

ANNUAL REPORT **SELECTED INFORMATION**

2013



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Introductory Word of Chairman of the Board

Dear shareholders,
Dear business partners,

We present you Annual Report for the year 2013 in a new form. Since Report of the Board on Business and Assets is included as its part, I will omit my comments regarding results of last year in this initial word. To briefly summarize, the year 2013 indicated the recession is slowly coming to its end and further development begins to turn to prosperity.

Therefore, only one quotation from ideas of Mr. Kirschner, founder of our company: „We forget that each of us is destined to go through lean and fat years.“ I believe the fat years are ahead of us.



Svatopluk Chalupa
Chairman of the Board

Report of the Board

A. Business Activities

According to available data, a year-on-year drop of 13% occurred in retail market of paint materials in the first half of 2013. Though in the second half of the year the market revived, the sales of paint materials were still by 2% lower than in 2012. Since supplies to consumer market represent almost 60% of our sales, such development is a sensitive issue also for us. The same applies to the whole building segment where the volume of new job orders was decreasing and we felt the same in sales of materials for the building industry. With rare exceptions, the industry also faces problems with job orders which directly impacts sales of paint materials to this segment.

Under given situation, the decline in COLORLAK production is not so critical. In last year, the production was by CZK 13.5 million, i.e. by 2.3%, lower than in 2012. In spite of that, the revenues from sales were on the third highest level for the last period. Considering general situation in the field of paints & coatings, we succeeded to maintain our position on the market.

Though growth in prices of raw materials and energy rather slackened off compared to the previous year, it still continued in 2013. The share of production consumption in materials and energy rose from 68.5% in 2012 to 68.7% in the elapsed year. If converted, the cost increase amounts to some CZK 1 million. We reduced expenditures on services by almost CZK 5 million, i.e. by 8.9%. In connection with decline in performance also personnel costs were lower, by 4.3%. However, we increased adjustments to uncollected amounts which found its reflection in reduction of income from operations by about CZK 5 million.

On the other hand, the financial result significantly improved. Besides lower interests paid, such result was achieved also thanks to a positive balance of exchange rate gains and losses. Thus the financial result was by CZK 5.5 million better than a year ago. As a result, net income of CZK 1.4 million was created which is by nearly 34% better result than in 2012.

B. Assets

On year-to-year basis, the balance sum went up by nearly 2 % but is still by 1% lower than in 2012. Absolutely the growth in assets amounted to CZK 13.8 million, with 60% represented by acquisition in Poland and its entering into the books. By the end of 2013, the market exhibited certain revival, therefore stock of products was intentionally increased. Business development in 2014 proved this consideration was correct.

Almost two thirds of increase in property were financed from our own capital and the remaining part was covered by increased accounts payable, though they were below the level of the end of 2011. Their increase enabled us to work with bank loans which were by nearly 13% lower. The level of financial independence, i.e. share of own capital in liabilities, is 50.2%.

State and condition of the assets as well as their financing can be in principle considered a good one. Despite the increase in working capital, the rate of debt decreased slightly. Effective management of working capital and subsequently of external sources is our main challenge for the next period.

C. Consolidation

After slight drop in 2012, the consolidated turnover (revenues from operations) of the group exceeded CZK 1 billion in 2013, with year-on-year growth of 3.7 %. About two thirds of the consolidated turnover were created by the parent company. Practically the whole growth in the consolidated turnover came from involvement of COLORLAK POLSKA into the group. Expense items were developing proportionally to the revenues and cost-saving measures applied in drawing costs. Total consolidated profit amounted to CZK 4.3 million.

The consolidated balance sheet total reached some CZK 678 million. In connection with involvement of the Polish company, in particular inventory and receivables went up by more than one tenth. As mentioned above, higher financing of the working capital was enabled primarily due to growth of short-term payables.

D. Development in 2014

The end of the year 2013 indicated market revival. Due to rather questionable beginning of the last year, it probably does not sound too convincing that the year-on-year growth in sales in COLORLAK is 27% in five months. But even in comparison with the commercially successful year 2012 the sales rose by more than 10%. All companies within the group achieved sales growth (ranging from 16 to 33 %). The rise in prices of raw and packaging materials has basically stopped. In addition to tasks aimed at search for savings in raw materials and packaging, we follow the saving mechanism also with other expense items. Similar measures are applied also in subsidiary companies which is reflected in consolidated results. Instead of last year's consolidated loss, the company achieved a profit by the end of April.

