

ANNUAL REPORT SELECTED INFORMATION

2017



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Introductory Word of Chairman of the Board

Dear shareholders,

Dear business partners, Dear friends,

I have to admit that it is not easy at all for me to write this introductory word to the Annual Report. The year 2017 was full of abrupt changes in the market of paints, and, in particular, in the market of raw materials. Fluctuations in raw materials prices reached in several cases even tens of percent and it was really difficult to accordingly transfer such turbulences further. And this is the root cause why a commercially quite successful year (with continued sales growth) has not been adequately reflected in efficiency of our business activities. A more detailed explanation and figures can be of course found in the report of the Managing Board and the Statutory Director and in financial statements which are part of this Annual Report.

Even more complicated was development of the whole COLORLAK group. All subsidiary companies exhibited a year-on year decline in turnover, though moderate. Slightly optimistic we can be so far with sales of this year which, conversely, tend to develop. Obtaining full control over the Polish daughter company last year required performance of its economic rehabilitation which was the main reason of slump in profits of the entire group. Thus the last year was not very successful; however, COLORLAK group is strong enough to guarantee that it will succeed to manage this one-shot variation.

What should be our basis, where should we go? These are questions of versatile nature, beginning from purely technical solutions up to nearly psychological aspects. However, the bottom line is expressed in an idea of Mr. Kirschner in his brochure „How to sell more paints and varnishes“ issued in 1937 which says: „Good reputation is the most important thing you can win, and it cannot be taken from you by anybody else except you yourself. Such good reputation includes not only a good service and good work, but always a little bit MORE. More services – more quality.“ Yes, and this is the way for us to move forward and strengthen our good reputation – by delivering good product quality and services to our customers.



Svatopluk Chalupa
Chairman of the Board
COLORLAK a.s.

Report of the Board and Statutory Director on Company Business Activities in 2017 and Assets as at 31.12.2017

A. Business Activities

In 2017, individual segments of paint materials market were developing in a markedly different way. Available information shows that the consumer market in the Czech Republic exceeded the level of 2012 last year only, while that one in Slovakia continued to further decrease on a year-on-year basis. In the market of paint materials for industrial customers the situation was different in individual sectors, however, the automotive industry continued reviving. Neither 2017 brought any significant recovery for the construction industry. These trends correspond to the development of our company sales last year.

Total net turnover of COLORLAK reached CZK 744.7 million last year which is by 4.9 % more on a year-over-year basis. The largest share in net turnover – almost 95 % - goes to sales of products, services and goods which exhibited a yoy increase by CZK 12 million, i.e. by 1.7 %, and reached nearly CZK 709 million. Such result is attributed mainly to higher supplies of paint materials to the automotive industry which went up by 15 % and their share of which in sales reached almost 39 %. However, sales to other industries and for exports declined, as well as yoy sales to the consumer market. The results in these sales segments are not very successful.

Prices of raw materials, materials, packages and power utilities were developing unfavourably during the past year. The rise in prices of some raw materials amounted to tens of percent yoy. This can be evidenced also by comparison of revenues from sold products and services which grew only a little bit over CZK 10 million while consumption in production rose by more than CZK 20 million. The complicated development in labour market continued but with slowdown of production growth we were even able to reduce the adjusted staff level by 3 %. Thus the personnel costs were yoy higher by 1 % „only“. The average gross wage went up by 4.2 % on a year-over-year basis. Other indicators of profit and loss statement are more of accounting nature (depreciations and similar). As a result, the operating profit is by more than CZK 16 million lower year-on-year, i.e. it equals to 51.3 % of 2016.

Originally we had certain concerns regarding the impact of releasing the CZK/EUR exchange rate commitment. For that reason we in advance transferred part of our loans to EUR and the result proved the measure taken was the right one. The difference of about CZK 1 million between other financial revenues and other financial expenses was maintained. We also succeeded to slightly save on expense interests (decrease by 5.5%). The achieved income from ordinary activities conforms with the one already stated. The profit from ordinary activities reached almost CZK 10.1 million before tax, i.e. it is lower by already mentioned steep drop amounting to some CZK 16 million. The total after-tax profit of CZK 7.8 million is by CZK 13 million yoy lower which means that it corresponds to the level of 37 % in 2016.

The results of 2017 are the worst ones during the recent years. That is why we are currently working on analyses and measures in different areas of our activities which should reverse the current development and return the result to the previous level. Taking into account the results achieved, the Board and the Statutory Director propose that some CZK 2.5 million of the after-tax profit are approved to be paid out as dividends (shares in profit) and the remaining part, i.e. about CZK 5.3 million, is maintained in company own resources, i.e. in retained earnings from previous years. Thus a dividend of CZK 0.14 will be paid per one share which is by 64 % less than last year, i.e. it is roughly proportional to the rate by which the profit is lower. In reality, the amount of the payout will be approximately CZK 1.8 million and about CZK 0.7 million will be maintained in the retained earnings. Detailed figures are provided in proposed resolution.

B. Assets

On a year-to-year basis, the volume of property held increased by 4 % which represents a little bit less than CZK 29 million. The balance sum totals to CZK 757.5 million. Fixed assets do not exhibit any major changes except depreciation (CZK 16 million). Nevertheless, it is necessary to mention an additional purchase of 34 % share in COLORLAK POLSKA. This step contributed to resolve prolonged disputes with a minority partner. Nowadays the company is in our full possession. Other changes in fixed assets do not have any significant impact.

However, current assets are higher by more than CZK 44 million, i.e. by 13 %. The volume of inventory decreased by 6.6 %, i.e. it got even below the level of 2016. In line with our long-term strategy of stock management, we endeavour to preferably keep stock of raw materials rather than products. That allows us to flexibly respond to demand for individual products. However, the balance development was mostly affected by increase of receivables by CZK 64 million (by nearly 33%). Less part of this increase (a little bit more than one third) can be attributed to our subsidiaries. By applying this „business loan“ we succeeded to assist PANTER COLOR in financing their development (acquisition of stores), and stabilization in COLORLAK POLSKA.

