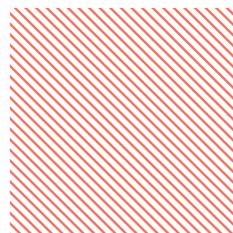
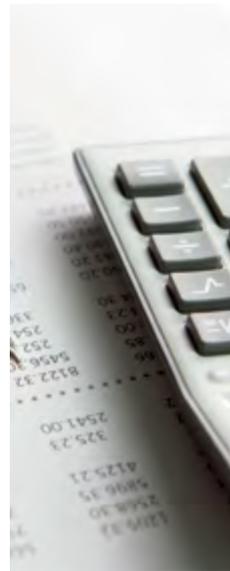
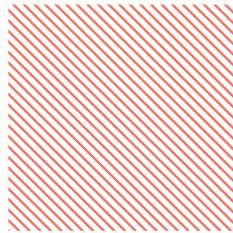




**COLORADO**

*Be Inspired*

# Annual report 2016





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**Abed Chagar**  
**CHIEF EXECUTIVE OFFICER**

Despite the overall stagnant economic situation in 2016, Colorado has completed several development projects in Morocco and abroad.

The conquest of new foreign markets such as Cote d'Ivoire and England as well as development in other countries has allowed our exports to exceed 8% of overall sales. In Morocco, sales of industrial paint have approached 10 million dirhams and Colorado has developed a modern branch in the Orient.

Additional projects will be carried out in 2017 to establish our company's leadership and pave the way for activity on the international scene.

*Abed Chagar*

Colorado continues to deliver very satisfactory earnings results and to further consolidate its fundamentals.

Its structural surplus liquidity allows it to generate financial profits and to pay its loyal shareholders generously.

The management continues its policy of controlling costs and driving development to achieve even better results in the coming years.

*Abed Chagar*

**SOLEIMAN BERRADA**

CHAIRMAN OF THE BOARD OF DIRECTORS

**ABED CHAGAR**

CEO

**COLBERT FINANCES**

TRUSTEE

**JOSETTE DUCASTEL**

TRUSTEE

**MOHAMMED JAOUAD BERRADA**

TRUSTEE



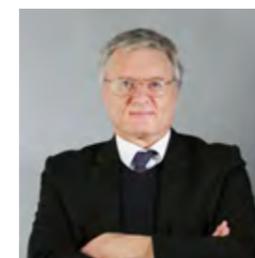
**Abed Chagar**  
CEO



**Meriem Lotfi**  
Deputy Director  
General



**Naima El Badri**  
Industrial Director



**Mark Powell**  
Laboratory  
Director



**Khaled Nouiti**  
Maintenance and  
New Construction  
Director



**Aboudihaje Lazrak**  
Sales Director



**Ali Bidouli**  
Regional Director



**Anas Benhima**  
Prescription and  
Partnership Director



**Mohamed Amin  
Adad**  
Development  
Director



**Benabdeljalil  
Mhammed Hicham**  
Supply Chain  
Director



# HIGHLIGHTS

# HIGHLIGHTS





OBTAINING THE «@@@» RATING FROM COFACE

**COLORADO**, nationwide leader in paints in Morocco, was certified «@@@» for the year 2016 by COFACE (French Company for Export Credit Insurance) for the second consecutive year, a status that confirms the reliability and solvency of **COLORADO** towards all its trading partners.



COLORADO RECLASSIFIED TO THE MAIN COMPARTMENT ON THE CASABLANCA STOCK EXCHANGE: THE LARGE BUSINESS CHAMBER

On August 10th, 2016, **COLORADO** joined the 47 listed companies classified in the main market compartment and thus became the fifth largest in the construction and building materials sector, with capital of 120,882,080 dirhams; 12,088,208 shares issued and shareholder equity in excess of 300,000,000 dirhams.

The reclassification of **COLORADO** was decided on the basis of the company's compliance with the terms of residence based on data related to equity, sales and the number of shares issued.



### SMOKE-FREE COMPANY: COLORADO RECEIVED ITS GOLD LABEL FOR THE 3RD CONSECUTIVE YEAR

For the third consecutive year, **COLORADO** has been awarded the Lalla Salma Foundation's (For Cancer Prevention and Treatment) «Smoke-Free Company» Gold Label. **COLORADO** has been registered since August 2013 in the «Smoke-Free Company» program to offer its employees a healthy and pleasant environment where it feels good to work.

This award recognizes the efforts of all staff involved in the success of this program, in which the company has put in place a two-part action plan:

- Awareness about the harmful effects of smoking and the benefits of smoking cessation for smokers and non-smokers; and
- The encouragement and support of smoking cessation by scheduling training on techniques in tobacco control in order to reduce smoking rates.

It should be noted that **COLORADO** simultaneously joined the campaign "Kta3e l'garo / Stop Clope(Cigarettes)" launched by the Lalla Salma Foundation via its different platforms (website, Facebook, Twitter, etc.).

### ISO 9001 – ISO 14001 V : 2015

**COLORADO** was the first in its sector to be certified ISO 9001 - ISO 14001 V: 2015 in addition to the OHSAS 18001 certification.

This willingness to stay up-to-date in the implementation of standards brings considerable growth in good governance that **COLORADO** has always displayed.

**COLORADO**, henceforth, is concerned with all stakeholders (customers - suppliers - employees - partners - etc.), taking into account their needs and more pertinently developing its expertise in the satisfaction and loyalty of those stakeholders.

### CASA-MÉMOIRE PARTNERSHIP AGREEMENT

**COLORADO**, nationwide leader in paints, and the Casamémoire association signed a partnership agreement on January 15th, 2016, aimed at supporting the association in safeguarding the cultural identity and promoting the architectural heritage of Casablanca: an exceptional, precious historical identity that must be preserved for future generations.





### OBTAINING 'ECOLOABEL' CERTIFICATION

In line with its sustainable development policy and its commitment to limiting the impact of its activities on the environment, **COLORADO** has designed new low-emission products for several years, thanks to its R & D department.

In this sense, we are pleased to inform our partners that **COLORADO** has successfully had several products certified with the Ecolabel.

This ECOLABEL is the only official European eco-friendly label recognized in all member countries of the European Union.



### OBTAINING THE A+ LABEL

In line with its sustainable development policy and its commitment to limiting the impact of its activities on the environment, **COLORADO** has designed new low-emission products for several years, thanks to its R & D department.

In this sense, we are pleased to inform our partners that **COLORADO** has successfully had several products certified with the A+ Label.

Taking into account European legislation and with a view to improving the indoor air quality of buildings, the French authorities have introduced a new mandatory labeling on all building or wall or flooring products and paints and varnish.

This label indicates the level of VOC emissions on a scale of 4 grades: A +, A, B, C (from lowest emission level A + to highest C). **COLORADO** has obtained the highest grade for its products - the A +.



## REDESIGN OF THE WEB PLATFORM

**COLORADO** Has launched its new web platform intuitive, both interactive and useful for all its clients (professionals and individuals). This web platform in responsive design mode, has been developed with the latest web technology, and is available in 3 languages (Arabic, French and English) and two portals:

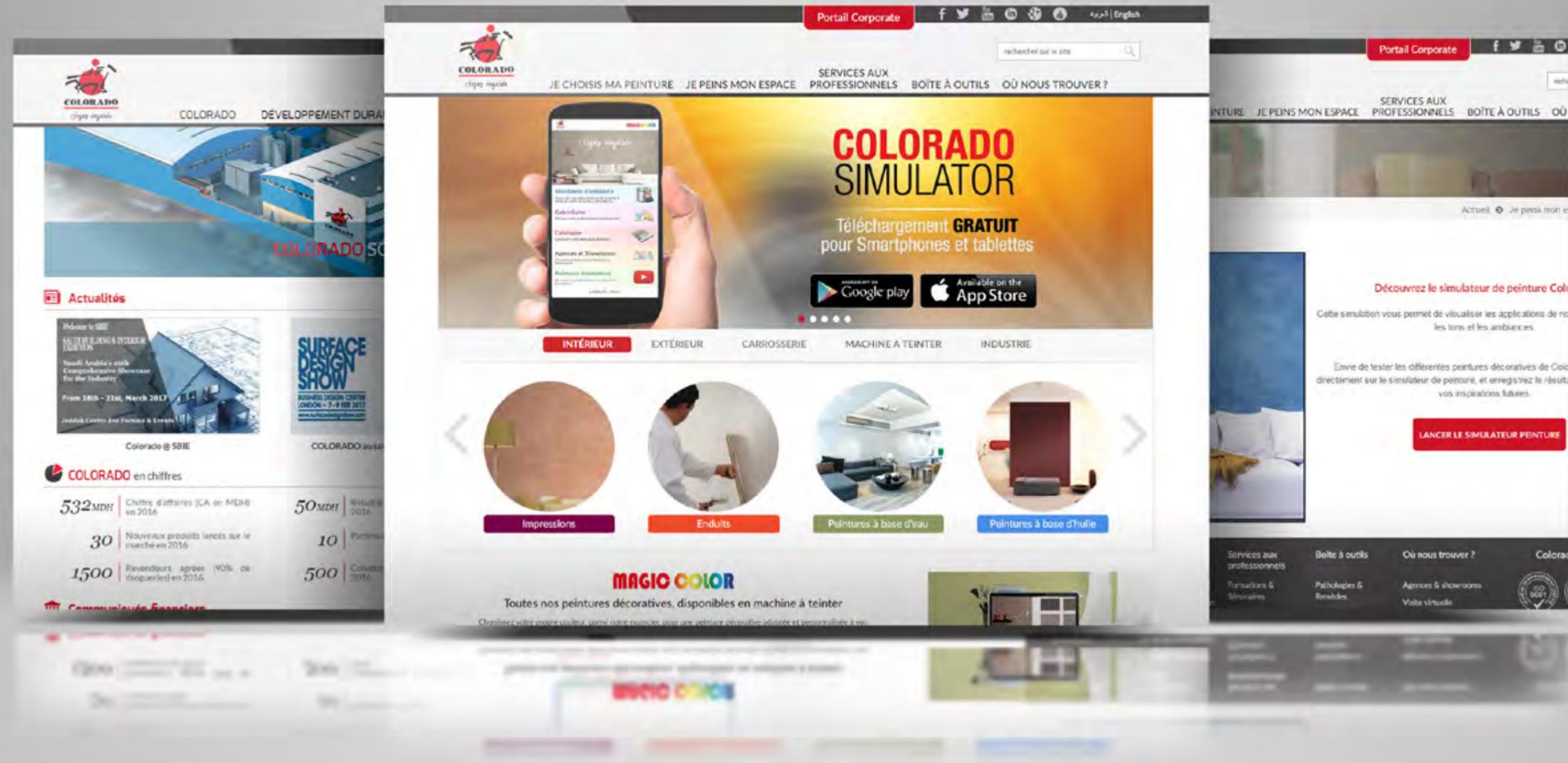
- A dedicated corporate portal for institutional information on our latest financial news, Human Resources, QSE...

