



Summary of the prospectus note

CAPITAL INCREASE OFFERED EXCLUSIVELY TO COLORADO EMPLOYEES, DECIDED BY THE EXTRAORDINARY GENERAL MEETING HELD ON JUNE 11, 2014

Stock price :	MAD 58
Maximum number of shares to be issued :	200,000 new shares
Maximum amount of the operation :	MAD 11,600,000
Subscription period :	From 3 to 5 December 2014 inclusive

Body in charge of centralizing and collecting subscriptions

Financial Advisor and Global Coordinator



Stockbroker responsible for the registration



In compliance with provisions of CDVM Circular, taken in accordance with article 14 of the Dahir providing Law n° 1-93-212 from 21 September 1993 pertaining to the Council for the code of ethics in securities (CDVM) and to the information required from the legal publicly traded entities, as modified and completed, the original version of this information note was approved by the CDVM on the November 10th 2014 under reference VI/EM/037/2014.

WARNING

The CDVM has approved on the 10/11/2014 a prospectus note relating to the capital increase offered exclusively to Colorado employees. This note is available at any time at the head office of Colorado and at its financial advisor's. It is also available within maximum 48 hours at the bodies collecting the orders.

The note is available to the public at the head office of the Bourse de Casablanca and on its website www.casablanca-bourse.com. It is also available on the CDVM's website www.cdvm.gov.ma

I. OPERATION OVERVIEW

The Colorado Board of Directors held on 7 May 2014, chaired by M. Soleiman BERRADA, decided to seek authorization from the Extraordinary General Assembly for an increase of capital offered exclusively to the group's employees, and which amounts to a maximum of MAD 2 million.

The Colorado Extraordinary General Meeting, held on 11 June 2014, ruling under the quorum and majority conditions required, following the reading of the report by the Board of Directors on the capital increase and the special report of the Auditors on the suppression of the preferential duties of subscription and confirming that the share capital has been fully paid up, has decided on:

- Capital increase offered exclusively to Colorado employees, amounting to a maximum of two million dirhams (2,000,000) by issuance of 200,000 new shares with a nominal value of ten (10) dirhams each, issued at the price of fifty-eight (58) dirhams per share, including an issuing premium of forty-eight (48) dirhams per share;
- The suppression of the shareholders' preferential duties of subscription for the total amount of the capital increase in order to dedicate the subscription of all the shares representing the capital increase to the employees with a permanent contract for at least a year as of 30 April 2014.
- The new shares shall be fully subscribed and paid up at the cash subscription in the form of cheque, bank transfer, or in cash.
- The issuance price equals the weighted average of the stock market closing prices from the 3 last months prior to 6 May 2014 less a discount of 15%.
- If, by the end of the subscription period, the subscriptions do not absorb the entire forecast capital increase, the amount of that increase shall be limited to the amount of the subscriptions received.

Of note is that, in accordance with the provisions of article 186 of Law 20 05 on limited companies, the Board of Directors reports at the next general meeting on the use of statutory powers, and this, by means of a report describing the final terms and conditions of the realized operation.

The Extraordinary General Assembly delegates to the Board of Directors the powers required for the realization of the capital increase, to define the terms and conditions, to record its execution and to amend the Article 8 on statuses accordingly. For this purpose, the General Manager, Mr Abed CHAGAR, with right of substitution, shall take all necessary actions, carry out all acts and formalities and do all that is necessary to the final realization of this capital increase.

The Board Meeting held on November 3rd 2014 agreed on the following:

- The Board decides to set the subscription period from 3 to 5 December 2014 inclusive;
- The Board decides on the following allocation rules for the 200,000 shares:
 - If the amount of shares requested does not exceed the amount of shares offered, the subscription requests shall all be met.
 - If the amount of shares requested exceeds the amount of shares offered, a reduction of the amount of allotted shares shall be made as follows:
 - The subscription requests whose amount is less or equals to three (3) months of gross salary will be met at 100%.
 - If the amount exceeds three (3) months of gross salary, the salaried employee, who wishes to have a number of shares superior to the number reserved to him and, in the event all shares reserved to the staff members are not subscribed for in full, will be served on the remainder of shares not subscribed for. The allotment method will be made by iteration with priority given to the highest applications. This mechanism consists in allotting, by iteration, one share per subscriber within the limit of his application while the remaining shares last.

1. OBJECTIVES BEHIND THE CAPITAL INCREASE OPERATION

The current increase in capital will enable Colorado to reach mainly the following objectives:

- Reinforce the loyalty of the staff members, motivate them reinforce their stability in order to successively achieve the company's projects (see section Opportunities);
- Reinforce the staff sense of ownership by offering them the possibility to become shareholder, to take part in the development and contribute to the results of the company.

