

**ANNUAL REPORT** SELECTED INFORMATION

2014



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## Introductory Word of Chairman of the Board

Dear shareholders,  
Dear business partners,

Along with revival of national economy last year, a turn for better took place also in our branch. If 2013 ranked among the most difficult years in modern history of our company, the elapsed one made it up and belongs to the most successful ones. On year-to-year basis, both the turnover of the parent company and the group grew more than by one tenth. COLORLAK itself achieved the best trade result and all companies of the group show profit too. More detailed information can be found in the present annual report. Now it is important to prove you that it is not just a coincidence and that similar results will be repeated also in future years. Even in this introductory word I will quote from „The Secret“, written by Mr. Kirschner: „Let us use a piece of success to make another one, bigger success, however, do not allow it to make us sleep“. It is our ambition to follow these words and implement them.



Svatopluk Chalupa  
Chairman of the Board

## Report of the Board and Statutory Director on Company Business Activities in 2014 and Assets as at 31.12.2014

### A. Business Activities

As already advised at general meeting in 2014, the year was marked by recovery of paint materials market. The commonly known information indicate that the retail market in the Czech Republic grew by about 5% on year-to-year basis. However, even such growth implies cancellation of just half loss of 2013. Also the market of paint materials for industrial customers revived, in particular in automotive industry. Unfortunately, there was no significant recovery in building segment in 2014.

Revenues from sales of COLORLAK, a.s. own products and goods reached CZK 630.8 million which represents a year-on-year increase by CZK 60.8 million, i.e. by 10.6%. The most significant part of this result was created due to supplies to the automotive industry which rose by 45% (their share in revenues from sales is close to one quarter). Sales to consumer market and industry went up by more than 9%. The above figures show that the market share of the company was strengthened.

If we compare data on production which grew by 6.1% (part of the revenues came from inventory of the past year) and production consumption by 3.8%, it is clear that cost savings were achieved. The share of production consumption in production declined from 77% to 75.3%, with relative cost savings amounting to some CZK 10 million. Personnel costs were higher by roughly the same amount. After nearly three years of saving money on wages, the measure taken to interest the staff was more than desirable. In spite of that, the share of personnel costs in value added went down from 74.5% in 2013 to 72.9% in the elapsed year.

In October 2014, general meeting approved by correspondence voting (per rollam procedure) sale of part of the company. As it is obvious from profit and loss statement, revenues from this transaction amounted to CZK 27.2 million, with net income of almost CZK 17.7 million. The total pre-tax profit amounted to CZK 44.9 million and net income to CZK 34.8 million. These results are substantially better than those in previous years.

### B. Assets

On year-to year basis, the volume of held property increased by more than 5% which represents CZK 34.3 million. It is affected by several, though contradictory circumstances. On the one hand, management of current assets was improved. The inventory decreased by one tenth on year-to-year basis (CZK 10.4 million), accounts receivable were also reduced. Data on receivables in the balance are influenced by the fact that payments for the above mentioned sale of the part of the company were settled during the present year only. Bank account statements show more than double figures compared to 2013. The tangible fixed assets reflect two factors – fixed assets under construction which will be completed this year, and transition from financing machinery and equipment formerly procured on lease to use of own resources combined with credits. The effective business management in 2014 made it possible to implement necessary investments.

The entire growth in assets is covered by own resources which increased by CZK 35.4 million (by 10.8% on year-on-year basis and by CZK 1.1 million more than the increase in assets). Nominally the external sources decreased by about CZK 1 million only as a consequence of already mentioned payment schedule for the sale of the part of the company and higher funds balance in bank accounts.

The state and condition of the assets as well as their financing is good. The long-term assets are completely financed from our own capital and in current assets as many as almost CZK 30 million of adjustments are created. A substantial portion of the adjustments relates to problematic claims where they amount to nearly 23 %. The degree of financial independence increased on year-to-year basis from 50.2% to 52.8%.

