



**INTERIM REPORT FOR THE
PERIOD ENDED SEPTEMBER 30, 2010**

A.S. CRÉATION TAPETEN AG

| | | 01.01.-30.09. 2010 | 01.01.-30.09. 2009 | Change |
|--|---------|-----------------------|-----------------------|--------|
| Sales | € '000 | 138,540 | 135,067 | 2.6% |
| Earnings before interest and taxes (EBIT) | € '000 | 11,247 | 9,935 | 13.2% |
| Earnings before income taxes | € '000 | 9,859 | 8,222 | 19.9% |
| Net profit | € '000 | 6,748 | 5,775 | 16.9% |
| Earnings per share | €/share | 2.45 | 2.10 | 16.7% |
| Cash-flow | € '000 | 14,034 | 12,707 | 10.4% |
| Capital expenditures | € '000 | 5,106 | 4,118 | 24.0% |
| Depreciation | € '000 | 7,577 | 7,071 | 7.2% |
| Number of employees (average) | | 772 | 793 | - 2.6% |

Management report

on the business performance for the nine-month period ended September 30, 2010

■ Sales performance

With sales revenues growing by 3.7%, the third quarter was more dynamic than the first six months of the current fiscal year, which saw A.S. Création's sales grow by 2.0%. Total Group sales for the nine-month period amounted to € 138.5 million, up 2.6% on the previous year's € 135.1 million. Group sales thus reached a historical high. It is good to see that both divisions contributed to this growth. The Wallpaper Division reported a 2.3% increase in nine-month sales, while the Furnishing Fabrics Division achieved a growth rate of 5.0%.

The regional breakdown of sales revenues shows the following positive aspects:

- The German market remains an important growth driver in the current fiscal year. Following a 9.0% increase in gross sales in the first six months of the year, domestic sales continued to increase by an impressive 4.6% in the third quarter. Domestic gross sales in the first nine months of 2010 were up by 7.7% on the previous year.
- The company's sales performance in non-EU Eastern European countries was also gratifying. As outlined in the interim report for the six-month period ended June 30, 2010, A.S. Création had been unable to stop the downward trend in sales. Instead, gross sales in this region were down by 9.7% on the previous year. As a result of intensified product development efforts for customers in the region in the past months and a generally improved economic situation, A.S. Création has been able to increase sales revenues by 15.5% in the third quarter of 2010.

Gross sales in non-EU Eastern European countries were thus on a par with the nine-month period of the previous year. The Managing Board is confident that this trend will continue in the final quarter of the current fiscal year.

- In the third quarter of 2010, sales were additionally stimulated by some Asian countries such as China. Thanks to dynamic growth in these countries, sales in the regions outside the EU and Eastern Europe soared by 60.1% in the third quarter. Total nine-month sales in the region increased by 42.3%. While these markets account for a relatively low 6.1% of A.S. Création's consolidated sales, they are expected to make a growing contribution to sales going forward.

By contrast, the sales performance in the other EU countries (excl. Germany) was unsatisfactory; while sales had still been on a par with the prior year level in the first six months of the year, they declined by 7.1% in the third quarter. At € 69.2 million, gross sales for the first nine months of the current fiscal year were therefore down by 2.8% on the previous year's € 71.2 million. This was primarily attributable to the situation in France, the largest wallpaper market within the EU, which suffered from very weak demand in the summer months. A.S. Création was unable to isolate itself from this trend. By contrast, the company was able to expand its sales in other major wallpaper markets such as the UK and the Benelux countries.

At 2.6%, the sales growth in the first nine months of the year is at the lower end of the range projected by the Managing Board for the full year 2010. According to

these projections, total 2010 sales will amount to € 185 - 190 million, which would be equivalent to an increase of 2.0% to 4.8%. Based on the positive overall sales trend in the third quarter of 2010, the Managing Board of A.S. Création is confident that the company will reach the projected targets.

■ Employees

In the first nine months of 2010, the A.S. Création Group employed an average of 772 people (2009: 793). 707 employees (2009: 725) worked in the Wallpaper Division and 65 (2009: 68) in the Furnishing Fabrics Division.

Staff productivity has improved markedly in the current fiscal year. At € 0.179 million, sales per employee were up by 5.3% on the previous year's € 0.170 million. While this is below the record level of 2008, when sales per employee amounted to € 0.193 million after nine months, 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 has improved markedly this year. In the first nine months of the year, earnings before interest and taxes increased by 13.2% from € 9.9 million to € 11.2 million on sales of € 138.5 million (up by 2.6% from € 135.1 million). Accordingly, the EBIT margin rose from 7.4% in the previous year to 8.1% in the current fiscal year.

