






2013 REGISTRATION DOCUMENT

This Registration Document was filed on April 2, 2014, pursuant to Article 212-13 of the Financial Market Authority's Regulation. It may not be used in support of a financial transaction unless it is accompanied by a transaction note endorsed by the Financial Market Authority.

CONTENT

HIGHLIGHTS & key figures

JANUARY

- On January 16, 2013, Maroc Telecom signed the fourth investment agreement with the Moroccan government. Under the terms and conditions of this agreement, Maroc Telecom is committed to investing more than MAD 10.1 billion and creating 500 jobs over the period 2013–2015. As consideration, Maroc Telecom will be exempted during that period from all customs duties on imports.
- Maroc Telecom celebrates its 18 million mobile customers.
- In Morocco, mobile termination rates are reduced and symmetrical pricing is introduced for interoperator voice MTRs, at a new flat rate of MAD 0.1399 (excl. tax).
- In Mali, lower mobile termination rates take effect, at CFA franc 16.80 per minute.
- The corporate tax rate in Gabon is lowered from 35% to 30%.

FEBRUARY

- Maroc Telecom enhances its Business offer by expanding its range of rate plans to 15 (from 2 hours to 65 hours), available with new, free options.
- Onatel lowers its Fixed lined-line rates to all Fixed lined-line and mobile numbers in Burkina Faso.

MARCH

- Maroc Telecom enhances its capped Fixed lined-line rate plans (Plafonné, Phony, and MT Box offers) with a permanent one-hour pass for MAD 20, valid for calls to all domestic mobiles, to Fixed lined lines in western Europe, and to mobiles in France, Canada, and the United States.
- Maroc Telecom introduces Moneytrans, the MobiCash international money-transfer service.
- The ANRT approves the interconnection offer for IAM's Fixed lined-line network.
- In Burkina Faso, a decree is adopted that eliminates the 5% revenue cap used for the calculation of fees and contributions applied to operators.
- In Mali, a new tax is enacted for access to the public telecommunications network TARTOP. The tax amounts to 2% of revenues (excl. tax) exclusive of revenues from internet, handsets, domestic interconnection, and incoming international calls (with the exception of roaming).

2013

APRIL

- Maroc Telecom launches a permanent International Jawal Pass (MAD 20 = 20 min.), which allows customers to call Fixed lined lines and mobiles in Europe and North America.
- Maroc Telecom adds credit in MAD to its Jawal Passes, in addition to the minutes included (e.g., Pass MAD 20 = MAD 20 + 1 hour).
- For its standard Libertis customers, Gabon Telecom lowers rates by 51% for off-net calls, thereby bringing them into alignment with rates for on-net calls.
- Gabon Telecom lowers ADSL subscription rates, doubles speed for free for current customers, and introduces a promotional offering of free installation for one month.
- Gabon Telecom launches its InfiniFixed line rate plans, with all domestic Fixed lined-to-Fixed lined calls free 24/7.
- The shareholders' meeting of April 24, 2013, approved the distribution of 100% of 2013 earnings in dividends to shareholders (i.e., €7.40 per share).

MAY

- Maroc Telecom repositions its Arriyadi and Liberté rate plans by adding extra hours.
- Maroc Telecom launches two smartphone applications, Fidelio and MT Info (access to practical information).
- Maroc Telecom introduces Phony Duo, a plan priced at MAD 249 (incl. tax) that includes a Fixed lined line (unlimited) and ADSL access at 4 Mb/s or CDMA access at 153 Kb/s.
- Maroc Telecom introduces the MobiCash online-payment service. This service allows mobile customers with a MobiCash account to pay for purchases from select e-commerce websites.
- Mauritel and Onatel launch Mobicash, a payment service for mobile phones.
- Onatel launches its 3G+ service, with speeds of up to 14.4 Mb/s. The service is available either postpaid or prepaid from a Telmob mobile that is 3G+ compatible, or from a computer equipped with a 3G+ dongle.

JUNE

- Ilnauguration of Maroc Telecom's new corporate headquarters. The eco-friendly and community-enhancing Maroc Telecom tower receives honorable mention in the "Tall Building" category at the Ecobuilding forum in Paris.
- With its Jawal plan, Maroc Telecom brings per-second billing into widespread use and increases the validity of Jawal top-ups to one year.
- Maroc Telecom enhances Jawal MAD 5 and MAD 10 Passes with additional credited minutes. A new MAD 30 Pass is introduced that provides two hours of call time and MAD 30 of credited call time. The validity of the MAD 50 Pass is extended from 7 days to 14.
- Prepaid and postpaid 3G-internet offers are repositioned. Validity of 3G-internet top-ups is extended and limits are modified for postpaid 3G-internet rate plans, both free and paid.
- Maroc Telecom enhances its business mobile plans by adding free hours of call time, an unlimited free number, and free faster 3G internet at 3.6 Mb/s, limited to 1 GB per month.
- In Mali, rates are lowered for international calls.

HIGHLIGHTS & key figures

JULY

- In Morocco, mobile termination rates are raised for incoming international calls to Maroc Telecom mobiles.
- In Mauritania, lower mobile termination rates take effect, down to MRO 6 per minute from MRO 7.
- Vivendi and Etisalat enter into exclusive talks for the sale of Vivendi's 53% stake in Maroc Telecom.
- Maroc Telecom introduces the Amazigh voicemail service.
- Maroc Telecom accompanies its customers on pilgrimages, with free roaming for incoming calls to Saudi Arabia.

AUGUST

- Maroc Telecom adjusts its Jawal rate to seven cents per second, compared with six cents previously.
- Maroc Telecom expands its mobile TV package with five new channels: LCI, France 2, Ushuaia, Arabica, and Quran Karim TV.

SEPTEMBER

- Maroc Telecom adopts a flat rate of MAD 4.2 (incl. tax) per min. and MAD 1.4 (incl. tax) for each 20-second increment for capped rate plans.
- Maroc Telecom enhances its range of Jawal Passes for 3G internet with the introduction of three new passes: Pass MAD 20 = 2 days, Pass MAD 50 = 10 days, and Pass MAD 200 = 2 months. The speed of these Passes is doubled, from 3.6 Mb/s to 7.2 Mb/s.
- Introduction at MAD 30 of a new Jawal SMS/MMS top-up, which allows customers to send 300 SMS/MMS to all domestic destinations.
- In Gabon, rates for domestic termination charges are lowered asymmetrically as from September 2013 (25 francs to Airtel, 30 francs to Moov, and 35 francs to Azur and Gabon Telecom Fixed lined lines).
- ARCEP classifies the Gabon Telecom network as number one in service quality.
- Casanet launches Amenza.ma, an e-commerce website focused on high-tech products.

2013

OCTOBER

- Maroc Telecom introduces two new Liberté plans (with commitment), at MAD 99 (incl. tax) per month.
- Maroc Telecom raises the data capacity available for 3G internet at 14.4 Mb/s, from 5 Go to 10 Go.
- Opening of two Ethernet links in Morocco with the French operator SFR.
- Maroc Telecom introduces the Roaming MT application on Google Play and App Store.

NOVEMBER

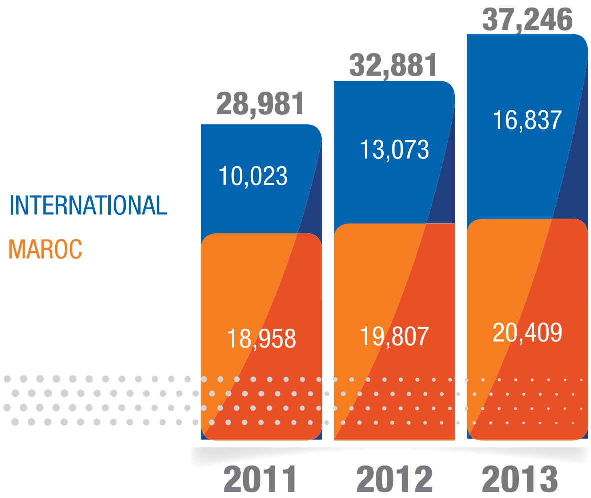
- Maroc Telecom introduces subscription video on demand (SVoD). For MAD 50 (incl. tax) per month, this service gives access to a wide range of films and series for unrestricted viewing.
- Maroc Telecom enhances its mobile, residential, consumer, and capped rate plans with one additional hour of call time that can be used 24/7 for domestic and Zone 1 international calls.
- Maroc Telecom introduces Fatourati. This service allows MobiCash customers to pay bills and other debt directly from their mobiles.
- On November 4, 2013, Vivendi announces the conclusion of a final agreement with Etisalat for the sale of Vivendi's 53% stake in Maroc Telecom.
- Onatel performs a ten-for-one stock split.
- In Mali, the AMRTP regulatory authority informs Sotelma of the arrival of a third operator, ATEL.
- Morocco (represented by Maroc Telecom and other listed companies) is reclassified from the MSCI Emerging Market index to the MSCI Frontier Market index.

DECEMBER

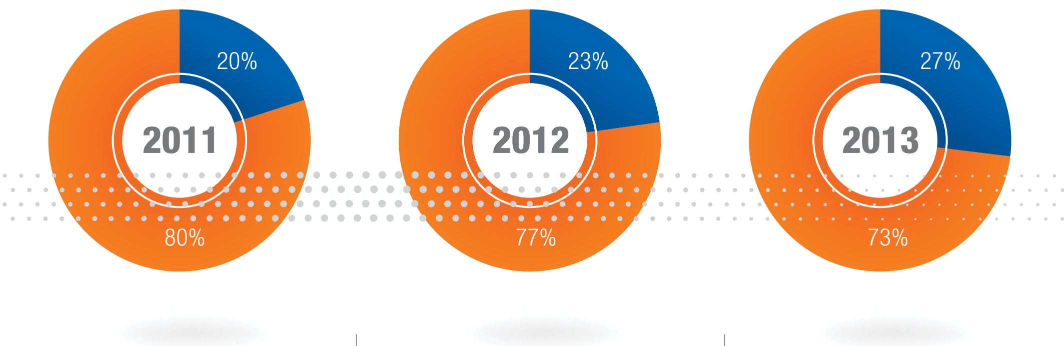
- Maroc Telecom enhances its 3G-internet offer by boosting speeds, extending internet-access time, and raising data-usage limits. A free parental-control service is also provided for ADSL- and 3G-internet customers.
- Maroc Telecom introduces an option allowing 3G-internet subscribers (7.2 Mb/s and 14.4 Mb/s) to recover their 3G-internet speed with 2 Go of additional data capacity for MAD 20 (incl. tax).
- Onatel's tax advantage was renewed and extended to include Fixed lined-line telephony in addition to mobile telephony, with customs duties lowered from 27% to 5% for a period of three years and a tax credit equal to 50% of capital expenditures.
- In Morocco, the ANRT approves termination rates for the period 2014–2016: termination rates in 2014 will be kept at 2013 levels, then lowered by 5% over 2015 and 2016.
- In Morocco, the ANRT issues a decision delineating market segments and identifying operators of significant influence. Two new market segments are added to the list: access to public works and infrastructures in Morocco and access to "physical infrastructures for the Fixed lined-line local loop." IAM is the sole dominant operator in these two new market segments and in the market for mobile call termination. The Company has the obligation to provide the following new wholesale offers: unbundling of local sub-loop, virtual unbundling, access to aboveground and underground infrastructure, access to dark-fiber local loop.
- In Morocco, Wana takes legal action against IAM for technical problems that occurred during unbundling operations and for the "adverse effect on the viability of [Wana's] unbundling project," according to Wana, attributable to network modernization.
- In Gabon, agreement signed between the ANINF and operators for the creation of an internet exchange point (IXP).

Highlights & **KEY FIGURES**

CUSTOMER BASE BY GEOGRAPHICAL AREA (IN THOUSANDS OF CUSTOMERS)



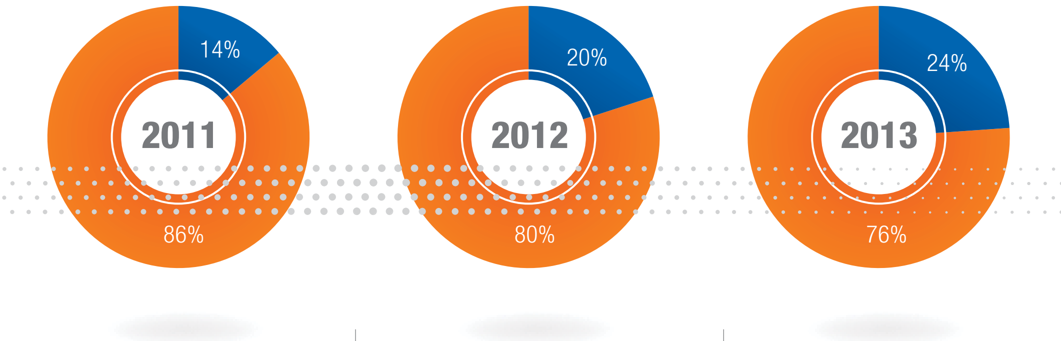
REVENUES BY GEOGRAPHICAL AREA (IN MAD MILLIONS)



	2011	2012	**2013**
MAROC	25,030	23,178	**21,294**
INTERNATIONAL	6,066	7,079	**7,754**
TOTAL NET	30,837	29,849	**28,559**

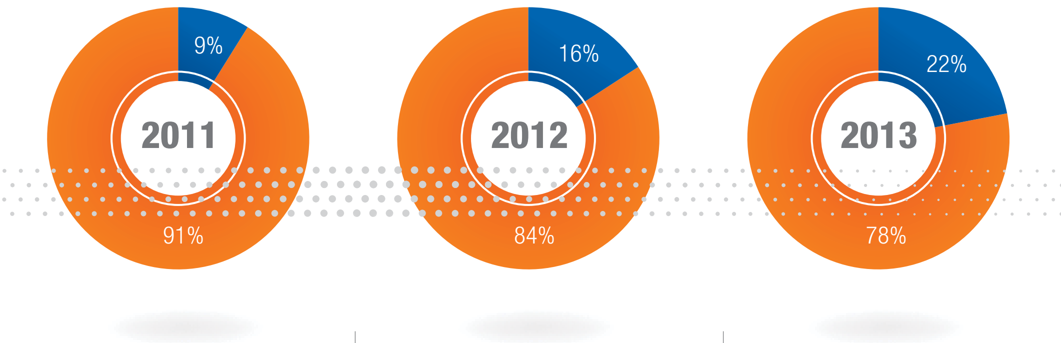
2013

EBITDA BY GEOGRAPHICAL AREA (IN MAD MILLIONS)



	2011	2012	2013
MAROC	14,557	13,414	**12,308**
INTERNATIONAL	2,439	3,290	**3,904**
TOTAL	16,996	16,703	**16,213**

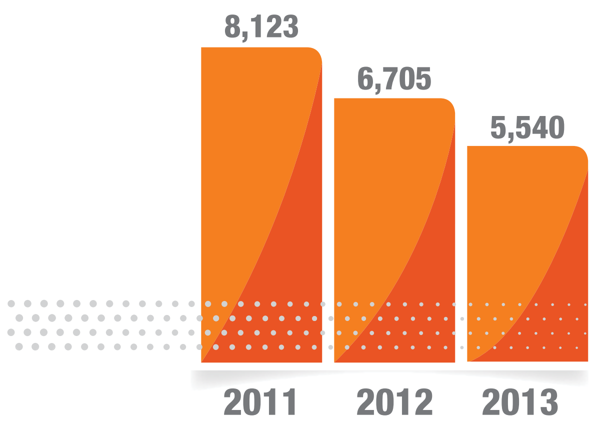
EBITA BY GEOGRAPHICAL AREA (IN MAD MILLIONS)



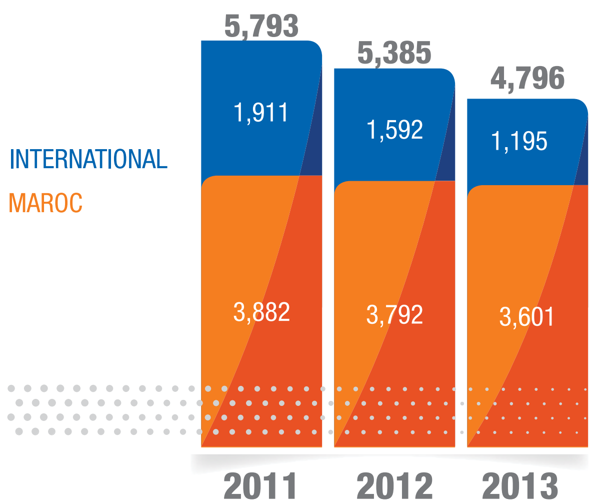
	2011	2012	2013
MAROC	11,262	9,219	**8,595**
INTERNATIONAL	1,113	1,749	**2,383**
TOTAL	12,375	10,968	**10,978**

Highlights & **KEY FIGURES**

NET EARNINGS – GROUP SHARE (IN MAD MILLIONS)

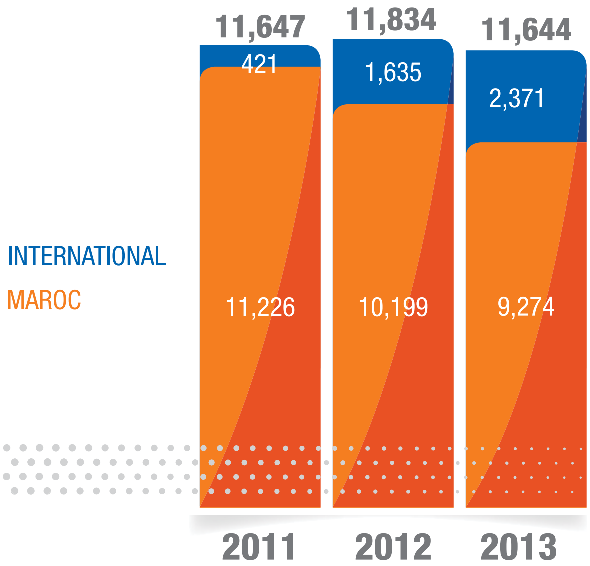


CAPITAL EXPENDITURES (IN MAD MILLIONS)



2013

CFFO (BEFORE RESTRUCTURING)
BY GEOGRAPHICAL AREA (IN MAD MILLIONS)



01. Persons responsible for the registration document and for the audit of the financial statements

In this registration document, “Maroc Telecom” and “Company” refer to Itissalat Al-Maghrib (Maroc Telecom), and “Group” refers to the group comprising the Company and its subsidiaries, as described in chapter 4.

1.1 PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

Monsieur Abdeslam AHIZOUNE
Chairman of the Management Board

1.2 CERTIFICATION OF THE REGISTRATION DOCUMENT

Having taken all reasonable care to ensure that the following is true, I hereby certify that, to the best of my knowledge, the information contained in this registration document accurately reflects the facts and contains no omission likely to affect its meaning.

I certify that, to the best of my knowledge, the financial statements were drawn up in accordance with applicable accounting standards and that they give a true and fair view of the assets, financial position, and earnings of the Company and its consolidated subsidiaries. I certify that the management report (see chapters 3 and 4 of this reference document) provides a fair review of the changes in revenues, earnings, and financial position of the Company and its consolidated subsidiaries, as well as the risks and contingencies affecting the subsidiaries.

I have received a letter from the statutory auditors—Mr. Abdelaziz Almechatt and KPMG Maroc, represented by Mr. Fouad Lahgazi—stating that they have completed their work, verified all information pertaining to the financial position and financial statements included in this registration document, and reviewed the registration document in its entirety.

The past financial information presented in this document has been reviewed in statutory auditors’ reports:

» The statutory auditors’ report on the consolidated financial statements for the year ended December 31, 2013, presented on page 152 of this registration document, contains an observation on the settlement of the tax audit undergone by IAM for fiscal years 2005–2008 (Note 25).

» The statutory auditors’ report on the individual financial statements for the year ended December 31, 2013, presented on page 201 of this registration document, contains an observation on the settlement of the tax audit undergone by IAM for fiscal years 2005–2008, as reported on the B5 declaration.

» The statutory auditors’ report on the consolidated financial statements for the year ended December 31, 2012, presented on page 158 of reference document no. D13-0386, filed with the AMF on April 18, 2013, contains one observation, concerning the procedure for the tax audit under way for the years 2005 to 2008 and explaining the Company’s position (Note 14).

» The statutory auditors’ report on the individual financial statements for the year ended December 31, 2012, presented on page 205 of registration document no. D13-0386 filed, with the AMF on April 18, 2013, contains an observation on the B5 declaration, which indicates the procedure for the tax audit under way for the years 2005 to 2008 and explains the Company’s position.

» The statutory auditors’ report on the consolidated financial statements for the year ended December 31, 2011, presented on page 197 of reference document no. D.12-0385, filed with the AMF on April 23, 2012, contains one observation, explaining the procedure for the tax audit under way for the years 2005 to 2008 and explaining the Company’s position (Note 25).

» The statutory auditors’ report on the individual financial statements for the year ended December 31, 2011, presented on page 252 of registration document no. D.12-0385, filed with the AMF on April 23, 2012, contains an observation on the B5 declaration, which indicates the procedure for the tax audit under way for the years 2005 to 2008 and explains the Company’s position.

On page 234 of this registration document, the statutory auditors have reported on the forward-looking financial information that is included in chapter 5, section 5.3, of this registration document.

Abdeslam AHIZOUNE
Chairman of the Management Board

1.3 RESPONSABLE DU CONTRÔLE DES COMPTES

1.3.1 STATUTORY AUDITORS

KPMG Maroc, represented by Mr. Fouad Lahgazi
11, avenue Bir Kacem, Souissi - 10 000 Rabat, Morocco

Mr. Lahgazi was first appointed by the shareholders' meeting of April 12, 2007. His term of office, renewed in 2013 for three years, shall expire at the close of the ordinary meeting of shareholders held to approve the financial statements for the year ended December 31, 2015.

Mr. Abdelaziz Almechatt

83 avenue Hassan II - 20 100 Casablanca, Morocco

Mr. Almechatt was first appointed in 1998, through the bylaws. His term of office, renewed in 2011 for three years, shall expire at the close of the ordinary meeting of shareholders held to approve the financial statements for the year ended December 31, 2013.

1.4 INFORMATION POLICY

1.4.1 PERSON RESPONSIBLE FOR INFORMATION

Monsieur Laurent MAIROT
Chief Financial Officer
Maroc Telecom
Avenue Annakhil - Hay Riad
Rabat, Morocco
Téléphone: 00 212 (0) 537 71 90 39
E-mail: relations.investisseurs@iam.ma

1.4.2 SCHEDULE OF FINANCIAL COMMUNICATION

All financial information reported by Maroc Telecom (press releases, presentations, annual reports) is available at www.iam.ma.

Maroc Telecom's 2014 calendar (subject to change) for financial communication is as follows:

Date*	Event	Format
February 13, 2014	Results for Q4 2013 and FY 2013	Press release Press conference Analyst conference
April 22, 2014	General meeting of shareholders	

** Before market.*

1.4.3 SHAREHOLDER INFORMATION

Corporate, accounting, and legal documents, whose reporting is governed by Moroccan and French law and by Company bylaws, may be consulted at Company headquarters by shareholders and third parties. Registration documents and any updates of such documents registered or filed with the Autorité des Marchés Financiers, Company presentations for investors and financial analysts, and various press releases are available for viewing and downloading at the Maroc Telecom website: **www.iam.ma.**

In accordance with the provisions of the Transparency Directive, in force since January 20, 2007, all regulated information is archived and available on the Maroc Telecom website at http://www.iam.ma/Groupe/Finance/Telechargements.

02. Information regarding the company and corporate governance

2.1 GENERAL INFORMATION ABOUT THE COMPANY

2.1.1 CORPORATE NAME

ITISSALAT AL-MAGHRIB.
The Company also operates under the trade names "IAM" and "Maroc Telecom."

2.1.2 HEADQUARTERS

The Company's headquarters are on Avenue Annakhil (Hay Riad), Rabat, Morocco.
Téléphone: +212 537 71 21 21

2.1.3 LEGAL FORM

Maroc Telecom is a Moroccan corporation (société anonyme) with a management board and a supervisory board.

2.1.4 APPLICABLE LAW

The Company is governed by Moroccan law—in particular by Act 17-95 pertaining to corporations, as amended and extended by Act 20-05—and by Company bylaws. The Company is not bound by the French Code of Commerce.

Because the Company is listed on a regulated market in Morocco, the provisions of various Moroccan laws, regulations, orders, decrees and circulars are applicable.

2.1.5 COMMITMENTS OF THE COMPANY TO THE FRENCH MARKET AUTHORITY

Because the Company is also listed on the primary market of NYSE Euronext Paris, it is subject to certain provisions of French securities regulations. Under current legislation and pursuant to the General Regulation of the Autorité des Marchés Financiers (AMF), provisions concerning foreign issuers are applicable to the Company. In addition, NYSE Euronext Paris organization and operating rules are generally applicable to the Company. The AMF may also enforce the mandatory submission of a public tender offer and buyout for all buyout offers concerning Company shares.

As a result of the transposition of European Transparency Directive provisions, effective March 30, 2008, the rules governing the crossing of thresholds are now applicable to the Company.

Under French regulations, foreign issuers must apply the necessary measures that allow shareholders to manage their investments and exercise their rights.

Because Company shares are listed on the primary market of NYSE Euronext Paris, and pursuant to the AMF General Regulation and the provisions of the European Transparency Directive, as transposed into French law by the Monetary and Financial Code and effective since January 20, 2007, the Company is required to:

- » inform the AMF of any changes in its share capital compared with previously disclosed information, particularly any declaration of the crossing of thresholds that Maroc Telecom would have received;
- » publish a half-year financial report including summary financial statements, a half-year operations report, the statutory auditors' reports on the limited review of the aforementioned financial statements, and a statement from the persons responsible for the half-year financial report, within two months of the end of the first half of the Company's fiscal year;
- » publish an annual financial report including the financial statements, a management report, the statutory auditors' report, and a statement from the persons responsible for the report, within four months of the end of the fiscal year;
- » publish quarterly statements within 45 days of the end of the first and the third quarters, including net revenues for the past quarter by business segment, a general description of the Company's results and financial position and those of companies it controls, and the significant transactions and events that occurred during the quarter and their impact on the Company's financial position;
- » publish within four months of the end of the fiscal year the fees paid to the statutory auditors (information to be reported in the registration document posted on the IAM website);
- » publish monthly the total number of voting rights and shares comprising the Company's share capital;
- » publish promptly any information on new facts that may materially affect the share price, and inform the AMF thereof;
- » inform French shareholders about changes in Company business or in the management team;

» make the necessary provisions to allow persons who hold their shares through Euroclear France to exercise their rights, particularly by informing them of annual general meetings and by allowing them to exercise their voting rights;
» notify persons who hold their shares through Euroclear France about dividend payments, new share issues, allocation, subscription, renunciation, and conversion;
» update names and details of the persons responsible for financial information in France;
» provide the AMF with any information it may require in accordance with its mission and with the laws and regulations applicable to the Company;
» comply with the AMF General Regulation relating to mandatory public disclosure;
» comply with the various procedures described in the AMF General Regulation for publishing disclosures;
» post all available regulated information on Maroc Telecom's website and archive such information for at least five years;
» inform the AMF and NYSE Euronext Paris of any proposed amendment of Company bylaws.

The Company is required to inform the AMF of any shareholders'-meeting resolution to authorize the Company to trade in its own shares, and must provide the AMF with occasional reports of purchases or sales of shares made by the Company by virtue of said authorization.

The Company must publish simultaneously in France the same information that it publishes in other countries, primarily Morocco.

Publications and disclosures referred to in this chapter are published mainly through notices and press releases in national financial daily newspapers distributed in France.

Information intended for the French general public is written in French.

The Company publishes, in the manner of French issuers, a registration document providing legal and financial information relating to the issuer (shareholder structure, business activities, management procedures, financial information). The registration document does not contain information relating to the issue of specific securities.

In practice, the Company's annual report may be used as the registration document, on condition that it contain all mandatory information.

The registration document must then be filed or registered with the AMF and subsequently made available to the public.

Annual and interim reports in French are available to the public in France at the offices of the financial intermediary in charge of the Company's financial services in France (currently BNP Paribas).

In addition, the Company intends to maintain an active policy towards all shareholders, including those whose shares are held through Euroclear France, to allow them to participate in all rights issues open to the public and carried out on international markets.

However, because of the constraints arising from operations on international financial markets, in order to be able to benefit from the optimal conditions of those markets, and in the interest of the Company and of its shareholders, the Company cannot guarantee that persons holding their shares through Euroclear France will be able to participate in any such rights issues where applicable.

2.1.6 CONSTITUTION - REGISTRATION

The Company was founded in Rabat by a charter dated February 3, 1998.
The Company was registered with the Rabat Registry of Commerce on February 10, 1998, under number 48 947.

2.1.7 CORPORATE TERM

The term of the Company, subject to early dissolution or extension as provided for by law and the bylaws, is ninety-nine (99) years from the date of registration with the Registry of Commerce.

2.1.8 CORPORATE PURPOSE

In accordance with its contract specifications as an operator and pursuant to Article 2 of its bylaws and the statutory and regulatory provisions in force, the Company's corporate purpose is:

- to provide all electronic communication services for domestic and international relations, and in particular to provide universal telecommunications service;
- to establish, develop, and operate all publicly available electronic communications networks that are necessary for the provision of the aforementioned services, and to ensure that said networks are interconnected with other networks available to domestic and international users;
- to provide all other services, facilities, equipment, terminals, and electronic communication networks, and to establish and operate all networks that distribute audiovisual services, including audio, television, and multimedia broadcasting.

For the purposes of the activities so defined, the Company may:

- create, purchase, own, and operate any real or personal property or business assets necessary or useful for its operations, and in particular any property whose transfer or availability is provided for by law;
- commercialize and, if necessary, manufacture and assemble any telecommunication products, devices, and systems;
- create, purchase, license, and apply or sell any patents, processes, or trade names;
- by any and all legal means participate in all financial, business, or corporate associations, whether existing or undergoing creation, and with a corporate purpose similar or related to that of the Company;
- more generally, engage in any commercial, financial, or, if necessary, industrial transactions involving real or personal property that could be related, directly or indirectly, wholly or partially, to any of the Company's corporate purposes, or to similar or related corporate purposes, and that could advance the Company's growth and development.

2.1.9 LEGAL DOCUMENTS AVAILABLE FOR VIEWING

The corporate, accounting, and legal documents required by law or the bylaws to be disclosed to shareholders and third parties may be viewed at the Company's headquarters.

2.1.10 FISCAL YEAR

The Company's fiscal year begins on January 1 and ends on December 31.

2.1.11 ALLOCATION OF EARNINGS

At the close of each fiscal year, in accordance with applicable law, the Management Board shall draw up an inventory of the various assets and liabilities on the closing date, and shall prepare the annual financial statements and management report to be submitted to the shareholders' meeting.

The net profit generated by the Company, after deduction of any net loss carried over, shall be subject to a withholding of 5% to fund the statutory reserve; such withholding shall no longer be mandatory once the amount of the statutory reserve exceeds one-tenth of the share capital.

The distributable profit shall comprise the net profit for the fiscal year, after funding of the statutory reserve and after allocation of net profit or loss carried over from prior years.

Against such profit, the shareholders' meeting may charge such amounts as it sees fit to any optional, ordinary, or exceptional reserve funds, or to retained earnings, to the extent of a maximum aggregate amount of one-half the distributable profit, subject to an exception granted by a three-quarters majority of the members of the Supervisory Board present or represented.

The balance shall be paid out to the shareholders by way of a dividend whose aggregate amount shall not be less than one-half the distributable profit, subject to an exception granted by a three-quarters majority of the members of the Supervisory Board present or represented.

Within the limits set forth by law, the shareholders' meeting may resolve, on an exceptional basis, to pay out amounts charged against the optional reserves at its disposal (see also section 2.2.5, "Dividends and dividend policy").

Dividend payments

Terms for dividend payments are approved by the ordinary shareholders' meeting or, failing such, by the Management Board.

Such payment shall be made within nine months of the end of the fiscal year unless an extension is granted by order of the president of the court, acting in summary proceedings upon a petition by the Supervisory Board.

If the Company holds treasury stock, the related dividend entitlement shall be cancelled.

Dividends not collected five years after the date of payment thereof shall be forfeited to the Company.

Amounts not collected and not forfeited shall constitute a non-interest-bearing claim of the beneficiaries against the Company, unless they are converted into loans on mutually agreed terms.

If shares are subject to a life interest, dividends shall be payable to the life tenant. However, proceeds of the distribution of reserves, other than retained earnings, shall be allocated to the bare owner.

2.1.12 GENERAL MEETINGS

Shareholders' meetings

The shareholders' collective resolutions shall be made at meetings qualified as ordinary or extraordinary according to the nature of the decisions that they are called upon to make.

A duly convened general meeting shall be deemed to represent all shareholders; its decisions shall be binding on all, including those who are absent, non sui juris, dissenting, or deprived of voting rights.

Convening of meetings

Meetings shall be convened by the Supervisory Board.

An ordinary shareholders' meeting may also be convened:

- by the statutory auditor(s), who may do so only if the Supervisory Board fails to convene a meeting when requested by the auditor(s);
- by an agent appointed by court order, or upon application of any interested party (in an emergency) or of one or more shareholders holding at least one-tenth of the share capital;
- by the liquidator(s), in the event of the Company's dissolution and during the liquidation period;
- by the majority shareholders in share capital or voting rights, after a takeover bid (in cash or shares) or the sale of a block of shares that would result in a change of controlling ownership of the Company.

Shareholders' meetings shall be convened and carried out in the manner provided for by law.

At least 30 days before the shareholders' meeting is convened, the Company shall be required to publish, in a newspaper from a list established by the Minister of Economy and Finance, a notice containing the information required by law and the resolutions to be submitted to the meeting by the Management Board.

The Company shall be required to publish a notice containing, as applicable, the terms and conditions for voting by proxy, at least 15 days prior to the shareholders' meeting, in a newspaper from a list established by the Minister of Finance. In a newspaper authorized to carry legal announcements, and at the same time as the notice of the annual ordinary shareholders' meeting, the Company shall publish the summary financial statements for the previous fiscal year, drawn up in accordance with applicable law. The summary financial statements shall include the balance sheet, income statement, statement of cash flows, and statement of changes in financial position. The Company shall also be required to publish the report of the statutory auditor(s) on the financial statements.

Any amendment to such documents shall be published by the Company no more than 20 days after the annual ordinary shareholders' meeting, in a newspaper authorized to carry legal advertisements.

Meetings shall be held at headquarters or at any other location specified in the notice.

Agenda

The agenda of a shareholders' meeting shall be determined by the author of the notice.

However, one or several shareholders holding at least 2% of the share capital may request that one or several resolutions be tabled on the agenda.

Regardless of the number of shares held, all shareholders shall be entitled, upon proof of identity, to take part in shareholders' meetings, subject to the following conditions:

- or registered shareholders, a nominative entry in the Company's shareholder registry;
- for holders of bearer shares, deposit at one of the locations mentioned in the notice of the bearer shares or of a certificate of deposit issued by the establishment having custody of such shares;
- provision of the Company with proof of their identify, where necessary, in accordance with applicable law.

These formalities shall be completed no later than five days before the date of the meeting, subject to a shorter period as provided in the notice or mandatory statutory rules reducing said period.

Composition

The shareholders' meeting concerns all shareholders, regardless of the number of shares held. Corporate shareholders shall be represented by a specially appointed agent, who need not be a shareholder.

A shareholder may be represented by a guardian, spouse, ascendant, descendant (none of whom is required to be a shareholder), another shareholder, or any company involved in securities portfolio management.

Multiple holders of undivided interests in shares shall be represented at shareholders' meetings by one of the aforementioned representatives or by a single agent.

Shareholders who have pledged their shares shall retain the right to attend shareholders' meetings.

Officers – Attendance sheet

Officers

The shareholders' meeting shall be chaired by the Chairman of the Supervisory Board or the Deputy Chairman of the Supervisory Board. In the absence of those officers, the meeting shall appoint its own Chairman.

The Chairman of the meeting shall be assisted by the holders of the two largest interests, either personally or as agents, present and accepting such office, who shall serve as secretaries. The meeting shall appoint a secretary, who is not required to be an attendee at the general meeting.

Attendance sheet

An attendance sheet shall be kept at each meeting, specifying the names and addresses of the shareholders, and, if applicable, those of their agents, as well as the numbers of shares and voting rights held.

The attendance sheet shall be signed by all shareholders present and by the agents of absent shareholders; it shall then be certified by the officers of the meeting.

Voting

Members of the meeting shall have as many votes as the number of shares they hold or represent, including votes resulting from proxies or other powers of attorney.

Voting rights attaching to shares shall belong to the life tenant at ordinary shareholders' meetings and to the bare owner at extraordinary shareholders' meetings.

If the shares are pledged, voting rights shall be exercised by the owner.

The Company may not vote shares that it has acquired or accepted as security.

All shareholders may vote by proxy, in accordance with the regulations in force. Shareholders who vote by proxy are deemed present or represented, provided the Company receives their ballot at least two (2) days prior to the shareholders' meeting.

Minutes

Minutes of meetings shall be entered in a special register kept at headquarters. The pages of the minutes shall be numbered and initialed by the registrar of the court at the location of the Company's headquarters.
Copies of or extracts from the minutes may be certified only by the Chairman of the Supervisory Board, or by the Deputy Chairman of the Supervisory Board signing jointly with the Secretary.

Ordinary Shareholders' Meetings

Powers

Ordinary shareholders' meetings shall act upon all administrative matters that exceed the powers of the Supervisory Board and Management Board and that are not within the authority of the extraordinary shareholders' meeting.

An ordinary shareholders' meeting shall be held each year, within six months of the end of the Company's fiscal year.

The meeting shall hear in particular the report from the Management Board and the report from the statutory auditor(s). The meeting shall consider, amend, and approve or refuse the financial statements, and it shall apportion and allocate earnings.

The meeting shall appoint or dismiss members of the Supervisory Board, dismiss members of the Management Board, and appoint the statutory auditor(s).

Quorum and majority

The ordinary shareholders' meeting shall be duly convened and may act validly only if the shareholders present or represented hold at least 25% of the voting rights, exclusive of shares acquired or accepted as security by the Company. If such a quorum is not obtained, another meeting shall be convened, for which no quorum shall be required.

At an ordinary shareholders' meeting, resolutions shall be passed by a majority of votes of the shareholders present or represented.

Extraordinary shareholders' meetings

Attributions

Extraordinary shareholders' meetings shall have sole authority to amend any provisions of the bylaws.

They may not, however, change the Company's nationality or increase the shareholders' liabilities without the unanimous approval of the shareholders.

Extraordinary shareholders' meetings may resolve to convert the Company into a company of any other form, subject to compliance with the applicable statutory provisions.

Quorum and majority

Extraordinary shareholders' meetings shall be duly convened and may act validly only if the shareholders present or represented hold at least 50% of voting rights on the first convening and 25% on the second convening, exclusive of shares acquired or accepted as security by the Company.

If the 25% quorum is not satisfied, the second meeting may be postponed to a date no later than two months after the date for which it had been convened, and may be held validly with the presence or representation of shareholders holding at least 25% of the share capital. At an extraordinary shareholders' meeting, resolutions shall be passed by a two-thirds majority of shareholders present or represented.

2.1.13 STATUTORY AUDITORS

The Company shall be audited by at least two statutory auditors, who shall be appointed and shall perform their duties in accordance with the law.

Appointment, removal from office, and conflicts of interest

During the term of the Company, the statutory auditors shall be appointed for three fiscal years by the ordinary shareholders' meeting.

The statutory auditors' duties shall expire upon adjournment of the ordinary shareholders' meeting acting on the financial statements for the third fiscal year. The statutory auditors shall be eligible for further office.

A replacement statutory auditor appointed by the shareholders' meeting shall remain in office only for the remaining duration of his predecessor's term. If upon expiry of a statutory auditor's term of office a motion is submitted to the shareholders' meeting against extension of his term, the statutory auditor may address the meeting.

One or more shareholders holding at least 5% of the share capital, and/or the Moroccan securities regulator (CDVM), may apply to the president of the commercial court acting in summary proceedings for the removal from office with just cause of one or more statutory auditors appointed by the shareholders' meeting, and may apply for the appointment of one or more substitute auditors. Under penalty of inadmissibility, the referral to the president of the commercial court shall be entered by an expository application made within 30 days after the challenged appointment. If the application is granted, the statutory auditor(s) appointed by the president of the commercial court shall remain in office until the appointment of the new statutory auditor(s) by a shareholders' meeting.

If it becomes necessary to appoint one or more statutory auditors and the shareholders' meeting fails to do so, any shareholder may apply to the president of the commercial court acting in summary proceedings for the appointment of a statutory auditor.

The statutory auditor(s) appointed by the president of the court shall remain in office until appointment of the new statutory auditor(s) by the shareholders' meeting. The appointment of statutory auditors shall comply with the laws governing conflict of interest.

In the event of resignation, the statutory auditors shall report in writing the reasons for their decision. This document shall be submitted to the Supervisory Board at the next shareholders' meeting and must be transmitted immediately to the CDVM.

Duties of the statutory auditors

The statutory auditor(s) shall have the permanent assignment, exclusive of any interference in the management of the Company, of inspecting the Company's assets, accounts, and accounting documents, and of ascertaining the compliance of the Company's financial statements with applicable rules. The statutory auditor(s) shall also review the fairness and consistency relative to the summary statements of the information provided in the Management Board's annual report and in the documents sent to the shareholders with respect to the Company's assets and liabilities, financial position, and earnings.

The statutory auditor(s) shall ensure that all shareholders are treated equally.

The statutory auditor(s) shall be invited to attend the meetings of the Management Board and Supervisory Board convened to approve the financial statements, and shall be invited to attend shareholders' meetings.

At any time of year, the statutory auditor(s) shall perform such inspections as they see fit and may obtain immediate disclosure of any document considered necessary for the performance of their mission, including contracts, accounts, accounting documents, and minutes of meetings.

The Management Board's annual report and summary statements shall be made available to the statutory auditor(s) at least 60 days before notice is given of the annual shareholders' meeting.

2.1.14 SALE OF SHARES

Sales of shares shall be carried out in the manner provided for by law.

2.1.15 STATUTORY THRESHOLDS

Morocco

Obligations are described by Circular 01-04 of June 8, 2004, which concerns thresholds for ownership of shares and voting rights in listed companies.

The following description summarizes these obligations. Holders of shares or other securities of the Company are advised to seek legal counsel in order to ascertain whether the reporting obligations are applicable to them.

Any individual or legal entity, acting alone or in concert with others, that becomes the owner directly or indirectly of a number of shares representing more than one-twentieth (5%), one-tenth (10%), one-fifth (20%), one-third (33.33%), one-half (50%), or two-thirds (66.66%) of the Company's share capital or voting rights must, within five trading days after crossing any of those thresholds, notify the Company, the CDVM (Moroccan securities regulator), and the Casablanca Stock Exchange of the total number of Company shares held and of the number of voting rights attached thereto. The date of threshold crossing shall be the date of execution of the reporting party's order on the stock exchange.

In addition to the aforementioned statutory obligation to inform the Company of a threshold crossing, any individual or legal entity, acting alone or in concert with others, that becomes the owner directly or indirectly of a number of shares representing more than 3%, 5%, 8%, 10%, or any threshold that is a multiple of 5% in excess of 10% of the share capital or voting rights of the Company, must notify the Company within five trading days after the date of acquisition, by registered mail with acknowledgement of receipt, of the total number of shares or voting rights held.

Notice shall also be given if interest in the capital falls below the aforementioned thresholds.

The reporting party shall certify that each notice includes all shares or voting rights held or owned. The reporting party shall also specify the date(s) of purchase or sale of its shares.

Any individual or legal entity, acting alone or in concert with others, that becomes the owner directly or indirectly of a number of shares representing more than one-tenth (10%) or one-fifth (20%) of the Company's share capital or voting rights must notify the Company, the CDVM, and the Casablanca Stock Exchange, within five trading days from the time any such threshold is crossed, of the intentions of said individual or entity for the 12 months after the threshold is crossed, specifying whether said individual or entity is acting alone or in concert with others, whether said individual or entity intends to cease or proceed with purchase, and whether said individual or entity intends to submit the appointment of members to the corporate governing bodies and acquire control over the Company.

The threshold-crossing date referred to in the previous paragraph shall be the date of execution of the reporting party's order on the stock exchange.

In the event of failure to comply with the reporting obligations above, the shares in excess of the portion that ought to have been reported shall be deprived of voting rights at any shareholders' meeting for a two-year period after the date of the breach, without prejudice to and within the limits of mandatory statutory rules.

Holders of shares may also be subject to the reporting obligations provided for under statutory Decree 1-04-21 enacting Act 26-03 relating to public tender offers on the stock market, as amended and supplemented by Act 46-06.

In France

The provisions of the AMF General Regulation with regard to the method for calculating threshold crossing, reporting and content obligations, and the declaration of intent applicable to the Company are defined as follows:

To calculate the shareholding thresholds, the person required to provide the information shall take into account the shares and voting rights held and the shares and voting rights assimilated thereto, and shall determine the portion of capital and voting rights held, on the basis of the total number of shares comprising the company's share capital and the total number of voting rights attached thereto.

The content and channels for the reporting of threshold crossings are as follows:

- » Persons required to make the notification shall file with the AMF no later than the fourth trading day after the shareholding threshold has been crossed. A calendar of trading days for regulated markets established or operating in France can be found on the AMF website.
- » Notices for the crossing of thresholds shall be established in accordance with the AMF's standard model, available at www.amf-france.org.

The notices may be transmitted to the AMF by e-mail. The notices shall then be made available to the public by the AMF no later than three trading days after the date the completed notices have been received.

The applicable thresholds are: 5%, 10%, 15%, 20%, 25%,30%, 33%, 50%, 66%, 90%, and 95%.

Declaration of intent:

- » Notification of the crossing of the 10%, 15%, 20%, or 25% threshold(s) of the share capital or voting rights automatically requires declaration of intent for the next six months. The declaration states whether the buyer is acting alone or in concert with others, whether the buyer intends to cease or proceed with the purchase of shares, and whether the buyer intends to acquire control over the company. The declaration also states the buyer's intended strategy with regard to the issuer, and whether the buyer intends to submit the buyer's own appointment or that of one or more persons as director, member of the Management Board, or member of the Supervisory Board. The declaration must be sent within ten trading days to the company whose shares have been acquired as well as to the AMF. Such information shall be made public in accordance with the procedures set forth in the AMF General Regulation.
- » In the event of failure to comply with the aforementioned reporting and declaration-of-intent obligations, the shares in excess of the portion that ought to have been reported shall be deprived of voting rights at any shareholders' meeting for a two-year period after the date of the breach.

2.1.16 PUBLIC BIDS

Under Moroccan law, public bids are governed by Act 46-06, which amends and supplements Act 26-03 of April 21, 2004. A public bid is defined as the procedure whereby an individual or legal entity (the "bidder"), acting alone or in concert with others, publicly discloses an intention to acquire, exchange, or sell all or part of the securities whose ownership gives right of access to the share capital or voting rights of a listed company.

As under French law, public bids can be either voluntary or mandatory, depending on conditions.

Voluntary public bids

Any individual or legal entity, acting alone or in concert and wishing to report publicly that said individual or legal entity wishes to acquire or sell shares listed on the securities exchange, may file a public tender offer for the acquisition or sale of said shares.

Unlike French law, which provides for participation of the presenting banks, Moroccan law provides for a public bid to be filed by the bidder with the Moroccan securities regulator (CDVM). The filing must include:

- » the bidder's objectives and intentions;
- » the number and nature of the company's securities;
- » the date, terms, and conditions on which the purchase thereof has been or may be made;
- » the price or exchange ratio at which the bidder is offering to acquire or sell the securities, the information on which these are based, and the expected terms and conditions of settlement, delivery, and exchange
- » the number of shares in the public tender offer;
- » if applicable, the percentage of votes below which the bidder reserves the option not to carry out the bid.

A prospectus shall be mandatory for any public tender offer.

The contents and performance of the offers contained in the public bid shall be guaranteed by the bidder and, if applicable, by any person acting as guarantor. The public tender offer filed with the CDVM shall be accompanied by the prior permit(s) from the competent authorities. In the absence of such a permit, the proposed bid shall not be admissible.

As soon as the public bid has been filed, the CDVM shall issue a notice of filing of the public tender offer in a newspaper authorized to carry legal advertisements, which shall report the main provisions of the offer. The publication shall mark the beginning of the bid period.

The CDVM shall forward the main features of the public tender offer to the public authorities, which shall be allowed two trading days from the date of transmission to rule upon the admissibility of the bid with regard to national strategic interests.

If no decision is made within two trading days, the authorities shall be deemed to have no further comments.

As soon as the public tender offer has been filed, the CDVM shall request that the stock exchange suspend trading of the shares of the company to which the public tender offer relates. The suspension notice shall be published.

The CDVM shall be granted a period of ten trading days from the publication of the suspension notice to review the admissibility of the public bid, and may request that the bidder provide evidence or information required for its evaluation. Under French regulations, this period comprises the five trading days after the publication of the public bid.

As under French law, the bidder shall be required to modify the bid in order to comply with the CDVM's recommendations, if the latter considers that the bid is inconsistent with the principles of equal treatment of shareholders, full disclosure, market integrity, or fairness of transactions and competition. In all cases, the CDVM shall have authority to require from the bidder any additional warranties and to demand the deposit of a guarantee in cash or securities. Grounds shall be stated for any ruling denying admissibility.

If a public bid is ruled to be admissible, the CDVM shall notify its ruling to the bidder and publish a notice of admissibility in a newspaper authorized to carry legal advertisements. Concurrently, the CDVM shall request that the stock exchange resume trading.

A prospectus is mandatory for any public tender offer. The prospectus may be drafted jointly by the bidder and the target company if the latter concurs with the bidder's objectives and intentions. If the target company does not concur, it may draft its own prospectus separately and file it with the CDVM no later than five trading days after approval of the bidder's prospectus. In such a case, the bidder shall be required to file a copy of the bidder's prospectus and public tender offer with the target company on the same day it files the bidder's public tender offer with the CDVM.

The contents of the prospectus(es) shall be determined by the CDVM, which shall be allowed a maximum period of 25 trading days to approve the prospectus(es) after the filing date thereof. This period may be extended by ten trading days if the CDVM considers that additional evidence or information is required. Upon expiry of said period, the CDVM shall grant or deny approval and provide justification for any denial.

The market operator shall centralize the purchase, sale, or exchange orders and notify the CDVM of the results. The CDVM shall then issue a notice on the outcome of the bid in a newspaper authorized to carry legal advertisements. Under French law, the AMF has ten days after the opening date of the bid to perform a compliance review, which entails verifying that the bidder's offer complies with applicable regulations. The AMF shall review the bidder's objectives, intentions, and information as they are presented in the prospectus. During this period, the AMF may request additional explanations or justifications for its review of the bid and prospectus.

The deadline shall be suspended until reception of the requested items. If the preliminary offer meets the required conditions, the AMF shall publish a compliance disclosure, which is tantamount to approval of the prospectus.

Under French law, the prospectus carrying the AMF's approval visa must be (i) announced in a national financial daily newspaper or (ii) published either in summary form or as the subject of a press release by the bidder and the targeted company, at no cost to the public and in accordance with established procedures. The announcement must be made before the bid opens and no later than the second day of trading after the AMF's approval.

Mandatory public bids

Cash takeover bid

Pursuant to Article 18 of Moroccan Act 26-03, as amended and supplemented by Act 46-06 relating to public bids, the filing of a cash takeover bid is mandatory when an individual or legal entity, acting alone or in concert, holds directly or indirectly a given percentage of voting rights in a company listed on the securities exchange.

Pursuant to an order of the Minister of Finance and Privatization no. 1874-04 dated 11 Ramadan 1425 (October 25, 2004), a cash takeover bid becomes mandatory when an individual or legal entity holds 40% of the voting rights.

Any individual or legal entity is required to file a public tender offer with the CDVM no later than three trading days after crossing the 40% threshold of voting rights. If the individual or entity does not do so, it shall automatically forfeit all voting, financial, and other shareholder rights. These voting rights shall be recovered only after the filing of a cash takeover bid.

The CDVM may grant exemption from the filing of a mandatory cash takeover bid when:

» the crossing of the 40% threshold does not affect control over the company concerned, in particular as a result of a capital reduction or transfer of shares among affiliated companies within the same group;

» the voting rights arise out of a direct transfer, a distribution of assets by a legal entity in proportion to shareholders' rights as a result of a merger or partial contribution of assets, or a subscription to a rights issue concerning a company in financial distress.

The application for exemption shall be filed with the CDVM no later than three trading days after the crossing of the 40% threshold for voting rights. It shall include commitments by said individual or entity to the CDVM not to initiate any action intended to obtain control over the company concerned during a specific period, nor to implement a recovery plan for the company concerned if it is financial difficulty. If the CDVM grants the requested exemption, its ruling shall be published in a newspaper authorized to carry legal advertisements.

Public buyout offer

Pursuant to Article 20 of Moroccan Act 26-03, as amended and supplemented by Act 46-06 relating to public bids, the filing of a public buyout offer shall be mandatory when one or more individual or corporate shareholders of a listed company hold, alone or in concert, a specific percentage of voting rights in that company.

Pursuant to an order of the Minister of Finance and Privatization no. 1875-04 dated 11 Ramadan 1425 (October 25, 2004), a public buyout offer shall become mandatory when an individual or legal entity holds 95% of the voting rights.

No later than three trading days after the crossing of the 95% threshold for voting rights, these parties must file a public buyout offer with the CDVM.

If they do not do so, the parties shall automatically forfeit all voting, financial, and other shareholder rights. These voting rights shall be recovered only after the filing of a public buyout offer.

The CDVM may also require the filing of a public buyout offer by the individual(s) or legal entity or entities holding alone or in concert a majority of the share capital listed on the securities exchange when certain requirements are met, including the concurrent holding of 66% of voting rights (order of the Minister of Finance and Privatization no. 1873-04 dated 11 Ramadan 1425).

The filing of a public buyout offer by individuals or legal entities holding alone or in concert a majority of the share capital may also be mandatory if the company's listed shares are delisted from the securities exchange for any reason whatsoever.

Competing and improved public bids

Public bids may be subject to one or several competing or improved bids.

A competing public bid is a procedure whereby any individual or legal entity, acting alone or in concert, may from the time of initiation of a public bid and no later than five trading days before its closing date file with the CDVM a competing bid for shares of the company to which the initial bid refers.

An improved bid is a procedure whereby the bidder of the initial public offer improves the terms of the initial bid, either at said bidder's own initiative or after a competing public bid, by modifying the price, nature, or quantity of the securities or the terms of payment. A bidder wishing to improve the bid shall file with the CDVM the changes made to the initial public bid no later than five trading days before the closing date of the initial bid. The CDVM shall determine within five trading days after the filing of the proposal whether the improved bid is admissible. The bidder shall draw up and submit to the CDVM for approval a supplementary prospectus.

When more than ten weeks have elapsed since the publication of an initiation of a public bid, the CDVM may, in order to expedite the competition among bids, set a deadline for the filing of successive improved or competing public bids.

In the event of a competing bid, the initial or previous bidder must, within ten days before the close of the bid, inform the CDVM of said bidder's intentions. The bid may be maintained, withdrawn, or modified by an improved bid.

Under French law, the price of a competing or improved bid must be at least 2% higher than the price stipulated in the initial bid. The bid may be declared compliant if it contains a significant improvement of the terms proposed to securities holders. The bid may also be declared compliant if, without modifying the terms stipulated in the previous bid, it withdraws or lowers the threshold below which the initial bidder would not have followed up with the bid.

Rules relating to targeted companies and public bidders

During the term of a public bid, the bidder and the parties with which the bidder is acting in concert may not, in the case of a public bid in cash and shares, trade in the securities of the target company or the shares of the company tendered in exchange. In the event of a voluntary takeover bid, the bidder may withdraw the bid within five trading days after publication of the notice of admissibility of a competing or improved bid. The bidder shall inform the CDVM of its decision to withdraw and the decision shall be published by the CDVM in a newspaper authorized to carry legal advertisements. This option is also permitted under French regulations.

During the term of the public bid, the targeted company and, if applicable, the parties acting in concert with it may not trade directly or indirectly in the shares of the targeted company. However, if payment for the public bid is to be made entirely in cash, the targeted company may proceed with a share-buyback program if the resolution of the shareholders' meeting authorizing this share-buyback program expressly provides for such a case.

During the term of the public bid, the targeted company and the bidder, individuals and legal entities holding directly or indirectly at least 5% of the share capital or voting rights of the targeted company, and any other individuals or legal entities acting in concert with the foregoing shall report to the CDVM after each trading day the purchases and sales that they have carried out with respect to the securities related to the bid, as well as any transaction resulting in an immediate or future transfer of ownership of the shares or voting rights of the targeted company.

Any delegation of authority to increase the share capital granted by an extraordinary shareholders' meeting of the target company's shall be held in abeyance during the term of the cash or stock takeover bid of the company's shares, and the targeted company may not increase its holdings of treasury stock.

During the term of the bid, the authorized bodies of the targeted company shall give the CDVM prior notice of any proposed resolution within their powers that would prevent performance of the public bid or of a competing bid. Under French law, the initiator of a public bid and parties acting in concert may, except in certain cases, purchase on the market the securities of the targeted company, in accordance with certain price conditions. These rules are also applicable to any agent or advisor acting on behalf of the initiator or of the targeted company. The AMF General Regulation also sets out disclosure requirements as regards the purchase and sale of shares related to the bid.

CDVM oversight and fines

Public bidders, targeted companies, and parties acting in concert with them are subject to oversight by the CDVM, which shall ensure that bids are carried out in an orderly fashion in the interests of investors and markets. The CDVM may impose civil and criminal penalties.

2.2 ADDITIONAL INFORMATION REGARDING THE COMPANY

2.2.1 SHARE CAPITAL

2.2.1.1 Subscribed capital

The share capital of Itissalat Al-Maghrib is MAD 5,274,572,040, divided into 879,095,340 shares with a par value of MAD 6 per share, in one single class and fully paid in.

The par value of the shares may be increased or decreased as provided for by the laws and regulations in force. The share capital may be increased, decreased, or redeemed by resolution of an authorized shareholders' meeting, as provided for by the laws and regulations in force.

2.2.1.2 Registered and bearer shares

Shareholders may choose either registered or bearer shares.

The Company shall maintain at headquarters a shareholder register in which subscriptions and transfers of registered shares are recorded in chronological order. The pages of this register are numbered and shall be initialed by the president of the court. Any holder of a registered share issued by the Company shall be entitled to obtain a copy thereof, certified by the Chairman of the Management Board. If the register is lost, copies shall constitute conclusive evidence.

The Company may decide not to issue shares in physical form. In accordance with applicable laws and regulations governing the registration of securities, Company shares shall be registered with the central depositary.

Indivisibility of shares

Shares shall be indivisible in the view of the Company, which shall recognize only one owner for each share.

Joint holders of undivided interests shall be bound to appoint a joint representative in respect of their relations with the Company in order to exercise their rights as shareholders. Failing such an agreement, an agent shall be appointed by the president of the court acting in summary proceedings upon a petition from any of the holders of undivided interests.

The right to obtain disclosure of the documents provided for by law shall nonetheless by held by each of the joint holders of interests in undivided shares, and by each life tenant and bare owner.

2.2.1.3 Rights and duties attached to shares

Proportional to the share capital it represents, each share shall carry a right to the earnings or assets of the Company at the time of distribution thereof, during the term of the Company or upon its liquidation.

All shareholders shall be entitled to information relating to the Company's operations and to obtain disclosure of certain corporate documents at the time and in the manner provided for by law and the Company bylaws.

Shareholders shall be liable for corporate debt only to the extent of the par value of the shares they own. No additional assessment shall be permitted.

The rights and duties attached to a share shall be transferred to any owner thereof.

Title to a share shall entail, as of right, acceptance of the Company's bylaws and the resolutions of shareholders' meetings and of the Supervisory and Management Boards' acting upon delegations of authority from shareholders' meetings.

Heirs, creditors, assigns, or other shareholder representatives may not, on any grounds whatsoever, call for the affixing of seals on assets or valuables of the Company, or call for a division or sale by auction thereof, or interfere in any manner whatsoever in the administration of the Company. To exercise their rights, heirs, creditors, assigns, and other shareholder representatives shall be bound by statements of corporate assets and liabilities and by the resolutions of shareholders' meetings.

Whenever they are required to hold a given number of shares in order to exercise any right, shareholders who do not hold the required number of shares shall make their own arrangements to form a group or to purchase or sell the requisite number of shares or voting rights.

2.2.1.4 Acquisition by the Company of its own shares

Moroccan legislation

In accordance with Moroccan legislation and with Company bylaws, the Company may acquire its own shares, if fully paid in, in the amount of up to 10% of its own shares and/or of a specific class.

In application of Decree 2-02-556 of February 24, 2003, as amended and supplemented by Decree 2-10-44 of June 30, 2010, and in application of the CDVM circular dated February 2011, as replaced by the circular dated January 2012, any corporation whose shares are listed on the Casablanca Stock Exchange and that wishes to acquire its own shares in order to stabilize the share price shall issue an information notice, which shall require approval from the CDVM prior to the holding of the shareholders' meeting convened to consider the share buyback.

The Company's purchases of its own shares for the purposes of price stabilization shall not interfere with the proper functioning of the market. The Company shall inform the CDVM of any share-buyback transactions no later than seven days after the close of the relevant month. If the Company does not execute share buybacks during a particular month, it shall inform the CDVM within the aforementioned time limit.

During the buyback program, any change with regard to the number of shares to be acquired, the maximum purchase price and minimum selling price, or the period during which the acquisition is to be performed shall be promptly made public by means of a press release published in a newspaper authorized to carry legal advertisements. Such changes shall remain within the scope of the authorization granted by the shareholders' meeting.

French regulations

Since its shares began trading on a regulated market in France, the Company has been subject to the regulations summarized below.

Pursuant to the AMF General Regulation, a Company is required to publish a description of its share-buyback program. The publication does not require AMF approval.

Pursuant to AMF Regulation and to European Commission regulation no. 2273/2003 of December 22, 2003, a company may not carry out share buybacks for purposes of market manipulation.

A company shall make public all transactions carried out as part of its share-buyback program no later than the seventh trading day after their execution. Monthly reports containing details of the share-buyback transactions and a half-yearly report regarding the means (securities and/or cash) employed in the transactions shall be filed with the AMF.

Share-buyback program

The current share-buyback program implemented to stabilize the share price was approved by the shareholders' meeting held on April 24, 2013, after approval by the CDVM on April 5, 2013, reference VI/EM/005/2013, for the publication of the program description.

The shareholders' meeting of April 24, 2013, resolved:

- to apply early termination to the current share buyback program that was authorized by the shareholders' meeting of April 24, 2012, and that would have expired on October 24, 2013;

- to authorize the Management Board, as of said shareholders' meeting, in accordance with the provisions of Article 281 of Act 17-95 relating to Moroccan corporations, for a period of 18 months (i.e., from May 7, 2013, to November 6, 2014), to carry out on the stock exchange, on one or more occasions, in Morocco or abroad, the purchase of Company shares in order to stabilize the stock price.

The main features of this program are:

» Duration: until November 6, 2014

» Range of purchase and selling prices: MAD 80–150

» Maximum share of capital to be held: 0.17%, or 1,5 million shares

» Maximum total allocated to program: MAD 225,000,000

The share-buyback program over the period from January 1, 2013, to December 31, 2013, breaks down as follows:

	Casablanca	Paris	Total
Number of shares purchased	764,833	1,052,425	1,817,258
Average purchase price	MAD 99.80	€8.62	-
Number of shares sold	824,833	966,675	1,791,508
Average sale price	MAD 102.65	€8.68	-
Shares held at December 31, 2013	360,000	358,150	718,150

Since October 17, 2011, Rothschild & Cie Banque has been contracted by Maroc Telecom, for automatically renewable periods of 12 months, concerning:

» in Casablanca, a contract signed October 10, 2007, for MAD 55 million to be allocated to share-price stabilization, in compliance with the circular of January 2012;

» in Paris, a liquidity contract signed on September 4, 2007. The contract meets the requirements of the ethics charter drawn up by the Association of French Investment Firms (Association Française des Entreprises d'Investissement), approved by the AMF in a decision dated March 22, 2005, and published in the Bulletin of Mandatory Legal Notices (BALO) on April 1, 2005. Five million euros was allocated to the liquidity account for the application of the contract. On January 7, 2009, Maroc Telecom contributed an additional €2.5 million in cash to the account.

The following table summarizes the resources employed within the framework of these contracts:

	12/31/2011	12/31/2012	12/31/2013
Share-price stabilization contract: Casablanca	235,000 shares MAD 32,005,922.30	420,000 shares MAD 17,217,775.15	360,000 shares MAD 26,319,610.07
Liquidity agreement: Paris	44,150 shares €7,315,625.00	272,400 shares €2,365,496.00	358,150 shares €1,697,158.00

Source: Rothschild & Cie Banque

2.2.1.5 Change in the Company's share capital since incorporation

The following table summarizes the main actions regarding the share capital since the Company's incorporation in 1998:

Date	Actions	Amount	Premium	Number of shares issued	Number of shares total	Par value (in MAD)	Share capital (in MAD)
02/25/1998	Incorporation	100,000,000	-	1,000,000	1,000,000	100	100,000,000
03/25/1999	Capital increase	8,765,953,400	-	87,659,534	88,659,534	100	8,865,953,400
06/04/1999	Capital reduction*	75,000,000	-	–750,000	87,909,534	100	8,790,953,400
10/28/2004	Reduction in par value**	-	-	791,185,806	879,095,340	10	8,790,953,400
06/12/2006	Capital reduction through reduction in par value***	3,516,381,360	-	-	879,095,340	6	5,274,572,040

**At the time of incorporation, only one-fourth of the initial share capital was paid in. As a result of the capital reduction, the share capital was reduced to a level at which it was fully paid in.*
***By mandatory exchange of 10 new shares with a MAD 10 par value against one old share with a MAD 100 par value.*
****The combined ordinary and extraordinary shareholders' meeting of March 30, 2006, authorized Maroc Telecom's capital reduction—which was not the result of losses—by reducing the par value from MAD 10 to MAD 6 per share.*

2.2.2 CURRENT BREAKDOWN OF THE SHARE CAPITAL AND VOTING RIGHTS OF THE COMPANY

2.2.2.1 Shareholder structure

At December 31, 2013, the share capital and voting rights of the Company were held as follows:

Shareholders	Number of shares / Voting rights	Percentage of capital / Voting rights
Vivendi*	466,690,477	53.09%
Kingdom of Morocco	263,728,575	30.00%
Senior executives	87,236	0.01%
Public	147,870,902	16.82%
Treasury shares**	718,150	0.08%
Total	879,095,340	100%

**Also through its wholly owned subsidiary Société de Participation dans les Télécommunications.*
***Treasury shares do not carry voting rights at shareholders' meetings.*

To the Company's knowledge, no other shareholder holds more than 3% of the share capital or voting rights.

2.2.2.2 Potential capital

At the date of this registration document, the Company had not issued any securities, other than ordinary shares, carrying direct or indirect rights to Company capital, immediately or in the future. Likewise, there is currently no stock-option plan reserved for employees.

However, the combined ordinary and extraordinary shareholders' of April 24, 2012, granted authorization to the Management Board to issue Company stock options to corporate officers, senior executives, managers, and in exceptional cases nonmanagement employees in the Group, limited to 1% of the Company's share capital on the allocation date. This authorization was granted for a period of 38 months. Authorization was also granted for the issuance of ordinary shares and securities carrying immediate and/or future rights to shares that have been issued or will be issued through capital increase, with or without preferential subscription rights, for an aggregate maximum par value of one billion two-hundred thousand Moroccan dirhams (MAD 1,200,000,000), or 22.7% of the Company's share capital. This authorization was granted for a period of 26 months.

2.2.2.3 Changes or modifications in the Company's shareholder structure

Maroc Telecom's shares have been listed on both the Casablanca Stock Exchange and Euronext Paris since December 13, 2004, after the Kingdom of Morocco's sale by public tender of a 14.9% stake in Maroc Telecom.

On November 18, 2004, the Kingdom of Morocco and Vivendi concluded an agreement regarding the acquisition by Vivendi of a 16% stake in Maroc Telecom. On January 4, 2005, this agreement allowed Vivendi to increase its stake from 35% to 51% through the acquisition of 140,655,260 Maroc Telecom shares, thereby extending its control.

In 2006, the Moroccan state sold 0.10% of Maroc Telecom's share capital, thereby reducing the Kingdom of Morocco's stake to 34%.

On July 2, 2007, the Moroccan state placed 4% of Maroc Telecom's shares on the Casablanca Stock Exchange at MAD 130 per share. The sale took the form of a private placement for Moroccan and international institutional investors, with book building during the period June 26–28, 2007. On completion of the transaction, the Moroccan state held 30% of the share capital and voting rights of Maroc Telecom, and the free float had increased from 15% to 19%.

Under the terms of the agreement concluded in 2007 between Vivendi and CDG Group, Vivendi acquired 2% of Maroc Telecom's share capital, thereby increasing its stake from 51% to 53% and reducing the free float to 17%. In addition, CDG Group acquired a 0.6% stake in Vivendi.

Over the past three years, the share capital and voting rights of the Company have been distributed as follows:

Situation at	December 31, 2011		December 31, 2012		December 31, 2013	
Shareholders	% of share capital / voting rights	Number of shares	% of share capital / voting rights	Number of shares	% of share capital / voting rights	Number of shares
Vivendi*	53.09%	466,670,477	53.09%	466,690,477	53.09%	466,690,477
Kingdom of Morocco	30.00%	263,728,575	30.00%	263,728,575	30.00%	263,728,575
Senior executives	0.01%	87,236	0.01%	87,236	0.01%	87,236
Public	16.87%	148,329,902	16.82%	147,896,652	16.82%	147,870,902
Treasury shares**	0.03%	279,150	0.07%	692,400	0.08%	718,150
Total	100%	879,095,340	100%	879,095,340	100%	879,095,340

**Also through its wholly owned subsidiary Société de Participation dans les Télécommunications.*
***Treasury shares do not carry voting rights at shareholders' meetings.*

To the Company's knowledge, no other shareholder holds more than 3% of the share capital or voting rights.

2.2.2.4 Employee stock ownership

Maroc Telecom gave employees the opportunity to subscribe to the initial public offering under preferential conditions—namely, a subscription price discounted by 15%—provided that they conserve the shares thus acquired over a three-year holding period, until December 16, 2007.

2.2.2.5 Shareholders' agreements

Shareholders' agreement between the Kingdom of Morocco and Vivendi regarding Maroc Telecom shares

By amendments dated November 18, 2004, and April 6, 2007, Vivendi and the government of the Kingdom of Morocco modified the shareholders' agreement. The key provisions governing the relations between the Kingdom of Morocco and Vivendi are as follows:

<u>Organization of powers within Maroc Telecom's management and supervisory bodies</u>

- Supervisory Board

La The shareholders' agreement provides that the Supervisory Board is to be composed of eight members.

The apportionment of seats on the Supervisory Board is contingent on the shareholdings of Vivendi and of the government of the Kingdom of Morocco in the Company, as follows:

If the share of the government of the Kingdom of Morocco in the aggregate voting rights held jointly with Vivendi becomes:

» greater than or equal to 20% and less than 30%, one member will be appointed by the government of the Kingdom of Morocco and seven members by Vivendi;

» greater than or equal to 30% and less than 40%, two members will be appointed by the government of the Kingdom of Morocco and six members by Vivendi;

» greater than or equal to 40% and less than 50%, three members will be appointed by the government of the Kingdom of Morocco and five members by Vivendi;

» greater than or equal to 50% and less than 65%, five members will be appointed by the government of the Kingdom of Morocco and three members by Vivendi;

» greater than or equal to 65% and less than 70%, six members will be appointed by the government of the Kingdom of Morocco and two members by Vivendi;

» greater than or equal to 70% and less than 80%, seven members will be appointed by the government of the Kingdom of Morocco and one member by Vivendi.

In addition, if the Kingdom of Morocco holds less than 5% of the share capital and at least two shares of the Company, it shall be entitled to appoint two representatives of the government of the Kingdom of Morocco who may attend Supervisory Board meetings but may not vote.

In order to maintain its right to appoint the Chairman of the Supervisory Board, the Kingdom of Morocco must have two seats on the Supervisory Board.

The following rules shall apply to the extent that the application of such rules would result in the Kingdom of Morocco's appointing a number of members to the Supervisory Board greater than the number resulting from the application of the aforementioned shareholders'-agreement provisions relating to the apportionment of Supervisory Board seats between the Kingdom of Morocco and Vivendi:

» if the stake of the government of the Kingdom of Morocco is greater than or equal to 22% of the share capital and voting rights of the Company, three members of the Supervisory Board shall be appointed by the Kingdom of Morocco and five by Vivendi;

» if the stake of the government of the Kingdom of Morocco is less than 22% and greater than or equal to 9% of the share capital and voting rights of the Company, two members of the Supervisory Board shall be appointed by the Kingdom of Morocco and six by Vivendi;

» if the stake of the government of the Kingdom of Morocco is less than 9% and greater than or equal to 5% of the share capital and voting rights of the Company, one member of the Supervisory Board shall be appointed by the Kingdom of Morocco and seven by Vivendi. The Kingdom of Morocco shall also be entitled to appoint one representative who may attend Supervisory Board meetings but may not vote.

These rules governing the apportionment of seats on the Supervisory Board shall remain applicable as long as the Kingdom of Morocco holds no less than 5% of the share capital and voting rights of the Company. The rules of majority applicable to the Supervisory Board are set out in the shareholders' agreement and are reproduced nearly in full in the Company bylaws. The only decisions subject to the approval of the Supervisory Board that are included in the amendment to the shareholders' agreement but not reproduced in the bylaws are related to (i) the agreement of the parties to submit to the Supervisory Board for majority approval any exception made with regard to the commitment of Vivendi to propose the appointment of at least one Moroccan citizen to the Management Board; (ii) the agreement of the parties to submit to the Supervisory Board for majority approval any decision with regard to the noncompetition clause in the MENA zone, as provided for by the shareholders' agreement.

- Management Board

The shareholders' agreement provides that any modification in the apportionment of seats on the Management Board shall be contingent on change in the beneficial interests of Vivendi and of the government of the Kingdom of Morocco in the Company's share capital, as described below.

If the share of the government of the Kingdom of Morocco in the aggregate voting rights held jointly with Vivendi is:

» greater than or equal to 20% and less than 40%, one member shall be appointed by the Kingdom of Morocco and four by Vivendi;

» greater than or equal to 40% and less than 65%, two members shall be appointed by the Kingdom of Morocco and three by Vivendi;

» greater than 65% and less than or equal to 70%, three members shall be appointed by the Kingdom of Morocco and two by Vivendi;

» greater than 70% and less than or equal to 80%, four members shall be appointed by the Kingdom of Morocco and one by Vivendi.

Notwithstanding the aforementioned provisions, it is also agreed that as long as the Kingdom of Morocco holds no less than 15% of the share capital and voting rights of the Company, two members of the Management Board shall be appointed by the Kingdom of Morocco and three by Vivendi; as long as the Kingdom of Morocco holds no less than 9% of the share capital and voting rights of the Company, one member of the Management Board shall be appointed by the Kingdom of Morocco and four by Vivendi.

The stipulations with regard to the apportionment of seats on the Management Board shall remain in force as long as the Kingdom of Morocco holds no less than 9% of the share capital and voting rights of the Company.

- Shareholders' Meeting

Vivendi holds the majority of votes at ordinary shareholders' meetings.

- Audit Committee

As long as the Kingdom of Morocco holds no less than 5% of the share capital and voting rights of the Company, the Kingdom of Morocco shall appoint no fewer than two members of the Maroc Telecom Audit Committee. The Audit Committee's rules of procedure shall provide for the possibility for any of its members to perform an audit on the Company. The Audit Committee shall be required to rule on any formal request submitted by no fewer than two of its members to perform such an audit.

Specific rights of the government of the Kingdom of Morocco

The government of the Kingdom of Morocco also holds the right to veto any proposed merger, breakup, or partial contribution of assets that is likely to substantially modify the scope of the Company's business activities or corporate purpose, unless Vivendi demonstrates, on objective and reasonable grounds, to the government of the Kingdom of Morocco the strategic benefit of such a plan for the Company. This right shall remain in force until the earliest of the two following dates: (i) the date on which the Kingdom of Morocco ceases to hold no less than 14% of the share capital and voting rights of the Company; or (ii) February 20, 2014.

Conditions for transfers of shares and rights of the parties

- Call option of the government of the Kingdom of Morocco

Vivendi shall be required to transfer to the government of the Kingdom of Morocco its beneficial interest in the Company, whether held directly or through its subsidiaries, in the event of a change in control of Vivendi that affects the competitive environment in Morocco to such a degree that Vivendi would incur an obligation, imposed by the Moroccan antitrust authority, to transfer all or a portion of its beneficial interest in the Company and/or that the Company would incur an obligation to transfer one of its business activities representing no less than 25% of its revenues.

This provision will remain in force as long as the government of the Kingdom of Morocco holds no less than 20% of aggregate voting rights held jointly with Vivendi.

Mauritel SA shareholders' agreement

On April 12, 2001, Maroc Telecom acquired a 54% stake in Mauritel SA, Mauritania's incumbent operator. At the time of the acquisition, the Islamic Republic of Mauritania and Maroc Telecom entered into a shareholders' agreement. On June 6, 2002, Maroc Telecom transferred its 54% stake in Mauritel SA to the controlling holding company Compagnie Mauritanienne de Communications (CMC), and then transferred 20% of CMC's share capital to Mauritanian investors. At the time of the transfer, Maroc Telecom and the Mauritanian investors entered into a shareholders' agreement under which each shareholder holds management rights with respect to CMC in proportion to its stake. After the transfer, CMC replaced Maroc Telecom in the shareholders' agreement.

Under the terms of the shareholders' agreement, CMC transferred 3% of the share capital of Mauritel SA to Mauritel's employees, thereby reducing its stake to 51%. In 2006, CMC Group acquired 0.527% of Mauritel SA's capital from SOCIPAM, a nontrading company created by employees of the Mauritian subsidiaries. On completion of this transaction, CMC held 51.527% of Mauritel SA.

Each of the parties holds a right of pre-emption with respect to the interest of the other party. All transfers are subject to approval by the board of directors of Mauritel SA. The agreement also contains a tag-along right (droit de suite) allowing the government to sell to any buyer of Maroc Telecom's stake the same percentage of shares acquired from Maroc Telecom.

Gabon Telecom shareholders' agreement

According to the shareholders' agreement concluded with the Republic of Gabon, Maroc Telecom, which owns 51% of Gabon Telecom, received and/or granted certain rights (right of first refusal, etc.) enabling it to protect its shareholder rights.

Sotelma shareholders' agreement

According to the shareholders' agreement concluded with the Republic of Mali, Maroc Telecom, which owns 51% of Sotelma, received and/or granted certain rights (right of first refusal, etc.) enabling it to protect its shareholder rights.

Sindibad fund shareholders' agreement

According to the shareholders' agreement concluded with the other shareholders, Maroc Telecom, which owns 10.41% of Sindibad fund, received and/or granted certain rights (right of first refusal, etc.) enabling it to protect its shareholder rights.

2.2.3 ASSET PLEDGES

No pledge on assets of the Company has been granted.

In addition, the shares held by Maroc Telecom in its subsidiaries are not pledged for the benefit of third parties.

2.2.4 COMPANY STOCK INFORMATION

2.2.4.1 Listing of shares

Since December 13, 2004, Maroc Telecom shares have traded on both the Casablanca Stock Exchange and Euronext Paris.

