**BOARD OF DIRECTORS’ REPORT**

**CORIMON, C.A.**

**GENERAL ANNUAL SHAREHOLDERS’ MEETING**

**Caracas, July 31, 2015**

The Board of Directors of Corimon, C.A. has the pleasure of advising the shareholders about the satisfactory closing of the fiscal year ended on April 30, 2015.

In this regard, it is pleased to inform you that during the fiscal year ended on April 30, 2015, there were consolidated sales for five billion one hundred sixty-seven million seven hundred six thousand nine hundred eighty-six constant Bolivars, (Bs. 5,167,706,986) an operating profit of five hundred forty-eight million six hundred sixty-nine thousand three hundred ninety-two constant Bolivars (Bs. 548,669,392), and the net loss was of two hundred sixty-seven million two hundred fifty-four thousand eight hundred twenty constant Bolivars. The total assets of the Company reached nine billion one hundred sixty-six million seven hundred thirteen thousand ninety-two constant Bolivars (Bs. 9,166,713,092), while the total liabilities are for three billion nine hundred fifty-three million nine hundred eighty-seven thousand eight hundred ninety-two constant Bolivars (Bs. 3,953,987,892), for a total shareholders’ equity of five billion seventeen million nine hundred ninety-five thousand two hundred constant Bolivars (Bs. 5,017,995,200).

Following, the Board of Directors will inform the Shareholders of the following relevant aspects for Grupo Corimon during the Fiscal Year ended on April 30 2015:

1. **Performance of Corimon, C.A. and its affiliates during the fiscal year ended on April 30, 2015**:

In the recently closed fiscal year, Corimon, C.A. and its affiliate companies continued developing new strategic associations and technological alliances, and there is also in progress the process for modernizing their Plants and procedures, all in order to exceed our goals, and with the motto of “Zero Environmental Liabilities”, having made major investments in this regard.

**Corimon Pinturas, C.A**: In the fiscal year ended on April 30, 2015, affiliate filial Corimon Pinturas, C.A. reached a gross profit of eight hundred forty-six million two hundred sixty-four thousand two hundred thirteen constant Bolivars (Bs. 846,264,213) and an operating profit of four hundred seventy-five million five hundred fifty thousand two hundred ten constant Bolivars (Bs. 475,550,210). Among the investments made in this fiscal year, we have the following: the remodeling of the kitchen area in the cafeteria, specifically in the ceiling and walls, in addition to replacing the kitchen equipment that was much deteriorated, thus improving the safety and health conditions of the personnel that work in these facilities, for a total investment of Bs. 2,406,193.00. Additionally, there was completed the development of the detail engineering, in the amount of Bs. 286,547.00, for the procurement, construction and installation of automated multiple dispensers for the dosing of raw materials at the Latex Plant, this being the starting point for increasing the flexibility in the area of dispersion and finishing, that will also enable having an automatic and controlled Batch process, allowing a reduction of losses and a greater control of the raw materials used.

**Resimon, C.A.**: Regarding this affiliate, during the fiscal year ended on April 30, 2015, it obtained a gross profit of two hundred thirty-eight million four hundred sixty-two thousand five hundred ninety-one constant Bolivars (Bs. 238,462,591) and an operating profit of one hundred forty-seven million one hundred ninety-six thousand ninety-five constant Bolivars (Bs. 147,196,095). Among the most important investments, we have: the start-up of 70 automatic valves installed in Area 01, pertaining to the automation project for 120 valves. Additionally, there was performed the construction and installation of the smokestack of waste Incinerator 2 in the Resimon Area 5, this being a major step towards attaining the future recovery of this important equipment that supports the organization’s environmental management, for an investment of Bs. 2,480,571.32.

**Cerdex, C.A.**: This affiliate of Grupo Corimon that is engaged in the manufacturing and marketing of paintbrushes, rolls, brushes and accessories for painters, maintained its leading position in the domestic market, offering excellent quality products at accessible prices. Cerdex had sales for two hundred ten million eight hundred forty-five thousand three hundred fifty-seven constant Bolivars (Bs. 210,845,357) and an operating profit of sixteen million two hundred fifty-two thousand one hundred one constant Bolivars. With regard to the investments made by Cerdex in this fiscal year, there was the construction of a 40 sq. mt. room for the storage of production waste, thus complying with the requirement set by the Municipal Environmental Institute -*Instituto Municipal de Ambiente* (IMA), with an investment of Bs. 296,218.00.

