



**INTERIM REPORT FOR THE PERIOD
ENDED MARCH 31, 2016**

A.S. CRÉATION TAPETEN AG

		2012	2013	2014	2015	2016
Sales	€ '000	55,146	54,529	54,328	46,969	44,651
EBIT	€ '000	5,174	5,248	3,661	4,722	4,528
Earnings before income taxes	€ '000	4,778	4,567	2,208	5,730	5,506
Earnings after income taxes	€ '000	3,289	2,936	932	4,194	3,884
Earnings per share	€/share	1.19	1.07	0.34	1.52	1.41
Cash-flow	€ '000	5,504	5,668	4,374	5,276	4,806
Capital expenditures	€ '000	2,103	1,523	1,832	686	1,292
Depreciation	€ '000	2,405	2,281	2,360	2,176	1,947
Number of employees		808	834	828	814	770

A.S. Création Tapeten AG, Gummersbach

Interim Management Report

on the business performance for the three-month period ended March 31, 2016

Sales performance

With economic growth in the eurozone having slowed down towards the end of 2015 and a growth rate of 1.5% recorded for the full year 2015, only a moderate 1.3% increase in the gross domestic product has been projected for 2016 in view of declining demand from China and other emerging countries. The subdued economic growth of 1.3% posted in the eurozone in the first quarter of 2016 was in line with projections. The German economy no longer steamed ahead, with growth also settling at a low level of 1.5% in Q1 2016. Private consumption remains the main driver of the economy, both in Germany and in the eurozone as a whole.

The economic situation in Russia remains very tight. Having contracted by 3.7% in 2015, the Russian economy is expected to decline by another 2.5% in 2016 in spite of a moderate pick-up in the oil price. The Russian economy is primarily suffering from the sharp drop in the oil price during the last two years, 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. At RUB/€ 82.69, the average exchange rate in the first quarter of 2016 exceeded the average of the first quarter of 2013 of EUB/€ 40.19 by 105.7%; consequently, the prices of imported products more than doubled within only three years. Accordingly, Russia's inflation rate reached a high level in the past years and stood at a very high 8% at the beginning of 2016. It is therefore not surprising that private consumption, a pillar of the Russian economy in the past, is declining.

As had been expected, the overall macroeconomic environment had an adverse impact on A.S. Création's sales revenues in the first quarter of 2016. At € 44.7 million, Group revenues were down by € 2.3 million on the previous year's € 47.0 million or 4.9% on the first three months of 2016. Compared to the fiscal year 2015, however, which saw A.S. Création record a 12.0% drop in revenues, the decline in Q1 2016 was much more moderate. According to the Managing Board, this is attributable to the good quality of the product range developed over the past months, which has been very well accepted by our customers.

The breakdown of sales revenues by regions shows that A.S. Création's decline in revenues in Western and Eastern Europe slowed down markedly in the first quarter. Gross revenues in the European Union (EU) were down by only 3.4% on the previous year, compared to a reduction by 5.2% in the full year 2015. It was gratifying to see that sales revenues in France and England more or less stayed at the prior year level. By contrast, A.S. Création reported declining sales revenues in Germany and the Baltic states. While the decline in Germany is essentially due to lower orders at the beginning of the year, the drop in revenues in the Baltic states primarily reflects their traditionally close economic relations with Russia. The Russian crisis thus also leads to lower exports to the Baltic states.

Having dropped by as much as 43.5% in the fiscal year 2015, gross revenues generated by A.S. Création in non-EU Eastern European countries fell by another 18.7% in the first three months of 2016. Besides the unfavourable exchange rate of the Russian rouble against the euro, which is making exports to the region extremely difficult, this is also attributable to the fact that no more revenues were generated with customers who became insolvent in 2015 or who are struggling with financing problems because of the economic crisis in Russia.

On balance, A.S. Création's sales revenues in the first quarter of 2016 were in line with the Managing Board's expectations. Therefore the sales performance to date confirms the projections for the full year 2016, namely that Group revenues will amount to between € 160 million and € 170 million.

