

ANNUAL REPORT SELECTED INFORMATION

2012



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Chairman's Introductory Statement

Dear shareholders,
Dear business partners,

A year ago, the introductory statement of the annual report implied that in the Czech, European and even the global economy we can expect continued W- shaped economic cycle which involves a sharp decline followed by a slight recovery, followed again by a decline. I am not very happy to say that this forecast has come true. The Czech economy has a tendency to further decline and a rising trend is so far out of horizon. Such forecast may sound too pessimistic but it is more than realistic as can be derived from the recent development of economy in the year 2013.

From this broader view of the national economy, the year-on-year decline in COLORLAK sales amounting to 4.2% does not seem to be any big disaster, especially if we realize that the main influence were reduced purchases of one foreign customer. Much more complicated is the impact of the fact that though the dynamics of the growth in raw materials prices decreased in 2012, it is yet far from being stopped. The share of production consumption in materials increased from 67% to 68.5%. Although the costs absolutely decreased in relation to production rate, they are relatively higher by CZK 8.6 million.

At the very beginning of this unfavourable economic development, saving measures were implemented. It is obvious also in cost of the last year. The service costs declined on a year-on-year basis by almost CZK 10 million (by 16%), labour costs by CZK 6.7 million (by 6%). By applying the mentioned saving measures, even under such unfavourable circumstances of the national economy we succeeded to improve the operating result by 6.6% compared to 2011. However, we could not avoid the impacts of the negative development of the CZK exchange rate, therefore the result from financial operations was nearly by one half worse than in the previous year. In total, COLORLAK ended in profit, however, it achieved only 38.4% of the level of the year 2011.

The above described development is also reflected in the balance sheet of the company. The balance sheet total decreased on a year-on-year basis by nearly CZK 20 million (by 3%). Fixed assets remained almost unaffected while receivables declined significantly (by 7.6%, i.e. almost twice as much as declined sales). This enabled to adequately reduce external sources, in particular payables to suppliers while the equity remained in fact at the same level.

The development of trade and economic activities of the group was similar to that one of the mother company. The consolidated turnover of the group showed a year-on-year decrease to CZK 954.3 million. i.e. by CZK 66 million which represents a decrease by 6.6%. Unfortunately, the business management of subsidiary companies resulted also in loss and thus the consolidated loss amounted to CZK 11 million. The results of the last year do not include the acquisition that took place by the end of the year, i.e. purchase of majority share in the company COLORLAK POLSKA.

It is a tradition that the introductory statement is concluded by ideas of Mr. Kirschner. I am not going to break this custom practice and thus let me quote the idea that he wrote in 1939. „Don't let us rely on lottery, let us have confidence in our own work and courage, then we will certainly win, though first we may suffer several defeats before we learn how to play the game properly“. I believe we have learnt how to „play the game“.



Eva Víchová
Chairman of the Board

a] Basic Data on the Issuer

Trade name:	COLORLAK, a.s.
Registered office:	Tovární 1076, Staré Město, 686 03
Company registration number/Tax identification number:	49 44 49 64/ CZ49444964
Date of foundation:	1. 9. 1993
Legal basis and legislation for setting-up the company:	The joint-stock company was set up under Section 172 of the Act No. 513/91 Coll.-Commercial Code.
Legal form:	joint-stock company

Objects:

- business in the field of hazardous waste management
- manufacture of hazardous chemical substances and hazardous chemical preparations and sale of chemical substances and chemical preparations classified as highly toxic and toxic
- road motor transport - inland road haulage provided by vehicles of maximum permitted weight 3.5 t incl.
- fitter jobs, tool making
- repairs of road vehicles
- manufacture of chemical substances, fibres, agents and cosmetic preparations
- accounting consultancy, keeping of account books and tax records
- manufacture of building materials, porcelain, ceramic and plaster products
- operating water supply and sewerage systems, water treatment and distribution
- waste management (except for hazardous waste)
- wholesale and retail
- research and development in the field of natural and technical or social sciences
- testing, measurement, analyses and checkups
- storing, packing of goods, handling with load and technical activities in transportation
- lease and lending of movable assets
- advisory and consulting activities, preparation of expert studies and opinions

The Commercial Court in charge of the Commercial Register: Regional Court in Brno, Section B, Inset 1112

b] Registered Capital

The company COLORLAK, a.s., is part of a holding and is a controlling company. In accordance with section 66a of the Commercial Code it

- controls:** the company **PANTER COLOR a.s.**
with its registered office at: Pištěkova 22/1171, Praha 4, PSČ 149 00
company registration number: 262 01 143
registered in Commercial Register kept by the Municipal Court in Prague, Section B, Inset 6750
represented by: Eva Víchová Chairman of the Board
- controls:** the company: **COLORLAK SK, s.r.o.**
with its registered office at: Zvolenská cesta 37, Banská Bystrica, PSČ 974 05, Slovak Republic
company registration number: 36 254 487
registered in Commercial Register kept by the District Court in Banská Bystrica, Section Sro., Inset 15802/S
represented by: Miroslav Piršel Executive Officer
Danka Šimkovičová Executive Officer
Mariana Richvalská Executive Officer
- controls:** the company: **MILANO COLOR, a.s.**
with its registered office at: Klatovská 662, Nýrsko, PSČ 340 22
company registration number: 264 06 951
registered in Commercial Register kept by the Regional Court in Plzeň, Section B, Inset 1214
represented by: Antonín Tureček Chairman of the Board
- controls:** the company: **EKOLAK s.r.o. (formerly named EKOZEM, spol. s r.o.)**
with its registered office at: Tovární 1076, Staré Město, PSČ 686 03
company registration number: 253 23 130
registered in Commercial Register kept by the Regional Court in Brno, Section C, Inset 25410
represented by: Zdeněk Tůma Executive Officer
- controls:** the company: **COLORLAK POLSKA SP Z O O**
with its registered office at: Przyszlosci 17C, Nowa Sól, PSČ 67-100, Polsko
company registration number: 0000379393
registered in National Court Register
represented by: Marek Relich Executive Officer
Mojmír Olšer Executive Officer

Property interests of COLORLAK, a.s., in business of other legal entities as at 31.12.2012

<i>company registration number</i>	<i>legal entity</i>	<i>registered capital</i> <i>in EUR, PLN</i>	<i>share of the company in controlled and regulated companies</i> <i>in CZK</i>	<i>share of the company in registered capital</i> <i>in %</i>
26201143	PANTER COLOR a.s.		60,000,000	100
36254487	COLORLAK SK, s.r.o.	700,000 EUR	17,598,000	100
26406951	MILANO COLOR, a.s.		2,000,000	100
25323130	EKOLAK s.r.o. (formerly named EKOZEM, spol. s r.o.)		200,000	100
0000379393	COLORLAK POLSKA SP Z O O	100,000 PLN	407,352	66

The registered capital of COLORLAK, a.s., amounted to CZK 178,543,930 in 2012. It consists of 17,854,393 pcs of ordinary bearer share warrants in a nominal value of CZK 10 each. The company has no shares of its own.

