



COLORADO

Be Inspired



ANNUAL REPORT 2017



TABLE OF CONTENT

Message from the
CEO
4

Letter to the
shareholders
5

Board of Directors
6

Executive committee
7

Key figures
9

News of the year
11

HIGHLIGHTS

Renewal of the Coface certification
for the 2017 year
11

Gold label of tobacco-free
company for the 4th
consecutive year
11

Workplace health & safety trophies:
special jury prize obtained
12

Participation in the 4th edition of the
OCP international SYMPOSIUM
12

Renewal of the partnership
agreement with the "Casa
mémoire" association
13

Expansion of the range of Ecolabel
certified products
13

Installation of photovoltaic panels
14

Our main achievements
16

BUSINESS AND MARKETING NEWS

Development of new products
20

Inauguration of a showroom and agency
in oujda
22

Inauguration of the Nouakchott showroom
23

Participation in international trade fairs
24

Seminar for architects in the city of Tangier
28

Seminar for quantity surveyors of
Casablanca
28

Seminar for architects in Ivory Coast
29

Seminars and trainings for local
professionals
29

Open day in the showroom of Ain Sebaa,
Casablanca
30

Social media presence
31

SOCIAL POLICY

Gender equality:
«WAD3IYATI» PROJECT
34

Staff celebration ceremony
(smoking cessation)
34

Celebrated Departures
35

Ramadan Ftour
35

Celebrated graduates
35

Patronage & sponsorship
36

COLORADO in the world
39

COLORADO in the press
41

Financial report
43



Abed Chagar
CEO

In spite of the economic activity at half mast of the building in 2017, Colorado concretized several development projects at the national and international level.

The export, the industry and the bodywork continue to strengthen their contributions in the turnover.

These contributions will continue in the coming years through the development of new products and the conquest of new markets.

Abed Chagar

Faithful to its tradition as a successful company, Colorado continues to achieve very satisfying earnings results and to further consolidate its fundamentals.

Structurally surplus cash allows it to generate financial profits and to liberally pay its loyal shareholders.

This year too, all the dividends that will be distributed largely match the full profit realised in 2017.

Abed Chagar

SOLEIMAN BERRADA

CHAIRMAN OF THE BOARD OF DIRECTORS

ABED CHAGAR

CEO

COLBERT FINANCES

ADMINISTRATOR

JOSETTE DUCASTEL

ADMINISTRATOR

MOHAMMED JAOUAD BERRADA

ADMINISTRATOR



Abed Chagar
CEO



Meriem Lotfi
Deputy Managing
Director



Naima El Badri
Industrial Director



Mohamed Amin Adad
Marketing and
Development Director



Anas Benhima
Prescription and
Partnership Director



Aboudihaje Lazrak
Sales Director



Ali Bidouli
Regional Director



Ibrahim Arhzaf
Purchasing Director



Khaled Nouiti
Maintenance and
New Works Director



Mark Powell
Laboratory
Director



**Charles Albert
Paulos**
Deputy Laboratory
Director

KEY FIGURES



HIGHLIGHTS

HIGHLIGHTS



COLORADO,
certified @@@ for the **third** year in a row



RENEWAL OF THE COFACE CERTIFICATION WITH THE SCORE

« @@@ »

In 2017, for the third year running, **COLORADO**, the national paint industry leader in Morocco, was awarded the highest quality rating («@@@») by COFACE (the French specialist export credit insurance company). This quality mark confirms the reliability and solvency of Xtreem in honouring its trading partner commitments.



GOLD LABEL OF TOBACCO-FREE COMPANY FOR THE 4TH CONSECUTIVE YEAR

For the fourth year running, **COLORADO** has been awarded the Gold «Tobacco-Free Company» label by the Lalla Salma Foundation – for the prevention and treatment of cancers. In August 2013, **COLORADO** joined the «Tobacco-Free Company» program in order to be able to afford its employees a healthy and pleasant working environment.

COLORADO subsidises all the medical costs involved for those staff wishing to quit smoking.

WORKPLACE HEALTH & SAFETY TROPHIES : SPECIAL JURY PRIZE OBTAINED

This is an event to celebrate companies that have successfully adopted and implemented the best workplace health & safety programmes, encompassing occupational health, fire and road safety risks. Winning companies are selected according to:

- Their safety policy and culture
- Their risk management procedures
- Their implementation of material and human resources
- Their implementation of innovative and original risk prevention measures

During this third event, Colorado was awarded the special jury prize: this award recognises the continuing hard work carried out by their multi-site teams in preventing accidents and minimising risks.



PARTICIPATION IN THE 4TH EDITION OF THE OCP INTERNATIONAL SYMPOSIUM

Colorado took part in the 4th International Symposium on Innovation and Technology in the Phosphate Industry (SYMPHOS). This event was organised by the OCP and took place at the Mohammed VI Polytechnic University.

The theme of the event was «Innovation to drive tomorrow's sustainable agriculture». It is a biennial research and development event which also focuses on the promotion of technical and industrial innovation to support sustainable agriculture and the well-being of populations.

The event brought together more than 1,000 renowned national and international researchers and scientists, based around a community that continues to grow.

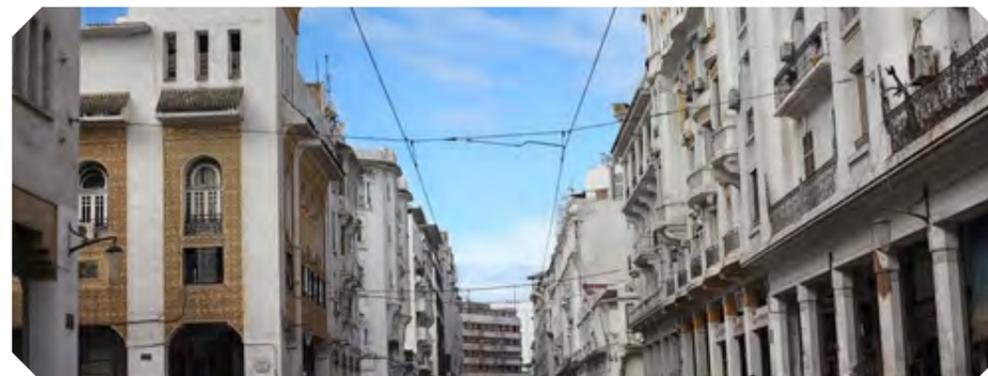
Colorado's participation was made through a conference given at this symposium by its Research & Development Director, whose theme was "The use of phosphate pigments in anticorrosive paints».



