



Youbisheng Green Paper AG

Half-Year Report **2013**

Youbisheng Green Paper AG

KEY FINANCIALS

		H1 2013	H1 2012	+/-%
Revenues	million €	47.0	48.5	-3.1
Gross profit	million €	12.8	12.8	0.0
Gross profit margin	%	27.2	26.4	0.8pp
EBITDA	million €	12.7	13.0	-2.3
EBITDA margin	%	27.0	26.8	0.2pp
EBIT	million €	11.8	11.7	0.9
EBIT margin	%	25.0	24.1	0.9pp
Net profit	million €	8.8	8.8	0.0
Net profit margin	%	18.8	18.1	0.7pp
Net Cash flow from operations	million €	9.8	9.6	2.1

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COMPANY PROFILE

Youbisheng Green Paper AG is the German holding company of a Chinese clean-tech leader of environmentally friendly produced linerboard from up to 100% recovered fibres. The high-quality linerboard innovations of Youbisheng take up a special position in the Chinese market and are produced in the production plant near Quanzhou City. They are used in the packaging industry in the Fujian and Guangdong Province (population around 141 million), in particular for visually attractive sales packaging and carrier bags for high-quality consumer goods.

DEAR FELLOW SHAREHOLDERS,

In the first six months of 2013 sales of Youbisheng Green Paper AG were negatively impacted by lower sales prices due to lower raw material prices. But this also had a positive effect: With the lower prices of recycled paper, more sales of higher margin products as well as effective production cost control, we managed to improve our profit margin. Although the revenue for the first half of Year 2013 declined 3.1% as compared to previous year, net profit remained stable at Euro 8.8 million while the net profit margin improved to 18.8%. We focus on the needs of the printing and packaging industry to improve our products. We are working together with printing and packaging companies to produce improved and innovative products.

In the first half of year 2013, we won five new customers. Our customers mainly located in Fujian and Guangdong provinces. We continue to maintain a close relationship with our existing customers and at the same time increase our customer base in provinces outside Fujian and Guangdong. Currently, we have customers in Zhejiang, Hunan, Henan, Jiangxi, Anhui and Hebei. With a wider customer network, the management is better able to identify the needs of the customers and provide solutions for them.

With the growing of demand from the consumer goods industry, the demand for linerboard will continue to grow. This is an opportunity for our group as the linerboard industry is growing in line with the consumer goods market. However, due to our limited production capacity, the management will further concentrate on selling high profit margin products. We will continue to do research in order to come up with new and innovative products.

We are relentlessly putting efforts in improving product management and product quality as well as in effectively controlling production cost, reducing administration expenses and developing new products based on market needs. We will continue to increase the value of our company and make Youbisheng linerboard a branded paper company in China.

