



**INTERIM REPORT FOR THE PERIOD
ENDED MARCH 31, 2017**

A.S. CRÉATION TAPETEN AG

		2013	2014	2015	2016	2017
Sales	€ '000	54,529	54,328	46,969	44,651	41,720
EBIT	€ '000	5,248	3,661	4,722	4,528	2,068
Earnings before income taxes	€ '000	4,567	2,208	5,730	5,506	2,651
Earnings after income taxes	€ '000	2,936	932	4,194	3,884	1,914
Earnings per share	€/share	1.07	0.34	1.52	1.41	0.69
Cash-flow	€ '000	5,668	4,374	5,276	4,806	3,166
Capital expenditures	€ '000	1,523	1,832	686	1,292	792
Depreciation	€ '000	2,281	2,360	2,176	1,947	1,857
Number of employees		834	828	814	770	757

A.S. Création Tapeten AG, Gummersbach

Interim Management Report

on the business performance for the three-month period ended March 31, 2017

Sales performance

Having experienced 1.7% growth for the full year 2016, the eurozone economy was forecast to expand at a moderate rate of 1.8% in 2017 in view of declining demand from China and other emerging countries. The first data coming in for the first quarter 2017 have confirmed this expectation. In the past years, the German economy grew more strongly than the average of the other eurozone countries. But Germany is no longer experiencing a special trend of economic activity, as economic growth settled at 1.9% in 2016 and only a moderate increase by 1.6% is projected for 2017. 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 tight, as the Russian economy was particularly affected by the slump in the oil price seen in recent years. 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. However, all the signs are now pointing towards a stabilisation in Russia. While the Russian economy contracted by 3.7% and 0.5% in 2015 and 2016, respectively, an increase by 1.3% is projected for 2017 due to the slight pick-up in the oil price and the stabilisation of the rouble. Russia's inflation rate will probably be more moderate in 2017 than in the previous years. It is expected to decline from about 7% in the previous year to between 4% and 5% in 2017. In Russia, too, the data for the first quarter of 2017 confirm the forecasts for the full year.

As expected, the continued difficult macroeconomic environment had an adverse impact on A.S. Création's sales revenues in the first three months of 2017. At € 41.7 million, consolidated sales revenues were down by € 3.0 million or 6.6% on the previous year's € 44.7 million. Compared to the fiscal year 2016, when A.S. Création recorded an 8.4% drop in sales revenues, the decline in revenues in the first three months of 2017 was more moderate.

The breakdown of revenues by regions shows that A.S. Création's revenues in the European Union (EU) dropped sharply in the first three months of 2017. Gross revenues in the European Union (EU) were down by 10.8% on the previous year. The strongest drops in revenues were recorded in Germany, France, the Baltic States and Great Britain. While the drop in revenues in Germany and France is essentially attributable to lower overall demand for wallpapers and furnishing fabrics in the first three months of the current fiscal year, the downward trend in the Baltic states reflects the loss of larger customers. As a result of the traditionally close economic relations with Russia, the Baltic economies were adversely affected by the Russian crisis. The drop in revenues in the UK is exclusively attributable to the depreciation of the British pound against the euro as a result of the Brexit vote. A.S. Création was able to increase its revenues only in Poland and some smaller EU wallpaper markets.

Gross revenues generated by A.S. Création in non-EU Eastern European countries were up by a gratifying 3.5% on the previous year, marking the first quarter-on-quarter increase since Q3 2013. This increase is, however, exclusively attributable to the appreciation of the rouble against the euro during the past 12 months. Adjusted for this exchange rate effect, sales revenues in non-EU Eastern European countries remained below the prior year level in the first three months of 2017, as the macroeconomic situation in this region was still too fragile.

The sales revenues generated in the first three months of 2017 are in line with the plans for the year. The Managing Board continues to project Group sales revenues of between € 155 million and € 160 million for the full year 2017.

Earnings performance

Due to the € 3.0 million decline in sales revenues in Q1 2017, earnings before interest and taxes declined by € 2.4 million or 54.3% from the previous year's € 4.5 million to € 2.1 million in the first quarter of 2017. As a result, the EBIT margin was clearly below the prior year level at 5.0%.

This negative trend is primarily attributable to the lower gross profit margin, which fell from 56.7% in the previous year to 52.6% in the reporting period. On the one hand, the company is beginning to feel the increase in commodity and energy prices, which had already been expected to occur at the end of last year. On the other hand, it was not possible to offset these adverse effects by adjusting the company's own selling prices. Right on the contrary, selling prices came under further pressure as a result of the existing overcapacities. Accordingly, A.S. Création was unable to limit the decline in gross profit, which deteriorated from € 24.7 million in the previous year by € 2.7 million to € 22.0 million.