[Mr. Powell, Director of Colorado Laboratories, Facilitating the Conference](#)

RENEWAL OF THE PARTNERSHIP AGREEMENT WITH THE "CASA MÉMOIRE" ASSOCIATION

COLORADO renewed its support to the "CASA mémoire" association. Indeed, Mr. Abed CHAGAR, CEO of **COLORADO**, and Mr. Rachid ANDALOUSSI, President of the CASA mémoire association signed on 05/29/2017, for the second consecutive year, a partnership agreement aimed at supporting the



association inspired in its action to safeguard the cultural identity and promote the architectural heritage of the 20th century in Casablanca. A valuable and exceptional historical identity that must be preserved in the face of the factors that threaten its existence.

EXPANSION OF THE RANGE OF ECOLABEL CERTIFIED PRODUCTS

In accordance with its sustainable development policy and its commitment to limit the impact of its activities on the environment, Colorado has proceeded for several years, thanks to its Research & Development Department, in designing an internationally certified ecological range.

Indeed, in addition to its environmentally friendly products certified by national laboratories, Colorado has a range of products certified «Ecolabel». A range that the company continues to expand each year with new products.

The European Ecolabel is the only European official eco-labelling that can be used in all member countries of the European Union.

As a sign of excellence, the Ecolabel guarantees a high level of requirements in terms of limiting the impact of products and services on the environment, while maintaining their level of performance. Range of Colorado products certified «Ecolabel»:





INSTALLATION OF PHOTOVOLTAIC PANELS TO SUPPLY THE ADMINISTRATIVE BUILDING OF AIN SEBAA WITH SOLAR ENERGY

Continuing its CSR policy, Colorado has undertaken the solar photovoltaic experiment. Energy without CO₂ emissions and therefore not participating in global warming. And what's more, thanks to the recyclable materials that make up solar panels, the environmental impact of photovoltaics is minimal. It is without counting that the consumed energy is renewable and inexhaustible: the sun!

Thus, Colorado installed 120 photovoltaic panels with an installed capacity of 31.8 KW with a direct injection connection on Colorado's internal network.

This installation guarantees part of the electricity consumption of the Ain Sebaa administrative building (up to 35% to 50% depending on the season).

OUR MAIN ACHIEVEMENTS

Several large projects are prescribed with **COLORADO** paint systems. In pictures, some projects made by our paints and special coatings across Morocco



Ibis Hotel - Rabat



AL OMRANE Headquarter - Rabat



NOVEC Headquarter - Rabat



LES SABLES D'OR - Temara



HARMONIE Résidence - Rabat



**BUSINESS AND
MARKETING
NEWS**

DEVELOPMENT OF NEW PRODUCTS

STOP INSECTES

The insect-repellent solution for indoor and outdoor: Stop Insect is a paint based on acrylic copolymers in aqueous phase; approved according to the CEB 135 method, which guarantees its effectiveness and a high level of protection of human and animal health, effective up to 2 years. It contributes to the improvement of the hygiene and the limitation of the presence of the allergens in the habitat and the professional premises.



VARNISH STOP INSECTES

Stop Insect Varnish is a transparent insect-repellent solution; semi-gloss for indoor and outdoor that can be applied to any existing paint in good condition. Stop Insect Varnish destroys mosquitoes, flies, cockroaches, ants, and mites. The varnish is approved according to the CEB 135 method and is effective for up to two years. It contributes to the improvement of the hygiene and the limitation of the presence of the allergens in the habitat. It dries quickly, it is odorless and does not flour. It is washable and has a very easy implementation.



COLOFIX

Colofix is an opaque water-based fixative for indoor & outdoor use. COLOFIX is a water based acrylic paint that waterproofs the substrate to protect it from moisture. It is applied in underlay on substrates such as: cement, plaster and lime. Its implementation prevents the support from absorbing run-off water and infiltration while allowing water vapor to pass through. The product is rated best A + classification (lowest VOC emission level) and is Ecolabel certified. EU VOC limit value of this product: 10g/L. This product contains a maximum of 5g/L of VOC according to the 2004/42/CE directive.



STELLA GOLD

Stella Gold is a decorative painting pearly and glittering with diamond powder. It gives your interiors stylish effects and a gentle atmosphere.



New Gold references have been developed to add to the current available references. Shades: Silver: Available in 27 shades and 103 on Magic Color tinting machine. Gold: Available in 14 shades.

LIPOX

The anti-dust solution for the ground to 3 components: Lipox is a solvent-free, odorless epoxy resin self-leveling coating, hardener and grain, characterized by excellent mechanical and chemical resistance. Designed for the protection of concrete or cement substrates for industrial use, especially in factories, warehouses, workshops, shops, showrooms, parking, garages, etc.



COLORROUTE

New formula. Coloroute is an acrylic paint of anti-skid road sign.

- 100% acrylic paint;
- More weather resistant; Color stability;
- No yellowing;
- & more resistant to wheel arches.



HYDROVINYL

Hydrovinyl is a water-based vinyl paint for neat work that is applied to indoor and outdoor substrates such as: cement, plaster and concrete. It is dedicated to delivery on construction site exclusively. Main qualities:

- Odorless
- Very good whiteness
- Large ease of implementation
- Good resistance to wet abrasion
- High performance
- High hiding power





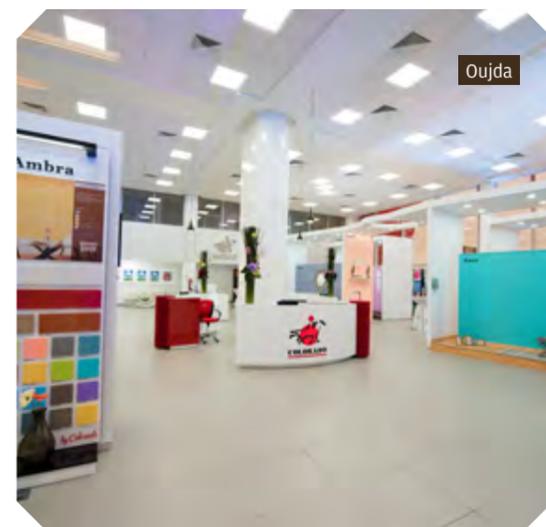
INAUGURATION OF SHOWROOM AND AGENCY IN OUJDA

Over 400m² dedicated to inspiration by moods of colors and trends. A wide range of decorative paintings that combine the latest trends and the latest fashionable colors are on display in the new showroom with an area of over 400m² which is the number 9th in Morocco.

The showroom is dedicated to discovering the latest innovative solutions for indoor and outdoor walls as well as decorative coatings with multiple aspects (sandblasted, pearlescent, scintillating, smooth and many others) and rich colors.

INAUGURATION OF THE NOUAKCHOTT SHOWROOM

On the international scale, **COLORADO** continues its expansion and opened another showroom in Nouakchott. And this, to be closer to its customers in the world.



PARTICIPATION IN INTERNATIONAL TRADE FAIRS

BAU MUNICH

Colorado participated in the BAU MUNICH trade fair which took place in Munich, Germany, from January 16th to 21st, 2017.

