



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

A.S. CRÉATION TAPETEN AG

		2009	2010	2011	2012	2013
Sales	€ '000	135,067	138,540	146,602	151,930	153,094
EBIT	€ '000	9,935	11,247	8,474	11,558	11,713
Earnings before income taxes	€ '000	8,222	9,859	6,989	10,193	8,550
Net profit	€ '000	5,775	6,748	4,581	6,811	4,852
Earnings per share	€/share	2.10	2.45	1.66	2.47	1.76
Cash-flow	€ '000	12,707	14,034	11,667	13,866	13,789
Capital expenditures	€ '000	4,118	5,106	16,735	10,258	7,292
Depreciation	€ '000	7,071	7,577	7,558	7,362	7,045
Number of employees (average)		793	772	792	828	836

A.S. Création Tapeten AG, Gummersbach

Management Report

on the business performance for the nine-month period ended September 30, 2013

Sales performance

The improved qualitative sentiment indicators in the European Union (EU) again failed to be reflected in the economic data in the third quarter of 2013. Right on the contrary, eurozone GDP declined by 0.3% in Q3 2013, with an 0.4% decline now projected for the full year 2013. The German economy also fell short of expectations in the third quarter, leading to a downward revision of the forecasts for the full year 2013. A GDP growth rate of only 0.4% now appears to be a realistic assumption for Germany. The overall impression is that the economic research institutes do not expect the EU economy to recover before 2014 and have “given up“ the year 2013. Economic growth has been disappointing in the year to date also in other regions which are important for A.S. Création. As a result, economic forecasts have been downgraded; the Russian economy, for instance, is now expected to grow by about 2.0% in the full year 2013, compared to previous growth projections of between 3.5% and 4.0%. A.S. Création was unable to fully isolate itself from these macroeconomic developments in the current fiscal year. At € 153.1 million, Group sales revenues were up by only 0.8% on the previous year's € 151.9 million.

The analysis of the company's sales revenues shows that A.S. Création was able to increase its revenues in all regions with the exception of Germany. Gross sales revenues in the other EU countries, i.e. excluding Germany, climbed by 2.3% from € 65.1 million in the previous year to € 66.6 million in the first nine months of 2013. Against the background of the sales declines suffered by A.S. Création in this region in the previous years as well as the difficult macroeconomic environment in the EU, the Managing Board is very satisfied with this performance. Growing by 5.1%, A.S. Création's sales revenues in the other countries outside Western and Eastern Europe were satisfactory as well.

Although sales revenues in non-EU Eastern European countries increased by 12.2% in the first nine months of the year, which is quite a pleasant growth rate at first sight, they fell short of the company's plans. At the time the Managing Board issued its projections for 2013, it had assumed that the products manufactured by the new Russian plant could be placed in the market more quickly than actually is the case, which would have resulted in much higher sales growth in the current fiscal year. A.S. Création has been unable to realise its original plans within the projected time-frame, as the Russian market is weaker and the placement of the new products requires a longer lead time than expected. While sales volumes are showing an upward trend, they are not sufficient to ensure continuous utilisation of the new Russian production capacities. This means that the sales revenues generated by A.S. Création in non-EU Eastern European countries, especially in Russia, are not satisfactory.

As far as Germany is concerned, the Managing Board had expected sales revenues to decline in 2013, as several major (first) orders had a positive effect on sales revenues in 2012. At 7.7%, the drop in gross revenues in the first nine months of the year was stronger than expected, however. This is due to the fact that, after many years of growth, total demand for wallpapers, i.e. the market volume, in Germany in the year to date has been lower than in the previous year.

Even though the overall sales performance in the current fiscal year has several positive aspects – as explained above – a revenue growth rate of 0.8% is clearly below expectations. The original projections for the full year 2013 had provided for sales revenues to grow by between 5.6% and 10.6%.

