



**INTERIM REPORT FOR THE PERIOD
ENDED SEPTEMBER 30, 2014**

A.S. CRÉATION TAPETEN AG

		2010	2011	2012	2013	2014
Sales	€ '000	138,540	146,602	151,930	153,094	145,240
EBIT	€ '000	11,247	8,474	11,558	11,713	8,606
Earnings before income taxes	€ '000	9,859	6,989	10,193	8,550	6,107
Net profit	€ '000	6,748	4,581	6,811	4,852	3,176
Earnings per share	€/share	2.45	1.66	2.47	1.76	1.15
Cash-flow	€ '000	14,034	11,667	13,866	13,789	11,886
Capital expenditures	€ '000	5,106	16,735	10,258	7,292	4,297
Depreciation	€ '000	7,577	7,558	7,362	7,045	7,096
Number of employees		772	792	828	836	823

A.S. Création Tapeten AG, Gummersbach

Management Report

on the business performance for the nine-month period ended September 30, 2014

Sales performance

With the gross domestic product expanding by only 0.6%, economic growth in the eurozone came to a virtual standstill in the third quarter of 2014. Lower demand, especially from the emerging countries, and the appreciation of the euro have weighed on exports and had an adverse impact on the manufacturing sector, leading to a decline in spending on plant and machinery. The economic situation in Italy and France makes the overall picture even bleaker, as these important economies have failed to implement fundamental structural reforms. The situation in Germany, too, has deteriorated against the background of the risks arising from foreign trade. Due to these developments, the economic forecast for the full year 2014 has been downgraded once more. Eurozone GDP is now expected to grow by only 0.7%. From the point of view of A.S. Création, the only positive factor is that private consumption spending is expected to increase by 0.7%, compared to a decline by 0.6% in 2013. The events in Ukraine continue to weigh on international economic relationships and are having an increasingly adverse effect on macroeconomic developments, especially in Russia and Ukraine. In addition, the Russian economy, which is highly dependent on commodity exports, is suffering from the low price of oil. Consequently, the economic forecasts for these two countries have been downgraded as well. Russia's GDP is projected to grow by only 0.3% in 2014, while Ukraine's GDP is expected to contract by as much as 6.0%. In this uncertain environment, private households are reluctant to spend money, which is why – unlike the previous years – private consumption spending will not provide any positive stimulation in 2014. As the non-EU Eastern European countries represent an important output market for A.S. Création, the Managing Board is viewing these developments with concern.

In this adverse economic environment, A.S. Création recorded a 5.1% decline in Group revenues, which totalled € 145.2 million in the first nine months of 2014, compared to € 153.1 million in the same period of the previous year. Of this decline, an amount of € 1.0 million is attributable to changes in exchange rates, especially the RUB/EUR exchange rate. Adjusted for these currency effects, sales revenues in the first nine months were down by 4.5%.

The effects of the Ukraine crisis had a particularly adverse impact on A.S. Création's Group sales revenues. At € 27.0 million, nine-month gross sales in non-EU Eastern European countries were down by € 4.1 million or 13.2% on the previous year's € 31.1 million. Wallpaper exports to Russia and Ukraine, A.S. Création's most important output markets in this region, dropped sharply. Private households' declining consumption propensity in combination with the depreciation of the local currency against the euro led to lower demand for A.S. Création's German-made wallpapers. At the same time, the Russian distribution company, A.S. Création (RUS), clearly increased sales of Russian-made wallpapers. However, the level of revenues achieved by A.S. Création (RUS) is not sufficient yet to offset the reduced export sales.

By contrast, gross sales generated in the EU, at € 124.1 million, held more or less steady at the prior year level of € 124.8 million. This reflects two opposite developments, however. The sales trend in Germany was positive, as A.S. Création benefited from the takeover of the former Praktiker and Max Bahr stores by other DIY store operators. The restocking of these stores contributed significantly to the 4.1% increase in domestic gross sales posted by A.S. Création in the first nine months of 2014. The situation in the rest of the EU was quite different, with A.S. Création recording a 4.6% drop in sales revenues in the first three quarters of 2014. This was primarily due to the very poor state of the French (wallpaper) market, which is of great importance for A.S. Création, in the reporting period.

While the 5.1% decline in Group sales revenues in the current fiscal year can be explained by the extremely unfavourable environment, the Managing Board is not satisfied with this performance. On the positive side, the Board notes that the 10.1% slump in revenues posted in the second quarter of 2014 did not continue. At 5.4%, the decline in revenues in the third quarter was much lower than had been feared after the second quarter.