The 2017 BAU trade fair was dedicated to the painting, renovation and buildings protection sectors, and allowed us to present product offers directly to key industry decision-makers.

The fair is biannual, making it possible for us to attend each time to showcase new developments and promote our innovative strength.



SURFACE DESIGN SHOW, LONDON

SDS London is the place to be for contractors in the United Kingdom's construction sector, namely architects, designers, applications and interior design companies. Colorado is in its second participation at this annual show held in London, England from February 7 to 9, 2017.



COMMUNICATION : INTERNATIONAL FAIRS

TURKEYBUILD

This 40th edition of the fair is considered as the international summit for building materials and technologies. TURKEYBUILD is Turkey's largest exhibition: 82,000 visitors in 2017 with 10 countries in the spotlight, including Morocco, it attracts thousands of manufacturers, exporters and international businessmen, as well as tens of thousands of regional engineers, importers and industry professionals, inviting them to discover the latest technologies available in the field.



SICABAT BURKINA FASO

Colorado participated in the 11th edition of the SICABAT fair (a trade fair for Engineering, Construction, Architecture and Building), which took place in Ouagadougou, Burkina Faso from the 6th to the 9th of July 2017, under the aegis of the country's Ministry of Urban Planning and Housing.

The trade fair is a meeting point for local and foreign professionals who operate in the public works construction sector and related trades. It is also a platform for interchange and meetings, enabling Colorado to be closer to their customers in this country and to prospective customers visiting the fair.



SALON DE L'HABITAT DE TOULOUSE (TOULOUSE HOUSING FAIR)

The Toulouse Housing Fair is designed to meet the needs of development, construction or renovation projects, with the aim of being close to individuals and craftsmen. The edition Colorado took part in took place in Toulouse, France from the 28th of September to the 1st of October 2017.



BATIMAT PARIS

This is the 6th time Colorado has participated in the Batimat biannual fair. Recognised as the international trade fair for the construction industry, the fair is one of the well-known construction events that Colorado would like to participate in. All the decision-makers and implementers meet here to choose business partners and the product or service solutions for the buildings of today and tomorrow. This year, a large stand was specially designed by an expert for the occasion.



ARCHIBAT, IVORY COAST

Colorado has participated in the ARCHIBAT trade fair since 2013. In 2017, the fair celebrated its 10th edition in Abidjan in the Ivory Coast from the 3rd to the 7th of October. ARCHIBAT is a biannual fair, regarded as a reference point in the Construction, Development, Decoration and Housing industry sector in West Africa. A meeting point for professionals from the building world and the general public.



SEMINARS

COLORADO has for several years a Prescription department, which works closely with architects and design offices in order to prescribe painting systems suitable for different projects.

The prescription approach, as designed by **COLORADO**, consists of personalised technical support throughout the project, from the prescriptions to the acceptance of the painting work, including regular site visits in coordination with architects and design offices.

This approach has made **COLORADO** the reference in the field.

As part of our collaboration with architects, we regularly organise events to discuss new products with them.

As such, a meeting with the architects of Tangier took place in March 2017 in close collaboration with the Tangier-Assilah Regional Council.



Another meeting followed in April with the National Association of quantity surveyors in Casablanca.



The international market was not left behind in 2017. In order to strengthen and consolidate its image in the Ivory Coast, a first meeting with the architects and engineering design offices was organised in Abidjan in November in addition to **COLORADO's** participation in ARCHIBAT. Over 80 people attended.



TRAINING SEMINARS FOR PROFESSIONALS

Eager to contribute to the development of local know-how, Colorado has created 10 vocational training schools in the main regions of the kingdom in Casablanca, Rabat, Kenitra, Meknes, Fez, Tangier, Agadir, Oujda, Marrakech and Benimellal.

It regularly organises seminars to train painters in building paint application techniques and to improve their skills.

At the end of the training, the professionals obtain merit diplomas as well as professional training licences.

Here are some pictures of the last seminars and trainings carried out by **COLORADO** for painters. An approach that has enabled it to build customer loyalty while keeping abreast of market needs.



OPEN DAY IN AIN SEBAA SHOWROOM, CASABLANCA

The Colorado Open Day was an opportunity for Colorado painters and visitors to share their experiences and skills, while benefiting from training on the new decorative paints, their application method, the Tinting Machine range as well as the use of the «Simulator» mobile application.

These Open Days were organised in the Ain Sebaa showroom to highlight the main role of showrooms, which are of great assistance and advice to painters and individuals. As usual, gifts were distributed to the painters who attended the Open Days.



SOCIAL MEDIA PRESENCE

Sharing, exchanging and interacting were Colorado's objectives in strengthening its presence on social media.

Determined to make the most of social media, Colorado relies on the digital world to consolidate its relationships with all key players in the sector.

Today, the Colorado family continues to grow on social media: Internet users from the four corners of the world have joined the Colorado community on social networks - not only to stay up-to-date with all the latest brand and industry news, including new products and the latest events, but also to take advantage of many decorating tips and tricks.





SOCIAL POLICY

GENDER EQUALITY : «WAD3IYATI » PROJECT

Considering that the implementation of a policy of gender diversity and equal opportunities between men and women is a key issue in its social responsibility approach, **COLORADO** participated in a project funded by the US Department of Labour (USDOL) which aims to improve the conditions of access and retention of women in the workplace. This project is called « Wad3éyati / وضعيتي ».

In collaboration with the international company, «Management Systems International» (MSI), A project approach has been put in place. This is an approach that consists of:

- i) Analyzing human resources data and practices in **COLORADO** for a comparative gender situation report,
- ii) Conducting a survey of the company's employees regarding the gender issue within **COLORADO**.

The elements collected led to the elaboration of an action plan for gender equality based on intervention priorities and broken down by objectives and monitoring indicators. Several actions have been undertaken, in this case the implementation of a professional equality information kit available for download. Other actions are to be undertaken in the future.



STAFF CELEBRATION CEREMONY (SMOKING CESSATION)

Since joining the Tobacco Free Company programme in 2013, **COLORADO** has made every effort to support its employees who want to stop smoking. This has earned **COLORADO**, for the fourth consecutive year, the Gold Label awarded by the Lalla Salma Foundation for the fight against cancer.

Indeed, beyond the simple ban on smoking within the company, **COLORADO** has adopted a genuine communication, awareness and therapeutic support programme for employees wishing to stop smoking. A medical smoking cessation process, 100% paid for by **COLORADO**, is voluntarily undertaken with each employee who wishes to stop smoking with a personalised follow-up provided by the working doctor. The ceremony, held on the 9th of October, was not only an opportunity to recall the efforts made by **COLORADO** as a «Tobacco Free Company» but also to salute the efforts made by some employees who managed to rid themselves of the harmful effects of tobacco through **COLORADO**'s support.

Organised for the first year, the ceremony in question was a chance to congratulate those people who had quit smoking and also to encourage those in the process of quitting, whilst raising awareness among smokers as well.