For the rest of the year we want to maintain and validate such trade and economic results. The Board is convinced that this year will rank among those more successful in history, that we will reinforce our position on the market and the projected trade result will be met.

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 September, 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

Scope of Business:

- business in the field of hazardous waste management
- manufacture of hazardous chemical substances and hazardous chemical mixtures, sale of chemical substances and chemical preparations classified as highly toxic and toxic
- road motor transport – goods transport provided by vehicles or truck trains of maximum permitted weight not exceeding 3.5 t, if designed to convey animals or articles
- repairs of road vehicles
- bricklaying
- painting, lacquering, varnishing
- accounting consultancy, keeping of account books, keeping of tax records
- production activities, trading and services not specified in Appendices 1 to 3 of the Trade Act

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

b] Registered Capital

The company COLORLAK, a. s., is part of a holding and is a controlling company. In accordance with Section 71 of the Act on Business Corporations, it

- **exercises influence over:** 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, Insert 6750
represented by: Eva Víchová Chairman of the Board
- **exercises influence over:** 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., Insert 15802/S
represented by: Miroslav Piršel Executive Officer
Danka Šimkovičová Executive Officer
Mariana Richvalská Executive Officer
- **exercises influence over:** 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, Insert 1214
represented by: Antonín Tureček Chairman of the Board
- **exercises influence over:** the company: **EKOLAK s.r.o. (former 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, Insert 25410
represented by: Zdeněk Tůma Executive Officer
- **exercises influence over:** the company: **COLORLAK POLSKA SP Z O O**
with its registered office at: Przyszlosci 17C, Nowa Sól, PSČ 67-100, Poland
company registration number: 0000379393
registered in National Court Register
represented by: Marek Relich Executive Officer
Mojmír Olšer Executive Officer

Ownership interests of COLORLAK, a.s., in business of other legal entities as at 31.12.2013

<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.	EUR 700,000	19,197,500	100
26406951	MILANO COLOR, a.s.		2,000,000	100
25323130	EKOLAK s.r.o. (former EKOZEM, spol. s r.o.)		200,000	100
0000379393	COLORLAK POLSKA SP Z O O	PLN 100,000	435,798	66

The registered capital of COLORLAK, a.s., amounted to CZK 178,543,930 in 2013. It consists of 17,854,393 pcs of ordinary registered shares in the form of share certificates with a nominal value of CZK 10 each. The company has no shares of its own.

Owners holding shares over 15 % in 2012, 2013:

Svatopluk Chalupa
Mojmír Olšer
Jan Malo

c] Securities

Type:	ordinary shares
Form:	bearer shares (till 10.10.2013) registered shares (since 11.10.2013, change in the form of shares entered in Commercial Register)
Appearance:	share certificates, issued both as individual shares and collective documents
Number of securities:	17,854,393 pcs of ordinary registered shares with 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 shares to owners is carried out by endorsement and delivery to the acquirer.

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 Act on Business Corporations No.90/2012 Coll. and the Act No. 89/201 Coll., the Civil Code. The shareholder is in conformity with Section 256 of the Act on Business Corporations 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 357 of the Act on Business Corporations. 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 7 million on research and development in 2013. 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 manufacturing processes as well as of new products launched by the company.

More detailed data on development trends are considered to be a trade and industrial secret of the company and as such 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-1001.

Synthetic paint materials

Main products: SYNOREX PRIMER S-2000, UNIVERSAL SU-2013, LUSONOL S-1023, PROFI LAZURA S-1025, FUNGISTOP S-1031, PROFI METAL S-2029, SYNOREX EXTRA S-2003, SYNTECOL BÁZE S-2161, 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 PLUS BÁZE U-2072, AXAPUR U-2066, AXAPUR U-2068, AXAPUR U-2054, AXAPUR U-2056.

Water-based paint materials

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

Other products

Main products: ZINOREX S-2211, ULTRA RAPID S-2225, PROFI LAZURA S-1025, Oil glaze O-1020, SILAMAT S-2819, ZINOREX PRIMER S-2212, SILAMAT ROAD S-2867, SYNOREX S-2216, EPAX S-2318, 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, HOBBY SPREJ Frosting Decoration A3142.

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 Quarzputz E9300, Quarzputz E3045 semifinished product.

Other: KC Putz Silicate E*306, Ekoputz Silicate E*302, Ekoputz Extra E*304.

