REGISTRATION DOCUMENT 2012

Maroc Telecom

REGISTRATION DOCUMENT 2012

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

This Registration Document was filed on April 18, 2013, pursuant to Article 212-13 of the Financial Market Authority's Regulation. It may not be used in support of a financial transaction unless it is accompanied by a transaction note endorsed by the Financial Market Authority.

CONTENTS

Highlights & Key figures

JANUARY

- On January 1, 2012, the annual price cut for mobile call-termination charges enters into force, with asymmetric rates maintained until December 31, 2012.
- Maroc Telecom launches Heure Jawal Tout Temps for prepaid customers, an offer of one hour of calls to all domestic destinations, 24/24 for seven days, at a subscription rate of MAD 29.
- Maroc Telecom offers 30 minutes of international calls, valid to both fixed lines and mobiles in southern Europe, northern Europe, and North America (24/24). The subscription rate is MAD 29.

FEBRUARY

- Maroc Telecom overhauls the top-up system for Jawal Classique (prepaid plan billed in 20-second increments after the first indivisible minute), Jawal Thaniya (prepaid plan billed per second), and capped rate plans, through the introduction of permanent double/triple top-ups (outside promotional offers) and quintuple top-ups during promotional offers.
- Maroc Telecom launches a promotional offer of one hour of calls for a MAD 20 top-up for Jawal Classique, valid to all domestic destinations, 24/24, for seven days.
- Maroc Telecom lowers rates by as much as 58% for calls from fixed lines to domestic mobiles and restricted-mobility fixed lines. The new rate is MAD 1.20 (incl. tax), valid 24/24, for residential and business customers with standard or capped subscription plans.
- Mauritel launches Quatro, which offers MRO 500 of All-Net calls, MRO 3,500 of On-Net (valid seven days), and 400 On-Net SMS/MMS with 40 Mo of data (valid 40 days).
- Gabon Telecom launches Libertisim, a new subscription plan, at CFA franc 400. The plan provides CFA franc 3,000 of credit, 50 SMS, one mega of internet connection, and a double call credit.

MARCH

- Maroc Telecom launches a promotional offer of one hour of calls for a MAD 20 top-up for Jawal Thaniya. Maroc Telecom also offers to double all top-ups of MAD 5 or more, resulting in a rate of MAD 1.5 cents per second (i.e., MAD 90 cents per minute).
- Maroc Telecom extends its range of rate plans with offers to all customers of one free additional hour for all rate plans of three to seven hours, two additional hours for all rate plans of eight to 30 hours, and five additional hours for the 75-hour rate plan, to all destinations, 24/7.
- The ANRT approves Maroc Telecom's fixed-line and mobile network-interconnection rates.

APRIL

- Maroc Telecom doubles bandwidth for ADSL, MT DUO (double play), and MT BOX (triple play) plans, at no additional charge. For ADSL customers, the entry-level bandwidth is now 4 Mb/s, at a rate of MAD 99.
- Maroc Telecom launches a new range of SIM-card-only mobile rate plans with a reduced monthly subscription rate (capped and uncapped rate plans). A reduction of MAD 25 per month is offered for rate plans of four to eight hours, and a reduction of MAD 35 per month is offered for rate plans of ten hours and more.
- Commissioning of Loukkos submarine cable linking Asilah (Morocco) and Rota-Seville (Spain), bringing Maroc Telecom's international bandwidth to 160 Gb/s.

MAY

- Maroc Telecom offers a quadruple top-up (four times the top-up amount in call credit, instead of three times) for all top-ups of MAD 5 to MAD 30, and a quintuple top-up for top-ups of MAD 50 and more.
- Maroc Telecom lowers rates by as much as 83% for calls from consumer fixed lines to domestic mobiles and to both fixed lines and mobiles of major international destinations. Call rates are now standardized at MAD 1 (incl. tax) for two minutes to domestic fixed lines and mobiles and to major international destinations.
- Implementation in Morocco of a one-off tax in 2012 corresponding to 2.5% of net income in 2011, in support of the national solidarity fund.
- The ANRT approves Maroc Telecom's rate plan for local-loop access.

JUNE

- Maroc Telecom offers a quintuple top-up (five times the top-up amount in call credit) for all top-ups of MAD 5 to MAD 30, and a sextuple top-up (six times the top-up amount in call credit) for top-ups of MAD 50 and more.
- Application in Gabon of the governmental order concerning the tax on inbound international calls. This order sets the minimum call-termination rate for inbound international calls at CFA franc 137 per minute and a transfer of 34.3% of revenue generated by inbound international traffic.
- The ANRT carries out an identification audit of Maroc Telecom’s 2G and 3G customers.
- The ARE (Mauritanian telecoms regulatory authority) eliminates the asymmetric termination charges that Chinguitel enjoyed for its GSM mobile network. A flat rate for the mobile networks of the three operators has been applied since July 1, 2012.
- Sotelma offers unlimited calls to Malitel fixed lines from 23h00 to 8h00, for CFA franc 490.

JULY

- Maroc Telecom offers a 3G-internet triple top-up for all top-up cards, for as little as MAD 10.
- New reduction of mobile call-termination rates in Morocco, effective July 1.
- In Burkina Faso, Onatel launches the international top-up transfer, with Orange France.

AUGUST

- Maroc Telecom launches the quintuple top-up for top-ups of MAD 5 to MAD 30, and the septuple top-up for top-ups of MAD 50 and more.
- Maroc Telecom offers the 3G-internet double top-up for all top-ups of MAD 10 or more.
- Maroc Telecom doubles 3G-internet bandwidth for prepaid customers.
- Maroc Telecom cuts call charges from telestores and prepaid cards to national mobile operators, to MAD 1 (incl. tax) per minute.

SEPTEMBER

- Maroc Telecom launches the permanent offer of a MAD 100 top-up for 3 hours of access to 3G internet at 3.6M/bs.
- In Mali, granting of a third mobile license to the Planor / Kome Cesse / Monaco Telecom consortium.

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OCTOBER

- In Mali, a voluntary redundancy plan is launched by Sotelma.
- In Burkina Faso, the regulatory authority bans the sale by mobile operators of pre-activated SIM cards.

NOVEMBER

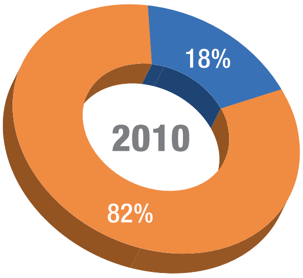
- In Gabon, an agreement is signed for the collection of 2010 and 2011 public debt, in the amount of 29 million.
- In Mauritania, Mauritel launches a voluntary redundancy plan.

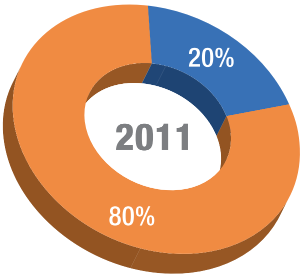
DECEMBER

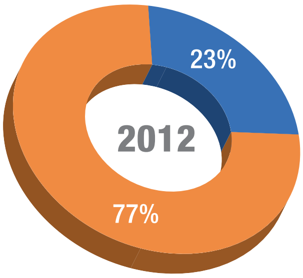
- The Moroccan parliament approves the 2013 Finance Act and the following new measures: renewal of exceptional contribution to solidarity fund, with the rate reduced from 2.5% to 2.0% of net earnings; hike from 10% to 15% of withholding tax rate for dividends.
- The ANRT confirms the introduction on January 1, 2013, of symmetric mobile call-termination rates between operators, and sets a new single rate of MAD 0.1399 (excl. tax).
- For the first time, the ANRT publishes the performance indicators for service quality of mobile 3G internet data. The points addressed are: accessibility, connection time, connection rate, and incoming and outgoing bandwidth.
- At December 31, 2012, 1,404 employees have been affected by the voluntary redundancy plan launched in early June 2012 in Morocco, and 117 employees in Mali and Mauritania.

Highlights
& Key figures

REVENUES BY GEOGRAPHICAL AREA (in million MAD)

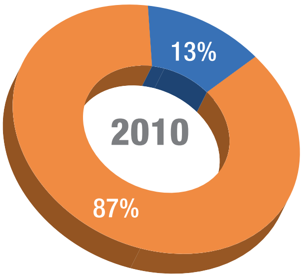


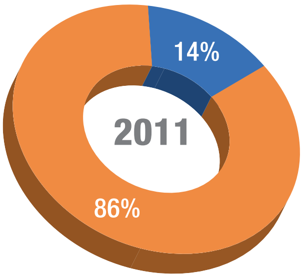


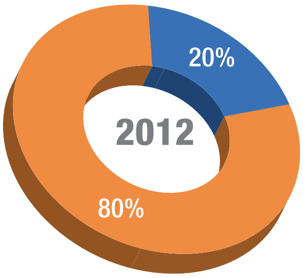


	2010	2011	2012
MOROCCO	26,191	25,030	**23,178**
INTERNATIONAL	5,572	6,066	**7,079**
TOTAL	31,617	30,837	**29,849**

EBITDA BY GEOGRAPHICAL AREA (in million MAD)

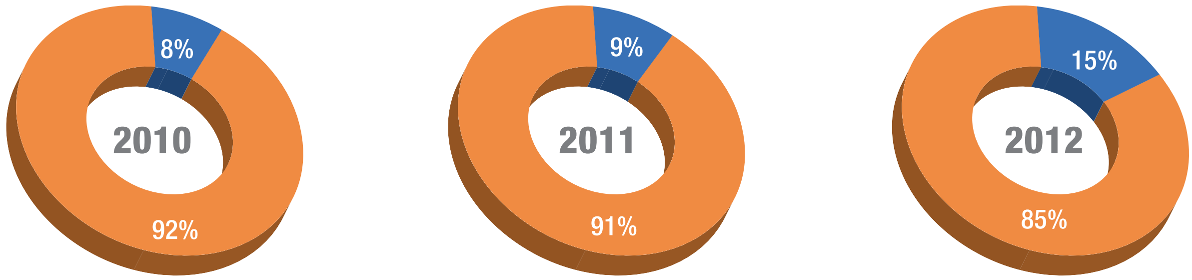






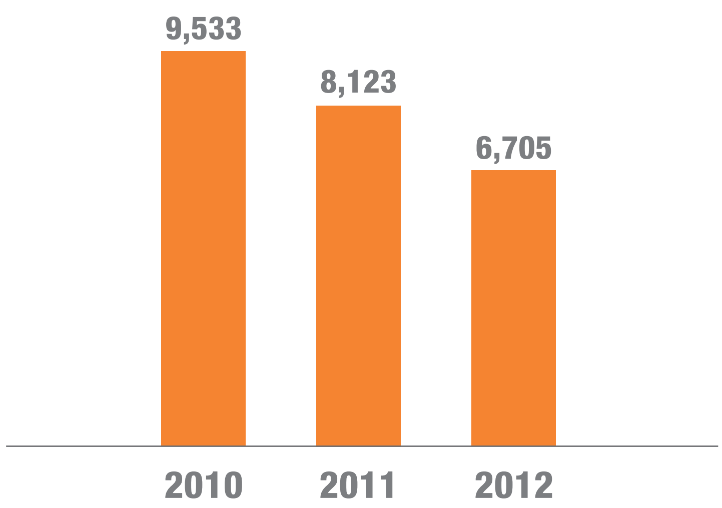
	2010	2011	2012
MOROCCO	16,217	14,557	**13,414**
INTERNATIONAL	2,388	2,439	**3,290**
TOTAL	18,605	16,996	**16,703**

EBITA (BEFORE RESTRUCTURING) BY GEOGRAPHICAL AREA (in million MAD)

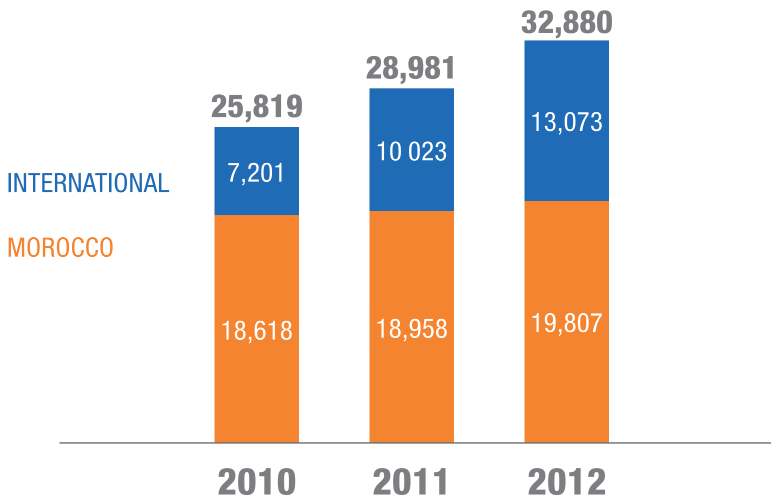


	2010	2011	2012
MOROCCO	13,209	11,262	**10,020**
INTERNATIONAL	1,118	1,113	**1,815**
TOTAL	14,327	12,375	**11,835**

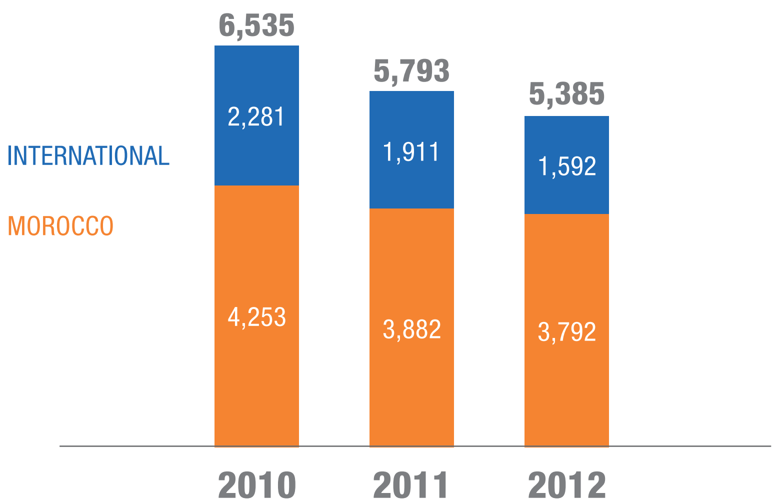
NET EARNINGS – GROUP SHARE (in million MAD)



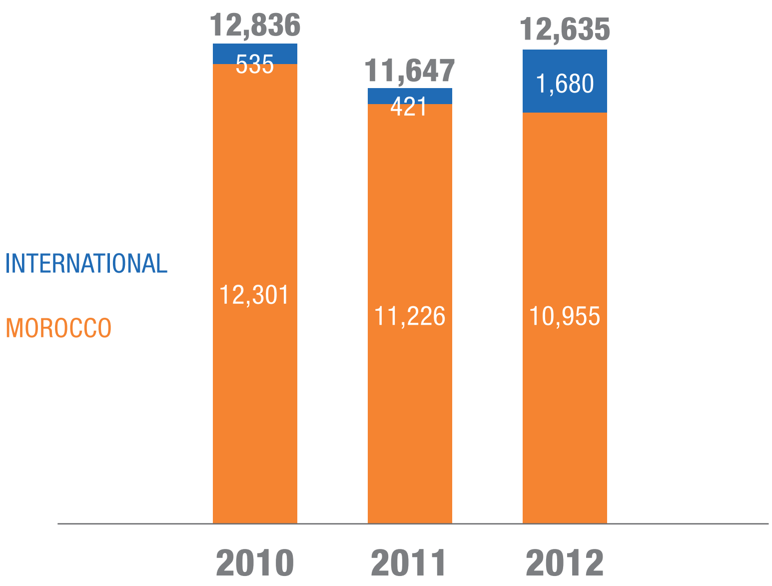
CUSTOMER BASE BY GEOGRAPHICAL AREA (in thousand of customers)



CAPITAL EXPENDITURES (in million MAD)



CFFO (BEFORE RESTRUCTURING) **BY GEOGRAPHICAL AREA** (in million MAD)



1

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

In this Registration document, «Maroc Telecom» or "the Company" refers to the company Itissalat Al Maghrib, and "the Group" refers to the group constituted by the Company and all direct and indirect subsidiaries, as described in Chapter 4.

1.1 PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

Mr. Abdeslam AHIZOUNE
Chairman of the Management board

1.2 CERTIFICATION OF THE REGISTRATION DOCUMENT

Having taken all reasonable care to ensure that such is the case, I certify that the information contained in this Registration document accurately reflects, to the best of my knowledge, the facts and contains no omission that would be likely to affect its meaning.

I attest, to my knowledge, that the accounts are established in accordance with the applicable accounting standards and give a faithful image of the financial statement and result of the company and all of the consolidated companies, and that the management report (appearing in chapters 3 and 4 of this Registration document) gives a faithful presentation of the evolution of the businesses, results and financial statements of the Company and its consolidated companies as well as a description of the principal risks and contingences that they face.

I have obtained a letter from the statutory auditors Mr. Abdelaziz ALMECHATT and KPMG Maroc represented by Mr. Fouad LAHGAZI, confirming that they have completed their work and indicating that they have verified the financial position and the financial statements included in this Registration document and that they have reviewed the document as a whole.

Historical financial information presented in the Registration Document was the subject of Statutory auditor's reports:

- The Statutory auditor's report on the consolidated financial statements for the year ended December 31, 2012, presented on page 158 of this Registration document, contains one observation indicate procedures for the tax audit underway for the years 2005 to 2008, and explains the Company's position (Note 14).
- The Statutory auditor's report on the individual financial statements for the year ended December 31, 2012, presented on page 205 of this Registration document, contains an observation on the B5 declaration, which indicates procedures for the tax audit underway for the years 2005 to 2008, and explains the Company's position.
- The Statutory auditor's report on the consolidated financial statements for the year ended December 31, 2011, presented on page 197 of Registration document D.12-0385 filed with Autorité des Marchés Financiers (hereinafter "AMF", the French securities regulator) on April 23, 2012 contains one observation indicate procedures for the tax audit underway for the years 2005 to 2008, and explains the Company's position (Note 25).
- The Statutory auditor's report on the individual financial statements for the year ended December 31, 2011, presented on page 252 of Registration document D.12-0385 filed with Autorité des Marchés Financiers (hereinafter "AMF", the French securities regulator) on April 23, 2012, contains an observation on the B5 declaration, which indicates procedures for the tax audit underway for the years 2005 to 2008, and explains the Company's position.
- The Statutory auditor's report on the consolidated financial statements for the year ended December 31, 2010, presented on page 207 of Registration document D.11-0284 filed with Autorité des Marchés Financiers (hereinafter "AMF", the French securities regulator) on April 12, 2011, contains two observations, indicates procedures for the tax audit underway for the years 2005 to 2008, and explains the Company's position (Note 25) and the estimates used in segment data (detailed in Note 1 (section 2.5) and Note 28).
- The Statutory auditor's report on the individual financial statements for the year ended December 31, 2010, presented on page 257 of Registration document D.11-0284 filed with Autorité des Marchés Financiers (hereinafter "AMF", the French securities regulator) on April 12, 2011, contains an observation on the B5 declaration, which indicates procedures for the tax audit underway for the years 2005 to 2008, and explains the Company's position.

The Statutory auditors drew up a report on the forward-looking financial information presented on page 237 (Chapter 5, Section 5.3) of this Registration document

Chairman of the Management board
Abdeslam AHIZOUNE

1.3 PERSONS RESPONSIBLE FOR THE AUDIT OF THE FINANCIAL

1.3.1 STATUTORY AUDITORS

KPMG Maroc, Represented by Mr. Fouad LAHGAZI
11, avenue Bir Kacem, Souissi - 10 000 Rabat, Morocco
First appointed in April 12, 2007, by the general shareholders' meeting. His term was renewed in 2010. His current three year term will expire at the close of the shareholders' meeting held to approve the financial statements for the year ended December 31, 2012.

Mr Abdelaziz ALMECHATT
83 avenue Hassan II - 20 100 Casablanca, Morocco
First appointed in 1998 in the bylaws, His term of office was renewed in 2011. His current three-year term will expire at the close of the shareholders' meeting held to approve the financial statements for the year ended December 2013.

1.4 INFORMATION POLICY

1.4.1 PERSON RESPONSIBLE FOR INFORMATION

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

1.4.2 FINANCIAL COMMUNICATION CALENDAR

All the financial information issued by Maroc Telecom (press releases, presentations, annual reports) is available on its website www.iam.ma.
An indicative calendar of Maroc Telecom's financial communication for 2013 is provided below:

Date*	Event	Format
Thursday February 21, 2013	Q4-2012 and full year 2012 results	Press releases
		Press conference
		Analyst conference
Wednesday April 24, 2013	General Shareholders' Meeting	
Thuesday April 30, 2013	Q1 2013– results	Press releases
Thursday July 25, 2013	Q2 and H1 2013–results	Press releases
		Press conference
		Analyst conference
Thursday 31 Octobre 2013	Q3 2013–results	Press releases

** before market*

1.4.3 SHAREHOLDERS' INFORMATION

Social, accounting, and legal documents, whose communication is governed by the Moroccan and French laws and Company bylaws, can be consulted at company headquarter by shareholders and third parties. Registration documents, updates of Registration documents filed with the French Securities Regulator (AMF), presentations for investors and financial analysis made by the Company, as well as the various press releases are available on Maroc Telecom's website: www.iam.ma.
In accordance with the provisions of the Transparency Directive, in force since January 20, 2007, all regulated information is available on Maroc Telecom's website: www.iam.ma/Groupe/Finance/Telechargements.

2

Information regarding the company and corporate governance

2.1 GENERAL INFORMATION REGARDING 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 HEAD OFFICE

The Company's head office is located on Avenue Annakhil (Hay Riad), Rabat, Morocco.
The telephone number is +212 537 71 21 21.

2.1.3 LEGAL FORM

Maroc Telecom is a Moroccan corporation (société anonyme) with a Management board and a Supervisory board.

2.1.4 APPLICABLE LAW

The Company is governed by Moroccan law, in particular by Act 17-95 relating to joint stock companies, as amended and extended by Act 20-05, and by Company bylaws. The Company is not bound by the French Code of Commerce.
Because the Company is listed on a regulated market in Morocco, the provisions of various Moroccan laws, regulations, orders, decrees, and circulars are applicable.

2.1.5 COMMITMENTS OF THE COMPANY TO THE FRENCH MARKET AUTHORITY

Because the Company is also listed on the primary market of NYSE Euronext Paris, it is subject to certain provisions of French stock-exchange regulations.
Under the current legislation, provisions concerning foreign issuers provided by the French securities regulatory authority (Autorité des Marchés Financiers, or AMF) General Regulation are applicable to the Company.
In addition, organization and operating rules of NYSE Euronext are applicable to the Company.
AMF rules may also apply to public bids for Company shares, except for provisions concerning compulsory standing-offer procedure, the mandatory submission of a public tender offer, and compulsory buyout.
Because the European Transparency Directive has been transposed, applicable as of March 30, 2008, the rules relating to the crossing of thresholds are now applicable to the Company.
With regards to French law, a foreign issuer must take the necessary measures that allow shareholders to manage their investments and exercise their rights.
Because Company securities are listed on the primary market of NYSE Euronext, and pursuant to the AMF General Regulation and the provisions of the European Transparency Directive, as transposed into French law by the Monetary and Financial Code and applicable since January 20, 2007, the Company is required to:

- inform the AMF of any changes in its share capital compared with previously disclosed information, particularly any declaration that Maroc Telecom would have received for the crossing of thresholds;
- publish a half-year financial report including summary financial statements, a half-year operations report, the statutory auditors' reports on the limited review of the aforementioned financial statements, and a statement from the persons responsible for the half-year financial report, within two months of the end of the first half of the Company's fiscal year;
- publish an annual financial report including the financial statements, a management report, the statutory auditors' report, and a statement from the persons responsible for the report, within four months of the end of the fiscal year;
- publish quarterly statements within 45 days of the end of the first and the third quarters, including net revenues by business segment for the past quarter, a general description of the Company's results and financial position and that of companies it controls, and the significant transactions and events that occurred during the quarter and their impact on the Company's financial position;
- publish a press release specifying the fees paid to the statutory auditors, to be posted on the Maroc Telecom website within four months of the end of the fiscal year;
- publish monthly disclosure of the total number of voting rights and shares comprising the Company's share capital;
- publish, as early as possible, 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 management;

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

The Company is required to inform the AMF of any general shareholders' meeting resolution authorizing the Company to trade in its own shares, and must provide the AMF with occasional reports of purchases or sales of shares made by the Company by virtue of said authorization.
The Company must provide the same information simultaneously in France and in other countries, particularly in Morocco.
Reporting and disclosures referred to in this section shall be published in a notice or press release in a national financial daily newspaper distributed in France.
Information intended for the French general public is written in French.
The Company establishes, as do French issuers, a registration document providing legal and financial information relating to the issuer (shareholding structure, activities, management, 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 contains all the required information.
The registration document must then be filed with the AMF and subsequently made available to the public.
Annual and interim reports in French shall be 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 holding their shares through Euroclear France, to allow them to participate in any rights issue carried out on international markets.
However, because of the constraints of international financial markets, and in order to be able to benefit from the optimal conditions on these markets, in the interest of the Company and of all its shareholders, the Company cannot guarantee that individuals holding their shares through Euroclear France will be able to participate in any or all such rights issues, where applicable.

2.1.6 CONSTITUTION - REGISTRATION

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

2.1.7 CORPORATE TERM

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

2.1.8 CORPORATE PURPOSE

In accordance with its contract specifications as an operator and pursuant to Article 2 of its bylaws and the statutory and regulatory rules 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 services;
• To establish, develop, and operate all electronic communications networks available to the public that are required for the provision of these services, and to ensure their interconnection with other networks available to domestic and international users;
• To provide all other services, facilities, terminal equipment, and electronic communication networks, and to establish and operate all networks that distribute audiovisual services, including audio, television, and multimedia broadcasting.

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

• Create, purchase, own, and operate any real or personal property or business assets necessary or appropriate for its operations, notably any property whose transfer or availability is provided for by legislation;

• Commercialize and, if necessary, manufacture and assemble any telecommunication products, devices, and systems;

• Create, purchase, license, and apply or sell any patents, processes or trade names;

• By any and all legal means participate in any financial, business, or corporate associations, whether existing or undergoing creation, with a corporate purpose similar or related to that of the Company;

• More generally, carry out any commercial, financial, or, if necessary, industrial transactions relating to real or personal property that could be related, directly or indirectly, wholly or partially, to any part of the Company's corporate purpose, or to similar or related corporate purposes, and that could advance its growth and development.

2.1.9 LEGAL DOCUMENTS AVAILABLE FOR VIEWING

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

2.1.10 FISCAL YEAR

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

2.1.11 ALLOCATION OF EARNINGS

At the close of each fiscal year, in accordance with the applicable law, the Management board shall draw up a statement of the various business assets and liabilities existing at that date and prepare the annual financial statements and the annual report to be submitted to the shareholders' meeting.

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

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

Against such profit, the shareholders' meeting may charge such amounts as it sees fit in order to fund any optional, ordinary, or exceptional reserve funds, or to carry forward, to the extent of a maximum aggregate amount of one-half the distributable profit, subject to an exception granted by a 75% majority of the members of the Supervisory board present or represented.

The balance shall be paid out to the shareholders by way of a dividend, the aggregate amount of which shall not be less than one-half the distributable profit, subject to an exception granted by a 75% majority of the members of the Supervisory board present or represented.

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

Dividend payments

Terms for dividend payments are voted by the ordinary shareholders' meeting or, in the absence of such a meeting, by the Management board.

Such payment shall be made within nine months of the end of the fiscal year, which period is subject to extension by order of the chief justice of the court, acting in summary proceedings upon a petition by the Supervisory board.

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

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

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

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

2.1.12 GENERAL SHAREHOLDERS' MEETINGS

Shareholders' meetings

The shareholders' collective resolutions shall be made at meetings, which shall be ordinary or extraordinary according to the nature of the decisions that they are called upon to make.
A duly convened general meeting shall be deemed to represent all shareholders; its decisions shall be binding on all, including those who are absent, non sui juris, dissenting, or deprived of voting rights.

Convening of meetings

Meetings shall be convened by the Supervisory board.
An ordinary shareholders' meeting may also be convened:

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

Shareholders' meetings shall be called and carried out in the manner provided for by law.
At least 30 days before the shareholders' meeting is convened, the Company is required to publish, in a newspaper from a list established by the Minister of Finance, a notice containing the information required by law and the draft resolutions to be submitted to the meeting by the Management board.
The Company is required to publish a notice containing, as applicable, the terms and conditions for voting by mail, at least 15 days prior to the shareholders' meeting, in a newspaper from a list established by the Minister of Finance. In a newspaper authorized to carry legal advertisements, and at the same time as the notice of the annual ordinary shareholders' meeting, the Company shall be required to publish the summary financial statements relating to the previous fiscal year, drawn up in accordance with applicable law. The summary financial statements shall include the balance sheet, income statement, statement of cash flows, and statement of changes in financial position. The Company shall also be required to publish the report of the statutory auditor(s) on the financial statements.
Any amendment to such documents shall be published by the Company no more than 20 days after the annual ordinary shareholders' meeting, in a newspaper authorized to carry legal advertisements.
Meetings shall be held at the head office or at any other location specified in the notice.

Agenda

The agenda of a shareholders' meeting shall be determined by the author of the notice.
One or several shareholders holding at least 2% of the share capital may, however, call for one or several draft resolutions to be tabled on the agenda.
Regardless of the number of shares held, all shareholders shall be entitled, upon proof of identity, to take part in shareholders' meetings, subject to the following conditions:

- For registered shareholders, an entry by name in the Company's shareholder registry,
- For holders of bearer shares, the deposit at the locations mentioned in the notice of the bearer shares or of a certificate of deposit issued by the establishment having custody of such shares,
- Providing the Company with proof of shareholder identity, if applicable, in accordance with applicable law.

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

Participation in meetings

The shareholders' meeting concerns all shareholders, regardless of the number of shares held.
Corporate shareholders shall be represented by a specially appointed agent, who need not be a shareholder.
A shareholder may be represented by a guardian, spouse, ascendant, or descendant (none of whom is required to be a shareholder), by another shareholder, or by any company involved in securities portfolio management.
Multiple holders of undivided interests in shares shall be represented at shareholders' meetings by one of the aforementioned representatives or by a single agent.
Shareholders having pledged their shares shall retain the right to attend shareholders' meetings.

Officers – Attendance sheet

Officers

The shareholders' meeting shall be chaired by the Chairman of the Supervisory board or the Vice chairman of the Supervisory board. In the absence of these officers, the meeting shall appoint its own Chairman.

The Chairman of the meeting shall be assisted by the holders of the two largest interests, either personally or as agents, present and accepting such office, who shall serve as scribes.

The meeting shall appoint a Secretary, who is not required to be one of its members.

Attendance sheet

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

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

Voting

Members of the meeting shall have as many voting rights as they own or represent, in particular as a result of voting proxies or other powers of attorney.

Voting rights attached to a share shall belong to the life tenant at ordinary shareholders' meetings and to the bare owner at extraordinary shareholders' meetings.

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

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

All shareholders may vote by mail in accordance with the regulations in force.

Shareholders who vote by mail are deemed present or represented, provided the Company receives their ballot at least two (2) days prior to the shareholders' meeting.

Minutes

Minutes of meetings shall be entered in a special register kept at the head office. The pages of the minutes shall be numbered and initialed by the registrar of the court at the location of the Company's registered office.

Copies of or extracts from the minutes may be certified only by the Chairman of the Supervisory board, or by the Vice chairman of the Supervisory board signing jointly with the Secretary.

Ordinary shareholders' meetings

Powers

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

An ordinary shareholders' meeting shall be held each year, within six (6) months of the end of the company's fiscal year.

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

The meeting shall appoint members of the Supervisory board and the statutory auditor(s).

Quorum and majority

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

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

Extraordinary shareholders' meetings

Powers

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

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

They may resolve to convert the Company into a company of any other form, subject to compliance with the applicable statutory rules.

Quorum and majority

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

If the 25% quorum is not satisfied, the second meeting may be postponed to a date no later than two months after the date for which it had been called, and may be held validly with the presence or representation of shareholders holding at least 25% of the share capital.

At an extraordinary shareholders' meeting, resolutions shall be passed by a two-thirds majority of shareholders present or represented.

2.1.13 STATUTORY AUDITORS

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

Appointment, removal from office, and incompatibility of duties

During the term of the Company, the statutory auditors shall be appointed for three fiscal years by the ordinary shareholders' meeting. The statutory auditors' duties shall expire upon adjournment of the ordinary shareholders' meeting acting upon the financial statements for the third fiscal year.

The statutory auditors shall be eligible for further office.

A statutory auditor appointed by the shareholders' meeting to replace another shall remain in office only for the remaining duration of his or her predecessor's term.

If, upon expiry of a statutory auditor's term of office, a motion is submitted to the shareholders' meeting against extension of his or her term, the statutory auditor may address the meeting.

One or more shareholders holding at least 5% of the share capital, and/or the Moroccan securities regulator (CDVM), may apply to the chief justice of the commercial court acting in summary proceedings for one or more statutory auditors appointed by the shareholders' meeting to be removed from office, and apply for the appointment of one or more substitute auditors.

Under penalty of inadmissibility, the referral to the chief justice of the commercial court shall be entered by an expository application made within 30 days after the challenged appointment.

If the application is granted, the statutory auditor or auditors appointed by the chief justice of the commercial court shall remain in office until the appointment of the new statutory auditor(s) by a shareholders' meeting.

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

The statutory auditor(s) appointed by the chief justice of the court shall remain in office until appointment of the new statutory auditor or auditors by the shareholders' meeting.

The appointments of statutory auditors shall comply with the rules pertaining to incompatibility of offices laid down by law.

In the event of resignation, the statutory auditors shall report in writing the reasons for their decision.

This document shall be submitted to the Supervisory board at the next shareholders' meeting and must be transmitted immediately to the CDVM.

Duties of the statutory auditors

The statutory auditor(s) shall have the permanent assignment, exclusive of any interference in the management of the Company, of inspecting the Company's assets, accounts, and accounting documents, and of ascertaining the compliance of its financial statements with applicable rules.

The auditor(s) shall also review the fairness and consistency relative to the summary statements of the information provided in the annual report from the Management board and in the documents sent to the shareholders with respect to the Company's assets and liabilities, financial position, and earnings.

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

The statutory auditor(s) attend the Management board and the shareholders meetings.

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

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

2.1.14 SALE OF SHARES

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

2.1.15 STATUTORY THRESHOLDS

In Morocco

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

The following description summarizes these obligations.

Holders of shares or other securities of the Company are advised to consult their legal counsel in order to ascertain whether the reporting obligations are applicable to them.

Any individual or legal entity, acting alone or in concert with others, that becomes the owner, directly or indirectly, of a number of shares representing more than one-twentieth (5%), one-tenth (10%), one-fifth (20%), one-third (33.33%), one-half (50%), or two-thirds (66.66%) of the Company's share capital or voting rights must, within five working days of the date it crosses a given threshold, notify the Company, the CDVM (Moroccan securities regulator), and the Casablanca Stock Exchange of the total number of the Company's shares that he, she, or it holds, and of the related number of voting rights.

The date of threshold crossing shall be the date of execution of the reporting party's order on the exchange.

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

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

The reporting party shall certify that each notice includes all shares or voting rights held or owned.

The reporting party shall also specify the date(s) of purchase or sale of his, her, or its shares.

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

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

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

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

In France

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

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

As regards the notice obligations for threshold crossings:

- Persons required to provide information shall inform the AMF no later than five trading days after the date of threshold crossing. A calendar of trading days for regulated markets established or operating in France can be found on the AMF website.
- Threshold-crossing notices shall be established in accordance with the AMF's standard model, available at www.amf-france.org. The notices may be transmitted to the AMF by e-mail.

  The notices shall then be made available to the public by the AMF no later than three trading days after the date the completed notices are received.

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

- Any individual or legal entity, acting alone or in concert with another, that becomes the owner, directly or indirectly, of a number of shares representing more than one-tenth (10%) or one-fifth (20%) of the Company's share capital or voting rights must notify the Company and the AMF, within ten trading days of the time any such threshold is crossed, of his, her, or its intended objectives for the 12 months after the threshold crossing, specifying whether he, she, or it is acting alone or in concert with another, whether he, she, or it intends to cease or proceed with purchase of Company shares, and whether he, she, or it intends to request his, her, or its appointment or that of one or several persons as members of the corporate governing bodies. The declaration must be addressed to the company whose shares have been acquired and to the AMF within 10 trading days. This information shall be made public pursuant to the conditions set out in the AMF General Regulation.
- In the event of failure to comply with the aforementioned reporting and declaration-of-intent obligations, the shares in excess of the portion that ought to have been reported shall be deprived of voting rights at any shareholders' meeting for a two-year period after the date of the breach.

2.1.16 PUBLIC BIDS

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

As in French law, public bids can be either voluntary or obligatory, depending on conditions.

Voluntary public bids

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

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

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

The proposed public bid must be accompanied by a prospectus.
The contents and performance of the offers contained in the proposed bid shall be guaranteed by the bidder and, if applicable, by any person acting as guarantor.
The proposed public bid filed with the CDVM shall be accompanied by the prior permit(s) from the competent authorities.
In the absence of this permit, the proposed bid shall not be admissible.
As soon as the proposed public bid has been filed, the CDVM shall issue a notice of filing of the proposed public bid in a newspaper authorized to carry legal advertisements, which shall report the main provisions of the proposal. The publication shall mark the beginning of the bid period.
The CDVM shall forward the main features of the proposed public bid to the public authorities, which shall be allowed two working days from the date of transmission to rule upon the admissibility of the proposal with regard to national strategic interests. If no decision is made within two working days, the authorities shall be deemed to have no further comments.
As soon as the proposed public bid has been filed, the CDVM shall request that the stock-exchange operator suspend trading of the shares of the company to which the public bid relates. The suspension notice shall be published.
The CDVM shall be granted a period of ten working days from the publication of the suspension notice to review the admissibility of the proposed bid, and may request that the bidder provide evidence or information required for its evaluation. Under French regulations, this period comprises the five trading days after the publication of the proposed bid.

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

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

Any proposed public bid shall be accompanied by a prospectus, which may be drafted jointly by the bidder and the target company if the latter concurs on the bidder's objectives and intentions. If not, the target company may draft separately and file with the CDVM its own prospectus no later than five trading days after approval of the bidder's information document. In this case, the bidder is required to file a copy of his, her, or its prospectus and proposed public bid with the target company on the day of filing of his, her, or its bid proposal with the CDVM.

The contents of the prospectus(es) shall be determined by the CDVM, which shall be allowed a maximum period of 25 working days to approve the prospect(es) after the filing date thereof.

This period may be extended by ten working days if the CDVM considers that additional evidence or information is required. Upon expiry of said period, the CDVM shall grant or deny approval and provide justification for any denial.

The market operator shall centralize the purchase, sale, or exchange orders and notify the CDVM of the results. The CDVM shall then issue a notice on the outcome of the bid in a newspaper authorized to carry legal advertisements.

Under French law, the AMF has ten days after the opening date of the bid to perform a compliance review, which entails verifying that the bidder's proposition complies with applicable regulations. The AMF reviews the bidder's objectives, intentions, and information as they are presented in the prospectus. During this period, the AMF may require additional explanations or justifications to review the bid and prospectus.

The waiting period is then suspended until reception of the required elements.

If the proposed bid meets the required conditions, the AMF shall publish a compliance disclosure, which is tantamount to approval of the prospectus.

Under French law, the prospectus carrying the AMF's approval visa must either be published in a national financial daily newspaper or be announced, at no cost to the public, by the bidder or the targeted company and published as a summary or a press release. The approval must be published before the offer opens and at the latest on the second day of trading after the AMF's approval.

Compulsory public bids

Cash takeover bid

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

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

Any individual or legal entity is required, within three working days of the crossing of the 40% voting-rights threshold, to file a proposed takeover bid with the CDVM. If there is no such filing, the person or legal entity or those acting in concert shall lose his, her, its, or their voting and financial rights as shareholder(s). These rights shall be recovered only after a proposed cash takeover bid has been filed.

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

- the crossing of the 40% threshold does not affect control over the company concerned, in particular as a result of a capital reduction or transfer of shares among companies affiliated with the same group;
- the voting rights arise out of a direct transfer, a distribution of assets by a legal entity in proportion to shareholders' rights as a result of a merger or partial contribution of assets, or a subscription to a rights issue concerning a company in financial distress.

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

Public buyout offer

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

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

No later than three working days after the crossing of the 95% threshold, these persons must file a proposed public buyout offer with the CDVM.

If they do not do so, these persons shall automatically forfeit all voting rights. These voting rights shall be recovered only after the filing of a public buyout offer.

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

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

Standing-offer procedure

Under French law, when an individual or legal entity, acting alone or in concert, acquires or has agreed to acquire a block of shares conferring on him, her, or it the majority of shares or voting rights, taking into account those shares which he, she, or it already holds, that party is required to file a standing offer to buy on the market, over no fewer than ten trading days, all securities tendered for sale at the price at which the securities have been or are to be sold. Such a procedure does not exist under Moroccan law.

Competing bids and improved public bids

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

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

Improved bidding is a procedure whereby the bidder of the initial public bid improves the terms of the initial bid, either at his, her, or its own initiative or after a competing public bid, by modifying the price, nature, or quantity of the securities or the terms of payment.

A bidder wishing to improve the bid shall file with the CDVM the changes made to the initial public bid no later than five trading days before the closing date of the initial bid. The CDVM shall determine within five trading days after the filing of the proposal whether the improved bid is admissible. The bidder shall draw up and submit to the CDVM a supplementary prospectus.

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

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

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

Rules relating to targeted companies and public bidders

During the term of a public bid, the bidder and the parties with which he, she, or it is acting in concert may not, in the case of a mixed public bid, trade in the securities of the target company or the shares of the company tendered in exchange.

In the event of a voluntary takeover bid, the bidder may withdraw the bid within five trading days after publication of the notice of admissibility of a competing or improved bid. The bidder shall inform the CDVM of its decision to withdraw, which shall be published by the CDVM in a newspaper authorized to carry legal advertisements. This option is also permitted under French regulations.

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

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

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

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

CDVM's supervision and penalties

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

2.2 COMPLEMENTARY INFORMATION REGARDING THE COMPANY

2.2.1 SHARE CAPITAL

2.2.1.1 Subscribed capital

The share capital of Itissalat Al-Maghrib is MAD 5,274,572,040, divided into 879,095,340 shares with a par value of MAD 6 per share, in one single class and fully paid in.
The shares' par value may be increased or decreased as provided for by the applicable laws and regulations.
The share capital may be increased, decreased or redeemed by a resolution of the appropriate shareholders' meeting in the manner provided for by the applicable laws and regulations.

2.2.1.2 Form of shares

The shares shall be in registered or bearer form at the shareholders' option.
The Company shall keep at the registered office a register known as the "transfer register" in which are recorded, in chronological order, subscriptions for and transfers of registered shares. The pages of this register are to be numbered and shall be initialed by the chief justice of the court. Any holder of a registered share issued by the Company is entitled to obtain a copy thereof, certified as true by the Chairman of the Management board. If the register is lost, copies shall constitute conclusive evidence.
The Company may decide not to issue shares in physical form. In accordance with the prevailing statutory rules relating to the book entries of securities, the Company's shares must be evidenced by book entries with the central depositary.

Indivisibility of shares

Shares shall be indivisible in the view of the Company, which shall recognize only one owner for each share.
Joint holders of undivided interests shall be bound to appoint a joint representative in respect of their relations with the Company in order to exercise their rights as shareholders; failing an agreement, the agent shall be appointed by the chief justice of the court, acting in summary proceedings upon a petition from any of the holders of undivided interests.
The right to obtain disclosure of the documents provided for by law shall nonetheless be held by each of the holders of interests in undivided shares, and by each life tenant and bare owner.

2.2.1.3 Rights and duties attached to shares

Each share shall carry a right, proportional to the portion of the share capital that it represents, in the profits or corporate assets, at the time of distribution thereof during the term of the Company or upon its liquidation.
Any shareholder shall be entitled to information relating to the Company's operation and to obtain disclosure of certain corporate documents at the times and in the manner provided for by law and Company bylaws.
Shareholders shall be liable for corporate debts only to the extent of the par value of the shares that they own; no additional assessment shall be permitted.
The rights and duties attached to a share shall be transferred to any owner thereof.
Title to a share shall entail, as of right, acceptance of the Company's bylaws and resolutions of shareholders' meetings and of the Supervisory board and Management board acting upon delegations of authority from the shareholders' meetings.
Heirs, creditors, assigns, or other representatives of a shareholder may not, on any grounds whatsoever, call for the affixing of seals on the assets and valuables of the Company, or call for a division or sale by auction thereof, or interfere in any manner whatsoever in the actions of its administration; for the exercise of their rights, they shall be bound by the statements of corporate assets and liabilities and by the resolutions of the shareholders' meetings.
Whenever it is necessary to hold a given number of shares in order to exercise any right, shareholders who do not hold the required number of shares must make their own arrangements to form a group or to purchase or sell the requisite number of shares.

2.2.1.4 Acquisition by the Company of its own shares

Moroccan legislation

In accordance with Moroccan legislation and the bylaws, the Company may acquire its own shares, if fully paid in, in the amount of up to 10% of the total of its share capital and/or of a specific class.
In application of Decree 02-556, dated February 24, 2003, as amended and supplemented by Decree 2-10-44, dated June 30, 2010, and in application of the CDVM circular dated February 2011 as replaced by the circular of January 2012, any joint stock company (société anonyme) whose shares are listed on the securities exchange and that wishes to acquire its own shares in order to adjust the share price shall be required to issue an information notice, which shall require approval from the CDVM prior to the holding of the shareholders' meeting called to consider the action.
The Company's purchases of its own shares in order to adjust the price shall not interfere with the proper operation of the market. A Company trading its own shares shall inform the CDVM, no later than the seventh working day after the close of the relevant month, of the number of shares bought and sold, if applicable. If the Company does not trade its own shares during a particular month, it shall so inform the CDVM within the same period.
During the buyback program, any change relating to the number of shares to be acquired, the maximum purchase price and minimum selling price, or the period during which the acquisition is to be performed shall be promptly notified to the public by means of a notice published in one of the newspapers authorized to carry legal advertisements. Such changes shall remain within the scope of the authorization granted by the shareholders' meeting.

French legislation

Since the listing of its shares on a regulated market in France, the Company has been subject to the legislation summarized below. Pursuant to the AMF General Regulation, when a company purchases its own shares, it must file an information notice, which does not require AMF approval.
Pursuant to AMF Regulation and European Commission regulation no. 2273/2003 of December 22, 2003, a company may not carry out transactions relating to its own shares in order to manipulate the market.
After buying back its own shares, a company must publish the details of all its transactions, no later than the end of the seventh trading day after their date of execution, and file with the AMF monthly reports containing specific information relating to the transactions performed.

The share-buyback program

The current share-buyback program implemented to adjust the stock price was approved at the shareholders' meeting held on April 24, 2012, following the CDVM's approval of the program on April 09, 2012, under number VI/EM/010/2012 in the notice published on the buyback program.
The main features of this program are:
- Duration: until October 24, 2013
- Range of the intervention price of purchase and sale: 106 - 188 dirhams
- Maximum proportion of capital to be held: 0.17%, or 1.5 million shares.

The share buyback program over the period from January 1, 2012 to December 31, 2012 breaks downas follows:

	Casablanca	Paris	Total
Number of shares purchased	772,835	562,563	1,335,398
Average purchase price (MAD)	MAD 118.59	€ 11.10	-
Number of shares sold	587,835	334,313	922 ,148
Average sale price (MAD)	MAD 129.16	€ 11.28 €	-
Shares held as at December 31, 2012	420,000	272 .400	692,400

Since October 17, 2011, Rothschild & Cie Banque has been under contract by Maroc Telecom to implement, for a period of 12 months automatically renewable:

- in Casablanca, a share-price-regulation contract (signed October 10, 2007) involving MAD 55 million, in compliance with circular dated January, 2012.
- in Paris, a liquidity contract (signed September 4, 2007) meeting the requirements of the compliance charter drawn up by the Association Française des Entreprises d'Investissement (Association of French Investment Firms) and approved by the AMF in a decision dated March 22, 2005, published in the Bulletin of Mandatory Legal Notices (BALO) dated April 1, 2005. Five million euros was allocated to the liquidity account for the application of the contract. On January 7, 2009, Maroc Telecom added €2.5 million in cash.

The following table summarizes the resources implemented within the framework of these contracts

	December 31, 2010	December 31, 2011	December 31, 2012
Share price regulation contract - Casablanca	45,000 Shares MAD 55,832,740.76	235,000 Shares MAD 26,113, 255.55	420,000 Shares MAD 10,384,426.59
Liquidity contract - Paris	7, 550 Shares € 7,650,857.00	44,150 Shares € 6,950,909.63	272,400 Shares € 1,976,815.97

(Source : Rothschild & Cie Banque)

2.2.1.5 Changes in the Company's share since incorporation

The table below sets out the main changes in share capital since the Company's incorporation in 1998:

Date	Actions	Amount	Premium	Number of shares issued	Total Number of shares	Par value (in MAD)	Share capital (in MAD)
February 25, 1998	Incorporation	100,000,000	-	1,000,000	1,000,000	100	100,000,000
March 25, 1999	Capital increase	8,765,953,400	-	87,659,534	88,659,534	100	8,865,953,400
June 4, 1999	Capital reduction*	75,000,000	-	-750,000	87,909,534	100	8,790,953,400
October 28, 2004	Change in par value**	-	-	791,185,806	879,095,340	10	8,790,953,400
June 12, 2006	Capital reduction by par value reduction***	3,516,381,360	-	-	879,095,340	6	5,274,572,040

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

2.2.2 BREAKDOWN OF SHARE CAPITAL AND VOTING RIGHTS

2.2.2.1 Ownership of share capital

As of December 31, 2012, the share capital and voting rights of the Company were held as follows

Shareholders	Number of shares	% of capital/ Voting rights
Vivendi *	466,690, 477	53.09%
Kingdom of Morocco	263,728,575	30.00%
Senior executives	87,236	0.01%
Employees	804,345	0.09%
Public	147,092, 307	16.73%
Treasury shares**	692,400	0.08%**
Total	879,095,340	100%

** Through its wholly owned subsidiary (Société de Participation dans les Télécommunications)*
***Treasury shares do not carry voting rights at General Meetings*

To the company's knowledge, no shareholder owns more than 3% of its capital or voting right.

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, at present or in the future, to the Company's share capital. Likewise, there are no stock option plans reserved for employees.

However, the draft resolutions to be proposed at the Combined General Shareholders' Meeting of April 24, 2012, plan authorizations granted to the Management board, on one hand to issue call options or subscription of company shares for the benefit of members of the board, managers, senior executives or, in exceptional cases, non-executive members of the company, limited to 1% of the share capital on the day the options are allocated by the Management board. The present authorization is given for a period of thirty-eight months. And on the other hand to issue ordinary share or securities giving immediate and / or future shares which are or will be issued as capital increase, with or without preservation of the preferential subscription right, for a maximum aggregate par value of one billion two hundred million (1,200,000,000) dirhams, representing 22.7 % of the company's share capital. This authorization is granted for a period of twenty-six months.

2.2.2.3 Changes in the Company's shareholding structure

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

On November 18, 2004, the Kingdom of Morocco and Vivendi concluded an agreement regarding the acquisition by Vivendi of 16% of Maroc Telecom's share capital. On January 4, 2005, this agreement allowed Vivendi to increase its stake from 35% to 51% via the acquisition of 140,655,260 Maroc Telecom shares.

In 2006, the Moroccan State disposed of 0.10% of Maroc Telecom's share capital, reducing its stake to 34%.

On July 2, 2007, the Moroccan State sold 4% of Maroc Telecom's shares on the Casablanca Stock Exchange at MAD 130 per share. This sale took the form of a placing reserved for Moroccan and international institutional investors, with bookbuilding taking place between June 26 and June 28, 2007. On completion of the transaction, the Moroccan State held 30% of the share capital and voting rights of the Company, and the free float had increased from 15% to 19% of the share capital.

Under the terms of an agreement concluded in 2007 between Vivendi and CDG group, Vivendi acquired 2% of Maroc Telecom's capital, increasing its stake from 51% to 53%. In addition, CDG group acquired 0.6% of Vivendi's share capital.

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

Situation at	December 31, 2010		December 31, 2011		December 31, 2012	
Shareholders	% of Capital/ voting rights	Number of shares	% of Capital/ voting rights	Number of shares	% of Capital/ voting rights	Number of shares
Vivendi*	53.09%	466,670,477	53.09%	466,670,477	53.09%	466,690,477
Kingdom of Morocco	30.00%	263,728,575	30.00%	263,728,575	30.00%	263,728,575
Senior executives	0.01%	88,246	0.01%	87,236	0.01%	87,236
Employees	0.10%	916,694	0.09%	777,569	0.09%	804,345
Public	16.79%	147,638,798	16.81%	147, 787,333	16.73%	147,092,307
Treasury shares**	0.005%	52,550	0.005%	44,150	0.08%	692,400
Total	100%	879,095,340	100%	879,095,340	100%	879,095,340

**Through its 100% subsidiary (Société de Participation dans les Télécommunications)*
*** Treasury shares do not carry voting rights at General Meetings*

To the company's knowledge, no shareholder owns more than 3% of its capital or voting rights.

2.2.2.4 Employee stock ownership

Maroc Telecom gave employees the opportunity to subscribe to the initial public offering under preferential conditions— namely, a 15% discount on the subscription price—provided that they conserved the shares thus acquired over a three-year holding period ending on December 16, 2007.
At December 31, 2012, the shares held by employees amounted to 0.09% of the authorized capital and the voting rights.

2.2.2.5 Shareholders' agreement

Amended shareholders' agreement between the Kingdom of Morocco and Vivendi

By an amendment dated November 18, 2004 and April 6, 2007, Vivendi and the Government of the Kingdom of Morocco modified the amended shareholders' agreement. In accordance with this amendment, the key features of the provisions governing relations between the Kingdom of Morocco and Vivendi are as follows:

Organization of powers within Maroc Telecom's management and supervisory bodies
- Supervisory board
The Shareholders' agreement provides that the Supervisory board, in theory, is to be composed of eight members.
The change in the apportionment of seats on the Supervisory board is contingent upon a change in the respective beneficial interests of Vivendi and the Government of the Kingdom of Morocco in the Company's share capital, as follows:
If the stake of the Government of the Kingdom of Morocco in the total voting rights held jointly with Vivendi becomes:

- Greater than or equal to 20% but less than 30%, then one member will be appointed by the Government of the Kingdom of Morocco versus seven members by Vivendi;
- Greater than or equal to 30% but less than 40%, then two members will be appointed by the Government of the Kingdom of Morocco versus six members by Vivendi;
- Greater than or equal to 40% but less than 50%, then three members will be appointed by the Government of the Kingdom of Morocco versus five members by Vivendi;
- Greater than or equal to 50% but less than or equal to 65%, then five members will be appointed by the Government of the Kingdom of Morocco and three members by Vivendi;
- Greater than 65% but less than 70%, then six members will be appointed by the Government of the Kingdom of Morocco versus two members by Vivendi;
- Greater than or equal to 70% but less than 80%, then seven members will be appointed by the Government of the Kingdom of Morocco versus one member by Vivendi.

In addition, if the Kingdom of Morocco holds less than 5% of the capital and at least two shares of the Company, it will be entitled to appoint two representatives of the Government of the Kingdom of Morocco who will attend the Supervisory board without being able to vote.

In order to preserve its right to appoint the Chairman of Supervisory board, the Kingdom of Morocco has to have two seats.
Pursuant to the Amended Shareholders' agreement, the following rules will apply to the extent that the application of such rules would result in the Kingdom of Morocco appointing a number of members of the Supervisory board greater than the number resulting from the application of the rules described above:

• If the shareholding of the Government of the Kingdom of Morocco is more than or equal to 22% of the share capital and voting rights of the Company, three members of the Supervisory board will be appointed by the Kingdom of Morocco and five members of the Supervisory board by Vivendi;

• If the shareholding of the Kingdom of Morocco is less than 22% and more than or equal to 9% of the share capital and voting rights of the Company, two members of the Supervisory board will be appointed by the Kingdom of Morocco and six members of the Supervisory board by Vivendi;

• If the shareholding of the Kingdom of Morocco is less than 9% or more than or equal to 5% of the share capital and voting rights of the Company, one of the members of the Supervisory board will be appointed by the Kingdom of Morocco and seven members of the Supervisory board will be appointed by Vivendi, and the Kingdom of Morocco shall be entitled to appoint one Representative who shall have the right to attend the Supervisory board without being able to vote.

These rules governing the allocation of the seats on the Supervisory board shall remain applicable as long as the Kingdom of Morocco holds at least 5% of the share capital and voting rights of the Company.
The rules of majority applicable to the Supervisory board are set out in the Shareholders' agreement and are reproduced identically and virtually in full in the Company bylaws. The only decisions subject to the approval of the Supervisory board in the Amendment which are not reproduced in the bylaws are related to:
(i) the agreement of the parties to submit to the Supervisory board for approval, by a majority, any exceptions made to the commitment of Vivendi to propose the appointment of at least one Moroccan member to the Management board; and
(ii) the agreement of the parties to submit to the Supervisory board for approval, by a majority, any decision concerning a project involving the non-competition clause in the MENA zone provided for by the Amended Shareholders' agreement.

- Management board

The Amended Shareholders' agreement provides that a change in the apportionment of seats on the Management board is contingent upon a change in the respective beneficial interests of Vivendi and the Government of the Kingdom of Morocco in the Company's share capital, as described below.
If the pro rata share of the Government of the Kingdom of Morocco of the total amount of voting rights held jointly by it with Vivendi becomes:

- Greater than or equal to 20% but less than 40%, then one member will be appointed by the Government of the Kingdom of Morocco versus four members by Vivendi;
- Greater than or equal to 40% but less than or equal to 65%, then two members will be appointed by the Government of the Kingdom of Morocco versus three members by Vivendi;
- Greater than 65% but less than or equal to 70%, then three members will be appointed by the Government of the Kingdom of Morocco versus two members by Vivendi;
- Greater than 70% but less than or equal to 80%, then four members will be appointed by the Government of the Kingdom of Morocco versus one member by Vivendi.

Notwithstanding any less favorable stipulation of the Amended Shareholders' agreement, as long as the Government of the Kingdom of Morocco holds at least 15% of the share capital and voting rights of the Company, two members of the Management board will be appointed by the Government of the Kingdom of Morocco and three members of the Management board will be nominated by Vivendi; and as long as the Government of the Kingdom of Morocco holds at least 9% of the share capital and voting rights of the Company, one member of the Management board will be appointed by the Government of the Kingdom of Morocco and four members of the Management board will be nominated by Vivendi.
These provisions shall remain in force as long as the Government of the Kingdom of Morocco holds at least 9% of the share capital and voting rights of the Company.

- Shareholders' meeting

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

- Audit committee

As long as the Government of the Kingdom of Morocco holds at least 5% of the share capital and voting rights of the Company, at least two members of the Audit committee of Maroc Telecom will be appointed by the Government of the Kingdom of Morocco. The Audit committee's internal regulations shall provide for the possibility for any of its members to ask the Audit committee to carry out an audit of the Company. The Audit committee shall be required to rule on any formal request submitted by at least two of its members to carry out such an audit.

Specific rights of the Moroccan Government

The Government of the Kingdom of Morocco also holds a right to veto a proposed merger, divestment, or partial contribution of assets that is likely to substantially modify the scope of the Company's business activities or substantially modify the Company's corporate purpose, unless Vivendi demonstrates, on objective and reasonable grounds, to the Government of the Kingdom of Morocco a strategic purpose for the Company for such a plan. This right shall remain in force until the earliest of the two following dates: (i) the date on which the Government of the Kingdom of Morocco ceases to hold at least 14% of the share capital and voting rights of the Company; or (ii) February 20, 2014.

Conditions for transfers of shares and rights of the parties

-Call option of the Government of the Kingdom of Morocco

Vivendi would have to transfer to the Government of the Kingdom of Morocco its beneficial interest in the Company, held directly or through its subsidiaries, in the event of a change in the control of Vivendi having such an impact on competition on the Moroccan market that it would incur an obligation for Vivendi, imposed by the Moroccan competition authorities, to transfer all or a portion of its beneficial interest in the Company and/or a transfer by the Company of one of its business activities representing at least 25% of its revenues.

This provision will remain in force as long as the Government of the Kingdom of Morocco holds at least 20% of the total amount of voting rights held jointly with Vivendi.

Mauritel SA shareholders' agreement

On April 12, 2001, Maroc Telecom acquired a 54% stake in Mauritel SA, Mauritania's incumbent telecoms operator. At the time of this 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 this 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. Following this 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, thus reducing its stake to 51%.

In 2006, CMC acquired 0.527% of Mauritel SA's share capital from SOCIPAM, thereby increasing its stake to 51.527%.

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

Sindibad fund shareholders' agreement

According to the shareholders' agreement concluded with 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.

Gabon Telecom shareholders' agreement

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

Sotelma shareholders' agreement

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

2.2.3 ASSET PLEDGES

No pledge on assets of the Company has been granted.

In addition, the shares in Maroc Telecom's subsidiaries are not pledged for the benefit of third parties.

2.2.4 COMPANY STOCK INFORMATION

2.2.4.1 Listing of shares of the issuer

Since December 13, 2004, Maroc Telecom has been listed on both the Casablanca Stock Exchange and Nyse Euronext.

2.2.4.2 Maroc Telecom share price

Casablanca stock exchange
Main market , Code 8001

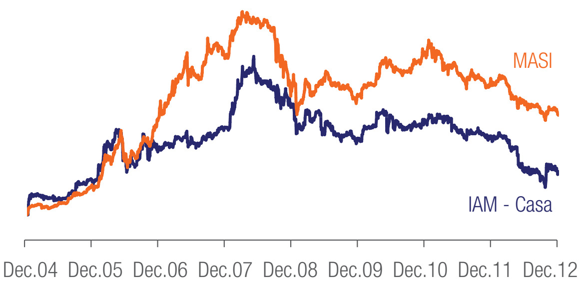
	Average price* (in MAD)	High*** (in MAD)	Low*** (in MAD)	Transactions**	
				Number of shares (in thousands)	Trading value (in millions MAD)
January 2012	138.72	140.80	135.10	1,369.13	189.93
February 2012	140.50	144.0	137.65	1,953.25	274.43
March 2012	136,47	142.0	132.70	2,086.45	284.73
April 2012	129.46	137.80	125.50	1,486.46	192.43
May 2012	117.15	131.00	111.15	6,959.70	815.33
June 2012	110.27	115.00	106.30	4,307.715	474.97
Jully 2012	108.75	111.60	105.00	1,657.36	180.23
August 2012	108.71	111.00	106.00	1,214.26	132.00
September 2012	103.40	109.85	99.00	2,901.63	300.03
October 2012	102.09	117.00	92.50	4,850.09	495.14
November 2012	111.03	114.50	106.70	2,475.05	274.81
December 2012	108.64	113.00	104.00	2,316.46	251.66
January 2013	106.08	108.25	102.10	2,023.84	214.70
February 2013	105.54	108.50	103.20	3,321.14	350.52

** The average price is calculated by dividing trading value by number of shares*
*** Intraday*
**** Not including off-system transactions*

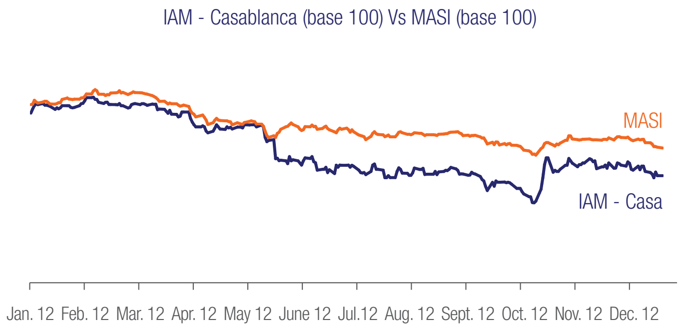
(Source : Casablanca Stock Exchange)

Changes in Maroc Telecom's share price on the Casablanca Stock Exchange

Since December 2004



Since January 2012



In December 2012, 91% 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

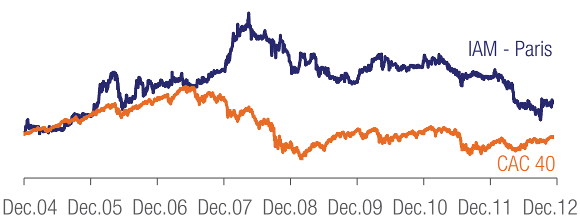
	Average price* (in MAD)	High*** (in MAD)	Low*** (in MAD)	Transactions**	
				Number of shares (in thousands)	Trading value (in millions MAD)
January 2012	12,44	12,70	12,20	108,49	1,35
February 2012	12,70	13,24	12,17	159,10	2,02
March 2012	12,38	13,13	11,97	180,89	2,24
April 2012	11,72	12,25	11,28	97,31	1,14
May 2012	10,67	11,96	10,0	125,63	1,34
June 2012	9,83	10,45	9,24	266,60	2,62
Jully 2012	9,78	10,18	9,40	127,79	1,25
August 2012	9,70	10,30	9,32	162,94	1,58
September 2012	9,36	9,90	9,00	81,2	0,76
October 2012	9,24	10,57	8,40	430,69	3,98
November 2012	10,05	10,43	9,69	123,36	1,24
December 2012	10,07	10,71	9,62	317,92	3,2
January 2013	9,75	10,30	9,40	320,02	3,12
February 2013	9,58	9,90	9,36	222,34	2,13

** The average price is calculated by dividing trading value by number of shares*
*** Intraday*
**** Not including off-system transactions*

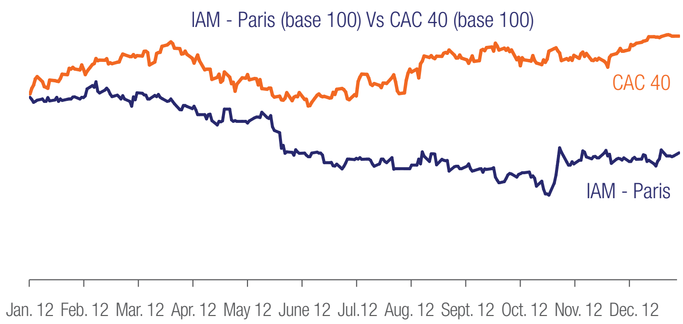
(Source : Nyse Euronext Paris)

Changes in Maroc Telecom's share price on Nyse Euronext Paris

<u>*Since December 2004*</u>



<u>*Since January 2012*</u>



In December 2012, 9% of free float was traded on the Nyse Euronext Paris stock exchange.

2.2.5 DIVIDENDS AND DIVIDEND POLICY

2.2.5.1 Dividends paid out over the past fiscal years

The table below sets out the amount of dividends (in millions of Moroccan dirhams) paid by the Company in respect of fiscal years 2004 to 2012.

Fiscal year	Distribution date	Dividends
2004	May 4, 2005	4,395
2005	May 2, 2006	6,119
Exceptional dividend	June12, 2006	3,516
2006	May 15, 2007	6,927
2007	May 28, 2008	8,088
2008	June 3, 2009	9,517
2009	June 2, 2010	9,063
2010	May 31, 2011	9,301
2011	May 31, 2012	8,137
2012	May 31, 2013	6,505*

** Amount proposed at the shareholders' meeting of April 24, 2013. This amount will have to be adjusted to take into account the number of treasury shares held at the date of payment of the dividend.*

As of December 31, 2012, the Company's reserves amounted to MAD 3,453 million (excluding results at the end of December 2012), out of which MAD 28.9 million are distributable.

2.2.5.2 Dividend policy

Maroc Telecom is particularly attentive to the twin objectives of ensuring that shareholders are rewarded appropriately while securing the resources necessary for the Company's development. Accordingly, Maroc Telecom intends to establish a policy of regular and significant dividend distributions, according to the economic environment and the Company's profits and funding requirements.
The total amount of dividends paid shall be determined taking into account the Company's funding requirements, return on capital, and the Company's current and future profitability. The Company cannot guarantee shareholders an identical payment every year. This objective is not therefore a commitment of the Company.
The bylaws (Article 16) contain an obligation to distribute annually, in the form of dividend, at least half of the Company's distributable profits, unless otherwise decided by the Supervisory board by a 75% majority of votes.
In addition, the final provisions of Article 331 of Act 17-95, as amended and completed by Act 20-05, provide that "a fixed dividend may not be covenanted in favor of the shareholders; any clause to the contrary shall be deemed to be unwritten, unless the State has granted the guarantee of a minimum dividend to the shares". Moroccan company law requires all joint stock companies, including Maroc Telecom, to fund their statutory reserve with 5% of profits until the reserve reaches 10% of the share capital. In 2004, Maroc Telecom had reached the statutory reserve, and may accordingly, since fiscal year 2005, pay out its entire distributable profit.