For its part, the General Management was anxious to offer gifts to the people concerned and congratulate them warmly, also praising the efforts made by the industrial management leading the project, the human resources management and the occupational doctor.



CELABRATED DEPARTURES

During 2017, six **COLORADO** employees retired. A well-deserved retirement...

As is the tradition in **COLORADO**, the CEO paid special tribute to these people in the presence of their line managers, colleagues and family members. Vibrant testimonies were emotionally given by those present, recalling strong and unforgettable moments they had gone through in **COLORADO**. As a departure gift, an OMRA was awarded to each departing employee.

RAMADAN FTOUR

In a real family atmosphere, all the staff of **COLORADO** shared 23 June 2017 a F'tour during the holy month of Ramadan in a luxury hotel in Casablanca.

This unmissable event, besides being a very pleasant moment for sharing, was the opportunity for inter-site meetings and induction of newly-hired managers



CELEBRATED GRADUATES

Faithful to this annual event, which shows its support and encouragement for employees' children, **COLORADO** organised a ceremony to celebrate the success of three young graduates. The General Management congratulated them and reiterated its commitment to accompany them in their future. As an incentive, the young graduates received monetary awards from the General Management.

PATRONAGE & SPONSORSHIP

Ait Alla School and Qualification Centre

The douar of Ait Alla at the rural commune of Ait Tamelil is located 2 hours from the town of Demnate towards Skoura, a mountain area of the High Atlas which is difficult to access, and indeed marginalized.

The douar has about 300 inhabitants, who live in autarchy, and are mostly illiterate and destitute.



The children do not have a preschool, and so they have difficulty integrating primary education.

Objective :

- Equip a room for pre-school education with supplies, games and educational tools

- Equip a room for literacy classes for women

- Equip a workshop for looms (weaving and embroidery) and support of trainers assist with the promotion and marketing of local products (jam, oil, culinary herbs)

Ain Attiq Social Rehabilitation Centre

The Ain Attiq Social Rehabilitation Centre was inaugurated in 2011 by His Majesty King Mohamed VI. It is the most important aid establishment for people in need in the Rabat region . The centre houses more than 500 people, including homeless elderly people and children in difficult situations, especially street children. This space offers integration opportunities through educational and psychological support.

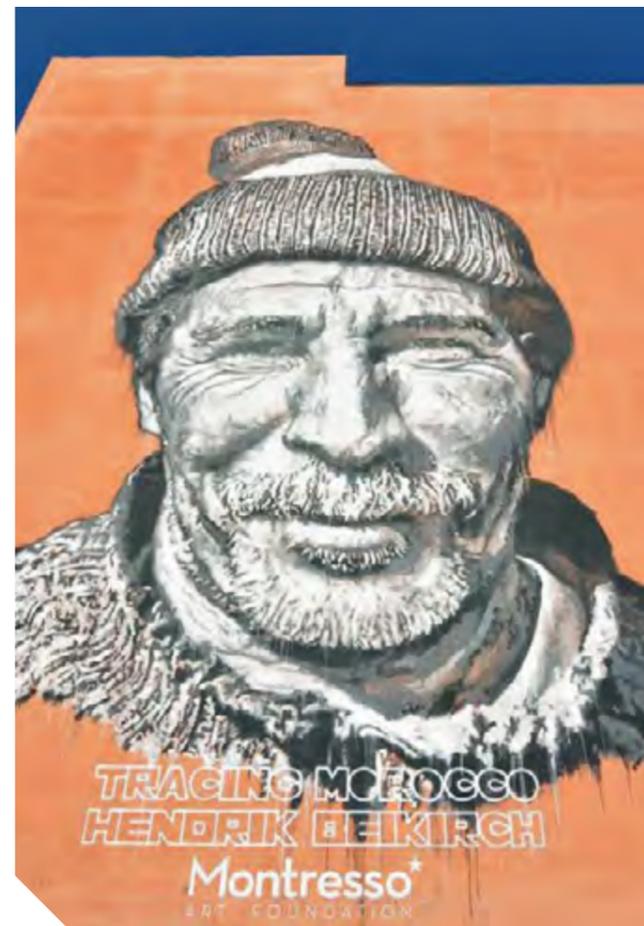


Africa in the Capital and the Montresso Foundation

The Montresso Foundation confirmed its willingness to play a part in actions in the public arena, so as to arouse the curiosity of the citizen onlooker, on Moroccan and international soil. Within the framework of the "Africa in the Capital" event, it acted beyond its walls with the production of two murals by Hendrik BEIKIRCH (last portrait of the Tracing Morocco project) and, the young Reunionese artist, Abeilone.

SidiBouزيدSchool in Marrakech

«A school for our village»; this is the name the young students of Marrakech Private University have given to their project, which aims to renovate and restore the St. Antoine school, located 13 km from Marrakech, in El Haouz region towards Takerkoust.



Ecole Normale Supérieure de l'Enseignement Technique (Technical University),

As part of a personal project, students from the Ecole Normale Supérieure de l'Enseignement Technique of Mohammed VI have chosen to refurbish and restore the school's sports facilities, with a fourfold vision :

- Environment: Maintain vegetation.
- Sustainable development: Waste recycling.
- Restoration and repair of premises.
- Organisation of a sporting event upon achieving these objectives



COLORADO Gold Sponsor of the ISCAE graduation ceremony

As part of its partnerships with higher education institutions and as it does every year, **COLORADO** sponsored the ISCAE graduation ceremony.



COLORADO IN THE WORLD



COLORADO IN THE PRESS

COLORADO IN THE PRESS

In 2017, as usual, COLORADO ensures its presence through several communication channels and media.



Finances
Colorado reste confiant pour 2017
 Le président de l'entreprise, Abdelhakim El Ghannouchi, a assuré que le chiffre d'affaires de Colorado restera stable en 2017, malgré les incertitudes liées à la situation économique marocaine et à l'absence de soutien du gouvernement marocain.

Elle rêve de faire de Colorado une multinationale marocaine
 Merieme Lotfi a rejoint l'entreprise en 2001 après 5 années passées dans un cabinet d'audit et de conseil en tant que responsable financière. Elle a été promue DGA en charge des affaires administratives et financières en 2014. Elle rêve de faire de Colorado une multinationale marocaine.

La croissance du chiffre d'affaires provenant de la décoration est positive pour la première fois après 5 ans - l'externe devrait se réaliser avec des partenaires qui connaissent le marché.

