

**ANNUAL REPORT** SELECTED INFORMATION

2016



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## Introductory Word of Chairman of the Board

Dear shareholders,

Dear business partners,

I am not going to describe the content of the Annual Report in my introductory word. If I am to shortly characterize last year, then, briefly summarize, it was a commercially successful year in terms of sales to automotive industry but less successful in revenues from sales in consumer market, industries and exports. Nevertheless, the year as a whole was a good one, both in the parent company which managed to increase sales to its historically highest level, with a year-over-year growth by 2.7 %, and in the group, with a turnover higher by 0.6% which reached almost CZK 1.2 billion. Although the structure of production significantly changed in favour of more 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 below 75%.

I think everyone is well informed about developments in the labour market. The results are mainly people. And a good job requires an adequate remuneration, and that is why our personnel expenses grew by almost one tenth on a year-to-year basis. And our more than 500 collaborators in the group deserve in addition to a financial reward also a word of appreciation for their work. Also better year-on-year financial results were achieved. The situation in the field of finance will become probably somewhat difficult after the Czech National Bank decontrols its exchange rate commitment. But also in this area we did our best to be ready for this change in advance. Thus we can state that fundamental prerequisites have been created for COLORLAK to continue the trends of recent years.

Everyone, who for example only read quotes from New Year's cards Mr. Kirschner used to issue, understands he was a philosopher of life. For this introductory word I have chosen a few words from „The Secret“ that came out at the beginning of 1948. „Only that one who made success through his own dilligence, becomes self-confident and courageous. Only that one who used to stand up to storms and rains in his life can solve difficult situations which would beat everybody leading a pampered life....That one who wants to be successful must first of all stand straightforward to himself. He must ignore envious persons and prophets of doom who often bring us out of balance by their malicious acts. However, they will see in the future that „no pain no gain“ still works, and will have to learn how to manage their energy.“



Svatopluk Chalupa  
Chairman of the Board  
COLORLAK, a.s.

## Report of the Board and Statutory Director on Company Business Activities in 2016 and Assets as at 31.12.2016

### A. Bussiness Activities

Individual segments of paint materials market were developing in a markedly different way in 2016. Available information shows that the consumer market in the Czech Republic and Slovakia is in fact stagnating after a fairly big decrease in 2014. Thus the retail sales remain to be below the level of 2012. In the market of paint materials for industrial customers the situation in individual sectors differed, however, the automotive industry continued to revive. Neither the year 2016 brought a significant recovery for the construction industry. These trends are reflected also in development of our company sales last year.

The total net turnover of COLORLAK reached CZK 709.5 million last year which is by 0.3% less on a year-over-year basis. Other operating revenues decreased by about CZK 10 million which is represented by sale of assets and other revenues. The largest share in net turnover - almost 97% - goes to sales of products and services which exhibited a yoy increase by CZK 18 million, i.e. by 2.7%. The most significant part of this result involved supplies of paint materials for the automotive industry which were almost by 15% higher (their share in sales exceeded 34%). By nearly 6% were lower sales to other industries and exports, and sales to the consumer market fell by 2.5 % year-on-year. The results in these sales segments are considered to be less successful.

Since 2016, financial statements have somewhat different breakdown and in some cases they also use other terminology. You will see that while studying final accounts. However, let us try to calculate some data for clarification. A relatively favourable was the development of prices of raw materials, materials and packages last year. Thanks to this, in spite of production growth, we succeeded to save CZK 7.5 million in production consumption, i.e. 1.4%. The share of production consumption in production thus fell below 75%. The value added which does not appear anymore in today's financial statements exceeded CZK 181.3 million, i.e. it went up by 8.3%. Regarding development in the labour market, it was complicated and it was really hard to find new members

of personnel which, of course, reflected in personnel costs. It would be difficult to explain to our co-workers that their wages are stagnating when the business is flourishing. The increase in personnel costs amounted to almost CZK 10 million, i.e. 8.5%. The share of personnel costs in value added reached 69.3%, i.e. it only slightly exceeded the share of 2015 (+ 0.2 pp). Due to mainly personnel costs, the operating profit is only slightly higher (+0,5%).

On the other hand, results in financial sector improved. We continued to save on expense interests (decrease by 8.9%), and especially development of CZK exchange rate fluctuated considerably less. The negative difference of other financial expenses and revenues declined from CZK 2 million to half on a year-over-year basis. This is also in correspondence with the achieved profit from ordinary activities. The pre-tax profit on ordinary activities reached nearly CZK 26.23 million which is by 3.6 % and CZK 1 million more than in 2015. The total after-tax profit of CZK 20.7 million is by CZK 1.9 million, i.e. by 10% higher on a year-over-year basis.

