



**INTERIM REPORT FOR THE PERIOD
ENDED JUNE 30, 2015**

A.S. CRÉATION TAPETEN AG

		2011	2012	2013	2014	2015
Sales	€ '000	99,084	103,552	104,756	99,501	87,160
EBIT	€ '000	7,520	9,194	9,498	6,516	7,466
Earnings before income taxes	€ '000	6,610	8,175	7,152	4,894	9,081
Earnings after income taxes	€ '000	4,489	5,461	4,183	2,658	7,288
Earnings per share	€/share	1.63	1.98	1.52	0.96	2.64
Cash-flow	€ '000	9,105	10,061	10,415	8,507	9,357
Capital expenditures	€ '000	6,607	7,965	5,774	3,191	1,926
Depreciation	€ '000	5,076	4,800	4,630	4,728	4,344
Number of employees		786	809	833	825	807

A.S. Création Tapeten AG, Gummersbach

Management Report

on the business performance for the six-month period ended June 30, 2015

Sales performance

The eurozone economy turned in a decent performance in the first half of 2015, although the growth rate remained fairly low. Having expanded at a rate of 1.0% in the first quarter, the gross domestic product was up by 1.2% on the prior year period in the second quarter. This positive economic trend was supported by the lower oil price and the depreciation of the euro against the currencies of the main trading partners. Economic researchers now project a growth rate of 1.2% in the eurozone for the full year 2015. Germany's GDP growth rates of 1.1% in the first quarter and 1.6% in the second quarter of 2015 were only slightly above the eurozone. The phase during which the German economy grew much more strongly than the other eurozone countries seems to be coming to an end. On the one hand, unit wage costs in Germany have increased more strongly since 2011 than the eurozone average, causing Germany to lose its high price competitiveness. On the other hand, the German economy is adversely affected by declining demand, especially from the emerging countries, an important export market for the German economy. The economic situation in Russia remains difficult, with GDP declining by 3.7% in the first six months of the year. Although some economists believe that the worst is over for the Russian economy, the latter is expected to contract by roughly 3% in the full year 2015. According to the latest forecast, only marginal GDP growth is anticipated for 2016 at best. The Russian economy is primarily suffering from the slump in the oil price, as commodity and energy-oriented companies play a particularly important role for Russia's economy. In addition, the sanctions imposed in conjunction with the Ukraine crisis and the strong depreciation of the Russian rouble against the euro and the US dollar, which has made imports much more expensive, are weighing on the economy. Consequently, Russia's (annualised) rate of inflation has climbed to approx. 15%, the highest level seen since 1999.

The economic environment described above is having an adverse effect on A.S. Création's business activity in the current year. Having declined by 13.5% in the first quarter of 2015, sales revenues were down by 11.0% on the prior year period in the second quarter. At € 87.2 million, the Group's total first-half revenues were down by € 12.3 million or 12.4% on the previous year's € 99.5 million. The breakdown of sales revenues by regions shows that this drop in revenues is primarily attributable to the non-EU Eastern European countries as well as to EU countries excluding Germany.

A.S. Création's sales revenues in the fiscal year to date 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 dropped sharply. The dramatic depreciation of the Russian rouble seen in the fourth quarter of 2014 has not continued. Right on the contrary, the rouble clearly recovered in the first half of 2015. But this recovery was not sufficient to offset the depreciation of the year 2014. As a result, the value of the rouble against the euro in the first six months of 2015 was still 33.7% lower than in the first half of

2014, making A.S. Création's German-made 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. In this environment, A.S. Création has been unable to offset the declining sales of German-made wallpapers with additional sales of Russian-made wallpapers. As this situation failed to improve in the second quarter of 2015, the Managing Board is not satisfied with the company's sales performance. This situation is aggravated by the above-mentioned depreciation of the rouble compared to the first half of 2014, because this means that the rouble-denominated sales figures of the Russian distribution company, A.S. Création (RUS), contribute a lower euro amount to consolidated sales revenues. Between them, the above effects sent gross revenues in non-EU Eastern European countries falling by 45.4% in the first six months of 2015 compared to the previous year. The Managing Board is currently seeing no signs of a turnaround in sales revenues in this region.