PERSONNALITE INDUSTRIELLE
« Nous sommes deux femmes dans le comité de direction et 30% de cadres sont des femmes. A Colorado, la seule différence entre les hommes et les femmes réside dans la compétence et le rendement, le rendement et le travail. »

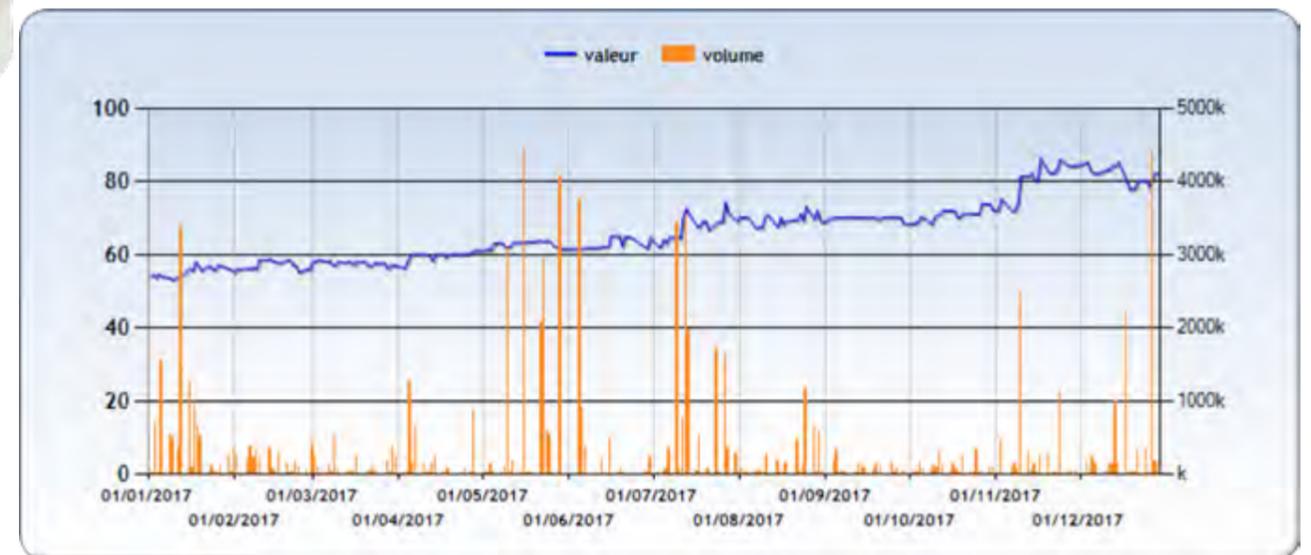
ENTRETIEN NAIMA EL BADRI, Directrice industrielle de Colorado

Les champions nationaux réclament des primes

FINANCIAL REPORT



COLORADO VALUE



ANALYSIS OF INCOME ACCOUNT & EXPENSES

Turnover:

ITEMS IN KDH	2017	2016	VAR. %
Sale of goods in the unaltered state	13 768	11 734	17,3%
Sales of finished products	533 401	519 939	2,6%
Total	547 169	531 673	2,9%

Turnover recorded an increase of (3%) between 2016 and 2017.

margin on purchases :

ITEMS IN KDH	2017	2016	VAR. %
Turnover excluding tax	547 169	531 673	2,91%
Margin on purchases consumed	260 829	257 726	1,20%
Margin rate on turnover excluding tax	47,7%	48,5%	

In 2017, the margin is 261 million dirhams, compared to a margin of 258 million dirhams in 2016 , a slight increase of 1.2 percent.

The gross margin percentage is 47.7% of the turnover in 2017 compared to 48.5 % in 2016.

Operating income:

ITEMS IN KDH	2017	2016	VAR. %
Margin on purchases consumed	260 829	257 726	1,20%
Other external expenses	172 179	169 669	1,48%
Taxes and duties	1 826	2 053	-11,07%
Personnel Expenses	59 466	60 274	-1,34%
Other operating expenses	400	400	0,00%
Operating allowances	27 185	25 897	4,97%
Operating write-backs /expense transfers	77 539	81 481	-4,84%
Operating income	77 313	80 913	-4,45%
Operating income / Turnover excluding tax.	14,1%	15,2%	

The operating income achieved decreased between 2016 and 2017 by 4.45% to 77.3 million dirhams.

As a result, the 2017 operating income represents 14.1% of the turnover compared to 2016, which was 15.2% of the turnover.

Financial income

The financial income is formed as follows:

ITEMS IN KDH	2017	2016	VAR. %
Financial products	1 703	1 292	31,8%
Foreign exchange gains	571	517	10,4%
Interest and other financial products	783	693	12,9%
Financial write-backs; expense transfers	350	82	326,4%
Financial expenses	11 580	11 136	4,0%
Interest expenses	1 889	1 584	19,3%
Exchange losses	562	618	-9,0%
Other financial expenses	8 792	8 764	0,3%
financial allocations	337	171	96,8%
Financial income	-9 877	-9 845	0,3%

Financial products consist of gain resulting from the disposal and exchange gain

Financial expenses consist mainly of Cash discounts to customers granted to customers (8.8 million dirhams) and interest charges (1.9 million dirhams).

The financial income (loss) stagnated between 2016 and 2017 to stand at -9.8 million dirhams.

Non-current income

The non-current income is formed as follows:

ITEMS IN KDH	2017	2016	VAR. %
Non-current products	4 599	8 088	-43,1%
Proceeds from asset disposals	947	728	30,2%
Write-backs of investment subsidies	67	100	-32,8%
Other non-current products	432	201	115,2%
Extraordinary write-backs; expense transfers	3 152	7 059	-55,3%
Non-current expenses	2 439	8 937	-72,7%
Net values of amortization of transferred assets	43	348	-87,6%
Other non-current expenses	1 972	7 937	-75,2%
Non-current depreciation charge	424	652	-35,0%
Non-current income	2 160	-850	354,2%

The non-current income realized in 2017 is a gain of 2.1 million dirhams, against -0.9 million dirhams (loss) in 2016. Non-current expenses consist of bad debt loss and provisions for risks and expenses.

Non-current products consist of Proceeds from asset disposals and write-backs of depreciation

Net income

The net income as at December 31, 2017 is 48.2 million dirhams against 50.1 million dirhams in 2016; a decrease of 4%.

BALANCE SHEET ANALYSIS

Working capital

Permanent capital

As of December 31, 2017, the permanent capital (excluding income) is as follows:

ITEMS IN KDH	2017	2016	VAR. %
Shareholders' equity (excluding income)	285 875	287 100	-0,4%
Quasi-equity	4 486	5 857	-23,4%
Financing debts	36 418	25 059	45,3%
Total	326 779	318 016	2,8%

In 2017, the permanent capital experienced the following movements :

- The result of the 2016 financial year was fully distributed (51.4 million dirhams).
- Financing debts increased in 2017 as a result of the release of medium-term credit with the BMCI Bank.

Amounting to MAD 10.8 million and that with the CDM up to MAD 10 million. Reimbursements for other medium-term credits contracted previously amount to 9.4 million dirhams.

