



**INTERIM REPORT FOR THE PERIOD
ENDED JUNE 30, 2013**

A.S. CRÉATION TAPETEN AG

		2009	2010	2011	2012	2013
Sales	€ '000	91,900	93,764	99,084	103,552	104,756
EBIT	€ '000	6,712	8,046	7,520	9,194	9,498
Earnings before income taxes	€ '000	5,667	7,034	6,610	8,175	7,152
Net profit	€ '000	3,976	4,800	4,489	5,461	4,183
Earnings per share	€/share	1.44	1.74	1.63	1.98	1.52
Cash-flow	€ '000	8,450	9,434	9,105	10,061	10,415
Capital expenditures	€ '000	2,557	3,348	6,607	7,965	5,774
Depreciation	€ '000	4,558	4,892	5,076	4,800	4,630
Number of employees (average)		802	769	786	809	833

A.S. Création Tapeten AG, Gummersbach

Management Report

on the business performance for the six-month period ended June 30, 2013

Sales performance

During first half of 2013 the European Union (EU) presented a challenging macroeconomic environment, with eurozone GDP declining by 1.1% in the first quarter and by another 0.8% in the second quarter. The German economy is not yet to experience a strong upturn. While the gross domestic product increased by 0.6% in the second quarter of 2013, the 1.4% decline recorded in the first quarter is still making itself felt. A.S. Création's sales performance in the EU should be seen against this background. At € 86.7 million, gross sales revenues were down by 3.0% on the previous year's €89.5 million. This decline is not satisfactory but positive impulses came from some EU markets. Total gross sales in the EU (excluding Germany) increased by 2.7% in the first six months of 2013, but this sales growth was offset by the lower sales revenues in Germany. While the Managing Board had expected sales revenues in Germany to decline moderately due to several large (first) orders received by the company in the previous year, the 8.9% drop in revenues recorded in the first half of the year was much higher than expected. The fact that other companies and sectors also reported a very poor business trend in Germany in the first months of 2013 is not really comforting.

Sales revenues outside Western and Eastern Europe showed a positive trend, especially in the Asian markets. With sales climbing 9.1% from €8.0 million in the first half of 2012 to € 8.7 million in the reporting period, the "Other countries" meanwhile account for 7.5% of total Group sales.

The sales performance in non-EU Eastern European countries was not satisfactory. The Managing Board had expected the sales volumes of the new wallpapers produced in Russia to increase significantly in the second quarter of 2013 and to make relevant contributions to Group revenues. These plans did not materialise, as it takes longer than expected to secure listings for the new wallpaper ranges on the market. This is attributable not only to a drop in demand in the Russian wallpaper market in the year to date but also to the fact that important Russian customers will not renew their assortment before autumn 2013. At € 20.0 million, gross revenues generated by A.S. Création in non-EU Eastern European countries in the first half of 2013 were up by as much as 16.0% on the prior year period's € 17.3 million, but - as outlined above - the Managing Board had projected higher growth.

On balance, the sales performance was mixed. With sales growing by 3.8% in the second quarter of 2013, A.S. Création was able to more than offset the 1.1% decline in sales recorded in the first three months of the year. Accordingly, total Group revenues in the first half of 2013 were up by 1.2% on the previous year's € 103.6 million to € 104.8 million. On the other hand, however, sales revenues for the first six months of 2013 fell short of the company's expectations in spite of the stronger growth momentum.

Earnings performance

The increase in sales revenues in the second quarter led to improved operating earnings. At € 4.3 million, earnings before interest and taxes in the second quarter of 2013 were up by 5.7% on the previous year's € 4.0 million. EBIT for the six-month period totalled € 9.5 million, which represents a 3.3% increase on the first half of 2012, when EBIT amounted to € 9.2 million. At 9.1% (previous year: 8.9%), the EBIT margin for the current fiscal year has returned to a level last seen in the first half of 2008, i.e. prior to the financial and economic crisis.

