2014
REGISTRATION DOCUMENT

Maroc Telecom

This Registration Document was filed with the French Financial Markets Regulator (AMF) on April 10, 2015, in accordance with Article 2212-13 of its General Regulations. The Registration Document may be used in connection with a financial transaction if supplemented by an offering circular (note d'opération) approved by the AMF. The document was prepared by the issuer and is binding on the signatories.

Content

HIGHLIGHTS & Key Figures

JANUARY 2014

- Maroc Telecom adds a second additional free unlimited number to all individual and capped rate plans.
- Maroc Telecom introduces two new internet plans, 3G Max and 3G Max Plus, with capacity of 20 GB and 40 GB per month respectively, and speed of 14.4 Mbps;
- In Morocco, the ANRT announces that Maroc Telecom has a dominant position in the market for access to fixed-line local-loop infrastructures and in infrastructure on Moroccan territory.
- In Morocco, the ANRT decides to maintain in 2014 all termination rates (mobile, fixed line, and SMS) in force in 2013, and then to lower all these rates by 5% over 2015 and 2016.
- In Burkina Faso, a new tax is introduced, specific to telecommunications companies, set at 5% of mobile revenues, excluding revenues from handsets and incoming international connections.
- Gabon Telecom launches the Akewa advertising campaign, in celebration of its millionth mobile customer.

FEBRUARY 2014

- Maroc Telecom introduces new MT-Talk Pass, which offers unlimited access to Facebook and Facebook Messenger. WhatsApp, Twitter, and Musique MTV applications will later be added to the pass.
- Inauguration of the fiber optic inter-subsidiary Mauritania – Mali by His Majesty the King Mohammed VI and His Excellency Ibrahim Boubacar Keita.
- Signature of an agreement between the Minister for the Digital Economy, Communication and Post, and Maroc Telecom to award Gabon Telecom a 3G/4G license for 10 years.

MARCH 2014

- Maroc Telecom puts into general use per-second billing as of the first second for all mobile rate plans.
- Maroc Telecom enhances its capped rate plans (Liberté, Business and Intra Entreprise) with the addition of 1H30 domestic call time for any new top-up of MAD20.
- Maroc Telecom introduces the first edition of its Top-up x10 promotional offer.
- Maroc Telecom launches MT-Track, the corporate fleet geolocation service via mobile network.
- In Burkina Faso, Onatel is fined MAD35 million by the regulator for failure to respect service-quality requirements.
- Sotelma introduces Mobicash, a mobile payment and money-transfer service.

APRIL 2014

- Maroc Telecom enhances its range of Phony Tout Temps ("anytime") and InfiniFix plans with the addition of two free hours of call time to domestic mobiles.
- Maroc Telecom enhances Jawal top-ups with SMS and Data.
- Maroc Telecom Shareholders' Meeting of April 22, 2014, approved the distribution of 100% of 2013 earnings in dividends to shareholders (i.e., MAD6 per share).
- In Morocco, regulatory decision, effective April 1, 2014, forbidding the sale of prepaid pre-activated SIM cards, and allowing operators 12 months to identify their customer bases.
- In Morocco, the ANRT decides to adopt guidelines with respect to access to FTTH infrastructures (granting access to active and passive infrastructures).
- Gabon Telecom puts into general use per-second billing for its prepaid mobile customers.
- Gabon Telecom introduces Mobicash, a mobile payment and money-transfer service.
- In Burkina Faso, mobile call termination rates are lowered from 25 CFA francs per minute to 20 CFA francs per minute for 2014. Fixed-line call termination rates are unchanged, at 25 CFA francs per minute.

MAY 2014

- Maroc Telecom launches an exclusive offer of ultra-high-speed fiber optic that provides customers with speeds of 50 MB and 100 MB in the main neighborhoods of Casablanca and Rabat.
- Maroc Telecom enhances its individual, capped, Optimis, and business mobile plans with the addition of 2–5 hours of free call time and 500–1000 SMS and MMS. The range has also been simplified through the elimination of certain plans; there are now 8 rate plans instead of 15.
- All new subscribers to Maroc Telecom's Jawal SIM card receive 100 SMS and 100 MB of 3G internet, valid 7 days, as well as MAD20 of credited call time, valid one year.
- Maroc Telecom and Etisalat sign a memorandum of understanding for the acquisition by Maroc Telecom of Etisalat's six assets in Benin, Côte d'Ivoire, Gabon, Niger, Central African Republic and Togo.
- In Morocco, Maroc Telecom and Wana sign a conciliation agreement settling their legal dispute over unbundling procedures for the copper local loop and sub-loop of Maroc Telecom.
- Acquisition by Etisalat of Vivendi's 53% stake in Maroc Telecom.
- In Gabon, Gabon Telecom is fined by the regulator for failure to respect service-quality requirements.

JUNE 2014

- Maroc Telecom introduces the "unlimited to Maroc Telecom fixed lines" offer, at MAD200 (incl. tax) per month for ForfaiFix customers.
- Maroc Telecom offers all prepaid and postpaid mobile-data customers a free upgrade to 14.4 Mbps for 3G internet and increases the number of paid 3G internet plans.
- Maroc Telecom enhances its Business subscription package range through the addition of a 2nd free unlimited number and an unlimited number for the option Paid Unlimited Domestic Number.
- In Morocco, ANRT's decision concerning Maroc Telecom's technical and pricing terms for access to its loop and local sub-loop, which introduces new regulatory measures to facilitate access by third-party operators to Maroc Telecom's distribution frames (regulated access to passive infrastructure) and requires Maroc Telecom to provide a regulated offer of virtual unbundling.
- Gabon Telecom lowers its rates by 50% for fiber-optic internet while raising speed for free.
- Maroc Telecom lowers prices for all roaming services customers (voice, SMS and data). A single fee schedule already applies for both postpaid and prepaid.
- Onatel lowers its international rates by 33% to more than 40 destinations from fixed-line and mobile numbers.

JULY 2014

- Maroc Telecom accompanies its customers on pilgrimages, with a 50% reduction on prepaid and postpaid call rates , with free roaming for incoming calls to Saudi Arabia during the 2014 Omra & Hajj periods.
- Maroc Telecom launches a new 3G internet pass: 1GB for MAD25.
- In Mali, adoption of a decree on copyrights, which imposes on operators an annual flat fee of FCFA500 per subscriber for use of copyrights when subscribers are using handsets.

AUGUST 2014

- Maroc Telecom offers, exclusively to its customers, an emergency card in case of loss, theft or malfunction of their main SIM.

SEPTEMBER 2014

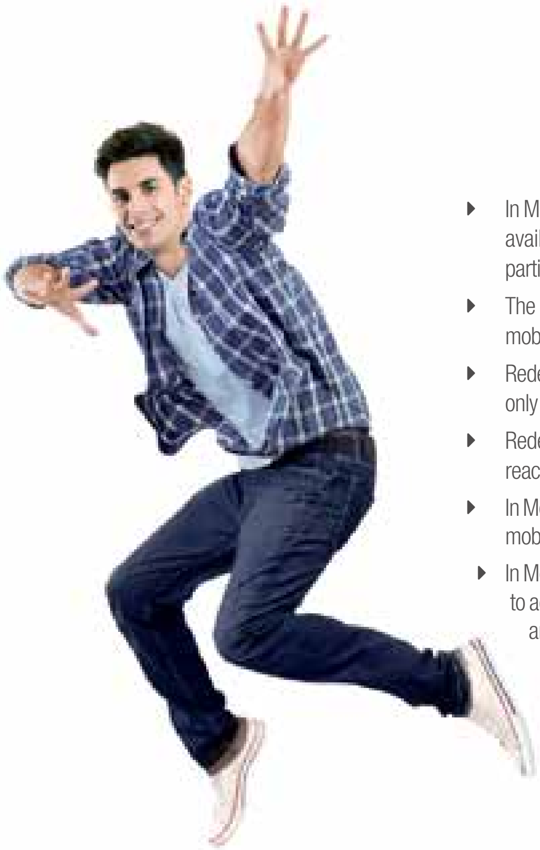
- Maroc Telecom enhaced the TV Mobile catalog through the inclusion of new channels: Rotana Clip, Rotana Cinema and Nessma.
- In Mauritania, lower termination rates take effect, down to MRO5 per minute from MRO6 per minute.
- In Mauritania, ban on selling unidentified SIM/USIM cards starting October 1st, 2014.
- In Gabon, maintaining levels of MTRs compared to 2013 and elimination of retail on-net price caps of Gabon Telecom, Gabon Moov and Azur.

OCTOBER 2014

- Maroc telecom enhaced the entire range of individual, capped, Optimis, and business mobile plans with the addition of 2 hours of free call time, 1000 SMS and an amount of 3G internet that varies for each plan.
- Maroc Telecom launched unlimited Mobile plans for the residential segment for domestic and international zone 1 calls, unlimited SMS and unlimited 3G connection for MAD649 (incl. tax).
- Maroc Telecom enhances its Liberté rate plans and increases the volume of data offered for the entire range, in addition to an extra hour of calls for the Liberté 4H (now 5H) rate plan.
- Maroc Telecom enhances the ForfaiFix range, designed for professional and corporate customers, with the addition of 2 hours of call time.
- Maroc Telecom provides mobile subscribers to its new 3G Duo service to share its 3G internet volume with a second device.
- Maroc Telecom launches the first music streaming service in Morocco in partnership with Anghami.
- Maroc Telecom enhances the IPTV offer with the inclusion of 14 new themed channels.
- Gabon Telecom launches 3G and 4G mobile services.
- In Gabon, ARCEP decision prohibiting, with immediate effect, the sale of pre-activated SIM cards for a renewable period of 12 months and requiring operators to identify all of their customers within a month (deadline extended by decision in December 2014 to March,31 2015.)
- Mauritel launches the “Liwlak” offer, which allows two subscribers to communicate with each other for free during the first six months in the evening and a special rate during the day, as well as 200 Mb of internet.

NOVEMBER 2014

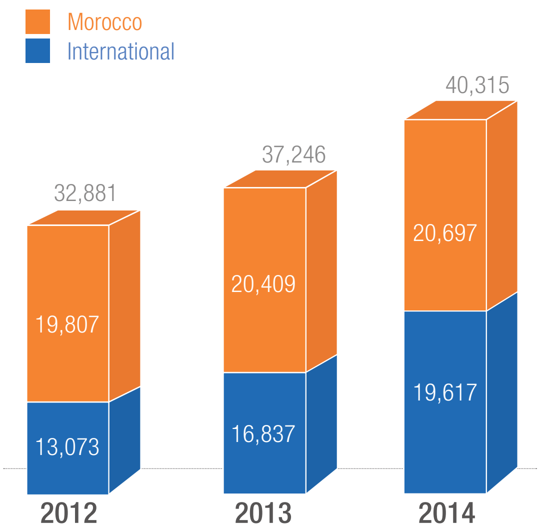
- Maroc Telecom enhances the SVoD catalog through the inclusion of new series and a new program for children.
- In Morocco, the ANRT launches a competitive bidding process for the award of 4G licenses



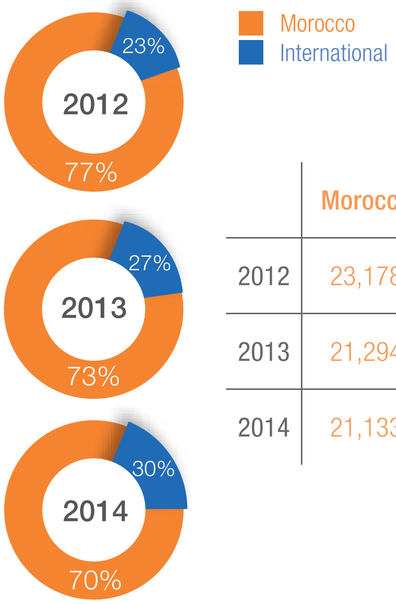
DECEMBER 2014

- In Morocco, the ANRT decision requiring Maroc Telecom to make its aerial and underground infrastructure available to third-party operators at cost-based rates, without limitation on usages (4G backhaul in particular).
- The Phony range of plans has also been enhanced with the addition of free hours of call time to domestic mobiles (5H instead of 3H for the Phony Basic formulas and 8H instead of 5H for the Phony Plus formulas).
- Redesign of prepaid 3G Internet: simplified offer with combination of volume and validity top-ups into data only and data + voice.
- Redesign of 3G PoP Internet limitations: suspension of connection instead of slowdown when limits are reached.
- In Morocco, the ANRT establishes, for 2015, rates for channeling interconnection traffic in the fixed-line and mobile networks of Maroc Telecom, Médi Telecom and Wana Corporate.
- In Morocco, the ANRT decision requiring Maroc Telecom to provide third-party operators with several offers to access its copper local loop infrastructures at cost-based rates: physical unbundling, virtual unbundling and optical fiber links.

Total customer base by geographical area (in thousands of customers)

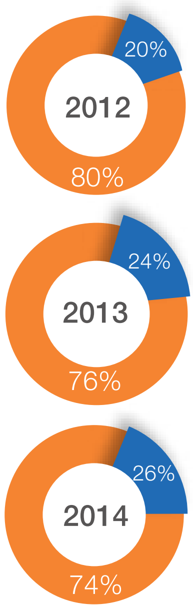


Revenues by geographical area (in MAD millions)



	Morocco	International	Total Net
2012	23,178	7,079	29,849
2013	21,294	7,754	28,559
2014	21,133	8,630	29,144

EBITDA by geographical area (in MAD millions)

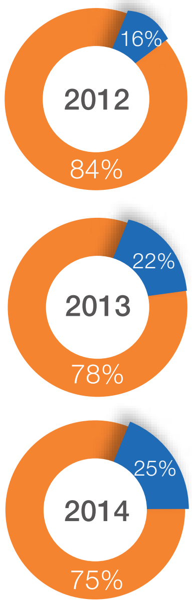


Morocco
International

	Morocco	International	Total Net
2012 (*)	13,414	3,290	16,720
2013	12,308	3,904	16,213
2014	11,578	4,113	15,691

(*) The data for 2012 have been adjusted to take into account the impact of IAS 19 (amended)

EBITA by geographical area (in MAD millions)

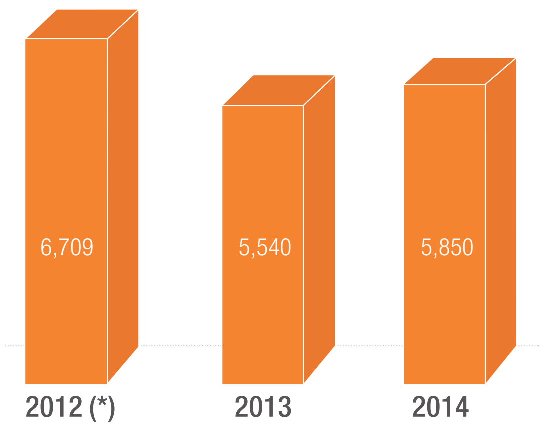


Morocco
International

	Morocco	International	Total Net
2012 (*)	9,219	1,749	10,968
2013	8,595	2,383	10,978
2014	7,734	2,532	10,266

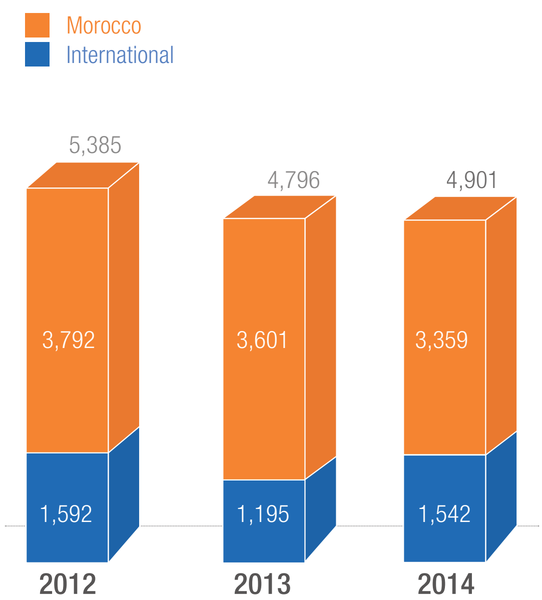
(*) The data for 2012 have been adjusted to take into account the impact of IAS 19 (amended)

Net Earnings - Group Share (in MAD millions)

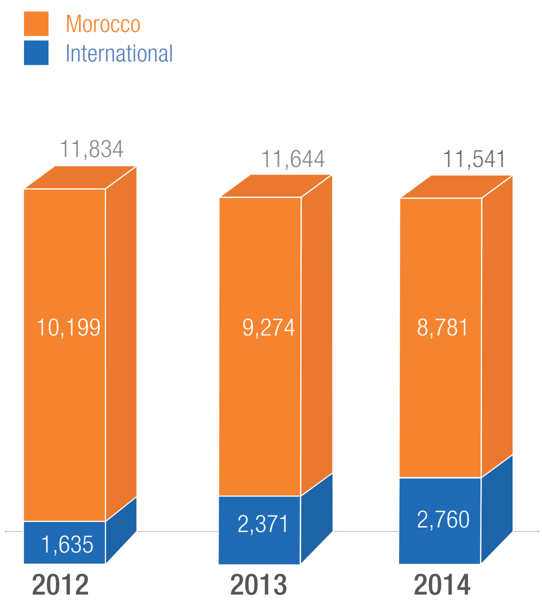


(*) The data for 2012 have been adjusted to take into account the impact of IAS 19 (amended)

CAPEX (in MAD millions)



CFFO (before restructuring) by geographical area (in MAD millions)



Maroc Telecom

2014

REGISTRATION *DOCUMENT*

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

In this Registration Document, the terms "Maroc Telecom" and the "Company" refer to Itissalat Al-Maghrib (Maroc Telecom), and the term "Group" refers to the group comprising the Company and all of its subsidiaries, as described in chapter 4.

1.1 Person responsible for the registration document

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 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 my knowledge, the financial statements were prepared in accordance with applicable accounting standards and that they present fairly the assets, financial position, and results of operations of the Company and its consolidated subsidiaries, and that the Management Report (under chapters 3 and 4 of this Registration Document) provides a fair review of the changes in revenues, results of operations, and financial position of the Company and its consolidated subsidiaries, as well as the risks and uncertainties they face.

I have received an audit completion letter from the Statutory Auditors (Abdelaziz Almechatt and KPMG Maroc, represented by Fouad Lahgazi) stating that they have verified all information pertaining to the financial position and financial statements included in this Registration Document and that they have reviewed the Registration Document in its entirety.

The historical 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, 2014, presented on page 170 of this Registration Document.
- The Statutory Auditors' report on the statutory financial statements for the year ended December 31, 2014, presented on page 226 of this Registration Document.
- The Statutory Auditors' report on the consolidated financial statements for the year ended December 31, 2013, presented on page 154 of the Registration Document No. D14-0387 filed with the AMF on April 2, 2014, draws attention to Maroc Telecom's tax audit fiscal years 2005 to 2008 (Note 25).
- The Statutory Auditors' report on the statutory financial statements for the year ended December 31, 2013, presented on page 203 of the Registration Document No. D14-0387 filed with the AMF on April 2, 2014, draws attention to Maroc Telecom's tax audit for fiscal years 2005 to 2008, as reported in Note B5 of the Additional Disclosures.
- The Statutory Auditors' report on the consolidated financial statements for the year ended December 31, 2012, presented on page 158 of the Registration Document No. D13-0386 filed with the AMF on April 18, 2013, contains one observation on the procedure of the tax audit for fiscal years 2005 to 2008 and explaining the Company's position (Note 14).
- The Statutory Auditors' report on the statutory financial statements for the year ended December 31, 2012, presented on page 205 of the Registration Document No.°D13-0386 filed with the AMF on April 18, 2013, draws attention to Note B5 of the Additional Disclosures indicating the procedure of the tax audit for fiscal years 2005 to 2008 and explaining the company's position.

The Statutory Auditors have reported on the forward-looking financial information that is included in chapter 5, section 5.3, of this Registration Document on page 262 of the Registration Document.

Chairman of the Management Board

Abdeslam Ahizoune

1.3 Person responsible for auditing the financial statements

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 current term of office, renewed for three years in 2013, expires at the close of the Ordinary Shareholders' Meeting called to approve the financial statements for the fiscal year ending December 31, 2015.

Abdelaziz ALMECHATT

83 avenue Hassan II - 20 100 Casablanca, Morocco

Mr. Almechatt was first appointed in 1998, through the Company's Bylaws. His current term of office, renewed for three years in 2014, expires at the close of the Ordinary Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2016.

1.4 Information policy

1.4.1 Person responsible for information

Oussama EL RIFAI

Chief Financial Officer

Maroc Telecom

Avenue Annakhil - Hay Riad

Rabat, Morocco

Phone: 00 212 (0) 537 71 90 39

E-mail: relations.investisseurs@iam.ma

1.4.2 Schedule of financial reporting

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

Maroc Telecom's 2015 financial reporting schedule (subject to change) is as follows:

Date (*)	Event
Thursday, February 23, 2015	Results for Q4 2014 and FY 2014
Thursday, April 16, 2015	Results Q1-2015
Thursday, April 30, 2015	Shareholders' Meeting
Monday, July 27, 2015	half year results
Monday, October 26 2015	Results Q3-2015

(*) before market

1.4.3 Disclosure of information to shareholders

Corporate, accounting, and legal documents, whose reporting is governed by Moroccan and French law and by the Company's Bylaws, may be consulted at the Company's registered office by shareholders and third parties. Registration Documents and any updates of such documents registered or filed with the French Financial Markets Regulator (AMF), presentations for investors and financial analysts made by the Company, and various press releases are available for viewing and/or 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 Registered office

The Company's registered office is on Avenue Annakhil (Hay Riad), Rabat, Morocco.

Phone: +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 laws

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 the Company's Bylaws. The Company is not subject to French law governing business corporations.

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 compagny to the french market authority

Because the Company is also listed on the Premier marché 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 French Financial Markets Regulator (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 French Financial Markets Regulator 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 shareholding disclosure 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 Premier marché of NYSE Euronext Paris, and pursuant to the AMF General Regulations 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 French Financial Markets Regulator of any changes in its share capital compared with previously disclosed information, particularly any declaration of the crossing of shareholding disclosure thresholds that Maroc Telecom may have received;
- publish a half-year financial report including condensed 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 report, within two months of the end of the first half of the Company's fiscal year;
- publish an annual financial report including 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 Company's 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 financial position and results of operations and those of companies it controls, and an explanation of the material transactions and events that occurred during the quarter and their impact on the Company's financial position;
- publish within four months of the fiscal year-end the fees paid to each of the Statutory Auditors (to be reported in the Registration Document posted on the Maroc Telecom 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 shareholders' 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, surrender, and conversion;
- update names and details of the persons responsible for 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 provisions of the AMF General Regulations relating to mandatory public disclosure;
- comply with the various procedures described in the AMF General Regulations 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 the corporate bylaws.

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

The Company must publish identical information simultaneously in France that it publishes in other countries, in particular Morocco.

All 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.

Like French issuers, the Company publishes a registration document providing legal and financial information relating to the issuer (shareholder structure, operations, 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 half-year 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, if applicable, carried out on international markets.

However, because of the constraints arising from operations on international financial markets, in order 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 Incorporation - 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 liquidation or extension as provided for by law and the Company's 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 the Company's 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 users in Morocco and international users;
- to provide all other services, facilities, equipment, handsets, and electronic communication networks, and to establish and operate all networks that distribute audiovisual services, including audio, television, and multimedia broadcasting.

As part of the activities thus defined, the Company may:

- create, acquire, own and operate all movable and immovable property and any business necessary, or just useful, for its activities and particularly those the transfer or use of which is provided for by law;
- market and, as a secondary activity, assemble and manufacture any telecommunication products, equipment, and devices;
- create, acquire or take on license and operate or sell any patents, processes or trade names;
- participate, by any legal means, in any financial syndicates, businesses or companies, existing or being incorporated, with a purpose similar or related to that of the Company;
- More generally, execute any commercial, financial, securities-related or real estate transactions and, secondarily, any industrial operations that could, directly or indirectly, in whole or in part, be connected with any of the Company's purposes, or with any similar or related purposes and even with any purposes that might promote its growth and development.

2.1.9 Consultation of legal documents

Corporate, accounting and legal documents the disclosure of which is required by law and by the Company's Bylaws to the shareholders and third parties may be inspected at the registered office of the Company.

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 each fiscal year-end, the Management Board shall establish an inventory of the Company's various assets and liabilities at that date and prepare the annual financial statements and the management report to be submitted to the Shareholders' Meeting in accordance with the legislation in force.

The net profit generated by the Company, less prior net losses, if any, is subject to a 5% deduction allocated to a legal reserve fund; this deduction ceases to be mandatory when the amount of the legal reserve exceeds one-tenth of the share capital.

The distributable profit consists of net profit for the fiscal year, after allocation to the legal reserve and allocation of net income carried over from previous years.

The Shareholders' Meeting may deduct from the profit any amounts that it deems appropriate to allocate to any ordinary or extraordinary discretionary reserve funds or to carry forward, within the limit of a maximum total amount equal to half the distributable profit, unless an exception has been authorized by the Supervisory Board by a majority of three-quarters of those members of the Supervisory Board who are present or represented.

The balance is allocated to the shareholders in the form of dividends, the total amount of which must be equal to at least half the distributable profit, unless an exception has been authorized by the Supervisory Board by a majority of three-quarters of those members of the Supervisory Board who are present or represented.

To the extent permitted by law, the Shareholders' Meeting may decide, exceptionally, to distribute sums withdrawn from the discretionary reserves which it controls. (See also section 2.2.5 - Dividends and distribution policy).

Payment of dividends

The arrangements for the payment of dividends approved by the Ordinary Shareholders' Meeting are set by the Meeting itself or, failing this, by the Management Board.

This payment shall be made within a maximum period of nine months after the fiscal year-end, subject to an extension of this period by order of the President of the Court, sitting on summary application in urgent session, at the request of the Supervisory Board.

If the Company is a holder of its own shares, the right to a dividend that they confer is withdrawn.

After five years from the dividend payment date, the dividends are prescribed and lapse to the benefit of the Company.

Sums not collected and not prescribed constitute a claim by the beneficiaries that does not bear interest against the Company unless they are converted into loans on terms and conditions determined by mutual agreement.

If the shares are encumbered by a usufruct, the dividends are due to the usufructuary. However, the proceeds from a distribution of reserves, excluding retained earnings, is allocated to the owner.

2.1.12 Shareholders' meetings

Shareholders' meetings

The collective decisions of the shareholders are made at a shareholders' meeting, which can be ordinary or extraordinary depending on the nature of the decisions it is called to make.

Duly convened shareholders' meetings represent all the shareholders and their resolutions are binding on everyone, including the absent, the incapacitated and the objectors or the shareholders deprived of the right to vote.

Convening of Meetings

Shareholders' Meetings are called by the Supervisory Board.

Ordinary Shareholders' Meetings may also be called:

- By the Statutory Auditor(s) who may only do so after unsuccessfully requesting that the meeting be called by the Supervisory Board;
- By an agent appointed by court order at the request either of any interested party in the event of an emergency, or of one or more shareholders representing at least one-tenth of the share capital;
- By the liquidator(s) in the event of dissolution of the Company and during liquidation; and
- By the shareholders holding a majority of the capital or voting rights following a public tender or exchange offer or after the disposal of a block of shares changing the control of the Company.

Shareholders' Meetings are called and deliberate as provided by law.

The Company is required, at least thirty days before a shareholders' meeting, to publish, in a newspaper appearing in the list established by the Minister of the Economy and Finance, a notice of meeting containing the information required by law and the text of the draft resolutions to be presented to the Shareholders' Meeting by the Management Board.

The Company is required, at least fifteen days before a shareholders' meeting, to publish, in a newspaper appearing in the list established by the Minister of the Economy and Finance, a call to meeting including, if applicable, information on how to vote by mail. The Company must publish in an official journal of record, at the same time as the call to the Annual Ordinary Shareholders' Meeting, the summary financial statements for the fiscal year then ended prepared in accordance with the legislation in force (which must include the balance sheet, the income statement, the schedule of income statement balances, and the cash flow statement) and the report of the Statutory Auditor(s) on those statements.

Any changes to these documents must be published in an official journal of record by the Company within twenty days of the date of holding the Annual Ordinary Shareholders' Meeting.

Meetings are held either at the registered office or at another location specified in the call to meeting.

Agenda

The agenda for meetings is set by the person calling the meeting.

However, one or more shareholders representing at least 2% of the share capital may request that one or more draft resolutions be included in the agenda.

Regardless of the number of shares held, every shareholder has the right, on proof of identity, to attend Shareholders' Meetings, on condition:

- For holders of registered shares: that these are registered in the name of the holder in the records of the Company;
- For holders of bearer shares: that the bearer shares, or a certificate of deposit issued by the depository of these shares, are lodged at the place mentioned in the notice convening the meeting;
- And, if applicable, to provide the Company, in accordance with the provisions in force, with any document that can be used to identify such shareholder.

These formalities must be completed no later than five days before the date of the meeting, unless a shorter period is specified in the call to meeting or in current mandatory legal provisions reducing this period.

Composition

The Shareholders' Meeting is composed of all the shareholders regardless of the number of shares held. Corporate shareholders are represented by their proxy who need not be shareholders.

A shareholder may be represented by another shareholder, the shareholders' guardian, spouse or by an ascendant or descendant of the shareholder, without it being necessary that the latter, personally, be shareholders, or by any company whose corporate purpose is the management of portfolios of securities.

Joint owners of undivided shares are represented at Shareholders' Meetings by one of them or by a single proxy.

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

Committee - Attendance Register

Committee

Shareholders' Meetings are chaired by the Chairman or the Deputy Chairman of the Supervisory Board. Failing this, the meeting itself elects its Chairman.

The Chairman of the meeting is assisted by two shareholders representing the largest number of shares, either in their own right or as proxies, who, subject to their acceptance, are appointed as tellers. The Committee thus formed appoints a Secretary who need not be a shareholder attending the meeting.

Attendance Register

An attendance register is maintained at each meeting showing the first name(s), the family name and the address of the shareholders and, if applicable, their representatives, and the number of shares and votes they hold.

This attendance register is initialed by all shareholders present and by the proxies of those absent. It is then certified by the members of the Committee of the General Meeting.

Voting

Members of the Shareholders' Meeting have as many votes as they hold or represent, in particular by means of voting proxies or other powers.

Voting rights attached to the share belong to the usufructuary at Ordinary Shareholders' Meetings and to the bare owner at Extraordinary Shareholders' Meetings.

If shares are pledged, the owner exercises the right to vote.

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

Any shareholder may vote by mail in accordance with the regulations. Shareholders voting by mail are treated as shareholders present or represented when their mail voting form is received by the Company at least two days before a Shareholders' Meeting.

Minutes

Minutes of meetings are recorded in a special register kept at the registered office, numbered and initialed by the Registrar of the Court of the place where the Company's registered office is located.

Copies or extracts of the minutes are 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 and Responsibilities

Ordinary Shareholders' Meetings decide on all administrative matters that exceed the powers of the Supervisory Board and the Management Board and which are not within the powers of Extraordinary Shareholders' Meetings.

An Ordinary Shareholders' Meeting is held every year, within six months from the fiscal year-end.

This Shareholders' Meeting hears, in particular, the reports of the Management Board and of the Statutory Auditor(s). It considers, amends, and approves or rejects the financial statements. It votes on the distribution and allocation of earnings.

It appoints and dismisses the members of the Supervisory Board, dismisses the members of the Management Board and appoints the Statutory Auditors.

Quorum and Majority

Ordinary Shareholders' Meetings are regularly constituted and may validly deliberate on first convocation, if the shareholders present or represented possess at least a quarter of the shares with voting rights, excluding shares acquired or accepted as security by the Company. If it there is no quorum, a second meeting is called for which no quorum is required.

At Ordinary Shareholders' Meetings, resolutions are passed by the votes of a majority of the shareholders present or represented.

Extraordinary Shareholders' Meetings

Powers and Responsibilities

Only Extraordinary Shareholders' Meetings are authorized to amend any or all the provisions of the Bylaws.

However, they may not change the nationality of the Company nor increase the obligations of shareholders without the consent of each of them.

They may decide to transform the Company into a company with any other form, subject to compliance with the legal provisions applicable on this subject.

Quorum and Majority

Extraordinary Shareholders' Meetings are only duly constituted and may only validly deliberate if the shareholders present or represented at the first meeting called hold at least half or, at the second meeting called, a quarter of the shares entitled to vote, excluding shares purchased or accepted as security by the Company.

In the absence of a quorum representing a quarter, the second meeting may be postponed to a date at least two months after the meeting at which it had been called and may duly be held with the presence or representation of shareholders representing at least one quarter of the share capital. At Extraordinary Shareholders' Meetings resolutions are passed by a two-thirds majority vote of the shareholders present or represented.

2.1.13 Statutory auditors

Audits of the Company are conducted by at least two Statutory Auditors who are appointed and perform their duties according to law.

Appointment - Disqualification - Incompatibilities

During the life of the Company, the Statutory Auditors are appointed for three years by the Ordinary Shareholders' Meeting.

The duties of the Statutory Auditors expire after the Ordinary Shareholders' Meeting called to approve the financial statements for the third fiscal year. Statutory Auditors may be reappointed.

A Statutory Auditor appointed by a Shareholders' Meeting to replace another, shall only remain in office for the remainder of the term of office of the Statutory Auditor's predecessor. If it is proposed at a Shareholders' Meeting not to renew a Statutory Auditor's term of office when it expires, the Statutory Auditor may, if the Statutory Auditor so requests, address the Shareholders' Meeting.

One or more shareholders representing at least 5% of the share capital and/or the Moroccan Financial Markets Regulator (CDVM) may make a reasoned application to the President of the Commercial Court, sitting on summary application in urgent session, for the disqualification of the Statutory Auditor(s) appointed by the Shareholders' Meeting and for the appointment of one or more auditors to hold office in their place. For the President to be seized of the matter, a reasoned application must, on pain of inadmissibility, be submitted within a time limit of thirty days from the disputed appointment. If the application is accepted, the Statutory Auditor(s) appointed by the President of the Commercial Court shall remain in office until the appointment of new auditors by the Shareholders' Meeting.

If it becomes necessary to appoint one or more auditors and if the Meeting fails to do so, any shareholder may apply to the President of the Commercial Court, sitting on summary application in urgent session, for the appointment of the required Statutory Auditor(s).

The Statutory Auditor(s) appointed by the President of the Court shall remain in office until the appointment of a new Statutory Auditor(s) by the Shareholders' Meeting. The appointment of Statutory Auditors must take into account the rules governing conflicts of interest.

In the event of resignation, the Statutory Auditors must prepare a report explaining the reasons for their decision. This document is submitted to the Supervisory Board and to the next Shareholders' Meeting. It must be sent immediately to the Moroccan Financial Markets Regulator.

Duties of Statutory Auditors

Statutory Auditors have the permanent duty, to the exclusion of any interference in the management, to check the book values, the ledgers and the accounting records of the Company and to verify that its accounts comply with the rules in force. They also verify the accuracy, and consistency with the summary financial statements, of the information set out in the management report of the Management Board and in the documents sent to shareholders concerning the Company's assets, its financial position and its results of operations.

The Statutory Auditors ensure that equality between the shareholders has been observed.

The Statutory Auditors are invited to the meeting of the Management Board and the Supervisory Board which approve the financial statements and to the Meetings of Shareholders.

At any time of the year, the Statutory Auditors may conduct any inspections and audits that they see fit, and may obtain disclosure, at the Company's offices, of any documents they consider necessary for the performance of their duties and, in particular, any contracts, ledgers, accounting documents and registers of minutes.

The summary financial statements and the Management Board's management report are made available the Statutory Auditors at least sixty days prior to the notice convening the Annual Shareholders' Meeting.

2.1.14 Disposal of shares

Disposals of shares take place as provided by law.

2.1.15 Shareholding disclosure thresholds

In Morocco

The obligations concerning the thresholds for the disclosure of ownership of shares or voting rights in listed companies are described by Circular 01/04 of June 8, 2004.

The following description summarizes these obligations. Holders of Company's shares or other securities are advised to consult their legal advisors in order for them to prepare a declaration if the disclosure obligation is applicable to them.

Any individual or legal entity, acting alone or in concert, who comes to hold, directly or indirectly, a number of shares representing more than a twentieth (5%), a tenth (10%), a fifth (20%), a third (33.33%), half (50%) or two thirds (66.66%) of the Company's capital or voting rights must, within five business days of crossing the shareholding threshold upwards or downwards, inform the Company, the CDVM (the Moroccan Financial Markets Regulator) and the Casablanca Stock Exchange of the total number of shares and the attached voting rights held. The date of crossing the shareholding threshold corresponds to date of execution on the stock market of the order passed by the declarant.

In addition to the statutory obligation mentioned above to inform the Company of crossing upward or downward the aforementioned thresholds for holdings of capital or voting rights, any individual or legal entity, acting alone or in concert, who comes to hold, directly or indirectly, a number of shares representing more than 3%, 5%, 8%, 10%, and, above 10%, each 5% multiple of the Company's capital or voting rights, is required to declare to the Company, by registered letter with acknowledgment of receipt, the total number of shares or voting rights held, within five stock exchange trading days from the date of acquisition.

The declaration mentioned above must also be made when the shareholding falls below the thresholds indicated above.

In each declaration referred to above, the declarant must certify that the declaration made comprises all the shares or voting rights owned or held. It must also indicate the dates of acquisition or transfer of shares.

Any individual or legal entity, acting alone or in concert, who comes to hold, directly or indirectly, a number of shares representing more than one-tenth (10%) or one-fifth (20%) of the capital or voting rights of the Company must, within five business days of crossing upwards one of these thresholds, inform the Company, the CDVM (the Moroccan Financial Markets Regulator) and the Casablanca Stock Exchange about the objectives it intends to pursue in the twelve months following such crossing, clarifying whether it is acting alone or in concert, whether it plans to stop or to continue buying, whether it plans to propose nominations for membership of the corporate bodies, and whether or not it is intends to acquire control of the Company.

The date of crossing a threshold referred to in the previous paragraph corresponds to date when the order passed by the declarant is executed on the stock market.

Without prejudice to the provisions of public order and within the mandatory provisions of the law, in the event of non-compliance with the above reporting obligation, the shares exceeding the fraction that should have been declared are stripped of the right to vote at any Shareholders' Meeting held until the expiry of two years from the date of the violation.

Holders of shares may also be subject to reporting obligations provided for by Moroccan royal decree (Dahir) 1-04-21 promulgating Law 26-03 relating to tender offers on the stock market, as amended and supplemented by Law 46-06.

In France

The provisions of the General Regulations of the French Financial Markets Regulator (AMF), concerning the method for calculating declarations of crossing the shareholding thresholds, the content, the distribution and finally the declaration of intent, applicable to the Company, are defined as follows:

In calculating the shareholding disclosure thresholds, the person liable for the information takes into account the shares and voting rights it holds, as well as the shares and voting rights considered equivalent to them, and determines the fraction of the share capital and voting rights which it holds on the basis of the total number of shares representing the share capital of the company and the total number of voting rights attached to these shares.

Content of and methods for delivering the declaration of crossing the shareholding disclosure threshold(s):

Persons to notify the AMF must do so no later than the fourth trading day after crossing the shareholding threshold. The AMF publishes on its website the calendar of trading days on the different regulated markets established or operating in France.

- Declarations of crossing the shareholding disclosure threshold must be prepared based on the template provided in the AMF guidelines concerning declarations of crossing the shareholding threshold available on the website www.amf-france.org.

They may be transmitted electronically to the AMF. The AMF then informs the public about the declarations within a maximum of three trading days after the receipt of the completed declarations.

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

The declaration of intent:

- The declaration of crossing the threshold(s) of 10%, 15%, 20% or 25% of the capital or voting rights results in the obligation to make a declaration of intent for the next six months. Such declaration must indicate whether the purchaser is acting alone or in concert, whether it plans to stop or to continue buying or to acquire control of a company, the strategy which it plans with regard to the issuer, and if it plans to ask the issuer to appoint the declarant or one or more persons as a director or as a member of the Management Board or of the Supervisory Board. It must be sent to the company whose shares were acquired and to the AMF within ten trading days. This information is brought to the public's attention in the manner set by the General Regulations of the AMF.
- The penalty attached to the failure to declare the crossings of shareholding thresholds or to irregularities in these declarations (loss of voting rights attached to shares exceeding the fraction that should have been declared for any shareholders' meeting to be held until two years from the date of proper notice) also applies to failure to make a declaration of intent.

2.1.16 Public offers

Public offers under Moroccan law are governed by Law 46-06 amending and supplementing Law 26-03 of April 21, 2004. A public offer is defined as a procedure that enables an individual or a legal entity, acting alone or in concert, called the offeror to make known publicly that it proposes to acquire, exchange or sell all or part of the securities giving access to the share capital or voting rights of a company the securities of which are listed.

As under French law, public offers can be voluntary or obligatory when certain conditions are met.

Voluntary Public Offers

Any individual or legal entity, acting alone or in concert, who wishes to make it known publicly that it wishes to sell or purchase securities listed on the stock exchange, may file a draft Public Offer for the purchase or sale of said securities.

Unlike French law, which provides for the involvement of presenting institutions, under Moroccan law, the draft of a public offer is filed by the offeror with the Moroccan Financial Markets Regulator (CDVM), and must include:

- The objectives and intentions of the offeror;
- The number and type of the company's securities;
- The date and terms on which their purchase has been or may be carried out;
- The price or exchange ratio at which the offeror is offering to acquire or dispose of the securities, the basis it has selected for setting them and the planned terms of settlement, delivery or exchange;
- The number of securities involved in the draft public offer; and
- If applicable, the percentage, expressed in voting rights below which the Offeror reserves the right to withdraw its offer.

The draft public offer must be accompanied by a prospectus.

The content and implementation of the proposals in the draft offer are guaranteed by the offeror and, if applicable, by any person acting as surety. The draft Public Offer filed with the CDVM must be accompanied, if applicable, by the prior authorization(s) of the competent authorities. Without this authorization, a draft public offer is inadmissible.

Upon filing of the draft Public Offer, the CDVM will publish a notice of filing of the draft Public Offer in an official journal of record reporting the main provisions of the proposal. The publication of such notice marks the start of the offer period.

CDVM delivers the main features of the draft Public Offer to the authorities, which have two business days from said delivery to decide whether the draft is admissible having regard for national strategic interests.

If the administration fails to publish its decision within two days, it is deemed not to have any comments to make.

Upon filing of the draft Public Offer, the CDVM will request that the stock exchange management company suspend trading in the securities of the target of the draft Public Offer. The notice of suspension is published.

The CDVM has ten business days, starting on the publication, to consider the admissibility of the draft Offer and may require the offeror to produce any evidence or information required for its assessment. According to French regulations, this time limit is five trading days following the publication of the filing of the draft Offer.

As under French law, the offeror must amend the draft to comply with the recommendations of the CDVM if the latter considers that the draft violates the principle of equality among shareholders, of transparency, of market integrity and of fairness in transactions and in competition. In all cases, the CDVM has the authority to also ask the Offeror for any additional warranties or to require the deposit of margin in cash or securities. Reasons must be given for any decision of inadmissibility.

Where an offer is declared admissible, the CDVM informs the offeror of its decision and publishes a notice of admissibility in an official journal of record. Concurrently, the CDVM asks the stock exchange management company to resume trading.

Any proposed Public Offer must be accompanied by a prospectus which may be prepared jointly by the Offeror and the target company if it accepts the Offeror's objectives and intentions. If not, the target company may separately prepare and file with the CDVM its own prospectus within a maximum period of five trading days from receipt of the Offeror's prospectus. The latter is required to deliver a copy of its prospectus and its draft Public Offer to the target company on the day it files its draft Public Offer with the CDVM.

The contents of the prospectus(es) is set by the CDVM, which has a maximum of twenty-five business days to approve the prospectus(es) from the date of filing. If it considers that additional justification or explanations are required, this period may be extended by ten business days. At the expiry of this period, the CDVM shall grant or refuse approval, and reasons must be given for any refusal of approval.

The manager centralizes the sale or exchange orders and communicates the results to the CDVM, which publishes a notice on the outcome of the offer in an official journal of record. Under French law, the AMF's task is to check that the of the Offeror's proposal complies with current regulations (audit of compliance). For this, the AMF has ten trading days from the start of the offer period to examine, among other things, the objectives and intentions of the Offeror and the information contained in the draft prospectus.

During this period, the AMF may request any explanation or justification required for it to learn about both the draft Offer and the draft prospectus.

The deadline is suspended until receipt of the required documents. If the draft Offer meets the required conditions, the AMF publishes a compliance statement that carries its approval of the prospectus.

Under French law, the prospectus approved by the AMF must be widely publicized (i) in a daily economic and financial newspaper with national circulation or (ii) by being made available to the public, free of charge, by the Offeror and the target company and published in summary form, or be the subject of a press release the distribution of which is ensured by the Offeror, in accordance with established procedures. This publication must take place before the opening of the offer and no later than the second trading day following the issuance of approval.

Mandatory public offers

Tender offer

Under the provisions of Article 18 of Moroccan Law 26-03 on Public Offers, as amended and supplemented by Law 46-06, it is mandatory to file a Tender Offer where a person or entity, acting alone or in concert, comes to hold, directly or indirectly, a certain percentage of the voting rights of a company the shares of which are listed on the stock exchange.

The Minister of Finance and Privatization's Decree 1874-04 of 11 Ramadan 1425 (October 25, 2004) set at 40% the percentage of voting rights that requires the holder to make a take-over bid.

Any individual or legal entity must, on its own initiative and within three business days after crossing the threshold of 40% of the voting rights, file a draft Public Offer with the CDVM. Failing which, such person, and those acting in concert with it, automatically lose all the voting rights and the monetary and other rights that they may have in their capacity as shareholders. These rights are recovered only after the filing of a draft Public Offer.

The CDVM may grant an exception to the filing of a draft mandatory Public Offer where:

- Crossing the percentage of 40% does not affect the control of the company concerned, particularly in the event of a capital decrease or a transfer of ownership of shares between companies in the same group.
- Voting rights result from direct transfer, from the distribution of assets by a legal entity proportionate to the shareholders' rights, following a merger or partial contribution of assets, or of a subscription to the increase in capital of a company in financial difficulty.

Applications for exemptions are filed with the CDVM within three business days of crossing the threshold of 40% of the voting rights. The applications must include undertakings by this person to the CDVM not to take any action aimed at acquiring control of said company for a specified period or to implement a recovery plan to revive the company concerned if it is in financial difficulty. If the CDVM grants the requested exemption, the decision is published in an official journal of record.

Public buyout offer

Under the provisions of Article 20 of Moroccan Law 26-03 on Public Offers, as amended and supplemented by Law 46-06, it is mandatory to file a public buyout offer where a person or entity, acting alone or in concert, comes to hold, directly or indirectly, a certain percentage of the voting rights of a company the shares of which are listed on the stock exchange.

The Minister of Finance and Privatization's Decree 1875-04 of 11 Ramadan 1425 (October 25, 2004) set at 95% the percentage of voting rights that requires the holder to make a public buyout offer.

The persons who file such an Offer must, on their initiative and within three business days after crossing the threshold of 95% of the voting rights, file a draft public buyout offer with the CDVM.

Failing which, they automatically lose all voting, monetary and other rights that they may have in their capacity as shareholders. These rights are recovered only after the filing of a draft public buyout offer.

The filing of a Public Buyout Offer may also be imposed by the CDVM or the individual(s) or legal entity(ies) holding, alone or in concert, a majority of the capital of a company the shares of which are listed on the stock exchange, at the request of a group of shareholders that do not belong to the majority group, provided that several conditions are met including the requirement for the person(s) holding a majority, simultaneously to hold 66% of the voting rights (Minister of Finance and Privatization Decree 1873-04 dated 11 Ramadan 1425).

It is also mandatory for the individuals or legal entities holding, alone or in concert, a majority stake in the company, to file a public buyout offer if the shares of a company are delisted for whatever reason.

Competing public offers and overbidding

Public offers may be subject to one or more competing public offers or overbidding.

A competing public offer is a procedure by which any individual or legal entity, acting alone or in concert, may, from the opening of a public offer and no later than five trading days before its closing date, file with the CDVM a competing public offer for the securities of the company targeted in the initial offer.

Overbidding is the process by which the offeror of the initial public offer improves the terms of its initial offer, either on its own initiative or as a result of a competing public offer, by changing the price or the type or amount of the securities or the terms and conditions of payment. An offeror who wishes to make a higher offer must file the amendments proposed to its initial public offer with the CDVM no more than five trading days before the closing date of its initial offer. The CDVM assesses the admissibility of the overbidding offer within five trading days from the filing of the draft offer. The offeror of a public offer prepares and submits a supplementary prospectus to the CDVM for approval.

Where more than ten weeks have passed since the publication of the opening of a public offer, the CDVM may, in order to expedite the competition between the public offers, set a deadline for the submission of overbids or of successive competing public offers.

If there is a competing public offer, the offeror of the initial or previous public offer must, no later than ten days before the closure of said public offer, inform the CDVM of its intentions. It may maintain its offer, abandon it or change it with a higher bid.

Under French law, a competing tender offer or an overbid must be drafted with a price which is at least 2% higher than the price stipulated in the initial offer. In other cases, it may also be declared admissible if it is accompanied by a significant improvement in the terms and conditions proposed to the shareholders. Finally, it may also be declared admissible if, without modifying the terms stipulated in the previous offer, it removes or lowers the threshold below which the offeror would not have responded to the offer.

Rules relating to target companies and to the offerors of a public offer

During the period of a public offer, the offeror, and the persons with whom the offeror acts in concert, may not, in the case of a joint offer, trade in securities of the target company nor in securities issued by the company whose securities are offered in exchange. In the event of a voluntary public offer, the offeror may withdraw its offer within the five trading days following the publication of the notice of admissibility of a competing offer or of an overbid. The offeror informs the CDVM of its decision to abandon, which is published by the latter in an official journal of record. This options exists under the French regulations as well.

During the period of the public offer, the target company and, if applicable, the persons acting in concert with it, may not trade, directly or indirectly, in the securities of the target company. Where the public offer is paid entirely in cash, the target company may, nonetheless, proceed with a share buyback program if a resolution of the shareholders' meeting which authorized the program has expressly provided for this.

During the period of the public offer, the target company, the offeror, the individuals or legal entities directly or indirectly holding at least 5% of the capital or voting rights of the target company, and any other individuals or legal entities acting in concert with them, must, after each trading session, declare to the CDVM the buy and sell transactions that they have executed in the securities concerned by the offer, as well as any transaction that transfers the ownership of the shares or voting rights of the target company, immediately or in the future.

Any authorization of an increase in capital adopted by the extraordinary shareholders' meeting of the target company is suspended for the period of the public offer or the exchange offer for the shares of said company, and the target company may not increase its treasury stock holdings.

During the period of the public offer, the competent bodies of the target company must first notify the CDVM of any planned decision, within their powers, that would prevent the completion of the public offer or of a competing offer. Under French law, the offeror of a public offer and the persons acting in concert with it may, subject to exceptions, purchase the securities of the target company in the market, on certain conditions as to price. These rules also apply to own-account trades by an institution advising the offeror or the target company. The General Regulations of the AMF also impose obligations to declare buy and sell transactions in securities concerned by the offer.

Supervision and the CDVM's Monetary Penalties

The offerors of a public offer, the target companies and the persons acting in concert with them are subject to control by CDVM, which ensures the orderly conduct of such offers in the best interests of investors and the market. The CDVM may impose civil and criminal penalties.

2.2 Additional information about the company

2.2.1 Share capital

2.2.1.1 Amount of capital subscribed

The share capital of Itissalat Al-Maghrib is 5,274,572,040 dirhams, divided into 879,095,340 shares with a par value of 6 dirhams each, all of the same class and fully paid in.

The nominal value of the shares may be increased or reduced as provided for by current laws and regulations. The share capital may be increased, reduced or redeemed by decision of the relevant shareholders' meeting and as provided by current laws and regulations

2.2.1.2 Form of shares

The shares are in registered or bearer form, at the shareholder's choice.

The Company maintains a register of transfers at its registered office in which subscriptions and transfers of registered shares are recorded in chronological order. This register is numbered and initialed by the President of the Court. Any holder of a registered share issued by the Company is entitled to obtain a true copy certified by the President of the Management Board. If the register is lost, copies are authentic.

The Company reserves the right not to create its securities in physical form. In accordance with current legal provisions concerning the registration of securities, the Company's shares must be evidenced by an account entry with the central depository.

Indivisibility of shares

The shares are indivisible with respect to the Company, which only recognizes one owner for each share.

Joint owners are required to appoint a joint representative in respect of the Company to exercise their rights as shareholders. In the absence of agreement, a proxy is appointed by the President of the Court, sitting on summary application in urgent session, on application by the most vigilant co-owner.

However, the right to receive documents required by law belongs to each of the joint owners of undivided shares, and to each of the bare owners and usufructuaries.

2.2.1.3 Rights and obligations attached to shares

Each share confers the right to one part, in proportion to the percentage of the capital it represents, of the profits or in the corporate assets, on distribution, both during the life of the company and in liquidation.

Every shareholder has the right to be informed about the progress of the Company and to obtain disclosure of certain corporate documents at the times and in the manner provided for by law and by the Bylaws.

Shareholders are only liable for corporate debt up to the nominal amount of the shares they own; any call for funds beyond this sum is not permitted.

The rights and obligations attached to a share follow ownership whenever it changes.

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 Board's acting upon delegations of authority from shareholders' meetings.

The heirs, creditors, assigns or other representatives of a shareholder may not, under any pretext whatsoever, require official seals to be placed on the property and assets of the Company, nor request that these be divided or offered for sale at auction nor interfere in any way in its management. When exercising their rights, they must rely on the corporate inventories and the decisions of the shareholders' meeting.

Whenever it is necessary to own several shares in order to exercise any right, the owners of single shares or of less than the required number of shares will be personally responsible for grouping and possibly for buying or selling of the required number of securities or rights.

2.2.1.4 Acquisition by the Company of its own shares

Morrocan regulations

According to Moroccan law and the Company's Bylaws the latter may acquire its own fully paid shares, up to a limit of 10% of the total of its shares and/or of a specific category of its shares. Pursuant to Decree 2-02-556 of February 24, 2003, as amended and supplemented by Decree 2-10-44 of June 30, 2010, and to CDVM Circular of February 2011, replaced by the circular of January 2012, any corporation whose shares are listed on the Casablanca Stock Exchange wanting to buy back its own shares in order to regulate their price, must prepare a factsheet which must be submitted for approval to the CDVM prior to holding of the shareholders' meeting convened to vote on the transaction.

Trading by the Company in its own shares in order to regulate their price must not interfere with the normal functioning of the market. A Company which trades in its own shares must, no later than the seventh day following the end of the month in question, notify the CDVM about the transactions executed in the share. If a Company does not trade its own shares during any given month, it must inform the CDVM thereof within the same deadline.

During the implementation of the buyback program, any changes to the number of shares to be acquired, to the maximum purchase price and minimum sale price, and to the deadline within which the acquisition is to be made, must promptly be brought to the attention of public by way of a press release published in a official journal of record. Such changes must keep to the limits of the authorization given by the shareholders' meeting.

French regulations

Following the admission of its shares to trading on a regulated market in France, a Company is subject to the regulations summarized below.

In accordance with the General Regulations of the AMF, the purchase by a company of its own shares is conducted in terms of a prospectus entitled "Program Description," which is not subject to AMF approval.

Under said regulation and under European Commission Regulation 2273/2003 of December 22, 2003, a company may not trade in its own shares for the purpose of manipulating the market.

After purchasing its own shares, a company is required to render public the details of all of its transactions before the end of the seventh trading day following the date of execution and to file, with the AMF, monthly reports containing specific information about the transactions involved and a semi-annual account of the means in securities and in cash involved.

Share buyback program

The current buyback program to regulate the market was approved by the Shareholders' Meeting of April 22, 2014, after the Company had obtained CDVM approval on April 4, 2014 under reference VI/EM/007/2014 for the Simplified Prospectus relating to said program.

The Shareholders' Meeting held on April 22, 2014 resolved:

- To revoke the buyback program on the stock exchange in order to regulate the market as authorized by the Ordinary Shareholders' Meeting of April 24, 2013, which is expected to expire on November 6, 2014.
- To authorize the Management Board, as of this Shareholders' Meeting, in accordance with Article 281 of the law governing joint stock companies, for a period of eighteen month from May 5, 2014 to November 4, 2015, to purchase company shares on the market, on one or more occasions, in Morocco or abroad, in order to regulate their price and to introduce on the Casablanca Stock Exchange a liquidity contract backing this buyback program. The number of shares targeted by said liquidity contract may not under any circumstances exceed 300,000 shares, representing 20% of total number of shares covered by the buyback program.

The characteristics of this buyback program are as follows:

- Timetable for the program: May 5, 2014 to November 4, 2015
- Spread between buy and sell trades price: MAD70-135
- Maximum part of the share capital to be held, including the shares targeted by the liquidity contract: 0.17%, i.e., 1.5 million shares
- Maximum amount allocated to the program: MAD202.5 million
- Liquidity contract backing this buyback program, representing 20% of the program, or a maximum of 300,000 shares.

The result of the share buyback program for the period extending from January 1 to December 31, 2014 is as follows:

	Casablanca ex. liquidity pool	Casablanca Liquidity pool	Paris	Total
Number of shares bought	311,858	451,393	490,026	1,253,277
Average buy price	MAD105.02	MAD108.28	€9.25	-
Number of shares sold	610,858	427,393	787,976	1,826,227
Average sell price	MAD101.43	MAD108.09	€8.99	-
Shares held at December 31, 2014	61,000	24,000	60,200	145,200

By contract signed on October 17, 2014, Maroc Telecom retained Rothschild & Cie Banque to implement:

- in Casablanca, a price regulation contract for which an amount of MAD55 million has been allocated in accordance with the circular of January 2012.
- in Paris, a liquidity contract in accordance with the Code of Ethics established by the French Association of Investment Firms (AFECEI). For the implementation of this contract, €5 million was allocated to the liquidity account.

The following table summarizes the changes in the means deployed in implementing of these contracts:

	12/31/2012	12/31/2013	12/31/2014
Casablanca - ex. liquidity pool	420,000 shares MAD17,217,775.15	360,000 shares MAD26,319,610.07	61,000 shares MAD14,079,800.85
Casablanca - liquidity pool	-	-	24,000 shares MAD40,367,280.54
Paris – liquidity account	272,400 shares €2,365,496.00	358,150 shares €1,697,158.00	60,200 shares €4,256,907

Source: Rothschild & Cie Banque

2.2.1.5 Changes in the share capital of the Company the last three years

The table below shows the main transactions in the share capital executed the last three years:

Dates	Transactions	Total number of shares	Nominal (in MAD)	Capital (in MAD)
december 31st , 2012	None	879,095,340	6	5,274,572,040
december 31st , 2013	None	879,095,340	6	5,274,572,040
december 31st , 2014	None	879,095,340	6	5,274,572,040

2.2.2 Current shareholder structure and voting rights of the company

2.2.2.1 Shareholder structure

At December 31, 2014, the share capital and voting rights of the Company were held as follows:

Shareholders	Number of shares	% of capital	Voting rights	% voting rights
Etisalat (*)	425,403,656	48.39%	465,940,477	53.01%
Abu Dhabi Fund for Development (*)	40,536,821	4.61%	-	-
Kingdom of Morocco	263,728,575	30.00%	263,728,575	30.00%
Senior managers	76,303	0.01%	76,303	0.01%
Public	149,204,785	16.97%	149,204,785	16.98%
Treasury shares (**)	145,200	0.02%	-	-
Total	879,095,340	100%	878,950,140	100%

(*) Via SPT (Société de Participation dans les communications), 91.3% and 8.7% respectively subsidiary of Etisalat and the Abu Dhabi Development Fund

(**) Treasury shares do not carry voting rights at Shareholders' Meetings

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' Meeting 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 non-management employees in the Group, limited to 1% of the Company's share capital on the grant date. This authorization was granted for a period of 38 months.

2.2.2.3 Changes or modifications to the Company's shareholder structure

Maroc Telecom shares have been listed on both the Casablanca and Paris stock exchanges since December 13, 2004, after the Kingdom of Morocco's sale by public offering 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 Government placed 4% of Maroc Telecom's shares on the Casablanca Stock Exchange at MAD130 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 Government 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 signed 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.

On May 14, 2014, under a service agreement between Emirates Telecommunications Corporation ("Etisalat") and Vivendi, Etisalat took control of Société de Participation dans les Télécommunications ("SPT"), a holding with 53% of the share capital and voting rights of the Company.

