

PROSPECTUS SUMMARY ZALAGH HOLDING



BOND OFFERING

TOTAL ISSUANCE AMOUNT: 350 000 000 MAD

	Tranche A : In fine with a fixed rate	Tranche B : In fine with a variable rate	Tranche C : Depreciable with a fixed rate	Tranche D : Depreciable with a variable rate
Issuance ceiling	350 000 000 MAD			
Maximum securities number	3 500 bonds with a par value of 100 000 MAD			
Ceiling per tranche	225 000 000 MAD	225 000 000 MAD	125 000 000 MAD	125 000 000 MAD
Maximum securities number per tranche	2 250	2 250	1 250	1 250
Maturity	5 years			
Rates	The nominal interest rate is determined relative to the interest rate reference curve on the secondary market for 5-year treasury bonds as published by Bank Al-Maghrib on 5/11/2014, plus a risk premium of 200 basis points.	Annually-variable rate. Determined relative to the full monetary rate of 52-week treasury bills calculated on the basis of the interest rate curve on the secondary market for treasury bonds as published by the Bank Al Maghrib 5 business trading days prior to the coupon payment of each year, plus a risk premium of 190 basis points.	The nominal interest rate is determined relative to the interest rate reference curve on the secondary market for 5-year treasury bonds as published by Bank Al-Maghrib on 5/11/2014, plus a risk premium of 180 basis points.	Annually-variable rate. Determined relative to the full monetary rate of 52-week treasury bills calculated on the basis of the interest rate curve on the secondary market for treasury bonds as published by the Bank Al Maghrib 5 business trading days prior to the coupon payment of each year, plus a risk premium of 170 basis points.
Risk premium	200 basis points	190 basis points	180 basis points	170 basis points
Tradability	Over the counter			
Repayment	In Fine	In Fine	Constant linear amortization of the principal	Constant linear amortization of the principal
Allocation method	Refer to the section on allocation procedures, title II. XI.1 of the Prospectus			

SUBSCRIPTION PERIOD: FROM NOVEMBER 10, 2014 TO NOVEMBER 12, 2014

SUBSCRIPTION RESERVED FOR QUALIFIED INVESTORS UNDER MOROCCAN LAW LISTED IN THE PRESENT AND LEGAL PERSONS OF MOROCCAN OR FOREIGN LAWS

Financial Advisors and Global Coordinators



Placement Agent

Domiciliary institution ensuring the financial services of the issuer



APPROVAL OF THE CONSEIL DEONTOLOGIQUE DES VALEURS MOBILIERES (FINANCIAL AUTHORITY)

In accordance with the provisions set forth by the CDVM Circular taken pursuant to Article 14 of the Dahir No. 1-93-212 of September 21st 1993 relative to the Conseil Déontologique des Valeurs Mobilières (CDVM) and to the information required by legal persons subject to this public offering as amended and supplemented, the original version of the present Prospectus has been Approved by the CDVM on 03/11/2014 under reference number VI/EM/035/2014.

Disclaimer

The Conseil Déontologique des Valeurs Mobilières (CDVM) approved on 03/11/2014 a Prospectus in connection with a bond issuance by ZALAGH HOLDING.

The Prospectus approved by the CDVM is available at any time at the headquarters of ZALAGH HOLDING and through its financial advisors. It shall also be available within a maximum deadline of 48 hours, through the Placement Agent.

The prospectus is also available on the CDVM website: www.cdvm.gov.ma

PART I. TRANSACTION OVERVIEW

I. INFORMATION RELATIVE TO THE BONDS SUBJECT TO THIS OFFERING

I.1. CHARACTERISTICS OF TRANCHE A SECURITIES

Tranche A consists of fixed-rate bonds, negotiable through mutual agreement and repayable upon the maturity of 5 years. The characteristics of Tranche A are as follows:

Type of securities	Tradable bonds OTC (non-listed), fully dematerialized by registration with the Central Depository (Maroclear) and registered in account with competent affiliates.
Legal form	Bearer bonds
Tranche A ceiling	225 000 000 MAD
Maximum number of bonds to be issued	2 250
Nominal unit value	100 000 MAD
Maturity	5 years
Subscription period	November 10, 2014 to November 12, 2014
Date of possession	November 25, 2014
Maturity date	November 25, 2019
Risk premium	200 basis points
Issuance price	At par, i.e. 100 000 MAD at the date of possession
Allocation method	At pro rata of demand for In Fine tranches, i.e. tranches A and B
Tradability	Over the counter There is no restriction imposed by the terms of the present issuance on the free transferability of these obligations. Any transfer shall cause compliance with the conditions of issuance and with the transfer of rights attached to each Bond, as they result from board decisions or the Issuance Agreement.
Financial commitments	Tranche A bonds benefit from the financial obligations of the Issuer as set out in section II. V of the Prospectus and in the Issuance Agreement included as appendix to the Prospectus.
Nominal interest rate	Fixed rate. The nominal interest rate corresponds to the 5-year Treasury Bills rate determined in reference to the secondary rate curve as published by Bank Al-Maghrib on 05/11/2014, plus a risk premium of 200 basis points. In case the 5-year rate is not directly observed on the secondary rates curve, it shall be determined by linear interpolation of the 5-year maturity curve's framing points. The nominal interest rate shall be published by Zalagh Holding in l'Economiste no later than 7/11/2014. In the event of a default (non-compliance with financial covenants described in Article 7 of the Issuance Agreement), the nominal interest rate will be increased by 200 basis points for all the remaining maturity of the bonds, in accordance with Article 8 of the Issuance Agreement.
Interests	Interests are served annually on the anniversary dates of the funding of the bond offering, i.e. on November 25 th of each year. Their payment shall take place on the same day or on the following business day if the day is a holiday. Interests shall be calculated using the following formula: [Outstanding principal x nominal rate]
Repayment of principal	Tranche A of the bond issue of ZALAGH HOLDING, shall be subject to a repayment In Fine of the principal. In the case of merger, demerger or partial contribution of assets of ZALAGH HOLDING occurring during the tenor of the bond and causing the transfer of assets in favor of a distinct legal entity, the rights and obligations arising from the bonds (subject of the present issuance) shall be automatically transmitted the legal entity substituted in the rights and obligations of ZALAGH HOLDING.
Early redemption	The Company undertakes not proceed with early repayment of the bonds subject to the present issuance, except in the case of authorization by the body of debt security holders

	<p>acting under the conditions of Law No. 17-95 on corporations, as amended and modified by law No. 20-05, promulgated by Dahir 1-08-18 of May 23, 2008.</p> <p>However, the Company reserves the right to buyback its bonds on the secondary market at any given time, in compliance with legal and regulatory requirements, provided that these purchases will have no effect on an investor willing to hold his/her securities until their normal maturity, nor on the normal amortization schedule. Otherwise, repurchased bonds shall be canceled.</p>
Assimilation clause	<p>There is no assimilation of bonds subject of the present Prospectus to securities of a previous issue.</p> <p>In the event ZALAGH HOLDING subsequently issues new securities identical in all respects to those of Tranche A, it may proceed, without the consent of previous bond holders, provided that it authorized through the issuance agreements, to the assimilation of all subsequent security issuances, thereby unifying all transactions with regard to their management and trading.</p>
Rank/Subordination	<p>The bonds issued by ZALAGH HOLDING constitute direct, general, unconditional and unsubordinated commitments of the Issuer, ranking pari passu among themselves and with any other present or future debt of the Issuer, unsecured and non-preferred by law, for a fixed term.</p>
Guarantee	<p>The bonds issued by ZALAGH HOLDING are not subject to any particular guarantee.</p>
Rating	<p>This Issue has not yet been subject to a rating. However, the Company has been rated 'B+' by Fitch Ratings, with Outlook "Stable".</p>
Representation of bondholders	<p>In accordance with article 300 of the Law 17-95 relating to limited companies, and pending the occurrence of the General Meeting, the Executive Board shall proceed – at the opening of the subscription period – with the appointment of a temporary representative among the individuals who are entitled to perform business agent functions.</p> <p>Pending the occurrence of the General Meeting of bondholders, Mr. Mohamed Hdid has been appointed as temporary representative in accordance with applicable legal provisions.</p> <p>This decision shall take effect concurrently with the beginning of the subscription period. To be noted that the temporary representative appointed is the same for tranches A, B, C and D of the issuance, which tranches are grouped into one single body.</p> <p>In addition, ZALAGH HOLDING takes the engagement of calling a General Meeting of bondholders within sixty (60) days from the effective funding date, so that such General Meeting could appoint a permanent representative of the bondholders.</p>
Governing law and competent jurisdiction	<p>Moroccan Law with the Commercial Court of Fès as the competent jurisdiction.</p>