**Tiendas Montana, C.A**: The leading marketing chain for paints and related products in Venezuela, ended its fiscal year 2015 with One Hundred Eighty-One  (181) stores in operation under the franchise system, and their share of the total sales of Corimon Pinturas increased from 56 % on 62 %, in Bolivars. In fiscal year 2015, it inaugurated three (3) new stores, one (1) in the State of Aragua and two (2) in the State of Barinas.

**Montana Gráfica, C.A.**: Regarding this affiliate devoted to producing a broad variety of flexible and pliable packages for mass consumer and industrial goods, and to providing design and pre-press services to the graphic arts industry, we must note that it ended this fiscal year having reached sales for one billion three hundred eighty-four million five hundred fifty-nine thousand four hundred and fifty constant Bolivars (Bs. 1,384,559,450) and an operating profit of one hundred seventy-eight million three hundred ninety thousand five hundred thirty-one constant Bolivars (Bs. 178,390,531). As to the investments made by this affiliate, in meeting our undertaking to the environment there has been developed the project for the Solvents Recovery Plant, which is in its final start-up phase, with 98% having been validated and in operation. The plant is currently in operation and has managed to recover a total of 16 tons of ethyl acetate, which is the raw material for manufacturing flexible packages.

**PPV Puras Pinturas Venezolanas, C.A.**:  This domestic affiliate organized in 2008, continues growing, having reached a network of 34 “Pintatodo” stores, exclusive for the brand, throughout the Venezuelan territory. It has also achieved the consolidation of its wholesale distributor network, with nine (9) nation-wide distributors, in order to obtain a greater presence in the sales points. Furthermore, it continues to increase the brand’s presence in the main multi-brand stores of the country, with greater possibilities for growing, given the market’s interest in belonging to the store network and the current opportunities for including the brand in new clients.

**Envaca, C.A.**: This new affiliate, organized in 2012, is a plastic container manufacturing plant for the paints industry, with state-of-the-art equipment, including five (5) injection machines, two (2) chillers, one compressor and a mil for the recovery of plastic. The materialization of this project is due to a major investment made in its initial stage for about 10 million Euros.

Its facilities are located in Calle Hans Neumann, Zona Industrial El Bosque, Valencia, with a built infrastructure of 1,500 sq.mts., with an installed capacity for manufacturing 11 million containers, all with state-of-the-art technology, which will enable the manufacturing of containers in the Bolivarian Republic of Venezuela, under the highest quality standards, guaranteeing a productive process using the best practices of 100% ecological plants.

**Puras Pinturas Dominicana, C.A.**: This new foreign affiliate, organized in 2011, inaugurated its Industrial Plant at Autopista Duarte Km 22½ Municipio Pedro Brand, Santo Domingo Oeste, Dominican Republic, on October 30, 2014. It is a paints factory with state-of-the-art equipment, with renowned European brands of paint manufacturers, which has been possible thanks to a major private Dominican and foreign investment, amounting in its initial stage to about US$ 25 million Dollars. Its facilities have an installed paint manufacturing capacity of approximately three million water-solvent base gallons, with the most modern technology that will enable producing paints in the Dominican Republic with the highest quality standards and with the best practices of 100% ecological plants.

On the date hereof it has ten (10) franchises distributed as follows: eight (8) in the city of Santo Domingo and two (2) in Bávaro. By the end of July, there has been scheduled the opening of a Tienda Montana in the city of Santiago, and another on in Santo Domingo in August.

There are also plans to open operations in Panama, through a Master Franchise, opening the first store next August, 2015.