Having calculated future trends of financing company development and taken into account the improved after-tax profit, the Board and the Statutory Director propose that CZK 7 million of the after-tax profit are approved to be paid out as dividends (shares in profits) and the remaining part, i.e. some CZK 13.7 million, is maintained in company own resources, i.e. in retained earnings from previous years. Thus a dividend of CZK 0.39 will be paid for one share, which is by 39% more than in two previous years. In nominal terms it seems we are increasing paying dividends by CZK 2 million. However, the absolute amount of the payout will be in fact approximately the same, i.e. CZK 5 million, because no dividends are paid out on company shares by the law.

## B. Assets

On a year-to-year basis, the volume of property held decreased by 1.3% which represents less than CZK 10 million. As already stated in preceding years, we increased our investment activities. The investments are vital for future development of the company. The value of fixed assets went up by about CZK 5 million on a year-over-year basis (and by CZK 20 million, i.e. 13%, in two years) and the value of current assets decreased by CZK 15 million. The main factor affecting the increase in tangible fixed assets was activation of reconstruction of the underground facility for storing raw materials. Other changes in fixed assets do not have such a significant impact.

Current assets were by 4.3% lower. Slight increase can be observed in inventory (by less than CZK 5 million, i.e. by 4.4%). The whole increase is connected with materials, in particular raw materials, where we tried to make use of lower prices valid at the end of the year ahead of the previously announced rise in prices. On the other hand, we reduced receivables by 4.1%, i.e. by CZK 8.5 million, which meant acceleration of maturity by 6.7% year-on-year. However, the main impact was decrease in funds from some CZK 40 million to less than CZK 29 million. This value covers almost one-third of short-term trade payables which we consider sufficient in terms of prompt liquidity.

More noticeable are changes on the side of liabilities, i.e. resources of assets settlement. This is associated primarily with acquiring the company own shares which is in more detail analyzed under Section D of the present report. After entering the acquisition into the books, the equity decreased by nearly CZK 47 million. Based on decision of the general meeting, special reserves on company shares were created, partially from the former reserve fund and partially from the retained earnings from previous years, in an amount of the purchase price, i.e. CZK 62.2 million. Only less than one quarter of the purchase price was paid to the seller after delivery of shares; the remaining part was left by the seller as a loan in the company which is reflected in increase of other liabilities. Loans are by almost CZK 17.5 million lower on a year-to-year basis. In terms of financing, such changes can be appraised as positive ones.

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 long-term resources. We have created adjustments amounting to nearly CZK 18 million relating to problematic inventory and claims which makes 5.7% of their total value at the end of 2016. It is realistic that the equity will return to the level of 2015 in a horizon of some three years.

## C. Consolidation

The consolidation of COLORLAK group for 2016 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 net turnover of the group reached almost CZK 1,163 million which represents a year-over-year increase of 0.5% (by more than CZK 6 million). Crucial for the turnover growth were sales of products of COLORLAK brand which went up by 6.1%, i.e. by CZK 24 million. In the Czech Republic the revenues of the group went up by 1.4 % while abroad they stagnated. Key activities are the domestic ones, making up nearly 73.1 % of COLORLAK group net turnover.

Growth of sales by almost CZK 23 million was accompanied by decrease of consumption in production by about CZK 6 million. However, the situation in the labour market affected not only COLORLAK but also other members of the group. Overall personnel costs in the group rose by more than CZK 20 million, i.e. by one tenth. However, thanks to better cost management, the operating profit declined by CZK 5 million only. Compared to the previous year, the financial result improved by some CZK 2 million (interest savings and less fluctuations in CZK exchange rate). The data clearly show that the impact on the trading result before tax makes CZK 3 million, and approximately CZK 1.5 million after tax. If we take into account an amount of about CZK 2 million expended for restructuring of the Polish subsidiary which was inevitable, the results would be slightly better than in 2015.

Property of the group, i.e. its assets, reached almost CZK 735 million (a year-on-year decrease by 3.2%, i.e. by CZK 24.6 million). The value of fixed assets in fact stagnated on a value of CZK 317 million (43% of the assets) and the volume of current assets declined by 5.7% to an amount close to CZK 416 million. The increase in inventory which amounted to some CZK 8 million was already mentioned in the preceding section. Our receivables dropped by nearly 12% (by CZK 21.5 million) which we consider positive. The decrease of short-term financial assets by CZK 11.6 million took place mostly in the parent company. These two impacts exceed an amount of CZK 33 million. A substantial part of changes in financial resources, i.e. liabilities, relates to acquisition of own shares which is in more detail described in other sections of the present report. Property management of the group is considered by us to be a good one

#### D. Company Acquisition of Own Shares

On 08 December 2016, our general meeting approved acquisition of company own shares. To refresh memory, we highlight main points of resolution adopted by this general meeting. According to the resolution, the company may acquire a maximum of 5,370,000 shares. If the acquisition is to be paid, then the price should be between CZK 11.34 and CZK 12.54 for one share. The time limit for acquiring the own shares is 07 December 2021. Within this context, the company will create a special reserve fund, and the Board has been authorized to execute this decision.

