



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

A.S. CRÉATION TAPETEN AG

		2011	2012	2013	2014	2015
Sales	€ '000	146,602	151,930	153,094	145,240	126,839
EBIT	€ '000	8,474	11,558	11,713	8,606	6,751
Earnings before income taxes	€ '000	6,989	10,193	8,550	6,107	5,566
Earnings after income taxes	€ '000	4,581	6,811	4,852	3,176	3,445
Earnings per share	€/share	1.66	2.47	1.76	1.15	1.25
Cash-flow	€ '000	11,667	13,866	13,789	11,886	10,181
Capital expenditures	€ '000	16,735	10,258	7,292	4,297	3,489
Depreciation	€ '000	7,558	7,362	7,045	7,096	6,362
Number of employees		792	828	836	823	805

A.S. Création Tapeten AG, Gummersbach

Management Report

on the business performance for the nine-month period ended September 30, 2015

Sales performance

In the year to date, the declining global demand has not had a sustainable impact on the eurozone economy. During the first three quarters of 2015, the gross domestic product was up by approx. 1.5% each on the previous year. This positive economic trend was supported by the low oil price, the depreciation of the euro against the currencies of important trading partners and the economic recovery in the reforming countries, e.g. Spain. Moving forward, however, the forecasts assume that the eurozone will be unable to isolate itself from the weaker world economy, especially from the weak demand of the emerging countries. Accordingly, economic growth in the eurozone is likely to slow in the coming months. Economic researchers therefore expect the growth rate to decline from 1.5% for the full year 2015 to 1.3% for the full year 2016. While the German economy had clearly outperformed the eurozone average in each of the past ten years, its growth rates were no longer significantly better in the first three quarters of 2015. On the one hand, unit wage costs in Germany have increased more strongly than in the rest of the eurozone on average since 2011, which is a burden on Germany's competitiveness. On the other hand, the German economy is suffering from declining demand in the emerging countries, which are important export markets for the German economy. The forecasts for Germany project a growth rate of 1.8% for the full year 2015 and of only 1.5% for 2016. Russia remains in a deep recession. The Russian economy is expected to contract by 4.0% in 2015, with a further 1.2% decline in the gross domestic product projected for 2016. The Russian economy is primarily suffering from the slump in the oil price, as commodity and energy industry 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 over 15%, the highest level seen since 1999. In this adverse environment, consumer spending, which always used to support the Russian economy in the past, dropped by 8.5%.

A.S. Création was again unable to defy the difficult macroeconomic developments in the third quarter of 2015. With sales revenues having declined by 12.4% in the first six months of 2015, the company reported a similar reduction (13.2%) in the third quarter of 2015. At € 126.8 million, sales revenues for the total nine-month period of the current fiscal year 2015 were down by 12.7% or € 18.4 million on the previous year's € 145.2 million.

The breakdown of sales revenues by regions clearly shows that this drop in revenues is primarily attributable to the non-EU Eastern European countries. Gross revenues generated by A.S. Création in this region, which comprises, among other things, Russia and Ukraine, declined by 44.0% or € 11.9 million. As outlined in the previous interim reports, A.S. Création's wallpaper exports to Russia and Ukraine dropped sharply. The depreciation of the Russian rouble – which lost an average 38.2% against the euro in the first nine months

of 2015 compared to the previous year – has made 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 marketed by the Russian distribution company, A.S. Création (RUS). This situation is aggravated by the above-mentioned depreciation of the rouble compared to the first nine months of 2014, because this means that the rouble-denominated sales figures of the Russian distribution company contribute a lower euro amount to consolidated sales revenues.

The EU wallpaper markets as a whole were also in a poor state and failed to provide the kind of stimulation required to offset the drop in revenues in the non-EU Eastern European countries. Although A.S. Création was able to increase its sales revenues in some countries, declines were recorded in most countries, especially in France and the UK as well as in the Baltic states, which have traditionally maintained close economic relations with Russia. Even in Germany, A.S. Création was no longer able to keep revenues at the prior year level in the third quarter of 2015. While the response to A.S. Création's newly developed collections was positive throughout, retailers were reluctant to place orders, especially in the third quarter, due to low consumer demand. As a result of the above developments, gross revenues in the EU were down by 5.6% or € 7.0 million on the prior year level in the first nine months of 2015.