2.2.4.2 Maroc Telecom share price

Casablanca Stock Exchange
Central Market, Code 8001

	Average price* (in MAD)	High*** (in MAD)	Low*** (in MAD)	Transactions**	
				Number of shares (in thousands)	Trading value (in MAD millions)
January 2013	106.08	108.25	102.10	2,023.8	214.7
February 2013	105.54	108.50	103.20	3,321.1	350.5
March 2013	105.86	108.00	104.50	1,396.1	147.8
April 2013	109.98	115.45	105.50	2,467.2	271.3
May 2013	107.90	112.4	101.00	1,820.5	196.4
June 2013	99.96	103.50	98.00	1,548.5	154.8
July 2013	95.24	102.50	90.20	2,272.5	216.4
August 2013	90.48	94.48	86.90	2,543.7	230.2
September 2013	93.09	97.95	89.50	1,567.5	145.9
October 2013	96.08	100.00	93.00	2,756.6	264.8
November 2013	94.76	99.7	92.02	11,287	1 069.6
December 2013	97.17	98.6	95.5	1,994.8	193.8

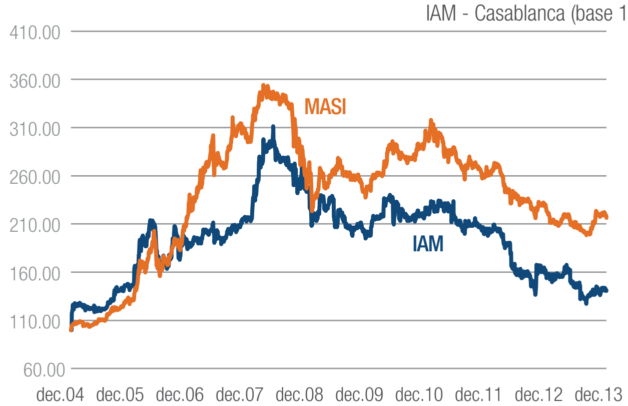
**The average price is calculated by dividing trading value by number of shares.*
***Intraday.*
****Excluding off-market transactions.*
Source: Casablanca Stock Exchange.

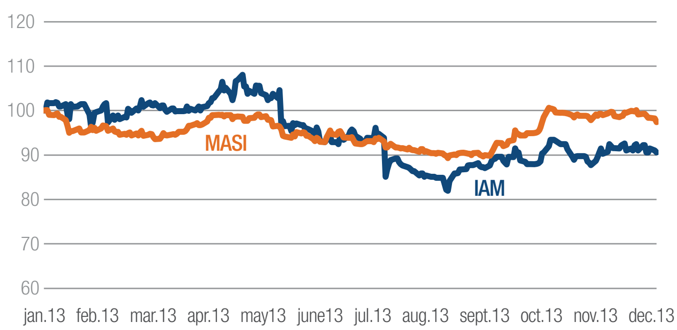
Maroc Telecom share price on the Casablanca Stock Exchange

Since December 2004 (base 100)

Since January 2013 (base 100)

IAM - Casablanca (base 100) Vs MASI (base 100)





At December 31, 2013, 89% of free float was traded on the Casablanca Stock Exchange.

NYSE Euronext Paris

Eurolist – Foreign securities, code MA0000011488, eligible for Euronext's SRD deferred settlement service

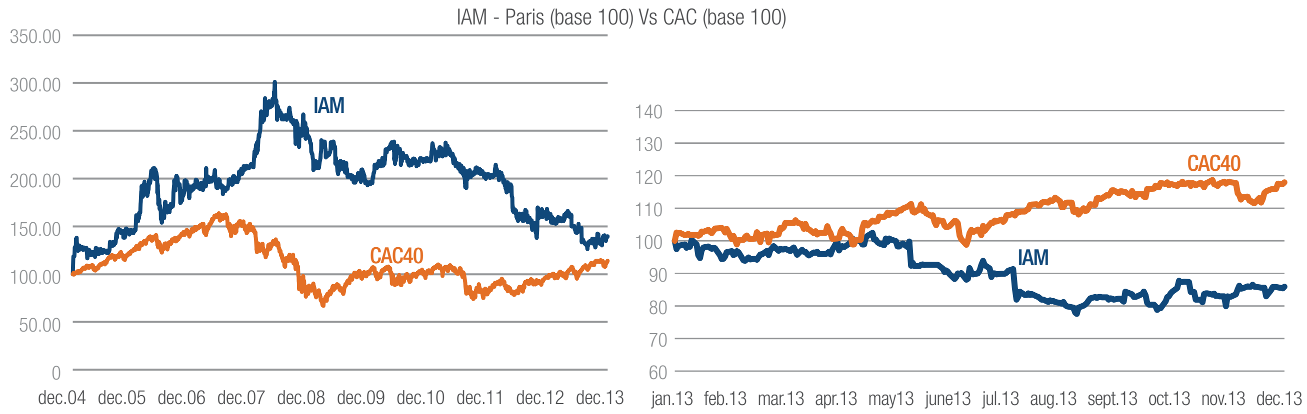
	Average price* (in €)	High*** (in €)	Plus bas*** (in €)	Transactions**	
				Number of shares (in thousands)	Trading value (in € millions)
January 2013	9.76	10.30	9.40	320.0	3.12
February 2013	9.58	9.90	9.36	222.4	2.13
March 2013	9.75	9.92	9.56	186.1	1.81
April 2013	9.92	10.39	9.51	233.8	2.32
May 2013	9.58	10.28	9.10	182.1	1.74
June 2013	9.11	9.37	8.76	170.89	1.56
July 2013	8.73	9.47	8.10	272.7	2.38
August 13	8.05	8.43	7.70	145.7	1.17
September 2013	8.22	8.49	7.80	305.9	2.51
October 2013	8.16	8.79	7.82	698.9	5.70
November 2013	8.22	8.79	7.84	1,217.5	10.00
December 2013	8.45	8.68	8.22	355.7	3.01

**The average price is calculated by dividing trading value by number of shares.*
***Intraday.*
****Excluding off-market transactions.*
Source: NYSE Euronext Paris.

Maroc Telecom share price on NYSE Euronext Paris

Since December 2004 (base 100)

Since January 2013 (base 100)



At December 31, 2013, 11% of free float was traded on NYSE Euronext Paris.

2.2.5 DIVIDENDS AND DISTRIBUTION POLICY

2.2.5.1 Dividends paid out in past fiscal years

The table below sets out the amount of dividends (in MAD millions) paid by the Company with respect to fiscal years 2004–2013.

Fiscal year	Payment date	Dividend
2004	05/04/2005	4,395
2005	05/02/2006	6,119
Exceptional dividend	06/12/2006	3,516
2006	05/15/2007	6,927
2007	05/28/2008	8,088
2008	06/03/2009	9,517
2009	06/02/2010	9,063
2010	05/31/2011	9,301
2011	05/31/2012	8,137
2012	06/03/2013	6,501
2013	06/02/2014	5,275*

**The amount proposed at the shareholders' meeting of April 22, 2014, shall be adjusted to reflect the number of treasury shares held on the dividend payment date.*

At December 31, 2013, the Company's reserves stood at MAD 3,457 million (excluding earnings at December 31, 2013), of which MAD 32 million may be distributed.

2.2.5.2 Future dividend policy

Maroc Telecom is particularly attentive to the twin objectives of ensuring that shareholders are rewarded appropriately while securing the resources necessary for the Company's development. Accordingly, Maroc Telecom intends to establish a policy of regular and significant dividend distributions, according to the economic environment and the Company's profits and funding requirements.

The total amount of dividends paid shall be determined taking into account the Company's funding requirements, return on capital, and the Company's current and future profitability. The Company cannot guarantee shareholders an identical payment every year. This objective is not therefore a commitment of the Company.

The bylaws (Article 16) contain an obligation to distribute annually, in the form of dividend, at least half of the Company's distributable profits, unless otherwise decided by the Supervisory board by a three-quarter majority of votes.

In addition, the final provisions of Article 331 of Act 17-95, as amended and supplemented by Act 20-05, set out that a Fixed lined dividend may not be covenanted in favor of the shareholders; any clause to the contrary shall be deemed to be unwritten, unless the state has granted the guarantee of a minimum dividend to the shares.

Moroccan company law requires all corporations, including Maroc Telecom, to fund their statutory reserve with 5% of profits until the reserve reaches 10% of the share capital. In 2004, Maroc Telecom had reached the statutory reserve, and may accordingly, since fiscal year 2005, pay out its entire distributable profit if such is seemed desirable by shareholders.

2.2.5.3 Tax treatment relating to dividends

Moroccan tax treatment

Investors should be aware that the summary of tax rules applicable in Morocco set out below is provided for information only and does not constitute a complete description of all potential tax situations applicable to each investor. Accordingly, investors should seek advice from their usual tax advisors as to the tax treatment applicable to their specific situation and in particular the consequences of the acquisition, holding, or transfer of company shares.

The tax rules applicable in Morocco with respect to dividend distributions are governed by the General Tax Code: income tax for companies (IS) and income tax (IR) for individuals.

The proceeds of shares (dividends) collected by individuals or companies resident in Morocco or abroad are subject to a 15% withholding tax. Companies involved in the payment of such proceeds shall be responsible for payment of the withholding tax to the Treasury.

Companies having their registered offices in Morocco are exempt from this withholding tax, provided that they deliver to the paying agent attestations of title to the shares, including the reference of the corporate income tax applicable in Morocco.

It should be noted that dividends paid to residents of countries with which Morocco has entered into tax treaties can benefit from a rate of less than 15%, if said treaties provide for such a rate. Furthermore, such persons are usually entitled to credit the tax paid in Morocco with the tax authorities in their own countries, according to the procedures for the elimination of double taxation.

Moroccan exchange control legislation permits foreign shareholders to transfer dividends abroad.

French tax treatment

Investors should note that the French tax treatment presented below is provided for information only, and does not constitute a complete description of every tax situation that may apply to each investor.

Accordingly, investors should seek advice from their usual tax advisers regarding the tax treatment applicable to their specific situation and in particular to the acquisition, holding, or transfer of shares of the Company.

Individuals holding shares as part of their personal assets and not performing stock-exchange transactions on a regular basis

French shareholders resident in France are allowed a tax credit chargeable against the amount of French income tax relating to such income, in accordance with Article 25-2 of the Convention signed on May 29, 1970, between the French Republic and the Kingdom of Morocco (the “Convention”). The tax credit amount is set by Article 25-3 of the Convention at 25% of the amount of dividends paid out. According to information from the Director of Tax Legislation, the tax credit amounted to 33.33% of the net amount of dividends collected (after deduction of the withholding tax charged in Morocco).

The net dividends collected and the attached tax credit are taken into account to determine the taxpayer’s overall income in the class of proceeds from securities, and shall be subject to income tax on a progressive scale, under the conditions described below.

Dividends paid out by the Company pursuant to a valid resolution made by the competent bodies of the Company are taken into account for the purposes of computation of income tax, after a 40% deduction on the gross amount of the payout, (i.e., 60% of the gross dividend is taxable). Investors should note that dividends denominated in Moroccan dirhams shall be converted, for the purposes of taxation in France, into euros by applying the exchange rate in Paris on the payment date of such dividends. If there is no listing on that day, the average exchange rate applied at a sufficiently close date is to be used.

Companies liable for corporate income tax

The dividend paid out by the Company shall be subject to corporate income tax in France.

In accordance with Article 25-2 of the Convention, the shareholder is granted a tax credit chargeable against French corporate income tax. The tax credit amount is set by Article 25-3 of the Convention at 25% of the dividends paid out. According to information from the Director of Tax Legislation, the amount of such tax credit equals 33.33% of the net amount of dividends collected, after deduction of the withholding tax charged in Morocco.

Such tax credit may not, however, exceed the amount of French corporate income tax relating to such dividends. No surplus tax credit may be used against the French taxes payable in respect of other sources of income, or be refunded or carried forward.

The dividends collected, plus the related tax credit, shall be included in the income subject to corporate income tax at a rate of 33.33%.

An additional contribution of 3% of the gross amount of corporate income tax, and a welfare contribution of 3.3% of the gross amount of corporate income tax in excess of €763,000 per twelve-month period, shall be added thereto. An exceptional contribution of 10.7% of the gross amount of corporate income tax shall be applied to companies whose revenues exceed €250 million.

However, for companies with revenues of less than €7,630,000 whose share capital, fully paid in, has been held uninterruptedly for the duration of the fiscal year concerned to the extent of at least 75% by individuals or by a company meeting all such requirements, the rate of corporate income tax is set at 15% and shall not exceed €38,120 of taxable profit per 12-month period. Such companies are exempt from the 3.3% welfare contribution and the 10.7% exceptional contribution mentioned above.

Companies qualifying for the French participation-exemption regime

Companies meeting the requirements of Articles 145 and 216 of the French Tax Code may opt for an exemption dividends collected, pursuant to the participation-exemption regime.

Article 216 I of the French Tax Code, however, provides for the taxation in the taxable income of the legal entity receiving the dividends, of a portion of costs and expenses set at a Fixed lined rate of 5% of the amount of dividends collected, including the traditional tax credit granted under a tax treaty.

Pursuant to the participation-exemption regime, the customary tax credit attached to the dividends collected may not be used against the amount of corporate income tax.

2.3 CORPORATE GOVERNANCE

2.3.1 MANAGEMENT AND SUPERVISORY BODIES

2.3.1.1 Management Board

2.3.1.1.1 Composition of the Management Board

Composition

The Management Board is composed of five members. It administers and manages the Company, under the supervision of the Supervisory Board.

The members of the Management Board must be individuals. All members of the Management Board must be employees of the Company and/or resident in Morocco more than 183 days per year, unless exempted by the Supervisory Board acting by a three-quarters qualified majority of the members present or represented.

In the event of termination of office of a member of the Management Board during the member's term, the Board shall appoint a replacement under the terms provided for by law and the Company's bylaws.

Members of the Management Board

Name (age)	Current office and main duties	Date appointed	Term of office expires
Abdeslam AHIZOUNE (58 years old)	Chairman	First appointed: February 20, 2001 Renewed on February 20, 2013	2017
Larbi GUEDIRA (59 years old)	Managing Director Services	First appointed: February 20, 2001 Renewed on February 20, 2013	2017
Laurent MAIROT (45 years old)	Chief Financial Officer	First appointed: July 23, 2012 Renewed on February 20, 2013	2017
Janie LETROT (59 years old)	Managing Director Regulatory Affairs and Corporate	First appointed: June 29, 2006 Renewed on February 20, 2013	2017
Rachid MECHAHOURI (46 years old)	Managing Director Networks and Systems	First appointed: November 17, 2008 Renewed on February 20, 2013	2017

Biographies and other offices and duties exercised by members of the Management Board

• Abdeslam AHIZOUNE, Chairman of the Management Board

58 years old, Moroccan citizen

Business address: Maroc Telecom – Avenue Annakhil, Hay Riad, Rabat, Morocco

Skills and experience

Born on April 20, 1955, Abdeslam AHIZOUNE holds an engineering degree from the Ecole Nationale Supérieure des Télécommunications de Paris (1977). He has been Chairman of the Maroc Telecom Management Board since February 2001 and was a member of the Vivendi Management Board from April 2005 to June 2012. He has been Chairman of the Moroccan Association of Telecoms Professionals (MATI) since 2008.

Mr. AHIZOUNE served as Chairman and Chief Executive Officer of Maroc Telecom from 1998 to 2001. Earlier he was Minister of Telecommunications in four different governments, from 1992 to 1995 and from 1997 to 1998. From 1992 to 1997 he was Managing Director of the National Postal and Telecommunications Board (ONPT), then Director of Telecommunications in the Ministry of Posts and Telecommunications from 1983 to 1992. Mr. AHIZOUNE has been Chairman of the Moroccan Royal Track and Field Federation since 2006.

Positions currently held
- Moroccan Royal Track and Field Federation (Morocco), Chairman
- Moroccan Association of Telecoms Professionals (MATI), Chairman
- General Confederation of Moroccan Companies (CGEM), Vice-President
- Mohammed V Foundation for Solidarity (Morocco), member of the Board of Directors
- Lalla Salma Association Against Cancer (Morocco), member of the Board of Directors
- Mohammed VI Foundation for Environmental Protection (Morocco), member of the Board of Directors
- Royal Institute of Amazigh Culture, member of the Board of Directors
- Université Al Akhawayn (Morocco), member of the Board of Directors

Positions previously held that expired in the past five years
- Axa Assurance (Morocco), Director
- Holcim SA (Morocco), Director
- CMC SA (Mauritania), Chairman of the Board of Directors
- Mauritel SA (Mauritania), Permanent Representative of Maroc Telecom, Director
- Onatel (Burkina Faso), Permanent Representative of Maroc Telecom, Director
- Mobisud SA (France), Chairman of the Board of Directors and Director
- Gabon Telecom (Gabon), Director
- Medi-1-Sat (Morocco), Chairman and Chief Executive Officer
- Medi-1-TV (formerly Medi-1-Sat) (Morocco), Director

Decorations
- In Morocco: 1985: WISSAM Order of Merit, Exceptional Class; 1991: WISSAM Knight of the Order of the Throne; 1995: WISSAM Officer of the Order of the Throne.
- In France: 2003: Knight of the National Order of the Legion of Honor.

• Larbi GUEDIRA, Member of the Management Board

59 years old, Moroccan citizen
Business address: Maroc Telecom – Avenue Annakhil, Hay Riad, Rabat, Morocco

Skills and experience
Born on November 22, 1954, Mr. GUEDIRA is a graduate of the École Nationale Supérieure des Télécommunications (Paris). He also holds a master's degree in mathematics from Paris XI (Orsay) and a postgraduate degree (DESS) in management from the University of Lille. Mr. GUEDIRA is Managing Director of Services at Maroc Telecom. He served previously as Executive Director of the Sales and Marketing Division, Executive Director of Telecommunications, and Chief Financial Officer and Regional Director for Casablanca. Mr. GUEDIRA has served on the Boards of Directors of various companies in Maroc Telecom Group. He was also Chairman of the National Association of Telecommunications Engineers from 2000 to 2002.

Positions currently held
Maroc Telecom Group:
- Mauritel SA (Mauritania), Director
- Gabon Télécom (Gabon), Permanent Representative of Maroc Telecom, Director
- Onatel (Burkina Faso), Permanent Representative of Maroc Telecom, Director
- Sotelma (Mali), Permanent Representative of Maroc Telecom, Director
- MT Fly (Morocco), Chairman of the Board of Directors

Other positions and functions:
None

Positions previously held that expired in the past five years
- Casanet (Morocco), Director
- CMC SA (Mauritania), Director
- Mauritel Mobiles (Mauritania), Director
- Libertis (Gabon), Permanent Representative of Maroc Telecom, Director
- Mobisud SA (France), Chairman of the Board of Directors
- Mobisud (Belgium), Director

Decorations
- WISSAM Order of Merit, Exceptional Class

• Laurent MAIROT, Member of the Management Board

45 years old, French citizen
Business address: Maroc Telecom – Avenue Annakhil, Hay Riad, Rabat, Morocco

Skills and experience

Born on February 26, 1968, Mr. MAIROT holds a master's degree (DESS) in international taxation and finance from the University of Lille II and a degree in financial analysis, and has participated in the INSEAD executive program.
Mr. MAIROT is the Chief Financial Office of Maroc Telecom. Previously he served as head of budgeting, planning, and internal control; head of accounting and internal control of holdings (2008–2012); head of strategy and development for media / video games (2004–2008); and head of mergers and acquisitions for Vivendi Net (2000–2003). Before assuming those posts, Mr. MAIROT was a financial analyst for ING Financial Markets France. He is also Chief Executive Officer of CMC S.A. and sits on the Boards of Directors of various subsidiaries of Maroc Telecom Group.

Positions currently held

Maroc Telecom Group:
- CMC SA (Mauritania), Chairman and Chief Executive Officer
- Gabon Telecom (Gabon), Director
- Mauritel SA (Mauritania), Director
- Onatel (Burkina Faso), Director
- Sotelma (Mali), Director
- MT Fly (Morocco), Director

Other positions and functions:
- Wengo (France), Director

Positions previously held that expired in the past five years:

- Scoot Europe NV (Belgium), Controller
- Won Holding, Inc. (US), Director
- Activision Blizzard (France), Director
- Vivendi Telecom International (France), Director
- Vivendinet UK Limited (United Kingdom), Director

• Janie LETROT, Member of the Management Board

59 years old, French citizen
Business address: Maroc Telecom – Avenue Annakhil, Hay Riad, Rabat, Morocco

Skills and experience

Born on July 30, 1954, Ms. LETROT holds a degree in history and geography from the Sorbonne (Paris) and is a graduate of the Ecole Nationale d'Administration (Paris).
Ms. LETROT is the Director of Regulatory and Legal Affairs. She is also on the Board of Directors of Onatel.
From January 1999 to July 2001, Ms. LETROT served as Vivendi Group's Managing Director on Morocco. She joined Maroc Telecom as Director of Regulatory and Public Affairs before being promoted to Executive Director of Regulatory Affairs and Communication. In her previous career, Ms. LETROT served as a senior civil servant in the French Ministry of Finance, as Trade Advisor and Financial Advisor to the Economic Mission of the French Embassy in Rabat, and as Economic and Financial Advisor to the French Permanent Mission to the United Nations in New York.

Positions currently held

Maroc Telecom Group:
- Onatel (Burkina Faso), Director
- MT Fly (Morocco), Director

Other positions and functions:
None

Positions previously held that expired in the past five years

- Mobisud (Belgium), Director

Decorations

- Chevalier of the National Order of Merit
- Chevalier of the Order of the Legion of Honor

• Rachid MECHAHOURI, Member of the Management Board
46 years old, Moroccan citizen
Business address: Maroc Telecom – Avenue Annakhil, Hay Riad, Rabat, Morocco

Skills and experience

Born on January 17, 1967, Mr. MECHAHOURI is a graduate of Ecole Nationale Supérieure des Télécommunications (Paris) and holds a postgraduate degree (DEA) in electronics and automation.
Mr. MECHAHOURI is Managing Director of Networks and Systems of Maroc Telecom. He joined Maroc Telecom as an engineer in 1992 and successively held positions as Project Leader for Maroc Telecom's GSM project, Head of Strategic Planning, Head of Mobile Networks Infrastructure, Director of Infrastructure Procurement, and Purchasing Director. Mr. MECHAHOURI also serves on the Boards of Directors of various subsidiaries of the Maroc Telecom group.

Positions currently held

Maroc Telecom Group:
- Casanet (Morocco), Director
- Sotelma (Mali), Director
- MT Fly (Maroc), Permanent Representative of Maroc Telecom, Director

Other positions and functions:
None

Positions previously held that expired in the past five years

None

2.3.1.1.2 Appointments, functions, and responsibilities of the Management Board

Appointment and dismissal of members of the Management Board

The members of the Management Board are appointed by the Supervisory Board acting by a simple majority of members present or represented. The Supervisory Board appoints one of the members to act as Chairman.

Board members may be dismissed by a vote of the ordinary shareholders' meeting or by the Supervisory Board acting by a three-quarters qualified majority. Any dismissal without just cause may give rise to a payment of compensation.

Termination of office of a member of the Management Board does not entail termination of the employment contract between the person concerned and the Company.

Term of office

The members of the Management Board are appointed for a renewable term of four years.
In the event of termination of office of a member of the Management Board during his or her term, a substitute shall be appointed for the remainder of the term until the Management Board is slated for renewal.
All members of the Management Board shall be eligible for further office.

Functions

The Management Board manages collectively the affairs of the Company.

The members of the Management Board may allocate management tasks among themselves. Such allocation is subject to approval by the Supervisory Board and may under no circumstances be allowed to diminish the Management Board's role as collective body for Company management. Decisions of the Management Board are made by a majority of votes of its members present or represented, each having one vote. Messrs. GUEDIRA and MECHAHOURI represent the interests of the Kingdom of Morocco, while Messrs. AHIZOUNE and Laurent MAIROT and Ms. LETROT represent interests of Vivendi.

The Management Board may hold its meetings away from corporate headquarters or by videoconference or any equivalent technology that allows members to be identified, as provided for by the regulations in force.

Minutes of the meetings of the Management Board, if drawn up, are recorded in a special register and signed by the Chairman of the Management Board and by another member. Copies of or extracts from these minutes shall be certified by the Chairman of the Management Board or by a Managing Director.

Powers

The Management Board shall have full powers to act in all circumstances in the name of the Company, within the limitations of the corporate purpose and subject to those powers expressly conferred by law and by the Company's bylaws on the Supervisory Board under Articles 10.5.3 to 10.5.5 of the bylaws.

In relation to third parties, the Company shall be bound even by actions of the Management Board that do not come under the corporate purpose or bylaws, unless the Company proves that the third party was aware that the action exceeded such purpose and/or the bylaws and could not be unaware thereof in the circumstances.

The provisions of the bylaws restricting the Management Board's powers shall not be binding on third parties.

The Chairman of the Management Board shall represent the Company in its dealings with third parties. The Supervisory Board may, however, confer the same representational power on one or more members of the Management Board, who shall have the title of Executive Officer.

The provisions of the bylaws restricting the powers of the Chairman or, if applicable, the Executive Officer to represent the Company shall not be binding to third parties.

The Chairman of the Management Board and the Executive Officer(s) may grant powers of attorney to third parties. The powers of attorney thereby granted shall nevertheless be limited and shall relate to one or more specific purpose or purposes.

In relation to third parties, any action binding the Company may be validly taken by the Chairman of the Management Board or by any member appointed by the Supervisory Board as an Executive Officer.

Disclosure duties

The Supervisory Board may at any time require the Management Board to submit a report on management and current operations. Such a report shall be supplemented, at the Supervisory Board's request, by a provisional accounting statement for the Company.

To the extent necessary, the Management Board shall forward to the Supervisory Board a report detailing any application or implementation of the points to be adopted by the Supervisory Board in accordance with Articles 10.5.3 to 10.5.5 of the bylaws.

At least once a quarter, the Management Board shall submit to the Supervisory Board a report on the Company's development.

Within three months after the end of each fiscal year, the Management Board shall draw up the Company's annual financial statements (balance sheet, income statement, and notes) and transmit them to the Supervisory Board, so that the latter may perform its supervisory function.

The Management Board shall also provide the Supervisory Board with the report to be submitted to the ordinary general meeting convened to approve the financial statements for the previous fiscal year.

Compensation

The Supervisory Board shall determine, in the resolution of appointment, the nature and amount of compensation paid to each member of the Management Board.

Liability

Without prejudice to any specific liability arising out of the Company's receivership or bankruptcy proceedings, the members of the Management Board shall be liable, personally or jointly, according to circumstances, to the Company and to third parties, for offenses against the statutory or regulatory provisions applicable to corporations, for breaches of the bylaws, or for misconduct in management functions by members of the Management Board.

In 2013, the Management Board convened 40 times, with an average attendance rate of 97%.

2.3.1.2 Supervisory Board

2.3.1.2.1 Composition of the Supervisory Board

Composition

The Supervisory Board shall consist of no fewer than eight and no more than twelve members, and may be increased to fifteen members if the Company's shares are listed on the Casablanca Stock Exchange.
Each member of the Supervisory Board shall own at least one share of Company stock throughout his or her term of office.
The members of the Supervisory Board shall be appointed by the ordinary shareholders' meeting.
If a member of the Supervisory Board, on the date of his or her appointment, does not own at least one share of Company stock, or ceases to own at least one share of Company stock during his or her the term of office, said member shall be deemed to have resigned from office if the situation is not corrected within three months.

Name (age)	Current offices and duties	Date of appointment	Term of office expires	Principal post or occupation
Mohamed BOUSSAÏD (52 years old)	Chairman	Supervisory Board of October 23, 2013	OGM convened to approve the 2018 financial statements	Minister of Economy and Finance
Jean-René FOURTOU (74 years old)	Deputy Chairman	Supervisory Board of January 4, 2005	OGM convened to approve the 2018 financial statements	Chairman of the Supervisory Board of Vivendi
Mohamed HASSAD (61 years old)	Member	Supervisory Board of October 23, 2013	OGM convened to approve the 2018 financial statements	Minister of the Interior
Samir Mohammed TAZI (50 years old)	Member	Supervisory Board of September 13, 2010	OGM convened to approve the 2018 financial statements	Director of Public Enterprises and Privatization at the Ministry of Economy and Finance
Jean-François DUBOS (68 years old)	Member	Supervisory Board of July 23, 2012	OGM convened to approve the 2018 financial statements	Chairman of the Management Board of Vivendi
Philippe CAPRON (55 years old)	Member	Supervisory Board of March 1, 2007	OGM convened to approve the 2015 financial statements	Chief Financial Officer of Vivendi Member of the Management Board of Vivendi
Régis TURRINI (55 years old)	Member	Supervisory Board of February 21, 2008	OGM convened to approve the 2018 financial statements	Director of Strategy and Development of Vivendi
Gérard BREMOND (76 years old)	Member	Supervisory Board of February 22, 2010	OGM convened to approve the 2018 financial statements	Chairman and Chief Executive Officer of Pierre et Vacances Group

**At its meeting of October 23, 2013, the Supervisory Board coopted Messrs. Mohamed BOUSSAÏD and Mohamed HASSAD as replacements for Messrs. Nizar BARAKA and Mohand LAENSER. The cooptation will be submitted for ratification to the ordinary shareholders' meeting of April 22, 2014.*

Term of office

The members of the Supervisory Board shall be appointed for a six-year term.

The office of a member of the Supervisory Board shall expire upon adjournment of the ordinary shareholders' meeting convened to approve the financial statements for the previous fiscal year and held the same year in which the office of said member expires. Members shall remain eligible for re-appointment to further office.

Members may be dismissed at any time by the ordinary shareholders' meeting.

No member of the Supervisory Board, nor any employee or corporate officer of a legal entity that is a member of the Supervisory Board, may serve on the Management Board. If a member of the Supervisory Board is appointed to the Management Board, his or her term of office as member of the Supervisory Board shall be terminated upon his or her assumption of office on the Management Board.

A legal entity may be appointed to the Supervisory Board. At the time of its appointment, the legal entity shall be required to appoint a permanent representative who shall be subject to the same conditions and obligations, and shall incur the same civil and criminal liability, as a member of the Supervisory Board acting under his or her own name, without prejudice to the joint liability of the legal entity that he or she represents.

If the legal entity dismisses its representative, it shall be required to appoint a substitute concomitantly.

It shall immediately notify its decisions to the Company. It shall act likewise in the event of the permanent representative's death or resignation.

Vacancies and cooptations

In the event of a vacancy resulting from the death, resignation, or other impediment of one or several members of the Supervisory Board, the Supervisory Board may, between two shareholders' meetings, make temporary appointments.

If the number of members of the Supervisory Board falls below eight, the Supervisory Board shall make temporary appointments to restore its membership within three months of the date of vacancy.

Temporary appointments made by the Supervisory Board shall be subject to ratification by the next ordinary shareholders' meeting. The member appointed to replace another shall remain in office only for the remaining duration of his or her predecessor's term.

Even if the temporary appointments are not ratified, the resolutions made and actions taken previously by the Supervisory Board shall remain valid.

If the number of members of the Supervisory Board falls below three, the Management Board shall convene an ordinary shareholders' meeting within no more than thirty days from the date of vacancy, in order to restore the Supervisory Board's membership.

Biographies and other offices and duties exercised by members of the Supervisory Board

• Mohamed BOUSSAÏD - Chairman

52 years old, Moroccan
Business address: Ministry of Economy and Finance

Skills and experience

Mr. Mohamed BOUSSAÏD, appointed Minister of Economy and Finance by HM King Mohammed VI on October 10, 2013, was born on September 26, 1961, in Fez.
Mr. BOUSSAÏD holds a degree in industrial engineering from the Ecole Nationale des Ponts et Chaussées (ENPC), Paris (1986), and an MBA from the ENCP's International School of Business (2000).
From 1986 to 1992, Mr. BOUSSAÏD worked as an engineering advisor for the Banque Commerciale du Maroc. He next served as Senior Executive Vice President for a chemicals manufacturer and distributor (1992–1994).
From 1994 to 1995, Mr. BOUSSAÏD was key-accounts manager at Banque Marocaine du Commerce et de l'Industrie (BMCI).
As a member of the National Rally of Independents (RNI) political party, Mr. BOUSSAÏD was Cabinet Chief to the Minister of Public Works (1995–1998), then Cabinet Chief to the Minister of Agriculture, Equipment, and Environment.
Mr. BOUSSAÏD was Director of Programs and Studies at the Ministry of Equipment (1998–2001) before becoming Director of Public Establishments and Participation (2001–2004) and Director of Public Enterprises and Privatization at the Ministry of Finance and Privatization.
Mr. BOUSSAÏD was appointed Minister of Public Sector Modernization in 2004 and Minister of Tourism and Crafts in October 2007.
In March 2010, Mr. BOUSSAÏD was named Wali of the Souss-Massa-Drâa region and Governor of Agadir–Ida–Ou Tanane prefecture. In May 2012 he was named Wali of the Greater Casablanca region and Governor of the Casablanca prefecture.

Positions previously held that expired in the past five years

None

• Jean-René FOURTOU Vice-Président

74 ans, nationalité française
Adresse Professionalle: Vivendi – 42 avenue de Friedland, 75008 Paris

Skills and experience

Jean-René FOURTOU was born on June 20, 1939, in Libourne and is a graduate of École Polytechnique. In 1963, he joined Bossard & Michel as a consultant. In 1972, he became Chief Operating Officer of Bossard Consultants, then Chairman and Chief Executive Officer of Bossard Group in 1977. In 1986, Mr. FOURTOU was appointed Chairman and Chief Executive Officer of Rhône-Poulenc Group. From December 1999 to May 2002, he served as Vice Chairman and Chief Operating Office of Aventis. From 2002 to 2005, Mr. FOURTOU was Chairman and Chief Executive Officer of Vivendi, before becoming Chairman of the Supervisory Board. He is Chairman of the Bordeaux University Foundation.

Positions currently held

Vivendi Group:
- Vivendi, Chairman of the Supervisory Board

Other positions and functions:
- Sanofi Aventis, Director
- Assicurazioni Generali (Italy), Director
- Bordeaux University Foundation, Chairman

Positions previously held that expired in the past five years

- Canal+ Group, Chairman of the Supervisory Board
- NBC Universal (US), Director
- Axa, Deputy Chairman of the Supervisory Board
- Axa, Member of the Ethics and Governance Committee
- Axa Millésimes, Member of the Supervisory Board
- Nestlé (Switzerland), Director
- Cap Gemini, Director
- ICC, International Chamber of Commerce, Honorary Chairman

• Mohamed HASSAD

61 years old, Moroccan citizen
Business address: Ministry of the Interior

Skills and experience

Mr. Mohamed HASSAD, appointed Minister of the Interior by HM King Mohammed VI on October 10, 2013, was born on November 17, 1952, in Tafraout.
Mr. HASSAD holds degrees from the Ecole Polytechnique des Ingénieurs, Paris (1974), and the Ecole Nationale des Ponts et Chaussées, Paris (1976). From 1976 to 1981, Mr. HASSAD was Regional Director of Public Works for the provinces of Fez, Taounate, and Boulemane. He then served as Director General of the National Port Authority (Office National d'Exploitation des Ports, or ODEP) from 1985 to 1993 and on November 11, 1993, was appointed Minister of Public Works, Continuing Education, and Executive Training.
Mr. HASSAD became CEO of Royal Air Maroc on January 31, 1995, and President of the International Air Transport Association for Francophone countries in February 1997.
On July 27, 2001, Mr. Hassad was named Wali for the Marrakesh-Tensift-El Haouz region and then Wali of the Tanger-Tétouan region and Governor of the Tangier-Assilah prefecture in June 2005.
In November 2012, he was appointed as Chairman of the Supervisory Board of the Tangier-Mediterranean Special Agency.
Mr. HASSAD has been made an Officer of the Order of the Throne (Wissam al-Arch).

Positions previously held that expired in the past five years

- Tangier-Mediterranean Special Agency, Chairman of the Supervisory Board

• Samir Mohammed TAZI

50 years old, Moroccan citizen
Business address: Ministry of Economy and Finance

Skills and experience

Samir Mohammed TAZI, born on October 11, 1963, in Meknes, was appointed Director of Public Enterprises and Privatization on June 1, 2010, by HM King Mohammed VI.
A graduate in engineering from Ecole Polytechnique (1983) and Ecole Nationale des Ponts et Chaussées (1988), Mr. TAZI joined the Ministry of Finance in September 1988, where he began his career as a Division Chief of Studies and Evaluations in the Budget Department. Three years later, in 1992, Mr. TAZI became head of the division for the sectors of Infrastructure, Transportation, and Telecommunications.
In May 2001, Mr. TAZI was appointed Deputy Budget Director in charge of Sector Structure Coordination and Oversight, where he worked until he was appointed to head the Department of Public Enterprises and Privatization.
Mr. TAZI has worked for 22 years in the Ministry of Economy and Finance, where he has acquired significant experience in the areas of public financing, budget policy, project management, and change management. He has also played an important role in the Ministry by drawing up and supporting the implementation of several reform measures undertaken by the government, particularly the reform of the public administration and other reforms and sector strategies.
Mr. TAZI is on the Competition Board and a Director in several state companies, such as the National Port Authority (Agence Nationale des Ports), the National Railway Office (Office National des Chemins de Fer), the National Airport Authority (Office National des Aéroports), and the bank Crédit Agricole du Maroc

Positions previously held that expired in the past five years

None

• Jean-François DUBOS

68 years old, French citizen
Business address: Vivendi – 42 avenue de Friedland, 75008 Paris

Skills and experience

Mr. Jean-François DUBOS was born on September 2, 1945, in Cabourg. He has worked as General Counsel and Secretary of the Management and Supervisory Boards of Vivendi.
Mr. DUBOS is an honorary member of the French Administrative Supreme Court (Maître des Requêtes au Conseil d'Etat).
In 1991, Mr. DUBOS joined Compagnie Générale des Eaux, the predecessor of Vivendi, as deputy to the Chief Executive Officer, and in 1994 was appointed General Counsel. From 1993 to 1999, he was the Chief Executive Officer of the Carrousel du Louvre. From 1984 to 1991, while a member of the French Administrative Supreme Court (Conseil d'Etat), he worked on a wide range of matters, including education, internal affairs, urban planning, historical preservation, and legislative codification. From 1981 to 1984, he co-directed the cabinet of the Ministry of Defense. He was also a lecturer at the Ecole Nationale d'Administration, Université de Paris I (Sorbonne), Paris X (Nanterre), Paris V (René Descartes), and at the IEP Aix-en-Provence. In addition to a degree in public international law and political science from Université Paris X, Mr. DUBOS holds a degree in English and Spanish. He also participated in two summer sessions of the Academy of International Law at The Hague.
Mr. DUBOS holds various responsibilities on a voluntary basis in the world of culture, notably as General Secretary of the Aix-en-Provence International Opera Festival. He sits on the boards of the Amis Américains and the Amis de Mozart, and is Vice Chairman of the Arles International Photography Festival and Chairman of the of the Maison Européenne de la Photo. He is also Chairman of the Versailles Baroque Music Center, and Director and Treasurer of the Théâtre du Châtelet (Paris).

Positions currently held

Vivendi Group:
- Vivendi, Chairman of the Management Board
- Canal+ Group, Chairman of the Supervisory Board
- Canal+ France, Chairman of the Supervisory Board
- GVT Holding S.A. (Brazil), Chairman of the Board of Directors
- SFR, Director

Positions previously held that expired in the past five years

- Activision Blizzard, Inc. (United States), Director and Member of the Compensation Committee
- Canal+ Group, Chairman of the Supervisory Board
- SFR, Permanent Representative of the Board of Directors of Vivendi
- CMESE, Members of the Supervisory Board
- Eaux de Melun, Member of the Supervisory Board

• Philippe CAPRON

55 years old, French citizen
Business address: Vivendi – 42 avenue de Friedland, 75008 Paris

Expertise et expérience

Philippe CAPRON was born on May 25, 1958, in Paris. He is a graduate of the Ecole des Hautes Etudes Commerciales (HEC) and of the Institut d'études politiques (IEP), Paris. He was assistant to the Chairman and Secretary of the Board of Directors of Sacilor from 1979 to 1981. After graduating from the Ecole Nationale d'Administration (ENA) in 1985, Mr. CAPRON became an Inspector of Finance. Advisor to the CEO of Duménil Leblé from 1989 to 1990, and Managing Director and member of the Management Board of Banque Duménil Leblé (Cérus Group) from 1990 to 1992, Mr. CAPRON then became a partner in the management-consulting firm Bain and Company, from 1992 to 1994. Director of International Development and member of the Executive Committee of Euler Group from 1994 to 1997, Mr. CAPRON was Chairman and Chief Executive Officer of Euler-SFAC from 1998 to 2000. In November 2000, he joined Usinor Group as Chief Financial Officer. Mr. CAPRON was a member of the Executive Committee until 2002, when he was appointed Executive Vice President of Arcelor Group, where he was head of the packaging-steels division and later head of distribution and international trading. In early 2006, he became Chief Financial Officer and member of the Management Committee of Arcelor.
Mr. CAPRON joined Vivendi in January 2007 as Chief Administrative Office. He was a member of the Management Board and Chief Financial Officer of Vivendi from April 2007 until December 2013. In January 2014, Mr. CAPRON was appointed Senior Executive Vice President and Chief Financial Officer of Veolia Environnement.

Current positions

Vivendi Group (terms expired on December 31, 2013):
- Canal+ Group, Chairman of the Supervisory Board
- Canal+ France, Member of the Supervisory Board and Chairman of the Audit Committee
- SFR, Director and Chairman of the Audit Committee

Other positions and functions:
- Virbac Group, Member of the Supervisory Board, Chairman of the Audit Committee
- Member of the French Political Economy Society (société d'économie politique).

Positions previously held that expired in the past five years

- NBC Universal Inc. (US), Director
- Tinubu Square, Director

• Régis TURRINI

55 years old, French citizen
Business address: Vivendi – 42 avenue de Friedland, 75008 Paris

Skills and experience

Régis TURRINI was born on March 14, 1959. He joined Vivendi in 2003 as Executive Vice President in charge of mergers and acquisitions, and was appointed Senior Executive Vice President of Strategy and Development in January 2008. An attorney admitted to the Paris bar, Mr. TURRINI is a graduate of the Institut d'Etudes Politiques (IEP, Paris) and the Ecole Nationale d'Administration (ENA). Mr. TURRINI began his career as a consultant to the French Administrative Court and the Administrative Court of Appeal. He went on to work as a corporate lawyer at the firms Cleary Gottlieb Steen & Hamilton (1989¬–1992) and Jeantet & Associés (1992–1995). In 1995, Mr. Turrini joined Arjil & Associés Banque (Lagardère Group) as consultant then Executive Director. He was then appointed Managing Partner in 2000.

Positions currently held

- Vivendi Net USA Group, Inc. (US), Chairman and Chief Executive Officer
- MP3.Com Inc. (US), Chairman and Chief Executive Officer
- SPT SAS (Morocco), Chairman
- Wengo SAS, Chairman of the Board of Directors
- Canal+ France, Member of the Supervisory Board
- GVT Holding (Brazil), Director of SFR, Representative of Vivendi on the Board of Directors

Positions previously held that expired in the past five years

- Vivendi Telecom International (France), Chairman and Chief Executive Officer
- Vivendinet UK Limited (United Kingdom), Director
- Vivendi Net, Chairman and Chief Executive Officer, Director
- Scoot Europe NV (Belgium), Director
- SAIGE, Permanent Representative of Vivendi on the Board of Directors
- Activision Blizzard Inc. (US), Director

• Gérard BREMOND

76 years old, French citizen
Business address: Groupe Pierre & Vacances – Center Parcs
L'Artois - Espace Pont de Flandre
11, rue de Cambrai
75947 Paris Cedex 19

Skills and experience

Gérard BREMOND was born on September 22, 1937. He holds degrees in economics and business administration from the Institut d'Administration des Entreprises. He began his career at the age of 24 in the family construction business, which specialized in the development of residential, office, and warehouse properties.
With an interest in architecture and inspired by meeting Jean Vuarnet, the Olympic ski champion, Mr. BREMOND designed and developed the Avoriaz ski resort.
He went on to develop other alpine and coastal resorts, activities that led to the creation of the Pierre & Vacances Group.
By successively acquiring Orion, Gran Dorado, Center Parcs, and Maeva, the Pierre et Vacances Group has become one of the leading tour operators in Europe.
Mr. BREMOND also founded two media companies (television and film production).

Positions currently held

Pierre & Vacances Group SA:
- Pierre & Vacances SA, Chairman of the Board of Directors
- Pierre & Vacances Conseil Immobilier SA, Chairman of the Board of Directors
- Pierre & Vacances Développement SA, Chairman of the Board of Directors
- SAS Adagio, Chairman and Director
- Pierre & Vacances Tourisme Europe SA, Director
- Villages Nature Management SARL, co-partner

Société d'Investissement Touristique et Immobilier SA:
- Société d'Investissement Touristique et Immobilier SA
- S.I.T.I., Chairman and Chief Executive Officer
- Lepeudry et Grimard SA, Director

GB Développement SA:
- GB Développement SAS, Chairman

Other positions and functions:
- SITI R (SC), Partner

Positions previously held that expired in the past five years

- Tourism Real Estate Property Holding SE, Chairman and Chief Executive Officer
- TREP (Netherlands), Member of the Board of Management
- SDRT-Immo, Chairman of the Board of Directors
- Newcity Aparthotels SAS, Chairman
- Pierre & Vacances Promotion Immobilière SA, Chairman
- Pierre et Vacances Maeva Tourisme SA, Chairman
- Permanent Representative of the Société d'Investissement Touristique et Immobilier SA
- S.I.T.I. on the Boards of Directors of Peterhof, SERL, Lepeudry, and Grimard, C.F.I.C.A.
- Holding Green BV (Netherlands), Director
- Vivendi, Director
- Pierre & Vacances Group Trademarks B.V. (Netherlands), Director
- SDRT-Immo (Morocco), Director
- PV-CP Immobilier Holding SAS, Chairman

2.3.1.2.2 Responsibilities and functions of the Supervisory Board

Offices of Chairman and Deputy Chairman

The Supervisory Board shall appoint from its members a Chairman and a Deputy Chairman, who shall each have the power to convene meetings of the Supervisory Board and direct their proceedings. The Chairman and Deputy Chairman shall perform their duties for the length of their terms of office as members of the Supervisory Board.

The Chairman and Deputy Chairman must be individuals.

For each meeting, the Supervisory Board may appoint a Secretary, who may be chosen from outside the members of the Supervisory Board.

Notice of meeting and proceedings

Upon notice by its Chairman or Deputy Chairman, the Supervisory Board shall meet as frequently as the Company's interests require, at headquarters or any other location specified in the notice. Such notice may be delivered by electronic mail or by fax (in both cases followed by confirmation by ordinary mail), by registered letter with return receipt, or by letter delivered personally against receipt, eight (8) days before the date of the meeting, or sooner if agreed on by all members of the Supervisory Board.

Proceedings of the Supervisory Board shall be considered valid only if at least one-half of the members of the Supervisory Board are present.

Supervisory Board members who attend Supervisory Board meetings by videoconference or equivalent technology that allows members to be identified, as stipulated by the regulations in force, are taken into account in determining the quorum and majority.

This provision shall not apply if the agenda includes the appointment or dismissal of the Chairman of the Supervisory Board, the approval of the financial statements, or the notice for shareholders' meetings.

In addition to operations subject by law to the Supervisory Board's prior consent pursuant to Article 10.5.3 of the bylaws, the following resolutions require prior consent by the Supervisory Board acting by a simple majority of members present or represented:

» review, approval, and revision of the business plan, drawn up according to the same strategic criteria and requirements as those applied by leading international operators in terms of productivity, profitability, and competitiveness;

» review and approval of the budget, drawn up according to the same strategic criteria and requirements as those applied by leading international operators in terms of productivity, profitability, and competitiveness;

» policy with respect to compensation, training, human-resources management, and creation of profit-sharing schemes for the Company's employees and managers;

» appointment of members of the Management Board;

» approval of resolutions for submission to the shareholders' meeting with respect to the appropriation of earnings of the Company and its subsidiaries (payout of dividends, reserves, etc.) in the manner provided for under Articles 16 and 10.5.4 of the bylaws.

However, by way of exception from the provisions of Article 10.5.3 described above, and in accordance with the provisions of Article 10.5.4 of the bylaws, the following resolutions shall be matters for the Supervisory Board and require approval by a qualified majority of at least three-quarters of the members of the Supervisory Board present or represented:

» any significant change in accounting methods;

» repeal, abandon, transfer of licenses, or concession of major operating facilities not provided for under the annual budget;

» any decision relating to the implementation or initiation of judicial, administrative, or arbitration actions or proceedings involving the Company or its subsidiaries, for which the amount of the claim in principal against or at the initiative of the Company or its subsidiaries, whether an initial claim or a counter claim, for each of said actions or proceedings, amounts to a unitary amount of more than MAD 100 million or requires judicial enforcement by the Company or its subsidiaries, as well as any decision intended to oblige the Company or its subsidiaries to reach a settlement for said actions or proceedings involving amounts of more than MAD 25 million owed or due to the Company;

» any decision concerning the conclusion, amendment, and/or termination of any service-provision or other agreement, other than agreements concerning day-to-day operations entered into under normal conditions between the Company and (i) any shareholder holding more than 30% of the share capital and/or voting rights of the Company, and/or (ii) any affiliates whatsoever of such a shareholder, for which the management and/or oversight are effectively controlled, directly or indirectly, by said shareholder or by its parent company, whether through an equity investment through contractual agreements or in concert with a third party (hereinafter a "Reference Shareholder");

» any decision relating to a business combination, under any form whatsoever, between the business of the Company and any business(es) over which a Reference Shareholder has control that compete with the Company in the sectors of Fixed lined, mobile, internet, and data-exchange telecommunications (and more generally all businesses connected to or arising from the Company's corporate purpose);

» any decision exempting a member of the Management Board from the obligation of being an employee of the Company and/or present in Morocco for more than one hundred eighty-three (183) days a year;

» investments or divestments and borrowings and loans exceeding more than 30% of the corresponding amounts shown in the budget;

» any creation of a subsidiary with initial share capital or shareholders' equity of more than MAD 100 million, and any acquisition or disposal of an equity investment or interest in any group or entity exceeding 20% of the Company's net assets;

» any resolution with regards to a proposed merger, spin-off, contribution of assets, or management lease involving all or part of the business of the Company or one of its subsidiaries, and any resolution with regard to the winding-up, liquidation, or divestiture of any substantial operation of the Company or one of its subsidiaries;

» any exceptions from the obligation provided for under Article 16 of the bylaws to pay out dividends of at least one-half the distributable earnings;

» amendment of the internal regulations of the Company's Audit Committee.

In addition, and in accordance with the provisions Article 10.5.5 of the bylaws described below, the Supervisory Board may not submit the following resolutions to shareholders' meetings unless said resolutions have been approved by at least three-quarters of the members of the Supervisory Board present or represented:

» a motion for amendment of the Company's bylaws (particularly a decrease or increase in the Company's share capital, or changes with regard to the fiscal year);

» a motion for issuance of new securities of the Company or its subsidiaries; a motion for amendment of the corporate purpose and/or the principal business of the Company or its subsidiaries;

- a motion for amendment of the rights and duties relating to shares of the Company and its subsidiaries;
- a motion for amendment of the first or last day of the fiscal year of the Company or its subsidiaries;
- a motion for the choice of the statutory auditors of the Company and its subsidiaries;
- a motion for the appointment of one or more members of the Supervisory Board;
- a motion for dismissal of the members of the Management Board;
- a settlement of differences between the Management Board and the Supervisory Board.

Responsibilities and powers of the Supervisory Board

The Supervisory Board shall exercise permanent supervision over the Company's management by the Management Board. At any time of the year, the Supervisory Board shall perform such inspections and controls as it sees fit, and may obtain disclosure of such documents as it considers appropriate for the performance of its duties.

The members of the Supervisory Board may obtain disclosure of any information or data relating to the Company's activities.

The Supervisory Board may, within the limits that it shall determine and subject to the provisions of Article 10.5 of the bylaws described above, allow the Management Board to sell real-estate assets, to sell all or part of its equity investments, and to issue collateral, deposits, endorsements, and guarantees on behalf of the Company.

The Supervisory Board shall submit to the annual shareholders' meeting its observations on the report from the Management Board and on the financial statements for the fiscal year.

The Supervisory Board may create from among its members, and, if it deems necessary, with third parties who need not be shareholders, technical committees in charge of matters that shall be submitted to them for review.

Such committees shall have an advisory power and act subject to the authority of the Supervisory Board, from which they are issued and to which they shall report.

The members of such committees shall be appointed by the Supervisory Board. Unless otherwise resolved by the Supervisory Board, the duration of the terms of office of committee members shall be that of their terms as members of the Supervisory Board.

Each committee shall draw up its own internal regulations, which shall require approval by the Supervisory Board.

Compensation

The shareholders' meeting may allocate to members of the Supervisory Board, as compensation for their duties, a Fixed lined annual amount in attendance fees. The Supervisory Board may also allocate exceptional compensation for duties or assignments entrusted to its members.

Liability

The members of the Supervisory Board shall be liable, personally or jointly, according to circumstances, to the Company and to third parties, for offenses against the statutory or regulatory provisions relating to corporations, for breaches of the bylaws, and for management misconduct.

If several members of the Supervisory Board have cooperated in the same action, the court shall apportion liability among them in terms of payment of damages.

Members of the Supervisory Board shall be liable for personal negligence in the performance of their duties. They shall incur no liability for acts of management or for the results thereof. Members of the Supervisory Board shall be held liable for criminal offences committed by members of the Management Board if, having been aware thereof, they do not report said offences to the shareholders' meeting.

In 2013, the Supervisory Board met four times, with an average attendance rate of close to 59.38%, to review the Company's performance and its medium- and long-term prospects.

As regards the composition of the Supervisory Board, three members—Messrs. Mohamed BOUSSAÏD, Mohamed HASSAD, and Samir Mohammed TAZI—were appointed upon proposal of the government of the Kingdom of Morocco, and five members—Messrs. Jean-René FOURTOU, Jean-François DUBOS, Gérard BREMOND, Philippe CAPRON, and Régis TURRINI—were appointed upon proposal of Vivendi.

Messrs. Mohamed BOUSSAÏD and Mohamed HASSAD replace Messrs. Nizar BARAKA et Mohand LAENSER.

Each member of the Supervisory Board must hold at least one share.

2.3.2 AUDIT COMMITTEE AND CODE OF ETHICS

2.3.2.1 Audit committee

Maroc Telecom's Audit Committee is responsible for making recommendations and/or providing advice with regard to accounting procedures and the financial administration of the Group.

Composition

The Audit Committee is composed of the following members:

Name (age)	Current office	Date of appointment	Principal post or occupation
Philippe CAPRON (55 years old)	Chairman	2007	Chief Financial Officer of Vivendi and Member of the Management Board of Vivendi
Noureddine BOUTAYEB (56 years old)	Member	2003	Wali, Secretary General of the Ministry of the Interior
Samir Mohammed TAZI (50 years old)	Member	2010	Director of Public Enterprises and Privatization at the Ministry of Economy and Finance
Sandrine DUFOUR (47 years old)	Member	2008	Chief Financial Officer of SFR since May 24, 2013
Pierre TROTOT (59 years old)	Member	2003	Director of companies

Mr. Monkid MESTASSI, representative of the Moroccan state, retired in 2012. The replacement process is under way.

Biographies and other offices and duties exercised by members of the Audit Committee

Noureddine BOUTAYEB

Noureddine BOUTAYEB was appointed Wali, Secretary General of the Ministry of the Interior, in March 2010. Previously Mr. BOUTAYEB served as Wali, Director General of Local Authority Bodies in the Ministry of the Interior, Director of Rural Affairs in the Ministry of the Interior, and Chief Operating Officer for Maghrébine d'Ingénierie (INGEMA SA). Before assuming those posts he held various engineering jobs in the Ministry of Infrastructure and in an engineering consultancy in Paris.

Mr. BOUTAYEB is a graduate of the Ecole Centrale (Paris). He also holds an MBA and an engineering degree from the Ecole Nationale des Ponts et Chaussées, as well as a postgraduate degree in soil mechanics.

Sandrine DUFOUR

Sandrine DUFOUR was appointed Chief Financial Officer of SFR on May 24, 2013. In October 2010, she was appointed Director of Innovation of Vivendi Group. In her previous career she served successively as advisor to the Chief Financial Officer of Vivendi, as Chief Financial Officer of VU Net, and as head of Vivendi's Internal Audit and Special Projects department, based in New York. Before joining Vivendi in 1999, Ms. Dufour worked as a financial analyst with BNP (1990–1993) and with the brokerage firm CAI Cheuvreux (1993–1999), where she covered the telecommunications sector. Sandrine DUFOUR is a graduate of ESSEC and holds the Chartered Financial Analyst (CFA) designation.

Sandrine DUFOUR is a member of the Board of Directors of Pages Jaunes Group.

Pierre TROTOT

Mr. TROTOT previously served as Acting Director then Director of Financial Management at Compagnie Générale des Eaux, after having served as Acting Director reporting to the Chairman of Compagnie de Navigation Mixte (1982–1988). Earlier, Mr. Trotot was an acting director at Arthur Andersen Audit (1978–1982).

Mr. TROTOT is a graduate of Hautes Études Commerciales (HEC).

Functions of the Audit Committee

Established by the Supervisory Board in 2003, the Audit Committee enhances accountability to shareholders through the adoption of international standards for the corporate governance and internal control of Maroc Telecom.

The Audit Committee comprises six permanent members, with three representatives of the Moroccan government and three representatives (including the Chairman) of Vivendi.

The Audit Committee was convened for the first time in May 2004, and held three meetings in 2013. Its role is to make recommendations and proposals to the Supervisory Board on matters such as:

» review of individual and consolidated financial statements, before their submission to the Supervisory Board;

» the consistency and effectiveness of the Company's internal audit process;

» supervision of audit programs of internal and external auditors and review of their audit findings;

» accounting principles and methods, and consolidation scope;

» the Company's off-balance-sheet risks and commitments;

» monitoring of the Company's insurance policies;

» procedures for the selection of the statutory auditors, formulation of an opinion on the fees requested for the performance of their audit duties, and the monitoring of compliance with the rules guaranteeing auditor independence;

» any issues that the committee believes might pose risks or serious procedural problems for the Company.

Internal control

The internal control procedures established within Maroc Telecom Group have the following objectives:

» to ensure that management actions, the conduct of affairs, and employee behavior comply with guidelines set by the decision-making and supervisory bodies governing the Company's business operations, and with applicable law and regulations;

» to ascertain that the accounting, financial, and management information provided to the Company's decision-making and supervisory bodies gives a true and fair reflection of the Company's operations and financial position.

The internal control process is designed to mitigate and control risks arising both from the Company's business affairs and from error and fraud, particularly in the areas of finance and accounting. As is the case for all audit systems, there is no foolproof guarantee that such risks will be fully eliminated.

In order to carry out its task of assessing and validating the Company's internal control systems, the Audit Committee is supported by the Internal Audit and Inspection departments. The Audit Committee defines the Internal Audit and Inspection departments' mandates and analyzes their findings.

The average attendance rate of members of the Audit Committee at meetings held in 2013 was 56%.

Internal audit and inspection

Internal audit

The Internal Audit department of Maroc Telecom is an independent function that has direct access to the Audit Committee. The Internal Audit department's duties are governed by a charter approved by the Audit Committee.

The role of the Internal Audit department is to provide the Company with an analysis of the degree of risk control within its operations and to monitor the quality of internal control at each level of the Company's organization. The Internal Audit department helps the Company to achieve its objectives by assessing procedures for risk management, control, and corporate governance.

The effectiveness of the internal control process is assessed by the Internal Audit department, according to an annual audit plan approved by the Audit Committee. Summaries of the comments and recommendations formulated by the Internal Audit department are provided to the Audit Committee so that the latter can monitor the Internal Audit department's progress and guarantee implementation.

The audit plan is defined according to an analysis of Company risks, which include financial risks, information-system risks, and risks specific to the operational units of the Group.

For the purpose of meeting this twofold objective, the Internal Audit department comprises two segments that have the following complementary missions:

» financial audit (10 auditors at December 31, 2013), for matters having a dual accounting and financial impact;

» operational audit (12 auditors at December 31, 2013), for matters with regard to operating units (retail branches, technical centers, stores, regions, etc.). Operational audits consist of inspecting procedures for the management of resources, networks, and customer services.

The annual audit plan comprises a program of engagements whose implementation is entrusted to the Internal Audit department.

The missions have the following main objectives:

- to verify the existence and adequacy of controls in the areas of finance, data processing, and operations, to ensure that the main risks have been identified and are suitably covered;
- to review the robustness of financial information, including the controls relating to the security of communication, recording, and backup of information;
- to review the operational units and systems to ensure adequacy in respect of policies, procedures, and legal and regulatory requirements;
- to review the means for safeguarding assets and for advising management as to the efficiency and effectiveness of the utilization of resources;
- to ensure that recommendations have been carried out in improvement action plans.

The Internal Audit department communicates and coordinates with the Company's external auditors to maximize the effectiveness of the audit's coverage scope.

The statutory auditors have access to the reports on internal audit missions.

Internal audits performed in 2013 involved the main items of the balance sheet and income statement, i.e., revenues, assets, inventories, and liquidity, as well as other key corporate procedures. A total of 34 audit missions were performed in 2013.

Inspection

In conjunction with the Internal Audit department, the Inspection department (13 inspectors at December 31, 2013) is responsible for assessing and approving the Company's internal control system. The department reports to the General Control department (office of the Chairman) and to the Audit Committee.

At the request of the aforementioned bodies or on its own initiative, the Inspection department conducts periodic audits, spot checks, and specific reviews, for the following purposes:

- to protect the assets, property, resources, and means employed;
- to verify that management procedures, instructions, policies, and rules are observed;
- to ensure the quality, adequacy, and reliability of data, and the optimization of resource allocation;
- to demonstrate and determine any possible liabilities in the event that the Company becomes aware of deficiencies, irregularities, or fraud.

The Inspection department may contribute to the operational audit in the implementation of specific, occasional assignments, and may establish a team to study, analyze, and make proposals with regard to Company functions.

Sarbanes-Oxley

Although Vivendi is no longer bound by regulatory obligations to the US market authorities, Maroc Telecom remains committed to maintaining the highest standards of corporate governance and financial disclosure.

2.3.2.2 Code of ethics

In order to maintain high levels of fairness, transparency, market integrity, and customer focus, Maroc Telecom established a Code of Ethics in 2006.

The Code is not intended to replace existing rules but rather to outline the ethical principles and rules that are generally applicable, and to emphasize the need to comply with them scrupulously. The Code aims to make each employee of the Company accountable, setting out the principal rules governing the confidentiality of nonpublic information in order to increase awareness of best practices among employees and to assist them in adjusting their professional behavior to comply with best practices.

The Code of Ethics includes rules for dealing with real or apparent conflicts of interest in order to avoid situations such as insider trading or the suspicion of such.

Employees may also consult the Chief Compliance Officer, who is in charge of ensuring compliance with the law and with the rules of the Code of Ethics.

2.3.3 COMPENSATION OF SENIOR MANAGERS

2.3.3.1 Compensation paid to members of the Management and Supervisory Boards

The Supervisory Board determines, in conjunction with its appointment decisions, the form and amount of compensation paid to members of the Management Board. A Compensation Committee comprising the Chairman and the Deputy Chairman of the Supervisory Board meets once each year to examine the aggregate compensation of members of the Management Board, including any variable portion, and submits its compensation proposal to the Supervisory Board.

Total gross compensation paid by the Company, its subsidiaries, and all controlling companies to members of the Management Board for their duties performed on behalf of Maroc Telecom Group for fiscal-year 2013 totaled approximately MAD 38 million, of which 40% represented variable compensation. Variable compensation for 2013 was calculated by the members of the Management Board in accordance with the following criteria: (a) financial targets of Vivendi Group and/or Maroc Telecom, and (b) business-segment priority actions.

The following table summarizes the compensation paid over the past three fiscal years:

(In MAD millions)	2011	2012	2013
Gross compensation	37	32	38
Variable compensation	40%	33%	40%
Minimum compensation in the event of termination of contract	47	38	48

Some companies in Vivendi Group contribute part of these amounts to certain members of the Management Board. In addition, certain members of the Management Board are eligible to participate in Vivendi's stock-option plans. Based on compensation for 2013, the minimum amount to be paid by the Company in the event of termination of employment contracts of members of the Management Board, except in case of willful misconduct or gross negligence, would amount to approximately MAD 48 million. Furthermore, the Company bears the cost of representation and travel costs incurred by members of the Management Board in the course of their duties.

The impact of benefits in kind and special complementary pension plans implemented for the corporate officers is integrated into the figures of the above table.

The shareholders' meeting of April 23, 2009, voted to allocate the total amount of two million four hundred thousand dirhams (MAD 2,400,000) in annual attendance fees to members of the Supervisory Board and Audit Committee. This decision remains valid until a new decision is taken by the shareholders' meeting. The procedures and conditions for dividing the fees shall be set by the Supervisory Board.

At the Supervisory Board meeting of July 23, 2013, members of the Board decided, as in the previous year, to waive payment of the attendance fees owed in respect of fiscal-year 2012, and opted for those fees to be awarded by Maroc Telecom to the Maroc Telecom Association for Entrepreneurship, which distributes these sums in the form of scholarships for disadvantaged students attending universities in Morocco. This waiver also concerns the members of the Audit Committee, representatives of Vivendi Group, and Messrs. Noureddine BOUTAYEB and Samir Mohammed TAZI, representatives of the Moroccan state.

This decision shall remain valid until a new decision is made by the Supervisory Board.

2.3.3.2 Ownership of company shares by members of the Management and Supervisory Boards

At December 31, 2013, the members of the Supervisory and Management Boards held, directly or indirectly, 87,236 Maroc Telecom shares.

2.3.3.3 Conflicts of interest and other relevant considerations

Over the past five years, no member of Maroc Telcom's Management Board or Supervisory Board has been convicted of fraud; no member of the Management Board or Supervisory Board has been associated with a bankruptcy, receivership, or liquidation; and no official public incrimination and/or sanction has been issued against these persons by statutory or regulatory authorities or by professional organizations. Similarly, no corporate officer of Maroc Telecom has been prevented by a court decision from acting as member of an executive, management, or supervisory body of a public company, or from participating in the management or the business of a public company.

In addition, the appointment of members of the Management Board and Supervisory Board is governed by a shareholders' agreement whose terms and conditions are described in paragraph 2.2.2.5, "Shareholders' agreement."

2.3.3.4 Equity interest of senior executives in key customers or suppliers

None

2.3.3.5 Service contracts

With the exception of employment contracts between members of the Management Board and the Company, there are currently no contracts between members of the Management Board or Supervisory Board and the Company and/or of its subsidiaries that bestow any particular benefits.

2.3.3.6 Stock options

As of the date of this registration document, no corporate officer and/or employee held any Maroc Telecom stock options.

Nevertheless, the combined extraordinary and ordinary shareholders' meeting of April 24, 2012, renewed the authorization granted to the Management Board to award stock options under the terms provided for by law, on one or more occasions, within three years of the authorization date, to company officers, senior executives, executives, or, exceptionally, nonexecutive employees of the Group. In addition, certain members of the Management Board and certain Company executives are eligible to participate in Vivendi's stock-option plan.

All stock options and performance shares shall be granted if the performance objectives as defined by the Group are achieved within two years.

The following table summarizes the Vivendi stock options and bonus shares awarded in respect of the past three fiscal years:

(In MAD millions)	2011	2012	2013
Total Stock-options	**213,300**	**192,775**	**0**
- Management Board	162,000	149,975	0
- 10 largest beneficiaries	169,200	156,575	0
Total bonus shares	**130,450**	**152,858**	**205,513**
- Management Board	45,260	45,498	93,675
- 10 largest beneficiaries	53,270	52,838	104,006

2.3.3.7 Loans and guarantees granted to senior executives

None

2.3.4 RELATED-PARTY TRANSACTIONS

Under Articles 95 et seq. of Moroccan Act 17-95 governing corporations, as amended and supplemented by Act 20-05, any agreement entered into between the Company and a member of the Management or Supervisory Boards, or between the Company and any shareholder holding directly or indirectly more than 5% of the share capital and voting rights, shall require prior authorization by the Supervisory Board. The same conditions shall also apply to agreements entered into between the Company and another enterprise, if any member of the Management or Supervisory Boards is owner, partner (with unlimited liability), manager, director, managing director, or member of the enterprise's Management or Supervisory Boards.

The aforementioned regulated agreements concluded in fiscal-year 2013, and the agreements concluded in prior fiscal years and whose execution continued in fiscal-year 2013, are detailed in the special report of the statutory auditors (From 223 to 228 of this document).

2.3.4.1 Related-party transactions concluded in fiscal-year 2013

None

2.3.4.2 Related-party transactions concluded in prior years that remained effective in 2013

Agreement with Société de Participations dans les Télécommunications (SPT)

At its meeting held on July 23, 2012, the Supervisory Board authorized a current-account advance totaling MAD 3,150 million to IAM by SPT, effective May 31, 2012, for the partial financing of dividend payments. SPT is the largest shareholder in Maroc Telecom Group.

This advance was fully reimbursed on February 28, 2013.

Lease agreement with MT Fly

At its meeting held on July 23, 2012, the Supervisory Board approved an aircraft lease agreement with the MT Fly (commercial operator), effective retroactively at January 1, 2012, for a period of 12 months. The annual lease amount id MAD 5.8 million (excl. VAT).

Members of management bodies common to both parties are Larbi GUEDIRA, Laurent MAIROT, Rachid MECHAHOURI, and Janie LETROT.

Agreement with the Moroccan Royal Federation of Track and Field (FRMA)

The agreement between Maroc Telecom and FRMA, of which Mr. AHIZOUNE is also chairman, expired in July 2012. At its meeting held on July 23, 2012, the Supervisory Board authorized the renewal of the agreement for the period from July 1, 2012, to June 30, 2014, in the amount of MAD 6 million per annum, in addition to the FRMA chairman's travel and working expenses.

Agreement with MT Fly for advance payment

At its meeting held on July 25, 2011, the Supervisory Board authorized an advance payment to MT Fly of a sum corresponding to 125 flight hours (MAD 7 million), in order to cover expenses for the first six months of operations and to ensure the financial sustainability of MT Fly.

Members of management bodies common to both parties are Larbi GUEDIRA, Laurent MAIROT, Rachid MECHAHOURI, and Janie LETROT.

Contract with Sotelma

In 2009, Sotelma and Maroc Telecom concluded an agreement under which Maroc Telecom provides technical assistance and services.

Members of management bodies common to both parties are Larbi GUEDIRA, Laurent MAIROT, and Rachid MECHAHOURI.

Agreement with Onatel

In 2007, Onatel and Maroc Telecom concluded an agreement under which Maroc Telecom provides technical assistance and services in the following areas: strategy and business development, organization, networks, marketing, finance, procurement, human resources, information systems, and regulatory affairs.

These services are performed mainly by expatriate employees.

Members of management bodies common to both parties are Larbi GUEDIRA, Laurent MAIROT, and Janie LETROT.

Agreement with Gabon Telecom

In 2007, Gabon Telecom and Maroc Telecom concluded an agreement under which Maroc Telecom provides technical assistance and services in the following areas: strategy and business development, organization, networks, marketing, finance, procurement, human resources, information systems, and regulatory affairs.

These services are performed mainly by expatriate employees.

Members of management bodies common to both parties are Larbi GUEDIRA and Laurent MAIROT.

Management services agreement with Vivendi Telecom International

In June 2001, Maroc Telecom and Vivendi concluded a service agreement under which Vivendi provides Maroc Telecom with technical assistance, either directly or via its subsidiaries—particularly Vivendi Telecom International (VTI)—in the following areas: strategy and organization, business development, sales and marketing, finance, procurement, human resources, information systems, regulatory affairs, interconnection, infrastructure, and networks.

This agreement is currently inactive.

These services may be performed mainly by expatriate employees.

Note that after a corporate name change, VTI became SFR, a major shareholder (via SPT) in Maroc Telecom.

Cross-charging of costs related to stock options and awarding of bonus shares

In accordance with IFRS standards, Vivendi invoices its subsidiaries for costs related to benefits granted to employees in the form of stock options and bonus shares.

Vivendi is one of Maroc Telecom's principal shareholders. As from June 2012, Abdeslam AHIZOUNE is no longer a member of Vivendi's Management Board.

Agreement with Mauritel

In 2001, Mauritel SA and Maroc Telecom concluded an agreement under which Maroc Telecom provides technical assistance, services, and equipment.

Members of management bodies common to both parties are Larbi GUEDIRA and Laurent MAIROT.

Agreement with Casanet

In 2003, Maroc Telecom concluded several agreements with Casanet, whose corporate purpose inter alia is to maintain Maroc Telecom's Menera internet portal in operational condition and to provide business development and web hosting for internet sites of Maroc Telecom.

The member of management bodies common to both parties in Rachis MECHAHOURI.

Casanet current-account advance

Maroc Telecom opted to delegate its business in professional directories to its Casanet subsidiary.

At its meeting held on December 4, 2007, the Supervisory Board authorized the Company to pay all necessary investment costs, financed via advances into a non-interest-bearing current account.

The member of management bodies common to both parties in Rachis MECHAHOURI.

Agreement with Media Overseas

At its meeting held on February 24, 2006, the Supervisory Board of IAM endorsed the agreement concluded during the fiscal year with Media Overseas, a subsidiary of Canal+ Group, whose purpose is to launch an ADSL TV offer. Operations under to this agreement have been pursued with Multitv Afrique, a subsidiary of Media Overseas.

At its meeting held on July 28, 2009, the Supervisory Board authorized an agreement with regard to the distribution of prepaid "CANAL + Maghreb" over the Maroc Telecom network.

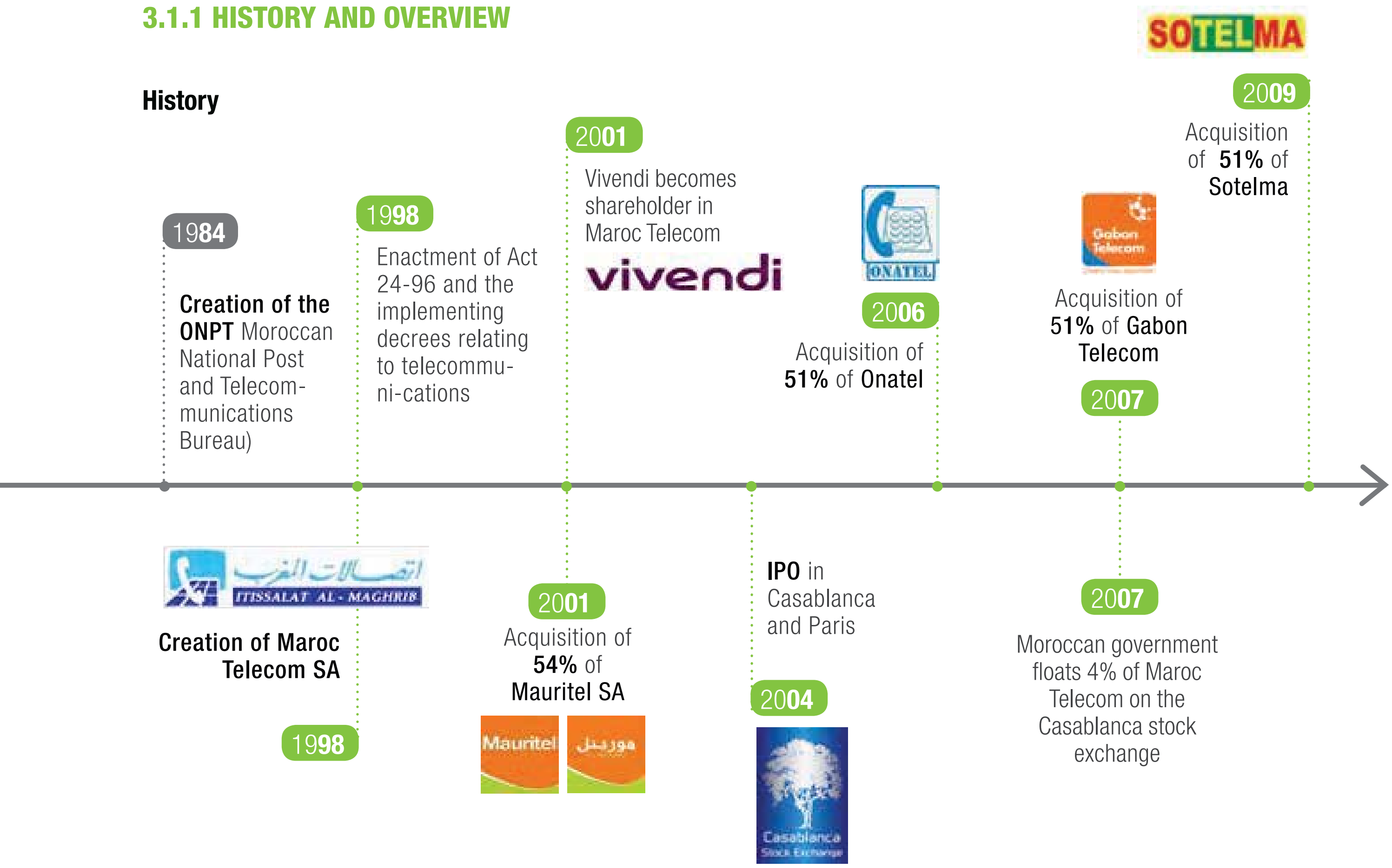
Vivendi is a shareholder (via MTR and SPT) in both entities.

03. Description of the group, business activities, legal and arbitration proceedings and risk factors

3.1 GROUP DESCRIPTION

3.1.1 HISTORY AND OVERVIEW

History



Overview

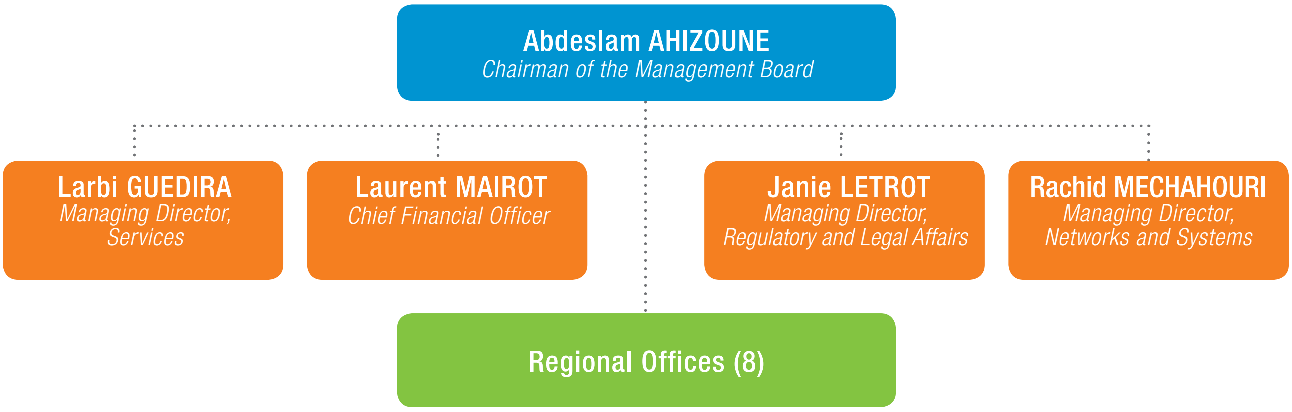
Maroc Telecom is the incumbent telecommunications operator in the Kingdom of Morocco, with operations in the sectors of Fixed lined-line telephony, mobile telephony, and internet. Since 2001, Maroc Telecom Group has focused on international development. The Group acquired a 51% controlling interest in the incumbent operators of Mauritania (Mauritel, via CMC holding), Burkina Faso (Onatel) in December 2006, and Mali (Sotelma) in July 2009. The Group also acquired a 51% controlling stake in Gabon Telecom in February 2007, when it took over company management. The transaction was finalized in December 2010.

