Maroc Telecom

Registration Document 2011

2011 Registration Document

Maroc
Telecom

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AMF

This Registration Document was filed on April 23, 2012, 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.

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Highlights

January 2011

- Launch of MT DUO (fixed + ADSL) plan. The tariff for the plan is MAD 199 (incl. tax) per month, access costs included. Launch of promotional offering of 50% off the first three bills.
- Approval for 2011 by the ANRT of the interconnection technical and pricing terms for Maroc Telecom's fixed-line and mobile networks and for unbundling of the Maroc Telecom local loop. Unbundling rates are set at MAD 73 for full unbundling and MAD 20 for partial unbundling.

February 2011

- Publication of a new decision by the ANRT concerning the procedures and requirements for number portability. As from April 2011, the total time required for number transfer is T + 6, compared with T + 10 previously.
- Draft amendments to current regulations (acts and implementing decrees): introduction of near-universal requirement to provide access and passive sharing of existing and future infrastructure; expansion of national roaming to rural areas and major roads; wider-ranging prerogatives and sanctioning powers for the regulatory authority.
- Coming into force in Mauritania of the decree concerning the tax on incoming international calls. This decree (to be amended this year) sets the minimum termination rate for incoming international calls at €0.22/minute plus fees corresponding to 36.50% of the revenue generated by incoming international calls.

March 2011

- Rate decrease for postpaid 3G internet and BlackBerry service. Price cuts for all Phony Tout Temps subscription plans.
- Decision by the ANRT as regards postpaid mobile contracts: operators must systematically offer commitment periods of 12 months or less and must amend their early-termination clauses for 24-month contracts.

April 2011

- Overhaul of the "Jawal permanent bonus" rate plan: for any top-up of at least MAD 100, a permanent bonus of MAD 300 is offered (MAD 200 previously).

May 2011

- Launch of a permanent bonus on top-ups from MAD 5 to MAD 30, valid 24/7 to all national operators.
- Launch of Arriyadi rate plan at MAD 99 (incl. tax): 60 minutes of calls and 300 SMS/MMS valid for all national and international destinations, in addition to access to three sports channels for mobile subscribers.
- Lower rates for international calls from Jawal mobiles, capped rates for calls to zone 1 (-53%) and zone 2 (-43%), and rate cuts for fixed-line calls to international fixed lines and mobiles.
- Commercial launch of the Chinguitel 2G-3G network in Mauritania.
- Procedure launched in Mali for the granting of a third mobile license;
- Wana requests the implementation of national roaming in universal-service zones.

June 2011

- Starting June 1 and at no additional cost, Maroc Telecom doubles ADSL capacities from 1 to 4 Mb/s for current customers and lowers rates for all capacities from 2 Mb/s to 20 Mb/s for new and existing customers.
- MobiCash: lower pricing structure for domestic transfers and withdrawals. Increased commissions for resellers.

July 2011

- The ANRT publishes its decision concerning the identification of 2G and 3G mobile customers. This decision states that new customers acquired on or after October 1, 2011, must be identified within three months of line activation, and that the entire customer base must be identified no later than 12 months after January 1, 2012.
- The ANRT publishes its decision concerning specific markets (i.e., markets subject to prior regulations) for the period 2012–2014: fixed-line voice call termination; mobile call termination (voice and SMS); leased-line operations (including connecting leased lines).
- In Mauritania, the ARE (Mauritanian telecoms regulatory authority) adopts an action plan for the identification of mobile subscribers. This plan requires that operators submit a detailed action plan that allows the identification within four months after September 1, 2011, of all unidentified subscribers. Each action plan must set an identification target of 25% per month. Starting January 1, 2012, operators must begin an intensive awareness-raising campaign that encourages unidentified subscribers to identify themselves within 30 days, under penalty of definitive suspension of their subscriptions.
- In Gabon, the ARTEL (Gabonese telecoms regulatory authority) introduces a tax on incoming international calls. Operators must pay back a portion of their per-minute revenues from incoming calls. The amount will be determined by order (this amount was not determined in 2011). The minimum amount for incoming international

calls was set at FCFA 137 (€0.21) per minute.

August 2011

- Maroc Telecom doubles the permanent bonus on Jawal top-ups of MAD 5 to MAD 50, and offers MAD 500 (instead of MAD 300) in bonus time for top-ups of MAD 100 or more (promotional offer valid August 8-14 and 22-29, 2011).
- Maroc Telecom offers one hour to all domestic destinations, valid for seven days during evenings and weekends, after purchase of a top-up of MAD 20 during the promotional period (August 15-21, 2011).
- Maroc Telecom lowers call rates to MAD 0.38 (excl. tax) for its fixed-line business plans, and lowers from two indivisible minutes to one indivisible minute the billable increment for fixed-to-fixed calls.
- In Burkina Faso, the ARCEP (Burkina Faso's telecoms regulatory authority) ordered the suspension of subscriptions of all unidentified subscribers to mobile networks. The number of Onatel's suspended subscribers came to 351,537, of which 87,000 were identified in September 2011.

September 2011

- Maroc Telecom adds 30 minutes to all mobile rate plans from 2.5 hours to 7.5 hours, without raising rates.
- In Mauritania, the amount of tax paid by operators for incoming international calls was reviewed and set at €0.08 per minute, instead of 36.50% of operators' revenue generated by incoming international calls.

October 2011

- Maroc Telecom enhances its Universal Music and Arriyadi plans with free, unlimited 3G internet.
- Maroc Telecom increases BlackBerry 3G capacities to 7.2 Mb/s, with no added charge.
- Maroc Telecom doubles the 3G-internet capacity for its prepaid and postpaid 3G-internet plans.
- The ANRT publishes its decision concerning operators that have significant influence in specific markets: IAM is dominant in all markets; Medi Telecom dominates mobile markets.

November 2011

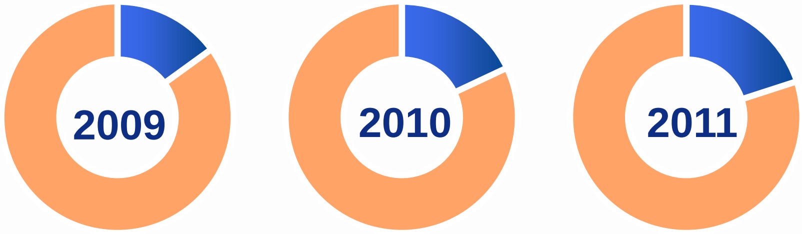
- Maroc Telecom launches the new Jawal Thaniya prepaid plan with one-second increments. The price structure is MAD 0.03 (incl. tax) per second from the first second, to all domestic destinations.
- Maroc Telecom enhances its MT Box rate plan with a new package of Al Jazeera Sport channels at MAD 55 (incl. tax) per month.
- In Gabon, the ARCEP issues three decisions effective December 1 (i) designating the dominant operators, (ii) introducing mobile call-termination asymmetry to the detriment of Airtel, and (iii) regulating the onnet rates of the dominant operator.
- In Mali, the enactment of a new regulatory framework, through two ordinances dated November 23 and 24 concerning telecommunications and regulation of the telecommunications sector.

December 2011

- The ANRT publishes its decision concerning the long-term adjustment of call-termination rates for the period 2012-2013. This decision provides for accelerated price cuts after January 1, 2012, and the maintenance of asymmetric rates until December 31, 2012,
- The ANRT publishes its decision concerning the gradual application to all operators of public-communications networks of nondiscriminatory onnet/offnet rates for prepaid mobile calls as from January 1, 2012, and introduces oversight for the advertising campaigns of the operators of public-communications networks.
- The ANRT launches an assessment of the national action plan for the development of broadband and high-capacity broadband. This assessment provides for the development of broadband (for 100% of the population by 2020) and high-capacity broadband, and public financing for these targets.
- Deadline extended to June 30, 2012, for achieving the Pacte program, and launch of a consultation paper for the coverage of an additional 565 areas.

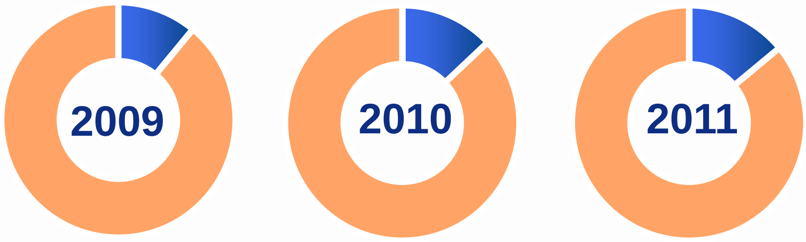
Key figures

REVENUES BY GEOGRAPHICAL AREA



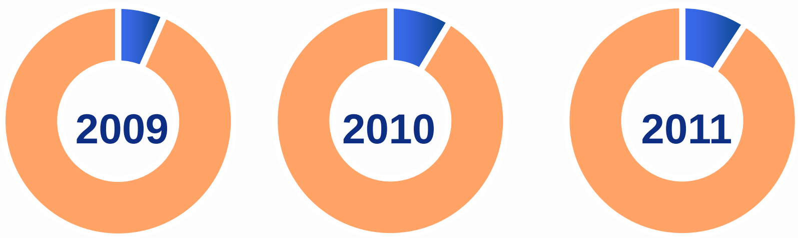
	2009	2010	2011
Morocco	25,764	26,191	25,030
International	4,666	5,572	6,066
Total	30,309	31,617	30,837

GROUP EBITDA BY GEOGRAPHICAL AREA



	2009	2010	2011
Morocco	16,157	16,217	14,557
International	1,955	2,388	2,439
Total	18,112	18,605	16,996

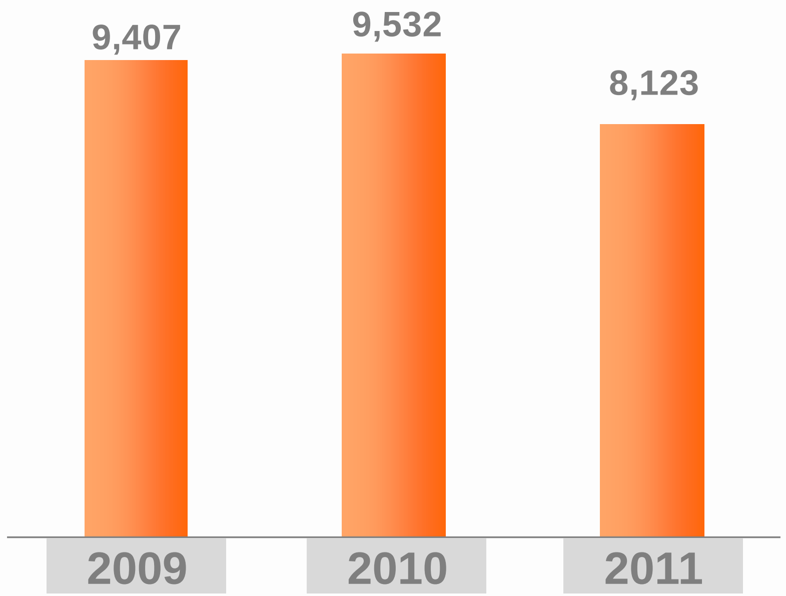
EBITA BY GEOGRAPHICAL AREA



	2009	2010	2011
Morocco	13,080	13,209	11,262
International	892	1,118	1,113
Total	13,972	14,327	12,375

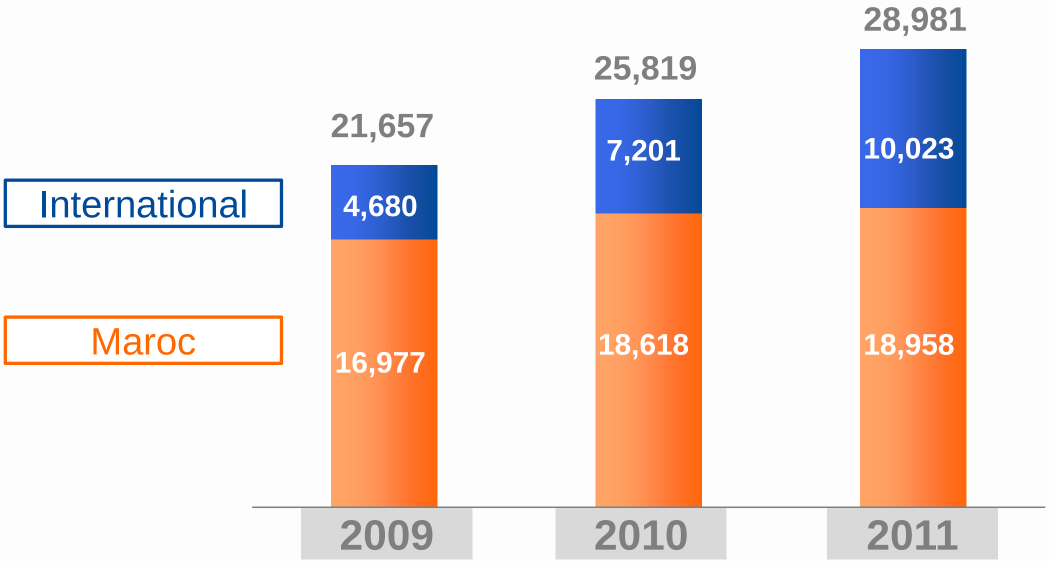
NET EARNINGS – GROUP SHARE

In millions of Moroccan dirhams



TOTAL CUSTOMER BASE BY GEOGRAPHICAL AREA

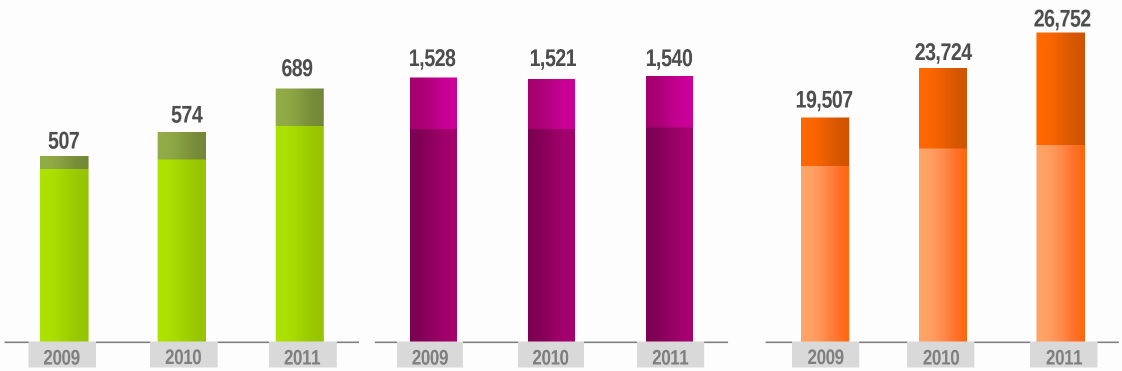
In thousands of customers



Key figures

CHANGES IN CUSTOMER BASE

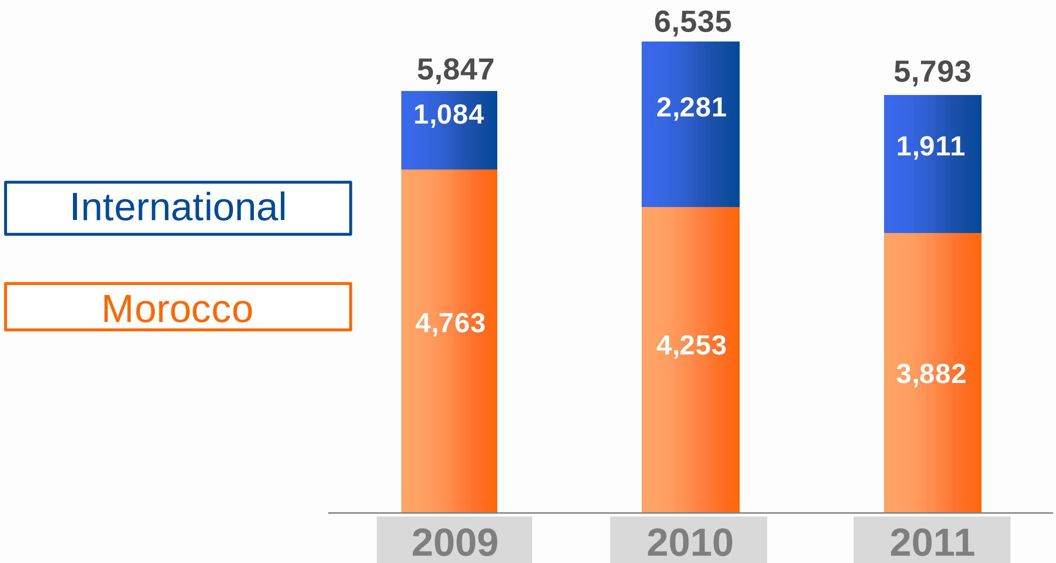
In thousands of customers



		2009	2010	2011
Mobile	Maroc	15,272	16,890	17,126
	International	4,235	6,834	9,626
Fixed	Maroc	1,234	1,231	1,241
	International	294	290	299
Internet	Maroc	471	497	591
	International	56	77	98

CAPITAL EXPENDITURES

In millions of Moroccan dirhams



1 PERSONS RESPONSIBLE FOR THE REGISTRATION DOCUMENT AND FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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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 Auditors’ reports:

•The Statutory Auditors’ report on the consolidated financial statements for the year ended December 31, 2011, presented on page 188 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 25).

•The Statutory Auditors’ report on the individual financial statements for the year ended December 31, 2011, presented on page 242 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 Auditors’ report on the consolidated financial statements for the year ended December 31, 2010, presented on page 199 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 Auditors’ report on the individual financial statements for the year ended December 31, 2010, presented on page 249 of Registration Document D.11-00284 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’ report on the consolidated financial statements for the year ended December 31, 2009, presented on page 179 of Registration Document D.10-0321 filed with Autorité des Marchés Financiers (hereinafter “AMF”, the French securities regulator) on April 26, 2010, contains two observations indicate procedures for the tax audit underway for the years 2005 to 2008, and explains the Company’s position (Note 25) and on the estimates used in segment data (detailed in Notes 1, section 2.5 and Note 28).

•The Statutory Auditors’ report on the individual financial statements for the year ended December 31, 2009, presented on page 223 of Registration Document D.10-0321 filed with the AMF on April 26, 2010, 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 291 (Chapter 5, Section 5.3) of this Registration Document.

Chairman of the Management Board
Abdeslam AHIZOUNE

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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, Maroc
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, Maroc
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 Arnaud CASTILLE
Chief Financial Officer
Maroc Telecom
Avenue Annakhil - Hay Riad
Rabat, Maroc
Téléphone : 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 2012 is provided below

Date*	Event	Format
Monday February 27,2012	Q4-2011 and full year 2011 revenues and results	Press releases Press conference Analyst and investors conference
Tuesday April 24,2012	General Shareholders' Meeting	
Thursday April 26, 2012	Q1 2012– revenues and results	Press releases
Tuesday July 24, 2012	Q2 and H1 2012– revenues and results	Press releases Press conference Analyst and investors conference
Tuesday October 30, 2012	Q3 2012– revenues and 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.

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2 GENERAL INFORMATION REGARDING THE COMPANY AND CORPORATE GOVERNANCE

General information regarding the company and corporate governance

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2.1 GENERAL INFORMATION

2.1.1 Corporate name

ITISSALAT AL-MAGHRIB.

The Company's corporate name is « Itissalat Al-Maghrib ». It 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.
Telephone : +212 537 71 21 21

2.1.3 Legal form

Maroc Telecom is a Moroccan corporation with a management board and supervisory board.

2.1.4 Legislation

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 Commercial Code.

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

2.1.5 Commitments of the Company to the French market authorities

Because the Company is also listed on the primary market of NYSE Euronext Paris, some provisions of French stock-market regulations are applicable to the Company. Under the current legislation, rules concerning foreign issuers provided by the AMF General Regulation are applicable to the Company. In addition, organization and general 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, it is applicable as of March 30, 2008, and the rules relating to the crossing of thresholds are now applicable as regards the Company.

With regards to French law, a foreign issuer must take the necessary steps to allow the shareholders to manage their investments and implement 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 for the crossing of thresholds that Maroc Telecom would have received,
- publish interim financial reports including summary financial statements, an interim management report, the Statutory Auditors' reports on the limited review of the above mentioned financial statements and a statement from the persons responsible for the half-yearly 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 accounts, 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 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, within 45 days of the end of the first and the third quarters,
- 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 statements on 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 significantly affect the share price and inform the AMF thereof,
- inform the French public about changes in Company business or management,
- make the necessary provisions to allow the persons who hold their securities through Euroclear France to exercise their rights, particularly by informing them of any annual ordinary shareholders' meeting and by allowing them to exercise their voting rights,
- notify the 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 the obligation to inform the public,
- comply with the provisions of the AMF General Regulation on disclosures,
- make all regulated information available 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 send to the AMF periodic 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.

Any publication and information to the public referred to in this chapter will be published in a notice or press release in a national financial daily newspaper distributed in France.

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

The Company establishes, as per other French issuers, a Registration Document providing legal and financial information relating to the issuer (shareholding structure, activities, management, financial information), although it does not contain information relating to the issue of specific shares.

In practice, the annual report of the Company 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 distributed to the public.

Annual and interim reports in French will be available for the public in France at the office of the financial intermediary in charge of financial service 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 public offer carried out on international markets.

However, because of the constraints of international stock 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 transactions, as the case may be.

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2.1.6 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 99 years from the date of its registration with the Registry of Commerce.

2.1.8 Corporate purpose

The Company's corporate purpose, in accordance with its contract specifications as an operator and pursuant to Article 2 of its statutory and regulatory rules in force, 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, terminals, and electronic communication networks, and to establish and operate all networks that distribute audiovisual services, including audio, television, and multimedia broadcasting

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

- create, purchase, own and operate any real or personal property or business necessary or appropriate for its operations, notably any property whose transfer or availability is specifically authorized by legislation;
- commercialiser et accessoirement monter et fabriquer tous produits, articles et appareils de télécommunication;
- market and, to a lesser extent, assemble and manufacture any telecommunications products or devices;
- create, purchase, license and apply or sell any patents, processes or trade names;
- and more generally, carry out any commercial, financial or even 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 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 on avenue Annakhil (Hay Riad), Rabat, Morocco.

2.1.10 Fiscal year

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

2.1.11 Allocation of profits

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 prepares 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 the statutory reserve and the allocation of net profit or loss carried over from prior years.

Against such profit, the shareholders' meeting may charge such amounts as it shall 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 the payment of dividends are voted by the ordinary shareholders' meeting or, failing such, by the Management Board.

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

If the Company holds shares of its own 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' meeting

Shareholders' meeting

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, not sui juris, dissenting or deprived of voting rights.

Calling of meetings

Meetings shall be called by the Supervisory Board.

An ordinary shareholders' meeting may also be called:

- by the Statutory Auditor or Auditors, who may do so only if the Supervisory Board fails to call a meeting or if the Supervisory Board fails to call a meeting when requested by the auditor(s),
- by an agent appointed by a 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 or liquidators in the event of the Company's dissolution, 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 shall publish, in a newspaper chosen among those contained in the list established by the Minister of Finance and in the Official Journal, a notice containing the information required by law and the draft resolutions to be submitted to the meeting by the Management Board.

The company shall be required to publish a notice containing, as applicable, the terms and conditions for voting by mail, as stipulated by the regulations in force, at least 15 days prior to the shareholders' meeting, in a newspaper from the 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 report of the Statutory Auditor(s) on the financial statements and 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.

Any amendment to such documents shall be published, within 20 days after the annual ordinary shareholders' meeting, by the Company 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 providing evidence of identity, to take part in shareholders' meetings subject:

- For holders of registered shares, to an entry by name in the Company's records,
- For holders of bearer shares, to 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,
- if applicable, to providing the Company, in accordance with applicable law, with proof of his or her identify.

Such 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 they hold.

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 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.

A shareholder having pledged his or her 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. Failing this, 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 proxies, and the numbers of shares and voting rights they hold.

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

Voting rights

Each member of the meeting shall have as many voting rights as he or she owns or represents, 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 receive their voting form 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 shall be certified by the Chairman of the Supervisory Board alone, or by the Vice Chairman of the Supervisory Board signing jointly with the Secretary.

Ordinary shareholders' meetings

Powers

Ordinary shareholders' meeting shall act upon all administrative matters exceeding the powers of the Supervisory Board and Management Board and which are not reserved for the extraordinary shareholders' meeting.

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

This meeting shall hear in particular the report from the Management Board and the report from the Statutory Auditor or Auditors; it shall consider, amend and approve or refuse the financial statements; and it shall apportion and allocate profit.

It 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 quorum is not obtained, a further 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' meeting

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 decide upon the conversion of 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, upon a first call, one-half, and upon a second call, 25%, of the voting rights, 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-third 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 offices

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

The statutory auditors' offices 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 auditors 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 barred 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 or auditors 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 following 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, books, and accounting documents, and of ascertaining the compliance of its financial statements with applicable rules. They 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 equal treatment among the shareholders has been observed.

The Statutory Auditor(s) shall be invited to attend the meeting of the Management Board to approve the financial statements for the previous fiscal year, and to all shareholders' meetings. At any time of the year, the Statutory Auditor(s) shall perform such inspections as they see fit, and may obtain disclosure on the spot of any document they consider necessary for the performance of their assignment, including without limitation any contracts, records, accounting documents, and minute books. 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 Trading 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 notify the Company, the CDVM (Moroccan securities regulator), and the Casablanca Stock Exchange within five working days of the date it crosses a given threshold 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 statutory obligation mentioned above to inform the Company of the 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.

The notice above is also to be given if the interest in the capital falls below the thresholds provided for above.

In each aforementioned report, the reporting party shall certify that the report includes all shares or voting rights held or owned. The reporting party shall also specify the date or dates of acquisition 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 when any such threshold is crossed, of his, her, or its intended objectives 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 discontinue or proceed with acquisition, 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, notice 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, takes into account the shares and the voting rights that he/she holds as well as the shares and voting rights assimilated thereto and determines the portion of capital and voting rights that he/she holds based on the total number of shares comprising the company's share capital and the total number of voting rights attached to these shares.

As regards the notice obligations:

Pour le contenu et les modes de diffusion de la déclaration de franchissement de seuil(s),

- Persons required to provide information must 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 declarations must be drawn in accordance with the standard model drafted by the AMF, available onits website (www.amf-france.org). They may be transmitted to the AMF by email. The declarations are then made available to the public by the AMF no later than three trading days after the date the declarations 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 discontinue or proceed with acquisition of control of the Company, 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 is made public pursuant to the conditions set out in the AMF General Regulation.
- In the event of failure to comply with the reporting and declaration of intent obligations above, the shares in excess of the portion that ought to have been reported shall be deprived of voting rights at any shareholders' meeting for a two-year period after the date of the breach.

2.1.16 Public bids

Under Moroccan law, public bids are governed by Act 46-06 amended and completed by Act 26-03, dated 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 votes of a listed company.

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

Voluntary public bids

Any individual or legal entity, acting alone or in concerted fashion 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 shares.

Unlike French law, which provides for the involvement of presenting banks, Moroccan law provides for a public bid to be filled 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 and terms 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 of payment, settlement, or exchange;

• the number of shares to which the proposed public bid relates;

• 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 an information document.

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 or permits from the competent authorities. In the absence of this permit, the proposed bid is not admissible.

Upon filing the proposed public bid, 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, it shall be deemed that the authorities have no further comments.

As soon as the proposed public bid has been filed, the CDVM shall request the company managing the stock market to suspend the listing 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 legislation, 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 among shareholders, full disclosure, integrity of the market, or fairness of transactions and competition. In all cases, the CDVM also has authority to require from the bidder any additional warranties and to demand the deposit of a guarantee in cash or in 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 requests the company managing the securities exchange to resume listing.

Any proposed public bid shall be accompanied by the information documents, 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 information document no later than five trading days after approval of the bidder's information document. In this case, the bidder is bound to file a copy of his, her, or its information document 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 information document(s) shall be determined by the CDVM, which shall be allowed a maximum period of 25 working days to approve the information document(s) 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 managing company shall centralize the acquisition, 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.

In 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 targets, intentions, and information as it appears in the information notice. During this period, the AMF may require additional explanations or justifications to review the bid and the information notice.

The period is then suspended until reception of the required elements. If the proposed bid meets the required conditions, the AMF publishes a compliance report, which is tantamount to approval of the information notice.

In French law, the information notice made available carrying the AMF's approval visa must either be published in a national economic 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 bids

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 Ramadan 11, 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. Failing this, the person or legal entity, or those acting in concert, shall lose his, her, or its voting and financial rights as shareholder. These rights shall be recovered only after a proposed cash-takeover bid has been filed.

The CDVM may grant an exception 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 to 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 capital increase in a company in financial difficulties.

The application for an exception shall be filed with the CDVM no later than three working days after the crossing of the 40% voting-rights threshold. It shall include covenants by that 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 difficulty. If the CDVM grants the requested exception, its ruling shall be published in a newspaper authorized to carry legal advertisements.

Compulsory buy-out bids

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 compulsory buyout bid 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 Ramadan 11,1425 (October 25, 2004), when an individual or legal entity holds 95% of the voting rights he, she, or it must proceed with a compulsory buyout bid.

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

Failing this, they shall automatically forfeit all voting rights. These voting rights shall be recovered only after the filing of a proposed compulsory buyout bid.

The CDVM may also require the filing of a proposed compulsory buyout bid by the individual or individuals, 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

Ramadan, 11, 1425).

The filing of a proposed buy-out bid by individuals or legal entities, holding, alone or in concert, a majority of the share capital may also be compulsory if the listed shares are delisted from the securities exchange for any reason.

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 an offer for a compulsory buyout and to agree to acquire on the market, over no less 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

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 whether the improved bid is admissible within five trading days after the filing of the proposal. The bidder shall draw up and submit to the CDVM a supplementary information document.

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 bids 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 bid or an 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 the 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 law.

During the term of the public bid, the targeted company and parties acting in concert with it, if applicable, may not intervene directly or indirectly in the shares of the targeted company. If payment for the public bid is to be made solely in cash, the targeted company may, however, proceed with a share-buyback program if the resolution of the meeting of shareholders having permitted said program has expressly so provided.

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 concerted fashion with the foregoing, are required to report to the CDVM after each trading day the purchases and sales that they have carried out with respect to the shares concerned by the bid, and any transaction resulting in an immediate or future transfer of title to 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 its own stock.

During the term of the bid, the appropriate agencies 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, subject to exceptions, purchase 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.

Pursuant to the CDVM's circular 01/11, dated February 1, 2011, implementing Decree 2-02-556, dated February 24, 2003, 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 December 03, 2009, following the CDVM's approval of the program on November 16, 2009, under number VI/EM/036/2009 in the notice published on the buyback program.

The main features of this program are:

- Duration: until 10 June 2011
- Range of the intervention price of purchase and sale: 130 to 210 dirhams
- Maximum proportion of capital to be held: 1.82%, or 16 million shares.

