

ANNUAL REPORT SELECTED INFORMATION

2015



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Introductory Word of Chairman of the Board

Dear shareholders,
Dear business partners,

Detailed data on development in 2015 are given on the following pages of the Annual Report. If I am to shortly describe last year in this introduction, then, briefly summarized, it was a commercially successful year in terms of sales to industry and exports but less successful in revenues from sales in consumer market. Still the year as a whole was a prosperous one, both in our parent company which succeeded to increase its sales to its historically highest level, with a year-on-year growth by nearly 9%, and in the group where the turnover was almost by 4% higher. Though the structure of production significantly changed in favour of raw-materials-intensive supplies to the automotive industry, we succeeded to maintain (among others also thanks to a favourable development of raw materials prices) the share of production consumption in production.

The results are created in the first place by people. And I would like to make use of this opportunity to thank more than 500 of our colleagues and co-workers in the group. And not to express verbal appreciation only, it found its reflection also in their remunerations, with personnel costs higher by 5.7%. In spite of a not very favourable development in exchange rate area, the above mentioned development ensured that the profit (i.e. trading income) from ordinary activities was maintained and even slightly increased. This allows us to propose you, our shareholders, to pay the same shares in profit as last year.

I always conclude my introductory word with a quote of Mr. Kirschner. I will keep this tradition by quoting his words which can motivate use even today: „Yes, it is beautiful to sell paints and varnishes. Each kilo of paint by which you sell MORE is not just a business but an ACT beneficial for yourself – your customer – manufacturer – and your fellow citizens in general. And that is the point.“



Svatopluk Chalupa
Chairman of the Board

Report of the Board and Statutory Director on Company Business Activities in 2015 and Assets as at 31.12.2015

A. Business Activities

Individual segments of paint materials market were developing in a completely different way in 2015. Available information shows that retail sales in the Czech Republic in fact stagnated, and even decreased in Slovakia. Thus the retail sales are still below the level of 2012. But the market of paint materials for industrial customers continued to revive, in particular in the automotive industry. However, neither in 2015 any significant recovery in building segment took place. These trends are reflected also in sales development of our company.

Total revenues from COLORLAK sales reached CZK 694.4 million last year which represents a year-on-year growth by more than CZK 56 million, i.e. by 8.8%. The largest share in turnover - 96% - falls on sales of own products. The most significant part of this result involved supplies of paint materials for the automotive industry which increased by 38% (their share in sales exceeded 30%). By nearly 10% went up sales to other industries and exports. On the other hand, sales to consumer market fell by a little less than 5%. The development in the consumer market is considered to be less successful.

Production increased by 11.2%, i.e. it grew faster than sales. This is in correspondence with inventory increase, especially in connection with substantially lower seasonality of sales to industries, in particular the automotive one which requires safety stock of raw materials and products. Such production features also an increased demand in materials which reflected itself in production consumption which grew roughly at the same pace as the production. In spite of this, the share of production consumption in production succeeded to remain at 75.5% as last year. The value added was higher by CZK 15.4 million and reached almost CZK 167.5 million. The increase in personnel costs amounted to almost CZK 5 million. As already stated last year, after nearly three years of saving money on wages it was necessary to strengthen the interest and involvement of employees. In spite of that, the share of personnel costs in value added went down below 70%. The operating profit was higher by almost 14%.

Rather worse results were those achieved in financial sector. On the one hand we were saving on expense interests but the development of CZK exchange rate had a negative impact. The negative difference of other financial expenses and revenues went up from CZK 0.4 million in 2014 to CZK 2 million. This corresponds to the achieved profit from ordinary activities. The pre-tax profit on ordinary activities amounted to nearly CZK 25.3 million which is by 9.9% and CZK 2.3 million more than in 2014. However, in 2014 the profit was significantly affected by sale of part of the company which generated CZK 17.7 million of extraordinary income. As the word „extraordinary“ indicates, repetition of such transaction is not common. Thus the total after-tax profit is by CZK16 million lower on a year-over-year basis.