Sales revenues in the EU countries (excl. Germany) have given some cause for hope, as the decline in revenues in this region slowed down notably from -11.7% in the first three months of 2015 to -5.4% in the second quarter. This trend is mainly attributable to the French, UK and Benelux markets. But the revenue situation is still not satisfactory, as A.S. Création's revenues in this region are far from growing. Total gross revenues for the first six months were still down by as much as 8.9% or € 3.9 million on the same period of the previous year.

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 half 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.

Having declined by 9.1% in the first quarter of 2015, sales revenues in the remaining countries stayed at the prior year level in the second quarter, especially thanks to improved demand in some Asian markets. As a result, gross revenues in the first half of 2015 were down by only 3.9% on the same period of the previous year. Contributing less than 10% to the Group's total revenues, however, the remaining countries have only little influence on A.S. Création's overall business performance.

The Managing Board of A.S. Création is not satisfied with the sharp drop in sales revenues in Q2 2015 and with the total revenues generated in the first six months of the year. 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 12.4%, the decline in sales revenues from € 99.5 million in H1 2014 to €87.2 million in H1 2015 was higher than projected.

Earnings performance

In spite of the drop in revenues, earnings improved notably in the first half of 2015. At € 7.5 million, earnings before interest and taxes (EBIT) were up by 14.6% on the previous year's € 6.5 million and the EBIT margin reached 8.6% (previous year: 6.5%).

When interpreting this improvement in earnings, however, the effects of three special factors should be considered:

- Exchange gains and losses
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 half of 2015, the rouble gained approx. 10% against the euro, compared to a depreciation of approx. 2% in the first six months of the previous year. As a result, exchange losses of € 0.1 million affected the previous year's EBIT, whereas exchange gains of € 1.2 million were posted in the reporting period.
- Other income
In June 2015, A.S. Création and the former owners of the two French companies acquired in late 2008 agreed that the latter would bear part of the penalty imposed in conjunction with the French antitrust proceedings (for details see the ad-hoc announcement of A.S. Création Tapeten AG dated June 4, 2015). The income of € 2.1 million resulting from this agreement is included in other income of the second quarter 2015 and was paid by the former owners in June 2015.
- Valuation allowances on receivables
The negative economic developments, especially in Eastern Europe, have caused financial bottlenecks at some customers, due to which we were forced to grant them longer payment terms. As a result, days of sales outstanding (DSO) increased to 73 in the first half of 2015 (previous year: 68). Against this background, the parameters for the risk assessment of trade receivables have been reviewed and adjusted. This led to a € 1.1 million increase in valuation allowances. This one-time effect is reflected in other operating expenses of the second quarter of 2015.

Adjusted for these one-time effects, earnings before interest and taxes declined by € 1.3 million or 19.9% from the previous year's € 6.6 million to € 5.3 million in the first half of 2015. The adjusted EBIT margin stood at 6.1% (previous year: 6.6%). Against the background of the above-mentioned € 12.3 million decline in sales revenues in the first half of 2015, the Managing Board is satisfied with the fact that the company has been able to limit the decline in adjusted EBIT to € 1.3 million.

This was achieved not least thanks to the improved gross profit margin (gross profit as a percentage of total output), which reached a record 53.3% in the first half of 2015 (previous year: 49.8%). 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 half of 2015. On the downside, however, the gross profit margin of the

second quarter of 2015 was much lower than in the first three months of the fiscal year, which reflects the negative effects of the increasingly fierce price competition.

The company continued to reduce its other operating expenses, especially its overheads. At € 14.2 million, other operating expenses adjusted for the above exchange losses and valuation allowances on receivables were therefore down by € 1.0 million on the previous year's € 15.2 million.