Owner's structure in %

	2011	2012
Svatopluk Chalupa	30.49	30.49
Mojmír Olšer	29.03	29.03
Jan Malo	29.03	29.03
Other shareholders	11.45	11.45

c] Securities

Type:	ordinary shares
Form:	bearer shares
Appearance:	share warrants, issued both as individual shares and collective documents
Number of securities:	17,854,393 pcs of ordinary bearer shares in a nominal value of CZK 10 each
Total nominal value:	CZK 178,543,930
Method of transfer:	Transferability of shares is not limited. Transfer of bearer shares is carried out by passing them on to a transferee.

COLORLAK, a.s., has no ascertained financial institution through which the shareholders can exercise their rights in property. The shares are associated with all shareholder rights in accordance with the valid company Articles of Association and as regulated in the Commercial Code and the Act on Securities as amended. The shareholder is in conformity with section 155 of the Commercial Code entitled to first of all participate in management of the company, its profit (dividend) and liquidation surplus in the event of company dissolution. It is his right to take part in general meeting, to vote there, query, put forward proposals and counterproposals and other in compliance with section 180 of the Commercial Code. Has a pre-emptive right to subscribe new shares. COLORLAK, a.s., does not issue any bonds.

d] Principal Activities

■ manufacture, research and development of paint materials, synthetic resins, adhesives

COLORLAK, a.s., expended some CZK 6 million on research and development in 2012. The activities are aimed at applied research. It is provided both by the internal strength of the company and in cooperation with third parties.

A great significance is attached to improvement of environmental parameters of production procedures as well as new products launched by the company.

More detailed data on development trends are considered a trade and industrial secret of the company and therefore are not disclosed.

Paint materials

Nitrocellulose paint materials

Main products: CELOX C-2001, NICEL C-1103, CELOLESK C-1037, CELOMAT C-1038, CELOX PRIMER C-2000, NICEL C-1016, NICEL C-1014, NICEL C-1101.

Synthetic paint materials

Main products: SYNOREX PRIMER S-2000, UNIVERSAL SU-2013, LUSONOL S-1023, PROFI LAZURA S-1025, PROFI METAL S-2029, SYNOREX EXTRA S-2003, SYNTECOL BÁZE S-2161, FUNGISTOP S-1031, RADIATOR S-2117, PROFI OKNO S-2082, PROFI EMAIL S-2085.

Polyurethane paint materials

Main products: AXAPUR U-2218, AXAPUR U-2060, AXAPUR PRIMER U-2008, AXAPUR U-2068, AXAPUR PLUS BÁZE U-2072, AXAPUR U-2056, AXAPUR U-2066, AXAPUR U-2054, U-2500 ARMY.

Water-based paint materials

Main products: SQUAREX V-2115, AQUACOL V-2052, AQUACOL PRIMER V-2070, ACRYLCOL MAT V-2045, AKRYLCOL LESK V-2046, FORTELUX AQUA V-1407, AQUACOL V-1413, V-2072 Water-based alkyd paint.

Other products

Main products: ZINOREX S-2211, ZINOREX PRIMER S-2212, O-1020 Oil glaze,, SILAMAT S-2819, SYNOREX S-2216, EPAX S-2318, ULTRA RAPID S-2225, SILAMAT ROAD S-2867, SYNTECOL LAK S-1002.

Production and filling of aerosol products

Main products: PROFI SPREJ Top coat A3243, UNI SPREJ Top coat A3242, HOBBY SPREJ Primer A3149, HOBBY SPREJ for furniture A3141, HOBBY SPREJ for radiators A3215.

In 2012 the following new products were successfully launched:

V2005 PROINTERIÉR COLOR EKODUR – the original product coming in new colour shades

V2025 PROINTERIÉR ELEGANT – the original product coming in new colour shades

SILIKON PROFI Plaster coats

V1046 LIGNOSTOP against moulds

Building materials

Plasters

Dispersion: KC Putz E*305, Ekoputz E*301, Strukturputz E*309.

Silicone: KC Putz silikon E*307, Ekoputz silikon E*303, Strukturputz silikon E*311.

Mosaic: Quarzputz E304*, tesserae for pro Quarzputz E9300, Quarzputz E3045 semifinished product.

Other: KC Putz Silicate E*306, Ekoputz Extra E*304, KC Putz extra E*308.

Masonry paints

Main products: Fasax E0201, Ekofas JZ E0203, ProExteriér Fasáda V 2012, Fasikon E0208, Fasax Silicate E0207.

Interior paints

Main products: ProInteriér Plus V2098, ProInteriér Color Ekodur V2005, ProInteriér Profi V2099, ProInteriér Standard V2006, Ekodur Natural E0501, Ekodur E0502, Ekodur Profi E0503, ProInteriér Elegant V-2025, Ekodur Standard E0505.

Penetration and priming coats

Main products: Ekofas E0204, S2802A E0607 Penetration, Ekopen E0601, Pensikon E0604, Ekopen concentrate E0602, Pensil E0603

Powder coatings

Main products: Ekofix Plus E4005, Ekofix-Z E4001, Vazafix E4009, Vazakryl E4007, Ekofix Plus (Soudal) E4013, Ekofix E4002, Ekofix-ZF E4003, Ekohydrol E4014.

environmental protection

In 2012, the company for the seventh time successfully defended its right to use the logo Responsible Care in Chemistry. We have been involved in this voluntary initiative since the year 1996, with the first defence taking place in 1997.

