



**LES EAUX MINÉRALES D'OULMÈS S.A.**  
**(Oulmès Mineral Waters S.A.)**

**SUMMARY PROSPECTUS**

**ANNUAL AND OCCASIONAL UPDATE  
COMMERCIAL PAPER ISSUANCE PROGRAMME**

**Former issuance programme ceiling: MAD 100,000,000**  
**New issuance programme ceiling: MAD 200,000,000**  
**Par value: MAD 100,000**

**RESERVED TO THE INVESTORS LISTED IN THE PROSPECTUS  
(SUBSCRIPTION METHODS SECTION)**

**FINANCIAL ADVISOR AND OVERALL COORDINATOR**



**UNDERWRITING BODY**



**APPROVAL BY THE *CONSEIL DEONTOLOGIQUE DES VALEURSMOBILIERES***

In accordance with article 18 of *Dahir* 1-95-3 of 24 Sha'aban 1415 (26 January 1995) promulgating Law 35-94 on certain negotiable debt securities, as amended and supplemented, the original of the present prospectus was submitted for assessment by the *Conseil Déontologique des Valeurs Mobilières*, the Moroccan Securities Commission, which approved it under its reference number VI/EM/028/2014 of 18 september 2014

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## WARNING

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On **DATE** 2014, the *Conseil Déontologique des Valeurs Mobilières* (CDVM) approved a prospectus for the annual and occasional updating of the programme of issuance of commercial paper by *Les Eaux Minérales d'Oulmès*.

The prospectus approved by CDVM may be consulted at any time at the registered headquarters of *Les Eaux Minérales d'Oulmès* and at its financial advisor, BMCI. It will also be made available at the establishment for the collection of orders.

The prospectus is also available on the CDVM website [www.cdvm.gov.ma](http://www.cdvm.gov.ma).

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**PART I. OVERALL VIEW OF THE ISSUE PROGRAMME**

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## I. BACKGROUND OF THE OPERATION

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In accordance with the provisions of article 15 of Law 35-94 promulgated by *Dahir* 1-95-3 of 24 Sha'aban 1415 (26 January 1995) and Ministry of Finance and Foreign Investment decree 2560-95 of 9 October 1995 on Negotiable Debt Securities (NDSs), *Les Eaux Minérales d'Oulmès* company is issuing to the public interest-bearing commercial paper in representation of a claim on the company for periods of up to one year. The first issuance programme, with a ceiling of MAD 100,000,000, was authorized by the Executive Board on 25 July 2013, and the Board conferred all powers on the Chairman of the Board to determine the characteristics of each issue of commercial paper under such conditions as he deemed appropriate and, in general, to do everything necessary for the success of the issue so authorized.

On 19 March 2014, the Executive Board of *Les Eaux Minérales d'Oulmès* decided to authorize an increase in the ceiling of the aforementioned commercial paper programme from MAD 100,000,000 to MAD 200,000,000. To that end, the Executive Board conferred all powers on the Chairman/Director-General, Mr. Mohamed Hassan Bensalah, for him to increase the commercial paper programme's ceiling, in conformity with Law 35-94 and in particular its article 17; to update the prospectus; and in general to do everything necessary for the success of increase in the ceiling so authorized.

In pursuance of article 17 of Law 35-94, at so long as the NDSs are in circulation, the prospectus will be subject to annual updates within 45 days of the Ordinary General Meeting of shareholders that rules on the accounts for the previous financial year. Nevertheless, occasional updates may occur in relation to the ceiling on the securities issued or to any other new event that is likely to have an effect on the market price of the securities or the success of the issue programme.

## II. OBJECTIVES OF THE ISSUE

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*Les Eaux Minérales d'Oulmès* Company wishes to raise the ceiling on its commercial paper issuance programme for the following reasons:

- To optimize its short-term financing costs.
- To meet the additional working capital requirements generated by the company's activities.
- To meet specific needs for cash resulting from changes in its working capital requirement over the year (driven by fluctuations in the times taken to pay by the Company's counterparties in the high season).
- To diversify its sources of finance in order to enhance its negotiating position with its financial partners.
- To consolidate its image among institutional investors by enhancing its profile on the capital markets.

### III. INFORMATION ON THE SECURITIES TO BE ISSUED

<b>Nature of securities</b>	Negotiable debt securities, dematerialized by registration with the Central Depository (Maroclear) and registered in an account with authorized affiliates.
<b>Legal form</b>	Bearer
<b>Issuance programme ceiling</b>	MAD 200,000,000
<b>Par value</b>	MAD 100,000
<b>Maturity</b>	From 10 days to 12 months. To be determined for each issue.
<b>Vesting date</b>	Date of settlement
<b>Interest rate</b>	Determined for each issue depending on market conditions
<b>Interest</b>	Paid on maturity
<b>Coupon payment</b>	Bullet repayment, i.e., on the maturity of each security.
<b>Repayment of principal</b>	Bullet repayment, i.e., on the maturity of each security.
<b>Consolidation clause</b>	There is no consolidation of the securities to be issued with securities in any previous issue.
<b>Negotiability</b>	There are no restrictions on the free negotiability of this commercial paper imposed by the conditions of issuance. The securities are tradable over the counter.
<b>Guarantee</b>	The issue is not the subject of any guarantee.