In accordance with the aforementioned decision of the general meeting, a contract on sale of securities was concluded in 2016 between the company and Jan Malo, for sales of a total of 5,183,659 shares of the company with a nominal value of CZK 10 per one share, i.e. with a total book value of CZK 51,836,590 which represents 29.03% of the subscribed capital. No other acquisition of own shares occurred in the accounting period of 2016, therefore this status is a status as at the end of the accounting period.

The above acquisition was paid a price of CZK 62,203,908, which means that the price of one share was CZK 12 per share. Thus the price limit approved by the general meeting was kept. The maximum amount set by the general meeting for acquiring own shares was used up to a level of 96.5%. Based on the hand-over record, the shares were physically passed to the Chairman of the Board. Subsequently, an endorsed transfer of the shares was made, indicating the company as holder of the shares, with its entry into the list of shareholders. As can be seen from the overview of assets and liabilities as at 31 December 2016, a special reserve fund (line A.III.1 of the Balance Sheet) was created in the corresponding amount.

#### E. Development in 2017

Up to now, the development of this year is somewhat inconsistent in terms of business. After a successful first quarter of the year, there was a year-on-year drop in sales in April (April sales in the group were by 10-20% lower compared to those last year) and only May is again bringing recovery. Sales of AAA Barvy are slightly higher from the beginning of the year, COLORLAK and PANTER COLOR are approaching this level, and only COLORLAK SK and COLORLAK POLSKA exhibit so far minor failures in sales. Roughly by 12% are higher deliveries to the automotive industry. Prices of some raw materials tended to grow sharply especially at the beginning of the year, currently the situation is getting stabilized. We responded to this development by adjusting the price list as of 01 March, however, the influence of this measure will show itself after a longer period only. By the end of April, profit in the parent company was slightly worse than the one in the previous year, while in subsidiaries it was slightly better on a year-over-year basis. It is expected that business and financial plans for 2017 will be met.

In Staré Město, on 25 May 2017



Svatopluk Chalupa  
Chairman of the Board  
Statutory Director

## a ] Basic Data on the Issuer

Trade name:	<b>COLORLAK, a.s.</b>
Registered office:	Tovární 1076, Staré Město, 686 03
Company registration number/Tax identification number:	49 44 49 64/ CZ49444964
Date of foundation:	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 those 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 2016. 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 % in 2015, 2016:

Svatopluk Chalupa

Mojmír Olšer

Jan Malo (till 08. 12. 2016)

COLORLAK, a.s. (from 08. 12. 2016)

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: Przyszłości 17C, Nowa Sól, 67-100 Poland  
company registration number: 0000379393  
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. 2016

<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	18,914,000	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 100,000	404,316	66

## c ] Securities

Type:	ordinary shares
Form:	registered shares
Appearance:	share certificates, issued both as individual shares and collective documents
Number of securities:	17,854,393 pcs of ordinary registered shares with a nominal value of CZK 10 each
Total nominal value:	CZK 178,543,930
Method of transfer:	Transferability of shares is not limited. Transfer of shares to owners is carried out by endorsement and delivery to the acquirer.

COLORLAK, a.s., has no ascertained financial institution through which the shareholders can exercise their rights in property.

The shares are associated with all shareholder rights in accordance with the valid company Articles of Association and as regulated in the Act on Business Corporations No.90/2012 Coll., and the Act No. 89/2012 Coll., the Civil Code. The shareholder is in conformity with Section 256 of the Act on Business Corporations entitled to first of all participate in management of the company, its profit (dividend) and liquidation surplus in the event of company dissolution. It is his/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 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 CZK10.9 million on research and development in 2016. 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 2016, the company was granted a subsidy amounting to CZK 2.6 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 E\*304

Other: KC PUTZ SILICATE E\*306

##### Masonry paints

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

##### Interior paints

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

##### Penetration and priming coats

Main products: PENETRACE S2802A E0607, EKOFAS E0204, EKOPEN E0601, PENSIKON E0604, MASONRY CLEANER V1920, ANTISPOT E0904, EKOPEN CONCENTRATE E0602, MASONRY PROTECTION V1930, 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, NICEL C1014, CELOLESK C1037, NICEL C1001, CELOMAT C1038, NICEL C1702, NICEL C1805, NICEL C1016, CELOX PRIMER C2000, NICEL C2121



