

# Youbisheng Green Paper AG

## KEY FINANCIALS

		<b>9M 2013</b>	9M 2012	+/-%
Revenues	million €	71.8	74.0	-3.0
Gross profit	million €	19.7	20.0	-1.4
Gross profit margin	%	27.5	27.0	0.5pp
EBITDA	million €	19.4	19.7	-1.5
EBITDA margin	%	26.9	26.6	0.3pp
EBIT	million €	18.1	18.3	-1.4
EBIT margin	%	25.2	24.7	0.5pp
Net profit	million €	13.6	13.8	-0.2
Net profit margin	%	18.9	18.6	0.3pp
Net cash from operations	million €	-5.9	16.9	-

## CONTENT

4	Letter to the Shareholders
5	Production and Product Examples
6	The Share
7	Interim Group Management Report
14	Interim Consolidated Financial Statements
19	Selected Notes to the Consolidated Financial Statements

## 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 past quarter, we have made an important step closer to our strategic goals. Up until now, our growth has been restricted by our limited production capacity. However, we have made considerable investments in the reporting period and have begun with the construction of a new production facility in Huanggang in the Hubei province. The facility will have a capacity of 300,000 tons per year and will therefore triple our production capacity. Subject to further funding, the construction of the new facility should be completed by 2015 and so far has been financed entirely by current income. The total investment volume for the new facility amounts to over RMB 700 million.

Bolstered by domestic demand, China's economy developed better than expected in the third quarter of 2013. Youbisheng was also able to benefit from this and experience a slight increase in its volume of sales in the reporting period. However, there was a decline in revenue due to falling sales prices for testliners. In general, this can be attributed to lower prices for paper on the global market. Nevertheless, we were still able to increase our profit margin. This positive development is primarily the result of more favorable purchase prices for recycled paper. For the year 2013 as a whole, we are convinced that this encouraging margin development will continue and that our profit margin will be higher compared to the previous year. The lower raw material prices in particular offer more scope for us to further increase our profitability, especially when the price for paper starts to rise again on the global market.

In order to not only strengthen our margins, but also our market position, we persist unperturbed along our expansion course. Our goal is to attract new customers from provinces other than Fujian and Guangdong. The fact that we are now also present on the markets in the Zhejiang, Hunan, Henan, Jiangxi, Anhui and Hubei provinces proves our ongoing progress in this process. In the future, we aim to be present in all the provinces along the east coast as well as those in the middle of China.

We are convinced that we will continue to position our company on the market successfully through the growth strategy we are pursuing and that we will achieve our medium-term goals. We would like to thank you sincerely for your support on this path, and are working at high pressure and with a great deal of commitment to make sure that the Youbisheng Group continues to be a profitable investment for our shareholders.