This improvement is primarily attributable to the fact that the gross profit margin, at 48.7%, remained largely unchanged from the previous year's 48.5%, which led to an

increase in gross profit by € 4.8 million. The Managing Board regards this as a great success for two reasons. First, the macroeconomic environment has been characterised by sharply rising commodity prices since the end of the first quarter. Second, the finished goods added to the inventories, which are measured at cost, have not made a profit contribution yet, which means that profits will be generated only in the future selling process.

Apart from these factors resulting from the company's operations, accounting-related effects also had a positive effect in the first nine months 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 € 0.5 million lower than in the first nine months of 2009. (For details of the purchase price allocation, please refer to the consolidated financial statements for 2009.)

Both divisions contributed to the improved earnings position of A.S. Création in the first nine months of 2010. The Wallpaper Division increased its EBIT margin from 7.9% in the previous year to 8.5% in the reporting period, while the Furnishing Fabrics Division generated an operating profit of € 0.284 million in the first nine months of 2010, compared to a loss of € 0.030 million in the same period of the previous year. This is the best nine-month result reported by the Furnishing Fabrics Division since 2002, the year of A.S. Création's first segment report.

Apart from the operating results of the two Divisions, the financial result of the A.S. Création Group improved as well. The financial result for the first nine months of 2010 was € -1.4 million (2009: € -1.7 million), primarily due to the reduction in net financial liabilities.

The improvement in earnings before interest and taxes and in the financial result is also reflected in the Group's net profit, which increased by 16.9% from € 5.8 million in the first nine months of 2009 to € 6.7 million in the first nine months of 2010. Based on an unchanged number of shares outstanding (2,756,351), this is equivalent to earnings per share of € 2.45 (2009: € 2.10).

This very positive overall picture of the first nine months of 2010 should not make us ignore the fact that the sharply rising commodity prices are having an increasingly adverse impact on the earnings position of A.S. Création. This is clearly reflected in the income statement for the third quarter of 2010, which shows a gross profit margin of 46.1%, down 2.2 percentage points on the previous year's 48.3%. This is consistent with the scenario announced by the Managing Board as the most likely one in the interim report for the period ended June 30, 2010. In relation to the total output of the third quarter, the decline in the margin represents a gross profit shortfall of approx. € 1.0 million. As a result, earnings before interest and taxes, at € 3.2 million, were merely on a par with the previous year in spite of the 3.7% increase in sales.

■ Financial position

Cash flow increased by € 1.3 million from € 12.7 million in the first nine months of 2009 to € 14.0 million in the reporting period and formed the basis for the continued improvement in the company's financial position, which began already in 2009. Net financial liabilities declined by another € 5.1 million from € 20.6 million on December 31, 2009 to € 15.5 million on September 30, 2010, and the debt repayment period was 0.8 years in the first nine months of 2010 (previous year: 1.3 years).

A further reduction in net financial liabilities was prevented by the above-mentioned increase in inventories in the course of the year, which led to a certain capital tie-down. The relation between capital tied down in current assets and sales revenues improved nevertheless. Inventory turnover was increased from 4.0 in the first nine months of 2009 to 4.3 in the first nine months of 2010, while the imputed receivables collection period was reduced from 76 days to 70 days.

At € 5.1 million, capital expenditures were up by € 1.0 million or 24.0% on the previous year's € 4.1 million. Of the total investments made in the fiscal year, an amount of € 0.8 million related to a capital increase at A.S.&Palitra, the Russian joint venture. Another major investment was the scheduled replacement of an thermal post-combustion unit. By long-term standards, capital expenditures are still at a low level, however, as there is currently no need for investments in new plant capacity.

Against the background of strong cash flow and an equity ratio of 52.4% as of September 30, 2010 (September 30, 2009: 50.5%), the financial structure of A.S. Création remains very robust and healthy.

■ Outlook

From the point of view of the Managing Board, the overall trend in the first nine months of the current fiscal year was positive. The Managing Board projects the following general conditions for the coming months:

- The positive sales trend of the third quarter should continue until the end of the year. The economic situation is better than at the beginning of the year, especially in the Eastern

European markets. The Managing Board does therefore not expect the economic climate to deteriorate in the short term.