Earnings performance

Although sales revenues declined by € 2.3 million in the first quarter of 2016, earnings before interest and taxes, at € 4.5 million, were down by only € 0.2 million or 4.1% on the previous year's € 4.7 million, which means that the EBIT margin again reached a high level of 10.1%.

Adjusted for the impact of foreign exchange gains, which primarily result from the exchange rate trend of the Russian rouble against the euro, A.S. Création's earnings have even improved in the current financial year. As the Russian distribution company, A.S. Création (RUS), is primarily financed with euro-denominated loans, changes in exchange rates lead to translation-related exchange gains or losses showing up in earnings before interest and taxes. In the first quarter of 2016, the rouble gained 4% against the euro, compared to a 7% gain in the first three months of the previous year. Accordingly, A.S. Création benefited from lower exchange gains in the reporting period than in the previous year, leading to a drop in other operating income. Adjusted for foreign exchange gains of € 0.2 million (previous year: € 0.8 million), earnings before interest and taxes amounted to € 4.3 million, up € 0.4 million or 10.3% on the previous year's € 3.9 million. The EBIT margin climbed from 8.3% in the previous year to 9.6% in the current fiscal year in adjusted terms.

This positive trend is primarily attributable to the improved gross profit margin, which climbed from 54.8% in the previous year to 56.7% in the reporting period. This enabled A.S. Création to contain the decline in gross profit to € 0.5 million while sales contracted by € 2.3 million. Besides the successful product range and the optimisation of stock and inventory levels, the efficiency gains in production and the fact that commodity and energy prices were slightly lower than in the previous year also contributed to the increase in this important performance indicator.

The measures initiated to reduce personnel expenses, which were essentially completed in the fiscal year 2015 – especially the concentration of the two German production facilities – have taken effect in the meantime. The headcount of the A.S. Création Group came down from 814 in Q1 2015 to 770 in the reporting period, and personnel expenses declined by € 0.5 million or 4.4% from the previous year's € 11.4 million to € 10.9 million in the first three months of 2016. The Managing Board's objective to reduce personnel expenses as a percentage of total output below the high level of the previous year has not been reached

yet, however. In the reporting period, at 24.9%, personnel expenses as a percentage of total output were still more or less on a par with the previous year's 24.7%. This is mainly due to the fact that the savings resulting from the reduced headcount were partly offset by the 2.6% collective wage increase in November 2015 for most of the domestic employees.

Besides personnel expenses, other operating expenses and depreciation were also below the prior year levels in Q1 2016 and helped to almost entirely offset the shortfall in earnings resulting from the reduced sales revenues.

At € 1.0 million, the consolidated financial result was almost unchanged in the first quarter of 2016 (previous year: € 1.0 million). The earnings situation of the Russian production company, A.S. & Palitra, has the biggest influence on the consolidated financial result of A.S. Création. Given that A.S. Création Tapeten AG and the second shareholder, Kof Palitra, each own 50% of this company, the Russian production company is accounted for using the equity method, which means that the share in net result after taxes that is attributable to A.S. Création is recognised in the Group's financial result. The pro-rated profit of € 1.0 million in Q1 2015 declined to € 0.9 million in the reporting period. As outlined above, the Russian rouble's revaluation in the reporting period was lower than in the first quarter of 2015. As the joint venture is largely financed with euro loans, the translation-related exchange gains of A.S. & Palitra – and of the Russian distribution company, A.S. Création (RUS) – in the first quarter of 2016 were lower than in the previous year. They are included in the pro-rated result after taxes in an amount of € 0.6 million (previous year: € 1.1 million). This means that A.S. Création's share in profit after taxes adjusted for exchange gains amounted to € 0.3 million, compared to a pro-rated loss of € -0.1 million in the previous year. This positive earnings trend is primarily attributable to higher sales volumes and the resulting better utilisation of the production capacities. Against the background of the good order situation and the growing demand for Russian-made wallpapers, the two shareholders of the joint venture had decided to install another local production line already at the end of 2015. The latter will probably be taken into operation in autumn 2016. The Managing Board is very satisfied with the development of the company.