2. INTENTIONS OF THE MAIN SHAREHOLDERS

Given that the current increase in capital offered exclusively to Colorado employees, the non employed shareholders are not affected by the subscription to this operation.

3. AMOUNT OF THE OPERATION

Colorado intends to operate a capital increase offered exclusively to Colorado employees amounting to MAD 11,600,000, by issuance of 200,000 new shares of MAD 10 nominal value each and at a price of MAD 58 per share, that is an issuing premium of MAD 48 per share.

4. INFORMATION RELATING TO THE SECURITIES TO BE ISSUED

Nature of securities	Shares, all of the same class, fully paid.
Form of shares	Registered administered shares ¹
Maximum number of securities to be issued	200,000 new shares
Maximum amount of capital increase	MAD 2,000,000
Subscription price	MAD 58 per share
Nominal value	MAD 10
Issuing premium	MAD 48
Shares payment	The shares, purpose of this information note, shall be fully paid and free of any liability
Negotiability of the securities	The shares, purpose of this prospectus note, are freely negotiable. No statutory clause restricts the free negotiation of the shares composing the capital of the company. However, the shares must be kept by the employee for a minimum period of 3 years from the list date unless exceptions (see "Period of unavailability of securities" p. 21)
Dividend date	1st January 2014
Rating for the new securities	The shares from this capital increase shall be accepted with the same ranking as the older shares quoted on Casablanca Stock Exchange.
Preferential duties of subscription	None. The EGA held on 11 June 2014 decided on the cancellation of the shareholders' preferential rights of subscription for the whole capital increase in order to reserve it to the staff members.
Attached rights	All shares have the same rights both as far as the distribution of profits and liquidation surplus are concerned. Each share confers to its holders the right to one vote at any

¹ Designates the shares held in dematerialized form for which the share movement register of the issuing company reads both the owner's and his/her financial agent's name (source maroclear)

shareholders meeting. There are no shares with double voting rights.

II. STOCK EXCHANGE LISTING

1. SCHEDULE OF LISTING ON CASABLANCA STOCK EXCHANGE

Orders	Steps	At the latest
1	Reception by the Casablanca Stock Exchange of the full record of the operation	07/11/14
2	Notification of approval on the transaction by the Casablanca Stock Exchange	10/11/14
3	Reception by the Casablanca Stock Exchange of the information note approved by the CDVM	10/11/14
4	Publication in the official List of the notice pertaining to the capital increase	11/11/14
5	Publication of an extract of the information note by an announcement in an Official Journal (support for legal notices)	14/11/14
6	Opening of the subscription period	03/12/14
7	Closing of the subscription period	05/12/14
8	Subscriptions allotment by Banque Centrale Populaire	08/12/14
9	Meeting of the body in charge of confirming the cash capital increase	10/12/14
10	Reception by the Casablanca Stock Exchange of the operation results and the minutes of the meeting by the body that confirmed the capital increase	11/12/14
11	Deliveries of the new securities and settlement of the operation	16/12/14
12	<ul style="list-style-type: none"> Admission of the new shares to the official list and recording of the cash capital increase transaction Publication of the capital increase results to the Official List of the Casablanca Stock Exchange 	17/12/14

2. RATING CHARACTERISTICS FOR THE NEW SECURITIES

Forecast rating date	17/12/14
Wording	Colorado
Industry	Chemicals
Sub-fund	2nd sub-fund
Quotation method	Continuous
Value code	9200
Ticker	COL
Quotation line	1st line

3. FINANCIAL AGENTS

Type of financial agents	Name
	Upline Corporate Finance
Financial advisor	37, Bd Abdellatif Ben kaddour, Casablanca Tél.: 05 22 99 71 71
	Banque Centrale Populaire
Central Body	101, Bd Zerkouni, Casablanca Tél.: 05 22 22 02 17

Body in charge of collecting subscriptions **Banque Centrale Populaire**
101, Bd Zerktouni, Casablanca
Tél.: 05 22 22 02 17

Body in charge of the operation registration **Upline Securities**
37, Bd Abdellatif Ben kaddour, Casablanca
Tél.: 05 22 99 71 71

III. SUBSCRIPTION TERMS AND CONDITIONS

1. BENEFICIARY MEMBERS

The capital increase, purpose of this prospectus note, is offered exclusively to Colorado employees. The employee must be under permanent contract for at least one year as of 30 April 2014.

2. SUBSCRIPTION PERIOD

The subscription to the capital increase, purpose of this information note, is open from 3 to 5 December 2014 inclusive.

3. BODIES IN CHARGE OF COLLECTING THE ORDERS

The employees willing to the subscribe to this operation shall submit their order of purchase at Banque Centrale Populaire.

