



**INTERIM REPORT FOR THE
PERIOD ENDED MARCH 31, 2010**

A.S. CRÉATION TAPETEN AG

		01.01.-31.03. 2010	01.01.-31.03. 2009	Change
Sales	€ '000	51,779	48,858	6.0%
Earnings before interest and taxes (EBIT)	€ '000	5,048	4,079	23.8%
Earnings before income taxes	€ '000	4,569	3,651	25.1%
Net profit	€ '000	3,128	2,531	23.6%
Earnings per share	€/share	1.13	0.92	22.8%
Cash-flow	€ '000	5,155	4,634	11.2%
Capital expenditures	€ '000	1,608	1,681	-4.3%
Depreciation	€ '000	2,318	2,223	4.3%
Number of employees (average)		766	819	-6.5%

Management report

on the business performance for the three-month period ended March 31, 2010

■ Sales performance

A.S. Création had a good start to the new fiscal year. At € 51.8 million, Group sales in the first quarter were up by 6.0% on the previous year's € 48.9 million and marked a new record in the history of the company.

This sales growth is the result of increased demand within the European Union (EU). In this region, A.S. Création increased its gross revenues by 8.2%. A comparison with private consumption in the euro-zone, which rose by only 0.1% in the first three months of the year, shows that consumer interest in wallpapers remains strong. Exports to Eastern European countries outside the EU were disappointing and declined by 9.1% as compared to the very weak quarter of 2009. Although the competitiveness of A.S. Création's wallpapers vis-à-vis locally produced wallpapers has improved as a result of Eastern European currencies strengthening against the euro, there has been no change in the ordering behaviour of Eastern European customers from which A.S. Création could benefit. A comparison with pre-crisis sales in the region clearly shows the losses suffered by A.S. Création. While A.S. Création's gross revenues in Eastern European countries outside the EU amounted to € 14.8 million in the first quarter of 2008, they dropped to € 6.4 million in the first three months of 2010, which represents a decline by 56.9%. The Managing Board of A.S. Création currently assumes that the level of 2008 will not be reached again, as the local wallpaper industry is evolving constantly and benefits from advantages over Western European producers, e.g. with regard to transport costs and import duties.

The analysis of the two divisions shows that the sales growth in the first quarter is attributable to the Wallpaper Division, whose sales increased by 6.5% from € 45.7 million to € 48.6 million. By contrast, there was no positive trend in demand for furnishing fabrics. Against the background of the negative industry trend, it is positive that the Furnishing Fabrics Division was able to almost offset the lower revenues in foreign markets with incremental sales in Germany. At € 3.3 million, total sales revenues in the Furnishing Fabrics Division were more or less on a par with the previous year's € 3.4 million.

■ Employees

In the first three months of 2010, the A.S. Création Group employed an average of 766 people (2009: 819). 703 employees (2009: 747) worked in the Wallpaper Division and 63 (2009: 72) in the Furnishing Fabrics Division.

Staff productivity improved markedly in the first quarter of 2010. At € 0.068 million, sales per employee were up by 13.3% on the previous year's € 0.060 million. While this is below the level of Q1 2008, when sales per employee amounted to € 0.072 million, it is regarded by the Managing Board as a vindication of its decision to implement only moderate job cuts in 2009 so as not to jeopardise the future viability of A.S. Création.

■ Earnings position

The earnings position of A.S. Création improved in the first three months of 2010

as compared to the same period of the previous year. Earnings before interest and taxes climbed by 23.8% from €4.1 million in Q1 2009 to €5.0 million in the reporting period. The EBIT margin reached 9.7% (2009: 8.3%). This improved earnings position is attributable to two factors, i.e. the improved total output and the high gross profit margin.

As described above, A.S. Création's sales revenues increased by 6.0% in the first quarter of 2010. Given that the inventory reduction in the reporting period was below the prior year level, total output increased by as much as 8.4% from €46.4 million in the first quarter of 2009 to €50.3 million in the current fiscal year. Accordingly, utilisation of the production capacity improved, which, in turn, led to a decline in production costs. This is mirrored in the improvement in personnel expenses as a percentage of total output to 20.1% (2009: 20.3%).

2

At 50.6%, the gross profit margin reached a gratifyingly high level in the first quarter of 2010 (2009: 49.4%). The burdens that are anticipated to weigh on the result in the form of rising commodity costs and fiercer price competition became apparent only towards the end of the quarter and therefore had only little influence on the result for the first three months.