Yours sincerely

Haiming Huang
CEO Youbisheng Green Paper AG

土地登记档案袋

Youbisheng Green Paper AG

PRODUCTION AND PRODUCT EXAMPLES 土地证编号 _____

宗地座落 _____ 地 号 _____



整理档案日期 _____

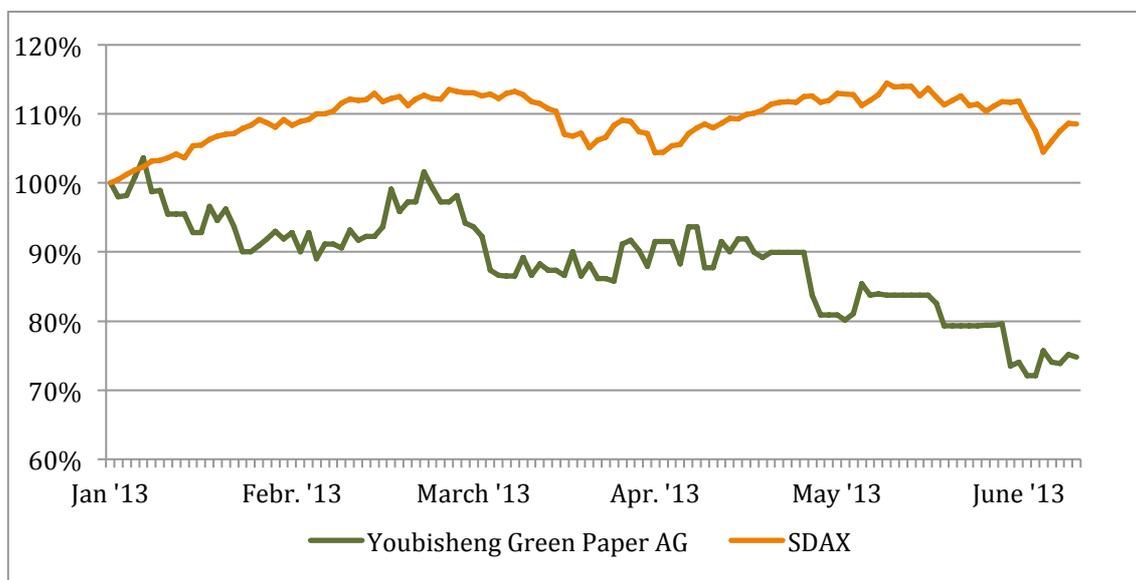
整理人 _____

THE SHARE

While the financial markets continued to be unsettled by the eurozone debt crisis in the first three months of the year, the second quarter of 2013 saw volatile prices on the international stock markets. Recurring concerns about the liquidity of Cyprus, the Boston attack and weak economic data with poor labour market figures in Germany all triggered further price losses at the start of the quarter. Hopes of a new government in Italy and speculation that the ECB might cut its base rate prompted a temporary turnaround on the markets in late April. This interest rate reduction and the US Federal Reserve's highly expansive monetary policy helped the international stock markets scale new heights in May. The DAX reached a new all-time high of 8,531 points on 22 May 2013. However, shares surrendered most of these gains on the announcement in early June that the Fed might adopt a tighter monetary policy. The DAX closed the second quarter at 7,959 points, up 2.1 % on the first quarter. The MDAX climbed 2.9 % to 13,706 points on the reporting date, while the SDAX closed on 5,795 points having gained 1.7 %.

The Youbisheng Green Paper AG shares did not benefit from the positive mood in the capital markets. The share price had already fallen in the first quarter of the year 2013, stabilized in April but then continued to experience downward pressure. By the end of June 2013 the Youbisheng share prices lost 25% compared to the 2012 year-end value.

RELATIVE SHARE PRICE DEVELOPMENT IN %



KEY FACTS TO THE SHARE

First trading day	13 July 2011
Market segment/Stock exchange	Prime Standard/Frankfurt Stock Exchange
Shares issued	10,217,705
ISIN	DE000A1KRLR0
WKN	A1KRLR
Ticker	YB1



ECONOMIC AND INDUSTRY ENVIRONMENT

In the first half year of 2013, the Chinese economy showed a stable growth. The GDP growth rate was at 7.5% in the second quarter 2013. It was the slowest pace of growth in the past 23 years. However, the Chinese government had pledged to target the GDP full year growth at 7.5% in 2013. The growth in exports and imports has declined in the first half year of 2013. The Chinese government had indicated that there will not be any economic stimulation from now on. Currently, the retail sector is the sector that continues to support the growth of the Chinese economy. Urban workers and rural workers income continued to rise especially and rural workers' income rose faster than that of urban workers. The rise in the income will further help the domestic demand for the consumer goods. Another factor which contributed to the growth of the retail sector is the online retail sales. The retail sector increased by 12.7% in the first half of the year.

The linerboard paper industry in China continues to grow in line with the growth of retail sector which requires linerboard as raw material for packaging solutions for consumer goods. While Europe and North America is slowing down in the production of linerboard, China is increasing its production of linerboard. This situation gives an advantage to Chinese linerboard manufacturers due to the lower price for the recycled paper from Europe and North America where the demand for recycled paper is weak and the price is low.