Having calculated future trends of financing company development, the Board and the Statutory Director suggest that 26.6% of the after-tax profit, i.e. some CZK 5 million, are approved to be paid out as dividends (shares in profit) and the remaining part, i.e. some CZK 13.8 million, is maintained in company own resources, i.e. in retained earnings from previous years.

B. Assets

On a year-to-year basis, the volume of property held increased by more than 7% which represents CZK 49 million. It is affected by several factors. As already stated in 2014, we increased our investment activities. Technology investments are vital for future development of the company. The value of technologies keeps growing year on year by more than 50% and investments under process almost doubled on a year-over-year basis. Fixed assets were by 4.3%, i.e. by more than CZK 15 million higher on a year-to-year basis.

Current assets increased by approximately CZK 34 million, i.e. by 10.3%. Such increase corresponds to production growth where 70% of the increase (CZK 22 million) are higher bank account balances intended as a reserve for payments and reduction of debt we had to face at the beginning of the year. The higher level of inventory which increased by 12.5% (CZK 12 million) is associated with already mentioned reduced seasonality in sales, due to growth of sales to industries, in particular the automotive one. Receivables rose by about 1%, i.e. significantly less than the turnover. The turnover rate of receivables was thus by approximately one tenth better than in 2014.

The growth in company assets was mostly covered (70%) from our own resources and short-term trade payables. Within this frame, 90% of these payables were under maturity and the remaining part was paid at the beginning of 2016. A slight rise in debt is connected with the above mentioned recovery of investment activity. This can be witnessed also by the fact that long-term loans are higher by more than half on a year-to-year basis. For quite a long time we have been making an effort to preferably pursue a long-term model of financing and it is our intention to follow this trend further.

The comparison of balance figures shows that the state of assets as well as their financing is good. The fixed assets are completely financed from our own capital. We created adjustments on known risks in claims in danger and problematic inventory. The degree of financial independence exceeds 50 % on a long-term basis and this year we could even add more than 5 per cent of financial assets to this figure.

C. Consolidation

The consolidation of COLORLAK group for 2015 includes besides 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. Consolidated revenues of the group from operating activities reached CZK 1,150 million which represents a year-on-year increase by 3.5% (by more than CZK 40 million). Crucial for production growth were sales of products of COLORLAK brand which went up by 17.5%, i.e. by CZK 60 million. In the Czech Republic the revenues of the group went up by 4.5% and by 1.4% abroad. Key activities are the domestic ones, making up nearly 73% of COLORLAK group revenues.

Growth of revenues and the rational cost management reflected in a year-on-year increase of value added which rose by 6%, i.e. by CZK 15 million. Though the operating profit slightly declined (by 4%), it is primarily due to increased adjustments (almost CZK 6 million year on year) and also decrease of other operating revenues (insurance compensations in 2014). In a year-over-year comparison of the consolidation is naturally obvious the absence of profit from extraordinary activities; the consolidated trading income amounted to TCZK 14,665.

Property of the group, i.e. its assets, were higher by 6% (by CZK 43 million) on a year-to-year basis. The main factors influencing the assets growth were investment activities (an increase of tangible fixed assets by 13.8%), increase in inventory by approximately CZK 8 million and growth of short-term financial assets which almost doubled. These influences exceed a value of CZK 50 million. From the above it is evident that most of other assets declined. Almost 80% of the assets growth were financed from our own resources and growing trade payables. The mentioned resources exhibited a year-on-year growth by nearly CZK 34 million. The share of bank loans and financial accommodations in financing the group with use of external sources went down from 60.7% in 2014 to 58.1% last year. Property management of the group is considered to be a good one.

D. Development in 2016

The development of this year is so far quite successful. As of today, COLORLAK revenues from sales exceeded CZK 300 million (i.e. they are by 13% higher than as of the same date in 2015) and other companies of the group exhibit a turnover by 7 to 13% higher compared to last year. However, it is necessary to bear in mind that the beginning of 2015 was somewhat weaker. Roughly by one half are higher deliveries to the automotive industry. At the end of April, the profit in the parent company was approximately on the same level as in the previous year while in subsidiaries it was slightly better on a year-to-year basis. It is expected that business and financial plans for 2016 will be met.