The moderate decline in EBIT and the unchanged financial result led to earnings before taxes of € 5.5 million in Q1 2016, down € 0.2 million or 3.9% on the previous year's € 5.7 million. Earnings after taxes amounted to € 3.9 million (previous year: € 4.2 million) or € 1.41 per share (previous year: € 1.52) in the first three months of 2016.

A.S. Création was exposed to a large number of extraordinary effects in the last nine months of 2015, which had a strong adverse impact on the bottom line. Earnings before taxes in Q1 2016, at € 5.5 million, were only slightly below the € 5.6 million reported for the full year 2015, and earnings after taxes, at € 3.9 million, already exceeded the € 3.3 million posted for the full year 2015. The earnings trend in Q1 2016 was thus in line with the expectations for the full fiscal year. In the forecast for the full year 2016, the Managing Board projected a notable improvement in earnings before and after taxes compared to the fiscal year 2015 provided that no significant burdens arise from the antitrust proceedings and that the Russian rouble does not depreciate extremely against the euro by the end of 2016.

Against the background of the difficult environment, the Managing Board is satisfied with the results achieved in the first quarter of 2016.

Financial and net worth position

At € 4.8 million, cash flow was down by € 0.5 million on the previous year's € 5.3 million. Put simply, this reduction reflects the decline in EBIT in conjunction with lower annual depreciation. This reduced cash flow contrasted with greatly increased financing requirements in the reporting period.

At € 11.0 million, the seasonal increase in trade receivables that is typical of the first quarter was much higher than the previous year's € 7.4 million in the first three months of 2016. As receivables, at € 39.3 million, were still below the € 42.3 million recorded as of March 31, 2015, DSO (days of sales outstanding) declined from 74 days in Q1 2015 to 68 in the reporting period.

Capital expenditures increased by € 0.6 million from € 0.7 million in the previous year to € 1.3 million in the reporting period as the concentration of A.S. Création's German wallpaper production activities in Wiehl-Bomig entailed several construction measures as well as investments in technical replacements and additional plant capacity. In spite of the increased financing requirements, the first quarter of 2016 saw a reduction in interest-bearing financial liabilities from € 16.2 million on December 31, 2015 by € 0.9 million to € 15.3 million on March 31, 2016. As of the balance sheet date, these financial liabilities contrasted with cash and cash equivalents as well as current financial assets of € 16.3 million, leaving A.S. Création with a net credit position of € 1.0 million on March 31, 2016. On March 31, 2015, the company still had net financial liabilities (difference between interest-bearing financial liabilities and cash and cash equivalents as well as current financial assets) of € 8.0 million. The equity ratio of 63.4% as of March 31, 2016 underlines A.S. Création's very solid financial structure.

In the estimation of the Managing Board, the net assets position of A.S. Création is also very solid. As of March 31, 2016, the Group's total assets amounted to € 151.0 million (previous year: € 156.3 million), of which 81.6% (previous year: 83.2%), 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 5.3% (previous year: 5.2%) of total assets and 8.4% (previous year: 9.1%) of the equity capital.

Forecast

With sales declining by 4.9% in the first quarter of 2016, the start to the new fiscal year was as difficult as had been expected. In the coming months, the company will focus on containing the drop in sales revenues and to achieve turnaround by the end of the year. The existing overcapacities in Western Europe will probably lead to intense competition for market share. A.S. Création believes it is well positioned for this competition. On the one hand, A.S. Création's closely knit sales network in Western Europe will underpin the

implementation of a more aggressive marketing strategy. On the other hand, the Managing Board considers the company's product range to be very competitive on account of its width and diversity. Moreover, A.S. Création has already adjusted its production capacities to the lower volumes resulting from the reduced exports to Eastern Europe, especially to Russia, which are expected to be of a permanent nature. The initial problems associated with the concentration of the production activities at a single location will be eliminated in the coming months, so that A.S. Création will face the competition with an efficient production base operating at high capacity.