The main driver for the demand of linerboard paper comes from the overall domestic demand for the consumer goods. The Chinese government had been shifting the development from the coastal region to central and western regions. It has increased the income and purchasing power of the people in the central and western regions. Furthermore, industry output and export continue to increase. Brand building for domestic consumer goods has been growing rapidly for the past few years. With the focus on branding, the demand for linerboard increased due to packaging needs.

Consolidation of the linerboard industry has been going on for sometime. Small linerboard paper manufacturers continue to close down since they fail to comply with environmental standards. At the same time, more and more linerboard manufacturers are shifting their production to the central and western region due to better incentive provided for new investments in these regions. The production of linerboard is foreseen to increase with the new investment in the central and western regions.

EARNINGS POSITION

The group revenue decreased 3.1% as the average selling price continues to decline as compared to the previous year. The sale volume of the group increased from 107,778 tons from previous year 1st half 2012 to 107,899 tons for this year 1st half 2013. Recycled paper remained the major factor that influences the selling price of the testliner and the cost of production. Lower recycled paper contributed to lower production costs and lower selling prices. The gross profit margin for the Company increased from 26.4% in H1 2012 to 27.2% in H1 2013.

In kEUR	H1 2013	H1 2012	+/-%
Sales	46,975	48,479	-3.1
Cost of sales	-34,129	-35,700	-4.4
Gross profit	12,846	12,779	0.5
Other operating income	40	8	400.0
Selling and distribution expenses	-336	-309	8.7
Administrative expenses	-788	-758	4.0
Other operating expenses	0	0	0.0
Profit from operations (EBIT)	11,762	11,720	0.4
Finance income	91	91	0.0
Finance costs	-12	-11	9.1
Profit before income tax	11,841	11,800	0.3
Income tax	-3,025	-2,963	2.1
Profit for the period	8,816	8,837	-0.2

The Group's earnings before tax remained stable at EUR 11.8 million in the first six months of 2013. Also the Group's profit for the period remained about the same at EUR 8.8 million.

Selling and distribution expenses

The major cost attributed to the selling and distribution expenses are transportation costs which make account for 92.8% of the total selling and distribution expenses. Payroll costs make up of 5.0% of the total selling and distribution expenses. Other costs in the selling and distribution expenses are telecommunication costs, travelling costs and entertainment costs. The selling and distribution expenses increased by kEUR 27 due to increased in transportation costs.

Administrative expenses

Administrative expenses mainly comprise payroll related expenses, travelling, entertainment, vehicle maintenance, depreciation of the office building, research and development expenses, professional fee and others office expenses. Administrative expenses increased by kEUR 30 mainly due slight increase in payroll related costs as well as increase in professional fee at holding level.

SEGMENT INFORMATION

Single-sided testliners (Youbisheng production)

The sales of own-produced single-sided testliner decreased by 11.6% from EUR 23.2 million in H1 2012 to EUR 20.5 million in H1 2013. The decrease in sales was due to the decrease in sales volume from 52,705 tons in H1 2012 to 48,252 tons in H1 2013 as well as a decrease in the average selling price. The decrease in sales volume is due to more production capacities used for producing mixed products rather than single-sided testliner. The average selling price decreased from EUR 440.25 per ton in H1 2012 to EUR 423.99 per ton in H1 2013. The average cost of goods sold per ton decreased from EUR 319.55 in H1 2012 to EUR 303.28 in H1 2013. The average gross profit margin for single-sided testliner increased from 27.4% in H1 2012 to 28.5% in H1 2013. The increase in average gross profit margin was due to lower costs of recycled paper.

