



**INTERIM REPORT FOR THE PERIOD  
ENDED MARCH 31, 2015**

**A.S. CRÉATION TAPETEN AG**

		2011	2012	2013	2014	2015
<b>Sales</b>	€ '000	53,326	55,146	54,529	54,328	46,969
<b>EBIT</b>	€ '000	4,658	5,174	5,248	3,661	4,722
<b>Earnings before income taxes</b>	€ '000	4,257	4,778	4,567	2,208	5,730
<b>Earnings after income taxes</b>	€ '000	2,897	3,289	2,936	932	4,194
<b>Earnings per share</b>	€/share	1.05	1.19	1.07	0.34	1.52
<b>Cash-flow</b>	€ '000	5,132	5,504	5,668	4,374	5,276
<b>Capital expenditures</b>	€ '000	2,291	2,103	1,523	1,832	686
<b>Depreciation</b>	€ '000	2,559	2,405	2,281	2,360	2,176
<b>Number of employees</b>		781	808	834	828	814

# A.S. Création Tapeten AG, Gummersbach

## Management Report

on the business performance for the three-month period ended March 31, 2015

### **Sales performance**

While economic growth in the eurozone had slowed down to a rate of only 0.8% towards the end of 2014, the gross domestic product (GDP) expanded by 1.0% in the first three months of 2015. This positive economic trend was supported by the slump in the oil price and the depreciation of the euro against the currencies of several important trading partners. These effects are likely to support the economic recovery also in the coming months. Growing by 1.3% in the first quarter of 2015, Germany's GDP increased at a slightly higher rate than the eurozone average. This growth was driven primarily by private consumption and increased construction spending as a result of the mild weather. By contrast, corporate spending on property, plant and equipment remains slack. The economic situation in Russia is entirely different, with GDP declining by 2.2% in the first quarter of 2015. The Russian economy is primarily suffering from the sharp drop in the oil price, as commodity and energy-driven enterprises are of special importance for the country. The economy is also being adversely affected by the sanctions imposed in the context of the Ukraine crisis and by the sharp depreciation of the Russian rouble against the euro and the US dollar, which has made imports much more expensive. As a result, Russia's rate of inflation reached the highest level since 1999 in early 2015, when the annualised rate stood at approx. 15%.

As had been expected, the macroeconomic environment, especially in Eastern Europe, had an adverse effect on A.S. Création's sales revenues in the first quarter of 2015. At € 47.0 million, consolidated sales revenues in the first three months of 2015 were down by € 7.3 million or 13.5% on the previous year's € 54.3 million. The analysis of sales revenues by regions shows that the reduction is primarily attributable to non-EU Eastern European countries as well as to EU countries other than Germany.

A.S. Création's first-quarter revenues clearly reflect the effects of the Ukraine crisis. Wallpaper exports to Ukraine have come to a virtual standstill, and A.S. Création's wallpaper sales in Russia also declined notably. The dramatic depreciation of the Russian rouble seen in the final quarter of 2014 did not continue. Right on the contrary, the rouble clearly recovered in the first quarter of 2015. But this recovery was not sufficient to offset the depreciation of the year 2014. Accordingly, the average value of the rouble against the euro in the first three months of 2015 was still 47.4% lower than in Q1 2014, which made A.S. Création's German-produced wallpapers much more expensive for Russian customers. At the same time, the Russian recession led to a drop in consumer spending, which also affected demand for wallpapers. While A.S. Création was able to increase sales of its Russian-made wallpapers, this was not sufficient to offset the decline in export sales. Moreover, due to the depreciation of the rouble compared to Q1 2014, the rouble-denominated sales figures of the Russian distribution company, A.S. Création (RUS), contribute to consolidated sales revenues at a lower euro amount. Between them, the above

effects sent gross revenues in non-EU Eastern European countries falling by 47.1% in Q1 2015 compared to the previous year.

The sales performance in the EU countries (excluding Germany) was similarly unsatisfactory, although the drop in gross revenues, at 11.7%, was not quite as strong as in Eastern Europe. The French wallpaper market remains in a poor state. But A.S. Création's first-quarter sales revenues also declined in the Benelux countries as well as in the Baltic states, which traditionally maintain close economic relations with Russia.