4. ACCOUNT OPENING

Any eligible employee willing to apply for this operation shall mandatorily have or open an account (securities and cash) with Banque Centrale Populaire., responsible for the collection of subscriptions.

The following documents are required for the account opening:

- Copy of the customer's ID document (national identity card, residence permit, passport)
- Contract of account opening duly signed by the subscriber and the stock broker;

Accounts shall only be opened by the account holder himself/herself. It is strictly forbidden to open an account by proxy.

The subscription operation is recorded in this account (securities and cash) – in the name of the subscriber – which was opened with Banque Centrale Populaire who is charge of collecting the subscriptions.

5. TERMS AND CONDITIONS OF SUBSCRIPTION AND ORDERS PROCESSING

All subscriptions will be made in cash and must be expressed in number of securities. The number of subscribed securities must be equal to or less than the global number of securities of the capital increase.

If the amount of shares requested does not exceed the amount of shares offered, the subscription requests shall all be met.

If the amount of shares requested exceeds the amount of shares offered, a reduction of the amount of allotted shares shall be made as follows:

- The subscription requests whose amount is less or equals to three (3) months of gross salary will be met at 100%. If the amount exceeds three (3) months of gross salary, the salaried employee, who wishes to have a number of shares superior to the number reserved to him and, in the event all shares reserved to the staff members are not subscribed for in full, will be served on the remainder of shares not subscribed for. The allotment method will be made by iteration with priority given to the highest applications.
- This mechanism consists in allotting, by iteration, one share per subscriber within the limit of his application while the remaining shares last.

Every subscription form shall be signed by the subscriber along with the full subscription fees (cheque or cash or bank funding commitment in case of credit financing). The maximum amount requested by every subscriber is limited to 10% of the operation's total amount.

The shares acquired through a loan in the context of the current operation will be pledged in favor of the designated bank, until reimbursement of principal and the interests due thereon. The proposed funding is a loan over 36 months repayable at maturity for 100% of the allotted amount.

The loan interests payment shall be due annually, by taking on dividends. The loan reimbursement at maturity shall be made by the employee at the end of the 36 months period.

As per the funding, the BCP has been designated. The funding terms and conditions are listed in the below table:

Bank	Banque Centrale Populaire
Proposed rate	<u>5,85% fixed excl. Tax</u>
Credit duration	3 years
Guarantees	The shares acquired through a loan in the context of the current operation will be pledged in favor of the designated bank, until reimbursement of principal and the interests due thereon.
Other fees	Loan request administrative fees : Exemption
Early repayment (in whole or in part)	The staff members taking part in this operation shall be entitled to repay, at any moment before due date and with no penalty, all or part of the amount of the loan principal and interests. Funding of 100% (including commissions relating to the operation).
Loan amount	Loan repayable in a single payment at maturity. The payment of principal and the interests will be due at the end of the three year period or in case of early redemption.
Reimbursement/Dividends	The loan shall also be fully reimbursed prior to its maturity, in case of transfer of the shares acquired prior to the lock-up period of 36 months, and this for whatever reason (including the situations mentioned in this information note). A reimbursement set on the basis of the dividends. These will be used in priority for the interests' reimbursement.

The funding to the employees will take in consideration their debt capacity and may be reimbursed in advance. The subscriber shall submit a single subscription form; multiple subscription forms are not authorized. In case a subscriber submits several forms, all these forms will be canceled.

6. TERMS AND CONDITIONS OF THE SUBSCRIPTION ORDER CENTRALISATION AND SETTLEMENT-DELIVERY OF THE SECURITIES

- Terms and conditions of the subscription order centralisation

At the end of the subscription period, Banque Centrale Populaire shall communicate to the Board of Colorado the subscribers' list and the amounts subscribed and shall communicate to the Casablanca Stock Exchange the overall results of the operation.

Banque Centrale Populaire is responsible for collecting the subscriptions, handling and allotting the securities in accordance with the above mentioned terms and conditions.

- Recording by the Casablanca Stock Exchange

The recording of the transactions corresponding to this capital increase, on buyer's and seller's sides, respectively, shall be performed at the Casablanca Stock Exchange through the stock broker Upline Securities. The price of recording corresponds to the subscription price of the employees, such as fixed within the framework of this operation, which is 58DH by action.

- Delivery procedure of the new shares

The settlement and delivery of the Colorado securities shall occur as per the applicable procedures at the Casablanca Stock Exchange.

Upon completion of the recording formalities of the capital increase, the subscribing employees will receive a notification of book-entry of the subscribed shares.

Besides, Colorado has designated Banque Centrale Populaire as the exclusive depository of Colorado's securities for this operation.

The book-entry of the shares shall be on the day of delivery settlement.