In addition, Maroc Telecom holds 100% of Casanet, a leading supplier of internet solutions in Morocco and host of the menara.ma website.

Maroc Telecom is organized by business unit around its activities and services. The Fixed lined-line and mobile operating segments are combined in the Services Division, while support functions are regrouped across the Networks and Services, Regulatory and Legal Affairs, and Administration and Finance Divisions. Within the strategic framework defined by the Group's management bodies, these divisions ensure oversight of subsidiaries and respect for rules of operations and conduct of Maroc Telecom Group.

Maroc Telecom is decentralized, with eight regional offices structured for operational flexibility and independence.

The Maroc Telecom Group's simplified operational structure at December 31, 2013, was as follows:



Since 2001, Maroc Telecom has been part of the Vivendi Group, a French holding company active in music, television, cinema, and telecommunications.

On November 5, 2013, Vivendi announced a definitive agreement with Emirati Emirates Telecommunications Corporation, which operates under the brand name Etisalat, for the sale of Vivendi's shareholding in Maroc Telecom. The transaction, subject to certain conditions, should be completed in 2014.

Etisalat is the Middle East's leading telecommunications operator, with annual revenues in 2013 of more than AED 38.9 billion ($10.6 billion) and a market value of approximately AED 92.50 billion ($25.18 billion). Etisalat has operations in 15 countries in the Middle East (UAE, Saudi Arabia), Asia (Pakistan, Afghanistan, and Sri Lanka), and Africa (Egypt, Soudan, Ivory Coast, Togo, Benin, Nigeria, Niger, Gabon, Tanzania, and the Central African Republic). Etisalat began international expansion in 2004, when it acquired its first 3G-mobile license in Saudi Arabia. Etisalat has since grown continuously, from four million customers in 2004 to 144 million in 2013, and is now one of the fastest growing operators in the world.

Source: Etisalat

ISO certification

Since 2008, Maroc Telecom has been implementing an integrated management system focused on overall quality and data security for all processes and activities.

The dual-certification ISO 9001:2008 and ISO 27001:2005 was renewed in 2010 and again in 2013.

These certifications concern all Maroc Telecom activities. Their purpose is to improve system consistency and management through the monitoring of unifying indicators.

More efficient use of assets had secured data and improved risk forecasts. The measures the Company employs to protect the personal data of its customers, employees, and partners ensure total confidentiality.

Maroc Telecom's certifications, conferred by the internationally recognized firm Det Norske Veritas (DNV), attest to the quality of the services provided by Maroc Telecom and to the Company's commitment to satisfying customers and all stakeholders.

The certifications cover all products and services for all consumer and business customers of all Maroc Telecom sites, and apply to the design and development of rate plans, marketing, commission/decommission, activation/deactivation, billing and collection, after-sales service, information, and assistance.

Maroc Telecom does not consider the obtaining of these certifications to be an end in itself.In order to maintain the integrated management system's sustainability, the Company focuses every day on overall quality and data security.

In 2013, thanks to Maroc Telecom's continuing efforts to instill consistency in the Group's management systems, Gabon Telecom, Mauritel, Sotelma, and Onatel received their second ISO 9001:2008 certification for the quality of their management systems—further proof of the Group's commitment to customer satisfaction and to the optimization of internal operations.

3.1.2 MAROC TELECOM'S BUSINESS STRATEGY

The countries in which Maroc Telecom Group operates—Morocco and countries in sub-Saharan Africa—enjoy strong demographic and economic growth. The Moroccan Ministry of Finance forecasts GDP growth in 2014 of 4.2% in Morocco, while the International Monetary Fund expects GDP growth of 6.0% for the entire region of sub-Saharan Africa.

In parallel with the generally favorable economic environment, Maroc Telecom continues to benefit from growth in the sub-Saharan telecoms markets in which it is active. The customer bases of Gabon (penetration rate of 219%** at December 31, 2013) and Mauritania (penetration rate of 87%** at December 31, 2013) still have growth potential because of the structure of African mobile markets, which are mainly prepaid and characterized by a large number of multi SIMs. The mobile markets in Burkina Faso (penetration rate of 62%** at December 31, 2013) and Mali (penetration rate of 110%** at December 31, 2013) are not yet mature and still have significant growth potential.

According to the ANRT, the Moroccan mobile penetration rate, which stood at 129.13% at December 31, 2013, almost equals the European average of 130%.* As it reaches maturity, the Moroccan market must face increasingly aggressive competition. This is especially the case in the prepaid segment, where the two competing operators continue to lower rates and to introduce promotional offers. In such a competitive environment, Maroc Telecom stands out by expanding its innovative rate plans to attract new customers, and by targeting its generous promotional offers designed to boost consumption.

Maroc Telecom aims to profit from the growth potential of these markets by focusing on four main objectives:

- strengthening its leadership in Morocco;
- maximizing the growth of its sub-Saharan subsidiaries;
- seeking new opportunities for acquisitions in high-potential markets;
- distinguishing itself through service quality combined with significant investment and a policy of ongoing innovation.

Maroc Telecom intends to pursue its significant investment program, in order to prepare its networks for the transition to broadband and high-speed broadband for both Fixed lined lines—deployment of MSAN for VDSL, and introduction of fiber to the home (FTTH)—and mobile lines (deployment of Single). These technologies allow Maroc Telecom to provide impeccable service to its customers.

The objectives for the mobile segment are:

- continuing to boost consumption, through a marketing policy based on competitive rates, an increasingly segmented approach to the market, and a wide range of products designed to meet customers' needs (Jawal Pass, Liberté rate plans);
- encouraging customer loyalty, through competitive offers and an active policy for migrating prepaid customers to postpaid subscriptions;
- increasing ARPU by monetizing mobile data (introduction of a fair-use policy with limited downloads that can be extended by means of prepaid top-ups or subscription to a mobile-data option) and by raising consumption of nonvoice services (SMS, Mobicash, and other value-added services).

In the Fixed lined-line segment, Maroc Telecom aims to expand its customer base while developing broadband internet and ADSL TV. The Fixed lined-line/internet segment has benefited from frequent enhancement of offers: unlimited Fixed lined line, rate cuts for long distance, several hours of free call time to mobiles (included in the Phony unlimited Fixed lined-line rate plan), and more.

To make the most of the strong market growth and synergies of its international subsidiaries, Maroc Telecom aims to maintain its leader positions through a strategy of combining Fixed lined-line and mobile services. Such a strategy requires significant expenditure for the expansion of existing networks and for the deployment of mobile broadband networks.

From a marketing perspective, Maroc Telecom intends to remain a leader in both mobile services (development of 3G and mobile internet, introduction of mobile payment services) and Fixed lined-line services (broadband via ADSL, wireless access, unlimited rate plans, etc.).

Maroc Telecom is continually searching for acquisition opportunities that would open new markets offering strong potential for organic growth. This acquisition policy is carried out with the utmost financial discipline, with all the legal guarantees necessary for the sustainability and viability of such investments, and on the basis of a business plan that focuses on the Group's strengths: leadership policy in marketing and technical excellence, significant investment in networks, strict cost control, and outstanding human resources at Group headquarters and foreign subsidiaries.

**Source: Merrill Lynch at July 31, 2013.*

***Source: Dataxis.*

3.1.3 HUMAN RESOURCES

Human resources are the foundation of Maroc Telecom's business strategy. Therefore the Group's human-resources policy is focused on the professional development of employees, and aims to build the skills of tomorrow and to encourage a culture of excellence.

The employees of Maroc Telecom and its subsidiaries share strong values—such as respect for commitments, customer satisfaction, quality, teamwork, ethics, and environmental protection—that are key motivating factors in Group performance.

Maroc Telecom Group employees

Age and seniority

The average age among Maroc Telecom employees is 45, and the average seniority is 19.6 years.

In the subsidiaries, the average age is 44.5, and the average seniority is 17.4 years.

Staff turnover

Staff turnover %	2011	2012	2013
Maroc Telecom	0.77	0.63	**0.8**
Subsidiaries	1.02	1.05	**1**

The low staff turnover in Maroc Telecom and its subsidiaries reflects strong employee loyalty.

Workforce

The following table shows the changes in Maroc Telecom Group's workforce for the fiscal years ended December 31, 2011, 2012, and 2013:

	2011	2012	2013
Maroc Telecom	11,034	9,516	**9,374**
Subsidiaries	2,772	2,614	**2,433**

In June 2012, a voluntary redundancy plan affecting 1,404 employees was organized, allowing Maroc Telecom to further adapt its human resources to the Group's new businesses.

Voluntary redundancy plans were also launched in Mali and Mauritania. At December 31, 2012, Group subsidiaries in these countries had lowered their headcounts by 66 and 51 employees respectively.

NB: See Note 19 of the consolidated financial statements for the average headcount of Maroc Telecom Group.

Expatriate staff

Maroc Telecom encourages the exchange of skills and best practices by including on its staff eight expatriate employees, all of whom are experienced in their fields.

Maroc Telecom supplies its subsidiaries with skilled employees who assist with strategic modernization projects.

Change in staff compensation

The change in payroll costs over the past three fiscal years breaks down as follows:

Payroll costs (in MAD millions)	2011	2012	2013
Maroc Telecom	2,305	2,297	**2,168**
Maroc Telecom Group	2,796	2,848	**2,723**

Professional growth

The development of employee skills at Maroc Telecom and its subsidiaries represents a strategic investment for the Group.

Encourage the development of skills

Training courses are rich and varied, with modules adapted to all Group businesses. The training program is updated regularly to meet the needs of the Group's employees. In 2013, the Maroc Telecom workforce participated on average in three days of training per employee.

In addition, the Human Resources Department has begun major developmental programs that make use of the latest learning methods, such as on-site sales coaching, a management-development cycle, and more.

In order to increase the efficiency of its development strategy, Maroc Telecom has an on-site training facility and a dedicated training staff.

As part of its ongoing improvement, Maroc Telecom has extended the use of the annual progress interview to include all personnel. The aim is to clearly define objectives, to review expectations, and to discuss the outlook for the employee's career.

Skills development in the subsidiaries is accomplished via training courses and immersion periods in Maroc Telecom. Such actions ensure, with the participation of local management, the implementation of strategic modernization projects.

Encourage mobility and career growth

Two vital points with regard to mobility were stressed in 2013: continued rejuvenation of the sales force, with quantitative and quantitative improvements, and development of employee skill in meeting the demands of the Company's various business activities and technical challenges.

Recruitment

For Maroc Telecom, recruitment is a key and vital part of management.

With a transparent recruitment policy that is rigorous and highly selective, Maroc Telecom attracts the brightest talent from the most prestigious Moroccan and international schools of engineering and business. Company recruitment also extends to young people, for the staffing of call centers and the maintenance of networks.

By ensuring a strong presence at national and international job fairs, Maroc Telecom has burnished its image among job seekers and made recruitment a true means of value creation.

Labor relations

A labor-relations policy has long been in place for the benefit of employees and their families. This policy, which is improved and strengthened each year, provides the entire workforce with a wide range of benefits: insurance and assistance, occupational health care, medical and social coverage, home loans at preferential rates, transport allowances, and subsidized summer-holiday centers offering excellent value for money.

Management-labor discussion

Discussion between management and labor is a tradition at Maroc Telecom and is facilitated by the presence of representative, organized labor unions.

Dialog with labor representatives continued throughout 2013, in the spirit of promoting a satisfactory working environment.

3.1.4 MAROC TELECOM'S POLICY FOR SUSTAINABLE DEVELOPMENT

Sustainable development—in addition to concerns related to the environment, employees, and stakeholders—lies at the heart of current government policy in numerous countries. Human and natural resources are considered vital for growing the economy and reducing inequality and poverty.

Maroc Telecom Group plays a major role in the socioeconomic development of the countries in which it operates. It chose many years ago to commit to sustainable development, seeking to outperform not only for profit but also to the benefit of employees and the environment.

That commitment was reaffirmed and enhanced in 2013, when Maroc Telecom formalized its sustainable-development and environmental policies through written declarations signed by the Chairman of the Management Board, which that state the Company's objectives and highlight its steady progress.

Maroc Telecom also applied in 2013 for the CSR label of the Moroccan General Confederation of Companies (CGEM). This label recognizes company commitments to defending and promoting universal principles of corporate social responsibility and sustainable development. The label is conferred after review of a company's compliance with the CGEM's corporate-responsibility charter. This charter meets Moroccan legal requirements, is in line with the directives of ISO 26000:2010, and is in compliance with the standards, agreements, and recommendations of such international organizations as the UN, ILO, and OECD. An audit was performed by the CGEM-accredited firm Vigeo.

After signing the United Nations Global Compact in November 2012, Maroc Telecom published in November 2013 its first progress report on the integration of the Compact's principles into the Company's strategy, activities, and sphere of influence. The signing of a declaration by Maroc Telecom's Chairman of the Management Board reaffirmed the Company's commitment to integrating and promoting the fundamental principles of the Global Compact in terms of human rights, labor conditions, environmental protection, and anticorruption measures.

Maroc Telecom Group's key challenges for sustainable development

Maroc Telecom's policy for sustainable development is based on two strategic priorities:

» narrowing the digital divide, whether in geographic or community terms, to make information and communication technologies accessible to everyone in every region, no matter how remote;

» contributing to the socioeconomic development of the country by encouraging company and job creation, facilitating access to education and knowledge, supporting humanitarian initiatives to help the sick and the poor, and continuing to support cultural activities and sports;

Acting as a responsible corporation by respecting ethical principles, by maintaining transparency in dealings with customers, suppliers, employees, and all stakeholders, and by making every effort to limit the impact of the Company's activities on the environment.

Key actions in 2013

NICT for all

Maroc Telecom strives to make new technologies accessible to all. Of the four participating operators, Maroc Telecom has taken charge of 80% of the Pacte program (telecom access program designed to eliminate white zones in Morocco). By the end of 2013, Maroc Telecom had extended coverage to almost 7,200 areas (97% of the Company's program commitment), bringing telephone and internet service to almost 2 million people. Maroc Telecom had also extended coverage to an additional 20,000 isolated rural areas outside the Pacte program.

Maroc Telecom continues to lower rates for telephone and internet plans. After significant price cuts in 2012, new reductions were made in 2013 for mobile, Fixed lined-line, and internet service.

Maroc Telecom's four sub-Saharan subsidiaries also help to eliminate white zones. In 2013, coverage was extended to 199 new rural areas, raising to 1,407 the total number of areas opened up by Maroc Telecom in Mauritania, Burkina Faso, Gabon, and Mali.

Training programs for young people

Aware of the crucial importance of young people for Morocco's development, Maroc Telecom devotes considerable resources to their education and training.

The Company is democratizing internet use for the benefit of schools and universities. It is the primary supporter of the national Génie, Injaz, and Nafid@ programs, whose common goal is to facilitate access to new information and communication technologies and to encourage their use by schools. Through these programs Maroc Telecom has set up multimedia rooms in almost 1,300 establishments, almost half of which are located in rural areas, and provided almost 50,000 pupils and 178,000 teachers with internet connections and laptop PCs at discount rates. Maroc Telecom's contributions have accounted for a 49%, 59%, and 70% of the Génie, Injaz, Nafid@ programs respectively.

Since 2006 the Maroc Telecom Association has awarded five-year scholarships for study in Morocco or abroad to deserving students whose families cannot afford higher education. The number of scholarships has risen from 40 to 160 per year. More than 560 scholarships have been awarded to date.

MT2E has been awarding annual prizes for excellence for the top national and regional scores on the Baccalaureate since 2006 and to children of Company employees who, since 2011, have obtained a "Très bien" score on the test. So far Maroc Telecom has awarded almost 825 prizes for excellence, including 180 to children of employees.

Protection of young people

To protect young people against dangers related to the use of new technologies Maroc Telecom has taken several initiatives: rigorous selection of content; parental control for ADSL TV; monitoring of the SMS-MMS Zone (chat rooms via SMS and MMS); monitoring of the Maroc Telecom Facebook page, to block messages that are racist, hateful, pedophilic, pornographic or otherwise injurious to human dignity; etc.

In 2013 Maroc Telecom set up parental controls for ADSL and 3G internet, making them available free of charge to customers. This solution allows parents to block access to inappropriate websites with content that could be harmful to children.

It also includes other functionalities to protect personal data (on social networks and elsewhere on the internet), monitor and limit online time for children, and alert parents when children ignore a warning or attempt to visit a blocked site.

Development of young talent

To encourage the development of new artists, give them an opportunity to perform onstage, and help them become better known to the public, Maroc Telecom organizes Young Talent Evenings (Soirées Jeunes Talents) every year as part of its Jawla festival. Maroc Telecom also supports the Génération Mawazine contest, which encourages and supports artistic creation. As a partner throughout the cultural season of the Instituts Français au Maroc, Maroc Telecom contributes to the organization of professional training sessions and to a national artistic-residency program for young Moroccan artists.

Maroc Telecom participates in the training and scouting of young athletes. In 2001 the Company began its own sports school, the Rabat Athletic Club (ACR), which provides training in soccer and track and field. ACR currently boasts almost 700 students, aged 6 to 17. Over the past three years the

ACR's football section has sent about fifteen talented students to renowned sports training centers as well as to national and foreign clubs. The ACR's track-and-field section is affiliated with the Moroccan Royal Track and Field Federation (FRMA) and has risen to thirteenth place in the national track-and-field-club rankings for the 2012–2013 season. Since 2007, Maroc Telecom has also been a partner to the Mohammed VI Football Academy, which provides high-level training and coaches professional players. Since 2009, Maroc Telecom has supported the FRMA's Caravan for Scouting Young Talent (Caravane de Détection des Jeunes Talents).

Maroc Telecom is a partner for many other initiatives to encourage innovation and exchange. In 2013 the Company renewed its support for the Be My App contest (for young talent in the world of information technology and communications), the Maroc Web Awards (which reward the web's top talent), and Ftour 2.0 (a forum for the exchange of ideas among web enthusiasts).

Employment support

New technologies provide companies with opportunities to boost their performance and create value. Maroc Telecom continues to encourage the use of new technologies in small and medium-sized enterprises (SMEs).

At December 31, 2013, more than 430 SMEs had been equipped by Maroc Telecom through the Infitah program and Bidayati pack, launched in 2011 by the National Agency for the Promotion of Small and Medium-Sized Enterprises and the Casablanca Regional Investment Center respectively. The objective of these programs is to provide SMEs and start-ups with discounts on telecom products.

Maroc Telecom business activity has yet other significant effects on Morocco's socioeconomic fabric. Large-scale investments to extend network coverage, modernize infrastructures, and facilitate access to NICT and expand their use have significantly contributed to the development of Morocco's territories, particularly in job creation. Maroc Telecom is responsible for 127,000 indirect jobs in Morocco and more than 244,000 jobs (at retailers, subcontractors, call centers, cybercafés, telestores, etc.) in all countries in which the Group operates.

Support of humanitarian causes

Aware of the importance of solidarity in the sustainable development of populations, Maroc Telecom is committed to numerous foundations and associations of national scope that aid the sick and the poor. Such foundations and associations include the Mohammed V Foundation for Solidarity, the Lalla Salma Foundation for Cancer Prevention and Treatment, the Heure Joyeuse Association, and the Association against AIDS. The Company also supports foundations and associations that foster the social inclusion of handicapped children and adults: the Moroccan Association for Support and Assistance to People with Down's Syndrome, the Lalla Asmaa Foundation for Deaf Children, and the National Institute for Children's Rights.

Support of cultural diversity and sports

Maroc Telecom promotes cultural diversity and sports, which are vital for social unity and the well-being of local populations.

Every year since 2002, Maroc Telecom has organized its summerlong Jawla series, with almost 300 free concerts spotlighting local, national, and international artists. The series lasts 60 days and takes place in several Moroccan cities, drawing more than three million spectators every year.

Through partnerships with the Kingdom's biggest music and arts festivals in Morocco, Maroc Telecom showcases Moroccan cultural diversity and encourages local talent.

The Maroc Telecom auditorium, with a capacity of 600, was built to be modular and flexible in order to accommodate a wide variety of functions: conferences, concerts, shows, and film projections. By opening it to the public, Maroc Telecom reaffirms its commitment to the promotion of cultural diversity and democracy.

The auditorium has hosted numerous events since its inauguration in June 2013.

The Maroc Telecom Museum, located since June 2013 at the Tour Maroc Telecom, boasts a rich collection of objects that trace the technological development of telecommunications. With the move to this new location, museum space has more than doubled, permitting a better exhibition of the collections and the development of an educational tour designed to explain concisely the development of telecommunications from the late nineteenth century to the present day. The museum regularly provides tours to introduce the public to the history of telecommunications in Morocco and throughout the world. These tours also provide an opportunity to convey to visitors the importance of museums for safeguarding Morocco's cultural heritage.

Maroc Telecom has supported Moroccan athletes for many years. It has formed long-term partnerships with the Royal Moroccan Football Federation and the Royal Moroccan Athletics Federation, which the Company has sponsored since 2000 and 1999 respectively. Maroc Telecom also supports numerous other athletic disciplines, such asbasketball, tennis, equestrian sports, golf, and water sports.

Environmental protection

In 2013 Maroc Telecom formalized its environmental policy, whose multiple commitments include the reduction of direct and indirect emissions of greenhouse gases, the struggle against climate change, improvements in waste treatment, the recycling of mobile handsets, the reduction of visual pollution at technical sites, awareness raising about environmental protection, and the promotion of environmental protection.The Tour Maroc Telecom was designed especially for:

» low energy consumption, by means of centralized management (blinds, air conditioning, lighting, etc.), a double-skinned façade, motion detectors, and windows that reduce the need for artificial lighting;

» and optimal water management, by means of rainwater collection for the watering of exterior spaces, timed faucets with infrared triggers, filtering of kitchen wastewater, etc.

The Maroc Telecom Tower received an honorable mention in the "Tall Building" category from the Ecobuilding Forum jury in Paris.

Maroc Telecom continued efforts in 2013 to reduce the consumption of electricity and raw materials, through measures such as the use of renewable energy, the installation of free-cooling ventilation systems at technical facilities, and the promotion of electronic top-ups.

Maroc Telecom participates in the Voluntary Carbon Offsetting Program, launched by the Mohammed VI Foundation for Environmental Protection, and continues its actions under the Clean Beaches program, created by the same foundation.

Maroc Telecom initiated two projects in 2013 to implement a new approach to waste management and a better system with which to measure the impact of its activities on the environment (identification of regulatory requirements for environmental protection and drafting of environmental-inspection checklists).

In addition, through training in sustainable development and energy use, Maroc Telecom employees have been made aware of the vital importance of the environment.

GSM and health: a rigorous respect for standards

Maroc Telecom keeps close watch over health issues related to mobile telephony and maintains open dialogue with local residents and customers who wish to be better informed. In addition to tests carried out by the regulatory authority, Maroc Telecom performs its own annual campaigns to measure the intensity of electromagnetic waves near relay antennas. In 2013, 624 sites were measured, and results showed that all sites were in compliance with international standards.

Socially responsible audit of suppliers' companies

Since 2010, "sustainable development" clauses have been included in all contracts with suppliers. These clauses relate to basic principles of human rights and labor rights, and to commitments to environmental protection and anticorruption measures. Since 2012, Maroc Telecom's Internal Audit Department has performed annual supplier audits in order to ascertain that the requirements of these clauses are being met. Audits were carried out for ten suppliers in 2013.

Nonfinancial reporting

Since 2009, when Maroc Telecom implemented a system of nonfinancial reporting, the Company has published annually its nonfinancial data concerning issues pertaining to the environment, employees, and stakeholders. In 2013, Maroc Telecom gathered data for 223 nonfinancial performance indicators (58 local-community indicators, 26 environmental indicators, and 139 labor-relations factors). Internal auditors carry out audits of nonfinancial reporting every year. These audits guarantee that the reporting is in compliance with Group reporting procedures and that it meets criteria for thoroughness and accuracy.

Goals for 2014

In 2014, the policy of corporate social responsibility will be reinforced in Maroc Telecom and its subsidiaries.

The reporting scope will be broadened to include new performance indicators for community issues in countries of the subsidiaries. Projects launched in 2013 will continue in 2014, such as: awareness-raising campaigns to protect and inform young internet users, waste management, environmental audits, handset recycling, improved landscaping around mobile antenna stations, reduced energy consumption, and assessment of corporate social responsibility (CSR) of suppliers.

3.1.5 REAL PROPERTY

For the purposes of operating its networks and for its retail, support, and administrative functions, Maroc Telecom has more than 660 sites (buildings, land, etc.) throughout Morocco. Of these sites, approximately 83% are leased, while 17% are owned by Maroc Telecom.

The sites owned by Maroc Telecom were historically owned by the Kingdom of Morocco and were legally transferred to Maroc Telecom at the time of its incorporation in 1998, in compliance with Act 24-96, via a contribution in kind. Maroc Telecom is currently in the process of obtaining formal legal title to these sites.

Maroc Telecom's property registration rate is currently 92%.

The property assets owned by Maroc Telecom break down as follows:

- 74.6% of the sites are legally registered in Maroc Telecom's name, compared with 70.7% in 2012, 69% in 2011, and 62% in 2010;
- 17.4% of the sites are under requisition, compared with 21.4% in 2012, 23% in 2011, and 29% in 2010.

Requisition is a claim to a property right. It is delivered by the land registrar once the application for land registration has been made. Title is awarded once the regulatory and administrative formalities have been completed, i.e., publication of the application for land requisition, boundary marking, land survey, notification of requisition, and registration. This procedure is subject to statutory time limits.

- Maroc Telecom is in the process of obtaining legal title to 8% of its sites, compared with 9% in 2010 and 10% in 2009; 21 sites are the subject of legal disputes, 41 sites are being expropriated by Maroc Telecom, and 25 are undergoing formal registration.

Examples of sites under legal dispute or subject to expropriation: land belonging to the state or local communes, for which legal title follows a specific administrative procedure; and land that lacks proof of ownership.

The estimated costs for these procedures (e.g., payment of land-registration fees) and/or the potential financial risks likely to arise from any dispute over the legal title of ownership are deemed to be insignificant.

With regard to any transfer of ownership to the Company, required to be performed as a contribution remunerated through a capital increase in favor of the Kingdom of Morocco, of real or movable property assigned for charitable works falling within the private domain of the state, the Kingdom has undertaken to transfer to Vivendi, simultaneous with the capital increase and at no charge, a percentage of the shares issued at the time of said capital increase equal to the percentage of Company capital held by Vivendi prior to the performance of said contributions.

A similar transfer has been undertaken with Maroc Telecom's sub-Saharan subsidiaries. Mauritel, Onatel, Gabon Telecom, and Sotelma are former state-owned companies in which Maroc Telecom took a controlling stake when they were privatized. In each of these four operations, the property assets were transferred by the various states to the entities acquired by Maroc Telecom, which is currently in the process of obtaining legal title of these property assets.

3.1.6 INTELLECTUAL PROPERTY, RESEARCH AND DEVELOPMENT

At December 31, 2013, Maroc Telecom owned some 929 trademarks and brand names, five patents, two industrial models, and two industrial designs registered with the Moroccan Office for Industrial and Commercial Property (OMPIC).

Itissalat Al-Maghrib, Maroc Telecom, Jawal, El Manzil, Kalimat, Menara, Fidélio, the Maroc Telecom pages jaunes (yellow pages), Maghribcom, Mouzdaouij, Solutions Entreprises, Phony, and Mobicash are among the main trademarks and brand names owned by Maroc Telecom Group.

Maroc Telecom owns five patents for inventions protected for a period of 20 years.

The trademarks and brand names currently owned by Maroc Telecom are protected throughout Morocco. For the 285 trademarks registered prior to December 18, 2004, when Act 17-97 concerning the protection of industrial-property rights took effect, the patent-protection period is 20 years, renewable indefinitely; and for the 644 trademarks registered after this date, the patent-protection period is 10 years, renewable indefinitely.

Since 2006, in order to maintain its industrial and intellectual property rights, Maroc Telecom has extended the protection of 46 of its trademarks, including Mobicash and Nomadis, to France, Benelux, Germany, Spain, Portugal, Italy, Algeria, the European Community, and the African Intellectual Property Organization.

In addition, Maroc Telecom takes all necessary and desirable measures to protect the trademarks, patents, and industrial models it has developed.

The rights to use the trademarks and brand names granted to Maroc Telecom are described in the service agreements concluded with its contractors. Some contracts for the sale of services or products marketed by Maroc Telecom grant resellers the right to use Maroc Telecom's trademarks during the term of the performance of the agreement, in accordance with the procedure agreed between the parties.

Now in its second decade, Maroc Telecom's annual innovation contest for employees has aimed to reward the best ideas or projects, particularly those in commercial or technical fields, which might benefit the Company in terms of new patents, brands, or models.

To further develop this spirit of innovation, Maroc Telecom introduced "E.btikar," a collective platform that allows all employees to present and share their innovative ideas for the Company's activities and business segments. E.btikar provides a platform for the transparent monitoring of employees' ideas, from their simplest expression to the ultimate goal: their realization.

3.1.7 INSURANCE

The majority of Maroc Telecom's risks are covered under an umbrella policy of customized insurance programs. These programs have been designed to supplement prevention procedures and business-recovery plans in the event of an incident affecting one of the Group's technical centers.

In order to improve its insurance coverage, Maroc Telecom continually reviews its insurance policies on the basis of assessment studies.

In 2013, Maroc Telecom renewed its major insurance programs, which are divided into three categories: property damage, liability, and staff insurance.

As regards the first category, Maroc Telecom's principal insurance policy covers Group assets against property damage and operating losses.

In addition to coverage against operating losses, the policy's contractual compensation limits have been gradually raised to ensure wider coverage and to avoid any material loss that could jeopardize Maroc Telecom's operations.

As regards Maroc Telecom's operating and after-sales liability, the decision to raise compensation limits and to extend guarantees resulted in January 2010 in the subscription of a new insurance policy for a term of one year, automatically renewable.

The vehicle fleet owned by Maroc Telecom is also covered against risks that might engage the IAM's liability.

Maroc Telecom's new headquarters were added to the property-damage program when the project was delivered. The coverage for liability provides broad protection against the risks surrounding such a large project. The duration of the contract is ten years, beginning on the project's delivery date.

Maroc Telecom is also insured against risks related to work-related accidents and occupational illnesses.

Employees are covered by complementary health insurance and by a life and disability policy that pays a defined benefit in the event of death or of total and definitive disability.

In addition to these insurance policies, Maroc Telecom initiated a program in 2005 to strengthen the protection of its sites against fire, explosion, theft, etc. This program was designed in close collaboration with Maroc Telecom's insurance partners.

The insurer's claims department performs audits every year to examine the existing means for protection against and prevention of accidents, and in general to assess Maroc Telecom's security system and the extent of vulnerability of its key sites. After their visits, auditors prepare reports and submit them to Maroc Telecom's various departments, which then examine the recommendations for improving the protection of Group sites.

Through close collaboration with their parent company, Maroc Telecom's subsidiaries also benefit from the Group's experience in insurance and risk management.

3.2. BUSINESS ACTIVITIES

3.2.1 MOROCCO

Global operating environment

The slowdown in consumer spending affected the telecoms sector in 2013. According to the ANRT, the mobile penetration rate reached 129.13% in 2013, compared with 119.97% in 2012. In contrast, the broadband market continued its momentum, growing by 22.62%.

In a highly competitive market undergoing significant price cuts, especially in the mobile segment, and with the widespread adoption of per-second billing, Maroc Telecom's rate per minute for outgoing mobile calls stood at MAD 0.41 at the end of 2013, compared with MAD 0.53 a year earlier. Maroc Telecom managed nonetheless to reaffirm its leader position in all market segments through its policy of lowering prices and enhancing offers in the mobile and Fixed lined-line segments. At December 31, 2013, in the mobile segment, Maroc Telecom had market share of 42.85%, compared with 29.18% for Meditel and 27.97% for Inwi. For internet overall, Maroc Telecom had market share of 55.1%, compared with 9.77% for Inwi and 35.13% for Meditel.

Mobile promotional offers introduced in 2013 involved significant price cuts and tightly focused marketing campaigns designed to stimulate consumption and attract new customers. In 2013, prices fell by 27%, while the volume of outgoing calls rose by 16%.

With regard to prepaid services, Maroc Telecom continued its unlimited strategy by redesigning the Jawal Pass to include credits in dirhams in addition to minutes of call time (e.g., Pass 20 = MAD 20 + 1 hour), and by introducing more frequent and new (flash pass, multiples top-ups x 7) promotional offers.

In the postpaid services segment, Maroc Telecom further enhanced its mobile rate plans through two main actions: extended rate plans and new entry-level rate plans that are full-featured and affordable to all.

After offering access to 3G+ internet for all postpaid and prepaid customers, Maroc Telecom continued its campaign to acquire and retain customers. This approach resulted in lower rates, new promotional offers, and higher access speeds.

In the Fixed lined-line segment, Maroc Telecom remains the only provider of ADSL TV in Morocco, despite market liberalization in 2005, when Fixed lined-line licenses were awarded to two new operators.

Competitive environment and existing operators

At December 31, 2013, a total of 19 telecommunications licenses had been awarded in Morocco.

The telecommunications market by operator and technology breaks down as follows:

Technology	Number of licenses	Operator
Fixed line	3	Maroc Telecom Medi Telecom Inwi
Mobile (2G)	3	Maroc Telecom Medi Telecom Inwi
Mobile (3G)	3	Maroc Telecom Medi Telecom Inwi
GMPCS	5	Thuraya Maghreb Soremar Orbcomm Maghreb Global Star North Africa European Datacomm Maghreb
VSAT	3	Spacecom Cimecom Gulfsat
3RP	2	Cires Télécom Moratel

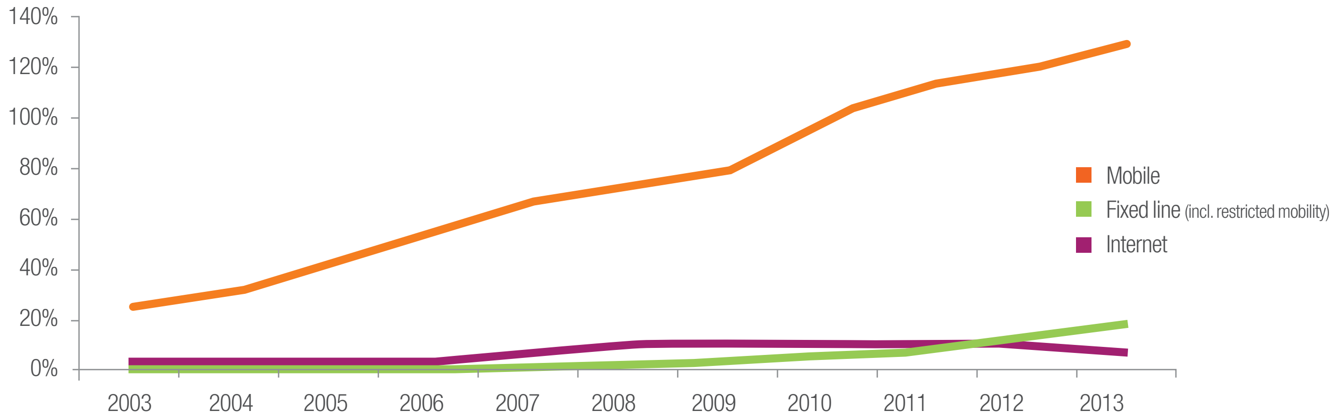
Maroc Telecom's principal competitors are as follows:

» Medi Telecom ("Meditel"), which has had a mobile license since August 1999. Medi Telecom is partially owned by Orange, which bought a 40% interest in December 2010. FinanceCom Group and Caisse de Dépôt et de Gestion own the remaining 60%.

» Wana, in which SNI Group holds a 69% stake, with the remaining 31% held by the consortium composed of Al Ajial Investment Fund Holding (50%) and Zain Telecommunications Group (50%).

Principal performance indicators for the Moroccan telecommunications sector

Change in mobile, fixed-line (incl. restricted mobility), and internet penetration rates in Morocco over the period 2003–2013 (at December 31)



Source: ANRT

The mobile market has undergone rapid growth, with the penetration rate rising from 9.9% at December 31, 2000, to 129.13% at December 31, 2013. This growth is attributable to: (i) investment made to expand coverage; (ii) enhanced offers; (iii) lower prices.

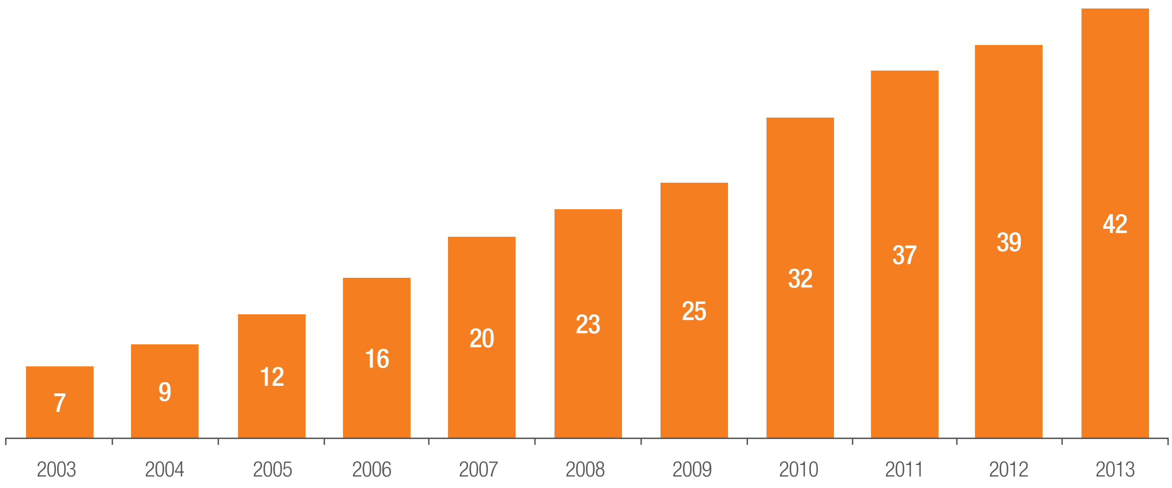
The fixed-line penetration rate was stable until 2006. However, since the launch of restricted-mobility plans, which the ANRT includes in the fixed-line customer base, the penetration rate has more than doubled (11.90% in 2010). Since then, the restricted-mobility customer base has declined steadily as a result of competition from the mobile segment. Excluding restricted mobility, the penetration rate stands at 4.8%.

The internet market, driven by 3G internet, continues to grow rapidly. Its penetration rate has risen from 0.4% in 2004 to 17.58% at December 31, 2013.

Change in customer bases

Mobile-telephony segment

Change in the mobile customer base in Morocco over the period 2003–2013 (in millions of customers)

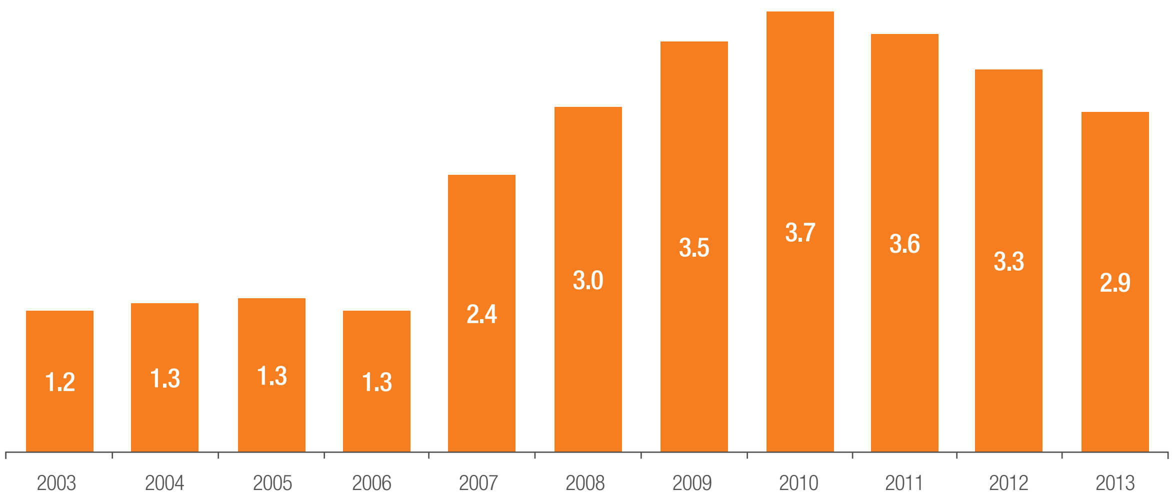


Source: ANRT

The mobile-telephony market is distinguished by the predominance of prepaid customers (95% of total customer base). At December 31, 2013, the total mobile customer base stood at 42 million customers.

Fixed-line-telephony segment (including restricted mobility)

Change in the fixed-line customer base in Morocco over the period 2003–2013 (in millions of customers)

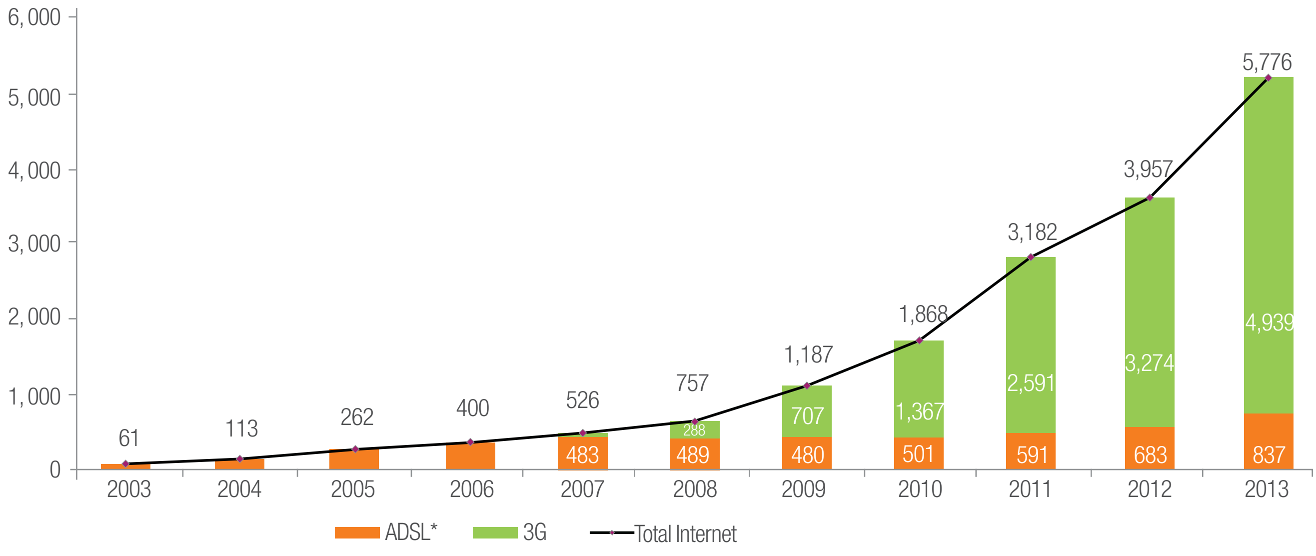


Source: ANRT

Until 2010, the fixed-line market enjoyed steady growth from the introduction of restricted-mobility offers. Since 2010, the fixed-line market has been in steady decline because of deep price cuts in the mobile segment. However, as a result of the success of ADSL plans, particularly Double Play, the number of fixed wirelines increased in 2013, for the fourth consecutive year.

Internet segment

Change in the internet customer base in Morocco over the period 2003–2013 (in thousands of customers)



Source: ANRT
**Including narrowband and leased lines.*

Growth in the internet market has gathered speed since 2008, mainly because of the introduction of 3G-internet offers that expand internet access at increasingly lower prices. At December 31, 2013, the internet customer base totaled 5.776 million customers, including 4.939 (85.5%) with 3G internet (Source: ANRT).

3.2.1.1 Mobile telephony

Market and competitive environment

The competitive environment in 2013 grew even more intense. Promotional offers and highly targeted marketing actions were ratcheted up to stimulate mobile consumption and attract new customers.

In the prepaid services segment, Maroc Telecom repositioned the Jawal offer by offering per-second billing for all Jawal plans. In addition, the period of validity for Jawal top-ups was extended by one year.

Maroc Telecom continued to unroll its unlimited strategy by overhauling the Jawal Pass structure and by introducing generous, targeted promotional offers.

In the postpaid service segment, Maroc Telecom further enhanced its mobile rate plans, through two key actions: lengthening the time credited for rate plans, and introducing new entry-level rate plans that are complete and accessible to all.

In the business segment, highlights of 2013 included the expansion of the Optimis range of rate plans, the addition of credited hours of call time in rate plans, the introduction of a free unlimited number, and the inclusion of higher 3G-internet speeds at no additional cost. Intragroup rate plans also evolved. In June, the three-hour plan was extended to four hours, and a free and unlimited number was added. An intragroup unlimited SMS option was added to the Optimis rate plans.

Maroc Telecom further lowered rates for subscribed mobile packs with a 24-month commitment, in order to assist companies that wish to equip their employees with new lines and mobile handsets.

After offering access to 3G+ internet for all postpaid and prepaid customers, Maroc Telecom pursued its policy of acquiring and retaining customers. This policy resulted in lower rates, an abundance of promotional offers, and higher access speeds.

The following table lists the years in which mobile technologies were launched on the market by the three operators:

	Maroc Telecom	Meditel	Inwi
GSM 2G	1994	2000	2010
WAP	2000	2004	-
GPRS	2002	2004	2010
MMS	2003	2004	2010
Roaming MMS et GPRS	2004	2006	2010
3G	2008	2008	2008

Mobile market share over the past three years:

Part de marché	2011	2012	2013
Maroc Telecom	46.85%	45.77%	42.85%
Meditel	32.92%	29.53%	29.18%
Inwi	20.23%	24.70%	27.97%

Source: ANRT

In a highly competitive environment, Maroc Telecom has retained its leader position in the mobile market. At December 31, 2013, Maroc Telecom had market share of 42.85%, a moderate decline of 2.92 points, compared with 29.18% for Meditel and 27.97% for Inwi. .

Principal mobile performance indicators

	2011	2012	2013
Gross revenues – mobile (in MAD millions)	18,935	17,502*	15,720*
Mobile customer base (in thousands)	17,126	17,855	18,193
Postpaid	1,019	1,199	1,380
Blended ARPU (in MAD per customer per month)	87	79	69
Data in % of ARPU	9.6%	11.1%	14.2%

**Including revenues from co-branding operations.*

In a context of sharp cuts in mobile prices, and as a result of the difficult economic and competitive environments, revenues for the mobile segment in Morocco declined by 10.2% year on year, to MAD 15,720 million.

The mobile active customer base expanded by 1.9%, to 18.2 million customers. This performance was attributable mainly to growth of 15.1% in the postpaid customer base (+180,737 customers).

Blended ARPU in 2013 amounted to MAD 69, a decline of 12.1%. The impact of deep price cuts in the mobile segment, of lower call-termination charges, and of customer-base growth was partially compensated by a strong rise in voice consumption and by growth in data services, which represent 14.2% of ARPU.

Prepaid mobile segment

Prepaid services have grown steadily since their launch, largely because of price cuts for SIM-card-only offers, kits including a GSM handset at relatively low prices, and Maroc Telecom's numerous, varied promotions for top-ups and calls, all of which stimulate consumption and consolidate customer loyalty.

Maroc Telecom's active prepaid mobile customer base grew by 0.9% in 2013, to 16.8 million customers.

Activations slowed slightly (–0.5% year on year), while the churn rate was stable (+1.5 points), at 23.8%. This figure does not reflect the impact of nonrecurrent termination of inactive customers. The stable churn rate is a result of Maroc Telecom's rate plans, which promote loyalty among customers sensitive to promotional offers.

Postpaid mobile segment

Postpaid customers typically consume more than prepaid customers. Maroc Telecom has implemented a strategy designed to boost consumption and increase postpaid-customer loyalty.

The postpaid mobile customer base grew by 15.1% in 2013, to 1.380 million customers. Enhanced rate plans, while attracting new customers at the same rate as in 2012, proved especially enticing to customers migrating from prepaid mobile to postpaid subscriptions. This migration is the result of an active policy that aims to consolidate customer loyalty and stimulate ARPU. The strategy is multifold:

- launch of several promotional offers of –50% off the first three bills;
- promotion of a wide range of mobile handsets priced as low as MAD 0;
- the new range of Liberté rate plans (3H and 4H) meeting the needs of young customers on the cutting edge of new technologies;
- a wide range of controlled rate plans that give customers control over calling costs while they enjoy the advantages of a postpaid rate plan (advantageous price structure, unlimited mobile number, free unlimited 3G internet) and a permanent bonus (double and triple top-ups) for calls outside the inclusive call time;
- the possibility for Jawal customers to migrate their prepaid account to a subscription or postpaid plan at no cost and without changing their telephone number, through a prepaid-to-postpaid migration offer (3 hours of free calls + 300 Fidelio points).

Customer loyalty

Building customer loyalty is a key area of focus for Maroc Telecom and has helped it to prepare for the advent of competition.

Fidelio was the first points-based loyalty scheme introduced in Morocco. The scheme allows Maroc Telecom's postpaid customers to accumulate points on the basis of billable spending (1 point = MAD 10 [excl. tax] billed) and provides awards in the form of free or discounted handsets and free call time and SMS messages. The Fidelio 24M offer allows customers to renew their commitment and to change their mobile handset under even more advantageous conditions.

Maroc Telecom's loyalty scheme was further enhanced in 2013. In March, prices in Fidelio points were lowered for the mobile catalog. In December, Maroc Telecom reviewed the rules for additional payment by customers who wish to renew a contract not yet expired.

The Gold Club rewards Maroc Telecom's high-volume customers, who enjoy numerous advantages: bonus points as a welcome gift, a dedicated call center with a toll-free 999 number, preferential treatment at retail agencies, VIP after-sales service, year-end gifts, and invitations to artistic and cultural events.

Boosting consumption

One of Maroc Telecom's primary objectives is to develop call traffic and boost usage per client. Within regulatory limits, Maroc Telecom has enhanced its offers and launched frequent promotional offers that encourage the growth of call traffic and lower the churn rate.

Incoming and outgoing usages (minutes per customer per month)	2011	2012	2013
Average incoming and outgoing usage	86	122	**146**

Despite intense competition in recent years, Maroc Telecom has increased average usage per customer.

At the same time, Maroc Telecom has continued to reward customers with promotional offers of credited call time for top-up values from MAD 5 to MAD 100. The MAD 20 Pass offers one hour of calls within Morocco, valid for seven days, and MAD 20 of call credit valid for one year; the MAD 50 Pass offers three hours of calls within Morocco, valid for two weeks, and MAD 50 of calls credit valid for one year.

International rate plans were made more accessible through the permanent international pass, which for MAD 20 offers 20 minutes of call time to major international destinations in zone 1.

To attract new customers, Maroc Telecom offered one free hour of call time—in addition to the stated plan time—valid seven days, as well as MAD 20 of call credit, valid one year, upon activation of an initial top-up of MAD 20 or more.

For its postpaid customers, Maroc Telecom continues to promote loyalty by offering a full range of low-cost plans combining data and free voice services.

In order to encourage consumption, Maroc Telecom is also marketing the Unlimited Numbers option, which allows customers of certain rate plans to subscribe for two, five, or seven unlimited mobile numbers and one unlimited fixed-line number, for as little as MAD 143 (incl. tax) per month.

Mobile offers and services

Prepaid plans

Maroc Telecom provides prepaid services under the Jawal brand. Prepaid services are aimed primarily at the consumer market, which demands affordable SIM-only and handset offers with frequent promotions on top-ups and calls. Maroc Telecom's prepaid plans are marketed as kits (handset and SIM card) and SIM-only offers. A flat rate (day and night) to all domestic operators has been applied since November 2010.

Prepaid formulas are valid initially for one year, corresponding to the duration of the card's account balance, followed by a second period of six months during which the customer may continue to receive calls and purchase top-ups.

Available top-up sources have also been expanded, with the dual objective of lowering distribution costs and facilitating top-ups for customers. In addition to PVC top-up cards, Maroc Telecom offers top-ups electronically and through ATMs. These channels were improved in 2010 with the arrival of a new system based on the Mobicash service (Maroc Telecom's mobile payment service launched in January 2010).

- Rate plans for prepaid services

In an effort to simplify billing, Maroc Telecom applies a flat rate for calls to all domestic operators, irrespective of the time of call: MAD 0.07 (incl. tax) per second. SMSs are billed MAD 0.96 (incl. tax) per text message.

International call and SMS rates vary on the basis of country and international pricing zone.

- Bundled services for prepaid plans

Many bundled services are included in the Jawal plan, including caller ID, call waiting, and call holding, all automatically included free of charge. Voicemail and SMS/MMS services are also included in all plans.

Postpaid plans

Postpaid rate plans are available to consumer, professional, and business customers.

- Consumer offers

Maroc Telecom offers three plans to consumers:

- Standard subscription: a monthly subscription with postpaid peak and off-peak billing;
- Individual rate plans: a range of rate plans based on call time, with a flat rate for calls, regardless of domestic destination and time of call (international calls to fixed lines and mobile phones in zone 1 are included in the plan at domestic rates);
- Capped rate plans (controlled version of individual rate plans): these plans allow consumers to block outgoing calls once their monthly allotment has been exceeded; customers may top up their accounts with Jawal top-up cards.

In September 2013, Maroc Telecom established a flat rate for domestic and international (zone 1) calls outside rate plans from top-ups. The duration and validity of top-ups was simplified to one year instead of one month and six months.

In October 2013, Maroc Telecom introduced a new range of Liberté plans (3H and 4H).

In November 2013, Maroc Telecom expanded its range of individual and capped rate plans, with an additional hour of call time, valid 24/7 to domestic and international (zone 1) numbers.

- Professional offers

The professional market includes self-employed professionals, merchants, artisans, and very small enterprises. Maroc Telecom provides this market segment with several postpaid offers designed to meet various needs:

- Business Class rate plan: a range of 15 uncapped plans, from 2h to 65h. A flat rate is applied to domestic and international (zone 1) calls, irrespective of the time of call. Customers receive a "free unlimited number," the "free intragroup voice" option, free 3G internet at 3.6Mb/s, and discounts for BlackBerry and 3G-internet subscriptions. Customers may also subscribe to several paid options: "domestic unlimited numbers," "international unlimited numbers," and "intragroup SMS."
- Business Control rate plan: a range of 15 capped plans, from 2H to 65H. Customers may top up as often as they like and have the possibility of multiple top-ups (top-up x2 and x3). A flat rate is applied to domestic and international (zone 1) calls, irrespective of the time of call. Customers receive a "free unlimited number," the "free intragroup voice" option, free 3G internet at 3.6Mb/s, and discounts for BlackBerry and 3G-internet subscriptions. Customers with a monthly subscription may also pay for the following options: "domestic unlimited numbers" and "intragroup SMS."
- Business-plan customers may subscribe to rate plans without handsets, for a discounted monthly subscription of:
  - MAD 25 (incl. tax) per month for rate plans of 2H to 15H;
  - MAD 35 (incl. tax) per month for rate plans of 18H and more.

- Business offers

The business market includes SMEs, local municipalities, and key accounts in the public and private sectors. This is a critical market for Maroc Telecom because of its high ARPU.

Despite a highly competitive environment, Maroc Telecom has maintained its leader position in the Moroccan business mobile segment.

Maroc Telecom's business mobile market grew significantly in 2013 as a result of the sales and marketing policy encouraging new postpaid subscriptions, and because of the continual enhancement of business mobile subscription offers.

The business mobile customer base grew by 12.3%, to 427,998 mobile lines at December 31, 2013.

Growth in the business segment of the mobile-telephony market was also stimulated by the development of value-added services, particularly high-speed 3G internet.

Maroc Telecom offers business customers its leading rate plans for their mobile-telephony needs:

» Optimis: Launched by Maroc Telecom in 2008, Optimis provides all-inclusive and unlimited calls within the customer's company. Customers may cap usage at any time or top up their account while benefiting from the per-minute rate designated for their original plan, and while enjoying billing per second after the first minute. The Optimis offer was further improved through greater consistency among offers, lower rates, and new advantages for customers (e.g., the elimination of fees for line rental, the intragroup voice option beyond a defined level of consumption, and the introduction of free 3G mobile-internet access). Two new options were then added to the offer: unlimited domestic numbers and unlimited international numbers. Optimis was further enhanced by the introduction of an "unlimited intragroup SMS" option providing free text messaging among the enterprise's mobile lines.

» Optimis rate plans: a wide range of plans, from 6H to 158H, with flexible rate options for every customer profile. New features include additional hours included in plans, a free unlimited number, and 3G-internet download capacity raised to 3 GB per month for plans of 15H and more.

» Intragroup rate plans: a new range of mobile rate plans introduced in April 2012 and intended mainly for calls inside the enterprise, with the option of adding credited call time for outside calls. In June 2013, the three-hour intragroup plan was extended to four hours, and a free unlimited number was added.

For mobile-data services, Maroc Telecom offers its business customers value-added services such as BlackBerry and GPS rate plans.

Mobile internet

The service provides internet access via a 3G-compatible mobile, smartphone, laptop fitted with a 3G+ dongle, or tablet. In areas not covered by the 3G+ network, Maroc Telecom's GPRS network provides seamless mobile access to the internet.

The postpaid offer is available in two versions, voice + data and data only. The 3G-internet offer is available at two speeds: 7.2 Mb/s, for MAD 99 (incl. tax), and 14.4 Mb/s, for MAD 199 (incl. tax). Mobile voice plans include 3G internet at no extra charge.

In June 2013, Maroc Telecom raised the postpaid internet speed included in mobile plans, to 3.6 Mb/s from 512 Kb/s. The monthly download limit was set at 1 GB, to minimize abuses and to improve the quality of internet use.

In October 2013, Maroc Telecom revised its upper limits for high-speed-internet plans (7.2 Mb/s and 14.4 Mb/s). Maximum download capacity at 14.4 Mb/s is now 10 GB per month, with speed slowing after the limit has been reached.

As from December 2013, all plans of more than 14 hours include download capacity of 3 GB per month (instead of 1 GB).

Voice + data customers wishing to use the internet after the download limit has been reached may subscribe to a 2 GB internet top-up for MAD 50 (promotional cost of MAD 20), valid until the end of the current month. For MAD 20 (incl. tax), subscribers of 3G internet (7.2 Mb/s and 14.4 Mb/s) may recover their initial speed with a download capacity of 2 GB.

The prepaid 3G-internet plan provides an internet connection via modem or telephone on a pay-as-you-go basis with no monthly bill. In 2013, Maroc Telecom added access time to its prepaid 3G-internet offer, with three new passes and pass speed doubled (7.2 Mb/s instead of 3.6 Mb/s). Customers enjoy faster internet access, and top-ups are available for as little as MAD 10 (incl. tax).

The prepaid 3G internet customer base now totals approximately 1.2 million customers, with data only replaced by data + voice. The prepaid data-only customer base declined by 43,000 in 2013, while the data + voice customer base expanded by 487,000 customers.

In thousands	2011	2012	2013
3G-internet customers (data only)	673	768	**743**

The principal mobile rate plans are as follows:

Segment	Product	Key features
Prepaid	**Jawal Classique (per second)** **Voice+SMS:** Domestic calls: MAD 0.07 (incl.tax) SMS: MAD 0.96 (incl. tax) International calls: - Zone 1: MAD 0.07 (incl. tax)/seconde - Zone 2: MAD 0.17 (incl. tax)/seconde - Zone 3: MAD 0.54 (incl. tax)/seconde **Internet:** Pass Internet 3G Jawal: - 1 day: MAD 10 (incl. tax) - 3 days: MAD 20 (incl. tax) - 10 days: MAD 50 (incl. tax) - 1 month: MAD 100 (incl. tax) - 2 monts: MAD 200 (incl. tax)	» Plan available as prepaid pack and SIM-card only » Wide range of top-ups (MAD 5 to MAD 1,200) » Permanent double or triple top-up, depending on the top-up value » **Promotional offers:** » Multiple top-ups: Credited call time x 7 for top-ups of MAD 5. » Promotional offers for duration (Jawal Pass in credited minutes): - MAD 5 = 10 min + MAD 5, valid 7 days - MAD 10 = 30 min + MAD 10, valid 7 days - MAD 20 = 1H + MAD 20, valid 7 days - MAD 30 = 2H + MAD 30, valid 7 days - MAD 50 = 3H + MAD 50, valid 14 days » MAD credit valid 12 months » Permanent rate plan: Pass MAD 100 = 3H + 3G internet, valid one month » Bundled services free of charge: call waiting, call holding, international roaming » 3G-internet speed included with top-up: 7.2 Mb/s
Postpaid consumer	**Standard subscription:** SIM-card activation charges: MAD 120 (incl. tax) Subscription fee: MAD 150 (incl. tax) To IAM fixed and mobile numbers: MAD 1.80 (incl. tax) To other Moroccan fixed-line networks: MAD 1.80 (incl. tax) To other mobile operators: MAD 2.40 (incl. tax) To restricted-mobility fixed lines: MAD 2.10 (incl. tax) Single rate for off-peak times: MAD 1.2 (incl. tax) International price structure: - Zone 1: MAD 5 (incl. tax) - Zone 2: MAD 10 (incl. tax) - Zone 3: MAD 32.50 (incl. tax)	» Billing consumption: per second after the first minute » International-roaming plan for voice, SMS, and data services » Mouzdaouij card: service that allows subscribers to have two GSM numbers on a single SIM card
	Consumer rate plans: Range of **uncapped rate plans** from 6 hours to 34 hours, from MAD 180 (incl. tax) per month International price structure: - Zone 1: included in the plan; otherwise the rate is MAD 5 (incl. tax) per minute - Zones 2, 3, and 4 are billed outside the rate plan at individual country rates	» Billing: one minute then by 20-second increments » Zone 1 international calls included in the rate plan are charged at domestic call rates » Free access to 3G internet with speed of 3.6 kb/s » Free and unlimited IAM mobile number » Billable options: paid unlimited numbers, international rate plans, SMS/MMS rate plans
	Capped rate plans: Range of **capped rate plans** from 6 hours to 34 hours Rates = consumer rates + MAD 23 (incl. tax) (capped option) International price structure: - Zone 1: included in the plan; otherwise the rate is MAD 4.2 (incl. tax) per minute - Zones 2, 3, and 4 are deducted from the plan and billed at individual country rates	» Billing: one minute then by 20-second increments » Zone 1 international calls included in the plan are billed at domestic call rates » Free access to 3G internet with speed of 3.6 Kb/s » Free and unlimited IAM mobile number » Billable options: paid unlimited numbers
	Liberté 3H and 4H rate plans: Entry-level rate plan at MAD 99 (incl. tax) per month	» 3H+300SMS/MMS+300MB+30H to 1 IAM unlimited number » 4H+300SMS/MMS+500MB+Mobile TV (2M, Medi1TV, and Al Oula)

Professional	**Business Class rate plans:** Range of **uncapped rate plans** from 2 hours to 65 hours, from MAD 97 (tax incl.) per month **Option without handset:** - discount of MAD 25 (incl. tax) per month for rate plans of 2 hours to 15 hours - discount of MAD 35 (incl. tax) per month for rate plans of 18 hours and more **International price structure:** - Zone 1: included in the plan; otherwise the rate is MAD 5 (incl. tax) per minute - Zones 2, 3, and 4 are billed outside the rate plan at individual country rates	» Billing: One minute then by 20-second increments » Free access to 3G internet with speed of 3.6Mb/s » Free and unlimited IAM mobile number for 30 hours per month » Free intragroup-voice option » Discount on BlackBerry and 3G-internet subscription » Billable options: Intragroup SMS, unlimited domestic (60 hours per month) and international numbers, international rate plans, SMS/MMS rate plan, Complice offer
	Business Control rate plans Range of **capped rate plans** from 2 hours to 65 hours, from MAD 120 (incl. tax) per month **Option without handset:** - discount of MAD 25 (incl. tax) per month for rate plans of 2 hours to 15 hours - discount of MAD 35 (incl. tax) per month for rate plans of 18 hours and more. **International price structure:** - Zone 1: included in the plan; otherwise the rate is MAD 5 (incl. tax) per minute - Zones 2, 3, and 4: included in the plan; otherwise calls are billed outside the rate plan at individual country rates	» Billing: One minute then by 20-second increments » Free access to 3G internet with speed of 3.6Mb/s » Free and unlimited IAM mobile number for 30 hours per month » Free intragroup-voice option » Discount on BlackBerry and 3G-internet subscription » Billable options: intragroup SMS, domestic unlimited numbers for 60 hours per month
	Optimis rate plans Range of **uncapped rate plans** from 5 hours to 62 hours, from MAD 180 (tax incl.) per month **International price structure:** - Zone 1 international calls included in the plan are billed at domestic call rates	» Billing: One minute then by 20-second increments » Free access to 3G internet » Free and unlimited IAM mobile number » Discount on BlackBerry subscription » Free option: free intragroup voice » Billable options: Intragroup SMS, unlimited domestic and international numbers, international rate plans, SMS/MMS rate plan, Complice offer
	Optimis capped rate plans Range of **capped rate plan**s from 5 hours to 62 hours Rates = Optimis rates + MAD 23 (incl. tax) (capped option) **International price structure:** - Zone 1 international calls included in the rate plan charged at domestic call rates	» Billing: One minute then by 20-second increments » Free access to 3G internet » Free and unlimited IAM mobile number » Discount on BlackBerry and 3G-internet subscription » Free option: intragroup voice » Billable options: intragroup SMS, unlimited domestic numbers
Mobile internet	**3G-internet subscription** - Internet 3G 7,2 Mb/s: 99 DH TTC/mois - Internet 3G 14,4 Mb/s: 199 DH TTC/mois	» Data + voice without commitment: service attached to a voice line (same USIM card) or Internet Only option (additional USIM card) » Data Only with commitment: mobile-internet subscription rates
	Prepaid 3G internet - MAD 10 → 1day of connection - MAD 20 → 3 days of connection - MAD 50 → 10 days of connection - MAD 100 → 1 month of connection - MAD 200 → 2 months of connection	» Pay-as-you-go plan, without billing » Service offered as data-only prepaid card » 3G-internet speed of 7.2 Mb/s

Special business mobile rate plans

Segment	Product	Key features
Business voice rate plans	**Optimis** » **Monthly subscription:** MAD 150 (excl. tax) per month; not applied when monthly calls exceed MAD 200 (excl. tax) » **Minimum rate to domestic mobiles:** MAD 0.95 (excl. tax) » **Minimum rate to domestic fixed lines:** MAD 0.40 (excl. tax) » **Rates for options:** - unlimited intragroup voice: MAD 45 (excl. tax) per month; not applied when monthly calls exceed MAD 400 (excl. tax) - unlimited domestic numbers: MAD 119 (excl. tax) per month - unlimited international numbers: MAD 199 (excl. tax) per month - option for unlimited intragroup SMS: MAD 15 (excl. tax)	» Per-second billing after the first minute (indivisible) » Option to cap the line at a specific MAD amount » Rates after top-up of capped lines at current Optimis rates » 3G internet with speed of 3.6 Mb/s included
	Intragroup rate plans » **Monthly subscription:** - Intragroup Only rate plan: MAD 60 (excl. tax) per month - Intragroup + 2H rate plan: MAD 100 (excl. tax) per month - Intragroup + 4H rate plan: MAD 130 (excl. tax) per month » **Rates for options:** - Intragroup SMS: MAD 15 (excl. tax) per month	» Capped rate plans offering unlimited intragroup calls to fixed and mobile numbers inside the enterprise » 3G internet at 3.6Mb/s included (for Intragroup rate plan of two hours or more) » Free unlimited number (for Intragroup rate plans of two hours or more) » Billing by 20-second increments after the first minute (indivisible) » Credited call time of two or four hours outside the enterprise » Possibility of Jawal top-ups (permanent free time and promotional offers apply) after cap has been reached for extragroup calls
	Optimis rate plans » **Monthly subscription:** from MAD 150 (excl. tax) per month (6H rate plan) to MAD 3,125 (excl. tax) per month (158H rate plan) » **Rates for options:** - Cap (Optimis capped rate plan): MAD 19 (excl. tax) per month - Intragroup unlimited voice: MAD 0 (excl. tax) - Option one unlimited domestic number: MAD 39 (excl. tax) - Option unlimited domestic numbers: MAD 119 (excl. tax) - Option unlimited fixed-line international numbers: MAD 199 (excl. tax) to certain countries in zone 1 - Option intragroup SMS: MAD 15 (excl. tax)	» Rate plans from 6 hours to 158 hours valid 24/7 to all domestic and international destinations in zone1 » One free unlimited number » 3G internet with speed of 3.6Mb/s included » Billing by 20-second increments after the first minute (indivisible) » Credited call time rolled over to the next month » Discounts of 5% to 15% for subscription fees of 3G-internet and BlackBerry services

Value-added services

The catalog of value-added services was expanded significantly in 2013.

- MT applications:

The year 2013 saw the commercial launch of a wide range of mobile applications for smartphones and tablets:

» Fidelio: smartphone app allowing customers to access the Fidelio catalog, conduct simulations, order a telephone online, pay bills, obtain online top-ups with the option to charge to bill, locate Maroc Telecom agencies, and rapidly look up roaming rates and useful Maroc Telecom phone numbers.

» MT Info: app offering access to useful everyday information such as weather reports, prayer times, train schedules, TV programs, location of open pharmacies, stock-market reports, and exchange rates.

» Club Gold: app offering Gold customers access to a list of exclusive Gold events. It also provides access to a gallery of photos from such events and to the Fidelio catalog.

» MT Pro: app providing customers with useful information on professional needs in the following sectors: construction and public works, healthcare, legal services, and agriculture.

- A-GHANY ringtones:

In March 2013, the website of the A-GHANY voice-operated server was redesigned to improve ease of navigation and overall user experience. The content catalog was also expanded with the introduction of the Rotana license.

In November 2013, Maroc Telecom introduced the A-GHANY mobile app (both Android and IOS compatible), which offers smartphone users the following functionalities:

» access to the full A-GHANY ringtone catalog;

» title search by ringtone or artist, with samples;

» ringtone activation on mobile line;

» option to assign specific ringtones to friends in smartphone contacts.

- Mobile payment services: MobiCash

The MobiCash offer was expanded in 2013 with the launch of two major services:

» online payment: MobiCash customers can now pay for their online purchases directly from their MobiCash account on MobiCash-approved merchant sites;

» international money transfers: International transfer services have been expanded to new countries. In addition to Belgium, MobiCash customers can now receive cash transfers from France, Italy, Spain, the Netherlands, and the UK directly in their MobiCash account.

- Data-backup service: Mon Répertoire (My Address Book)

A new version of the Mon Répertoire (My Address Book) service was introduced in October 2013, with functions that back up, restore, and manage SIM and telephone contacts. The service can be managed through Mobile Application, Wap, and Customer Care. The new version of Mon Répertoire is available for both prepaid and postpaid customers.

- New parental-control service

As of December 1, 2013, Maroc Telecom is offering a free parental-control service to ADSL and 3G internet customers. The service offers protection for children against the dangers of internet use. Parents are automatically alerted by e-mail when their children attempt to visit inappropriate websites.

Handset offers

- Jawal prepaid kits

A wide variety of Jawal prepaid starter kits is available at competitive prices. Maroc Telecom strives to offer customers the latest handsets and cutting-edge functionalities. In 2013, Maroc Telecom offered Jawal mobile starter kits from MAD 169 (incl. tax) and SIM-only packs with credited call time of MAD 20 (incl. tax).

- Postpaid kits

The postpaid-customer acquisition policy is based on the attractiveness of the call plan, the variety of associated products and services, and the range of handsets on offer. Cobranded offers create momentum for handset launches and upgrades, often simultaneous with their international campaigns, by offering customers new products with state-of-the-art design and cutting-edge technologies. Maroc Telecom offers a wide range of starter kits, with service-commitment periods of 12 or 24 months. In 2013, Maroc Telecom continued to spread the use of smartphones through its policy of MAD 0 handset subsidies. Smartphones totaled 78% of GSM postpaid sales in 2013.

International activities

- International roaming

Maroc Telecom entered into its first roaming agreement with SFR in February 1995. The agreement was concluded on the basis of standard commercial terms and conditions. At December 31, 2013, Maroc Telecom had concluded 564 roaming agreements with associated operators in 216 countries and/or destinations (including four countries through agreements with GMPCS-system operators Thuraya and Globalstar).

Morocco is distinguished by an extraordinary geographical and cultural diversity that makes it a leading tourist destination. The country's tourism industry generates a massive influx of tourists that provide a significant source of potential roaming revenues. In order to harness the largest possible share of this traffic, Maroc Telecom has developed a customer-acquisition policy through partnerships with foreign operators, and has entered into preferential agreements with the largest of them. In order to ensure continual growth in roaming revenues and to reinforce its competitive advantage, Maroc Telecom has maintained its discount agreements with its principal partners and entered into new agreements with other operators.

Furthermore, Maroc Telecom continues to lower prices in order to improve the roaming service for its own customers.

Pilgrims benefited once again from free calls received over all Saudi networks in 2013. In addition, the promotional period was extended from July 1, 2013, to October 31, 2013, thereby covering the 2013 Uhmra and Hajj.

On October 1, 2013, Maroc Telecom introduced the Roaming MT application, available on Google Play and the App Store. The app provides Maroc Telecom customers with rates, coverage, useful information, and simulations based on specific rate plans.

GPRS and MMS data services have been included in the roaming-service offering since the end 2003. At December 31, 2013, Maroc Telecom had concluded agreements with 284 operators in 135 countries for GPRS/MMS roaming (119 of these agreements relate to outbound GPRS roaming). In addition, Maroc Telecom has concluded agreements for prepaid roaming with 136 operators in 75 countries (including 65 countries for outbound roaming). Maroc Telecom also provides international SMS services (465 operators in 204 countries) and short numbers (333 for voicemail and 777 for customer service) via agreements in 65 countries with 109 operators. International MMS service is also available.

Since early 2008, Maroc Telecom has offered inbound and outbound 3G roaming services through agreements with its principal partners. At December 31, 2013, Maroc Telecom had concluded agreements with 171 operators in 96 countries for 3G roaming, including outbound 3G roaming in 93 countries.

As regards inbound international call traffic on the mobile network, Maroc Telecom has raised its mobile termination rate.

With regard to outgoing international traffic generated by Maroc Telecom customers, cost optimization for international call termination on various international networks has allowed Maroc Telecom to continue its policy of regularly lowering consumer rates in order to boost consumption and remain competitive.

- Billing and collecting for international products

In order to improve its billing procedures for international interconnection, Maroc Telecom began upgrading in July 2013 by migrating to a newer, more high-performance billing system.

After this upgrade, the system will be able to meet new requirements for international business development by offering new functionalities for optimal, efficient management of agreements with foreign operators, and by providing more reliable data for international billing.

With the same objective of ensuring revenues from international business, a new project has been launched to implement an automatic real-time management system for operators identified as at risk. The project is intended to minimize the risk of operators' exceeding guarantees that might affect Maroc Telecom's international revenues.

3.2.1.2 Fixed-line telephony

Market and competitive environment

Maroc Telecom is the leading provider in Morocco of services for fixed-line telephony, internet, and data transmission, and the only provider of ADSL TV. These markets were fully liberalized in 2005, when fixed-line telecommunications licenses were awarded to two other operators.

The main fixed-line telecommunications services provided by Maroc Telecom are:

- telephony services;
- interconnection services with domestic and international operators;
- data-transmission services for businesses, internet service providers, and other telecommunications operators;
- internet services, which include internet access provision and related services, such as hosting and bundled offers;
- ADSL TV and MT Box.

Two fixed-line telephone licenses were awarded in July and September 2005, with operations commencing in early 2007. Maroc Telecom now faces competition in all segments: residential, professional, public telephony, and business.

Fixed-line residential market

Since 2006, Maroc Telecom has regularly introduced new fixed-line offers that distinguish it significantly from its competitors:

- Phony, which allows unlimited calls 24/7 to all Maroc Telecom fixed-line numbers at affordable rates, as well as free calls to mobiles;
- MT DUO and Phony Duo, which combine fixed-line service and ADSL;
- ADSL TV, which offers Maroc Telecom's fixed-line customers exclusive access to more than 100 national and international digital TV channels and radio stations via their telephone line;
- MT Box, the leading triple-play package (voice, internet, and TV).

Change in fixed-line (including restricted mobility) residential market share over the past three years:

Market share	2011	2012	2013
Maroc Telecom	24.91%	29.48%	**38.79%**
Inwi	75.09%	70.52%	**61.21%**

Source: ANRT

At December 31, 2013, Maroc Telecom had market share of 38.79% in the residential segment, including restricted mobility (88% excluding restricted mobility).

Public-telephony market

Maroc Telecom held a monopoly in this market until 2003. The advent of deregulation in 2004 brought new competition. In the spring of 2004, Meditel deployed its first telestores with GSM technology.

In August 2012, as business began to slow, a redesigned model was proposed, based on the following key features:

- enhanced product range with new rate plans;
- entry-level: 2 hours for MAD 120 (incl. tax);
- doubling of rate-plan times.

Telestore operators with IAM indoor public phones (PIC) in their telestores also profited from this restructuring. Their compensation was raised from 15% to 25%.

At the same time, a policy of regular, annual reviews of rates for domestic and international destinations was introduced.

The most recent review, carried out in August 2012, was intended to lower airtime prices to domestic mobiles, i.e., a flat rate (peak and off-peak) of only MAD 0.01 (tax incl.) per second. The restructuring was applicable to both telestores and telephone cards.

Change in market share of the public-telephony market over the past three years:

Market share	2011	2012	2013
Maroc Telecom	73.92%	72.41%	**72.96%**
Meditel	26.08%	27.59%	**27.04%**

Source: ANRT

At December 31, 2013, the total number of public telephones (across all operators and all types of technology) was estimated at 58,290, a decline of 22.8% from a year earlier. Maroc Telecom's market share in public telephony totaled 72.96% at December 31, 2013, compared with 27.04% for Meditel (source: ANRT).

Business and professional fixed-line telephony market

Competition in the fixed-line business and professional telephony market existed well before fixed-line licenses were awarded in 2005, because of Meditel's Lo-Box GSM gateways. Since 2007, new entrants have offered customized services to business customers.

Change in market share of fixed-line business telephony market over the past three years:

Market share	2011	2012	2013
Maroc Telecom	92.39%	91.25%	**90.18%**
Meditel	5.28%	6.31%	**7.09%**
Inwi	2.33%	2.44%	**2.73%**

Source: ANRT

At December 31, 2013, there were 435,106 business and professional lines in Morocco.

The total business and professional customer base stood at 392,373 at December 31, 2013. Maroc Telecom's share of the business and professional fixed-line market stood at 90.18%, compared with 7.09% for Meditel and 2.73% for Wana.

Competitive pressure in the business and professional fixed-line segments is felt mainly in the mobile offers by Maroc Telecom and other operators.

Since 2007, Maroc Telecom has introduced numerous fixed-line business offers for its business customers as enhancement to mobile lines:

» InfiniFix: free unlimited calls to all Maroc Telecom fixed-line numbers, with the option of capped credited call time of MAD 85;

» Intragroup fixed-line: free unlimited calls to all fixed-line numbers within the enterprise;

» Privilège Mobile: preferential rates to all mobile destinations;

» Privilège International: preferential rates to all international destinations.

