



**INTERIM REPORT FOR THE PERIOD  
ENDED MARCH 31, 2014**

**A.S. CRÉATION TAPETEN AG**

		2010	2011	2012	2013	2014
<b>Sales</b>	€ '000	51,779	53,326	55,146	54,529	54,328
<b>EBIT</b>	€ '000	5,048	4,658	5,174	5,248	3,661
<b>Earnings before income taxes</b>	€ '000	4,569	4,257	4,778	4,567	2,208
<b>Net profit</b>	€ '000	3,128	2,897	3,289	2,936	932
<b>Earnings per share</b>	€/share	1.13	1.05	1.19	1.07	0.34
<b>Cash-flow</b>	€ '000	5,155	5,132	5,504	5,668	4,374
<b>Capital expenditures</b>	€ '000	1,608	2,291	2,103	1,523	1,832
<b>Depreciation</b>	€ '000	2,318	2,559	2,405	2,281	2,360
<b>Number of employees</b>		766	781	808	834	828

# A.S. Création Tapeten AG, Gummersbach

## Management Report

on the business performance for the three-month period ended March 31, 2014

### **Sales performance**

The positive macroeconomic tendencies which emerged in the eurozone in the course of 2013 continued in the first quarter of 2014. The 1.0% increase in the gross domestic product in the first three months of 2014 was driven mainly by spending on plant and machinery as well as exports, while consumer spending was only slightly higher than in the previous year. Stronger growth in the eurozone economy was prevented by the weak Italian and French economies. By contrast, the trend in Germany was very positive, with GDP growing by 2.4% in the first quarter of 2014. The situation in Ukraine is giving cause for concern, as the Eastern European countries outside the European Union (EU) represent an important output market for A.S. Création. At present, only very moderate growth is projected for the Russian economy, while Ukraine's GDP is expected to decline sharply in 2014.

These macroeconomic developments are reflected in A.S. Création's sales performance in the first quarter of 2014. Gross sales revenues in the EU increased by 5.3% from € 46.2 million in the previous year to € 48.6 million in the reporting period. The sales performance in Germany was especially gratifying, as A.S. Création benefited from the takeover of former Praktiker and Max Bahr stores by other DIY store operators. As these stores were refitted, A.S. Création was able to increase its domestic gross revenues by 7.2% in the first three months of 2014. The situation in the non-EU Eastern European countries was entirely different, with gross revenues falling by 20.6% from the previous year's € 10.7 million to € 8.5 million. Wallpaper exports to Russia and Ukraine fell significantly. Declining consumer spending combined with the depreciation of the local currencies against the euro led to a drop in demand for A.S. Création's German-made wallpapers. While sales of Russian-made wallpapers went up strongly at the same time, this increase was insufficient to offset the decline in export sales. At € 54.3 million, the Group's total first-quarter revenues were down by a moderate 0.4% on the previous year's € 54.5 million. This means that sales revenues in the first three months of 2014 fell short of the company's projections, according to which revenues in the full year 2014 will grow by between 2.6% and 7.6%. Given, however, that the external effects resulting from the Ukraine crisis had a very strong influence on first-quarter revenues, the Managing Board is satisfied that A.S. Création's sales revenues almost reached the prior year level.

### **Earnings performance**

Earnings before interest and taxes decreased by 30.2% from € 5.2 million in the first three months of 2014 to € 3.7 million in the reporting period. The resulting decline in the EBIT margin from 9.6% in the previous year to 6.7% in the current fiscal year is attributable to the following effects:

- The gross profit margin (gross profit in percent of total output) reached 50.1% in the first quarter of 2014. While this means that the negative trend seen in the course of 2013 has been halted, which is regarded as a positive sign by the Managing Board, the margin is still 1.9 percentage points below the 52.0% posted in the first quarter of 2013. This difference in the gross profit margin is equivalent to a gross profit shortfall of about € 1.0 million. The main reason for the lower gross profit margin is attributable to the greater share of high-margin export sales to Eastern European countries in the first quarter of 2013.
- At € 11.4 million, personnel expenses stayed at the prior year level in the reporting period (previous year: € 11.4 million). Due to the reduced total output, however, personnel expenses as a percentage of total output declined moderately from 21.2% in the previous year to 21.5% in the first three months of 2014.
- In conjunction with the Ukraine crisis, the Russian rouble continued to depreciate against the euro and lost over 8% in the first quarter of 2014. A.S. Création's translation-related exchange losses, which are included in other operating expenses, consequently increased to € 0.7 million (previous year: € 0.0 million). As a result, other operating expenses of € 9.3 million exceeded the previous year's € 9.1 million. In spite of the reduction in marketing and selling expenses achieved in the first quarter of 2014, other operating expenses as a percentage of total output therefore deteriorated from 16.9% in the previous year to 17.5% in the reporting period.