The share buyback program over the period from January 1, 2010 to December 31, 2010 breaks downas follows:

	Casablanca	Paris	Total
Number of shares purchased	454,156	454,530	908,686
Average purchase price (MAD)	MAD 142.54	€12.68	-
Number of shares sold	248,656	463,680	712,336
Average sale price (MAD)	MAD 144.50	€ 12.76	-
Shares held as at December 31, 2011	**235,000**	**44,150**	**279,150**

Since October 16, 2007, Rothschild & Cie Banque has been under contract by Maroc Telecom to implement:

- in Casablanca, a share-price-regulation contract involving MAD 55 million, in compliance with circular no. 01/11 dated February 1, 2011.
- in Paris, a liquidity contract meeting the requirements of the compliance charter drawn up by the Association Française des Entreprises d'Investissement (Association of French Investment Firms). 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, 2009	December 31, 2010	December 31, 2011
Share price regulation contract – Casablanca	225,000 Shares MAD 27,796,965.09	45,000 Shares MAD 55,832,740.76	235,000 Shares MAD 26,113,255.55
Liquidity contract - Paris	440,400 Shares € 1,402,190.00	7,550 Shares € 7,650,857.00	44,150 Shares € 6,950,909.63

Source : Rothschild & Cie Banque

2

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 and voting rights in the Company

As of December 31, 2011, the share capital and voting rights of the Company were held as follows:

Shareholders	**Number of shares**	**% of capital/ Voting rights**
Vivendi Group*	465,920,477	53.00%
Kingdom of Morocco	263,728,575	30.00%
Senior executives	87,236	0.01%
Employees	777,569	0.09%
Public	148,537,333	16.90%
Treasury shares	44,150	0.005%
Total	879,095,340	100%

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

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

2.2.2.2 Potential capital

At the date of this Registration Document, the Company had not issued any securities, other than ordinary shares, carrying direct or indirect rights, 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, Vivendi acquired 2% of Maroc Telecom's capital, increasing its stake from 51% to 53%. In addition, CDG 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, 2009		December 31, 2010		December 31, 2011	
Shareholders	% of Capital/ voting rights	Number of shares	% Capital/ voting rights	Number of shares	% Capital/ voting rights	Number of shares
Vivendi Group *	53.00%	465,920,477	53.00%	465,920,477	**53.00%**	**465,920,477**
Kingdom of Morocco	30.00%	263,728,575	30.00%	263,728,575	**30.00%**	**263,728,575**
Senior executives	0.02%	155,980	0.01%	88,246	**0.01%**	**88,236**
Employees	0.12%	1,040,459	0.10%	916,694	**0.09%**	**777,569**
Public	16.79%	147,584,449	16.88%	147,388,798	**16.90%**	**148,537,333**
Treasury shares	0.07%	665,400	0.005%	52,550	**0.005%**	**44,150**
Total	100%	879,095,340	100%	879,095,340	**100%**	**879,095,340**

*Through its 100% subsidiary (Société de Participation dans les Télécommunications)

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, 2011, 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 Télécom shareholders' agreement

According to the shareholders' agreement concluded with the Republic of Gabon, Maroc Telecom, which owns 51% of the share capital of Gabon Télécom, 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*	High***	Low***	Transactions**	
		(In MAD)		Number of shares (in thousands)	Trading value (in millions euro)
January 2011	155.61	159.50	150.15	3 751.47	584.75
February 2011	154.12	159.9	151.35	3 674.94	566.39
March 2011	157.42	159.9	154.55	2 826.51	444.96
April 2011	155.05	159.00	152.00	2 544.93	394.60
May 2011	153.21	157.00	144.60	2 758.62	422.66
June 2011	144.74	149.90	142.25	2 608.77	377.59
Jully 2011	141.72	145.65	137.75	979.80	138.85
August 2011	142.57	147.00	136.00	2 093.26	298.43
September 2011	142.81	145.50	141.60	840.34	120.01
October 2011	143.73	148.00	142.15	1 971.75	283.39
November 2011	140.09	142.80	138.00	1 593.94	223.29
December 2011	137.42	141.50	135.00	3 889.72	534.54
January 2012	138.89	140.80	135.10	1 369.13	190.15
February 2012	140.43	144.00	137.65	1 953.25	274.29

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

** Intraday

Source : Nyse Euronext Paris

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

Since December 2004

Since January 2011

In December 2011, 97% 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.

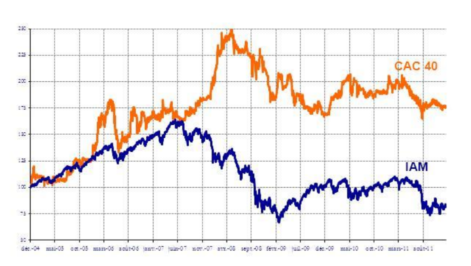
	Average price*	High***	Low ***	Transactions**	
		(in euro)		Number of shares (in thousands)	Trading value (in millions euro)
January 2011	14.16	14.78	13.37	120.20	1.70
February 2011	13.86	14.66	13.20	289.03	4.01
March 2011	14.04	14.38	13.55	92.88	1.30
April 2011	14.08	14.64	13.71	294.55	4.15
May 2011	13.83	14.29	13.26	308.54	4.27
June 2011	13.29	13.74	12.96	268.70	3.41
July 2011	12.86	13.24	12.35	164.33	2.11
August 2011	12.32	12.95	11.00	237.78	2.93
September 2011	12.59	12.89	12.25	71.25	0.90
October 2011	12.81	13.09	12.26	313.44	4.01
November 2011	12.67	12.96	12.31	268.65	3.40
Décember 2011	12.54	12.89	12.15	121.13	1.52
January 2012	12.47	12.70	12.20	147.96	1.85
February 2012	12.69	13.24	12.17	155.50	1.97

** 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

Since December 2004



Since January 2011

In December 2010, 3% 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 2011.

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	9,521
2009	June 2,2010	9,063
2010	May 31,2011	9,301
2011	May 31,2011	8,140*

* Amount proposed at the shareholders' meeting of April 24, 2012. 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, 2011, the Company's reserves amounted to MAD 3,449 million (excluding results at the end of December 2011), out of which MAD25.1 million are distributable.

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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 tothe 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 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 10% 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 10%, 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).

If the taxpayer so chooses, the net dividends collected, plus the attached tax credit, may be subject to 18% income tax plus the additional social security levy.

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.

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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 (56)	Chairman	First appointed: February 20, 2001 Renewed on February 23, 2009	2013
Larbi GUEDIRA (57)	Managing Director Services	First appointed: February 20, 2001 Renewed on February 23, 2009	2013
Arnaud CASTILLE (39)	Managing Director Finance and Administration	First appointed: February 24, 2006, with effect on April 1, 2006 Renewed on February 23, 2009	2013
Janie LETROT (57)	Managing Director Regulatory Affairs, Communication, and International Development	First appointed: June 29, 2006 Renewed on February 23, 2009	2013
Rachid MECHAHOURI (45)	Managing Director Networks and Systems	First appointed: November 17, 2008 Renewed on February 23, 2009	2013

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

Abdeslam AHIZOUNE, Chairman of the Management Board

56 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 ParisTech (1977). He has been Chairman of the Maroc Telecom Management Board since February 2001 and was appointed as a member of the Vivendi Management Board on April 28, 2005.

Mr. AHIZOUNE served as Chairman and Chief Executive Officer of Maroc Telecom from February 1998 to 2001, Minister of Telecommunications from August 1997 to 1998, Managing Director of the National Postal and Telecommunications Board (ONPT) from February 1995 to August 1997, Minister of Posts and Telecommunications and Managing Director of the ONPT from August 1992 to February 1995, and Director of Posts and Telecommunications in the Ministry of Postal and Communications Services from 1983 to 1992).

He is also a member of the Boards of Directors of Axa Assurances Maroc, Holcim Maroc (since 2007), the Lalla Salma Association Against Cancer (since November 2005), the Mohammed VI Foundation for the Environment (since June 2001). Mr. Ahizoune serves as Chairman of the Royal Moroccan Athletics Federation (since end-2006). In 2008, he was appointed Chairman of the Moroccan Association of Telecoms Professionals (MATI). Until January 2010, he was Chairman and Chief Executive Officer of Medi1Sat, the Moroccan channel now called Medi 1 TV.

Position currently held

Maroc Telecom Group:

- Maroc Telecom (Morocco), chairman of the Management Board

Other positions and functions :

- Axa Assurance Morocco, Director
- Holcim SA (Morocco), Director
- Fédération Royale Marocaine d’Athlétisme (Morocco), Chairman
- Lalla Salma Association Against Cancer (Morocco), member of the Board of Directors
- Mohammed V Foundation for Solidarity (Morocco), member of the Board of Directors
- Mohammed VI Foundation for the Environment (Morocco), member of the Board of Directors
- Al Akhawayne University (Morocco), Director
- Moroccan Association of Telecoms Professionals (MATI), Chairman
- The Moroccan Association for Research and Development, Vice-president

Positions previously held that expired during the last five years

- CMC SA (Mauritania), Chairman of the Board of Directors
- Mauritel SA (Mauritania), Permanent representative of Maroc Telecom, Director
- Mauritel Mobiles (Mauritania), Director
- Onatel (Burkina Faso), Director
- Mobisud SA (France), Chairman of the Board of Directors

- Gabon Telecom (Gabon), Director
- Medi1Sat (Morocco), Chairman-Chief Executive Officer
- Medi 1 TV (ex Medi1Sat) (Maroc), Director.

Larbi GUEDIRA, Member of the Management Board

57 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.

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:

- Maroc Telecom (Morocco), member of the Management Board
- Mauritel SA (Mauritania), Director
- Gabon Télécom (Gabon), Permanent Representative of Maroc Telecom, Director
- Libertis (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 (Maroc), 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
- Gabon Télécom (Gabon), Director
- Libertis (Gabon), Director
- Onatel (Burkina Faso), Director
- Mobisud SA (France), Chairman of the Board of Directors
- Mobisud (Belgium), Director

Arnaud CASTILLE, Member of the Management Board

39 years old, French Citizen

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

Skills and experience

Born on June 12, 1972, Mr. CASTILLE holds a master's degree in Management, a postgraduate degree (DESS) in corporate finance from the University of Paris Dauphine, and is a graduate of INSEAD's international executive program.

Arnaud Castille is Managing Director, Finance and Administration, of Maroc Telecom. He joined Maroc Telecom in September 2001 as Director of Management Control. He also serves as Chairman of the Board of Directors of CMC and as a member of the Boards of Directors of several Maroc Telecom subsidiaries. Previously he held positions as Director of Finance and Administration for a constructionservices business unit of Bouygues, then as Accounts Manager in the consultancy firm CSC Peat Marwick. He began his career as an auditor with Ernst & Young.

In addition, Mr. CASTILLE IS THE Chairman of the Board of Directors of CMC and Director in various companies in the Maroc Telecom Group

Position currently held

Maroc Telecom Group:

- Maroc Telecom (Morocco), member of the Management Board
- CMC SA (Mauritania), Chairman of the Board of Directors
- Gabon Télécom (Gabon), Director
- Libertis (Gabon), Director
- Mauritel Mobiles (Mauritania), Director
- Mauritel Mobiles (Mauritania), Director
- SOTELMA (Mali), Director
- MT Fly (Morocco), Director

Other positions and functions:

None

Positions previously held that expired during the last five years

- Mobisud SA (France), Director
- Mobisud (Belgium), Director.

Janie LETROT, Member of the Management Board

57 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, since February 2011.

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 UnitedNations in New York.

Janie Letrot has been named a Knight of the French National Order of Merit.

Position currently held

Maroc Telecom Group:

- Maroc Telecom (Morocco), Member of the Management Board
- 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 :

- Maroc Telecom (Morocco), Member of the Management Board
- 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, Arnaud CASTILLE, 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 2011, the Management Board convened 44 times, with an average attendance rate of 97.5%.

2

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 * (48)	Chairman	Supervisory Board of February 24, 2012	AGM convened to approve the 2012 financial statements	Minister of Economy and Finance
Jean-Bernard LEVY (57)	Deputy Chairman	Supervisory Board of December 17, 2002	AGM convened to approve the 2012 financial statements	Chairman of the Management Board of Vivendi
Mohand LAENSER * (70)	Member	Supervisory Board of February 24, 2012	AGM convened to approve the 2012 financial statements	Minister of the Interior
Samir Mohammed TAZI (48)	Member	Supervisory Board of September 13, 2010	AGM convened to approve the 2012 financial statements	Director of Public Enterprises and Privatization at the Ministry of Economy and Finance
Jean-René FOURTOU (72)	Member	Supervisory Board of January 4, 2005	AGM convened to approve the 2012 financial statements	Chairman of the Supervisory Board of Vivendi
Philippe CAPRON (53)	Member	Supervisory Board of March 01, 2007	AGM convened to approve the 2015 financial statements	Chief Financial Officer of Vivendi Member of the Management Board of Vivendi

Régis TURRINI (53)	Member	Supervisory Board of February 21, 2008	AGM convened to approve the 2012 financial statements	Director of Strategy and Development of Vivendi
Gérard BREMOND (74)	Member	Supervisory Board of February 22, 2010	AGM convened to approve the 2012 financial statements	Chairman and Chief Executive Officer of Pierre et Vacances Group

* Misters Nizar BARAKA and Mohand Laenser were respectively co-opted by the Supervisory Board of February 24, 2012 to replace Misters Salaheddine Mezouar and Taieb CHERQAOUI.

Durée des fonctions

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

48 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 in econometrics from The Mohammed 5th University of Economics and Law School and a PhD in Economics 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-Bernard LEVY – Deputy Chairman

57 years old, French Citizen

Business address : Vivendi – 42 avenue de Friedland, 75008 Paris

Skills and experience

Born on March 18, 1955, Jean-Bernard LEVY is a graduate of École Polytechnique and École Nationale Supérieure des Télécommunications. Mr. LEVY was appointed Chairman of the

Management Board of Vivendi on April 28, 2005. He began working for Vivendi in August 2002 as Managing Director. Mr. LEVY was Managing Director and subsequently Managing Partner responsible for corporate finance at Oddo et Cie from 1998 to 2002. From 1995 to 1998, he was Chairman and Chief Executive Officer of Matra Communication. From 1993 to 1994, Mr. Lévy was chief of staff to Gérard Longuet, the French Minister of Industry, Posts and Telecommunications, and Foreign Trade. From 1988 to 1993, Mr. LEVY was Director of Telecommunications Satellites at Matra Marconi Space. From 1986 to 1988, Mr. LEVY served as technical advisor to the cabinet of Gérard Longuet, the French Minister Delegate of Posts and Telecommunications; and from 1978 to 1986, he worked as an engineer at France Télécom.

Position currently held

Vivendi Group:

- Vivendi, Chairman of the Management Board
- Activision Blizzard Inc. (USA), Chairman
- Maroc Telecom (Morocco), Deputy Chairman of the Supervisory Board
- Canal+ France, Chairman of the Supervisory Board
- GVT Holding SA (Brasil), Chairman of the Directors Board
- Groupe Canal+, Chairman of the Supervisory Board
- SFR, Director

Other positions and functions:

- Société Générale, Director
- Vinci, Director
- Institut Pasteur, Director
- Viroxis, Chairman of the Supervisory Board
- Institut Télécom, Chairman of the Directors Board
- Paris Europlace, Member of the Steering Committee

Positions previously held that expired during the last five years

- Canal+ Group, Deputy Chairman of the Supervisory Board
- NBC Universal, Inc. (USA), Director
- Vivendi Games, Inc. (USA), Director
- UGC, Director

Mohand LAENSER

70 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, M. 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

48 years old, Morocccan Citizen

Business address : Ministry of Economy and Finance

Skills and experience

Samir Mohammed TAZI, born 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-René FOURTOU

72 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. He is Chairman of the Bordeaux Université Fondation. From 2002 to 2005, Mr. FOURTOU was Chairman and CEO of Vivendi, before becoming the Chairman of the Supervisory Board.

Position currently held
Vivendi Group:

- Vivendi, Chairman of the Supervisory Board

Other positions and functions:

- Sanofi Aventis, Director
- Nestlé (Suisszland), Director
- Bordeaux Université Fondation, Chairman

Positions previously held that expired during the last five years

- AXA, Deputy Chairman of the Supervisory Board
- AXA, Member of Ethics and Governance committee
- Cap Gemini, Director
- NBC Universal (Etats-Unis), Director
- ICC, Chambre de Commerce Internationale, Président d'Honneur
- Axa Millésimes, Member of the Directors Board
- Canal+ Group, Chairman of the Supervisory Board

Gérard BREMOND

74 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 Developpement, Chairman
- SAS Adagio Holding, Chairman
- Pierre & Vacances Immobilier Holding SE, CEO
- Tourism Real Estate Property Holding SE, CEO
- 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 Chief Executive Officer
- SA Lepeudry et Grimard, Director

- **GB Développement SA**
- SAS GB Développement, Chairman

Other positions and functions

- Center Parcs Europe NV (Pays-Bas), Member of the Supervisory Board
- Pierre & Vacances Group Trademarks B.V. (Pays-Bas), Director
- SITI R (SC), Manager
- SDRT, Director
- SDRT-Immo, Chairman of the Board of Directors

Positions previously held that expired during the last five years

- TREP, Member of the Board of Management
- SDRT-Immo, Chairman of the Board of Directors
- SAS Adagio Holding, Chairman
- SAS Newcity Aparthotels, Chairman
- SA Pierre & Vacances Promotion Immobilière, Chairman
- SA Pierre & Vacances Tourisme Europe, Chairman
- SA Société d'Investissement Touristique et Immobilier - S.I.T.I., Permanent Representative for Peterhof, SERL, Lepeudry et Grimard, and C.F.I.C.A
- Holding Green BV (Pays-Bas), Director
- Vivendi, Director

Philippe CAPRON

53 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. 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), Director
- Maroc Telecom (Morocco), Member of the Supervisory Board and Chairman of the Audit Committee
- SFR, Director and Chairman of Audit Committee
- Groupe Canal+, Member of the Supervisory Board
- Canal+ France, Member of the Supervisory Board and Chairman of Audit Committee
- GVT Holding SA (Brazil), Director

Positions previously held that expired during the last five years:

- Virbac Group, member of the Supervisory Board, Chairman of the Audit Committee
- Tinubu Square, Director
- Member of the French Political Economy Society

Positions previously held that expired during the last five years

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

Régis TURRINI

53 years old, French Citizen

Business address : Vivendi – 42, avenue de Friedland – 75008 Paris

Skills and experience

Régis TURRINI was born in March 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 Director and, in 2000, Managing Partner. Mr. TURRINI holds several positions of responsibility in various Vivendi Group companies

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
- Canal+ France, Member of the Supervisory Board
- Activision Blizzard (USA), Director
- SFR (France), Director
- GVT Holding (Brazil), Director
- SPT SAS (Morocco), Chairman

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
- SHN (Nouvelle Calédonie), Director

• SAIGE, Permanent Representative of Vivendi at the Board

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.

Convocation – Délibérations

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 arbitrationactions 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 amendment of the first or last day of the fiscal year of the Company or its subsidiaries;

- a motion for the choice of the statutory auditors of the Company and its subsidiaries;
- a motion for the appointment of one or more members of the Supervisory Board;
- a motion for dismissal of the members of the Management Board; 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 2010, the Supervisory Board met three times, with an average attendance rate of close to 85%, to review the Company's performance and its medium- and long-term prospects.

Au sein du Conseil de Surveillance, Messieurs Nizar BARAKA, Mohand LAENSER et Samir

As regards the composition of the Supervisory Board, three members— Nizar BARAKA, Mohand LAENSER, and Samir Mohamed TAZI—were appointed upon proposal of the Government of the Kingdom of Morocco, and five members—Jean-Bernard LEVY, Jean-René FOURTOU, Gérard BREMOND, Philippe CAPRON, and Régis TURRINI—were appointed upon proposal of Vivendi. Jacques ESPINASSE, who was initially appointed upon proposal of Vivendi and retired in 2007, retained his post as a member of the Supervisory Board until July3, 2011..

Mister Salaheddine MEZOUAR and Taïeb CHERQAOUI were replaced, on February 24th, 2012 by Misters Nizar BARAKA and Mohand LAENSER.

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

2.3.2 Audit Committee and Code of Ethics

2.3.2.1 Audit Committee

Maroc Telecom's Audit Committee is responsible for making recommendations and/or providing advice 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 (53)	Chairman	2007	Chief Financial Officer of Vivendi Member of the Management Board of Vivendi
Noureddine BOUTAYEB (54)	Member	2003	Wali, Secretary general in the Interior Ministry
Monkid MESTASSI (59)	Member	2007	Secretary general of the Ministry of Economic and General Affairs
Samir Mohammed TAZI (48)	Member	2010	Former Director of Public Enterprises and Privatization at the Ministry of Economy and Finance
Sandrine DUFOUR (44)	Member	2008	Director of the Innovation in Vivendi Deputy Chief Financial Officer of Vivendi Chairman of Vivendi Mobile Entertainment (VME)
Pierre TROTOT (57)	Member	2003	Senior Executive Vice-President, Finance and Administration of SFR
Jacques ESPINASSE (68)	Member	2003	Director of companies

Mr. Jacques ESPINASSE, appointed initially on proposal of Vivendi and retired in 2007, kept his seat of member of the supervisory board until July 31, 2011.

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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.

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).

Monkid MESTASSI

Monkid MESTASSI has been General Secretary to the Minister Delegate attached to the Prime Minister in charge of Economic and General Affairs since September 2003. Prior to this, he held positions as a deputy administrator of the bilateral economic cooperation department of the Ministry of Foreign Affairs, assistant to the Governor of the Moroccan Central Bank, Bank Al-Maghreb, head of department in the Moroccan trade and export board, and as an advisor attached to the Prime Minister.

In 1987, Mr. MESTASSI was appointed advisor to the Prime Minister with responsibility for economic cooperation with USAID and for coordinating relations with the World Bank Group. As from 2000, he was also appointed to coordinate efforts to promote accountability in public life and to curb corruption and was named a special advisor attached to the Prime Minister, with responsibility for public administration reform.

Monkid MESTASSI is a state certified statistician economist and holds a masters degree in economic sciences.

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.

2

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 a Chairman and six permanent members, with three representatives of the Government of the Kingdom of Morocco and three representatives (including the Chairman) of Vivendi and one independent.

The Audit Committee was convened for the first time in May 2004, and held three meetings in 2010 . 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,
- Suivi de la politique d'assurances,
- 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 2011, the average attendance rate for Audit Committee meetings was 67%.

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Internal Audit and Inspection

Internal Audit

The Internal Audit department of Maroc Telecom is an independent function that has direct access to the Audit Committee. 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 (seven auditors at December 31, 2011) attached to the General Control Department (office of Chairman) for matters having a dual accounting and financial impact; and.
- Operational audit (18 auditors at December 31, 2011) 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.

Internal audits performed in 2011 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 2011 is 38.

Inspection

Alongside the Internal Audit department, the Inspection department (15 inspectors at December 31, 2010) 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 2011 came to approximately MAD37 million, of which 42% represented variable compensation. Variable compensation for 2011 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	2009	2010	2011
Gross compensation	36	33	37
o/w variable compensation	*33%*	*36%*	*40%*
Minimum compensation in the event of termination of contract	40	41	47

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 2010, 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 47million. 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 February 22, 2011, members of the Board decided, as in the previous year, to waive payment of the attendance fees due in respect of fiscal year 2010, 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 Jacques Espinasse. 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 decisionmaking and Supervisory bodies

As of December 31, 2011, 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.

The proceedings opposing Mr. Philippe Capron, in his capacity as former permanent representative of Arcelor Packaging International and director of SAFET, and the legal representative of the company SAFET, ended May 9, 2011.

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 seventh resolution of 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 fiscal 2011:

	Grant for 2009	Grant for 2010	Grant for 2011
Total Stock-options	**479,600**	**411,900**	**213,300**
- Management Board	232,000	234,400	162,000
- 10 largest beneficiaries	254,800	251,400	169,200
Total actions gratuites	**39,978**	**78,714**	**130,450**
- Management Board	19,336	19,536	45,260
- 10 largest beneficiaries	21,236	25,204	53,270

2.3.3.7 Loans and guarantees granted to senior executives

None

2.3.4 Related-party transactions

Maroc Telecom étant une société de droit marocain, les dispositions du Code de Commerce français ne lui sont pas applicables. Néanmoins, aux termes des articles 95 et suivants de la loi marocaine n°17-95 sur les sociétés anonymes, telle que modifiée et complétée par la loi n°20-05, toute convention intervenant, entre la société et l'un des membres du Directoire ou du Conseil de Surveillance ou l'un de ses actionnaires détenant, directement ou indirectement, plus de 5% du capital et des droits de vote, est soumise à l'autorisation préalable du Conseil de Surveillance. Il en est de même des conventions intervenant entre la société et une entreprise, si l'un des membres du Directoire ou du Conseil de Surveillance, est propriétaire, associé indéfiniment responsable, gérant, administrateur, directeur général ou membre du Directoire ou du Conseil de Surveillance de l'entreprise.
Les conventions réglementées conclues durant l'exercice 2011ainsi que les conventions conclues au cours des exercices antérieurs et dont l'exécution s'est poursuivie durant l'exercice 2011 sont présentées ci-dessous et détaillées dans le rapport spécial des commissaires aux comptes, disponible en pages 280 à 283 du présent document.

2.3.4.1 Management Services Agreement concluded by Maroc Telecom in 2011

Contract with Société de Participations dans les Télécommunications (SPT)

At the Supervisory Board Meeting held on July 25, 2011, a current-account advance totaling MAD 3,600 million was agreed to Maroc Telecom by Société de Participations dans les Télécommunications (SPT), a wholly owned subsidiary of Vivendi, as of May 31, 2011, for the partial financing of dividends.

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 of flight, which is 7 million dirhams, in the aim of covering the expenses of the first six months of operation and to prove the financial viability of MT Fly.
The management bodies' members in common are Messrs Larbi Guedira, Arnaud Castille, Rachid Mehahouril and Mrs. Janie LETROT.

2.3.4.2 Related-party transactions from prior years still outstanding in 2011

Contract with Société de Participations dans les Télécommunications (SPT)

At its meeting held on September 13, 2010, the Supervisory Board authorized a current-account advance totaling MAD 3,450 million to Maroc Telecom by Société de Participations dans les Télécommunications (SPT), a wholly owned subsidiary of Vivendi, as of June 2, 2010, for the partial financing of dividends. Vivendi is a shareholder of both parties.

Agreement with Moroccan Royal Athletics Federation (FRMA)

The agreement between Maroc Telecom and the FRMA, of which Abdeslam Ahizoune is also Chairman, expired in June 2009.
At its meeting held on December 3, 2009, the Supervisory Board authorized the renewal of this agreement for a one-year term, renewable three times, and representing MAD 8 million per year, in addition to the FRMA Chairman's travel and representation expenses.

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, Arnaud Castille, and Rachid Mechahouri.

Agreement with Onatel

En septembre 2007, la société ONATEL a conclu avec Maroc Telecom une convention en vertu de laquelle cette dernière lui fournit des prestations dans les domaines suivants : la stratégie et le développement, l'organisation, les réseaux, le marketing, la finance, les achats, les ressources humaines, les systèmes d'information, la réglementation .Ces différents services sont exécutés principalement par le biais de personnel expatrié. Les membres des organes de gestion en commun sont : M. GUEDIRA Larbi, M. CASTILLE Arnaud et Mme LETROT Janie.

Agreement with Gabon Telecom

On 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 rendered essentially by expatriate employees.

Members of management bodies common to both parties are Larbi Guedira and Arnaud Castille.

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. Abdeslam Ahizoune is a member of the Management Board of Vivendi Group.

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 allocations of free shares. Abdeslam Ahizoune is a member of the Management Board of Vivendi Group.

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 Arnaud Castille.

Agreement with Casanet

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

Members of management bodies common to both parties are Larbi Guedira and Rachid Mechahouri.

Casanet – current-account advance

Maroc Telecom opted to delegate its business of 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 Mr. MECHAHOURI Rachid.

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 a TV offer via ADSL. 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" in the IAM network.

Vivendi SA is a shareholder in both entities.

Médi-1-Sat – current-account advance

In the period from 2006 to 2008, Maroc Telecom and Médi-1-Sat entered into two agreements under which Médi-1-Sat receives financing via current-account advances. Abdeslam Ahizoune is the only member of management bodies common to both parties. From 2011, Mister AHIZOUNE is not member any more of the management body of Médi1TV.

3 DESCRIPTION OF THE GROUP, BUSINESS ACTIVITIES, LEGAL AND ARBITRATION PROCEEDINGS AND RISK FACTORS

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

3

CONTENT

3

3.1 DESCRIPTION OF THE GROUP

3.1.1 History and overview

Historique

Maroc Telecom was created from the break-up of the Office National des Postes et Télécommunications pursuant to the enactment of Act 24-96 and the implementing decrees relating to telecommunications. Maroc Telecom, the incumbent telecommunications operator in the Kingdom of Morocco, operates in fixed-line, mobile, and internet business segments.

Vivendi acquired a 35% interest in Maroc Telecom when the latter was privatized in 2001.

On November 18, 2004, the government of the Kingdom of Morocco and Vivendi announced that Vivendi had taken an additional interest of 16% in Maroc Telecom.

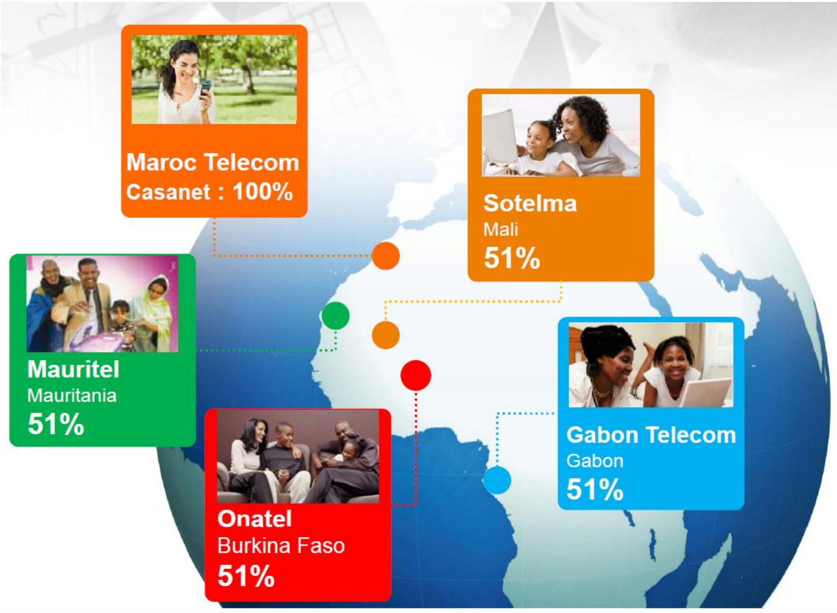
In continuation of the privatization of Maroc Telecom, the government of the Kingdom of Morocco disposed of 14.9% of the Company's share capital. In 2006, the government of the Kingdom of Morocco sold 0.1% of the share capital. On July 2, 2007, the Moroccan state disposed of 4% of Maroc Telecom Group's share capital on the Casablanca stock market through a private placement for Moroccan and international institutional investors. On completion of this transaction, the Kingdom of Morocco had lowered its interest to 30% of the share capital and voting rights of Maroc Telecom Group, and the free float had risen from 15% to 19%.

In December 2007, following a share exchange with the Caisse de Dépôt et de Gestion du Maroc (deposit and management fund of Morocco), Vivendi acquired an additional 2%. On completion of this transaction, Vivendi held 53% of the share capital, the Kingdom of Morocco held 30%, and the free float stood at 17%.

As part of its international development, Maroc Telecom has made acquisitions outside of Morocco since 2001. The Company now has operations in Mauritania, Burkina Faso, Gabon, and Mali, with strong operating positions in most markets where it is active. (See 3.3.2 "Description of business activities of subsidiaries.").

In addition, Maroc Telecom has established a dual MVNO (Mobile Virtual Network Operator), named Mobisud. It was launched in France as of December 1, 2006, and in Belgium as of May 2, 2007. The two parts of this MVNO were sold to SFR on May 30, 2009, and to Belgacom on June 30, 2010, respectively.

Casanet is a wholly owned subsidiary of Maroc Telecom, and is one of the leading internet service providers in Morocco.



Overview of the Group’s operations

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, Universal Music Group, a 100% subsidiary of Vivendi, is the worldwide leader in music. It holds leading positions in the markets of recorded music, music publishing and derivatives.

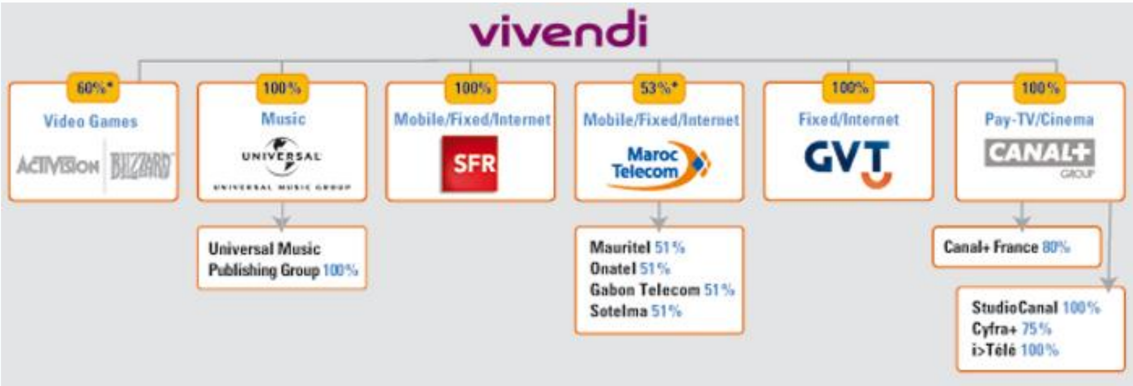
Groupe Canal+, a wholly owned subsidiary of Vivendi, is the French leader in premium and thematic television channels and in pay-TV distribution, with 11.1 million subscribers. It is also a major player in France and the rest of Europe in film production and distribution;

SFR, SFR, a wholly owned subsidiary of Vivendi, is the leading French alternative telecommunications operator, with 21.5 million mobile subscribers, and 5 million broadband internet customers.