Still a greater part of receivables goes with other business partners, especially in connection with deliveries to the automotive industry. The overall rise in such receivables (by CZK 44 million) is still within their maturity period, or 90 days after, which indicates that these are debts payment of which is not under any substantial threat. But the fact is that this situation is putting an extra pressure on our cash flow and our total funding. The preceding sentence is also related to decline in funds by more than CZK 12 million. However, their level corresponded to finance needs at the beginning of the year.

Under conditions of stagnating equity, we had to recover the balance by using external resources. The major part of balance growth was covered by increase in trade payables by more than CZK 30 million. We slightly slowed down payments of invoices, with maximum 30 days after their due date. Almost all our suppliers accepted this except several ones. In spite of increase in loans by CZK 11.5 million, their volume is by CZK 6 million lower than in 2015. In terms of financing, such changes can be perceived positively.

The comparison of balance figures shows that the state of assets and their financing is good. The fixed assets are in principle financed from long-term resources. Loan instalments are paid within contracted terms and other payables are just slightly delayed. We have created adjustments amounting to nearly CZK 16 million relating to problematic inventories and claims which makes 4.4 % of their total value at the end of 2017.

C. Consolidation

Consolidation of COLORLAK group for 2017 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. The consolidated operating income of the group reached almost CZK 1,117 million which represents a year-over-year fall by 3.9 %. At the same time, sales of products of COLORLAK brand went up by 3 %, i.e. by CZK 13 million. However, sales of goods declined by CZK 58 million, i.e. by 8.1 %. These lower sales can be attributed to all daughter companies, in particular those in Poland. In the Czech Republic the revenues of the group went up by 0.5 % while abroad the decline reached 15.8 %. Key activities are the domestic ones, making up nearly 73.2 % of COLORLAK group total net turnover.

The decline in revenues by CZK 45 million was not accompanied with a corresponding decrease in production consumption which fell off by less than CZK 26 million only which affects the whole profit and loss statement. While in the preceding year the personnel costs went up by one tenth, last year they rose by less than CZK 1 million in the group, i.e. by 0.4 %. The impact on the operating profit is significant. The year-on-year decline amounts to CZK 25 million and the achieved profit of CZK 6.2 million is only one fifth of the actual result of 2016. But the financial result from operations was better compared to the previous year, by approximately CZK 1 million (interest savings and minor fluctuations in CZK exchange rate). Thus the consolidated profit got into

loss by about CZK 4 million before tax, and some CZK 7 million after tax. In addition to the above mentioned result of the parent company, the main influence was the necessity of restructuring of Polish subsidiary.

Property of the group, i.e. its assets, reached almost an amount of CZK 750 million, with yoy increase by 2 %, i.e. by approximately CZK 15 million (compared to 2015, it s by CZK 10 million less). The main influence is transferred to the consolidation from the parent company – it is the growth in receivables by CZK 41 million, i.e. by one quarter. With stagnation of bank loans, financing was secured by increase of short-term payables by CZK 34 million. In spite of the aforesaid fluctuations, property management of the group is a good one.

D. Acquisition of Company Own Shares

On 08 December 2016, our general meeting approved acquisition of company own shares.

The last general meeting was informed about the fact that in 2016 the company purchased 5,183,659 pcs of its own shares. From maximum amount of shares to be purchased as approved by the general meeting (5,370,000 pcs), 186,341 pcs of shares have not been used up till today which represents 3.5 % of the approved quantity. In 2017 no company own shares were acquired.

E. Development in 2018

The development of this year is so far considerably influenced by declines in sales in the first quarter of the year, especially in March. Only in that month sales in the group went down by CZK 24.5 million, i.e. by 13 %, compared to the previous year. The declines occurred in particular due to negative development of climatic conditions, and also due to restrictions of supplies to the automotive industry which persist till today. In April and May, sales in subsidiaries accelerated and, compared to 2017, the subsidiaries currently exhibit sales growths from beginning of the year which have fully compensated drop-offs of the 1st quarter and are even higher by more than CZK 17 million, i.e. by some 5 %. This improvement was also supported by modified price list for the consumer market as of March 1 where development of raw materials prices has been reflected. Unfortunately, sales to the automotive industry keep to develop unfavourably and, in spite of intensive negotiations, the situation will not probably become clarified earlier than next month.

The development of raw materials prices has in principle calmed down, of course remaining on the previous higher level. At the end of April, the value added created by companies of the group was somewhat better than in the previous year (+ 1.6 %). Sales indicators in May promise even better results. It is expected that business and financial plans for 2018 will be met.

In Staré Město, on 25 May, 2018



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:	494 44 964/ CZ49444964
Date of foundation:	01 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, bookkeeping services and taxation records
- production, trade and services other than listed in Annex 1 – 3 to the Trades Licensing 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 2017. It consisted of 17,854,393 pcs of ordinary registered shares in the form of share certificates with a nominal value of CZK 10 each. Based on decision of general meeting held on 08 December 2016, an acquisition of company own shares was approved up to 5,370,000 pcs with a nominal value of CZK 10/pc. The company may be acquiring its shares till 07 December 2021 which is the deadline. On 08 December 2016, COLORLAK, a.s., acquired 5,183,659 pieces of its own shares under concluded contract on securities sale.

Owners holding shares over 15 % as at 31.12. 2016 and 31.12. 2017:

Svatopluk Chalupa
Mojmír Olšer
COLORLAK, a.s.