As a total, 257 safety datasheets were completed for COLORLAK products, 54 safety datasheets for EKOLAK centre and 33 safety datasheets for NOROO BEE centre, including proposed new labellings as per directly effective regulation 1272/2008 (CLP).

Furthermore, a reconstruction of a warehouse for dispatching paint materials was finished as well as roofing of the siding in Air-Drying Paints facility.

Investments in tangible fixed assets

| in TCZK |

period	2011	2012
Tangible fixed assets – buildings & constructions	12,963	426
Tangible fixed assets – machinery & equipment	1,925	3,604
Intangible fixed assets	2,151	554
Total INVESTED CAPITAL	17,039	4,584
Total LEASING	9,606	880
TOTAL INVESTMENT AND LEASING	26,645	5,464

The investments in 2012 took place in the Czech Republic. Own resources amounted to TCZK 4,584 and financial leasing to TCZK 880. In 2012, COLORLAK, a.s., put money into technical improvement of HW & SW equipment of QAD information system. Mixing and filling machines were purchased as well as other equipment.

e] Assets and Financial Position of the Issuer

Changes in shareholder's equity

| in TCZK |

year	shareholders' equity
2011	322,324
2012	320,217

Property interests of COLORLAK, a.s., as at 31.12. 2012

| in TCZK |

company	registered capital	percentage of COLORLAK shareholders' equity
PANTER COLOR a.s.	TCZK 60,000	18.7
MILANO COLOR, a.s.	TCZK 2,000	0.6
EKOLAK s.r.o. (formerly named EKOZEM, spol. s r.o.)	TCZK 200	0.1
COLORLAK SK, s.r.o.	TEUR 700	5.5
COLORLAK POLSKA SP Z O O	TPLN 66	0.1

Trading income per 1 share

year	trading income for the accounting period (in TCZK)	total shares (pcs)	trading income per 1 share (CZK)
2011	3,917	17,854,393	0.22
2012	1,011	17,854,393	0.06

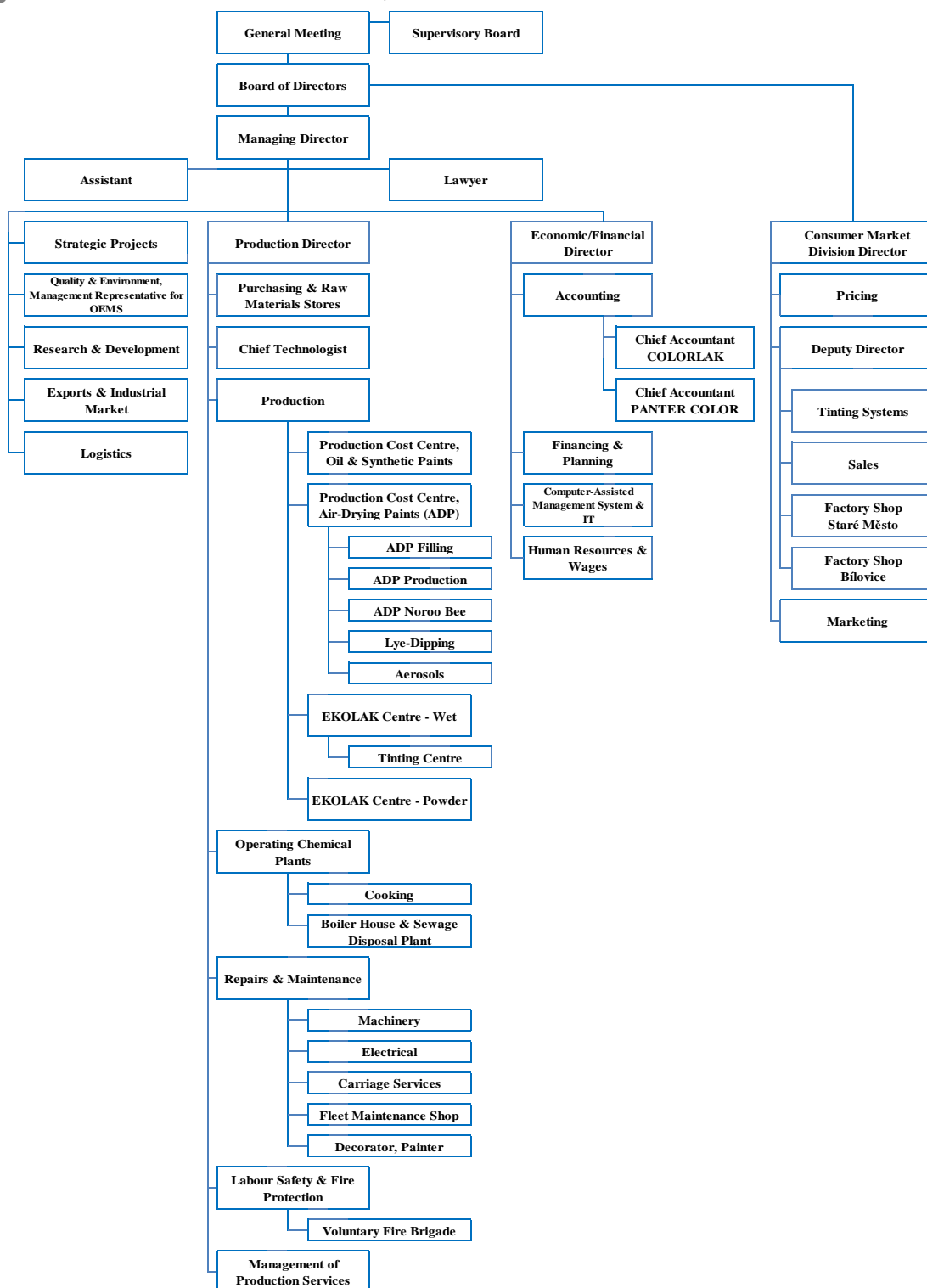
In 2011, COLORLAK, a.s., paid out dividends amounting to CZK 0.11 per one share before tax and in 2012 dividends amounting to CZK 0.08 per one share before tax.