Activision Blizzard, Activision Blizzard, a 60.32%-owned subsidiary of Vivendi, is a worldwide publisher of entertainment software and the largest independent publisher of online and console games.

GVT, GVT, a wholly-owned subsidiary of Vivendi, is the first alternative telecommunications operator in Brazil. GVT operated in 119 cities of Brazil and holds an average market share of 23.1% in internet and fixed-line telephony markets.

The Vivendi group’s structure as of December 31, 2011 was as follows :



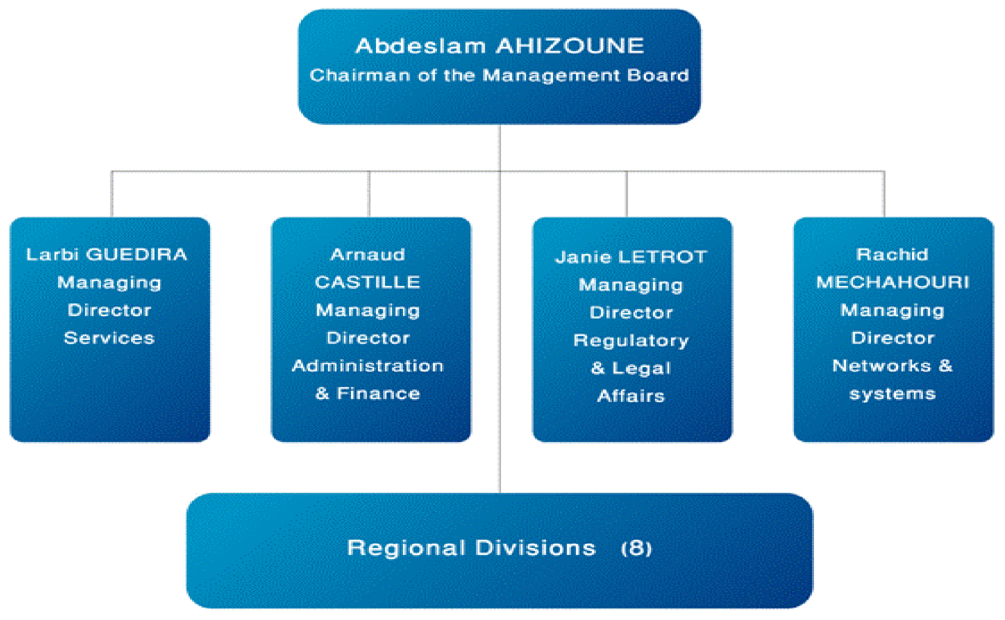
* The percentages represent voting rights.
** For details of equity interests, see section 4.5, Individual financial statements, B4.

Maroc Telecom Group 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.

In the strategic framework defined by the management bodies, these divisions ensure oversight of subsidiaries and respect for rules of operations and conduct.

Maroc Telecom is decentralized, with eight regional divisions organized by profit centers and structured for operational adaptability and independence.

The Maroc Telecom Group’s simplified operational structure at December 31, 2010, was as follows.



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 in February 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 operates—Morocco and countries in sub-Saharan Africa—enjoy strong demographic and economic growth. The Moroccan Ministry of Finance forecasts GDP growth in 2012 of 4.2% in Morocco, while the International Monetary Fund expects GDP growth of 5.8% 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 mobile penetration rate, which reached 114% in 2011, still lags that of more mature countries (130%** in Europe overall and 168%** in Finland).

Because of the structure of their mobile market—mainly prepaid, with a large number of double SIMs—Gabon (penetration rate of 143%* at September 30, 2011) and Mauritania (penetration rate of 93%* at September 30, 2011) still have growth potential for their customer bases. The mobile markets in Mali (penetration rate of 78%* at September 30, 2011) and in Burkina Faso (penetration rate of 46% at September 30, 2011) are not yet mature and have significant growth potential.

Maroc Telecom should benefit from the growth potential of these markets. However, the Group operates in a competitive and regulatory environment that is still very intense in all countries in which it is active. To meet these challenges and maximize profit from the sector's growth, Maroc Telecom has based its strategy on three major themes:

- strengthening its leadership in Morocco,
- maximizing the growth of its sub-Saharan subsidiaries,
- seeking new opportunities for acquisitions in high-growth 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. Armed with these advantages, Maroc Telecom plans to pursue its innovation policy that has kept it number one in every market in which it operates, thanks particularly to the launch of television and telephony via ADSL (triple-play MT Box rate plan), money transfer and bill payment by mobile phone (Mobicash), prepaid and postpaid mobile broadband, etc.

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 enhanced customer-loyalty programs (Fidelio for postpaid customers) and an active policy for migrating prepaid customers to postpaid subscriptions.
- increasing ARPU by augmenting the penetration rate and usage of nonvoice services (SMS, mobile internet, banking and other value-added services).

In the fixed-line business, the objective is to maintain a stable customer base while developing broadband services, such as internet and TV.

Internationally, Maroc Telecom aims to maintain its leader positions through its strategy of combining fixed-line and mobile services. Such a strategy requires significant expenditure for greater network coverage and expanded capacity of existing networks, in addition to 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 new banking services) and fixed-line (broadband via ADSL, wireless access, unlimited rate plans, etc.) services.

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 investments in networks, strict cost control, and outstanding human resources at Group headquarters and foreign subsidiaries.

* Source Dataxis

**Source Merrill Lynch, September 30, 2011

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 18.9 years. In the subsidiaries, the average age is 44.1 and the average seniority is 17.5 years.

Staff turnover

Staff turnover %	2009	2010	2011
Maroc Telecom	1.14	0.8	0.77
Subsidiares	1.4	0.9	1.02

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, 2008, 2009, and 2010:

	2009	2010	2011
Maroc Telecom	11,100	11,033	11,034
Subsidiaries	3,042	2,692	2,772

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 11 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 of Moroccan dirhams)	2009	2010	2011
Maroc Telecom	2,215	2,282	2,305
Maroc Telecom Group	2,604	2,746	2,796

Professional growth

Professional growth is one of the key aspects of the Maroc Telecom human-resources policy. It is based on the following three points:

Encourage skills growth

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

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 2011, the Maroc Telecom workforce participated on average in 3.4. 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 of 20 professionals.

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 2009, in order to stimulate employee development, the Human Resources Department began an annual review of the workforce, which provides employees with opportunities for career development.

In terms of mobility, two vital points were stressed in 2010: assistance in developing commercial networks, and further rejuvenation of the sales force.

All of these actions relating to mobility allow beneficiaries to advance in their careers, whether in Morocco or in posts based in subsidiaries abroad. Mobility within Maroc Telecom gives priority to internal promotion, which is a source of motivation for employees.

In the subsidiaries, mobility remains an option for advancement within the company. Each subsidiary organizes its mobility program in accordance with its needs, thereby allowing employees to advance in their careers.

Recruitment

Every year Maroc Telecom recruits recent graduates from high-level engineering and business schools, both national and international. The Group remains attractive through frequent presence on the campuses of leading universities and graduate schools, and through regular participation in forums in Morocco and abroad.

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 facilated by the presence of representative, structured labor unions.

In addition to mandatory pension plans, Maroc Telecom provides a supplementary pension scheme in association with Caisse Interprofessionnelle Marocaine des Retraites (CIMR). The purpose is to enable participants to benefit from an additional pension scheme that supplements their mandatory pension scheme.

Just under 80% of Maroc Telecom's workforce, or 8,677 employees, have joined the supplementary pension scheme.

In 2011, annual negotiations resulted in an agreement on the following three vital points:

- career development;
- compensation;
- amendments to the collective-bargaining agreement.

Furthermore, IAM granted a raise to all employees and continues to improve benefits, notably through agreements with property developers, so that employees may buy their homes at a discount of up to 10% of the purchase price.

3.1.4 Maroc Telecom Group’s policy for sustainable development

As a full-service telecommunications operator, Maroc Telecom Group is committed to a long-term, comprehensive policy of sustainable development for the economy, community, and environment. The Group’s approach to sustainable development is aligned with the objectives for socio-economic development of the countries in which it operates. Furthermore, the Group reports 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 well-being of local populations. The Group’s business activities perform a vital role in sustainable development by providing access to knowledge and by strengthening social bonds. This responsibility is shared by all Group subsidiaries, whose ambition is to provide people of all ages with the means for communication and entertainment while promoting personal development.

Key challenges of sustainable development

After analyzing the challenges of sustainable development, Maroc Telecom Group defined three strategic priorities. The first is to reduce the digital divide, whether in geographical or community terms, in every country in which the Group operates. The objective is to provide the benefits of information and communication technologies while facilitating access to products and services for people of all walks of life. Culture and knowledge should be available for all.

The second priority is to improve the living conditions and comfort of local communities though humanitarian and health-care actions, the promotion of sport, and environmental protection. All Group subsidiaries are focused on the needs of young people and aim to promote their talents (e.g., through training opportunities, job creation, and entrepreneurialism) and to encourage diversity in culture and language.

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 business dealings, in order to maintain relations of trust 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. Stakeholders can count on transparency and ethical behavior from the Group.

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.

Key actions for sustainable development

1- The first action for sustainable development undertaken by Maroc Telecom is to place new technologies at the service of local populations. 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 achieve these goals, Maroc Telecom continually lowers its telephony and internet rates, in order to make them accessible to low-income populations. The Group designs rate plans that are adapted to those who might not have convenient access to or understanding of these new technologies (e.g., Vocalis, launched in 2011, for people with poor eyesight). For young people and teenagers, entertainment content—MobileZone, Menara Junior, and TV packages via ADSL—is carefully selected for its sociable qualities. Any potentially detrimental content is rejected.

   Since 2011, Maroc Telecom has had a Facebook page, where it provides information about its products and services and offers entertainment and games. Because this page is intended specifically for young people, rules for users are clearly defined. Insulting or slanderous words are strictly forbidden, as are messages that are not allowed under Moroccan law, such as: statements that are racist, pornographic, pedophilic, hateful, or that induce violence or incite public disorder; and messages that invade privacy or lack respect for individuals and individual dignity. Any massage posted that does not meet the aforementioned conditions is deleted.

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

   Every year and throughout the summer season, Maroc Telecom organizes free "Jawla" concerts in several cities in Morocco where local, national, and international artists perform for more than four million spectators.

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

Two of the most popular sports are encouraged through long-term partnerships with the Fédération Royale Marocaine d'Athlétisme (Moroccan Royal Track and Field Federation) and the Fédération Royale Marocaine de Football (Moroccan Royal Soccer Federation). The partnership with the latter was renewed in November 2011, for a period of four years.

Maroc Telecom's sponsorship and corporate-philanthropy actions also include programs of associations and foundations that work for the well-being of local populations. These programs aim to reduce precariousness and to focus on health care, the environment, and education.

3- One of Maroc Telecom's main social concerns is the contribution to training programs for young people. Aware that training is indispensable to economic growth, Maroc Telecom is the primary supporter of the Genie program that aims to introduce information and communication technologies to educational institutions and apprenticeships. In the framework of this program, Maroc Telecom has installed internet access and multimedia devices in nearly 1,500 institutions. A dedicated platform filters content and allows students to access only educational and vocational content.

Every year since 2006, the Association Maroc Telecom pour la Création d'Entreprises et la Promotion de l'Emploi (Maroc Telecom Association for Business Development and Job Creation) has granted scholarships to students whose families lack the financial means to pay for higher education. These competitive scholarships, valid for up to five years, have allowed more than 250 students to receive a college education.

4- Maroc Telecom is also acutely aware of the need for business ethics in its dealings with employees and partners. An ethics compliance officer, appointed to advise employees and to ensure that rules are abided by, oversees the code of ethics and anticorruption measures undertaken by Maroc Telecom. The ethics compliance officer sets out the principal points of the code of conduct governing the confidentiality of privileged information, in order to increase awareness of best practices among company employees and to guide them in their professional behavior. The Code of Ethics also includes rules for dealing with real or apparent conflicts of interest in order to avoid situations that conflict with Group ethical standards.

As recognition for its accomplishments in ethical and anticorruption measures and for its commitment to improving society, particularly its efforts to narrow the digital divide, Maroc Telecom was awarded the prize for Top Performer RSE 2011 by Vigeo, European expert in sustainable performance.

5- Although operating in a business sector that is relatively nonpollutive and little exposed to environmental risks, Maroc Telecom has chosen to reduce its direct and indirect emissions of greenhouse gases.

The insulation at telephony antenna sites is regularly improved to reduce the amount of electricity consumed by air conditioners.

As part of an environmental awareness campaign launched in 2011, Maroc Telecom gave employees recommendations on the reduction of electricity, fuel, and paper at the workplace. These consumables are the source of significant emissions (direct or indirect) of atmospheric greenhouse gases. A booklet explaining the impact on the environment and what citizens can do was distributed to the 11,000 employees of Maroc Telecom.

6- Maroc Telecom complies with standards concerning the environment, cleanliness, and work safety at all telephony-antenna and tertiary-sector sites; the Group keeps close watch over health and mobile-telephony issues.

Contributions to Vivendi's commitments

Compliance audits

For the purposes of its program of compliance with standards concerning the environment, health, and safety at the workplace, as adopted in 2000, the managers overseeing sustainable development and the environment, health, and safety at Vivendi Group and Maroc Telecom perform environmental audits every year at telephony-antenna and commercial sites. Sixteen sites at various regional divisions of Maroc Telecom have been audited for compliance.

Environmental, labor-relations, and community indicators

Maroc Telecom Group's commitments and priorities for sustainable development are based on Vivendi Group's sustainable-development policy, which covers all businesses and geographical areas.

Reporting procedures for nonfinancial data concerning environmental, labor-relations, and community issues, in compliance with Vivendi Group's approach to sustainable development, are applied by all subsidiaries, particularly Maroc Telecom Group. These data are published annually in Vivendi Group's registration document and activity and sustainable-development report. They are also published in Maroc Telecom Group's registration document and activity and sustainable-development report.

In 2011, reporting procedures for sustainable-development indicators was reviewed and redefined by Vivendi to comply with the new Grenelle II requirements.

Maroc Telecom Group's subsidiaries will be gradually integrated in the environmental and societal reporting scope for fiscal-years 2012 and 2013.

External audit of data

Audits performed by Vivendi's statutory auditors are a guarantee to stakeholders (investors, nonfinancial ratings agencies, etc.) that the reporting of social and environmental data is in compliance with the reporting standards of Vivendi Group and that it meets criteria of thoroughness and accuracy.

Maroc Telecom was audited in 2011 for social and environmental reporting. The audit of social reporting was based on data gathered at Maroc Telecom headquarters, and was carried out during a test audit of four labor-relations indicators (handicapped employees, employees who have received training, hours of training, and performance interview).

The environmental-reporting audit involved the regional divisions of Tangier and Marrakech and was focused on two indicators, electricity (excluding renewable energies) and diesel fuel.

New external audits will be carried out at Maroc Telecom in February 2012.

Sustainable-development goals for 2012

In 2012, the policy of corporate social responsibility (CSR) will be reinforced in Maroc Telecom and its subsidiaries. The reporting scope will be broadened to include new community indicators. In addition, an action plan is being designed.

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 6,100 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:

- 69% of the sites are legally registered in Maroc Telecom's name, compared with 62% in 2010 and 56% in 2009;
- 23% of the sites are under requisition, compared with 29% in 2010 and 34% in 2009.

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; 28 sites are the subject of legal disputes, 42 sites are being expropriated by Maroc Telecom, and 21 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, 2011, Maroc Telecom owned some 877 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 284 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 593 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.

Maroc Telecom's annual innovation contest for employees is intended 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.

Since 2007, when the contest was opened to all subsidiaries, participation has grown steadily. In 2009, out of nine candidates, two Onatel employees and one Mauritel employee were awarded prizes.

3.1.7 Insurance

Maroc Telecom's insurance program has been designed to supplement the prevention procedures and business-resumption plans in the event of a disaster affecting one of its technical centers. As part of the optimization of its insurance program and business risks, Maroc Telecom has undertaken several actions:

- identifying risks that might affect the Company's employees, property, or earnings;
- estimating and assessing risks through regular audits;
- defining better coverage for property and revenues, measured and updated by experts;
- optimizing the cost of coverage for such risks;
- covering residual risks through insurance policies;
- implementing procedures for claims notification and claims management;
- creating in 2010 a procedure for calculating operating losses after a claim;
- creating in 2011 a procedure for managing insurance contracts;
- implementing prevention and protection measures against risks of fire, explosion, and theft at telephony antenna sites;
- establishing an information-security policy;
- establishing a backup center to ensure the continuity of operations in the event of an accident;
- incorporating the insurance activity in the Finance Department.

In order to improve its insurance coverage, Maroc Telecom continually reviews its insurance policies on the basis of assessment studies. Concerning civil 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 for up to three years. Maroc Telecom is also insured against risks related to work-related accidents. In June 2003, Maroc Telecom took out an insurance policy for payment of damages relating to compensation for work-related accidents and occupational illnesses.

In July 2004, Maroc Telecom took out an insurance policy against property damage and operating losses, thereby covering its assets and activity. In addition to extended 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. In January 2006, Maroc Telecom's insurance policies covered up to MAD 850 million per claim for combined and cumulative property damage and operating losses. In 2008, limits were raised to MAD 1,100 million for combined property damage and operating losses, and to MAD 550 million for natural disasters. Deductibles were also increased to optimize costs. This policy was cancelled in late 2009 and replaced by a policy that took effect on January 1, 2010, with a combined compensation limit of MAD 1,696, a much lower deductible, and a lower premium for Maroc Telecom.

Total insurance costs in 2011 came to approximately MAD 31 million, relating to insurance for property, employees, and civil responsibilities of Maroc Telecom.

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 the Group's insurance partners.

Audits are performed every year by the insurer's claims department to examine the existing means for protection and prevention intended for accidents, and in general to assess the IAM security system and the extent of vulnerability of key sites. After their visits, the experts write reports and send them to the IAM departments whose recommendations are intended to improve the protection of Group sites.

As regards data security and IT operations, Maroc Telecom has a backup center in Ain Aouda.

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

Over the past ten years, the telecommunications sector in Morocco has undergone major changes in regulations and competition.

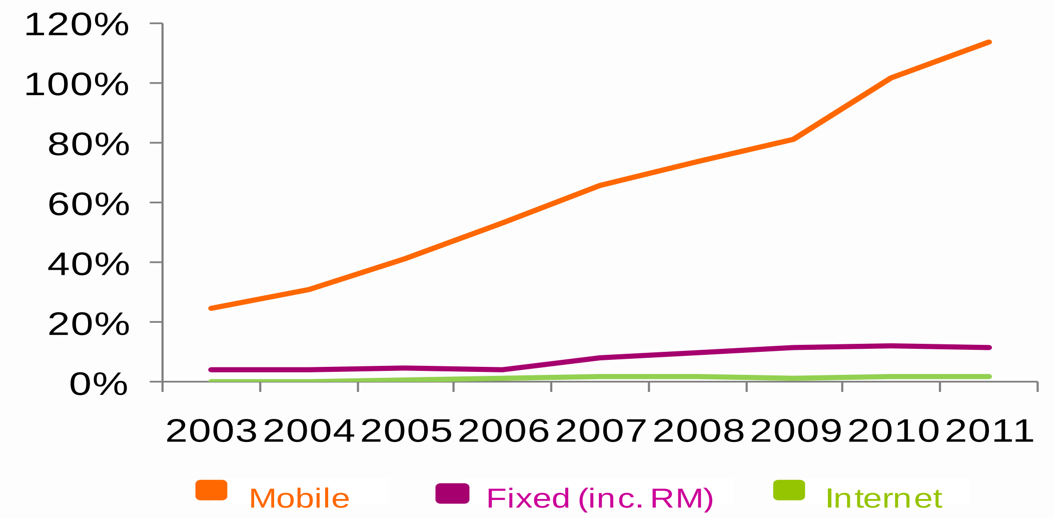
The market last year reflected the regulatory authority's decision to lower pricing asymmetrically for mobile and fixed-line termination charges for the three operators until early 2013, when symmetrical pricing will enter into force for all mobile operators.

Rates for mobile telephony, particularly prepaid calls, fell sharply in 2011.

Since November 2010, both incumbent mobile operators have offered a flat rate 24 hours a day, regardless of the domestic destination of the calls.

Principal performance indicators for the Moroccan telecommunications sector

Change in mobile, fixed-line (incl. restricted mobility), and internet in Morocco in 2003-2010



Source ANRT

The mobile market was particularly ebullient, growing from a penetration rate of 9.9% in 2000 to a level of more than 100% (113.57% at December 31, 2011) and now covering the entire population).

RM: Restricted mobility

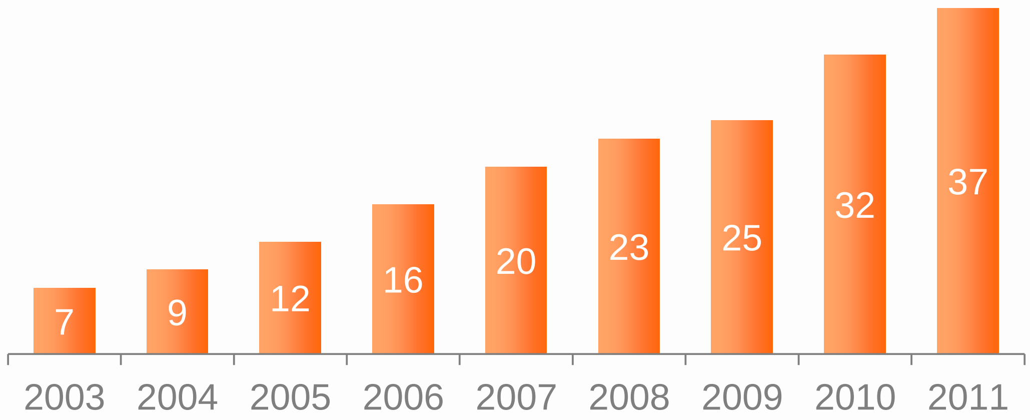
The fixed-line penetration rate remained virtually unchanged until 2006. After the launch of restricted-mobility prepaid plans, which the ANRT includes in the fixed-line customer base, the latter advanced by 7.8% in 2007 and 11.90% in 2010. Excluding restricted mobility, the penetration rate is no more than 4%.

Spurred by 3G mobile technology, the penetration rate for the internet market grew from 0.4% in 2004 to 9.8% in 2011.

• Change in customer bases

Mobile telephony segment

Change in mobile customer base in Morocco in 2003-2011 (in millions of customers)



Source ANRT

The Moroccan mobile-telephony market expanded significantly as a consequence of the success of prepaid plans introduced on the market in 1999. This plan is especially well adapted to the Moroccan market because of the country's youthful population, and responds to the needs of young people wishing to manage their communication budget at their own pace.

The total mobile customer base included nearly 37 million customers at December 31, 2011, of which 96% were prepaid customers (source: ANRT).

Fixed-line telephony segment (including restricted mobility)

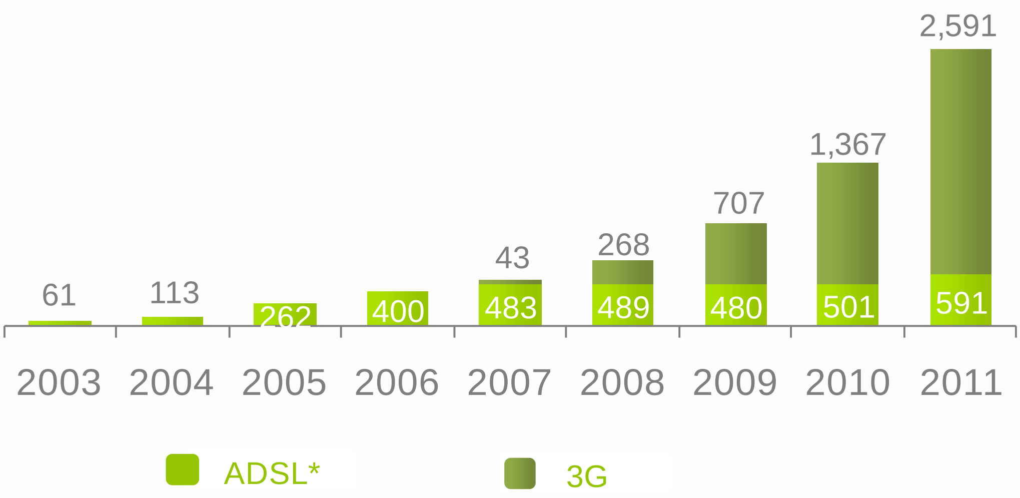
Change in fixed-line customer base in Morocco for the period 2003-2010 (millions of customers)

Source ANRT

After a period of relative stability until 2006, the fixed-line market entered a growth phase resulting mainly from the launch of prepaid plans with restricted mobility. Consequently, the customer base amounted to 3.566 million lines in 2011, compared with 1.266 million lines in 2006. Excluding the restricted mobility, the fixed-line customer base totaled 1.271 million at the end of 2011 (source: ANRT).

Internet segment

Change in internet customer base in Morocco for the period 2003-2010 (thousands of customers)



Source ANRT

The internet market picked up speed in 2008, mainly because of launches of 3G-internet offers and promotional offers from operators.

At December 31, 2011, the internet customer base totaled 3.182 million customers, including 81% in 3G (source: ANRT).

Interconnection of incoming international traffic

Since April 2006, when the decrees granted the fixed-line licenses granted to Meditel and Wana were published, the three operators holding a fixed-line license have been authorized to offer termination services to international operators for their traffic to Morocco, irrespective of the final destination of the calls.

Despite increased competition from new entrants, Maroc Telecom has maintained a market share of more than 85% of international traffic routed to its customers (Maroc Telecom estimate), because of price cuts in response to the new conditions in the international telephony market.

Competitive environment and existing operators

At December 31, 2010, a total of 19 telecommunications licenses had been awarded in Morocco: three licenses for operators of public fixed-line telecommunications network (Maroc Telecom, Méditel, and Wana), three 2G mobile licenses (Maroc Telecom, Meditel and Wana), three 3G mobile licenses (Maroc Telecom, Meditel, and Wana), five licenses for operators of GMPCS-type satellite telecommunications networks, three licenses for operators of VSAT satellite telecommunications networks, and two licenses for operators of shared-resources radio-electronic networks (3RP).

In February 2009, ANRT awarded a 2G mobile license to Wana (now Inwi), which began marketing its 2G plans in February 2010.

In 2005, the liberalization process for the fixed-line market continued, and two fixed-line telecommunications licenses were awarded:

- a fixed-line license including local loop (without restricted mobility) and national and international transmission was awarded to Meditel in July 2005;
- a fixed-line license including local loop (with restricted mobility) and national and international transmission was awarded to Wana in September 2005;
- in the mobile market, three mobile licenses for 3G (UMTS) were awarded to Maroc Telecom, Wana, and Meditel in July 2006.

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 for €640 million on December 2, 2010. The remaining 60% is held by Finance Com Group and Caisse de Dépôt et de Gestion. (NB: Telefonica and Portugal Telecom sold their combined 32.18% stake in 2009 to Finance Com and Caisse de Dépôt et de Gestion.)
- Wana is 69% owned by SNI Group and 31% owned by a consortium comprising Al Ajial Investment Fund Holding (Al Ajial, 50%) and Mobile Telecommunications Company (Zain, 50%).

3.2.1.1 Mobile telephony

Market and competitive environment

The year 2011 saw a rise in competition. Promotional offers involve significant price cuts and highly targeted marketing actions designed to stimulate mobile consumption and attract new customers.

In the prepaid services segment, Maroc Telecom expanded its offer of permanent bonuses for small top-ups (MAD 5 to MAD 30). Customers now have five seconds before calls transferred to voicemail are billed. In August 2011, Maroc Telecom introduced an unlimited offer of one hour of calls (evenings and weekend, valid one week) to national destinations, for the purchase of a MAD 20 top-up. On November 15, 2011, Maroc Telecom launched the Jawal Thaniya prepaid rate plan, billed by the second.

In the postpaid segment, Maroc Telecom continued to promote unlimited rate plans While lowering rates, extending the length of plans, and enhancing its offers with new services. In September 2011, Maroc Telecom added 30 minutes to its mobile rate plans (individual and controlled). In October 2011, the Liberty pay-as-you-go rate plans were revised to include free minutes and 3G-internet access.

In the 3G+ internet segment, Maroc Telecom offered free access for all postpaid and prepaid customers as an attractive basis for acquiring and retaining customers, resulting in lower rates, new promotional offers, and free higher access speeds.

In addition, Maroc Telecom's customers enjoy the latest technology. Among the innovative offers launched in 2011: MT-Talk, the Arriyadi sports rate plan, and prepaid mobile TV. Maroc Telecom was the only telecommunications operator in the world to be included in Forbes 100 Most Innovative Companies of 2011. Maroc Telecom also received the 2011 IAMTN (International Association Of Money Transfer Networks) prize for innovation in payment by mobile devices.

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 et 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	2009	2010	2011
Maroc Telecom	60.30%	52.80%	46.85%
Méditel	37.30%	33.70%	32.92%

Inwi	2.40%	13.50%	20.23%

(Source ANRT)

In a highly competitive environment, Maroc Telecom has managed to retain its leader position in the mobile market. At December 31, 2011, Maroc Telecom had market share of 46.85%, compared with 32.92% for Méditel and 20.23% for Inwi.

Performance

Maroc Telecom has introduced a rate-plan policy that satisfies all types of usage. Maroc Telecom offers prepaid and postpaid services for consumers, professionals, and business customers. These services comprise an extensive range of offers:

For customers of postpaid services:

- a wide range of postpaid rate plans with optional rate caps and digressive tariffs on the basis of the duration of the rate plan. These rate plans were overhauled in 2011 and enhanced with numerous free add-ons (additional minutes in the rate plan, frequent promotional offers for handsets, rate-plan upgrades, etc);

For customers of prepaid services:

- frequent sales promotions for SIM-card-only deals;
- occasional launches of promotional offers (doubled or tripled top-ups, new promotional offer of MAD 20 for one hour of calls, permanent bonus on all card denominations, exceptional bonuses, and more.

Principal performance indicators

	2009	2010	2011
Gross revenues - Mobile (in millions of Moroccan dirhams)	18,859	19,649	18,935
Mobile customer base (in thousands) [1]	15,272	16,890	17,126
O/W postpaid	*682*	*817*	*1019*
Blended ARPU (in MAD/customer/mounth)	98	93	87
Data as % of ARPU	*7.4%*	*8.6%*	*8.8%*

In a context of sharp cuts of mobile prices, revenues for the Mobile segment declined slightly by 3.6% year on year, to MAD 18,935 million, thanks to the growth of the customer base and the rise of the customers' usage.

The mobile active customer base rose by 236,000 in 2011, up by 1.4% to 17,126 million customers. This performance was the result of the good momentum in the high-value postpaid segment, which recorded growth of 24.7%.

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 lower call-termination charges were partially compensated for by a rise in voice usage and by data-service growth, which accounts for 8.8% of ARPU.

Prepaid mobile segment

Prepaid services have grown steadily since their launch, largely because of price cuts for SIM-card-only offers, subsidized packages 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 34,000 customers, or 0.2%, in 2011.

In addition to increased activations, Maroc Telecom also recorded a significant decline in the prepaid churn rate, down 5.5 points (24,8%) for the year. This change reflects the success of Maroc Telecom's rate plans, which attract and retain customers sensitive to promotional offers.

Postpaidmobile segment

The postpaid clientele consumes more than the prepaid customers. Maroc Telecom has implemented a strategy meant to boost the consumption and increase the loyalty of these customers.

The postpaid mobile customer base progressed by nearly 24.8%, to 1.019 million customers. In addition to the increase in new customers, than in 2010, enhanced rate plans proved especially enticing to customers migrating from prepaid mobile to postpaid subscriptions. This migration was multiplied by two in 2011 from a year earlier, through an active policy that aims to consolidate customer loyalty, and encourage 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.
- wide range of controlled rate plans, starting with three 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 double/triple top-ups for calls outside the inclusive call time.
- new sports-focused controlled rate plan targeting young people, with voice and SMS content (60 min. and 300 SMS) and sports content through three mobile TV channels: Infosport, Ma Chaine Sport, Arriyadia, and an Info Sport MMS service.

Customer loyalty

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

Churn rate ("churn") (%)	2009	2010	2011
Average churn rate	33.50%	29.00%	23.28%
Prepaid	34.40%	30.20%	24.75%
Postpaid	15.50%	13.00%	13.40%

Building customer loyalty is a key area of focus for Maroc Telecom and has helped it to prepare for the advent of competition. In 2011 this resulted in a significant improvement in churn rate, both for postpaid and prepaid customers.