Earnings performance

A.S. Création's earnings situation deteriorated in the first nine months of 2015. At € 6.8 million, earnings before interest and taxes were down by 21.6% or € 1.8 million on the previous year's € 8.6 million. The EBIT margin amounted to 5.3%, which was slightly below the previous year's 5.9%. Although earnings before interest and taxes were influenced by significant extraordinary effects in the current fiscal year, the change in EBIT ultimately reflects the adverse impact of the reduced revenues on the bottom line, as the positive and negative extraordinary effects more or less offset each other. Details of these effects are outlined below:

– 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 nine months of 2015 (previous year: 70). Against this background, the

parameters for the risk assessment of trade receivables were reviewed and adjusted already in the second quarter of 2015. This led to a € 1.1 million increase in valuation allowances. This one-time effect is included in other operating expenses.

– Severance payments

In view of the decline in sales revenues, the Group has reduced its headcount since 2014, mostly through the non-renewal of temporary employment contracts and employees reaching retirement age. As sales revenues are unlikely to improve notably in the short term, the Managing Board of A.S. Création Tapeten AG has decided to concentrate its German production activities in Wiehl-Bomig. This move, which will be implemented by December 31, 2015, will lead not only to the relocation of jobs but also to redundancies. The severance payments made and the provisions established in this context added € 0.9 million to personnel expenses in the first nine months of 2015. Once the staff reduction measures initiated in 2014 are completed, the Group will have a headcount of approx. 780 in 2016, approx. 60 less than in 2013. Personnel expenses are expected to be reduced by close to € 3.0 million p.a. compared to 2013.

– 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. Since the beginning of 2015, the rouble has lost approx. 9% against the euro, which means that exchange losses of € 1.2 million (previous year: € 0.9 million) weighed on the Group's EBIT in the first nine months of 2015. Because of the volatility of the Russian rouble in the course of the year – in the first half of 2015, the rouble gained approx. 10% against the euro only to lose 21% in the third quarter of 2015 – the exchange loss of € 1.2 million in the reporting period (previous year: € 0.9 million) is the result of an exchange gain of € 1.2 million in the first half of 2015 (previous year: loss of € 0.1 million) and an exchange loss of € 2.4 million in the third quarter of 2015 (previous year: € 0.8 million). This is why A.S. Création posted an operating loss of € -0.7 million for the third quarter of 2015, compared to an operating profit of € 2.1 million in the same period of the previous year.

The overall burden on EBIT resulting from the above mentioned extraordinary effects amounts to €-1.1 million in the first nine months of 2015 (previous year: € -0.9 million). Only € 0.2 million of the above-mentioned decline in earnings before interest and taxes in the current fiscal year are thus attributable to these extraordinary effects. The change in EBIT therefore ultimately reflects also the changed earnings position. This means that A.S. Création has been able, in the fiscal year to date, to limit the decline in EBIT to € 1.8 million although sales revenues dropped by as much as € 18.4 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 53.5% in the first nine months of 2015 (previous year: 49.3%). The positive trend that became apparent in the course of 2014 thus continued in the current fiscal year. It is attributable to a further reduction in the reject rate and the sharp reduction in inventories (especially in the third quarter) as well as to the fact that commodity and energy prices were below the prior year level on average in the first nine months of 2015.

The company continued to reduce its other operating expenses, especially its overheads. At € 20.5 million, other operating expenses adjusted for the above exchange losses and valuation allowances on receivables were therefore down by € 1.3 million on the previous year's € 21.8 million.

At € 6.4 million, depreciation in the first nine months was down by € 0.7 million on the previous year's € 7.1 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 nine months of 2015 were down by 12.7% on the previous year, the A.S. Création Group's average headcount, at 805, was only 2.2% lower than in the same period of the previous year (823). 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 € 33.0 million, total personnel expenses in the first nine months of 2015 were more or less on a par with the previous year's € 32.9 million. Against the background of the much lower total output, personnel expenses as a percentage of total output reached 26.6% (previous year: 22.8%) in the reporting period, the highest level in A.S. Création's recent history. As outlined above, measures aimed at a sustainable reduction in personnel expenses have already been taken and should help to improve personnel expenses as a percentage of total output as of the fiscal year 2016.