### C. Consolidation

The consolidation of COLORLAK group for 2014 includes except the parent company also „PANTER COLOR a.s.“, „AAA Barvy s.r.o.“, „COLORLAK SK s.r.o.“ and „COLORLAK POLSKA Sp. z o. o.“ The consolidated revenues of the group amounted to CZK 1,109.8 million which represents a year-on-year increase by 9.9 % (by almost CZK 100 million). In the Czech Republic group revenues went up by 10.4 %, and by 8.5 % abroad. Crucial are domestic activities, making up nearly 80% of COLORLAK group revenues. Growth in production and economical cost management resulted in year-on-year increase in value added by 15.1 %, and by 143% in income from operations which is more than twice. The consolidated profit reached CZK 35 million.

The increase of balance sum by 5.6 % (CZK 38 million) exhibits almost half dynamics against the growth of revenues. The main factors influencing the growth in assets were investment activities (an increase in tangible fixed assets by 12.4%) and increase of claims by 9.1% (that is less than the growth in revenues). The growth in assets was financed from our own resources which grew on a year-to-year basis by CZK 47 million, i.e. by more than 20%. The share of external sources in liabilities declined from 66.6 % in 2013 to 61.7 %. Property management exhibits an improving trend.

### D. Development in 2015

As expected, up to now the present year develops in a way different from the one in beginning of 2014. COLORLAK has a slight increase in sales compared to the last year while daughter companies report slight decline. Only as late as in the course of May their sales started to exceed the same period of 2014. It can be expected that annual sales of all members of the group will be above the level of the past year. In terms of economy, the current development of 2015 is in conformity with sales. In production occur slight savings of unit costs, in particular with solvents.



Svatopluk Chalupa  
Chairman of the Board  
Statutory Director

## a ] Basic Data on the Issuer

Trade name:	<b>COLORLAK, a.s.</b>
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 mixtures 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 registered capital of COLORLAK, a.s. amounted to CZK 178,543,930 in 2014. 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 2013, 2014:

Svatopluk Chalupa  
Mojmír Olšer  
Jan Malo

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, Statutory Director  
Svatopluk Chalupa Procuration
- **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: Pištěkova 1171/22, Praha 4 Chodov, PSČ 149 00  
company registration number: 264 06 951  
registered in Commercial Register kept by the Regional Court in Prague, Section B, Insert 20218  
represented by: Zdeněk Bulejka Chairman of the Board, Statutory Director
- **exercises influence over:** the company: **EKOLAK 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, 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. 2014

company registration number	legal entity	registered capital in EUR, PLN	share of the company in controlled and regulated companies in CZK	share of the company in registered capital in %
26201143	PANTER COLOR a.s.		60,000,000	100
36254487	COLORLAK - SK, s.r.o.	EUR 700,000	19,407,500	100
26406951	MILANO COLOR, a.s.		2,000,000	100
25323130	EKOLAK s.r.o.		200,000	100
0000379393	COLORLAK POLSKA Sp. z o. o.	PLN 100,000	428,472	66

## c ] Securities

Type:	ordinary shares
Form:	registered shares
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. 89/2012 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**

#### **Research and development**

COLORLAK, a.s. expended CZK 9.6 million on research and development in 2014. The activities are aimed at applied research. It is provided both by the internal strength of the company and in cooperation with third parties.

Colorlak a.s. is a member of consortium in Competence Centres where together with other members it participates in research and development in a project called "Centre for research of surface treatment". In 2014, the company was granted a subsidy to support research and development within this project amounting to CZK 2.2 million.

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.

#### **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

##### **Masonry paints**

Main products: PROEXTERIÉR FASÁDA V2012, FASAX E0201, EKOFAS JZ E0203, FASIKON E0208, FASAX SILIKÁT E0207

##### **Interior paints**

Main products: PROINTERIÉR PLUS V2098, PROINTERIÉR COLOR V2005, PROINTERIÉR PROFI V2099, PROINTERIÉR STANDARD V2006, EKODUR NATURAL E0501, EKODUR PROFI E0503, EKODUR E0502, PROINTERIÉR ELEGANT V2025, EKODUR STANDARD E0505

##### **Penetration and priming coats**

Main products: EKOFAS E0204, PENETRACE S2802A E0607, EKOPEN E0601, PENSIKON E0604, EKOPEN CONCENTRATE E0602, PENSIL E0603