Earnings performance

The earnings position of A.S. Création improved in the third quarter of 2014. While earnings before interest and taxes had been down by 31.4% on the previous year in the first half of the current fiscal year, it was more or less kept at the prior year level in the third quarter of 2014 in spite of the lower sales revenues. Earnings position for the nine-month period were still down on the previous year, however. Earnings before interest and taxes declined from € 11.7 million in the first nine months of 2013 by € 3.1 million or 26.5% to € 8.6 million in the reporting period. As a result, the EBIT margin dropped to 5.9% (previous year: 7.7%).

The poorer earnings position is primarily attributable to lower sales revenues in the reporting period; at € 145.2 million, the latter were down by € 7.9 million on the previous year's € 153.1 million, as outlined above. Taking into account the changes in inventories, total output in the first nine months of the current financial year was down by as much as € 10.0 million on the previous year. Sales-driven earnings were commensurately lower in the reporting period; at € 71.1 million, gross profit in the first nine months of 2014 was down by € 4.9 million on the previous year's € 76.0 million. It is good to see, however, that the gross profit margin (gross profit as a percentage of total output) exceeded the prior year level in Q3 2014 - just like in Q2 2014 - which means that the margin for the first nine months of the current fiscal year, at 49.3%, is back at the prior year level (previous year: 49.3%). This shows that the burdens resulting from the decline in higher-margin export sales to Eastern European countries were offset by cost savings.

As outlined in the interim report for the period ended June 30, 2014, A.S. Création responded to the poorer earnings situation by implementing a number of cost cutting measures. The positive effects of these measures are reflected in the income statement for the third quarter of 2014. Personnel expenses declined by 4.6% or € 0.5 million from € 11.0 million in Q3 2013 to € 10.5 million in the third quarter of 2014. As a result, personnel expenses as a percentage of total output in the third quarter were down on the previous year for the first time in the current fiscal year. Personnel expenses for the full nine-month period were

reduced by 4.0% or € 1.4 million from € 34.3 million in the previous year to € 32.9 million in 2014. At 22.8%, personnel expenses as a percentage of total output are 0.6 percentage points higher than the previous year's 22.2%, and the Managing Board is confident that this difference will be reduced further by the end of the year.

Although further savings were implemented with regard to other operating expenses, the latter increased by € 0.8 million from € 6.6 million in Q3 2013 to € 7.4 million in the third quarter of 2014, as these savings were more than offset by exchange losses and write-downs on receivables. In the course of Q3 2014, the Russian rouble again lost ground against the euro, following a recovery in the second quarter. Accordingly, exchange losses in the third quarter of 2014, which primarily resulted from the depreciation of the rouble, were up by € 0.7 million on the previous year. The persistently difficult economic situation has caused liquidity problems among some wholesalers and retailers. Consequently, A.S. Création's write-downs on receivables in Q3 2014 were € 0.6 million higher than in Q3 2013. Adjusted for these two extraordinary effects totalling € 1.3 million, other operating expenses in the third quarter of 2014 were down by € 0.5 million on the previous year. Due to these extraordinary effects weighing on the bottom line, A.S. Création's other operating expenses deteriorated in the current fiscal year; in percent of total output, they picked up from 15.0% in the previous year to 15.7% in the current fiscal year.

In spite of the increase in other operating expenses, earnings before interest and taxes (EBIT) declined by only 5.6% from the previous year's € 2.2 million to € 2.1 million in Q3 2014. Given that EBIT in the first half of 2014 was down by as much as 31.4% on the previous year, the Managing Board interprets this as a positive trend. EBIT for the nine-month period totalled € 8.6 million, down 26.5% on the previous year's € 11.7 million.

At € -0.9 million, the financial result was almost unchanged in the third quarter of 2014 (previous year: € -0.8 million). The decline in net financial liabilities led to lower interest expenses, which had a positive effect on the financial result. However, A.S. Création's share in the start-up losses of A.S. & Palitra, the Russian joint venture, increased from € 0.7 million in the previous year to € 0.9 million in Q3 2014. Here, too, the operational improvements achieved were offset by the depreciation of the Russian rouble against the euro. The joint venture was able to clearly increase its sales revenues in third quarter and to improve the utilisation of its production capacity. As a result, A.S. & Palitra broke even in the third quarter – not taking into account the exchange losses. The Managing Board therefore believes that the company is well on track. In spite of this positive development in the year to date, pro-rated losses of € 2.4 million (previous year: € 2.6 million) were incurred in the first nine months of 2014 and recognised in A.S. Création's consolidated income statement. Adjusted for translation-related exchange losses of € 1.5 million (previous year: € 1.2 million), the (pro-rated) start-up losses declined by € 0.5 million from € 1.4 million in the previous year to € 0.9 million in the current fiscal year.