AND

- A commercial portal that puts forward the entire **COLORADO** range of different lines (building, body and industry) and provides all the necessary information (instructions for use - technical data - catalogs - data sheets - etc.)

It also allows:

- to calculate the paint required per product;
- to simulate aspects of painting;
- to contact the **COLORADO** team;
- to discover instructions and tips for our decorative paints via video clips.



## COLORADO SIMULATOR / COLORADO REPORTING

Mobile applications, at the forefront of the latest technologies, have been launched in several languages: Arabic, French and English. These are suitable for all smartphones and tablets and available for download on Android and Appstore platforms.

The first application, called **COLORADO SIMULATOR**: an intuitive and easy to use application, ideal for discovering trends in color and decorative paints.

**COLORADO SIMULATOR** is a source of inspiration for all users (painting professionals & individuals) with its advanced features which allow the user to simulate and visualize with virtual previews of colors and decorative products through photos in the gallery that can be sent by email, shared via social networks (WhatsApp, Facebook and Twitter) or saved for future inspiration.



**COLORADO SIMULATOR** can also find a color that inspires you from a landscape, fabric or other source easily and quickly. Simply take a picture with your phone via the catch color function of the **COLORADO SIMULATOR** app to find the closest paint color on our 'MAGIC COLOR' color chart.

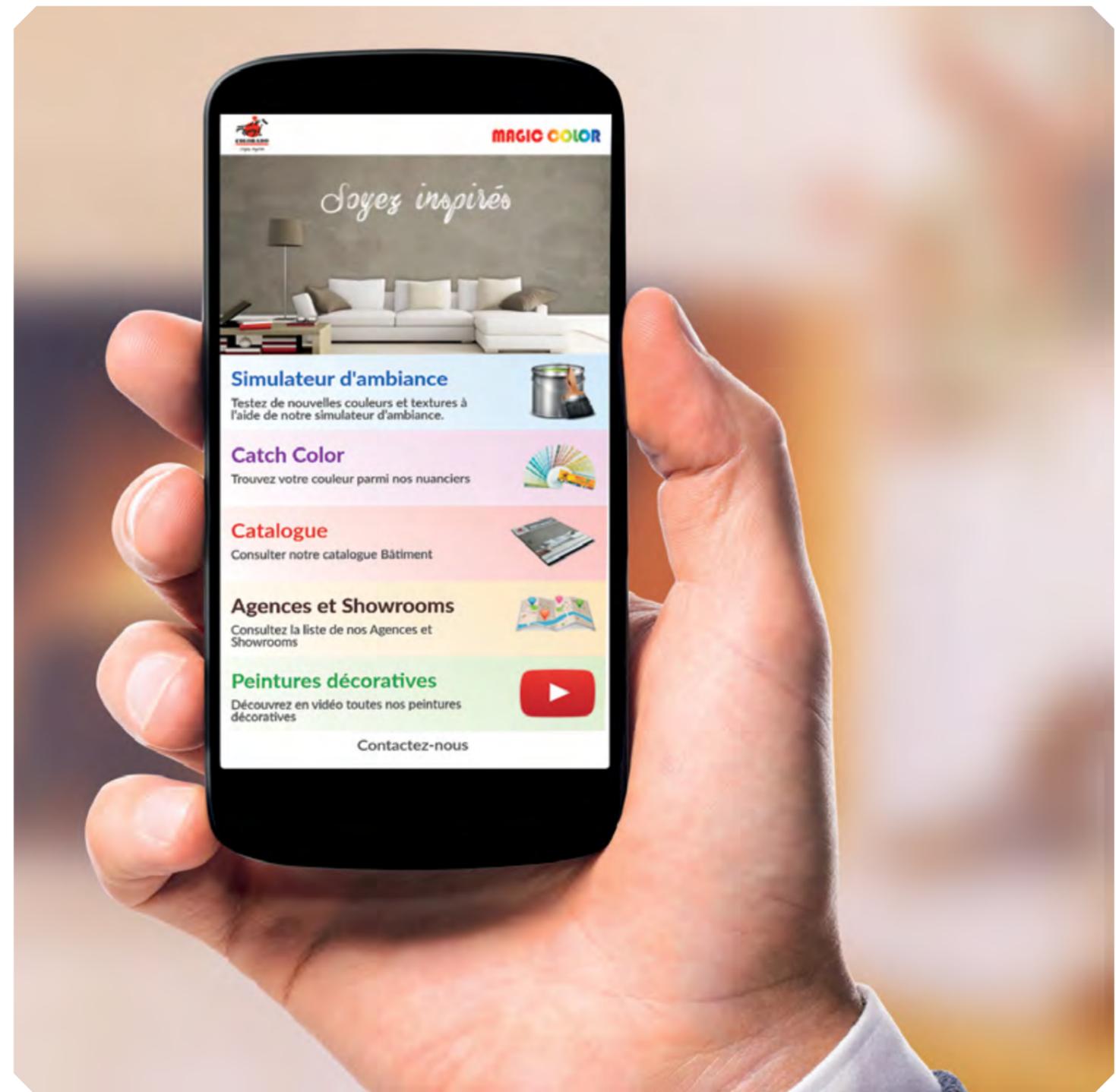
It also allows you to:

- Easily find the agency or Showroom closest to you in Morocco using the integrated geo-localization function,
- Discover the application techniques for all our decorative paints via video clips.

In addition, **COLORADO REPORTING**, available in two languages: French and English.

This app is dedicated to presenting our latest news in Morocco and worldwide:

- Our participation in various national and international shows;
- Our past and future events;
- Our annual reports for the past 3 years;
- Our financial press releases since 2009;
- And also, a form to facilitate contact through which you can direct all inquiries.



Our apps are available for download:

### COLORADO REPORTING :



### COLORADO SIMULATOR :



### OUR MAIN ACHIEVEMENTS

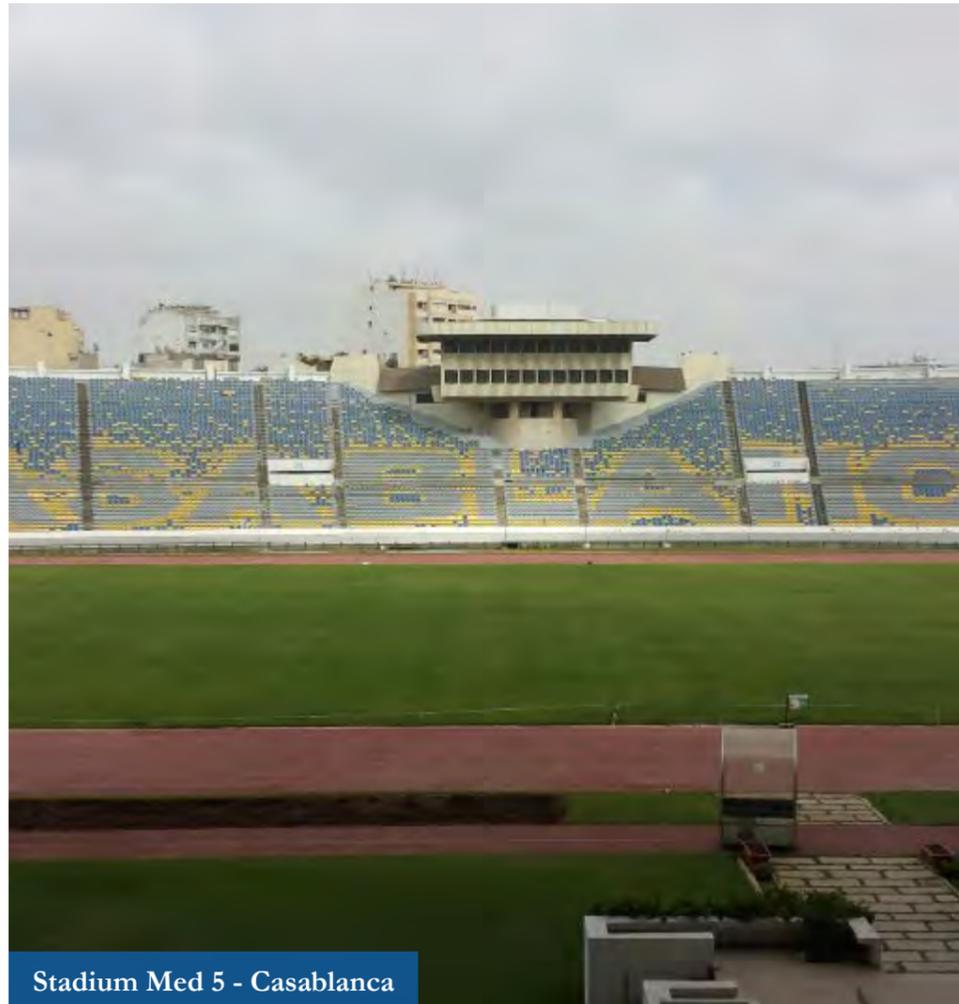
Several large-scale projects have been set out with **COLORADO** paint systems. In pictures, some projects which too advantage of our paints and special coatings throughout Morocco:



The New Hotel - Rabat



Museum Med 6 - Rabat



Stadium Med 5 - Casablanca



The New Hotel - Rabat



Museum Med 6 - Rabat



Riyad Andalous - Rabat

**BUSINESS AND  
MARKETING NEWS**



### ENDUIFLEX

The moisture-proof solution with our ENDUIFLEX products (certified W3, the best anti-moisture classification). It blocks moisture, allows the substrate to breathe, can be covered by any coating or finish, evens surfaces and fills holes up to 1cm thick.



### COLOCLEAN

The COLOCLEAN antibacterial solution: a sanitizing, washable and scrub-able paint.

COLOCLEAN is intended for the protection and decoration of premises exposed to the proliferation of bacteria. Ideal for all spaces intended to accommodate the public such as daycare centers, hospitals, schools, spaces for children, etc.

COLOCLEAN is a paint in compliance with ISO 22196.



### PAINT-ALL

The solution for all surface renovation, PAINT-ALL: paint which guarantees a quality finish with excellent adhesion as well as being washable and odorless.

\*Efficient: no stripping, no undercoat.

\*Fast: ready-to-use product, work can be finished over a weekend.

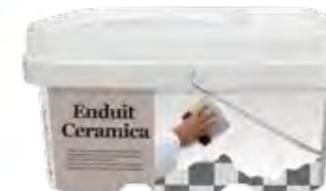
\*Simple: no specific tools, no mixing, easy to apply.

Application surfaces: melamine or laminated furniture and work surfaces, wall tiles, old finishes (paint, stain, varnish, etc.) new or old wood, plastered walls, painted or upholstered, non-ferrous metals (aluminum, copper, zinc, chrome and brass, etc.).



### CERAMICA RENDER

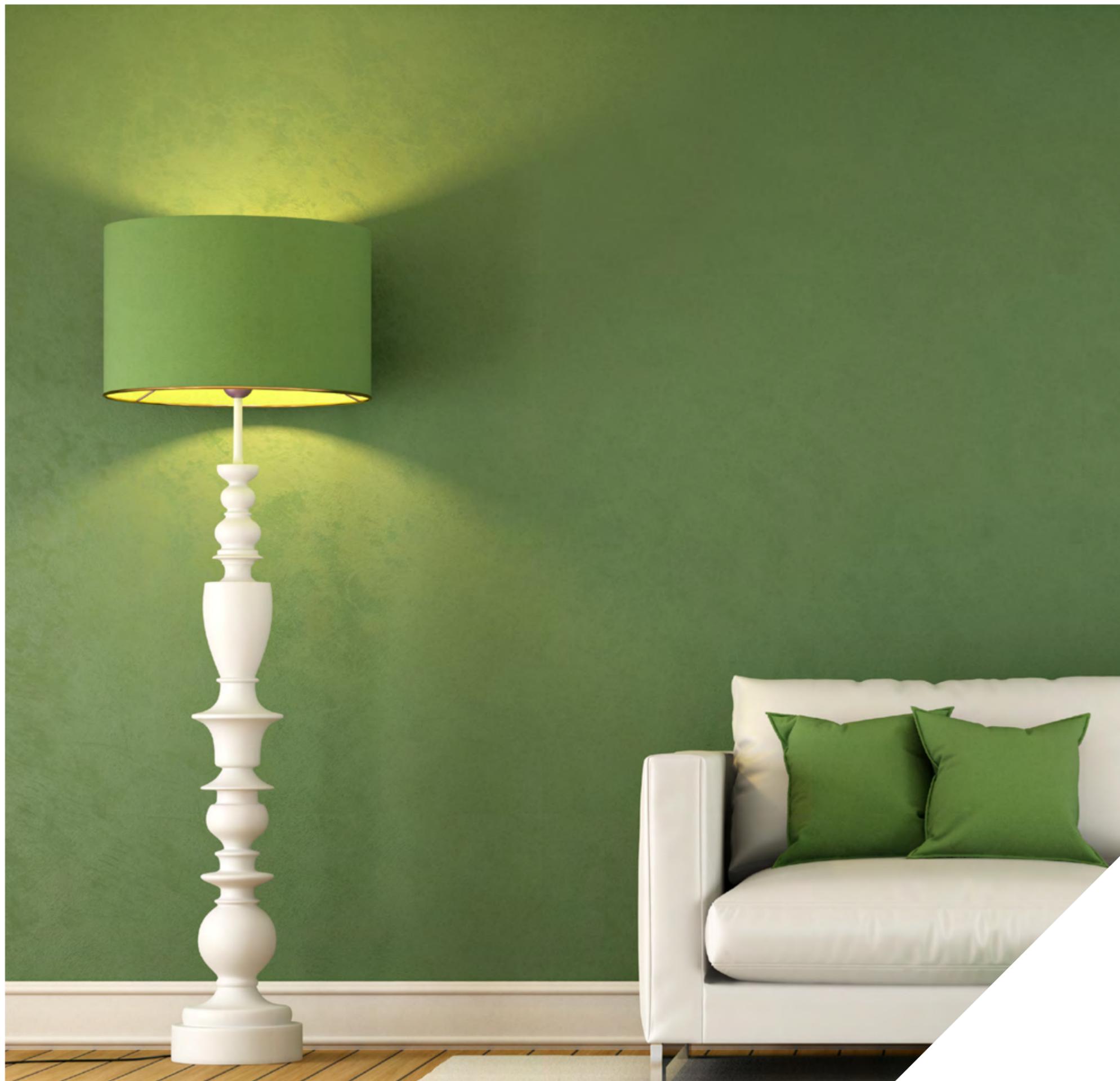
The solution to get back old tiles for little expense and the least effort: CERAMICA RENDER is a paste for the preparation and smoothing of all internal and external bases (tile, earthenware and old painted backgrounds). It gives a smooth appearance and excellent adhesion and bonding of the finishing coats. It is ideal for covering tiles, irregular walls, worktops and shower enclosures. It can be readily applied without an undercoat.



### SYNTHETIC VARNISH V10

The solution for the protection and decoration of outside woodwork: V10 synthetic varnish: intended for interior as well as exterior usage. It offers excellent hole filling power and strong weather resistance.





**A WIDE RANGE OF PRODUCTS WITH SPECIAL PROPERTIES**

Kanz – Stella - Dahab – Tilal and Camélia.  
 A line of special decorative effects that give interiors a harmonious, pleasing feel and create atmospheres involving sensations of light and shade.

Various rich textures including: sparkling texture with diamond powder, metallic texture combined with the effect of fine grains of sand, sandy texture with golden glitter, pearlescent textures with diamond powder...

These paints are available in several shades as standard and on our MAGIC COLOR tinting machine system.

### Anti-corrosion Systems and Product Line :

**COLORADO** protective coatings are used in a wide range of industries. Drawing upon our decades of experience in the sector, **COLORADO** offers anti-corrosion coatings for all types of steel structures. Our coatings are of proven long-term effectiveness, and they protect these structures in the most aggressive environments. Using the latest technologies, our coatings can be used in both alkaline and acid environments.

These systems were developed to meet the needs of each and every market and feature the following parameters:

- Corrosivity category: C1, C2, C3, C4, C5, Im1,2,3.
- Materials to be protected: Steel, galvanized steel, metallic steel, pre-coated steel, aluminum, concrete...
- Type of project: workshop or maintenance site

**COLORADO** paint systems are of course available in thousands of shades from the international RAL, NCS ... and in a very short time.

