to shift the economy from relying upon manufacturing and exports to become a more service oriented economy.

Interim Group Management Report



Our Plantations and Operations

The Company currently possesses 48,123 ha of plantations after completing the sale of the plantations in Kangda and Sirong. The Company has the intention of further selling plantations in Shaowu (Minxian, Minda and Yinxin), Shunchang (Wufang), Sanming (Wucun), Wuyishan (Chongan) and Longyan (Hongshan) in line with previous announcements.

In addition, the Management Board also intends to sell a plot of land in Mawei, the site of the Company's first bamboo shoot processing plant, for around EUR 3 million, as well as the bamboo shoot processing plant in Longyan for around EUR 2 million.

Following the filing of the insolvency writs we were advised by our legal advisers not to proceed with any asset sales. We have stayed in touch with potential buyers with the aim of significantly reducing the total asset base of the Company. This work has turned out to be more difficult as it is now widely known that our company may be liquidated and therefore the buyers feel that our bargaining position has worsened.



Revenue Analysis

As we have extensively reported in the past, we continue to face a number of structural headwinds. The cost of operating in China has gone up very seriously and the industry has now reached a point where these costs, in connection with the ever dwindling supply of farm labour, make it nearly financially impossible to operate the plantation business at all.

In Q1 total revenue decreased 77% year-on-year to EUR 1 million (Q1 2014: EUR 4.6 million). Sales of winter bamboo shoots, processed bamboo shoots and spring bamboo shoots decreased by 46% to EUR 0.6 million (Q1 2014: EUR 1 million), 88% to EUR 0.1 million (Q1 2014: EUR 1 million) and 93% to EUR 0.2 million (Q1 2014: EUR 2.6 million), respectively. The 'other' category relates to a minor consultancy fee the Company received.

In Q2 total revenue decreased 89% year-on-year to EUR 0.7 million (Q2 2014: EUR 6.2 million). Sales of spring bamboo shoots and processed bamboo shoots decreased by 85% to EUR 0.4 million (Q2 2014: EUR 2.9 million) and by 98% to kEUR 52 (Q2 2014: EUR 2.3 million). However, there were no sales of dried bamboo shoots in Q2 2015 (Q2 2014: EUR 1 million). The 'other' category relates to a minor consultancy fee the Company received.

In Q1-Q2 total revenue decreased 84% year-on-year to EUR 1.7 million (Q1-Q2 2014: EUR 10.8 million). Sales of winter bamboo shoots, spring bamboo shoots, processed bamboo shoots decreased by 45% to EUR 0.6 million (Q1-Q2 2014: EUR 1 million), 89% to EUR 0.6 million (Q1-Q2 2014: EUR 5.5 million), 95% to EUR 0.2 million (Q1-Q2 2014: 3.3 million). There were no sales of dried bamboo shoots in Q1-Q2 2015 (Q1-Q2 2014: EUR 1 million). The 'other' category relates to a minor consultancy fee the Company received.

<i>kEUR</i>	Q1 2015	Q1 2014	Change	Q2 2015	Q2 2014	Change	Q1-Q2 2015	Q1-Q2 2014	Change
Dried bamboo shoots	–	–	–	–	957	–	–	957	–
Fresh winter bamboo shoots	558	1,028	-46%	–	–	–	558	1,016	-45%
Fresh spring bamboo shoots	189	2,558	-93%	438	2,902	-85%	627	5,460	-89%
Processed bamboo shoots	124	1,000	-88%	52	2,318	-98%	176	3,330	-95%
Other	161	–	–	171	–	–	332	–	–
Total	1,032	4,586	-77%	661	6,177	-89%	1,693	10,763	-84%

Cost of goods sold

In Q1 cost of goods sold decreased by 87% to EUR 0.7 million (Q1 2014: EUR 5 million).

In Q2 cost of goods sold decreased by 97% to EUR 0.2 million (Q2 2014: EUR 6.9 million).

In Q1-Q2 cost of goods sold decreased by 93% to EUR 0.9 million (Q1-Q2 2014: EUR 11.8 million).

Gain/loss arising from changes in fair value less estimated costs to sell of biological assets (FVBA)

Mainly as a result of lower harvesting rates there were losses in the fair value of biological assets as follows:

- Q1 2015: EUR 2.1 million (Q1 2014: gain of EUR 3.5 million)
- Q2 2015: EUR 3.3 million (Q2 2014: gain of EUR 2.5 million)
- Q1-Q2 2015: EUR 5.5 million (Q1-Q2 2014: gain of EUR 6.1 million)

The biological asset valuations are based upon the unaudited 2014 preliminary financial statements of which a summary was announced on 6 March 2015. The biological asset valuations in the 2014 preliminary financial statements are, as usual, based upon a report from the independent valuer – Sallmanns.

