



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

A.S. CRÉATION TAPETEN AG

		2008	2009	2010	2011	2012
Sales	€ '000	136,974	135,067	138,540	146,602	151,930
EBIT	€ '000	12,165	9,935	11,247	8,474	11,558
Earnings before income taxes	€ '000	11,243	8,222	9,859	6,989	10,193
Net profit	€ '000	7,743	5,775	6,748	4,581	6,811
Earnings per share	€/share	2.79	2.10	2.45	1.66	2.47
Cash-flow	€ '000	14,689	12,707	14,034	11,667	13,866
Capital expenditures	€ '000	7,670	4,118	5,106	16,735	10,258
Depreciation	€ '000	6,112	7,071	7,577	7,558	7,362
Number of employees		711	793	772	792	828

A.S. Création Tapeten AG, Gummersbach

Management Report

on the business performance for the nine-month period ended September 30, 2012

Sales performance

A.S. Création was able to increase its Group sales by 3.6% from € 146.6 million in the previous year to € 151.9 million in the first nine months of 2012. It was good to see that both divisions contributed to this increase to a new record level; the Wallpaper Division reported a 3.2% growth rate, while the Furnishing Fabrics Division boosted its sales revenues by 8.5%. However, growth momentum slowed down in the third quarter of 2012 to only 1.8%.

The breakdown of sales by regions shows that non-EU Eastern European countries made a significant contribution to A.S. Création's sales growth in the current fiscal year, as the company managed to boost its gross sales by € 3.2 million or 12.9% in this region in the first nine months of 2012. With growth rates of 7.3% and 4.5% posted in 2010 and 2011, respectively, the Managing Board remains confident that A.S. Création is well on track to offset the sharp declines in sales suffered in 2009. A comparison between the gross sales of € 47.0 million generated in the first nine months of 2008 and the € 27.7 million generated in the same period of 2012 shows, however, that high growth rates will still be required to return to pre-crisis levels in non-EU Eastern European markets.

In Germany, gross sales also increased by a gratifying € 3.2 million or 5.4% in the first nine months of 2012. This growth contrasts with declines in other EU countries, however, which means that total gross sales in the EU were up by only 0.7% on the previous year's € 127.3 million to € 128.2 million. This reflects the different economic trends in the individual EU member countries and their effects on consumer spending, which also influence the demand for wallpapers. While the Managing Board of A.S. Création is not satisfied with the sales performance in the EU – which remains the company's most important output market, representing about 76% of total sales – the 3.6% increase in Group sales in the current fiscal year is still in line with the company's plans due to the positive performance in other regions.

Employees

In the first nine months of 2012, the A.S. Création Group employed an average of 828 people (2011: 792). 755 employees (2011: 723) worked in the Wallpaper Division and 73 (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 the fourth quarter of 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 € 0.183 million, sales per employee in the first nine months of 2012 were almost on a par with the previous year's € 0.185 million.

Earnings position

A.S. Création has been able to improve its earnings position significantly in the current fiscal year. Earnings before interest and taxes (EBIT) climbed 36.4% from € 8.5 million in the first nine months of 2011 to € 11.6 million in the reporting period, while the EBIT margin reached 7.6% (2011: 5.8%).

As outlined under "Sales performance", A.S. Création boosted its Group sales revenues by 3.6% in the current fiscal year. This growth was not achieved by aggressive pricing. Right on the contrary, A.S. Création has been able to raise its average sales prices with the help of an appropriate product policy focusing on higher-quality products as well as price adjustments implemented for part of the product range as of March 1, 2012. Moreover, commodity and energy prices eased in the current fiscal year, having surged dramatically in the course of 2011. These effects are reflected in a greatly improved gross profit margin, which was up by three percentage points on the previous year's 46.0% to 49.0% in the first nine months of 2012. The higher total output and the improved gross profit margin meant that, compared to the same period of the previous year, an additional € 4.6 million in gross profit were available to absorb the other expense items.