The above-mentioned depreciation of the Russian rouble led to translation-related exchange losses also at our Russian joint venture, A.S. & Palitra, as the company is mainly financed in euros. Since A.S. Création's share in the result of the joint venture is included in the financial result in A.S. Création's income statement, these exchange losses are reflected in a decline in income from financial investments accounted for using the equity method from € -0.5 million in the previous year to € -1.4 million in the current fiscal year. It is positive to see that the Russian production company – adjusted for the exchange losses – almost reached break-even in the first quarter of 2014. Adjusted for the translation-related currency effects, A.S. Création's share in the result of the joint venture amounted to € -0.2 million (previous year: € -0.6 million). The measures taken in the second half of 2013 with a view to stepping up the distribution activities have meanwhile taken effect, as the utilisation of the production capacity has increased significantly and the production processes have been improved. The Managing Board is of the opinion that the Russian production company is on a good course.

In spite of these positive signs, however, earnings before taxes were down by € 2.4 million or 51.6% on the previous year's € 4.6 million to € 2.2 million in the first quarter of 2014. Of this decline, € 1.9 million relates to the translation-related exchange losses described above and € 0.5 million relates to the gross profit shortfall which could not be offset by cost savings.

Earnings before taxes include expense items of € 1.4 million (previous year: € 0.5 million) in the form of the pro-rated losses of the Russian joint venture accounted for using the equity method which do not reduce the tax assessment base. Accordingly, the Group's imputed tax rate increased to from 35.7% in the first quarter of 2013 to 57.8% in the reporting period; as a result, net profit declined more strongly than earnings before taxes. At € 0.9 million, net profit was down by 68.2% on the previous year's € 2.9 million. Based on the unchanged number of

shares outstanding of 2,756,351, earnings per share amounted to € 0.34 in the reporting period (previous year: € 1.07).

### **Net assets and financial position**

At € 4.4 million, cash flow was down by € 1.3 million on the previous year's € 5.7 million. This reduced cash flow was insufficient to cover the company's financing requirements; as a result, net financial liabilities increased by € 2.6 million from € 20.3 million on December 31, 2013 to € 22.9 million on March 31, 2014.

Besides the typical seasonal increase in trade receivables, which amounted to € 11.4 million in the first quarter of 2014 (previous year: € 13.2 million), liquid funds in the amount of € 2.0 million (previous year: € 0.0 million) were used in the first quarter to pay part of the fine imposed on the company in conjunction with the anti-trust proceedings in Germany. The respective provision of € 2.0 million was established already in the context of the preparation of the financial statements for 2013 (for further details, please refer to the 2013 consolidated financial statements). The payment was made exclusively because of commercial considerations, as it avoids the obligation to pay interest on a potential fine up to this amount. As this payment was made voluntarily and is subject to repayment in the event of a successful appeal procedure, it does not constitute an admission of guilt. Right on the contrary, the Managing Board of A.S. Création remains determined to defend itself against the accusations made by the German Federal Cartel Office in court.

Capital expenditures of € 1.8 million made in the first three months of 2014 (previous year: € 1.5 million) resulted in slightly increased financing requirements.

In spite of the higher net financial liabilities, the financial position of A.S. Création remains solid. The debt repayment period stands at a low level of 1.3 years (previous year: 0.8 years), and an equity ratio of 56.7% as of March 31, 2014 (previous year: 55.7%) means that A.S. Création has a very good equity capitalisation.

The Managing Board also considers the net worth position of A.S. Création to be very sound. As of March 31, 2014, the Group's total assets amounted to € 166.6 million (previous year: € 175.4 million), of which 80.8% (previous year: 82.0%) related to property, plant and equipment, inventories, trade receivables as well as cash and cash equivalents. Goodwill recognised in the consolidated financial statements represented only 4.6% (previous year: 4.4%) of total assets and 8.2% (previous year: 7.9%) of the equity.