I.2. CHARACTERISTICS OF TRANCHE B SECURITIES

Tranche B consists of yearly variable-rate bonds, tradable OTC and repayable at a maturity of 5 years. The characteristics of the Tranche B are as follows:

Type of securities	Tradable bonds OTC (non-listed), fully dematerialized by registration with the Central Depository (Maroclear) and registered in account with competent affiliates.
Legal form	Bearer bonds
Tranche B ceiling	225 000 000 MAD
Maximum number of bonds to be issued	2 250
Nominal unit value	100 000 MAD
Maturity	5 years
Subscription period	November 10, 2014 to November 12, 2014
Date of possession	November 25, 2014
Maturity date	November 25, 2019
Risk premium	190 basis points
Issuance price	At par, i.e. 100 000 MAD at the date of possession
Allocation method	At pro rata of demand for In Fine tranches, i.e. tranches A and B
Tradability	Over the counter There is no restriction imposed by the terms of the present issuance on the free transferability of these obligations. Any transfer shall cause compliance with the conditions of issuance and with the transfer of rights attached to each Bond, as they result from board decisions or the Issuance Agreement.
Financial commitments	Tranche B bonds benefit from the financial obligations of the Issuer as set out in section II. V of the Prospectus and in the Issuance Agreement included as appendix to the Prospectus.
Nominal interest rate	Annually revisable interest rate. The nominal interest rate for the first year is determined by referring to the full rate of monetary Treasury Bills 52 weeks calculated on the basis of the rate curve of Treasury Bonds in the secondary market as published by Bank Al-Maghrib 05/11/2014 plus a risk premium of 190 basis points. The nominal interest rate for the first year shall be published by ZALAGH Holding in the Economist no later than 07/11/2014. At each coupon payment date, the 52-week monetary reference rate will be determined on the basis of the last secondary market treasury bill's curve such as published by Bank Al Maghrib 5 trading days before the coupon payment date. The obtained reference rate will be increased by a risk premium of 190 basis points to determine the facial rate used in the calculation of the next year's coupon. In the event of a default (non-compliance with financial covenants as described in Article 7 of the Issuance Agreement), the nominal interest rate will be increased by 200 basis points on all remaining maturity of the obligation in accordance with Article 8 of the Issuance Agreement.
Calculation method	In the event where the reference rate is not observed directly on the curve of the reference rate of the secondary market, rate determination shall be realized through linear interpolation using the two points flanking the full maturity 52 weeks (monetary base)
Interest	Interests are served annually on the anniversary dates of the funding of the bond offering, i.e. on November 25 th of each year. Their payment shall take place on the same day or on the following business day if the day is a holiday. Interests shall be calculated on a monetary basis, i.e.: [Outstanding principal x nominal rate x (exact number of days / 360)]

Repayment of principal	<p>Tranche B of the bond issue of ZALAGH HOLDING, shall be subject to a repayment In Fine of the principal.</p> <p>In the case of merger, demerger or partial contribution of assets of ZALAGH HOLDING occurring during the tenor of the bond and causing the transfer of assets in favor of a distinct legal entity, the rights and obligations arising from the bonds (subject of the present issuance) shall be automatically transmitted the legal entity substituted in the rights and obligations of ZALAGH HOLDING.</p>
Early redemption	<p>The Company undertakes not proceed with early repayment of the bonds subject to the present issuance, except in the case of authorization by the body of debt security holders acting under the conditions of Law No. 17-95 on corporations, as amended and modified by law No. 20-05, promulgated by Dahir 1-08-18 of May 23, 2008.</p> <p>However, the Company reserves the right to buyback its bonds on the secondary market at any given time, in compliance with legal and regulatory requirements, provided that these purchases will have no effect on an investor willing to hold his/her securities until their normal maturity, nor on the normal amortization schedule. Otherwise, repurchased bonds shall be canceled.</p>
Assimilation clause	<p>There is no assimilation of bonds subject of the present Prospectus to securities of a previous issue.</p> <p>In the event ZALAGH HOLDING subsequently issues new securities identical in all respects to those of Tranche B, it may proceed, without the consent of previous bond holders, provided that it authorized through the issuance agreements, to the assimilation of all subsequent security issuances, thereby unifying all transactions with regard to their management and trading.</p>
Rank/Subordination	<p>The bonds issued by ZALAGH HOLDING constitute direct, general, unconditional and unsubordinated commitments of the Issuer, ranking pari passu among themselves and with any other present or future debt of the Issuer, unsecured and non-preferred by law, for a fixed term.</p>
Guarantee	<p>The bonds issued by ZALAGH HOLDING are not subject to any particular guarantee.</p>
Rating	<p>This Issue has not yet been subject to a rating. However, the Company has been rated 'B+' by Fitch Ratings, with Outlook "Stable".</p>
Representation of bondholders	<p>In accordance with article 300 of the Law 17-95 relating to limited companies, and pending the occurrence of the General Meeting, the Executive Board shall proceed – at the opening of the subscription period – with the appointment of a temporary representative among the individuals who are entitled to perform business agent functions.</p> <p>Pending the occurrence of the General Meeting of bondholders, Mr. Mohamed Hdid has been appointed as temporary representative in accordance with applicable legal provisions.</p> <p>This decision shall take effect concurrently with the beginning of the subscription period. To be noted that the temporary representative appointed is the same for tranches A, B, C and D of the issuance, which tranches are grouped into one single body.</p> <p>In addition, ZALAGH HOLDING takes the engagement of calling a General Meeting of bondholders within sixty (60) days from the effective funding date, so that such General Meeting could appoint a permanent representative of the bondholders.</p>
Governing law and competent jurisdiction	<p>Moroccan Law with the Commercial Court of Fès as the competent jurisdiction.</p>

I.3. CHARACTERISTICS OF TRANCHE C SECURITIES

Tranche C consists of fixed-rate bonds, annually depreciable over 5 years and tradable OTC. The characteristics of the Tranche C are as follows:

Type of securities	Tradable bonds OTC (non-listed), fully dematerialized by registration with the Central Depository (Maroclear) and registered in account with competent affiliates.
Legal form	Bearer bonds
Tranche C ceiling	125 000 000 MAD
Maximum number of bonds to be issued	1 250
Nominal unit value	100 000 MAD
Maturity	5 years
Subscription period	November 10, 2014 to November 12, 2014
Date of possession	November 25, 2014
Maturity date	November 25, 2019
Risk premium	180 basis points
Issuance price	At par, i.e. 100 000 MAD at the date of possession
Allocation method	At pro rata of demand for amortizable tranches, i.e. tranches C and D
Tradability	Over the counter There is no restriction imposed by the terms of the present issuance on the free transferability of these obligations. Any transfer shall cause compliance with the conditions of issuance and with the transfer of rights attached to each Bond, as they result from board decisions or the Issuance Agreement.
Financial commitments	Tranche C bonds benefit from the financial obligations of the Issuer as set out in section II. V of the Prospectus and in the Issuance Agreement included as appendix to the Prospectus.
Nominal interest rate	Fixed rate. The nominal interest rate is determined in reference to the secondary rate curve as published by Bank Al-Maghrib on 05/11/2014, plus a risk premium of 180 basis points. The nominal interest rate shall be published by Zalagh Holding in l'Economiste no later than 7/11/2014. In the event of a default (non-compliance with financial covenants described in Article 7 of the Issuance Agreement), the nominal interest rate will be increased by 200 basis points for all the remaining maturity of the bonds, in accordance with Article 8 of the Issuance Agreement.
Calculation method	The nominal interest rate corresponds to the actuarial rate used to obtain, for an obligation, a price that equals 100% of the due date's nominal value by discounting the future cash flows generated by the bond in question in the rates of Treasury Bills Zero Coupon calculated from the secondary rates curve in fine published by Bank Al Maghrib on 05/11/2014 according to the method presented in appendix 4 and increased by a risk premium of 180 basis points.
Interest	Interests are served annually on the anniversary dates of the funding of the bond offering, i.e. on November 25 th of each year. Their payment shall take place on the same day or on the following business day if the day is a holiday. Interest shall be calculated using the following formula: [outstanding principal x nominal rate]
Repayment of principal	Tranche C of the bond issuance shall be the subject of an annual linear amortization. In the case of merger, demerger or partial contribution of assets of ZALAGH HOLDING occurring during the tenor of the bond and causing the transfer of assets in favor of a distinct legal entity, the rights and obligations arising from the bonds (subject of the present issuance) shall be automatically transmitted the legal entity substituted in the rights and obligations of ZALAGH HOLDING.
Early redemption	The Company undertakes not proceed with early repayment of the bonds subject to the present issuance, except in the case of authorization by the body of debt security holders acting under the conditions of Law No. 17-95 on corporations, as amended and