7. REIMBURSEMENT OF THE REMAINING SECURITIES

The reimbursement of the remaining stocks shall occur within 3 days after the publication of the results.

8. MODALITES DE PUBLICATION DES RESULTATS DE L'OPERATION

The Casablanca Stock Exchange will publish the operation results on the Official List, on December 17th 2014.

The issuer will also publish the operation results in an Official Journal (support for legal notices) at the latest on December 22th 2014.

9. COMMISSIONS CHARGED TO THE SUBSCRIBERS

In the context of this subscription operation, the commissions charged are:

- 0.1% (excl. VAT) for the Casablanca Stock Exchange as the commission due to it;
- 0.5% (excl. VAT) for the intermediary stock broker as the recording and settlement/delivery commission;

A VAT of 10% will come on top.

10. PERIOD OF UNAVAILABILITY OF THE SECURITIES

The subscribed shares in the context of this capital increase shall be owned by the employees for a minimum of 3 years, starting from the securities listing date.

During this period, the shares in question shall neither be transferred nor pledged (except pledging to the lending body in case the employee requests a bank loan at the time of subscription).

However, the subscribers have the option to transfer their shares, in advance and with the employer's consent, without having to repay the granted discount, in the following cases:

- Main property ownership; Accession à la propriété principale ;
- Marriage or divorce (with custody of children);
- Total and permanent disability of the subscriber ² ;
- Death of the employee.

In case of resignation or dismissal for serious misconduct, as defined by the Labour Law, and if the contract breach intervenes during the unavailability period, the employee shall reimburse the amount of the discount granted to him.

² Refers to the disability preventing any professional activity, source of income, and causing an irreversible loss of autonomy requiring the assistance of someone else.

He shall also repay the Income Tax amount he will have been exempted from (corresponding to 10% discount) as well as the amount supported by Colorado as the additional discount of 15%.

In case of early redemption, the tax exemption on the discount as well as the tax supported by Colorado as additional discount shall not be reimbursed by the employee in case of death or invalidity.

IV. TAX SYSTEM

The investors shall bear in mind that the Moroccan tax system is detailed below on an indicative basis and is not representative of all tax situations applicable to every investor.

Therefore, the investors willing to take part in the current operation should check with their tax advisor which tax system applies to their specific case.

Subject to legal or regulatory amendments, the currently applicable system is the following:

IMPOSITION DES PROFITS DE CESSION

At the end of the unavailability period or before, in case of early release, the gains on the sale of shares are subject to the Income Tax at the rate of 15%.

For the publicly traded shares, the tax is withheld at source and paid to the Treasury via the financial agent entitled to hold securities accounts.

Per the provisions of article 68 of the General Tax Code, are exempted from tax:

- The profits or the fraction of profits on the sale of shares corresponding to the amount of the sales realized during a civil year, and which does not exceed the threshold of MAD 30,000;
- A gift of shares between ascendants and descendants, between spouses and between brothers and sisters.

The taxable event is the realization of the following transactions:

- The transfer for free or for consideration, excluding the gift between ascendants and descendants and between spouses, brothers and sisters;
- The exchange, considered as a dual sale, except in case of merger;
- Capital contribution.

The net profit of a sale is made of the difference between:

- On the one hand, the transfer price less, if applicable, fees supported during this sale, like the brokerage and commissions fees;
- On the other hand, the purchase price plus, if applicable, fees supported during this purchase, like the brokerage and commissions fees;

The depreciation in value during a fiscal year is to be charged on the added values of the subsequent years until expiry at the fourth year following the year of the depreciation in value.

1. DIVIDENDS TAXATION

The dividends distributed to individuals resident are subject to a taxation at source of 15%.

2. TAX TREATMENT OF THE DISCOUNT

Subject to legal or regulatory amendments, the taxation of the discount is as follows:

- The exemption of the Income Tax on the employer's contribution, which corresponds to the price difference between the share value at the option's grant date and its value at the exercise date of that option, and this, within a 10% limit of the share's value at the grant date. The surplus to this threshold is considered as a cash advantage, subject to the income taxation at the progressive scale rates on the month of the exercise date. The company will pay the tax corresponding to 5% of the discount.

- The tax deferment of the gain on acquisition at the exercise date, until the subsequent sale of acquired shares, and this in accordance with the system applicable to the movable assets**.

The benefit of this preferential treatment is subject to the condition that the employee observes the unavailability period of the purchased shares (no security sales), and this for years of the exercise date of the option. In case of death or disability of the employee, the above mentioned three-year timeframe will not be taken in consideration.

In this respect, in case of transfer of shares during this three-year unavailability period, the above mentioned benefits (both the employer's contribution and the purchase gain on acquisition) shall be reconsidered and the concerned employee will be subject to income tax based on the progressive scale rates on the month following the sale.