Gross profit including FVBA changes (gross profit)

In Q1 gross profit was negative EUR 1.8 million (Q1 2014: positive EUR 3.1 million) and the gross profit margin was negative 171% (Q1 2014: positive 68%).

In Q2 gross profit was negative EUR 2.9 million (Q2 2014: positive EUR 1.8 million) and the gross profit margin was negative 433% (Q2 2014: positive 30%).

In Q1-Q2 gross profit was negative EUR 4.6 million (Q1-Q2 2014: EUR 5 million) and the gross profit margin was negative 273% (Q1-Q2 2014: positive 46%).

The biological asset valuations are based upon the unaudited 2014 preliminary financial statements of which a summary was announced on 6 March 2015. The biological asset valuations in the 2014 preliminary financial statements are, as usual, based upon a report from the independent valuer – Sallmanns.

Other income

In Q1 other income was kEUR 33 (Q1 2014: kEUR 92), in Q2 other income was kEUR 34 (Q2 2014: EUR 6.8 million) and in Q1-Q2 other income was kEUR 67 (Q1-Q2 2014: EUR 6.9 million). On 24 April 2014 the Company announced the agreement to give up the rights to certain plantations, which resulted in an accounting gain of EUR 6.9 million in Q2 2014. These plantations were located in Buyun, Hongshan and Miaoqian and amounted, in total, to around 62,600 mu (4,173 ha).

Administrative expenses

In Q1 administrative expenses increased by 12% to EUR 1.4 million (Q1 2014: EUR 1.3 million).

In Q2 administrative expenses were unchanged at EUR 1.4 million (Q2 2014: EUR 1.4 million).

In Q1-Q2 administrative expenses increased by 6% to EUR 2.8 million (Q1-Q2 2014: EUR 2.6 million).

Other expenses

Other expenses of EUR 3.2 million in Q1 and Q1-Q2 include a EUR 1.4 million write-off on initial deposits made on the plantations which were sold in Q1. These deposits were made to guarantee the payment of various infrastructure related repairs and damages and are forfeited when the leases are sold. In addition, adverse currency movements, as the USD strengthened against the EUR and a part of the Company's debt is denominated in USD, led to a foreign exchange related non-cash cost of EUR 1.8 million.

Finance net

In Q1 the finance net was negative kEUR 55 (Q1 2014: negative kEUR 385).

In Q2 the finance net was positive kEUR 62 (Q2 2014: negative kEUR 43).

In Q1-Q2 the finance net was positive kEUR 7 (Q1-Q2 2014: negative kEUR 428).

Net profit/loss

In Q1, the net loss was EUR 6.5 million (Q1 2014: net profit EUR 1.2 million).

In Q2, the net loss was EUR 4.2 million (Q2 2014: net profit EUR 6.9 million).

In Q1-Q2, the net loss was EUR 10.6 million (Q1-Q2 2014: net profit EUR 8.2 million).

Financial Position

<i>kEUR</i>	30.06.2015	31.12.2014	Change
Biological assets	56,372	54,668	3%
Lease prepayments	174,694	164,913	6%
Cash and cash equivalents	22,448	24,247	-7%
Other assets	27,422	26,735	3%
Total assets	280,936	270,563	4%
Total equity	74,534	91,953	-19%
Long-term provisions	167,819	143,353	17%
Borrowings	30,818	28,982	6%
Other liabilities	7,765	6,275	24%
Total liabilities and equity	280,936	270,563	4%

At the end of Q2 biological assets were EUR 56.4 million (31 December 2014: EUR 54.7 million) and lease prepayments were EUR 174.7 million (31 December 2014: EUR 164.9 million).

Cash and cash equivalents decreased 7% to EUR 22.4 million due to the negative operating cash flow during the year.

The Company's Management Board, as well as its main creditors – DEG and PROPARCO, have filed insolvency writs during the period, therefore it is uncertain if the Company can continue its operations and insolvency proceedings may begin which may end with a liquidation of the Company.