### **Forecast report**

While the Managing Board is not satisfied with the business performance in the first quarter, it does not regard it as an indicator for the full year 2014.

Sales revenues in the European Union should continue to increase, as was the case in the first quarter. The basis for such an increase has been laid thanks to good product

development. Sales of Russian-made wallpapers by the Russian distribution company, A.S. Création (RUS), should pick up as well, as the products presented by the company at the Moscow trade fair in April 2014 met with a positive response and the company meanwhile also supplies larger customers. Greater uncertainties exist, however, with regard to wallpaper exports from Germany to Russia and Ukraine. They are expected to decline further, although the size of this decline is impossible to predict at this stage. The further course of the year will show whether the negative effects resulting from the Ukraine crisis will offset the sales successes in other regions.

The earnings situation of A.S. Création should improve in the coming months provided that the Russian rouble does not depreciate at a rate similar to that seen in the first quarter of 2014. Based on this assumption, no exchange losses of a similar amount would be incurred in the coming quarters. The Managing Board also believes that the operating earnings situation of the Russian production company will continue to improve and that the company will make growing profit contributions. The rationalisation and austerity measures initiated at A.S. Création Tapeten AG should result in an improved cost structure and, hence, a better earnings position.

The risk and opportunity profile of A.S. Création Tapeten AG has not changed materially as compared to the presentation in the 2013 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, April 28, 2014

#### **A.S. Création Tapeten AG**

The Managing Board

Kämper

Krämer

Suskas

# A.S. Création Tapeten AG, Gummersbach

## Consolidated balance sheet

as per March 31, 2014

<b>Assets</b>		
	31.03.2014	31.12.2013
	€ '000	€ '000
Tangible fixed assets	37,358	38,312
Intangible fixed assets	8,190	8,184
Investments accounted for at equity	0	0
Financial assets	13,098	13,946
Other assets	3,739	1,539
Income tax receivables	840	831
Deferred tax assets	1,221	1,149
<b>Non-current assets</b>	<b>64,446</b>	<b>63,961</b>
Inventories	47,005	47,606
Trade receivables	45,964	34,688
Other assets	4,591	5,371
Income tax receivables	259	797
Cash and cash equivalents	4,373	6,644
<b>Current assets</b>	<b>102,192</b>	<b>95,106</b>
<b>Total assets</b>	<b>166,638</b>	<b>159,067</b>
<b>Equity and liabilities</b>		
	31.03.2014	31.12.2013
	€ '000	€ '000
Capital stock	9,000	9,000
Capital reserves	13,757	13,757
Revenue reserves	66,599	67,043
Profit carried forward	7,434	6,112
Net profit	932	1,323
Adjustment for own shares	-4,021	-4,021
Currency translation differences	715	259
<b>Equity</b>	<b>94,416</b>	<b>93,473</b>
Financial liabilities (interest-bearing)	18,813	19,746
Other liabilities	982	978
Provisions	12,368	11,706
Deferred tax liabilities	4,352	4,754
<b>Non-current liabilities</b>	<b>36,515</b>	<b>37,184</b>
Financial liabilities (interest-bearing)	8,465	7,215
Other liabilities	14,567	11,543
Trade payables	12,338	9,026
Provisions	69	113
Tax liabilities	268	513
<b>Current liabilities</b>	<b>35,707</b>	<b>28,410</b>
<b>Total equity and liabilities</b>	<b>166,638</b>	<b>159,067</b>