The company COLORLAK, a. s., is part of a holding and is a controlling entity. 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 Authorized Officer
- **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, Chodov, Praha 4, PSČ 149 00
company registration number: 264 06 951
registered in Commercial Register kept by the Municipal 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: Wrocławska 30, Nowa Sól, PSČ 67-100, Poland
company registration number: 0000379393
registered in National Court Register
represented by: Pavel Macháč Chairman of the Board of Directors
- **exercises influence over:** the company: **PANTER COLOR POLSKA Sp. z o. o.**
with its registered office at: Kazimierzowska 43/23, Warszawa, PSČ 02-572, Poland
company registration number: 0000637012
registered in National Court Register
represented by: Pavel Macháč Chairman of the Board of Directors

Ownership interests of COLORLAK, a.s., in business of other legal entities as at 31. 12. 2017

<i>company registration number</i>	<i>legal entity</i>	<i>registered capital in EUR, PLN</i>	<i>share of the company in controlled and regulated companies in CZK</i>	<i>share of the company in registered capital in %</i>
26201143	PANTER COLOR a.s.		60,000,000	100
36254487	COLORLAK SK, s.r.o.	EUR 700,000	17,878,000	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 550,000	3,362,700	100
0000637012	PANTER COLOR POLSKA Sp. z o. o.	PLN 5,000	30,570	100

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/her 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. On the grounds of the contract on sale of securities, COLORLAK a.s., acquired 5,183,659 pieces of its own shares on 08 December 2016. The company cannot exercise any voting rights with these shares. Though the right to pay share in profits arises to the company by virtue of § 348 of the Act on Business Corporations, the company cannot execute it as it automatically expires on its maturity. Such non-distributed dividend must be transferred to the account of retained earnings from previous years. 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 11.2 million on research and development in 2017. The activities are aimed at applied research. It is provided both by the internal strength of the company and in cooperation with external entities. 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 2017, the company was granted a subsidy amounting to CZK 2.8 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*

Other: EKOPUTZ SILIKÁT E*302, KC PUTZ SILIKÁT E*306

Masonry paints

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

Interior paints

Main products: PROINTERIÉR PLUS V2098, PROINTERIÉR PROFÍ V2099, PROINTERIÉR COLOR V2005, PROINTERIÉR STANDARD V2006, EKODUR PROFÍ E0503, EKODUR E0502, PROINTERIÉR TOP V2519, EKODUR NATURAL E0501, BRILIANT MAT V2091, PROINTERIÉR ELEGANT V2025, PLASTERBOARD V2531, PROINTERIÉR LATEX V2017, PROINTERIÉR EXTRA V2510, PROINTERIÉR TERMO V2200

Penetration and priming coats

Main products: PENETRACE S2802A E0607, EKOFAS E0204, EKOPEN E0601, PENSIKON E0604, ANTISPOT E0904, MASONRY CLEANER V1920, EKOPEN CONCENTRATE E0602, MASONRY PROTECTION V1930, MASONRY CLEANER Concentrate V1923, PENSIL E0603

Powder coatings

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

Paint materials

Nitrocellulose paint materials

Main products: CELOX C2001, NICEL C1103, CELOLESK C1037, NICEL C1016, CELOMAT C1038, NICEL C1001, CELOX PRIMER C2000, NICEL C1014, NICEL C2030, PRIMING VARNISH C1036, NICEL C1702, NICEL C1805, NICEL C2121

Synthetic paint materials

Main products: SYNOREX PRIMER S2000, UNIVERSAL SU2013, LUSONOL S1023, PROTIREZ S2015, ZINOREX S2211, UNIVERZAL PRIMER SU2020, ULTRA RAPID S2225, PROFI LAZURA S1025, SYNTEPUR PRIMER S2220, ZINOREX PRIMER S2212, SILAMAT S2819, SYNOREX EXTRA S2003, RADIATOR S2117, EPAX S2318, JACHTLAK S1006, FUNGISTOP S1031, SYNTECOL LAK S1002, SYNTECOL BÁZE S2161, PROFI OKNO S2082, PROFI METAL S2029, PROFI EMAIL S2085, SYNOREX S2035, AXAL S1807, AXATHERM S2053, EPAX S2328, EPAX S2320

Polyurethane paint materials

Main products: AXAPUR U2218, AXAPUR U2066, AXAPUR PRIMER U2008, AXAPUR U2074, AXAPUR U2060, AXAPUR U2056, AXAPUR U2054, AXAPUR PLUS U2072

Water-based paint materials

Main products: SQUAREX V2115, AQUACOL V2052, AQUACOL PRIMER V2070, ACRYLCOL MAT V2045, AQUALAK V1419, AKRYLCOL LESK V2046, FORTELUX AQUA V1407, LIGNOSTOP HOBBY V1042, LIGNOSTOP PROFI V1041, AQUASPORT UNI V1422, PROFI PARKET V1509, AQUACOL RADIATOR V2077, LIGNOSTOP SH V1045

Other products

Main products: OIL GLAZE O1020, TREXON EMAIL H2001, TREXON BAZÉNY H2203, Paint Remover P07, LIHOLAK L1010, Wood Oil O1011, TREXON H2003, thinners and industrial liquids

Production and filling of aerosol products

Main products: PROFI SPREJ Top Coat A3243, HOBBY SPREJ for radiators A3215, HOBBY SPREJ for furniture A3141, HOBBY SPREJ Primer A3149, HOBBY SPREJ for leather A3146, HOBBY SPREJ Frosting Decoration A3142, HOBBY SPREJ for decorations A3114, UNI SPREJ Top Coat A3242, HOBBY SPREJ for refrigerators A3235, HOBBY SPREJ for wheel disks A3147

In 2017, the following new products were successfully launched:

In the course of 2017, paint bases in COLORLAK DEKOR and PROFI II Tinting Systems were innovated.

environmental protection

In 2017, preparation of projects for power economy reconstruction was launched, with the aim to reduce the energy intensity and meet new required emission limits for combustion sources over several years.

Since 2017, the company has been outsourcing services of a security adviser in the field of transportation of hazardous materials to comply with ADR. Thanks to reconstruction of roads within the area of the company also internal transport of hazardous products has been improved. In 2017, COLORLAK, a.s., fulfilled all legislative indicators in waste management and air and water protection as well as in transportation of dangerous goods in compliance with RID. The company successfully passed reauditing of its quality and environment management systems and successfully defended also the system needed for supplies of paint materials to the Army of the Czech Republic.

Investments in tangible fixed assets

| in TCZK |

<i>period</i>	<i>2016</i>	<i>2017</i>
Tangible fixed assets – buildings & constructions	6,081	289
Tangible fixed assets – machinery & equipment	10,922	2,614
Intangible fixed assets	2,528	922
Total INVESTED CAPITAL	19,531	3,825

The capital was invested domestically in 2017 and amounted to TCZK 3,825.