» Intragroup Mobile: free unlimited calls to all mobile numbers within the enterprise;

» MultiFix Mobile: mobile rate plans shared among several intragroup lines;

» extended range of InfiniFix capped credited call time.

For its professional customers, Maroc Telecom offers the following:

» Phony PRO, with unlimited calls to all Maroc Telecom fixed-line numbers for an affordable inclusive price:

» MT BOX PRO: a bundled offer of voice, internet, TV, and other value-added services;

» Intragroup Mobile: free unlimited calls to all client mobiles.

In 2012, Maroc Telecom introduced ForfaiFix, an exclusive offer for professionals and businesses. ForfaiFix provides a wide range of multidestination rate plans, including line rental and call time to fixed-line, mobile, and international destinations.

To encourage the use of fixed lines and to boost call traffic, Maroc Telecom took other actions:

» rates were lowered significantly to the most called destinations (domestic mobile, fixed-line and mobile of countries most called);

» ADSL speed of MT Box doubled for free; hours of call time to domestic mobiles added to unlimited rate plans.

Internet

The internet market continued to develop in 2013, with ADSL (mainly Double Play) and 3G+ mobile internet growing strongly.

At December 31, 2013, Maroc Telecom held a very strong position in the ADSL market, with market share of close to 99.9% (source: ANRT).

Performance

Principal performance indicators for fixed line and internet

	2011	2012	2013
Gross revenues (MAD millions)	7,432	6,669	**7,391**
Number of fixed-line customers ('000)	1,241	1,269	**1,379**
Broadband access* ('000)	591	683	**837**

**Including narrowband and leased lines.*

Because of competitive pressure in the mobile sector, Maroc Telecom has taken steps to revive fixed-line services. The action plans also targets mobile offers (prepaid mainly) and fixed-line offers with restricted mobility from the third operator. The action plan includes:

» developing a responsive sales and marketing policy catering to customer expectations and requirements, in particular with the creation of the El Manzil brand for fixed-line rate plans targeting the residential segment, and the Solutions PRO and Maroc Telecom Business Services, offers designed for professionals and businesses respectively;

» introducing commercial offerings designed to boost fixed-line telephone usage, particularly Phony, which offers unlimited fixed-to-fixed calls for residential and professional customers, and InfiniFix for businesses;

» exclusive offering of the ForfaiFix all-inclusive (subscription and call time) rate plans that meet the needs of professional and business customers with multidestination traffic;

» diversifying its catalog of offers for professionals and businesses through value-added services:

- opening the intragroup-mobile option to professional customers so that they, like business customers, can stay in touch with their colleagues;
- Business GO, designed to help new clients in the start-up phase of their business;
- Mini PABX rate plan and Welcome PABX bundle, to equip professional and business customers and help them manage their inside and outside calls;

» making significant efforts to extend internet access to the Moroccan public. Bundled offers, frequent promotional offers, doubled speeds, and rate cuts have greatly increased internet usage among the wider public.

In 2013, fixed-line and internet activities in Morocco generated revenues of MAD 7,391 million, a decline of 10.8% year on year. This change was due largely to the rise in incoming international calls (direct and transit mode), growth of internet (especially ADSL) revenues, and increased revenues from fixed-line subscriptions.

At December 31, 2013, the fixed-line customer base in Morocco had grown by 8.7% year on year, to 1,379 thousand lines. Strong growth (+22.6%, to 837,000 subscribers) in the ADSL customer base was underpinned by enhancement of the Double Play offer.

Fixed-line customer base

Growth in the fixed-line customer base (+8.7% in 2013) was obtained as a result of sales and marketing efforts carried out since 2011. The introduction of the MT DUO bundled offer (fixed line and internet) and reductions in termination rates for incoming international calls to fixed lines served to expand the customer base. As a result, Maroc Telecom recorded both an increase in activations (approximately +30.2%) and a decline in churn rate (-2.1 points, to 15.7% year on year).

The following table shows changes in the fixed-line customer base by segment:

In thousands	2011	2012	2013
Residential	761	825	**944**
Public telephony*	95	55	**43**
Professional and business users	385	389	**392**
Customer base**	1,241	1,269	**1,379**

**Aggregate of phone lines used by Maroc Telecom telestores and public phone booths.*

***The customer base includes all fixed-line subscriptions, irrespective of the technology used (PTSN or IDSN). It does not include Maroc Telecom's proprietary customer base.*

Change in consumer habits

Throughout the year, lower termination rates for incoming international calls increased incoming international traffic. On the other hand, outgoing usage declined by 3.7%. Fixed-line services have been affected by mobile offers from competitors, whose rates have fallen significantly.

The impact of mobile competition was felt keenly in the telestores segment, where the traffic level declined by 47% year on year.

In 2012, various price reductions for residential and professional calls to international and mobile destinations (MAD 1 [incl. tax] per two minutes), followed by the price-structure overhaul in 2013 and widespread application of a rate of MAD 0.5 (incl. tax) per minute to key destinations—namely domestic fixed lines and mobiles, and international zones 1 and 2—restored traffic (+4.4%) and stabilized fixed-line usage.

Loyalty rewards

Maroc Telecom has devised loyalty rewards for its customers on the basis of the El Manzil loyalty points system. All standard fixed-line and Phony subscribers (excluding capped-rate plans) are automatically enrolled in the fixed-line loyalty program, which features a points-based reward system linked to customers' monthly spending. Points can be exchanged for a range of gifts, either at Maroc Telecom retail outlets or through the fixed-line call center. The gift catalog for El Manzil points is updated quarterly and available online at iam.ma and at all sales points. Gifts include analog and digital DECT handsets, fax machines, free calls via telephone cards, El Manzil and Jawal cards, ADSL, CDMA, Wi-Fi, 3G, mobile handsets, and ADSL TV packs (router + set-top box).

To streamline its products, Maroc Telecom combined its fixed-line and mobile loyalty programs in July 2009, enabling customers to transfer points from a fixed-line account to a mobile account and vice versa.

Since 2011, Maroc Telecom has expanded its loyalty-rewards system to include ADSL internet plans, MT DUO, MT BOX, and MT BOX PRO. ForfaiFix was added in 2012. Customers can now accumulate points not only from their fixed-line bills, but also from their internet and MT BOX bills.

Points can be converted into gifts from either the fixed-line or mobile catalog, irrespective of the points' origin (1 fixed point = 1 mobile point).

Residential and professional rate plans

Segment	Product	Key features
Fixed line résidential	**Phony anytime** - Standard + 1 hour of calls to mobile numbers: MAD 174 (incl. tax) - Standard + 3 hours of calls to mobile numbers: MAD 229 (incl. tax) - Capped + 1 hour of calls to mobile numbers: MAD 186 (incl. tax) with MAD 39 of credited call time / MAD 528 (incl. tax) with MAD 465 of credited call time - Capped + 3 hours of calls to mobile numbers: MAD 241 (incl. tax) with MAD 39 of credited call time / MAD 583 (incl. tax) with MAD 465 of credited call time	» Line rental » Free unlimited calls to all Maroc Telecom fixed-line numbers » Free call time to all domestic mobiles 24/7 » Available in capped form with call time credited monthly and possibility of account top-up with El Manzil top-ups
	Standard subscription MAD 120 (incl. tax)	» Line rental » Domestic and international calls billed individually
	Master Pack MAD 1,527 (incl. tax)	» Rate plan designed for Moroccans living abroad, billed annually » Annual credited call time capped at MAD 732 » Once credited call time is depleted, the account may be topped up with El Manzil top-ups
	Phony international MAD 149 (incl. tax)	» Unlimited to major international destinations » Valid 24/7 and capped at 30 hours per month
Maroc Telecom TV	**Three TV/ADSL packages** - Access package: MAD 48 (incl. tax) - Prestige package: MAD 150 (incl. tax) - Evasion package: MAD 239 (incl. tax) Two optional packages with MT BOX plans: - Prestige package: MAD 99 (incl. tax) - Evasion package: MAD 169 (incl. tax) Canal+: MAD 69 (incl. tax), available only for customers with Access package - Video on Demand (VoD): MAD 50 (incl. tax) per month, available with all TV packages	» Subscription for fixed line or MT Box required » The Access package is automatically included in the MT Box plan » Access to TV service requires a video-compatible router and STB » Access to video on demand requires an STB SDD or STB DD
MT Box	Triple Play is a multiservice package available in three versions: » MT BOX: MAD 299 (incl. tax), includes fixed-line subscription, 4 Mb/s ADSL access, and Access TV package » MT BOX SILVER: MAD 349 (incl. tax), includes fixed-line subscription, 8 Mb/s ADSL » MT BOX GOLD: MAD 389 (incl. tax), includes fixed-line subscription, 12 Mb/s ADSL access, and Access TV package	» Choice of telephone subscription, standard or capped » Additional VoIP number beginning with 08 083 for unlimited calls 24/7 to all Maroc Telecom fixed-line numbers » Three hours of calls anytime to all domestic mobiles » ADSL internet access (Wi-Fi included in standard package) » An ADSL TV package » Single contract and single bill

Professional	**Phony Pro anytime** - Standard + 1 hour of calls to mobile numbers: MAD 288 (incl. tax) - Capped + 3 hours of calls to mobile numbers: MAD 399 (incl. tax), with MAD 114 of credited call time	» Telephone subscription » Free unlimited calls to all Maroc Telecom fixed-lines numbers » One free hour of call time to all domestic mobiles 24/7 » Available in capped form with call time credited monthly and possibility of account top-up with El Manzil top-ups or by calling 114
	ForfaiFix A range of all-inclusive (credited call time and line rental), fixed-line rate plans, including telephone subscription and credited call time to all fixed-line, mobile, and international destinations Rates are from MAD 150 (excl. tax) for 5 hours to MAD 3,125 (excl. tax) for 155 hours	» Choice of 14 rate plans from 5 hours to 155 hours, from MAD 180 (incl. tax), subscription included » Optional rate cap, with possibility of top-up after depletion of allotted time, via top-up cards or by calling 114 » Flat rate for all fixed-line, mobile, and international destinations » Compatible with fixed-line and mobile intragroup options, for unlimited calls to all colleagues
	MT BOX PRO 2+1 rate plan from MAD 349 (incl. tax), includes fixed-line subscription, ADSL access, and Access TV package Three different speeds are available: - MT BOX: MAD 349 (incl. tax), with ADSL at 4 Mb/s - MT BOX SILVER: MAD 399 (incl. tax), with ADSL at 8 Mb/s - MT BOX GOLD: MAD 435 (incl. tax), with ADSL at 12 Mb/s	» One VoIP telephone line, with unlimited calls 24/7 to Maroc Telecom fixed-line numbers, cap option » One PSTN telephone line (capped or standard) with rate plan that can be used for other destinations » Three hours of free calls per month to domestic mobiles, all operators, valid 24/7 » One ADSL access at 4, 8, or 12 Mb/s » Free web hosting with full features: one free domestic domain name, 60 MB of server space, 8 GB of traffic, and 10 additional personalized e-mail addresses » Maroc Telecom ADSL TV (Access package) » Single contract and single bill

Internet	**Menara ADSL and ADSL PRO rate plans,** from MAD 99 (incl. tax): - 4 Mb/s: MAD 99 (incl. tax) - 8 Mb/s: MAD 149 (incl. tax) - 12 Mb/s: MAD 199 (incl. tax) - 20 Mb/s: MAD 499 (incl. tax)	» Unlimited connection » ADSL broadband at various speeds » Shared usage via Wi-Fi » Capped billing
	MT DUO at MAD 199 (incl. tax) **Phony DUO** at MAD 249 (incl. tax)	Two services included (one capped fixed line and one ADSL or CDMA internet access): » One capped fixed line that can be topped up » One 4 Mb/s ADSL (or 153.6 Kb/s CDMA in areas where ADSL is unavailable) » Unlimited internet connection 24/7 » Single contract and single bill » Phony DUO includes unlimited call time to Maroc Telecom fixed lines
	ADSL services: Access comes with a wide variety of free services: For residential customers: - 5 secure and personalized e-mail addresses - 15 MB of web space - Static web hosting (personal website) - ADSL account-management interface For professionals : - 10 secure and personalized e-mail addresses - 2 GB of web space - Web hosting - ADSL account-management interface (self-care)	
	Menara CDMA rate plan, from MAD 99 (incl. tax): - 153 Kb/s: MAD 99 (incl. tax) - 1 Mb/s: MAD 199 (incl. tax)	» Technology used in areas where ADSL is unavailable » Unlimited connection » Capped billing
Telestore	**Telestore rate plans** - 2 hours: MAD 120 (incl. tax) - 5 hours: MAD 240 (incl. tax) - 10 hours: MAD 400 (incl. tax) - 20 hours: MAD 750 (incl. tax) - 30 hours: MAD 1,000 (incl. tax) - 60 hours: MAD 1,800 (incl. tax)	» Subscription charges included » Per-second billing » No prepayment of first full month » Unused credited call time rolled over for up to one month » Free unlimited calls to IAM fixed-line numbers » Calls to other fixed-line and mobile numbers » Calls to fixed-line zone 1 and fixed-line and mobile zone 2
	Telestore prepaid GSM rate plan Pack at MAD 1,400 (incl. tax) includes: - GSM coin-operated pay phone - Prepaid GSM SIM card (with initial credited call time of MAD 840)	» The telestore GSM account is updated with Jawal top-ups » One year of credited call time » Per-second billing for the telestore » Incremental billing for the final customer; telestore operators receive the following discounts for top-ups: - MAD 10 for MAD 50 (20% discount) - MAD 20 for MAD 100 (20% discount) - MAD 50 for MAD 200 (25% discount) - MAD 75 for MAD 300 (25% discount) - MAD 200 for MAD 665 (30% discount) - MAD 360 for MAD 1,200 (30% discount)

Telephone cards	**Range of five telephone cards available:** MAD 5, 10, 20, 50, and 100	» Call-time doubled from: - pay phones - IAM fixed lines » Regular promotional offers of double top-ups » Competitive rates for international calls » Permanent bonus offered free of charge: - MAD 5 for MAD 50 telephone card - MAD 20 for MAD 100 telephone card

Residential and professional value-added services

Maroc Telecom offers consumers value-added services such as voicemail, itemized billing in Arabic or French, caller ID display, call-waiting notification, call transfer, three-way calling, and more. These services also include an option for subscribers with capped-rate, ForfaiFix, and Phony plans to monitor their accounts and to top up their accounts remotely by dialing 114 and 106 (voice-operated server).

Fixed-line pricing structure

For many years, Maroc Telecom has consistently endeavored to balance prices by lowering call charges and progressively raising subscription rates (until 2009). The resulting changes in rates were designed to increase fixed-line usage while complying with regulatory requirements and preparing for the advent of competition. In 2002, Maroc Telecom adopted a strategy to simplify its call-charge scale for various domestic and international destinations.

In 2012, Maroc Telecom began billing by two-minute indivisible increments, at MAD 1 per 2 minutes, thereby creating a flat rate (incl. tax) for domestic long-distance calls and major international destinations.

In 2013, Maroc Telecom again lowered its rates for fixed-line calls to domestic fixed lines and mobiles, and to the principal countries in international zones 1 and 2.

Access charges and line rental

Since January 1, 2009, standard line-rental charges have been MAD 132 (incl. tax) for residential customers—except for standard service, which remains at MAD 120 (incl. tax)—and MAD 144 (incl. tax) for professional and business customers.

Since August 2010, Maroc Telecom has gradually simplified its fixed-line subscription conditions for residential customers by lowering the subscription commitment from 24 months to 12 months for new subscriptions and renewals.

Call charges

Domestic calls

Maroc Telecom continued to lower rates in 2013, as it had the previous year. Its current flat rate of MAD 0.5 (incl. tax) per minute, the lowest on the Moroccan telecoms market, applies to calls to domestic fixed lines and mobiles, fixed lines in western Europe and North America, and mobiles in zone 1 countries: France, Belgium, the Netherlands, the United Kingdom, Portugal, Sweden, Finland, San Marino, the United States, and Canada.

International calls

<table>
<tr><th>Zones</th><th>Destinations</th><th>Peak rate per minute</th><th>Off-peak rate per minute</th></tr>
<tr><td rowspan="3">Zone 1</td><td>Fixed line (western Europe and North America)</td><td colspan="2" rowspan="2">MAD 0.5 (incl. tax)</td></tr>
<tr><td>Mobile (France, Belgium, the Netherlands, the United Kingdom, Portugal, Sweden, Finland, San Marino, the United States, and Canada)</td></tr>
<tr><td>Other mobile operators</td><td>MAD 3 (incl. tax)</td><td>MAD 2.5 (incl. tax)</td></tr>
<tr><td>Zone 2</td><td></td><td colspan="2">MAD 0.5 (incl. tax)</td></tr>
<tr><td>Zone 3</td><td></td><td>MAD 5.6 (incl. tax)</td><td>MAD 2.8 (incl. tax)</td></tr>
<tr><td>Zone 4</td><td></td><td colspan="2">MAD 8 (incl. tax)</td></tr>
<tr><td>Zone 5</td><td></td><td colspan="2">MAD 20 (incl. tax)</td></tr>
<tr><td>Antarctic</td><td></td><td colspan="2">MAD 60 (incl. tax)</td></tr>
</table>

Rate plans and other price options

Price offers have also been developed specifically for the consumer segment. These include capped rate plans that enable consumers to control their spending, and unlimited rate plans providing unlimited calls anytime to all Maroc Telecom fixed-line numbers, starting at MAD 174 (incl. tax and line rental).

Maroc Telecom regularly launches El Manzil promotional offers to boost customer consumption of capped rate plans, such as: one hour to all domestic mobile numbers and major international destinations, valid one week from the subscription date; permanent bonus for El Manzil top-ups, from MAD 50, available by card or by calling 114. Customers automatically enjoy an MAD 50 bonus for top-ups of MAD 50 and MAD 90, and a bonus of MAD 100 for top-ups of MAD 100 or more.

In February 2008, Maroc Telecom launched the Phony International rate plan. This offer provides residential customers with unlimited calls on evenings, weekends, and holidays to all fixed-line numbers in southern and northern Europe, and to all fixed-line and mobile numbers in North America.

The Phony International plan was expanded in 2011 to include the entire consumer segment, including customers of prepaid capped-rate plans. Also in 2011, Phony International was overhauled, with a lower subscription rate of MAD 149 (incl. tax), an expanded range of call times (valid anytime instead of just evenings and weekends), and the first month of the subscription period for free.

Offerings for business customers

Telephony offers

To meet the fixed-line telephony needs of business customers, Maroc Telecom proposes a wide range of offers and rate plans using the public switched telephone network (PSTN) or the Marnis digital network.

The following table summarizes the main offers:

Segment	Product	Key features
Business voice rate plans	**FORFAIFIX** Monthly subscription: from MAD 150 (excl. tax) per month (5 hours) to MAD 3,125 (excl. tax) per month (155 hours) Rates for options: - Cap: MAD 19 (excl. tax) per month - Intragroup unlimited fixed line and mobile: MAD 49 (excl. tax)	Range of multidestination rate plans, including line rental and credited call time to fixed-line, mobile, and certain international destinations » Possibility of top-ups after depletion of allotted call time, through prepaid fixed-line top-up cards or by calling 114 » Flat rate for all fixed-line, mobile, and international destinations » Thirty-second incremental billing after the first minute (indivisible) » Offer valid for PSTN lines only
	INFINIFIX Option for PSTN-analog or IDSN-digital line that allows free unlimited calls to Maroc Telecom fixed-line numbers, from MAD 300 (excl. tax) per month for a PSTN line	» Free unlimited calls to all Maroc Telecom fixed-lines numbers » One hour of free call time to all domestic mobiles 24/7 » Cap option and wide range of credited call time » Compatible with intragroup-mobile option
	MULTIFIX Fixed line / MULTIFIX MOBILE MultiFix fixed-line rate plans Ten plans offering 15 to 600 hours of call time to Maroc Telecom fixed-line numbers MultiFix mobile plans Twelve plans offering 5 to 600 hours of call time to all mobile numbers: - Per-minute price reduction of up to 21% for calls to fixed lines and 27% for calls to mobiles	Wide range of rate plans (fixed to fixed and/or fixed to mobile) for multiple intragroup lines » Line rental not included » All PSTN and Marnis lines can be combined in the same MultiFix rate plan » All lines from the enterprise's various locations can be combined in the same rate plan » Unused credited call time rolled over to the next month » MultiFix rate plans are not capped: calls can be made even after depletion of the allotted call time and are billed at standard rates or at the rates of the subscribed option » Thirty-second incremental billing after the first minute (indivisible)
	Privilège rates Privilège Mobile (MAD 120 incl. tax): Preferential price structure for calls to domestic mobiles (reduction of 72%) Privilège International (MAD 48 incl. tax): Preferential price structure for international calls (reduction of up to 83%)	
	Intragroup fixed-line and mobile option Free unlimited calls to all intragroup numbers Monthly subscription rate: MAD 59 (incl. tax)	

- Marnis: Maroc Telecom has an integrated services digital network (ISDN) that allows businesses to connect several telephones to a single access point. Companies thereby enjoy a direct number for each employee and a large number of value-added services, such as videoconferencing, remote monitoring, and payment services.
- Customer-service number: Maroc Telecom has a range of customer-service numbers, toll-free numbers (08000xxxxx), reduced-rate numbers (08010xxxxx), and direct numbers (08020xxxxx), accessible throughout Morocco at a flat rate, resulting in more convenient access to the company and personalized call reception.
- PABX bundle: Maroc Telecom also offers a PABX bundle, a turnkey solution comprising switchboard installation, maintenance, and upgrading, in accordance with the customer's requirements.

In 2012, businesses were given their own standard rate, different from that for residential and professional customers.

In 2013, standard business rates for calls to domestic and international mobiles were cut sharply.

Call charges

Domestic calls (in MAD, incl. tax)

<table>
<tr><th></th><th>Standard</th><th>InfiniFix</th><th>ForfaiFix</th><th>MultiFix Fixed line</th><th>MultiFix Mobile</th><th>Intra Flotte Fixed line</th><th>Intra Flotte Mobile</th><th>Privilège Mobile</th></tr>
<tr><td>Fixed line Intra</td><td rowspan="3">0.46/min</td><td rowspan="2">0</td><td rowspan="7">0.12**</td><td rowspan="2">0.36*</td><td rowspan="3">0.46/min</td><td>0</td><td rowspan="3">0.46/min</td><td rowspan="3">0.46/min</td></tr>
<tr><td>Fixed line MT</td><td rowspan="2">0.46/min</td></tr>
<tr><td>Fixed line Meditel and Wana without RM</td><td>0.46/min</td><td>0.46/min</td></tr>
<tr><td>Intra mobile</td><td rowspan="4">1.80</td><td rowspan="4">1.80</td><td rowspan="4">1.80</td><td rowspan="3">1.32*</td><td rowspan="4">1.80</td><td>0</td><td rowspan="3">0.50</td></tr>
<tr><td>IAM mobile</td><td rowspan="3">1.80</td></tr>
<tr><td>Meditel and Wana mobile</td></tr>
<tr><td>Other operators fixed line with RM</td><td>1.80</td><td>1.80</td></tr>
</table>

**Price per minute (MultiFix fixed line 600 hours; MultiFix mobile 600 hours).*
***Price per minute outside subscription for ForfaifFix 5 hours.*

Billing: 30-second increments after the first minute (indivisible), except where indicated.

Fixed-line interconnection and transit (in MAD, incl tax)

Zones		Standard rates for businesses		Privilège International	
		To fixed lines	To mobiles	To fixed lines	To mobiles
Zone 1	France, Belgium, the Netherlands, the United Kingdom, Portugal, Sweden, Finland, San Marino	0.50	3	0.40	0.50
	Other destinations			0.40	2.40
Zone 2		0.50		0.40	
Zone 3		5.60		4.80	
Zone 4		8		6.90	
Zone 5		20		17	
Antarctic		60		60	

Fixed-line interconnection and transit

International transit traffic via Maroc Telecom increased by 27% in 2013. The change is due to a call-exchange policy that, since 2010, is based on solid partnerships with Maroc Telecom Group operators and European operators.

Effective since 2010, Maroc Telecom's termination rate has contributed to the rise in incoming international call traffic to fixed lines. Some mobile operators have included calls to Moroccan fixed lines in their unlimited rate plans.

With regard to outgoing international traffic generated by Maroc Telecom customers, cost optimization for international call termination on various international networks has allowed Maroc Telecom to continue its policy of regularly lowering consumer rates in order to boost consumption and remain competitive.

Internet offers

Maroc Telecom's internet-access offers are marketed under the Menara brand.

Active customers (in thousands)	2011	2012	2013
Narrowband	1	1	**1**
Broadband	590	682	**836**
ADSL	589	681	**835**
Leased lines	1	1	**1**
Total wireline	591	683	**837**

Maroc Telecom is committed to facilitating internet access in Morocco. The Company provides solutions adapted to both access and usage, as seen in lower subscription-commitment times (12 months instead of 24), regular doubling of access speed, reduced kit prices, and frequent promotional offers (e.g., free-modem kits, one month's free subscription, discounted subscription rates, promotion for higher-speed services at the price of lower-speed services).

At December 31, 2013, ADSL represented nearly 99.79% of all types of internet access used by Menara customers.

The ADSL-internet customer base grew by 23% in 2013, driven by double-play offers.

For narrowband, Maroc Telecom offers CDMA internet, a narrowband internet offering introduced in 2007 for customers in areas covered by the Maroc Telecom CDMA network.

For broadband, Maroc Telecom offers ADSL (Double Play) at speeds ranging from 4 Mb/s to 20 Mb/s. Broadband customers are able to make fixed-line calls while using the internet. The ADSL unlimited offer, launched in March 2004, was a major success, and rates began to fall the following year. Since April 2012, the standard ADSL speed has been 4 Mb/s.

Since 2008, the market has grown because of the numerous promotional offers, sales campaigns, and referral schemes that have been introduced for ADSL kits and subscription fees.

In January 2011, Maroc Telecom launched its MT DUO offer for residential customers who need an internet connection without permanent access to fixed-line voice. For an attractive price, subscribers receive ADSL internet access on a capped fixed line with unlimited top-ups. The package includes a single contract and single monthly bill. In May 2013, Maroc Telecom introduced the Phony DUO offer, which gives ADSL customers unlimited calls to Maroc Telecom fixed lines.

Internet services

Maroc Telecom's range of internet services for business customers was created to allow companies to optimize their communication with colleagues, customers, partners, and suppliers by means of flexible, upgradeable access. For businesses, Maroc Telecom provides broadband via ADSL or leased internet lines (with speeds of up to 155 Mb/s). The widespread success of ADSL is due to its affordable price and range of services for business customers: secure e-mail, domain names, and web contact pages. Leased internet lines remain attractive to large companies for their excellent performance (symmetrical and guaranteed very high-speed bandwidth) and end-to-end security.

To provide companies with an internet footprint at the lowest possible cost, Maroc Telecom hosts corporate websites by means of two types of solutions: shared hosting (on a Maroc Telecom platform) and dedicated hosting (purchase or joint leasing of servers).

In addition to internet access and web hosting, Maroc Telecom offers businesses a complete range of added-value extras, such as static IP addresses, domestic and international domain names, and e-mail addresses.

Internet rates

ADSL speeds

Over the past seven years, Maroc Telecom has steadily lowered prices across its entire product range.

The following table shows the principal current access rates (MAD per month, incl. tax):

ADSL	ADSL rates
4 Mb/s	99
8 Mb/s	149
12 Mb/s	199
20 Mb/s	499

MT DUO:

MT DUO	Tarif
ADSL 4 Mb/s or CDMA 153.6 K	199

PHONY DUO:

PHONY DUO	Tarif
ADSL 4 Mb/s or CDMA 153.6 K	249

Data services

The following table shows changes over the past three years in the company's customer base for data-transmission services (excluding Maroc Telecom's proprietary customer base):

Number of lines (thousands)	2011	2012	2013
Domestic leased lines*	5,165	4,242	**3,369**
International leased lines*	163	116	**105**
Frame relay	579	151	**130**
IP VPN	9,018	11,057	**12,196**

**Excluding lines leased to operators.*

Data offers

Segment	Product	Key features
National data	**LL+**	End-to-end leased line with dedicated, secure access and guaranteed, symmetrical bandwidth of up to 34 Mb/s
	IP VPN	» Data access linked to Maroc Telecom's IP VPN dedicated to businesses » Several types of access are available: LL, ADSL, FO, 3G, and IDSN » Several classes of service » Assistance option for primary link
	CITY-CENTER LAN TO LAN	For point-to-point or point-to-multipoint interconnection among city-center sites (the maximum distance between two sites is 15 km)
	LONG-DISTANCE LAN TO LAN	For point-to-point and point-to-multipoint interconnection among various cities (regardless of the distance between sites)
International data	**International LL**	End-to-end leased line with dedicated, secure access and guaranteed, symmetrical bandwidth, between a domestic site and an international one
	International VPN	OSS VPN provides end-to-end connection (between customer site in Morocco and customer site in France), via Maroc Telecom and Neuf Cegetel networks
	International ETHERNET	Interconnection among customer sites in Morocco and France with the flexibility of point-to-point or point-to-multipoint Ethernet technology, at speeds from 2 Mb/s to 100 Mb/s
Business internet rate plans	**Internet LL**	End-to-end leased line with dedicated, secure internet access and guaranteed, symmetrical bandwidth of up to 155 Mb/s. » Unlimited broadband-internet access 24/7 » 1 router with WAN, BRI, and Ethernet ports » 1 domestic domain name (e.g., www.societe.ma) » 4 IP addresses » Static website hosting (Web Silver subscription provided free of charge with ADSL PRO) » 10 personalized e-mail addresses
	ADSL Pro	Range of unlimited broadband-internet rate plans (24/7), from 4 Mb/s to 20 Mb/s, offering single-post, multipost, and wireless connection through a wide choice of customized gear (modem, router, Wi-Fi router) Access comes with a wide variety of free services: » 10 secure and personalized e-mail addresses » Storage space of 30 MB » Domestic DNS » Static website hosting (Web Silver subscription)

In 2012, Maroc Telecom introduced Ethernet rate plans that replaced standard rate plans for domestic and international leased lines.

Maroc Telecom began offering city-center and long-distance LAN-to-LAN interconnection, at speeds from 256 Kb/s to 1 Gb/s, and a choice of point-to-multipoint or Any-to-Any architecture.

The international data offer was also enhanced, with the introduction of the international Ethernet rate plan. This solution provides interconnection among customer sites in Morocco and France with the flexibility of Ethernet technology, point-to-point or point-to-multipoint architecture, and speeds from 2 Mb/s to 100 Mb/s.

Simultaneous with the commercialization of these new technologies, Maroc Telecom lowered rates to data services and introduced new network-speed options.

To encourage customers to migrate to higher-speed data and internet services, Maroc Telecom eliminated higher-speed fees for all customers who have been with Maroc Telecom for more than 12 months.

In addition, Maroc Telecom introduced an assistance-and-sharing solution for its LL VPN access points that connect customer sites via two LL VPN access points. The access points are used simultaneously and provide mutual backup in the event of a breakdown.

In August 2013, Maroc Telecom restructured its rates for leased lines+. Access costs and subscription rates were lowered for speeds of 8 Mb/s and 34 Mb/s, and two intermediate speeds, 4 Mb/s and 6 Mb/s, were added to the offer.

Rates for data-transmission services

The rate structure for data transmission comprises an upfront fee and monthly subscription determined by the network-speed option. Reductions for volume and subscription commitments are applied to monthly rental fees.

Maroc Telecom has regularly lowered its rates for leased lines and related data services. These reductions reflect technological changes and corresponding cost reductions.

Current rates are in line with prices applied by international operators. For example, the basic monthly rental fee for a standard 2 MB leased lines has fallen from more than MAD 33,000 in 2001 to MAD 9,000 today. To remain competitive in the offshoring segment, Maroc Telecom significantly reduces rates every year for international calls. Attractive tariffs are an important consideration in companies' decisions to establish offshore call centers. The rate structure for data transmission comprises an upfront fee and monthly subscription determined by the network-speed option. Reductions for volume and subscription commitments are applied to monthly rental fees.

To meet the needs of its business customers, Maroc Telecom introduced new data-transmission services based on MPLS VPN and Ethernet technologies, at very competitive prices. At the same time, rates were lowered regularly, a reflection of technological progress and related cost reduction. Thus the monthly subscription fee for a 2 MB leased line fell from MAD 33,000 (excl. tax) in 2001 to MAD 9,000 (excl. tax).

To remain competitive in the offshoring segment, Maroc Telecom significantly reduced rates every year for international calls. Attractive tariffs are an important consideration in companies' decisions to establish offshore call centers. For example, the basic monthly rental fee for a 2 Mb/s half-circuit international leased line to France fell from more than MAD 110,000 (excl. tax) in 2003 to MAD 44,000 (excl. tax) in June 2009.

Customer services

In addition to diversifying its customer services, Maroc Telecom makes use of means, tools, and processes that allow it to anticipate and provide quality responses to various requests for information, assistance, and complaints from its customers.

Call centers

Call centers specialized by product segment (fixed line, mobile, and internet) ensure that consumers receive proper information and assistance. The business-segment call center has a dedicated telephone number.

These call centers provide information on Maroc Telecom's products and services, the activation or modification of subscriber services, assistance in the use of products and services, after-sales service, and complaints. Specialized call centers handle complaints received through various channels (call centers, agencies, etc.).

Special attention is given to customer relationship management (CRM) systems, which are continuously improved for better customer service (e.g., maximizing real-time request processing). CRMs encourage loyalty and suggest the offers best suited to customer needs. In addition to this service, customers can activate certain services themselves via interactive call servers or the website (self-care development).

Billing

In order to simplify billing for the customer, fixed-line and internet bills were combined in 2010 for the consumer segment. Today, professional and business customers also receive a single, combined bill. In 2013, nearly 300,000 customers received a single, combined bill; Maroc Telecom is aiming for 400,000 in 2014.

Electronic invoices were introduced in 2012 to allow business customers to view and download their bills on the website. Customers can verify their outgoing calls and frequently called numbers. The site also allows customers to analyze their consumption level and trends over time.

The e-billing service is designed to gradually replace paper bills, and is one of Maroc Telecom's environmental objectives.

Payment

Maroc Telecom offers its customers a wide range of payment options: by direct debit, in an agency equipped with a payment terminal, on the Maroc Telecom website, through a network of an authorized partner, at an ATM, and via the Mobicash service (payment from a telephone handset).

Internet-based payment grew by more than 50% in 2013, with just under 100,000 bills paid each year by internet.

Information

The telephone information service, available 24 hours a day, was enhanced in 2010 by new value-added services, such as information by SMS and automatic connection for the customer.

In 2013, Maroc Telecom introduced a new version of its information service. Operators now have more convenient access to data, with improved search tools and easier maintenance.

Relations with the Maroc Telecom subsidiaries

In 2013 Maroc Telecom continued to provide active support of its subsidiaries by participating in all phases of their international development, especially in service offers for roaming, traffic management, development of new services, billing, payment collection for international services, and antifraud measures.

In 2010, the Nomadis offer was introduced. This service allows Maroc Telecom Group customers to pay domestic rates when they are roaming on another Maroc Telecom Group network. Maroc Telecom also implemented a smartphone application that provides convenient access to offers and rates for roaming in Morocco and abroad.

Maroc Telecom has improved the infrastructure of its links with subsidiaries. Total capacity was doubled by means of TDM and VoIP, resulting in the Company's diversifying its dealings with subsidiaries. These improvements have increased call traffic between Maroc Telecom and its subsidiaries.

3.2.1.3 Seasonality

The summer months, with the return of Moroccans living abroad, and the fortnight preceding the Eid al-Adha holiday traditionally see a spike in usage (primarily mobile and public telephony), while the month of Ramadan represents a seasonal trough for the fixed-line and mobile segments.

3.2.1.4 Regulatory environment and possible dependencies

The Moroccan telecommunications regulatory authority (Autorité Nationale de Réglementation des Télécommunications, ANRT)

The ANRT was established under Act 24-96 by the Prime Minister (today the Head of Government, in accordance with the new constitution) as a public agency and separate legal entity that is financially independent and subject to the state's financial supervision and control.

ANRT management bodies

The Board of Directors comprises a chairman, seven state representatives of ministerial rank, and five individuals appointed by decree for a term of five years. The Board of Directors is chaired by the Prime Minister and sets the ANRT's general policies and annual agenda.

A Management Committee assists the Board of Directors and is responsible, inter alia, for resolving interconnection disputes. The ANRT's Managing Director has executive responsibility for the regulatory authority. Challenges to the ANRT's rulings alleging misuse of power are referred to the Rabat administrative court.

Roles and responsibilities of the ANRT

The purpose of the ANRT is to define the legal and regulatory environment (legislative bills, draft decrees, and draft ministerial decisions concerning telecommunications, contract specifications for operators, etc.) of the telecommunications sector, to monitor and ensure compliance with the antitrust law applying to telecommunications operators, and to resolve disputes.

The ANRT prepares the procedures for the award of licenses by competitive bids, processes applications for licenses, and treats preliminary declarations for activities falling under a reporting system. The ANRT grants authorizations and prepares related licenses and contract specifications. It ensures that operators comply with the terms of their licenses.

The ANRT sets the technical and administrative specifications for the approval of handsets and wireless equipment, and the technical rules applicable to telecommunications networks and services generally. The ANRT manages and monitors the spectrum of radio frequencies, and allocates radio frequencies.

Pursuant to its responsibility to monitor regulatory compliance, the ANRT has extensive investigative rights and disciplinary powers. If operators fail to furnish required information or do not provide such information within the required time frame, Act 55-01 authorizes the ANRT's Managing Director to impose fines of MAD 20,000 to MAD 100,000, on the basis of the lacking information.

The ANRT also intervenes in legal action undertaken against telecommunications operators that fail to comply with current regulations. Any operator that does not comply with current regulations may be sanctioned as follows: first, by a written warning from the Managing Director of the ANRT; second, by a fine of up to 1% of revenues (excl. tax and net of interconnection charges), as declared the previous year (in such a case, the Managing Director of the ANRT refers the matter to the prosecutor of the Rabat court of first instance, requests civil action, and may act as plaintiff; the fine is doubled if the operator is a repeat offender); and third, by total or partial suspension of the operator's license for up to 30 days, temporary suspension of the license or reduction of its validity for up to one year, or definitive revocation of the license.

A license suspension is pronounced by the appropriate government authority and revocation is announced by decree. Both actions are carried out at the request of the ANRT's Managing Director.

It is also the ANRT's duty to resolve disputes over interconnection and infrastructure sharing. Act 55-01 extends the ANRT's authority over such disputes with respect to the provisions concerning competition in Act 6-99 on freedom of pricing and competition (agreements, abuse of dominant position, and monopolies).

Regulatory framework of the Moroccan telecommunications market

This section provides a noncomprehensive summary of the legal environment with respect to the company's telecommunications operations in Morocco.

Overview

Since the adoption of Act 24-96, dated August 7, 1997, abolishing the National Post and Telecommunications Office (Office National des Postes et Telecommunications, ONPT), Morocco has acquired a modern regulatory framework that establishes the conditions for liberalization of the telecommunications sector.

The dissolution of the ONPT led to the creation of three separate legal entities: Itissalat Al-Maghrib (Maroc Telecom), a closely held joint-stock company (société anonyme); Barid Al Maghrib (the postal service, hereinafter "BAM"), a public agency organized as a financially independent legal entity that in November 2011 became a joint-stock company (société anonyme) wholly owned by the Moroccan state; and the Moroccan telecommunications regulatory authority (ANRT), also a public, financially independent legal entity whose primary mission is to regulate the telecoms sector.

At the regulatory level, liberalization has proceeded with the adoption of a series of implementing decrees concerning the operation of the ANRT, interconnection, the general terms of operation for public telephony networks, the provision of value-added services, and the provision of leased lines.

In November 2004, Act 24-96, amended and completed by Act 55-01, finalized the liberalization process begun in 1997 and clarified the existing statutory framework. In 2005, the decrees concerning interconnection and the general terms of operation of the public telephony networks were amended and supplemented by Decree 2-05-770 and Decree 2-05-771 respectively, both dated July 13, 2005. Decree 2-05-772, dated July 13, 2005, was also adopted. This decree governs the ANRT's procedures for legal disputes, antitrust practices, and monopolies.

The liberalization of Morocco's telecoms sector was governed by a guideline memo for 2004–2008 and resulted in the awarding of two fixed-line licenses, three 3G (UMTS) mobile licenses, and a third 2G mobile license. Liberalization also led to the introduction of key regulatory tools, such as the introduction and gradual elimination of asymmetrical mobile termination rates, unbundling, telephone-number portability, and carrier preselection.

A second guideline memo, covering the period until January 1, 2013, was approved by the ANRT's Board of Directors on January 19, 2010, and made public on February 25, 2010.

The new guidelines are as follows:

Regulations:

- infrastructure sharing, reduction of unbundling fees, shortening of current portability transfer times, significant reduction of interconnection rates, and reinforcement of controls on retail offers and promotions.

Liberalization measures:

- fixed line: next-generation operators and/or infrastructure operators expected to arrive in 2011, after the completion of assessment studies (to date, no new operator has arrived on the market);
- mobile: granting of 4G mobile frequencies to existing mobile operators that request them (the ANRT announced an invitation to tender to select a consultancy for assistance in setting the conditions and procedures for the deployment of 4G technology in Morocco; these conditions and procedures have not been made public);
- VSAT: review of authorized revenue limits for telephony, possible authorization of the use of the wireless local loop in universal-service projects, and potential granting of new GMPCS or VSAT licenses in response to invitations to tender.
- development of high-speed and very high-speed internet (HTHD); national action plan launched for widespread access to high-speed telecommunications services for the entire population of Morocco by 2022, including:
    - deployment of fourth-generation (4G) mobile technologies;
    - grant of Wi-Fi frequency band to telecom operators for the provision of outdoor access to high-speed networks;
    - introduction of pilot projects for fiber-optic service to housing subdivisions;
    - establishment of procedures for connecting new buildings, homes, and business parks to fiber-optics telecommunications infrastructures.

Implementation of the action plan is under way. Incentives designed to amend the regulatory framework will accompany the action plan.

In December 2013, the ANRT opened a consultation on proposed guidelines for the implementation of wholesale offers for fiber to the home (FTTH) in Morocco. The project comprises access to public infrastructure and dark fiber throughout Morocco, and to FTTH infrastructures, through three separate wholesale offers: access to the terminal segment, unbundling, and bitstream fiber.

Universal service

Guidelines for defining universal-service projects for the period 2012–2016 were planned initially for 2011. At the end of 2013, the ANRT's project list had still not appeared. The draft amendment for Act 24-96 (see below) seeks to expand universal service to include high-speed and very high-speed internet.

Amendment of statutory and regulatory framework

In application of the guideline memo published on February 25, 2010, pertaining to the development of the telecommunications sector by the year 2013, the ANRT consulted with the operators of public-communications networks on a series of proposed regulatory amendments.

The amendments concern mainly telecom regulation, urban planning, land management, and use of public rights-of-way.

Bill 121-12, amending and supplementing Act 24-96, was adopted by the Government Council on January 3, 2014. The bill contains the following provisions:

- general requirement to make available and share all operator-deployed infrastructures (infrastructure, copper, fiber optics, pylons, etc.);
- requirement to set up a database of infrastructures and publish a standard offer for their supply;
- extension of domestic roaming beyond universal-service areas (rural areas and major roads designated by the ANRT);
- regulation of wholesale rates for infrastructure access/sharing and domestic roaming (cost focused);
- extension of universal service to include high- and very high-speed broadband;
- abolishment of fee exemption for public rights-of-way;
- consolidation of ANRT powers, particularly with respect to the control of unfair business practices, oversight of commercial contracts, and application of sanctions;
- broadening of sanctions (up to 2% of revenues, 5% for repeat offenses).

Guideline memo 2014–2018

In the fourth quarter of 2013, the ANRT launched an invitation to tender for the selection of a consultancy firm to help draft a guideline memo for 2014–2018.

The principal sections of the memo are the following:

- overview and outlook: focus on assessing the decline in termination rates and average revenue per minute (ARPM), and analysis of the business market;
- adjustments to the regulatory framework;
- strengthening of existing regulatory mechanisms and creation of new mechanisms where needed;
- deployment of HTHD plan: 4G, Wi-Fi, FO;
- relaunch of universal service (expanded to include the provision of high-speed internet services);
- recognition of developments in the digital environment: internet exchange point (IXP), changes in voice-over-internet protocol (VoIP);
- planned granting of new licenses.

The study will begin during the first quarter of 2014, after a consultancy firm has been chosen.

Rules governing the establishment and operation of telecommunication networks and services in Morocco

Act 24-96, as amended and supplemented, implements various rules in accordance with the type of telecommunications networks and services provided.

Networks and services subject to licensing

Operators seeking to establish public telephony networks using public rights-of-way or radio-frequency spectra are required to obtain a license (granted by decree).

A license may be granted only as an outcome of an invitation to tender carried out by the ANRT. Licenses are granted by decree of the Prime Minister. They are for one license holder and may be transferred to third parties only by decree.

In addition to contract specifications—which lay out the conditions for network deployment and service provision, areas of coverage and completion timetables, allocated radio frequencies and numbering blocks, financial counterparties and related payment terms, and the duration of license validity and terms of license renewal—the license holder must comply with the abovementioned regulatory framework in its entirety.

Licenses awarded to Maroc Telecom

Pursuant to Act 24-96, the telecommunications networks and services previously operated by the ONPT (i.e., mainly fixed-line and mobile telecommunications networks and services and the right to use the radio frequencies allocated or assigned to the ONPT) were transferred to Maroc Telecom.

As the incumbent operator, Maroc Telecom is subject to contract specifications approved by Decree 2-97-1028, dated February 25, 1998, amended by Decree 2-00-1333, dated October 9, 2000, and by Decree 2-05-1455, dated April 21, 2006, which define conditions for the operation of all the networks and services initially operated by the ONPT.

These contract specifications state the conditions in accordance with which Maroc Telecom is to establish and operate, for an unlimited duration:

- local and nationwide fixed landline telecommunications services (including data-transmission services, leased lines, and the integrated-services digital network);
- telegraph service;
- telex service;
- maritime radio-communication services;
- GSM-standard mobile-telephony services;
- international telecommunications services.

It should be noted that telex and telegraph services have been discontinued. Maroc Telecom has requested permission from the ANRT to cease provision of maritime radio-communications services, for which maintenance can no longer be ensured. Cessation procedures are under way and Maroc Telecom is being indemnified in compliance with current regulations.

With regard to other telecommunications services, Maroc Telecom is subject to provisions of Act 24-96 and holds, as do Medi Telecom and Wana, a license to deploy and operate public telephony networks with third-generation (3G) technologies. Maroc Telecom was granted this license by Decree 2-06-498, dated December 29, 2006.

Other licenses awarded

» GSM (2G) mobile telephony: granting of a license to Medi Telecom in August 1999, for a renewable term of 15 years, extended to 25 years in 2005; and granting of a license to Wana in February 2009 (commercial launch in February 2010);

» Fixed-line next-generation telephony: in 2005, two licenses were awarded for next-generation fixed-line telephony:

- in July 2005, a fixed-line license including local loop (without restricted mobility) and national and international transmission was awarded to Medi Telecom;
- in September 2005, a fixed-line license including local loop (with and without restricted mobility) and national and international transmission was awarded to Wana.

» 3G mobile telephony: in addition to the license granted to Maroc Telecom (see above), two other 3G mobile licenses were awarded in 2006, to the operators Medi Telecom and Wana.

» Between 1999 and the end of 2002, five licenses were granted to operators of GMPCS satellite telecommunications networks, three to operators of VSAT satellite telecommunications networks, and two to operators of shared-resources radio-electronics (3RP) networks.

Lastly, a regional license for the implementation and operation of a 3RP network in the Tangier-Tetouan region was granted in February 2008 to Cires Telecom.

» 4G licenses: the ANRT is currently examining the conditions and procedures for granting 4G licenses. Invitations to tender were expected to be launched at the end of 2013 for the granting of licenses in the first half of 2014.

Networks and services subject to licensing

The establishment and operation of any independent network other than a corporate network require a license from the ANRT. Independent networks are nonprofit telecommunications networks that are reserved for private use (i.e., where use is reserved for the establishing party) or shared use (i.e., where use is reserved for the exchange of internal communications among a single group of companies).

Services subject to prior declaration

The provision of value-added services is unrestricted, subject to prior declaration to the ANRT and compliance with applicable regulations. The list of value-added services was set by Decree 2-97-1024, dated February 25, 1998, supplemented by Order 618-08, dated March 13, 2008. The list included the administration of the .ma domain name and comprises electronic messaging, voicemail, audiotext, electronic data exchange, enhanced fax, online information, data processing and searches, file transfer, conversion of protocols and encryption, the provision of internet service, and the administration of the ".ma" domain name. An invitation to tender by the ANRT is under way for a new administrator.

Equipment and systems subject to approval

All equipment to be connected to a public telephony network and all radio systems are subject to the ANRT's prior approval.

Unrestricted networks and facilities

Corporate networks and radio systems consisting solely of low-capacity or short-range devices may be established without restriction. Restrictions against use of DECT short-range devices in certain parts of Morocco were removed in 2013 for devices equipped with an integrated antenna.

Consumer-pricing regulations

Consumer rates may be freely set by operators, subject to compliance with antitrust rules and uniformity of domestic rates. Operators must notify the ANRT of their rates 30 days before publishing or applying them. As a dominant operator, Maroc Telecom is required to justify its rates with respect to costs and the actual possibility that other operators may replicate its offers.

With the August 2010 adoption of guidelines for ANRT oversight of operator rate plans for public communications networks, the ANRT's consumer-price controls were reinforced, codified, and detailed: ban on online/offline price differentiation for prepaid mobile plans (and regulation of price differentiation for other plans); analysis of promotional offers that are effectively stand-alone plans and therefore subject to the same conditions (particularly with respect to antitrust) as those of stand-alone plans; regulation of paired plans; definition of squeeze-test parameters; and confirmation of the regulatory framework, by the order dated June 3, 2008, setting the procedures for the promotion of telecommunications services, their duration, and their periodicity (the minimum interval is 15 days between top-up promotions and three months between all other kinds, with neither promotions nor the advantages thereby granted to customers to exceed three months in duration).

Note that on January 1, 2012, the ANRT extended the ban on online/offline price differentiation to all ERPTs and modified certain cost and revenue parameters for squeeze tests.

The guidelines for ANRT oversight of ERPT rate schedules are likely to be revised in 2014.

Regulation of wholesale rates

Interconnection rates (fixed-line and mobile voice and SMS) are subject to long-term regulation by the ANRT and are integrated every year into Maroc Telecom's technical and pricing terms for interconnection, which are subject to ANRT approval.

Rates for lines leased to operators are regulated by the ANRT, which provides annual approval of technical and pricing terms for interconnection with the Maroc Telecom fixed-line network.

Rates for partial and full access to Maroc Telecom's copper local loop (unbundling) are also subject to regulation through the annual approval of standard technical and pricing terms.

Interconnection

Background

Interconnection is governed by Act 24-96 and by Decree 2-97-1025, as amended and supplemented by Decree 2-05-770, dated July 13, 2005, which defines the technical and pricing terms for interconnection to public telecommunications networks.

Any operator of a public telephony network is required to satisfy interconnection requests made by the holder of a license to operate a public telephony network. Interconnection is subject to a contract between the operators. The contract should state the technical, administrative, and financial terms of interconnection, in compliance with the principles of objectivity, full disclosure, and nondiscrimination. Any disagreement between the parties during negotiation or execution of the contract must be referred to the ANRT.

Dominant operators

Specific interconnection obligations are imposed on operators designated annually by the ANRT as exercising a significant influence on a given market. An operator is considered to exercise a significant influence if, individually or with other operators, it enjoys a dominant position enabling it to do business independently with respect to its competitors, customers, and consumers.

In essence, dominant operators must: publish technical and pricing terms for interconnection that have obtained the ANRT's prior approval and include a certain minimum of services (leased lines to operators, joint leases, carrier selection, number portability, and local-loop unbundling), set rates that reflect costs, and maintain accounting separation. The guidelines for ANRT scrutiny of ERPT rate plans (see above) require operators with significant influence on particular markets to offer retail plans that third-party operators can replicate and that take into account current rates on wholesale markets. Among other things, therefore, the regulator tests for scissor effects in rates before approving retail plans.

The ANRT's list of market segments for 2012, 2013, and 2014 comprises fixed-line termination rates (including restricted mobility), voice mobile termination rates, SMS mobile termination rates, and wholesale rates for leased lines.

Only the dominant operators are required to report technical and pricing obligations, match rates to costs, publish separate accounts, and replicate retail offers in relation to the relevant wholesale markets.

In July 2013, the ANRT began an analysis of the markets seeking to identify the operators of public telecommunications networks that will exert a significant influence during 2014. The analysis yielded two decisions, both dated December 30, 2013, for the institution of two new consumer markets: "access to the physical infrastructures of the wireline local loop" and "access to public infrastructure on the national territory." Maroc Telecom, moreover, was declared the dominant player on the following markets:

- » access to the physical infrastructures of the wireline local loop;
- » access to public infrastructure on the national territory.

Maroc Telecom is now the sole dominant operator on the mobile market; Meditel is longer considered dominant on that market.

In light of these two decisions, Maroc Telecom is required to provide the following wholesale offers:

- » unbundling of the local sub-loop;
- » virtual unbundling;
- » access to local-loop dark fiber;
- » access to underground and aerial public infrastructure throughout Morocco's territory.

Interconnection rates

Since 2007, interconnection rates from operators of public communication networks have been subject to ANRT multiyear supervision. In addition to the institution of asymmetric mobile termination rates between Maroc Telecom and Medi Telecom, ANRT Decision 02/10, dated April 27, 2010, provided for a drastic cut in interconnection rates for the period 2010–2013, after which ANRT Decision 08/11, dated December 1, 2011, decreased rates even further, for the period 2012–2013.

For 2013, ANRT Decision 10/12, dated December 25, 2012, amended the multiannual framework and confirmed the return to symmetrical mobile termination rates, as provided for in the initial framework, and the elimination of price differences between peak and off-peak hours for all interconnection rates.

The following table shows mobile termination rates (MAD per minute, excl. tax) for domestic networks, since 2011:

	Mobile Maroc Telecom		Mobile Medi Telecom		Mobile Wana	
	Peak	Off-peak	Peak	Off-peak	Peak	Off-peak
From 01/01/2011 to 06/30/2011	0.8317	0.4158	0.998	0.499	1.2309	0.6154
From 07/01/2011 to 12/31/2011	0.6238	0.3119	0.7186	0.3593	0.8801	0.44
From 01/01/2012 to 06/30/2012	0.3924	0.1962	0.452	0.226	0.5536	0.2768
From 07/01/2012 to 12/31/2012	0.2755	0.1377	0.3052	0.1526	0.3378	0.1689
From 01/01/2013 to 12/31/2013	0.1399		0.1399		0.1399	

Peak time: 8:00 a.m. to 8:00 p.m.; off-peak time: 8:00 p.m. to 8:00 a.m. and Saturdays, Sundays, and holidays.

The table below shows the changes in call-termination rates for domestic fixed-line networks (MAD (excl. tax) per minute) since 2011:

	Fixed line Maroc Telecom						Fixed line Medi Telecom		Fixed line Wana		Wana limited mobility	
	Peak			Off-Peak			Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
	Intra LEX	Simple transit	Double transit	Intra LEX	Simple transit	Double transit						
From 01/01/2011 to 30/06/2011	0.1155	0.2817	0.3860	0.0578	0.1409	0.1930	0.2693	0.1347	0.2693	0.1347	0.6238	0.3119
From 01/07/2011 to 31/12/2011	0.1079	0.2479	0.3531	0.0540	0.1240	0.1766	0.2410	0.1205	0.2410	0.1205	0.4678	0.2339
From 01/01/2012 to 30/06/2012	0.0740	0.1645	0.2411	0.0370	0.0823	0.1206	0.1617	0.0809	0.1617	0.0809	0.2277	0.1139
From 01/07/2012 to 31/12/2012	0.0591	0.1258	0.1894	0.0296	0.0629	0.0947	0.1252	0.0626	0.1252	0.0626	0.1798	0.0899
From 01/01/2013 to 31/12/2013	0.0360	0.0740	0.1130	0.0360	0.0740	0.1130	0.0740		0.0740		0.1160	

Since 2008, the technical and pricing terms for interconnection to Maroc Telecom's fixed-line network have included an offer for interconnection by capacity, strictly for fixed-line traffic (including limited mobility).

Rates for 2012 and 2013 (MAD (excl. tax) per PCM per month) are as follows:

	01/01/2012 to 06/30/2012	01/07/2012 to 12/31/2012	01/012013 to 12/31/2013
Intra CAA	14,708	11,746	**9,000**
Simple Transit	35,310	27,003	**19,980**
Double Transit	57,502	45,172	**33,900**

SMS termination rates for the mobile networks of the three operators for 2012–2013 are as follows:

	01/01/2012 to 12/31/2012	01/01/2013 to 12/31/2013
SMS mobile termination rate (MAD (excl. tax) per SMS)	0.08	0.03

By a decision dated December 24, 2013, the ANRT has renewed the interconnection rates in force for 2014 and opted to lower them by 5% for 2015–2016. This decision is subject to change once the market analysis at end-2014 has been completed.

New interconnection agreement with GMPCS operator Globalstar North Africa (GNA)

An interconnection agreement between IAM and GNA was signed at the end of 2011. The agreement concerns the channeling of GNA's domestic traffic towards the IAM network (GNA is not authorized to transit international traffic) and of all IAM traffic (including incoming international traffic) towards the GNA network.

GNA's interconnection tariff is MAD 3.3684 (excl. tax) per min. at peak time and MAD 1.6842 (excl. tax) per min. at off-peak time.

Preselection

Since 2006, the technical and pricing terms for interconnection to Maroc Telecom's fixed-line network have included preselection of the carrier (the operator carrying the communication on the domestic and international network, excluding the local loop). To date, no third-party operator has opted to make use of Maroc Telecom's offer.

Numbering and number portability

The ANRT allocates numbers, blocks of numbers, and prefixes to operators of public telephony networks on terms that are objective, transparent, and nondiscriminatory. These numbers and blocks of numbers may not be transferred without the express prior consent of the ANRT.

Fixed-line and mobile number portability has been in place since May 31, 2007.

The conditions for number portability are set by the ANRT, in accordance with the terms of its decision 10/06, dated October 4, 2006, relating to the procedures and conditions for number portability, and decision 10/07, dated July 18, 2007, setting the pricing terms for portability of Maroc Telecom fixed-line and mobile numbers and Meditel's mobile numbers. The former was abrogated by ANRT decision ANRT/DG 1/11, dated February 1, 2011, while the latter was amended and supplemented by decision 09/12, dated December 6, 2012, whose main effect was to shorten the withdrawal period granted for customers in accordance with this procedure.

Unbundling of the local loop

Since January 1, 2008, Maroc Telecom has offered technical and pricing terms for total or shared access to its local loop. These terms are subject to ANRT approval, as are the technical and pricing terms for interconnection. An agreement for the implementation of this service has been drawn up. The monthly rates in 2013 were MAD 20 (excl. tax) for partial unbundling and MAD 73 (excl. tax) for total unbundling. Technical and pricing terms for 2013 were expanded with the introduction of a service for the unbundling of inactive lines and an SLA+ (waiting period shorter than usual) offer, in compliance with the ANRT decision of May 22, 2012, which approved IAM's 2012 technical and pricing terms for unbundling of the local loop. Approval for the abovementioned offer is pending.

Provision of infrastructure

Act 24/96, as amended and supplemented by Act 55-01, introduces a provision whereby public-sector entities, public contractors, and other operators of public telephony networks must, unless compliance interferes with public use, make available to operators of public telephony networks so requesting their easements, expropriations, engineering works, major roads and conduits, high points, etc., for the purpose of commissioning and operating transmission systems. These properties must be made available under acceptable, objective, and nondiscriminatory technical and financial conditions, so as to ensure fair competition. The purpose of this provision is to allow operators access to the alternative infrastructures of entities such as the Office National de l'Electricité (electricity), the Office National des Chemins de Fer (railroads), and the Autoroutes du Maroc (highways), and to regulate infrastructure sharing among telecommunications operators. The ANRT is authorized to resolve any disputes. In accordance with this provision, Maroc Telecom signed agreements in 2011 with Medi Telecom and Wana for the sharing of radio sites. However, to date few sites have been shared, a situation that has created disputes among operators (see below).

Accounting separation

In accordance with Decree 2-97-1026, as amended and supplemented by Decree 2-05-771, of July 13, 2005, and with Decree 2-97-1025, as amended and supplemented by Decree 2-05-770 of July 13, 2005, operators must maintain cost-accounting records that identify costs, income, and earnings for each network operated or service offered. The annual financial statements are to be submitted for audit to an entity designated by the ANRT. Decision 08/12 of December 6, 2012, established a standardized framework for the reporting of regulatory costs and revenues that operators of public-communications networks are required to declare annually to the ANRT.

Universal service

Universal service consists of an affordable minimum of telephone service of a specified quality. It also includes internet access, the routing of emergency calls, directory assistance, and a printed or electronic phone book (the last two services are mandatory). Telephone booths must also be provided and maintained in public areas; the removal of any booth is subject to prior approval by the ANRT.

Act 24/96 as amended and supplemented by Act 55-01 instituted the "pay or play" principle and set the contribution required from operators of public telephony networks for their universal-service obligations at 2% of pretax revenues (net of interconnection charges, handset sales, and income from value-added services).

Operators may therefore either provide universal service or pay into a special allocation fund (the "US Fund").

The terms of performance of universal-service duties for each operator are set forth in contract specifications approved by decree. For 2008-2011, the ANRT launched a consultation paper for all national operators concerning a broadscale universal-service program entitled Pacte. The program aims to ensure the provision of telephone services and internet access to all white zones in Morocco, or 9,263 rural areas. The Universal Service Management Committee commissioned Maroc Telecom to extend coverage to 7,338 of these areas, for an overall budget of MAD 1.159 billion to be deducted from its universal-service contribution for 2008-2011.

The deadline for completion of the program, initially set for December 31, 2011, has been extended twice, first to June 30, 2012, and again to December 31, 2013 (Telecommunications Universal Service Committee resolution CGSUT-02/2013/1). The extensions were due to problems related to the lack of electricity in certain areas and/or the sites to be connected, and to the availability of land for site deployment.

Consequently amendments were made to the agreements concluded between Maroc Telecom and the ANRT concerning the Pacte programs for 2008, 2009, 2010, and 2011.

At December 31, 2013, approximately 98% of the program had been completed. IAM reported to the ANRT that, except for a few sites, the termination of the Pacte program depended only on the completion of the electricity-provision program by the Office National d'Electricité.

In December the ANRT announced that it intended to audit the completion of the Pacte program and to launch a new, supplementary program. The ANRT asked operators of public-communications networks to submit a list of areas near Pacte areas already covered, and the expected means for covering them. So far IAM has compiled a list of approximately 1,500 areas that are not covered or are only partially covered. The consultation period with operators of public-communications networks has not yet begun.

Maroc Telecom also contributes to the Nafid@ and INJAZ programs, universal-service programs commissioned by the Telecommunications Universal Services Management Committee (Comité de Gestion du Service Universel des Telecommunications, CGSUT) and financed in part by the Universal Service Fund (Fonds du Service Universel des Telecommunications, FSUT).

These programs are for the dissemination of information and communication technologies in the field of education:

» The INJAZ program aims to provide master's students in engineering, sciences, and information and communication technologies with mobile broadband internet access and a laptop. IAM has equipped 34,934 students during the three editions of Injaz (2009, 2010, and 2011).

The ANRT consultation period for the fifth edition of the INJAZ program was launched on November 14, 2013. As many as 24,400 students are expected to participate in this edition.

» The Nafid@ program, which supplements the Genie program, encourages the educational community to use information and communication technologies within the educational system and provides the necessary means (laptop computers, internet access). Approximately 180,000 persons benefit from this program.

With regard to maritime radio communications, which Maroc Telecom had asked to cease providing in 2008, the ANRT informed Maroc Telecom of the decision of the Universal Service Management Committee to:

» pay compensation for it to continue providing maritime radio-communication services (MAD 2.4 million for 2012);
» choose by invitation to tender an international consultancy firm for the transfer of this activity to a new provider.

The consultation launched by the ANRT for the creation of a guideline memo for the period 2014–2018 (see above) provides for the revival of universal service and its expansion to include high-speed services. The guideline memo for 2013 had provided that the ANRT would adopt guidelines for universal-service projects for the period 2014–2016. These guidelines have not yet been adopted.

Contributions to research, training, and standardization in telecommunications

Act 24/96 as amended and supplemented by Act 55-01 sets the required contribution from operators of public telephony networks for training and standardization at 0.75% of revenues (excl. tax) and net of interconnection charges generated by the telecommunications operations covered by their licenses. The contribution for research is set at 0.25% of revenues as specified above. This amount is paid into a special fund allocated to research. Operators providing equivalent funding for research programs under agreements with officially designated research agencies are exempt from the payment.

Since 2007, Maroc Telecom has signed no agreements with such agencies and has paid the entirety of the abovementioned contribution into an account earmarked for research.

Customer identification

The ANRT has notified the operators of public communications networks of Decision 04/11, dated July 13, 2011, concerning the identification of 2G and 3G mobile customers.

In September 2012, an audit was conducted by an ANRT-authorized expert to verify compliance with the abovementioned decision by all operators of public communications networks. The expert recommended extending the original deadline by one year so that identification objectives could be met.

Because the objectives were not met, the ANRT issued a new decision on November 8, 2013. This decision was amended on January 31, 2014, by a decision whose terms are as follows:

» The sale of preactivated prepaid SIM cards is forbidden as of April 1, 2013.
» In principle, operators of public communications networks may activate SIM cards only when they possess a complete, physical identification file. However, they may also activate SIM cards before the physical file is constituted, provided that they have the identification data stored on the appropriate, dedicated database and are certain that their retailers possess the complete physical file. Retailers must deliver the physical file to the operator within two months. Otherwise, service for the customer in question shall first be limited for one month and then suspended until complete, effective identification has been made.
» Operators of public communications networks shall have twelve months as of April 1, 2014, to identify inventory.
» Operators of public communications networks must provide a toll-free number until September 30, 2014. Customers may call this number for information on identification and the procedure for identifying themselves.
» The ANRT shall conduct, at its own expense, a public-information campaign; operators of public communications networks shall inform the public as they see fit.

Resolution of disputes

Decree 2-05-772, dated July 13, 2005, sets out the procedures required by the ANRT as regards disputes, anticompetitive practices, and monopolies. The decree also sets out the ANRT's new powers to enforce antitrust regulations.

Three legal challenges to Maroc Telecom were brought before the ANRT in 2013:

Dispute with Wana over domestic roaming in Pacte zones

Wana asked the ANRT to arbitrate a dispute over the domestic-roaming rate applied by Maroc Telecom in Pacte zones. For services provided by Maroc Telecom in Pacte zones, Wana was seeking rates determined on an incremental-cost model and at a rate lower than that of domestic mobile-call terminations.

The dispute, essentially over the method of calculation for the domestic-roaming rate, was resolved by a conciliation agreement between the parties on the basis of the report delivered by an international expert authorized by the ANRT.

Rates for 2013 for domestic roaming in Pacte zones are as follows:

» voice MAD 0.228 (excl. tax) per minute, for an MTR of MAD 0.1399 (excl. tax) per minute;
» SMS: MAD 0.03 (excl. tax) per SMS;
» data: MAD 0.07 (excl. tax) per MB.

These rates, which are reciprocal, are applicable to all operators of public communications networks. The rates shall be subject to annual modification and form an integral part of technical and pricing terms for mobile interconnection. The domestic roaming rate for 2014 is currently under discussion.

Dispute with Meditel and Wana over infrastructure sharing

Medi Telecom and Wana asked the ANRT to resolve a dispute with Maroc Telecom over the sharing of radio facilities. The dispute arose from a failure to apply the infrastructure-sharing agreements signed with those operators in 2011. The agreements resulted in the sharing of only a few sites.

During the hearing the point was made in due form that the chief obstacle to the infrastructure sharing was of a legal nature (i.e., prohibition to sublease the land on which the sites stand).

The dispute was resolved by a conciliation agreement between the parties. The principles of this agreement were repeated in the ANRT's decision of August 8, 2013, on the same matter.

The main points of the decision are as follows:

» all parties acknowledge that the sharing requirement is enforceable on all operators irrespective of geography (urban or rural site) and of whether the property's lessor is a public or private entity;
» parties shall obtain the prior authorization of landowners for sites built on leased land, whether said owners are public or private entities or individuals;
» the ANRT shall have the option to undertake verifications should refusal rates exceed predetermined thresholds.

Without exception, additional costs related to subleasing shall be covered by the operator making the sharing request; said operator shall not enter into dealings directly with the host operator's lessor so as to occupy part of the land under lease. The requesting operator may, however, sign a lease with the host operator's lessor for land other than that under lease by the host operator, and the host operator shall not object.

The application of the aforementioned ANRT decision is being closely followed by the ANRT, which periodically notes progress among the three operators.

Dispute with Wana over unbundling

On December 27, 2013, Wana submitted a complaint against IAM over "the unbundling of the local loop under conditions of unfair competition" and setting forth the following principal grievances:

- first delay in the "unbundling project," because of operational difficulties encountered during implementation;
- second delay of the project, because its viability had been jeopardized by the modernization of the IAM network and because of the delayed transfer of information pertinent to said modernization.

Wana is thus requesting the ANRT to recognize a revenue shortfall, freeze IAM offers that are based on the new network architecture, provide "technical, economic, and regulatory conditions allowing it to proceed with the unbundling under conditions allowing for fair competition" (unbundling of the local loop in particular), and furnish it with detailed information on lines connected to its distribution frames.

This dispute is currently under investigation by the ANRT, which has four months to render a decision.

3.2.1.5 Distribution and communication

Distribution

Organization

Maroc Telecom has the largest distribution network in Morocco, with a direct sales channel and an indirect sales channel comprising more than 72,000 outlets. In 2013, the various distribution channels were as follows:

- a direct sales channel comprising 386 agencies, with new agencies opened every year and existing agencies renovated;
- more than 160 full-image resellers under the direct management of the Maroc Telecom network; these resellers offer consumer products and services;
- an indirect sales channel, made up of independent resellers bound by exclusive agreements and each managed by the nearest Maroc Telecom retail branch (a significant portion of these resellers also manage a telestore business licensed by Maroc Telecom);
- distributors (e.g., Altadis, Canal M, M2T) structured on a nationwide basis and whose main business is not telecommunications;
- four national distributors who work exclusively in business telecommunications. Two other distributors active in all customer segments and all of Maroc Telecom's product lines and services;
- four partners specialized in the sale and commission of PABX equipment.

Distribution strategy

The scale and organization of Maroc Telecom's distribution network are a key competitive advantage for the Company.

The Company's distribution strategy focuses mainly on the following objectives:

- developing the direct sales channel by creating new agencies every year and by refurbishing the older ones in order to maximize customer satisfaction while keeping up with technological trends;
- extending the local reach of digital distribution through indirect channels, in order to increase proximity to customers;
- strengthening the reach of direct and indirect sales channels to promote product and service offers and to maximize customer satisfaction;
- diversifying distribution formats (electronic top-ups, ATMs, rapid top-ups, online top-ups, pay points, etc.);
- harnessing synergies between the direct and indirect distribution channels to ensure that customers receive the best possible service.

Direct distribution network

In order for its direct network to maintain its central and vital role in the Group's sales strategy, Maroc Telecom continued to expand and modernize its own sales network, using the next-generation branch design.

With 20 new branches and 51 fully renovated in 2013, there are now 223 Maroc Telecom sales points designed in compliance with the new charter.

At December 31, 2013, Maroc Telecom's retail distribution network comprised 387 branches and eight regional offices, ensuring the widest possible coverage of customer segments. The network is composed of 360 retail branches, 27 branches for business customers, and four dedicated branches with nationwide coverage for key accounts.

Indirect distribution network

At December 31, 2013, the indirect distribution channel comprised a large group of resellers, telestore operators, and regional and national distributors.

The telestores network, whose main business activity is the operation of public telephony services licensed by Maroc Telecom, also distributes prepaid fixed-line and mobile cards and subscriptions for fixed-line telecommunications.

The reseller channel consists mainly of tobacconists, convenience stores, and other distributors of telecoms and electronics products. These resellers have entered into agreements for the distribution of Maroc Telecom products and services. A new category of resellers has arrived in the form of Full Image sales points, which sell all Maroc Telecom prepaid and postpaid products.

In 2013, the indirect sales channel comprised more than 72,000 resellers licensed by Maroc Telecom to retail prepaid phone cards. Almost 60,000 of these resellers offer the rapid top-up service.

Individual telestore agreements serve to reinforce the network and to ensure local distribution. Telestore operators are remunerated through commissions for sales and services.

In 2013, Maroc Telecom entered into agreement with a new partner for the international distribution of electronic top-ups.

Distribution agreements

At December 31, 2013, Maroc Telecom held distribution agreements with the following companies:

Company	Activity	Agreement date	Maroc Telecom products distributed
GSM Al-Maghrib	Distribution of telecom products	11/2003	Prepaid mobile and fixed-line cards Mobile, fixed-line, and internet subscriptions, and electronic top-ups
Barid Al-Maghrib	Moroccan post office	06/2003	Prepaid mobile and fixed-line cards
Mahatta (Total Maroc Group)	Service stations	07/2002	Prepaid mobile and fixed-line cards
SMT	Manufacture and distribution of tobacco products in Morocco	11/2003	Prepaid mobile and fixed-line cards
Canal Market	Electronic payment service provider and distributor of electronic top-ups	11/2002 11/2006	Mobile and fixed-line electronic top-ups Mobile, fixed-line, and internet subscriptions for business customers in Marrakesh
Sicotel	Distribution of telecom products	11/2006	Prepaid mobile and fixed-line cards Mobile, fixed-line, and internet subscriptions
Lineatec	Distribution of telecom products	11/2006 11/2008	Prepaid mobile and fixed-line cards; mobile, fixed-line, and internet subscriptions for businesses in Rabat and Tangier Mobile, fixed-line, and internet subscriptions for business customers in Casablanca and Fez
M2T	Local customer services (bill payment, etc.)	04/2010	Mobile products (electronic and online top-ups)
MTC	Online shopping	06/2010	Mobile, fixed-line, and internet top-ups
W-HA (Orange)	French telecoms operator	12/2010	Ticket transfer for mobile top-up
SFR	French telecoms operator	03/2011	Credit transfer by SMS
Transfer To	International distribution of telecom products	02/2011	Top-up transfer from abroad
Ezetop	International distribution of telecom products	02/2012	Top-up transfer from abroad
La Marocaine des paiements	Distributor	11/2013	Mobile top-ups via automatic payment terminals
Vox Telecom	International distribution of telecom products	11/2013	Top-up transfer from abroad

Communication

As one of Morocco's largest advertisers, Maroc Telecom spends a significant part of its advertising budget on its mobile, fixed-line, and internet products, targeting the consumer and business segments. The Group also advertises for institutional, financial, and internal matters.

Corporate communication

The Group's corporate communication in 2013 aimed mainly to expand and establish Maroc Telecom's brand image and reputation as Morocco's leading operator. The Group also promoted its values and goals by emphasizing the vital role played by the Company in the local community, especially in terms of opening up isolated regions, supporting programs for the development of information technology in schools, and numerous other actions for sustainable development.

Consumer and business advertising

Advertising for prepaid mobile for consumers grew significantly in 2013. The playful tone of the Jawal Ninja and Jawal the Monster campaigns struck a successful chord with younger customers. The trendy, exciting approach to advertising targets young people, mainly through offers for Jawal and prepaid 3G.

For the business segment, an advertising campaign was launched for the new range of business mobiles. The campaign was designed to solidly establish Maroc Telecom as leader in this segment, and to show that the Company is able meet the needs of this highly demanding sector.

Online advertising

After the successful introduction of the Maroc Telecom Facebook page in the second half of 2011, Maroc Telecom became a major digital advertiser in Morocco in 2012. Last year Maroc Telecom definitively established its presence on social networks—in September its Facebook page had more than one million fans, a first for a Moroccan company—while enhancing its presence on other networks such as Twitter, YouTube, and Instagram through a variety of digital actions that satisfy the needs of internet users:

- » entertaining content related to product and corporate campaigns (games, raffles, quizzes, and more);
- » organization of cultural, athletic, and artistic events sponsored by Maroc Telecom; games, entertainment, live tweets;
- » assistance with requests for information and complaints.

Maroc Telecom also began a major redesign of its website, www.iam.ma, with the aim of adapting it to meet customer needs while promoting the Company's leader position.

Sponsorship and corporate philanthropy in 2013

Maroc Telecom focuses its efforts on four areas of sponsorship and corporate philanthropy:

- Seaside events:

For the thirteenth consecutive year, Maroc Telecom organized a summer events program, with a profusion of activities between June 15 and September 2, 2013: at seaside holiday villages in Saidia, Nador, Al Hoceima, Martil, Mdiq, Tanger, Casablanca, Rabat, and Agadir; Clean Beaches campaign, in which Maroc Telecom has participated every year since 1999 by providing equipment and facilities for more than 15 beaches.

- Community and humanitarian actions:

Aware of its responsibilities to the local community, Maroc Telecom contributed in 2013 to several foundations and associations:

- Mohamed V Foundation for Solidarity;
- Lalla Salma Association for the Fight Against Cancer;
- National Institute for Children's Rights;
- Moroccan Royal Federation of Scouting;
- Moroccan Association for the Support and Aid of Children with Down's Syndrome.

- Sports sponsorships:

Maroc Telecom is very involved in sports on both the national and the local levels, and has renewed its official sponsorship of the following:

- Moroccan Royal Football Federation;
- Mohammed VI Royal Football Academy;
- Moroccan Royal Track and Field Federation;
- Moroccan Royal Golf Federation;
- Moroccan Royal Federation for Equestrian Sports;
- Moroccan Royal Federation for Jet Ski and Water Skiing;
- Moroccan Royal Tennis Federation;
- Moroccan Royal Basketball Federation.

- Cultural sponsorships:
Maroc Telecom is actively involved in cultural events through its participation in numerous prestigious Moroccan festivals, such as the Mawazine Music Festival, the Fez Festival of World Sacred Music, and the Marrakesh International Film Festival.

Financial communication

The objective of financial communication is to raise investor confidence while providing all shareholders, analysts, and investors with information that is precise, relevant, transparent, and honest. Information concerning the Group and its activities is presented in a manner intended to help investors and management make decisions. Maroc Telecom's financial communication is also presented with respect to statutory and regulatory requirements.

The investor relations department maintains close and ongoing relations with analysts. Investor relations regularly communicates to markets via press releases and reports, analyst presentations, roadshows, conference calls, internet podcasts, meetings with analysts, the Maroc Telecom annual report, and the annual registration document.

At the same time, the department contributes to and continually updates the www.iam.ma website's "investor relations" pages, intended mainly for use by institutional investors.

3.2.1.6 Network and systems infrastructure

Key performance indicators

Key performance indicators	2011	2012	2013
BTS 2G customer base	6,720	6,954	7,484
Node B 3G customer base	3,539	3,813	4,536
DSLAM/MSAN customer base	2,107	2,545	4,471
Internet bandwidth (Gb/s)	110	250	380
Mobile failure rate	2.90%	2.43%	2.42%
Mobile dropped-call rate	0.90%	0.99%	1.12%

Mobile network infrastructure

Maroc Telecom's mobile network is based on GSM technology and has been rolled out across almost the entire territory of Morocco. The network has a well-developed infrastructure, high international connectivity, and a service quality comparable to that of international operators.