# A.S. Création Tapeten AG, Gummersbach

## Consolidated income statement

for the three-month period ended March 31, 2014

	Notes No.	2014 € '000	2013 € '000
<b>Sales</b>	(2)	<b>54,328</b>	<b>54,529</b>
Increase or decrease in unfinished and finished goods		-1,297	-918
<b>Total output</b>		<b>53,031</b>	<b>53,611</b>
Cost of materials		26,437	25,718
<b>Gross profit</b>		<b>26,594</b>	<b>27,893</b>
<b>Other income</b>		<b>196</b>	<b>198</b>
		<b>26,790</b>	<b>28,091</b>
Personnel expenses		11,388	11,354
Depreciation		2,360	2,281
Operating taxes		122	125
Other operating expenses		9,259	9,083
<b>Operating expenses</b>		<b>23,129</b>	<b>22,843</b>
<b>Earnings before interest and taxes (EBIT)</b>		<b>3,661</b>	<b>5,248</b>
Interest and similar income		209	205
Results from investments accounted for at equity		-1,373	-510
Interest and similar expenses		289	376
<b>Financial result</b>		<b>-1,453</b>	<b>-681</b>
<b>Earnings before income taxes</b>		<b>2,208</b>	<b>4,567</b>
Income taxes	(3)	1,276	1,631
<b>Net profit</b>		<b>932</b>	<b>2,936</b>
<b>Earnings per share</b>	(4)	<b>0.34 €</b>	<b>1.07 €</b>

# A.S. Création Tapeten AG, Gummersbach

## Consolidated statement of comprehensive income

for the three-month period ended March 31, 2014

	2014	2013
	€ '000	€ '000
<b>Net profit</b>	<b>932</b>	<b>2,936</b>
Items, that will not be reclassified to the profit and loss account in the future:		
Actuarial gains/losses from pension provisions	-603	0
Deferred taxes on other comprehensive income	187	0
	<b>-416</b>	<b>0</b>
Items, that will be reclassified to the profit and loss account in the future:		
Foreign currency translation differences for fully consolidated companies	240	-32
Foreign currency translation differences for investments accounted for at equity	215	16
Change in fair value of an interest rate hedge	-41	-90
Deferred taxes on other comprehensive income	13	28
	<b>427</b>	<b>-78</b>
<b>Other comprehensive income (outside profit or loss)</b>	<b>11</b>	<b>-78</b>
<b>Total comprehensive income</b>	<b>943</b>	<b>2,858</b>



# A.S. Création Tapeten AG, Gummersbach

## Consolidated statement of changes in equity

for the three-month period ended March 31, 2014

	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
<b>December 31, 2012</b>	<b>9,000</b>	<b>13,757</b>	<b>57,886</b>	<b>9,321</b>	<b>8,884</b>	<b>-4,021</b>	<b>12</b>	<b>94,839</b>
Net profit 2012	0	0	0	8,884	-8,884	0	0	0
Dividend payments	0	0	0	0	0	0	0	0
Allocation to revenue reserves	0	0	0	0	0	0	0	0
Total comprehensive income 2013	0	0	-62	0	2,936	0	-16	2,858
<b>March 31, 2013</b>	<b>9,000</b>	<b>13,757</b>	<b>57,824</b>	<b>18,205</b>	<b>2,936</b>	<b>-4,021</b>	<b>-4</b>	<b>97,697</b>

	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
<b>December 31, 2013</b>	<b>9,000</b>	<b>13,757</b>	<b>67,043</b>	<b>6,111</b>	<b>1,323</b>	<b>-4,021</b>	<b>260</b>	<b>93,473</b>
Net profit 2013	0	0	0	1,323	-1,323	0	0	0
Dividend payments	0	0	0	0	0	0	0	0
Allocation to revenue reserves	0	0	0	0	0	0	0	0
Total comprehensive income 2014	0	0	-444	0	932	0	455	943
<b>March 31, 2014</b>	<b>9,000</b>	<b>13,757</b>	<b>66,599</b>	<b>7,434</b>	<b>932</b>	<b>-4,021</b>	<b>715</b>	<b>94,416</b>