##### **Powder coatings**

Main products: VAZAFIX E4009, EKOFIX PLUS E4005, EKOFIX-Z E4001, VAZAKRYL E4007, EKOFIX E4002, EKOFIX-ZF E4003, EKOHYDROL E4014

#### **Paint materials**

##### **Nitrocellulose paint materials**

Main products: CELOX C2001, NICEL C1103, CELOLESK C1037, CELOMAT C1038, NICEL C1014, CELOX PRIMER C2000, NICEL C1016, NICEL C1001

##### **Synthetic paint materials**

Main products: SYNOREX PRIMER S2000, LUSONOL S1023, UNIVERSAL SU2013, PROFI LAZURA S1025, SYNOREX EXTRA S2003, SYNTEPUR PRIMER S2220, PROFI METAL S2029, SYNTECOL BÁZE S2161, SYNTERAL S2139, FUNGISTOP S1031, RADIATOR S2117, PROFI EMAIL S2085, PROFI OKNO S2082, SYNTECOL LAK S1002, SYNOREX S2035

### Polyurethane paint materials

Main products: AXAPUR U2218, AXAPUR U2060, AXAPUR PRIMER U2008, AXAPUR U2066, AXAPUR U2056, AXAPUR PLUS BĄZE U2072, AXAPUR U2054, AXAPUR U2068

### Water-based paint materials

Main products: AQUAREX V2115, AQUACOL V2052, AQUACOL PRIMER V2070, ACRYLCOL MAT V2045, AQUALAK V1419, FORTELUX AQUA V1407, AKRYLCOL LESK V2046, AQUACOL V1413, V2072 Water-based alkyd paint

### Other products

Main products: ZINOREX S2211, ULTRA RAPID S2225, PROTIREZ S2015, OIL GLAZE O1020, ZINOREX PRIMER S2212, SILAMAT ROAD S2867, SILAMAT S2819, EPAX S2318, SYNOREX S2216, EPAX S2328, JACHTLAK S1006, SYNTECOL PRIMER S2070, LUSONOL EXTRA S1024

### 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

### In 2014, the following new products were successfully launched:

PROTIREZ S2015 Anti-corrosive paint – new product

JACHTLAK S1006 Varnish for environments with increased humidity – new gloss grades (gloss, semi-flat, flat)

AQUASPORT UNI V1422 – new gloss grades (gloss, flat)

AQUALAK V1419 – new gloss grades (gloss, semi-flat, flat)

PROFI PARKET V1509 – new gloss grades (gloss, semi-flat, flat)

COLORIT Spray paints

### environmental protection

In 2014, a project for building a new facility for storing liquid raw materials for production of paints and coatings was prepared and its construction commenced. It is expected to further reduce environmental risks. Furthermore, construction of a heat-production decentralization plant was started.

Production of water-based paint materials increased by 3% in 2014 compared to the previous year.

### Investments in tangible fixed assets

| in TCZK |

period	2013	2014
Tangible fixed assets – buildings & constructions	749	8,385
Tangible fixed assets – machinery & equipment	3,171	18,221
Intangible fixed assets	715	1,608
<b>Total INVESTED CAPITAL</b>	<b>4,635</b>	<b>28,214</b>
<b>Total LEASING</b>	<b>0</b>	<b>0</b>
<b>Total INVESTMENT AND LEASING</b>	<b>4,635</b>	<b>28,214</b>

The capital was invested domestically in 2014 and amounted to TCZK 28,214. In 2014, COLORLAK, a.s. put money into a new filling line, gas-installation connection, storing facility of raw materials, motor vehicles and trademarks. Furthermore, it invested funds in paint materials technologies oriented at industrial applications within the project 4.1 IN04/1978.

## e ] Assets and Financial Position of the Issuer

### Changes in shareholders' equity

| in TCZK |

year	shareholders' equity
2013	328,413
2014	363,795

### Ownership interests of COLORLAK, a.s. as at 31.12. 2014

| in TCZK, TEUR, TPLN |

company	ownership interest	% of shareholders' equity
PANTER COLOR a.s.	TCZK 60,000	16.5
MILANO COLOR, a.s.	TCZK 2,000	0.5
EKOLAK s.r.o.	TCZK 200	0.1
COLORLAK SK, s.r.o.	TEUR 700	5.3
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)
2013	1,354	17,854,393	0.08
2014	34,824	17,854,393	1.95

COLORLAK, a.s. did not pay out any dividends in 2014.