	<p>modified by law No. 20-05, promulgated by Dahir 1-08-18 of May 23, 2008.</p> <p>However, the Company reserves the right to buyback its bonds on the secondary market at any given time, in compliance with legal and regulatory requirements, provided that these purchases will have no effect on an investor willing to hold his/her securities until their normal maturity, nor on the normal amortization schedule. Otherwise, repurchased bonds shall be canceled.</p>
Assimilation clause	<p>There is no assimilation of bonds subject of the present Prospectus to securities of a previous issue.</p> <p>In the event ZALAGH HOLDING subsequently issues new securities identical in all respects to those of Tranche C, it may proceed, without the consent of previous bond holders, provided that it authorized through the issuance agreements, to the assimilation of all subsequent security issuances, thereby unifying all transactions with regard to their management and trading.</p>
Rank/Subordination	<p>The bonds issued by ZALAGH HOLDING constitute direct, general, unconditional and unsubordinated commitments of the Issuer, ranking pari passu among themselves and with any other present or future debt of the Issuer, unsecured and non-preferred by law, for a fixed term.</p>
Guarantee	<p>The bonds issued by ZALAGH HOLDING are not subject to any particular guarantee.</p>
Rating	<p>This Issue has not yet been subject to a rating. However, the Company has been rated 'B+' by Fitch Ratings, with Outlook "Stable".</p>
Representation of bondholders	<p>In accordance with article 300 of the Law 17-95 relating to limited companies, and pending the occurrence of the General Meeting, the Executive Board shall proceed – at the opening of the subscription period – with the appointment of a temporary representative among the individuals who are entitled to perform business agent functions.</p> <p>Pending the occurrence of the General Meeting of bondholders, Mr. Mohamed Hdid has been appointed as temporary representative in accordance with applicable legal provisions.</p> <p>This decision shall take effect concurrently with the beginning of the subscription period. To be noted that the temporary representative appointed is the same for tranches A, B, C and D of the issuance, which tranches are grouped into one single body.</p> <p>In addition, ZALAGH HOLDING takes the engagement of calling a General Meeting of bondholders within sixty (60) days from the effective funding date, so that such General Meeting could appoint a permanent representative of the bondholders.</p>
Governing law and competent jurisdiction	<p>Moroccan Law with the Commercial Court of Fès as the competent jurisdiction.</p>

I.4. CHARACTERISTICS OF TRANCHE D SECURITIES

Tranche D consists of annually revisable-rate bonds, annually depreciable over 5 years and tradable OTC. The characteristics of the Tranche D are as follows:

Type of securities	Tradable bonds OTC (non-listed), fully dematerialized by registration with the Central Depository (Maroclear) and registered in account with competent affiliates.
Legal form	Bearer bonds
Tranche D ceiling	125 000 000 MAD
Maximum number of bonds to be issued	1 250
Nominal unit value	100 000 MAD
Maturity	5 years
Subscription period	November 10, 2014 to November 12, 2014
Date of possession	November 25, 2014
Maturity date	November 25, 2019
Risk premium	170 basis points
Issuance price	At par, i.e. 100 000 MAD at the date of possession
Allocation method	At pro rata of demand for amortizable tranches, i.e. tranches C and D
Tradability	Over the counter There is no restriction imposed by the terms of the present issuance on the free transferability of these obligations. Any transfer shall cause compliance with the conditions of issuance and with the transfer of rights attached to each Bond, as they result from board decisions or the Issuance Agreement.
Financial commitments	Tranche D bonds benefit from the financial obligations of the Issuer as set out in section II. V of the Prospectus and in the Issuance Agreement included as appendix to the Prospectus.
Nominal interest rate	Annually revisable interest rate. The nominal interest rate for the first year is determined by referring to the full rate of monetary Treasury Bills 52 weeks calculated on the basis of the rate curve of Treasury Bonds in the secondary market as published by Bank Al-Maghrib on 05/11/2014 plus a risk premium of 170 basis points. The nominal interest rate for the first year shall be published by Zalagh Holding in the Economist no later than 07/11/2014. At each coupon payment date, the 52-week monetary reference rate will be determined on the basis of the last secondary market treasury bill's curve such as published by Bank Al Maghrib 5 trading days before the coupon payment date. The obtained reference rate will be increased by a risk premium of 190 basis points to determine the facial rate used in the calculation of the next year's coupon. In the event of a default (non-compliance with financial covenants as described in Article 7 of the Issuance Agreement), the nominal interest rate will be increased by 200 basis points on all remaining maturity of the obligation in accordance with Article 8 of the Issuance Agreement.
Calculation method	In the event where the reference rate is not observed directly on the curve of the reference rate of the secondary market, rate determination shall be realized through linear interpolation using the two points flanking the full maturity 52 weeks (monetary base)
Interests	Interests are served annually on the anniversary dates of the funding of the bond offering, i.e. on November 25 th of each year. Their payment shall take place on the same day or on the following business day if the day is a holiday. Interests shall be calculated on a monetary basis, i.e.: [outstanding principal x nominal rate x (exact number of days/360 days)].
Repayment of principal	Tranche D of the bond issuance shall be the subject of an annual linear amortization. In the case of merger, demerger or partial contribution of assets of ZALAGH HOLDING occurring during the tenor of the bond and causing the transfer of assets in favor of a distinct legal entity, the rights and obligations arising from the bonds (subject of the present issuance) shall be automatically transmitted the legal entity substituted in the rights and obligations of ZALAGH HOLDING.

Early redemption	<p>The Company undertakes not proceed with early repayment of the bonds subject to the present issuance, except in the case of authorization by the body of debt security holders acting under the conditions of Law No. 17-95 on corporations, as amended and modified by law No. 20-05, promulgated by Dahir 1-08-18 of May 23, 2008.</p> <p>However, the Company reserves the right to buyback its bonds on the secondary market at any given time, in compliance with legal and regulatory requirements, provided that these purchases will have no effect on an investor willing to hold his/her securities until their normal maturity, nor on the normal amortization schedule. Otherwise, repurchased bonds shall be canceled.</p>
Assimilation clause	<p>There is no assimilation of bonds subject of the present Prospectus to securities of a previous issue.</p> <p>In the event ZALAGH HOLDING subsequently issues new securities identical in all respects to those of Tranche D, it may proceed, without the consent of previous bond holders, provided that it authorized through the issuance agreements, to the assimilation of all subsequent security issuances, thereby unifying all transactions with regard to their management and trading.</p>
Rank/Subordination	<p>The bonds issued by ZALAGH HOLDING constitute direct, general, unconditional and unsubordinated commitments of the Issuer, ranking pari passu among themselves and with any other present or future debt of the Issuer, unsecured and non-preferred by law, for a fixed term.</p>
Guarantee	<p>The bonds issued by ZALAGH HOLDING are not subject to any particular guarantee.</p>
Rating	<p>This Issue has not yet been subject to a rating. However, the Company has been rated 'B+' by Fitch Ratings, with Outlook "Stable".</p>
Representation of bondholders	<p>In accordance with article 300 of the Law 17-95 relating to limited companies, and pending the occurrence of the General Meeting, the Executive Board shall proceed – at the opening of the subscription period – with the appointment of a temporary representative among the individuals who are entitled to perform business agent functions.</p> <p>Pending the occurrence of the General Meeting of bondholders, Mr. Mohamed Hdid has been appointed as temporary representative in accordance with applicable legal provisions.</p> <p>This decision shall take effect concurrently with the beginning of the subscription period. To be noted that the temporary representative appointed is the same for tranches A, B, C and D of the issuance, which tranches are grouped into one single body.</p> <p>In addition, ZALAGH HOLDING takes the engagement of calling a General Meeting of bondholders within sixty (60) days from the effective funding date, so that such General Meeting could appoint a permanent representative of the bondholders.</p>
Governing law and competent jurisdiction	<p>Moroccan Law with the Commercial Court of Fès as the competent jurisdiction.</p>

II. TRANSACTION OBJECTIVES

As Morocco's leading integrated poultry Group, ZALAGH HOLDING seeks to be the leading player in each of its business segments. The strategic vision of ZALAGH HOLDING consists of the following points:

- Strengthening its vertical integration;
- Supporting the growth and modernization of the poultry sector;
- Continuous improvement of Group's profitability and productivity;
- Achieving group-wide synergies through harmonization of business activities and support functions;
- Development of new products and markets.

In this regard, ZALAGH HOLDING had initiated and aims to implement over the 2014-2016 period an important capex program which includes the following components:

Segment	Cumulative over 2014-2016
Commodity Trading	53.0
Animal Feed	119.5
Chick and Poult Hatchery	78.6
Broiler Production	95.9
Slaughtering & Meat Processing	46.5
Investments total	393.5

In thousands of MAD - Source: ZALAGH HOLDING

This investment program was initiated in 2014 following ZALAGH HOLDING's capital increase subscribed by INTERNATIONAL FINANCE CORPORATION (IFC), which allowed for around 100 MMAD of equity available for the underlying investments.