Higher translation-related exchange gains, especially at the Russian distribution company, A.S. Création (RUS), had a positive effect on other income, which, at € 0.6 million, was up by € 0.2 million on the previous year's € 0.4 million.

The measures initiated to reduce personnel expenses, especially the merger of the two German production facilities, were continued. The A.S. Création Group's headcount declined from 770 in the first three months of 2016 to 757 in the reporting period, and personnel expenses, at € 10.5 million, were down by € 0.4 million or 3.2% on the previous year's € 10.9 million. The Managing Board's objective for the full fiscal year 2017 to reduce personnel expenses as a percentage of total output below the high level of the previous year has not been reached yet, however. At 25.1%, personnel expenses as a percentage of total output were still more or less on a par with the previous year's 24.9%. This is primarily due to the fact that the savings resulting from the headcount reduction were offset by the collective pay rises of 2.1% which became effective in January 2017 for most of the domestic employees.

Other operating expenses were adversely affected, among other things, by increased maintenance expenses in the first quarter, when they amounted to € 8.2 million, up € 0.4 million or 5.1% on the previous year's € 7.8million.

At € 0.6 million, the Group's financial result was down by € 0.4 million on the previous year's € 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 declined from € 0.9 million in the first quarter of 2016 to € 0.4 million in the reporting period. The deterioration in the at-equity result was primarily due to declining revenues at A.S. & Palitra resulting from reduced wallpaper consumption in Russia in the reporting period.

The decline in EBIT and in the financial result led to earnings before taxes of € 2.7 million in Q1 2017, down € 2.8 million or 51.9% on the previous year's € 5.5 million. Earnings after taxes stood at € 1.9 million in Q1 2017 (previous year: € 3.9 million) and at € 0.69 per share (previous year: € 1.41).

Financial and net worth position

The reduced earnings meant that cash flow declined by € 1.6 million from € 4.8 million in the previous year to € 3.2 million.

Although the typical seasonal increase in trade receivables in Q1 2017 was lower than in the previous year and DSO (days of sales outstanding) improved from 68 days in Q1 2016 to 65 days in the reporting period, cash flow was insufficient to fully finance the increase in net current assets. As a result, operating cash flow for the first three months of 2017 was negative at € -3.2 million.

Capital expenditures declined by € 0.5 million to € 0.8 million in the reporting period. The previous year's investments of € 1.3 million included construction measures as well as technical replacement investments and investments in capacity expansion resulting from the concentration of A.S. Création's German wallpaper production activities in Wiehl-Bomig.

In the first quarter of 2017, A.S. Création reduced its interest-bearing financial liabilities by € 0.4 million from € 9.6 million on December 31, 2016 to € 9.2 million on March 31, 2017. As of the balance sheet date, these financial liabilities contrasted with cash and cash equivalents as well as current financial assets of € 17.1 million, leaving A.S. Création with a net credit position of € 7.9 million on March 31, 2017 (previous year: € 1.0 million). The equity ratio of 67.5% as of March 31, 2017 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, 2017, the Group's total assets amounted to € 145.6 million (previous year: € 151.0 million), of which 79.4% (previous year: 81.6%), 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: 5.3%) of total assets and 8.2% (previous year: 8.4%) of the equity capital.

Forecast

As reported above, the Managing Board currently assumes that consolidated sales revenues for the full year 2017 will come in within the announced range of € 155 million to € 160 million. This assumption is based on the expectation that sales revenues will pick up in the coming quarters.

Against the background of the current situation in the EU wallpaper markets, revenue growth can be achieved only by driving competitors out of the market. 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 in terms of both width and diversity. It will be important to raise retailers' and consumers' awareness of the many design options offered by wallpaper. The respective projects have already been initiated.

With regard to the revenue trend in non-EU Eastern European countries, the Managing Board expects exports to this region to pick up slightly in the coming months. The Russian rouble has gained in value against the euro and has been relatively stable over the past two to three months. Although the Russian rouble is clearly not as strong as it was prior to the crisis, export conditions have improved somewhat. Moreover, some of A.S. Création's customers in this region have indicated growing interest in foreign products in order to position themselves in the increasingly competitive environment. In spite of these tendencies, demand for locally made products will increase. This trend will not be reversed, all the less so as significant product capacities have been and continue to be built up in the meantime. This will open up growth opportunities both for the Russian distribution company, A.S. Création (RUS), and for the joint venture, A.S. & Palitra. However, the growing revenues of the joint venture will not be reflected in A.S. Création's consolidated sales revenues as the company is accounted for using the equity method. The Managing Board's strategy is aimed at expanding the local production capacity and increasing sales revenues via the Group companies.