3] Staff

COLORLAK, a.s., staff

	2011	2012
Average staff	295	278
- of which managerial	23	23
Personnel costs (in TCZK)	111,542	104,836
- of which managerial	24,566	26,725
Remuneration to authorized representatives (in TCZK)	804	899

4] Organization Chart of COLORLAK, a.s.



f] Statutory and Supervisory Bodies of the Issuer

▣ Board of Directors

elected by Supervisory Board)
from 01.01.2012 till 01.08.2012

Chairman of the Board: Svatopluk Chalupa
date of birth: 08.11.1944
domicile: Tererova 1354/15, 140 00 Praha 4

Vice-Chairman of the Board: Mojmír Olšer
date of birth: 07.12.1964
domicile: Stříbrná Lhota 1042, 252 10 Mníšek pod Brdy

Member of the Board: Jiří Hróz
date of birth: 26.04.1958
domicile: Krátká 915, 760 01 Zlín

from 01.08.2012 till 31.12.2012

Chairman of the Board: Eva Víchová
date of birth: 16.10.1974
domicile: Mýtská 2336, 269 01 Rakovník

Vice-Chairman of the Board: Vladimíra Olšerová
date of birth: 05.12.1963
domicile: Stříbrná Lhota 1042, 252 10 Mníšek pod Brdy

Member of the Board: Vlasta Hrózová
date of birth: 06.08.1960
domicile: č.p. 664, 663 63 Halenkovice

▣ Supervisory Board

from 01.01.2012 till 31.12.2012

Chairman of the Supervisory Board: Marek Fiala
date of birth: 18.02.1957
domicile: Janáčkova 1682, 686 03 Staré Město

Member of the Supervisory Board: Josef Kamas
date of birth: 18.11.1954
domicile: K. Světlé 1082, 686 03 Staré Město

Member of the Supervisory Board: Jan Malo
date of birth: 12.05.1955
domicile: Dvorská 188, 252 03 Řitka

▣ Executive Management

in 2012

Chairman of the Board: Svatopluk Chalupa
Managing Director: Mojmír Olšer
Economic Director: Jiří Hróz
Production Director: Marek Fiala
Director of Consumer Market Division: Eva Víchová

Overview of money incomes received by the authorized representatives and members of the Supervisory Board of the company in the last year:

Board of Directors..... CZK 523,900
Supervisory Board CZK 375,500


In 2012, members of the Board, Supervisory Board and executive management hold shares of COLORLAK, a.s., in the following breakdown:

Svatopluk Chalupa	30.49%
Mojmír Olšer	29.03%
Jan Malo	29.03%
Jiří Hróz	5.18%
Marek Fiala	5.18%

COLORLAK, a.s. granted no loans or guarantees or other securities to its statutory bodies or their members and issued no employees shares.

g] Responsibility for the Annual Report and Auditing the Financial Statements

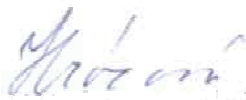
PERSONS RESPONSIBLE FOR THE ANNUAL REPORT OF COLORLAK, a.s.:



Eva Víchová
Chairman of the Board



Vladimíra Olšerová
Vice-Chairman of the Board



Vlasta Hrózová
Member of the Board

The above mentioned persons declare that the data stated in the Annual Report are true and that no significant circumstances which might affect an accurate and correct assessment of the issuer of securities have been omitted.

AUDITING COMPANIES

The year 2007 to 2010

Jiří Viktorin - License No. 2080 of the Chamber of Auditors of the Czech Republic, the auditor in charge

BENE FACTUM, a.s., - License No. 480 of the Chamber of Auditors of the Czech Republic, Kodaňská 1441/46, 100 10 Praha 10

The year 2011 to 2012

Martin Vrobel – License No. 2132 of the Chamber of Auditors of the Czech Republic, the auditor in charge

BENE FACTUM, a.s., - License No. 480 of the Chamber of Auditors of the Czech Republic, Kodaňská 1441/46, 100 10 Praha 10