During the last three years, the share capital and voting rights of the Company were held as follows:

Position at	December 31, 2012		December 31, 2013		December 31, 2014			
Shareholders	% of share capital/ voting rights	Number of shares	% of share capital/ voting rights	Number of shares	Number of shares	% of share capital	Nombre de droits de vote	% of voting rights
Etisalat (*)	-	-	-	-	425,403,656	48.39%	465,940,477	53.01%
Abu Dhabi Fund for Development (*)	-	-	-	-	40,536,821	4.61%	-	-
Vivendi (**)	53.00%	466,670,477	53.00%	466,690,477	-	-	-	-
Kingdom of Morocco	30.00%	263,728,575	30.00%	263,728,575	263,728,575	30.00%	263,728,575	30.00%
Senior managers	0.01%	87,236	0.01%	87,236	76,303	0.01%	76,303	0.01%
Public	16.82%	147,896,652	16.82%	147,870,902	149,204,785	16.97%	149,204,785	16.98%
Treasury shares (***)	0.07%	692,400	0.08%	718,150	145 200	0.02%	-	-
Total	100%	879,095,340	100%	879,095,340	879 095 340	100%	878,950,140	100%

(*) Via SPT (Société de Participation dans les communications), 91.3% and 8.7% respectively subsidiary of Etisalat and the Abu Dhabi Development Fund

(**) Also through its wholly owned subsidiary Société de Participation dans les Télécommunications

(***) Treasury shares do not carry voting rights at Shareholders' Meetings

2.2.2.4 Shareholders' Agreements

Shareholders' Agreement between the Kingdom of Morocco and Emirates Telecommunications Corporation regarding Maroc Telecom shares

On May 15, 2014, Emirates Telecommunications Corporation ("Etisalat"), Société de Participation dans les Télécommunications ("SPT"), which is a subsidiary of Etisalat, and the Kingdom of Morocco concluded a Shareholders' Agreement pertaining to Maroc Telecom ("the Company"). The key provisions governing the relationships between the Kingdom of Morocco and Etisalat Group are as follows:

Organization of powers in the management bodies of Maroc Telecom

▶ Supervisory Board

The Shareholders' Agreement stipulates that the Supervisory Board shall be composed of no more than nine members.

The allocation of seats on the Supervisory Board shall depend on the percentage of the Kingdom of Morocco's interest in the share capital and voting rights of the Company, as follows:

» if the interest of the Kingdom of Morocco is at least equal to 15% of the share capital and voting rights of the Company, three members of the Supervisory Board shall be appointed upon proposal by the Kingdom of Morocco and six by Etisalat;

» if the interest of the Kingdom of Morocco is less than 15% but at least equal to 5% of the share capital and voting rights of the Company, one member of the Supervisory Board shall be appointed upon proposal by the Kingdom of Morocco and eight by Etisalat.

The Chairman of the Supervisory Board shall be appointed by the Supervisory Board on the proposal of the Kingdom of Morocco for as long as the Kingdom of Morocco holds at least 15% of the shares and voting rights of the Company. If the Kingdom of Morocco's interest in the share capital and voting rights of the Company is less than 15% but at least equal to 5%, Etisalat shall be entitled to propose the Chairman of the Supervisory Board and the Kingdom of Morocco shall be entitled to propose the Vice-Chairman of the Supervisory Board.

The Vice-Chairman of the Supervisory Board shall be appointed by the Supervisory Board on the proposal of Etisalat for as long as the Kingdom of Morocco is entitled to propose the appointment of the Chairman and Etisalat is entitled to propose the majority of the members of the Supervisory Board.

In addition, the majority principles applicable to the Supervisory Board were incorporated into the Company's Bylaws at the Shareholders' Meeting of September 23, 2014.

▶ Management Board

The allocation of seats on the Management Board shall depend on the percentage of the Kingdom of Morocco's interest in the share capital and voting rights of the Company, as follows:

- » if the interest of the Kingdom of Morocco is at least equal to 15% of the share capital and voting rights of the Company, two members of the Management Board shall be appointed on the proposal of the Kingdom of Morocco and three, including the Chairman, by Etisalat;
- » if the interest of the Kingdom of Morocco is less than 15% but at least equal to 9% of the share capital and voting rights of the Company, one member of the Management Board shall be appointed upon proposal by the Kingdom of Morocco and four, including the Chairman, by Etisalat.

▶ Audit Committee and Appointments and Compensation Committee

As long as the Kingdom of Morocco holds at least 15% of the share capital and voting rights of the Company, it may propose the appointment of at least two members of the Company's Audit Committee; and as long as the Kingdom of Morocco holds at least 5% of the share capital and voting rights of the Company, it may propose the appointment of at least one member of said committee.

The rules of procedure for the Audit Committee shall provide for:

- » the option for any member of the Audit Committee to propose that the Audit Committee carries out an audit of the Company, and the obligation for the Audit Committee to decide on any formal request made by at least two members of the Audit Committee to carry out such an audit;
- » and the option for any member of the Audit Committee to make any proposal relating to the work of the Audit Committee.

The Shareholders' Agreement also provides for a Nominations and Compensation Committee composed of the Chairman and Vice-Chairman of the Company's Supervisory Board.

The stipulations with regard to the allocation of seats on the Supervisory Board shall remain in force as long as the Kingdom of Morocco holds at least 5% of the share capital and voting rights of the Company. The stipulations with regard to the appointment of the Chairman and Vice-Chairman of the Supervisory Board and to the majority rules applicable to the Supervisory Board, as well as those applicable to the appointment of members of the Management Board, the Audit Committee, and the Nominations and Compensation Committee, shall remain in force as long as the Kingdom of Morocco holds at least 5% of the share capital and voting rights of the Company and as long as Etisalat Group holds at least 20% of the share capital and voting rights of the Company.

Terms and conditions for the disposal or acquisition of shares of the parties

▶ Non-transfers of shares by the Kingdom of Morocco

The Kingdom of Morocco has undertaken not to surrender any shares it holds in the Company for a period of five years following the conclusion of the Shareholders' Agreement (i.e., May 15, 2014), if such transfer would result in the Kingdom of Morocco holding less than 22% of the share capital and voting rights of the Company.

▶ Preemption right to the benefit of the Kingdom of Morocco

In the event of a proposed disposal of shares held by Etisalat Group or its affiliates to a third party, the Kingdom of Morocco shall be entitled to exercise a preemption right for a term of eight years after the signing of the Shareholders' Agreement. This preemption right shall only apply (i) to a transfer that would reduce the total interest of the Etisalat Group and SPT in the share capital of the Company to less than 50%, and (ii) to any transfer by Etisalat Group or SPT until the Kingdom of Morocco's stake reaches 50% of the Company shares plus one share.

▶ Call option held by the Kingdom of Morocco

The Kingdom of Morocco has a call option entitling it to purchase, should it so notify its intention, all of the shares held by the investment vehicle of Etisalat (currently SPT) in the Company, if a change of control of Etisalat (i) affects the national interests of the Kingdom of Morocco or (ii) has a substantial and negative impact on the competitive environment in Morocco, or following a loss of control of SPT by Etisalat (or the vehicle that becomes a shareholder in Maroc Telecom in place of SPT).

This clause shall remain in force as long as the Kingdom of Morocco holds at least 20% of the Company's share capital.

▶ Specific rights of the Kingdom of Morocco

The Kingdom of Morocco shall enjoy a right of veto in the following cases:

- » proposal of a merger, split, or partial transfer of assets that may substantially modify the Company's scope of activities or substantially modify the Company's corporate purpose, if the proposal is likely to affect the national interests of the Kingdom of Morocco for any reason of national security;
- » transfer of shares by SPT to any entity, including any entity that controls SPT or is controlled by SPT and which is likely to affect the national interests of the Kingdom of Morocco.

These provisions shall remain in force for the entire term of the Company.

Term of the Shareholders' Agreement

Subject to specific provisions with regard to the duration of certain rights, the Shareholders' Agreement is concluded for a term of ten years and shall be renewable automatically for successive periods of five years.

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% of the share capital of Mauritel SA. In 2006, CMC Group acquired 0.527% of Mauritel SA's capital from SOCIPAM, a non-commercial 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 shareholders' 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 signed 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 signed 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 signed 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

The Company has not pledged any assets.

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 Place of listing

Maroc Telecom's shares have been listed on both the Casablanca and Paris stock exchanges since December 13, 2004.

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 2014	97.62	99	95.5	1,938.78	189.27
February 2014	97.19	102	95.6	1,653.44	160.69
March 2014	99.90	102	99	983.76	98.28
April 2014	101.15	102	99.05	1,220.09	123.41
May 2014	99.33	102	95.5	1,838.40	182.60
June 2014	96.37	98.5	94.5	2,074.39	199.92
July 2014	99.41	104.5	94.7	1,247.55	124.02
August 2014	104.31	105.95	103	1,108.63	115.64
September 2014	113.54	122	104.25	2,607.89	296.09
October 2014	117.70	121	115.5	2,079.58	244.77
November 2014	117.16	119.75	115.1	2 336.64	273.77
December 2014	115.59	117.00	113.3	2 827.68	326.84

(*) The average price is calculated by dividing trading value by number of shares

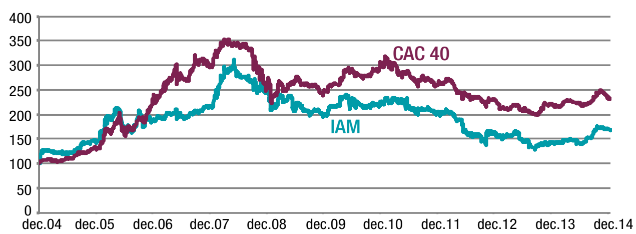
(**) Intraday

(***) Excluding off-market transactions

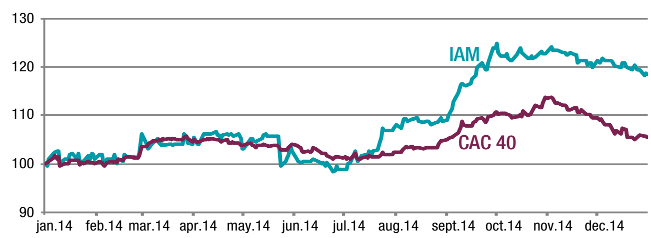
Source: Casablanca Stock Exchange

Maroc Telecom share price trend on the Casablanca Stock Exchange

Since December 2004 (base 100)



Since January 2014 (base 100)



At end-2014, 94% 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 €)	Low (***) (in €)	Transactions (**)	
				number of shares (in thousands)	trading value (in € millions)
January 2014	8.56	8.65	8.37	188.04	1.61
February 2014	8.53	8.79	8.40	104.04	0.89
March 2014	8.74	8.98	8.57	194.15	1.70
April 2014	8.99	9.16	8.76	111.32	1.00
May 2014	8.76	9.10	8.46	81.12	0.71
June 2014	8.62	8.75	8.45	98.87	0.85
July 2014	8.73	9.30	8.40	122.64	1.07
August 2014	9.16	9.50	9.00	108.55	0.99
September 2014	9.91	10.75	9.20	138.91	1.38
October 2014	10.52	10.95	10.35	50.17	0.53
November 2014	10.51	10.80	10.35	74.70	0.79
December 2014	10.41	10.74	10.25	46.77	0.49

(*) The average price is calculated by dividing trading value by number of shares

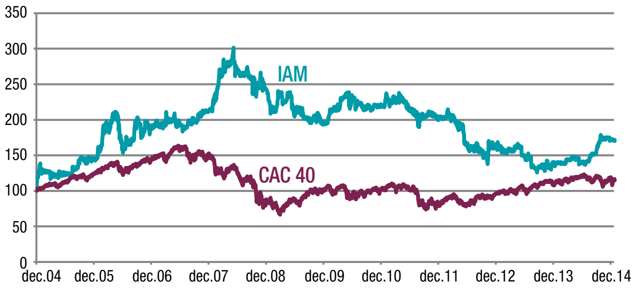
(**) Intraday

(***) excluding off-market transactions

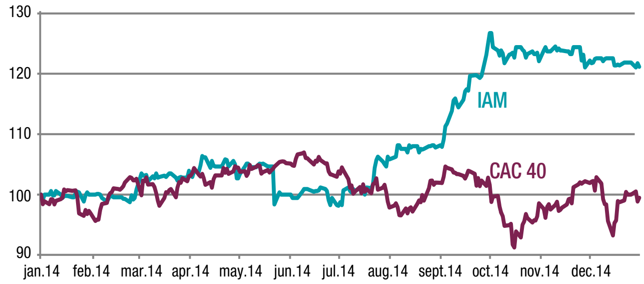
Source: NYSE Euronext Paris

Maroc Telecom share price trend on the ParisCasablanca Stock Exchange

Since December 2004 (base 100)

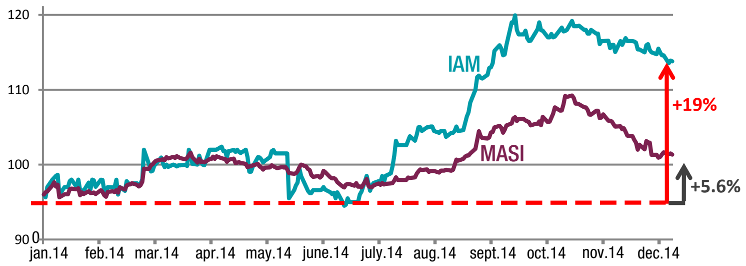


Since January 2014 (base 100)



At end-2014, 6% of free float was traded on the Paris Stock Exchange.

Annual share price performance



Maroc Telecom's share price was on a noticeable upward trend in 2014 and rose +19% compared to December 31, 2013, versus its benchmark index, the MASI, which recorded an annual performance of only +5.6%.

The share ended 2014 at MAD113.80, up 23% compared to the acquisition price of Etisalat's stake in Maroc Telecom's share capital (MAD92.6). It even traded at MAD122 on September 30, 2014, an all-time high not seen since May 2012.

2.2.5 Dividends and dividend policy

2.2.5.1 Dividends paid out in past fiscal years

The following table shows the amounts of dividends (in MAD millions) paid out by the Company for fiscal years 2004 - 2014.

Fiscal year	Payment date	Dividend
2004	05/04/2005	4,395
2005	05/02/2006	6,119
Extraordinary 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
2014	06/02/2015	6,066 (*)

(*) Amount proposed to the Ordinary Shareholders' Meeting of April 30, 2015. This amount will be adjusted to take into account the number of treasury shares held on the dividend payment date.

At December 31, 2014, the Company's reserves amounted to MAD3,482 million (excluding the earnings at end-December 2014) of which MAD57 million are distributable.

2.2.5.2 Future dividend policy

The Company is keen to reward its shareholders to their satisfaction, while also ensuring the means for its growth. This is why Maroc Telecom has decided to pursue a policy of regular dividend distribution in significant amounts, based on current conditions, the Company's profits and its financing needs.

However, the amount of dividends to be paid will be determined by taking into account the Company's capital requirements, return on capital and the Company's current and future profitability. The Company cannot guarantee shareholders that they will receive the same dividend payment every year. This does not constitute a commitment by the Company.

Note that Article 16 of the Bylaws provides for the payment to the shareholders, in the form of dividends, of a total amount that is at least half the distributable profit, unless otherwise approved by a majority of three quarters of the Supervisory Board.

In addition, the provisions of Article 331 of Law 17-95, as amended and supplemented by Law 20-05, also state that it is forbidden to specify a fixed dividend for shareholders. Any provision to the contrary is considered to be null and void unless the Government allocates shareholders a guaranteed minimum dividend.

Moroccan company law requires Maroc Telecom, like any public company, to allocate 5% of net income to the legal reserve until it reaches 10% of the share capital. Maroc Telecom reached the limit of its legal reserve in 2004 and may therefore, starting with fiscal year 2005, distribute all its distributable profit, if its shareholders consider this is advisable.

2.2.5.3 Tax treatment of dividends

Moroccan tax treatment

Shareholders should note that the Moroccan tax treatment is described below only for guidance and is not an exhaustive description of the tax situation applicable to each shareholder. Shareholders should therefore take advice from their tax advisers regarding the tax applicable to their specific situation and in particular concerning the acquisition, ownership or transfer of the Company's shares.

The tax rules applicable in Morocco for dividend distribution is governed by the General Tax Code: Corporate Income Tax (Impôt sur les Sociétés, "IS") and Individual Income Tax (Impôt sur les Revenus, "IR").

The income from shares (dividends) received by individuals or legal entities, whether resident in Morocco or not, is subject to a withholding tax of 15%. The companies involved in the payment of this income are responsible for withholding the tax at source and paying it to the Treasury.

However, companies that have their registered offices in Morocco are exempt from this withholding, provided they deliver to the paying agents a certificate of ownership of the shares showing their IS tax reference number in Morocco.

Note that dividends paid to residents of countries with which the Kingdom of Morocco has signed double taxation treaties, may be subject to taxation at a rate below 15%, if the treaties provide for such a rate. Similarly, these persons are usually entitled to a tax credit with the tax authorities in their country for the tax paid in Morocco, in accordance with the procedures to avoid double taxation.

Moroccan exchange control regulations allow for foreign shareholders to transfer dividends abroad.

Moroccan exchange regulations allow foreign shareholders to transfer dividends abroad, subject to the condition of presenting to an approved intermediary a certain number of documents, primarly:

- transfer orders ;
- the balance sheets and income statements, as these are understood by the Tax Authorities, as well as the supporting documents relating to the fiscal year in respect of which the transfer is requested, and the statement of non-accounting corrections applied to obtain the taxable income ;
- the minutes of the Ordinary Shareholders' Meeting(s) at which the company's results were discussed, showing the distribution of profits and the amount of dividends paid out;
- the list of shareholders and foreign or Moroccan directors residing abroad, indicating their identity, nationality, address and the number of shares held by each of them.

French tax treatment

Shareholders should note that the French tax treatment is described below only for guidance and is not an exhaustive description of the tax situation applicable to each shareholder. Shareholders should therefore take advice from their tax advisers regarding the tax applicable to their specific situation and in particular concerning the acquisition, ownership or transfer of the Company's shares.

Individuals holding shares as part of their private assets and not habitually executing trades on the stock exchange

In accordance with the provisions of Article 25-2 of the tax treaty signed on May 29, 1970 between the Republic of France and the Kingdom of Morocco (the "Treaty"), a shareholder resident in France is entitled to take a tax credit chargeable against the amount of tax on the income in France payable on this same income. The amount of the tax credit is a flat rate set by Article 25-3 of the Treaty at 25% of the amount of the dividend paid, which, according to information provided by the Tax Legislation Department, corresponds to 33.33% of the net amount of dividends received (after deduction of the withholding tax deducted in Morocco).

The net dividends received, plus the tax credit attached to them, are taken into account in determining the total income of the taxpayer under investment income and are subject to progressive rates of income tax in the manner described below. Dividends paid pursuant to a valid decision of the competent bodies of the Company are taken into account in the calculation of income tax, after applying 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, for the purposes of taxation in France, be converted into euros at the exchange rate in Paris on the dividend payment date. If there is no exchange rate on that day, the average exchange rate from a sufficiently close date is applied.

Legal entities subject to corporate income tax

Dividends paid out by the Company are subject to corporate income tax in France.

In accordance with Article 25-2 of the Treaty, shareholders receive a tax credit chargeable against the amount of tax on French companies. The amount of the tax credit is a flat rate set by Article 25-3 of the Treaty at 25% of the amount of the dividend paid, which, according to information provided by the Tax Legislation Department, corresponds to 33.33% of the net amount of dividends received (after deduction of the withholding tax deducted in Morocco).

This tax credit cannot exceed the amount of the corporate income tax on French companies relating to such dividends. No surplus tax credit may be charged against French taxes due on other sources of income, nor may it be refunded or carried forward.

Dividends received, plus the tax credit attached to them, are included in the income taxable at the corporation tax rate of 33.33%.

In addition to and concerning the non-exempting withholding tax (Art. 117 quater of the CGI):

- Before being taxed at the progressive rate of income tax, dividends are subject to a withholding tax of 21%, unless exceptions apply. This non-exempting withholding tax is a tax payment on account of the income tax due for the following year, which is refundable in the event of overpayment;
- Withholding tax is not applied to income paid by a business established outside France to persons whose tax income for the preceding year is less than €50,000 (for single, divorced or widowed persons) or €75,000 (for taxpayers filing jointly);
- Withholding tax is declared and paid directly by the taxpayer to the tax authorities where the taxpayer resides, on or before the 15th of the month following payment of the dividends.

Added to this is a supplementary tax of 3% of the gross amount of the corporate income tax and a social contribution of 3.3% of the gross amount of the corporate income tax in excess of €763,000 for each 12-month period. Also added to this is an exceptional contribution of 10.7% of the gross amount of corporate income tax, for companies whose revenues exceed €250 million.

However, for companies whose revenues are less than €7,630,000 and 75% of whose fully paid share capital has been held continuously throughout the fiscal year in question by individuals or by a company meeting all these conditions, the rate of corporation tax is fixed at 15%, up to a limit of €38,120 of taxable income, for each 12-month period. These companies are also exempt from the social contribution of 3.3% and from the exceptional contribution of 10.7% which are referred to above.

Legal entities qualifying for the parent-subsidiary tax treatment

Legal entities meeting the requirements of Articles 145 and 216 of the General Tax Code may, at their option, claim an exemption for dividends received, in accordance with the parent-subsidiary tax treatment. Article 216 I of the General Tax Code stipulates however that a portion of the costs and expenses set at a flat 5% of the amount of dividends received, tax credit included, are to be added back into the taxable income of the legal entity beneficiary of such dividends.

Under the parent-subsidiary tax treatment, the tax credit attached to dividends received may not be charged against the amount of the 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 manages and directs the company under the control of the Supervisory Board.

The members of the Management Board members must be individuals. All the members of the Management Board must be employees of the Company and/or resident in Morocco for more than 183 days a year, unless an exception has been authorized at a Supervisory Board meeting by a qualified majority of three-quarters of the members present or represented.

If the current term of office of a member of the Management Board is terminated, the Supervisory Board must appoint a replacement in the manner provided for by law and by the Company's Bylaws.

Members of the Management Board (*)

Name (age)	Current title and primary occupation	Date of appointment	Term of office ends
Abdeslam AHIZOUNE (59 years old)	Chairman	First appointed: February 20, 2001 Renewed on May 15, 2014	March 1, 2017
Larbi GUEDIRA (60 years old)	Chief Executive Officer, Services	First appointed: February 20, 2001 Renewed on February 20, 2013	March 1, 2017
Oussama EL RIFAI (**) (44 years old)	Chief Financial Officer	First appointed: July 18, 2014	March 1, 2017
Hassan RACHAD (***) (52 years old)	Chief Technical Officer, Networks and Systems	First appointed: December 5, 2014	March 1, 2017

(*) The replacement of the fifth member of the Management Board (to replace Ms. Janie Letrot) is in process

(**) Mr. Oussama El Rifai was appointed by the Supervisory Board on July 18, 2014. He replaces Mr. Laurent Mairot.

(***) Mr. Hassan Rachad was appointed by the Supervisory Board on December 5, 2014. He replaces Mr. Rachid Mechahouri.

Biographical details and other positions held by members of the Supervisory Board

Abdeslam AHIZOUNE, Chairman of the Management Board

Age: 59, nationality: Moroccan

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

Skills and experience

Born on April 20, 1955, married with three children, Abdeslam Ahizoune is an engineering graduate from ParisTech (1977). He has been Chairman of Maroc Telecom's Management Board since February 2001 and was a member of Vivendi's Management Board between April 2005 and June 2012. He is chairman of the Association of Moroccan Professionales Telecoms MATI since 2008.

Chief Executive of Maroc Telecom from 1998 to 2001, he was previously Minister of Telecommunications in four governments, from 1992 to 1995 and from 1997 to 1998, and Director General of the National Office of Post and Telecommunications (Office National des Postes et Télécommunications, "ONPT") from 1992 to 1997. From 1983 to 1992 he was Director of Telecommunications in the Ministry of Posts and Telecommunications. Abdeslam Ahizoune has been Chairman of the Royal Moroccan Athletics Federation (Fédération Royale Marocaine d'Athlétisme) since 2006.

Current offices

- Fédération Royale Marocaine d'Athlétisme (Morocco), Chairman
- Association Marocaine des Professionnels des Télécoms (MATI), Chairman
- Confédération Générale des Entreprises du Maroc (CGEM, the General Business Confederation of Morocco), Deputy Chairman
- Fondation Mohammed V pour la Solidarité (Mohammed V Foundation for Solidarity) (Morocco), member of the Board of Directors
- Fundation Lalla Salma de Prévention et traitement des cancers (Lalla Salma Association against Cancer) (Morocco), member of the Board of Directors
- Fondation Mohammed VI pour la protection de l'environnement (Mohammed VI Foundation for the Environment) (Morocco), member of the Board of Directors
- Al Akhawayn University (Morocco), member of the Board of Directors

Offices held and expired during the past five years

- Institut Royal de la Culture Amazighe (Royal Institute of Amazighe Culture), member of the Board of Directors
- Axa Assurance (Morocco), Director
- Holcim S.A. (Morocco), Director
- Medi 1TV (Morocco), Chief Executive Officer
- International Chamber of Commerce in France, a member of the Executive Committee

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

Age: 60, nationality: Moroccan

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

Skills and experience

Born on November 22, 1954, Mr. Larbi Guedira is a graduate of Ecole Nationale Supérieure des Telecommunications in Paris and holds a Masters in Mathematics from the University of Paris XI (Orsay) and a Post-graduate Diploma in Management from the University of Lille.

Larbi Guedira is the Chief Executive Officer of the Services division of Maroc Telecom; prior to that he served as Chief Executive Officer of the Commercial Division, Chief Executive Officer of the Telecommunications division, Finance Director and Regional Director for Casablanca. He is also a Director of various companies of the Maroc Telecom group. He was also Chairman of the Association Nationale des Ingénieurs des Télécommunications (National Association of Telecommunications Engineers) between 2000 and 2002.

Current offices

Maroc Telecom Group:

- Mauritel S.A. (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: None

Offices held and expired during the past five years

- Casanet (Morocco), Director
- CMC S.A. (Mauritania), Director
- Mauritel Mobiles (Mauritania), Director
- Libertis (Gabon), Permanent Representative of Maroc Telecom, Director
- Mobisud S.A. (France), Chairman of the Board of Directors
- Mobisud (Belgium), Director

Decoration

- Wissam Order of Merit, Exceptional Class

Oussama EL RIFAI, Member of the Management Board

Age: 44, nationality: Lebanese

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

Skills and experience

Born on January 19, 1970, Mr. Oussama El Rifai has an MBA from the American University of Beirut in 1994 and successfully passed the State of California accountancy exams.

Mr. El Rifai joined Etisalat in 2005 as Director of Financial Development to create the Corporate Finance division and was then appointed Senior Vice President Corporate Finance.

Before that he worked at Arthur Andersen, Andersen Consulting (later Accenture) where he was a Senior Manager.

Current offices

Maroc Telecom Group:

- Gabon Télécom (Gabon), Director
- Mauritel S.A. (Mauritania), Director
- Onatel (Burkina Faso), Director
- Sotelma (Mali), Director
- MT Fly (Morocco), Director

Other: None

Offices held and expired during the past five years

- Etisalat Misr, Director
- Atlantique Telecom, Director
- Atlantique Telecom Ivory Coast, Director
- Canar, Director
- Etisalat Negeria, Director

Hassan RACHAD, Member of the Management Board

Age: 52, nationality: Moroccan

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

Skills and experience

Born on August 6, 1962, Mr. Hassan Rachad is an engineering graduate from Ecole Nationale Supérieure des Télécommunications in Paris.

After joining Maroc Telecom in 1988 as Telecom Engineer, he has held several management positions within the same group, including Director of Human Resources and Regional Director for Greater Casablanca, Marrakesh and Oujda.

He is married with two children.

Current offices

Maroc Telecom Group:

- Gabon Télécom (Gabon), Director
- Onatel (Burkina Faso), Director
- Sotelma (Mali), Director

Other: None

Offices held and expired during the past five years

None

2.3.1.1.2 Appointment, operation and responsibilities of the Management Board

Appointment and dismissal of members of the Management Board

Members of the Management Board are appointed by simple majority of the members of the Supervisory Board present or represented. The Supervisory Board appoints one of them as Chairman.

They may be dismissed by the Ordinary Shareholders' Meeting. If the dismissal is without just cause, it may result in the payment of damages.

The removal from office of a member of the Management Board does not have the effect of terminating the employment contract that the person concerned may have signed with the Company.

Term of office

Members of the Management Board are appointed for a renewable term of two years.

If the appointment of a member of the Management Board is terminated during such member's term in office, the Board member's replacement is appointed for the time remaining until the re-appointment of the Management Board.

Members of the Management Board may always be reappointed.

Operation

The Management Board manages collectively the affairs of the Company.

The members of the Management Board may, with the approval of the Supervisory Board, allocate management tasks among themselves.

However, this allocation may not in any way have the effect of removing from the Management Board its characteristic collective responsibility for the management of the Company. Its decisions are made by a majority vote of the members present or represented, each of them having one vote. Messrs. Larbi Guedira and Hassan Rachad represent the Kingdom of Morocco and Messrs. Abdeslam Ahizoune and Oussama El Rifai represent Etisalat.

Meetings of the Management Board may be held outside the registered office or by videoconferencing or equivalent methods enabling members to be identified, as provided for by the current regulations.

Minutes of Management Board deliberations, if kept, are entered in a special register and signed by the Chairman of the Management Board and one other member. Copies or extracts of these minutes are certified by the Chairman of the Management Board or by a General Manager.

Powers

The Management Board is vested with the broadest powers to act in all circumstances on behalf of the Company, within the limits of its corporate objects and subject to the powers expressly granted to the Supervisory Board by law and by virtue of Articles 10.5.3 to 10.5.5 of the Bylaws.

In its dealings with third parties, the Company is bound even by action taken by the Management Board which falls outside the corporate purpose and Bylaws, unless it proves that the third party knew that the action was ultra vires and/or that the action exceeded statutory provisions or that the third party must have been aware of this, given the circumstances.

The provisions of the Bylaws restricting the powers of the Management Board are not binding on third parties.

The Chairman of the Management Board represents the Company in its relations with third parties. The Supervisory Board may, however, assign the same power of representation to one or more members of the Management Board who then have the title of Executive Officer.

The provisions of the Bylaws restricting the Company's power of representation to the Chairman or, if applicable, the Executive Officer are not binding on third parties.

The Chairman of the Management Board or the Executive Officer(s) may grant powers of attorney to a third party. However, the authority granted by such power of attorney must be limited and relate to one or more specific purposes.

In respect of third parties, any acts binding the Company are valid if carried out by the Chairman or any member of the Management Board appointed by the Supervisory Board as an Executive Officer.

Reporting obligations

The Supervisory Board may at any time request the Management Board to submit a report on its management and ongoing operations. At the request of the Supervisory Board, this report may be supplemented a provisional financial statement of the Company.

As and when necessary, the Management Board delivers to the Supervisory Board a report explaining the possible application or implementation of the items to be adopted by the Supervisory Board in accordance with Articles 10.5.3 to 10.5.5 of the Bylaws.

At least once each quarter the Management Board presents a report on the Company's operations to the Supervisory Board.

Within three months of the fiscal year-end, the Management Board must approve the Company's annual financial statements (balance sheet, income statement and notes) and submit them to the Supervisory Board to enable it to conduct its audit.

The Management Board must also deliver to the Supervisory Board the report to be presented to the ordinary shareholders' meeting called to approve the financial statements for the fiscal year then ended, so that it may, if necessary, prepare comments that will be presented to the Meeting.

Compensation

As part of its appointment decision, the Supervisory Board sets the method and amount of compensation for each Management Board member.

Liability

Without prejudice to the specific liability resulting from receivership or liquidation of the Company's assets, the members of the Management Board are jointly and severally liable, as applicable, to the Company or third parties, for violations of legal and regulatory provisions applicable to corporations, for breaches of the bylaws, or for misconduct in their management.

In 2014, the Management Board met 44 times with an average attendance rate of 94%.

2.3.1.2 Supervisory Board

2.3.1.2.1 Composition of the Supervisory Board

Composition

The Supervisory Board consists of at least eight and at most twelve members, which may be increased to fifteen members since the Company's shares are listed on the Casablanca Stock Exchange.

Each member of the Supervisory Board must own at least one share in the Company during such member's term of office.

The members of the Supervisory Board are appointed by the Ordinary Shareholders' Meeting.

If, on the day of his appointment, a member of the Supervisory Board does not own at least one share in the Company or if, during such member's term, the member ceases to be the owner of one such share, the Board member shall be deemed to have resigned from office if the situation is not rectified within 3 months.

Name (age)	Current title and primary occupation	Date of appointment	Term of office ends	Primary occupation or employment
Mohamed BOUSSAÏD (53 years old)	Chairman	Supervisory Board meeting of October 23, 2013	Ordinary Shareholders' Meeting called to approve the 2018 financial statements	Minister of the Economy and of Finance
Eissa Mohammed Ghanem AL SUWAIDI (*) (57 years old)	Deputy Chairman	Supervisory Board Meeting of May 15, 2014	Ordinary Shareholders' Meeting called to approve the 2018 financial statements	Chairman of Etisalat Executive Director of the Abu Dhabi Investment Council
Mohamed HASSAD (62 years old)	Member	Supervisory Board meeting of October 23, 2013	Ordinary Shareholders' Meeting called to approve the 2018 financial statements	Minister of the Interior
Samir Mohammed TAZI (51 years old)	Member	Supervisory Board meeting of September 13, 2010	Ordinary Shareholders' Meeting called to approve the 2018 financial statements	Director of Public Enterprises and Privatization at the Ministry of the Economy and Finance
Ahmad Adbulkarim JULFAR (*) (53 years old)	Member	Supervisory Board meeting of May 15, 2014	Ordinary Shareholders' Meeting called to approve the 2018 financial statements	Chief Executive Officer of Etisalat Group
Daniel RITZ (*) (48 years old)	Member	Supervisory Board meeting of May 15, 2014	Ordinary Shareholders' Meeting called to approve the 2015 financial statements	Chief Strategy Officer of Etisalat Group
Mohammed Saif AL SUWAIDI (*) (46 years old)	Member	Supervisory Board meeting of May 15, 2014	Ordinary Shareholders' Meeting called to approve the 2018 financial statements	CEO of the Abu Dhabi Fund for Development
Mohammed Hadi AL HUSSAINI (*) (39 years old)	Member	Supervisory Board meeting of May 15, 2014	Ordinary Shareholders' Meeting called to approve the 2018 financial statements	Company director
Serkan OKANDAN (44 years old)	Member	Shareholders' Meeting of September 23, 2014	Ordinary Shareholders' Meeting called to approve the 2019 financial statements	Chief Financial Officer of Etisalat Group

(*) Messrs. Eissa Mohamed Al Suwaid, Mohammed Hadi Al Hussaini, Ahmad Abdulkarim Julfar, Daniel Ritz and Mohammed Saif Al Suwaidi were appointed members of the Supervisory Board on May 15, 2014. They replace Messrs. Jean-René Fourtou, Gérard Bremond, Jean-François Dubos, Philippe Capron and Régis Turrini. Their cooptation was ratified by the Shareholders' Meeting of September 23, 2014.

Term of office

The term of office of members of the Supervisory Board is for six years.

The term of office of a member of the Supervisory Board expires at the end of the meeting of the Ordinary Shareholders' Meeting which approved the financial statements for the previous fiscal year and which is held in the year during which the term of office of the member of the Supervisory Board expires. They may always be reappointed.

They may be dismissed by the Ordinary Shareholders' Meeting at any time.

No member of the Supervisory Board and no employee or officer of a legal entity which is a member of the Supervisory Board may be a member of the Management Board. If a member of the Supervisory Board is appointed to the Management Board, the term of office of such member on the Supervisory Board ends upon the member's entry into office on the Management Board.

A legal entity may be appointed to the Supervisory Board. On its appointment, the legal entity is required to appoint a permanent representative who is subject to the same conditions and obligations and who incurs the same civil and criminal liability as if the representative were a member of the Supervisory Board in his or her own name, without prejudice to the joint liability of the legal entity which he or she represents.

When a legal entity dismisses its representative, it is required, at the same time, to appoint another representative in his or her place.

It shall immediately inform the Company of its decision. The same procedure is followed in the event of the death or resignation of the permanent representative.

Vacancies - Cooptation

If one or more of the members' seats on the Supervisory Board becomes vacant because of death or resignation or other impediment, the Board may, between two shareholders' meetings, make provisional appointments.

If the number of members of the Supervisory Board falls below eight, the Supervisory Board must make provisional appointments to restore its membership within the period of three months from the date on which the vacancy occurs.

Provisional appointments made by the Supervisory Board are subject to ratification at the next Ordinary Shareholders' Meeting; the member appointed to replace another shall remain in office only for the rest of his predecessor's term of office.

If provisional appointments are not ratified, the resolutions made and the actions taken previously by the Supervisory Board nonetheless remain valid.

If the number of members of the Supervisory Board falls below three, the Management Board must, within a period of thirty days from the date on which the vacancy occurs, call the Ordinary Shareholders' Meeting to make up the numbers of the Board.

Biographical details and other positions held by members of the Supervisory Board

Mohamed BOUSSAÏD - Chairman

Age: 53, nationality: Moroccan

Business address: Ministry of the Economy and of Finance

Skills and experience

Mr. Mohamed Boussaid, who was appointed Minister of the Economy and of Finance by HRH King Mohammed VI on October 10, 2013, was born on February 26, 1961 in Fez.

He holds an engineering degree from Ecole Nationale des Ponts et Chaussées (ENPC) in Paris (major in Industrial Engineering) (1986) and an MBA from ENPC's International School of Business (2000).

From 1986 to 1992, Mr. Boussaid worked as a consulting engineer at Banque Commerciale du Maroc. After that, he was Executive Vice President of a chemicals manufacturing and trading company (1992/1994).

From 1994 to 1995 he was a Portfolio Manager in the Corporate Banking Department of Banque Marocaine du Commerce et de l'Industrie ('BMCI').

A member of the Rassemblement national des indépendants ('RNI', the National Rally of Independents), Mr. Boussaid also served from 1995 to 1998, as Chief of Staff of the Minister of Public Works, then Chief of Staff of the Minister of Agriculture, Equipment and the Environment.

From 1998 to 2001, he was Director of Programs and Studies at the Ministry of Equipment, before becoming, between 2001 and 2004, Director of Public Institutions and Stakeholdings, then Director of Public Enterprises and Privatization at the Ministry of Finance and Privatization.

In 2004, he was appointed Minister of Public Sector Modernization and, in October 2007, Minister of Tourism and Crafts.

In March 2010, Mr. Boussaid was appointed Wali of the region of Souss-Massa-Draa, Governor of the prefecture of Agadir Idda Outanane, and then Wali of Casablanca and Governor of the Prefecture of Casablanca in May 2012.

Offices held and expired during the past five years

None

Eissa Mohammed AL SUWAIDI - Deputy Chairman

Age: 57, nationality: Emirati

Business address: Etisalat – intersection of Sheikh Zayed the First Street and Sheikh Rashid bin Saeed Al Maktoum Road, PO 3838, Abu Dhabi

Skills and experience

Mr. AL Suwaidi is appointed Chairman of Etisalat Group. supprimer in june 2012. He is also Executive Director of Abu Dhabi Investment Council in the United Arab Emirates. He began his career at the Abu Dhabi Investment Authority in 1982.

Mr. Al Suwaidi is also Chairman of Abu Dhabi Commercial Bank and a member of the Board of Directors of several organizations such as the Abu Dhabi National Oil Company for Distribution, the International Petroleum Investment Company, the Abu Dhabi Fund for Development and the Emirates Investment Authority.

He holds a BA in Economics from Northeastern University in Boston, Massachusetts, USA.

Current offices

- Etisalat Group, Chairman
- Abu Dhabi Investment Council, Chief Executive
- Abu Dhabi Commercial Bank, Chairman
- Abu Dhabi National Oil Company for Distribution, Director
- International Petroleum Investment Company, Director
- Abu Dhabi Fund for Development, Director
- Emirates Investment Authority, Director

Offices expired during the last five years

- Emirates Integrated Telecommunication Compagny “DU”, Director
- Arab Banking Corporation (BSC), Director

Mohamed HASSAD

Age: 62, nationality: Moroccan

Business address: Ministry of the Interior

Skills and experience

M. Mohamed Hassad, who was appointed Minister of the Interior by HRH King Mohammed VI on October 10, 2013, was born on November 17, 1952 in Tafraout.

A graduate of Ecole Polytechnique des ingénieurs in Paris (1974) and of Ecole Nationale des Ponts et Chaussées in Paris (1976), Mr. Assad held the position of Regional Manager of Public Works in the provinces of Fez, Taounate and Boulemane, between 1976 and 1981.

He then served as Director General of the National Port Authority (Office national d’exploitation des ports, ‘ODEP’) between 1985 and 1993, before being appointed Minister of Public Works, Vocational Training and Employment of Executives on November 11, 1993.

On January 31, 1995, Mr. Assad was appointed CEO of Royal Air Maroc before taking up the post of President of the International Air Transport Association in Francophone countries in February 1997.

On July 27, 2001 he was appointed Wali of the region of Marrakesh-Tensift-El Haouz, and, in June 2005, Wali of the region of Tangier-Tetouan and Governor of the Prefecture of Tangier-Assilah.

In November 2012, he was appointed Chairman of the Supervisory Board of the Agence Spéciale Tanger-Méditerranée.

Mr Assad has been decorated with the rank of Officer of the Order of Wissam Al Arch.

Offices held and expired during the past five years

Agence Spéciale Tanger-Méditerranée, Chairman of the Supervisory Board

Samir Mohammed TAZI

Age: 51, nationality: Moroccan

Business address: Ministry of the Economy and of Finance

Skills and experience

Mr. Samir Mohammed Tazi, who was appointed Director of Public Enterprises and Privatization by HRH King Mohammed VI on June 1, 2010, was born on October 11, 1963 in Meknès.

Holder of engineering degrees from Ecole Polytechnique (1983) and from Ecole Nationale des Ponts et Chaussées (1988), he joined the Ministry of Finance in September 1988, where he began his career in the Budget Department as Head of the Research and Evaluations Division, a position he held for three years before taking charge of the Department for Infrastructure, Transport and Telecommunications in 1992.

In May 2001, Mr. Tazi was appointed Assistant to the Director of the Budget, responsible for the Coordination of Sectoral Structures and Synthesis, a position he held until his appointment as the head of the Department of Public Enterprises and Privatization.

Mr. Tazi has to his credit a 26-year career at the Ministry of the Economy and of Finance, where he gained extensive experience in the areas of Finance and Public Administration, Budgetary Policy and project and change management. He also played an important role at the Ministry preparing and assisting the implementation of several reforms initiated by the government, particularly the reform of local government and various sectoral reforms and strategies.

Mr. Tazi is a member of the Competition Council and a Director of several public companies, including the National Port Authority, the National Railways Office, the National Airports Office, and Crédit Agricole du Maroc.

Offices held and expired during the past five years

None

Ahmad Abdulkarim JULFAR

Age: 53, nationality: United Arab Emirates

Business address: Etisalat – intersection of Sheikh Zayed the First Street and Sheikh Rashid bin Saeed Al Maktoum Road, PO 3838, Abu Dhabi

Skills and experience

Mr. Ahmad Abdulkarim Julfar is the Chief Executive Officer of Etisalat Group. Mr. Julfar was appointed to his current position in 2011, taking over responsibility for Etisalat Group's overall strategy and overseeing the operations in all 19 of Etisalat Group's markets across the Middle East, Asia and Africa. He represents the Group at international forums and conferences, growing Etisalat's reputation for leadership in innovation and quality. In his current capacity, Mr. Julfar ensures the delivery of the Group's commercial, technological, financial, business development and overall organizational goals as Etisalat endeavors upon its stated goal to become the world's leading and most admired emerging markets telecom group. Mr. Julfar's leadership has confirmed an overall constantly remarkable performance of Etisalat Group, seeing an expansion to 19 markets in the Middle East, Asia and Africa, with over 180 million subscribers. Mr Julfar has been widely recognized internationally, winning a number of prestigious awards. In amongst his many accolades, he was named Telecom Leader of the Year -2014 by the Mobile World Congress and CEO of the Year – Telecom 2013 by CEO Middle East. Mr. Julfar is the Chairman of the Board of Directors for the Thuraya Group and Etisalat Services Holding. He is also the Deputy Chair of the GSM Association. Prior to his appointment as Group Chief Executive Officer, Mr. Julfar served as Chief Operations Officer at Etisalat UAE for five years. He has worked at Etisalat for almost 30 years, serving in a variety of critical positions within the Group. Mr. Julfar holds a BS in Civil Engineering and Computer Science from Gonzaga University, and is a graduate of the Mohammed Bin Rashid Programme for Leadership Development.

Current offices

- Etisalat Group, Chief Executive Officer
- Thuraya, Chairman
- Etisalat Services Holding, Chairman
- Mobily (Saudi Arabia), Director

Offices expired during the last five years

- Etisalat, Chief Executive Officer of the group operations

Daniel RITZ

Age: 48, nationality: Swiss

Business address:

Etisalat – intersection of Sheikh Zayed the First Street and Sheikh Rashid bin Saeed Al Maktoum Road, PO 3838, Abu Dhabi

Skills and experience

Dr. Ritz is currently the Chief Strategy Officer of Etisalat Group, based in Abu Dhabi, UAE. Prior to joining Etisalat in 2012, he held a similar position at Swisscom in Switzerland between 2006 and 2011. Before that, he was a Partner & Managing Director at The Boston Consulting Group in Zurich and in Boston. He graduated from the University of St. Gallen, Switzerland, in 1990 and received his Ph.D. in 1995. Between 1993 and 1994, he was a Visiting Scholar at Harvard Business School, Boston, USA.

Current offices

» Etisalat Group (Emirats- Arabes-Unis), CSO
» PTCL and Ufone (Pakistan), Director
» Atlantique Telecom (Ivory Coast), Director
» Thuraya, Director

Offices expired during the last five years

» Fastweb (Italy), Director
» Belgacom International Carrier Services (Swiss), Director
» Swisscom IT Services (Swiss), Director
» Swisscom Hospitality Services (Swiss), Administrateur
» Swisscom CEE (Slovaquie), Director

Mohammed Saif AL SUWAIDI

Age: 46, nationality: Emirati

Business address: Etisalat – intersection of Sheikh Zayed the First Street and Sheikh Rashid bin Saeed Al Maktoum Road, PO 3838, Abu Dhabi

Skills and experience

Mr. Al Suwaidi holds a Bachelors in Corporate Management in 1992 from California Baptist University, USA.

Mr. Al Suwaidi is currently Chief Executive of the Abu Dhabi Fund for Development. He was also Director of the Operations Department of this fund for 11 years where he managed all the projects financed by the fund.

Mr. Al Suwaidi is Chairman of Al Ain Farms for Livestock Production and Deputy Chairman of the Arab Bank for Investment and Foreign Trade.

Current offices

» Abu Dhabi Fund for Development, General Manager
» Al Ain Farms for Livestock Production, Chairman
» Arab Bank for Investment and Foreign Trade, vice president
» First Gulf Bank, Director
» Center of Food Security of Abu Dhabi, Director
» Al Jazira Sport & Cultural Club, Director
» UAE Red Crescent, Director
» Aghtia, Director

Offices held and expired during the past five years

» Al Hilal Bank, Director

Mohammed Hadi AL HUSSAINI

Age: 39, nationality: Emirati

Business address: Etisalat – intersection of Sheikh Zayed the First Street and Sheikh Rashid bin Saeed Al Maktoum Road, PO 3838, Abu Dhabi

Skills and experience

Mr. Al Hussaini, a national of the United Arab Emirates, holds a Masters in International Commerce from Switzerland and has professional experience in banking/finance, real estate and investments. He currently serves on the Board of Directors of five listed companies: Etisalat, Emirates NBD, Emirates Islamic Bank, Dubai Refreshments and Emaar Malls. He comes from a large family of businessmen whose main business is trading.

Current offices

» Etisalat Group, Director
» Emirates NBD, Director
» Emirates Islamic Bank, Director
» Dubai refreshments compagny, Director
» Emaar Malls, Director
» Dubai Real Estate Corpotation

Offices expired during the last five years

» The National General Insurance compagny, Director
» Takaful House, Director
» Dubai Bank, Acting President
» Emirates Financial Services, Chairman
» Economic Zones Wold, Director

Serkan OKANDAN

Age: 44, nationality: Cypriot

Business address: Etisalat – intersection of Sheikh Zayed the First Street and Sheikh Rashid bin Saeed Al Maktoum Road, PO 3838, Abu Dhabi

Skills and experience

A recognized expert in regional and international telecoms. He came to Etisalat from Turkcell enriched with immense years of experiences as a Group Chief Financial Officer and as an Acting CEO to Ukraine operations in 2010. He started his professional career at PwC in 1992. Prior to his appointment as a GCFO to Turkcell, he was entrusted with the job of Group Financial Controller and Head of Reporting Division at Turkcell. in his prior assignment as a GCFO he led the finance function of a publicly quoted company Turkcell and its operations across the 8 different countries. He was known for his wealthy experiences in Merger and Acquisitions businesses, and conducted number of deals estimates at millions of dollars through bonds, syndications, acquisitions and divestitures activities regionally and internationally. Mr Okandan has 22 years of experience, including 3 with Etisalat.

Current offices

» Etisalat Group, Chief Financial Officer
» EMTS (Etisalat Nigeria), Director and Chairman of the Audit Committee
» Ufone (Pakistan), Director and Chairman of the Audit Committee
» PTCL (Pakistan), Director and Chairman of the Audit Committee
» Etisalat Services Holding (ESH), Director

Offices expired during the last five years

» TURKCELL (Turquie), CFO
» TURKCELL (Ukraine), Acting General Manager

2.3.1.2.2 Operation and responsibilities of the Supervisory Board

Chairman - Deputy Chairman

The Board elects from among its members a Chairman and a Deputy Chairman who each have the power to convene the Board and to chair its deliberations and who hold office for the same term of office as a member of the Supervisory Board.

The Chairman and the Deputy Chairman must be individuals.

The Board may appoint a secretary at each meeting who may be chosen from outside the members of the Board.

Calling of meetings – Deliberations

The Supervisory Board shall meet when called by its Chairman or Deputy Chairman, whenever the interests of the Company require it, at the registered office or any other place specified in the notice of meeting. This notice may be sent by registered letter with acknowledgment of receipt or by electronic mail with acknowledgment of receipt or by international express mail, fifteen days before the date of the meeting, and this period may be reduced if all the members of the Supervisory Board agree.

The Supervisory Board may only validly deliberate if at least half of the members of the Supervisory Board are in fact present.

If this quorum is not reached, the Chairman or the Deputy Chairman of the Supervisory Board shall convene a second meeting, in the same manner as the first called meeting, seven (7) business days before the date of the meeting, where the postmark, the certificate of delivery or the electronic acknowledgement of receipt is authentic. This notification of the second meeting must, in any event, be delivered at the latest during the week following the holding of the first meeting. If a quorum is still not reached, a third meeting is called and held in accordance with the terms and conditions for a minimum quorum established by Moroccan law. It is agreed that in the event that a quorum is not reached at the time specified in the notice for the meeting of the Supervisory Board, the beginning of the meeting shall be postponed by one hour.

Members of the Supervisory Board attending a meeting of the Supervisory Board by videoconference or using equivalent means of identification provided for by current regulations are deemed present for calculating the quorum and majority.

This provision does not apply when the agenda includes the appointment and dismissal of the Chairman of the Board, the financial statements or the calling of a shareholders's meeting.

In addition to the transactions subject by law to prior approval of the Supervisory Board and in accordance with Article 10.5.3 of the Bylaws, the following decisions require the prior approval of the Supervisory Board, acting by a simple majority of the members present or represented:

» The review, approval and revision of the business plan

» The review, approval and revision (without prejudice to the provisions of Article 10.5.4 (iii) of the Bylaws) of the budget, the prior approval of any services contract or of any other contract between the Company or its Affiliates and one of its minority shareholders or one of its Affiliates, excluding contracts for current operations concluded under normal conditions;

» the annual or multi-annual social policy, including policies for compensation, training, human resources management and the creation of incentive plans for employees or senior managers of the Company;

» subject to Article 10.5.4 (v) in the Bylaws, any proposal to the shareholders' meetings to appoint one of the two auditors of the Company;

» the appointment of members of the Management Board in accordance with applicable laws and the provisions of Article 9 of the Bylaws;

» approval of the draft resolutions to be submitted to the Company's Shareholders' Meeting concerning allocation of the Company's and its subsidiaries' profits (dividends, reserves, etc.) on the terms provided for by the Articles 16 and 10.5.4 of the Bylaws;

» any change in the Company's accounting policies not required by law or by the applicable regulations, unless such change has a significant impact on the distributable profit of the Company, in which case the decision should be taken by qualified majority in accordance with Article 10.5.4 (i) of the Bylaws;

» any transfer of a shareholding in an entity holding one or more operating licenses for fixed and mobile telecommunications networks open to the public, if the annual financial statements of said entity, certified by the Statutory Auditors, show negative EBITDA for the last two consecutive years, calculated in accordance with accounting standards currently in force within the Company (such an entity is hereinafter referred to as 'Loss-Making Entity');

(*) As defined in the Bylaws, the term 'Affiliates' of the Company means any entity or company where: (i) the Company directly or indirectly holds a fraction of the share capital that gives it a majority of voting rights at shareholders' meetings of said company or entity; or (ii) the Company, on its own, has a majority of the voting rights in that company or entity, under an agreement with other partners or shareholders that is not contrary to the interests of the company; or (iii) the Company, by virtue of the voting rights available to it, makes the decisions at Shareholders Meetings of said company; or (iv) the Company is a partner or shareholder and has the power to appoint or remove the majority of the members of the administrative, management or supervisory bodies of said company. The Company will be deemed to have the powers mentioned in (i) to (iv) above when it directly or indirectly holds 40% or more of the voting rights, and no other partner or shareholder directly or indirectly holds a greater percentage than the Company's. The same definition applies when the term 'Affiliate' is used in connection with one of the shareholders of the Company..

- the determination of the sale price and the terms and conditions of the agreement for sale of a shareholding in an entity that has one or more operating licenses for fixed and mobile telecommunications networks open to the public, if it is not a Loss-Making Entity, as referred to at Article 10.5.4 (x) of the Bylaws.

However, as an exception to the provisions of Article 10.5.3 described above and the provisions of Article 10.5.4 in the Bylaws, the following decisions must be approved by a qualified majority of three-quarters of the members of the Supervisory Board present or represented:

- any significant change in the Company's accounting policies having a significant impact on the Company's distributable profit, unless such change is required by law or the applicable regulations;
- the revocation, surrender or transfer of licenses or the granting of major operating facilities;
- any decision aiming to oblige the Company or its Affiliates(*), in respect of any action or any legal, administrative or arbitration proceedings, involving the Company or its Affiliates, and sums due or receivable by the Company or its Affiliates, in an amount greater than three-hundred million dirhams;
- any decision concerning the entering into, the amendment and/or the termination of any contract for the provision of services, or any other agreement between, on one hand, the Company or its Affiliates and on the other, the controlling shareholder or its Affiliates, excluding agreements relating to current arm's length transactions;
- any proposal to the shareholders' meeting to appoint the second statutory auditor of the Company;
- any decision for a merger, in any form whatsoever, between the Company's businesses and any business(es) controlled by the majority shareholder which compete(s) with the Company in Fixed, Mobile or Internet telecommunications sectors and in exchanges of data;
- any decision to dispense with the requirement that a member of the Management Board must be an employee of the Company and/or must resident in Morocco for more than one hundred eighty-three days a year;
- any overrun of more than 30% of the limits set in the Budget for investments or divestments or for borrowing or lending;
- any creation(s) of a Company Affiliate with share capital or initial stockholders' equity in excess of three hundred million dirhams, and any acquisition or sale of a shareholding(s) in any group or entity in an amount of more than three hundred million dirhams.
- any acquisition of a shareholding in an entity holding one or more operating licenses for fixed and mobile telecommunications networks open to the public; any decision in principle to sell a shareholding in such an entity if it is not a Loss-Making Entity; and any decision(s), including in the event of internal restructuring, concerning (a) a merger, demerger, partial transfer or lease management of all or part of the business of the Company or its Affiliates, and (b) any decision to wind up, liquidate or terminate a substantial business belonging to the Company or its Affiliates, provided that the decisions referred to in (a) and (b) above may only be taken by qualified majority if they concern an Affiliate whose estimated value or business exceeds five hundred million (500) million dirhams;
- any exemption from an obligation under the dividend distribution policy set out in Article 16 of the Bylaws to distribute dividends in an amount at least half the distributable profit.

In addition, and pursuant to the provisions of Article 10.5.5 of the Bylaws described below, the Supervisory Board may not submit the following resolutions at the shareholders' meeting unless they have been adopted by at least three-quarters of the members of the Supervisory Board present or represented:

- a proposal to change the Company's Bylaws (concerning, in particular, a reduction of or increase in the Company's share capital;
- a proposal for the Company to issue new types of shares or securities; a proposal to modify substantially the corporate objects and/or principal business of the Company, or any of its Affiliates holding one or more operating licenses for fixed and mobile telecommunications networks open to the public;
- a proposal to amend the rights and obligations attached to the Company's shares;
- a proposal to change the closing or opening dates of the Company's fiscal year;
- a proposal to dismiss members of the Management Board or of the Supervisory Board appointed on the proposal of one of the minority shareholders pursuant to the provisions of Articles 9 and 10 of the Bylaws;
- any proposal to rebrand the Company's trading name or to change the trademark or trade name of the Company in Morocco or among the Company's Affiliates.

Tasks and Powers of the Supervisory Board

The Supervisory Board exercises permanent control over the Management Board's management of the Company. At any time of the year, it performs the checks and controls that it considers appropriate, and may ask for delivery of any documents that it considers necessary for the accomplishment of its mission.

The members of the Supervisory Board may review any information or data relating to the life of the Company.

The Supervisory Board may, within the limits it sets and subject to the provisions of Article 10.5 of the Bylaws above, authorize the Management Board to sell real estate, to sell all or part of the holdings, to set up guarantees as well as sureties, endorsements or guarantees in the name of the company.

It presents its comments on the report of the Management Board and on the financial statements to the annual shareholders' meeting.

The Supervisory Board may set up, on its own or with the assistance if deemed necessary of third parties, whether shareholders or not, technical committees to study matters referred to it for opinion.

These committees have advisory powers and act under the authority of the Supervisory Board, whose agency they are and to whom they report.

Committee members are appointed by the Supervisory Board. Unless otherwise decided by Supervisory Board, the term of office of committee members is the same as their terms of office as members of the Supervisory Board.

Each committee shall itself establish its own rules of procedure, to be approved by the Supervisory Board.

Compensation

The shareholders' meeting may grant to members of the Supervisory Board, as compensation for their duties, an annual fixed sum as attendance fees. The Supervisory Board may also grant exceptional remuneration for tasks or assignments entrusted to its members.

Liability

The members of the Supervisory Board are responsible, individually or jointly as applicable, to the company or to third parties, either for violations of the provisions of the law or regulations applicable to corporations, or for breaches of the Bylaws, or for misconduct in their management.

If several members of the Supervisory Board have contributed together to the same facts, the court shall determine the contribution of each towards reparation for the loss or damage.

The members of the Supervisory Board are responsible for personal misconduct committed in the performance of their duties. They incur no liability in respect of management actions and their outcome. They may be declared civilly liable for offenses committed by members of the Management Board if, having knowledge of them, they do not disclose them to the shareholders' meeting.

In 2014, the Supervisory Board met seven times, to approve both the achievements of the company and its growth prospects in the medium to long term, with an average attendance rate of nearly 61%.

Messrs. Mohamed Boussaïd, Mohamed Hassad and Samir Mohammed Tazi (three members) were appointed to the Supervisory Board on the recommendation of the Kingdom of Morocco and Messrs. Eissa Mohamed Al Suwaidi, Mohammed Hadi Al Hussaini, Ahmad Abdelkarim Julfar, Daniel Ritz, Mohammed Saif Al Suwaidi and Serkan Okandan, (six members) were appointed on the recommendation of Etisalat.

Messrs. Eissa Mohamed Al Suwaidi, Mohammed Hadi Al Hussaini, Ahmad Abdulkarim Julfar, Daniel Ritz and Mohammed Saif Al Suwaidi replace Messrs. Jean-René Fourtou, Gérard Bremond, Jean-François Dubos, Philippe Capron and Régis Turrini.

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

2.3.2 Audit committee and code of ethics

2.3.2.1 Audit Committee

Maroc Telecom has an Audit Committee, charged in particular with making recommendations and/or advising on accounting procedures and key processes governing the operation of the Group.

Composition

Since July 17, 2014, following the completion on May 14, 2014 of Etisalat's purchase of the 53% held by Vivendi in the capital of Maroc Telecom, the Audit Committee is composed of five members, namely two representatives of the Kingdom of Morocco and three representatives of the Etisalat group, including the Chairman.

The composition of the Audit Committee is as follows:

Name	Current position	Date of appointment	Primary occupation or employment
Mohammed Hadi AL HUSSAINI	Chairman	2014	Member of the Board of Directors of Etisalat
Noureddine BOUTAYEB	Member	2003	Wali, Secretary General of the Ministry of the Interior
Samir Mohammed TAZI	Member	2010	Director of Public Enterprises and Privatization at the Ministry of the Economy and Finance
Serkan OKANDAN	Member	2014	Chief Financial Officerof Etisalat Group
Javier GARCIA	Member	2014	Head of Internal Audit, Etisalat Group

Biographical details and other positions held by members of the Audit Committee

Mohamed Hadi AL HUSSAINI

Mr. Al Hussaini, an Emirati national, holds a Master's degree in International Commerce from Switzerland and has professional experience in banking/finance, real estate and investments. He currently serves on the Board of Directors of five listed companies: Etisalat, Emirates NBD, Emirates Islamic Bank, Dubai Refreshments and National General Insurance. He is from a renowned merchant family.

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 at the Ministry of the Interior, Director of Rural Affairs at the Ministry of the Interior, and Chief Operating Officer for Maghrébine d'Ingénierie (INGEMA SA). Prior to that he held various engineering posts at the Ministry of Infrastructure and at an engineering consultancy in Paris.