2.2.5.3 Tax treatment relating to dividends

Moroccan tax treatment

Investors should be aware that the summary of tax rules applicable in Morocco set out below is provided for information only and does not constitute a complete description of all potential tax situations applicable to each investor. Accordingly, investors should obtain advice from their usual tax advisors as to the tax treatment applicable to their specific situation and in particular the consequences of the acquisition, holding, or transfer of company shares.
The tax rules applicable in Morocco with respect to dividend distributions are governed by the General Income Tax Code: income tax for companies (IS) and income tax (IR) for private persons.

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

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

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

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

French tax treatment

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

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

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

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

The net dividends collected and the attached tax credit may be subject, at the taxpayer's discretion, to income-tax withholding on a progressive scale. This system was eliminated by the Finance Act of 2013.

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

However, dividends paid out by the Company pursuant to a valid resolution of the Company are taken into account for the purposes of computation of income tax, after a 40% reduction on the gross amount of the payout (i.e., 60% of the gross dividend is taxable).

In addition, they shall be eligible for an annual allowance of €3,050 (for married couples taxed jointly and for partners taxed jointly under a PACS agreement, defined under Article 515-1 of the French Civil Code) and of €1,525 for taxpayers who are single, widowed, divorced, or married and taxed separately. The 40% allowance shall apply before the allowance of €1,525 or €3,050.

In addition, taxpayers resident in France for tax purposes, as defined under Article 4 B of the French Tax Code, may be eligible in respect of such dividends for a tax credit of 50% of the amount of taxable dividends before the allowance. Such credit shall be allowed to the extent of €230 annually for married couples taxed jointly and for partners taxed jointly under a PACS agreement defined under Article 515-1 of the French Civil Code, and of €115 for taxpayers who are single, widowed, divorced, or married and taxed separately.

Investors should note that dividends denominated in Moroccan dirhams shall be converted, for the purposes of taxation in France, into euros by applying the exchange rate in Paris on the date of collection of such dividends. If there is no listing on that day, the average trading price applied at a sufficiently close date is to be used.

Companies liable to corporate income tax

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

In accordance with Article 25-2 of the Convention, the shareholder is granted a tax credit chargeable against French corporate income tax. The tax credit amount is set by Article 25-3 of the Convention at 25% of the dividends paid out. According to information from the Director of Tax Legislation, the amount of such tax credit equals 33.33% of the net amount of dividends collected, after deduction of the withholding tax charged in Morocco. Such tax credit may not, however, exceed the amount of French corporate income tax relating to such dividends. No surplus tax credit may be used against the French taxes payable in respect of other sources of income, or be refunded or carried forward.

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

An additional contribution of 3% of the gross amount of corporate income tax, and a welfare contribution of 3.3% of the gross amount of corporate income tax in excess of €763,000 per twelve-month period, shall be added thereto.

However, for companies with revenues of less than €7,630,000 whose share capital, fully paid in, has been held uninterruptedly for the duration of the fiscal year concerned to the extent of at least 75% by individuals or by a company meeting all such requirements, the rate of corporate income tax is set, to the extent of €38,120 of taxable profit per 12-month period, at 15%. Such companies are also exempt from the 3.3% welfare contribution mentioned above.

Companies qualifying for the French participation exemption regime

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

Article 216 I of the French Tax Code, however, provides for the taxation in the taxable income of the legal entity receiving the dividends, of a portion of costs and expenses set at a fixed rate of 5% of the amount of dividends collected, including the traditional tax credit granted under a tax treaty. For each taxable period, however, such portion may not exceed the total amount of costs and expenses of all kinds incurred by the company collecting the dividends during the same period.

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

Investors should note that dividends denominated in Moroccan dirhams shall be converted, for the purposes of taxation in France, into euros by applying the exchange rate in Paris on the date of collection of such dividends. If there is no listing on that day, the average trading price applied at a sufficiently close date is to be used.

2.3 CORPORATE GOVERNANCE

2.3.1 MANAGEMENT OF THE COMPANY

2.3.1.1 Management board

2.3.1.1.1 Composition of the Management board

Composition

The Management board is composed of five (5) members. It administers and manages the Company, under the supervision of the Supervisory board.
The members of the Management board must be individuals. All members of the Management board must be employees of the Company and/or resident in Morocco more than 183 days per year, unless exempted by the Supervisory board acting by a 75% qualified majority of the members present or represented.
In the event of termination of the office of a member of the Management board during his or her term, the board shall appoint a replacement under the terms provided for by law and the Company's bylaws.

Members of Management board

Name (Age)	Office and duties	Date appointed	Term of office expires
Abdeslam AHIZOUNE (57)	Chairman	First appointed: February 20, 2001 Renewed on February 20, 2013	2017
Larbi GUEDIRA (58)	Managing Director Services	First appointed: February 20, 2001 Renewed on February 20, 2013	2017
Laurent MAIROT (44)	Managing Director Finance and Administration	First appointed: July 23, 2012 Renewed on February 20, 2013	2017
Janie LETROT (58)	Managing Director Regulatory Affairs and Corporate	First appointed: June 29, 2006 Renewed on February 20, 2013	2017
Rachid MECHAHOURI (45)	Managing Director Networks and Systems	First appointed: November 17, 2008 Renewed on February 20, 2013	2017

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

• Abdeslam AHIZOUNE, Chairman of the Management board
57 years old, Moroccan Citizen
Business address: Maroc Telecom – Avenue Annakhil, Hay Riad, Rabat, Morocco

Skills and experience
Born on April 20, 1955, Mr. Abdeslam AHIZOUNE holds an engineering degree from Telecom Paris Tech (1977). He has been Chairman of the Management board of Maroc Telecom since 2001. He was member of the Management board of Vivendi from April 2005 to June 2012.
Mr. AHIZOUNE served as Chairman and Chief Executive Officer of Maroc Telecom from 1998 to 2001, Minister of Telecommunications from 1997 to 1998, Managing Director of the National Postal and Telecommunications Board (ONPT) from 1995 to 1997, Minister of Posts and Telecommunications and Managing Director of the ONPT from 1992 to 1995, and Director of Posts and Telecommunications in the Ministry of Postal and Communications Services from 1983 to 1992.
Mr. AHIZOUNE is Chairman of the Royal Moroccan Athletics Federation, the Moroccan Association of Telecoms Professionals (MATI) and Vice-President of General Confederation of Moroccan Companies.
He is also a member of the Boards of Directors of the Mohammed V Foundation for the Solidarity, the Lalla Salma Association Against Cancer, the Mohammed VI Foundation of Protection of Environment, the Al Akhawayne University and the Royal Institute of the Amazigh Culture.

Position currently held
- Fédération Royale Marocaine d'Athlétisme (Morocco), Chairman
- Moroccan Association of Telecoms Professionals (MATI), Chairman
- General Confederation of Moroccan Companies (CGEM), Vice-President
- Mohammed V Foundation for the Solidarity (Morocco), member of the Board of Directors
- Lalla Salma Association Against Cancer (Morocco), member of the Board of Directors
- Mohammed VI Foundation of Protection of Environment (Morocco), member of the Board of Directors
- Al Akhawayne University (Morocco), member of the Board of Directors
- Royal Institute of the Amazigh Culture, member of the Board of Directors

Positions previously held that expired during the last five years
- Axa Assurance Morocco, Director
- Holcim SA (Morocco), Director
- CMC SA (Mauritania), Chairman of the Board of Directors
- Mauritel SA (Mauritania), Permanent representative of Maroc Telecom, Director
- Onatel (Burkina Faso), Permanent representative of Maroc Telecom, Director
- Mobisud SA (France), Chairman of the Board of Directors and Directors
- Gabon Telecom (Gabon), Director
- Medi1Sat (Morocco), Chairman-Chief Executive Officer
- Medi 1 TV (ex Medi1Sat) (Morocco), Director

• Larbi GUEDIRA, Member of the Management board
58 years old, Moroccan Citizen

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 the École Nationale Supérieure des Télécommunications (Paris). He also holds a master's degree in mathematics from Paris XI (Orsay) and a postgraduate degree (DESS) in management from the University of Lille.

Mr. Larbi GUEDIRA is Managing Director of Services of Maroc Telecom, and served previously as Executive Director of the Sales and Marketing Division, Executive Director of Telecommunications, and Chief Financial Officer and Regional Director for Casablanca. In addition, Mr. GUEDIRA has served on the Boards of Directors of various companies in the Maroc Telecom group. He was Chairman of the National Association of Telecommunications Engineers from 2000 to 2002.

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

Other positions and functions:

None

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

• Laurent MAIROT, Member of the Management board

44 years old, French Citizen

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

Skills and experience

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

Position currently held

Maroc Telecom group:

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

Other positions and functions:

- Wengo (France), Director

Positions previously held that expired during the last five years

- Scoot europe NV (Belgium), Controller
- Won holding, inc (USA), Director
- Activision Blizzard (France), Director
- Vivendi Telecom international (France), Director
- Vivendinet Uk Limited (United Kingdom), Director

• Janie LETROT, Member of the Management board

58 years old, French Citizen

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

Skills and experience

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

Position currently held

Maroc Telecom group:

- Onatel (Burkina Faso), Director
- MT Fly (Morocco), Director

Other positions and functions:

None

Positions previously held that expired during the last five years

Mobisud (Belgium), Director

• Rachid MECHAHOURI, Member of the Management board

45 years old, Moroccan Citizen

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

Skills and experience

Born on January 17, 1967, Mr. MECHAHOURI is a graduate of École Nationale Supérieure des Télécommunications (Paris). He also holds a postgraduate degree (DEA) in Electronics and Automation.

Rachid MECHAHOURI is Managing Director of the Networks and Systems division of Maroc Telecom. He joined Maroc Telecom as an engineer in 1992 and successively held positions as Project Leader for Maroc Telecom's GSM project, Head of Strategic Planning then Head of Mobile Networks Infrastructure, Director of Purchases of Infrastructure Procurement, and Purchasing Director. In addition, he is a member of the Board of Directors of several Maroc Telecom subsidiaries.

Position currently held

Maroc Telecom group:

- Casanet (Morocco), Director
- Sotelma (Mali), Director
- MT Fly (Morocco), Permanent representative of Maroc Telecom, Director

Other positions and functions:

None

Positions previously held that expired during the last five years

None

2.3.1.1.2 Appointment Functions and responsibilities of the Management board

Appointment and dismissal of members of the Management board

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

board members may be dismissed by a vote of the ordinary shareholders' meeting or by the Supervisory board, acting by a 75% qualified majority. Any dismissal without just cause may give rise to the payment of compensation.

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

Term of office

The members of the Management board are appointed for a term of four (4) years, renewable.

In the event of termination of office of a member of the Management board during his or her term, a substitute shall be appointed for the remainder of the term until the Management board is up for renewal.

All members of the Management board shall be eligible for further office.

Functions

The Management board manages collectively the affairs of the Company.

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

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

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

Powers

The Management board shall have full powers to act in all circumstances in the name of the Company, within the limitations of the corporate purpose and subject to those powers expressly conferred by law and by the Company's bylaws on the Supervisory board under Articles 10.5.3 to 10.5.5 of the bylaws.
In relation to third parties, the Company shall be bound even by actions of the Management board that do not come under the corporate purpose or bylaws, unless it proves that the third party was aware that the action exceeded such purpose and/or the bylaws, and could not be unaware thereof in the circumstances.
The provisions of the bylaws restricting the Management board's powers shall not be binding on third parties.
The Chairman of the Management board shall represent the Company in its dealings with third parties.
The Supervisory board may, however, confer the same representation power on one or more members of the Management board, who shall have the title of Executive Officer.
The provisions of the bylaws restricting the powers of the Chairman or, if applicable, the Executive Officer to represent the Company shall not be binding to third parties.
The Chairman of the Management board and the Executive Officer(s) may grant powers of attorney to third parties. The powers of attorney thereby granted shall nevertheless be limited and shall relate to one or more purposes.
In relation to third parties, any action binding the Company may be validly taken by the Chairman of the Management board or by any member appointed by the Supervisory board as an Executive Officer.

Disclosure duties

The Supervisory board may at any time require the Management board to submit a report on management and current operations. Such report shall be supplemented, at the Supervisory board's request, by a provisional accounting statement for the Company.
To the extent necessary, the Management board shall forward to the Supervisory board a report detailing any application or implementation of the points to be adopted by the Supervisory board in accordance with Articles 10.5.3 to 10.5.5 of the bylaws.
At least once a quarter, the Management board shall submit to the Supervisory board a report on the Company's development.
Within three months after the end of each fiscal year, the Management board shall draw up the Company's annual financial statements (balance sheet, income statement, and notes) and provide them to the Supervisory board, so that the latter may perform its supervisory function.
The Management board shall also provide the Supervisory board with the report to be submitted to the ordinary general meeting convened to act upon the financial statements for the previous fiscal year.

Compensation

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

Liability

Without prejudice to any specific liability arising out of the Company's receivership or bankruptcy proceedings, the members of the Management board shall be liable, personally or jointly, according to circumstances, to the Company and to third parties, for offenses against the statutory or regulatory rules applicable to joint stock companies, for breaches of the bylaws, or for misconduct in their management.
In 2012, the Management board convened 43 times, with an average attendance rate of 95%.

2.3.1.2 Supervisory board

2.3.1.2.1 Composition of the Supervisory board

Composition

The Supervisory board shall consist of no fewer than eight (8) and no more than twelve (12) members, which may be increased to fifteen (15) members if the Company's shares are listed on the Casablanca stock exchange.
Each member of the Supervisory board shall own at least one (1) share of Company stock throughout the term of office.
The members of the Supervisory board shall be appointed by the ordinary shareholders' meeting.
If a member of the Supervisory board, on the date of his or her appointment, does not own at least one (1) share of Company stock, or ceases to own at least one (1) share of Company stock during his or her the term of office, said member shall be deemed to have resigned from office if the situation is not corrected within three months.

Name (age)	Current offices and duties	Date of appointment	Term of office expires	Principal post or occupation
Nizar BARAKA (49)	Chairman	Supervisory board of February 24, 2012	OGM convened to approve the 2012 financial statements	Minister of Economy and Finance
Jean-René FOURTOU (73)	Deputy Chairman	Supervisory board of January 4, 2005	OGM convened to approve the 2012 financial statements	Chairman of the Supervisory board of Vivendi
Mohand LAENSER (71)	Member	Supervisory board of February 24, 2012	OGM convened to approve the 2012 financial statements	Minister of the Interior
Samir Mohammed TAZI (49)	Member	Supervisory board of September 13, 2010	OGM convened to approve the 2012 financial statements	Director of Public Enterprises and Privatization at the Ministry of Economy and Finance
Jean-François DUBOS* (67)	Member	Supervisory board of July 23, 2012	OGM convened to approve the 2012 financial statements	Chairman of the Management board of Vivendi
Philippe CAPRON (54)	Member	Supervisory board of March 01, 2007	OGM convened to approve the 2015 financial statements	Chief Financial Officer of Vivendi Member of the Management board of Vivendi
Régis TURRINI (54)	Member	Supervisory board of February 21, 2008	OGM convened to approve the 2012 financial statements	Director of Mergers and Acquisitions
Gérard BREMOND (75)	Member	Supervisory board of February 22, 2010	OGM convened to approve the 2012 financial statements	Chairman and Chief Executive Officer of Pierre et Vacances group

**At its meeting of July 23, 2012, the Supervisory board coopted Mr. Jean-François DUBOS as replacement for Mr. Jean-Bernard LEVY. The cooptation will be submitted for ratification to the ordinary shareholders' meeting of April 24, 2013.*

Term of office

The duration of the functions of the Supervisory board members is six (6) years.
The functions of a member of the Supervisory board expire at the end of the ordinary general meeting ruled on the accounts of the ended fiscal year and held in the year during which the term of the Supervisory board said member expires. They may be reappointed.
They may be revoked at any time by the ordinary general meeting.
No member of the Supervisory board, nor an employee or officer of a corporate member of the Supervisory board may serve on the Executive board. If a member of the Supervisory board is appointed to the Management board, its term of office ends when he took office.

A corporation may be appointed to the Supervisory board. On its appointment, it is required to designate a permanent representative who is under the same conditions and obligations and shall incur the same civil and criminal liabilities as if he were a member of the Supervisory board on his own behalf without prejudice to the joint liability of the corporation he represents.
When a corporation dismisses its representative, it is required to be filled at one time replacement. It shall immediately notify its decisions to the Company. It does the same in case of death or resignation of the permanent representative.

Vacances - Cooptations

In case of vacancy by death or by resignation or by quite other hindrance of one or several member seats on the Supervisory board, the Council can, between two general meetings, proceed to temporary appointments.
If the number of members of the Supervisory board becomes lower than eight (8), the Supervisory board has to proceed to temporary appointments to complete its staff within three (3) months as from the day when occurs the vacancy.
The temporary appointments made by the Supervisory board are subject to ratification of the next ordinary general meeting; the appointed member in replacement of another remains in function for the remaining time of his predecessor's mandate.
Even it the temporary appointments are not approved, the resolutions made and actions taken previously by the Supervisory board shall remain valid.
If the number of members of the Supervisory board becomes lower for three (3), the Management board has to call within thirty (30) days from the day when occurs the vacancy, the ordinary general meeting to complete the staff of the Council.

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

• Nizar BARAKA - Chairman
49 years old, Morocccan Citizen
Business address: Ministry of Economy and Finance

Skills and experience
Nizar BARAKA who King Mohammed VI appointed on January 3, 2012, Minister of Economy and Finance, is born on February 6, 1964 in Rabat.
Nizar BARAKA holds a degree in econometrics from The Mohammed 5th University of Economics and Law School and a PhD in Economics in 1992 from the University Aix-Marseille (France).
After teaching at The Mohammed 5th University of Economics and Law School and the Institut national d'économie sociale, he joined the Ministry of Finance in 1996 where he held several positions, including studies and financial forecasts deputy director.
Mr. BARAKA was appointed by King Mohammed VI in October 2007, Vice-Minister Delegate to the Prime Minister for Economic and General Affairs where he oversaw several strategic issues, including support purchasing power and price policy, the social economy, the Moroccan presidency of OECD for International Investment in MENA.
Mr. BARAKA, who joined the Party of Istiqlal, in 1981, was elected national board member of the party (1989), central committee member (1998) and member of the Executive committee (2003).
Chairman of the Economic committee and the committee for External Relations of the party in 2009, he lead the commission to develop the conception of the party for the advanced regionalization in 2010 and the party's electoral program for the local elections of 2009 and legislative elections of 2011.
Vice President of the International African Democratic center parties since 2005, Mr. Nizar BARAKA is active in many associations and national and international organizations.
Appointed by HM the King, in January 2005, member of the Averroes Comity for the merger between the Moroccan and Spanish peoples, he also contributed to the Jubilee Report on Human Development.
He was a member of the CDVM management board in 2004 and the National Observatory of Human Development in 2006.
Mr. BARAKA is married with a child

Positions previously held that expired during the last five years
None

• Jean-René FOURTOU- Deputy- Chairman

73 years old, French Citizen

Adresse professionnelle : Vivendi – 42 avenue de Friedland, 75008 Paris

Skills and experience

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

Position currently held

Vivendi group:

- Vivendi, Chairman of the Supervisory board

Other positions and functions:

- Sanofi Aventis, Director
- Bordeaux Université Fondation, Chairman

Positions previously held that expired during the last five years

- Canal+ group, Chairman of the Supervisory board
- NBC Universal (Etats-Unis), Director
- AXA, Deputy Chairman of the Supervisory board
- AXA, Member of Ethics and Governance committee
- Axa Millésimes, Member of the Directors board
- Nestlé (Suisszland), Director
- Cap Gemini, Director
- ICC, International Chamber of Commerce, Honorary President

• Mohand LAENSER

71 years old, Moroccan Citizen

Business address: Ministry of the Interior

Skills and experience

Mr. Mohand LAENSER that King Mohammed VI appointed on January 3, 2012 Minister of the Interior, was born in 1942 in Imouzzer Marmoucha, province of Boulemane.

A graduate of the National School of Public Administration (ENAP), Mr. LAENSER endorsed, since 1969, several functions within the Ministry of Posts and Telecommunications, as a managing director of Postal and Financial Services, Director of Corporate Affairs and General Secretary of the Ministry.

Between 1981 and 1992, Mr. LAENSER, director of the National Office of Post and Telecommunications (ONPT), was appointed by the King Hassan II Minister of Posts and Telecommunications.

General Secretary of the Popular Movement, he was elected at the legislative elections of June 1993 in the riding of Boulemane. On November 12, 1994, Mr. Laenser was reelected General Secretary of the Popular Movement, before being elected at the municipal elections of June 13, 1997 and reelected at the elections of September 27, 2002.

In October 2007 he was elected chairman of the region of Fez-Boulemane, before being appointed in 2002 by the King Mohammed VI, Minister of Agriculture and Rural Development.

Mr. LAENSER was re-lected on June 12, 2010, general secretary of the Popular Movement with an absolute majority, by the 11th National Party Congress.

On November 25, he was elected at the parliamentary elections in the riding of Boulemane. On July 29, 2009 he was appointed by HM the King, Minister of State.

Decorated with the First class Wissam Er-reda in 2006, Mr. LAENSER received an award from the Ministry of Agriculture of the Sudanese Nile Al-Azrak wilaya, on the sidelines of the inauguration in Meknes of the first edition of the International Agriculture Exhibition in Morocco.

Positions previously held that expired during the last five years

None

• Samir Mohammed TAZI
49 years old, Morocccan Citizen
Business address: Ministry of Economy and Finance

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

Positions previously held that expired during the last five years
None

• Jean-François DUBOS,
67 years, French Citizen
Business address: Vivendi – 42, avenue de Friedland, 75008 Paris

Skills and experience
Mr. Jean-François DUBOS was born on September 2, 1945, in Cabourg. He was appointed Chairman of the Management board of Vivendi at the Supervisory board meeting of June 28, 2012. Previously he was Executive Vice President and General Counsel for Vivendi, and Secretary of Vivendi's Supervisory and Management boards.
Mr. DUBOS is an honorary Counsel of the French Administrative Supreme Court. In 1991, Mr. DUBOS joined Compagnie Générale des Eaux, the predecessor of Vivendi, as deputy to the Chief Executive Officer, and in 1994 was appointed General Counsel. From 1993 to 1999, he was the Chief Executive Officer of the Carrousel du Louvre. From 1984 to 1991, while a member of the French Administrative Supreme Court, he worked on a wide range of matters, including education, internal affairs, urban planning, historical preservation, and legislative codification. From 1981 to 1984, he co-directed the cabinet of the Ministry of Defense. He was also a lecturer at the École Nationale d'Administration, Université de Paris I (Sorbonne), Paris X (Nanterre), Paris V (René Descartes), and at the IEP Aix en Provence. Mr. DUBOS holds a degree in English and Spanish and an advanced degree in public international law and political science from Université de Paris. He also participated in two sessions of the Academy of International Law in The Hague.
He is a Chevalier of the Legion of Honor and of the National Order of Merit, an Officer of Arts and Letters, and holds several foreign decorations.
Mr. DUBOS performs various responsibilities on a voluntary basis in the world of culture, notably as General Secretary of the Aix-en-Provence International Opera Festival. He sits on the boards of the Amis Américains and the Amis de Mozart, and is Vice Chairman of the Arles International Photography Festival and Chairman of the Maison Européenne de la Photo. He is also Chairman of the Versailles Baroque Music Center.

Position currently held

Vivendi group:

- Vivendi, Chairman of the Management board
- Canal+ group, Chairman of the Supervisory board
- Canal+ France, Chairman of the Supervisory board
- GVT Holding S.A. (Brazil), Chairman of the Board of directors
- SFR, Director
- Activision Blizzard, Inc. (United States), Director and member of the Compensation committee

Other positions and functions:

- CMESE, Member of the Supervisory board
- Eaux de Melun, Member of the Supervisory board

Positions previously held that expired during the last five years

Canal+ group, Deputy- Chairman of the Management board
SFR, Permanent Representative of the Board of directors of Vivendi

• Philippe CAPRON

54 years old, French Citizen
Business address: Vivendi – 42, avenue de Friedland – 75008 Paris

Skills and experience

Philippe CAPRON was born on May 25, 1958, in Paris. He is a graduate of École des Hautes Etudes Commerciales (HEC) and Institut d'Études Politiques (IEP), Paris. He was assistant to the Chairman and Secretary of the Board of Directors of Sacilor from 1979 to 1981. After graduating from École Nationale d'Administration (ENA) in 1985, he worked for the French General Inspectorate of Finance. Advisor to the Chairman and CEO of Duménil Leblé from 1989 to 1990, and Managing Director and a member of the Management board of Banque Duménil Leblé (Cérus group) from 1990 to 1992, Mr. CAPRON then became a partner in the management consulting firm Bain and Company from 1992 to 1994. Director of International Development and a member of the Executive committee of Euler group from 1994 to 1997, Mr. CAPRON was Chairman and Chief Executive Officer of Euler-SFAC from 1998 to 2000. In November 2000, he joined Usinor group as Chief Financial Officer. Mr. CAPRON was a member of the Executive committee until 2002, when he was appointed Executive Vice President of the Arcelor, group responsible for the packaging steels division, and later for the distribution and international trading businesses. In early 2006, he became Chief Financial Officer and a member of the Management committee of Arcelor. Philippe CAPRON joined Vivendi in January 2007 as Chief Administrative Officer. He was appointed a member of the Management board and Chief Financial Officer in April 2007.

Position currently held

Vivendi group:

- Vivendi, Member of the Management board
- Activision Blizzard, Inc. (USA), Chairman of the Directors board and Human Resources committee, Member of Corporate Governance and Appointment committee
- Canal+ group, Deputy Chairman and Member of the Supervisory board
- Canal+ France, Member of the Supervisory board and Chairman of Audit committee
- SFR, Director and Chairman of Audit committee
- GVT Holding SA (Brazil), Director

Other positions and functions:

- Virbac group, member of the Supervisory board, Chairman of the Audit committee
- Tinubu Square, Director
- Member of the la Société d'économie politique

Positions previously held that expired during the last five years

- NBC Universal Inc. (USA), Director
- Vivendi Games Inc. (USA), Director

• Régis TURRINI

54 years old, French Citizen
Business address: Vivendi – 42, avenue de Friedland – 75008 Paris

Skills and experience

Régis TURRINI was born on March 14, 1959. He has served as Senior Executive Vice President of Strategy and Development for Vivendi since January 2008. He joined Vivendi in January 2003 as Executive Vice President in charge of mergers and acquisitions. Mr. TURRINI is an attorney admitted to the Paris bar. He is a graduate of Institut d'Études Politiques de Paris and an alumnus of École Nationale d'Administration. Mr. TURRINI began his career as a consultant in the French Administrative Court and the Administrative Court of Appeal. He went on to work as a corporate lawyer at the law firms Cleary Gottlieb Steen & Hamilton (1989-1992) and Jeantet & Associés (1992-1995). In 1995, Mr. TURRINI joined Arjil & Associés Banque (Lagardère group) as consultant then Executive Director. He was later appointed Managing Partner, in 2000.

Position currently held

- Vivendi Net USA group, Inc. (Etats-Unis), Chairman and Chief Executive Officer
- MP3.Com Inc. (USA), Chairman and Chief Executive Officer
- Wengo SAS (France), Chairman of the Board of Directors
- SPT SAS (Morocco), Chairman
- Canal+ France, Member of the Supervisory board
- SFR (France), Director
- Activision Blizzard (USA), Director
- GVT Holding (Brazil), Director

Positions previously held that expired during the last five years

- Vivendi Telecom International (France), Chairman and Chief Executive Officer
- Vivendi Net UK Limited (England), Director
- Vivendi Net, Chairman and Chief Executive Officer
- Scoot Europe NV (Belgium), Director
- SAIGE, Permanent Representative of Vivendi at the Board of Directors

• Gérard BREMOND

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

Skills and experience

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

Position currently held

SA Pierre & Vacances group:

- Pierre & Vacances SA, Chairman of the Directors board
- SA Pierre & Vacances Conseil Immobilier, Chairman
- SA Pierre & Vacances Development, Chairman
- SAS Adagio Holding, Chairman of the Directors board
- Pierre & Vacances Immobilier Holding SE, Chairman and CEO
- Tourism Real Estate Property Holding SE, Director

- SA Pierre & Vacances Tourisme Europe, Director
- Villages Nature Management SARL, Co-manager

SA Société d'Investissement Touristique et Immobilier:

- SA Société d'Investissement Touristique et Immobilier
- S.I.T.I., Chairman and CEO
- SA Lepeudry et Grimard, Director

GB Développement SA:

- SAS GB Développement, Chairman

Other positions and functions:

- Center Parcs Europe NV (Netherlands), Member of the Supervisory board
- Pierre & Vacances group Trademarks B.V. (Netherlands), Director
- SITI R (SC), Manager
- SDRT, Director
- DRT-Immo, Director

Positions previously held that expired during the last five years

- Tourism Real Estate Property Holding SE, Chairman and CEO
- TREP (Netherlands), Member of the board of Management
- SDRT-Immo, Chairman of the Directors board
- SAS Newcity Aparthotels, Chairman
- SA Pierre & Vacances Promotion Immobilière, Chairman
- SA Pierre & Vacances Tourisme Europe, Chairman
- Permanent Representative for SA Société d'Investissement Touristique et Immobilier - S.I.T.I. in Directors board for Peterhof, SERL, Lepeudry et Grimard, and C.F.I.C.A.
- Holding Green BV (Netherlands), Director
- Vivendi, Director

2.3.1.2.2 Responsibilities and functions of the Supervisory board

Offices of Chairman and Deputy Chairman

The Supervisory board shall appoint from its members a Chairman and a Deputy Chairman, who shall each have the power to convene meetings of the Supervisory board and direct their proceedings. Each shall perform his or her duties for the term of office as a member of the Supervisory board. The Chairman and Deputy Chairman must be individuals.
For each meeting, the Supervisory board may appoint a Secretary, who may be chosen from outside the members of the Supervisory board.

Notice of meeting and proceedings

Upon notice by its Chairman or Deputy Chairman, the Supervisory board shall meet as frequently as the Company's interests require, at the head office or any other location specified in the notice. Such notice may be delivered by electronic mail or by fax (in both cases followed by confirmation by ordinary mail), by registered letter with return receipt, or by letter delivered personally against receipt, eight (8) days before the date of the meeting, or sooner if agreed on by all members of the Supervisory board.
Proceedings of the Supervisory board shall be considered valid only if at least one-half of the members of the Supervisory board are present.
Supervisory board members who attend Supervisory board meetings by videoconference or equivalent technology that allows members to be identified, as stipulated by the regulations in force, are taken into account in determining the quorum and majority.
This provision shall not apply if the agenda includes the appointment or dismissal of the Chairman of the Supervisory board, the approval of the financial statements, or the notice for shareholders' meetings.
In addition to operations subject by law to the Supervisory board's prior consent pursuant to Article 10.5.3 of the bylaws, the following resolutions require prior consent by the Supervisory board acting by a simple majority of members present or represented:

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

• Review and approval of the budget, drawn up according to the same strategic criteria and requirements as those applied by leading international operators in terms of productivity, profitability, and competitiveness;
• Policy with respect to compensation, training, human-resources management, and creation of profitsharing schemes for the Company's employees and managers;
• Appointment of members of the Management board; and;
• Approval of draft resolutions for submission to the shareholders' meeting with respect to the allocation of earnings of the Company and its subsidiaries (payout of dividends, reserves, etc.) in the manner provided for under Articles 16 and 10.5.4(x) of the bylaws.

However, in an exception to the provisions of Article 10.5.3 described above, and in accordance with the provisions of Article 10.5.4 of the bylaws, the following resolutions shall be matters for the Supervisory board and require approval by a qualified majority of at least 75% of the members of the Supervisory board present or represented:
• Any significant change in accounting methods;
• Repeal, abandon, transfer of licenses, or concession of major operating facilities not provided for under the annual budget;
• Any decision relating to the implementation or initiation of judicial, administrative, or arbitration actions or proceedings involving the Company or its subsidiaries, for which the amount of the claim in principal against or at the initiative of the Company or its subsidiaries, whether this concerns an initial claim or a counter claim, for each of these actions or proceedings, amounts to more than MAD 100 million or requires judicial enforcement by the Company or its subsidiaries, as well as any decisions with the aim of obliging the Company or its subsidiaries to reach a settlement for such actions or proceedings involving amounts owed or due to the Company of more than MAD 25 million;
• Any decision concerning the conclusion, amendment, and/or termination of any service-provision or other agreement, other than agreements concerning day-to-day operations entered into under normal conditions, between the Company and (i) any shareholder holding more than 30% of the share capital and/or voting rights of the Company, and/or (ii) any affiliates whatsoever of such a shareholder, for which the management and/or oversight are effectively controlled, directly or indirectly, by said shareholder or by its parent company, whether through an equity investment through contractual agreements, or in concert with a third party (hereinafter a "Reference Shareholder»);
• Any decision relating to a business combination, under any form whatsoever, between the business of the Company and any business(es) over which a Reference Shareholder has control, which are in competition with the Company over the sectors of Fixed, Mobile, Internet, and Data-exchange telecommunications (and more generally all businesses connected to or arising from the Company's corporate purpose);
• Any decision exempting a member of the Management board from the obligation of being an employee of the Company and/or present for more than one hundred eighty-three (183) days a year in Morocco;
• Investments or divestments and borrowings and loans exceeding more than 30% of the corresponding amounts shown in the budget;
• Any creation of a subsidiary with initial share capital or shareholders' equity of more than MAD 100 million, and any acquisition or disposal of an equity investment or interest in any group or entity exceeding 20% of the Company's net assets;
• Any resolution relating to a proposed merger, spin-off, contribution of assets, or management lease involving all or part of the business of the Company or one of its subsidiaries, and any resolution relating to the winding-up, liquidation, or divestiture of any substantial operation of the Company or one of its subsidiaries;
• Any exceptions from the obligation provided for under Article 16 of the bylaws to pay out dividends of at least one-half the distributable earnings; and;
• Amendment of the internal regulations of the Company's Audit committee.
In addition, and in accordance with the provisions Article 10.5.5 of the bylaws described below, the Supervisory board may not submit the following resolutions to the meeting of shareholders unless said resolutions have been approved by at least 75% of the members of the Supervisory board present or represented:
• A motion for amendment of the Company's bylaws (particularly a decrease or increase in the Company's share capital, or changes in the fiscal year) ;
• A motion for issuance of new securities of the Company or its subsidiaries; a motion for amendment of the corporate purpose and/or the principal business of the Company or its subsidiaries;
• A motion for amendment of the rights and duties relating to shares of the Company and its subsidiaries;
• A motion for the choice of the statutory auditors of the Company and its subsidiaries;
• A motion for the appointment of one or more members of the Supervisory board;
• A motion for dismissal of the members of the Management board; and;
• A settlement of differences between the Management board and the Supervisory board.

Duties and powers of the Supervisory board

The Supervisory board shall exercise permanent supervision over the Company's management by the Management board. At any time of the year, it shall perform such inspections and controls as it shall see fit, and may obtain disclosure of such documents as it considers appropriate for the performance of its duties.
The members of the Supervisory board may obtain disclosure of any information or data relating to the operation of the Company.
The Supervisory board may, within the limits that it shall determine and subject to the provisions of Article10.5 of the bylaws described above, allow the Management board to sell real-estate assets, sell all or part of its equity investments, and issue collateral, deposits, endorsements, and guarantees on behalf of the Company.
It shall submit to the annual shareholders' meeting its observations on the report from the Management board and on the financial statements for the fiscal year.

The Supervisory board may create from among its members and, if it deems necessary, with third parties who need not be shareholders, technical committees in charge of reviewing matters that it shall submit to them for an opinion.
Such committees shall have an advisory power and act subject to the authority of the Supervisory board, from which they are issued and to which they shall report.
The members of committees shall be appointed by the Supervisory board. Unless otherwise resolved by the Supervisory board, the duration of the terms of office of committee members shall be that of their terms as members of the Supervisory board.
Each committee shall draw up its own internal regulations, which shall require approval by the Supervisory board.

Compensation

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

Liability

Members of the Supervisory board shall be liable, personally or jointly, according to circumstances, to the Company and to third parties, for offenses against the statutory or regulatory provisions relating to joint stock companies, for breaches of the bylaws or for management misconduct.
If several members of the Supervisory board have cooperated in the same action, the court shall apportion liability among them in terms of payment of damages.
Members of the Supervisory board shall be liable for personal negligence in the performance of their duties. They shall incur no liability for acts of management or for the results thereof. They may be held liable for criminal offences committed by members of the Management board if, having been aware thereof, they have not reported said offences to the General Meeting.
In 2012, the Supervisory board met three times, with an average attendance rate of close to 68%, to review the Company's performance and its medium- and long-term prospects.
As regards the composition of the Supervisory board, three members— Nizar BARAKA, Mohand LAENSER, and Samir Mohammed TAZI—were appointed upon proposal of the Government of the Kingdom of Morocco, and five members— Jean-René FOURTOU, Jean- François DUBOS, Gérard BREMOND, Philippe CAPRON, and Régis TURRINI—were appointed upon proposal of Vivendi.
Mr. Jean-Bernard LÉVY was replaced on 23 July 2012 by Mr. Jean-François DUBOS.
Each member of the Supervisory board must hold at least one share.

2.3.2 AUDIT COMMITTEE AND CODE OF ETHICS

2.3.2.1 Audit committee

Maroc Telecom's Audit committee is responsible for making recommendations and/or providing advice on accounting procedures for the financial administration of the group.

Composition

The Audit committee is comprised as follows:

Name (age)	Current office	Date of appointment	Principal post or occupation
Philippe CAPRON (54)	Chairman	2007	Chief Financial Officer of Vivendi Member of the Management board of Vivendi
Noureddine BOUTAYEB (55)	Member	2003	Wali, Secretary general in the Interior Ministry
Samir Mohammed TAZI (49)	Member	2010	Former Director of Public Enterprises and Privatization at the Ministry of Economy and Finance
Sandrine DUFOUR (46)	Member	2008	Director of the Innovation in Vivendi Deputy Chief Financial Officer of Vivendi Chairman of Vivendi Mobile Entertainment (VME)
Pierre TROTOT (58)	Member	2003	Senior Executive Vice-President of SFR

Mr. Monkid MESTASSI, representative of the Moroccan State is retired in 2012, his replacement is in progress

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

Noureddine BOUTAYEB

Noureddine BOUTAYEB was appointed Wali, General Secretary of the Ministry of the Interior, in March 2010. Prior to that, Mr. BOUTAYEB served as Wali, Director General of Local Authority Bodies in the Ministry of the Interior, Director of Rural Affairs in the Ministry of the Interior and Chief Operating Officer for Maghrébine d'Ingénierie (INGEMA SA). Prior to this, he held various engineering jobs in the Ministry of Infrastructure and in an engineering consultancy in Paris.
Mr. BOUTAYEB is a graduate of the École Centrale (Paris). He also holds an MBA and an engineering degree from the École Nationale des Ponts et Chaussées, as well as a post graduate diploma (DEA) in Soil Mechanics.

Sandrine DUFOUR

Sandrine DUFOUR is Deputy Chief Financial Officer of Vivendi, with responsibility for financial consolidation, financial reporting, planning, budget and management control. Ms. DUFOUR is also Chairman of Vivendi Mobile Entertainment (VME). She was appointed Director of Innovation of Vivendi group in October 2010. In her previous career, she served successively as advisor to the Chief Financial Officer of Vivendi, the Chief Financial Officer of VU Net, and then head of the Internal Audit and Special Projects department of Vivendi, based in New York. Prior to joining Vivendi in 1999, Sandrine DUFOUR was a financial analyst with BNP (1990-1993), and then with the brokerage firm CAI Cheuvreux (1993-1999), where she was in charge of the telecommunications sector.
Sandrine DUFOUR is a graduate of ESSEC and holds the CFA designation.

Pierre TROTOT

Pierre TROTOT is Senior Executive Vice-President, Finance and Administration of SFR. He previously, served as Acting Director, then Director of Financial Management at Compagnie Générale des Eaux, after having served as an acting director reporting to the Chairman of Compagnie de Navigation Mixte (1982-1988). Prior to this, Mr. TROTOT was an acting director at Arthur Andersen Audit (1978-1982).
Mr. TROTOT is a graduate of Hautes Etudes Commerciales (HEC).

Functions of the Audit committee

The Audit committee was established by the Supervisory board in 2003, in line with efforts to enhance accountability to shareholders by adopting international standards for the corporate governance and internal control of Maroc Telecom.

The Audit committee comprises six permanent members, with three representatives of the Government of the Kingdom of Morocco and three representatives of Vivendi (including the Chairman) of the committee.

The Audit committee was convened for the first time in May 2004, and held three meetings in 2012. Its role is to make recommendations and proposals to the Supervisory board on matters such as:

- The individual financial statements and consolidated financial statements, before their submission to the Supervisory board;
- The consistency, efficiency and effectiveness of the Company's internal audit process;
- Supervision of the audit programs of internal and external auditors and the examination of their audit findings;
- Accounting principles and methods, and the consolidation scope;
- The Company's off-balance sheet risks and commitments;
- Monitoring of Policy insurance;
- The procedures for the selection of the statutory auditors, formulating an opinion on the fees requested for the performance of their audit duties, and monitoring compliance with the rules guaranteeing auditor independence; and;
- Issues that the committee determines to pose a risk for the Company or that could result in a decrease in audit quality.

Internal control

The Internal control procedures established within the Maroc Telecom group have the following objectives:

- Ensure that the management actions and the conduct of affairs, as well as employees' behavior, comply with guidelines set by the decision-making and supervisory bodies governing the Company's business operations and with applicable law and regulations; and
- Ascertain that the accounting, financial and management information provided to the Company's decision-making and supervisory bodies provides a true and fair reflection of the Company's operations and financial position.

The objectives of the Internal control process are to mitigate and control risks arising both from the company's business affairs and from error and fraud, particularly in the areas of finance and accounting. As is the case for all audit systems, however, they cannot provide an absolute guarantee that these risks will be completely eliminated.

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

In 2012, the average attendance rate for Audit committee meetings was 72%.

Internal Audit and Inspection

The internal-audit department was restructured in May 2012. This restructuring responds to new requirements created by changes in internal controls, brings new vitality to the department, and provides visibility for the career paths of auditors and inspectors.

Internal Audit

The Internal audit department of Maroc Telecom is an independent function that has direct access to the Audit committee. Its functions are governed by a charter approved by the Audit committee.

The Internal audit department's role is to provide the Company with an assurance concerning the degree of risk control within its operations and to monitor the quality of internal control at each level of the Company's organization. The Internal audit department assists Management in achieving its objectives by assessing its risk management, control and corporate governance procedures.

The efficacy of the internal audit 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 its progress and guarantee its implementation.

The audit plan is defined according to an analysis of company risks, which covers both financial risks, information systems risks, and risks particular to the operational units of the Company.

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

- Financial audit (ten auditors at December 31, 2012) attached to the General Control Department (office of Chairman) for matters having a dual accounting and financial impact; and.
- Operational audit (11 auditors at December 31, 2012) is involved in operating units (retail branches, technical centers, stores and regions, etc.). It inspects procedures for management of resources, networks and customer services.

The annual audit plan comprises a program of engagements, the implementation of which is entrusted to the Internal audit department. The missions have the following main objectives:

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

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

The auditors have access to the reports of Internal audit missions.

Internal audits performed in 2012 involved the main items of balance sheet and the consolidated income statement, i.e. revenues, fixed assets, inventories and cash flow, as well as the other tranverse assignments. The total number of the audit assignments performed in 2012 is 30.

Inspection

Alongside the Internal audit department, the Inspection department (13 inspectors at December 31, 2012) is responsible for assessing and approving the Company's internal control system. The department reports to the General Control Department (office of the chairman) and to the Audit committee.

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

- Protecting the assets, property, resources and means used;
- Verifying that management procedures, instructions, policies and rules are observed;
- Ensuring the quality, adequacy and reliability of data and optimization of the allocation of resources;
and;
- Demonstrating and determining any possible liabilities in the event that the Company becomes aware of deficiencies, irregularities or fraud.

The Inspection department may assist the Internal audit department in the implementation of specific assignments, to determine a program of review and analysis, and to provide proposals on the functioning of the Company.

Sarbanes-Oxley

In 2006, Vivendi terminated the deposit agreement with Bank of New York relating to its American Depositary Receipts (ADR) as well as its obligations under the Securities Exchange Act of 1934.

As required by Vivendi, which was, at the time, listed on the New York Stock exchange, Maroc Telecom, as a subsidiary of the group, initiated work in 2003 to prepare for compliance with Sarbanes-Oxley Act, by assessing the quality of processes that might affect the reliability of its financial information.

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

2.3.2.2 Code of ethics

Maroc Telecom has established a Code of ethics which sets out to maintain high levels of fairness, transparency and market integrity, and to ensure the primacy of customer interests.

This Code is not intended to replace existing rules, but outlines the ethical principles and rules that are generally applicable and emphasizes the need to comply with them scrupulously. It aims to make each member of the Company accountable, setting out the principal rules governing the confidentiality of privileged information, in order to increase awareness of best practices among company employees, and to assist them in adjusting their professional behavior to those best practices.

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

Employees may also consult the chief compliance officer, who is in charge of ensuring compliance with law and the rules of the Code of ethics.

2.3.3 INTERESTS OF SENIOR EXECUTIVES

2.3.3.1 Compensation paid to members of the Management and Supervisory boards

The Supervisory board determines, in conjunction with its appointment decisions, the form and amount of compensation paid to members of the Management board. This information is then included in the employment contract of the respective member. A compensation committee comprised of the Chairman and Deputy Chairman of the Supervisory board meets each year to examine the overall compensation of the members of the Management board, including any variable portion, and submits its proposal to the Supervisory board.

Total gross compensation paid by the Company, its subsidiaries, and all controlling companies to members of the Management board for their duties in Maroc Telecom group for fiscal year 2012 came to approximately MAD32 million, of which 33% represented variable compensation. Variable compensation for 2012 was calculated by the members of the Management board in accordance with the following criteria: (a) financial targets of Vivendi group and/or Maroc Telecom, and (b) business segment priority actions.

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

In millions of Moroccan dirhams	2010	2011	2012
Gross compensation	33	37	32
o/w variable compensation	36%	40%	33%
Minimum compensation in the event of termination of contract	41	47	38

Some companies in Vivendi group contribute part of these amounts to certain members of the Management board. In addition, certain members of the Management board are eligible to participate in Vivendi's stock-option plans. Based on compensation for 2012, the minimum amount to be paid by the Company in the event of termination of employment contracts of members of the Management board, except in case of willful misconduct or gross negligence, would amount to approximately MAD 38 million. Furthermore, the Company bears the cost of representation and travel costs incurred by members of the Management board in the course of their duties.

The incidence of the benefits in kind and special complementary pension plans implemented for the company officers are integrated in the figures of the above table.

The General Meeting of April 23, 2009, decided to allocate the total amount of two million four hundred thousand dirhams (MAD 2,400,000) in attendance fees to members of the Supervisory board and Audit committee. This decision remains valid until a new decision is taken by the General Meeting. The procedures and conditions for dividing the fees shall be set by the Supervisory board. At the Supervisory board meeting of July 23, 2012, members of the board decided, as in the previous year, to waive payment of the attendance fees due in respect of fiscal year 2011, and opted for those fees to be awarded by Maroc Telecom to the Maroc Telecom Association for Entrepreneurship, which distributes these sums in the form of bursaries for disadvantaged students attending universities in Morocco. This waiver also concerns the members of the Audit committee, representatives of Vivendi group, and Messrs Nourredine BOUTAYEB and Samir Mohammed TAZI, representatives of Moroccan State. This decision is valid until a new decision is taken by the Supervisory board.

2.3.3.2 Ownership of Company shares by members of the decision making and Supervisory bodies

As of December 31, 2012, the members of the Supervisory board and the Management board held respectively, directly or indirectly, 87,236 Maroc Telecom shares.

2.3.3.3 Conflicts of interests and other relevant considerations

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

Finally, the appointment of members of the Management board and of the Supervisory board is organized by a shareholders' agreement as described in paragraph 2.2.2.5 «Shareholders' agreement».

2.3.3.4 Interests of senior executives in significant customers and suppliers of the Company

None

2.3.3.5 Service contracts

To date, with the exception of employment contracts between members of the Management board and Maroc Telecom, there are no contracts between members of the Management board or the Supervisory board and the Company and/or any of its subsidiaries that bestow any particular benefits.

2.3.3.6 Stock options

As of the date of this registration document, no company officer and/or employee held any Maroc Telecom stock options. Nevertheless, the 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, managing directors, executives or, exceptionally, nonexecutive employees of the group. In addition, certain members of the Management board and certain Company executives are eligible to participate in Vivendi's stock-option plan.

The following table summarizes the Vivendi stock options and free shares granted in respect of last three fiscal years:

	Grant for 2010	Grant for 2011	Grant for 2012
Total Stock-options	411,900	213,300	192,775
- Management board	234,400	162,000	149,975
- 10 largest beneficiaries	251,400	169,200	156,575
Total free shares granted	78,714	130,450	152,858
- Management board	19,536	45,260	45,498
- 10 largest beneficiaries	25, 204	53,270	52,838

2.3.3.7 Loans and guarantees granted to senior executives

None

2.3.4 RELATED-PARTY TRANSACTIONS

Insofar as Maroc Telecom is incorporated under Moroccan law, it is not governed by the provisions of the French commercial code. Nevertheless, under Article 95 of Moroccan Act no. 17-95 as amended and completed by Act no. 20-05, any agreement entered into between the Company and any of the Management or Supervisory board members, or any shareholder holding directly or indirectly more than 5% of the share capital and voting rights, is subject to the prior authorization of the Supervisory board. The same applies to agreements entered into between the Company and another entity, if any member of the Management or Supervisory board is an owner, partner (with unlimited liability), manager, director, managing director, or a member of the Management or Supervisory board of such entity.
The aforementioned regulated agreements concluded in fiscal year 2012, and the agreements concluded in prior fiscal years and whose execution continued in fiscal year 2012, are detailed in the special report of the statutory auditors (pages 277–285 of this document).

2.3.4.1 Party transactions concluded by Maroc Telecom in 2012

Contract with Société de Participations dans les Télécommunications (SPT)

At the Supervisory board meeting held on July 23, 2012, a current-account advance totaling MAD 3,150 million was accorded to Maroc Telecom by Société de Participations dans les Télécommunications (SPT), a wholly owned subsidiary of Vivendi, as of May 31, 2012, for the partial financing of dividends. Vivendi is a shareholder of both parties.

Lease agreement with MT Fly

The Maroc Telecom Supervisory board, at its meeting of July 23, 2012, approved an aircraft lease agreement with MT Fly (commercial operator), effective retroactively at January 1, 2012, for 12 months. The annual lease amount is MAD 5.8 million (excl. VAT).
Members of management bodies common to both parties are Larbi GUEDIRA, Laurent MAIROT, Rachid MECHAHOURI, and Janie LETROT.

Moroccan Royal Track and Field Federation (FRMA)

The agreement between Maroc Telecom and FRMA, of which Mr. AHIZOUNE is also chairman, 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 working expenses.

2.3.4.2 Related-party transactions from prior years that remained outstanding in 2012

Agreement with Société de Participations dans les Télécommunications (SPT)

At its meeting held on July 25, 2011, the Supervisory board authorized a current-account advance totaling MAD 3,600 million to Maroc Telecom by Société de Participations dans les Télécommunications (SPT), as of May 31, 2011, for the partial financing of dividends. Vivendi is a shareholder of both parties.

Advance payment agreement with MT Fly

The Supervisory board meeting of July 25, 2011, authorized the granting to MT Fly of an advance payment corresponding to 125 flight hours (MAD 7 million), with the aim of covering the expenses of the first six months of operation and proving the financial viability of MT Fly.
The management bodies' members in common are Larbi GUEDIRA, Laurent MAIROT, Rachid MECHAHOURI, and Janie LETROT.

Agreement with Sotelma

In 2009, Sotelma and Maroc Telecom concluded an agreement under which Maroc Telecom provides technical assistance and services.
Members of management bodies common to both parties are Larbi GUEDIRA, Laurent MAIROT, and Rachid MECHAHOURI.

Agreement with Onatel

In September 2007, Onatel concluded an agreement with Maroc Telecom under which the latter provides services in the following fields: strategy and business development, organization, networks, marketing, finance, procurement, human resources, information systems, and regulatory affairs. These services are performed mainly by expatriate employees.
Members of management bodies common to both parties are Larbi GUEDIRA, Laurent MAIROT, and Janie LETROT.

Agreement with Gabon Telecom

In September 2007, Gabon Telecom concluded an agreement with Maroc Telecom under which the latter provides services in the following fields: strategy and development, organization, networks, marketing, finance, procurement, human resources, information systems, and regulatory affairs. These services are performed mainly by expatriate employees.
Members of management bodies common to both parties are Larbi GUEDIRA and Laurent MAIROT.

Management Services Agreement with Vivendi Telecom International

In June 2001, Maroc Telecom and Vivendi concluded a service agreement under which Vivendi provides Maroc Telecom with technical assistance, either directly or via its subsidiaries, and in particular Vivendi Telecom International (VTI), in the following areas: strategy and organizational structure, business development, sales and marketing, finance, purchasing, human resources, IT systems, regulatory matters, interconnection, infrastructure, and networks. These services may be carried out by expatriate employees.
Note that after a corporate name change, VTI company became SFR. Vivendi is a shareholder of both parties.

Cross-charging of costs related to stock options and allocation of free shares

In accordance with IFRS standards, Vivendi invoices its subsidiaries for costs related to benefits granted to employees in the form of stock options and allocation of free shares.
Vivendi is one of the Maroc Telecom's principal shareholders. As from June 2012, Abdeslam AHIZOUNE is no longer a member of Vivendi's Management board.

Agreement with Mauritel

In 2001, Mauritel SA concluded an agreement with Maroc Telecom for the provision of services and technical assistance and for sale of equipment to Mauritel SA.
Members of management bodies common to both parties are Larbi GUEDIRA and Laurent MAIROT.

Agreement with Casanet

In fiscal year 2003, Maroc Telecom concluded several agreements with Casanet, whose corporate purpose, inter alia, is to maintain the Menera internet portal of Maroc Telecom in operational condition, and to provide business development and web hosting for internet sites of Maroc Telecom.
The member of management bodies common to both parties is Rachid MECHAHOURI.

Casanet current-account advance

Maroc Telecom opted to delegate its business in professional directories to its Casanet subsidiary. The Supervisory board meeting of December 4, 2007, authorized the Company to pay all necessary investment expenses, which are financed via advances into a noninterest-bearing current account.
It should be noted that the member of the management body in common is Rachid MECHAHOURI.

Agreement with Media Overseas

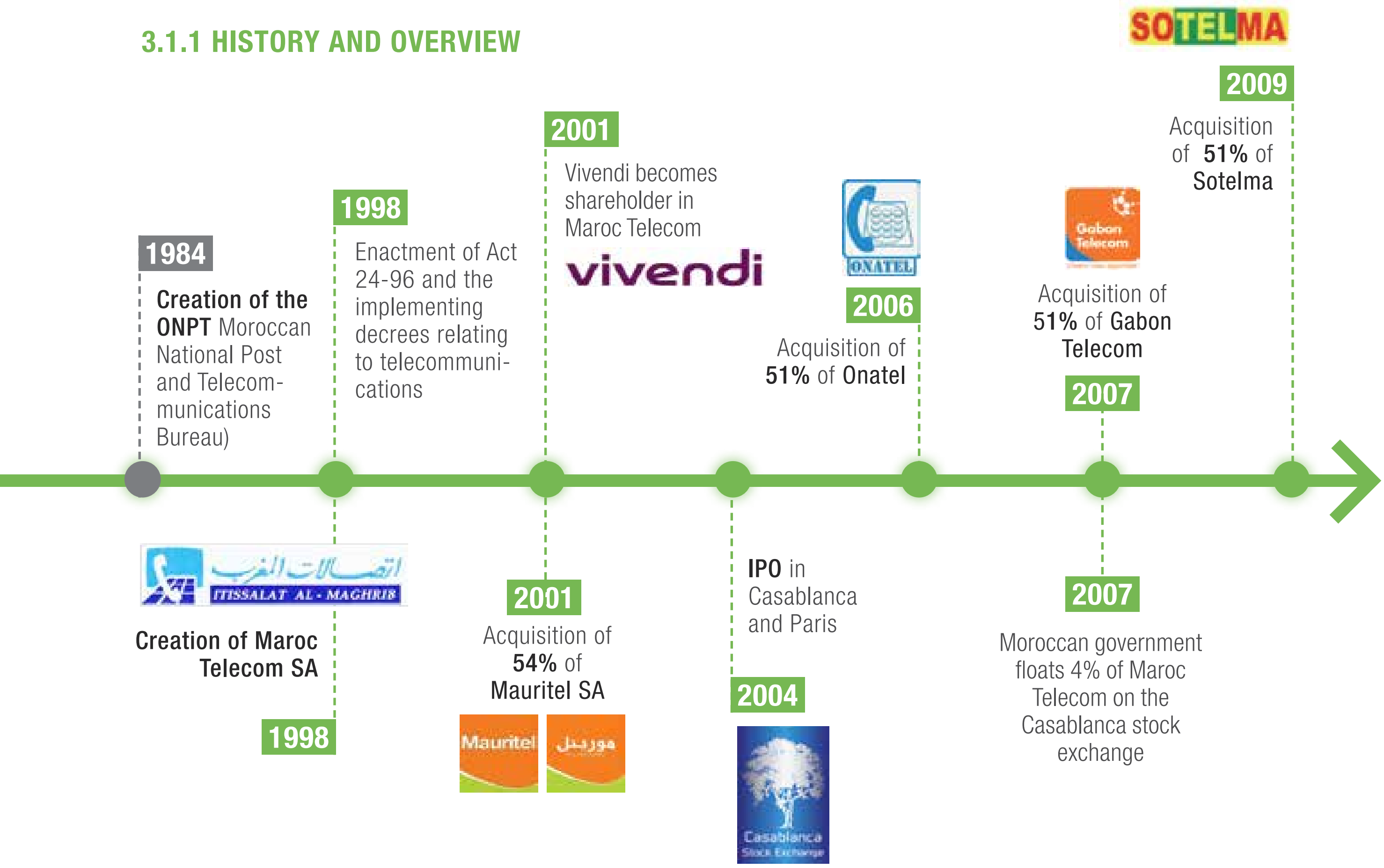
On February 24, 2006, the Supervisory board of Maroc Telecom approved the agreement concluded during the fiscal year with Media Overseas, a subsidiary of Canal+ group, whose purpose is to launch an ADSL TV offer. Operations pursuant to this agreement have been carried out with MULTITV AFRIQUE, a subsidiary of Media Overseas.
On February 28, 2009, the Supervisory board authorized an agreement for the distribution of prepaid CANAL+ Maghreb over the IAM network. Vivendi SA is a shareholder in both entities.

3

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

3.1 GROUP DESCRIPTION

3.1.1 HISTORY AND OVERVIEW



Maroc Telecom is the incumbent telecommunications operator in the Kingdom of Morocco, with operations in the sectors of fixed-line telephony, mobile telephony, and internet. Since 2001, Maroc Telecom group has focused on international development. The group acquired 51% of the incumbent operators in Mauritaina (Mauritel, via the CMC holding), Burkina Faso (Onatel) in December 2006, and Mali (Sotelma) in July 2009. The group also acquired 51% of Gabon Telecom, in February 2007, when it began managing the company. The transaction was finalized in December 2010.

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

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

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

The Vivendi group's structure as of December 31, 2012 was as follows:

Abdeslam AHIZOUNE
Chairman of the Management board

Larbi GUEDIRA
Managing Director Services

Laurent MAIROT
Managing Director Administration & Finance

Janie LETROT
Managing Director Regulatory & Legal affairs

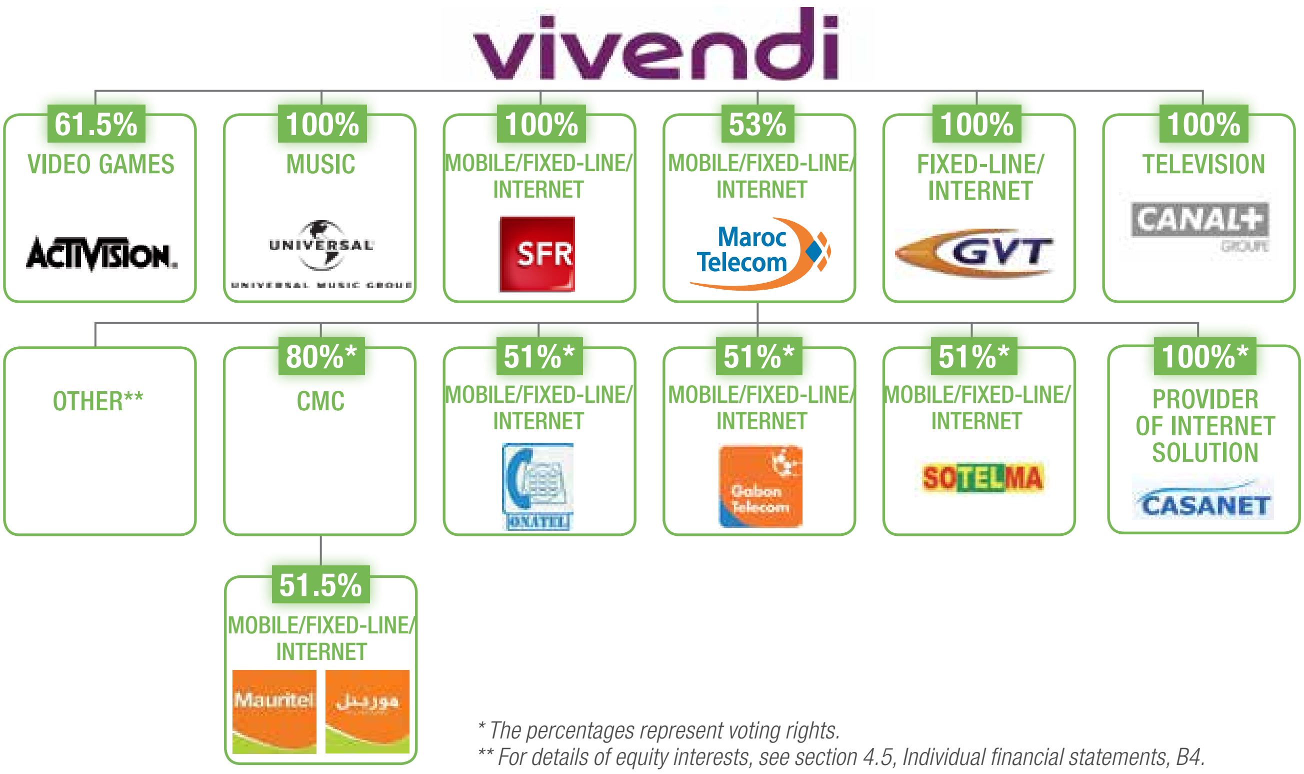
Rachid MECHAHOURI
Managing Director Networks & systems

Regional divisions (8)

Since 2001, Maroc Telecom has been part of the Vivendi group, a global leader in communications with activities in music, television, cinema, telecommunications, and video games. It is the leader in all markets in which it is active:

Universal Music group, a wholly owned subsidiary of Vivendi, is the worldwide leader in recorded music. It holds leading positions in the markets of recorded music, music publishing, and derivatives.
Canal+ group is the French leader in pay TV. With 11.4 million subscribers across France and Francophone Africa, Canal+ group is the leader in premium and thematic television channels, and in pay-TV distribution. Including international activity in Poland and Vietnam, Canal+ group has 14.3 million subscribers.
SFR is the leading French telecommunications operator, with 20.7 million mobile customers and more than 5 million households subscribed to broadband internet at December 31, 2012. This represents 28% of the mobile-telephony market and approximately 21% of the French broadband and high-speed broadband market (sources: ARCEP and SFR).
Activision Blizzard is a worldwide publisher of interactive entertainment software and the world's largest independent publisher of video games.
GVT is the leading telecommunications operator for fixed lines and pay TV in Brazil. In 2012, GVT operated in 139 cities in Brazil and held an average market share of approximately 23.9% in telephone and broadband, and 5.7% in pay TV. In addition, GVT attracted approximately 28% of this market's new customers.

The Vivendi group's structure as of December 31, 2012 was as follows:



** The percentages represent voting rights.*
*** For details of equity interests, see section 4.5, Individual financial statements, B4.*

ISO certification

Maroc Telecom obtained ISO 9001:2000 certification for four macro processes in 2003. This was extended in 2004 to encompass all of its products and services within the framework of a total quality system.
This certification, awarded by the internationally recognized Det Norske Veritas (DNV), guarantees the quality of services provided by Maroc Telecom and serves as proof of its commitment to satisfying its customers and partners.
ISO 9001:2008 certification was renewed after two renewal audits, in December 2007 and December 2010.
In January 2008, Maroc Telecom obtained ISO 27001:2005 certification for all its activities. This certification was renewed after the renewal audit in December 2010.
The scope of ISO9001:2008 and ISO27001:2005 certifications covers all Maroc Telecom products and services:
marketing, sales, installation, activation, after-sales service, billing, and collection, for all products and services offered.
These certifications cover the design and development of rate plans, and the marketing, commission/decommission, activation/deactivation, billing and collection, after-sales service, information, and assistance concerning all products and services, for all consumer and business customers of all Maroc Telecom sites.
Maroc Telecom does not consider the obtaining of these certifications to be an end in itself. In order to enhance customer satisfaction and safeguard its assets, the Company focuses on overall quality and data security, day after day.
In its efforts to improve the level of customer satisfaction and optimize internal operations of Gabon Telecom, Mauritel, Sotelma and Onatel, Maroc Telecom has piloted a new quality-control program in these four subsidiaries.
In the fourth quarter of 2010, the program, which began simultaneously in all four subsidiaries during the last quarter of 2010, resulted in ISO 9001:2008 certification for all products and services of the subsidiaries.

3.1.2 MAROC TELECOM'S BUSINESS STRATEGY

The countries in which Maroc Telecom group operates - Morocco and countries in sub-Saharan Africa - enjoy strong economic growth. The Moroccan Ministry of Finance forecasts GDP growth in 2013 of 4.5% in Morocco, while the International Monetary Fund expects GDP growth of 5.0% for the entire region of sub-Saharan Africa.
In parallel with the favorable economic environment, Maroc Telecom continues to benefit from growth in the telecoms markets in which it is active, particularly the mobile segment. According to the ANRT, the Moroccan mobile penetration rate, which stood at 120% at December 31, 2012, still lags behind that of more mature markets (129%* in Europe overall and 173%* in Finland). The customer bases of Gabon (penetration rate of 162%** at December 31, 2012) and Mauritania (penetration rate of 91%** at December 31, 2012) still have growth potential because of the structure of these countries' mobile markets, which are mainly prepaid, with a large number of multi SIMs. The mobile markets in Burkina Faso (penetration rate of 49%** at December 31, 2012) and Mali (penetration rate of 89%** at December 31, 2012) are not yet mature and have significant growth potential.
Maroc Telecom aims to profit from the growth potential of these markets by focusing on three main objectives:

- strengthening its leadership in Morocco;
- maximizing the growth of its sub-Saharan subsidiaries;
- seeking new opportunities for acquisitions in high-potential markets.

In Morocco, Maroc Telecom intends to continue its significant expenditure program, in order to ensure impeccable service while expanding the range of its services.
The objectives for the mobile segment are:

- Continuing to boost consumption, through a marketing policy based on an increasingly segmented approach to the market and on controlling price decreases;
- Encouraging customer loyalty, through an active policy for migrating prepaid customers to postpaid subscriptions;
- Increasing ARPU by raising the penetration rate and the consumption of nonvoice services (SMS, mobile internet, banking, and other value-added services).

In the fixed-line segment, Maroc Telecom aims to maintain the growth of customer base while developing broadband services such as internet and TV.
To make the most of the strong market growth and synergies of its international subsidiaries, Maroc Telecom aims to maintain its leader positions through a strategy of combining fixed-line and mobile services. Such a strategy requires significant expenditure for the expansion of existing networks and for the deployment of 3G networks.
From a marketing perspective, Maroc Telecom intends to remain a leader in both mobile (development of 3G and mobile internet, introduction of mobile payment services) and fixed-line (broadband via ADSL, wireless access, unlimited rate plans, etc.) services.

**Source: Merrill Lynch, September 30, 2012*
***Source: Dataxis*

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

3.1.3 HUMAN RESOURCES

Human resources are the foundation of Maroc Telecom's business strategy. Therefore the group's human-resources policy is focused on the professional development of employees. It aims to prepare the skills of tomorrow and to encourage a culture of performance. The employees of Maroc Telecom and its subsidiaries share strong values—such as respect for commitments, customer satisfaction, quality, teamwork, ethics, and the environment—that are key motivating factors in group performance.

Maroc Telecom group employees

Age and seniority

The average age among Maroc Telecom employees is 44.5, and the average seniority is 19 years.
In the subsidiaries, the average age is 44.1 and the average seniority is 17.4 years.