Finally, the Managing Board will intensify distribution activities in the wallpaper markets outside Western and Eastern Europe, although no short-term successes are expected here.

With regard to the operating performance, the sales trend will play a critical role. Apart from this, 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 by increasing sales revenues and reducing personnel expenses. A.S. Création Tapeten AG in Germany will additionally focus on the ongoing optimisation of its production and logistic processes.

As far as the earnings position of A.S. Création in the remaining course of the fiscal year is concerned, the Managing Board stands by its full-year 2017 guidance as detailed in the forecast report of the 2016 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 2017, earnings before interest and taxes should amount to between € 3 million and € 4 million. Based on the additional assumption that the Russian joint venture will generate a clear profit, earnings after taxes could come in at between € 4 million and € 5 million.

The risk and opportunity profile of A.S. Création Tapeten AG has not changed materially as compared to the presentation in the 2016 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 26, 2017

A.S. Création Tapeten AG

The Managing Board

Krämer

Bantel

Suskas

A.S. Création Tapeten AG, Gummersbach

Consolidated balance sheet

as per March 31, 2017

Assets			
		31.03.2017	31.12.2016
		€ '000	€ '000
Tangible fixed assets		25,200	26,240
Intangible fixed assets		8,068	8,106
Investments accounted for at equity		0	0
Financial assets		10,606	10,548
Other assets		5,173	4,895
Deferred tax assets		412	481
Non-current assets		49,459	50,270
Inventories		37,727	37,681
Trade receivables		35,699	24,830
Other assets		5,219	5,819
Income tax receivables		893	847
Cash and cash equivalents		16,652	20,826
Current assets		96,190	90,003
Total assets		145,649	140,273
Equity and liabilities			
	Notes No.	31.03.2017 € '000	31.12.2016 € '000
Capital stock		9,000	9,000
Capital reserves		13,757	13,757
Revenue reserves		81,237	83,177
Profit carried forward		-8,875	-18,490
Earnings after taxes		1,914	7,435
Adjustment for own shares		-4,021	-4,021
Currency translation differences		5,356	5,644
Equity		98,368	96,502
Financial liabilities (interest-bearing)		4,934	5,777
Other liabilities		600	638
Provisions	(1)	15,397	15,645
Deferred tax liabilities		709	891
Non-current liabilities		21,640	22,951
Financial liabilities (interest-bearing)		4,227	3,798
Other liabilities		12,698	9,663
Trade payables		8,448	7,119
Provisions		124	117
Tax liabilities		144	123
Current liabilities		25,641	20,820
Total equity and liabilities		145,649	140,273

A.S. Création Tapeten AG, Gummersbach

Consolidated income statement

for the three-month period ended March 31, 2017

	Notes No.	2017 € '000	2016 € '000
Sales	(2)	41,720	44,651
Increase or decrease in unfinished and finished goods		165	-1,072
Total output		41,885	43,579
Cost of materials		19,855	18,863
Gross profit		22,030	24,716
Other income		580	396
		22,610	25,112
Personnel expenses		10,514	10,864
Depreciation		1,857	1,947
Other operating expenses		8,171	7,773
Operating expenses		20,542	20,584
Earnings before interest and taxes (EBIT)		2,068	4,528
Interest and similar income		282	293
Results from investments accounted for at equity		434	898
Interest and similar expenses		133	213
Financial result		583	978
Earnings before income taxes		2,651	5,506
Income taxes	(3)	737	1,622
Earnings after taxes		1,914	3,884
Earnings per share	(4)	0.69 €	1.41 €

A.S. Création Tapeten AG, Gummersbach

Consolidated statement of comprehensive income

for the three-month period ended March 31, 2017

	2017 € '000	2016 € '000
Earnings after taxes	1,914	3,884
Items, that will never be reclassified to profit or loss:		
Actuarial gains/losses from pension provisions	300	-1,436
Deferred taxes on other comprehensive income	-93	449
	207	-987
Items, that are or may be reclassified to profit or loss:		
Foreign currency translation differences for fully consolidated companies	37	-29
Foreign currency translation differences for investments accounted for at equity	-325	-286
Change in fair value of an interest rate hedge	48	17
Deferred taxes on other comprehensive income	-15	-5
	-255	-303
Other comprehensive income (outside profit or loss)	-48	-1,290
Total comprehensive income	1,866	2,594