Balance Sheet – Assets

| in TCZK |

Code	Line	Current accounting period			2011	
		Gross	Adjustment	Net	Net	
	Total assets (l. 02+03+31+63) = 67	001	1,036,458	-394,455	642,003	661,994
A.	Receivables from subscriptions	002	0	0	0	0
B.	Fixed assets (l. 04+13+23)	003	715,082	-375,610	339,472	339,777
B.I.	Intangible fixed assets (l.5 to 12)	004	56,034	-12,561	43,473	44,560
B.I.1.	Incorporation expenses	005	0	0	0	0
B.I.2.	Research and development	006	0	0	0	0
B.I.3.	Software	007	20,954	-11,844	9,110	10,197
B.I.4.	Valuable rights	008	34,985	-717	34,268	34,268
B.I.5.	Goodwill (+/-)	009	0	0	0	0
B.I.6.	Other intangible fixed assets	010	0	0	0	0
B.I.7.	Intangible fixed assets under construction	011	95	0	95	95
B.I.8.	Advance payments for intangible fixed assets	012	0	0	0	0
B.II.	Tangible fixed assets (l. 14 to 22)	013	500,316	-363,049	137,267	149,275
B.II.1.	Land	014	10,209	0	10,209	10,223
B.II.2.	Constructions	015	252,673	-149,708	102,965	100,685
B.II.3.	Equipment	016	236,440	-213,341	23,099	25,639
B.II.4.	Perennial crops	017	0	0	0	0
B.II.5.	Breeding and draught animals	018	0	0	0	0
B.II.6.	Other tangible fixed assets	019	201	0	201	201
B.II.7.	Tangible fixed assets under construction	020	793	0	793	12,527
B.II.8.	Advance payments for tangible fixed assets	021	0	0	0	0
B.II.9.	Adjustment to acquired assets (+/-)	022	0	0	0	0
B.III.	Long-term financial assets (l. 24 to 30)	023	158,732	0	158,732	145,942
B.III.1.	Shares in controlled and regulated organizations	024	158,732	0	158,732	145,942
B.III.2.	Shares in accounting units with substantial influence	025	0	0	0	0
B.III.3.	Other securities and shares	026	0	0	0	0
B.III.4.	Loans to controlled and managed organizations and to accounting units with substantial influence	027	0	0	0	0
B.III.5.	Other financial investments	028	0	0	0	0
B.III.6.	Financial investments acquired	029	0	0	0	0
B.III.7.	Advance payments for long-term financial assets	030	0	0	0	0
C.	Current assets (l. 32+39+48+58)	031	319,235	-18,845	300,390	320,134
C.I.	Inventory (l. 33 to 38)	032	98,478	-5,230	93,248	94,688
C.I.1.	Materials	033	56,172	-2,892	53,280	51,992
C.I.2.	Work in progress and semi-products	034	4,568	0	4,568	4,456
C.I.3.	Finished products	035	35,076	-2,213	32,863	35,164
C.I.4.	Animals	036	0	0	0	0
C.I.5.	Merchandise	037	2,662	-125	2,537	3,076
C.I.6.	Advance payments for inventory	038	0	0	0	0
C.II.	Long-term receivables (l. 40 to 47)	039	16,200	0	16,200	19,101
C.II.1.	Trade receivables	040	0	0	0	0
C.II.2.	Receivables from controlled and managed organizations	041	0	0	0	0
C.II.3.	Receivables from accounting units with substantial influence	042	16,200	0	16,200	16,200
C.II.4.	Receivables from partners, cooperative members and association members	043	0	0	0	0
C.II.5.	Long-term deposits given	044	0	0	0	0
C.II.6.	Estimated receivables	045	0	0	0	0
C.II.7.	Other receivables	046	0	0	0	2,901
C.II.8.	Deferred tax receivable	047	0	0	0	0
C.III.	Short-term receivables (l. 49 to 57)	048	193,850	-13,615	180,235	194,959
C.III.1.	Trade receivables	049	99,803	-13,615	86,188	111,661
C.III.2.	Receivables from controlled and managed organizations	050	0	0	0	0
C.III.3.	Receivables from accounting units with substantial influence	051	88,590	0	88,590	73,688
C.III.4.	Receivables from partners, cooperative members and association members	052	0	0	0	0
C.III.5.	Receivables from social security and health insurance	053	0	0	0	0
C.III.6.	Due from state - tax receivables	054	3,522	0	3,522	7,436
C.III.7.	Short-term deposits given	055	1,472	0	1,472	1,782
C.III.8.	Estimated receivables	056	119	0	119	66
C.III.9.	Other receivables	057	344	0	344	326
C.IV.	Short-term financial assets (l. 59 to 62)	058	10,707	0	10,707	11,386
C.IV.1.	Cash	059	1,212	0	1,212	1,218
C.IV.2.	Bank accounts	060	9,495	0	9,495	10,168
C.IV.3.	Short-term securities and ownership interests	061	0	0	0	0
C.IV.4.	Short-term financial assets acquired	062	0	0	0	0
D.I.	Accruals (l. 64 to 66)	063	2,141	0	2,141	2,083
D.I.1.	Deferred expenses	064	2,141	0	2,141	2,083
D.I.2.	Complex deferred costs	065	0	0	0	0
D.I.3.	Deferred income	066	0	0	0	0

Balance Sheet – Liabilities

| in TCZK |

Code	Line	Accounting period		
		2012	2011	
	Total liabilities (l. 68+85+118) = 001	067	642,003	661,994
A.	Equity (l. 69+73+78+81+84)	068	320,217	322,324
A.I.	Registered capital (l. 70 to 72)	069	178,544	178,544
A.I.1.	Registered capital	070	178,544	178,544
A.I.2.	Company's own shares and ownership interests (-)	071	0	0
A.I.3.	Changes of registered capital (+/-)	072	0	0
A.II.	Capital funds (l. 74 to 77)	073	-45,831	-44,141
A.II.1.	Share premium	074	0	0
A.II.2.	Other capital funds	075	644	4,380
A.II.3.	Differences from revaluation of assets and liabilities (+/-)	076	2,045	0
A.II.4.	Differences from revaluation in transformation (+/-)	077	-48,520	-48,521
A.III.	Reserve funds, statutory reserve account for cooperatives and other retained earnings (l. 79+80)	078	15,818	15,619
A.III.1.	Legal reserve fund/Indivisible fund	079	15,410	15,211
A.III.2.	Statutory and other funds	080	408	408
A.IV.	Profit/loss - previous years (l. 82+83)	081	170,675	168,385
A.IV.1.	Retained earnings from previous years	082	174,714	172,424
A.IV.2.	Accumulated losses from previous years	083	-4,039	-4,039
A.V.	Profit/loss - current year (+/-) (l.01-69-73-78-81-85-118) = 60 of Profit and Loss Statement in Full Form	084	1,011	3,917
B.	Other sources (l. 86+91+102+114)	085	320,575	338,473
B.I.	Reserves (l. 87 to 90)	086	0	0
B.I.1.	Reserves under special statutory regulations	087	0	0
B.I.2.	Reserve for pensions and similar payables	088	0	0
B.I.3.	Income tax reserves	089	0	0
B.I.4.	Other reserves	090	0	0
B.II.	Long-term payables (l. 92 to 101)	091	2,596	1,888
B.II.1.	Trade payables	092	0	0
B.II.2.	Payables to controlled and managed organizations	093	0	0
B.II.3.	Payables to accounting units with substantial influence	094	0	0
B.II.4.	Payables to partners, cooperative members and association members	095	0	0
B.II.5.	Long-term advances received	096	0	0
B.II.6.	Issued bonds	097	0	0
B.II.7.	Long-term notes payable	098	0	0
B.II.8.	Estimated payables	099	0	0
B.II.9.	Other payables	100	483	477
B.II.10.	Deferred tax liability	101	2,113	1,411
B.III.	Short-term payables (l. 103 to 113)	102	90,639	116,628
B.III.1.	Trade payables	103	77,514	94,011
B.III.2.	Payables to controlled and managed organizations	104	25	12
B.III.3.	Payables to accounting units with substantial influence	105	2,592	5,348
B.III.4.	Payables to partners, cooperative members and association members	106	0	0
B.III.5.	Payroll	107	1,303	1,547
B.III.6.	Payables to social security and health insurance	108	2,444	2,981
B.III.7.	Due from state - tax liabilities and subsidies	109	711	824
B.III.8.	Short-term deposits received	110	681	4,848
B.III.9.	Issued bonds	111	0	0
B.III.10.	Estimated payables	112	884	2,855
B.III.11.	Other payables	113	4,485	4,202
B.IV.	Bank loans and financial accommodations (l. 115 to 117)	114	227,340	219,957
B.IV.1.	Long-term bank loans	115	21,020	28,316
B.IV.2.	Short-term bank loans	116	141,701	136,135
B.IV.3.	Short-term financial accommodations	117	64,619	55,506
C.I.	Accruals (l. 119+120)	118	1,211	1,197
C.I.1.	Accrued expenses	119	1,186	1,172
C.I.2.	Deferred revenues	120	25	25