At € 4.3 million, depreciation in the first six months was down by € 0.4 million on the previous year's € 4.7 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 half of 2015 were down by 12.4% on the previous year, the A.S. Création Group's average headcount, at 807, was only 2.2% lower than in the same period of the previous year (825). At the same time, the collective pay rises of 2.4% in December 2014 for most of the people employed in Germany as well as severance payments made in conjunction with the staff reductions led to an increase in personnel expenses. At € 22.7 million, total personnel expenses in the first half of 2015 therefore exceeded the previous year's € 22.4 million. Against the background of the much lower total output, personnel expenses as a percentage of total output reached 26.2% (previous year: 22.9%), the highest level in the history of A.S. Création. A.S. Création Tapeten AG, which accounts for the biggest portion of personnel expenses, is currently discussing measures aimed at a sustainable reduction in personnel expenses with the staff council.

The above-mentioned appreciation of the rouble against the euro in the first half 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 € -1.5 million in the previous year to € +1.5 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 € -0.2 million (previous year: € -1.3 million). This significant reduction in start-up losses reflects the improved production processes as well as the increased capacity utilisation resulting from higher sales volumes. Due to the above-described strong depreciation of the rouble against the euro, commodity imports of the Russian production company in the first half of 2015 were much more expensive than in the previous year. As a result, the company has (so far) failed to break even. The Managing Board is nevertheless very satisfied with the earnings performance of A.S. & Palitra in the first half of 2015.

Thanks to the increase in earnings before interest and taxes and the improved financial result, earnings before taxes almost doubled from € 4.9 million in the previous year to € 9.1 million in H1 2015. The earnings trend in the first half 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 as well as above mentioned special items, first-half earnings before taxes, at € 5.2 million, were exactly on a par with the previous year in spite of the sharp drop in revenues. In view of the difficult framework conditions, the Managing Board regards this as a very good result.

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 H1 2014 did not result in tax relief and the pro-rated profit in H1 2015 did not result in a tax burden. The Group's imputed tax ratio consequently declined from 45.7% in the previous year to 19.7% in the reporting period, leading to a very strong increase in earnings after taxes from € 2.7 million in H1 2014 to € 7.3 million in H1 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 shares outstanding of 2,756,351, earnings per share amounted to € 2.64 in the reporting period (previous year: € 0.96).

Financial and earnings position

The improvement in the financial position, which began already in the first quarter of the current fiscal year, continued in the second quarter. 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 € 7.0 million from € 11.9 million on December 31, 2014 to € 4.9 million on June 30, 2015. The reduction is the net result of a € 4.1 million decline in interest-bearing financial liabilities and a € 2.9 million increase in cash and cash equivalents as well as current financial assets. The financial position thus improved even further. At 0.3 years (previous year: 1.1 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 62.5% as of June 30, 2015 (previous year: 58.6%).

This solid financial position is based on the very high internal financing strength once again demonstrated by A.S. Création during the first half of 2015. At € 8.8 million, the operating cash flow for the first six months of 2015, which also reflects the changes in capital tied up in net current assets, was up by € 3.2 million on the previous year's € 5.6 million. When analysing the operating cash flow, it should be noted that the penalties totalling € 5.0 million imposed on A.S. Création in the context of the French antitrust proceedings were paid by the company in the first half of 2015, with € 2.1 million reimbursed by the former owners of the respective Group companies, as outlined above. This loss of liquidity in the amount of € 2.9 million was € 0.9 million higher than the corresponding amount of € 2.0 million paid in the prior year period, which related to the voluntary payment of part of the penalty imposed in the context of the German antitrust proceedings.

The increased operating cash flow contrasted with reduced financing requirements for capital expenditures and dividends in the reporting period:

- At € 1.9 million, capital expenditures were down by € 1.3 million on the previous year's € 3.2 million. On the one hand, no material investments in property, plant and equipment were required given the decline in sales revenues. On the other hand, the Russian production company did not need additional shareholder loans in the reporting period, which was in contrast to the previous year. Accordingly, no investments in financial assets have been made in the fiscal year to date (previous year: € 0.6 million).
- Due to the losses incurred in the fiscal year 2014, the Annual General Meeting of Shareholders held in May 2015 decided not to pay out a dividend. In May 2014, the company had paid out a dividend of € 0.7 million for the fiscal year 2013, which led to a commensurate outflow of cash in the first half of 2014.