Fixed Assets

The fixed assets at 31/12/2017 are as follows:

ITEMS IN KDH	2017	2016
Nil value assets	1 380	1 130
Depreciation / nil value assets	-830	-554
Intangible assets	6 315	6 108
Depreciation / Intangible assets	-1 806	-1 698
Tangible assets	271 353	258 648
Depreciation / Tangible assets	-133 167	-120 815
Financial fixed assets	1 607	1 698
Total	144 852	144 516

Depreciation charges for the 2017 fiscal year are 14.7 million dirhams.

The working capital requirement:

The working capital requirement at the end of the 2017 fiscal year is as follows:

ITEMS IN KDH	2017	2016
Working Capital Requirement	154 403	143 888
Turnover	547 169	531 673
The Working Capital Requirement expressed in number of days of the turnover	102	97

The Working Capital Requirement recorded an increase of 7.3% between 2016 and 2017, from 97 days' turnover to 102 days.

Net cash

The net cash of the fiscal year is as follows:

ITEMS IN KDH	2017	2016
Net Cash	75 777	79 762

The net cash recorded a decrease between 2016 and 2017 due to an increase in the Working Capital Requirement. It consists of bank balances and short-term cash investments.

2017 INCOME APPROPRIATION

In the light of the above, the financial statements as at December 31, 2017 show an accounting net profit of MAD 48,252,995.53 and a balance brought forward of MAD 152,904,916.75, the Board of Directors will propose the following appropriation at the coming General Meeting:

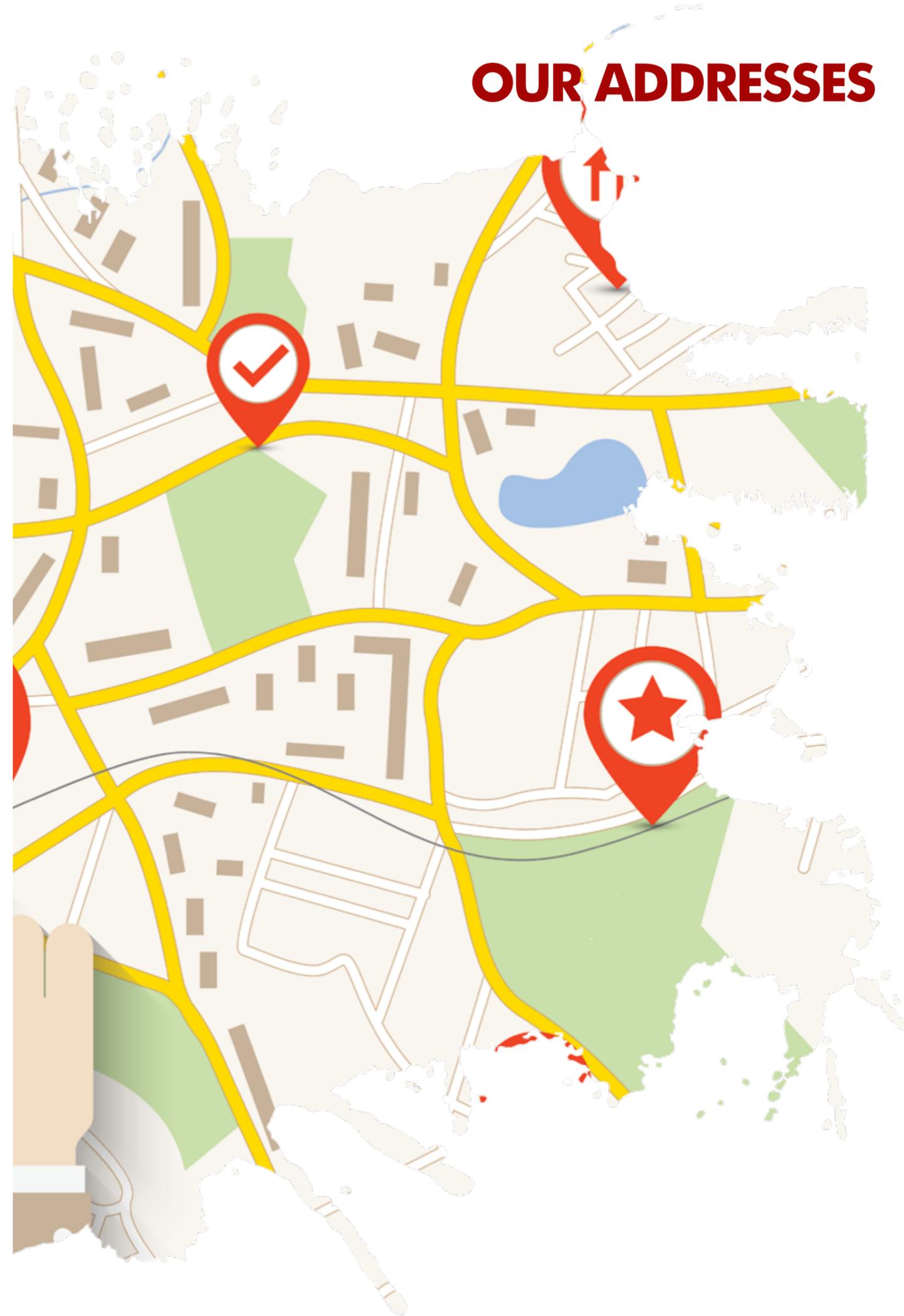
- Distribution of an ordinary dividend of MAD 3 per share and an exceptional dividend of MAD 1.65 per share, amounting to a total dividend of MAD 56 210 167,20.
- Balance brought forward: MAD 144 947 745,08.