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

Serkan OKANDAN

Mr. Okandan joined Etisalat in January 2012 as Chief Financial Officer of Etisalat Group. Previously, he was Group Chief Financial Officer of Turkcell. Mr. Okandan began his professional career with PricewaterhouseCoopers in 1992, and worked for DHL and Frito Lay as a Business Analyst before joining Turkcell. Mr. Okandan is a member of the Board of Directors and Chairman of the Audit Committee of Etisalat Nigeria, PTCL and Ufone, and a member of the Board of Directors of Etisalat Services Holding.

Mr. Okandan holds a degree in Economics from Bosphorus University.

Javier GARCIA

Mr. Javier Garcia joined Etisalat in December 2012 as Head of Internal Audit of Etisalat Group. Mr. GARCIA was Head of Internal Audit for Telefonica Group before joining Etisalat. He held various posts at Telefonica, including Head of Business Process Audit and Vice President of Internal Audit (Chile). Mr. Garcia has a degree in economics and a master's degree in financial markets from the Autonomous University of Madrid.

Operation

The Audit Committee was set up by the Supervisory Board in 2003 following calls from shareholders to adopt international standards for corporate governance and internal control at Maroc Telecom.

Since July 17, 2014, the Audit Committee has had five members: two representatives of the Moroccan government and three representatives (including the Chairman) of Etisalat Group. The Audit Committee was previously composed of 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 2014. Its role is to make recommendations and proposals to the Supervisory Board on matters such as:

- review of statutory and consolidated financial statements, before their submission to the Supervisory Board,
- 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 policies and methods, and consolidation scope,
- he 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, and
- 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 conduct, business transactions, and employee behavior are consistent with the operational guidelines set by the management bodies, and that they comply with applicable laws and regulations, and
- to ascertain that the accounting, financial, and management information provided to the Company's management bodies gives a true and fair view of the Company's operations and financial position.

One of the objectives of the internal control system is to prevent or mitigate 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 guarantee that such risks will be fully eliminated.

To perform 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 action plan for the Internal Audit and Inspection departments and analyzes their findings.

The average attendance rate among Audit Committee members at meetings held in 2014 was 60%.

Internal Audit & Inspection

Internal Audit

The Internal Audit department of Maroc Telecom reports to the General Control department (office of the Chairman). It is an independent function that has direct access to the Audit Committee. The Internal Audit department is 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 level of risk of 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 the business risks, which include financial risks, IT risks, and risks specific to the operational units of the Group.

To meet this twofold objective, the Internal Audit department has two divisions, each of which has the following complementary functions:

» Financial audit (10 auditors at December 31, 2014), for processes with an accounting and financial impact.
» Operational audit (12 auditors at December 31, 2014), for matters regarding operational units (retail branches, technical centers, stores, regions, etc.). Operational audits consist of analyzing procedures for the management of resources, networks, and customer services.

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

These engagements 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 controls relating to security of the communication, storage, 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 during follow-up engagements.

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 engagements.

Internal audits performed in 2014 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 45 audits were conducted in 2014.

Inspection

In conjunction with the Internal Audit department, the Inspection department (11 inspectors at December 31, 2014) is also responsible for assessing and approving the Company's internal control system. The Inspection 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 compliance with management procedures, instructions, policies, and rules;
» 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 be called on to contribute to the operational audit by completing specific, occasional engagements, and may set up a team to study, analyze, and make proposals with regard to Company functions.

Sarbanes-Oxley

Maroc Telecom remains committed to maintaining the highest standards of corporate governance and financial disclosure.

2.3.2.2 Code of Ethics

Keen to maintain a high degree 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 serves as a reminder of the ethical principles and rules that generally apply, and the need to adhere scrupulously to them. The Code aims to make each employee of the Company accountable, setting out the principal rules governing the use of inside information, so as to raise awareness of best practice among all employees and inform and guide their professional conduct.

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.

All new recruits are invited to an orientation seminar where the Chief Compliance Officer presents the main points of the Code of Ethics and also, for educational purposes, describes a few of the conflict of interest situations that employees could face.

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

2.3.3 Compensation of senior managers

2.3.3.1 Compensation paid to members of the management and supervisory bodies

When appointing members of the Management Board, the Supervisory Board decides on the individual forms and amounts of their compensation. This is then written into the employment contract of each member. A compensation committee comprising the Chairman and the Deputy Chairman of the Supervisory Board meets once a 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.

The total gross compensation paid by the Company, its subsidiaries, and all controlling companies to members of the Management Board for their work on behalf of Maroc Telecom Group for fiscal year 2014 totaled MAD47 million. Variable compensation for 2014 was calculated for members of the Management Board in accordance with the following criteria: (a) financial targets of Maroc Telecom and (b) the priority actions for their business segment.

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

In MAD millions	2012	2013	2014
Gross compensation	32	38	47
Variable compensation	33%	40%	39%
Minimum compensation in the event of termination of contract	38	48	59

Based on compensation for 2014, 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 MAD59 million. Furthermore, the Company bears the cost of entertainment 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 set up for corporate officers is included in the figures in the above table.

The Shareholders' Meeting of April 23, 2009, voted to allocate the total amount of two million four hundred thousand dirhams in annual attendance fees to members of the Supervisory Board and Audit Committee. This decision remains valid until a new decision is made by the Shareholders' Meeting. The conditions and criteria for apportioning the fees must be set by the Supervisory Board.

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 Executive and Supervisory Boards

At December 31, 2014, members of the Supervisory and Management Boards held, directly or indirectly, 76,303 shares in Maroc Telecom.

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 indictment and/or sanction has been issued against them by legal or regulatory authorities or professional bodies. Similarly, no corporate officer of Maroc Telecom has been prevented by a Court from acting as a member of an executive, management, or supervisory body of an issuer, or from participating in the management or the business of an issuer.

Finally, the appointment of members of the Management Board and Supervisory Board is governed by a Shareholders' Agreement whose terms and conditions are described in section 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 its subsidiaries that bestow any particular benefits.

2.3.3.6 Stock subscription and/or stock purchase options

As of the date of this Registration Document, no corporate officer and/or employee held any Maroc Telecom stock subscription or purchase 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 managers, executives or, in certain cases, non-management employees of the Group. In addition, certain members of the Management Board and certain senior managers of the Company were eligible for Vivendi's stock subscription options plans.

All stock subscription options and performance shares are granted if the performance targets set 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	2012	2013	2014
Total stock options	**192,775**	**0**	**0**
Management Board	149,975	0	0
10 largest beneficiaries	156,575	0	0
Total bonus shares	**152,858**	**205,513**	**0**
Management Board	45,498	93,675	0
10 largest beneficiaries	52,838	104,006	0

2.3.3.7 Loans and guarantees granted to senior managers

None

2.3.2 Related-party transactions

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

The aforementioned regulated agreements entered into during fiscal year 2014, and agreements entered into during previous fiscal years and which remained effective in 2014, are detailed in the special report of the Statutory Auditors on pages 253 to 257 of this document.

2.3.4.1 Related-party transactions in fiscal year 2014

Technical services agreement with Etisalat

In May 2014, Maroc Telecom signed a service agreement with Emirates Telecommunications Corporation (Etisalat), under which the latter is to provide Maroc Telecom, at its request, directly or indirectly, with technical support services, particularly in the following areas: digital media, insurance, and financial ratings.

These services may be performed by expatriate staff.

On May 14, 2014, Etisalat became the principal shareholder of Maroc Telecom via SPT. Members of the management bodies common to both parties are: Eissa Mohammad Al Suwaidi, Ahmad Abdulkarim Julfar, Serkan Okandan, Daniel Ritz and Mohammad Hadi Al Hussaini.

2.3.4.2 Related-party transactions from prior fiscal years still in effect in 2014

Lease agreement with MT Fly

At its meeting on July 23, 2012, the Supervisory Board approved an aircraft lease agreement with the company MT Fly for its commercial operations, with retroactive effect to January 1, 2012 and valid for a period of 12 months. The lease may be renewed by tacit agreement each year until it is formally terminated. The annual lease amount was MAD5.8 million (excl. tax).

Under the terms of the agreement, the Parties may negotiate a new lease amount each year. To that end, the agreement was amended in the second half of 2014, with retroactive effect to January 1, 2014, to reduce the annual rental amount to MAD4 million (excl. tax). It is now an arm's length agreement.

Maroc Telecom is a majority shareholder of MT Fly. Members of the management bodies common to both parties are: Larbi Guedira and Oussama El Rifai.

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 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 MAD6 million per annum, in addition to the FRMA chairman's travel and business expenses.

At its meeting on July 18, 2014, the Supervisory Board authorized the renewal of this agreement for the period from September 1, 2014 to September 1, 2017, for an annual amount of MAD4 million. This includes support from Maroc Telecom for the Mohammed VI Athletics Meeting, in addition to the FRMA chairman's travel and business expenses.

Agreement with MT Fly for advance payment

At its meeting on July 25, 2011, the Supervisory Board authorized an advance payment to MT Fly of a sum corresponding to 125 flight hours (MAD7 million), to cover expenses for the first six months of operation and demonstrate the financial viability of MT Fly.

This advance was repaid in full in January 2014.

Maroc Telecom is a majority shareholder of MT Fly. Members of the management bodies common to both parties are: Larbi Guedira, Oussama El Rifai and Hassan Rachad.

Agreement with Sotelma

In 2009, Sotelma and Maroc Telecom signed an agreement under which Maroc Telecom provides it with technical support and services.

Maroc Telecom is a majority shareholder of Sotelma. Members of the management bodies common to both parties are: Larbi Guedira, Oussama El Rifai and Hassan Rachad.

Agreement with Onatel

In September 2007, Onatel and Maroc Telecom signed an agreement under which Maroc Telecom provides it with 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.

Maroc Telecom is a majority shareholder of Onatel. Members of the management bodies common to both parties are: Larbi Guerida, Oussama El Rifai and Hassan Rachad.

Agreement with Gabon Telecom

In September 2007, Gabon Télécom and Maroc Telecom signed an agreement under which Maroc Telecom provides it with 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.

Maroc Telecom is a majority shareholder of Gabon Télécom. Members of the management bodies common to both parties are: Larbi Guedira, Oussama El Rifai and Hassan Rachad.

Management services agreement with SFR (formerly Vivendi Telecom International)

In June 2001, Maroc Telecom and Vivendi Telecom International (now SFR) entered into a service agreement under which Vivendi provides Maroc Telecom with technical support, 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.

These services are performed mainly by expatriate employees.

This agreement was terminated in 2014.

On May 14, 2014, Vivendi ceased to be a shareholder of the Company, and therefore the agreement was terminated.

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

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 was one of Maroc Telecom's principal shareholders. In June 2012, Abdeslam Ahizoune left Vivendi's Management Board.

On May 14, 2014, Vivendi ceased to be a shareholder of the Company, and therefore the agreement was terminated. The amount of MAD3.6 million was invoiced in respect of the first six months of 2014 in stock options.

Agreement with Mauritel

In 2001, Mauritel SA and Maroc Telecom signed an agreement under which Maroc Telecom provides it with technical support and services and sells it equipment.

Maroc Telecom is a majority shareholder of Mauritel. Members of the management bodies common to both parties are: Larbi Guedira and Oussama El Rifai.

Agreement with Casanet

In 2003, Maroc Telecom signed several agreements with its subsidiary Casanet. The purpose of these is, inter alia, to keep Maroc Telecom's Menera website operational and to provide mobile web hosting and development services for Maroc Telecom's websites.

Maroc Telecom is a majority shareholder of Casanet.

Casanet current-account advance

Maroc Telecom decided to delegate its business directories operation to Casanet, a subsidiary.

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

Maroc Telecom is a majority shareholder of Casanet.

Agreement with Media Overseas

At its meeting on February 24, 2006, the Supervisory Board of IAM ratified the agreement signed during the fiscal year with Media Overseas, a subsidiary of the Canal+ group, aimed at launching a TV via ADSL offering. Operations under this agreement have been initiated with MULTITV AFRIQUE, a subsidiary of Media Overseas.

At its meeting on July 28, 2009, the Supervisory Board authorized an agreement for the distribution of prepaid cards for the "CANAL+ Maghreb" service provided via the Maroc Telecom network.

This contract ended in 2013. Services provided in the last three months of 2013 were paid for in 2014.

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

It should be disclosed that on May 14, 2014, Vivendi (an indirect shareholder of Media Overseas) ceased to be one of the major shareholders of the Company.

2014

REGISTRATION DOCUMENT

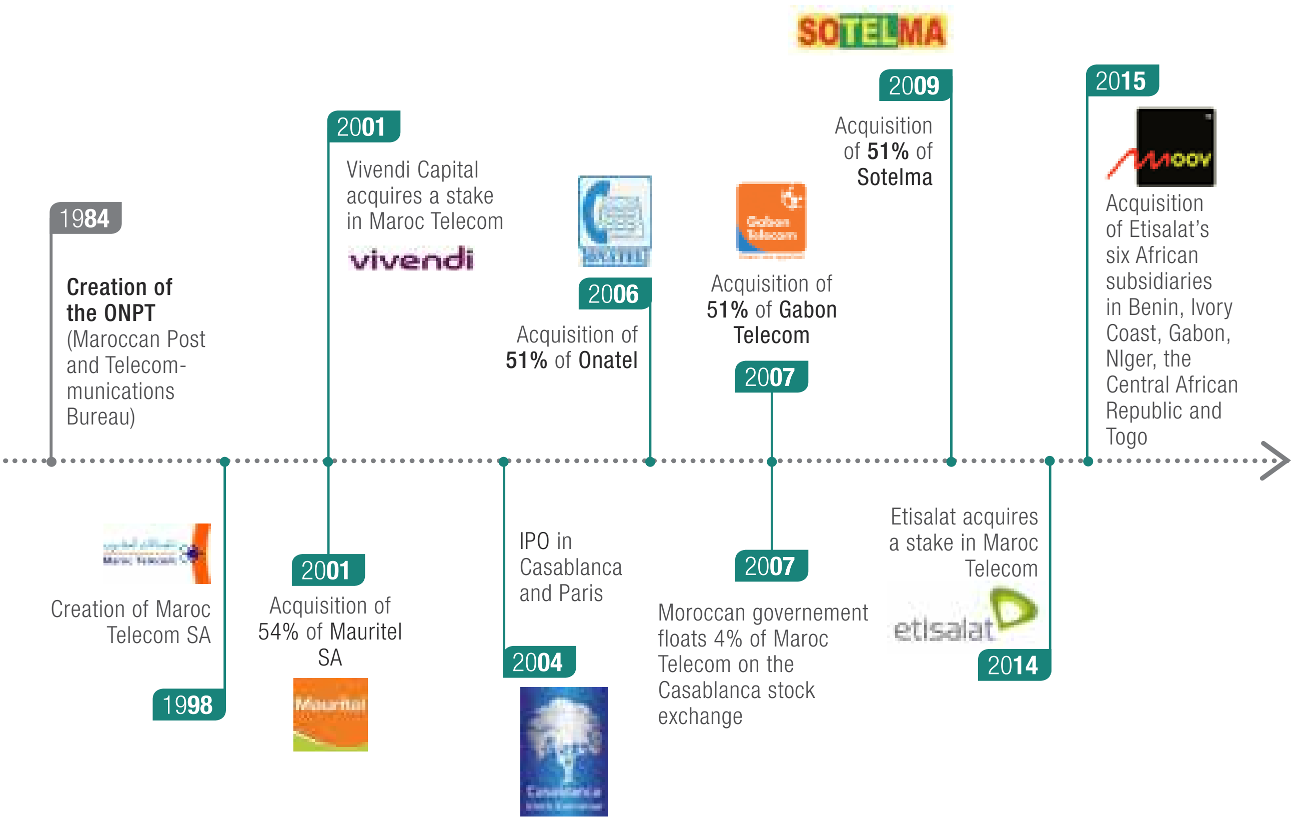
03

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

3.1 Description of the group

3.1.1 History and overview

History



Overview

Maroc Telecom is the incumbent telecommunications operator in the Kingdom of Morocco. It is present in the fixed-line telephony, mobile telephony and internet segments. 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 the management of the company. This transaction was finalized in December 2010.

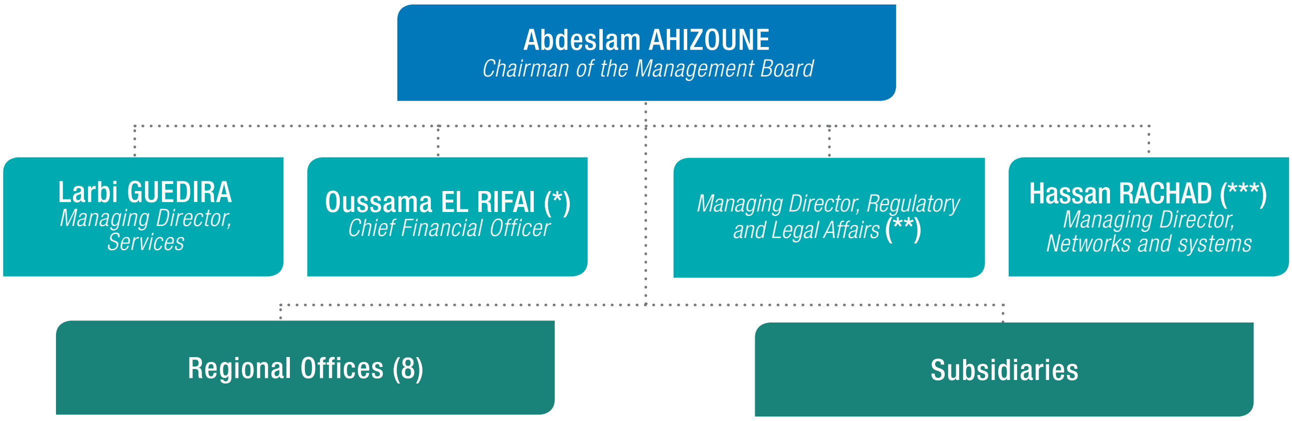
More recently, in January 2015, Maroc Telecom finalized the agreement signed on May 4, 2014 to acquire the six assets of Etisalat in Benin, Ivory Coast, Gabon, Niger, the Central African Republic and Togo. This deal was completed on January 26, 2015.

In addition, Maroc Telecom owns 100% of Casanet, a leading internet service provider in Morocco and host of the menara.ma website.

Maroc Telecom is organized by "Business Unit" around its business activities and services. The fixed-line and mobile operating segments are combined within the Services Division and the Networks and Systems Division, while support functions are covered by the Regulatory and Legal Affairs Division and Administration and Finance Division. Within the strategic framework defined by the Group's management bodies, these divisions ensure oversight of subsidiaries and compliance with the rules of Maroc Telecom Group.

Maroc Telecom is decentralized, with eight Regional Offices each with their own operating structure and support functions.

The Maroc Telecom Group's organization chart at December 31, 2014, was as follows:



(*) Mr. Oussama El Rifai was appointed by the Supervisory Board on July 18, 2014. He replaces Mr. Laurent Mairot.
(**) The replacement of the Managing Director, Regulatory and Legal Affairs (to replace Ms. Janie Letrot) is in process. Mr. Brahim Boudaoud is temporarily acting Managing Director, Regulatory and Legal Affairs.
(***) Mr. Hassan Rachad was appointed by the Supervisory Board on December 5, 2014. He replaces Mr. Rachid Mechahouri.

Since May 14, 2014, Maroc Telecom has been part of Etisalat Group, UAE incumbent with operations in 19 countries in the Middle East (UAE, Saudi Arabia), Asia (Pakistan, Afghanistan, and Sri Lanka), and Africa (Egypt, Sudan, Côte d'Ivoire, Togo, Benin, Nigeria, Niger, Gabon, Tanzania, and the Central African Republic). Etisalat began its 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 169 million in 2014. It 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.

This effective system has dual ISO 9001 and ISO 27001 certification, renewed every three years.

The certification covers all Maroc Telecom activities. The aim is to improve the consistency and performance of the management system by tracking overarching indicators.

Information security through joined-up asset management, risk analysis and business continuity planning means that the information assets of the business can be safeguarded and protected effectively.

In addition, because we protect the personal data of our customers, employees and partners, they can be assured that their information is safe and will be treated with the utmost confidentiality.

This certification, awarded by internationally recognized bodies, is a guarantee of the quality of the services provided by Maroc Telecom and proof of its commitment to satisfying and retaining customers through constant customer care.

In October 2014, our ISO 9001 and ISO 27001 certification was successfully transferred from the certification body Det Norske Veritas (DNV) to Lloyd's Register Quality Assurance (LRQA).

The first visit from the certifier LRQA took place in December 2014 and concluded positively, with a report confirming the overall maturity of the management system as well as the outstanding performance of the business in terms of its commercial, technical and IT aspects.

The certification covers the design and development of products, marketing, installation/uninstallation, activation/deactivation, billing and collection, after-sales service, information, and support for all products and services and for all consumer and business customers across Maroc Telecom's various sites.

3.1.2 Maroc telecom's business strategy

The countries in which Maroc Telecom Group operates – Morocco and countries in sub-Saharan Africa – are recording strong economic growth. The Moroccan Ministry of Finance forecasts that in 2015, the country's GDP will grow by 4.4%, while the International Monetary Fund expects average GDP growth of 6.3% for the eight sub-Saharan countries in which Maroc Telecom operates, including the new assets acquired in 2015.

In parallel with this favorable economic backdrop, Maroc Telecom is continuing to benefit from growth in the sub-Saharan telecoms markets in which it has been active for some years. The customer bases of Gabon (expected penetration rate of 204% (**) at end-2014) and Mauritania (estimated penetration rate of 102% (**) at end- 2014) still have growth potential owing to the structure of Africa's mobile markets, which are mainly prepaid and characterized by a large number of multi SIMs. The mobile markets in Burkina Faso (expected penetration rate of 77% (**) at end-2014) and Mali (estimated penetration rate of 133% (**) at end-2014) are not yet mature and still have significant growth potential. The African subsidiaries that recently joined the Group should benefit from Maroc Telecom's experience, gradually improving their performance and contributing to the growth in Group revenue and income. In Morocco, the level of mobile penetration has reached that of European countries – according to the ANRT, the mobile penetration rate in Morocco was 133% at December 31, 2014, while the European average is 129% (*). 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 introduce promotional offers. However, the sharp drop in prices has been accompanied by good elasticity, with a growth in usage of over 60% over the past three years, according to ANRT statistics.

Maroc Telecom aims to capitalize on the opportunities afforded by 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;
- Differentiating itself from the competition through service quality combined with significant investment and a policy of ongoing innovation.

As the cornerstone of this strategy, Maroc Telecom is pushing ahead with a major upgrade of its networks and the deployment of ultra-high-speed technology for both fixed-line (MSAN) and mobile (Single RAN). With the advent of 4G imminent in Morocco and the launch of fiber to the home (FTTH) in 2014, Maroc Telecom is continuing to increase its internet access speed. At the same time, it is continually adding new features to existing products and services to boost usage (voice and data) and build customer loyalty.

The objectives for the Mobile segment are to:

- Continue to boost voice and data usage with a marketing policy based on competitive rates, an increasingly segmented market, and a wide range of products designed to meet customers' needs (Jawal Pass with mobile data, unlimited mobile plans);
- Build customer loyalty through competitive products and services and an active policy for migrating prepaid customers to postpaid subscriptions;
- Increase average revenue per user (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 non-voice services (SMS, Mobicash, and other value-added services).
- In the Fixed-line and Internet segments, the aim is to:
- Support the growth of the customer base by developing attractive bundled offers (MT DUO, MT BOX);
- Stimulate the Fixed-line/Internet segment by continually introducing new features (unlimited calls, cheaper international calls, several hours of mobile calls included in unlimited Phony fixed-line packages, etc.);
- Increase the penetration rate of ultra-high-speed internet following the launch of fiber-optic internet in May 2014.

This market should also receive a boost in 2015 from the expected launch of unbundled fixed-line and internet offerings by competitors.

Internationally, Maroc Telecom seeks to maintain its leadership positions based on its fixed/mobile converged operator strategy, to capitalize on the strong growth of these markets and the synergies they allow. This strategy requires significant capital expenditure to increase its network coverage and roll out high-speed mobile networks.

From a marketing perspective, Maroc Telecom intends to remain a leader both in mobile services (launch of 4G and mobile internet, introduction of mobile payment services) and fixed-line services (broadband via ADSL, wireless internet, unlimited rate plans, etc.).

Finally, Maroc Telecom is continually on the lookout for acquisition opportunities that would open up new markets offering strong potential for organic growth. The acquisition in 2015 of six sub-Saharan assets of the Emirati operator Etisalat cements Maroc Telecom Group's position as a strategic operator in West Africa, being present simultaneously in telecoms markets in Côte d'Ivoire, Benin, Togo, Niger and the Central African Republic, in addition to Mauritania, Gabon, Burkina Faso and Mali. This will take the percentage of Group revenues generated in growth markets in sub-Saharan Africa to over 40%. Maroc Telecom's acquisition policy will continue to be implemented with the utmost financial discipline, with all the legal guarantees necessary for the sustainability and viability of such investments, and based on 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, Q2 2014

(**) Source: Dataxis

3.1.3 Human resources

Maroc Telecom's development essentially relies on the expertise, know-how, and commitment of its employees. Human resources are one of the mainstays of the Group's performance.

To continue its development and feed its ambitions, Maroc Telecom has chosen to promote a human resources policy based on the recognition of performance, skills development, fairness, and equal opportunities.

Maroc Telecom Group employees

Group workforce

The tables below illustrate the changes in workforce at Maroc Telecom during the three fiscal years ended December 31, 2012, 2013 and 2014:

	2012	2013	2014
Maroc Telecom	9,516	9,374	9,219
Subsidiaries	2,614	2,433	2,342
Group	**12,130**	**11,807**	**11,561**

In June 2012, a voluntary termination plan was introduced. This has enabled Maroc Telecom to reorganize its human resources in line with its new businesses. A total of 1,404 employees have used the plan.

Voluntary termination plans have also been launched in Mali and Mauritania. At December 31, 2012, the Group subsidiaries in these countries had reduced their headcount by 66 and 51 employees respectively.

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

Age and seniority

The average age in the Group is 45.3, and the average seniority is 19.6 years.

Staff turnover

Staff turnover %	2012	2013	2014
Maroc Telecom	0.63	0.8	0.61
Subsidiaries	1.05	1	1

The low staff turnover at Maroc Telecom and its subsidiaries is a testament to employee loyalty.

Change in staff compensation

Payroll costs have changed as follows over the past three fiscal years:

Payroll costs (in MAD millions)	2012	2013	2014
Maroc Telecom	2,297	2,168	2,215
Maroc Telecom Group	2,848	2,723	2,932

Professional development

Recruitment

As Morocco's leading telecommunications company, Maroc Telecom is continually adapting its recruitment policy to anticipate the strategic challenges linked with changing market trends. With a transparent and fair recruitment policy that is still rigorous and highly selective, Maroc Telecom attracts the best talent from national and international engineering and business schools.

Maroc Telecom regularly recruits customer relationship managers for its call centers, as well as engineers to extend and upgrade its technical network.

Training

Maroc Telecom has set up training programs that cover the entire business using the latest learning techniques: Development of B-to-B and B-to-C business skills, enhancement of management skills, training in new networks and systems, etc.

Maroc Telecom regularly updates its training programs to meet the various changes within the internal and external environment and to help its employees to develop their skills and further their career plans. Maroc Telecom has its own training center with 12 dedicated trainers.

In 2014, over 220,000 hours of training were delivered and around 5,400 employees attended at least one training course, an average of three training days per employee.

Within its subsidiaries, skills development takes place through training courses and periods of immersion within Maroc Telecom. By involving local management, strategic modernization projects can therefore be implemented.

Mobility

Internal mobility

Maroc Telecom is a strong advocate of internal mobility, which offers employees a means of professional development and gives the business the necessary flexibility to cope with changes in the commercial landscape. Mobility is the key to career development at Maroc Telecom. Several programs have therefore been put in place to encourage staff mobility and to help employees familiarize themselves with their new responsibilities.

International mobility

Maroc Telecom also offers international career opportunities. In all its subsidiaries, Maroc Telecom sends talented employees to work on strategic modernization projects. The Group subscribes to the idea of sharing expertise and best practice.

Through job mobility programs, employees can develop new skills, gain experience, and get a different perspective.

Skills assessment

As part of its commitment to continuous improvement, Maroc Telecom encourages results-based management in the form of an Annual Performance Review. The purpose of the Annual Performance Review is to set formal targets, discuss expectations and review the employee's career prospects.

Employee benefits

The labor-relations policy was set up for the benefit of employees and their families. This policy, which is improved and extended each year, offers employees a whole host of benefits: insurance and assistance, occupational healthcare, medical and social cover, anti-smoking and flu vaccination campaigns, home loans at preferential rates, transport allowances, pilgrimage leave, and subsidized package holidays offering excellent value for money, among numerous other benefits.

Maroc Telecom is engaged in efforts to promote and develop occupational health and wellbeing and to provide good-quality social and medical cover for all employees. In 2014, occupational medicine made several visits, and awareness-raising and prevention campaigns were carried out.

Dialogue between management and labor

Dialogue between management and labor is important to Maroc Telecom. It is facilitated by the presence of representative, organized trade unions.

In 2014, dialogue between management and labor continued, with the signing of a labor agreement introducing several measures benefiting employees.

3.1.4 Maroc telecom's sustainable development policy

Sustainable development and environmental, social and governance (ESG) issues have become a central part of government policy in many countries. These seek to underline the importance of human and natural resources in economic policy and reduce inequality and poverty.

Maroc Telecom Group plays a major role in the social and economic development of the countries in which it operates. For example, it opted several years ago to commit to sustainable development, seeking to add social and environmental performance to its financial performance.

Maroc Telecom continues to anchor its CSR commitments within a national and global framework. After formalizing its sustainable development policy and environmental policy in 2013, which set out its objectives in this area, in 2014 Maroc Telecom also obtained CSR accreditation from the Moroccan General Confederation of Businesses (CGEM). This accreditation is awarded in recognition of efforts made by companies to defend and promote the universal principles of corporate social responsibility and sustainable development. It was awarded following an assessment of Maroc Telecom's objectives compared with those of the CGEM's CSR Charter. The Charter meets Moroccan legal requirements, complies with the standards, agreements, and recommendations of international organizations such as the UN, ILO, and OECD, and is in line with the guidelines of ISO 26000.

In 2012 Maroc Telecom joined the United Nations Global Compact, which aims to unite companies around the principles behind the four key themes of CSR: human rights, international labor standards, environment and anti-corruption.

In November 2014, Maroc Telecom published its second progress report on the integration of the Global Compact's principles within the Company's strategy, activities, and sphere of influence. In a declaration signed by the Chairman of the Management Board, Maroc Telecom renewed its commitment to integrating and promoting these principles.

Maroc Telecom's sustainable development policy is based on three key pillars:

- Bridging the digital divide, whether in geographic or social terms, to make information and communication technologies accessible to everyone in every region, no matter how remote;
- Contributing to the social and economic development of the country by encouraging business and job creation, facilitating access to education and knowledge, supporting humanitarian initiatives to help those in need, and continuing to support culture and sport;
- Acting as a responsible corporation by upholding ethical principles, maintaining transparency in its 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 2014

NICTs for all

Maroc Telecom has made bridging the digital divide one of the key pillars of its sustainable development policy. For years, it has invested heavily in mobile and wired networks, making the phone and internet accessible to as many people as possible.

In 2014, under the telecoms access program Pacte, Maroc Telecom extended coverage to 109 isolated communities, bringing the total number of white zones covered to 7,264 (achieving 99% of its share of the program). By the end of 2014, Maroc Telecom had extended coverage to an additional 20,000 rural areas outside the Pacte program.

Maroc Telecom is also continuing to lower its prices to make it easier for people to afford telephone and internet access. After significant price cuts in 2012 and 2013, prices were lowered again in 2014 for mobile, fixed-line, and internet services.

Maroc Telecom's four sub-Saharan subsidiaries are also working to improve access in remote areas. In 2014, coverage was extended to 70 new rural areas, raising to 1,477 the total number of areas opened up by Maroc Telecom in Mauritania, Burkina Faso, Gabon, and Mali.

Training young people

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

The Company is continuing its efforts to democratize internet use for the benefit of schools and universities. It is the main sponsor of the national Génie, Injaz, and Nafid@ programs, which aim to facilitate access to new information and communication technologies and to encourage their uptake by schools. Through these programs, Maroc Telecom has set up multimedia rooms in almost 1,300 establishments to date, around half of which are in rural areas, and has provided 66,340 students and some 201,000 teachers with internet connections and laptops at discount rates. Maroc Telecom has contributed to 49%, 65%, and 71% of the Génie, Injaz, Nafid@ programs respectively.

Since 2006, the Maroc Telecom Association (MT2E) has offered five-year scholarships for study in Morocco or abroad to hard-working students whose families cannot afford to send them to university. The number of scholarships has risen from 40 to 160 per year. Nearly 700 scholarships have been awarded to date.

Since 2006, MT2E has been awarding annual prizes for excellence to baccalaureate students who achieve the top national and regional grades. In 2011, it extended this to employees' children who score the highest grade possible in the exam. So far, Maroc Telecom has awarded more than 1,200 prizes for excellence, including 240 to children of employees.

Protecting young people

To protect young people from the potential risks associated with using new technologies, Maroc Telecom has taken several initiatives: careful selection of content, parental controls for ADSL and 3G internet content as well as ADSL TV, and moderation systems for the SMS-MMS Zone (chat rooms via SMS and MMS) and Maroc Telecom's Facebook page, to block messages that are racist, hateful, pedophilic, pornographic or otherwise demeaning.

The internet represents an added risk for young people, who can browse sites with age-inappropriate content or meet the wrong people. The internet can also threaten their privacy if they are unaware of the importance of acting responsibly and protecting themselves. With this in mind, in 2014 Maroc Telecom started work on a website to educate and advise young people on safe internet use.

Developing young talent

Young people straddle the dividing line between different generations. As such, they are a vital conduit for resources and cultural values within society. Maroc Telecom supports various initiatives to encourage creativity and spot and promote young talent across a wide range of cultural scenes.

Each year, as part of its Jawla festival, Maroc Telecom holds Young Talent Nights, where young artists can get up on stage and reach out to a wider audience. Maroc Telecom also sponsors Génération Mawazine, a competition that helps up-and-coming artists in Morocco's new music scene bring their projects to life. It is also one of the sponsors of the Instituts Français au Maroc cultural season, which encourages creative output from young Moroccans.

Maroc Telecom sponsors various other initiatives to encourage innovation and discussion, particularly in the area of new technologies. It has renewed its support for the 2013/2014 Maroc Web Awards (for the best web talent), and Ftour 2.0 (a business breakfast for web professionals).

The growth of Moroccan sport is heavily reliant on investments in spotting and training young talent.

Maroc Telecom is involved in scouting for and training young athletes. In 2001 the Company opened its own sports school, the Athletic Club Rabat (ACR), which provides training in soccer and track-and-field disciplines. ACR currently boasts over 700 students, aged six to 17. Over the past three years, the ACR's soccer section has sent around 15 talented students to leading 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). Since 2007, Maroc Telecom has also sponsored the Mohammed VI Soccer Academy, which provides advanced training and coaches professional players.

Supporting jobs and the economy

Maroc Telecom is continuing to roll out high-speed broadband. This is an important economic issue for Morocco and a key factor in attracting investment throughout the country, enabling firms to be more competitive and harnessing technology to develop new services.

Maroc Telecom is also encouraging the use of new technology in small and medium-sized enterprises (SMEs) and start-ups by offering them discounts on its products.

In addition, Maroc Telecom's investments and activities are having a positive impact on job creation: Maroc Telecom is indirectly responsible for creating 127,000 jobs in Morocco, and more than 330,000 jobs in all countries in which the Group operates (at retailers, subcontractors, call centers, cybercafés, phone shops, etc.).

Embracing humanitarian causes

Mindful that public welfare is a crucial aspect of a country's sustainable development, Maroc Telecom works with various nationwide organizations and charities to help people in need. These include the Mohammed V Foundation for Solidarity, the Lalla Salma Foundation for Cancer Prevention and Treatment, the Heure Joyeuse Association, the Association against AIDS, and others. The Company also supports organizations and charities that foster the social inclusion of disabled children and adults: the Moroccan Down's Syndrome Association, the Lalla Asmaa Foundation for Deaf Children, and the National Institute for Children's Rights.

Supporting culture and sport

Maroc Telecom promotes cultural diversity, which is vital for social unity, tolerance, and wellbeing.

Every year since 2002, Maroc Telecom has organized its summer-long Jawla series, with over 300 free concerts showcasing local, national, and international artists. The event, which lasts 60 days and takes place in several Moroccan cities, drew more than 13 million spectators in 2014.

Through its partnerships with Morocco's biggest music and arts festivals, Maroc Telecom helps to shine a spotlight on local talent and promote the country's cultural diversity.

In 2014, Maroc Telecom launched a new mobile service offering access to a wealth of music in different genres, including more than 10 million Arab and Western tracks available for streaming and download.

The Maroc Telecom auditorium, with a capacity of 600, was designed to be modular and flexible so that it could host a wide variety of events, including conferences, concerts, shows, and film screenings. By opening it to the public, Maroc Telecom underscores its commitment to fostering cultural diversity and universal shared access to culture.

The auditorium has hosted numerous events since it first opened in June 2013. "Imtiyaz" ceremonies were held there in 2013 and 2014, in honor of the country's top baccalaureat graduates.

At the Maroc Telecom Museum, knowledge is transferred to young people through learning and games. Open to the public and with free admission, it organizes frequent guided tours for children, who account for over 75% of its visitors. The aim is to explain the history of telecommunications. Visitors are also given a booklet entitled "Découvrir les télécommunications" ("Learning about telecommunications"), which explains how fixed-line, mobile and internet technologies work.

For years Maroc Telecom has supported Moroccan sport, which it sees as emblematic of national values and a means of boosting the country's economy. It has formed long-term partnerships with the Royal Moroccan Football Federation and the Royal Moroccan Athletics Federation, as their official sponsor since 2000 and 1999 respectively. Maroc Telecom also supports numerous other disciplines, such as basketball, tennis, equestrian sports, golf, and water sports.

Environmental protection

In 2013 Maroc Telecom published its official environmental policy. This covers various commitments, such as reducing direct and indirect greenhouse gas emissions, combating climate change, improving waste treatment, recycling mobile handsets, reducing visual pollution at technical sites, and raising awareness of and promoting environmental protection.

In 2014, Maroc Telecom continued efforts to reduce the consumption of electricity and raw materials, for example by using renewable energy, installing free-cooling ventilation systems at technical sites, switching to energy-saving technology (Single RAN), and encouraging electronic top-ups.

Maroc Telecom is involved in the Voluntary Carbon Offsetting Program, run by the Mohammed VI Foundation for Environmental Protection, and is continuing its work for the Clean Beaches program, set up by the same Foundation.

In 2014, Maroc Telecom introduced an environmental impact assessment procedure: a framework of regulatory requirements and best practice for environmental protection, scorecards, audits based on the framework and performance indicators.

The Maroc Telecom Tower was designed to reduce energy consumption and optimize water use:

- low energy consumption, through centralized management of blinds, air conditioning, lighting, etc., with a double-skinned façade, motion detectors, and windows that reduce the need for artificial lighting;
- optimal water management due to rainwater harvesting for outdoor irrigation, timed faucets with infrared sensors, filtering of gray water, etc.

To preserve the beauty of the natural landscape, Maroc Telecom uses mobile phone masts that are appropriate to the surrounding environment (for example, masts that resemble a palm or pine tree). It also uses equipment, materials and other techniques (painting, disguising antenna to look like palm fronds, concealed base transceiver stations) to make its mobile sites as unobtrusive as possible.

Finally, Maroc Telecom employees are made aware of environmental issues through training in sustainable development and energy use.

GSM and health: strict adherence with standards

Maroc Telecom keeps close watch over health issues related to mobile telephony and engages in constructive dialogue with local residents and customers who want to be better informed. In addition to tests carried out by the regulator, Maroc Telecom conducts its own annual surveys to measure the intensity of electromagnetic waves near relay masts. In 2014, measurements were carried out at 511 sites. The results showed that all sites met international standards.

CSR audit of supplier firms

Since 2010, "sustainable development" clauses have been included in all supplier agreements. These clauses concern respect for fundamental human rights and labor rights, and commitments relating to environmental protection and anti-corruption. Since 2012, Maroc Telecom's Internal Audit Department has performed annual supplier audits to verify compliance with these clauses. At the end of 2014, 30 audits had been carried out on 27 suppliers.

Extra-financial reporting

Maroc Telecom introduced extra-financial reporting in 2009. Since then, the Company has published extra-financial data on the environment, its employees, and stakeholders each year. In 2014, Maroc Telecom compiled data for 221 extra-financial performance indicators (58 social indicators, 25 environmental indicators, and 138 employee-related indicators). The extra-financial data is audited each year by the internal auditors. These audits guarantee that reporting is in line with the relevant procedures and meets the criteria for completeness and reliability.

Goals for 2015

In 2015, the CSR policy will be reinforced both at Maroc Telecom and its subsidiaries.

The reporting scope will be extended to include new social indicators for subsidiaries. New projects will continue, such as awareness-raising campaigns to protect and inform young people on safe internet use, waste management, handset recycling, improved landscaping around mobile antenna stations, reduced energy consumption, and assessment of the CSR performance of suppliers.

3.1.5 Real property

For network operation and retail, support, and administrative functions, Maroc Telecom has more than 6,900 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 Law 24-96, via a contribution in kind. Maroc Telecom is in the process of obtaining formal legal title to these sites.

Maroc Telecom's property registration rate is currently 93%.

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

- 77% of the sites are legally registered in Maroc Telecom's name, compared with 74.6% in 2013, 70.7% in 2012, and 69% in 2011;
- 16% of the sites are under requisition, compared with 17.4% in 2013, 21.4% in 2012, and 23% in 2011.

Requisition is a claim to a property right. It is issued 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 7% of its sites, compared with 8% in 2013, 9% in 2010, and 10% in 2009; 19 sites are the subject of legal disputes, 41 sites are being expropriated by Maroc Telecom, and 26 are undergoing formal registration.

Examples of sites under legal dispute or subject to expropriation: land owned by the government or local authorities, for which legal title follows a specific administrative procedure; and privately owned land where there is no proof of ownership.

The estimated costs of 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.

A similar process is taking place at 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 to these property assets.

3.1.6 Intellectual property, research and development

At December 31, 2014, Maroc Telecom owned some 936 trademarks and brand names, five patents, four 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, Fidelio, 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 Law 17-97 concerning the protection of industrial property rights took effect, the patent protection period is 20 years, renewable indefinitely; for the 651 trademarks registered after this date, the patent protection period is 10 years, also renewable indefinitely.

Since 2006, in order to protect its industrial and intellectual property rights abroad, 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 Union, and the African Intellectual Property Organization.

In addition, Maroc Telecom is committed to taking all necessary and appropriate 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 signed with its contractors. Some contracts for the sale of services or products grant resellers the right to use Maroc Telecom's trademarks for the term 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 sought 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 culture, Maroc Telecom has launched "e.btikar", a collaborative innovation platform that allows all employees to present and share their ideas for the Company's activities and business segments and to monitor their progress transparently, from their conception 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.

In order to improve its insurance coverage, Maroc Telecom continually reviews its insurance policies based on market research.

In 2014, Maroc Telecom renewed its major insurance programs, which are divided into three categories: property damage, liability, and staff insurance. This year saw a change in shareholder; policies that were previously part of Vivendi's international program were replaced by those of Etisalat Group.

In terms of property damage, Maroc Telecom's principal insurance policy covers its business and 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.

For operating and after-sales liability, Maroc Telecom has joined the Etisalat scheme, which offers additional coverage, extending the scope of protection to include major claims.

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

In addition to joining the property insurance program, Maroc Telecom's new registered office is also covered by a ten-year civil liability warranty, providing broad coverage of the potential risks surrounding this large-scale project. The policy is valid for ten years from the project's delivery date.

In terms of staff insurance, Maroc Telecom is insured against the risks of work-related accidents and occupational illness.

Employees are covered by supplementary health insurance and by a death and disability policy that pays a death benefit or a disability benefit in the event of total and permanent disability.

These contracts are regularly put out to tender to benefit from the best technical and financial conditions.

Alongside these insurance policies, in 2005 Maroc Telecom set up a major program to protect its sites against risks to property. The program was designed in close collaboration with Maroc Telecom's insurance partners.

The insurer's technical department also performs audits each year to examine the safety and protection measures in place, and to assess Maroc Telecom's security system and the vulnerability of its key sites in general. After their visits, auditors prepare reports and submit them to Maroc Telecom's various departments, which then examine recommendations for improving site protection.

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 hampered the growth of the telecoms sector in 2014. According to the ANRT, the mobile penetration rate reached 133% in 2014, compared with 129% in 2013. In contrast, the broadband market kept up its momentum, growing by 17.6%.

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 was MAD0.32 at end-2014, compared with MAD0.41 a year earlier. However, Maroc Telecom still managed to remain top in all market segments through its policy of unlimited usage and value-added in the mobile and fixed-line segments. At December 31, 2014, in the mobile segment, Maroc Telecom had a market share of 41.32%, compared with 30.81% for Meditel and 27.87% for Inwi. For the internet overall, Maroc Telecom had a market share of 57.73%, compared with 16.79% for Inwi and 25.48% for Meditel.

Special promotions launched in 2014 for the mobile segment involved significant price cuts and carefully targeted marketing campaigns, which were stepped up to stimulate consumption and attract new customers. In 2014, prices fell by 24%, while the volume of outgoing calls rose by 23%.

With regard to prepaid services, Maroc Telecom continued its unlimited strategy, adding new features to the Jawal Pass for texts and data, and introducing new and more frequent promotions (special pass, multiple top-ups).

In the postpaid services segment, Maroc Telecom further enhanced its mobile rate plans by increasing the duration of rate plans, raising the text and data allowance, and introducing per-second billing as standard.

After offering 3G+ internet access to all postpaid and prepaid customers, Maroc Telecom continued its aggressive strategy of acquiring and retaining customers. This took the form of reduced rates, new promotional offers, and higher access speeds.

In the fixed-line segment, Maroc Telecom remains the only provider of ADSL TV and ADSL services in Morocco, despite market liberalization in 2005, when fixed-line licenses were awarded to two new operators. It is also continuing to refine the content of its offerings, with an hour of free calls from landline to mobile, and unlimited calls between landlines.

Competitive environment and existing operators

At December 31, 2014, a total of 19 telecommunications licenses had been awarded in Morocco.

The telecommunications market by operator and type of service is summarized below:

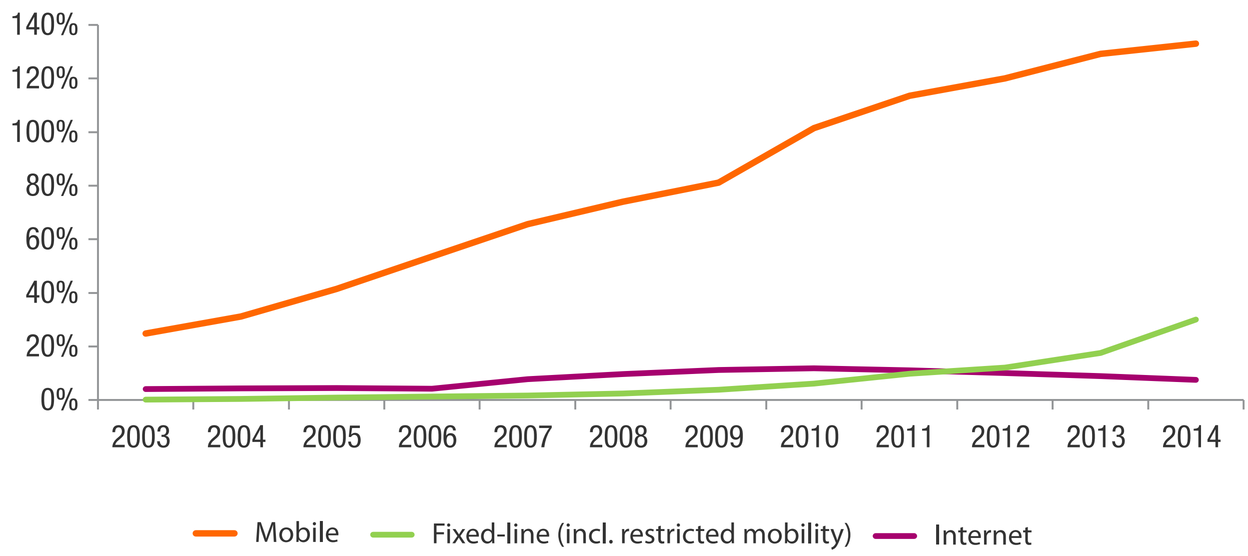
Technology	Number of licenses	Operator
Fixed line	3	Maroc Telecom Medi Telecom Inwi
Mobile (2G)	3	Maroc Telecom Medi Telecom Inwi
Mobile (3G)	3	Maroc Telecom Medi Telecom Inwi
GMPCS	5	Thuraya Maghreb Soremar Orbcomm Maghreb Global Star North Africa European Datacomm Maghreb
VSAT	3	Spacecom Cimecom Gulfsat
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 has been 40% owned by Orange since 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 and Zain Telecommunications Group.

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 2003-2014 (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 133% at December 31, 2014. This growth is attributable to: (i) investments made to expand coverage; (ii) enhanced offers; (iii) lower prices.

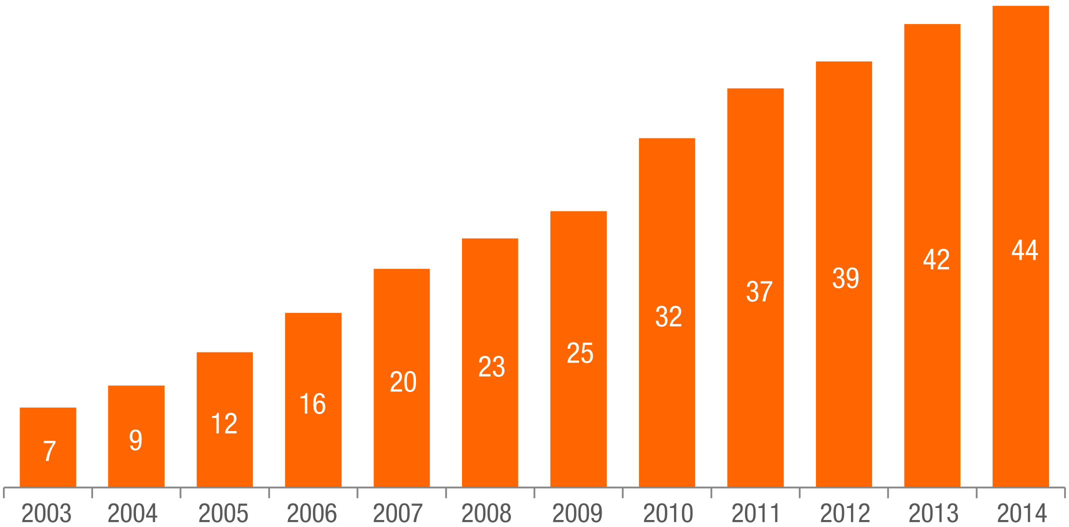
The fixed-line penetration rate was stable until 2006. However, since the launch of restricted-mobility plans, which the ANRT includes in the fixed-line customer base, the penetration rate has more than doubled (11.90% in 2010). Since then, the restricted-mobility customer base has declined steadily as a result of competition from the mobile segment. Excluding restricted mobility, the penetration rate stands at 5%.

The internet market, driven by 3G internet, continues to grow rapidly. Its penetration rate has risen from 0.4% in 2004 to 30.05% at December 31, 2014.

Customer base trends

Mobile telephony segment

Change in the mobile customer base in Morocco over the period 2003-2014 (in millions of customers)

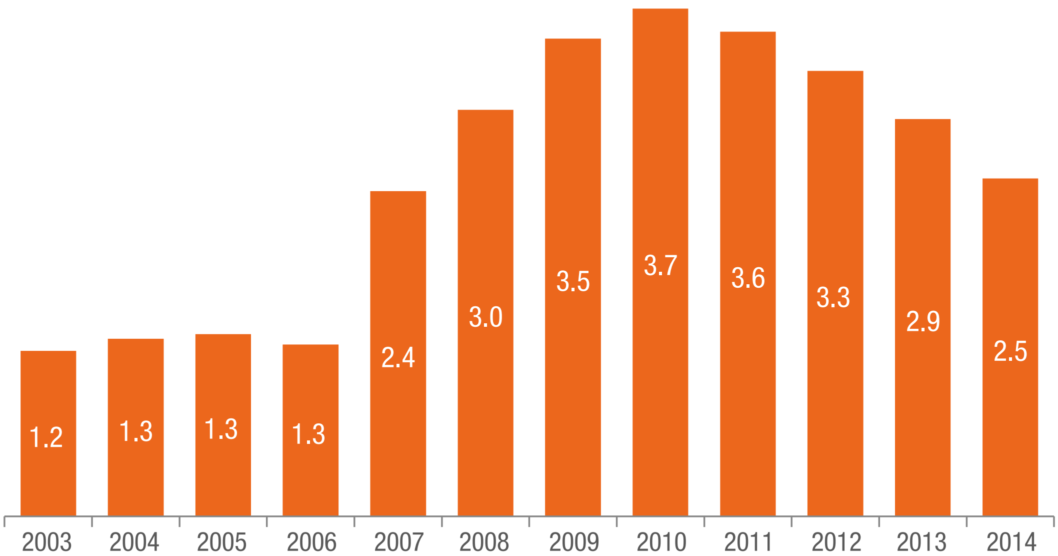


Source ANRT

The mobile telephony market is dominated by prepaid customers, who represent 95% of the total customer base. At December 31, 2014, the total mobile customer base stood at 44 million customers.

Fixed-line telephony segment (including restricted mobility)

Fixed-line customer base trend in Morocco over the period 2003-2014 (in millions of customers)

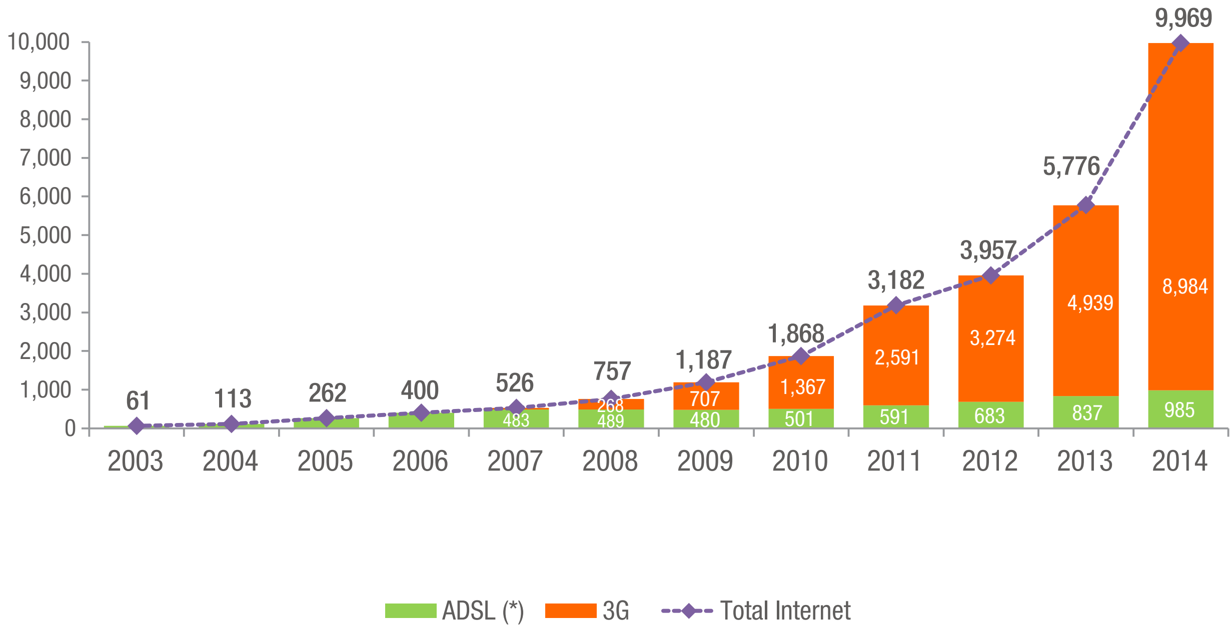


Source ANRT

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 owing to 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 2014 for the fifth consecutive year.

Internet segment

Internet customer base trend in Morocco over the period 2003-2014 (in thousands of customers)



Source: ANRT

(*) Including narrowband and leased lines.

Growth in the internet market has gathered pace since 2008, mainly because of the introduction of 3G-internet offers that expand internet access at increasingly lower prices. At December 31, 2014, the internet customer base totaled 10 million customers, including 9 million (90.13%) with 3G internet *(source: ANRT).*

3.2.1.1 Mobile telephony

Market and competitive environment

In 2014, the competitive environment grew even more intense, particularly in the data segment. Promotional offers and targeted marketing actions were stepped up to stimulate mobile and data consumption and attract new customers.

In the Residential segment, Maroc Telecom continued to pursue its unlimited strategy in the prepaid segment by overhauling the Jawal Pass structure with the introduction of free texts and data across the entire range. In the postpaid segment, Maroc Telecom further enhanced its mobile rate plans through three key actions: the switch to per-second billing, lengthening the time credited for rate plans, and launching new unlimited voice, data and text plans at an affordable rate.

In the Business segment, the highlights of 2014 included the expansion of the range of rate plans, the addition of credited hours of call time in rate plans, the introduction of a second unlimited number chosen by the customer (intragroup rate plans), and a complementary increase in 3G-internet speeds and data allowances, depending on the plan. Maroc Telecom has also enhanced the unlimited domestic numbers option to include an additional number, and has extended its 90-minute Voice Pass to business customers on entry-level plans. The 1 GB Data Pass now covers the entire range of business rate plans.

In the Corporate segment, the highlights of 2014 included the expansion of the Optimis range of rate plans, the addition of credited hours of call time in rate plans, and the addition of free texts and higher 3G-internet speeds at no additional cost. Intragroup plans were also enhanced, with a voice pass offering a highly competitive rate per minute.

In the 3G internet segment, Maroc Telecom pursued its proactive policy of acquiring and retaining customers. This resulted in lower rates, an increase in promotional offers, and an expansion of the range of volumes offered. Access speeds have also increased to 14.4 Mbps for all plans. This is the fastest speed on the market.

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

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

Mobile market share over the past three years:

Market share	2012	2013	2014
Maroc Telecom	45.77%	42.85%	41.32%
Méditel	29.53%	29.18%	30.81%
Inwi	24.70%	27.97%	27.87%

Source: ANRT

In a highly competitive environment, Maroc Telecom remains the market leader in the mobile segment. At end-December 2014, Maroc Telecom had a market share of 41.32%, a moderate decline of 1.53 point, compared with 30.8% for Meditel and 27.9% for Inwi.

In 2014, competition weighed heavily on activity, especially in the business segment; this was largely due to aggressive pricing by two competitors. Recommendations are in the pipeline for an action plan to respond to the competition and win back customers with the most potential for the various products.

Principal mobile performance indicators

	2012	2013	2014
Gross revenues - Mobile (in MAD millions)	17,477	15,719	15,214
Number of mobile clients (in thousands)	17,855	18,193	18,230
O/w, postpaid	1,199	1,380	1,496
Blended ARPU (in MAD per customer per month)	79	69	66
Data as % of ARPU	11.1%	14.2%	16.0% (*)

(*) 2014 data were restated following a change in the valuation method of bundled prepaid offers, which is now based on consumed traffic instead of granted traffic.

In a context of sharp declines in prices, Mobile segment revenues in Morocco show a moderate 3.2% drop from 2013 levels to MAD15,214 million due to economic conditions and an unfavorable competitive environment.

Maroc Telecom's total customer base rose 0.2%, to 18,230 million customers, driven mainly by strong momentum in the postpaid customer base (+116,182 customers), which recorded growth of 8.4%.

Blended ARPU for 2014 was MAD66, down 5%. The impact of the price cuts in the Mobile segment, lower call-termination charges and of customer-base growth was partially offset by the strong increase in voice usage and by the increase in Data services, which were 16% of ARPU.

Prepaid Mobile Segment

Prepaid services have become more popular thanks to the accessibility of the data with the Sim card packs and the availability of credited call time for top-ups. Thus, for all the Jawal Pass packages, Maroc Telecom typically offers internet volume of up to 3GB and new customers automatically receive free internet volume of 1GB.

Prepaid services have grown steadily since they were introduced thanks to the commercialization of 3G packages, including a latest generation smartphone at competitive prices, and to the various, repeated promotions launched by Maroc Telecom on top-ups and calls to boost consumption and customer loyalty.

Maroc Telecom's Prepaid Mobile customer base decreased by 0.5% in 2014 (vs. 2013) to 16.7 million customers.

Postpaid mobile segment

Postpaid customers typically show a higher level of consumption than prepaid customers. Maroc Telecom has implemented a strategy designed to increase customer loyalty and boost consumption.