The Managing Board considers not only the financial position but also the net worth position of A.S. Création to be very sound. As of June 30, 2015, the Group's total assets amounted to € 149.8 million (previous year: € 161.9 million), of which 82.1% (previous year: 80.1%), 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 5.4% (previous year: 5.1%) of total assets and 8.7% (previous year: 8.6%) of the equity capital.

Forecast

As had been expected, the macroeconomic environment of the year 2015 entails major challenges for A.S. Création. The Managing Board had therefore projected a decline by 2.2% to 7.5% in sales revenues to between € 175 million and € 185 million in its Group forecast for the full year 2015. Although the drop in sales revenues slowed down in the second quarter of 2015, A.S. Création had to cope with double-digit declines in revenues for two consecutive quarters. As outlined above, sales revenues for the first half of 2015 have dropped by a total of 12.4%, i.e. at a higher rate than projected in the forecast for the full year. The sales forecast was based on the assumption that the revenue situation would improve in the second half of 2015, especially in non-EU Eastern European countries. As there were no signs of such a fundamental turnaround in the second quarter, the Managing Board no longer believes that the sales forecast for the full year 2015 will be met, although this is theoretically still possible. A scenario in which Group sales revenues will come in at between € 160 million and € 170 million is more likely.

With regard to the earnings position of A.S. Création in the remaining course of the fiscal year 2015, however, 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 clearly improved earnings position was impressively reflected already in the first half of 2015, when earnings after taxes climbed to € 7.3 million (previous year: € 2.7 million). In the second half of 2014, exchange losses and the provisions established for the penalty imposed in the context of the French antitrust proceedings were the main reasons why A.S Création posted a loss after taxes of € 12.0 million for the second half of 2014. The Managing Board is not anticipating similar effects for the second half of 2015; with regard to the antitrust proceedings, a final court decision in the remaining course of the year appears unrealistic, and the RUB/€ exchange rate currently stands at €/RUB 66 (as at July 29, 2015), in spite of the recent moderate downward trend, which is still below the 2014 year-end exchange rate of €/RUB 68.3427. Only if the exchange rate exceeds this level on December 31, 2015 will the company post translation-related exchange losses, with a depreciation of the rouble by one percentage point reducing the Group's earnings after taxes by approx. € 0.250 million. All told, the Managing Board assumes that the earnings position will essentially be influenced by the company's operating activities up to the end of the year. In Germany, A.S. Création Tapeten AG will focus on adjusting the cost structures to the reduced sales revenues and on further optimising the production processes. As the above-mentioned negotiations with the staff council are taking longer than expected, most of the planned measures will probably not take effect before 2016. The Russian companies will focus on increasing their sales revenues, as the Managing Board considers this to be the most effective lever for improving the earnings position.

From today's point of view, the Managing Board projects a significant profit after taxes for the fiscal year 2015, compared to a loss of € -9.3 million in the previous year. In keeping with the company's dividend policy to date, such an improvement in earnings would lead to a dividend being paid for the fiscal year 2015, as A.S. Création's dividend policy provides for a high payout ratio as long as this is warranted by the company's financial position. Over the past years, the payout ratio in terms of earnings per share has averaged about 45%. As outlined above, A.S. Création's financial position as of June 30, 2015 was excellent, which is why the Managing Board currently sees no financial reasons that would speak against a dividend payment.

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. With regard to the drain on cash that may result from the penalties imposed by the cartel offices, it should be noted that € 7.0 million of the total penalties of € 15.5 million had been paid as of June 30, 2015; this compares with only € 2.0 million as of December 31, 2014, which means that the liquidity risk resulting from the potential penalty payment has declined significantly compared to the presentation in the 2014 consolidated financial statements.