With regard to the sales trend in the non-EU Eastern European countries, the Managing Board expects demand for locally produced wallpapers to pick up further. This should benefit both the Russian distribution company, A.S. Création (RUS), and the joint venture, A.S. & Palitra. The Managing Board therefore pursues a strategy of increasing sales of locally produced goods and expanding the local production capacities. Sales of German-made wallpapers will probably drop below the prior year levels in the coming months, as the exchange rate between the Russian rouble and the euro will remain unfavourable and the above-mentioned loss of large customers cannot be offset in the short to medium term.

Against the background of the sales trend in the first quarter of 2016 and the expectations for the coming months, the Managing Board confirms its sales projections for the full year 2016, according to which sales revenues will come in at between € 160 million and € 170 million.

With regard to the operating performance, the sales trend in the coming months will play a critical role. As no leap in sales revenues is expected, as outlined above, the focus will remain on the ongoing adjustment of the cost structures. This also includes personnel expenses as a percentage of total output, which must be reduced to a lower level. A.S. Création Tapeten AG in Germany will additionally focus on the ongoing optimisation of its production and logistic processes.

With regard to the earnings position of A.S. Création in the remaining course of the fiscal year, the Managing Board stands by its full-year 2016 guidance as detailed in the forecast report of the 2015 Annual Report. Provided that no significant burdens exceeding the amount of € 4.9 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 2016, earnings before and after taxes should improve notably.

As outlined above, Q1 2016 earnings before and after taxes already reached the level reported for the full year 2015. From today's point of view, it is safe to assume that A.S. Création will be able to generate profits also in the remaining nine months of the fiscal year 2016. This means that A.S. Création is well on track to reach its earnings projections.

This view is supported by the fact that the French court of appeal decided on A.S. Création's appeal in the French appeal proceedings in April 2016 and reduced the penalty imposed by the French antitrust authorities by € 2.9 million. If the verdict becomes final, A.S. Création will book income of € 2.9 million (for the details, please refer to note No. 9 "Post balance sheet events"). This potential income is not included in the figures for the first three months of 2016.

The risk and opportunity profile of A.S. Création Tapeten AG has not changed materially as compared to the presentation in the 2015 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 25, 2016

A.S. Création Tapeten AG

The Managing Board

Krämer

Bantel

Suskas

A.S. Création Tapeten AG, Gummersbach

Consolidated balance sheet

as per March 31, 2016

Assets		
	31.03.2016	31.12.2015
	€ '000	€ '000
Tangible fixed assets	28,483	29,146
Intangible fixed assets	8,039	8,057
Investments accounted for at equity	0	0
Financial assets	9,155	8,510
Other assets	3,951	3,690
Income tax receivables	290	295
Deferred tax assets	560	512
Non-current assets	50,478	50,210
Inventories	39,141	38,859
Trade receivables	39,271	28,240
Other assets	13,589	14,223
Income tax receivables	1,810	1,955
Cash and cash equivalents	6,734	6,918
Current assets	100,545	90,195
Total assets	151,023	140,405
Equity and liabilities		
	31.03.2016	31.12.2015
	€ '000	€ '000
Capital stock	9,000	9,000
Capital reserves	13,757	13,757
Revenue reserves	80,158	81,133
Profit carried forward	-13,929	-17,216
Earnings after taxes	3,884	3,287
Adjustment for own shares	-4,021	-4,021
Currency translation differences	6,933	7,248
Equity	95,782	93,188
Financial liabilities (interest-bearing)	9,075	10,005
Other liabilities	768	781
Provisions for pensions	12,619	11,124
Deferred tax liabilities	1,453	2,037
Non-current liabilities	23,915	23,947
Financial liabilities (interest-bearing)	6,191	6,172
Other liabilities	14,733	10,585
Trade payables	9,612	6,070
Provisions	77	131
Tax liabilities	713	312
Current liabilities	31,326	23,270
Total equity and liabilities	151,023	140,405