### IV. UNDERWRITING SYNDICATE – FINANCIAL INTERMEDIARIES

Type of financial intermediary	Title	Address
Financial Advisor&Overall Coordinator	BMCI	26 Place des Nations Unies,20 000 Casablanca
Body responsible for underwriting	BMCI	26 Place des Nations Unies,20 000 Casablanca
Domiciliation agent, providing the Issuer's financial service	BMCI	26 Place des Nations Unies,20 000 Casablanca

**PART II. OVERALL VIEW OF**  
*LES EAUX MINÉRALES D'OULMÈS COMPANY*

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## I. GENERAL INFORMATION

<b>Company name</b>	<i>Les Eaux Minérales d'Oulmès</i>
<b>Registered headquarters</b>	Zone Industrielle de Bouskoura, 20180 Casablanca, Morocco
<b>Telephone</b>	+212 522 334742
<b>Fax</b>	+212 522 334752/334907
<b>Website</b>	www.oulmes.ma
<b>Legal form</b>	Moroccan limited company ( <i>Société Anonyme</i> ) with a Board of Directors
<b>Date of creation</b>	7 March 1934 under the company name <i>Société des Eaux Minérales d'Oulmès</i>
<b>Lifetime</b>	99 years
<b>Register of Companies</b>	No. 2215, Casablanca
<b>Company financial year</b>	1 January–31 December
<b>Statutory objective</b> (Extract from article 3 of the articles of association)	<p>"The Company's objective is:</p> <ul style="list-style-type: none"> <li>- The sourcing and utilization, import, export, industry and trade, in all their forms, of all mineral waters and all waters termed "spring waters" from Morocco and elsewhere, together with all products derived therefrom, natural gas, etc.;</li> <li>- The production, purchase and sale of sparkling beverages, table waters, beers, lemonades, soft drinks and derivatives;</li> <li>- The acquisition, creation, leasing, and direct or indirect operation of any and all workshops, factories or warehouses destined for the above objectives;</li> <li>- The production, purchase, sale, import, export, leasing of any and all materiel relating to its industry or business;</li> <li>- The creation, acquisition, operation of any and all establishments, spas, hotels, casinos, theatres, bars, refreshment stalls etc., playing fields, sports grounds etc., that may be directly or indirectly useful towards the Company's development, towards the sale or exploitation of mineral waters;</li> <li>- Any and all real estate transactions, in particular the purchase, subdivision, sale, exchange of any and all buildings of any kind whether constructed or not yet constructed, the construction of all building projects, the conduct of all works and installation of facilities on behalf of the Company;</li> <li>- The direct or indirect operation of said buildings, taking leasehold of any and all buildings;</li> <li>- Obtaining any and all concessions, authorizations to exploit water sources, etc., from the competent authorities;</li> <li>- Obtaining, purchasing, selling, exploiting any and all</li> </ul>

patents, licences, brands and procedures relating to its industry or its business;

- And, more generally, any and all transactions of a commercial, industrial, financial, real estate or other property nature relating directly or indirectly to the Company's objective or to any and all similar or auxiliary objectives;
- The Company's participation by any and all means in any and all operations, transactions, enterprises and companies that may relate directly or indirectly to the Company's objective, in particular through the creation of new companies, contributions, sponsorship, subscription to or purchase of Company shares or Company rights, mergers, alliance, joint ventures or otherwise.
- The transport and distribution throughout Morocco of all kinds of merchandise, on its own behalf and on behalf of third parties.
- The acquisition and/or leasing of all vehicles, new or second-hand, for the requirements of its transport and distribution activities."

**Registered capital**  
(as of 31 December 2013)

MAD 198,000,000 comprising 1,980,000 shares of face value MAD 100 each.

**Legal documents**

The Company accounting and legal documents that must be made public under the law and also pursuant to the Company's articles of association may be consulted at the Company's registered office.

**Legislation applicable to the issuer**

By reason of its legal form, *Les Eaux Minérales d'Oulmès* is governed by Law 17-95 promulgated by Dahir 1-96-124 of 30 August 1996 on limited companies as amended and supplemented the *Dahir* enacting Law 1-08-18 of 23 May 2008 promulgating Law 20-05.

By reason of its activity, the Company is subject to the provisions of Law 10-95 on water as supplemented and amended by Law 19-98 promulgated by *Dahir* 1-99-174 of 16 Rabi' I 1420 (30 June 1999).

By reason of its listing on the Casablanca Stock Exchange, it is subject to all the legal and regulatory provisions relating to the financial markets, and in particular:

- The *Dahir* promulgating Law 1-93-211 of 21 September 1993 on the Casablanca Stock Exchange, amended and supplemented by laws 34-96, 29-00, 52-01 and 54-06;
- The General Regulations of the Casablanca Stock Exchange approved by Decree of the Minister of the Economy and Finance no. 499-98 of 27 July 1998 and amended by order of the Minister of the Economy, Finance, Privatization and Tourism no. 1960-01 of 30 October 2001. The latter order was amended in the draft amendment of June 2004 that entered into force in November 2004 and by order 1268-08 of 7 July 2008;
- The *Dahir* promulgating Law 1-93-212 of 21 September

1993 on the *Conseil Déontologique des Valeurs Mobilières* and the information required from legal persons whose shares are publicly traded, as amended and supplemented by laws 23-01, 36-05 and 44-06;

- *Dahir* 1-96-246 of 9 January 19997 promulgating Law 35-96 on the creation of a central depository and the establishment of a general procedure for registering certain securities in accounts (amended and supplemented by Law 43-02);
- The General Regulations of the central depository approved by order of the Ministry of the Economy, Finance, Privatization and Tourism no. 1961-01 of 30 October 2001;
- *Dahir* 1-04-21 of 21 April 2004 promulgating Law 26-03 on public offerings on the Moroccan Stock Market as amended by Law 46-06;
- The General Regulations of the *Conseil Déontologique des Valeurs Mobilières* approved by order of the Minister of the Economy and Finance no. 822-08 of 14 April 2008.