Extensive modernisations of buildings and machines as well as fixed asset disposals occurred in the current fiscal year. In the first nine months of 2012, the respective expense items were up by € 1.3 million on the previous year. As a result, other operating expenses as a percentage of total output deteriorated from 14.9% in the previous year to 15.3% in the current fiscal year. Adjusted for these one-time effects, the ratio for the current fiscal year was 14.4%, which reflects the improvement that had been expected to result from the higher total output. As most of these one-time expenses (€ 0.9 million) were incurred in the third quarter, EBIT for this period were most adversely affected.

Personnel expenses showed no improvement and rose from € 30.6 million in the first nine months of 2011 by 7.1% to € 32.7 million in the reporting period. As this increase was stronger than the rise in total output, personnel expenses as a percentage of total output deteriorated from 20.6% in the previous year to 21.5% in the first nine months of the current fiscal year. The increment reflects collective pay rises and higher performance-linked compensation components as well as increased social security contributions and pension expenses. The start-up of the sales organisation in Russia also had an adverse impact on personnel expenses. The size of the organisation that has been built up is matched to the future distribution of Russian-made wallpapers and is not yet in line with the sales currently realised.

Depreciation declined by € 0.2 million from € 7.6 million in the previous year to € 7.4 million in the first nine months of 2012, which had a positive impact on EBIT.

At € -1.4 million, the financial result was up by €0.1 million on the previous year's € -1.5 million. The financial result also includes A.S. Création's share in the net profit 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 € -0.5 million in the first nine months of 2012 (2011: € -0.3 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. Also, interest expenses were lower than in the previous year due to the reduction in net financial liabilities (difference between interest-bearing financial liabilities and cash and cash equivalents).

Earnings before interest and taxes and the financial result led to earnings before taxes of € 10.2 million in the first nine months of 2012, which was 45.8% above the previous year's € 7.0 million. Accordingly, the profit margin before taxes improved from 4.8% in the previous year to 6.7% in the reporting period. Net profit reached € 6.8 million (2011: € 4.6 million), which means that it exceeded the € 4.7 million generated in the full year 2011 already at the nine-month stage. Based on an unchanged average number of shares outstanding (2,756,351), this is equivalent to earnings per share of € 2.47 (2011: € 1.66).

Financial position

The improvement in the financial position, which was already recorded in the first half of the year, continued in the third quarter, which means that A.S. Création is in an excellent financial state. Based on the improved earnings position, cash flow for the first nine months totalled € 13.9 million, up € 2.2 million or 18.8% on the previous year's € 11.7 million.

In the first nine months of the year, this increased cash flow contrasted with reduced financing requirements for the following reasons:

- The additional capital tie-up in net current assets was lower than in the previous year. This positive trend is reflected in the fact that inventory turnover increased from 4.2 to 4.3 and the days of sales outstanding declined from 70 to 67.
- Due to the acquisition of the remaining shares in SCE SAS and MCF Investissement SAS in July 2011 at a total price of € 7.0 million, capital expenditures reached a very high level in the previous year. At € 10.3 million, capital expenditures in the current fiscal year were down by € 6.4 million on the previous year's € 16.7 million. Of the total capital expenditures incurred in the reporting period, an amount of € 6.1 million (2011: € 5.8 million) related to the start-up of production in Russia.
- Due to the much lower net profit for the fiscal year 2011, a dividend of € 2.1 million was paid out in May 2012, which was € 1.6 million lower than the previous year's dividend of € 3.7 million.

Thanks to the higher cash flow and the lower financing requirements, A.S. Création was able to reduce its net financing liabilities (difference between interest-bearing financial liabilities

and cash and cash equivalents) from € 29.4 million on December 31, 2011 by € 8.1 million to € 21.3 million on September 30, 2012. As a result, the debt repayment period declined to 1.2 years (2011: 1.8 years). Together with the high equity ratio, which stood at 55.5% as of September 30, 2012 (September 30, 2011: 54.9%), 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 September 30, 2012 (2011: € 163.2 million), the bulk 82.4% (2011: 85.2%) 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: 4.7%) of total assets and for 8.2% (2011: 8.6%) of the Group's equity.