Staff turnover

Staff turnover %	2010	2011	2012
Maroc Telecom	0.8	0.77	0.63
Subsidiares	0.9	1.02	1.05

The low staff turnover in Maroc Telecom and its subsidiaries reflects the strong feeling of belonging shared by employees.

Historical workforce data

The following table shows the changes in Maroc Telecom group's workforce over the fiscal years ended December 31, 2010, 2011, and 2012:

	2010	2011	2012
Maroc Telecom	11,033	11,034	9,516*
Subsidiaries	2,692	2,772	2,614

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

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

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

Expatriate staff

Maroc Telecom encourages the exchange of skills and best practices by including on its staff 10 expatriate employees, all of whom are experienced in their fields.
Maroc Telecom sends to its subsidiaries skilled employees who assist with strategic modernization projects.

Change in staff compensation

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

Payroll costs (in millions MAD)	2010	2011	2012
Maroc Telecom	2,282	2,305	2,297
Maroc Telecom group	2,746	2,796	2,848

Professional growth

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

Encourage skills growth

Training courses are rich and varied, with modules adapted to all group businesses. The training program is updated regularly to meet the needs of the group's employees. In 2012, the Maroc Telecom workforce participated on average in 3.6 days of training per employee. In addition, the Human Resources Department has begun major developmental programs that make use of the latest learning methods, such as on-site sales coaching, a managerial-development cycle, and more.

In order to encourage the most efficient application of its development strategy, Maroc Telecom has two training facilities and a dedicated training staff.

As part of its ongoing commitment to improvement, Maroc Telecom has extended the use of the annual progress interview to include all personnel. This interview provides a unique occasion to strengthen ties between employees and managers. The aim is to clearly define objectives, to review expectations, and to discuss the outlook for the employee's career.

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

Encourage mobility and career growth

In terms of mobility, two vital points were stressed in 2012: the rejuvenation of the sales force and developing of skills of employees to the requirements of different areas of the company especially in the technical field.

All of these actions relating to mobility allow beneficiaries to advance in their careers, whether in Morocco or in posts based in subsidiaries abroad.

In the subsidiaries, mobility is also a motivating factor that allows employees to advance and progress.

Recruitment

Every year Maroc Telecom recruits recent graduates from high-level engineering and business schools, both national and international, recruitment also targets young people for work in call centers. Profiles of ideal candidates are defined by training and/or professional experience.

The group continues to participate actively in the most prestigious universities and job fairs.

Labor relations

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

Management-labor discussion

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

In 2012, collective bargaining resulted in a labor agreement and a new collective-bargaining agreement.

3.1.4 MAROC TELECOM GROUP'S POLICY FOR SUSTAINABLE DEVELOPMENT

Maroc Telecom group continues to promote and reinforce its long-held policy for sustainable development. The group aligns social, societal, and environmental goals with its efforts for innovation and economic performance. This approach is tied closely to the characteristics of the telecommunications sector, to Vivendi group's commitments to sustainable development, and to national goals of the countries in which the group operates. Furthermore, Maroc Telecom reports regularly to its various stakeholders: employees, customers, suppliers, shareholders, and the local communities.

Maroc Telecom group's products and services have a direct impact on the economic growth and welfare of local populations. The group's business activities perform a vital role in sustainable development by strengthening social bonds, providing access to knowledge, and, more broadly, contributing to the economic and social development of local communities. This responsibility is shared by all group subsidiaries, whose ambition is to provide people of all ages with the means of communication and entertainment while promoting personal development.

Maroc Telecom group's key challenges for sustainable development

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

- The first is to narrow the digital divide, whether in geographical or community terms, in every country in which the group operates. This is accomplished by making information and communication technologies accessible for all budgets and in all regions, even the most remote;
- The second priority is to promote economic and social development in every country in which the group operates, and to improve the living conditions and welfare of local communities though the creation of enterprises and jobs and by facilitating access to education and knowledge. The group also supports sports and cultural activities, as well as various humanitarian actions for the sick and the poor;
- The group's third priority consists of holding each operator responsible for the respect of ethical principles. Operators are expected to be transparent in their dealings with customers, suppliers, employees, and partners (in the broadest sense of the word). The group makes every effort to limit the impact of its activities on the environment and to ensure that employees and customers enjoy clean, safe products and handsets that are in compliance with international standards.

Maroc Telecom and its subsidiaries also take into consideration Vivendi group's challenges for sustainable development, specifically those related to the production and distribution of content: the protection and assistance of young people, the promotion of multiculturalism, and the sharing of knowledge.

In 2012, in recognition of Maroc Telecom's social commitments—particularly its efforts to narrow the digital divide, to promote ethical business practices, and to reduce corruption—Vigeo, the leading European ESG expert, awarded Maroc Telecom the prize for Top CSR Performer 2011.

Also in 2012, Maroc Telecom asserted its social responsibility by joining the United Nations Global Compact. Maroc Telecom is committed to supporting and promoting the Global Compact's universal principles in the areas of human rights, labor, the environment, and anticorruption, and to reporting every year on its progress.

In December 2012, Maroc Telecom was ranked 10th in the S&P / Hawkamah ESG (environmental, social, and corporate governance) Pan-Arab index and is the only Moroccan company included. The S&P / Hawkamah ESG Index comprises 50 pan-Arab companies ranked on the basis of their scores as measured by 200 environmental, social, and corporate-governance criteria. The index, created recently by Standard & Poor's and Hawkamah (institute for corporate governance for the MENA region), is designed to track the performance of companies that have demonstrated superiority in the areas of environmental, social, and corporate-governance responsibility, relative to other companies in the MENA region. The index uses an innovative ESG score-weighting scheme to ensure that stocks with higher ESG scores have a greater influence on the index than those with lower ESG scores.

Key actions in 2012

NICTs available to all

One of Maroc Telecom's main objectives is to place new technologies at the service of local communities. The group aims to facilitate communication and to provide access to culture, knowledge, health care, and media for rural communities, young people, and schools and universities.

To provide telecom service to everyone, even in the most remote areas, Maroc Telecom continued in 2012 to bring coverage to isolated locations. More than 1,000 previously isolated remote rural areas were given coverage in 2012, extending to more than 6,800 the number of remote rural areas with mobile coverage.

Maroc Telecom also continued to lower rates for telephone and internet plans. After significant price cuts in 2011, new reductions in 2012 affected all three operating segments (Mobile, Fixed-line, and Internet).

Training programs for young people

One of Maroc Telecom's main social concerns is the contribution to training programs for young people. Aware that training is indispensible to social and economic growth, Maroc Telecom is the primary supporter of the Genie program (subsidized by the Universal Service [US] Fund), Injaz (subsidized by the US Fund and operators), and Nafid@ (subsidized by the Mohammed VI Foundation for Social Action, the US Fund, and operators). The common goal of these programs is to introduce information and communication technologies to the educational community. In the framework of these programs, Maroc Telecom has so far installed multimedia facilities in nearly 1,300 institutions. A dedicated platform filters content and allows students to access only educational and vocational content. Nearly 35,000 students (4,800 in 2012) and more than 155,000 teachers (nearly 15,400 in 2012) can now enjoy internet connections and laptop computers at discounted prices.

Every year since 2006, the Maroc Telecom Association for Business Development and Job Creation has granted scholarships to students whose families cannot afford higher education. More than 540 of such scholarships, valid for up to five years, had been granted at December 31, 2012 (154 for the 2011–2012 school year).

Protection of young people

In order to protect young people against the dangers related to the use of new technologies, Maroc Telecom has taken several initiatives:

- Rigorous selection of content that is designed for young people;
- Monitoring of SMS-MMS Zone (chat rooms via SMS and MMS) to block violent, pornographic, and other content that is offensive to human dignity;
- Implementation of a Code of ethics that governs the content of Maroc Telecom Kiosques SMS services offered by third parties, stipulating that "the service provider is committed to protecting the general public from violent or pornographic messages, or from any messages that might harm individuals and human dignity»;
- Parental control for ADSL TV.

Since 2011, Maroc Telecom has had a Facebook site, on which it provides information about its products and services, and offers entertainment and games. Because this page is intended specifically for young people, user rules are clearly defined. Menara, a portal developed by Casanet, a subsidiary of Maroc Telecom, offers diverse content that is suitable for various communities. Menara also considers it its civic duty to inform parents and young people about responsible internet use. Menara publishes articles about the potential dangers of unmonitored use of the internet, and about the importance of protecting personal data.

Supporting young talent

As a participant in numerous initiatives that encourage innovation and that aim to discover and promote young talent in various fields, Maroc Telecom reaffirms its commitment and support of all actions that set young people on the path to excellence. In 2012, Maroc Telecom supported the Be My App contest for young creative talent in the technology and communication fields. The group also supported Ftour 2.0, whose aim is to unite web talent and to create a forum for discussion of current trends and ideas. Maroc Telecom again supported several initiatives in 2012: the Maroc Web Awards, which reward the best of web talent; Alkadam Addahabi and Al Aaddae Al Waed, for scouting future soccer and track and field stars; and Génération Mawazine, which provides a stage for young artists.

Employment support

In support of local development and to contribute to business and employment growth, Maroc Telecom partners in several programs designed specifically for SMEs:

- The Infitah project, launched in April 2011 by the National Agency for the Promotion of Small and Medium-Sized Enterprises, which subsidizes computers and internet access for SMEs whose revenue is less than MAD 3 million (in 2012, 122 SMEs befitted from Maroc Telecom's initiative);
- The Bidayati pack of the Casablanca Regional Investment Center, launched in 2011, which provides start-ups with discounts (up to 50%) on telecom products and services (in 2012, 81 SMEs received such discounts, thanks to the efforts of Maroc Telecom).

In addition, Maroc Telecom group has created nearly 200,000 indirect jobs (subcontractors, call centers, telestores, etc.).

Support of culture, sports, and humanitarian causes

Through its own initiatives and partnerships, Maroc Telecom intends to promote cultural diversity and sports, which are vital for social unity and the well-being of local populations.

In 2012, Maroc Telecom participated in the program for the digital preservation of the Moroccan National Library through financial and technical support for the stocking, conservation, and consultation in digital format of precious works (manuscripts, lithographs) that would otherwise be lost. Maroc Telecom also participated in celebrating Rabat's inscription as a World Heritage site.

Every year and throughout the summer season, Maroc Telecom organizes free Jawla concerts in several Moroccan cities where local, national, and international artists perform for more than three million spectators. Through partnerships with the biggest music and arts festivals in Morocco, Maroc Telecom showcases Moroccan cultural diversity and encourages local talent.

Maroc Telecom has supported Moroccan athletes for many years. The group has formed long-term partnerships with the Moroccan Royal Soccer Federation and the Moroccan Royal Track and Field Federation, which it has sponsored since 2000 and 1999, respectively. The group also supports numerous other athletic disciplines, such as basketball, tennis, equestrian sports, golf, and water sports. In 2012, Maroc Telecom participated in the 2nd annual Salon Foot Expo.
Maroc Telecom's sponsorship actions also include programs of associations and foundations that work to promote the welfare of local communities. These programs focus on educational, humanitarian, cultural, and environmental causes.

Environmental protection

Maroc Telecom has chosen a proactive approach to reducing its direct and indirect emissions of greenhouse gases.
In 2012, Maroc Telecom participated in the Voluntary Carbon Offsetting Program launched by the Mohammed VI Foundation for Environmental Protection and continued its actions under the Clean Beaches program, created by the same foundation.
Numerous actions were taken to reduce the environmental impact of Maroc Telecom's business activity and to combat climate change: lower consumption of resources such as electricity, paper, and fuel; increased use of renewable energies, particularly for remote antenna sites; and waste management.
Maroc Telecom complies with environmental standards and international principles of work safety at all its telephony-antenna sites. The group also keeps close watch over health issues related to mobile telephony, and ensures that limits of the general public's exposure to electromagnetic fields (EMF) are respected. In addition to audits carried out by the regulatory authority, Maroc Telecom performs its own annual campaigns to measure the intensity of electromagnetic waves. In 2012, 547 technical centers were audited. The EMF fields at those sites were in compliance with international standards.
A campaign to raise employee awareness of Maroc Telecom's environmental challenges was launched in 2011. Guidelines were issued for the reduction of electricity, fuel, and paper consumption, which contribute to direct and indirect emissions of greenhouse gases. In June 2012, new awareness-raising actions were organized for employees and their children, on the occasion of the landing of a solar-powered airplane in Rabat. In addition to actions taken inside the Company, Maroc Telecom worked externally to raise awareness of young people. In partnership with the Temara Zoo, the group organized educational workshops aiming to teach young people about the diversity of the animal and plant kingdoms, grouped into three themes: "take care of the planet," "learn about animals," and "know what you eat."
For internet users, Maroc Telecom launched the Koulchi kaych3al ("everything shines") game on its Facebook page. The goal is to earn points by cleaning beaches and sorting waste on the internet.

Socially responsible audit of suppliers' companies

In order to encourage its suppliers to commit to sustainable development, Maroc Telecom carried out audits at 10 of its suppliers in 2012. The objective of those audits was to confirm that suppliers were in compliance with the sustainable-development clauses in their contracts (i.e., respect of fundamentals of human rights and labor, respect of commitments for environmental protection, and commitment to anticorruption measures).

Audits for compliance with environmental, health, and work-safety standards

Maroc Telecom complies with cleanliness and work-safety standards, and ensures that its facilities meet the strictest safety standards. Audits are carried out each year in application of the Environmental Standards Compliance Program, adopted in 2000 by Vivendi group. In 2012, seven audits were performed, confirming that Maroc Telecom was in compliance with regulatory requirements for cleanliness, health, and work safety.

Nonfinancial reporting

Nonfinancial data concerning environmental, labor, and community issues, in compliance with Vivendi group's approach to sustainable development, are published annually. For FY 2012, Maroc Telecom gathered data for 221 nonfinancial performance indicators (60 community factors, 33 environmental factors, and 128 social factors) that are gradually being introduced into group subsidiaries. Each year nonfinancial reporting is audited internally by audit teams and externally by Vivendi's statutory auditors. These audits provide stakeholders (investors, nonfinancial ratings agencies, etc.) with evidence that the reporting of data concerning environmental, labor, and community issues is in compliance with Vivendi group's reporting procedures and that it meets criteria for thoroughness and accuracy.

Goals for 2013

In 2013, the policy of corporate social responsibility will be reinforced in Maroc Telecom and its subsidiaries. The reporting scope will be broadened to include new performance indicators for community issues in countries of the subsidiaries. New projects launched in 2012 will be continued in 2013: awareness-raining campaigns to protect and work with young internet users, waste management, handset recycling, improved landscaping around mobile antenna stations, reduced energy consumption, and improved corporate social responsibility (CSR) of suppliers. In addition, Maroc Telecom applied at the end of 2012 for the CGEM CSR label.

3.1.5 REAL PROPERTY

For the purposes of operating its networks and for its retail, support and administrative functions, Maroc Telecom has more than 6,400 sites (buildings, land, etc.) throughout Morocco. Of this total, approximately 82% are leased sites and 18% are owned by Maroc Telecom. The sites owned by Maroc Telecom were historically owned by the Kingdom of Morocco and were legally transferred to Maroc Telecom at the time of its incorporation in 1998, in compliance with Act 24-96, via a contribution in kind. Maroc Telecom is currently in the process of obtaining formal legal title to these sites.

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

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

- 72% of the sites are legally registered in Maroc Telecom's name, compared with 69% in 2011 and 62% in 2010;
- 20% of the sites are under requisition, compared with 23% in 2011 and 29% in 2010.

  Requisition is a claim to a property right. It is delivered by the land registrar once the application for land registration has been made. Title is awarded once the regulatory and administrative formalities have been completed, i.e., publication of the application for land registration, boundary marking, land survey, notification of requisition, and registration. This procedure is subject to statutory time limits.
- Maroc Telecom is in the process of obtaining legal title to 8% of its sites, compared with 9% in 2010 and 10% in 2009; 17 sites are the subject of legal disputes, 46 sites are being expropriated by Maroc Telecom, and 30 are being formally registered.

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

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

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

3.1.6 INTELLECTUAL PROPERTY, RESEARCH AND DEVELOPMENT

At December 31, 2012, Maroc Telecom owned some 883 trademarks and brand names, five patents, one industrial model, and two industrial designs registered with the Moroccan Office for Industrial and Commercial Property (OMPIC).

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

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

The trademarks and brand names currently owned by Maroc Telecom are protected throughout Morocco. For the 285 trademarks registered prior to December 18, 2004, when Act 17-97 concerning the protection of industrial-property rights took effect, the patent-protection period is 20 years, renewable indefinitely; and for the 598 trademarks registered after this date, the patent-protection period is 10 years, renewable indefinitely.

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

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

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

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

To further encourage this spirit of innovation, Maroc Telecom has introduced "E. Btikar," a collective platform for innovation that allows all employees to present and share their innovative ideas for the Company's activity and businesses. E. Btikar provides a platform for the transparent monitoring of these ideas, from their simplest expression to the ultimate goal, their realization.

3.1.7 INSURANCES

The majority of Maroc Telecom's risks are covered under a centralized policy of customized insurance programs. These programs have been designed to supplement the prevention procedures and business-resumption plans in the event of a disaster affecting one of the group's technical centers.

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

In 2012, Maroc Telecom renewed its major insurance programs, which are divided into three groups: property damage, liability, and personnel.

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

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

The other policies against property damage were written mainly for group headquarters.

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

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

Maroc Telecom's new headquarters, in addition to being included in the property-damage program from the moment the project has been delivered, will have liability coverage for ten years (also beginning when the project is delivered) that provides broad protection against the risks surrounding such a large project.

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

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

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

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

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

3.2 BUSINESS ACTIVITIES

3.2.1 MOROCCO

Global operating environment

With a mobile penetration rate of approximately 120%, growth of 3G internet, a rise in consumption, and a significant decline in call charges, 2012 was a busy year for the telecommunications sector in Morocco.

Competition in the mobile segment was intense, with immense price cuts for the second consecutive year. Mobile call rates fell 27% in 2012, while customer usage grew by 32% (source: ANRT). Maroc Telecom continued its policy of lowering prices and enhancing offers in the mobile segment, where prices declined by 34.3% and outgoing consumption rose by 41.7% in 2012. The same policy was applied to the fixed-line segment, which saw fierce competition from lower mobile prices. Thus Maroc Telecom was able to confirm its leadership across all market segments. At December 31, 2012, in the mobile segment, Maroc Telecom had market share of 45.8%, compared with 29.5% for Meditel and 24.7% for Inwi (source: ANRT).

Promotional offers introduced in 2012 involved significant price cuts and highly targeted marketing actions designed to stimulate mobile consumption and attract new customers.

In the prepaid services segment, Maroc Telecom overhauled its top-up structure. Customers now have permanent double bonuses for small top-ups (MAD 5 to MAD 30) and permanent triple bonuses for top-ups of MAD 50 and more. In addition, Maroc Telecom pursued its business strategy of unlimited-call offers through:

- Higher top-up bonuses during promotional periods, now five times for top-ups of MAD 5 to MAD 30, and seven times for top-ups of MAD 50 and more;
- Introduction of SMS/MMS bonuses, as from April 1, 2012;
- Expansion in September 2012 of Jawal Pass range, which, in addition to Jawal Pass MAD 20 = 1 hour, now includes MAD 50 = 3 days, MAD 10 = 20 minutes, and MAD 5 = 5 minutes, valid one week to domestic numbers;
- On September 1, 2012, Maroc Telecom launched a permanent offer of a MAD 100 top-up for three hours of access to 3G internet at 3.6 M/bs.

In the postpaid services segment, Maroc Telecom continued to enhance its mobile rate plans through two main actions:

- Extended rate plans;
- Free time included in the principal plan (call time offered initially for evenings and weekends after depletion of allotted call time).

After offering access to 3G+ internet for all postpaid and prepaid customers, Maroc Telecom pursued its policy of acquiring and retaining customers. This policy resulted in lower rates, an abundance of promotional offers, and higher access speeds of 7.2 Mb/s and 14.4 Mb/s.

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

Concerning regulatory issues, the publication in 2012 of the results of ANRT's study on termination charges revealed the following:

- Mobile termination charges will be symmetrical (MAD 0.13 excl. tax) as from January 1, 2013;
- Time slots for fixed-line and mobile call termination will be eliminated as from January 1, 2013 (the new flat rate was calculated by the ANRT on the basis of the average peak and off-peak traffic for all operators);
- SMS call termination is reduced to MAD 0.03 (excl. tax) per SMS as from January 1, 2013, instead of to MAD 0.05 (excl. tax) per SMS, as initially planned. See 3.2.1.4, "Regulatory environment and possible dependencies."

Competitive environment and existing operators

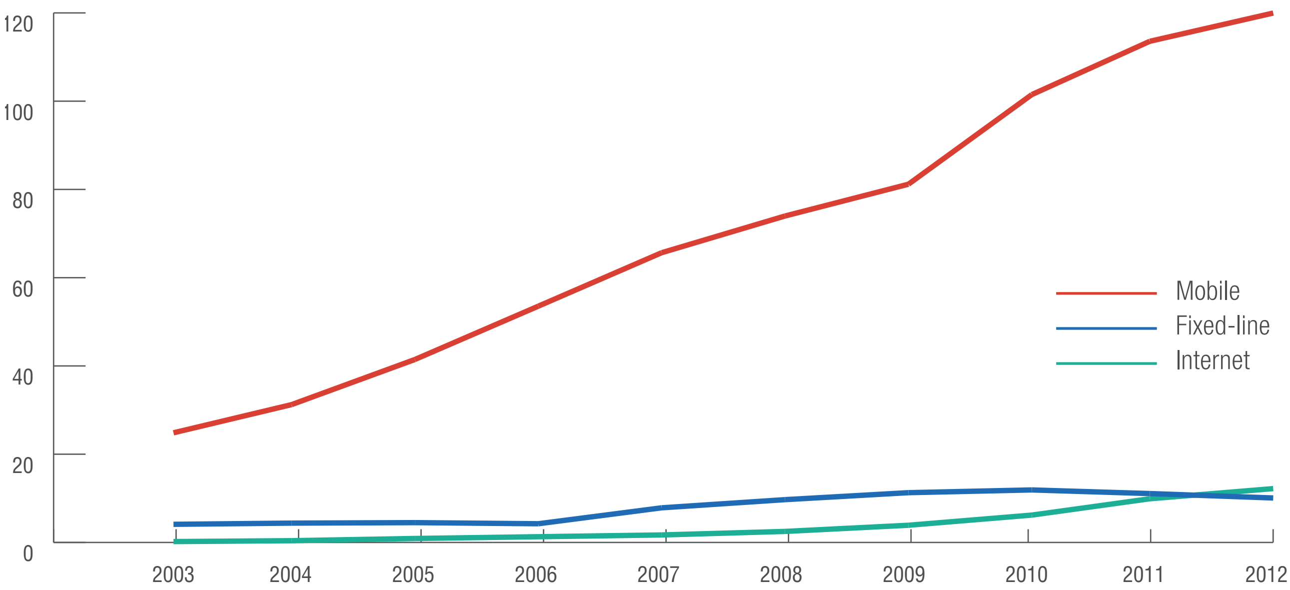
At December 31, 2012, a total of 19 telecommunications licenses had been awarded in Morocco:
The telecommunications market by operator and type of service breaks down as follows:

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

Maroc Telecom's main competitors are as follows:
• Medi Telecom ("Meditel"), which has had a mobile license since August 1999. Medi Telecom is partially owned by France Telecom group, which bought a 40% interest in December 2010. FinanceCom group and Caisse de Dépôt et de Gestion own the remaining 60%.
• Wana is 69% owned by SNI group and 31% owned by a consortium comprising Al Ajial Investment Fund Holding and Zain, a telecommunications group.

Principal performance indicators for the Moroccan telecommunications sector

Change in penetration rate for Mobile, Fixed-line (including restricted mobility), and Internet in Morocco, 2003-2012



(Source: ANRT)

The mobile market has undergone rapid growth, with the penetration rate rising from 9.9% at December 31, 2000, to 120% at December 31, 2012. This growth is attributable to: (i) investment to expand coverage; (ii) enhanced offers; (iii) lower prices.

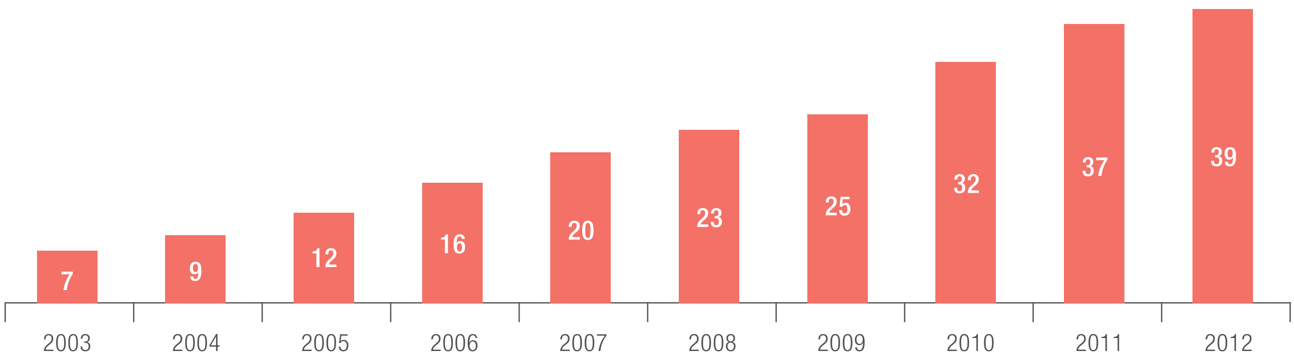
The fixed-line penetration rate was stable until 2006. However, since the launch of restricted-mobility plans, which the ANRT considers part of the fixed-line customer base, the penetration rate has more than doubled (11.90% in 2010). Since then, the restricted-mobility customer base has declined steadily as a result of competition from the mobile segment. Excluding restricted mobility, the penetration rate stands at 4%.

Led by 3G internet, the internet market continues to grow rapidly. Its penetration rate has risen from 0.4% in 2004 to more than 12.2% in 2012.

Change in customer bases

Mobile-telephony segment

Change in mobile customer base in Morocco, 2003–2012 (in millions of customers)



(Source: ANRT)

The mobile-telephony market is distinguished by the predominance of prepaid customers (95% of total customer base). At December 31, 2012, the total mobile customer base stood at 39 million customers.

Fixed-line telephony segment (including restricted mobility)

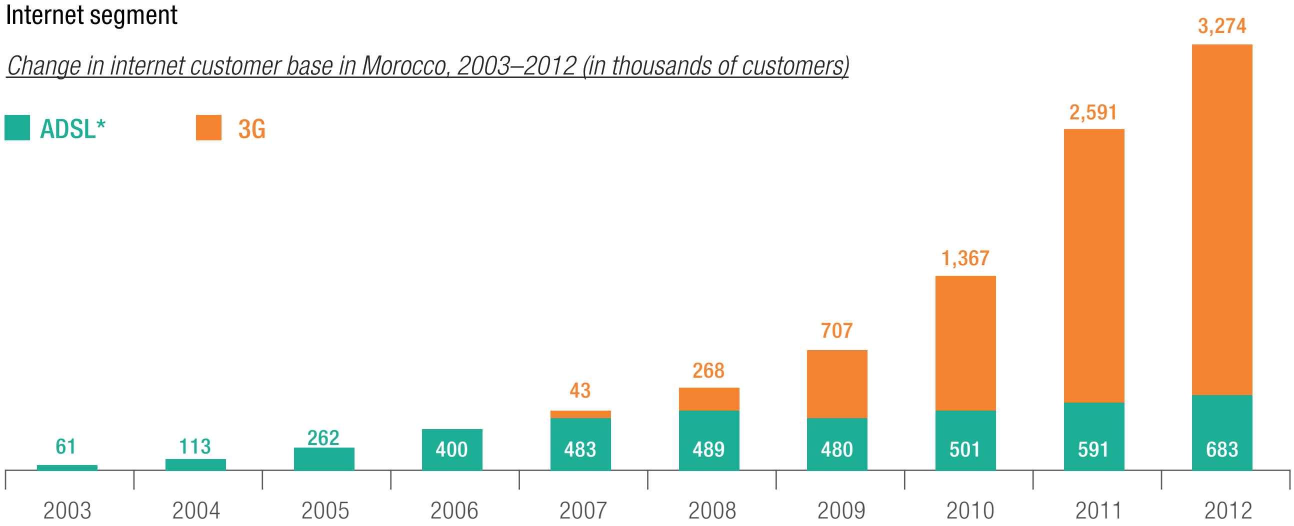
Change in fixed-line customer base in Morocco, 2003–2012 (in millions of customers)

(Source: ANRT)

Until 2010, the fixed-line market enjoyed steady growth from the introduction of restricted-mobility offers. Since 2010, the fixed-line market overall has been in steady decline because of steep price cuts in the mobile segment. However, thanks to ADSL plans, particularly Double Play, fixed wirelines increased in 2012, for the third consecutive year.

Internet segment

Change in internet customer base in Morocco, 2003–2012 (in thousands of customers)



(Source: ANRT)
**Including narrowband and leased lines*

Growth in the internet market has gathered speed since 2008, mainly because of the introduction of 3G-internet offers that expand internet access at increasingly lower prices. At December 31, 2012, the internet customer base totaled 3.957 million customers, including 82.7% with 3G internet (source: ANRT).

3.2.1.1 Mobile telephony

Market and competitive environment

The year 2012 saw a more intense competitive environment. Promotional offers and highly targeted marketing actions were ratcheted up to stimulate mobile consumption and attract new customers.

In the prepaid services segment, Maroc Telecom overhauled its top-up structure. Customers now have permanent double bonuses for small top-ups (MAD 5 to 30) and permanent triple bonuses for top-ups of MAD 50 and more. Maroc Telecom continued to deploy its unlimited rate plans by increasing voice and bonuses offered in multiple top-ups, and by introducing new promotional offers for additional time, valid for short periods and designed to increase consumption. The following promotional offers were launched:

- Top-up offer of five times the credited call time for top-ups of MAD 5 to MAD 30, and seven times for top-ups of at least MAD 50;
- Introduction of SMS/MMS bonus, starting April 1, 2012;
- Overhaul of SMS-MMS recharges, with the number of SMS-MMS increased starting May 1;
- In September 2012, enhancement of Jawal Pass product range, with the addition of the Jawal Pass MAD 20 = 1H and a Pass MAD 50 = 3H, valid seven days to all domestic locations.

On September 1, 2012, Maroc Telecom launched the permanent offer of a MAD 100 top-up for 3 hours of access to 3G internet at 3.6 Mb/s.

In the postpaid service segment, Maroc Telecom continued to enhance its mobile rate plans, through two key actions: lengthening the time credited for rate plans, and including free time in the primary rate plan (i.e., free time offered initially after depletion of time credited for evenings and weekends). In March 2012, Maroc Telecom added 1H–2H of calls to its line of capped and uncapped rate plans. In May 2012, the first rate plans without handsets were introduced. These plans allow customers to subscribe to capped or uncapped rate plans without handset acquisition, while enjoying a monthly reduction (depending on the rate plan). In July 2012, one hour of calls was added to thematic offers (Arriyadi and Universal Music rate plans). In September 2012, free hours valid 24 hours a day for domestic and international calls were included in the basic credited call time, freeing customers to call whenever they like.

In the business segment, highlights of 2012 included the introduction in April of Intra-Enterprise rate plans, a new range of rate plans intended mainly for calls inside the enterprise.

The Optimis rate plans continued to evolve. In February, charges for the “Unlimited Intra-Enterprise” option were eliminated, resulting in free and unlimited calls to fixed lines and mobiles within the enterprise. In November the «One Unlimited Number» option was added, giving colleagues the possibility of unlimited calls to one fixed-line or mobile number outside the company.

The Optimis rate plan was also enhanced, with two new options added: unlimited calls to numbers in Morocco, and unlimited calls to international numbers.

The professional segment was also restructured in 2012. The Business Class rate plan (6.5 hours) was enhanced with 90 minutes of additional call time, while the Business Class and Control plans (11 hours to 30 hours) received extensions of 120 minutes.
The highlight of September was the inclusion of free call time in the principal rate plans. The objective is to boost call consumption.
Maroc Telecom continued its policy of acquiring and retaining customers in the 3G+ internet segment, after offering free access for all postpaid and prepaid customers. This attractive approach resulted in lower rates, new promotional offers, and a wider range of access speeds.

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

	Maroc Telecom	Méditel	Inwi/Wana
GSM 2G	1994	2000	2010
WAP	2000	2004	-
SMS Info	2001	2003	-
GPRS	2002	2004	2010
MMS	2003	2004	2010
Roaming MMS and GPRS	2004	2006	2010
Push mail	2006	2006	-
Push to talk	2006	-	-
3G	2008	2008	2008
Instant messaging	2010	-	2010

Mobile market share over the past three years:

Market share	2010	2011	2012
Maroc Telecom	52,80%	46,85%	45,77%
Méditel	33,70%	32,92%	29,53%
Inwi	13,50%	20,23%	24,70%

Source: ANRT

In a highly competitive environment, Maroc Telecom has retained its leader position in the mobile market. At December 31, 2012, Maroc Telecom had market share of 45.77%, a moderate decline of 1.1 points, compared with 29.53% for Meditel and 24.70% for Inwi.

Principal mobile performance indicators

	2010	2011	2012
Gross revenues - mobile (in MAD millions)	19,649	18,935	17,477
Mobile customer base (in thousands)	16,890	17,126	17,855
o/w Postpaid	817	1,019	1,199
Blended ARPU (in MAD per customer per month)	93	87	79
Data in % of ARPU	8.6%	9.6%	11.1%

In a context of sharp cuts in mobile prices, revenues for the mobile segment in Morocco declined by 7.7% year on year, to MAD 17,477 million.
The mobile active customer base rose by 4.3%, to 17.855 million customers. This performance was attributable mainly to momentum in the postpaid customer base (+180,000 customers), which recorded growth of 17.7%.
Blended ARPU in 2012 amounted to MAD 79, a decline of 10%. The impact of severe price cuts in the mobile segment, of lower call-termination rates, and of customer-base growth was partially compensated by a strong rise in voice consumption and by growth in data services, which represent 11.1% of ARPU.

Prepaid mobile segment

Prepaid services have grown steadily since their launch, largely because of price cuts for SIM-card-only offers, subsidized kits including a GSM handset at relatively low prices, and Maroc Telecom's numerous, varied promotions for top-ups and calls, all of which stimulated consumption and consolidated customer loyalty.
Maroc Telecom's active prepaid mobile customer base rose by 3.4%.
In addition to increased activations (+21% year on year), Maroc Telecom continued to lower the prepaid churn rate (+2.6 points for the year), to 22.2%, which does not reflect the impact of the nonrecurrent termination of inactive customers. This change reflects the success of Maroc Telecom's rate plans, which attract and retain customers sensitive to promotional offers.

Postpaid mobile segment

Postpaid customers typically consume more than prepaid customers. Maroc Telecom has implemented a strategy designed to boost the consumption and increase the loyalty of postpaid customers.
The postpaid mobile customer base progressed by 17.7%, to 1.199 million customers. In addition to more new customers than in 2011, enhanced rate plans proved especially enticing to customers migrating from prepaid mobile to postpaid subscriptions. This migration is the result of an active policy that aims to consolidate customer loyalty and stimulate ARPU. This strategy is multifold:

- Possibility for Jawal customers to migrate their prepaid account to a subscription or postpaid plan at no cost and without changing their telephone number, through a prepaid to postpaid migration offer (3 hours of free calls + 300 Fidelio points);
- Wide range of controlled rate plans, starting with five hours, that give customers control over calling costs while they enjoy the advantages of a postpaid rate plan (advantageous price structure, unlimited mobile calls, free 3G internet) and promotional offers for multiple top-ups (top-up x 5 and x 7) for calls outside the inclusive call time;
- Thematic rate plans (Arriyadi and Universal Music plans) meet the needs of young customers and the arrival of new technologies.

Customer loyalty

The following table shows the churn rate over the past three years:

Churn rate (%)	2010	2011	2012
Average churn rate*	29.0%	23.3%	20.8%
Prepaid*	30.2%	24.8%	22.2%
Postpaid	13.0%	13.4%	15.5%

**Calculations of the average and prepaid churn rates exclude nonrecurrent termination of inactive customers.*

Building customer loyalty is a key area of focus for Maroc Telecom and has helped it to prepare for the advent of competition. In 2012 this resulted in a significant improvement in churn rate, for both postpaid and prepaid customers.
Loyalty rewards provide customers, on the basis of their consumption levels, with free call credits or preferential prices for handsets.
The Gold Club rewards high-volume customers with bonus points as a welcome gift, a dedicated call center (a toll-free 999 number), preferential treatment at retail agencies, VIP after-sales service, year-end gifts, and invitations to artistic and cultural events.
Fidelio was the first points-based loyalty scheme introduced in Morocco. It is for postpaid customers only. This scheme allows points to be accumulated on the basis of billable spending (1 point = MAD 10 excl. tax) and provides awards in the form of free or discounted handsets, and free call time and SMS messages. The Fidelio 24M offer allows customers to renew their contract and to change their mobile handset under even more advantageous conditions.
Since September 2012, Maroc Telecom's postpaid customers have had the option of recommitting in 12 months while maintaining the possibility of changing handsets through Fidelio. This period of recommitment has a specific rate schedule.

Maroc Telecom enhanced its loyalty policy even further by combining its fixed and mobile points systems in July 2009. Customers can transfer loyalty points between fixed and mobile programs (1 point fixed = 1 point mobile).

Boosting consumption

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

Incoming and outgoing usage (minutes per customer per month)	2010	2011	2012
Average incoming and outgoing usage	71	86	122

Despite the strong increase in the customer base in recent years, Maroc Telecom has been able to stabilize and then grow the average usage per customer.

In order to develop the use of prepaid services, Maroc Telecom offers a range of top-up phone cards, from MAD 5 to MAD 1,200, with permanent double or triple credited call time, depending on value of the top-up.

In 2012, with the aim of boosting consumption and consolidating customer loyalty, Maroc Telecom restructured its top-ups by multiplying the credited call time by as much as seven, depending on the value of the top-up.

At the same time, Maroc Telecom continued its unlimited policy through promotional offers of credited call time for top-up values of MAD 20 and MAD 50. The MAD 20 Pass offers one hour of calls to Moroccan destinations, valid for seven days; the MAD 50 Pass offers three hours of calls to Moroccan destinations, also valid one week.

In addition, Maroc Telecom introduced a permanent Pass for top-ups of MAD 100, offering three hours of calls and mobile 3G-internet access with bandwidth of 3.6 M/bs.

International rate plans became more accessible through promotion of the "Jawal International» rate plan, which offers 30 minutes of calls to major international destinations in zone 1, at a price of MAD 20.

To attract new customers in the second and fourth quarters of 2012, Maroc Telecom offered one free hour of calls for all top-ups of MAD 20 or more after the activation of the new Jawal SIM-card-only offer. As regards postpaid-customer call traffic, in order to improve the competitiveness and appeal of its range of rate plans, Maroc Telecom continues to develop customer loyalty by raising the principal credited call time without increasing prices. The complete range of rate plans includes free data and voice services at very competitive prices.

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

Mobile offers and services

Prepaid services

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

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

Available top-up sources have also been diversified, with the dual objective of lowering distribution costs and facilitating top-ups for customers. In addition to PVC top-up cards, Maroc Telecom offers top-ups electronically and through ATMs. These channels were 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: MAD 3.60 (incl. tax) per minute with incremental pricing of 20 seconds after the first indivisible minute. SMSs are billed MAD 0.96 (incl. tax) per message. In November 2011, Maroc Telecom introduced Jawal Thaniya, a new prepaid per-second rate plan with a flat rate of MAD 3 cents per second to all national destinations.

International call and SMS rates vary on the basis of country and international pricing zone. In 2012, Maroc Telecom's policy of promotional offers continued to boost consumption and lower the average price for customers.

• Bundled services for prepaid plans

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

Postpaid plans

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

- Consumer offers

  Maroc Telecom offers three plans to consumers:

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

In April 2012, Maroc Telecom introduced a new range of mobile rate plans with a discounted monthly subscription rate (capped and uncapped rate plans):

– MAD 25 (incl. tax) per month for rate plans of four hours and eight hours;

– MAD 35 (incl. tax) per month for rate plans of ten hours and more.

To satisfy the needs of its business customers, Maroc Telecom introduced a range of six Business Class rate plans offering unlimited domestic calls, calls to certain international destinations, and free SMS, MMS, and GPRS services. The Business Control capped-rate plans offer 20 to 30 hours of calls per month, with the option of unlimited top-ups.

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

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

Maroc Telecom's business mobile market grew significantly in 2012 as a result of a sales and marketing policy encouraging new postpaid subscriptions, and because of the continual enhancement of business mobile subscription offers.

The business mobile customer base grew by 13.1%, to 381,249 mobile lines at December 31, 2012.

Growth in the business segment of the mobile-telephony market was also stimulated by the development of value-added services, particularly the BlackBerry and 3G broadband.

Maroc Telecom provides business customers its leading rate plans to meet their mobile-telephony needs:

• Optimis: Launched by Maroc Telecom in 2008, Optimis provides all-inclusive and unlimited calls within the customer's company. Customers may cap usage at any time or top up their account while benefiting from the per-minute rate designated for their original plan, and while enjoying billing per second after the first minute. In 2011, the Optimis offer was further improved through greater consistency among offers, lower rates, and new advantages for customers (e.g., the elimination of fees for line rental, the intragroup voice option beyond a defined level of consumption, and the introduction of free 512K 3G mobile-internet access). In July 2012, two new options were added : unlimited domestic numbers and unlimited international numbers. In November 2012, the Optimis capped and uncapped rate plans were enhanced with the "One Unlimited Number" that allows an employee unlimited calls to a number outside the enterprise.

• Intragroup rate plans: A new range of mobile rate plans introduced in April 2012 and intended mainly for calls inside the enterprise, with the option of adding credited call time for outside calls.

For mobile-data services, Maroc Telecom offers its business customers value-added services that are high performance and in demand, such as BlackBerry and GPS rate plans.

Mobile internet

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

The postpaid offer is available in two versions, voice + data and data only. In December 2012, Maroc Telecom introduced faster and more accessible bandwidths. Broadband (7.2Mb/s and 14.4Mb/s) is available starting at MAD 99 (incl. tax) per month.

The prepaid plan provides an internet connection via modem on a pay-as-you-go basis with no monthly bill. Introduced in July 2012 for prepaid customers, the new 7.2 Mb/s bandwidth is faster and may be topped up as needed through Jawal top-ups available for as little as MAD 10 (tax incl.). The prepaid 3G-internet customer base currently stands at one million customers.

Mobile 3G+ internet access at a bandwidth of 1.8 Mb/s was introduced to Jawal customers in 2011. In July 2012, the bandwidth was doubled for free, to 3.6 Mb/s, for prepaid customers. The prepaid mobile 3G-internet service is available from MAD 10.

In addition to 3G+-internet rate plans on a subscription basis, Maroc Telecom offered its mobile 3G-internet customers a telephone line with a bandwidth of 512 kb/s, included in the voice plan. In October 2011, the integration of the 512 Kb/s bandwidth was applied retroactively to the Liberté, Musique, and Arriyadi rate plans.

Maroc Telecom's 3G-internet (data only) customer base grew significantly over the year, with 950,000 new customers, a rise of 14.1% year on year.

In thousands	2010	2011	2012
3G-internet customers (data only)	549	673	768

In order to increase the usage of this service, Maroc Telecom has undertaken several sales and marketing actions for both prepaid and postpaid mobile internet:

• Lower prices for modems;

• Higher bandwidth with no price impact;

• Regular promotional offers, such as 50% off postpaid bills, two free months, and "student specials" offering three free months to new prepaid customers.

The following table shows the main mobile rate plans:

Segment	Product	Key features
Prepaid consumer	**Jawal Classique** **Voice + SMS:** - Domestic calls: MAD 3.60 (incl. tax) - SMS: MAD 0.96 (incl. tax) - International calls: Zone 1: MAD 3.60 (incl. tax) Zone 2: MAD 10.00 (incl. tax) Zone 3: MAD 32.50 (incl. tax) **Internet:** - Jawal 3G-internet rate plans: One day: MAD 10 (incl. tax) One week: MAD 50 (incl. tax) One month: MAD 200 (incl. tax)	• Plan available as prepaid pack and SIM-card only • Wide range of top-ups (MAD 5 to MAD 1,200) • Permanent double or triple top-up, depending on the top-up value • Promotional offers: • Multiple top-ups: Credited call time x 5 for top-ups of MAD 5 to MAD 30 and credited call time x 7 for top-ups of MAD 50 and more. • Duration promotional offers (Jawal Pass in credited minutes): MAD 5 = 5 min anytime; MAD 10 = 20 min (incl. tax); MAD 20 = 1 hour (incl. tax); MAD 50 = 3 hours (incl. tax). • Credited call time valid 7 days for domestic calls Permanent rate plan: Pass MAD 100 = 3 hours + 3G internet, valid one month • Bundled services free of charge: Call waiting, international roaming • 3G-internet bandwidth offered with subscription: 3.6 Mb/s
	Jawal Thaniya (per second) **Voice + SMS:** Billing per second (from the first second): MAD 3 cents per second for all calls to domestic destinations For other destinations, taxes and increments are the same as those for Jawal Classique. **Internet:** - Jawal 3G-internet rate plans: 3.6 Mb/s bandwidth One day: MAD 10 (incl. tax) One week: MAD 50 (incl. tax) One month: MAD 200 (incl. tax)	• When a Jawal prepaid card is purchased, the default profile is Jawal Classique. To migrate to Jawal Thaniya, customers must call 550. The migration is instantaneous. • Types of promotional offers: • Multiple top-ups: Credited call time x 3 • Duration promotional offers (Jawal Pass in credited minutes): • Permanent rate plan: Pass MAD 100 = 3 hours + 3G internet, valid one month • 3G-internet rate-plan bandwidth: 3.6 Mb/s

Segment	Product	Key features
Postpaid consumer	**Standard subscription** Sim-card activation charges: MAD 120 (incl. tax) Subscription fee: MAD 150 (incl. tax) To IAM fixed and mobile numbers: MAD 1.80 (incl. tax) To other Moroccan fixed-line networks: MAD 1.80 (incl. tax) To other mobiles: MAD 2.40 (incl. tax) To restricted-mobility fixed lines: MAD 2.10 (incl. tax) Single tariff for off-peak times: MAD 1.20 (incl. tax) International price structure: Zone 1: MAD 5.00 (incl. tax) Zone 2: MAD 10 (incl. tax) Zone 3: MAD 32.50 (incl. tax)	• Billing consumption: per second after the first minute • International-roaming plan for voice, SMS, and data services • Mouzdaouij card: service that allows subscribers to have two GSM numbers on a single SIM card
	Consumer rate plans Range of **uncapped rate plans** from 5 hours to 33 hours, from MAD 180 (tax incl.) per month **Option without handset:** - discount of MAD 25 (incl. tax) per month for rate plans of four hours to eight hours; - discount of MAD 35 (incl. tax) per month for rate plans of ten hours and more. **International price structure:** -Zone 1: included in the plan; otherwise the applied rate is MAD 5 (incl. tax) per minute -Zones 2, 3, and 4 are billed outside the rate plan at individual country rates	• Billing: One minute then by 20-second increments • Zone 1 international calls included in the rate plan charged at domestic call rates • Free access to 3G internet with bandwidth of 512 kb/s • IAM mobile number free and unlimited • Billable options: paid unlimited numbers, international rate plans, SMS/MMS rate plans
	Capped rate plans - Range of **capped rate plans** from 5 hours to 33 hours - Rates = consumer rates + MAD 23 (incl. tax) (capped option) **Option without handset:** - discount of MAD 25 (incl. tax) per month for rate plans of four hours to eight hours; - discount of MAD 35 (incl. tax) per month for rate plans of ten hours and more. **International price structure:** - Zone 1: included in the plan; otherwise the applied rate is MAD 5 (incl. tax) per minute - Zones 2, 3, and 4 are billed outside the rate plan at individual country rates	• Billing: One minute then by 20-second increments • Zone 1 international calls included in the rate plan charged at domestic call rates • Free access to 3G internet with bandwidth of 512 kb/s • IAM mobile number free and unlimited • Billable options: paid unlimited numbers
	Thematic rate plans Entry-level rate plan at MAD 99 (incl. tax) per month	• Two hours of calls • 300 SMS/MMS • Free access to 3G internet • TV, sports, and music content

Segment	Product	Key features
Professional	**Business Class rate plans:** Range of **uncapped rate plans** from 13 hours to 62 hours, from MAD 522 (tax incl.) per month	• Billing: One minute, then by 20-second increments • Zone 1 international calls included in the rate plan charged at domestic call rates • Free access to 3G internet • IAM mobile number free and unlimited • Billable options: unlimited domestic and international numbers, international rate plans
	Business Control rate plans Range of capped rate plans from 42 hours to 62 hours, from MAD 1,345.80 (tax incl.) per month	• Billing: One minute then by 20-second increments • Zone 1 international calls included in the rate plan charged at domestic call rates • Free access to 3G internet • IAM mobile number free and unlimited • Billable options: unlimited domestic numbers
	Optimis rate plans Range of **uncapped rate plans** from 5 hours to 62 hours, from MAD 180 (tax incl.) per month	• Billing: One minute then by 20-second increments • Zone 1 international calls included in the rate plan charged at domestic call rates • Free access to 3G internet • IAM mobile number free and unlimited • Discount on BlackBerry subscription • Free option: Free intragroup voice • Billable options: Intragroup SMS, unlimited domestic and international numbers, international rate plans, SMS/MMS rate plan, Complice offer
	Optimis capped rate plans Range of **capped rate plans** from 5 hours to 62 hours Rates = Optimis rates + MAD 23 (incl. tax) (capped option)	• Billing: One minute then by 20-second increments • Zone 1 international calls included in the rate plan charged at domestic call rates • Free access to 3G internet • IAM free unlimited mobile number • Discount on BlackBerry subscription and 3G internet • Free option: free intragroup voice • Billable options: intragroup SMS, unlimited domestic numbers
Mobile internet	**3G-internet subscription** • **3G-internet 7.2 Mb/s:** MAD 99 (incl. tax) per month • **3G-internet 14.4 Mb/s**: MAD 199 (incl. tax) per month	• Data + voice without obligation: Service attached to a voice line (on the same USIM card) or Internet Only option (additional dedicated USIM card) • Data Only with contract: mobile internet subscription rates
	Prepaid 3G internet - MAD 10 → 1 day of connection - MAD 20 → 2 days of connection - MAD 50 → 1 week - MAD 100 → 2 weeks - MAD 200 → 1 month	• Pay-as-you-go plan without billing • Service offered as data-only prepaid card • 3G-internet bandwidth of 7.2 Mb/s

Special business mobile rate plans

Segment	Product	Key features
Business voice rate plans	**Optimis** • Monthly subscription: MAD 150 (excl. tax) per month; not applied when more than MAD 200 (excl. tax) of calls per month • Minimum rate to domestic mobiles: MAD 0.95 (excl. tax) • Minimum rate to domestic fixed lines: MAD 0.40 (excl. tax) • Rates for options: - Unlimited intragroup voice: MAD 45 (excl. tax) per month; not applied when more than MAD 400 (excl. tax) of calls per month - Unlimited domestic numbers: MAD 119 (excl. tax) per month - Unlimited international numbers: MAD 199 (excl. tax) per month	• Per-second billing after the first minute (indivisible) • Possibility of capping the line at a specific MAD amount • Rates after top-up for capped lines at current Optimis rates • 3G internet with bandwidth of 512 kb/s included
	Intragroup rate plans • Monthly subscription: - Intragroup Only rate plan: MAD 60 (excl. tax) per month - Intragroup + two hours rate plan: MAD 100 (excl. tax) per month - Intragroup + three hours rate plan: MAD 130 (excl. tax) per month • Rates for options: - Intragroup SMS: MAD 15 (excl. tax) per month	• Capped rate plans offering unlimited intragroup to fixed and mobile numbers in the enterprise • 3G internet with bandwidth of 512 kb/s included • Billing by 20-second increments after the first minute (indivisible) • Credited call time of one or two hours outside the enterprise • Possibility of top-up after cap is reached for extragroup calls, using Jawal top-ups, with permanent free time and promotional offers
	Optimis rate plans • Monthly subscription: from MAD 150 (excl. tax) per month (5 hour rate plan) to MAD 3,125 (excl. tax) per month (155 hour rate plan) • Rates for options: - Cap (Optimis capped rate plan): MAD 19 (excl. tax) per month - Unlimited intragroup voice: MAD 0 (excl. tax) - Option one unlimited domestic number: MAD 39 (excl. tax) - Option unlimited domestic numbers: MAD 119 (excl. tax) - Option unlimited fixed-line international numbers MAD 199 (excl. tax) to some countries in zone1 - Option intragroup SMS at MAD 15 (excl. tax)	• Rate plans from 5 hours to 155 hours valid 24/7 to all domestic and international destinations in zone1 • 3G internet with bandwidth of 512 kb/s included • Billing by 20-second increments after the first minute (indivisible) • Credited call time rolled over to next month • Discounts of 5% to 15% for subscription fees of 3G-internet

Value-added services

Value-added services grew significantly in 2012.

• GPS service: Finja

In February 2012, Maroc Telecom introduced the Finja GPS application for places of interest. It allows customers with or without telephones equipped with GPS or internet to look for a location, nearby points of interest, or an address. Finja provides access to more than 170,000 points of interest (pharmacies, restaurants, cafés, service stations, shopping centers, banks, etc.) in 84 cities and towns around the country.

• Community services

Introduced in December 2012, Zero Facebook is a simplified, rapid, and text-based version of the mobile Facebook website. Maroc Telecom mobile customers may use Zero Facebook for free access to their Facebook account, update their profile, add friends, receive messages, post comments, consult the wall, and see friends' walls.

• Content services: Mobilezone

To satisfy the young people's demand for novelty, Maroc Telecom regularly updates the content of its Mobilezone platform for music, games, and logos available by mobile and two-channel web or WAP. In 2012, Maroc Telecom signed two new contracts to enhance the A-GHANY catalogue (personalized ringtones) and thereby acquired new, prestigious content licenses, such as Warner Music, EMI, and Rotana. The catalogue now has nearly 6,500 ringtones, compared with only 4,500 in 2011 and 2,400 in 2010.

• Overhaul of SMS-MMS top-ups

The number of SMS-MMS allowed was raised as of May 1, 2012, with the SMS unit price lowered to MAD 10 cents.

• USSD portal

Maroc Telecom's services portal, based on USSD, was enhanced in 2012 with Self Care services such as activation and deactivation of voicemail and MMS services, and Fidelio customer-account management.

Handset sales

• Jawal prepaid kits

A wide variety of Jawal prepaid starter kits is available, at competitive prices. Maroc Telecom strives to offer customers the latest handsets and associated functionalities. In 2012, in line with its pricing strategy, Maroc Telecom offered Jawal mobile starter kits from MAD 169 (incl. tax) and SIM-only packs with credited call time of MAD 20 (incl. tax).

• Postpaid kits

For postpaid customers, the 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 a minimum required contract period (12 or 24 months). In 2012, Maroc Telecom helped popularize the use of smartphones through its policy of MAD 0 handset subsidies. Smartphones had 52% of GSM postpaid sales in 2012.

MobiCash

In keeping with its status as market leader, Maroc Telecom launched MobiCash, a group of payment services accessible by cell phone, in partnership with Banque Centrale Populaire and Attijariwafa Bank.

This service allows Maroc Telecom mobile customers, whether postpaid or Jawal prepaid, to transfer money to family members, pay for goods or services, and deposit or withdraw money from a Maroc Telecom agency or ATM in the MobiCash network. Customers may access these services without changing their SIM cards or handsets. Transaction security is also a priority. All transactions are confirmed by a customer password that guarantees transactions against theft and fraud.

The MobiCash portfolio of services has been expanded to offer customers day-to-day services that are simple and safe:

- Cash deposit and withdrawal;
- Money transfer anywhere in Morocco, 24/7;
- Payment of Maroc Telecom and partner-companies' bills, for the customer or a family member;
- Jawal top-ups for a customer or family member;
- Payment for purchases from numerous authorized shops;
- Reception of money from family members in Belgium.

The MobiCash top-up service was also expanded to include Al Manzil fixed-line top-ups and Pass Jawal top-ups. The payment of Redal electricity bills has been expanded to include Amendis.

Jawal top-up international transfer

In partnership with Orange, Maroc Telecom launched the Jawal top-up international transfer service from France.

This service allows persons living in France to top up Jawal credited call time for their friends and family members in Morocco.

Topping up a Jawal account could not be simpler: «transfer cards" can be bought at numerous sales points in France. The top-up can be activated by internet or by calling a toll-free number from a fixed-line phone, public phone booth, or mobile phone. The top-up transfer is performed independently of operators in France.

In 2011, new destinations, including the United States and Canada, were added to the service.

International activities

• International roaming

Maroc Telecom entered into its first roaming agreement with SFR in February 1995. The agreement was concluded on the basis of standard commercial terms and conditions. At December 31, 2012, Maroc Telecom had 537 roaming agreements with associated operators in 216 countries (including four countries through agreements with GMPCS-system operators Thuraya and Globalstar). Morocco is distinguished by an extraordinary geographical and cultural diversity that make it a leading tourist destination. Morocco's tourism industry generates a massive influx of tourists that provide a significant source of potential roaming revenues. In order to harness the largest possible share of this traffic, Maroc Telecom has developed a customer-acquisition policy through partnerships with foreign operators, and has entered into preferential agreements with the largest of them. In order to ensure continual growth in roaming revenues and to reinforce its competitive advantage, Maroc Telecom has maintained its discount agreements with its principal partners and entered into new agreements with other operators.

Furthermore, Maroc Telecom lowered prices throughout the year in order to improve the roaming service for its own customers. For example, Moroccan pilgrims who are Maroc Telecom customers are provided with free incoming calls at their place of pilgrimage. Nomadis, a project launched in May 2010, ensures that Maroc Telecom group customers are charged domestic rates for roaming services on other Maroc Telecom group networks.

GPRS and MMS data services have been included in the roaming-service offering since the end 2003. At December 31, 2012, Maroc Telecom had agreements with 248 operators in 122 countries for GPRS/MMS roaming (119 of these agreements relate to outbound GPRS roaming). In addition, Maroc Telecom has concluded agreements for prepaid roaming with 121 operators in 72 countries (including 64 countries for outbound roaming). Maroc Telecom also provides international SMS services (448 operators in 204 countries) and short numbers (333 for voicemail and 777 for customer service) via agreements in 63 countries with 107 operators. International MMS service has also been available since November 2007. At December 31, 2012, Maroc Telecom provided international MMS service via MMVD (login access) to 825 operators.

Since early 2008, Maroc Telecom has offered inbound and outbound 3G roaming services through agreements with its principal partners. At December 31, 2012, Maroc Telecom had agreements with 135 operators in 80 countries for 3G roaming, with outbound 3G roaming in 76 countries.

• Fight against the diversion of international traffic

Inbound international call traffic to Maroc Telecom networks is subject to diversion of traffic by fraudulent means. The growth of highly competitive commercial offerings nationwide, the decline of domestic interconnection taxes, and the stabilization of high international termination charges combine to create conditions in which fraudulent persons might endeavor to cheat.

To fight against any attempt at fraud relating to inbound international call traffic, Maroc Telecom has strengthened its defense by creating a dedicated department with detection and control equipment. This department's efforts are supported by all of Maroc Telecom's engineering and sales teams. The year 2012 was notable for the growth of fraud, with 553,632 prepaid mobile lines identified diverting incoming international traffic to IAM in 2012, compared with 46,703 mobile lines in 2011. In 2012, IAM took legal action in eight cases of fraud, of which four were ruled in its favor.

Maroc Telecom works to constantly strengthen and modify its antifraud measures and considers that fraud relating to inbound international traffic is under control.

• Billing and collecting for international products

In order to improve its billing procedures for international interconnection, Maroc Telecom has begun a project to upgrade its billing system by migrating to a newer, more high-performance version.

After this upgrade, the system will be able to meet new requirements for international business development by offering new functions for optimal, efficient management of agreements with foreign operators and more reliable data for international billing.

With the same objective of ensuring revenues from international business, a new project has been launched to implement an automatic real-time management system for operators identified as at risk, in order to avoid all risk of their exceeding guarantees that might affect international revenues.

3.2.1.2 Fixed-line telephony

Market and competitive environment

Maroc Telecom is the leading provider in Morocco of services for Fixed-line telephony, Internet, and data transmission, and the only provider of ADSL TV. These markets were fully liberalized in 2005, when fixed-line telecommunications licenses were awarded to two new operators.

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

- Telephony services;
- Interconnection services with domestic and international operators;
- Data-transmission services for businesses, internet service providers, and other telecommunications operators;
- Internet services, which include internet access provision and related services, such as hosting;
- ADSL TV and MT Box.

Two new fixed-line telephone licenses were awarded in July and September 2005, with operations commencing in early 2007. Maroc Telecom now faces competition in all segments: residential, public telephony, and business.

Fixed-line residential telephony market

Since 2006, Maroc Telecom has introduced three fixed-line offers that distinguish it significantly from its competitors:

- Phony, which allows unlimited calls to all Maroc Telecom fixed-line numbers for an affordable inclusive price;
- ADSL TV, which offers Maroc Telecom's fixed-line customers exclusive access to more than 100 national and international digital TV channels via their telephone line;
- MT Box, the first triple-play package (voice, internet, and TV) in Morocco.

In February 2007, Wana, the third-largest telecoms operator, launched Bayn, a fixed-line service with restricted mobility. This prepaid service is similar to a prepaid mobile service and is marketed as a pay-as-you-go, restricted-mobility product with neither subscription nor billing.

In light of its price structure and advertising strategy, Bayn appeared to be competing head to head with Maroc Telecom in the telestores segment.

In October 2011, Wana launched its Inwi fixed-line offer, a prepaid, fixed-line, restricted-mobility product with neither subscription nor commitment. There are four rate plans for various destinations and preferred Inwi mobile numbers.

Change in fixed-line (including restricted mobility) residential market share over the past three years:

Market share	2010	2011	2012
Maroc Telecom	32.83%	34.79%	38.69%
Meditel	0.45%	0.62%	0.82%
Inwi	66.72%	64.59%	60.49%

(Source: ANRT)

At December 31, 2012, Maroc Telecom had market share of 38.69%, including restricted mobility (90.2% excluding restricted mobility).

Public-telephony market

Maroc Telecom held a monopoly in this market until 2003. The advent of deregulation in 2004 brought new competition. In the spring of 2004, Meditel started opening fixed-line telestores using GSM technology.

To conter the Meditel telestores, Maroc Telecom launched a GSM telestore offer in October 2011. This offer consists of a prepaid pack sold for MAD 1,400 (tax. Incl.) with a GSM payphone and a prepaid GSM card with an initial credit of MAD 840.

This offer provides three advantages:

- top-ups: free bonus on the basis of the top-up amount (average bonus 23%);
- Call costs: rates billed to telestore operators are not those billed to the final customer;
- billing method: per second.

In March 2010, Maroc Telecom introduced the first rate plans specifically for telestore operators. These plans were designed to attract and retain telestore partners and to help them develop sustainable business.

Four rate plans were offered: 5 hours, 10 hours, 15 hours, and 30 hours, including:

- Unlimited calls to IAM fixed lines at all times;
- Calls to domestic fixed lines;
- Calls to domestic mobiles;
- Calls to fixed lines in Zone 1 (Europe and north Africa) and to fixed and mobile numbers in Zone 2 (Canada and the US).

In June 2011, three new advantages were introduced for this offer:

- Reduction of 20% on rates of every plan;
- Per-second billing in and out of the rate plan;
- No prepayment of first full month.

With business slowing because of declining consumer interest in telestores—mainly attributable to the availability of unlimited mobile pans—a new restructuring plan was begun in August 2012. This plan is based on the following key points:

- Enhanced product range with new rate plans;
- Entry-level: “2H” for MAD 120 (incl. tax);
- Doubling of rate-plan times;
- Slight reduction in consumer rates.

In addition, all telestore customers were migrated free of charge to the new two-hour rate plan, thereby benefiting from “Telestore Rate Plan” advantages.

Telestore operators with IAM indoor public phones (PIC) in their telestores also profited from this restructuring. Their remuneration was raised from 15% to 25%.

At the same time, a policy of regular, annual reviews of rates for domestic and international destinations was introduced.

The most recent review, carried out in August 2012, was intended to lower airtime prices to domestic mobiles: a flat rate (peak and off-peak) of only MAD 0.01 (tax incl.) per second. This restructuring concerned telestores and telephone cards.

Change in market share of the public-telephony market over the past three years:

Market share	2010	2011	2012
Maroc Telecom	80.18%	73.92%	72.41%
Meditel	19.82%	26.08%	27.59%

(source: ANRT)

At December 31, 2012, the total number of public telephones (across all operators and all types of technology) was estimated at 75,532, a decline of 41% from a year earlier. Maroc Telecom’s market share in public telephony was 72.41%, compared with 27.59% for Meditel (source: ANRT).

Business and professional fixed-line telephony market

Competition in the fixed-line business and professional telephony market existed well before fixed-line licenses were awarded in 2006, through Meditel’s installation of Lo-Box GSM gateways. Since 2007, new entrants have offered customized services to business customers.

In 2012, Maroc Telecom introduced the ForfaiFix rate plan for its business and professional customers. Forfaifix is the first range of all-inclusive multidestination rate plans comprising line rental and call time to fixed-line, mobile, and international destinations.

Change in market share of fixed-line business telephony market over the past three years:

Market share	2010	2011	2012
Maroc Telecom	93.53%	92.39%	91.25%
Meditel	4.19%	5.28%	6.31%
Inwi	2.28%	2.33%	2.44%

(source: ANRT)

At December 31, 2012, there were 426,307 business lines in Morocco.

The total business and professional customer base stood at 389,008 at December 31, 2012. Maroc Telecom's market share of business fixed lines was 91.25%, compared with 6.31% for Meditel and 2.44% for Wana.

Competition in the business and professional fixed-line segments can be seen mainly in the mobile offers by Maroc Telecom and other operators.

In 2007, for its business customers, Maroc Telecom introduced fixed-line business offers in relation to mobile lines:

- InfiniFix: free unlimited calls to all Maroc Telecom fixed-line numbers with the option of capped credited call time of MAD 85;
- Intra Flotte Fixe: free unlimited calls to all intragroup fixed-line numbers;
- Privilège Mobile: preferential rates to all mobile destinations;
- Privilège International: preferential rates to all international destinations.

In 2009, the business fixed-line catalogue was enhanced with the following:

- Intra Flotte Mobile: Free unlimited calls to all intragroup mobile numbers;
- MultiFix Mobile: Mobile rate plans shared among several intragroup lines;
- Enhancement of range of InfiniFix capped credited call time.

For its professional customers, Maroc Telecom introduced unlimited rate plans in 2006:

- Phony PRO: unlimited calls to all Maroc Telecom fixed-line numbers for an affordable inclusive price.

In 2010, the professional fixed-line catalogue was enhanced with:

- MT BOX PRO: 2+1 with voice, internet, TV, and other value-added services that meet customers' telecommunications and internet needs;
- Intra Flotte Mobile: Free unlimited calls to customer's postpaid and prepaid mobiles.

In 2010, rates were adjusted, with price reduction for Phony PRO, Privilège Mobile and InfiniFix rate plans; call rates lowered for Privilège International; Intra Flotte rates cut; preferential prices for intragroup fixed-line and mobile options; and free doubled bandwidth for ADSL and MT BOX plans.

In 2011, a more attractive base rate for calls to domestic fixed-line numbers went into effect for the professional and business segments. Prices for MultiFix fixed-line options and Privilège International call rates were further reduced.

Internet

The internet market continued to develop in 2012, with ADSL and 3G+ mobile internet growing strongly.

At the end of 2012, Maroc Telecom held a very strong position on the ADSL market, with market share of close to 97% (source: ANRT).

Performance

Principal performance indicators for fixed line and internet

En millions de dirhams– en IFRS	2010	2011	2012
Gross revenue	8,533	7,432	6,669
Number of fixed-line customers ('000)	1,231	1,241	1,269
Broadband access* ('000)	497	591	683

**including narrowband and leased lines.*

Because of the competition in the residential segment from prepaid mobile-telephone services, the penetration rate for fixed-line services declined substantially from 1999 to 2002. In response, Maroc Telecom launched a wide-ranging action plan to revive its fixed-line services and to address increasing competition from prepaid mobile offers and, since early 2007, from fixed-line offers with restricted mobility introduced by the third-largest operator. Actions taken by Maroc Telecom included:

- Developing a responsive sales and marketing policy catering to customer expectations and requirements, in particular with the creation of the El Manzil brands for fixed-line rate plans targeting the residential segment, and the Solutions PRO and Maroc Telecom Business Services, offers designed for professionals and businesses, respectively;
- Introducing commercial offerings designed to boost fixed-line telephone usage, particularly Phony, which offers unlimited fixed-to-fixed calls for residential and professional customers, and InfiniFix for businesses;
- Exclusive offering of the ForfaiFix all-inclusive (subscription and call time) rate plans that meet the needs of professional and business customers with multidestination traffic;

- Diversifying its catalogue of offers for professionals and businesses through value-added services:
  - opening the intragroup-mobile option to professional customers so that they, like business customers, can stay in touch with their colleagues;
  - Business GO, designed to help new clients in the start-up phase of their business;
  - Mini PABX rate plan and Welcome PABX bundle, to equip professional and business customers and help them manage their inside and outside calls;
- Making significant efforts to extend internet access to the Moroccan public. Starter kits, regular promotional offers, migration to broadband, and price reductions have greatly increased internet usage among the wider public.