- An end to the price increases in the commodity and energy markets is currently not in sight. While the increase seems to be slowing down, a decline in commodity and energy prices is not likely. The Managing Board of A.S. Création therefore expects procurement costs to weigh on the result in last quarter of the year. Moreover, temporary supply bottlenecks for individual commodities cannot be ruled out.
- The European wallpaper industry continues to be characterised by overcapacities, as the sales declines of the year 2009 have not been offset yet. The current environment is therefore marked by aggressive price competition. Increases in output prices will be difficult to impose, although this would be necessary due to the increased production costs. As a result, a decline in the gross profit margin is the most likely scenario also for the coming months.

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.

The Wallpaper Division will work towards two important strategic goals. On the one hand, the Division aims to strengthen its market position in the EU. In this context, it will be important not only to integrate the two French wallpaper wholesalers, SCE SAS and MCF Investissement SAS, into the Group but also to increase sales to existing customers. On the other hand, the Division will push ahead the development of the Russian sales organisation with a

view to making A.S. Création's products available to a broader customer base. Based on the very pleasing trend in sales revenues in non-EU Eastern European countries seen in Q3 2010, the Managing Board expects exports to this region to make a growing contribution to total Group sales of A.S. Création, although they will not reach the pre-crisis level of the year 2008. The planned production of wallpapers in Russia will also generate incremental sales in the medium term. Planning with the Russian partner, Kof Palitra, is at the final stage, which means that production could realistically start in early 2012.

The primary goal of the Furnishing Fabrics Division is to continue the sales growth achieved in the first nine months of 2010. The announced merger between the two operating companies, Indes Wohntextil GmbH and FUGGERHAUS Stoffe GmbH, was completed in August 2010 (i.e. in due time before the start of the important autumn business). The company now operates under the name of "Indes Fuggerhaus Textil GmbH". The merger reduced the Division's administrative tasks and simplified the order handling process. As a result, customers benefit from better and faster service. In addition, the company will step up the development of new marketing concepts to provide retailers with the best possible support in marketing the furnishing fabrics. The Furnishing Fabrics Division will thus sharpen its profile as an effective, reliable and, above all, futureproof supplier in an industry characterised by ongoing consolidation.

From today's point of view, the Managing Board believes that the sales revenues and net profit of the A.S. Création Group will reach the projected targets of € 185 - 190 million and € 8.5 - 9.5 million, respectively.

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, October 26, 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 September 30, 2010

| Assets | 30.09.2010 | 31.12.2009 |
|--|-------------------|-------------------|
| | € '000 | € '000 |
| Tangible fixed assets | | |
| Land, buildings and similar rights | 21,190 | 22,359 |
| Plant and machinery | 24,639 | 26,715 |
| Other fixtures and fittings, tools and equipment | 5,745 | 5,219 |
| Advanced payments and assets under construction | 413 | 390 |
| | 51,987 | 54,683 |
| Intangible fixed assets | | |
| Licences and similar rights | 2,271 | 2,865 |
| Goodwill | 7,733 | 7,733 |
| | 10,004 | 10,598 |
| Investments accounted for at equity | 1,236 | 529 |
| Other assets | 685 | 800 |
| Income tax receivables | 1,851 | 1,788 |
| Deferred tax assets | 647 | 468 |
| Non-current assets | 66,410 | 68,866 |
| Inventories | | |
| Raw materials and supplies | 4,234 | 3,220 |
| Unfinished products | 506 | 339 |
| Finished goods and merchandise | 40,755 | 37,450 |
| | 45,495 | 41,009 |
| Trade receivables | 36,123 | 35,620 |
| Other assets | 3,841 | 4,329 |
| Income tax receivables | 567 | 1,003 |
| Cash and cash equivalents | 13,450 | 11,008 |
| Current assets | 99,476 | 92,969 |
| Total assets | 165,886 | 161,835 |