Masonry paints

Main products: Fasax E0201, ProExteriér Fasáda V 2012, Ekofas JZ E0203, 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 Profi E0503, Ekodur E0502, ProInteriér Elegant V-2025, Ekodur Standard E0505.

Penetration and priming coats

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

Powder coatings

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

In 2013, the following new products were successfully launched:

V1046 LIGNOSTOP against moulds

O1020 Oil glaze – the original product coming in six new colour shades

V2200 Printeriér Termo – thermal insulating interior paint

environmental protection

For the years 2013 – 2015, the following goals were established in the field of the environment:

- to fulfill the approved waste management plan and control waste production generated within the period from 2013 to 2015 by individual categories
- to improve air quality – to extract solid particles from the plant producing building materials with completion date 2014
- to eliminate heat energy losses

Investments in tangible fixed assets

| in TCZK |

period	2012	2013
Tangible fixed assets – buildings & constructions	426	749
Tangible fixed assets – machinery & equipment	3,604	3,171
Intangible fixed assets	554	715
Total INVESTED CAPITAL	4,584	4,635
Total LEASING	880	0
Total INVESTMENT AND LEASING	5,464	4,635

The capital was invested domestically in 2013 and amounted to TCZK 4,635.

In 2013, COLORLAK, a.s., put money into filling and spraying equipment, other devices, technical improvement of buildings and SW modification of QAD information system.

e] Assets and Financial Position of the Issuer

Changes in shareholders' equity

| in TCZK |

year	shareholders' equity
2012	320,217
2013	328,413

Ownership interests of COLORLAK, a.s., as at 31.12. 2013

| in TZCK, TEUR, TPLN |

company	ownership interest	% of shareholders' equity
PANTER COLOR a.s.	TCZK 60,000	18.3
MILANO COLOR, a.s.	TCZK 2,000	0.6
EKOLAK s.r.o. (former EKOZEM, spol. s r.o.)	TCZK 200	0.1
COLORLAK SK, s.r.o.	TEUR 700	5.9
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)
2012	1,011	17,854,393	0.06
2013	1,354	17,854,393	0.08

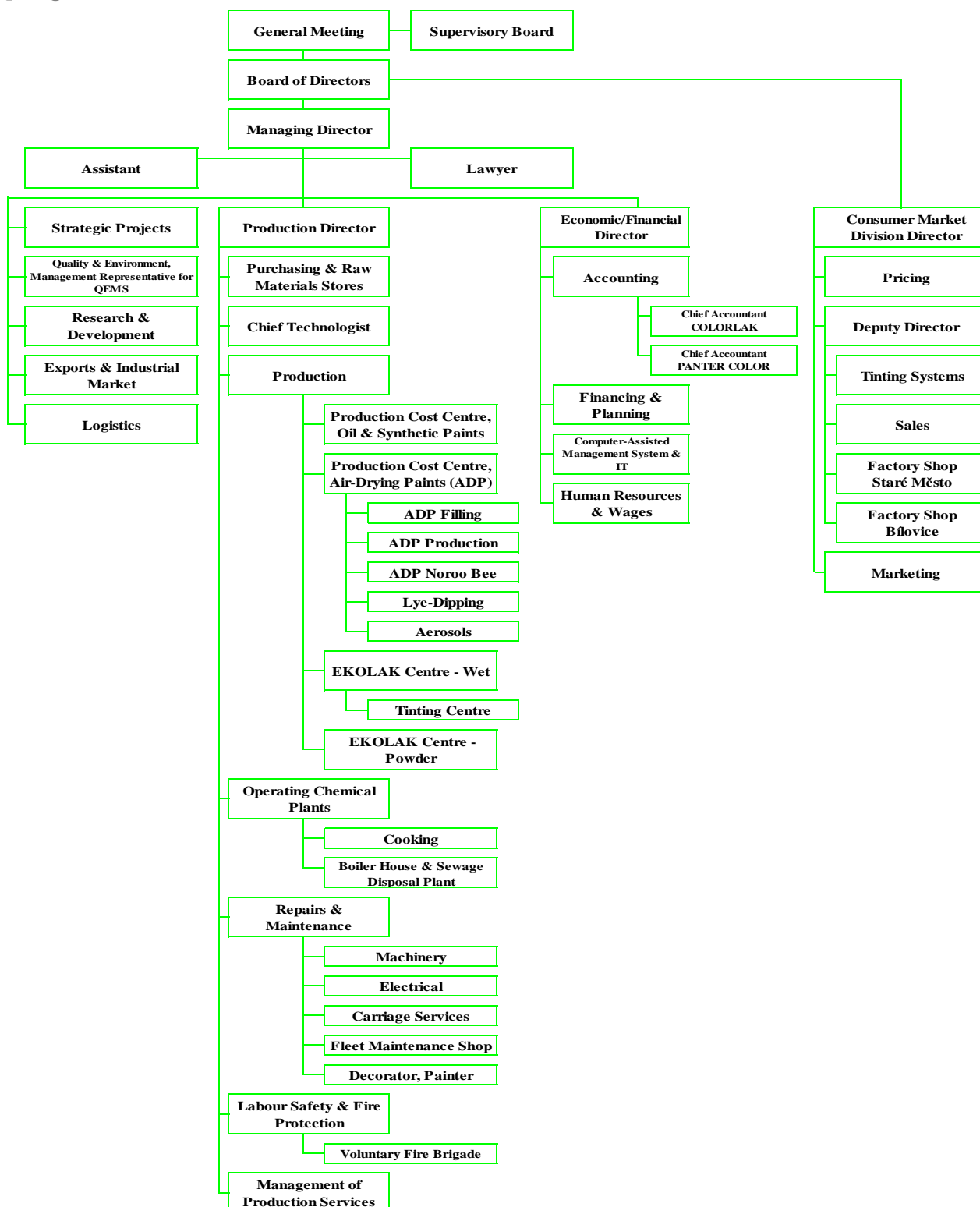
In 2012, COLORLAK, a.s., paid out dividends amounting to CZK 0.08 per one share before tax, in 2013 no dividends were paid out.