Loyalty rewards were offered as early as 2000 and provided customers, depending on their consumption levels, with free call credits or preferential prices for handsets.

A Gold Club for high-volume users was launched in 2001. Gold customers receive numerous free benefits: 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 is the first points-based loyalty scheme introduced in Morocco. It is reserved for postpaid customers. Launched on June 1, 2012, this scheme allow 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. Since April 2003, Maroc Telecom has promoted the Fidelio 24M offer, which allows customers to renew their commitment and to change their mobile handset under even more advantageous conditions.

Maroc Telecom enhanced its loyalty policy even further by unifying 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).

Raising consumption

Maroc Telecom s'est fixé parmi ses principaux objectifs le développement du trafic et la stimulation de l'usage client. Within regulatory limits, Maroc Telecom has enhanced its rate plans and launched frequent promotional offers that encourage the growth of call traffic and lower the churn rate.

Incoming and outgoing usage (minute/customer/month)	2009	2010	2011
Average incoming usage	19	19	20
Average outgoing usage	52	52	66

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

To develop prepaid consumption, Maroc Telecom sells a range of top-ups, from MAD 5 to MAD 1,200, with automatic bonus minutes for Jawal top-ups of MAD 20 or more.

In 2011, with the aim of boosting consumption and consolidating customer loyalty, Maroc Telecom introduced new permanent bonuses granted systematically for top-ups of MAD 30 or less. These bonuses equal the face value of the top-ups. For top-ups of MAD 50 and MAD 100, the bonuses are even more generous: MAD 100 and MAD 300, respectively.

At the same time, Maroc Telecom maintained its offer during frequent promotional periods to double any purchased credit (double top-up offers) for all top-up cards. After a temporary suspension for regulatory reasons, Maroc Telecom again introduced a new, innovative plan in an evenings/weekend format: one hour of calls to all national destinations for MAD 20, valid one week. Maroc Telecom occasionally launches promotional offers for long-distance calls (e.g., 30 minutes of calls to all mobile and fixed-line numbers in zone 1, for MAD 49).

To attract new customers, Maroc Telecom has increased the initial credit offered with the Jawal SIM card, from MAD 10 to MAD 20 upon activation. In the second and fourth quarters of 2011, to further underpin its efforts to attract new customers, Maroc Telecom launched a promotional offer of one hour of calls for any top-up of MAD 20 or more after the activation of a Jawal SIM card. These promotional offers boosted customer consumption of prepaid services through additional credit offered at attractive terms. This policy was pursued aggressively in 2011, resulting in greater customer loyalty to Maroc Telecom's prepaid offers.

As regards postpaid customer call traffic, in order to improve the competitiveness and appeal of its individual and controlled rate plans, Maroc Telecom raised the principal credited call time without impacting consumer prices in 2010 and 2011.

Since December 2009, customers with rate plans have received 90 minutes more than the time included initially; and since September 2010, customers have received one free unlimited number.

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

3

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.

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. Bonuses are granted automatically on Jawal top-ups of MAD 20 or more.

With the aim of increasing the customer base, consolidating customer loyalty, and boosting consumption, promotional offers are launched regularly for SIM cards and for voice and data 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).

- Price 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.

International call and SMS rates vary on the basis of country and international pricing zone. In 2011, Maroc Telecom's ongoing policy of promotional offers boosted consumption and lowered the average price for customers.

- Bundled plans for prepaid customers

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.

Since 2003, prepaid customers have had access to international roaming for voice services.

Postpaid services

Postpaid offers 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 rate plan);
- 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 recharge their accounts with Jawal top-up cards.

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. In 2004, Maroc Telecom began marketing two special products: an SMS rate plan for the speech and/or hearing impaired, and a pack with special software for the visually impaired.

- 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, with market share of 86% at June 30, 2011 (source: Maroc Telecom market analysis).

Maroc Telecom's business mobile market grew significantly in 2011 as a result of a sales and marketing policy encouraging new postpaid subscriptions, and because of the continual improvement of business mobile subscription offers. The business mobile customer base increased by 23.3%, to 337,000 mobile lines at December 31, 2011; revenues rose by 2% from a year earlier.

Growth in the business segment of the mobile-telephony market was also boosted 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 enterprise. 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 per-minute rates, and new advantages for customers (e.g., the elimination of fees for line rental and for enterprise voice beyond a defined level of consumption, and the introduction of free 512K 3G mobile-internet access).
- Optimis rate plans: this range of business-only rate plans was launched in July 2009. It offers several advantages and customizable options, including free double minutes at peak times, a flat rate for domestic calls, the rolling over of unused minutes, unlimited calls to the client company's fixed and mobile numbers, unlimited SMS messages to the company's mobile numbers, and free 3G internet access. At the end of 2010, Maroc Telecom repositioned the prices of its Optimis rate plans and made them available to professionals.
- Optimis capped rate plans: In 2010 Maroc Telecom launched a new range of plans that allow businesses to control their employees' usage of mobile telephony.

In 2011, Maroc Telecom added 30 permanent minutes to the principal credited call time of its Optimis capped and uncapped rate plans. In addition, rates for intragroup voice and SMS options were lowered, in order to consolidate the loyalty of business customers and to increase the number of new mobile lines.

For mobile-data services, Maroc Telecom offers its business customers value-added services that are high performance and in demand, such as BlackBerry, the 3G mobile messaging service, and the GPS technology rate plan.

In 2011, Maroc Telecom lowered the rates for its BlackBerry 3G 7.2 Mb/s, to MAD 200 (excl. tax) per month, with automatic migration to 7.2 Mb/s for all BlackBerry 3G 1.8 and 3.6 Mb/s users.

The unlimited GPRS service was also repositioned, at MAD 99 (incl. tax) instead of MAD 180 (incl. tax).

- Price plans for postpaid services

Regardless of the rate plan, the activation charge for an SIM card is MAD 120 (incl. tax). The price structure for postpaid services varies according to whether customers opt for a standard subscription or a rate plan. For standard subscriptions, the subscription charge is MAD 150 (incl. tax) and the airtime prices are: MAD 1.80 (incl. tax) for calls to Maroc Telecom fixed-line and mobile numbers and to other Moroccan fixed-line operators; MAD 2.40 (incl. tax) to other Moroccan mobile networks; and

MAD 2.10 (incl. tax) to fixed-line restricted-mobility networks (peak times). At off-peak times, a flat rate of MAD 1.20 (incl. tax) is applied to all domestic destinations.

For individual rate plans, prices vary from MAD 180 (incl. tax) per month for 3 hours to MAD 870 (incl. tax) for 16 hours. Monthly tariffs for controlled rate plans are the same as for individual rate plans, with an additional MAD 23 (incl. tax) for the call-cap option.

In addition to the basic credited call time, these plans offer free call time up to the equivalent of that included in the rate plan, valid for all domestic destinations, evenings and weekends, after the basic credited call time has been depleted. In September 2010, unlimited calls to a selected Maroc Telecom mobile number and free 3G internet were also added to the rate plans.

For professionals, tariffs for the Business Class rate plans vary from MAD 522 (incl. tax) for 6.5 hours to MAD 1,584 (incl. tax) for 30 hours. Tariffs for the Business Control rate plans are MAD 1,345.80 (incl. tax) for 20 hours and MAD 1,599 (incl. tax) for 30 hours.

Domestic SMS and MMS are billed at MAD 0.96 (incl. tax) per SMS and MAD 1.92 (incl. tax) per MMS. Rates for international SMS and MMS range between MAD 3.60 (incl. tax) and MAD 12.00 (incl. tax).

Pricing of international calls varies according to the destination country, whatever the subscription formula. The destination countries are classified in two zones, and their rates vary from MAD 5 to MAD 10 (incl. tax) per minute. In line with this policy, Maroc Telecom included international calls to certain destinations in national rate plans at the price of a national call.

- Bundled services for postpaid customers

Postpaid customers benefit from all bundled services offered to prepaid customers. Additional free services offered automatically to all postpaid customers include itemized billing, conference calling, calling-line identification restriction (CLIR), and call transfer.

Maroc Telecom has also introduced unlimited calls through paid options for controlled and individual rate plans.

The Mouzdaouij service enables customers to carry two numbers on a single SIM card. Services available at additional cost, such as the Complice offer and SMS/MMS rate plans, meet customers' needs for supplementary call time.

The "top-up for me or my friend" service enables customers with capped rate plans to top up their own accounts or the accounts of others.

Maroc Telecom's postpaid subscribers also enjoy international roaming for voice, SMS, and data (MMS, GPRS, 3G+) services.

Mobile Internet

In June 2007, Maroc Telecom launched a mobile broadband service that provided mobile customers with HSDPA 3G+ technology for unlimited wireless broadband and total mobility. Initially reserved for postpaid customers, the service was extended to prepaid customers in November 2008.

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

The postpaid service is available in two options (voice and data, or data only) and three bandwidths (1.8 Mb/s, 3.6 Mb/s, and 7.2 Mb/s), priced from MAD 199 (incl. tax) per month. The prepaid plan is available on a pay-as-you-go basis with no monthly bill. Customers can use Jawal top-up cards for an internet connection at 1.8 Md/s, from MAD 10 (incl. tax) per day.

In addition to its 3G-internet-only customer base, Maroc Telecom has 123,000 subscribers for a voice plan that includes 3G internet.

Value - added services

Value-added services grew significantly in 2011. They contributed XX% to total revenues

And continue to provide a real opportunity for ARPU growth. In 2011, value-added services were prominent in the development of new thematic offers: the Universal Music and Arriaydi rate plans include content with high added value, such as TV, VOD, and MMS news.

In addition, the catalogue of value-added services was expanded in 2011 with the launch of new, innovative services: MT-Talk, prepaid mobile TV, and Jawal 3G internet.

By entering a simple code on their mobile handsets, customers now have convenient access to information on value-added services. The #111# menu provides customers with direct, convenient, and fast access to the activation and use of the main services offered by Maroc Telecom.

Handset sales

- Prepaid customers

A wide variety of handset models is available under Jawal prepaid starter kits, at competitive prices. Maroc Telecom strives to offer customers the latest handsets and associated functionalities. In 2011, in line with its pricing strategy, Maroc Telecom offered Jawal mobile starter kits from MAD 199 (incl. tax) and SIM-only packs with credited call time of MAD 20 (incl. tax).

- Postpaid customers

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 2011, Maroc Telecom expanded its range of smartphones with the latest models: Galaxy SII, Galaxy Note, Nokia N9, Samsung II tablet, etc.

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 a Maroc Telecom mobile customer, 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..

Jawal top-up international transfer

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

This service allows persons living in France to top up from France the Jawal credited call time of 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 an arm's-length basis. At December 31, 2010, Maroc Telecom had 519 roaming agreements with associated operators in 214 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 constant growth in roaming revenues and to reinforce its competitive advantage, Maroc Telecom has maintained its discount agreements with its main 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, 2010, Maroc Telecom had agreements with 209 operators in 114 countries for GPRS/MMS roaming (113 of these agreements relate to outbound roaming). In addition, it has concluded agreements for prepaid roaming with 111 operators across 70 countries (including 59 countries for outbound roaming). Maroc Telecom also provides international SMS services (441 operators in 204countries) and short numbers (333 for voicemail and 777 for customer service) via agreements in 62 countries with 106 operators. International MMS service has also been available, since November 2007. At December 31, 2011, Maroc Telecom was providing international MMS service via MMVD (login access) to 802 operators.

Since early 2008, Maroc Telecom has offered inbound and outbound 3G roaming services through agreements with its principal partners At December 31, 2011, Maroc Telecom had agreements with 100 operators in 60 countries for 3G roaming, with outbound 3G roaming in 58 countries.

- Fight against the diversion of international traffic

Incoming international traffic to Maroc Telecom networks is subject to diversion by fraudulent means. The growth of highly competitive offerings nationwide, the decline of domestic interconnection taxes, and the stabilization of high international termination charges combine to create conditions in which certain 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 provided with detection and control equipment. This department's actions are supported by all of Maroc Telecom's engineering and sales teams. In 2011, Maroc Telecom took legal action in four cases of fraud, which has so far resulted in two convictions. Also, 46,703 prepaid mobile lines were identified diverting the international inbound traffic to Maroc Telecom.

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

- Billing and collecting for international products

To ensure efficient billing for its new international services (VoIP, 3G, etc.), Maroc Telecom has enhanced its billing system with the implementation of dedicated tools:

- solution for measuring VoIP on the international IT level;
- solution for identifying and billing Visio 3G and ISDN international calls;
- tool for automated billing of data services (LLI).

As part of Maroc Telecom's quality-control program and internal process for measuring customer satisfaction, the Company launched a project in 2010 for the evaluation of its services by international operators with which it works.

Further to the launch of a consultation, the International Operators Department has at present a questionnaire to measure of the degree of satisfaction of the international operators and a software the process the answers.

Three surveys of satisfaction were launched in 2011 toward the foreign partners. The answers of the main partners among which France Telecom, SFR, Deutsche Telecom AG, KPN, show a global level of satisfaction of the process.

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

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.

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

- Phony, which allows unlimited calls to all Maroc Telecom fixed-line numbers for an affordable inclusive prices;
- ADSL TV, which offers Maroc Telecom's fixed-line customers exclusive access to approximately 80 national and international digital TV channels via their telephone line;
- MT Box, the first triple-play package (voice, internet, and TV) in Morocco.

Change in fixed-line residential market share over the past three years:

Market share	2009	2010	2011
Maroc Telecom	35.10%	32.83%	**34.79%**
Méditel	0.30%	0.45%	**0.62%**
Inwi	64.60%	66.72%	**64.59%**

(Source ANRT)

At December 31, 2011, Maroc Telecom had market share of 34.79%, including restricted mobility (98% 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 began launching fixed-line telestores using GSM technology.

In addition, in September 2004, the operators Globalstar and Thuraya announced their intention to enter the market using satellite technology. To Maroc Telecom's knowledge, these two operators have not yet launched a public-telephony offer.

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

Market share	2009	2010	2011
Maroc Telecom	92.05%	80.18%	**73.92%**
Méditel	7.95%	19.82%	**26.08%**

(Source ANRT)

At December 31, 2011, the total number of public telephones (across all operators and all types of technology) was estimated at 128,636, a decline of 29% from a year earlier. Maroc Telecom's market share in public-telephony lines was 73.92%, compared with 26.08% for Meditel (source: ANRT).

Fixed-line business telephony market

Competition in the fixed-line business 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.

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

Market share	2009	2010	2011
Maroc Telecom	95.34%	93.53%	**92.39%**
Méditel	2.76%	4.19%	**5.28%**
Inwi	1.90%	2.28%	**2.33%**

(source ANRT)

At December 31, 2011, there were 416,364 business lines in Morocco.

Maroc Telecom's share of the business fixed-line market was 92.39%, compared with 5.28% for Meditel and 2.33% for Wana.

Internet

The internet market continued to develop in 2011, with ADSL and 3G+ mobile internet growing strongly.

At the end of 2011, Maroc Telecom held a very strong position on the ADSL market, with market share of close to 99.87% (source: ANRT).

Performance

Principal performance indicators for fixed-line and internet

In millions of Moroccan dirhams– in IFRS	2009	2010	2011
Gross revenue	9,336	8,533	7,432
Number of fixed-lines	1,234	1,231	1,241
Number of Internet customers	471	497	591

Owing to 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 brand for fixed-line rate plans targeting the residential segment;

• introducing commercial offerings designed to boost fixed-line telephone usage, especially Phony, which offers unlimited fixed-to-fixed calls for residential and professional customers;

• making significant efforts to extend internet access to the Moroccan public. Regular promotional offers, migration to broadband, and price reductions have greatly increased internet usage among the wider public.

Revenues generated by fixed-line activity amounted to MAD 7,432 million, a decrease of 12.9%, affected mainly by a decline in voice and data revenues from traffic diminished because of strong competition from the mobile market, lower rates for Maroc Telecom's lines leased by fixed-line to Mobile operations.

The number of fixed-telephone lines was up slightly (+0.8%) from the end of 2010, to 1.241 million lines. It was the residential segment that showed the most growth (+7.4%) year on year.

The total number of subscriptions for fixed-line ADSL internet access continued to grow (+18.9% in 2011), reaching nearly 590,825 access points.

Stability of fixed-line customer base

The stability of the fixed-line customer base (+0.8% for the year, compared with -0.2% in 2010) was achieved through marketing and sales efforts carried out since 2010, particularly lower termination charges for incoming international calls to fixed lines, which enlarged the customer base. As a result, Maroc Telecom recorded both an increase in activations (approximately +15.1%) and a flat churn rate (+0.8 points, to 18%).

The following table shows the change in the number of fixed telephone lines in each segment:

In thousads of lines	2009	2010	2011
Residential	707	708	761
Public telephony*	158	146	95

Professional and business users	369	377	**385**
Customer base**	**1,234**	**1,231**	**1,241**

* 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.

Growth of usage

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. The impact of mobile competition was felt keenly in the telestores segment, where the traffic level declined year on year.

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 those of 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 sent to all customers participating in the program. Gifts include: analog and digital DECT handsets; fax machines; free calls via telephone cards and El Manzil cards; ADSL, CDMA, Wifi, and 3G modems; mobile phones; 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.

And to further streamline its products, Maroc Telecom expanded its loyalty-rewards system in July 2011 to include ADSL internet plans, enabling customers to accumulate points from both their fixed-line and internet 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).

Fixed-line offers and services

Consumer offerings

- Fixed-line telephony

Maroc Telecom's consumer fixed-line telephony services have been marketed since March 2002 under the El Manzil brand name. With the El Manzil range of products and services, Maroc Telecom is able to enrich its range of consumer offerings. Phony offerings provide unlimited flat-rate calls to Maroc Telecom fixed lines at attractive prices starting at MAD 156 (incl. tax) per month, line rental included. The Phony range of offerings also includes capped and uncapped plans, which provide customers with unrestricted calls to fixed lines in Morocco and an all-inclusive monthly bill.

These call plans have been very successful and since the fourth quarter of 2006 have boosted usage in the consumer fixed-line segment. The Phony range comprises two price plans, standard and capped. Customers can make unlimited calls at offpeak times with Phony Evening and Weekend (EW) or at all times with Phony Anytime (AT). The EW and AT price plans are available as standard and capped subscription offers.

The capped plan combines unlimited calls with a capped monthly bill, and gives customers limited talk-time allowance for calls not included in the unlimited offer (with the possibility of topping up the account).

In March 2011, Maroc Telecom lowered rates by as much as 20% for all Phony AT subscription plans (standard and capped). The objective is to rejuvenate the offer and to increase customer loyalty.

Maroc Telecom provides its Phony EW customers with special offers for Ramadan and Aid Al Mawlid, when customers can make unlimited calls to Maroc Telecom fixed lines at all times, instead of just evenings and weekends.

Maroc Telecom also offers El Manzil bundles that include free installation of a fixed line (for new and returning customers) and a partially subsidized phone. The range of El Manzil bundles comprises analog and digital cordless phones and fax machines for business customers. The offer is frequently extended and is available from MAD 99 (incl. tax). Maroc Telecom regularly organizes promotional campaigns to boost sales. Bundles start at MAD 0, with free bonuses (one month of subscription).

- Maroc Telecom TV

Maroc Telecom TV is an ADSL TV service launched by Maroc Telecom in May 2006. At December 31, 2011, just over 48,000 households in Morocco had Maroc Telecom TV, whose innovative services include access to over 130 TV and radio channels via three thematic packages (Access, Prestige, and Evasion) for the entire family.

In 2010, Maroc Telecom TV kept its promise of “more content for the same price,” enhancing its offering with four new thematic channels for Cinema, Series, and Children: Canal+ Décalé, Boomerang, SyFy, and 13ème Rue. In addition, the Canal+ channels that had been offered until the end of 2009 as a paid option were reintegrated into the Prestige package, with no impact on subscription rates for the service.

In September 2010, Maroc Telecom TV began offering its customers free, new innovative services called “services on demand,” which facilitate ease of use and interactivity and are a novel experience for customers. “Live control” is a service that gives ADSL TV customers control of live broadcasts. As a program is being broadcast, viewers may now stop the program, review it within a window of up to two-and-a-half hours, and return to the live broadcast as often as they want. This service is available for more than 19 of the most popular channels in the package.

In May 2011, Maroc Telecom further enhanced its TV package with six new channels, including Mezzo, Stylia, June, Guili, and Bloomberg.

On November 15, 2011, the Al Jazeera Sport channels were added to the ADSL TV package. Al Jazeera Sport 1 & 2 are now included in all three packages. On the same date, six new thematic channels were added to the three TV packages: Saudi-Quran, Hannibal, Télévision Tunisienne Nationale, CCTV Arabe, CCTV Français, and CCTV 4.

- MTBOX

MT Box is Maroc Telecom’s triple-play service. Launched in 2009, this service offers residential customers a 3-in-1 package comprising two telephone lines, one of them with unlimited calls to all Maroc Telecom fixed lines; ADSL access (from 2 Mb/s to 8 Mb/s), with value-added services, such as email, hosting, and internet “self care”; and a basic ADSL TV package with 37 channels and an optional thematic package of up to 70 channels. In 2010, Maroc Telecom released MT Box, an unlimited offer that includes broadband internet and television services with high added value. In addition to unlimited calls, Maroc Telecom twice doubled its ADSL internet speed, which now starts at 1 Mb/s and runs to 8 Mb/s. MT Box customers may also enjoy new channels and on-demand services that have been added to the ADSL TV package.

Maroc Telecom launched the MT Box Pro offer in July 2010, to meet the needs of the professional segment.

In 2011, Maroc Telecom again doubled its ADSL bandwidth, with the basic MT Box package now starting at 2 Mb/s. The TV package was expanded twice, in May and November, with 22 new channels, including the Al Jazeera Sport package.

- Value-added services for consumers

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

- Fixed-line pricing structure

For several years, the ONPT and 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 introduced time-based billing, with the first minute indivisible and a price structure progressively simplified to three levels: fixed line, mobile, and international.

- Access charges and line rental

Since January 1, 2009, standard line-rental charges have been MAD 132 (incl. tax), compared with MAD 120 (incl. tax) in 2008 for residential customers—except for standard service, which remains at MAD 120 (incl. tax)—and MAD 144 (incl. tax) for professional and business customers.

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

- Call charges

Domestic calls

Fixed-to-fixed call charges were reduced in March 2007 to a flat rate of MAD 1 per two minutes for local and domestic calls at all times of the day.

Over the past five years, charges for fixed-line calls to mobiles have not changed. The last change went into effect on September 1, 2005, after the ANRT decided to lower fixed-to-mobile interconnection charges by 5%. This enabled Maroc Telecom to lower its call charges and to pass on to customers the reduction in traffic-termination costs for mobile networks.

The following table shows the change in average price in Moroccan dirhams (incl. tax) per minute of a three-minute domestic call at peak times from a private fixed-line phone.

In MAD (incl. tax)	Prix moyen / mn
Fixed line to fixed line of Maroc Telecom or other operators (excl. restricted mobility)	0.50
Fixed line to fixed line of other operators (with restricted mobility)	1.92
Postpaid fixed line to mobile	2.28
Prepaid fixed line to mobile	2.85

International calls

Tariff (MAD per minute, incl. tax)		To fixed lines		To mobiles	
Zones	Destinations	Peak rate	Off-peak rate	Peak rate	Off-peak rate
Zone 1	Southern Europe Northern Europe North Africa	MAD 1 / two min		3.00	2.50
Zone 2	North America	MAD 1 / two min		MAD 1 / two min	
Zone 3	Rest of world	5.60	2.80	5.60	2.80

On November 1, 2007, Maroc Telecom restructured its international call prices, offering customers special prices for calls to fixed lines and mobiles outside Morocco. The number of tariff zones was reduced and international rates were cut by up to 60%, depending on the destination.

Further reductions for international calls were introduced in February 2008, January 2009, December 2009, and May 2011, offering international calls for the price of domestic calls (MAD 1 for two minutes) to fixed lines in southern and northern Europe and to fixed lines and mobiles in the United States and Canada.

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 unlimited rate plans providing unlimited calls to all Maroc Telecom fixed-line numbers, subject to rate-plan fees starting at MAD 156 (incl. tax and line rental).

Maroc Telecom regularly launches El Manzil promotional offers to boost usage by customers of capped rate plans. In addition to the Double Top-up promotional offer, promotional offers for calls to mobiles and abroad were launched regularly in 2010 and available throughout 2011. Among the promotional offers were the following:

•offer of 30 min. to fixed lines and mobiles at major international destinations, valid one week (24 hours a day) from the subscription date;

•offer of 60 min. to all domestic mobile numbers, valid one week from the subscription date, evenings 8 p.m. to 8 a.m., weekends, and holidays.

Maroc Telecom also offers a permanent bonus for El Manzil top-ups, for as little as MAD 50 if paid by card or via 144. The customer automatically receives a MAD 100 bonus for top-ups of between MAD 50 and MAD 90, and a bonus of MAD 100 for top-ups of MAD 100 or more.

In February 2008, Maroc Telecom launched the Phony International rate plan. This offer provides residential customers with unlimited calls on evenings, weekends, and holidays to all fixed-line numbers in southern and northern Europe, and to all fixed-line and mobile numbers in North America.

In October 2011, Maroc Telecom overhauled the Phony International option, extending the call times (24/24 instead of EW) and reducing fees to MAD 149 (incl. tax) from MAD 199 (incl. tax).

At the same time, fixed-line customers were offered the first month free (permanent offer).

In April 2011, prices for mobile rate plans were lowered by as much as 26%.

The range of duration-based mobile rate plans and the Phony International offer were extended in 2011 to all consumer customers, including customers of prepaid capped rate plans. The fixed-line tariff structure is available at www.elmanzil.ma (see Grille tarifaire)..

Offerings for business customers

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.

• MultiFix rate plans: in 2005 Maroc Telecom introduced the Multilignes multiline rate plan, renamed MultiFix in 2009, for business and key-account customers that want to group one or more PSTN or Marnis lines in a single rate plan. In addition to a variety of fixed-to-fixed domestic rate plans, ranging from 15 to 600 hours, with a per-minute rate included in the plan of between MAD 0.42 and MAD 0.46 (incl. tax), the MultiFix fixed-to-mobile plans range from 5 to 600 hours, with a per-minute rate included in the offer that is up to 40% less expensive than the standard fixed-to-mobile rate.

• Preferential and privileged tariffs: Maroc Telecom has also introduced a range of tariff options called Privileged Preferential Business Tariffs (Tarifs Préférence et Privilège Entreprise), which allow business customers to enjoy lower rates to various destinations: domestic mobile and international fixed-line and mobile.

In May 2011, call rates for the International Privilege options were lowered to as much as 20% less than standard international call rates.

• InfiniFix: Maroc Telecom launched the InfiniFix offering in May 2007 as an unlimited rate plan for calls to Maroc Telecom fixed lines. In order to make the offer more competitive, Maroc Telecom lowered the subscription rate in October 2010, from MAD 380 (excl. tax) to MAD 300 (excl. tax).

• Intra-enterprise tariffs: in 2007, Maroc Telecom launched its InfiniFix intragroup business offer, an all-inclusive, unlimited plan for fixed-to-fixed calls within a company. In 2009 the fixed-line business offer was enhanced by the introduction of an option for intragroup fixed-to-mobile calls, and in 2010 Maroc Telecom lowered its tariffs for these two options and combined them into one package: intragroup fixed and mobile for a monthly cost of 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, facilitating customers’ access to the company and allowing for 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 April 2008, it launched a new PABX range in partnership with PABX resellers. The initiative was designed to encourage customers to connect additional fixed lines and to increase customer loyalty.

In 2011, Maroc Telecom lowered tariffs for standard fixed-to-fixed calls and incremental pricing for business customers. The standard fixed-to-fixed rate is now MAD 0.45 (incl. tax) per minute, instead of MAD 1 (incl. tax) per two minutes.

International interconnection

The year 2010 was notable for strong growth in inbound international call traffic to fixed lines, after the decline in termination charges to €0.1/minute effective January 1, 2010. This decision led certain operators, including French operators SFR, Free, and France Telecom, to add Morocco to their triple-play offers. Once expanded to include Belgium and the Netherlands, the offer helped triple the inbound international traffic on Maroc Telecom’s fixed-line network in 2010.

So that operators offering unlimited calls to Maroc Telecom's fixed-line network might reduce their costs for international transmission, Maroc Telecom, in collaboration with certain of its partners, implemented VoIP interconnection via the public internet network.

For inbound international call traffic to the mobile network, Maroc Telecom raised its termination charge, which resulted in revenue growth despite a fall in traffic year on year.

For the outgoing international traffic generated by Maroc Telecom customers, cost optimization for international call termination from various international networks has allowed Maroc Telecom to continue its policy of gradually lowering its consumer rates in order to boost traffic and to keep its tariffs competitive.

Internet

Maroc Telecom applies a determined policy to facilitate internet access in Morocco. The Company provides solutions adapted both for access and for usage, as evidenced by a lower subscription commitment (12 months instead of 24), and by lower 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, 2011, ADSL represented nearly 99.7% of all types of internet access used by Menara customers.

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

Active customers (in thousands)	2009	2010	2011
Narrowband	1	1	**1**
Broadband	470	496	**590**
ADSL	469	495	**589**
Leased lines	1	1	**1**
Total wireline	471	497	**591**

3G mobile internet

In thousands	2008	2009	2010	2011
3G mobile-internet customers (data only)	28	174	549	673

Maroc Telecom's 3G internet (data only) customer base grew by 100,000 last year, a 23% rise from 2010. The momentum came from the prepaid 3G internet customer base which, stimulated by promotions (such as voice offers) and a wide range of modems, added an additional 400,000 customers.

In order to develop 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.

As a consequence of these actions, Maroc Telecom had 750,000 3G internet customers at December 31, 2011. In addition to the 3G internet data-only customer base, there are 360,000 customers with both voice and 3G internet. This customer base grew strongly in 2011 because of an offer for customers with postpaid mobile rate plans to receive free 3G+ internet access as part of their rate plan.

At December 31, 2011, the ADSL-internet customer base had grown by 18.9% on an annual basis, boosted by doubled bandwidth and lower tariffs. Customers also enjoyed an improved offer introduced in June 2010, with an entry-level offer of 1 Mb/s for MAD 99 per month. This improved offer contributed to a much lower churn rate in 2011.

The doubling of ADSL connection speeds covered also MT Duo double play and MT Box triple play offers besides a reduction in the price of the very high speed broadband 20 Mbps.

Internet offers

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

For broadband, Maroc Telecom offers ADSL contracts with bandwidths ranging from 2 Mb/s to 20 Mb/s (ADSL+ at 8 Mb/s and 20 Mb/s launched in November 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 March 2004 and the price cuts in March 2005, May 2006, November 2007, December 2008, November 2009, June 2010, December 2010, and June 2011. As part of the price cuts and to increase speeds for its customers, Maroc Telecom has withdrawn narrowband service at 128 kb/s, 256 kb/s, 512 kb/s, and, most recently, 1 Mb/s. Since June 2011, the minimum speed for ADSL has been 2 Mb/s.

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

Maroc Telecom regularly lowers its subscription tariffs, with reductions for broadband speeds of 4 Mb/s, 8 Mb/s, and 20Mbps Mb/s, 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 kit includes a single contract and a single monthly bill.

Internet services for business customers

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 email, domain names, and web contact pages. Leased internet lines remain attractive to large companies for their excellent performance (symmetrical and guaranteed ultrahigh bandwidth) and end-to-end security.

To provide companies with an internet presence at minimal 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

Over the past six 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):

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

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)	2008	2009	2010	2011
Domestic leased lines *	5,605	5,494	5,439	5,165
International leased lines *	255	233	236	163
Frame Relay	1,198	1,243	1,048	579
IP VPN	5,555	6,341	7,668	9,018

* Customer leased lines, excluding lines leased to operators

Data and internet offers for business customers

Data services for businesses: Maroc Telecom offers customers (mainly business customers) a comprehensive range of state-of-the-art data-transmission services.

Leased lines: Maroc Telecom offers domestic and international leased-line services, including the physical chain, modems, and leased-line monitoring. In order to meet increasing demand for call centers in Morocco, Maroc Telecom offers special prices for call centers and one-stop-shopping service for end-to-end leased lines connecting to France, thus simplifying customers' operational management for international access.

Frame Relay: This service allows businesses, especially banks, to carry multimedia content (voice, data, and images) on their networks at rates of up to 34 Mb/s. Frame Relay provides high-level performance with a guaranteed minimum bandwidth associated with the permanent virtual circuits between a call's nodes.