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 \_\_\_\_\_

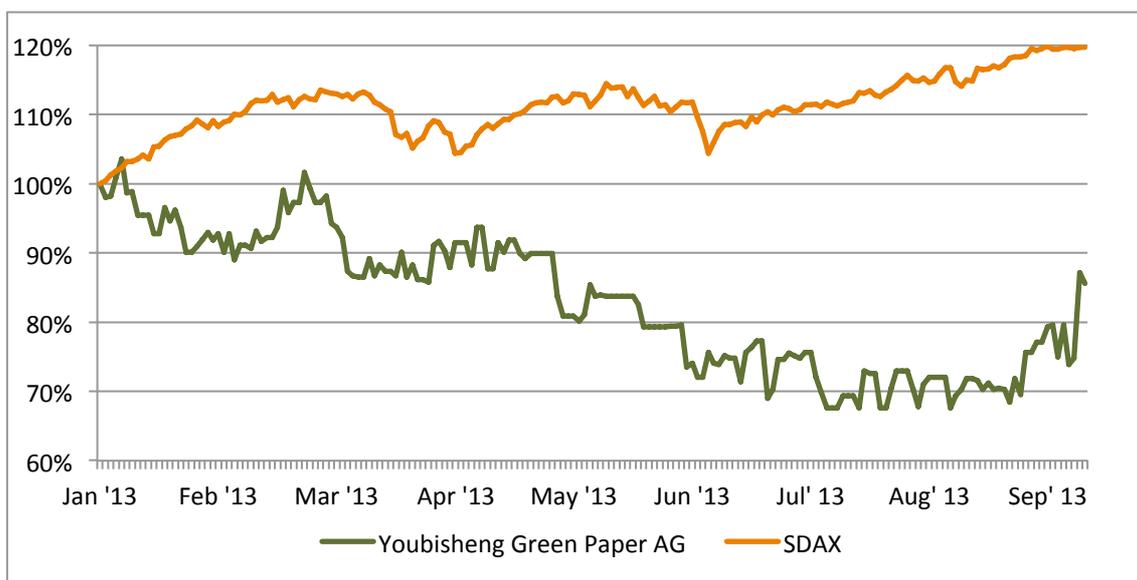
## THE SHARE

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. In the third quarter, the moderate growth was mainly driven by the United States and Japan. Solid expansion of the Chinese economy supported the recovering economy.

In the third quarter 2013 the DAX reached a new all-time high of 8,694 on September 19. After the reporting period the DAX even surpassed the mark of 9,000 points.

In the first nine months of 2013 the Youbisheng Green Paper AG shares did not benefit from the positive market sentiment in the capital markets. Nevertheless, the share price stabilized July and August and showed an upward movement in September bringing Q3 2013 performance to around 12%.

### 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

Chinese economy showed signs of stable growth in third quarter of Year 2013 despite that the economic performance is still below historical values. The Chinese government has a target for full year 2013 GDP growth of 7.5%. In the third quarter GDP grew at a rate of 7.8% compared to last year, which is the fastest growth rate in the year. In the first nine months of Year 2013, the GDP grew at 7.7% compared to last year. It is expected that the full year GDP growth rate of 7.5% will be achieved as the last quarter of the year normally shows a better performance.

Retail sales grew 13.3% year-on-year in September 2013. This is slightly lower than what analysts had expected. The general sentiment is that the retail sales will still grow at double-digit rates as the domestic demand is increasingly become main driver for the growth of Chinese economy. In the first nine months of Year 2013, retail sales grew 12.5% as compared to previous year. In addition, both the urban and rural average salary increased in first nine months. Urban residents average salary increased 9.5% whereas rural residents average salary increased 12.5% compared to the previous year.

The linerboard paper industry in China continued to grow in the first nine months of 2013. With the growing of retail sector and the increase of the average salary for the workers in China, the demand of the consumer goods industry is bound to increase as well. This is due to an increase of disposable income which will lead to rapidly changing lifestyle spendings in China. With the increase of demand for the consumable goods, linerboard industry will continue to grow together with the packaging industry.

Chinese consumers have rapidly developed their awareness for environmental issues. Consequently, the demand for the paper as packaging has becoming more popular among the retailers. Paper packaging is widely regarded as being more environmental friendly than plastic packaging and it is recyclable for production of linerboard. The demand for linerboard is expected to increase in line with the consumers' awareness of the environment issues.

## EARNINGS POSITION

The group revenue decreased by 3.0% due to overall decline of the average selling price for the first nine months as compared with previous year first nine months. The sale volume increased slightly from 165,007 tons to 165,176 tons in reporting period. The growth in volume is limited as the group has limited capacity and outsources production of testliner to sub-contractors. The price of recycled paper is the main raw material for the production and the price continued to decline. Consequently, the average selling price declined as the price of testliner and recycled paper are correlated. The group gross profit margin increased slightly from 27.0% last year to 27.5% this year.