Earnings performance

Earnings before interest and taxes improved by 1.3% from € 11.6 million in the first nine months of 2012 to a new high of € 11.7 million in the reporting period. As this increase was almost entirely in sync with the increase in sales revenues, the earnings position remained almost unchanged in the current fiscal year. At 7.7%, the EBIT margin for the first nine months of 2013 was more or less on a par with the previous year's 7.6%. The following factors influenced the earnings position in the reporting period:

- Climbing from 49.0% in the previous year to 49.3% in the current fiscal year, the gross profit margin (gross profit in percent of total output) had a positive impact on the earnings position in the first nine months of 2013. In terms of the increased total output, this improvement represented additional gross profit of € 0.4 million, which was available to cover the other expense items.
- By contrast, the earnings position was adversely affected by the disproportionate increase in personnel expenses, which climbed 4.7% from € 32.7 million in the first nine months of 2012 to € 34.3 million in the reporting period. As a result, personnel expenses as a percentage of total output deteriorated to 22.2% (previous year: 21.5%). This is due, on the one hand, to the fact that the average headcount increased from 828 in the previous year to 836 in the first nine months of 2013. These are the employees who were hired in the course of 2012 and 2013 primarily by A.S. Création Tapeten AG and A.S. Création (RUS). Another reason is the fact that the two collective pay rises agreed in 2012 led to higher wages and salaries for most domestic employees in the first nine months of 2013, which were not offset by higher output.
- There was a moderate improvement in other operating expenses, which declined from the previous year's 15.3% to 15.0% of total output. While extensive modernisations of buildings and machines took place in the prior year period, these expenses returned to a normal, i.e. lower, level in the reporting period. By contrast, the company's increased presence at national and international trade fairs and exhibitions sent the respective expenses rising. In addition, the Russian sales organisation incurred higher rental and logistic expenses than in the previous year 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.

- Depreciation amounted to € 7.0 million in the first nine months of 2013 (previous year: € 7.4 million). This decline is primarily attributable to lower depreciation resulting from the purchase price allocation of the 2008 acquisitions in France, as the phased depreciation of the acquired customer bases ended at the end of 2012.

Between them, these factors led to the above-mentioned earnings before interest and taxes of € 11.7 million in the first nine months of 2013 (previous year: € 11.6 million).

The financial result, which deteriorated from € -1.4 million in the previous year to € -3.2 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 € 2.6 million, A.S. Création's pro-rata share in these losses in the first nine months of 2013 was much higher than in the same period of the previous year, when it had amounted to € 0.5 million. In response to these developments, which became apparent already in the first half of 2013, the two shareholders of the A.S. & Palitra joint venture decided various measures to intensify the marketing efforts and to achieve a faster increase in sales and, hence, faster capacity utilisation. The aim is to make the company break even as quickly as possible through a gradual increase in capacity utilisation and the ongoing optimisation of the production processes. As this aim will probably not be reached before 2014, the Russian operations are expected to weigh on the bottom line also in the fourth quarter of 2013.

Due to the poorer financial result, net profit for the first three quarters of 2013 was down by 28.8% on the previous year's € 6.8 million to € 4.9million. Based on an unchanged average number of 2,756,351 shares outstanding, earnings per share for the reporting period amounted to € 1.76 (previous year: € 2.47).

Net asset and financial position

While cash flow remained almost unchanged in the first nine months of 2013 at € 13.8 million (previous year: € 13.9 million), it contrasted with much higher financing requirements, which was due, among other things, to the following factors:

- At € 7.9 million, the typical seasonal increase in trade receivables in the first three quarters of 2013 was slightly higher than in the previous year, when it amounted to € 7.0 million. At 67 days (previous year: 67 days), the debt repayment period remained unchanged in the reporting period, however.
- Although inventories were reduced in the third quarter of the current fiscal year, additional funds of € 4.1 million (previous year: € 0.7 million) were tied up in inventories during the

first nine months of the current fiscal year. This increased capital tie-up in inventories is mainly attributable to the build-up of inventories in Russia. At 4.3 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 of FY 2012.

At the same time, financing requirements for capital expenditures declined. Capital expenditures were reduced by € 3.0 million from € 10.3 million in the first three quarters of 2012 to € 7.3 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, the reduction in net financial liabilities (difference between interest-bearing liabilities and cash and cash equivalents) in 2013 was lower than in the previous year. While A.S. Création was able to reduce its net financial liabilities by € 8.1 million in the first nine months of 2012, they have been cut by only € 1.2 million in the year to date. It should nevertheless be noted that net financial liabilities, at € 19.9 million as of September 30, 2013, were down by € 1.4 million on the previous year's € 21.3 million which means that the financial situation 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 the first nine months of 2013 (previous year: 1.2 years) as well as by the increase in the equity ratio from 55.5% on September 30, 2012 to 57.3% on September 30, 2013.

The net asset position of A.S. Création is also very solid in the opinion of the Managing Board. At 81.1% (previous year: 82.4%), the majority of the A.S. Création Group's total assets, which amounted to € 168.8 million as of September 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 4.6% (previous year: 4.6%) of total assets and 8.0% (previous year: 8.2%) of equity as of the balance sheet date.