### Cellulose Product Line :

**COLORADO** supplies the largest manufacturers of gas cylinders, whether for new bottles or for maintenance.

For new cylinders, we suggest an oven painting system composed of an oven primer for excellent bonding and a high-performance finish in a multitude of colors.

For maintenance, **COLORADO** has developed a cellulose paint system based on nitrocellulose and non-siccated Alkyd resin. Intended for indoor or outdoor work with light-stable pigmentation, this system is easy to apply, fast drying and is applied in several thin layers. The cellulosic system can be used for car repair, office furniture, gas cylinders and traffic signs.

### Epoxy and Polyurethane Systems

Moreover, **COLORADO** has a multitude of anticorrosive systems: Epoxy polyamide, Polyurethane ... able to meet various requirements and constraints. That way, our technical teams work closely with our customers to offer optimized solutions that perfectly meet their needs. These systems can be used indoors and outdoors and are resistant to seawater and mineral oil splashes. They are also intended for the protection of metal frames, reservoirs and tanks for industrial use under very aggressive conditions (type C5I).



### Glycerophthalic System :

Zinc phosphate pigmented, zinc phosphate fast-drying glycerophthalic system for rust protection of ferrous and non-ferrous metal structures exposed to low to moderately corrosive environments. Suitable for new construction and maintenance.

Its main advantages are fast drying: 2 coats applicable during the day. Anti-corrosion protection provided by zinc phosphate pigmentation.

### High and Very High Temperature System :

High temperature processes are present in many industrial plants today. From oil and gas refineries to chemical plants to power plants; all have vessels, valves, piping and other equipment operating at high temperatures and most require specialized protection against these high temperatures in the form of a coating solution.

**COLORADO** offers two high-temperature protection systems, the first is composed of a primer based on an isomerized rubber and an aluminum finish and resists up to 250 ° C. A second system for facilities run at very high temperatures (up to 600 ° C) is composed of a bi-component THT primer based on an Epoxy resin and a finish based on a silicone binder.

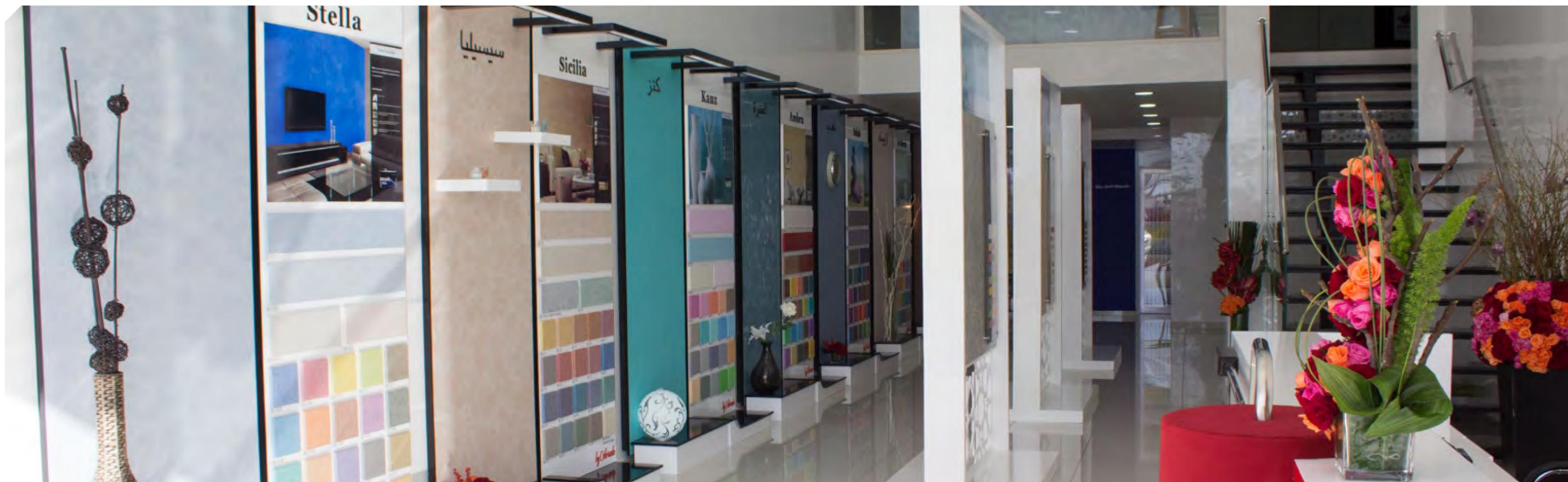
### Phenolic Coatings System :

When the inside of the tanks is subject to constant chemical attack, **COLORADO** phenolic systems provide the necessary barrier protection.

The phenolic system reduces potential tank leakage and maximizes the time tanks are operational as well as your profitability. It provides effective corrosion protection for stored cargo such as crude oil, drinking water and aircraft fuels. This system consists of a two-component zinc-rock primer based on an epoxy resin and a phenolic finish.

### Baked System: Thermoplastic Paint :

The oven paint system is an abrasion-resistant, chemical-resistant coating which is even resistant to particularly severe conditions. Thermoplastic paint will satisfy your needs. The oven system, in the thermoplastic paints line, is distinguished by its adhesive, slightly rubbery finish that provides protection and durability. Recognized for its superior resistance to salt, sea water, sand and sun, Fournalac laminating coating will give your metal parts an excellent coverage of edges and welds. The oven system consists of a primer and a thermosetting gloss finish based on a melamine alkyd resin.



### OPENING OF THE CIL SHOWROOM

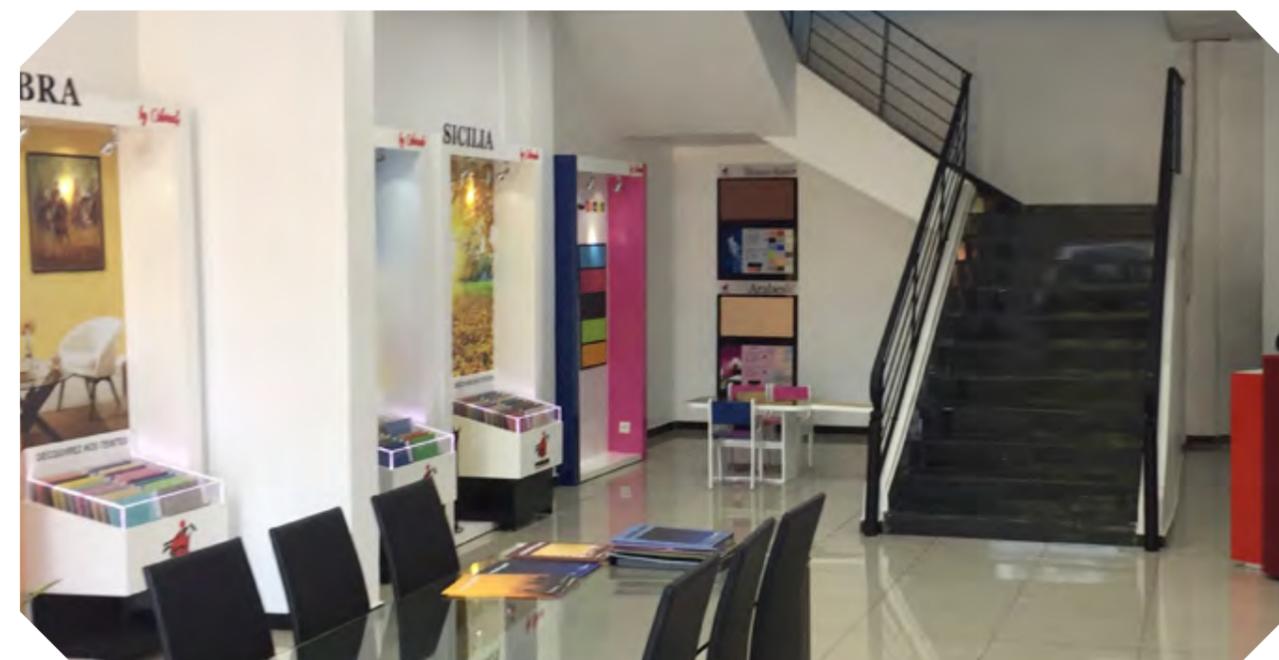
Over 240m<sup>2</sup> dedicated to inspiration with our new CIL Showroom, our 8th in Morocco and 3rd in Casablanca.

A place dedicated to inspiration and discovery thanks to our wide range of decorative paints that combine the latest looks, newest trends and the coolest colors currently in vogue. We also present the latest innovative solutions for interior and exterior walls.



### OPENING OF THE ORAN SHOWROOM IN ALGERIA

Internationally, COLORADO continues its expansion and has opened several showrooms abroad, the last of which opened in 2016 in Algeria. This is done in an effort to be closer to our customers across the world.