### Synthetic paint materials

Main products: SYNOREX PRIMER S2000, UNIVERSAL SU2013, LUSONOL S1023, PROFI LAZURA S1025, SYNTEPUR PRIMER S2220, SYNOREX EXTRA S2003, FUNGISTOP S1031, RADIATOR S2117, PROFI METAL S2029, SYNTECOL BÁZE S2161, PROFI OKNO S2082, PROFI EMAIL S2085, SYNTECOL LAK S1002, SYNOREX S2035, AXAL S1807, AXATHERM S2053

### Polyurethane paint materials

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

### Water-based paint materials

Main products: SQUAREX V2115, AQUACOL V2052, AQUACOL PRIMER V2070, ACRYLCOL MAT V2045, AQUALAK V1419, FORTELUX AQUA V1407, AKRYLCOL LESK V2046, LIGNOSTOP HOBBY V1042, AQUACOL V1413, LIGNOSTOP PROFI V1041, AQUASPORT UNI V1422, AQUACOL RADIATOR V2077, PROFI PARKET V1509

### Other products

Main products: PROTIREZ S2015, ZINOREX S2211, OIL GLAZE O1020, ULTRA RAPID S2225, SILAMAT S2819, JACHTLAK S1006, UNIVERZAL PRIMER SU2020, ZINOREX PRIMER S2212, LUSONOL EXTRA S1024, TREXON EMAIL H2001, TREXON BAZÉNY H2203, EPAX S2318, EPAX S2328, EPAX S 2320

### Production and filling of aerosol products

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

### In 2016, the following new products were successfully launched:

PROINTERIÉR TOP V2519 (package K25 and K40)

Aerosol products were expanded by Colorspray, Eurospray and Color It brands.

### environmental protection

In September 2016, COLORAK a.s., defended responsible business in chemistry for the eighth time which was acknowledged by Certificate of Responsible Care issued on 22 September 2016 by the Union of Chemical Industry.

In mid-2016, the company improved conditions for preparation of safety data sheets and related documentation by purchase and implementation of SBL Core programme; thus the company started to uniformly process the documentation not only of semi-finished products and selected raw materials but mainly of all its products, not only in Czech language but also in other language versions.

Since 2016, the company has ben outsourcing services of a security adviser in the field of transportation to comply with RID.

In 2016, COLORLAK, a.s., fulfilled all legislative indicators in waste management and air and water protection.

### Investments in tangible fixed assets

| in TCZK |

period	2015	2016
Tangible fixed assets – buildings & constructions	17,973	6,081
Tangible fixed assets – machinery & equipment	10,796	10,922
Intangible fixed assets	126	2,528
<b>Total INVESTED CAPITAL</b>	<b>28,895</b>	<b>19,531</b>

The capital was invested domestically in 2016 and amounted to TCZK 19,531.

In 2016, COLORLAK, a.s., invested its funds into replacement of the line serving for production of water-based paint materials and its server, furthermore into tanks for production, automatic tinting machines, fleet, forklifts, storage facility for raw materials and completion of R & D building reconstruction.

## e ] Assets and Financial Position of the Issuer

### Changes in shareholders' equity

| in TCZK |

year	shareholders' equity
2015	375,454
2016	328,514

### Ownership interests of COLORLAK, a.s., as at 31.12. 2016

| in TCZK, TEUR, TPLN |

company	ownership interest	% of shareholders' equity
PANTER COLOR a.s.	TCZK 60,000	18.3
MILANO COLOR, a.s.	TCZK 2,000	0.6
EKOLAK s.r.o.	TCZK 200	0.1
COLORLAK SK, s.r.o.	TEUR 700	5.8
COLORLAK POLSKA Sp. z o. o.	TPLN 66	0.1

## Trading income per 1 share

year	trading income after tax (in TCZK)	total shares (pcs)	trading income per 1 share (CZK)
2015	18,834	17,854,393	1.05
2016	20,733	17,854,393	1.16