Outlook

The Managing Board is not entirely satisfied with the fiscal year to date. The new activities in Russia have weighed on the Group result more strongly than had been expected. Accordingly, the Group's projections for the full year 2013, which provided for consolidated sales revenues of between € 210 million and € 220 million and a net profit of between € 9 million and € 11 million, will probably not be reached.

In spite of the higher-than-expected start-up losses of the new Russian operations, the Managing Board 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. This is why A.S. Création and Kof Palitra will make additional management capacities available to make this project successful in 2014.

The Managing Board does not expect the macroeconomic situation in the EU to improve in the fourth quarter of 2013. As mentioned above, the economic research institutes have downgraded their projections and expect GDP to decline by 0.4% in 2013. With regard to the performance of A.S. Création, the Managing Board assumes that the decline in sales revenues in Germany will slow down further in the fourth quarter and that sales revenues in the other EU countries will continue to grow. Based on this assumption, sales revenues in the EU will probably be only slightly lower in the full year 2013 than in the previous year.

From today's point of view, the Managing Board expects A.S. Création to generate consolidated sales revenues of between € 200 million and € 210 million in 2013.

As far as the company's earnings position is concerned, the Managing Board expects commodity and energy prices to stagnate in the coming months, which means that no adverse impact on earnings should come from this side. However, collective pay for most of the company's employees in Germany will be increased by another 3.0% with effect from November 1, 2013. As the two collective pay rises in 2012 have not been offset by productivity increases and have thus weighed on the bottom line, the upcoming wage rise will intensify this effect even further. The activities in Russia in the fourth quarter of 2013 and the rouble/euro exchange rate trend in the rest of the year will be the main factors influencing the Group's net profit. Accordingly, the earnings forecast for the full year 2013 remains subject to great uncertainty. From today's point of view, a consolidated net profit of € 5.0 million to € 6.5 million appears to be a realistic assumption. This estimate does not include the contingent liabilities arising from the pending anti-trust proceedings. For further details, please refer to the notes (see note No. 1).

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, October 25, 2013

A.S. Création Tapeten AG

The Managing Board

Kämper

Krämer

Suskas

A.S. Création Tapeten AG, Gummersbach

Consolidated balance sheet

as per September 30, 2013

Assets		
	30.09.2013	31.12.2012
	€ '000	€ '000
Tangible fixed assets	39,572	42,290
Intangible fixed assets	8,186	8,197
Financial assets	15,414	13,240
Investments accounted for at equity	0	1,989
Other assets	1,390	956
Income tax receivables	1,120	1,085
Deferred tax assets	1,050	905
Non-current assets	66,732	68,662
Inventories	49,513	45,571
Trade receivables	41,996	34,231
Other assets	4,013	5,763
Income tax receivables	727	368
Cash and cash equivalents	5,866	7,153
Current assets	102,115	93,086
Total assets	168,847	161,748
Equity and liabilities		
	30.09.2013	31.12.2012
	€ '000	€ '000
Capital stock	9,000	9,000
Capital reserves	13,757	13,757
Revenue reserves	67,677	59,691
Profit carried forward	5,307	9,042
Net profit	4,852	7,358
Adjustment for own shares	-4,021	-4,021
Currency translation differences	94	12
Equity	96,666	94,839
Financial liabilities (interest-bearing)	20,611	23,573
Other liabilities	1,019	1,251
Provisions for pensions	9,926	10,016
Deferred tax liabilities	4,805	5,274
Non-current liabilities	36,361	40,114
Financial liabilities (interest-bearing)	5,154	4,636
Other liabilities	16,800	12,742
Trade payables	10,046	7,353
Other provisions	67	103
Tax liabilities	3,753	1,961
Current liabilities	35,820	26,795
Total equity and liabilities	168,847	161,748

A.S. Création Tapeten AG, Gummersbach

Consolidated income statement

for the nine-month period ended September 30, 2013

	Notes No.	2013 € '000	2012 € '000
Sales	(2)	153,094	151,930
Increase or decrease in unfinished and finished goods		1,234	96
Other own work capitalised		0	8
Total output		154,328	152,034
Cost of materials		78,295	77,528
Gross profit		76,033	74,506
Other income		588	761
		76,621	75,267
Personnel expenses		34,287	32,744
Depreciation		7,045	7,362
Operating taxes		423	390
Other operating expenses		23,153	23,213
Operating expenses		64,908	63,709
Earnings before interest and taxes (EBIT)		11,713	11,558
Interest and similar income		596	423
Results from investments accounted for at equity		-2,623	-490
Interest and similar expenses		1,136	1,298
Financial result		-3,163	-1,365
Earnings before income taxes		8,550	10,193
Income taxes	(3)	3,698	3,382
Net profit		4,852	6,811
Earnings per share	(4)	1.76 €	2.47 €