By contrast, the business trend in Germany was encouraging in the opinion of the Managing Board. Domestic gross revenues more or less stayed at the very high level of the previous year, although A.S. Création had benefited from one-time effects such as the restocking of former Praktiker and Max Bahr stores in the first quarter of 2014. Customers apparently remain appreciative of the continued high investments made by A.S. Création in the further development of its product range and in new marketing concepts.

The Group projects consolidated sales revenues of € 175 million to € 185 million for the full year 2015, which would be equivalent to a decline between 2.2% and 7.5%. At 13.5%, the first-quarter decline in sales revenues from € 54.3 million in Q1 2014 to € 47.0 million in Q1 2015 was higher than projected. In this context it should be noted, however, that business slowed down only in the course of 2014 and that the first quarter of 2014 was still relatively strong. This means that the sales trend in the first three months of 2015 cannot be extrapolated to the full year 2015; accordingly the Managing Board continues to assume that the sales forecast for the full year 2015 can be reached.

### **Earnings performance**

In spite of the drop in revenues, earnings improved notably in the first quarter of 2015. At € 4.7 million, earnings before interest and taxes (EBIT) were up by 29.0% on the previous year's € 3.7 million and the EBIT margin reached 10.1% (previous year: 6.7%), a level last seen in 2008.

When interpreting this improvement in earnings, however, the influence of exchange losses and gains resulting from the RUB/EUR exchange trend should be factored in. As the Russian Group companies are primarily financed with shareholder loans denominated in euros, changes in exchange rates lead to translation-related exchange gains or losses. In the first quarter of 2015, the rouble gained over 7% against the euro, compared to a depreciation of the same order in the first three months of the previous year. As a result, exchange losses of € 0.6 million affected the previous year's EBIT, whereas exchange gains of € 0.8 million were posted in the reporting period. Adjusted for these exchange rate effects, earnings before interest and taxes amounted to € 3.9 million, down by € 0.4 million or 10.0% on the previous year's € 4.3 million. The adjusted EBIT margin stood at 8.3% (previous year: 8.0%).

Against the background of the € 7.3 million drop in first-quarter sales revenues described above, the Managing Board is satisfied with earnings before interest and taxes. The following effects had a positive influence on earnings in the current fiscal year:

- The gross profit margin (gross profit as a percentage of total output) reached a record 54.8% in the first quarter of 2015 (previous year: 50.1%). The positive trend that became apparent in the course of 2014 thus continued. It is attributable to a further reduction in the reject rate and the ongoing inventory reduction as well as to the fact that commodity and energy prices were below the prior year level on average in the first quarter of 2015.
- Other operating expenses declined by € 1.4 million from € 9.3 million in Q1 2014 to € 7.9 million in the reporting period. This reduction reflects not only the absence of exchange losses of € 0.7 million included in the previous year's other operating expenses but also cost savings, especially with regard to overheads.
- At € 2.2 million, depreciation/amortisation was down by € 0.2 million on the previous year's € 2.4 million as there was no need for substantial modernisation or replacement investments.

As projected by the Managing Board for the fiscal year 2015, the headcount adjustment did not keep pace with the decline in revenues. While sales revenues for the first quarter of 2015 were down by 13.5% on the previous year, the A.S. Création Group's average headcount, at 814, was only 1.7% lower than in the same period of the previous year (828). At the same time, the collective pay rise of 2.4% in December 2014 led to an increase in personnel expenses for most of the people employed in Germany; this increase offset the savings resulting from the reduced headcount. As a result, personnel expenses in the first quarter of 2015 were on a par with the previous year, at € 11.4 million (previous year: € 11.4 million). Against the background of the much lower total output, personnel expenses as a percentage of total output reached 24.7% (previous year: 21.5%), which was the highest level in the history of A.S. Création. Improving personnel expenses as a percentage of total output will therefore be a primary objective in the further course of the year.

The above-mentioned appreciation of the rouble against the euro in the first quarter of 2015 led to translation-related exchange gains also at the Russian joint venture, A.S. & Palitra, as the latter is predominantly financed in euros. Since A.S. Création's share in the result of the joint venture is included in the financial result in A.S. Création's income statement, these exchange gains are reflected in an increase in income from financial investments accounted for using the equity method from € -1.4 million in the previous year to € +1.0 million in the current fiscal year. Adjusted for the translation-related currency effects, A.S. Création's share in the result of the joint venture amounted to € -0.1 million (previous year: € -0.2 million). Due to the above-described strong depreciation of the rouble against the euro, commodity imports of the Russian production company in the first quarter of 2015 were much more expensive than in the previous year. These adverse effects were offset by higher sales prices and better utilisation of the production capacity. The Managing Board is therefore satisfied with the earnings performance of A.S. & Palitra in the first quarter of 2015.