Double-sided testliners (Youbisheng production)

The sales of double-sided testliner increased by 13.8% from EUR 9.4 million in H1 2012 to EUR 10.7 million in H1 2013. The increase in sales value was due to an increase of the sales volume from 19,368 tons in H1 2012 to 22,640 tons in H1 2013. The average selling price per ton decreased from EUR 480.01 in H1 2012 to EUR 466.50 in H1 2013. The average cost of goods sold per ton decreased from EUR 333.57 in H1 2012 to EUR 316.73 in H1 2013. The average gross profit margin for double-sided testliners increased from 31.6% in H1 2012 to 32.9% in H1 2013. The increase of the average gross profit margin was due to the lower costs of recycled paper. The demand for the double-sided testliners remained strong which enabled the company to reap higher profit margin.

Anti-counterfeit testliners (Youbisheng production)

The sales of anti-counterfeit testliner increased by 44.4% from EUR 0.9 million in H1 2012 to EUR 1.3 million in H1 2013. The sale volume increased from 1,864 tons in H1 2012 to 2,693 tons in H1 2013. The average selling price was EUR 485.40 per ton in H1 2012 decreased to EUR 471.25 per ton in H1 2013. The average cost of goods sold was EUR 316.79 per ton in H1 2012 decreased to EUR 303.88 per ton in H1 2013. The average gross profit margin was 34.7% in H1 2012 and increased to 35.52% in H1 2013. The sale of anti-counterfeit testliners continued to grow as more and more customers are interested in the security feature of the products.

Single-sided testliners (sub-contracted production)

The sales of sub-contracted testliner decreased by 2.0% from EUR 14.9 million in H1 2012 to EUR 14.6 million in H1 2013. The decrease in sales value was due to a decrease in the average selling price per ton, which decreased from EUR 441.37 in H1 2012 to EUR 424.48 in H1 2013. The average cost of goods sold per ton decreased from EUR 348.09 in H1 2012 to EUR 335.30 in H1 2013. The average gross profit margin remained about the same at 21.0% in H1 2012 and H1 2013.

1.1.2013 – 30.6.2013					
Ex rate: 0.1225					
		Sales volume/tons	Sales/kEUR	Gross Profit Margin in %	Gross profit/kEUR
Production Youbisheng	Single-sided Testliner	48,252	20,458	28.47	5,825
Production Youbisheng	Double-sided Testliner	22,640	10,682	32.87	3,511
Production Youbisheng	Anti- counterfeit	2,693	1,269	35.52	451
Production Sub-Contractor	Single-sided Testliner	34,315	14,566	21.01	3,060
Total		107,899	46,975	27.35	12,847

01.01.2012 – 30.06.2012					
Ex rate: 0.1215					
		Sales volume/ tons	Sales/ kEUR	Gross Profit Margin in %	Gross profit/ kEUR
Production Youbisheng	Single-sided Testliner	52,705	23,203	27.42	6,362
Production Youbisheng	Double-sided Testliner	19,367	9,440	31.56	2,979
Production Youbisheng	Anti-counterfeit Testliner	1,864	905	34.74	315
Production Sub-Contractor	Single-sided Testliner	33,842	14,937	20.95	3,129
Total		107,778	48,485	26.37	12,785

ASSET POSITION

Total assets increased from EUR 87.8 million as at 31 December 2012 to EUR 100.0 million as at 30 June 2013. This increase was mainly due to an increase in bank balance resulting from improved collections.

	June 30, 2013	Dec 31, 2012
In kEUR		
Current assets	86,959	74,334
Non-current assets	13,039	13,498
Total assets	99,998	87,832
Current Liabilities	24,053	23,451
Non-current liabilities	453	336
Total liabilities	24,506	23,787
Total equity	75,492	64,045
Total liabilities and equity	99,998	87,832

Current Assets

The total current assets increased from EUR 74.3 million as at 31 December 2012 to EUR 87.0 million as at 30 June 2013. Current assets mostly consist of trade receivables, cash and cash equivalents, which made up to 80.5% as at 30 June 2013 and 93.4% as at 31 December 2012. The other positions are inventories and other receivables which made up to 19.5% as at 30 June 2013 and 6.6% as at 31 December 2012.