The improved EBIT position is attributable to the higher gross profit margin, which climbed 1.5% percentage points from 49.1% in H1 2012 to 50.6% in the first half of 2013. According to the Managing Board, this positive trend reflects the innovation-driven product and marketing strategy pursued by A.S. Création for many years. In the current fiscal year, this trend has been supported by stagnating commodity and energy prices.

The higher gross profit allowed A.S. Création to offset the additional burdens resulting from personnel expenses and other operating expenses in the first six months of 2013.

Personnel expenses increased by a disproportionate 4.8% from € 22.2 million in the first half of 2012 to € 23.3 million in H1 2013. Accordingly, personnel expenses as a percentage of total output rose to 21.9% (previous year: 21.1%). One of the reasons for this is the increase in the average headcount from the previous year's 809 to 833 in H1 2013, which primarily reflects the staff hired in the course of 2012 by A.S. Création Tapeten AG and A.S. Création (RUS). Another reason is the fact that the collective pay rises agreed in 2012 led to higher wages and salaries for most domestic employees in the first half of 2013, which were not offset by higher output.

Growing by 5.3% from € 15.8 million to € 16.6 million, other operating expenses increased at a higher rate than total output. There were several reasons for this. As A.S. Création expanded its presence at national and international trade fairs and exhibitions in the first six months of 2013, the respective expenses increased. In addition, the Russian sales organisation incurred higher rental and logistic expenses as inventories were built up in the regional warehouses. Due to the depreciation of the Russian rouble against the euro, exchange losses also increased in the reporting period. Finally, further allowances on trade receivables were required in the second quarter due to insolvencies.

Between them, these factors led to the above-mentioned earnings before interest and taxes of € 9.5 million in the first half of 2013 (previous year: € 9.2 million), satisfying the Management Board due to the background of macroeconomic environment.

The financial result, which deteriorated from € -1.0 million in the previous year to € -2.3 million in the reporting period, primarily reflects the increased losses of the Russian manufacturing company. The joint venture, A.S. & Palitra, took the new production facility into operation at the end of October 2012. During the start-up phase, losses naturally occur and are reflected in high reject rates and low efficiency. Due to the above-mentioned delays in marketing the Russian-made products, however, the start-up losses increased more strongly than had been expected. At € 2.0 million, A.S. Création's pro-rata share in these

losses in the first half of 2013 was much higher than in the same period of the previous year, when it had amounted to € 0.4 million.

Due to the poorer financial result, net profit for the first six months was down by 23.4% on the previous year's € 5.5 million to € 4.2 million. Based on an unchanged average number of 2,756,351 shares outstanding, earnings per share for the reporting period amounted to € 1.52 (previous year: € 1.98).

Net asset and financial position

Cash flow increased by € 0.3 million from € 10.1 million in the previous year to € 10.4 million in the first six months of 2013, which marked a new high. However, the increased cash flow contrasted with much higher financing requirements, which was due, among other things, to the following factors:

- At € 10.0 million, the typical seasonal increase in trade receivables in the first half of 2013 was much higher than in the previous year, when it amounted to € 6.9 million. As a result, the debt repayment period extended from 65 days in the previous year to 67 days in the first half of 2013.
- In the first six months of the current fiscal year, additional funds of € 5.3 million (previous year: € 2.4 million) were tied up in inventories. This increased capital tie-up in inventories is mainly attributable to the build-up of inventories in Russia. At 4.4 times per year, the imputed inventory turnover nevertheless remained unchanged from the previous year.
- At € 3.3 million, the dividend paid out in May 2013 was € 1.2 million higher than the previous year's dividend of € 2.1 million due to the much higher net profit achieved in FY 2012.