The Postpaid Mobile customer base rose 8.4% in 2014 to 1,496 million customers. Enhanced rate plans, while attracting new customers at the slightly higher rate compared to 2013 (+2%), proved especially enticing to customers migrating from prepaid mobile to postpaid subscriptions This migration is the result of an active policy designed to retain customers and increase ARPU. The strategy is multifold:

- launch of several promotional offers: a 50% discount on the first three bills;
- promotion of a wide range of mobile handsets priced as low as MAD0;
- The new generous and user-friendly range of Liberté rate plans (3H and 5H) meeting the needs of young customers while offering billing per second with the option to subscribe to additional Voice, SMS and Data Passes at the best available rates;
- A varied range of special and controlled rate packages, which allow customers to benefit from many advantages: per second billing, 1,000 free text messages, two free unlimited mobile numbers, free 3G internet, etc.
- A wide range of mobile packages better suited to the needs of professionals with a need for more (more hours, more SMS, higher 3G internet volumes, unlimited free numbers and unlimited paying numbers and more Pass Voice and Pass Data options).
- Maroc Telecom's new unlimited offer, which allows unlimited use for Voice, Data and SMS to all national and international Zone 1 operators.
- The option offered to Jawal customers to migrate their prepaid accounts, free of charge, to subscription or to post-paid packages, while retaining their telephone number and enjoying prepaid to postpaid migration offers (3 hours of free calls + 300 Fidelio points).

In parallel, several initiatives have been implemented to increase the postpaid customers' ARPU and promote migration to higher packages, particularly through more generous voice and data enhancements.

Customer loyalty

Customer loyalty is one of Maroc Telecom's strategic strengths which has helped it prepare for the advent of competition.

Fidelio was the first points-based loyalty program introduced in Morocco. It allows Maroc Telecom's postpaid customers to accumulate points based on usage (every MAD10 (excl. tax) billed entitles customers to 1 Fidélio point) and to receive benefits in the form of free or discounted handsets or free call time, free SMS and free Data Passes. The Fidelio 24 months offer allows customers to renew their subscriptions and change their mobile phone at even better prices.

In addition, Maroc Telecom offers special treatment to its high-volume users (Gold Club members). In fact, Gold customers enjoy several benefits, free of charge: bonus points as a welcome to the Club, a dedicated call center (a short number, 999), preferential treatment at retail branches, VIP after-sales service, the option to pre-order the latest smartphones, New Year gifts and invitations to arts and cultural events.

Stimulating usage

Maroc Telecom has set growth in traffic and the boosting of customer usage as its main objectives. Within the limits of regulatory approvals, Maroc Telecom is enriching its offers and implementing regular promotions that encourage growth of traffic and reduce the churn rate.

Incoming and outgoing usage (minute/ customer/month)	2012	2013	2014
Average incoming and outgoing usage	122	146	176

Despite stiff competition in recent years, Maroc Telecom has been able to increase its average usage per customer.

Maroc Telecom has pursued its big offer policy using Pass promotions of all-inclusive minutes, SMS and internet credits, for top-up values from MAD5 up to MAD100. For example, the MAD20 Pass offers up to 90 minutes of domestic calls, valid for 7 days and MAD20 of calls valid for one year, in addition to 100 SMS and 100 MB of internet and unlimited access to Facebook, WhatsApp and Twitter for 7 days. The MAD50 Pass offers 3 hours of domestic calls valid for 14 days and MAD50 of calls valid for 1 year, in addition to 300 SMS, 300 MB of internet and unlimited access to Facebook, WhatsApp and Twitter for 14 days.

International rate plans were made more accessible through a range of permanent Passes for international calls going up to MAD200. The MAD20 top-up offers 20 minutes of calls to major international destinations in Zone 1 destinations for only MAD20, in addition to a credit of MAD20 for national calls.

The internet offer on Jawal has been enhanced to make the access to Data more user-friendly for Jawal customers, offering Passes starting from MAD5. The MAD20 top-up offers 1GB of internet, valid for 7 days.

To attract new customers, Maroc Telecom has positioned the Jawal card at MAD30 with credits of 1 hour of call time, 1GB of internet, 1000 SMS and MAD30 of initial call credit.

For its postpaid customers, Maroc Telecom continues to promote loyalty by offering a full range of low-cost plans combining free data and voice services and an unlimited plan covering all the needs of customers at a highly advantageous rate.

Mobile offers and services

Prepaid plans

Maroc Telecom offers its 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. Prepaid offers of Maroc Telecom are marketed as packages (handset and SIM card) and SIM card packs (USIM-card only) with a single price for calls to all national operators.

Prepaid offers 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 bank ATMs. These channels were enhanced 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: MAD0.07 (incl. tax) per second. SMS are billed MAD0.96 (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 Retail, Business and Corporate customers.

Residential offers

Retail offers are divided into five types:

- 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: a capped version of the Individual rate plans (outgoing calls are blocked after the monthly allotment has been exceeded); customer have the option to top-up their accounts with Jawal top-up cards.
- Liberté plans: 3H and 5H call plans with a top-up option at will, while also being able to use multiple top-ups (x2 and x3 top-ups). Calls to national and international Zone 1 numbers are charged at the same rate, regardless of the time of call. The Liberté 3H plan package also offers an unlimited Maroc Telecom mobile number and the Liberté 5H plan with unlimited SMS.
- Maroc Telecom's unlimited offer: a new offer launched in October 2014 which includes unlimited calls, SMS and Data to all domestic and international Zone 1 destinations. Other destinations are charged outside the package, on the same terms as the Individual plan.

In January 2014, Maroc Telecom added a second unlimited number in addition to the full range in the Individual and Capped plans.

In March 2014, the operator standardized per second billing, starting from the first second, for all its Mobile packages.

After enhancing the offer in May 2014 by adding from 2 to 4 hours of call time and from 500 to 1,000 SMS and MMS, in October Maroc Telecom again enhanced its mobile Individual and Capped plans by adding 2 hours of call time, standardizing 1,000 SMS for the whole range, and offering 3GB, 5GB and 10GB of internet volumes, depending on the plan.

Also in October, Maroc Telecom launched its Unlimited Mobile offer intended for Residential customers and allowing unlimited domestic and international Zone 1 calls, SMS and 3G connection for MAD649 incl. tax.

October was also marked by the increase in the volume of data offered at 1GB for the Liberté 3H and 5H packages, and adding one hour of call time for customers with the Liberté 5H package.

Business packages

The Business market includes self-employed professionals, merchants, craftsmen, and very small enterprises. Maroc Telecom is continually innovating in order to offer postpaid offers that meet the individual needs of this heterogeneous segment:

- Business Class and Business Control packages: a range of 9 capped and uncapped packages ranging from 2H to 52H, with the same pricing for both domestic and to International Zone 1 calls. The customer receives up to 2 free unlimited numbers, the "free intragroup voice" option, advantageous free volumes for 3G internet with speeds of 14.4Mbps, as well as discounts on BlackBerry and 3G internet subscriptions. In addition, customers can subscribe to several paid options: "3 to 9 unlimited domestic numbers," "intragoup SMS" and "Voice and Data Pass" options, depending on the plan;
- "Business Plan" customers can subscribe to plans without handsets, for a discounted monthly subscription of:
  - MAD25 incl. tax /month for rate plans of 2H to 20H;
  - MAD35 incl. tax/month for rate plans of 24H and more.

In March 2014, the standardization of per second billing starting with the first second for the full range of packages has encouraged more freedom in communications.

In May 2014, Maroc Telecom enhanced and streamlined the mobile range of the Business Plans intended for professional customers by transitioning from 15 to 8 plans and adding between 1 and 5 extra hours depending on the plan, without changing the price, with more free SMS (500 to 1,000 SMS).

In June 2014, Maroc Telecom broadened the range of Business Plans and offered more benefits:

- The addition of both a second free unlimited number of the customer's choice (the customer can choose between a second free unlimited number or a single free unlimited number and the free intragroup voice option) and of an Unlimited Number in the Paid unlimited domestic numbers option;
- Making 2 and 4 hour capped plans available on an Exceptional Pass;
- Increasing the speed of Free 3G Internet from 7.2 to 14.4 Mbps.

In October 2014, Maroc Telecom again enhanced its 9 mobile Business plans by adding 2H of call time and 1,000 SMS to the whole range and offering 3GB, 5GB and 10GB of internet volume depending on the plan.

Corporate plans

The Corporate market covers SMEs, local authorities, and major public and private sector accounts. This market is a key sector for Maroc Telecom because of the importance of ARPU achieved by this customer segment.

In a highly competitive environment, Maroc Telecom is maintaining its leadership of the Moroccan mobile communications market for its Corporate customers.

Maroc Telecom's Corporate mobile market expanded rapidly in 2013 and at an equal pace in 2014 thanks to a sustained marketing and promotional policy encouraging new subscriptions for postpaid lines, and to the continual improvement of the Corporate mobile subscription offers.

The Corporate customer base rose by 10% to reach 488,122 mobile lines at end-2014.

The growth of the mobile phone market for the Corporate segment was also supported by the growth in value-added services, particularly 3G broadband.

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

- Optimis: Maroc Telecom launched the Optimis offer in 2008. It enables the customer to make unlimited intragroup calls free of charge, to cap its account in real time, to top-up while enjoying the same per minute rate as the initial credit and per second billing after the first minute. The Optimis offer was further improved through greater consistency among offers, lower rates, and by the introduction of new benefits for customers (e.g., the elimination of fees for line rental, the intragroup voice option beyond a defined level of usage, 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 a company's mobile lines.
- Optimis rate plans: A range of seven packages, from 10 to 52 hours, with flexible rate options for every customer profile. New features include additional hours in the plans, the switch to per second billing starting with the first second, a free unlimited number, free SMS and an increase in the volume of 3G internet downloads up to 10GB /month for the 24H and more plans.
- Intragroup rate plans: a new range of mobile rate plans launched in April 2012 and intended primarily for calls within a company, with the option of adding credited call time for outside calls. In June 2013, the 3H Intragroup plan was extended to four hours and a free unlimited number was added. In March 2014, a Voice and SMS Pass (1.5 hours of call time at MAD20) was made available in the Intragroup plans packages to enable them to continue making calls beyond their basic credit.

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

Mobile Internet

Access to internet 3G+ can be made from a 3G compatible mobile phone, a smartphone, a computer via a 3G+ USB, or from a 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 or Data Only). These paying offers are available in many options capped by volume depending on usage needs and range from 10GB at MAD99 incl. tax/month to 50 GB at MAD450 incl. tax/month.

To ensure easy navigation for all users of the 3G internet 3G, Maroc Telecom has increased and standardized navigation speeds to 14.4 Mbps for all internet 3G offers, prepaid and postpaid.

3G internet is also available free with mobile voice packages in volumes from 3GB (for packages less than 24H) to 10GB (for 24H packages and higher) with a download speed of 14.4 Mbps (instead of 3.6 Mbps, since June 2014).

To continue browsing beyond the offer's download cap, customers (Voice + Data) can subscribe to internet top-ups of 1GB at MAD50 or 2GB for MAD50, which can be held concurrently and carried forward to the next month if not consumed during the current month. Also, customers of the Paying 3G Internet subscription (from 10GB at MAD99 to 50GB at MAD450) can recover their original download speed with a download volume of 2GB for MAD20 incl. tax.

The Prepaid 3G Internet plan provides an internet connection via modem or via telephone on a pay-as-you-go basis with no monthly bill. In 2014, Maroc Telecom added access time to its Prepaid 3G Internet by doubling the speed of these Passes to 14.4 Mbps (instead of 7.2 Mbps). Customers enjoy faster internet access, and top-ups are available for as little as MAD10 incl. tax.

The Prepaid 3G Internet customer-base now totals approximately 3.6 million customers, with Data only replaced by Data + Voice. The Prepaid Data Only customer-base declined by 102,000 in 2014, while the Prepaid Voice + Data customer base expanded by 429,000 customers.

In thousands	2012	2013	2014
3G Internet customers (Data Only)	**768**	**743**	**629**

The principal mobile rate plans are as follows:

<table>
<tr><th>Segment</th><th>Product</th><th>Key features</th></tr>
<tr><td>Prepaid</td><td>Jawal Classique (by the second)

Voice+SMS:
Domestic calls: MAD0.07 incl. tax/second
SMS: MAD0.96 incl. tax
International calls:
▶ Zone 1: MAD0.07 incl. tax/second
▶ Zone 2: MAD0.17 incl. tax/second
▶ Zone 3: MAD0.54 incl. tax/second

Internet:
3G Jawal Internet Pass:
» MAD10 = 400 MB - 3 days
» MAD20 = 1 GB - 7 days
» MAD50 = 4 GB - 1 month
» MAD100 = 8 GB - 2 months
» MAD200 = 16 GB - 4 months</td><td>▶ Plans available as Prepaid pack and SIM-card pack
▶ Wide range of top-ups (from MAD5 to MAD1,200)
▶ 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 MAD5 + Bonus SMS.
» Jawal Pass and Exceptional Pass promotional offers:
MAD5 = MAD5 + 10 min + 10 SMS + 10 MB
MAD10 = MAD10 + 30 min + 30 SMS + 30 MB
MAD20 = MAD20 + 1H/1H30 + 100 SMS + 100 MB
MAD30 = MAD30 + 2H/2H30 + 200 SMS + 200 MB
MAD50 = MAD50 + 3H + 300 SMS + 300 MB
▶ MAD credit valid for 12 months
▶ Permanent rate plan: Pass MAD100 = 3H + 3GB + 300 SMS + MAD100, valid for 1 month
▶ Bundled services free of charge: call waiting, call holding, international roaming
▶ 3G Internet speed included with top-up: 14.4 Mbps</td></tr>
</table>

Segment	Product	Key features
Postpaid	**Standard subscription:** **SIM-card activation charges:** MAD120 incl. tax **Subscription fee:** MA150 incl. tax **To Maroc Telecom fixed and mobile numbers:** MAD1.80 incl. tax **To other Moroccan fixed-line networks:** MAD1.80 incl. tax **To other mobile operators:** MAD2.40 incl. tax **To restricted-mobility fixed lines:** MAD2.10 incl. tax **Single rate for off-peak calls:** MAD1.2 incl. tax **International pricing:** » **Zone 1:** MAD5 incl. tax » **Zone 2:** MAD10 incl. tax » **Zone 3:** MAD32.50 incl. tax	▶ **Billing by usage:** per second, after the first minute ▶ **International roaming plan** for Voice, SMS and Data services ▶ **Mouzdaouij Card:** service enabling subscribers to have two GSM numbers on the same SIM card
	Maroc Telecom's Unlimited Unlimited calls, SMS and Data, to both domestic and international Zone 1 at MAD649 incl. tax. **International rates:** » **Zone 1:** included in the plan, otherwise the rate is MAD5 incl. tax /min » **Zones 2, 3 and 4** are billed outside the plan at individual country rates	▶ **Billing:** per second
	Individual plan: Range of non-capped plans from 10H to 24H, starting at MAD180 incl. tax /month **International rates:** » **Zone 1:** included in the plan, otherwise the rate is MAD5 incl. tax /min » **Zones 2, 3 and 4** are billed outside the plan at individual country rates	▶ **Billing:** per second ▶ **Rates for calls to International Zone 1,** in the plan at the price of a domestic call ▶ **1,000 SMS free** for all the plans ▶ **Free access to 3G internet** with speed of 14.4Mb/s ▶ **two free unlimited Maroc Telecom mobile numbers** ▶ **Paying options:** unlimited paying numbers - mobile internet options from MAD99 ▶ **Unused credit carried** over to next month
	Capped plan: Range of capped plans from 10H to 24H **Rates** = rate for Individual plans plus MAD23 incl. tax (capping option) **International rates:** » **Zone 1:** included in the plan, otherwise the rate is MAD4.2 incl. tax /min » **Zones 2, 3 and 4** are billed outside the plan at individual country rates	▶ **Billing:** per second ▶ **Rates for calls to International Zone 1,** in the plan at the price of a domestic call ▶ **1,000 SMS free** for all the plans ▶ **Free access to 3G internet** with speed of 14.4Mb/s ▶ **two free unlimited Maroc Telecom mobile numbers** ▶ **Paying options:** unlimited paying numbers ▶ **Mobile internet options** starting at MAD99 ▶ **Unused credit carried** over to next month ▶ **Double and triple top-ups** outside the plan after top-ups
	Liberté 3H and 5H plans: Entry-level plans at MAD99 incl. tax/month	▶ **Liberté 3H plan:** 3H + 300 SMS/MMS + 1GB + 30H to one unlimited Maroc Telecom number + MTV channels ▶ **Liberté 5H plan:** 5H + 1,000 SMS/MMS + 1GB + MTV and national channels

Segment	Product	Key features
Business	**Business Class plans:** Range of non-capped plans from 2H to 52H, starting at MAD97 incl. tax /month **Option without handset:** » **discount of MAD25 incl. tax /month** for rate plans of 2H to 20H; » **discount of MAD35 incl. tax/month** for rate plans of 24H and more **International rates:** » **Zone 1:** included in the plan, otherwise the rate is MAD5 incl. tax /min » **Zones 2, 3 and 4** are billed outside the plan at individual country rates	▶ **Billing:** per second ▶ **Free access to 3G internet** with speed of 14.4Mb/s ▶ **up to two Maroc Telecom mobile numbers** free and unlimited up to 30H /month. ▶ **Intragroup Free Voice options** ▶ **Discount on BlackBerry and 3G Internet subscriptions.** ▶ **Paying options:** Intragroup SMS, 3 to 9 unlimited domestic numbers up to 60 H /month, 3G Internet Pass of 1GB and 2GB after using up the free 3G.
	Business Control plans Range of capped plans from 2H to 52H, starting at MAD120 incl. tax /month **Option without handset:** » **discount of MAD25 incl. tax /month** for rate plans of 2H to 20H; » **discount of MAD35 incl. tax/month** for rate plans of 24H and more **International rates:** » **Zone 1:** included in the plan, otherwise the rate is MAD5 incl. tax /min » **Zone 2, 3 and 4 :** included in the plan, otherwise calls are billed outside the plan at individual country rates.	▶ **Billing:** per second ▶ **Free access to 3G internet** with speed of 14.4Mb/s ▶ **up to two free and unlimited Maroc Telecom mobile numbers** up to 30H/month. ▶ **Intragroup Free Voice options** ▶ **Discount on BlackBerry and 3G Internet subscriptions.** ▶ **Paying options:** Intragroup SMS, 3 to 9 domestic numbers unlimited up to 60H /month, Voice Pass 1h30 for Business Control 2H and 4H plans, Internet 3G Pass of 1GB and 2GB for all types of rate plans.
Mobile Internet	**3G internet subscription** » **3G Internet plan 10GB with speed of 14.4 Mb/s:** MAd99 incl. tax /month » **3G internet plan 20GB with speed of 14.4 Mb/s:** MAD199 incl. tax /month » **3G Internet plan 35 GB with speed of 14.4 Mb/s:** MAD350 incl. tax /month » **3G Internet plan 50GB with speed of 14.4 Mb/s:** MAD450 incl. tax /month	▶ Data+ Voice no contract: Service attached to a voice line (same USIM card) or Internet Only option (additional USIM card) ▶ Data Only plan with contract: mobile internet subscription rates ▶ After exceeding the monthly volume, data speeds are downgraded until the end of the month. ▶ The Recovery option offers 2GB of additional volume at MAD20 incl. tax and enables data speeds to be restored to the initial speed until the end of the month. Available via subscription on a 600 number
	Prepaid 3G Internet: » **MAD10:** 1 day's connection » **MAD20:** 3 days' connection » **MAD50:** 10 days' connection » **MAD100:** 1 month connection » **MAD200:** 2 months' connection	▶ **No contract, no billing offer** ▶ **Service offered via a Data** Only prepaid card ▶ **3G Internet speed** of 14.4 Mbps

Special Mobile Corporate Plans

Segment	Product	Key features
Business Voice rate plans	**Optimis** **Monthly subscription:** MAD150/month (not applied after MAD200 of calls /month) **Rate to domestic mobiles:** MAD0.95 excl. tax/min **Rate to domestic fixed lines:** MAD0.40 excl. tax/min **Rates for compatible options:** » **Unlimited Intragroup voice:** MAD45/month (not applied after MAD400 of calls/month) » **Unlimited domestic numbers:** MAD119 excl. tax/month » **Unlimited domestic numbers:** MAD199 excl. tax/month » **Intragroup option unlimited SMS at** MAD15 excl. tax	▶ **Per second billing** after the minimum first minute ▶ **Option to cap the line** to the nearest dirham ▶ **Rates after top-up of capped lines** at current Optimis rates ▶ **1GB of 3G Internet** included with speed of 14.4 Mbps
	Intragroup rate plans **Monthly subscription:** » **Intragroup Only plan:** MAD60 excl. tax/month » **Intragroup + 2H rate plan:** MAD100 excl. tax/month » **Intragroup + 4H rate plan:** MAD130 excl. tax/month **Rates for compatible options:** » **Intragroup SMS:** MAD15 excl. tax/month	▶ **Capped rate plans offering unlimited Intragroup calls** to the Company's fixed and mobile numbers ▶ **1GB of 3G Internet** included with speed of 14.4 Mbps (starting from the Intragroup 2H rate plan) ▶ **Free unlimited number** (starting from Intragroup 2H rate plan) ▶ **Per second billing** from the first second ▶ **Credited call time of 2H to 4H** outside the company. ▶ **Option to use Jawal top-ups with permanent free offers** after cap has been reached for extragroup calls ▶ **Option to subscribe to the permanent voice and SMS pass** for MAD20 (incl. tax) for 90 minutes of call time valid for 7 days
	Optimis rate plans **Monthly subscription:** from MAD150 (excl. tax) per month (10H rate plan) to MAD875 (excl. tax) per month (52H rate plan) **Rates for compatible options:** » **Cap (Optimis capped rate plan):** MAD19 (excl. tax)/month » **Intragroup unlimited voice:** MAD0 (excl. tax) » **Option 1 unlimited domestic number:** MAD39 (excl. tax) » **Option unlimited domestic numbers:** MAD119 (excl. tax) » **Option unlimited fixed-line international numbers:** MAD199 (excl. tax) to certain countries in Zone 1 » **Option intragroup SMS:** MAD15	▶ **Forfaits allant de 10H à 52H valables 24H/24 et 7j/7** vers toutes les destinations nationales et internationales de la zone1 ▶ **Un numéro illimité gratuit** ▶ **1 000 SMS offerts** ▶ **Internet 3G** inclus au débit de 14,4Mb/s. ▶ **Facturation à la seconde dès la 1ère seconde** ▶ **Report du crédit restant au mois suivant** ▶ **Remises de 5 à 15%** sur les frais d'abonnement des services Internet 3G et Black Berry

Value-added services

The catalog of value-added services was expanded significantly in 2014:

MT applications

In 2014, Maroc Telecom enhanced its catalog of mobile applications for smartphones:

- Launch of the JAWAL application, which allows prepaid customers to keep informed of Jawal plans and promotions, easily activate Jawal passes and top-ups, access value-added services and monitor their usage (balance, validity, voice pass, SMS and data).
- Visual Voicemail: Visual Voicemail is an Android application that allows users to access the contents of their mailbox via an intuitive, easy-to-use visual interface.
- MT Reader: Smartphone application for scanning QR codes and accessing content suitable for use from a smartphone.
- TOUTI game: "TOUTI" multi-player and multi-channel card game application in Freemium mode.

- **Anghami**

  Maroc Telecom continues its mobile content development plan in partnership with Anghami for the launch of the first legal mobile music service in Morocco: "Anghami."

  The "Anghami" service offers Maroc Telecom customers instant, unlimited access to more than 10 million Arab and Western songs, organized by genre and category. With this application, users can legally and easily download as many songs as they wish, share them with their friends on social networks and listen to them again and again, even in off-line mode (i.e., without an Internet connection) anywhere at any time.

- **MT-Track**

  Corporate fleet geolocation service via mobile network. The service works on any mobile handset (including the most basic handsets) without the need of GPS service or a data subscription so that companies can optimize their fleet management at a very competitive cost.

- **Configuration of handsets**

  Self-care website lets mobile customers easily and quickly configure the data parameters of their handsets, providing easier access to data services and value-added services.

- **Finja 160**

  Service that provides a "160" Maroc Telecom information service to offer mobile customers information (on contacts and points of interest searched for) not only by voice or SMS, but also in the form of a geo-localized map accessible via the Internet that also indicates the route from the customer's location.

- **3G Duo service**

  This service provides a second SIM Data Only card to Maroc Telecom mobile subscribers with paid, activated 3G Internet service; with this card, customers can use the same Internet speed and volume included on their main plan with a second device (tablet, etc.).

- **Emergency SIM card**

  Maroc Telecom offers, exclusively to its customers, an emergency card in case of loss, theft or malfunction of their main SIM.

- **Availability notification**

  With the availability notification service, the caller can be notified by SMS when the party being called can be reached.

- **Secondary number**

  With the availability notification service, the caller can be notified by SMS when the party being called can be reached.

Handset plans

Jawal prepaid kits

A wide variety of Jawal prepaid kits is available at different prices. Maroc Telecom strives to offer customers the latest handsets and cutting-edge functionalities, as well as the development of smartphone equipment. In 2014, Morocco Telecom began offering Jawal packs with smartphones from MAD590 (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 minimum contract periods of 12 or 24 months. In 2014, Maroc Telecom continued to spread the use of smartphones through its policy of handsets priced as low as MAD0. Smartphones totaled 91% of GSM postpaid sales in 2014.

International operations

International roaming

Maroc Telecom signed its first arm's-length roaming agreement with SFR in February 1995. At December 31, 2014, Maroc Telecom had signed 594 roaming agreements with associated operators in 222 countries and/or destinations.

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 provides a significant source of potential roaming revenues. In order to capture the largest possible share of this traffic, Maroc Telecom has developed a customer-acquisition policy through partnerships with foreign operators, and has signed preferential agreements with the largest of them. 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 signed new agreements with other operators.

Maroc Telecom is also continuing to lower prices in order to improve the roaming service for its own customers.

In June 2014, Maroc Telecom restructured its rates for all roaming services customers (voice, SMS and data) and aligned rates for prepaid customers with postpaid rates for voice and SMS.

Outbound roaming zoning was also modified. The major changes concerned mainly the United States, which was changed from Zone 2 to Zone 1, and Tunisia and Qatar, which were changed from Zone 4 to Zone 2.

Data roaming rates for the Nomadis plan, which was introduced in 2010, were aligned with Zone 1 rates. Nomadis allows Maroc Telecom Group customers to pay domestic rates when they are roaming on another Maroc Telecom Group network.

Pilgrims once again had free calling for calls received over all Saudi networks in 2014. In addition, the promotional period was extended from July 1, 2014, to October 31, 2014, thereby covering the 2014 Umrah and Hajj.

GPRS and MMS data services have been included in roaming service since the end of 2003. At December 31, 2014, Maroc Telecom had signed agreements with 384 operators in 168 countries for GPRS/MMS roaming (167 of these agreements relate to outbound GPRS roaming). In addition, Maroc Telecom has agreements for prepaid roaming with 251 operators in 153 countries (including 149 countries for outbound roaming). Maroc Telecom also provides international SMS services (496 operators in 210 countries) and short numbers (333 for voicemail and 777 for customer service) via agreements in 66 countries with 110 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, 2014, Maroc Telecom had concluded agreements with 232 operators in 133 countries for 3G roaming, including outbound 3G roaming in 128 countries.

Billing and collection for international products

The July 2013 upgrade of the information system aimed at improving the inter-operator billing process was finalized and stabilized in 2014.

The new functionalities and the more efficient management of the operating system offered by this upgrade provided a significant improvement in performance intended to meet the new requirements related to the development of international operations and to ensure optimal and efficient management of direct and transit agreements, which makes possible more comprehensive billing to maximize revenues related to the exchange of international traffic between Maroc Telecom and its foreign partners.

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.

The main fixed-line telecommunications services provided by Maroc Telecom are:

- telephony services;
- interconnection services with domestic and international operators;
- data transmission services provided to businesses, internet service providers, and other telecommunications operators;
- Internet services, which include internet access provision and related services, such as hosting and bundled offers;
- Easier-to-use high-speed Internet services;
- ADSL television, MT Box and SVoD.

Two fixed-line telephone licenses were awarded in July and September 2005 and operations started in early 2007. Maroc Telecom now faces competition in all segments: Residential, Business, Public Telephony, and Corporate.

Fixed-line Residential telephony 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, in April and December 2014, the Phony plan was enhanced by an increase in free hours to mobile numbers with no impact on the subscription fee. This allows Phony customers to receive up to 8 free hours per month.
- 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 125 domestic and international digital TV channels and radio stations via their telephone line;
- SVoD (MT Ciné), which provides access to an unlimited catalog of movies and series from most major US studios (Paramount, Sony, Disney, ABC Studios, etc.)
- MT BOX, the first triple play voice, Internet and TV plan.

Fixed-line (including restricted mobility) residential market share trend over the past three years:

Market share	2012	2013	2014
Maroc Telecom	29.48%	38.79%	52.33%
Inwi	70.52%	61.21%	47.67%

Source: ANRT

At the end of December 2014, Maroc Telecom held a market share of 52.33% for the residential segment, including restricted mobility.

At the same date, Maroc Telecom held a market share of 88.4% for the fixed-line segment, 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, Méditel deployed its first telestores with GSM technology.

As the Telestore business began to slow, a redesigned model was launched in August 2012, with the following objectives:

- newly introduced plans enhance the range of Telestore rate plans: entry-level 2H and 5H plans;
- migration of standard Telestore customers to the Telestore pricing plan;
- doubling of rate-plan times for existing customers.

Telestore operators with Maroc Telecom indoor public phones (PIC) in their Telestores also profited from this restructuring. Their compensation was raised from 15% to 25%.

The Phone Card product, which was last redesigned in November 2013 with the objective of lowering communication rates to MAD0.50 (incl. tax)/min to fixed lines and to fixed-line numbers in Zone 1 and to mobile numbers in the following countries: Spain, France, Italy, Germany, Belgium, Netherlands, the United Kingdom, Vatican City, Greece, Portugal, Sweden, Denmark, Austria, and San Marino.

Market share trend in the Public-Telephony market over the past three years:

Market share	2012	2013	2014
Maroc Telecom	72.41%	72.96%	73.31%
Méditel	27.59%	27.04%	26.69%

Source: ANRT

At end-December 2014, the total number of public telephones (across all operators and all types of technology) was estimated at 45,860, a decline of 21.3% from end-2013. At end-December 2014, Maroc Telecom's public-telephony market share was 73.31%, compared to 26.69% for Méditel (source: ANRT).

Corporate and Business fixed-line telephony market

Competition in the Corporate and Business telephony fixed-line market existed well before fixed-line licenses were awarded in 2005, because of Méditel's Lo-Box GSM gateways.

Market share trend in the fixed-line Corporate telephony market over the past three years:

Market share	2012	2013	2014
Maroc Telecom	91.25%	90.18%	88.83%
Méditel	6.31%	7.09%	8.11%
Inwi	2.44%	2.73%	3.06%

Source: ANRT

At end-December 2014, there were 452,000 Corporate and Business lines in Morocco.

The total Corporate and Business customer base reached 401,725 at end-December 2014. Maroc Telecom's share of this market was 88.83%, compared with 8.11% for Méditel and 3.06% for Wana.

Competitive pressure in the Corporate and Business fixed-line segments is based mainly on the mobile rate plans offered by Maroc Telecom and other operators.

Since 2007, Maroc Telecom has introduced numerous fixed-line rate plans for its Corporate customers as an enhancement to mobile lines:

- InfiniFix: free unlimited calls to all Maroc Telecom fixed-line numbers, with the option of a cap;
- Intragroup fixed-line: free unlimited calls to all fixed-line numbers within the company;
- 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 company;
- MultiFix Mobile: mobile rate plans shared among several intragroup lines;
- extended range of InfiniFix capped credited call time.

For its Business customers, Maroc Telecom offers the following:

- Phony PRO, with unlimited calls to all Maroc Telecom fixed-line numbers for an affordable inclusive price. This plan was enhanced in 2014 by the addition of free call hours to domestic mobile numbers;
- MT BOX PRO: flat rate voice package with unlimited calls to Maroc Telecom fixed lines and free hours for all domestic mobile, Internet, TV, and the addition of other value-added services;
- Intragroup mobile: free unlimited calls to all mobile numbers of the customer.

In 2012, Maroc Telecom introduced ForfaiFix, an exclusive plan for Business and Corporate customers. 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 has also taken other actions to support these plans since 2012:

- rates were lowered significantly to the most called destinations (domestic mobile, fixed-line and mobile of the most frequently called countries);
- ADSL speed of MT Box doubled for free.
- hours of call time to domestic mobiles added to unlimited rate plans;
- successive enhancements of ForfaiFix, including additional hours and the launch of the unlimited option to Maroc Telecom fixed lines;
- The launch of Business GO with a 12-month contract, designed to help new customers in the start-up phase of their business.

Specific solutions

Maroc Telecom offers its Corporate customers cutting-edge technology solutions that address the specific needs of each customer.

In 2014, Maroc Telecom provided several banking sector customers support in deploying cohesive communications solutions based on VoIP.

In addition, and in the framework of the implementation of the support program, Maroc Telecom has provided turnkey solutions consisting of Internet access, computer equipment, Intranet with databases and outsourced hosted servers.

Internet

The Internet market continued to expand in 2014 with the growth of ADSL (mainly Double Play) and 3G+ mobile Internet.

On May 20, 2014, Maroc Telecom launched the first high-speed fiber optic plan (FTTH), with speeds of up to 100 Mbps.

Initially launched in certain areas of the Kingdom, the fiber optic has been installed throughout the country since September 2014.

At end-December 2014, 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

	2012	2013	2014
Gross revenues (MAD millions)	**6,669**	**7,391**	**8,041**
Residential	**825**	**944**	**1,048**
Public telephony (*)	**55**	**43**	**34**
Business and Corporate	**389**	**392**	**402**
Number of fixed-line customers (in thousands) (**)	**1,269**	**1,379**	**1,483**
Broadband access (***) (in thousands)	**683**	**837**	**984**

(*) 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 (PSTN or IDSN). It does not include Maroc Telecom's proprietary customer base.

(***) Including narrowband and leased lines.

In 2014, fixed-line and internet operations in Morocco generated revenues of MAD8,041 million, an increase of 8.8% year on year. This change was due largely to the rise in incoming international calls (direct and transit mode), growth of Internet (especially ADSL) sales, and increased revenues from fixed-line subscriptions.

At end-December 2014, the fixed-line customer base in Morocco had grown by 7.6% year on year, to 1,483 thousand lines. Strong growth (18%, to 984,000 subscribers) in the ADSL customer base was underpinned by growth in MT DUO and Phony DUO (Double Play).

Growth in the fixed-line customer base (7.6% in 2014) was obtained as a result of sales and marketing efforts carried out since 2011. The development of the MT DUO and Phony DUO bundled plan (fixed line and internet) and reductions in termination rates for incoming international calls to fixed lines served to expand the 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 13%, with fixed-line services affected by mobile plans 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 58% compared to 2013.

In 2012, 2013 and 2014, various price reductions and redesigns for residential and professional calls to international and mobile destinations, including the widespread application of a rate of MAD0.5 (incl. tax) per minute to key destinations and the enhancement of Phony resulted in the decrease in fixed-line usage.

Fixed offers and services

Residential and Business rate plans

Segment	Product	Key features
Fixed-line Residential	**Phony Tout Temps (Phony Anytime)** » **Standard + 5 hours of calls to mobile numbers:** MAD174 (incl. tax) » **Standard + 8 hours of calls to mobile numbers:** MAD229 (incl. tax) » **Capped + 5 hours of calls to mobile numbers:** MAD186 (incl. tax) MAD528 (incl. tax) (with MAD465 credit) » **Capped + 8 hours of calls to mobile numbers:** MAD241 (incl. tax) MAD583 (incl. tax) (with MAD465 credit)	▶ **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 MAD120 (incl. tax)	▶ **Line rental** ▶ **Domestic and international calls** billed individually
	Master Pack MAD1,527 (incl. tax)	▶ **Rate plan designed for Moroccans living abroad,** billed annually ▶ **Annual credited call time** capped at MAD732 ▶ **Once credited call time is used up,** the account may be topped up with El Manzil top-ups
	Phony international MAD149 (incl. tax)	▶ **Unlimited to major international destinations** ▶ **Valid 24/7 and capped at 30 hours per month** ▶ **First month free**
Maroc Telecom TV	**3 TV/ADSL packages** » **«Accès» package:** MAD48 (incl. tax) » **«Prestige» package:** MAD150 (incl. tax) » **«Evasion» package:** MAD239 (incl. tax) **2 optional packages with MT BOX plans:** » **«Prestige» package:** MAD99 (incl. tax) » **«Evasion» package:** MAD169 (incl. tax) **CANAL+: MAD69 (incl. tax), available only to «Accès» package customers** » Video on Demand (SVoD): MAD50 (incl. tax), available with all TV packages	▶ **Subscription for fixed line or MT Box required** ▶ **The «Accès» package is automatically included in the MT Box plan** ▶ **Access to TV service requires a video-compatible router and a TV decoder** (STB) ▶ **Access to video on demand requires a TV decoder** (STB SDD or STB DD)

Segment	Product	Key features
MT Box	**Triple Play is a multiservice package available in three versions:** » **MT BOX:** MAD299 (incl. tax), includes fixed-line subscription, hours of call time to domestic mobiles, 4 Mbps ADSL access, and the «Accès» TV package » **MT BOX SILVER:** MAD349 (incl. tax), includes fixed-line subscription, hours of call time to domestic mobiles, 8 Mbps ADSL access, and the «Accès» TV package » **MT BOX GOLD:** MAD389 (incl. tax), includes fixed-line subscription, hours of call time to domestic mobiles, 12 Mbps ADSL access, and the «Accès» TV package	▶ Choice of standard or capped telephone subscription ▶ **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) ▶ **A TV/ADSL package** ▶ **Single contract and single bill**
	2 MT BOX fiber optic plans: » **MT BOX 50 Mbps:** MAD800 (incl. tax), includes fixed-line subscription, hours of call time to domestic mobiles, 50 Mbps fiber optic access, and the «Prestige» TV package » **MT BOX 100 Mbps:** MAD1200 (incl. tax), includes fixed-line subscription, hours of call time to domestic mobiles, 100 Mbps fiber optic access, the «Evasion» TV package and MT Ciné service	MT BOX 50 Mbps package: ▶ **Five hours of calls** anytime to all domestic mobiles ▶ **«Prestige» package** MT BOX 100 Mbps package: ▶ **Ten hours of calls** anytime to all domestic mobiles ▶ **«Evasion» package** ▶ **MT Ciné service**

Segment	Product	Key features
Business	**Phony Pro Anytime:** » **Standard + 5 hours of calls to mobile numbers:** MAD288 (incl. tax)	▶ **Monthly subscription** ▶ **Free unlimited calls** to all Maroc Telecom fixed-line numbers ▶ **Five hours free call time** to all domestic mobiles 24/7
	ForfaiFix: range of rate plans (credit and online subscription), including line rental and call time to fixed-line, mobile, and international destinations Rates are from MAD180 (incl. tax) for 10 hours to MAD1,050 (incl. tax) for 52 hours	▶ **Choice of 7 rate plans from 10 hours to 52 hours,** starting from MAD180 (incl. tax), subscription included ▶ **Optional rate cap,** with the option to top-up after the allotted time has been used up, 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 co-workers ▶ **Addition of an unlimited option to Maroc Telecom fixed lines** so that customers can have unlimited free communication to Maroc Telecom fixed lines and use their rate plans for other destinations.
	MT BOX PRO: 3 in 1 plan from MAD349 (incl. tax), includes fixed-line subscription, ADSL access, and the «Accès» TV package **Three different speeds are available:** » **MT BOX:** MAD349 (incl. tax), with ADSL at 4 Mbps » **MT BOX SILVER:** MAD399 (incl. tax), with ADSL at 8 Mbps » **MT BOX GOLD:** MAD435 (incl. tax), with ADSL at 12 Mbps **Two MT BOX PRO fiber optic plans:** » **MT BOX 50 Mbps:** MAD850 (incl. tax), includes fixed-line subscription, hours of call time to domestic mobiles, 50 Mbps fiber optic access, and the «Prestige» TV package » **MT BOX 100 Mbps:** MAD1,250 (incl. tax), includes fixed-line subscription, hours of call time to domestic mobiles, 100 Mbps fiber optic access, and the «Evasion» TV package	▶ **One VoIP telephone line, with unlimited calls 24/7** to Maroc Telecom fixed-line numbers, plus a 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 Mbps** ▶ **Maroc Telecom ADSL TV** («Accès» package) ▶ **Single contract and single bill** **MT BOX 50 Mbps package:** ▶ **Five hours of calls** anytime to all domestic mobiles ▶ **«Prestige» package** **MT BOX 100 Mbps package:** ▶ **Ten hours of calls** anytime to all domestic mobiles ▶ **«Evasion» package** ▶ **MT Ciné service** Regardless of the customer's Internet speed, MT BOX PRO offers fully-featured web hosting: one free domestic domain name, 60 MB of server space, 8 GB of traffic, and 10 additional personalized e-mail addresses

Segment	Product	Key features
Internet	**Menara ADSL and ADSL PRO rate plans,** from MAD99 (incl. tax): » **4 Mbps:** MAD99 (incl. tax) » **8 Mbps:** MAD149 incl. tax » **12 Mbps:** MAD199 (incl. tax) » **20 Mbps:** MAD499 (incl. tax)	▶ Unlimited connection ▶ ADSL broadband at various speeds ▶ Shared usage via Wi-Fi ▶ Capped billing
	Residential and professional fiber optic rate plans, from MAD600 (incl. tax): » **50 Mbps:** MAD600 (incl. tax) » **100 Mbps:** MAD1,000 (incl. tax)	▶ **Unlimited connection** that is fast, fluid and stable thanks to broadband fiber optic. ▶ **Capped billing**
	MT DUO MAD199 (incl. tax) **Phony DUO** MAD249 (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 Mbps ADSL** (or 153.6 Kbps 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 and fiber optic services: access comes with a wide variety of free services: **For Residential customers:** » **5 secure and personalized e-mail addresses** » **Storage space of 15 MB** » **Static web hosting** (personal website) » **ADSL/FO account-management interface** **For Business customers:** » **10 secure and personalized e-mail addresses** » **Storage space of 2 GB** » **Static web hosting** » **ADSL (self-care)/FO** account-management interface	
	Menara CDMA rate plan, from MAD99 (incl. tax): » **153 Kbps:** MAD99 (incl. tax) » **1 Mbps:** MAD199 (incl. tax)	▶ **Technology used in areas where ADSL is unavailable** ▶ **Unlimited connection** ▶ **Capped billing**

Segment	Product	Key features
Telestore	**Telestore rate plans:** » **2 hours:** MAD120 (incl. tax) » **5 hours:** MAD240 (incl. tax) » **10 hours:** MAD400 (incl. tax) » **20 hours:** MAD750 (incl. tax) » **30 hours:** MAD1,000 (incl. tax) » **60 hours:** MAD1,800 (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 Maroc Telecom fixed-line** numbers included ▶ **Calls to other domestic** fixed-line and mobile numbers included ▶ **Calls to fixed-line Zone 1 and fixed-line and mobile Zone 2 numbers included**
	Telestore prepaid GSM rate plan: **Bundle for MAD1,** 400 (incl. tax), including: » **GSM coin-operated pay phone** » **Prepaid GSM SIM card** (with initial credited call time of MAD840)	▶ **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: - **MAD10** for MAD50 (20% discount) - **MAD20** for MAD100 (20% discount) - **MAD50** for MAD200 (25% discount) - **MAD75** for MAD300 (25% discount) - **MAD200** for MAD665 (30% discount) - **MAD360** for MAD1,200 (30% discount)
Phone Cards	**Range of five Phone Cards available:** MAD5, 10, 20, 50, and 100	▶ **Call-time doubled from:** **- pay phones** **- Maroc Telecom fixed lines** ▶ **Regular promotional offers of double top-ups** ▶ **Competitive rates for international calls** ▶ **Permanent bonus offered free of charge:** **- MAD5 for MAD50 Phone Card** **- MAD20 for MAD100 Phone Card**

Residential and Business value-added services

Maroc Telecom offers its customers 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).

Loyalty rewards

Maroc Telecom has devised loyalty rewards for its customers on the basis of the 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 call center. The gift catalog for El Manzil points is updated quarterly and available online at www.iam.ma and at all sales points. Gifts include analog and digital DECT handsets, 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, Phony DUO, MT BOX, and MT BOX PRO. ForfaiFix was added in 2012, and starting in 2014, the fiber optic plan has also been added to the list of plans covered by this program. 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-line point = 1 mobile point).

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, and regularly lowers its rates.

Access charges and line rental

Regular line-rental charges are MAD132 (incl. tax) for residential customers—except for Standard service, which remains at MAD120 (incl. tax)—and MAD144 (incl. tax) for Business and Corporate customers.

The subscription commitment can be from 24 months to 12 months for new subscriptions and renewals

Call charges

Domestic calls

Maroc Telecom's current flat rate of MAD0.5 (incl. tax) per minute is the lowest on the Moroccan telecoms market. This rate 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 colspan="2" rowspan="2">Zones</th><th colspan="2">Rates for calls to fixed lines</th><th colspan="2">Rates for calls to mobile lines</th></tr>
<tr><th>Full rate</th><th>Reduced rate</th><th>Full rate</th><th>Reduced rate</th></tr>
<tr><td rowspan="2">Zone 1</td><td>France, Belgium, the Netherlands, the United Kingdom, Portugal, Sweden, Finland, San Marino</td><td colspan="4">MAD0.5 (incl. tax)/min</td></tr>
<tr><td>Other</td><td colspan="2">MAD0.5 (incl. tax)/min</td><td>MAD3 (incl. tax)/min</td><td>MAD2.5 (incl. tax)/min</td></tr>
<tr><td colspan="2">Zone 2 (Canada, US)</td><td colspan="4">MAD0.5 (incl. tax)/min</td></tr>
<tr><td colspan="2">Zone 3</td><td>MAD5.6 (incl. tax)/min</td><td>MAD2.8 (incl. tax)/min</td><td>MAD5.6 (incl. tax)/min</td><td>MAD2.8 (incl. tax)/min</td></tr>
<tr><td colspan="2">Zone 4</td><td colspan="4">MAD8 (incl. tax)/min</td></tr>
<tr><td colspan="2">Zone 5</td><td colspan="4">MAD20 (incl. tax)/min</td></tr>
<tr><td colspan="2">Antarctique</td><td colspan="4">MAD60 (incl. tax)/min</td></tr>
</table>

Rate plans and other price options

Price offers have also been developed specifically for the Retail segment. These include capped rate plans that enable customers to control the amount of their bills, and unlimited rate plans providing unlimited calls anytime to all Maroc Telecom fixed-line numbers, starting at MAD174 (incl. tax and line rental). These subscription plans also include free call time to mobile numbers (starting from 3 hours).

Maroc Telecom regularly launches El Manzil promotional offers to boost customer usage 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 MAD50, available by card or by calling 114. Customers automatically enjoy an MAD50 bonus for top-ups of MAD50 and MAD90, and a bonus of MAD100 for top-ups of MAD100 or more.

Since 2008, Maroc Telecom has offered the Phony International rate plan. This plan 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 Retail segment, including customers of prepaid capped-rate plans. Also in 2011, Phony International was overhauled, with a lower subscription rate of MAD149 (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.

Corporate offers

Telephony offers

To meet the fixed-line telephony needs of Corporate 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 plans:

Segment	Product	Key features
Corporate Voice plans	**FORFAIFIX** **Monthly subscription charges :** MAD180 (excl. tax) per month (10H rate plan) to MAD1,050 (excl. tax) per month (52H rate plan) **Rates for compatible options:** » **Cap:** MAD23 (excl. tax) per month » **Intragroup unlimited fixed-line and mobile:** MAD59 (incl. 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 entire minute ▶ **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 MAD360 (excl. tax) per month for a PSTN line	▶ **Free unlimited calls to all Maroc Telecom fixed-line numbers** ▶ **From 5 hours of free call time** to domestic mobiles 24/7 ▶ **Cap option and wide range of credited call time** ▶ **Compatible with intragroup-mobile option**
	MULTIFIX FIXE / 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 rate plans:** 12 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 credit carried over to 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 entire minute
	Privilège rates **Privilège Mobile (MAD120 incl. tax):** Preferential price structure for calls to domestic mobiles (72% discount) **Privilège International (MAD48 incl. tax):** Preferential price structure for international calls (discount of up to 83%)	
	Intragroup Fixed-line and Mobile option **Free unlimited calls to all intragroup numbers** **Monthly subscription:** MAD59 (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 then have 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.

Since 2012, Corporate customers enjoy a standard rate different from that for Residential and Business customers, which has fallen sharply since 2013 for calls to domestic and international mobile destinations.

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>Intragroup Fixed-line</th><th>Intragroup 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">0.06 (**)</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 Maroc Telecom</td><td rowspan="2">0.46/min</td></tr>
<tr><td>Méditel and Wana fixed line without restricted mobility</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>Maroc Telecom mobile</td><td rowspan="3">1.80</td></tr>
<tr><td>Méditel and Wana mobile</td></tr>
<tr><td>Other operators fixed line with restricted mobility</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 10H

Billing: thirty-second incremental billing after the first entire minute, except where indicated otherwise

Fixed-line interconnection and transit (in MAD, incl tax)

<table>
<tr><th colspan="2" rowspan="2">Zones</th><th colspan="2">Standard rates for Corporate customers</th><th colspan="2">Privilège International</th></tr>
<tr><th>To fixed lines</th><th>To mobile</th><th>To fixed lines</th><th>To mobile</th></tr>
<tr><td rowspan="2">Zone 1</td><td>France, Belgium, the Netherlands, the United Kingdom, Portugal, Sweden, Finland, San Marino</td><td rowspan="2">0.50</td><td rowspan="2">3</td><td>0.40</td><td>0.50</td></tr>
<tr><td>Other destinations</td><td>0.40</td><td>2.40</td></tr>
<tr><td colspan="2">Zone 2</td><td colspan="2">0.50</td><td colspan="2">0.40</td></tr>
<tr><td colspan="2">Zone 3</td><td colspan="2">5.60</td><td colspan="2">4.80</td></tr>
<tr><td colspan="2">Zone 4</td><td colspan="2">8</td><td colspan="2">6.90</td></tr>
<tr><td colspan="2">Zone 5</td><td colspan="2">20</td><td colspan="2">17</td></tr>
<tr><td colspan="2">Antarctic</td><td colspan="2">60</td><td colspan="2">60</td></tr>
</table>

Fixed-line interconnection and transit:

International transit traffic via Maroc Telecom increased by +22% in 2014. The change is due to a call-exchange policy introduced by Maroc Telecom 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.

In 2014, this traffic was stable, confirming that unlimited calling plans to fixed lines in the European market have matured.

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 generate traffic and maintain competitive rates.

Internet offers

Maroc Telecom's internet-access offers are marketed under the Menara brand.

Active customers (in thousands)	2012	2013	2014
Narrowband	1	1	1
Broadband	682	836	984
ADSL	681	835	983
Leased lines	1	1	1
Total wireline	683	837	984

Maroc Telecom is committed to facilitating internet access in Morocco, and provides tailored solutions both for access and usage. This commitment has led to a reduction in contract terms from 24 to 12 months, regular doubling of access speed, reduced package prices, and frequent promotional offers (e.g., half-price packages, one month's free subscription, discounted subscription rates, complementary upgrades to faster internet, etc.).

At December 31, 2014, ADSL accounted for almost 99.8% of all internet access used by Menara customers.

The wireline internet customer base grew 18% by end-2014, driven by double-play offers.

For narrowband, Maroc Telecom provides internet services via CDMA technology, a narrowband service launched in 2007 for customers in areas covered by its CDMA network.

For broadband, Maroc Telecom offers high-speed ADSL, with internet speeds ranging from 4 Mbps to 20 Mbps. Broadband customers are able to make fixed-line calls while using the internet. The ADSL unlimited package, launched in March 2004, was a major success, and prices began to fall the following year. Since April 2012, the standard ADSL speed has been 4 Mbps.

In January 2011, Maroc Telecom launched its MT DUO service for customers who need an internet connection without permanent telephone access via a fixed-line. Customers enjoy affordable ADSL internet access on a capped fixed line with unlimited top-ups. The package includes a single contract and monthly bill. In May 2013, Maroc Telecom introduced the Phony DUO offer, which allows ADSL customers to make unlimited calls to Maroc Telecom fixed lines.

For ultra-high-speed broadband, Maroc Telecom launched the exclusive Fiber Optic service, with speeds of up to 100 Mbps offering unbeatably fast, convenient internet access.

Internet services

Maroc Telecom's range of internet services for business customers was launched to enable companies to optimize their communication with co-workers, 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 Mbps). The widespread success of ADSL is due to its affordable price and range of services for Corporate customers: secure e-mail, domain names, web contact pages, etc. Leased internet lines remain popular with large companies owing to their performance (symmetrical and guaranteed ultra-high-speed bandwidth) and end-to-end security.

Maroc Telecom also hosts company websites with two types of solutions: shared hosting (on a Maroc Telecom platform) or dedicated hosting (purchase or joint leasing of servers). This allows companies to have an internet presence while minimizing the cost.

In addition to internet access and web hosting, Maroc Telecom offers businesses a complete range of additional options, 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 current internet access rates (MAD per month, incl. tax):

ADSL	ADSL rates
4 Mbps	99
8 Mbps	149
12 Mbps	199
20 Mbps	499

Fiber Optic

Fiber Optic	FO rates
50 Mbps	600
100 Mbps	1,000

MT DUO

MT DUO	Rates
ADSL 4 Mbps or CDMA 153.6 K	199

PHONY DUO

PHONY DUO	Rates
ADSL 4 Mbps or CDMA 153.6 K	249

Data services

The following table shows changes in the customer base for data transmission services (excluding Maroc Telecom's internal customer base) during the period in question:

Number of lines	2012	2013	2014
Domestic leased lines (*)	4,242	3,369	3,053
International leased lines (*)	116	105	88
Frame relay	151	130	129
IP VPN	11,057	12,196	13,899

(*) 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 Mbps
	IP VPN	▶ **Data access linked to Maroc Telecom's IP VPN for businesses** ▶ **Several types of access are available:** LL, ADSL, FO, 3G, ISDN ▶ **Several classes of service** ▶ **Backup option for principal line** ▶ **Classes of service**
	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 between different 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 and international site
	International VPN	▶ **OSS VPN provides end-to-end connection** (between the customer's site in Morocco and the customer's site in France), via Maroc Telecom and Neuf Cegetel networks
	International Ethernet	▶ **Interconnection between customer sites in Morocco and France** with the flexibility of point-to-point or point-to-multipoint Ethernet technology, at speeds from 2 Mbps to 100 Mbps
Business internet rate plans	Internet LL	▶ **End-to-end leased line with dedicated,** secure internet access and guaranteed, symmetrical bandwidth of up to 155 Mbps ▶ **Unlimited 24/7 broadband internet access** ▶ **1 router with WAN, BRI, and Ethernet ports** ▶ **1 domestic domain name** (e.g. www.company.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 Mbps to 20 Mbps, offering single-post, multipost, and wireless connection through a wide choice of customized equipment (modem, router, Wi-Fi router) ▶ **Access with a range of free services:** » **10 secure and personalized e-mail addresses** » **30 MB of storage space** » **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 Kbps to 1 Gbps, 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 between customer sites in Morocco and France with the flexibility of Ethernet technology, with point-to-point or point-to-multipoint architecture, and speeds from 2 Mbps to 100 Mbps.

In parallel with the launch of these new technologies, Maroc Telecom lowered its data access rates and introduced new network-speed options.

To encourage customers to upgrade to faster data and internet access, Maroc Telecom waived the upgrade fees for all customers who have been with Maroc Telecom for more than 12 months.

In addition, Maroc Telecom introduced a backup and load-sharing solution for its LL VPN access, connecting customer sites via two LL VPN access points. These are used simultaneously and provide mutual backup in the event of failure.

In August 2013, Maroc Telecom revised its pricing structure for its leased line+ service. Access costs and subscription rates were lowered for speeds of 8 Mbps and 34 Mbps, and two intermediate speeds were added to the service, 4 Mbps and 6 Mbps.

In August 2014, Maroc Telecom added the LL VPN backup solution Via LL VPN LL, giving Corporate customers site redundancy and boosting their productivity.

Data transmission charges

The pricing structure for data transmission consists of a one-off connection fee plus monthly subscription charges, depending on the data plan. Discounts based on volume and contract length apply to monthly subscription charges.

Maroc Telecom has steadily lowered its prices for leased lines and related data services. These reductions reflect changes in technology and the corresponding cost reductions.

Current rates are in line with the prices charged by international operators. For example, the basic monthly rental fee for a standard 2 MB leased line has dropped from over MAD33,000 in 2001 to MAD9,000 currently. To remain competitive in the offshoring segment, Maroc Telecom significantly reduces its international call charges each year. Attractive tariffs are a major factor in persuading customers to open offshore call centers. The pricing structure for data transmission consists of a one-off connection fee plus monthly subscription charges, depending on the data plan. Discounts based on volume and contract length apply to monthly subscription charges.

To meet the needs of its business customers, Maroc Telecom introduced new, competitively priced data transmission services based on MPLS VPN and Ethernet technology. The monthly subscription charge for a 2 Mbps domestic leased line has dropped from MAD33,000 (excl. tax) in 2001 to MAD9,000 (excl. tax).

For example, the basic monthly rental fee for a 2 Mbps half-circuit international leased line to France fell from more than MAD110,000 (excl. tax) in 2003 to MAD44,400 (excl. tax) since June 2009.

Customer services

In addition to diversifying the services it offers its customers, Maroc Telecom uses resources, tools, and processes enabling it to anticipate and respond to queries, support requests, and complaints from customers.

Call centers

For consumers, call centers specialized by product segment (fixed line, mobile, and internet) are on hand to answer queries and provide support. Corporate customers have their own call center with a dedicated telephone number.

The call centers provide information on Maroc Telecom's products and services and on activating or switching service plans, advice on using products and services, after-sales support and customer complaint processing. Customer complaints are referred to specialized call centers through various channels (call centers, retail branches, etc.).

Special attention is given to customer relationship management (CRM) systems, which are constantly being refined to improve customer service (e.g., maximizing real-time request processing) and ensure that customers are offered the right products. This is essential for building customer loyalty. In addition to this service, customers can now activate certain services themselves via interactive call servers or on the website (self-care development).

Billing

Since 2010, Retail customers have been able to receive a single bill for their fixed-line and internet usage. This has now been extended to our Business and Corporate customers. In 2013, nearly 300,000 customers received a single, combined bill, the aim being to reach 400,000 in 2014.

E-billing was introduced in 2012 and has been particularly popular among Corporate customers. Customers can view and download bills on the website. This allows them to check outgoing calls and frequently dialed numbers, with tables and graphs showing aggregate call times.

The e-billing service is designed to phase out paper bills, in line with Maroc Telecom's environmental objectives.

Payment

Maroc Telecom offers its customers a wide range of payment options: by direct debit, in-store via an interactive payment terminal, on the Maroc Telecom website, through a network of authorized partners, at an ATM, and using the Mobicash service (payment from the customer's mobile phone).

Payment online grew by more than 50% compared to 2012, with just under 100,000 bills paid each month over the internet at end-2013.

Information

The 24-hour telephone information line has been enhanced by new value-added services, such as the ability to receive information by SMS and automatic connection.

In 2013, Maroc Telecom upgraded its information software, offering improved customer data retrieval and easier operation and maintenance.

Relations with Maroc Telecom's subsidiaries

In 2014, Maroc Telecom continued to provide extensive support to its subsidiaries by being present at each stage of their international development. This included roaming and data traffic exchange services, the development of new services, billing, payment collection for international services, and antifraud measures.

In terms of roaming, Maroc Telecom has offered its subsidiaries further reductions on SS7 signaling rates. In 2010, the Nomadis service was introduced, which allows Maroc Telecom Group customers to pay domestic rates when they are roaming on another Maroc Telecom Group network. Maroc Telecom also launched a free, user-friendly smartphone app that allows customers to browse roaming services and look up roaming charges in Morocco and abroad.

In addition, Maroc Telecom is continuing to improve its network infrastructure, with new TDM and VoIP capability diversifying business opportunities with subsidiaries. In 2014, a cable was installed connecting Mauritel, Onatel and Sotelma.

Maroc Telecom's subsidiaries have also increased their internet capability: Maroc Telecom is one of the main internet bandwidth providers for these companies.

3.2.1.3 Seasonality

In Morocco, the fortnight preceding the Eid al-Adha festival and the summer months – periods when Moroccans living abroad return home – 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

Autorité Nationale de Réglementation des Télécommunications (ANRT)

With the adoption of Law 24-96, the Prime Minister (the Head of Government, in accordance with the new constitution of 2011) established a public agency and separate legal entity that is financially independent and subject to the Government's financial supervision and control: the Autorité Nationale de Réglementation des Télécommunications (ANRT), Morocco's national telecoms regulator.

ANRT governing bodies

The Board of Directors comprises a Chairman, seven Government representatives at ministerial level, 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 authority. Challenges to the ANRT's rulings alleging misuse of power are referred to the Rabat Administrative Court.

Roles and responsibilities of the ANRT

As regulatory authority for the telecommunications sector, the role of the ANRT is traditionally to define the legal and regulatory framework (draft laws, decrees, and ministerial decisions concerning telecommunications, contract specifications for operators, etc.) for the telecommunications sector, to monitor and ensure compliance with the antitrust laws 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 subject to reporting. 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 radio frequency spectrum and allocates radio frequencies.

As part of its duty to monitor regulatory compliance, the ANRT has extensive investigative rights and disciplinary powers. If operators fail to provide the information required, or fail to do so on time, Law 55-01 authorizes the ANRT's Managing Director to impose fines of MAD20,000 to MAD100,000, depending on the missing information.

The ANRT is also involved in legal action taken 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 ANRT Managing Director; second, by a fine of up to 1% of revenues (excluding 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, brings legal action, and may seek damages in a criminal proceedings; 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 permanent revocation of the license.