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, July 29, 2015

A.S. Création Tapeten AG

The Managing Board

Kämper

Bantel

Krämer

Suskas

A.S. Création Tapeten AG, Gummersbach

Consolidated balance sheet

as per June 30, 2015

Assets		
	30.06.2015	31.12.2014
	€ '000	€ '000
Tangible fixed assets	30,858	33,285
Intangible fixed assets	8,119	8,149
Investments accounted for at equity	0	0
Financial assets	9,732	8,901
Other assets	3,395	2,843
Income tax receivables	584	575
Deferred tax assets	403	512
Non-current assets	53,091	54,265
Inventories	44,793	43,531
Trade receivables	35,634	34,703
Other assets	6,994	7,353
Income tax receivables	609	535
Cash and cash equivalents	8,710	5,775
Current assets	96,740	91,897
Total assets	149,831	146,162
Equity and liabilities		
	30.06.2015	31.12.2014
	€ '000	€ '000
Capital stock	9,000	9,000
Capital reserves	13,757	13,757
Revenue reserves	79,155	70,939
Profit carried forward	-15,746	974
Earnings after taxes	7,288	-9,338
Adjustment for own shares	-4,021	-4,021
Currency translation differences	4,167	5,580
Equity	93,600	86,891
Financial liabilities (interest-bearing)	12,573	16,236
Other liabilities	823	1,012
Provisions	11,673	12,626
Deferred tax liabilities	2,247	2,856
Non-current liabilities	27,316	32,730
Financial liabilities (interest-bearing)	4,114	4,518
Other liabilities	14,601	15,550
Trade payables	9,311	6,058
Provisions	419	102
Tax liabilities	470	313
Current liabilities	28,915	26,541
Total equity and liabilities	149,831	146,162

A.S. Création Tapeten AG, Gummersbach

Consolidated income statement

for the six-month period ended June 30, 2015

	Notes No.	2015 € '000	2014 € '000
Sales	(1)	87,160	99,501
Increase or decrease in unfinished and finished goods		-323	-1,526
Total output		86,837	97,975
Cost of materials		40,579	49,156
Gross profit		46,258	48,819
Other income		3,822	410
		50,080	49,229
Personnel expenses		22,737	22,404
Depreciation		4,344	4,728
Operating taxes		254	262
Other operating expenses		15,279	15,319
Operating expenses		42,614	42,713
Earnings before interest and taxes (EBIT)		7,466	6,516
Interest and similar income		548	458
Results from investments accounted for at equity		1,528	-1,501
Interest and similar expenses		461	579
Financial result		1,615	-1,622
Earnings before income taxes		9,081	4,894
Income taxes	(2)	1,793	2,236
Earnings after taxes		7,288	2,658
Earnings per share	(3)	2.64 €	0.96 €

A.S. Création Tapeten AG, Gummersbach

Consolidated statement of comprehensive income

for the six-month period ended June 30, 2015

	2015	2014
	€ '000	€ '000
Earnings after taxes	7,288	2,658
Items, that will never be reclassified to profit or loss:		
Actuarial gains/losses from pension provisions	1,074	-754
Deferred taxes on other comprehensive income	-335	235
	739	-519
Items, that are or may be reclassified to profit or loss:		
Foreign currency translation differences for fully consolidated companies	-635	25
Foreign currency translation differences for investments accounted for at equity	-778	-32
Change in fair value of an interest rate hedge	138	-89
Deferred taxes on other comprehensive income	-43	28
	-1,318	-68
Other comprehensive income (outside profit or loss)	-579	-587
Total comprehensive income	6,709	2,071

A.S. Création Tapeten AG, Gummersbach

Consolidated income statement

for the three-month period ended June 30, 2015 (2nd quarter)

	Notes No.	2015 € '000	2014 € '000
Sales	(1)	40,191	45,173
Increase or decrease in unfinished and finished goods		654	-229
Total output		40,845	44,944
Cost of materials		19,808	22,719
Gross profit		21,037	22,225
Other income		2,753	214
		23,790	22,439
Personnel expenses		11,375	11,016
Depreciation		2,168	2,368
Operating taxes		137	140
Other operating expenses		7,366	6,060
Operating expenses		21,046	19,584
Earnings before interest and taxes (EBIT)		2,744	2,855
Interest and similar income		282	249
Results from investments accounted for at equity		546	-128
Interest and similar expenses		221	290
Financial result		607	-169
Earnings before income taxes		3,351	2,686
Income taxes	(2)	257	960
Earnings after taxes		3,094	1,726
Earnings per share	(3)	1.12 €	0.62 €

A.S. Création Tapeten AG, Gummersbach

Consolidated statement of comprehensive income

for the three-month period ended June 30, 2015 (2nd quarter)