Cash Flow

The filing of the insolvency writs made the situation go from bad to worse, as there is now obvious uncertainties about the Company's ability to survive and to carry on its business. Therefore the Company is likely to post the first year with a negative operating cash flow since its listing and the revenues for the year will be very low. Until the loan-issue is resolved, unfortunately, the Management Board does not see any solution to the situation.

In Q1-Q2 operating cash flow before movements in working capital was negative EUR 3.6 million (Q1-Q2 2014: EUR 1.3 million).

In Q1-Q2 net cash generated from operating activities was negative EUR 2.2 million (Q1-Q2 2014: positive EUR 4.2 million).

Investments

During the first half of the Management Board sold four bamboo plantations. The Company has the intention of further selling plantations in Shaowu Minxian, Minda and Yinxin, Shunchang (Wufang), Sanming (Wucun), Wuyishan (Chongan) and Longyan (Hongshan) in line with previous announcements.

In addition, the Management Board also intends to sell a plot of land in Mawei, the site of the Company's first bamboo shoot processing plant, for around EUR 3 million, as well as the bamboo shoot processing plant in Longyan for around EUR 2 million.

Following the filing of the insolvency writs the Management Board was advised by our legal advisers not to proceed with any asset sales. The Company has stayed in touch with potential buyers with the aim of significantly reducing the total asset base of the Company. This work has turned out to be more difficult as it is now widely known that the Company may be liquidated and therefore the buyers feel that the Company's bargaining position has worsened.

Employees

As part of the Management Board's cost control, the total number of employees has been reduced to 389 (31 December 2014: 502) in order to cut costs. The farmers working in harvesting are not direct employees of the Company therefore they are not included in this number.

Risk Management

The Group's results are affected by the development of the bamboo plantation business, which also affects the valuation of the biological assets. In other words when the expectations of future revenue and profits fall or rise, this has an influence on the value of biological assets and provisions for onerous lease contracts.

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 2013 Annual Report. Save for the next paragraph, there were no significant changes in risks and opportunities in 2014 and in the first six months of 2015.

DEG and PROPARCO as well as the Management Board have filed insolvency writs. Subsequently the district court Hamburg appointed a strong preliminary insolvency administrator. The continued survival of the Company is not assured and insolvency proceedings may be opened which may end with the liquidation of the Company.

Trend Information

Fujian Province has been hit with two serious typhoons in July and August. Particularly the latest typhoon – Super-typhoon Soudelor – created landslides which caused very severe damage to the roads leading up to the Company's plantations particularly in Longyan and Shaowu.

The Company has a contractual obligation to maintain the roads in proper conditions and although the Company's production levels are minimal at the moment, it still has to pay for the repair works which are estimated at EUR 2-3 million.

This means that the Company's negative operating cash flow is likely to increase from the previous estimate of EUR 3 million to EUR 5-6 million for the year. The revenue guidance remains at EUR 2 million.

Interim Consolidated Financial Statements and Notes



Consolidated Statement of Income and Expenses

for the period from 1 January to 30 June 2015

	Q1 2015 kEUR	Q1 2014 kEUR	Q2 2015 kEUR	Q2 2014 kEUR	Q1-Q2 2015 kEUR	Q1-Q2 2014 kEUR
Continued operations						
Revenue	1,032	4,586	661	6,177	1,693	10,763
Cost of goods sold	(656)	(4,969)	(210)	(6,872)	(866)	(11,841)
Loss arising from changes in fair value of biological assets	(2,139)	3,524	(3,314)	2,537	(5,453)	6,061
Gross profit including revaluations	(1,763)	3,141	(2,863)	1,842	(4,626)	4,983
Other income	33	92	34	6,834	67	6,926
Distribution expenses	(25)	(24)	(6)	(21)	(31)	(45)
Administrative expenses	(1,435)	(1,285)	(1,362)	(1,357)	(2,797)	(2,642)
Other expenses	(3,222)	(266)	(18)	(331)	(3,240)	(597)
Profit/(loss) from operations	(6,412)	1,658	(4,215)	6,967	(10,627)	8,625
Finance income	1	2	107	251	108	253
Finance cost	(56)	(387)	(45)	(294)	(101)	(681)
Profit before tax for continued operations	(6,467)	1,273	(4,153)	6,924	(10,620)	8,197
Income tax	-	(67)	-	21	-	(46)
Profit for the year (fully attributable to owners of the parent company)	(6,467)	1,206	(4,153)	6,945	(10,620)	8,151
Discontinued operations						
Result of discontinued operations	(6)	(5)	(6)	(5)	(12)	(10)
Profit for the year (fully attributable to owners of the parent company)	(6,473)	1,201	(4,159)	6,940	(10,632)	8,141
Earnings per share						
For continued and discontinued operations						
Basic and diluted (EUR per share)*	(0.42)	0.08	(0.27)	0.45	(0.70)	0.53
For continued operations						
Basic and diluted (EUR per share)*	(0.42)	0.08	(0.27)	0.45	(0.69)	0.53