Apart from these factors resulting from the company's operations, accounting-related effects also had a positive effect in the first quarter of 2010. The effects on the operating result of the purchase price allocation effected as of December 31, 2008 in the context of the acquisitions in France were € 0.2 million lower than in the first quarter of 2009. (For details of the purchase price allocation, please refer to the consolidated financial statements for 2009).

It was especially gratifying that both divisions showed a positive performance in the first quarter of 2010. The EBIT margin in the Wallpaper Division increased from 9.1% in the previous year to 10.1% in the reporting period. The Furnishing Fabrics Division generated earnings before interest and taxes of € 0.123 million in the first three months of 2010, compared to a loss of € 0.061 million in the same period of the previous year.

The improvement in earnings before interest and taxes in both divisions is also reflected in the Group's net profit, which increased by 23.6% from € 2.5 million in Q1 2009 to € 3.1 million in Q1 2010. Based on an unchanged number of shares outstanding (2,756,351), this is equivalent to earnings per share of € 1.13 (2009: €0.92).

■ Financial position

The improvement in the financial position, which began in 2009, continued in the first quarter of 2010. Net financial liabilities were reduced by another € 2.2 million from €20.6 million on December 31, 2009 to €18.4 million on March 31, 2010. This improvement was due not only to a €0.6 million increase in cash flow from €4.6 million to €5.2 million but also to the lower working capital relative to sales revenues. Inventory turnover was increased from 4.3 in Q1 2009 to 5.1 in Q1 2010, while the imputed receivables collection period was reduced from 77 days to 71 days. Moreover, as in the previous year, there was no need to invest in additional plant capacity, which means that capital expenditures remained at a low level of €1.6 million (2009: €1.7 million).

Against the background of strong cash flow and an equity ratio of 50.4% as of March 31, 2010 (March 31, 2009: 48.8%),

the financial structure of A.S. Création remains very robust and healthy.

■ Outlook

The Managing Board is highly satisfied with the results of the first quarter. The target set for the fiscal year 2010, i.e. to grow sales, was successfully reached in the first three months. The fact that the earnings position improved at the same time is also very positive. Nevertheless, the Managing Board does not interpret the performance in the first quarter as an indicator for the full year 2010, as the uncertainty about the future business trend is still too high.

First, contrary to what had been expected, there have been no signs yet of an improvement in export opportunities to Eastern European countries outside the EU. The increase in Group sales in the first quarter was exclusively attributable to the much higher sales revenues in the European Union. It is not sure that this trend will continue in the further course of the year. Second, it is uncertain whether the gross profit margin will stay at the high level of the first quarter. The recent increase in commodity prices makes the scenario of a declining gross profit margin quite realistic. In this case, the critical question will be whether increased sales will be able to offset the decline in the margin.

In spite of the existing uncertainties, the Managing Board of A.S. Création believes that both divisions are well positioned and can therefore act from a position of strength. Both the Wallpaper Division and the Furnishing Fabrics Division continued to invest in product development in 2009, which enables them to draw on an attractive portfolio to boost sales revenues in fiscal 2010. Cost structures were optimised in 2009, albeit without

compromising on the company's ability to handle the higher sales volumes or implement forward-looking projects. The Wallpaper Division will continue to attach high priority to the integration of the two French wallpaper wholesalers, SCE SAS and MCF Investissement SAS, in the coming months. The Wallpaper Division will also focus on reversing the negative sales trend in Eastern Europe. Apart from marketing the latest wallpapers produced in Germany to new customer groups in these countries, the project of building up a wallpaper production facility in Russia together with the Russian partner Kof Palitra will also continue to be pursued.

The prime objective of the Furnishing Fabrics Division will be to stabilise sales revenues in a declining market. For this purpose, the division will increasingly invest in marketing concepts helping retailers to market our products as effectively as possible. The aim is to sharpen the brand profile of Indes and FUGGERHAUS. Moreover, the sales organisation will be realigned with retailers' distribution channels and the order handling process will be simplified.

Overall, the Managing Board continues to believe that the two Divisions of A.S. Création are in a good position to emerge from the expected consolidation process stronger than before.

The risk and opportunity profile of A.S. Création Tapeten AG has not changed materially as compared to the presentation in the 2009 Annual Report.