At December 31, 2012, the Fixed-line and Internet activities in Morocco had generated revenues of MAD 6,669 million, a decline of 10.3% year on year. This performance reflects the sharp decline in public telephony—still subject to aggressive competition from the mobile segment—and the reduction in the first half of the year of fixed-line rates, now relatively unattractive after significant price cuts in the mobile segment.
At December 31, 2012, the fixed-line customer base in Morocco had grown by 2.3% year on year, to 1.269 million lines. Strong growth (+16%, to 683,000 subscribers) in the ADSL customer base was underpinned by enhanced rate plans and doubled bandwidth for the same price.

Fixed-line customer base
The fixed-line customer base growth (+2.3% in 2012) was obtained as a result of sales and marketing efforts carried out since 2011. The introduction of the MT DUO kit (fixed line and internet) and reductions in incoming international termination charges to fixed lines served to underpin the customer base. As a result, Maroc Telecom recorded both an increase in activations (approximately +4.6%) and a decline in churn rate (-1 point, to 17.8% year on year).
The following table shows the change in the number of fixed telephone lines in each segment:

In thousands of lines	2010	2011	2012
Residential	708	761	825
Public telephony*	146	95	55
Professional and business users	377	385	389
Customer base**	1,231	1,241	1,269

**Aggregate of phone lines used by Maroc Telecom telestores and public 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.*

Change in consumption
Throughout the year, lower termination charges for incoming long-distance calls increased incoming international traffic, which has compensated for the lower termination charges. On the other hand, outgoing usage declined. Fixed-line services have been affected by Mobile offers from competitors, whose rates are falling significantly.
The impact of mobile competition was felt keenly in the telestores segment, where the traffic level declined year on year.
In 2012, various price cuts for residential and professional calls to international and mobile destinations (MAD 1 [incl. tax] per 2 minutes) restored traffic and encouraged Fixed-line usage.

Loyalty rewards

Maroc Telecom has devised loyalty rewards for its customers on the basis of the El Manzil loyalty points system. All standard fixed-line and Phony subscribers (excluding capped-rate plans) are automatically enrolled in the fixed-line loyalty program, which features a points-based reward system linked to the amount of customers' monthly bills. Points can be exchanged for a range of gifts, either at Maroc Telecom retail outlets or through the fixed-line call center. The gift catalog for El Manzil points is updated quarterly and available online at iam.ma and at all sales points. Gifts include: analog and digital DECT handsets; fax machines; free calls via telephone cards, El Manzil cards, and Jawal cards; ADSL, CDMA, Wifi, and 3G modems; mobile handsets; and ADSL TV packs (router + set-top box).

In order to streamline its offerings, 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.

To further streamline its products, Maroc Telecom expanded its loyalty-rewards system in July 2011 to include ADSL internet plans, MT BOX, and MT BOX PRP. ForfaiFix was added in 2012. Customers can now accumulate points not only from their fixed-line bills, but also from their internet and MT BOX bills.

Points can be converted into gifts from either the fixed-line or mobile catalog, irrespective of the points' origin (1 fixed point = 1 mobile point).

Residential and professional rate plans offers

Segment	Product	Key features
Residential fixed lines	**Phony anytime** - Standard + 1 hour mobile: MAD 174 (incl. tax) - Standard + 3 hours mobile: MAD 229 (incl. tax) - Capped + 1 hour mobile: MAD 186 (incl. tax) with MAD 39 of credited call time / MAD 528 (incl. tax) with MAD 465 of credited call time - Capped + 3 hours mobile: MAD 241 (incl. tax) with MAD 39 of credited call time / MAD 583 (incl. tax) with MAD 465 of credited call time	• Line rental • Free unlimited calls to all Maroc Telecom fixed lines • Free call time to all domestic mobiles 24/7 • Available in capped form with call time credited monthly and possibility of account top-up with El Manzil top-ups
	Standard subscription MAD 120 (incl. tax)	• Line rental • Domestic and international calls billed per usage
	Master Pack MAD 1,527 (incl. tax)	• Rate plan designed for Moroccans living abroad, billed annually • Annual credited call time capped at MAD 732 • Once credited call time is depleted, the account may be topped up with El Manzil top-ups
	Phony international at MAD 149 (incl. tax)	• Unlimited to major international destinations • Valid 24/7 and capped at 30 hours per month
Maroc Telecom TV	**Three TV/ADSL packages** - Access package: MAD 48 (incl. tax) - Prestige package: MAD 150 (incl. tax) - Evasion package: MAD 239 (incl. tax) **Two optional packages** with MT BOX plans: - Prestige package: MAD 99 (incl. tax) - Evasion package: MAD 169 (incl. tax) **TV options:** - Al Jazeera Sport: MAD 55 (incl. tax), available with any of the aforementioned packages - Also available for ADSL and MT Duo customers - Canal+: MAD 69 (incl. tax), available only for Access package customers	• Must have subscription for fixed line or MT Box • The Access package is automatically included in the MT Box plan • Access to TV service requires a video-compatible router and TV decoder (STB)

Segment	Product	Key features
MT Box	The Triple Play is a multiservice package available in three versions: - **MT BOX:** MAD 299 (incl. tax), includes fixed-line subscription, 4 Mb/s ADSL access, and Access TV package - **MT BOX SILVER:** MAD 349 (incl. tax), includes fixed-line subscription, 8 Mb/s ADSL access, and Access TV package - **MT BOX GOLD:** MAD 389 (incl. tax), includes fixed-line subscription, 12 Mb/s ADSL access, and Access TV package	• Choice of telephone subscription: standard or capped • Additional VoIP number beginning with 08 083 for unlimited calls 24/7 to all Maroc Telecom fixed-line numbers • Three hours of calls anytime to all domestic mobiles • ADSL internet access (Wifi included in standard package) • An ADSL TV package • Single contract and single bill
Professional	**Phony Pro anytime:** - Standard + 1 hour mobile: MAD 288 (incl. tax) - Capped + 1 hour mobile: MAD 399 (incl. tax), with MAD 114 of credited call time	• Telephone subscription • Free unlimited calls to all Maroc Telecom fixed-line numbers • One free hour of call time to all domestic mobiles 24/7 • Available in capped form with call time credited monthly and possibility of account top-up with El Manzil top-ups or by calling 114
	ForfaiFix A range of all-inclusive (credited call time and line rental), fixed-line rate plans, including telephone subscription and credited call time to all fixed, mobile, and international destinations. Rates are from MAD 150 (excl. tax) for 5 hours to MAD 3,125 (excl. tax) for 155 hours	• Choice of 14 rate plans from 5 hours to 155 hours, from MAD 180 (incl. tax), subscription included • Optional rate cap, with possibility of top-up after depletion of allotted time via top-up cards or by calling 114 • Flat rate for all fixed-line, mobile, and international destinations • Compatible with fixed-line and mobile intragroup options, for unlimited calls to all colleagues
	MT BOX PRO 2+1 rate plan from MAD 349 (incl. tax), includes fixed-line subscription, ADSL access, and Access TV package Three different bandwidths are available: - MT BOX: MAD 349 (incl. tax), with ADSL 4 Mb/s - MT BOX SILVER: MAD 399 (incl. tax), with ADSL 8 Mb/s - MT BOX GOLD: MAD 435 (incl. tax), with ADSL 12 Mb/s	• One VoIP telephone line, with unlimited calls 24/7 to Maroc Telecom fixed-line numbers, call-cap option • One PSTN telephone line (capped or standard) with rate plan that can be used for other destinations • Three hours of free calls per month to domestic mobiles, all operators, valid 24/7 • One ADSL access at 4, 8, or 12 Mb/s • Free web hosting with full features: One free domestic domain name, 60 Mo of server space, 8 Go of traffic, and 10 additional personalized e-mail adresses • Maroc Telecom ADSL TV (Access package) • Single contract and single bill
Internet	**Menara CDMA rate plan,** from MAD 99 (incl. tax): 153 Kb/s: MAD 99 (incl. tax) 1 Mb/s: MAD 199 (incl. tax)	• Technology used in areas where ADSL is unavailable • Unlimited connection • Capped billing
	Menara ADSL and ADSL PRO rate plans, from MAD 99 (incl. tax): 4 Mb/s: MAD 99 (incl. tax) 8 Mb/s: MAD 149 (incl. tax) 12 Mb/s: MAD 199 (incl. tax) 20 Mb/s: MAD 499 (incl. tax)	• Unlimited connection • ADSL broadband at various bandwidths • Shared usage via Wifi • Capped billing
	MT DUO at MAD 199 (incl. tax)	Two services included (one capped fixed line and one ADSL or CDMA internet access): • One capped fixed line that can be topped up • One 4 Mb/s ADSL or 153.6 Kb/s CDMA in areas where ADSL is unavailable • Unlimited internet connection 24/7 • Single contract and single bill

Segment	Product	Key features
Telestore	**Telestore rate plans** - Rate plan 2 hours: MAD 120 (incl. tax) - Rate plan 5 hours: MAD 240 (incl. tax) - Rate plan 10 hours: MAD 400 (incl. tax) - Rate plan 20 hours: MAD 750 (incl. tax) - Rate plan 30 hours: MAD 1,000 (incl. tax) - Rate plan 60 hours: MAD 1,800 (incl. tax)	• Subscription charges included • Per-second billing • No prepayment of first full month • Unused credited call time rolled over for up to one month • Free unlimited calls to IAM fixed-line numbers included • Calls to other fixed-line and mobile numbers included • Calls to Zone 1 fixed Zone 2 mobile included
	Telestore prepaid GSM rate plan Pack at MAD 1,400 (incl. tax) includes: - GSM coin-operated pay phone - Prepaid GSM SIM card (with initial credited call time of MAD 840)	• The telestore GSM account is updated with Jawal top-ups • One year of valid credited call time • Per-second billing for the telestore • Incremental billing for the final customer • Telestore operators are offered the following discount for top-ups: - MAD 10 for MAD 50 (20% free) - MAD 20 for MAD 100 (20% free) - MAD 50 for MAD 200 (25% free) - MAD 75 for MAD 300 (25% free) - MAD 200 for MAD 665 (30% free) - MAD 360 for MAD 1,200 (30% free)
Telephone cards	Range of five telephone cards available: MAD 5, 10, 20, 50, and 100	• Double consumption from: - Public phones - IAM fixed lines • Regular promotional offers for double top-ups • Competitive rates for international calls • Permanent bonus offered free of charge - MAD 5 for MAD 50 telephone card - MAD 20 for MAD 100 telephone card

• Residential and professional value-added services

Maroc Telecom offers consumers value-added services such as voicemail, itemized billing in Arabic or French, caller ID display, call-waiting notification, call transfer, three-way calling, and more. These services also include an option for subscribers using capped-rate plans, ForfaiFix, and Phony plans to top up their accounts remotely, by dialing 114 (voice-operated server).

• Fixed-line pricing structure

For several years, Maroc Telecom have consistently endeavored to balance prices by lowering call charges and progressively raising subscription rates (until 2009). The resulting changes in tariffs 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 schedule for various domestic and international destinations.

In 2012, Maroc Telecom began billing by two-minute indivisible increments, at MAD 1 per 2 minutes, thereby creating a flat rate for domestic long-distance calls and major international destinations.

• Access charges and line rental

Since January 1, 2009, standard line-rental charges have been MAD 132 (incl. tax) -except for standard service, which remains at MAD 120 (incl. tax)- and MAD 144 (incl. tax) for professional and business customers.

Since August 2010, Maroc Telecom has gradually simplified its fixed-line subscription conditions for residential customers by lowering the subscription commitment from 24 months to 12 months for new subscriptions and renewals.

• Call charges

Domestic calls

In 2012, Maroc Telecom continued to lower fixed-line prices by applying a new reduction of up to 82% on rates for calls from fixed lines to domestic mobiles, and to fixed lines and mobiles of major international destinations. These calls are now billed at a flat rate of MAD 1 (incl. tax) per two minutes for residential and professional customers.

International calls

Zones	Destinations	Heure pleine	Heure creuse
Zone 1	Fixed line	MAD 1 (incl. tax) per two minutes	
	Mobile (France, Belgium, Portugal, Holland, UK, Sweden, Finland, San Marino)		
	Other mobile	MAD 3 (incl. tax) per minute	MAD 2.5 (incl. tax) per minute
Zone 2		MAD 1 (incl. tax) per two minutes	
Zone 3		MAD 5.6 (incl. tax) per minute	MAD 2.8 (incl. tax) per minute
Zone 4		MAD 8 (incl. tax) per minute	
Zone 5		MAD 20 (incl. tax) per minute	
Antarctic		MAD 60 (incl. tax) per minute	

An extremely competitive flat rate of MAD 1 (incl. tax) per two minutes is now applied for calls to domestic fixed lines and mobiles, fixed lines in western Europe and North America, and mobiles for the following countries: France, Belgium, the Netherlands, the United Kingdom, Portugal, Sweden, Finland, the United States, and Canada.
This new measure has allowed Maroc Telecom to simplify its rate schedule. Customers benefit from more frequent calls to family members and friends in Morocco, regardless of the operator, and aborad.

Rate plans and other tariff options

Targeted price offers have also been developed for the consumer segment. These include a capped rate plan enabling consumers to control their spending, and rate plans providing unlimited calls anytime to all Maroc Telecom fixed-line numbers, subject to rate-plan fees starting at MAD 174 (incl. tax and line rental).
Maroc Telecom regularly launches El Manzil promotional offers to boost customer consumption of capped rate plans, such as: one hour to all domestic mobile numbers and major international destinations, valid one week from the subscription date; permanent bonus for El Manzil top-ups, from MAD 50, available by card or by calling 114. Customers automatically enjoy a MAD 50 bonus for top-ups of MAD 50 and MAD 90, and a bonus of MAD 100 for top-ups of MAD 100 or more.
Maroc Telecom launched the Phony International rate plan. This offer provides residential customers with unlimited calls 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 all consumer customers, including customers of prepaid capped-rate plans. The fixed-line tariff structure is available on the IAM website.

Offerings for business customers

Telephony offers

To meet the fixed-line telephony needs of business customers, Maroc Telecom proposes a wide range of offers and rate plans using the public switched telephone network (PSTN) or the Marnis digital network.

The following table shows the main offers:

Segment	Product	Key features
Business voice rate plans	**FORFAIFIX** Monthly subscription: from MAD 150 (excl. tax) per month (5 hours) to MAD 3,125 (excl. tax) per month (155 hours) Rates for options: - Cap: MAD 19 (excl. tax) per month - Unlimited intragroup, fixed line and mobile: MAD 49 (excl. tax)	Range of multidestination rate plans, including line rental and credited call time to fixed-line, mobile, and certain international destinations • Possibility of top-ups after depletion of allotted call time, through prepaid fixed-line top-up cards or by calling 114 • Flat rate for all fixed-line, mobile, and international destinations
	INFINIFIX Option for PSTN-analog or IDSN-digital line that allows free unlimited calls to Maroc Telecom fixed-line numbers, from MAD 300 (excl. tax) per month for a PSTN line	• Free unlimited calls to all Maroc Telecom fixed-line numbers • One free hour of call time to all domestic mobiles 24/7 • Cap option and wide range of credited call time • Compatible with intragroup mobile
	MULTIFIX Fixed-line / MULTIFIX Mobile **Multifix Fixed-line plans:** Ten plans offering 15 to 600 hours of call time to Maroc Telecom fixed-line numbers **Multifix Mobile plans:** Twelve plans offering 5 to 600 hours of call time to all mobile numbers: - Per-minute price reduction of up to 28% for calls to fixed lines and 42% for calls to mobiles	Wide range of rate plans (fixed to fixed and fixed to mobile) for several lines intragroup • Line rental not included • Option to combine all PSTN or Marnis lines in the same MultiFix rate plan • Option to combine in the same rate plan all lines from the enterprise's various locations • Unused credited call time rolled 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 the rates of the subscribed option • Thirty-second incremental billing after the first minute (indivisible)
	Privilège rates **Privilège Mobile (MAD 120 incl. tax):** Preferential price structure for calls to domestic mobiles (reduction of 78%) **Privilège International (MAD 48 incl. tax):** Preferential price structure for international calls (reduction of up to 83%)	
	Intragroup Fixed-line and Mobile option Free unlimited calls to all intragroup numbers Monthly subscription: MAD 49 (excl. tax)	

• Marnis : Maroc Telecom has an integrated services digital network (ISDN) that allows businesses to connect several telephones to a single access point. Companies thereby enjoy a direct number for each employee and a large number of value-added services, such as videoconference, remote monitoring, and payment services.

In 2011, Maroc Telecom expanded its Marnis range to 2, 30, and 60 channels, via a 15-channel primary access.

• Welcome number: Maroc Telecom has set up a range of "welcome numbers," toll-free numbers (08000 xxxxx), reduced-rate numbers (08010 xxxxx), and direct numbers (08020 xxxxx), 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 switchboard turnkey solution comprising installation, hardware maintenance, and upgrading in accordance with the customer's requirements. In 2012, businesses were given their own standard rate, different from that for residential and professional customers.

• Call charges

Domestic calls

(in MAD excl. tax)

<table>
<tr><th>Segment</th><th>Standard</th><th>InfiniFix</th><th>ForfaiFix</th><th>MultiFix Fixed line</th><th>MultiFix Mobile</th><th>Intra Flotte Fixed line</th><th>Intra Flotte Mobile</th><th>Privilège Mobile</th><th>Préférence Mobile</th></tr>
<tr><td>Intra Fixed line</td><td rowspan="3">0.38/min</td><td rowspan="2">0</td><td rowspan="7">0.34*</td><td rowspan="2">0.30*</td><td rowspan="3">0.38/min</td><td>0</td><td rowspan="3">0.38/min</td><td rowspan="3">0.38/min</td><td rowspan="3">0.38/min</td></tr>
<tr><td>MT Fixed line</td><td rowspan="2">0.38/min</td></tr>
<tr><td>Meditel and Wana Fixed line without RM</td><td>0.38/min</td><td>0.38/min</td></tr>
<tr><td>Intra mobile</td><td rowspan="3">1.90</td><td rowspan="3">1.90</td><td rowspan="3">1.90</td><td rowspan="3">1.10*</td><td rowspan="3">1.90</td><td>0</td><td rowspan="3">0.42</td><td rowspan="3">1.40</td></tr>
<tr><td>IAM mobile</td><td rowspan="2">1.90</td></tr>
<tr><td>Meditel and Wana mobile</td></tr>
<tr><td>Other operators fiwed line with RM</td><td>1.60</td><td>1.60</td><td>1.60</td><td>1.60</td><td>1.60</td><td>1.60</td><td>1.60</td><td>1.60</td></tr>
</table>

**Most favorable minimum price in the rate plan (ForfaiFix 155 hours, MultiFix Fixe 600 hours, MultiFix Mobile 600 hours)*
Billing: 30-second increments after the first minute (indivisible except where specified)

International calls

(in MAD excl. tax)

<table>
<tr><th rowspan="2">Zones</th><th rowspan="2">Destinations</th><th colspan="2">Standard</th><th colspan="2">witho Privilège International option</th></tr>
<tr><th>Fixed line</th><th>Mobile</th><th>Fixed line</th><th>Mobile</th></tr>
<tr><td rowspan="2">Zone 1</td><td>Southern Europe et Northern Europe</td><td rowspan="2">0.833/2min</td><td rowspan="2">2.5/min</td><td rowspan="2">0.33</td><td>0.42</td></tr>
<tr><td>Other destinations</td><td>2</td></tr>
<tr><td>Zone 2</td><td>North America</td><td colspan="2">0.833/2min</td><td colspan="2">0.33</td></tr>
<tr><td>Zone 3</td><td>Eastern Europe, Middle Est, Africa, Latin America, Asia, Oceania, Far East, Southeast Asia, Rest of world</td><td colspan="2">4.67/min</td><td colspan="2">4</td></tr>
<tr><td>Zone 4</td><td>Bulgaria, Comoros, Congo (Democratic Republic), Congo (Republic), Cook Islands, North Korea, Falkland Islands (UK), Gabon, Gambia, Greenland (Denmark), Guinea, Guinea-Bissau, Kiribati, Latvia, Liechtenstein, Macedonia, Madagascar, Maldives, Mauritania, Palau, Papua, New Guinea, Solomon Islands, Samoa, Sao Tome & Principe, Senegal, Serbia, Sierra Leone, Somalia, St. Pierre & Miquelon, Thailand, Togo, Tonga, Tunisia, Tuvalu, Vanuatu, Wallis & Futuna, Mayotte</td><td colspan="2">6.67/min</td><td colspan="2">5.75</td></tr>
<tr><td>Zone 5</td><td>Ascension Island, Cuba, Diego Garcia, Mariana Islands, Nauru, Niue, Norfolk, St Helena, St. Martin, Tokelau.</td><td colspan="2">16.67/min</td><td colspan="2">14.5</td></tr>
<tr><td>Antarctic</td><td></td><td colspan="2">50/min</td><td colspan="2">50</td></tr>
</table>

NB: where unspecified, billing is in 30-second increments after the first minute (indivisible)

Internet offers

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

Active customers (in thousands)	2010	2011	2012
Narrowband	1	1	1
Broadband	496	590	682
ADSL	495	589	681
Leased lines	1	1	1
Total wireline	497	591	683

Maroc Telecom is committed to facilitating internet access in Morocco. The Company provides solutions adapted to both access and usage, as seen in lower subscription-commitment times (12 months instead of 24), regular doubling of bandwidth, reduced pack prices, and frequent promotional offers, such as free-modem kits, one month's free subscription, discounted subscription rates, promotion for higher-speed broadband services at the price of lower-speed services, etc.

At December 31, 2012, ADSL represented nearly 99.7% of all types of internet access used by Menara customers.

The ADSL-internet customer base grew by 15.6% in 2012, boosted by doubled bandwidth and lower tariffs. Customers also enjoyed an improved offer introduced in April 2012, with an entry-level rate plan of 4 Mb/s for MAD 99 per month. The significant decline in churn rate in 2012 was attributable to this improved offer. The doubling of ADSL bandwidth also impacted the MT Duo and MT Box plans.

For narrowband, Maroc Telecom offers CDMA internet, a narrowband internet rate plan introduced in 2007 for customers in areas covered by the Maroc Telecom CDMA network.

For broadband, Maroc Telecom offers ADSL with bandwidths ranging from 4 Mb/s to 20 Mb/s (ADSL+ high-speed broadband at 8 Mb/s, 12 Mb/s, and 20 Mb/s was launched in 2006), enabling users to use their fixed-line phone at the same time. These offers have been very successful since the launch of Unlimited ADSL in 2004 and the price cuts. To provide its customers with higher access speeds, Maroc Telecom has withdrawn narrowband service at 128 kb/s, 256 kb/s, 512 kb/s, 1 Mb/s, and 2 Mb/s. Since April 2012, the minimum ADSL speed has been 4 Mb/s.

Furthermore, to stimulate the market, numerous promotional offers, sales campaigns, and referral schemes have been introduced since 2008 for ADSL bundles and subscription fees.

Maroc Telecom regularly lowers its subscription tariffs, with rate cuts for very-high-speed broadband and free bandwidth upgrading with no price increase for existing narrowband customers.

In January 2011, Maroc Telecom launched its MT DUO offer for residential customers who need an internet connection without permanent access to fixed-line voice. For an attractive price, subscribers get 2 Mb/s ADSL internet access or 153.6 Kb/s CDMA on a capped fixed line with unlimited top-ups. The package includes a single contract and a single monthly bill. In April 2012, bandwidth for ADSL MT DUO was increased from 2 Mb/s to 4 Mb/s, with no change in the subscription tariff.

Internet services

Maroc Telecom's range of internet services for business customers was introduced to allow companies to optimize their communication with colleagues, customers, partners, and suppliers by means of flexible, upgradeable access. For businesses, Maroc Telecom provides broadband via ADSL leased internet lines (with bandwidths of up to 155 Mb/s). The success of ADSL today is due to its affordable price and range of services for business customers, particularly secure e-mail, domain names, and web contact pages. Leased internet lines remain attractive to large companies for their excellent performance (symmetrical and guaranteed very-high-speed bandwidth) and end-to-end security.

To provide companies with an internet footprint at the lowest cost, Maroc Telecom hosts corporate websites by means of two types of solutions: shared hosting (on a Maroc Telecom platform) and dedicated hosting (purchase or joint leasing of servers).

In addition to internet access and web hosting, Maroc Telecom offers businesses a complete range of added-value extras, such as fixed IP addresses, domestic and international domain names, and email addresses.

Internet tariffs

ADSL bandwidths:

Over the past seven years, Maroc Telecom has steadily cut prices across its entire product range.

The following table shows the principal access tariffs currently applicable (MAD per month, incl.tax):

ADSL	ADSL tariffs
4 Mb/s	99
8 Mb/s	149
12 Mb/s	199
20 Mb/s	499

MT DUO:

MT DUO	Tariff
MT DUO ADSL 4 Mb/s or CDMA 153.6 K	199

Data services

The following table shows changes in the company's data-transmission-services customer base (excluding Maroc Telecom's proprietary customer base):

Number of lines (thousands)	2010	2011	2012
Domestic leased lines*	5,439	5,165	4,242
International leased lines*	236	163	116
Frame relay	1,048	579	151
IP VPN	7,668	9,018	11,057

** Excluding lines leased to operators*

Data offers

Segment	Product and key features
National data	**LL+** End-to-end leased line with dedicated, secure access and guaranteed, symmetrical bandwidth of up to 34 Mb/s
	IP VPN • Data access linked to Maroc Telecom's IP VPN dedicated to businesses • Several types of access are available: LL, ADSL, FO, 3G, IDSN • Several classes of service • Assistance option for primary link • 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 among various cities (regardless of the distance between sites)
International data	**International LL** End-to-end leased line with dedicated, secure access and guaranteed, symmetrical bandwidth, between a domestic site and an international one
	International VPN OSS VPN provides end-to-end connection (customer site in Morocco – customer site in France), via Maroc Telecom and Neuf Cegetel networks
	International ETHERNET Interconnection among customer sites in Morocco and France with the flexibility of Ethernet technology, point-to-point or point-to-multipoint, with bandwidths from 2 Mb/s to 100 Mb/s
Business internet rate plans	**Internet LL** End-to-end leased line with dedicated, secure internet access and guaranteed, symmetrical bandwidth of up to 155 Mb/s • Unlimited broadband-internet access 24/7 • 1 router with WAN, BRI, and Ethernet ports • 1 domestic domain name (e.g., www.societe.ma) • 4 IP addresses • Static website hosting (websilver provided free of charge for ADSL PRO) • 10 personalized email addresses
	ADSL Pro Range of unlimited broadband-internet rate plans (24/7), from 4 Mb/s to 20 Mb/s, offering single-post, multipost, and wireless conection through a wide choice of customized gear (modem, router, Wifi router) • Access comes with a wide variety of free services: • 10 secure and personalized email addresses • Hard-drive space of 30 Mo • Domestic DNS • Static website hosting (websilver subscription)

In 2012, Maroc Telecom introduced Ethernet rate plans that replace standard rate plans for domestic and international leased lines. Maroc Telecom now offers city-center and long-distance LAN-to-LAN interconnection, with bandwidths from 256 Kb/s to 1 Gb/s, and point-to-multipoint or Any-to-Any architecture, as needed.

The international data offer was also enhanced, with the introduction of the international Ethernet rate plan. This solution provides interconnection among customer sites in Morocco and France with the flexibility of Ethernet technology, point-to-point or point-to-multipoint architecture, and bandwidths from 2 Mb/s to 100 Mb/s.

Simultaneously with the commercialization of these new technologies, Maroc Telecom cut rates to data-access services and introduced new bandwidth options.

To encourage customers to migrate to higher-bandwidth data and internet services, Maroc Telecom eliminated higher-bandwidth fees for all customers who have been with Maroc Telecom for more than 12 months.

In addition, Maroc Telecom introduced an assistance and sharing solution for its LL VPN access points that connect customer sites via two LL VPN access points that are used simultaneously and assist mutually in the event of a breakdown.

Tariffs for data-transmission services

The tariff structure for data-transmission access comprises upfront access costs and monthly subscription fees for each bandwidth range. Reductions for volume and subscription commitments are applied to monthly rental fees.

Maroc Telecom has regularly reduced tariffs for leased lines and related data services. These reductions reflect technological changes and corresponding cost reductions.

Current tariffs are in line with those applied by international operators. For example, the basic monthly fee for a leased line has fallen from more than MAD 33,000 in 2001 to MAD 9,000 today. To remain competitive in the offshoring segment, Maroc Telecom reduces rates every year for international calls. Attractive tariffs are an important consideration in companies' decisions to establish offshore call centers.

Customer services

In addition to diversifying its customer services, Maroc Telecom makes use of means, tools, and processes that allow it to anticipate and provide quality responses to various requests for information, assistance, and complaints from its customers.

Call centers

Call centers specialized by product (fixed line, mobile, internet) ensure that consumers receive proper information and assistance. The business-segment call center has a dedicated telephone number.

These call centers provide information on Maroc Telecom's products and services, the activation or modification of subscriber services, assistance in the use of products and services, after-sales service, and complaints. Specialized call centers handle complaints received through various channels (call centers, agencies, etc.).

Special attention is given to customer relationship management (CRM) systems, which are continuously improved for better customer service (e.g., maximizing real-time request processing). CRMs encourage loyalty and suggest the offers best suited to customer needs. In addition to this service, customers can now activate certain services themselves via interactive call servers or the internet portal ("Self Care" development).

Billing

In order to simplify billing for the customer, fixed-line and internet bills were gradually combined in 2010 for the consumer segment. Electronic invoices were introduced in early 2012 to allow customers, particularly businesses, to access their bills on the website. The site also allows customers to analyze their consumption level and trends over time.

Payment

Maroc Telecom offers its customers a wide range of payment options: by direct debit, in an agency equipped with a payment terminal, on the Maroc Telecom website, through the network of an authorized partner, at an ATM, and via the Mobicash service (payment from a telephone handset).

Information

The telephone information service, available 24 hours a day, was enhanced in 2010 with new value-added services, such as information by SMS and automatic connection for the customer.

Relations with the Maroc Telecom subsidiaries

In 2012 Maroc Telecom pursued its active support of subsidiaries by participating in all the development phases of their international activities, especially in service offers for roaming, traffic management, development of new services, billing, payment collection for international services, and antifraud measures.

3.2.1.3 Seasonality

The summer months, with the return of Moroccans living abroad, and the fortnight preceding the Aid al-Adha holiday traditionally see a spike in usage (primarily mobile and fixed-line 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

Regulatory framework of the Moroccan telecommunications market

This section provides a noncomprehensive summary of the legal environment with respect to the company's telecommunications operations in Morocco.

Overview

Since the adoption of Act 24-96, dated August 7, 1997, abolishing the National Post and Telecommunications Office (Office National des Postes et Telecommunications, ONPT), Morocco has acquired a modern regulatory framework, laying down 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 private joint-stock company (société anonyme); Barid Al Maghrib (the postal service, hereinafter "BAM"), a public agency organized as a financially independent legal entity; and the Moroccan telecommunications regulator (ANRT), also a public, financially independent legal entity whose primary mission is to regulate the telecoms sector.

At the regulatory level, liberalization has proceeded with the adoption of a series of implementing decrees concerning the operation of the ANRT, interconnection, the general terms of operation for public telephony networks, the provision of value-added services, and the provision of leased lines.

In November 2004, Act 24-96, amended and supplemented by Act 55-01, finalized the liberalization process initiated in 1997 and clarified the existing statutory framework. In 2005, the decrees concerning interconnection and the general terms of operation of the public telephony networks were amended and supplemented by Decree 2-05-770 and Decree 2-05-771, both dated July 13, 2005. Decree 2-05-772, dated July 13, 2005, was also adopted. This decree governs the ANRT's procedures for legal disputes, antitrust practices, and monopolies.

The liberalization of Morocco's telecoms sector was governed by a guideline memo for 2004–2008 and resulted in the awarding of two fixed-line licenses, three 3G (UMTS) mobile licenses, and a third 2G mobile license. Liberalization also led to the introduction of key regulatory tools, such as unbundling, phone-number portability, and carrier preselection.

A second guideline memo, covering the period until January 1, 2013, was approved by the ANRT's board of Directors on January 19, 2010, and made public on February 25, 2010.

The new guidelines are as follows:

- Regulations:
  - Infrastructure sharing, reduction of unbundling fees, shortening of current portability transfer times, significant reduction of interconnection rates with the introduction of temporary asymmetry until 2013, and reinforcement of controls on retail offers and promotions.
- Liberalization measures:
  - Fixed line: next-generation operators and/or infrastructure operators expected to arrive in 2011, after studies have been carried out (to date, no new operator has arrived);
  - Mobile: granting of 4G mobile frequencies to existing mobile operators that request them (the ANRT announced an invitation to tender in October 2012 to select a consultancy for assistance in setting the conditions and procedures for the deployment of 4G technology in Morocco);
  - VSAT: review of authorized revenue limit for telephony, possible authorization of the use of the wireless local loop in universal-service projects, and potential granting of new GMPCS or VSAT licenses in response to invitations to tender.
- Development of ultrafast broadband and launch of national action plan, including:
  - Easier deployment of ultrafast-broadband infrastructure through clarification of the rules for the occupation of the public domain and for operator access to public sites;
  - Preparation of financing models for these infrastructures;
  - Design of models for the creation and operation of dedicated infrastructure zones and the creation of specific rules for infrastructure managers in those zones.

In December 2011, the ANRT launched a consultation for operators, concerning the analyses and conclusions of studies carried out by outside consultancy firms on the development of fast and ultrafast internet in Morocco.
At the same time, the ANRT launched a consultation concerning operator/developer contract specifications for copper infrastructure access and FTTH for new constructions (business parks, subdivisions, buildings).

- Universal service:

Drafting of guidelines initially planned for 2011 to define universal-service projects for 2012–2016 (no initiative taken to date).

- Revision of the legal and regulatory framework:

In application of the guideline memo (published on February 25, 2010) for the development of the telecommunications sector in 2013, the ANRT has consulted the operators of public communication networks on a series of draft revisions to the regulatory framework. These revisions been grouped in a bill and in three draft decrees:

• Bill amending and supplementing Act 24-96 relating to postal and telecommunications services;
• Draft decree relating to the interconnection of telecommunications networks;
• Draft decree relating to general conditions for the operation of public telecommunications networks;
• Draft decree amending and supplementing Decree 2-05-772 setting out the ANRT's required procedures concerning legal disputes, antitrust practices, and monopolies.

The review concerns telecom regulation, urban planning, land management, and occupation of the public domain.
A consultation has been under way since November 2012 between the ANRT and the operators, concerning bills relating to urban planning and subdivisions. This draft provides for the implementation of contract specifications setting the technical details for infrastructures that would allow buildings and subdivisions to be connected to the public telecoms network.
To date, the aforementioned bills have not been adopted.

Rules governing the establishment and operation of telecommunication networks and services in Morocco

Act 24-96, as amended and supplemented, implements various rules in accordance with the type of telecommunications networks and services provided.

Networks and services subject to licensing
Operators seeking to establish public telephony networks using the public domain or the radio-frequency spectrum are required to obtain a license (granted by decree).
A license may be granted only in response to an invitation to tender administered by the ANRT. Licenses are granted by decree of the Prime Minister. They are personal and may be transferred to third parties only by decree.
In addition to contract specifications—which lay out, among other things, the conditions for network deployment and service provision, areas of coverage and completion timetables, allocated radio frequencies and numbering blocks, financial counterparties and related payment terms, and the duration of license validity and terms of license renewal—the license holder must comply with the abovementioned regulatory framework in its entirety.

Licenses awarded to Maroc Telecom
Pursuant to Act 24-96, the telecommunications networks and services previously operated by the ONPT (i.e., mainly fixed-line and mobile telecommunications networks and services and the right to use the radio frequencies allocated or assigned to the ONPT) were transferred to Maroc Telecom.
As the incumbent operator, Maroc Telecom is subject to contract specifications approved by Decree 2-97-1028, dated February 25, 1998, amended by Decree 2-00-1333, dated October 9, 2000, and by Decree 2-05-1455, dated April 21, 2006, which define conditions for the operation of all the networks and services initially operated by the ONPT.
These contract specifications state the conditions in accordance with which Maroc Telecom is to establish and operate, for an unlimited duration:

• Local and nationwide fixed landline telecommunications services (including data-transmission services, leased lines, and the integrated-services digital network);
• Telegraph service;
• Telex service;
• Maritime radio-communication services;
• GSM-standard mobile-telephony services;
• International telecommunications services.

It should be noted that mobile telecommunications services using the NMT standard, telex service, and telegraph service have been discontinued. Maroc Telecom has requested permission from the ANRT to cease provision of maritime radio-communications services (the procedures are under way and Maroc Telecom is being indemnified in compliance with current regulations) and of X25 data-transmission services, for which maintenance can no longer be ensured.
Moreover, Maroc Telecom holds a license to deploy and operate public telephony networks with third-generation (3G) technologies. It was granted this license by Decree 2-06-498, dated December 29, 2006.

Other licenses awarded

- GSM (2G) mobile telephony: granting of a license to Medi Telecom in August 1999, for a renewable term of 15 years, extended to 25 years in 2005; and granting of a license to Wana in February 2009 (commercial launch in February 2010);
- Fixed-line next-generation telephony: in 2005, two licenses were awarded for next-generation fixed-line telephony:
  - In July 2005, a fixed-line license including local loop (without restricted mobility) and national and international transmission was awarded to Medi Telecom;
  - In September 2005, a fixed-line license including local loop (with and without restricted mobility) and national and international transmission was awarded to Wana.
- 3G mobile telephony: in addition to the license granted to Maroc Telecom (see above), two other 3G mobile licenses were awarded in 2006, to the operators Medi Telecom and Wana.
- Between 1999 and the end of 2002, five licenses were granted to operators of GMPCS satellite telecommunications networks, three to operators of VSAT satellite telecommunications networks, and two to operators of shared-resources radio-electronics (3RP) networks.

Lastly, a regional license for the implementation and operation of a 3RP network in the Tangier-Tetouan region was granted in February 2008 to Cires Telecom.

Networks and services subject to licensing

The establishment and operation of any independent network other than a corporate network require a license from the ANRT. Independent networks are nonprofit telecommunications networks that are reserved for private use (i.e., where use is reserved for the establishing party) or shared use (i.e., where use is reserved for the exchange of internal communications among a single group of companies).

Services subject to prior declaration

The provision of value-added services is unrestricted, subject to the provision of prior declaration to the ANRT and compliance with applicable regulations. The list of value-added services was set by Decree 2-97-1024, dated February 25, 1998, supplemented by Order 618-08, dated March 13, 2008; it included the administration of the .ma domain name. The list comprises: electronic messaging, voicemail, audio text, electronic data exchange, enhanced fax, online information, data access (including data processing and searches), file transfer, conversion of protocols and encryption, and the provision of internet service and the administration of the .ma domain name.

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.

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 a dominant operator, Maroc Telecom is required to justify its rates with respect to costs.
If operators fail to comply with antitrust rules and the abovementioned principle of uniformity, the ANRT may require them to amend their tariffs.

With the August 2010 adoption of guidelines for ANRT oversight of operator rate plans for public communication networks, the ANRT's retail-price controls were reinforced, codified, and detailed: ban on online/offline price differentiation for prepaid mobile plans (and regulation of price differentiation for other plans); analysis of promotions that are effectively stand-alone plans and therefore subject to the same conditions (particularly with respect to antitrust) as those of stand-alone plans; regulation of paired plans; ban on cross subsidies; and confirmation of the regulatory framework, by order dated June 3, 2008, setting the procedures for the promotion of telecommunications services, their duration, and their periodicity (the minimum interval is 15 days between top-up promotions and three months between all other kinds, with neither promotions nor the advantages thereby granted to customers to exceed three months in duration).

Note that 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.

On October 19, 2011, the ANRT notified the operators of public communication networks of Decision ANRT/DG no. 05/11 relating to tariff transparency and billing accuracy for telecommunications services. The decision was made after an ANRT billing audit and took effect on January 1, 2012. The decision concerns mainly the following principles:

- Publication of a single tariff catalog accessible to customers via the website;
- Implementation of permanent billing controls that meet international standards;
- On-site control of the conformity with published tariffs of parameters for coin-operated public phones, with results communicated annually to the ANRT.

Interconnection charges, unbundling rates, and leased-line tariffs for third-party operators are controlled via the publication of an interconnection catalog approved each year by the ANRT (see "Interconnection" below).

In order to promote competition, the ANRT had an international consultancy firm carry out a study in the first quarter of 2012 on the possible opening of the market to new participants on the basis of wholesale telephony offers: prepaid-card operators, telestore-network operators, MVNOs, etc. The study was not continued to date, as well as projects designed to increase competition among the existing operators (via regulated wholesale offers such as bitstream, "ADSL only" offers, and telephone-line rentals).

Interconnection

Background

Interconnection is governed by Act 24-96 and Decree 2-97-1025, as amended and supplemented by Decree 2-05-770, dated July 13, 2005, which defines the technical and pricing terms for interconnection to public telecommunications networks.

Any operator of a public telephony network is required to satisfy interconnection requests made by the holder of a license to operate a public telephony network. Interconnection is subject to a contract between the operators. The contract should state the technical, administrative, and financial terms of interconnection, in compliance with the principles of objectivity, full disclosure, and nondiscrimination. Any disagreement between the parties during negotiation or execution of the contract must be referred to the ANRT.

Dominant operators

Specific interconnection obligations are imposed on operators designated annually by the ANRT as exercising a significant influence on a given market.

An operator is considered to exercise a significant influence if, individually or with other operators, it enjoys a dominant position enabling it to do business independently with respect to its competitors, customers, and consumers.

In essence, dominant operators must: publish technical and pricing terms for interconnection that have obtained the ANRT's prior approval and include a certain minimum of services (leased lines to operators, joint leases, carrier selection, number portability, and local-loop unbundling), set rates that reflect costs, and maintain accounting separation.

The guidelines for ANRT scrutiny of operators of public communication networks rate plans (see above) require operators with significant influence on particular markets to offer retail plans that third-party operators can replicate and that take into account current rates on wholesale markets. The regulator therefore, among other things, tests for scissor effects in rates before approving retail plans.

The ANRT's list of market segments for 2012, 2013, and 2014 comprises fixed-line termination rates (including restricted mobility), voice mobile termination rates, SMS mobile termination rates, and wholesale rates for leased lines.
For 2013, the ANRT has designated the following:

- IAM on the fixed-line market (including restricted mobility);
- IAM and Medi Telecom on the voice mobile market;
- IAM on the SMS mobile market;
- IAM on the leased-line market.

Only the dominant operators are required to report technical and pricing obligations, match rates to costs, publish separate accounts, and replicate retail offers in relation to the relevant wholesale markets.

Interconnection rates

Since 2007, interconnection rates from operators of public communication networks have been subject to the ANRT's long-term supervision.
In addition to the institution of asymmetric mobile termination rates between Maroc Telecom and Medi Telecom, ANRT Decision 02/10, dated April 27, 2010, provided for a drastic cut in interconnection rates for the period 2010–2013, after which ANRT Decision 08/11, dated December 1, 2011, decreased rates even further, for the period 2012–2013.
For 2013, ANRT Decision 10/12, dated December 25, 2012, amended the long-term framework and confirmed the return to symmetrical mobile termination rates, as provided for in the initial framework, and the elimination of price differences between peak and off-peak hours for all interconnection rates.

The following table shows mobile termination rates (MAD excl. tax. per minute) for domestic networks, since 2011:

	MAROC TELECOM MOBILE		MEDI TELECOM MOBILE		WANA MOBILE	
	Peak time	Off-peak time	Peak time	Off-peak time	Peak time	Off-peak time
From 01/01/2011 to 06/30/2011	0.8317	0.4158	0.998	0.499	1.2309	0.6154
From 07/01/2011 to 12/31/2011	0.6238	0.3119	0.7186	0.3593	0.8801	0.44
From 01/01/2012 to 06/30/2012	0.3924	0.1962	0.452	0.226	0.5536	0.2768
From 07/01/2012 to 12/31/2012	0.2755	0.1377	0.3052	0.1526	0.3378	0.1689
From 01/01/2013 to 12/31/2013	0.1399		0.1399		0.1399	

Peak time: 8h00–20h00; off-peak time: 20h00–8h00.

The following table shows fixed-line termination rates (MAD excl. tax. per minute) for domestic networks, since 2011:

	MAROC TELECOM FIXED LINE						MEDI TELECOM FIXED LINE		WANA FIXED LINE		RESTRICTED MOBILITY	
	Peak time			Off-peak time			Peak time	Off-peak time	Peak time	Off-peak time	Peak time	Off-peak time
	Intra LEX	Single transit	Double transit	Intra LEX	Single 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 07/01/2012 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	0.070	0.1130	0.0360	0.0740	0.1130	0.0740		0.0740		0.1160	

Since 2008, technical offers and rate plans for interconnection to the Maroc Telecom fixed-line network have included an offer for interconnection by capacity, strictly for fixed-line traffic (including restricted mobility).

Rates for 2012 and 2013 (MAD excl. tax per PCM per 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*
Intra LEX	14,708	11,746	9,000
Single transit	35,310	27,003	19,980
Double transit	57,502	45,172	33,900

** Subject to ANRT approval*

SMS mobile termination rates for the three operators for the period 2012-2013 are as follows:

	From 01/01/2012 to 12/31/2012	From 01/01/2013 to 12/31/2013
SMS mobile termination rate (MAD excl. tax per SMS)	0.08	0.03

The aforementioned decision 10/12, dated December 25, 2012, lowered the SMS termination rate by 40% from what had been planned initially.

New interconnection agreement with GMPCS operator Globalstar North Africa (GNA)

An interconnection agreement between IAM and GNA was signed at the end of 2011. The agreement concerns the channeling of GNA's domestic traffic towards the IAM network (GNA is not authorized to process international traffic) and of all IAM traffic (including incoming international traffic) towards the GNA network.

GNA's interconnection tariff is MAD 3.3684 (excl. tax) per min. at peak time and MAD 1.6842 (excl. tax) per min. at off-peak time.

Preselection

Since 2006, the technical and pricing terms for interconnection to Maroc Telecom's fixed-line network have included preselection of the carrier (the operator carrying the communication on the domestic and international network, excluding the local loop). To date, no third-party operator has opted to make use of Maroc Telecom's offer.

Numbering and number portability

The ANRT allocates numbers, blocks of numbers, and prefixes to operators of public telephony networks on terms that are objective, transparent, and nondiscriminatory. These numbers and blocks of numbers may not be transferred without the express prior consent of the ANRT. Fixed-line and mobile number portability has been in place since May 31, 2007.

The conditions for number portability are set by the ANRT, in accordance with the terms of its decision 10/06, dated October 4, 2006, relating to the procedures and conditions for number portability, and decision 10/07, dated July 18, 2007, setting the pricing terms for portability of Maroc Telecom fixed-line and mobile numbers and Meditel's mobile numbers. The former was abrogated by ANRT decision ANRT/DG 1/11, dated February 1, 2011, while the latter was amended and supplemented by decision 09/12, dated December 6, 2012, whose main effect was to shorten the withdrawal period granted for customers in accordance with this procedure.

Unbundling of the local loop

Since January 1, 2008, Maroc Telecom has offered technical and pricing terms for total or shared access to its local loop. Like the technical and pricing terms for interconnection, these terms are subject to ANRT approval. An agreement for the implementation of this service has been drawn up. The monthly rates in 2012 were MAD 20 (excl. tax) for partial unbundling and MAD 73 (excl. tax) for total unbundling. The technical and pricing terms for 2013 are currently being drawn up to include an unbundling offer for inactive lines and an SLA+ offer (waiting period shorter than usual), in accordance with the ANRT decision of May 22, 2012, concerning approval of technical and pricing terms for unbundling of the IAM local loop in 2012.

Provision of infrastructure

Act 24/96, as amended and supplemented by Act 55-01, introduces a provision whereby public-sector entities, public contractors, and other operators of public telephony networks must, unless compliance interferes with public use, make available their easements, expropriations, engineering works, major roads and conduits, high points, etc., to operators of public telephony networks so requesting, for the purpose of commissioning and operating transmission systems. These properties must be made available under acceptable, objective, and nondiscriminatory technical and financial conditions, so as to ensure fair competition. The purpose of this provision is to allow operators access to the alternative infrastructures of entities such as the Office National de l'Electricité (electricity), the Office National des Chemins de Fer (railroads), and the Autoroutes du Maroc (highways), and to regulate infrastructure sharing among telecommunications operators. The ANRT is authorized to resolve any disputes. Under this provision, Maroc Telecom finalized agreements in 2011 with Medi Telecom and Wana for the sharing of radio sites in rural zones and along roadways.

Accounting separation

In accordance with Decree 2-97-1026, as amended and supplemented by Decree 2-05-771, dated July 13, 2005, and with Decree 2-97-1025, as amended and supplemented by Decree 2-05-770 of July 13, 2005, operators must maintain cost-accounting records that identify costs, income, and earnings for each network operated or service offered. The annual financial statements are to be submitted for audit to an entity designated by the ANRT.

Universal service

Universal service consists of an affordable minimum telephone service of a specified quality. It also includes internet access, the routing of emergency calls, directory assistance, and a printed or electronic phone book (the last two services are mandatory). Telephone booths must also be provided and maintained in public areas; the removal of any booth is subject to prior approval by the ANRT.

Act 24/96 as amended and supplemented by Act 55-01 instituted the "pay or play" principle and set the contribution required from operators of public telephony networks for their Universal service obligations at 2% of pretax revenues (net of interconnection charges, handset sales, and income from value-added services).

Operators may therefore either provide Universal service or pay into a special allocation fund (the "US Fund").

The terms of performance of Universal service duties for each operator are set forth in specifications approved by decree. For 2008-2011, the ANRT launched a consultation for all Moroccan operators concerning a broad-reaching Universal service program entitled PACTE. The program aims to ensure the provision of telephone services and internet access to all white zones in Morocco (i.e., 9,263 rural areas). The Universal service management committee commissioned Maroc Telecom to extend coverage to 7,338 of these areas, for an overall budget of MAD 1.159 billion to be deducted from its universal-service contribution for 2008–2011.
In accordance with resolution CGSUT-03/2011/1 of the Telecommunications Universal Service Management committee, made at its 8th session of July 11, 2011, said committee approved the postponement to June 30, 2012, of the activation of facilities and equipment required for the aforementioned project.
Consequently the agreements concluded between Maroc Telecom and the ANRT concerning the PACTE programs for 2008, 2009, 2010, and 2011 were amended.
Meetings were held among the local authorities of certain southern regions (Agadir, Guelmim, and Marrakech), IAM representatives, and provincial and prefectural representatives from Office National de l'Electricité (ONE, electricity) and the Eaux et Forêts (water and forests) commission, in order to accelerate electrification and solve problems of site availability.
At December 31, 2012, approximately 90% of the program had been achieved. IAM asked the ANRT for additional time, corresponding to the period needed by ONE for the electrification of the program's remaining sites. IAM also responded to an ANRT consultation for the coverage of 565 additional areas as part of the PACTE program by the end of 2013 (deadline suggested by IAM). The results of this consultation have not yet been reported.
In addition, the ANRT announced in December 2012 its intention to carry out an audit of the PACTE program and to launch a complementary program in 2013. In order to achieve this, the ANRT asked the operators of public communications networks to send it the list of areas near PACTE areas already covered, and to state the means necessary for covering them. The completion deadline will be set by the ANRT at the time of notification of the order corresponding to the beginning of the work.
The subsidy amount will be deducted from the operator's universal-service contribution for 2012.
After the PACTE program has been completed, the ANRT will adopt guidelines for universal-service projects for 2012-2016 (see guidelines memo for 2013 above).
Maroc Telecom also contributes to the Nafid@ and INJAZ programs, Universal service programs commissioned by the Telecommunications Universal Services Management committee (Comité de Gestion du Service Universel des Telecommunications, CGSUT) and financed in part by the Universal Service Fund (Fonds du Service Universel des Telecommunications, FSUT).
These programs are for the dissemination of information and communication technologies in the field of education:

- The INJAZ program aims to provide master's students in engineering, sciences, and information and communication technologies with mobile broadband internet access and a laptop. IAM has equipped 34,934 students during the three editions of Injaz (2009, 2010, and 2011).
  The fourth Injaz edition (2012–2013) could serve as many as 26,000 students.
- The Nafid@ program, which supplements the Genie program, encourages the educational community to use information and communication technologies within the educational system and provides the necessary means (laptop computers, internet access). IAM had provided 130,000 active Nafid@ connections at October 31, 2012.

Contributions to research, training, and standardization in telecommunications

Act 24/96 as amended and supplemented by Act 55-01 sets the required contribution from operators of public telephony networks for training and standardization at 0.75% of revenues (excl. tax) and net of interconnection charges generated by the telecommunications operations covered by their licenses. The contribution for research is set at 0.25% of revenues as specified above. This amount is paid into a special fund allocated to research. Operators providing equivalent funding for research programs under agreements with officially designated research agencies are exempt from the payment.
Since 2007, Maroc Telecom has signed no agreements with such agencies and has paid the entirety of the abovementioned contribution into an account earmarked for research.

Customer identification

The ANRT has notified the operators of public communication networks of Decision 04/11, dated July 13, 2011, concerning the identification of 2G and 3G mobile customers. The decision comprises the following key provisions:

- as of October 1, 2011, the identity of all holders of a SIM card or USB 3G/3G+ modem must be known and recorded in operators' customer data bases within three months of activation, failing which the SIM cards or modems will be deactivated;
- as of January 1, 2012, operators have 12 months to identify their customer bases, with an objective of identifying 25% of their customer bases per quarter and reporting to the ANRT twice yearly; in the event of failure to meet the quarterly targets, the operator concerned may be prohibited from selling pre-activated cards until the quarterly quota has been met;
- operators that do not comply with the decision's provisions may be penalized to the extent provided for by law.

Via the MATI association, the three operators have informed the ANRT that it will be difficult to identify customers in accordance with the provisions of said decision and within the time allowed, and that satisfying such objectives requires the ANRT to be effectively involved in the campaign for the project.

On March 22, 2012, in order to satisfy the provisions of the aforementioned decision, Maroc Telecom again requested aid from the ANRT for the implementation of a new marketing/public-awareness campaign, similar to the one carried out previously.
The ANRT assigned an expert to audit the management system of the three operators' GSM and 3G mobile subscriber bases, and to apply the agency's decision concerning subscriber identification and recognition procedures for the mobile subscriber base.
Subsequent to the audit performed in September 2012, the expert recommended an extension of one year for the operators to reach their identification targets.

The Moroccan telecommunications regulatory authority (Autorité Nationale de Réglementation des Télécommunications, ANRT)

The ANRT was established under Act 24-96 by the Prime Minister (today the Head of Government, in accordance with the new constitution) as a public agency and separate legal entity that is financially independent and subject to the State's supervision and financial control.

ANRT management bodies

The Board of Directors comprises a chairman, seven government representatives of ministerial rank, and five individuals appointed by decree for a term of five years. The Board of Directors is chaired by the Prime Minister and sets the ANRT's general policies and annual agenda.
A Management committee assists the Board of Directors and is responsible, inter alia, for resolving interconnection disputes. The ANRT's Managing Director has executive responsibility for the regulatory authority. Challenges to the ANRT's rulings alleging misuse of power are referred the Rabat administrative court.

Roles and responsibilities of the ANRT

The purpose of the ANRT (the telecommunications regulator) is to define the legal and regulatory environment (legislative bills, draft decrees, and draft ministerial decisions concerning telecommunications, specifications for operators, etc.) of the telecommunications sector, to monitor and ensure compliance with the antitrust law applying to telecommunications operators, and to resolve disputes.

The ANRT prepares the procedures for the award of licenses by competitive bids, processes applications for licenses, and treats preliminary declarations for activities falling under a reporting system. The ANRT grants authorizations and prepares related licenses and specifications. It ensures that operators comply with the terms of their licenses.
The ANRT sets the technical and administrative specifications for the approval of handsets and wireless equipment, and the technical rules applicable to telecommunications networks and services generally. The ANRT manages and monitors the spectrum of radio frequencies, and allocates radio frequencies.
Pursuant to its responsibility to monitor regulatory compliance, the ANRT has extensive investigative rights and disciplinary powers. If operators fail to furnish required information or do not provide such information within the required time frame, Act 55-01 authorizes the ANRT's Managing Director to impose fines of MAD 20,000 to MAD 100,000, on the basis of the information lacking.

The ANRT also intervenes in legal action undertaken against telecommunications operators that fail to comply with current regulations. Any operator that does not comply with current regulations may be sanctioned as follows: first, by a written warning from the Director of the ANRT; second, by a fine of up to 1% of revenues (excl. tax) and net of interconnection charges, as declared the previous year (in such a case, the Director of the ANRT refers the matter to the prosecutor of the Rabat court of first instance, requests civil action, and may act as plaintiff; the fine is doubled if the operator is a repeat offender); and third, by total or partial suspension of the operator's license for up to 30 days, temporary suspension of the license or reduction of its validity for up to one year, or definitive revocation of the license.

License suspension is pronounced by the appropriate government authority and revocation is announced by decree. Both actions are carried out at the request of the ANRT's Managing Director. It is also the ANRT's duty to resolve disputes over interconnection and infrastructure sharing. Act 55-01 extends the ANRT's authority over such disputes with respect to the provisions concerning competition in Act 6-99 on freedom of pricing and competition (agreements, abuse of dominant position, and monopolies).

Resolution of disputes

Decree 2-05-772, dated July 13, 2005, sets out the procedures required by the ANRT as regards disputes, anticompetitive practices, and monopolies. The decree also sets out the ANRT's new powers to enforce antitrust regulations.

There were no disputes recorded in 2012.

3.2.1.5 Distribution et communication

Distribution

Organisation
Maroc Telecom has the largest network in Morocco, with a direct sales channel and an indirect sales channel comprising more than 71,000 outlets. In 2012, the various distribution channels were as follows:
• A direct sales channel comprising 368 branches that is undergoing significant development, with new agencies opened every year and previously opened agencies renovated;
• An indirect sales channel, made up of independent resellers bound by exclusive agreements and each managed by the nearest Maroc Telecom retail branch (a significant portion of these resellers also manage a telestore business licensed by Maroc Telecom);
• Distributors (e.g., Altadis, M2T, and Canal M) structured on a nationwide basis and whose main business is not telecommunications;
• Regional distributors active in the telecoms sector and serving business customers in Rabat, Tangier, Marrakesh, Settat, Casablanca, and Fez;
• Two nationwide distributors active in all customer segments and all of Maroc Telecom's product lines and services;
• Four partners specialized in the sale and commission of PABX equipment.

Distribution strategy
The scale and organization of Maroc Telecom's distribution network are a key competitive advantage for the Company. The Company's distribution strategy focuses on the following objectives:
• Developing the direct sales channel by creating new agencies every year and refurbishing the older ones in order to satisfy as many customers as possible while following technological trends;
• Extending the local reach of digital distribution through indirect channels, in order to increase proximity to customers;
• Strengthening the reach of direct and indirect sales channels to promote sales offerings and to meet the needs of all customers;
• Harnessing synergies between the direct and indirect distribution channels to ensure that customers receive the very best service.

Direct distribution network
In order for its direct network to maintain a central and vital role in the group's sales strategy, Maroc Telecom continued to expand and modernize its own sales network, using next-generation branch design. With 17 new branches and 34 fully renovated in 2012, there are now 159 Maroc Telecom sales points designed in compliance with the new charter.
At December 31, 2012, Maroc Telecom's direct distribution channel comprised 368 branches in Morocco, structured and organized to best meet local needs and to ensure the widest possible coverage of customer segments. These branches break down as follows: 341 retail branches and 27 branches for business customers. This channel also includes four dedicated branches (with nationwide coverage) for key accounts.

Indirect distribution network

At December 31, 2012, the indirect distribution channel comprised a large group of resellers, telestore operators, and regional and national distributors.

The telestores network, whose main business activity is the operation of public telephony services licensed by Maroc Telecom, also distributes prepaid fixed-line and mobile cards and subscriptions for fixed-line telecommunications.

The reseller sales channel consists mainly of tobacconists, convenience stores, newsagents, and other distributors of telecoms and electronics products that have entered into agreements for the distribution of Maroc Telecom products and services.

The indirect sales channel comprises more than 71,000 resellers who are licensed by Maroc Telecom to retail prepaid phone cards. Almost 60,000 of these resellers use the rapid top-up service. Agreements signed with each telestore serve to reinforce the network and to ensure local distribution. Telestore operators are remunerated through commissions for sales and services.

In 2012, Maroc Telecom entered into agreements with new partner for the international distribution of electronic top-ups.

Distribution agreements

At December 31, 2012, Maroc Telecom had distribution agreements with the following companies:

Company	Activity	Agreement date	Maroc Telecom products distributed
GSM Al-Maghrib	Distribution of telecom products	11/2003	Prepaid mobile and fixed-line cards Mobile, fixed-line, and internet subscriptions, and electronic top-ups
Barid Al-Maghrib	Moroccan post office	06/2003	Prepaid mobile and fixed-line cards
Mahatta (Total Maroc group)	Service stations	07/2002	Prepaid mobile and fixed-line cards
Altadis Maroc	Manufacture and distribution of tobacco products in Morocco	11/2003	Prepaid mobile and fixed-line cards
Canal Market	Electronic payment service provider and distributor of electronic top-ups	11/2002 11/2006	Mobile and fixed-line electronic top-ups Mobile, fixed-line, and internet subscriptions for business customers in Marrakesh
Sicotel	Distribution of telecom products	11/2006	Prepaid mobile and fixed-line cards Mobile, fixed-line, and internet subscriptions
Lineatec	Distribution of telecom products	11/2006 11/2008	Prepaid mobile and fixed-line cards; mobile, fixed-line, and internet subscriptions to businesses in Rabat and Tangier Mobile, fixed-line, and internet subscriptions for business customers in Casablanca and Fez
M2T	Local customer services (bill payment, etc.)	04/2010	Mobile products (electronic and online top-up)
MTC	Online shopping	06/2010	Mobile, fixed-line, and internet top-ups
W-HA (Orange)	French telecoms operator	12/2010	Ticket transfer for mobile top-up
SFR	French telecoms operator	03/2011	Credit transfer by SMS
Transfer To	International distribution of telecom products	02/2011	Top-up transfer from abroad
Ezetop	International distribution of telecom products	02/2012	Top-up transfer from abroad

Advertising

As Morocco's largest advertiser, Maroc Telecom spends a significant part of its advertising budget on its mobile, fixed-line, and internet products, targeting the consumer and business segments. The group also advertises for institutional, financial, and internal matters.
Advertising initiatives are spearheaded by the following teams:
The Institutional and Product Advertising Department oversees all entities involved in group communication (listed below).

Institutional and Product Advertising Department
The Institutional and Product Advertising Department is responsible for defining the tone and the visual identity of the Maroc Telecom brand, and for guaranteeing that it remains uniform and consistent:

- Creation and follow-up of advertising strategy using various media—billboards, radio and television, newspapers, and internet—with a visual identity for each;
- Strategic planning and public relations, through institutional publications (annual report, Maroc Telecom en Bref, etc.) and sponsorships organized by the Sponsorship and Events Department;
- Design of advertising campaigns for product and service offers aimed at all customer categories;
- Cost and planning optimization through master service agreements with specialized communication consultancies (mobile, fixed line, internet, institutional, businesses);
- Design of advertising briefs for product or institutional offers, with precise marketing objectives and an appropriate advertising concept, and follow-up with the consulting agencies on the proposed concepts; active management of urban billboards with the Sponsorship and Events Department, and monitoring of campaign rollout with priority awarded on the basis of the importance of individual campaigns and their use of total billboards available (major or minor campaign).

Corporate communication
In an environment defined by the dramatic rise of digital communication in Morocco, the overall objective of corporate communication in 2012 was to enhance the image Maroc Telecom as the country's leading full-service operator and to emphasize the vital role the group plays in local communities (e.g., opening up isolated regions, providing IT programs to schools, and performing numerous actions to promote sustainable development).

Consumer and business advertising
In a highly competitive environment, the aim of product advertising is to support product and service launches through high-impact advertising campaigns that appeal to a wide audience, are rooted in local culture, and send a simple message that reinforces the innovative image of Maroc Telecom.
Maroc Telecom, the official sponsor of the national football team, designed a wide-reaching 360° (billboards, TV, radio, and internet) corporate and promotional campaign with a festive, unifying tone. For this event, Maroc Telecom launched a variety of promotional offers and organized a raffle. Prizes included trips to watch the Moroccan national team play in host countries (Equatorial Guinea and Gabon).
Advertising aimed at prepaid mobile offers for consumers was ramped up significantly in 2012. The "Jawal Houwa Anouani" campaign drew a particularly strong response from young people, who love Moroccan music.
For the business target, a major new campaign was launched to establish Maroc Telecom's leader position firmly in this segment, while highlighting the group's innovative and high-technology rate plans. At the same time, Maroc Telecom overhauled its website aimed at business customers, in order to further improve customer service and information at the first and second levels.

Web advertising
After the successful launch of its Facebook page in second-half 2011, Maroc Telecom pursued its drive towards digital communication in 2012 on its website and on social networks.
The internet is now a standard media support, with media campaign plans on the most visited sites. Maroc Telecom's presence on social networks allows the group not only to communicate product and corporate advertising, but also to generate goodwill for the brand through various promotions designed to enhance its e-reputation.
In 2012, Maroc Telecom raised its profile definitively on social networks (its Facebook page had more than 500,000 fans at December 31, 2012, while it enhanced its presence on all the other networks: Twitter, You Tube, Instagram, etc.) through a variety of digital actions that satisfy the needs of internet users:

- Entertaining content related to product and corporate campaigns (games, raffles, quizzes, and more);
- Organization of cultural, athletic, and artistic events sponsored by Maroc Telecom; games, entertainment, live tweets;
- Assistance with requests for information and complaints.

Maroc Telecom also begun an important overhaul of its website, www.iam.ma, with the aim of adapting it to meet customer needs while maintaining its leader position.

Marketing department

• Creation of marketing briefs for Maroc Telecom offerings and promotions and co-branding, with a focus on the marketing objectives and the desired advertising approach;

• Marketing intelligence in the Maroc Telecom product campaigns and co-branding;

• Promotion of mobile customer base through the launch of several direct-marketing initiatives:

- Sports: CAN 2012, Clasico Barcelona and Madrid, Champion's League, Moroccan qualifying matches;
- Women's Day;
- Giant Automobile Raffle;

• Implementation of co-branding campaigns for the introduction of smartphones with major suppliers (Samsung Galaxy SIII, Nokia Lumia, range of handsets at MAD 0);

• Development and management of Club Gold activities: invitation to events, systematic participation in major raffles, holiday gifts;

• Range extension of product advertising campaigns in all nonmedia formats, in line with the Maroc Telecom marketing strategy;

• Development of direct marketing activity through targeted marketing tools (teasing SMS, e-mailings, etc.);

• Marketing in traditional formats (monthly newsletters, mailings, brochures, flyers) planned and produced throughout the year in order to keep our customers informed;

• Cost and schedule optimization via the implementation of master service agreements with service providers (printers, recording studios, etc.).

Sponsorship and Events Department

• Implementation of sponsorship action plan;

• Purchase of media space for all media;

• Organization of Maroc Telecom public events.

Sponsorship and corporate philanthropy in 2012

For the twelfth consecutive year, Maroc Telecom organized a summer events program, with a profusion of activities between June 17 and September 7, 2012.

- At seaside holiday villages in Saidia, Nador, Al Hoceima, Martil, Mdiq, Tanger, Casablanca, Rabat, and Agadir.

These villages were designed to provide sports events (beach soccer, beach volleyball, beach tennis, giant inflatable games, workshops for painting, awareness-raising workshops for environmental protection, etc.), with concerts by Moroccan and international artists in the evening.

- Clean Beaches campaign: The beachside villages provided a forum for Maroc Telecom to remind the public in 2012 of its commitment to environmental protection and to respecting public space. Maroc Telecom has participated every year since 1999 in the Clean Beaches campaign, organized by the Mohammed VI Foundation for Environmental Protection, and provides equipment and facilities for fifteen or so beaches. The Achakar, Rifiyyine, and Sol beaches were once again awarded the "Blue Flag" label, which attests to the beaches' water quality, cleanliness, facilities, and management. The wooden infrastructure and the safety and signaling equipment blend perfectly with the landscape of summer visitors. Through its sustained involvement in the Clean Beaches campaign, Maroc Telecom contributes to the protection and enhancement of the Mediterranean coast.