In kEUR	9M 2013	9M 2012	+/-%
<b>Sales</b>	<b>71,767</b>	<b>73,976</b>	<b>-3.0</b>
Cost of sales	-52,029	-53,958	3.6
Gross profit	19,738	20,018	-1.4
Other operating income	46	8	475.0
Selling and distribution expenses	-510	-486	-4.9
Administrative expenses	-1,185	-1,199	1.2
Other operating expenses	0	0	0.0
<b>Profit from operations (EBIT)</b>	<b>18,089</b>	<b>18,341</b>	<b>-1.4</b>
Finance income	136	130	4.6
Finance costs	-18	0	n.m.
Profit before income tax	18,207	18,471	-1.4
Income tax	-4,647	-4,631	2.1
<b>Profit for the nine months period</b>	<b>13,560</b>	<b>13,840</b>	<b>-0.2</b>

The Group's earnings before tax declined from EUR 18.5 million to EUR 18.2 million in the first nine months of 2013. This is partly due to the limited capacity in the group and declining of average selling price of testliner. However, the net profit margin managed to increase slightly from 18.6% from previous year's nine months to 18.9% for this year's nine months. The Group's net profit decreased slightly from EUR 13.8 million from last year to EUR 13.6 million this year.

### **Selling and distribution expenses**

The selling and distribution expenses increased from kEUR 486 to kEUR510. The major item within the selling and distribution expenses are the transportation costs, which make up of 92.7% of total selling and distribution expenses. Due to a rise in fuel costs, the group's transportation costs increased. Others expenses include payroll cost, travelling expenses, telephone changes and entertainment expenses.

### **Administrative expenses**

The administrative expenses remained about the same at kEUR 1,185 for first nine months of 2013. Administrative expenses mainly comprise payroll related expenses, traveling expenses, entertainment expenses, vehicle maintenance expenses, depreciation of the office building, research and development expenses, professional fee and others office expenses.

## **SEGMENT INFORMATION**

### **Single-sided testliners (Youbisheng production)**

The sales of own-produced single-sided testliner continue to decrease by 10.9% from EUR 34.5 million in 9M 2012 to EUR 31.1 million in 9M 2013. This was mainly due to limited capacity for the production and partly due to the declining average selling price. The average selling price decreased from EUR 438.31 per ton in 9M 2012 to EUR 422.98 per ton in 9M 2013. The average cost of goods sold decreased from EUR 314.40 in 9M 2012 to EUR 299.84 in 9M 2013. The average gross profit margin for single-sided testliner increased from 28.2% in 9M 2012 to 29.1% in 9M 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 8.6% from EUR 15.2 million in 9M 2012 to EUR 16.5 million in 9M 2013. The sales volume increased from 31,383 tons in 9M 2012 to 35,127 tons in 9M 2013. The sales of double sided testliner contributed to 21.3% to the total revenue. The average selling price per ton decreased from EUR 485.13 in 9M 2012 to EUR 470.66 in 9M 2013. The average cost of goods sold per ton decreased from EUR 327.05 in 9M 2012 to EUR 313.19 in 9M 2013. The average gross profit margin for double-sided testliners increased from 32.6% in 9M 2012 to 33.5% in 9M 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 had been stable and the management continues to improve double-sided testliner to make it more comparable to kraftliner.

### **Anti-counterfeit testliners (Youbisheng production)**

The sales of anti-counterfeit testliner increased by 33.3% from EUR 1.5 million in 9M 2012 to EUR 2.0 million in 9M 2013. The sale volume increased from 3,177 tons in 9M 2012 to 4,297 tons in 9M 2013. The average selling price was EUR 483.49 per ton in 9M 2012 and decreased to EUR 470.11 per ton in 9M 2013. The average cost of goods sold was EUR 311.08 per ton in 9M 2012 and decreased to EUR 300.32 per ton in 9M 2013. The average gross profit margin was 35.7% in 9M 2012 and increased to 36.1% in 9M 2013. The sale of anti-counterfeit testliners contributed to 2.8% to the total revenue of the group. The management continues to promote anti-counterfeit testliners to branded consumer goods and foresees the demand of the testliner will continue to grow.