Svatopluk Chalupa
Chairman of the Board
Statutory Director

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 and 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

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 and the subsequent ones 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 10 million on research and development in 2015. 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 participates in research and development in a project called "Centre for research of surface treatment". In 2015, the company was granted a subsidy amounting to CZK 2.3 million within this project, to support research and development. A great significance is attached to improvement of environmental parameters of manufacturing processes and 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

Silicone: KC PUTZ SILIKON E*307, EKOPUTZ SILIKON E*303, STRUKTURPUTZ SILIKON E*311

Dispersion: KC PUTZ E*305, EKOPUTZ E*301, STRUKTURPUTZ E*309

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

Other: KC PUTZ SILICATE E*306

Masonry paints

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

Interior paints

Main products: PROINTERIÉR COLOR V2005, PROINTERIÉR PLUS V2098, PROINTERIÉR PROFI V2099, PROINTERIÉR ELEGANT V2025, PROINTERIÉR STANDARD V2006, EKODUR PROFI E0503, EKODUR E0502, EKODUR NATURAL E0501, PROINTERIÉR TOP V2519, PROINTERIÉR EXTRA V2510, PROINTERIÉR TERMO V2200

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, VAZAKRYL E4007, EKOFIX-Z E4001, EKOHYDROL E4014, EKOFIX E4002, EKOFIX-ZF E4003

Paint materials

Nitrocellulose paint materials

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

Synthetic paint materials

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

Polyurethane paint materials

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

Water-based paint materials

Main products: SQUAREX V2115, AQUACOL V2052, AQUACOL PRIMER V2070, ACRYLCOL MAT V2045, AQUALAK V1419, AKRYLCOL LESK V2046, FORTELUX AQUA V1407, PROFI PARKET V1509, AQUACOL V1413, AQUASPORT UNI V1422

Other products

Main products: OIL GLAZE O1020, ZINOREX S2211, PROTIREZ S2015, SILAMAT S2819, EPAX S2318, ZINOREX PRIMER S2212, JACHTLAK S1006, TREXON EMAIL H2001, LUSONOL EXTRA S1024, EPAX S2328, ULTRA RAPID S2225

Production and filling of aerosol products

Main products: PROFI SPREJ Top coat A3243, HOBBY SPREJ Frosting Decoration A3142, HOBBY SPREJ Leather A3146, HOBBY SPREJ for furniture A3141, HOBBY SPREJ Primer A3149, HOBBY SPREJ for radiators A3215, UNI SPREJ Top coat A3242, HOBBY SPREJ for decorations A3114, HOBBY SPREJ for wheel disks A3147

In 2015, the following new products were successfully launched:

UNIVERZAL SU2013 – the product line expanded by flat shades	MASONRY CLEANER V1923 (concentrate)–new product
ZINOREX S2211 – new colour shade - Smith grey C0992	MASONRY PROTECTION V1930 – new product
AQUAREX V2115 – new colour shades (R3001, R3020)	POINTIERIÉR LATEX V2017 – new product
HARDENER U7002 – expanded package (0.13 ltr, 0.5 ltr)	POINTIERIÉR EXTRA V2510 – new product
HARDENER U7008 – new product	POINTIERIÉR TOP V2519 – new product
MASONRY CLEANER V1920 – new product	PLASTERBOARD V2531 – new product

environmental protection

In 2015, the construction part of the underground facility for storing liquid raw materials was completed. In the field of thermal power generation, low-energy boilers were installed in four administration buildings.

Investments in tangible fixed assets

| in TCZK |

period	2014	2015
Tangible fixed assets – buildings & constructions	8,385	17,973
Tangible fixed assets – machinery & equipment	18,221	10,796
Intangible fixed assets	1,608	126
Total INVESTED CAPITAL	28,214	28,895

The capital was invested domestically in 2015 and amounted to TCZK 28,895.