	ASSETS	YEAR			PREVIOUS YEAR
		GROSS	Depreciation and Provisions	NET	NET
F I X E D A S S E T	Deferred costs	1 379 676,65	830 155,24	549 521,41	575 928,74
	Start-up costs	820 023,65	594 174,64	225 849,01	389 853,74
	Deferred expenses over several years	559 653,00	235 980,60	323 672,40	186 075,00
	Bond redemption premiums				
	Intangible fixed assets	6 314 902,00	1 805 878,06	4 509 023,94	4 409 752,56
	Research and development costs				
	Patents, trademarks, rights and similar assets	2 380 402,00	1 805 878,06	574 523,94	475 252,56
	Commercial funds				
	Other Intangible fixed assets	3 934 500,00		3 934 500,00	3 934 500,00
	Tangible fixed assets	271 353 159,07	133 166 606,80	138 186 552,27	137 832 786,12
	Land	27 445 760,00		27 445 760,00	23 318 000,00
	Constructions	135 422 568,56	51 986 413,27	83 436 155,29	87 627 949,12
	Technical installations, plant and machinery,	88 527 764,45	66 434 411,09	22 093 353,36	21 727 844,15
	Transport equipment	9 147 826,15	8 056 517,18	1 091 308,97	1 763 210,04
	Office and computing equipment	9 171 084,72	6 220 896,66	2 950 188,06	2 909 743,87
	Other tangible fixed assets	496 137,95	468 368,60	27 769,35	190 283,94
	Tangible fixed assets in progress	1 142 017,24		1 142 017,24	295 755,00
	Financial fixed assets	1 606 737,46		1 606 737,46	1 697 999,87
	Asset loans	1 340 805,92		1 340 805,92	1 187 558,10
	Other financial receivables	265 931,54		265 931,54	510 441,77
Equity securities					
Other capitalized securities					
Currency translation adjustments					
Receivables decrease adjustments					
Liabilities increase adjustments					
TOTAL (A+B+C+D+E)	280 654 475,18	135 802 640,10	144 851 835,08	144 516 467,29	
C U R R E N T A S S E T S	Stocks	157 083 355,75	2 763 097,56	154 320 258,19	114 339 475,94
	Goods	4 462 273,99	58 719,96	4 403 554,03	6 289 928,14
	Consumables and Supplies	113 777 956,93	1 515 534,97	112 262 421,96	75 354 889,68
	Products in progress	2 539 362,74		2 539 362,74	2 359 176,21
	Intermediate products and residual products				
	Finished products	36 303 762,09	1 188 842,63	35 114 919,46	30 335 481,91
	Receivables in current assets	242 074 827,48	44 344 137,51	197 730 689,97	193 815 294,64
	Suppliers debtors, advances and deposits	376 247,08		376 247,08	333 221,03
	Customer and accounts receivable	222 205 884,91	43 741 374,08	178 464 510,83	171 331 711,93
	Personnel	902 563,02	602 763,43	299 799,59	310 100,11
	State	17 886 318,85		17 886 318,85	18 959 603,07
	Intercompany accounts				
	Other receivables	20 505,96		20 505,96	
	Prepaid expenses	683 307,66		683 307,66	2 880 658,50
	Securities and investment securities	59 104 873,94		59 104 873,94	45 411 041,34
	Foreign exchange	76 687,05		76 687,05	89 268,93
	TOTAL II (F+G+H+I)	458 339 744,22	47 107 235,07	411 232 509,15	353 655 080,85
C A S H	Cash - Assets	49 502 858,47		49 502 858,47	56 435 283,40
	Checks and cash values	41 564 937,43		41 564 937,43	50 022 074,94
	Banks, Treasury and public agency accounts	7 402 834,63		7 402 834,63	5 928 093,25
	Cash	535 086,41		535 086,41	485 115,21
	TOTAL III	49 502 858,47		49 502 858,47	56 435 283,40
TOTAL GENERAL I+II+III	788 497 077,87	182 909 875,17	605 587 202,70	554 606 831,54	

	LIABILITIES	YEAR	PREVIOUS YEAR
P E R M A N E N T F U N D I N G	Stockholders equity	334 128 200,28	337 250 088,76
	Capital (1)	120 882 080,00	120 882 080,00
	Minus : shareholders, uncalled committed capital		
	Called capital	120 882 080,00	120 882 080,00
	Versed	120 882 080,00	120 882 080,00
	Premium paid for stock issues, mergers, and capital contributions		
	Revaluation reserve		
	Legal reserve	12 088 208,00	11 436 412,55
	Other reserves		
	Retained earnings (2)	152 904 916,75	154 781 488,27
	Allocation pending Result		
	Net income for the year (2)	48 252 995,53	50 150 107,94
	Total stockholders equity (A)	334 128 200,28	337 250 088,76
	Stockholders equity and equivalent	4 485 708,95	5 857 463,73
	Investment subsidies	337 059,16	404 471,00
	regulated provisions	4 148 649,79	5 452 992,73
	Financing debt (C)	36 417 804,55	25 058 888,92
	Bonds		
	Other financing debt	36 417 804,55	25 058 888,92
	Term provisions for risks and charges (D)		
Provisions for risks			
Provisions for charges			
Long term currency translation adjustments			
Receivables increase adjustments			
Debt decrease adjustments			
TOTAL I (A+B+C+D+E)	375 031 713,78	368 166 441,41	
C U R R E N T L I A B I L I T Y	Current liabilities debt (F)	197 614 348,59	162 615 756,29
	Accounts payable	126 286 138,38	100 894 316,09
	Advance payments from customers, deposits and advances	4 749 981,88	5 842 931,15
	Personnel	8 036 482,36	6 988 799,10
	Social security agencies	3 882 759,81	3 669 000,58
	State	53 925 179,91	44 167 251,20
	Intercompany accounts		
	Other creditors	241 138,70	208 317,89
	Prepaid income	492 667,55	845 140,28
	Other provisions for risks and charges (G)	76 687,05	1 513 268,93
	Current currency translation adjustments	33 608,62	226 680,35
	TOTAL II (F+G+H)	197 724 644,26	164 355 705,57
C A S H	Cash liabilities	32 830 844,66	22 084 684,56
	Discount Credits		
	Cash Loans	31 919 946,58	21 596 889,58
	Bank adjustment accounts	910 898,08	487 794,98
	TOTAL III	32 830 844,66	22 084 684,56
TOTAL GENERAL I+II+III	605 587 202,70	554 606 831,54	

