



**INTERIM REPORT FOR THE PERIOD
ENDED JUNE 30, 2012**

A.S. CRÉATION TAPETEN AG

		2008	2009	2010	2011	2012
Sales	€ '000	92,378	91,900	93,764	99,084	103,552
EBIT	€ '000	8,488	6,712	8,046	7,520	9,194
Earnings before income taxes	€ '000	7,898	5,667	7,034	6,610	8,175
Net profit	€ '000	5,417	3,976	4,800	4,489	5,461
Earnings per share	€/share	1.95	1.44	1.74	1.63	1.98
Cash-flow	€ '000	9,996	8,450	9,434	9,105	10,061
Capital expenditures	€ '000	5,733	2,557	3,348	6,607	7,965
Depreciation	€ '000	4,104	4,558	4,892	5,076	4,800
Number of employees		692	802	769	786	809

A.S. Création Tapeten AG, Gummersbach

Management Report

on the business performance for the six-month period ended June 30, 2012

Sales performance

Having increased by 3.4% in the first quarter of 2012, sales revenues picked up by an even more dynamic 5.8% in Q2 2012. Total first-half sales of the A.S. Création Group rose by 4.5% from € 99.1 million in the previous year to €103.6 million in the reporting period. It was good to see that both divisions contributed to this growth; the Wallpaper Division reported a 4.4% growth rate, while the Furnishing Fabrics Division boosted its sales revenues by 5.8%.

The sales performance in non-EU Eastern European countries deserves positive mention, as A.S. Création was able to increase its gross sales in these markets by 16.4% in the first six months of 2012. After growth rates of 7.3% in FY 2010 and 4.5% in FY 2011, the Managing Board of A.S. Création sees the company well on track to offset the sharp decline in sales suffered in 2009. A comparison between the gross sales of € 29.6 million generated in the first half of 2008 and the € 17.3 million generated in H1 2012 shows, however, that high growth rates will still be required to return to pre-crisis levels.

In the European Union (EU), the largest output market of A.S. Création, gross sales increased by 1.8% in the first half of 2012. In this context, it is positive to see that sales revenues in Germany were up by 7.0% on the first half of 2011 although the previous year's sales figure benefited from one-time effects in conjunction with new key account customers. Moreover, the company was able to keep its revenues in France more or less at the prior year level. On the other hand, A.S. Création saw sales revenues decline in other EU countries that were hit harder by reduced consumer spending as a result of the financial crisis. Accordingly, total sales growth in the EU did not exceed the above-mentioned 1.8%.

The above developments did not lead to material shifts in the regional breakdown of Group sales. At 78.0% (2011: 80.3%), the European Union continues to make the biggest contribution to gross revenues. Due to the strong sales growth in non-EU Eastern European countries, the region's contribution to total Group sales increased from 13.5% in H1 2011 to 15.0% in H1 2012.

Employees

In the first six months of 2012, the A.S. Création Group employed an average of 809 people (2011: 786). 739 employees (2011: 717) worked in the Wallpaper Division and 70 (2011: 69) in the Furnishing Fabrics Division.

The rise in the headcount is attributable, on the one hand, to the start-up of the Russian sales organisation, which is proceeding to plan and which will market the Russian-made

products from September 2012. On the other hand, A.S. Création Tapeten AG increased its staff numbers in Germany in order to manage the sales growth.

As the headcount increased more or less in sync with sales revenues, staff productivity remained virtually unchanged in the current fiscal year. At € 0.128 million, sales per employee in the first half of 2012 were almost on a par with the previous year's € 0.126 million.

Earnings position

The earnings position of A.S. Création improved notably in the first six months of 2012 compared to the same period of the previous year. Earnings before interest and taxes (EBIT) increased by 22.3% from the previous year's € 7.5 million to € 9.2 million in the reporting period, while the EBIT margin reached 8.9% (2011: 7.6%).

This positive trend is attributable to the increased gross profit margin, which stood at 49.1% in the first six months of 2012, up 1.8 percentage points on the previous year's 47.3%. This improvement is attributable to two factors. First, A.S. Création has been able to increase its average sales prices with the help of an appropriate product policy, which focuses on higher-quality products, and price adjustments for part of the product range with effect from March 1, 2012. Second, commodity and energy prices eased in the first half of 2012, having surged dramatically in the course of 2011. The improved gross profit margin in H1 2012 meant that, compared to the previous year, an additional € 1.9 million in gross profit were available to absorb the other expense items .