**Puras Pinturas Paraguayas, C.A.**: This is another new foreign affiliate, organized in 2011, which inaugurated its Paint Factory in September 2014. Its facilities are located in the city of Ypané, Departamento Central, Paraguay, on premises with an area of 9 Hs, with built infrastructure of 5,000 sq.mts., with an installed capacity for the manufacturing of about 10 million liters (3 million gallons) of water-solvent base paints, all with state-of-the-art technology with well-known European brand equipment for the manufacture of paints, that will enable producing paints in Paraguay with the highest quality standards, guaranteeing a production process with the best practices of 100% ecological plants.

As of this date, it already has its own Tienda Montana, located at Avenida Aviadores del Chaco, the best commercial avenue of the city of Asunción, and with three (3) franchised stores: two (2) in Asunción, and one (1) in the city of Punta del Este, and it plans to open two (2) additional Tiendas Montana in August, 2015.

**Principles of Good Corporate Governance:**

With regard to the Principles of Good Corporate Governance and pursuant to the criteria adopted by the National Securities Superintendence, through Resolution No. 19-1-2005, the Board of Directors of the company has determined that more than one-fifth of its member Directors may be deemed to be independent. Also, the Board of Directors has designated an Audit Committee, with the main duties of: i) Conducting a prior review of the company’s financial statements, as an essential condition for the same to be considered by the Board of Directors and thereafter submitted to the Shareholders’ Meeting approval; ii) assist the Board of Directors in implementing the necessary measure to preserve the integrity of the company’s financial information; iii) cooperate with the Board of Directors in its supervision of the internal audit and external auditors’ activities; and iv) review and analyze the contents of the management letter, in order to make the recommendations it deems advisable.

1. **Entrepreneurial Social Responsibility:**

Finally, we wish to make known to our shareholders that Grupo Corimon, C.A. is aware of the importance of its social role, and in this regard, following we highlight some of the activities carried out during fiscal year 2014-2015:

* During the fiscal year 2014-2015, we continued making the voluntary contribution from the payroll for the Dividendo para la Comunidad. At December 22, 2014, there had been made a contribution of Bs. 352,200.08. We also note the visit made in February 2014, by some workers who make their voluntary contribution through the payroll, to check on the use of these resources, to U.E. María Virgen Misionera, located at the Central Tacarigua, and to which there are made the voluntary contributions made on a monthly basis for giving lunch to 100 boys and girls, who are selected by said institution based on their socio-economic condition.
* As has been a tradition since 2008, during the month of December 2014, with the voluntary participation of workers of the affiliate companies of Grupo Corimon, there were distributed gifts to children of the following childrens’ shelter/schools: SEMILLITAS – located in Flor Amarillo and Abansa Mi Refugio –located in Naguanagua.
* This year, Corimon continued with its program "Échale Color", within the frame of the Company’s Social Responsibility plans, with the main goal of giving joy, harmony and peace, through a community sharing activity, where the facades of the selected community are painted with artistic designs. This program is executed jointly with the Iniciativa Paz con Todo, which is part of Asociación Civil Rompe el Molde, directed by Maickel Melamed. Through this program we participated in the program Échale Color Polifibra (Baruta Municipality), in October 2014, giving support not only with materials, but for the performance and logistics of this event. Afterwards, we also participated in Échale Color Calle Baute (Petare), in April this year, again giving support with logistics and materials in order to carry out this activity. This contribution means approximately 300 gallons of paint and a financial support of more than Bs. 50,000.
* Corimon Pinturas, C.A. continues supporting the Embassy of the Vatican, the National School of Journalism, the Embassy of Paraguay, among other entities, in order to contribute to the social development of our country.
* Finally, Corimon Pinturas, C.A. donated Bs. 700,000 to FUNDACION IESA, to contribute with the remodeling and preservation of AULA NEUMANN of Instituto de Estudios Superiores de Administración IESA. This amount represented 10% of the total works that were subject to bid by IESA.

Due to the considerations set forth above, based on the Statutory Auditors’ Report, the Board of Directors of Corimon, C.A. submits to the consideration of its Shareholders, the Consolidated Financial Statements of Corimon, C.A. and its affiliate companies, in constant Bolivars, for the fiscal year that closed on April 30, 2015.

**ON BEHALF OF THE BOARD OF DIRECTORS**

**Carlos Gill Ramírez**

**Chairman**