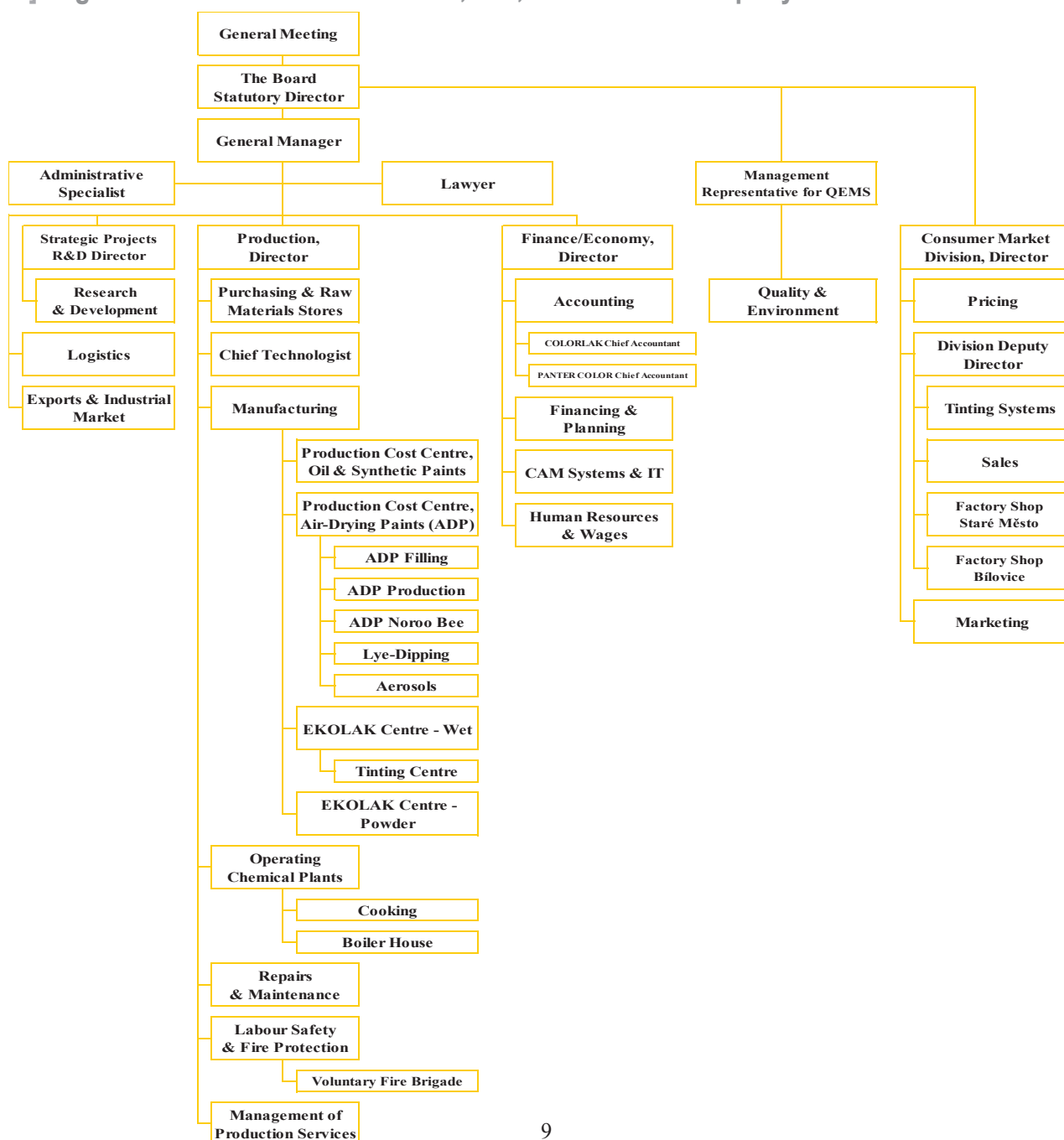
COLORLAK, a.s., paid out dividends in an amount of TCZK 4,999 both in 2015 and 2016.

## 3 ] Staff

### COLORLAK, a.s., staff

	2015	2016
Average staff	285	302
- of which managerial	23	23
Personnel costs (in TCZK)	115,808	125,701
- of which managerial	24,875	26,220
Remuneration to statutory bodies (in TCZK)	1,440	1,440

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



## f ] Statutory Bodies of the Issuer

### ▣ The Board & Statutory Director

as at 31. 12. 2016

<b>Statutory Director:</b>	<b>Svatopluk Chalupa</b>
date of birth:	8. 11. 1944
domicile:	Tererova 1354/15, Chodov, 149 00 Praha 4
<b>Chairman of the Board:</b>	<b>Svatopluk Chalupa</b>
<b>Authorized Officer:</b>	<b>Mojmír Olšer</b>
date of birth:	7. 12. 1964
domicile:	Hošťálkova 518/3, Břevnov, 169 00 Praha 6

### ▣ Executive Management

as at 31. 12. 2016

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

Money incomes received in 2016 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 2016:

Svatopluk Chalupa  
Mojmír Olšer  
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 in 2015 and 2016

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

2015: Martin Vrobel - License No. 2132 of the Chamber of Auditors of the Czech Republic, auditor in charge