A.S. Création Tapeten AG, Gummersbach

Consolidated statement of changes in equity

for the three-month period ended March 31, 2017

	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, 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

	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, 2017	9,000	13,757	83,177	-18,490	7,435	-4,021	5,644	96,502
Earnings after taxes 2016	0	0	0	7,435	-7,435	0	0	0
Dividend payments	0	0	0	0	0	0	0	0
Allocation to revenue reserves	0	0	-2,180	2,180	0	0	0	0
Total comprehensive income 2017	0	0	240	0	1,914	0	-288	1,866
March 31, 2017	9,000	13,757	81,237	-8,875	1,914	-4,021	5,356	98,368

A.S. Création Tapeten AG, Gummersbach

Consolidated cash flow statement

for the three-month period ended March 31, 2017

	2017 € '000	2016 € '000
Operating activities		
Earnings after taxes	1,914	3,884
+ Depreciation on tangible and intangible fixed assets	1,857	1,947
+/- Increase/decrease in long-term provisions	52	59
-/+ Income/expenses from investments accounted for at equity	-434	-898
-/+ Increase/decrease in present value of corporate income tax credit	-5	-3
-/+ Income/expenses from changes in deferred taxes	-218	-183
Cash-flow	3,166	4,806
-/+ Profit/losses from disposal of tangible and intangible fixed assets	-7	-30
-/+ Increase/decrease in inventories	112	-151
-/+ Increase/decrease in trade receivables	-10,826	-11,029
+/- Increase/decrease in trade payables	1,268	3,462
-/+ Increase/decrease in other net working capital	3,109	4,924
Cash-flow from operating activities	-3,178	1,982
Investing activities		
- Cash outflows for capital expenditures on tangible and intangible fixed assets	-792	-1,292
Capital expenditures	-792	-1,292
+ Proceeds from current financial investments	100	0
+ Proceeds from the disposal of tangible and intangible fixed assets	23	54
Cash-flow from investing activities	-669	-1,238
Financing activities		
- Dividends paid to shareholders of A.S. Création Tapeten AG	0	0
+/- Raising/repayment of financial liabilities (interest-bearing)	-414	-911
Cash-flow from financing activities	-414	-911
Net change in cash and cash equivalents	-4,261	-167
+/- Change in cash and cash equivalents due to exchange rate fluctuations	87	-17
+ Cash and cash equivalents at January 1	20,826	6,918
Cash and cash equivalents at March 31	16,652	6,734

Further information on the cash flow statement is 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, 2017

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, 2017 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, 2016. 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, 2016.

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 9 “Financial Instruments” includes new regulations regarding the classification and measurement of financial instruments and the impairment of financial instruments. As financial instruments are of minor importance for A.S. Création, no material impact on the consolidated financial statements is expected.

IFRS 15 “Revenue from Contracts with Customers” in particular includes regulations to the question how and when revenue is to be recognised. An initial detailed analysis conducted by A.S. Création on the basis of existing contractual obligations has identified certain accounting aspects which should be qualified as a separate performance obligation influencing the recognition of revenue over time. According to the current state of the analysis, however, these accounting aspects are only of little importance at A.S. Création in relation to the consolidated revenues generated. The costs of obtaining a contract, which generally should be recognised and amortised over the term of the contract, are qualified as immaterial as they are very low. No impact on the consolidated financial statements is expected. A.S. Création intends to adopt IFRS 15 as of January 1, 2018 and to use the option of the modified retrospective first-time adoption based on the current state of the analysis. The full analysis and any potential adjustments of systems and processes that may be required will be completed by the end of 2017.

According to IFRS 16 “Leases”, lessees should recognise all leases and the associated rights and obligations in the balance sheet. This will lead to a moderate increase in assets and equity 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 2017 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, ten subsidiaries are consolidated, thereof nine 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 2016.

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. Besides, the following exchange rates come to the use:

	Closing rate of the period		Average rate of the period	
	31.03. 2017	31.12. 2016	2017	2016
Pound Sterling (GBP/€)	0.85760	0.85860	0.86038	0.77054
Russian Rouble (RUB/€)	60.59500	63.81110	62.57571	82.68911
Belarusian Rouble (BYN/€)	2.01110	2.06860	2.03576	2.29427

Notes to the balance sheet

(1) Long-term provisions

Long-term provisions divide as follows:

	31.03.2017	31.12.2016
	€ '000	€ '000
Pension provisions	12,508	12,756
Other provisions	2,889	2,889
	15,397	15,645

Other provisions concern risks from the anti-trust proceeding in France.