At the same time, financing requirements for capital expenditures declined. Capital expenditures were reduced by € 2.2 million from € 80 million in H1 2012 to € 5.8 million in the reporting period, as most of the financial resources needed to build up the production facility in Russia had been made available before the end of 2012. However, this reduction was not sufficient to offset the additional financing requirements described above. Accordingly, net financial liabilities (difference between interest-bearing liabilities and cash and cash equivalents) increased by € 2.2 million in the first half of 2013. In the first six months of the previous year, A.S. Création had been able to reduce net liabilities to banks by € 2.5 million. At € 23.2 million, net liabilities to banks on June 30, 2013 were nevertheless down by € 3.7 million on the € 26.9 million recorded on June 30, 2012, which means that the financial position improved over the past twelve months. This view is confirmed by the fact that the imputed debt repayment period declined to 1.1 years in H1 2013 (previous year: 1.3 years) as well as by the increase in the equity ratio from 54.7% on June 30, 2012 to 55.2% on June 30, 2013.

The net asset position of A.S. Création is also very solid in the opinion of the Managing Board. At 80.9% (previous year: 82.1%), the majority of the A.S. Création Group's total assets, which amounted to € 174.0 million as of June 30, 2013 (previous year: € 169.8 million), comprised property, plant and equipment, inventories, trade receivables as well as

cash and cash equivalents. Goodwill carried in the Group balance sheet represented only 4.4% (previous year: 4.6%) of total assets and 8.1% (previous year: 8.3%) of equity as of the balance sheet date.

Outlook

Although sales growth gained momentum and the EBIT position improved in the second quarter of 2013, the Managing Board is not fully satisfied with the company's performance in the fiscal year 2013 to date.

In particular, sales revenues in Russia have so far fallen short of the company's expectations. In response to this, the two shareholders of the joint venture, A.S. & Palitra, decided various measures to intensify local marketing efforts and to achieve a quicker increase in sales revenues and, hence, quicker utilisation of the production capacity. The aim is to make the joint venture break even as quickly as possible by gradually increasing the utilisation rate and constantly optimising the production processes. At this stage, however, the Managing Board does not believe that the losses already incurred and continuing to be incurred in the fiscal year 2013 will be offset by the end of the year. This means that the start-up of production in Russia will weigh more heavily on the Group's result in 2013 than originally expected. The Managing Board nevertheless remains convinced that this project is of great importance for the future of A.S. Création. This view is confirmed by the latest data published by IGI, the Global Wallcoverings Association, according to which the Russian wallpaper market was one of the few markets which grew in 2012 and thus continued to expand its position as the world's largest wallpaper market. The importance of the Russian wallpaper market becomes clear when comparing the market volumes of the year 2012, when about 192 million rolls were sold in Russia, compared to about 35 million rolls in Germany.

The Managing Board does not expect the macroeconomic situation in the EU to improve materially in the second half of 2013. The economic research institutes have meanwhile downgraded their full-year forecasts and expect the gross domestic product to decline also in the next two quarters. Even though the expectations for individual countries such as Germany and the UK are more positive for the second half of 2013, this does not change the overall assessment. Despite the decline in sales revenues in the European Union in the first half of 2013, the Managing Board of A.S. Création sees no cause for actionism. Right on the contrary - thanks to the ongoing development of our own product portfolio in the past years, A.S. Création has an excellent range of products which is virtually unparalleled in terms of width and diversity. Together with the innovative market concepts developed by A.S. Création to support its retail partners, the Managing Board sees the Group in a good competitive position and intends to maintain its strategy. This view is confirmed by A.S. Création's sales revenues in the second quarter of 2013, which were better than in the first three months and which clearly reflect the company's successful marketing efforts in the EU (with the exception of Germany).

On the procurement side, the Managing Board expects the commodity and energy prices to stagnate, which means that no additional pressure on the gross profit margin should arise in this respect.