In addition to the GSM 2G network, a 3G/HSDPA network offers all third-generation multimedia services (videoconferencing, streaming, downloading, online gaming, etc.) at a theoretical maximum speed of 14.4 Mb/s, with high-speed internet access via a USB dongle.

Network switching subsystem – Core CS and service platforms

Maroc Telecom's mobile switching network is equipped with next-generation network (NGN) technology that provides support for IP and 2G/3G networking simultaneously and enables optimal resource allocation. Packet switching and service platforms use highly redundant infrastructures in order to guarantee the highest network availability possible.

The network is also equipped with technical platforms enabling the provision of high-quality services to customers in both voice and data services (voicemail, SMS, MMS, GPRS, prepaid management systems, etc.). Maroc Telecom adjusts the capacity of these platforms year-round to ensure that the increased usage of value-added services is satisfied.

Coverage

With the introduction of next-generation SingleRAN (radio access node) technology, which combines 2G and 3G technologies, Maroc Telecom expanded its radio coverage while refurbishing and raising the capacity of its radio-access equipment.

At December 31, 2013, some 12,000 base stations allowed Maroc Telecom to cover 99.14% of its customers equipped with 2G handsets, compared with 98.9% a year earlier, and 72.8% of its customers equipped with 3G handsets, compared with 64.3% at December 31, 2012.

In partnership with the government, Maroc Telecom contributed to providing coverage for more than 7,100 isolated rural areas via the Pacte program, which was 98% complete at the end of 2013.

The base-station network has been optimized by:

- a continuous program of equipment redeployment and extension;
- ongoing software upgrades to the most recent releases;
- voice-compression technology that is used in response to spikes in traffic during public holidays and promotional periods.

Mobile service quality

Maintaining and enhancing mobile service quality is a priority.

The call-success rate was 97.5% in 2013 while the dropped-call rate was less than 1.14%; the incoming-SMS success rate came to 99.6%.

Maroc Telecom pays close attention to public-health concerns and abides by the guidelines for human exposure to radiofrequency electromagnetic fields issued by the International Commission on Non-ionizing Radiation Protection (ICNIRP), a scientific body recognized by the World Health Organization (WHO).

Fixed-line network infrastructure

Maroc Telecom has developed a state-of-the-art network enabling it to deliver a wide range of services to its residential and professional customers.

This network comprises network access with copper and fiber-optic technologies, a transmission backbone, switching centers, and service platforms.

Internet- and data-access network

To supplement its copper wireline access network that enables high-speed internet access (up to 20 Mb/s via ADSL 2+ in Morocco's principal urban centers) and ADSL TV (more than 100 TV channels and radio stations with direct control and VOD), Maroc Telecom has continued to deploy its optical local-loop technology with the aim of offering very high-speed internet to business customers, particularly by means of VPN IP technologies.

The DSLAM network has been supplemented with the latest MSAN (Multi-Service Access Node) devices that route internet traffic along the Maroc Telecom copper network and provide VDSL service with theoretical speed of up to 50 Mb/s.

Pursuant to its universal-service obligations, Maroc Telecom has installed the latest Code Division Multiple Access (CDMA) base stations in the most remote areas, in order to deliver voice and internet services to rural populations previously outside wireline coverage.

Domestic transmission network

Maroc Telecom's domestic transmission network comprises almost 35,200 km of fiber-optic cable linking all of the Kingdom's large cities.

Based on the latest hybrid NG-SDH and NG-WDM transmission technologies, the backbone can transmit up to 800 Gb/s on a single pair of fibers. These high-speed connections are highly secure, thanks to mesh networking and ASON (Automatically Switched Optical Network) technology.

Switching platforms and fixed-line services

Fixed-line switching is provided with next-generation networks (NGN), which allow the Company to guarantee optimal service quality while providing innovative services:

- voice over IP (VoIP);
- migration of time-division-multiplexing (TDM) traffic to IP, simplifying network operations;
- Value-added services (three-way calling, call-waiting signals, call transfer, etc.).

International network

Maroc Telecom connects Morocco with more than 240 foreign destinations through its infrastructures and agreements with large international operators:

- two international transit centers, in Casablanca and Rabat;
- five fiber-optic, submarine cables linking Morocco to Europe (SMW3, Tetouan-Estepona, Eurafrica, Atlas Offshore, and Loukkos).

These cables had a total capacity of 380 Gb/s at the end of 2013, compared with 250 Gb/s a year earlier. Over the course of three years, capacity was more than tripled to meet the connectivity needs of Maroc Telecom customers.

- satellite links to connect the Kingdom's most isolated areas to the Maroc Telecom backbone.

The construction of a fiber-optic landline of nearly 5,300 km was also continued, in order to connect Maroc Telecom with its sub-Saharan subsidiaries in Mauritania, Mali, and Burkina Faso. This construction is now 99.9% complete.

Information systems

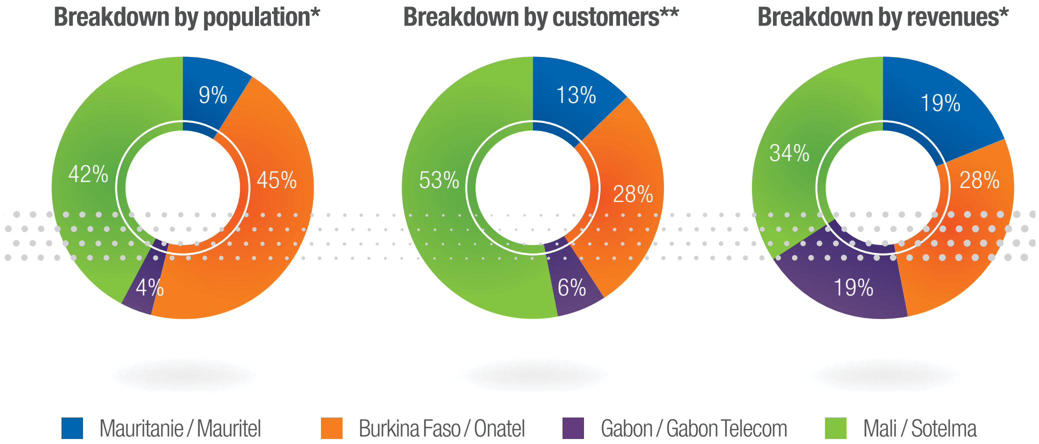
The Information Systems Department is responsible for the provision of IT infrastructure (including data centers and office-automation solutions) and software applications for day-to-day use in the Company's various business segments.

A number of major IT projects were completed in 2013:

- » review and adjustment of the 2013 marketing plan;
- » upgrade of system for financial-information management;
- » migration of software for human-resources management;
- » enhancement of CRM with additional building blocks so that the system covers all products;
- » new web applications for customers: online Maroc Telecom boutique, mobile self-care, mobile applications for smartphones, and more;
- » adaptation and improvement of information systems (data collection, provisioning, etc.) in parallel with technological expansions/ improvements in networks (Intelligent Network, IMS, etc.);
- » pilot phase implemented for desktop-virtualization system;
- » tightened data security for information systems.

3.2.2 SUBSIDIARIES

Population ('000)*	Customers ('000)**	Revenues (MAD millions)**
39,889	16,837	7,754



**Forecasts at December 31, 2013 (source: IMF, October 2013).*

***Data at December 31, 2013 (source: Maroc Telecom).*

3.2.2.1 Mauritel

Macroeconomic indicators

	2011	2012	2013e
Population ('000)	3,543	3,628	3,715
GDP per inhabitant (USD)	2,008	2,099	2,022
GDP growth	+4.0%	+5.3%	+5.3%
Inflation	+5.7%	+5.9%	+6.1%

(Source: IMF, October 2013.)

Fixed-line telephony, data, and internet

Mauritel provides fixed-line telephony services (voice and data) and internet access to retail customers, businesses, and the public sector.

The most recent statistics show that there were 91,800 fixed lines in Mauritania at December 31, 2013 (source: Dataxis), representing a penetration rate of only 2.5%. Mauritel holds a market share of 47%.

In addition to Mauritel, Mattel and Chinguitel have had fixed-line licenses since 2009 that allow them to operate on this market. To date, Mattel has developed neither networks nor fixed-line offers, while Chinguitel provides fixed-line services through its CDMA network. Consequently, Mauritel remains the sole fixed-line operator in Mauritania.

At December 31, 2013, Mauritel had a fixed-line customer base of 42,256 customers, 2.5% fewer than in 2012, reflecting the increasingly competitive environment between fixed-line and mobile activities in Mauritania. Mauritel also has an ADSL network via its fixed lines whereby it can offer high-speed internet, a rapidly growing segment, to its fixed-line customers. At December 31, 2013, Mauritel had 7,352 (+6.8%) internet subscribers, most of whom were connected by the ADSL network (97% of customer base).

In order to meet its needs for international bandwidth, Mauritel participates in: i) a consortium that includes all Mauritanian telecoms operators and the Mauritanian postal service to install a landing point for the ACE (Africa Coast to Europe) submarine cable linking Mauritania to France; commercial use of the cable was launched on December 19, 2012; ii) the construction of a fiber-optic landline linking Mauritania to Morocco and Mali, as part of a Maroc Telecom Group fiber-optic project.

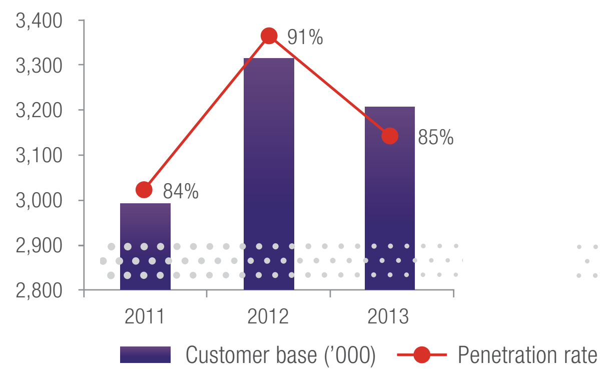
Mobile telephony

Mauritel's mobile segment provides prepaid and postpaid services through voice and data offers, mainly SMS. Mauritel also provides roaming services for its mobile subscribers abroad and for visiting customers of foreign partner operators. In 2013 Mauritel introduced its m-payment service under the Mobicash brand.

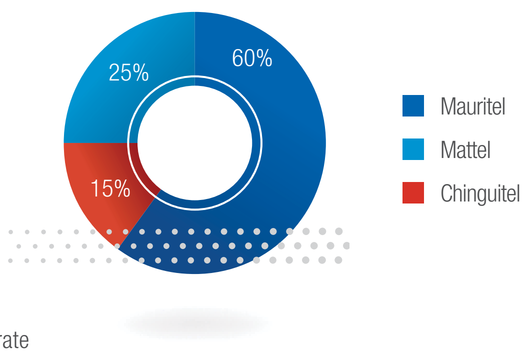
In order to provide these services, Mauritel disposes of a network of 868 base transceiver stations spread throughout country, equipped with both 2G and 3G technologies (the latter was launched in 2009).

Market and competitive environment

Change in the mobile market in Mauritania*



Mobile market share in Mauritania at December 31, 2013



Source: FMI & Dataxis

**Penetration rates for 2011 and 2012 adjusted after update of IMF demographic data.*

At December 31, 2013, Mauritania had 3.1 million mobile customers, representing a penetration rate of 85%, up 6 points since the beginning of the year.

Mauritel operates in an intensely competitive environment alongside two other operators, Société Mauritano-Tunisienne de Télécommunications Mattel and Chinguitel (since August 2007). Chinguitel introduced a GSM offer in 2011. In 2006, the ARE awarded 3G licenses to Mauritel and Chinguitel; Mattel was not awarded its 3G license until March 2009.

At December 31, 2013, Mauritel had more than 1.872 million mobile customers—a decline of 7.0% year on year because of heightened competition—most of whom were prepaid. Despite this decline, Mauritel remained the market leader, with market share of 60% at December 31, 2013. The company's performance was aided by innovative pricing and promotional policies, and by the introduction of value-added services increasingly customized to suit each category of customer. Mauritel's mobile ARPU reached MAD 56.6 in 2013, a rise of 6.2% from a year earlier.

Performance

The following table summarizes Mauritel's key operating and financial data:

	Unit	2011	2012	2013e
Operating indicators				
Mobile customer base	(000)	1,747	2,013	1,872
Mobile ARPU	(MAD/month)	47.1	53.3	56.6
Fixed lines	(000)	41	41	42
High-speed access	(000)	7	7	7
Financial indicators				
Total revenues	(MAD millions)	1,202	1,375	1,476
Mobile-services revenues	(MAD millions)	1,033	1,257	1,357
% of Group revenues	(%)	3.9%	4.6%	5.1%

Maroc Telecom representatives sit on the board of directors of Mauritel SA; no Maroc Telecom executive officer holds an executive function in this company.

Details on the consolidation methods used to account for the Mauritel subgroup and on its contribution to Maroc Telecom Group's earnings are provided in notes 1, 2, and 28 of the notes to the consolidated financial statements. In addition, section 2.3.4, "Related-party transactions," summarizes the amount and type of cash flows between Maroc Telecom and the Mauritel subgroup. Maroc Telecom owns 80% of CMC, which owns 51.527% of Mauritel.

Seasonality

Usage of telecommunications services in Mauritania generally peaks during the period from June to September. Other, shorter periods of increased usage, such as religious holidays, provide significant sales opportunities. Conversely, usage of fixed-line and mobile services is particularly subdued during Ramadan.

Regulations

Overview

The regulatory framework for telecommunications in Mauritania was modified by Act 2013-025 of July 15, 2013 (hereinafter "Act"), pertaining to electronic communications.

The main purpose of this act, which repeals and replaces Act 99-019, is to raise interconnection and access requirements, including terms for infrastructure sharing, curbs on discriminatory practices with regard to on-net/off-net rates and promotional offers, improved market-analysis mechanisms, specific requirements for dominant operators, and broader sanctioning powers for the ARE.

Moreover, the act completes the prerogatives of the ARE and confers upon it powers to curb unfair business practices in the sector. These prerogatives supplement the ARE's regulatory, audit, and oversight powers with regard to the sector's operators, as provided for in Act 2001-18 of January 25, 2001, which created the ARE.

The ARE is an independent public-sector entity with multisector authority and full financial and managerial autonomy. The ARE reports directly to the Prime Minister.

Enactment of the implementing provisions of Act 2013-025 is under way.

Principal regulatory obligations applying to Mauritel

Maurital SA has fully satisfied its obligations as regards fixed-line and 2G coverage, as defined in their respective contract specifications.

For 3G services, Mauritel is required to cover 19 areas in four phases over a four-year period from the date the service was launched on the market.

Mauritel is required to pay all industry fees and contributions, including an annual universal-service contribution of no more than 3% of revenues, net of interconnection charges.

Mauritel is also required to pay regulatory fees of no more than 2% of revenues, net of interconnection charges, as well as annual fees for the numbering plan and the use of radio frequencies.

2013 highlights

Regulatory highlights for the year 2013 included:

Enactment of Act 2013-025 of July 15, 2013, pertaining to electronic communications

The act went into force on July 30, 2013, and:

» raises operator requirements with regard to interconnection and access, including infrastructure sharing and domestic roaming;
» curbs discriminatory practices with regard to on-net/off-net rates and promotional offers;
» provides for a redesign of the market-analysis mechanism and institutes specific requirements for dominant operators;
» broadens ARE sanctions and raises the ceiling on fines;
» expands the powers of the ARE, which is now authorized to curb unfair business practices in the industry;
» regulates rights-of-way.

Publication of the interconnection catalogs for mobile operators for the period July 1, 2013–June 30, 2014

Mobile termination rates declined in 2012–2013 from MRO 7 per minute to MRO 6 per minute for all operators.

Fixed-line termination rates have not changed: MRO 12 per minute for local calls and MRO 23 per minute for the transit of long-distance calls.

In addition, SMS termination rates for all operators are now MRO 3 per SMS, down from MRO 5 per SMS in 2012–2013. These rates became effective on July 1, 2013.

Service quality

In 2013 the ARE announced two fines against Mauritel for failure to meet service-quality (hereinafter "SQ") requirements as defined by contract specifications. The first, dated February 13, 2013, amounted to MRO 110,650,000; the second, dated August 27, 2013, amounted to MRO 27,528,000. Mauritel has paid both fines.

Invitation to tender for the provision of services in the universal-service zones

In September 2012, the ARE launched an invitation to tender for the provision of services in the universal-service zones. The operator that asks for the lowest subsidy (based on its estimated operating loss) would win the lot(s) concerned and be granted a concession for universal access. Mauritel was the only operator to bid. The results of the tender have not yet been announced.

National Backbone project and West Africa Regional Communications Infrastructure Program (WARCIP), Mauritania

In March 2013, the Mauritanian government invited Mauritania's telecommunications operators—all members of the IMT EIG consortium, which operates the ACE landing station in Mauritania—to play a role in the future management of the country's forthcoming fiber-optic national backbone.

As a member of the IMT EIG, Mauritel is currently participating in discussions on the project's structure and the backbone's operating policy.

3.2.2.2 Onatel

Macroeconomic indicators

	2011	2012	2013e
Population ('000)	16,968	17,358	17,758
GDP per inhabitant (USD)	1,302	1,384	1,493
GDP growth	+4.2%	+7.0%	+5.5%
Inflation	+2.8%	+3.0%	+2.0%

(Source: IMF, October 2013.)

Fixed-line telephony, data, and internet

Onatel provides fixed-line telephony services (voice and data) and internet access to retail customers, businesses, and the public sector.

Onatel lost its monopoly on basic services (domestic fixed-line telephony, telex, and telegraph) on December 31, 2005. It remains the sole fixed-line operator in Burkina Faso. By contrast, Onatel competes with other service providers in the internet market.

At December 31, 2013, Onatel's fixed-line customer base totaled 96,059 lines, a decline of 32.0% year on year due largely to the CDMA customer-base cleanup in March 2013. The fixed-line penetration rate is still low, at only 0.5% at December 31, 2013.

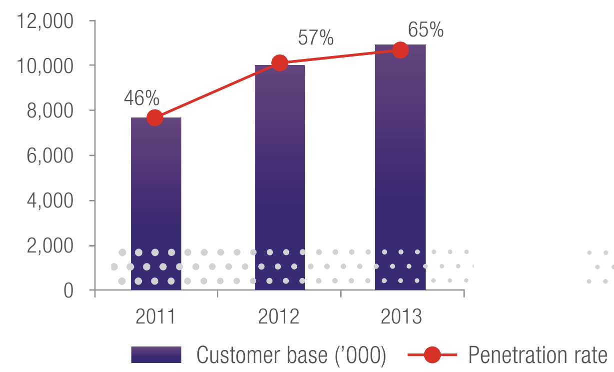
Onatel offers high-speed internet access via ADSL to its fixed-line customers. At December 31, 2013, Onatel had 24,656 internet subscribers (–17.3% year on year), of whom 51% have high-speed ADSL.

Mobile telephony

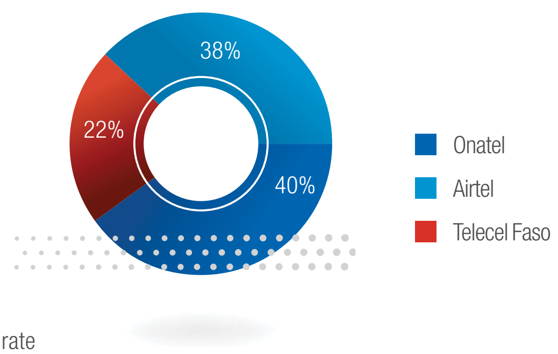
Onatel's mobile business, operated under the Telmob brand, provides prepaid and postpaid services through voice and data offers, mainly SMS and internet. Onatel also provides roaming services for Telmob mobile subscribers abroad and for foreign-partner-operators' customers visiting Burkina Faso. In 2013, Onatel introduced its m-payment service under the Mobicash brand, as well as other 3G services.

Market and competitive environment

Change in the mobile market in Burkina Faso*



Mobile market share in Burkina Faso at December 31, 2013



Source: FMI & Dataxis

**Penetration rates for 2011 and 2012 adjusted after update of IMF demographic data.*

At December 31, 2013, there were 11.6 million mobile customers in Burkina Faso, representing a penetration rate of 65%, up 8.0 points since the beginning of the year.

Despite fierce competition, the market is growing rapidly, with the customer base up 16% year on year at December 31, 2013. Although growth is fueled by the spread of mobile service throughout the country, the penetration rate is still low, compared with that of more developed countries in the region.

Such rapid market growth supports all three Burkina Faso operators: Onatel, Airtel, and Telecel Faso each have a GSM license for 2G services. These three operators were granted 3G licenses in 2012, for MAD 25 million each.

At December 31, 2013, Onatel had 4.643 million mobile customers (mainly prepaid), an annual increase of 19.9%. Onatel maintained its leader position through promotional offers, high-quality service, and network coverage. The operator put 175 new base transceiver stations into operation in 2011, bringing the total to 868.

Since the summer of 2010, the competitive environment in which Onatel operates has been very challenging. In order to compete with the two other operators, Onatel has adapted its marketing policy, mainly through per-second billing and more frequent promotional offers. Onatel's mobile ARPU stood at MAD 36.1 at December 31, 2013, a decline of 8.6% from a year earlier.

Performance

The following table summarizes Onatel's key operating and financial data:

	Unit	2011	2012	2013
Operating indicators				
Mobile customer base	(000)	2,971	3,872	4,643
Mobile ARPU	(MAD/month)	40.7	39.5	36.1
Fixed lines	(000)	142	141	94 (*)
High-speed access	(000)	31	30	25
Financial indicators				
Total revenues	(MAD millions)	1,733	2,067	2,211
Mobile-services revenues	(MAD millions)	1,401	1,694	1,848
% of Group revenues	(%)	5.6%	6.9%	7.6%

**Impact CDMA customer-base cleanup in March 2013.*

Maroc Telecom representatives sit on Onatel's board of directors. However, no Maroc Telecom executive officer holds an executive function in Onatel.

The consolidation method of the Onatel subgroup and its contribution to Maroc Telecom Group's results are summarized in Notes 1, 2, and 28 to the consolidated financial statements. In addition, section 2.3.4, "Related-party transactions," summarizes the amount and type of cash flows between Maroc Telecom and the Onatel subgroup.

Seasonality

The annual rainy season (August and September) tends to depress sales in Burkina Faso and has a negative impact on business and network service quality. This has repercussions for both fixed-line and mobile revenues.

Regulations

Overview

Burkina Faso's revised regulatory framework for telecommunications was implemented by Act 061-2008/AN of November 27, 2008 (amended), relating to general regulations for networks and electronic-communication services and to their implementing provisions.

The regulatory authority (ARCEP) is an independent public-sector administration placed under the supervision of the Prime Minister. It is responsible for enforcing telecommunications regulations, ensuring that operators comply with regulatory obligations, managing and controlling radio frequencies, establishing and managing the national numbering plan, and managing conciliation and arbitration proceedings among telecommunications operators and between operators and consumers.

The principal laws regulating the telecommunications sector are:

- » Decree 2010-246/PRES/PM/MPTIC/MEF of May 20, 2010, as amended by Decree 2012-1037 PRES/PM/MEF/MPTEN of December 31, 2012, governing the setting of rates and the procedures for collecting fees, contributions, and expenses payable to the regulatory authority for electronic communications;
- » Decree 2010-245/PRES/PM/MPTIC/MEF of May 20, 2010, governing the definition of the procedures and conditions relating to the rules for individual licenses, general authorizations, and declarations for establishing and operating electronic-communication networks and services;
- » Decree 2010-451/PRES/PM/MPTIC/MEF/MCPEA of August 12, 2010, governing the definition of general conditions for network interconnection and electronic-communications services and for access to those networks and services;
- » Decree 2011-094 PRES/MPTIC/MEF of February 28, 2011, governing the procedures for the measurement and control of rates for electronic-communication services;
- » Decree 2011-093 PRES/PM/PMTIC/MEF of February 28, 2011, governing the definition of procedures for implementing access and universal service for electronic communication, and the procedures for managing funds for access and universal service.
- » Decree 2013-148 PRES/PM/MDENP/MEF/MATS/MIDT governing the definition of conditions for use of public rights-of-way by operators of electronic-communications networks open to the public.

Main regulatory obligations applying to Onatel

Pursuant to its contract specifications, Onatel is subject to coverage requirements.

For fixed-line activity, the coverage schedule extended to the end of 2010. The mobile coverage schedule extends to 2015, with the obligation to cover 113 areas and nine additional major roads over a period of five years (2011–2015).

With regard to the coverage obligations of the 3G license granted on May 22, 2013 (see Highlights below, "Granting of 3G license to Onatel"), Onatel is required to provide coverage for all areas within a period of no more than nine years, as from the effective date of the license. The coverage schedule is organized into four phases. Onatel is required to provide coverage for Ouagadougou and Bobo-Dioulasso within a period of no more than four years.

Other regulatory obligations are the result of implementing decrees of the Act of November 27, 2008, governing the regulations of electronic communication in Burkina Faso. Pursuant to the Decree of May 20, 2010, governing the establishment of rates and procedures for collecting license fees and contributions, and to the Decree of February 28, 2011, governing the definition of procedures for the implementation of access and universal service, each operator must pay (i) a regulatory fee in the amount of 1% of net revenues; (ii) an annual contribution to training and research of 0.5% of net revenues; (iii) fees in exchange for the use of frequencies and numbers assigned by the ARCEP; and (iv) a contribution of 2% of net revenues to the universal-service fund. The total amount in fees and contributions payable by the operators may not be more than 5% of their revenues net of charges for interconnection, access, and infrastructure sharing. In 2013, the limit was changed for fees and contributions (see Highlights below, "Change in limit for fees and contributions").

2013 highlights

Regulatory highlights for the year 2013 included:

Granting of 3G license to Onatel

In accordance with Order 2013/008/MDENP/CAB of May 22, 2013, Onatel was granted a 3G-network license, effective May 22, 2013, for a period of ten 10 years automatically renewable.

Change in limit for fees and contributions

On December 31, 2012, Decree 2012-1037 was adopted. This decree, amending Decree 2010-246 of May 20, 2010, governs the rates and procedures for collecting fees and contributions. The limit for fees and contributions, set at 5% of net revenues for operators, no longer includes fees for the use of radio frequencies and numbering blocks, both of which are now excluded from the calculation of the 5% limit. The total amount of fees and contributions payable by operators is therefore lowered automatically.

Fees for the use of public rights-of-way by telecommunications infrastructures

On March 21, 2013, Decree 2013-148 was adopted. This decree establishes annual fees for use of public rights-of-way for cables, pipelines, and technical plant (especially pylons). A maximum of 20,000 CFA francs per kilometer and per roadway is budgeted for cables and pipelines, with 15,000 CFA francs per sq. m. for technical plant. Cables and pipelines for connecting fixed-line subscribers are excluded from the fee calculation.

Fixed-line network service quality

On November 7, 2013, Onatel was ordered to meet the requirements of its fixed-line contract specifications with regard to reporting the rate of malfunctions, the speed of identifying malfunctions, and the average time needed to establish a connection. Onatel was given three months to comply with the order, as from November 7, 2013.

Notice of invitation to tender for a global 4G license

On April 26, 2013, the ARCEP published a notice of invitation to tender for a global (fixed line, 2G, and 3G) 4G license. To date, the results of the invitation to tender have not been published.

3.2.2.3 Gabon Telecom

Macroeconomic indicators

	2011	2012	2013e
Population ('000)	1,518	1,541	1,563
GDP per inhabitant (USD)	16,313	17,339	19,233
GDP growth	+6.6%	+6.1%	+6.50%
Inflation	+1.3%	+2.3%	-1.5%

(Source: IMF, October 2013.)

Fixed-line telephony, data, and internet

Gabon Telecom provides fixed-line telephony services (voice and data) and internet access to retail customers, businesses, and public authorities.

Gabon Telecom lost its monopoly on basic services (domestic fixed-line telephony, telex, and telegraph) on December 31, 2005. It remains the sole fixed-line operator in Gabon. However, Gabon Telecom competes with other service providers in the internet and VSAT markets.

At December 31, 2013, Gabon Telecom had a fixed-line customer base of 19,252 lines (wireline and CDMA), a rise of 6.9%. The fixed-line penetration rate remained very low, at only 1.2%.

Gabon Telecom offers internet access via its fixed-line network (high-speed ADSL and fiber optic) and its CDMA network. At December 31, 2013, Sotelma had 9,896 internet subscribers, a sharp increase of 26% year on year.

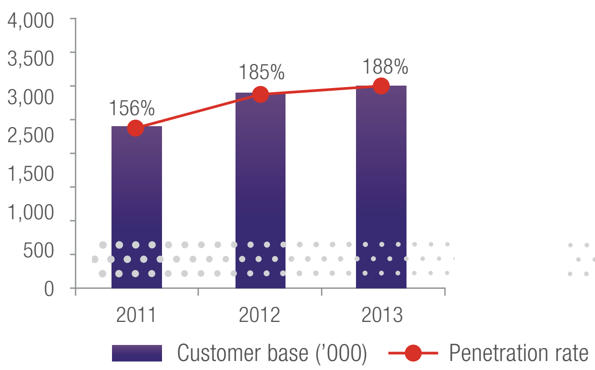
Gabon Telecom has access to the SAT-3 submarine cable, which enables it to meet its own needs for international bandwidth and to offer international services (internet, voice) to other telecoms operators and Gabonese businesses.

Mobile telephony

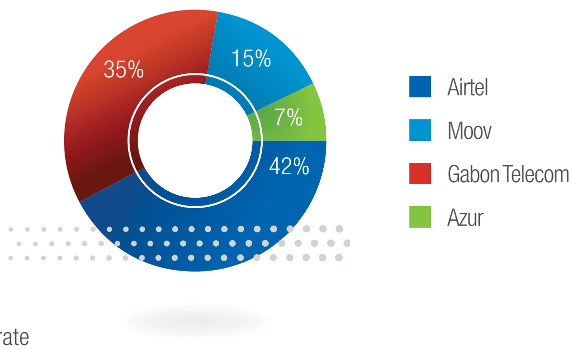
Gabon Telecom's mobile segment, marketed under the Libertis brand, provides prepaid and postpaid services through voice and data (mainly SMS) offers. Gabon Telecom also provides roaming services for Libertis mobile subscribers abroad and for foreign-partner-operators' customers visiting Gabon.

Market and competitive environment

Change in the mobile market in Gabon



Mobile market share in Gabon at December 31, 2013



Source: FMI & Dataxis

At December 31, 2013, there were 2.9 million mobile customers (commercial customer base) in Burkina Faso, representing a penetration rate of 188%, a rise of three points since the beginning of the year. Despite a high penetration rate, the market continues to grow steadily. At December 31, 2013, the total customer base had grown by 3% year on year.

The Gabon mobile market is highly competitive, with four operators on 2G networks. In addition to Gabon Telecom, other operators in Gabon include Airtel, Moov, and Azur (network launched in mid-2009), all very active in the domestic market. It was in such an operating environment that Gabon Telecom consolidated its number-two position, with market share of 35% at December 31, 2013, up 8.2 points year on year.

At December 31, 2013, Gabon Telecom had 1,040,929 mobile customers, most prepaid, representing a strong rise of 33.9% attributable to the increased number of offers and the continual improvement of service quality. Gabon Telecom continued to build its mobile network in 2013, with the installation of 27 base transceiver stations, bringing the total to 361.

Despite intense competition and a restrictive regulatory environment, Gabon Telecom's average ARPU rose by 1.9% in 2013, to MAD 80.7.

Performance

The following table shows Gabon Telecom's key operating and financial data:

	Unit	2011	2012	2013
Operating indicators				
Mobile customer base	(000)	532	777	1,041
Mobile ARPU	(MAD/month)	97.8	79.2	80.7
Fixed lines	(000)	22	18	19
High-speed access	(000)	24	8	10
Financial indicators				
Total revenues	(MAD millions)	1,047	1,291	1,478
Mobile-services revenues*	(MAD millions)	510	688	883
% of Group revenues	(%)	3.4%	4.3%	5.1%

**Gabon Telecom's revenues from mobile-infrastructure leasing were recognized under mobile services in 2012 but not before. Data for 2011 were therefore adjusted for this change.*

Maroc Telecom representatives sit on the board of directors of Gabon Telecom. However, no Maroc Telecom executive officer holds an executive function in this company.

The consolidation method of the Gabon Telecom subgroup and its contribution to Maroc Telecom Group's results are summarized in Notes 1, 2, and 28 to the consolidated financial statements. In addition, section 2.3.4, "Related-party transactions," summarizes the amount and type of cash flows between Maroc Telecom and the Gabon Telecom subgroup.

Seasonality

Business levels are very high in Gabon in December and the summer months of July to September because of the year-end holidays (Christmas and New Year's), summer holidays in the country's rural regions, family gatherings, the celebration of national independence, and the back-to-school period.

November, January, and February, in contrast, are generally quiet months, the aftereffects of the summer and year-end peaks.

Regulations

Overview

The regulatory environment for telecommunications in Gabon is governed by Act 005/2001 of June 27, 2001.

The Gabonese regulatory authority is responsible for regulating, controlling, and monitoring the telecommunications sector. The ARCEP is an independent governmental body under the dual supervision of the Ministry of the Digital Economy, Communication, and Post, and the Ministry of Economy and Finance.

The principal laws regulating the telecommunications sector are:

» Edict 08/PR/2012 of February 13, 2012, governing the creation and organization of the Regulatory Authority for Electronic Communications and Postal Services (see highlights below);

» Decree 0540/PR/MPT of June 15, 2005, governing interconnection procedures and infrastructure sharing;

» Decree 000840/PR/MCPTNTI of October 26, 2006, governing the procedures for setting and regulating rates for telecommunications services;

» Decree 084/PR/MCPTNTI of October 26, 2006, governing duties, fees, and contributions payable by telecommunications operators holding a public-service concession or a license;

» Decree 00544 /PR/MPT of July 15, 2005, governing the creation, financing, and management of the universal-service fund for telecommunications.

Main regulatory obligations applying to Gabon Telecom

Pursuant to the provisions of its fixed-line contract specifications, Gabon Telecom was required to provide coverage for 54 rural areas by the end of 2011.

Mobile contract specifications and regulations require Gabon Telecom to provide coverage for 36 areas (cities and districts) and 25 major roads. Additional areas may also be partly covered, contingent on the operator's commitment. Gabon Telecom's mobile contract specifications—identical to those of other mobile operators—do not set out a timetable for coverage.

Decree 00544 /PR/MPT of July 15, 2005, governing the financing and management of the universal-service fund for telecommunications, fixes the contribution payable by operators at 2% of net revenues.

Decree 0084/PR/MCPTNTI of October 26, 2006, governing the fees, license payments, and contributions payable by telecommunications operators holding a public-service concession or license, sets their contribution for research, training, and telecommunications standardization at 2% of net revenues.

Gabon Telecom is required to pay annual fees for the numbering plan and the use of radio frequencies.

In addition, operators are taxed for inbound international calls, at 47 CFA francs per minute.

2013 highlights

Regulatory highlights for the year 2013 included:

Establishing interconnection rate limits

In 2013, the ARCEP issued two decisions to establish limits for mobile termination rates.

The first decision, dated March 13, 2013, extended to the end of 2013 the limit for mobile termination rates that had been applied in 2012. Asymmetric rates were introduced in 2012, to the advantage of Gabon Telecom, Moov, and Azur. As a result of this decision, Airtel's mobile termination rate remains at 30 CFA francs per minute, and that of Gabon Telecom, Moov Gabon, and Azur at 38 CFA francs per minute. The fixed-line termination rate is 43 CFA francs per minute.

On August 27, 2013, a second decision lowered the limits of mobile termination rates, to 30 CFA francs for Gabon Telecom. The decision thereby granted another increment of asymmetrical rates for Azur.

In addition, the decision set fixed-line termination rates at 35 CFA francs per minute. SMS termination rates remain unchanged, at 10 CFA francs per SMS.

The decision of August 27, 2013, became effective September 1, 2013, for a period of four months, and expires on December 31, 2013.

Regulation of operator rates for on-net calls

In 2013, ARCEP issued two decisions with regard to operators' rates for on-net calls.

The first decision, dated March 13, 2013, renewed the base rates (including promotions) for Airtel's on-net calls. These rates must be at least twice the operator's mobile termination rate.

The second decision, dated August 27, 2013, set on-net base rates for the nondominant operators Gabon Telecom, Moov, and Azur. The rates are set at 40 CFA francs per minute (peak) and 20 CFA francs per minute (off peak).

The decision of August 27, 2013, relaxed Airtel's online rates, setting the base rates at 50 CFA francs per minute (peak) and 25 CFA francs per minute (off peak).

The decision of August 27, 2013, became effective September 1, 2013, for a period of four months, and expires on December 31, 2013.

Granting of 3G/4G licenses

In February 2013, ARCEP sent operators draft contract specifications for the deployment and operation of a 3G/4G network. ARCEP announced that the 3G/4G license would cost 5.5 billion CFA francs.

Airtel was granted a 3G/4G license in November 2013 (grant decree dated November 6, 2013, with no mention of the cost).

The grant of a 3G/4G license to Gabon Telecom is under way. The cost of the license is 5.5 billion CFA francs.

Gabon Telecom / Libertis merger and transfer of Libertis license

After the merger of Gabon Telecom and Libertis in 2012, the license-transfer procedure between Libertis and Gabon Telecom was finalized November 6, 2013, by means of a decree granting a 2G license to Gabon Telecom.

Network service quality

The results of an audit for network service quality published in July 2013 highlighted the quality of the Gabon Telecom mobile network, ranked number one for service quality and coverage.

Development of state networks

Via the National Authority for Digital Infrastructures and Frequencies (ANINF), the state is developing a Wimax access network for governmental use. The network allows for the installation of a telephony network for the exclusive use of government authorities. The ANINF has requested that Gabon Telecom interconnect the state network with its own network. So far no action has been taken. In addition, the ANINF is developing on the state's behalf a domestic fiber-optic backbone network that will cover 2,555 kilometers.

Creation of an unbundling commission

In May 2013, the Ministry of Digital Economy, Communication, and Post created a commission whose mission is to "unbundle Gabon Telecom's telephone lines." Comprised of representatives of ministries, ARCEP, ANINF, and each of the operators of public-communications networks, the commission is charged with writing a decree, a catalog, and a standard unbundling agreement. The commission has been created even though no operator, except for Gabon Telecom, currently holds a fixed-line, point-to-point license in Gabon. The government appears to be preparing to open the fixed-line market to competition.

Creation of a commission for infrastructure sharing

In May 2013, ARCEP created a commission responsible for carrying out a study, in dialog with operators, on the sharing of radio facilities.

Fine for failure to comply with obligation to identify subscribers

Fine for failure to comply with obligation to identify subscribers

After an audit performed in October and November 2012, ARCEP fined Gabon Telecom 200 million CFA francs for failure to comply with obligation to identify its mobile subscribers. It was agreed that the money from the fine would be used to help Gabon Telecom identify its subscribers.

The end of October promotions

ARCEP warned Gabon Telecom that it would have to cease promotional offerings in October 2013, after new rules entered into force for online rates of nondominant operators (deliberation 087/ARCEP/PCR/2013 of August 27, 2013, amending deliberation 037/ARCEP/PCR/2013 of March 23, 2013, governing interconnection rate limits).

3.2.2.4 Sotelma

Macroeconomic indicators

	2011	2012	2013e
Population ('000)	15,850	16,345	16,854
GDP per inhabitant (USD)	1,128	1,062	1,122
GDP growth	+2.7%	-4.5%	3.04%
Inflation	+3.1%	+7.2%	+0.1%

(Source: IMF, October 2013.)

Fixed-line telephony, data, and internet

Sotelma provides fixed-line telephony services (voice and data) and internet access to retail customers, businesses, and public authorities.

Sotelma is currently the dominant operator on the fixed-line market, with market share of approximately 95%.

At December 31, 2013, Sotelma had a fixed-line customer base of 110,085, up 12% largely because of development of CDMA technology that provides rapid expansion nationwide of coverage at the lowest cost. The penetration rate remains low, at only 0.7% at December 31, 2013 (source: market data at December 31, 2013).

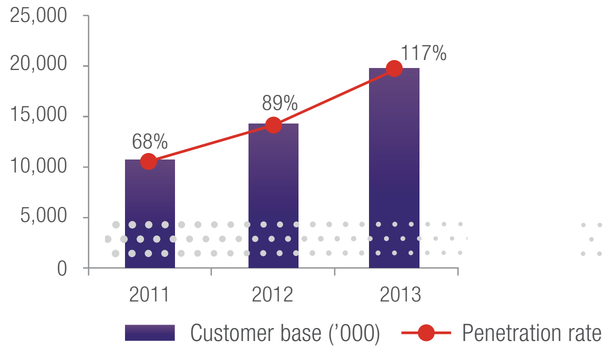
Sotelma offers high-speed internet access via ADSL to its fixed-line customers, and internet access via its CDMA network. At December 31, 2013, Sotelma had 50,350 internet subscribers, an increase of 12.9%.

Mobile telephony

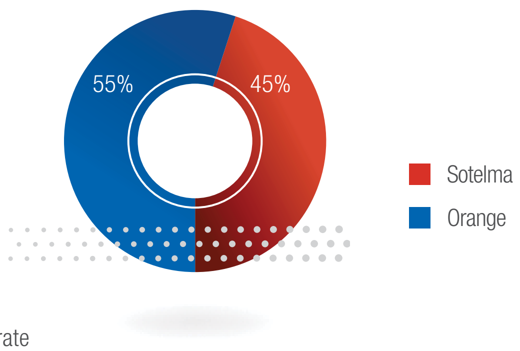
Sotelma's mobile segment provides prepaid and postpaid services through voice and data (mainly SMS) offers. The company also provides roaming services for Sotelma mobile subscribers abroad and for foreign-partner-operators' customers visiting Mali.

Market and competitive environment

Change in the mobile market in Mali*



Mobile market share in Mali at December 31, 2013



Source: FMI & Dataxis

**Penetration rates for 2011 and 2012 adjusted after update of IMF demographic data.*

At December 31, 2013, there were 20 million (35% more than a year earlier) mobile customers in Mali. This represents a penetration rate of 117%, up sharply (+28 points) since the beginning of the year. Maroc Telecom's arrival as a stakeholder in Sotelma energized the market. Despite a difficult political and economic environment, the total customer base grew significantly in 2013.

There are only two mobile operators currently active in Mali, Sotelma and Orange, both of which have 2G and 3G licenses. A third license was granted in 2013 to the Monaco Telecom / Planor consortium, which is expected to launch mobile services in 2014.

At December 31, 2013, Sotelma's mobile customer base totaled 8.9 million, most of whom were prepaid, an increase of 48.1% year on year made possible by significant capital expenditure during the year to expand network coverage to new areas and to densify coverage in large cities. This expansion, the result of new infrastructure (211 BTSs were implemented in 2013) combined with aggressive marketing, enabled Sotelma to achieve market share of 45%, four points more than at December 31, 2012. As a consequence of an expansion policy designed to take market share, Sotelma's mobile ARPU declined by 21.9%, to MAD 25.9 at December 31, 2013.

Performance

The following table shows Sotelma's principal operating and financial data:

	Unit	2011	2012	2013
Operating indicators				
Mobile customer base	(000)	4,376	6,023	8,923
Mobile ARPU	(MAD/month)	45.3	33.2	25.9
Fixed lines	(000)	94	98	110
High-speed access	(000)	37	45	50
Financial indicators				
Total revenues	(MAD millions)	2,123	2,422	2,658
Mobile-services revenues	(MAD millions)	1,767	2,055	2,283
% of Group revenues	(%)	6.9%	8.1%	9.3%

Maroc Telecom representatives sit on the board of directors of Sotelma. However, no Maroc Telecom executive officer holds an executive function in Sotelma.

The consolidation method of the Sotelma subgroup and its contribution to Maroc Telecom Group's results are summarized in Notes 1, 2, and 28 to the consolidated financial statements. In addition, section 2.3.4, "Related-party transactions," summarizes the amount and type of cash flows between Maroc Telecom and the Sotelma subgroup.

Seasonality

Telecommunications activity in Mali rises during the rainy season, from June to September, when large numbers of Malian students abroad return home for the holidays. Other brief events give rise to major commercial opportunities, including religious holidays such as Tabaski (generally the day of the holiday and the following days) and year-end holidays. However, mobile and fixed-line traffic falls substantially in the month of Ramadan, except for the last few days.

Regulations

Overview

The regulatory framework for telecommunications in Mali is now governed by Order 2011-023/P-RM of September 28, 2011, relating to telecommunication and information and communication technologies in Mali, and Order 2011-024/P-RM of September 28, 2011, relating to regulations for the telecommunications sector. These two orders abrogate Order 99-043/P-RM of September 30, 1999, and all previous regulatory provisions to the contrary.

The Malian Regulatory Authority for Telecommunications and Postal Services (AMRTP), created by Order 2011-024, is an independent governmental body under the supervision of the Ministry of Post and New Technologies. The AMRTP is also responsible for postal activities and services for information and communication technologies.

The AMRTP is responsible for enforcing telecommunications regulations, ensuring that operators comply with provisions of contract specifications, managing and controlling the spectrum of radio frequencies, establishing and managing the national numbering plan, and overseeing conciliation and arbitration proceedings among telecommunications operators and between operators and consumers.

Enactment of the implementing provisions of Order 2011-023 is under way.

Principal regulatory obligations applying to Sotelma

Pursuant to regulatory provisions, Sotelma has an obligation to maintain the fixed-line network in the areas covered, but has no obligation whatsoever to extend coverage.

Sotelma had an obligation in the mobile segment to provide coverage for eight major roads, seven county seats, and 57 additional areas. Nevertheless, the scheduled coverage for major roads is subject to the conclusions of a technical- and economic-feasibility study, according to which the coverage of unprofitable areas is postponed for the following year.

2013 highlights

Regulatory highlights for the year 2013 included:

Dispute relating to upper limit for license fees and contributions

Sotelma and the AMRTP disagree on the limit for fees and contributions. The AMRTP demanded that Sotelma pay the regulatory fees for rare resources, in addition to its contribution for universal service and training. Sotelma's contract specifications, however, provide for an upper limit for all contributions and fees for rare resources. That limit is 3% of revenues, net of interconnection charges. In January 2013 a compromise was reached, according to which Sotelma will from now on pay the regulator a contribution of 2% of revenues, net of interconnection charges, to which the fees for rare resources will be added. This decision is applicable retroactively to July 2009. The state has assumed the amounts demanded by the AMRTP for the period prior to Sotelma's privatization.

Dispute relating to the adjustment of rates for outgoing calls to certain international destinations

On January 6, 2012, after Orange-Mali had filed a complaint, Sotelma was fined by the AMRTP for the amount of 423.90 million CFA francs, payable to the national treasury, and for the amount of 211.9 million CFA francs for the reimbursement of customers allegedly wronged by the modifications in international-call rates to Senegal, Mauritania, and Gabon. On November 16, 2011, prior to the decision to fine, Sotelma filed with the AMRTP a request for rate adjustment for calls to the aforementioned destinations. This request was followed by an out-of-court submission asking the AMRTP to reconsider its order. Sotelma claimed that the decisions for increasing shares in rates had been unilaterally determined by the various governments, and that it had no other choice but to pass on the increases to the customer rates.

The out-of-court submission was unsuccessful, and on February 13, 2012, Sotelma appealed the AMRTP's decision to fine with the administrative division of the Supreme Court of Mali. The Supreme Court's decision is pending.

Introduction of a new tax for access to the public telecommunication network (TARTOP)

The 2013 budget enacted a new tax for access to the public telecommunications network (TARTOP). The tax is 2% of revenues (excl. tax) exclusive of revenues from internet, handsets, domestic interconnection, and incoming international calls (with the exception of roaming). The tax is payable as from January 1, 2013.

Complaint against Orange's Douba offer and draft decision of the AMRTP to regulate WLL (wireless local loop) services

Since May 2013, Orange has offered a telephony plan via its WLL (wireless local loop) network frequencies and mobile platform.

After Sotelma contested the offer, the AMRTP withheld authorization for its commercialization by Orange and submitted to operators a draft decision to regulate fixed-line services delivered via WLL networks.

Review of mobile termination rates

The AMRTP has undertaken a review of mobile termination rates. The results are not yet available.

Review of international-calls rates

Rates for calls to other African countries rose from 150 CFA francs per minute to 198 CFA francs per minute. Rates for calls to all other destinations worldwide declined from 198 CFA francs per minute to 150 CFA francs per minute.

Flat royalty for use of copyrighted material

A decree was drafted to charge operators an annual, flat royalty of 500 CFA francs per subscriber for the use of copyrighted material on handsets. The decree also provides for a fee for private use of copyrighted material, amounting to 5% of the purchase price of telephones that can record, read, store, and share files consisting of literary or artistic works.

Determination of relevant markets

The AMRTP began market analysis and identification of dominant operators.

Consultations with operators are under way.

Control of international call traffic

The AMRTP has launched an invitation to tender for the acquisition and implementation of a system to control international call traffic.

Regranting of the third license

In January 2013, the third global license was regranted to the Planor / Monaco Telecom consortium.

The operator has yet to begin providing services.

Granting of a Wimax license

In January 2013, the AMRTP authorized Dogon Telecoms to use a WiMAX network for the provision of internet services.

3.2.2.5 Casanet

Wholly owned by Maroc Telecom, Casanet is a major player in new information and communication technologies (NICT) in Morocco. Casanet has two main operating segments:

- » Content and online services:
  - production of digital content and online services for Menara.ma (editorial team for the online magazine Menara.ma, various consumer services such as Menara Jobs, Menara Real Estate, classified ads);
  - www.pj.ma online directory service;
  - Morocco's leading online-shopping site, www.amenza.ma, launched in 2013;
  - mobile sites.
- » Cloud services:
  - hosting:
  - integration of SMS campaigns;
  - GPS technology;
  - other cloud services.
- » IT solutions:
  - specific development;
  - software solutions (CRM).
- » Networks and telecoms:
  - routing and switching;
  - security;
  - seamless communications.

In 2013, Casanet had revenues of MAD 92 million, down 19% from a year earlier. Earnings from operations fell by 85%, to MAD 1.6 million, mainly because of the launch of an online shopping project.

Casanet has been fully consolidated in Maroc Telecom's financial statements since January 1, 2011.

3.3 LEGAL AND ARBITRATION PROCEEDINGS

To the best of the Company's knowledge, there are no pending or potential government, legal, or arbitration proceedings, including proceedings of which the Company is aware, that may have or have had in the past 12 months a significant effect on the Company and/or the Group's financial position or profits, with the exception of the following disputes:

Telestore litigation (Maroc Telecom)

The Moroccan National Federation of Telestore Operators (FNASET, Fédération Nationale des Associations des Exploitants Teleboutiques) has brought IAM before the Rabat Commercial Court to demand the reversal of the latter's decision to abandon the 200-meter chaining principle between two telestores.

Maroc Telecom challenges the notion that the chaining principle should be maintained, and considers it contrary to fair-competition rules, insofar as other operators are not subject to this principle.

In a ruling (unenforceable) dated April 6, 2005, the Rabat Commercial Court ordered Maroc Telecom to reverse its decision and to withdraw previously granted authorizations that did not respect the chaining rule. Maroc Telecom was enjoined to cease the granting of new authorizations that do not respect the chaining rule, under penalty of MAD 500 per day for nonexecution.

After the appeal lodged by Maroc Telecom, the Commercial Court of Appeals of Casablanca, in its ruling of May 9, 2006, partly accepted Maroc Telecom's applications, rescinding the first-instance judgment as regards the order to withdraw the authorizations granted but upholding the rest.

On November 19, 2009, after appeal and referral by the Court of Cassation, the Commercial Court of Appeals of Casablanca rendered a new judgment confirming its initial position. A second appeal remains subject to the notification of that judgment.

Since 2005, Maroc Telecom has received 105 individual applications before the various commercial courts (Rabat, Fez, Oujda, etc.) from telestore operators, each claiming between MAD 5,000 and MAD 50,000 (one applicant is claiming MAD 100,000) in interim damages and a legal appraisal to determine the final amount of damages. These applications are based on the aforementioned ruling and decision of the Court of Appeal. All cases were ruled in favor of Maroc Telecom.

The Company does not intend to revoke its decision to put an end to chaining, because it considers that the claims made by the FNASET have no legal basis.

Total Call / Free litigation (Maroc Telecom)

In their action taken before the Commercial Court of Casablanca, Total Call and its customer Free demand compensation in the amount of approximately MAD 58 million. They claim that the international line leased by IAM to Total Call was disrupted for a period of eight days, thereby resulting in material losses that justify compensation.

To cover this claim, Maroc Telecom has set aside a provision of approximately MAD 4 million, corresponding to the amount of the claim made by Total Call.

No provision has been made in respect of the amount (MAD 54 million) claimed by Free, insofar as the latter has no contractual relationship with Maroc Telecom.

On October 1, 2012, the Commercial Court of Casablanca ruled against the claim of Total Call and Free.

On December 2, 2013, both companies appealed the decision. Their appeal is now before the appellate court.

Dispute relating to the adjustment of rates for outgoing calls to certain international destinations (Sotelma)

Sotelma had adjusted its rates for outgoing calls to Senegal, Mauritania, and Gabon, from 150 CFA francs per minute to 198 CFA francs per minute, because of the implementation in those countries of minimum rates for inbound international calls.

On January 6, 2012, Sotelma was fined by the AMRTP for the amount of 423,908,893.40 CFA francs, payable to the national treasury, and for the amount of 211,954,446.70 CFA francs for the reimbursement of customers allegedly wronged by modifications to international-call rates to Senegal, Mauritania, and Gabon.

On February 13, 2012, Sotelma contested the AMRTP's decision by appealing to the administrative division of the Supreme Court of Mali. The Supreme Court's decision is still pending.

Dispute with Wana over unbundling

On December 27, 2013, Wana filed a complaint with the ANRT with regard to the "implementation of local-loop unbundling under conditions of unfair competition."

Wana accuses IAM of requiring it to repeatedly postpone its "unbundling project" for the following reasons: operational problems encountered during implementation, especially delays in providing the necessary space; questions concerning the "viability of the project" after the IAM network was modernized; and general slowness of forthcoming information on the unbundling project.

Therefore Wana demands that the ANRT:

- record its losses;
- freeze all IAM offers based on the new network architecture;
- provide "technical, economic, and regulatory requirements that would allow Wana to carry out unbundling under conditions of fair competition" on the broadband market ("unbundling of the sub-loop, with options for co-localisation at IAM boxes and for dark fiber");
- enjoin IAM to provide detailed information on the lines attached to its distribution frames.

3.4 RISK FACTORS

This chapter sets out the main risk factors the company faces, taking into account its activities, structure, and organization.

These risks can be organized into three categories:

» business risks (section 3.4.1);

» legal risks (section 3.4.2);

» market risks (section 3.4.3).

The Company has reviewed the risks that may have a material adverse effect on its business, financial position, earnings, or ability to reach its objectives, and believes that there are no material risks other than those described below.

Furthermore, other risks, either not yet identified or currently considered as insignificant by Maroc Telecom, could have the same adverse effect and investors could lose all or part of their investment.

In addition to the other information contained in this registration document, investors should give careful consideration to the risks described below before deciding to invest in the Company's shares. If any or all of these risks were to materialize, the activities, financial position, earnings, and development of the Company could be adversely affected.

Maroc Telecom is involved in legal proceedings and disputes with competing operators and other parties. The outcome of these proceedings is generally uncertain and could materially impact the Company's earnings and financial position.

The various disputes in which Maroc Telecom is involved are set out in section 3.3, "Legal and arbitration proceedings."

3.4.1 BUSINESS RISKS

Maroc Telecom's revenues and earnings are highly dependent on the economies of countries in which it operates

Maroc Telecom's core business is the provision of telecommunications services in Morocco, including the provision of international telecommunications services to and from Morocco. Accordingly, Maroc Telecom's revenues and profitability depend to a significant extent on telecommunications spending by Moroccan consumers and on international call traffic to and from Morocco. The growth in consumption of telecommunications services in Morocco reflects the changes in the country's economic position and, more specifically, in the population's disposable income and the economic activity of companies. A contraction or slower-than-anticipated growth in the Moroccan economy could have a negative impact on the development of the customer base and the usage of fixed-line and mobile telephony services in Morocco. This could have a material effect on the growth and profitability of Maroc Telecom's activities and could entail a decline in its revenues and earnings.

Acts of terrorism or war, whether committed in Morocco or abroad, could materially impact the Moroccan economy in general, especially through a decline in tourism. Maroc Telecom cannot forecast the consequences of possible acts of terrorism or war.

The growing competition that Maroc Telecom faces in the main markets in which it operates could lead to loss of market share and lower revenues

Maroc Telecom Group's activities are subject to fierce competition that could intensify further with the liberalization of the main markets in which it operates. This competition puts pressure on Maroc Telecom and its subsidiaries and could prompt the Group to make further price cuts, increase spending on customer loyalty programs, or introduce promotions, any of which could lead to further contraction in market share and reduce the Group's revenues and earnings.

To anticipate or meet these requirements, the Group must make significant investments without knowing if the products and services developed and offered will become obsolete in the short term.

As a result of operational unbundling, Maroc Telecom will face heightened competition in 2014 over voice and data services from the copper network. One of the Group's competitors has shown a strong interest in this area and will be positioned to offer multiplay services from unbundled access.

Maroc Telecom will also be required to share all passive infrastructure, especially fiber optics. If the requirement is not balanced by other processes, Maroc Telecom's competitive advantage attributable to its investments, particularly in broadband and FTTH, may be significantly weakened.

In the mobile market, the implementation of domestic roaming in the Pacte zones and, if the proposed amendment to Act 24-96 is adopted as it stands, in rural areas and along major roads as designated by the ANRT, could deprive Maroc Telecom of its competitive advantage with regard to coverage.

If the Group cannot control its expenses, its financial position could be adversely affected.

If the Group does not control its costs, its operating margins and earnings could be adversely affected.

Maroc Telecom intends to improve its cost structure, particularly its sales costs and overheads. The Company has already adopted several voluntary redundancy plans, and is taking actions to generate savings on purchases and network costs.

Maroc Telecom depends on reliable IT systems; failure or damage affecting some or all of its systems could result in a loss of customers and in lower revenues.

Maroc Telecom is paid for its services only insofar as it has reliable information systems, including collection and billing systems, and succeeds in protecting and ensuring the operating continuity of its IT systems. Maroc Telecom has established a security policy for its information systems that allows it to deal with ordinary disruptions in computer operations (e.g., unauthorized access, power cuts, theft, hardware crashes) and to secure uninterrupted service.

Maroc Telecom now has a business-continuity and -recovery plan for its critical information systems—those with a direct impact on its revenues—such as systems for collecting data on taxes, sales, and billing for its three product lines (fixed line, mobile, and internet). The continuity and recovery plan also covers administrative systems for calculating interoperator settlements, in Morocco and internationally, and for purchasing and financial management.

An event entailing the destruction of all or part of its systems—a natural disaster, fire, or act of vandalism—would automatically activate a backup system.

Insofar as data on critical information systems produced by production platforms are backed up regularly, the risk of losing data and being unable to bill customers and recover outstanding invoices is now marginal.

Since this plan was launched, it has been tested and evaluated annually through the simulated total loss of information systems.

Among the subsidiaries, the risk of information-systems failure concerns the lack of a business recovery plan for major events that might affect the sole data platform currently available for each subsidiary. Regular backups help minimize such potential impact. Although the impact of such a failure is difficult to quantify, it might lead to customer dissatisfaction and lower revenues.

Disruption in networks could lead to a loss of customers and lower revenues

Maroc Telecom Group is able to provide services only insofar as it is able to protect its telecommunications networks from damage caused by disturbances, power cuts, computer viruses, natural disaster, and unauthorized access. Any disturbance to the system, and any accident or breach of security measures causing interruption in the Group's operations, could affect its ability to provide services to its customers and could have a material effect on its revenues and operating income. Such disturbances would also have a material effect in terms of image and reputation for the Company and/or its subsidiaries, which could lead to a loss of customers. In addition, the Group could be required to bear additional costs in order to repair the damage caused by such disturbances.

Maroc Telecom's indirect distribution network constitutes a strength that could weaken if it is not maintained

Maroc Telecom has an extensive distribution network, with a direct-sales channel comprising Maroc Telecom branches, and an indirect network consisting of telestores, resellers, and partners. There is also an independent network (see section 3.2.1.5, "Distribution, advertising").

If Maroc Telecom were unable to maintain close relations or to renew its distribution agreements with its indirect network participants, or if its indirect distribution network were to be jeopardized for other reasons, in particular the actions of competitors, or if the managers of telestores failed to comply with the exclusive agreements made with Maroc Telecom by distributing products competing with those of Maroc Telecom, the distribution network could be weakened and the Company's business and earnings adversely affected.

Continued and rapid changes in technology could intensify competition or require Maroc Telecom to make significant additional investments

Many services offered by Maroc Telecom and its subsidiaries involve the intensive use of technology. The development of new technologies could render certain servicers offered by the Company uncompetitive.

To respond to changes in the telecoms sector and to the price and quality requirements of demanding customers, the Group must adapt its networks and technologies, and develop new products and services. These must be performed at a reasonable cost, if the Group is to compete with its rivals. The new technologies in which the Company chooses to invest could also affect its ability to achieve its strategic targets. Maroc Telecom could then lose customers, fail to attract new customers, or be required to bear significant costs in order to maintain its customer base, factors that would have a negative effect on its business, revenues, and earnings.

Alternative means of communication could make the fixed-line network less useful or even obsolete, possibly leading to the loss of a competitive advantage and reducing the Company's revenues significantly

The Company has already confronted the migration of fixed-line customers to mobile services, an evolution accentuated by the use of alternative technologies. For example, GSM gateway services compete with fixed-line voice services for businesses, and the launch of restricted-mobility offers has created competition for telestores.

The Company's fixed-line telephony activities could be affected by the development of such gateways or other alternative means of communication. Such alternative technologies could jeopardize the usefulness of Maroc Telecom's infrastructure and its economic model, thereby materially impacting the Company's revenues and earnings.

Health risks related to networks, mobile phones, and Wi-Fi terminals

In recent years, concerns have been expressed internationally about the health risks from electromagnetic signals emitted by mobile phones and transmission sites. Maroc Telecom is unaware of any tangible evidence that proves the existence of health risks associated with the use of mobile phones, the emission of radio waves, or electromagnetic fields. Nevertheless, Maroc Telecom undertakes campaigns every year to measure the intensity of electromagnetic waves from relay antennas. The results have always been in compliance with international standards.

Public perception of such risks could have a materially negative impact on Maroc Telecom's results or financial position, particularly if legal claims were brought against the Company or if regulatory changes imposed additional costs for compliance with new standards.

Fraudulent diversion of traffic could limit the Company's revenues and adversely impact its earnings

The Company is subject to fraudulent diversion of traffic. Maroc Telecom therefore has established a plan to combat such fraud. However, Maroc Telecom cannot anticipate whether new means of fraud will develop, which sectors that potential offenders will attack, or what effects that any such fraud might have.

Should Maroc Telecom fail to prevent such fraudulent acts, its traffic might decline, with revenues and earnings adversely affected.

The risks inherent in potential acquisitions by Maroc Telecom of telecoms companies or licenses could have an impact on Maroc Telecom's activities

In order to extend its geographical footprint, Maroc Telecom could acquire telecoms companies or licenses in other countries. Such operations necessarily involve risks. If Maroc Telecom does not achieve the results expected from such transactions, its business and earnings could be affected. In particular, Maroc Telecom could:

- carry out acquisitions under financial or operating terms that might prove unfavorable;
- consolidate with difficulty acquired companies and their networks, products, and services;
- fail to retain key talent in the companies acquired or to recruit skilled employees as needed;
- fail to achieve the expected synergies or economies of scale;
- make investments in countries where the political, economic, or legal environment involves particular risks, such as civil or military unrest, the absence of effective or comprehensive protection of shareholders' rights, or disagreements with other major shareholders, including public authorities, concerning the management of the companies acquired;
- fail to adapt to the culture of the countries in which such companies would be acquired.

Maroc Telecom's activities outside Morocco could entail additional risks

In pursuing its international activities, Maroc Telecom could experience risks, such as:

- fluctuations in exchange rates and devaluation of certain currencies;
- restrictions on the repatriation of capital;
- unexpected changes in the regulatory environment;
- tax measures that could have an adverse effect on Maroc Telecom's earnings or cash flow;
- the local economic and political conditions.

In all of its markets, Maroc Telecom could fail to retain key employees or to hire skilled personnel, a failure that could materially impact the Company's operations and its ability to adapt to its environment

Maroc Telecom's performance is very dependent on the abilities and services provided by its management team, which has significant experience and knowledge of the telecommunications industry. The loss of key managers could have a significant adverse impact on Maroc Telecom's ability to implement its business strategy.

Maroc Telecom and its performance are also dependent on skilled personnel with the experience and engineering or sales capabilities required for the development of its business. Maroc Telecom's ability to adapt its services, products, and sales offerings, whether for fixed-line or mobile communications, is very dependent on competent and skilled teams being present in each market segment.

Failure by Maroc Telecom to retain key personnel in management, marketing, or engineering could adversely affect the Company's business, and its operating income could diminish substantially.

3.4.2 REGULATORY RISKS

The interpretation of existing regulations and the adoption of new statutory standards could materially impact Maroc Telecom's operations

The regulatory environment of the telecommunications industry in Morocco and the countries where the Group operates is undergoing constant change.

Act 24-96 and its implementing provisions, as amended and completed, and revisions under way could be interpreted in such a manner as to materially impact the activity of Maroc Telecom and bring about a decline in revenues and earnings.

Future regulatory changes, as defined in the consultation that the ANRT has launched to select a firm to help draft the guidelines memo for 2014–2018 and in draft Act 121-12, intended to amend Act 24-96, could significantly affect Maroc Telecom's business. Notable changes include:

- adjustments to the regulatory framework (planned changes to the licensing and authorization scheme);
- stricter regulatory measures (existing and future: wholesale call traffic);
- stiffened sanctions (fines raised to a maximum of 2% of revenues, or 5% for repeat offenses; increased powers conferred upon the regulator, which would be empowered to conduct investigations and to apply sanctions), potentially increasing Maroc Telecom's risk of sanction;
- the planned attribution of new licenses: an increased number of operators and/or the arrival of MVNOs on the market weakening Maroc Telecom's position;
- the implementation of unbundling under conditions unfair to Maroc Telecom;
- increased requirements with regard to access, domestic roaming, and infrastructure sharing, with the consequent gradual undermining of Maroc Telecom's competitive advantages, especially in terms of coverage: diminution of Maroc Telecom's ability to differentiate itself and increased competition in low-density areas.
- increased price controls for Maroc Telecom's consumer offers and promotions, and strict regulatory controls for advertising and service quality, could restrict its commercial freedom, particularly its ability to launch aggressive promotional offers;
- changes, potentially unfavorable for Maroc Telecom, to the rules for the occupation of public lands;
- new rules concerning urban planning and new plots of land, with potentially unfavorable consequences for Maroc Telecom.

Moreover, implementation of the decision of January 31, 2014, concerning the identification of 2G and 3G subscribers could affect Maroc Telecom earnings, especially with the prohibition, as of April 1, 2014, of the sale of preactivated SIM cards.

Maroc Telecom's business could be affected by regulatory pressure in the markets in which its subsidiaries operate

Group subsidiaries must comply with regulations relating to the conduct of their business.

They are subject to oversight by the authorities, which aim to ensure fair competition.

Major changes in the nature, interpretation, or application of regulation by governmental, legal, or regulatory authorities, particularly as concerns antitrust law, could result in additional expense for Maroc Telecom or cause it to modify its service, resulting in material impact on its activity, earnings, and growth outlook.

In 2013, the main changes to the regulatory frameworks of the countries where Company subsidiaries operate were as follows:

In Mauritania, the regulatory framework was changed by Act 2013-025 of July 15, 2013, pertaining to electronic communications. The new framework increases requirements for interconnection, access, and infrastructure sharing, as well as controls on abusive practices in the differentiation of on-net/off-net rates and promotional offers.

In Mali, a tax on access to the public telecommunications network (TARTOP), was enacted on January 1, 2013. The tax amounts to 2% of revenues (excluding tax). The taxable amount is exclusive of revenues from internet services, handsets, domestic interconnection, and international interconnection for incoming calls (with the exception of roaming).

In Burkina Faso, Decree 2010-246 of May 20, 2010, was amended. The decree pertains to rates for taxes and licensing fees and the means of their collection. Henceforth fees for the attribution and use of frequencies and of blocks of phone numbers will be excluded from calculations of the 5% maximum rate. This exclusion automatically removes the cap on the total taxes and fees payable by operators.

A tax specific to telecommunications companies was adopted and is applicable as of January 1, 2014. The tax amounts to 5% of revenues, excluding tax and revenues generated by international interconnections, handset sales, and fixed-line business. The tax base is currently being determined.

If Maroc Telecom and its subsidiaries should be unable to obtain the licenses they need, in good time and at a reasonable cost, to carry out, continue, and develop their activities, and if they should be unable to retain them, in particular for noncompliance with commitments made in return for obtaining said licenses, their ability to reach strategic objectives could be adversely affected.

The rise in regulatory fees and special taxes in countries where Maroc Telecom Group does business also constitutes a risk factor.

Maroc Telecom could be penalized by the market authorities for noncompliance with regulatory requirements

Maroc Telecom is incorporated under Moroccan law; its shares are listed on the Casablanca and Paris stock markets. The Company must therefore comply with all regulatory requirements as regards informing the public and protecting investors, and must respect commitments it has made to the market authorities for both exchanges.

In general, Maroc Telecom believes that it complies with all regulations in force in both markets. In the event of noncompliance, the Company would be subject to penalties and fines that could affect its earnings and financial position.

Maroc Telecom may be unable to deduct certain allowances for doubtful accounts

The amount of doubtful accounts for which Maroc Telecom has made allowances is deductible from its taxable profit, subject to the presentation of evidence that legal action has been taken against the debtors. Maroc Telecom has not initiated such legal action against all of the debtors for which it has made allowances. If the deductibility of such allowances for doubtful accounts below a certain threshold were to be challenged, the Company's earnings and profits could be adversely affected.

3.4.3 MARKET RISKS

In accordance with its cash-management policy, Maroc Telecom does not invest in stocks, equity mutual funds, or derivatives. Maroc Telecom invests its cash with financial institutions, either in sight deposits or term deposits. The counterparty-exposure limits for each financial institution are approved by the Management Board.

For market risks (foreign-exchange, interest-rate, and equity risks), see section 4.2.3, "Disclosure of qualitative and quantitative information on market risk." For liquidity risk, see note 32, "Risk management," in the notes to the consolidated financial statements.

Information on interest-rate risk management and a sensitivity analysis regarding the Group's reaction to interest-rate movements are set out in note 32, "Risk management," in the notes to the consolidated financial statements.

04. Financial report Fiscal year 2013

4.1 CONSLIDATED RESULTS OF THE PAST THREE YEARS

Maroc Telecom Group's consolidated financial data is summarized in the following table. Selected financial data from the three fiscal years ended December 31, 2011, 2012, and 2013, were drawn from Group consolidated financial statements prepared in compliance with International Financial Reporting Standards (IFRS) and audited by the statutory auditors Abdelaziz ALMECHATT and Fouad LAHGAZI of KPMG Maroc.

4.1.1 CONSOLIDATED FINANCIAL DATA IN MOROCCAN DIRHAMS

Statement of comprehensive income

(In MAD millions)	2011	2012(*)	2013
Revenues	**30,837**	**29,849**	**28,559**
Operating expenses	18,461	18,881	17,580
Earnings from operations	**12,375**	**10,968**	**10,978**
Earnings from continuing operations	12,333	10,941	10,937
Net earnings	**8,447**	**7,287**	**6,359**
Attributable to equity holders of the parent	8,123	6,709	5,540
Earnings per share (in MAD)	**9.2**	**7.6**	**6.3**
Diluted earnings per share (in MAD)	9.2	7.6	6.3

(*) The data for 2012 have been adjusted to take into account the impact of IAS 19 (amended), effective since January 1, 2013, with retroactive effect to January 1, 2012

Statement of comprehensive income

ASSETS (In MAD millions)	2011	2012(*)	2013
Noncurrent assets	35,743	36,159	35,919
Current assets	12,898	11,825	11,248
TOTAL ASSETS	48,641	47,985	47,167

SHAREHOLDERS' EQUITY AND LIABILITIES (In MAD millions)	2011	2012 (*)	2013
Share capital	5,275	5,275	5,275
Shareholders' equity, attributable to equity holders of the parent	17,781	16,250	15,331
Noncontrolling interests	4,304	4,356	4,602
Shareholders' equity	22,085	20,606	19,933
Noncurrent liabilities	2,838	2,078	994
Current liabilities	23,718	25,302	26,241
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	48,641	47,985	47,167

(*) The data for 2012 have been adjusted to take into account the impact of IAS 19 (amended), effective since January 1, 2013, with retroactive effect to January 1, 2012

4.1.2 CONSOLIDATED FINANCIAL DATA IN EUROS

The Group reports its financial data in Moroccan dirhams. This section is intended to provide investors with comparable data in euros.

For 1 Euro	12/31/2011	12/31/2012	12/31/2013
Period-end rate used for the balance sheet (*)	11,1181	11,1516	11,2360
Average rate used for the income statement (*)	11,2569	11,1010	11,1586

Source: Vivendi

**The above exchange rates are provided for convenience only. The Group does not claim that the amounts denominated in Moroccan dirhams were, could have been, or could be converted into euros at such exchange rates or at any other rate. For information relating to the impact of foreign-exchange fluctuations on the Group's earnings, see section 2.3 "Qualitative and quantitative information on market risk."*

The above table sets out the MAD/EUR exchange rates used in the Vivendi Group's consolidated financial statements for the years 2011, 2012 and 2013.

The following table sets out selected consolidated financial data for Maroc Telecom Group in euros, translated at the exchange rates used for Vivendi Group's consolidated financial position and earnings for the years 2011, 2012 and 2013.

Statement of comprehensive income

(In € millions)	2011	2012(*)	2013
Revenues	2,739	2,689	2,559
Cost of purchases	1,640	1,701	1,576
Earnings from operations	1,099	988	984
Earnings from continuing operations	1,096	986	980
Net earnings	750	656	570
Attributable to equity holders of parent	722	604	497
Earnings per share (in euro)	1.0	0.7	0.6
Diluted earnings per share (in euro)	1.0	0.7	0.6

(*) The data for 2012 have been adjusted to take into account the impact of IAS 19 (amended), effective since January 1, 2013, with retroactive effect to January 1, 2012

Statement of financial position

ASSETS (In € millions)	2011	2012 (*)	2013
Noncurrent assets	3,215	3,242	3,197
Current assets	1,160	1,060	1,001
TOTAL ASSETS	4,375	4,303	4,198

SHAREHOLDERS' EQUITY AND LIABILITIES (In € millions)	2011	2012 (*)	2013
Share capital	474	473	469
Shareholders' equity, Group share	1,599	1,457	1,364
Noncontrolling interests	387	391	410
Shareholders' equity	1,986	1,848	1,774
Noncurrent liabilities	255	186	88
Current liabilities	2,133	2,269	2,335
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	4,375	4,303	4,198

(*) The data for 2012 have been adjusted to take into account the impact of IAS 19 (amended), effective since January 1, 2013, with retroactive effect to January 1, 2012

4.2 OVERVIEW

The discussion and analysis that follow should be read in conjunction with the entire document, particularly with the audited consolidated financial statements that comprise the statement of financial position, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity, and the notes to the financial statements for the years ended December 31, 2011, 2012, and 2013.

4.2.1 SCOPE OF CONSOLIDATION

At December 31, 2013, Maroc Telecom consolidated in its financial statements the entities:

Mauritel

Maroc Telecom holds 51.5% of the voting rights of Mauritel, the incumbent operator in Mauritania and operator of a Fixed lined-line and mobile telecommunications network, subsequent to the merger of Mauritel SA (Fixed lined line) and Mauritel Mobile. Mauritel S.A. is owned by the holding company Compagnie Mauritanienne de Communications (CMC), in which Maroc Telecom holds an 80% equity stake and consequently a 41.2% interest in Mauritel. Mauritel has been fully consolidated by Maroc Telecom since July 1, 2004.

Onatel

On December 29, 2006, Maroc Telecom acquired 51% of the capital of the Burkina Faso operator Onatel, and 100% of its mobile subsidiary, Telmob. Onatel has been fully consolidated by Maroc Telecom since January 1, 2007.

The merger of Onatel and Telmob, its mobile subsidiary, has been completed. Postmerger financial statements were prepared for FY 2011, with retroactive effect for FY 2010.

Gabon Telecom

On February 9, 2007, Maroc Telecom acquired 51% of the capital of Gabon Telecom and 100% of its mobile subsidiary, Libertis. Gabon Telecom has been fully consolidated by Maroc Telecom since March 1, 2007.

The merger of Gabon Telecom and Libertis, its mobile subsidiary, has been completed. Postmerger financial statements have been prepared for FY 2012, with retroactive effect for FY 2011.

Sotelma

On July 31, 2009, Maroc Telecom acquired a 51% stake in Mali's incumbent operator, Sotelma. Sotelma has been fully consolidated by Maroc Telecom since August 1, 2009.

Casanet

Casanet is a Moroccan Internet provider established in 1995. In 2008, the company became a 100% subsidiary of Maroc Telecom and expands its activities by specializing in information engineering. Casanet has been fully consolidated by Maroc Telecom since January 1, 2011.

Other nonconsolidated investments

Maroc Telecom's other unconsolidated interests include MT FLY, a company that operates airplanes for the transport of passengers and merchandise; ArabSat, which operates and distributes telecommunications systems; and other noncontrolling interests. These companies are not consolidated because their results do not have a material impact on Maroc Telecom Group's financial statements.

4.2.2 COMPARISON OF RESULTS BY GEOGRAPHICAL AREA

Note:

The comparable basis reflects constant exchange rates among the MAD, Mauritanian Ouguiya, and CFA Franc currencies. Results by geographical area are as follows:

(In MAD millions)	2011	2012 (**)	2013
Revenues*	**30,837**	**29,849**	**28,559**
Morocco	25,030	23,178	21,294
International	6,066	7,079	7,754
Mauritania	1,202	1,375	1,476
Burkina Faso	1,733	2,067	2,211
Gabon	1,047	1,291	1,478
Mali	2,123	2,422	2,658
Earnings from operations before depreciation and amortization	**16,996**	**16,720**	**16,213**
Morocco	14,557	13,414	12,308
International	2,439	3,307	3,904
% Revenues	**55.10%**	**56.00%**	**56.80%**
Earnings from operations	12,375	10,968	10,978
Morocco	11,262	9,219	8,595
International	1,113	1,749	2,383
% Revenues	**40.10%**	**36.70%**	**38.40%**
Net earnings, Group share	**8,123**	**6,709**	**5,540**
% Revenues	**26.00%**	**22.50%**	**19.40%**
CAPEX	**5,793**	**5,385**	**4,796**
Morocco	3,882	3,792	3,601
International	1,911	1,592	1,195

(*) Group revenues net of eliminations

(**) Maroc Telecom adopted IAS 19 (amended) Employee Benefits as of January 1, 2013, with retroactive effect to January 1, 2012. Consequently the following adjustments have been made to the published 2012 financial statements, in accordance with the new standard: EBITDA +MAD 17.0 million, EBITA +MAD 10.9 million, net earnings +MAD 7.9 million, net earnings (Group share) +MAD 4 million, and noncontrolling interests +MAD 3.9 million.