	2015	2014
	€ '000	€ '000
Earnings after taxes	3,094	1,726
Items, that will never be reclassified to profit or loss:		
Actuarial gains/losses from pension provisions	2,228	-151
Deferred taxes on other comprehensive income	-695	48
	1,533	-103
Items, that are or may be reclassified to profit or loss:		
Foreign currency translation differences for fully consolidated companies	-212	-215
Foreign currency translation differences for investments accounted for at equity	-297	-247
Change in fair value of an interest rate hedge	98	-48
Deferred taxes on other comprehensive income	-31	15
	-442	-495
Other comprehensive income (outside profit or loss)	1,091	-598
Total comprehensive income	4,185	1,128

Consolidated statement of changes in equity

for the six-month period ended June 30, 2015

	Capital stock	Capital reserves	Revenue reserves	Profit carried forward	Earnings after taxes	Adjust- ment for own shares	Currency trans- lation diffe- rences	Total
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
January 1, 2014	9,000	13,757	67,043	6,111	1,323	-4,021	260	93,473
Earnings after taxes 2013	0	0	0	1,323	-1,323	0	0	0
Dividend payments	0	0	0	-689	0	0	0	-689
Allocation to revenue reserves	0	0	4,670	-4,670	0	0	0	0
Total comprehensive income 2014	0	0	-580	0	2,658	0	-7	2,071
June 30, 2014	9,000	13,757	71,133	2,075	2,658	-4,021	253	94,855

	Capital stock	Capital reserves	Revenue reserves	Profit carried forward	Earnings after taxes	Adjust- ment for own shares	Currency trans- lation diffe- rences	Total
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
January 1, 2015	9,000	13,757	70,939	974	-9,338	-4,021	5,580	86,891
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	7,382	-7,382	0	0	0	0
Total comprehensive income 2015	0	0	834	0	7,288	0	-1,413	6,709
June 30, 2015	9,000	13,757	79,155	-15,746	7,288	-4,021	4,167	93,600

A.S. Création Tapeten AG, Gummersbach

Consolidated cash flow statement

for the six-month period ended June 30, 2015

	2015 € '000	2014 € '000
Operating activities		
Earnings after taxes	7,288	2,658
+ Depreciation on tangible and intangible fixed assets	4,344	4,728
+/- Increase/decrease in long-term provisions	121	144
-/+ Income/expenses from investments accounted for at equity	-1,528	1,501
-/+ Increase/decrease in present value of corporate income tax credit	-13	-28
-/+ Income/expenses from changes in deferred taxes	-855	-496
Cash-flow	9,357	8,507
-/+ Profit/losses from disposal of tangible and intangible fixed assets	-49	1
-/+ Increase/decrease in inventories	-1,059	212
-/+ Increase/decrease in trade receivables	-711	-6,258
+/- Increase/decrease in trade payables	3,142	1,245
-/+ Increase/decrease in other net working capital	-1,906	1,866
Cash-flow from operating activities	8,774	5,573
Investing activities		
Capital expenditures on tangible and intangible fixed assets	-1,926	-2,548
- Cash outflows for credits and bonds granted	0	-643
Capital expenditures	-1,926	-3,191
+ Proceeds from the disposal of tangible and intangible fixed assets	99	100
Cash-flow from investing activities	-1,827	-3,091
Financing activities		
Dividends paid to shareholders of A.S. Création Tapeten AG	0	-689
+/- Raising/repayment of financial liabilities (interest-bearing)	-4,068	-3,088
Cash-flow from financing activities	-4,068	-3,777
Net change in cash and cash equivalents	2,879	-1,295
+/- Change in cash and cash equivalents due to exchange rate fluctuations	56	-1
+ Cash and cash equivalents at January 1	5,775	6,644
Cash and cash equivalents at June 30	8,710	5,348