In 2015, COLORLAK, a.s., continued to put money into a storing facility for raw materials, furthermore into tanks for production, a pearl mill, local heating plants, fleet, new servers, preparation of graphic projection for the 90th anniversary of the company and into reconstruction of the research & development building.

e] Assets and Financial Position of the Issuer

Changes in shareholders' equity

| in TCZK |

year	shareholders' equity
2014	363,795
2015	375,454

Ownership interests of COLORLAK, a.s., as at 31. 12. 2015

| in TCZK, TEUR, TPLN |

company	ownership interest	% of shareholders' equity
PANTER COLOR a.s.	TCZK 60,000	16.0
MILANO COLOR, a.s.	TCZK 2,000	0.5
EKOLAK s.r.o.	TCZK 200	0.1
COLORLAK SK, s.r.o.	TEUR 700	5.0
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)
2014	34,824	17,854,393	1.95
2015	18,834	17,854,393	1.05

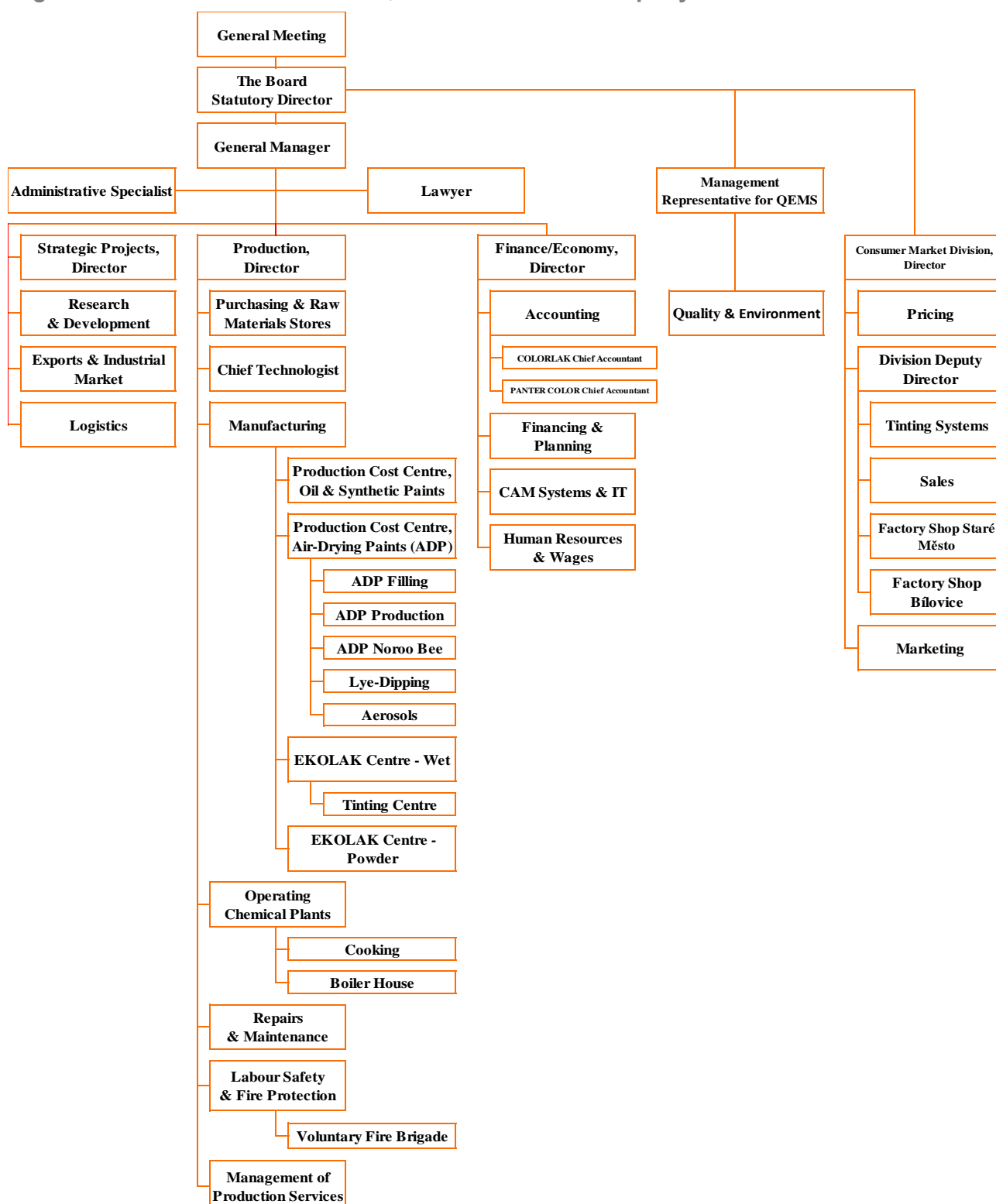
COLORLAK, a.s., paid out dividends in an amount of TCZK 4,999 in 2015.