### **Single-sided testliners (sub-contracted production)**

The sales of sub-contracted testliner decreased by 2.7% from EUR 22.8 million in 9M 2012 to EUR 22.2 million in 9M 2013. The volume increased slightly from 51,845 tons in 9M 2012 to 52,320 tons in 9M 2013. The decrease in sales value was due to a decrease in the average selling price per ton even with the slight increase in sales volume. The average selling price decreased from EUR 439.07 in 9M 2012 to EUR 423.44 in 9M 2013. The average cost of goods sold per ton decreased from EUR 347.08 in 9M 2012 to EUR 331.98 in 9M 2013. The average gross profit margin increased slightly from 21.0% in 9M 2012 to 21.6% in 9M 2013. The limited capacity from subcontractors restricted our group to increase in subcontracted production volume. The revenue from subcontracted testliner contributed 30.9% to our group total revenue.

01.01.2012 – 30.09.2012					
Ex rate: 0.1218					
		Sales volume/ tons	Sales/ kEUR	Gross Profit Margin in %	Gross profit/ kEUR
Production Youbisheng	Single-sided Testliner	78,602	34,452	28.27	9,740
Production Youbisheng	Double-sided Testliner	31,383	15,225	32.58	4,961
Production Youbisheng	Anti-counterfeit Testliner	3,177	1,536	35.66	547
Production Sub-Contractor	Single-sided Testliner	51,845	22,763	20.95	4,769
<b>Total</b>		<b>165,007</b>	<b>73,976</b>	<b>27.06</b>	<b>20,107</b>

1.1.2013 – 30.9.2013					
Ex rate: 0.1222					
		Sales volume/tons	Sales/kEUR	Gross Profit Margin in %	Gross profit/kEUR
Production Youbisheng	Single-sided Testliner	73,431	31,060	29.11	9,042
Production Youbisheng	Double-sided Testliner	35,127	16,533	33.46	5,532
Production Youbisheng	Anti-counterfeit	4,297	2,020	36.12	730
Production Sub-Contractor	Single-sided Testliner	52,320	22,155	21.60	4,785
<b>Total</b>		<b>165,175</b>	<b>71,768</b>	<b>27.99</b>	<b>20,089</b>

## ASSET POSITION

Total assets increased from EUR 87.8 million as at 31 December 2012 to EUR 103.1 million as at 30 September 2013.

	Sept 30, 2013	Dec 31, 2012
In kEUR		
Current assets	90,884	74,334
Non-current assets	12,167	13,498
<b>Total assets</b>	<b>103,051</b>	<b>87,832</b>
Current Liabilities	24,193	23,451
Non-current liabilities	445	336
Total liabilities	24,638	23,787
Total equity	78,413	64,045
<b>Total liabilities and equity</b>	<b>103,051</b>	<b>87,832</b>

## Current Assets

The total current assets increased from EUR 74.3 million as at 31 December 2012 to EUR 90.9 million as at 30 September 2013. Current assets consist of trade receivables, other receivable including prepayment, deposit, cash and cash equivalents and lastly inventories. The breakdown of the current assets is 25.1%, 41.6%, 31.4% and 1.9% respectively as at 30 September 2013. There was a significant increase in deposits in the third quarter 2013 due to a refundable deposit made to local authority for the new investment in Huanggang city and a deposit made for the contractor of designing of Huanggang project. The amount for the deposits amounted to EUR 23.2 million.

## Inventories

Raw material from inventories reduced from EUR 1.3 million as at 31 December 2012 to EUR 0.8 million as at 30 September 2013. As the price of recycled paper is declining, the management is maintaining lower raw material inventories in anticipation of lower cost of recycled paper for future. As such, the management is able to reduce production costs.