Through the actual bond issuance, ZALAGH HOLDINGS aims to:

- Finance the aforementioned investment program initiated in 2014;
- Meet working capital needs resulting from the development of its various segments and have sufficient liquidity to cease potential acquisition opportunities;
- Diversify Company's external sources of funding and benefit from a cost-effective leverage;
- Refinance part of its existing debt, within the Group's subsidiaries;
- Enhance its image vis-à-vis institutional investors through higher visibility within capital markets.

III. TRANSACTION SCHEDULE

Order	Steps	Deadline
1	CDVM clearance	03/11/2014
2	Publication of a Prospectus extract in a legal gazette	05/11/2014
3	Opening of the subscription period	10/11/2014
4	Closing of the subscription period	12/11/2014
5	Payment / Delivery	25/11/2014
6	Announcement of the transaction's outcome by Company in a legal gazette	26/11/2014

PART II. GENERAL OVERVIEW OF ZALAGH HOLDING

I. GENERAL INFORMATION

Corporate name	ZALAGH HOLDING SA
Headquarters	Quartier Industriel Bensouda, Lotissement Ennamae, lots 198-199, Fès
Telephone	+212 (0) 522 58 77 29
Fax	+212 (0) 520 22 57 68
Website	www.zalagh-holding.com
Email	driss.chaouni@zalagh-holding.com
Legal form	Limited company, with Executive Board and Supervisory Board
Date of creation	July 29, 2003
Life span	99 years
Share capital at 30/06/2014	88 440 000 MAD, fully released, consisting of 884 400 shares with a par value of 100 MAD each.
Fiscal year	January 1 st to December 31 st for the years before 2011 Exceptionally, the fiscal period that began on January 1 st , 2012 ended on June 30, 2012 and had a duration of 6 months Since July 1 st , 2012, fiscal years start on July 1 st of each year and close on June 30th of the following year
Registration N°	In Fès, under N° 23245
Place of consultation of legal documents	The legal documents of the company including bylaws, General Assembly minutes and auditor reports can be found at Km 5-6 Route de Mediouna, Tit Mellil, RN 9, Casablanca (offices of AIAA subsidiary)
Corporate purpose	According to Article 3 of the bylaws, the corporate purpose is: <ul style="list-style-type: none"> ▪ The investment and development of the Company in all economic, industrial and financial sectors through the acquisition of shares in existing companies or companies to be created in any sector; ▪ The management of subsidiaries with the aim of developing their corporate objectives; ▪ Management of security portfolios of all companies; ▪ Any financial, industrial and commercial activity that can promote or help achieve the Company's corporate purpose.
List of applicable laws and regulations	By its legal form and its relations with third parties, ZALAGH HOLDING is governed by the Moroccan law, specifically Law No. 17-95 relating to public limited companies as amended and supplemented by Law No. 20-05 as well as its statutes. Regarding its subsidiaries, they are governed by the aforementioned Law No. 17-95 or Law No. 5-96 on partnership companies, limited partnership companies, companies with limited partnership by shares, limited liability companies and joint venture companies. With regard to the bond issue operation, subject of the present prospectus, the Company shall be governed by the following laws: <ul style="list-style-type: none"> - The Dahir constituting law No. 1-93-212 of September 21st, 1993 relating to the CDVM and the information required by legal persons with public offering as amended and supplemented by the laws No. 23-01, No. 36-05 and No. 44-06 ; - The Dahir constituting law No. 1-93-211 of September 21st, 1993 relating to the Casablanca Stock Exchange as amended and supplemented by Laws No. 34-96, No. 29-00, No. 52-01 and No. 45-06; - The Internal Regulations of the Casablanca Stock Exchange approved by the decree of the Minister of Economy, Finance, Privatization and Tourism No. 1960-01 of October 30, 2001. The said decree was amended by the June 2004 amendment which came into effect in November 2004 and by the decree No. 1268-08 of July 7, 2008; - The Dahir constituting law No. 1-96-246 of January 9th, 1997 promulgating the law No. 35-96 relating to the creation of a Central Depository and the establishment of a general regulation system for the registration of certain values as amended by Law No.43-02. - The Internal Regulations of the Central Depository approved by the decree of the Minister of

	<p>Economy and Finance No. 932-98 of April 16th, 1998 and amended by the decree of the Minister of Economy, Finance, Privatization and Tourism No. 1961-01 of October 30, 2011 and decree No. 077-05 of March 17th, 2005;</p> <ul style="list-style-type: none"> - The Internal Regulations of the CDVM as approved by the decree of the Minister of Economy and Finance No. 882-08 of April 14th, 2008 ; - The CDVM circular adopted pursuant to Article 14 of the Dahir constituting law No. 1-93-212 of September 21st, 1993 relating to the CDVM and to the information required of legal persons making public offerings as amended and supplemented. <p>Regarding the business activity of the Company and its subsidiaries, they are governed by the following laws and regulations:</p> <ul style="list-style-type: none"> - Law No. 28-07 relating to the safety of food products, promulgated by Dahir No. 1-10-08 of 11 February 2010; - The Decree of the Director of Agriculture, Trade and Forests of April 20, 1948 on the sale of livestock feed; - The Vizierial Decree of August 7th, 1946 on the control of the sale of compound livestock feed; - The Dahir No. 1-02-119 of June 13th, 2002 promulgating the Law No. 49.99 on the health protection in poultry farms, on the control of the production and marketing of poultry products; - The Decree No. 2-04-684 of December 27th, 2004 adopted for the implementation of Law No. 49-99 on the sanitary production of poultry farms, on control of the production and marketing of poultry products; - The Decree of the Minister of Agriculture, Rural Development and Fisheries No. 21245-05 of December 15th, 2005 setting forth of the requirements of a license for poultry activities, nesting eggs, transport and distribution of live poultry as well as for the creation of packaging facilities or processing eggs, poultry slaughterhouses, processing, packaging, freezing poultry meat and marketing of such meat and eggs for human consumption; - The Decree of the Minister of Agriculture, Rural Development and Fisheries No. 2126-05 of December 15th, 2005 establishing the form and content of the of health monitoring register of poultry farms and hatcheries; - The Decree of the Minister of Agriculture, Rural Development and Fisheries No. 2127-05 of December 15th, 2005 setting forth the common and specific health requirements to be met by the premises, equipments and the management of poultry farms and hatcheries; - The Decree of the Minister of Agriculture, Rural Development and Fisheries No. 21129-05 of December 15th, 2005 setting forth the minimum conditions to be respected between a poultry breeding farm and another one, or between a poultry farm and a hatchery or between two hatcheries; - The Decree of the Minister of Agriculture, Rural Development and Fisheries No. 2130-05 of December 15th, 2005 setting forth the list of contagious diseases that could spread in a poultry farms and special measures to fight these diseases; - The Decree of the Minister of Agriculture, Rural Development and Fisheries No. 445-06 of March 8th, 2006 setting forth the sanitary conditions to be met by packaging facilities and egg processing; - The Decree of the Minister of Agriculture, Rural Development and Fisheries No. 447-06 of March 8th, 2006 setting forth the sanitary requirements for the design, equipment and operation that facilities specialized in cutting, processing, freezing and packaging of poultry meat must abide by; - The Decree of the Minister of Agriculture, Rural Development and Fisheries No. 448-06 of March 8th, 2006 setting forth the sanitary requirements of design, equipment and operation that poultry slaughterhouses must abide by - The Decree of the Minister of Agriculture, Rural Development and Fisheries No. 449-06 of March 8th, 2006 setting forth the sanitary requirements and equipments for the marketing of poultry meat; - The Decree No. 2-97-177 of March 23rd, 1999 on the transport of perishable goods; - The Memorandum of the Minister for Agriculture, Rural Development and Fisheries of May 15, 2007 on the authorization to practice the activity of transport of live poultry; - The Dahir No. 1-88-479 of September 10, 1993 promulgating the Law No. 17-88 relating to the indication of the expiry date on canned and packaged edibles and beverages intended for human or animal consumption ; - The Decree No. 2-01-1016 of June 4th, 2002 regulating the labeling and presentation of foodstuffs; - The Dahir No. 1-80-340 of December 26, 1980 promulgating the Law No. 21-80 on the private practice of medicine, surgery and veterinary pharmacy; - The Decree No. 2-82-541 of March 15, 1983 adopted for the implementation of Law No. 21-80 on the private practice of medicine, surgery and veterinary pharmacy; - The Circular Note of March 9, 2009 of the Ministry of Agriculture and Maritime Fisheries relating to the authorization of additives, nutritional supplements and premixes of feed additives for animal feed.
Tax system	<p>ZALAGH HOLDING is subject to corporate tax at the standard rate of 30%</p> <p>The rate of VAT applicable to the operations of ZALAGH HOLDING is 20%</p>