Staff

COLORLAK, a.s., staff

	2014	2015
Average staff	283	285
- of which managerial	23	23
Personnel costs (in TCZK)	110,932	115,808
- of which managerial	24,402	24,875
Remuneration to statutory bodies (in TCZK)	1,184	1,440

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



f]] Statutory Bodies of the Issuer

▣ The Board & Statutory Director

as at 31. 12. 2015

Statutory Director: Svatopluk Chalupa
date of birth: 8.11.1944
domicile: Tererova 1354/15, Chodov, 149 00 Praha 4
Chairman of the Board: Svatopluk Chalupa.
Authorized Officer: Mojmír Olšer
date of birth: 7. 12. 1964
domicile: Stříbrná Lhota 1042, 252 10 Mnišek pod Brdy

▣ Executive Management

as at 31. 12. 2015

Statutory Director: Svatopluk Chalupa
General Manager – Authorized Officer: Mojmír Olšer
Economic Director: Jiří Hróz
Production Director: Marek Fiala
Director of Consumer Market Division: Eva Víchová

Money incomes received in 2015 by members of the statutory bodies: CZK 1,440,000

Members of the statutory bodies and company executive management holding shares of COLORLAK, a.s., in 2015:

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.:



Svatopluk Chalupa
Chairman of the Board

The Chairman of the Board 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 COMPANY within the years 2011 – 2015