	Sept 2013	FY 2012
In kEUR		
Raw materials	751	1,326
Finished Goods	955	1,016
<b>Total</b>	<b>1,706</b>	<b>2,342</b>

## Trade receivables

Trade receivable increased slightly from EUR 22.3 million as at 31 December 2012 to EUR 22.8 million as at the end of 30 September 2013. The slight increase in trade receivables was due to the company continuing to maintain stable collection from the customers.

## Other receivables and prepayments

Other receivables and prepayments increased from EUR 2.6 million as at 31 December 2012 to EUR 37.8 million as at the end of September 2013. The group made a deposit for the land (which is refundable) of RMB 100 million (about Euro 12.0 million) to local authority in Huanggang city where the new production facilities will be located. In addition, another deposit of RMB 93 million (about Euro 11.18 million) was made to a contractor of designing the Huanggang new investment project.

## Cash and cash equivalents

Cash and cash equivalents amounted to EUR 28.5 million as at 30 September 2013. For a description of the changes in cash in the first nine months of 2013, see the section "Cash Flow Statement".

	Sept 30, 2013	Dec 31, 2012
In kEUR		
Cash in hand	4	5
Cash in banks	27,185	46,559
Deposit on bank's acceptance bill	1,326	590
<b>Total</b>	<b>28,515</b>	<b>47,154</b>

## Non-current assets

Non-current assets consist of property, plant and equipment, land use rights and deferred tax assets, which made up 94.3%, 5.3% and 0.04% of total non-current assets respectively as at 30 September 2013. Non-current assets decreased slightly from EUR 13.5 million as at 31 December 2012 to EUR 12.2 million as at 30 September 2013.

## Property, plant and equipment

Property, plant and equipment decreased slightly from EUR 12.8 million as at 31 December 2012 to EUR 11.5 million as at 30 September 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 September 2013 and 31 December 2012. There is only minimum amount of amortisation of land use rights incurred during the period.

## Liabilities

The total liabilities increased slightly from EUR 23.8 million as at 31 December 2012 to EUR 24.6 million as at 30 September 2013. Total liabilities mainly consist of trade payables, other payables, tax liabilities and short term loans, which made up 61.7%, 7.0%, 6.6% and 19.9% as at 30 September 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 15.2 million as at 30 September 2013. The increase was due to slower payment made to suppliers for 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 1.7 million as at 30 September 2013. The decrease was due to early payment for the other payables and accruals during the period.

### Equity

Our Group equity increased from EUR 64.0 million as at 31 December 2012 to EUR 78.3 million as at 30 September 2013. This represents an equity ratio of 72.9% as at 30 September 2013. The increase in equity is due to the profit generated from operations.

## FINANCIAL POSITION

### Cash Flow Statement

The operating cash flow for the Group decreased from cash inflow EUR 21.3 million in 9M 2012 to cash outflow of EUR 1.3 million in 9M 2013. The decrease in operating cash flow was mainly due to deposits paid. There was a refundable deposit which amounted to RMB 100 million (about Euro 12 million) paid to local authority for the new investment in Huanggang City. Another deposit amounted to RMB 93 million (Euro 11.18 million) and was paid to a contractor for designing the new Huanggang project.

	9M 2013	9M 2012
In kEUR		
Operating cash flow before working capital changes	19,739	20,071
Cash generated from operations	-1,261	21,257
<b>Net cash generated from operating activities</b>	<b>-5,870</b>	<b>16,863</b>
Cash flow used in investing activities	-12,609	-1,222
Cash flow used in financing activities	-1,124	-789
<b>Net increase in cash and cash equivalents</b>	<b>-19,603</b>	<b>14,852</b>
Cash and cash equivalents at beginning of year	47,154	30,889
Foreign exchange difference	967	-5,021
<b>Cash and cash equivalents at end of the period</b>	<b>28,518</b>	<b>40,720</b>

### Net Cash generated from operating activities

The Group net cash flow generated from operating activities decreased from net inflow of EUR 16.9 million to net outflow of EUR 5.9 million. The outflow was due to significant deposits paid to local authority and contractor for the Huanggang project.