Notes to the income statement

(2) Sales

A breakdown of Group sales by region is provided below:

	Wallpaper Division		Fabrics Division		Consolidation		Group	
	2017	2016	2017	2016	2017	2016	2017	2016
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Germany	17,730	20,181	2,820	3,020	-18	-24	20,532	23,177
EU (excl. Germany)	18,113	20,128	556	623	-11	-17	18,658	20,734
European Union (EU)	35,843	40,309	3,376	3,643	-29	-41	39,190	43,911
Other Eastern Europe	3,687	3,497	84	148	0	0	3,771	3,645
Other countries	2,848	2,627	127	165	0	0	2,975	2,792
Sales (gross)	42,378	46,433	3,587	3,956	-29	-41	45,936	50,348
Reduction in revenues	-3,933	-5,412	-283	-285	0	0	-4,216	-5,697
Sales (net)	38,445	41,021	3,304	3,671	-29	-41	41,720	44,651

(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:

	2017	2016
	€ '000	€ '000
Current income tax expenses	955	1,805
Deferred taxes	-218	-183
	737	1,622

(4) Earnings per share

Earnings per share are calculated as follows:

		2017	2016
Number of shares outstanding (weighted average)	shares	2,756,351	2,756,351
Net profit	€	1,913,512	3,884,312
Earnings per share	€/share	0.69	1.41

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:

	2017	2016
	€ '000	€ '000
Interest received	4	5
Interest paid	72	127
Income tax paid	979	1,254

Interest paid primarily relates to investment financing.

The changes in financial liabilities shown under cash flow from financing activities are composed as follows:

	2017	2016
	€ '000	€ '000
Raising of financial liabilities (excl. financial lease)	475	111
Repayment of financial liabilities (excl. financial lease)	-860	-904
Repayment of liabilities under financial lease contracts	-29	-118
	-414	-911

(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	
	2017 € '000	2016 € '000	2017 € '000	2016 € '000	2017 € '000	2016 € '000	2017 € '000	2016 € '000
External sales	38,429	41,004	3,291	3,647	0	0	41,720	44,651
Intra-Group sales	16	17	13	24	-29	-41	0	0
Total sales	38,445	41,021	3,304	3,671	-29	-41	41,720	44,651
EBITDA ¹	3,911	6,355	14	120	0	0	3,925	6,475
EBITDA-margin	10.2 %	15.5 %	0.4 %	3.3 %			9.4 %	14.5 %
EBIT ²	2,098	4,450	-35	72	5	6	2,068	4,528
EBIT-margin	5.5 %	10.8 %	-1.1 %	2.0 %			5.0 %	10.1 %
Interest income	305	315	0	0	-23	-22	282	293
Results from investments accounted for at equity	434	898	0	0	0	0	434	898
Interest expenses	127	203	29	32	-23	-22	133	213
Earnings before taxes	2,710	5,460	-64	40	5	6	2,651	5,506
Return on sales (before taxes)	7.0 %	13.3 %	-1.9 %	1.1 %			6.4 %	12.3 %
Income taxes	756	1,607	-21	13	2	2	737	1,622
Capital expenditures ³	734	1,279	58	13	0	0	792	1,292
Depreciation	1,813	1,905	49	48	-5	-6	1,857	1,947
Cash-flow ³	3,186	4,724	-20	82	0	0	3,166	4,806
Segment assets ⁴	120,068	111,014	7,299	6,762	-75	-58	127,292	117,718
thereof non-current assets	(47,716)	(48,467)	(1,343)	(1,339)	(-11)	(-17)	(49,048)	(49,789)
Segment liabilities ⁵	20,122	16,080	1,811	1,498	-63	-41	21,870	17,537
Employees (average)	687	697	70	73	0	0	757	770

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 € 49.048 million (previous year: € 49.789 million), an amount of € 28.235 million (previous year: € 28.802 million) relates to Germany, an amount of € 10.160 million (previous year: € 10.390 million) to other EU countries and an amount of € 10.653 million (previous year: € 10.597 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

(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:

	2017 € '000	2016 € '000
Sales	74	39
Purchases	730	1,431
Interest income	280	289

	31.03.2017 € '000	31.12.2016 € '000
Shareholder loans	16,867	16,919
Receivables	4,995	4,641
Liabilities	645	1,361

The relationship of the company with A.S. Création Tapeten Stiftung, a charitable foundation, mentioned in the consolidated financial statement 2016, 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

No events that require reporting have occurred.

Gummersbach, April 26, 2017

A.S. Création Tapeten AG

The Managing Board

Krämer

Bantel

Suskas

Investor Relations

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