■ Statement pursuant to section 315 paragraph 1 sentence 6 of the German Commercial Code (HGB)

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting,

the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Gummersbach, May 3, 2010

A.S. Création Tapeten AG

The Managing Board

Kämper Krämer Wagner

**CONSOLIDATED FINANCIAL STATEMENTS ACCORDING TO
INTERNATIONAL FINANCIAL REPORTING STANDARDS**

Consolidated balance sheet

as per March 31, 2010

Assets	31.03.2010	31.12.2009
	€ '000	€ '000
Tangible fixed assets		
Land, buildings and similar rights	21,970	22,359
Plant and machinery	25,783	26,715
Other fixtures and fittings, tools and equipment	5,808	5,219
Advanced payments and assets under construction	606	390
	54,167	54,683
Intangible fixed assets		
Licences and similar rights	2,646	2,865
Goodwill	7,733	7,733
	10,379	10,598
Investments accounted for at equity	528	529
Other assets	796	800
Income tax receivables	1,809	1,788
Deferred tax assets	491	468
Non-current assets	68,170	68,866
Inventories		
Raw materials and supplies	3,719	3,220
Unfinished products	343	339
Finished goods and merchandise	36,433	37,450
	40,495	41,009
Trade receivables	45,716	35,620
Other assets	4,281	4,329
Income tax receivables	543	1,003
Cash and cash equivalents	13,002	11,008
Current assets	104,037	92,969
Total assets	172,207	161,835

Equity and Liabilities		
	31.03.2010	31.12.2009
	€ '000	€ '000
Capital stock	9,000	9,000
Capital reserves	13,757	13,757
Revenue reserves	44,444	44,567
Profit carried forward	20,436	12,937
Net profit	3,128	7,499
Adjustment for own shares	-4,021	-4,021
Currency translation differences	51	35
Equity	86,795	83,774
Financial liabilities (interest-bearing)	27,735	28,502
Other liabilities	8,426	8,222
Provisions for pensions	6,919	6,871
Deferred tax liabilities	7,725	8,093
Non-current liabilities	50,805	51,688
Financial liabilities (interest-bearing)	3,708	3,126
Other liabilities	14,948	11,356
Trade payables	13,802	10,179
Other provisions	73	97
Tax liabilities	2,076	1,615
Current liabilities	34,607	26,373
Total equity and liabilities	172,207	161,835

Consolidated income statement

for the three-month period ended March 31, 2010

	2010	2009
	€ '000	€ '000
Sales	51,779	48,858
Decrease in unfinished and finished goods	-1,466	-2,431
Other own work capitalised	0	0
Total output	50,313	46,427
Cost of materials	24,875	23,475
Gross profit	25,438	22,952
Other income	244	298
	25,682	23,250
Personnel expenses	10,126	9,407
Depreciation	2,318	2,223
Operating taxes	127	147
Other operating expenses	8,063	7,394
Operating expenses	20,634	19,171
Earnings before interest and taxes (EBIT)	5,048	4,079
Interest and similar income	15	43
Results from investments accounted for at equity	-15	-12
Interest and similar expenses	479	459
Financial result	-479	-428
Earnings before income taxes	4,569	3,651
Current tax expenses	1,772	1,277
Deferred taxes	-331	-157
Net profit	3,128	2,531
Earnings per share	1.13 €	0.92 €

Consolidated cash flow statement

for the three-month period ended March 31, 2010

	2010	2009
	€ '000	€ '000
Operating activities		
Net profit	3,128	2,531
+ Depreciation on tangible and intangible fixed assets	2,318	2,223
+/- Increase/decrease in long-term provisions	48	48
-/+ Income/expenses from investments accounted for at equity	15	12
-/+ Increase/decrease in present value of corporate income tax credit	-23	-23
-/+ Income/expenses from changes in deferred taxes	-331	-157
Cash-flow	5,155	4,634
-/+ Profit/losses from disposal of tangible and intangible fixed assets	-29	-18
-/+ Increase/decrease in inventories	521	3,268
-/+ Increase/decrease in trade receivables	-10,096	-2,928
+/- Increase/decrease in trade payables	3,623	318
-/+ Increase/decrease in other net working capital	4,545	2,632
Cash inflow from operating activities	3,719	7,906
Investing activities		
Capital expenditures on tangible and intangible fixed assets	-1,608	-1,681
- Cash outflows for at equity investments	0	0
+ Proceeds from the disposal of tangible and intangible fixed assets	57	35
Cash outflow from investing activities	-1,551	-1,646
Financing activities		
Dividends paid to shareholders of A.S. Création Tapeten AG	0	0
+/- Raising/repayment of financial liabilities (interest-bearing)	-185	-6,459
Cash outflow from financing activities	-185	-6,459
Net change in cash and cash equivalents	1,983	-199
+/- Change in cash and cash equivalents due to exchange rate fluctuations	11	4
+ Cash and cash equivalents at the beginning of the period	11,008	3,641
Cash and cash equivalents at the end of the period	13,002	3,446

Further information on the cash flow statement are presented in the notes on the consolidated financial statement.