Earnings before interest and taxes and the financial result led to earnings before taxes of € 6.1 million in the first three quarters of 2014, down by € 2.5 million or 28.6% on the previous year's € 8.6 million. In summary, it can be said that the cost-saving measures implemented have been insufficient, in the fiscal year to date, to offset the decline in sales revenues resulting from the difficult macroeconomic environment and the translation-related exchange losses.

Net profit after taxes for the first nine months of 2014 amounted to € 3.2 million (previous year: € 4.9 million), while earnings per share came in at € 1.15 (previous year: € 1.76).

Net assets and financial position

At € 11.9 million, cash flow was down by € 1.9 million on the previous year's € 13.8 million in the first nine months of 2014. This reduced cash flow was sufficient to cover the company's financing requirements, which were much lower than in the previous year due to the following developments:

- An additional € 4.1 million was tied up in inventories in the first nine months of 2013, compared to a € 0.4 million reduction in inventories in the current financial year. The imputed inventory turnover remained almost unchanged at 4.1 (previous year: 4.3).
- At € 6.4 million, the increase in trade receivables in the first three quarters of 2014 was much lower than the previous year's € 7.9 million, which was also attributable to the reduced sales revenues. At 70 days, DSO (days of sales outstanding) slightly exceeded the previous year's 67 days.
- Capital expenditures declined from € 7.3 million in the previous year to € 4.3 million in the first nine months of 2014. Of this reduction by € 3.0 million, an amount of € 2.2 million was attributable to the lower financing requirements of the Russian production company, A.S. & Palitra. While an amount of € 2.8 million had been made available to the joint venture in the form of a shareholder loan in the first three quarters of 2013, this was reduced to only € 0.6 million in the reporting period.
- The dividend of € 0.7 million paid out in May 2014 was € 2.6 million lower than the prior year dividend of € 3.3 million due to the much lower net profit for the year 2013.

On this basis, the company was able to clearly reduce its net financial liabilities in the course of the first nine months of 2014 by € 6.5 million from € 20.3 million on December 31, 2013 to € 13.8 million on September 30, 2014 although cash and cash equivalents in the amount of € 2.0 million (previous year: € 0.0 million) were used in the reporting period 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 Federal Cartel Office in court.

The overall financial situation of A.S. Création improved clearly in the current fiscal year in spite of the deterioration in earnings. As reported before, net financial liabilities were reduced and the equity ratio of 58.8% as of September 30, 2014 exceeded the high prior year level,

when it stood at 57.3%. At 0.9 years (previous year: 1.1 years), the debt repayment period stands at the low level that is typical of A.S. Création. Overall, A.S. Création continues to be characterised by a sound financial position, which is all the more important under difficult circumstances.

The Managing Board also considers the net worth position of A.S. Création to be very sound. As of September 30, 2014, the Group's total assets amounted to € 162.4 million (previous year: € 168.8 million), of which 80.9% (previous year: 81.1%) 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 4.8% (previous year: 4.6%) of total assets and 8.1% (previous year: 8.0%) of the equity.

Forecast report

Even though the decline in sales slowed down in Q3 compared to Q2 2014, the overall sales performance in the financial year has been disappointing. In view of the deteriorating economic conditions in Western and Eastern Europe, the Managing Board does not expect sales revenues to increase in the fourth quarter of 2014. While the strong growth in sales of Russian-made wallpapers by the Russian distribution company, A.S. Création (RUS), should continue in the remaining months of the year, it is safe to assume that wallpaper exports to Eastern Europe, especially to Russia, will decline further in the fourth quarter of 2014, as export conditions are likely to deteriorate even more due to the ongoing depreciation of the local currency against the euro and the declining consumption propensity. This assessment by the Managing Board is underlined by the fact that the Russian rouble reached a new high of close to 55 against the euro in October and that economic growth in Russia continues to slow down. As the economic outlook for the EU, especially for Germany, has deteriorated, sales revenues in this region, too, are more likely to decline than to increase. From today's point of view, however, the Managing Board assumes that the company will reach the sales forecast for the full year 2014, according to which Group sales revenues will amount to between € 180 million and € 190 million.