A license suspension is pronounced by the appropriate government authority, while revocation is 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. Law 55-01 extends the ANRT's authority over such disputes to compliance with the competition rules set forth in Law 6-99 on freedom of pricing and competition (agreements, abuse of dominant position, and monopolies).

Legal and regulatory framework of the telecommunications industry in Morocco

This section contains a summary of the legal and regulatory framework for the telecommunications industry in Morocco. It is not intended to be exhaustive.

Overview

Since the adoption of Law 24-96 of August 7, 1997, abolishing the National Post and Telecommunications Office (Office National des Postes et Télécommunications, ONPT), Morocco has had a modern regulatory framework establishing 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 privately held corporation (société anonyme); Barid Al Maghrib (the postal service, hereinafter "BAM"), a public agency organized as a financially independent legal entity, which in November 2011 became a corporation (société anonyme) wholly owned by the Government; the Moroccan telecommunications regulatory authority (ANRT), also a public, financially independent legal entity whose primary mission is to regulate the telecom 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, Law 24-96, as amended by Law 55-01, finalized the liberalization process begun in 1997 and clarified the existing statutory framework. In 2005, the decrees on 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 based on a general policy document covering the period 2004-2008. This resulted in two fixed-line licenses, three 3G (UMTS) mobile licenses, and a third 2G mobile license being awarded. Liberalization also led to the introduction of key regulatory tools, such as the introduction and gradual elimination of asymmetrical mobile termination rates, unbundling, number portability, and carrier preselection.

A second policy document, covering the period from February 25, 2010 to January 1, 2013, outlined the following key aspects:

Regulations

» infrastructure sharing, reduction of unbundling fees, improvement in portability times, significant reduction of interconnection rates, and tighter control over retail offers and promotions.

Liberalization measures

» Fixed line: next-generation operators and/or infrastructure operators initially expected in 2011 (following feasibility studies). This measure has not yet been implemented;

» VSAT: review of authorized revenue limits for telephony, possible authorization of the use of wireless local loop in universal-service projects, and potential granting of new GMPCS or VSAT licenses following an invitation to tender;

» Development of broadband and superfast broadband: national action plan launched for widespread access to high-speed telecommunications services for the entire population of Morocco by 2022, including:

- rolling out fourth-generation (4G) mobile technology : award March 18, 2015 3 4G licenses to existing operators, IAM Meditelecom and Wana corporate;
- opening up Wi-Fi bandwidth to telecom operators for the provision of outdoor broadband access;
- launching pilot projects for fiber-optic service to housing subdivisions;
- establishing procedures for connecting new buildings, homes, and business parks to fiber-optic telecommunications infrastructures.

» This action plan is currently in the process of being implemented. It will be accompanied by support measures such as the amendment to the existing regulatory framework..

The General Policy Document for 2014-2018 is currently being drafted (see below).

Following the consultation launched by the ANRT in December 2013, on April 16, 2014, the agency published a decision containing the guidelines for wholesale offers to be introduced to facilitate the rollout of fiber-to-the-home (FTTH) in Morocco.

This decision gives rise to the following obligations:

- For Maroc Telecom

  Introduction of a wholesale offer for nationwide infrastructure access at cost-based rates, without a risk premium, including new infrastructure.

- For all operators:

  Introduction of wholesale offers for:

  » access to dark fiber between points of presence/fiber optic nodes/shared access points at cost-based rates with risk premium;

  » fiber optic local loop unbundling (optic node-end customer) at cost-based rates with risk premium;

  » access to the terminal segment (shared access point-end customer) at cost-based rates with risk premium;

  » virtual unbundled local access (VULA) and bitstream fiber at cost-based rates with risk premium.

The ANRT is currently examining these new wholesale offers, which are subject to its approval.

Universal service

Guidelines for defining universal-service projects for the period 2012-2016 were planned initially for 2011. At end-October 2014, the ANRT's project list had still not been published. However, the draft amendment for Law 24-96 (see below) seeks to expand universal service to include broadband and superfast broadband.

Amendment of the statutory and regulatory framework

When drafting the policy document for the development of the telecommunications sector by 2013, the ANRT consulted operators of public telecommunications networks (ERPT) on a series of proposed regulatory amendments.

Draft Law amending and supplementing Law 24-96

Draft Law 121-12, amending and supplementing Law 24-96, was adopted by the Government Council on January 3, 2014 and by the Council of Ministers on January 20, 2014. The Draft Law 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 an infrastructure database and publish standard terms of use;

» 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-based);

» extension of universal service to include broadband and superfast broadband;

» abolishment of fee exemption for public right-of-way;

» increased powers for the ANRT, particularly regarding control of anti-competitive practices, oversight of commercial contracts, and application of sanctions;

» tougher sanctions (up to 2% of revenues, 5% for repeat offenses);

» appointment of an infringement committee chaired by the Managing Director of the ANRT.

General Policy Document 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 policy document for 2014-2018.

The key points of this consultation were as follows:

» overview and outlook: focus on assessing the reduction in call termination charges and average revenue per minute (ARPM), and analysis of the business market;

» adaptation of the regulatory framework;

» strengthening of existing regulatory mechanisms and creation of new mechanisms where needed;

» rollout plans for standard and superfast broadband: 4G, outdoor Wi-Fi, fiber optic;

» revival of the Universal Service (expanded to include broadband provision);

» recognition of changes in the digital environment: net neutrality, internet exchange point (IXP), changes in voice-over-internet protocol (VoIP);

» planned granting of new licenses.

Roland Berger, the firm selected following the invitation to tender, sent operators a questionnaire covering these issues in March 2014.

In its response, Maroc Telecom emphasized the need to stimulate and protect capital expenditure, for example by relaxing current regulations, and easing the financial burden placed on operators (industry fees such as the universal service contribution, public right-of-way fees, etc.).

Rules governing the establishment and operation of telecommunication networks and services in Morocco

Law 24-96, as amended and supplemented, introduces separate rules depending on 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 only be granted following an invitation to tender conducted by the ANRT. Licenses are granted by decree of the Prime Minister. They are unique to the license holder and may only be transferred to third parties 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 the license and the terms of license renewal – the license holder must comply with the entire regulatory framework as described above.

Licenses awarded to Maroc Telecom

Under Law 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 ratified by Decree 2-97-1028 of February 25, 1998, as amended by Decree 2-00-1333 of October 9, 2000 and Decree 2-05-1455 of April 21, 2006, which define the conditions for the operation of all networks and services initially operated by the ONPT.

These contract specifications state the conditions under 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 (ISDN));
- telegraph service;
- telex service;
- maritime radio communications 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, which can no longer be maintained. Termination procedures are under way, and Maroc Telecom is being indemnified in compliance with current regulations.

With regard to other telecommunications networks or services, Maroc Telecom, like other operators, is subject to the provisions of Law 24-96 and holds, as do Médi Telecom and Wana, a license to deploy and operate public telephony networks using third-generation (3G) technology. Maroc Telecom was granted this license by Decree 2-06-498 of December 29, 2006.

The table below sets out a summary all the Group's licenses:

	License	Date of award	Expiration date	Term
Maroc Telecom	Fixed line	10/09/2000 (specifications of initial contract awarded in February 1998)	Indefinite term	Indefinite term
	2G	10/09/2000 (specifications of initial contract awarded in February 1998)	Indefinite term	Indefinite term
	3G	01/18/2007	01/18/2032	25 years

Other licenses awarded

- GSM (2G) mobile telephony: granting of a license to Médi 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 Médi 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, two other 3G mobile licenses were awarded to the existing operators Médi Telecom and Wana in 2006.
- Between 1999 and end-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 radio (3RP) networks.

Lastly, two regional licenses for the implementation and operation of a 3RP network were granted to Cires Telecom (limited license in the Tangier-Tetouan region) and to Moratel S.A.

Launch of the tender for the granting of 4G licenses on November 17, 2014

After having been postponed several times, the tender for the award of 4G licenses in Morocco was launched by the ANRT on November 17, 2014:

- three different licenses are on offer; how advantageous they are depends on the bid, particularly regarding the frequencies to be allocated in the 800 MHz band, with priority for frequency selection in the 1800 MHz and 2600 MHz bands going to the highest bidder;
- the minimum reserve price is MAD500 million, with a requirement for successful bidders to contribute equally towards financing the reorganization of the 800 and 1800 MHz bands;
- minimum coverage obligation: 65% of the population in five years;
- candidates will be chosen primarily based on their financial bid; where two financial bids are identical, prospective bidders will be ranked based on their technical bid.

Finally, following a request made by some prospective bidders, the deadline for the submission of bids, which was originally January 29, 2015, has been postponed until March 12, 2015.

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 company or individual) or shared use (i.e., where use is reserved for the exchange of internal communications between subsidiaries and/or branches of 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 laws and regulations. The list of value-added services was set by Decree 2-97-1024 of February 25, 1998, supplemented by Order 618-08 of March 13, 2008, and included the administration of the ".ma" domain name. The list of value-added services comprises electronic messaging, voicemail, audiotext, electronic data exchange, enhanced fax, online information, data access, including data processing and searches, file transfer, conversion of protocols and encryption, the provision of internet access, and the marketing of ".ma" domain names.

Regarding the management of ".ma" domain names, Maroc Telecom was selected, following a call for tenders, as the operator responsible, as a subcontractor of the ANRT, for the technical and administrative management of the ".ma" platform. An agreement to that effect was signed between Maroc Telecom and the ANRT, on February 12, 2014. The agreement is for an initial period of seven years from the implementation of the solution, and is renewable for maximum periods of five years at a time.

It should be noted that Maroc Telecom is also one of the service providers designated by the ANRT for the marketing and registration of ".ma" domain names.

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 with an embedded antenna.

Retail-pricing regulations

Retail 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 the dominant operator, Maroc Telecom is required to justify its rates with regard to its costs and whether third-party operators are effectively able to replicate its offers.

With the August 2010 adoption of guidelines for ANRT oversight of operator rate plans for public communications networks, the ANRT's retail price controls were reinforced, codified, and clarified: 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 regarding antitrust) as those of stand-alone plans; regulation of paired plans; definition of squeeze-test parameters, etc. In addition, the Order of June 3, 2008 defining the procedures for the promotion of telecommunications services established the duration and frequency of promotions. For example, the minimum interval is 15 days between top-up promotions and three months between all other kinds. Promotions and the benefits they offer customers may not exceed three months in duration.

Note that on January 1, 2012, the ANRT extended the ban on online/offline price differentiation to all operators of public communication networks and modified certain cost and revenue parameters for squeeze tests.

Regulation of wholesale rates

Interconnection rates (fixed-line, mobile voice and SMS CTRs) are subject to long-term regulation by the ANRT and are integrated each 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, via 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 (physical and virtual unbundling) are also subject to regulation through the annual approval of standard technical and pricing terms. As a result of new decisions published by the ANRT in 2014, the wholesale rates for access to Maroc Telecom's infrastructure in Morocco, the wholesale rates for dark fiber-optic lines for access by third-party operators to Maroc Telecom's new distribution frames, as well as the wholesale rates for access by third-party operators to FTTH customers, are also now regulated.

Interconnection

Background

Interconnection is governed by Law 24-96 and Decree 2-97-1025, as amended and supplemented by Decree 2-05-770 of July 13, 2005, which defines the technical and pricing terms for interconnection to public telecommunications networks.

Every operator of a public telecoms network is required to accept requests for interconnection from a holder of a license to operate a public telecom network. The interconnection must be covered by a contract between the operators, the purpose of which is to determine the technical, administrative and financial terms and conditions of interconnection, in accordance with the principles of objectivity, transparency and non-discrimination. Any disputes that arise between the parties during the negotiation or performance of the contract must be referred to the ANRT.

Dominant operators

Each year the ANRT imposes specific obligations in terms of interconnection on the operators it designates as exercising a significant influence over a particular market. An operator is considered to exercise significant influence if, individually or jointly with others, it has a dominant position enabling it to conduct its business independently of its competitors, its customers and consumers.

The main specific requirements for operators in a dominant position are as follows: issuing a technical and pricing offer for interconnection, approved in advance by the ANRT and including a minimum set of services (leased line operators, co-location, carrier selection, number portability and local loop unbundling); moving interconnection rates towards the unbundling of costs and accounting. The guidelines regulating the ANRT's reviews of the rates offered by operators of public communication networks (ERPT) also impose a requirement on dominant operators that their retail offers are able to be replicated by third party operators (taking into account current wholesale market rates, which results in price squeeze tests being implemented as part of the preliminary audit by the regulator of retail offers).

The initial list of specific markets approved by the ANRT for 2012, 2013 and 2014 included the market for fixed-line termination rates (including for restricted mobility), voice mobile call termination rate, SMS mobile call termination rates, and wholesale rates for leased lines.

By virtue of the ANRT's decisions of December 30, 2013 relating to particular markets and to the operators exercising significant influence there, two new specific contracts have been introduced: contracts for "access to the physical infrastructure of the wired local loop", and for "access to the civil engineering infrastructure throughout the country" for which Maroc Telecom was the only dominant operator for 2014.

Maroc Telecom must therefore propose the following new wholesale offers:

- » unbundling of the local sub-loop
- » virtual unbundling
- » access to the dark fiber of the local loop

Access to the underground and wireless civil engineering infrastructure throughout the country's territory.

An offer limited to underground urban and suburban civil engineering ("CE") was submitted to the ANRT on June 19, 2014, and was found to be inadequate in light of the obligations pursuant to the two decisions of December 30, 2013. As a result, the ANRT, by its decision of December 9, 2014 adopted a new resolution that obliges Maroc Telecom to make the following changes to its initial offer:

- » alignment of the rate with that of Orange France, namely MAD3.655 (excl. tax)/cm2/ml/year for CE Transport and MAD5.886 (excl. tax)/cm2/ml/year for CE Distribution.
- » extension of the scope of the offer to the CE which Maroc Telecom has throughout the country's territory and without any possible restrictions on use (deployment of 4G, FTTH, etc.)
- » offer of access to wireless support and the CE Database (with a plan showing all the connections) to be produced by September 30, 2015 (for entry into force on January 1, 2016)
- » volume of orders: 10/zone (region)/40 days
- » penalties: 5% of the invoiced amount per day of delay, capped at 50%

As regards unbundling, the ANRT extended, by decision dated November 24, 2014, the list of the specific contracts in force for 2015 and, by its decision of December 22, 2014, it broadened the designation of IAM to that of a dominant operator on all the said markets. This also results in a renewal, for 2015, of the asymmetric regulation of the civil engineering and wired local loop physical infrastructure introduced in 2014.

Finally, note that Maroc Telecom is now the only dominant player in the mobile market, since Méditel is no longer dominant in this market.

Interconnection rates

Since 2007, the interconnection rates of operators of public telecoms networks have been subject to multiannual regulations by ANRT. Thus, in addition to introducing an asymmetry between the mobile call termination rates of Maroc Telecom, Médi Telecom and Wana, ANRT's Decision 02/10 of April 27, 2010 provided for a drastic decline in interconnection rates for 2010-2013, before Decision 08/11 of December 1, 2011 imposed a further, more significant, drop in these rates for 2012-2013.

By Decision 10/12 of December 25, 2012, the ANRT conducted a final revision of the multi-annual regulations for 2013, confirming the return to the symmetry of mobile call termination rates provided for in the initial multi-year regulations; and the removal of rate differentiation between peak and off-peak hours for all interconnection rates, with the exception of a few special services.

A decision by the ANRT on December 24, 2013 extended the 2013 interconnection rates to cover 2014.

The table below shows the changes in rates for call termination on national mobile networks (MAD excl. tax per minute) since 2011:

	Mobile Maroc Telecom		Mobile Médi Telecom		Mobile Wana	
	Peak hours	Off-peak hours	Peak hours	Off-peak hours	Peak hours	Off-peak hours
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 07/1/2012 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	
From 01/01/2014 to 12/31/2014	0.1399		0.1399		0.1399	

Peak hours: from 8 a.m. to 8 p.m.; Off-peak hours: 8 p.m. to 8 a.m. and on Saturdays, Sundays and public holidays. This distinction has not been applied since January 1, 2013.

The table below shows the changes in rates for call termination on national fixed line networks (MAD excl. tax per minute) since 2011:

	Fixed line Maroc Telecom						Fixed line Médi Telecom		Fixe line Wana		Restricted mobility Wana	
	Peak hours			Off-peak hours			Peak hours	Off-peak hours	Peak hours	Off-peak hours	Peak hours	Off-peak hours
	Intra CAA	Simple Transit	Double Transit	Intra CAA	Simple Transit	Double Transit						
From 01/01/2011 to 06/30/2011	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 07/01/2011 to 12/31/2011	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 06/30/2012	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 07/1/2012 to 12/31/2012	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 12/31/2013	0.0360	0.0740	0.1130	0.0360	0.0740	0.1130	0.0740		0.0740		0.1160	
From 01/01/2014 to 12/31/2014	0.0360	0.0740	0.1130	0.0360	0.0740	0.1130	0.0740		0.0740		0.1160	

Since 2008, the technical and pricing offer for interconnection to Maroc Telecom's fixed line network includes an offer for interconnection by capacity, eligible only for fixed-line traffic (including restricted mobility).

The rates since 2012 (MAD excl. tax/MIC/month) are as follows:

	from 01/01/2012 to 06/30/2012	from 07/01/2012 to 12/31/2012	from 01/01/2013 to 12/31/2013	from 01/012014 to 12/31/2014
Intra CAA	**14,708**	**11,746**	**9,000**	**9,000**
Simple Transit	**35,310**	**27,003**	**19,980**	**19,980**
Double Transit	**57,502**	**45,172**	**33,900**	**33,900**

The SMS call termination rates on the mobile networks of the three operators since 2012 were are follows:

	from 01/01/2012 to 06/30/2012	from 01/01/2013 to 12/31/2013	from 01/01/2014 to 12/31/2014
SMS call termination rate (MAD excl. tax/SMS)	**0.08**	**0.03**	**0.03**

Finally, please note that by decision of December 22, 2014, the ANRT extended the 2014 interconnection rates to cover 2015.

Interconnection with the GMPCS operator All Hourria Telecom («AHT») (formerly Globalstar North Africa)

An interconnection agreement between Maroc Telecom and AHT was signed at end-2011. This agreement concerns the routing of GNA's national traffic to Maroc Telecom's network (AHT is not authorized to conduct international transit business) and the delivery of the whole of Maroc Telecom's traffic (including from abroad) to AHT's network.

AHT's interconnection charge is MAD3.3684 excl. tax per minute in peak hours (MAD1.6842 excl. tax minute in off-peak hours).

Pre-screening

The technical and pricing offer for interconnection to Maroc Telecom's fixed line network includes an offer of pre-screening and carrier selection (the operator that transports the communication on the national and international network, excluding local loop) since 2006. However, to date no third-party operator has opted to use this offer.

Numbering and the portability of numbers

The ANRT allocates numbers, blocks of numbers and prefixes to operators of public telecom networks in an objective, transparent and non-discriminatory manner. These numbers and blocks of numbers may not be transferred without ANRT's prior express consent.

The portability of fixed and mobile numbers has been operational since May 31, 2007.

The terms and conditions for its implementation have been set by the ANRT as part of its Decision 10/06 of October 4, 2006, concerning the terms and conditions for implementing number portability, and Decision 10/07 July 18, 2007, setting the pricing terms of portability for Maroc Telecom's fixed-line and mobile numbers and Médi Telecom's mobile numbers. The decision of October 4, 2006 was repealed by the ANRT's decision ANRT/DG 1/11 of February 1, 2011, itself amended and supplemented by Decision 09/12 of December 6, 2012, which was primarily intended to shorten the cancellation period offered to customers as part of this procedure.

Note that the ANRT launched a consultation in December 2014 concerning the possibility of transferring a number referred to the recipient operator. In response, Maroc Telecom has expressed its opposition to the plan, stating in particular that this leverage may not be used for any purpose other than that for which it was introduced, namely to prevent the loss of a customer's number becoming an obstacle to the customer's freedom of choice.

Unbundling of the local loop

Since January 1, 2008, Maroc Telecom has a technical and pricing offer for total or shared access to its local loop, approved by the ANRT, as well as its technical and pricing interconnection offers. A framework agreement for the implementation of this service has been prepared. The monthly subscription rates in 2013 were MAD20 (excl. tax) for partial unbundling and MAD73 (excl. tax) for complete unbundling. 2013's technical and pricing offer was enhanced by the delivery of unbundled inactive lines and an SLA+ offer (with shorter than usual guaranteed access recovery waiting periods) in accordance with ANRT's Decision of May 22, 2012 approving the OTT unbundling of Maroc Telecom's local loop for 2012.

In parallel with Maroc Telecom's recent redevelopment of its copper access network, new obligations were imposed on it by the decision of the ANRT's Management Committee on June 17, 2014. This resulted in a requirement for Maroc Telecom to introduce the following new regulatory leverage points:

- The provision of dark fiber POP-MDF-MSAN links (to facilitate access for third-party operators to Maroc Telecom's distribution frames)
- The provision of technical solutions to house the equipment of third party operators at the level of Maroc Telecom's Multi-Service Access Node ('MSAN') (extension of existing cabinets and multi-operator cabinets for future MSANs).
- Access to active infrastructures: virtual unbundling (known as 'VULA') and Bitstream

After the negotiations with Maroc Telecom that followed this decision concerning particularly the rates for the various services and technical and operational procedures, a new decision was taken by the ANRT on December 26, 2014, which provides, in particular, for the following obligations:

- For 2015, the OTT unbundling by Maroc Telecom must, in addition to physical unbundling, include an offer for virtual unbundling, with and without partial or total telephone subscription, a collection offer (bitstream) and an offer for fiber optic links (FOL).
- On January 20, 2015 Maroc Telecom had to submit new technology offers to the ANRT, integrating operational procedures determined by the ANRT, and new pricing proposals (the rate for virtual unbundled access should be unique and give third-party operators a gross margin of 30%)
- After external expert assessment and a review of Maroc Telecom's proposals, the rates for different services were to be determined by the ANRT on January 30, 2015.

Lastly, by ANRT decision of February 4, 2015, the following rates were determined by the ANRT:

- Physical unbundling: MAD73 (excl. tax)/month at the level of the local loop and MAD60 (excl. tax)/month at the level of the 'sub-local loop' (MSAN)
- Fiber optic links between distribution frames and "sub-distribution frames" (MSAN): MAD10 (excl. tax)/ml /year
- Virtual unbundling (VULA): access MAD55 (excluding tax)/month for partial access and MAD110 (excl. tax)/month for full access; collection rates vary depending on speed, level collection and class of service for regional collection.

The decision also provides that IAM must submit a bitstream offer to the ANRT on March 5, 2015. The negotiation process is ongoing.

Provision of infrastructure

Law 55-01, amending and supplementing Law 24/96, introduced a provision under which public-sector entities, utilities licensees, and operators of public telecom networks are required, to the extent this does not interfere with public use, to make available to the operators of public telecoms networks which request them the easements, rights of way, civil engineering works, roads, cables, high points, etc., which they have, in order to install and operate transmission materials. These must be made available on acceptable, objective and non-discriminatory technical and financial terms and conditions, which ensure fair competition. The objective is to facilitate access by telecom operators to the alternative infrastructure available to some organizations such as the Office National de l'Electricité (the National Electricity Authority), the Office National des Chemins de Fer (the National Railway Authority) and Autoroutes du Maroc (Moroccan Motorways), but also to regulate the sharing of infrastructure between the telecom operators themselves. ANRT has jurisdiction to settle any dispute relating to these matters. Pursuant to this provision, Maroc Telecom signed framework agreements for radio site sharing with Médi Telecom and Wana in 2011.

Separate accounting

According to the terms of Decree 2-97-1026, as amended and supplemented by Decree 2-05-771 of July 13, 2005 and Decree 2-97-1025, as amended and supplemented by Decree 2 05-770 of July 13, 2005, operators are required to maintain an analytical accounting system which determines the costs, revenues and profits of each network they operate or service they offer. The financial statements must be submitted, for audit, to a body designated by the ANRT.

Decision 08/12 of December 6, 2012 established a consistent framework for the regulatory statements of cost refunds and income statements which the operators of public communication networks are required to submit annually to the ANRT. Note that in December 2013, the ANRT adopted a decision establishing the rate of return on capital applicable to the following activities of telecom operators, for the period 2014-2016:

» Mobile (Voice and SMS): 13.44%

» Fixed line outside local loop: 12.22%

» Fixed line local loop: 10.58%

» Universal Service: 10.03%

The rate of return on capital applicable to the local fiber optic loop will be determined later.

The Universal Service

The Universal Service includes at least one telephone service of a specified quality, at an affordable price; it also includes a service enabling access to the internet, the routing of emergency calls, and the provision of an information service and of a printed or electronic directory (the latter two services are mandatory). A phone booth service must be installed on public roads and the removal of any phone booth is subject to approval by the ANRT.

Law 55-01, amending and supplementing Law 24/96, established the principle of Pay or Play and set the contribution of operators of public telecom networks to the Universal Service at 2% of revenue before tax (net of interconnection fees, handset sales and repayments value-added service providers).

These operators may either perform the Universal Service tasks themselves, or pay a contribution into a special trust account, the Universal Service Fund (referred to as the "Fonds SU").

The manner in which each operator provides Universal Service tasks are set out in one particular set of specifications, approved by decree. In 2008-2011, the ANRT launched a consultation with all the national operators for the realization of a vast universal service program, called "PACT," the objective of which was to provide coverage for telephone services and internet access to all the blank areas in Morocco, namely 9,263 villages. The Universal Service Management Committee employed Maroc Telecom for 7,338 of them, for a total of MAD1.159 billion, which was deducted from its contribution to the Universal Service for 2008-2011.

The deadline for the completion of this program, initially scheduled for December 31, 2011, was extended twice, first to June 30, 2012 and then to December 31, 2013 (Resolution CGSUT- 02/2013/1 of the Universal Service for Telecommunications Management Committee), because of implementation difficulties for the most part related to, firstly, the absence of electrification in the villages and/or at the sites intended for this coverage and, secondly, to the unavailability of the land required for setting up the sites.

The agreements between Maroc Telecom and the ANRT relating to the PACT programs for the years 2009, 2010 and 2011 were amended accordingly.

Today, more than 98% of the program has been completed and Maroc Telecom has reminded the ANRT that, except for a few sites, completion of the PACT program depends only on completion of the electrification program by the Office National d'Electricité. In order to ensure better coverage, a campaign was launched to check how all the installed sites were working.

ANRT has announced that it intends to review the implementation of the PACT program and plans to launch a new supplementary program. For this purpose, the ANRT has asked the operators of public telecom networks to send it the list of villages near the PACT villages which already have coverage and the means by which they may be covered.

After merging the proposals from all the operators and in order to launch a consultation on the ways and means of implementing said supplementary program, the ANRT submitted to the operators a list of 2,208 rural communities, asking the operators to confirm that the villages have no coverage enabling them to access telecom services.

Moreover, Maroc Telecom contributes to implementation of the "Nafid@" and "INJAZ" programs, which have been selected as Universal Service programs by the Universal Service for Telecommunications Management Committee and partly funded by the Fund for Universal Service for Telecommunications (Fond de Service Universel des Télécommunication or FSUT).

In particular, these programs concern the general application of information and communication technologies in education:

- The INJAZ program aims to provide graduate students with a large number of teaching institutions, colleges and universities in the field of engineering, science, and information and communication technology, and is giving them access to the mobile broadband internet service and a laptop. The number of students equipped by Maroc Telecom as part of these programs in 2009, 2011, 2012, 2013 and 2014 is 66,341.
- The Nafid@ program supplements the GENIE program (which consists in equipping schools with computers and internet access), is intended to encourage the education sector to use information and communication technologies in the educational system, by making available to it the means appropriate for this purpose (laptops, internet access). About 180,000 people in total have benefited from this program.

As regards the maritime radio communications service, which Maroc Telecom asked to be discontinued in 2008, the ANRT has informed Maroc Telecom about the decision of the Universal Service Management Committee, which plans to:

» appoint, through competitive bidding, an international firm that will assist the ANRT in transferring this business activity to a new operator;

» maintain the annual allowance to Maroc Telecom, which will ensure continuity of service until the new operator has been selected.

The consultation launched by the ANRT for the preparation of the General Policy Document for 2014-2018 provides for the Revival of the Universal Service and its extension to broadband internet (note: the General Policy Document for 2013 planned that the ANRT would adopt guidelines for determining the Universal Service projects for 2014-2016, but these guidelines have not yet been adopted).

Contributions to research, training and standardization of telecoms

Law 55-01, amending and supplementing Law 24/96, states that the contribution of operators of public telecoms networks to training and standardization is fixed at 0.75% of revenues, before tax and net of interconnection fees, generated by the telecoms operations covered by their license. The contribution for research is set at 0.25% of the revenues referred to above. This amount is paid into a special fund for research. Operators providing equivalent funding for research programs under agreements with officially designated research agencies are exempt from the payment.

Since 2007, Maroc Telecom no longer enters into agreements with such agencies and pays the entirety of the abovementioned contribution into an account earmarked for research.

Identification of customers

The ANRT has informed the operators of public telecoms networks about Decision 04/11 of July 13, 2011 relating to the identification of 2G and 3G mobile customers.

An expert appointed by the ANRT conducted an audit in September 2012 to verify compliance by all the operators of public communication networks with the above decision, after which the expert recommended extending by one year the deadline provided for achieving the identification targets.

Since these targets were not achieved, the ANRT issued a new decision on November 8, 2013, amended by a decision of January 31, 2014, pursuant to which:

» the sale of pre-activated prepaid SIM cards was prohibited as from April 1, 2014;

» in principle, operators of public communications networks may activate SIM cards only when they have a complete, physical identification file. However, they may also activate SIM cards before the physical file is created, provided that they have the identification data stored on the appropriate, dedicated database and are certain that their retailers have the complete physical file, which must be delivered to them within two months. Otherwise, the service to the customer is restricted for one month and then suspended until the full and effective identification;

» operators of public communication networks have 12 months from April 1, 2014 to identify the inventory;

» operators of public communication networks must create a short number, free until 9/30/2014, for customers to learn about their identification situation and the process they must follow to identify themselves;

The ANRT has organized, at its own expense, a public communication campaign, initially through the distribution of press releases, and in December 2014, by broadcasting radio commercials, inviting users to identify themselves to their operator.

Dispute resolution

The procedure followed before the ANRT concerning litigation, anti-competitive practices and economic concentration transactions, particularly taking into account ANRT's new authority in competition matters, is described in Decree 2-05-772 of July 13, 2005.

In 2014, the ANRT settled the dispute relating to the unbundling following referral to it by Wana in December 2013 and had a case against Maroc Telecom referred to it following the referral of Médi Telecom concerning Leased Lines for Connections (see, Litigation and Arbitration Proceedings at 3.3 below).

3.2.1.5 Distribution and communication

Distribution

Organization

Maroc Telecom has the largest distribution network nationally. It includes more than 71,000 distribution outlets for direct and indirect sales. In 2014, Maroc Telecom's various distribution channels were:

- the direct network, consisting of 407 retail branches. This network is growing fast and every year new retail branches are added and existing branches are refurbished;
- more than 320 full-image resellers, managed directly by Maroc Telecom's own network, which market consumer products and services;
- the indirect network comprises independent local shops bound by exclusivity agreements and managed by the nearest retail branch. A significant number of these resellers also operate Maroc Telecom phone stores;
- national level distributors, whose main activity is not telecoms, such as Canal M, M2T, etc.;
- four national distributors, two of which operate exclusively in the field of Telecom for Corporate customers. The business of the other two concerns different customer segments and all Maroc Telecom's product ranges and services;
- five partners for sales and installation of the PABX product.

Distribution strategy

The extent and organization of Maroc Telecom's distribution network is a major strategic asset for the Company.

The operator's distribution strategy is mainly focused on the following areas:

- Expand its direct branch network by opening new retail branches and refurbishing old ones every year, to maximize customer satisfaction while keeping up with the technological trends;
- Increase digital distribution via indirect channels to forge closer ties with customers;
- Strengthen the role of all those involved directly or indirectly, to promote its offerings and meet everyone's needs;
- Diversify the distribution media (electronic top-ups, ATMs, express top-ups, online top-ups, pay points etc.);
- Ensure synergy between direct and indirect channels in order to offer customers a very high quality service.

Direct distribution network

In order to maintain the central and dynamic role of the direct network in its marketing and sales strategy, Maroc Telecom has continued with its program to expand and modernize its own sales network in accordance with the new-generation retail branch concept.

With 20 newly opened retail branches and 42 branches totally refurbished as of October 1, 2014, 265 of Maroc Telecom's network of sales outlets are now refurbished in accordance with the new charter.

As of October 1, 2014, Maroc Telecom's network of retail branches consists of 407 branches, with 8 regional offices, ensuring optimal coverage and density. The network has 380 Retail branches, 27 Corporate branches, and four dedicated branches with nationwide coverage for key accounts.

Indirect distribution network

At end-2014, the indirect distribution network had a wide range of resellers, telestores and regional and national distributors.

The telestore network, whose main activity is the operation of a public telephony services licensed by Maroc Telecom, also distributes prepaid fixed line and mobile phone cards and fixed line subscriptions.

The resellers network is composed mainly of tobacconists, convenience stores and other distributors of telecom and electronic products which have signed agreements for the marketing of Maroc Telecom products and services. A new category of resellers has been added in the form of Full Image sales points, which sell all Maroc Telecom prepaid and postpaid products.

The indirect network reached more than 75,000 resellers of the prepaid offer in 2014, including nearly 65,000 resellers using the Express top-up service.

Individual agreements with each partner serve to reinforce the network and to ensure local distribution. Partners are paid through commissions on the products and services sold.

In 2014, Maroc Telecom signed agreements with a new partner for the international distribution of electronic top-ups.

Distribution agreements

At end-2014, Maroc Telecom held distribution agreements with the following companies:

Company	Type of business	Date of partnership agreement	Maroc Telecom products distributed
GSM Al-Maghrib	Distribution of telecom products	11/2003	Prepaid mobile and fixed-line phone cards Mobile, fixed-line, and internet subscriptions, and electronic top-ups
Barid Al-Maghrib	Moroccan post office	06/2003	Prepaid mobile and fixed-line phone cards
Mahatta (Total Maroc Group)	Service stations	07/2002	Prepaid mobile and fixed-line phone cards
SMT	Manufacture and distribution of tobacco products in Morocco	11/2003	Prepaid mobile and fixed-line phone 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 Corporate customers in Marrakesh
Sicotel	Distributor of telecom products	11/2006	Prepaid mobile and fixed-line phone cards Mobile, fixed-line, and internet subscriptions
Lineatec	Distributor of telecom products	11/2006 11/2008	Prepaid mobile and fixed-line cards; mobile, fixed-line, and internet subscriptions for Corporate customers in Rabat and Tangier Mobile, fixed-line, and internet subscriptions for Corporate customers in Casablanca and Fez
M2T	Local customer services (bill payment, etc.)	04/2010	Mobile products (electronic and online top-ups)
MTC	E-commerce	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

In 2014, Maroc Telecom continued to be one of the Morocco's top advertisers, spending a significant part of its advertising budget on its mobile, fixed-line, and internet products, targeting the Retail and Corporate segments. Corporate, financial, and event-driven communication has also increased through multiple targeted actions.

Corporate communication

In 2014, the overarching aim of corporate communication was to develop and establish Maroc Telecom's brand image and reputation as Morocco's leading global operator. It also seeks to promote the policies and values of the business by emphasizing Maroc Telecom's social and environmental responsibility, for example by opening up remote areas to bridge the digital divide, implementing programs to develop IT in schools, and numerous other actions for sustainable development that have a direct impact on the economic growth and welfare of the nation.

Retail and Corporate advertising

In 2014, Maroc Telecom continued to focus on special offers for the Retail prepaid mobile segment, with an advertising campaign featuring a Moroccan comedian (Le Boulanger, Le Restaurant). The offbeat humor of the commercials proved popular, particularly among younger customers.

Postpaid mobile rate plans also featured prominently in a lighthearted global advertising campaign based on a well-known hit song. This campaign was used to promote the launch in October 2014 of the flagship "Maroc Telecom Unlimited Mobile Package," which includes domestic calls to all operators and major international destinations. This all-inclusive package rounds out Maroc Telecom's range of mobile rate plans with a host of new benefits.

A street marketing campaign was also launched in 2014 under the banner "The Caravan of Success." The campaign targeted teenagers and young adults at schools and colleges in Morocco's major cities, advertising special offers and discounts for students. In addition, in the eight Regional Offices mobile street vendors were sent out in vans to cover high foot-traffic locations.

For the Corporate segment, an advertising campaign was launched for the new range of Corporate mobile plans. The campaign was designed to firmly establish Maroc Telecom as the market leader in this segment, and to address the needs of this highly demanding sector.

Online advertising

Following the successful launch of the Maroc Telecom Facebook page in the second half of 2011, Maroc Telecom became a major digital advertiser in Morocco in 2012 and 2013. In 2014, Maroc Telecom established its presence on social networks. its Facebook page has more than 1.7 million followers (Maroc Telecom was the first Moroccan company and brand to have more than a million people like its page).

Maroc Telecom is now the leading Moroccan company and brand on both Facebook and Twitter. It is also present on Youtube, Instagram, and other social networks.

Maroc Telecom has diversified its digital marketing to advertise the business and reach out to customers online:

- interactive tie-ins with product and corporate campaigns (games, competitions, quizzes, etc.),
- organization of cultural, athletic, and artistic events sponsored by Maroc Telecom, such as games, events, and live tweets;
- help and advice for customer requests for information and complaints.

Maroc Telecom sponsors two flagship web events: "Ftour 2.0" and the Morocco Web Awards.

Sponsorship and corporate philanthropy

Maroc Telecom focuses its efforts on four areas of sponsorship and corporate philanthropy:

- Beach festivals

For the thirteenth consecutive year, Maroc Telecom organized a summer festival between June 13 and September 9, 2014, with an even fuller program than in previous years and with events hosted in the resorts of Saidia, Al Hoceima, Martil, Mdiq, Tanger, Mohammedia, Rabat Agadir Mehdia, and Moulay Bousselham; the Clean Beaches campaign, in which Maroc Telecom has participated every year since 1999 by paying for equipment and facilities for some 15 beaches.

- Community and humanitarian actions:

Mindful of its role in the local community, Maroc Telecom supported various foundations and charities in 2014:

» 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;
» Heure Joyeuse children's charity.

- Sports sponsorships:

Maroc Telecom is closely involved in sports at the national and local levels. It was once again the official sponsor of the following bodies:

» Moroccan Royal Soccer Federation;
» Mohammed VI Royal Soccer 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;

- Cultural sponsorships:

Maroc Telecom is actively involved in cultural events through its participation in 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 about the Group and its activities. Information must be precise, relevant, transparent, and honest, enabling investors and management to make informed decisions. Maroc Telecom's financial communication also complies with the statutory and regulatory requirements.

The Company maintains a close and ongoing relationship with market analysts. Information is regularly communicated to the markets, for example via press releases and press kits, analyst presentations, roadshows, conference calls, internet podcasts, meetings with analysts, the annual report, and the registration document.

At the same time, the "Investor Relations" section of the website www.iam.ma is regularly updated, mainly for institutional investors.

3.2.1.6 Network and systems infrastructure

Key performance indicators

Key performance indicators	2012	2013	2014
2G base stations	6,954	7,484	7,713
3G base stations	3,813	4,536	5,521
DSLAM/MSAN	2,545	4,471	4,793
Internet bandwidth (Gbps)	250	380	380
Mobile failure rate	2.43%	2.42%	2.01%
Mobile dropped-call rate	0.99%	1.12%	1.15%
2G coverage rate (as a % of the population)	98.9%	99.1%	99.3%
3G coverage rate (as a % of the population)	64%	73%	83%

Mobile infrastructure

Maroc Telecom's mobile network is based on GSM technology and has been rolled out across almost the entire country. 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 42 Mbps (on compatible handsets and in certain zones).

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.

Maroc Telecom has 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 cope with the increased usage of value-added services.

Coverage

With the introduction of next-generation SingleRAN (radio access node) technology, which combines 2G and 3G technologies, Maroc Telecom has broadened its radio coverage while upgrading and boosting the capacity of its radio-access equipment.

At end-December 2014, some 13,000 base stations enabled Maroc Telecom to cover 99.3% of its 2G customers, compared with 99.14% at end-December 2013, and 83% of its 3G customers, compared with 73% at end-December 2013.

The base station network is continually being optimized by:

» a continuous program of equipment redeployment and extension;

» the latest software upgrades;

» voice-compression technology to cope with spikes in traffic during public holidays and promotional periods.

Launched in 2013 and rolled out as standard in 2014, Maroc Telecom has introduced high-definition sound quality across its mobile network. At end-December 2014, nearly 40% of base stations supported this technology.

Mobile service quality

Maintaining and enhancing mobile service quality is a priority for Maroc Telecom's engineers.

The call completion rate was 98% at end-December 2014, while the dropped-call rate remained below 1.15%; the incoming SMS success rate was 99.6%.

Maroc Telecom is conscious of public health issues and follows 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 business 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, which enables high-speed internet access (up to 20 Mbps via ADSL 2+ in Morocco's major cities) 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 superfast broadband to business customers, particularly by means of VPN IP technology.

The DSLAM network has been supplemented with the latest MSAN (Multi-Service Access Node) equipment, which routes internet traffic along the Maroc Telecom copper network and supports VDSL technology with a theoretical download speed of up to 50 Mbps.

GPON FTTH (Fiber-To-The-Home) access has been deployed in several cities and parts of the country to offer Maroc Telecom customers speeds of up to 100 Mbps.

Lastly, as part of the universal service, Maroc Telecom has installed more than 600 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 40,000 km of fiber-optic cable linking all of the country's major cities.

Based on the latest hybrid NG-SDH and NG-WDM transmission technologies, the backbone can transmit up to 800 Gbps on a single pair of fibers. These high-speed connections are ultra-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 Gbps at end-2013, compared with 250 Gbps at end-2012. In the space of three years, capacity has more than tripled to meet the connectivity needs of Maroc Telecom customers.
- Satellite links connect the remotest parts of the country to the Maroc Telecom backbone.

Work also continued on the construction of a 5,300 km fiber-optic landline, connecting Maroc Telecom with its sub-Saharan subsidiaries in Mauritania, Mali, and Burkina Faso. This 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 needed by the Company's various business segments.

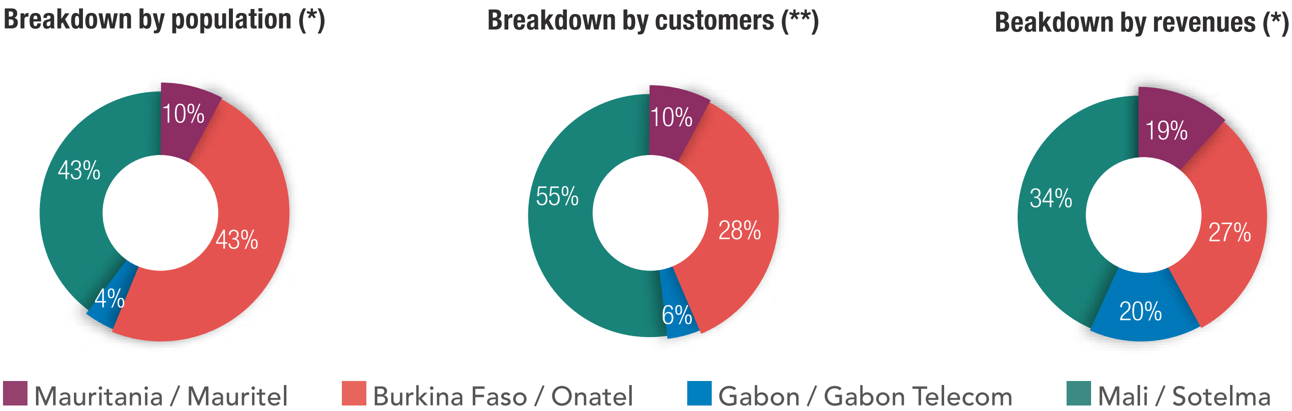
Several major IT projects were completed in 2014:

- support measures and adjustments for the 2014 marketing plan;
- continued introduction of automated provisioning on some products;
- technical and functional development of the decision-making system: introduction of business reporting to improve business process management;
- introduction of a Group Financial Consolidation System;
- improvements to the customer relationship management (CRM) system, with additional features to enhance the relationship and improve customer satisfaction;
- introduction of an archive management system for product advertising campaigns, corporate communications, and press reviews reviews;
- extension of the Queue Management System to stores to improve in-store customer service;
- adaptation and upgrading of information systems (data collection, provisioning, etc.) to support network technology upgrades;
- enhanced security for data and information systems.

3.2.2 SUBSIDIARIES

Consolidated Data : Mauritania, Burkina Faso, Gabon and Mali

Population (in thousands) (*)	Customers (in thousands) (**)	Revenues (MAD millions) (**)
40,198	19,617,477	8,630



(*) Forecasts at end-December 2014 (source: IMF, October 2014

(**) Data at end-December 2014 (source: Maroc Telecom)

3.2.2.1 Mauritel

Macroeconomic indicators Mauritania

	2012	2013	2014
Population (in thousands)	3,628	3,715	3,804
GDP per capita (USD)	2,099	2,022	3,379
GDP growth	+5.3%	+5.3%	+6.8%
Inflation	+5.9%	+6.1%	+3.3%

Source: IMF, October 2014

Mauritel SA is the incumbent operator in Mauritania. It was formed in 1999 following the break-up of the national postal and telecommunications operator (Office des Postes et Télécommunications). In 2000, Mauritel SA created its wholly owned subsidiary Mauritel Mobiles, which has since obtained its second GSM mobile telephony network license.

On April 12, 2001, following an international call for tenders issued by the Mauritanian government, Maroc Telecom acquired a 54% stake in Mauritel SA.

In January 2002, Maroc Telecom created the Compagnie Mauritanienne de Communication (CMC), to which it transferred the shares it held in Mauritel SA. On June 6, 2002, Maroc Telecom sold 20% of CMC to Mauritanian investors. In 2003, CMC sold 3% of Mauritel SA to its employees for MAD17 million, in accordance with the commitments made during its privatization in 2001.

On July 1, 2004, when the Mauritanian government's veto in Mauritel SA expired, Maroc Telecom gained exclusive control over the subsidiary, which became fully consolidated. In 2006, the CMC Group acquired 0.527% of Mauritel SA from SOCIPAM, a non-commercial company created by employees of the Mauritanian subsidiaries. On completion of this transaction, CMC held 51.527% of Mauritel SA.

Under Law 2007-049 of September 3, 2007, which repealed Article 73 of the Telecommunications Law (Law 99-019), Mauritel SA was forced to spin off all its competitive businesses, namely its mobile business. On November 27, 2007, the Extraordinary Shareholders' Meetings of Mauritel SA and Mauritel Mobiles subsequently ratified plans to merge the two companies. Mauritel SA has since become a global operator able to take advantage of synergies between all its fixed-line, mobile, and internet businesses.

Maroc Telecom's representatives sit on the Board of Directors of Mauritel SA. Maroc Telecom has no executive directors within the company.

The consolidation methods for CMC/Mauritel, and its contribution to the earnings of the Maroc Telecom Group, are summarized in Notes 1, 2 and 28 to the consolidated financial statements. In addition, chapter 2.3.4 "Related-party transactions" illustrates the type of financial flows between Maroc Telecom and the Mauritel sub-group.

Fixed-line telephony, Data and Internet

Mauritel provides fixed-line telephony services (voice and data) and internet access to retail customers, companies and the public sector.

Mauritania had 98,500 fixed lines at September 30, 2014 (source: Dataxis), representing a penetration rate of 2.6%. Mauritel holds a 46% market share.

In addition to Mauritel, Mattel and Chinguitel have had fixed-line licenses since 2009 that allow them to operate in 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 end-December 2014, Mauritel had a fixed-line customer base of 43,319 customers, 2.5% more than in 2013, 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 broadband – a fast-growing segment – to its fixed-line customers. At end-December 2014, Mauritel had 8,067 (+9.7%) internet subscribers, most of whom were connected by the ADSL network (98% of customer base).

To meet its international bandwidth needs, Mauritel participates in: i) a consortium that includes all Mauritanian telecoms operators and the Mauritanian postal service to set up a landing point for the ACE (Africa Coast to Europe) submarine cable linking Mauritania to France; the cable went into commercial operation 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 business consists of prepaid and postpaid services through voice and data (mainly SMS) packages. It also provides roaming services for Mauritel mobile subscribers abroad and for customers of foreign partner operators visiting Mauritania. Mauritel launched its m-payment service under the Mobicash brand in 2013.

To provide these services, Mauritel relies on a network of 957 base transceiver stations (BTS) spread throughout the country, equipped with both 2G and 3G technologies (the latter was launched in 2009).

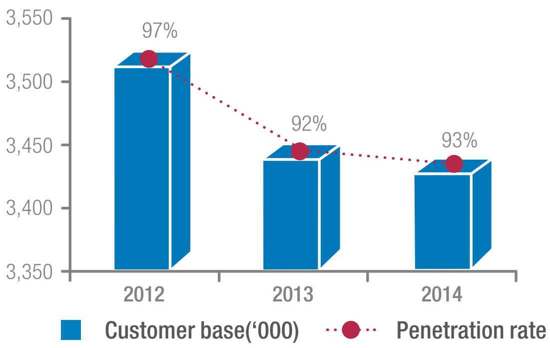
At December 31, 2014, Mauritania had 3.5 million mobile customers, representing a penetration rate of 93%, up 0.5 points since the beginning of the year.

Mauritel operates alongside two other operators, Société Mauritano-Tunisienne de Télécommunications Mattel and Chinguitel (since August 2007). Chinguitel launched a GSM service in 2011. In 2006, the ARE awarded 3G licenses to Mauritel and Chinguitel; Mattel was not awarded its 3G license until March 2009.

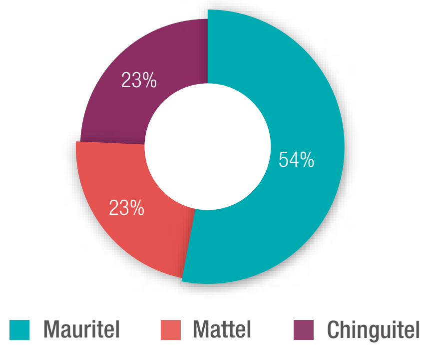
At December 31, 2014, Mauritel had 1.922 million Mobile customers – a rise of 2.7% year on year despite the heightened competition – most of whom were prepaid. Mauritel remains the market leader with market share of 54.3% at end-December 2014. The company's performance was aided by innovative pricing and promotional policies, and by the introduction of value-added services increasingly tailored to each category of customer. Mauritel's mobile ARPU reached MAD66.5 in 2014, a rise of 18.1% from a year earlier.

Competition and market share

Mobile market trends in Mauritania (*)



Mobile market share in Mauritania at December 31, 2014



Source: IMF & Dataxis
(*) Penetration rates for 2012 and 2013 adjusted after update of IMF demographic data

Performance

The following table shows Mauritel's key operating and financial data:

	Unit	2012	2013	2014
Operating indicators				
Mobile customer base	(in thousands)	2,013	1,872	1,922
Mobile ARPU	(MAD/month)	53.3	56.6	66.5
Fixed lines	(in thousands)	41	42	43
Broadband access	(in thousands)	7	7	8
Financial indicators				
Total revenues	(MAD millions)	1,375	1,476	1,646
Mobile services revenues	(MAD millions)	1,257	1,357	1,517
% of Group revenues	(%)	4.6%	5.1%	5.6%

Seasonality

In Mauritania, the peak period is generally from June to September. Other spikes in usage occur during religious holidays, providing significant sales opportunities. Fixed-line and mobile usage tends to be lower during Ramadan.

Regulations

Overview

The regulatory framework for telecommunications in Mauritania was modified by Law 2013-025 of July 15, 2013 on electronic communications (hereinafter the "Law").

The main purpose of this Law, which repeals and replaces Law 99-019, is to raise interconnection and access requirements, including in terms of infrastructure sharing and roaming, upstream monitoring of operators' retail rates, improved analysis mechanisms for markets and the specific obligations of dominant operators, and tougher sanctions for the Multi-Sector Regulator (Autorité de Régulation Multisectorielle, hereinafter the "ARE").

Moreover, the Law supplements the prerogatives of the ARE and gives it powers to curb unfair business practices in the sector. These prerogatives are in addition to the ARE's regulatory, audit, and oversight powers with regard to industry operators, as set forth in Law 2001-18 of January 25, 2001 establishing the ARE.

The ARE is an independent public-sector entity with multi-sector authority and full financial and managerial autonomy. The ARE reports directly to the Prime Minister.

In 2014 there were major changes to the regulatory framework, with the entry into force of two decrees implementing the Law: Decree 2014-065 on the legal framework for electronic communications activities, and Decree 2014-066 on the general conditions of interconnection.

In addition, the ARE sent a series of draft texts to operators for consultation. These mainly concerned a ban on differential pricing of on-net calls (intra-networks) and off-net calls (to networks of third-party operators), infrastructure sharing and roaming (see highlights below), analysis of relevant markets (domestic and international capacity markets and broadband market), and fees for rights of way across public land for telecommunications networks.

Main regulatory obligations applying to Mauritel

Mauritel's coverage obligations laid down in its fixed-line and 2G contract specifications have been fulfilled.

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 industry fees and contributions. These include 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, and an annual research and training contribution of no more than 1% of revenues, net of interconnection charges. For 2014, the amount of this fee was set at 0.6% of revenues. Lastly, Mauritel pays annual fees for the use of radio frequencies and numbers.

Licenses of Mauritel

License	Date of award	Expiration date	Term
Fixed line	04/12/2001	04/12/2021	20 years
2G	07/18/2000	07/18/2015	15 years
3G	07/27/2006	07/27/2021	15 years

2014 highlights

Regulatory highlights for 2014 included:

Commencement of the renewal process for Mauritel's 2G license

In June 2014, Mauritel submitted a request to the Minister for Employment, Training and New Technologies to renew its 2G license, which expires in July 2015. This request was followed by a public consultation on the renewal of 2G licenses for Mauritel and Mattel.

In December 2014, Mauritel has received the agreement in principle of the supervisory Minister for the renewal of the 2G license. The Minister also communicated to Mauritel, a specification draft for comment. Mauritel has started negotiations with the authorities on the conditions for renewal of the 2G license and the provisions of the specifications. The negotiations for the renewal shall be completed no later than 4 months before the expiration of the license, so in later than 17 March 2015.

Draft decision to ban discriminatory practices with regard to on-net/off-net rates

The ARE has sent a draft decision to operators for consultation, in which it seeks to ban any differentiation between on-net and off-net calls for promotional purposes.

The draft decision also aims to limit the maximum difference between standard on-net and off-net rates. This difference is set to disappear entirely by July 1, 2016.

Finally, the draft decision introduces a prior approval procedure for the ARE over operators' retail prices.

Mauritel has challenged the draft decision.

Draft decision on infrastructure sharing and national roaming

The ARE has submitted a draft decision to operators which seeks to standardize the obligation to share existing and future infrastructure (sites) and to impose a national roaming requirement in some areas.

Mauritel has challenged certain aspects of the draft decision.

Reduction in call termination rates for the period from July 1, 2014 to June 30, 2015

Call termination rates have fallen and are now MRO5 excl. tax per minute for all operators (compared with MRO6 per minute in 2013/2014).

Fixed-line termination rates remain unchanged: MRO12 excl. tax per minute for local calls, MRO23 excl. tax per minute for long-distance single-transit calls, and MRO38 excl. tax per minute for long-distance double-transit calls.

Finally, SMS termination rates remain unchanged at MRO3 excl. tax per SMS for all operators.

These rates came into force on July 1, 2014.

Identification of customers

On September 29, 2014, the ARE notified Mauritel of its decision to ban all sales of anonymous SIM/USIM cards from October 1, 2014.

Audit of service quality

In 2014, the ARE imposed two fines on Mauritel for failing to meet service-quality requirements as defined in its contract specifications. The first, dated May 12, 2014, was for MRO50,517,143; the second, dated August 17, 2014, was for MRO263,865,000. Mauritel has paid both fines.

3.2.2.2 Onatel

Macroeconomic indicators Burkina Faso

	2012	2013	2014
Population (in thousands)	17,358	17,758	17,429
GDP per capita (USD)	1,384	1,493	1,726
GDP growth	+7.0%	+5.5%	+6.7%
Inflation	+3.0%	+2.0%	+1.5%

Source: IMF, October 2014

Onatel (Office National des Télécommunications) is the incumbent operator of Burkina Faso. It was formed following the break-up of the Office des Postes et Télécommunications in 1987, and became a Government-owned company in 1994. In October 2002, the Government created Telmob, Onatel's wholly owned Mobile subsidiary which has been licensed to operate a GSM Mobile telephony network since April 2004.

On December 29, 2006, Maroc Telecom acquired 51% of Onatel, following a privatization process put out to international tender. Onatel continues to own 100% of its mobile subsidiary Telmob.

On April 29, 2009, Onatel was floated on the regional stock exchange in Abidjan, Côte d'Ivoire. This enabled the Burkina Faso Government to sell 20% of the telecommunications operator on the market.

Onatel's Extraordinary Shareholders' Meeting of December 29, 2010 approved plans to merge with Onatel's Mobile subsidiary. Since then, Onatel has become a global operator, benefiting from synergy between its Fixed-line, Mobile and Internet businesses. Maroc Telecom's representatives sit on the Board of Directors of Onatel. Maroc Telecom has no executive directors within these companies.

The consolidation methods for Onatel and its subsidiaries, and its contribution to the earnings of the Maroc Telecom Group, are summarized in Notes 1, 2 and 28 to the consolidated financial statements. In addition, chapter 2.3.4 "Related-party transactions" illustrates the type of financial flows between Maroc Telecom and Onatel.

Fixed-line telephony, Data and Internet

Onatel provides fixed-line telephony services (voice and data) and internet access to retail customers, companies and the public sector.

Onatel lost its monopoly on basic services (domestic fixed-line telephony, telex, and telegraph) on December 31, 2005. However, it currently remains the only fixed-line telephony operator in Burkina Faso. By contrast, Onatel competes with other service providers in the internet market.

At end-December 2014, Onatel's fixed-line customer base totaled 80,716 lines, a decline of 14,2% year on year due to competition from mobile services and call center rationalization. The fixed-line penetration rate is still low, at only 0.5% of the population at December 31, 2014.

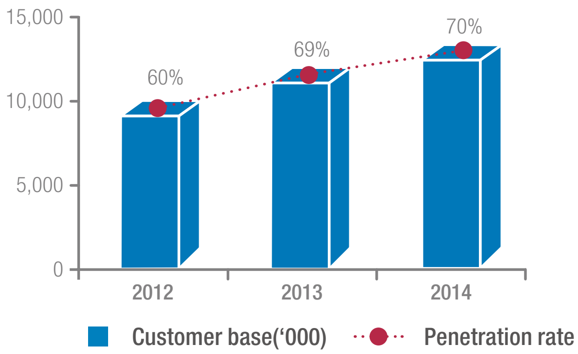
Onatel is able to offer its fixed-line customers ADSL broadband packages. At end-December 2014, Onatel had 16,291 internet subscribers, down 33.9% year on year due to competition from 3G internet, an effective alternative to fixed-line internet. Of these customers, 65% have ADSL broadband.

Mobile telephony

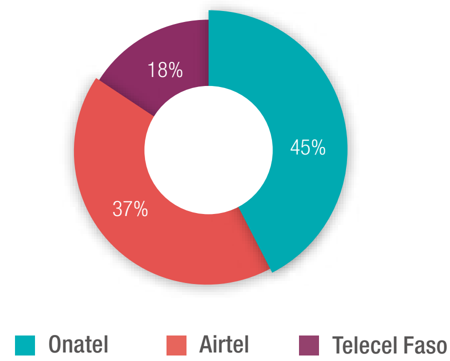
Onatel's mobile business, operated under the Telmob brand, provides prepaid and postpaid services through voice and data packages, mainly SMS and internet. Onatel also provides roaming services for Telmob mobile subscribers abroad and for the customers of foreign partner operators visiting Burkina Faso. In 2013, Onatel launched its m-payment service under the Mobicash brand, as well as other 3G services.

Competition and market share

Changes in the mobile market in Burkina Faso (*)



Mobile market share in Burkina Faso at December 31, 2014



Source: IMF & Dataxis

(*) Penetration rates for 2012 and 2013 adjusted after update of IMF demographic data

At December 31, 2014, there were 12.2 million mobile customers in Burkina Faso, representing a penetration rate of 70.0%, up 1.1 points since the beginning of the year.

Despite fierce competition, the market is growing rapidly, with the customer base up 5.5% year on year at December 31, 2014. Although growth is fueled by the spread of mobile services 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 MAD25 million each.

At December 31, 2014, Onatel had 5.5 million mobile customers (mainly prepaid), a year-on-year increase of 17.8%. Onatel maintained its leader position through promotional offers, high-quality service, and network coverage. The operator put 164 new base transceiver stations into operation during the year, bringing the total to 1,032.

These results were achieved despite the economic downturn witnessed following the political crisis in Burkina Faso in late October 2014. To address the decline in customer recruitment and service usage, Onatel has updated its marketing policy to include more frequent promotional offers. Onatel's mobile ARPU stood at MAD29.5 at December 31, 2014, a decline of 18.4% from a year earlier.