In 2017, COLORLAK, a.s., continued to invest into production of water-based paint materials. Furthermore, it invested into automatic tinting machines, fleet, a forklift, instrumentation for research purposes, storage facility for raw materials, B2B project and SW for color scheme programme.

e] Assets and Financial Position of the Issuer

Changes in shareholders' equity

| in TCZK |

<i>year</i>	<i>shareholders' equity</i>
2016	328,514
2017	327,436

Ownership interests of COLORLAK, a.s., as at 31.12. 2017

| in TCZK, TEUR, TPLN |

<i>company</i>	<i>ownership interest</i>	<i>% of shareholders' equity</i>
PANTER COLOR a.s.	TCZK 60,000	18.32
MILANO COLOR, a.s	TCZK 2,000	0.61
EKOLAK s.r.o.	TCZK 200	0.06
COLORLAK SK, s.r.o.	TEUR 700	5.46
COLORLAK POLSKA Sp. z o. o.	TPLN 550	1.03
PANTER COLOR POLSKA Sp. z o. o.	TPLN 5	0.01

Trading income per 1 share

<i>year</i>	<i>trading income after tax (TCZK)</i>	<i>total shares (pcs)</i>	<i>trading income per 1 share (CZK)</i>
2016	20,733	17,854,393	1.161
2017	7,770	17,854,393	0.435

COLORLAK, a.s., paid out dividends as follows:

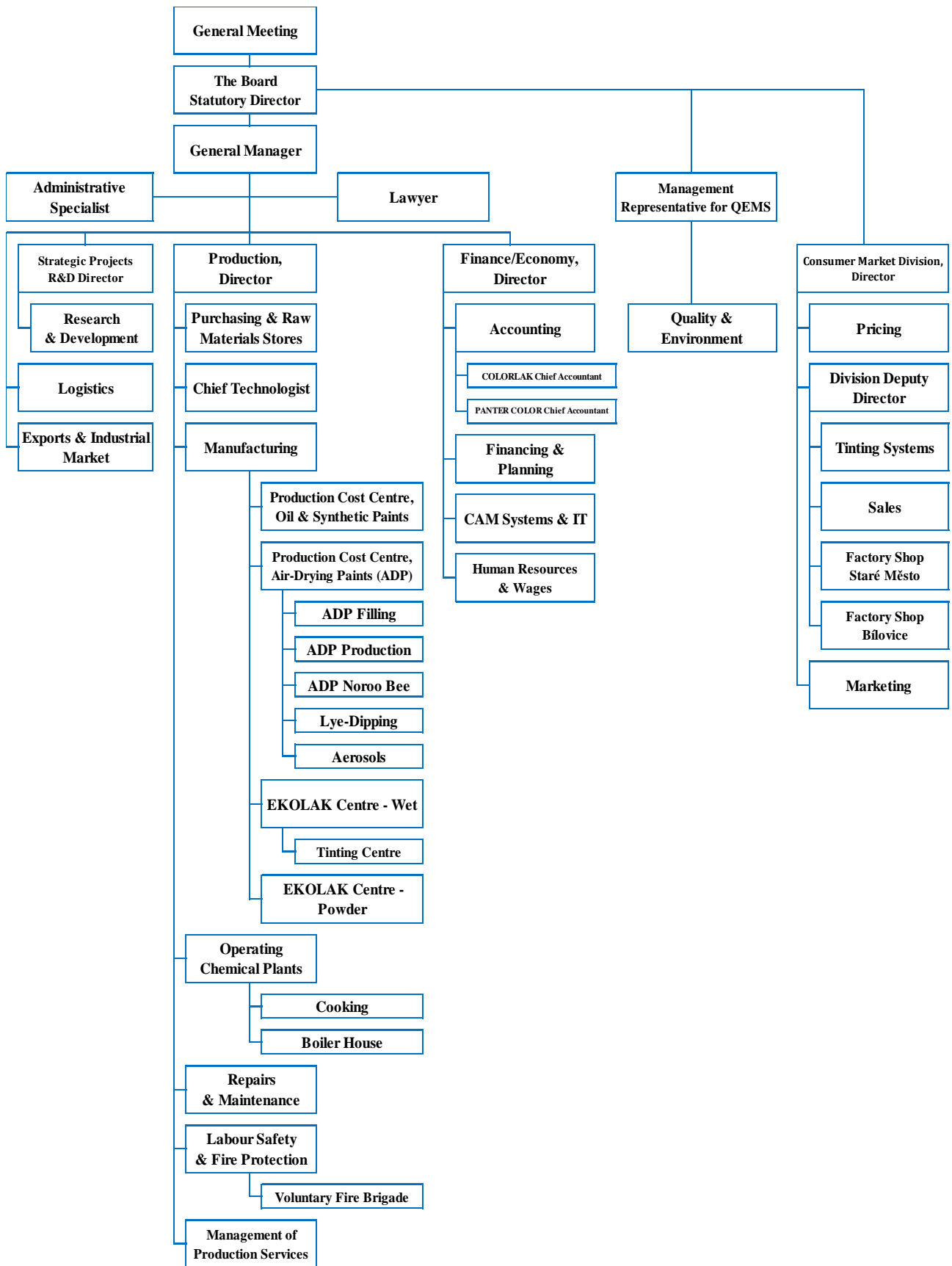
in 2016 amounting to TCZK 4,999

in 2017 amounting to TCZK 6,963 - of which CZK 2,022 are dividends from COLORLAK own shares. By this amount the retained earnings of COLORLAK from previous years have been increased.