Competent court in an event of litigation	Commercial Court of Fès
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Source: ZALAGH HOLDING

II. OWNERSHIP HISTORY

The following table shows the history of the shareholding of ZALAGH HOLDING since 2011:

	31 December 2011		31 December 2012		31 December 2013		30 June 2014	
	Number of shares	% of equity and voting rights	Number of shares	% of equity and voting rights	Number of shares	% of equity and voting rights	Number of shares	% of equity and voting rights
GREENLIGHT HOLDING SA	363 000	50,00%	363 000	50,00%	363 000	41,04%	363 000	41,04%
Mr. M'hammed Fouad CHAOUNI	104 500	14,39%	104 500	14,39%	104 500	11,81%	104 500	11,81%
Mr. Mohammed Amal CHAOUNI	41 800	5,76%	41 800	5,76%	41 800	4,72%	41 800	4,72%
Ms. Mounia CHAOUNI	41 800	5,76%	41 800	5,76%	41 800	4,72%	41 800	4,72%
Ms. Assia CHAOUNI	41 790	5,76%	41 790	5,76%	41 790	4,72%	41 790	4,72%
Ms. Laila CHAOUNI	41 790	5,76%	41 790	5,76%	41 790	4,72%	41 790	4,72%
Mr. Mohammed Farouq CHAOUNI	33 012	4,55%	33 012	4,55%	33 012	3,73%	33 012	3,73%
Mr. Ali BERBICH	16 500	2,27%	16 500	2,27%	16 500	1,87%	16 500	1,87%
Mr. Driss CHAOUNI	6 963	0,96%	6 963	0,96%	6 963	0,79%	6 963	0,79%
Mr. Saad CHAOUNI	6 963	0,96%	6 963	0,96%	6 963	0,79%	6 963	0,79%
Mr. Salem CHAOUNI	6 963	0,96%	6 963	0,96%	6 963	0,79%	6 963	0,79%
Mr. Othman CHAOUNI	6 963	0,96%	6 963	0,96%	6 963	0,79%	6 963	0,79%
Mr. Rali CHAOUNI	6 963	0,96%	6 963	0,96%	6 963	0,79%	6 963	0,79%
Ms. Rita CHAOUNI	6 963	0,96%	6 963	0,96%	6 963	0,79%	6 963	0,79%
Mr. Mustapha SLIMANI	10	0,00%	10	0,00%	10	0,00%	10	0,00%
Mr. Abdelhadi NINIA	10	0,00%	10	0,00%	10	0,00%	10	0,00%
Mr. Mehdi BERBICH	10	0,00%	10	0,00%	10	0,00%	10	0,00%
Sub-Total CHAOUNI family	726 000	100,00%	726 000	100,00%	726 000	82,09%	726 000	82,09%
International Finance Corporation	-	-	-	-	158 400	17,91%	158 400	17,91%
Total	726 000	100,00%	726 000	100,00%	884 400	100,00%	884 400	100,00%

Source: ZALAGH HOLDING

Up to the publication date of the current Prospectus, the ownership structure of ZALAGH HOLDING is mainly characterized by a family structure, for which the main shareholders are:

- GREENLIGHT HOLDING SA (GLH), with 41.04% of the shares and voting rights. It should be noted that this entity is an acquisition holding company, owned directly and indirectly by members of the CHAOUNI family and founded by them in 2011 for the purpose of acquiring the 50% stake in the Group then owned by members of the LAABI family;
- International Finance Corporation (IFC), with 17.91% of the shares and voting rights.
- Mr. M'hammed Fouad CHAOUNI, with 11.81% of the shares and voting rights.

The merger of ZALAGH HOLDING and group AL ATLAS

In early 2008, the CHAOUNI family (ZALAGH) and the LAABI family (AL ATLAS) considered a strategic alliance to create a leading player in the poultry industry, benefiting from stronger integration and wider geographic coverage.

In July 2009, the two groups merged their businesses via a capital increase of ZALAGH HOLDING subscribed by the LAABI family through contribution of the subsidiaries of group AL ATLAS, thereby giving rise to ATLAS ZALAGH HOLDING (abbreviated as ATZAL), held in equally by the two families.

This merger between ZALAGH and AL ATLAS allowed the resulting company to cover the entire Moroccan territory, to reach critical mass, and to undertake a complete vertical integration across the various businesses of the poultry sector.

Acquisition by the CHAOUNI family of the 50% ownership stake owned by the LAABI family in ATZAL

In 2011, the CHAOUNI and LAABI families agreed on a buyout by the CHAOUNI family, through the GLH acquisition vehicle, of the 50% ownership stake owned by the LAABI family in the Group.

The Group was subsequently renamed ZALAGH HOLDING and became part of a full integration scheme, taking advantage of the synergies between the various business segments and developing an effective expansion strategy.

Capital increase of ZALAGH HOLDING subscribed by IFC (International Finance Corporation)

In October 2013, the Company effected a capital increase subscribed by IFC, providing this financial institution with a 17.9% stake in ZALAGH HOLDING.

The objective of the transaction was to enhance the capital structure of ZALAGH HOLDING and support its development plan, in a context of nationwide growth of protein consumption.

This transaction also allowed IFC to contribute to the Group its sector expertise and extensive experience in optimizing corporate governance and in institutionalizing large family groups.

III. GOVERNANCE BODIES

ZALAGH HOLDING is a limited company with an Executive Board and a Supervisory Board. Articles 13 to 16 of the Company's bylaws relative to Board composition, convening procedures, powers, and functioning of executive and supervisory bodies are in compliance with Law No. 17-95 relating to limited companies, as modified and amended by Law No. 20-05.

III.1. EXECUTIVE BOARD

The Executive Board of ZALAGH HOLDING is composed of the following members:

Members	Function	Appointment date	Expiry date of current appointment
Mr. Ali BERBICH	President of the Executive Board	January 14, 2013	OGM convened to approve the fiscal year ended June 30, 2014
Mr. Omar BENAYACHI LALAMI	Managing Director	December 9, 2011	OGM convened to approve the fiscal year ended June 30, 2014
Mr. Driss CHAOUNI	Managing Director	December 9, 2011	OGM convened to approve the fiscal year ended June 30, 2014
Mr. Saad BENAYACHI LALAMI	Member of the Executive Board	January 14, 2013	OGM convened to approve the fiscal year ended June 30, 2014
Ms. Sihame BENHAMANE	Member of the Executive Board	September 16, 2013	OGM convened to approve the fiscal year ended June 30, 2014

Source: ZALAGH HOLDING

III.2. SUPERVISORY BOARD

The Supervisory Board of ZALAGH HOLDING is composed of the following members:

Member	Function	Appointment date	Expiry date of current appointment	Family relationship to President
Mr. Mustapha SLIMANI	President	January 29, 2013	OGM convened to approve the 2018 financial year	Himself
Mr. M'hammed Fouad CHAOUNI	Vice President	December 9, 2011	OGM convened to approve the 2016 financial year	Brother-in-law
Mr. Mohamed Farouq CHAOUNI	Member	December 9, 2011	OGM convened to approve the 2016 financial year	Brother-in-law
Mr. Timothy COTTON	Member	December 9, 2011	OGM convened to approve the 2016 financial year	None
Mr. Abdelhadi NINIA	Member	October 10, 2013	OGM convened to approve the 2018 financial year	None
Mr. Mohamed Saâd HASSAR	Member	October 10, 2013	OGM convened to approve the 2018 financial year	None
Mr. Ahmed Réda CHAMI	Member	October 10, 2013	OGM convened to approve the 2018 financial year	None
Mr. Mehdi BERBICH	Member	December 9, 2011	OGM convened to approve the 2016 financial year	None
Mr. Jean-Paul PINARD	Member	September 15, 2014	OGM convened to approve the 2018 financial year	None

Source : ZALAGH HOLDING

IV. MANAGEMENT

The following is a list of key management members of ZALAGH HOLDING:

Management personnel	Function	Date d'entrée au sein du Groupe
Mr. Ali BERBICH	▪ President of the Executive Board of ZALAGH HOLDING	2002
Mr. Omar BENAYACHI LALAMI	▪ Managing Director of ZALAGH HOLDING	2007
Mr. Driss CHAOUNI	▪ Managing Director of ZALAGH HOLDING	2011
Mr. Fatima Zahra DERFOUFI	▪ Chief Financial Officer of ZALAGH HOLDING	2014
Ms. Amina CHAOUNI	▪ Legal Counsel of ZALAGH HOLDING	2011
Mr. Ahmed TERRAB	▪ Planning and Development Director of ZALAGH HOLDING	2003
Mr. Omar BENOSMAN	▪ Head of Information Systems at ZALAGH HOLDING	2012
Mr. Youssef BENOSMAN	▪ Head of Commodity Trading segment	1993
Mr. Youssef SLIMANI	▪ Deputy Head of Commodity Trading segment	2008
Ms. Sihame BENHAMANE	▪ Head of Animal Feed and Hatchery Segments	2005
Mr. Saad BENAYACHI LALAMI	▪ Head of Broiler Production segment	2011
Mr. Mehdi MRABET	▪ Head of Slaughtering operations	2013
Mr. Miguel GUERREIRO	▪ Head of Meat Processing operations	2011

Source: ZALAGH HOLDING

PART III. BUSINESS OF ZALAGH HOLDING

I. BACKGROUND OF THE COMPANY

In 1974, Mohammed and Fouad CHAOUNI founded in Fès one of the first plants in the country for the production of ruminant and poultry feed, under the name EL ALF.