Performance

The following table summarizes Onatel's key operating and financial data:

	Unit	2012	2013	2014
Operating indicators				
Mobile customer base	thousands	3,872	4,643	5,468
Mobile ARPU	(MAD/month)	39.5	36.1	29.5
Fixed lines	thousands	141	94	81
Broadband access	thousands	30	25	16
Financial indicators				
Total revenues	(MAD millions)	2,067	2,211	2,354
Mobile services revenues	(MAD millions)	1,694	1,848	1,936
% of Group revenues	(%)	6.9%	7.6%	8.1%

Seasonality

In Burkina Faso, the annual rainy season (August and September) has a negative impact on sales and on network service quality. This has repercussions for both fixed-line and mobile revenues.

Regulations

Overview

Burkina Faso's current regulatory framework for telecommunications was established by Law 061-2008/AN of November 27, 2008, as amended, relating to general regulations for networks and electronic communication services in Burkina Faso and its implementing decrees.

The Electronic Communications and Postal Services Regulatory Authority (Autorité de Régulation des Communications Electroniques et de la Poste, hereinafter "ARCEP") is an independent public-sector administration under the technical supervision of the Prime Minister's office.

It is responsible for ensuring that operators comply with their contract specifications, 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 main implementing decrees of the Telecommunications Law are: Decree 2010-451 of August 12, 2010, defining the general conditions for network interconnection and access to those networks; Decree 2010-245 of May 20, 2010, defining the procedures and conditions attached to individual licenses, general authorizations, and declarations; Decree 2010-246 of May 20, 2010, establishing the rates and charging arrangements for fees, contributions, and expenses; Decree 2011-094 of February 28, 2011, governing the procedures for the measurement and control of service pricing.

Main regulatory obligations applying to Onatel

Onatel is bound by coverage obligations under the terms of its contract specifications.

For its Fixed-line business, Onatel has fulfilled its coverage requirements which extended until 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 to Onatel 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 from the effective date of the license.

Onatel is required to pay industry fees and contributions. This includes the regulatory fee of 1% of revenues excluding interconnection charges, the annual contribution to training and research of 0.5% of revenues excluding interconnection charges, and a contribution of 2% of revenues excluding interconnection charges to the universal service fund.

In addition, Onatel pays fees for the use of frequencies and numbers.

In 2013, the 5% limit on the amount of fees and contributions was lifted.

Finally, since January 1, 2014, Onatel has paid a specific tax on telecommunications operators equivalent to 5% of revenues excluding fixed-line services, international interconnection charges, and revenue from handset sales.

Licenses of Onatel

License	Date of award	Expiration date	Term
Fixed line	12/29/2006	12/29/2026	20 years
2G	06/21/2010	06/21/2020	10 years
3G	05/22/2013	05/22/2023	10 years

2014 highlights

Regulatory highlights for 2014 included:

Introduction of an additional tax for telecommunications operators

Under the 2014 Budget Act, introduction of a specific tax on operators of 5% of revenues excluding fixed-line services, international interconnection, and handset sales. The tax was introduced on January 1, 2014.

Reduction in call termination rates

Mobile call termination rates have dropped and are now FCFA20 per minute for all operators (instead of FCFA25 per minute in 2013/2014). Call termination rates for landlines remain unchanged at FCFA25 per minute.

Service quality

On April 11, 2014, the ARCEP fined all operators for non-compliance with service quality requirements. Onatel was fined FCFA2,070,162,936 . The decision gave Onatel three months to bring its network up to standard, failing which it would incur tougher sanctions (additional fine, suspension of the license for up to one month, reduction in the license period for up to one year, non-renewal or withdrawal of the license).

Onatel challenged the ARCEP's decision in court: (I) an application for annulment before the Administrative Court and the Conseil d'État (the supreme administrative court), currently pending, and (ii) a motion for a stay of implementation before the President of the Administrative Court, which was eventually dismissed.

Onatel was compelled to pay the fine.

The ARCEP re-audited the Mobile service quality between October 1 and November 7, 2014.

Information on 4G licenses

In response to a question from Onatel on the timetable for granting 4G licenses, the ARCEP confirmed that the necessary frequencies had been planned and that the draft contract specifications were being prepared.

Universal Service Fund activation request

Onatel asked the Minister in charge of the Universal Service Fund to enable the coverage of white zones. The request is under consideration.

National backbone project

As part of the New Partnership for Africa's Development (Nouveau Partenariat pour le Développement de l'Afrique, NEPAD) and plans to create a regional backbone, Burkina Faso intends to create a 4,700 km national backbone linking the country's 45 provinces.

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 4G license (fixed line, 2G, and 3G). The results of the invitation to tender have not yet been published.

3.2.2.3 Gabon Telecom

Macroeconomic indicators Gabon

	2012	2013	2014
Population ('in thousands)	1,541	1,563	1,586
GDP per capita (USD)	17,339	19,233	21,620
GDP growth	+6.1%	+6.50%	+5.1%
Inflation	+2.3%	-1.5%	+4.7%

Source: IMF, October 2014

Gabon Telecom SA is the incumbent operator in Gabon. It was formed from the break-up in 2001 of the Office des Postes et Télécommunications pursuant to Law 004/2001 of June 27, 2001 on the reorganization of the postal and telecommunications sector.

In March 1999, Gabon Telecom created Libertis, its wholly owned mobile subsidiary, which obtained a second license to operate a GSM mobile telephony network in 2007.

Until 2006, Gabon Telecom was wholly owned by the Gabonese Government. In February 2007, following an international invitation to tender, the Gabonese government sold a 51% stake in the company to Maroc Telecom. The transaction was finalized on December 23, 2010, following completion of the agreements signed in 2008.

Gabon Telecom's Extraordinary Shareholders' Meeting of December 20, 2011 approved plans to merge with Gabon Telecom's Mobile subsidiary. Since then, Gabon Telecom has become a global operator, capitalizing on the synergy between its Fixed-line, Mobile and Internet businesses.

Maroc Telecom's representatives sit on the Board of Directors of Gabon Telecom. Maroc Telecom has no executive directors within these companies.

The consolidation methods for Gabon Telecom and its subsidiaries, and its contribution to the earnings of the Maroc Telecom Group, are summarized in Notes 1, 2 and 28 to the consolidated financial statements. In addition, chapter 2.3.4 "Related-party transactions" illustrates the type of financial flows between Maroc Telecom and the Gabon Telecom sub-group.

Fixed-line telephony, Data and Internet

Gabon Telecom provides fixed-line telephony services (voice and data) and internet access to retail customers, companies and the public sector.

Gabon Telecom lost its monopoly on basic services (domestic fixed-line telephony, telex, and telegraph) on December 31, 2005. However, it currently remains the sole fixed-line operator in Gabon. By contrast, Gabon Telecom competes with other service providers in the internet and VSAT markets.

At end-December 2014, Gabon Telecom had a fixed-line customer base of 18,498 lines (wireline and CDMA), down 3.9%. The fixed-line penetration rate still remains low, at only 1.2% at end-December 2014.

Gabon Telecom offers internet access via its fixed-line network (high-speed ADSL and fiber optic) and its CDMA network. At end-December 2014, Gabon Telecom had 10,737 internet subscribers, up 8.5% year on year.

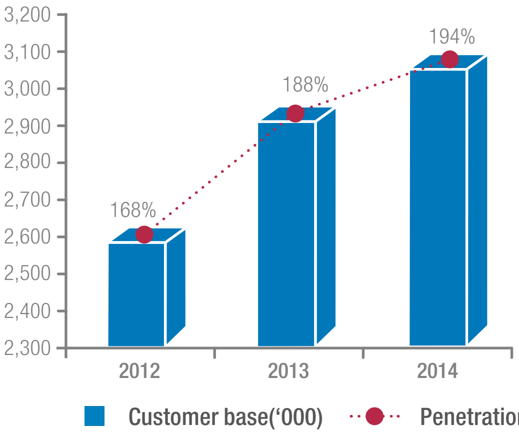
Gabon Telecom has access to the SAT-3 submarine cable, which allows it to meet its own needs for international bandwidth and to offer international services (internet, voice) to other telecoms operators and Gabonese firms.

Mobile telephony

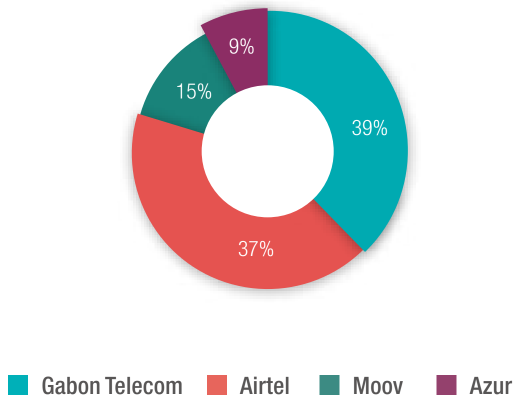
Gabon Telecom's Mobile segment, marketed under the Libertis brand, provides prepaid and postpaid services through voice and data (mainly SMS) packages. Gabon Telecom also provides roaming services for Libertis mobile subscribers abroad and for customers of foreign partner operators visiting Gabon. In 2014, Gabon Telecom launched its m-payment service under the Mobicash brand, as well as other 3G and 4G services.

Competition and market share

Mobile market trends in Gabon



Mobile market share in Gabon at December 31, 2014



Source: IMF & Dataxis

(*) Penetration rates for 2012 and 2013 adjusted after update of IMF demographic data

At December 31, 2014, there were 3.1 million mobile customers (commercial customer base) in Gabon, representing a penetration rate of 194%, a rise of 6 points since the beginning of the year. Despite the high penetration rate, the market continues to grow steadily. At end-December 2014, the total customer base had grown by 5% 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). These operators are all highly active in the domestic market. Despite this, Gabon Telecom became number on, with market share of 38.5% at end-December 2014, up 3.1 points year on year.

At December 31, 2014, Gabon Telecom had 1,182,681 mobile customers, mostly prepaid. This represents a jump of 13.6% on the previous year, mainly attributable to the increased number of offers and the continual improvement in service quality. Gabon Telecom continued to build its mobile network in 2014, installing 439 base transceiver stations (BTS) bringing the total to 800.

Despite intense competition and a restrictive regulatory environment, Gabon Telecom's ARPU rose by 14.3% to MAD92.3.

Performance

The following table shows Gabon Telecom's key operating and financial data:

	Unit	2012	2013	2014
Operating indicators				
Mobile customer base	(in thousands)	777	1,041	1,183
Mobile ARPU	(MAD/month)	79.2	80.7	92.3
Fixed lines	(in thousands	18	19	18
Broadband access	(in thousands	8	10	11
Financial indicators				
Total revenues	(MAD millions)	1,291	1,478	1,788
Mobile services revenues	(MAD millions)	688	883	1,220
% of Group revenues	(%)	4.3%	5.2%	6.1%

Seasonality

In Gabon, December and the summer months (July to September) generally see a surge in activity due to end-of-the-year festivities (Christmas and New Year), 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

Regulations

The regulatory environment for telecommunications in Gabon is governed by Law 005/2001 of June 27, 2001, as amended by Edict 006/PR/2014 of August 20, 2014.

The Electronic Communications and Postal Services Regulatory Authority (Agence de Régulation des Communications Électroniques et de Postes, hereinafter "ARCEP") 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, Postal Service and Communications, and the Ministry of the Economy and Finance.

The main laws governing the telecommunications sector are: Edict 08/PR/2012 of February 13, 2012, on the creation and organization of the ARCEP, as amended by Edict 005 of August 20, 2014; Decree 054 of June 15, 2005, on interconnection procedures and infrastructure sharing; Decree 0844 of October 26, 2006, on duties, fees and contributions payable by telecommunications operators.

Main regulatory obligations applying to Gabon Telecom

Under the terms 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 also require Gabon Telecom to provide coverage for 36 areas (cities and districts) and 25 major roads. Other areas may be added, depending 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.

Gabon Telecom is required to pay industry fees and contributions. These include a contribution to the Universal Service Fund of an amount equal to 2% of revenues, net of interconnection charges, and a contribution to telecommunications research, training and standardization of an amount equal to 2% of revenues, net of interconnection charges.

In addition, Gabon Telecom is required to pay annual fees for the use of radio frequencies and numbers.

Finally, all operators are taxed for inbound international calls, at FCFA47 per minute.

Licenses of Gabon Telecom

License	Date of award	Expiration date	Term
Fixed line	**02/09/2007**	**02/09/2022**	**15 years**
2G	**02/15/2007**	**02/15/2017**	**10 years**
3G/4G	**In February 2014, signature of an agreement between the Minister for the Digital Economy, Communication and Post, and Maroc Telecom to award Gabon Telecom a 3G/4G license for 10 years**		

2014 highlights

Regulatory highlights for 2014 included:

Signing of the agreement granting a 3G/4G license to Gabon Telecom

In 2014, an agreement was signed by the Minister for the Digital Economy, Postal Services and Communications and Maroc Telecom to award Gabon Telecom a 10-year 3G/4G license for FCFA5.5 billion.

Gabon Telecom is awaiting the publication of the decree granting the license.

Ban on the sale of pre-activated SIM cards

In October 2014, the ARCEP banned, with immediate effect, the sale of pre-activated SIM cards (to be reviewed after 12 months).

On October 21, 2014, the ARCEP gave operators one month to identify all unidentified subscribers. After that time, operators will be expected to deactivate unidentified SIM cards.

No change in call termination rates

In 2014, mobile call termination rates remained unchanged from 2013. These rates are asymmetric: the Airtel call termination rate is FCFA25 per minute, while Gabon Telecom and Moov charge FCFA30 per minute, and Azur FCFA35 per minute.

Fixed-line and SMS call termination rates also remain unchanged, at FCFA35 per minute and FCFA10 per SMS respectively.

Deregulation of on-net calls of non-dominant operators

In 2014, ARCEP deregulated on-net retail rates for Gabon Telecom, Moov Gabon, and Azur. Only Airtel is subject to a base rate of FCFA50 for its on-net calls, which is twice the price of its call termination rates

Service quality

In May 2014, the ARCEP fined all operators for non-compliance with the regulatory requirements for quality of service. Gabon Telecom was ultimately fined FCFA499,866,448.

On April 22, the ARCEP ordered Gabon Telecom to bring its network up to standard within two months, subject to a penalty of a one-year reduction in the term of its license.

ARCEP plans to re-audit the service quality of mobile networks from November 24, 2014.

Introduction of cost accounting

In August 2014, Gabon Telecom switched to a cost accounting system, in accordance with its obligations in this regard.

Development of Government networks

The National Authority for Digital Infrastructures and Frequencies (ANINF), is developing, on behalf of the Government, a national fiber optic backbone network that will cover 2,555 km.

Note that a legislative amendment was passed in August 2014 to introduce a new type of license allocated exclusively to public institutions or to an operator acting on behalf of the Authority for the operation of telecom infrastructure.

3.2.2.4 Sotelma

Macro-economic indicators

	2012	2013	2014
Population (in thousands)	16,345	16,854	17,379
GDP per capita (USD)	1,062	1,122	1,559
GDP growth	-4.5%	3.04%	5.9%
Inflation	+7.2%	+0.1%	+1.5%

Source: IMF, October 2014

Sotelma SA is the original operator in Mali: it emerged in 1990 from the break-up of the former Office des Postes et Télécommunications. The company was created by Ordinance 89-32 of October 9, 1989 and ratified by Law 90-018 ANRM of February 27, 1990.

On July 31, 2009, following an international competitive privatization process, Maroc Telecom acquired 51% of Sotelma. Maroc Telecom's representatives sit on the Board of Directors of Sotelma. Maroc Telecom has no executive directors within these companies.

The consolidation methods for the Sotelma sub-group, and its contribution to the earnings of the Maroc Telecom Group, are summarized in Notes 1, 2 and 28 to the consolidated financial statements. In addition, chapter 2.3.4 "Related-party transactions" illustrates the type of financial flows between Maroc Telecom and the Sotelma sub-group.

Fixed-line telephony, Data and Internet

Sotelma provides fixed-line telephony services (voice and data) and internet access to retail customers, companies and the public sector.

Today, Sotelma is the most active operator in the fixe-line market with an estimated market share of 95%.

At end-December 2014, the operator had a fixed-line customer base of 130,000 lines, a sharp increase of 18.1%, due particularly to the development of CDMA technology that provides rapid nationwide expansion of coverage at lower cost. The fixed-line penetration rate still remains low, at only 0.8% of the population at end-December 2014 (source: market data at end-December 2014).

The operator is able to offer its fixed-line customers ADSL broadband packages. It also offers internet access via its CDMA network. Sotelma had 63,609 internet subscribers at end-December 2014, an increase of 26.3%.

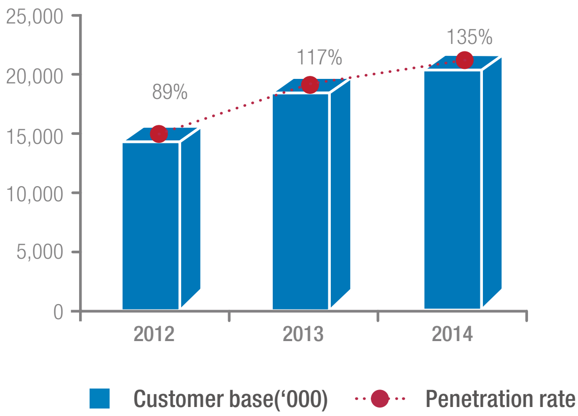
Mobile telephony

Sotelma's mobile business consists of prepaid and postpaid services through voice and data (mainly SMS) packages. It also provides roaming services for Sotelma mobile subscribers abroad and for customers of foreign partner operators visiting Mali.

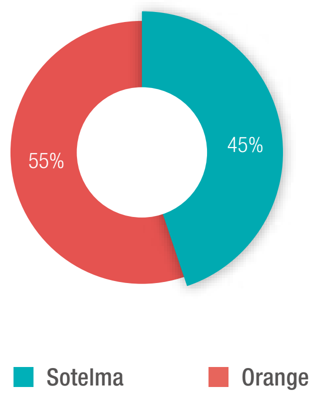
Sotelma launched its m-payment service under the Mobicash brand in 2014.

Competition and market share

Mobile market trends in Mali (*)



Market shares in the Malian mobile market at December 31, 2014



Source: IMF & Dataxis

(*) Penetration rates for 2012 and 2013 adjusted after update of IMF demographic data

At December 31 2014, there were 23.5 million mobile customers (+ 19% compared with December 2013) in Mali, representing a penetration rate of 135%, an increase of +18 points since the beginning of year.

Two mobile operators are currently active in Mali. Sotelma and Orange have 2G and 3G licenses there. The grant of a third mobile license to the Planor group, which operates in Mali under the business name of Alpha Telecom, was confirmed in 2013. This new competitor had still not launched its mobile service in 2014.

Sotelma's Mobile customer base stood at 10.7 million customers at December 31, 2014 (almost all prepaid), an annual growth of 19.6%, due to the significant investments it made during the year to extend network coverage to new areas and to strengthen it in large cities This significant deployment of new infrastructure (98 BTS commissioned during the year) combined with aggressive marketing, enabled Sotelma to achieve a market share of 45.5% at end-December 2014, an increase of 0.3 point compared with the end of 2013. Sotelma's mobile ARPU was down by 18.0% to MAD21.3 at end-2014.

Performance

The following table summarizes Sotelma's key operating and financial data:

	Unit	2012	2013	2014
Operating indicators				
Mobile customer base	(in thousands)	6,023	8,923	10,673
Mobile ARPU	(MAD/month)	33.2	25.9	21.3
Fixed lines	(in thousands)	98	110	130
Broadband access	(in thousands)	45	50	64
Financial indicators				
Total revenues	(MAD millions)	2,422	2,658	2,929
Mobile services revenues	(MAD millions)	2,055	2,283	2,546
% of Group revenues	(%)	8.1%	9.3%	10.0%

Seasonality

Telecommunications activity in Mali rises during the rainy season, from June to September, when large numbers of Malian students abroad return home for their summer vacation. 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 (December). 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 on telecoms and information and communication technologies in Mali and Order 2011-024/P-RM of September 28, 2011 on the regulations of 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 (Autorité Malienne de Régulation des Télécommunications et des Postes, AMRTP), created by Order 2011-024, is an independent governmental body under the supervision of the Ministry of Postal Services and New 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.

The main provisions adopted to date under the Order on Telecommunications are Decree 2011-867 of December 20, 2011 laying down the detailed rules for implementation of national roaming and Decree 2011-872 of December 30, 2011 on the sharing of infrastructure.

Main 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.

Sotelma is required to pay a set of sector fees and contributions. Since 2013 and with retroactive effect from July 1, 2009, Sotelma has been paying a total contribution of 2% of its revenues, net of interconnection charges, to which are added the annual fees for use of the radio frequencies and for numbering resources.

Licenses of Sotelma

License	Date of award	Expiration date	Term
Fixed line, 2G,3G	**07/31/2009**	**07/31/2024**	**15 years**

2014 highlights

Regulatory highlights for 2014 included:

Le début du processus d'analyse des marchés pertinents

In May 2014, the AMRTP submitted to the operators a draft decision concerning the determination of the relevant markets, the identification of dominant operators and the obligations imposed in relation to that.

The draft defines the following wholesale markets: the market for fixed-line call termination; the market for mobile call termination; market access to international bandwidth; and the market for access to the national bandwidth, including the leased line and trunk call segments.

As for retail markets, the draft decision defines the market for access to fixed telephone networks and the fixed voice market.

Furthermore, the draft decision provides for asymmetric mobile call termination rates in favor of Alpha Telecom. This asymmetry is 50% for the first year, 30% for the second year, 20% for the third year, and 10% for the fourth year.

Sotelma has challenged the proposed asymmetry in call termination rates.

The proposed ban on the sale of pre-activated SIM cards without prior identification of the subscriber

In January 2014, the AMRTP submitted to operators a draft provision which prohibits operators from selling pre-activated SIM cards. The activation of SIM cards occurs after identification of the customer. The draft also provides for identification of all unidentified subscribers within a time limit of three months.

Sotelma challenged some aspects of this draft provision. A new draft of the provision is being prepared.

Adoption of a decree establishing a flat fee for copyright to be paid

In July 2014, a decree on copyright was adopted to charge operators an annual flat royalty of FCFA500 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.

Sotelma challenged the adoption of this decree. On August 9, 2014 the National Employers' Council of Mali (Conseil National du Patronat du Mali) introduced an application for judicial review of that decree before the Administrative Division of the Supreme Court.

Audit of service quality

L'AMRTP a lancé un audit de la qualité de services des réseaux Mobile à partir du 20 octobre 2014 qui vise à vérifier les insuffisances de la qualité de services relevées lors d'un précédent audit qui s'est déroulée fin 2013.

Objection to the Duba Orange offer and to the AMRTP decision to regulate WLL (wireless local loop) services

Since May 2013 Orange has been marketing a telephone service via the frequencies of its WLL network and using its Mobile platform.

Following Sotelma's objection to this offer, the AMRTP refused to allow it to be marketed by Orange and adopted a decision concerning WLL services that prohibits using GSM frequencies to offer other mobile services.

In May and June 2014, the AMRTP ordered Orange Mali to pay a fine for non-compliance with the aforementioned decision.

Introduction of cost accounting

In June 2014, Sotelma finalized the introduction of cost accounting and started using it in accordance with its obligations in this regard.

3.2.2.5 Moov operators

On January 26, 2014 Maroc Telecom completed the acquisition of Etisalat's subsidiaries in Benin, Côte d'Ivoire, Gabon, Niger, the Central African Republic and Togo. In terms of business activity, these subsidiaries only have operations in the Mobile segment, divided into prepaid and postpaid.

This acquisition also concerns Prestige Telecom, which provides IT services on behalf of Etisalat subsidiaries in these countries.

The final transaction price was €474 million, corresponding to the buyout of Etisalat's interest in these operators as well as to the redemption by Maroc Telecom of shareholder loans.

Macroeconomic indicators

	Bénin			Côté d'Ivoire			Niger			République Centrafrique			Togo		
	2012	2013	2014	2012	2013	2014	2012	2013	2014	2012	2013	2014	2012	2013	2014
Population (000)	10,051	10,321	10,592	23,368	24,069	24,791	16,102	16,601	17,116	4,522	4,611	4,701	6,643	6,818	6,998
PIB par habitant ($)	1,717	1,793	1,874	2,530	2,710	2,902	960	984	1,032	949	604	608	1,338	1,390	1,455
Croissance PIB	5.4%	5.6%	5.5%	10.7%	8.7%	8.5%	11.1%	4.1%	6.3%	4.1%	-36.0%	1.0%	5.9%	5.1%	5.6%
Inflation	6.7%	1.0%	1.7%	1.3%	2.6%	0.6%	0.5%	2.3%	-1.1%	5.9%	6.6%	7.4%	2.6%	1.8%	1.5%

Source: IMF, October 2014

Performance

The following table summarizes the main operating and financial data of Maroc Telecom's new subsidiaries:

	Unit	2014
Operating indicators		
Mobile customer base	**(thousands)**	**9,824**
Financial indicators		
Total revenues (*)	**(MAD millions)**	**5,082**
EBITDA	**(MAD millions)**	**1,202**

(*) excluding Prestige Telecom

3.2.2.6 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 of the online newspaper Menara.ma, various services for the public such as Menara Jobs, Menara Real Estate, and 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 campaign solutions;
  - » GPS technology;
  - » other cloud services.
- ▶ IT Solutions:
  - » specific development;
  - » software solution (CRM tool).
- ▶ Networks and telecoms:
  - » routing & switching ;
  - » security;
  - » seamless communications.

In 2014,Casanet had revenues of MAD115 million, up 24.6% compared with 2013.

Casanet has been consolidated in the Maroc Telecom financial statements since January 1, 2011.

3.3 Legal and arbitration proceedings

To the Company's knowledge, there are no pending or potential government, legal, or arbitration proceedings 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)

FNASET, the Moroccan National Federation of Telestore Operators (Fédération Nationale des Associations des Exploitants Téléboutiques) has brought a lawsuit against Maroc Telecom in the Commercial Court of Rabat to request cancellation of its decision to abandon the 200-meter chaining principle between two telestores.

Maroc Telecom has challenged the notion that the chaining principle should be maintained and considers it contrary to fair-competition rules, insofar as the 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 MAD500 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 MAD5,000 and MAD50,000 (one applicant is claiming MAD100,000) 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 these cases were decided in favor of Maroc Telecom.

The Company does not intend to reverse its decision to discontinue the chaining, considering that the claims of the FNASET have no legal basis.

Total Call/Free litigation (Maroc Telecom)

In their action brought before the Commercial Court of Casablanca, Total Call and its customer, Free, are claiming compensation in the amount of approximately MAD58 million, alleging that the international line leased by Maroc Telecom to Total Call was cut off for eight days causing them material losses that justify compensation.

To cover this claim, Maroc Telecom has made a provision of approximately MAD4 million, corresponding to the amount of the claim made by Total Call.

No provision has been made in respect of the amount (MAD54 million) claimed by Free, insofar as the latter has no contractual relationship with Maroc Telecom.

On 10/1/2012, the Commercial Court of Casablanca rendered a judgment dismissing the application by Total Call and Free.

The two companies filed an appeal on December 2, 2013 and the Commercial Court of Appeal of Casablanca rendered judgment on July 15, 2014 upholding the judgment at first instance, after dismissing the appeal of Total Call and Free. This is a final decision which, however, could still be appealed on points of law.

Litigation with Wana relating to unbundling

On December 27, 2013 Wana referred a case to the ANRT regarding the "implementation of local loop unbundling in conditions of fair competition."

Wana's main criticism of Maroc Telecom was that it forced Wanna to postpone its "unbundling project" on several occasions, for the following reasons: operational difficulties faced during implementation (particularly, delays in making available the necessary space); raising questions about the "viability of the project" following the modernization of Maroc Telecom's network; and delays in the delivery of related information.

As a result, Wana requested that the ANRT:

- record its losses;
- freeze all Maroc Telecom offers based on the new network architecture;
- provide "technical, economic and regulatory requirements that would allow Wana to carry out the unbundling under conditions of fair competition" in the broadband market ("unbundling the sub-loop, with options for a co-localization offer at Maroc Telecom's boxes and a dark fiber offer");
- enjoin Maroc Telecom to provide detailed information on the lines connected to its distribution frames.

This dispute ended with the signing of a settlement between the parties on May 20, 2014 which provides, in particular, for a review of the operational aspects: reducing the lead times for the delivery of orders (3 months), unbundled access (introducing penalties in the event of non-compliance by Maroc Telecom), and providing information relating to the lines (48 hours for up to 300 requests).

Litigation with Médi Telecom concerning Leased Connection Lines ('LCL')

On March 3, 2014 Médi Telecom filed a complaint against Maroc Telecom concerning the technical and pricing conditions for providing LCLs, on the grounds that these do not allow Médi Telecom to replicate Maroc Telecom's LAN to LAN capacity services. Médi Telecom therefore asked for operational improvements (removal of the limit of 35 km, introduction of an Ethernet interface at the end devices, reduction in delivery times) and price improvements (reduction of more than 50% in current rates for LCLs).

Following the conclusions of an expert retained by the ANRT, who, taking into account the comments of Maroc Telecom, recommended the introduction of a wholesale Ethernet offer with a gross margin of 20% for the third party operator; the maintenance the current rates for LCLs (which enable the LL+ of Maroc Telecom to be replicated); and increasing the maximum distance of LCLs to 50 km (compared with 35), on June 11, 2014, Médi Telecom refused to sign the settlement on the grounds that the retail rates used by the expert when applying the squeeze test (catalog rates) do not correspond to the rates in fact charged to companies and therefore should not be used when determining Ethernet's wholesale rate.

On July 11, 2014 the decision of the ANRT's Management Committee settled the dispute by directing Maroc Telecom to:

- introduce new speeds in its current LCL offering (4, 8 and 20 Mbps);
- incorporate in its technical and pricing offer for interconnection in 2015: (i) an Ethernet collection offer; and (ii) a cost-oriented offer a for combination of telecoms resources (CMT);
- increase the maximum limit of LCLs to 100 km (compared with 35);
- introduce SLAs with penalties for delays.

Médi Telecom's other requests were dismissed.

Judicial appeals by Onatel against ARCEP's decision to penalize it for breach of service quality requirements

On April 11, 2014, the ARCEP imposed fines against all operators for non-compliance with requirements relating to the quality of service. Onatel was fined FCFA2,070,162,936 (equivalent to about MAD34 million).

The decision gave Onatel three months to bring its network up to standard, failing which it would incur tougher sanctions (additional fine, suspension of the license for up to one month, reduction in the license period for up to one year, non-renewal or withdrawal of the license).

Onatel filed two judicial appeals against ARCEP's decision to impose penalties: (i) an application for judicial review before the Administrative Court of Ouagadougou and the Conseil d'État (the supreme administrative court), and (ii) a motion for a stay of implementation before the President of the Administrative Court, which was eventually dismissed.

On merits, the application for judicial review was based primarily on: (i) failure to apply the definitions in the terms of reference; (ii) misinterpretation of certain definitions; (iii) misinterpretation of certain data in the audit report; (iv) failure to take into account Onatel's repeated comments on the measurement protocol; and (v) failure to take account of external factors such as unexpected power cuts or cuts in fiber optic cables.

On form, the application for judicial review relied, in particular, on (i) failure by ARCEP to respect the principle of separation of the functions of investigation and judgment within the ARCEP and (ii) failure to respect Onatel's right to due process.

Onatel was compelled to pay the fine. The application for judicial review is still in progress. A hearing date has not been set.

The ARCEP re-audited the Mobile service quality between October 1 and November 7, 2014.

3.4 Risk factors

This chapter describes the major risks faced by the Company, given the specific nature of its business, its structure and its organization.

These risks can be divided into three categories:

- business risks (section 3.4.1)
- regulatory risks (section 3.4.2)
- market risks (section 3.4.3)

The Company conducted a review of the risks that could have a material adverse effect on its business, financial position or results (or on its ability to achieve its objectives) and considers that there are no material risks, other than those described below.

Furthermore, other risks not yet identified or currently considered insignificant by Maroc Telecom, could have the same negative effect and investors could lose all or part of their investment.

In addition to all the other information in this Registration Document, investors should carefully consider the risks described below before deciding to invest in the Company. Should one or more of these risks materialize, the operations, financial position, results and development of the Company could be adversely affected.

Maroc Telecom is involved in legal proceedings and litigation with competitors or other parties. The outcome of these proceedings is generally uncertain and could materially affect the results and financial position of the Company.

The various disputes in which Maroc Telecom is involved are described in section "3.3 - Legal and arbitration proceedings."

3.4.1 Business risks

Maroc Telecom's future revenues and results are highly dependent on the economies of the countries in which it operates

Maroc Telecom's core business is the provision of telecommunications services, including the provision of international telecommunications services. Consequently, the Group's revenues and profitability depend significantly on developments in consumer telecoms spending and international call traffic. Telecom services usage trends are closely connected to changes in economic conditions in the countries concerned and, more particularly, in the disposable incomes of the population and in the economic activity of businesses. A contraction of, or slower than anticipated growth in the economy could have a negative impact on increases in the number of users or in usage rates for mobile and fixed line telephone services, which could adversely affect the growth and profitability of the Group's business activities or might even result in a drop in revenues and results.

Acts of terrorism or war, whether in Morocco or elsewhere, could significantly affect the economy in general (caused particularly by a decline in tourism). Maroc Telecom cannot anticipate the consequences of possible acts of terrorism or war.

Maroc Telecom faces increased competition in the main markets in which it operates, which could result in a loss of market share and lower revenues for Maroc Telecom

The business activities of the Maroc Telecom Group are subject to fierce competition, which could further intensify with the liberalization of the main markets in which the Company operates. This competition puts pressure on Maroc Telecom and its subsidiaries, which could lead to the Group introducing new reductions in rates, increasing loyalty costs, and implementing promotional offers, which could lead to reduced revenues and results for the Group.

To meet, or even anticipate, these demands, the Group must make significant new investments, although it is not possible to ensure that the products and services thus developed and offered will not become obsolete in the short term.

Note that in 2015 Maroc Telecom is expected to face increased competition in the voice and data services provided from the fixed copper network, because of the operational implementation of unbundling, in which its competitors are showing interest. The latter will be able to offer multiple Play services from their unbundled access.

Maroc Telecom will also be subject to an obligation to share all its passive infrastructure (including optical fiber) which risks significantly reducing the competitive advantage it could derive from its investments, especially in high-speed broadband (and FTTH in particular), if this obligation is not imposed on equitable terms and conditions

Maroc Telecom may be deprived of its competitive advantage in terms of coverage in the mobile market as a result of the implementation of national roaming in the PACT areas and, if the proposed amendment to Law 24-96 is adopted in its current form, in the rural areas and roads selected by the ANRT.

If the Group is unable to control its costs, its financial position could be affected

If the Group is unable to control costs, its operating margins and earnings could be adversely affected.

Maroc Telecom's constant objective is to update its cost structure, in particular its sales costs and overheads. Maroc Telecom has adopted several voluntary termination plans and is continually taking steps to generate savings in its purchases and its network costs.

Maroc Telecom depends on the reliability of its information systems. Failure or damage affecting some or all of its systems could result in a loss of customers and a drop in 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 (unauthorized access, power cuts, theft, hardware crashes, etc.) and to secure uninterrupted service. Maroc Telecom currently has a Business Continuity and Recovery Plan for its critical information systems -- those which have a direct impact on its revenues -- such as the systems for collecting data on taxes, sales and billing information for its three product lines: Fixed-line, Mobile and Internet. The plan also covers administrative systems for calculating interoperator settlements, in Morocco and internationally, and for purchasing and financial management.

An accident entailing the total or partial destruction of these systems (natural disasters, fire or acts of vandalism) would automatically activate a backup information system.

Since the critical data systems are synchronized in real time by means of replication between production and emergency platforms, the risk of losing data and being unable to bill customers and recover outstandings from them is now marginal.

Since inception, the plan has been, and is, tested and evaluated annually by simulating a situation where the information systems are totally unavailable.

Among the subsidiaries, the risk of information-systems failure concerns the lack of a Business Continuation and Recovery Plan (BCRP) for major events that might affect the sole data platform currently available for each subsidiary. However, the introduction of IT BCRPs at the level of the subsidiaries is at an advanced stage and backup/restore operations are carried out regularly to minimize such potential impact. Although it is difficult to quantify, the impact of such an event could result in customer dissatisfaction and lower revenues.

Disruptions to technical networks could result in a loss of customers and lower revenues

The Maroc Telecom Group can only provide services to the extent that it is able to protect its telecommunications networks from damage caused by disruptions, power failures, computer viruses, natural disasters, theft and unauthorized access. Any disruption of the system, accident or breach of security measures that would cause interruptions in the Group's operations might affect its ability to provide services to its customers and adversely affect revenues and results from operations. Such disruptions may also result in harm to the image and reputation of the Company and/or its subsidiaries, which, in particular, could lead to a loss of customers. In addition, the Group may have to incur additional costs to repair the losses or harm caused by these disruptions.

Maroc Telecom's indirect distribution network is a strength that could be weakened if Maroc Telecom were unable to maintain it

Maroc Telecom has an extensive distribution network consisting of a direct network of branches and an indirect network consisting of phone stores, resellers and partners, and an independent network (see section 3.2.1.5 "Distribution, advertising").

If Maroc Telecom were unable to maintain its close relationships, or to renew its distribution agreements, with its indirect network participants, or if its indirect distribution network were jeopardized for other reasons, including the action of competitors, or if the managers of telestores failed to comply with the exclusivity agreements with Maroc Telecom and distributed products competing with those of Maroc Telecom, the distribution network could be weakened and the activity and results of the Company could be significantly affected.

Maroc Telecom may be unable to deduct certain provisions for doubtful receivables

The amount of doubtful receivables for which Maroc Telecom has made provisions 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 provisions. If the deductibility of such provisions for doubtful receivables below a certain threshold were to be challenged, the Company's earnings and profits could be 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 make extensive use of technology. The development of new technologies could render some of the Company's services uncompetitive.

To respond to changes in the telecoms sector and to the expectations of demanding customers in terms of price and quality, the Group must adapt its networks and its technologies and develop new products and services at a reasonable cost, or it may not be able to compete with its competitors. Moreover, it cannot be excluded that the new technologies in which the Company may choose, or be forced, to invest will affect its ability to achieve its strategic objectives. As a result, Maroc Telecom may then lose customers, fail to attract new customers, or be obliged to incur significant costs to maintain its customer base, which might have a negative effect on its business activities, its operating revenues and its results.

Alternative means of communication could lead to a decrease in the value, or obsolescence, of the fixed line network, which could result in the loss of competitive advantage and significantly reduce the Company's revenues

The Company has already been faced with the phenomenon of the shift from Fixed to Mobile, compounded by the use of alternative technologies: for example, GSM gateway services, which compete with Fixed voice services to corporate customers; or limited mobility services, which compete with telestores.

The Company's fixed-line telephony business may be affected by the growth of these gateways or other alternative means of communication. These alternative technologies could jeopardize the usefulness of the infrastructure or of its business model, which could significantly affect the Company's revenues and results.

Potential health risks presented by networks, mobile phones, and Wi-Fi terminals

In recent years, concerns have been expressed internationally about the potential risks to health of electromagnetic waves from mobile phones and mobile transmission sites. To date, Maroc Telecom is not aware of any tangible evidence that proves the existence of risks to human health associated with the use of mobile phones, with the emission of radio frequencies, or with electromagnetic fields. Nevertheless, Maroc Telecom conducts campaigns each year to measure the intensity of electromagnetic waves from antennas, the results of which have always proved consistent with international standards.

Nevertheless, the perception of these risks by the public could have significant negative effects on the revenues or the financial position of Maroc Telecom, particularly if legal proceedings were instituted or if regulation imposed additional costs for compliance with new standards.

The fraudulent diversion of traffic could limit the Company's revenues and affect its results

The Company suffered a fraudulent diversion of traffic. Since then, Maroc Telecom has introduced a plan to fight against this fraud. However, Maroc Telecom cannot predict if new means of fraud will develop, nor the sectors that will possibly be targeted by offenders, nor the impact that any such frauds might have.

If Maroc Telecom fails to curb the use of fraud, it could see its traffic decline, and its revenues and results could be affected.

The risks inherent in potential acquisitions by Maroc Telecom of telecom companies or licenses could have an impact on Maroc Telecom's business activities

To broaden its search for new drivers for growth, Maroc Telecom is seeking to achieve external growth by acquiring telecom companies, or by licensing, in other countries. Such transactions necessarily involve risks. If Maroc Telecom were to fail to achieve the results expected from these acquisitions, its business activities and its results could be affected. Maroc Telecom could, in particular:

- make acquisitions on financial or operational terms and conditions which turn out to be unfavorable;
- have difficulty absorbing the acquired companies, their networks, products or services;
- fail to retain the key talent in the acquired companies 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 situation poses specific risks, such as civil or military unrest, the lack of real or comprehensive protection of shareholders' rights, or disagreements with other leading shareholders, including the public authorities, over management of the acquired companies; and
- fail to adapt to the specific characteristics of the countries in which the companies may possibly be acquired.

The business activity of Maroc Telecom outside Morocco could give rise to additional risks

In the conduct of its international business, Maroc Telecom may be faced with risks, such as:

- fluctuations in exchange rates and the devaluation of certain currencies;
- restrictions imposed on the repatriation of capital;
- unexpected changes in the regulatory and tax environment;
- tax measures that could have negative effects on the result of Maroc Telecom's businesses or on its cash flows;
- the local economic and political conditions.

Wherever Maroc Telecom operates it could fail to retain key personnel or to hire highly qualified staff, which could significantly affect the Company's business activities and its ability to adapt to its environment

The performance of Maroc Telecom depends significantly on skills and services provided by its management team. The management team has great experience and broad knowledge of the telecoms industry. The loss of key members of management could have a significant negative impact on the ability of Maroc Telecom to implement its strategy.

Maroc Telecom and its performance are also dependent on skilled personnel with the experience and the technical and commercial skills needed to grow its business. Maroc Telecom's ability to adapt its services, its products and its commercial offers, whether in the field of fixed or of mobile telecoms, is highly dependent on its having competent and skilled teams in each market segment.

If Maroc Telecom were not to succeed in retaining its key personnel, whether in its management team or among its commercial and technical staff, its business could be affected and its operating income could diminish substantially.

3.4.2 Regulatory risks

The interpretation of existing regulations and the adoption of future legal or regulatory standards could significantly affect the Maroc Telecom's operations

The regulatory environment of the telecommunications industry in Morocco and in the countries where the Group operates is constantly changing.

In Morocco, Law 24-96 and its implementing provisions, as amended and supplemented, as well as current revisions, could be interpreted in a way that might significantly affect Maroc Telecom's business and lead to a decrease in revenues and net profits.

Major guidelines for the future, as outlined in the consultation launched by the ANRT for the appointment of a firm to assist in the preparation of the 2014-2018 General Policy Document, in draft Law 121-12 and in amending Law 24-96, could have a significant impact on Maroc Telecom's business, in particular:

- adjusting the regulatory framework (planned changes to the system of licenses and authorizations);
- strengthening existing and future regulatory measures;
- stiffer sanctions (increasing fines to up to 2% of income, or to 5% if there have been previous offenses, and assigning greater powers to the regulator which will have both investigative and punitive powers) which could expose Maroc Telecom to an increased risk of sanction;
- planned allocation of new licenses: a higher number of operators and/or the arrival of MVNOs on the market could weaken Maroc Telecom's position;
- boosting of national roaming and its extension it to the areas designated by the ANRT, in addition to areas with Universal Service;
- implementation of unbundling in a way that is inequitable for Maroc Telecom, following the introduction, in 2014, of new obligations on Maroc Telecom;
- The real strengthening, in 2014, of the obligations to provide access and share infrastructure, leading to a progressive loss of Maroc Telecom's competitive advantages, particularly in terms of coverage: a reduction in Maroc Telecom's ability to differentiate itself and intensification of competition in the less dense localities;
- The implementation of multiple regulatory controls on the FTTH, which may jeopardize the latter's deployment and/or profitability;
- The intensification of price controls over Maroc Telecom's retail offers and promotions (because of its position as the dominant operator in all the markets), and controls introduced by the regulator in terms of communication and service quality, risk prejudicing its commercial freedom and particularly its ability to launch attractive promotions on the market;
- The rules applicable to the occupation of the public domain might evolve in a manner that is unfavorable to Maroc Telecom;
- New rules relating to town planning and new real estate developments could have unfavorable consequences for Maroc Telecom;
- Changes in the rules relating to Net Neutrality might promote increased competition for Over The Top (OTT) operators.

Note that regulatory controls were strengthened during 2014 by ANRT's decisions concerning the sharing of all operators' FTTH infrastructure and of IAM's civil engineering and copper local loop, which weigh heavily on the obligations to share that have been imposed, in particular, on IAM. (See §.3.2.1.4, "Regulatory environment").

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 ban, as of April 1, 2014, of the sale of preactivated SIM cards. At end-2014, more than one million SIM cards have been restricted to limited service owing to lack of identification.

Maroc Telecom's business could be affected by regulatory pressure in the markets in which its subsidiaries operate

Group subsidiaries must comply with a set of regulations relating to the conduct of their operations.

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 operations, earnings, and growth outlook.

In 2014, the main changes to the regulatory frameworks of the countries in which Company subsidiaries operate were as follows:

In Mauritania, a ban on selling unidentified SIM/USIM cards starting October 1, 2014 and draft decision banning the differentiation between on-net/off-net rates for promotional offers and limiting the maximum difference between on-net/off-net rates for regular offers. This difference is to be reduced until its complete elimination in July 2016.

In Mali, draft decision providing for asymmetry of mobile call termination rates in favor of third parties entering the market (Alpha Telecom).

In Burkina Faso, the adoption of a tax specific to telecommunications companies, 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 operations.

In Gabon, a ban beginning in October 2014 on the sale of pre-activated SIM cards for a renewable period of 12 months and requiring operators to identify all of their unidentified subscribers within a month starting from October 21, 2014.

If Maroc Telecom and its subsidiaries should be unable to renew the licenses they need, in good time and at a reasonable cost, to carry out, continue, and develop their operations, 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 achieve strategic objectives could be adversely affected.

The rise in regulatory fees and special taxes in countries in which Maroc Telecom Group does business also constitutes a risk factor.

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, "Qualitative and quantitative information on market risk." For liquidity risk, see note 32, "Risk management" in the notes to the consolidated financial statements.

2014
REGISTRATION DOCUMENT

04

Financial Report Exercice 2014

4.1 Consolidated 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, 2012, 2013, and 2014, 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)	2012	2013	2014
Revenues	29,849	28,559	29,144
Operating expenses	18,881	17,580	18,878
Earnings from operations	10,968	10,978	10,266
Earnings from continuing operations	10,941	10,937	10,229
Net earnings	7,287	6,359	6,638
Attributable to equity holders of the parent	6,709	5,540	5,850
Earnings per share (in MAD)	7.6	6.3	6.7
Diluted earnings per share (in MAD)	7.6	6.3	6.7

Statement of financial position

Assets (In MAD millions)	2012	2013	2014
Non-current assets	36,159	35,919	35,286
Current assets	18,825	11,248	10,539
Total assets	47,985	47,167	45,824

Shareholders' equity and liabilities (In MAD millions)	2012	2013	2014
Share capital	5,275	5,275	5,275
Shareholders'equity, attributable to equity holders of the parent	16,250	15,331	15,884
Non-controlling interests	4,356	4,602	4,278
Shareholders'equity	20,606	19,933	20,163
Non-current liabilities	2,078	994	893
Current liabilities	25,302	26,241	24,768
Total Shareholders' Equity And Liabilities	47,985	47,167	45,824

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	2012	2013	2014
The closing rate at the balance sheet	11.15160	11.23600	10.96045
Average rate used for the income statement	11.10095	11.15856	11.16404

(Source: Vivendi for 2012 and 2013)
(Source: Etisalat for 2014)

The above table shows the average dirham/euro conversion rates used in preparing the financial statements for fiscal years 2012, 2013 and 2014.

The exchange rates are shown for indicative purposes only, to aid the reader. The Group does not guarantee that the amounts expressed in dirhams were, could have been or could be converted to euros at those exchange rates or at any other rate.

For an explanation of the impact of exchange rates on the Group's results, see Section 2.3 "Qualitative and quantitative information on market risk" below.

The following table shows selected financial data for Maroc Telecom Group, presented in euros at the exchange rate used in preparing the Group's consolidated statement of financial position and income statement for fiscal years 2012, 2013 and 2014.

Statement of comprehensive income

(In € millions)	2012	2013	2014
Revenues	2,689	2,559	2,611
Cost of purchases	1,701	1,576	1,691
Earnings from operations	988	984	920
Earnings from continuing operations	986	980	916
Net earnings	656	570	595
Attributable to equity holders of parent	604	497	524
Earnings per share (in euro)	0.7	0.6	0.6
Diluted earnings per share (in euro)	0.7	0.6	0.6

Statement of financial position

Assets (In € millions)	2012	2013	2014
Non-current assets	3,242	3,197	3,219
Current assets	1,060	1,001	962
Total assets	4,303	4,198	4,181

Shareholders' equity and liabilities (In € millions)	2012	2013	2014
Share capital	473	469	481
Shareholders'equity, attributable to equity holders of the parent	1,457	1,364	1,449
Non-controlling interests	391	410	390
Shareholders'equity	1,848	1,774	1,840
Non-current liabilities	186	88	82
Current liabilities	2,269	2,335	2,260
Total shareholders' equity and liabilities	4,303	4,198	4,181

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, 2012, 2013, and 2014.

4.2.1 Scope of consolidation

At December 31, 2014, 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-line and mobile telecommunications network, subsequent to the merger of Mauritel SA (fixed 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 a participation on ArabSat, MT FLY, a company that operates airplanes for the transport of passengers and merchandise, Medi 1 TV and other non-controlling interests.

Investments in which Morocco Telecom does not directly or indirectly exercises exclusive control, joint control or significant influence and investments their results do not have a material impact on Maroc Telecom Group's financial statements, are not consolidated and are accounted for in "Non-current financial assets".

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)	2012	2013	2014
Revenues (*)	29,849	28,559	29,144
Morocco	23,178	21,294	21,133
International	7,079	7,754	8,630
Mauritania	1,375	1,476	1,646
Burkina Faso	2,067	2,211	2,354
Gabon	1,291	1,478	1,788
Mali	2,422	2,658	2,929
Earnings from operations before depreciation and amortization (**)	16,720	16,213	15,691
Morocco	13,414	12,308	11,578
International	3,307	3,904	4,113
% Revenues	56.0%	56.8%	53.8%
Earnings from operations (**)	10,968	10,978	10,266
Morocco	9,219	8,595	7,734
International (**)	1,749	2,383	2,532
% Revenues	36.7%	38.4%	35.2%
Net earnings, Group share (**)	6,709	5,540	5,850
% Revenues	22.5%	19.4%	20.1%
Capex	5,385	4,796	4,901
Morocco	3,792	3,601	3,359
International	1,592	1,195	1,542

(*) 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.

4.2.2.1 Comparison of financial data for fiscal years 2014 and 2013

4.2.2.1.1 Group Consolidated results

Revenues

Maroc Telecom Group consolidated revenues for the full year 2014 amounted to MAD 29,144 million, up 2.1% (+2.1% at constant exchange rate) compared to 2013. This improvement mainly reflects an 11.3% growth in international business and a slight decline of 0.8% in revenues in Morocco.

Earnings from operations before depreciation and amortization

At 2014-end, Maroc Telecom Group earnings from operations before depreciation and amortization (EBITDA) amounted to MAD 15,691 million, down 3.2% compared to 2013 (-3.2% at constant exchange rate). The decline reflects a 5.9% drop in EBITDA in Morocco, partially offset by a 5.3% increase (+5.4% at constant exchange rate) in EBITDA internationally. Despite a 2.9 points decline, the EBITDA margin remained high at 53.8%.

Earnings from operations

At 2014-end, Maroc Telecom Group earnings from operations (EBITA) amounted to MAD 10,266 million, down 6.5% compared to 2013 (-6.5% at constant exchange rate). This drop reflects the decline in EBITDA and the 7.6% increase in depreciation charges connected with major capital investment. The operating margin slipped 3.2 points to 35.2%.

Net earnings

Maroc Telecom net earnings, Group share, for the full year 2014 amounted to MAD 5,850 million, up 5.6% compared to 2013 (+5.6% at constant exchange rate), mainly reflecting a favorable basis of comparison due to the recognition in 2013 of a nonrecurring expense connected with the settlement of a tax dispute.

Capital expenditure

Capital expenditure in 2014 amounted to MAD 4,901 million, up by MAD 106 million. This increase mainly reflects the acquisition of 3G and 4G licenses by Gabon Telecom as well as continuing investment in infrastructure.

4.2.2.1.2 Activities in Morocco

IFRS in MAD millions	2013	2014
Revenues	21,294	21,133
Mobile	15,719	15,214
Services	15,416	14,781
Equipment	303	433
Fixe line	7,391	8,041
o/w Fixed-line[1] Data	1,865	2,058
Elimination	(1,816)	(2,122)
Earnings from operations before depreciation and amortization	12,308	11,578
Margin (%)	57.8%	54.8%
Earnings from operations	8,595	7,734

[1]Fixed-line data included internet, ADSL TV, and data services to businesses.

The Moroccan business activities generated revenues of MAD 21,133 million during the financial year 2014, a limited 0.8% decrease compared with 2013. This performance reflects the strong growth in Fixed-line and Internet revenues (8.8%), and the slowdown in the decrease in Mobile revenues (-3.2% in 2014 compared with -10.1% in 2013) driven by significant growth in voice and data traffic.

Earnings from operations before depreciation and amortization (EBITDA) registered a 5.9% decrease to MAD 11,578 million, a margin of 54.8%, down 3.0 points compared with 2013. This performance reflects the increase in interconnection costs with other operators, as well as a limited increase in operating costs.

Earnings from operations (EBITA) amounted to MAD 7,734 million, a year-on-year decrease of 10.0%, as a result of the fall in EBITDA, a 9.4% increase in depreciation and amortization expense due to the substantial capital expenditure programs implemented over the past few years, and to an exceptional impact related to network modernization. The EBITA margin remained at a high level of 36.6%.

Mobile

Mobile	Unit	2013	2014
Customer base	(000)	18,193	18,230
Prepaid	(000)	16,813	16,734
Postpaid	(000)	1,380	1,496
o/w 3G internet	(000)	2,346	4,771
ARPU	(MAD/month)	69.1	65.6
Data in % of ARPU	(%)	14.2%	16.0%
MOU	(Min/month)	146	176

The Mobile customer base increased by 0.2% year-on-year, reaching 18.2 million customers. The limited 0.5% fall in the prepaid customer base, despite the ban on the sale of prepaid pre-activated SIM cards imposed by the regulatory authorities, and the increase in the price of the Jawal package, was more than offset by an 8.4% increase in the postpaid customer base, which benefited from the ongoing enhancement of the offers.

Revenues for the Mobile activities in Morocco were down 3.2% to MAD 15,214 million for the year ended December 31, 2014, against the backdrop of a competitive environment that remained very intense.

Mobile Services revenues decreased by 4.1% compared with 2013, primarily as a result of the competitive pressure on both prices and the prepaid and postpaid segments.

The combined ARPU for 2014 amounted to MAD 65.6, which was down 5.1% compared with 2013, as the strong growth in voice traffic (23%) did not offset the fall in prices (-24%).

Data services continued to grow strongly, and reached 16% of the Mobile ARPU thanks to the success encountered by 3G Mobile Internet, where the customer base more than doubled in one year, reaching 4.8 million customers at the end of 2014.

Fixed line and Internet

Fixe	Unit	2013	2014
Fixed line	(000)	1,379	1,483
Broadband access	(000)	837	984

As at the end of 2014, the Fixed-line customer base increased by 7.6% to 1,483,000 lines, while the ADSL customer base increased by 17.6% to 984,000 customers. This performance was due to the success of the double-play offers, and to the enhancement of the Phony offers via an increase in the number of free hours of calls to mobile phones.

The Fixed-line and Internet activities in Morocco continued their strong growth (8.8%) for the year ended December 31, 2014, with the growth in Data more than offset the stabilization in Voice revenues. Fixed-line Data revenues rose by 10.3% to MAD 2,058 million, driven by the success of the double-play offers in the residential segment and the VPN IP solutions for companies.

4.2.2.1.3 International activities

IFRS in MAD millions	2013	2014
Revenues	7,754	8,630
Mauritania	1,476	1,646
o/w Mobile services	1,357	1,517
Burkina Faso	2,211	2,354
o/w Mobile services	1,848	1,936
Gabon	1,478	1,788
o/w Mobile services	883	1,220
Mali	2,658	2,929
o/w Mobile services	2,283	2,546
Elimination	(69)	(87)
Earnings from operations before depreciation and amortization	3,904	4,113
Margin (%)	50.4%	47.7%
Earnings from operations	2,383	2,532
Margin (%)	30.7%	29.3%

During 2014, the Maroc Telecom Group's International Operations posted an 11.3% (11.3% at constant exchange rates) increase in revenues, which amounted to MAD 8,630 million driven by the increase in the Mobile customer base (17%).

Earnings from operations before depreciation and amortization (EBITDA) over the same period increased by 5.3% (5.4% at constant exchange rates) to MAD 4,113 million compared with 2013. The EBITDA margin, which remained at a high level of 47.7%, was down 2.7 points due to the sharp increase in taxes and regulatory fees, including the introduction of a 5% tax on revenues in Burkina Faso as from January 1, 2014.

Earnings from operations (EBITA) amounted to MAD 2,532 million, an increase of 6.3% (6.3% at constant exchange rates) compared with 2013. The increase in earnings from operations before depreciation and amortization (EBITDA) more than offset the 3.7% increase in depreciation and amortization charges. The operating margin fell by 1.4 point to 29.3%.

Mauritania

Mobile	Unit	2013	2014
Customer base	(000)	1,872	1,922
ARPU	(MAD/month)	56.6	66.5
Fixed lines	(000)	42	43
Broadband access	(000)	7	8

The business activities in Mauritania generated revenues of MAD 1,646 million for the year 2014, an increase of 11.6% (12% at constant exchange rates), driven by Mobile, where service revenues increased by 11.8% (12.2% at constant exchange rates), driven by the increase in outgoing traffic (33%).

As a result of a ban on the sale of unidentified SIM cards by the Regulatory Authorities, the Mobile customer base experienced limited growth of 2.7% compared with 2013, and amounted to 1.9 million customers.

Meanwhile, the Fixed-line and Internet customer bases increased by 2.5% and 9.7% respectively over 12 months.

Burkina Faso

Mobile	Unit	2013	2014
Customer base	(000)	4,643	5,468
ARPU	(MAD/month)	36.1	29.5
Fixed lines	(000)	94	81
Broadband access	(000)	25	16

Despite the slowdown in economic activity and the impact of the political crisis that the country is experiencing, the business activities in Burkina Faso generated revenues of MAD 2,354 million for the year 2014, an increase of 6.5% (6.4% at constant exchange rates) compared with 2013. Mobile service revenues rose by 4.8% (+4.7% at constant exchange rates), as a result of the increase in the Mobile customer base (+18%).

The Fixed-line and Internet customer bases decreased by 14.2% and 34% respectively, due to strong competition from 2G and 3G offers.

Gabon

Mobile	Unit	2013	2014
Customer base	(000)	1,041	1,183
ARPU	(MAD/month)	80.7	92.3
Fixed lines	(000)	19	18
Broadband access	(000)	10	11

Revenues in Gabon amounted to MAD 1,788 million for the year 2014, an increase of 20.9% (20.9% at constant exchange rates) compared with 2013, driven by the strong growth in the Mobile activity, where service revenues increased by 38.2% (38.1% at constant exchange rates). This performance is explained by the strong growth in outgoing traffic (+39%), boosted by the switch to per-second billing.

The Internet customer base continued to post growth of 8.5%, despite the launch of 4G offers on the Gabon Telecom network, while the Fixed-line customer base registered a decrease of 3.9% due to the rationalization of government spending.

Mali

Mobile	Unit	2013	2014
Customer base	(000)	8,923	10,673
ARPU	(MAD/month)	25.9	21.3
Fixed lines	(000)	110	130
Broadband access	(000)	50	64

Revenues generated by the activities in Mali for the year 2014 increased by 10.2% (10.1% at constant exchange rates) to MAD 2,929 million, driven by growth in the Mobile activity, where service revenues increased by 11.5% (+11.5% at constant exchange rates) due to a 20% increase in the Mobile customer base.

Meanwhile, the Fixed-line and Internet customer bases registered sustained growth of 18% and 26% respectively.

4.2.2.2 Comparison of financial Data for 2013 and 2012

4.2.2.2.1 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.

4.2.2.2.2 Activities in Morocco

(In MAD millions)	2012	2013
Revenue	23,178	21,294
Mobile	17,477	15,719
Services	16,979	15,416
Equipment	498	303
Fixed line	6,669	7,391
o/w fixed line data	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

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
Customer base	(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/month)	78.6	69.1
Data in % of ARPU	(%)	11.1%	14.2%
MOU	(Min/month)	122	146
Churn	(%)	20.8%	22.2%
Prepaid	(%)	15.5%	23.7%
Postpaid	(%)	22.2%	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% 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 and Internet

Fixed line	Unit	2012	2013
Fixed lines	(000)	1,269	1,379
Broadband access	(000)	683	837

At December 31, 2013, annual revenues from fixed-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-line segment (+91.6%). Excluding this effect, fixed-line and internet revenues declined by 2.1%.

Since June 2013, however, fixed-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-line business.

Revenues from fixed-line data rose to MAD 1,865 million (+6.2%), driven by customer-base growth, particularly in broadband internet.