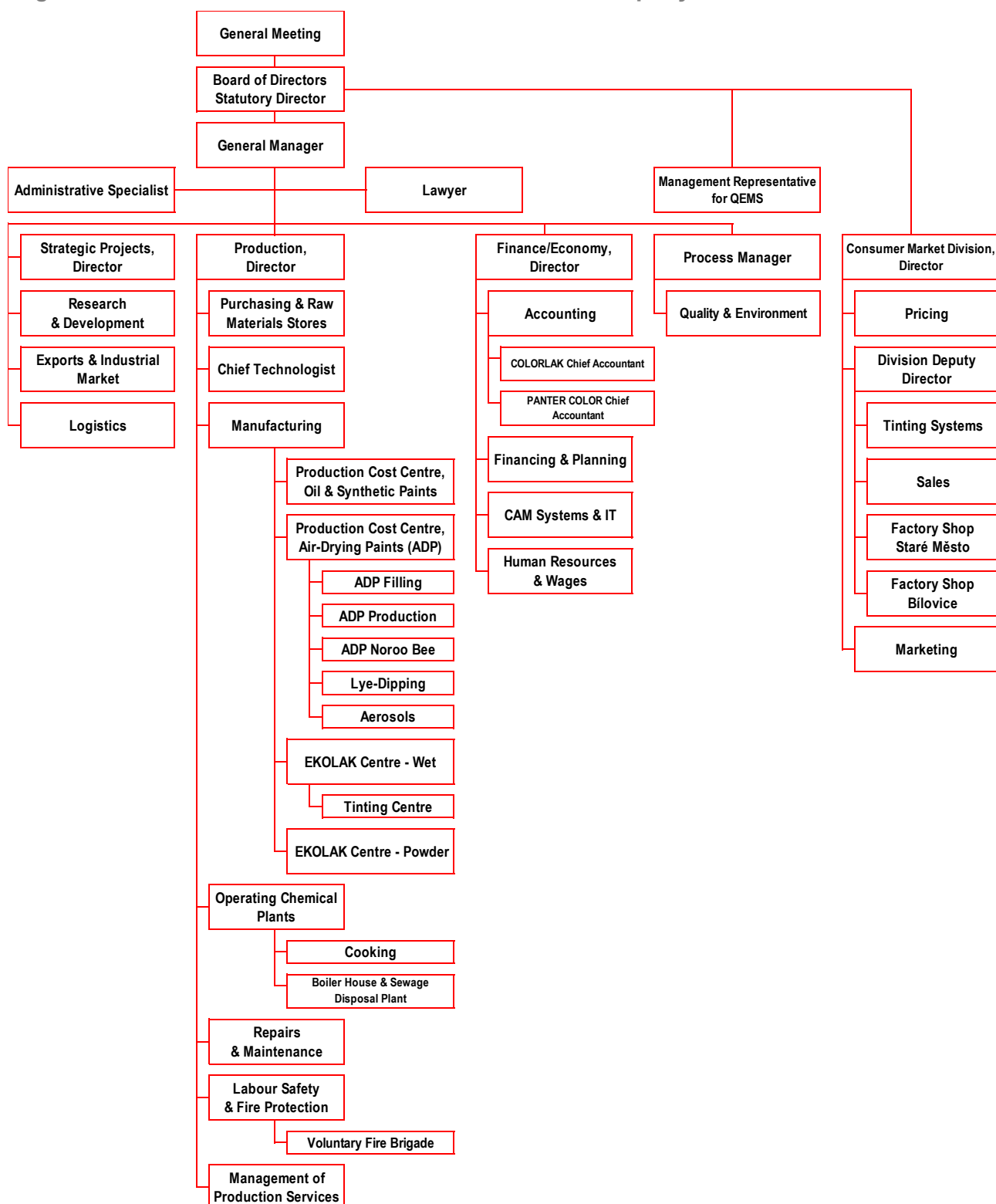


## Staff

### COLORLAK, a.s. staff

	2013	2014
Average staff	278	283
- of which managerial	23	23
Personnel costs (in TCZK)	100,290	110,932
- of which managerial	23,183	24,402
Remuneration to authorized representatives (in TCZK)	929	1,184