Staff**COLORLAK, a.s., staff**

	2016	2017
Average staff	302	293
- of which managerial	23	23
Personnel costs (in TCZK)	125,701	127,007
- of which managerial	26,220	26,983

Organization Chart of COLORLAK, a.s.



f] Statutory Bodies of the Issuer

▣ The Board & Statutory Director

as at 31.12. 2017

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: Mojmir Olšer
date of birth: 7. 12. 1964
domicile: Hošťálkova 518/3, Břevnov, 169 00 Praha 6

▣ Executive Management

as at 31. 12. 2017

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

Money incomes received in 2017 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 2017:

Svatopluk Chalupa
Mojmir Olšer
Eva Vichová
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 in 2016 and 2017

BENE FACTUM, a.s., - License No. 480 of the Chamber of Auditors of the Czech Republic, Kodaňská 1441/46, 100 10 Praha 10
Karel Hampl - License No. 0005 of the Chamber of Auditors of the Czech Republic, auditor in charge

Balance Sheet – Assets

| in TCZK |

Code	Line	Current accounting period			2016	
		Gross	Adjustment	Net	Net	
	Total assets	001	1,163,131	405,610	757,521	728,553
A.	Receivables from subscriptions	002	0	0	0	0
B.	Fixed assets	003	763,364	389,654	373,710	389,097
B. I.	Intangible fixed assets	004	56,743	18,101	38,642	40,244
1.	Research and Development	005	0	0	0	0
2.	Valuable rights	006	55,571	18,075	37,496	39,995
2. 1.	Software	007	18,543	16,061	2,473	4,637
2. 2.	Valuable rights	008	37,037	2,014	35,023	35,358
3.	Goodwill (+/-)	009	0	0	0	0
4.	Other intangible fixed assets	010	155	26	129	154
5.	Advance payments for intangible fixed assets and intangible fixed assets under construction	011	1,017	0	1,017	95
5. 1.	Advance payments for intangible fixed assets	012	861	0	861	0
5. 2.	Intangible fixed assets under construction	013	156	0	156	95
B. II.	Tangible fixed assets	014	529,985	371,553	158,432	169,870
1.	Land and constructions	015	275,357	163,998	111,359	116,344
1. 1.	Land	016	9,782	0	9,782	9,782
1. 2.	Constructions	017	265,575	163,998	101,577	106,562
2.	Equipment	018	253,427	207,400	46,027	52,461
3.	Adjustment to acquired assets (+/-)	019	0	0	0	0
4.	Other tangible fixed assets	020	155	155	0	0
4. 1.	Perennial crops	021	0	0	0	0
4. 2.	Breeding and draught animals	022	0	0	0	0
4. 3.	Other tangible fixed assets	023	155	155	0	0
5.	Advance payments for tangible fixed assets and tangible fixed assets under construction	024	1,046	0	1,046	1,065
5. 1.	Advance payments for tangible fixed assets	025	94	0	94	94
5. 2.	Tangible fixed assets under construction	026	952	0	952	971
B. III.	Long-term financial assets	027	176,636	0	176,636	178,983
B. III. 1.	Shares in controlled and regulated organizations	028	164,362	0	164,362	164,941
2.	Loans - controlled or controlling organizations	029	12,274	0	12,274	11,340
3.	Shares - accounting units with substantial influence	030	0	0	0	0
4.	Loans - accounting units with substantial influence	031	0	0	0	2,702
5.	Other securities and shares	032	0	0	0	0
6.	Other loans	033	0	0	0	0
7.	Other long-term financial assets	034	0	0	0	0
7. 1.	Other financial investments	035	0	0	0	0
7. 2.	Advance payments for long-term financial assets	036	0	0	0	0

Balance Sheet – Assets

| in TCZK |

Code	Line	Current accounting period			2016	
		Gross	Adjustment	Net	Net	
C.	Current assets	037	398,378	15,956	382,422	338,254
C. I.	Inventory	038	113,215	7,191	106,024	113,551
C. I. 1.	Materials	039	62,902	2,896	60,006	58,964
	2. Work in progress and semi-products	040	4,730		4,730	4,419
	3. Finished products	041	45,583	4,295	41,288	50,168
	3. 1. Products	042	43,360	3,462	39,898	48,471
	3. 2. Merchandise	043	2,223	833	1,390	1,697
	4. Animals	044	0	0	0	0
	5. Advance payments for inventory	045	0	0	0	0
C. II.	Receivables	046	268,912	8,765	260,147	195,822
C. II. 1.	Long-term receivables	047	0	0	0	0
C. II. 1. 1.	Trade receivables	048	0	0	0	0
	1. 2. Receivables from controlled and managed organizations	049	0	0	0	0
	1. 3. Receivables from accounting units with substantial influence	050	0	0	0	0
	1. 4. Deferred tax receivable	051	0	0	0	0
	1. 5. Other receivables	052	0	0	0	0
	1. 5. 1. Receivables from partners, cooperative and association members	053	0	0	0	0
	1. 5. 2. Long-term deposits given	054	0	0	0	0
	1. 5. 3. Estimated receivables	055	0	0	0	0
	1. 5. 4. Other receivables	056	0	0	0	0
C. II. 2.	Short-term receivables	057	268,912	8,765	260,147	195,822
C. II. 2. 1.	Trade receivables	058	140,004	8,765	131,239	87,661
	2. 2. Receivables from controlled and managed organizations	059	0	0	0	0
	2. 3. Receivables from accounting units with substantial influence	060	123,087	0	123,087	99,642
	2. 4. Other receivables	061	5,821	0	5,821	8,519
	2. 4. 1. Receivables from partners, cooperative and association members	062	0	0	0	0
	2. 4. 2. Receivables from social security and health insurance	063	0	0	0	0
	2. 4. 3. Due from state - tax receivables	064	4,913	0	4,913	7,040
	2. 4. 4. Short-term deposits given	065	348	0	348	611
	2. 4. 5. Estimated receivables	066	152	0	152	300
	2. 4. 6. Other receivables	067	408	0	408	568
C. III.	Short-term financial assets	068	0	0	0	0
C. III. 1.	Shares - controlled or controlling organization	069	0	0	0	0
	2. Other short-term financial assets	070	0	0	0	0
C. IV.	Funds	071	16,251	0	16,251	28,881
C. IV. 1.	Cash in hand	072	1,847	0	1,847	2,099
	2. Bank accounts	073	14,404	0	14,404	26,782
D.	Accruals	074	1,389	0	1,389	1,202
D. I. 1.	Deferred expenses	075	1,389	0	1,389	1,202
	2. Complex deferred costs	076	0	0	0	0
	3. Deferred income	077	0	0	0	0