Growth of the fixed-line customer base in Morocco continued to accelerate (+8.7% year on year), with 1,379 thousand lines at December 31, 2013. The fixed-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).

4.2.2.2.3 International activities

IFRS in MAD million	2012 (*)	2013
Revenue	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

Mobile	Unit	2012	2013
Customer base	(000)	2,013	1,872
ARPU	(MAD/month)	53.3	56.6
Fixed 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-line and internet customer bases grew 2.5% and 6.8% respectively on an annual basis.

Burkina Faso

Mobile	Unit	2012	2013
Customer base	(000)	3,872	4,643
ARPU	(MAD/month)	39.5	36.1
Fixed 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-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

Mobile	Unit	2012	2013
Customer base	(000)	777	1,041
ARPU	(MAD/month)	79.2	80.7
Fixed 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-line (+6.9%) and internet (+26.4%) customer bases resumed growth thanks to enhanced rate plans (free fixed-to-fixed calls, free doubling of internet capacity).

Mali

Mobile	Unit	2012	2013
Customer base	(000)	6,023	8,923
ARPU	(MAD/month)	33.2	25.9
Fixed 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-line and internet customer bases continued to show steady growth of 12.0% and 12.9% respectively.

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 is exposed to exchange rate fluctuations to the extent that inflows and outflows are in different currencies.

Maroc Telecom receives inflows in foreign currencies in the form of international revenues, and makes expenditures in foreign currencies in the form of payments to international suppliers (notably, as capital expenditure and when buying terminals) and payments for interconnections with foreign operators. These outflows are mainly denominated in euros.

At December 31, 2014, euro-denominated outflows in foreign currencies by Maroc Telecom subsidiaries accounted for 53% of all outflows in foreign currencies and amounted to 2,095 million. In 2014. these outflows were less than inflows in foreign currencies, which were of the order of MAD 3,720 million. Maroc Telecom cannot fully offset its inflows against outflows or vice-versa as Moroccan regulations allow only 70% of its telecoms' receipts in foreign currencies to be kept in a foreign-currency account, the remaining 30% having to be settled in dirhams.

In 2014, the foreign currency disbursements subsidiaries of Morocco Telecom, denominated in euros represents 75% of all disbursements in foreign currencies. Moreover, the foreign currency disbursements denominated in Ouguiya remains important and represent 25% of total disbursements. These totaling 5,391 million dirhams and are equivalent to the amount of foreign currency receipts which are of the order of 5,585 million dirhams in 2014.

Maroc Telecom results may therefore be sensitive to fluctuations in exchange rates, particularly in terms of the dirham, US dollar and euro.

In 2014, the euro slipped by 2% against the dirham (from 11.2305 dirhams per euro on December 31, 2013 to 10.9695 on December 31, 2014). Over the same period, the US dollar rose by 11%, from 8.1506 dirhams per dollar in 2013 to 9.0425 in 2014.

The following table sets out the Group's principal foreign-currency positions at December 31, 2014.

(In millions MAD)	Euro/FCFA	USD	MRO	Total foreign currencies	MAD	Total balance sheet
Total assests	15,014	23	2,118	17,156	28, 669	45,824
Total liabilities	(14,903)	(381)	(1,960)	(17,244)	(28,581)	(45,824)
Net position	112	(358)	158	-88	88	0

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, 2014.

(In millions)	Euro (2)	USD (2)	Other currencies (against the euro) (*) (1)
Assets	104	9	0
Liabilities	(124)	(75)	(2)
Net position	(20)	(66)	(2)
Commitments (3)	(118)	(75)	(3)
Net aggregate position	(137)	(141)	(5)

(*) Based on 1 euro = 11.002 dirhams, the Bank-Al Maghrib average rate on December 31, 2014.

(1) Other currencies are mainly the Japanese yen (YEN), Swiss franc (CHF) and Swedish krona (SEK).

(2) The foreign-currency position in euros and in dollars is calculated by applying, to receivables and debts expressed in Special Drawing Rights (SDR) of foreign operators at December 31, 2014, the proportion per currency of outflows made in 2014.

(3) For the balance of commitments owed on contracts in progress, the breakdown by currency corresponds to the actual remaining part of the contracts signed.

Interest-risk

Net cash position by maturity:

2014

(In millions MAD)	<1 year	1-5 years	>5 years	Total
Bank loans	1,099	297	27	1,423
Bank overdrafts	5,207			5,207
Borrowings and financial liabilities	6,306	297	27	6,631
Cash and cash equivalents	1,259			1,259
Cash held for repayment of bank loans	5			5
Net cash	(5,042)	(297)	(27)	(5,366)

2013

(In millions MAD)	<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 millions MAD)	<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)

In accordance with Company policy, Maroc Telecom's financial debt is essentially on fixed-rate terms on a year, 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-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 assets.

The main adjustments to the statement of financial position relate to current assets:

- SIM cards: recording under fixed 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.

Change in presentation form has no impact on the group results.

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 at decembre 31, 2012, 2013 and 2014

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' general report year ended december 31, 2014

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, 2014, the statement of comprehensive income, statement of changes in equity, and statement of cash flows for the fiscal year ended December 31, 2014, and a summary of significant accounting policies and other explanatory notes. These financial statements show an amount of consolidated shareholders'equity of 20,163 million dirhams including consolidated net earnings of 6,638 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, 2014, and the financial performance and cash flows for the fiscal year ended December 31, 2014, in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union.

February 23, 2015

THE STATUTORY AUDITORS

KPMG	**Abdelaziz Almechatt**
Fouad Lahgazi	Abdelaziz Almechatt
Partner	Partner

Consolidated statement of financial position

Assets (In MAD millions)	Note	Dec,31-12 (*)	Dec,31-13	Dec,31-14
Goodwill	3	6,877	6,913	6,796
Other intangible assets	4	3,445	3,147	2,958
Property, plant, and equipment	5	25,476	25,548	25,135
Investments in equity affiliates	6	0	0	0
Noncurrent financial assets	7	266	204	293
Deferred tax assets	8	96	107	104
Noncurrent assets		36,159	35,919	35,286
Inventories	9	468	433	400
Trade accounts receivable and other	10	10,291	9,621	8,713
Short term financial assets	11	47	55	112
Cash and cash equivalents	12	964	1,084	1,259
Assets available for sale		56	55	55
Current assets		11,825	11,248	10,539
Total assets		47,985	47,167	45,824

(*) Effective January 1, 2013, and retroactive to January 1, 2012, Maroc Telecom has adopted application of IAS 19 (amended) Employee Benefits.

Shareholders' equity and liabilities (In MAD millions)	Note	Dec,31-12 (*)	Dec,31-13	Dec,31-14
Share capital		5,275	5,275	5,275
Retained earnings		4,266	4,515	4,760
Net earnings		6,709	5,540	5,850
Shareholders'equity attributable to equity holders of the parent	13	16,250	15,331	15,884
Noncontrolling interests		4,356	4,602	4,278
Shareholders'equity		20,606	19,933	20,163
Noncurrent provisions	14	816	376	366
Borrowings and other long-term financial liabilities	15	886	319	325
Deferred tax liabilities	8	244	199	203
Other noncurrent liabilities		132	100	0
Noncurrent liabilities		2,078	994	893
Trade accounts payable	16	17,394	17,539	17,429
Current tax liabilities		369	575	461
Current provisions	14	279	463	572
Borrowings and other short term financial liabilities	15	7,259	7,664	6,307
Current liabilities		25,302	26,241	24,768
Total shareholders'equity and liabilities		47,985	47,167	45,824

(*) Effective January 1, 2013, and retroactive to January 1, 2012, Maroc Telecom has adopted application of IAS 19 (amended) Employee Benefits.

Consolidated statement of comprehensive income

(In MAD millions)	Note	2012 (*)	2013	2014
Revenues	17	29,849	28,559	29,144
Cost of purchases	18	(5,042)	(4,296)	(4,654)
Payroll costs	19	(2,848)	(2,723)	(2,818)
Taxes and duties	20	(1,429)	(1,428)	(1,782)
Other operating income (expenses)	21	(4,541)	(3,693)	(3,865)
Net depreciation, amortization, and provisions	22	(5,021)	(5,440)	(5,759)
Earnings from operations		10,968	10,978	10,266
Other income and charges from ordinary activities		(27)	(42)	(37)
Income from equity affiliates	23	0	0	0
Earnings from continuing operations		10,941	10,937	10,229
Income from cash and cash equivalents		8	16	6
Gross borrowing costs		(352)	(341)	(323)
Net borrowing costs		(344)	(326)	(317)
Other financial income and expenses		(36)	(49)	(29)
Net financial income (expense)	24	(380)	(374)	(345)
Income tax	25	(3,275)	(4,203)	(3,246)
Net income		7,287	6,359	6,638
Exchange gain or loss from foreign activities		(38)	75	(106)
Other income and expenses		(29)	(17)	12
Total comprehensive income for the period		7,220	6,418	6,544
Net income		7,287	6,359	6,638
Attributable to equity holders of the parent		6,709	5,540	5,850
Noncontrolling interests	26	578	819	788
Total comprehensive income for the period		7,220	6,418	6,544
Attributable to equity holders of the parent		6,683	5,573	5,775
Noncontrolling interests	26	538	845	769
Earnings per share		**2012**	**2013**	**2014**
Net earnings attributable to equity holders of the parent (in MAD millions)		6,709	5,540	5,850
Number of shares at December 31		879,095,340	879,095,340	879,095,340
Net earnings per share (in MAD)	27	7.6	6.3	6.7
Diluted net earnings per share (in MAD)	27	7.6	6.3	6.7

(*) Effective January 1, 2013, and retroactive to January 1, 2012, Maroc Telecom has adopted application of IAS 19 (amended) Employee Benefits.

Consolidated statement of cash flow

(In millions MAD)	Note	2012 (*)	2013	2014
Earnings from operations		10,968	10,978	10,266
Depreciation, amortization and other non-cash movements		5,038	5,184	5,759
Gross cash from operating activities		16,007	16,163	16,026
Other changes in net working capital		896	327	238
Net cash from operating activities before tax		16,902	16,490	16,264
Income tax paid		(3,028)	(3,988)	(3,303)
Net cash from operating activities (a)	12	13,874	12,502	12,960
Purchase of PP&E and intangible assets		(5,106)	(4,849)	(4,727)
Purchases of consolidated investments after acquired cash		0	0	0
Investments in equity affiliates		0	0	0
Increase in financial assets		(29)	(16)	(108)
Disposals of PP&E and intangible assets		37	3	3
Decrease in financial assets		99	72	5
Dividends received from nonconsolidated investments		1	1	3
Net cash used in investing activities (b)		(4,998)	(4,790)	(4,825)
Capital increase		0		
Dividends paid by Maroc Telecom	13	(8,137)	(6,502)	(5,274)
Dividends paid by subsidiaries to their noncontrolling interests		(480)	(595)	(1,062)
Changes in equity		(8,617)	(7,097)	(6,336)
Proceeds from borrowings and increase in other long-term financial liabilities		287	85	153
Payments on borrowings and decrease in other noncurrent financial liabilities		(72)	0	0
Proceeds from borrowings and increase in other short-term financial liabilities		1,991	2,219	865
Payments on borrowings and decrease in other current financial liabilities		(1,362)	(1,616)	(2,331)
Change in net current accounts		(383)	(841)	0
Net interest paid (cash only)		(344)	(327)	(316)
Other cash expenses (income) used in financing activities		(19)	(18)	(21)
Change in borrowings and other financial liabilities		97	(496)	(1 651)
Net cash used in financing activities (d)	12	(8,520)	(7,593)	(7,987)
Translation adjustment and other noncash items (g)		(11)	2	26
Total cash flows (a)+(b)+(d)+(g)	12	346	121	175
Cash and cash equivalents at beginning of period		617	964	1,084
Cash and cash equivalents at end of period	12	964	1,084	1,259

(*) Maroc Telecom adopted IAS 19 (amended) Employee Benefits on January 1, 2013, with retroactive effect to January 1, 2012. .

Consolidated statement of changes in equity

(In millions MAD)	Share capital	Earnings and retained earnings	Other comprehensive income	Total group share	Noncontrolling interests	Total
Restated position 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 recognized directly in equity and recyclable in profit or loss	0	0	(12)	(12)	(26)	(38)
Gains and losses on translation			(12)	(12)	(26)	(38)
Change in gains and losses recognized directly in equity and not recyclable in profit or loss	0	0	(10)	(10)	(10)	(21)
Actuarial gains and losses			(10)	(10)	(10)	(21)
Capital increase				0		0
Capital decrease				0		0
Share-based compensation				0		0
Change in percentage without assumption/loss of control				0		0
Change in percentage with assumption/loss of control				0		0
Dividends		(8,137)		(8,137)	(453)	(8,590)
rading in own shares		(43)		(43)		(43)
Other changes				0		0
Restated position at December 31, 2012	5,275	11,156	(181)	16,251	4,356	20,607
Comprehensive net income		5,540	33	5,573	845	6,418
Change in gains and losses recognized directly in equity and recyclable in profit or loss			41	41	34	75
Gains and losses on translation			41	41	34	75
Change in gains and losses recognized directly in equity and not recyclable in profit or loss			(9)	(9)	(8)	(17)
Actuarial gains and losses			(9)	(9)	(8)	(17)
Dividends		(6,502)		(6,502)	(598)	(7,099)
Trading in own shares				0		0
Other changes		9		9	(0,4)	9
Position at December 31, 2013	5,275	10,205	(149)	15,331	4,602	19,933
Comprehensive net income		5,850	(75)	5,775	769	6,544
Change in gains and losses recognized directly in equity and recyclable in profit or loss			(79)	(79)		(79)
Gains and losses on translation			(83)	(83)	(23)	(106)
Change in gains and losses recognized directly in equity and not recyclable in profit or loss			4	4	4	8
Actuarial gains and losses			4	4		4
Capital increase				0		0
Capital decrease				0		0
Share-based compensation				0		0
Change in percentage without assumption/loss of control				0		0
Change in percentage with assumption/loss of control				0		0
Dividends		(5,274)		(5,274)	(966)	(6,240)
Trading in own shares		52		52	(126)	(74)
Other changes				0		0
Position at 31 December 2014	5,275	10,833	(223)	15,885	4,278	20,163

(*) 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

At December 31, 2014, Maroc Telecom's share capital comprised 879,095,340 ordinary shares. Ownership of the shares was divided as follows:

- Etisalat: 53% through a holding company 91.3%-owned by Etisalat and 8.7%-owned by the Abu Dhabi Development Fund;
- Kingdom of Morocco: 30%;
- Other: 17%.

Retained earnings comprise mainly undistributed earnings from previous periods, including MAD 3,424 million at December 31, 2014, 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, 2014. The financial statements and notes thereto were approved by the Management Board on February 19, 2015.

1. Basis of preparation for the consolidated financial statements for 2014, 2013, and 2012

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, 2014, were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), applicable on December 31, 2014, as endorsed by the European Union (EU). For purposes of comparison, the 2014 financial statements also include financial information on 2013 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, 2014. The accounting standards applied to the consolidated financial statements do not differ from those issued by the International Accounting Standards Board (IASB).

2.1 Standards and interpretations applied by Maroc Telecom for fiscal year 2014

All the new standards, interpretations and amendments published by the IASB and mandatory in the European Union since January 1, 2014 have been applied.

The following standards came into effect on January 1, 2014:

» Amendments to IAS 32 – "Offsetting Financial Assets and Financial Liabilities"

» Amendments to IAS 36 – "Recoverable Amount Disclosures for Non-Financial Assets"

» Amendments to IAS 39 – "Eligible Hedged Items"

The amendments are to be applied retrospectively to reporting periods starting on or after January 1, 2014.

Interpretation IFRIC 21 – "Levies" was applied by Maroc Telecom Group from the first quarter of 2014.

2.2 Impact of application of the standards and interpretations adopted in 2014

The application of interpretation IFRIC 21, amendments to IAS 32, amendments to IAS 36, amendments to IAS 39 and amendments to the various IFRS standards in the Annual Improvements 2012–2014 cycle have no material impact on Maroc Telecom's annual financial statements.

3. Presentation and principles governing the preparation of the consolodated financial statement

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, which in documents previously issued by Maroc Telecom was called operating income, includes revenues, cost of purchases, payroll costs, taxes and duties, other operating income and expenses, as well as net depreciation, amortization and provisions.

Earnings from continuing operations includes earnings from operations, other income from continuing operations, other expenses on continuing operations (including impairment of goodwill and other intangible assets), as well as the share of net earnings of equity associates.

3.1.2 Financing costs and other financial income and expenses

Net financing costs comprise:

» Gross financing costs which includes interest payable on loans calculated using the effective-interest rate method;

» Financial income received from cash investments.

Other financial income and expenses mainly include gains and losses on currency translation (other than those relating to operating activities recognized under earnings from operations), dividends received from non-consolidated companies, earnings from consolidated activities or companies not recognized under earnings from discontinued activities or in the process of being discontinued.

3.2 Statement of financial position

Assets and liabilities with maturities shorter than the operating cycle, i.e. generally less then 12 months, are recognized under current assets or liabilities. If their maturities are longer than this, they are recognized under noncurrent assets or liabilities, except for operating expenses.

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, 2014, 2013, and 2012.

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 non-controlling.

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 non-controlling interests (minority shareholders of the subsidiaries). A non-controlling interest is defined as a stake in a subsidiary that cannot be directly or indirectly attributed to a parent company (hereinafter "non-controlling 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 acquired 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 for 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.

Income and expenses are translated into dirhams at the average exchange rate over the period.

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 93% of such assets had been assigned property titles at the end of 2014. 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 years
  - Switching — 8 years
  - Transmission (fixed line) — 10 years
- Fixtures and fittings — 10 years for various facilities
- ears 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 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 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-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 or determinable payments and fixed 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 then the present value of its estimated future cash flows.

Loans and receivables

This category comprises nonderivative financial assets whose payment is fixed 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 then 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 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 historical cost 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 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 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 assets will flow to the Group, and when the revenues can be measured reliably.

Revenues comprise sales of telecommunications services in mobile, fixed-line, and internet activities, as well as the sale of telecommunications products, essentially mobile and fixed-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-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-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-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 Taxe 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 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 corresponds to cash and cash equivalents minus borrowings, cash equivalents and cash earmarked for borrowings repayable in more than 3 months' time.

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, 2014, 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, 2014		80%	80%	FC
December 31, 2013		80%	80%	FC
December 31, 2012		80%	80%	FC
Mauritel SA Avenue Roi Fayçal 7000 Nouakchott - Mauritania	S.A.			
December 31, 2014		41%	52%	FC
December 31, 2013		41%	52%	FC
December 31, 2012		41%	52%	FC
Onatel 705, AV. de la nation 01 BP 10000 Ouagadougou - Burkina Faso	S.A.			
December 31, 2014		51%	51%	FC
December 31, 2013		51%	51%	FC
December 31, 2012		51%	51%	FC
Gabon Telecom B.P.40 000 LIBREVILLE - Gabon	S.A.			
December 31, 2014		51%	51%	FC
December 31, 2013		51%	51%	FC
December 31, 2012		51%	51%	FC
Sotelma Route de Koulikoro, quartier Hippodrome, BP 740, Bamako - Mali	S.A.			
December 31, 2014		51%	51%	FC
December 31, 2013		51%	51%	FC
December 31, 2012		51%	51%	FC
Casanet Avenue Annakhil Hay Riad Rabat - Maroc	S.A.			
December 31, 2014		100%	100%	FC
December 31, 2013		100%	100%	FC
December 31, 2012		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).

Note 3. Goodwill

(In millions MAD)	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2014
Mauritel	137	137	137
Onatel	1,838	1,838	1,838
Gabon Telecom	142	142	142
Sotelma (*)	4,755	4,791	4,674
Casanet	5	5	5
Total net	**6,877**	**6,913**	**6,796**

(*) Sotelma's goodwill was calculated by applying IFRS 3 (revised), using the full goodwill method (see Note 1).

Goodwill is tested for impairment at least once a year and whenever there is evidence of loss of value.

For those tests, goodwill is broken down by identifiable cash generating units (CGUs).

A value test consists of comparing the carrying value of each CGU against its market value. For Mauritel, Onatel, Gabon Telecom and Sotelma, the market value is estimated by discounting the future cash flows based on a 5 years business plans. For Casanet, the market value is estimated by the market multiples method on 2014 results and the 2015 budget.

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	16,5%	3,0%
Onatel	DCF	12,5%	3,0%
Gabon Telecom	DCF	11,0%	3,0%
Sotelma	DCF	16,0%	3,0%

CGU	Valuation method	
Casanet	Market multiple method	Average of 10.1x 2014 EBITDA and 9.0 x 2015 EBITDA

DCF: Discounted Cash Flows.

The Goodwil value of Casanet was evaluated by using the market multiples method, which did not require the discount rate.

(In millions MAD)	Beginning of period	Impairment	Translation adjustment	Reclassification	Change in scope of consolidation	End of period
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
2014	6,913					6,796
Mauritel	137		1			137
Onatel	1,838					1,838
Gabon Telecom	142					142
Sotelma	4,791		(117)			4,674
Casanet	5					5

In 2014, 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 millions MAD)	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2014
Software	2,034	1,859	1,611
Telecom license	824	701	673
Other intangible assets	587	587	674
Net total	3,445	3,147	2,958

The item “Telecom license” includes the 2G licenses of Mauritel, Onatel and Gabon Telecom and the 3G licenses of Maroc Telecom, Mauritel, Onatel, Gabon Telecom and Sotelma as well as the 4G license of Gabon Telecom.

“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.

2014

(In millions MAD)	2013	Acquisitions and additions	Disposals and withdrawals	Translation adjustment	Change in scope of consolidation	Reclassification	2014
Gross	11,884	924		8		(26)	12,789
Software	7,310	488		16		(128)	7, 685
Telecom license	1,464	94		(2)			1,556
Other intangible assets	3,111	343		(7)		102	3,548
Amortization and impairment	(8,738)	(1,098)		(9)		13	(9,831)
Software	(5,451)	(630)		(7)		14	(6,074)
Telecom license	(763)	(113)		(7)			(883)
Other intangible assets	(2,524)	(355)		5			(2,874)
Net total	3,147	(174)		(1)		(13)	2,958

Total capital investment in intangible assets in 2014 increased by 12.7% mainly reflecting the granting of 3G and 4G licenses by Gabon Telecom plus the continued investment in infrastructure.

Net intangible assets declined by MAD 189 million in 2014 due to the depreciation of major investments made in previous years (MAD 1,098 million in 2014).

2013

(In millions MAD)	2012	Acquisitions and additions	Disposals and withdrawals	Translation adjustment	Change in scope of consolidation	Reclassification	2013
Gross	11,208	820		16		(161)	11,884
Land	7,002	418		6		(116)	7,310
Buildings	1,463			8		(8)	1,464
Technical plant, machinery, and equipment	2,743	403	0	2	0	(37)	3,111
Transportation equipment	(7,764)	(997)		(11)		34	(8,738)
Office equipment, furniture, and fittings	(4,968)	(518)		(5)		40	(5,451)
Other property, plant, and equipment	(640)	(121)		(5)		3	(763)
Depreciation and impairment	(2,156)	(358)	0	(1)	0	(9)	(2,524)
Land	3,445	(177)	0	6	0	(127)	3,147

2012

(In millions MAD)	2011	Acquisitions and additions	Disposals and withdrawals	translation adjustments	Change in scope of consolidation	Reclassiication	2012
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

The reclassification column concerns transfers between line items of intangible assets.

Note 5. Property, plant, and equipment

(In millions MAD)	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2014
Land	1,442	1,461	1,460
Buildings	3,508	3,238	2,955
Technical plant, machinery, and equipment	19,479	19,884	19,822
Transportation equipment	123	110	167
Office equipment, furniture, and fittings	906	842	703
Other property, plant, and equipment	19	14	27
Net total	25,476	25,548	25,135

The "Other property, plant, and equipment" comprised mainly advances and deposits for fixed assets.

2014

(In millions MAD)	2013	Acquisitions and additions	Disposals and withdrawals	Translation adjustment	Change in scope of consolidation	Reclassification	Assets held for sale	2014
Gross	74,531	3,978	(65)	(254)		(13)		78,177
Land	1,470	8		(9)				1,469
Buildings	8,150	25	(6)	(20)		(9)		8,139
Technical plant, machinery and equipment	60,427	3,761	0	(225)		(94)		63,869
Transportation, equipment	432	24	(24)	4		71		508
Office equipment furniture and fittings	4,003	153	(34)	(3)		34		4,153
Other property, plant, and equipment	49	7		(1)		(15)		39
Depreciation and impairment	(48,983)	(4,362)	63	222		17	1	(53,043)
Land	(9)	(1)	1	0		0		(9)
Buildings	(4,914)	(296)	4	22		0		(5,184)
Technical plant, machinery, and equipment	(40,539)	(3,794)	0	195		92		(44,046)
Transportation equipment	(322)	(28)	24	1		(17)	1	(341)
Office equipment, furniture, and fittings	(3,186)	(242)	34	3		(59)		(3,450)
Other property, plant, and equipment	(12)	0		0				(12)
Net total	25,548	(383)	(1)	(33)		3	1	25,135

Total investment in property, plant and equipment in 2014 increased slightly by MAD 2.5 million mainly reflecting capital expenditure in subisidiaries' infrastructures.

Reflecting investments made in recent years, depreciation charges on property, plant and equipment rose in 2014 (MAD 4,362 million in 2014 vs. MAD 4,082 million in 2013), exceeding the total acquisitions for the year, resulting in a net decrease in property, plant and equipment of 1.6%.

2013

(En millions MAD)	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)
Gross	(4,610)	(296)	0	(9)	0	(2)	1	(4,917)
Land	(37,058)	(3,515)	0	(97)	0	133	0	(40 538)
Buildings	(304)	(20)	0	(2)	0	3	0	(322)
Technical plant, machinery, and equipment	(2,956)	(250)	0	(2)	0	11	0	(3 197)
Transportation equipment	0	0	0	0	0	0	0	0
Office equipment, furniture, and fittings	25,476	(106)	(1)	55	0	123	1	25,548

2012

(In millions MAD)	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

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 2012, 2013, or 2014.

Note 7. Noncurrent financial assets

(In millions MAD)	Notes	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2014
Unconsolidated investments	7.1	97	97	209
Other financial assets		169	106	84
Net total		266	204	293

At December 31, 2014, other financial assets mainly included loans granted by Maroc Telecom in the amount of MAD 34 million and by Mauritel in the amount of MAD 47 million.

Deposits and guarantees in the amount of MAD 28 million have been reclassified under current operating receivables and others.

At December 31, 2014, the maturities of other financial assets were as follows:

(In millions MAD)	Note	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2014
Due in less than 12 months		84	33	0
Due in 1 to 5 years		65	73	78
Due in more than 5 years		20	0	6
Net total		169	106	84

7.1 Unconsolidated interests

2014

(In millions MAD)	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 SAT	NS	169	64	105
RASCOM	NS	46	6	39
Sonatel	NS	11	0	11
CMTL	NS	6	4	2
INMARSAT	NS	12	0	12
IMT/GIE	20%	1	1	0
MT Fly	100%	20	20	0
Total		313	104	209

In 2014, the component consisting of unconsolidated listed companies increased by MAD 112 million mainly due to the acquisition of the unconsolidated stock of Médi1 SAT in the amount of MAD 103 million.

2013

(In millions MAD)	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 SAT	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

2012

(In millions MAD)	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 SAT	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

Note 8. Change in deferred taxes

8.1 Net position

(In millions MAD)	Dec. 31, 2012 (*)	Dec. 31, 2013	Dec. 31, 2014
Assets	96	107	104
Liabilities	244	199	203
Net position	(148)	(93)	(99)

(*) 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 defferred assets and liabilities

2014

(In millions MAD)	Dec. 31, 2013	Charge to profit or loss	Impact on shareholders' equity	Change in scope of consolidation	Reclassifications	Translation adjustment	Dec. 31, 2014
Assets	107	(4)	2			(1)	104
Liabilities	199	(4)	8			0	203
Net position	(93)	0	(6)	0	0	0	(99)

Deferred tax assets rose by MAD 4 million mainly due to the use of deductible temporary differences during the period.

Deferred tax liabilities rose by MAD 4 million. This rise was mainly due to the reduction in provision for lump-sum retirement payments having a positive impact on net position.

2013

(In millions MAD)	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)

2012

(In millions MAD)	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)

Components of deferred taxes

(In millions MAD)	Dec. 31, 2012 (*)	Dec. 31, 2013	Dec. 31, 2014
Impairment deductible in later period	81	81	68
Restatement (IFRS) of revenues	(80)	(73)	(68)
Deferred losses			
Other	(149)	(101)	(98)
Net Position	(148)	(93)	(99)

(*) 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.

Note 9. Inventories

(In millions MAD)	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2014
Inventories	633	606	591
Impairment (-)	(165)	(173)	(191)
Net total	468	433	400

Gross inventories at December 31, 2014, comprised mainly Morocco's inventories (MAD 420 million), including:

- MAD 169 million in mobile handsets;
- MAD 43 million in fixed-line handsets;
- MAD 71 million in multimedia handsets;
- MAD 136 million in consumable materials and supplies (including MAD 112 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 millions MAD)	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2014
Trade receivables and related accounts	7,267	6,981	5,871
Other receivables and accruals	3,024	2,640	2,842
Net total	10,291	9,621	8,713

10.1 Trade receivables and related accounts

(In millions MAD)	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2014
Trade receivables	11,256	11,470	11,017
Government receivables	2,314	2,001	1,676
Depreciation of trade receivables (-)	(6,303)	(6 489)	(6,822)
Net total	7,267	6,981	5,871

Net trade receivables declined by 15.9 % largely as a result of collection of substantial government receivables in Morocco.

10.2 Other receivables and accruals

(In MAD millions)	Dec 31, 2012	Dec 31, 2013	Dec 31, 2014
Trade receivables, advances, and deposits	110	43	4
Employee receivables	57	79	71
Tax receivables	1,692	1,021	1,366
Other receivables	1,052	1,336	1,234
Accruals	114	161	167
Net total	3,024	2,640	2,842

Trade receivables, advances and deposits, receivables from employees, government receivables, and other receivables are due in less than one year.

The item "Tax receivables" mainly refers to VAT and corporation income tax receivables. In 2014, total tax receivables amounted to MAD 1,366 million (versus MAD 1,021 million in 2013), up 33.8% mainly due to accrued recoverable VAT in international.

"Accruals" consisted mainly of prepaid expenses on vehicle leasing agreements and insurance policies.

Note 11. Current financial assets

(In MAD millions)	Dec 31, 2012	Dec 31, 2013	Dec 31, 2014
Term deposit > 90 days	-	-	-
Escrow account	47	55	112
Marketable securities	-	-	-
Net total	47	55	112

Maroc Telecom commissioned Rothschild & Cie to execute a liquidity contract on the Paris stock exchange and a share price adjustment agreement on the Casablanca stock exchange to maintain the liquidity of its stock. The cash available to Rothschild third parties amounted to MAD 112 million at 31 December 2014.

Note 12. Cash and cash equivalents

(In MAD millions)	Dec 31, 2012	Dec 31, 2013	Dec 31, 2014
Cash	864	871	1,028
Cash equivalents	99	213	231
Cash and cash equivalents	964	1,084	1,259

Cash and cash equivalents increased by MAD 175 million. This improvement mainly came from Maroc Telecom in the amount of MAD 105 million.

Change in cash and cash equivalents

(In MAD millions)	Dec 31, 2012	Dec 31, 2013	Dec 31, 2014
Net cash from operating activities	13,874	12,502	12,960
Net cash used in investing activities	(4,998)	(4,790)	(4,825)
Net cash used in financing activities	(8,520)	(7,593)	(7,987)
Foreign-currency translation adjustments	(11)	2	26
Change in cash and cash equivalents	346	121	175
Cash and cash equivalents at beginning of period	617	963	1,084
Cash and cash equivalents at end of period	963	1,084	1,258
Change in cash and cash equivalents	346	121	175

Cash and cash equivalents increased by MAD 175 million in 2014. This rise mainly reflects net cash flow from operating activities in the amount of MAD 12,960 million which permitted the funding of capital expenditure in the period (MAD 4,825 million outflow), the payment of dividends to shareholders (MAD 6,336 million outflow) and Group financial debt repayments (MAD 1,651 million outflow).

Net cash from operating activities

In 2014, net cash flow from operating activities amounted to MAD 12,960 million, up MAD 459 million on the previous year. This increase was due mainly to the decrease in tax paid by Maroc Telecom over the full year 2014.

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.

Net cash used in investing activities

Net cash flow from investing activities was a net outflow of MAD 4,825 million, MAD 35 million more than the previous year. This change was mainly due to increased capital expenditure in Morocco.

In 2013, 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 financing activities

Net cash flow from financing activities was a net outflow of MAD 7,987 million in 2014, versus a net outflow of MAD 7,593 million the previous year. This rise was mainly due to a MAD 1,154 million increase in borrowing operations and a MAD 761 million reduction in dividends paid during fiscal year 2014.

Net cash flow from financing activities was a net outflow of MAD 7,593 million in 2013, versus a net outflow of MAD 8,520 million the previous year. This decrease is mainly due to lower dividends paid to Maroc Telecom's shareholders for the 2012 fiscal year.

Note 13. Dividends

13.1 Dividends

(In MAD millions)	Dec 31, 2012	Dec 31, 2013	Dec 31, 2014
Dividends paid by subsidiaries to their noncontrolling interests (a)			
Mauritel	154	172	219
Onatel	79	150	322
Gabon Telecom	16	56	73
Sotelma	204	220	352
Total (a)	453	598	966
Dividends paid by Maroc Telecom to its shareholders (b)			
Kingdom of Morocco	2,442	1,952	1,582
Vivendi	4,314	3,448	2,796
Other	1,381	1,102	896
Total (b)	8,137	6,502	5,274
Total dividends paid (a)+(b)	8,590	7,099	6,240

13.2 Dividend proposed for 2014

In the process to approve the 2014 financial statements and determine profit allocation, the Management Board of ITISSALAT AL MAGHRIB at its meeting of February 19, 2015 decided to propose to the shareholders a dividend payment of MAD 6.90 per share corresponding to a total distribution in the amount of MAD 6,066 million. This proposal was submitted to the Supervisory Board at its meeting of February 20, 2015.

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:

2014

(In millions MAD)	Dec 31, 2012	Dec 31, 2013	Dec 31, 2014
Noncurrent provisions	816	376	366
Provisions for life annuities	22	21	20
Provisions for termination benefits	318	351	337
Provisions for disputes with third parties	8	5	9
Other provisions	468	0	0
Current provisions	279	463	572
Provisions for voluntary redundancy plan	15	205	134
Provisions for employee-related expenses	0	0	0
Provisions for disputes with third parties	236	258	328
Other provisions	28	0	109
Total	1,095	839	938

The decline in noncurrent provisions mainly reflects the reversal of the provision for lump-sum retirement payments at subsidiaries in the amount of MAD 33 million.

The increase in current provisions in 2014 mainly reflects:

- The provision for disputes in the amount of MAD 104 million in Gabon;
- The provision for taxes in the amount of MAD 111 million.

This increase was offset by a decline in current provisions. This decrease mainly reflects the reversal of the provision for taxes in the amount of MAD 88 million at Gabon Telecom as well as the reversal of provision for restructuring expenses in the amount of MAD 71 million in Morocco.

2014

(In millions MAD)	2013	Charges	Used	change in scope of consolidation	Translation adjustment	Reversals	Reclassification	2014
Noncurrent provisions	376	25	(34)	0	(7)	0	6	366
Provisions for life annuities	21		(1)				0	20
Provisions for termination benefits	351	19	(33)		(7)		6	337
Provisions for disputes with third parties	5	5			0			9
Other provisions	0							0
Current provisions	463	274	(71)	0	3	(107)	9	572
Provisions for voluntary redundancy plan	205		(71)					134
Provisions for employee-related expenses	0							0
Provisions for disputes with third parties	258	164			4	(107)	9	328
Other provisions	0	111			(1)			109
Total	839	299	(105)	0	(4)	(107)	15	938

2013

(In millions MAD)	2012 (*)	Charges	Used	Change in scope of consolidation	Translation adjustments	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
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 millions MAD)	2011	Charges	Used	Changes	Translation adjustments	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

(*) 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.

Note 15. Borrowings and other financial liabilities

15.1. Net cash position

(In millions MAD)	Dec 31, 2012	Dec 31, 2013	Dec 31, 2014
Bank loans due in more than one year	886	319	325
Bank loans due in less than one year	2,592	1,400	1,099
Bank overdrafts	4,667	6,264	5,207
Borrowing and other financial liabilities	8,145	7,982	6,631
Cash and cash equivalents	964	1,084	1,259
Cash held in escrow for repayment of bank loans	70	8	5
Net cash position	(7,111)	(6,890)	(5,366)

(In millions MAD)	Dec 31, 2012	Dec 31, 2013	Dec 31, 2014
Outstanding debt and accrued interest (a)	8,145	7,982	6,631
Cash assets (b)	1,034	1,092	1,264
Net cash position (b)-(a)	(7,111)	(6,890)	(5,366)

15.2. Net cash by maturity

The breakdown by maturity is based on the repayment terms and conditions of the borrowings.

2014

(In millions MAD)	<1 year	1-5 years	>5 years	Total
Borrowings from credit institutions	1,099	297	27	1,423
Bank overdrafts	5,207			5,207
Borrowings and financial liabilities	6,306	297	27	6,631
Cash and cash equivalents	1,259			1,259
Cash held in escrow for repayment of bank loans	5			5
Net cash position	(5,042)	(297)	(27)	(5,366)

2013

(In millions MAD)	<1 year	1-5 years	>5 years	Total
Borrowings from credit institutions	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 in escrow for repayment of bank loans	8	0	0	8
Net cash position	(6,571)	(305)	(13)	(6,890)

2012

(In millions MAD)	<1 year	1-5 years	>5 years	Total
Borrowings from credit institutions	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 in escrow for repayment of bank loans	70	0	0	70
Net cash position	(6,225)	(857)	(29)	(7,111)

15.3 Tableau of analysis

Company	Borrowing (In MAD millions)	Maturity	Dec 31, 2012	Dec 31, 2013	Dec 31, 2014
Maroc Telecom	Loan Attijari wafabank	July - 14	1,058	453	0
Maroc Telecom	Advances on current account - SPT	February -12	841	0	0
Maroc Telecom	Banks, overdrafts IAM	May -13	4,543	6,206	5,110
Mauritel	Leasing contract ZTE 42 solar site	May -17	22	18	15
Mauritel	Leasing contract ZTE 12 solar site	April -18	8	7	6
Mauritel	Leasing contract ZTE 50 solar site	August -19	35	31	30
Mauritel	Short-term loan GBM	January-13	9	0	0
Onatel	Loan AFD1110-1111	October -18	12	10	8
Onatel	Loan SGBB 2008	November -13	24	0	0
Onatel	Loan BOA 2008	December -14	34	17	0
Onatel	Loan BIB 2008	December -13	12	5	1
Onatel	Loan SFI 2008	July -13	22	0	17
Onatel	Loan BICA 2008	September -15	52	35	17
Onatel	Spot credits Onatel	-	124	145	309
Onatel	Loan BICIA 2010 Telmob	December -13	28	0	0
Onatel	Loan BICIA 2011 Telmob	July -16	70	53	23
Onatel	Loan SGBB 2012(2 MLRS)	May -17	31	24	20
Onatel	Loan SGBB 2012(3 MLRS)	November -17	51	41	20
Onatel	Loan BIB 2013	October -18	0	87	84
Onatel	Investment credit	December -14	148	75	10
Onatel	Banks, overdrafts ONATEL	December -19	68	3	63
Onatel	Loan BICIA B 2014	December -19	0	0	168
Gabon Télécom	Loan AFD	-	2	2	2
Gabon Télécom	Loan COMMERZBANK	December -13	0	0	0
Gabon Télécom	BGFI Bank	November -15	104	72	35
Gabon Télécom	Loan HUAWEI	December -13	70	0	0
Gabon Télécom	Banks, credit balances GT	-	56	50	35
Sotelma	Loan DGDP/CFD OP	April -20	2	1	1
Sotelma	Loan DGDP/CFD OD	October -14	6	3	0
Sotelma	Loan AFD OE/CML 1026 01 S	April -18	18	15	11
Sotelma	Loan AFD OY/CML 1065 03 X	October -16	12	9	6
Sotelma	Loan RASCOM/GPTC	-	9	0	0
Sotelma	Loan DGDP/NKF	September -15	20	14	15
Sotelma	Loan ECOBANK	February -11	0	9	0
Sotelma	Loan HUAWEI PHASE I	December -13	157	40	0
Sotelma	Third part account	-	66	0	0
Sotelma	Dividend Loan	November -12	384	0	0
Sotelma	Loan BDM 5 Milliards	June -14	0	86	0
Sotelma	Loan BIM 7,5 Milliards	May -14	0	82	0
Sotelma	Loan BIM 15 Milliards	May -14	0	165	0
Sotelma	Loan BIM 2,5 Milliards	August -14	0	44	0
Sotelma	Loan BAM 7,5 Milliards	July -14	0	100	0
Sotelma	Loan BAM 5 Milliards	July -14	0	66	0
Sotelma	Loan BIM 22 Milliards	July -15	0	0	248
Sotelma	Loan BDM 20 Milliards	July -15	0	0	197
Sotelma	Loan BIM 14 Milliards	September -15	0	0	177
Sotelma	Loan BDM SA PHASE II	January -13	26	0	0
Sotelma	Banks, overdrafts Sotelma	-	0	4	0
Casanet	Banks, financial debt Casanet	-	19	11	0
Total borrowings and other financial			8,145	7,982	6,631

Note 16. Trade accounts payable

(In millions MAD)	2012	2013	2014
Trade payables and related accounts	9,149	9,318	9,242
Other payables	2,093	2,409	2,218
Accruals	6,152	5,812	5,970
Total	17,394	17,539	17,429

In 2014, operating debt declined by MAD 110 million versus the previous year. This change was mainly due to the decline in trade payables.

The item "Other operating debts" mainly reflects tax debts consisting of income tax and VAT owed in the amount of MAD 3,448 million, social security contributions relating to staff and management bodies in the amount of MAD 846 million as well as various creditors in the amount of MAD 1,635 million.

Note 17. Revenues

(In millions MAD)	2012	2013	2014
Morocco	23,178	21,294	21,132
International	7,079	7,754	8,630
Mauritania	1,375	1,476	1,646
Burkina Faso	2,067	2,211	2,354
Gabon	1,291	1,478	1,788
Mali	2,422	2,658	2,929
Elimination of intersubsidiary transactions	(76)	(69)	(87)
Elimination of transactions between the parent company and subsidiaries	(408)	(489)	(618)
Total consolidated revenues	29,849	28,559	29,144

Maroc Telecom Group consolidated revenues for the full year 2014 amounted to MAD 29,144 million, up 2.1% (+2.1% at constant exchange rate) versus 2013. This improvement mainly reflects an 11.3% growth in international business and a slight decline of 0.8% in revenues in Morocco.

Note 18. Cost of sales

(In millions MAD)	2012	2013	2014
Cost of handsets	1,178	998	895
Domestic and international interconnection charges	2,893	2,458	2,869
Other cost of sales	972	840	890
Total	5,042	4,296	4,654

Cost of sales comprises the cost of handsets, interconnection costs charged by domestic and international operators, and other cost of sales.

“Other cost of sales” comprises mainly purchases of energy (fuel and electricity), the cost of purchasing phone cards, and other consumables.

Cost of sales rose from MAD 4,296 million in 2013 to MAD 4,654 million in 2014, an 8.3% increase, mainly in Morocco due to the increase in national interconnection charges (up by MAD 427 million) reflecting the growth in outgoing traffic.

Note 19. Payroll costs

(In millions MAD)	2012	2013	2014
Wages	2,370	2,309	2,413
Payroll taxes	447	386	405
Wages and taxes	2,817	2,695	2,818
Share-based compensation	31	29	0
Payroll costs	2,848	2,723	2,818
Average headcount (in number of employees)	12,979	11,912	11,554

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 2014, payroll costs declined slightly relative to 2013 by some 3.5%, mainly in Morocco.

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.

Note 20. Taxes, duties, and fees

(In millions MAD)	2012	2013	2014
Taxes and duties	358	439	661
Fees	1,071	989	1,121
Total	1,429	1,428	1,782

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 2014, total taxes and levies increased by 24.8% relative to 2013 (mainly reflecting the 50.6% increase in taxes and levies and 13.6% increase in regulator royalties).

The increase in taxes and levies was mainly due to the introduction of a new special tax on telecommunications companies in Burkina Faso corresponding to 5% of Mobile revenues excluding terminals and incoming international connections and the impact of the tax on income from stock market investments in Gabon (IRVM) which rose from 15% to 20%.

The increase in regulator royalties was mainly due to the uncapping of regulator royalties in Burkina Faso and the revenue growth of other subsidiaries.

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 offset by the decrease in regulator royalties due to reversals of provisions no longer needed in Mauritania, Burkina Faso and Gabon, despite the uncapping of regulator royalties in Burkina Faso.

Note 21. Other operating income and expenses

(In millions MAD)	2012	2013	2014
Communication	615	647	678
Commissions	1,261	1,209	1,227
Other including	2,665	1,838	1,960
Rental expenses	597	548	495
Maintenance, repair, and property-service charges	685	757	708
Fees	461	422	409
Postage and banking services	125	134	137
Voluntary redundancy plan	862	10	71
Other	(65)	(34)	141
Total	4,540	3,693	3,865

In 2014, other operating income and expenses declined by 4.6% relative to 2013. The most significant changes were the following items:

- Increase in commissions, mainly internationally, reflecting the revenue growth of subsidiaries.
- Increase in communication expenses, mainly internationally, reflecting increasingly fierce competition.
- Decrease in fees, mainly internationally, reflecting cost-reduction efforts.

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;
- 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.

Note 22. Depreciation, impairment and provisions

The following table sets out changes in this item for the fiscal years ended December 31, 2012, 2013, and 2014:

(In millions MAD)	2012 (*)	2013	2014
Depreciation and impairment of fixed assets	4,876	5,037	5,421
Net provisions and impairment	145	402	339
Total	5,021	5,440	5,759

(*) 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.

Net charges to depreciation, impairment and provisions amounted to MAD 5,759 million at end December 2014, versus MAD 5,440 million at end December 2013, a rise of 5.9%, mainly reflecting the increase in depreciation and impairment charges on assets (up MAD 384 million) following major capital investment undertaken in Morocco and internationally.

Depreciation and impairment of fixed assets

The following table sets out the depreciation and impairment of Maroc Telecom Group's fixed assets for the fiscal years ended December 31, 2012, 2013, and 2014.

(In millions MAD)	2012 (*)	2013	2014
Other intangible assets	1,023	955	1,060
Building and civil engineering	299	297	296
Technical plant and pylons	3,282	3,515	3,794
Other property, plant, and equipment	271	270	271
Total	4,876	5,037	5,421

(*) 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.

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, 2012, 2013, and 2014.

(In millions MAD)	2012 (*)	2013	2014
Impairment of trade receivables	72	169	335
Impairment of inventories	(1)	8	18
Impairment of other receivables	(30)	15	8
Provisions	105	211	(23)
Net charges and reversals	145	402	339

(*) 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.

Net charges to provisions and impairment fell by MAD 63 million from MAD 402 million in 2013 to MAD 339 million in 2014. This net change mainly reflects the following items:

- "Provisions": MAD 234 million decrease relative to 2013. This decrease is mainly due to the recognition of a reversal of the provision to clear the VAT and withholding tax accounts at Gabon Telecom in the amount of MAD 88 million as well as the reversal of the provision for restructuring expenses in the amount of MAD 71 million.
- "Impairment of trade receivables": MAD 166 million increase relative to 2013, mainly in Morocco, reflecting reversals of large provisions in 2013.

Net charges to provisions and impairment rose by MAD 257 million from MAD 145 million in 2012 to MAD 402 million in 2013. This net change mainly reflects the following items:

- "Impairment of trade receivables": MAD 97 million increase relative to 2012, mainly in Morocco, reflecting reversals of large provisions in 2012.
- "Provisions": MAD 106 million increase relative to 2012, mainly reflecting the recognition of an additional provision for restructuring in Morocco.

Note 23. Income from equity affiliates

No equity interest was accounted for by the equity method in 2012, 2013, or 2014.

Note 24. Net financial income or expense

24.1 Borrowing costs

(In millions MAD)	2012	2013	2014
Income from cash and cash equivalents	8	16	6
Interest expense on loans	(352)	(341)	(323)
Net borrowing costs	(344)	(326)	(317)

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 2014, the MAD 9 million decline in net borrowing costs mainly reflects the 5.3% decrease in Maroc Telecom expenses.

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.

24.2 Other financial income and expense

(In millions MAD)	2012	2013	2014
Foreign-exchange gains and losses	(12)	(15)	(24)
Other financial income (+)	2	10	18
Other financial expenses (-)	(26)	(43)	(23)
Other financial income and expenses	(36)	(49)	(29)

"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, 2012, 2013, and 2014:

(In millions MAD)	2012 (*)	2013	2014
Income tax expense	3,273	4,719	3,135
Deferred tax	19	(48)	0
Provisions for tax	(17)	(468)	111
Current tax	3,275	4,203	3,246
Consolidated effective tax rate (**)	31%	40%	33%

(In millions MAD)	2012 (*)	2013	2014
Net earnings	7,287	6,359	6,638
Income tax expense	3,292	4,671	3,135
Provision for tax	(17)	(468)	111
Pretax earnings	10,562	10,562	9,884
Moroccan statutory tax rate	30%	30%	30%
Theoretical income tax expense	3,168	3,169	2,965
Impact of changes in tax rate	(27)	(47)	(52)
Other differences (***)	134	1,081	333
Effective income tax expense	3,275	4,203	3,246

(*) 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.

(***) Other net differences mainly include the contribution to the solidarity fund in the amount of MAD 120 million in Morocco, the withholding tax of MAD 112 million and the allocations to provisions for income tax in the amount of MAD 111 million.

A provision for tax in the amount of MAD 111 million was constituted in 2014 for risks related to tax audits.

The deferred tax rate at Maroc Telecom was: 30%

The deferred tax rate at Mauritel was: 25%

The deferred tax rate at Onatel was: 27.5%

The deferred tax rate at Gabon Telecom was: 30%

The deferred tax rate at Sotelma was: 30%

Note 26. Noncontrolling interests

(In millions MAD)	2012 (*)	2013	2014
Mauritel	174	224	172
Onatel	112	164	137
Gabon Telecom	61	91	121
Sotelma	231	341	358
Casanet	0	0	0
Total noncontrolling interests	578	819	788

(*) 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.

Non-controlling interests represent the claims of shareholders other than Maroc Telecom to the earnings of Mauritel, Onatel, Gabon Telecom, Sotelma, and Casanet.

In 2014, noncontrolling interests decreased by 3.8% reflecting the decline in profits of the two subsidiaries Mauritel and Onatel.

In 2013, noncontrolling interests rose 42% because of higher earnings in all African subsidiaries.

Note 27. Earnings per share

27.1 Earnings per share

(In MAD millions))	2012 (*)		2013		2014	
	basic	diluted	basic	diluted	basic	diluted
Net earnings, Group share	6,709	6,709	5,541	5,541	5,850	5,850
Adjusted net earnings, Group share	6,709	6,709	5,541	5,541	5,850	5,850
Number of shares (millions)	879	879	879	879	879	879
Earnings per share (in MAD)	7.6	7.6	6.3	6.3	6.7	6.7

27.2 Change in the number of shares

Number of shares	2012 (*)	2013	2014
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

(*) 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.

Note 28. Segment data

28.1 Statement of financial position: items by geographical area

2014

(In millions MAD)	Morocco	International	Eliminations	Total Maroc Telecom Group
Noncurrent assets	29,133	12,603	(6,450)	35,286
Current assets	6,559	4,643	(664)	10,539
Total assets	35,692	17,246	(7,113)	45,824
Shareholders'equity	17,097	9,499	(6,434)	20,163
Noncurrent liabilities	219	690	(16)	893
Current liabilities	18,376	7,056	(664)	24,768
Total shareholders'equity and liabilities	35,692	17,246	(7,113)	45,824
Acquisitions of PP&E and intangible assets	3,359	1,543		4,902

2013

(In millions MAD)	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)	26,241
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 millions MAD)	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.

28.2 Segment earnings by geographical area

2014

(In millions MAD)	Morocco	International	Eliminations	Total Maroc Telecom Group
Revenues	21,132	8,630	(618)	29,144
Earnings from operations	7,734	2,532		10,266
Net depreciation and impairment	3,845	1,578		5,423
Voluntary redundancy plan	71			71

2013

(In millions MAD)	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 millions MAD)	Maroc	International	Eliminations	Total groupe Maroc Telecom
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.

Note 29. Restructuring provisions

(In millions MAD)	Morocco	International	Total Maroc Telecom group
Balance at Jan. 1, 2012			
Change in scope and adjustment of allocation of acquisition price			
Allocated	800	1	801
Used	(785)	0	(785)
Reversed		0	0
Balance at Dec. 31, 2012	15	1	15
Change in scope and adjustment of allocation of acquisition price			
Allocated	200	0	200
Used	(10)	0	(10)
Reversed		(1)	(1)
Balance at Dec. 31, 2013	205	0	205
Change in scope and adjustment of allocation of acquisition price			
Allocated			
Used	(71)		(71)
Reversed			
Balance at Dec. 31, 2014	134	0	134

The restructuring plan set up by Maroc Telecom in June 2012 was completed on January 31, 2014.

MAD 71 million of the restructuring provision was reversed over the course of fiscal year 2014.

Note 30. Related-party transactions

30.1. Compensation of corporate officers, senior managers, and directors in 2012, 2013, and 2014

(In millions MAD)	2012	2013	2014
Short-term benefits (1)	32	38	47
Termination benefits (2)	38	48	59

(1) Wages and salaries, compensation, incentives and bonuses paid, social security contributions, paid leave and nonmonetary benefits recognized

(2) Severance pay

30.2. Equity affiliates

In 2012, 2013 and 2014 no company is consolidated by the equity method.

30.3. Other related parties

Etisalat- Atlantique-Mobily

Following the introduction of Etisalat in the shareholding of Maroc Telecom, the new related companies are: Emirates Telecommunications Corporation, Atlantique Telecom and Etihad Etisalat Company (Mobily). In 2014, as part of the strategic corporation with Etisalat, the main transactions with these related companies are summarized below:

2014

(In millions MAD)	Etisalat	Atlantique	Mobily
Revenues	8	0	2
Expenses	1	0	0
Receivables	32	2	6
Payables	1	0	0

Note 31. Contractual commitments and contingent assets and liabilities

31.1. Contractual obligations and commercial commitments recorded in the balance sheet

(In millions MAD)	Total	Less than 12 months	1-5 years	>5 years
Long-term debt	325	0	297	27
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	**325**	**0**	**297**	**27**

31.2. Other commitments given and received as part of the current activity

Commitments given

Commitments given comprise the following:

2014:

- an investment commitment of MAD 3,990 million distributed as follows:
  - MAD 3,408 million for Maroc Telecom in connection with the agreement signed with the Moroccan state;
  - MAD 119.5 million for Mauritel;
  - MAD 337.3 million for Onatel;
  - MAD 63.7 million for Gabon Telecom;
  - MAD 61.7 million for Sotelma;

Maroc Telecom signed a new investment agreement with the state of Morocco whereby Maroc Telecom promised to undertake a capital investment program during the years 2013-3015 amounting to more than MAD 10.08 billion (approximately €908 million) and to create 500 direct jobs. This program is intended to modernize and extend infrastructures to meet the growing needs of mobile and high-speed Internet traffic as well as to deploy a fiber-optic network for very-high-speed traffic.

- Commitments in the form of endorsements and bank agreements in the amount of MAD 161.1 million;
- A leasing commitment in the amount of MAD 36.6 million;
- A long-term satellite leasing commitment in the amount of MAD 63.9 million;
- Commitments of MAD 5,236 million for the acquisition from Etisalat companies for its shares and shareholders' loans from:
  - Etisalat Benin;
  - Atlantique Telecom Gabon;
  - Atlantique Telecom Ivory Coast;
  - Atlantique Telecom Niger;
  - Atlantic Telecom Centrafrica;
  - Atlantic Telecom Togo;
  - Prestige Telecom Ivory Coast.
- Commitment of MAD 337 million for the takeover of Etisalat companies' liabilities and guaranties on the acquired subsidiaries;
- Other commitments amounting to MAD 39.3 million.

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.

Commitments received

Commitments received comprise the following:

2014

- Endorsements and guarantees amounting to MAD 1,187 million at December 31, 2014 versus MAD 1,778 million at December 31, 2013.
- Commitments received in connection with the acquisition of Etisalat subsidiaries:
  - to contribute to the investments necessary in these six operators, Etisalat is giving Maroc Telecom interest-free financing in the amount of $ 200 million over four years;
  - Etisalat granted to Maroc Telecom representations and warranties relating to those subsidiaries, standard for this type of transactions, as well as specific indemnities.
- Other commitments received:
  - Commitment by the Moroccan Government to social welfare.
- Investment Convention:
  - Exemption of the customs duties on the imports relating to the investments.

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 vs. MAD 2,274 million at December 31, 2011.

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).

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).

Note 32. Risk management

Credit risk

Maroc Telecom minimizes its credit risk by committing solely to credit transactions with merchant banks or financial institutions that have a high credit rating and by splitting its transactions among selected institutions.

Maroc Telecom's receivables show no major concentration of credit risk, as their dilution ratio is high.

Currency risk

Maroc Telecom Group is exposed to exchange rate fluctuations to the extent that inflows and outflows are in different currencies.

Maroc Telecom receives inflows in foreign currencies in the form of international operator's revenues, and makes expenditures in foreign currencies in the form of payments to international suppliers (notably, as capital expenditure and when buying terminals) and payments for interconnections with foreign operators. These outflows are mainly denominated in euros.

At December 31, 2014, excluding subsidiaries, euro-denominated outflows in foreign currencies accounted for 53% of total outflows in foreign currencies (total outflows MAD 2,095 million). In 2014, these outflows in foreign currencies were less than inflows in foreign currencies amounting to MAD 3,720 million.

In addition, Maroc Telecom Group held debt of MAD 6,631 million at December 31, 2014. The bulk of this debt is denominated in Moroccan dirhams, euros, and CFA francs.

(In millions MAD)	2012	2013	2014
Euro	293	61	16
Moroccan dirham	6,456	6,659	5,108
Other (mainly CFA franc)	1,381	1,250	1,505
Current debt	8,130	7,969	6,629
Accrued interest	15	13	2
Total financial debt	8,145	7,982	6,631

Maroc Telecom Group cannot fully offset its inflows against outflows or vice-versa as Moroccan regulations allow only 70% of its telecoms receipts in foreign currencies to be kept in a foreign-currency account, the remaining 30% having to be settled in dirhams. Maroc Telecom Group results may therefore be sensitive to fluctuations in exchange rates, particularly in terms of dirham, US dollars and euros.

In 2014, the euro slipped by 2% against the dirham (from 11.2305 dirhams per euro on December 31, 2013 to 10.9695 on December 31, 2014). Over the same period, the US dollar rose by 11%, from 8.1506 dirhams per dollar in 2013 to 9.0425 in 2014.

The subsidiaries whose accounting currency is the CFA franc and the Mauritanian subsidiary whose currency is the ouguiya increase the Group's exposure to currency risk, particularly as regards fluctuations in the exchange rate of the euro and the ouguiya against the dirham.

However, based on the Group's 2014 financial statements, a 1% devaluation of the dirham against the euro would have the following limited impacts:

- revenues = + MAD 87 million
- earnings from operations = + MAD 27 million
- net earnings, Group share = + MAD 7 million

(In millions of local currency)	Euro /FCFA	USD	MRO	Total foreign currencies	MAD	Total Bilan
Total assets	15,014	23	2,118	17,156	28,669	45,824
Total shareholders' equity and liabilities	(14,903)	(381)	(1,960)	(17,244)	(28,581)	(45,824)
Net position	112	(358)	158	(88)	88	0

The Group does not use currency hedges.

At Maroc Telecom, assets in foreign currencies consist mainly of receivables against foreign operators. Liabilities in foreign currencies consist mainly of debts to suppliers and operators.

At Maroc Telecom, a 1% appreciation of the euro and the US dollar against the dirham would have the following impacts as at December 31, 2014:

+ MAD 12 million on Asset items,

- MAD 21 million on Liabilities items,

- MAD 8 million on net position,

- MAD 20 million on commitments, and

- MAD 29 million on comprehensive net position.

Conversely, a 1% depreciation of the euro and the US dollar against the dirham would have the following impact as at December 31, 2014:

- MAD 12 million on Asset items,

+ MAD 21 million on Liabilities items,

+ MAD 8 million on net position,

+ MAD 20 million on commitments, and

+ MAD 29 million on comprehensive net position.

Liquidity risk

Maroc Telecom estimates that the cash flows generated by its operating activities, its holdings of cash and cash equivalents, and funds available via lines of credit, will be sufficient to cover the disbursements and capital expenditures necessary for its operations, for servicing its debt, for dividend payments, and for external growth operations in progress on December 31, 2014.

Interest-risk risk

Maroc Telecom Group's debt is mainly at a fixed rate of interest. As the variable-rate component of its debt is relatively small, Maroc Telecom Group is not significantly exposed to favorable or unfavorable fluctuations in interest rates.

Note 33. Events after the end of the reporting period

33.1 Highlights

Maroc Telecom finalized on January 26, 2015, the acquisition of the Etisalat subsidiaries in Benin, Ivory Coast, Gabon, Niger, Central African Republic, and Togo This acquisition also involves Prestige Telecom, which provides IT services to these subsidiaries.