### **Tax regime**

The company is subject to a number of taxes and duties:

- VAT at 20% (payment regime: since 2008, paid on receipt of payment);
- Corporation Tax of 30%;
- Domestic consumption tax:
  - MAD 8 per hectolitre for waters
  - MAD 30 per hectolitre for flavoured waters containing less than 6% juice.
- Social contributions at (2013 Finance Act):
  - 0.5% on net accounting income from MAD 15 million and up to MAD 25 million exclusive;
  - 1% on net accounting income from MAD 25 million and up to MAD 50 million exclusive;
  - 1.5% on net accounting income from MAD 50 million up to MAD 100 million exclusive;
  - 2% on net accounting income of MAD 100 million and above.
- Municipal tax at a maximum rate of 10 centimes per litre of fraction of a litre of mineral or table waters to be delivered for consumption in bottled form;
- Fiscal marker of 1 MAD cent per bottle of water.
- Sales for export are exempted from VAT, domestic consumption tax and recovery of the subsidy on sugar.

### **Competent court in the event of dispute**

Casablanca Commercial Court.

## **II. INFORMATION CONCERNING THE ISSUER'S REGISTERED CAPITAL**

*Les Eaux Minérales d'Oulmès* Company's registered capital as of 31 December 2013 was MAD 198,000,000. It is fully paid up and comprises 1,980,000 shares of a par value of MAD 100, all in the same category.

### III. CHANGE IN REGISTERED CAPITAL OF *LES EAUX MINÉRALES D'OULMÈS*

#### Shareholding structure

Between 2011 and 2013, the shareholding structure of *Les Eaux Minérales d'Oulmès* remained unchanged, as shown in the following table.

Shareholders	12/2011	2011 share*	12/2012	2012share*	12/2013	2013 share*
HOLMARCOM	478 451	24.16%	478 451	24.16%	478 451	24.16%
OMI	421 959	21.31%	421 959	21.31%	421 959	21.31%
ATLANTA	379 082	19.15%	379 082	19.15%	379 082	19.15%
SOCHEPAR	222 087	11.22%	222 087	11.22%	222 087	11.22%
SANAD	198 000	10.00%	198 000	10.00%	198 000	10.00%
BENSALAH Estate and Children	85 258	4.31%	85 258	4.31%	85 258	4.31%
Various members of the public	195 163	9.86%	195 163	9.86%	195 163	9.86%
<b>TOTAL</b>	<b>1 980 000</b>	<b>100.00%</b>	<b>1 980 000</b>	<b>100.00%</b>	<b>1 980 000</b>	<b>100.00%</b>

\* Each share held carries one voting right.  
Source: *Les Eaux Minérales d'Oulmès*

### IV. EXECUTIVE BODIES

In accordance with article 16 of the Articles of Association of *Les Eaux Minérales d'Oulmès* Company, the Executive Board (*Conseil d'Administration*) is composed of at least 3 members and at most 15, drawn from among the shareholders and appointed by the General Meeting.

The members of the Board are appointed or have their appointments renewed by the Ordinary General Meeting of the shareholders. The normal term of office for board members appointed during the lifetime of the company is 6 years maximum.

The functions of board members come to an end following the Ordinary General Meeting that rules on the accounts for the last financial year of their terms of office, held the following year.

Board members may be re-elected and may be dismissed at any time by the Ordinary General Meeting, even if the issue is not an item on the agenda.

The composition of the Board of Directors of *Les Eaux Minérales d'Oulmès* Company as of 27 May 2014 is shown in the following table.

Name	Position	Date of most recent nomination	Expiry of term of office	Relationship
<b>Mr. Mohamed Hassan BENSALAH</b>	Chairman and CEO, shareholder	OGM of 24/05/2011	OGM convened to approve the accounts for the year to 31/12/2016	Himself
<b>Mrs. Latifa BENSALAH née EL MOUTARAJJI</b>	Director, shareholder	OGM of 27/05/2014	OGM convened to approve the accounts for the year to 31/12/2019	Mother
<b>Ms. Miriem BENSALAHCHAQROUN</b>	Director, Deputy CEO, shareholder, salaried employee	OGM of 20/05/2010	OGM convened to approve the accounts for the year to 31/12/2015	Sister
<b>Mr. Moulay Amine EL ALAOUI</b>	Independent Director	OGM of 20/05/2010	OGM convened to approve the accounts for the year to 31/12/2015	-
<b>Mr. Mustapha FARIS</b>	Independent Director	OGM of 27/05/2013	OGM convened to approve the accounts for the year to 31/12/2018	-
<b>Mr. Abdeltif TAHIRI</b>	Independent Director	OGM of 20/05/2010	OGM convened to approve the accounts for the year to 31/12/2015	-
<b>HOLMARCOM, represented by Mr. Mohamed Hassan BENSALAH – CEO</b>	Director, shareholder	OGM of 24/05/2012	OGM convened to approve the accounts for the year to 31/12/2017	-
<b>SANAD, represented by Mr. Abdelilah LAAMARTI (Deputy CEO)</b>	Director, shareholder	OGM of 24/05/2012	OGM convened to approve the accounts for the year to 31/12/2017	Mr Mohamed Hassan Bensalahis himself CEO of SANAD
<b>ATLANTA, represented by Mr. Jalal Benchekroun (Deputy CEO)</b>	Director, shareholder	OGM of 24/05/2012	OGM convened to approve the accounts for the year to 31/12/2017	Mr Mohamed Hassan Bensalahis himself CEO of ATLANTA
<b>OMI, represented by Mr. Karim CHIOUAR (Deputy CEO – Group)</b>	Director, shareholder	OGM of 24/05/2012	OGM convened to approve the accounts for the year to 31/12/2017	Mr Mohamed Hassan Bensalahis himself CEO of OMI

Source: Les Eaux Minérales d'Oulmès

In accordance with the legislation and with article [...] of the Articles of Association of *Les Eaux Minérales d'Oulmès* Company, the meeting of the Executive Board held on 2 June 2011 unanimously approved Mr. Mohamed Hassan Bensalah's continuing combination of the functions of Chairman of the Executive Board and Director-General (CEO).