Balance Sheet – Liabilities

| in TCZK |

Code	Line	Accounting period		
		2017	2016	
	TOTAL LIABILITIES	078	757,521	728,553
A.	Equity	079	327,436	328,514
A. I.	Registered capital	080	116,340	116,340
A. I. 1.	Registered capital	081	178,544	178,544
	2. Company's own shares and ownership interests (-)	082	-62,204	-62,204
	3. Changes of registered capital (+/-)	083	0	0
A. II.	Share premium and capital funds	084	-44,983	-41,077
	1. Share premium	085	0	0
	2. Capital funds	086	-44,983	-41,077
	2. 1. Other capital funds	087	0	0
	2. 2. Differences from revaluation of assets and liabilities (+/-)	088	644	644
	2. 3. Differences from revaluation in transformation of business corporations (+/-)	089	2,894	6,800
	2. 4. Differences from transformations of business corporations	090	0	0
	2. 5. Differences from valuation in transformation of business corporations (+/-)	091	-48,521	-48,521
A. III.	Reserves from profits	092	62,612	62,612
	1. Other reserve funds	093	62,204	62,204
	2. Statutory and other funds	094	408	408
A. IV.	Profit/loss - previous years	095	185,697	169,906
A. IV. 1.	Retained earnings from previous years	096	185,697	169,906
	2. Accumulated losses from previous years(-)	097	0	0
	3. Other profit/loss - previous years(+/-)	098	0	0
A. V.	Profit/loss - current year (+/-)	099	7,770	20,733
A. VI.	Decision on advance payment of shares in profits (-)	100	0	0
B. + C.	Other sources	101	427,379	398,417
B.	Reserves	102	0	0
B. I. 1.	Reserve for pensions and similar payables	103	0	0
	2. Income tax reserves	104	0	0
	3. Reserves under special statutory regulations	105	0	0
	4. Other reserves	106	0	0
C.	Payables	107	427,379	398,417
C. I.	Long-term payables	108	40,677	81,273
C. I. 1.	Issued bonds	109	0	0
	1. 1. Convertible bonds	110	0	0
	1. 2. Other bonds	111	0	0
	2. Bank debts	112	12,166	27,348
	3. Long-term advances received	113	0	0
	4. Trade payables	114	0	0
	5. Long-term notes payable	115	0	0
	6. Payables to controlled or controlling organizations	116	0	0
	7. Payables to accounting units with substantial influence	117	0	0
	8. Deferred tax liability	118	3,460	3,016
	9. Other payables	119	25,051	50,909
	9. 1. Payables to partners, cooperative and association members	120	0	0
	9. 2. Estimated payables	121	0	0
	9. 3. Other payables	122	25,051	50,909
C. II.	Short-term payables	123	386,702	317,144
C. II. 1.	Issued bonds	124	0	0
	1. 1. Convertible bonds	125	0	0
	1. 2. Other bonds	126	0	0
	2. Bank debts	127	134,064	107,358
	3. Short-term deposits received	128		974
	4. Trade payables	129	120,414	89,918
	5. Short-term notes payable	130	0	0
	6. Payables to controlled or controlling organizations	131	295	683
	7. Payables to accounting units with substantial influence	132	0	0
	8. Other payables	133	131,929	118,211
	8. 1. Payables to partners, cooperative and association members	134	2,739	25
	8. 2. Short-term financial accommodations	135	110,628	101,174
	8. 3. Payroll	136	1,390	1,259
	8. 4. Payables to social security and health insurance	137	3,533	3,521
	8. 5. Due from state - tax liabilities and subsidies	138	1,191	1,241
	8. 6. Estimated payables	139	3,920	4,601
	8. 7. Other payables	140	8,528	6,390
D. I.	Accruals	141	2,706	1,622
D. I. 1.	Accrued expenses	142	2,681	1,597
	2. Deferred revenues	143	25	25

Profit and Loss Statement in Full Form

| in TCZK |

Code		Line	Accounting period 2017	Accounting period 2016
I.	Revenues from sold goods and services	01	695,641	684,847
II.	Revenues from sold goods	02	13,302	12,306
A.	Production consumption	03	539,880	519,484
A. 1.	Expenses on sold goods	04	12,001	11,086
A. 2.	Consumption of material and energy	05	478,268	459,863
A. 3.	Services	06	49,611	48,535
B.	Change in inventory of own products (+/-)	07	7,671	-1,597
C.	Capitalization	08	-939	-2,054
D.	Personnel expenses	09	127,007	125,701
D. 1.	Wages and salaries	10	92,013	91,362
D. 2.	Social security expenses and health insurance, other expenses	11	34,994	34,339
D. 2. 1.	Social security expenses and health insurance	12	33,163	32,676
D. 2. 2.	Other expenses	13	1,831	1,663
E.	Operating adjustments	14	15,308	1,684
E. 1.	Adjustments to intangible and tangible fixed assets	15	16,589	15,002
E. 1. 1.	Adjustments to intangible and tangible fixed assets - permanent	16	16,589	15,002
E. 1. 2.	Adjustments to intangible and tangible fixed assets - temporary	17	0	0
E. 2.	Adjustments in inventory	18	-126	19
E. 3.	Adjustments of receivables	19	-1,155	-13,337
III.	Other operating revenues	20	13,458	11,208
III. 1.	Revenues from disposals of fixed assets	21	1,449	512
III. 2.	Revenues from disposals of materials	22	7,610	5,433
III. 3.	Other operating revenues	23	4,339	5,263
F.	Other operating expenses	24	16,141	31,580
F. 1.	Net book value of sold fixed assets	25	809	9
F. 2.	Net book value of sold material	26	7,781	6,224
F. 3.	Taxes and fees	27	1,352	1,697
F. 4.	Operating reserves and complex deferred costs	28	0	0
F. 5.	Other operating expenses	29	6,199	23,650
*	Operating profit/loss	30	17,333	33,563
IV.	Revenues from long-term financial assets	31	0	0
IV. 1.	Revenues from shares in controlled or controlling organizations	32	0	0
IV. 2.	Revenues from other securities and ownership interests	33	0	0
G.	Expenses on sold ownership interests	34	0	0
V.	Revenues from other long-term financial assets	35	0	0
V. 1.	Revenues from other long-term financial assets - controlled or controlling organizations	36	0	0
V. 2.	Revenues from other long-term financial assets	37	0	0
H.	Expenses associated with long-term financial assets	38	0	0
VI.	Interest revenues and similar revenues	39	340	390
VI. 1.	Interest revenues and similar revenues - controlled or controlling organizations	40	333	383
VI. 2.	Interest revenues and similar revenues	41	7	7
I.	Financial adjustments and reserves	42	0	0
J.	Interest expenses and similar expenses	43	6,458	6,835
J. 1.	Interest expenses and similar expenses - controlled or controlling organizations	44	0	0
J. 2.	Other interest expenses	45	6,458	6,835
VII.	Other financial revenues	46	21,917	791
K.	Other financial expenses	47	22,944	1,721
*	Profit/loss from financial operations	48	-7,145	-7,375
**	Profit/loss before tax	49	10,188	26,188
L.	Income tax on ordinary income	50	2,418	5,455
L. 1.	Due tax	51	1,974	4,944
L. 2.	Tax deferred	52	444	511
**	Profit/loss after tax	53	7,770	20,733
W.	Transfer profit (loss) to partners (+/-)	54	0	0
***	Profit/loss of current accounting period (+/-)	55	10,188	26,188
****	Net turnover	56	744,658	709,542