Outlook

The Managing Board is satisfied with the fiscal year to date, as both the important gross profit margin and, as a consequence, the earnings position of A.S. Création improved in the first nine months of 2012.

Although sales growth slowed down in the course of the third quarter, the Managing Board expects sales to continue to increase in both divisions. A.S. Création's Wallpaper Division has an excellent product portfolio, which is virtually unmatched in terms of width and diversity. Unlike other wallpaper manufacturers, A.S. Création has not scaled back its investments in new product ranges. The company continues to launch over 2,000 new articles every year. This ability to innovate is very much appreciated by customers and forms the basis for the positive sales outlook. The Furnishing Fabrics Division should also continue to benefit from its wider product spectrum. Uncertainties clearly exist with regard to the future economic trend in the EU and the potential negative effects which reduced consumer spending might have on sales of wallpapers and furnishing fabrics. The Managing Board believes, however, that no materially adverse impacts on sales will arise up to the end of the year.

The new production facility in Russia should lead to a boost in sales. The facility was taken into operation as planned in October and the first wallpaper rolls were produced after a construction period of only 28 months (starting with the first preparatory measures in June 2010). The Managing Board regards this as a great achievement and thanks all employees of the A.S. & Palitra joint venture, of our Russian joint venture partner, Kof Palitra, and of A.S. Création for helping reach this first milestone. Needless to say, it will take some time before all processes run smoothly and the factory reaches its full capacity. As both printing presses are functioning, however, the first locally produced wallpaper rolls should be marketed by A.S. Création's Russian sales company before the end of 2012. These sales are not expected to have any material impact on sales revenues for the full year 2012. Overall, the Managing Board believes that A.S. Création is well on track to meet the forecast for the year 2012, which provides for sales revenues of between € 195 million and € 205 million.

With regard to the earnings position, the Managing Board does not expect any major surprises for the final quarter of 2012. As mentioned above, the situation in the commodity and energy markets has improved, although current price levels are still very high by historical standards. The Managing Board currently believes that procurement prices will rise only moderately up to the end of the year. Accordingly, the gross profit margin for the full year 2012 will probably be much higher than the previous year's margin. This suggests that the earnings position in 2012 will be very positive.

The biggest factor of uncertainty influencing the company's earnings position is the amount of the start-up losses that will be incurred by the Russian joint venture in the coming weeks. Up to the point where production reaches a good quality and performance level, higher reject rates and cost structures that do not (yet) match the output will weigh on the bottom line. Reflecting A.S. Création's 50% share in the joint venture, half of these start-up losses will weigh on the consolidated financial result of A.S. Création. As the amount of the losses that will be incurred up to the end of the year depends on many factors, a reliable forecast cannot be made. The Managing Board is nevertheless optimistic that these losses will stay within acceptable limits.

Another factor of uncertainty relates to the trend in interest rates up to the end of the year. According to International Financial Reporting Standards (IFRS), the interest rate prevailing on the balance sheet date must be applied to calculate pension provisions. This results in increased volatility regarding the amount of pension provisions on the balance sheet date. In accordance with its own accounting policy, A.S. Création recognises changes in pension provisions that are attributable to a change in the discount factor in the financial result. Moreover, A.S. Création uses the discount factor that applied at the end of the past fiscal year to calculate pension provisions in the course of the current fiscal year. Any adjustment that may be required is made with effect of December 31 of the current fiscal year. Interest rates declined sharply in the course of the third quarter of 2012. Based on the interest rates prevailing on September 30, 2012, the discount factor would be reduced by 0.7 percentage points. This would increase A.S. Création's pension provisions and result in expenses of about € 0.8 million before taxes and of about € 0.5 million after taxes. It is not clear whether this (non-cash) reduction in earnings will actually materialise as of the end of 2012, as the applicable interest rates may fluctuate strongly from month to month.