IP/MPLS VPNs: Maroc Telecom offers a virtual private network solution (interconnection of sites through a common infrastructure) built on IP/MPLS protocols and marketed under the IP Connexion brand. This service is accessible via leased lines, Marnis, and broadband. Maroc Telecom also offers secure wireless internet access and VPN IP broadband, with guaranteed bandwidth. Two new groups of services that manage traffic priority have been added to the catalog: Classe Multimedia Plus, for real-time applications, and Business Critique, for applications governing transit time and error rate.

LAN to LAN: Through Maroc Telecom's fiber-optics network, Ethernet LAN-to-LAN solutions enable customers to connect call-center sites in the same city via ultrahigh-bandwidth fiber-optics cable systems, with speeds of up to 1 Gb/s and nondisruptive fiber-optics backup.

Maroc Telecom has adapted its products and services to the business market, notably by offering service-level guarantees, and is now contractually bound to maintain high-quality service. In particular, Maroc Telecom measures its network-availability rate and complies with related international standards (see 3.2.1.6, "Infrastructure").

Maroc Telecom has enhanced its international data offer by introducing bulk-minute rates at very competitive international rates for call centers.

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. The basic monthly rental fee for a 2 Mb/s half-circuit international leased line to France fell from more than MAD 110,000 (excl. tax) in 2003 to MAD 57,200 (excl. tax) in March 2007.

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 continually 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 2011 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 2010, 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 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 post office, or BAM), a public agency organized as a financially independent legal entity; and the Moroccan telecommunications regulator (ANRT), another public, financially independent legal entity.

At the regulatory level, liberalization has proceeded with the adoption of a series of implementing decrees mainly 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, completed 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, respectively by Decree 2-05-770 and Decree 2-05-771, dated July 13, 2005. A new Decree, no. 2-05-772, dated July 13, 2005, relating to ANRT's new powers of monitoring compliance with the law on the freedom of pricing and competition, was adopted.

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. It also involved the introduction of key regulatory tools, such as carrier preselection, partial and total unbundling, and number portability.

A second telecoms-sector guideline memo, covering the period until 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:

1- Regulations:

- infrastructure sharing, lowering of unbundling fees, reduction of current portability transfer times, significant lowering of interconnection rates with the introduction of a temporary asymmetry until 2013, and reinforcement of controls on retail offers and promotion.

2- Liberalization measures:

- fixed line: next-generation operators and/or infrastructure operators expected to arrive in 2011 (after studies have been carried out);
- mobile: 4G mobile frequencies will be allocated to existing mobile operators that want them;
- VSAT: review of authorized revenue limit for telephony; possible authorization of the use of the wireless local loop in universal-service projects; possible granting of new GMPCS or VSAT licenses in response to invitations to tender.

3- Development of ultrafast broadband and launch of national action plan, including:

- encouraged 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;
- definition of models for the creation and operation of infrastructure by zone and the creation of specific regimes for infrastructure managers in said zones;

Note that the ANRT has announced an invitation to tender, open as of November 16, 2010, to undertake the necessary studies for the abovementioned national action plan.

4- Universal service:

- drafting of guidelines as of 2011 for universal-service projects for 2012–2016.

5- 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 ERPTs on a series of draft revisions to the regulatory framework. These revisions been grouped in a draft law and three draft decrees:

- draft law 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 procedures required by the ANRT for legal disputes, antitrust, and economic-restructuring operations.

The review concerns telecom regulation, urban planning, land management, and occupation of the public domain.

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

- **General description**

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 considerations 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-communications services;
- mobile telecommunications on the GSM standard;
- 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 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: 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 establishment and operation of a 3RP network in the Tangier-Tetouan area 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, and included the administration of the .ma domain name. The list comprises: electronic messaging, voicemail, audiotext, electronic data interchange, enhanced fax, online information, access to data (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 energy-efficient or short-range devices may be established without restriction.

Pricing regulations

Retail rates may be freely set by operators, subject to compliance with the principles of full competition 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 under the obligation 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 communications 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 the order dated June 3, 2008, setting the procedures for the promotion of telecommunications services, their duration, and their periodicity (the minimum interval is 15 days between top-up promotions and three months between all other kinds, with neither promotions nor the advantages thereby granted to customers to exceed three months in duration).

Note that the ANRT plans to amend the rate guidelines, extending the ban on online/offline price differentiation to all ERPTs and modifying certain parameters for squeeze tests.

On October 19, 2011, the ANRT notified ERPTs of Decision ANRT/DG 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. It concerns mainly the following principles:

-publication of a single tariff brochure 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 annual communication of results to the ANRT.

Moreover, on August 24, 2011, the ANRT, with the help of an international consultancy, undertook a study "on regulatory, technical, and pricing procedures for the commercialization of wholesale telecommunications services by the ERPTs." Once the study is complete, new offers, such as wholesale call traffic, and new players could be introduced onto the Moroccan market.

Interconnection charges 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).

Interconnection

Background

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

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

Dominant operators

Specific interconnection obligations are imposed on operators designated annually by the ANRT as exercising a significant influence on a given market. An operator is considered to exercise a significant influence if, individually or with other operators, it enjoys a dominant position enabling it to do business independently with respect to its competitors, customers, and consumers.

In essence, dominant operators must: publish technical and pricing terms for interconnection that have obtained the ANRT's prior approval and include a certain minimum of services (leased lines to operators, joint leases, carrier selection, number portability, and local-loop unbundling); set rates that reflect costs; and maintain accounting separation. The guidelines for ANRT scrutiny of ERPT rate plans (see above) require operators with significant influence on particular markets to offer retail plans that third-party operators can replicate and that take into account current rates on wholesale markets. The regulator therefore, among other things, tests for scissor effects in rates before approving retail plans.

The ANRT's list of markets segments for 2012, 2013, and 2014 comprises:

- fixed-line termination, including restricted mobility;
- mobile voice termination;
- mobile SMS termination;
- wholesale leased lines.

For 2012, the ANRT, as indicated below, has designated certain ERPTs as exercising significant influence on specific telecommunications markets (and therefore requiring them to publish technical and pricing obligations, match rates to costs, and observe the principle of replicability):

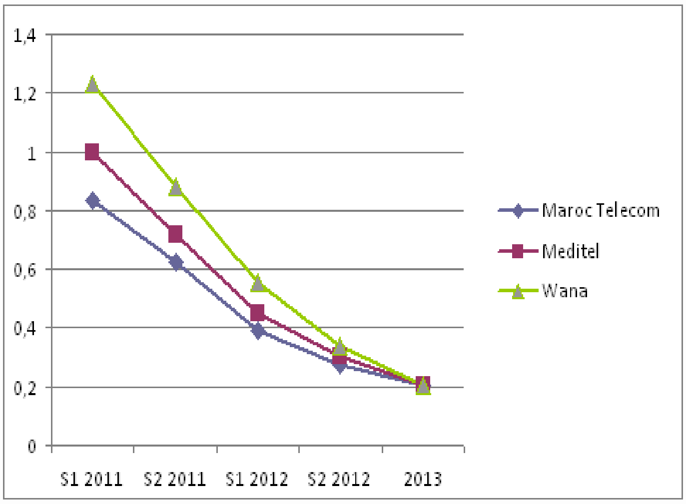
- IAM on the fixed-line market (including RM) ;
- IAM and Medi Telecom on the mobile voice market;
- IAM and Medi Telecom on the SMS termination market;

- IAM on the wholesale leased-line market. IAM is thus obligated to append, to its published technical and pricing obligations, offers for operator leased lines and analog leased lines (last-mile access segments).

Interconnection rates

Since 2007, interconnection rates from operators of public communication networks have been subject to ANRT multiyear supervision. So, besides the institution of a tariff asymmetry between Maroc Telecom and Médi Telecom, the ANRT decision 02/10, dated April 27, 2010, introduced a first cut of the said interconnection rates for the period from June 1, 2010, to December 31, 2013, after which the ANRT decision 08/11, dated December 1, 2011, decreased them to significantly lower levels applicable for the period from January 1, 2012, to December 31, 2013.

The following graph shows changes in the regulation of mobile interconnection rates:



In July 2010, after ANRT Decision 02/10, dated April 27, 2010, an asymmetry was introduced among the tariffs for interconnection to the mobile networks of Maroc Telecom and Medi Telecom.

The decision provides for a return to symmetry in tariffs for interconnection to the mobile networks of the three current operators as of January 1, 2013. The following table shows the tariffs for interconnection to mobile networks (MAD excl. taxes per min.):

Tarif (Dirham HT/minute)		From 01/01/2011 to 30/06/2011	From 01/07/2011 to 31/12/2011	From 01/01/2012 to 30/06/2012	From 01/07/2012 to 31/12/2012	From 01/01/2013 to 31/12/2013
Maroc Telecom mobile	Peak time	0.8317	0.6238	0.3924	0.2755	0.2022
	Off-peak time	0.4158	0.3119	0.1962	0.1377	0.1011
Médi Telecom mobile	Peak time	0.9980	0.7186	0.4520	0.3052	0.2022
	Off-peak time	0.4990	0.3593	0.2260	0.1526	0.1011
Wana mobile	Peak time	1.2309	0.8801	0.5536	0.3378	0.2022
	Off-peak time	0.6154	0.4400	0.2768	0.1689	0.1011

From 2010 to 2013, tariffs for interconnection to the Maroc Telecom mobile network will post an annual decline of 23%.

The following table shows changes in the regulation of fixed-line interconnection rates:

			From 01/01/2011 to 30/06/2011	From 01/07/2011 to 31/12/2011	From 01/01/2012 to 30/06/2012	From 01/07/2012 to 31/12/2012	From 01/01/2013 to 31/12/2013
Maroc Telecom fixed line	Peak time	intra LEX	0.1155	0.1079	0.0740	0.0591	0.0471
		Single Transit	0.2817	0.2479	0.1645	0.1258	0.0961
		Double Transit	0.3860	0.3531	0.2411	0.1894	0.1478
	Off-peak time	intra LEX	0.0577	0.0539	0.0370	0.0295	0.0235
		Single Transit	0.1408	0.1239	0.0822	0.06290	0.0480
		Double Transit	0.1930	0.1765	0.1205	0.0947	0.0739
Medi Telecom fixed line	Peak time		0.2693	0.2410	0.1617	0.1252	0.0966
	Off-peak time		0.1346	0.1205	0.0808	0.0626	0.0483
Wana fixed line	Peak time		0.2693	0.2410	0.1617	0.1252	0.0966
	Off-peak time		0.1346	0.1205	0.0808	0.0626	0.0483
Restricted mobility	Peak time		0.6238	0.4678	0.2277	0.1798	0.1516
	Off-peak time		0.3119	0.2339	0.1138	0.0899	0.0758

Interconnection tariffs for Maroc Telecom's fixed-line network will continue to decline from 2010 to 2013.

It is important to note that the ANRT is planning to revise its multiannual oversight of tariffs for fixed-line and mobile terminations so as to halve target values by January 1, 2013, while maintaining previously planned asymmetry levels.

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).

The tariffs for 2012 (MAD excl. taxes per PCM per month) are:

	From01/01/2012 to 30/06/2012	From 01/07/2012 to31/12/2012
intra LEX	14,708	11,746
Single Transit	35,310	27,003
Double Transit	57,502	45,172

SMS termination rates on the thee operators' network over 2012-2013 are the following

	From 01/01/2012 to 31/12/2012	From 01/01/2013 to 31/12/2013
SMS termination rates (MAD excl. taxes per message)	0.08	0.05

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 telephone 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 of October 4, 2006, relating to the procedures and conditions for number portability, and decision 10/07 of July 18, 2007, setting the pricing terms for portability of Maroc Telecom fixed-line and mobile numbers and Meditel mobile numbers. Decision 10/06 of October 4, 2006, has been abrogated by the ANRT's decision ANRT/DG 1/11 of February 1, 2011, intended mainly to shorten the waiting period for portability (shortened from T+10 to T+5).

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 is currently being drawn up between Maroc Telecom and Wana for the implementation of this service. The monthly rates in 2011 were MAD 20 (excl. tax) for partial unbundling and MAD 73 (excl. tax) for total unbundling.

Provision of infrastructure

Act 24/96, as amended and completed by Act 55-01, introduces a provision whereby public-sector entities, public contractors, and other operators of public telephony networks must, unless compliance interferes with public use, make available to operators of public telephony networks so requesting their easements, expropriations, engineering works, major roads and conduits, high points, etc., for the purpose of commissioning and operating transmission systems. These properties must be made available under acceptable, objective, and nondiscriminatory technical and financial conditions, so as to ensure fair competition. The purpose of this provision is to allow operators access to the alternative infrastructures of entities such as the Office National de l'Electricité (electricity), the Office National des Chemins de Fer (railroads), and the Autoroutes du Maroc (highways), and to regulate infrastructure sharing among telecommunications operators. The ANRT is authorized to resolve any disputes. 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 completed by Decree 2-05-771 of July 13, 2005, and with Decree 2-97-1025 as amended and completed 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

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 paper for all national 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, or 9,263 rural areas. The Universal Service Management Committee commissioned Maroc Telecom to extend coverage to 7,338 of these areas, for an overall budget of MAD 1.159 billion to be deducted from its universal-service contribution for 2008-2011.

In accordance with resolution no. 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.

For this new deadline to be met, meetings were held by the local authorities of certain southern regions (Agadir and Guelmim), IAM, provincial and prefectural officials of ONE (electricity), and the Eaux et Forêts (water and forests) administration to speed electrification and to solve land-related problems.

Moreover, in December 2010, Maroc Telecom responded to a supplemental consultation paper issued by the ANRT, as part of the Pacte program, to extend coverage to an additional 564 areas that had originally been covered by a third-party operator. Because this consultation paper proved ineffective, the ANRT launched a new consultation paper in December 2011 intended to serve the same areas, through use of Community Access Centers.

On March 15, 2012, the ANRT invited Maroc Telecom to bid for coverage of the aforementioned areas, through use of a GSM network. The bid is currently being prepared for the deadline of March 30, 2012.

After the Pacte program has been completed, the ANRT will adopt guidelines for universal-service projects for 2012-2016 (see above, Guidelines Memo for 2013).

After completion of the second phase of the Genie program, launched in 2009, the ANRT launched a new consultation paper for the program's third phase, which consists of introducing and disseminating information and communication technologies in educational institutions, as provided for by the emergency plan of the Ministry of Education.

On July 26, 2010, for the second phase of the Genie program, Maroc Telecom signed two agreements—one with the ANRT and the other with the Ministry of Education and the ANRT—to implement the program, which entails equipping 396 schools. Maroc Telecom carried out this program in partnership with Wincor Nixdorf.

On April 4, 2011, the ANRT launched a consultation paper for the performance of the program's third phase, to which Maroc Telecom bid. Because the project has been suspended temporarily, the ANRT has not yet sent an official response.

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 computer. At the end of 2010, some 11,646 students had been equipped.
- 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).At the end of 2010, IAM had provided 122,119 Nafid@ connections.

Contributions to research, training, and standardization in telecommunications

Act 24/96 as amended and completed by Act 55-01 sets the required contribution from operators of public telephony networks for training and standardization at 0.75% of revenues (excl. tax) and net of interconnection charges generated by the telecommunications operations covered by their licenses. The contribution for research is set at 0.25% of revenues as specified above. This amount is paid into a special fund allocated to research. Operators providing equivalent funding for research programs under agreements with officially designated research agencies are exempt from the payment.

Since 2007, Maroc Telecom has signed no agreements with such agencies and has paid the entirety of the abovementioned contribution into an account earmarked for research.

Customer identification

The ANRT has notified the operators of public communications networks of Decision no. 04/11 of 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 determined 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 that the quarterly targets are not met, 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 their MATI association, the three operators have told 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 that the ANRT be effectively involved in the campaign for the project.

On March 22, 2012, in order to satisfy the provisions of the abovementioned decision, Maroc Telecom again requested aid from the ANRT for the implementation of a new marketing / public awareness campaign, like the one carried out previously.

The Moroccan telecommunications regulatory authority (Autorité Nationale de Réglementation des Télécommunications, ANRT)

The ANRT was established under Act 24-96 by the Prime Minister (today the Head of Government, in accordance with the new constitution) as a public agency and separate legal entity that is financially independent and subject to the State's financial supervision and control.

ANRT management bodies

The Board of Directors comprises a chairman, seven 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 Director has executive responsibility for the regulatory authority. Challenges based on the misuse of power of the ANRT's rulings 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 competition 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 declaratory 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 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 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 of 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 regulations on competition.

On June 21, 2010, Wana filed a claim with the ANRT against Maroc Telecom and Medi Telecom for anticompetitive practices inherent in their subscription commitments and termination clauses for postpaid mobile contracts. According to Wana, excessive subscription commitments (12 and 24 months) combined with high termination penalties (the remainder of subscription fees to the end of the contract) had cornered the postpaid mobile market and thereby constituted anticompetitive conduct. Maroc Telecom argued that the churn rate of the market in question, being comparable to that of European markets, showed the absence of any corner on said market, and that the subscription commitments and termination clauses in its contracts were in line with international practice and reflected the need to recuperate costs, especially the cost of subsidizing handsets. The December 2010 report prepared by the ANRT seems favorable to Maroc Telecom. The report does not question the validity of 12- and 24-month subscription agreements, and the validity of Maroc Telecom's termination fees is questioned only for 24-month commitments (according to the ANRT, customers who cancel after the twelfth month should pay only the difference in handset purchase prices for contracts of 12 and 24 months). The ANRT's decision 08/11 of February 24, 2011, announced to operators on February 28, 2011, complies with the recommendations of the abovementioned report. As of the notification date, operators have one month to bring their contracts into compliance with the decision and to submit them to the ANRT.

On May 19, 2011, the ANRT notified Maroc Telecom of a suit filed against it by Medi Telecom because of IAM's refusal to provide interconnection access to its networks for Medi Telecom's "2424 directory assistance."

Maroc Telecom's refusal was justified not only by the technical obstacles associated with interconnection for short numbers, but also by the fact that Medi Telecom's directory-assistance content was not in compliance with regulations.

This dispute has been settled between the two parties, resulting in interconnection being provided for this service with the concomitant performance by an independent expert designated by the ANRT of a legal study on the lawfulness of this service. The study concluded that Medi Telecom's service via the short number "2424" was fully legal.

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 2011, the various distribution channels were as follows :

- a direct sales channel comprising 360 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,

3

- 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

At December 31, 2011, Maroc Telecom's direct distribution channel comprised 360 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: 299 retail branches, 36 branches whose customers are mainly resellers, and 25 branches for business customers. This channel also includes four dedicated branches (with nationwide coverage) for key accounts.

Indirect distribution network

At December 31, 2011, 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 2011, Maroc Telecom entered into agreements with two new partners for the international distribution of electronic top-ups.

Distribution agreements

At December 31, 2010, 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	11/2002	Mobile and fixed-line electronic top-ups

	distributor of electronic top-ups	11/2006	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.)	23/04/2010	Mobile products (electronic and online top-up)
MTC	Online shopping	23/06/2010	Mobile, fixed-line, and internet top-ups
w-HA (Orange)	French telecoms operator	06/12/2010	Ticket transfer for mobile top-up
SFR	French telecoms operator	09/03/2011	Credit transfer by SMS
Transfer To	International distribution of telecom products	11/02/2011	Top-up transfer from abroad

Advertising

As the largest advertiser in Morocco, Maroc Telecom spends a significant part of its advertising budget on its mobile, fixed-line, and internet products, targeting the consumer and business segments; it also spends on institutional, financial, and internal advertising.

Advertising initiatives are spearheaded by the following teams:

Institutional and Product Advertising Department

- design of advertising campaigns for product and service offers aimed at all customer categories;
- strategic planning and public relations, through institutional publications (reporting of results, Maroc Telecom en Bref, etc.) and sponsorships organized by the Sponsorship and Events Department;
- creation and follow-up of advertising strategy using various media—billboards, radio and television, newspapers, and internet—with a logo for each.

Sponsorship and Events Department

- implementation of sponsorship action plan;
- purchase of media space for all media ;
- organization of Maroc Telecom public events.

Marketing Department

- creation of marketing briefs for Maroc Telecom offerings/promotions and co-branding, with specification of the marketing and advertising objectives and the desired advertising approach.
- marketing intelligence (product positioning, clearness of the offer's message, understanding of the message by the target population) as part of the design of Maroc Telecom product campaigns and co-branding.
- active management of total billboards in collaboration with the DES, and monitoring of Maroc Telecom advertising campaigns according to each campaign's priority and percentage of total billboards (minor or major campaign);
- development and management of promotional campaign for the Arriyadi and Universal Music plan: Megamall promotion, organization of Arriyadi rate-plan packages (hotels and matchs), operation Clasico Madrid, Weekend in Paris for concerts by Enrique and Rihanna, etc…
- management of partnership with Mega mall; management of contract and reservation of advertising space;
- promotion and development of customer loyalty of the mobile customer base with the launch of the Giant Automobile Raffle to celebrate the 17 millionth mobile customer;
- design and application of product advertising campaigns in all formats except media, in alignment with the Maroc Telecom marketing strategy;
- development of marketing activity with the implementation and management of new targeted-advertising tools (SMS teadings, e-mails, etc);.
- creation of five monthly newsletter for fixed-line, mobile, business, and professional products;
- cost and deadline optimization through framework agreements with suppliers (printers, recording studios, etc.).

Human Resources Department, employee-relations team

This team operates across the entire organization. The employee-relations team works closely with front-line managers to disseminate information about economic, financial, and cultural events to all departments in the Company. The team reports directly to the Human Resources Department.

Finance and Administration Department, financial-communication team

- launch of the financial-communication strategy as defined by general management;
- oversight of the application of regulatory obligations in Morocco and France;
- organization of events for investors and financial analysts.

These teams work closely together to ensure overall consistency among the various communications initiatives, in accordance with the global objectives set by Maroc Telecom.

Consumer and business advertising

In a highly competitive environment, the aim of product advertising is to support product 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.

Several campaigns were launched in 2011 for mobile rate plans (rate-plan overhaul, Universal Music plan, and Arryadi plan), with the focus particularly on the launch of numerous promotional offers for consumer and business products.

Internet advertising

After the overhaul in 2009 of Maroc Telecom's www.iam.ma corporate website, which was redesigned to bring all Group sites under one unified domain, the new platform featured ongoing initiatives since 2010.

Maroc Telecom increased its e-advertising initiatives by creating dedicated mini-sites—Women's Day and the release of 15 new tracks from Hoba Hoba Spirit's new album that can be downloaded exclusively on the iam.ma site—and with e-mailshots relating to products and promotions (ADSL, MT Box, etc.).

Web media are used to enhance traditional media by means of media campaigns on websites that generate significant traffic.

To boost sales of handsets and promote new services, such as GPS and mobile TV, Maroc Telecom launched several co-branding initiatives in collaboration with the handset providers.

Corporate communication

Dans un environnement marqué par l'intensification de la concurrence sur tous les segments notamment par le développement des services Mobile par tous les concurrents et la poursuite de l'ouverture à l'international, l'objectif global de la communication pour l'année 2011 a été le renforcement de l'image de Maroc Telecom en tant que 1er opérateur global du pays.

Direct marketing

Below-the-line advertising and direct marketing, particularly text messages, were used in 2011 to target precise demographics and to optimize costs.

With the arrival of a new texting interface, the Marketing Department was able to carry out targeted direct-marketing initiatives on the basis of product and service promotions, thereby providing customers with a steady flow of information.

Monthly customer newsletters were redesigned for clearer presentation of product offers and promotions. Occasional mailings of customer information were programmed for throughout the year, particularly for ADSL TV and business customers. The logo for product POS (brochures and flyers) was also redesigned to blend with the overall communication media displayed in branches.

Special events were organized in coordination with the sales teams to promote services for specific customer segments: flyer distribution at concerts sponsored by Maroc Telecom; increased spotlight on the sales network; dedicated POS displays for promotional service offers; and dedicated events organization for targeting specific demographics during major product-offer launches.

Sponsorship and corporate philanthropy in 2011

For the tenth consecutive year, Maroc Telecom organized a summer events campaign, with even more entertainment between June 11 and August 01, 2011. Jawla 2011 featured two major events:

- **activities at seaside holiday villages** in Saidia, Nador, Al Hoceima, Martil, Mdiq, Tangier, Casablanca, Rabat, and Agadir..

These villages were designed to provide sports events (beach soccer, beach volleyball, giant inflatable games, etc.), artistic events (concerts and workshops for painting, sculpture, and pottery), and awareness-raising events for environmental-protection issues.

- the **roadshow for the arts** was a highlight of the Maroc Telecom 2010 summer campaign. A giant stage was transported around the country—to Agadir, El Jadida, Marrakech, Meknes, Mohammedia, and Kénitra—where the public could enjoy a diverse range of Moroccan artists.

- **"Clean Beaches" campaign:** In addition to hosting events, the beachside villages provided a forum for Maroc Telecom to remind the public in 2010 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 at over 15 beaches. The Achakr, Rifiyyine, and Sol beaches were once again awarded the Blue Flag label, thanks to the efforts of Maroc Telecom and the Mohammed VI Foundation for Environmental Protection.

- **community and humanitarian actions**:

Aware of its role in the community, Maroc Telecom contributed in 2010 to several foundations and associations:

- Mohamed V Foundation for Solidarity;
- Lalla Salma Association Against Cancer;
- Lalla Salma Association for deaf children;
- National Observatory of Children rights.

- Sports sponsorships:

Maroc Telecom is very involved in sports on both the national and the local levels and has renewed its official sponsorship of the following:

- Moroccan Royal 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;
- The Moroccan Royal Federation of Tennis;
- The Moroccan Royal Federation of Basketball.

- 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 Marrakesh International Film Festival.

3.2.1.6 Network and systems infrastructure

Main performance indicators

Key performance indicators	2009	2010	2011
BTS 2G customer base	5,953	6,287	6,720
Node B 3G customer base	2,193	2,993	3,539
DSLAM customer base	1,894	2,048	2,107
Internet bandwidth (Gb/s)	42	60	110
Mobile failure rate	2.9%	1.6%	2.9%
Mobile dropped-call rate	1.0%	0.9%	0.9%

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 7.2 Mb/s, with broadband internet access via a USB dongle.

Network switching subsystem – Core CS and service platforms

That provides support for IP and 2G/3G networking simultaneously and enables optimal resource allocation. Packet switching and service platforms use highly redundant infrastructures in order to guarantee the highest network availability possible.

The network is also equipped with technical platforms enabling the provision of high-quality services to customers in both voice and data services (voicemail, SMS, MMS, GPRS, prepaid management systems, etc.).

Since 2008, all prepaid and postpaid customers have been able to use 3G technology on the Maroc Telecom network.

Coverage

Maroc Telecom's GSM network covered 98.71% of the Moroccan population at the end of 2011, with 6,720 base stations. As part of the Pacte universal-service program, Maroc Telecom will extend its coverage to 7,338 rural areas by June 2012).

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 2011 to nearly 3,550 3G base stations in Morocco's main urban centers and along major roads. At the end of 2011, the 3G coverage rate came to 54.5% of the population, compared with 46.4% a year earlier.

Mobile service quality

Maintaining and enhancing mobile service quality is a priority.

The call success rate was 97.03% in 2011 while the dropped-call rate was less than 0.9%; the incoming SMS success rate came to 95%.

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 26,480 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 2011 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, to which new functions and channels were added in 2011 (16 channels, including the Al Jazeera Sport package), 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.

Internet traffic on Maroc Telecom's copper network is transported via 2,100 DSLAMs, of which more than 62% are IP enabled.

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), four optical-fiber submarine cables (SMW3, Tetouan-Estepona, Eurafrica, and Atlas Offshore, which Maroc Telecom has owned since 2007), and satellite connections via Intelsat and Arabsat that link Morocco's most remote regions to the Maroc Telecom backbone.

Maroc Telecom also has redundant international bandwidth that increased from 60 Gb/s at the end of 2010 to 110 Gb/s a year later.

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 2011:

- review and adjustment of the 2011 marketing plan;
- implementation of the shared receipt-management application for mobile, fixed line, and internet;
- postpaid and prepaid IT synergies for customer-contract management;
- upgrade and migration of mobile sales IT;
- development of the M-payment (Mobicash) solution;
- overhaul and expansion of office solutions;
- migration of purchase-management IT;

3.2.2 Subsidiaries

3.2.2.1 Mauritel

Population (millions)	**3.3**
PIB courant (milliards $)	**4**
GDP growth	**+5.1%**
GDP per capita ($)	**2,212**
Inflation	**+6.2%**

Source IMF, 2011

(Source FMI, 2011)

Mauritel SA is the incumbent Mauritanian operator, created after the breakup of the Mauritanian National Postal and Telecommunications Office in 1999. In 2000, Mauritel SA created Mauritel Mobiles, a wholly owned subsidiary, which was awarded the second license to operate a GSM mobile telecommunications network.

On April 12, 2001, in response to an international invitation to tender launched by the Mauritanian government, Maroc Telecom acquired a 54% stake in Mauritel SA.

In January 2002, Maroc Telecom Group created the Compagnie Mauritanienne de Communication (CMC), to which it contributed the shares it held in Mauritel SA. On June 6, 2002, Maroc Telecom sold a 20% interest in CMC to a group of Mauritanian investors. In 2003, CMC sold a 3% stake in Mauritel SA to company employees for MAD 17 million, in compliance with the commitments undertaken at the time of the privatization in 2001.

The Mauritanian government’s veto rights concerning Mauritel SA expired on July 1, 2004, giving Maroc Telecom exclusive control of the subsidiary, which is fully consolidated in Maroc Telecom’s financial statements. In 2006, the CMC Group acquired 0.527% of Mauritel SA’s capital from SOCIPAM, a nontrading company created by employees of the Mauritian subsidiaries. On completion of this transaction, CMC held 51.527% of Mauritel SA.

Article 73 of Telecoms Act 99-019 was repealed in September 2007 (Act 2007-049 of September 3, 2007). The article required Mauritel SA to spin off all of its business units operating in deregulated markets, including its mobile segment. After the repeal, the Mauritel SA and Mauritel Mobiles extraordinary general shareholders’ meetings of November 27, 2007, approved the merger of the two companies. Since that date, Mauritel SA has operated as a full-service operator, leveraging synergies across its fixed-line, mobile, and internet operations.

Maroc Telecom representatives sit on the boards of directors of CMC and Mauritel SA; no Maroc Telecom executive officer holds an executive function in either company.

The consolidation method of the CMC/Mauritel 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 Mauritel subgroup.

Fixed-line telephony, data, and internet

Market and competitive environment

Mauritel provides fixed-line telephony services (voice and data) and internet access to retail customers, businesses, and public authorities.

The most recent statistics show that there were 82,000 fixed lines in Mauritania at December 31, 2011 (source: Dataxis), a penetration rate of only 2.5%. Mauritel is the leading operator in this market, with 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, 2011, Mauritel had a fixed-line customer base of 41,000, 1.6% lower than in 2010, 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, 2011, Mauritel had 7,000 internet subscribers, an increase of 1.4% year on year, most of whom were connected by the ADSL network.

In order to meet its growing needs for international connectivity (telephony, internet bandwidth), Mauritel acquired in 2010 a 20% stake in GIE, which participates in the ACE (Africa Coast to Europe) submarine cable consortium. All Mauritanian telecoms operators and the Mauritanian postal service are participating in the consortium, which will be responsible for the landing point of the cable in Mauritania and consequently have significant capacity from the cable connected with France.

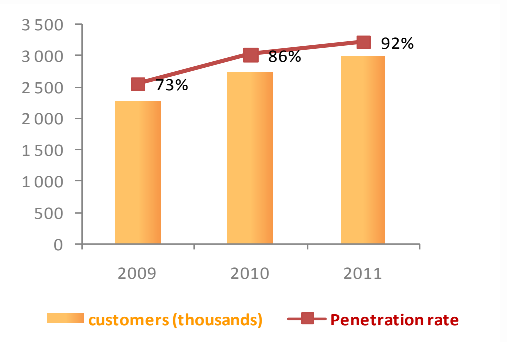
Mobile telephony

Mauritel's mobile segment provides prepaid and postpaid services through voice and data offers, especially SMS. Mauritel also provides roaming services for its mobile subscribers abroad and for visiting customers of foreign partner operators.

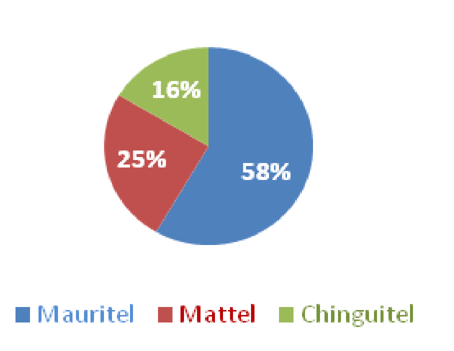
In order to provide these services, Mauritel uses a network of 623 base transceiver stations spread throughout country, with both 2G and 3G technologies (the latter launched in 2009.