- Community and humanitarian actions:

Aware of its role in the community, Maroc Telecom contributed in 2012 to several foundations and associations:

- Mohamed V Foundation for Solidarity;
- Lalla Salma Association for the Fight Against Cancer;
- Lalla Asmaa Association for Deaf Children;
- National Institute for Children's Rights;
- Moroccan Royal Federation of Scouting;
- Moroccan Association for the Support and Aid of Mentally Handicapped Children.

- Sports sponsorships:
Maroc Telecom is very involved in sports on both the national and local levels. And has renewed its official sponsorship of the following:

- 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;
- Moroccan Royal Tennis Federation;
- Moroccan Royal Basketball Federation.

- Cultural sponsorships:
Maroc Telecom is actively involved in cultural events through its participation in numerous prestigious Moroccan festivals, such as the Mawazine Music Festival and the Marrakech International Film Festival.

Human Resources Department, internal-communication team
This team operates across the entire organization. The internal-communication team works closely with front-line managers to disseminate information about economic, financial, and cultural events to all departments in the Company. This team reports directly to the Human Resource Department.

Finance and Administration Department, financial-communication team
Financial communication is a key contributor to corporate transparency and a vital factor in investor trust. At Maroc Telecom, financial communication combines regulatory financial information with investor and analyst relations.
The financial-communication team ensures that the market is well informed of group strategy, results, and outlook, in strict compliance with the regulatory requirements in Morocco and France.
Careful attention is given to press releases, analyst presentations, and the registration document, which the Group considers a vital communication tool.
These documents are prepared in accordance with a procedure that involves all operating departments and the validation of the Management board and the statutory auditors.
The financial-communication team maintains relations with financial analysts and regularly organizes meetings between management and investors at Maroc Telecom offices, international conferences, and road shows.

All Maroc Telecom communication teams work closely together to ensure consistency among the various communication actions, pursuant to Maroc Telecom’s global objectives.

3.2.1.6 Network and systems infrastructure

Main performance indicators

Key performance indicators	2010	2011	2012
BTS 2G customer base	6,287	6,720	6,954
Node B 3G customer base	2,993	3,539	3,813
DSLAM customer base	2,048	2,107	2,545
Internet bandwidth (Gb/s)	60	110	250
Mobile failure rate	1.60%	2.90%	2.43%
Mobile dropped-call rate	0.90%	0.90%	0.99%

Mobile network infrastructure

Maroc Telecom's mobile network is based on GSM technology and has been rolled out across almost the entire territory of Morocco. The network has a well-developed infrastructure, high international connectivity, and a service quality comparable to that of international operators.
In addition to the GSM 2G network, a 3G/HSDPA network offers all third-generation multimedia service (videoconferencing, streaming, downloads, online gaming, etc.) at a theoretical maximum bandwidth of 14.4 Mb/s, with broadband internet access via a USB dongle.

Network switching subsystem – Core CS and service platforms
Maroc Telecom's network switching subsystem is equipped with next-generation network technology which provides support for IP and 2G/3G networking and enables optimal resource allocation. Packet switching and services platforms use highly redundant infrastructure in order to guarantee the highest network availability possible.
The network is also equipped with technical platforms enabling the provision of high-quality services to clients in both voice and data services (voicemail, SMS, MMS, GPRS, prepaid management systems, etc.) and ensured throughout the year the increase ability of these platforms to cope with the increased usage of value added services.

Coverage
The GSM network can cover, with nearly 7,000 2G base stations, 98.9% of the population at the end of 2012. This coverage has been extended, thanks to the PACTE program Universal Service for which Maroc Telecom has installed 875 base stations with access to Voice and Data via EDGE covering more than 6,800 rural areas.
The base-station network has been optimized by:
- A continuous program of infrastructure redeployment;
- Ongoing software upgrades to the most recent releases;
- Voice-compression technology that is used in response to spikes in traffic during public holidays and promotional periods).

In order to offer the latest services to its customers, Maroc Telecom extended and increased the density of its 3G/HSDPA network in 2012 to nearly 3,800 3G base stations in Morocco's main urban centers and along major roads. At the end of 2012, the 3G coverage rate came to 64.3% of the population, compared with 54.5% a year earlier.

Mobile service quality
Maintaining and enhancing mobile service quality is a priority.
The call success rate was 97.6% in 2012 while the dropped-call rate was less than 1%; the incoming SMS success rate came to 99%.
Maroc Telecom pays close attention to public-health concerns and abides by the guidelines for human exposure to radiofrequency electromagnetic fields issued by the International Commission on Non-ionizing Radiation Protection (ICNIRP), a scientific body recognized by the World Health Organization (WHO).

Fixed-line network infrastructure

Maroc Telecom has developed a state-of-the-art network enabling it to deliver a wide range of services. This network comprises a transmission backbone, switching centers, service platforms, and an access network.

Domestic transmission network
Maroc Telecom's transmission network incorporates NG SDH and WDM technologies and comprises mainly optical fiber, covering a distance of approximately 30,410 km for local and long-distance calls. An IP MPLS backbone has been implemented to carry voice, VoIP, and broadband internet traffic. It also supports migration to all-IP networks. The density of the backbone was increased in 2012 to guarantee a redundancy level that meets international standards.

Voice platforms
The next-generation network (NGN) has been deployed to enable the provision of the following innovative, high-quality services:
- Voice over IP (VoIP);
- Migration of time division multiples (TDM) traffic to all-IP networks, thus simplifying the network optimization process.

The network used for Publiphones has been expanded to improve service quality for Maroc Telecom customers.

Internet- and data-access network

To supplement its wireline access network that enables broadband-internet access (up to 20 Md/s via ADSL 2+ in Morocco's principal urban centers) and ADSL TV in 2012 (98 channels with direct control), Maroc Telecom has expanded its optical local-loop technology with the aim of distributing broadband internet services to business customers, particularly by means of VPN IP technologies.

The DSLAM network, of which more than 64% is IP equipped, has been supplemented with the latest MSAN (Multi-Service Access Node) devices. At December 31, 2012, 457 platforms had been installed that route internet traffic along the Maroc Telecom copper network and provide VDSL service with theoretical bandwidth of up to 50 Mb/s. At December 31, 2012, next-generation equipment carried more than 10% of Maroc Telecom's customer traffic.

Pursuant to its Universal service obligations, Maroc Telecom has installed the latest Code Division Multiple Access (CDMA) base stations in the most remote areas to deliver voice and internet services to rural populations that lack wireline access.

International network

Through approximately 230 agreements with foreign operators, Maroc Telecom ensures Morocco's connections to all countries worldwide via:

- Two international transit centers (Casablanca and Rabat);
- Five optical-fiber submarine cables (SMW3, Tetouan-Estepona, Eurafrica, Atlas Offshore and Loukkos which was commissioning in April 2012, linking Asilah (Morocco) and Rota-Seville (Spain). At December 31, 2012, the cables had a capacity of 250 Gb/s (110 Gb/s at the end of 2011). In parallel with the growth of communication needs in Morocco, this capacity has increased 500% over four years.
- Satellite connections via Intelsat and Arabsat that link Morocco's most remote regions to the Maroc Telecom backbone.

The construction of a fiber-optic landline of nearly 5,300 km was also launched, in order to connect Maroc Telecom with its sub-Saharan subsidiaries in Mauritania, Mali, and Burkina Faso. This construction is now 94% complete.

Information systems

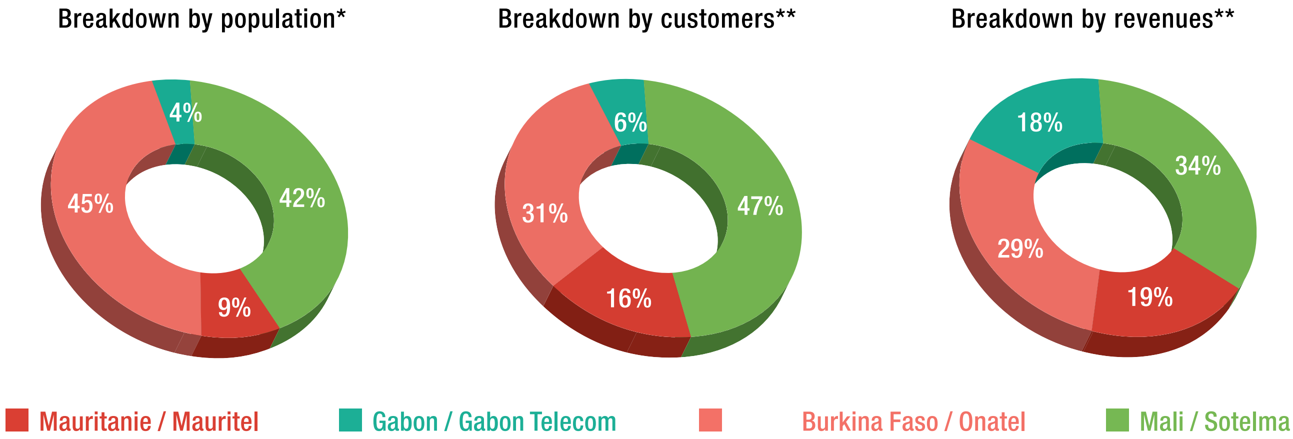
The Information Systems Department is responsible for the provision of IT infrastructure (including data centers and office-automation solutions) and software applications for day-to-day use in the Company's various business segments.

A number of major IT projects were completed in 2012:

- Review and adjustment of the 2012 marketing plan;
- Implementation of phase one of the new customer-relation management (CRM) system.
- Overhaul and implementation of the new system for mobile data collection.
- Update of information systems for better conformity with restructuring and network migrations (MSAN, IMS, etc.).
- Systems upgrades launched for management of human resources and financial information.
- Pilot phase implemented for desktop-virtualization system.
- Reinforced security software for information systems.

3.2.2 SUBSIDIARIES

Population (000)*	Customers (000)**	Revenues (MAD millions)**
38,872	13,073	7,079



**Forecasts at December 31, 2012 (source: IMF, October 2012)*
***Data at December 31, 2012 (source: Maroc Telecom)*

3.2.2.1 Mauritel

Macroeconomic indicators

	2010*	2011*	2012e
Population ('000)	3,460	3,543	3,628
GDP per inhabitant (USD)	1,937	2,008	2,099
GDP growth	+5.1%	+4.0%	+5.3%
Inflation	+6.3%	+5.7%	+5.9%

(Source: IMF, October 2012)
**Indicators for 2010 and 2011 adjusted after update of IMF historic data*

Fixed-line telephony, Data, and Internet

Mauritel provides fixed-line telephony services (voice and data) and internet access to retail customers, businesses, and public authorities.

There were 82,000 fixed lines in Mauritania at December 31, 2012 (source: Dataxis), a penetration rate of 2.3%. Mauritel holds a market share of 50.1%.

Besides Mauritel, Mattel and Chinguitel have had fixed-line licenses since 2009 that allow them to operate on this market. To date, however, Mattel has developed neither networks nor fixed-line offers, while Chinguitel provides fixed-line services through its CDMA network. As a result, Mauritel remains the sole fixed-line operator in Mauritania.

At December 31, 2012, Mauritel had a fixed-line customer base of 41,245, slightly more (+0.2%) than in 2011, reflecting the increasingly competitive environment between fixed-line and mobile operations in Mauritania. Mauritel also has an ADSL network via its fixed lines whereby it can offer broadband internet, a segment with sustained growth, to its fixed-line customers. At December 31, 2012, Mauritel had 6,887 (+2.5%) internet subscribers, most of whom were connected by the ADSL network (93% of customer base).

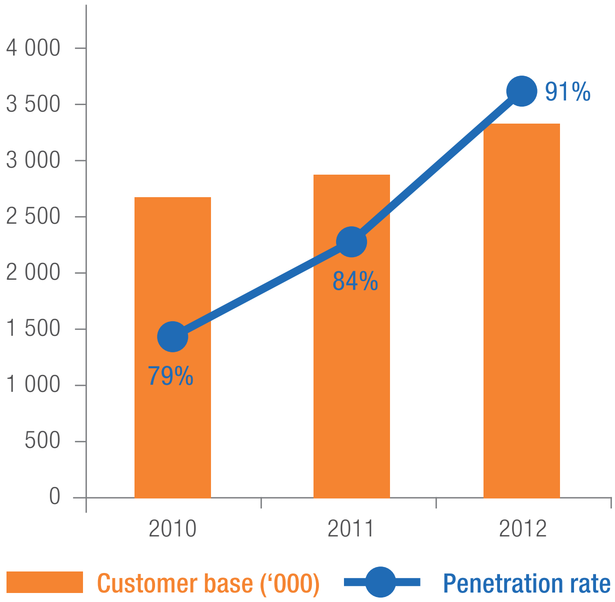
In order to meet its needs for international bandwidth, Mauritel participates in: i) a consortium that includes all Mauritanian telecoms operators and the Mauritanian postal service to install a landing point for the ACE (Africa Coast to Europe) submarine cable linking Mauritania to France; commercial use of the cable was launched on December 19, 2012; ii) the construction of a fiber-optic landline linking Mauritania to Morocco and Mali, as part of a Maroc Telecom group fiber-optic project.

Mobile telephony

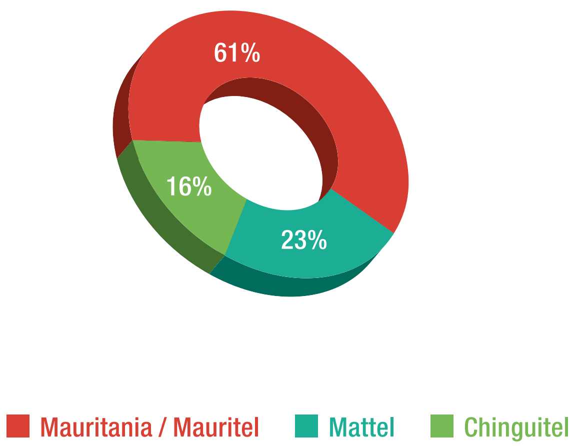
Mauritel's mobile segment provides prepaid and postpaid services through voice and data offers, mainly SMS. Mauritel also provides roaming services for its mobile subscribers abroad and for visiting customers of foreign partner operators.
In order to provide these services, Mauritel uses a network of 777 base transceiver stations spread throughout the country, with both 2G and 3G technologies (the latter launched in 2009).

Market and competitive environment

Change in the mobile market in Mauritania*



Mobile market share in Mauritania
at December 31, 2012



(Source: IMF and Dataxis)
**Penetration rates for 2010 and 2011 adjusted after update of IMF demographic data*

At December 31, 2012, Mauritania had 3.3 million mobile customers, representing a penetration rate of 91%, up 6.8 points since the beginning of the year. The mobile market continues to display solid momentum, with customer-base growth up 10.7% year on year, at December 31, 2012.
Mauritel operates in an intensely competitive environment alongside two other operators, Société Mauritano-Tunisienne de Télécommunications Mattel and Chinguitel (since August 2007). Chinguitel launched a GSM offer in 2011. In 2006, the ARE awarded 3G licenses to Mauritel and Chinguitel; Mattel was not awarded its license until March 2009.
At December 31, 2012, Mauritel had 2.013 million mobile customers, most of whom were prepaid, an annual increase of 15.2%. Market share amounted to 61% at December 31, 2012, up 1.4 points from December 31, 2011 (source: Dataxis). This growth was aided by an adapted pricing and promotional policy—for example, the marketing of prepaid cards with calls billed by the second—and by the launch of value-added services increasingly adapted to fit each type of customer profile. Mauritel's mobile ARPU reached MAD 53.3 in 2012, a rise of 13.1% from a year earlier.

Performance
The following table summarizes Mauritel's key operating and financial data:

	Unit	2010	2011	2012
Operating indicators				
Mobile customer base	**('000)**	**1,576**	**1,747**	**2,013**
Mobile ARPU	(MAD per month)	53.6	47.1	53.3
Fixed lines	**('000)**	**41**	**41**	**41**
Broadband access	**('000)**	**7**	**7**	**7**
Financial indicators				
Total revenues	**(MAD millions)**	**1,184**	**1,202**	**1,375**
o/w mobile-services revenues	(MAD millions)	1,013	1,033	1,257
% of group revenues	**(%)**	**3.7%**	**3.9%**	**4.6%**

Maroc Telecom representatives sit on the board of directors of Mauritel SA; no Maroc Telecom executive officer holds an executive function in this company.
Details on the consolidation methods used to account for the Mauritel subgroup and on its contribution to Maroc Telecom group's earnings are provided in notes 1, 2, and 28 of the notes to the consolidated financial statements. In addition, section 2.3.4, "Related-party transactions," summarizes the amount and type of cash flows between Maroc Telecom and the Mauritel subgroup. Maroc Telecom owns 80% of CMC, which owns 51.527% of Mauritel.

Seasonality

Usage of telecommunications services in Mauritania generally peaks during the period from June to September. Shorter periods of increased usage, such as religious holidays, provide significant sales opportunities. Conversely, usage of fixed-line and mobile services is particularly subdued during Ramadan.

Regulatory

Overview
Act 99.019 of July 11, 1999, concerning telecommunications in the Islamic Republic of Mauritania defines the regulatory framework for telecommunications services in Mauritania. This act stipulates that the multisector regulatory authority, created by Act 2001-18 of January 25, 2001, is responsible for regulating, controlling, and supervising the activities of telecommunications operators. This independent, multisector authority has full financial and managerial autonomy and reports directly to the Prime Minister.
Decree 2000-163, which defines the conditions governing network interconnection and telecommunications services, constitutes one of the main laws regulating the Act of July 11, 1999.
The regulatory framework is undergoing modification.

Principal regulatory obligations applying to Mauritel
In 2005, Mauritel SA fully satisfied its obligations as regards fixed-line and 2G mobile coverage, as defined in their respective specifications.
For 3G services, Mauritel has fulfilled the regulatory requirements for coverage in 2009, 2010, and 2011. The initial commitment was to cover 19 areas in four phases over a four-year period from the date the service was launched on the market. In 2012, Mauritel had the obligation to cover 6 areas of 13 areas planned.
Mauritel is required to pay all industry fees and contributions, including a universal-service contribution of no more than 3% of revenues, net of interconnection charges.
Mauritel is required to pay regulatory fees of no more than 2% of revenues, net of interconnection charges, as well as fees for the numbering plan and the use of radio frequencies.

2012 highlights

Regulatory highlights for the year 2012 included:

- The submarine cable project (ACE)

In 2010, Mauritel decided to participate in the Africa Coast to Europe (ACE) submarine cable project, a cable system of approximately 12,000 km that will run from France to Gabon and continue to South Africa. The objective is to connect all countries on the western coast of Africa. Inclusion in the ACE consortium was made possible by the creation of a structure involving all Mauritanian telecommunications operators and the government, which is represented by the ministry in charge of the modernization of administration and information technologies. The total investment in the project is $25 million. Commercial operations began in December 2012.

- Enactment of laws governing the annual contribution for universal service and guidelines for universal access to basic services

The Decree of May 2, 2012, set the annual contribution for the financing of universal service at no more than 3% of revenues of year n-1, net of domestic and international interconnection charges.

This contribution comprises a tax of 1.5% of revenues, earmarked for universal access to basic services other than telecommunications (e.g., water, energy), and a tax of no more than 1.5% for universal access to telecommunications services. The rate for the latter was set at 0.5% of revenues for 2012, 1% of revenues for 2013, and 1.5% of revenues for subsequent years.

In addition, an order of May 25, 2012, established the principle of designating a universal-service operator through negative bids. The designated operator is granted a license for universal service and a subsidy through either a reduction in its contribution to the financing of universal access to telecommunications services or payment where the subsidy amounts are more than the contribution ("pay or play" system).

- Publication of the interconnection catalogs for mobile operators for the period from July 1, 2012, to June 30, 2013, and asymmetry in favor of Chinguitel

Mobile call-termination rates declined by MRO 9 or 10 per minute (depending on the operator) in 2011–2012, and by MRO 7 per minute in 2012–2013 for all operators.

The 2012–2013 catalogs thus eliminated asymmetrical pricing for mobile call termination, a pricing structure that had benefited Chinguitel's GSM network.

Fixed-line call-termination rates are MRO 12 per minute for local calls (unchanged from 2011–2012 rates) and 23 MRO per minute for long-distance calls (down slightly from MRO 26 per minute in 2011–2012 to MRO 23 per minute in 2012–2013).

In addition, SMS termination rates remain unchanged, at MRO 5 per SMS for all operators.

- Service quality

On April 19, 2012, the ARE announced fines against Mauritel for MRO 12,300,000 for failure to meet requirements for service quality (hereinafter "SQ"). Mauritel has paid this amount.

- Draft of revised regulatory framework

In collaboration with the operators, the ARE has begun reviewing the legislative and regulatory framework of the telecommunications industry. The draft guidelines for the industry have been sent to the operators for review. There is a clear desire to accelerate the reduction of mobile termination charges through an incremental-cost model.

- Call to tender for the provision of services in the universal-service zones

In September 2012, the ARE launched a call to tender for the provision of services in the universal-service zones, on the basis of the lowest bid: the operator that asks for the lowest subsidy (based on its forecast operating loss) wins the lot(s) concerned and is granted a concession for universal access for a period of five years ("pay or play" principle).

The call for expression of interest comprises four lots concerning 2G/EDGE/GPRS network coverage of major roads. Bidders are required to include a technical proposal concerning nationwide roaming in the universal-service zones.

Mauritel was the only operator to bid. The results of the tender offer have not yet been announced.

3.2.2.2 Onatel

Macroeconomic indicators

	2010*	2011*	2012e
Population ('000)	16,469	16,968	17,358
GDP per inhabitant (USD)	1,261	1,302	1,384
GDP growth	+7.9%	+4.2%	+7.0%
Inflation	-0.6%	+2.8%	+3.0%

(Source: FMI, October 2012)
**Indicators for 2010 and 2011 adjusted after update of IMF historic data*

Fixed-line telephony, Data, and Internet

Onatel provides fixed-line telephony services (voice and data) and internet access to retail customers, businesses, and public authorities.

Onatel lost its monopoly on basic services (domestic fixed-line telephony, telex, and telegraph) on December 31, 2005. It remains the sole fixed-line operator in Burkina Faso. In the internet market, however, Onatel competes with other service providers.

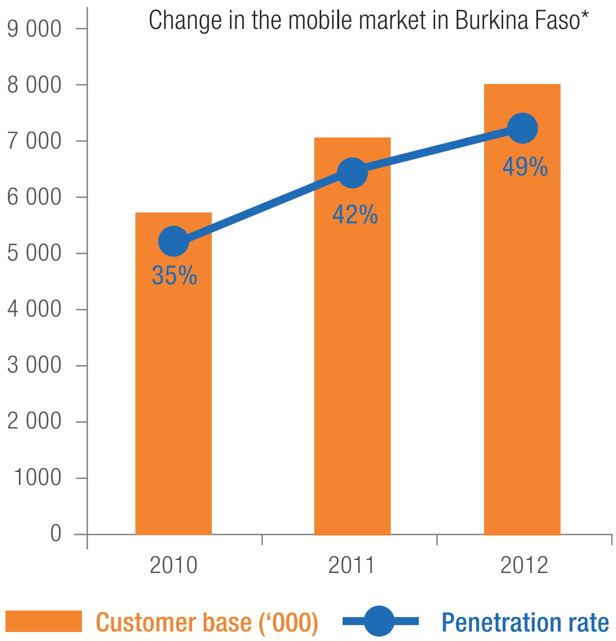
At December 31, 2012, Onatel's fixed-line customer base amounted to 141,358 lines, stable year on year. The fixed-line penetration rate is still low: only 0.8% at December 31, 2012.

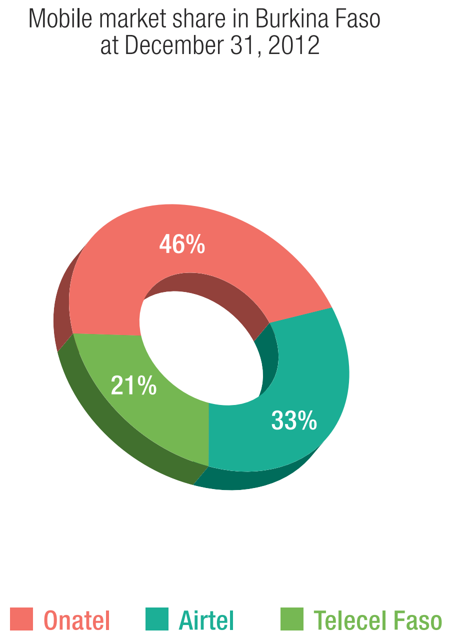
Onatel also offers its fixed-line customers broadband internet access via ADSL, a segment with sustained growth. At December 31, 2012, Onatel had nearly 30,000 internet subscribers (-3.6% year on year), of whom 46% have broadband ADSL connections.

Mobile telephony

Onatel's mobile business, under the Telmob brand, provides prepaid and postpaid services through voice and data (mainly SMS) offers. Onatel also provides roaming services for Telmob mobile subscribers abroad and for foreign partner operators' customers visiting Burkina Faso.

Market and competitive environment





(Source: IMF and Dataxis)
**Penetration rates for 2010 and 2011 adjusted after update of IMF demographic data*

At December 31, 2012, there were 8.4 million mobile customers in Burkina Faso, representing a penetration rate of 49%, up 6.8 points since the beginning of the year.
Despite fierce competition, the market is growing rapidly, with the customer base up 18% year on year at December 31, 2012. Although growth is fueled by the spread of mobile service throughout the country, the penetration rate is still low, compared with that of more developed countries in the region.
This strong market growth supports all three Burkina Faso mobile operators: Onatel, Airtel (formerly Zain), and Telecel Faso, each of which has a GSM license for 2G services. These three operators were granted 3G licenses in 2012, for MAD 25 million each.
At December 31, 2012, Onatel had 3.872 million mobile customers, most of whom were prepaid, an annual increase of 30%. This performance allowed the company to consolidate its market share, which increased by 4.3 points year on year, to 46%. Onatel maintained its leader position through promotional offers, high-quality service, and network coverage. The operator put 91 new base transceiver stations into operation in 2012, bringing the total to 693.
Since the summer of 2010, the competitive environment in which Onatel operates has been very challenging. In order to compete with the two other operators, Onatel has had to adapt its marketing policy, mainly through per-second billing and more attractive promotional offers. Onatel's mobile ARPU stood at MAD 39.5 at December 31, 2012, a decline of 3.1% from a year earlier.

Performance

The following table summarizes the principal operating and financial data of Onatel's operations:

	Unit	2010	2011	2012
Operating indicators				
Mobile customer base	**('000)**	**2,397**	**2,971**	**3,872**
Mobile ARPU	(MAD per month)	53.3	40.7	39.5
Fixed lines	**('000)**	**144**	**142**	**141**
Broadband access	**('000)**	**28**	**31**	**30**
Financial indicators				
Total revenues	**(MAD millions)**	**1,764**	**1,733**	**2,067**
o/w mobile-services revenues*	(MAD millions)	1,292	1,401	1,694
% of group revenues	**(%)**	**5.6%**	**5.6%**	**6.9%**

**Onatel's revenues from mobile infrastructure leasing were recognized under mobile services in 2012 but not before. Data for 2010 and 2011 were therefore adjusted for this change.*

Maroc Telecom representatives sit on the board of directors of Onatel; no Maroc Telecom executive officer holds an executive function in this company.
The consolidation method of the Onatel subgroup and its contribution to Maroc Telecom group's results are summarized in Notes 1, 2, and 28 to the consolidated financial statements. In addition, section 2.3.4, "Related-party transactions," summarizes the amount and type of cash flows between Maroc Telecom and the Onatel subgroup.

Seasonality

The annual rainy season (August and September) tends to depress sales in Burkina Faso and has a negative impact on business and network service quality. This has repercussions for both fixed-line and mobile revenues.

Regulatory

Overview

Burkina Faso's revised regulatory framework for telecommunications was implemented by Act 061-2008/AN of November 27, 2008 (amended), relating to general regulations for networks and electronic communication services and to their implementing provisions.
The regulatory authority (ARCEP) is an independent public-sector administration placed under the supervision of the Prime Minister. It is responsible for enforcing telecommunications regulations, ensuring that operators comply with regulatory obligations, managing and controlling radio frequencies, establishing and managing the national numbering plan, and managing conciliation and arbitration proceedings among telecommunications operators and between operators and consumers.
The principal laws regulating the telecommunications sector are:
-Decree 2010-246/PRES/PM/MPTIC/MEF of May 20, 2010, governing the setting of rates and the procedures for collecting fees, contributions, and expenses payable to the regulatory authority for electronic communications;

-Decree no. 2010-245/PRES/PM/MPTIC/MEF of May 20, 2010, governing the definition of the procedures and conditions relating to the rules for individual licenses, general authorizations, and declarations for establishing and operating electronic-communication networks and services;
-Decree 2010-451/PRES/PM/MPTIC/MEF/MCPEA of August 12, 2010, governing the definition of general conditions for network interconnection and electronic-communications services and for access to those networks and services;
-Decree 2011-094 PRES/MPTIC/MEF of February 28, 2011, governing the procedures for the measurement and control of tariffs for electronic-communication services;
-Decree 2011-093 PRES/PM/PMTIC/MEF of February 28, 2011, governing the definition of procedures for implementing access and universal service for electronic communication, and the procedures for managing funds for access and universal service.

Main regulatory obligations applying to Onatel

Pursuant to its contract specifications, Onatel is subject to coverage requirements. For fixed-line activity, the coverage schedule extended to December 2010. The mobile coverage schedule extends to 2015, with the obligation to cover 113 areas and nine additional major roads over five years (2011 to 2015).

Other regulatory obligations are the result of implementing decrees of the Act of November 27, 2008, governing the regulations of electronic communication in Burkina Faso. Pursuant to the Decree of May 20, 2010, governing the establishment of rates and procedures for collecting license fees and contributions, and to the Decree of February 28, 2011, governing the definition of procedures for the implementation of access and universal service, each operator must pay (i) a regulatory fee in the amount of 1% of net revenues; (ii) an annual contribution to training and research of 0.5% of net revenues; (iii) fees in exchange for the use of frequencies and numbers assigned by the ARCEP; and (iv) a contribution of 2% of net revenues to the Universal Service Fund. The total amount in fees and contributions payable by the operators may not be more than 5% of their revenues net of charges for interconnection, access, and infrastructure sharing.

2012 highlights

Regulatory highlights for the year 2012 included:

- Procedure for granting 3G license to operators

On February 28, 2012, Onatel paid 1.5 billion CFA francs for its 3G license. After negotiation of the contract specifications with ARCEP, Onatel signed the contract specifications. The enactment of the order for granting the license is pending.

- Sanctions for failure to respect requirements for service quality

On February 8, 2012, ARCEP fined the three operators for a total amount of nearly 2,706 million CFA francs—nearly 1,086 million CFA francs for Onatel, for failure to respect regulatory requirements governing service quality (SQ).
The decision was suspended pending the results of the audit.
On December 7, 2012, the Treasury Department issued a third-party debtor notice (garnishee order) to collect Onatel's fine of 1,086 million CFA francs.

- Requirement to sell non-preactivated SIM cards

Mandatory as from October 1, this requires operators to sell non-preactivated SIM cards. Activation is performed at the time of customer identification.

- Overhaul of fixed-line voice offers

In September 2012, ARCEP agreed to allow Onatel to lower its fixed-line tariffs, according to which there is a 15% difference between tariffs for prepaid and postpaid fixed-line tariffs for local calls to fixed lines.

- Interconnection rates for 2013

By decision of December 28, 2012, ARCEP renewed the call termination rates for 2013 (i.e., a single rate of 25 CFA francs [excl. tax] per minute for fixed lines and mobile).

- Restriction of fixed-line consumer rates

By decision of December 31, 2012, ARCEP set the maximum tariff for fixed-to-mobile calls at 100 CFA francs (incl. tax) per minute. This restriction is valid until March 29, 2013, after which a new tariff will be calculated mainly on the basis of the cost of service.

- Granting of Wimax license

A new Wimax license was granted to the operator Connecteo (subsidiary of Monaco Telecom) for the commercialization of internet services and data transmission.

3.2.2.3 Gabon Telecom

Macroeconomic indicators

	2010*	2011*	2012e
Population ('000)	1,496	1,518	1,541
GDP per inhabitant (USD)	15,197	16,313	17,339
GDP growth	+6.6%	+6.6%	+6.1%
Inflation	+1.4%	+1.3%	+2.3%

(Source: IMF, October 2012)
**Indicators for 2010 and 2011 adjusted after update of IMF historic data*

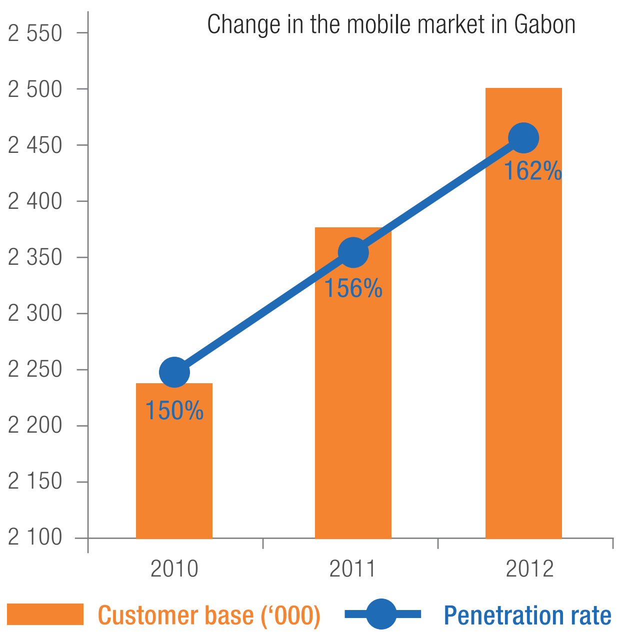
Fixed-line telephony, Data, and Internet

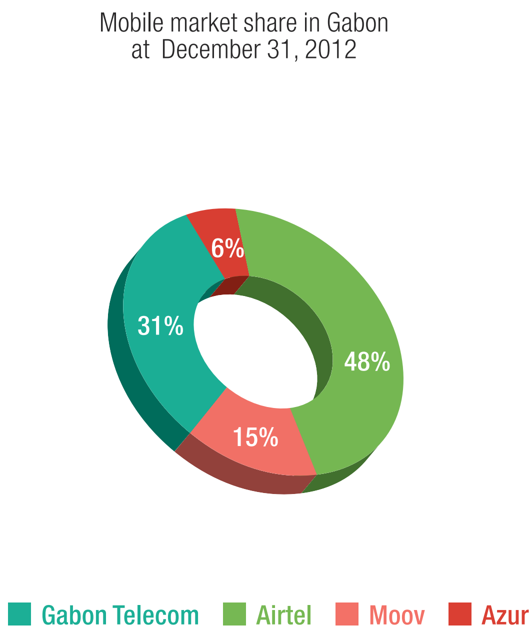
Gabon Telecom provides fixed-line telephony services (voice and data) and internet access to retail customers, businesses, and public authorities.
Gabon Telecom lost its monopoly on basic services (domestic fixed-line telephony, telex, and telegraph) on December 31, 2005. It remains the sole fixed-line operator in Gabon. In the internet and VSAT markets, however, Gabon Telecom competes with other service providers.
At December 31, 2012, Gabon Telecom had a fixed-line customer base of 18,012 (fixed lines and CDMA) a decline of 20% attributable to an update of the CDMA customer base at the beginning of the year. At December 31, 2012, the fixed-line penetration rate was still quite low, at only 1.2%.
Gabon Telecom offers internet access via its wireline (mainly broadband ADSL) and CDMA networks. At December 31, 2012, Gabon Telecom had 7,827 internet subscribers, 67% down because of the CDMA customer-base cleanup.
Gabon Telecom has access to the SAT-3 submarine cable, which allows the company to meet its needs for international bandwidth and to offer international services (internet, voice) to other telecommunications operators.

Mobile telephony

Gabon Telecom's mobile segment, under the Libertis brand, provides prepaid and postpaid services through voice and data (mainly SMS) offers. Gabon Telecom also provides roaming services for Libertis mobile subscribers abroad and for foreign partner operators' customers in Gabon.

Market and competitive environment





(Source : FMI & Dataxis)

At December 31, 2012, there were 2.5 million mobile customers (commercial customer base) in Burkina Faso, representing a penetration rate of 162%, up 5.6 points since the beginning of the year. Despite an already high penetration rate, the market continues to grow steadily. At December 31, 2012, the total customer base had grown by 5.1% year on year.

The Gabon mobile market is highly competitive, with four operators competing on 2G networks. In addition to Gabon Telecom, Airtel, Moov, and Azur (network launched in mid-2009) are very active in Gabon. It was in such an operating environment that Gabon Telecom retained its number-two position in 2012, with market share of 31% at December 31, 2012, up a solid 8.7 points since December 31, 2011. An invitation to tender launched in 2010 for the granting of a 3G license was so far unsuccessful at the end of 2012.

At December 31, 2012, Gabon Telecom had 777,378 mobile customers, most of whom were prepaid, representing a strong rise of 46% attributable to the increased number of offers and the continual improvement of service quality. Gabon Telecom continued to build its mobile network in 2012, with the installation of 52 base transceiver stations, bringing the total to 334.

Because of intense competition and a restrictive regulatory environment, Gabon Telecom's average ARPU fell by 17.8%, to MAD 79.2.

Performance

The following table summarizes the principal operating and financial data of Gabon Telecom's operations:

	Unit	2010	2011	2012e
Operating indicators				
Mobile customer base	**('000)**	**699**	**532**	**777**
Mobile ARPU	(MAD per month)	72.7	97.8	79.2
Fixed lines	**('000)**	**27**	**22**	**18**
Broadband access	**('000)**	**22**	**24**	**8**
Financial indicators				
Total revenues	**(MAD millions)**	**1,044**	**1,047**	**1,291**
o/w mobile-services revenues*	(MAD millions)	510	510	688
% of group revenues	**(%)**	**3.3%**	**3.4%**	**4.3%**

**Gabon Telecom's revenues from mobile infrastructure leasing were recognized under mobile services in 2012 but not before. Data for 2010 and 2011 were therefore adjusted for this change.*

Maroc Telecom representatives sit on the board of directors of Gabon Telecom; no Maroc Telecom executive officer holds an executive function in this company.

The consolidation method of the Gabon Telecom subgroup and its contribution to Maroc Telecom group's results are summarized in Notes 1, 2, and 28 to the consolidated financial statements. In addition, section 2.3.4, "Related-party transactions," summarizes the amount and type of cash flows between Maroc Telecom and the Gabon Telecom subgroup.

Seasonality

Business levels are very high in Gabon in December and the summer months of July to September because of the year-end holidays (Christmas and New Year's), summer holidays in the country's rural regions, family gatherings, the celebration of Gabon's independence, and the back-to-school period.

November, January, and February are generally quiet months, the aftereffects of the summer and year-end peaks.

Regulatory

Overview

The regulatory environment for telecommunications in Gabon is governed by Act 005/2001 of June 27, 2001.

The Gabonese regulatory authority is responsible for regulating, controlling, and monitoring the telecommunications sector. The authority is under the supervision of the Ministry of Postal Service and Telecommunications and the Ministry of the Economy, Finances, Budget, and Privatization.

The principal laws regulating the telecommunications sector are:

-Order 08/PR/2012 of February 13, 2012, governing the creation and organization of the Regulatory Authority for Electronic Communications and Postal Services (see highlights below);

-Decree 0540/PR/MPT of June 15, 2005, governing interconnection procedures and infrastructure sharing;

-Decree 000840/PR/MCPTNTI of October 26, 2006, governing the procedures for setting and regulating tariffs for telecommunications services;

-Decree 084/PR/MCPTNTI of October 26, 2006, governing duties, fees, and contributions payable by telecommunications operators holding a public-service concession or a license;
-Decree 00544 /PR/MPT of July 15, 2005, governing the creation, financing, and management of the universal-service fund for telecommunications.

Principal regulatory obligations applying to Gabon Telecom

Pursuant to the provisions of its fixed-line contract specifications, Gabon Telecom was required to provide coverage for 54 rural areas by the end of 2011.
Mobile contract specifications require Gabon Telecom to provide coverage for 36 areas (cities and districts) and 25 major roads. Additional areas may also be partly covered, in accordance with the operator's commitment. As for other mobile operators, Gabon Telecom's mobile contract specifications do not set out a timetable for coverage.
Decree 00544 /PR/MPT of July 15, 2005, governing the financing and management of the universal-service fund for telecommunications, fixes the contribution payable by operators at 2% of net revenues.
Decree 0084/PR/MCPTNTI of October 26, 2006, governing the fees, license payments, and contributions payable by telecommunications operators holding a public-service concession or license, sets their contribution for research, training, and telecommunications standardization at 2% of net revenues.
Gabon Telecom is required to pay annual fees for the numbering plan and the use of radio frequencies.
In addition, operators are taxed for incoming international calls. This tax is 47 CFA francs per minute.

2012 highlights

Regulatory highlights for the year 2012 included:

- Definitive enactment of the tax on international calls

On May 9, 2012, an order from the Ministry of Telecommunications set the minimum tariff for incoming international calls and the tax payable by operators for said calls. The minimum tariff was set at 137 CFA francs per minute. The tax payable by operators was set at 47 CFA francs per minute.
The order of May 9, 2012, proscribed the transit of international calls from one operator to another.

- Enhancement of ARCEP powers

On February 13, 2012, a presidential order was enacted governing the creation and organization of ARCEP. The order expands the powers of ARCEP and grants it Treasury Department preferred-creditor status and the use of third-party debtor notice (garnishment) for debt collection.

- Fines for failure to respect requirements for service quality

On March 27, 2012, ARCEP fined four operators each the equivalent of 2% of its mobile revenues. Gabon Telecom was fined 610.929 million CFA francs. The audit showed that of the various networks, the Gabon Telecom network best meets the requirements for service quality.

- Development of state networks

Via the National Authority for Digital Infrastructures and Frequencies (ANINF), the state is developing a Wimax access network for governmental use. The network allows for the installation of a telephony network for the exclusive use of government authorities. The ANINF has requested that Gabon Telecom interconnect the state network with its own network.
In addition, the ANINF is developing on the state's behalf a domestic fiber-optic backbone network that will cover 2,555 kilometers.

- Memorandum of understanding concerning customer identification

On June 11, 2012, Gabon Telecom and ARCEP signed a monitoring agreement concerning the identification of subscribers. Gabon Telecom communicated to ARCEP its reservations and observations on the monitoring procedure for identification requirements.

- Gabon Telecom/Libertis merger and transfer of Libertis license

After the merger between Gabon Telecom and Libertis in 2011, the procedure for license transfer continued with Gabon Telecom's signature of a single set of mobile contract specifications. The transfer decree is pending signature.

- Proposed change of legal and regulatory framework

A proposal for changing the legal and regulatory framework was launched in 2012 for the sectors of telecommunications and information and communication technologies.

3.2.2.4 Sotelma

Macroeconomic indicators

	2010*	2011*	2012e
Population ('000)	15,370	15,850	16,345
GDP per inhabitant (USD)	1,108	1,128	1,062
GDP growth	+5.8%	+2.7%	-4.5%
Inflation	+1.3%	+3.1%	+7.2%

(Source: IMF, October 2012)
**Indicators for 2010 and 2011 adjusted after update of IMF historic data*

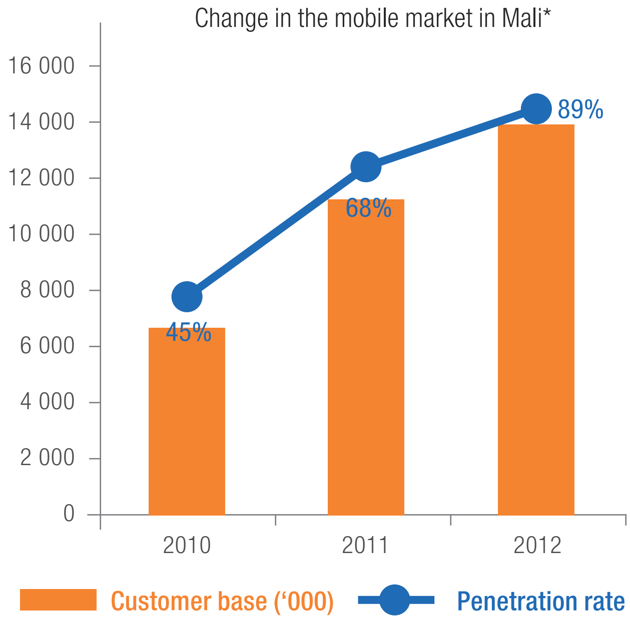
Fixed-line telephony, Data, and Internet

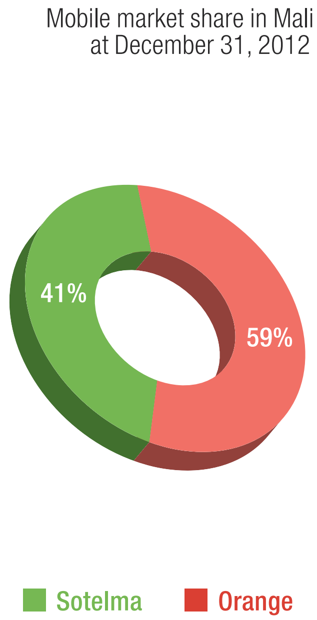
Sotelma provides fixed-line telephony services (voice and data) and internet access to retail customers, businesses, and public authorities.
Sotelma is currently the dominant operator on the fixed-line market, with market share of approximately 95%.
At December 31, 2012, Sotelma had a fixed-line customer base of 98,306, up 4.8% largely because of development of CDMA technology that provides rapid expansion of nationwide coverage at the lowest cost. The penetration rate remains low, at only 0.6% at December 31, 2012 (source: market data at December 31, 2012).
Sotelma offers broadband internet access via ADSL to its fixed-line customers, and internet access via its CDMA network. At December 31, 2012, Sotelma had more than 44,598 internet subscribers, an increase of 20.5%.

Mobile telephony

Sotelma's mobile segment provides prepaid and postpaid services through voice and data (mainly SMS) offers. The company also provides roaming services for Sotelma mobile subscribers abroad and for foreign partner operators' customers in Mali.

<u>Market and competitive environment</u>





(Source: IMF and market data)
**Penetration rates for 2010 and 2011 adjusted after update of IMF demographic data*

At December 31, 2012, there were 14.6 million (35% more than at December 31, 2011) mobile customers in Mali, representing a penetration rate of 89%, a sharp rise of 21.1 points since the beginning of the year. Maroc Telecom's arrival as a stakeholder in Sotelma brought momentum to the market, whose total customer base showed strong growth in 2012, despite a difficult political and economic environment.
There are only two mobile operators currently active in Mali, Sotelma and Orange, both of which have 2G and 3G licenses. A third mobile license was granted at the beginning of 2013 to the Monaco Telecom / Planor consortium.
At December 31, 2012, Sotelma's mobile customer base totaled 6.0 million, most of whom were prepaid, an increase of 38% year on year made possible by significant capital expenditure during the year to expand network coverage to new areas and to increase the density of coverage in large cities. This deployment, the result of new infrastructure (126 BTSs were implemented in 2012) combined with aggressive marketing, enabled Sotelma to achieve market share of 41%, an increase of 0.8% year on year. As a consequence of an expansion policy designed to take market share, Sotelma's mobile ARPU declined by 26.8%, to MAD 33.2 at December 31, 2012.

Performance
The following table shows the principal operating and financial data of Sotelma:

	Unit	2010	2011	2012
Operating indicators				
Mobile customer base	**('000)**	**2,162**	**4,376**	**6,023**
Mobile ARPU	(MAD per month)	67.1	45.3	33.2
Fixed lines	**('000)**	**79**	**94**	**98**
Broadband access	**('000)**	**20**	**37**	**45**
Financial indicators				
Total revenues	**(MAD millions)**	**1,575**	**2,123**	**2,422**
o/w mobile-services revenues	(MAD millions)	1,244	1,767	2,055
% of group revenues	**(%)**	**5.0%**	**6.9%**	**8.1%**

Maroc Telecom representatives sit on the board of directors of Sotelma; no Maroc Telecom executive officer holds an executive function in this company.
The consolidation method of the Sotelma subgroup and its contribution to Maroc Telecom group's results are summarized in Notes 1, 2, and 28 to the consolidated financial statements. In addition, section 2.3.4, "Related-party transactions," summarizes the amount and type of cash flows between Maroc Telecom and the Sotelma subgroup.

Seasonality

Telecommunications activity in Mali rises during the rainy season, from June to September, when large numbers of Malian students abroad return home for the holidays. Other brief events give rise to major sales opportunities, including religious holidays such as Tabaski (generally on the holiday and the following days) and end-of-year holidays. However, mobile and fixed-line traffic falls substantially in the month of Ramadan, except for the last few days.

Regulatory

Overview
The regulatory framework for telecommunications in Mali is now governed by Order 2011-023/P-RM of September 28, 2011, relating to telecommunication and information and communication technologies in Mali, and Order 2011-024/P-RM of September 28, 2011, relating to regulations for the telecommunications sector. These two bills abrogate Order 99-043/P-RM of September 30, 1999, and all previous regulatory provisions to the contrary.
The Malian Regulatory Authority for Telecommunications and Postal Services (AMRTP), created by Order 2011/024 governing regulations for the telecommunications sector, is an independent governmental body under the supervision of the Ministry of Telecommunications and New Technologies. The AMRTP is also responsible for postal activities and services for information and communication technologies.
The AMRTP is responsible for enforcing telecommunications regulations, ensuring that operators comply with provisions of contract specifications, managing and controlling the spectrum of radio frequencies, establishing and managing the national numbering plan, and overseeing conciliation and arbitration proceedings among telecommunications operators and between operators and consumers. Enactment of the implementing provisions of Order 2011-023 is under way.

Principal regulatory obligations applying to Sotelma

Pursuant to regulatory provisions, Sotelma has an obligation to maintain the fixed-line network in the areas covered, but has no obligation whatsoever to extend coverage.

Sotelma had an obligation in the mobile segment to provide coverage for eight major roads, seven county towns, 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, if the regulatory authority has not approved other technical and financial measures.

2012 highlights

Regulatory highlights for the year 2012 included:

- Dispute relating to upper limit for license fees and contributions

A dispute relating to upper limit for license fees and contributions opposite Sotelma to AMRTP. The latter demanded that Sotelma pay the regulatory fees for rare resources, in addition to its contribution for universal service and training. Sotelma's contract specifications, however, provide for an upper limit for all contributions and fees for rare resources. That limit is 3% of revenues, net of interconnection charges. A compromise was reached, according to which Sotelma will from now on pay the regulator a contribution of 2% of revenues, net of interconnection charges, to which shall be added the fees relating to rare resources. This decision is applicable retroactively to July 2009. The State has assumed the charges demanded by the AMRTP for the period prior to Sotelma's privatization.

- Dispute relating to the adjustment of rates for outgoing calls to certain international destinations

On January 6, 2012, after Orange-Mali had filed a complaint, Sotelma was fined by the AMRTP for the amount of 423.90 million CFA francs, payable to the national treasury, and for the amount of 211.9 million CFA francs for the reimbursement of customers allegedly wronged by the modifications in international-call rates to Senegal, Mauritania, and Gabon. On November 16, 2011, prior to the decision to fine, Sotelma filed with the AMRTP a request for rate adjustment for calls to the aforementioned destinations. This request was followed by an out-of-court submission asking the AMRTP to reconsider its order. Sotelma claimed that the decisions for increasing shares in tariffs had been unilaterally determined by the governments, and that it had no choice but to pass them on to the customer rates.

The out-of-court submission was unsuccessful, and on February 13, 2012, Sotelma appealed the AMRTP's decision to fine with the administrative division of the Supreme Court of Mali. The Supreme Court's decision is pending.

- Lower call-termination charges

A decision by the AMRTP on January 31, 2012, set mobile and fixed-line call-termination charges for 2012 and 2013. For 2012, the call-termination charge was 22 CFA francs for mobile voice calls, 19.25 CFA francs for local fixed-line calls, and 27 CFA francs for fixed-line long-distance calls. In 2013, mobile voice call-termination charges are 16.80 CFA francs, local fixed-line call-termination charges are 18.80 CFA francs, and fixed-line long-distance call-termination charges are 22.90 CFA francs.

- Complaint by Sotelma against Orange for selling below cost (dumping)

Subsequent to Sotelma's complaint against Orange for selling below cost (dumping) outgoing international calls to Senegal, the AMRTP declared itself incompetent and transferred the complaint to the National Antitrust Authority (DNCC).

On February 15, 2012, the DNCC informed the AMRTP that the accusation of selling at a loss could not be retained against Orange, because the tariffs applied by Orange were set with the agreement of the AMRTP.

- Proposed framework for SIM-card sales and customer identification

In September 2012, the AMRTP submitted to operators a proposal for improving the subscriber-identification process and overseeing the promotional sales of SIM cards in order to limit: (i) the purchase of SIM cards that are subsequently never used; and (ii) the number of SIM cards per user (reducing multi-SIM abuse). The AMRTP also intends to establish a generally accepted definition for mobile subscriber.

3.2.2.5 Casanet

Wholly owned by Maroc Telecom, Casanet is a major player in new information and communication technologies (NICT) in Morocco. Casanet has two main operating segments:

• IT services: integration and commercialization of IT infrastructure, storing, hosting, networks and telecom (WAN/LAN, security), web development (websites, portals, intranet, etc.);

• Media:

- production of digital content and online services for Menara.ma (editorial team for the online magazine Menara.ma, various consumer services such as Menara Jobs, Menara Real Estate, classified ads);
- www.pj.ma online directory service;
- support of growing Moroccan businesses through E-marketing (integration of solutions for SMS campaigns, e-mailing, CRM software, e-marketing on Menara.ma).

In 2012, Casanet had revenues of MAD 114 million, down 4% from a year earlier. Earnings from operations amounted to MAD 11 million, down 5% from a year earlier.

Casanet has been fully consolidated in Maroc Telecom's financial statements since January 1, 2011.

3.3 LEGAL AND ARBITRATION PROCEEDINGS

To the best of the Company's knowledge, there are no pending or potential government, legal, or arbitration proceedings, including proceedings of which the Company is aware, that may have or have had in the past 12 months a significant effect on the Company and/or the group's financial position or profits, with the exception of the following disputes:

Telestore litigation (Maroc Telecom)

The Moroccan National Federation of Telestore Operators (FNASET, Fédération Nationale des Associations des Exploitants Teleboutiques) has brought IAM before the Rabat Commercial Court to demand the reversal of its decision to abandon the 200-meter chaining principle between two telestores.
Maroc Telecom challenges the notion that the chaining principle should be maintained, and considers it contrary to competition rules, insofar as other operators are not subject to this rule.
In a ruling (nonenforcable) 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, or be fined MAD 500 per day for nonexecution.
After the appeal lodged by Maroc Telecom, the Commercial Court of Appeals of Casablanca, in its ruling of May 9, 2006, partly accepted Maroc Telecom's applications, rescinding the first-instance judgment as regards the order to withdraw the authorizations granted, but upholding the rest.
After appeal and referral by the Court of Cassation, on November 19, 2009, the Commercial Court of Appeals of Casablanca rendered a new judgment confirming its initial position. A second appeal remains subject to the notification of that judgment.
Since 2005, Maroc Telecom has received 105 individual applications before the various commercial courts (Rabat, Fez, Oujda, etc.) from telestore operators, each claiming between MAD 5,000 and MAD 50,000 (one applicant is claiming MAD 100,000) in interim damages and a legal appraisal to determine the final amount of damages. These applications are based on the aforementioned ruling and decision of the Court of Appeal. All cases were ruled in favor of Maroc Telecom.
The Company does not intend to revoke its decision to put an end to chaining, because it considers that the claims made by the federation have no legal basis.

Total Call / Free dispute (Maroc Telecom)

In their action before the Tribunal de Commerce de Casablanca, companies Total Call and Free claiming an amount of MAD 58 million. They affirm that its leased line was disrupted over a period of eight days, thereby resulting in material losses. Maroc Telecom has set aside a provision of approximately MAD 4 million to cover this claim, corresponding to the amount of the claim made by Total Call.
No provision has been made in respect of the amount (MAD 54 million) claimed by Free, insofar as the latter has no contractual relationship with Maroc Telecom.
On October 1, 2012, the court ruled that the claim was rejected.

Dispute relating to the adjustment of rates for outgoing calls to certain international destinations (Sotelma)

Sotelma had adjusted its rates for outgoing calls to Senegal, Mauritania, and Gabon, from 150 CFA francs per minute to 198 CFA francs per minute, because of the implementation of minimum rates for inbound international calls in those countries.
On January 6, 2012, Sotelma was fined by the AMRTP for the amount of 423,908,893.40 CFA francs, payable to the national treasury, and for the amount of 211,954,446.70 CFA francs for the reimbursement of customers allegedly wronged by modifications in international-call rates to Senegal, Mauritania, and Gabon.
On February 13, 2012, Sotelma appealed the AMRTP's decision with the administrative division of the Supreme Court of Mali. The Supreme Court's decision is pending.

3.4 RISK FACTORS

This chapter sets out the main risk factors the Company faces, taking into account its activities, structure, and organization.
These risks can be organized into three categories:

- Business risks (section 3.4.1);
- Legal risks (section 3.4.2);
- Market risks (section 3.4.3).

The Company has reviewed the risks that may have a material adverse affect on its business, financial position, earnings, or ability to reach its objectives, and believes that there are no material risks other than those described below.

Furthermore, other risks, either not yet identified or currently considered as insignificant by Maroc Telecom, could have the same adverse effect, and investors could lose all or part of their investment.
In addition to the other information contained in this registration document, investors should give careful consideration to the risks described below before deciding to invest in the Company's shares. If any or all of these risks were to materialize, the activities, financial position, earnings, and development of the Company could be adversely affected.

Maroc Telecom is involved in legal proceedings and disputes with competing operators and other parties. The outcome of these proceedings is generally uncertain and could materially impact the Company's earnings and financial position.
The various disputes in which Maroc Telecom is involved are set out in section 3.3, "Legal and arbitration proceedings."

3.4.1 BUSINESS RISKS

Maroc Telecom's revenues and earnings are very dependent on the economies of countries in which it operates

Maroc Telecom's core business is the provision of telecommunications services in Morocco, including the provision of international telecommunications services to and from Morocco. Accordingly, Maroc Telecom's revenues and profitability depend to a significant extent on telecommunications spending by Moroccan consumers and on international call traffic. The growth in consumption of telecommunications services in Morocco reflects the changes in the country's economic position and, more specifically, in the population's disposable income and the economic activity of Moroccan companies. A contraction or slower-than-anticipated growth in the Moroccan economy could have a negative impact on the development of the customer base and the usage of fixed-line and mobile telephony services in Morocco. This could have a material effect on the growth and profitability of Maroc Telecom's activities and could entail a decline in its revenues and earnings.
Acts of terrorism, whether committed in Morocco or abroad, could materially impact the Moroccan economy in general, especially through a decline in tourism. Maroc Telecom cannot forecast the consequences of the perception, informed or otherwise, of such possible acts of terrorism.

The growing competition that Maroc Telecom faces in the main markets in which it operates could lead to loss of market share and lower revenues

Maroc Telecom group's activities are subject to fierce competition that could intensify further with the liberalization of the principal markets in which it operates. This competition puts pressure on Maroc Telecom and its subsidiaries and could prompt the group to make further price cuts, increase spending on customer loyalty programs, or introduce promotions, any of which could reduce group revenues and earnings.
To anticipate or meet these requirements, the group must make significant investments without knowing if the products and services developed and offered will become obsolete in the short term. As a result of operational unbundling, Maroc Telecom will face heightened competition in 2013 over voice and data services from the copper network. One of the group's competitors has shown a strong interest in this area and will be positioned to offer multiplay services from unbundled access.
For further information on competition in each of the segments in which Maroc Telecom operates, see section 3.2.1., "Business activities / Morocco."

If the group cannot control its expenses, its financial position could be adversely affected

If the group is unable to control costs, its operating margins and earnings could be adversely affected.
Maroc Telecom intends to improve its cost structure, particularly sales costs and overhead. The Company has already adopted several voluntary redundancy plans, and is taking actions to generate savings on purchases and network costs.

Maroc Telecom depends on reliable IT systems; failure or damage affecting some or all of its systems could result in a loss of customers and lower revenues

Maroc Telecom is paid for its services only insofar as it has reliable information systems, including collection and billing systems, and succeeds in protecting and ensuring the operating continuity of its IT systems. Maroc Telecom has established a security policy for its information systems allowing it to deal with ordinary disruptions in computer operations (e.g., unauthorized access, power cuts, theft, hardware crashes) and to secure uninterrupted service.
Maroc Telecom now has a business continuity and recovery plan for its critical information systems—those with a direct impact on its revenues—such as systems for collecting data on taxes, sales, and billing for its three product lines (fixed line, mobile, and internet). The continuity and recovery plan also covers administrative systems for calculating interoperator settlements, in Morocco and internationally, and for purchasing and financial management.
An event entailing the destruction of all or part of its systems—a natural disaster, fire, or act of vandalism—would automatically activate a backup system.
Insofar as data on critical information systems produced by production platforms are backed up regularly, the risk of losing data and being unable to bill customers and recover outstanding invoices is now marginal.
Since this plan was launched, it has been tested and evaluated annually through the simulated total loss of information systems.
Among the subsidiaries, the risk of information-systems failure concerns the lack of a business recovery plan for major events that might affect the sole data platform currently available for each subsidiary.
Regular backups help minimize such potential impact. Although the impact of such a failure is difficult to quantify, it might lead to customer dissatisfaction and lower revenues.

Disruption in networks could lead to a loss of customers and lower revenues

Maroc Telecom group is able to provide services only insofar as it is able to protect its telecommunications networks from damage caused by disturbances, power cuts, computer viruses, natural disasters, and unauthorized access. Any disturbance to the system, and any accident or breach of security measures causing interruption in the group's operations, could affect its ability to provide services to its customers and could have a material affect on its revenues and operating income. Such disturbances would also have a material effect in terms of image and reputation for the Company and/or its subsidiaries, which could lead to a loss of customers. In addition, the group could be required to bear additional costs in order to repair the damage caused by such disturbances.

Maroc Telecom's indirect distribution network constitutes a strength that could be weakened if it is not maintained

Maroc Telecom has an extensive distribution network, with a direct-sales channel comprising Maroc Telecom branches, and an indirect network consisting of telestores, resellers, and partners. There is also an independent network (see section 3.2.1.5, "Distribution, advertising").
If Maroc Telecom were unable to maintain close relations or to renew its distribution agreements with its indirect network participants, or if its indirect distribution network were to be jeopardized for other reasons, in particular the actions of competitors, or if the managers of telestores failed to comply with the exclusive agreements made with Maroc Telecom by distributing products competing with those of Maroc Telecom, the distribution network could be weakened, and the Company's business and earnings 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 involve intensive use of technology. The development of new technologies could render uncompetitive certain services offered by the Company.
To respond to changes in the telecoms sector and to the price and quality requirements of demanding customers, the group must adapt its networks and technologies, and develop new products and services. These innovations must be performed at a reasonable cost if the group is to compete with its rivals. The new technologies in which the Company chooses to invest could also affect its ability to achieve its strategic targets. Maroc Telecom could then lose customers, fail to attract new customers, or be required to bear significant costs in order to maintain its customer base, factors that would have a negative effect on its business, revenues, and earnings.

Alternative means of communication could make the fixed-line and mobile networks less useful or even obsolete, which could lead to the loss of a competitive advantage and reduce the Company's revenues significantly

The Company has already confronted the migration of fixed-line customers to mobile services, an evolution accentuated by the use of alternative technologies. For example, GSM gateway services compete with fixed-line voice services for businesses, and the launch of restricted-mobility offers has created competition for telestores.

The Company's fixed-line telephony activities could be affected by the development of such gateways or other alternative means of communication. Such alternative technologies could jeopardize the usefulness of Maroc Telecom's infrastructure and its economic model, thereby materially impacting he Company's revenues and earnings.

Health risks, whether real or perceived, or other problems related to mobile devices or their base stations

In recent years, concerns have been expressed internationally about the potential health risks from electromagnetic signals emitted by mobile phones and transmission sites.

Maroc Telecom is unaware of any tangible evidence that proves the existence of health risks associated with the use of mobile phones, the emission of radio waves, or electromagnetic fields.

Nevertheless, the public perception of such risks could have a material negative impact on Maroc Telecom's results or financial position, particularly if legal claims were brought against the Company or if regulatory changes imposed additional costs for compliance with new standards.

Fraudulent diversion of traffic could limit the Company's revenues and adversely impact its earnings

The Company is subject to fraudulent diversion of traffic. Maroc Telecom therefore has established a plan to combat such fraud. However, Maroc Telecom cannot anticipate whether new means of fraud will develop, which sectors potential offenders will attack, or what effects any such fraud might have.

Should Maroc Telecom fail to prevent such fraudulent acts, its traffic might decline, adversely affecting revenues and earnings.

The risks inherent in potential acquisitions by Maroc Telecom of telecoms companies or licenses could have an impact on Maroc Telecom's activities

In order to extend its geographical footprint, Maroc Telecom could acquire telecoms companies or licenses in other countries. Such operations necessarily involve risks. If Maroc Telecom does not achieve the results expected from such transactions, its business and earnings could be affected. In particular, Maroc Telecom could:

- Carry out acquisitions under financial or operating terms that might prove unfavorable;
- Experience difficulties in consolidating acquisitions;
- Fail to retain key talent in the companies acquired or to recruit skilled employees as needed;
- Fail to achieve the expected synergies or economies of scale;
- Make investments in countries where the political, economic, or legal environment involves particular risks, such as civil or military unrest, the absence of effective or comprehensive protection of shareholders'rights, or disagreements with other major shareholders, including public authorities, concerning the management of the companies acquired;
- Fail to adapt to the culture of the countries in which such companies would be acquired.

Maroc Telecom's activities outside Morocco could entail additional risks

In pursuing its international activities, Maroc Telecom could experience risks, such as:

- Fluctuations in exchange rates and devaluation of certain currencies;
- Restrictions on the repatriation of capital;
- Unexpected changes in the regulatory environment;
- Diverse tax measures that could have an adverse effect on Maroc Telecom's earnings or cash flow;
- Local economic and political conditions.

In all of its markets, Maroc Telecom could fail to retain key employees or to hire skilled personnel, a failure that could materially impact the Company's operations and its ability to adapt to its environment

Maroc Telecom's performance is extremely dependent on the abilities and services provided by its management team, which has significant experience and knowledge of the telecommunications industry. The loss of key managers could have a significant adverse impact on Maroc Telecom's ability to implement its business strategy.

Maroc Telecom and its performance are also dependent on skilled personnel with the experience and engineering or sales capabilities required for the development of its business. Maroc Telecom's ability to adapt its services, products, and sales offerings, whether for fixed-line or mobile communications, is extremely dependent on competent and skilled teams being present in each market segment.

Failure by Maroc Telecom to retain key management, marketing, or engineering personnel could adversely affect the Company's business, and its earnings could diminish substantially.

The transfer of staff to other countries in which Maroc Telecom operates could also lead to a loss of expertise on the Company level, if Maroc Telecom failed to maintain sufficient knowledge and consistency in the management of its strategic businesses.

3.4.2 REGULATORY RISKS

The interpretation of existing regulations and the adoption of new statutory standards could materially impact Maroc Telecom's operations

The regulatory environment of the telecommunications industry in Morocco and the countries where the group operates is undergoing constant change.

Act 24-96 and its implementing provisions, as amended and supplemented, and revisions under way could be interpreted in such a manner as to materially impact the activity of Maroc Telecom and bring about a decline in revenues and earnings.

Future regulatory changes, as defined in the guidelines memo for 2013, and the draft amendment of current regulations could have material impact Maroc Telecom's business as follows:

- The implementation of unbundling;
- The increased requirements to share access and infrastructures;
- Increased price controls for Maroc Telecom's consumer offers and promotions, and strict regulatory controls for advertising and service quality could restrict its commercial freedom, particularly its ability to launch aggressive promotional offers;
- The rules for occupying the public domain could change unfavorably for Maroc Telecom.

New rules for urban planning of new subdivisions could have undesirable consequences for Maroc Telecom. Similarly, the implementation of the decision relating to the identification of 2G and 3G subscribers might result in consequences that Maroc Telecom could not have anticipated.

The increase in the number of market participants could weaken Maroc Telecom's position in the telecommunications-services market

The existence of two full-service operators that share the telecommunications market with Maroc Telecom intensifies competition in all market segments in Morocco. Maroc Telecom's market share could therefore shrink, with a concomitant increase in customer acquisition and retention costs, resulting in lower revenues and earnings.

Maroc Telecom could also be affected by regulatory decisions enabling other operators (i) to enter the telecommunications market on terms less onerous than those imposed on Maroc Telecom, and (ii) gain access to the Maroc Telecom network on favorable terms. An operator or other market participant could provide telecommunications services without having to bear the same obligations as Maroc Telecom, while enjoying the benefit of the latter's infrastructure, thereby enabling the operator or market participant to target highly profitable markets to the detriment of Maroc Telecom.