In spite of the above uncertainties, the Managing Board believes that A.S. Création will close the full year 2012 with a better result than planned and will post a net profit of between € 7.0 million and € 8.0 million instead of the originally projected € 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, October 31, 2012

A.S. Création Tapeten AG

The Managing Board

Kämper

Hallwig

Krämer

A.S. Création Tapeten AG, Gummersbach

Consolidated balance sheet

as per September 30, 2012

Assets		
	30.09.2012	31.12.2011
	€ '000	€ '000
Tangible fixed assets	43,575	46,921
Intangible fixed assets	8,377	9,001
Financial assets	11,425	6,200
Investments accounted for at equity	2,505	2,042
Other assets	1,059	1,494
Income tax receivables	1,371	1,329
Deferred tax assets	773	777
Non-current assets	69,085	67,764
Inventories	47,120	46,415
Trade receivables	41,053	33,975
Other assets	3,886	5,893
Income tax receivables	402	922
Cash and cash equivalents	8,216	2,358
Current assets	100,677	89,563
Total assets	169,762	157,327
Equity and liabilities		
	30.09.2012	31.12.2011
	€ '000	€ '000
Capital stock	9,000	9,000
Capital reserves	13,757	13,757
Revenue reserves	56,957	52,170
Profit carried forward	11,753	14,018
Net profit	6,811	4,650
Adjustment for own shares	-4,021	-4,021
Currency translation differences	23	-21
Equity	94,280	89,553
Financial liabilities (interest-bearing)	25,192	27,787
Other liabilities	1,301	1,326
Provisions for pensions	7,813	7,613
Deferred tax liabilities	5,723	6,710
Non-current liabilities	40,029	43,436
Financial liabilities (interest-bearing)	4,315	4,013
Other liabilities	16,947	10,482
Trade payables	12,423	9,256
Other provisions	77	137
Tax liabilities	1,691	450
Current liabilities	35,453	24,338
Total equity and liabilities	169,762	157,327

A.S. Création Tapeten AG, Gummersbach

Consolidated income statement

for the nine-month period ended September 30, 2012

	Notes No.	2012 € '000	2011 € '000
Sales	(2)	151,930	146,602
Increase or decrease in unfinished and finished goods		96	1,890
Other own work capitalised		8	0
Total output		152,034	148,492
Cost of materials		77,528	80,224
Gross profit		74,506	68,268
Other income		761	812
		75,267	69,080
Personnel expenses		32,744	30,566
Depreciation		7,362	7,558
Operating taxes		390	374
Other operating expenses		23,213	22,108
Operating expenses		63,709	60,606
Earnings before interest and taxes (EBIT)		11,558	8,474
Interest and similar income		423	131
Results from investments accounted for at equity		-490	-272
Interest and similar expenses		1,298	1,344
Financial result		-1,365	-1,485
Earnings before income taxes		10,193	6,989
Income taxes	(3)	3,382	2,408
Net profit		6,811	4,581
Earnings per share	(4)	2.47 €	1.66 €

Consolidated statement of comprehensive income

for the six-month period ended September 30, 2012

	2012 € '000	2011 € '000
Net profit	6,811	4,581
Foreign currency translation differences for fully consolidated companies	-1	31
Foreign currency translation differences for investments accounted for at equity	45	-98
Change in fair value of an interest rate hedge	-86	-95
Deferred taxes	25	29
Other comprehensive income	-17	-133
Total comprehensive income	6,794	4,448

A.S. Création Tapeten AG, Gummersbach

Consolidated income statement

for the three-month period ended September 30, 2012 (3rd quarter)