Thanks to the increase in earnings before interest and taxes and the improved financial result, earnings before taxes more than doubled from € 2.2 million in the previous year to € 5.7 million in Q1 2015. The earnings trend in the first quarter was thus in line with the company's expectations for the full fiscal year 2015. In the forecast for the fiscal year 2015, the Managing Board had projected a disproportionate increase in earnings before taxes compared to earnings before interest and taxes. Adjusted for the translation-related

exchange gains and losses recognised in EBIT and the financial result, first-quarter earnings before taxes, at € 3.8 million, were nearly on a par with the previous year's € 4.0 million in spite of the sharp drop in revenues. Against the background of the difficult business environment the Managing Board is of the opinion that this result is very good.

Given that the pro-rated result of the Russian joint venture, which is reflected in the consolidated financial result and, hence, in consolidated earnings before taxes, is an after-tax result, this earnings component has no tax effect in A.S. Création's consolidated income statement. Accordingly, the pro-rated loss in Q1 2014 did not result in tax relief and the pro-rated profit in Q1 2015 did not result in a tax burden. The Group's imputed tax ratio consequently declined from 57.8% in the previous year to 26.8% in the reporting period, leading to a very strong increase in earnings after taxes from € 0.9 million in Q1 2014 to € 4.2 million in Q1 2015. This is also in line with the Managing Board's projections in the forecast for the full year 2015. Based on the unchanged average number of 2,756,351 outstanding shares, earnings per share amounted to € 1.52 in the reporting period (previous year: € 0.34).

### **Financial and earnings position**

At € 5.3 million, cash flow was up by € 0.9 million on the previous year's € 4.4 million. Put simply, the increase reflects the improved earnings position without factoring in the translation-related exchange gains and losses. The increased cash flow contrasted with reduced financing requirements in the reporting period.

At € 7.4 million, the seasonal increase in trade receivables that is typical of the first quarter was € 4.0 million lower than the previous year's € 11.4 million, primarily due to the reduced sales revenues. However, DSO (days of sales outstanding) increased from 67 in Q1 2014 to 74 in the reporting period. This is due to the fact that customers benefiting from longer payment terms account for an increased share of sales revenues and that longer payment terms were temporarily granted to some Eastern European customers encountering payment problems.

The reduced financing requirements are also attributable to the decline in capital expenditures, which dropped by € 1.1 million from € 1.8 million in the previous year to € 0.7 million in the reporting period.

A.S. Création was able to further reduce its net financial liabilities (difference between interest-bearing financial liabilities and cash and cash equivalents as well current financial assets) by € 3.9 million from € 11.9 million on December 31, 2014 to € 8.0 million on March 31, 2015. The reduction is the net result of a € 0.3 million decline in interest-bearing financial liabilities and a € 3.6 million increase in cash and cash equivalents as well as current financial assets. The solid financial position improved again. At 0.4 years (previous year: 1.3 years), the debt repayment period is at a very low level, and A.S. Création's equity capitalisation is excellent, as reflected in an equity ratio of 57.2% as of March 31, 2015 (previous year: 56.7%).

The Managing Board also considers the net worth position of A.S. Création to be very sound. As of March 31, 2015, the Group's total assets amounted to € 156.3 million (previous year: € 166.6 million), of which 83.2% (previous year: 80.8%), i.e. by far the biggest portion, related to property, plant and equipment, inventories, trade receivables, current financial assets as well as cash and cash equivalents. By contrast, intangible assets recognised in the consolidated balance sheet as of the balance sheet date (including goodwill) played only a minor role and represented only 5.2% (previous year: 4.9%) of total assets and 9.1% (previous year: 8.7%) of equity.