# A.S. Création Tapeten AG, Gummersbach

## Consolidated cash flow statement

for the three-month period ended March 31, 2014

	2014 € '000	2013 € '000
<b>Operating activities</b>		
Net profit	932	2,936
+ Depreciation on tangible and intangible fixed assets	2,360	2,281
+/- Increase/decrease in long-term provisions	59	70
-/+ Income/expenses from investments accounted for at equity	1,373	510
-/+ Increase/decrease in present value of corporate income tax credit	-14	-19
-/+ Income/expenses from changes in deferred taxes	-336	-110
<b>Cash-flow</b>	<b>4,374</b>	<b>5,668</b>
-/+ Profit/losses from disposal of tangible and intangible fixed assets	8	2
-/+ Increase/decrease in inventories	366	-545
-/+ Increase/decrease in trade receivables	-11,442	-13,249
+/- Increase/decrease in trade payables	3,449	7,739
-/+ Increase/decrease in other net working capital	2,451	4,257
<b>Cash-flow from operating activities</b>	<b>-794</b>	<b>3,872</b>
<b>Investing activities</b>		
Capital expenditures on tangible and intangible fixed assets	-1,482	-1,463
- Cash outflows for credits and bonds granted	-350	-60
<b>Capital expenditures</b>	<b>-1,832</b>	<b>-1,523</b>
+ Proceeds from the disposal of tangible and intangible fixed assets	57	15
<b>Cash-flow from investing activities</b>	<b>-1,775</b>	<b>-1,508</b>
<b>Financing activities</b>		
Dividends paid to shareholders of A.S. Création Tapeten AG	0	0
+/- Raising/repayment of financial liabilities (interest-bearing)	317	-621
<b>Cash-flow from financing activities</b>	<b>317</b>	<b>-621</b>
<b>Net change in cash and cash equivalents</b>	<b>-2,252</b>	<b>1,743</b>
+/- Change in cash and cash equivalents due to exchange rate fluctuations	-19	-4
+ Cash and cash equivalents at January 1	6,644	7,153
<b>Cash and cash equivalents at March 31</b>	<b>4,373</b>	<b>8,892</b>

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 three-month period ended March 31, 2014

### **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 three-month period ended March 31, 2014 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, 2013. 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 (Handelsgesetzbuch 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, 2013.

A.S. Création Tapeten AG has a policy of applying new IFRS as soon as they become effective. The newly published IFRS had no material effect on the assets, liabilities, financial position and earnings position of A.S. Création in the reporting period.

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 2014 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 2013.

## **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 £ 0.82783/€ (2013: £ 0.85109/€) and a closing rate of £ 0.82600/€ (2013: £ 0.84740/€) were used for the pound sterling, while an average annual rate of RUB 48.17113/€ (2013: RUB 40.18584/€) and a closing rate of RUB 49.05190/€ (2013: RUB 39.80230/€) were applied for the Russian rouble.

## **Notes to the balance sheet**

### **(1) Contingent liabilities**

Contingent liabilities result from the current investigations by the French Competition Authority, which is conducting a proceeding to find out whether there have been agreements in restraint of competition in the wallpaper industry in France. In November 2010, the French Competition Authority searched the premises of eight wallpaper dealers in France, including two companies of the A.S. Création Group, namely SCE – Société de conception et d'édition SAS and MCF Investissement SAS. In July 2013, French Competition Authority notified the company that administrative offence proceedings have been opened and submitted a letter of accusation. In its statements of objections, the French Competition Authority 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. Violations of anti-trust law generally pose a risk of significant fines as the French anti-trust law provides 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. No information is available with regard to the amount of the penalty that may be imposed by the French Cartel Office. The Managing Board is therefore unable to predict the outcome of these administrative offence proceedings. In view of the current state of the proceedings, no provision has been established, as in the previous year. For further details, refer to the information provided in the 2013 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	
	2014	2013	2014	2013	2014	2013	2014	2013
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Germany	20,906	19,741	3,192	2,740	-55	-50	24,043	22,431
EU (excl. Germany)	24,021	23,288	565	510	-18	-45	24,568	23,753
European Union (EU)	44,927	43,029	3,757	3,250	-73	-95	48,611	46,184
Other Eastern Europe	8,289	10,409	181	256	0	0	8,470	10,665
Other countries	3,157	2,969	125	131	0	0	3,282	3,100
<b>Sales (gross)</b>	<b>56,373</b>	<b>56,407</b>	<b>4,063</b>	<b>3,637</b>	<b>-73</b>	<b>-95</b>	<b>60,363</b>	<b>59,949</b>
Reduction in revenues	-5,793	-5,210	-242	-210	0	0	-6,035	-5,420
<b>Sales (net)</b>	<b>50,580</b>	<b>51,197</b>	<b>3,821</b>	<b>3,427</b>	<b>-73</b>	<b>-95</b>	<b>54,328</b>	<b>54,529</b>

### (3) Income taxes

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

	2014	2013
	€ '000	€ '000
Current income tax expenses	1,612	1,741
Deferred taxes	-336	-110
	<b>1,276</b>	<b>1,631</b>

#### (4) Earnings per share

Earnings per share are calculated as follows:

		2014	2013
Number of shares outstanding (weighted average)	shares	2,756,351	2,756,351
Net profit	€	932,245	2,935,922
<b>Earnings per share</b>	<b>€/share</b>	<b>0.34</b>	<b>1.07</b>

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:

	2014	2013
	€ '000	€ '000
Interest received	4	3
Interest paid	169	258
Income tax paid	1,360	923
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:

	2014	2013
	€ '000	€ '000
Raising of financial liabilities (excl. financial lease)	2,825	170
Raising of liabilities under financial lease contracts	0	0
Repayment of financial liabilities (excl. financial lease)	-2,393	-678
Repayment of liabilities under financial lease contracts	-115	-113
	<b>317</b>	<b>-621</b>

## (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	
	2014	2013	2014	2013	2014	2013	2014	2013
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
External sales	50,540	51,153	3,788	3,376	0	0	54,328	54,529
Intra-Group sales	40	44	33	51	-73	-95	0	0
Total sales	50,580	51,197	3,821	3,427	-73	-95	54,328	54,529
EBITDA <sup>1</sup>	5,862	7,441	159	88	0	0	6,021	7,529
EBITDA-margin	11.6 %	14.5 %	4.2 %	2.6 %			11.1 %	13.8 %
EBIT <sup>2</sup>	3,543	5,199	113	49	5	0	3,661	5,248
EBIT-margin	7.0 %	10.2 %	3.0 %	1.4 %			6.7 %	9.6 %
Interest income	240	238	0	0	-31	-33	209	205
Results from investments accounted for at equity	-1,373	-510	0	0	0	0	-1,373	-510
Interest expenses	279	365	41	44	-31	-33	289	376
Earnings before taxes	2,131	4,562	72	5	5	0	2,208	4,567
Return on sales (before taxes)	4.2 %	8.9 %	1.9 %	0.1 %			4.1 %	8.4 %
Income taxes	1,252	1,630	23	1	1	0	1,276	1,631
Capital expenditures <sup>3</sup>	1,781	1,502	51	21	0	0	1,832	1,523
Depreciation	2,319	2,242	46	39	-5	0	2,360	2,281
Cash-flow <sup>3</sup>	4,272	5,630	103	38	-1	0	4,374	5,668
Segment assets 31.03 <sup>4</sup>	152,527	156,926	7,852	7,556	-434	-289	159,945	164,193
thereof non-current assets	(61,132)	(64,323)	(1,332)	(1,247)	(-79)	(0)	(62,385)	(65,570)
Segment liabilities 31.03. <sup>5</sup>	26,341	30,594	1,970	1,851	-355	-289	27,956	32,156
Employees (average)	756	762	72	72	0	0	828	834

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

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

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

<sup>3</sup> **Capital expenditures and cash flow** correspond with the item which is shown in the consolidated cash flow statement.

<sup>4</sup> **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.

<sup>5</sup> **Segment liabilities** are the total equity and liabilities less shareholders' equity, long-term provisions, tax liabilities, deferred tax liabilities and financial liabilities.

Of the total non-current Group assets of € 62.385 million (previous year: € 65.570 million), an amount of € 36.383 million (previous year: € 36.849 million) relates to Germany, an amount of € 12.829 million (previous year: € 13.874 million) to other EU countries and an amount of € 13.173 million (previous year: € 14.847 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

## (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:

	2014	2013
	€ '000	€ '000
Sales	85	244
Purchases	1,676	1,500
Interest income	205	202

	31.03.2014	31.03.2013
	€ '000	€ '000
Shareholder loans	16,539	13,300
Receivables	1,690	1,493
Liabilities	1,679	1,486

The relationship of the company with A.S. Création Tapeten Stiftung, a charitable foundation, as reported in the consolidated financial statements for 2013 continued to exist in the period under review.



**(9) Post balance sheet events**

No events that require reporting have occurred.

Gummersbach, April 28, 2014

**A.S. Création Tapeten AG**

The Managing Board

Kämper

Krämer

Suskas

**Investor Relations**

Maik Krämer, Director of Finance  
Südstraße 47, D-51645 Gummersbach-Derschlag  
Phone: +49-2261-542 387  
fax: +49-2261-542 304  
e-mail: m.kraemer@as-creation.de