In 1977, in an effort to getting closer to their customers and supporting the development of EL ALF, they created COUVNORD as a hatchery to produce day-old chicks, marking the first integration of the Group in the poultry business.

In 1994, the creation of GRADERCO and its subsidiary ALIMAROC allowed for better control the procurement of raw material necessary for EL ALF's production. The same companies will become a decade later one of the national leaders in their business sector.

In 2007 and 2009, respectively, the Group acquired slaughtering and meat processing companies ELDIN and BANCHEREAU, thereby completing – along with the merger transaction with group AL ATLAS – its global integration within the poultry sector.

In 2013, the capital increase of ZALAGH HOLDING subscribed by IFC has marked a new stage in the development and institutionalization of the Group. In order to support the financing of ZALAGH HOLDING's capex program over the 2014-2016 period, IFC subscribed to a capital increase of the Group through an equity investment of 197 422 414 MAD, which resulted in a 17.9% stake in ZALAGH HOLDING. This transaction enabled IFC to contribute to ZALAGH HOLDING its sector expertise and its extensive experience in optimizing corporate governance and in institutionalizing large family groups.

KEY DATES IN ZALAGH HOLDING'S HISTORY

1974	Founding of EL ALF
1977	Founding of COUVNORD
1991	Acquisition of AGRO INDUSTRIELLE AL ATLAS
1994	Founding of GRADERCO
1999	Founding of FEED AND FOOD and ALIMAROC
	Founding of ATLAS COUVOIRS
2001	Acquisition of UMA VOLAILLES
2003	Founding of PROMOGRAINS
	Combination of the Group's activities under ZALAGH HOLDING
2006	Founding of PFDIS
2007	Acquisition of ELDIN
2009	Merger of ZALAGH and AL ATLAS under the name ATLAS ZALAGH HOLDING, abbreviated as ATZAL
	Acquisition of BANCHEREAU
2010	ATZAL receives the First Prize for Integration in the International Agriculture Fair in Morocco (SIAM)
2011	Takeover of 100% of ATZAL by the CHAOUNI family Evolution of the Group's governance structure to a structure with Executive Board and Supervisory Board
2012	Name change from ATLAS ZALAGH HOLDING to ZALAGH HOLDING
2013	Capital increase subscribed by IFC and leading to a 17.9% ownership in ZALAGH HOLDING

Source: ZALAGH HOLDING

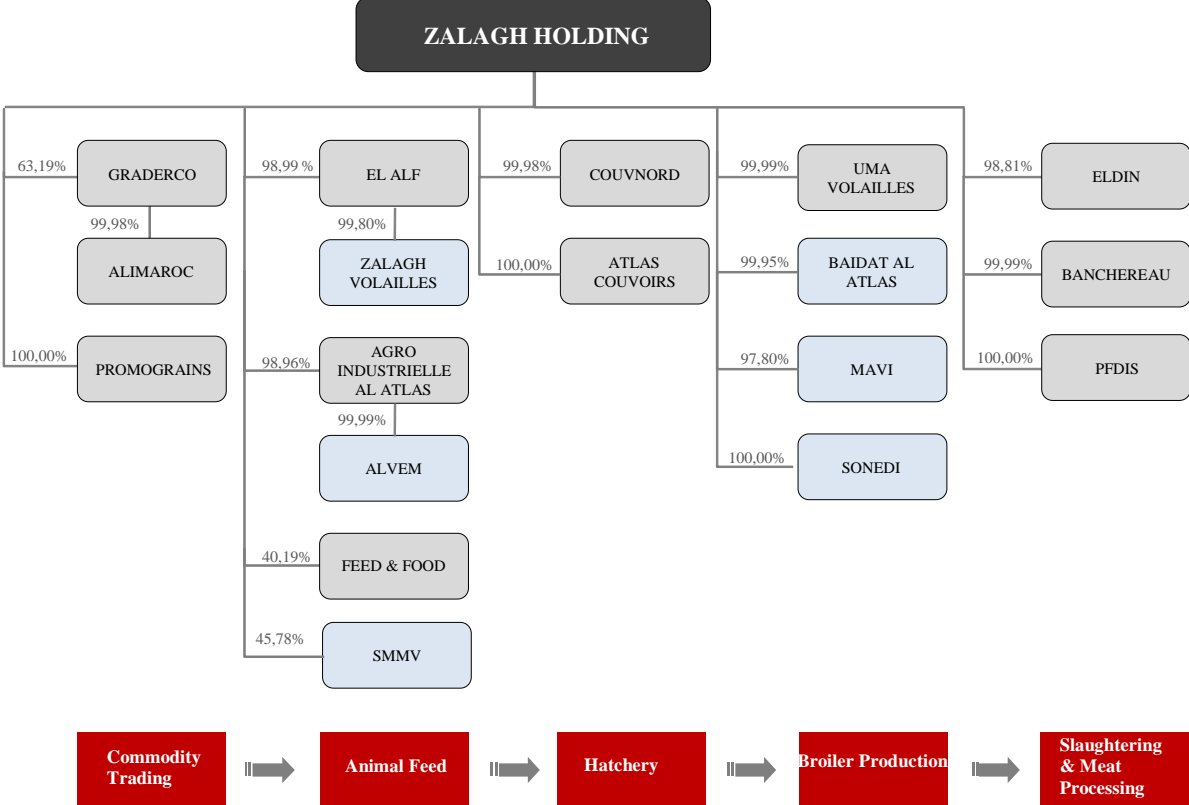
	Event taking place in the ZALAGH Group before its merger with AL ATLAS
	Event taking place in AL ATLAS before its merger with ZALAGH HOLDING
	Event taking place in ZALAGH HOLDING after its merger with AL ATLAS or the buyout transaction

II. SUBSIDIARIES OF ZALAGH HOLDING

II.1. GROUP LEGAL STRUCTURE

The following diagram shows the legal structure of ZALAGH HOLDING:

Legal structure of ZALAGH HOLDING with relevant ownership percentages



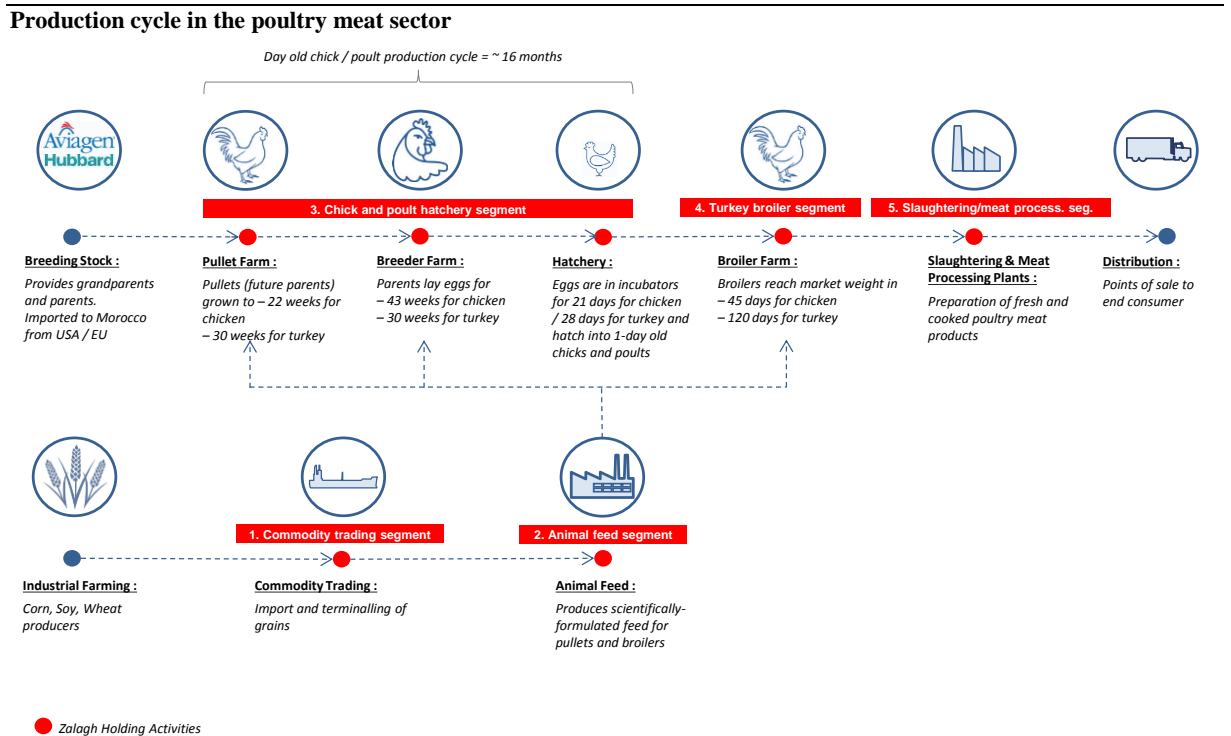
Source: ZALAGH HOLDING

ZALAGH HOLDING has ownerships in 18 subsidiaries involved in commodity trading, animal feed production, chick and poul hatchery, broiler production, and production of white meats and charcuterie products.