The guidelines memo for 2013 provides for the arrival of a new generation of operators and/or infrastructure operators, as from 2011. To date, no new operator has arrived. In addition, a study under way on wholesale markets aims to examine the opportunities and market-entry conditions for new players, such as MVNOs.

Maroc Telecom’s business could be affected by regulatory pressure in the markets in which its subsidiaries operate

In most countries where Maroc Telecom operates, it must comply with regulations relating to the conduct of its activity, the obtaining of licenses, and control by authorities, all of which are designed to ensure fair competition.
Major changes in the nature, interpretation, or application of these regulations by the governmental, legal, or regulatory authorities, particularly as regards competition law, could result in additional expense for Maroc Telecom or cause it to modify its service, resulting in material impact on its activity, earnings, and growth outlook.
If Maroc Telecom were unable to obtain the licenses it needs to carry out, continue, and develop its activities in good time and at a reasonable cost, and if it were unable to retain them, in particular for noncompliance with commitments made in return for obtaining those licenses, its ability to reach strategic objectives could be adversely affected.
The rise in regulatory fees and special taxes in countries where Maroc Telecom does business also constitutes a risk factor.

Maroc Telecom could be penalized by the market authorities for noncompliance with regulatory requirements

Maroc Telecom is incorporated under Moroccan law; its shares are listed on the Casablanca and Paris stock exchanges. The Company must therefore comply with all regulatory requirements as regards informing the public and protecting investors, and must respect commitments it has made to the market authorities of both exchanges.
In general, Maroc Telecom believes that it complies with all regulations in force in both markets. In the event of noncompliance, the Company would be subject to penalties and fines that could affect its earnings and financial position.

Maroc Telecom might be unable to deduct certain allowances for doubtful accounts

The amount of doubtful accounts for which Maroc Telecom has made allowances is deductible from its taxable profit, subject to the presentation of evidence that legal action has been taken against the debtors. Maroc Telecom has not initiated such legal action against all of the debtors for which it has made allowances. If the deductibility of such allowances for doubtful accounts below a certain threshold were to be challenged, the Company’s earnings and profits could be adversely affected.

The Company could be influenced by Vivendi, which is a major shareholder whose interests may sometimes differ from those of the Company’s other shareholders

Vivendi holds a majority of the Company’s voting rights. As a result, Vivendi controls all decisions requiring the approval of shareholders acting by simple majority of votes.
The interests of Vivendi with respect to these matters and the factors that it will take into account when exercising its voting rights may not be consistent with those of the Company’s other shareholders.

3.4.3 MARKET RISKS

In accordance with its cash-management policy, Maroc Telecom does not invest in stocks, equity mutual funds, or derivatives. Maroc Telecom invests its cash with financial institutions, either in sight deposits or term deposits. The counterparty-exposure limits for each financial institution are approved by the Management board.
For market risks (foreign-exchange, interest-rate, and equity risks), see section 4.2.3, “Disclosure of qualitative and quantitative information on market risk.” For liquidity risk, see note 32, “Risk management,” in the notes to the consolidated financial statements.
Information on interest-rate risk management and a sensitivity analysis regarding the group’s reaction to interest-rate movements are set out in note 32, “Risk management,” in the notes to the consolidated financial statements.

4

2012 Financial report

4.1. CONSOLIDATED FINANCIAL DATA FOR THE PAST THREE YEAR

Maroc Telecom group's consolidated financial data is summarized in the following table. Selected financial data from the three fiscal years ended December 31, 2010, 2011, and 2012, 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)	2010 adjusted	2011	2012
Revenues	**31,617**	**30,837**	**29,849**
Operating expenses	17,290	18,461	18,892
Earnings from operations	**14,327**	**12,375**	**10,957**
Earnings from continuing operations	14,270	12,333	10,930
Net earnings	**9,941**	**8,447**	**7,279**
Attributable to equity holders of the parent	9,533	8,123	6,705
Earnings per share (in MAD)	10.8	9.2	7.6
Diluted earnings per share (in MAD)	10.8	9.2	7.6
Diluted earnings per share (in MAD)	10.8	9.2	7.6

Statement of financial position

ASSETS (In MAD millions)	12/31/2010 adjusted	12/31/2011	12/31/2012
Noncurrent assets	34,866	35,743	36,122
Current assets	12,221	12,898	11,825
TOTAL ASSETS	**47,088**	**48,641**	**47,948**

SHAREHOLDERS' EQUITY AND LIABILITIES (In MAD millions)	12/31/2010 adjusted	12/31/2011	12/31/2012
Share capital	5,275	5,275	5,275
Shareholders' equity, group share	18,996	17,781	16,294
Noncontrolling interests	4,396	4,304	4,399
Shareholders' equity	23,392	22,085	20,693
Noncurrent liabilities	3,339	2,838	1,954
Current liabilities	20,357	23,718	25,302
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**47,088**	**48,641**	**47,948**

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. The following table sets out the MAD/EUR exchange rates used in the Vivendi group's consolidated financial statements for the years 2010, 2011, and 2012.

For 1 euro	12/31/2010	12/31/2011	12/31/2012
Period-end rate used for the balance sheet	11.1353	11.1181	11.1516
Average rate used for the income statement	11.1671	11.2569	11.1010

(Source : Vivendi)

The above exchange rates are provided for convenience only. The group does not claim that the amounts denominated in Moroccan dirhams were, could have been, or could be converted into euros at such exchange rates or at any other rate. For information relating to the impact of foreign-exchange fluctuations on the group's earnings, see section 4.2.3 "Qualitative and quantitative information on market risk."

The following table sets out selected consolidated financial data for Maroc Telecom group in euros, translated at the exchange rates used for Vivendi group's consolidated financial position and earnings for the years 2010, 2011, and 2012.

Statement of comprehensive income

(In € millions)	2010 adjusted	2011	2012
Revenues	**2,831**	**2,739**	**2,689**
Cost of purchases	1,548	1,640	1,702
Earnings from operations	**1,283**	**1,099**	**987**
Earnings from continuing operations	1,278	1,096	985
Net earnings	**890**	**750**	**656**
Attributable to equity holders of parent	854	722	604
Earnings per share (in euro)	1.0	1.0	0.7
Diluted earnings per share (in euro)	1.0	1.0	0.7

Statement of financial position

ASSETS (In € millions)	12/31/2010 adjusted	12/31/2011	12/31/2012
Noncurrent assets	3,131	3,215	3,239
Current assets	1,098	1,160	1,060
TOTAL ASSETS	**4,229**	**4,375**	**4,300**

SHAREHOLDERS' EQUITY AND LIABILITIES (In € millions)	12/31/2010 adjusted	12/31/2011	12/31/2012
Share capital	474	474	473
Shareholders' equity, group share	1,706	1,599	1,461
Noncontrolling interests	395	387	394
Shareholders' equity	2,101	1,986	1,856
Noncurrent liabilities	300	255	175
Current liabilities	1,828	2,133	2,269
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**4,229**	**4,375**	**4,300**

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, 2010, 2011, and 2012.

4.2.1 SCOPE OF CONSOLIDATION

At December 31, 2012, 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.

The following entities are not or are no longer consolidated by Maroc Telecom group in its financial statements:

Médi 1Sat

The Medi-1-Sat company was established to produce and broadcast TV programs in French and Arabic. The channel began broadcasting on December 1, 2006.
Medi-1-Sat has been accounted for by the equity method since 2006. At December 31, 2008, Maroc Telecom held a 36.8% equity interest in the company. After a series of capital transactions in 2009, Maroc Telecom's equity interest in Medi-1-Sat fell to 30.5% at December 31, 2009, to 4.79% in 2010, and to 3.39% in 2011. Since December 2010, Medi-1-Sat has no longer been accounted for by the equity method in group financial statements.

Other nonconsolidated investments

Maroc Telecom's other nonconsolidated investments include an equity interest in ArabSat, which operates and distributes telecommunications systems, MT FLY, and other noncontrolling interests. These companies are not consolidated because their results do not have a material impact on Maroc Telecom group's financial statements.

4.2.2 COMPARISON OF RESULTS BY GEOGRAPHICAL AREA

Note:
The comparable basis reflects constant exchange rates among the MAD, Mauritanian Ouguiya, and CFA Franc currencies. Results by geographical area are as follows:

(In MAD millions)	2010 restated	2011	2012
Revenues [1]	**31,617**	**30,837**	**29,849**
Morocco	26,191	25,030	23,178
International	5,572	6,066	7,079
Mauritania	1,184	1,202	1,375
Burkina Faso	1,764	1,733	2,067
Gabon	1,044	1,047	1,291
Mali	1,575	2,123	2,422
Mobisud	28	0	0
Earnings from operations before depreciation and amortization	**18,605**	**16,996**	**16,703**
Morocco	16,217	14,557	13,414
International	2,388	2,439	3,290
% Revenues	**58.8%**	**55.1%**	**56.0%**
Earnings from operations	**14,327**	**12,375**	**10,957**
Morocco	13,209	11,262	9,219
International	1,118	1,113	1,738
% Revenues	**45.3%**	**40.1%**	**36.7%**
Net earnings, group share	**9,532**	**8,123**	**6,705**
% Revenues	**30%**	**26%**	**22%**
CAPEX	**6,535**	**5,793**	**5,385**
Morocco	4,253	3,882	3,792
International	2,281	1,911	1,592

[1] Group revenues net of eliminations

4.2.2.1 Comparison of financial data for fiscal years 2011 and 2012

4.2.2.1.1 Group Consolidated results

Revenues

At December 31, 2012, Maroc Telecom group had consolidated revenues of MAD 29,849 million, a decline of 3.2% from revenues in 2011 (-3.0% like for like). This performance is attributable to lower revenue in Morocco (-7.4%), where mobile price cuts and reduced termination rates were only partially compensated for by strong growth (17%) in international revenue.

Group revenues in the fourth quarter declined by 3.9% from the previous year, to MAD 7,332 million.
The group customer base came to just under 33 million customers, a strong rise of 13.5% from the previous year. This excellent momentum is due mainly to growth in the international customer base, up 30% year on year, to 13.1 million customers.

Earnings from operations before depreciation and amortization

In 2012, Maroc Telecom group's earnings from operations before depreciation and amortization (EBITDA) amounted to MAD 16,703 million, 1.7% less than in 2011 (-1.6% like for like). The 7.9% decline in EBITDA in Morocco was compensated for by strong growth (+35%, and +36% like for like) in international EBITDA. However, with gross margin up 1.3 pts and operating expenses down 1.5%, the EBITDA margin improved by 0.8 pts from the previous year, to a substantial 56.0%.
In the fourth quarter, EBITDA came to MAD 4,177 million, a rise of 1.4% from EBITDA in 2011 (+1.6% like for like).

Earnings from operations

At December 31, 2012, Maroc Telecom group's consolidated earnings from operations (EBITA) amounted to MAD 10,957 million, down 11.5% from a year earlier (-11.4% like for like). Excluding restructuring costs, earnings from operations came to MAD 11,835 million. This decline of 4.4% year on year (-4.3% like for like) nevertheless resulted in a substantial margin of 39.6%, down a modest 0.5 pts. Higher amortization and depreciation charges (+5.2%) for major capital expenditure programs carried out in recent years, particularly outside Morocco, explain the decline in earnings from operations.

An additional restructuring charge of MAD 77 million was booked in fourth-quarter 2012, after the completion of the voluntary redundancy plans in Mali and Mauritania. This charge came in addition to a charge for MAD 800 million recognized in second-quarter 2012 in Morocco, bringing total restructuring charges to MAD 877 million for FY 2012 and accounting for the departure effective December 31, 2012, of 1,521 employees (i.e., 11.2% of group headcount).

Net income

Maroc Telecom group's share of net income in 2012 amounted to MAD 6,705 million, down 17% (-17% like for like) because of restructuring charges and a nonrecurrent contribution of MAD 204 million to the Moroccan solidarity fund.

Excluding those items, net income fell 7.7%, to MAD 7,496 million.
Distributable earnings for the same period amounted to MAD 6,505 million, down 20%, compared with 2011.

Capital expenditure

In 2012, capital expenditure reached MAD 5,385 million, a decline of 7%.

4.2.2.1.2 Activities in Morocco

IFRS in millions MAD	2011	2012
Revenues	**25,030**	**23,178**
Mobile	**18,935**	**17,477**
Services	18,182	16,979
Equipment	753	498
Fixed line	**7,432**	**6,669**
Fixed-line Data[2]	1,695	1,757
Elimination	**-1,337**	**-968**
Earnings from operations before depreciation and amortization	**14,557**	**13,414**
Margin (%)	58.2%	57.9%
Earnings from operations – before restructuring	**11,262**	**10,020**
Margin (%)	45.0%	43.2%
Earnings from operations	**11,262**	**9,219**

[2] Fixed-line data include internet, ADSL TV, and Data services to businesses

Activities in Morocco in 2012 generated revenue of MAD 23,178 million, a decline of 7.4% attributable to the impact of additional price cuts in the mobile segment, successive reductions in mobile termination rates (in January and July 2012), and the cannibalization of fixed revenue by the mobile segment.
Earnings from operations before depreciation and amortization (EBITDA) amounted to MAD 13,414 million, a decline of 7.9%, with the EBITDA margin nearly stable (-0.3 pts) at a substantial 57.9%. This performance was the result of a determined policy to reduce subsidies on handset sales, a policy that raised the gross margin by 0.8 pts and lowered operating expenses by 2.9%, much of which was attributable to the initial effects of the voluntary redundancy plan.
Earnings from operations (EBITA) declined 18%, to MAD 9,219 million. Excluding restructuring charges, EBITA declined by 11.0%, to MAD 10,020 million, resulting in a 43.2% margin. This change can be explained by the decline in earnings from operations before depreciation and amortization (EBITDA) and by the 1.9% rise in depreciation charges for significant capital expenditures carried out in recent years.

Mobile

	Unit	2011	2012
Mobile			
Parc	**(000)**	**17,126**	**17,855**
Prepaid	(000)	16,106	16,656
Postpaid	(000)	1,019	1,199
o/w 3G internet	(000)	1,102	1,546
ARPU	**(MAD per month)**	**87.3**	**78.6**
Data in % of ARPU	(%)	9.6%	11.1%
MOU	**(Min/month)**	**85**	**122**
Churn	**(%)**	**23.3%**	**20.8%**
Prepaid	(%)	24.8%	22.2%
Postpaid	(%)	13.4%	15.5%

The mobile segment in 2012 generated revenues of MAD 17,477 million (-7.7%). Mobile revenues came to MAD 4,184 million in the fourth quarter, a year-on-year decline of 9.1% attributable to the economy and to an unfavorable competitive environment.

The mobile customer base grew 4.3% from the previous year, to 17.855 million customers. This rise was due to the 3.4% growth in the prepaid customer base (+550,000 customers) and to solid momentum from the high-value postpaid customer base (+180,000 customers), each the result of marketing actions taken to enhance the product offer and to encourage the migration of prepaid customers to subscription plans. The churn rate has improved substantially, to 20.8% (-2.5 pts from 2011).

With Maroc Telecom's price cuts of 34% raising outgoing consumption by 42%, outgoing mobile revenues declined by 4.7% from a year earlier. Revenues from mobile services fell by 6.6% because of the 14.3% decline in incoming revenues due to reductions in Maroc Telecom mobile termination rates carried out in two tranches since January 1, 2012, including one of 30% on July 1, 2012, for total reductions of 56% over 12 months. Equipment revenues fell by 34% as a result of Maroc Telecom's determination to limit its acquisition costs.

Blended ARPU for 2012 came to MAD 79 (-10.0%), with outgoing ARPU down by 7.8%. The impact of substantial price cuts in the mobile segment, of reduced termination charges, and of customer-base growth was partially compensated for by a strong rise in outgoing voice consumption (+42%) and by growth in Data services, which represent 11.1% of ARPU (+1.5 pts more than in 2011).
The 3G mobile internet customer base grew 40%, to 1.5 million customers at December 31, 2012, confirming Maroc Telecom's leadership position. At December 31, 2012, Maroc Telecom's market share in the mobile segment stood at just under 47.2% (source: ANRT).

Fixed line and Internet

	Unit	2011	2012
Fixed line			
Fixed lines	**(000)**	**1,241**	**1,269**
Broadband access	**(000)**	**591**	**683**

At December 31, 2012, the Fixed-line and Internet activities in Morocco had generated revenues of MAD 6,669 million, a decline of 10.3% year on year. This performance reflects the sharp decline in public telephony—still subject to aggressive competition from the mobile segment—and the reduction in the first half of the year of fixed-line rates, now relatively unattractive after the completion of significant price cuts in the mobile segment. Note that in fourth-quarter 2012 the decline in Fixed-line revenues slowed dramatically, ending at -6.3%, compared with -12.4% in third-quarter 2012.

Revenues from Fixed-line Data rose 3.6%, to MAD 1,757 million, while customer-base growth more than compensated for price cuts. At December 31, 2012, the fixed-line customer base in Morocco had grown by 2.3% year on year, to 1.269 million lines. Strong growth (+16%, to 683,000 subscribers) in the ADSL customer base was underpinned by enhanced rate plans and doubled bandwidth for the same price.

4.2.2.1.3 International activities

IFRS in MAD millions	2011	2012
Revenues	**6,066**	**7,079**
Mauritania	**1,202**	**1,375**
Mobile services	1,033	1,257
Burkina Faso	**1,733**	**2,067**
Mobile services	1,401	1,694
Gabon	**1,047**	**1,291**
Mobile services[3]	510	688
Mali	**2,123**	**2,422**
Mobile services	1,767	2,055
Elimination	**-39**	**-76**
Earnings from operations before depreciation and amortization	**2,439**	**3,290**
Margin (%)	40.2%	46.4%
Earnings from operations	**1,113**	**1,738**
Margin (%)	18.3%	25.6%

[3] Revenues generated by Gabon Telecom's inbound and outbound mobile international call traffic are accounted for directly under mobile activity for 2012, whereas before they were recorded as transit revenues of Gabon Telecom's fixed-line operations. Data for 2011 have therefore been adjusted to reflect this change.

Maroc Telecom group's international operations grew strongly in 2012 (+17%, and +18% like for like), with revenues totaling MAD 7,079 million. This performance—despite economic and political difficulties in Mali—was the combined result of a very strong expansion of mobile customer bases (+32%), enhanced plan offers, and increased customer consumption. The competitive environment was stable in 2012.

Earnings from operations before depreciation and amortization (EBITDA) grew by 35% year on year (+36% like for like), to MAD 3,290 million. EBITDA margin (46.4%) rose by 6.2 pts as a consequence of gross-margin growth of 1.4 pts and a moderate rise (1.9%) in operating expenses (+2.7% like for like).

Earnings from operations (EBITA) amounted to MAD 1,738 million, up 56% (+57% like for like) from the previous year. Excluding total restructuring charges of MAD 77 million for voluntary redundancy plans carried out in Mauritania and Mali, earnings from operations came to MAD 1,815 million, up 63% and representing a margin of 25.6%. This change can be explained by growth in earnings from operations before depreciation and amortization (EBITDA), despite a 13.6% rise in depreciation charges (+14.7% like for like) for significant capital expenditure in recent years.

Mauritania

	Unit	2011	2012
Mobile			
Customer base	(000)	1,747	2,013
ARPU	(MAD per month)	47.1	53.3
Fixed lines	**(000)**	**41**	**41**
Broadband access	**(000)**	**7**	**7**

At December 31, 2012, activities in Mauritania had generated annual revenues of MAD 1,375 million, a rise of 14.3% (+12.6% like for like) reinforced by the Mobile segment, whose service revenues advanced 22% (+20% like for like) in the wake of growth of the mobile customer base (+15%), the increase in outgoing consumption (+11%), and the stabilization of rates (-1.2%). The fixed-line customer base was stable, at 41,245 lines, while the internet customer base expanded 2.5%, to 6,887 clients.

Burkina Faso

	Unit	2011	2012
Mobile			
Customer base	(000)	2,971	3,872
ARPU	(MAD per month)	40.7	39.5
Fixed lines	**(000)**	**142**	**141**
Broadband access	**(000)**	**31**	**30**

Despite price cuts of 17%, operations in Burkina Faso generated revenues of MAD 2,067 million, 19% more than revenues in 2011 (+21% like for like). This growth was a consequence of expansion in the mobile customer base (+30%) and an increase in outgoing consumption (+13.6%). The fixed-line customer base was stable, at nearly 141,000 customers, while the internet customer base declined by 3.6%, to just under 30,000 clients.

Gabon

	Unit	2011	2012
Mobile			
Customer base	(000)	532	777
ARPU	(MAD per month)	97.8	79.2
Fixed lines	**(000)**	**22**	**18**
Broadband access	**(000)**	**24**	**8**

Revenues in Gabon amounted to MAD 1,291 million, 23% more than revenues in 2011 (+25% like for like). They were generated mainly by strong growth in the mobile segment, whose service revenues rose 35% (+37% like for like) because of substantial growth in the mobile customer base. Gabon Telecom also benefited from Gabon and Guinea's hosting of the Africa Cup of Nations at the beginning of 2012.

As a result of sustained marketing actions and network expansion, the mobile customer base grew by 46%. The Fixed-line (-20%) and Internet (-67%) customer bases decreased after an update of the CDMA prepaid customer bases.

Mali

	Unit	2011	2012
Mobile			
Customer base	(000)	4,376	6,023
ARPU	(MAD per month)	45.3	33.2
Fixed lines	**(000)**	**94**	**98**
Broadband access	**(000)**	**37**	**45**

Despite the political turmoil that has embroiled the country, activities in Mali generated revenues in 2012 of MAD 2,422 million, a rise of 14.1% (+16% like for like) attributable to very strong growth in Mobile (+38%), Fixed-line (+4.8%), and Internet (+21%) customer bases. Fourth-quarter revenues in Mali grew by 8.7% year on year (+9.8% like for like).

4.2.2.2 Comparison of financial data for 2010 and 2011

4.2.2.2.1 Group consolidated results

Revenues

In 2011, Maroc Telecom group generated consolidated revenues of MAD 30,837 million, a decline of 2.5% year on year and 2.3% like for like. This decline is the result of lower revenues in Morocco (-4.4%), in an operating environment of extreme price cuts in the mobile segment, compensated for partly by solid growth in international business (+8.9%).

Earnings from operations before depreciation and amortization

At December 31, 2011, Maroc Telecom group EBITDA amounted to MAD 16,996 million, a decline of 8.6% from a year earlier (-8.6% like for like). This performance was the result of a decrease of EBITDA in Morocco, partially compensated for by a slight increase (2.1%, or 2.8% like for like) in international-business EBITDA. The EBITDA margin nonetheless remains high, at 55.1%.

Earnings from operations

Maroc Telecom group's consolidated adjusted earnings from operations before depreciation and amortization (EBITA) in 2011 amounted to MAD 12,375 million, 13.6% less than earnings from operations in 2010 (-13.6% like for like). This decline is the result of lower earnings from operations before depreciation and amortization, and of higher amortization expenses related to substantial capital expenditure in Morocco and abroad.

Net earnings and distributable earnings

Maroc Telecom group's share of net earnings for 2011 came to MAD 8,123 million, 14.8% less than in 2010 (-14.8% like for like). This decline is the result of lower EBITA and higher financial costs (+21%).
Distributable earnings for 2011 amounted to MAD 8,140 million, 12.7% less than in 2010.

Capital expenditure

In 2011, capital expenditures decreased by 11.4%, to MAD 5.8 billion

4.2.2.2.2 Activities in Morocco

IFRS in MAD millions	2010	2011
Revenue	**26,191**	**25,030**
Mobile	**19,649**	**18,935**
Services	18,512	18,182
Equipment	1,137	753
Fixed line	8,533	7,432
Elimination	**-1,991**	**-1,337**
Earnings from operations before depreciation and amortization	**16,217**	**14,557**
Margin (%)	61.9%	58.2%
Earnings from operations	**13,209**	**11,262**
Margin (%)	50.4%	45.0%

In 2011, group activities in Morocco generated net revenues of MAD 25,030 million, a decrease of 4.4%.

Earnings from operations before depreciation and amortization (EBITDA) reached MAD 14,557 million, 10.2% less than in the previous year. It is noteworthy that overall direct and operating costs, excluding the sharp increase in taxes and regulatory fees, rose by only 1.8%, despite growth of 24% in voice-call traffic on the Maroc Telecom mobile network.
Earnings from operations before amortization (EBITA) amounted to MAD 11,262 million, 14.7% less than in the previous year. This change was due to lower EBITDA and higher (+5.9%) depreciation costs for significant capital expenditures carried out in recent years.

Mobile

	Unit	2010	2011
Mobile			
Parc	**(000)**	**16,890**	**17,126**
Prepaid	(000)	16,073	16,106
Postpaid	(000)	817	1,019
3G internet	(000)	549	1,102
ARPU	**(MAD per month)**	**93**	**87**
Data in % of l'ARPU	(%)	8.6%	9.6%
MOU	**(Min/month)**	**70**	**85**
Churn	**(%)**	**29.0%**	**23.3%**
Postpaid	(%)	13.4%	13.4%
Prepaid	(%)	30.2%	24.8%

At December 31, 2011, revenues from the mobile segment had declined year on year by 3.6%, to MAD 18,935 million.

With price cuts of 25% that encouraged a 27% rise in consumption in the Maroc Telecom mobile segment, service revenues were down only slightly (-1.8%) from 2010, whereas equipment sales declined by 33.8% because of Maroc Telecom's desire to limit purchase costs.

Blended ARPU in 2011 amounted to MAD 87.3, a decline of 6.2%. The impact of severe price reductions in the mobile segment and of lower call-termination charges were partially compensated for by a rise in voice usage and by data-service growth, which account for 9.6% of ARPU.

Fixed-line and Internet

	Unit	2010	2011
Fixed line			
Fixed lines	**(000)**	**1,231**	**1,241**
Broadband access	**(000)**	**497**	**591**

Fixed-line and Internet activities in Morocco generated gross revenue of MAD 7,432 million in 2011, an annual decline of 12.9% mainly due to lower fixed-line call traffic, which is under heavy pressure from mobile traffic, and because of lower rates for Maroc Telecom's lines leased by fixed-line to mobile operations. Revenues from Fixed-line Data were nearly unchanged, at MAD 1,695 million, with price cuts compensated for by growth in customer bases.

4.2.2.2.3 International activities

IFRS in MAD millions	2010	2011
Revenue	**5,572**	**6,066**
Mauritania	**1,184**	**1,202**
Mobile services	1,013	1,033
Burkina Faso	**1,764**	**1,733**
Mobile services	1,292	1,401
Gabon	**1,044**	**1,047**
Mobile services	562	510
Mali	**1,575**	**2,123**
Mobile services	1,244	1,767
Elimination	**-24**	**-39**
Earnings from operations before depreciation and amortization	**2,388**	**2,439**
Margin (%)	42.9%	40.2%
Earnings from operations	**1,118**	**1,113**
Margin (%)	20.1%	18,3%

In 2011, Maroc Telecom group's international activities generated revenues of MAD 6,066 million, an increase of 8.9% (+10.1% like for like). This performance, in an intensely competitive operating environment, was the result of very strong growth in mobile customer bases (+41%) and of higher consumption by customers.

Earnings from operations (EBITA) declined by 0.5% on an annual basis (+0.6% like for like), to MAD 1,113 million.

Mauritania

	Unit	2010	2011
Mobile			
Customer base	(000)	1,576	1,747
ARPU	(MAD per month)	53.6	47.1
Fixed lines	**(000)**	**41**	**41**
Broadband access	**(000)**	**7**	**7**

In 2011, Maroc Telecom's Mauritanian businesses generated revenues of MAD 1,202 million, an increase of 1.6% (8.0% like for like). This rise is attributable to steady growth in the mobile customer base (+10.9%) and to an increased share in international tariffs.

Burkina Faso

	Unité	2010	2011
Mobile			
Customer base	(000)	2,397	2,971
ARPU	(MAD per month)	53.3	40.7
Fixed lines	**(000)**	**144**	**142**
Broadband access	**(000)**	**28**	**31**

At December 31, 2011, Maroc Telecom's businesses in Burkina Faso had generated annual revenues of MAD 1,733 million, a decline of 1.8% (-2.6% like for like) attributable to deep price cuts made in the second half of 2010. The second half of 2011 brought renewed activity in Burkina Faso, with revenue growth of 4.8% in the fourth quarter.

Gabon

	Unit	2010	2011
Mobile			
Customer base	(000)	699	532
ARPU	(MAD per month)	72.1	97.8
Fixed lines	**(000)**	**27**	**22**
Broadband access	**(000)**	**22**	**24**

Maroc Telecom's business in Gabon stabilized in 2011, after a sharp decline in prices in 2010. Revenues amounted to MAD 1,047 million, an increase of 0.2% (-0.6% like for like). The operating environment remains intensely competitive.

Mali

	Unit	2010	2011
Mobile			
Customer base	(000)	2,162	4,376
ARPU	(MAD per month)	67.1	45.3
Fixed lines	**(000)**	**79**	**94**
Broadband access	**(000)**	**20**	**37**

At December 31, 2011, Maroc Telecom's annual revenues from business activities in Mali amounted to MAD 2,123 million, a rise of 34.8% (33.7% like for like), because of strong growth in the mobile customer base (+102%) underpinned by an expanded network and by the development of new products.

4.2.3 QUALITATIVE AND QUANTITATIVE INFORMATION ON MARKET RISK

The group is exposed to various market risks related to its business.

Foreign-exchange risk

Maroc Telecom group is exposed to fluctuations in exchange rates, to the extent that the composition of its foreign-currency receipts varies considerably from that of its foreign-currency disbursements.

Maroc Telecom's foreign-currency receipts indicate revenues from international operations, while foreign-currency disbursements indicate payment to international suppliers (in particular capital expenditures and acquisition of handsets) and for interconnection with foreign operators. These disbursements are denominated mainly in euros. At December 31, 2012, the portion of euro-denominated disbursements (excluding subsidiaries) accounted for 51% of the MAD 2,719 million in total foreign-currency disbursements. The value of foreign-currency disbursements was less than that of foreign-currency receipts, which amounted to MAD 3,468 million in 2012.

Maroc Telecom group is not allowed to net its foreign-currency disbursements and receipts. Moroccan law allows the group to hold only 70% of its foreign-currency telecom receipts in a foreign-currency account; the remaining 30% must be converted into Moroccan dirhams. Consequently, Maroc Telecom group's earnings may be affected by fluctuations in exchange rates, in particular the Moroccan dirham against the US dollar and the euro.

In 2012, the euro appreciated by 0.4% against the Moroccan dirham (from MAD 11.1055 for 1 euro at December 31, 2011, to MAD 11.1475 for 1 euro at December 31, 2012). Over the same period, the US dollar depreciated by 2%, from MAD 8.5772 for 1 US dollar in 2011 to MAD 8.4335 for 1 US dollar in 2012.

The following table shows the group's principal foreign-currency positions at December 31, 2012.

(In local currency millions)	euro /CFA franc	USD	MRO	Other	Total foreign currencies	MAD	TOTAL
Total assets	15,578	49	1,672		**17,299**	30,650	**47,948**
Total liabilities	-15,675	-257	-1,575		**-17,507**	-30,565	**-48,071**
Net position	**-97**	**-208**	**97**	**0**	**-208**	**85**	**-123**

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, 2012.

(In millions)	EURO	USD	Other currencies (against the euro)*
Assets	121	23	0
Liabilities	-123	-104	-2
Net position	**-2**	**-80**	**-2**
Commitments	142	161	3
Net aggregate position	**139**	**81**	**1**

**1 euro = 11.1475 Moroccan dirhams (average exchange rate of Bank-Al Maghrib at December 31, 2012).*

Notes:
1. The other main currencies are the Japanese Yen (YEN), the Swiss Franc (CHF), and the Swedish Krona (SEK).
2. Net foreign-currency positions in EUR and USD are calculated by applying the proportion of each currency's cash inflows received in 2012 to the amount of receivables and payables in special drawing rights (SDR) relating to foreign telecoms operators at December 31, 2012.
3. The breakdown by currency of the balance of commitments relating to current agreements is based on the effective balances for such contracts.

Interest-risk

Net cash position by maturity:

2012

In MAD millions	<1 year	1-5 years	>5 years	Total
Bank loans	2,592	857	29	3,478
Bank overdrafts	4,667			4,667
Borrowings and financial liabilities	**7,259**	**857**	**29**	**8,145**
Cash and cash equivalents	964			964
Cash held for repayment of bank loans	70			70
Net cash	**-6,225**	**-857**	**-29**	**-7,111**

2011

(In MAD millions)	<1 year	1-5 years	>5 years	Total
Bank loans	2,773	1,735	47	4,555
Bank overdrafts	3,046			3,046
Borrowings and financial liabilities	**5,819**	**1,735**	**47**	**7,601**
Cash and cash equivalents	617			617
Cash held for repayment of bank loans	123			123
Net cash	**-5,080**	**-1,735**	**-47**	**-6,862**

2010

(In MAD millions)	<1 year	1-5 years	>5 years	Total
Bank loans	2,387	2,324	80	4,791
Bank overdrafts	564			564
Borrowings and financial liabilities	**2,950**	**2,324**	**80**	**5,354**
Cash and cash equivalents	788			788
Cash held for repayment of bank loans	225	22		247
Net cash	**-1,937**	**-2,302**	**-80**	**-4,319**

In accordance with Company policy, Maroc Telecom's financial debt is essentially on fixed-rate terms, and therefore the Company does not have significant exposure to interest-rate fluctuations, favorable or unfavorable. In addition, the Company does not use interest-rate hedging instruments.

Equity risk

The group does not have a significant portfolio of listed equities. As a result, there is no significant risk relating to fluctuations in the prices of securities or shareholdings.

4.2.4 TRANSITION FROM SEPARATE FINANCIAL STATEMENTS TO CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements are derived from the separate financial statements of Maroc Telecom and its subsidiaries, as prepared under the generally accepted accounting principles of each country. Various adjustments have been made to these separate financial statements, in compliance with IFRS consolidation and presentation requirements.

The main adjustments to the presentation of the statement of comprehensive income are the:
• Elimination of revenues related to cancelled subscriptions between the date of cancellation and the end of the subscription period;
• Recognition of resellers' commissions as consolidated operating expenses (these costs were initially netted against revenues in the separate financial statements);
• Reclassification of noncurrent items to earnings from operations, with the exception of adjustments of fixed-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: reclassification of inventory 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.
None of the above changes in presentation affect group earnings.
Other consolidation adjustments concern the elimination of statutory provisions, the calculation of deferred taxes, and all consolidation-related operations (e.g., elimination of interest in equity affiliates).

4.3 CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to European Regulation no. 1606/2002 of July 19, 2002, the consolidated financial statements of Maroc Telecom group have been prepared in accordance with the International Financial Reporting Standards (IAS/IFRS) endorsed by the European Union.

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STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012

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, 2012, the statement of comprehensive income, statement of changes in equity, and statement of cash flows for the fiscal year ended December 31, 2012, and a summary of significant accounting policies and other explanatory notes. These financial statements show an amount of consolidated shareholders' equity of 20,693 million dirhams including consolidated net earnings of 7,279 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' judgment, 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, 2012, and the financial performance and cash flows for the fiscal year ended December 31, 2012, in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union.

Without qualifying the aforementioned opinion, we draw your attention to Note 14 of the notes to the consolidated financial statements, relating to an IAM tax audit for the fiscal years 2005–2008 and outlining the position of the Company.

February 21, 2013

The Statutory auditors

KPMG	**Abdelaziz ALMECHATT**
Fouad LAHGAZI	Abdelaziz ALMECHATT
Partner	Partner

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS (in MAD millions)	Notes	12/31/2010 adjusted[4]	12/31/2011	12/31/2012
Goodwill	3	6,865	6,863	6,877
Other intangible assets	4	4,064	3,683	3,445
Property, plant, and equipment	5	23,378	24,850	25,476
Investments in equity affiliates	6	0	0	0
Noncurrent financial assets	7	444	297	266
Deferred tax assets	8	116	51	59
Noncurrent assets		**34,866**	**35,743**	**36,122**
Inventories	9	779	709	468
Trade accounts receivable and other	10	10,454	11,401	10,291
Short term financial assets	11	142	115	47
Cash and cash equivalents	12	788	617	964
Assets available for sale		58	56	56
Current assets		**12,221**	**12,898**	**11,825**
TOTAL ASSETS		**47,088**	**48,641**	**47,948**

SHAREHOLDERS' EQUITY AND LIABILITIES (in MAD millions)	Notes	12/31/2010 adjusted[4]	12/31/2011	12/31/2012
Share capital		5,275	5,275	5,275
Retained earnings		4,188	4,383	4,314
Net earnings		9,533	8,123	6,705
Equity attributable to shareholders of the parent	13	**18,996**	**17,781**	**16,294**
Noncontrolling interests		4,396	4,304	4,399
Shareholders' equity		23,392	22,085	20,693
Noncurrent provisions	14	668	701	692
Borrowings and other long-term financial liabilities	15	2,404	1,782	886
Deferred tax liabilities	8	123	218	244
Other noncurrent liabilities		143	138	132
Noncurrent liabilities		**3,339**	**2,838**	**1,954**
Trade accounts payable	16	17,017	17,600	17,394
Current tax liabilities		233	153	369
Current provisions	14	157	145	279
Borrowings and other short term financial liabilities	15	2,950	5,819	7,259
Current liabilities		**20,357**	**23,718**	**25,302**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**47,088**	**48,641**	**47,948**

[4] During the preparation and review of its 2011 financial statements, Maroc Telecom discovered an accounting error in the financial statements of its Burkina Faso subsidiary, Onatel, concerning recognition of the sale of Telmob cards via the Onatel agency network.
This error had in prior fiscal years resulted in the double recognition of distributor commissions for those sales and therefore an overstatement of revenues and trade receivables for the periods concerned. Fiscal years 2010 and prior have been restated in compliance with IAS 8 (see Note 1 of the 2011 Registration Document)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(In MAD millions)	Notes	2010 adjused	2011	2012
Revenues	17	31,617	30,837	29,849
Cost of purchases	18	-5,198	-5,556	-5,147
Payroll costs	19	-2,746	-2,796	-2,848
Taxes and duties	20	-928	-1,303	-1,429
Other operating income (expenses)	21	-3,827	-3,939	-4,436
Net depreciation, amortization, and provisions	22	-4,591	-4,869	-5,032
Earnings from operations		**14,327**	**12,375**	**10,957**
Other income and charges from ordinary activities		-57	-42	-27
Income from equity affiliates	23	0	0	0
Earnings from continuing operations		**14,270**	**12,333**	**10,930**
Income from cash and cash equivalents		37	20	8
Gross borrowing costs		-273	-331	-352
Net borrowing costs		-236	-311	-344
Other financial income and expenses		65	-16	-36
Net financial income (expense)	24	**-171**	**-327**	**-380**
Income tax	25	-4,158	-3,559	-3,272
Net earnings		**9,941**	**8,447**	**7,279**
Exchange gain or loss from foreign activities		-139	-12	-38
Other income and expenses		0	0	0
Total comprehensive income for the period		**9,803**	**8,435**	**7,241**
Net earnings		**9,941**	**8,447**	**7,279**
Attributable to equity holders of the parent		**9,533**	**8,123**	**6,705**
Noncontrolling interests	26	409	323	574
Total comprehensive income for the period		**9,803**	**8,435**	**7,241**
Attributable to equity holders of the parent		9,456	8,117	6,693
Noncontrolling interests	26	347	318	548

EARNINGS PER SHARE (in MAD)	Notes	2010 adjused	2011	2012
Net earnings attributable to equity holders of the parent (in MAD millions)		9,533	8,123	6,705
Number of shares at December 31		879,095,340	879,095,340	879,095,340
Net earnings per share	**27**	**10.8**	**9.2**	**7.6**
Diluted net earnings per share	**27**	**10.8**	**9.2**	**7.6**

CONSOLIDATED STATEMENT OF CASH FLOWS

(In MAD millions)	Notes	2010 adjused	2011	2012
Earnings from operations		14,327	12,375	10,957
Depreciation, amortization, and other adjustments		4,194	4,476	5,049
Gross cash from operating activities		**18,522**	**16,851**	**16,007**
Other changes in net working capital		1 ,255	40	896
Net cash from operating activities before tax		**19,776**	**16,890**	**16,902**
Income tax paid		-3,697	-4,173	-3,028
Net cash from operating activities (a)	12	**16,079**	**12,717**	**13,874**
Purchase of PP&E and intangible assets		-7,093	-5,285	-5,106
Purchases of consolidated investments after acquired cash		0	2	0
Investments in equity affiliates		0	0	0
Increase in financial assets		89	-3	-29
Disposals of PP&E and intangible assets		156	38	37
Decrease in financial assets		-304	151	99
Dividends received from nonconsolidated investments		1	3	1
Net cash used in investing activities (b)		**-7,151**	**-5,093**	**-4,998**
Capital increase		0	1	0
Dividends paid by Maroc Telecom	13	-9,065	-9,301	-8,137
Dividends paid by subsidiaries to their noncontrolling interests		-269	-333	-480
Changes in equity		**-9,333**	**-9,633**	**-8,617**
Borrowings and increase in other noncurrent financial liabilities		237	270	287
Payments on borrowings and decrease in other noncurrent financial liabilities		0	0	-72
Borrowings and increase in other current financial liabilities		149	2,946	1,991
Payments on borrowings and decrease in other current financial liabilities		-986	-1,060	-1,362
Change in net current accounts		1,173	24	-383
Net interest paid (cash only)		-236	-311	-344
Other cash expenses (income) used in financing activities		-13	-24	-19
Change in borrowings and other financial liabilities		**323**	**1,845**	**97**
Net cash used in financing activities (d)	12	**-9,010**	**-7,788**	**-8,520**
Translation adjustment and other noncash items (g)		**-5**	**-8**	**-11**
Total cash flows (a)+(b)+(d)+(g)	12	**-86**	**-171**	**346**
Cash and cash equivalents at beginning of period		**874**	**788**	**617**
Cash and cash equivalents at end of period	12	**788**	**617**	**964**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(In MAD millions)	Notes	Share capital	Other adjustments	Translation adjustment	Earnings and retained earnings	Total group share	Non-controlling interests	Total
Position (adj.) at January 1, 2010		**5,276**	**-187**	**-41**	**13,235**	**18,511**	**4,318**	**22,828**
Dividends					-9,065	-9,065	-269	-9,333
Net earnings					9,533	9,533	409	9,941
Translation gain or loss from foreign activities				-77	-77	-77	-62	-139
Total comprehensive income for the period		**0**	**0**	**-77**	**9,456**	**9,456**	**347**	**9,803**
Treasury stock			95		95	95		95
Other adjustments					0	0		0
Change in scope of consolidation	(*)							0
Position (adj.) at December 31, 2010		**5,276**	**-92**	**-118**	**13,721**	**18,996**	**4,396**	**23,392**
Dividends					-9,301	-9,301	-416	-9,717
Net earnings					8,123	8,123	323	8,447
Translation gain or loss from foreign activities				-7	-7	-7	-5	-12
Total comprehensive income for the period		**0**	0	-7	**8,117**	**8,117**	**318**	**8,435**
Treasury stock					-30	-30		-30
Other adjustments					-1	-1	6	5
Change in scope of consolidation	(*)							0
Position at December 31, 2011		**5,276**	**-92**	**-125**	**12,506**	**17,781**	**4,304**	**22,085**
Dividends					-8,137	-8,137	-453	-8,590
Net earnings					6,705	6,705	574	7,279
Translation gain or loss from foreign activities				-12	-12	-12	-26	-38
Total comprehensive income for the period					**6,693**	**6,693**	**548**	**7,241**
Treasury stock					-43	-43		-43
Other adjustments						0		0
Change in scope of consolidation	(*)					0		0
Position at December 31, 2012		**5,276**	**-92**	**-137**	**11,019**	**16,294**	**4,399**	**20,693**

At December 31, 2012, Maroc Telecom's share capital comprised 879,095,340 ordinary shares. Ownership of the shares was divided as follows:

- Kingdom of Morocco: 30%;
- Vivendi: 53% via the Société de Participation dans les Télécommunications (SPT);
- Other: 17%.

(*) Changes in the scope of consolidation: Casanet has been fully consolidated since January 1, 2011.
Retained earnings comprise mainly undistributed earnings from previous periods, including MAD 3,424 million at December 31, 2012, and net earnings (attributable to equity holders of the parent) from the current period.

NOTE 1. ACCOUNTING PRINCIPLES AND VALUATION METHODS

1. Significant events

• Implementation of a voluntary redundancy plan at Maroc Telecom in June 2012.

• Implementation of voluntary redundancy plans at the Mauritel and Sotelma subsidiaries.

• Introduction of a nonrecurrent tax in Morocco to finance a fund for solidarity and social unity (the expense for this new contribution in 2012 amounted to MAD 204 million).

• Change of corporate tax rate in Mali (lowered from 35% to 30% as of January 1, 2012).

2 Accounting principles and valuation methods

Group companies are consolidated on the basis of financial statements for the year ended on December 31, 2012, except for CMC, whose financial statements were for the year ended on June 30, 2012.

The financial statements and notes thereto were approved by the Management board on February 19, 2013.

2.1 Basis of preparation for the consolidated financial statements for 2010, 2011, 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, 2012, were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), applicable on December 31, 2012, as endorsed by the European Union (EU). For purposes of comparison, the 2012 financial statements also include financial information on 2010 and 2011.

The new standards, interpretations, and amendments issued by the IASB and mandatory in the European Union since January 1, 2012, have been applied.

2.2 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, 2012. The accounting standards applied to the consolidated financial statements do not differ from those issued by the International Accounting Standards Board (IASB).

The principal IFRS standards and IFRIC interpretations published by IASB and IFRIC as of the date of approval of the present consolidated financial statements but not yet entered into force, and which Maroc Telecom has not yet selected for early adoption, are the following:

• Standards adopted in the European Union:

- Amendments to IAS 1 Presentation of Financial Statements: presentation of items of other comprehensive income (OCI) concerns the presentation of items of other comprehensive income and whether they will be eventually “recycled” (i.e., reclassified) into the profit or loss section of the statement of comprehensive income, effective since January 1, 2013, with retroactive effect to January 1, 2012;

- Amendments to IAS 19 Employee Benefits, effective since January 1, 2013, with retroactive effect to January 1, 2012;

- The new standards and amendments relating to consolidation methods: IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosures of Interests in Other Entities, IAS 27 Separate Financial Statements, and IAS 28 Investments in Associates and Joint Ventures, effective simultaneously and mandatory as from January 1, 2014;

- IFRS 13 Fair Value Measurement, concerning the definition of fair value in terms of valuation and disclosures, applies to periods beginning on or after January 1, 2013.

• Standards yet to be adopted in the European Union:

- The amendments to various IFRSs included in the IASB’s Annual Improvements 2009–2011 Cycle, published in May 2012 and effective for annual periods beginning on or after January 1, 2013 (subject to adoption in the European Union), and retroactive to January 1, 2012.

Maroc Telecom is finalizing its procedure for determining the potential impact of the application of these standards and amendments on the statement of comprehensive income, the statement of financial position, the statement of cash flows, and the notes to the consolidated financial statements.

2.3 Presentation and principles governing the preparation of the consolidated financial statements

Pursuant to IFRS principles, the consolidated financial statements have been prepared on an historical-cost basis, with the exception of certain asset and liability categories described in the following notes. The consolidated financial statements are presented in Moroccan dirhams, and all figures are rounded to the nearest million, unless otherwise indicated. The consolidated financial statements include the separate financial statements of Maroc Telecom and its subsidiaries, after elimination of intragroup transactions.

2.3.1 Statement of comprehensive income

Maroc Telecom has chosen to present its statem ent of comprehensive income in a format that breaks down income and expenses by type.

2.3.1.1 Earnings from operations and earnings from continuing operations

Earnings from operations, designated "Operating income" in previous documents issued by Maroc Telecom, comprises revenues, cost of purchases, payroll costs, taxes and duties, and other operating income and expenses; it also includes depreciation, amortization, and charges to provisions.

Earnings from continuing operations comprises operating income, other income and expenses from continuing operations (including impairment of goodwill and other intangible assets), and earnings from equity affiliates.

2.3.1.2 Financing costs and other financial income and expenses

Net financing costs comprise:

- gross financing costs, which includes interest expense for borrowings, calculated at the effective interest rate;
- interest income from cash investments.

Other financial income and expenses include mainly foreign-exchange gains and losses (other than those relating to operating activities classified in EBITA), dividends received from equity interests, and earnings from consolidated operations or companies that are not recorded in profit or loss as discontinued operations.

2.3.2 Statement of financial position

Assets and liabilities expected to be realized, sold, or consumed during the entity's operating cycle (generally less than 12 months) are recorded as current assets or liabilities. If their maturity exceeds 12 months, they are recorded as noncurrent assets and liabilities.

2.3.3 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.

2.3.4 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).

2.3.5 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, 2010, 2011, 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 significant companies in which Maroc Telecom has a controlling interest, namely those in which it has the power to influence financial and operational policies in order to profit from their operations, are fully consolidated.

A controlling position is presumed to exist where Maroc Telecom holds, directly or indirectly, a voting interest exceeding 50%, and where no other shareholder or group of shareholders exercises substantive participation rights that would enable it to veto or block ordinary decisions made by the group.

The subsidiaries' financial statements are included in the consolidated financial statements from the date control is obtained until the date control ceases.

A controlling position also exists where Maroc Telecom holds 50% or less of the voting rights in an entity but controls more than 50% of the voting rights by virtue of an agreement with other investors, has the power to influence the financial and operating policies of the entity by virtue of a statute or contract, has the power to appoint or remove from office the majority of the members of the Board of Directors or similar governing body, or has the power to assemble the majority of voting rights at meetings of the Board of Directors or similar governing body.

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.

2.3.6 Goodwill and business combinations

Business combinations concluded since January 1, 2009

The acquisition method is used to account for business combinations. Under this method, upon the initial consolidation of an entity over which the group has acquired exclusive control:

- the identifiable assets acquired and the liabilities assumed are measured at their fair value on the acquisition date;
- the noncontrolling interests are measured either at fair value or at their proportionate share of the acquiree's identifiable net assets (this option is available on a transaction-by-transaction basis).

On the acquisition date, goodwill is measured as the difference between:

(i) the fair value of the consideration transferred plus the amount of noncontrolling interest in the acquiree, and, in a business combination achieved in stages, the acquisition-date fair value of the equity interest held previously by the acquirer in the acquiree;

(ii) the net amount on the acquisition date for identifiable assets acquired and liabilities assumed.

The fair-value measurement of noncontrolling interests increases goodwill up to the share attributable to the noncontrolling interests, thereby resulting in the recognition of full goodwill. The purchase price and its allocation must be completed within 12 months of the acquisition date. If goodwill is negative, it is recognized as profit directly in profit or loss. After the acquisition date, goodwill is measured at its initial amount, less any recorded impairment losses.

The following principles also apply to business combinations:

- beginning on and after the acquisition date, to the extent possible, goodwill is allocated to each cash-generating unit likely to benefit from the business combination;
- any adjustment to the purchase price is recorded at fair value on the acquisition date, and any subsequent adjustment after the purchase-price allocation period is recognized in profit or loss;
- acquisition-related costs are recognized as expenses when incurred;
- in the event of acquisition of an additional interest in a consolidated subsidiary, Maroc Telecom recognizes the difference between the acquisition cost and the carrying value of noncontrolling interests as a change in equity attributable to shareholders of Maroc Telecom;
- goodwill is not amortized.

Maroc Telecom recognizes under "Other financial income and expenses" the impact on the statement of comprehensive income of the application of IFRS 3 (amended) and IAS 27 (amended).

Business combinations prior to January 1, 2009

Pursuant to IFRS 1, Maroc Telecom elected not to restate business combinations that occurred before January 1, 2004. IFRS 3, as published by the IASB in March 2004, had already retained the acquisition method. Its provisions, however, differed from those of the revised standard on the following main points:

- noncontrolling interests were measured on the basis of their proportionate share in the acquiree's net identifiable assets; the option of fair-value measurement did not exist;
- contingent consideration was recognized in the cost of acquisition only if payment was likely to occur and the amounts could be measured reliably;
- costs attributable directly to the acquisition were recognized under the cost of the business combination.
- In the event of acquisition of an additional interest in a consolidated subsidiary, Maroc Telecom recognizes as goodwill the difference between the acquisition cost and the carrying value of acquired noncontrolling interests.

2.3.7 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.

2.3.8 Translation of financial statements of foreign activities

Assets and liabilities relating to foreign activities, including goodwill and fair-value adjustments arising from consolidation, are translated into Moroccan dirhams at the exchange rate prevailing at the end of the period.

Income and expense items are translated into Moroccan dirhams using rates that approximate the exchange rates at the dates of the transactions.

Net translation differences are recognized in other comprehensive income and accumulated in a separate component of equity.

2.3.9 Assets

2.3.9.1 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.

2.3.9.2 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.

2.3.9.3 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 different 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.
This situation was still unresolved on December 31, 2012. Although uncertainty over the property titles remains, the risk is limited, because the Moroccan government has guaranteed Maroc Telecom use of the transferred property 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......................................15 years
• Network equipment:
Transmission (mobile)..................................8 years
Switching...8 years
Transmission (fixed line)..............................10 years
• Fixtures and fittings..................................10 years
• 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 by finance leases are capitalized at the lower of the present value of future minimum lease payments and fair value, and the 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 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.

2.3.9.4 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 may not be recoverable. The impairment test compares the carrying amount with its recoverable value, which is the greater of its fair value less selling costs and its value in use.
The recoverable amount is determined for an individual asset unless the asset does not generate cash inflows that are largely independent from those of 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.

2.3.9.5 Financial assets

Financial assets with a maturity of more than three months are classified in one of the following four categories:

- lassets recognized at fair value through profit or loss;
- held-to-maturity financial 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 recognized 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. Impairment is recognized if the asset's carrying amount is greater then the present value of its estimated future cash flows. At December 31, 2012, Maroc Telecom group had no held-to-maturity financial assets.

Loans and receivables

This category comprises nonderivative assets whose payment is fixed or determinable and which are not listed 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. Impairment is recognized if the asset's carrying amount is greater then the present value of its estimated future cash flows, discounted at the original effective interest rate.

Loans and receivables do not include loans to Maroc Telecom employees.

Available-for-sale assets

Available-for-sale assets include nonderivative assets that are classified either as available for sale or as unallocated to any other category of financial assets.

Available-for-sale assets are recognized at fair value. Gains and losses resulting from available-for-sale assets are taken to equity until the financial asset is sold, redeemed, or removed from the balance sheet in another way, or until it can be demonstrated that the investment is impaired indefinitely, whether partially or wholly, at which time the accumulated gain or loss previously recorded in equity is expensed.

For financial assets actively traded in organized financial markets, fair value is determined by reference to the reported market price at the end of the reporting period.

If the fair value cannot be determined accurately, available-for-sale assets are recognized at cost. Where there is objective evidence that the investment is impaired indefinitely, irreversible impairment is expensed.

When an available-for-sale asset 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 assets comprise equity investments in unlisted companies.

2.3.9.6 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 from the delivery date are recorded as revenue;
- equipment and supplies corresponding to general non-network 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 in accordance with the prospects for selling or using the inventory items (GSM or technical assets).

2.3.9.7 Trade accounts receivable and other receivables

This item comprises trade and other receivables, which are initially recognized at fair value and then at amortized cost less impairment. 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 amount of an asset exceeds the present value of its estimated future cash flows.

2.3.9.8 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.

2.3.10 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 sale and not by its continued use. To qualify as held for sale, the asset must be available for immediate sale and the sale 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 their fair value (net of disposal fees) and their 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 asset. Discontinued operations are reported on a single line on 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, cash flows generated by discontinued operations are reported on a separate line of the statement of cash flows.

2.3.11 Financial liabilities

Financial liabilities comprise borrowings, accounts payable, and bank overdrafts.

Borrowings

All borrowings are initially accounted for at cost, which corresponds to the exact value of the amount received, net of borrowing costs. The allocation of borrowings to current and noncurrent liabilities is based on contractual maturity.

Derivative financial instruments

Maroc Telecom group does not use derivatives or currency hedges.

2.3.12 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 determined by discounting expected future cash flows 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 recognized and a disclosure is recorded 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 started 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 Mauritel, Onatel, Gabon Telecom, and Sotelma, a provision for retirement benefits has been estimated using the actuarial method.

2.3.13 Deferred taxes

Deferred taxes are accounted for using the liability method, for temporary differences arising at period end between the tax-base value of assets and liabilities and their carrying value.

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 carryforwards, and unused tax credits, to the extent possible and where 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 carryforwards, 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 earnings, or taxable losses;
- for deductible temporary differences arising from investments in subsidiaries, affiliates, and joint ventures, deferred tax assets are recorded only 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 amount of deferred tax assets is reviewed at each balance sheet date and reduced if it is no longer probable that sufficient future taxable profits will be available to permit utilization of all or part of the deferred tax assets.

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) in force or substantially in force at the period end.

Taxes on items recognized directly in equity are also recognized in equity, not in the income statement.

2.3.14 Trade accounts payable

Trade accounts payable include trade and other accounts payable. They are measured initially at fair value and subsequently at amortized cost.

2.3.15 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 measured 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 and recognition of the expense differs:

- If the instrument is settled through the issuance of Maroc Telecom shares, the value of the instruments granted is measured and fixed at the grant date, then spread over the vesting period, according to the characteristics of equity-settled instruments. The obligation is recorded as a corresponding increase in equity.
- If the share-based payment transaction is settled in cash, the value of the instruments granted is measured and fixed at the initial grant date, then re-estimated at each closing date and adjusted pro rata for subsequent changes in the value of the vested rights. The expense is spread over the vesting period in accordance with the characteristics of the 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 retrospectively, as from January 1, 2004.

2.3.16 Revenues

Revenues from continuing operations are recognized when it is probable that the risks and future economic benefits incident to ownership of fixed assets will flow to the group, and that the revenues can be measured reliably.

Revenues comprise sales of telecommunications services in Mobile, Fixed-line, and Internet activities, and the sale of products, essentially mobile and fixed-line handsets and multimedia equipment. Almost all of Maroc Telecom's revenues are from 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 for mobile and fixed-line services, principally consisting of customer rebates for handsets sold through distributors, are expensed.

Sales of services provided to subscribers 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, which is defined as the excess price over the sales incentive that would be granted to any new customer, and, should any such excess price exist, would result in deferred recognition of the portion of the revenue associated with the subscription in the amount of said excess price.

2.3.17 Cost of purchases

Cost of purchases comprises the purchase of mobile and fixed-line handsets and interconnection costs.

2.3.18 Other operating income and expenses

This item comprises mainly commissions to distributors, network-maintenance expenses, advertising and marketing costs, and expenses related to the voluntary redundancy plan.

2.3.19 Net financing costs

Net financing cost includes interest payable on loans (calculated using the effective-interest method) and interest on investments. Investment income is recognized in the statement of comprehensive income when earned.

2.3.20 Tax expense

Tax expense includes income tax payable and deferred tax expense (or income). Tax is expensed unless it applies to items recorded directly to equity.

2.4 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 records 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 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.

2.5 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, through the creation, in parallel with Morocco, of a new International segment that regroups the four existing subsidiaries in Mauritania, Burkina Faso, Gabon, and Mali.

2.6 Net cash position

This item includes cash and cash equivalents less borrowings, and excludes short-term financial assets (term deposits) with maturities exceeding three months.

2.7 Earnings per share

Earnings per share, as presented in the consolidated 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 convertible into ordinary shares.

At December 31, 2012, 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 – Morocco	SA	100%	100%	FC
Compagnie Mauritanienne de Communication (CMC) *Avenue Roi Fayçal 7000 Nouakchott - Mauritania*	SA			
December 31, 2012		**80%**	**80%**	**FC**
December 31, 2011		80%	80%	FC
December 31, 2010		80%	80%	FC
Mauritel *Avenue Roi Fayçal 7000 – Nouakchott – Mauritania*	SA			
December 31, 2012		**41%**	**52%**	**FC**
December 31, 2011		41%	52%	FC
December 31, 2010		41%	52%	FC
Onatel *705, AV. de la nation 01 BP 10000 Ouagadougou - Burkina Faso*	SA			
December 31, 2012		**51%**	**51%**	**FC**
December 31, 2011		51%	51%	FC
December 31, 2010		51%	51%	FC
Gabon Telecom *B.P.40 000 LIBREVILLE – GABON*	SA			
December 31, 2012		**51%**	**51%**	**FC**
December 31, 2011		51%	51%	FC
December 31, 2010		51%	51%	FC
Libertis[5] *BP8900 immeuble 9 étages Libreville- GABON*	SA			
December 31, 2012		**-**	**-**	**-**
December 31, 2011		-	-	-
December 31, 2010		51%	51%	FC
Sotelma *Route de Koulikoro, quartier Hippodrome, BP 740, Bamako - Mali*	SA			
December 31, 2012		**51%**	**51%**	**FC**
December 31, 2011		51%	51%	FC
December 31, 2010		51%	51%	FC
Casanet *Technopark 8ème étage, Route d'Enouaceur, Casablanca*	SA			
December 31, 2012		**100%**	**100%**	**FC**
December 31, 2011		100%	100%	FC
December 31, 2010		-	-	-

[5] *On January 1, 2011, Gabon Telecom merged with Libertis.*

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).
Casanet has been fully consolidated by Maroc Telecom since January 1, 2011.
Maroc Telecom group is fully consolidated by Vivendi.

NOTE 3. GOODWILL

(In MAD millions)	December 31, 2010	December 31, 2011	December 31, 2012
Mauritel	137	137	137
Onatel	1,838	1,838	1,838
Gabon Telecom	142	142	142
Sotelma[6]	4,748	4,741	4,755
Casanet	0	5	5
Net total	**6,865**	**6,863**	**6,877**

[6] Sotelma's goodwill was calculated in compliance with IFRS 3 (revised) using the full goodwill method (see Note 1, paragraph 2.3.6).

Goodwill is subject to impairment tests at least once a year, whenever events indicate a risk of impairment.
Each identifiable cash-generating unit (CGU) is tested for impairment.
Impairment tests compare the carrying value of each CGU with its discounted expected future cash flows. CGUs correspond to operating activities within each business segment (Fixed-line and Mobile).
Impairment is tested on the basis of a six-year business plan.

Impairment tests on goodwill are based on the following assumptions:

CGU	Valuation method	Discount rate in local currency	Perpetual growth rate
Mauritel	DCF	17.40%	3.00%
Onatel	DCF	14.40%	3.00%
Gabon Telecom	DCF	12.70%	3.00%
Sotelma	DCF	14.60%	3.00%

DCF: discounted cash flow.

(In MAD millions)	Beginning of period	Impairment	Translation adjustment	Change in scope of consolidation	End of period
2010	**7,271**	**0**	**-77**	**-329**	**6,865**
Mauritel	137		0		137
Onatel	1,838				1,838
Gabon Telecom	142				142
Sotelma	5,154		-77	-329	4,748
2011	**6,865**	**0**	**-7**	**0**	**6,863**
Mauritel	137				137
Onatel	1,838				1,838
Gabon Telecom	142				142
Sotelma	4,748		-7		4,741
Casanet				5	5
2012	**6,863**		**14**		**6,877**
Mauritel	137				137
Onatel	1,838				1,838
Gabon Telecom	142				142
Sotelma	4,741		14		4,755
Casanet	5				5

In 2012, the increase in goodwill for Sotelma, accounted for in local currency, was due to change in the MAD/FCFA exchange rate.

NOTE 4. OTHER INTANGIBLE ASSETS

(In MAD millions)	December 31, 2010	December 31, 2011	December 31, 2012
Software	2,372	2,288	2,034
Telecom license	1,041	918	824
Other intangible assets	651	476	587
Net total	**4,064**	**3,683**	**3,445**

"Mobile license" includes the 2G licenses of Mauritel, Onatel, and Gabon Telecom, and three 3G licenses acquired by Maroc Telecom, Mauritel, and Onatel.

"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.

2012

(In MAD millions)	2011	Acquisitions and additions	Disposals and withdrawals	Translation adjustment	Change in scope of consolidation	Reclassification	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**

Net intangible assets declined by MAD 238 million in 2012, because of the continued fall in expenditure for intangible assets (MAD 615 million in 2012, including MAD 25 million for the Onatel 3G license) and because of the substantial amortization of past expenditures (MAD 1,064 million in 2012).

2011

(In MAD millions)	2010	Acquisitions and additions	Disposals and withdrawals	Translation adjustment	Change in scope of consolidation	Reclassification	2011
GROSS	**9,762**	**540**	**-3**	**0**	**0**	**158**	**10,457**
Software	6,102	470		2		141	6,715
Telecom license	1,442			-1			1,441
Other intangible assets	2,218	70	-3	-1		17	2,302
Amortization and impairment	**-5,698**	**-1,102**	**0**	**0**	**0**	**26**	**-6,774**
Software	-3,730	-729		-1		34	-4,426
Telecom license	-401	-124		1		1	-523
Other intangible assets	-1,567	-250		0		-9	-1,825
Net total	**4,064**	**-562**	**-3**	**0**	**0**	**184**	**3,683**

2010

(In MAD millions)	2009	Acquisitions and additions	Disposals and withdrawals	Translation adjustment	Change in scope of consolidation	Reclassification	2010
GROSS	**8,368**	**973**	**-1**	**-19**	**296**	**144**	**9,762**
Software	5,569	396		-7		144	6,102
Telecom license	883	295		-11	276		1,442
Other intangible assets	1,916	282	-1	0	21	1	2,218
Amortization and impairment	**-4,646**	**-1,126**	**0**	**10**	**0**	**64**	**-5,698**
Software	-3,105	-696		6		64	-3,730
Telecom license	-280	-124		3			-401
Other intangible assets	-1,261	-306		0			-1,567
Net total	**3,723**	**-153**	**-1**	**-9**	**296**	**209**	**4,064**

The reclassification column concerns transfers between line items of property, plant, and equipment.

NOTE 5. PROPERTY, PLANT, AND EQUIPMENT

(In MAD millions)	December 31, 2010	December 31, 2011	December 31, 2012
Land	1,407	1,436	**1,442**
Buildings	2,455	2,933	**3,508**
Technical plant, machinery, and equipment	18,249	19,240	**19,479**
Transportation equipment	125	122	**123**
Office equipment, furniture, and fittings	869	852	**906**
Other property, plant, and equipment	272	266	**19**
Net total	**23,378**	**24,850**	**25,476**

The amounts for technical plant relating to telecommunications networks were transferred in 2010 and 2011 from "Other property, plant, and equipment" to "Technical plant, machinery, and equipment."
In 2010 and 2011, "Other property, plant, and equipment" comprised mainly advances and deposits for fixed assets.

2012

(In MAD millions)	2011	Acquisitions and additions	Disposals and withdrawals	Translation adjustment	Change in scope of consolidation	Reclassification	Assets held for sale	2012
GROSS	**66,126**	**4,776**	**-41**	**-81**	**0**	**-369**	**0**	**70,412**
Land	1,444	6		0				1,450
Buildings	7,247	836	-1	-4		40		8,118
Technical plant, machinery, and equipment	53,173	3,680	-32	-69		-215		56,537
Transportation equipment	430	21	0	-1		-23		427
Office equipment, furniture, and fittings	3,549	233	0	-2		83		3,863
Other property, plant, and equipment	284		-7	-4		-254		19
Depreciation and impairment	**-41,276**	**-3,852**	**0**	**29**	**0**	**162**	**1**	**-44,936**
Land	-8	0				0		-8
Buildings	-4,314	-299		0		2	0.5	-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			0.2		16.8		0
Net total	**24,850**	**924**	**-41**	**-51**	**0**	**-207**	**1**	**25,476**

Total capital expenditure fell in 2012. In addition to the construction of the new Maroc Telecom headquarters, capital expenditure carried out in 2012 was earmarked mainly for technical plant designed to improve the mobile coverage networks through 2G, 3G, and Single RAN BTS, for improved international transmission through the activation of the Loukkos submarine cable, for the construction under way of the land line running among the subsidiaries (Morocco-Mauritania-Mali-Burkina Faso), and for refurbishment of the fixed-line and ADSL network.
As a result of the considerable capital expenditure in prior years, depreciation for property, plant, and equipment increased in 2012 (MAD 3,852 million in 2012, compared with MAD 3,579 million in 2011), but for less than the level of expenditure. Consequently net PP&E increased by MAD 626 million.