## PUBLIC RELATIONS: INTERNATIONAL EXHIBITIONS

## Surface Design Show in Londres (UK) from February 7 to 9, 2016

Colorado participated in the «Surface Design Show» which took place at the Busine Design Center in London from February 7th to 9th 2016. It is the event of choice for architects and designers in the UK specifically and generally throughout Europe. The 2016 show brought together more than 5669 professionals from the field to discover the latest trends in materials, coating and lighting.



## FAF MUNCHEN (Germany) from March 2nd to 5th, 2016

A highly-respected conference organized every 3 years which alternates between the cities of Munich and Cologne in Germany. Despite the large number of exhibitors (433 exhibitors representing 29 countries), Colorado distinguished itself by the large number of decorative products exhibited and by its stand with a custom design built especially for the occasion. Colorado makes sure that it is present at the most important and noteworthy events in the construction sector and FAF MUNCHEN is clearly a part of that: the Munich exhibition park had more than 41,500 visitors from 87 Nationalities in 2016.



## PUBLIC RELATIONS: INTERNATIONAL EXHIBITIONS

## MOSBUILD (Russia) from April 5th to 8th, 2016

Colorado has been participating for two years now in the MOSBUILD Show in Moscow which is considered the largest building trade show in Russia.

The objective of our participation was to strengthen our presence in this country and the region.

Some statistics of interest from the 2016 show:

- 1122 exhibitors representing 39 countries
- 63330 visitors

## BATIMATEC Algiers (Algeria) from May 3rd to 7th, 2016

Colorado participated in the 19th International Exhibition of Building, Construction Materials and Public Works, BATIMATEC, held from May 3rd to 7th, 2016, in Algiers, Algeria.

BATIMATEC is considered to be one of the leading continent-level events and is a professional gathering, offering a broad overview of the latest developments in the construction sector.

All the branches of the building, construction materials and public works sectors are represented.

The 2016 exhibition achieved a participation record with no fewer than 1,200 exhibitors, including 624 national companies and 599 foreign companies from 24 countries covering a total area of 44,000 m<sup>2</sup>.



**CARTHAGE (Tunisia) from May 18th to 22nd, 2016**

Colorado participated in the International Exhibition of Construction and Building from May 18th to 22nd, 2016, at the Kram Exhibition Center in Tunis, Tunisia. It is a biennial trade fair that has brought together construction trades-people, advisors and professionals since 1993.



**SAUDI BUILD from October 17th to 20th, 2016**

Saudi Arabia's largest building trade fair for 30 years, bringing together the world's leading professionals in the field.

Already present locally, Colorado's participation was therefore an opportunity to be even closer to its customers and prospective partners in the Middle East region.



**BUILDEX KENYA from September 21st to 30th, 2016**

Colorado participated in the 14th edition of Kenya Buildex 2016 at the Kenyatta International Exhibition Center from September 21st to 30th, 2016, in Kenya.

The event attracts visitors from Southern and Central Africa, an area where Colorado wants to further expand its presence.



## TRAINING SEMINARS FOR PROFESSIONALS

**COLORADO** puts the training of painters at the center of our priorities. **COLORADO** has established 10 vocational training centers throughout the Kingdom in Casablanca, Rabat, Kénitra, Meknes, Fez, Tangier, Agadir, Oujda, Marrakesh and Béni Mellal.

Training and information seminars are organized throughout the year. **COLORADO** offers theoretical and practical training on all aspects of painting as well as on application of decorative paints to more than two thousand professional painters.

At the end of the training sessions, these professionals obtain diplomas of merit as well as professional training cards.

Here are some pictures of the last seminars and trainings conducted by **COLORADO** for the benefit of the painters.



PATRONAGE & SPONSORSHIP

The desert Ch'Tis

**COLORADO** sponsored a student group's participation in a Humanitarian Sports Raid, in its 19th edition, which left Biarritz and arrived in Marrakesh, from February 18th to 28th, 2016.

Thanks to the materials and the donations sent by the participants, each edition allows us to open new classes in schools. This time, 82 tons of school supplies were shipped.

For the past 14 years, more than 15,000 children have been able to attend school due to all the materials provided by the students.

**COLORADO** has partnered with SKEMA - LILLE students for the Trophy 4L event: a humanitarian raid to help the «Desert Children» association with more than 50 kg of school and sports equipment as well as Financial assistance for the construction of premises dedicated to children (schools, libraries, etc.).



International Solidarity Worksite France-Morocco Mansouria 2017

-Renovation of a dilapidated primary school in the Mansouria area, near Mohammedia, in partnership with two French associations.

- Painting of rooms, doors, windows and halls in addition to carpentry and repairs of doors and windows.

Our goal is to redesign a large library that hosts about 900 people per week. This space offers various services to children, youth and women from vulnerable or disadvantaged backgrounds.



Partnership with l'Heure Joyeuse

-Renovation of a youth reintegration center: the center aims to promote the employability and entrepreneurship of young people, with little or no education, through appropriate support and training.

-Renovation of a nursery whose objective is to combat infant mortality (medical care, distribution of milk, baby clothes); ability to provide medical follow-up for needy babies, cases of distress and children from the Youth in Precarious Situation (JSP).

## PATRONAGE & SPONSORSHIP

### AMT : Association Toi et Moi

- Organization of artistic workshops with a view to informing and sensitizing students to the harm and consequences of smoking, in particular on physical, psychological and social health.

On the sidelines of the meeting, art exhibitions and theatrical performances were organized on the dangers and adverse effects of cigarettes on health and society in general.



### Al Bel'Art : Moroccan Multicultural Artistic Association

Several artistic workshops were held for children and guests in the Imilchil region and frescoes were painted on the walls of an area school as well as some collective painting done in collaboration with sports celebrities.

### ALBRIZA School of Marrakech

Donation from students of the ENCG (National School of Management and Commerce) for the restoration of the ALBRIZA School of Marrakech. In rural areas of Morocco, absenteeism can be attributed to dilapidated school buildings and infrastructure and the absence of suitable green areas. The ENCG association, convinced that it is necessary to «think globally and act locally», (ENCG Marrakech) decided to counter this problem by implementing a project called «Together to improve environmental conditions», which aims to improve the conditions in the school in the Marrakech-Safi Province.

Several painting projects, rehabilitation of walls and planting of greenery, as well as the organization of a half day with different socio-cultural activities.



RETIREMENT

During the year 2016, four people retired.

Grateful to them and aware of the effort they have made over their long years of service, **COLORADO** paid them tribute. As a parting gift, an Umrah was awarded to each of them at ceremonies organized in the presence of the company's staff.



PILGRIMAGE

In order to encourage its employees who wish to accomplish the pilgrimage to Mecca, **COLORADO** takes care of the full payment of pilgrimage expenses as well as the salary for the necessary time off.

This year, following the random draw organized by the relevant local officials, two people were able to perform the Hajj rites.

RAMADAN FTOUR (BREAKFAST)

As usual, **COLORADO** took great pleasure in sharing F'tour during the holy month with the entire executive management team at the «Four Seasons-Anfa Place» hotel on July 1st 2016.

This not-to-be-missed event, in addition to being very pleasant, was also perfect for inter-facility meetings and the induction of newly recruited executives.



GRADUATES

As usual, **COLORADO** held a ceremony on July 18, 2016 for the benefit of the recent graduates on its staff.

Present at the event were our young grads with their happy parents and their line managers in addition to CODIR members. True to its values of excellence, **COLORADO** has offered recent BA/BS graduates a bonus.

EXECUTIVE CONVENTION

**COLORADO** staged a convention for all its executives on February 21st/22nd in Marrakech. The convention took place in a pleasant and convivial setting during which everyone showed their commitment and sense-of-belonging to the company.

The event brought together over 100 executives with the goal of creating cohesion and sharing values and vision of society.



# COLORADO IN THE MEDIA

In 2016, as usual, COLORADO ensured its presence through several media outlets and related networks.





THE VALUE OF COLORADO



## ANALYSIS OF INCOME AND EXPENSE ACCOUNTS

### Sales Figures:

ITEM IN KDH	2016	2015	VAR. %
Sales	531 673	536 178	-0,8%

Sales decreased slightly (0.8%) between 2015 and 2016.

As you may recall, at the end of 2016; the situation in the construction sector was marked by a 0.9% decline in cement sales.

### Margin on purchases:

ITEM IN KDH	2016	2015	VAR. %
Turnover excl. VAT	531 673	536 178	-0,8%
Margin on purchases	257 726	249 975	3,1%
Margin rate on net sales	48,5%	46,6%	

The margin in 2016 is MAD 258 million, compared to a margin in 2015 of MAD 250 million, a slight increase of 3.1% despite the decline in sales.

The percentage of gross margin increased from 46.6% of sales in 2015 to 48.5% of sales in 2016. The improvement in the percentage margin is mainly due to lower prices for certain raw materials and control of purchases.

### Operating income:

ITEM IN KDH	2016	2015	VAR. %
Margin on purchases	257 726	249 975	3,1%
Other external charges	169 669	156 454	8,5%
Taxes & Fees	2 053	5 001	-58,9%
Personnel expenses	60 274	55 681	8,3%
Other operating expenses	400	500	-20,0%
Operating costs	25 897	35 244	-26,5%
Operating charges / Expense transfers	81 481	89 360	-8,8%
Operating income	80 913	86 455	-6,4%
Rex / net sales excl. VAT	15,2%	16,1%	

Operating income decreased between 2015 and 2016 by 6.4% to reach 81 million dirhams.