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			2014	
		Gross	Adjustment	Net	Net	
	Total assets (l. 2+3+31+63) = 67	001	1,143,831	-405,612	738,219	689,121
A.	Receivables from subscriptions	002	0	0	0	0
B.	Fixed assets (l. 4+13+23)	003	745,462	-374,506	370,956	355,696
B.I.	Intangible fixed assets (l.5 to 12)	004	54,743	-14,788	39,955	41,926
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	17,559	-13,474	4,085	5,806
B.I.4.	Valuable rights	008	37,089	-1,314	35,775	36,025
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	525,309	-359,718	165,591	146,185
B.II.1.	Land	014	9,782	0	9,782	9,847
B.II.2.	Constructions	015	236,215	-154,006	82,209	87,100
B.II.3.	Equipment	016	251,159	-205,712	45,447	29,892
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	155	0	155	155
B.II.7.	Tangible fixed assets under construction	020	27,565	0	27,565	14,179
B.II.8.	Advance payments for tangible fixed assets	021	433	0	433	5,012
B.II.9.	Adjustment to acquired assets (+/-)	022	0	0	0	0
B.III.	Long-term financial assets (l. 24 to 30)	023	165,410	0	165,410	167,585
B.III.1.	Shares in controlled and regulated organizations	024	165,410	0	165,410	167,585
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	397,406	-31,106	366,300	332,057
C.I.	Inventory (l. 33 to 38)	032	116,064	-7,299	108,765	96,703
C.I.1.	Materials	033	56,635	-2,897	53,738	49,863
C.I.2.	Work in progress and semi-products	034	5,919	0	5,919	6,241
C.I.3.	Finished products	035	50,688	-3,821	46,867	38,633
C.I.4.	Animals	036	0	0	0	0
C.I.5.	Merchandise	037	2,822	-581	2,241	1,966
C.I.6.	Advance payments for inventory	038	0	0	0	0
C.II.	Long-term receivables (l. 40 to 47)	039	12,960	0	12,960	15,390
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	12,960	0	12,960	15,390
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	228,116	-23,807	204,309	202,223
C.III.1.	Trade receivables	049	131,168	-23,807	107,361	102,251
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	91,696	0	91,696	92,698
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	3,533	0	3,533	3,334
C.III.7.	Short-term deposits given	055	672	0	672	731
C.III.8.	Estimated receivables	056	640	0	640	2,842
C.III.9.	Other receivables	057	407	0	407	367
C.IV.	Short-term financial assets (l. 59 to 62)	058	40,266	0	40,266	17,741
C.IV.1.	Cash	059	1,821	0	1,821	1,450
C.IV.2.	Bank accounts	060	38,445	0	38,445	16,291
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	963	0	963	1,368
D.I.1.	Deferred expenses	064	963	0	963	1,368
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		
		2015	2014	
	Total liabilities (l. 68+85+118) = 001	067	738,219	689,121
A.	Equity (l. 69+73+78+81+84)	068	375,454	363,795
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		
A.I.3.	Changes of registered capital (+/-)	072	0	0
A.II.	Capital funds (l. 74 to 77)	073	-40,607	-38,431
A.II.1.	Share premium	074	0	0
A.II.2.	Other capital funds	075	644	644
A.II.3.	Differences from revaluation of assets and liabilities (+/-)	076	7,269	9,445
A.II.4.	Differences from revaluation in transformation (+/-)	077	-48,520	-48,520
A.III.	Reserve funds, statutory reserve account for cooperatives and other retained earnings (l. 79+80)	078	15,869	15,869
A.III.1.	Legal reserve fund/Indivisible fund	079	15,461	15,461
A.III.2.	Statutory and other funds	080	408	408
A.IV.	Profit/loss - previous years (l. 82+83)	081	202,814	172,989
A.IV.1.	Retained earnings from previous years	082	202,814	177,028
A.IV.2.	Accumulated losses from previous years	083	0	-4 039
A.V.	Profit/loss - current year (+/-) (l.01-69-73-78-81-85-118) = l.60 of Profit and Loss Statement in Full Form	084	18,834	34,824
B.	Other sources (l. 86+91+102+114)	085	361,388	323,929
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	10,668	12,668
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 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	8,163	10,356
B.II.10.	Deferred tax liability	101	2,505	2,312
B.III.	Short-term payables (l.103 to 113)	102	110,329	88,171
B.III.1.	Trade payables	103	90,153	64,619
B.III.2.	Payables to controlled and managed organizations	104	25	25
B.III.3.	Payables to accounting units with substantial influence	105	496	404
B.III.4.	Payables to partners, cooperative and association members	106	0	0
B.III.5.	Payroll	107	1,528	1,397
B.III.6.	Payables to social security and health insurance	108	3,581	2,969
B.III.7.	Due from state - tax liabilities and subsidies	109	2,313	11,548
B.III.8.	Short-term deposits received	110	1,723	1,671
B.III.9.	Issued bonds	111	0	0
B.III.10.	Estimated payables	112	4,464	539
B.III.11.	Other payables	113	6,046	4,999
B.IV.	Bank loans and financial accommodations (l. 115 to 117)	114	240,391	223,090
B.IV.1.	Long-term bank loans	115	38,177	24,209
B.IV.2.	Short-term bank loans	116	114,000	119,456
B.IV.3.	Short-term financial accommodations	117	88,214	79,425
C.I.	Accruals (l. 119+120)	118	1,377	1,397
C.I.1.	Accrued expenses	119	1,352	1,372
C.I.2.	Deferred revenues	120	25	25