4.2.2.1 Comparison of financial data for fiscal years 2013 and 2012

4.2.2.1.1 Group Consolidated results

Revenues

In 2013, Maroc Telecom Group generated consolidated revenues of MAD 28,559 million, 4.3% less than revenues in 2012 (-4.3% like for like). This was caused by lower revenues in Morocco (-8.1%), where mobile services and mobile termination rates experienced sharp price cuts. Strong growth (+9.5%) in international revenues compensated partially for these declines.

The Group customer base grew to more than 37 million customers, a strong rise of 13.3% from the previous year. This excellent momentum is due mainly to growth in the international customer base, up 28.8% year on year, to 16.8 million customers.

Earnings from operations before depreciation and amortization

In 2013, Maroc Telecom Group's earnings from operations before depreciation and amortization (EBITDA) amounted to MAD 16,213 million, 3.0% less than in 2012 (-3.0% like for like). The 8.2% decline in EBITDA in Morocco was partially compensated for by growth of 18.1% (+18.0% like for like) in international EBITDA. However, with gross margin up 2.0 pts and operating expenses stable, the EBITDA margin improved by 0.8 pts from the previous year, to a substantial 56.8%.

Earnings from operations

At December 31, 2013, Maroc Telecom Group's consolidated earnings from operations (EBITA) stood at MAD 10,978 million, up 0.1% (+0.1% like for like) from a year earlier. Excluding restructuring costs recorded in 2012 (MAD 877 million) and in 2013 (MAD 200 million), EBITA fell 5.6% year on year (-5.6% like for like), with a substantial operating margin of 39.1%, only 0.5 pts less than the previous year's. Higher depreciation charges (+3.3%) for major capital-expenditure programs carried out in Morocco and in subsidiaries outside Morocco explain the slight decline in earnings from operations.

Net earnings

In 2013, Maroc Telecom Group's had net earnings of MAD 5,540 million, down 17.4% (-17.4% like for like) from net earnings in 2012. This decline was the result of a MAD 1 billion expense taken for the settlement of a tax audit.

Capital expenditure

In 2013, capital expenditure declined by 10.9%, to MAD 4,796 million. The focus in 2013 was on offers for high-speed and ultra-high-speed broadband. This development was implemented mainly through the rollout of next-generation Single RAN base stations, and the deployment of MSANs for wireline internet.

4.2.2.1.2 Activities in Morocco

(In MAD millions)	2012	2013
Revenues	23,178	21,294
Mobile	**17,477**	**15,719**
Services	16,979	15,416
Equipment	498	303
Fixed lined line	**6,669**	**7,391**
o/w Fixed lined-line data [1]	1,757	1,865
Elimination	(968)	(1,816)
Earnings from operations before depreciation and amortization	**13,414**	**12,308**
Margin (%)	57.9%	57.8%
Earnings from operations – before restructuring	**10,020**	**8,795**
Margin (%)	43.2%	41.3%
Earnings from operations	**9,219**	**8,595**

[1] *Fixed lined-line data include internet, ADSL TV, and date services to businesses.*

Activities in Morocco in 2013 generated revenues of MAD 21,294 million, a decrease of 8.1% year on year. This performance was the result of the prepaid mobile rates, whose continuous decline is due mainly to the adoption of a per-second billing and more frequent promotional offers.

Earnings from operations before depreciation and amortization (EBITDA) amounted to MAD 12,308 million, 8.2% less than in 2012. The substantial EBITDA margin of 57.8% was nearly unchanged (-0.1% year on year), because of stable operating expenses and a 1.8 pt rise in gross operating margin.

Earnings from operations (EBITA) declined 6.8%, totaling MAD 8,595 million. Excluding restructuring charges accounted for in 2012 and 2013, EBITA declined by 12.2%, resulting in a 41.3% margin. This change can be explained by the decline in EBITDA and by the 3.5% rise in depreciation charges for significant capital expenditures carried out in recent years.

Mobile

Mobile	Unit	2012	2013
Mobile			
Parc	**(000)**	**17,855**	**18,193**
Prepaid	(000)	16,656	16,813
Postpaid	**(000)**	1,199	1,380
o/w 3G internet	(000)	1,546	2,346
ARPU	**(MAD per month)**	**78.6**	**69.1**
Data in % of ARPU	**(%)**	11.1%	14.2%
MOU	**(Min/month)**	**122**	**146**
Churn	**(%)**	**20.8%**	**22.2%**
Prepaid	(%)	22.2%	23.7%
Postpaid	**(%)**	15.5%	16.5%

In 2013, mobile-segment revenues generated in Morocco fell 10.1%, to MAD 15,719 million. Because of fierce competition, fourth-quarter mobile revenues declined by 9.7% year on year, to MAD 3,778 million.

The mobile customer base continued to grow, however, expanding 1.9% year on year, to 18,193 million customers. This rise was due to growth of 0.9% in the prepaid customer base (+157,000 customers) and to solid momentum from the high-value postpaid customer base (+15.1%), each the result of continually enhanced product offers and of migration of prepaid customers to subscription plans. The churn rate increased slightly, to 22.2% (+1.4 pts from 2012).

Outgoing mobile revenues declined year on year by 9.5%. The 19.4% increase in outgoing call traffic was not enough to compensate for the 27% fall in prices. Revenues from mobile services fell by 9.2% because of the 8.0% decline in incoming revenues resulting from reductions in mobile termination rates effective January 1, 2013. Equipment revenues continued to decline (-39.2% year on year) as a consequence of Maroc Telecom's decision to reduce acquisition costs through a more targeted policy for handset subsidies.

In 2013, blended ARPU fell by 12.1% year on year, to MAD 69. The impact of severe price cuts in the mobile segment and of reduced mobile termination rates was partially compensated for by a rise in voice consumption (+19.4%) and by growth in data services, which account for 14.2% of ARPU (+3.1 pts more than in 2012).

The 3G mobile internet customer base grew by 51.7%, to 2.3 million customers at December 31, 2013.

Fixed line line and Internet

Fixed line	Unit	2012	2013
Fixed lined lines	(000)	1,269	1,379
Broadband access	**(000)**	683	837

At December 31, 2013, annual revenues from Fixed lined-line and internet activities in Morocco amounted to MAD 7,391 million, a rise of 10.8% year on year. Much of this performance reflects the increase in lines leased by Maroc Telecom's mobile segment from its Fixed lined-line segment (+91.6%). Excluding this effect, Fixed lined-line and internet revenues declined by 2.1%. Since June 2013, however, Fixed lined-line revenues excluding lines leased by the mobile segment have risen slightly (+0.6% in the second half of 2013). The impetus from the double play rate plans and enhanced unlimited offers has underpinned the improvement in Fixed lined-line business.

Revenues from Fixed lined-line data rose to MAD 1,865 million (+6.2%), driven by customer-base growth, particularly in broadband internet.

Growth of the Fixed lined-line customer base in Morocco continued to accelerate (+8.7% year on year), with 1,379 thousand lines at December 31, 2013. The Fixed lined-line business was boosted by price cuts, enhanced offers (particularly the inclusion in rate plans of free minutes to mobiles), and continuing strong growth in the ADSL customer base (+22.6% in 2013).

4.2.2.1.3 International activities

IFRS in MAD millions	2012 (*)	2013
Revenues	**7,079**	**7,754**
Mauritania	**1,375**	**1,476**
o/w Mobile services	1,257	1,357
Burkina Faso	**2,067**	**2,211**
o/w Mobile services	1,694	1,848
Gabon	**1,291**	**1,478**
o/w Mobile services	688	883
Mali	**2,422**	**2,658**
o/w Mobile services	2,055	2,283
Elimination	**(76)**	**(69)**
Earnings from operations before depreciation and amortization	**3,307**	**3,904**
Margin (%)	46.7%	50.4%
Earnings from operations	**1,749**	**2,383**
Margin (%)	**24.7%**	**30.7%**

(*) The data for 2012 have been adjusted to take into account the impact of IAS 19 (amended), effective since January 1, 2013, with retroactive effect to January 1, 2012.

Maroc Telecom Group's international business grew 9.5% in 2013 (+9.5% like for like), with revenues totaling MAD 7,754 million. A result of growth in mobile customer bases (+30.0%), this performance was also underpinned by significant capital expenditure carried out to expand coverage and to improve network quality.

In 2013, earnings from operations before depreciation and amortization (EBITDA) increased by 18.1% (+18.0% like for like), to MAD 3,904 million. EBITDA margin (50.4%) rose sharply by 3.7 pts as a consequence of gross-margin growth of 1.2 pts and a rise in operating expenses of only 1.3%.

EBITA amounted to MAD 2,383 million, up 36.3% (+36.3% like for like) from the previous year. Excluding restructuring charges booked in 2012, EBITA rose 30.5% (+30.6% like for like) and the operating margin gained 5.0 pts, to 30.7%. This change can be explained by growth in earnings from operations before depreciation and amortization (EBITDA) and by cost-optimization efforts, despite a 2.9% rise in depreciation charges (+2.7% like for like) for significant capital expenditure in recent years.

Mauritania

	Unit	2012	2013
Mobile			
Customer base	(000)	2,013	1,872
ARPU	(MAD per month)	53.3	56.6
Fixed lined lines	(000)	**41**	**42**
Broadband access	**(000)**	**7**	**7**

At December 31, 2013, activities in Mauritania had generated annual revenues of MAD 1,476, an increase of 7.4% (+9.4% like for like) reinforced by the mobile segment, whose service revenues grew 7.9% (+10.0% like for like) subsequent to higher outgoing consumption (+24.6%).

The mobile customer base came to 1,872 thousand customers, 7.0% lower than a year earlier because of increasingly intense competition. The Fixed lined-line and internet customer bases grew 2.5% and 6.8% respectively on an annual basis.

Burkina Faso

	Unit	2012	2013
Mobile			
Customer base	(000)	3,872	4,643
ARPU	(MAD per month)	39.5	36.1
Fixed lined lines	(000)	**141**	**94**
Broadband access	**(000)**	**30**	**25**

In 2013, activities in Burkina Faso generated revenues of MAD 2,211 million, 7.0% (+6.4% like for like) more than in 2012. This performance was driven by steady revenue growth in mobile services (+9.0% and +8.5% like for like) and by expansion of the mobile customer base (+19.9%).

The Fixed lined-line customer base declined by 33.5%, to just under 94,000 customers, because of the update of the CDMA customer base carried out in March 2013. Similarly, the internet customer base shrank by 17.3% in 2013, to nearly 25,000 clients.

Gabon

	Unit	2012	2013
Mobile			
Customer base	(000)	777	1,041
ARPU	(MAD per month)	79.2	80.7
Fixed lined lines	(000)	**18**	**19**
Broadband access	**(000)**	**8**	**10**

Revenues in Gabon amounted to MAD 1,478 million in 2013, 14.5% more than in 2012 (+13.9% like for like). Revenue growth stemmed mainly from strong growth in the mobile segment, whose service revenues rose 28.5% (+27.8% like for like) because of solid growth in the mobile customer base (+33.9%). The latter was attributable to a new pricing policy and to continual improvement in service quality.

The Fixed lined-line (+6.9%) and internet (+26.4%) customer bases resumed growth thanks to enhanced rate plans (free Fixed lined-to-Fixed lined calls, free doubling of internet capacity).

Mali

	Unit	2012	2013
Mobile			
Customer base	(000)	6,023	8,923
ARPU	(MAD per month)	33.2	25.9
Fixed lined lines	(000)	**98**	**110**
Broadband access	**(000)**	**45**	**50**

Activities in Mali generated revenues of MAD 2,658 in 2013 for year-on-year growth of 9.7% (+9.1% like for like). Growth was driven by mobile activity, whose service revenues improved by 11.1% (+10.5% like for like) as a result of substantial growth in the mobile customer base (+48.1%) and despite lukewarm economic recovery.

The Fixed lined-line and internet customer bases continued to show steady growth of 12.0% and 12.9% respectively.

4.2.2.2 Comparison of financial data for 2012 and 2011

4.2.2.2.1 Group Consolidated results

Revenues

In 2012, Maroc Telecom Group generated consolidated revenues of MAD 29,849 million, a decline of 3.2% year on year and 3.0% like for like. This decline is attributable to lower revenues in Morocco (–7.4%), where price cuts in the mobile segment and reduced termination rates were only partially compensated for by solid growth (17%) in international revenue.

The Group customer base came to just under 33 million customers, a strong rise of 13.5% from 2011. This excellent momentum is due mainly to growth in the international customer base, up 30% year on year, to 13.1 million customers.

Earnings from operations before depreciation and amortization

In 2012, Maroc Telecom Group's earnings from operations before depreciation and amortization (EBITDA)[2] amounted to MAD 16,720 million, 1.6% less than in 2011 (-1.5% like for like). The 7.9% decline in EBITDA in Morocco was compensated for by strong growth (+35.6%, and +36% like for like) in international EBITDA. However, with gross margin up 1.3 pts and operating expenses down 1.7%, the EBITDA margin improved by 0.9 pts from the previous year, to a substantial 56.0%.

Earnings from operations

At December 31, 2012, Maroc Telecom Group's consolidated earnings from operations (EBITA)[3] amounted to MAD 10,968 million, down 11.4% from a year earlier (-11.4% like for like). Excluding restructuring costs, earnings from operations came to MAD 11,846 million. This decline of 4.3% year on year (-4.3% like for like) nevertheless resulted in a substantial margin of 39.7%, down a modest 0.4 pts. Higher amortization and depreciation charges (+5.2%) for major capital expenditure programs carried out in recent years, particularly outside Morocco, explain the decline in earnings from operations.

An additional restructuring charge of MAD 77 million was booked in fourth-quarter 2012, after the completion of the voluntary redundancy plans in Mali and Mauritania. This charge came in addition to a charge for MAD 800 million recognized in second-quarter 2012 in Morocco, bringing total restructuring charges to MAD 877 million for FY 2012 and accounting for the departure effective December 31, 2012, of 1,521 employees (i.e., 11.2% of Group headcount).

Net earnings

Maroc Telecom Group's[4] share of net earnings in 2012 amounted to MAD 6,709 million, down 17.4% (–17.4% like for like) because of restructuring charges and a nonrecurrent contribution of MAD 204 million to the Moroccan solidarity fund.

Excluding these items, net earnings fell 7.7%, to MAD 7,500 million.

Distributable earnings for the same period amounted to MAD 6,505 million, down 20% from distributable earnings in 2011.

Capital expenditure

In 2012, capital expenditures decreased by 7.0%, to MAD 5,385 million.

[2] EBITDA been adjusted for compliance with IAS 19 (amended), effective January 1, 2013, and retroactive to January 1, 2012.
[3] EBITA has been adjusted for compliance with IAS 19 (amended), effective January 1, 2013, and retroactive to January 1, 2012.
[4] Net earnings (Group share) have been adjusted for compliance with IAS 19 (amended), effective January 1, 2013, and retroactive to January 1, 2012.

4.2.2.2.2 Activities in Morocco

(In MAD millions)	2011	2012
Revenue	25,030	23,178
Mobile	**18,935**	**17,477**
Services	18,182	16,979
Equipment	753	498
Fixed lined line	**7,432**	**6,669**
o/w Fixed lined line data [5]	1,695	1,757
Elimination	(1,337)	**(968)**
Earnings from operations before depreciation and amortization	14,557	**13,414**
Margin (%)	58.2%	57.9%
Earnings from operations – before restructuring	11,262	10,020
Margin (%)	45.0%	43.2%
Earnings from operations	11,262	**9,219**

Activities in Morocco in 2012 generated revenue of MAD 23,178 million, a decline of 7.4% attributable to the impact of additional price cuts in the mobile segment, successive reductions in mobile termination charges (in January and July 2012), and the cannibalization of Fixed lined revenue by the mobile segment.

Earnings from operations before depreciation and amortization (EBITDA) amounted to MAD 13,414 million, a decline of 7.9%, with the EBITDA margin nearly stable (–0.3 pts) at a substantial 57.9%. This performance was the result of a proactive policy to reduce subsidies on handset sales. This policy raised the gross margin by 0.8 pts and lowered operating expenses by 2.9%, much of which was attributable to the initial effects of the voluntary redundancy plan.

Earnings from operations (EBITA) declined 18%, to MAD 9,219 million. Excluding restructuring charges, EBITA declined by 11.0%, to MAD 10,020 million, resulting in a 43.2% margin. This change can be explained by the decline in earnings from operations before depreciation and amortization (EBITDA) and by the 1.9% rise in depreciation charges for significant capital expenditures carried out in recent years.

Mobile

Mobile	Unit	2011	2012
Mobile			
Customer base	**(000)**	**17,126**	**17,855**
Prepaid	(000)	16,106	16,656
Postpaid	**(000)**	1,019	1,199
o/w 3G internet	(000)	1,102	1,546
ARPU	**(MAD per month)**	**87.3**	**78.6**
Data in % of ARPU	**(%)**	9.6%	11.1%
MOU	**(Min per month)**	**85**	**122**
Churn	**(%)**	**23.3%**	**20.8%**
Prepaid	(%)	13.4%	15.5%
Postpaid	**(%)**	24.8%	22.2%

The mobile segment in 2012 generated revenues of MAD 17,477 million (–7.7%). Mobile revenues came to MAD 4,184 million in the fourth quarter, a year-on-year decline of 9.1% attributable to the economy and to an unfavorable competitive environment.

The mobile customer base grew 4.3% from 2011, to 17.855 million customers. This rise was due to the 3.4% growth in the prepaid customer base (+550,000 customers) and to solid momentum from the high-value postpaid customer base (+180,000 customers), each the result of advertising designed to enhance the product offer and to encourage the migration of prepaid customers to subscription plans. The churn rate improved substantially, to 20.8% (–2.5 pts from 2011).

[5] Fixed lined line data include Internet, ADSL TV, and Data services to businesses

Although Maroc Telecom's price cuts of 34% boosted outgoing consumption by 42%, outgoing mobile revenues declined by 4.7% from a year earlier. Revenues from mobile services fell by 6.6% because of the 14.3% decline in incoming revenues. This decline was due to reductions in Maroc Telecom mobile termination charges carried out in two tranches since January 1, 2012 (including one of 30% on July 1, 2012), for total reductions of 56% over 12 months. Equipment revenues fell by 34% as a result of Maroc Telecom's policy to limit its acquisition costs.

Blended ARPU for 2012 came to MAD 79 (–10.0%), with outgoing ARPU declining 7.8%. The impact of substantial price cuts in the mobile segment, of reduced termination charges, and of customer-base growth was partially compensated for by a strong rise in outgoing voice consumption (+42%) and by growth in data services, which represent 11.1% of ARPU (+1.5 pts more than in 2011).

The 3G mobile internet customer base grew 40%, to 1.5 million customers at December 31, 2012, further cementing Maroc Telecom's leadership position. At December 31, 2012, Maroc Telecom's market share in the mobile segment stood at just under 47.2% (source: ANRT).

Fixed lined line and internet

Fixed lined line	Unit	2011	2012
Fixed lined lines	(000)	1,241	1,269
Broadband access	**(000)**	591	683

At December 31, 2012, the Fixed lined-line and internet activities in Morocco had generated revenues of MAD 6,669 million, a decline of 10.3% year on year. This performance reflects the sharp decline in public telephony—still exposed to aggressive competition from the mobile segment—and the reduction in the first half of the year of Fixed lined-line rates, now relatively unattractive after the implementation of significant price cuts in the mobile segment. Note that in fourth-quarter 2012, the decline in Fixed lined-line revenues slowed considerably, ending at –6.3%, compared with –12.4% in third-quarter 2012.

Revenues from Fixed lined-line data rose 3.6%, to MAD 1,757 million, while customer-base growth more than compensated for price cuts.

At December 31, 2012, the Fixed lined-line customer base in Morocco had grown by 2.3% year on year, to 1.269 million lines. Strong growth (+16%, to 683,000 subscribers) in the ADSL customer base was underpinned by enhanced rate plans and doubled bandwidth for the same price.

4.2.2.2.3 International activities

IFRS in millions MAD	2011	2012(*)
Revenue	**6,066**	**7,079**
Mauritania	**1,202**	**1,375**
o/w Mobile services	1,033	1,257
Burkina Faso	**1,733**	**2,067**
o/w Mobile services	1,401	1,694
Gabon	**1,047**	**1,291**
o/w Mobile services	510	688
Mali	**2,123**	**2,422**
o/w Mobile services	1,767	2,055
Elimination	**(39)**	**(76)**
Earnings from operations before depreciation and amortization	**2,439**	**3,307**
Margin (%)	40.2%	46.7%
Earnings from operations	**1,113**	**1,749**
Margin (%)	**18.3%**	**24.7%**

(*) The data for 2012 have been adjusted to take into account the impact of IAS 19 (amended), effective since January 1, 2013, with retroactive effect to January 1, 2012.

Maroc Telecom Group's international operations grew strongly in 2012 (+17%, and +18% like for like), with revenues totaling MAD 7,079 million. This performance—despite economic and political unrest in Mali—was the combined result of very strong growth in mobile customer bases (+32%), enhanced plan offers, and increased customer consumption. The competitive environment was stable in 2012.

[6] Revenues generated by Gabon Telecom's inbound and outbound mobile international call traffic are accounted for directly under mobile activity for 2012, whereas before they were recorded as transit revenues of Gabon Telecom's Fixed lined-line operations. Data for 2011 have therefore been adjusted to reflect this change.

Earnings from operations before depreciation and amortization (EBITDA) grew by 35.6% year on year (+36% like for like), to MAD 3,307 million. EBITDA margin (46.7%) rose by 6.5 pts as a consequence of gross-margin growth of 1.3 pts and a moderate rise (1.4%) in operating expenses (+2.7% like for like).

Earnings from operations (EBITA) amounted to MAD 1,749 million, up 57.2% (+57.3% like for like) from the previous year. Excluding total restructuring charges of MAD 77 million for voluntary redundancy plans carried out in Mauritania and Mali, earnings from operations came to MAD 1,826 million, up 64.1% and representing a margin of 25.8%. This change can be explained by growth in earnings from operations before depreciation and amortization (EBITDA), despite a 13.6% rise in depreciation charges (+14.7% like for like) for significant capital expenditure in recent years.

Mauritania

	Unit	2011	2012
Mobile			
Customer base	(000)	1,747	2,013
ARPU	(MAD per month)	47.1	53.3
Fixed lined lines	(000)	**41**	**41**
Broadband access	**(000)**	**7**	**7**

At December 31, 2012, activities in Mauritania had generated annual revenues of MAD 1,375 million, a rise of 14.3% (+12.6% like for like) driven by the mobile segment, whose service revenues advanced 22% (+20% like for like) in the wake of growth of the mobile customer base (+15%), increased outgoing consumption (+11%), and stabilized rates (–1.2%). The Fixed lined-line customer base was stable, at 41,245 lines, while the internet customer base expended 2.5%, to 6,887 clients.

Burkina Faso

	Unit	2011	2012
Mobile			
Customer base	(000)	2,971	3,872
ARPU	(MAD per month)	40.7	39.5
Fixed lined lines	(000)	**142**	**141**
Broadband access	**(000)**	**31**	**30**

Despite price cuts of 17%, operations in Burkina Faso generated revenues of MAD 2,067 million, 19% more than revenues in 2011 (+21% like for like). This growth was a consequence of expansion in the mobile customer base (+30%) and an increase in outgoing consumption (+13.6%). The Fixed lined-line customer base was stable, at just under 141,000 customers, while the internet customer base declined by 3.6%, to nearly 30,000 clients.

Gabon

	Unit	2011	2012
Mobile			
Customer base	(000)	532	777
ARPU	(MAD per month)	97.8	79.2
Fixed lined lines	(000)	**22**	**18**
Broadband access	**(000)**	**24**	**8**

Revenues in Gabon amounted to MAD 1,291 million, 23% more than revenues in 2011 (+25% like for like). Revenues in 2012 were generated mainly by strong growth in the mobile segment, whose service revenues rose 35% (+37% like for like) because of substantial growth in the mobile customer base. Gabon Telecom also benefited from Gabon and Guinea's hosting of the Africa Cup of Nations in early 2012.

As a result of sustained advertising and network expansion, the mobile customer base grew by 46%. The Fixed lined-line (–20%) and internet (–67%) customer bases decreased after an update of the CDMA prepaid customer bases.

Mali

	Unit	2011	2012
Mobile			
Customer base	(000)	4,376	6,023
ARPU	(MAD per month)	45.3	33.2
Fixed lined lines	(000)	**94**	**98**
Broadband access	**(000)**	**37**	**45**

Despite the political crisis that has embroiled the country, activities in Mali generated revenues in 2012 of MAD 2,422 million, a rise of 14.1% (+16% like for like) attributable to very strong growth in mobile (+38%), Fixed lined-line (+4.8%), and internet (+21%) customer bases. Fourth-quarter revenues in Mali grew by 8.7% year on year (+9.8% like for like).

4.2.3 QUALITATIVE AND QUANTITATIVE INFORMATION ON MARKET RISK

The Group is exposed to various market risks related to its business.

Foreign-exchange risk

Maroc Telecom Group is exposed to fluctuations in exchange rates, to the extent that the composition of its foreign-currency receipts varies considerably from that of its foreign-currency disbursements.

Maroc Telecom's foreign-currency receipts indicate revenues from international operations, while foreign-currency disbursements indicate payment to international suppliers (in particular payment for capital expenditures and acquisition of handsets) and for interconnection with foreign operators. These disbursements are denominated mainly in euros. At December 31, 2013, the portion of euro-denominated disbursements (excluding subsidiaries) accounted for 55% of the MAD 2,576 million in total foreign-currency disbursements. The value of foreign-currency disbursements was less than that of foreign-currency receipts, which amounted to MAD 3,498 million in 2013.

At December 31, 2013, euro-denominated disbursements of Maroc Telecom subsidiaries accounted for 46% of total foreign-currency disbursements. In addition, the portion of ouguiya-denominated disbursements remains high, representing 33% of total disbursements (MAD 3,310 million), higher than the MAD 1,951 million in receipts in 2013.

Maroc Telecom Group is not allowed to net its foreign-currency disbursements and receipts. Moroccan law allows the Group to hold only 70% of its foreign-currency telecom receipts in a foreign-currency account; the remaining 30% must be converted into Moroccan dirhams.

Consequently, Maroc Telecom Group's earnings may be affected by fluctuations in exchange rates, in particular the Moroccan dirham against the US dollar and the euro.

In 2013, the euro appreciated by 1.0% against the Moroccan dirham (from MAD 11.1475 for one euro at December 31, 2012, to MAD 11.2305 for one euro at December 31, 2013). Over the same period, the US dollar depreciated by 3%, from MAD 8.4335 for one USD in 2012 to MAD 8.1506 for one USD in 2013.

The following table sets out the Group's principal foreign-currency positions at December 31, 2013.

(In millions)	Euro /FCFA	USD	MRO	Total foreign currencies	MAD	Total balance sheet
Total assets	15,642	26	1,821	17,489	29,858	47,347
Total liabilities	(15,723)	(335)	(1,694)	(17,752)	(29,733)	(47,485)
Net position	**(81)**	**(309)**	**126**	**(263)**	**125**	**(138)**

Maroc Telecom's currency assets are composed mainly of receivables from foreign operators. The Group's currency liabilities are made up primarily of payables to foreign suppliers and operators.

The following table shows the Company's (excluding subsidiaries) net foreign-currency positions in euros and US dollars, and the aggregate of other currencies, at December 31, 2013.

(In millions)	EURO	USD	Other currencies (against the euro)*
Assets	101	22	0
Liabilities	(138)	(109)	(2)
Net position	(36)	(87)	(2)
Commitments	(72)	(44)	(2)
Net aggregate position	**(108)**	**(131)**	**(4)**

**1 euro = 11.2305 Moroccan dirhams (average exchange rate of Bank-Al Maghrib at December 31, 2013*

NB:
(1) The other main currencies are the Japanese yen (YEN), the Swiss franc (CHF), and the Swedish krona (SEK).
(2) Net foreign-currency positions in EUR and USD are calculated by applying the proportion of each currency's cash inflows received in 2013 to the amount of receivables and payables in special drawing rights (SDR) relating to foreign telecoms operators at December 31, 2013.
(3) The breakdown by currency of the balance of commitments relating to current agreements is based on the effective balances for such contracts.

Interest-risk

Net cash position by maturity:

2013

(In MAD millions)	<1 year	1-5 years	>5 years	**Total**
Bank loans	1,400	305	13	1,719
Bank overdrafts	6,264	0	0	6,264
Borrowings and financial liabilities	**7,664**	**305**	**13**	**7,982**
Cash and cash equivalents	1,084	0	0	1,084
Cash held for repayment of bank loans	8	0	0	8
Net cash	**(6,571)**	**(305)**	**(13)**	**(6,890)**

2012

(In MAD millions)	<1 year	1-5 years	>5 years	**Total**
Bank loans	2,592	857	29	3,478
Bank overdrafts	4,667	0	0	4,667
Borrowings and financial liabilities	**7,259**	**857**	**29**	**8,145**
Cash and cash equivalents	964	0	0	964
Cash held for repayment of bank loans	70	0	0	70
Net cash	**(6,225)**	**(857)**	**(29)**	**(7,111)**

2011

(In MAD millions)	<1 year	1-5 years	>5 years	**Total**
Bank loans	2,773	1,735	47	4,555
Bank overdrafts	3,046	0	0	3,046
Borrowings and financial liabilities	**5,819**	**1,735**	**47**	**7,601**
Cash and cash equivalents	617	0	0	617
Cash held for repayment of bank loans	123	0	0	123
Net cash	**(5,080)**	**(1,735)**	**(47)**	**(6,862)**

In accordance with Company policy, Maroc Telecom's financial debt is essentially on Fixed lined-rate terms, and therefore the Company does not have significant exposure to interest-rate fluctuations, favorable or unfavorable. In addition, the Company does not use interest-rate hedging instruments.

Equity risk

The Group does not have a significant portfolio of listed equities. As a result, there is no significant risk relating to fluctuations in the prices of securities or shareholdings.

4.2.4 TRANSITION FROM SEPARATE FINANCIAL STATEMENTS TO CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements are derived from the separate financial statements of Maroc Telecom and its subsidiaries, as prepared under the generally accepted accounting principles of each country. Various adjustments have been made to these separate financial statements, in compliance with IFRS consolidation and presentation requirements.

The main adjustments to the presentation of the statement of comprehensive income are the:

- elimination of revenues related to cancelled subscriptions between the date of cancellation and the end of the subscription period;
- recognition of resellers' commissions as consolidated operating expenses (these costs were initially netted against revenues in the separate financial statements);
- reclassification of noncurrent items to earnings from operations, with the exception of adjustments of Fixed lined-asset values;
- reclassification of the Fidelio (loyalty awards program) provision, which is netted against revenues;
- reclassification under net financial income of noncurrent financial items;
- activation of payroll costs relating to the deployment of Fixed lined assets.
- activation of provision for pension obligations.

The main adjustments to the statement of financial position relate to current assets:

- SIM cards: reclassification of inventory under Fixed lined assets;
- nonactivated handsets: inventory values of handsets sold but not activated are adjusted to account for the recognition of revenues upon activation;
- regarding trade payables, the main adjustment entails reclassifying certain payables under provisions for contingencies and losses.

Other consolidation adjustments concern the elimination of statutory provisions, the calculation of deferred taxes, and all consolidation-related operations (e.g., elimination of interest in equity affiliates).

4.3 CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to regulation (EC) no. 1606/2002 of the European Parliament and of the Council of July 19, 2002, Maroc Telecom Group's consolidated financial statements have been prepared in accordance with international financial reporting standards (IAS/IFRS), as endorsed by the European Union.

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2013

To the shareholders of Itissalat Al Maghrib "IAM" SA
Avenue Annakhil, Hay Riad
Rabat, Morocco,

To the Chairman and shareholders,

We have audited the accompanying consolidated financial statements of ITISSALAT AL-MAGHRIB (IAM) S.A., including the statement of financial position as at December 31, 2013, the statement of comprehensive income, statement of changes in equity, and statement of cash flows for the fiscal year ended December 31, 2013, and a summary of significant accounting policies and other explanatory notes. These financial statements show an amount of consolidated shareholders' equity of 19,933 million dirhams including consolidated net earnings of 6,359 million dirhams.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for the preparation and presentation of these financial statements, in accordance with international financial reporting standards. This responsibility includes planning, implementing, and monitoring internal controls relating to the preparation and presentation of financial statements that are free of material misstatement, whether due to fraud or error, and selecting accounting estimates that are appropriate for the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to render an opinion on these financial statements on the basis of our audit. We have conducted our audit in accordance with the audit standards applicable in Morocco. These standards require that we comply with ethical guidelines and that we plan and perform the audit in order to obtain reasonable assurance that the summary financial statements are free of material misstatement.

An audit involves procedures that are intended to gather meaningful information about the amounts and data provided in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of risk that the financial statements contain material misstatements, whether because of fraud or error. In carrying out such risk assessments, the auditors take into consideration the entity's current internal controls relating to the preparation and presentation of the financial statements, in order to define audit procedures that fit the circumstances, but not for the purpose of stating an opinion on the effectiveness of the internal control.

An audit also involves evaluating the appropriateness of the accounting policies used, the soundness of the accounting estimates made by management, and the overall presentation of the financial statements.

We believe that the information gathered is sufficient and appropriate to provide a basis for our audit opinion.

OPINION ON THE FINANCIAL STATEMENTS

In our opinion, the consolidated financial statements referred to in the first paragraph above provide in all material aspects a true and fair view of the financial position of the group comprising the persons and entities of ITISSALAT AL-MAGHRIB (IAM) S.A. at December 31, 2013, and the financial performance and cash flows for the fiscal year ended December 31, 2013, in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union.

Without qualifying the aforementioned opinion, we draw your attention, the outcome of IAM tax audit for the fiscal years 2005-2008, as disclosed in Note 25 of the notes to the consolidated financial statements.

February 13, 2014

THE STATUTORY AUDITORS

KPMG	**Abdelaziz ALMECHATT**
Fouad LAHGAZI	Abdelaziz ALMECHATT
Associé	Associé

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS (In MAD millions)	Notes	Dec.31,2011	Dec.31,2012 (*)	Dec.31,2013
Goodwill	3	6,863	6,877	6,913
Other intangible assets	4	3,683	3,445	3,147
Property, plant, and equipment	5	24,850	25,476	25,548
Investments in equity affiliates	6	0	0	0
Noncurrent financial assets	7	297	266	204
Deferred tax assets	8	51	96	107
Noncurrent assets		**35,743**	**36,159**	**35,919**
Inventories	9	709	468	433
Trade accounts receivable and other	10	11,401	10,291	9,621
Short term financial assets	11	115	47	55
Cash and cash equivalents	12	617	964	1,084
Assets available for sale		56	56	55
Current assets		**12,898**	**11,825**	**11,248**
TOTAL ASSETS		**48,641**	**47,985**	**47,167**

SHAREHOLDERS' EQUITY AND LIABILITIES (In MAD millions)	Note	Dec.31,2011	Dec.31,2012 (*)	Dec.31,2013
Share capital		5,275	5,275	5,275
Retained earnings		4,383	4,266	4,515
Net earnings		8,123	6,709	5,540
Shareholders'equity attributable to equity holders of the parent	**13**	**17,781**	**16,250**	**15,331**
Noncontrolling interests		**4,304**	**4,356**	**4,602**
Shareholders'equity		**22,085**	**20,606**	**19,933**
Noncurrent provisions	14	701	816	376
Borrowings and other long-term financial liabilities	15	1,782	886	319
Deferred tax liabilities	8	218	244	199
Other noncurrent liabilities		138	132	100
Noncurrent liabilities		**2,838**	**2,078**	**994**
Trade accounts payable	16	17,600	17,394	17,539
Current tax liabilities		153	369	575
Current provisions	14	145	279	463
Borrowings and other short term financial liabilities	15	5,819	7,259	7,664
Current liabilities		**23,718**	**25,302**	**26,241**
TOTAL SHAREHOLDERS'EQUITY AND LIABILITIES		**48,641**	**47,985**	**47,167**

(*) Effective January 1, 2013, and retroactive to January 1, 2012, Maroc Telecom has adopted application of IAS 19 (amended) Employee Benefits-obligatory in European Union from this date (see Note1). The FY 2012 financial statements have been adjusted in accordance with IAS 19 (amended).

STATEMENT OF COMPREHENSIVE INCOME

(In MAD millions)	Note	2011	2012(*)	2013
Revenues	17	30,837	29,849	28,559
Cost of purchases	18	(5,556)	(5,042)	(4,296)
Payroll costs	19	(2,796)	(2,848)	(2,723)
Taxes and duties	20	(1,303)	(1,429)	(1,428)
Other operating income (expenses)	21	(3,939)	(4,541)	(3,693)
Net depreciation, amortization, and provisions	22	(4,869)	(5,021)	(5,440)
Earnings from operations		**12,375**	**10,968**	**10,978**
Other income and charges from ordinary activities		(42)	(27)	(42)
Income from equity affiliates	23	0	0	0
Earnings from continuing operations		**12,333**	**10,941**	**10,937**
Income from cash and cash equivalents		20	8	16
Gross borrowing costs		(331)	(352)	(341)
Net borrowing costs		(311)	(344)	(326)
Other financial income and expenses		(16)	(36)	(49)
Net financial income (expense)	**24**	**(327)**	**(380)**	**(374)**
Income tax	25	(3,559)	(3,275)	(4,203)
Net earnings		8,447	7,287	6,359
Exchange gain or loss from foreign activities		(12)	(38)	75
Other income and expenses		0	(29)	(17)
Total comprehensive income for the period		**8,435**	**7,220**	**6,418**
Net earnings		**8,447**	**7,287**	**6,359**
Attributable to equity holders of the parent		8,123	6,709	5,540
Noncontrolling interests	26	323	578	819
Total comprehensive income for the period		8,435	7,220	6,418
Attributable to equity holders of the parent		8,117	6,683	5,573
Noncontrolling interests	26	318	538	845
EARNINGS PER SHARE		2011	2012(*)	2013
Net earnings attributable to equity holders of the parent (in MAD millions)		8,123	6,709	5,540
Number of shares at December 31		879,095,340	879,095,340	879,095,340
Net earnings per share (in MAD)	**27**	**9.2**	**7.6**	**6.3**
Diluted net earnings per share (in MAD)	**27**	**9.2**	**7.6**	**6.3**

(*) Effective January 1, 2013, and retroactive to January 1, 2012, Maroc Telecom has adopted application of IAS 19 (amended) Employee Benefits. The following adjustments were made to FY 2012 financial statements, in accordance with IAS 19 (amended): EBITDA +MAD 17.0 million, EBITA +MAD 10.9 million, net earnings +MAD 7.9 million, net earnings Group share +MAD 4 million, and noncontrolling interest +MAD 3.9 million (see note1).

CONSOLIDATED STATEMENT OF CASH FLOW

(In millions MAD)	Note	2011	2012 (*)	2013
Earnings from operations		12,375	10,968	10,978
Depreciation, amortization, and other adjustments		4,476	5,038	5,184
Gross cash from operating activities		**16,851**	**16,007**	**16,163**
Other changes in net working capital		40	896	327
Net cash from operating activities before tax		**16,890**	**16,902**	**16,490**
Income tax paid		(4,173)	(3,028)	(3,988)
Net cash from operating activities (a)	**12**	**12,717**	**13,874**	**12,502**
Purchase of PP&E and intangible assets		(5,285)	(5,106)	(4,849)
Purchases of consolidated investments after acquired cash		2	0	0
Investments in equity affiliates		0	0	0
Increase in financial assets		(3)	(29)	(16)
Disposals of PP&E and intangible assets		38	37	3
Decrease in financial assets		151	99	72
Dividends received from nonconsolidated investments		3	1	1
Net cash used in investing activities (b)		**(5,093)**	**(4,998)**	**(4,790)**
Capital increase		1	0	0
Dividends paid by Maroc Telecom	13	(9,301)	(8,137)	(6,502)
Dividends paid by subsidiaries to their noncontrolling interests		(333)	(480)	(595)
Changes in equity		**(9,633)**	**(8,617)**	**(7,097)**
Borrowings and increase in other noncurrent financial liabilities		270	287	85
Payments on borrowings and decrease in other noncurrent financial liabilities		0	(72)	0
Borrowings and increase in other current financial liabilities		2,946	1,991	2,219
Payments on borrowings and decrease in other current financial liabilities		(1,060)	(1,362)	(1,616)
Change in net current accounts		24	(383)	(841)
Net interest paid (cash only)		(311)	(344)	(327)
Other cash expenses (income) used in financing activities		(24)	(19)	(18)
Change in borrowings and other financial liabilities		**1,845**	**97**	**(496)**
Net cash used in financing activities (d)	**12**	**(7,788)**	**(8,520)**	**(7,593)**
Translation adjustment and other noncash items (g)		**(8)**	**(11)**	**2**
Total cash flows (a)+(b)+(d)+(g)	**12**	**(171)**	**346**	**121**
Cash and cash equivalents at beginning of period		**788**	**617**	**964**
Cash and cash equivalents at end of period	**12**	**617**	**964**	**1,084**

(*) Maroc Telecom adopted IAS 19 (amended) Employee Benefits on January 1, 2013, with retroactive effect to January 1, 2012. The adoption of IAS 19 mandatory in the European Union as from this date: see Note 1. Consequently the following adjustments have been made to the 2012 financial statements, in accordance with the amended standard.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(In MAD millions)	Share capital	Earnings and retained earnings	Other comprehensive income	Total group share	Non-controlling interests	Total
Balance at January 1, 2011	**5,275**	**13,839**	**(118)**	**18,996**	**4,396**	**23,392**
Total comprehensive income for the period		**8,123**	**(7)**	**8,116**	**318**	**8,434**
Change in gains and losses booked directly in equity and recyclable into profit or loss	0	0	(7)	(7)	(5)	(12)
Translation gain or loss from foreign activities	0	0	(7)	(7)	(5)	(12)
Dividends	0	(9,301)	0	(9,301)	(416)	(9,717)
Treasury stock	0	(30)	0	(30)	0	(30)
Other adjustments	0	(1)	0	(1)	6	5
Balance at December 31, 2011	**5 275**	**12,631**	**(125)**	**17,781**	**4,304**	**22,085**
Adjustments made in application of IAS19 (amended)	0	0	(34)	(34)	(32)	(66)
Balance at January 1, 2012 (*)	**5,275**	**12,631**	**(159)**	**17,747**	**4,272**	**22,019**
Total comprehensive income for the period		**6,705**	**(22)**	**6,683**	**538**	**7,220**
Change in gains and losses booked directly in equity and recyclable into profit or loss	0	0	(12)	(12)	(26)	(38)
Translation gain or loss from foreign activities	0	0	(12)	(12)	(26)	(38)
Change in gains and losses booked directly in equity and recyclable into profit or loss	0	0	(10)	(10)	(10)	(21)
Actuarial difference	0	0	(10)	(10)	(10)	(21)
Dividends	0	(8,137)	0	(8,137)	(453)	(8,590)
Treasury stock	0	(43)	0	(43)	0	(43)
Other adjustments	0	0	0	0	0	0
Balance at December 31, 2012 (*)	**5,275**	**11,156**	**(181)**	**16,251**	**4,356**	**20,607**
Total comprehensive income for the period		**5,540**	**33**	**5,573**	**845**	**6,418**
Change in gains and losses booked directly in equity and recyclable into profit or loss	0	0	41	41	34	75
Translation gain or loss from foreign activities	0	0	41	41	34	75
Change in gains and losses booked directly in equity and recyclable into profit or loss	0	0	(9)	(9)	(8)	(17)
Actuarial difference	0		(9)	(9)	(8)	(17)
Dividends	0	(6,502)		(6,502)	(598)	(7,099)
Treasury stock	0	10	0	10	0	10
Other adjustments	**0**	**(1)**	**0**	**(1)**	**(0,4)**	**(1)**
Balance at December 31, 2013	**5,275**	**10,205**	**(149)**	**15,331**	**4,602**	**19,933**

(*) Maroc Telecom adopted IAS 19 (amended) Employee Benefits on January 1, 2013, with retroactive effect to January 1, 2012. The adoption of IAS 19 mandatory in the European Union as from this date: see Note 1. Consequently the following adjustments have been made to the 2012 financial statements, in accordance with the amended standard.

At December 31, 2013, Maroc Telecom's share capital comprised 879,095,340 ordinary shares. Ownership of the shares was divided as follows:

» Kingdom of Morocco: 30%;

» Vivendi: 53% via the Société de Participation dans les Télécommunications (SPT);

» Other: 17%.

Retained earnings comprise mainly undistributed earnings from previous periods, including MAD 3,424 million at December 31, 2013, and net earnings (attributable to equity holders of the parent) from the current period.

NOTE 1. ACCOUNTING PRINCIPLES AND VALUATION METHODS

Accounting principles and valuation methods

Group companies are consolidated on the basis of their fiscal year ending December 31, except for CMC, whose fiscal year ends March 31 of each year (since March 31, 2013; previously June 30).

The financial statements and notes thereto were approved by the Management Board on January 16, 2014.

1. Basis of preparation for the consolidated financial statements for 2013, 2012, and 2011

Pursuant to regulation (EC) no. 1606/2002 of the European Parliament and the Council of July 19, 2002, concerning the adoption of international accounting standards, the consolidated financial statements of Maroc Telecom Group for the year ended December 31, 2013, were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), applicable on December 31, 2013, as endorsed by the European Union (EU). For purposes of comparison, the 2013 financial statements also include financial information on 2011 and 2012.

2. Compliance with accounting standards

The consolidated financial statements of Itissalat Al-Marghrib S.A. have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations endorsed by the European Union and mandatory at December 31, 2013. The accounting standards applied to the consolidated financial statements do not differ from those issued by the International Accounting Standards Board (IASB).

2.1 New IAS/IFRS standards and SIC/IFRIC interpretations

All new standards, interpretations, and amendments issued by the IASB and mandatory in the European Union since January 1, 2013, have been applied.

Standards whose application is mandatory and which are effective as of January 1, 2013, are the following:

- Les amendements à la norme IAS 1 – Présentation des états financiers: présentation des autres éléments du résultat global, liés à la présentation des éléments de l'état du résultat global et de leur recyclage ou non au compte de résultat, d'application obligatoire à compter du 1er janvier 2013 avec effet rétrospectif au 1er janvier 2012 ;
- amendments to IAS 1 Presentation of Financial Statements: presentation of items of other comprehensive income (OCI), concerning the presentation of items of comprehensive income and whether they will be eventually recycling into profit or loss, effective since January 1, 2013, and with retroactive effect to January 1, 2012;
- amendments to IAS 19 Employee Benefits, mandatory for annual periods beginning on or after January 1, 2013, and with retroactive effect to January 1, 2012;
- IFRS 13 Fair Value Measurement, concerning the definition of fair value in terms of valuation and disclosures, mandatory for annual periods beginning on or after January 1, 2013;
- the amendments to various IFRSs included in the IASB's Annual Improvements 2009–2011 Cycle, published in May 2012 and effective for annual periods beginning on or after January 1, 2013 (subject to adoption in the European Union) and retroactive to January 1, 2012.

New standards and amendments relating to consolidation methods: IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosures of Interests in Other Entities, IAS 27 Separate Financial Statements, and IAS 28 Investments in Associates and Joint Ventures, mandatory for annual periods beginning on and after January 1, 2014.

However, Maroc Telecom has opted voluntarily for early adoption of these standards in its financial statements for 2013, retroactive to January 1, 2012. The application of these standards did not have a material impact on the Group's financial statements.

IFRIC 21 Levies, published by IFRIC on May 20, 2013, is chief among the principal IFRSs and IFRICs issued by IASB/IFRIC as of the date of approval of the present consolidated financial statements but not yet effective, and for which Maroc Telecom did not opt for early adoption. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014, with requirements applied on a retroactive basis.

IFRIC 21 identifies the obligating event for the recognition of a liability that triggers the payment of the levy in accordance with the relevant legislation as applied by the public authorities, with the exception of income tax and VAT. The application of this interpretation could eventually lead to a modification of the analysis of the obligating event for the recognition of the liability.

2.2 Impact of the application of standards and interpretations adopted in 2013

Annual Improvements 2009–2011 Cycle had no material impact on Maroc Telecom's financial statements.

The retroactive application of the amendments to IAS 19 Employee Benefits required adjustments to the 2012 consolidated financial statements, for greater comparability. Details are provided in Note 1.

The mandatory application of these amendments, effective for annual periods beginning on or after January 1, 2013, and retroactive to January 1, 2012, had the following impact:

- » The abolition of the corridor method used to recognize through profit or loss the annual actuarial gains and losses relating to defined benefits for employee pension schemes: actuarial gains and losses not yet recognized at December 31, 2011, were recognized through consolidated equity at January 1, 2012;
- » in addition, actuarial gains and losses generated after January 1, 2012, are recognized immediately in other comprehensive income and never reclassified to profit or loss. The 2012 consolidated financial statements have been adjusted for the reversal of the amortization of actuarial gains and losses under operating expenses, and for the recognition of actuarial gains and losses (non reclassified) generated in 2012 under other comprehensive income.
- » Past service cost arising from modification or diminution of a plan beginning on or after January 1, 2012, is recognized fully in profit or loss, in the corresponding account for provisions; unvested past service cost is no longer recognized over the vesting period. Past service costs not recognized on December 31, 2011, were recognized in consolidated equity at January 1, 2012; the 2012 consolidated financial statements have been adjusted for the reversal of recognition of past service cost in operating expenses.

The impact of adjustments* made over the fiscal year are as follows:

Impact on the 2012 consolidated statement of financial position

ASSETS (In MAD millions)	2012 published	IAS 19 R	2012 (*)
Deferred tax assets	59	37	96
Noncurrent assets	**36,122**	**37**	**36,159**
Current assets	**11,825**	**-**	**11,825**
TOTAL ASSETS	**47,948**	**37**	**47,985**

SHAREHOLDERS' EQUITY AND LIABILITIES (In MAD millions)	2012 published	IAS 19 R	2012 (*)
Retained earnings	4,314	(48)	4,266
Net earnings	6,705	4	6,709
Shareholders' equity attributable to equity holders of the parent	16,294	(44)	16,250
Noncontrolling interests	4,399	(43)	4,356
Shareholders' equity	**20,693**	**(87)**	**20,606**
Noncurrent provisions	692	124	816
Noncurrent liabilities	**1,954**	**124**	**2,078**
Current liabilities	**25,302**	**-**	**25,302**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**47,948**	**37**	**47,985**

Impact on the 2012 consolidated statement of comprehensive income

(In MAD millions)	2012 published	IAS 19 R	2012 (*)
Net depreciation, amortization, and provisions	(5,032)	11	(5,021)
Earnings from operations	**10,957**	**11**	**10,968**
Earnings from continuing operations	**10,930**	**11**	**10,941**
Income tax	(3,272)	(3)	(3,275)
Net earnings	**7,279**	**8**	**7,287**
Other income and expenses	0	(29)	(29)
Total comprehensive income for the period	**7,241**	**(21)**	**7,220**
Net earnings	**7,279**	**8**	**7,287**
Attributable to equity holders of the parent	6,705	4	6,709
Noncontrolling interests	574	4	578
Total comprehensive income for the period	**7,241**	**(21)**	**7,220**
Attributable to equity holders of the parent	**6,693**	**(10)**	**6,683**
Noncontrolling interests	548	(10)	538

Impact on the 2012 consolidated statement of cash flows

(In millions MAD)	2012 published	IAS 19 R	2012 (*)
Earnings from operations	10,957	11	10,968
Amortization and other adjustments	5,049	(11)	5,038

Impact on the 2012 consolidated statement of changes in equity

(In millions MAD)	2012 published	IAS 19 R	2012 (*)
Balance at December 31, 2011	22,085	-	-
Other elements of comprehensive income	-	(34)	(34)
Total attributable to equity holders of the parent	-	(34)	(34)
Noncontrolling interest	-	(32)	(32)
Total shareholders' equity	**-**	**(66)**	**(66)**
Balance at January 1,2012	**22,085**	**(66)**	**22,019**

3. Presentation and principles governing the preparation of the consolidated financial statements

Pursuant to IFRS principles, the consolidated financial statements have been prepared on an historical-cost basis, with the exception of certain asset and liability categories described in the following notes. The consolidated financial statements are presented in Moroccan dirhams, and all figures are rounded to the nearest million, unless otherwise indicated. The consolidated financial statements include the separate financial statements of Maroc Telecom and its subsidiaries, after elimination of intragroup transactions.

3.1 Statement of comprehensive income

Maroc Telecom has chosen to present its statement of comprehensive income in a format that breaks down income and expenses by type.

3.1.1 Earnings from operations and earnings from continuing operations

Earnings from operations, designated "Operating income" in previous documents issued by Maroc Telecom, comprises revenues, cost of purchases, payroll costs, taxes and duties, and other operating income and expenses; it also includes depreciation, amortization, and charges to provisions.

Earnings from continuing operations comprises operating income, other income and expenses from continuing operations (including impairment of goodwill and other intangible assets), and earnings from equity affiliates.

3.1.2 Financing costs and other financial income and expenses

Net financing costs comprise:

» gross financing costs, which includes interest expense for borrowings, calculated at the effective interest rate;

» interest income from cash investments.

Other financial income and expenses include mainly foreign-exchange gains and losses (other than those relating to operating activities classified in EBITA), dividends received from equity interests, and earnings from consolidated operations or companies that are not recorded in profit or loss as discontinued operations.

3.2 Statement of financial position

In accordance with IAS 1, the Group presents assets and liabilities separately on its statement of financial position, and distinguishes between current and noncurrent assets and liabilities.

The Group classifies assets as current when they are:

» expected to be realized, sold, or consumed in the Group's normal operating cycle;

» held primarily for the purpose of trading;

» expected to be realized within 12 months after the reporting period;

» cash and cash equivalents.

All other assets are classified as noncurrent assets.

The Group classifies liabilities as current when they are:

» expected to be settled within the Group's normal operating cycle;

» held primarily for the purpose of trading;

» expected to be settled within 12 months after the reporting period.

All other liabilities are classified as noncurrent liabilities.

3.3 Consolidated statement of cash flows

Maroc Telecom prepares its consolidated statement of cash flows using the indirect method.

Working capital requirements correspond to changes in items on the statement of financial position related to trade receivables, inventories, provisions, and accounts payable.

3.4 Use of estimates and assumptions

The preparation of consolidated financial assets in accordance with IFRS requires Maroc Telecom to make certain estimates and assumptions that it deems reasonable and realistic. Despite regular reviews of these estimates and assumptions based on past or anticipated achievements, facts and circumstances may lead to changes in these estimates and assumptions that could have an impact on the carrying value of Group assets, liabilities, equity, or earnings.

The main estimates and assumptions concern changes in the following items:

- Provisions: risk estimates, performed on an individual basis; the occurrence of events during risk-measurement procedures may lead at any time to a reassessment of the risk in question (see Note 14);
- impairment of trade receivables and inventories: estimates of nonrecovery risk for trade receivables and obsolescence risk for inventories;
- employee benefits: assumptions, updated annually, include the probability of employees remaining with the Group until retirement, expected changes in future compensation, the discount rate, and the inflation rate (see Note 14);
- revenue recognition: estimates of benefits granted as part of customer-loyalty programs, to be deducted from certain revenue items, and of deferred revenue relating to distributors (see Note 17);
- goodwill: valuation methods adopted for the identification of intangible assets acquired through business combinations (see Note 3);
- goodwill, indefinite useful lives of intangible assets, and assets in progress: assumptions are updated annually for impairment tests performed on each of the Group's cash-generating units (CGUs), determined by future cash flows and discount rates;
- deferred taxes: estimates concerning the recognition of deferred tax assets are updated annually; estimates include the Group's future tax results and expected changes in temporary differences between assets and liabilities (see Note 8).

3.5 Consolidation methods

- The generic name Maroc Telecom refers to the group of companies composed of the parent company Itissalat Al-Maghrib S.A. and its subsidiaries.
- A list of the Group's principal subsidiaries is presented in Note 2, "Scope of consolidation at December 31, 2013, 2012, and 2011."
- Maroc Telecom's scope of consolidation comprises wholly owned companies exclusively; therefore the only consolidation method employed by the Group is that of full consolidation.
- The accounting method described below was applied consistently to all the periods presented in the consolidated financial statements. This accounting method was applied consistently by all Group entities.

Full consolidation

All companies in which Maroc Telecom has a controlling interest, namely those in which it has the power to govern financial and operational policies to obtain benefits from their operations, are fully consolidated.

The new standard for consolidation, introduced by IFRS 10 as replacement of IAS 27 (amended) Consolidated and Separate Financial Statements and by SIC 12 Special Purpose Vehicles, is based on the following three criteria that must be met simultaneously for Maroc Telecom to assume control:

- Maroc Telecom has power over the subsidiary when it has existing rights that give it the ability to direct the relevant activities (i.e., the activities that significantly affect the investee's returns); Power arises from existing and/or potential voting rights and/or contractual arrangements. The voting rights must be substantial (i.e., they may be employed at any time and without limitation, particularly during votes on important activities). Assessment of whether a parent has power over a subsidiary depends on the relevant activities of the subsidiary, it's decision-making procedures, and the breakdown of votes among the other shareholders.
- Maroc Telecom has exposure or rights to variable returns from its involvement with the subsidiary. These returns may vary in accordance with the subsidiary's performance. The notion of return is defined broadly and includes dividends and other forms of distributed economic benefits, the investment's valuation, cost savings, synergies, etc. ;
- Maroc Telecom has the ability to exercise its power to affect the returns. Any power that cannot affect returns is considered noncontrolling.

The Group's consolidated financial statements are presented as those of a single economic entity with two types of owners: 1. the owners of Maroc Telecom Group (shareholders of Maroc Telecom SA), and 2. holders of noncontrolling interests (minority shareholders of the subsidiaries). A noncontrolling interest is defined as a stake in a subsidiary that cannot be directly or indirectly attributed to a parent company (hereinafter "noncontrolling interests"). Consequently any changes in percentage of ownership of a parent company in a subsidiary that do not result in the loss of control affects only equity, because control is not changed within the economic entity.

Transaction eliminated in the consolidated financial statements

Revenues, expenses, and balance-sheet positions resulting from intragroup transactions are eliminated during the preparation of the consolidated financial statements.

3.6 Goodwill and business combinations

Business combinations concluded since January 1, 2009

The acquisition method is used to account for business combinations. Under this method, upon the initial consolidation of an entity over which the Group has acquired exclusive control:

- the identifiable assets acquired and the liabilities assumed are measured at their fair value on the acquisition date;
- the noncontrolling interests are measured either at fair value or at their proportionate share of the acquiree's identifiable net assets (this option is available on a transaction-by-transaction basis).

On the acquisition date, goodwill is measured as the difference between:

(i) the fair value of the consideration transferred plus the amount of noncontrolling interest in the acquiree, and, in a business combination achieved in stages, the acquisition-date fair value of the equity interest held previously by the acquirer in the acquiree;

(ii) the net amount on the acquisition date for identifiable assets acquired and liabilities assumed.

The fair-value measurement of noncontrolling interests increases goodwill up to the share attributable to the noncontrolling interests, thereby resulting in the recognition of full goodwill. The purchase price and its allocation must be completed within 12 months of the acquisition date. If goodwill is negative, it is recognized as profit directly in profit or loss. After the acquisition date, goodwill is measured at its initial amount, less any recorded impairment losses.

The following principles also apply to business combinations:

- beginning on and after the acquisition date, to the extent possible, goodwill is allocated to each cash-generating unit likely to benefit from the business combination;
- any adjustment to the purchase price is recorded at fair value on the acquisition date, and any subsequent adjustment after the purchase-price allocation period is recognized in profit or loss;
- acquisition-related costs are recognized as expenses when incurred;
- in the event of acquisition of an additional interest in a consolidated subsidiary, Maroc Telecom recognizes the difference between the acquisition cost and the carrying value of noncontrolling interests as a change in equity attributable to shareholders of Maroc Telecom;
- goodwill is not amortized.

Maroc Telecom recognizes under "Other financial income and expenses" the impact on the statement of comprehensive income of the application of IFRS 3 (amended) and IAS 27 (amended).

Business combinations prior to January 1, 2009

Pursuant to IFRS 1, Maroc Telecom elected not to restate business combinations that occurred before January 1, 2004. IFRS 3, as published by the IASB in March 2004, had already retained the acquisition method. Its provisions, however, differed from those of the revised standard on the following main points:

- noncontrolling interests were measured on the basis of their proportionate share in the acquiree's net identifiable assets; the option of fair-value measurement did not exist;
- contingent consideration was recognized in the cost of acquisition only if payment was likely to occur and the amounts could be measured reliably;
- costs attributable directly to the acquisition were recognized under the cost of the business combination.
- In the event of acquisition of an additional interest in a consolidated subsidiary, Maroc Telecom recognizes as goodwill the difference between the acquisition cost and the carrying value of acquired noncontrolling interests.

3.7 Foreign-currency translation

- Foreign-currency transactions are initially recorded in the functional currency at the exchange rate prevailing on the date of the transaction. At the end of the period, monetary assets and liabilities denominated in a foreign currency are translated into the functional currency at the exchange rate prevailing on that date. All translation differences are recognized in profit or loss for the period.

3.8 Translation of financial statements of foreign activities

- Assets and liabilities relating to foreign activities, including goodwill and fair-value adjustments arising from consolidation, are translated into Moroccan dirhams at the exchange rate prevailing at the end of the period.
- Revenue and expense items are translated into Moroccan dirhams at rates that approximate the exchange rates at the dates of the transactions.
- Net translation differences are recognized in other comprehensive income and accumulated in a separate component of equity.

3.9 Assets

3.9.1 Other intangible assets

- Intangible assets acquired separately are recorded at cost, and intangible assets acquired in connection with a business combination are recorded at their fair value at the acquisition date. The historical-cost model is applied to intangible assets after their initial recognition; amortization begins as soon as the assets are available for use. Assets with a finite useful life are amortized. Useful life is reviewed at the end of each reporting period and is estimated at between two and five years.
- Trade names, subscriber bases, and market shares generated internally are not recognized as intangible assets.
- Licenses to operate telecom networks are recorded at historical cost and amortized on a straight-line basis from their effective service start date until the expiry of the corresponding license.
- Maroc Telecom has elected not to apply the option provided in IFRS 1 to remeasure certain intangible assets at their fair value at January 1, 2004.
- Subsequent expenditure for intangible assets is activated only where it increases the probable future economic benefits specific to the corresponding asset. All other expenditure is expensed in the period in which it is incurred.

3.9.2 Research and development costs

- Research costs are expensed when incurred. Development expenses are capitalized when the project can reasonably be considered feasible.
- Pursuant to IAS 38 Intangible Assets, development costs are capitalized only after the technical and financial feasibility of the asset for sale or use have been established, where it is likely that the future economic benefits attributable to the asset will flow to the company, and where the cost of the asset can be measured reliably.

3.9.3 Property, plant, and equipment

- Property, plant, and equipment are carried at historical cost less any accumulated depreciation and impairment losses. Historical cost includes acquisition or production costs as well as costs directly attributable to transporting the asset to its physical location and to preparing it for use in operations. For the purposes of IAS 23, borrowing costs directly attributable to the acquisition, construction, or production of a qualifying asset are included in the cost of the asset. Other borrowing costs are recognized as an expense for the period in which they are incurred. When property, plant, and equipment include significant components with various useful lives, the components are recorded and depreciated separately.
- Property assets comprising the items “land” and “buildings” are derived in part from the contribution in kind granted in 1998 by the Moroccan government (in connection with the breakup of ONPT) to Maroc Telecom when it was established.
- When these assets were transferred, the property titles could not be registered with the property registry.
- Fully 92% of such assets had been assigned property titles at the end of 2013. Although uncertainty over the property titles remains, the risk is limited, because the Moroccan government has guaranteed Maroc Telecom use of the transferred property as at the end of 2013, and because to date there have been no significant incidents related to this situation.

The assets transferred by the Moroccan government on February 26, 1998, to establish Maroc Telecom as a public operator were recorded as a net amount in the opening statement of financial position, as approved by:

- the Postal Services and Information Technology Act no. 24-96;
- the joint order no. 341-98 of the Ministry of Telecommunications and the Ministry of Finance, Commerce, and Industry, approving the inventory of assets transferred to Maroc Telecom Group.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Useful lives are reviewed at the end of each reporting period and are as follows:

- Construction and buildings	20 years
- Civil engineering projects	15 years
- Network equipment:	
- Transmission (mobile)	10 ans
- Switching	8 years
- Transmission (Fixed lined line)	10 years
- Fixtures and fittings	10 years for various facilities
	20 years for the fitting out of buildings
- Computer equipment	5 years
- Office equipment	10 years
- Transportation equipment	5 years

Assets not yet in service are recorded as assets in progress. Assets financed through finance leases are recorded at the lower of the fair value of the asset and the present value of the minimum lease payments, and related debt is recorded under "Borrowings and other financial liabilities." These assets are depreciated on a straight-line basis over their estimated useful lives.

Depreciation of assets acquired under finance leases is recorded as a general depreciation expense.

Maroc Telecom has elected not to apply the option provided in IFRS 1 to remeasure property, plant, and equipment at fair value as at January 1, 2004.

The carrying value of an item of property, plant, and equipment includes the replacement cost of a component of such an item if this cost is incurred, if it is probable that the future economic benefits associated with the asset will flow to Maroc Telecom Group, and if the cost can be measured reliably.

All maintenance costs are expensed when incurred.

3.9.4 Impairment of Fixed lined assets

Goodwill and other intangible assets with indefinite useful lives are subject to an impairment test at the close of each annual period, and are also tested whenever there is an indication that they may be impaired. The carrying value of other Fixed lined assets is also subject to an impairment test whenever events or circumstances indicate that the carrying value of such assets may not be recoverable. The impairment test compares the asset's carrying amount with its recoverable amount (i.e., the higher of fair value less disposal costs and value in use).

The recoverable amount is determined for an individual asset as long as the asset generates cash inflows that are largely independent of those from other assets or groups of assets. If such is the case, as it is for goodwill, the recoverable amount is determined for the cash-generating unit. Maroc Telecom has deemed its Fixed lined-line and mobile businesses to be cash-generating units.

3.9.5 Financial assets

Financial assets with a maturity of more than three months are classified in one of the following four categories:

» assets at fair value through profit or loss;

» held-to-maturity assets;

» loans and receivables;

» available-for-sale assets.

Financial assets measured at fair value through profit or loss

This category comprises financial assets held for trading that Maroc Telecom intends to sell in the near future.

Gains and losses arising from changes in the fair value of financial assets in this category are recognized in profit or loss in the period in which they occur.

Financial assets at fair value through profit or loss comprise mainly term deposits.

Held-to-maturity financial assets

Held-to-maturity financial assets are nonderivative financial assets (other than loans and receivables) with Fixed lined or determinable payments and Fixed lined maturities that the Group intends and is able to hold to maturity. These assets are initially recognized at fair value including directly attributable transaction costs. After initial recognition these assets are measured at amortized cost using the effective-interest method.

They are subject to impairment tests when there is evidence of impairment loss. Impairment is recognized if the asset's carrying value is greater than the present value of its estimated future cash flows.

Loans and receivables

This category comprises nonderivative financial assets whose payment is Fixed lined or determinable and which are not traded on any active market. These assets are recognized at amortized cost using the effective-interest method, and they are subject to impairment tests if there is evidence of impairment loss. Impairment loss is recognized if the asset's carrying value is greater than the present value of its estimated future cash flows, discounted at the original effective interest rate.

Available-for-sale financial assets

Available-for-sale securities include nonderivative financial assets that are classified either as available for sale or as unallocated to any other category of financial assets.

Available-for-sale financial assets are recognized at fair value. Gains and losses resulting from available-for-sale financial assets are recognized in equity until the financial asset is sold, redeemed, or otherwise removed from the balance sheet, or until there is objective evidence that the investment is impaired indefinitely, whether partially or wholly, at which time the accumulated gain or loss previously recognized in equity is expensed in the statement of earnings.

For financial assets actively traded on organized financial markets, fair value is determined by reference to the market price at the end of the reporting period.

If the fair value cannot be determined accurately, available-for-sale securities are recognized at cost. Where there is objective evidence that the investment is impaired indefinitely, irreversible impairment is expensed.

When an available-for-sale security generates interest, the amount of interest is calculated in accordance with the effective-interest method and is reported as income.

The principal available-for-sale securities comprise unconsolidated equity investments in unlisted companies.

3.9.6 Inventories

Inventories comprise:

- goods held for sale to customers upon line activation, comprising Fixed lined and mobile handsets and accessories (inventories are accounted for using the weighted average cost method);
- handsets delivered to distributors and not activated at year-end are recorded as inventory;
- handsets not activated within nine months of the delivery date are recorded as revenue;
- Equipment and supplies corresponding to general nonnetwork equipment (these inventories are measured at their average purchase price).

Inventories are valued at the lower of cost and net realizable value. An impairment loss is recognized on the basis of the prospects for selling or using the inventory items (GSM or technical assets).

3.9.7 Trade accounts receivable and other receivables

This item comprises trade receivables and other receivables, initially recognized at fair value and subsequently at amortized cost less impairment losses.

Trade accounts receivable includes trade receivables and government receivables:

- trade receivables: held against individuals, distributors, businesses, and international operators;
- Government receivables: held against local authorities and the Moroccan government.

Impairment is recognized when the carrying value of an asset exceeds the present value of its estimated future cash flows.

3.9.8 Cash and cash equivalents

Cash and cash equivalents include cash on hand, sight deposits, current accounts, and short-term, highly liquid investments with maturities of three months or less.

3.10 Assets held for sale and discontinued operations

A noncurrent asset or a group of assets and liabilities qualifies as held for sale when its carrying value may be recovered principally through its disposal and not by its continued utilization. To qualify as held for sale, the asset must be available for immediate sale and the disposal must be highly probable. Such assets and liabilities are reclassified as assets held for sale and as liabilities associated with assets held for sale, without possibility of offset. The reclassified assets are recorded at the lower of fair value (net of disposal fees) and cost less accumulated depreciation and impairment losses, and are no longer depreciated.

An operation is qualified as discontinued when the criteria for classification as an asset held for sale have been met or when Maroc Telecom has sold the operation. Discontinued operations are reported on a single line of the statement of comprehensive income for the periods reported, comprising the earnings after tax of the discontinued operations until the divestiture date and the gain or loss after tax on the sale or fair-value measurement, less costs to sell the assets and liabilities of the discontinued operations. In addition, operating, investing, and financing cash flows generated by discontinued operations are reported on the statement of cash flows.

Financial liabilities

Financial liabilities comprise borrowings, accounts payable, and bank overdrafts.

Borrowings

All borrowings are initially accounted for at fair value of the amount received, net of borrowing costs.

The allocation of borrowings to current and noncurrent liabilities is performed on the basis of contractual maturity.

Derivative financial instruments

Maroc Telecom Group does not use derivatives or currency hedges.

3.11 Provisions

Provisions are recognized when, at the end of the reporting period, the Group has a legal, regulatory, or contractual obligation as a result of past events, when it is probable that an outflow of resources (without any expected related inflow) will be required to settle the obligation, and when the obligation can be estimated reliably. Where the effect of the time value of money is material, provisions are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money. If no reliable estimate can be made of the amount of the obligation, no provision is recorded and a disclosure is made in the notes to the consolidated financial statements.

Restructuring provisions are recorded when the Group has approved a formal and detailed restructuring program and has either begun to implement the program or has announced the program publicly. Future operating expenses are not provisioned.

A provision for pension obligations has been recorded for senior executives of Maroc Telecom. For the subsidiaries, this provision is estimated using the actuarial method.

3.12 Deferred taxes

Deferred taxes are accounted for using the liability method, for differences at closing between the tax-base value of assets and liabilities and their carrying value on the statement of financial position.

Deferred tax liabilities are recognized for all taxable temporary differences:

- except for temporary differences generated by the initial recognition of goodwill;
- for taxable temporary differences arising from investments in subsidiaries, affiliates, and joint ventures, unless the date on which the temporary difference will reverse can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, tax-loss carry forwards, and unused tax credits, insofar as it is probable that a taxable profit will be available, or when a current tax liability exists to make use of those deductible temporary differences, tax-loss carry forwards, and unused tax credits:

- except where the deferred tax asset associated with the deductible temporary difference is generated by initial recognition of an asset or liability in a transaction that is not a business combination and that at the transaction date does not impact accounting earnings, taxable income, or taxable losses;
- for deductible temporary differences arising from investments in subsidiaries, affiliates, and joint ventures, deferred tax assets are recorded to the extent that it is probable that the temporary difference will reverse in the foreseeable future and that taxable profit will be available against which the temporary difference can be utilized.

The carrying value of deferred tax assets is reviewed at each closing date and reduced to the extent that it is no longer probable that a taxable profit will be available to allow the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the expected tax rates for the year during which the asset will be realized or the liability settled, on the basis of tax rates (and tax regulations) enacted or substantially enacted by the closing date.

Taxes for items credited or charged directly to equity are recognized in equity, not in profit or loss.

3.13 Trade accounts payable

Trade accounts payable include trade payables and other accounts payable; these are measured initially at fair value and subsequently at amortized cost.

3.14 Share-based compensation

Pursuant to IFRS 2, share-based compensation is recorded as a payroll cost at the value of the equity instruments granted, which are assessed using a binomial model. However, depending on whether the equity instruments granted are settled through the issuance of Maroc Telecom shares or in cash, the valuation of the expense differs:

- For equity-settled instruments, the value of the instruments granted is initially estimated and Fixed lined at grant date, then allocated over the vesting period on the basis of features of equity-settled instruments. The obligation is recorded in equity.
- For cash-settled instruments, the value of the instruments granted is initially estimated and Fixed lined at grant date and is then re-estimated at each reporting date; the expense is adjusted pro rata for subsequent changes in the value of the vested rights. The obligation is allocated over the vesting period on the basis of features of cash-settled instruments. The corresponding obligation is recorded as a noncurrent provision.

Pursuant to the transitional provisions of IFRS 1 for IFRS 2, Maroc Telecom elected to apply IFRS 2 retroactively, to January 1, 2004.

3.15 Revenues

Revenues from continuing operations are recorded when it is probable that the risks and future economic benefits incident to ownership of Fixed lined assets will flow to the Group, and when the revenues can be measured reliably.

Revenues comprise sales of telecommunications services in mobile, Fixed lined-line, and internet activities, as well as the sale of telecommunications products, essentially mobile and Fixed lined-line handsets and multimedia equipment. Almost all of Maroc Telecom's revenues are generated by services.

Revenues from telephone subscriptions are recognized on a straight-line basis over the subscription contract period. Revenues from incoming and outgoing call traffic are recognized when the service in provided. For prepaid services, revenues are recognized as calls are made.

Revenues from Fixed lined-line, internet, and mobile activities comprise:

- revenue from domestic and international outbound and inbound calls under postpaid plans (such revenue is recorded when generated);
- income from subscriptions;
- income from prepaid services (such income is recognized as calls are made);
- income from data-transmission services provided to businesses, internet service providers, and other telecommunications operators;
- income from advertising in paper and electronic telephone directories (such income is recognized when the directories are published).

Revenues from the sale of handsets, net of customer discounts and connection charges, are recognized upon line activation. Customer acquisition and loyalty costs are expensed for mobile and Fixed lined-line services, principally consisting of customer rebates for handsets sold through distributors.

Sales of services provided to customers managed by Maroc Telecom on behalf of content providers (mainly premium-rate numbers) are accounted for net of related expenses.

When sales are made via a third-party distributor supplied by the Group and involve a discount from the retail price, revenues are recorded as gross revenues and commissions granted are recognized as operating expenses.

Awards granted by Maroc Telecom and its subsidiary companies to their customers in connection with customer loyalty programs, in the form of free or discounted goods or services, are recorded in accordance with IFRIC 13 and IAS 18.

The IFRIC 13 interpretation is based on the principle of measuring customer-loyalty award credits at fair value (defined as the excess price over the sales incentive that would be granted to any new customer) and that would result (should any such excess price exist) in deferred recognition of the portion of the revenue associated with the subscription in the amount of such excess price.

3.16 Cost of purchases

Cost of purchases comprises the purchase of mobile and Fixed lined-line handsets and interconnection costs.

3.17 Other operating income and expenses

This item comprises mainly commissions to distributors, network-maintenance expenses, advertising and marketing costs, and restructuring charges.

3.18 Net financing costs

Net financing costs include interest payable on loans (calculated using the effective-interest method) and interest on investments.

Investment income is recognized in the statement of earnings when acquired.

3.19 Tax expense

Tax expense includes income tax payable and deferred tax expense (or income). Tax is expensed unless it applies to items recorded directly to equity.

4. Contractual commitments and contingent assets and liabilities

Once a year, Maroc Telecom and its subsidiaries prepare detailed reports on all contractual obligations, commercial and financial commitments, and contingent obligations for which they are jointly and severally liable. These detailed reports are updated regularly by the relevant departments and reviewed by Group senior management.

The assessment of off-balance-sheet commitments relating to suppliers of Fixed lined assets is bears on the following:

» for master service agreements and associated supplemental agreements valued at more than MAD 25 million, the difference between minimum commitments and commitments actually fulfilled;

» for all other contracts, the difference between firm orders and orders actually fulfilled.

Commitments arising from real-estate leases are estimated on the basis of one month's rental expense, because virtually all termination clauses require one month's notice.

5. Segment data

A segment is a distinguishable component of the Group that is engaged in providing a product or service in a specific economic environment (geographical segment), or in providing products or related services (business segment) that are subject to risks and rewards different from those of other business segments.

In order to benchmark the performance indicators used for internal reporting, as required by IFRS 8, Maroc Telecom has opted to report key financial and operating indicators by geographical area. This reporting has been achieved through the creation of a new international segment—separate from the Morocco segment— that regroups the four existing subsidiaries in Mauritania, Burkina Faso, Gabon, and Mali.

6. Net cash position

This item includes cash and cash equivalents less borrowings, and excludes short-term financial assets (term deposits) with maturities exceeding three months.

7. Earnings per share

Earnings per share, as presented in the statement of comprehensive income, are calculated by dividing earnings (Group share) for the period by the average number of shares outstanding over the period.

Diluted earnings per share are calculated by dividing:

» the earnings attributable to the equity holders of the parent

» by the average number of shares outstanding over the period plus the average number of ordinary shares that would have been issued upon conversion of all potentially dilutive instruments that are convertible into ordinary shares.

At December 31, 2013, there were no potentially dilutive instruments.

NOTE 2. SCOPE OF CONSOLIDATION

Company	Legal form	% Group interest	% Capital held	Consolidation method
Maroc Telecom Avenue Annakhil Hay Riad Rabat - Morocco	**S.A.**	**100%**	**100%**	**FC**
Compagnie Mauritanienne de Communication (CMC) Avenue Roi Fayçal 7000 Nouakchott - Mauritania	**S.A.**			
December 31, 2013		**80%**	**80%**	**FC**
December 31, 2012		80%	80%	FC
December 31, 2011		80%	80%	FC
Mauritel SA Avenue Roi Fayçal 7000 Nouakchott - Mauritania	**S.A.**			
December 31, 2013		**41%**	**52%**	**FC**
December 31, 2012		41%	52%	FC
December 31, 2011		41%	52%	FC
Onatel 705, AV. de la nation 01 BP 10000 Ouagadougou - Burkina Faso	**S.A.**			
December 31, 2013		**51%**	**51%**	**FC**
December 31, 2012		51%	51%	FC
December 31, 2011		51%	51%	FC
Gabon Telecom B.P.40 000 LIBREVILLE – GABON	**S.A.**			
December 31, 2013		**51%**	**51%**	**FC**
December 31, 2012		51%	51%	FC
December 31, 2011		51%	51%	FC
Sotelma Route de Koulikoro, quartier Hippodrome, BP 740, Bamako - Mali	**S.A.**			
December 31, 2013		**51%**	**51%**	**FC**
December 31, 2012		51%	51%	FC
December 31, 2011		51%	51%	FC
Casanet Technopark 8ème étage, Route d'Enouaceur, Casablanca	**S.A.**			
December 31, 2013		**100%**	**100%**	**FC**
December 31, 2012		100%	100%	FC
December 31, 2011		100%	100%	FC

Maroc Telecom is a Moroccan corporation (société anonyme) whose principal activity is the sale and provision of telecommunications goods and services. Its registered office is located at Avenue Annakhil, Hay Riad, Rabat (Morocco).