The above-mentioned depreciation of the rouble against the euro in the first nine months of 2015 led to translation-related exchange losses 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 income from financial investments accounted for using the equity method. Adjusted for the translation-related currency losses of € -1.4 million (previous year: € -1.5 million), A.S. Création's share in the result of the joint venture amounted to € 0.1 million (previous year: € -0.9 million), which means that A.S. & Palitra has broken even in the meantime. This reflects the improved production processes as well as the increased capacity utilisation resulting from higher sales volumes. Just like other Russian wallpaper manufacturers, A.S. & Palitra has benefited from increased demand for Russian-made wallpapers. The latter is due, on the one hand, to declining wallpaper imports from Western Europe resulting from the depreciation of the Russian rouble, which has made European-made wallpapers more expensive. On the other hand, Russia has imposed a partial import ban on wallpapers made in Ukraine; these imports were quite significant in the past and now need to be replaced with locally produced wallpapers.

The increased pro-rated loss of A.S. & Palitra posted for the third quarter of 2015 is related to the above-mentioned depreciation of the Russian rouble during these three months. Due to this depreciation, the pro-rated result for the third quarter was adversely affected by translation-related exchange losses of € -3.2 million (previous year: € -1.3 million). During the full nine-month period of the current fiscal year, the earnings position of the Russian production company A.S. & Palitra improved significantly, however. This is the main reason for the improvement in the Group's financial result from € -2.5 million in the previous year to € -1.2 million in the first nine months of 2015.

As the improved financial result did not fully offset the decline in EBIT, earnings before taxes in the first nine months of 2015 were down by € 0.5 million or 8.9% to € 5.6 million, compared to € 6.1 million in the same period of the previous year. Adjusted for the translation-related exchange gains and losses recognised in EBIT and in the financial result as well as by the other extraordinary effects described above, earnings declined at more or less the same rate. At € 8.1 million, adjusted earnings before taxes were only slightly below the previous year's € 8.5 million in spite of the € 18.4 million slump in sales revenues. In view of the difficult environment, the Managing Board considers this to be 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 did not result in any tax relief. As the pro-rated loss in the first nine months of 2015 was much lower than in the previous year, the Group's imputed tax ratio declined from 48.0% in the previous year to 38.1% in the reporting period. As a result, earnings after taxes, at € 3.4 million, exceeded the previous year's € 3.2 million in the first nine months of 2015, although earnings before taxes were below the prior year level, as outlined above. Based on the unchanged average number of shares outstanding of 2,756,351, earnings per share amounted to € 1.25 in the reporting period (previous year: € 1.15).

Financial and net worth position

The improvement in the financial position, which began already in the first half of the current fiscal year, continued in the third 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 € 11.6 million from € 11.9 million on December 31, 2014 to € 0.3 million on September 30, 2015. The reduction is the net result of a € 4.0 million decline in interest-bearing financial liabilities and a € 7.6 million increase in cash and cash equivalents as well as current financial assets. This demonstrates a further improvement of the solid financial position. Net financial liabilities have been repaid almost entirely and A.S. Création's equity capitalisation is excellent, as reflected in an equity ratio of 62.7% as of September 30, 2015 (previous year: 58.8%).

This solid financial position is based on the very high internal financing strength once again demonstrated by A.S. Création during the first nine months of 2015. Cash flow came in at a high € 10.2 million (previous year: € 11.9 million). Operating cash flow, which also reflects the changes in capital tied up in net current assets, mirrors the successes achieved by A.S. Création, e.g. in reducing its inventories. At € 15.0 million, operating cash flow for the first nine months of 2015 was up by € 3.6 million on the previous year's € 11.4 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 current fiscal year, 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 € 3.5 million, capital expenditures in the first nine months of 2015 were down by € 0.8 million on the previous year's € 4.3 million; the decline in sales revenues meant that no substantial investments in property, plant and equipment were required.
- 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.

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 September 30, 2015, the Group's total assets amounted to € 147.8 million (previous year: € 162.4 million), of which 82.7% (previous year: 80.9%), 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 5.5% (previous year: 5.0%) of total assets and 8.8% (previous year: 8.6%) of the equity capital.

Forecast

The economic situation prevailing in 2015 is having an adverse impact on A.S. Création. Against the background of the poor state of the large wallpaper markets in Western and Eastern Europe, the Managing Board adjusted the revenue forecast for the full year 2015 already when the interim report for the period ended June 30, 2015 was published and projected Group sales revenues of between € 160 million and € 170 million. Compared to the € 189.1 million generated in 2014, this would be equivalent to a decline by between 10% and 15%. At 12.7%, the reduction in sales revenues in the first nine months of 2015 is in line with these revised full-year projections, which means that the Group revenue forecast is likely to be met. Nevertheless the business performance in 2015 is far from satisfactory.

With regard to the earnings position of A.S. Création in the remaining 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.