For the Board's deliberations to be valid, the effective presence of at least half of the Board's members is required. Subject to that reservation, members of the Board may have themselves represented by another Board member holding special authorization in writing.

Decisions must be taken by a majority of the votes of the members present or represented, with each Board member present exercising only one power of vote. In the event of a tie, the Chairman of the meeting has the casting vote.

## V. MANAGEMENT BODIES

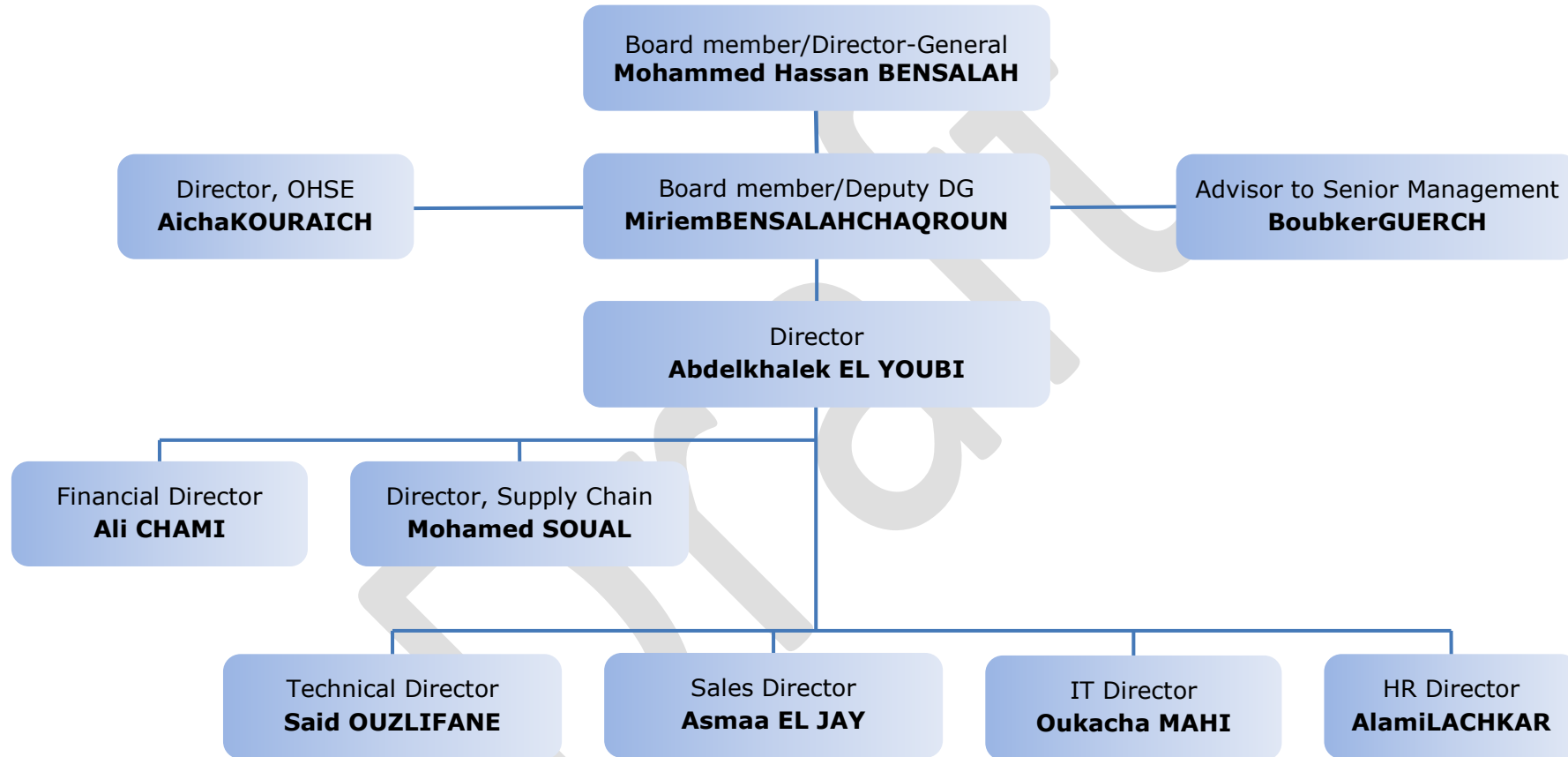
### 1. Directors/Executive Officers

The principal executive officers of *Les Eaux Minérales d'Oulmès* of 31 May 2013 are listed in the following table.

Name	Date of entry into post	Position
<b>Mr. Mohamed Hassan Bensalah</b>	1993	Chairman/Director-General (CEO)
<b>Ms. Miriem Bensalah Chaqroun</b>	November 1989	Deputy CEO
<b>Mr. Abdelkhalek El Youbi</b>	1995	Director
<b>Mr. Ali Chami</b>	January 2007	Administrative and Financial Director
<b>Mr. Boubker Guerch</b>	1971	Advisor to Senior Management
<b>Mr. Mohamed Soual</b>	2000	Director, Supply Chain
<b>Mr. Kamal Dalil</b>	April 2002	Director, Sales
<b>Ms. Asmaa Eljay</b>	May 2007	Director, Marketing
<b>Mr. Oukacha Mahi</b>	July 2001	Director, Systems and IT
<b>Mr. Alami Lachkar</b>	November 2009	Director, Human Resources
<b>Mr. Said Ouzlifane</b>	February 2002	Technical Director
<b>Ms. Aicha Kouraich</b>	November 2009	Director, Occupational Health, Safety and Environment

The Chairman/Director-General also holds other offices within the group, as he is Chairman/Director-General of almost all the companies in it, with the exception of Air Arabia Maroc, where he is Chairman of the Executive Board, and Radio Plus, where he is a board member.