## **Forecast**

As had been expected, the start to the fiscal year 2015 was difficult. Although the drop in revenues in the first quarter of 2015 was stronger than projected for the full year 2015, the Managing Board is confident that the sales forecast, according to which consolidated sales revenues in 2015 will amount to between € 175 million and € 185 million, will be met. On the one hand, the Managing Board expects sales revenues in the European Union to pick up, as the sales situation in this region was better in March than it had been in January and February. On the other hand, the Russian distribution company, A.S. Création (RUS), should be able to increase its revenues in the course of the year, as the Managing Board expects demand for locally produced wallpapers to pick up further. These developments should be supported by the recent changes in the company's management team.

With regard to the earnings position of A.S. Création in the course of the fiscal year 2015, the Managing Board stands by its full-year 2015 guidance as detailed in the forecast report of the 2014 Annual Report. Provided that no significant burdens exceeding the amount of € 7.0 million already recognised as an expense arise from the antitrust proceedings and that the Russian rouble does not depreciate extremely against the euro by the end of 2015, the earnings position should improve notably. This improvement was already discernible in the first quarter of 2015. Operationally, A.S. Création Tapeten AG will focus on adjusting its cost structures to the reduced revenues and on further optimising its production processes in Germany. As far as the Russian companies are concerned, their earnings position is expected to improve on the back of growing sales revenues.

The risk and opportunity profile of A.S. Création Tapeten AG has not changed materially as compared to the presentation in the 2014 Annual Report.

**Statement pursuant to Article 315 paragraph 1 sentence 6 of the German Commercial Code (Handelsgesetzbuch HGB)**

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

Gummersbach, April 28, 2015

**A.S. Création Tapeten AG**

The Managing Board

Kämper

Bantel

Krämer

Suskas

# A.S. Création Tapeten AG, Gummersbach

## Consolidated balance sheet

as per March 31, 2015

<b>Assets</b>		
	31.03.2015	31.12.2014
	€ '000	€ '000
Tangible fixed assets	31,786	33,285
Intangible fixed assets	8,150	8,149
Investments accounted for at equity	0	0
Financial assets	9,459	8,901
Other assets	3,001	2,843
Income tax receivables	579	575
Deferred tax assets	378	512
<b>Non-current assets</b>	<b>53,353</b>	<b>54,265</b>
Inventories	43,626	43,531
Trade receivables	42,251	34,703
Other assets	7,197	7,353
Income tax receivables	532	535
Cash and cash equivalents	9,380	5,775
<b>Current assets</b>	<b>102,986</b>	<b>91,897</b>
<b>Total assets</b>	<b>156,339</b>	<b>146,162</b>
<b>Equity and liabilities</b>		
	31.03.2015	31.12.2014
	€ '000	€ '000
Capital stock	9,000	9,000
Capital reserves	13,757	13,757
Revenue reserves	70,173	70,939
Profit / Loss carried forward	-8,364	974
Earnings after taxes	4,194	-9,338
Adjustment for own shares	-4,021	-4,021
Currency translation differences	4,676	5,580
<b>Equity</b>	<b>89,415</b>	<b>86,891</b>
Financial liabilities (interest-bearing)	15,274	16,236
Other liabilities	962	1,012
Provisions	13,841	12,626
Deferred tax liabilities	2,200	2,856
<b>Non-current liabilities</b>	<b>32,277</b>	<b>32,730</b>
Financial liabilities (interest-bearing)	5,167	4,518
Other liabilities	18,877	15,550
Trade payables	9,785	6,058
Provisions	69	102
Tax liabilities	749	313
<b>Current liabilities</b>	<b>34,647</b>	<b>26,541</b>
<b>Total equity and liabilities</b>	<b>156,339</b>	<b>146,162</b>