A.S. Création Tapeten AG, Gummersbach

Consolidated income statement

for the three-month period ended March 31, 2016

	Notes No.	2016 € '000	2015 € '000
Sales	(2)	44,651	46,969
Increase or decrease in unfinished and finished goods		-1,072	-977
Total output		43,579	45,992
Cost of materials		18,863	20,771
Gross profit		24,716	25,221
Other income		396	1,069
		25,112	26,290
Personnel expenses		10,864	11,362
Depreciation		1,947	2,176
Operating taxes		103	117
Other operating expenses		7,670	7,913
Operating expenses		20,584	21,568
Earnings before interest and taxes (EBIT)		4,528	4,722
Interest and similar income		293	266
Results from investments accounted for at equity		898	982
Interest and similar expenses		213	240
Financial result		978	1,008
Earnings before income taxes		5,506	5,730
Income taxes	(3)	1,622	1,536
Earnings after taxes		3,884	4,194
Earnings per share	(4)	1.41 €	1.52 €

A.S. Création Tapeten AG, Gummersbach

Consolidated statement of comprehensive income

for the three-month period ended March 31, 2016

	2016	2015
	€ '000	€ '000
Earnings after taxes	3,884	4,194
Items, that will never be reclassified to profit or loss:		
Actuarial gains/losses from pension provisions	-1,436	-1,154
Deferred taxes on other comprehensive income	449	360
	-987	-794
Items, that are or may be reclassified to profit or loss:		
Foreign currency translation differences for fully consolidated companies	-29	-423
Foreign currency translation differences for investments accounted for at equity	-286	-481
Change in fair value of an interest rate hedge	17	40
Deferred taxes on other comprehensive income	-5	-12
	-303	-876
Other comprehensive income (outside profit or loss)	-1,290	-1,670
Total comprehensive income	2,594	2,524

A.S. Création Tapeten AG, Gummersbach

Consolidated statement of changes in equity

for the three-month period ended March 31, 2016

	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	0	0	0	0	0	0
Total comprehensive income 2015	0	0	-766	0	4,194	0	-904	2,524
March 31, 2015	9,000	13,757	70,173	-8,364	4,194	-4,021	4,676	89,415

	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, 2016	9,000	13,757	81,133	-17,216	3,287	-4,021	7,248	93,188
Earnings after taxes 2015	0	0	0	3,287	-3,287	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 2016	0	0	-975	0	3,884	0	-315	2,594
March 31, 2016	9,000	13,757	80,158	-13,929	3,884	-4,021	6,933	95,782

A.S. Création Tapeten AG, Gummersbach

Consolidated cash flow statement

for the three-month period ended March 31, 2016

	2016 € '000	2015 € '000
Operating activities		
Earnings after taxes	3,884	4,194
+ Depreciation on tangible and intangible fixed assets	1,947	2,176
+/- Increase/decrease in long-term provisions	59	61
-/+ Income/expenses from investments accounted for at equity	-898	-982
-/+ Increase/decrease in present value of corporate income tax credit	-3	-7
-/+ Income/expenses from changes in deferred taxes	-183	-166
Cash-flow	4,806	5,276
-/+ Profit/losses from disposal of tangible and intangible fixed assets	-30	-36
-/+ Increase/decrease in inventories	-151	46
-/+ Increase/decrease in trade receivables	-11,029	-7,410
+/- Increase/decrease in trade payables	3,462	3,627
-/+ Increase/decrease in other net working capital	4,924	2,994
Cash-flow from operating activities	1,982	4,497
Investing activities		
-/+ Cash outflows for capital expenditures on tangible and intangible fixed assets	-1,292	-686
- Cash outflows for credits and bonds granted	0	0
Capital expenditures	-1,292	-686
-/+ Cash outflows / proceeds from current financial investments	0	0
+ Proceeds from the disposal of tangible and intangible fixed assets	54	54
Cash-flow from investing activities	-1,238	-632
Financing activities		
- Dividends paid to shareholders of A.S. Création Tapeten AG	0	0
+/- Raising/repayment of financial liabilities (interest-bearing)	-911	-314
Cash-flow from financing activities	-911	-314
Net change in cash and cash equivalents	-167	3,551
+/- Change in cash and cash equivalents due to exchange rate fluctuations	-17	54
+ Cash and cash equivalents at January 1	6,918	5,775
Cash and cash equivalents at March 31	6,734	9,380

Further information on the cash flow statement are presented in the notes to the consolidated financial statement (see No. 5).