* Computed on the basis of 15,281,100 shares

Consolidated Statement of Comprehensive Income

for the period from 1 January to 30 June 2015

	Q1 2015 kEUR	Q1 2014 kEUR	Q2 2015 kEUR	Q2 2014 kEUR	Q1-Q2 2015 kEUR	Q1-Q2 2014 kEUR
Profit for the year	(6,473)	1,201	(4,159)	6,940	(10,632)	8,141
Items which under certain conditions in the future will be reclassified in the statement of income and expenses						
Exchange differences arising from currency translations	(5,883)	(3,232)	(904)	1,179	(6,787)	(2,053)
Reclassification due to during the financial year disposed foreign business operations						
Other comprehensive income	(5,883)	(3,232)	(904)	1,179	(6,787)	(2,053)
Total comprehensive income for the year (fully attributable to owners of the parent company)	(12,356)	(2,031)	(5,063)	8,119	(17,419)	6,088

Consolidated Balance Sheet

for the period ending 30 June 2015

	30.06.2015 kEUR	31.03.2015 kEUR	31.12.2014 kEUR
ASSETS			
Non-current assets			
Property, plant and equipment	5,661	5,773	5,392
Biological assets	56,372	55,908	54,668
Lease prepayments	174,694	177,279	164,913
Other financial assets	2,841	2,833	3,771
	239,568	241,793	228,744
Current assets			
Inventories	69	84	84
Trade and other receivables	342	473	331
Other financial assets	4,841	5,355	4,257
Lease and other prepayments	13,668	13,893	12,900
Cash and cash equivalents	22,448	24,291	24,247
	41,368	44,096	41,819
Total assets	280,936	285,889	270,563
EQUITY AND LIABILITIES			
Share capital	15,425	15,425	15,425
Par value of own shares	(144)	(144)	(144)
Issued capital	15,281	15,281	15,281
Capital reserves	131,953	131,953	131,953
Equity-settled employee benefits reserve	679	679	679
Foreign currency translation reserve	43,589	44,493	50,376
Statutory reserves of subsidiaries	9,007	9,007	9,007
Retained earnings	(125,975)	(121,816)	(115,343)
Total equity	74,534	79,597	91,953
Non-current liabilities			
Provisions	167,819	167,332	143,353
	167,819	167,332	143,353
Current liabilities			
Provisions	4,861	4,847	4,475
Borrowings	30,818	30,813	28,982
Trade payables	27	39	193
Other liabilities	2,783	3,162	1,960
Current tax liabilities	94	99	(353)
	38,583	38,960	35,257
Total liabilities	206,402	206,292	178,610
Total liabilities and equity	280,936	285,889	270,563

Consolidated Statement of Changes in Equity

for the period from 1 January to 30 June 2015

	Issued capital kEUR	Capital reserves kEUR	Statutory reserves of subsidiaries kEUR	Equity-settled benefits reserve kEUR	Foreign currency translation reserve kEUR	Retained earnings kEUR	Total kEUR
1 January 2014	15,281	131,953	9,007	679	41,797	(112,037)	86,680
Consolidated profits for the year	–	–	–	–	–	1,201	1,201
Other comprehensive income for the year net of income taxes	–	–	–	–	(3,232)	–	(3,232)
Total comprehensive income for the year	–	–	–	–	(3,232)	1,201	(2,031)
Balance as of 31 March 2014	15,281	131,953	9,007	679	38,565	(110,836)	84,649
1 January 2015	15,281	131,953	9,007	679	50,376	(115,343)	91,953
Consolidated profits for the year	–	–	–	–	–	(6,473)	(6,473)
Other comprehensive income for the year net of income taxes	–	–	–	–	(5,883)	–	(5,883)
Total comprehensive income for the year	–	–	–	–	(5,883)	(6,473)	(12,356)
Balance as of 31 March 2015	15,281	131,953	9,007	679	44,493	(121,816)	79,597