The transaction, with a price tag of € 474 million, is for the acquisition of Etisalat's stake in these operators and outstanding shareholder loans. It will be paid in four annual tranches of € 102 million each (the first was paid on the closing date), and a fifth and final installment of € 66 million. In addition, to contribute to the investments necessary in these six operators, Etisalat is giving Maroc Telecom interest-free financing in the amount of $ 200 million over four years.

Etisalat granted to Maroc Telecom representations and warranties relating to those subsidiaries, standard for this type of transactions, as well as specific indemnities. In addition, concerning a few financial undertakings of certain subsidiaries for which Etisalat gave a guarantee, Maroc Telecom agreed to indemnify Etisalat against all costs arising after January 26, 2015 under such guarantees.

This acquisition is intended to boost the strategic positioning of Maroc Telecom as a leader in Africa telecom operations in 10 countries with fast growth potential. With this transaction Maroc Telecom supports the South-South economic cooperation policy of Morocco in Africa.

The percentage of voting rights acquired in each of the new subsidiaries is as follows:

» Atlantic Telecom S.A. Ivory Coast: 85%

» Etisalat Benin S.A.: 100%

» Atlantic Telecom S.A Togo: 95.06%

» Atlantic Telecom S.A. Niger: 100%

» Atlantic Telecom S.A Gabon: 90%

» Atlantic Telecom S.A Centrafrica: 100%

» Prestige Telecom S.A. Ivory Coast: 100%

33.2 The main information on the acquisition of new subsidiaries within “Alysse” project is detailed as follows

Consolidated comprehensive income at 12/31/2014 and at 01/31/2015

(In millions MAD)	12.31.2014	01.31.2015
Revenues	4,862	407
Net income - Share of the Group	(264)	(27)

Consolidated financial statement at 12/31/2014 and at 01/31//2015

(In millions MAD)	2014	2015 (*)
Non-current assets	5,979	5,867
Current assets	4,538	3,193
Total Assets	10,518	9,060
Shareholders’ equity	370	333
Non-current liabilities	4,186	3,116
Current liabilities	5,961	5,611
Total sharholders’ equity and liabilities	10,518	9,060

(*) Consolidated data for the year 2015 cover the period from January 1 to 31.

The information presented above correspond to the sum of the individual data of the acquired entities and before the elimination of intra-group transactions.

4.4 Individual financial statements

Sommaire

Statutory Auditors' general report year ended December 31, 2014

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, 2014. These financial statements show shareholders' equity and reserves of MAD 14,780,895 thousand and net profit of MAD 6,024,802 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, 2014, and of its operations for the year then ended, in accordance with the accounting principles generally accepted in Morocco.

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 23, 2015

THE STATUTORY AUDITORS

KPMG	**Abdelaziz Almechatt**
Fouad Lahgazi	Abdelaziz Almechatt
Partner	Partner

Assets

(In MAD thousands)	Gross	Amortization and provisions	Net		
			2014	2013	2012
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)	10,010,563	7,869,142	2,141,421	2,310,196	2,514,150
► Research and development costs	0	0	0	0	0
► Patents, trademarks, and similar rights	9,451,478	7,820,025	1,631,453	1,835,533	2,034,712
► Goodwill	62,482	49,118	13,364	13,045	12,012
► Other intangible assets	496,604	0	496,604	461,618	467,426
Property, plant, and equipment (C)	56,631,268	38,728,267	17,903,002	18,232,051	17,983,120
► Land	942,334	0	942,334	941,695	940,384
► Buildings	6,633,996	3,895,538	2,738,457	2,723,132	1,453,112
► Technical plant, machinery, and equipment	42,367,611	31,126,626	11,240,985	10,874,577	10,111,667
► Vehicles	153,871	68,787	85,084	84,394	91,707
► Office equipment, furniture, and fittings	4,176,921	3,509,704	667,217	753,959	773,644
► Other property, plant, and equipment	11,048	0	11,048	11,048	11,048
► Work in progress	2,345,488	127,612	2,217,876	2,843,246	4,601,557
Financial assets (D)	6,986,055	93,396	6,892,659	6,923,706	6,925,036
► Long-term loans	34,341	0	34,341	36,796	39,423
► Other financial receivables	3,494	0	3,494	3,449	3,449
► Equity investments	6,948,220	93,396	6,854,824	6,883,461	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)	73,627,887	46,690,805	26,937,082	27,465,952	27,422,,306
Inventories (F)	420,097	160,972	259,126	308,279	360,776
► Merchandise	283,246	99,417	183,828	217,907	247,395
► Raw materials and supplies	136,852	61,555	75,297	90,372	113,381
► Work in progress	0	0	0	0	0
► Intermediary and residual goods	0	0	0	0	0
► Finished goods					
Current receivables (G)	12,547,285	6,833,225	5,714,059	6,357,474	7,005,680
► Trade payables, advances and deposits	22,260	0	22,260	22,134	68,385
► Accounts receivable and related accounts	11,465,354	6,754,337	4,711,017	5,476,380	5,519,000
► Employees	2,438	0	2,438	2,489	3,188
► Tax receivable	742,976	0	742,976	735,383	1,276,089
► Shareholders' current accounts	0	0	0	0	0
► Other receivables	291,415	78,888	212,527	94,682	118,124
► Accruals	22,842	0	22,842	26,405	20,894
Marketable securities (H)	119,758	0	119,758	116,411	125,257
Unrealized foreign exchange losses (I)	0	0	0	0	0
► (current items)	61,871	0	61,871	26,998	34,992
Total II (F+G+H+I)	13,149,010	6,994,197	6,154,813	6,809,161	7,526,705
Cash and cash equivalents	347,405	0	347,405	241,588	401,194
► Checks	3,310	0	3,310	498	31,600
► Bank deposits	341,332	0	341,332	237,944	366,905
► Petty cash	2,763	0	2,763	3,146	2,689
Total III	347,405	0	347,405	241,588	401,194
Grand total I+II+III	87,124,302	53,685,002	33,439,300	34,516,701	35,350,205

Shareholders' equity and liabilities

(In MAD thousands)	Net		
	2014	2013	2012
Shareholders' equity (A)	**14,780,895**	**14,029,733**	**15,232,639**
▶ 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	2,602,426	2,577,477	2,574,096
▶ Retained earnings (2)	0	0	0
▶ Unallocated income (2)	0	0	0
▶ Net income of the year (2)	6,024,802	5,298,589	6,504,876
Quasi-equity (B)	**0**	**0**	**0**
▶ Investment subsidies	0	0	0
▶ Regulated provisions	0	0	0
Debenture bonds (C)	**6,874**	**456,874**	**1,056,690**
▶ Debenture bonds	0	0	0
▶ Other long-term debt	6,874	456,874	1,056,690
Provisions (D)	**19,931**	**21,061**	**22,165**
▶ Provisions for contingencies	0	0	0
▶ Provisions for losses	19,931	21,061	22,165
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)	**14,807,701**	**14,507,668**	**16,311,494**
Current liabilities (F)	**12,793,172**	**13,061,797**	**13,530,277**
▶ Accounts payable and related accounts	7,363,756	7,493,616	7,087,189
▶ Trade receivables, advances and down payments	9,953	76,331	443,563
▶ Payroll costs	666,539	541,124	532,622
▶ Social security contributions	78,591	74,329	70,709
▶ TAX PAYABLE	2,536,059	2,595,635	2,481,513
▶ Shareholders' current accounts	1	1	825,001
▶ Other payables	444,096	454,561	478,448
▶ Accruals	1,694,177	1,826,199	1,611,230
Other provisions for contingencies and losses (G)	**755,617**	**770,941**	**974,280**
Unrealized foreign exchange gains (current items) (H)	**33,998**	**35,577**	**36,780**
Total II (F+G+H)	**13,582,787**	**13,868,315**	**14,541,336**
Bank overdrafts	**5,048,812**	**6,140,718**	**4,497,374**
▶ Discounted bills	0	0	0
▶ Treasury loans	0	0	0
▶ Bank loans and overdrafts	5,048,812	6,140,718	4,497,374
Total III	**5,048,812**	**6,140,718**	**4,497,374**
Grand total I+II+III	**33,439,300**	**34,516,701**	**35,350,205**

Statement of comprehensive income (exclusive of vat)

(In MAD thousands)	2014	2013	2012
I - Operating income	20,992,487	21,148,274	22,841,074
Sales of goods	333,838	390,539	381,613
Sales of manufactured goods and services rendered	20,122,840	20,261,714	21,886,013
Operating revenues	20,456,679	20,652,253	22,267,626
Change in inventories	0	0	0
Company-constructed assets	385	167	765
Operating subsidies	0	0	0
Other operating income	90,936	118,189	154,710
Operating write-backs: expense transfers	444,488	377,665	417,974
Total I	20,992,487	21,148,274	22,841,074
II - Operating expenses	13,081,770	12,502,609	13,079,182
Cost of goods sold	831,140	899,271	1,100,725
Raw materials and supplies	3,035,332	2,558,589	2,916,659
Other external expenses	2,713,670	2,786,496	2,940,857
Taxes (except corporate income tax)	228,080	223,471	221,469
Payroll, costs	2,217,539	2,169,249	2,297,221
Other operating expenses	2,450	2,450	2,450
Operating allowances for amortization	3,477,638	3,334,391	3,248,843
Operating allowances for provisions	575,921	528,693	350,958
Total II	13,081,770	12,502,609	13,079,182
III - Operating income I-II	7,910,718	8,645,665	9,761,892
IV- Financial income	891,564	590,869	497,019
Income from equity investment and other financial investments	794,270	480,663	365,923
Foreign exchange gains	63,890	70,027	63,092
Interest and other financial income	6,406	5,186	8,280
Financial write-backs:expense transfers	26,998	34,992	59,724
Total IV	891,564	590,869	497,019
V- Financial expenses	351,094	364,917	352,719
Interest and loans	235,826	264,068	255,443
Foreign exchange losses	53,397	44,704	62,284
Others financial expenses	0	8,846	0
Financial allowances	61,871	47,298	34,992
Total V	351,094	364,917	352,719
VI - Financial income IV - V	540,469	225,952	144,300
VII - Ordinary income III + VI	8,451,187	8,871,617	9,906,192
VIII - Extraordinary income	412,515	760,401	272,339
Proceeds from disposal of fixed assets	135,771	2,338	5,553
Subsidies received	0	0	0
Write-backs of investment subsidies	0	0	0
Other extraordinary income	88,845	163,412	141,418
Extraordinary write-backs:expense transfers	187,899	594,650	125,369
Total VIII	412,515	760,401	272,339
IX - Extraordinary expense	744,043	921,005	1,200,318
Net book value of disposed assets	135,140	0	2,351
Subsidies granted	0	0	0
Other extraordinary expenses	205,767	532,102	998,504
Regulated provisions	0	0	0
Extraordinary allowances for depreciation and provision	403,136	388,903	199,463
Total IX	744,043	921,005	1,200,318
X - Extraordinary income VIII - IX	(331,528)	(160,604)	(927,979)
XI - Income befor tax VII + X	8,119,660	8,711,013	8,978,214
XII - Corporate income TAX	2,094,858	3,412,424	2,473,338
XIII - Net income XI - XII	6,024,802	5,298,589	6,504,876
XIV - Total income (I+IV+VIII)	22,296,566	22,499,543	23,610,432
XV - Total expenses (II+V+IX+XII)	16,271,764	17,200,955	17,105,556
XVI - Net income (total income - total expenses)	6,024,802	5,298,589	6,504,876

Statement of operating data

Operating statement (In MAD thousands)			2014	2013	2012
1		Sales of goods	333,838	390,539	381,613
2	-	Cost of goods sold	831,140	899,271	1,100,725
I	=	Gross Margin on Sales	(497,301)	(508,732)	(719,112)
II	+	Production for the year: (3+4+5)	20,123,226	20,261,882	21,886,778
3		Sales of manufactured goods and services rendered	20,122,840	20,261,714	21,886,013
4		Change in inventories	0	0	0
5		Self-constructed assets	385	167	765
III	-	Cost of current year production	5,749,002	5,345,085	5,857,515
6		Raw materials and supplies	3,035,332	2,558,589	2,916,659
7		Other external expenses	2,713,670	2,786,496	2,940,857
IV	=	Added Value (I+II-III)	13,876,922	14,408,065	15,310,151
8	+	Operating subsidies	0	0	0
9	-	Taxes	228,080	223,471	221,469
10	-	Payroll costs	2,217,539	2,169,249	2,297,221
V	=	Gross Operating Surplus	11,431,303	12,015,345	12,791,460
	=	Net Loss From Operations	0	0	0
11	+	Other operating income	90,936	118,189	154,710
12	-	Other operating expenses	2,450	2,450	2,450
13	+	Operating write-backs, expense transfers	444,488	377,665	417,974
14	-	Operating allowances	4,053,559	3,863,084	3,599,801
VI	=	Operating Income (+ or -)	7,910,718	8,645,665	9,761,892
VII	+ / -	Financial Income	540,469	225,952	144,300
VIII	=	Ordinary Income (+ or -)	8,451,187	8,871,617	9,906,192
IX	+ / -	Extraordinary Income	(331,528)	(160,604)	(927,979)
15	-	Corporate Income Tax	2,094,858	3,412,424	2,473,338
X	=	Net Income (+ or -)	6,024,802	5,298,589	6,504,876

Operating Cash Flow (in MAD thousands)			2014	2013	2012
1		Net income			
	+	Profit	6,024,802	5,298,589	6,504,876
	-	Loss	0	0	0
2	+	Operating allowances (1)	3,477,638	3,334,391	3,248,843
3	+	Financial allowances (1)	0	20,300	0
4	+	Extraordinary allowances (1)	359,302	188,903	184,660
5	-	Operating write-backs (2)	1,129	1,104	1,122
6	-	Financial write-backs (2)	0	0	571
7	-	Extraordinary write-backs (2) , (3)	117,196	116,944	125,369
8	-	Proceeds on disposal of fixed assets	135,771	2,338	5,553
9	+	Net book value of disposed assets	135,140	0	2,351
I		Cash earnings (C.A.F)	9,742,785	8,721,796	9,808,116
10	-	Dividend payments	5,273,640	6,501,495	8,137,070
II		Net Cash Earnings	4,469,145	2,220,301	1,671,046

(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)	2014 (a)	2013 (b)	Changes (a-b)	
			Uses (c)	Sources (d)
1 Equity and long-term liabilities	14,807,701	14,507,668		300,033
2 Less long-term assets	26,937,082	27,465,952		528,870
3 Working capital (1-2) (A)	(12,129,381)	(12,958,284)		828,903
4 Current assets	6,154,813	6,809,161		654,347
5 Less current liabilities	13,582,787	13,868,315	285,528	
6 Working capital requirement (4-5) (B)	(7,427,973)	(7,059,154)		368,819
7 Net cash (A-B)	(4,701,408)	(5,899,130)	1,197,722	

Uses and sources

I - Long-term financing sources (In MAD thousands)	2014		2013		2012	
	Uses	Sources	Uses	Sources	Uses	Sources
Net cash earnings (A)		4,469,145		2,220,301		1,671,046
Cash earnings		9,742,785		8,721,796		9,808,116
Dividends		5,273,640		6,501,495		8,137,070
Disposals and reductions of fixed assets (B)		140,399		5,280		14,557
Reduction of intangible assets		434		0		1,635
Reduction of property, plant, and equipment		1,739		359		3,274
Disposal of property, plant, and equipment		5,631		2,338		4,882
Disposal of financial assets		130,140		0		671
Write-backs of long-term receivables		2,455		2,582		4,095
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) (Net of redemption premiums)		0		184		286
Total (I) Long-term resources (A+B+C+D)		4,609,544		2,225,765		1,685,889
II - Long-term uses for the year						
Additions & increase in fixed assets (E)	3,330,641		3,473,238		3,612,105	
Acquisitions of intangible assets	653,091		598,718		354,737	
Acquisitions of property, plant, and equipment	2,573,955		2,852,968		3,254,420	
Acquisitions of financial assets	103,550		20,225		0	
Increase in long-term receivables	45		1,327		2,949	
Increase in property, plant, and equipment	0		0		0	
Reimbursement of equity (F)	0		0		0	
Reimbursement of long-term debt (G)	450,000		600,000		600,000	
Capitalized costs (H)	0		0		0	
Total (II) Stable uses (E+F+G+H)	3,780,641		4,073,238		4,212,105	
III - Change in working capital requirement	0	368,819	0	44,522	0	1,110,634
IV - Change in cash and cash equivalents	1,197,722	0	0	1,802,950	0	1,415,582
Grand total	4,978,363	4,978,363	4,073,238	4,073,238	4,212,105	4,212,105

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.
- 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 line) 10 years
  - Other property, plant, and equipment:
    - Furniture and fittings 10 years
    - Computer equipment 5 years
    - Office equipment 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

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 01/01/14 to 12/31/14

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 01/01/14 to 12/31/14

Type of commitment	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 01/01/14 to 12/31/14

Compte principal	Description	Amount
2110	Incorporation fees	None
2116	Development costs	None
2118	Other preliminary expenses	None
2120	Costs allocated over several fiscal years	None
	Total	

B2: Nonfinancial assets

From 01/01/14 to 12/31/14 (in MAD thousands)

Description	Gross Balance carried forward	Increase			Decrease			Gross Balance at year-end
		Acquisition	Self constructe assets	Transfers	Disposals	Retirement	Transfers	
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	9,381,994	653,091	0	593,583	127	434	617,543	10,010,563,
Research and development costs	0	0	0	0	0	0	0	0
Patents, trademarks, and similar rights	8,863,951	0	0	587,527	0	0	0	9,451,478
Goodwill	56,426		0	6,056	0	0	0	62,482
Other intangible assets	461,618	653,091	0		127	434	617,543	496,604
Property, plant, and equipment	54,042,695	2,573,570	385	3,207,156	7,603	1,739	3,183,196	56,631,268
Land	941,695	640	0	0	0	0	0	942,334
Buildings	6,392,320	0	0	241,676	0	0	0	6,633,996
Technical plant, machinery, and equipment	39,555,937	0	0	2,815,807	4,134	0	0	42,367,611
Vehicles	149,841	0	0	6,560	2,530	0	0	153,871
Office equipment	4,033,808	0	0	143,113	0	0	0	4,176,921
Other property, plant, and equipment	11,048	0	0	0	0	0	0	11,048
Work in progress	2,958,047	2,572,930	385	0	939	1,739	3,183,196	2,345,488

B2 Bis: Depreciation schedule

From 01/01/14 to 12/31/14 (in MAD thousands)

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	7,071,798	797,344	0	7,869,142
(*) Research and development costs	0	0	0	0
(*) Patents, trademarks, and similar rights	7,028,418	791,607	0	7,820,025
(*) Goodwill	43,380	5,737	0	49,118
(*) Other intangible assets	0	0	0	0
Property, plant and equipment	35,692,707	2,911,983	4,777	38,599,913
(*) Land	0	0	0	0
(*) Buildings	3,669,188	226,350	0	3,895,538
(*) Technical plant, machinery, and equipment	28,678,223	2,449,908	2,247	31,125,884
(*) vehicles	65,447	5,869	2,530	68,787
(*) office equipment	3,279,849	229,855	0	3,509,704
(*) Other property, plant, and equipment	0	0	0	0
(*) Work in progress	0	0	0	0

*(*) **including extraordinary allowances:***

Asset retirement	*160 Mdh*
Corrective action to remedy delays to entry into service	*72 Mdh*
Total of extraordinary allowances	***232 Mdh***

B3: Gains and losses from disposals and retirement of fixed assets

From 01/01/14 to 12/31/14 (in MAD thousands)

Disposal of retirment date	Principal amount	Gross amount	Accumulated depreciation	Net book value	Proceeds from disposal of assets	Gains	Losses
12/10/2014	22850000	127	0	127	203	75	0
12/3/2014	23312101	58	3	55	98	43	0
9/29/2014	23313701	3,690	2,158	1,532	2,956	1,424	0
12/10/2014	23313701	367	82	286	353	67	0
12/10/2014	23315001	19	4	15	18	3	0
03/25/2014	23410000	820	820	0	183	183	0
08/11/2014	23410000	169	169	0	24	24	0
08/13/2014	23410000	400	400	0	210	210	0
10/14/2014	23410000	248	248	0	121	121	0
01/01/2014	23410000	892	892	0	249	249	0
12/03/2014	23900000	279	0	279	500	221	0
12/10/2014	23900000	616	0	616	716	99	0
01/02/2014	25110001	132,187	0	132,187	130,140	0	2,047
11/17/2014	23900000	43	0	43	0	0	43
Total		139,917	4,777	135,140	135,771	2,722	2,090

B4: Equity investments

From 01/01/14 to 12/31/14 (in MAD thousands)

	Operating sector	Share capital	% of interest	Overall acquisition price	Net book value	Derived from latest selected financial data of issuer			Income recorded in statement of comprehensive income
						Closing date	Net equity	Net 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	31-Dec-14			2,066
ADM	Building and operation of Moroccan road network	12,295,629	0.16	20,000	16,000	31-Dec-14			0
THURAYA	Regional satellite operator	5,312,845	0.16	9,872	9,872	31-Dec-14			0
CASANET	Internet service provider	14,414	100	18,174	18,174	31-Dec-14			0
CMC	Financial holding company	344,617	80	399,469	399,469	30-Jun-14			105,063
FONDS AMORCAGE SINDBAD	Seed capital fund	43,000	10	4,479	0	31-Dec-14			0
Médi1 sat	Media (Satellite television)	199,246	8	169,540	104,923	31-Dec-14			0
ONATEL	Telecommunications	585,631	51	2,459,380	2,459,380	31-Dec-14			294,423
Gabon Telecom	Telecommunications	927,276	51	696,641	696,641	31-Dec-14			61,170
Sotelma	Telecommunications	151,437	51	3,143,911	3,143,911	31-Dec-14			330,423
MT FLY SA	Operating aircraft for passenger and/or freight transport	20,300	100	20,300	0	31-Dec-14			0
Total				6,948,220	6,854,824		0	0	793,145

B5: Provisions

From 01/01/14 to 12/31/14 (in MAD thousands)

Description	Opening balance	Allowances			Write-backs			Closing blance
		Operating	Financial	Extraordinary (*)	Operating	Financial	Extraordinary (*)	
1 - Provisions for depreciation of fixed assets	211,334	0	0	127,612	0	0	117,196	221,750
2 - Regulated provisions	0	0	0	0	0	0	0	0
3 - Provisions for contingences and losses	21,061	0	0	0	1,129	0	0	19,931
Sub total (A)	232,394	0	0	127,612	1,129	0	117,196	241,681
4 - Provisions for depreciation of current assets (excluding cash and cash equivalent)	6,702,210	441,956	0	0	149,968	0	0	6,994,197
5 - Other provisions for contingencies	770,941	133,965	61,871	43,834	157,293	26,998	70,704	755,617
6 - Provisions for depreciation of cash and cash equivalents	0	0	0	0	0	0	0	0
Sub total (B)	7,473,150	575,921	61,871	43,834	307,261	26,998	70,704	7,749,814
Total (A+B)	7,705,545	575,921	61,871	171,446	308,391	26,998	187,899	7,991,495

(*) incuding:		(*) incuding:	
		Amortization	02 Mdh
Depreciation of inventories class 2	54 Mdh	Spare parts	43 Mdh
Delays to entry into service of work progress	74 Mdh	Write-backs of provision for SWAP	00 Mdh
		Delays to entry into service of work progress	72 Mdh
Total	128 Mdh		117 Mdh

B6: Receivables

From 01/01/14 to 12/31/14 (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 assets	**37,835**	**23,513**	**763**	**13,560**	**0**	**0**	**16,334**	
Long-term loans	34,341	20,019	763	13,560	0	0	16,334	
Other financial receivables	3,494	3,494	0	0	0	0	0	
Current assets	**12,547,285**	**0**	**3,298,897**	**9,248,388**	**1,247,982**	**1,494,840**	**330,727**	
Trade payables, advances, and deposits	22,260	0	22,260	0	5,603	0	0	
Accounts receivable and related accounts	11,465,354	0	2,489,033	8,976,321	1,069,850	709,346	166,465	
Employees	2,438	0	2,438	0	0	0	0	
Tax receivables	742,976	0	742,976	0	0	742,976	0	
Shareholders' current accounts	0	0	0	0	0	0	0	
Other receivables	291,415	0	19,348	272,068	172,529	35,255	164,262	
Accruals	22,842	0	22,842	0	0	7,262	0	

B7: Liabilities

From 01/01/14 to 12/31/14 (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	**6,874**	**6,874**	**0**		**558**	**0**	**0**	
Debenture bonds	0	0	0	0	0	0	0	0
Other long-term debt	6,874	6,874	0	0	558			0
Current liabilities	**12,793,172**	**131,783**	**12,304,000**	**357,389**	**3,147,590**	**3,172,188**	**224,938**	**0**
Accounts payable and related accounts	7,363,756	131,783	6,897,905	334,068	3,136,225	130,927	210,505	0
Trade receivables, advances, and deposits	9,953	0	9,953	0	9,953	0	14,432	
Employees	666,539	0	666,539		0	0	0	
Social-security authorities	78,591	0	78,591	0	0	78,591	0	0
Tax payable	2,536,059	0	2,536,059	0	0	2,536,059	0	0
Shareholders' current accounts	1	0	0	1	0	0	0	0
Other payables	444,096	0	426,928	17,168	1,412	426,612	0	0
Accruals	1,694,177	0	1,688,025	6,152	0	0	0	0

B8: Guarantees given or received

From 01/01/14 to 12/31/14 (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	18,007	(2)		Guarantees received are from employees	18,007

(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)

(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 01/01/14 to 12/31/14 (in MAD thousands)

Commitments given	Amounts year end	Amounts previous year
Investment not yet realized		
(*) Investment agreement	3,408,268	6,635,314
(*) Investment commitment	2,619,183	1,937,559
	3,408,268	6,635,314
Guarantees from banks		
(*) Documentary credit		
(*) Endorsements	65,541	64,716
	65,541	64,716
Commitment Agreement sponsorship	0	40,875
	0	40,875
Operating lease obligations (*)	15,355	14,093
	15,355	14,093
Commitment of €475,937,340 to acquire securities and shareholder loans held by ETISALAT INTERNATIONAL BENIN LIMITED and ATLANTIQUE TELECOM SA in the following countries: (GABON, BENIN, NIGER, CENTRAL AFRICAN REPUBLIC, TOGO and CÔTE D'IVOIRE)		
This commitment will be fulfilled provided that the regulatory authorities of the countries concerned approve of the change of control.	5,236,263	
Under this transaction, Maroc Telecom will replace companies of the Etisalat Group in the guarantees issued by those companies, in the framework of the day-to-day operations of the acquired companies.		
Guarantees issued by Etisalat on financing of new acquisitions to December 31, 2014 ---> €30.6 million	336,661	
	5,572,924	
Investment Agreement (January 2013).		
Commitment to create 500 direct jobs and stable employment in a period of 36 months		
Jobs created: 405		
Remainder of the Undertaking: 95		
Total	9,062,088	6,754,998

(*) 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 guarentees	1,022,026	1,673,148
Other commitments received		
Commitment by the Morrocan governement to social outreach initiatives		
Investment commitment		
Exemption of the customs duties on the imports relating to the investments		
Total	1,022,026	1,673,148

B10: Finance-lease assets

From 01/01/14 to 12/31/14 (in MAD thousands)

Section	Date of the first term	Contract length in months	Estimated value at the date of the contrat value	Theoritical amortization period	Accumulated fees of previous years	Accumulatedn royalties amount	Remaining royalties to pay		Residuel purchase price	Observations
							Less than one year	More than one year		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
None										

B11: Analysis of statement of comprehensive income (items)

From 01/01/14 to 12/31/14 (in MAD thousands)

Item		Current year 2014	Previous year
711	Operating income		
	Sales of goods	333,838	390,539
	Sales of goods in Morocco	333,838	390,539
	Sales of goods abroad		
	Other sales of goods		
	Total	333,838	390,539
712	Sales of manufactured goods and services rendered	20,122,840	20,261,714
	Sales of manufactured goods in Morocco		
	Sales of manufactured goods abroad		
	Sales of service rendered in Morocco	16,453,809	16,726,225
	Sales of service rendered abroad	3,669,031	3,535,489
	Royalties for patents, trademarks, rights, etc		
	Other sales of manufactured goods and services rendered		
	Total	20,122,840	20,261,714
713	Change in invetories		
	Change in manufactured goods inventory		
	Change in services inventory		
	Change in product inventory WIP		
	Total		
714/718	Other operating income	91,321	118,356
	Directories' fees received		
	Other operating income	91,321	118,356
	Total	91,321	118,356
719	Operating write-backs: expense transfers	444,488	377,665
	Write-backs	308,391	219,070
	Expense transfers	136,097	158,594
	Total	444,488	377,665
	Financial income		
738	Interest and other financial income	6,406	5,186
	Interest and similar income	410	2,150
	Income from receivables of controlled entities		
	Net proceeds from disposal of marketable securities	3,347	
	Other interest and financial income	2,649	3,036
	Total	6,406	5,186

Item		Current year 2014	Previous year
	Operating expenses		
611	Cost of goods sold	831,140	899,271
	Cost of goods	808,426	885,723
	Change in inventory (+/-)	22,713	13,548
	Total	831,140	899,271
612	Raw material and supplies	3,035,332	2,558,589
	Raw materials	0	0
	Change in raw material inventory		
	Supplies and packaging	201,552	198,552
	Change in supplies and packaging inventory	15,437	22,130
	Cost of consumable materials and supplies	394,414	357,689
	Cost of research, surveys, studies, and services	2,423,929	1,980,218
	Total	3,035,332	2,558,589
613/614	Other external expenses	2,713,670	2,786,496
	Rent and rental expenses	244,177	259,915
	Finance lease installments	0	0
	Maintenance and repairs	602,337	633,236
	Insurance premiums	16,508	9,498
	Payments of external staff	148,999	157,558
	Payments for intermediaries and fees	166,335	175,088
	Fees for patents, trademarks, rights, etc.	656,639	677,801
	Transportation	34,845	18,335
	Travel and entertainment expenses	54,544	58,451
	Other external expenses	789,287	796,612
	Total	2,713,670	2,786,496
617	Payroll costs	2,217,539	2,169,249
	Payroll	1,901,760	1,854,068
	Social security	315,779	315,181
	Other payroll costs	0	0
	Total	2,217,539	2,169,249
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
	Financial expenses	0	0
638	Other financial expenses	0	8,846
	Net losses on disposal of marketable securities	0	8,846
	Other financial expenses	0	0
	Total	0	8,846
	Extraordinary expenses	0	0
658	Other extraordinary expenses	205,767	532,102
	Contract cancellation payments and forfeiture of deposits	0	0
	Back tax payments (other than income tax)	0	394,497
	Tax penalties and fines	719	12,953
	Uncollectible receivables	0	0
	Other extraordinary expenses	205,049	124,652
	Total	205,767	532,102

B12: Reconciliation of net income to taxable income

From 01/01/14 to 12/31/14 (in MAD thousands)

I Determination of income	Amount	Amount
I - Net income		
Net profit	6,024,802	
Net loss		
II - Tax add-backs	2,443,941	
1. Ordinary	2,130,792	
Income tax 2013	2,094,858	
Amortization in excess of MAD 300.000	592	
POP Paris expenses (IAM branch)	1,177	
Unrealized foreign exchange gains 2013	33,998	
Gifts exceeding MAD 100 per unit	168	
Donations in cash or kind	0	
Expenses from prior years	0	
2. Extraordinary	313,148	
Amortization	71,898	
Provisions	74,029	
Penalties and fiscal fines	719	
Contribution for the support of social solidarity	120,496	
Provisions for contingencies and losses	43,834	
Expenses from prior years	2,173	
III - Tax deductions		944,605
1. Ordinary		829,847
Unrealized foreign exchange gains 2013		35,577
POP Paris income (IAM branch)		0
Revenues from equity investments		794,270
2. Extraordinary		114,758
Allowance on net capital gains from disposal		0
Provisions & amortization		114,758
Reversal of provisions for impairment of investments		0
Total	2,443,941	944,605
IV - Gross taxable income		
Gross profit		7,524,138
Gross taxable loss		
V - Loss carried forward		0
VI - Taxable income		
Net taxable profit		7,524,138
Net taxable loss		
50% exemption on the export turnover		162,384
(*) Corporate tax		2,094,858

B13: Determination of ordinary income after tax

From 01/01/14 to 12/31/14 (in MAD thousands)

I Determination of income	Amount
Ordinary income from statement of comprehensive income (+)	8,451,187
Add-backs on ordinary operations	35,935
Deduction of ordinary operations	829,847
Ordinary income theoretically taxable (=)	7,657,275
Theoretical tax on ordinary income (-)	2,297,182
Exemption of export revenues	(165,257)
Ordinary income after tax (=)	6,319,262

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 01/01/14 to 12/31/14 (in MAD thousands)

Description	Opening balance 1	Operations 2	VAT returns 3	Closing balance (1+2-3)
A / Invoiced VAT	2,185,473	3,479,698	3,504,003	2,161,167
B / Recoverable VAT	556,602	1,464,524	1,514,057	507,069
(*) On expenses	348,775	918,476	940,129	327,122
(*) On assets	207,827	546,049	573,928	179,948
C / VAT payable (VAT credit) VAT = (A-B)	1,628,871	2,015,173	1,989,946	1,654,098

C1: Shareholder structure

From 01/01/14 to 12/31/14 (in MAD thousands)

Surname, first name, business name of main shareholders (1)	Adress	Stocks held		Nominal value of each stock or share	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		465,940	465,940	0.006	2,795,643	2,795,643	2,795,643
3°/ M. Mohamed Boussaid		0.010	0.010	0.006	0.060	0.060	0.060
4°/ M. Mohamed Hassad		0.010	0.010	0.006	0.060	0.060	0.060
5°/ M. Alami mohamed		2.900	2.900	0.006	17.400	17.400	17.400
6°/ M. Eissa Mohamed Al Suwaidi		0.000	0.001	0.006	0.006	0.006	0.006
7°/ M. Mohamed Hadi Al Hussaini		0.000	0.001	0.006	0.006	0.006	0.006
8°/ M. Ahmed Abdulkarim Julfar		0.000	0.001	0.006	0.006	0.006	0.006
9°/ M. M. Daniel Ritz		0.000	0.001	0.006	0.006	0.006	0.006
10°/ M. Mohammed Saif Al Suwaidi		0.000	0.001	0.006	0.006	0.006	0.006
11°/ M. M. Serkan Okandan		0.000	0.001	0.006	0.006	0.006	0.006
12°/ M. Jean Francois Dubos		0.010	0.010	0.006	0.060	0.060	0.060
13°/ M. Regis Turrini		0.010	0.010	0.006	0.060	0.060	0.060
14°/ M. Jacques Espinasse		0.010	0.010	0.006	0.060	0.060	0.060
15°/ M. Phlippe Capron		1.010	1.010	0.006	6.060	6.060	6.060
16°/ M. Franck Esser		0.010	0.010	0.006	0.060	0.060	0.060
17°/ M. Jean-René Fourtou		0.010	0.010	0.006	0.060	0.060	0.060
18°/ M. Jacques Chareyre		0.100	0.100	0.006	0.600	0.600	0.600
19°/ M. Talbi Abdelaziz		0.010	0.010	0.006	0.060	0.060	0.060
20°/ Other shareholders		149,422	149,422	0.006	896,533	896,533	896,533

(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 01/01/14 to 12/31/14 (in MAD thousands)

	Amount		Amount
A. Source of income (Decision of April 22, 2014)		B. Income appropriation	
		Legal reserves	0
Retained earnings at December 31, 2013	0	Other reserves	24,949
Net income to be allocated	0	Directors' share in profits	0
Net income for the period	5,298,589	Dividends	5,273,640
Withholding from reserves	0	Other allocations	0
Other reserves	0	Retained earnings	0
Total A	5,298,589	Total B	5,298,589

C3: Income and other significant items over the past thee years

From 01/01/14 to 12/31/14 (in MAD thousands)

Description	2012	2013	2014
Net equity of the company			
Shareholders' equity and quasi-equity less capitalized costs	15,232,639	14,029,733	14,780,895
Operations and income from period			
Revenues excluding tax	22,267,626	20,652,253	20,456,679
Income before tax	8,978,214	8,711,013	8,119,660
Corporate income tax	2,473,338	3,412,424	2,094,858
Dividends	8,137,070	6,501,495	5,273,640
Unappropriated income (placed in reserves or to be allocated)	3,845	3,811	24,949
Earnings per share			
Earnings per share for period (MAD)	7.40	6.03	6.85
Dividends per share (*) (MAD)	9.26	7.40	6.00

C4: Transactions in foreign currencies during the year

From 01/01/14 to 12/31/14 (in MAD thousands)

Description	Entry Exchange value	Outgoing Exchange value
Permanent financing		
Gross assets		1,261,190
Receipts from sale of fixed assets	795,813	
Repayment of long-term debt		
Dividends paid		
Income	2,923,699	
Expenses		833,899
Total inflows	3,719,511	
Total outflows		2,095,090
Foreign currency balance		1,624,422
Total	3,719,511	3,719,511

C5: Date of financial statements and subsequent events

I. Dates

Date of statement of financial position (1): 12/31/2014.

Date of preparation of the financial statements (2).

Date of rectifying declaration

(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.

II. Events subsequent to the date of the financial statements and known prior to initial disclosure of the financial statements

Dates	Indication of events
01/26/2015	Maroc Telecom finalized the acquisition of Etisalat subsidiaries in Benin, Ivory Coast, Gabon, Niger, Central African Republic, and Togo. This acquisition also involves Prestige Telecom, which provides IT services to these subsidiaries. The transaction price is €474 million, which includes the purchase of Etisalat's equity interest in these operators, and the outstanding shareholder loans.

Report of the statutory auditors on related-party agreements year ended December 31, 2014

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 2014

Agreements previously authorized by the Supervisory Board:

1.1Technical services agreement with Etisalat

- Relevant persons: Etisalat is the largest shareholder of IAM. The members of management bodies in common are Messrs Eissa Mohammad AL SUWAIDI (vice-president of the Supervisory Board of IAM), Ahmad Abdulkarim JULFAR (member of the Supervisory Board of IAM), Serkan OKANDAN (member of the Supervisory Board of IAM), Daniel RITZ (member of the Supervisory Board of IAM) and Mohammad Hadi AL HUSSAINI (member of the Supervisory Board of IAM).

- ▶ Form of the agreement: written contract.
- ▶ Nature and purpose of the agreement: agreement for the provision of services and technical assistance.
- ▶ Main terms: In May 2014, the Company entered into an IAM service commitment agreement with the company Emirates Telecommunications Corporation (Etisalat), under which it will provide, either directly or through its subsidiaries, technical support services. These services are delivered primarily through provision of expatriate staff.
- ▶ Services or products delivered or provided: No provision of technical assistance especially in the fields provided at the service-level agreement has been made in favor of AMI or directly by the company Emirates Telecommunications Corporation (Etisalat) or indirectly via the one of its subsidiaries.
- ▶ Amounts paid: None.

1.2 Convention on the acquisition of subsidiaries Etisalat

- ▶ Relevant persons: Etisalat is the largest shareholder of IAM. The members of the management bodies in common are Messrs Eissa Mohammad AL SUWAIDI (Vice-president of the Supervisory Board of IAM), Ahmad Abdulkarim Julfar (Member of the Supervisory Board of IAM), Serkan Okandan (Member of the Supervisory Board of IAM), Daniel RITZ (Member of the Supervisory Board of IAM) and Mohammad Hadi Al HUSSAINI (member of the Supervisory Board of IAM).
- ▶ Fform of the agreement: Written contract.
- ▶ Nature and purpose of the agreement: Acquisition of Securities participation
- ▶ ain terms: In May 2014, the IAM Company entered into an agreement with the company Emirates Telecommunications Corporation (Etisalat) on the acquisition of subsidiaries presented below:
    - » Etisalat Benin SA.
    - » Atlantique Telecom Ivory Coast.
    - » Atlantique Telecom Togo.
    - » Atlantique Telecom Gabon.
    - » Atlantique Telecom Niger.
    - » Central Atlantic Telecom.
    - » Prestige Telecom Ivory Coast.
- ▶ Services provided: The agreement concerns the payment of IAM totaling 474 million euros in the acquisition of the mentioned subsidiaries. The payment was not yet realized at 31 December 2014.
- ▶ Amounts received: None.

2. Related-party agreements concluded in previous years that remained effective in 2014

2.1 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.

The Supervisory Board of July 18, 2014 authorized the renewal of this agreement for the period from September 1st, 2014 to September 1st, 2017 and this for an amount of 4 million dirhams including support for the IAM organization of the Mohammed VI Athletics' Meeting plus the assumption of costs relating to travel and missions of the President of the FRMA.

- 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, 2014, the balance due for this agreement had been fully reimbursed.

- Amounts paid: IAM paid MAD 4 million in 2014.

2.2 Agreement with MT Fly for advance payment

- Relevant persons: IAM is the largest shareholder of MT Fly. The members of management bodies in common are Messrs. Larbi GUEDIRA (member of the IAM Management Board) and Oussama EL RIFAI (member 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 but was not renewed in 2014.

- Services provided: advance payment for air-transport services.

Services invoiced by MT Fly in 2014 amounted to MAD 16,3 million (incl. tax), of which MAD 2,2 million thousand was deducted from the prepaid credit, resulting in a payment of MAD 7,4 million.

At December 31, 2014, the balance on advance payment is zero.

- Amounts paid: In 2013, IAM debited MAD 2,2 million from the prepaid credit and paid MAD 7,4 million.

2.3 Agreement with Sotelma

- Relevant persons: IAM is the largest shareholder of Sotelma. The members of management bodies in common are Messrs. Larbi GUEDIRA (member of the IAM Management Board), Oussama EL RIFAI (member of the IAM Management Board) and Hassan RACHAD (member of Management Board of IAM).
- 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 2014, IAM provided Sotelma with technical assistance.

December 31, 2013, the amount invoiced by IAM to Sotelma was MAD 15.3 (excl. tax).

The balance payable at December 31, 2013, totaled MAD 2.6.

- Amounts received: IAM received MAD 15.,5 in 2014.

2.4 Contrat with Onatel

- Relevant persons: IAM is the largest shareholder of Onatel. The members of management bodies in common are Messrs. Larbi GUEDIRA (member of the IAM Management Board), Oussama EL RIFAI (member of the IAM Management Board) and Hassan RACHAD (member of Management Board of IAM).
- 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 2014, 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, 2014, the amount invoiced for services rendered in 2014 and paid by Onatel totaled MAD 11,8 million (excl. taxes).

At December 31, 2014, the Onatel receivable on IAM's books totaled MAD 2,1 million.

- Amounts received: IAM received MAD 11,9 million in 2014.

2.5 Contract with Gabon Telecom

- Relevant persons: IAM is the largest shareholder of Gabon Telecom. The members of management bodies in common are Messrs. Larbi GUEDIRA (member of the IAM Management Board), Oussama EL RIFAI (member of the IAM Management Board) and Hassan RACHAD (member of Management Board of IAM).
- 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 2014, 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 17 million (excl. tax).

At December 31, 2013, the Gabon Telecom receivable on IAM's books stood at MAD 2.3 million.

- Amounts received: IAM received MAD 22.1 million in 2014.

2.6 Contract with Mauritel

- Relevant person: IAM is the largest shareholder of Mauritel. The members of management bodies in common are Messrs. Larbi GUEDIRA (member of the IAM Management Board) and Oussama EL RIFAI (me member 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 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 13.1 million (excl. tax) in 2014.

At December 31, 2014, the Mauritel receivable on IAM's books stood at MAD 3.4 million.

- Amounts received: IAM received MAD 12.3 million in 2014.

2.7 Agreement with Casanet for current-account advance

- Relevant person: IAM is the largest shareholder of Casanet.
- 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.

In 2008, Itissalat Al Maghrib made a current-account advance of MAD 2,300 thousand to Casanet.

In 2010, Itissalat Al Maghrib made a current-account advance of MAD 1,028 thousand to Casanet.

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.

At December 31, 2014, the current-account balance totaled MAD 6,100 thousand.

- Products or services delivered or provided: advance on non-interest-bearing current account.
- Amounts received or paid : None

2.8 Contract with Casanet

- Relevant person: IAM is the largest shareholder of Casanet.
- Form of the agreement: written contracts.
- 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;

» standardization and posting of banner ads of Menara portal;

» transmission of SMS for IAM;

» Hosting and maintenance of the website.

At December 31, 2013, the expense recognized by IAM under these agreements amounted to MAD 103.9 million (excl.tax, including not yet billed for 17.8 million dirhams).

Payables totaled MAD 35.2 million at December 31, 2014.

- Amounts paid: IAM paid MAD 122,7 million in 2014.

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.

Furthermore, since May 14, 2014, Vivendi is no longer one of the major shareholders of IAM and service commitment agreement with SFR has been terminated.

- Products or services delivered or provided: SFR has provided any technical assistance in 2014 to IAM.

IAM has therefore supported any amount in respect of the agreement for the provision of technical assistance work during 2014.

At December 31, 2014, the debt-balance totaled MAD4.1 million.

- Amounts paid: IAM paid MAD 4.7 million in 2014.

1.1 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 2014 was MAD 3.6 million. At December 31, 2014, payables totaled MAD 3.6 million.
- Amounts paid: IAM paid MAD 207,9 million in 2014.

2.10 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.

Furthermore, since May 14, 2014, Vivendi SA (indirect shareholder of Media Overseas) is no longer the main shareholders of IAM.

- Products or services delivered or provided: IAM provides ADSL TV access and distributes "CANAL+ Maghreb" prepaid cards.

During 2014, no amounts were expensed by IAM under these agreements.

At December 31, 2014, the Multi TV Afrique account on the books of AMI was settled.

- Amounts paid: IAM paid MAD 4 million in 2014.

February 23, 2015

THE STATUTORY AUDITORS

KPMG	**Abdelaziz ALMECHATT**
Fouad LAHGAZI	Abdelaziz ALMECHATT
Partner	Partner

2014
REGISTRATION DOCUMENT

05

Recent developments and outlook

5.1 Recent developments

Ordinary Shareholders' Meeting of April 30, 2015

Itissalat Al-Maghrib, a Moroccan Corporation (Société Anonyme) with Management and Supervisory Boards and share capital of MAD 5,274,572,040, whose headquarters are in Rabat, Avenue Annakhil, Hay Riad, and which is registered under number 48947 in the Rabat Company Register, hereby invites shareholders to its headquarters on April 30, 2015, at 3 p.m. for an ordinary general meeting convened to deliberate on the following agenda:

1. Approval of the annual reports and summary statements for the year ended December 31, 2014;
2. Approval of the consolidated financial statements for the year ended December 31, 2014;
3. Approval of the related-party agreement covered in the special report of the Statutory Auditors;
4. Fixing the attendance fees envelope;
5. Use of earnings for fiscal 2014 – Dividend;
6. Revocation of the current stock buyback program and authority given to the Management Board to trade in the shares of the company;
7. Powers to perform formalities.

Award of the 4G licenses

The ANRT has launched a call to tender for the implementation and operation of public telephony networks using 4G mobile technologies.

Following the evaluation of cases filed March 12, 2015, Morocco Telecom was awarded the "License B" against one billion DH TTC.

In addition to the amounts of the financial consideration, the three operators will contribute a total of MAD 860.4 million including tax to the cost of upgrading the radio frequency spectrum.

Completion of the acquisition of subsidiaries of Etisalat

Maroc Telecom finalized the acquisition of Etisalat subsidiaries in Benin, Ivory Coast, Gabon, Niger, Central African Republic, and Togo on January 26, 2015. This acquisition also involves Prestige Telecom, which provides IT services to these subsidiaries. The transaction price is €474 million, which includes the purchase of Etisalat's equity interest in these operators, and the outstanding shareholder loans. The price will be paid in four annual tranches amounting to €102 million each (the first tranche paid on the closing date), and a fifth and last tranche of €66 million. Furthermore, Etisalat signed with Maroc Telecom a four-year interest-free loan of USD200 million in order to contribute to the required investments in the six operators.

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 assessments 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 favorable economic and social factors and the generalized use of information and communication technologies. Morocco should benefit particularly from:

- growth forecast in 2015: GDP is expected to grow 4.4% in 2015 (source: Ministry of Finance); the IMF estimates growth of about 4.5% and a budget deficit of 4.3% in 2015;
- a population growing at an annual rate of 1.25%% and increasingly urban and young: 60.3% of the population lives in urban centers (source: latest census of the High Commission for Planning, 2014);
- significant investments in road, rail, and maritime infrastructures;
- a major long-term program to combat poverty and social exclusion (National Initiative for Human Development, or INDH, launched in 2005);

In 2014, the Moroccan mobile market saw a rise in mobile usage, due mainly to significant rate reductions by operators. Increasing competition, especially in the prepaid segment, spurred growth in the mobile customer base to 4% in 2014. According to the ANRT, the mobile penetration rate stood at 133% at December 31, 2014, compared with 129% at December 31, 2013. 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 2014, Bank of America Merrill Lynch), the Moroccan market's growth potential remains high.

The Company expects to benefit from increased usage, especially in the use of mobile data through the rollout of 4G, which is expected to occur in 2015. The Company also considers that intense competition in the fixed-line/internet segment, with the possibility of new operators attracted by unbundling, could lead in the short term to a loss in operator market share, while revitalizing the market and growth.

The definitive execution of the agreement signed with Etisalat on January 26, 2015, to acquire the Etisalat subsidiaries in Benin, Ivory Coast, Gabon, Niger, the Central African Republic, and Togo, expanded the scope of activity of the Maroc Telecom Group to 10 countries. This increased the Group's International sales to in excess of 40%, reducing its exposure to its domestic market and doubling the population of potential customers.

In sub-Saharan Africa, where Maroc Telecom's principal subsidiaries operate, the telecommunications market offers very high growth potential because of:

- rapid, sustained economic growth estimated at 5.8% in 2015 against 5.1% in 2014 (source: International Monetary Fund);
- the sharp increase in public and private investment;
- a penetration rate that is expected to grow significantly in the coming years (the number of subscribers in Sub-Saharan Africa expected to increase from 253 million in 2013 to 346 million in 2017; Source: Wireless Intelligence).

5.3 Objectives

This section 5.3 contains information regarding the Company's objectives for fiscal year 2015. 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 interpreted 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" may affect the Company's operations 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 2015 at constant perimeter, is as follows:

- Stable revenues;
- A slight drop in EBITDA;
- CAPEX around 20% of revenues, excluding frequencies, licenses and 4G investments in Morocco.

Report of the statutory auditors on profit forecasts

Mr. Chairman:

In our capacity as Statutory Auditors and in accordance with European Regulation (EC) 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 2014 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) 809/2004 and the CESR recommendations on profit forecasts.

Our responsibility, in accordance with the terms of annex I, item 13.2, of European Regulation (EC) 809/2004, is to state our conclusions on the appropriateness of the preparation of such forecasts.

We have conducted our work in accordance with international auditing standards. Our audit consisted of an assessment of the procedures used by management to prepare the forecasts. We planned and performed our audit 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 and that we are not making any conclusions as to the achievability of such forecasts.

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 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. It may not be used in any other context.

April 8, 2015

THE STATUTORY AUDITORS

KPMG	**Abdelaziz ALMECHATT**
Fouad LAHGAZI	Abdelaziz ALMECHATT
Partner	Partner

Maroc Telecom

2014

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06

Notes to the financial statements

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Registration document

NA: not applicable

In compliance with Article 28 of European Commission regulation (EC) 809/2004 dated April, 29, 2004, the following information is included for reference in this Registration Document:

- *The consolidated financial statements for the year ended December 31, 2013, and the relevant statutory auditors' report presented on pages 152, 201, and 234 of registration document no. D14-0276 filed with the AMF on April 2, 2014;*
- *The consolidated financial statements for the fiscal year ended December 31, 2012, and the relevant Statutory Auditors' report and the Group financial report presented on pages 158 and 159 of registration document No. D.13-0386 filed with the AMF on April 18, 2013.*
- *The consolidated financial statements for the fiscal year ended December 31, 2011, and the relevant Statutory Auditors' report and the Group financial report presented on pages 197, 198 and 179 of Registration Document No. D.12-0385 filed with the AMF on April 23, 2012.*
- *The consolidated financial statements for the fiscal year ended December 31, 2010, and the relevant Statutory Auditors' report and the Group financial report presented on pages 206, 207 and 172 of Registration Document No. D.11-0284 filed with the AMF on April 12, 2011.*
- *The consolidated financial statements for the fiscal year ended December 31, 2009, and the relevant Statutory Auditors' report and the Group financial report presented on pages 179, 180 and 142 of Registration Document No. D.10-0321 filed with the AMF on April 26, 2010.*
- *The consolidated financial statements for the fiscal year ended December 31, 2008, and the relevant Statutory Auditors' report and the Group financial report presented on pages 185, 186 and 146 of Registration Document No. D.09-0289 filed with the AMF on April 24, 2009.*
- *The consolidated financial statements for the fiscal year ended December 31, 2007, and the relevant Statutory Auditors' report and the Group financial report presented on pages 186,187, and 146 of Registration Document No. D 08-0323 filed with the AMF on April 28, 2008.*
- *The consolidated financial statements for the fiscal year ended December 31, 2006, and the relevant Statutory Auditors' report and the Group financial report presented on pages 135, 175 and 106 of Registration Document No. R 07-0058 filed with the AMF on May 9, 2007*
- *The consolidated financial statements for the fiscal year ended December 31, 2005, and the relevant Statutory Auditors' report and the Group financial report presented on pages 124, 167 and 98 of Registration Document No. R 06-031 filed with the AMF on April 11, 2006*
- *The consolidated financial statements for the fiscal year ended December 31, 2004, and the relevant Statutory Auditors' report and the Group financial report presented on pages 157, 131 and 100 of Registration Document No. R 05-038 filed with the AMF on April 8, 2005*
- *The consolidated financial statements for the fiscal year ended December 31, 2003, and the relevant Statutory Auditors' report and the Group financial report presented on pages 160, 122 and 208 of Registration Document 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 2014

The following table lists financial information published or made public by Maroc Telecom over the past twelve months (March 22, 2014 to March 21, 2015), pursuant to Article L. 451-1-1 of the Monetary and Financial Code, and Article 221-1-1 of the AMF General Regulations:

Date	Document
April 3, 2014	Press release, publication of 2013 Registration Document
April 28, 2014	Press release, Q1 2014 results
July 4, 2014	Interim report; liquidity contract (Paris); share-price-stabilization contract (Casablanca)
July 20, 2014	Press release, H1 2014 results
October 26, 2014	Press release, results of first nine months of 2014
January 7, 2015	Interim report; liquidity contract (Paris); share-price-stabilization contract (Casablanca)
February 23, 2015	Press release, annual results for 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 2014

In accordance with the provisions of Article 221.1.2 of the AMF General Regulations, the table below shows the amount of the fees paid by the Maroc Telecom Group to each of its Statutory Auditors for fiscal year 2014:

(in MAD millions)	Maroc Telecom Group			Total 2014
	KPMG	Abdelaziz Almechatt	Other	
Statutory auditors' fees	6.36	2.41	-	8.77
Other audit missions	-	-	-	-
Total	6.36	2.41	-	8.77

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.asp

Ordinary shareholders' meeting of april 30, 2015

Draft resolutions

First resolution: approval of the reports and summary annual financial statements for the year ended december 31, 2014

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, 2014,

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, 2014.

Second resolution: approval of the consolidated financial statements for the year ended december 31, 2014

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, 2014.

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: fixing the attendance fees envelope

Having satisfied the quorum and majority requirements pertaining to ordinary general meetings of shareholders, the General Meeting decided to allocate, as attendance fees to the members of the Supervisory Board, the annual sum of 2.54 million dirhams. The conditions and rules for distribution will be determined annually by the Supervisory Board meeting. This decision will remain valid until a new decision is taken by the General Meeting.

Fifth resolution: appropriation of earnings for 2014 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, 2014, which amount to MAD 6,024,801,877.22:

Distributable earnings	MAD 6,024,801,877.22
Withholding on reserves	MAD 40,955,968.78
Total distributable amount	MAD 6,065,757,846.00
Total dividend (*)	MAD 6,065,757,846.00
Optional reserve (*)	MAD 0.00

(*) 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 6.9 (six point nine) for each share of those comprising the share capital and held on the record date. The dividend payment date is from June 2, 2015.

Ordinary dividends were paid in the past three years as follows:

Fiscal years	2013	2012	2011
Dividend/share (MAD)	**6.00**	**7.40**	**9.26**
Total distribution (MAD million)	**5,274**	**6,501**	**8,137**

Sixth 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 casablanca stock exchange

Having reviewed the report of the Management Board, the Ordinary General Meeting hereby resolves to abrogate the share-buyback program authorized by the ordinary general meeting of shareholders of April 22, 2014, with a view toward to regulate the IAM share price, and due to expire on November 4, 2015.

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 regulate 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 to regulate 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 the lower of the two following limits:

- 300,000 shares, or 20% of the total shares covered by the buyback program ;
- The maximum limit allowed by the texts quoted above.

The new buyback program concerning the Itissalat Al-Maghrib securities shall have the following characteristics:

Maximum number of shares to be held within the scope of the share-buyback program, including shares covered by the liquidity agreement	0.17% of the capital, 1,500,000 shares
Maximum expenditure allowable for implementation of buyback program	MAD228,000,000
Authorized period	18 months
Program calendar	May 12, 2015 to November 11, 2016
Share price (excluding commissions):	
Minimum sale price	MAD87 (or equivalent in €) per share
Maximum purchase price	MAD152 (or equivalent in €) 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 22, 2014, 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.

Seventh 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

4G : 4G, short for fourth generation, is the fourth generation of HYPERLINK "/wiki/Mobile_telephony"mobile telecommunications technology, succeeding HYPERLINK "/wiki/3G"3G and preceding HYPERLINK "/wiki/5G"5G. A 4G system, in addition to the usual voice and other services of 3G, provides mobile broadband Internet access

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 postal services.

ANRT (Agence Nationale de Règlementation des Télécommunications). The Moroccan telecommunications regulator.

ARCEP. Regulatory authority for electronic communications and postal services.

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. An indicator that is calculated by dividing the number of contracts terminated (by clients subscribing to prepaid and postpaid offers) over a given period by the average total customer base (prepaid and postpaid) over the same period, expressed on an annualized 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.

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 geographic segment.

CAMEL (Customised Applications for Mobile Networks Enhanced Logic). A technology that enables a user to call his home country without needing an area code. The technology works for short messages (SMS) as well as voice calls.

CGSUT. Telecommunications Universal Service Management Board.

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 monthly average customer base corresponds to a given month's mean number of customers taken at the beginning and at the end of that month.

Dropped-call rate. A quality indicator that measures, across the whole of the existing mobile customer base, the number of disconnected calls in proportion to all the calls made on the network.

DSLAM (Digital Subscriber Line Access). ADSL equipment 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 mobile-phone standard that is backward-compatible extension of GSM and that is an advancement on GPRS.

Fault report rate. A 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. Fidelio was the first points-based loyalty introduced in Morocco. Launched on June 1, 2002, 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 data, 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 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 platform (Intelligent Network). Platform allowing value-added services to be made available (prepaid card, prepaid line, kiosk, capped rate plan, etc.).

Intelligent Network Call center. Call center solution offered by Maroc Telecom, aimed at companies for which customer relationship management is strategically crucial. This solution enables businesses to set up customer-response solutions with minimum investment. All call center functions can be managed within Maroc Telecom's 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 carries international calls to foreign operators' networks.

Inter-segment revenues. Inter-segment revenues are mainly generated from interconnection services relating to traffic between the fixed-line and mobile networks and the provision to the mobile segment of leased lines by the fixed-line segment. Since July 1, 2004, inter-segment revenues also include revenues from the provision of interconnection services with 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). A company or an organization offering Internet access to retail, business or corporate users.

Kbps (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. 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 (video, 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). A central switching point for mobile service that controls the routing of calls.

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, in particular switchgear, required to make up 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 Mbps telephone network.

Postpaid (services). Formula whereby services are paid for after 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 before being used (free services may also be included in this formula).

PSTN (Public Switched Telephone Network). This is the traditional two wire network. This network is switched in so far as the connection with the person being called 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, and 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. Radio network in which the means of transmission are shared between users of multiple companies or agencies for internal communications. The key feature of this sharing is that these resources are allocated to users only for the duration of each call.

Signaling Transfer Point (STP) system. 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) card. Without a SIM card, calls cannot be made from a mobile phone. In particular, the SIM card stores the user's personal profile and a PIN code 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.

SMS (Short Message Service). Written message, limited to 160 characters, exchanged between mobile telephones.

SMSC (Short Message Service Center) server. Service allowing the sending and reception of written messages containing a maximum of 160 characters. Messages can be sent via an operator, via the Internet or directly using the keyboard on a mobile phone. If the recipient's phone is turned off the messages are still saved at the operator's message center. The length of time these messages are stored for varies depending on the operator. Nonetheless, in order for messages to be received, the maximum storage capacity of the handset must not have been reached.

SMW3 (SEA-ME-WE3/Southeast Asia – Middle East – Western Europe). Fiber-optic submarine cable linking four continents.

SS7 (Signaling System 7). American name for the CCITT 7 network signaling protocol.

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.

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.

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 customer base (on the BSS radio part) in relation to all calls made on 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 networks 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 broadband services.

USF. Universal Service Fund.

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