Market and competitive environment

Change in the mobile market in Mauritani Decembre 2011



Mobile market share in Mauritania at Decembre 2011



(Data at december 31, 2011 ; Source Dataxis)

At December 30, 2011, Mauritania had 3.0 million mobile customers, representing a penetration rate of 92%, up 6 points since the beginning of the year. The mobile market's momentum is still strong, with customer-base growth up 9% year on year, at December 31, 2011.

Mauritel operates in an intensely competitive operating 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 awarded a license in March 2009.

At December 31, 2011, Mauritel had 1.747 million mobile customers, most of whom were prepaid, an annual increase of 10.9%. Market share amounted to 58% at September 30, 2011, up 0.9 points from December 31, 2010 (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 47 in 2011, a decline of 12.2% from a year earlier.

Performance

The following table summarizes Mauritel's key operating and financial data:

	Unité	2009	2010	2011
Operating indicators				
Mobile customer base	**(000)**	**1,335**	**1,576**	**1,747**
Mobile ARPU	(MAD/month)	58.7	53.6	47.1
Fixed lines	**(000)**	**41**	**41**	**41**
Broadband access	**(000)**	**6**	**7**	**7**
Financial indicators				
Total revenues **	**(MMAD)**	**1,105**	**1,184**	**1,202**
O/w Mobile services revenues	*(MMAD)*	*929*	*1,013*	*1,033*
% of Group revenues	***(%)***	***3.6%***	***3.7%***	***3.9%***

** Revenues are stated net of intersegment revenue between subsidiaries' fixed-line and mobile activities, but include revenues generated among subsidiaries (including service agreements) that are eliminated from consolidated revenues.

Seasonality

Usage of telecommunications services in Mauritania generally peaks during the period from June to September. Other shorter periods of increased usage, such as religious holidays, provide significant sales opportunities. Conversely, usage of fixed-line and mobile services is particularly subdued during Ramadan.

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 multisector, independent 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.

Principal regulatory obligations applying to Mauritel

In 2005, Maurital SA satisfied entirely its obligations as regards fixed-line and 2G mobile coverage, as defined in their respective specifications.

For 3G services, Mauritel went well beyond 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 2011, Mauritel had already covered 12 areas, whereas the regulatory requirement was for seven areas by the end of 2011.

Each telecoms operator is required to pay a universal-service contribution of no more than 3% of revenues, net of interconnection charges for the mobile networks. For the fixed-line network, Mauritel is required to pay a universal-service contribution of no more than 2% of revenues, net of interconnection charges.

All operators are required to pay regulatory fees of 2% of revenues, net of interconnection charges.

Mauritel SA is required to pay annual fees for the numbering plan and the use of radio frequencies.

2011 highlights

Regulatory highlights for the year 2011 included :

The submarine cable project (ACE)

In 2010, Mauritel decided to participate in the submarine cable project called Africa Coast to Europe (ACE), a cable system of approximately 12,000 km that will run from France to Gabon and continue to South Africa. The aim 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 project, with its state-of-the-art technology and total capacity of 40 Gb/s, will allow member states to connect to the internet via high-speed cables, providing west-African coastal nations excellent connections to Europe, the Americas, and Asia while increasing data-transfer security within their own countries. The total cost of the project is $25 million. Commercial operations are set to begin in the second quarter of 2012.

Tax on incoming international calls and control of international call traffic

In September 2011, Mauritel was notified of Decree 2011-154 of June 9, 2011, setting the minimum tariff for the termination of international calls. This decree abrogates and replaces that of December 12, 2010.

The new decree sets the minimum tariff for the termination of inbound international calls, whether in transit or roaming on the fixed-line or mobile networks, at €0.22 per minute. The amount payable by the operators is €0.08 per minute of incoming international calls. This amount is invoiced and collected by the ARE on behalf of the government. The new decree took effect retroactively as of June 9, 2011.

On November 14, 2011, the ARE announced that the invitation to tender concerning outside service providers for the provision, commission, and activation of a control system for inbound international call traffic for and antifraud measures had been unsuccessful.

Publication of the interconnection catalogs for mobile operators for the period from July 1, 2011, to June 30, 2012, and asymmetry in favor of Chinguitel

Tariffs for voice call termination showed a slight decline (MRO 9 excl. tax per minute instead of MRO 10 excl. tax per minute). Asymmetrical pricing, which had been the norm up to that point for calls terminating on Chinguitel’s CDMA network, was eliminated. However, a new asymmetrical pricing structure (MRO 10 excl. tax per minute) was applied, to Chinguitel’s advantage, for calls terminating on its new GSM/UMTS network.

Service-quality obligations

In July 2011, the ARE presented its conclusions concerning a public consultation paper about the monitoring and control system for service quality. The new system aims mainly to make the ARE’s controls more systematic and numerous by introducing a permanent **monthly control of data** from real call traffic, and an occasional control (expected to be every six months) on the basis of a representative sample of consumption. The new system also aims to inform consumers about quality levels and how they compare among operators. The system will enter into force in 2012.

Customer identification

Since August 2011, the ARE has required that operators comply with regulatory requirements for identifying mobile subscribers. An action plan was adopted by the operators and the ARE. As of January 1, 2012, operators must begin an intensive awareness-raising campaign via SMS and the media that encourages unidentified subscribers to identify themselves within 30 days, under penalty of definitive suspension of their subscriptions. After this period, the operators will suspend all unidentified subscribers.

At December 31, 2011, the identification rate of mobile subscribers was approximately 60.37%.

Draft of revised regulatory framework

The ARE has launched an international call for expressions of interest for a study on the measurement of reform in the telecommunications sector in Mauritania and on the modification of the country's legal and regulatory framework.

3.2.2.2 Onatel

Population (millions)	**15**
Current GDP ($ billions)	**10.1**
GDP growth	**+4.9%**
GDP per capita ($)	**1,456**
Inflation	**+1.9%**

Source IMF, 2011

(Source FMI, 2011)

Onatel (Office National des Télécommunications), the incumbent operator in Burkina Faso, arose out of the breakup of the Office des Postes et Télécommunications in 1987. It became a state-owned company in 1994. In October 2002, the Burkina Faso government established Telmob as a wholly owned subsidiary of Onatel, which consolidated the mobile activity and was awarded a GSM mobile network license in April 2004.

On December 29, 2006, Maroc Telecom acquired a 51% stake in Onatel by means of an international invitation to tender. Onatel still owns 100% of Telmob, its mobile subsidiary.

On April 29, 2009, Onatel was floated on the BRVM regional stock exchange in Abidjan, Ivory Coast. This IPO allowed the Burkina Faso government to sell a 20% stake in the telecommunications operator.

The Onatel SA extraordinary shareholders' meeting of December 29, 2010, voted in favor of the proposed merger of Onatel with its mobile subsidiary. Since that date, Onatel has become a full-service operator, leveraging synergies across its fixed-line, mobile, and internet operations. 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.

Fixed-line telephony, data, and internet

Market and competitive environment

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, 2011, Onatel's fixed-line customer base amounted to 141,500, a decline of 1.7%, representing a weak penetration rate of only 0.9% at December 31, 2011 (source: Dataxis).

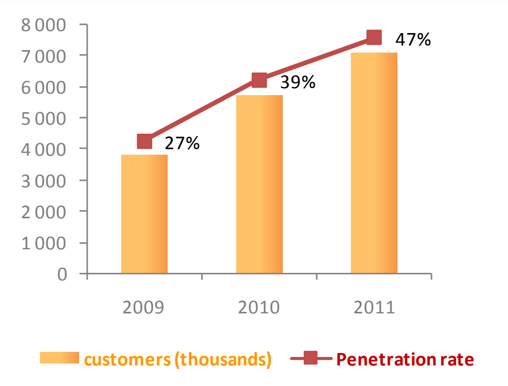
Onatel also offers its fixed-line customers broadband internet access via ADSL, a segment with sustained growth. At December 31, 2011, Onatel had more than 31,000 internet subscribers, a strong annual rise of 10%, of whom 44% have broadband ADSL connections.

Mobile telephony

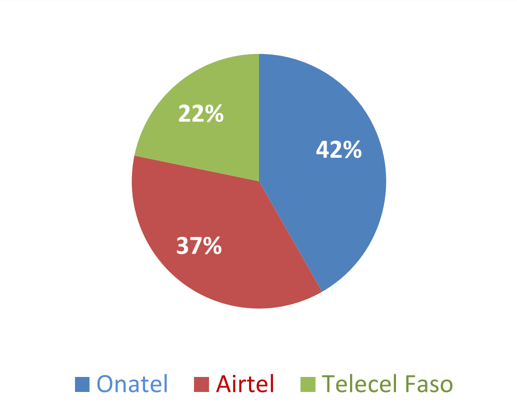
Onatel's mobile business, under the Telmob brand, provides prepaid and postpaid services through voice and data (especially SMS) offers. Onatel also provides roaming services for Telmob mobile subscribers abroad and for customers visiting Burkina Faso who have subscribers with foreign partner operators.

Market and competitive environment

Change in the mobile market in Burkina Faso



Mobile market share in Burkina Faso



(Data at December 31, 2011 ; source Dataxis)

At December 31, 2011, there were 7.1 million mobile customers in Burkina Faso, representing a penetration rate of 47%, up 8.5 points since the beginning of the year.

Despite fierce competition, the market is growing rapidly, with the customer base up 25% year on year at December 31, 2011. 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 means that there is sufficient growth potential to support all three Burkina Faso mobile operators that share the market: Onatel, Airtel (formerly Zain), and Telecel Faso, each of which has a GSM license for 2G services. An invitation to tender launched in 2010 by ARCE for a fourth mobile-telephony license was unsuccessful, and an invitation to tender for four 3G licenses is under way.

At December 31, 2011, Onatel had 2.971 million mobile customers, most of whom were prepaid, an annual increase of nearly 24%. This performance allowed the company to consolidate its market share, which remained at 42%, as at the end of 2010. Onatel continued to expand its leader position, through promotional offers, high-quality service, and network coverage. The operator put 71 new base transceiver stations into operation in 2011, bringing the total to 602.

Since the summer of 2010, the competitive environment in which Onatel operates has been especially challenging. In order to compete with the two other operators, Onatel has had to adapt its marketing policy, mainly through per-second billing and stepped-up promotional offers. This policy and the strong expansion of Onatel's customer base resulted in mobile ARPU of MAD 41 in 2011, a decline of 24%.

Performance

The following table summarizes the principal operating and financial data of Onatel's* mobile operations:

	Unit	2009	2010	2011
Operating indicators				
Mobile customer base	**(000)**	**1,569**	**2,397**	**2,971**
Mobile ARPU	(MAD/month)	73.4	53.3	40.7
Fixed lines	**(000)**	**152**	**144**	**142**
Broadband access	**(000)**	**23**	**28**	**31**
Financial indicators				
Total revenues **	**(MMAD)**	**1,662**	**1,764**	**1,733**
O/w Mobile services revenues	*(MMAD)*	*1,139*	*1,292*	*1,330*
% of Group revenues	***(%)***	***5.5%***	***5.6%***	***5.6%***

* Data for the year 2010 were restated after a material misstatement was identified in the financial statements concerning distributor commissions paid to Onatel. This restatement lowered revenues by MAD 37.7 million, while earnings from operations before depreciation and amortization were affected negatively, by MAD 7.4 million, compared with the data reported for FY 2010.

** Revenues are stated net of intersegment revenue between subsidiaries' fixed-line and mobile activities, but include revenues generated among subsidiaries (including service agreements) that are eliminated from consolidated revenues.

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, relating to general regulations for networks and electronic communication services.

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 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 obligations. 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). In 2011, Onatel had the obligation to cover 23 additional areas.

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.

2011 highlights

Regulatory highlights for the year 2011 included:

New implementing decrees of the Act of November 27, 2008

Enactment in February 2011 of two decrees concerning the procedures for setting tariffs for services and concerning universal service (see general presentation).

The Onatel/Telmob merger

The regulatory procedure for the merger between Onatel and Telmob was concluded in 2011. On July 13, 2011, the Council of Ministers adopted the decree authorizing the merger of Onatel S.A. and Telmob S.A. This decree was published in the official gazette on September 22, 2011.

The procedure for awarding 3G licenses to Onatel

The process for awarding a 3G license in Burkina Faso was begun in 2011. On February 8, 2012, the government's Council of Ministers adopted the requirements for the award of 3G licenses. After deliberation, the Council set fees for the third-generation license at FCFA 1.5 million. Onatel paid for its license on February 29, 2012. The 3G license has not yet been awarded officially to Onatel.

Legal dispute with Airtel on interconnection

In February 2011, Onatel referred to the regulatory authority a dispute with Airtel, specifically the latter's right to route inbound international call traffic to Telmob customers without a transit agreement between the two operators. In April 2011, Onatel and Airtel agreed to two amendments to fixed-line and mobile interconnection contracts that set the termination charge for inbound international call traffic to the two operators' networks at FCFA 80 per minute (Onatel fixed-line network and Airtel mobile network) and at FCFA 100 per minute (Telmob mobile network). Call traffic was restored after this agreement.

The project for shared telecommunication infrastructures

In April 2011, the regulatory authority advised operators of a draft regulation governing shared telecommunication infrastructure. This draft governs the passive and active sharing of infrastructures both existing and to come. Onatel transmitted its remarks on the draft regulation to the ARCEP. The project is currently on standby.

Customer identification

On August 19 and 22, 2011, the ARCEP suspended all unidentified subscribers to mobile telephone services. On September 30, 2011, the number of suspended Onatel subscribers after the customer-identification operation came to 351,537, including 104,652 who had been identified in September 2011.

At December 31, 2011, the identification rate of mobile subscribers was approximately 80%.

Overhauling fixed-line voice offers

Onatel is behind schedule in its overhaul of fixed-line voice offers because of the ARCEP's refusal to approve its request, which concerns mainly the alignment of local and long-distance fixed-line rates (postpaid and prepaid), the launch of a new unlimited fixed-to-fixed domestic offer (evenings and weekends), and the lowering of fixed-to-mobile rates. New price structures have been proposed to the ARCEP.

3.2.2.3 Gabon Télécom

Population (millions)	**1.5**
Current GDP ($ billions)	**16.7**
GDP growth	**+5.6%**
GDP per capita ($)	**16,021**
Inflation	**+2.3%**

Source IMF, 2011

(Source FMI, 2011)

Gabon Telecom SA, the incumbent operator in Gabon, arose out of the breakup of the Office des Postes and Télécommunications in 2001, in accordance with Act 004/2001 of June 27, 2001, governing the restructuring of the postal and telecommunications sector.

In March 1999, Gabon Telecom created a wholly owned mobile subsidiary, Libertis, which in 2007 was awarded the second GSM network mobile license.

Until 2006, the Gabonese government held 100% of Gabon Telecom's capital. In February 2007, after an international invitation to tender, the Gabonese government sold 51% of its interest to Maroc Telecom. On December 23, 2010, Maroc Telecom and the Gabonese government implemented agreements signed in 2008, requiring Maroc Telecom to pay an additional €34.7 million in return for the forgiveness of taxes payable to the Gabonese state and for the assumption of liabilities for bank borrowings of €59.7 million. In addition, Maroc Telecom and Gabon Telecom were jointly compensated a total of €7.9 million for the share-disposal agreement, signed in February 2007.

The Gabon Telecom extraordinary shareholders' meeting of December 20, 2011, voted in favor of the proposed merger of Gabon Telecom with its mobile subsidiary. Since that date, Gabon Telecom has become a full-service operator, leveraging synergies across its fixed-line, mobile, and internet operations.

Maroc Telecom representatives sit on the boards of directors of Gabon Telecom and Libertis; no Maroc Telecom executive officer holds an executive function in either of these companies.

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.

Fixed-line telephony, data, and internet

Market and competitive environment

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, 2011, Gabon Telecom had a fixed-line customer base of 22,500 (fixed lines and CDMA), a decline of 15% attributable to fierce competition from mobile services and to improved customer-base reliability. At December 31, 2011, the fixed-line penetration rate was still quite low, at only 1.7.

Gabon Telecom offers internet access via its wireline network (particularly broadband ADSL) and its CDMA network. At December 31, 2011, Gabon Telecom had 23,500 internet subscribers, 6.5% more than a year earlier, which enabled it to retain its existing fixed-line customer base while implementing a policy of increasing its average billings.

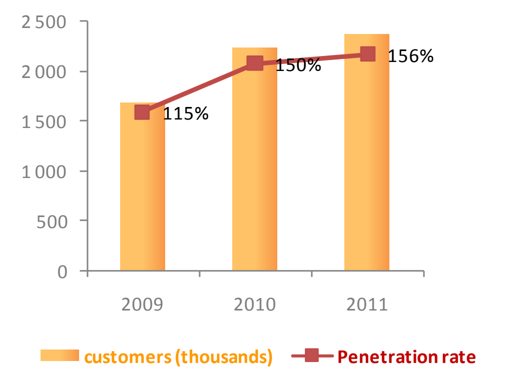
Gabon Telecom has access to the SAT-3 submarine cable, which allows the company to meet its own needs for international bandwidth and to offer international services (internet, voice) to other telecoms operators.

Mobile telephony

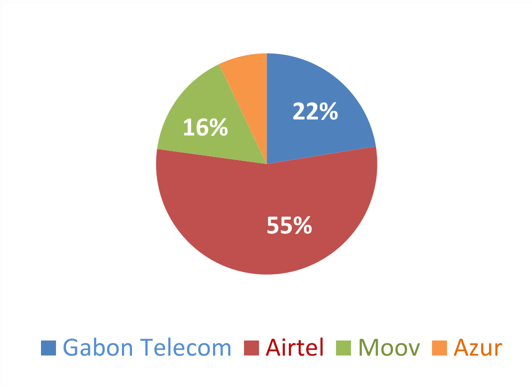
Gabon Telecom's mobile segment, under the Libertis brand, provides prepaid and postpaid services through voice and data (especially SMS) offers. Gabon Telecom also provides roaming services for Libertis mobile subscribers abroad and for foreign partner operators' customers in Gabon.

Market and competitive environment

Change in the mobile market in Gabon



Mobile market share in Gabon at December 31, 2011



(Data at December 31, 2011 ; source Dataxis)

At December 31, 2011, there were 2.4 million mobile customers in Gabon (commercial customer base), representing a penetration rate of 156%, up 6 points since the beginning of the year. Despite a high penetration rate, the market continues to grow steadily. At December 31, 2011, the total customer base had grown by 6% year on year.

The Gabon mobile market is highly competitive, with four operators competing on 2G networks. In addition to Gabon Telecom, Airtel (formerly Zain), 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 2011, with market share of 21% at December 31, 2011. An invitation to tender launched in 2010 for 3G licenses was so far unsuccessful as at the end of 2011.

At December 31, 2011, Gabon Telecom had 532,000 mobile customers, most of whom were prepaid, representing an annual decrease of 24% attributable to a customer-base cleanup performed at the beginning of the year. Gabon Telecom continued to build its mobile network in 2011, with the installation of 93 base transceiver stations, bringing the total to 281.

Despite intense competition and a restrictive regulatory environment, Gabon Telecom's average ARPU rose by 32%, to MAD 95.

Performance

The following table shows the principal operating and financial data of Gabon Telecom:

	Unit	2009	2010	2011
Operating indicators				
Mobile customer base	**(000)**	**513**	**699**	**532**
Mobile ARPU	(MAD/month)	104.6	72.1	95.2
Fixed lines	**(000)**	**36**	**27**	**22**
Broadband access	**(000)**	**20**	**22**	**24**
Financial indicators				
Total revenues **	**(MMAD)**	**1,220**	**1,044**	**1,047**
O/w Mobile services revenues	*(MMAD)*	*678*	*562*	*492*
% of Group revenues	***(%)***	***4.0%***	***3.3%***	***3.4%***

** Revenues are stated net of intersegment revenue between subsidiaries' fixed-line and mobile activities, but include revenues generated among subsidiaries (including service agreements) that are eliminated from consolidated revenues.

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:

-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 the fees, license payments, 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.

Main regulatory obligations applying to Gabon Telecom and Libertis

coverage for 54 rural areas by the end of 2011, at a minimum rate of ten areas per year. In consideration for this, Gabon Telecom benefits from exclusive rights to the fixed-line networks for five years. Regulations also require Libertis to provide coverage for 36 areas (cities and districts) and 25 major roads. Additional areas (42 cantons, municipalities, and districts) may also be partly covered, in accordance with the operator’s commitment. Libertis’s contract specifications, as for other GSM mobile operators, do not set out a detailed timetable for coverage.

Decree 00544 /PR/MPT of July 15, 2005, governing the financing and management of the universal-service fund, fixes the contribution payable by operators at 2% of net revenues. Gabon Telecom is exempt from payment for the entire five-year exclusivity period.

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 and Libertis are required to pay annual fees for the numbering plan and the use of radio frequencies.

The year 2011 was notable for the introduction of a tax on incoming international calls. The rate for this tax has not been determined.

2011 highlights

Regulatory highlights for the year 2011 included:

Interconnection disputes

Artel, by its decision of February 2011, sanctioned Airtel for illicit and intentional interruption of the interconnection with Gabon Telecom/Libertis. This sanction falls after numerous warnings given to Airtel ordering it to restore the interconnection. The interconnection was restored on March 17. Agreements relating to arrears have been signed by the various operators.

Merger of Gabon Telecom and Libertis

The regulatory procedure for the regularization of the license transfer from Libertis to Gabon Telecom was launched in 2011. This procedure is under way.

Tax on international calls and control of international call traffic

Artel’s decision of July 13, 2011, concerning antifraud measures and the price structure for incoming international calls, set the minimum rate for incoming international calls at FCFA 137 (€0.21) per minute. The operators must pay ARTEL and ANINF part of their per-minute revenues from incoming calls. This amount will be set by decree. A 2009 decree (not applied) had set the payment at FCFA 72 (€0.10) per minute.

On October 12, 2011, a decree abrogated the provisions concerning the commission and operation of equipment for the control of international call traffic and for antifraud measures by an external service provider.

Termination charges for mobile calls

Through three decisions effective December 1, 2011, ARCEP: (i) designated the dominant operators; (ii) introduced mobile call-termination asymmetry; and (iii) introduced the regulations for online rates of the dominant operators.

Concerning the designation of dominant operators for 2012, Airtel was designated dominant in the overall telecommunications market, with mobile market share of 67% in value; Gabon Telecom was designated dominant in the access market to international fiber optics (SAT 3); and all operators were designated dominant in the access market with value-added services and must now share revenues with providers of value-added services.

Concerning call-termination rates, ARCEP introduced price asymmetry, effective January 1, 2012, advantageous to the operators Gabon Telecom (Libertis), Moov, and Azur. Mobile voice call termination to these networks is unchanged, at FCFA 38 per minute. Mobile voice call termination to the dominant operator Airtel's network increased in 2011 from FCFA 30 per minute to FCFA 38 per minute.

In addition, as of January 1, 2012, the dominant operator Airtel's online call rates and promotional offers can under no circumstances be less than twice its rate for mobile voice call termination.

3.2.2.4 Sotelma

Population (millions)	**13.8**
Current GDP ($ billions)	**11**
GDP growth	**+5.3%**
GDP per capita ($)	**1,328**
Inflation	**+2.8%**

Source IMF, 2011

(Source FMI, 2011)

Sotelma SA is Mali's incumbent telecoms operator, created in 1990 by the breakup of the former Office des Postes et Télécommunications. The company was created by Order 89-32 of October 9, 1989, and ratified by Act 90-018 ANRM of February 27, 1990.

On July 31, 2009, Maroc Telecom acquired a 51% stake in Sotelma after a privatization process involving an international invitation to tender.

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.

Fixed-line telephony, data, and internet

Market and competitive environment

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 95%.

At December 31, 2011, Sotelma had a fixed-line customer base of 94,000, up 19% largely because of development of CDMA technology that provides rapid expansion nationwide of coverage at the lowest cost. The penetration rate remains weak, at only 0.6% at December 31, 2011 (source: market data at the end of Q4 2011).

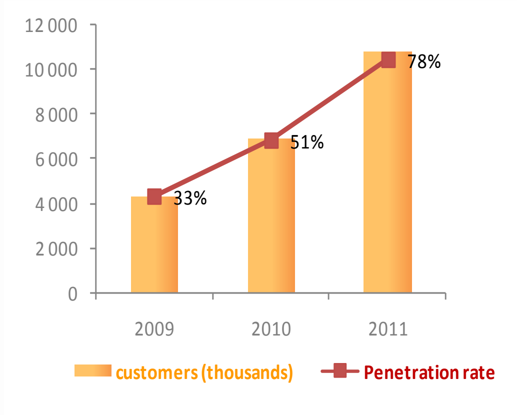
Sotelma offers broadband internet access via ADSL to its fixed-line customers, and internet access via its CDMA network. At December 31, 2011, Sotelma had just under 37,000 internet subscribers, a sharp increase of 88%.

Mobile telephony

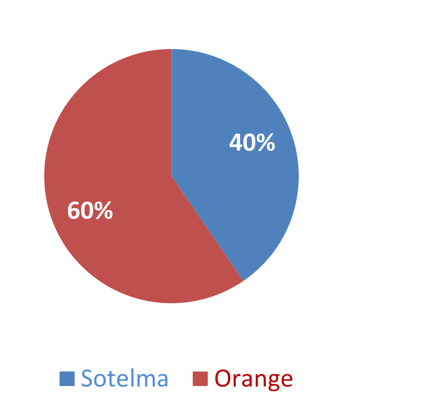
Sotelma's mobile segment provides prepaid and postpaid services through voice and data (especially SMS) offers. The company also provides roaming services for Sotelma mobile subscribers abroad and for customers of foreign partner operators in Mali.

Market and competitive environment

Change in the mobile market in Mali



Mobile market share in Mali at December 31, 2011



(source: market data at December 31, 2011)

At December 31, 2011, there were 10.8 million mobile customers in Mali, representing a penetration rate of 78%, a sharp rise of 27 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 annual growth of 102% at December 31, 2011.

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 2012 to the Monaco Telecom / Planor consortium.

At December 31, 2011, Sotelma's mobile customer base totaled 4.4 million, most of whom were prepaid, a increase of 102% 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 (396 BTSs were implemented in 2011) combined with aggressive marketing, enabled Sotelma to achieve market share of 40%, compared with 31% at December 31, 2010. As a consequence of an expansion policy designed to take market share, Sotelma's mobile ARPU declined by 33%, to MAD 45 at December 31, 2011.

Performance

The following table shows the principal operating and financial data of Sotelma :

	Unit	2009	2010	2011
Operating indicators				
Mobile customer base	**(000)**	818	2 162	4 376
Mobile ARPU	(MAD/month)	119.0	67.1	45.3
Fixed lines	**(000)**	**65**	**79**	**94**
Broadband access	**(000)**	**7**	**20**	**37**
Financial indicators				
Total revenues	**(MMAD)**	**554**	**1,575**	**2,123**
O/w Mobile services revenues	*(MMAD)*	*414*	*1,244*	*1,767*
% of Group revenues	***(%)***	***1.8%***	***5.0%***	***6.9%***

** Revenues are stated net of intersegment revenue between subsidiaries' fixed-line and mobile activities, but include revenues generated among subsidiaries (including service agreements) that are eliminated from consolidated revenues.

Seasonality

Telecoms activity in Mali rises during the rainy season, from June to September, when large numbers of Malian students return to the country for their 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, unpublished as of December 31, 2011, 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 Service (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 responsible for postal and information/communications services, in addition to the CRT's area of responsibility.

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.

At December 31, 2011, the laws governing the new orders had not been enacted.

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 by June 2010. 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.

2011 highlights

Regulatory highlights for the year 2011 included:

Review of the sector's regulatory framework

A new regulatory framework for the telecommunications sector was adopted in Mali in 2011 with the promulgation of two orders. The first governs telecommunications and information and communication technologies; the second governs regulations for the sector and creates the Malian

Regulatory Authority for Telecommunications and Postal Service (AMRTP). The major changes that the new framework contributes concern the introduction of required access to all infrastructures, active and passive infrastructure sharing, unbundling, and domestic roaming. The framework also introduces new oversight rules for price structures, the renewal of the universal-service system, and stronger prerogatives for the AMRTP.

Of special note are two draft decrees relating to passive infrastructure sharing and roaming.

Launch of an invitation to tender for the granting of the third global telecommunication license

On September 13, 2011, the government published a notice for an invitation to tender for the granting of the third global telecommunication license. The bids were delivered on November 14, 2011.

Disputes over additional interconnection capacity

Sotelma has referred to the CRT the refusal of Orange Mali to respond to its requests for additional interconnection capacity. Through its decision of June 13, 2011, the CRT announced that Sotelma's request for additional capacity was not reasonable. However, the CRT enjoined the two operators to provide additional capacity of 85 E1 no later than July 31, 2011, and 135 E1 no later than December 31, 2011.

Dispute relating to upper limit for license fees and contributions

Since September 2011, Sotelma and the CRT have disputed the upper limit for license fees and contributions. The CRT considers that the ceiling of 3% of revenues for 2010 and 2011 comprises solely the contributions for universal service and training, the contribution made to the regulatory authority, and the fees for rare resources (frequencies and numbering) granted at the time the license is awarded (2009).

Sotelma argued that it considers that the 3% limit includes all existing and future contributions and fees. Its contract specifications are clear and not subject to interpretation.

At December 31, 2011, this dispute had not been settled.

Dispute relating to the adjustment of rates for outgoing calls to certain international destinations

Sotelma has adjusted its rates for outgoing calls to Senegal, Mauritania, and Gabon, from FCFA 150 per minute to FCFA 198 per minute, because of the implementation of minimum rates for inbound international calls in those countries.

After Orange filed a complaint with the CRT against Sotelma for deceptive advertising, the CRT considered that the adjustment made by Sotelma was irregular, to the extent that it had not been submitted for prior approval. Sotelma was ordered to return to its rate of FCFA 150.

On November 16, 2011, Sotelma requested that the CRT recognize this adjustment. At December 1, 2011, the demand had not been processed and was followed by an out-of-court submission that the CRT 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 other choice but to pass them on to the customer rates. Sotelma also indicated to the CRT that, contrary to the allegations of deceptive advertising put forth by OML, the rate of FCFA 198 had been communicated to customers through the proposed offers.

On January 6, 2012, Sotelma was fined by the AMRTP for the amount of FCFA 423,908,893.40, payable to the national treasury, and for the amount of FCFA 211,954,446.70 for the reimbursement of customers allegedly wronged by the modifications in international-call rates to Senegal, Mauritania, and Gabon. On January 10, 2012, Sotelma appeal the decision to fine with the administrative division of the Supreme Court of Mali.

Study relating to the decrease in mobile call-termination charges

The results of a study carried out by the consultancies Marpij and PwC on behalf of CRT relating to interconnection costs in Mali on the basis of a CMILT ad hoc model resulted in proposals for a significant reduction in mobile call-termination charges, from FCFA 28.5 per minute currently to FCFA 22 per minute in 2012 and to FCFA 16.32 per minute in 2013, a level that would place Mali among the countries with the lowest mobile call-termination charges in the subregion.

On January 31, 2012, ARCEP set rates for mobile and fixed-line call termination for 2012 and 2013. For 2012, the mobile voice call-termination charge is FCFA 22; local fixed-line call-termination charges are FCFA 19.25, and fixed-line long-distance call-termination charges are FCFA 27. In 2013, mobile voice call-termination charges will be FCFA 16.80, local fixed-line call-termination charges will be FCFA 18.80, and fixed-line long-distance call-termination charges will be FCFA 22.90.

3.2.2.5 Casanet

Casanet is a wholly owned subsidiary of Maroc Telecom and is one of the leading service providers in Morocco. In addition to providing internet access for business customers and portal administration services, Casanet also hosts the Menara portal.

In 2011, Casanet's revenues came to MAD 119 million, 12.3% more than in 2010. Earnings from operations amounted to MAD 15 million, compared with 14 million in 2010.

Casanet has been fully consolidated in Maroc Telecom's financial statements January 1, 2011.

3.2.2.6 Médi1Sat

In 2005, Maroc Telecom acquired a 24.7% stake in Medi-1-Sat, which it raised to 26.8% in 2006. Medi-1-Sat was preparing to launch a television news channel based in Tangier and broadcasting in Arabic and French.

In 2008, Maroc Telecom bought shares worth MAD 6.6 million in Medi-1-Sat's MAD 18.6 million capital increase, with the shares one-quarter paid up. By doing so, Maroc Telecom increased its stake in the company to 37%, which will rise to 39% once the shares are fully paid up.