In spite of the anticipated decline in sales revenues from the previous year's € 199.8 million, the earnings position should improve in 2014 compared to 2013. While net profit for the first nine months, at € 3.2 million, was still € 1.7 million below the previous year's € 4.9 million, a loss of € 3.6 million had been incurred in the fourth quarter of 2013, primarily due to exchange losses and greatly increased start-up losses of the Russian operations as well as the provisions established for risks arising from the anti-trust proceedings in Germany. As a result, net profit for the fiscal year 2013 amounted to only € 1.3 million. The third quarter of 2014 has shown that A.S. Création is able to generate positive net profit after taxes in spite of declining sales revenues and exchange losses. The austerity measures implemented to date and planned for the future should help to further improve the earnings position. From today's point of view, the Managing Board therefore does not believe that similar losses as in the previous year will be incurred in Q4 2014, provided that the Russian rouble does not crash completely and that no significant burdens exceeding the provisions of € 2.0 million arise from the anti-trust proceedings.

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, October 31, 2014

A.S. Création Tapeten AG

The Managing Board

Kämper

Krämer

Suskas

A.S. Création Tapeten AG, Gummersbach

Consolidated balance sheet

as per September 30, 2014

Assets		
	30.09.2014	31.12.2013
	€ '000	€ '000
Tangible fixed assets	34,749	38,312
Intangible fixed assets	8,168	8,184
Investments accounted for at equity	0	0
Financial assets	12,471	13,946
Other assets	2,365	1,539
Income tax receivables	862	831
Deferred tax assets	1,357	1,149
Non-current assets	59,972	63,961
Inventories	46,944	47,606
Trade receivables	40,907	34,688
Other assets	5,598	5,371
Income tax receivables	263	797
Cash and cash equivalents	8,704	6,644
Current assets	102,416	95,106
Total assets	162,388	159,067
Equity and liabilities		
	30.09.2014	31.12.2013
	€ '000	€ '000
Capital stock	9,000	9,000
Capital reserves	13,757	13,757
Revenue reserves	70,613	67,043
Profit carried forward	2,075	6,111
Net profit	3,176	1,323
Adjustment for own shares	-4,021	-4,021
Currency translation differences	924	260
Equity	95,524	93,473
Financial liabilities (interest-bearing)	17,824	19,746
Other liabilities	1,052	978
Provisions	13,446	11,706
Deferred tax liabilities	3,596	4,754
Non-current liabilities	35,918	37,184
Financial liabilities (interest-bearing)	4,638	7,215
Other liabilities	16,867	11,543
Trade payables	9,019	9,026
Provisions	69	113
Tax liabilities	353	513
Current liabilities	30,946	28,410
Total equity and liabilities	162,388	159,067

A.S. Création Tapeten AG, Gummersbach

Consolidated income statement

for the nine-month period ended September 30, 2014

	Notes No.	2014 € '000	2013 € '000
Sales	(2)	145,240	153,094
Increase or decrease in unfinished and finished goods		-932	1,234
Total output		144,308	154,328
Cost of materials		73,163	78,295
Gross profit		71,145	76,033
Other income		607	588
		71,752	76,621
Personnel expenses		32,920	34,287
Depreciation		7,096	7,045
Operating taxes		421	423
Other operating expenses		22,709	23,153
Operating expenses		63,146	64,908
Earnings before interest and taxes (EBIT)		8,606	11,713
Interest and similar income		721	596
Results from investments accounted for at equity		-2,366	-2,623
Interest and similar expenses		854	1,136
Financial result		-2,499	-3,163
Earnings before income taxes		6,107	8,550
Income taxes	(3)	2,931	3,698
Net profit		3,176	4,852
Earnings per share	(4)	1.15 €	1.76 €

A.S. Création Tapeten AG, Gummersbach

Consolidated statement of comprehensive income

for the nine-month period ended September 30, 2014

	2014	2013
	€ '000	€ '000
Net profit	3,176	4,852
Items, that will not be reclassified to the profit and loss account in the future:		
Actuarial gains/losses from pension provisions	-1,507	145
Deferred taxes on other comprehensive income	471	-45
	-1,036	100
Items, that will be reclassified to the profit and loss account in the future:		
Foreign currency translation differences for fully consolidated companies	346	121
Foreign currency translation differences for investments accounted for at equity	318	-39
Change in fair value of an interest rate hedge	-92	146
Deferred taxes on other comprehensive income	28	-45
	600	183
Other comprehensive income (outside profit or loss)	-436	283
Total comprehensive income	2,740	5,135