The additional tax assessments and the corresponding increases, in case the above mentioned exemptions are called into question, are due by the concerned employee. The transfer by the considered employee of the shares purchased after the unavailability period is subject to the taxation system applicable to movable assets.

I. INFORMATION ON COLORADO

1. GENERAL INFORMATION

Corporate name	Colorado
Head office	Route Mly Thami km 15 Commune Rurale Oulad Azouz Dar Bouaâza (Province Nouacer)
Telephone	+212 5 22 35 23 35
Fax	+212 5 22 35 41 54
Email	contact@colorado.ma
Website	www.colorado.ma
Legal form	Limited Company governed by law n° 17-95 of 30 August 1996 relating to limited companies as amended and completed by law n° 20-05 of 23 May 2008.
Date of incorporation	January 1957
Lifetime of the company	The lifetime duration was set for 99 years, except in case of early dissolution or extension referred to in the statuses and/or the law.
Corporate purpose <i>Article 3 of the statuses</i>	<p>The purpose of the company is:</p> <ul style="list-style-type: none"> • The import, export, purchase, sale, representation, commission, consignment of any industrial and food pigments and dyes, all paints for any usage, brushware, drugstore and household products as well as all types of chemical products; • The manufacturing and packaging of these products and items; • The study, the acquisition, the use, the transfer or the cession of all patents, techniques or trademarks, as well as all patents exploitation rights relating to the above mentioned activities; • Any type of movable or immovable, industrial, commercial or financial operation directly or indirectly related to the corporate purpose as well as any other similar object; • The direct or indirect entry in the capital, by any means, of any corporation or company created or to-be-created, that may relate to its corporate purpose, by means for example of new companies' creation, contribution, subscription or purchase of securities or corporate rights, merger, joint venture or
Fiscal year	The fiscal year starts on 1 January and ends on 31 December.
Share Capital as of 30 June 2014	MAD 90,000,000 composed of 9,000,000 shares of a nominal value of MAD 10.
Location of legal documents	The corporate, accounting and legal documents, whose communication is defined by the law and the statuses, can be consulted at the head office of Colorado.
Registration number at the Commercial Register	RC de Casablanca 28 509.
Legal and regulatory texts applicable to the Company	<p>With its legal form, the company is governed by Moroccan law, the law 17-95 promulgated by Dahir n°1-96-124 of 30 August 1996 relating to limited companies as amended and completed by law n° 20-05 of 23 May 2008.</p> <p>With its activity, the company is subject to no specific legal or regulatory text except the Dahir n°18-31-08 of 09 Moharram 1405 (5 October 1984) corresponding to law n° 1383 relating to the fraud repression on goods.</p> <p>With its listing on the Casablanca Stock Exchange, the company is</p>

subject to all legal and regulatory provisions relating to the financial market and has amended its statutes accordingly to comply with:

- the Dahir establishing law n°1-93-211 of 21 September 1993 relating to the Casablanca Stock Exchange amended and completed by the laws 34-96, 29-00, 52-01, 45-06 and 43-09;
- the General Regulation of the Stock Exchange approved by the Decree of the Minister of Economy and Finances n°1268-08 of 7 July 2008 amended and completed by the Decree of the Minister of Economy and Finances n°1156-10 of 7 April 2010;
- the Dahir establishing law n°1-93-212 of 21 September 1993 relating to the CDVM and to the information required from legal entities issuing a public offering of shares as amended and completed by laws n°23-01, 36-05 and 44-06;
- the General Regulation of the CDVM approved by the Decree of the Minister of Economy and Finances n°822-08 of 14 April 2008;
- the Dahir establishing law n°35-96 relating to the creation of a central depository and establishment of a general accounting system for certain securities as amended and extended by law n°43-02;
- the General Regulation of the central depository approved by the Decree of the Minister of Economy and Finances n°932-98 of 16 April 1998 and amended by the Decree of the Minister of Economy and Finances, of Privatization and Tourism n°1961-01 of 30 October 2001, amended by the Decree 77-05 of 17 March 2005;
- the Dahir n°1-04-21 of 21 April 2004 as amended by law 46-06 promulgating law n°26-03 relating to the public offers on the Moroccan stock market;
- CDVM circular.

Competent court in the event of litigation	Commercial Court of Casablanca
Applicable tax system	Colorado is governed by the commercial and tax legislation of Common Law. It is subject to the Corporate Tax at the rate of 30%. Its transactions are subject to a VAT rate of 20%.