Though successive acts of dilution, Maroc Telecom Group has seen its equity interest in Medi-1-Sat dwindle to 3.39% at December 31, 2011.

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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

The Commercial Court of Rabat, in a ruling (nonenforceable) dated April 6, 2005, ordered Maroc Telecom to reverse its decision to abandon the 200-meter chaining principle and to withdraw previously granted authorizations that did not respect the chaining rule. This ruling was accompanied by a penalty of MAD 500 per day for nonexecution.

On June 27, 2005, Maroc Telecom appealed against this decision before the Commercial Court of Appeal of Casablanca. In its ruling of May 9, 2006, the Court of Appeal partly accepted Maroc Telecom's applications, rescinding the first-instance judgment as regards the order to withdraw the authorizations, but upheld the judgment as regards the requirement for Maroc Telecom to reverse its decision to abandon the chaining principle and ordered the Company not to grant any new authorizations that did not comply with the chaining rule, subject to a penalty of MAD 500 per day for nonexecution.

On November 19, 2009, after annulment by the Supreme Court of its judgment of May 9, 2006, the Commercial Court of Appeals of Casablanca rendered a new judgment confirming its initial position. A copy of said judgment was received, although it lacked proper legal notification. A preliminary review of a second appeal is under way.

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 challenges the notion that the chaining principle is contrary to competition rules, insofar as other operators are not subject to this rule.

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

This relates to a claim for compensation arising from a disruption to an international leased line.

Total Call claims that its leased line was disrupted over a period of eight days thereby resulting in material losses to itself and to its client Free, for which it seeks compensation. The aggregate claim made by both companies amounts to approximately MAD 58 million. Maroc Telecom has set aside a provision of 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. The case is still pending before the Commercial Court of Casablanca.

Petition by Wana concerning commitments relating to the duration and costs for early termination included in clauses of postpaid mobile contracts

On June 21, 2010, Wana referred a petition to the National Telecommunications Regulatory Authority (ANRT) against Maroc Telecom and Medi Telecom for anticompetitive practices inherent to the subscription commitments and termination clauses in postpaid mobile contracts. According to Wana, excessive subscription commitments (12 and 24 months) and high termination penalties (subscription fees running to the end of the contract) would effectively corner the postpaid mobile market and thereby constitute an anticompetitive practice. Maroc Telecom asserted that the churn rate in its market was comparable to that of European markets, evidence that said market is not cornered, and that the subscription commitments and termination clauses presented in its contracts are in conformity with international practice and are based on the need to recover costs, particularly those relating to subsidized handsets. The decision made by the ANRT in March 2011 emphasizes the lack of anticompetitive practice by IAM. Although all operators of public communications networks must amend their early termination clauses, IAM is affected only by its 24-month contracts (in the event of early termination between 12 and 24 months, the customer must reimburse the additional subsidy received for the 24-month commitment).

Petition by Medi Telecom relating to interconnection for its short number “2424”

On May 19, 2011, the ANRT notified Maroc Telecom of a petition filed against it by Medi Telecom because of IAM’s refusal to provide interconnection access to its networks for Medi Telecom’s “2424 directory assistance” number.

Maroc Telecom’s refusal was justified not only by the technical obstacles associated with interconnection for short numbers, but also by the fact that Medi Telecom’s directory-assistance content was not in compliance with regulations.

This dispute has been settled between the two parties, resulting in interconnection being provided for this service with the concomitant performance by an independent expert designated by the ANRT of a legal analysis on the lawfulness of this service. The study concluded that Medi Telecom’s service via the short number “2424” was fully lawful.

3

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.

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 to and from Morocco. The growth in consumption of telecommunications services in Morocco reflects the changes in the country's economic position and, more specifically, in the population's disposable income and the economic activity of companies. A contraction or slower-than-anticipated growth in the Moroccan economy could have a negative impact on the development of the customer base and the usage of fixed-line and mobile telephony services in Morocco. This could have a material effect on the growth and profitability of Maroc Telecom's activities and could entail a decline in its revenues and earnings.

In the event of a slowdown in the economy, particularly affecting business levels and growth in the markets where Maroc Telecom operates, the Group's earnings and financial position could be materially affected.

In addition, the perception of possible acts of terrorism, whether committed in Morocco or abroad, could materially impact the Moroccan economy in general, especially through a decline in tourism. As regards this risk, which is not specific to Morocco, 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 main markets in which it operates. This competition puts pressure on Maroc Telecom and its subsidiaries and could prompt the Group to make further price cuts, increase spending on customer loyalty programs, or introduce promotions, any of which could lead to further contraction in market share and reduce the Group's revenues and earnings.

The Group’s development also depends on its ability to adapt its services and products to the needs of increasingly demanding customers, in a sector that is undergoing rapid technological change.

To anticipate and meet these requirements, the Group must make significant investments.

For further information on competition in each of the segments in which Maroc Telecom operates, see section 3.2.1., “Business activities / Morocco.”

The mobile penetration rate exceeded 100% at December 31, 2010. If revenue growth generated by the mobile business were to slow as the Moroccan market matured (without offsetting growth from subsidiaries), or if revenues from new convergent broadband and content services did not make up for the shortfall, the Group’s revenues could be adversely affected

The Group’s revenue growth arises mainly from the expansion of its mobile business in Morocco. However, the mobile penetration rate exceeds 100% in Morocco. If revenue growth in other African markets were to slow, Group revenue might stagnate or even decline, thereby affecting the Group’s earnings and financial position.

Similarly, if revenue generated by content and broadband services does not develop sufficiently, the Group’s revenues, financial position, and earnings could be adversely affected.

If the Group does not control its costs, its financial position could be adversely affected

If the Group does not control its costs, its operating margins and earnings could be adversely affected.

Maroc Telecom intends to improve its cost structure, particularly its marketing costs and overheads. The Company has already adopted several voluntary redundancy plans, and is taking actions to generate savings on purchases and network costs.

Maroc Telecom depends on reliable IT systems; failure or damage affecting some or all of its systems could result in a loss of customers and in lower revenues

Maroc Telecom is paid for its services only insofar as it has reliable information systems, including collection and billing systems, and succeeds in protecting and ensuring the continuity of these systems’ operations. 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 purchasing and finance-administration systems.

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 regularly backed up, 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 is increased by the introduction of new applications and software and by the adaptability of existing systems. Although the impact of such a failure is impossible to quantify, it might lead to customer dissatisfaction, less call traffic, and lower revenues.

Disruption in technical networks could lead to a loss of customers and a reduction in revenues

Maroc Telecom Group is able to provide services only insofar as it is able to protect its telecommunications networks from damage caused by disturbances, power cuts, computer viruses, natural disaster, and unauthorized access. Any disturbance to the system, and any accident or breach of security measures causing interruption in the Group's operations, could affect its ability to provide services to its customers and could have a material 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 of 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 the intensive use of technology. The development of new technologies could cause some servicers offered by the Company to cease to be competitive.

To respond to changes in the telecoms sector and to the price and quality requirements of demanding customers, the Group must adjust its networks and technologies, and develop new products and services, all at a reasonable cost; otherwise it could not compete with its rivals. The new technologies in which the Company chooses to invest could also affect its ability to achieve its strategic targets. Maroc Telecom could then lose customers, fail to attract new customers, or be required to bear significant costs in order to maintain its customer base, factors that would have a negative effect on its business, revenues, and earnings.

Alternative means of communication could make the fixed-line network less useful or even obsolete, which could lead to the loss of a competitive advantage and reduce the Company's revenues significantly

The Company has already confronted the replacement of fixed-line customers with mobile customers, an evolution accentuated by the use of alternative technologies. As an illustration, GSM gateway services have begun to compete with fixed-line voice services for businesses. More recently, 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 fixed-line network, by enabling competitors to use mobile telephony services to compete with Maroc Telecom without having a fixed-line network. Maroc Telecom's infrastructure and extensive network would then become less useful or even obsolete, leading to the loss of a competitive advantage and possibly having a material impact on the Company's revenues and earnings.

Health risks, whether real or perceived, or other problems connected with mobile devices or their base stations, could result in less intensive use of mobile communications

Certain studies of mobile technology claim that the electromagnetic signals emitted by mobile devices and base stations create health risks. Such risks, whether real or perceived, and the publicity they receive, together with any resulting legislation or litigation, could reduce the Company's mobile customer base, make the establishment of new base stations and the maintenance of existing ones more difficult, or prompt customers to reduce the use of their mobile telephones.

Fraudulent diversion of traffic could limit the Company's revenues and adversely impact its earnings

The Company first experienced a fraudulent diversion of traffic in 2001. In response, Maroc Telecom has established a plan to combat such fraud. However, Maroc Telecom cannot anticipate whether new means of fraud will develop, the sectors that potential offenders will attack, or the effects that any such fraud could have.

If Maroc Telecom fails to prevent such fraudulent acts, it could see a reduction in traffic in the sector affected by the fraud, and its revenues and earnings could thereby be adversely impacted.

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 telecommunications 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 on financial or operating terms that might prove unfavorable;
- experience difficulties in integrating the acquired companies, networks, products, or services;
- fail to retain key talent in the companies acquired or to recruit skilled employees as needed;
- fail to achieve the expected synergies or economies of scale;
- make investments in countries where the political, economic, or legal environment involves particular risks, such as civil or military unrest, the absence of effective or comprehensive protection of shareholders' rights, or disagreements with other major shareholders, including public authorities, concerning the management of the companies acquired;
- fail to adapt to the specific features 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 various risks, such as:

- fluctuations in exchange rates and the devaluation of certain currencies;
- restrictions on the repatriation of capital;
- unexpected changes to the regulatory environment,
- diverse tax regimes that could have an adverse impact on Maroc Telecom's earnings or cash flow, particularly regarding transfer-pricing regulations;
- the local economic and political situation.

In all of its markets, Maroc Telecom could fail to retain key employees or to hire skilled personnel, which could adversely affect the Company's operations and its ability to adapt to its environment

Maroc Telecom's performance is very dependent on the abilities and services provided by its management team, which has significant experience and knowledge of the telecommunications industry. The loss of key managers could have a significant adverse impact on Maroc Telecom's ability to implement its strategy.
Maroc Telecom and its performance are also dependent on skilled personnel with the experience and engineering or sales capabilities required for the development of its business. Maroc Telecom's ability to adapt its services, products, and sales offerings, whether for fixed-line or mobile communications, is very dependent on competent and skilled teams being present in each market segment.

Failure by Maroc Telecom to retain key personnel in management, marketing, or engineering could adversely affect the Company's business, and its operating income could diminish substantially.

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 is undergoing constant change.

Act 24-96, as amended and completed by implementing provisions and amendments under way, could be interpreted in such a manner as to materially impact the activity of Maroc Telecom and cause 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 a material impact on Maroc Telecom's activity:

- The reduction in unbundling tariffs and the shortening of the timeframe for introducing number portability will inevitably promote competition, to the detriment of Maroc Telecom.

- The reduction in interconnection tariffs and the introduction of asymmetric prices to Medi Telecom's advantage will forcibly change the competitive environment that was in place until 2010.

- Increased requirements to share infrastructures will necessarily be favorable to the competition.

- Increased price controls for Maroc Telecom's consumer offers and promotions, and strict regulatory controls for advertising, could restrict its commercial freedom.

- The clarification of rules for occupying the public domain could lead to changes in local taxes that are unfavorable to Maroc Telecom.

Similarly, the implementation of the decision relating to the identification of 2G and 3G subscribers could lead to 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 segment

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 could therefore experience a reduction in its market share 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 it to target highly profitable markets to the detriment of Maroc Telecom.

The guidelines memo for 2013 considers the potential arrival of a new generation of operators and/or infrastructure operators, as from 2011.

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, which work to ensure fair competition.

Major changes in the nature, interpretation, or application of these regulations by the legislature or legal 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.

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 for both exchanges.

In general, Maroc Telecom believes that it complies with all regulations in force in both markets. In the event of noncompliance, the Company would be subject to penalties and fines that could affect its earnings and financial position.

Maroc Telecom 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.

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."

3.4.3 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 4.3.5, "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 he Group's reaction to interest-rate movements are set out in note 32, "Risk management," in the notes to the consolidated financial statements.

4

FINANCIAL REPORT

financial report

4

CONTENT

4

4.1 CONSOLIDATED FINANCIAL DATA FOR THE PAST THREE YEARS

Maroc Telecom Group's consolidated financial data is summarized in the table below. Financial data for the three years ended December 31, 2009, 2010, and 2011, have been taken from the Group's consolidated financial statements, which were prepared in accordance with International Financial Reporting Standards (IFRS) and audited by the statutory auditors Abdelaziz Almechatt and Fouad Lahgazi of KPMG Morocco.

4.1.1 CONSOLIDATED FINANCIAL DATA IN MOROCCAN DIRHAMS

Statement of comprehensive income (data)

(In MAD millions)	2009 (adj.)	2010 (adj.)	2011
Revenues	30,308	31,617	30,837
Operating expenses	16,336	17,290	18,461
Earnings from operations	13,972	14,327	12,375
Earnings from continuing operations	14,010	14,270	12,333
Net earnings	9,779	9,941	8,447
Attributable to equity holders of the parent	9,407	9,533	8,123
Earnings per share (MAD)	10.7	10.8	9.2
Diluted earnings per share (MAD)	10.7	10.8	9.2

Statement of financial position (data)

ASSETS (in MAD millions)	2009 (adj.)	2010 (adj.)	2011
Noncurrent assets	33,096	34,866	35,743
Current assets	12,718	12,221	12,898
Total assets	**45,814**	**47,088**	**48,641**

SHAREHOLDERS' EQUITY AND LIABILITIES (in MAD millions)	2009 (adj.)	2010 (adj.)	2011
Share capital	5,275	5,275	5,275
Equity attributable to equity holders of the parent	18,510	18,996	17,781
Noncontrolling interests	4,317	4,396	4,304
Total shareholders' equity	**22,828**	**23,392**	**22,085**
Noncurrent liabilities	3,804	3,339	2,838
Current liabilities	19,182	20,357	23,718
Total shareholders' equity and liabilities	**45,814**	**47,088**	**48,641**

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 shows the MAD/EUR exchange rates used in Vivendi Group's consolidated financial statements for the years 2009, 2010, and 2011.

For 1 euro	12/31/2009	12/31/2010	12/31/2011
Period-end rate used for statement of financial position	11.3147	11.1353	11.1181
Average rate used for statement of comprehensive income	11.2599	11.1671	11.2569

(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 any other rate. For information relating to the impact of foreign-exchange fluctuations on the Group's earnings, see section 2.3, "Disclosure of qualitative and quantitative information on market risk."

The following table shows 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 2009, 2010, and 2011.

Statement of comprehensive income (data)

(in € millions)	2009 (adj.)	2010 (adj.)	2011
Revenues	2,692	2,831	2,739
Operating expenses	1,451	1,548	1,640
Earnings from operations	1,241	1,283	1,099
Earnings from continuing operations	1,244	1,278	1,096
Net earnings	868	890	750
Attributable to equity holders of the parent	835	854	722
Earnings per share (euros)	1.0	1.0	1.0
Diluted earnings per share (euros)	1.0	1.0	1.0

Statement of financial position (data)

ASSETS (in € millions)	2009 (adj.)	2010 (adj.)	2011
Noncurrent assets	2,925	3,131	3,215
Current assets	1,124	1,098	1,160
Total assets	**4,049**	**4,229**	**4,375**

SHAREHOLDERS' EQUITY AND LIABILITIES (in € millions)	2009 (adj.)	2010 (adj.)	2011
Share capital	466	474	474
Equity attributable to equity holders of the parent	1,636	1,706	1,599
Noncontrolling interests	382	395	387
Total shareholders' equity	**2,018**	**2,101**	**1,986**
Noncurrent liabilities	336	300	255
Current liabilities	1,695	1,828	2,133
Total shareholders' equity and liabilities	**4,049**	**4,229**	**4,375**

4.2 OVERVIEW

The discussion and analysis which follow are to be read in conjunction with this registration document as a whole, including, in particular, the audited consolidated financial statements of Maroc Telecom that integrally incorporate the statement of financial position, statement of earnings, statement of cash flows, statement of changes in equity, and notes to the consolidated financial statements for the years ended December 31, 2009, 2010, and 2011.

4.2.1 CONSOLIDATION SCOPE

At December 31, 2011, Maroc Telecom consolidated the following groups in its financial statements:

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, after 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 that consequently gives it a 41.2% interest in Mauritel S.A. Since July 1, 2004, Mauritel has been fully consolidated by Maroc Telecom.

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 have been prepared for FY 2011, with retroactive effect for FY 2010.

Gabon Télécom

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. Post-merger financial statements will be 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

Casa Net is wholly owned by Maroc Telecom. Its purpose is to maintain the Menara internet portal and to provide ADSL access. Casa Net has been fully consolidated by Maroc Telecom since January 1, 2011.

The following entities are not or are no longer consolidated in Maroc Telecom Group's financial statements:

Médi1Sat

Medi-1-Sat was established as a satellite news channel to produce and broadcast programming for North Africa 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 equity 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. As of December 31, 2010, Medi-1-Sat was no longer accounted for by the equity method in the Group's financial statements.

Other nonconsolidated investments

Maroc Telecom's other nonconsolidated investments include an equity interest in ArabSat, which operates and distributes telecommunications systems, and other minority 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 RESULTS COMPARED BY GEOGRAPHIC

Preliminary remark:

The comparable basis illustrates the effect of the consolidation of Sotelma, as if it had occurred on January 1, 2009, and the Mobisud Belgique disposal, as if it had occurred on January 1, 2010, with constant MAD / Mauritanian Ouguiya / CFA franc / euro exchange rates.

The following table presents date by geographic area :

(In MAD millions)	2009 (adj.)	2010 (adj.)	2011
Revenues*	**30,308**	**31,617**	**30,837**
Morocco	25,764	26,191	25,030
International	4,666	5,572	6,066
Mauritania	1,105	1,184	1,202
Burkina Faso	1,662	1,764	1,733
Gabon	1,220	1,044	1,047
Mali	554	1,575	2,123
Mobisud	125	28	-
Earnings from operations before depreciation and amortization	**18,112**	**18,605**	**16,996**
Morocco	16,157	16,217	14,557
International	1,955	2,388	2,439
% of revenues	***59.8%***	***58.8%***	***55.1%***
Earnings from operations	**13,972**	**14,327**	**12,375**
Morocco	13,080	13,209	11,262
International	892	1,118	1,113
% of revenues	***46.1%***	***45.3%***	***40.1%***
Net income - Group share	**9,407**	**9,532**	**8,123**
% of revenues	***31%***	***30%***	***26%***
CAPEX	**5,847**	**6,535**	**5,793**
Morocco	4,763	4,253	3,882
International	1,084	2,281	1,911

** Group net revenues after eliminations.*

4.2.2.1 Comparison of financial data for 2010 and 2011

4.2.2.1.1 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 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 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 earnings from operations (EBITA) in 2011 amounted to MAD 12,375 million, 13.6% less than (reported and like for like) earnings from operations in 2010. This decline is the result of lower EBITDA and higher amortization expenses related to substantial expenditures program in Morocco and elsewhere.

Net income and distributable earnings

Maroc Telecom Group's net income (Group share) 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 the same period amounted to MAD 8,140 million, 12.7% less than in 2010.

CAPEX

In 2011, capital expenditures decreased by 11.4%, to MAD 5.8 billion.

4.2.2.1.2 Activities in Morocco

(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	**8,533**	**7,432**
Elimination	**-1,991**	**-1,337**
EBITDA	16,217	14,557
Margin (%)	*61.9%*	*58.2%*
EBITA	13,209	11,262
Margin (%)	*50.4%*	*45.0%*

In 2011, Group activities in Morocco generated 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 of 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.

CFFO in Morocco decreased by no more than 8.8%, because of conservative capital expenditures and careful management of working capital requirements (WCR), and despite a 10.2% decline in EBITDA).

Mobile

	Units	2010	2011
Mobile			
Customers	**(000)**	**16,890**	**17,126**
Prepaid	*(000)*	*16,073*	*16,106*
Postpaid	*(000)*	*817*	*1,019*
3G Internet	*(000)*	*549*	*1,102*
ARPU	(MAD/month)	93	87
Data % of ARPU	*(%)*	*8.6%*	*8.8%*
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 for the Mobile segment had declined year on year by 3.6%, to MAD 18,935 million.

With price cuts of 25% that allowed a 27% rise in usage in the Maroc Telecom mobile segment, service revenues were down only slightly (-1.8%) compared with 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 8.8% of ARPU.

Fixed & Internet

	Units	2010	2011
Fixed			
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 because of lower fixed-line call traffic, which is under heavy pressure from mobile, 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.

4.2.2.1.3 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*	*1,330*
Gabon	**1,044**	**1,047**
Mobile services	*562*	*492*
Mali	**1,575**	**2,123**
Mobile services	*1,244*	*1,767*
Elimination	**-24**	**-39**
EBITDA	**2,388**	**2,439**
Margin (%)	*42.9%*	*40.2%*
EBITA	**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.

EBITA declined by 0.5% on an annual basis (+0.6% like for like), to MAD 1,113 million.

Mauritanie

	Units	2010	2011
Mobile			
Customers	(000)	1,576	1,747
ARPU	(MAD/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

	Units	2010	2011
Mobile			
Customers	(000)	2,397	2,971
ARPU	(MAD/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 saw renewed growth of activity in Burkina Faso, with revenue growth of 4.8% in the fourth quarter.

Gabon

	Units	2010	2011
Mobile			
Customers	(000)	699	532
ARPU	(MAD/month)	72.1	95.2
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

	Units	2010	2011
Mobile			
Customers	(000)	2,162	4,376
ARPU	(MAD/month)	67.1	45.3
Fixed lines	**(000)**	**79**	**94**
Broadband access	**(000)**	**20**	**37**

At December 31, 2011, Maroc Telecom's 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.

4.2.2.2 Comparison of financial data for 2009 and 2010

4.2.2.2.1 Group consolidated results

Revenues

Maroc Telecom Group's 2010 consolidated revenues amounted to MAD 31,617 million, up 4.3% higher than in 2009 (+2.4% on a comparable basis), aided by solid performances on its domestic market and by its subsidiaries in Africa.

Earnings from operations before depreciation and amortization

In 2010, Group consolidated EBITDA reached MAD 18,605 million, up 2.7% year on year (+2.1% on a comparable basis). The resulting high margins (58.8%), were attributable rising income and the continuation of a proactive cost-optimization policy in both Morocco and the subsidiaries.

Earnings from operations

At December 31, 2010, consolidated earnings from operations (EBITA) stood at MAD 14,327 million, up 2.5% year on year (+2.9% on a comparable basis). The consolidated operating margin remained high, at 45.3%, despite the continuation of significant expenditures in both Morocco and the subsidiaries.

Net income

Net earnings – Group share in 2010 came at MAD 9,532 million, up 1.3% year on year (+2.5% on a comparable basis).

For the same period, distributable earnings amounted to MAD 9,307 million, up 2.7% year on year.

CAPEX

In 2010, capital expenditures increased by 11.8%, to MAD 6.5 billion.

4.2.2.2.2 Activities in Morocco

(In MAD millions)	2009	2010
Revenue	25,764	26,191
Mobile	**18,859**	**19,649**
Services	*17,870*	*18,512*
Equipment	*989*	*1,137*
Fixed	**9,336**	**8,533**
Elimination	**-2,430**	**-1,991**
EBITDA	16,157	16,217
Margin (%)	*62.7%*	*61.9%*
EBITA	13,080	13,209
Margin (%)	*50.8%*	*50.4%*

The Group's operations in Morocco generated net revenues of MAD 26,191 million in 2010, 1.7% higher than in 2009. Earnings from operations advanced 1.0%, to MAD 13,209 million, resulting in an operating margin of 50.4%, practically unchanged from 2009.

4

Mobile

	Units	2009	2010
Mobile			
Customers	**(000)**	**15,272**	**16,890**
Prepaid	*(000)*	*14,590*	*16,073*
Postpaid	*(000)*	*682*	*817*
3G internet	*(000)*	*56*	*549*
ARPU	(MAD/month)	97.7	93
Data % of ARPU	*(%)*	*7.4%*	*8.6%*
MOU	(Min/month)	71	70
Churn	(%)	33.5%	29.0%
Postpaid	(%)	15.5%	13.4%
Prepaid	(%)	34.4%	30.2%

Gross revenues generated by domestic mobile operations increased 4.2% year on year, to MAD 19,649 million, underpinned by a growing active customer base (+10.6%) and by consumption stimulated by new marketing offers.

ARPU in 2010 fell by 4.7% from a year earlier, to MAD 93, a moderate decline, given the strong growth in the customer base in 2009. This performance was due to increased outgoing consumption, the rapid expansion of 3G mobile internet, and the growth of value-added services. Revenues generated by outgoing mobile (excluding voice) services advanced by 25% in 2010, to 10.5% of the average bill, compared with 8.7% a year earlier.

Fixed and Internet

	Units	2009	2010
Fixed			
Fixed lines	**(000)**	**1,234**	**1,231**
Broadband access	**(000)**	**471**	**497**

Fixed-line and internet operations in Morocco generated gross revenues of MAD 8,533 million in 2010, down 8.6% year on year, mainly because of a fall in voice and data revenues. These declines are attributable to a fall in traffic, because of the highly competitive mobile segment, and to lower prices for lines leased by Maroc Telecom's fixed segment to its mobile segment.

4.2.2.2.3 International activities

In 2010, Maroc Telecom Group's international activities generated revenues of MAD 5,572 million, an increase of 19.4% (6.7% like for like). This performance is attributable to strong revenue growth in Mali, Mauritania, and Burkina Faso, notwithstanding a decline in revenues in Gabon.

EBITA rose by 25.3% on an annual basis (33.2% like for like), to MAD 1,118 million).

Mauritanie

	Units	2009	2010
Mobile			
Customers	(000)	1,335	1,576
ARPU	(MAD/month)	58.7	53.6
Fixed lines	**(000)**	**41**	**41**
Broadband access	**(000)**	**6**	**7**

In 2010, Mauritel's activities generated net revenues of MAD 1,184 million, a rise of 7.1% from a year earlier (+8.4% on a comparable basis). This solid performance is attributable to the company's promotional policy and to increased international activity.

Burkina Faso

	Units	2009	2010
Mobile			
Customers	(000)	1,569	2,397
ARPU	(MAD/month)	73.4	53.3
Fixed lines	**(000)**	**152**	**144**
Broadband access	**(000)**	**23**	**28**

Net revenues generated from Onatel's operations came to MAD 1,764 million, 6.2% (7.0% on a comparable basis), higher than revenues in 2009. This performance was driven by mobile operations, which were underpinned by strong growth in their customer base and by increased consumption, despite a highly competitive environment.

Gabon

	Units	2009	2010
Mobile			
Customers	(000)	513	699
ARPU	(MAD/month)	104.6	72.1
Fixed lines	**(000)**	**36**	**27**
Broadband access	**(000)**	**20**	**22**

Gabon Telecom Group's revenues came to MAD 1,044 million, down 14.4% (-13.7% like for like), because of rates driven substantially lower by intense competition.

Mali

	Units	2009	2010
Mobile			
Customers	(000)	818	2,162
ARPU	(MAD/month)	119.0	67.1
Fixed lines	**(000)**	**65**	**79**
Broadband access	**(000)**	**7**	**20**

Revenues generated in Mali amounted to MAD 1,575 million, up 26% like for like.

4.2.3 DISCLOSURE OF 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 suppliers (in particular capital expenditures and acquisition of handsets), and to payments for interconnection with foreign operators. These disbursements are denominated mainly in euros. At December 31, 2011, the portion of euro-denominated disbursements (excluding subsidiaries) accounted for 61% of the MAD 2,677 million in total foreign-currency disbursements. Foreign-currency disbursements exceeded the volume of foreign-currency receipts, which amounted to MAD 3,566 million in 2011.

Moroccan law allows Maroc Telecom 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 2011, the euro depreciated by 1% against the Moroccan dirham (from MAD 11.1705 for 1 euro at December 31, 2010, to MAD 11.1055 for 1 euro at December 31, 2011). Over the same period, the US dollar appreciated by 3%, from MAD 8.3569 for 1 USD at December 31, 2010, to MAD 8.5572 for 1 USD at December 31, 2011.

The following table shows the Group's principal foreign-currency positions at December 31, 2011

(In MAD millions)	Euro /CFA franc	USD	Other currencies*	Total foreign currencies	MAD	Total Maroc Telecom Group
Total assets	15,635	33	1,964	17,632	30,198	47,830
Total liabilities	-15,794	-79	-1,966	-17,839	-30,127	-47,966
Net position	**-159**	**-46**	**-2**	**-207**	**71**	**-136**

* mainly Mauritanian ouguiyas

Maroc Telecom's foreign-currency assets are composed mainly of receivables from foreign operators. The Group's foreign-currency liabilities are made up primarily of payables to suppliers and operators.

The following table shows the Company's (excluding subsidiaries) net foreign-currency positions in euros, US dollars, and other currencies (aggregate) at December 31, 2011.

(In millions)	EURO	USD	Other currencies (against the euro)*
Assets	113	33	0
Liabilities	-136	-79	-2
Net position	**-24**	**-46**	**-2**
Commitments	-16	7	-1
Net aggregate position	**-39**	**-39**	**-2**

**1 euro = 11.1055 dirhams (average exchange rate of Bank-Al Maghrib at December 31, 2011)*

NB :

(1) The other main currencies are the Japanese yen (YEN), the Swiss franc (CHF), and the Swedish krona (SEK).

(2) Net foreign-currency positions in EUR and USD are calculated by applying the proportion of cash inflows received in 2011 to the amount of receivables and payables in special drawing rights (SDR) relating to foreign telecoms operators at December 31, 2011.

(3) The breakdown by currency of the balance of commitments relating to current agreements is based on the effective balances for such contracts.

Interest-rate risk

Net cash position by maturity :

2011

(In MAD millions)	<1 year	1-5 years	>5 years	Total
Bank loans	2,273	1,735	47	4,555
Bank overdrafts	3,046	-	-	3,046
Financial liabilities	**5,819**	**1,735**	**47**	**7,601**
Cash at bank and in hand	617	-	-	617
Cash held for repayment of bank loans	123	-	-	123
Total	**-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
Financial liabilities	**2,950**	**2,324**	**80**	**5,354**
Cash at bank and in hand	788	-	-	788
Cash held for repayment of bank loans	225	22	-	247
Total	**-1,937**	**-2,302**	**-80**	**-4,319**

2009

(In MAD millions)	<1 year	1-5 years	>5 years	Total
Bank loans	1,238	2,984	124	4,346
Bank overdrafts	459	-	-	459
Financial liabilities	**1,697**	**2,984**	**124**	**4,805**
Cash at bank and in hand	874	-	-	874
Cash held for repayment of bank loans	251	117	-	368
Total	**-572**	**-2,867**	**-124**	**-3,563**

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 utilize 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 INDIVIDUAL FINANCIAL STATEMENTS TO CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements are derived from the individual 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 individual financial statements, in compliance with IFRS consolidation and presentation requirements.

The main adjustments to 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 individual financial statements);
- reclassification of noncurrent items to earnings from operations, with the exception of variations in the value of fixed assets;
- reclassification of the Fidelio provision, which instead is netted against revenues;
- reclassification under 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 inventories under fixed assets.
- nonactivated handsets: handsets sold but not activated are restated, to account the recognition of revenues upon activation.

Regarding trade payables, the main restatement entails reclassifying certain payables under provisions for contingencies and losses.

None of the above changes in presentation affect Group earnings.

Other consolidation adjustments entail the elimination of statutory provisions, the calculation of deferred taxes, and all consolidation-related operations (e.g., elimination of investment securities).

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4.3 CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to regulation (EC) no. 1606/2002 of July 19, 2002, Maroc Telecom Group's consolidated financial statements at December 31, 2011, have been prepared in accordance with International Financial Reporting Standards (IAS/IFRS), as endorsed or soon to be endorsed by the European Union.

SOMMAIRE

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2011

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, 2011, the statement of comprehensive income, statement of changes in equity, and statement of cash flows for the fiscal year ended December 31, 2011, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility

Management is responsible for the preparation and presentation of these financial statements, in accordance with international financial reporting standards. This responsibility includes planning, implementing, and monitoring internal controls relating to the preparation and presentation of financial statements that are free of material misstatement, whether due to fraud or error, and selecting accounting estimates that are appropriate for the circumstances.