Consolidated statement of changes in equity

for the three-month period ended March 31, 2010

	Dec. 31, 2009	Net profit 2009	Divi- dend- pay- ments	Alloca- tion to revenue reserves	Net profit 2010	Changes recognized directly in equity	March 31, 2010
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Capital stock	9,000	0	0	0	0	0	9,000
Capital reserve	13,757	0	0	0	0	0	13,757
Revenue reserves	44,567	0	0	0	0	-123	44,444
Profit carried forward	12,937	7,499	0	0	0	0	20,436
Net profit	7,499	-7,499	0	0	3,128	0	3,128
Adjustment for own shares	-4,021	0	0	0	0	0	-4,021
Currency translation differences	35	0	0	0	0	16	51
Total	83,774	0	0	0	3,128	-107	86,795

	Dec. 31, 2008	Net profit 2008	Divi- dend- pay- ments	Alloca- tion to revenue reserves	Net profit 2009	Changes recognized directly in equity	March 31, 2009
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Capital stock	9,000	0	0	0	0	0	9,000
Capital reserve	13,757	0	0	0	0	0	13,757
Revenue reserves	41,496	0	0	0	0	-188	41,308
Profit carried forward	11,071	8,925	0	0	0	0	19,996
Net profit	8,925	-8,925	0	0	2,531	0	2,531
Adjustment for own shares	-4,021	0	0	0	0	0	-4,021
Currency translation differences	60	0	0	0	0	-3	57
Total	80,288	0	0	0	2,531	-191	82,628

Consolidated statement of comprehensive income

for the three-month period ended March 31, 2010

	2010	2009
	€ '000	€ '000
Net profit	3,128	2,531
Foreign currency translation differences for subsidiaries in non-EMU countries	16	-3
Change in fair value of an interest rate hedge	-177	-271
Deferred taxes on other comprehensive income	54	83
Other comprehensive income	-107	-191
Total comprehensive income	3,021	2,340

Notes to the consolidated financial statements

for the three-month period ended March, 2010

■ General

The present interim report was prepared by A.S. Création Tapeten AG on the basis of the International Financial Reporting Standards (IFRS) and IAS 34 in particular. The same accounting and valuation principles as well as the same methods of computation as for the 2009 consolidated financial statements were applied. This English translation of the interim report is merely a convenience translation. The German version is the prevailing one.

■ Consolidated entity

In addition to A.S. Création Tapeten AG, ten subsidiaries, which are managed by A.S. Création Tapeten AG and in which A.S. Création Tapeten AG or one of its subsidiaries hold the majority of voting rights, are included in the consolidated financial statements. Furthermore the OOO A.S. & Palitra, Dzerzhinsk/Russia, in which A.S. Création Tapeten AG holds 50.0%, is accounted for using the equity method. Compared to the consolidated financial statements for 2009, the consolidated entity has not changed.

■ Currency translation

In accordance with IAS 21, the financial statements of subsidiaries, which are prepared in a foreign currency, are translated according to the functional currency concept using the modified closing rate method. An average annual rate of £ 0.88777/€ (2009: £ 0.90937/€) and a closing rate of £ 0.88970/€ (2009: £ 0.93030/€) were used for the pound sterling, while an average annual rate of RUB 41.29261/€ (2009: RUB 44.46614/€) and a closing rate of RUB 39.70110/€ (2009: RUB 45.15000/€) were applied for the Russian rouble.