At € 15.8 million, other operating expenses were exactly on a par with the previous year, in spite of the increased business activity. Accordingly, other operating expenses as a percentage of total output improved from 15.3% in H1 2011 to 15.0% in H1 2012. One of the reasons for this improvement is the non-recurrence of expenses incurred in the previous year in conjunction with the first-time deliveries to new key accounts.

Depreciation declined by € 0.3 million from € 5.1 million in the previous year to € 4.8 million in the first half of 2012, which had a positive impact on EBIT.

Personnel expenses showed no improvement and rose from € 20.9 million in H1 2011 by 6.1% to € 22.2 million in the reporting period. As this advance was stronger than the rise in total output, personnel expenses as a percentage of total output deteriorated from 20.3% in the previous year to 21.1% in the first six months of the current fiscal year. The increment reflects higher collective pay rises and higher performance-linked compensation components as well as increased social security contributions and pension expenses.

At € -1.0 million, the financial result was down by only € -0.1 million on the previous year's € -0.9 million. The financial result also includes A.S. Création's share in the result of A.S. & Palitra, the Russian joint venture. As had been planned, the joint venture incurred start-up losses during the start-up of production, which reduced the financial result of A.S. Création by € -0.4 million in the first half of 2012 (2011: € -0.1 million). This contrasted with

additional interest income from the interest-bearing shareholder loan granted to the joint venture by A.S. Création Tapeten AG to finance the start-up of wallpaper production. The additional interest income from this loan almost entirely offset the increased start-up losses.

Earnings before interest and taxes and the financial result led to earnings before taxes of € 8.2 million in H1 2012, which was 23.7% above the previous year's € 6.6 million. Accordingly, the profit margin before taxes improved from 6.7% in the previous year to 7.9% in the reporting period. Net profit reached € 5.5 million (2011: € 4.5 million), which means that it exceeded the € 4.7 million generated in the full year 2011 already at the six-month stage. Based on an unchanged average number of shares outstanding (2,756,351), this is equivalent to earnings per share of € 1.98 (2011: €1.63).

Financial position

Just like the earnings position, the financial position of A.S. Création improved clearly in the first half of 2012. Due to the better earnings position, cash flow for the first six months was up by € 1.0 million or 10.5% on the previous year's €9.1 million to € 10.1 million. However, the cash flow statement shows a strong increase in cash flow from operating activities (i.e. cash flow including the changes in capital tied up in net current assets), given that the first six months of the previous year had seen a sharp pick-up in inventories as well as less tied-up capital being released from other net current assets. Cash flow from operating activities climbed by € 10.5 million from € 1.9 million in H12011 to € 12.4 million in the first six months of the current fiscal year.

Due to the positive trend in net current assets described above, inventory turnover increased from 4.1 to 4.4, while the trade receivables collection period was reduced from 69 to 65 days.

The much higher cash flow from operating activities contrasted with nearly unchanged financing requirements in the reporting period. Due to the start-up of production in Russia, capital expenditures in the first half of 2012 were up by € 1.4 million on the previous year's € 6.6 million to € 8.0 million. At the same time, the € 2.1 million dividend distributed in May 2012 from the much lower net profit of the fiscal year 2011 was € 1.6 million below the previous year's dividend of € 3.7 million. As a result, both effects more or less neutralised each other.

As a result, A.S. Création was able to reduce its net financial liabilities (difference between interest-bearing financial liabilities and cash and cash equivalents) by € 2.5 million in the course of the first half of 2012, whereas the prior year period had seen net financial liabilities rise by € 8.3 million. As of June 30, 2012, A.S. Création's net financial liabilities totalled € 26.9 million (December 31, 2011: € 29.4 million). Based on the cash flow, this resulted in a short debt repayment period of 1.3 years (2011: 1.3 years). Together with the high equity ratio of 54.7% as of June 30, 2012 (June 30, 2011: 52.7%), this underlines the very robust and healthy financial structure of A.S. Création.