2016: 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			2015	
		Gross	Adjustment	Net	Net	
	Total assets	001	1,127,975	399,422	728,553	738,219
A.	Receivables from subscriptions	002	0	0	0	0
B.	Fixed assets	003	770,733	381,636	389,097	383,916
B. I.	Intangible fixed assets	004	56,127	15,883	40,244	39,955
1.	Research and Development	005	0	0	0	0
2.	Valuable rights	006	55,878	15,883	39,995	39,860
2. 1.	Software	007	18,826	14,189	4,637	4,085
2. 2.	Valuable rights	008	37,052	1,694	35,358	35,775
3.	Goodwill (+/-)	009	0	0	0	0
4.	Other intangible fixed assets	010	154	0	154	0
5.	Advance payments for intangible fixed assets and intangible fixed assets under construction	011	95	0	95	95
5. 1.	Advance payments for intangible fixed assets	012	0	0	0	0
5. 2.	Intangible fixed assets under construction	013	95	0	95	95
B. II.	Tangible fixed assets	014	535,623	365,753	169,870	165,591
1.	Land and constructions	015	275,506	159,162	116,344	91,991
1. 1.	Land	016	9,782	0	9,782	9,782
1. 2.	Constructions	017	265,724	159,162	106,562	82,209
2.	Equipment	018	258,897	206,436	52,461	45,602
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	1,065	0	1,065	27,998
5. 1.	Advance payments for tangible fixed assets	025	94	0	94	433
5. 2.	Tangible fixed assets under construction	026	971	0	971	27,565
B. III.	Long-term financial assets	027	178,983	0	178,983	178,370
B. III. 1.	Shares in controlled and regulated organizations	028	164,941	0	164,941	165,410
2.	Loans - controlled or controlling organizations	029	11,340	0	11,340	12,960
3.	Shares - accounting units with substantial influence	030	0	0	0	0
4.	Loans - accounting units with substantial influence	031	2,702	0	2,702	0
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			2015	
		Gross	Adjustment	Net	Net	
C.	Current assets	037	356,040	17,786	338,254	353,340
C. I.	Inventory	038	120,867	7,316	113,551	108,765
C. I. 1.	Materials	039	61,860	2,896	58,964	53,738
	2. Work in progress and semi-products	040	4,419		4,419	5,919
	3. Finished products	041	54,588	4,420	50,168	49,108
	3. 1. Products	042	52,224	3,753	48,471	46,867
	3. 2. Merchandise	043	2,364	667	1,697	2,241
	4. Animals	044	0	0	0	0
	5. Advance payments for inventory	045	0	0	0	0
C. II.	Receivables	046	206,292	10,470	195,822	204,309
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	206,292	10,470	195,822	204,309
C. II. 2. 1.	Trade receivables	058	98,131	10,470	87,661	107,361
	2. 2. Receivables from controlled and managed organizations	059	0	0	0	0
	2. 3. Receivables from accounting units with substantial influence	060	99,642	0	99,642	91,696
	2. 4. Other receivables	061	8,519	0	8,519	5,252
	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	7,040	0	7,040	3,533
	2. 4. 4. Short-term deposits given	065	611	0	611	672
	2. 4. 5. Estimated receivables	066	300	0	300	640
	2. 4. 6. Other receivables	067	568	0	568	407
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	28,881	0	28,881	40,266
C. IV. 1.	Cash in hand	072	2,099	0	2,099	1,821
	2. Bank accounts	073	26,782	0	26,782	38,445
D.	Accruals	074	1,202	0	1,202	963
D. I. 1.	Deferred expenses	075	1,202	0	1,202	963
	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 2016	Accounting period 2015
	<b>TOTAL LIABILITIES</b>	<b>728,553</b>	<b>738,219</b>
A.	Equity	328,514	375,454
A. I.	Registered capital	116,340	178,544
A. I. 1.	Registered capital	178,544	178,544
	2. Company's own shares and ownership interests (-)	-62,204	0
	3. Changes of registered capital (+/-)	0	0
A. II.	Share premium and capital funds	-41,077	-40,607
	1. Share premium	0	0
	2. Capital funds	-41,077	-40,607
	2. 1. Other capital funds	0	0
	2. 2. Differences from revaluation of assets and liabilities (+/-)	644	644
	2. 3. Differences from revaluation in transformation of business corporations (+/-)	6,800	7,269
	2. 4. Differences from transformations of business corporations	0	0
	2. 5. Differences from valuation in transformation of business corporations (+/-)	-48,521	-48,520
A. III.	Reserves from profits	62,612	15,869
	1. Other reserve funds	62,204	15,461
	2. Statutory and other funds	408	408
A. IV.	Profit/loss - previous years	169,906	202,814
A. IV. 1.	Retained earnings from previous years	169,906	202,814
	2. Accumulated losses from previous years(-)	0	0
	3. Other profit/loss - previous years(+/-)	0	0
A. V.	Profit/loss - current year (+/-)	20,733	18,834
A. VI.	Decision on advance payment of shares in profits (-)	0	0
B. + C.	Other sources	398,417	361,388
B.	Reserves	0	0
B. I. 1.	Reserve for pensions and similar payables	0	0
	2. Income tax reserves	0	0
	3. Reserves under special statutory regulations	0	0
	4. Other reserves	0	0
C.	Payables	398,417	361,388
C. I.	Long-term payables	81,273	48,845
C. I. 1.	Issued bonds	0	0
	1. 1. Convertible bonds	0	0
	1. 2. Other bonds	0	0
	2. Bank debts	27,348	38,177
	3. Long-term advances received	0	0
	4. Trade payables	0	0
	5. Long-term notes payable	0	0
	6. Payables to controlled or controlling organizations	0	0
	7. Payables to accounting units with substantial influence	0	0
	8. Deferred tax liability	3,016	2,505
	9. Other payables	50,909	8,163
	9. 1. Payables to partners, cooperative and association members	0	0
	9. 2. Estimated payables	0	0
	9. 3. Other payables	50,909	8,163
C. II.	Short-term payables	317,144	312,543
C. II. 1.	Issued bonds	0	0
	1. 1. Convertible bonds	0	0
	1. 2. Other bonds	0	0
	2. Bank debts	107,358	114,000
	3. Short-term deposits received	974	1,723
	4. Trade payables	89,918	90,153
	5. Short-term notes payable	0	0
	6. Payables to controlled or controlling organizations	683	496
	7. Payables to accounting units with substantial influence	0	0
	8. Other payables	118,211	106,171
	8. 1. Payables to partners, cooperative and association members	25	25
	8. 2. Short-term financial accommodations	101,174	88,214
	8. 3. Payroll	1,259	1,528
	8. 4. Payables to social security and health insurance	3,521	3,581
	8. 5. Due from state - tax liabilities and subsidies	1,241	2,314
	8. 6. Estimated payables	4,601	4,464
	8. 7. Other payables	6,390	6,045
D. I.	Accruals	1,622	1,377
D. I. 1.	Accrued expenses	1,597	1,352
	2. Deferred revenues	25	25