2. ACTIVITY OF COLORADO

Created in 1957, the Colorado company was taken over by the BERRADA family in 1970 who reoriented the company's activities on the manufacturing and the distribution of paints and varnishes. Ever since that change of ownership, the group went through a continuous and significant evolution with:

- a strong revenue growth over the last 16 years: from MAD 17 million in 1989 to MAD 559 million in 2013;
- an important gain on market shares in the paints field: from an estimated 0.5% gain in 1989 to almost 21% in 2013, according to Colorado's estimates;
- an excellent positioning on the building paints market: Colorado is among the strongest actors on that segment;
- a growing reputation among all the partners.

With a product range of more than 200 products, Colorado covers the whole of the consumers' needs in terms of building paints (vinyl, lacquer or functional paints), decorative paints or coatings. It also positions itself on the bodywork market, but isn't present in the industrial sector.

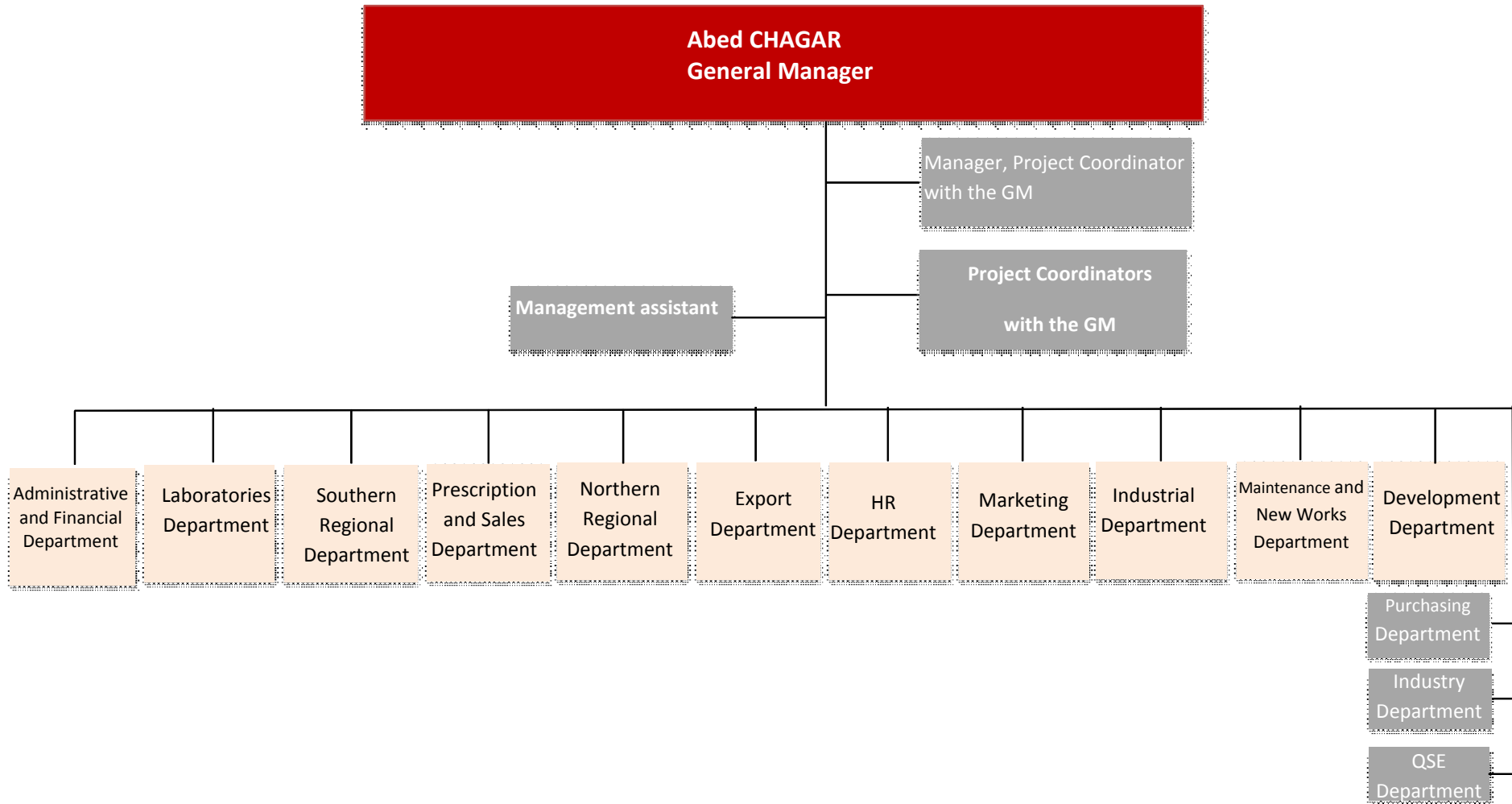
3. SHAREHOLDERS' STRUCTURE

The shareholding structure of Colorado as of 30 June 2014 is as follows:

Shareholders	Nb of securities	% capital
COLBERT FINANCES SA	4 850 100	54%
FLOTTANT EN BOURSE	1 871 368	21%
FIPAR HOLDING	1 363 399	15%
Farid BERRADA	-	0%
Jawad BERRADA	57 302	1%
Souleiman BERRADA	248 590	3%
Josette DUCASTEL	71 174	1%
Sofia BERRADA	67 052	1%
The Africa Emerging Markets Fund	471 015	5%
Total	9 000 000	100%

Source : Colorado

4. COLORADO LTD. ORGANIZATIONAL CHART AS OF 9/1/2014



II. FINANCIAL DATA

1. INCOME AND EXPENSE ACCOUNT

The table below presents the company's intermediate balance data over the period 2011-June 2014:

In KMAD	2011	2012	Var.12/11	2013	Var.13/12	H1 2013	H1 2014	Var.H14/H13
Sales of goods (in unaltered state)	7 218	9 144	27%	9 166	0%	4 090	6 834	67%
Purchases of resold goods	3 562	5 569	56%	5 690	2%	2 727	3 135	15%
Gross margin on sales in unaltered state	3 656	3 575	-2%	3 477	-3%	1 363	3 699	>100%
Fiscal year production	611 637	574 303	-6%	539 035	-6%	294 669	284 824	-3%
Sales of goods and services produced	620 347	570 870	-8%	550 528	-4%	301 990	291 818	-3%
Changes in inventories of finished goods	-8 711	3 432	<-100%	-11 494	<-100%	-7 321	-6 994	4%
Fiscal year consumption	443 757	439 033	-1%	382 820	-13%	202 528	196 508	-3%
Costs of supplies and consumable material	350 979	345 569	-2%	296 094	-14%	161 005	153 882	-4%
Other external costs	92 778	93 464	1%	86 726	-7%	41 523	42 626	3%
Added value	171 536	138 844	-19%	159 691	15%	93 504	92 014	-2%
Taxes and levies	1 037	1 022	-1%	2 555	>100%	1 535	1 073	-30%
Personnel costs	52 550	52 239	-1%	50 439	-3%	24 956	25 330	2%
Gross operating profit	117 949	85 583	-27%	106 698	25%	67 013	65 611	-2%
Other operating costs	400	400	0%	500	25%	500	500	0%
Reversals, expense reclassifications	7 518	2 145	-71%	7 320	>100%	475	3 009	>100%
Operating allowances	16 963	22 331	32%	33 083	48%	14 693	14 177	-4%
Operating income	108 104	64 996	-40%	80 435	24%	52 295	53 943	3%
Fincancial result	-9 236	-10 626	-15%	-9 463	11%	-4 347	-3 728	14%
Current income	98 868	54 370	-45%	70 972	31%	47 948	50 215	5%
Non current income	-16 773	692	>100%	-2 069	<-100%	1 040	785	-25%
Taxes on income	27 711	15 437	-44%	20 872	35%	14 557	15 131	4%
Net income	54 385	39 625	-27%	48 031	21%	34 431	35 869	4%

Source : Colorado

2. BALANCE SHEET

The below table presents the balance sheet of the company over the 2 year period 2011-2013 and as of 30 June 2014:

In KMAD	2011	2012	Var.12/11	2013	Var.13/12	H1 2014	Var.H14/H13
Assets							
Valueless securities	277	213	-23%	149	-30%	203	36%
Intangible assets	4 294	4 215	-2%	4 118	-2%	4 216	2%
Tangible assets	144 198	141 573	-2%	147 750	4%	144 596	-2%
Financial assets	1 782	1 324	-26%	1 629	23%	1 697	4%
Net fixed asset	150 551	147 326	-2%	153 647	4%	150 713	-2%
Current assets	379 851	376 009	-1%	315 089	-16%	349 334	11%
Cash assets	79 015	57 171	-28%	98 238	72%	87 473	-11%
Including investment securities	16 370	0	-100%	50 297	N.A	42 030	-16%
Total assets	609 417	580 506	-5%	566 973	-2%	587 520	4%
Liabilities							
Equity	292 417	305 042	4%	333 273	9%	320 543	-4%
Investment subsidies	838	805	-4%	705	-12%	655	-7%
Regulated provisions	14 089	13 032	-8%	11 127	-15%	10 001	-10%
Equity and quasi-equity	14 928	13 837	-7%	11 832	-14%	10 656	-10%
Funding liabilities	31 657	21 881	-31%	23 441	7%	28 004	19%
Suppliers	110 220	117 898	7%	117 454	0%	122 931	5%
State	45 278	48 500	7%	52 475	8%	61 311	17%
Other	47 391	15 165	-68%	20 103	33%	21 795	8%
Current liabilities	202 889	181 563	-11%	190 032	5%	206 037	8%
Treasury liabilities	67 527	58 184	-14%	8 395	-86%	22 280	165%
Total liabilities	609 417	580 506	-5%	566 973	-2%	587 520	4%

Source : Colorado

3. RISKS

Colorado is active in an evolutive environment, with risks that some escapes its control, which adds up to the inherent risks related to the company's business. Colorado listed below significant risks to which it estimates being exposed.