Maroc Telecom Group is fully consolidated by Vivendi.

NOTE 3. GOODWILL

(In MAD millions)	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013
Mauritel	137	137	137
Onatel	1,838	1,838	1,838
Gabon Telecom	142	142	142
Sotelma*	4,741	4,755	4,791
Casanet	5	5	5
Total net	**6,863**	**6,877**	**6,913**

(*) SOTELMA's goodwill was calculated by applying IFRS 3 (revised), using the full goodwill method (see Note 1).

Goodwill is subject to impairment tests at least once a year, and whenever events indicate a risk of impairment loss.

Each identifiable cash-generating unit (CGU) is tested for impairment.

Impairment tests compare the carrying value of each CGU with its discounted expected future cash flows. CGUs correspond to operating activities within each business segment (Fixed lined line and mobile).

Impairment is tested on the basis of a five-year business plan.

Goodwill-impairment tests are based on the following assumptions:

CGU	Valuation method	Discount rate in local currency	Perpetual growth rate in local currency
Mauritel	DCF	18.20%	3.00%
Onatel	DCF	12.60%	3.00%
Gabon Telecom	DCF	11.10%	3.00%
Sotelma	DCF	17.00%	3.00%

DCF: Discounted Cash Flows.

(In millions MAD)	Beginning of period	Impairment	Translation adjustment	Reclassification	Change in scope of consolidation	End of period
2011	**6,865**	**0**	**(7)**		**0**	**6,863**
Mauritel	137					137
Onatel	1,838					1,838
Gabon Telecom	142					142
Sotelma	4,748		(7)			4,741
Casanet					5	5
2012	**6,863**		**14**			**6,877**
Mauritel	137					137
Onatel	1,838					1,838
Gabon Telecom	142					142
Sotelma	4,741		14			4,755
Casanet	5					5
2013	**6,877**	**0**	**36**	**0**	**0**	**6,913**
Mauritel	137					137
Onatel	1,838					1,838
Gabon Telecom	142					142
Sotelma	4,755		36			4,791
Casanet	5					5

In 2012, the increase in goodwill for Sotelma, accounted for in local currency, was due to change in the MAD/FCFA exchange rate.

NOTE 4. OTHER INTANGIBLE ASSETS

(In MAD millions)	December 31, 2011	December 31, 2012	December 31, 2013
Software	2,288	2,034	1,859
Telecom license	918	824	701
Other intangible assets	476	587	587
Net total	**3,683**	**3,445**	**3,147**

"Mobile license" includes the 2G licenses of Mauritel, Onatel, and Gabon Telecom, and three 3G licenses acquired by Maroc Telecom, Mauritel, Onatel and Sotelma.

"Other intangible assets" includes mainly patents, brands, and other items identified during goodwill valuation of subsidiaries, namely the customer bases of Onatel, Gabon Telecom, and Sotelma, and the global license of Sotelma.

2013

(In MAD millions)	2012	Acquisitions and additions	Disposals and withdrawals	Translation adjustment	Change in scope of consolidation	Reclassification	2013
Gross	**11,208**	**820**		**16**		**(161)**	**11,884**
Software	7,002	418		6		(116)	7,310
Telecom license	1,463			8		(8)	1,464
Other intangible assets	2,743	403	0	2	0	(37)	3,111
Amortization and impairment	**(7,764)**	**(997)**		**(11)**		**34**	**(8,738)**
Software	(4,968)	(518)		(5)		40	(5,451)
Telecom license	(640)	(121)		(5)		3	(763)
Other intangible assets	(2,156)	(358)	0	(1)	0	(9)	(2,524)
Net total	**3,445**	**(177)**	**0**	**6**	**0**	**(127)**	**3,147**

Net intangible assets declined by MAD 298 million in 2013, because of the substantial amortization of prior investments (MAD 997 million in 2013).

2012

(In MAD millions)	2012	Acquisitions and additions	Disposals and withdrawals	Translation adjustment	Change in scope of consolidation	Reclassification	2013
Gross	**10,457**	**616**	**0**	**(26)**	**0**	**161**	**11,208**
Software	6,715	318		(16)		(14)	7,002
Telecom license	1,441	25		(11)		8	1,463
Other intangible assets	2,302	273		1		167	2,743
Amortization and impairment	**(6,774)**	**(1,064)**	**0**	**19**	**0**	**56**	**(7,764)**
Software	(4,426)	(609)		10		57	(4,968)
Telecom license	(523)	(125)		9		(2)	(640)
Other intangible assets	(1,825)	(331)				0	(2,156)
Net total	**3,683**	**(449)**	**0**	**(7)**	**0**	**216**	**3,445**

2011

(In MAD millions)	2010	Acquisitions and additions	Disposals and withdrawals	Translation adjustment	Change in scope of consolidation	Reclassification	2011
Gross	**9,762**	**540**	**(3)**	**0**	**0**	**158**	**10,457**
Software	6,102	470		2		141	6,715
Telecom license	1,442			(1)			1,441
Other intangible assets	2,218	70	(3)	(1)		17	2,302
Amortization and impairment	**(5,698)**	**(1,102)**	**0**	**0**	**0**	**26**	**(6,774)**
Software	(3,730)	(729)		(1)		34	(4,426)
Telecom license	(401)	(124)		1		1	(523)
Other intangible assets	(1,567)	(250)		0		(9)	(1,825)
Net total	**4,064**	**(562)**	**(3)**	**0**	**0**	**184**	**3,683**

The reclassification column concerns transfers between line items of intangible assets.

NOTE 5. PROPERTY, PLANT, AND EQUIPMENT

(In MAD millions)	December 31, 2011	December 31, 2012	December 31, 2013
Land	1,436	1,442	1,461
Buildings	2,933	3,508	3,238
Technical plant, machinery, and equipment	19,240	19,479	19,884
Transportation equipment	122	123	110
Office equipment, furniture, and fittings	852	906	842
Other property, plant, and equipment	266	19	14
Net total	**24,850**	**25,476**	**25,548**

The "Other property, plant, and equipment" comprised mainly advances and deposits for Fixed lined assets.

2013

(In MAD millions)	2012	Acquisitions and additions	Disposals and withdrawals	Translation adjustment	Change in scope of consolidation	Reclassification	Assets held for sale	2013
Gross	**70,412**	**3,976**	**(1)**	**165**	**0**	**(22)**	**0**	**74,531**
Land	1,450	16	0	4	0	0	0	1,470
Buildings	8,118	21	0	12	0	4	0	8,154
Technical plant, machinery, and equipment	56,537	3,659	0	144	0	82	0	60,422
Transportation equipment	427	18	0	2	0	(13)	0	433
Office equipment, furniture, and fittings	3,863	271	0	3	0	(96)	0	4,040
Other property, plant, and equipment	19	(8)		0	0	2	0	14
Depreciation and impairment	**(44,936)**	**(4,082)**	**0**	**(110)**	**0**	**145**	**1**	**(48,983)**
Land	(8)	(1)	0	0	0	0	0	(9)
Buildings	(4,610)	(296)	0	(9)	0	(2)	1	(4,917)
Technical plant, machinery, and equipment	(37,058)	(3,515)	0	(97)	0	133	0	(40,538)
Transportation equipment	(304)	(20)	0	(2)	0	3	0	(322)
Office equipment, furniture, and fittings	(2,956)	(250)	0	(2)	0	11	0	(3,197)
Other property, plant, and equipment	0	0	0	0	0	0	0	0
Net total	**25,476**	**(106)**	**(1)**	**55**	**0**	**123**	**1**	**25,548**

Total capital expenditure for property, plant, and equipment declined by 16.8% in 2013. This was due largely to the completion in H1 2013 of Maroc Telecom's new corporate headquarters, which required significant investment in 2012. However, in 2013 Maroc Telecom deployed next-generation MSAN and Single RAN equipment designed to improve network-coverage quality.

As a result of the considerable capital expenditure in recent years, depreciation for property, plant, and equipment increased in 2013, to MAD 4,082 million (from MAD 3,852 million in 2012), more than total expenditure for the year. Thus net PP&E declined by 0.3%.

2012

(In MAD millions)	2011	Acquisitions and additions	Disposals and withdrawals	Translation adjustment	Change in scope of consolidation	Reclassification	Assets held for sale	2012
Gross	**66,126**	**4,776**	**(41)**	**(81)**	**0**	**(369)**	**0**	**70,412**
Land	1,444	6		0				1,450
Buildings	7,247	836	(1)	(4)		40		8,118
Technical plant, machinery, and equipment	53,173	3,680	(32)	(69)		(215)		56,537
Transportation equipment	430	21	0	(1)		(23)		427
Office equipment, furniture, and fittings	3,549	233	0	(2)		83		3,863
Other property, plant, and equipment	284		(7)	(4)		(254)		19
Depreciation and impairment	**(41,276)**	**(3,852)**	**0**	**29**	**0**	**162**	**1**	**(44,936)**
Land	(8)	0				0		(8)
Buildings	(4,314)	(299)		0		2	1	(4,610)
Technical plant, machinery, and equipment	(33,933)	(3,282)		26		131		(37,058)
Transportation equipment	(307)	(18)		1		21		(304)
Office equipment, furniture, and fittings	(2,697)	(253)		2		(8)		(2,956)
Other property, plant, and equipment	(17)			0		17		0
Net total	**24,850**	**924**	**(41)**	**(51)**	**0**	**(207)**	**1**	**25,476**

2011

(In MAD millions)	2010	Acquisitions and additions	Disposals and withdrawals	Translation adjustment	Change in scope of consolidation	Reclassification	Assets held for sale	2011
Gross	**61,138**	**5,255**	**(35)**	**(32)**	**2**	**(274)**	**71**	**66,126**
Land	1,415	30		(3)		(52)	54	1,444
Buildings	6,589	660		(8)		(11)	17	7,247
Technical plant, machinery, and equipment	49,088	4,296		(15)		(196)		53,173
Transportation equipment	427	10	(9)	(1)	2	1		430
Office equipment, furniture, and fittings	3,326	241		(4)		(14)		3,549
Other property, plant, and equipment	295	18	(26)			(3)		284
Depreciation and impairment	**(37,761)**	**(3,579)**	**0**	**22**	**(1)**	**56**	**(15)**	**(41,276)**
Land	(7)	0		2		(2)		(8)
Buildings	(4,134)	(181)		6		10	(15)	(4,314)
Technical plant, machinery, and equipment	(30,839)	(3,125)		11		19		(33,933)
Transportation equipment	(302)	(14)		1	(1)	8		(307)
Office equipment, furniture, and fittings	(2,456)	(259)		2		16		(2,697)
Other property, plant, and equipment	(23)					6		(17)
Net total	**23,378**	**1,676**	**(35)**	**(9)**	**2**	**(217)**	**56**	**24,850**

The reclassification column concerns transfers between line items of property, plant, and equipment.

NOTE 6. INVESTMENTS IN EQUITY AFFILIATES

No equity interest was accounting for by the equity method in 2011, 2012, or 2013.

NOTE 7. NONCURRENT FINANCIAL ASSETS

(In MAD millions)	Notes	December 31, 2011	December 31, 2012	December 31, 2013
Unconsolidated investments	7.1	98	97	97
Other financial assets		198	169	106
Net total		**297**	**266**	**204**

At December 31, 2013, "Other financial assets" comprised mainly loans to employees granted by Maroc Telecom for MAD 20.8 million and by Mauritel for MAD 42.1 million, as well as deposits and guarantees for MAD 29 million.

At December 31, 2013, the maturities of other financial assets were as follows:

(In MAD millions)	Notes	December 31, 2011	December 31, 2012	December 31, 2013
Due in less than 12 months		28	84	33
Due in 1 to 5 years		24	65	73
Due in more than 5 years		146	20	0
Net total		**198**	**169**	**106**

7.1 UNCONSOLIDATED INTERESTS

2013

(In MAD millions)	Percentage held	Gross value	Impairment	Carrying amount
Arabsat	NS	13	0	13
Autoroute du Maroc	NS	20	4	16
Thuraya	NS	10	0	10
Fond d'amorçage Sindbad	10%	5	5	0
Médi1 TV	NS	66	65	1
RASCOM	NS	46	9	37
Sonatel	NS	6	0	6
CMTL	NS	6	4	2
INMARSAT	NS	12	0	12
IMT/GIE	20%	1	1	0
MT Fly	100%	20	20	0
Total		**205**	**108**	**97**

In 2013, the share of affiliated listed companies was immaterial (i.e., low exposure of share price to market risk).

2012

(In MAD millions)	Percentage held	Gross value	Impairment	Carrying amount
Arabsat	NS	13	0	13
Autoroute du Maroc	NS	20	4	16
Thuraya	NS	10	0	10
Fond d'amorçage Sindbad	10%	5	5	0
Médi1 TV	3%	62	62	0
RASCOM	NS	46	8	38
Sonatel	NS	6	0	6
CMTL	NS	6	4	2
INMARSAT	NS	12	0	12
IMT/GIE	20%	1	1	0
MT Fly	100%	0	0	0
Total		**181**	**84**	**97**

2011

(In MAD millions)	Percentage held	Gross value	Impairment	Carrying amount
Matelca	50%	NS	NS	NS
Arabsat	NS	13	0	13
Autoroute du Maroc	NS	20	4	16
Thuraya	NS	10	0	10
Fond d'amorçage Sindbad	10%	5	5	0
Médi1 TV	3%	62	62	0
RASCOM	NS	47	8	38
Sonatel	NS	8	2	6
CMTL	NS	6	4	2
INMARSAT	NS	12	0	12
IMT/GIE	ND	1	0	1
Total		**183**	**85**	**98**

NOTE 8. CHANGE IN DEFERRED TAXES

8.1 NET POSITION

(In MAD millions)	December 31, 2011	December 31, 2012 (*)	December 31, 2013
Assets	51	96	107
Liabilities	218	244	199
Net position	**(167)**	**(148)**	**(93)**

(*) The data for 2012 have been adjusted to take into account the impact of IAS 19 (amended), effective since January 1, 2013, with retroactive effect to January 1, 2012.

8.2 COMPONENTS OF DEFERRED ASSETS AND LIABILITIES

2013

(In MAD millions)	December 31, 2012 (*)	Charge to profit or loss	Impact on shareholders' equity	Change in scope of consolidation	Reclassifications	Translation adjustment	December 31, 2013
Assets	96	30	7		(27)	0	107
Liabilities	244	(18)			(27)	0	199
Net position	**(148)**	**48**	**7**	**0**	**0**	**0**	**(93)**

(*) The data for 2012 have been adjusted to take into account the impact of IAS 19 (amended), effective since January 1, 2013, with retroactive effect to January 1, 2012.

Deferred tax assets rose by MAD 11 million, mainly because of deductible temporary differences recorded over the year.

The deferred tax liability declined by MAD 45 million, mainly because of:

» Gabon Telecom's lower tax rate, which resulted in a reduction of the cumulative deferred tax liability;

» use of deferred tax liabilities for the amortization of Sotelma's license and customer base.

2012

(In MAD millions)	December 31, 2011	Charge to profit or loss	Impact on shareholders' equity	Change in scope of consolidation	Reclassifications	Translation adjustment	December 31, 2012 (*)
Assets	51	6	40			(1)	96
Liabilities	218	26				0	244
Net position	**(167)**	**(19)**	**40**	**0**	**0**	**(1)**	**(148)**

(*) The data for 2012 have been adjusted to take into account the impact of IAS 19 (amended), effective since January 1, 2013, with retroactive effect to January 1, 2012.

2011

(In MAD millions)	December 31, 2010	Charge to profit or loss	Impact on shareholders' equity	Change in scope of consolidation	Reclassifications	Translation adjustment	December 31, 2011
Assets	116	(68)		2		1	51
Liabilities	123	95				(1)	218
Net position	**(7)**	**(163)**	**0**	**2**	**0**	**1**	**(167)**

Components of deferred taxes

(In MAD millions)	December 31, 2011	December 31, 2012	December 31, 2013
Impairment deductible in later period	**105**	**81**	**81**
Restatement (IFRS) of revenues	(62)	(80)	(73)
Other	(210)	(149)	(101)
Net position	**(167)**	**(148)**	**(93)**

NOTE 9. INVENTORIES

(In MAD millions)	December 31, 2011	December 31, 2012	December 31, 2013
Inventories	877	633	606
Impairment (-)	(168)	(165)	(173)
Net total	**709**	**468**	**433**

Gross inventories at December 31, 2013, comprised mainly Maroc Telecom's inventories (MAD 458 million), including:

- MAD 199 million in mobile handsets;
- MAD 48 million in Fixed lined-line handsets;
- MAD 58 million in multimedia handsets;
- MAD 152 million in consumable materials and supplies (including MAD 129 million in SIM cards),

Changes in inventories are recorded in cost of purchases.

Inventory impairment is recorded under "Amortization, depreciation, and charges to provisions."

NOTE 10. TRADE ACCOUNTS RECEIVABLE AND OTHER

(In MAD millions)	December 31, 2011	December 31, 2012	December 31, 2013
Trade receivables and related accounts	8,514	7,267	6,981
Other receivables and accruals	2,887	3,024	2,640
Net total	**11,401**	**10,291**	**9,621**

10.1 TRADE RECEIVABLES AND RELATED ACCOUNTS

(In MAD millions)	December 31, 2011	December 31, 2012	December 31, 2013
Trade receivables	11,793	11,256	11,470
Government receivables	2,958	2,314	2,001
Depreciation of trade receivables (-)	(6,237)	(6,303)	(6,489)
Net total	**8,514**	**7,267**	**6,981**

Net trade receivables declined by 3.9%, largely as a result of collection of substantial government receivables in Morocco, Mail, and Gabon.

10.2 OTHER RECEIVABLES AND ACCRUALS

(In MAD millions)	December 31, 2011	December 31, 2012	December 31, 2013
Trade receivables, advances, and deposits	186	110	43
Employee receivables	46	57	79
Tax receivables	1,760	1,692	1,021
Other receivables	767	1,052	1,336
Accruals	128	114	161
Net total	**2,887**	**3,024**	**2,640**

Trade receivables, advances and deposits, receivables from employees, government receivables, and other receivables are due in less than one year.
"Employee receivables" comprises advances granted to employees, net of write-downs. Because the loans granted to numerous employees have particular terms and conditions, and because they do not represent material amounts, Maroc Telecom deemed it unnecessary to provide specific details (repayment date, early repayment options, financial terms, interest rates, etc.).
"Tax receivables" mainly comprises VAT and corporate tax items. In 2013, total tax receivables amounted to MAD 1,021 million (MAD 1,692 million in 2012), a decline of 40% following the decrease, chiefly in Morocco, in pretax earnings.
"Accruals" comprise mainly prepaid expenses for vehicle operating leases and insurance policies.

NOTE 11. CURRENT FINANCIAL ASSETS

(In MAD millions)	December 31, 2011	December 31, 2012	December 31, 2013
Term deposit > 90 days	-	-	-
Escrow account	115	47	55
Marketable securities	-	-	-
Net total	**115**	**47**	**55**

To ensure trading liquidity, Maroc Telecom mandated Rothschild & Cie to implement a liquidity agreement on the Paris stock exchange and a market-making agreement on the Casablanca stock exchange.

NOTE 12. CASH AND CASH EQUIVALENTS

(In MAD millions)	December 31, 2011	December 31, 2012	December 31, 2013
Cash	537	864	871
Cash equivalents	80	99	213
Cash and cash equivalents	**617**	**964**	**1,084**

Cash and cash equivalents increased by MAD 121 million in 2013. The rise was due to cash flow from operating activities of MAD 12,502 million, which was used to make investments (MAD 4,790 million), to pay out dividends (MAD 7,097 million), and to pay down Group borrowings (MAD 496 million).

Change in cash and cash equivalents

(In MAD millions)	December 31, 2011	December 31, 2012	December 31, 2013
Net cash from operating activities	12,717	13,874	12,502
Net cash used in investing activities	(5,093)	(4,998)	(4,790)
Net cash used in financing activities	(7,788)	(8,520)	(7,593)
Foreign-currency translation adjustments	(8)	(11)	2
Change in cash and cash equivalents	**(171)**	**346**	**121**
Cash and cash equivalents at beginning of period	788	617	963
Cash and cash equivalents at end of period	617	963	1,084
Change in cash and cash equivalents	**(171)**	**346**	**121**

Net cash from operating activities

In 2013, net cash flow from operating activities amounted to MAD 12,502 million, a decrease of MAD 1,372 million from a year earlier. The decrease was due mainly to operating revenues decrease and disbursement to settle a tax dispute in Morocco.
In 2012, net cash from operating activities amounted to MAD 13,874 million, MAD 1,157 million higher than at December 31, 2011. This increase was due mainly to improved working capital requirements (+MAD 856 million) that were the result of trade-receivable collections (–MAD 1,257 million) and lower income tax (–MAD 1,145 million) subsequent to Maroc Telecom's decline in earnings in 2011.

Net cash used in investing activities

Net cash flow from investing activities amounted to –MAD 4,790 million, a decrease of MAD 208 million from 2012. The change is due to lower capital expenditure since 2011.
Net cash used in investing activities declined by 2% from 2011 to 2012. This change was due mainly to lower capital expenditure in Morocco and internationally.

Net cash used in financing activities

Net cash flow from financing activities amounted to –MAD 7,593 million in 2013, compared with –MAD 8,520 million in 2012. The decrease is due mainly to the lower dividends paid out to Maroc Telecom shareholders for 2012.
Net cash flow from financing activities amounted to –MAD 8,520 million in 2012, compared with –MAD 7,788 million in 2011. This change was due to higher reimbursements for current and noncurrent borrowings.

NOTE 13. DIVIDENDS

13.1 DIVIDENDS

(In MAD millions)	December 31, 2011	December 31, 2012	December 31, 2013
Dividends paid by subsidiaries to their noncontrolling interests (a)			
-Mauritel	151	154	172
-Onatel	86	79	150
-Gabon Telecom	79	16	56
-Sotelma	96	204	220
-Other			
Total (a)	**412**	**453**	**598**
Dividends paid by Maroc Telecom to its shareholders (b)			
-Kingdom of Morocco	2,790	2,442	1,952
-Vivendi	4,929	4,314	3,448
-Other	1,581	1,381	1,102
Total (b)	**9,301**	**8,137**	**6,502**
Total dividends paid (a)+(b)	**9,713**	**8,590**	**7,099**

13.2 DIVIDEND PROPOSED FOR 2013

At the board meeting convened on January 16, 2014, for the purpose of approving the financial statements for 2013 and appropriating net earnings, the Management Board of ITISSALAT AL MAGHRIB decided to propose to shareholders a dividend of MAD 6 per share, or an aggregate payment of MAD 5,274 million. This proposal was submitted to the Supervisory Board at its meeting on February 12, 2014.

NOTE 14. PROVISIONS

Provisions for liabilities relate mainly to disputes with employees and third parties.

They are evaluated on a case-by-case basis.

Provisions for contingencies and losses are analyzed as follows:

(In MAD millions)	December 31, 2011	December 31, 2012 (*)	December 31, 2013
Noncurrent provisions	**701**	**816**	**376**
Provisions for life annuities	23	22	21
Provisions for termination benefits	166	318	351
Provisions for disputes with third parties	18	8	5
Other provisions	494	468	0
Current provisions	**145**	**279**	**463**
Provisions for voluntary redundancy plan	0	15	205
Provisions for employee-related expenses	0	0	0
Provisions for disputes with third parties	145	236	258
Other provisions	0	28	0
Total	**846**	**1,095**	**839**

(*) The data for 2012 have been adjusted to take into account the impact of IAS 19 (amended), effective since January 1, 2013, with retroactive effect to January 1, 2012.

2013

(In MAD millions)	2012 (*)	Charges	Used	Change in scope of consolidation	Translation adjustment	Reversals	Reclassification	2013
Noncurrent provisions	**816**	**29**	**(468)**	**0**	**0**	**(25)**	**25**	**376**
Provisions for life annuities	22					(1)	0	21
Provisions for termination benefits	318	29	0			(21)	25	351
Provisions for disputes with third parties	8					(3)		5
Other provisions	468		(468)			0		0
Current provisions	**279**	**280**	**(41)**	**0**	**0**	**(14)**	**(42)**	**463**
Provisions for voluntary redundancy plan	15	200	(10)			(1)		205
Provisions for employee-related expenses	0							0
Provisions for disputes with third parties	236	80	(32)			(13)	(14)	258
Other provisions	28						(28)	0
Total	**1 095**	**309**	**-510**	**0**	**0**	**-39**	**-17**	**839**

2012

(In MAD millions)	2011	Charges	Used	Change in scope of consolidation	Translation adjustment	Reversals	Reclassification	2012 (*)
Noncurrent provisions	**701**	**167**	**(18)**	**0**	**0**	**(28)**	**(6)**	**816**
Provisions for life annuities	23	0	(1)	0	0	0	0	22
Provisions for termination benefits	166	163	(17)	0	1	(11)	17	318
Provisions for disputes with third parties	18	4	0	0	(1)	0	(14)	8
Other provisions	494	0	0	0	0	(17)	(9)	468
Current provisions	**145**	**140**	**(18)**	**0**	**(2)**	**(1)**	**15**	**279**
Provisions for voluntary redundancy plan	0	15	0	0	0	0	0	15
Provisions for employee-related expenses	0	0	0	0	0	0	0	0
Provisions for disputes with third parties	145	82	(18)	0	(1)	(1)	29	236
Other provisions	0	42	0	0	0	0	(14)	28
Total	**846**	**307**	**(36)**	**0**	**(2)**	**(29)**	**8**	**1,095**

2011

(In MAD millions)	2010	Charges	Used	Change in scope of consolidation	Translation adjustment	Reversals	Reclassification	2011
Noncurrent provisions	**668**	**29**	**(25)**	**0**	**0**	**(3)**	**33**	**701**
Provisions for life annuities	24		(1)					23
Provisions for termination benefits	145	25			0	(3)		166
Provisions for disputes with third parties	24	4	(24)				15	18
Other provisions	476	1					17	494
Current provisions	**157**	**4**	**(9)**	**0**	**0**	**(7)**	**0**	**145**
Provisions for voluntary redundancy plan	0							0
Provisions for employee-related expenses	0							0
Provisions for disputes with third parties	157	4	(9)		0	(7)		145
Other provisions	0							0
Total	**825**	**33**	**(34)**	**0**	**(1)**	**(11)**	**33**	**846**

NOTE 15. BORROWINGS AND OTHER FINANCIAL LIABILITIES

15.1. NET CASH POSITION

(In MAD millions)	December 31, 2011	December 31, 2012	December 31, 2013
Bank loans due in more than one year	1,782	886	319
Bank loans due in less than one year	2,773	2,592	1,400
Bank overdrafts	3,046	4,667	6,264
Borrowing and other financial liabilities	**7,601**	**8,145**	**7,982**
Cash and cash equivalents	617	964	1,084
Cash held in escrow for repayment of bank loans	123	70	8
Net cash position	**(6,862)**	**(7,111)**	**(6,890)**

(In MAD millions)	December 31, 2011	December 31, 2012	December 31, 2013
Outstanding debt and accrued interest (a)	7,601	8,145	7,982
Cash assets (b)	739	1,034	1,092
Net cash position (b)-(a)	**(6,862)**	**(7,111)**	**(6,890)**

15.2. NET CASH BY MATURITY

The breakdown by maturity is based on the repayment terms and conditions of the borrowings.

2013

(In MAD millions)	<1 year	1-5 years	>5 years	Total
Borrowings from credit institutions	1,400	305	13	1,719
Bank overdrafts	6,264			6,264
Borrowings and financial liabilities	**7,664**	**305**	**13**	**7,982**
Cash and cash equivalents	1,084			1,084
Cash held in escrow for repayment of bank loans	8			8
Net cash position	**(6,571)**	**(305)**	**(13)**	**(6,890)**

2012

(In MAD millions)	<1 year	1-5 years	>5 years	Total
Borrowings from credit institutions	2,592	857	29	3,478
Bank overdrafts	4,667			4,667
Borrowings and financial liabilities	**7,259**	**857**	**29**	**8,145**
Cash and cash equivalents	964			964
Cash held in escrow for repayment of bank loans	70			70
Net cash position	**(6,225)**	**(857)**	**(29)**	**(7,111)**

2011

(In MAD millions)	<1 year	1-5 years	>5 years	Total
Borrowings from credit institutions	2,773	1,735	47	4,555
Bank overdrafts	3,046			3,046
Borrowings and financial liabilities	**5,819**	**1,735**	**47**	**7,601**
Cash and cash equivalents	617			617
Cash held in escrow for repayment of bank loans	123			123
Net cash position	**(5,080)**	**(1,735)**	**(47)**	**(6,862)**

15.3 SUMMARY OF BORROWINGS AND OTHER LIABILITIES

Company	Borrowing (in MAD millions)	Rate	Maturity	December 31, 2011	December 31, 2012	December 31, 2013
Maroc Telecom	Borrowing, Attijari wafabank	MAD	July -2014	1,663	1,058	453
Maroc Telecom	Current-account advance, SPT	MAD	February-2012	1,224	841	-
Maroc Telecom	Banks, IAM overdrafts	MAD	May-2013	2,858	4,543	6,206
Mauritel	Leasing agreement ZTE 42 solar site	USD	May-2017	26	22	18
Mauritel	Leasing agreement ZTE 12 solar site	USD	April-2018	-	8	7
Mauritel	Leasing agreement ZTE 50 solar site	USD	August-2019	-	35	31
Mauritel	Short-term borrowing Ettijari	MRO	March-2012	102	0	-
Mauritel	Short-term borrowing GBM	MRO	January-2013	-	9	-
Onatel	CONS.BIB-ECOBANK-BICIA	FCFA	July-2012	30	-	-
Onatel	Borrowing AFD1110-1111	EUR	October-2018	14	12	10
Onatel	Borrowing SGBB 2008	FCFA	November-2013	46	24	-
Onatel	Borrowing BOA 2008	FCFA	December-2014	51	34	17
Onatel	Borrowing BIB 2008	FCFA	December-2013	20	12	5
Onatel	Borrowing SFI 2008	EUR	July-2013	43	22	-
Onatel	Borrowing BICA 2008	FCFA	September-2015	69	52	35
Onatel	Bank spot Onatel	FCFA	-	262	124	145
Onatel	Borrowing BICIA 2010 Telmob	FCFA	December-2013	56	28	-
Onatel	Borrowing BICIA 2011 Telmob	FCFA	July-2016	87	70	53
Onatel	Borrowing SGBB 2012(2 MLRS)	FCFA	May-2017	-	31	24
Onatel	Borrowing SGBB 2012(3 MLRS)	FCFA	November-2017	-	51	41
Onatel	Borrowing BIB 2013	FCFA	October-2018			87
Onatel	Investment loan	FCFA	December-2014	-	148	75
Onatel	Bank overdrafts ONATEL	FCFA	-	126	68	3
Gabon Télécom	Borrowing AFD	EUR	-	2	2	2
Gabon Télécom	Borrowing COMMERZBANK	EUR	December-2013	24	-	-
Gabon Télécom	BGFI Bank	FCFA	November-2015	134	104	72
Gabon Télécom	Borrowing HUAWEI	EUR	December-2013	136	70	-
Gabon Télécom	Banks, credit balance GT	FCFA	-	39	56	50
Sotelma	Borrowing DGDP/CFD OP	FCFA	April-2020	2	2	1
Sotelma	Borrowing DGDP/CFD OD	FCFA	October-2014	9	6	3
Sotelma	Borrowing AFD OE/CML 1026 01 S	FCFA	April-2018	21	18	15
Sotelma	Borrowing AFD OY/CML 1065 03 X	FCFA	October-2016	15	12	9
Sotelma	Borrowing RASCOM/GPTC	FCFA	-	9	9	-
Sotelma	Borrowing DGDP/NKF	FCFA	September-2015	27	20	14
Sotelma	Borrowing DGDP/NKF	FCFA	-	-	-	9
Sotelma	Borrowing BIM CDMA Kayes	FCFA	April-2012	8	-	-
Sotelma	Borrowing HUAWEI PHASE I	EUR	December-2013	235	157	40
Sotelma	Third party account	FCFA	-	56	66	-
Sotelma	Borrowing dividend	FCFA	-	98	384	-
Sotelma	Borrowing BDM 5 Milliards	FCFA	June-2014	-	-	86
Sotelma	Borrowing BIM 7,5 Milliards	FCFA	May-2014	-	-	82
Sotelma	Borrowing BIM 15 Milliards	FCFA	May-2014	-	-	165
Sotelma	Borrowing BIM 2,5 Milliards	FCFA	August-2014	-	-	44
Sotelma	Borrowing BAM 7,5 Milliards	FCFA	July-2014	-	-	100
Sotelma	Borrowing BAM 5 Milliards	FCFA	July-2014	-	-	66
Sotelma	Borrowing BDM SA PHASE II	FCFA	January-2013	25	26	-
Sotelma	Borrowing BDM SA PHASE II BIS	FCFA	January-2013	61	-	-
Sotelma	Bank overdrafts, Sotelma	FCFA	-	23	-	4
Casanet	Bank, leasing debt , Casanet	MAD	-	-	19	11
Total Borrowings and other financial liabilities				**7,601**	**8,145**	**7,982**

NOTE 16. TRADE ACCOUNTS PAYABLE

(In MAD millions)	2011	2012	2013
Trade payables and related accounts	9,561	9,149	9,318
Other payables	6,004	6,152	5,812
Accruals	2,034	2,093	2,409
Total	**17,600**	**17,394**	**17,539**

In 2013, total payables increased by MAD 145 million year on year, mainly because of higher trade payables.

"Other payables" comprises mainly tax liabilities for corporate tax and VAT of MAD 3,117 million, employee-related liabilities of MAD 798 million, and various other payables of MAD 1,889 million.

NOTE 17. REVENUES

(In MAD millions)	2011	2012	2013
Morocco	25,030	23,178	21,294
International	6,066	7,079	7,754
Mauritania	1,202	1,375	1,476
Burkina Faso	1,733	2,067	2,211
Gabon	1,047	1,291	1,478
Mali	2,123	2,422	2,658
Elimination of intersubsidiary transactions	(39)	(76)	(69)
Elimination of transactions between the parent company and subsidiaries	(259)	(408)	(489)
Total consolidated revenues	**30,837**	**29,849**	**28,559**

In 2013, Maroc Telecom Group generated consolidated revenues of MAD 28,559 million, a decline of 4.3% year on year (–4.3% like for like). This decline was attributable to lower revenues in Morocco (–8.1%), where price cuts in the mobile segment and reduced termination rates were only partially compensated for by solid growth (9.5%) in international revenue.

NOTE 18. COST OF PURCHASES

(In MAD millions)	2011	2012	2013
Cost of handsets	1,474	1,178	998
Domestic and international interconnection charges	2,971	2,893	2,458
Other purchases	1,111	972	840
Total	**5,556**	**5,042**	**4,296**

Cost of purchases comprises the cost of handsets, interconnection tariffs charged by domestic and international operators, and other purchases.

"Other purchases" comprises mainly purchases of energy (fuel and electricity), the cost of purchasing phone cards, and other consumables.

The cost of purchases declined by 14.8% year on year, from MAD 5,042 million in 2012 to MAD 4,296 million in 2013. This decline was mainly in Morocco because of the voluntary reduction in handsets sold (–MAD 201 million) and in domestic interconnection tariffs (–MAD 495 million, subsequent to a cut in mobile termination rates), and despite a rise in interconnection tariffs for the subsidiaries (+MAD 76 million).

NOTE 19. PAYROLL COSTS

(In MAD millions)	2011	2012	2013
Wages	2,394	2,370	2,309
Payroll taxes	375	447	386
Wages and taxes	2,769	2,817	2,695
Share-based compensation	27	31	29
Payroll costs	2,796	2,848	2,723
Average headcount (in number of employees)	**13,744**	**12,979**	**11,912**

This item includes the payroll costs for the period (wages, payroll taxes, training costs, and transportation) but excludes redundancy costs, which were recognized as other operating expenses.

In 2013, payroll costs declined 4.4% from a year earlier, from MAD 2,848 million in 2012 to MAD 2,723 million in 2013, because of savings achieved through various restructuring plans in 2012 in Morocco, Mauritania, and Mali.

In 2012, payroll costs rose 1.9% from a year earlier, from MAD 2,796 million in 2011 to MAD 2,848 million in 2012. In Morocco, payroll costs (net of taxes) were nearly unchanged (MAD 2,172 million in 2011 and MAD 2,181 million in 2012, an increase of 0.4%) because of a voluntary redundancy plan that lowered the Maroc Telecom headcount by 1,404 employees.

NOTE 20. TAXES, DUTIES, AND FEES

(In MAD millions)	2011	2012	2013
Taxes and duties	359	358	439
Fees	944	1 071	989
Total	**1,303**	**1,429**	**1,428**

Taxes and duties include local taxes (business registration fees, various municipal taxes), fees for public rights-of-way, and other taxes (stamp duty, motor-vehicle tax).

Fees correspond to amounts paid to the telecommunications regulatory authority with respect to universal service and training.

In 2013, taxes, duties, and fees were nearly unchanged. Taxes and duties rose 22.6% because of a new tax levied for access to the public telecommunications network (TARTOP) in Mali, the settlement of a tax dispute in Mauritania, and the tax on international traffic generated by the business increase in Gabon.

This increase was compensated for by a decrease in regulatory fees subsequent to:

- » lower revenues in Morocco;
- » the reversal of obsolete provisions in Mauritania, Burkina Faso, and Gabon, despite the removal in Burkina Faso of the cap on regulatory fees.

In 2012, taxes, duties, and fees rose 9.7% from a year earlier, mainly because of the MAD 127 million hike in regulatory fees.

This increase in fees was attributable to Maroc Telecom for MAD 64 million, mainly because of the base effect resulting from the exoneration in 2011 by the ANRT of payment of part of its universal-service fee in exchange for Maroc Telecom's investment in the PACTE program, and to subsidiaries for MAD 64 million, mainly because of higher revenues.

NOTE 21. OTHER OPERATING INCOME AND EXPENSES

(In MAD millions)	2011	2012	2013
Communication	637	615	647
Commissions	1,260	1,261	1,209
Other including:	2,042	2,665	1,838
Rental expenses	594	597	548
Maintenance, repair, and property-service charges	742	685	757
Fees	443	461	422
Postage and banking services:	135	125	134
Voluntary redundancy plan	3	862	10
Other	124	(65)	(34)
Total	**3,939**	**4,540**	**3,693**

In 2013, other operating income and expenses decreased 18.7% from 2012. The most significant changes concerned the following items:

- » lower restructuring expenses, subsequent to the recognition of most of Maroc Telecom's restructuring cost in 2012 (MAD 785 million in 2012, compared with MAD 10 million in 2013);
- » lower fees, mainly in Morocco, as a result of cost optimization;
- » lower commissions, mainly in Morocco, in correlation with the decline in prepaid revenues;
- » higher maintenance and repair expenses, mainly in Mali, after the expiration of numerous guarantees for capital goods acquired through expenditures undertaken since Maroc Telecom's arrival in Sotelma's capital structure;
- » higher advertising expenses, mainly in Morocco, because of increased competition.

In 2012, other operating income and expenses rose 15.2% from the previous year.

The most significant changes concerned the following items:

- » higher restructuring charges: mainly attributable to the implementation of a voluntary redundancy plan in Morocco, provisioned for MAD 800 million, of which MAD 785 million had been recognized at December 31, 2012;
- » lower advertising expenses (–3.4% year on year) at the subsidiaries, subsequent to cost optimization.

NOTE 22. DEPRECIATION, IMPAIRMENT AND PROVISIONS

The following table sets out changes in this item for the fiscal years ended December 31, 2011, 2012, and 2013:

(In MAD millions)	2011	2012	2013
Depreciation and impairment of Fixed lined assets	4,637	4,876	5,037
Net provisions and impairment	232	145	402
Total	**4,869**	**5,021**	**5,440**

(*) The data for 2012 have been adjusted to take into account the impact of IAS 19 (amended), effective since January 1, 2013, with retroactive effect to January 1, 2012.

Depreciation, impairment, and provisions amounted to MAD 5,440 million in 2013, compared with MAD 5,021 million in 2012. This 8.3% rise is attributable mainly to an increase in depreciation and impairment of Fixed lined assets (+MAD 161 million) relating to substantial capital expenditures in Morocco and internationally, and to a rise in depreciation, impairment, and provisions (+MAD 257 million), mainly in Morocco, subsequent to the recognition of an additional provision of MAD 200 million for restructuring.

Depreciation and impairment of Fixed lined assets

The following table sets out the depreciation and impairment of Maroc Telecom Group's Fixed lined assets for the fiscal years ended December 31, 2011, 2012, and 2013.

(In MAD millions)	2011	2012	2013
Other intangible assets	1,059	1,023	955
Building and civil engineering	182	299	297
Technical plant and pylons	3,080	3,282	3,515
Other property, plant, and equipment	316	271	270
Total	**4,637**	**4,876**	**5,037**

Net charges to provisions and impairment

The following table sets out the net charges to provisions and impairment of Maroc Telecom Group for the fiscal years ended December 31, 2011, 2012, and 2013.

(In MAD millions)	2011	2012	2013
Impairment of trade receivables	201	72	169
Impairment of inventories	18	(1)	8
Impairment of other receivables	(3)	(30)	15
Provisions	16	105	211
Net charges and reversals	**232**	**145**	**402**

(*) The data for 2012 have been adjusted to take into account the impact of IAS 19 (amended), effective since January 1, 2013, with retroactive effect to January 1, 2012.

In 2013, provisions and impairment increased by MAD 257 million, from MAD 145 million in 2012 to MAD 402 million in 2013. This change reflected changes in the following items:

- "impairment of trade receivables": rise of MAD 97 million from 2012, mainly in Morocco, because of substantial reversals of provisions in 2012.
- "provisions": increase of MAD 106 million from 2012, attributable to the recognition of an additional provision for restructuring in Morocco.

Provisions and impairment declined MAD 87 millon, from MAD 232 million in 2011 to MAD 145 million in 2012. This change reflected changes in the following items:

- "impairment of trade receivables": decline of MAD 129 million from a year earlier, partly because of a reversal of provisions consequent to collection of government receivables in Morocco, and balanced partially by a MAD 42 million provision for SOTELMA, relating to political instability in Mali.
- "provisions": increase of MAD 89 million from 2011, attributable to various commercial, social, and fiscal disputes in the subsidiaries.

NOTE 23. INCOME FROM EQUITY AFFILIATES

No equity interest was accounted for by the equity method in 2011, 2012, or 2013..

NOTE 24. NET FINANCIAL INCOME OR EXPENSE

24.1 BORROWING COSTS

(In MAD millions)	2011	2012	2013
Income from cash and cash equivalents	20	8	**16**
Interest expense on loans	(331)	(352)	**(341)**
Net borrowing costs	**(311)**	**(344)**	**(326)**

Net borrowing costs include income from cash and cash equivalents (current investment income) minus mainly interest and prepaid-loan expenses. Maroc Telecom Group's cash assets are deposited with banks or with the national treasury, in either interest-bearing sight deposits or term deposits not exceeding three months.

In 2013, lower net borrowing costs (MAD 18 million) were attributable to the 3.1% decline in interest expense, with a decrease in international debt neutralizing a slight rise in debt in Morocco.

In 2012, higher net borrowing costs (MAD 33 million) were attributable to the 6.4% rise in interest expense—mainly from Maroc Telecom (bank financing)—and to the 58% decline in income from cash and cash equivalents.

24.2 OTHER FINANCIAL INCOME AND EXPENSE

(In MAD millions)	2011	2012	2013
Foreign-exchange gains and losses	(20)	(12)	(15)
Other financial income (+)	11	2	10
Other financial expenses (-)	(7)	(26)	(43)
Other financial income and expenses	(16)	(36)	(49)

"Other financial income and expense" takes into account revenues from unconsolidated investments and the proceeds from their disposal.

NOTE 25. TAX EXPENSE

Like all Moroccan corporations (sociétés anonymes), Maroc Telecom is subject to income tax.

“Income tax expense” includes current and deferred taxes.

Deferred tax reflects temporary differences between the carrying value of assets and liabilities and their tax-base value.

The following table shows Maroc Telecom Group’s payable and deferred taxes for the years ended December 31, 2011, 2012, and 2013:

(In MAD millions)	2011	2012 (*)	2013
Income tax expense	3,379	3,273	4,719
Deferred tax	163	19	(48)
Provisions for tax	17	(17)	(468)
Current tax	**3,559**	**3,275**	**4,203**
Consolidated effective tax rate**	**30.0%**	**31.0%**	**39.8%**

(In MAD millions)	2011	2012 (*)	2013
Net earnings	8,447	7,287	6,359
Income tax expense	3,542	3,292	4,671
Provision for tax	17	(17)	(468)
Pretax earnings	**12,006**	**10,562**	**10,562**
Moroccan statutory tax rate	30%	30%	30%
Theoretical income tax expense	3,602	3,168	3,169
Impact of changes in tax rate	0	(27)	(47)
Other differences***	(60)	134	1,081
Effective income tax expense	3,542	3,275	4,203

(*) The data for 2012 have been adjusted to take into account the impact of IAS 19 (amended), effective since January 1, 2013, with retroactive effect to January 1, 2012.
(**) Tax expense / pretax earnings. Without the impact of the tax audit, the tax rate for 2013 was 30%.
(***) “Other differences” include mainly the settlement of the tax audit (MAD 1.5 billion) and the reversal of provisions for tax disputes (MAD 468 million).

At December 31, 2013, Maroc Telecom recognized a contribution of MAD 105.75 million in support of social unity.

In 2013, IAM and the Moroccan Tax Authority (Direction Générale des Impôts) signed a memorandum of understanding to settle the dispute arising over the tax audit for fiscal years 2005, 2006, 2007, and 2008. In accordance with the terms of the memorandum, IAM paid the sum of MAD 1,500 million, thereby bringing the lengthy dispute to a close.

A provisions of MAD 468 million for the dispute was reversed with the settlement.

Deferred-tax rates:

Maroc Telecom: 30%

Mauritel: 25%

Onatel: 27.5%

Gabon Telecom: 30%

Sotelma: 30%

NOTE 26. NONCONTROLLING INTERESTS

(In MAD millions)	2011	2012 (*)	2013
Mauritel	136	174	224
Onatel	39	112	164
Gabon Telecom	18	61	91
Sotelma	132	231	341
Casanet	(2)	0	0
Total noncontrolling interests	**323**	**578**	**819**

(*) The data for 2012 have been adjusted to take into account the impact of IAS 19 (amended), effective since January 1, 2013, with retroactive effect to January 1, 2012.

Noncontrolling interests represent the claims of shareholders other than Maroc Telecom to the earnings of Mauritel, Onatel, Gabon Telecom, Sotelma, and Casanet.

In 2013, noncontrolling interests rose 42% because of higher earnings in all African subsidiaries.

In 2012, noncontrolling interests rose 79% because of higher earnings in African subsidiaries.

NOTE 27. EARNINGS PER SHARE

27.1 EARNINGS PER SHARE

(In MAD millions)	Dec.31, 2011		Dec.31, 2012 (*)		Dec.31, 2013	
Adjusted earnings attributable to equity holders of the parent	8,123	8,123	6,709	6,709	5,541	5,541
Number of shares (in millions)	879	879	879	879	879	879
Earnings per share (in MAD)	9,2	9,2	7,6	7,6	6,3	6,3

(*) The data for 2012 have been adjusted to take into account the impact of IAS 19 (amended), effective since January 1, 2013, with retroactive effect to January 1, 2012.

27.2 CHANGE IN THE NUMBER OF SHARES

Number of shares	2011	2012	2013
Weighted average number of shares outstanding for the period	879,095,340	879,095,340	**879,095,340**
Adjusted weighted average number of shares outstanding for the period	879,095,340	879,095,340	**879,095,340**
Potential dilutive effect of financial instruments outstanding			
Number of shares including potential dilutive effect	**879,095,340**	**879,095,340**	**879,095,340**

NOTE 28. SEGMENT DATA

28.1 STATEMENT OF FINANCIAL POSITION: ITEMS BY GEOGRAPHICAL AREA

2013

(In MAD millions)	Morocco	International	Eliminations	Total Maroc Telecom Group
Noncurrent assets	29,661	12,824	(6,566)	35,919
Current assets	7,032	4,544	(327)	11,249
Total assets	**36,692**	**17,368**	**(6,893)**	**47,167**
Shareholders' equity	16,315	10,184	(6,566)	19,933
Noncurrent liabilities	202	792	0	994
Current liabilities	20,175	6,392	(327)	26,240
Total shareholders' equity and liabilities	**36,692**	**17,368**	**(6,893)**	**47,167**
Acquisitions of PP&E and intangible assets	3,601	1,195		4,796

2012

(In MAD millions)	Morocco	International	Eliminations	Total Maroc Telecom Group
Noncurrent assets (*)	27,475	15,266	(6,581)	36,159
Current assets	8,090	4,047	(312)	11,825
Total assets	**35,565**	**19,313**	**(6,893)**	**47,985**
Shareholders' equity (*)	15,358	11,812	(6,564)	20,606
Noncurrent liabilities (*)	1,156	939	(16)	2 ,078
Current liabilities	19,052	6,562	(313)	25,302
Total shareholders' equity and liabilities	**35,565**	**19,313**	**(6,893)**	**47,985**
Acquisitions of PP&E and intangible assets	3,792	1,592		5,385

(*) The data for 2012 have been adjusted to take into account the impact of IAS 19 (amended), effective since January 1, 2013, with retroactive effect to January 1, 2012.

2011

(In MAD millions)	Morocco	International	Eliminations	Total Maroc Telecom Group
Noncurrent assets	27,089	15,233	(6,579)	35,743
Current assets	8,925	4,376	(403)	12,898
Total assets	**36,014**	**19,610**	**(6,982)**	**48,641**
Shareholders' equity	16,951	11,700	(6,566)	22,085
Noncurrent liabilities	1,697	1,155	(14)	2,838
Current liabilities	17,366	6,754	(403)	23,718
Total shareholders' equity and liabilities	**36,014**	**19,610**	**(6,982)**	**48,641**
Acquisitions of PP&E and intangible assets	3,882	1,911		5,793

28.2 SEGMENT EARNINGS BY GEOGRAPHICAL AREA

2013

(In MAD millions)	Morocco	International	Eliminations	Total Maroc Telecom Group
Revenues	21,294	7,754	(489)	**28,559**
Earnings from operations	8,595	2,383		**10,978**
Net depreciation and impairment	3,516	1,522		**5,038**
Voluntary redundancy plan	10	0		**10**

2012

(In MAD millions)	Morocco	International	Eliminations	Total Maroc Telecom Group
Revenues	23,178	7,079	(408)	**29,849**
Earnings from operations (*)	9,219	1,749		**10,968**
Net depreciation and impairment	3,397	1,479		**4,876**
Voluntary redundancy plan	785	76		**862**

(*) The data for 2012 have been adjusted to take into account the impact of IAS 19 (amended), effective since January 1, 2013, with retroactive effect to January 1, 2012.

2011

(In MAD millions)	Morocco	International	Eliminations	Total Maroc Telecom Group
Revenues	25,030	6,066	(259)	**30,837**
Earnings from operations	11,262	1,113		**12,375**
Net depreciation and impairment	3,335	1,302		**4,637**
Voluntary redundancy plan	0	0		**0**

NOTE 29. RESTRUCTURING PROVISIONS

(In MAD millions)	Morocco	International	Total Maroc Telecom Group
Balance at January 1, 2011		**0**	**0**
Change in scope of consolidation and purchase-price allocation adjustment		0	0
Addition		0	0
Utilization		0	0
Reversals		0	0
Balance at December 31, 2011		**0**	**0**
Change in scope of consolidation and purchase-price allocation adjustment		0	0
Addition	800	1	801
Utilization	(785)	0	(785)
Reversals		0	0
Balance at December 31, 2012	**15**	**1**	**15**
Change in scope of consolidation and purchase-price allocation adjustment		0	0
Addition	200	0	200
Utilization	(10)	0	(10)
Reversals		(1)	(1)
Balance at December 31, 2013	**205**	**0**	**205**

Maroc Telecom set aside a provision of MAD 200 million for its voluntary redundancy plan, launched in June 2012, in response to demand among employees.

The restructuring plan was concluded on January 31, 2014.

NOTE 30. RELATED-PARTY TRANSACTIONS

30.1. COMPENSATION OF CORPORATE OFFICERS, SENIOR MANAGERS, AND DIRECTORS IN 2011, 2012, AND 2013

(In MAD millions)	2011	2012	2013
gross remuneration	37	32	38
variable compensation	40%	33%	40%
Minimum amount in case of breach of contract	47	38	48

For the year ended December 31, 2013, the members of the Management Board received total remuneration of MAD 38 million.
For the year ended December 31, 2012, the members of the Management Board received total remuneration of MAD 32 million.
For the year ended December 31, 2011, the members of the Management Board received total remuneration of MAD 37 million.

30.2. EQUITY AFFILIATES

No company was accounted for by the equity method in 2011, 2012, or 2013.

30.3. OTHER RELATED PARTIES

Vivendi – SFR – groupe Canal+

With a view to further strategic cooperation, Maroc Telecom entered into transactions with SFR (the leading nonpublic Fixed lined-line and mobile operator in France), Canal+ Group, and Vivendi Group. These transactions are as follows:

2013

(In MAD millions)	Vivendi	SFR	Groupe Canal+
Revenues	0	373	0
Expenses	29	65	19
Receivables	0	74	0
Payables	209	10	4

2012

(In MAD millions)	Vivendi	SFR	Groupe Canal+
Revenues	0	432	0
Expenses	31	82	21
Receivables	0	105	0
Payables	179	9	13

2011

(In MAD millions)	Vivendi	SFR	Groupe Canal+
Revenues	0	436	0
Expenses	27	75	20
Receivables	0	74	0
Payables	147	9	17

NOTE 31. CONTRACTUAL COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

31.1. CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS ON THE STATEMENT OF FINANCIAL POSITION

(In MAD millions)	Total	Less than 12 months	1-5 years	>5 years
Long-term debt	319	0	305	13
Capital lease obligations	0	0	0	0
Operating leases	0	0	0	0
Irrevocable purchase commitments	0	0	0	0
Other long-term commitments	0	0	0	0
TOTAL	**319**	**0**	**305**	**13**

31.2. OTHER COMMITMENTS GIVEN OR RECEIVED RELATING TO ORDINARY OPERATIONS

Commitments given comprise the following:

2013:

- an investment commitment of MAD 6,919 million, distributed as follows
  - MAD 6,635 million for Maroc Telecom in connection with the agreement signed with the Moroccan state;
  - MAD 7.6 million for Mauritel;
  - MAD 98.3 million for Onatel;
  - MAD 46.7 million for Gabon Telecom;
  - MAD 131.1 million for Sotelma;

In January 2013, Maroc Telecom signed a new investment agreement with the Kingdom of Morocco in which Maroc Telecom committed to undertake capital expenditures of more than MAD 10 billion (approximately €908 million) and to create 500 direct jobs from 2013 to 2015. The purpose of these expenditures is to modernize and expand infrastructure in order to meet the increased demands of mobile and high-speed internet traffic and to deploy a fiber-optic network for ultra-high-speed internet.

- a commitment by Mauritel for MAD 0.6 million, in connection with its acquisition of a 3G license;
- commitments through guarantees and endorsements issued to banks for MAD 231 million;
- a commitment for operating leases of MAD 35 million;
- a commitment for a long-term satellite lease of MAD 84 million;
- various commitments for MAD 99 million.

Maroc Telecom is committed irrevocably and on first application by FIPAR Holding to buy back the 9.75% Medi-1-Sat interest sold to FIPAR Holding, plus the cost of invested capital (6.03% per year).

In the event of disposal to a third party of an interest larger than 40.25% of the share capital of Medi-1-Sat and subsequent capital loss, Maroc Telecom is committed to paying Fipar Holding an amount equal to 9.75% of the capital loss plus the cost of invested capital (6.03% per year).

2012

- an investment commitment of MAD 3,340 million, distributed as follows:
  - MAD 2,737 million for Maroc Telecom in connection with the agreement signed with the Moroccan state;
  - MAD 95.3 million for Mauritel;
  - MAD 98.1 million for Onatel;
  - MAD 89 million for Gabon Telecom;
  - MAD 318.4 million for Sotelma;
- a commitment by Mauritel for MAD 2 million, in connection with its acquisition of a 3G license;
- commitments through guarantees and endorsements issued to banks for MAD 300 million;
- a commitment for operating leases of MAD 16 million;
- a commitment for a long-term satellite lease of MAD 140 million;
- a commitment of MAD 21 million concerning the disposal of Maroc Telecom Belgique;
- various commitments for MAD 26 million.

In the event of disposal to a third party of an interest larger than 40.25% of the share capital of Medi-1-Sat and subsequent capital loss, Maroc Telecom is committed to paying Fipar Holding an amount equal to 9.75% of the capital loss plus the cost of invested capital (6.03% per year).

2011

- a commitment to capital expenditure of MAD 1,890 million (the commitments made by Maroc Telecom concerning the third investment agreement with the Moroccan state for 2009–2011 were respected and significantly exceeded, with expenditure amounting to MAD 12,475 million and 477 jobs created);
- commitments through guarantees and endorsements issued to banks for MAD 184 million;
- a commitment relating to Casanet equity equivalents for MAD 3 million;
- a commitment for operating leases of MAD 14 million;
- a commitment for a long-term satellite lease of MAD 207 million;
- a commitment of MAD 21 million concerning the disposal of Maroc Telecom Belgique;
- various Mauritel commitments for MAD 21 million.

In the event of disposal to a third party of an interest larger than 40.25% of the share capital of Medi-1-Sat and subsequent capital loss, Maroc Telecom is committed to paying Fipar Holding an amount equal to 9.75% of the capital loss plus the cost of invested capital (6.03% per year).

Commitments received comprise the following:

2013

- Guarantees and endorsements received for MAD 1,778 million at December 31, 2013..

In the event of disposal to a third party of an interest larger than 40.25% of the share capital of Medi-1-Sat and subsequent capital gain, Fipar Holding is committed to paying Maroc Telecom an amount equal to 9.75% of the capital gain minus the cost of invested capital (6.03% per year).

2012

- Guarantees and endorsements received for MAD 2,113 million at December 31, 2012.

In the event of disposal to a third party of an interest larger than 40.25% of the share capital of Medi-1-Sat and subsequent capital gain, Fipar Holding is committed to paying Maroc Telecom an amount equal to 9.75% of the capital gain minus the cost of invested capital (6.03% per year).

2011

- Guarantees and endorsements received for MAD 2,274 million at December 31, 2011.

In connection with the PACTE universal-service program, Maroc Telecom committed to extending mobile coverage to 7,338 remote rural areas in Morocco over the 2008–2011 period. This program entailed aggregate capital expenditure estimated at MAD 1,159 million (€103 million). In consideration for its commitment, Maroc Telecom received a MAD 109 million exemption from its contribution to the universal-service fund in respect of the 2011 fiscal year (MAD 320 million exemption in respect of the 2010 fiscal year).

In the event of disposal to a third party of an interest larger than 40.25% of the share capital of Medi-1-Sat and subsequent capital gain, Fipar Holding is committed to paying Maroc Telecom an amount equal to 9.75% of the capital gain minus the cost of invested capital (6.03% per year).

31.3 COLLATERAL AND PLEDGES

2013

- Pledges for MAD 20 million at December 31, 2013.

2012

- Pledges for MAD 23 million at December 31, 2012.

2011

- Pledges for MAD 27 million at December 31, 2011.

NOTE 32. RISK MANAGEMENT

Credit risk

In order to minimize its credit risk, Maroc Telecom engages in credit operations only with commercial banks and financial institutions that have high credit ratings, and spreads its transactions among the selected institutions.

Because of their significant dilution rate, Maroc Telecom's receivables do not have high credit risk.

Currency risk

Maroc Telecom Group is exposed to fluctuations in exchange rates insofar as the composition of its foreign-currency receipts varies considerably from that of its foreign-currency disbursements.

Maroc Telecom's foreign-currency receipts indicate revenues from international operations, while its foreign-currency disbursements indicate payment to international suppliers (in particular capital expenditures and acquisition of handsets) and for interconnection with foreign operators. These disbursements are denominated mainly in euros. At December 31, 2013, the portion of euro-denominated disbursements (excluding subsidiaries) accounted for 55% of the MAD 2,576 million in total foreign-currency disbursement. The value of foreign-currency disbursements was less than that of foreign-currency receipts, which amounted to MAD 3,498 million in 2013.

At December 31, 2013, Maroc Telecom subsidiaries' share of euro-denominated disbursements accounted for 46% of total foreign-currency disbursements. In addition, the share of disbursements denominated in ouguiya remained high, representing 33% (i.e., MAD 3,310 million) of total foreign-currency disbursements. Disbursements also exceeded foreign-currency receipts, which amounted to MAD 1,951 million in 2013.

In addition, Maroc Telecom Group held debt of MAD 7,982 million at December 31, 2013. The bulk of this debt is denominated in Moroccan dirhams, euros, and CFA francs.

(In MAD millions)	2011	2012	2013
Euro	393	293	**61**
Moroccan dirham	5,701	6,456	**6,659**
Other (mainly CFA franc)	1,453	1,381	1,250
Current debt	**7,571**	**8,130**	**7,969**
Accrued interest	54	15	13
Total financial debt	**7,601**	**8,145**	**7,982**

Maroc Telecom Group is not allowed to net its foreign-currency disbursements and receipts. Moroccan law allows the Group to hold only 70% of its foreign-currency telecom receipts in a foreign-currency account; the remaining 30% must be converted into Moroccan dirhams.

Consequently, Maroc Telecom Group's earnings may be affected by fluctuations in exchange rates, in particular the Moroccan dirham against the US dollar and the euro.

In 2013, the euro appreciated by 1.0% against the Moroccan dirham (from MAD 11.1475 for one euro at December 31, 2012, to MAD 11.2305 for one euro at December 31, 2013). Over the same period, the US dollar depreciated by 3%, from MAD 8.4335 for one USD in 2012 to MAD 8.1506 for one USD in 2013.

The subsidiaries whose functional currency is the CFA franc or ouguiya increase the Group's exposure to currency risk, in particular with respect to fluctuations of the euro and ouguiya against the Moroccan dirham.

However, a 1% depreciation in the Moroccan dirham against the euro would have had the following small effects on the Group's financial statements for fiscal year 2013:

- revenues = +MAD 104 million
- earnings from operations = +MAD 31 million
- net earnings (Group share) = +MAD 8 million

(In millions)	Euro / CFA franc	USD	MRO	Total foreign currencies	MAD	Total balance sheet
Total assets	15,642	26	1,821	17,489	29,858	47,347
Total shareholders' equity and liabilities	(15,723)	(335)	(1,694)	(17,752)	(29,733)	(47,485)
Net position	**(81)**	**(309)**	**126**	**(263)**	**125**	**(138)**

The Group does not use currency-hedging instruments.

Maroc Telecom's currency assets comprise mainly receivables from foreign operators. The Group's currency liabilities comprise mainly payables to suppliers and operators.

At the Maroc Telecom level, a 1% appreciation of the euro or US dollar against the Moroccan dirham would have had the following effects at December 31, 2013:

» +MAD 13 million in assets;

» –MAD 25 million in liabilities;

» –MAD 12 million net;

» +MAD 12 million in commitments;

» +MAD 23 million total net.

Conversely, a 1% decrease in the euro or US dollar against the Moroccan dirham would have had the following effects at December 31, 2013:

» –MAD 13 million in assets;

» +MAD 25 million in liabilities;

» +MAD 12 million net;

» +MAD 12 million in commitments;

» +MAD 23 million total net.

Liquidity risk

Maroc Telecom believes that its cash flow from operations, net cash, and funds available through credit lines will be sufficient to cover the expenses and expenditures necessary for its operations, to service its debt, to pay dividends, and to complete the acquisitions underway at December 31, 2013.

Interest-risk risk

The majority of loans taken out by Maroc Telecom Group are Fixed lined rate. Because the portion of its floating-rate debt is relatively low, Maroc Telecom Group is not significantly exposed to fluctuations in interest rates.

NOTE 33. EVENTS AFTER THE END OF THE REPORTING PERIOD

The general meeting of Gabon Telecom authorized a capital reduction that took effect on January 2, 2014.

This capital reduction will be accomplished through the cancellation of one million five hundred thousand (1,500,000) shares with a par value of ten thousand (10,000) CFA francs per share. The cancellation will be proportional to the capital held by each shareholder, and consistent with the principle of shareholder equality.

4.4 INDIVIDUAL FINANCIAL STATEMENTS

CONTENTS

STATUTORY AUDITORS' GENERAL REPORT
YEAR ENDED DECEMBER 31, 2013 AU 31 DECEMBRE 2013

To shareholders
of Itissalat Al Maghrib "IAM" SA
Avenue Annakhil, Hay Riad
Rabat, Maroc

To the Chairman

and shareholders,

In accordance with the terms of our appointment by the General meeting, we have audited the accompanying financial statements of ITISSALAT AL-MAGHRIB (IAM) S.A., including the statement of financial position, the statement of comprehensive income, the statement of operating data, the statement of cash flows, and the additional disclosures, concerning the year ended December 31, 2013. These financial statements show shareholders' equity and reserves of MAD 14,029,733 thousand and net profit of MAD 5,298,589 thousand.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for preparing these financial statements to give a true and fair view of the Company, in accordance with the accounting standards generally accepted in Morocco. This responsibility includes planning, implementing, and monitoring internal controls relating to the preparation and presentation of financial statements that are free of material misstatement, and selecting accounting estimates that are appropriate to the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to render an opinion on these financial statements on the basis of our audit. We have conducted our audit in accordance with the audit standards applicable in Morocco. These standards require us to comply with a code of ethics and to plan and perform the audit in order to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves implementing procedures in order to gather information about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditors' judgment, including the assessment of risk that the financial statements could contain material misstatements. In assessing such risk, the auditors take into consideration the entity's current internal controls relating to the preparation and presentation of the financial statements, in order to define audit procedures that fit the circumstances, but not for the purpose of stating an opinion on the effectiveness of the internal control. An audit also involves evaluating the appropriateness of the accounting policies used, the soundness of the accounting estimates made by management, and the overall presentation of the financial statements.
We believe that the information gathered is sufficient and appropriate to provide a basis for our audit opinion.

OPINION ON THE FINANCIAL STATEMENTS

In our opinion, the financial statements referred to in the first paragraph above give a true and fair view of ITISSALAT AL-MAGHRIB (IAM) S.A.'s assets, liabilities, and financial position at December 31, 2012, and of its operations for the year then ended, in accordance with the accounting principles generally accepted in Morocco.

Without qualifying the aforementioned opinion, we draw your attention to Note B5 of the additional disclosures, relating to the outcome of the tax audit under way for the fiscal years 2005–2008 and outlining the position of the Company.

SPECIFIC CONTROLS AND INFORMATION

We have also performed the specific verifications required by law. In particular, we ensured that the information contained in the Management board's report to the Shareholders was consistent with the Company's financial statements.

February 13, 2014

THE STATUTORY AUDITORS

KPMG	**Abdelaziz ALMECHATT**
Fouad LAHGAZI	Abdelaziz ALMECHATT
Partner	Partner

ASSETS

(In MAD thousands)	Gross	Amortization and provisions	NET 2013	NET 2012	NET 2011
CAPITALIZED COSTS (A)	**0**	**0**	**0**	**0**	**0**
.Start-up costs	0	0	0	0	0
.Deferred costs	0	0	0	0	0
.Bond redemption premiums	0	0	0	0	0
INTANGIBLE ASSETS (B)	**9,381,994**	**7,071,798**	**2,310,196**	**2,514,150**	**2,703,497**
.Research and development costs	0	0	0	0	0
.Patents, trademarks, and similar rights	8,863,951	7,028,418	1,835,533	2,034,712	2,312,151
.Goodwill	56,426	43,380	13,045	12,012	12,283
.Other intangible assets	461,618	0	461,618	467,426	379,064
PROPERTY, PLANT, AND EQUIPMENT (C)	**54,042,695**	**35,810,644**	**18,232,051**	**17,983,120**	**17,499,439**
.Land	941,695	0	941,695	940,384	939,228
.Buildings	6,392,320	3,669,188	2,723,132	1,453,112	1,419,519
.Technical plant, machinery, and equipment	39,555,937	28,681,360	10,874,577	10,111,667	9,835,172
.Vehicles	149,841	65,447	84,394	91,707	95,921
.Office equipment, furniture, and fittings	4,033,808	3,279,849	753,959	773,644	843,618
.Other property, plant, and equipment	11,048	0	11,048	11,048	11,048
.Work in progress	2,958,047	114,800	2,843,246	4,601,557	4,354,933
FINANCIAL ASSETS (D)	**7,017,102**	**93,396**	**6,923,706**	**6,925,036**	**6,926,182**
.Long-term loans	36,796	0	36,796	39,423	40,746
.Other financial receivables	3,449	0	3,449	3,449	3,273
.Equity investments	6,976,857	93,396	6,883,461	6,882,163	6,882,163
.Other investments and securities					
UNREALISED FOREIGN EXCHANGE LOSSES (E)	**0**	**0**	**0**	**0**	**0**
.Decrease in long-term receivables	0	0	0	0	0
.Increase in long-term debt	0	0	0	0	0
TOTAL I (A+B+C+D+E)	**70,441,791**	**42,975,838**	**27,465,952**	**27,422,306**	**27,129,119**
INVENTORIES (F)	458,247	149,968	308,279	360,776	547,227
.Merchandise	305,959	88,052	217,907	247,395	415,843
.Raw materials and supplies	152,288	61,916	90,372	113,381	131,383
.Work in progress	0	0	0	0	0
.Intermediary and residual goods	0	0	0	0	0
.Finished goods					
CURRENT RECEIVABLES (G)	**12,909,715**	**6,552,241**	**6,357,474**	**7,005,680**	**7,827,728**
.Trade payables, advances and deposits	22,134	0	22,134	68,385	154,739
.Accounts receivable and related accounts	11,953,535	6,477,155	5,476,380	5,519,000	6,318,104
.Employees	2,489	0	2,489	3,188	1,280
.Tax receivable	735,383	0	735,383	1,276,089	1,203,982
.Shareholders' current accounts	0	0	0	0	0
.Other receivables	169,768	75,086	94,682	118,124	119,104
.Accruals	26,405	0	26,405	20,894	30,520
MARKETABLE SECURITIES (H)	**116,411**	**0**	**116,411**	**125,257**	**152,955**
UNREALIZED FOREIGH EXCHANGE LOSSES (I)					
(current items)	26,998	0	26,998	34,992	59,154
TOTAL II (F+G+H+I)	**13,511,370**	**6,702,210**	**6,809,161**	**7,526,705**	**8,587,063**
CASH AND CASH EQUIVALENTS	241,588	0	241,588	401,194	149,560
.Checks	498	0	498	31,600	2,300
.Bank deposits	237,944	0	237,944	366,905	143,895
.Petty cash	3,146	0	3,146	2,689	3,365
TOTAL III	**241,588**		**241,588**	**401,194**	**149,560**
GRAND TOTAL I+II+III	**84,194,749**	**49,678,048**	**34,516,701**	**35,350,205**	**35,865,742**

SHAREHOLDERS' EQUITY AND LIABILITIES

(In MAD thousands)	NET		
	2013	2012	2011
SHAREHOLDERS' EQUITY (A)	**14,029,733**	**15,232,639**	**16,864,833**
Share capital (1)	5,274,572	5,274,572	5,274,572
Less: capital subscribed and not paid-in	0	0	0
Paid-in capital	0	0	0
Additional paid-in capital	0	0	0
Revaluation difference	0	0	0
Statutory reserve	879,095	879,095	879,095
Other reserves	2,577,477	2,574,096	2,570,251
Retained earnings (2)	0	0	0
Unallocated income (2)	0	0	0
Net income of the year (2)	5,298,589	6,504,876	8,140,914
QUASI-EQUITY (B)	**0**	**0**	**0**
Investment subsidies	0	0	0
Regulated provisions	0	0	0
DEBENTURE BONDS (C)	**456,874**	**1,056,690**	**1,656,404**
Debenture bonds	0	0	0
Other long-term debt	456,874	1,056,690	1,656,404
PROVISIONS (D)	**21,061**	**22,165**	**23,287**
Provisions for contingencies	0	0	0
Provisions for losses	21,061	22,165	23,287
UNREALIZED FOREIGN EXCHANGE GAINS (E)	**0**	**0**	**0**
Increase in long-term receivables	0	0	0
Decrease in long-term debt	0	0	0
TOTAL I (A+B+C+D+E)	**14,507,668**	**16,311,494**	**18,544,524**
CURRENT LIABILITIES (F)	**13,061,797**	**13,530,277**	**13,486,696**
Accounts payable and related accounts	7,493,616	7,087,189	6,705,393
Trade receivables, advances and down payments	76,331	443,563	497,256
Payroll costs	541,124	532,622	590,700
Social security contributions	74,329	70,709	79,410
Tax payable	2,595,635	2,481,513	2,474,479
Shareholders' current accounts	1	825,001	1,200,001
Other payables	454,561	478,448	402,732
Accruals	1,826,199	1,611,230	1,536,725
OTHER PROVISIONS FOR CONTINGENCIES AND LOSSES (G)	**770,941**	**974,280**	**963,330**
UNREALIZED FOREIGN EXCHANGE GAINS (Current items) (H)	**35,577**	**36,780**	**41,035**
Total II (F+G+H)	**13,868,315**	**14,541,336**	**14,491,061**
BANK OVERDRAFTS	**6,140,718**	**4,497,374**	**2,830,157**
Discounted bills	0	0	0
Treasury loans	0	0	0
Bank loans and overdrafts	6,140,718	4,497,374	2,830,157
Total III	**6,140,718**	**4,497,374**	**2,830,157**
GRAND TOTAL I+II+III	**34,516,701**	**35,350,205**	**35,865,742**

STATEMENT OF COMPREHENSIVE INCOME (EXCLUSIVE OF VAT)

(In MAD thousands)	2013	2012	2011
I- OPERATING INCOME	21,148,274	22,841,074	24,619,989
Sales of goods	390,539	381,613	554,749
Sales of manufactured goods and services rendered	20,261,714	21,886,013	23,411,292
Operating revenues	20,652,253	22,267,626	23,966,041
Change in inventories	0	0	0
Company-constructed assets	167	765	678
Operating subsidies	0	0	0
Other operating income	118,189	154,710	120,468
Operating write-backs: expense transfers	377,665	417,974	532,801
TOTAL I	21,148,274	22,841,074	24,619,989
II- OPERATING EXPENSES	12,502,609	13,079,182	13,592,449
Cost of goods sold	899,271	1,100,725	1,382,743
Raw materials and supplies	2,558,589	2,916,659	2,985,409
Other external expenses	2,786,496	2,940,857	2,916,159
Taxes (except corporate income tax)	223,471	221,469	237,037
Payroll, costs	2,169,249	2,297,221	2,305,171
Other operating expenses	2,450	2,450	2,450
Operating allowances for amortization	3,334,391	3,248,843	3,178,602
Operating allowances for provisions	528,693	350,958	584,879
TOTAL II	12,502,609	13,079,182	13,592,449
III- OPERATING INCOME I-II	8,645,665	9,761,892	11,027,540
IV- FINANCIAL INCOME	590,869	497,019	472,352
Income from equity investments and other financial investments	480,663	365,923	322,299
and other financial investments			
Foreign exchange gains	70,027	63,092	81,442
Interest and other financial income	5,186	8,280	19,488
Financial write - backs: expense transfers	34,992	59,724	49,122
TOTAL IV	590,869	497,019	472,352
VI- FINANCIAL EXPENSES IV - V	364,917	352,719	365,908
Interest and loans	264,068	255,443	234,844
Foreign exchange losses	44,704	62,284	71,910
Other financial expenses	8,846	0	0
Financial allowances	47,298	34,992	59,154
TOTAL V	364,917	352,719	365,908
VI- FINANCIAL INCOME IV - V	225,952	144,300	106,444
VII- ORDINARY INCOME III + VI	8,871,617	9,906,192	11,133,984
VIII- EXTRAORDINARY INCOME	760,401	272,339	311,883
Proceeds from disposal of fixed assets	2,338	5,553	2,188
Subsidies received	0	0	0
Write-backs of investment subsidies	0	0	0
Other extraordinary income	163,412	141,418	169,918
Extraordinary write-backs: expense transfers	594,650	125,369	139,777
TOTAL VIII	760,401	272,339	311,883
IX- EXTRAORDINARY EXPENSES	921,005	1,200,318	234,129
Net book value of disposed assets	0	2,351	0
Subsidies granted	0	0	0
Other extraordinary expenses	532,102	998,504	16,495
Regulated provisions	0	0	0
Extraordinary allowances for depreciation and provisions	388,903	199,463	217,635
TOTAL IX	921,005	1,200,318	234,129
X- EXTRAORDINARY INCOME VIII - IX	-160,604	-927,979	77,753
XI- INCOME BEFORE TAX VII + X	8,711,013	8,978,214	11,211,737
XII- CORPORATE INCOME TAX	3,412,424	2,473,338	3,070,823
XIII- NET INCOME XI - XII	5,298,589	6,504,876	8,140,914
XIV- TOTAL INCOME (I+IV+VIII)	22,499,543	23,610,432	25,404,223
XV- TOTAL EXPENSES (II+V+IX+XII)	17,200,955	17,105,556	17,263,309
XVI- NET INCOME (total income - Total expenses)	5,298,589	6,504,876	8,140,914

STATEMENT OF OPERATING DATA

Operating Statement (In MAD thousands)			2013	2012	2011
1		Sales of goods	390,539	381,613	554,749
2	-	Cost of goods sold	899,271	1,100,725	1,382,743
I	**=**	**Gross Margin on Sales**	**-508,732**	**-719,112**	**-827,994**
II	**+**	**Production for the year: (3+4+5)**	**20,261,882**	**21,886,778**	**23,411,970**
3		Sales of manufactured goods and services rendered	20,261,714	21,886,013	23,411,292
4		Change in inventories	0	0	0
5		Self-constructed assets	167	765	678
III	**-**	**COST OF CURRENT YEAR PRODUCTION**	**5,345,085**	**5,857,515**	**5,901,568**
6		Raw materials and supplies	2,558,589	2,916,659	2,985,409
7		Other external expenses	2,786,496	2,940,857	2,916,159
IV	**=**	**Added Value (I+II-III)**	**14,408,065**	**15,310,151**	**16,682,409**
8	+	Operating subsidies	0	0	0
9	-	Taxes	223,471	221,469	237,037
10	-	Payroll costs	2,169,249	2,297,221	2,305,171
V	**=**	**Gross Operating Surplus**	**12,015,345**	**12,791,460**	**14,140,201**
	=	**Net Loss From Operations**	**0**	**0**	**0**
11	+	Other operating income	118,189	154,710	120,468
12	-	Other operating expenses	2,450	2,450	2,450
13	+	Operating write-backs, expense transfers	377,665	417,974	532,801
14	-	Operating allowances	3,863,084	3,599,801	3,763,481
VI	**=**	**Operating Income (+ ou -)**	**8,645,665**	**9,761,892**	**11,027,540**
VII	**+ / -**	**Financial Income**	**225,952**	**144,300**	**106,444**
VIII	**=**	**Ordinary Income (+ ou -)**	**8,871,617**	**9,906,192**	**11,133,984**
IX	**+ / -**	**Extraordinary Income**	**-160,604**	**-927,979**	**77,753**
15	-	Corporate Income Tax	3,412,424	2,473,338	3,070,823
X	**=**	**Net Income (+ ou -)**	**5,298,589**	**6,504,876**	**8,140,914**

Operating Cash Flow (In MAD thousands)			2013	2012	2011
1		Net income	,	,	,
	+	Profit	5,298,589	6,504,876	8,140,914
	-	Loss	0	0	0
2	+	Operating allowances (1)	3,334,391	3,248,843	3,178,602
3	+	Financial allowances (1)	20,300	0	0
4	+	Extraordinary allowances (1)	188,903	184,660	217,635
5	-	Operating write-backs (2)	1,104	1,122	1,082
6	-	Financial write-backs (2)	0	571	0
7	-	Extraordinary write-backs (2) , (3)	116,944	125,369	139,777
8	-	Proceeds on disposal of Fixed lined assets	2,338	5,553	2,188
9	+	Net book value of disposed assets	0	2,351	0
I		**Cash earnings (C.A.F)**	**8,721,796**	**9,808,116**	**11,394,105**
10	-	Dividend payments	6,501,495	8,137,070	9,300,779
II		**Net Cash Earnings**	**2,220,301**	**1,671,046**	**2,093,326**

(1) Excluding allowances related to current assets and liabilities and cash
(2) Excluding write-backs relating to current assets and liabilities and cash
(3) Including write-backs of investments subsidies

STATEMENT OF CASH FLOWS

Selected balance-sheet data:

MASSES (In MAD thousands)	2013 (a)	2012 (b)	Changes (a-b) Uses (c)	Sources (d)
1 Equity and long-term liabilities	14,507,668	16,311,494	1,803,826	
2 Less long-term assets	27,465,952	27,422,306	43,647	
3 Working capital (1-2) (A)	**-12,958,284**	**-11,110,811**	**1,847,473**	
4 Current assets	6,809,161	7,526,705		717,544
5 Less current liabilities	13,868,315	14,541,336	673,022	
6 Working capital requirement (4-5) (B)	**(7,059,154)**	**(7,059,154)**		**44,522**
7 Net cash (A-B)	**(5,899,130)**	**(4,096,180)**		**1,802,950**

Uses and sources:

I - LONG-TERM FINANCING SOURCES	2013		2012		2011	
(In MAD thousands)	EMPLOIS	RESSOURCES	EMPLOIS	RESSOURCES	EMPLOIS	RESSOURCES
NET CASH EARNINGS (A)		2,220,301		1,671,046		2,093,326
Cash earnings		8,721,796		9,808,116		11,394,105
Dividends		6,501,495		8,137,070		9,300,779
DISPOSALS AND REDUCTIONS OF Fixed lineD ASSETS (B)		5,280		14,557		7,577
Reduction of intangible assets		0		1,635		0
Reduction of property, plant, and equipment		359		3,274		0
Disposal of property, plant, and equipment		2,338		4,882		2,188
Disposal of financial assets		0		671		0
Write-backs of long-term receivables		2,582		4,095		5,389
INCREASE IN SHAREHOLDERS' EQUITY AND QUASI EQUITY (C)		0		0		0
Increase in equity, capital contribution		0		0		0
Investment subsidies		0		0		0
INCREASE IN LONG-TERM DEBT (D)		184		286		26
(Net of redemption premiums)						
TOTAL (I) LONG-TERM RESOURCES (A+B+C+D)		2,225,765		1,685,889		2,100,929
II - LONG-TERM USES FOR THE YEAR						
ADDITIONS & INCREASE IN Fixed lineD ASSETS (E)	3,473,238		3,612,105		3,724,532	
Acquisitions of intangible assets	598,718		354,737		298,813	
Acquisitions of property, plant, and equipment	2,852,968		3,254,420		3,415,410	
Acquisitions of financial assets	20,225		0		75	
Increase in long-term receivables	1,327		2,949		10,234	
Increase in property, plant, and equipment	0		0		0	
REIMBURSEMENT OF EQUITY (F)	0		0		0	
REIMBURSEMENT OF LONG-TERM DEBT (G)	600,000		600,000		600,000	
CAPITALIZED COSTS (H)	0		0		0	
TOTAL (II) STABLE USES (E+F+G+H)	4,073,238		4,212,105		4,324,532	
III - CHANGE IN WORKING CAPITAL REQUIREMENT	0	44,522	0	1,110,634	84,205	0
IV - CHANGE IN CASH AND CASH EQUIVALENTS	0	1,802,950	0	1,415,582	0	2,307,809
GRAND TOTAL	4,073,238	4,073,238	4,212,105	4,212,105	4,408,737	4,408,737

ADDITIONAL DISCLOSURES

A1: MAIN VALUATION METHODS USED BY THE COMPANY

Accounting policies

The Company's financial statements have been prepared in accordance with generally accepted accounting practices and, in particular, with the principles related to historical costs, separation of accounting periods, prudence, and consistent accounting methods from one year to the next, and no netting.