Against the background of the business performance in the first six months of 2013, the Group forecast, which provides for consolidated sales revenues of between € 210 million and € 220 million and a net profit of between € 9 million and € 11 million for the full year 2013, appears quite ambitious. At this stage, the Managing Board nevertheless stands by these plans. Accomplishing the full-year projections will hinge on the activities in Russia in the second half of 2013. If sales revenues in Russia increase significantly and the losses in the second half of the year are reduced compared to the first half of 2013, the earnings position in the second half of the year will be much better than in the first half. The current consolidation in the German DIY store sector, which reached a temporary peak in July, when the Praktiker and Max Bahr DIY store chains filed for insolvency, is another factor of uncertainty. Max Bahr being a long-standing customer of A.S. Création, the insolvency proceedings will have an adverse impact on A.S. Création's sales revenues in the second half of the year. The Managing Board does not expect any negative surprises in other countries. In spite of the uncertainties, the Managing Board still believes it is possible to reach the full-year forecast, although sales revenues and net profit will probably come in at the lower end of the projected range.

The risk and opportunity profile of A.S. Création Tapeten AG has not changed materially as compared to the presentation in the 2012 Annual Report.

Statement pursuant to Article 315 paragraph 1 sentence 6 of the German Commercial Code (Handelsgesetzbuch 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 26, 2013

A.S. Création Tapeten AG

The Managing Board

Kämper

Krämer

Suskas

A.S. Création Tapeten AG, Gummersbach

Consolidated balance sheet

as per June 30, 2013

Assets		
	30.06.2013	31.12.2012
	€ '000	€ '000
Tangible fixed assets	40,802	42,290
Intangible fixed assets	8,210	8,197
Financial assets	13,300	13,240
Investments accounted for at equity	6	1,989
Other assets	1,241	956
Income tax receivables	1,108	1,085
Deferred tax assets	953	905
Non-current assets	65,620	68,662
Inventories	50,726	45,571
Trade receivables	44,210	34,231
Other assets	7,794	5,763
Income tax receivables	593	368
Cash and cash equivalents	4,893	7,153
Current assets	108,216	93,086
Total assets	173,836	161,748
Equity and liabilities		
	30.06.2013	31.12.2012
	€ '000	€ '000
Capital stock	9,000	9,000
Capital reserves	13,757	13,757
Revenue reserves	67,749	59,691
Profit carried forward	5,307	9,042
Net profit	4,183	7,358
Adjustment for own shares	-4,021	-4,021
Currency translation differences	57	12
Equity	96,032	94,839
Financial liabilities (interest-bearing)	21,608	23,573
Other liabilities	1,050	1,251
Provisions for pensions	9,863	10,016
Deferred tax liabilities	5,010	5,274
Non-current liabilities	37,531	40,114
Financial liabilities (interest-bearing)	6,518	4,636
Other liabilities	15,263	12,742
Trade payables	14,868	7,353
Other provisions	67	103
Tax liabilities	3,557	1,961
Current liabilities	40,273	26,795
Total equity and liabilities	173,836	161,748

A.S. Création Tapeten AG, Gummersbach

Consolidated income statement

for the six-month period ended June 30, 2013

	Notes No.	2013 € '000	2012 € '000
Sales	(2)	104,756	103,552
Increase or decrease in unfinished and finished goods		1,674	1,763
Other own work capitalised		0	8
Total output		106,430	105,323
Cost of materials		52,548	53,633
Gross profit		53,882	51,690
Other income		364	520
		54,246	52,210
Personnel expenses		23,269	22,204
Depreciation		4,630	4,800
Operating taxes		256	250
Other operating expenses		16,593	15,762
Operating expenses		44,748	43,016
Earnings before interest and taxes (EBIT)		9,498	9,194
Interest and similar income		376	250
Results from investments accounted for at equity		-1,958	-398
Interest and similar expenses		764	871
Financial result		-2,346	-1,019
Earnings before income taxes		7,152	8,175
Income taxes	(3)	2,969	2,714
Net profit		4,183	5,461
Earnings per share	(4)	1.52 €	1.98 €