■ Sales

A breakdown of Group sales by region is provided below:

	Wallpaper Division		Fabrics Division		Consolidation		Group	
	2010 € '000	2009 € '000	2010 € '000	2009 € '000	2010 € '000	2009 € '000	2010 € '000	2009 € '000
Germany	18,996	17,353	2,414	2,364	-27	-32	21,383	19,685
EU (excl. Germany)	25,753	23,858	684	694	-129	-160	26,308	24,392
European Union (EU)	44,749	41,211	3,098	3,058	-156	-192	47,691	44,077
Other Eastern Europe	6,121	6,698	260	324	0	0	6,381	7,022
Other countries	2,071	1,757	121	126	0	0	2,192	1,883
Sales (gross)	52,941	49,666	3,479	3,508	-156	-192	56,264	52,982
Reduction in revenues	-4,332	-4,007	-152	-117	-1	0	-4,485	-4,124
Sales (net)	48,609	45,659	3,327	3,391	-157	-192	51,779	48,858

■ 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	
	2010 € '000	2009 € '000	2010 € '000	2009 € '000	2010 € '000	2009 € '000	2010 € '000	2009 € '000
External sales	48,592	45,643	3,187	3,215	0	0	51,779	48,858
Intra-Group sales	17	16	140	176	-157	-192	0	0
Total sales	48,609	45,659	3,327	3,391	-157	-192	51,779	48,858
EBITDA ¹	7,209	6,330	157	-28	0	0	7,366	6,302
EBITDA-margin	14.8%	13.9%	4.7%	-0.8%			14.2%	12.9%
EBIT ²	4,925	4,140	123	-61	0	0	5,048	4,079
EBIT-margin	10.1%	9.1%	3.7%	-1.8%			9.7%	8.3%
Financial result	-409	-355	-70	-73	0	0	-479	-428
Earnings before taxes	4,516	3,785	53	-134	0	0	4,569	3,651
Return on sales (before taxes)	9.3%	8.3%	1.6%	-4.0%			8.8%	7.5%
Income taxes	1,425	1,161	16	-41	0	0	1,441	1,120
Capital expenditures	1,579	1,645	29	36	0	0	1,608	1,681
Depreciation	2,284	2,190	34	33	0	0	2,318	2,223
Cash-flow	5,065	4,734	90	-100	0	0	5,155	4,634
Segment assets ³	149,542	154,677	7,405	8,010	-584	-960	156,363	161,727
Segment liabilities ⁴	36,201	35,091	1,632	2,012	-582	-956	37,251	36,147
Employees (average)	703	747	63	72	0	0	766	819

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

⁴ **Segment liabilities** are the total liabilities less shareholders' equity, pension provisions, tax liabilities, deferred tax liabilities and financial liabilities.

■ Company acquisitions

On December 18, 2008, A.S. Création's Wallpaper Division acquired majority interests in MCF Investissement SAS, SCE – Société de conception et d'édition SAS and SCE Investissements SC. As the acquisitions were made late in the year, the purchase price was finally allocated to the acquired assets and liabilities (purchase price allocation) only in the course of 2009. This led to adjustments in the balance sheet as at December 31, 2008. From fiscal 2009, the purchase price allocation has an adverse impact on earnings in the form of increased depreciation and a higher cost of materials. Also, the acquisition of the remaining shares, which is scheduled for the year 2011, has been anticipated (for details, please refer to No. 31 of the 2009 consolidated financial statements).

At the time of the preparation of the report for the three-month period ended March 31, 2009, the results of the final purchase price allocation were not available yet, which means that the impact on earnings recognised for the first quarter of 2009 were also only of a provisional nature. In the context of the preparation of the report for the three-month period ended March 31, 2010, the prior year figures for Q1 2009 were adjusted to the results of the final purchase price allocation. As a result of this adjustment, earnings before interest and taxes for the first quarter of 2009 were reduced by € 0.303 million. Moreover, the minority interest recognised in the report for the three-month period ended March 31, 2009 was eliminated due to the anticipation of the acquisition of the remaining shares.

■ Cash flow statement

Cash flow from operating activities includes the following payments:

	2010	2009
	€ '000	€ '000
Interest received	15	43
Interest paid	361	372
Income tax paid	874	1,105
Dividends received	0	0

The changes in financial liabilities shown under cash flow from financing activities are composed as follows:

	2010	2009
	€ '000	€ '000
Raising of financial liabilities (excl. financial lease)	362	571
Raising of liabilities under financial lease contracts	0	0
Repayment of financial liabilities (excl. financial lease)	-433	-6,914
Repayment of liabilities under financial lease contracts	-114	-116
	-185	-6,459

■ Relationships to closely associated companies and persons

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 2009 continued to exist in the period under review.

■ Audit

The present interim report has neither been audited nor reviewed by a certified public accountant.

Gummersbach, May 3, 2010

A.S. Création Tapeten AG

The Managing Board

Kämper

Krämer

Wagner

Investor Relations

Maik Krämer, Director of Finance

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