Consolidated statement of comprehensive income

for the nine-month period ended September 30, 2013

	2013 € '000	2012 € '000
Net profit	4,852	6,811
Foreign currency translation differences for fully consolidated companies	121	-1
Foreign currency translation differences for investments accounted for at equity	-39	45
Change in fair value of an interest rate hedge	146	-86
Actuarial gains/losses from pension provision	145	0
Deferred taxes	-90	25
Other comprehensive income	283	-17
Total comprehensive income	5,135	6,794

A.S. Création Tapeten AG, Gummersbach

Consolidated income statement

for the three-month period ended September 30, 2013 (3rd quarter)

	Notes No.	2013 € '000	2012 € '000
Sales	(2)	48,338	48,378
Increase or decrease in unfinished and finished goods		-440	-1,667
Other own work capitalised		0	0
Total output		47,898	46,711
Cost of materials		25,747	23,895
Gross profit		22,151	22,816
Other income		224	241
		22,375	23,057
Personnel expenses		11,018	10,540
Depreciation		2,415	2,562
Operating taxes		167	140
Other operating expenses		6,560	7,451
Operating expenses		20,160	20,693
Earnings before interest and taxes (EBIT)		2,215	2,364
Interest and similar income		220	173
Results from investments accounted for at equity		-665	-92
Interest and similar expenses		372	427
Financial result		-817	-346
Earnings before income taxes		1,398	2,018
Income taxes	(3)	729	668
Net profit		669	1,350
Earnings per share	(4)	0.24 €	0.49 €

Consolidated statement of comprehensive income

for the three-month period ended September 30, 2013 (3rd quarter)

	2013 € '000	2012 € '000
Net profit	669	1,350
Foreign currency translation differences for fully consolidated companies	51	-21
Foreign currency translation differences for investments accounted for at equity	-14	79
Change in fair value of an interest rate hedge	40	-34
Actuarial gains/losses from pension provision	-145	0
Deferred taxes	33	10
Other comprehensive income	-35	34
Total comprehensive income	634	1,384

A.S. Création Tapeten AG, Gummersbach

Consolidated statement of changes in equity

for the nine-month period ended September 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	-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

	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	201	0	4,852	0	82	5,135
September 30, 2013	9,000	13,757	67,677	5,307	4,852	-4,021	94	96,666

A.S. Création Tapeten AG, Gummersbach

Consolidated cash flow statement

for the nine-month period ended September 30, 2013

	2013 € '000	2012 € '000
Operating activities		
Net profit	4,852	6,811
+ Depreciation on tangible and intangible fixed assets	7,045	7,362
+/- Increase/decrease in long-term provisions	54	200
-/+ Income/expenses from investments accounted for at equity	2,623	490
-/+ Increase/decrease in present value of corporate income tax credit	-42	-50
-/+ Income/expenses from changes in deferred taxes	-743	-947
Cash-flow	13,789	13,866
-/+ Profit/losses from disposal of tangible and intangible fixed assets	1	583
-/+ Increase/decrease in inventories	-4,127	-687
-/+ Increase/decrease in trade receivables	-7,885	-7,038
+/- Increase/decrease in trade payables	2,758	3,165
-/+ Increase/decrease in other net working capital	7,129	10,421
Cash-flow from operating activities	11,665	20,310
Investing activities		
Capital expenditures on tangible and intangible fixed assets	-4,445	-4,124
- Cash outflows for credits and bonds granted	-2,847	-5,225
- Cash outflows for acquisitions of investments accounted for at equity	0	-909
Capital expenditures	-7,292	-10,258
+ Proceeds from the disposal of tangible and intangible fixed assets	121	151
Cash-flow from investing activities	-7,171	-10,107
Financing activities		
Dividends paid to shareholders of A.S. Création Tapeten AG	-3,308	-2,067
+/- Raising/repayment of financial liabilities (interest-bearing)	-2,444	-2,293
Cash-flow from financing activities	-5,752	-4,360
Net change in cash and cash equivalents	-1,258	5,843
+/- Change in cash and cash equivalents due to exchange rate fluctuations	-29	15
+ Cash and cash equivalents at January 1	7,153	2,358
Cash and cash equivalents at September 30	5,866	8,216