	Notes No.	2012 € '000	2011 € '000
Sales	(2)	48,378	47,518
Increase or decrease in unfinished and finished goods		-1,667	-2,162
Other own work capitalised		0	0
Total output		46,711	45,356
Cost of materials		23,895	25,877
Gross profit		22,816	19,479
Other income		241	76
		23,057	19,555
Personnel expenses		10,540	9,638
Depreciation		2,562	2,482
Operating taxes		140	131
Other operating expenses		7,451	6,350
Operating expenses		20,693	18,601
Earnings before interest and taxes (EBIT)		2,364	954
Interest and similar income		173	69
Results from investments accounted for at equity		-92	-185
Interest and similar expenses		427	459
Financial result		-346	-575
Earnings before income taxes		2,018	379
Income taxes	(3)	668	287
Net profit		1,350	92
Earnings per share	(4)	0.49 €	0.03 €

Consolidated statement of comprehensive income

for the three-month period ended September 30, 2012 (3rd quarter)

	2012 € '000	2011 € '000
Net profit	1,350	92
Foreign currency translation differences for fully consolidated companies	-21	45
Foreign currency translation differences for investments accounted for at equity	79	-70
Change in fair value of an interest rate hedge	-34	-266
Deferred taxes	10	82
Other comprehensive income	34	-209
Total comprehensive income	1,384	-117

A.S. Création Tapeten AG, Gummersbach

Consolidated statement of changes in equity

for the nine-month period ended September 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	4,139	-4,139	0	0	0	0
Total comprehensive income 2011	0	0	-66	0	4,581	0	-67	4,448
September 30, 2011	9,000	13,757	52,193	14,017	4,581	-4,021	-11	89,516

	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	-61	0	6,811	0	44	6,794
September 30, 2012	9,000	13,757	56,957	11,753	6,811	-4,021	23	94,280

A.S. Création Tapeten AG, Gummersbach

Consolidated cash flow statement

for the nine-month period ended September 30, 2012

	2012 € '000	2011 € '000
Operating activities		
Net profit	6,811	4,581
+ Depreciation on tangible and intangible fixed assets	7,362	7,558
+/- Increase/decrease in long-term provisions	200	-31
-/+ Income/expenses from investments accounted for at equity	490	272
-/+ Increase/decrease in present value of corporate income tax credit	-50	-57
-/+ Income/expenses from changes in deferred taxes	-947	-656
Cash-flow	13,866	11,667
-/+ Profit/losses from disposal of tangible and intangible fixed assets	583	-39
-/+ Increase/decrease in inventories	-687	-2,710
-/+ Increase/decrease in trade receivables	-7,038	-4,248
+/- Increase/decrease in trade payables	3,165	-124
-/+ Increase/decrease in other net working capital	10,421	3,454
Cash-flow from operating activities	20,310	8,000
Investing activities		
Capital expenditures on tangible and intangible fixed assets	-4,124	-3,942
- Cash outflows for acquisitions of consolidated companies (less acquired cash and cash equivalents)	0	-6,970
- Cash outflows for extended credits and bonds	-5,225	-4,800
- Cash outflows for acquisitions of investments accounted for at equity	-909	-1,023
Capital expenditures	-10,258	-16,735
+ Proceeds from the disposal of tangible and intangible fixed assets	151	209
Cash-flow from investing activities	-10,107	-16,526
Financing activities		
Dividends paid to shareholders of A.S. Création Tapeten AG	-2,067	-3,721
+/- Raising/repayment of financial liabilities (interest-bearing)	-2,293	5,645
Cash-flow from financing activities	-4,360	1,924
Net change in cash and cash equivalents	5,843	-6,602
+/- Change in cash and cash equivalents due to exchange rate fluctuations	15	-12
+ Cash and cash equivalents at January 1	2,358	10,792
Cash and cash equivalents at June 30	8,216	4,178