The Managing Board also considers the net asset position of A.S. Création to be very sound. Of the Group's total assets, which amounted to € 169.8 million as of June 30, 2012

(2011: € 170.0 million), the bulk i.e. 82.1% (2011: 86.8%) was represented by tangible fixed assets, inventories, trade receivables as well as cash and cash equivalents. The goodwill recognised in the balance sheet as of the reporting date accounted for only 4.6% (2011: 4.6%) of total assets and for 8.3% (2011: 8.6%) of the Group's equity.

Outlook

The Managing Board is generally satisfied with the start to the new fiscal year, as both the important gross profit margin and the earnings position of A.S. Création improved in the first half of 2012.

With regard to the further course of the fiscal year, the Managing Board expects the increase in sales revenues to continue. The newly developed products have met with a good response from customers, which means that the foundation has been laid for further sales growth. Moreover, the Managing Board is of the opinion that wallpapers remain a very fashionable product, as is evidenced by many articles in newspapers and (special-interest) magazines and the growing use of wallpapers in hotels, and for shop fittings or shop window decorations. It is uncertain, however, to what extent the slowdown in economy activity will have a negative impact on demand for wallpapers and furnishing fabrics. The fragile economic situation in the European Union, in particular, increases the uncertainty for the outlook on the second half of 2012.

As mentioned above, the situation in the commodity and energy markets has eased, although the current price levels are still high compared to past levels. The Managing Board currently assumes that procurement prices will rise moderately if at all, which means that in contrast to the previous years there will be no dramatic increase for the full year 2012. Based on these assumptions, the gross profit margin should stay above the prior year level in the current fiscal year as planned by the company.

The start-up of production and the related distribution structures in Russia is proceeding according to plan. In the first half of 2012, A.S. Création made another € 5.3 million (2011: € 4.0 million) available to finance this project. This amount is included in the capital expenditures reported for the first six months of 2012. The Managing Board continues to expect the new factory to take up operations in the fourth quarter of 2012 and assumes that A.S. Création and the second shareholder, Kof Palitra, will each have invested over € 14 million in the joint venture by this date. The start-up losses incurred in conjunction with the construction and the start-up of production and the creation of the sales organisation will weigh on the bottom line as planned in the coming months.

Overall, the Managing Board believes that A.S. Création is well on track to realise the Group projections for the year 2012, which provide for sales revenues of between € 195 million and € 205 million and a net profit of € 6.0 million to € 7.0 million.

The risk and opportunity profile of A.S. Création Tapeten AG has not changed materially as compared to the presentation in the 2011 Annual Report.

Statement pursuant to section 315 paragraph 1 sentence 6 of the German Commercial Code (HGB)

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

Gummersbach, July 27, 2012

A.S. Création Tapeten AG

The Managing Board

Kämper

Hallwig

Krämer

A.S. Création Tapeten AG, Gummersbach

Consolidated balance sheet

as per June 30, 2012

Assets		
	30.06.2012	31.12.2011
	€ '000	€ '000
Tangible fixed assets	44,838	46,921
Intangible fixed assets	8,593	9,001
Financial assets	10,620	6,200
Investments accounted for at equity	2,518	2,042
Other assets	1,078	1,494
Income tax receivables	1,357	1,329
Deferred tax assets	726	777
Non-current assets	69,730	67,764
Inventories	48,805	46,415
Trade receivables	40,945	33,975
Other assets	5,168	5,893
Income tax receivables	379	922
Cash and cash equivalents	4,756	2,358
Current assets	100,053	89,563
Total assets	169,783	157,327
Equity and liabilities		
	30.06.2012	31.12.2011
	€ '000	€ '000
Capital stock	9,000	9,000
Capital reserves	13,757	13,757
Revenue reserves	56,981	52,170
Profit carried forward	11,753	14,018
Net profit	5,461	4,650
Adjustment for own shares	-4,021	-4,021
Currency translation differences	-35	-21
Equity	92,896	89,553
Financial liabilities (interest-bearing)	26,434	27,787
Other liabilities	1,277	1,326
Provisions for pensions	7,746	7,613
Deferred tax liabilities	5,945	6,710
Non-current liabilities	41,402	43,436
Financial liabilities (interest-bearing)	5,246	4,013
Other liabilities	14,953	10,482
Trade payables	13,470	9,256
Other provisions	77	137
Tax liabilities	1,739	450
Current liabilities	35,485	24,338
Total equity and liabilities	169,783	157,327