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 nine month period ended September 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 nine-month period ended September 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 £ 0.85203/€ (2012: £ 0.81218/€) and a closing rate of £ 0.83570/€ (2012: £ 0.79850/€) were used for the pound sterling, while an average annual rate of RUB 41.71235/€ (2012: RUB 39.81971/€) and a closing rate of RUB 43.64970/€ (2012: RUB 40.14700/€) 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. For the proceedings against SCE - Société de conception et d'édition SAS and MCF Investissement SAS no provisions have been established, either. 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	50,359	55,281	7,993	8,055	-156	-256	58,196	63,080
EU (excl. Germany)	65,132	63,591	1,546	1,678	-90	-187	66,588	65,082
European Union (EU)	115,491	118,872	9,539	9,733	-246	-443	124,784	128,162
Other Eastern Europe	30,362	27,114	734	605	0	0	31,096	27,719
Other countries	12,946	12,256	422	462	0	0	13,368	12,718
Sales (gross)	158,799	158,242	10,695	10,800	-246	-443	169,248	168,599
Reduction in revenues	-15,543	-16,124	-612	-545	1	0	-16,154	-16,669
Sales (net)	143,256	142,118	10,083	10,255	-245	-443	153,094	151,930

(3) Income taxes

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

	2013	2012
	€ '000	€ '000
Current income tax expenses	4,441	4,329
Deferred taxes	-743	-947
	3,698	3,382

(4) Earnings per share

Earnings per share are calculated as follows:

		2013	2012
Number of shares outstanding (weighted average)	shares	2,756,351	2,756,351
Net profit	€	4,852,166	6,811,272
Earnings per share	€/share	1.76	2.47

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	14	11
Interest paid	738	963
Income tax paid	3,057	2,548
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)	634	40
Raising of liabilities under financial lease contracts	0	0
Repayment of financial liabilities (excl. financial lease)	-2,739	-2,000
Repayment of liabilities under financial lease contracts	-339	-333
	-2,444	-2,293

(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	143,115	141,889	9,979	10,041	0	0	153,094	151,930
Intra-Group sales	141	229	104	214	-245	-443	0	0
Total sales	143,256	142,118	10,083	10,255	-245	-443	153,094	151,930
EBITDA ¹	18,565	18,433	289	487	-96	0	18,758	18,920
EBITDA-margin	13.0%	13.0%	2.9%	4.7%			12.3%	12.5%
EBIT ²	11,634	11,184	169	374	-90	0	11,713	11,558
EBIT-margin	8.1%	7.9%	1.7%	3.6%			7.7%	7.6%
Interest income	694	570	1	1	-99	-148	596	423
Results from investments accounted for at equity	-2,623	-490	0	0	0	0	-2,623	-490
Interest expenses	1,101	1,255	134	191	-99	-148	1,136	1,298
Earnings before taxes	8,604	10,009	36	184	-90	0	8,550	10,193
Return on sales (before taxes)	6.0%	7.0%	0.4%	1.8%			5.6%	6.7%
Income taxes	3,711	3,325	12	57	-25	0	3,698	3,382
Capital expenditures ³	7,154	10,144	234	114	-96	0	7,292	10,258
Depreciation	6,931	7,249	120	113	-6	0	7,045	7,362
Cash-flow ³	13,747	13,570	138	296	-96	0	13,789	13,866
Segment assets 30.09 ⁴	152,837	152,013	7,627	7,237	-379	-250	160,085	159,000
thereof non-current assets	(63,294)	(65,692)	(1,358)	(1,248)	(-90)	(0)	(64,562)	(66,940)
Segment liabilities 30.09 ⁵	23,433	29,364	1,829	1,633	-289	-250	24,973	30,747
Employees (average)	764	755	72	73	0	0	836	828

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 € 64.562 million (2012: € 66.940 million), an amount of € 37.725 million (2012: € 38.584 million) relates to Germany, an amount of € 13.292 million (2012: € 14.362 million) to other EU countries and an amount of € 13.545 million (2012: € 13.994 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	479	0
Purchases	4,829	0
Interest income	582	412

	30.09.2013	30.09.2012
	€ '000	€ '000
Shareholder loans	16,086	11,425
Receivables	1,220	530
Liabilities	1,308	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

No events that require reporting have occurred.

Gummersbach, October 25, 2013

A.S. Création Tapeten AG

The Managing Board

Kämper

Krämer

Suskas

Investor Relations

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