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of COLORLAK, a.s.

Opinion

We have audited the accompanying financial statements of COLORLAK, a.s. (hereinafter also the "Company") prepared in accordance with accounting principles generally accepted in the Czech Republic, which comprise the balance sheet as at 31 December 2017, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. For details of the Company, see Note 1 to the financial statements.

In our opinion, the financial statements give a true and fair view of the financial position of COLORLAK, a.s. as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with accounting principles generally accepted in the Czech Republic.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors, and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application clauses. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information in the Annual Report

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the financial statements and auditor's report thereon. The Statutory Director is responsible for the other information.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and

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procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement of fact. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.

Responsibilities of the Company's Statutory Director for the Financial Statements

The Statutory Director is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the Czech Republic and for such internal control as the Statutory Director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Statutory Director is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Statutory Director either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the above mentioned laws and regulations will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the above law or regulation, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for

one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Statutory Director.
- Conclude on the appropriateness of the Statutory Director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Statutory Director regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Prague, 22nd May 2018



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Licence number 0005

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.	Wroclawska 30, Nowa Sól, Poland	100	subsidiary	full
COLORLAK SK, s.r.o.	Zvolenská cesta 37, Banská Bystrica, Slovakia	100	subsidiary	full

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

Changes in group structure

In 2017, share in registered capital of COLORLAK POLSKA Sp. z o. o. was increased from 66% to 100%.

In accordance with the legislation in force, the group does not incorporate the subsidiaries MILANO COLOR, a.s., EKOLAK s.r.o. and PANTER COLOR POLSKA Sp. z o. o.

Date of financial statements and balance sheet date of the companies included in the group is December 31, 2017.

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 and retail 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 product assortment is further complemented with paint materials and auxiliary preparations of other producers, both domestic and from abroad. PANTER COLOR runs five wholesale warehouses and owns retail stores in most regions of the Czech Republic.

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, the company exhibits a growth of revenues from sales on a regular basis, and also sales of COLORLAK products continue to grow in all premises of the company.

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 sales of paint and construction materials continue to grow; the company also 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 warehouse in Nowa Sól.

Consolidated Balance Sheet

| in TCZK |

Code		2017	2016
Total Assets		749,631	734,853
A.	Receivables from subscriptions	0	0
B.	Fixed assets	303,100	316,998
B. I.	Intangible fixed assets	40,727	43,898
B. II.	Tangible fixed assets	193,601	204,728
B. III.	Long-term financial assets	17,994	16,850
B. IV.	Positive difference on consolidation	50,777	51,522
	(-) Negative difference on consolidation	0	0
B. V.	Securities and ownership interests under the equity method	0	0
C.	Current assets	443,671	415,801
C. I.	Inventory	221,124	222,728
C. II.	Long-term receivables	680	626
C. III.	Short-term receivables	201,448	160,337
C. IV.	Short-term financial assets	20,419	32,110
D. I.	Accruals	2,860	2,054
Total Liabilities		749,631	734,853
A.	Equity	206,887	220,744
A. I.	Registered capital	116,340	116,132
A. II.	Capital funds	-42,943	-39,037
A. III.	Reserve funds, statutory reserve account for cooperatives and other retained earnings	75,464	71,428
A. IV.	Retained earnings	58,026	72,222
A. V.	Profit/loss from operations using the equity method (+/-)	0	0
A. VI.	Consolidation reserve fund	0	0
B.	Other sources	539,996	508,740
B. I.	Reserves	1,072	975
B. II.	Long-term payables	17,740	20,251
B. III.	Short-term payables	199,654	165,514
B. IV.	Bank loans and financial accommodations	321,530	322,000
C. I.	Accruals	2,748	2,229
D.	Minority registered capital	0	3,140
D. I.	Minority registered capital	0	208
D. II.	Minority funds including retained earnings from previous years	0	4,072
D. III.	Minority profit/loss - current year (+/-)	0	-1,141