Operating income for 2016 therefore represents 15.2% of turnover compared to 2015, when it was 16.1% of turnover.

The increase in external expenses, notably advertising and promotion expenses, is the main reason for the decline in operating income.

## Financial result

The Financial result is as follows:

POSTE EN KDH	2016	2015	VAR. %
Financial products	1 292	1 460	-11,5%
Exchange gains	517	307	68,4%
Interest and other financial income	693	1 028	-32,6%
Reversals, transfers of expenses	82	125	-34,2%
Financial expenses	11 136	8 828	26,1%
Interest expenses	1 584	1 719	-7,9%
Exchange losses	618	565	9,4%
Other financial expenses	8 764	6 487	35,1%
Financial allocations	171	57	200,1%
Financial result	-9 845	-7 369	33,6%

Financial income consists of capital gains on the sale of SICAVs and foreign exchange gains.

Financial expenses consist mainly of settlement discounts granted to customers (€ 8.7 million) and interest expenses (€ 1.6 million).

The financial result (loss) decreased by 33.6% from -7.3 million dirhams in 2015 to -9.8 million dirhams in 2016.

## Non-current income

The non-current result is formed as follows:

ITEM IN KDH	2016	2015	VAR. %
Non-Operating Products	8 088	7 963	1,6%
Proceeds from Sale of Fixed Assets	728	1 467	-50,4%
Write-backs on Investments Sub	100	100	0,0%
Other Non-Operating Products	201	341	-41,0%
Non-operating Write-backs: Costs Transfers	7 059	6 055	16,6%
Non-Operating Costs	8 937	9 663	-7,5%
Depreciation Net Value of Fixed Assets Sold	348	534	-34,8%
Other Non-Operating Costs	7 937	3 827	107,4%
Non-Current Recurring Charges to Depreciations and Provisions	652	5 303	-87,7%
Non-Operating Income	-850	-1 700	-50,0%

The non-current result achieved in 2016 is a loss of 0.85 million dirhams, against -1.7 million dirhams (loss) in 2015. Non-recurring expenses consist of credit losses and provisions for contingencies and losses.

Non-recurring income consists of proceeds from the disposal of fixed assets and write-backs on overriding depreciation.

## Net profit

The net profit recorded on 31 December 2016 is 50.1 million dirhams against 52.5 million dirhams in 2015; a decrease of 4.5%.

## BALANCE SHEET ANALYSIS

## Working capital

## Long-term/permanent capital

As of December 31, 2016, the permanent capital excluding profit is as follows:

ITEM IN KDH	2016	2015	VAR. %
Shareholders' equity excluding earnings	287 100	285 969	0,4%
Capital and reserves	5 857	7 563	-22,6%
Financing debts	25 059	25 627	-2,2%
<b>Total</b>	<b>318 016</b>	<b>319 159</b>	<b>-0,4%</b>

During the 2016 fiscal year, permanent capital experienced the following movements:

- The result for the financial year 2015 was fully distributed at 98% (51.4 million dirhams).
- Financing liabilities increased in 2016 following the release of the medium-term loan from the BMCE to the tune of MAD 10 million. The repayments relating to the other CMTs contracted previously amount to 10.6 MDH.

## Net fixed assets

Net fixed assets at 31/12/2016 are as follows :

ITEM IN KDH	2016	2015
Non-current assets	1 130	1 372
Amortization / Non-current assets	-554	-532
Intangible assets	6 108	5 973
Amortization / Intangible assets	-1 698	-1 750
Tangible Assets	258 648	252 586
Depreciation / Tangible Assets	-120 815	-108 261
Net financial assets	1 698	1 487
<b>Total</b>	<b>144 516</b>	<b>150 875</b>

The amortization charges for the 2016 fiscal year are 14.4MDH.

## Working Capital Requirements:

The WCR at the end of 2016 is as follows:

ITEM IN KDH	2016	2015
Working Capital Requirement	145 628	127 143
Sales	531 673	536 178
<b>WCR in number of days of sales</b>	<b>99</b>	<b>85</b>

The Working Capital Requirement (BFR) increased by 9.2% between 2015 and 2016, rising from 90 days of sales to 99 days of sales. The decline in current debts (suppliers and the state) is at the root of this increase.

## Net cash

Net Cash for the year is as follows:

ITEM IN KDH	2016	2015
Net Cash	79 762	93 647

Net cash position decreased between 2015 and 2016 due to an increase in Working Capital Requirements. It consists of checks cashed and short-term cash investments.

## INFORMATION ON PAYMENT TERMS OF LOCAL SUPPLIERS

The balances for the items «Suppliers» and «Suppliers, invoices not received» are as follows:

SUPPLIERS	AMOUNT OF SUPPLIER DEBTS AT	AMOUNT UNSOLICITED DEBTS	AMOUNT OF MATURING DEBT			
			MATURE DEBTS OF	MATURE DEBTS OF 30	MATURE DEBTS OF	MATURE DEBTS OF
	A= B+C+D+E+F	B	C	D	E	F
SUPPLIERS	26 893 339	21 974 173	98 045	186 515	795 791	3 838 815
%	100%	82%	0%	1%	3%	14%
SUPPLIERS, INVOICE NOT	5 664 515	5 062 731	60 132	136 707	49 383	355 562
%	100%	89%	1%	2%	1%	6%
<b>TOTAL</b>	<b>32 557 854</b>	<b>27 036 904</b>	<b>158 178</b>	<b>323 222</b>	<b>845 174</b>	<b>4 194 376</b>
%	100%	83%	0%	1%	3%	13%

## ALLOCATION OF INCOME 2016:

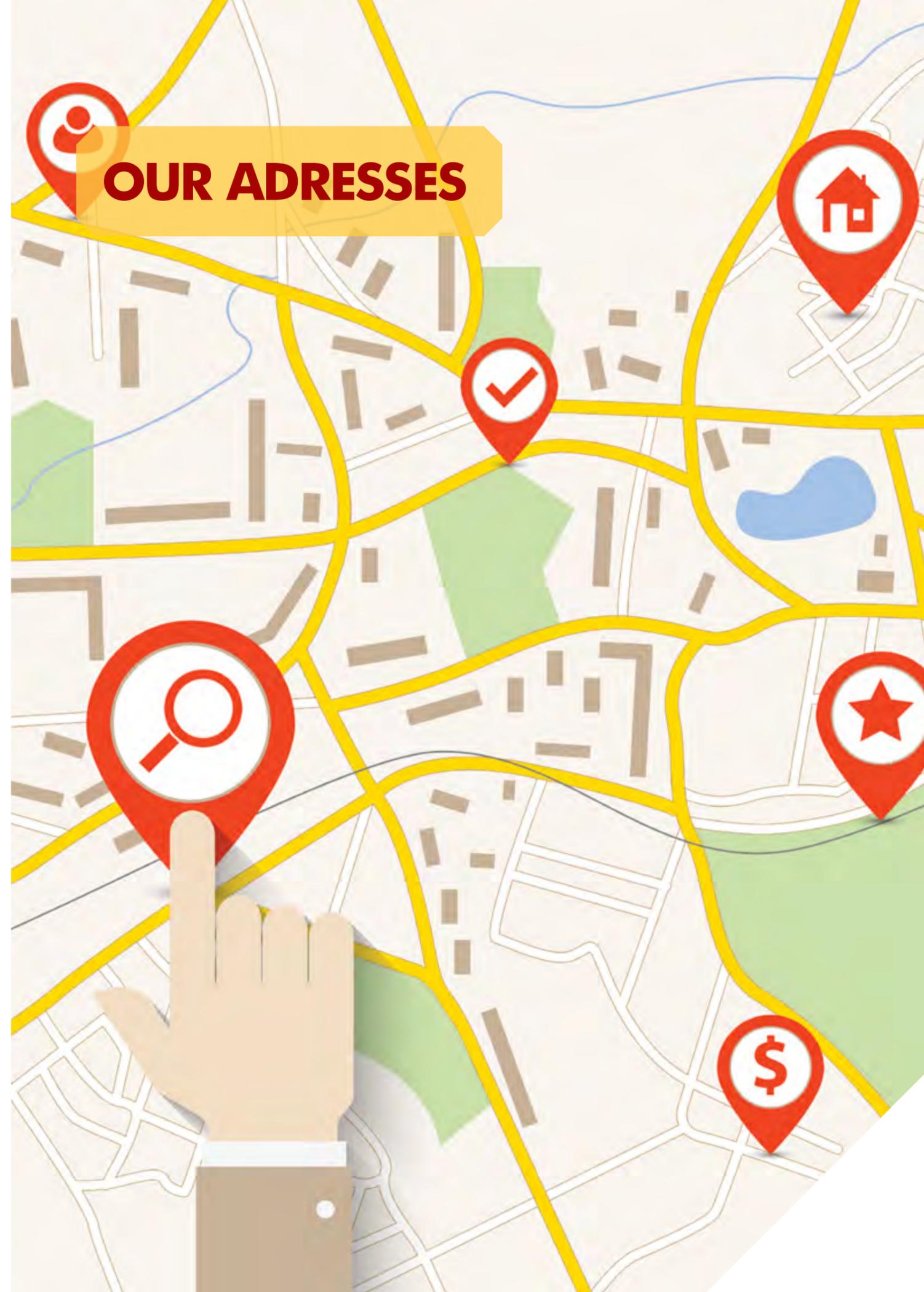
In view of the above, the financial statements for the year ending December 31, 2015 show a net book profit of 50,150,107.47 Dirhams and retained earnings of 154,781,488.27 Dirhams. The Board will propose the following allocation at the next meeting:

- Endowment of the legal reserve to the amount of 651,795.45 Dirhams.
- Distribution of an ordinary dividend of 3 DH per share and an exceptional dividend of 1.25 DH per share, ie a total dividend of 51,374,884.00 Dirhams.
- Retained earnings: 152,904,916.29 Dirhams.