Inventories

Raw material from inventories reduced from EUR 1.3 million as at 31 December 2012 to EUR 0.8 million as at 30 June 2013. The inventories for recycled paper reduced because of maintenance work at Xiamen port at the end of June 2013 which had caused the delay of the delivery of recycled paper. Finished goods remained about the same at EUR 1.0 million as at 30 June 2013 and 31 December 2012.

	H1 2013	FY 2012
In kEUR		
Raw materials	810	1,326
Finished Goods	1,036	1,016
Total	1,846	2,342

Trade receivables

Trade receivable increased from EUR 22.3 million as at 31 December 2012 to EUR 23.5 million as at the end of 30 June 2013. The increased in trade receivables was due to the company added a few new customers in the second quarter of 2013.

Other receivables and prepayments

Other receivables and prepayments increased from EUR 2.6 million as at 31 December 2012 to EUR 15.1 million as at the end of 30 June 2013. The company made a deposit of RMB 100 million (about Euro 12.25 million) to secure a land in Huanggang city. The land is 33.35 hectares and will be used for setting up a new production line. Other receivables and prepayments remained the same in Renminbi at RMB 20 million, which is a deposit placed with a subcontractor.

Cash and cash equivalents

Cash and cash equivalents amounted to EUR 46.5 million as at 30 June 2013. For a description of the changes in cash in the first six months of 2013, see the section "Cash Flow Statement".

	June 30, 2013	Dec 31, 2012
In kEUR		
Cash in hand	6	5
Cash in banks	45,632	46,559
Deposit on bank's acceptance bill	851	590
Total	46,489	47,154

Non-current assets

Non-current assets consist of property, plant and equipment, land use rights and deferred tax assets, which made up 94.5%, 5.2% and 0.3% of total non-current assets respectively as at 30 June 2013. Non-current assets decreased slightly from EUR 13.5 million as at 31 December 2012 to EUR 13.0 million as at 30 June 2013.

Property, plant and equipment

Property, plant and equipment decreased slightly from EUR 12.8 million as at 31 December 2012 to EUR 12.3 million as at 30 June 2013. The decrease of property, plant and equipment was mainly due to the depreciation during the period.

Land use rights

Land use rights remained the same at EUR 0.7 million as at 30 June 2013 and 31 December 2012. There is only amortisation of land used rights incurred during the period.

Liabilities

The total liabilities increased slightly from EUR 23.8 million as at 31 December 2012 to EUR 24.5 million as at 30 June 2013. Total liabilities mainly consist of trade payables, other payables, tax liabilities and short term loans, which made up 52.9%, 11.7%, 6.6% and 23.8% as at 30 June 2013 and 50.0%, 14.8%, 6.1% and 25.2% as at 31 December 2012.

Trade payables and Notes Payable

Trade payables and notes payable amounted to EUR 11.9 million as at 31 December 2012 and increased to EUR 13.0 million as at 30 June 2013. The increase was due to certain payment made to notes payable were only made after the period under review.

Other payables and accruals

Other payables and accruals decreased from EUR 3.5 million as at 31 December 2012 to EUR 2.8 million as at 30 June 2013. The decreased was due to certain payables and accruals such as annual audit fee and annual professional fee were paid during the period.

Equity

Our Group equity increased from EUR 64.0 million as at 31 December 2012 to EUR 75.5 million as at 30 June 2013. This represents an equity ratio of 75.5% as at 30 June 2013. The increase in equity is due to the profit generated from operations.

FINANCIAL POSITION

Cash Flow Statement

Youbisheng Group managed to increase the profit margin of testliners in H1 2013 as compared to H1 2012. Operating cash flow amounted to EUR 12.7 million in H1 2013 as compared to EUR 12.3 million in H1 2012.