At € 3.4 million, earnings after taxes in the first nine months of 2015 were already slightly above the previous year's € 3.2 million. In the final quarter 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 € 12.5 million for the last three months of 2014. The Managing Board is not anticipating similar effects for the final quarter 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 improved moderately as of September 30, 2015 and currently stands at RUB/€ 70 (as at October 27, 2015), which is only slightly above the 2014 year-end 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. The Managing Board does not expect the market situation to improve in the short term but assumes that more and more players will be driven out of the market. A.S. Création will play an active role in this context, which will continue to be based on an innovation-driven product and marketing strategy. Moreover, the price strategy will be adapted to the changing market situation. But this requires an adjustment of the cost structures. A first important measure in this context is the concentration of the production activities at a single location, which will be implemented by the end of 2015. At the same time, the Managing Board and the staff council are discussing additional measures in order to reduce personnel expenses as a percentage of total output to past levels. The Russian companies will continue to focus on increasing their 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 September 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 September 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, October 27, 2015

A.S. Création Tapeten AG

The Managing Board

Kämper

Bantel

Krämer

Suskas

A.S. Création Tapeten AG, Gummersbach

Consolidated balance sheet

as per September 30, 2015

Assets		
	30.09.2015	31.12.2014
	€ '000	€ '000
Tangible fixed assets	30,087	33,285
Intangible fixed assets	8,122	8,149
Investments accounted for at equity	0	0
Financial assets	8,482	8,901
Other assets	3,447	2,843
Income tax receivables	588	575
Deferred tax assets	563	512
Non-current assets	51,289	54,265
Inventories	41,398	43,531
Trade receivables	34,318	34,703
Other assets	6,478	7,353
Income tax receivables	980	535
Cash and cash equivalents	13,374	5,775
Current assets	96,548	91,897
Total assets	147,837	146,162
Equity and liabilities		
	30.09.2015	31.12.2014
	€ '000	€ '000
Capital stock	9,000	9,000
Capital reserves	13,757	13,757
Revenue reserves	79,172	70,939
Profit carried forward	-15,746	974
Earnings after taxes	3,445	-9,338
Adjustment for own shares	-4,021	-4,021
Currency translation differences	7,129	5,580
Equity	92,736	86,891
Financial liabilities (interest-bearing)	10,968	16,236
Other liabilities	797	1,012
Provisions	11,742	12,626
Deferred tax liabilities	2,177	2,856
Non-current liabilities	25,684	32,730
Financial liabilities (interest-bearing)	5,785	4,518
Other liabilities	15,883	15,550
Trade payables	6,722	6,058
Provisions	869	102
Tax liabilities	158	313
Current liabilities	29,417	26,541
Total equity and liabilities	147,837	146,162

A.S. Création Tapeten AG, Gummersbach

Consolidated income statement

for the nine-month period ended September 30, 2015

	Notes No.	2015 € '000	2014 € '000
Sales	(1)	126,839	145,240
Increase or decrease in unfinished and finished goods		-2,727	-932
Total output		124,112	144,308
Cost of materials		57,683	73,163
Gross profit		66,429	71,145
Other income		2,849	607
		69,278	71,752
Personnel expenses		32,978	32,920
Depreciation		6,362	7,096
Operating taxes		388	421
Other operating expenses		22,799	22,709
Operating expenses		62,527	63,146
Earnings before interest and taxes (EBIT)		6,751	8,606
Interest and similar income		840	721
Results from investments accounted for at equity		-1,346	-2,366
Interest and similar expenses		679	854
Financial result		-1,185	-2,499
Earnings before income taxes		5,566	6,107
Income taxes	(2)	2,121	2,931
Earnings after taxes		3,445	3,176
Earnings per share	(3)	1.25 €	1.15 €

A.S. Création Tapeten AG, Gummersbach

Consolidated statement of comprehensive income

for the nine-month period ended September 30, 2015

	2015	2014
	€ '000	€ '000
Earnings after taxes	3,445	3,176
Items, that will never be reclassified to profit or loss:		
Actuarial gains/losses from pension provisions	1,074	-1,507
Deferred taxes on other comprehensive income	-335	471
	739	-1,036
Items, that are or may be reclassified to profit or loss:		
Foreign currency translation differences for fully consolidated companies	763	346
Foreign currency translation differences for investments accounted for at equity	786	318
Change in fair value of an interest rate hedge	163	-92
Deferred taxes on other comprehensive income	-51	28
	1,661	600
Other comprehensive income (outside profit or loss)	2,400	-436
Total comprehensive income	5,845	2,740