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 September 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 nine-month period ended September 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 £ 0.81218/€ (2011: £ 0.87142/€) and a closing rate of £ 0.79850/€ (2011: £ 0.86500/€) were used for the pound sterling, while an average annual rate of RUB 39.81971/€ (2011: RUB 40.49903/€) and a closing rate of RUB 40.14700/€ (2011: RUB 43.37000/€) 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 for each infringement. 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	55,281	53,268	8,055	6,834	-256	-237	63,080	59,865
EU (excl. Germany)	63,591	65,832	1,678	1,901	-187	-314	65,082	67,419
European Union (EU)	118,872	119,100	9,733	8,735	-443	-551	128,162	127,284
Other Eastern Europe	27,114	23,659	605	893	0	0	27,719	24,552
Other countries	12,256	9,981	462	310	0	0	12,718	10,291
Sales (gross)	158,242	152,740	10,800	9,938	-443	-551	168,599	162,127
Reduction in revenues	-16,124	-15,041	-545	-484	0	0	-16,669	-15,525
Sales (net)	142,118	137,699	10,255	9,454	-443	-551	151,930	146,602

(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	4,329	3,064
Deferred taxes	-947	-656
	3,382	2,408

(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	€	6,811,272	4,580,806
Earnings per share	€/share	2.47	1.66

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	11	55
Interest paid	963	818
Income tax paid	2,548	4,828
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)	40	7,796
Raising of liabilities under financial lease contracts	0	0
Repayment of financial liabilities (excl. financial lease)	-2,000	-1,823
Repayment of liabilities under financial lease contracts	-333	-328
	-2,293	5,645

(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	141,889	137,509	10,041	9,093	0	0	151,930	146,602
Intra-Group sales	229	190	214	361	-443	-551	0	0
Total sales	142,118	137,699	10,255	9,454	-443	-551	151,930	146,602
EBITDA ¹	18,433	15,780	487	252	0	0	18,920	16,032
EBITDA-margin	13.0%	11.5%	4.7%	2.7%			12.5%	10.9%
EBIT ²	11,184	8,320	374	154	0	0	11,558	8,474
EBIT-margin	7.9%	6.0%	3.6%	1.6%			7.6%	5.8%
Interest income	570	280	1	2	-148	-151	423	131
Results from investments accounted for at equity	-490	-272	0	0	0	0	-490	-272
Interest expenses	1,255	1,288	191	207	-148	-151	1,298	1,344
Earnings before taxes	10,009	7,040	184	-51	0	0	10,193	6,989
Return on sales (before taxes)	7.0%	5.1%	1.8%	-0.5%			6.7%	4.8%
Income taxes	3,325	2,424	57	-16	0	0	3,382	2,408
Capital expenditures ³	10,144	16,622	114	113	0	0	10,258	16,735
Depreciation	7,249	7,460	113	98	0	0	7,362	7,558
Cash-flow ³	13,570	11,625	296	42	0	0	13,866	11,667
Segment assets ⁴	152,013	144,494	7,237	6,812	-250	-215	159,000	151,091
thereof non-current assets	(65,692)	(58,307)	(1,248)	(1,238)	(0)	(0)	(66,940)	(59,545)
Segment liabilities ⁵	29,364	25,175	1,633	1,384	-250	-213	30,747	26,346
Employees (average)	755	723	73	69	0	0	828	792

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

Of the total non-current Group assets of € 66.940 million (2011: € 59.545 million), an amount of € 42.244 million (2011: € 45.507 million) relates to Germany, an amount of € 10.702 million (2011: € 11.982 million) to other EU countries and an amount of € 13.994 million (2011: € 2.056 million) to non-EU Eastern European countries.

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** and **cash-flow** correspond with the items presented 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.

(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 € 11.425 million (2011: € 4.800 million) on the balance sheet date, are recognised as non-current financial assets. The resulting interest income of € 0.412 million (2011: € 0.076 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 € 0.530 million (2011: € 0.076 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, October 31, 2012

A.S. Création Tapeten AG

The Managing Board

Kämper

Hallwig

Krämer

Investor Relations

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