Consolidated statement of comprehensive income

for the six-month period ended June 30, 2013

	2013 € '000	2012 € '000
Net profit	4,183	5,461
Foreign currency translation differences for fully consolidated companies	70	20
Foreign currency translation differences for investments accounted for at equity	-25	-34
Change in fair value of an interest rate hedge	106	-52
Actuarial gains from pension provision	290	0
Deferred taxes	-123	15
Other comprehensive income	318	-51
Total comprehensive income	4,501	5,410

A.S. Création Tapeten AG, Gummersbach

Consolidated income statement

for the three-month period ended June 30, 2013 (2nd quarter)

	Notes No.	2013 € '000	2012 € '000
Sales	(2)	50,227	48,406
Increase or decrease in unfinished and finished goods		2,592	1,615
Other own work capitalised		0	0
Total output		52,819	50,021
Cost of materials		26,830	25,470
Gross profit		25,989	24,551
Other income		166	210
		26,155	24,761
Personnel expenses		11,915	11,178
Depreciation		2,349	2,395
Operating taxes		131	129
Other operating expenses		7,510	7,039
Operating expenses		21,905	20,741
Earnings before interest and taxes (EBIT)		4,250	4,020
Interest and similar income		171	144
Results from investments accounted for at equity		-1,448	-333
Interest and similar expenses		388	434
Financial result		-1,665	-623
Earnings before income taxes		2,585	3,397
Income taxes	(3)	1,338	1,225
Net profit		1,247	2,172
Earnings per share	(4)	0.45 €	0.79 €

Consolidated statement of comprehensive income

for the three-month period ended June 30, 2013 (2nd quarter)

	2013 € '000	2012 € '000
Net profit	1,247	2,172
Foreign currency translation differences for fully consolidated companies	102	52
Foreign currency translation differences for investments accounted for at equity	-41	-160
Change in fair value of an interest rate hedge	196	-32
Actuarial gains from pension provision	290	0
Deferred taxes	-151	9
Other comprehensive income	396	-131
Total comprehensive income	1,643	2,041

A.S. Création Tapeten AG, Gummersbach

Consolidated statement of changes in equity

for the six-month period ended June 30, 2013

	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

	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, 2012	9,000	13,757	59,691	9,042	7,358	-4,021	12	94,839
Net profit 2012	0	0	0	7,358	-7,358	0	0	0
Dividend payments	0	0	0	-3,308	0	0	0	-3,308
Allocation to revenue reserves	0	0	7,785	-7,785	0	0	0	0
Total comprehensive income 2013	0	0	273	0	4,183	0	45	4,501
June 30, 2013	9,000	13,757	67,749	5,307	4,183	-4,021	57	96,032

A.S. Création Tapeten AG, Gummersbach

Consolidated cash flow statement

for the six-month period ended June 30, 2013

	2013 € '000	2012 € '000
Operating activities		
Net profit	4,183	5,461
+ Depreciation on tangible and intangible fixed assets	4,630	4,800
+/- Increase/decrease in long-term provisions	136	133
-/+ Income/expenses from investments accounted for at equity	1,958	398
-/+ Increase/decrease in present value of corporate income tax credit	-28	-33
-/+ Income/expenses from changes in deferred taxes	-464	-698
Cash-flow	10,415	10,061
-/+ Profit/losses from disposal of tangible and intangible fixed assets	-15	215
-/+ Increase/decrease in inventories	-5,319	-2,391
-/+ Increase/decrease in trade receivables	-10,048	-6,944
+/- Increase/decrease in trade payables	7,579	4,213
-/+ Increase/decrease in other net working capital	4,264	7,277
Cash-flow from operating activities	6,876	12,431
Investing activities		
Capital expenditures on tangible and intangible fixed assets	-3,214	-2,636
- Cash outflows for credits and bonds granted	-2,560	-4,420
- Cash outflows for acquisitions of investments accounted for at equity	0	-909
Capital expenditures	-5,774	-7,965
+ Proceeds from the disposal of tangible and intangible fixed assets	66	112
Cash-flow from investing activities	-5,708	-7,853
Financing activities		
Dividends paid to shareholders of A.S. Création Tapeten AG	-3,308	-2,067
+/- Raising/repayment of financial liabilities (interest-bearing)	-83	-121
Cash-flow from financing activities	-3,391	-2,188
Net change in cash and cash equivalents	-2,223	2,390
+/- Change in cash and cash equivalents due to exchange rate fluctuations	-37	8
+ Cash and cash equivalents at January 1	7,153	2,358
Cash and cash equivalents at June 30	4,893	4,756