# A.S. Création Tapeten AG, Gummersbach

## Consolidated income statement

for the three-month period ended March 31, 2015

	Notes No.	2015 € '000	2014 € '000
<b>Sales</b>	(1)	<b>46,969</b>	<b>54,328</b>
Increase or decrease in unfinished and finished goods		-977	-1,297
<b>Total output</b>		<b>45,992</b>	<b>53,031</b>
Cost of materials		20,771	26,437
<b>Gross profit</b>		<b>25,221</b>	<b>26,594</b>
<b>Other income</b>		<b>1,069</b>	<b>196</b>
		<b>26,290</b>	<b>26,790</b>
Personnel expenses		11,362	11,388
Depreciation		2,176	2,360
Operating taxes		117	122
Other operating expenses		7,913	9,259
<b>Operating expenses</b>		<b>21,568</b>	<b>23,129</b>
<b>Earnings before interest and taxes (EBIT)</b>		<b>4,722</b>	<b>3,661</b>
Interest and similar income		266	209
Results from investments accounted for at equity		982	-1,373
Interest and similar expenses		240	289
<b>Financial result</b>		<b>1,008</b>	<b>-1,453</b>
<b>Earnings before income taxes</b>		<b>5,730</b>	<b>2,208</b>
Income taxes	(2)	1,536	1,276
<b>Earnings after taxes</b>		<b>4,194</b>	<b>932</b>
<b>Earnings per share</b>	(3)	<b>1.52 €</b>	<b>0.34 €</b>

# A.S. Création Tapeten AG, Gummersbach

## Consolidated statement of comprehensive income

for the three-month period ended March 31, 2015

	2015	2014
	€ '000	€ '000
<b>Earnings after taxes</b>	<b>4,194</b>	<b>932</b>
Items, that will never be reclassified to profit or loss:		
Actuarial gains/losses from pension provisions	-1,154	-603
Deferred taxes on other comprehensive income	360	187
	<b>-794</b>	<b>-416</b>
Items, that are or may be reclassified to profit or loss:		
Foreign currency translation differences for fully consolidated companies	-423	240
Foreign currency translation differences for investments accounted for at equity	-481	215
Change in fair value of an interest rate hedge	40	-41
Deferred taxes on other comprehensive income	-12	13
	<b>-876</b>	<b>427</b>
<b>Other comprehensive income (outside profit or loss)</b>	<b>-1,670</b>	<b>11</b>
<b>Total comprehensive income</b>	<b>2,524</b>	<b>943</b>

# A.S. Création Tapeten AG, Gummersbach

## Consolidated statement of changes in equity

for the three-month period ended March 31, 2015

	Capital stock	Capital reserves	Revenue reserves	Profit / Loss carried forward	Earnings after taxes	Adjust- ment for own shares	Currency trans- lation diffe- rences	Total
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
<b>January 1, 2014</b>	<b>9,000</b>	<b>13,757</b>	<b>67,043</b>	<b>6,111</b>	<b>1,323</b>	<b>-4,021</b>	<b>260</b>	<b>93,473</b>
Earnings after taxes 2013	0	0	0	1,323	-1,323	0	0	0
Dividend payments	0	0	0	0	0	0	0	0
Allocation to revenue reserves	0	0	0	0	0	0	0	0
Total comprehensive income 2014	0	0	-444	0	932	0	455	943
<b>March 31, 2014</b>	<b>9,000</b>	<b>13,757</b>	<b>66,599</b>	<b>7,434</b>	<b>932</b>	<b>-4,021</b>	<b>715</b>	<b>94,416</b>

	Capital stock	Capital reserves	Revenue reserves	Profit / Loss carried forward	Earnings after taxes	Adjust- ment for own shares	Currency trans- lation diffe- rences	Total
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
<b>January 1, 2015</b>	<b>9,000</b>	<b>13,757</b>	<b>70,939</b>	<b>974</b>	<b>-9,338</b>	<b>-4,021</b>	<b>5,580</b>	<b>86,891</b>
Earnings after taxes 2014	0	0	0	-9,338	9,338	0	0	0
Dividend payments	0	0	0	0	0	0	0	0
Allocation to revenue reserves	0	0	0	0	0	0	0	0
Total comprehensive income 2015	0	0	-766	0	4,194	0	-904	2,524
<b>March 31, 2015</b>	<b>9,000</b>	<b>13,757</b>	<b>70,173</b>	<b>-8,364</b>	<b>4,194</b>	<b>-4,021</b>	<b>4,676</b>	<b>89,415</b>