A.S. Création Tapeten AG, Gummersbach

Consolidated income statement

for the three-month period ended September 30, 2015 (3rd quarter)

	Notes No.	2015 € '000	2014 € '000
Sales	(1)	39,679	45,739
Increase or decrease in unfinished and finished goods		-2,404	594
Total output		37,275	46,333
Cost of materials		17,104	24,007
Gross profit		20,171	22,326
Other income		-973	197
		19,198	22,523
Personnel expenses		10,241	10,516
Depreciation		2,018	2,368
Operating taxes		134	159
Other operating expenses		7,520	7,390
Operating expenses		19,913	20,433
Earnings before interest and taxes (EBIT)		-715	2,090
Interest and similar income		292	263
Results from investments accounted for at equity		-2,874	-865
Interest and similar expenses		218	275
Financial result		-2,800	-877
Earnings before income taxes		-3,515	1,213
Income taxes	(2)	328	695
Earnings after taxes		-3,843	518
Earnings per share	(3)	-1.39 €	0.19 €

A.S. Création Tapeten AG, Gummersbach

Consolidated statement of comprehensive income

for the three-month period ended September 30, 2015 (3rd quarter)

	2015	2014
	€ '000	€ '000
Earnings after taxes	-3,843	518
Items, that will never be reclassified to profit or loss:		
Actuarial gains/losses from pension provisions	0	-753
Deferred taxes on other comprehensive income	0	236
	0	-517
Items, that are or may be reclassified to profit or loss:		
Foreign currency translation differences for fully consolidated companies	1,398	321
Foreign currency translation differences for investments accounted for at equity	1,564	350
Change in fair value of an interest rate hedge	25	-3
Deferred taxes on other comprehensive income	-8	0
	2,979	668
Other comprehensive income (outside profit or loss)	2,979	151
Total comprehensive income	-864	669

A.S. Création Tapeten AG, Gummersbach

Consolidated statement of changes in equity

for the nine-month period ended September 30, 2015

	Capital stock	Capital reserves	Revenue reserves	Profit carried forward	Net profit	Adjust- ment for own shares	Currency trans- lation diffe- rences	Total
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
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	-1,100	0	3,176	0	664	2,740
September 30, 2014	9,000	13,757	70,613	2,075	3,176	-4,021	924	95,524

	Capital stock	Capital reserves	Revenue reserves	Profit carried forward	Net profit	Adjust- ment for own shares	Currency trans- lation diffe- rences	Total
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
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	851	0	3,445	0	1,549	5,845
September 30, 2015	9,000	13,757	79,172	-15,746	3,445	-4,021	7,129	92,736

A.S. Création Tapeten AG, Gummersbach

Consolidated cash flow statement

for the nine-month period ended September 30, 2015

	2015 € '000	2014 € '000
Operating activities		
Earnings after taxes	3,445	3,176
+ Depreciation on tangible and intangible fixed assets	6,362	7,096
+/- Increase/decrease in long-term provisions	189	232
-/+ Income/expenses from investments accounted for at equity	1,346	2,366
-/+ Increase/decrease in present value of corporate income tax credit	-19	-35
-/+ Income/expenses from changes in deferred taxes	-1,142	-949
Cash-flow	10,181	11,886
-/+ Profit/losses from disposal of tangible and intangible fixed assets	-43	-4
-/+ Increase/decrease in inventories	1,967	378
-/+ Increase/decrease in trade receivables	278	-6,409
+/- Increase/decrease in trade payables	717	152
-/+ Increase/decrease in other net working capital	1,860	5,428
Cash-flow from operating activities	14,960	11,431
Investing activities		
Capital expenditures on tangible and intangible fixed assets	-3,247	-3,654
- Cash outflows for credits and bonds granted	-242	-643
Capital expenditures	-3,489	-4,297
+ Proceeds from the disposal of tangible and intangible fixed assets	146	135
Cash-flow from investing activities	-3,343	-4,162
Financing activities		
Dividends paid to shareholders of A.S. Création Tapeten AG	0	-689
+/- Raising/repayment of financial liabilities (interest-bearing)	-4,001	-4,498
Cash-flow from financing activities	-4,001	-5,187
Net change in cash and cash equivalents	7,616	2,082
+/- Change in cash and cash equivalents due to exchange rate fluctuations	-17	-22
+ Cash and cash equivalents at January 1	5,775	6,644
Cash and cash equivalents at September 30	13,374	8,704