	ASSETS	YEAR			PREVIOUS YEAR
		GROSS	Depreciation and Provisions	NET	NET
	Deffered costs	1 130 148,65	554 219,91	575 928,74	840 705,86
	Start-up costs	820 023,65	430 169,91	389 853,74	553 858,47
	Deferred expenses over several years	310 125,00	124 050,00	186 075,00	286 847,39
	Bond redemption premiums				
	Intangible fixed assets	6 108 157,00	1 698 404,44	4 409 752,56	4 222 230,42
	Research and development costs				
	Patents, trademarks, rights and similar assets	2 173 657,00	1 698 404,44	475 252,56	237 230,42
	Commercial funds				
	Other Intangible fixed assets	3 934 500,00		3 934 500,00	3 985 000,00
	Tangible fixed assets	258 648 211,74	120 815 425,62	137 832 786,12	144 325 111,53
	Land	23 318 000,00		23 318 000,00	23 318 000,00
	Constructions	132 106 497,68	44 478 548,56	87 627 949,12	83 253 765,67
	Technical installations, plant and machinery,	83 045 972,23	61 318 128,08	21 727 844,15	26 442 918,79
	Transport equipment	10 354 656,55	8 591 446,51	1 763 210,04	1 268 654,55
	Office and computing equipment	8 869 177,81	5 959 433,94	2 909 743,87	2 596 832,21
	Other tangible fixed assets	658 152,47	467 868,53	190 283,94	197 665,29
	Tangible fixed assets in progress	295 755,00		295 755,00	7 247 275,02
	Financial fixed assets	1 697 999,87		1 697 999,87	1 486 549,61
	Asset loans	1 187 558,10		1 187 558,10	1 002 043,36
	Other financial receivables	510 441,77		510 441,77	484 506,25
	Equity securities				
	Other capitalized securities				
	Currency translation adjustments				
	Receivables decrease adjustments				
	Liabilities increase adjustments				
	<b>TOTAL (A+B+C+D+E)</b>	<b>267 584 517,26</b>	<b>123 068 049,97</b>	<b>144 516 467,29</b>	<b>150 874 597,42</b>
	Stocks	121 524 834,31	7 185 358,37	114 339 475,94	123 365 236,46
	Goods	6 371 410,34	81 482,20	6 289 928,14	5 355 822,82
	Consumables and Supplies	76 650 779,81	1 295 890,13	75 354 889,68	80 701 291,76
	Products in progress	2 359 176,21		2 359 176,21	2 132 960,84
	Intermediate products and residual products				
	Finished products	36 143 467,95	5 807 986,04	30 335 481,91	35 175 161,04
	Receivables in current assets	233 448 461,20	39 633 166,56	193 815 294,64	186 046 643,20
	Suppliers debtors, advances and deposits	333 221,03		333 221,03	376 688,54
	Customer and accounts receivable	210 362 115,06	39 030 403,13	171 331 711,93	165 470 444,20
	Personnel	912 863,54	602 763,43	310 100,11	294 896,46
	State	18 959 603,07		18 959 603,07	16 980 567,90
	Intercompany accounts				
	Other receivables				
	Prepaid expenses	2 880 658,50		2 880 658,50	2 924 046,10
	Securities and investment securities	45 411 041,34		45 411 041,34	64 835 901,45
	Foreign exchange	89 268,93		89 268,93	
	<b>TOTAL II (F+G+H+I)</b>	<b>400 473 605,78</b>	<b>46 818 524,93</b>	<b>353 655 080,85</b>	<b>374 247 781,11</b>
	Cash - Assets	56 435 283,40		56 435 283,40	48 128 325,90
	Checks and cash values	50 022 074,94		50 022 074,94	46 646 634,64
	Banks, Treasury and public agency accounts	5 928 093,25		5 928 093,25	1 307 468,36
	Cash	485 115,21		485 115,21	174 222,90
	<b>TOTAL III</b>	<b>56 435 283,40</b>		<b>56 435 283,40</b>	<b>48 128 325,90</b>
	<b>TOTAL GENERAL I+II+III</b>	<b>724 493 406,44</b>	<b>169 886 574,90</b>	<b>554 606 831,54</b>	<b>573 250 704,43</b>

	LIABILITIES	YEAR	PREVIOUS YEAR
	Stockholders equity	337 250 088,75	338 474 864,83
	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	11 436 412,55	8 811 124,00
	Other reserves		
	Retained earnings (2)	154 781 488,27	156 275 889,82
	Allocation pending Result		
	Net income for the year (2)	50 150 107,93	52 505 771,01
	<b>Total stockholders equity (A)</b>	<b>337 250 088,75</b>	<b>338 474 864,83</b>
	Stockholders equity and equivalent	5 857 463,73	7 563 340,40
	Investment subsidies	404 471,00	504 712,68
	regulated provisions	5 452 992,73	7 058 627,72
	Financing debt ( C )	25 058 888,92	25 626 973,70
	Bonds		
	Other financing debt	25 058 888,92	25 626 973,70
	Term provisions for risks and charges (D)		
	Provisions for risks		
	Provisions for charges		
	Long term currency translation adjustments		
	Receivables increase adjustments		
	Debt decrease adjustments		
	<b>TOTAL I (A+B+C+D+E)</b>	<b>368 166 441,40</b>	<b>371 665 178,93</b>
	Current liabilities debt (F)	162 615 756,30	175 977 040,29
	Accounts payable	100 894 316,09	108 120 214,11
	Advance payments from customers, deposits and advances	5 842 931,15	5 676 557,97
	Personnel	6 988 799,11	6 617 309,24
	Social security agencies	3 669 000,58	3 359 572,49
	State	44 167 251,20	50 759 739,37
	Intercompany accounts		
	Other creditors	208 317,89	734 051,93
	Prepaid income	845 140,28	709 595,18
	Other provisions for risks and charges (G)	1 513 268,93	6 225 282,00
	Current currency translation adjustments	226 680,35	66 385,23
	<b>TOTAL II (F+G+H)</b>	<b>164 355 705,58</b>	<b>182 268 707,52</b>
	Cash liabilities	22 084 684,56	19 316 817,98
	Discount Credits		
	Cash Loans	21 596 889,58	17 715 083,53
	Bank adjustment accounts	487 794,98	1 601 734,45
	<b>TOTAL III</b>	<b>22 084 684,56</b>	<b>19 316 817,98</b>
	<b>TOTAL GENERAL I+II+III</b>	<b>554 606 831,54</b>	<b>573 250 704,43</b>