## Profit and Loss Statement in Full Form

| in TCZK |

Code	Line	Accounting period		
		2016	2015	
I.	Revenues from sold goods and services	01	684,847	666,715
II.	Revenues from sold goods	02	12,306	15,710
A.	Production consumption	03	519,484	526,984
A.1.	Expenses on sold goods	04	11,086	14,149
A.2.	Consumption of material and energy	05	459,863	463,313
A.3.	Services	06	48,535	49,522
B.	Change in inventory of own products (+/-)	07	-1,597	-9,399
C.	Capitalization	08	2,054	2,659
D.	Personnel expenses	09	125,701	115,808
D.1.	Wages and salaries	10	91,362	83,941
D.2.	Social security expenses and health insurance, other expenses	11	34,339	31,867
	Social security expenses and health insurance	12	32,676	30,240
	Other expenses	13	1,663	1,627
E.	Operating adjustments	14	1,684	14,586
E.1.	Adjustments to intangible and tangible fixed assets	15	15,002	12,821
	Adjustments to intangible and tangible fixed assets - permanent	16	15,002	12,821
	Adjustments to intangible and tangible fixed assets - temporary	17	0	0
E.2.	Adjustments in inventory	18	19	56
E.3.	Adjustments of receivables	19	-13,337	1,709
III.	Other operating revenues	20	11,208	21,312
III.1.	Revenues from disposals of fixed assets	21	512	3,194
III.2.	Revenues from disposals of materials	22	5,433	8,789
III.3.	Other operating revenues	23	5,263	9,329
F.	Other operating expenses	24	31,580	25,033
F.1.	Net book value of sold fixed assets	25	9	1,455
F.2.	Net book value of sold material	26	6,224	9,661
F.3.	Taxes and fees	27	1,697	1,316
F.4.	Operating reserves and complex deferred costs	28	0	0
F.5.	Other operating expenses	29	23,650	12,601
*	Operating profit/loss	30	33,563	33,384
IV.	Revenues from long-term financial assets	31	0	1,072
IV.1.	Revenues from shares in controlled or controlling organizations	32	0	1,072
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	390	374
VI.1.	Interest revenues and similar revenues - controlled or controlling organizations	40	383	367
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	6,835	7,499
	Interest expenses and similar expenses - controlled or controlling organizations	44	0	0
	Other interest expenses	45	6,835	7,499
VII.	Other financial revenues	46	791	6,312
K.	Other financial expenses	47	1,721	8,373
*	Profit/loss from financial operations	48	-7,375	-8,114
	Profit/loss before tax	49	26,188	25,270
L.	Income tax on ordinary income	50	5,455	6,436
L.1.	Due tax	51	4,944	6,243
L.2.	Tax deferred	52	511	193
**	Profit/loss after tax	53	20,733	18,834
W.	Transfer profit (loss) to partners (+/-)	54	0	0
***	Profit/loss of current accounting period (+/-)	55	26,188	25,270
****	Net turnover	56	709,542	711,495



### ***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 2016, 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 2016, 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 Chief Executive Officer (hereinafter also the "CEO") 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

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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 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 CEO for the Financial Statements***

The CEO 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 CEO 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 CEO 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 CEO 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.