3] Staff

COLORLAK, a.s., staff

	2012	2013
Average staff	278	278
- of which managerial	23	23
Personnel costs (in TCZK)	104,836	100,290
- of which managerial	26,186	23,183
Remuneration to authorized representatives (in TCZK)	899	929

4] Organization Chart of COLORLAK, a.s.



f] Statutory and Supervisory Bodies of the Issuer

▣ Board of Directors

(elected by Supervisory Board)
from 01.01.2013 till 10.06.2013

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

Vice-Chairman of the Board: **Vladimíra Olšarová**
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

from 10.06.2013 till 31.12.2013

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: **Vladimíra Olšarová**

Member of the Board: **Vlasta Hrózová**

▣ Supervisory Board

from 01.01.2013 till 31.12.2013

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: **Jan Malo**
date of birth: 12.05.1955
domicile: Dvorská 188, 252 03 Řitka

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

▣ Executive Management

in 2013

Chairman of the Board: **Svatopluk Chalupa**

Managing Director: **Mojmír Olšer**

Economic Director: **Jiří Hróz**

Production Director: **Marek Fiala**

Director of Consumer Market Division: **Eva Vichová**

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

Board of Directors..... CZK 540,000

Supervisory Board CZK 388,800

Members of the Board, Supervisory Board and the Executive Management holding shares of COLORLAK, a.s., in 2013:

Svatopluk Chalupa
Mojmír Olšer
Jan Malo
Eva Víchová
Jiří Hróz
Marek Fiala

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 Financial Statements

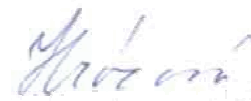
PERSONS RESPONSIBLE FOR THE ANNUAL REPORT OF COLORLAK, a.s.:



Svatopluk Chalupa
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 2013

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			2012	
		Gross	Adjustment	Net	Net	
	Total assets (l. 2+3+31+63) = 67	001	1,055,650	-400,838	-654,812	642,003
A.	Receivables from subscriptions	002	0	0	0	0
B.	Fixed assets (l. 4+13+23)	003	717,912	-378,273	339,639	339,472
B.I.	Intangible fixed assets (l.5 to 12)	004	56,113	-14,267	41,846	43,473
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	21,053	-13,550	7,503	9,110
B.I.4.	Valuable rights	008	34,965	-717	34,248	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	494,771	-364,006	130,765	137,267
B.II.1.	Land	014	10,209	0	10,209	10,209
B.II.2.	Constructions	015	252,818	-155,581	97,237	102,965
B.II.3.	Equipment	016	230,006	-208,425	21,581	23,099
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	154	0	154	201
B.II.7.	Tangible fixed assets under construction	020	1,185	0	1,185	793
B.II.8.	Advance payments for tangible fixed assets	021	399	0	399	0
B.II.9.	Adjustment to acquired assets (+/-)	022	0	0	0	0
B.III.	Long-term financial assets (l. 24 to 30)	023	167,028	0	167,028	158,732
B.III.1.	Shares in controlled and regulated organizations	024	167,028	0	167,028	158,732
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	336,176	-22,565	313,611	300,390
C.I.	Inventory (l. 33 to 38)	032	111,352	-4,236	107,116	93,248
C.I.1.	Materials	033	54,583	-2,342	52,241	53,280
C.I.2.	Work in progress and semi-products	034	5,323	0	5,323	4,568
C.I.3.	Finished products	035	48,584	-1,794	46,790	32,863
C.I.4.	Animals	036	0	0	0	0
C.I.5.	Merchandise	037	2,862	-100	2,762	2,537
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	16,200
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 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	0
C.II.8.	Deferred tax receivable	047	0	0	0	0
C.III.	Short-term receivables (l. 49 to 57)	048	199,440	-18,329	181,111	180,235
C.III.1.	Trade receivables	049	105,946	-18,329	87,617	86,188
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	90,449	0	90,449	88,590
C.III.4.	Receivables from partners, cooperative 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	1,690	0	1,690	3,522
C.III.7.	Short-term deposits given	055	939	0	939	1,472
C.III.8.	Estimated receivables	056	59	0	59	119
C.III.9.	Other receivables	057	357	0	357	344
C.IV.	Short-term financial assets (l. 59 to 62)	058	9,184	0	9,184	10,707
C.IV.1.	Cash	059	1,442	0	1,442	1,212
C.IV.2.	Bank accounts	060	7,742	0	7,742	9,495
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	1,562	0	1,562	2,141
D.I.1.	Deferred expenses	064	1,562	0	1,562	2,141
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	
		2013	2012
	Total liabilities (l. 68+85+118) = 001	654,812	642,003
A.	Equity (l. 69+73+78+81+84)	328,413	320,217
A.I.	Registered capital (l. 70 to 72)	178,544	178,544
A.I.1.	Registered capital	178,544	178,544
A.I.2.	Company's own shares and ownership interests (-)		
A.I.3.	Changes of registered capital (+/-)	0	0
A.II.	Capital funds (l. 74 to 77)	-38,989	-45,831
A.II.1.	Share premium	0	0
A.II.2.	Other capital funds	644	644
A.II.3.	Differences from revaluation of assets and liabilities (+/-)	8,887	2,045
A.II.4.	Differences from revaluation in transformation (+/-)	-48,520	-48,520
A.III.	Reserve funds, statutory reserve account for cooperatives and other retained earnings (l. 79+80)	15,869	15,818
A.III.1.	Legal reserve fund/Indivisible fund	15,461	15,410
A.III.2.	Statutory and other funds	408	408
A.IV.	Profit/loss - previous years (l. 82+83)	171,635	170,675
A.IV.1.	Retained earnings from previous years	175,674	174,714
A.IV.2.	Accumulated losses from previous years	-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	1,354	1,011
B.	Other sources (l. 86+91+102+114)	325,089	320,575
B.I.	Reserves (l. 87 to 90)	0	0
B.I.1.	Reserves under special statutory regulations	0	0
B.I.2.	Reserve for pensions and similar payables	0	0
B.I.3.	Income tax reserves	0	0
B.I.4.	Other reserves	0	0
B.II.	Long-term payables (l. 92 to 101)	4,087	2,596
B.II.1.	Trade payables	0	0
B.II.2.	Payables to controlled and managed organizations	0	0
B.II.3.	Payables to accounting units with substantial influence	0	0
B.II.4.	Payables to partners, cooperative and association members	0	0
B.II.5.	Long-term advances received	0	0
B.II.6.	Issued bonds	0	0
B.II.7.	Long-term notes payable	0	0
B.II.8.	Estimated payables	0	0
B.II.9.	Other payables	1,581	483
B.II.10.	Deferred tax liability	2,506	2,113
B.III.	Short-term payables (l.103 to 113)	107,103	90,639
B.III.1.	Trade payables	94,055	77,514
B.III.2.	Payables to controlled and managed organizations	25	25
B.III.3.	Payables to accounting units with substantial influence	1,018	2,592
B.III.4.	Payables to partners, cooperative and association members	0	0
B.III.5.	Pay roll	1,343	1,303
B.III.6.	Payables to social security and health insurance	2,648	2,444
B.III.7.	Due from state - tax liabilities and subsidies	646	711
B.III.8.	Short-term deposits received	2,915	681
B.III.9.	Issued bonds	0	0
B.III.10.	Estimated payables	513	884
B.III.11.	Other payables	3,940	4,485
B.IV.	Bank loans and financial accommodations (l. 115 to 117)	213,899	227,340
B.IV.1.	Long-term bank loans	15,750	21,020
B.IV.2.	Short-term bank loans	124,694	141,701
B.IV.3.	Short-term financial accommodations	73,455	64,619
C.I.	Accruals (l. 119+120)	1,310	1,211
C.I.1.	Accrued expenses	1,285	1,186
C.I.2.	Deferred revenues	25	25