## 2. Organizational chart of *Les Eaux Minérales d'Oulmès* Company



## VI. ACTIVITIES OF LES EAUX MINÉRALES D'OULMÈS COMPANY

### 1. Strategic activities

Les Eaux Minérales d'Oulmès Company's activities include the following:

- The sourcing, utilization and marketing of natural still mineral water, natural sparkling mineral water, and any and all products derived therefrom, such as carbon dioxide, etc.;
- The production and marketing of purified still water;
- The production of preforms to meet the needs of the Oulmès company.

It should be noted that until 31 December 2010, the company used to make and market soft drinks.

### 2. Product lines

#### a. Natural mineral waters segment

Les Eaux Minérales d'Oulmès Company operates two concessions within a radius of 30 km of Oulmès itself. In order to protect the springs from any and all forms of pollution, the Company has set up a protection perimeter, in accordance with Law 10-95.

- Principal provisions of the first operating concession of the Sidi Ali Chérif and Lalla Haya springs:
  - Date obtained: 1934
  - Date renewed: 1 December 2010, for 25 years.

There are two springs that rise in this area and are used by Les Eaux Minérales d'Oulmès: Sidi Ali Chérif and Lalla Haya.

- Principal provisions of the second operating concession for the HammouAguemguem spring:
  - Date obtained: 10 January 2009, for 30 years.

	Sidi Ali Chérif	Lalla Haya	HammouAguemguem
<b>Locations</b>	In Khemisset province, these springs of natural mineral water rise in the heart of the Zayan <sup>1</sup> volcanic massif, at an altitude of 1,100 m on the western slopes of the Middle Atlas.		
	This spring lies in the bed of the WadiTalatNarset, a small tributary on the right bank of WadiAguenour, at about 3 km from Tarmilate.	The springs are on the banks of WadiAguenour, at an altitude of 552 m, at the foot of the Tarmilate plateau and the Zguit massif.	This spring <sup>2</sup> rises out of the basalt of the Middle Atlas mountains 4 km from Oulmès itself and 25 km from Tarmilate bottling plant, on the road to Khenifra.
<b>Date first marketed</b>	1978	1934	2009
<b>Type of product</b>	Natural still mineral water	Natural sparkling mineral water	Natural still mineral water
<b>Product brand</b>	Sidi Ali	Oulmès	Ain Atlas
<b>Product description</b>	Natural mineral water originating underground and emerging at the surface at a temperature of 19°C.  As it rises towards the surface, it picks up minerals and trace elements.	A naturally sparkling mineral water (8 grams/litre of CO <sub>2</sub> ) which emerges from granite rocks through fissures at a temperature of 42.6°C.	A natural mineral water which forms under the Earth's crust. It is pure, shielded against any surface pollution. Particularly rich in trace elements of all kinds.

<sup>1</sup> The Zayan massif is essentially an eruptive massif built up by very ancient volcanism, dating from the end of the Palaeozoic, and more recent volcanism, at the end of the Tertiary.

<sup>2</sup> HammouAguemguem has officially been a natural mineral water since mid-2012. It should be recalled that to be a water from a natural spring, the company must prove that its physical and chemical components remain stable for a certain period (generally four seasons, i.e., one year). After this, once the water is on the market and if the company wants to label its water "natural mineral water", it must provide a study proving that its spring water is of therapeutic interest. Generally, the company turns to a panel of multidisciplinary university researchers including several medical doctors to carry out the study. Their report is then annexed to a request for official certification addressed to the Spa Committee (Comité de Thermalisme), under the Ministry of Health, which rule on the application. The certification process is a long one, and two years is how long it usually takes, based on empirical data from the field.

	<b>Sidi Ali Chérif</b>	<b>Lalla Haya</b>	<b>HammouAguemguem</b>
<b>Packaging/Format</b>	Packs of:	<u>Traditional (Oulmès classique)</u>	Packs of
	- 12×33 cl PET bottles	Packs of:	- 12×50 cl PET bottles
	- 12×50 cl PET bottles	- 12×50 cl PET bottles	- 12×33 cl PET bottles
	- 6×150 cl PET bottles	- 12×33 cl PET bottles	(launched in 2013)
	- 6×75 cl PET bottles (sports cap)	- 6×100 cl PET bottles	- 6×150 cl PET bottles
	1 litre, 75 cl & 50 cl glass bottles	Plastic crates of:	- 2×5 litre PET bottles
<u>Flavoured Sidi Ali water</u>	- 30×25 cl in returnable glass bottles		
- 12×33 cl PET bottles	- 12×90 cl in returnable glass bottles		
	- 12×100 cl in returnable glass bottles		
	Packs of:		
	- 6×25 cl cans		
	- 12×25 cl cans		
	<u>Light (Oulmès légère)</u>		
	- 12×50 cl PET bottles		
	- 6×100 cl PET bottles		

Source: Les Eaux Minérales d'Oulmès

### **b. Table water segment**

Since 2001, Les Eaux Minérales d'Oulmès Company has also taken a position in the table water market with its launch of its Bahia brand. This product is bottled at sites in Casablanca and Tan Tan. It should be noted that a new production site to bottle Bahia table waters in TAN TAN came on line towards end 2010.

The Casablanca site uses water supplied by Lydec, the local utility.

The Tan Tan site uses water supplied by the ONEE water and electricity utility, but also has a concession to operate a well that supplies non-potable water:

- Date concession obtained: 24 September 2012, for 30 years.