A.S. Création Tapeten AG, Gummersbach

Consolidated income statement

for the three-month period ended September 30, 2014 (3rd quarter)

	Notes No.	2014 € '000	2013 € '000
Sales	(2)	45,739	48,338
Increase or decrease in unfinished and finished goods		594	-440
Total output		46,333	47,898
Cost of materials		24,007	25,747
Gross profit		22,326	22,151
Other income		197	224
		22,523	22,375
Personnel expenses		10,516	11,018
Depreciation		2,368	2,415
Operating taxes		159	167
Other operating expenses		7,390	6,560
Operating expenses		20,433	20,160
Earnings before interest and taxes (EBIT)		2,090	2,215
Interest and similar income		263	220
Results from investments accounted for at equity		-865	-665
Interest and similar expenses		275	372
Financial result		-877	-817
Earnings before income taxes		1,213	1,398
Income taxes	(3)	695	729
Net profit		518	669
Earnings per share	(4)	0.19 €	0.24 €

A.S. Création Tapeten AG, Gummersbach

Consolidated statement of comprehensive income

for the three-month period ended September 30, 2014 (3rd quarter)

	2014	2013
	€ '000	€ '000
Net profit	518	669
Items, that will not be reclassified to the profit and loss account in the future:		
Actuarial gains/losses from pension provisions	-753	-145
Deferred taxes on other comprehensive income	236	45
	-517	-100
Items, that will be reclassified to the profit and loss account in the future:		
Foreign currency translation differences for fully consolidated companies	321	51
Foreign currency translation differences for investments accounted for at equity	350	-14
Change in fair value of an interest rate hedge	-3	40
Deferred taxes on other comprehensive income	0	-12
	668	65
Other comprehensive income (outside profit or loss)	151	-35
Total comprehensive income	669	634

A.S. Création Tapeten AG, Gummersbach

Consolidated statement of changes in equity

for the nine-month period ended September 30, 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
December 31, 2012	9,000	13,757	57,886	9,321	8,884	-4,021	12	94,839
Net profit 2012	0	0	0	8,884	-8,884	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	65,872	7,112	4,852	-4,021	94	96,666

	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, 2013	9,000	13,757	67,043	6,111	1,323	-4,021	260	93,473
Net profit 2013	0	0	0	1,323	-1,323	0	0	0
Dividend payments	0	0	0	-689	0	0	0	-689
Allocation to revenue reserves	0	0	4,670	-4,670	0	0	0	0
Total comprehensive income 2014	0	0	-1,100	0	3,176	0	664	2,740
September 30, 2014	9,000	13,757	70,613	2,075	3,176	-4,021	924	95,524

A.S. Création Tapeten AG, Gummersbach

Consolidated cash flow statement

for the nine-month period ended September 30, 2014

	2014 € '000	2013 € '000
Operating activities		
Net profit	3,176	4,852
+ Depreciation on tangible and intangible fixed assets	7,096	7,045
+/- Increase/decrease in long-term provisions	232	54
-/+ Income/expenses from investments accounted for at equity	2,366	2,623
-/+ Increase/decrease in present value of corporate income tax credit	-35	-42
-/+ Income/expenses from changes in deferred taxes	-949	-743
Cash-flow	11,886	13,789
-/+ Profit/losses from disposal of tangible and intangible fixed assets	-4	1
-/+ Increase/decrease in inventories	378	-4,127
-/+ Increase/decrease in trade receivables	-6,409	-7,885
+/- Increase/decrease in trade payables	152	2,758
-/+ Increase/decrease in other net working capital	5,428	7,129
Cash-flow from operating activities	11,431	11,665
Investing activities		
Capital expenditures on tangible and intangible fixed assets	-3,654	-4,445
- Cash outflows for credits and bonds granted	-643	-2,847
Capital expenditures	-4,297	-7,292
+ Proceeds from the disposal of tangible and intangible fixed assets	135	121
Cash-flow from investing activities	-4,162	-7,171
Financing activities		
Dividends paid to shareholders of A.S. Création Tapeten AG	-689	-3,308
+/- Raising/repayment of financial liabilities (interest-bearing)	-4,498	-2,444
Cash-flow from financing activities	-5,187	-5,752
Net change in cash and cash equivalents	2,082	-1,258
+/- Change in cash and cash equivalents due to exchange rate fluctuations	-22	-29
+ Cash and cash equivalents at January 1	6,644	7,153
Cash and cash equivalents at September 30	8,704	5,866