III. ZALAGH HOLDING'S BUSINESS SEGMENTS

ZALAGH HOLDING operates in the sectors of commodity trading, animal feed, poult and chick hatchery, broiler production, and slaughtering and meat processing.

In this regard, the Group is a leading nationwide operator, integrated and present across the entire poultry value chain, as illustrated in the following diagram:



Source : ZALAGH HOLDING

The Group's activities are organized across 5 main pillars:

Value chain of ZALAGH HOLDING



Source : ZALAGH HOLDING

- **The Commodity Trading segment** includes GRADERCO and ALIMAROC, which are specialized in the import, trading and storage of cereals. This segment also includes PROMOGRAINS, a company that owns storage silos in Casablanca.
- **The Animal Feed segment** includes EL ALF, AIAA and FEED AND FOOD. EL ALF and AIAA specialize in the production of poultry and cattle feed. They jointly market their products under the brand “Alf Al Maghrib”. On the other hand, FEED AND FOOD specializes in the production and imports of premixes and additives necessary to animal feed production.
- **The Hatchery segment** includes COUVNORD and ATLAS COUVOIRS, which specialize in chick and poult hatchery. These companies jointly market their products under the brand “Fellous Al Maghrib”.
- **The Broiler Production segment** specializes in the breeding of turkey and chicken broilers through the company UMA VOLAILLES.

- **The Slaughtering & Meat Processing segment** specializes in (i) the slaughtering, the packaging and the distribution of poultry meats through the company ELDIN, (ii) the transformation and processing of meats through BANCHEREAU, and (iii) the distribution of white meats and cold cuts through the company PFDIS. This segment markets its products through a number of brands, particularly “Dindy”, sold through all distribution channels in the country.

Since the launch of its first subsidiary EL ALF, the Group's development has progressively followed a vertical integration strategy across the different subsectors of the poultry industry, with the following objectives:

- Complementarity of business activities;
- Reaching critical scale;
- Geographic expansion and client proximity ;
- Controlling quality of products and services ;
- Creation of synergies between subsidiaries ; and
- Hedging against procurement and sales/marketing risks.

PART V. FINANCIAL POSITION OF ZALAGH HOLDING

I. SCOPE OF CONSOLIDATION

The following table shows the scope of consolidation¹ over the period 2011-2013:

Subsidiary	2011		2012		2013		Consolidation method
	% control	% interest	% control	% interest	% control	% interest	
ZALAGH HOLDING	Parent company	100,00%	Parent company	100,00%	Parent company	100,00%	Parent company
Commodity Trading segment							
GRADERCO	66,19%	66,19%	66,19%	66,19%	66,19%	66,19%	Global integration
ALIMAROC	99,98%	66,18%	99,98%	66,18%	99,98%	66,18%	Global integration
PROMOGRAINS	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	Global integration
Animal Feed segment							
EI ALF	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	Global integration
AGRO INDUSTRIELLE AL ATLAS	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	Global integration
FEED AND FOOD	38,00%	38,00%	38,00%	38,00%	40,19%	40,19%	Equity accounting
ALVEM	88,00%	88,00%	88,00%	88,00%	88,00%	88,00%	Global integration
ZALAGH VOLAILLES	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	Global integration
Hatchery segment							
COUVNORD	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	Global integration
ATLAS COUVOIRS	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	Global integration
Broiler Production segment							
UMA VOLAILLES	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	Global integration
BAIDAT AL ATLAS	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	Global integration
MAVI	98,00%	98,00%	98,00%	98,00%	98,00%	98,00%	Global integration
Slaughtering & Meat Processing segment							
ELDIN	98,00%	98,00%	98,00%	98,00%	98,00%	98,00%	Global integration
BANCHEREAU	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	Global integration
PFDIS	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	Global integration

Source : ZALAGH HOLDING

¹ The SONEDI and SMMV subsidiaries are excluded from the perimeter of consolidation

II. CONSOLIDATED IFRS INCOME STATEMENT

The following table presents the consolidated income statement of ZALAGH HOLDING over the period 2011-2013:Source : ZALAGH HOLDING

III. CONSOLIDATED IFRS BALANCE SHEET

The table below shows the consolidated balance sheet of ZALAGH HOLDING for the fiscal years 2011, 2012 and 2013:

In thousands of MAD	2011	2012	2013	Var% 12-11	Var% 13-12
ASSETS					
Goodwill	130 435	130 435	130 435	-	-
Intangible assets	3 016	3 019	3 044	0,1%	0,8%
Tangible assets	818 821	823 826	810 457	0,6%	(1,6)%
Investments in equity affiliates	8 676	9 393	10 247	8,3%	9,1%
Other financial assets	89 702	136 459	149 445	52,1%	9,5%
Deferred taxes - Assets	54 344	53 740	57 368	(1,1)%	6,8%
Non-current assets	1 104 994	1 156 872	1 160 996	4,7%	0,4%
Inventory	356 006	568 511	390 072	59,7%	(31,4)%
Biological assets	27 899	30 066	30 523	7,8%	1,5%
Trade accounts receivables	511 328	466 868	620 162	(8,7)%	32,8%
Tax receivables	85 507	84 320	69 763	(1,4)%	(17,3)%
Other debtors	57 130	52 319	47 412	(8,4)%	(9,4)%
Other current assets	97 721	30 447	35 072	(68,8)%	15,2%
Cash and cash equivalents	174 133	237 039	175 339	36,1%	(26,0)%
Current assets	1 309 724	1 469 570	1 368 343	12,2%	(6,9)%
TOTAL ASSETS	2 414 718	2 626 442	2 529 340	8,8%	(3,7)%
LIABILITIES					
Shareholder's equity	351 657	259 564	408 091	(26,2)%	57,2%
Share capital	72 600	72 600	88 440	-	21,8%
Reserves related to share capital	-	-	176 706	n.a	n.a
Other reserves	302 326	170 435	109 434	(43,6)%	(35,8)%
Net result for the fiscal year	(23 269)	16 529	33 511	n.a	n.a
Minority interests	33 646	42 262	49 147	25,6%	16,3%
Equity of consolidated entities	385 303	301 826	457 238	(21,7)%	51,5%
Non-current financial debts	121 516	197 668	66 641	62,7%	(66,3)%
Debts relating to finance leases of over one year	58 469	46 065	54 594	(21,2)%	18,5%
Other provisions	430	430	430	-	-
Deferred tax - Liabilities	77 817	83 029	88 234	6,7%	6,3%
Liabilities at fair value through profit or loss	-	3 094	-	n.a	(100,0)%
Total non-current liabilities	258 232	330 286	209 899	27,9%	(36,4)%
Current financial liabilities	55 401	43 556	170 696	(21,4)%	291,9%
Debts linked to finance leases of less than a year	19 446	38 117	30 964	96,0%	(18,8)%
Cash overdrafts	1 351 616	1 344 057	1 144 810	(0,6)%	(14,8)%
Current provisions	1 855	569	17 468	(69,3)%	2 969,9%
Trade and other payables	150 860	441 003	366 732	192,3%	(16,8)%
Tax debts	58 818	66 648	65 172	13,3%	(2,2)%
Other creditors	15 879	16 332	30 907	2,9%	89,2%
Other current liabilities	117 308	44 047	35 454	(62,5)%	(19,5)%
Total current liabilities	1 771 183	1 994 330	1 862 203	12,6%	(6,6)%
TOTAL LIABILITIES	2 414 718	2 626 442	2 529 340	8,8%	(3,7)%

Source : ZALAGH HOLDING

PART VI. RISK FACTORS

I. RISK MANAGEMENT

Risk management at ZALAGH HOLDING is conducted at different levels. Overall, in each subsidiary, the risk management policy applied is based on the following fundamentals:

- Monitoring of the Group's most significant debtors;
- Identifying the rules established by the Group, for each subsidiary, with regard to payment policies and recoverables;
- Validating risk levels and guarantees to be required from every new customer for any transaction exceeding a certain threshold (to be fixed by subsidiary) and depending of the nature of the transaction;
- Developing a policy for management and for global risk control (commodity markets, foreign exchange, rates, customers, delivered products, civil liability, infrastructure, etc.)