Intangible assets and property, plant, and equipment

- The assets transferred by the Moroccan government on February 26, 1998, to establish Itissalat Al Maghrib (Maroc Telecom),were recorded as a net amount in the opening, which was approved by:
  - Postal Services and Information Technology Act no. 24-96,
  - Joint order no. 341-98 of the Ministry of Telecommunications and the Ministry of Finance, Commerce, and Industry, approving the inventory of assets transferred to Itissalat Al-Maghrib.
- Assets acquired thereafter are recorded at their acquisition or production cost, which for networks essentially comprises design and planning costs, construction costs, site-development costs, network-rollout costs, customs duties, and internal costs related to network development. Financial expenses corresponding to interest on capital borrowed to finance property, plant, and equipment are not expensed as production costs during the production period.
- Network maintenance charges are expensed.
- Assets are depreciated and amortized consistently, depending on their asset class (PP&E or intangible) and on their use (transmission, network equipment, etc.).
- Depreciation and amortization are calculated using the straight-line method over the estimated useful life lives of the assets, as follows:

Intangible assets	4 to 5 years, except 3G licenses (25 years)
Property, plant, and equipment:	
- Construction and buildings	20 years
- Civil engineering	15 years
- Network equipment:	
. Transmission (mobile)	10 years
. Switching	8 years
. Transmission (Fixed lined line	10 years
Other property, plant, and equipment	
- Furniture and fittings	10 years
- Computer equipment	5 years
- Office equipmen	10 years
- Transportation equipment	5 years

An additional provision is recorded for technical obsolescence, reduction in estimated useful life, or asset impairment.

Assets not yet in service are recorded as work-in-progress.

Financial assets

- Investment securities are recorded at their purchase price. An impairment charge is recorded for the difference if this value is higher than the carrying value. The carrying value is determined on the basis of the group's proportionate share of equity as represented by the securities. This figure may be adjusted to reflect the companies' growth and earnings outlooks.
- Other financial assets, which include receivables, loans, and deposits, are recognized on the basis of their nominal value.

Provisions may be recorded to reflect collection risk.

Inventories comprise:

- Mobile handsets and accessories intended for sale to customers upon line activation;
- Technical support required for network rollout and maintenance other than cable and spare parts.

Inventories of mobile handsets and accessories are accounted for using the weighted average cost method; a provision is recorded to account for obsolescence risk and for unsold inventory.

Technical-equipment inventories are measured at cost (including customs duties and other costs) and are depreciated on the basis of their value in use or obsolescence.

Accounts receivable

Accounts receivable are recorded at nominal value.

- Trade receivables: impairment provisions are recorded to cover collection risk, which is estimated on the basis of the age of the receivable.
- Government receivables: Provisions are recorded to cover the risk of the Moroccan government not recognizing these receivables.

These provisions are evaluated statistically.

- Other receivables: where appropriate, other provisions are recorded on the basis of estimated collection risk.

Accruals (assets)

This line item includes mainly prepaid expenses.

Cash and investment securities

Cash and investment securities comprise highly liquid assets and short-term investments measured at historical cost.

Provisions for contingencies and losses

These include long-term and other provisions for contingencies and losses.

Long-term provisions for contingencies and losses correspond to provisions for translation differences and life annuities.

Other provisions for contingencies and losses comprise provisions for restructuring, loyalty programs, and disputes and legal risks known at period end. These provisions are measured on the basis of the advancement of procedures underway and estimated risks at period end.

No provision for postretirement benefits has been recorded in the financial statements, because pension expenses are covered by statutory pension plans established for employees in Morocco.

Accruals (liabilities)

This item contains deferred revenue concerning mainly prepaid subscriptions and unused minutes sold.

Receivables and payables in foreign currencies

Receivables in foreign currencies are translated into the presentation currency using the exchange rate on the transaction date. At period end, receivables and payables in foreign currencies are translated into the presentation currency using the exchange rate on the closing date; unrealized gains or losses are recorded on the statement under "Accruals (assets)" or "Accruals (liabilities)." Unrealized losses are accrued in full.

Revenues

Revenues are recorded on the basis of consumption by subscribers and customers at the end of the period, net of subsidies and commissions.

Sales of goods and services correspond to income from outgoing and incoming communications and are recognized at the time they occur (telephone communications and line-activation costs). Subscriptions are billed in advance each month and recognized under deferred revenue as a liability on the statement, before being transferred to revenues for the period. For prepaid services, revenues are recognized at the time of consumption. They also include income from sales of advertising in paper and electronic telephone directories; this revenue is recognized when the advertisements are published. Sales of merchandise concern revenues from handset sales, which are recognized either at the time of delivery or upon line activation. Customer acquisition and loyalty costs include discounts on mobile handsets and promotional offers of free airtime granted to new customers. Discounts on mobile handsets are deducted from revenues on the date of delivery to the customer or distributor. Discounts granted to distributors as remuneration for services are recognized mainly under revenues, at the time of delivery.

Other income

Other income from operations includes:

- Expense reclassifications (mainly telecommunication costs specific to IAM, recognized under "Other external expenses");
- Reversal of operating provisions (inventories and provisions for contingencies and losses).

Other external expenses

In addition to rental expenses, maintenance costs, advertising expenses, and general expenses, other external expenses include:

- ANRT regulatory fees for radio-frequency assignment, in accordance with Act 24-96 and Order 310-98 of February 25, 1998;
- expenses related to the universal service obligation, in accordance with Act 24-96 and Order 2.00.1333 of October 9, 2000 (IAM contract specifications);
- Costs related to research, training, and telecommunications standardization, in accordance with Act 24-96 and Order 2.00.1333 of October 9, 2000 (IAM contract specifications).

Financial instruments

Maroc Telecom does not utilize financial instruments or currency hedges.

A2: EXCEPTIONS

From 01/01/13 to 12/31/13

EXEMPTIONS	JUSTIFICATION OF EXEMPTIONS	EFFECT OF EXEMPTIONS ON ASSETS, FINANCIAL POSITION, AND RESULTS
I- EXEMPTIONS FROM BASIC ACCOUNTING PRINCIPLES	NONE	NONE
II- EXEMPTIONS FROM VALUATION METHODS	NONE	NONE
III- EXEMPTIONS FROM RULES FOR PREPARING AND PRESENTING SUMMARY FINANCIAL STATEMENTS	NONE	NONE

A3: CHANGES IN METHOD

From 01/01/13 to 12/31/13

EXEMPTIONS	JUSTIFICATION OF EXEMPTIONS	EFFECT OF EXEMPTIONS ON ASSETS, FINANCIAL POSITION, AND RESULTS
Changes affecting valuation methods	NONE	NONE
Changes affecting presentation guidelines	NONE	NONE

B1: CAPITALIZED COSTS

From 01/01/13 to 12/31/13

COMPTE PRINCIPAL	INTITULE	MONTANT
2110	Incorporation fees	NONE
2116	Development costs	NONE
2118	Other preliminary expenses	NONE
2120	Costs allocated over several fiscal years	NONE
	Total	NONE

B2: NONFINANCIAL ASSETS

From 01/01/13 to 12/31/13

DESCRIPTION	GROSS BLANACE CARRIED FORWARD	Acquisition	Self constructe assets	Transfers	Disposals	Retirement	Transfers	GROSS BALANCE AT YEAR-END
CAPITALIZED COSTS	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Start-up costs	0	0	0	0	0	0	0	0
Deferred costs	0	0	0	0	0	0	0	0
Bond redemption premiums	0	0	0	0	0	0	0	0
INTANGIBLE ASSETS	**8,898,355**	**598,718**	**0**	**490,635**	**0**	**0**	**605,714**	**9,381,994**
Research and development costs	0	0	0	0	0	0	0	0
Patents, trademarks, and similar rights	8,380,442	0	0	483,508	0	0	0	8,863,951
Goodwill	50,487	0	0	5,939	0	0	0	56,426
Other intangible assets	467,426	598,718	0	1,188	0	0	605,714	461,618
PROPERTY, PLANT, AND EQUIPMENT	**51,085,940**	**2,852,800**	**167**	**4,719,094**	**10,933**	**359**	**4,604,015**	**54,042,695**
Land	940,384	1,310	0	0	0	0	0	941,695
Buildings	4,922,575	0	0	1,469,745	0	0	0	6,392,320
Technical plant, machinery, and equipment	36,529,996	0	0	3,025,941	0	0	0	39,555,937
Vehicles	160,774	0	0	0	10,933	0	0	149,841
Office equipment	3,810,399	0	0	223,409	0	0	0	4,033,808
Other property, plant, and equipment	11,048	0	0	0	0	0	0	11,048
Work in progress	4,710,763	2,851,490	167	0	0	359	4,604,015	2,958,047

B2 BIS: DEPRECATION SCHEDULE

From 01/01/13 to 12/31/13

DESCRIPTION	ACCUMULATED DEPRECIATION OPENING OF PERIOD	ALLOWANCES FOR PERIOD (*	AMORTIZATION OF DISPOSED ASSETS	AMOUNT AT YEAR -END
CAPITALIZED COSTS	**0**	**0**	**0**	**0**
*Start-up costs	0	0	0	0
*Deferred costs	0	0	0	0
* Bond redemption premiums	0	0	0	0
INTANGIBLE ASSETS	**6,384,205**	**687,593**	**0**	**7,071,798**
* Research and development costs	0	0	0	0
* Patents, trademarks, and similar rights	6,345,730	682,687	0	7,028,418
* Goodwill	38,475	4,906	0	43,380
* Other intangible assets	0	0	0	0
PROPERTY, PLANT AND EQUIPMENT	**32,982,739**	**2,720,900**	**10,933**	**35,692,707**
*Land	0	0	0	0
*Buildings	3,469,463	199,725	0	3,669,188
*Technical plant, machinery, and equipment	26,407,454	2,270,768	0	28,678,223
*vehicles	69,066	7,314	10,933	65,447
*office equipment	3,036,756	243,093	0	3,279,849
*Other property, plant, and equipment	0	0	0	0
*Work in progress	0	0	0	0

including extraordinary allowances::

'- Asset retirement	0 Mdh
'- Corrective action to remedy delays to entry into service	74 Mdh
Total of extraordinary allowances	**74 Mdh**

B3: GAINS AND LOSSES FROM DISPOSALS AND RETIREMENT OF FIXED LINED ASSETS

From 01/01/13 to 12/31/13 (In MAD thousands)

Disposal of retirment date	Principal amount	Gross amount	Accumulated depreciation	Net book value	Proceeds from disposal of assets	Gains	Losses
2013	231&232	0	0	0	0		
2013	233	0	0	0	0		
2013	234	10,933	10,933	0	2,338	2,338	
2013	235	0	0	0	0		
2013	251	0	0	0	0		0
TOTAL		**10,933**	**10,933**	**0**	**2,338**	**2,338**	**0**

B4: EQUITY INVESTMENTS

From 01/01/13 to 12/31/13 (In MAD thousands)

	Operating sector	Share capital	% of interest	Overall acquisition price	Net book value	Derived from latest selected financial data of issuer: Closing date	Net equity	Net income	Income recorded in statement of comprehensive income
	1	2	3	4	5	6	7	8	9
ARABSAT	Operation and marketing of telecommunications systems	1,277,366	0.61	6,454	6,454	Dec. 31,13	-	-	0
ADM	Building and operation of Moroccan road network	11,155,629	0.18	20,000	16,000	Dec. 31,13	-	-	0
THURAYA	Regional satellite operator	5,312,845	0.16	9,872	9,872	Dec. 31,13	-	-	0
CASANET	Internet service provider	14,414	100.00	18,174	18,174	Dec. 31,13	-	-	8,144
CMC	Financial holding company	344,617	80.00	399,469	399,469	March 31,13	-	-	83,209
FONDS AMORCAGE SINDBAD	Seed capital fund	43,000	10.42	4,479	0	Dec. 31,13	-	-	0
Médi1 sat	Media (Satellite television)	343,518	1.96	65,990	1,372	Dec. 31,13	-	-	0
ONATEL	Telecommunications	585,631	51.00	2,459,380	2,459,380	Dec. 31,13	-	-	136,377
Gabon Telecom	Telecommunications	1,185,642	51.00	828,828	828,828	Dec. 31,13	-	-	48,973
Sotelma	Telecommunications	151,437	51.00	3,143,911	3,143,911	Dec. 31,13	-	-	203,961
MT FLY SA	Operating aircraft for passenger and/or freight transport	20,300	100.00	20,300	0	Dec. 31,13	1,088	(4,699)	0
TOTAL				**6,976,857**	**6,883,461**				**480,663**

B5: PROVISIONS

From 01/01/13 to 12/31/13 (In MAD thousands)

NATURE	OPENING BALANCE	DOTATIONS			REPRISES			CLOSING BALANCE
		Operating	financial	Extraordinary (*)	Operating	financial	Extraordinary (*)	
1- Provisions for depreciation of Fixed lined assets	193,177	0	20,300	114,800	0	0	116,944	211,334
2-Regulated provisions	0	0	0	0				0
3-Provisions for contingences and losses	22,165	0	0	0	1,104	0	0	21,061
SUB TOTAL (A)	**215,342**	**0**	**20,300**	**114,800**	**1,104**	**0**	**116,944**	**232,394**
4-Provisions for depreciation of current assets (excluding cash and cash equivalent)	6,473,844	361,514	0	0	133,149	0	0	6,702,210
5-Other provisions for contingencies (**)	974,280	167,179	26,998	200,000	84,817	34,992	477,706	770,941
6-Provisions for depreciation of cash and cash equivalents	0	0	0	0				0
SOUS TOTAL (B)	**7,448,125**	**528,693**	**26,998**	**200,000**	**217,966**	**34,992**	**477,706**	**7,473,150**
TOTAL (A+B)	**7,663,467**	**528,693**	**47,298**	**314,800**	**219,070**	**34,992**	**594,650**	**7,705,545**

(*) including:

Depreciation of inventories class 2	43 Mdh
Delays to entry into service of work progress	72 Mdh
Total	**115 Mdh**

(*) including:

Amortization	04 Mdh
Spare parts	37 Mdh
Write-backs of provision for SWAP	03 Mdh
Delays to entry into service of work progress	73 Mdh
	117 Mdh

(**) Other provisions for contingencies concern mainly prepaid income relating to loyalty programs (MAD 453M), disputes with third parties (MAD 86 M), foreign-exchange risk (MAD 27 M) and restructuring provision (MAD 205 M).

Maroc Telecom is subject to a tax control for fiscal-years 2005, 2006, 2007, and 2008. The Company has already provided responses and documentation, as requested by the tax authorities, and continues its appeal of the tax adjustment, filed within the required time period. Maroc Telecom believes that the tax reassessment will not have a material impact on the earnings, equity, or liquidity of the Company.

B6: RECEIVABLES

From 01/01/13 to 12/31/13 (In MAD thousands)

RECEIVABLES	TOTAL	BREAKDOWN BY MATURITY			OTHER BREAKDOWN			
		More than one year	Less than one year	Expired but not recovered	Amount in foreign currency	Amounts due from government and public bodies	Amounts due from related parties	Amounts in notes
Fixed lineD ASSETS	**40,245**	**24,942**	**746**	**14,557**	**0**	**0**	**16,334**	**-**
Long-term loans	36,796	21,493	746	14,557	0	0	16,334	-
Other financial receivables	3,449	3,449	0	0	0	0	0	-
CURRENT ASSETS	**12,909,715**	**0**	**4,637,191**	**8,272,524**	**1,215,311**	**1,897,364**	**189,354**	**-**
Trade payables, advances, and deposits	22,134	0	22,134	0	5,525	0	0	
Accounts receivable and related accounts	11,953,535	0	3,756,098	8,197,438	1,204,273	1,042,458	169,610	
Employees	2,489	0	2,489	0	0	0	0	
Tax receivables	735,383	0	735,383	0	0	735,383	0	-
Shareholders' current accounts	0	0	0	0	0	0	0	-
Other receivables	169,768	0	94,682	75,086	5,513	107,544	19,744	-
Accruals	26,405	0	26,405	0	0	11,979	0	-

B7: LIABILITIES

From 01/01/13 to 12/31/13 (In MAD thousands)

LIABILITIES	TOTAL	BREAKDOWN BY MATURITY			OTHER BREAKDOWN			
		More than one year	Less than one year	Expired but not recovered	Amount in foreign currency	Amounts due from government and public bodies	Amounts due from related parties	Amounts in notes
LONG-TERM DEBT	**456,874**	**6,874**	**450,000**		**558**	**0**	**0**	
Debenture bonds	0	0	0	0	0	0	0	0
Other long-term debt	456,874	6,874	450,000	0	558			0
CURRENT LIABILITIES	**13,061,797**	**164,220**	**12,244,280**	**653,297**	**2,564,128**	**3,113,540**	**382,377**	**0**
Accounts payable and related accounts	7,493,616	164,220	6,676,100	653,296	2,487,797	6,494	382,377	0
Trade receivables, advances, and deposits	76,331	0	76,331	0	76,331	0	0	0
Employees	541,124	0	541,124		0	0	0	0
Social-security authorities	74,329	0	74,329	0	0	74,329	0	0
Tax payable	2,595,635	0	2,595,635	0	0	2,595,635	0	0
Shareholders' current accounts	1	0	0	1	0	0	0	0
Other payables	454,561	0	454,561	0	0	437,081	0	0
Accruals	1,826,199	0	1,826,199	0	0	0	0	0

B8: GUARANTEES GIVEN OR RECEIVED

From 01/01/13 to 12/31/13 (In MAD thousands)

THIRD PARTIES	Amount covered by guarantee	DESCRIPTION (1)	Date and place of registration	Purpose (2) (3)	Net book value of the guarantee given at balance-sheet date
. Guarantees given					
. Guarantees received Long-term loans	20,462	(2)		Guarantees received are from employees	20,462

(1) Collateral: 1- Mortgage: 2-Pledge: 3-Warrant: 4-Others: 5-To be specified
(2) specify whether the security is given for the benefit of companies or third parties (data security) (Affiliated companies, partners, staff)
(3) specify whether the collateral received by the company from persons other than the debtor (collateral received)

B9: FINANCIAL COMMITMENTS GIVEN OR RECEIVED, EXCLUDING LEASING TRANSACTIONS

From 01/01/13 to 12/31/13 (In MAD thousands)

COMMITMENTS GIVEN	Amounts year end	Amounts previous year
- Investment not yet realized * Investment Agreement * Investment commitment	6,635,314 6,635,314 1,937,559	2,737,242 0 2,737,242
	6,635,314	**2,737,242**
- Guarantees from banks * Documentary credit * Endorsements	- 64,716	- 62,439
	64,716	**62,439**
- Commitment Agreement sponsorship	40,875	-
	40,875	**-**
- Operating lease obligations (*)	14,093	14,622
	14,093	**14,622**
Commitment to adjust the disposal price by the amount of unrecovered trade receivables limited to €40,000 for a period of 12 months.; Noncumulative guarantee commitments for liabilities, the largest of which are tax liabilities limited to 100% of the disposal price, or €1,895,387.00.	NA	20,877
	0	**20,877**
Commitment to create 500 direct jobs and stable employment in a period of 36 months Jobs created: 179 Remainder of the Undertaking: 321		
TOTAL	**6,754,998**	**2,835,180**

(*) 2 to 15 year rent contract with tacit renewal. The amount indicated is related to one month's notice.

COMMITMENTS RECEIVED	Amounts Year end	Amounts Previous year
. Endorsements and guarantees	1,673,148	1,803,788
. Other commitments received Commitment by the Moroccan government to social outreach initiatives **. Investment commitment** Exemption of the customs duties on the imports relating to the investments		
TOTAL	**1,673,148**	**1,803,788**

B10: FINANCE – LEASE ASSETS

From 01/01/13 to 12/31/13 (In MAD thousands)

Section (1)	Date of the first term (2)	Contract length in months (3)	Estimated value at the date of the contract value (4)	Theoritical amortization period (5)	Accumulated fees of previous years (6)	Accumulated royalties amount (7)	Remaining royalties to pay: Less than one year (8)	Remaining royalties to pay: More than one year (9)	Residual purchase price (10)	Observations (11)
		NONE					NONE			

B11: ANALYSIS OF STATEMENT OF COMPREHENSIVE INCOME (ITEMS)

From 01/01/13 to 12/31/13 (In MAD thousands)

ITEM		CURRENT YEAR 2013	PREVIOUS YEAR
	OPERATING INCOME	**21,148,274**	**22,841,074**
711	**.Sales of goods**	390,539	381,613
	.Sales of goods in Morocco	390,539	381,613
	.Sales of goods abroad	0	0
	.Other sales of goods		
	TOTAL	**390,539**	**381,613**
712	**SALES OF MANUFACTURED GOODS AND SERVICES RENDERED**	**20,261,714**	**21,886,013**
	Sales of manufactured goods in Morocco		
	Sales of manufactured goods abroad		
	Sales of service rendered in Morocco	16,726,225	18,269,174
	Sales of service rendered abroad	3,535,489	3,616,839
	Royalties for patents, trademarks, rights, etc		
	Other sales of manufactured goods and services rendered	0	0
	TOTAL	**20,261,714**	**21,886,013**
713	**CHANGE IN INVETORIES**	0	0
	. Change in manufactured goods inventory	0	0
	. Change in services inventory	0	0
	. Change in product inventory WIP	0	0
	TOTAL	**0**	**0**
714/718	**OTHER OPERATING INCOME**	118,356	155,475
	. Directories' fees received	0	0
	. Other operating income	118,356	155,475
	TOTAL	**118,356**	**155,475**
719	**REPRISES D'EXPLOITATION**	377,665	417,974
	TRANSFERT DE CHARGES	0	
	. Write-backs	219,070	236,866
	. Expense transfers	158,594	181,108
	TOTAL	**377,665**	**417,974**
	FINANCIAL INCOME	590,869	497,019
738	**. Interest and other financial income**	5,186	8,280
	. Interest and similar income	2,150	3,901
	. Income from receivables of controlled entities	0	0
	. Net proceeds from disposal of marketable securities	0	211
	. Other interest and financial income	3,036	4,168
	TOTAL	**5,186**	**8,280**

ITEM		CURRENT YEAR 2013	PREVIOUS YEAR
611	**OPERATING EXPENSES**	12,502,609	13,079,182
	Cost of goods sold	899,271	1,100,725
	. Cost of goods	885,723	926,262
	. Change in inventory (+/-)	13,548	174,463
	TOTAL	**899,271**	**1,100,725**
612	RAW MATERIAL AND SUPPLIES S	2,558,589	2,916,659
	. Raw materials	0	0
	. Change in raw material inventory		
	. Supplies and packaging	198,552	228,684
	. Change in supplies and packaging inventory	22,130	23,055
	. Cost of consumable materials and supplies	357,689	340,613
	. Cost of research, surveys, studies, and services	1,980,218	2,324,306
	TOTAL	**2,558,589**	**2,916,659**
613/614	OTHER EXTERNAL EXPENSES	2,786,496	2,940,857
	. Rent and rental expenses	259,915	351,465
	. Finance lease installments	0	0
	. Maintenance and repairs	633,236	636,216
	. Insurance premiums	9,498	9,769
	. Payments of external staff	157,558	152,148
	. Payments for intermediaries and fees	175,088	214,968
	. Fees for patents, trademarks, rights, etc.	677,801	696,565
	. Transportation	18,335	17,306
	. Travel and entertainment expenses	58,451	69,190
	. Other external expenses	796,612	793,229
	TOTAL	**2,786,496**	**2,940,857**
617	PAYROLL COSTS	2,169,249	2,297,221
	Payroll	1,854,068	1,957,842
	Social security	315,181	339,379
	Other payroll costs	0	0
	TOTAL	**2,169,249**	**2,297,221**
618	OTHER OPERATING EXPENSES	2,450	2,450
	Directors' fees	2,450	2,450
	Losses on uncollectible receivables	0	0
	Other financial expenses	0	0
	TOTAL	**2,450**	**2,450**
638	FINANCIAL EXPENSES	364,917	352,719
	Other financial expenses	8,846	0
	Net losses on disposal of marketable securities	8,846	0
	Other financial expenses	0	0
	TOTAL	**8,846**	**0**
	CHARGES NON COURANTES	921,005	1,200,318
658	Other extraordinary expenses	532,102	998,504
	. Contract cancellation payments and forfeiture of deposits	0	0
	. Back tax payments (other than income tax)	394,497	0
	. Tax penalties and fines	12,953	697
	. Uncollectible receivables	0	0
	. Other extraordinary expenses	124,652	997,807
	TOTAL	**532,102**	**998,504**

B12: RECONCILIATION OF NET INCOME TO TAXABLE INCOME

From 01/01/13 to 12/31/13 (In MAD thousands)

I DETERMINATION OF INCOME	AMOUNT	
I- NET INCOME		
. Net profit	**5,298,589**	
. Net loss		
II- TAX ADD-BACKS	**4,112,028**	
1. Ordinary	**3,451,409**	
- Income tax 2013	3,412,424	
- Amortization in excess of MAD 300.000	549	
- POP Paris expenses (IAM branch)	1,216	
- Unrealized foreign exchange gains 2013	35,577	
- Gifts exceeding MAD 100 per unit	1,643	
- Donations in cash or kind	0	
- Expenses from prior years	0	
2. Extraordinary	**660,619**	
- Amortization	74,103	
- Provisions	71,902	
- Penalties and fiscal fines	12,953	
- Contribution for the support of social solidarity	105,972	
- Autres charges Non courantes	394,497	
- Expenses from prior years	1,193	
III- TAX DEDUCTIONS		**1,121,728**
1. Ordinary		**517,443**
- Unrealized foreign exchange gains 2012		36,780
- POP Paris income (IAM branch)		0
- Revenues from equity investments		480,663
2. Extraordinary		**604,284**
- Allowance on net capital gains from disposal		0
- Provisions & amortization		604,284
- Reversal of provisions for impairment of investments		0
TOTAL	**4,112,028**	**1,121,728**
IV- GROSS TAXABLE INCOME		
- Gross profit		8,288,889
- Gross taxable loss		
V- LOSS CARRIED FORWARD		**0**
VI- TAXABLE INCOME		
- Net taxable profit		**8,288,889**
- Net taxable loss		

B13: DETERMINATION OF ORDINARY INCOME AFTER TAX

From 01/01/13 to 12/31/13 (In MAD thousands)

I DETERMINATION OF INCOME	AMOUNT
Ordinary income from statement of comprehensive income (+)	8,871,617
Add-backs on ordinary operations	38,984
Deduction of ordinary operations	517,443
Ordinary income theoretically taxable (=)	**8,393,158**
Theoretical tax on ordinary income (-)	2,517,947
Exemption of export revenues	(173,221)
Ordinary income after tax (=)	**6,526,890**
II - INDICATION OF THE TAX STATUS AND ADVANTAGES GRANTED	
IAM benefits from a reduced rate of corporate income tax (17.50% instead of 30%) for its international revenues	
GRANTED BY INVESTMENT CODES OR BY SPECIFIC LEGAL PROVISIONS	

B14: ANALYSIS OF VAT

From 01/01/13 to 12/31/13 (In MAD thousands)

DESCRIPTION	Opening balance 1	Operations 2	VAT returns 3	Closing balance (1+2+3)
A / Invoiced VAT	2,127,399	3,796,502	3,738,428	2,185,473
B / Recoverable VAT	648,556	1,916,957	2,008,911	556,602
* On expenses	427,759	887,135	966,119	348,775
* On assets	220,797	1,029,822	1,042,791	207,827
C / VAT payable (VAT credit) VAT = (A-B)	**1,478,843**	**1,879,546**	**1,729,518**	**1,628,871**

C1: SHAREHOLDER STRUCTURE

From 01/01/13 to 12/31/13

Surname, first name, business name of main shareholders [1]	Adress	STOCKS HELD (in thousands)		Nominal value of each	CAPITAL AMOUNT		
		Previous year	Current year		Soubscribed	Called	Full paid
1	2	3	4	5	6	7	8
1°/ Kingdom of Morocco		263,729	263,729	0.006	1,582,371	1,582,371	1,582,371
2°/ Societe de Participation dans les Telecommunications		465,920	465,940	0.006	2,795,643	2,795,643	2,795,643
3°/ M. MOHAMED BOUSSAID		0.000	0.010	0.006	0.060	0.060	0.060
4°/ M. MOHAMED HASSAD		0.000	0.010	0.006	0.060	0.060	0.060
5°/ M. NIZAR BARAKA		0.010	0.000	0.006	0.000	0.000	0.000
6°/ M. MOHAND LAENSER		0.010	0.000	0.006	0.000	0.000	0.000
7°/ M. JEAN BERNARD LEVY		0.010	0.000	0.006	0.000	0.000	0.000
8°/ M. JEAN FRANCOIS DUBOS		0.000	0.010	0.006	0.060	0.060	0.060
9°/ M. REGIS TURRINI		0.010	0.010	0.006	0.060	0.060	0.060
10°/ M. JACQUES ESPINASSE		0.010	0.010	0.006	0.060	0.060	0.060
11°/ M. PHLIPPE CAPRON		1.010	1.010	0.006	6.060	6.060	6.060
12°/ M. FRANCK ESSER		0.010	0.010	0.006	0.060	0.060	0.060
13°/ M. JEAN-RENE FOURTOU		0.010	0.010	0.006	0.060	0.060	0.060
14°/ M. JACQUES CHAREYRE		0.100	0.100	0.006	0.600	0.600	0.600
15°/ M. TALBI ABDELAZIZ		0.010	0.010	0.006	0.060	0.060	0.060
16°/ Other shareholders		149,445	149,425	0.006	896,551	896,551	896,551

[1] If the number of shareholders is less than or equal to 10, the company should list all the shareholders. Otherwise, the company may list only the 10 principal shareholders.

C2: APPROPRIATION OF YEAR-END INCOME

From 01/01/13 to 12/31/13 (In MAD thousands)

A. SOURCE OF INCOME (Decision of April 24, 2012)	AMOUNT	B. INCOME APPROPRIATION	AMOUNT
		. Legal reserves	0
. Retained earnings at December 31, 2011	0	. Other reserves	3,811
. Net income to be allocated	0	. Directors' share in profits	0
. Net income for the period	6,504,876	. Dividends	6,501,495
. Withholding from reserves	429	. Other allocations	0
. Other reserves	0	. Retained earnings	0
TOTAL A	**6,505,306**	**TOTAL B**	**6,505,306**

C3: INCOME AND OTHER SIGNIFICANT ITEMS OVER THE PAST THREE YEARS

From 01/01/13 to 12/31/13 (In MAD thousands)

DESCRIPTION	2011	2012	2013
NET EQUITY OF THE COMPANY			
Shareholders' equity and quasi-equity less capitalized costs	16,864,833	15,232,639	14,029,733
OPERATIONS AND INCOME FROM PERIOD			
Revenues excluding tax	23,966,041	22,267,626	20,652,253
Income before tax	11,211,737	8,978,214	8,711,013
Corporate income tax	3,070,823	2,473,338	3,412,424
Dividends	9,300,779	8,137,070	6,501,495
Unappropriated income (placed in reserves or to be allocated)	6,109	3,845	3,811
EARNINGS PER SHARE			
Earnings per share for period (MAD)	9.26	7.40	6.03
Dividends per share (*) (MAD)	10.58	9.26	7.40

C4: TRANSACTIONS IN FOREIGN CURRENCIES DURING THE YEAR

From 01/01/13 to 12/31/13 (In MAD thousands)

DESCRIPTION	Entry Exchange value	Outgoing Exchange value
. Permanent financing		
. Gross assets		1,605,159
. Receipts from sale of Fixed lined assets	520,978	
. Repayment of long-term debt		-
. Dividends paid		
. Income	2,977,270	
.Expenses		971,126
TOTAL INFLOWS	**3,498,248**	
TOTAL OUTFLOWS		**2,576,285**
FOREIGN CURRENCY BALANCE		**921,963**
TOTAL	**3,498,248**	**3,498,248**

C5: DATE OF FINANCIAL STATEMENT AND SUBSEQUENT EVENTS

I. DATES	
. Date of statement of financial position [1]:	12/31/2013
. Date of preparation of the financial statements [2]:	
. Date of rectifying declaration:	

II. EVENTS SUBSEQUENT TO THE DATE OF THE FINANCIAL STATEMENTS AND KNOWN PRIOR TO INITIAL DISCLOSURE OF THE FINANCIAL STATEMENTS

DATES	INDICATION OF EVENTS
01/02/2014	Effective date of the reduction of capital of Gabon Telecom decided at the Extraordinary General Meeting of 11.25.2013. This reduction will be achieved through the cancellation of one million five hundred thousand (1,500,000) shares with a par value of ten thousand (10,000) francs CFA each, in proportion to the capital ownership of each shareholder (approximately 130 MDH for IAM). As a reminder, the average value of these securities in the balance sheet IAM is 181 MDH.

[1] Justification in the event of a change in the balance-sheet date
[2] Justification in the event of noncompliance with the regulatory requirement to prepare financial statements within three months of the balance-sheet date

REPORT OF THE STATUTORY AUDITORS ON RELATED-PARTY AGREEMENTS

Year ended December 31, 2013

To the Shareholders:

In our capacity as statutory auditors of the company, we hereby submit our report on related-party agreements, in accordance with Articles 95 to 97 of Act 17-95, as amended and completed by Act 20-05.

It is our responsibility to present the primary terms and conditions of the agreements that were indicated to us by the Chairman of the Supervisory Board or that we discovered during our mission. We are not required to comment on the usefulness or validity of these agreements, nor to seek out the existence of other such agreements. It is your responsibility, in accordance with the aforementioned legal act, to approve these agreements by vote.

We have performed the due diligence that we considered necessary with regard to the standards of the profession in Morocco. This due diligence consisted of verifying that the information we were given was identical to that in the annual financial statements from which the information originated.

1. Related-party agreements concluded in 2013

Agreements previously authorized by the Supervisory Board:
none.

2. Related-party agreements concluded in previous years that remained effective in 2013

2.1 *Contract wi*th Société de Participations dans les Télécommunications ("SPT")

- **Entity concerned:** Société de Participations dans les Télécommunications "SPT" (wholly owned subsidiary of Vivendi and parent company of IAM).
- **Form of the agreement:** written contract.
- **Nature and purpose of the agreement:** current-account advance granted by SPT to IAM for the partial financing of dividend payment.
- - **Main terms:** The advance totals MAD 3,150 million. The agreement provides for repayment in three tranches: MAD 1,100 million for tranches 1 and 2, and MAD 950 million for tranche 3. After an amendment dated August 2, 2012, the repayment amounts were changed to MAD 1,225 million, MAD 1,100 million, and MAD 825 million for maturities of three months, six months, and nine months respectively, as of May 31, 2012. A short-term loan agreement governs each tranche.

The interest rate is set at 3.33%, the maximum rate allowable for interest deductions from shareholders' current accounts.

Fees for negotiation and for financial and legal counsel shall be at IAM's expense at the drawdown date.

- **Services or products delivered or provided:** current-account advance to IAM by SPT. At December 31, 2013, this advance had been fully reimbursed.
- **Amounts received:** No payment was received in 2013.
- **Amounts paid:** MAD 845 million including interest (excl. tax) was reimbursed for fiscal-year 2013.

2.2 Lease agreement with MT Fly

- **Relevant persons:** the members of management bodies in common are Messrs. Larbi Guedira, Laurent Mairot, Rachid Mechahouri, and Mrs. Janie Letrot, all members of the IAM Management Board.
- **Form of the agreement:** written contract.
- **Nature and purpose of the agreement:** lease of IAM aircraft to MT Fly for commercial operations.
- **Main terms:** the Maroc Telecom Supervisory Board, at its meeting of July 23, 2012, approved an aircraft lease agreement with MT Fly for commercial operations, effective retroactively as from January 1, 2012, for a period of 12 months with automatic renewal each year unless terminated in writing.
- **Services provided:** lease of IAM aircraft to MT Fly. The annual lease amount recognized by IAM in 2013 totaled MAD 5.8 million (excl. VAT). At December 31, 2013, the amount receivable arising from this agreement totaled MAD 11.6 million.
- **Amounts received:** no payment was received in 2013.

2.3 Moroccan Royal Track and Field Federation ("FRMA")

- **Relevant person:** the member of management bodies common to the two entities is Abdeslam Ahizoune (Chairmen of the IAM Management Board).
- **Form of the agreement:** written contract.
- **Nature and purpose of the agreement:** sponsorship agreement.
- **Main terms:** The agreement expired in July 2012. The Supervisory Board at its meeting of July 23, 2012, authorized the renewal of the agreement for the period from July 1, 2012, to June 30, 2014, in the amount of MAD 6 million per annum, in addition to the FRMA chairman's travel and representation expenses.
- **Services or products delivered or provided:** financing of FRMA activities and payment of travel and representation expenses. The amount invoiced by FRMA for 2013 totaled MAD 4 million. At December 31, 2013, the balance due for this agreement had been fully reimbursed.
- **Amounts paid:** IAM paid MAD 4 million in 2013.

2.4 Agreement with MT Fly for advance payment

- **Relevant persons:** the members of management bodies in common are Messrs. Larbi Guedira, Laurent Mairot, Rachid Mechahouri, and Mrs. Janie Letrot, all members of the IAM Management Board.
- **Form of the agreement:** written contract.
- **Nature and purpose of the agreement:** advance payment for air-transport services.
- **Main terms:** The service agreement relating to air-transport services states that the annual volume of flight hours available on demand to IAM shall be no less than 125 and no more than 200, invoiced at an annual amount of no less than approximately MAD 7.1 million and no more than approximately MAD 11.4 million respectively.

IAM made an advance payment of MAD 7 million to MT Fly on the signature date (i.e., July 26, 2011) of the agreement. This amount, to be deducted from future invoices, is intended to cover expenses for the first six months and to ensure the financial sustainability of MT Fly.

The contract shall be renewed automatically on a yearly basis as from December 31, 2011.

- **Services provided:** advance payment for air-transport services.

Services invoiced by MT Fly in 2013 amounted to MAD 6,893 thousand (incl. tax), of which MAD 4,837 thousand was deducted from the prepaid credit, resulting in a payment of MAD 2,045 thousand.

At December 31, 2013, the balance on advance payment totaled MAD 2,163 thousand.

- **Amounts paid**: In 2013, IAM debited MAD 4,837 thousand in 2013 from the prepaid credit and paid MAD 2,045 thousand.

2.5 Agreement with Sotelma

- **Relevant persons:** the members of management bodies in common are Messrs. Larbi Guedira, Laurent Mairot, and Rachid Mechahouri, all members of the IAM Management Board.
- **Form of the agreement:** written contract.
- **Nature and purpose of the agreement:** agreement for the provision of services and technical assistance.
- **Main terms:** In 2009, Sotelma and IAM concluded an agreement under which IAM provides technical assistance and services. These services are carried out mostly by expatriate employees.
- **Products or services delivered or provided:** In 2013, IAM provided Sotelma with technical assistance. At December 31, 2013, the amount invoiced by IAM to Sotelma was MAD 15,838 thousand (excl. tax). The balance payable at December 31, 2013, totaled MAD 2,821 thousand.
- **Amounts received:** IAM received MAD 16,326 thousand in 2013.

2.6 Contract with Onatel

- **Relevant persons:** the members of management bodies in common are Messrs. Larbi Guedira, Laurent Mairot, and Mrs. Janie Letrot, all members of the IAM Management Board.
- **Form of the agreement:** written contract.
- **Nature and purpose of the agreement:** agreement for the supply of services and technical assistance.
- **Main terms:** In September 2007, Onatel and IAM concluded an agreement under which IAM provides technical assistance and services. These services are carried out mostly by expatriate employees.
- **Products or services delivered or provided:** During fiscal-year 2013, IAM provided Onatel services in the following areas:
    - strategy and development;
    - organization;
    - networks;
    - marketing;
    - finance;
    - purchasing;
    - human resources;
    - information systems;
    - regulatory matters.

At December 31, 2013, the amount invoiced for services rendered in 2013 and paid by Onatel totaled MAD 13,759 thousand (excl. taxes).

At December 31, 2013, the Onatel receivable on IAM's books totaled MAD 2,215 thousand.

- **Amounts received:** IAM received MAD 14,130 thousand in 2013.

2.7 Contrat with Gabon Telecom

- **Relevant persons:** the members of management bodies in common are Messrs. Larbi Guedira and Laurent Mairot, both members of the IAM Management Board.
- **Form of the agreement:** written contract.
- **Nature and purpose of the agreement:** agreement for the supply of services and technical assistance.
- **Main terms:** In September 2007, Gabon Telecom and Itissalat Al Maghrib concluded an agreement under which IAM provides services and technical assistance. These services are carried out mostly by expatriate employees.
- **Products or services delivered or provided:** During fiscal-year 2013, IAM provided Gabon Telecom services in the following areas:
    - strategy and development;
    - organization;
    - networks;
    - marketing;
    - finance;
    - purchasing;
    - human resources;
    - information systems;
    - regulatory matters.

In 2013, the amount for this agreement invoiced by IAM to Gabon Telecom totaled MAD 18,226 thousand (excl. tax).

At December 31, 2013, the Gabon Telecom receivable on IAM's books stood at MAD 7,354 thousand.

- **Amounts received:** IAM received MAD 13,997 thousand in 2013.

2.8 Agreement with Casanet for current-account advance

- **Relevant person:** The member of management bodies in common is Mr. Rachid Mechahouri, member of the IAM Management Board.
- **Form of the agreement:** written contract.
- **Nature and purpose of the agreement:** advance by IAM to Casanet on non-interest-bearing account.
- **Main terms:** At its meeting held on December 4, 2007, the Supervisory Board authorized the Company to underwrite all necessary capital expenditures through the provision of non-interest-bearing current-account advances for MAD 6,100 thousand.

At December 31, 2007, no payment had been made under the provisions of this agreement.

In 2008, Itissalat Al Maghrib made a current-account advance of MAD 2,300 thousand to Casanet.

In 2009, no payment was made under the provisions of this agreement.

In 2010, Itissalat Al Maghrib made a current-account advance of MAD 1,028 thousand to Casanet.

In 2011, no payment was made under the provisions of this agreement.

In 2012, Itissalat Al Maghrib made a current-account advance of MAD 2,772 thousand to Casanet, bringing the current-account balance to MAD 6,100 thousand at December 31, 2012.

In 2013, no payment was made under the provisions of this agreement.

At December 31, 2013, the current-account balance totaled MAD 6,100 thousand.

- **Products or services delivered or provided:** advance on non-interest-bearing current account.
- **Amounts received:** none.
- **Amounts paid:** none.

2.9 Management-service agreement with SFR (formerly Vivendi Telecom International, or "VTI")

- **Relevant person:** Vivendi is a shareholder in both IAM and SFR.
- **Form of the agreement:** written contract.
- **Nature and purpose of the agreement:** supply of technical assistance.
- **Main terms:** In June 2001, IAM entered into a service agreement with VTI (later SFR), whereby VTI provides technical assistance, directly or through its subsidiaries. These services are carried out mostly by expatriate employees.
- **Products or services delivered or provided:** VTI supplied IAM with technical assistance in the following areas:
    - strategy and organization;
    - development;
    - sales and marketing;
    - finance;
    - purchasing;
    - human resources;
    - information systems;
    - regulatory matters.
    - interconnection;
    - infrastructure and networks.

In 2013, Itissalat Al Maghrib paid MAD 535 thousand under the provisions of this agreement.

Payables totaled MAD 8,709 thousand at December 31, 2013.

- **Amounts paid:** none.

2.10 Invoicing of costs related to stock options and bonus-share grants

- **Relevant person:** Vivendi is a shareholder in IAM.
- **Form of the agreement:** written contract.
- **Nature and purpose of the agreement:** invoicing of costs related to stock options and bonus-share grants.
- **Main terms:** Vivendi invoices its subsidiaries for costs relating to the stock options and bonus shares granted to employees.
- **Products or services delivered or provided:** the amount invoiced in 2013 was MAD 29,129 thousand. At December 31, 2013, payables totaled MAD 206,550 thousand.
- **Amounts paid:** none.

2.11 Contract with Mauritel SA

- **Relevant persons:** the members of management bodies in common are Messrs. Larbi Guedira and Laurent Mairot, both members of the IAM Management Board.
- **Form of the agreement:** written contract.
- **Nature and purpose of the agreement:** agreement for the supply of technical assistance and equipment.
- **Main terms:** In 2001, Mauritel and IAM concluded an agreement under which IAM provides technical assistance and equipment.
- **Products or services delivered or provided:** IAM provides Mauritel with telecommunications equipment and technical assistance.

Under this agreement, IAM invoiced Mauritel for MAD 11,418 thousand (excl. tax) in 2013.

At December 31, 2013, the Mauritel receivable on IAM's books stood at MAD 2,624 thousand.

- **Amounts received:** IAM received MAD 11,615 thousand in 2013.

2.12 Contract with Casanet

- **Relevant person:** The member of management bodies in common is Mr. Rachid Mechahouri, member of the IAM Management Board.
- **Form of the agreement:** written contract.
- **Nature and purpose of the agreement:** agreement for the supply of maintenance services, web hosting, technical assistance, and equipment.
- **Main terms:** since 2003, Itissalat Al Maghrib has concluded several service agreements with its subsidiary Casanet.
- **Products or services delivered or provided:** the main services provided by Casanet to IAM are:
  - maintenance of IAM's Menara internet portal;
  - provision of development services and hosting of IAM's mobile portal;
  - hosting of IAM's El Manzil website;
  - maintenance of new WAP applications on the Menara portal and production of content for those applications;
  - production of WEB TV site;
  - marketing of leased-line internet access;
  - acquisition of various types of equipment;
  - production and commercialization of the IAM yellow pages;
  - standardization and posting of banner ads of Menara portal;
  - transmission of SMS for IAM.

At December 31, 2013, the expense recognized by IAM under these agreements amounted to MAD 108,037 thousand (excl. tax), including accrued services not yet invoiced for MAD 26,942 thousand.

Payables totaled MAD 54,578 thousand at December 31, 2013.

- **Amounts paid:** IAM paid MAD 77,672 thousand in 2013.

2.13 Contracts with Media Overseas

- **Entity concerned:** The shareholder common to both entities is Vivendi SA.
- **Form of the agreement:** written contract.
- **Nature and purpose of the agreement:** distribution agreements for "ADSL TV offer" and for "CANAL+ Maghreb" prepaid cards.
- **Main terms:** In 2006, IAM concluded an agreement with Media Overseas, a subsidiary of Canal+ Group, whose purpose is the launch of an ADSL TV offer.

Operations pursuant to this agreement have been carried out with Multitv Afrique, a subsidiary of Media Overseas.

In 2009, IAM concluded an agreement with Media Overseas for distribution of "CANAL+ Maghreb" prepaid cards through the IAM network.

- **Products or services delivered or provided:** IAM provides ADSL TV access and distributes "CANAL+ Maghreb" prepaid cards.

In 2013, IAM recognized expenses for these agreements of MAD 19,359 thousand (excl. tax). At December 31, 2013, IAM showed a credit balance of MAD 4,069 thousand for Multitv Afrique.

- **Amounts paid:** IAM paid MAD 28,525 thousand in 2013.

February 13, 2014

THE STATUTORY AUDITORS

KPMG	**Abdelaziz ALMECHATT**
Fouad LAHGAZI	Abdelaziz ALMECHATT
Associé	Associé

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05. Recent developments and outlook

5.1 RECENT DEVELOPMENT

Ordinary Shareholders' meeting of April 22, 2014

Itissalat Al-Maghrib, a Moroccan joint-stock company (société anonyme) with Management and Supervisory Boards and share capital of MAD 5,274,572,040, whose headquarters are in Rabat, Avenue Annakhil, Hay Ryad, and which is registered under number 48947 in the Rabat Trade and Company Register, hereby invites shareholders to its headquarters on April 22, 2014, at 3 p.m. for an ordinary general meeting convened to deliberate on the following agenda:

1. Approval of the reports and summary annual financial statements for the year ended December 31, 2013 ;
2. Approval of the consolidated financial statements for the year ended December 31, 2013 ;
3. Approval of the related-party agreements discussed in the special report of the statutory auditors ;
4. Appropriation of earnings for 2013 and dividend ;
5. Ratification of Mr. Mohamed Boussaïd's appointment to the Supervisory Board ;
6. Ratification of Mr. Mohamed Hassed's appointment to the Supervisory Board ;
7. Abrogation of the current share-buyback program and granting of authorization for the Management Board to carry out transactions on Company shares and the implementation of liquidity contract in Casa ;
8. Reappointment of Mr. Abdelaziz Almechatt as statutory auditor
9. Powers for the performance of formalities.

5.2 MARKET OUTLOOK

The market-outlook discussion herein contains forward-looking statements and information relating to Company expectations. Forward-looking statements involve risks and uncertainties inherent to forecasts and are based solely on evaluations undertaken as of the date on which such statements are made. Because of the significant number of factors involved, including those listed in section 3.4., the Company warns investors that actual results could differ materially from expectations.

The telecommunications market in Morocco offers significant potential for growth because of the following socioeconomic factors and the generalized use of information and communication technologies. Morocco should benefit particularly from:

» stabilized growth forecast for 2014: GDP growth should slow from 4.8% in 2013 to 4.2% in 2014 (source: Ministry of Finance); the IMF estimates growth of 4% and a budget deficit of 4.9% in 2014;

» a population growing at an annual rate of 1.4% and increasingly urban and young: 59.6% of the population lives in urban centers and 51% is under 25 years old (source: latest census of the High Commission for Planning, 2004);

» significant investments in road, rail, and maritime infrastructures;

» a long-term program to combat poverty and social exclusion (National Initiative for Human Development, or INDH, launched in 2005);

In 2013 the Moroccan telecom market saw a rise in mobile usage, due mainly to significant rate reductions by operators. Increasing competition, especially in the mobile segment, spurred growth in the mobile customer base to 8.73% in 2013. According to the ANRT, the mobile penetration rate stood at 129% at December 31, 2013, compared with 120% at December 31, 2012. With multi-SIM (multiple SIM cards per customer) gaining in popularity and Morocco lagging behind more developed prepaid markets such as Italy, where the penetration rate is 151% and 84% of customers are prepaid (source: Global Wireless Matrix Q4 2013, Bank of America Merrill Lynch), the Moroccan market's growth potential remains high.

The Company expects to benefit from increased usage, especially in data and broadband. Looking ahead, the Company expects growth in multiplay offers and a rise in the domestic fixed-line customer base. The Company also considers that intense competition in the fixed-line/internet segment, with the possibility of new players attracted by unbundling, could lead in the short term to a loss in market share, while revitalizing the market and growth.

In sub-Saharan Africa, where Maroc Telecom's principal subsidiaries operate, the telecommunications market offers very high growth potential because of:

» sustained economic growth of an estimated 6.8% in 2014, compared with 6.1% in 2013 (source: IMF);

» an increased rate of foreign direct investment;

» a penetration rate that is expected to grow significantly in the coming years; at the end of 2012, the mobile penetration rate in sub-Saharan Africa was only 54% (source: Wireless Intelligence).

5.3 OBJECTIVES

This section contains information regarding the Company's objectives for the fiscal year 2014. The Company warns potential investors that these forward-looking statements are dependent on circumstances and events that are expected to occur in the future. These statements do not reflect historical data and should not be considered as guarantees that the facts and data mentioned will occur or that the targets will be achieved. Because of their uncertain nature, these targets may not be achieved, and the assumptions on which they are based may be found to be erroneous. Investors are encouraged to consider that some of the risks described in section 3.4, "Risk factors," herein may affect the Company's business and its ability to achieve its targets (see also section 5.2, "Market outlook"). On the basis of recent business trends in Morocco and internationally, the Company's outlook for 2014 is as follows:

- slight decline in EBITDA;
- slight growth in capital expenditure.*

Excluding any acquisitions of new frequencies and licenses.

REPORT OF THE STATUTORY AUDITORS ON PROFIT FORECASTS

Mr. Chairman:

In our capacity as statutory auditors and in accordance with European Regulation (EC) no. 809/2004, we have prepared this report on ITISSALAT AL-MAGHRIB's profit forecasts, which may be found in part 5, section 5.3, of this 2013 registration document.

These forecasts and underlying significant assumptions were made under the responsibility of the management board of ITISSALAT AL-MAGHRIB, in accordance with the provisions of European Regulation (EC) no. 809/2004 and the CESR recommendations on profit forecasts.

It is our responsibility, in accordance with the terms of annex I, item 13.2, of European Regulation (EC) no. 809/2004, to state our conclusions on the appropriateness of the preparation of such forecasts.

We have conducted our work in accordance with international auditing standards. Part of our mission was to assess the procedures implemented by management to prepare the forecasts. We also performed due diligence to ensure that management's chosen accounting methods are consistent with those used to prepare the historical data of ITISSALAT AL-MAGHRIB. In addition, we gathered the data and explanations we deemed necessary to obtain reasonable assurance that the forecasts were appropriately prepared on the basis of the specified assumptions.

Because forecasts are uncertain by nature, we emphasize that actual results may differ significantly from the forecasts presented.

In our opinion:

- the forecasts have been appropriately prepared in accordance with the indicated basis;
- the accounting basis used for the purposes of these forecasts is consistent with the accounting methods used by ITISSALAT AL-MAGHRIB.

This report is issued for the sole purpose of filing the registration document with the Autorité des Marchés Financiers (AMF). As appropriate, this report may be used for any public offering, in France or any other European Union country, for which a prospectus containing this registration document has been registered with the AMF. This report may not be used for any other purposes.

April 2, 2014

THE STATUTORY AUDITORS

KPMG	Abdelaziz ALMECHATT
Fouad LAHGAZI	Abdelaziz ALMECHATT
Partner	Partner

06. Appendices

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NA: not applicable

In compliance with Article 28 of European Commission regulation (EC) no. 809/2004 dated April, 29, 2004, the following information is included for reference in the present registration document:

- *the consolidated financial statements for the year ended December 31, 2011, and the relevant statutory auditors' report presented on pages 179, 197, and 198 of registration document no. D12-0385 filed with the AMF on April 23, 2012;*
- *the consolidated financial statements for the year ended December 31, 2010, and the relevant statutory auditors' report presented on pages 172, 206, and 207 of reference document no. D.11-0284 filed with the AMF on April 12, 2011;*
- *the consolidated financial statements for the year ended December 31, 2009, and the relevant statutory auditors' report presented on pages 142, 179, and 180 of reference document no. D.10-0321 filed with the AMF on April 26, 2010;*
- *the consolidated financial statements for the year ended December 31, 2008, and the relevant statutory auditors' report presented on pages 146, 185, and 186 of reference document no. D 09-0289 filed with the AMF on April 24, 2009;*
- *the consolidated financial statements for the year ended December 31, 2007, and the relevant statutory auditors' report presented on pages 146, 186, and 187 of reference document no. D 08-0323 filed with the AMF on April 28, 2008;*
- *the consolidated financial statements for the year ended December 31, 2006, and the relevant statutory auditors' report presented on pages 106, 135, and 175 of reference document no. R 07-0058 filed with the AMF on May 9, 2007;*
- *the consolidated financial statements for the year ended December 31, 2005, and the relevant statutory auditors' report presented on pages 98, 124, and 167 of reference document no. R 06-031 filed with the AMF on April 11, 2006;*
- *the consolidated financial statements for the year ended December 31, 2004, and the relevant statutory auditors' report presented on pages 100, 131, and 157 of reference document no. R 05-038 filed with the AMF on April 8, 2005;*
- *the consolidated financial statements for the year ended December 31, 2003, and the relevant statutory auditors' report presented on pages 122, 160, and 208 of prospectus no. I 04-198 filed with the AMF on November 8, 2004.*
- *The chapters of registration document no. R 05-038 and of prospectus no. I 04-198 that are not referred to above are either irrelevant to the investor or addressed elsewhere in this registration document.*

FINANCIAL INFORMATION REPORTED IN 2013

The following table lists financial information published or made public by Maroc Telecom over the past twelve months (March 22, 2012–March 21, 2013), pursuant to Article L. 451-1-1 of the Monetary and Financial Code, and Article 221-1-1 of the AMF General Regulation:

Date of	Document
March 22, 2013	Notice of Ordinary General Meeting of Shareholders of April 24, 2013
April 18, 2013	Press release, publication of 2012 registration document
April 30, 2013	Press release, Q1 2013 results
July 5, 2013	Interim report; liquidity contract (Paris); share-price-stabilization contract (Casablanca)
July 24, 2013	Press release, H1 2013 results
October 31, 2013	Press release, results of first nine months of 2013
January 3, 2014	Interim report; liquidity contract (Paris);share-price-stabilization contract (Casablanca)
February 13, 2014	Press release, annual results for 2013
March 21, 2014	Notice of Ordinary General Meeting of Shareholders of April 22, 2014

All press releases may be viewed or downloaded at:

- the AMF website: **www.amf.fr**
- the Maroc Telecom website under "Regulatory Information," www.iam.ma/Information-reglementee.aspx.

STATUTORY AUDITORS' FEES

FY 2013

In accordance with the provisions of Article 221.1.2 of the AMF General Regulation, the table below shows the amount of the fees paid by the Maroc Telecom Group to each of its statutory auditors for fiscal-year 2013:

(in MAD millions)	Maroc Telecom Group				Total
	KPMG	Abdelaziz Almechatt	Other auditors		
Statutory auditors' fees	11.12	3.78	2.75	17.64	18.80
Other audit missions	4.40	-	-	4.40	-
Total	15.51	3.78	2.75	22.04	18.80

ORDINARY GENERAL MEETING OF SHAREHOLDERS OF APRIL 24, 2013

Proposed resolutions

FIRST RESOLUTION: APPROVAL OF THE REPORTS AND SUMMARY ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

Having satisfied the quorum and majority requirements pertaining to ordinary general meetings of shareholders, the General Meeting, after hearing:

» the management report of the Management Board and the observations of the Supervisory Board on said report, and

» the general report of the statutory auditors on the financial statements for the year ended December 31, 2013,

hereby approves the summary financial statements for said fiscal year and the operations accounted for therein or summarized in said reports.

Consequently the General Meeting resolves to give final discharge to the members of the Supervisory and Management Boards for the performance of their duties for the year ended December 31, 2013.

SECOND RESOLUTION: APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

Having satisfied the quorum and majority requirements pertaining to ordinary general meetings of shareholders, the General Meeting hereby approves as necessary the consolidated financial statements, as presented, for the year ended December 31, 2013.

THIRD RESOLUTION: APPROVAL OF THE RELATED-PARTY AGREEMENTS REVIEWED IN THE STATUTORY AUDITORS' SPECIAL REPORT

Having satisfied the quorum and majority requirements pertaining to ordinary general meetings of shareholders and having heard a reading of the special report of the statutory auditors on the related-party agreements covered by Article 95 of Act 20-05, the General Meeting hereby approves all operations and agreements reviewed in said report.

FOURTH RESOLUTION: APPROPRIATION OF EARNINGS FOR 2013 AND DIVIDEND

Having satisfied the quorum and majority requirements pertaining to ordinary general meetings of shareholders, the General Meeting hereby resolves to appropriate as follows the earnings for the year ended December 31, 2013, which amount to MAD 5,298,588,691.91:

» Distributable earnings MAD 5,298,588,691.91

» Total dividend* MAD 5,274,572,040.00

» Optional reserve* MAD 24,016,651.91

** This amount is adjusted to reflect the number of treasury shares held on the dividend payment date.*

The General Meeting therefore resolves to set the dividend at MAD 6.00 (six) for each share

of those comprising the share capital and held on the record date. The dividend payment date is June 2, 2014.

Ordinary dividends were paid in the past three years as follows:

Year	2012	2011	2010
Number of shares	879,095,340	879,095,340	879,095,340
Dividend per share (MAD)	7.40	9.26	10.58
Distribution totale (MDH)	6,501	8,137	9,301

FIFTH RESOLUTION: RATIFICATION OF THE APPOINTMENT OF MR. MOHAMED BOUSSAÏD AS MEMBER OF THE SUPERVISORY BOARD

Having satisfied the quorum and majority requirements pertaining to ordinary general meetings of shareholders, the General Meeting hereby resolves to ratify the appointment of Mr. Mohamed Boussaïd as member of the Supervisory Board and replacement of Mr. Nizar Baraka, for the remainder of the latter's term (i.e., until the close of the ordinary general meeting of shareholders convened to approve the financial statements for the year ended December 31, 2018).

SIXTH RESOLUTION: RATIFICATION OF THE APPOINTMENT OF MR. MOHAMED HASSAD AS MEMBER OF THE SUPERVISORY BOARD

Having satisfied the quorum and majority requirements pertaining to ordinary general meetings, the General Meeting hereby resolves to ratify the appointment of Mr. Mohamed Hassad as member of the Supervisory Board and replacement of Mr. Mohand Laenser, for the remainder of the latter's term (i.e., until the close of the ordinary general meeting of shareholders convened to approve the financial statements for the year ended December 31, 2018).

SEVENTH RESOLUTION: ABROGATION OF THE CURRENT SHARE-BUYBACK PROGRAM AND AUTHORIZATION FOR THE MANAGEMENT BOARD TO CARRY OUT ADDITIONAL TRANSACTIONS ON COMPANY SHARES AND TO IMPLEMENT A LIQUIDITY AGREEMENT IN CASA

Having reviewed the report of the Board of Directors, the Ordinary General Meeting hereby resolves to abrogate the share-buyback program authorized by the ordinary general meeting of shareholders of April 24, 2013, with a view toward stabilizing the IAM share price, and due to expire on November 6, 2014.

The ordinary general meeting of shareholders, abiding by the terms and conditions of:

- Articles 279 and 281 of Act 17-95 of August 30, 1996, pertaining to Moroccan joint-stock companies (sociétés anonymes), as amended and completed by Royal Decree (Dahir) no. 1-08-18 of 17 Joumada I 1429, promulgating Act 20-05;
- Decree N 2-10-44 of 17 Rajab 1431 (June 30, 2010), amending and completing Decree N 2-02-556 of 22 Dou-al Hijja 1423 (February 24, 2003), and which sets the terms and conditions governing share buybacks by joint-stock companies (sociétés anonymes) of treasury shares, with a view to stabilizing the share price;
- the CDVM (Moroccan securities authority) circular;

and having heard the report of the Management Board on the share-buyback program undertaken by Itissalat Al-Maghrib with a view toward stabilizing the IAM share price, has reviewed all items in the notice approved by the CDVM.

The number of shares covered by said liquidity contract shall in no case exceed 300,000 shares, or 20% of the total shares covered by the buyback program. The new buyback program shall have the following characteristics:

Secured concerned	Itissalat Al-Maghrib
Maximum number of shares to be held within the scope of the share-buyback program, including shares covered by the liquidity agreement	1,500,000 actions, soit 0.17%du capital
Maximum expenditure allowable for implementation of buyback program	MAD 202,500,000
Authorized period	18 months
Program calendar	May 5, 2014, to November 4, 2015
Share price (excluding commissions):	
- Minimum sale price	MAD 70 (or equivalent in EUR) per share
- Maximum purchase price	MAD 135 (or equivalent in EUR) per share
Found source	Cash and cash equivalents

The General Meeting hereby grants all powers unreservedly to the Management Board, represented by its Chairman, to proceed with the abrogation of the share-buyback program authorized during the ordinary general meeting of shareholders of April 24, 2013, and the implementation, within the limits set out hereinabove, in Morocco and abroad, of the new share-buyback program and the liquidity contract related thereto, at the dates and under the terms and conditions that the Management Board deems fit.

EIGHTH RESOLUTION: REAPPOINTMENT OF MR. ABDELAZIZ ALMECHATT AS STATUTORY AUDITOR

Acting on the recommendation of the Supervisory Board, the General Meeting hereby resolves to reappoint of Mr. Abdelaziz Almechatt, as statutory auditor, for the statutory period of three years, until the close of the ordinary general meeting of shareholders convened to approve the financial statements for the year ended December 31, 2016.

NINTH RESOLUTION: POWERS FOR THE PERFORMANCE OF FORMALITIES

Having satisfied the quorum and majority requirements pertaining to ordinary general meetings, the General Meeting hereby gives to the bearer of the original minutes of the present Meeting, or of a copy or extract thereof, full powers to perform any formalities required by law.

GLOSSARY

ADSL (Asymmetrical Data Subscriber Line). Technology enabling users to receive high-bandwidth services and make phone calls simultaneously through their existing phone lines. The transmission capacity going from the network to the consumer is greater than that from the consumer to the network, and therefore asymmetric.

AMRTP. The Malian regulatory authority for telecommunications and post.

ANRT (Agence Nationale de Règlementation des Télécommunications). The Moroccan telecommunications regulator.

ARCEP. Burkina Faso's regulatory authority for electronic communications and post.

ARE. The Mauritanian telecommunications regulator.

ARPU (Average Revenue Per User). Revenues generated (prepaid and postpaid) for a given period, excluding roaming-in revenues (incoming and outgoing calls, revenues from value-added services), divided by the average number of customers (prepaid and postpaid) over the same period, on a monthly basis. The average customer base is the average of all average monthly customer bases (prepaid and postpaid). The monthly average customer base corresponds to a given month's mean number of customers (prepaid and postpaid) taken at the beginning and at the end of that month.

ATM (Asynchronous Transfer Mode). Network technology that accommodates the simultaneous transmission of data, voice, and video. It is based on asynchronous transmission of short packets of fixed length.

Average churn rate. Indicator calculated by dividing the number of contracts terminated (by customers subscribing to prepaid and postpaid offers) over a given period by the average total customer base (prepaid and postpaid) over the same period, expressed yearly. The average customer base is based on average monthly figures (prepaid and postpaid) for the period. The average monthly customer base corresponds to the mean number of customers (prepaid and postpaid) at the beginning and at the end of the month.

BTS (Base Transceiver Station). Component of the mobile radio network comprising antennas and radio transmitters/receivers (TRX) and providing GSM network coverage within a given range.

CAMEL (Customized Applications for Mobile Networks Enhanced Logic). Technology enabling a user to call his home country without dialing an area code. The technology works for short messages (SMS) and voice calls.

CGSUT (Comite de Gestion du Service Universel des Télécommunications). Telecommunications Universal Service Management Committee.

Churn rate. Indicator calculated by dividing the number of contracts terminated over a given period by the average customer base over the same period, expressed yearly. The average customer base corresponds to the mean number of customers taken at the beginning and end of each month.

Dropped-call rate. A quality indicator that measures, across the whole of the existing mobile subscriber base, the number of disconnected calls in proportion to all the calls made on the network.

DSLAM (Digital Subscriber Line Access Multiplexer). ADSL service located at a telephone exchange. It is an electronic assembly holding several cards that are equivalent to the client filter and modem. The filter separates incoming phone and data signals, and the modem translates back the ATM cells (small packets transported over ATM connections).

EDGE (Enhanced Data Rates for GSM Evolution). A digital mobile-phone technology and backward-compatible extension of GSM that allows improved data transmission rates.

Fault-report rate. Generic term, applicable to different services, illustrating the number of faults reported on lines or for services over a certain period in proportion to the total number of lines or services on offer over the same period.

Fidelio. The first point-based loyalty program introduced in Morocco. Launched on June 1, 2012, and reserved for postpaid customers, the program allows points to be collected on the basis of expenditure and provides advantages in the form of free or discounted handsets and free calls and SMS messages.

Frame Relay. Technology used to send high-bandwidth data over long distances, enabling the transmission of large amounts of information, the handling of fluctuations in data flows, and voice transmission.

GMPCS (Global Mobile Personal Communications by Satellite). Personal-communications system providing cross-border, regional, or worldwide coverage via a network of satellites accessible by small, easily transportable handsets.

GPRS (General Packet Radio Service). Packet-switching system that increases data rates over GSM networks.

GSM (Global Systems for Mobile communications). European digital radio-transmission standard for mobile telephony, known as 2G (second generation), devised by the ETSI (European Telecommunications Standards Institute) and adopted in 1987. It is the most widely used standard in the world. In operation since 1992, this technology uses two band frequencies, 900 and 1,800 MHz, and can transmit voice as well as data.

IN (Intelligent Network) platform. Platform for value-added services (prepaid card, prepaid line, kiosk, capped rate plan, etc.).

Intelligent Network call center. Virtual call-center solution offered by Maroc Telecom to companies for which customer-relationship management is strategically crucial. This solution enables companies to set up CRM with minimal investment. All call-center functions can be managed within the Maroc Telecom network.

Interconnection. Reciprocal service offered by the operators of two different telecommunications networks, enabling all subscribers within the two groups to communicate freely with each another.

International Transit Center. A switch that diverts international calls to foreign operators' networks.

Intersegment revenues. Revenues generated from reciprocal services—chiefly termination fees and the fixed-line/internet segment's provision of leased lines to the mobile segment—between the fixed-line and mobile networks. Since July 1, 2004, they have also included revenues from the provision of services to Mauritel.

IP (Internet Protocol). Telecommunications protocol used on networks to carry internet traffic and based on the transmission of data packets.

ISDN (Integrated Services Digital Network). Entirely digital telecom network enabling the simultaneous transmission of voice and data (fax, internet, etc.).

ISP (Internet Service Provider). Company or organization offering internet access to household, professional, or business users.

Kb/s (Kilobits per second). Unit of measurement for the speed at which data can be transmitted along a line.

Leased line. Any part of a network (or an access line to that network) that is supplied as a dedicated channel with all of its capacity available exclusively to the user and on which there are no controls or signaling.

LO BOX (GSM gateway). Terminal equipment, compatible with the GSM standard, that has been designed to act as an interface between the GSM network and terminal equipment that is normally meant to be connected to the fixed public telecommunications network (e.g., private switching systems [PABX] or ordinary telephones).

Maroc Telecom Group. Indicates the Maroc Telecom entity comprising all fully consolidated companies.

MENA (Middle East and North Africa). Region comprising the following countries: Algeria, Bahrain, Egypt, Gaza and the West Bank, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Qatar, Saudi Arabia, Syria, Tunisia, Turkey, UAE, and Yemen.

MMS (Multimedia Messaging Service). Multimedia version of SMS enabling real multimedia files (videos, audio, high-resolution images) to be attached to text messages.

MSAN (Multi-Service Access Node). New telecommunications technology that shortens last miles, thereby increasing speeds, integrating ADSL and voice, and allowing for services such as videotelephony and three-way calling.

MSC. Mobile Switching Center.

Multiplexer. Telecom network equipment that enables the insertion or extraction of data packages.

NMT (Nordic Mobile Telephone) standard. Mobile network launched by Maroc Telecom and based on analog technology operating in the 450 MHz frequency band.

NSS (Network Sub-System). All elements/ equipment, notably switchgear, required to constitute a GSM network.

Optical local loop. Fiber-optic-cable-based access network used to connect broadband customers.

PABX (Private Automatic Branch eXchange). Equipment able to establish temporary connections between inbound and outbound lines in order to route communications.

PCM (Pulse Code Modulation). Transmission of the spoken word through the sampling and digital coding of the signal. The PCM circuit is the heart of the 2 Mb/s telephone network.

Postpaid (services). Formula whereby services are paid for prior to being used (free services may also be included in this formula).

Power CP. New, more powerful processor, based on Siemens technology, for MSC mobile switches.

PPT. Intelligent Network service allowing the marketing of capped-rate plans, not with a line number (CLI) but with any virtual phone number.

Prepaid (services). Formula whereby services are paid for after being used (free services may also be included in this formula).

PSTN (Public Switched Telephone Network). The traditional two-wire network. PSTN is “switched” because the connection is temporary, as opposed to cable, where the connection is permanent.

Radio paging. Transmission of numeric or alphanumeric messages to a mobile handset or group of mobile handsets.

Radio-relay link. Technology used for radio-signal transmission (voice, data, or video). Relays are installed on pylons or highpoints, which are deployed to carry signals from one point to the next, creating the link.

Roaming. Function enabling customers abroad to make and receive calls via an operator other than the one to which they subscribe.

SDH (Synchronous Digital Hierarchy). Digital method of optimizing transmissions over fiber-optic and radio systems.

Segment. Refers to the mobile segment or the fixed-line and internet segment of Maroc Telecom.

Self-routing switch. A piece of equipment used to establish a temporary link or connection between an incoming path on a line or circuit.

Shared-resources radio network. Trunked private mobile radio network where frequencies are shared by the users of several companies or organizations for internal communications. The sharing of frequencies is limited to the duration of each call.

Signaling Transfer Point (STP). Signaling transfer point for S7 signaling systems. The STP allows signaling messages to be routed and transferred by means of the SS7 protocol.

SIM (Subscriber Identity Module). Component without which calls cannot be made from an otherwise operational cell phone. In particular, the SIM card stores the user’s profile and a PIN protecting access to the card.

Single RAN. Solution for network operators that lowers energy consumption, transmission costs, maintenance, and the amount of ground infrastructure needed with respect to traditional BTS solutions.

SMSC (Short Message Service Center) server. Service allowing the sending and reception of written messages containing a maximum of 160 characters.

SMS (Short Message Service). Written message, limited to 160 characters, exchanged between mobile telephones.

SMW3 (SEA-ME-WE3 / Southeast Asia – Middle East – Western Europe). Fiber-optic submarine cable linking four continents.

SSNC (Signaling System Network Control). A new component developed by Siemens that controls signaling traffic for MSCs (mobile switching centers) in such a way as to increase handling capacity.

SS7 (Signaling System 7). American name for the CCITT 7 network signaling protocol.

Successful-connections rate. A quality indicator that measures, during peak periods on the network, the number of calls successfully established emanating from the existing mobile subscriber base (BSS radio), in relation to all the calls made on the network.

Success rate. A quality indicator that measures the number of SMS successfully sent by the existing mobile subscriber base in relation to the total number of SMS sent over the network.

Unbundling. An incumbent operator, owner of the local loop, has an obligation to provide pairs of copper wires to third-party operators, in exchange for compensation. Such third-party operators install their own transmission equipment in order to connect their network to their customers’ premises. Partial unbundling allows a third-party operator to take over the internet connection while the incumbent operator still provides telephony subscription and services. Full unbundling allows a third-party operator to connect the entire customer line to its own network, and thus to offer both telephony and ADSL services.

USF. Universal-service fund for telecommunications.

Maroc Telecom
Itissalat Al Maghrib

Moroccan corporation (Société anonyme)
with a Management board
and a Supervisory board
with a share capital of MAD 5,274,572,040
RC 48 947

Headquarters:
Avenue Annakhil,
Hay Riad Rabat
Morocco

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