Bahia is a purified table water. In fact, it undergoes demineralization by reverse osmosis,<sup>3</sup> together with deodorization and disinfection.

Bahia table water is both produced and packaged at the Bouskoura III site:

- In 18.9 litre PET water-cooler containers.
- In packs of 6×150 cl PET bottles
- In packs of 2×5 litre PET canisters.

Additionally, Bahia water is packaged at the Tan Tan site:

- In packs of 6×1.75 litre PET bottles
- In packs of 12×60 cl PET bottles
- In packs of 2×5 litre PET canisters.

### **3. Production process**

The production line is fully automated so as to reduce the need for human intervention to a minimum. Apart from operating and controlling the various machines and checking product quality, the human factor is kept out of all stages in the production process.

<sup>3</sup> In reverse osmosis, mechanical pressure is applied to an impure solution in order to force the water in it to pass through a semi-permeable membrane. The process is called reverse osmosis because in normal osmosis, pure water would go in the opposite direction in order to dilute the impurities.

## VII. COMMERCIAL SITUATION OF OULMÈS MINERAL WATERS

Breakdown of gross sales before reductions, discounts and rebates by volume and value per product type (in thousand MAD)

Activity/Brand	2011		2012		2013		Change 2012-2011		Change 2012-2013		Mean annual rate of growth	
	Volume in '000 litres	Sales in '000 MAD	Volume in '000 litres	Sales in '000 MAD	Volume in '000 litres	Sales in '000 MAD	Volume	Sales	Volume	Sales	Volume	Sales
<b>Natural Mineral Water</b>	289 041	700 072	325 316	831 952	371 894	933 695	12.60%	18.80%	14.30%	12.20%	13.40%	15.50%
Share	66.9%	71.5%	67.2%	73.4%	70.0%	75.5%	0.35pts	1.89%	2.77 pts	2.12 pts		
<b>Sparkling Mineral Water</b>	33 068	140 196	34 732	146 755	36 314	149 764	5.0%	4.70%	4.60%	2.10%	4.80%	3.40%
Share	7.7%	14.3%	7.2%	12.9%	6.8%	12.1%	-0.47 pts	-1.37%	-0.34 pts	-0.83 pts		
<b>Table Water</b>	109 948	138 637	123 710	154 639	122 970	152 781	12.50%	11.50%	-0.60%	-1.20%	5.80%	5.00%
Share	25.4%	14.2%	25.6%	13.6%	23.2%	12.4%	0.13 pts	-0.52 pts	-2.42 pts	-1.29 pts		
<b>Overall total</b>	<b>432 057</b>	<b>978 905</b>	<b>483 758</b>	<b>1 133 347</b>	<b>531 178</b>	<b>1 236 241</b>	<b>12.00%</b>	<b>15.80%</b>	<b>9.80%</b>	<b>9.10%</b>	<b>10.90%</b>	<b>12.40%</b>

Source: Les Eaux Minérales d'Oulmès

**PART III.** FINANCIAL SITUATION OF *LES EAUX  
MINÉRALES D'OULMÈS* COMPANY –  
ANNUAL COMPANY ACCOUNTS

Draft

## I. INTRODUCTION

### 1. Income and Expenses account of *Les Eaux Minérales d'Oulmès* Company

The table below sets forth in detail the changes in the Income and Expenses account of *Les Eaux Minérales d'Oulmès* Company for the financial years ending 31 December 2011, 2012 and 2013.