2011

(In MAD millions)	2010	Acquisitions and additions	Disposals and withdrawals	Translation adjustment	Change in scope of consolidation	Reclassification	Assets held for sale	2011
GROSS	**61,138**	**5,255**	**-35**	**-32**	**2**	**-274**	**71**	**66,126**
Land	1,415	30		-3		-52	54	1,444
Buildings	6,589	660		-8		-11	17	7,247
Technical plant, machinery, and equipment	49,088	4,296		-15		-196		53,173
Transportation equipment	427	10	-9	-1	2	1		430
Office equipment, furniture, and fittings	3,326	241		-4		-14		3,549
Other property, plant, and equipment	295	18	-26			-3		284
Depreciation and impairment	**-37,761**	**-3,579**	**0**	**22**	**-1**	**56**	**-15**	**-41,276**
Land	-7	0		2		-2		-8
Buildings	-4,134	-181		6		10	-15	-4,314
Technical plant, machinery, and equipment	-30,839	-3,125		11		19		-33,933
Transportation equipment	-302	-14		1	-1	8		-307
Office equipment, furniture, and fittings	-2,456	-259		2		16		-2,697
Other property, plant, and equipment	-23					6		-17
Net total	**23,378**	**1,676**	**-35**	**-9**	**2**	**-217**	**56**	**24,850**

2010

(In MAD millions)	2009	Acquisitions and additions	Disposals and withdrawals	Translation adjustment	Change in scope of consolidation	Reclassification	Assets held for sale	2010
GROSS	**56,687**	**5,649**	**-155**	**-260**	**-1**	**-854**	**72**	**61,138**
Land	1,403	141	-145	-8		-30	55	1,415
Buildings	5,839	814	-1	-23		-58	17	6,589
Technical plant, machinery, and equipment	41,657	4,356	-6	-220		3,301		49,088
Transportation equipment	409	27	-3	-4		-3		427
Office equipment, furniture, and fittings	3,117	232		-3		-21		3,326
Other property, plant, and equipment	4,262	78		-1	-1	-4,043		295
Depreciation and impairment	**-35,220**	**-3,283**	**0**	**170**	**0**	**586**	**-14**	**-37,761**
Land	-8	0		0		0		-7
Buildings	-3,930	-214		15		10	-14	-4,134
Technical plant, machinery, and equipment	-28,577	-2,785		149		375		-30,839
Transportation equipment	-258	-18		3		-29		-302
Office equipment, furniture, and fittings	-2,271	-251		2		64		-2,456
Other property, plant, and equipment	-175	-14		0		166		-23
Net total	**21,468**	**2,366**	**-155**	**-90**	**-1**	**-269**	**58**	**23,378**

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 2010, 2011, or 2012.

NOTE 7. NONCURRENT FINANCIAL ASSETS

(In MAD millions)	Notes	December 31, 2010	December 31, 2011	December 31, 2012
Unconsolidated investments	7.1	117	98	97
Other financial assets		327	198	169
Net total		**444**	**297**	**266**

At December 31, 2012, "Other financial assets" included mainly cash held by banks against loans to Sotelma for MAD 64.1 million and to Onatel for MAD 6.2 million.
At December 31, 2012, the maturities of other financial assets were as follows:

(In MAD millions)	Notes	December 31, 2010	December 31, 2011	December 31, 2012
Due in less than 12 months		125	28	84
Due in 1 to 5 years		181	24	65
Due in more than 5 years		21	146	20
Net total		**327**	**198**	**169**

7.1 Unconsolidated interests

2012

(In MAD millions)	Percentage held	Gross value	Impairment	Carrying amount
Arabsat	NM	13	0	13
Autoroute du Maroc	NM	20	4	16
Thuraya	NM	10	0	10
Sindbad venture-capital fund	10%	5	5	0
Medi-1-Sat	3%	62	62	0
RASCOM	NM	46	-8	38
Sonatel	NM	6	0	6
CMTL	NM	6	4	2
INMARSAT	NM	12		12
IMT/GIE	20%	1	1	0
MT Fly	100%	0	0	0
Total		**181**	**68**	**97**

In 2012, the share of affiliated listed companies was immaterial (i.e., low exposure of share price to market risk).

2011

(In MAD millions)	Percentage held	Gross value	Impairment	Carrying amount
Matelca	50%	NM	NM	NM
Arabsat	NM	13	0	13
Autoroute du Maroc	NM	20	4	16
Thuraya	NM	10	-	10
Sindbad venture-capital fund	10%	5	5	0
Medi-1-Sat	3%	62	62	0
RASCOM	NM	47	8	38
Sonatel	NM	8	2	6
CMTL	NM	6	4	2
INMARSAT	NM	12	0	12
IMT/GIE	NA	1	0	1
Total		**183**	**85**	**98**

2010

(In MAD millions)	Percentage held	Gross value	Impairment	Carrying amount
Casanet	100%	18	0	18
Matelca	50%	NM	NM	NM
Arabsat	NM	13	0	13
Autoroute du Maroc	NM	20	4	16
Thuraya	NM	10	0	10
Sindbad venture-capital fund	10%	5	5	0
Medi-1-Sat	5%	62	62	0
RASCOM	NM	47	9	38
Sonatel	NM	8	0	8
CMTL	NM	6	4	2
INMARSAT	NM	12	0	12
IMT/GIE	NA	1	0	1
Total		**201**	**84**	**117**

NOTE 8. CHANGE IN DEFERRED TAXES

8.1 Net position

(In MAD millions)	December 31, 2010	December 31, 2011	December 31, 2012
Assets	116	51	59
Liabilities	123	218	244
Net position	**-7**	**-167**	**-185**

8.2 Components of deferred assets and liabilities

2012

(In MAD millions)	December 31, 2011	Charge to profit or los	Impact on shareholders' equity	Change in scope of consolidation	Reclassifications	Translation adjustment	December 31, 2012
Assets	51	9				-1	59
Liabilities	218	26				0	244
Net position	**-167**	**-16**	**0**	**0**	**0**	**-1**	**-185**

2011

(In MAD millions)	December 31, 2010	Charge to profit or los	Impact on shareholders' equity	Change in scope of consolidation	Reclassifications	Translation adjustment	December 31, 2011
Assets	116	-68		2		1	51
Liabilities	123	95				-1	218
Net position	**-7**	**-163**	**0**	**2**	**0**	**1**	**-167**

2010

(In MAD millions)	January 1, 2010	Charge to profit or los	Impact on shareholders' equity	Change in scope of consolidation	Reclassifications	Translation adjustment	December 31, 2010
Assets	63	4		51		-2	116
Liabilities	127	-3				-1	123
Net position	**-63**	**7**	**0**	**51**	**0**	**1**	**-7**

Deferred tax assets increased by MAD 9 million, mainly because of the inclusion of Onatel's nondeductible tax liabilities.
The deferred tax liability rose by MAD 26 million, mainly because of:
- Adjustments to the points of the Maroc Telecom Fidelio loyalty program;
- Maroc Telecom's use of deferred tax assets for accelerated depreciation;
- Use of deferred tax liabilities for the amortization of Sotelma's license and customer base.

(In MAD millions)	December 31, 2010	December 31, 2011	December 31, 2012
Impairment deducible in later period	127	105	81
Restatement (IFRS) of revenues	-74	-62	-80
Tax-loss carryforward Sotelma	86		
Other	- 145	-210	-186
Net position	**-7**	**-167**	**-185**

To ensure better comparability, reclassifications have been made for 2010.

NOTE 9. INVENTORIES

(In MAD millions)	December 31, 2010	December 31, 2011	December 31, 2012
Inventories	955	877	633
Impairment (-)	-177	-168	-165
Net total	**779**	**709**	**468**

Gross inventories at December 31, 2012, comprised mainly Maroc Telecom's inventories, including:
- MAD 199 million in mobile handsets;
- MAD 49 million in fixed-line handsets;
- MAD 72 million in multimedia handsets;
- MAD 174 million in consumable materials and supplies.

Changes in inventories are recorded in cost of purchases.

NOTE 10. TRADE ACCOUNTS RECEIVABLE AND OTHER

(In MAD millions)	December 31, 2010	December 31, 2011	December 31, 2012
Trade receivables and related accounts	8,341	8,514	7,267
Other receivables and accruals	2,114	2,887	3,024
Net total	**10,454**	**11,401**	**10,291**

10.1 Trade receivables and related accounts

(In MAD millions)	December 31, 2010	December 31, 2011	December 31, 2012
Trade receivables	11,935	11,793	11,256
Government receivables	2,412	2,958	2,314
Depreciation of trade receivables (-)	-6,006	-6,237	-6,303
Net total	**8,341**	**8,514**	**7,267**

At December 31, 2012, net trade receivables amounted to MAD 7,267 million, of which MAD 3,560 million was outstanding.
Trade receivables declined by 14.6%, largely as a result of collection of substantial government receivables in Morocco.
On November 20, 2012, Gabon Telecom signed an agreement with the Gabonese government concerning the collection of government receivables for 2010 and 2011 in the amount of MAD 320 millions. This agreement stipulates a down payment of a 30%, with the balance spread over 12 quarters at an interest rate of 5%.

10.2 Other receivables and accruals

(In MAD millions)	December 31, 2010	December 31, 2011	December 31, 2012
Trade receivables, advances, and deposits	199	186	110
Employee receivables	43	46	57
Tax receivables	950	1,760	1,692
Other receivables	810	767	1,052
Accruals	112	128	114
Net total	**2,114**	**2,887**	**3,024**

Trade receivables, advances and deposits, receivables from employees, government receivables, and other receivables are due in less than one year.

"Employee receivables" comprises advances granted to employees, net of write-downs. Because the loans granted to numerous employees have particular terms and conditions, and because they do not represent material amounts, Maroc Telecom deemed that it was not necessary to provide specific details (repayment date, early repayment options, financial terms, interest rates, etc.).
"Tax receivables" mainly comprises VAT and corporate tax items. In 2012, total tax receivables amounted to MAD 1,692 million (MAD 1,760 million in 2011), a decline of 3.86%.
In 2011, tax receivables amounted to MAD 1,760 million (compared with MAD 950 million in 2010). This increase was attributable mainly to higher tax receivables from business in Morocco (+MAD 596 million) because of a liquidation surplus.
Accruals comprise mainly prepaid expenses for vehicle operating leases and insurance policies.

NOTE 11. CURRENT FINANCIAL ASSETS

(In MAD millions)	December 31, 2010	December 31, 2011	December 31, 2012
Term deposit > 90 days	0	0	0
Escrow account	142	115	47
Marketable securities	0	0	0
Net total	**142**	**115**	**47**

In order to ensure trading liquidity, Maroc Telecom mandated Rothschild & Cie to implement a liquidity agreement on the Paris stock exchange and a market-making agreement on the Casablanca stock exchange.

NOTE 12. CASH AND CASH EQUIVALENTS

(In MAD millions)	December 31, 2010	December 31, 2011	December 31, 2012
Cash	612	537	864
Cash equivalents	176	80	99
Cash and cash equivalents	**788**	**617**	**964**

Cash and cash equivalents increased MAD 346 million in 2012, with net cash from operating activities increasing by MAD 1,157 million. Net cash used in investing activities, which declined by MAD 95 million, was partially compensated for by a MAD 732 million rise in net cash used in financing activities.

Change in cash and cash equivalents

(In MAD millions)	2010	2011	2012
Net cash from operating activities	16,079	12,717	13,874
Net cash used in investing activities	-7,151	-5,093	-4,998
Net cash used in financing activities	-9,010	-7,788	-8,520
Foreign-currency translation adjustments	-5	-8	-11
Change in cash and cash equivalents	**-86**	**-171**	**346**
Cash and cash equivalents at beginning of period	874	788	617
Cash and cash equivalents at end of period	788	617	963
Change in cash and cash equivalents	**-86**	**-171**	**346**

Net cash from operating activities

In 2012, net cash from operating activities amounted to MAD 13,874 million, MAD 1,157 million higher than at December 31, 2011. This increase is due mainly to improved working capital requirements (+MAD 856 million), the result of trade-receivable collections (-MAD 1,257 million) and lower income tax (-MAD 1,145 million) subsequent to Maroc Telecom's decline in earnings in 2011.
In 2011, net cash from operating activities amounted to MAD 12,717 million, MAD 3,362 million lower than at December 31, 2010. This decline was due mainly to lower earnings from operations (-MAD 1,952 million), to deteriorated working capital requirements (-MAD 1,215 million) mainly attributable to the reduction of trade payables by foreign subsidiaries, and to higher taxes and taxes paid (+MAD 476 million).

Net cash used in investing activities

Net cash used in investing activities declined by 2% in 2012, compared with 2011. This change is due mainly to lower capital expenditure in Morocco and internationally.
Net cash used in investing activities amounted to MAD 5,093 million in 2011, compared with a use of MAD 7,151 million in 2010. This change was due mainly to lower expenditures for PP&E and intangible assets in Morocco and internationally.

Net cash used in financing activities

Net cash used in financing activities amounted to MAD 8,520 million in 2012, compared with MAD 7,788 million in 2011. This change is due to higher reimbursements for current and noncurrent borrowings.
Net cash used in financing activities represented MAD 7,788 million in 2011, compared with a use of MAD 9,010 million in 2010, because of increased borrowing, particularly the Maroc Telecom overdraft (+MAD 2,394 million).

NOTE 13. DIVIDENDS

13.1 Dividends

(In MAD millions)	December 31, 2010	December 31, 2011	December 31, 2012
Dividends paid by subsidiaries to their noncontrolling interests (a)			
Mauritel	269	151	154
Onatel		86	79
Gabon Telecom		79	16
Sotelma		96	204
Other			
	269	**412**	**453**
Dividends paid by Maroc Telecom to its shareholders (b)			
Kingdom of Morocco	2,719	2,790	2,442
Vivendi	4,804	4,929	4,314
Other	1,541	1,581	1,381
	9,065	**9,301**	**8,137**
Total dividends paid (a)+(b)	**9,333**	**9,713**	**8,590**

13.2 Dividend proposed for 2012

At the board meeting convened on February 19, 2013, for the purpose of approving the financial statements for 2012 and appropriating net earnings, the Management board of Itissalat Al-Maghrib decided to propose to shareholders a dividend of MAD 7.4 per share, or an aggregate payment of MAD 6,505 million. This proposal was submitted to the Supervisory board at its meeting on February 20, 2013.

NOTE 14. PROVISIONS

Provisions for liabilities relate mainly to disputes with employees and third parties.
They are evaluated on a case-by-case basis.
Provisions for contingencies and losses are analyzed as follows:

(In MAD millions)	December 31, 2010	December 31, 2011	December 31, 2012
Noncurrent provisions	668	701	692
Provisions for life annuities	24	23	22
Provisions for termination benefits	145	166	194
Provisions for disputes with third parties	24	18	8
Other provisions	476	494	468
Current provisions	**157**	**145**	**279**
Provisions for voluntary redundancy plan	0	0	15
Provisions for employee-related expenses	0	0	0
Provisions for disputes with third parties	157	145	236
Other provisions	0	0	28
Total	**825**	**846**	**971**

2012

(In MAD millions)	2011	Charges	Used	Change in scope of consolidation	Translation adjustment	Reversals	Reclassification	2012
Noncurrent provisions	701	32	-7	-	0	- 28	-6	692
Provisions for life annuities	23		-1					22
Provisions for termination benefits	166	28	-6		1	-11	17	194
Provisions for disputes with third parties	18	4			-1		-14	8
Other provisions (*)	494					- 17	-9	468
Current provisions	145	140	-18	-	- 2	1	15	279
Provisions for voluntary redundancy plan	0	15						15
Provisions for employee-related expenses	0							0
Provisions for disputes with third parties	145	82	-18		-1	-1	29	236
Other provisions	0	42			0		-14	28
Total	**846**	**172**	**- 25**	**-**	**-2**	**- 29**	**8**	**971**

(*) As a reminder, Maroc Telecom is undergoing a tax audit for the fiscal years 2005, 2006, 2007, and 2008. The Company has already provided a preliminary response and has transmitted additional documentation, as requested by the tax authorities. It continues to provide responses in justification of its appeal of the tax adjustment, which was filed within the required time period. Maroc Telecom believes that these tax adjustments will not have a material impact on the Company's earnings, net equity, or liquidity.

The change in noncurrent provisions in 2012, compared with 2011, is due mainly to an additional provision of MAD 28 million for voluntary redundancies of Maroc Telecom subsidiaries.
The rise in current provisions stems mainly from provisions made for:

- The balance of provisions for voluntary redundancy plans in Morocco and at Mauritel;
- Various commercial, social, and fiscal disputes in the subsidiaries.

2011

(In MAD millions)	2010	Charges	Used	Change in scope of consolidation	Translation adjustment	Reversals	Reclassification	2011
Noncurrent provisions	668	29	-25	0	0	-3	33	701
Provisions for life annuities	24		-1					23
Provisions for termination benefits	145	25			0	-3		166
Provisions for disputes with third parties	24	4	-24				15	18
Other provisions	476	1					17	494
Current provisions	157	4	-9	0	0	-7	0	145
Provisions for voluntary redundancy plan	0							0
Provisions for employee-related expenses	0							0
Provisions for disputes with third parties	157	4	-9		0	-7		145
Other provisions	0							0
Total	**825**	**33**	**-34**	**0**	**-1**	**-11**	**33**	**846**

The increase in provisions in 2011, compared with 2010, was due mainly to an additional provision of MAD 25 million for pensions of Maroc Telecom subsidiaries.

2010

(In MAD millions)	2009	Charges	Used	Change in scope of consolidation	Translation adjustment	Reversals	Reclassification	2010
Noncurrent provisions	229	190	-42	0	-2	0	293	668
Provisions for life annuities	25		-1					24
Provisions for termination benefits	140	7	0		-2			145
Provisions for disputes with third parties	16	9	-1		0			24
Other provisions	48	175	-40		0		293	476
Current provisions	503	15	-44	0	-1	-24	-293	157
Provisions for voluntary redundancy plan	0							0
Provisions for employee-related expenses	30	0	-1				-28	0
Provisions for disputes with third parties	165	15	-27		-1	-24	28	157
Other provisions	309		-16				-293	0
Total	**733**	**206**	**-86**	**0**	**-4**	**-24**	**0**	**825**

NOTE 15. BORROWINGS AND OTHER FINANCIAL LIABILITIES

15.1. Net cash position

(In MAD millions)	December 31, 2010	December 31, 2011	December 31, 2012
Bank loans due in more than one year	2,404	1,782	886
Bank loans due in less than one year	2,387	2,773	2,592
Bank overdrafts	564	3,046	4,667
BORROWINGS AND FINANCIAL LIABILITIES	5,354	7,601	8,145
Cash and cash equivalents	788	617	964
Cash held in escrow for repayment of bank loans	247	123	70
Net cash position	-4,319	-6,862	-7,111

(In MAD millions)	December 31, 2010	December 31, 2011	December 31, 2012
Outstanding debt and accrued interest (a)	5,354	7,601	8,145
Cash assets (b)	1,035	739	1,034
Net cash position (b)-(a)	-4,319	-6,862	-7,111

15.2. Net cash by maturity

The breakdown by maturity is based on the repayment terms and conditions of the borrowings.

2012

(In MAD millions)	<1 year	1-5 years	>5 years	Total
Borrowings from credit institutions	2,592	857	29	3,478
Bank overdrafts	4,667			4,667
Borrowings and financial liabilities	7,259	857	29	8,145
Cash and cash equivalents	964			964
Cash held in escrow for repayment of bank loans	70			70
Net cash position	-6,225	-857	-29	-7,111

2011

(In MAD millions)	<1 year	1-5 years	>5 years	Total
Borrowings from credit institutions	2,773	1,735	47	4,555
Bank overdrafts	3,046			3,046
Borrowings and financial liabilities	5,819	1,735	47	7,601
Cash and cash equivalents	617			617
Cash held in escrow for repayment of bank loans	123			123
Net cash position	-5,080	-1,735	-47	-6,862

2010

(In MAD millions)	<1 year	1-5 years	>5 years	Total
Borrowings from credit institutions	2,387	2,324	80	4,791
Bank overdrafts	564			564
Borrowings and financial liabilities	2,950	2,324	80	5,354
Cash and cash equivalents	788			788
Cash held in escrow for repayment of bank loans	225	22		247
Net cash position	-1,937	-2,302	-80	-4,319

15.3 Summary of borrowings and other liabilities

Company	Borrowing (in MAD millions)	Interest rate %	Maturity	Dec.31, 2010	Dec. 31, 2011	Dec. 31, 2012
Maroc Telecom	Borrowing, Attijari wafabank	4.6%	July 2014	2,270	1,663	1,058
Maroc Telecom	Current-account advance, SPT	3.5%	February 2012	1,173	1,224	841
Maroc Telecom	Banks, IAM overdrafts	4.3%	May 2013	464	2,858	4,543
Mauritel	Leasing agreement ZTE 42 solar site	11.0%	May 2017	-	26	22
Mauritel	Leasing agreement ZTE 12 solar site	8.0%	April 2018	-	-	8
Mauritel	Leasing agreement ZTE 50 solar site	8.0%	August 2019	-	-	35
Mauritel	Short-term borrowing Ettijari	8.5%	March 2012		102	0
Mauritel	Short-term borrowing GBM	6.5%	January 2013	-	-	9
Onatel	Borrowing SBIF 2005–2011	6.7%	June 2011	70	-	-
Onatel	CONS.BIB-ECOBANK-BICIA	7.7%	July 2012	66	30	-
Onatel	Borrowing BOAD 96.00	6.0%	July 2011	4	-	-
Onatel	Borrowing BEI	2.0%	December 2010			
Onatel	Borrowing AFD1110-1111	2.0%	October 2018	16	14	12
Onatel	Borrowing SGBB 2008	6.4%	November 2013	66	46	24
Onatel	Borrowing BOA 2008	6.4%	December 2014	68	51	34
Onatel	Borrowing BOAD 09 00	8.0%	July 2010	17	-	0
Onatel	Borrowing BIB 2008	6.0%	December 2013	26	20	12
Onatel	Borrowing SFI 2008	7.6%	July 2013	65	43	22
Onatel	Borrowing BICIAI 2008	6.3%	September 2015	86	69	52
Onatel	Bank spot Onatel	5.7%	-	118	262	124
Onatel	Borrowing BICIA 2010 Telmob	5.4%	December 2013	85	56	28
Onatel	Borrowing BICIA 2011 Telmob	5.5%	July 2016	-	87	70
Onatel	Borrowing SGBB 2012(2 MLRS)	6.4%	May 2017	-	-	31
Onatel	Borrowing SGBB 2012(3 MLRS)	6.4%	November 2017	-	-	51
Onatel	Investment loan	0.0%	December 2014	-	-	148
Onatel	Bank overdrafts, Onatel	8.5%	-	27	126	68
Gabon Telecom	Borrowing AFD	5.0%	-	2	2	2
Gabon Telecom	Borrowing COMMERZBANK	Euribor+0.75%	December 2013	39	24	0
Gabon Telecom	Bank spot BGFI GT	5.5%	-	34	-	
Gabon Telecom	BGFI Bank	7.5%	November 2015	-	134	104
Gabon Telecom	ALCATEL PHASE II	Euribor+0.75%	March 2011	11	-	
Gabon Telecom	Borrowing HUAWEI	0.0%	December 2013	-	136	70
Gabon Telecom	Banks, credit balance GT	-	-	56	39	56
Sotelma	Borrowing DGDP/CFD OP	2.0%	April 2020	2	2	2
Sotelma	Borrowing DGDP/CFD OY	5.0%	October 2010	-	-	0
Sotelma	Borrowing DGDP/CFD OD	2.0%	October 2014	12	9	6
Sotelma	Borrowing AFD OE/CML 1026 01 S	3.0%	April 2018	24	21	18
Sotelma	Borrowing AFD OR/CML 1147 01 W	2.0%	April 2012	1	0	0
Sotelma	Borrowing AFD OR/CML 1065 02 W	2.0%	October 2016	1	0	0
Sotelma	Borrowing AFD OY/CML 1065 03 X	2.0%	October 2016	18	15	12
Sotelma	Borrowing BOAD PR ML 2001 01 00	6.0%	January 2011	8	-	0
Sotelma	Borrowing NKF NIO-ORET/97114	2.0%	April 2011	11	-	0
Sotelma	Borrowing RASCOM/GPTC	0.0%	-	9	9	9
Sotelma	Borrowing DGDP/NKF	0.0%	September 2015	34	27	20
Sotelma	Borrowing ECOBANK	7.0%	February 2011	7	-	0
Sotelma	Borrowing BIM Fiber Optic Project	9.0%	February 2011	4	-	0
Sotelma	Borrowing BIM CDMA Kayes	9.0%	April 2012	23	8	0
Sotelma	Borrowing HUAWEI PHASE I	4.2%	December 2013	236	235	157
Sotelma	Third party account	-	-	-	56	66
Sotelma	Borrowing dividend	0.0%	November 2012		98	384
Sotelma	Borrowing BDM SA PHASE II	8.5%	January 2013	167	25	26
Sotelma	Borrowing BDM SA PHASE II BIS	7.5%	January 2013	16	61	0
Sotelma	Bank overdrafts, Sotelma	9.0%	-	17	23	0
Casanet	Bank borrowings, Casanet	-	-	-	-	19
Total Borrowings and other financial liabilities				**5,354**	**7,601**	**8,145**

NOTE 16. TRADE ACCOUNTS PAYABLE

(In MAD millions)	December 31, 2010	December 31, 2011	December 31, 2012
Trade payables and related accounts	8,895	9,561	9,149
Other payables	6,123	6,004	6,152
Accruals	1,998	2,034	2,093
TOTAL	**17,017**	**17,600**	**17,394**

In 2012, total payables decreased by MAD 206 million year on year, mainly because of lower trade payables.

"Other payables" comprises mainly tax payables for corporate tax and VAT of MAD 3,262 million, employee-related liabilities of MAD 810 million, and various other payables of MAD 2,080 million.

Reclassifications were carried out for 2010 and 2011, to facilitate comparability.

NOTE 17. REVENUES

(In MAD millions)	2010	2011	2012
Morocco	26,191	25,030	23,178
International	5,572	6,066	7,079
Mauritania	1,184	1,202	1,375
Burkina Faso	1,764	1,733	2,067
Gabon	1,044	1,047	1,291
Mali	1,575	2,123	2,422
Mobisud	28	-	-
Elimination of intersubsidiary transactions	-23	-39	-76
Elimination of transactions between the parent company and subsidiaries	-146	-259	-408
Total consolidated revenues	**31,617**	**30,837**	**29,849**

In 2012, Maroc Telecom group generated consolidated revenues of MAD 29,849 million, 3.2% less than in 2011 (-3% like for like). Group activities in Morocco declined by 7.4%. However, international business rose by 16.7%.

NOTE 18. COST OF PURCHASES

(In MAD millions)	2010	2011	2012
Cost of handsets	1,761	1,474	1,178
Domestic and international interconnection charges	2,543	2,971	2,893
Other purchases	894	1,111	1,076
Total	**5,198**	**5,556**	**5,147**

Cost of purchases comprises the cost of handsets, interconnection tariffs charged by domestic and international operators, and other purchases.

"Other purchases" includes purchases of energy (fuel and electricity), the cost of purchasing phone cards, and other consumables.

The cost of purchases declined 7.4%, from MAD 5,556 million in 2011 to MAD 5,147 million in 2012, mainly in Morocco, because of the voluntary reduction in handsets sold (-MAD 296 million) and domestic interconnection tariffs (-MAD 177 million, subsequent to a cut in termination rates), and because of lower outgoing international call traffic.

NOTE 19. PAYROLL COSTS

(In MAD millions)	2010	2011	2012
Wages	2,317	2,394	2,370
Payroll taxes	404	375	447
Wages and taxes	2,721	2,769	2,817
Share-based compensation	24	27	31
Payroll costs	2,746	2,796	2,848
Average headcount (in number of employees)	13,853	13,744	12,979

This item includes the payroll costs for the period (wages, payroll taxes, and training costs and transportation) but excludes redundancy costs, which were recognized as other operating expenses.

In 2012, payroll costs rose 1.9% from a year earlier, from MAD 2,796 million in 2011 to MAD 2,848 million in 2012. In Morocco, payroll costs (net of taxes) were nearly unchanged (MAD 2,172 million in 2011, compared with MAD 2,181 million in 2012, an increase of 0.4%) because of a voluntary redundancy plan that lowered the Maroc Telecom headcount by 1,404 employees.

In 2011, payroll costs rose 1.8% year on year, from MAD 2,746 million in 2010 to MAD 2,796 million in 2011. In Morocco, payroll costs (net of taxes) rose 0.1%, from MAD 2,169 million in 2010 to MAD 2,172 million in 2011, with headcount virtually unchanged.

NOTE 20. TAXES, DUTIES, AND FEES

(In MAD millions)	2010	2011	2012
Taxes and duties	337	359	358
Fees	591	944	1,071
Total	928	1,303	1,429

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.

En 2012, taxes, duties, and fees rose 9.7% from a year earlier, mainly because of the MAD 127 million hike in regulatory fees.

This increase in fees is attributable to Maroc Telecom for MAD 64 million, mainly because of the base effect resulting from the exoneration in 2011 by the ANRT of payment of part of its universal-service fee in exchange for Maroc Telecom's investment in the PACTE program, and to subsidiaries for MAD 64 million, mainly because of higher revenues.

In 2011, the level of fees was 59.7% higher than in 2010 (+MAD 353 million), mainly because of changes in fees. This increase was attributable to Maroc Telecom for MAD 262 million, mainly because of the significant decline in the exoneration granted by the ANRT for the universal-service fee in exchange for Maroc Telecom's investment in the PACTE program, and despite Maroc Telecom's lower revenues in Morocco that constitute the ANRT tax base. The increase was also attributable to subsidiaries for MAD 189 million, mainly because of MAD 121 million from Mauritania after the launch in 2011 of a tax on international incoming calls.

NOTE 21. OTHER OPERATING INCOME AND EXPENSES

(In MAD millions)	2010	2011	2012
Communication	621	637	615
Commissions	1,337	1,260	1,156
Other including:	1,869	2,042	2,665
Rental expenses	663	594	597
Maintenance, repair, and property-service charges	802	742	685
Fees	385	443	461
Postage and banking services	108	135	125
Voluntary redundancy plan	0	3	862
Other	-90	124	-65
Total	**3,827**	**3,939**	**4,436**

Other operating income and expenses rose 12.6% in 2012.
The most significant changes concern the following items:

- Higher restructuring charges: mainly attributable to the implementation of a voluntary redundancy plan in Morocco, provisioned for MAD 800 million, of which MAD 785 million had been recognized at December 31, 2012;
- Commissions fell by 8.2%, mainly attributable to Maroc Telecom subsequent to the decline in its prepaid revenues and in the volume of handsets sold.

In 2011, the most significant changes concerned the following items:

- Higher communication expenses, mainly in the subsidiaries, with regard to changes in activity, communication for the Nomadis product (free roaming between Maroc Telecom subsidiaries), sponsorship, and gifts for customers;
- Lower lease expenses because of Gabon Telecom's termination of its Intelsat line lease agreement, and because of 24% decrease in Mauritel's internet-links lease expense;
- Higher expenses for maintenance and repair relating to the large number of GSM sites deployed at various subsidies (+659 BTS).
- Commissions declined by 6% because of:
    - Reduced commissions paid by Mauritel (impact of electronitop-up) and Gabon Telecom (16% lower prepaid revenues);
    - Increased commissions paid by Onatel and Sotelma (correlated with the sharp rise in prepaid mobile revenues).

Reclassifications were carried out for 2011, to facilitate comparability.

NOTE 22. DEPRECIATION, IMPAIRMENT AND PROVISIONS

The following table sets out changes in this item for the fiscal years ended December 31, 2010, 2011, and 2012.

(In MAD millions)	2010	2011	2012
Depreciation and impairment of fixed assets	4,351	4,637	4,876
Net provisions and impairment	239	232	156
Total	**4,591**	**4,869**	**5,032**

Depreciation, impairment and provisions amounted to MAD 5,032 million at December 31, 2012, compared with MAD 4,869 million at December 31, 2011. This 3.3% rise is attributable mainly to an increase in depreciation and impairment of fixed assets (+MAD 239 million) relating to substantial international capital expenditure.

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, 2010, 2011, and 2012.

(In MAD millions)	2010	2011	2012
Other intangible assets	1,069	1,059	1,023
Building and civil engineering	214	182	299
Technical plant and pylons	2,788	3,080	3,282
Other property, plant, and equipment	280	316	271
Total	**4,351**	**4,637**	**4,876**

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, 2010, 2011, and 2012.

(In MAD millions)	2010	2011	2012
Impairment of trade receivables	191	201	72
Impairment of inventories	15	18	-1
Impairment of other receivables	1	-3	-30
Provisions	32	16	116
Net charges and reversals	**239**	**232**	**156**

Net charges and reversals declined MAD 76 million, from MAD 232 million in 2011 to MAD 156 million in 2012. This change reflected the combined effect of the following items:

- "Impairment of trade receivables": decline of MAD 129 million from a year earlier, partly because of a reversal of provisions subsequent to collection of government receivables in Morocco, though balanced partially by a MAD 42 million rise in provisions for Sotelma related to political turmoil;
- "Provisions": increase of MAD 100 million from 2011, attributable to various commercial, social, and fiscal disputes in the subsidiaries.
- "Net charges and reversals" decreased from MAD 239 million in 2010 to MAD 232 million at December 31, 2011. This change was attributable to the following items:
- "Impairment of trade receivables": rise of MAD 10 million from 2010;
- "Provisions": decline of MAD 16 million from 2010.

NOTE 23. INCOME FROM EQUITY AFFILIATES

No equity interest was accounted for by the equity method in 2010, 2011, or 2012.

NOTE 24. NET FINANCIAL INCOME OR EXPENSE

24.1 Borrowing costs

(In MAD millions)	2010	2011	2012
Income from cash and cash equivalents	37	20	8
Interest expense on loans	-273	-331	-352
Net borrowing costs	**-236**	**-311**	**-344**

Net borrowing costs include income from cash and cash equivalents (current investment income) minus mainly interest and prepaid-loan expenses. Net borrowing costs are affected by foreign-exchange gains and losses, because the group receives revenues, pays expenses, and takes out loans in foreign currencies.

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. Maroc Telecom does not make risky investments (e.g., mutual funds, stocks, bonds, or derivatives).

In 2012, higher net borrowing costs (+MAD 33 million) were attributable to the 6.4% rise in interest expense, mainly from Maroc Telecom (bank financing), and to the 58% decline in income from cash and cash equivalents.

The rise in net borrowing costs in 2011 (+MAD 75 million) corresponded to a 21% increase in interest expense, mainly from Maroc Telecom (SPT current-account advances) and from a 46% decline in income from cash and cash equivalents.

24.2 Other financial income and expense

(In MAD millions)	2010	2011	2012
Foreign-exchange gains and losses	18	-20	-12
Other financial income (+)	48	11	2
Other financial expenses (-)	0	-7	-26
Other financial income and expenses	**65**	**-16**	**-36**

"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, 2010, 2011, and 2012:

(In MAD millions)	2010	2011	2012
Income tax expense	3,989	3,379	3,273
Deferred tax	-6	163	16
Provisions for tax	175	17	-17
Current tax	**4,158**	**3,559**	**3,272**
Consolidated effective tax rate[7]	**29%**	**30%**	**31%**

(In MAD millions)	2010	2011	2012
Net earnings	9,949	8,447	7,279
Income tax expense	3,983	3,542	3,289
Provision for tax	175	17	-17
Pretax earnings	**14,107**	**12,006**	**10,551**
Moroccan statutory tax rate	30%	30%	30%
Theoretical income tax expense	4,232	3,602	3,165
Impact of changes in tax rate	0	0	-27
Other differences[8]	-249	-60	134
Effective income tax expense	3,983	3,542	3,272

At December 31, 2012, Maroc Telecom had contributed MAD 204 million to fund for solidarity and social unity.
Deferred-tax rates:
Maroc Telecom: 30%
Mauritel: 25%
Onatel: 27.5%
Gabon Telecom: 35%
Sotelma: 30%

[7] *Tax expense / pretax earnings*
[8] *"Other differences" includes mainly the 17.5% tax exemption on revenues from international activities*

NOTE 26. NONCONTROLLING INTERESTS

(In MAD millions)	2010	2011	2012
Mauritel	152	136	173
Onatel	86	39	111
Gabon Telecom	93	18	63
Sotelma	77	132	226
Casanet		-2	0
Total noncontrolling interests	**409**	**323**	**574**

Noncontrolling interests reflect the claims of shareholders other than Maroc Telecom to the earnings of Mauritel, Onatel, Gabon Telecom, Sotelma, and Casanet.
In 2012, the noncontrolling interests rose 78% because of higher earnings in African subsidiaries.
In 2011, noncontrolling interests declined by 21% because of lower earnings by Gabon Telecom and Onatel.

NOTE 27. EARNINGS PER SHARE

27.1 Earnings per share

(In MAD millions)	December 31, 2010		December 31, 2011		December 31, 2012	
	Basic	Diluted	Basic	Diluted	Basic	Diluted
Earnings attributable to equity holders of the parent	9,533	9,533	8,123	8,123	6,705	6,705
Adjusted earnings attributable to equity holders of the parent	9,533	9,533	8,123	8,123	6,705	6,705
Number of shares (in millions)	879	879	879	879	879	879
Earnings per share (in MAD)	**10.8**	**10.8**	**9.2**	**9.2**	**7.6**	**7.6**

27.2 Change in the number of shares

Number of shares	2010	2011	2012
Weighted average number of shares outstanding for the period	879,095,340	879,095,340	879,095,340
Adjusted weighted average number of shares outstanding for the period	879,095,340	879,095,340	879,095,340
Potential dilutive effect of financial instruments outstanding			
Number of shares including potential dilutive effect	**879,095,340**	**879,095,340**	**879,095,340**

NOTE 28. SEGMENT DATA

28.1 Statement of financial position: items by geographical area

2012

(In MAD millions)	Morocco	International	Eliminations	Total Maroc Telecom group
Noncurrent assets	27,475	15,229	-6,581	36,122
Current assets	8,090	4,047	-312	11,825
Total assets	**35,565**	**19,276**	**-6,893**	**47,948**
Shareholders' equity	15,358	11,899	-6,564	20,693
Noncurrent liabilities	1,156	814	-16	1,954
Current liabilities	19,052	6,562	-313	25,302
Total shareholders' equity and liabilities	**35,565**	**19,276**	**-6,893**	**47,948**
Acquisitions of PP&E and intangible assets	**3,792**	**1,592**		**5,385**

2011

(In MAD millions)	Morocco	International	Eliminations	Total Maroc Telecom group
Noncurrent assets	27,089	15,233	-6,579	35,743
Current assets	8,925	4,376	-403	12,898
Total assets	**36,014**	**19,610**	**-6,982**	**48,641**
Shareholders' equity	16,951	11,700	-6,566	22,085
Noncurrent liabilities	1,697	1,155	-14	2,838
Current liabilities	17,366	6,754	-403	23,718
Total shareholders' equity and liabilities	**36,014**	**19,610**	**-6,982**	**48,641**
Acquisitions of PP&E and intangible assets	**3,882**	**1,911**		**5,793**

2010

(In MAD millions)	Morocco	International	Eliminations	Total Maroc Telecom group
Noncurrent assets	26,525	14,889	-6,548	34,866
Current assets	8,468	4,112	-359	12,221
Total assets	**34,993**	**19,001**	**-6,907**	**47,088**
Shareholders' equity	18,059	11, 880	-6,548	23,392
Noncurrent liabilities	2,239	1,099		3,339
Current liabilities	14,695	6,021	-359	20,357
Total shareholders' equity and liabilities	**34,993**	**19,001**	**-6,907**	**47,088**
Acquisitions of PP&E and intangible assets	**4,255**	**2,281**		**6,537**

28.2 Segment earnings by geographical area

2012

(In MAD millions)	Morocco	International	Eliminations	Total Maroc Telecom group
Revenues	23,178	7,079	-408	**29,849**
Earnings from operations	9,219	1,738		**10,957**
Net depreciation and impairment	3,397	1,479		**4,876**
Voluntary redundancy plan	785	76		**862**

2011

(In MAD millions)	Morocco	International	Eliminations	Total Maroc Telecom group
Revenues	25,030	6,066	-259	**30,837**
Earnings from operations	11,262	1,113		**12,375**
Net depreciation and impairment	3,335	1,302		**4,637**
Voluntary redundancy plan		0		**0**

2010

(In MAD millions)	Morocco	International	Eliminations	Total Maroc Telecom group
Revenues	26,191	5,572	-146	**31,617**
Earnings from operations	13,209	1,119		**14,327**
Net depreciation and impairment	3,143	1,209		**4,351**
Voluntary redundancy plan	0	0		**0**

NOTE 29. RESTRUCTURING PROVISIONS

(In MAD millions)	Morocco	International	Total Maroc Telecom group
Balance at January 1, 2010			
Change in scope of consolidation and purchase-price allocation adjustment			
Addition			
Utilization			
Reversals			
Balance at December 31, 2010			
Change in scope of consolidation and purchase-price allocation adjustment			
Addition			
Utilization			
Reversals			
Balance at December 31, 2011			
Change in scope of consolidation and purchase-price allocation adjustment			
Addition	800	1	**801**
Utilization	-785		**-785**
Reversals			
Balance at December 31, 2012	**15**	**1**	**15**

Maroc Telecom implemented a voluntary redundancy plan in June 2012, with an initial provision of MAD 800 million. At December 31, 2012, the total cost amounted to MAD 785 million for 1,404 employees.
A voluntary redundancy plan has also been implemented for group subsidiaries, particularly Mauritel and Sotelma. The Mauritel plan affected 51 employees for a total cost of MAD 18 million. The Sotelma plan affected 66 employees, for a total cost of MAD 58 million.

NOTE 30. RELATED-PARTY TRANSACTIONS

30.1 Compensation of corporate officers, senior managers, and directors in 2010, 2011, and 2012

(In MAD millions)	2010	2011	2012
Short-term benefits (1)	33	37	**32**
Termination benefits (2)	41	47	**38**
Total	**74**	**84**	**70**

For the year ended December 31, 2012, the members of the Management board received total remuneration of MAD 32 million.
For the year ended December 31, 2011, the members of the Management board received total remuneration of MAD 37 million.
For the year ended December 31, 2010, the members of the Management board received total remuneration of MAD 33 million.

(1) Salaries, compensation, profit sharing, bonuses, social-security contributions, paid vacation, directors' fees, and benefits in kind
(2) Compensation for redundancy

30.2. Equity affiliates

No company was accounted for by the equity method in 2010, 2011, or 2012.

30.3. Other related parties

Casanet

In 2003, Maroc Telecom concluded several agreements with Casanet relating to the:

- 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 the production of content relating to those applications;
- Marketing of internet access over leased lines.

Casanet has been fully consolidated since January 1, 2011.

(In MAD millions)	December 31, 2010	December 31, 2011	December 31, 2012
Revenues	7	NA	NA
Expenses	61	NA	NA
Receivables	25	NA	NA
Payables	25	NA	NA

Vivendi – SFR – Canal+ group

With a view to further strategic cooperation, Maroc Telecom entered into transactions with SFR (the leading non-public mobile operator in France), Canal+ group, and Vivendi group. These transactions are as follows:

2012

(In MAD millions)	Vivendi	SFR	Canal+ group
Revenues	0	432	0
Expenses	31	82	21
Receivables	0	105	0
Payables	179	9	13

2011

(In MAD millions)	Vivendi	SFR	Canal+ group
Revenues	0	436	0
Expenses	27	75	20
Receivables	0	74	0
Payables	147	9	17

2010

(In MAD millions)	Vivendi	SFR	Canal+ group
Revenues	0	433	0
Expenses	24	67	17
Receivables	0	91	0
Payables	120	29	6

NOTE 31. CONTRACTUAL COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

31.1 Contractual obligations and commercial commitments on the statement of financial position

(In MAD millions)	Total	Less than 12 months	1-5 years	>5 years
Long-term debt	886	-	857	29
Capital lease obligations	-	-	-	-
Operating leases	-	-	-	-
Irrevocable purchase commitments	-	-	-	-
Other long-term commitments	-	-	-	-
Total	**886**	**0**	**857**	**29**

31.2. Other commitments given or received relating to ordinary operations

Commitments given

Commitments given comprise the following:

2012

- 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 an operating lease of MAD 16 million;
- A commitment for a long-term satellite lease of MAD 140 million;
- A commitment of MAD 21 million concerning the disposal of Maroc Telecom Belgique;
- Various commitments for MAD 26 million.

In the event of disposal to a third party of an interest larger than 40.25% of the share capital of Medi-1-Sat and resulting in a capital loss, Maroc Telecom is committed to paying Fipar Holding an amount equal to 9.75% of the capital loss plus the cost of invested capital (6.03% per year).

2011

- A commitment to capital expenditure of MAD 1,890 million (the commitments made by Maroc Telecom concerning the third investment agreement for 2009–2011 with the Moroccan state were respected and significantly exceeded, with expenditure amounting to MAD 12,475 million and 477 jobs created);
- Commitments through guarantees and endorsements issued to banks for MAD 184 million;
- A commitment relating to Casanet equity equivalents for MAD 3 million;
- A commitment for operating leases of MAD 14 million;
- A commitment for a long-term satellite lease of MAD 207 million;
- A commitment of MAD 21 million concerning the disposal of Maroc Telecom Belgique;
- Various Mauritel commitments for MAD 21 million.

In the event of disposal to a third party of an interest larger than 40.25% of the share capital of Medi-1-Sat and resulting in a 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).

2010

- A capital-expenditure commitment for an aggregate amount of MAD 3,313 million comprising:
    - A commitment entered into by Maroc Telecom in connection with the third agreement signed with the Moroccan government in May 2009 for MAD 2,630 million (including a commitment of MAD 2,571 million in connection with suppliers of fixed assets);
    - Commitments entered into by group subsidiaries with suppliers of fixed assets, for MAD 682 million;
- A commitment by Mauritel for MAD 94 million, in connection with its acquisition of a 3G license;
- Commitments through guarantees and endorsements issued to banks for MAD 176 million;
- A commitment relating to Casanet equity equivalents for MAD 3 million;
- A commitment for operating leases of MAD 68 million;

- A commitment for a long-term satellite lease of MAD 216 million;
- A commitment of MAD 21 million concerning the disposal of Maroc Telecom Belgique;
- Various Mauritel commitments for MAD 27 million.

In the event of disposal to a third party of an interest larger than 40.25% of the share capital of Medi-1-Sat and resulting in a capital loss, Maroc Telecom is committed to paying Fipar Holding an amount equal to 9.75% of the capital loss plus the cost of invested capital (6.03% per year).

Commitments received

Commitments received comprise the following:

2012

- Guarantees and endorsements received for MAD 2,113 million at December 31, 2012, compared with 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 resulting in a capital gain, Fipar Holding is committed to paying Maroc Telecom an amount equal to 9.75% of the capital gain minus the cost of invested capital (6.03% per year).

2011

- Guarantees and endorsements received for MAD 2,274 million at December 31, 2011, compared with MAD 2,072 million at December 31, 2010.

In connection with the PACTE Universal-Service program, Maroc Telecom has committed to extending mobile coverage to 7,338 remote rural areas in Morocco over the 2008–2011 period. This program entails 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 resulting in a 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).

2010

- Guarantees and endorsements received for MAD 2,072 million at December 31, 2010, compared with MAD 1,788 million at December 31, 2009.

In connection with the PACTE Universal-Service program, Maroc Telecom has committed to extending mobile coverage to 7,338 remote rural areas in Morocco over the 2008–2011 period. This program entails aggregate capital expenditure estimated at MAD 1,159 million (€103 million). In consideration for its commitment, Maroc Telecom received a MAD 320 million (€30 million) exemption from its contribution to the Universal-Service fund 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 resulting in a capital gain, Fipar Holding is committed to paying Maroc Telecom an amount equal to 9.75% of the capital gain minus the cost of invested capital (6.03% per year).

31.3 Collateral and pledges

2012

- Pledges for MAD 23 million at December 31, 2012, compared with MAD 27 million at December 31, 2011.

2011

- Pledges for MAD 27 million at December 31, 2011, compared with MAD 33 million at December 31, 2010.

2010

- Pledges for MAD 33 million at December 31, 2010, compared with MAD 39 million at December 31, 2009.

NOTE 32. RISK MANAGEMENT

Credit risk

In order to minimize its credit risk, Maroc Telecom engages in credit operations only with commercial banks and financial institutions that have high credit ratings, and it spreads its transactions among the selected institutions.
Maroc Telecom's receivables do not have high credit risk, because of their significant dilution rate.

Currency risk

Maroc Telecom group is exposed to fluctuations in exchange rates, to the extent that the composition of its foreign-currency receipts varies considerably from that of its foreign-currency disbursements.
Maroc Telecom's foreign-currency receipts indicate revenues from international operations, while foreign-currency disbursements indicate payment to international suppliers (in particular capital expenditures and acquisition of handsets) and for interconnection with foreign operators. These disbursements are denominated mainly in euros. At December 31, 2012, the portion of euro-denominated disbursements (excluding subsidiaries) represented 51% of the MAD 2,719 million in total foreign-currency disbursements. The value of foreign-currency disbursements was less than that of foreign-currency receipts, which amounted to MAD 3,468 million in 2012.

In addition, Maroc Telecom group had debt of MAD 8,145 million at December 31, 2012. The bulk of this debt is denominated in Moroccan dirhams, euros, and CFA francs.

(In MAD millions)	2010	2011	2012
Euro	420	393	293
Moroccan dirham	3,941	5,701	6,456
Other (mainly CFA franc)	1,009	1,453	1,381
Current debt	**5,370**	**7,571**	**8,130**
Accrued interest	-16	54	15
Total financial debt	**5,354**	**7,601**	**8,145**

Maroc Telecom group cannot net its foreign-currency disbursements and receipts. Moroccan law allows the group to hold only 70% of its foreign-currency telecom receipts in a foreign-currency account; the remaining 30% must be converted into Moroccan dirhams. Consequently, Maroc Telecom group's earnings may be affected by fluctuations in exchange rates, in particular the Moroccan dirham against the US dollar and the euro.
In 2012, the euro appreciated by 0.4% against the Moroccan dirham (from MAD 11.1055 for 1 euro at December 31, 2011, to MAD 11.1475 for 1 euro at December 31, 2012). Over the same period, the US dollar depreciated by 2%, from MAD 8.5772 for 1 US dollar in 2011 to MAD 8.4335 for 1 US dollar in 2012.
The subsidiaries whose functional currency is the CFA franc or ouguiya increase the group's exposure to currency risk, in particular with respect to fluctuations of the euro and ouguiya against the Moroccan dirham.

However, a 1% depreciation in the Moroccan dirham against the euro would have had a small impact on the group's financial statements for fiscal year 2012:
- revenues = +MAD 64 million;
- earnings from operations = +MAD 15 million;
- net earnings attributable to equity holders of the parent = +MAD 5 million.

(In local currency, millions)	Euro / CFA franc	USD	MRO	Other	Total foreign currencies	MAD	Total Maroc Telecom group
Total assets	15,578	49	1,672		17,299	30,650	47,948
Total shareholders' equity and liabilities	-15,675	-257	-1,575		-17,507	-30,565	-48,071
Net position	**-97**	**-208**	**97**	**0**	**-208**	**85**	**-123**

The group does not utilize currency-hedging instruments.
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 suppliers and operators.
At the Maroc Telecom level, a 1% increase in the EUR or USD against the MAD would have had the following impact at December 31, 2012:

+MAD 15 million in assets;
-MAD 23 million in liabilities;
-MAD 7 million in net position;
+MAD 30 million in commitments;
+MAD 22 million in total net assets and liabilities.

Conversely, a 1% decrease in the EUR or USD against the MAD would have had the following impact at December 31, 2012:

-MAD 15 million in assets;
+MAD 23 million in liabilities;
+MAD 7 million in net position;
-MAD 30 million in commitments;
-MAD 22 million in total net assets and liabilities.

Liquidity risk

Maroc Telecom believes that its cash flow from operations, net cash, and funds available through credit lines will be sufficient to cover the expenses and expenditures necessary for its operations, to service its debt, to pay dividends, and to complete the acquisitions underway at December 31, 2012.

Interest-risk risk

The majority of loans taken out by Maroc Telecom group are fixed rate. Because the portion of floating-rate loans is relatively low, Maroc Telecom group is not significantly exposed to fluctuations in interest rates.

NOTE 33. EVENTS AFTER THE END OF THE REPORTING PERIOD

On January 10, 2013, Maroc Telecom signed the fourth investment agreement with the Moroccan government.
Under the terms and conditions of this agreement, Maroc Telecom is committed to investing more than MAD 10.1 billion and creating 500 jobs over the period 2013–2015. As consideration, Maroc Telecom will be exempted during that period from all customs duties on imports.

4.4 INDIVIDUAL FINANCIAL STATEMENTS

CONTENT

STATUTORY AUDITORS' GENERAL REPORT YEAR ENDED DECEMBER 31, 2012

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, 2012. These financial statements show shareholders' equity and reserves of MAD 15,232,639 thousand and net profit of MAD 6,504,876 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' judgement, including the assessment of risk that the financial statements could contain material misstatements. In assessing such risk, the auditors take into consideration the entity's current internal controls relating to the preparation and presentation of the financial statements, in order to define audit procedures that fit the circumstances, but not for the purpose of stating an opinion on the effectiveness of the internal control. An audit also involves evaluating the appropriateness of the accounting policies used, the soundness of the accounting estimates made by management, and the overall presentation of the financial statements.
We believe that the information gathered is sufficient and appropriate to provide a basis for our audit opinion.

OPINION ON THE FINANCIAL STATEMENTS

In our opinion, the financial statements referred to in the first paragraph above give a true and fair view of ITISSALAT AL-MAGHRIB (IAM) S.A.'s assets, liabilities, and financial position at December 31, 2012, and of its operations for the year then ended, in accordance with the accounting principles generally accepted in Morocco.
Without qualifying the aforementioned opinion, we draw your attention to Note B5 of the additional disclosures, relating to the tax audit under way for the fiscal years 2005–2008 and outlining the position of the Company.

SPECIFIC CONTROLS AND INFORMATION

We have also performed the specific verifications required by law. In particular, we ensured that the information contained in the Management board's report to the Shareholders was consistent with the Company's financial statements.

February 21, 2013

The Statutory auditors

KPMG	**Abdelaziz ALMECHATT**
Fouad LAHGAZI	Abdelaziz ALMECHATT
Partner	Partner

STATEMENT OF FINANCIAL POSITION

ASSET	Gross	Amortization and provisions	NET		
(in MAD thousands)			2012	2011	2010
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)	**8,898,355**	**6,384,205**	**2,514,150**	**2,703,497**	**3,091,486**
.Research and development costs	0	0	0	0	0
.Patents, trademarks, and similar rights	8,380,442	6,345,730	2,034,712	2,312,151	2,423,731
.Goodwill	50,487	38,475	12,012	12,283	11,746
.Other intangible assets	467,426	0	467,426	379,064	656,009
PROPERTY, PLANT, AND EQUIPMENT (C)	**51,085,940**	**33,102,820**	**17,983,120**	**17,499,439**	**16,653,688**
.Land	940,384	0	940,384	939,228	915,767
.Buildings	4,922,575	3,469,463	1,453,112	1,419,519	1,377,764
.Technical plant, machinery, and equipment	36,529,996	26,418,329	10,111,667	9,835,172	8,753,276
.Vehicles	160,774	69,066	91,707	95,921	103,176
.Office equipment, furniture, and fittings	3,810,399	3,036,756	773,644	843,618	854,831
.Other property, plant, and equipment	11,048	0	11,048	11,048	11,048
.Work in progress	4,710,763	109,206	4,601,557	4,354,933	4,637,825
FINANCIAL ASSETS (D)	**6,998,132**	**73,096**	**6,925,036**	**6,926,182**	**6,921,262**
.Long-term loans	42,314	2,890	39,423	40,746	36,644
.Other financial receivables	3,449	0	3,449	3,273	2,530
.Equity investments	6,952,369	70,206	6,882,163	6,882,163	6,882,088
.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)	**66,982,427**	**39,560,122**	**27,422,306**	**27,129,119**	**26,666,435**
INVENTORIES (F)	**493,924**	**133,149**	**360,776**	**547,227**	**525,615**
.Merchandise	319,506	72,112	247,395	415,843	339,658
.Raw materials and supplies	174,418	61,037	113,381	131,383	185,958
.Work in progress	0	0	0	0	0
.Intermediary and residual goods	0	0	0	0	0
.Finished goods					
CURRENT RECEIVABLES (G)	**13,346,375**	**6,340,696**	**7,005,680**	**7,827,728**	**7,489,924**
.Trade payables, advances and deposits	68,385	0	68,385	154,739	180,038
.Accounts receivable and related accounts	11,786,837	6,267,837	5,519,000	6,318,104	6,424,138
.Employees	3,188	0	3,188	1,280	745
.Tax receivable	1,276,089	0	1,276,089	1,203,982	594,163
.Shareholders' current accounts	0	0	0	0	0
.Other receivables	190,983	72,859	118,124	119,104	266,260
.Accruals	20,894	0	20,894	30,520	24,579
MARKETABLE SECURITIES (H)	**125,257**	**0**	**125,257**	**152,955**	**149,816**
UNREALIZED FOREIGH EXCHANGE LOSSES (I)	**0**	**0**	**0**	**0**	**0**
(current items)	34,992	0	34,992	59,154	49,122
TOTAL II (F+G+H+I)	**14,000,549**	**6,473,844**	**7,526,705**	**8,587,063**	**8,214,478**
CASH AND CASH EQUIVALENTS	**401,194**	**0**	**401,194**	**149,560**	**88,868**
.Checks	31,600	0	31,600	2,300	0
.Bank deposits	366,905	0	366,905	143,895	85,786
.Petty cash	2,689	0	2,689	3,365	3,082
TOTAL III	**401,194**		**401,194**	**149,560**	**88,868**
GRAND TOTAL I+II+III	**81,384,171**	**46,033,966**	**35,350,205**	**35,865,742**	**34,969,781**

STATEMENT OF FINANCIAL POSITION

SHAREHOLDERS' EQUITY AND LIABILITIES	NET		
(in MAD thousands)	2012	2011	2010
SHAREHOLDERS' EQUITY (A)	**15,232,639**	**16,864,833**	**18,024,697**
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	2,574,096	2,570,251	2,564,142
Retained earnings (2)	0	0	0
Unallocated income (2)	0	0	0
Net income of the year (2)	6,504,876	8,140,914	9,306,888
QUASI-EQUITY (B)	**0**	**0**	**0**
Investment subsidies	0	0	0
Regulated provisions	0	0	0
DEBENTURE BONDS (C)	**1,056,690**	**1,656,404**	**2,256,378**
Debenture bonds	0	0	0
Other long-term debt	1,056,690	1,656,404	2,256,378
PROVISIONS (D)	**22,165**	**23,287**	**24,368**
Provisions for contingencies	0	0	0
Provisions for losses	22,165	23,287	24,368
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)	**16,311,494**	**18,544,524**	**20,305,444**
CURRENT LIABILITIES (F)	**13,530,277**	**13,486,696**	**13,121,890**
Accounts payable and related accounts	7,087,189	6,705,393	6,239,572
Trade receivables, advances and down payments	443,563	497,256	620,365
Payroll costs	532,622	590,700	612,637
Social security contributions	70,709	79,410	112,520
Tax payable	2,481,513	2,474,479	2,598,073
Shareholders' current accounts	825,001	1,200,001	1,150,001
Other payables	478,448	402,732	332,734
Accruals	1,611,230	1,536,725	1,455,987
OTHER PROVISIONS FOR CONTINGENCIES AND LOSSES (G)	**974,280**	**963,330**	**1,019,146**
UNREALIZED FOREIGN EXCHANGE GAINS (Current items) (H)	**36,780**	**41,035**	**61,644**
Total II (F+G+H)	**14,541,336**	**14,491,061**	**14,202,680**
BANK OVERDRAFTS	**4,497,374**	**2,830,157**	**461,657**
Discounted bills	0	0	0
Treasury loans	0	0	0
Bank loans and overdrafts	4,497,374	2,830,157	461,657
Total III	**4,497,374**	**2,830,157**	**461,657**
GRAND TOTAL I+II+III	**35,350,205**	**35,865,742**	**34,969,781**

STATEMENT OF COMPREHENSIVE INCOME (EXCLUSIVE OF VAT)

(In MAD thousands)	2012	2011	2010
I- OPERATING INCOME	**22,841,074**	**24,619,989**	**25,804,351**
Sales of goods	381,613	554,749	848,762
Sales of manufactured goods and services rendered	21,886,013	23,411,292	24,329,138
Operating revenues	**22,267,626**	**23,966,041**	**25,177,899**
Change in inventories	0	0	0
Company-constructed assets	765	678	1,314
Operating subsidies	**0**	**0**	**0**
Other operating income	154,710	120,468	121,549
Operating write-backs: expense transfers	417,974	532,801	503,588
TOTAL I	**22,841,074**	**24,619,989**	**25,804,351**
II- OPERATING EXPENSES	13,079,182	13,592,449	12,962,181
Cost of goods sold	1,100,725	1,382,743	1,701,307
Raw materials and supplies	**2,916,659**	**2,985,409**	**2,500,516**
Other external expenses	2,940,857	2,916,159	2,649,818
Taxes (except corporate income tax)	221,469	237,037	215,393
Payroll, costs	**2,297,221**	**2,305,171**	**2,281,690**
Other operating expenses	**2,450**	**2,450**	**2,450**
Operating allowances for amortization	3,248,843	3,178,602	3,025,778
Operating allowances for provisions	350,958	584,879	585,228
TOTAL II	13,079,182	13,592,449	12,962,181
III- OPERATING INCOME I-II	9,761,892	11,027,540	12,842,170
IV- FINANCIAL INCOME	497,019	472,352	424,944
Income from equity investments and other financial investments	365,923	322,299	123,575
Foreign exchange gains	63,092	81,442	106,390
Interest and other financial income	**8,280**	**19,488**	**30,750**
Financial write-backs: expense transfers	**59,724**	**49,122**	**164,229**
TOTAL IV	**497,019**	**472,352**	**424,944**
V- FINANCIAL EXPENSES	**352,719**	**365,908**	**358,340**
Interest on loans	255,443	234,844	200,002
Foreign exchange losses	62,284	71,910	109,216
Other financial expenses	0	0	0
Financial allowances	**34,992**	59,154	**49,122**
TOTAL V	**352,719**	**365,908**	**358,340**
VI- FINANCIAL INCOME IV - V	**144,300**	**106,444**	**66,604**
VII- ORDINARY INCOME III + VI	**9,906,192**	**11,133,984**	**12,908,773**
VIII- EXTRAORDINARY INCOME	**272,339**	311,883	**621,095**
Proceeds from disposal of fixed assets	5,553	2,188	**168,917**
Subsidies received	0	0	**0**
Write-backs of investment subsidies	0	0	**0**
Other extraordinary income	141,418	169,918	**245,530**
Extraordinary write-backs: expense transfers	125,369	139,777	**206,648**
TOTAL VIII	**272,339**	**311,883**	**621,095**
IX- EXTRAORDINARY EXPENSES	**1,200,318**	**234,129**	**555,984**
Net book value of disposed assets	2,351	0	**115,501**
Subsidies granted	0	0	**0**
Other extraordinary expenses	998,504	16,495	**25,923**
Regulated provisions	0	0	**0**
Extraordinary allowances for depreciation and provisions	199,463	217,635	**414,560**
TOTAL IX	**1,200,318**	**234,129**	**555,984**
X- EXTRAORDINARY INCOME VIII - IX	**-927,979**	**77,753**	**65,111**
XI- INCOME BEFORE TAX VII + X	**8,978,214**	**11,211,737**	**12,973,884**
XII- CORPORATE INCOME TAX	**2,473,338**	**3,070,823**	**3,666,997**
XIII- NET INCOME XI - XII	**6,504,876**	**8,140,914**	**9,306,888**
XIV- TOTAL INCOME (I+IV+VIII)	**23,610,432**	**25,404,223**	**26,850,390**
XV- TOTAL EXPENSES (II+V+IX+XII)	**17,105,556**	**17,263,309**	**17,543,502**
XVI- NET INCOME (TOTAL INCOME -TOTAL EXPENSES	**6,504,876**	**8,140,914**	**9,306,888**

STATEMENT OF OPERATING DATA

Operating Statement (in MAD thousands)				2012	2011	2010
	1		SALES OF GOODS	381,613	554,749	848,762
	2	-	Cost of goods sold	1,100,725	1,382,743	1,701,307
I		=	GROSS MARGIN ON SALES	-719,112	-827,994	-852,545
II		+	PRODUCTION FOR THE YEAR : (3+4+5)	21,886,778	23,411,970	24,330,452
	3		Sales of manufactured goods and services rendered	21,886,013	23,411,292	24,329,138
	4		Change in inventories	0	0	0
	5		Self-constructed assets	765	678	1,314
III		-	Cost of current year production	5,857,515	5,901,568	5,150,334
	6		Raw materials and supplies	2,916,659	2,985,409	2,500,516
	7		Other external expenses	2,940,857	2,916,159	2,649,818
IV		=	Added Value (I+II-III)	15,310,151	16,682,409	18,327,572
	8	+	Operating subsidies	0	0	0
	9	-	Taxes	221,469	237,037	215,393
	10	-	Payroll costs	2,297,221	2,305,171	2,281,690
V		=	GROSS OPERATING SURPLUS	12,791,460	14,140,201	15,830,489
		=	Net Loss From Operations	0	0	0
	11	+	Other operating income	154,710	120,468	121,549
	12	-	OTHER OPERATING EXPENSES	2,450	2,450	2,450
	13	+	Operating write-backs, expense transfers	417,974	532,801	503,588
	14	-	Operating allowances	3,599,801	3,763,481	3,611,007
VI		=	OPERATING INCOME (+ OU -)	9,761,892	11,027,540	12,842,170
VII		+ / -	Financial Income	144,300	106,444	66,604
VIII		=	Ordinary Income (+ ou -)	9,906,192	11,133,984	12,908,773
IX		+ / -	EXTRAORDINARY INCOME	-927,979	77,753	65,111
	15	-	CORPORATE INCOME TAX	2,473,338	3,070,823	3,666,997
X		=	NET INCOME (+ OU -)	6,504,876	8,140,914	9,306,888

Operating Cash Flow (in MAD thousands)				2012	2011	2010
	1		NET INCOME			
		+	Profit	6,504,876	8,140,914	9,306,888
		-	Loss	0	0	0
	2	+	Operating allowances (1)	3,248,843	3,178,602	3,025,778
	3	+	Financial allowances (1)	0	0	0
	4	+	Extraordinary allowances (1)	184,660	217,635	239,560
	5	-	Operating write-backs (2)	1,122	1,082	1,046
	6	-	Financial write-backs (2)	571	0	106,888
	7	-	Extraordinary write-backs (2) , (3)	125,369	139,777	191,648
	8	-	Proceeds on disposal of fixed assets	5,553	2,188	168,917
	9	+	Net book value of disposed assets	2,351	0	115,501
I			CASH EARNINGS (C.A.F)	9,808,116	11,394,105	12,219,229
	10	-	Dividend payments	8,137,070	9,300,779	9,063,473
II			NET CASH EARNINGS	1,671,046	2,093,326	3,155,756

(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:

(in MAD thousands)	2012 (a)	2011 (b)	Changes(a-b) Uses (c)	Ressources (d)
1 Equity and long-term liabilities	16,311,494	18,544,524	2,233,029	
2 Less long-term assets	27,422,306	27,129,119	293,187	
3 Working capital (1-2) (A)	**-11,110,811**	**-8,584,595**	**2,526,216**	
4 Current assets	7,526,705	8,587,063		1,060,359
5 Less current liabilities	14,541,336	14,491,061		50,276
6 Working capital requirement (4-5) (B)	**-7,014,632**	**-5,903,997**		**1,110,634**
7 Net cash (A-B)	**-4,096,180**	**-2,680,598**		**1,415,582**

Uses and sources:

	2012		2011		2010	
I - LONG-TERM FINANCING SOURCES (in MAD thousands)	Uses	Sources	Uses	Sources	Uses	Sources
NET CASH EARNINGS (A)		1,671,046		2,093,326		3,155,756
Cash earnings		9,808,116		11,394,105		12,219,229
Dividends		8,137,070		9,300,779		9,063,473
DISPOSALS AND REDUCTIONS OF FIXED ASSETS (B)		14,557		7,577		229,721
Reduction of intangible assets		1,635		0		32,306
Reduction of property, plant, and equipment		3,274		0		5,154
Disposal of property, plant, and equipment		4,882		2,188		148,017
Disposal of financial assets		671		0		20,899
Write-backs of long-term receivables		4,095		5,389		23,345
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)		286		26		634
(Net of redemption premiums)						
TOTAL (I) LONG-TERM RESOURCES (A+B+C+D)		1,685,889		2,100,929		3,386,111
II - LONG-TERM USES FOR THE YEAR						
ADDITIONS & INCREASE IN FIXED ASSETS (E)	3,612,105		3,724,532		4,109,187	
Acquisitions of intangible assets	354,737		298,813		541,270	
Acquisitions of property, plant, and equipment	3,254,420		3,415,410		3,567,917	
Acquisitions of financial assets	0		75		0	
Increase in long-term receivables	2,949		10,234		0	
Increase in property, plant, and equipment	0		0		0	
REIMBURSEMENT OF EQUITY (F)	**0**		**0**		**0**	
REIMBURSEMENT OF LONG-TERM DEBT (G)	**600,000**		**600,000**		**600,000**	
CAPITALIZED COSTS (H)	**0**		**0**		**0**	
TOTAL (II) STABLE USES (E+F+G+H)	**4,212,105**		**4,324,532**		**4,709,187**	
III - CHANGE IN WORKING CAPITAL REQUIREMENT	**0**	**1,110,634**	**84,205**	**0**	**0**	**1,351,151**
IV - CHANGE IN CASH AND CASH EQUIVALENTS	**0**	**1,415,582**	**0**	**2,307,809**	**28,075**	**0**
GRAND TOTAL	**4,212,105**	**4,212,105**	**4,408,737**	**4,408,737**	**4,737,262**	**4,737,262**

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, consistent accounting methods from one year to the next, and no netting.