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 six-month period ended June 30, 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 six-month period ended June 30, 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 £ 0.73230/€ (2014: £ 0.82133/€) and a closing rate of £ 0.71153/€ (2014: £ 0.80120/€) were used for the pound sterling, while an average annual rate of RUB 64.31053/€ (2014: RUB 48.11396/€) and a closing rate of RUB 61.52060/€ (2014: RUB 45.82510/€) 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 € '000	2014 € '000	2015 € '000	2014 € '000	2015 € '000	2014 € '000	2015 € '000	2014 € '000
Germany	36,241	36,346	5,569	5,855	-95	-99	41,715	42,102
EU (excl. Germany)	39,210	43,256	1,250	1,152	-29	-33	40,431	44,375
European Union (EU)	75,451	79,602	6,819	7,007	-124	-132	82,146	86,477
Other Eastern Europe	9,225	17,055	256	301	0	0	9,481	17,356
Other countries	6,690	7,070	329	237	0	0	7,019	7,307
Sales (gross)	91,366	103,727	7,404	7,545	-124	-132	98,646	111,140
Reduction in revenues	-10,989	-11,146	-498	-494	1	1	-11,486	-11,639
Sales (net)	80,377	92,581	6,906	7,051	-123	-131	87,160	99,501

(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 € '000	2014 € '000
Current income tax expenses	2,648	2,732
Deferred taxes	-855	-496
	1,793	2,236

(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	€	7,287,943	2,657,992
Earnings per share	€/share	2.64	0.96

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	14	7
Interest paid	323	360
Income tax paid	2,577	2,402
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)	205	1,576
Raising of liabilities under financial lease contracts	0	0
Repayment of financial liabilities (excl. financial lease)	-4,038	-4,434
Repayment of liabilities under financial lease contracts	-235	-230
	-4,068	-3,088

(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	80,295	92,509	6,865	6,992	0	0	87,160	99,501
Intra-Group sales	82	72	41	59	-123	-131	0	0
Total sales	80,377	92,581	6,906	7,051	-123	-131	87,160	99,501
EBITDA ¹	11,454	10,895	351	349	5	0	11,810	11,244
EBITDA-margin	14.3 %	11.8 %	5.1 %	5.0 %			13.5 %	11.3 %
EBIT ²	7,187	6,246	263	259	16	11	7,466	6,516
EBIT-margin	8.9 %	6.7 %	3.8 %	3.7 %			8.6 %	6.5 %
Interest income	594	520	0	1	-46	-63	548	458
Results from investments accounted for at equity	1,528	-1,501	0	0	0	0	1,528	-1,501
Interest expenses	447	554	60	88	-46	-63	461	579
Earnings before taxes	8,862	4,711	203	172	16	11	9,081	4,894
Return on sales (before taxes)	11.0 %	5.1 %	2.9 %	2.4 %			10.4 %	4.9 %
Income taxes	1,722	2,178	66	55	5	3	1,793	2,236
Capital expenditures ³	1,866	3,131	60	60	0	0	1,926	3,191
Depreciation	4,267	4,649	88	90	-11	-11	4,344	4,728
Cash-flow ³	9,135	8,279	217	228	5	0	9,357	8,507
Segment assets 30.06. ⁴	129,427	147,112	7,400	7,452	-351	-402	136,476	154,162
thereof non-current assets	(50,895)	(58,199)	(1,259)	(1,295)	(-51)	(-73)	(52,103)	(59,421)
Segment liabilities 30.06. ⁵	23,716	24,566	1,726	1,841	-286	-329	25,156	26,078
Employees (average)	736	752	71	73	0	0	807	825

A breakdown of Group sales by geographical regions is provided in the notes on sales (see No. 1).

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

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

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

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

⁵ **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 € 52.103 million (previous year: € 59.421 million), an amount of € 30.635 million (previous year: € 33.683 million) relates to Germany, an amount of € 11.634 million (previous year: € 12.583 million) to other EU countries and an amount of € 9.834 million (previous year: € 13.155 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	216	129
Purchases	2,897	3,746
Interest income	534	450

	30.06.2015	30.06.2014
	€ '000	€ '000
Shareholder loans	16,613	16,892
Receivables	3,119	1,900
Liabilities	908	1,625

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, July 29, 2015

A,S, Création Tapeten AG

The Managing Board

Kämper

Bantel

Krämer

Suskas

Investor Relations

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