Profit and Loss Statement in Full Form

| in TCZK |

Code	Line	Accounting period		
		2013	2012	
I.	Revenues from sold goods	001	11,540	15,153
A.	Expenses on sold goods	002	10,113	13,338
+	Sale margin (I. 01-02)	003	1,427	1,815
II.	Production (I. 05 to 07)	004	575,086	588,634
II.1.	Revenues from own products and services	005	558,545	590,989
II.2.	Change in inventory of own products	006	14,844	-3,366
II.3.	Capitalization	007	1,697	1,011
B.	Production consumption (I. 09+10)	008	442,705	455,526
B.1.	Consumption of material and energy	009	394,860	402,997
B.2.	Services	010	47,845	52,529
+	Added value (I. 03+04-08)	011	133,808	134,923
C.	Personnel expenses (I. 13 to 16)	012	100,290	104,836
C.1.	Wages and salaries	013	71,137	75,279
C.2.	Remunerations of board members	014	929	899
C.3.	Social security expenses and health insurance	015	26,727	27,338
C.4.	Other social expenses	016	1,497	1,320
D.	Taxes and fees	017	1,275	1,333
E.	Depreciation of intangible and tangible assets	018	11,978	12,699
III.	Revenues from disposals of fixed assets and materials (I. 20+21)	019	8,214	13,416
III.1.	Revenues from disposals of fixed assets	020	669	386
III.2.	Revenues from disposals of materials	021	7,545	13,030
F.	Net book value of sold fixed assets and materials (I.23+24)	022	7,966	14,116
F.1.	Net book value of sold fixed assets	023	218	15
F.2.	Net book value of sold material	024	7,748	14,101
G.	Change in operating reserves and adjustments and complex deferred costs (+/-)	025	3,720	-3,190
IV.	Other operating revenues	026	1,867	4,865
H.	Other operating expenses	027	11,557	10,973
V.	Transfer of operating revenues	028	0	0
I.	Transfer of operating expenses	029	0	0
*	Operating profit/loss [I. 11-12-17-18+19-22-(+/-)25+26-27+(-28)-(-29)]	030	7,103	12,437
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 (I. 34 to 36)	033	0	0
VII.1.	Revenues from shares in controlled and regulated organizations and accounting units with substantial influence	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	974	1,053
N.	Interest expenses	043	8,131	9,168
XI.	Other financial revenues	044	10,216	12,356
O.	Other financial expenses	045	8,275	14,965
XII.	Transfer of financial revenues	046	0	0
P.	Transfer of financial expenses	047	0	0
*	Profit/loss from financial operations [I. 31-32+33+37-38+39-40-(+/-)41+42-43+44-45+(-46)-(-47)]	048	-5,216	-10,724
Q.	Income tax on ordinary income (I. 50+51)	049	533	702
Q.1.	Due tax	050	140	0
Q.2.	Tax deferred	051	393	702
**	Operating profit/loss, ordinary activity (I.30+48-49)	052	1,354	1,011
XIII.	Extraordinary revenues	053	0	0
R.	Extraordinary expenses	054	0	0
S.	Income tax on extraordinary income (I. 56+57)	055	0	0
S.1.	Due tax	056	0	0
S.2.	Tax deferred	057	0	0
*	Operating profit/loss, extraordinary activity (I. 53-54-55)	058	0	0
T.	Transfer profit (loss) to partners (+/-)	059	0	0
***	Profit/loss of current accounting period (+/-) (I.52+58-59)	060	1,354	1,011
****	Profit/loss before tax (I. 30+48+53-54-59)	061	1,887	1,713



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 2013, 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.

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 2013, 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).