A.S. Création Tapeten AG, Gummersbach

Consolidated income statement

for the six-month period ended June 30, 2012

	Notes No.	2012 € '000	2011 € '000
Sales	(2)	103,552	99,084
Increase or decrease in unfinished and finished goods		1,763	4,052
Other own work capitalised		8	0
Total output		105,323	103,136
Cost of materials		53,633	54,347
Gross profit		51,690	48,789
Other income		520	736
		52,210	49,525
Personnel expenses		22,204	20,928
Depreciation		4,800	5,076
Operating taxes		250	243
Other operating expenses		15,762	15,758
Operating expenses		43,016	42,005
Earnings before interest and taxes (EBIT)		9,194	7,520
Interest and similar income		250	62
Results from investments accounted for at equity		-398	-87
Interest and similar expenses		871	885
Financial result		-1,019	-910
Earnings before income taxes		8,175	6,610
Income taxes	(3)	2,714	2,121
Net profit		5,461	4,489
Earnings per share	(4)	1.98 €	1.63 €

Consolidated statement of comprehensive income

for the six-month period ended June 30, 2012

	2012 € '000	2011 € '000
Net profit	5,461	4,489
Foreign currency translation differences for fully consolidated companies	20	-14
Foreign currency translation differences for investments accounted for at equity	-34	-28
Change in fair value of an interest rate hedge	-52	171
Deferred taxes	15	-53
Other comprehensive income	-51	76
Total comprehensive income	5,410	4,565

A.S. Création Tapeten AG, Gummersbach

Consolidated income statement

for the three-month period ended June 30, 2012 (2nd quarter)

	Notes No.	2012 € '000	2011 € '000
Sales	(2)	48,406	45,758
Increase or decrease in unfinished and finished goods		1,615	3,000
Other own work capitalised		0	0
Total output		50,021	48,758
Cost of materials		25,470	26,037
Gross profit		24,551	22,721
Other income		210	326
		24,761	23,047
Personnel expenses		11,178	10,248
Depreciation		2,395	2,517
Operating taxes		129	119
Other operating expenses		7,039	7,301
Operating expenses		20,741	20,185
Earnings before interest and taxes (EBIT)		4,020	2,862
Interest and similar income		144	48
Results from investments accounted for at equity		-333	-53
Interest and similar expenses		434	504
Financial result		-623	-509
Earnings before income taxes		3,397	2,353
Income taxes	(3)	1,225	761
Net profit		2,172	1,592
Earnings per share	(4)	0.79 €	0.58 €

Consolidated statement of comprehensive income

for the three-month period ended June 30, 2012 (2nd quarter)

	2012 € '000	2011 € '000
Net profit	2,172	1,592
Foreign currency translation differences for fully consolidated companies	52	-6
Foreign currency translation differences for investments accounted for at equity	-160	-14
Change in fair value of an interest rate hedge	-32	-67
Deferred taxes	9	20
Other comprehensive income	-131	-67
Total comprehensive income	2,041	1,525

A.S. Création Tapeten AG, Gummersbach

Consolidated statement of changes in equity

for the six-month period ended June 30, 2012

	Capital stock	Capital reserves	Revenue reserves	Profit carried forward	Net profit	Adjust- ment for own shares	Currency trans- lation diffe- rences	Total
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
December 31, 2010	9,000	13,757	48,120	13,482	8,395	-4,021	56	88,789
Net profit 2010	0	0	0	8,395	-8,395	0	0	0
Dividend payments	0	0	0	-3,721	0	0	0	-3,721
Allocation to revenue reserves	0	0	4,760	-4,760	0	0	0	0
Total comprehensive income 2011	0	0	118	0	4,489	0	-42	4,565
June 30, 2011	9,000	13,757	52,998	13,396	4,489	-4,021	14	89,633

	Capital stock	Capital reserves	Revenue reserves	Profit carried forward	Net profit	Adjust- ment for own shares	Currency trans- lation diffe- rences	Total
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
December 31, 2011	9,000	13,757	52,170	14,018	4,650	-4,021	-21	89,553
Net profit 2011	0	0	0	4,650	-4,650	0	0	0
Dividend payments	0	0	0	-2,067	0	0	0	-2,067
Allocation to revenue reserves	0	0	4,848	-4,848	0	0	0	0
Total comprehensive income 2012	0	0	-37	0	5,461	0	-14	5,410
June 30, 2012	9,000	13,757	56,981	11,753	5,461	-4,021	-35	92,896