A.S. Création Tapeten AG, Gummersbach

Notes to the consolidated financial statements

for the three-month period ended March 31, 2016

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, 2016 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, 2015. 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, 2015.

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.

IFRS 15 introduces comprehensive new regulations regarding the recognition of revenue. In an initial analysis, only minor adjustment requirements have been identified, which may lead to a minor shift in the time at which revenue is realised as well as to the identification of additional performance obligations. In addition, the disclosures in the notes will become more extensive.

The application of IFRS 16 will lead to a moderate increase in assets and liabilities, as operating leases play only a minor role at A.S. Création. In addition, the disclosures in the notes will become more extensive.

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 2016 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. The basis of consolidation has not changed compared to the consolidated financial statements of 2015.

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 £ 0.77054/€ (2015: £ 0.74325/€) and a closing rate of £ 0.78980/€ (2015: £ 0.72575/€) were used for the pound sterling, while an average annual rate of RUB 82.68911/€ (2015: RUB 71.02302/€) and a closing rate of RUB 76.53860/€ (2015: RUB 63.36950/€) were applied for the Russian rouble.

Notes to the balance sheet

(1) Contingent receivable

A contingent receivable in the amount of € 2.9 million (previous year: € 0 million) results from the verdict in the French appeal proceedings, which is not final yet. For details, please refer to note No. 9 "Post balance sheet events".

Notes to the income statement

(2) Sales

A breakdown of Group sales by region is provided below:

	Wallpaper Division		Fabrics Division		Consolidation		Group	
	2016	2015	2016	2015	2016	2015	2016	2015
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Germany	20,181	20,816	3,020	2,985	-24	-51	23,177	23,750
EU (excl. Germany)	20,128	21,071	623	637	-17	-15	20,734	21,693
European Union (EU)	40,309	41,887	3,643	3,622	-41	-66	43,911	45,443
Other Eastern Europe	3,497	4,318	148	163	0	0	3,645	4,481
Other countries	2,627	2,759	165	223	0	0	2,792	2,982
Sales (gross)	46,433	48,964	3,956	4,008	-41	-66	50,348	52,906
Reduction in revenues	-5,412	-5,675	-285	-263	0	1	-5,697	-5,937
Sales (net)	41,021	43,289	3,671	3,745	-41	-65	44,651	46,969

(3) 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:

	2016	2015
	€ '000	€ '000
Current income tax expenses	1,805	1,702
Deferred taxes	-183	-166
	1,622	1,536

(4) Earnings per share

Earnings per share are calculated as follows:

		2016	2015
Number of shares outstanding (weighted average)	shares	2,756,351	2,756,351
Net profit	€	3,884,312	4,193,860
Earnings per share	€/share	1.41	1.52

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

(5) Cash flow statement

Cash flow from operating activities includes the following payments:

	2016	2015
	€ '000	€ '000
Interest received	5	5
Interest paid	127	150
Income tax paid	1,254	1,270
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:

	2016	2015
	€ '000	€ '000
Raising of financial liabilities (excl. financial lease)	111	651
Raising of liabilities under financial lease contracts	0	0
Repayment of financial liabilities (excl. financial lease)	-904	-848
Repayment of liabilities under financial lease contracts	-118	-117
	-911	-314