Consolidated Profit and Loss Statement

| in TCZK |

Code		2017	2016
I.	Revenues from sold goods and services	444,417	432,311
II.	Revenues from sold goods	659,379	717,740
A.	Production consumption	841,806	867,501
B.	Change in inventory of own products (+/-)	7,671	-1,597
C.	Capitalization	-966	-2,054
D.	Personnel expenses	215,585	214,681
	Accounting (write-off) of the positive or negative difference on consolidation (+/-)	-4,592	-4,400
E.	Operating adjustments	21,567	10,891
III.	Other operating revenues	12,947	11,762
F.	Other operating expenses	20,338	36,587
*	Operating profit/loss (+/-)	6,150	31,403
IV.	Revenues from long-term financial assets - ownership interests	0	0
G.	Expenses on sold ownership interests	0	0
V.	Revenues from other long-term financial assets	0	0
H.	Expenses associated with long-term financial assets	0	0
VI.	Interest revenues and similar revenues	31	22
I.	Financial adjustments and reserves	0	0
J.	Interest expenses and similar expenses	7,700	8,211
VII.	Other financial revenues	22,683	785
K.	Other financial expenses	25,159	3,983
*	Profit/loss from financial operations (+/-)	-10,145	-11,387
*	Profit/loss before tax (+/-)	-3,995	20,016
L.	Income tax	2,926	6,907
*	Profit/loss after tax (+/-)	-6,921	13,109
M.	Transfer profit (loss) to partners (+/-)	0	0
***	Consolidated profit/loss of current accounting period before equity share	-6,921	13,109
***	Profit/loss of current accounting period before minority interests	0	14,250
***	Share of minority owners in profit/loss (+/-)	0	-1,141
***	Consolidated profit/loss of current accounting period (+/-)	-6,921	13,109
*	Net turnover for the accounting period (I. + II. + III. + IV. + V. + VI. + VII.)	1,139,457	1,162,620

intertek
Total Quality Assured

CERTIFICATE OF REGISTRATION

This is to certify that the management system of:

COLORLAK, a.s.

Main Site: Továrň 1076, 686 03 Staré Město, Czech Republic
Additional Site: středisko KOLORAK, Hlávčice 497, 187 17 Hlávčice, Česká republika

has been registered by Intertek as conforming to the requirements of:

ISO 9001:2015

The management system is applicable to:
Development, production and sale of paints, facade, interior and floor materials, waterproofing and thermal insulation systems

Certificate Number: QFAS 24470-01
Issue Date: 17 November 2017
Original Issue Date: 20 November 2006
Certificate Expiry Date: 17 November 2020



Colin Moldovean
Colin Moldovean
President, Business Assurance
Intertek Certification Limited, 104 Victoria Park, Victoria Road, Derby DE24 0JZ, United Kingdom



Intertek Certification Limited is a UKAS accredited body under the UKAS certification scheme. In the context of this certificate, Intertek assumes no liability to any party other than the client and this shall be deemed to be the agreed sign-off certification Agreement. This certificate is only valid in relation to the management system as stated in the scope of certification. No other conditions are stated and this shall be deemed to be the agreed sign-off certification Agreement. If a certificate renewal the scope of activities to be certified must be provided upon request. Intertek Certification Limited is a UKAS accredited body under the UKAS certification scheme.

intertek
Total Quality Assured

CERTIFICATE OF REGISTRATION

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Additional Site: středisko KOLORAK, Hlávčice 497, 187 17 Hlávčice, Česká republika

has been registered by Intertek as conforming to the requirements of:


ISO 14001:2015

The management system is applicable to:
Development, production and sale of paints, facade, interior and floor materials, waterproofing and thermal insulation systems

Certificate Number: ENAS 24170-05
Issue Date: 17 November 2017
Original Issue Date: 20 November 2006
Certificate Expiry Date: 17 November 2020



Colin Moldovean
Colin Moldovean
President, Business Assurance
Intertek Certification Limited, 104 Victoria Park, Victoria Road, Derby DE24 0JZ, United Kingdom



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 **SCHP ČR**
SVAZ CHEMICKÉHO PRŮMYSLU ČESKÉ REPUBLIKY
ASSOCIATION OF CHEMICAL INDUSTRY OF THE CZECH REPUBLIC
awards the member company

 **Responsible Care**
OUR COMMITMENT TO SUSTAINABILITY

COLORLAK, a.s., Staré Město

CERTIFICATE


of results achieved in fulfilling voluntary aims and goals in the program
RESPONSIBLE CARE - ODPOVĚDNÉ PODNIKÁNÍ V CHEMII
This program aims to improve environmental protection and health and safety of all activities of the company.
pronouncement from 1996
first vindication 1997
eighth vindication 2016

Along with this certificate, the company has the right to use the logo
RESPONSIBLE CARE - ODPOVĚDNÉ PODNIKÁNÍ V CHEMII
until October 2020
in accordance with conditions announced
by the European Chemical Industry Council (CEIC)

In Prague, September 22th, 2016

M. Fuš
President

CZECH REPUBLIC
DEFENCE STANDARDIZATION, CODIFICATION
AND GOVERNMENT QUALITY ASSURANCE AUTHORITY



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

CERTIFICATE

No. 43/8-2017
to
COLORLAK, a.s.
Továrň 1076, 686 03 Staré Město
Company Registration Number: 49444964
of quality system compliance as required by
ČSN EN ISO 9001:2016
ČOS 051672 (AQAP 2110)
Scope of validity:
Development, Production and Sale of Paints, Facade, Interior and Floor Materials, Waterproofing and Thermal Insulation Systems.

- This Certificate is issued by DSCGQA after quality system audit carried out from October 13th, 2017 to October 18th, 2017. The Authority is not responsible for quality system changes implemented by the contractor after this Certificate has been issued.
- This Certificate is valid only for verified scope of activities and areas, not licensed for other scope of activities than for which it is issued.
- The Authority is responsible neither for unauthorized use of the Certificate nor for changes which could be caused by both authorized or unauthorized use of the Certificate.
- This Certificate does not release quality management system's responsibility for flaws and damage resulting from generally accepted legal requirements nor does it replace official verification in accordance with other generally accepted regulations.

This Certificate is valid till: **October 31st, 2020**

As to all recipient suppliers are concerned, this certificate is subject to continuous observation of factory norms and recommendations for applying the Armed Forces of the Czech Republic with usability that is stated in part of Protocol of an inspecting authority on local Civilian-Veterinary Service.

In Prague on: November 20th, 2017


Ing. Martin Dvořák, Ph.D.
Director DSCGQA

COLORLAK, a.s.

Tovární 1076
686 03 Staré Město
Czech republic

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Fax.: + 420 572 541 215

Information Line: 800 145 555

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