A.S. Création Tapeten AG, Gummersbach

Consolidated cash flow statement

for the six-month period ended June 30, 2012

	2012 € '000	2011 € '000
Operating activities		
Net profit	5,461	4,489
+ Depreciation on tangible and intangible fixed assets	4,800	5,076
+/- Increase/decrease in long-term provisions	133	-22
-/+ Income/expenses from investments accounted for at equity	398	87
-/+ Increase/decrease in present value of corporate income tax credit	-33	-38
-/+ Income/expenses from changes in deferred taxes	-698	-487
Cash-flow	10,061	9,105
-/+ Profit/losses from disposal of tangible and intangible fixed assets	215	-23
-/+ Increase/decrease in inventories	-2,391	-6,451
-/+ Increase/decrease in trade receivables	-6,944	-4,897
+/- Increase/decrease in trade payables	4,213	2,089
-/+ Increase/decrease in other net working capital	7,277	2,109
Cash-flow from operating activities	12,431	1,932
Investing activities		
Capital expenditures on tangible and intangible fixed assets	-2,636	-2,584
- Cash outflows for acquisitions of consolidated companies (less acquired cash and cash equivalents)	0	0
-/+ Cash outflows/repayments for/from extended credits and bonds	-4,420	-3,000
- Cash outflows for acquisitions of investments accounted for at equity	-909	-1,023
+ Proceeds from the disposal of tangible and intangible fixed assets	112	75
Cash-flow from investing activities	-7,853	-6,532
Financing activities		
Dividends paid to shareholders of A.S. Création Tapeten AG	-2,067	-3,721
+/- Raising/repayment of financial liabilities (interest-bearing)	-121	4,739
Cash-flow from financing activities	-2,188	1,018
Net change in cash and cash equivalents	2,390	-3,582
+/- Change in cash and cash equivalents due to exchange rate fluctuations	8	-6
+ Cash and cash equivalents at January 1	2,358	10,792
Cash and cash equivalents at June 30	4,756	7,204

Further information on the cash flow statement are presented in the notes to the consolidated financial statement (see No. 5).

A.S. Création Tapeten AG, Gummersbach

Notes to the consolidated financial statements

for the interim report for the period ended June 30, 2012

General

A.S. Création Tapeten AG is a joint stock company registered in the Federal Republic of Germany. The address of the headquarters is Südstrasse 47, D-51645 Gummersbach.

The present interim consolidated financial statements for the six-month period ended June 30, 2012 were prepared by A.S. Création Tapeten AG in condensed form in accordance with IAS 34 "Interim Financial Reporting". The accounting and valuation methods used are consistent with those used to prepare the consolidated financial statements for the year ended December 31, 2011. The latter were prepared on the basis of the International Financial Reporting Standards (IFRS) in force on the reporting date, such as they are applicable in the European Union, as well as the additional requirements pursuant to section 315a (1) of the German Commercial Code (HGB). For a detailed description of the accounting and valuation methods, refer to the notes to the consolidated financial statements for the period ended December 31, 2011.

A.S. Création Tapeten AG has a policy of applying new IFRS as soon as they become effective. The newly published IFRS and the interpretations of the International Accounting Standard Boards (IASB) had no material effect on the assets, liabilities, financial position and earnings position of A.S. Création.

To prepare the consolidated financial statements, the Managing Board must make estimates and assumptions that influence the recognition of assets and liabilities as well as income and expenses. All estimates and assumptions are made to the best of the Managing Board's knowledge to give a true and fair view of the net worth, financial and earnings position of the Group. The actual values may nevertheless deviate from the estimates. The results achieved in the fiscal year 2012 to date do not necessarily provide an indication of the performance in the further course of the year.

The present interim report has neither been audited nor reviewed by a certified public accountant. This English translation of the interim report is merely a convenience translation. The German version is the prevailing one.