	H1 2013	H1 2012
In kEUR		
Operating cash flow before working capital changes	12,872	12,860
Cash generated from operations	12,695	12,303
Net cash generated from operating activities	9,759	9,613
Cash flow used in investing activities	-12,420	-1,222
Cash flow used in financing activities	-373	-755
Net increase in cash and cash equivalents	-3,034	7,636
Cash and cash equivalents at beginning of year	47,154	30,889
Foreign exchange difference	2,369	1,137
Cash and cash equivalents at end of the period	46,489	39,662

Net Cash generated from operating activities

Our Group continues to generate cash from operations. Net cash generated from operating activities amounted to EUR 9.8 million in the first six months of 2013 as compared to net cash generated from operating activities in H1 2012, which amounted to EUR 9.6 million. There was only slight increase in cash generated from operating activities as at 30 June 2013 due to slightly higher profits. The decline in revenues year-on-year was offset by the higher margins generate from the products.

Cash flow used in investing activities

There was RMB 100 million (EUR 12.25 million) cash used to secure the purchase of a piece of land during the second quarter of Year 2013. The land located in Huanggang city is about 33.35 hectares and will be used to set up a new production line. There is no other cash used for investing activities during the period.

Cash flow from financing activities

The repayments of short-term loans during the period amounted to kEUR 4,720 whereas new short-term loans obtained amounted to kEUR 4,347. The effect was the cash outflow of kEUR 373 from financing activities. The repayment of short-term loans and new short-term loans obtained for H1 2012 amounted to kEUR 6,919 and kEUR 6,164 respectively. The net effect was a cash outflow of kEUR 755 from financing activities.

Cash at end of period

Cash and bank balances amounted to EUR 46.5 million at the end of 30 June 2013 as compared with cash and bank balances of EUR 39.7 million as at 30 June 2012.

HUMAN RESOURCES

The number of employees increased from 302 as at December 31, 2012 to 306 as at June 30, 2013. This rise is due to an increase in the number of general and production workers.

RESEARCH AND DEVELOPMENT

The management has continued to invest in research and development. Our Group spent kEUR 165.8 on research and development in H1 2013 compared to kEUR 179.6 in H1 2012. For the past few years, there have been new products launched to the market such as double sided testliner, heavy weight testliner and anti-counterfeit testliner. The management has a strategic focus on developing new unique high-value and high-margin products as well as efficient and clean production processes. The latest product development is the super thin testliner used as an insulator for electrical circuits. Currently, the product samples are given to potential customers for testing.

OPPORTUNITIES AND RISKS

There was no material change in the risk/opportunity profile of Youbisheng Green Paper AG in the reporting period compared to 31 December 2012. For detailed information, readers should therefore refer to the risk report included in the Management Report of the Annual Report for the fiscal year 2012.

REPORT ON POST-BALANCE SHEET EVENTS

On 1 August 2013 Clement Hoo, member of the Management Board and CFO of Youbisheng Green Paper AG, has resigned from office by mutual agreement with the Supervisory Board of the Company with effect from 1 September 2013.

Apart from this, there have been no significant events after the end of the reporting period.

OUTLOOK

Under the 12th five year economic plan in China, the Chinese government is targeting at least 7.0% growth every year from Year 2011 to Year 2015. As the Chinese economy is growing steadily, the requirement for environment protection is becoming more important. The Chinese government is going to slowly replace all the packaging products that are not environmentally friendly. As the economy grows, so does the income of the workers rise, especially the income in the rural area. The effect is the increase in the disposable income which helps to boost consumer goods demand in China. Consequently, the demand of linerboard is continuing to grow. Despite the slower economic growth in China, the retail sector remains strong. The forecast for the linerboard growth until the year 2015 is about 12% annually.