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 nine-month period ended September 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 nine-month period ended September 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, nine subsidiaries are consolidated, thereof eight companies are fully consolidated and one company is accounted for using the equity method. As a result of merging A.S. Création Textil GmbH with Indes Fuggerhaus Textil GmbH the consolidated entity has decreased by one compared to the consolidated financial statements for 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 £ 0.72714/€ (2014: £ 0.81183/€) and a closing rate of £ 0.73800/€ (2014: £ 0.77825/€) were used for the pound sterling, while an average annual rate of RUB 66.42453/€ (2014: RUB 48.06592/€) and a closing rate of RUB 74.58250/€ (2014: RUB 49.95400/€) 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	51,416	52,408	7,851	8,323	-118	-140	59,149	60,591
EU (excl. Germany)	56,257	61,871	1,760	1,689	-39	-47	57,978	63,513
European Union (EU)	107,673	114,279	9,611	10,012	-157	-187	117,127	124,104
Other Eastern Europe	14,766	26,551	355	431	0	0	15,121	26,982
Other countries	10,955	11,023	433	337	0	0	11,388	11,360
Sales (gross)	133,394	151,853	10,399	10,780	-157	-187	143,636	162,446
Reduction in revenues	-16,109	-16,499	-689	-708	1	1	-16,797	-17,206
Sales (net)	117,285	135,354	9,710	10,072	-156	-186	126,839	145,240

(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	3,263	3,880
Deferred taxes	-1,142	-949
	2,121	2,931

(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
Net profit	€	3,444,594	3,175,950
Earnings per share	€/share	1.25	1.15

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	19	11
Interest paid	474	539
Income tax paid	3,879	3,570
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)	1,246	1,364
Raising of liabilities under financial lease contracts	0	0
Repayment of financial liabilities (excl. financial lease)	-4,894	-5,516
Repayment of liabilities under financial lease contracts	-353	-346
	-4,001	-4,498

(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	117,183	135,250	9,656	9,990	0	0	126,839	145,240
Intra-Group sales	102	104	54	82	-156	-186	0	0
Total sales	117,285	135,354	9,710	10,072	-156	-186	126,839	145,240
EBITDA ¹	12,807	15,206	301	496	5	0	13,113	15,702
EBITDA-margin	10.9 %	11.2 %	3.1 %	4.9 %			10.3 %	10.8 %
EBIT ²	6,560	8,227	169	362	22	17	6,751	8,606
EBIT-margin	5.6 %	6.1 %	1.7 %	3.6 %			5.3 %	5.9 %
Interest income	907	806	1	1	-68	-86	840	721
Results from investments accounted for at equity	-1,346	-2,366	0	0	0	0	-1,346	-2,366
Interest expenses	656	819	91	121	-68	-86	679	854
Earnings before taxes	5,465	5,848	79	242	22	17	5,566	6,107
Return on sales (before taxes)	4.7 %	4.3 %	0.8 %	2.4 %			4.4 %	4.2 %
Income taxes	2,080	2,849	35	77	6	5	2,121	2,931
Capital expenditures ³	3,347	4,205	142	92	0	0	3,489	4,297
Depreciation	6,247	6,979	132	134	-17	-17	6,362	7,096
Cash-flow ³	10,001	11,559	175	327	5	0	10,181	11,886
Segment assets 30.09 ⁴	122,342	144,212	7,139	7,285	-198	-293	129,282	151,204
thereof non-current assets	(48,893)	(56,537)	(1,290)	(1,285)	(-45)	(-68)	(50,138)	(57,754)
Segment liabilities 30.09. ⁵	22,786	25,355	1,624	1,880	-140	-225	24,270	27,010
Employees (average)	733	751	72	72	0	0	805	823

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 income 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 € 50.138 million (previous year: € 57.754 million), an amount of € 30.172 million (previous year: € 32811 million) relates to Germany, an amount of € 11.390 million (previous year: € 12.366 million) to other EU countries and an amount of € 8.576 million (previous year: € 12.577 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	253	262
Purchases	3,936	5,742
Interest income	821	710

	30.09.2015	30.09.2014
	€ '000	€ '000
Shareholder loans	16,672	16,801
Receivables	3,193	2,197
Liabilities	653	1,397

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 continued to exist in the period under review.

(8) Post balance sheet events

No events that require reporting have occurred.

Gummersbach, October 27, 2015

A.S. Création Tapeten AG

The Managing Board

Kämper

Bantel

Krämer

Suskas

Investor Relations

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