Notes on the basis of consolidation

Next to A.S. Création Tapeten AG, 10 subsidiaries are consolidated, thereof nine companies are fully consolidated and one company is accounted for using the equity method. The consolidated entity has remained unchanged from FY 2011.

Currency translation

A.S. Création Tapeten AG's reporting currency is the euro (€).

In accordance with IAS 21, foreign currencies of subsidiaries in non-EMU countries are translated according to the functional currency concept using the modified closing rate method.

An average annual rate of £ 0.82259/€ (2011: £ 0.86819/€) and a closing rate of £ 0.80650/€ (2011: £ 0.90410/€) were used for the pound sterling, while an average annual rate of RUB 39.72604/€ (2011: RUB 40.13968/€) and a closing rate of RUB 41.42530/€ (2011: RUB 40.37150/€) were applied for the Russian rouble.

Notes to the balance sheet

(1) Contingent liabilities

The current investigations by the German and French anti-trust authorities, which are conducting separate proceedings to establish whether there have been agreements in restraint of competition in the wallpaper industry, may entail contingent liabilities. The German authorities have opened administrative offence proceedings against A.S. Création Tapeten AG. The company has submitted detailed objections to all allegations specified in the letter of accusation. At this stage the Managing Board of A.S. Création is not in a position to make a reliable assessment of the possible outcome of the administrative offence proceedings. The same applies to the two proceedings in France, where the French anti-trust authorities have not submitted the letter of accusation yet. Consequently no provision has been set aside as of the balance sheet date. There is generally the risk of significant fines as both the German and the French anti-trust laws provide for a maximum fine of 10% of Group sales revenues. Also, there is a potential risk of claims for damages being made in the follow-up to anti-trust proceedings (please refer to the annual report 2011 for more details).

Notes to the income statement

(2) Sales

A breakdown of Group sales by region is provided below:

	Wallpaper Division		Fabrics Division		Consolidation		Group	
	2012	2011	2012	2011	2012	2011	2012	2011
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Germany	39,039	36,755	5,471	4,826	-185	-145	44,325	41,436
EU (excl. Germany)	44,097	45,358	1,196	1,346	-142	-210	45,151	46,494
European Union (EU)	83,136	82,113	6,667	6,172	-327	-355	89,476	87,930
Other Eastern Europe	16,854	14,202	396	613	0	0	17,250	14,815
Other countries	7,642	6,535	347	220	0	0	7,989	6,755
Sales (gross)	107,632	102,850	7,410	7,005	-327	-355	114,715	109,500
Reduction in revenues	-10,816	-10,084	-347	-332	0	0	-11,163	-10,416
Sales (net)	96,816	92,766	7,063	6,673	-327	-355	103,552	99,084

(3) Income taxes

Income taxes in the reporting period were calculated on the basis of the tax rate anticipated for the full fiscal year. Income taxes break down as follows:

	2012	2011
	€ '000	€ '000
Current income tax expenses	3,412	2,608
Deferred taxes	-698	-487
	2,714	2,121

(4) Earnings per share

Earnings per share are calculated as follows:

		2012	2011
Number of shares outstanding (weighted average)	shares	2,756,351	2,756,351
Net profit	€ '000	5,461	4,489
Earnings per share	€/share	1.98	1.63

Given that no stock options or similar equity instruments exist that may lead to a change in the number of shares (so-called "capital dilution"), earnings per share represent both basic and diluted earnings per share.

Complementary information

(5) Cash flow statement

Cash flow from operating activities includes the following payments:

	2012	2011
	€ '000	€ '000
Interest received	7	45
Interest paid	646	538
Income tax paid	1,610	3,766
Dividends received	0	0

Interest paid primarily relates to investment financing.

The changes in financial liabilities shown under cash flow from financing activities are composed as follows:

	2012	2011
	€ '000	€ '000
Raising of financial liabilities (excl. financial lease)	1,257	6,338
Raising of liabilities under financial lease contracts	0	0
Repayment of financial liabilities (excl. financial lease)	-1,156	-1,381
Repayment of liabilities under financial lease contracts	-222	-218
	-121	4,739

(6) Segment reporting

According to IFRS 8, segment reporting must reflect the Group's internal organisational and reporting structures. Based on A.S. Création's products and services, the corporate structure comprises two segments, i.e. the Wallpaper Division and the Furnishing Fabrics Division. Prices charged for intragroup deliveries and services are set in line with general market prices.