Praha, May 25th, 2014



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 4	100	subsidiary	full
AAA Barvy, s.r.o.	Velvarská 23, Horoměřice	100	subsidiary	full
COLORLAK POLSKA SP Z O O	Przyszlosci 17C, Nowa Sól, Polsko	66	subsidiary	full
COLORLAK SK, s.r.o.	Zvolenská cesta 37, Banská Bystrica, Slovensko	100	subsidiary	full

Financial statements of all companies are kept for presentation purposes in registered office of the parent 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. and EKOLAK s.r.o. Date of financial statements and balance sheet date is December 31, 2013.

Accounting methods and general accounting principles

The account books of the group are kept and consolidated financial statements were 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 later 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).

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 in the field of paint materials, expands number of retail stores that runs itself and increases its share in production sales of the parent 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 continue to grow in all premises of the company and number of stores run by AAA Barvy company is increasing.

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. However, during the second half of the last year, sales of the company turned to growth which positively affected also the trading income.

COLORLAK POLSKA, Nowa Sól

The company focuses on sales of paint materials to small fabricants and tradesmen. Both company turnover and profit exhibit a positive trend on a long-term basis. After an unfavourable first half of the year, the company returned to growth and has become the most profitable subsidiary of COLORLAK group.

Consolidated Balance Sheet

| in TCZK |

Code	2013	2012
Total Assets	678,499	659,246
A. Receivables from subscriptions	0	0
B. Fixed assets	286,802	309,989
B.I. Intangible fixed assets	49,586	51,895
B.II. Tangible fixed assets	155,644	164,782
B.III. Long-term financial assets	16,850	29,983
B.IV. Positive difference on consolidation	64,722	63,329
(-) Negative difference on consolidation	0	0
B.V. Securities and ownship interests under the equity method	0	0
C. Current assets	388,515	345,505
C.I. Inventory	202,510	180,888
C.II. Long-term receivables	133	122
C.III. Short-term receivables	168,412	151,405
C.IV. Short-term financial assets	17,460	13,090
D.I. Accruals	3,182	3,752
Total Liabilities	678,499	659,246
A. Equity	221,043	238,583
A.I. Registered capital	178,320	178,544
A.II. Capital funds	-36,949	-43,791
A.III. Reserve funds, statutory reserve account for cooperatives and other retained earnings	20,969	16,685
A.IV. Retained earnings	58,703	87,145
A.V. Profit/loss from operations using the equity method (+/-)	0	0
A.VI. Consolidation reserve fund	0	0
B. Other sources	451,752	419,167
B.I. Reserves	915	839
B.II. Long-term payables	14,219	15,407
B.III. Short-term payables	170,730	130,687
B.IV. Bank loans and financial accommodations	265,888	272,234
C.I. Accruals	1,920	1,496
D. Minority registered capital	3,784	0
D.I. Minority registered capital	224	0
D.II. Minority funds including retained earnings from previous years	2,170	0
D.III. Minority profit/loss - current year (+/-)	1,390	0

Consolidated Profit and Loss Statement

| in TCZK |

Code		2013	2012
I.	Revenues from sold goods	662,020	596,916
A.	Expenses on sold goods	534,866	490,079
+	Sale margin	127,154	106,837
II.	Production	338,040	357,346
B.	Production consumption	247,262	260,895
+	Added value	217,932	203,288
C.	Personnel expenses	168,151	165,972
D.	Taxes and fees	2,806	2,619
E.	Depreciation of intangible and tangible assets	19,322	19,498
+	Accounting (write-off) of the positive	5,307	-3,914
-	or negative difference on consolidation (+/-)	0	0
III.	Revenues from disposals of fixed assets and materials	5,862	11,950
F.	Net book value of sold fixed assets and materials	6,354	12,478
G.	Change in operating reserves and adjustments and complex deferred costs	2,213	-4,193
IV.	Other operating revenues	4,837	7,280
H.	Other operating expenses	19,346	16,631
V.	Transfer of operating revenues	0	0
I.	Transfer of operating expenses	0	0
*	Consolidated operating profit/loss	15,746	5,599
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	181	130
N.	Interest expenses	10,375	11,483
XI.	Other financial revenues	10,296	12,453
O.	Other financial expenses	9,392	16,524
XII.	Transfer of financial revenues	0	0
P.	Transfer of financial expenses	0	0
*	Consolidated profit/loss from financial operations	-9,290	-15,424
Q.	Income tax on ordinary income (due and deferred)	2,156	1,243
**	Consolidated operating profit/loss, ordinary activity	4,300	-11,068
XIII.	Extraordinary revenues	0	0
R.	Extraordinary expenses	0	4
S.	Income tax on extraordinary income (due and deferred)	0	0
*	Consolidated operating profit/loss, extraordinary activity	0	-4
***1.	Consolidated profit/loss of current accounting period before equity share	4,300	-11,072
***1.1.	Profit/loss of current accounting period before minority interests	2,910	0
***1.2.	Minority interests in profit/loss (+/-)	1,390	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 (+/-)	4,300	-11,072

Certificate of Registration



Potvrzujeme,
že systém managementu kvality společnosti:

COLORLAK, a.s.