	Issued capital kEUR	Capital reserves kEUR	Statutory reserves of subsidiaries kEUR	Equity-settled benefits reserve kEUR	Foreign currency translation reserve kEUR	Retained earnings kEUR	Total kEUR
1 January 2014	15,281	131,953	9,007	679	41,797	(112,037)	86,680
Consolidated profits for the year	–	–	–	–	–	8,141	8,141
Other comprehensive income for the year net of income taxes	–	–	–	–	(2,053)	–	(2,053)
Total comprehensive income for the year	–	–	–	–	(2,053)	8,141	6,088
Balance as of 30 June 2014	15,281	131,953	9,007	679	39,744	(103,896)	92,768
1 January 2015	15,281	131,953	9,007	679	50,376	(115,343)	91,953
Consolidated profits for the year	–	–	–	–	–	(10,632)	(10,632)
Other comprehensive income for the year net of income taxes	–	–	–	–	(6,787)	–	(6,787)
Total comprehensive income for the year	–	–	–	–	(6,787)	(10,632)	(17,419)
Balance as of 30 June 2015	15,281	131,953	9,007	679	43,589	(125,975)	74,534

Consolidated Statement of Cash Flow

for the period from 1 January to 30 June 2015

	Q1 2015 kEUR	Q1 2014 kEUR	Q1-Q2 2015 kEUR	Q1-Q2 2014 kEUR
Profit before tax	(6,473)	1,268	(10,632)	8,187
Depreciation of property, plant and equipment	133	122	268	235
(Gain)/loss arising from changes in fair value of biological assets	2,139	(3,524)	5,453	(6,061)
Amortisation of lease prepayments	3,406	634	6,765	1,215
Interest income	(1)	(2)	(108)	(253)
Interest expense	56	387	101	681
Decreases due to harvest	(3,086)	2,163	(6,714)	4,596
Interest received	1	2	108	253
Interest paid	(47)	(387)	(86)	(574)
Income taxes paid	(159)	(188)	(195)	(187)
Non cash affecting (income)/expenses	1,390	–	1,408	(6,786)
Operating cash flow before movements in working capital	(2,641)	475	(3,632)	1,306
(Increase)/decrease in inventories trade receivables, other financial assets and prepayments unless they are allocated to investing or financing activities	(303)	2,283	350	1,414
(Increase)/decrease in accounts payables and other liabilities unless they are classified as investing or financing activities	1,502	(271)	1,105	1,436
Net cash generated from operating activities	(1,442)	2,487	(2,177)	4,156
Cash flow from investing activities				
Prepayments for property, plant and equipment	(34)	(26)	(49)	(29)
Proceeds from disposal of property, plant and equipment	783	–	792	–
Net cash used in investing activities	749	(26)	743	(29)
Cash flow from financing activities				
Repayments of borrowings	–	(4,582)	–	(6,067)
Cash flow from financing activities	–	(4,582)	–	(6,067)
Net increase in cash and cash equivalents	(693)	(2,121)	(1,434)	(1,940)
Cash and cash equivalents at the beginning of the year	24,247	28,474	24,247	28,474
Foreign exchange differences	737	(363)	(365)	(524)
Cash and cash equivalents at the end of the year	24,291	25,990	22,448	26,010

Notes

for the period from 1 January to 30 June 2015

General

The interim consolidated financial statements for the period 1 January to 30 June 2015 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.

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 lease prepayments which account for approximately 82% 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 2013. For further details, reference is made to these consolidated financial statements, which can be found in the notes of the Company's FY 2013 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:

<i>Exchange rates from RMB to EUR</i>	Q1-Q2 2015	Q1 2015	31.12.2014	Q1-Q2 2014	Q1 2014
	RMB/EUR	RMB/EUR	RMB/EUR	RMB/EUR	RMB/EUR
End of period	6.9366	6.9568	7.5358	8.4722	8.5754
Average during period	6.9411	7.0284	8.1857	8.4517	8.3587

Seasonality or cyclicity 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-Q2 the revenue is primarily generated from selling fresh 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 2013 annual consolidated financial statements 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 30 June 2015 were not reviewed or audited by the auditor.

Hamburg, Germany, 31 August 2015

On behalf of the management



Lin Zuojun

CEO

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, 31 August 2015

On behalf of the management

A handwritten signature in black ink, appearing to read 'Lin Zuojun', written over a thin horizontal line.

Lin Zuojun
CEO

Asian Bamboo AG

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