Profit and Loss Statement in Full Form

| in TCZK |

Code	Line	Accounting period		
		2012	2011	
I.	Revenues from sold goods	001	15,153	18,697
A.	Expenses on sold goods	002	13,338	17,043
+	Sale margin (l. 01-02)	003	1,815	1,654
II.	Production (l. 05 to 07)	004	588,634	619,083
II.1.	Revenues from own products and services	005	590,989	614,137
II.2.	Change in inventory of own products	006	-3,366	3,936
II.3.	Capitalization	007	1,011	1,010
B.	Production consumption (l. 09+10)	008	455,526	477,115
B.1.	Consumption of material and energy	009	402,997	414,635
B.2.	Services	010	52,529	62,480
+	Added value (l. 03+04-08)	011	134,923	143,622
C.	Personnel expenses (l. 13 to 16)	012	104,836	111,541
C.1.	Wages and salaries	013	75,279	79,569
C.2.	Remunerations of board members	014	899	803
C.3.	Social security expenses and health insurance	015	27,338	29,457
C.4.	Other social expenses	016	1,320	1,712
D.	Taxes and fees	017	1,333	1,254
E.	Depreciation of intangible and tangible assets	018	12,699	13,965
III.	Revenues from disposals of fixed assets and materials (l. 20+21)	019	13,416	7,860
III.1.	Revenues from disposals of fixed assets	020	386	865
III.2.	Revenues from disposals of materials	021	13,030	6,995
F.	Net book value of sold fixed assets and materials (l. 23+24)	022	14,116	9,442
F.1.	Net book value of sold fixed assets	023	15	352
F.2.	Net book value of sold material	024	14,101	9,090
G.	Change in operating reserves and adjustments and complex deferred costs (+/-)	025	-3,190	-15,410
IV.	Other operating revenues	026	4,865	9,288
H.	Other operating expenses	027	10,973	28,307
V.	Transfer of operating revenues	028	0	0
I.	Transfer of operating expenses	029	0	0
*	Operating profit/loss [l. 11-12-17-18+19-22+(-)/25+26-27+(-28)-(-29)]	030	12,437	11,671
VI.	Revenues from sales of securities and ownership interests	031	0	0
J.	Sold securities and ownership interests	032	0	0
VII.	Revenues from long-term financial assets (l. 34 to 36)	033	0	0
VII.1.	Revenues from shares in controlled and regulated organizations and in accounting units with substantial	034	0	0
VII.2.	Revenues from other securities and ownership interests	035	0	0
VII.3.	Revenues from other long-term financial assets	036	0	0
VIII.	Revenues from short-term financial assets	037	0	0
K.	Expenses associated with financial assets	038	0	0
IX.	Revenues from revaluation of securities and derivatives	039	0	0
L.	Cost of revaluation of securities and derivatives	040	0	0
M.	Change in financial reserves and adjustments (+/-)	041	0	0
X.	Interest revenues	042	1,053	999
N.	Interest expenses	043	9,168	9,017
XI.	Other financial revenues	044	12,356	9,069
O.	Other financial expenses	045	14,965	8,264
XII.	Transfer of financial revenues	046	0	0
P.	Transfer of financial expenses	047	0	0
*	Profit/loss from financial operations [l. 31-32+33+37-38+39-40+(-)/41+42-43+44-45+(-46)-(-47)]	048	-10,724	-7,213
Q.	Income tax on ordinary income (l. 50+51)	049	702	541
Q.1.	Due tax	050	0	139
Q.2.	Tax deferred	051	702	402
**	Operating profit/loss, ordinary activity (l. 30+48-49)	052	1,011	3,917
XIII.	Extraordinary revenues	053	0	0
R.	Extraordinary expenses	054	0	0
S.	Income tax on extraordinary income (l. 56+57)	055	0	0
S.1.	Due tax	056	0	0
S.2.	Tax deferred	057	0	0
*	Operating profit/loss, extraordinary activity (l. 53-54-55)	058	0	0
T.	Transfer profit (loss) to partners (+/-)	059	0	0
***	Profit/loss of current accounting period (+/-) (l. 52+58-59)	060	1,011	3,917
****	Profit/loss before tax (l. 30+48+53-54-59)	061	1,713	4,458

Auditor's Report to the Shareholders



INDEPENDENT AUDITOR'S REPORT

*To the shareholders of
COLORLAK a.s.*

We have audited the accompanying financial statements of **COLORLAK a.s.** Company, which comprise the balance sheet as of 31 December 2012, and the income statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. Information about COLORLAK a.s. Company is presented in Note 1 to these financial statements.

Statutory Body's Responsibility for the Financial Statements

The statutory body of COLORLAK a.s. Company is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and for such internal control as statutory body determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Act on Auditors and International Standards on Auditing and the related application guidelines issued by the Chamber of Auditors of the Czech Republic. Those laws and regulations require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

BENE FACTUM a.s. / audit, daně, poradenství
Kodaňská 1441/46, 100 10 Praha 10
IČ: 27922677, DIČ: CZ27922677 / spis. zn. B 12084 vedená Měst. soudem v Praze
T +420 272 731 270, F +420 272 731 275, www.benefactum.cz
č.ú. 35-9364890287/0100. IBAN: CZ0201000000359364890287

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of **COLORLAK a.s.** Company as of 31 December 2012, and of its financial performance for the year then ended in accordance with Czech accounting regulations.

This auditor's report produced on behalf of Company **BENE FACTUM a.s.** (Registered office: Praha 10, Kodaňská 1441/46, Certificate No. 480) Martin Vrobel (Certificate No. 2132).

Brno, May 10th, 2013



Martin Vrobel



Miloš Havránek

Vice-Chairman of the Board of Director
BENE FACTUM a.s.