### Cash flow used in investing activities

During the first nine months of 2013, there was RMB 100 million (EUR 12.25 million) cash used to secure the purchase of a piece of land. A new company was also set up to undertake the new project in Huanggang City. The investment in shares of the new subsidiary amounted to RMB 1.5 million (about kEUR 189).

### Cash flow from financing activities

The repayments of short-term loans during the period amounted to EUR 6.7 million whereas new short-term loans obtained amounted to EUR 5.6 million. The effect was the cash outflow of EUR 1.1 million from financing activities. The repayment of short-term loans and new short-term loans obtained for 9M 2012 amounted to EUR 6.9 million and EUR 6.2 million respectively. The net effect was a cash outflow of EUR 0.8 million from financing activities.

### Cash at end of period

Cash and bank balances amounted to EUR 28.5 million at the end of 30 September 2013 as compared with cash and bank balances of EUR 40.7 million as at 30 September 2012.

## HUMAN RESOURCES

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

## RESEARCH AND DEVELOPMENT

The management of the Group continuously invests in research and development. Our Group spent kEUR 243.0 on research and development in 9M 2013 compared to kEUR 252.6 in 9M 2012. Since many years, the research and development department has developed new products and successfully introduced them to the market. Apart from product development, the research and development department also developed new techniques and technologies for production. The purpose of developing such techniques and technologies is to improve efficiency of production, quality of products and to reduce pollution.

## 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

The Supervisory Board of the Company has appointed Mr. David Tsui as new CFO for Youbisheng Group with effective of 11 November 2013 as the successor for previous CFO Mr. Clement Hoo who had resigned with effect of 1 September, 2013.

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

## OUTLOOK

China's economy continues to grow at a slower pace in 2013 compared to 2012. But it is expected that the full year GDP growth rate will still be above 7.5% which is the targeted growth rate by China government. Although the overall economy is slowing down, the retail sector for consumer goods continues to grow at double-digit rates. This is partly because the Chinese government has been stimulating the domestic economy for the past few years and the disposable income for Chinese is rising rapidly. With the continuing demand for consumable goods, the demand for packaging material will also be growing in line with the retail sector.

The price of recycled paper is showing slight declines. This has helped the paper industry to lower their production costs. Lower costs for raw material enable paper industry to improve their profit margin. The situation provides a comfortable situation for paper manufacturers to increase their production. The group also embarks an increase in capacity with the new project in Huanggang City. The new production line will allow Youbisheng to increase its capacity by 300,000 tons per year. The Huanggang City is surrounded by a several provinces and is located at the center of China. A huge demand for testliner is expected to come from this region. The management is confident that the company will be able to absorb the demand with new production line capacity.

The environmental issues are always top priority for our Group. Our current production facility has the highest standard for wastewater treatment systems. The management is using same technology with some improvements for the new production line in Huanggang City. This is to enable the production to run smoothly without any disruption concerning environment issues.

The management expects that the revenues for the year 2013 will not reach the mark of EUR 110 million as targeted before. The revised forecast anticipates revenues of around EUR 96 million for year 2013, which is about 12.7% lower than the previous forecast despite the increase in sales volume. The lower revenue is mainly due to the decrease in average selling prices for testliner. Apart from the decrease in selling price, the Chinese currency, Renminbi is weakening against euro, which ultimately lowers our revenue in Euro. However, the EBIT margin is expected to be around 25.0% for the full year 2013 which is higher than the previous forecast. The overall profitability of the company has not been compromised despite the short fall in revenue amount since the EBIT margin has gained slightly which is expected to be sufficient to offset the decline in revenue.