# A.S. Création Tapeten AG, Gummersbach

## Consolidated cash flow statement

for the three-month period ended March 31, 2015

	2015 € '000	2014 € '000
<b>Operating activities</b>		
Earnings after taxes	4,194	932
+ Depreciation on tangible and intangible fixed assets	2,176	2,360
+/- Increase/decrease in long-term provisions	61	59
-/+ Income/expenses from investments accounted for at equity	-982	1,373
-/+ Increase/decrease in present value of corporate income tax credit	-7	-14
-/+ Income/expenses from changes in deferred taxes	-166	-336
<b>Cash-flow</b>	<b>5,276</b>	<b>4,374</b>
-/+ Profit/losses from disposal of tangible and intangible fixed assets	-36	8
-/+ Increase/decrease in inventories	46	366
-/+ Increase/decrease in trade receivables	-7,410	-11,442
+/- Increase/decrease in trade payables	3,627	3,449
-/+ Increase/decrease in other net working capital	2,994	2,451
<b>Cash-flow from operating activities</b>	<b>4,497</b>	<b>-794</b>
<b>Investing activities</b>		
Capital expenditures on tangible and intangible fixed assets	-686	-1,482
- Cash outflows for credits and bonds granted	0	-350
<b>Capital expenditures</b>	<b>-686</b>	<b>-1,832</b>
+ Proceeds from the disposal of tangible and intangible fixed assets	54	57
<b>Cash-flow from investing activities</b>	<b>-632</b>	<b>-1,775</b>
<b>Financing activities</b>		
Dividends paid to shareholders of A.S. Création Tapeten AG	0	0
+/- Raising/repayment of financial liabilities (interest-bearing)	-314	317
<b>Cash-flow from financing activities</b>	<b>-314</b>	<b>317</b>
<b>Net change in cash and cash equivalents</b>	<b>3,551</b>	<b>-2,252</b>
+/- Change in cash and cash equivalents due to exchange rate fluctuations	54	-19
+ Cash and cash equivalents at January 1	5,775	6,644
<b>Cash and cash equivalents at March 31</b>	<b>9,380</b>	<b>4,373</b>

Further information on the cash flow statement are presented in the notes to the consolidated financial statement (see No. 4).

# A.S. Création Tapeten AG, Gummersbach

## Notes to the consolidated financial statements

for the three-month period ended March 31, 2015

### **General**

A.S. Création Tapeten AG is a joint stock company registered in the Federal Republic of Germany. The address of the headquarters is Südstrasse 47, D-51645 Gummersbach.

The present interim consolidated financial statements for the three-month period ended March 31, 2015 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, 2014. 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, 2014.

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. The company is currently reviewing the potential effects of the new IFRS 15 on the consolidated financial statements.

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 2015 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 2014.

## **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 £ 0.74325/€ (2014: £ 0.82783/€) and a closing rate of £ 0.72575/€ (2014: £ 0.82600/€) were used for the pound sterling, while an average annual rate of RUB 71.02302/€ (2014: RUB 48.17113/€) and a closing rate of RUB 63.36950/€ (2014: RUB 49.05190/€) were applied for the Russian rouble.

## Notes to the income statement

### (1) Sales

A breakdown of Group sales by region is provided below:

	Wallpaper Division		Fabrics Division		Consolidation		Group	
	2015	2014	2015	2014	2015	2014	2015	2014
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Germany	20,816	20,906	2,985	3,192	-51	-55	23,750	24,043
EU (excl. Germany)	21,071	24,021	637	565	-15	-18	21,693	24,568
European Union (EU)	41,887	44,927	3,622	3,757	-66	-73	45,443	48,611
Other Eastern Europe	4,318	8,289	163	181	0	0	4,481	8,470
Other countries	2,759	3,157	223	125	0	0	2,982	3,282
<b>Sales (gross)</b>	<b>48,964</b>	<b>56,373</b>	<b>4,008</b>	<b>4,063</b>	<b>-66</b>	<b>-73</b>	<b>52,906</b>	<b>60,363</b>
Reduction in revenues	-5,675	-5,793	-263	-242	1	0	-5,937	-6,035
<b>Sales (net)</b>	<b>43,289</b>	<b>50,580</b>	<b>3,745</b>	<b>3,821</b>	<b>-65</b>	<b>-73</b>	<b>46,969</b>	<b>54,328</b>

### (2) 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:

	2015	2014
	€ '000	€ '000
Current income tax expenses	1,702	1,612
Deferred taxes	-166	-336
	<b>1,536</b>	<b>1,276</b>

### (3) Earnings per share

Earnings per share are calculated as follows:

		2015	2014
Number of shares outstanding (weighted average)	shares	2,756,351	2,756,351
Earnings after taxes	€	4,193,860	932,245
<b>Earnings per share</b>	<b>€/share</b>	<b>1.52</b>	<b>0.34</b>

Given that no stock options or similar equity instruments exist that may lead to a change in the number of shares (so-called "capital dilution"), earnings per share represent both basic and diluted earnings per share.