| Equity and Liabilities | | |
|--|-------------------|-------------------|
| | 30.09.2010 | 31.12.2009 |
| | € '000 | € '000 |
| Capital stock | 9,000 | 9,000 |
| Capital reserves | 13,757 | 13,757 |
| Revenue reserves | 47,635 | 44,567 |
| Profit carried forward | 13,809 | 12,937 |
| Net profit | 6,748 | 7,499 |
| Adjustment for own shares | -4,021 | -4,021 |
| Currency translation differences | 58 | 35 |
| Equity | 86,986 | 83,774 |
| Financial liabilities (interest-bearing) | 25,018 | 28,502 |
| Other liabilities | 1,547 | 8,222 |
| Provisions for pensions | 7,013 | 6,871 |
| Deferred tax liabilities | 7,743 | 8,093 |
| Non-current liabilities | 41,321 | 51,688 |
| Financial liabilities (interest-bearing) | 3,938 | 3,126 |
| Other liabilities | 21,629 | 11,356 |
| Trade payables | 9,829 | 10,179 |
| Other provisions | 73 | 97 |
| Tax liabilities | 2,110 | 1,615 |
| Current liabilities | 37,579 | 26,373 |
| Total equity and liabilities | 165,886 | 161,835 |

Consolidated income statement

for the nine-month period ended September 30, 2010

| | 2010 € '000 | 2009 € '000 |
|---|----------------|----------------|
| Sales | 138,540 | 135,067 |
| Increase or decrease in unfinished and finished goods | 1,902 | -3,800 |
| Other own work capitalised | 2 | 2 |
| Total output | 140,444 | 131,269 |
| Cost of materials | 71,984 | 67,572 |
| Gross profit | 68,460 | 63,697 |
| Other income | 742 | 738 |
| | 69,202 | 64,435 |
| Personnel expenses | 29,255 | 28,012 |
| Depreciation | 7,577 | 7,071 |
| Operating taxes | 377 | 419 |
| Other operating expenses | 20,746 | 18,998 |
| Operating expenses | 57,955 | 54,500 |
| Earnings before interest and taxes (EBIT) | 11,247 | 9,935 |
| Interest and similar income | 183 | 45 |
| Results from investments accounted for at equity | -61 | -18 |
| Interest and similar expenses | 1,510 | 1,740 |
| Financial result | -1,388 | -1,713 |
| Earnings before income taxes | 9,859 | 8,222 |
| Current tax expenses | 3,535 | 3,011 |
| Deferred taxes | -424 | -564 |
| Net profit | 6,748 | 5,775 |
| Earnings per share | 2.45 € | 2.10 € |

Consolidated income statement

for the three-month period ended September 30, 2010 (3rd quarter)

| | 2010 € '000 | 2009 € '000 |
|---|----------------|----------------|
| Sales | 44,776 | 43,167 |
| Increase or decrease in unfinished and finished goods | 1,624 | -894 |
| Other own work capitalised | 0 | 0 |
| Total output | 46,400 | 42,275 |
| Cost of materials | 25,006 | 21,837 |
| Gross profit | 21,394 | 20,438 |
| Other income | 178 | 95 |
| | 21,572 | 20,533 |
| Personnel expenses | 9,438 | 9,144 |
| Depreciation | 2,685 | 2,513 |
| Operating taxes | 129 | 124 |
| Other operating expenses | 6,119 | 5,529 |
| Operating expenses | 18,371 | 17,310 |
| Earnings before interest and taxes (EBIT) | 3,201 | 3,223 |
| Interest and similar income | 150 | 6 |
| Results from investments accounted for at equity | -25 | -5 |
| Interest and similar expenses | 501 | 669 |
| Financial result | -376 | -668 |
| Earnings before income taxes | 2,825 | 2,555 |
| Current tax expenses | 960 | 1,038 |
| Deferred taxes | -83 | -282 |
| Net profit | 1,948 | 1,799 |
| Earnings per share | 0.71 € | 0.66 € |

Consolidated statement of comprehensive income

for the nine-month period ended September 30, 2010

| | 2010 | 2009 |
|--|--------------|--------------|
| | € '000 | € '000 |
| Net profit | 6,748 | 5,775 |
| Foreign currency translation differences for subsidiaries in non-EMU countries | 23 | -15 |
| Change in fair value of an interest rate hedge | -362 | -256 |
| Deferred taxes on other comprehensive income | 111 | 79 |
| Other comprehensive income | -228 | -192 |
| Total comprehensive income | 6,520 | 5,583 |

Consolidated statement of comprehensive income

for the three-month period ended September 30, 2010 (3rd quarter)

| | 2010 | 2009 |
|--|--------------|--------------|
| | € '000 | € '000 |
| Net profit | 1,948 | 1,799 |
| Foreign currency translation differences for subsidiaries in non-EMU countries | -60 | -8 |
| Change in fair value of an interest rate hedge | -65 | -109 |
| Deferred taxes on other comprehensive income | 20 | 34 |
| Other comprehensive income | -105 | -83 |
| Total comprehensive income | 1,843 | 1,716 |