Oficiální sídlo společnosti: **Tovární 1076, 686 03 Staré Město**
Adresa pobočky: **Středisko EKOLAK, Bilovice 497, 687 12 Bilovice**
Česká republika
IČ: **49444964**

byl posouzen a shledán v souladu s požadavky normy:

ISO 9001: 2008

Tímto je schválena registrace za předpokladu, že budou vždy dodrženy všechny podmínky a pravidla certifikačního procesu.

Obor certifikace:

Vývoj, výroba a prodej nátěrových hmot, fasádních, interiérových a podlahových hmot, hydroizolačních a zateplovacích systémů a zpracování glycerinové fáze

Číslo certifikátu: **24476**

Původní datum vystavení: 20. listopadu 2006

Datum vystavení: 20. listopadu 2011

Datum platnosti: 19. listopadu 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.



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Certificate of Registration



Potvrzujeme,
že systém environmentálního managementu společnosti:

COLORLAK, a.s.

Oficiální sídlo společnosti: **Tovární 1076, 686 03 Staré Město**
Adresa pobočky: **Středisko EKOLAK, Bilovice 497, 687 12 Bilovice**
Česká republika
IČ: **49444964**

byl posouzen a shledán v souladu s požadavky normy:

ISO 14001: 2004

Tímto je schválena registrace za předpokladu, že budou vždy dodrženy všechny podmínky a pravidla certifikačního procesu.

Obor certifikace:

Vývoj, výroba a prodej nátěrových hmot, fasádních, interiérových a podlahových hmot, hydroizolačních a zateplovacích systémů a zpracování glycerinové fáze

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SCHP ČR

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 (CEPIC)

20. září 2012

prezident

prezident

ČESKÁ REPUBLIKA

ÚŘAD PRO OBRANNOU STANDARDIZACI, KATALOGIZACI
A STÁTNÍ OVĚŘOVÁNÍ JAKOSTI



vydává podle zákona č. 309/2000 Sb., § 30 odst. 5

OSVĚDČENÍ

č. 75/8-2011

pro

COLORLAK, a.s.

Tovární 1076, 686 03 Staré Město

IČ: 49444964

o shodě systému jakosti s požadavky

ČSN EN ISO 9001:2009

ČOS 051622 (AQAP 2110)

Rozsah platnosti:

Vývoj, výroba a prodej nátěrových, fasádních, interiérových
a podlahových hmot, hydroizolačních a zateplovacích
systémů. Zpracování glycerinové fáze.

1. Toto osvědčení vydává Úřad OSK SOJ na základě auditu systému jakosti provedeného v době od 4.10.2011 do 4.10.2011. Úřad neodpovídá za změny v systému jakosti, ke kterým by z důvodů delšího po vydatí tohoto Osvědčení.
2. Toto osvědčení platí výhradně pro proověřovanou oblast činnosti a nesmí být použito pro jinou oblast činnosti, než pro kterou je vydáno.
3. Úřad neodpovídá za neoprávněné použití Osvědčení dodavatelem, ani za škody, které by jak oprávněným, tak neoprávněným použitím vznikly třetí straně.
4. Toto Osvědčení nezahrnuje záruku za kvalitu výrobků, a odpovědnost za vady a škody, které dodavatel vyvíjí při výrobě a obchodu, platných právních předpisů, ani nenahrazuje sítěbní přezkoušení podle jiných obecně platných právních předpisů.

Toto osvědčení platí do: **31.10.2014**

!! Dodavatelé potřební je oprávněnost používání tohoto osvědčení vázána soustavným dodržováním hygienických norem a doporučení k zásobování AČR potravinami vydaným v protokolu kontrolního orgánu vojenské veterinární služby

V Praze dne: 3.11.2011



Ing. Martin Dvořák, Ph.D.
ředitel Úř OSK SOJ

COLORLAK, a.s.

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