	DESCRIPTION	OPERATIONS		TOTALS OF YEAR 3 = 2 + 1	TOTALS OF THE PREVIOUS YEAR 4
		Specific to the exercise	For earlier years		
		1	2		
OPERATING	<b>I OPERATING PRODUCTS</b>	609 236 583,99		609 236 583,99	626 835 704,16
	Sales of goods (in condition)	11 733 843,47		11 733 843,47	19 436 285,24
	Sales of goods and services	519 939 483,83		519 939 483,83	516 741 501,32
	Sales	531 673 327,30		531 673 327,30	536 177 786,56
	Change in product inventories (1)	-3 917 897,47		-3 917 897,47	1 297 694,34
	Assets produced by the company itself				
	Operating subsidiaries				
	Other operating income				
	Operating expense transfers Reversals	81 481 154,16		81 481 154,16	89 360 223,26
	<b>Total I</b>	<b>609 236 583,99</b>		<b>609 236 583,99</b>	<b>626 835 704,16</b>
OPERATING	<b>II OPERATING CHARGES</b>	528 318 647,43	5 028,16	528 323 675,59	540 380 301,89
	Purchases of resold goods (2)	9 685 737,44		9 685 737,44	9 021 369,34
	Purchases of materials and supplies (2)	260 343 904,96	16,28	260 343 921,24	278 478 917,25
	Other external expenses	169 664 057,55	5 011,88	169 669 069,43	156 453 734,95
	Tax & duties	2 053 234,78		2 053 234,78	5 001 112,71
	Staff costs	60 274 483,84		60 274 483,84	55 681 105,65
	Other operating expenses	400 000,00		400 000,00	500 000,00
	Operating Depreciations and impairments	25 897 228,86		25 897 228,86	35 244 061,99
	<b>Total II</b>	<b>528 318 647,43</b>	<b>5 028,16</b>	<b>528 323 675,59</b>	<b>540 380 301,89</b>
<b>III OPERATING RESULT (I-II)</b>	<b>80 917 936,56</b>	<b>-5 028,16</b>	<b>80 912 908,40</b>	<b>86 455 402,27</b>	
FINANCIAL	<b>IV FINANCIAL PRODUCTS</b>	1 291 790,35		1 291 790,35	1 459 666,15
	Income from equity securities and other investments				
	Exchange gains	516 603,65		516 603,65	306 680,86
	Interests and other financial products	693 186,16		693 186,16	1 028 394,49
	Financial costs transfer	82 000,54		82 000,54	124 590,80
<b>Total IV</b>	<b>1 291 790,35</b>		<b>1 291 790,35</b>	<b>1 459 666,15</b>	
FINANCIAL	<b>V FINANCIAL EXPENSES</b>	11 136 402,19		11 136 402,19	8 828 397,80
	Interests expenses	1 583 599,97		1 583 599,97	1 718 830,25
	Exchange losses	617 857,91		617 857,91	565 017,51
	Other financial expenses	8 763 674,84		8 763 674,84	6 487 485,90
	Financial Depreciations and impairments	171 269,47		171 269,47	57 064,14
<b>Total V</b>	<b>11 136 402,19</b>		<b>11 136 402,19</b>	<b>8 828 397,80</b>	
<b>VI FINANCIAL RESULT (IV-V)</b>	<b>-9 844 611,84</b>		<b>-9 844 611,84</b>	<b>-7 368 731,65</b>	
<b>VII CURRENT RESULT (III + VI)</b>	<b>71 073 324,72</b>	<b>-5 028,16</b>	<b>71 068 296,56</b>	<b>79 086 670,62</b>	
EXCEPTIONAL	<b>VIII EXCEPTIONAL PRODUCTS</b>	8 087 587,67		8 087 587,67	7 962 642,59
	Disposals of fixed assets	727 500,00		727 500,00	1 467 020,00
	Compensating subsidies				
	Investment subsidies income	100 241,68		100 241,68	100 241,68
	Other exceptional products	200 830,64		200 830,64	340 586,34
	Exceptional expense transfers	7 059 015,35		7 059 015,35	6 054 794,57
	<b>Total VIII</b>	<b>8 087 587,67</b>		<b>8 087 587,67</b>	<b>7 962 642,59</b>
EXCEPTIONAL	<b>IX EXCEPTIONAL EXPENSES</b>	8 937 213,30	200,00	8 937 413,30	9 662 688,20
	Net value depreciation of fixed assets sold	348 255,20		348 255,20	533 752,29
	Subsidied Awarded				
	Other exceptional expenses	7 936 859,74	200,00	7 937 059,74	3 826 413,35
	Exceptional depreciations and impairments	652 098,36		652 098,36	5 302 522,56
<b>Total IX</b>	<b>8 937 213,30</b>	<b>200,00</b>	<b>8 937 413,30</b>	<b>9 662 688,20</b>	
<b>X EXCEPTIONAL RESULT (VIII-IX)</b>	<b>-849 625,63</b>	<b>-200,00</b>	<b>-849 825,63</b>	<b>-1 700 045,61</b>	
<b>XI RESULT BEFORE tax (VII-X)</b>	<b>70 223 699,09</b>	<b>-5 228,16</b>	<b>70 218 470,93</b>	<b>77 386 625,01</b>	
<b>XII INCOME TAX</b>	20 068 363,00		20 068 363,00	24 880 854,00	
<b>XIII NET INCOME (XI-XII)</b>	<b>50 155 336,09</b>	<b>-5 228,16</b>	<b>50 150 107,93</b>	<b>52 505 771,01</b>	
<b>XIV TOTAL REVENUE (I+IV+VII)</b>	<b>618 615 962,01</b>		<b>618 615 962,01</b>	<b>636 258 012,90</b>	
<b>XV TOTAL EXPENSES (II+V+IX+XIII)</b>	<b>568 460 625,92</b>	<b>5 228,16</b>	<b>568 465 854,08</b>	<b>583 752 241,89</b>	
<b>XVI NET INCOME (total revenue-total expenses)</b>	<b>50 155 336,09</b>	<b>-5 228,16</b>	<b>50 150 107,93</b>	<b>52 505 771,01</b>	



## Our Plants:

- Casablanca Plant** | 5, Allée des Orchidées, Ain Sebaâ, Casablanca  
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- Dar Bouaâzza Plant** | Route Moulay Thami, km 15, commune rurale Oulad Azzouz, Dar Bouazza, Casablanca  
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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  
Tel : 05 36 69 08 15 | Fax : 05 36 70 87 57
- Agadir Agency** | Lot 76, Zone Industrielle Tassila, Agadir  
Tel : +212 (0) 528 33 25 09 | Fax : +212 (0) 528 33 11 92
- 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  
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- Casablanca Ain Sebaa Showroom** | 5, Allée des Orchidées, Ain Sebaâ, Casablanca  
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- Casablanca Zerkoutni Showroom** | Résidence Zerkoutni (à Côté du Twin centre) 185,bd Zerkoutni - 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 RabiaaIII 45Av.Ibnou Zaraa, Quartier Branes -Tanger  
Tel. : +212 (0) 539 31 11 43
- Beni-Mellal Showroom** | 343, bd mohamed V, Béni-Méllal  
Tel. : +212 (0) 523 48 37 60
- Meknes Showroom** | RDC de la résidence Adnane, avenue des FAR hay moulay Ismail, Meknès  
Tel. : +212 (0) 535 52 65 42
- Kenitra Showroom** | 12 av. Yacoub El Mansour - Kénitra  
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- Marrakech Showroom** | 523, Résidence A, Boulevard Abdelkrim El Khattabi, Marrakech  
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- Oujda Showroom** | Technopole Parcelle n°14 Commune Ahl Angad, Oujda  
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## Plants:

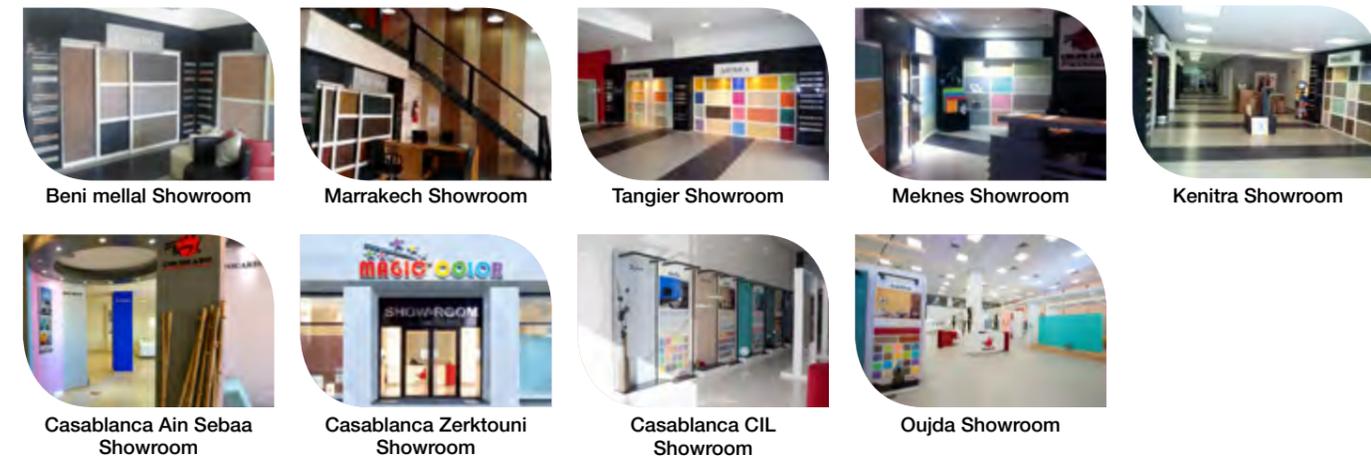
### Ain sebaa Plant and Administration Casablanca



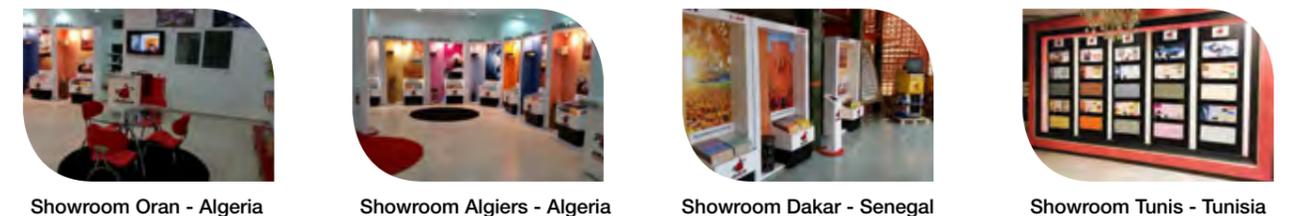
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