### Organization Chart of COLORLAK, a.s. Joint-Stock Company



## f ] Statutory and Supervisory Bodies of the Issuer

### ■ Board of Directors

(elected by Supervisory Board)  
till 30.06.2014

<b>Chairman of the Board:</b>	<b>Svatopluk Chalupa</b>
date of birth:	8.11.1944
domicile:	Tererova 1354/15, 140 00 Praha 4
<b>Vice-Chairman of the Board:</b>	<b>Vladimíra Olšerová</b>
date of birth:	5.12.1963
domicile:	Stříbrná Lhota 1042, 252 10 Mníšek pod Brdy
<b>Member of the Board:</b>	<b>Vlasta Hrózová</b>
date of birth:	6.8.1960
domicile:	č.p. 664, 663 63 Halenkovice

### ■ Supervisory Board

till 30.06.2014

<b>Chairman of the Supervisory Board:</b>	<b>Marek Fiala</b>
date of birth:	18.2.1957
domicile:	Janáčkova 1682, 686 03 Staré Město
<b>Member of the Supervisory Board:</b>	<b>Jan Malo</b>
date of birth:	12.5.1955
domicile:	Dvorská 188, 252 03 Řitka
<b>Member of the Supervisory Board:</b>	<b>Josef Kamas</b>
date of birth:	18.11.1954
domicile:	K. Světlé 1082, 686 03 Staré Město

### ■ Board of Directors & Statutory Director

from 30.06.2014

<b>Chairman of the Board:</b>	<b>Svatopluk Chalupa</b>
date of birth:	8.11.1944
domicile:	Tererova 1354/15, 140 00 Praha 4
<b>Statutory Director:</b>	<b>Svatopluk Chalupa</b>

### ■ Executive Management

as at 31.12.2014

<b>Statutory Director:</b>	<b>Svatopluk Chalupa</b>
<b>General Manager - Procuration:</b>	<b>Mojmír Olšer</b>
<b>Economic Director:</b>	<b>Jiří Hróz</b>
<b>Production Director:</b>	<b>Marek Fiala</b>
<b>Director of Consumer Market Division:</b>	<b>Eva Víchová</b>

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

Board of Directors..... CZK 990,000

Supervisory Board ..... CZK 194,400

Members of the Board, Supervisory Board and the Executive Management holding shares of COLORLAK, a.s. in 2014:

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**

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



Svatoopluk Chalupa  
Chairman of the Board

The above mentioned person declares 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 2014**