(6) 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	
	2016	2015	2016	2015	2016	2015	2016	2015
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
External sales	41,004	43,245	3,647	3,724	0	0	44,651	46,969
Intra-Group sales	17	44	24	21	-41	-65	0	0
Total sales	41,021	43,289	3,671	3,745	-41	-65	44,651	46,969
EBITDA ¹	6,355	6,706	120	185	0	7	6,475	6,898
EBITDA-margin	15.5 %	15.5 %	3.3 %	4.9 %			14.5 %	14.7 %
EBIT ²	4,450	4,569	72	141	6	12	4,528	4,722
EBIT-margin	10.8 %	10.6 %	2.0 %	3.8 %			10.1 %	10.1 %
Interest income	315	289	0	0	-22	-23	293	266
Results from investments accounted for at equity	898	982	0	0	0	0	898	982
Interest expenses	203	233	32	30	-22	-23	213	240
Earnings before taxes	5,460	5,607	40	111	6	12	5,506	5,730
Return on sales (before taxes)	13.3 %	13.0 %	1.1 %	3.0 %			12.3 %	12.2 %
Income taxes	1,607	1,497	13	36	2	3	1,622	1,536
Capital expenditures ³	1,279	636	13	50	0	0	1,292	686
Depreciation	1,905	2,137	48	44	-6	-5	1,947	2,176
Cash-flow ³	4,724	5,155	82	113	0	8	4,806	5,276
Segment assets 31.03 ⁴	124,416	134,991	7,783	7,735	-118	-306	132,081	142,420
thereof non-current assets	(48,336)	(51,152)	(1,327)	(1,300)	(-34)	(-56)	(49,629)	(52,396)
Segment liabilities 31.03. ⁵	23,565	28,200	1,710	1,730	-84	-236	25,191	29,694
Employees (average)	697	743	73	71	0	0	770	814

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

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 € 49.629 million (previous year: € 52.396 million), an amount of € 29.480 million (previous year: € 30.972 million) relates to Germany, an amount of € 10.913 million (previous year: € 11.855 million) to other EU countries and an amount of € 9.236 million (previous year: € 9.569 million) to non-EU Eastern European countries.

(7) Managing Board

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

- Maik Holger Krämer, Chairman, Finance and Controlling
- Roland Werner Bantel, Sales and Marketing
- Antonios Suskas, Production and Logistics
- Jörn Kämper, Chairman, Sales and Marketing (until March 31, 2016)

(8) 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:

	2016	2015
	€ '000	€ '000
Sales	39	105
Purchases	1,431	1,325
Interest income	289	261

	31.03.2016	31.03.2015
	€ '000	€ '000
Shareholder loans	17,204	16,589
Receivables	3,764	2,783
Liabilities	1,382	1,265

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

(9) Post balance sheet events

In December 2014, the French Cartel Office (“Autorité de la concurrence”) issued a penalty notice against SCE - Société de conception et d’édition SAS (“SCE”) and MCF Investissement SAS (“MCF”), two French member companies of the A.S. Création Group, and imposed penalties totalling € 5.0 million. An appeal was filed against the penalty notice in February 2015. On April 14, 2016 the court of appeal (“Cour d’appel”) in Paris announced the verdict in the appeal proceedings and reduced the penalties to be paid by SCE and MCF to a total amount of € 2.1 million. An appeal against the verdict of the court of appeal may be filed with the French court of last resort (“Cour de cassation”) within one month. Should the verdict become final, A.S. Création will post earnings and cash inflow of € 2.9 million in the 2016 consolidated financial statements, as the penalty of € 5.0 million originally imposed by the French antitrust authorities was fully recognised as an expense in the 2014 consolidated financial statements and had to be paid in full in 2015 under French law in spite of the appeal. In June 2015, A.S. Création and the former owners of SCE and MCF agreed that the latter would contribute € 2.1 million to the penalty imposed by the French antitrust authorities. This amount is independent of the verdict now announced and was transferred to A.S. Création in June 2015. This means that the penalty of € 2.1 million now imposed by the court of appeal is borne by the former owners of SCE and MCF.

Gummersbach, April 25, 2016

A.S. Création Tapeten AG

The Managing Board

Krämer

Bantel

Suskas

Investor Relations

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