A breakdown of key figures by segments is provided below:

	Wallpaper Division		Fabrics Division		Consolidation		Group	
	2012	2011	2012	2011	2012	2011	2012	2011
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
External sales	96,649	92,654	6,903	6,430	0	0	103,552	99,084
Intra-Group sales	167	112	160	243	-327	-355	0	0
Total sales	96,816	92,766	7,063	6,673	-327	-355	103,552	99,084
EBITDA ¹	13,659	12,391	335	205	0	0	13,994	12,596
EBITDA-margin	14.1%	13.4%	4.7%	3.1%			13.5%	12.7%
EBIT ²	8,933	7,383	261	137	0	0	9,194	7,520
EBIT-margin	9.2%	8.0%	3.7%	2.1%			8.9%	7.6%
Interest income	349	163	1	0	-100	-101	250	62
Results from investments accounted for at equity	-398	-87	0	0	0	0	-398	-87
Interest expenses	842	849	129	137	-100	-101	871	885
Earnings before taxes	8,042	6,610	133	0	0	0	8,175	6,610
Return on sales (before taxes)	8.3%	7.1%	1.9%	0.0%			7.9%	6.7%
Income taxes	2,673	2,121	41	0	0	0	2,714	2,121
Capital expenditures ³	7,909	6,532	56	75	0	0	7,965	6,607
Depreciation	4,726	5,008	74	68	0	0	4,800	5,076
Cash-flow	9,854	9,039	207	66	0	0	10,061	9,105
Segment assets ⁴	155,289	152,859	7,506	7,435	-230	-311	162,565	159,983
thereof non-current assets	(66,412)	(62,934)	(1,235)	(1,231)	(0)	(0)	(67,647)	(64,165)
Segment liabilities ⁵	28,161	31,913	1,846	1,724	-230	-309	29,777	33,328
Employees (average)	739	717	70	69	0	0	809	786

A breakdown of Group sales by geographical regions is provided in the notes on sales (see No. 2).

¹ **EBITDA** is the common international abbreviation of earnings before interest, taxes, depreciation and amortisation.

² **EBIT** is the common international abbreviation of earnings before interest and taxes. It is equivalent to the segment result.

³ **Capital expenditures** correspond with the item which is shown in the consolidated cash flow statement.

⁴ **Segment assets** are the total assets of the segment less interest-bearing intercompany loans, cash and cash equivalents, deferred tax assets and income tax receivables.

⁵ **Segment liabilities** are the total liabilities less shareholders' equity, pension provisions, tax liabilities, deferred tax liabilities and financial liabilities.

Of the total non-current Group assets of € 67.647 million (2011: € 64.165 million), an amount of € 43.396 million (2011: € 42.787 million) relates to Germany, an amount of € 11.051 million (2011: € 16.058 million) to other EU countries and an amount of € 13.200 million (2011: € 5.320 million) to non-EU Eastern European countries.

(7) Managing Board

The Managing Board had the following members in the reporting period:

- Jörn Kämper, Chairman, Sales and Marketing
- Karl-Heinz Hallwig, Production and Logistics
- Maik Holger Krämer, Finance and Controlling

(8) Relationships to closely associated companies and persons

A.S. Création Tapeten AG has granted loans at market interest rates to OOO A.S. & Palitra, which is accounted for using the equity method. The loans, which amounted to € 10.620 million (2011: € 3.000 million) on the balance sheet date, are recognised as non-current financial assets. The resulting interest income of € 0.243 million (2011: € 0.017 million) is included in the financial result. As the interest incurred during the start-up phase is deferred in accordance with the loan agreements, receivables in an amount of € 0.361 million (2011: € 0.017 million) existed as of the balance sheet date, which are included in other assets.

The relationships of the company with Supervisory Board Chairman Franz Jürgen Schneider, and with A.S. Création Tapeten Stiftung, a charitable foundation, as reported in the consolidated financial statements for 2011 continued to exist in the period under review.

(9) Post balance sheet events

No events that require reporting have occurred.

Gummersbach, July 27, 2012

A.S. Création Tapeten AG

The Managing Board

Kämper

Hallwig

Krämer

Investor Relations

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