Consolidated cash flow statement

for the nine-month period ended September 30, 2010

| | 2010 | 2009 |
|---|---------------|----------------|
| | € '000 | € '000 |
| Operating activities | | |
| Net profit | 6,748 | 5,775 |
| + Depreciation on tangible and intangible fixed assets | 7,577 | 7,071 |
| +/- Increase/decrease in long-term provisions | 142 | 477 |
| -/+ Income/expenses from investments accounted for at equity | 61 | 18 |
| -/+ Increase/decrease in present value of corporate income tax credit | -70 | -70 |
| -/+ Income/expenses from changes in deferred taxes | -424 | -564 |
| Cash-flow | 14,034 | 12,707 |
| -/+ Profit/losses from disposal of tangible and intangible fixed assets | -51 | -62 |
| -/+ Increase/decrease in inventories | -4,504 | 5,347 |
| -/+ Increase/decrease in trade receivables | -496 | 4,846 |
| +/- Increase/decrease in trade payables | -350 | -1,655 |
| -/+ Increase/decrease in other net working capital | 5,123 | 3,953 |
| Cash inflow from operating activities | 13,756 | 25,136 |
| Investing activities | | |
| Capital expenditures on tangible and intangible fixed assets | -4,335 | -4,118 |
| - Cash outflows for at equity investments | -771 | 0 |
| + Proceeds from the disposal of tangible and intangible fixed assets | 102 | 115 |
| Cash outflow from investing activities | -5,004 | -4,003 |
| Financing activities | | |
| Dividends paid to shareholders of A.S. Création Tapeten AG | -3,308 | -3,859 |
| - Dividends paid to minority shareholders | -407 | -2,200 |
| +/- Raising/repayment of financial liabilities (interest-bearing) | -2,671 | -8,891 |
| Cash outflow from financing activities | -6,386 | -14,950 |
| Net change in cash and cash equivalents | 2,366 | 6,183 |
| +/- Change in cash and cash equivalents due to exchange rate fluctuations | 76 | 6 |
| + Cash and cash equivalents at the beginning of the period | 11,008 | 3,641 |
| Cash and cash equivalents at the end of the period | 13,450 | 9,830 |

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 nine-month period ended September 30, 2010

| | Dec. 31, 2009 | Net profit 2009 | Divi- dend pay- ments | Alloca- tion to revenue reserves | Net profit 2010 | Changes recognized directly in equity | Sept. 30, 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 | 3,319 | 0 | -251 | 47,635 |
| Profit carried forward | 12,937 | 7,499 | -3,308 | -3,319 | 0 | 0 | 13,809 |
| Net profit | 7,499 | -7,499 | 0 | 0 | 6,748 | 0 | 6,748 |
| Adjustment for own shares | -4,021 | 0 | 0 | 0 | 0 | 0 | -4,021 |
| Currency translation differences | 35 | 0 | 0 | 0 | 0 | 23 | 58 |
| Total | 83,774 | 0 | -3,308 | 0 | 6,748 | -228 | 86,986 |

| | Dec. 31, 2008 | Net profit 2008 | Divi- dend pay- ments | Alloca- tion to revenue reserves | Net profit 2009 | Changes recognized directly in equity | Sept. 30, 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 | 3,000 | 0 | -177 | 44,319 |
| Profit carried forward | 11,071 | 8,925 | -3,859 | -3,000 | 0 | 0 | 13,137 |
| Net profit | 8,925 | -8,925 | 0 | 0 | 5,775 | 0 | 5,775 |
| Adjustment for own shares | -4,021 | 0 | 0 | 0 | 0 | 0 | -4,021 |
| Currency translation differences | 60 | 0 | 0 | 0 | 0 | -15 | 45 |
| Total | 80,288 | 0 | -3,859 | 0 | 5,775 | -192 | 82,012 |

Notes to the consolidated financial statements

for the nine-month period ended September 30, 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, nine 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. Because of the merger of Indes Wohntextil GmbH with FUGGERHAUS Stoffe GmbH the consolidated entity has decreased by one compared to the consolidated financial statements for 2009.