Consolidated Financial Statements of COLORLAK Group

Definition of the consolidated unit (further referred to as „group“)

<i>company</i>	<i>registered office</i>	<i>share in registered capital in %</i>	<i>rate of dependence</i>	<i>consolidation method</i>
COLORLAK, a.s.,	Tovární 1076, Staré Město	N/A	N/A	N/A
PANTER COLOR a.s.	Pištěkova 22/1171, Praha	100	subsidiary	full
AAA Barvy, s.r.o.	Velvarská 23, Horoměřice	100	subsidiary	full
COLORLAK SK, s.r.o.	Zvolenská cesta 37, Banská Bystrica, Slovakia	100	subsidiary	full

Financial statements of all companies are kept for presentation purposes in registered office of the controlling company at Staré Město, Tovární 1076.

Changes in group structure

In accordance with the legislation in force, the group does not incorporate the subsidiaries MILANO COLOR, a.s., EKOLAK s.r.o. (formerly named EKOZEM, spol. s r.o.) and COLORLAK POLSKA SP Z O O.

Financial statements of the companies included in the group are dated December 31, 2012.

Accounting methods and general accounting principles

The account books of the group are kept and consolidated financial statements have been drawn up in accordance with the Act No. 563/1991 Coll. on Accounting as amended, executive regulation No. 500/2002 Coll., implementing some provisions of the Act No. 563/1991 Coll. on Accounting as amended, for those accounting units that are business entities keeping their books in double-entry accounting system as amended, and Czech Accounting Standards for business entities as amended.

The accounting respects general accounting principles, in particular the principle of appraising value of assets by their historical costs, the principle of keeping accounts maintaining timing and subject-matter relations, the principle of precaution and the assumed probability that the accounting unit is capable to continue its activities.

For the purpose of preparing these consolidated financial statements of COLORLAK group some accounting procedures within the group have been unified.

Data contained in the present consolidated financial statements are provided in thousands of Czech Crowns (CZK).

Consolidated Balance Sheet

| in TCZK |

Code	2012	2011
Total Assets	659,246	704,882
A. Receivables from subscriptions	0	0
B. Fixed assets	309,989	311,485
B.I. Intangible fixed assets	51,895	52,356
B.II. Tangible fixed assets	164,782	182,027
B.III. Long-term financial assets	29,983	16,850
B.IV. Positive difference on consolidation	63,329	60,252
(-) Negative difference on consolidation	0	0
B.V. Securities and ownership interests under the equity method	0	0
C. Current assets	345,505	388,897
C.I. Inventory	180,888	185,525
C.II. Long-term receivables	122	3,061
C.III. Short-term receivables	151,405	185,894
C.IV. Short-term financial assets	13,090	14,417
D.I. Accruals	3,752	4,500
Total Liabilities	659,246	704,882
A. Equity	238,583	246,916
A.I. Registered capital	178,544	178,544
A.II. Capital funds	-43,791	-42,101
A.III. Reserve funds, statutory reserve account for cooperatives and other retained earnings	16,685	16,397
A.IV. Retained earnings	87,145	94,076
A.V. Profit/loss from operations using the equity method (+/-)	0	0
A.VI. Consolidation reserve fund	0	0
B. Other sources	419,167	456,269
B.I. Reserves	839	802
B.II. Long-term payables	15,407	16,148
B.III. Short-term payables	130,687	166,187
B.IV. Bank loans and financial accommodations	272,234	273,132
C.I. Accruals	1,496	1,697
D. Minority registered capital	0	0
D.I. Minority registered capital	0	0
D.II. Minority funds including retained earnings from previous years	0	0
D.III. Minority profit/loss - current year (+/-)	0	0

Consolidated Profit and Loss Statement

| in TCZK |

Code		2012	2011
I.	Revenues from sold goods	596,916	622,192
A.	Expenses on sold goods	490,079	479,902
+	Sale margin	106,837	142,290
II.	Production	357,346	398,020
B.	Production consumption	260,895	318,660
+	Added value	203,288	221,651
C.	Personnel expenses	165,972	169,492
D.	Taxes and fees	2,619	2,331
E.	Depreciation of intangible and tangible assets	19,498	21,109
+	Accounting (write-off) of the positive	-3,914	-3,914
-	or negative difference on consolidation (+/-)	0	0
III.	Revenues from disposals of fixed assets and materials	11,950	6,519
F.	Net book value of sold fixed assets and materials	12,478	8,135
G.	Change in operating reserves and adjustments and complex deferred costs	-4,193	-15,519
IV.	Other operating revenues	7,280	8,947
H.	Other operating expenses	16,631	31,605
V.	Transfer of operating revenues	0	0
I.	Transfer of operating expenses	0	0
*	Consolidated operating profit/loss	5,599	16,049
VI.	Revenues from sales of securities and ownership interests	0	0
J.	Sold securities and ownership interests	0	0
VII.	Revenues from long-term financial assets	0	0
VIII.	Revenues from short-term financial assets	0	0
K.	Expenses associated with financial assets	0	0
IX.	Revenues from revaluation of securities and derivatives	0	0
L.	Cost of revaluation of securities and derivatives	0	0
M.	Change in financial reserves and adjustments	0	0
X.	Interest revenues	130	132
N.	Interest expenses	11,483	12,252
XI.	Other financial revenues	12,453	9,278
O.	Other financial expenses	16,524	9,202
XII.	Transfer of financial revenues	0	0
P.	Transfer of financial expenses	0	0
*	Consolidated profit/loss from financial operations	-15,424	-12,044
Q.	Income tax on ordinary income (due and deferred)	1,243	1,930
**	Consolidated operating profit/loss ordinary activity	-11,068	2,075
XIII.	Extraordinary revenues	0	0
R.	Extraordinary expenses	4	0
S.	Income tax on extraordinary income (due and deferred)	0	0
*	Consolidated operating profit/loss extraordinary activity	-4	0
***1.	Consolidated profit/loss of current accounting period before equity share	-11,072	2,075
***1.1.	Profit/loss of current accounting period before minority interests	0	0
***1.2.	Minority interests in profit/loss (+/-)	0	0
***2.	Share of minority owners in profit/loss under the equity method	0	0
***3.	Share in profit/loss under the equity method	0	0
***	Consolidated profit/loss of current accounting period (+/-)	-11,072	2,075

Comments on Subsidiary Companies

PANTER COLOR a.s., Praha

Main activities of PANTER COLOR a.s. involve wholesale business with paint materials and auxiliary preparations in all regions of the Czech Republic. Products prevailing in the wholesale offer are those of COLORLAK company. The selected product assortment is further complemented with paint materials and auxiliary preparations of other producers. PANTER COLOR continues to increase its market share, thus increasing its share in production sales of the controlling company.