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 nine-month period ended September 30, 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 nine-month period ended September 30, 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 £ 0.81183/€ (2013: £ 0.85203/€) and a closing rate of £ 0.77825/€ (2013: £ 0.83570/€) were used for the pound sterling, while an average annual rate of RUB 48.06592/€ (2013: RUB 41.71235/€) and a closing rate of RUB 49.95400/€ (2013: RUB 43.64970/€) 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	52,408	50,359	8,323	7,993	-140	-156	60,591	58,196
EU (excl. Germany)	61,871	65,132	1,689	1,546	-47	-90	63,513	66,588
European Union (EU)	114,279	115,491	10,012	9,539	-187	-246	124,104	124,784
Other Eastern Europe	26,551	30,362	431	734	0	0	26,982	31,096
Other countries	11,023	12,946	337	422	0	0	11,360	13,368
Sales (gross)	151,853	158,799	10,780	10,695	-187	-246	162,446	169,248
Reduction in revenues	-16,499	-15,543	-708	-612	1	1	-17,206	-16,154
Sales (net)	135,354	143,256	10,072	10,083	-186	-245	145,240	153,094

(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	3,880	4,441
Deferred taxes	-949	-743
	2,931	3,698

(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	€	3,175,950	4,852,166
Earnings per share	€/share	1.15	1.76

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	11	14
Interest paid	539	738
Income tax paid	3,570	3,057
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)	1,364	634
Raising of liabilities under financial lease contracts	0	0
Repayment of financial liabilities (excl. financial lease)	-5,516	-2,739
Repayment of liabilities under financial lease contracts	-346	-339
	-4,498	-2,444

(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	135,250	143,115	9,990	9,979	0	0	145,240	153,094
Intra-Group sales	104	141	82	104	-186	-245	0	0
Total sales	135,354	143,256	10,072	10,083	-186	-245	145,240	153,094
EBITDA ¹	15,206	18,565	496	289	0	-96	15,702	18,758
EBITDA-margin	11.2 %	13.0 %	4.9 %	2.9 %			10.8 %	12.3 %
EBIT ²	8,227	11,634	362	169	17	-90	8,606	11,713
EBIT-margin	6.1 %	8.1 %	3.6 %	1.7 %			5.9 %	7.7 %
Interest income	806	694	1	1	-86	-99	721	596
Results from investments accounted for at equity	-2,366	-2,623	0	0	0	0	-2,366	-2,623
Interest expenses	819	1,101	121	134	-86	-99	854	1,136
Earnings before taxes	5,848	8,604	242	36	17	-90	6,107	8,550
Return on sales (before taxes)	4.3 %	6.0 %	2.4 %	0.4 %			4.2 %	5.6 %
Income taxes	2,849	3,711	77	12	5	-25	2,931	3,698
Capital expenditures ³	4,205	7,154	92	234	0	-96	4,297	7,292
Depreciation	6,979	6,931	134	120	-17	-6	7,096	7,045
Cash-flow ³	11,559	13,747	327	138	0	-96	11,886	13,789
Segment assets 30.09 ⁴	144,212	152,837	7,285	7,627	-293	-379	151,204	160,085
thereof non-current assets	(56,537)	(63,294)	(1,285)	(1,358)	(-68)	(-90)	(57,754)	(64,562)
Segment liabilities 30.09. ⁵	25,355	23,433	1,880	1,829	-225	-289	27,010	24,973
Employees (average)	751	764	72	72	0	0	823	836

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 item which is shown in the consolidated cash flow statement.

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

⁵ **Segment liabilities** are the total 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 € 57.754 million (previous year: € 64.562 million), an amount of € 32.811 million (previous year: € 37.725 million) relates to Germany, an amount of € 12.366 million (previous year: € 13.292 million) to other EU countries and an amount of € 12.577 million (previous year: € 13.545 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	262	479
Purchases	5,742	4,829
Interest income	710	582

	30.09.2014	30.09.2013
	€ '000	€ '000
Shareholder loans	16,801	16,086
Receivables	2,197	1,220
Liabilities	1,397	1,308

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, October 31, 2014

A.S. Création Tapeten AG

The Managing Board

Kämper

Krämer

Suskas

Investor Relations

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