**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			2013
		Gross	Adjustment	Net	Net
	001	1,088,853	-399,732	689,121	654,812
A.	002	0	0	0	0
B.	003	726,087	-370,391	355,696	339,639
B.I.	004	54,618	-12,692	41,926	41,846
B.I.1.	005	0	0	0	0
B.I.2.	006	0	0	0	0
B.I.3.	007	17,559	-11,753	5,806	7,503
B.I.4.	008	36,964	-939	36,025	34,248
B.I.5.	009	0	0	0	0
B.I.6.	010	0	0	0	0
B.I.7.	011	95	0	95	95
B.I.8.	012	0	0	0	0
B.II.	013	503,884	-357,699	146,185	130,765
B.II.1.	014	9,847	0	9,847	10,209
B.II.2.	015	240,602	-153,502	87,100	97,237
B.II.3.	016	234,089	-204,197	29,892	21,581
B.II.4.	017	0	0	0	0
B.II.5.	018	0	0	0	0
B.II.6.	019	155	0	155	154
B.II.7.	020	14,179	0	14,179	1,185
B.II.8.	021	5,012	0	5,012	399
B.II.9.	022	0	0	0	0
B.III.	023	167,585	0	167,585	167,028
B.III.1.	024	167,585	0	167,585	167,028
B.III.2.	025	0	0	0	0
B.III.3.	026	0	0	0	0
B.III.4.	027	0	0	0	0
B.III.5.	028	0	0	0	0
B.III.6.	029	0	0	0	0
B.III.7.	030	0	0	0	0
C.	031	361,398	-29,341	332,057	313,611
C.I.	032	103,945	-7,242	96,703	107,116
C.I.1.	033	52,705	-2,842	49,863	52,241
C.I.2.	034	6,241	0	6,241	5,323
C.I.3.	035	42,705	-4,072	38,633	46,790
C.I.4.	036	0	0	0	0
C.I.5.	037	2,294	-328	1,966	2,762
C.I.6.	038	0	0	0	0
C.II.	039	15,390	0	15,390	16,200
C.II.1.	040	0	0	0	0
C.II.2.	041	0	0	0	0
C.II.3.	042	15,390	0	15,390	16,200
C.II.4.	043	0	0	0	0
C.II.5.	044	0	0	0	0
C.II.6.	045	0	0	0	0
C.II.7.	046	0	0	0	0
C.II.8.	047	0	0	0	0
C.III.	048	224,322	-22,099	202,223	181,111
C.III.1.	049	124,350	-22,099	102,251	87,617
C.III.2.	050	0	0	0	0
C.III.3.	051	92,698	0	92,698	90,449
C.III.4.	052	0	0	0	0
C.III.5.	053	0	0	0	0
C.III.6.	054	3,334	0	3,334	1,690
C.III.7.	055	731	0	731	939
C.III.8.	056	2,842	0	2,842	59
C.III.9.	057	367	0	367	357
C.IV.	058	17,741	0	17,741	9,184
C.IV.1.	059	1,450	0	1,450	1,442
C.IV.2.	060	16,291	0	16,291	7,742
C.IV.3.	061	0	0	0	0
C.IV.4.	062	0	0	0	0
D.I.	063	1,368	0	1,368	1,562
D.I.1.	064	1,368	0	1,368	1,562
D.I.2.	065	0	0	0	0
D.I.3.	066	0	0	0	0

## Balance Sheet - Liabilities

| in TCZK |

Code	Line	Accounting period	Accounting period
		2014	2013
	Total liabilities (l. 68+85+118) = 001	689,121	654,812
A.	Equity (l. 69+73+78+81+84)	363,795	328,413
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)	-38,431	-38,989
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 (+/-)	9,445	8,887
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	15,869
A.III.1.	Legal reserve fund/Indivisible fund	15,461	15,461
A.III.2.	Statutory and other funds	408	408
A.IV.	Profit/loss - previous years (l. 82+83)	172,989	171,635
A.IV.1.	Retained earnings from previous years	177,028	175,674
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	34,824	1,354
B.	Other sources (l. 86+91+102+114)	323,929	325,089
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)	12,668	4,087
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	10,356	1,581
B.II.10.	Deferred tax liability	2,312	2,506
B.III.	Short-term payables (l.103 to 113)	88,171	107,103
B.III.1.	Trade payables	64,619	94,055
B.III.2.	Payables to controlled and managed organizations	25	25
B.III.3.	Payables to accounting units with substantial influence	404	1,018
B.III.4.	Payables to partners, cooperative and association members	0	0
B.III.5.	Payroll	1,397	1,343
B.III.6.	Payables to social security and health insurance	2,969	2,648
B.III.7.	Due from state - tax liabilities and subsidies	11,548	646
B.III.8.	Short-term deposits received	1,671	2,915
B.III.9.	Issued bonds	0	0
B.III.10.	Estimated payables	539	513
B.III.11.	Other payables	4,999	3,940
B.IV.	Bank loans and financial accommodations (l. 115 to 117)	223,090	213,899
B.IV.1.	Long-term bank loans	24,209	15,750
B.IV.2.	Short-term bank loans	119,456	124,694
B.IV.3.	Short-term financial accommodations	79,425	73,455
C.I.	Accruals (l. 119+120)	1,397	1,310
C.I.1.	Accrued expenses	1,372	1,285
C.I.2.	Deferred revenues	25	25