MARKET RISK

Given the slow down in most sectors of the economy, in particular the real estate, Colorado is exposed to a risk of decline in business.

The Board of Colorado spares no effort to counter this decline by pursuing a diversification strategy of its portfolio with the collaboration of its Research & Development lab.

RISK OF RAW MATERIALS SHORTAGE

The risk of shortage of some raw materials remains serious given the possible reduction in production capacity of some of the international suppliers.

Colorado leads a business intelligence in order to anticipate the markets' behavior at the international scale.

RISK OF INCREASE IN INPUT PRICES

Colorado is exposed to the risk of increase in input prices. Indeed, many chemical materials are currently undergoing strong price increases.

Colorado might be unable to reflect all of this increase in its sales prices.

CUSTOMER RISK

Colorado sells on credit and confronts thereby to the resulting customers risk. This risk can take the form of outstanding receivables, which may then become litigations with certain customers.

To hedge against such risk, several mechanisms are set up by Colorado, among which:

- Implementation of a policy on customer credit limits;
- Regular audit on customers' balances.

Over time, certain account consignors see their revenues significantly increase because they become important suppliers of Colorado's products. This considerably increases the customers' risk incurred by Colorado towards them. The outstanding loans may exceed 120 days of turnover with these customers.

FOREIGN EXCHANGE RISK

As with import companies, Colorado has to face exchange rates fluctuations. To mitigate this risk, the company uses banking hedging instruments depending on the market trend.

RISK RELATED TO THE HANDLING OF DANGEROUS PRODUCTS

The handling of solvent based products is a source of risk for the company due to the inflammability of that kind of products.

However, Colorado had defined a set of security measures on the workplace and obtained in January 2009 two certificates:

- OHSAS 18001 Version 2007 for security and health on the workplace;
- ISO 14001 Version 2004 for the environment.

Colorado took out a fire/explosion insurance to hedge against such risk.

RISK RELATED TO THE CUSTOMS DISMANTLING

The customs dismantling, which Morocco underwent, regarding European products constitutes a risk to competition. Although the import transportation costs impact on the price, Colorado permanently seeks to improve its productivity, to reduce its production costs and to optimize its cost prices, particularly through to the construction of a new plant in Dar Bouaâza.

RISK RELATED TO THE LOYALTY SYSTEM

As with the other paints producers in Morocco, Colorado offers a 'loyalty system' commonly called 'tokens'.

This promotional practice entails the following risks:

- Excessive competitive practices from certain paints producers who apply higher token values, which considerably harms the competition within the industry. These practices might have impacts on the company's bottom line;
- Repeated tampering attempts of the tokens to which the company confronts, as it is the case for other fellow producers, and which might have very heavy financial consequences for the company.

RISK RELATED TO LAW N°32-10 ON PAYMENT TERMS IN MOROCCO

The Act n°32-10 published in the Official Journal of 6 October 2011 introduced the obligation of the resellers to observe the payment terms and limits the payment term to a maximum of 60 days, starting from the goods reception date or from the service delivery date if the partners have not defined any term. When the term is agreed upon in a contract, the law stipulates that it may not exceed 90 days starting from the goods delivery date or the service delivery date.

The payment terms and conditions shall specify the delay penalty payable on the day following the payment date agreed by the parties. The rate of this penalty may not be lower than the regulatory rate. The legal rate determined by public Decree in the Official Journal of 15 November 2012 is of 10%.

The entry into force of this law results in the following risks:

For the suppliers :

- the non-compliance to this law exposes Colorado to the risk of heavy delay penalties from its suppliers. The provision payment for interest implies an additional fiscal cost for the company due to the non-deductibility of the involved penalties. These interests are only deductible once they are disbursed;
- the compliance with this law exposes Colorado to the risk of seeing its cash flow collapse due to the very important increase of its BFR (that it will be obliged to fund through additional banking credit lines), and thereby, the increase of its financial expenses.

For the customers:

- the compliance with this law exposes Colorado to the risk of losing market shares given the payment practices that exist in Morocco in general and in the construction industry in particular.

WARNING

The above mentioned information constitute only part of the information note referred to by the CDVM under reference n° VI/EM/037/2014 of november 10th 2014.

The CDVM recommends the reading through the whole of the information note that is made available to the public in French.