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, 2013

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, 2013 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, 2012. 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, 2012.

A.S. Création Tapeten AG has a policy of applying new IFRS as soon as they become effective. The newly published IFRS, especially IAS 19 (rev. 2011) "Employee Benefits", 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 2013 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 2012.

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 £ 0.85081/€ (2012: £ 0.82259/€) and a closing rate of £ 0.85790/€ (2012: £ 0.80650/€) were used for the pound sterling, while an average annual rate of RUB 40.75900/€ (2012: RUB 39.72604/€) and a closing rate of RUB 42.71800/€ (2012: RUB 41.42530/€) were applied for the Russian rouble.

Notes to the balance sheet

(1) Contingent liabilities

Contingent liabilities result from the current investigations by the German and French anti-trust authorities, which are conducting separate proceedings to find out whether there have been agreements in restraint of competition in the wallpaper industry. 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. The Managing Board is of the opinion that the arguments brought forward are suited to invalidate the accusations. Up to this date, the Federal Cartel Office has neither commented on the individual arguments brought forward by the company nor issued a penalty notice. The Managing Board is therefore unable to predict the outcome of these administrative offence proceedings. In view of the current state of the proceedings as outlined above and the defence strategy pursued by the company, no provision has been established, as in the previous year. The same applies to the two proceedings in France against SCE – Société de conception et d'édition SAS and MCF Investissement SAS, where the French anti-trust authorities first in July 2013 have submitted letters of accusation. Violations of anti-trust law generally pose a 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 per each violation. Also, there is a potential risk of claims for damages being raised by third parties in conjunction with anti-trust proceedings as well as with regard to charges resulting from the release of the company's directors and officers from potential penalty payments and claims for damages. A.S. Création Tapeten AG has released the people affected by the proceedings from potential penalty payments and claims for damages. For further details, refer to the information provided in the 2012 consolidated financial statements.

Notes to the income statement

(2) Sales

A breakdown of Group sales by region is provided below:

	Wallpaper Division		Fabrics Division		Consolidation		Group	
	2013	2012	2013	2012	2013	2012	2013	2012
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Germany	34,919	39,039	5,573	5,471	-110	-185	40,382	44,325
EU (excl. Germany)	45,366	44,097	1,074	1,196	-73	-142	46,367	45,151
European Union (EU)	80,285	83,136	6,647	6,667	-183	-327	86,749	89,476
Other Eastern Europe	19,502	16,854	508	396	0	0	20,010	17,250
Other countries	8,415	7,642	301	347	0	0	8,716	7,989
Sales (gross)	108,202	107,632	7,456	7,410	-183	-327	115,475	114,715
Reduction in revenues	-10,292	-10,816	-427	-347	0	0	-10,719	-11,163
Sales (net)	97,910	96,816	7,029	7,063	-183	-327	104,756	103,552

(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:

	2013	2012
	€ '000	€ '000
Current income tax expenses	3,433	3,412
Deferred taxes	-464	-698
	2,969	2,714

(4) Earnings per share

Earnings per share are calculated as follows:

		2013	2011
Number of shares outstanding (weighted average)	shares	2,756,351	2,756,351
Net profit	€ '000	4,183,132	5,461,078
Earnings per share	€/share	1.52	1.98

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:

	2013	2012
	€ '000	€ '000
Interest received	45	7
Interest paid	478	646
Income tax paid	2,094	1,610
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:

	2013	2012
	€ '000	€ '000
Raising of financial liabilities (excl. financial lease)	1,632	1,257
Raising of liabilities under financial lease contracts	0	0
Repayment of financial liabilities (excl. financial lease)	-1,490	-1,156
Repayment of liabilities under financial lease contracts	-225	-222
	-83	-121

(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	
	2013	2012	2013	2012	2013	2012	2013	2012
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
External sales	97,810	96,649	6,946	6,903	0	0	104,756	103,552
Intra-Group sales	100	167	83	160	-183	-327	0	0
Total sales	97,910	96,816	7,029	7,063	-183	-327	104,756	103,552
EBITDA ¹	13,925	13,659	203	335	0	0	14,128	13,994
EBITDA-margin	14.2%	14.1%	2.9%	4.7%			13.5%	13.5%
EBIT ²	9,371	8,933	127	261	0	0	9,498	9,194
EBIT-margin	9.6%	9.2%	1.8%	3.7%			9.1%	8.9%
Interest income	442	349	0	1	-66	-100	376	250
Results from investments accounted for at equity	-1,958	-398	0	0	0	0	-1,958	-398
Interest expenses	741	842	89	129	-66	-100	764	871
Earnings before taxes	7,114	8,042	38	133	0	0	7,152	8,175
Return on sales (before taxes)	7.3%	8.3%	0.5%	1.9%			6.8%	7.9%
Income taxes	2,957	2,673	12	41	0	0	2,969	2,714
Capital expenditures ³	5,696	7,909	78	56	0	0	5,774	7,965
Depreciation	4,554	4,726	76	74	0	0	4,630	4,800
Cash-flow ³	10,314	9,854	101	207	0	0	10,415	10,061
Segment assets 30.06 ⁴	158,981	155,289	7,585	7,506	-277	-230	166,289	162,565
thereof non-current assets	(62,294)	(66,412)	(1,264)	(1,235)	(0)	(0)	(63,558)	(67,647)
Segment liabilities 30.06 ⁵	29,703	28,161	1,823	1,846	-277	-230	31,249	29,777
Employees (average)	761	739	72	70	0	0	833	809

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** and cash-flow correspond with the items which are 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 € 63.558 million (2012: € 67.647 million), an amount of € 36.588 million (2012: € 39.736 million) relates to Germany, an amount of € 13.595 million (2012: € 14.711 million) to other EU countries and an amount of € 13.375 million (2012: € 13.200 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
- Maik Holger Krämer, Finance and Controlling
- Antonios Suskas, Production and Logistics (since April 1, 2013)
- Karl-Heinz Hallwig, Production and Logistics (until March 31, 2013)

(8) Related party transactions

All business relations with related parties are contractually agreed and conducted on an arm's length basis.

In the fiscal year, A.S. Création maintained business relations with OOO A.S. & Palitra, which is accounted for using the equity method. Details of the business relationship are shown below:

	2013	2012
	€ '000	€ '000
Sales	465	0
Purchases	3,042	0
Interest income	369	243

	30.06.2013	30.06.2012
	€ '000	€ '000
Shareholder loans	13,300	10,620
Receivables	3,650	361
Liabilities	1,273	0

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 2012 continued to exist in the period under review.

(9) Post balance sheet events

Following on from the search conducted in November 2010, the French Cartel Office has sent letters of accusation to SCE – Société de conception et d'édition SAS and MCF Investissement SAS, two French companies which are members of the A.S. Création Group, to officially inform them that administrative offence proceedings have been opened against them. In its letter, the French Cartel Office has raised accusations of an information exchange in the period from 2006 to 2010 which it considers to constitute a violation of anti-trust law. No accusations of price fixing have been raised.

Gummersbach, July 26, 2013

A.S. Création Tapeten AG

The Managing Board

Kämper

Krämer

Suskas

Investor Relations

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