### Complementary information

#### (4) Cash flow statement

Cash flow from operating activities includes the following payments:

	2015	2014
	€ '000	€ '000
Interest received	5	4
Interest paid	150	169
Income tax paid	1,270	1,360
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:

	2015	2014
	€ '000	€ '000
Raising of financial liabilities (excl. financial lease)	651	2,825
Raising of liabilities under financial lease contracts	0	0
Repayment of financial liabilities (excl. financial lease)	-848	-2,393
Repayment of liabilities under financial lease contracts	-117	-115
	<b>-314</b>	<b>317</b>



## (5) 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	
	2015	2014	2015	2014	2015	2014	2015	2014
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
External sales	43,245	50,540	3,724	3,788	0	0	46,969	54,328
Intra-Group sales	44	40	21	33	-65	-73	0	0
Total sales	43,289	50,580	3,745	3,821	-65	-73	46,969	54,328
EBITDA <sup>1</sup>	6,706	5,862	185	159	7	0	6,898	6,021
EBITDA-margin	15.5 %	11.6 %	4.9 %	4.2 %			14.7 %	11.1 %
EBIT <sup>2</sup>	4,569	3,543	141	113	12	5	4,722	3,661
EBIT-margin	10.6 %	7.0 %	3.8 %	3.0 %			10.1 %	6.7 %
Interest income	289	240	0	0	-23	-31	266	209
Results from investments accounted for at equity	982	-1,373	0	0	0	0	982	-1,373
Interest expenses	233	279	30	41	-23	-31	240	289
Earnings before taxes	5,607	2,131	111	72	12	5	5,730	2,208
Return on sales (before taxes)	13.0 %	4.2 %	3.0 %	1.9 %			12.2 %	4.1 %
Income taxes	1,497	1,252	36	23	3	1	1,536	1,276
Capital expenditures <sup>3</sup>	636	1,781	50	51	0	0	686	1,832
Depreciation	2,137	2,319	44	46	-5	-5	2,176	2,360
Cash-flow <sup>3</sup>	5,155	4,272	113	103	8	-1	5,276	4,374
Segment assets 31.03 <sup>4</sup>	134,991	152,527	7,735	7,852	-306	-434	142,420	159,945
thereof non-current assets	(51,152)	(61,132)	(1,300)	(1,332)	(-56)	(-79)	(52,396)	(62,385)
Segment liabilities 31.03. <sup>5</sup>	28,200	26,341	1,730	1,970	-236	-355	29,694	27,956
Employees (average)	743	756	71	72	0	0	814	828

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

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

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

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

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

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

Of the total non-current Group assets of € 52.396 million (previous year: € 62.385 million), an amount of € 30.972 million (previous year: € 36.383 million) relates to Germany, an amount of € 11.855 million (previous year: € 12.829 million) to other EU countries and an amount of € 9.569 million (previous year: € 13.173 million) to non-EU Eastern European countries.

## (6) Managing Board

The Managing Board had the following members in the reporting period:

- Jörn Kämper, Chairman, Sales and Marketing
- Roland Werner Bantel, Sales and Marketing (from April 1, 2015)
- Maik Holger Krämer, Finance and Controlling
- Antonios Suskas, Production and Logistics

## (7) 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:

	2015	2014
	€ '000	€ '000
Sales	105	85
Purchases	1,325	1,676
Interest income	261	205

  

	31.03.2015	31.03.2014
	€ '000	€ '000
Shareholder loans	16,589	16,539
Receivables	2,783	1,690
Liabilities	1,265	1,679

The relationship of the company with A.S. Création Tapeten Stiftung, a charitable foundation, as well as the agreements with Franz Jürgen Schneider, Jörn Kämper and Maik Holger Krämer relating the release from the anti-trust proceedings as reported in the consolidated financial statements for 2014 continued to exist in the period under review.

**(8) Post balance sheet events**

No events that require reporting have occurred.

Gummersbach, April 28, 2015

**A.S. Création Tapeten AG**

The Managing Board

Kämper

Bantel

Krämer

Suskas

**Investor Relations**

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