Profit and Loss Statement in Full Form

| in TCZK |

Code	Line	Accounting period		
		2015	2014	
I.	Revenues from sold goods	001	15,710	18,334
A.	Expenses on sold goods	002	14,149	16,938
+	Sale margin (I. 01-02)	003	1,561	1,396
II.	Production (I. 05 to 07)	004	678,773	610,230
II.1.	Revenues from own products and services	005	666,715	612,452
II.2.	Change in inventory of own products	006	9,399	-4,515
II.3.	Capitalization	007	2,659	2,293
B.	Production consumption (I. 09+10)	008	512,835	459,534
B.1.	Consumption of material and energy	009	463,313	414,188
B.2.	Services	010	49,522	45,346
+	Added value (I. 03+04-08)	011	167,499	152,092
C.	Personnel expenses (I.13 to 16)	012	115,808	110,932
C.1.	Wages and salaries	013	82,501	79,297
C.2.	Remunerations to board members	014	1,440	1,184
C.3.	Social security expenses and health insurance	015	30,240	28,915
C.4.	Other social expenses	016	1,627	1,536
D.	Taxes and fees	017	1,316	1,685
E.	Depreciation of intangible and tangible assets	018	12,821	12,727
III.	Revenues from disposals of fixed assets and materials (I. 20+21)	019	11,983	7,421
III.1.	Revenues from disposals of fixed assets	020	3,194	2,147
III.2.	Revenues from disposals of materials	021	8,789	5,274
F.	Net book value of sold fixed assets and materials (I.23+24)	022	11,116	5,611
F.1.	Net book value of sold fixed assets	023	1,455	128
F.2.	Net book value of sold material	024	9,661	5,483
G.	Change in operating reserves and adjustments and complex deferred costs (+/-)	025	1,765	6,775
IV.	Other operating revenues	026	9,329	19,779
H.	Other operating expenses	027	12,601	12,275
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	33,384	29,287
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	1,072	1,340
VII.1.	Revenues from shares in controlled and regulated organizations and accounting units with subst. influence	034	1,072	1,340
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	374	961
N.	Interest expenses	043	7,499	8,216
XI.	Other financial revenues	044	6,312	2,990
O.	Other financial expenses	045	8,373	3,378
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	-8,114	-6,303
Q.	Income tax on ordinary income (I. 50+51)	049	6,436	5,819
Q.1.	Due tax	050	6,243	6,013
Q.2.	Tax deferred	051	193	-194
**	Operating profit/loss, ordinary activity (I.30+48-49)	052	18,834	17,165
XIII.	Extraordinary revenues	053	0	27,160
R.	Extraordinary expenses	054	0	5,273
S.	Income tax on extraordinary income (I. 56+57)	055	0	4,228
S.1.	Due tax	056	0	4,228
S.2.	Tax deferred	057	0	0
*	Operating profit/loss, extraordinary activity (I. 53-54-55)	058	0	17,659
T.	Transfer profit (loss) to partners (+/-)	059	0	0
***	Profit/loss of current accounting period (+/-) (I.52+58-59)	060	18,834	34,824
****	Profit/loss before tax (I. 30+48+53-54-59)	061	25,270	44,871

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 at 31 December 2015, and the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. Information about COLORLAK a.s. Company is disclosed in Note 1 to the financial statements.

Statutory Body's Responsibility for the Financial Statements

The Statutory Body of COLORLAK a.s. Company is responsible for the preparation and fair presentation of these financial statements in accordance with accounting regulations applicable in the Czech Republic, and for such internal control as management 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 standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 and fair presentation of the financial statements 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 at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with accounting regulations applicable in the Czech Republic.

Other Information

The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. The Statutory Body is responsible for the other information.


Our opinion on the financial statements does not cover the other information and we do not express any form of opinion thereon. However, in connection with our audit of the financial statements, our responsibility is to read the other information and consider whether the other information is not materially inconsistent with the financial statements or our knowledge obtained in the audit, the annual report has been prepared in accordance with the applicable legal requirements, or the other information does not otherwise appear to be materially misstated. If, based on the work we have performed, we conclude that the above is not true, we are required to report such facts.

Based on the work we have performed, we have nothing to report in this regard.

Prague, May 18th, 2016

BENE FACTUM a.s.
BENE FACTUM a.s.
Certificate No. 480
Kodaňská 1441/46
110 00 Praha 10




Mgr. Ing. Martin Vrobel
Certificate No. 2132

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.	Pišťkova 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

No changes in group structure occurred in 2015.

Date of financial statements and balance sheet date of the companies included in the group is December 31, 2015.

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 of COLORLAK parent company represent more than half of company revenues from sales. The remaining part are paint materials and auxiliary preparations of other producers, both domestic and from abroad. The share of parent company products in achieved revenues from sales keeps growing.

PANTER COLOR runs five wholesale warehouses and on a yearly basis expands number of its own retail stores.

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 of the company rose by 4.3% on a year-to-year basis. 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 and the company succeeded to achieve increased sales of products produced by the parent company.