	2011 (in '000 MAD)	2012 (in '000 MAD)	2013 (in '000 MAD)	Change 2011- 2012	Change 2012- 2013	Mean annual rate of growth
<b>Operating income</b>						
Sale of merchandise (as is)	74 180	40.0	4	-99.9%	-89.0%	<b>-99.2%</b>
Sale of goods and services produced	1 026 200	1 129 250	1 224 081	10.0%	8.4%	<b>9.2%</b>
<b>Turnover</b>	<b>1 100 380</b>	<b>1 129 289</b>	<b>1 224 086</b>	2.6%	8.4%	<b>5.5%</b>
Change in product inventory (+ or -)	-8 174	-1 250	296	84.7%	123.7%	-
Assets manufactured by the company for itself	<b>8 887</b>	<b>0</b>	<b>16 136</b>	-100.0%	-	<b>34.8%</b>
Operating subsidies	0	0	0	-	-	-
Operating reversals: transfer of charges	25 962	13 605	4 210	-47.6%	-69.1%	<b>-59.7%</b>
<b>Total</b>	<b>1 127 054</b>	<b>1 141 645</b>	<b>1 244 729</b>	<b>1.3%</b>	<b>9.0%</b>	<b>5.1%</b>
<b>Operating charges</b>						-
Costs of goods sold	67 481	6 318	1 346	-90.6%	-78.7%	-85.9%
Costs of supplies and consumables	420 562	397 756	398 949	-5.4%	0.3%	-2.6%
Other external charges	286 318	297 609	337 477	3.9%	13.4%	8.6%
Taxes and duties	86 986	94 505	110 678	8.6%	17.1%	12.8%
Personnel charges	108 115	126 998	131 784	17.5%	3.8%	10.4%
Other operating charges	1 406	1 375	1 375	-2.2%	0.0%	-1.1%
Operating charges to provisions	104 335	101 674	118 883	-2.6%	16.9%	6.7%
<b>Total</b>	<b>1 075 203</b>	<b>1 026 236</b>	<b>1 100 492</b>	<b>-4.6%</b>	<b>7.2%</b>	<b>1.2%</b>
<b>Operating income</b>	<b>51 852</b>	<b>115 410</b>	<b>144 237</b>	<b>&gt;100.0%</b>	<b>25.0%</b>	<b>66.8%</b>
<b>Financial income</b>						
Exchange gains	1 327	827	791	-37.7%	-4.3%	<b>-22.8%</b>
Interest and other financial income	0	95	1070		>100.0%	-
Financial reversals: transfer of charges	186	59	90	-68.4%	53.6%	<b>-30.3%</b>
<b>Total</b>	<b>1 514</b>	<b>980</b>	<b>1951</b>	<b>-35.2%</b>	<b>99.1%</b>	<b>13.5%</b>
<b>Financial charges</b>						-
Interest charges	21 936	20764	22117	-5.3%	6.5%	<b>0.4%</b>
Exchange losses	1 218	1231	1065	1.1%	-13.5%	<b>-6.5%</b>
Financial provisions	59	90	75	53.1%	-16.6%	<b>13.0%</b>
<b>Total</b>	<b>23 213</b>	<b>22 085</b>	<b>23 257</b>	<b>-4.9%</b>	<b>5.3%</b>	<b>0.1%</b>
<b>Financial result</b>	<b>-21 699</b>	<b>-21 105</b>	<b>-21 306</b>	<b>2.7%</b>	<b>-1.0%</b>	<b>-0.9%</b>
<b>Recurrent income</b>	<b>30 154</b>	<b>94 305</b>	<b>122 930</b>	<b>&gt;100.0%</b>	<b>30.4%</b>	<b>&gt;100%</b>
<b>Non-recurrent income</b>						-
Income from disposal of assets	318	235	635	-26.2%	170.3%	<b>41.3%</b>
Other non-recurrent income	3 179	4 803	4 601	51.1%	-4.2%	<b>20.3%</b>
Non-recurrent reversals: transfer of charges			1 696			-
<b>Total</b>	<b>3 497</b>	<b>5 037</b>	<b>6 931</b>	<b>44.1%</b>	<b>37.6%</b>	<b>40.8%</b>
<b>Non-recurrent charges</b>						-
Net amortization values of assets disposed of	104	234	16	124.6%	-93.0%	<b>-60.5%</b>
Other non-recurrent charges	400	1 631	1 561		-4.3%	<b>97.5%</b>
Non-recurrent depreciation and provisions	0	966	8000		728.2%	-
<b>Total</b>	<b>505</b>	<b>2830</b>	<b>9577</b>	<b>&gt;100.0%</b>	<b>&gt;100.0%</b>	<b>&gt;100.0%</b>
<b>Non-operating income</b>	2 992	2 207	-2 646	<b>-26.2%</b>	<b>-219.9%</b>	-
<b>Profit before tax</b>	<b>33 146</b>	<b>96 512</b>	<b>120 285</b>	<b>&gt;100.0%</b>	<b>24.6%</b>	<b>90.5%</b>
<b>Tax on profit</b>	8 655	31 517	40 910	<b>&gt;100.0%</b>	<b>29.8%</b>	>100%
<b>Net result</b>	<b>24 491</b>	<b>64 995</b>	<b>79 375</b>	<b>&gt;100.0%</b>	<b>22.1%</b>	<b>80.0%</b>

Source: *Les Eaux Minérales d'Oulmès*

## II. BALANCE SHEET ANALYSIS

The following table sets forth the historical balance sheet data for *Les Eaux Minérales d'Oulmès* for the financial years ending 31 December 2011, 2012 and 2013.

	2011 (in '000 MAD)	2012 (in '000 MAD)	2013 (in '000 MAD)	Change 2011- 2012	Change 2012- 2013	Mean annual rate of growth
Nil-value assets	15 865	15 938	17 717	0.5%	11.2%	5.7%
Intangible assets	5 322	5 755	6 637	8.1%	15.3%	11.7%
Tangible assets	685 065	748 453	774 016	9.3%	3.4%	6.3%
Financial assets	1 649	1 413	1 533	-14.3%	8.5%	-3.6%
Translation adjustments	0	0	0	-	-	-
<b>Fixed assets</b>	<b>707 901</b>	<b>771 560</b>	<b>799 903</b>	<b>9.0%</b>	3.7%	6.3%
Stocks	65 493	107 674	96 182	64.4%	-10.7%	21.2%
Operating receivables	305 479	275 019	274 104	-10.0%	-0.3%	-5.3%
Marketable securities	58	58	58	0.0%	0.0%	0.0%
Conversion gains	59	90	75	53.6%	-16.6%	13.2%
<b>Current assets</b>	<b>371 088</b>	<b>382 841</b>	<b>370 420</b>	<b>3.2%</b>	-3.2%	-0.1%
<b>Cash assets</b>	<b>10 636</b>	<b>29 063</b>	68 358	173.2%	135.2%	153.5%
<b>Total assets</b>	<b>1 089 625</b>	<b>1 183 463</b>	<b>1 238 680</b>	<b>8.6%</b>	<b>4.7%</b>	<b>6.6%</b>
Own capital	446 068	487 302	517 177	9.2%	6.1%	7.7%
Shareholders' or staff equity	0	0	0	-		
Financing debts	88 591	50 738	303 986	-42.7%	499.1%	85.2%
Long-term provisions for contingent liabilities and charges	0	0	0	-		
Conversion losses	0	0	0	-		
<b>Long-term financing</b>	<b>534 659</b>	<b>538 041</b>	<b>821 163</b>	<b>0.6%</b>	52.6%	23.9%
Debts on current liabilities	247 217	317 053	329 380	28.2%	3.9%	15.4%
Other provisions for contingent liabilities and charges	789	1 786	8 075	126.5%	352.1%	220.0%
Translation adjustments	98	49	53	-50.1%	9.9%	-26.0%
<b>Current liabilities</b>	<b>248 103</b>	<b>318 888</b>	<b>337 509</b>	<b>28.5%</b>	5.8%	16.6%
<b>Cash liabilities</b>	<b>306 863</b>	<b>326 535</b>	<b>80 009</b>	<b>6.4%</b>	-75.5%	-48.9%
<b>Total liabilities</b>	<b>1 089 625</b>	<b>1 183 463</b>	<b>1 238 680</b>	<b>8.6%</b>	<b>4.7%</b>	<b>6.6%</b>

Source: *Les Eaux Minérales d'Oulmès*

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**PART IV. RISK FACTORS**

Draft

## I. RISK FROM COMPETITION

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The current operators in the mineral water sector do confront a risk of the entry onto the market of new local products. However, given the scale of the financial, human and operational investment involved in such an operation, the chances of it succeeding are negligible.