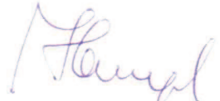
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the CEO.
- Conclude on the appropriateness of the CEO 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 CEO 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 2017

  
BENE FACTUM a.s.  
Licence number 480  
Kodaňská1441/46  
110 00 Praha 10



  
Ing. Karel Hampl  
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.	Przyszlosci 17C, Nowa Sól, Polsko	66	subsidiary	full
COLORLAK SK, s.r.o.	Zvolenská cesta 37, Banská Bystrica, Slovensko	100	subsidiary	full

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

### Changes in group structure

No changes in group structure occurred in 2016.

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

Date of financial statements and balance sheet date of the companies included in the group is December 31, 2016.

### 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 warehouses in Nowa Sól and Wroclav.

## Consolidated Balance Sheet

| in TCZK |

Code	2016	2015
<b>Total Assets</b>	<b>734,853</b>	<b>759,474</b>
A. Receivables from subscriptions	0	0
B. Fixed assets	316,998	316,702
B.I. Intangible fixed assets	43,898	44,781
B.II. Tangible fixed assets	204,728	199,149
B.III. Long-term financial assets	16,850	16,850
B.IV. Positive difference on consolidation	51,522	55,922
(-) Negative difference on consolidation	0	0
B.V. Securities and ownership interests under the equity method	0	0
C. Current assets	415,801	440,834
C.I. Inventory	222,728	215,010
C.II. Long-term receivables	626	212
C.III. Short-term receivables	160,337	181,870
C.IV. Short-term financial assets	32,110	43,742
D.I. Accruals	2,054	1,938
<b>Total Liabilities</b>	<b>734,853</b>	<b>759,474</b>
A. Equity	220,744	275,204
A.I. Registered capital	116,132	178,328
A.II. Capital funds	-39,037	-38,567
A.III. Reserve funds, statutory reserve account for cooperatives and other retained earnings	71,428	23,151
A.IV. Retained earnings	72,222	112,292
A.V. Profit/loss from operations using the equity method (+/-)	0	0
A.VI. Consolidation reserve fund	0	0
B. Other sources	508,740	477,876
B.I. Reserves	975	949
B.II. Long-term payables	20,251	22,416
B.III. Short-term payables	165,514	177,049
B.IV. Bank loans and financial accommodations	322,000	277,462
C.I. Accruals	2,229	1,963
D. Minority registered capital	3,140	4,431
D.I. Minority registered capital	208	216
D.II. Minority funds including retained earnings from previous years	4,072	3,287
D.III. Minority profit/loss - current year (+/-)	-1,141	928

## Consolidated Profit and Loss Statement

| in TCZK |

Code	2016	2015
I. Revenues from sold goods and services	432,311	423,669
II. Revenues from sold goods	717,740	703,621
A. Production consumption	867,501	873,527
B. Change in inventory of own products (+/-)	-1,597	-9,399
C. Capitalization	2,054	2,659
D. Personnel expenses	214,681	194,350
Accounting (write-off) of the positive or negative difference on consolidation (+/-)	-4,400	-4,400
E. Operating adjustments	10,891	20,340
III. Other operating revenues	11,762	22,754
F. Other operating expenses	36,587	32,831
* Operating profit/loss	31,403	36,654
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	22	34
I. Financial adjustments and reserves	0	0
J. Interest expenses and similar expenses	8,211	9,112
VII. Other financial revenues	785	6,336
K. Other financial expenses	3,983	10,579
* Profit/loss from financial operations	-11,387	-13,321
* Profit/loss before tax	20,016	23,333
L. Income tax	6,907	8,668
* Profit/loss after tax	13,109	14,665
M. Transfer profit (loss) to partners (+/-)	0	0
*** Consolidated profit/loss of current accounting period before equity share	13,109	14,665
*** Profit/loss of current accounting period before minority interests	14,250	13,737
*** Consolidated profit/loss of current accounting period (+/-)	-1,141	928
*** <b>Consolidated profit/loss of current accounting period (+/-)</b>	<b>13,109</b>	<b>14,665</b>
* Net turnover for the accounting period (I. + II. + III. + IV. + V. + VI. + VII.)	1,162,620	1,156,414



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