Intangible assets and property, plant, and equipment

- The assets transferred by the Moroccan government on February 26, 1998, to establish Itissalat Al Maghrib (Maroc Telecom), were recorded as a net amount in the opening, which was approved by:
  - Postal Services and Information Technology Act no. 24-96,
  - Joint order no. 341-98 of the Ministry of Telecommunications and the Ministry of Finance, Commerce, and Industry, approving the inventory of assets transferred to Itissalat Al-Maghrib.
- Assets acquired thereafter are recorded at their acquisition or production cost, which for networks essentially comprises design and planning costs, construction costs, site-development costs, network-rollout costs, customs duties, and internal costs related to network development. Financial expenses corresponding to interest on capital borrowed to finance property, plant, and equipment are not expensed as production costs during the production period.
- Network maintenance charges are expensed.
- Assets are depreciated and amortized consistently, depending on their asset class (PP&E or intangible) and on their use (transmission, network equipment, etc.).
- Depreciation and amortization are calculated using the straight-line method over the estimated useful life lives of the assets, as follows:

Intangible assets ....4 to 5 years, except 3G licenses (25 years)

Property, plant, and equipment:
- Construction and buildings..20 years
- Civil engineering.. ..15 years
- Network equipment:
  - Transmission (mobile)..10 years
  - Switching...8 years
  - Transmission (fixed line)...10 years

Other property, plant, and equipment
- Furniture and fittings..10 years
- Computer equipment...5 years
- Office equipmen..10 years
- Transportation equipment..5 years

An additional provision is recorded for technical obsolescence, reduction in estimated useful life, or asset impairment.
Assets not yet in service are recorded as work-in-progress.

Financial assets

- Investment securities are recorded at their purchase price. An impairment charge is recorded for the difference if this value is higher than the carrying value. The carrying value is determined on the basis of the group's proportionate share of equity as represented by the securities. This figure may be adjusted to reflect the companies' growth and earnings outlooks.
- Other financial assets, which include receivables, loans, and deposits, are recognized on the basis of their nominal value. Provisions may be recorded to reflect collection risk.

Inventories

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 01/01/12 TO 12/31/12

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 01/01/12 TO 12/31/12

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 01/01/12 TO 12/31/12

Principal account	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 01/01/12 TO 12/31/12 *(In MAD thousands)*

DESCRIPTION	GROSS BLANACE 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	**8,309,844**	**354,737**	**0**	**500,235**	**0**	**1,635**	**264,825**	**8,898,355**
Research and development costs	0	0	0	0	0	0	0	0
Patents, trademarks, and similar rights	7,885,551	0	0	494,892	0	0	0	8,380,442
Goodwill	45,229	0	0	5,258	0	0	0	50,487
Other intangible assets	379,064	354,737	0	85	0	1,635	264,825	467,426
PROPERTY, PLANT, AND EQUIPMENT	**48,080,392**	**3,253,655**	**765**	**2,762,533**	**10,188**	**3,274**	**2,997,942**	**51,085,940**
Land	939,228	1,157	0	0	0	0	0	940,384
Buildings	4,715,598	0	0	206,977	0	0	0	4,922,575
Technical plant, machinery, and equipment	34,154,230	0	0	2,377,617	1,851	0	0	36,529,996
Vehicles	166,518	0	0	2,592	8,337	0	0	160,774
Office equipment	3,635,053	0	0	175,346	0	0	0	3,810,399
Other property, plant, and equipment	11,048	0	0	0	0	0	0	11,048
Work in progress	4,458,716	3,252,499	765	0	0	3,274	2,997,942	4,710,763

B2 Bis: DEPRECIATION SCHEDULE

FROM 01/01/12 TO 12/31/12 *(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	**5,606,347**	**777,858**	**0**	**6,384,205**
Research and development costs	0	0	0	0
Patents, trademarks, and similar rights	5,573,400	772,330	0	6,345,730
Goodwill	32,947	5,528	0	38,475
Other intangible assets	0	0	0	0
PROPERTY, PLANT AND EQUIPMENT	**30,444,709**	**2,546,438**	**8,408**	**32,982,739**
Land	0	0	0	0
Buildings	3,296,079	173,384	0	3,469,463
Technical plant, machinery, and equipment	24,286,598	2,120,928	71	26,407,454
vehicles	70,597	6,806	8,337	69,066
office equipment	2,791,435	245,321	0	3,036,756
Other property, plant, and equipment	0	0	0	0
Work in progress	0	0	0	0

(*) Including extraordinary allowances:

- Asset retirement	2 Mdh
- Corrective action to remedy delays to entry into service	73 Mdh
Total of extraordinary allowances	75 Mdh

B3: GAINS AND LOSSES FROM DISPOSALS AND RETIREMENT OF FIXED ASSETS

FROM 01/01/12 TO 12/31/12 *(In MAD thousands)*

Disposal of retirement date	Principal account	Gross amount	Accumulated depreciation	Net book value	Proceeds from disposal of assets	Gains	Losses
2012	231&232	0	0	0	0		
2012	233	1,851	71	1,780	2,135	356	
2012	234	8,337	8,337	0	2,746	2,746	
2012	235	0	0	0	0		
2012	251	571	0	571	671	100	0
Total		**10,759**	**8,408**	**2,351**	**5,553**	**3,202**	**0**

B4: EQUITY INVESTMENTS

FROM 01/01/12 TO 12/31/12 *(In MAD thousands)*

	Operating sector (1)	Share capital (2)	% of interest (3)	Overall acquisition price (4)	Net book value (5)	Derived from latest selected financial data of issuer			Income recorded in statement of comprehensive income (9)
						Closing date (6)	Net equity (7)	Net income (8)	
MATELCA	Study and realization of submarine cables	300	50	0	0	Dec. 31, 12	-	-	14,576
ARABSAT	Operation and marketing of telecommunications systems	1,277,366	0.61	6,454	6,454	Dec. 31, 12	-	-	1,866
ADM	Building and operation of Moroccan road network	11,155,629	0.18	20,000	16,000	Dec. 31, 12	-	-	0
THURAYA	Regional satellite operator	5,312,845	0.16	9,872	9,872	Dec. 31, 12	-	-	0
CASA@NET	Internet service provider	14,414	100	18,174	18,174	Dec. 31, 12	-	-	0
CMC	Financial holding company	344,617	80	399,469	399,469	June 31, 12	-	-	71,046
FONDS AMORCAGE SINDBAD	Seed capital fund	43,000	10	4,479	0	Dec. 31, 12	-	-	0
Médi1 sat	Media (Satellite television)	398,893	3	61,727	0	Dec. 31, 12	-	-	0
Onatel	Telecommunications	585,631	51	2,459,380	2,459,380	Dec. 31, 12	-	-	71,896
Gabon Telecom	Telecommunications	1,185,642	51	828,828	828,828	Dec. 31, 12	-	-	14,109
Sotelma	Telecommunications	151,437	51	3,143,911	3,143,911	Dec. 31, 12	-	-	192,431
MT FLY SA	Operating aircraft for passenger and/ or freight transport	300	100	75	75	Dec. 31, 12	-	-	0
Total				**6,952,369**	**6,882,163**		**0**	**0**	**365,923**

B5: PROVISIONS

FROM 01/01/12 TO 12/31/12 *(In MAD thousands)*

	OPENING BALANCE	ALLOWANCES			WRITE-BACKS			CLOSING BALANCE
		Operating	financial	Extraordinary (*)	Operating	financial	Extraordinary (*)	
1- Provisions for depreciation of fixed assets	209,910	0	0	109,206	0	571	125,369	193,177
2-Regulated provisions	0	0	0	0	0	0	0	0
3-Provisions for contingences and losses	23,287	0	0	0	1,122	0	0	22,165
SUB TOTAL (A)	**233,197**	**0**	**0**	**109,206**	**1,122**	**571**	**125,369**	**215,342**
4-Provisions for depreciation of current assets (excluding cash and cash equivalent)	6,378,939	239,121	0	0	144,216	0	0	6,473,844
5-Other provisions for contingencies	963,330	111,837	34,992	14,803	91,528	59,154	0	974,280
6-Provisions for depreciation of cash and cash equivalents	0	0	0	0	0	0	0	0
SUB TOTAL (B)	**7,342,269**	**350,958**	**34,992**	**14,803**	**235,744**	**59,154**	**0**	**7,448,125**
TOTAL (A+B)	**7,575,466**	**350,958**	**34,992**	**124,009**	**236,866**	**59,724**	**125,369**	**7,663,467**

(*) Incuding:	
Depreciation of inventories class 2	37 Mdh
Delays to entry into service of work progress	72 Mdh
Total	109 Mdh

(*) Incuding:	
Amortization	15 Mdh
Spare parts	32 Mdh
Write-backs of provision for SWAP	06 Mdh
Delays to entry into service of work progress	72 Mdh
Total	125 Mdh

(**) Other provisions for contingencies concern mainly prepaid income relating to loyalty programs (MAD 375 M), disputes with third parties (MAD 82 M), foreign-exchange risk (MAD 35 M) and a legal dispute with the Moroccan tax authorities (MAD 468 M) and restructuring provision (MAD 15 M).

Maroc Telecom is subject to a tax control for fiscal-years 2005, 2006, 2007, and 2008. The Company has already provided responses and documentation, as requested by the tax authorities, and continues its appeal of the tax adjustment, filed within the required time period. Maroc Telecom believes that the tax reassessment will not have a material impact on the earnings, equity, or liquidity of the Company.

B6: RECEIVABLES

FROM 01/01/12 TO 12/31/12 *(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	**45,763**	**27,924**	**17,839**	**0**	**0**	**0**	**19,270**	-
Long-term loans	42,314	24,475	17,839	0	0	0	19,270	-
Other financial receivables	3,449	3,449	0	0	0	0	0	-
CURRENT ASSETS	**13,346,375**	**6,762**	**4,508,770**	**8,830,843**	**1,405,942**	**3,120,755**	**374,116**	**-**
Trade payables, advances, and deposits	68,385	6,762	61,623	0	22,156	0	0	
Accounts receivable and related accounts	11,786,837	0	3,028,853	8,757,984	1,321,462	1,771,806	320,341	
Employees	3,188	0	3,188	0	0	0	0	
Tax receivables	1,276,089	0	1,276,089	0	0	1,276,089	0	-
Shareholders' current accounts	0	0	0	0	0	0	0	-
Other receivables	190,983	0	118,124	72,859	62,325	72,859	53,775	-
Accruals	20,894	0	20,894	0	0	0	0	-

B7: LIABILITIES

FROM 01/01/12 TO 12/31/12 *(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	**1,056,690**	**456,690**	**600,000**		**558**	**0**	**0**	
Debenture bonds	0	0	0	0	0	0	0	0
Other long-term debt	1,056,690	456,690	600,000	0	558			0
CURRENT LIABILITIES	**13,530,277**	**107,525**	**12,961,695**	**461,057**	**2,688,353**	**3,024,949**	**1,468,203**	**0**
Accounts payable and related accounts	7,087,189	107,525	6,518,609	461,055	2,244,790	11,853	643,203	0
Trade receivables, advances, and deposits	443,563	0	443,563	0	443,563	0	0	
Employees	532,622	0	532,622		0	0	0	
Social-security authorities	70,709	0	70,709	0	0	70,709	0	0
Tax payable	2,481,513	0	2,481,513	0	0	2,481,513	0	0
Shareholders' current accounts	825,001	0	825,000	1	0	0	825,000	0
Other payables	478,448	0	478,448	0	0	460,874	0	0
Accruals	1,611,230	0	1,611,230	0	0	0	0	0

B8: GUARANTEES GIVEN OR RECEIVED

FROM 01/01/12 TO 12/31/12 *(In MAD thousands)*

	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	23,044	(2)		Guarantees received are from employees	23,044

(1) Collateral: 1- Mortgage : 2-Pledge : 3-Warrant : 4-Others : 5-To be specified
(2) State if the guarantee is given to a company or to a person (guarantees given) (related parties, partners, employees)
(3) State if the guarantee is received from a person other than the debtor (guarantees received)

B9: FINANCIAL COMMITMENTS GIVEN OR RECEIVED, EXCLUDING LEASING TRANSACTIONS

FROM 01/01/12 TO 12/31/12 *(In MAD thousands)*

COMMITMENTS GIVEN	Amounts Year end	Amounts Previous year
Investment not yet realized		
- Property, plant and equipment	0	0
- Investment commitment	2,737,242	1,275,497
	2,737,242	**1,275,497**
Guarantees from banks		
- Documentary credit	0	0
- Endorsements	62,439	62,036
	62,439	**62,036**
Equity investments		
- Casanet (quasi-equity)	0	2,772
	0	**2,772**
Operating lease obligations (*)	14,622	13,697
	14,622	**13,697**
Maroc Telcom Belgique disposal commitment		
Commitment to adjust the disposal price by the amount of unrecovered trade receivables limited to €40,000 for a period of 12 months.;		0
Noncumulative guarantee commitments for liabilities, the largest of which are tax liabilities limited to 100% of the disposal price, or €1,895,387.00.	20,877	20,877
	20,877	**20,877**
Total	**2,835,180**	**1,374,879**

(*) 2 to 15 year rent contract with tacit renewal. The amount indicated is related to one month's notice

COMMITMENTS RECEIVED	Amounts Year end	Amounts Previous year
Endorsements and guarantees	1,803,788	1,942,333
Other commitments received		
Commitment by the Moroccan government to social outreach initiatives		
Investment commitment		
Exemption of the customs duties on the imports relating to the investments		
Total	**1,803,788**	**1,942,333**

B10: FINANCE-LEASE ASSETS

FROM 01/01/12 TO 12/31/12 *(In MAD thousands)*

Section	Date of the first term	Contract length in months	Estimated value at the date of the contract value	Theoritical amortization period	Accumulated fees of previous years	Accumulated royalties amount	Remaining royalties to pay		Residual purchase price	Observations
							Less than one year	More than one year		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
		None					None			

B11: ANALYSIS OF STATEMENT OF COMPREHENSIVE INCOME (ITEMS)

FROM 01/01/12 TO 12/31/12 *(In MAD thousands)*

ITEM		Current year 2012	Previous year
	OPERATING INCOME	22,841,074	24,619,989
711	.Sales of goods	0	0
	.Sales of goods in Morocco	381,613	554,749
	.Sales of goods abroad	0	0
	.Other sales of goods		
	Total	**381,613**	**554,749**
712	SALES OF MANUFACTURED GOODS AND SERVICES RENDERED		
	Sales of manufactured goods in Morocco		
	Sales of manufactured goods abroad		
	Sales of service rendered in Morocco	18,269,174	19,767,732
	Sales of service rendered abroad	3,616,839	3,643,560
	Royalties for patents, trademarks, rights, etc		
	Other sales of manufactured goods and services rendered	0	0
	Total	**21,886,013**	**23,411,292**
713	**CHANGE IN INVETORIES**	0	0
	. Change in manufactured goods inventory	0	0
	. Change in services inventory	0	0
	. Change in product inventory WIP	0	0
	Total	**0**	**0**
714/718	**OTHER OPERATING INCOME**	0	0
	. Directories' fees received	0	0
	. Other operating income	155,475	121,146
	Total	**155,475**	**121,146**
719	**OPERATING WRITE-BACKS: EXPENSE TRANSFERS**		
	Write-backs	236,866	332,655
	Expense transfers	181,108	200,146
	Total	**417,974**	**532,801**
	FINANCIAL INCOME		
738	. Interest and other financial income		
	. Interest and similar income	3,901	8,981
	. Income from receivables of controlled entities	0	0
	. Net proceeds from disposal of marketable securities	211	3,139
	. Other interest and financial income	4,168	7,368
	Total	**8,280**	**19,488**

ITEM		Current year 2012	Previous year
	OPERATING EXPENSES		
611	**Cost of goods sold**		
	- Cost of goods	926,262	1,456,096
	- Change in inventory (+/-)	174,463	-73,353
	Total	**1,100,725**	**1,382,743**
612	**RAW MATERIAL AND SUPPLIES**		
	- Raw materials	0	0
	- Change in raw material inventory		
	- Supplies and packaging	228,684	277,038
	- Change in supplies and packaging inventory	23,055	64,663
	- Cost of consumable materials and supplies	340,613	314,895
	- Cost of research, surveys, studies, and services	2,324,306	2,328,814
	Total	**2,916,659**	**2,985,409**
613/614	**OTHER EXTERNAL EXPENSES**		
	- Rent and rental expenses	351,465	364,263
	- Finance lease installments	0	0
	- Maintenance and repairs	636,216	629,512
	- Insurance premiums	9,769	7,826
	- Payments of external staff	152,148	132,013
	- Payments for intermediaries and fees	214,968	230,055
	- Fees for patents, trademarks, rights, etc.	696,565	633,021
	- Transportation	17,306	25,154
	- Travel and entertainment expenses	69,190	89,893
	- Other external expenses	793,229	804,423
	Total	**2,940,857**	**2,916,159**
617	**PAYROLL COSTS**		
	- Payroll	1,957,842	2,004,548
	- Social security	339,379	300,623
	- Other payroll costs	0	0
	Total	**2,297,221**	**2,305,171**
618	**OTHER OPERATING EXPENSES**		
	- Directors' fees	2,450	2,450
	- Losses on uncollectible receivables	0	0
	- Other financial expenses	0	0
	Total	**2,450**	**2,450**
638	**FINANCIAL EXPENSES**		
	- Other financial expenses	0	0
	- Net losses on disposal of marketable securities	0	0
	- Other financial expenses	0	0
	Total	**0**	**0**
658	**EXTRAORDINARY EXPENSES**		
	- Other extraordinary expenses	992,924	4,273
	- Contract cancellation payments and forfeiture of deposits	0	0
	- Back tax payments (other than income tax)	0	0
	- Tax penalties and fines	697	3,373
	- Uncollectible receivables	0	0
	- Other extraordinary expenses	4,883	8,848
	Total	**998,504**	**16,495**

B12: RECONCILIATION OF NET INCOME TO TAXABLE INCOME

FROM 01/01/12 TO 12/31/12 *(In MAD thousands)*

I DETERMINATION OF INCOME	AMOUNT	AMOUNT
I- NET INCOME		
. Net profit	6,504,876	
. Net loss		
II- TAX ADD-BACKS	**2,873,557**	
1. Ordinary	**2,518,813**	
- Income tax 2011	2,473,338	
- Amortization in excess of MAD 300.000	597	
- POP Paris expenses (IAM branch)	6,361	
- Unrealized foreign exchange gains 2011	36,780	
- Gifts exceeding MAD 100 per unit	1,737	
- Donations in cash or kind	0	
- Expenses from prior years	0	
2. Extraordinary	**354,744**	
- Provisions & amortization	145,641	
- Penalties and fiscal fines	697	
- Contribution for the support of social solidarity	203,523	
- Expenses from prior years	4,883	
III- TAX DEDUCTIONS		**558,221**
1. Ordinary		**406,958**
- Unrealized foreign exchange gains 2010		41,035
- POP Paris income (IAM branch)		0
- Revenues from equity investments		365,923
2. Extraordinary		**151,264**
- Allowance on net capital gains from disposal		0
- Provisions & amortization		151,264
- Reversal of provisions for impairment of investments		0
TOTAL	**2,873,557**	**558,221**
IV- GROSS TAXABLE INCOME		
- Gross profit		8,820,212
- Gross taxable loss		
V- LOSS CARRIED FORWARD		**0**
VI- TAXABLE INCOME		
- Net taxable profit		**8,820,212**
- Net taxable loss		
17.50% REBATE ON CORPORATE INCOME TAX FOR EXPORT REVENUES		**172,726**
*** CORPORATE INCOME TAX**		**2,473,338**

B13: DETERMINATION OF ORDINARY INCOME AFTER TAX

FROM 01/01/12 TO 12/31/12 *(In MAD thousands)*

I DETERMINATION OF INCOME	AMOUNT
Ordinary income from statement of comprehensive income (+)	9,906,192
Add-backs on ordinary operations	45,475
Deduction of ordinary operations	406,958
Ordinary income theoretically taxable (=)	**9,544,710**
Theoretical tax on ordinary income (-)	2,863,413
Exemption of export revenues	-186,914
Ordinary income after tax (=)	**7,229,693**

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 01/01/12 TO 12/31/12 *(In MAD thousands)*

DESCRIPTION	Opening balance 1	Operations 2	VAT Returns 3	Closing balance (1+2-3)
A / Invoiced VAT	2,178,743	3,787,897	3,839,241	2,127,399
B / Recoverable VAT	575,149	1,668,224	1,594,817	648,556
- On expenses	391,928	954,258	918,427	427,759
- On assets	183,221	713,967	676,391	220,797
C / VAT payable (VAT credit) VAT = (A-B)	**1,603,594**	**2,119,673**	**2,244,423**	**1,478,843**

C1: SHAREHOLDER STRUCTURE

FROM 01/01/12 TO 12/31/12 *(In MAD thousands)*

Surname, first name, business name of main shareholders (1)	Adress	STOCKS HELD (in thousands)		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		465,920	**465,920**	0.006	2,795,523	2,795,523	2,795,523
3°/ M.r SALAHEDDINE MEZOUAR		0.010	**0.010**	0.006	0.060	0.060	0.060
4°/ Mr. TAIB CHERKAOUI		0.010	**0.010**	0.006	0.060	0.060	0.060
5°/ Mr. JEAN BERNARD LEVY		0.010	**0.010**	0.006	0.060	0.060	0.060
6°/ Mr. REGIS TURRINI		0.010	**0.010**	0.006	0.060	0.060	0.060
7°/ Mr. JACQUES ESPINASSE		0.010	**0.010**	0.006	0.060	0.060	0.060
8°/ Mr. PHLIPPE CAPRON		1.010	**1.010**	0.006	6.060	6.060	6.060
9°/ Mr. FRANCK ESSER		0.010	**0.010**	0.006	0.060	0.060	0.060
10°/ Mr. JEAN-RENE FOURTOU		0.010	**0.010**	0.006	0.060	0.060	0.060
11°/ Mr. JACQUES CHAREYRE		0.100	**0.100**	0.006	0.600	0.600	0.600
12°/ Mr. TALBI ABDELAZIZ		0.010	**0.010**	0.006	0.060	0.060	0.060
13°/ Other shareholders		149,445	**149,445**	0.006	896,671	896,671	896,671

(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 01/01/12 TO 12/31/12 *(In MAD thousands)*

	Amount		Amount
A. SOURCE OF INCOME (Decision of April 24, 2012)		**B. INCOME APPROPRIATION**	
		- Legal reserves	0
- Retained earnings at December 31, 2011	0	- Other reserves	3,845
- Net income to be allocated	0	- Directors' share in profits	0
- Net income for the period	8,140,914	- Dividends	8,137,070
- Withholding from reserves	0	- Other allocations	0
- Other reserves	0	- Retained earnings	0
TOTAL A	**8,140,914**	**TOTAL B**	**8,140,914**

C3: INCOME AND OTHER SIGNIFICANT ITEMS OVER THE PAST THEE YEARS

(In MAD thousands)

Description	2010	2011	2012
NET EQUITY OF THE COMPANY			
Shareholders' equity and quasi-equity less capitalized costs	18,024,697	16,864,833	15,232,639
OPERATIONS AND INCOME FROM PERIOD			
Revenues excluding tax	25,177,899	23,966,041	22,267,626
Income before tax	12,973,884	11,211,737	8,978,214
Corporate income tax	3,666,997	3,070,823	2,473,338
Dividends	9,063,473	9,300,779	8,137,070
Unappropriated income (placed in reserves or to be allocated)	835	6,109	3,845
EARNINGS PER SHARE			
Earnings per share for period (MAD)	10.59	9.26	7.40
Dividends per share (MAD)	10.31	10.58	9.26

C4: TRANSACTIONS IN FOREIGN CURRENCIES DURING THE YEAR

FROM 01/01/12 TO 12/31/12 *(In MAD thousands)*

Description	Entry Exchange value in MAD	Outgoing Exchange value in MAD
- Permanent financing		
- Gross assets		1,874,916
- Receipts from sale of fixed assets	386,717	
- Repayment of long-term debt		-
- Dividends paid		
- Income	3,081,135	
- E xpenses		844,067
TOTAL INFLOWS	**3,467,852**	
TOTAL OUTFLOWS		**2,718,983**
FOREIGN CURRENCY BALANCE		**748,869**
TOTAL	**3,467,852**	**3,467,852**

C5: DATE OF FINANCIAL STATEMENTS AND SUBSEQUENT EVENTS

I. DATES	
- Date of statement of financial position (1):	12/31/2012
- 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**
01/10/2013	The fourth investment agreement between IAM and the Moroccan government enters into force. This agreement covers the period 2013–2015 for a total amount of MAD 10 billion (incl. tax).

REPORT OF THE STATUTORY AUDITORS ON RELATED-PARTY AGREEMENTS YEAR ENDED DECEMBER 31, 2012

To the Shareholders,

In our capacity as statutory auditors of the company, we hereby present our report on related-party agreements, in accordance with Article 95 to 97 of Moroccan Act 17-95 as amended and completed by Act 20-05.

Our responsibility is to present the characteristics and modalities of the agreements we have been notified by the Chairman of the Supervisory board or that we discovered during our mission, without comment on their usefulness or their validity, nor to seek the existence of other agreements. It is your responsibility, according to the law above, to vote on their approval.

We have performed the procedures that we considered necessary with regards to the standards of the profession in Morocco. These procedures consisted of checking that the information we were provided with the documentation from which they originate.

1. RELATED-PARTY TRANSACTIONS CONCLUDED DURING 2012

Contracts previously authorized by your Supervisory board:

1.1 Contract with Société de Participations dans les Télécommunications (SPT)

- Concerned entity: Société de Participations dans les Télécommunications « SPT » (wholly owned subsidiary of Vivendi and parent company of IAM).
- Form of the agreement: Written agreement.
- Nature and purpose of the agreement: Advance on current account agreed by SPT to IAM for the partial financing of dividends payout.
- Main terms: The current-account advance is for a total amount of MAD 3,150 million. The agreement provides for repayment in three tranches: MAD 1,100 million for tranches 1 and 2, and MAD 950 million for tranche 3. Subsequent to an amendment dated August 2, 2012, the repayment amounts were changed to MAD 1,225 million, MAD 1,100 million, and MAD 825 million for maturities of three months, six months, and nine months, respectively, as of May 31, 2012. A short-term loan contract governs each tranche.
The interest rate was a fixed 3.33%, the maximum interest allowable as deduction from shareholders' current accounts.
Fees for negotiation and for financial and legal counsel remain at IAM expense at the drawdown date.
- Products or services supplied: Payment of an advance on current account agreed by SPT to IAM.
- Amounts received: At December 31, 2012, IAM received MAD 3,150 million.
- Amounts paid: At December 31, 2012, the amount repaid (including ex VAT interests) was MAD 2,353 million. In addition, MAD 7.3 million in advisory, financial, and legal fees (i.e., MAD 2.5 million for tranches 1 and 2, and MAD 2.3 million for tranche 3, adjusted to MAD 2.0 million after the amendment) had been paid by IAM on May 31, 2012 (drawdown date). At December 31, 2012, the balance stood at MAD 841.107 million (including ex VAT interests).

1.2 Lease agreement with MT Fly

- Concerned persons: Members of management bodies in common are Messrs. Larbi GUEDIRA (member of Management board of IAM), Laurent MAIROT (member of Management board of IAM), Rachid MECHAHOURI (member of Management board of IAM) and Mrs. Janie LETROT (member of Management board of IAM).
- Form of the agreement: Written agreement.
- Nature and purpose of the agreement: Lease of IAM aircraft by MT Fly for commercial operations.
- Main terms: The Maroc Telecom Supervisory board, at its meeting of July 23, 2012, approved an aircraft lease agreement with MT Fly (commercial operator), effective retroactively at January 1, 2012, for a period of 12 months.
- Products or services supplied: Lease of IAM aircraft by MT Fly for commercial operations. The annual lease amount recognized by IAM in 2012 is MAD 5.8 million (excl. tax).
- Amounts received: No amount was received in reimbursement during 2012.

1.3 Moroccan Royal athletics Federation « FRMA »

- Concerned persons: The member of management bodies in common is Mr. Abdeslam AHIZOUNE (Chairman of the Management board of IAM).

- Form of the agreement: Written agreement.

- Nature and purpose of the agreement: Sponsorship agreement.

- Main terms: Expired in July 2012, the Supervisory board of 23 July 2012 authorized the renewal of this agreement for a period from 1 July 2012 to 30 June 2014, and representing an amount of 6 million dirhams per year, in addition to the FRMA Chairman's travel and representation expenses.

-Products or services supplied: Supply of financing for the activities of the FRMA and support of mission expenses and travel.

- Amounts paid: IAM paid 5 millions dirhams n 2012.

2. RELATED-PARTY AGREEMENTS CONCLUDED IN PREVIOUS YEARS THAT REMAINED EFFECTIVE IN 2012

2.1 Contract with Société de Participations dans les Télécommunications (SPT)

Concerned persons: Société de Participations dans les Télécommunications « SPT » (wholly owned subsidiary of Vivendi and parent company of IAM).

- Form of the agreement: Written agreement.

- Nature and purpose of the agreement: Advance on current account agreed by SPT to IAM for the partial financing of dividends payout.

- Main terms: The advance is for a total of 3,600 million Dirhams. The advance comprises three tranches of MAD 1,200 million, with maturities of three, six, and nine months as of May 31, 2011. Each tranche is subject to a short term loan agreement.

The interest rate was a fixed 3.44%, the maximum interest allowable as deduction from shareholders' current accounts.

Fees for negotiation and for financial and legal counsel remain at IAM expense at the drawdown date.

- Products or supplied services: Payment of an advance on current account agreed by SPT to IAM.

- Amounts paid: At December 31, 2012, the amount repaid (including ex VAT interests), which settled this current-account advance, came to MAD 1,231 million.

2.2 Agreement on advance payment with the company MT Fly

- Concerned persons: Members of management bodies in common are Messrs. Larbi GUEDIRA (member of the Management board of IAM), Laurent MAIROT (member of the Management board of IAM), Rachid MECHAHOURI (member of the Management board of IAM) and Mrs. Janie LETROT (member of the Management board of IAM).

- Form of the agreement: Written agreement.

- Nature and purpose of the agreement: Advance payment for air transport services.

- Main terms: The service agreement relating to air transport states that the annual volume of flight hours that can be controlled by IAM varies between a minimum of 125 flight hours and a maximum of 200 hours billed respectively for a minimum annual amount estimated at 7.1 million dirhams and a maximum annual amount estimated to 11.4 million dirhams.

IAM grants MT Fly an advance payment of an amount of seven million dirhams at the contract signature (ie July 26, 2011) and which will be deducted from future invoices. This advance is intended to cover expenses of the first six months of activity and allow the financial viability of MT Fly.

This contract is renewed automatically on yearly basis from December 31, 2011.

- Supplied services: Advance on air transport services.

The amount invoiced by MT Fly in 2012 is 6 million dirhams including tax.

- Amounts paid: None.

2.3 Contract with Sotelma

- Concerned persons: Members of management bodies in common are Messrs. Larbi GUEDIRA (member of the Management board of IAM), Laurent MAIROT (member of the Management board of IAM), Rachid MECHAHOURI (member of the Management board of IAM).

- Form of the agreement: Written agreement.

- Nature and purpose of the agreement: Agreement for the supply of works, services and technical assistance.

- Main terms: In 2009, Sotelma entered into an agreement with IAM under which the Company provides services and technical assistance. These services are essentially carried out by expatriate employees.

- Products or services supplied: In 2012, IAM provides Sotelma with technical assistance services. At December 31, 2012, the amount of revenue invoiced by IAM to Sotelma amounted to 18,322 thousand dirhams excluding tax. The balance payable at December 31, 2012, amounted to MAD 3,801 thousand.

- Amounts received: IAM received 36,058 thousand dirhams in 2012.

2.4 Contrat with Onatel

Concerned persons: Members of management bodies in common are Messrs. Larbi GUEDIRA (member of the Management board of IAM), Laurent MAIROT (member of the Management board of IAM), and Mrs. Janie LETROT (member of the Management board of IAM).
-Form of the agreement: Written agreement.
-Nature and purpose of the agreement: Agreement for the supply of services and technical assistance.
-Main terms: Current September 2007, Onatel concluded with IAM an agreement under which the latter provides services and technical assistance. These services are delivered mainly through the provision of expatriate staff.
- Products or services supplied: During the fiscal year 2012, IAM supplied to Onatel services in the following areas:

- Strategy and development;
- Organization;
- Networks;
- Marketing;
- Finance;
- Purchasing;
- Human resources;
- Information systems;
- Regulation.

At December 31, 2012, the amount invoiced for services rendered in 2012, and paid by Onatel, was MAD 12,826 thousand, excluding tax.
At December 31, 2012, the Onatel receivable on IAM books was MAD 2,588 thousand.
- Amounts received: IAM received 37,321 thousand dirhams in 2012.

2.5 Contrat with Gabon Telecom

- Concerned persons: Members of management bodies in common are Messrs. Larbi GUEDIRA (member of the Management board of IAM) and Laurent MAIROT (member of the Management board of IAM).
- Form of the agreement: Written agreement.
- 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 the latter provides services and technical assistance. These services are provided mainly through the provision of expatriate staff.
- Products or services supplied: During the fiscal year 2012, IAM supplied to Gabon Telecom services in the following areas:

- Strategy and development;
- Organization;
- Networks;
- Marketing;
- Finance;
- Purchasing;
- Human resources;
- Information systems;
- Regulation.

In 2012, the amount for this agreement invoiced by ITISSALAT AL MAGHRIB to Gabon Telecom came to MAD 17,489 thousand, excluding tax.
At December 31, 2012, the Gabon Telecom receivable on ITISSALAT AL MAGHRIB's books amounted to MAD 3,120 thousand.
Amounts received: IAM received MAD 33,162 thousand in 2012.

2.6 Agreement for current-account advance with Casanet

- Concerned persons: The Member of management bodies in common is Mr. Rachid MECHAHOURI (member of the Management board of IAM).
- Form of the agreement: Written agreement.
-Nature and purpose of the agreement: Advance on non-interest bearing current account by IAM to Casanet.
-Main terms: At its meeting held on December 4, 2007, the Supervisory board authorized the Company to underwrite the cost of capital expenditure through the provision of unremunerated current-account advances for a maximum amount of MAD 6,100 thousand.
On December 31, 2007, no payment was made under the provisions of this agreement.
In 2008, ITISSALAT AL MAGHRIB made a current-account advance to Casanet for an amount of MAD 2,300 thousand.
In 2009, no payment was made under the provisions of this agreement.
In 2010, ITISSALAT AL MAGHRIB made a current-account advance to Casanet for an amount of MAD 1,028 thousand.
In 2011, no payment was made under the provisions of this agreement.
During 2012, ITISSALAT AL MAGHRIB made a current-account advance to Casanet for an amount of MAD 2,772 thousand, bringing the current-account balance to MAD 6,100 thousand at December 31, 2012.

- Products or services supplied: Advance on non-interest bearing current account.
- Amounts received: None.
- Amounts paid: In 2012, IAM paid MAD 2,772 thousand.

2.7 Management-services agreement with Vivendi Telecom International « VTI »

- Concerned persons: Vivendi SA is a shareholder of both parties. The Member of management bodies in common is Mr. Abdeslam AHIZOUNE (Chairman of the Management board of IAM).
As of June 2012, Mr. AHIZOUNE is no longer a member of the Vivendi Management board.
- Form of the agreement: Written agreement.
- Nature and purpose of the agreement: Supply of works and technical assistance.
- Main terms: In June 2001, IAM entered into a service commitment agreement with the company VTI services, whereby the latter provides, directly or through its subsidiaries, technical assistance services. These services are delivered mainly through the provision of expatriate staff.
- Products or services supplied: VTI supplied IAM with technical assistance services in the following areas:

- Strategy and organization;
- Development;
- Sales and marketing;
- Finances;
- Purchases;
- Human resources;
- Information systems;
- Regulation;
- Interconnection;
- Infrastructures and networks.

Under the agreement's provisions, ITISSALAT AL MAGHRIB paid no fees in 2012.
At December 31, 2012, outstanding debt from this agreement amounted to MAD 8,174 thousand. Note that after a corporate name change, VTI company became SFR.
Vivendi SA is a shareholder of both parties.
- Amounts paid: None.

2.8 Invoicing of costs related to stock options and bonus share grants

- Concerned persons: The Member of management bodies in common is Mr. Abdeslam AHIZOUNE (Chairman of the Management board of IAM).
As of June 2012, Mr. AHIZOUNE is no longer a member of the Vivendi Management board.
- Form of the agreement: Written agreement.
- 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 supplied: The invoiced amount totaled MAD 31,362 thousand in 2012. At December 31, 2012, the cumulative balance amounted to MAD 177,421 thousand.
- Amounts paid: None.

2.9 Contract with Mauritel SA

- Concerned persons: Members of management bodies in common are Messrs. Larbi GUEDIRA (member of the Management board of IAM) and Laurent MAIROT (member of the Management board of IAM).
- Form of the agreement: Written agreement.
- Nature and purpose of the agreement: Agreement for the supply of services, technical assistance and transfer of equipment.
- Main terms: In 2001, Mauritel SA entered into an agreement with ITISSALAT AL MAGHRIB under which the latter provides services, technical assistance, and transfer of equipment to Mauritel.
- Products or services supplied: IAM provides Mauritel with telecommunications equipment and technical assistance services.
Under this agreement, the amount of revenue invoiced by IAM to Mauritel amounted 11,757 thousand dirhams (excluding of tax) for the year 2012.
At December 31, 2012, the outstanding debt owed by Mauritel to IAM amounted to 2,788 thousand dirhams.
- Amounts received: IAM received MAD 24,366 thousand in 2012.

2.10 Contract with Casanet

- Concerned persons: The Member of management bodies in common is Mr. Rachid MECHAHOURI (member of the Management board of IAM).

- Form of the agreement: Written agreement.

- Nature and purpose of the agreement: Supply of maintenance services, web hosting, technical assistance and equipment.

- Main terms: Since 2003, ITISSALAT AL MAGHRIB has concluded several agreements with its subsidiary Casanet.

- Products or services supplied: The main services supplied by Casanet to IAM are:

- Maintaining IAM's internet portal Menara in operating condition;
- Providing IAM's mobile portal with development and hosting services;
- Hosting IAM's El Manzil website;
- Maintaining new WAP modules on the Menara portal and producing content for said modules;
- Producing the WEB TV website;
- Marketing of leased-line internet access;
- Acquiring various kinds of equipment;
- Producing and selling the IAM yellow pages;
- Standardizing and posting banner ads on the Menara portal;
- Sending SMS for IAM;
- Etc.

At 31 December 2012, the amount of expense recognized by IAM under these agreements amounted to 86,779 thousand dirhams excluding tax (including an amount of 20,760 thousand dirhams «accrued»).

Total income recognized by ITISSALAT AL MAGHRIB for these agreements was MAD 4,179 thousand, excluding tax.

At December 31, 2012, the balance of Casanet receivable on ITISSALAT AL MAGHRIB's books amounted to MAD 17,685 thousand. The charge remaining debts, at December 2012, amounts to MAD 34,946 thousand.

- Amounts received: IAM received MAD 887 thousand in 2012.

- Amounts paid: IAM paid MAD 84,574 thousand in 2012.

2.11 Contracts with Media Overseas

- Concerned entity: The common shareholder to both entities is Vivendi SA.

- Form of the agreement: Written agreement.

- Nature and purpose of the agreement: Agreement for the distribution of "ADSL TV offer" and prepaid CANAL+ Maghreb.

- Main terms: In 2006, IAM concluded an agreement with Media Overseas, a subsidiary of Canal+ group, whose purpose is to launch an ADSL TV offer.

Operations pursuant to this agreement have been carried out with MULTITV AFRIQUE, a subsidiary of Media Overseas.

During 2009, IAM concluded an agreement for the distribution of prepaid cards of "CANAL+ Maghreb" within the field of Media Overseas' through IAM's network.

- Products or services supplied: IAM provides ADSL TV offer and distributes prepaid cards of "CANAL+ Maghreb".

During fiscal 2012, the amount expensed by IAM under these agreements amounted to 20,881 thousand dirhams excluding of tax. At December 31, 2012, the account of MULTITV AFRICA opened in the books of IAM has a credit balance of 13,101 thousand dirhams.

- Amounts paid: IAM paid MAD 24,453 thousand in 2012.

February 21, 2013

Statutory auditors

KPMG	**Abdelaziz ALMECHATT**
Fouad LAHGAZI	Abdelaziz ALMECHATT
Partner	Partner

5

Recent developmet and outlook

5.1 RECENT DEVELOPMENT

Ordinary Shareholders' meeting of April 24, 2013

The shareholders of Itissalat Al-Maghrib, a Moroccan-law société anonyme (joint-stock company) with Management and Supervisory board, a capital of 5,274,572,040 dirhams, and a head office in Rabat, at avenue Annakhil, Hay Ryad registered in the trade register of Rabat under number 48,947, are convened on April 24, 2013, at 3 p.m. at the head office in order to deliberate on the following agenda:

1) Approval of the annual reports and the individual financial statements for the fiscal year ended December 31, 2012;
2) Approval of the consolidated financial statements for the fiscal year ended December 31, 2012;
3) Approval of related-party agreements referred to in the special report of the Statutory auditors;
4) Appropriation of earnings for the 2012 fiscal year and payment of the dividend;
5) Ratification of the cooptation and reappointment of Mr. Jean-François DUBOS as member of the Supervisory board;
6) Reappointment of Mr. Nizar BARAKA as member of the Supervisory board;
7) Reappointment of Mr. Mohand LAENSER as member of the Supervisory board;
8) Reappointment of Mr. Samir Mohammed TAZI as member of the Supervisory board;
9) Reappointment of Mr. Jean-René FOURTOU as member of the Supervisory board;
10) Reappointment of Mr. Régis TURRINI as member of the Supervisory board;
11) Reappointment of Mr. Gérard BREMOND as member of the Supervisory board;
12) Reappointment of KPMG, represented by Mr. Fouad LAHGAZI, as statutory auditor;
13) Annulation of the current share-buyback program and authorization for the Management board to carry out transactions on Company shares;
14) Powers for the performance of formalities.

5.2 MARKET OUTLOOK

The discussion herein relating to market outlook contains forward-looking statements and information relating to the Company's expectations. Such forward-looking statements involve risks and uncertainties inherent to forecasts and are based solely on evaluations made 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 economic and social factors and the generalized use of information and communication technologies. Morocco should benefit particularly from:

- Positive economic development: GDP should grow by 4.5% in 2013 (source: Ministry of Finance); the IMF forecasts average annual growth of nearly 5.5% over the period 2013–2017;
- A population growing at an annual rate of 1.4% and increasingly urban and young: 55% of the population lives in urban centers and 51% is under 25 years old (source: latest census of the High Commission for Planning of 2004);
- Significant capital expenditures for road, rail, and maritime infrastructures;
- A long-term program to fight poverty and social exclusion (National Initiative for Human Development, or INDH, launched in 2005);
- The establishment of free-trade agreements with the European Union, the United States, and Arab countries.

In Morocco, Maroc Telecom should benefit from consistently favorable growth trends in the Mobile market, whose penetration rate should exceed 120% in 2012, as in other markets where prepaid customers dominate. Moreover, the Company hopes to benefit from the growth in usage, attributable mainly to a migration of prepaid customers to postpaid subscriptions and to the increased use of data services in the medium term.

In the Fixed-line segment in Morocco, Maroc Telecom intends to expand its product line by launching unlimited rate plans and ADSL multiplay (voice, internet, TV) offers, while continuing to improve service quality. The Company expects a stable number of fixed lines in Morocco, sustained by increased usage and enriched content.

Regarding the Internet, the strong growth posted in recent years is expected to continue in the years to come, in particular because of the development of wireline broadband (ADSL) and 3G+ mobile services. The Company also considers that intense competition, with the possibility of new players arriving on the market, could lead in the short term to a loss in market share, while revitalizing the market and consequently its growth.

In sub-Saharan Africa, where Maroc Telecom's principal subsidiaries operate, the telecommunications market offers very high growth potential because of:

- Annual GDP growth estimated at nearly 5.1% for the next five years (source: International Monetary Fund);
- An increased rate of foreign direct investment;
- A penetration rate expected to grow significantly in the coming years.

5.3 OBJECTIVES

This section contains information regarding the Company's objectives for the fiscal year 2013. The Company warns potential investors that these forward-looking statements are dependent on circumstances and events that are expected to occur in the future. These statements do not reflect historical data and should not be considered as guarantees that the facts and data mentioned will occur or that the targets will be achieved. Because of their uncertain nature, these targets may not be achieved, and the assumptions on which they are based may be found to be erroneous. Investors are encouraged to consider that some of the risks described in section 3.4, "Risk factors," herein may affect the Company's business and its ability to achieve its targets (see also section 5.2, "Market outlook").

On the basis of recent business trends in Morocco and internationally, the Company's outlook for 2013 is as follows:

- EBITDA margin maintained at approximately 56%;
- EBITDA minus CAPEX, up slightly.*

** Excluding any acquisitions of new frequencies and licenses.*

REPORT OF THE STATUTORY AUDITORS ON PROFIT FORECASTS

Mr. Chairman,

In our capacity as Statutory auditors and in accordance with the European Regulation (EC) no.809/2004, we have prepared this report on ITISSALAT AL-MAGHRIB's profit forecasts in part 5, section 5.3, of this 2012 Registration document.

These forecasts and underlying significant assumptions were prepared under the responsibility of the Management board of ITISSALAT AL-MAGHRIB, in accordance with the provisions of the European Regulation (EC) no.809/2004 and the CESR recommendations on profit forecasts.

It is our responsibility to express, in accordance with the terms required by annex I, item 13.2, of the European Regulation (EC) no.809/2004, our conclusions on the appropriateness of the preparation of such forecasts.

We conducted our work in accordance with international auditing standards. Our work included an assessment of the procedures implemented by management to prepare the forecasts, as well as the performance of procedures to obtain assurance about whether the accounting methods used are consistent with those used for the preparation of historical data of ITISSALAT AL-MAGHRIB. They also involved collecting data and explanations we deemed necessary in order to obtain reasonable assurance about whether the forecasts are appropriately prepared on the basis of the specified assumptions.
We remind you that, as this concerns forecasts, which are uncertain by nature, actual results may differ significantly from the forecasts presented, and so, we do not express any conclusion as to the potential realization 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 filling the reference document with the Autorité des Marchés Financiers (AMF) and, as appropriate, any public offering—in France and any other European Union country—realized on the basis registered with the AMF, including or incorporating by reference the 2012 Registration document. It may not be used in any other context.

April 18, 2013

Statutory auditors

KPMG	**Abdelaziz ALMECHATT**
Fouad LAHGAZI	Abdelaziz ALMECHATT
Partner	Partner

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Appendices

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23.	**THIRD-PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATION OF ANY INTEREST**	**N/A**
24.	**DOCUMENTS ON DISPLAY**	**13**
25.	**INFORMATION ON HOLDINGS**	**116-129**

In compliance with article 28 of European Commission regulation (EC) no. 809/2004 dated April 29 2004, the following information is included for reference in the present Registration Document:

- *The consolidated financial statements for the year ended December 31, 2011, the relevant Statutory auditors' report and the group financial report on pages 197,198 and 179 of the Registration Document filed with the AMF on April 23, 2012 (D 12-0385);*
- *The consolidated financial statements for the year ended December 31, 2010, the relevant Statutory auditors' report and the group financial report on pages 206,207 and 172 of the Registration Document filed with the AMF on April 12, 2011 (D 11-0284);*
- *The consolidated financial statements for the year ended December 31, 2009, the relevant Statutory auditors' report and the group financial report on pages 179,180 and 142 of the Registration Document filed with the AMF on April 26, 2010 (D 10-0321);*
- *The consolidated financial statements for the year ended December 31, 2008, the relevant Statutory auditors' report and the group financial report on pages 185,186 and 146 of the Registration Document filed with the AMF on April 24, 2009 (D 09-0289);*
- *The consolidated financial statements for the year ended December 31, 2007, the relevant Statutory auditors' report and the group financial report on pages 186, 187 and 146 of the Registration Document filed with the AMF on April 28, 2007 (D 08-0323) ;*
- *The consolidated financial statements for the year ended December 31, 2006, the relevant Statutory auditors' report and the group financial report on pages 135, 175 and 106 of the Registration Document filed with the AMF on May 9, 2007 (R 07-0058) ;*
- *The consolidated financial statements for the year ended December 31, 2005, the relevant Statutory auditors' report and the group financial report on pages 124, 167 and 98 of the Registration Document filed with the AMF on April 11, 2006 (R 06-031) ;*
- *The consolidated financial statements for the year ended December 31, 2004, the relevant Statutory auditors' report and the group financial report on pages 157, 131 and 100 of the Registration Document filed with the AMF on April 8, 2005 (R 05-038) ;*
- *The consolidated financial statements for the year ended December 31, 2003, the relevant Statutory auditors' report and the group financial report on pages 160, 122 and 208 of the Registration Document recorded with the AMF on November 8, 2004 (I 04-198).*
- *The chapters of the Registration Document no. R 05-038 and of the draft prospectus no. I 04-198 that are not referred to above are either not relevant for the investor, or are covered elsewhere in this Registration Document.*

ANNUAL INFORMATION DOCUMENT 2012

The following table shows a list of the information published or made public by Maroc Telecom over the past twelve months (from March 22, 2012, to March 21, 2013), in accordance with article L. 451-1-1 of the Monetary and Financial Code and article 221-1-1 of the AMF General Regulation:

Date	Title
March 23, 2012	Press release: Shareholders' Meeting Notice for Combined General Meeting on April 24, 2012
April 23, 2012	Press release: Official disposal of the 2011 Registration Document
April 26, 2012	Press release: Post General Shareholders' Meeting dated April 24, 2012
April 26, 2012	Press release: First quarter 2012 results
July 3, 2012	Half year assessment of liquidity (Paris) - Contract of share regularization (Casablanca)
July 24, 2012	Press release: First half 2012 results
October 30, 2012	Press release: First nine months of 2012 results
January 03, 2013	Half year assessment of liquidity (Paris) - Contract of share regularization (Casablanca)
February 21, 2013	Press release: 2012 results
March 22, 2013	Shareholders' Meeting Notice for General Meeting on April 24, 2013

All press releases are available on:
- The AMF website: www.amf.fr
- Maroc Telecom's website under "Information réglementée" : www.iam.ma/Information-Reglementee.aspx

STATUTORY AUDITORS FEES

Fiscal year 2012

In accordance with the provisions of Article 221.1.2 of the AMF General Regulation, the table below shows the amount of the fees paid by the Maroc Telecom group to each of its statutory auditors for the fiscal year 2012.

(in MAD millions)	Maroc Telecom group			2012	2011
	KPMG	Abdelaziz Almechatt	Other		
Statutory auditors' fees	12.02	3.78	3.01	18.80	19.18
Other missions of audit	-	-	-	-	4.40
Total	12.02	3.78	3.01	18.80	23.57

ORDINARY GENERAL MEETING OF SHAREHOLDERS OF APRIL 24, 2013

PROPOSED RESOLUTIONS

First resolution: Approval of the reports and summary annual financial statements for the year ended December 31, 2012

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 of the year ended December 31, 2012,

hereby approves the summary financial statements of said fiscal year and the transactions accounted for therein or summarized in these reports.

Consequently the General meeting resolves to give final discharge to the members of the Supervisory and Management boards for the performance of duties for the year ended December 31, 2012.

Second resolution: Approval of the consolidated financial statements for the year ended December 31, 2012

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, 2012.

Third resolution: Approval of the related-party agreements referred to in the special report of the statutory auditors

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 transactions and agreements referred to in this report.

Fourth resolution: Appropriation of earnings for 2012 and dividend

Having satisfied the quorum and majority requirements pertaining to ordinary general meetings of shareholders, the General meeting hereby resolves to appropriate the earnings for the year ended December 31, 2012, as follows:

Net income for the fiscal year ended December 31, 2012	
Deduction from optional reserve	MAD 6,504,876,085.46
Total distributable amount	MAD 429,430.54
Total dividend*	MAD 6,505,305,516.00
Optional reserve*	MAD 6,505,305,516.00
	-

Ordinary dividends were paid in the past three years as follows:

Year	2011	2010	2009
Number of shares	879,095,340	879,095,340	879,095,340
Dividend per share (MAD)	9.26	10.58	10.31
Total dividend (MAD '000)	8,137,070	9,300,779	9,063,473

Fifth resolution: Ratification of the cooptation and reappointment of Mr. Jean-François DUBOS as member of the Supervisory board

Having satisfied the quorum and majority requirements pertaining to ordinary general meetings of shareholders, the General meeting hereby resolves to ratify the cooptation of Mr. Jean-François DUBOS as member of the Supervisory board and replacement of Mr. Jean-Bernard LEVY, and to reappoint Mr. DUBOS as member of the Supervisory board, for a period of six years, until the close of the ordinary general meeting of shareholders convened to approve the financial statements for the year ended December 31, 2018.

** 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 7.40 for each share of those comprising the share capital and held on the record date. The dividend payment date is June 3, 2013.

Sixth resolution: reappointment of Mr. Nizar BARAKA as member of the Supervisory board

Having satisfied the quorum and majority requirements pertaining to ordinary general meetings of shareholders, the General meeting hereby resolves to reappoint Mr. Nizar BARAKA as member of the Supervisory board, for a period of six years, until the close of the ordinary general meeting of shareholders convened to approve the financial statements for the year ended December 31, 2018.

Seventh resolution: Reappointment of Mr. Mohand LAENSER as member of the Supervisory board

Having satisfied the quorum and majority requirements pertaining to ordinary general meetings of shareholders, the General meeting hereby resolves to reappoint Mr. Mohand LAENSER as member of the Supervisory board, for a period of six years, until the close of the ordinary general meeting of shareholders convened to approve the financial statements for the year ended December 31, 2018.

Eighth resolution: Reappointment of Mr. Samir Mohammed TAZI as member of the Supervisory board

Having satisfied the quorum and majority requirements pertaining to ordinary general meetings of shareholders, the General meeting hereby resolves to reappoint Mr. Samir Mohammed TAZI as member of the Supervisory board, for a period of six years, until the close of the ordinary general meeting of shareholders convened to approve the financial statements for the year ended December 31, 2018.

Ninth resolution: Reappointment of Mr. Jean-René FOURTOU as member of the Supervisory board

Having satisfied the quorum and majority requirements pertaining to ordinary general meetings of shareholders, the General meeting hereby resolves to reappoint Mr. Jean-René FOURTOU as member of the Supervisory board, for a period of six years, until the close of the ordinary general meeting of shareholders convened to approve the financial statements for the year ended December 31, 2018.

Tenth resolution: Reappointment of Mr. Régis TURRINI as member of the Supervisory board

Having satisfied the quorum and majority requirements pertaining to ordinary general meetings of shareholders, the General meeting hereby resolves to reappoint Mr. Régis TURRINI as member of the Supervisory board, for a period of six years, until the close of the ordinary general meeting of shareholders convened to approve the financial statements for the year ended December 31, 2018.

Eleventh resolution: Reappointment of Mr. Gérard BREMOND as member of the Supervisory board

Having satisfied the quorum and majority requirements pertaining to ordinary general meetings of shareholders, the General meeting hereby resolves to reappoint Mr. Gérard BREMOND as member of the Supervisory board, for a period of six years, until the close of the ordinary general meeting of shareholders convened to approve the financial statements for the year ended December 31, 2018.

Twelth resolution: Reappointment of KPMG, represented by Mr. Fouad LAHGAZI, as statutory auditor

Acting on the recommendation of the Supervisory board, the General meeting hereby resolves to reappoint KPMG, represented by Mr. Fouad LAHGAZI, as statutory auditor, for the statutory period of three years, until the close of the ordinary general meeting of shareholders convened to approve the financial statements for the year ended December 31, 2015.

Thirteenth resolution: Annulation of the current share-buyback program and authorization for the Management board to carry out transactions on Company shares

Having satisfied the quorum and majority requirements pertaining to ordinary general meetings of shareholders, having examined the report of the Management board, and having consulted the Moroccan securities authority, the General meeting hereby resolves:

- to apply early termination to the current share-buyback program that was authorized by the General meeting of April 24, 2012, and that would have expired on October 24, 2013;
- to authorize the Management board, as of this meeting, in accordance with the provisions of Article 281 of Act 17-95 relating to Moroccan joint-stock companies (sociétés anonymes), for a period of 18 months (i.e., from May 7, 2013, to November 6, 2014), to carry out on the stock exchange, on one or more occasions, in Morocco or abroad, the purchase of Company shares in order to stabilize the share price.

Within the framework of this authorization, the ordinary general meeting of shareholders hereby resolves that the total amount of stock purchased to stabilize the share price shall not exceed 0.17% of the share capital, that the purchase price per share shall not exceed MAD 150 (or the equivalent in euros), and that the sale price per share shall not be less than MAD 80 (or the equivalent in euros), excluding transaction fees.

The General meeting hereby resolves that the total amount allocated to the aforementioned authorized share-buyback program shall not exceed two hundred and twenty-five million dirhams (MAD 225,000,000) and gives full powers to the Management board, with option to delegate, to authorize disposals or transfers, conclude agreements and contracts, make declarations, and perform all necessary formalities.

Fourteenth resolution: Powers for the performance of formalities

The General meeting, having satisfied the quorum and majority requirements pertaining to ordinary general meetings of shareholders, hereby grants to the bearer of the original, a copy, or a summary of the minutes of this meeting full powers to perform all necessary filings and legal formalities.

GLOSSARY

3RP (Réseau Radioélectrique à Ressources Partagées). Trunked private mobile radio networks where frequencies are shared by the users of several companies or organizations for internal communications. The sharing of frequencies is limited to the duration of each call.

ADSL (Asymmetrical Data Subscriber Line). Technology enabling users to receive high-bandwidth services through their existing phone lines while being able to make a phone call at the same time. The transmission capacity going from the network to the customer is greater than that from the customer to the network, hence Asymmetric.

ANRT. The Moroccan Telecommunications Regulator.

ARPU (average revenue per user). ARPU corresponds to the 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 number of customers is the average of average monthly customer base (prepaid and postpaid) figures. The monthly average customer base corresponds to the mean number of customers per month (prepaid and postpaid) taken at the beginning and at the end of each 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.

Optical local loop. Fiber-optic-cable-based access network used for connecting broadband customers.

ARCEP. Regulatory authority for electronic communications and Post

ARE. The Mauritanian Telecommunications regulator.

AMRTP. The Malian regulatory authority for telecommunications and Post

BTS (Base Transceiver Station). Component of the mobile radio network comprising antennas and radio transmitters/receivers (TRX). It provides GSM network coverage within a given range.

Self-Routing Switch. A switch is a piece of equipment used to establish a temporary link or connection between an incoming path and an outgoing path on a line or circuit.

CAIR. Virtual 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.

SIM (Subscriber Identity Module). 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.

Mobile Switching Center (MSC). Mobile Switching Center (MSC).

International Transit Center. A switch that carries international calls to foreign operators' networks.

Unbundling. An incumbent operator, owner of the local loop, has an obligation to provide pairs of copper wires to third-party operators, in exchange for compensation. Such third-party operators install their own transmission equipment in order to connect their network to their customers' premises. Partial unbundling allows third-party operators to take over the internet connection while the incumbent operator still provides telephony subscription and services. Full unbundling allows third-party operators to connect the entire customer line to its own network, and thus to offer both telephony and ADSL services.

DSLAM (Digital Subscriber Line Access). ADSL device 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 Global Evolution). is a digital mobile phone technology that allows improved data transmission rates a backward-compatible extension of GSM.

ISP (Internet Service Provider). A company or an organization offering internet access to household, professional, and business users.

Radio-relay link. Technology used for radio signal transmission (voice, data, or video). Relays are installed on pylons or highpoints, which are deployed to carry signals from one point to the next, creating the link.

Fidelio. Fidelio is the first point-based loyalty program introduced in Morocco. It is reserved for postpaid customers and was launched on June 1, 2002. The program allows points to be collected on the basis of expenditure and provides advantages in the form of free or cut-price handsets, free calls and SMS messages.

Intersegment 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 and internet segment. Since July 1, 2004, they also include revenues from the provision of services to Mauritel.

Frame Relay. Technology used to send high-bandwidth data over long distances, enabling the transmission of large amounts of information, the handling of fluctuations in data flows, and voice transmission.

USF. Universal service fund of telecommunications.

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 enabling enhanced data rates over GSM networks.

Maroc Telecom Group. Indicates all the companies fully consolidated within the scope of consolidation.

GSM (Global Systems for Mobile communications). European digital radio transmission standard for mobile telephony, known as 2G (second generation), adopted in 1987 and devised by the ETSI (European Telecommunications Standard Institute). 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.

Interconnection. Reciprocal service offered by the operators of two different telecommunications networks, enabling all subscribers within the two groups to communicate freely with each other.

IP (Internet Protocol). Telecommunications protocol used on networks used to carry internet traffic and based on the technique of transmission of data packets.

Kbits/s (Kilo bits per second). Unit of measurement used to express the speed at which data can be transmitted along a line.

Leased line. Every part of the network, including an access line to the 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 Gateways). 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 (such as private switching systems (PABX) or ordinary telephones).

MENA (the Middle East and North Africa). Region including 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, UEA, Yemen.

PCM (Pulse-Code Modulation). Process used to transmit the spoken word involving the sampling and digital coding of the signal. The PCM circuit is the circuit at the heart of the 2 Mbps telephone network.

MMS (Multimedia Messaging Service). Multimedia version of SMS enabling real multimedia files to be attached to text messages: videos, audio, high-resolution images.

Multiplexer. A piece of telecom network equipment enabling the insertion or extraction of data packages.

Standard NMT (Nordic Mobile Telephone). Mobile network launched by Maroc Telecom, based on analog technology operating in the 450 MHz frequency band.

PABX (Private Automatic Branch exchange). Equipment able to establish temporary connections between inbound and outbound lines in order to route communications.

IN platform (Intelligent Network). Platform allowing value-added services to be made available (prepaid card, prepaid line, kiosk, capped rate plan, etc.).

Segments. Refers to the mobile segment or the fixed-line and internet segment of Maroc Telecom.

Postpaid (services). Method of paying for services after they have been used (free services can also be included in this method).

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 any virtual phone number.

Prepaid (services). Formula whereby services are paid for prior to being used (free services can also be included in this formula).

Radio paging. Transmission of numeric or alphanumeric messages to a mobile handset or a group of mobile handsets.

NSS (Network Sub-System). All elements/equipment, notably switchgear, required to make up a GSM network.

SS7 (Signaling System 7). American name for the CCITT 7 network signaling protocol.

ISDN (Integrated Services Digital Network). Entirely digital telecom network enabling the simultaneous transmission of voice and data (fax, internet, etc.).

Roaming. When a user is abroad, this function enables a user to make and receive calls via an operator other than the one to which he/she is a subscriber.

PSTN (Public Switched Telephone Network). This is the traditional two-wire network. This network is switched insofar as the connection with the person being called is temporary, as opposed to cable, where the connection is permanent.

SDH (Synchronous Digital Hierarchy). Digital method of transmission used to optimize transmissions over fiber-optic and radio systems.

SMSC (Short Message Service Center) servers. 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 attained.

SMS (Short Message Service). Written message, limited to 160 characters, exchanged between mobile telephones.

SMW3 (SEA-ME-WE3 / South East Asia – Middle East – Western Europe). Fiber-optic submarine cable linking four continents.

SSNC (Signaling System Network Control). A new component developed by Siemens for controlling signaling traffic for MSCs (mobile switching centers), increasing handling capacity.

Signaling Transfer Point (STP). Signaling transfer point for S7 signaling systems. The STP allows for the routing and transfer of signaling messages using the SS7 protocol.

Churn rate. An indicator that is calculated by dividing the number of contracts terminated over a given period by the average customer base over the same period, expressed yearly. The average customer base corresponds to the mean number of clients taken at the beginning and at the end of each month.

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 yearly. The average customer base is based on the average monthly figures (prepaid and postpaid) for the period. The average monthly customer base corresponds to the mean number of clients (prepaid and postpaid) at the beginning and at the end of the month.

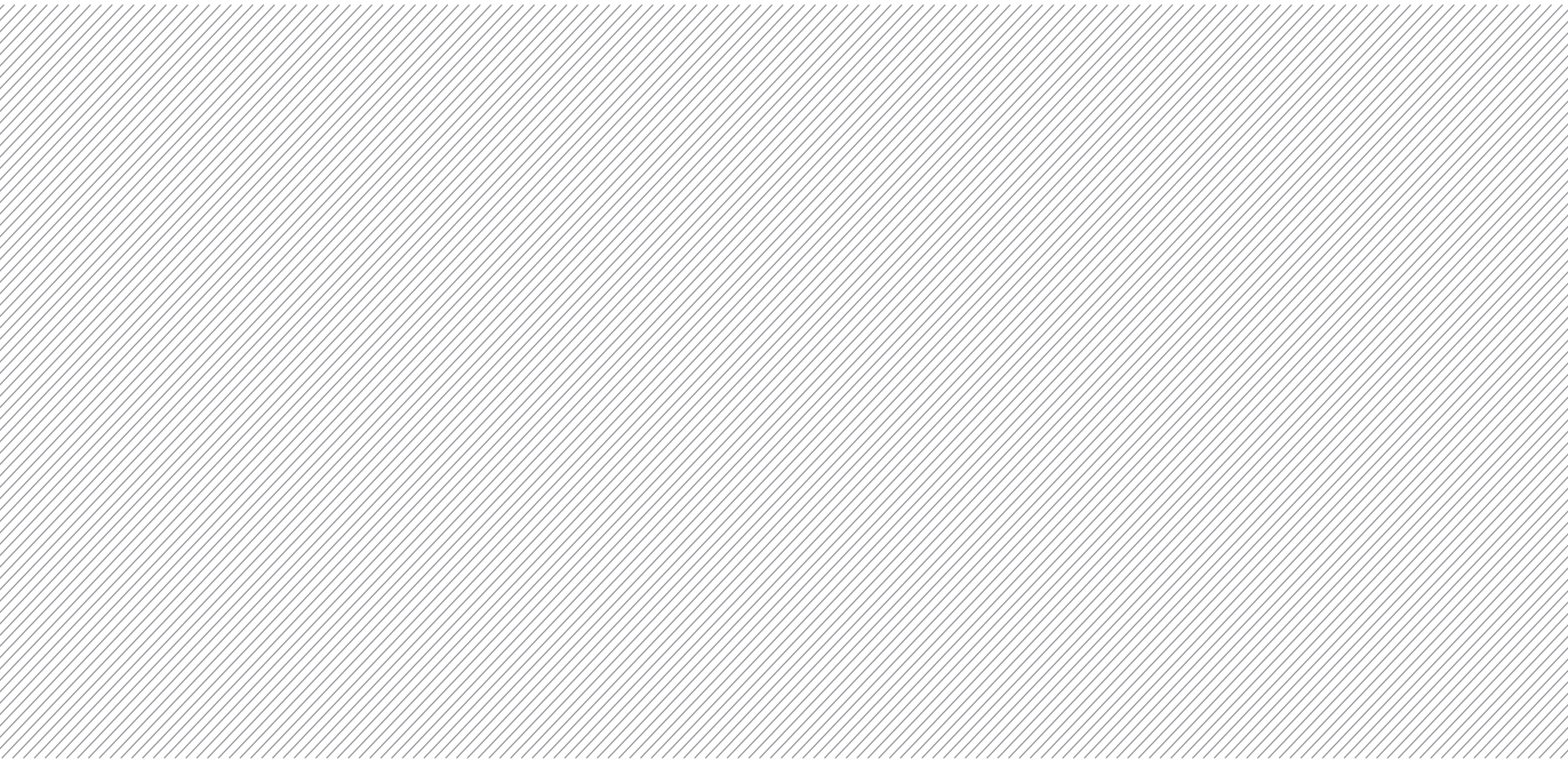
Dropped-call rate. A quality indicator that measures, across the whole of the existing mobile subscriber base, the number of disconnected calls in proportion to all the calls made on the network.

Successful-connections rate. A quality indicator that measures, during peak periods on the network, the number of calls successfully established emanating from the existing mobile subscriber base (on the BSS radio part), in relation to all calls made on the network.

Fault-report rate. Generic term, applicable to different services, illustrating the number of faults reported on lines or for services over a certain period in proportion to the total number of lines or services on offer over the same period.

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.

CAMEL (Customized 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.



Maroc Telecom
Itissalat Al Maghrib

Moroccan corporation (Société anonyme)
with a Management board
and a Supervisory board
with a share capital of MAD 5,274,572,040
RC 48 947

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