AAA Barvy s.r.o, Horoměřice

The activities of the company lie in retail trade with paint materials and construction chemical products. Due to a high ratio of building materials and construction chemical products, the sales and the trading income were worse than in past years. This is to a great extent connected with a deep depression in construction production in the Czech Republic. Sales of COLORLAK products continued to grow in all shops of the company in the given period.

COLORLAK SK, s.r.o., Banská Bystrica

The company runs both wholesale and retail business with paint materials and products of construction chemistry. Similarly as in the Czech Republic, also in Slovakia we had to face a severe decrease in construction production which resulted in decline of sales in this group of products.

COLORLAK POLSKA, Nowa Sól

This is a new acquisition of December 2012. The share of COLORLAK amounts to 66 %. The company concentrates on selling paint materials to small fabricants and tradesmen. Both the turnover and company profit continue to exhibit a positive trend on a long-term basis.

Certificate of Registration



This is to certify that the
Quality Management System of :

COLORLAK, a.s.

Official Company Seat Address: **Tovární 1076, 686 03 Staré Město**
Branch Office Address: **Středisko EKOLAK, Bilovice 497, 687 12 Bilovice**
Czech Republic
Czech Registration No. **49444964**

has been assessed and found compliant with the requirements of:

ISO 9001: 2008

Approval is hereby granted for registration on the proviso that the
certification rules and conditions are observed at all times.

Certification Scope:

Development, production and sale of paints, facade, interior and floor materials,
waterproofing and thermal insulation systems and processing of glycerine phase

Certificate No.: 24476

Original Issue Date: 20th November 2006

Issue Date: 20th November 2011

Expiry Date: 19th November 2014

Authorised Signature

Moody International Certification Ltd.

www.moodyint.com

The use of the Accreditation Mark indicates accreditation in respect of those activities covered by the Accreditation Certificate 014.
The certificate remains the property of Moody International Certification Limited to whom it must be returned on request.



014

Certificate of Registration



This is to certify that the
Environmental Management System of :

COLORLAK, a.s.

Official Company Seat Address: **Tovární 1076, 686 03 Staré Město**
Branch Office Address: **Středisko EKOLAK, Bilovice 497, 687 12 Bilovice**
Czech Republic
Czech Registration No. **49444964**

has been assessed and found compliant with the requirements of:

ISO 14001: 2004

Approval is hereby granted for registration on the proviso that the
certification rules and conditions are observed at all times.

Certification Scope:

Development, production and sale of paints, façade, interior and floor materials,
waterproofing and thermal insulation systems and processing of glycerine phase

Certificate No.: 24476

Original Issue Date: 20th November 2006

Issue Date: 20th November 2011

Expiry Date: 19th November 2014

Authorised Signature

Moody International Certification Ltd.

www.moodyint.com

The use of the Accreditation Mark indicates accreditation in respect of those activities covered by the Accreditation Certificate 014.
The certificate remains the property of Moody International Certification Limited to whom it must be returned on request.



014

CZECH REPUBLIC
DEFENCE STANDARDIZATION, CODIFICATION
AND GOVERNMENT QUALITY ASSURANCE AUTHORITY

issues in compliance with the Act No. 309/2000 Coll., Section 30 para 5

CERTIFICATE

No. 75/9-2011
to
COLORLAK, a.s.
Tovární 1076, 686 03 Staré Město
Company Registration Number: 49444964

of quality system compliance as required by
ČSN EN ISO 9001:2009
ČOS 051622 (AQAP 2110)

Scope of validity:
Development, Production and Sale of Paints, Facade, Interior
and Floor Materials, Waterproofing and Thermal Insulation
Systems, Processing the Glycerine Phase.

1. This Certificate is issued by DSCGQAA after quality system audit carried out from October 4th, 2011 to October 4th, 2011. The Authority is not responsible for quality system changes implemented by the contractor after this Certificate has been issued.
2. This Certificate is valid solely for verified scope of activities and must not be used for other scope of activities than for which it is issued.
3. The Authority is responsible neither for unauthorized use of the Certificate nor for damage which could be caused by both authorized or unauthorized use to a third party.
4. This Certificate does not replace quality guarantee and contractor's responsibility for flaws and damage resulting from generally accepted legal regulations nor does it replace official verification in accordance with other generally accepted regulations.

This Certificate is valid till: **October 31st, 2014**

As far as foodstuff suppliers are concerned, the title to all of this certificate is subject to continuous observation of hygienic norms and recommendation for supplying the Armed Forces of the Czech Republic with foodstuff that is issued as a part of Protocol of an inspecting authority on behalf of the Military Veterinary Service.

In Prague on: November 3rd, 2011

Ing. Martin Dvůřák, Ph.D.
Director DSCGQAA

SVAZ CHEMICKÉHO PRŮMYSLU ČESKÉ REPUBLIKY
ASSOCIATION OF CHEMICAL INDUSTRY OF THE CZECH REPUBLIC

uděluje členské společnosti

COLORLAK, a.s.

OSVĚDČENÍ

za výsledky dosažené při plnění záměrů a cílů
dobrovolného programu

RESPONSIBLE CARE - ODPOVĚDNÉ PODNIKÁNÍ V CHEMII
zaměřených na zvyšování ochrany zdraví a životního prostředí
a bezpečnosti všech činností spojených s podnikáním společnosti

prohlášení ze dne 9. 1. 1996
první obhajoba 1997
sedmá obhajoba 2012

S osvědčením je spojeno právo společnosti užívat logo
RESPONSIBLE CARE - ODPOVĚDNÉ PODNIKÁNÍ V CHEMII
do října 2016

v souladu s podmínkami, které pro užívání loga vyhlásila
Evropská rada svazů chemického průmyslu (CEFIC)

20. září 2012

prezident

COLORLAK, a.s.
Továrni 1076
686 03 Staré Město
Czech Republic

Tel: + 420 572 527 111
Fax: + 420 572 541 215
Information Line: 800 145 555

www.colorlak.eu