The fall in customs duty is favouring imports of foreign mineral waters. However, the effect of such imports should be limited, given the significant barriers resulting from the lack of a distribution network and the significant transport costs.

Given its low market value relative to its volume, "Water" cannot be profitably marketed as a product unless it follows the proximity principle. That said, customs duties can be as much as 25% before VAT.

In 2013, imported mineral waters represented less than 0.7% of total sales volume.

## II. REGULATORY RISK

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In addition to the risks faced by the sector as a whole, the company also faces the following risks:

- The risk that its concession will not be renewed: in this regard, however, the State has undertaken not to grant any similar concession for the use of mineral waters for bottling within 30 km of the Oulmès triangulation point without a prior invitation to *Les Eaux Minérales d'Oulmès* Company to submit a concession application that will, all things being equal, have priority over all other analogous applications. Currently, the Company has two concessions that are being operated: the Sidi Ali/Oulmès application that was signed in 2010 for the following 25 years, and the Ain Atlas concession that was signed in 2009 for the next 30 years.
- The risk of the concession's being bought back: the State can buy the concession back at any time. In the event that the State takes advantage of this provision, it would be obliged to warn the concession-holder at least two years in advance.
- The risk of the Company losing its authorization: Law 10-95 sets forth conditions and prerequisites for exploiting natural resources. Only non-compliance with those regulatory conditions can provide cause to modify the concession contract unless the public interest is threatened (which would be in the event of force majeure), in which case such modification, reduction or revocation may give rise to a right to compensation to the holder of the authorization, if the holder is directly prejudiced thereby.
- Since 1933, when the first concession was granted, *Les Eaux Minérales d'Oulmès* has always taken care to abide scrupulously by the conditions set in the concession contracts:
  - Creation of an R&D department which works in close cooperation with the Basin Agency in order to keep the Company in a state of constant alert to ensure that its operations are progressing properly. The Agency coordinates sampling, water capture and transmission of all information to the State's oversight bodies;
  - Creation of a "Quality Directorate" that can intervene at any time anywhere along the production chain in order to verify that the water that has been conceded is in constant compliance with the State's obligations in health matters. That is why samples are taken every half hour to be sent for chemical, sanitary and mineralogical analysis.

Most recently, *Les Eaux Minérales d'Oulmès* Company has diversified its activities by launching a table water, so that the Company's dependence on natural mineral water is reduced.

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### **III. EXCHANGE RATE RISK**

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The exchange rate risk affects imported packaging products (PET, preforms and caps). However, this risk is very small since the principal import currencies, i.e., the euro and the US dollar, have a correlation coefficient that is very strongly negative (close to -1).

### **IV. RISK FROM CLIENT DEFAULT**

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The risk from default among *Les Eaux Minérales d'Oulmès* Company's clients is very low because sales are spread over a whole set of distribution channels, each of which has several tens if not hundreds of clients. This fact means that the Company's dependence on any one client and the impact of any one client's default is very slight given the size of the Company.

### **V. HEALTH HAZARD RISK**

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By reason of its activity in the industrial processing of all waters termed "spring waters", the *Les Eaux Minérales d'Oulmès* Company is exposed to a health hazard risk in the process of producing bottled waters. To counter it, the Company has put in place a whole process aimed at improving the quality of the products it markets.

### **VI. ENVIRONMENTAL RISK**

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In the production of natural and sparkling mineral waters, and table water, water use is the principal input to the production process, and on the other hand is also used to clean the glass containers and bottle crates that will hold the final product. To achieve this, some sites dispose of wastewater into the urban sewerage systems of the cities where the plants are located, which could have a possible negative environmental impact.

In an awareness of the issue, in 2011 the Company engaged in a process toward certification in environmental management under ISO 14000, which it successfully obtained in 2012.

In that context, *Les Eaux Minérales d'Oulmès* Company has taken the following specific actions:

- ✓ Designing lightweight, environmentally friendly packaging.
- ✓ Putting in place an environmental protection charter.
- ✓ Protecting the Oulmès forest surrounding the Tarmilate plant and raising awareness among the local farmers about the dangers of pesticides.
- ✓ Preserving the springs by means of three protective cordons (sanitary, close in, further out).
- ✓ Planting trees around the water sources it uses.

### **VII. RISK FROM CHANGES IN TAXATION**

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In June 2013, *Les Eaux Minérales d'Oulmès* Company received notice of tax audit from the General Directorate of Taxes (DGI).

The audit work concerned corporation tax, income tax and value added tax for tax years that were not stipulated. The procedure, which was theoretically to take a year at most, began in July 2013. As of the time of writing, negotiations are under way with a view to arriving at a mutually acceptable agreement between DGI and the Company by end 2014.

### **Warning**

The above information represents only part of the prospectus approved by the *Conseil Déontologique des Valeurs Mobilières* (CDVM) under reference no. **VI/EM/028/2014** on **18<sup>th</sup> September** 2014.

The CDVM advises reading the entire prospectus available to the public in French.