Munich, November 28, 2013



## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period from January 1 to September 30, 2013

	9M 2013	9M 2012	Q3 2013	Q3 2012
In kEUR				
<b>Sales</b>	<b>71,767</b>	<b>73,976</b>	<b>24,792</b>	<b>25,497</b>
COGS	-52,029	-53,958	-17,901	-18,258
<b>Gross profit</b>	<b>19,738</b>	<b>20,018</b>	<b>6,891</b>	<b>7,239</b>
Other operating income	46	8	6	0
Other operating expenses	0	0	0	0
Selling & Distributing expenses	-510	-486	-174	-177
Administrative expenses	-1,185	-1,199	-397	-441
Finance income	136	130	45	39
Finance costs	-18	0	-6	11
<b>Profit before taxation</b>	<b>18,207</b>	<b>18,471</b>	<b>6,365</b>	<b>6,671</b>
Tax expenses	-4,647	-4,631	-1,622	-1,668
<b>Profit for the period</b>	<b>13,560</b>	<b>13,840</b>	<b>4,743</b>	<b>5,003</b>
Exchange gain	653	-592	-1,978	-1,194
<b>Total comprehensive income</b>	<b>14,213</b>	<b>13,248</b>	<b>2,765</b>	<b>3,809</b>

## INTERIM CONSOLIDATED BALANCE SHEET

As of September 30, 2013 and December 31, 2012

	Sept 30, 2013	Dec 31, 2012
In kEUR		
<b>ASSETS</b>		
Current assets		
Inventories	1,706	2,342
Trade receivables	22,819	22,251
Other receivables and prepayments	37,840	2,587
Cash and cash equivalents	28,519	47,154
Non-current assets		
Property, plant and equipment	11,472	12,796
Land use rights	652	659
Deferred tax assets	43	43
<b>Total assets</b>	<b>103,051</b>	<b>87,832</b>
<b>LIABILITIES</b>		
Current liabilities		
Trade payables	15,206	11,892
Other payables and accruals	1,725	3,509
Short term loan	4,904	5,990
Income tax payable	1,617	1,447
Amount due to related parties	742	613
Deferred tax liability	85	85
Non current financial liabilities	359	251
<b>Total liabilities</b>	<b>24,638</b>	<b>23,787</b>
<b>CAPITAL AND RESERVES</b>		
Share capital	10,218	10,218
Capital reserve	-5,685	-5,685
Statutory reserves	9,081	9,081
Retained earnings	55,842	42,127
Foreign exchange difference	8,957	8,304
<b>Total equity</b>	<b>78,413</b>	<b>64,045</b>
<b>Total liabilities and equity</b>	<b>103,051</b>	<b>87,832</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ending September 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 September 30, 2012	10,218	-5,685	9,081	8,733	32,639	56,170
Balance as at December 31, 2012	10,218	-5,685	9,081	8,304	42,127	64,045
Net profit	0	0	0	653	13,715	14,368
Balance as at September 30, 2013	10,218	-5,685	9,081	8,957	55,842	78,413

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ending September 30, 2013

	9M 2013	9M 2012
In kEUR		
Profit before income tax	18,207	18,472
Adjustments for:		
Depreciation of property, plant and equipment and amortization	1,400	1,384
Interest income	-136	-131
Interest expense	268	346
<b>Operating cash flow before working capital changes</b>	<b>19,739</b>	<b>20,071</b>
Working capital changes:		
(Increase)/decrease in:		
Inventories	636	1,947
Trade receivables, other receivables	-23,402	598
Increase/(decrease) in:		
Trade payables, other payables, accruals	1,766	-1,360
<b>Cash generated from/(used in) operations</b>	<b>-1,261</b>	<b>21,256</b>
Interest received	136	131
Interest expense	-268	-346
Income tax paid	-4,477	-4,178
<b>Net cash generated from operating activities</b>	<b>-5,870</b>	<b>16,863</b>
Acquisition of subsidiary	-189	0
Purchase of land, property, plant and equipment	-12,420	-1,222
<b>Net cash used in investing activities</b>	<b>-12,609</b>	<b>-1,222</b>
Proceeds from short term loan	5,597	6,204
Repayment of short term loan	-6,721	-6,993
<b>Net cash used in financing activities</b>	<b>-1,124</b>	<b>-789</b>
Net increase in cash and bank balances	-19,603	14,852
<b>Cash and bank balances at beginning of the year</b>	<b>47,154</b>	<b>30,889</b>
Exchange gain/(loss) on cash and bank balances	967	-5,021
<b>Cash and bank balances at the end of the period</b>	<b>28,518</b>	<b>40,720</b>

## SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period from January 1 to September 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 Third quarter 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](http://www.youbisheng.de).

### 3. FUNCTIONAL AND PRESENTATION CURRENCY

	RMB/EUR	
	2013	2012
January 1	0.1198	0.1206
September 30	0.1202	0.1258
Average first 9 months	0.1222	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 profit before tax decreased slightly from EUR 18.5 million in Q3 2012 to EUR 18.2 million in Q3 2013. The growth is slowing down mainly due to limited production capacity for production as well as declining of average selling price for the testliners. The net profit of the group decreased from EUR 13.8 million in Q3 2012 to EUR 13.6 million in Q3 2013. However, the net profit margin for the group increased from 18.6% in Q3 2012 to 18.9% in Q3 2013. The increase in profit margin was due to lower raw material cost for production.

## 5. NOTES TO THE BALANCE SHEET

During the period, the management of the Group has incorporated a new company in Huanggang City to undertake the project, which involves setting up a 300,000 tons per year production line in Huanggang City. There details of the new company are as follow:

Company name: Hubei Guige Paper Co. Ltd  
Shareholders: 100% wholly owned by Gui Xiang Industry Co. Ltd.  
Authorized share capital: USD 1.28 million  
Current paid up share capital: USD 256,000.00  
Business activities: Manufacturing and selling of testliners.  
Status: Currently dormant

## 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 has provided a short term loans of EUR 1.5 million to the company as at Q3 2013. The loan was resulted from utilizing the member personal own funds to meet the overseas payment obligations of the company.

## 7. EVENTS AFTER BALANCE SHEET DATE

The Supervisory Board of the Company had mutually agreed to appoint Mr. David Tsui to be the new CFO of Youbisheng Group with effective from 11 November 2013 to replace Mr. Clement Hoo, previous CFO who had resigned from the Group on 1 September 2013.

## 8. APPROVAL OF THE FINANCIAL STATEMENTS

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

Munich, November 28, 2013

The Management Board

Huang Haiming

Tsui David

## **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, November 28, 2013

The Management Board

Huang Haiming

Tsui David

## **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

## Interim Report Q3 2013

November 28, 2013

## Credits

### Published by

Youbisheng Green Paper AG  
Gustav-Heinemann-Ring 44  
81739 München

Phone: +49 (0)89 451 63 992  
Telefax: +49 (0)89 451 63 993  
Email: [ir@youbisheng-greenpaper.de](mailto:ir@youbisheng-greenpaper.de)

### Photographs:

Youbisheng Green Paper AG

### Date of publication:

November 28, 2013

### Investor Relations

Phone: +49 (0)89 451 63 992  
Telefax: +49 (0)89 451 63 993  
Email: [ir@youbisheng-greenpaper.de](mailto:ir@youbisheng-greenpaper.de)  
Internet: [www.youbisheng-greenpaper.de](http://www.youbisheng-greenpaper.de)

Youbisheng Green Paper AG  
Gustav-Heinemann-Ring 44  
81739 München

Tel: (0)89 451 63 992  
Fax: (0)89 451 63 993  
Email: [ir@youbisheng-greenpaper.de](mailto:ir@youbisheng-greenpaper.de)