■ 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 £ 0.85739/€ (2009: £ 0.88659/€) and a closing rate of £ 0.85800/€ (2009: £ 0.91030/€) were used for the pound sterling, while an average annual rate of RUB 39.59526/€ (2009: RUB 44.31872/€) and a closing rate of RUB 41.75410/€ (2009: RUB 44.01410/€) 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 | 44,589 | 41,394 | 6,693 | 6,244 | -87 | -92 | 51,195 | 47,546 |
| EU (excl. Germany) | 67,662 | 69,667 | 1,885 | 1,929 | -353 | -406 | 69,194 | 71,190 |
| European Union (EU) | 112,251 | 111,061 | 8,578 | 8,173 | -440 | -498 | 120,389 | 118,736 |
| Other Eastern Europe | 21,011 | 21,227 | 812 | 743 | 0 | 0 | 21,823 | 21,970 |
| Other countries | 8,825 | 6,150 | 361 | 307 | 0 | 0 | 9,186 | 6,457 |
| Sales (gross) | 142,087 | 138,438 | 9,751 | 9,223 | -440 | -498 | 151,398 | 147,163 |
| Reduction in revenues | -12,404 | -11,726 | -454 | -370 | 0 | 0 | -12,858 | -12,096 |
| Sales (net) | 129,683 | 126,712 | 9,297 | 8,853 | -440 | -498 | 138,540 | 135,067 |

■ 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 | 129,624 | 126,660 | 8,916 | 8,407 | 0 | 0 | 138,540 | 135,067 |
| Intra-Group sales | 59 | 52 | 381 | 446 | -440 | -498 | 0 | 0 |
| Total sales | 129,683 | 126,712 | 9,297 | 8,853 | -440 | -498 | 138,540 | 135,067 |
| EBITDA ¹ | 18,441 | 16,937 | 383 | 69 | 0 | 0 | 18,824 | 17,006 |
| EBITDA-margin | 14.2% | 13.4% | 4.1% | 0.8% | | | 13.6% | 12.6 % |
| EBIT ² | 10,963 | 9,965 | 284 | -30 | 0 | 0 | 11,247 | 9,935 |
| EBIT-margin | 8.5% | 7.9% | 3.1% | -0.3% | | | 8.1% | 7.4% |
| Financial result | -1,181 | -1,473 | -207 | -240 | 0 | 0 | -1,388 | -1,713 |
| Earnings before taxes | 9,782 | 8,492 | 77 | -270 | 0 | 0 | 9,859 | 8,222 |
| Return on sales (before taxes) | 7.5% | 6.7% | 0.8% | -3.0% | | | 7.1% | 6.1% |
| Income taxes | 3,087 | 2,530 | 24 | -83 | 0 | 0 | 3,111 | 2,447 |
| Capital expenditures | 5,035 | 4,069 | 71 | 49 | 0 | 0 | 5,106 | 4,118 |
| Depreciation | 7,478 | 6,972 | 99 | 99 | 0 | 0 | 7,577 | 7,071 |
| Cash-flow | 13,850 | 12,855 | 184 | -148 | 0 | 0 | 14,034 | 12,707 |
| Segment assets ³ | 142,742 | 142,537 | 7,049 | 6,899 | -420 | -637 | 149,371 | 148,799 |
| Segment liabilities ⁴ | 32,019 | 30,452 | 1,477 | 1,788 | -418 | -633 | 33,078 | 31,607 |
| Employees (average) | 707 | 725 | 65 | 68 | 0 | 0 | 772 | 793 |

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 nine-month period ended September 30, 2009, the results of the final purchase price allocation were not available yet, which means that the impact on earnings recognised for the nine-month period ended September 30, 2009 were also only of a provisional nature. In the context of the preparation of the report for the nine-month period ended September 30, 2010, the prior year figures for the first nine months of 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 nine-month period ended September 30 were reduced by € 0.908 million. Moreover, the minority interest recognised in the report for the nine-month period ended September 30, 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 | 183 | 45 |
| Interest paid | 1,113 | 1,006 |
| Income tax paid | 1,883 | 1,740 |
| 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) | 149 | 2 |
| Raising of liabilities under financial lease contracts | 0 | 0 |
| Repayment of financial liabilities (excl. financial lease) | -1,270 | -8,554 |
| Repayment of liabilities under financial lease contracts | -1,550 | -339 |
| | -2,671 | -8,891 |

■ 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, October 26, 2010

A.S. Création Tapeten AG

The Managing Board

Kämper

Krämer

Wagner

Investor Relations

Maik Krämer, Director of Finance

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