COLORLAK POLSKA, Nowa Sól

The company focuses on sales of paint materials to small fabricants and tradesmen from its warehouses in Nowa Sól, Wroclaw and Szczecin. Company revenues from sales continue to grow on a long-term basis as well as the share of products produced by the parent company.

Consolidated Balance Sheet

| in TCZK |

Code	2015	2014
Total Assets	759,474	716,461
A. Receivables from subscriptions	0	0
B. Fixed assets	316,702	300,459
B.I. Intangible fixed assets	44,781	48,314
B.II. Tangible fixed assets	199,149	174,973
B.III. Long-term financial assets	16,850	16,850
B.IV. Positive difference on consolidation	55,922	60,322
(-) Negative difference on consolidation	0	0
B.V. Securities and ownership interests under the equity method	0	0
C. Current assets	440,834	413,215
C.I. Inventory	215,010	206,828
C.II. Long-term receivables	212	187
C.III. Short-term receivables	181,870	183,682
C.IV. Short-term financial assets	43,742	22,518
D.I. Accruals	1,938	2,787
Total Liabilities	759,474	716,461
A. Equity	275,204	268,070
A.I. Registered capital	178,328	178,323
A.II. Capital funds	-38,567	-36,391
A.III. Reserve funds, statutory reserve account for cooperatives and other retained earnings	23,151	22,265
A.IV. Retained earnings	112,292	103,873
A.V. Profit/loss from operations using the equity method (+/-)	0	0
A.VI. Consolidation reserve fund	0	0
B. Other sources	477,876	442,215
B.I. Reserves	949	938
B.II. Long-term payables	22,416	19,975
B.III. Short-term payables	177,049	152,849
B.IV. Bank loans and financial accommodations	277,462	268,453
C.I. Accruals	1,963	2,040
D. Minority registered capital	4,431	4,136
D.I. Minority registered capital	216	224
D.II. Minority funds including retained earnings from previous years	3,287	2,813
D.III. Minority profit/loss - current year (+/-)	928	1,099

Consolidated Profit and Loss Statement

| in TCZK |

Code		2015	2014
I.	Revenues from sold goods	703,621	731,106
A.	Expenses on sold goods	571,495	595,031
+	Sale margin	132,126	136,075
II.	Production	423,669	350,926
B.	Production consumption	289,974	236,252
+	Added value	265,821	250,749
C.	Personnel expenses	194,350	183,818
D.	Taxes and fees	2,927	3,332
E.	Depreciation of intangible and tangible assets	20,933	19,912
+	Accounting (write-off) of the positive	-4,400	-4,400
-	or negative difference on consolidation (+/-)	0	0
III.	Revenues from disposals of fixed assets and materials	10,970	6,350
F.	Net book value of sold fixed assets and materials	10,469	4,445
G.	Change in operating reserves and adjustments and complex deferred costs	-593	5,354
IV.	Other operating revenues	11,784	21,414
H.	Other operating expenses	19,435	18,985
V.	Transfer of operating revenues	0	0
I.	Transfer of operating expenses	0	0
*	Consolidated operating profit/loss	36,654	38,267
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	34	58
N.	Interest expenses	9,112	10,385
XI.	Other financial revenues	6,336	3,047
O.	Other financial expenses	10,579	5,168
XII.	Transfer of financial revenues	0	0
P.	Transfer of financial expenses	0	0
*	Consolidated profit/loss from financial operations	-13,321	-12,448
Q.	Income tax on ordinary income (due and deferred)	8,668	8,453
**	Consolidated operating profit/loss, ordinary activity	14,665	17,366
XIII.	Extraordinary revenues	0	27,160
R.	Extraordinary expenses	0	5,273
S.	Income tax on extraordinary income (due and deferred)	0	4,228
*	Consolidated operating profit/loss, extraordinary activity	0	17,659
***1.	Consolidated profit/loss of current accounting period before equity share	14,665	35,025
***1.1.	Profit/loss of current accounting period before minority interests	13,737	33,926
***1.2.	Minority interests in profit/loss (+/-)	928	1,099
***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 (+/-)	14,665	35,025

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