	DESCRIPTION	OPERATIONS		TOTALS OF YEAR 3 = 2 + 1	TOTALS OF THE PREVIOUS YEAR 4	
		Specific to the exercise	For earlier years			
		1	2			
OPERATING	I OPERATING PRODUCTS	625 048 255,35		625 048 255,35	609 236 584,00	
	Sales of goods (in condition)	13 767 981,45		13 767 981,45	11 733 843,47	
	Sales of goods and services	533 400 531,03		533 400 531,03	519 939 483,83	
	Sales	547 168 512,48		547 168 512,48	531 673 327,30	
	Change in product inventories (1)	340 480,67		340 480,67	-3 917 897,46	
	Assets produced by the company itself					
	Operating subsidies					
	Other operating income					
	Operating expense transfers Reversals	77 539 262,20		77 539 262,20	81 481 154,16	
	Total I	625 048 255,35		625 048 255,35	609 236 584,00	
OPERATING	II OPERATING CHARGES	547 723 954,84	10 939,70	547 734 894,54	528 323 675,59	
	Purchases of resold goods (2)	9 399 447,86		9 399 447,86	9 685 737,44	
	Purchases of materials and supplies (2)	277 274 645,83	5 602,00	277 280 247,83	260 343 921,24	
	Other external expenses	172 173 335,86	5 337,70	172 178 673,56	169 669 069,43	
	Tax & duties	1 825 844,21		1 825 844,21	2 053 234,78	
	Staff costs	59 465 913,28		59 465 913,28	60 274 483,84	
	Other operating expenses	400 000,00		400 000,00	400 000,00	
	Operating Depreciations and impairments	27 184 767,80		27 184 767,80	25 897 228,86	
Total II	547 723 954,84	10 939,70	547 734 894,54	528 323 675,59		
III OPERATING RESULT (I-II)	77 324 300,51	-10 939,70	77 313 360,81	80 912 908,41		
FINANCIAL	IV FINANCIAL PRODUCTS	1 703 018,48		1 703 018,48	1 291 790,35	
	Income from equity securities and other investments					
	Exchange gains	570 518,30		570 518,30	516 603,65	
	Interests and other financial products	782 875,00		782 875,00	693 186,16	
	Financial costs transfer	349 625,18		349 625,18	82 000,54	
Total IV	1 703 018,48		1 703 018,48	1 291 790,35		
FINANCIAL	V FINANCIAL EXPENSES	11 579 784,04		11 579 784,04	11 136 402,19	
	Interests expenses	1 888 977,67		1 888 977,67	1 583 599,97	
	Exchange losses	562 244,98		562 244,98	617 857,91	
	Other financial expenses	8 791 518,09		8 791 518,09	8 763 674,84	
Financial Depreciations and impairments	337 043,30		337 043,30	171 269,47		
Total V	11 579 784,04		11 579 784,04	11 136 402,19		
VI FINANCIAL RESULT (IV-V)	-9 876 765,56		-9 876 765,56	-9 844 611,84		
VII CURRENT RESULT (III + VI)	67 447 534,95	-10 939,70	67 436 595,25	71 068 296,57		
EXCEPTIONAL	VIII EXCEPTIONAL PRODUCTS	4 599 167,30		4 599 167,30	8 087 587,67	
	Disposals of fixed assets	947 200,00		947 200,00	727 500,00	
	Compensating subsidies					
	Investment subsidies income	67 411,84		67 411,84	100 241,68	
	Other exceptional products	432 256,55		432 256,55	200 830,64	
	Exceptional expense transfers	3 152 298,91		3 152 298,91	7 059 015,35	
	Total VIII	4 599 167,30		4 599 167,30	8 087 587,67	
	EXCEPTIONAL	IX EXCEPTIONAL EXPENSES	2 188 240,79	250 435,23	2 438 676,02	8 937 413,30
		Net value depreciation of fixed assets sold	43 025,06		43 025,06	348 255,20
		Subsidies Awarded				
Other exceptional expenses		1 721 259,76	250 435,23	1 971 694,99	7 937 059,74	
Exceptional depreciations and impairments	423 955,97		423 955,97	652 098,36		
Total IX	2 188 240,79	250 435,23	2 438 676,02	8 937 413,30		
X EXCEPTIONAL RESULT (VIII-IX)	2 410 926,51	-250 435,23	2 160 491,28	-849 825,63		
XI RESULT BEFORE tax (VII-X)	69 858 461,46	-261 374,93	69 597 086,53	70 218 470,94		
XII INCOME TAX	21 344 091,00		21 344 091,00	20 068 363,00		
XIII NET INCOME (XI-XII)	48 514 370,46	-261 374,93	48 252 995,53	50 150 107,94		
XIV TOTAL REVENUE (I+IV+VII)	631 350 441,13		631 350 441,13	618 615 962,02		
XV TOTAL EXPENSES (II+V+IX+XIII)	582 836 070,67	261 374,93	583 097 445,60	568 465 854,08		
XVI NET INCOME (total revenue-total expenses)	48 514 370,46	-261 374,93	48 252 995,53	50 150 107,94		

OUR ADDRESSES



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Fax : +212 (0) 5 22 35 41 54
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Our Agencies:

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- Rabat Agency** | Mabrouka 12, Zone industrielle, Ain Atiq, Témara
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- Oujda Agency** | Technopole Parcelle n°14 Commune Ahl Angad, Oujda
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- Agadir Agency** | Lot 76, Zone Industrielle Tassila, Agadir
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- Fes Agency** | 20, Quartier Industriel Dokkarat, Route de Meknes, Fés
Tel : +212 (0) 535 94 27 44 / 35 94 27 57 | Fax : +212 (0) 535 94 27 55
- Marrakech Agency** | Km 9, Route de Ouarzazate
Tel : +212 (0) 524 32 92 29 | Fax : +212 (0) 524 32 92 29

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- Casablanca Zerktoni Showroom** | Résidence Zerktoni (à Côté du Twin centre) 185, bd Zerktoni - Casablanca
Tel. : +212 (0) 522 23 80 94
- Casablanca CIL Showroom** | 15, Résidence El Mehdi, angle Boulevard Sidi Abderahmane et Boulevard Yacoub El Mansour, Casablanca
Tel : +212 (0) 5 22 36 44 94
- Tangier Showroom** | Résidence Rabiaa III 45 Av. Ibnou Zaraa, Quartier Branes -Tanger
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- Beni-Mellal Showroom** | 343, bd mohamed V, Béni-Méllal
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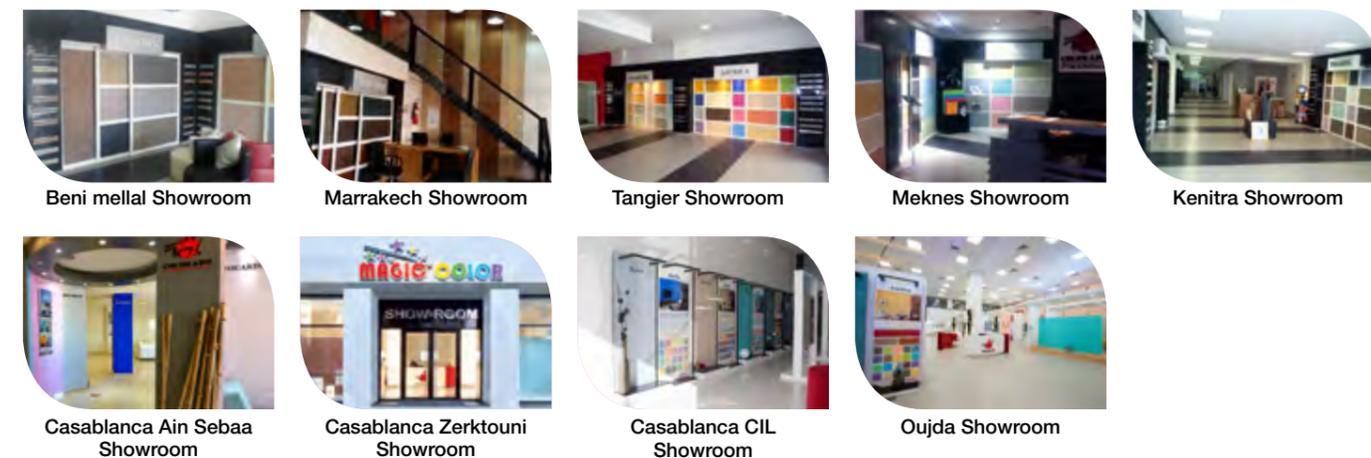
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