## Profit and Loss Statement in Full Form

| in TCZK |

Code	Line	Accounting period		
		2014	2013	
I.	Revenues from sold goods	001	18,334	11,540
A.	Expenses on sold goods	002	16,938	10,113
+	Sale margin (I. 01-02)	003	1,396	1,427
II.	Production (I. 05 to 07)	004	610,230	575,086
II.1.	Revenues from own products and services	005	612,452	558,545
II.2.	Change in inventory of own products	006	-4,515	14,844
II.3.	Capitalization	007	2,293	1,697
B.	Production consumption (I. 09+10)	008	459,534	442,705
B.1.	Consumption of material and energy	009	414,188	394,860
B.2.	Services	010	45,346	47,845
+	Added value (I. 03+04-08)	011	152,092	133,808
C.	Personnel expenses (I.13 to 16)	012	110,932	100,290
C.1.	Wages and salaries	013	79,297	71,137
C.2.	Remunerations of board members	014	1,184	929
C.3.	Social security expenses and health insurance	015	28,915	26,727
C.4.	Other social expenses	016	1,536	1,497
D.	Taxes and fees	017	1,685	1,275
E.	Depreciation of intangible and tangible assets	018	12,727	11,978
III.	Revenues from disposals of fixed assets and materials (I. 20+21)	019	7,421	8,214
III.1.	Revenues from disposals of fixed assets	020	2,147	669
III.2.	Revenues from disposals of materials	021	5,274	7,545
F.	Net book value of sold fixed assets and materials (I.23+24)	022	5,611	7,966
F.1.	Net book value of sold fixed assets	023	128	218
F.2.	Net book value of sold material	024	5,483	7,748
G.	Change in operating reserves and adjustments and complex deferred costs (+/-)	025	6,775	3,720
IV.	Other operating revenues	026	19,779	1,867
H.	Other operating expenses	027	12,275	11,557
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	29,287	7,103
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	1,340	0
VII.1.	Revenues from shares in controlled and regulated organizations and accounting units with substantial influence	034	1,340	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	961	974
N.	Interest expenses	043	8,216	8,131
XI.	Other financial revenues	044	2,990	10,216
O.	Other financial expenses	045	3,378	8,275
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	-6,303	-5,216
Q.	Income tax on ordinary income (I. 50+51)	049	5,819	533
Q.1.	Due tax	050	6,013	140
Q.2.	Tax deferred	051	-194	393
**	Operating profit/loss, ordinary activity (I.30+48-49)	052	17,165	1,354
XIII.	Extraordinary revenues	053	27,160	0
R.	Extraordinary expenses	054	5,273	0
S.	Income tax on extraordinary income (I. 56+57)	055	4,228	0
S.1.	Due tax	056	4,228	0
S.2.	Tax deferred	057	0	0
*	Operating profit/loss, extraordinary activity (I. 53-54-55)	058	17,659	0
T.	Transfer profit (loss) to partners (+/-)	059	0	0
***	Profit/loss of current accounting period (+/-) (I.52+58-59)	060	34,824	1,354
****	Profit/loss before tax (I. 30+48+53-54-59)	061	44,871	1,887



**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 2014, 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 Czech accounting regulations 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 2014, 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 14th, 2015



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, Poland	66	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 parent company at Staré Město, Tovární 1076.

### Changes in group structure

Into the consolidation group was included COLORLAK POLSKA Sp. z o. o. as of 01. 01. 2013.

No changes in group structure occurred in 2014.

Date of financial statements and balance sheet date of the companies included in the group is December 31, 2014.

### 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 increases its market share in the field of paint materials. Every year it expands number of its own retail stores. In a long-term perspective it targets on increasing share of products of the parent company in revenues from sales achieved. Total growth of revenues in the appropriate year amounted to 7%. The company repeatedly exhibits a positive trading income.

### AAA Barvy s.r.o, Horoměřice

The activities of the company lie in retail trade with paint materials and construction chemical products. Thanks to an expanded network of its own stores and revival in the market of building materials and construction chemical products, revenues from sales rose by 24% on year-to-year basis and a positive trade income was achieved. 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

This Slovak subsidiary runs both wholesale and retail business with paint materials and products of construction chemistry. Similarly as in the Czech Republic, also in Slovakia the market in the field of paint materials and construction chemical products revived. This factor positively affected sales of the company. They increased by 6.9 % which subsequently reflected in growth of company profit

### COLORLAK POLSKA, Nowa Sól

The company focuses on sales of paint materials to small fabricants and tradesmen from its warehouses in Nowa Sól and Wrocław. Both company turnover and profit continue to grow on a long-term basis. Within the reviewed year, revenues of the company grew by 23%. COLORLAK POLSKA is the most profitable subsidiary of COLORLAK group. At the end of 2014, the company opened its third facility in Szczecin region.