Therefore, the Group faces a number of risks related to its operations. Nevertheless, its integration and the diversification of its activities allow it to reduce the respective impacts of these risks.

II. RISKS RELATED TO THE SECTOR

II.1. REGULATORY RISKS

The different regulatory frameworks governing the different business sectors of ZALAGH HOLDING have a significant influence on the overall activities of the Group. Any potential evolutions of these regulatory frameworks could have negative or positive impacts on the Group's business.

The Group maintains a continuous watch and participates as much as possible to the debates between authorities and the different market players. Thus, the Group anticipates, as early as possible, any regulatory changes.

II.2. RISKS RELATED TO WEATHER CONDITIONS

Given the fact that the main activity of ZALAGH HOLDING is the marketing of agribusiness products, the future revenues and earnings of the Group depend significantly on consumer spending and consequently, on the disposable income of the population.

In this regard, beyond the correlation to the grain market, the Group's profitability is dependent on weather conditions and agricultural production. As a matter of fact, drought and water shortages represent structural and permanent data of the Moroccan economy. Any decline in the contribution of agriculture to the growth of Morocco may have social and economic repercussions and an incremental impact on the purchasing power of citizens, and hence the final consumer.

The positioning of ZALAGH Holding in the production of white meat allows it to slightly protect itself against this risk, given the relatively low prices of poultry products. As a matter of fact, the poultry sector represents a competitive alternative to meet the protein needs of a market exclusively oriented towards halal meats and characterized by a growing population, a strong urbanization and a modest purchasing power.

Another consequence of a possible decline in citizens' standard of living could be a risk of overproduction and continuing broiler operations giving rise to products that are not absorbed by the market. This type of risk is mitigated through the implementation of an aggregation program by the Group, allowing a controlled planning and a tailored adaptation to the market. Moreover, a large part of the animal production is sold within the Group, limiting any dependence on the external market.

The impact can also be seen in the level of input prices of broiler operations that have a heavy impact on cost structure. As such, despite the impact this could have on input prices of the downstream segments of ZALAGH HOLDING, a large part of the profit margin is captured upstream at the Commodity Trading and Animal Feed segment level. Ultimately, the integration of ZALAGH HOLDING allows to neutralize certain effects on profitability and to keep a maximum margin within the Group perimeter.

It should be noted that poultry farms are supplied exclusively in industrial feed regardless of climate conditions, unlike ruminant livestock. In addition, as it relates to ruminant feed, ZALAGH HOLDING's Animal Feed subsidiaries have been undergoing significant volumes increases during fodder shortage periods.

Finally, weather conditions, especially heat waves, can have a significant impact on the productivity of farms and cause an increase in mortality rates of farmed animals. As it relates to the Group's farms, they are mainly located in areas with moderate climate and mild temperatures, are all equipped with modern cooling systems (in the event of high heat), and operate according to well-defined preventive procedures.

II.3. FOREIGN EXCHANGE RISK

The Group's exposure to exchange rate risk is mainly applicable to the Commodity Trading segment and to a lesser extent, to the Animal Feed segment. This exposure essentially results from these two segments' purchases in foreign currency (mainly in dollars) as well as from their foreign currency funding from financial institutions.

A well-controlled hedging policy is implemented within the Commodity Trading and Animal Feed segments, enabling them, through financial instruments, to secure their margins over a one-year period, and to even optimize them through positions taken on favorable exchange rate evolutions without affecting the competitiveness of these segments.

The other segments of ZALAGH HOLDING conduct the majority of their procurements on the Moroccan dirham market, and rarely purchase foreign currency.

All of the Group's sales on the Moroccan market are made in Moroccan dirhams (MAD). Revenues from exports, booked mainly in Euros, remain insignificant.

III. OPERATIONAL RISKS

III.1. SANITARY RISKS

Generally, the agribusiness sector in Morocco is subject to sanitary inspections, sometimes on a random basis, on food products. The poultry sector is, however, less exposed to sanitary and hygiene risk as the production of animal feed and poultry meats is subject to regular sanitary monitoring by the concerned health authorities.

In addition, imported input products undergo a systematic check by health authorities upon entering the country, and cannot be sold if not compliant with sanitary standards.

The sanitary risk is at the heart of the daily concerns of ZALAGH HOLDING's subsidiaries. The Group's business involves daily rigorous checks of the quality of finished products. This approach requires a careful selection of suppliers, a traceability of products and laboratory tests at each stage of production.

In order to ensure the safety of its production, ZALAGH HOLDING uses monitoring tools in all its subsidiaries. In particular, the Group adopted the HACCP approach that allow to (i) identify the specific risks that may alter product quality at all stages of production and marketing, and to (ii) control these risks by implementing preventive measures aimed at minimizing or eliminating them. This approach is based on controls to identify potential risks and to ensure overall compliance with the implementation of health/hygiene guidelines. The quality assurance system within production sites is based on an integrated quality management system in accordance with international standards ISO 9001 version 2008, ISO 22000 version 2005 and the OHSAS 18001 benchmark.

At the broiler farm level, washings and disinfections of buildings are conducted based on standardized procedures. A prophylactic program is established at the installation of each lot, in order to protect the poultry against viral diseases. This program includes deworming and other preventative treatments against bacterial diseases. The sanitary condition of each lot is monitored on a daily basis under the supervision of internal and external veterinarians.

III.2. SUPPLY RISK

The earnings of ZALAGH HOLDING may be affected by fluctuations in raw materials prices in connection with volatility of grain prices. Such volatility is due to the intensification of global trade, global climate change and consumption, not to mention the levels of oil prices on the world markets and their impact on transportation costs.

In this regard, the Group has developed an expertise in international commodity markets and a good command of logistics and international/local transportation. Moreover, the Group's integration allows, across all the links of the value chain, to mitigate the risks related to commodity price fluctuations and to enhance yields within each business segment.

The Commodity Trading segment of the Group is particularly exposed to the price risk of wheat, corn, oilseeds and other animal feeds. To hedge itself, the business segment has adopted a management framework with two objectives:

- The security of earnings (trading margin) over a one-year horizon (budget);
- Margin optimization by taking positions on favorable price evolutions, without it affecting the segment's competitiveness.

To achieve these objectives, the management framework is based on a dual mechanism:

- Margin cover through incorporating the need for optimization;
- Isolation of physical activity related strategic positions taken.

Although the business of the Animal Feed sector remains closely correlated to that of the Commodity Trading segment, feed animal prices are generally upward or downward adjusted based on commodity price fluctuations, with a lag of one to two months. This approach allows the Group to absorb margin drops or benefit from their increase.

III.3. CLIENT RISK

As for every commercial company, ZALAGH HOLDING faces risks related to potential defaults by and non-payments from clients. To this effect, the Group's integration allows it to internally secure a large portion of commercial flows internally, thereby reducing the risk of fund recoverability.

For the Group's external sales, it has implemented a policy which aims to:

- Spread sales, as much as possible, over a larger number of customers to better mitigate the effects of a potential default;
- Monitor trade receivables, in order to follow-up on and reduce unpaid bills and interrupt deliveries to defective clients.

Furthermore, it should be noted that ZALAGH HOLDING's customers are mainly composed of large flour mill operators, distributors, large retail chains and breeders subject to an aggregation framework providing a good visibility over the solvency and sustainability of commercial relationships.

To date, the Company has not recorded any defaults that may significantly affect its earnings.

III.4. INDUSTRIAL RISK

The industrial risk to which the Group's subsidiaries may be exposed to mainly relates to potential fires or explosions. Such industrial risk could, in addition to causing damage to the environment and employees' health, cause a cease of production that is damaging the Company's business.

In addition to benefitting from experienced personnel, ZALAGH HOLDING has been committed to defining a strict safety policy in compliance with all the standards required by its business activity. The Group also has numerous certifications in the field of industrial safety.

Finally, in addition to regular preventive measures taken by ZALAGH HOLDING, the Company has several insurance policies covering various activities of the Group in various areas (work accidents, civil liability, fire, flood, etc.).

Disclaimer

The aforementioned information only represents a part of the Prospectus approved by the Conseil Déontologique des Valeurs Mobilières (CDVM) under reference No.VI/EM/035/2014, on 03/11/2014

The CDVM recommends reading the full Prospectus, which is available to the public in French version.