Due to limited capacity, the management has to rely on subcontractors and changes in the product mix to increase revenue as well as to increase the profit margin. The management plans to set up a new production line in Huanggang city in Hubei. Once the production has started, the distribution area will cover a more provinces including Hubei, Anhui, Hunan and Jiangxi provinces. These are the provinces which have high demand for linerboard. The new production line will have 300,000 tons per annual production capacity. It is expected that the new production line will commence operation in 2015.

The management expects that the revenues for the year 2013 will reach EUR 110 million and the EBIT margin is expected to be at least 24.0%.

Munich, August 28, 2013



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period from January 1 to June 30, 2013

	H1 2013	H1 2012	Q2 2013	Q2 2012
In kEUR				
Sales	46,975	48,479	24,947	26,040
COGS	-34,129	-35,700	-18,053	-18,910
Gross profit	12,846	12,779	6,894	7,130
Other operating income	40	8	27	7
Other operating expenses	0	0	0	0
Selling & Distributing expenses	-336	-309	-178	-269
Administrative expenses	-788	-758	-460	-365
Finance income	91	91	48	44
Finance costs	-12	-11	-6	-6
Profit before taxation	11,841	11,800	6,325	6,541
Tax expenses	-3,025	-2,963	-1,624	-1,640
Profit for the year	8,816	8,837	4,701	4,901
Exchange gain	2,631	1,053	72	2,420
Total comprehensive income	11,447	9,890	4,696	7,318

INTERIM CONSOLIDATED BALANCE SHEET

As of June 30, 2013 and December 31, 2012

	June 30, 2013	Dec 31, 2012
In kEUR		
ASSETS		
Current assets		
Inventories	1,846	2,342
Trade receivables	23,513	22,251
Other receivables and prepayments	15,110	2,587
Cash and cash equivalents	46,489	47,154
Non-current assets		
Property, plant and equipment	12,318	12,796
Land use rights	678	659
Deferred tax assets	44	43
Total assets	99,998	87,832
LIABILITIES		
Current liabilities		
Trade payables	12,970	11,892
Other payables and accruals	2,875	3,509
Short term loan	5,837	5,990
Income tax payable	1,624	1,447
Amount due to related parties	746	613
Deferred tax liability	88	85
Non current financial liabilities	366	251
Total liabilities	24,506	23,787
CAPITAL AND RESERVES		
Share capital	10,218	10,218
Capital reserve	-5,685	-5,685
Statutory reserves	9,081	9,081
Retained earnings	50,943	42,127
Foreign exchange difference	10,935	8,304
Total equity	75,492	64,045
Total liabilities and equity	99,998	87,832

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ending June 30, 2013

	Share capital YBS AG	Capital reserves	Statutory reserves	Trans- lation reserve	Retained earnings	Total equity
In kEUR						
Balance as at December 31, 2011	10,218	-5,685	9,081	9,325	24,434	47,373
Net profit	0	0	0	1,053	8,837	9,890
Balance as at June 30, 2012	10,218	-5,685	9,081	10,378	33,271	57,263
Balance as at December 31, 2012	10,218	-5,685	9,081	8,304	42,127	64,045
Net profit	0	0	0	2,631	8,816	11,447
Balance as at June 30, 2013	10,218	-5,685	9,081	10,935	50,943	75,492

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ending June 30, 2013

	H1 2013	H1 2012
In kEUR		
Profit before income tax	11,841	11,800
Adjustments for:		
Depreciation of property, plant and equipment and amortization	942	908
Interest income	-91	-91
Interest expense	180	243
Operating cash flow before working capital changes	12,872	12,860
Working capital changes:		
(Increase)/decrease in:		
Inventories	496	1,732
Trade receivables, other receivables	-1,367	-1,961
Increase/(decrease) in:		
Trade payables, other payables, accruals	694	-601
Cash generated from/(used in) operations	12,695	12,030
Interest received	91	91
Interest expense	-180	-243
Income tax paid	-2,847	-2,265
Net cash generated from operating activities	9,759	9,613
Acquisition of subsidiary		
Purchase of land, property, plant and equipment	-12,420	-1,222
Net cash used in investing activities	-12,420	-1,222
Proceeds from short term loan	4,347	6,164
Repayment of short term loan	-4,720	-6,919
Net cash used in financing activities	-373	-755
Net increase in cash and bank balances	-3,034	7,636
Cash and bank balances at beginning of the year	47,154	30,889
Exchange gain/(loss) on cash and bank balances	2,369	1,137
Cash and bank balances at the end of the period	46,489	39,662

SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period from January 1 to June 30, 2013

1. 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. The interim consolidated financial statements comply with IFRS.

The preparation of financial statements conforming 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 fair value deferred tax liabilities. Revisions to accounting estimates are recognized 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.

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.

The interim consolidated financial statements of this Half-Year Report 2013 have not been reviewed.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in the interim consolidated financial statements generally correspond to the methods applied by Youbisheng Green Paper AG in its consolidated financial statements for the year ending 31 December 2012. The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions, balances, income, expenses, profits and losses resulting from intra-group transactions are therefore eliminated in full. For further details, reference is made to these consolidated financial statements, which can be found in the notes of the Company's prospectus at www.youbisheng.de.

3. FUNCTIONAL AND PRESENTATION CURRENCY

	RMB/EUR	
	2013	2012
January 1	0.1198	0.1206
June 30	0.1242	0.1258
Average first 6 months	0.1225	0.1215

4. NOTES TO THE INCOME STATEMENT

The statement of comprehensive income has been prepared using the function of expense method. The Company has elected to adopt IAS 1 (Revised 2007) by presenting the 'Statement of comprehensive income' in one statement.

The Group managed to achieve profit before tax of EUR 11.8 million for H1 2013 which is the same amount achieved in H1 2012. The factor that contributed to the slower growth for the profit was the declining of the average selling price of the products during the period. However, the group managed to increase average gross profit margin at 27.2% during H1 2013 as compared to 26.4% in H1 2012.

5. NOTES TO THE BALANCE SHEET

There was no new share capital issued during the period. Youbisheng Green Paper AG maintained its share capital at EUR 10,217,705. There was no dividend declared for the period.

6. NOTES – OTHER

Related Party Disclosures

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other parties.

A member of the Management Board of the Group guaranteed secured short-term loans of EUR 1.5 million as at H1 2013.

7. EVENTS AFTER BALANCE SHEET DATE

On 1 August 2013 Clement Hoo, member of the Management Board and CFO of Youbisheng Green Paper AG, has resigned from office by mutual agreement with the Supervisory Board of the Company with effect from 1 September 2013.

8. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorized for issuance by the Board of Directors on August 28, 2013.

Munich, August 28, 2013

The Management Board

Huang Haiming

Hoo Clement

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim reporting, the interim condensed consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group, and the Group interim management report includes a fair review 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 in the remaining months of the fiscal year.

Munich, August 28, 2013

The Management Board

Huang Haiming

Hoo Clement

Cautionary Note Regarding Forward-Looking Statement

This document contains forward-looking statements, which are based on the current estimates and assumptions by the corporate management of Youbisheng Green Paper AG. Forward-looking statements are characterized by the use of words such as expect, intend, plan, predict, assume, believe, estimate, anticipate and similar formulations. Such statements are not to be understood as in any way guaranteeing that those expectations will turn out to be accurate. Future performance and the results actually achieved by Youbisheng Green Paper AG and its affiliated companies depend on a number of risks and uncertainties and may therefore differ materially from the forward-looking statements. Many of these factors are outside Youbisheng Green AG's control and cannot be accurately estimated in advance, such as the future economic environment or the actions of competitors and others involved in the marketplace. Youbisheng Green Paper AG neither undertakes nor plans to update any forward-looking statements.

Financial Calendar

Half-Year Report 2013

August 28, 2013

Interim Report Q3 2013

November 28, 2013

Credits

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