## Consolidated Balance Sheet

| in TCZK |

Code	2014	2013
<b>Total Assets</b>	<b>716,461</b>	<b>678,499</b>
A. Receivables from subscriptions	0	0
B. Fixed assets	300,459	286,802
B.I. Intangible fixed assets	48,314	49,586
B.II. Tangible fixed assets	174,973	155,644
B.III. Long-term financial assets	16,850	16,850
B.IV. Positive difference on consolidation	60,322	64,722
(-) Negative difference on consolidation	0	0
B.V. Securities and ownership interests under the equity method	0	0
C. Current assets	413,215	388,515
C.I. Inventory	206,828	202,510
C.II. Long-term receivables	187	133
C.III. Short-term receivables	183,682	168,412
C.IV. Short-term financial assets	22,518	17,460
D.I. Accruals	2,787	3,182
<b>Total Liabilities</b>	<b>716,461</b>	<b>678,499</b>
A. Equity	268,070	221,043
A.I. Registered capital	178,323	178,320
A.II. Capital funds	-36,391	-36,949
A.III. Reserve funds, statutory reserve account for cooperatives and other retained earnings	22,265	20,969
A.IV. Retained earnings	103,873	58,703
A.V. Profit/loss from operations using the equity method (+/-)	0	0
A.VI. Consolidation reserve fund	0	0
B. Other sources	442,215	451,752
B.I. Reserves	938	915
B.II. Long-term payables	19,975	14,219
B.III. Short-term payables	152,849	170,730
B.IV. Bank loans and financial accommodations	268,453	265,888
C.I. Accruals	2,040	1,920
D. Minority registered capital	4,136	3,784
D.I. Minority registered capital	224	224
D.II. Minority funds including retained earnings from previous years	2,813	2,170
D.III. Minority profit/loss - current year (+/-)	1,099	1,390

## Consolidated Profit and Loss Statement

| in TCZK |

Code		2014	2013
I.	Revenues from sold goods	731,106	662,020
A.	Expenses on sold goods	595,031	534,866
+	Sale margin	136,075	127,154
II.	Production	350,926	338,040
B.	Production consumption	236,252	247,262
+	Added value	250,749	217,932
C.	Personnel expenses	183,818	168,151
D.	Taxes and fees	3,332	2,806
E.	Depreciation of intangible and tangible assets	19,912	19,322
+	Accounting (write-off) of the positive	-4,400	5,307
-	or negative difference on consolidation (+/-)	0	0
III.	Revenues from disposals of fixed assets and materials	6,350	5,862
F.	Net book value of sold fixed assets and materials	4,445	6,354
G.	Change in operating reserves and adjustments and complex deferred costs	5,354	2,213
IV.	Other operating revenues	21,414	4,837
H.	Other operating expenses	18,985	19,346
V.	Transfer of operating revenues	0	0
I.	Transfer of operating expenses	0	0
*	Consolidated operating profit/loss	38,267	15,746
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	58	181
N.	Interest expenses	10,385	10,375
XI.	Other financial revenues	3,047	10,296
O.	Other financial expenses	5,168	9,392
XII.	Transfer of financial revenues	0	0
P.	Transfer of financial expenses	0	0
*	Consolidated profit/loss from financial operations	-12,448	-9,290
Q.	Income tax on ordinary income (due and deferred)	8,453	2,156
**	Consolidated operating profit/loss, ordinary activity	17,366	4,300
XIII.	Extraordinary revenues	27,160	0
R.	Extraordinary expenses	5,273	0
S.	Income tax on extraordinary income (due and deferred)	4,228	0
*	Consolidated operating profit/loss, extraordinary activity	17,659	0
***1.	Consolidated profit/loss of current accounting period before equity share	35,025	4,300
***1.1.	Profit/loss of current accounting period before minority interests	33,926	2,910
***1.2.	Minority interests in profit/loss (+/-)	1,099	1,390
***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 (+/-)	35,025	4,300



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