Auditors' responsibility

Our responsibility is to render an opinion on these financial statements on the basis of our audit. We have conducted our audit in accordance with the audit standards applicable in Morocco. These standards require that we comply with ethical guidelines and that we plan and perform the audit in order to obtain reasonable assurance that the summary financial statements are free of material misstatement.

An audit involves procedures that are intended to gather meaningful information about the amounts and data provided in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of risk that the financial statements contain material misstatements, whether because of fraud or error. In carrying out such risk assessments, the auditors take into consideration the entity's current internal controls relating to the preparation and presentation of the financial statements, in order to define audit procedures that fit the circumstances, but not for the purpose of stating an opinion on the effectiveness of the internal control.

An audit also involves evaluating the appropriateness of the accounting policies used, the soundness of the accounting estimates made by management, and the overall presentation of the financial statements.

We believe that the information gathered is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the financial statements

In our opinion, the consolidated financial statements referred to in the first paragraph above provide in all material aspects a true and fair view of the financial position of the group comprising the persons and entities of ITISSALAT AL-MAGHRIB (IAM) S.A. at December 31, 2011, and the financial performance and cash flows for the fiscal year ended December 31, 2011, 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 25 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.

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February 27, 2012

The Statutory Auditors

KPMG	**Abdelaziz ALMECHATT**
Fouad LAHGAZI	Abdelaziz ALMECHATT
Partner	Partner

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT DECEMBER 31, 2009, 2010, AND 2011

ASSETS *(in MAD millions)*	Note	Dec. 31, 2011	Dec. 31, 2010 adjusted	Dec. 31, 2009 adjusted
Goodwill	3	6,863	6,865	7,271
Other intangible assets	4	3,683	4,064	3,723
Property, plant, and equipment	5	24,850	23,378	21,468
Investments in equity affiliates	6	0	0	0
Noncurrent financial assets	7	297	444	572
Deferred tax assets	8	51	116	63
Noncurrent assets		**35,743**	**34,866**	**33,096**
Inventories	9	709	779	653
Trade accounts receivable and other	10	11,401	10,454	11,091
Short-term financial assets	11	115	142	45
Cash and cash equivalents	12	617	788	874
Available-for-sale assets		56	58	56
Current assets		**12,898**	**12,221**	**12,718**
Total assets		**48,641**	**47,088**	**45,814**

Shareholders' equity and liabilities *(in MAD millions)*	Note	Dec. 31, 2011	Dec. 31, 2010 adjusted	Dec. 31, 2009 adjusted
Share capital		5,275	5,275	5,275
Retained earnings		4,383	4,188	3,828
Net earnings		8,123	9,533	9,407
Equity attributable to equity holders of the parent	13	**17,781**	**18,996**	**18,510**
Noncontrolling interest		4,304	4,396	4,317
Total shareholders' equity		**22,085**	**23,392**	**22,828**
Noncurrent provisions	14	701	668	230
Borrowings and other long-term financial liabilities	15	1,782	2,404	3,108
Deferred tax liabilities	8	218	123	126
Other non-current liabilities		138	143	340
Noncurrent liabilities		**2,838**	**3,339**	**3,804**
Trade accounts payable	16	17,600	17,017	16,836
Current income tax liabilities		153	233	146
Current provisions	14	145	157	503
Borrowings and other short-term financial liabilities	15	5,819	2,950	1,697
Current liabilities		**23,718**	**20,357**	**19,182**
Total shareholders' equity and liabilities		**48,641**	**47,088**	**45,814**

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR 2009, 2010, AND 2011

(In MAD millions)	Note	2011	2010 adjusted	2009 adjusted
Revenues	17	30,837	31,617	30,308
Cost of purchases	18	(5,556)	(5,198)	(4,880)
Payroll costs	19	(2,796)	(2,746)	(2,604)
Taxes and duties	20	(1,303)	(928)	(877)
Other operating income (expenses)	21	(3,939)	(3,827)	(3,783)
Net depreciation, amortization, and provisions	22	(4,869)	(4,591)	(4,193)
Earnings from operations		**12,375**	**14,327**	**13,972**
Other income and charges from ordinary activities		(42)	(57)	(5)
Income from equity affiliates	23	0	0	43
Earnings from continuing operations		**12,333**	**14,270**	**14,010**
Income from cash and cash equivalents		20	37	79
Borrowing costs		(331)	(273)	(228)
Other financial income and expenses		(311)	(236)	(149)
Net financial income (expense)	**24**	**(16)**	**65**	**2**
Income tax expense	25	(327)	(171)	(147)
Net earnings		**(3,559)**	**(4,158)**	**(4,120)**
Exchange gain or loss from foreign activities		8,447	9,941	9,743
Other income and expenses		(12)	(139)	(57)
Earnings		**8,435**	**9,803**	**9,686**
Net earnings		**8,447**	**9,941**	**9,743**
Attributable to equity holders of the parent		8,123	9,533	9,407
Noncontrolling interest	26	323	409	337
Earnings		**8,435**	**9,803**	**9,686**
Attributable to equity holders of the parent		8,117	9,456	9,385
Noncontrolling interest	26	318	347	302

Earnings per share *(MAD)*	Note	2011	2010	2009
Net earnings-Group share		8,123	9,533	9,407
Number of shares as at December 31		879,095,340	879,095,340	879,095,340
Earnings per share	**27**	**9.2**	**10.8**	**10.7**
Diluted earnings per share	27	**9.2**	**10.8**	**10.7**

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CONSOLIDATED STATEMENTS OF CASH FLOWS FOR 2009, 2010, AND 2011

(In MAD millions)	Note	2011	2010	2009
Earnings from operations		12,375	14,327	13,972
Amortization and other adjustments		4,476	4,194	4,082
Gross cash earnings		**16,851**	**18,522**	**18,055**
Other elements of the net change in working capital		40	1,255	**576**
Cash flow from operating before income tax expense		**16,890**	**19,776**	**18,631**
Tax paid		(4,173)	(3,697)	(3,815)
Net cash from operating activities (a)	12	**12,717**	**16,079**	**14,816**
Purchase of PP&E and intangible assets	12	(5,285)	(7,093)	(5,585)
Purchase of consolidated investments		2		(3,045)
Purchase of equity affiliates				
Increase in financial assets		(3)	89	(153)
Disposals of PP&E and intangible assets		38	156	**153**
Decrease in financial assets		151	(304)	39
Dividends received from nonconsolidated investments		3	1	8
Net cash used in investing activities (b)		**(5,093)**	**(7,151)**	**(8,583)**
Share capital increase		1		43
Dividends paid by Maroc Telecom	13	(9,301)	(9,065)	(9,516)
Dividends paid by subsidiaries to minority shareholders		(333)	(269)	(160)
Changes in share capital		**(9,633)**	**(9,333)**	**(9,633)**
Borrowings and increase in other noncurrent financial liabilities		270	237	2,997
Payments on borrowings and decrease in other noncurrent financial liabilities				-58
Borrowings and increase in other noncurrent financial liabilities		2,946	149	67
Payments on borrowings and decrease in other current financial liabilities		(**1**,060)	(986)	(1,026)
Changes in shareholders' current accounts debtors/financial creditors		24	1,173	(167)
Net interest (cash only)		**(311)**	**(236)**	**(149)**
Other cash expenses (income) used in financing activities		(24)	(13)	(34)
Changes in borrowings and other financial liabilities		**1,845**	**323**	**1,631**
Net cash used in financing activities (d)	12	**(7,788)**	**(9,010)**	**(8,002)**
Effect of foreign currency adjustments and other noncash expenses (income) (g)		**(8)**	**(5)**	**(35)**
Change in cash and cash equivalents (a)+(b)+(d)+(g)		**(171)**	**(86)**	**(1,804)**
Cash and cash equivalents at beginning of period	12	**788**	**874**	**2,678**
Cash and cash equivalents at end of period	12	**617**	**788**	**874**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR 2009, 2010, AND 2011

(In MAD millions)	Note	Capital	Other adjustments	Cumulative translation differences	Earnings and retained earnings	Attributable to equity holders of the parents	Noncontrolling interests	Total
Restated balance at January 1, 2009		**5,276**	(155)	(19)	**13,398**	**18,674**	**1,612**	**20,286**
Dividends					(9,516)	(9,516)	(145)	(9,661)
Net earnings for the year					9,407	9,407	337	9,743
Exchange gain or loss from foreign activities				(22)	(22)	(22)	(35)	(57)
Earnings		0	0	**(22)**	**9,385**	**9,385**	**302**	**9,687**
Treasury stock			(64)		(64)	(64)		(64)
Other adjustments			32		32	32	224	256
Change in scope of consolidation	(*)						2,324	2,324
Restated balance at December 31, 2009		**5,276**	**(187)**	**(41)**	**13,235**	**18,511**	**4,318**	**22,828**
Dividends					(9,065)	(9,065)	(269)	(9,333)
Net earnings for the year					9,533	9,533	409	9,941
Exchange gain or loss from foreign activities				(77)	(77)	(77)	(62)	(139)
Earnings		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
Restated balance 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 for the year					8,123	8,123	323	8,447
Exchange gain or loss from foreign activities				(7)	(7)	(7)	(5)	(12)
Earnings		**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
Balance at December 31, 2011		**5,276**	**(92)**	**(125)**	**12,506**	**17,781**	**4,304**	**22,085**

At December 31, 2011, Maroc Telecom's share capital comprised 879,095,340 ordinary shares. Ownership of the shares was as follows:

- Kingdom of Morocco: 30%;
- Vivendi: 53% via Société de Participation dans les Télécommunications (SPT) ;
- Other: 17%

(*) **Changes in the scope of consolidation:**

Mobisud France was removed from the scope of consolidation as from June 1, 2009.

Sotelma has been fully consolidated since August 1, 2009.

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, 2011, and net earnings from the current period attributable to equity holders of the parent.

Note 1. ACCOUNTING PRINCIPLES AND VALUATION METHODS

1. Significant events

- The subsidiary Casanet has been fully consolidated since January 1, 2011. Because of the high volume of intragroup transactions (mainly with Maroc Telecom), the impact from the consolidation of this subsidiary remains insignificant)

- **Adjustments in accordance with IAS 8:**

During the preparation and review of its 2011 financial statements, Maroc Telecom discovered an accounting error in the financial statements of its subsidiary Onatel in Burkina Faso, 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.

The impact of this adjustment to the financial statements on the periods concerned is as follows:

- **Restatement of the net situation at December 31, 2010**

	Group share	Noncontrolling interest	Total
Balance at December 31, 2010	**19,054**	**4,451**	**23,505**
Net earnings (1)	(3.8)	(3.6)	(7.4)
Shareholders' equity (impact 2009 and prior) (1)	(54)	(52)	(106)
Balance (adj.) at December 31, 2010	**18,996**	**4,396**	**23,392**

- **Restatement of the net situation at December 31, 2009**

	Group share	Noncontrolling interest	Total
Balance at December 31, 2009	**18,564**	**4,369**	**22,934**
Net earnings (1)	(18)	(18)	(36)
Shareholders' equity (impact 2009 and prior) (1)	(36)	(34)	(70)
Balance (adj.) at December 31, 2009	**18,510**	**4,317**	**22,828**

- **Impact on the 2009 and 2010 statements of comprehensive income**

(In millions of MAD)	2010	2009
Revenues	(37.7)	(30.5)
Cost of purchases	(6.8)	(5.5)
Provisions	37.1	0.0
Earnings from operations	(7.4)	(36.0)
Net earnings	(7.4)	(36.0)
Attributable to equity holders of the parent	(3.8)	(18.4)
Noncontrolling interest	(3.6)	(17.6)

- **Impact on the 2009 and 2010 statements of financial position**

Assets *(in MAD millions)*	2010	2009
Noncurrent assets		
Trade accounts receivable and other	(113)	(106)
Current assets	(113)	(106)
Total assets	**(113)**	**(106)**

Shareholders' equity *(in MAD millions)*	2010	2009
Retained earnings	(54)	(36)
Net earnings-Group share	(4)	(18)
Equity attributable to equity holders of the parent	(58)	(54)
Noncontrolling interest	(55)	(52)
Shareholders' equity	(113)	(106)
Noncurrent liabilities		
Current liabilities		
Total shareholders' equity and liabilities	**(113)**	**(106)**

2 Accounting principles and valuation methods

Group companies are consolidated on the basis of their financial statements at December 31, 2011, with the exception of CMC, whose financial statements were for the year ended June 30, 2011.

The financial statements and accompanying notes were approved by the Management Board on February 10, 2012.

2.1 Basis for preparation of the consolidated financial statements for 2011 and for 2009 and 2010.

Pursuant to regulation (EC) no. 1606/2002 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, 2011, were prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), applicable on December 31, 2011, as endorsed by the European Union (EU). For comparison purposes, the 2011 financial statements include financial information for the 2009 and 2010 fiscal years.

New standards, interpretations, and amendments issued by the IASB and mandatory in the European Union since January 1, 2011, have been applied.

2.2. Compliance with accounting standards

The consolidated financial statements of Maroc Telecom SA have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations adopted by the European Union and mandatory at December 31, 2011. The accounting standards applied to the consolidated financial statements do not differ from those issued by the International Accounting Standards Board (IASB).

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 a historical-cost basis, with the exception of certain asset and liability categories detailed below. The consolidated financial statements are presented in Moroccan dirhams, and all figures are rounded to the closest million, unless otherwise indicated. The consolidated financial statements include the individual financial statements of Maroc Telecom and its subsidiaries, after elimination of intragroup transactions.

2.3.1 Statement of comprehensive income

Maroc Telecom presents its statement of comprehensive income in a format that details income and expenses by type.

2.3.1.1 Earnings from operations (EBITA) and earnings from continuing operations (EBIT)

EBITA (earnings before interest, taxes, and amortization), designated "Earnings from operations" 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.

EBIT (earnings before interest and taxes) comprises EBITA, 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 do not qualify as discontinued operations or as held for sale.

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 this period, 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 used concern 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 loyalty programs, to be deducted from certain revenue items, and of prepaid revenues 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 relating to 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 accumulated temporary differences between assets and liabilities (see Note 8),

2.3.5 Principles of consolidation

The generic name Maroc Telecom refers to the group of companies composed of the parent company ITISSALAT AL MAGHRIB SA and its subsidiaries.

A list of the Group's principal subsidiaries and affiliates is presented in Note 2, Scope of consolidation at December 31, 2009, 2010, and 2011.

The accounting methods described below were applied consistently to all the periods presented in the consolidated financial statements, and to the opening statement of financial position at January 1, 2004, which was prepared for the purposes of IFRS transition.

The accounting methods were applied consistently by all Group entities.

Full consolidation

All companies in which Maroc Telecom has a controlling interest, namely those in which it has the power to 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 Maroc Telecom.

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, 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.

Equity accounting

Maroc Telecom used the equity method to account for affiliates over which it exercises significant influence.

Significant influence is presumed to exist where Maroc Telecom holds, directly or indirectly, at least 20% of the voting rights in an entity, unless it can be clearly demonstrated otherwise. The existence of significant influence can be proven on the basis of other criteria, such as representation on the board of directors or equivalent governing body, participation in the process of policy definition, the existence of material transactions with the entity, or interchange of management personnel.

Transactions eliminated in the consolidated financial statements

Revenues, expenses, and balance-sheet items resulting from intragroup transactions are eliminated in preparing the consolidated financial statements.

2.3.6 Goodwill and business combinations

Business combinations from January 1, 2009

Business combinations are recorded using the acquisition method. Under this method, at the time of the initial consolidation of an entity over which the Group has acquired exclusive control:

- the identifiable assets acquired and the liabilities assumed are recognized 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 net identifiable 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 interests 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 of the identifiable assets acquired and liabilities assumed.

The fair-value measurement of noncontrolling interests increases goodwill up to the share attributable to those 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 directly in the statement of comprehensive income. After the acquisition date, goodwill is measured at its initial amount, less any recorded impairment losses (see Note 1.3.5.7).

The following principles also apply to business combinations:

- on 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, Vivendi recognizes the difference between the acquisition cost and the carrying value of noncontrolling interests as a change in equity attributable to shareholders of Vivendi SA;

- 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 (revised) and IAS 27 (revised).

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:

- minority interests were measured on the basis of their proportionate share of the acquiree's net identifiable assets, and the option of fair-value measurement did not exist;

- contingent consideration was recognized in the cost of acquisition only if payment was likely 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, Vivendi recognizes the difference between the acquisition cost and the carrying value of acquired noncontrolling interests as goodwill.

2.3.7 Foreign-currency translation

Foreign-currency transactions are initially recorded in the functional currency at the exchange rate prevailing at 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 in 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 exchange 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 on intangible assets is added to these assets only if the probable future economic benefits specific to the corresponding asset increase. 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 feasibility of the project can reasonably be considered certain.

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 probable 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 the acquisition cost or production cost as well as the costs directly attributable to transporting the asset to its physical location and preparing it for use in operations. Borrowing costs are recorded as expenses 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 comprising the items "land" and "buildings" is derived in part from the contribution in kind granted in 1998 by the Moroccan government, in connection with the transfer from ONPT to Maroc Telecom, when the latter was established.

When these assets were transferred, the property titles could not be registered with the property registry.

This situation was still unresolved at December 31, 2011. 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 work-in-progress. Assets financed by finance leases are capitalized at the lower of the 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 included 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 an indefinite useful life are subject to an annual impairment test 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 amount, 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 this is the case, as 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:

- assets measured at fair value through profit and 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 assets in this category are recognized 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 maturity 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 in the event of objective evidence of impairment. Impairment is recognized if the asset's carrying amount is greater than the present value of estimated future cash flows. At December 31, 2011, Maroc Telecom 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.

These assets are subject to impairment tests if there is an indication of impairment loss. Impairment is recognized if the asset's carrying amount is greater than the present value of estimated future cash flows, discounted at the original interest rate.

This item does not include loans to Maroc Telecom employees

Available-for-sale financial assets

Available-for-sale financial 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 statement of financial position in another way, or until it can be demonstrated that the investment is impaired indefinitely, 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 period end.

If the fair value cannot be determined accurately, available-for-sale assets are recognized at cost. In the event of objective evidence that the investment is impaired indefinitely, irreversible impairment is expensed.

When an available-for-sale financial asset generates interest, the amount of interest is calculated in accordance with the effective-interest method and is reported as income.

The main available-for-sale assets comprise nonconsolidated investment securities of 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 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

This item comprises trade and other receivables, which are initially recognized at fair value and then at amortized cost less impairment.

Trade accounts receivable include trade receivables and government receivables:

- *trade receivables: held against individuals, distributors, businesses, and international operator*.
- *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 divestiture and not by its continued utilization. To meet this definition, the asset must be available for immediate sale and the divestiture must be highly probable. These assets and liabilities are reclassified as assets held for sale and as liabilities associated with assets held for sale, without offset. The related assets recorded as assets held for sale are valued at the lower of fair value (net of divestiture fees) and cost less accumulated depreciation and impairment losses, and are no longer depreciated.

An operation is qualified as discontinued when the criteria for classification as an asset held for sale have been met, or when Maroc Telecom has sold the 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 consolidated 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 costs directly attributable to the borrowing.

The allocation of borrowings to current liabilities or to noncurrent liabilities is based on contractual maturity.

Derivative financial instruments

Maroc Telecom 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 reliably estimated. 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; and
- 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 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:

- 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;
- 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 value of deferred tax assets is reviewed at end of each period and reduced to the extent that it is no longer probable that a taxable profit will be available to allow the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the expected tax rates for the year during which the asset will be realized or the liability settled, on the basis of tax rates (and tax regulations) in force or substantially in force at the period end.

Current tax and deferred tax is charged or credited directly to equity, and not to profit or loss, if the tax relates to items that are credited or charged directly to equity.

2.3.14. Trade accounts payable

Trade accounts payable include other accounts payable. They are initially measured 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 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 are reported when it is probable that future economic benefits will flow to the Group, and 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.

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:

- income from domestic and international outbound and inbound calls under postpaid plans, which is recorded when generated;
- income from subscriptions;
- income from prepaid services, which 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, which 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 loyalty awards 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 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 cost

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 expenses

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 obligations 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 by the relevant departments on a regular basis and are reviewed by senior management.

The assessment of off-balance-sheet commitments relating to suppliers of fixed assets is carried out as follows:

- the difference between minimum commitments and commitments actually fulfilled relating to master service agreements and associated supplemental agreements (valued at more than MAD 25 million);
- the difference between firm orders and delivery for all other contracts.

Commitments arising from real-estate leases are estimated on the basis of one month's lease 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 called for by IFRS 8, Maroc Telecom has opted to report key financial and operating indicators by geographic area, through the creation, in parallel with domestic activity, of a new international segment that regroups the four 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 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 shares that would have been issued upon conversion of all potentially dilutive instruments convertible into ordinary shares.

At December 31, 2011, there were no potentially dilutive instruments.

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Note 2. SCOPE OF CONSOLIDATION FOR 2009, 2010, AND 2011

Company name	Legal form	% Group interest	% Capital held	Consolidation method
Maroc Telecom	**SA**	**100%**	**100%**	**FC**
Avenue Annakhil Hay Riad Rabat-Morocco				
Compagnie Mauritanienne de Communication (CMC)	**SA**			
December 31, 2011		**80%**	**80%**	**FC**
December 31, 2010		80%	80%	FC
December 31, 2009		80%	80%	FC
Avenue Roi Fayçal Nouakchott-Mauritanie				
Mauritel SA	**SA**			
December 31, 2011		**41%**	**52%**	**FC**
December 31, 2010		41%	52%	FC
December 31, 2009		41%	52%	FC
Avenue Roi Fayçal 7000 Nouakchott-Mauritanie				
Onatel	**SA**			
December 31, 2011		**51%**	**51%**	**FC**
December 31, 2010		51%	51%	FC
December 31, 2009		51%	51%	FC
705, AV. de la nation 01 BP10000 Ouagadougou				
Telmob*	**SA**			
December 31, 2011		**-**	**-**	**-**
December 31, 2010		-	-	-
December 31, 2009		51%	51%	FC
705, AV. de la nation 01 BP10000 Ouagadougou				
Gabon Telecom	**SA**			
December 31, 2011		**51%**	**51%**	**FC**
December 31, 2010		51%	51%	FC
December 31, 2009		51%	51%	FC
B.P. 40 000 Libreville-Gabon				
Libertis**	**SA**			
December 31, 2011		**-**	**-**	**-**
December 31, 2010		51%	51%	FC
December 31, 2009		51%	51%	FC
B.P. 8900 immeuble 9 étages Libreville-Gabon				
Sotelma	**SA**			
December 31, 2011		**51%**	**51%**	**FC**
December 31, 2010		51%	51%	FC
December 31, 2009		51%	51%	FC
Route de Koulikoro, quartier Hippodrome, BP 740, Bamako-Mali				
Medi-1-Sat	**SA**			
December 31, 2011		**-**	**-**	**-**
December 31, 2010		5%	5%	-
December 31, 2009		31%	31%	EM
Zone franche, lot n°31 BP 2397-Tangier-Morocco				
Casanet	**SA**			
December 31, 2011		**100%**	**100%**	**FC**
December 31, 2010		-	-	-
December 31, 2009		-	-	-
Technopark 8th floor, Route d'Enouacer, Casablanca				

Mobisud Belgique	**SA**			
December 31, 2011		**0%**	**0%**	**-**
December 31, 2010		0%	0%	-
December 31, 2009		100%	100%	FC
Avenue Louise 283Bte 4 1050 Brussels-Belgium				

(*)In 2010, Onatel merged with Telmob;

(**)In 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.

Maroc Telecom is fully consolidated by Vivendi.

Maroc Telecom deconsolidated Mobisud France on June 1, 2009.

Sotelma has been fully consolidated by Maroc Telecom since August 1, 2009.

Maroc Telecom deconsolidated Mobisud Belgique on July 1, 2010.

Casanet has been fully consolidated by Maroc Telecom since January 1, 201.

Note 3. GOODWILL AT DECEMBER 31, 2009, 2010, AND 2011

(In MAD millions)	December 31, 2011	December 31, 2010	December 31, 2009
Mauritel	137	137	137
Onatel	1,838	1,838	1,838
Gabon Telecom	142	142	142
Sotelma	4,741	4,748	5,154
Casanet	5		
Net total	**6,863**	**6,865**	**7,271**

(*)Sotelma's goodwill was calculated by applying IFRS 3 (revised) and 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) of goodwill is tested for impairment. Impairment tests compare the carrying value of each CGU with its discounted expected future cash flows. CGUs correspond to activities within each business segment (fixed line and mobile).

Impairment is tested on the basis of an eight-year business plan.

Impairment tests on goodwill are based on the following assumptions:

CGU	Evaluation method	Discount rate in local currency	Growth rate to infinity
Mauritel	DCF	19.0%	3.0%
Onatel	DCF	13.7%	3.0%
Gabon Telecom	DCF	11.7%	3.0%
Sotelma	DCF	13.5%	3.0%

DCF : Discounted Cash Flows.

(In MAD millions)	Beginning of period	Impairment	Translation adjustments	Change in scope of consolidation	End of period
2009	**2,117**	**0**	**7**	**5,147**	**7,271**
Mauritel	**137**				**137**
Onatel	**1,838**				1,838
Gabon Telecom	**142**				142
Sotelma			**7**	**5,147**	**5,154**
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

Note 4. Other intangible assets at December 31, 2009, 2010, and 2011

(In MAD millions)	December 31, 2011	December 31, 2010	December 31, 2009
Software	2,288	2,372	2,465
Telecom license	918	1,041	603
Other intangible assets	476	651	655
Net total	**3,683**	**4,064**	**3,723**

“Mobile license” includes the 2G licenses of Mauritel, Onatel, Gabon Telecom, and Sotelma, and two 3G licenses, one acquired by Maroc Telecom and the other by Mauritel.

“Other intangible assets” includes mainly patents and brands, and the customer bases of Onatel, Gabon Telecom, and Sotelma.

Intangible assets decreased in 2011 because of a slight decline in investments volume in:

- the mobile network (IN platforms; new value-added services; network-software upgrades);
- the fixed-line network (ADSL, fiber-optic lines, corporate networks);
- information systems.

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2011

(In MAD millions)	2010	Acquisitions and additions	Disposals and withdrawals	Translation adjust-ment	Change in scope of consolidation	Reclassi-fication	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 and adjustment	Change in scope of consolidation	Reclassi-fication	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**

2009

(In MAD millions)	2008	Acquisitions And additions	Disposals and withdrawals	Translation and adjustment	Change in scope of consolidation	Reclassi-fication	2009
Gross	**7,969**	**693**	**0**	**(27)**	**12**	**(279)**	**8,368**
Software	5,436	667	0	(10)	33	(557)	5,569
Telecom license	896			(17)	5		883
Other intangible assets	1,637	26			(26)	278	1,916
Amortization and impairment	**(4,080)**	**(1,077)**	**0**	**15**	**(8)**	**504**	**(4,646)**
Software	(2,847)	(735)		6	(34)	504	(3,105)
Telecom license	(228)	(60)		9	(2)		(280)
Other intangible assets	(1,006)	(282)		0	27		(1,261)
Net total	**3,889**	**(384)**	**0**	**(12)**	**4**	**225**	**3,723**

The reclassification column concerns transfers between line items of intangible assets and the restatement of asset retirements not recorded in the individual statements.

Note 5. PROPERTY, PLANT, AND EQUIPMENT at December 31, 2009, 2010, and 2011

(In MAD millions)	December, 31 2011	December, 31 2010	December , 31 2009
Land	1,436	1,407	1,395
Buildings	2,933	2,455	1,909
Technical plant, machinery, and equipment	19,240	18,249	13,080
Transportation equipment	122	125	151
Office equipment, furniture, and fittings	852	869	846
Other property plant, and equipment	266	272	4,087
Net total	**24,850**	**23,378**	**21,468**

The amounts for technical plant relating to the telecommunications network 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.

2011

(In MAD millions)	2010	Acquisitions additions	Disposals and withdrawals	Translation adjustments	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 PP&E	295	18	(26)			(3)		284
Amortization 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 PP&E	(23)					6		(17)
Net total	**23,378**	**1,676**	**(35)**	**(9)**	**2**	**(217)**	**56**	**24,850**

2010

(In MAD millions)	2009	Acquisitions additions	Disposals and withdrawals	Translation adjustments	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 PP&E	4,262	78		(1)	(1)	(4,043)		295
Amortization 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 PP&E	(175)	(14)		0		166		(23)
Total net	**21,468**	**2,366**	**(155)**	**(90)**	**(1)**	**(269)**	**58**	**23,378**

2009

(In MAD millions)	2008	Acquisitions additions	Disposals and withdrawals	Translation adjustments	Change in scope of consolidation	Reclassification	Assets held for sale	2009
Gross	**48,062**	**5,153**	(892)	(41)	**4,671**	**(310)**	**44**	**56,687**
Land	1,362	6	(35)	1	33	0	36	1,403
Buildings	5,706	176	(6)	(1)	122	(166)	8	5,839
Technical plant, machinery, and equipment	34,157	3,739	(549)	(27)	4,449	(112)	0	41,657
Transportation equipment	266	104	(1)	(1)	43	(3)	0	409
Office equipment, furniture, and fittings	2,810	310	0	(1)	0	(1)	0	3,117
Other PP&E	3,761	818	(301)	(12)	24	(28)	0	4,262
Amortization and impairment	**(29,378)**	**(3,039)**	**553**	**(54)**	**(3,566)**	**266**	**(4)**	**(35,220)**
Land	(8)	0	0	0	0	0	0	(8)
Buildings	(3,706)	(218)	4	(2)	(73)	69	(4)	(3,930)
Technical plant, machinery, and equipment	(23,269)	(2,541)	549	(55)	(3,452)	190	0	(28,577)
Transportation equipment	(203)	(18)	1	1	(41)	3	0	(258)
Office equipment, furniture, and fittings	(2,021)	(257)	0	1	0	3	0	(2,271)
Other PP&E	(171)	(5)	0	0	0	0	0	(175)
Total net	**18,684**	**2,113**	**(339)**	**(95)**	**1,105**	**(44)**	**40**	**21,468**

The reclassification column concerns transfers between line items of property, plant, and equipment.

Note 6. Investments in equity affiliates at December 31, 2009, 2010, and 2011

In January 2010, the arrival of new partners in Medi-1-Sat diluted Maroc Telecom's equity interest, which fell from 30.5% to 4.8% and thereby entailed deconsolidation.

6.1 Principal investments in equity affiliates at December 31, 2009, 2010, and 2011

(In MAD millions)	% of interest			Value of equity affiliates		
	12/31/11	12/31/10	12/31/09	12/31/11	12/31/10	12/31/09
Medi-1-Sat	5%	5%	31%	0	0	0
Total net	**5%**	**5%**	**31%**	**0**	**0**	**0**

The information relating to equity affiliates is derived from the individual financial statements prepared in accordance with Moroccan generally accepted accounting principles (GAAP).

6.2 Financial information relating to equity affiliates at December 31, 2009, 2010 and 2011

(In MAD millions)	December 31, 2011	December 31, 2010	December 31, 2009
Revenues	0	0	4
Earnings from operations	0	0	(127)
Net earnings	0	0	(139)
Total assets and liabilities	**0**	**0**	**100**

Note 7. Noncurrent financial assets at December 31, 2009, 2010, and 2011

(In MAD millions)	Note	December 31, 2011	December 31, 2010	December 31, 2009
Nonconsolidates investments	7.1	98	117	115
Other financial assets*		198	327	457
Net total		**296**	**444**	**572**

*"Other financial assets" includes mainly cash held by banks against loans to Sotelma for MAD 75 million, to Onatel for MAD 26 million, and to Gabon Telecom for MAD 22 million.

At December 31, 2011, maturities of other financial assets were as follows:

(In MAD millions)	December 31, 2011	December 31, 2010	December 31, 2009
Due within one year	28	125	282
Due between 1 and 5 years	24	181	156
Due after 5 years	146	21	20
Net total	**198**	**327**	**457**

7.1 Unconsolidated interests:

2011

(In MAD millions)	% Interest	Gross	Impairment	Net carrying amount	Earnings	Total equity
Matelca	50%	NM	NM	NM	NA	NA
Arabsat	NM	13	0	13	NA	NA
Autoroute du Maroc	NM	20	4	16	NA	NA
Thuraya	NM	10	0	10	NA	NA
Fond d'amorçage Sindbad	10%	5	5	0	NA	NA
Medi-1-Sat	5%	62	62	0	NA	NA
Rascom	NM	47	8	38	NA	NA
Sonatel	NM	8	2	6	NA	NA
CMTL	NM	6	4	2	NA	NA
INMASAT	NM	12	0	12	NA	NA
IMT/GIE	NA	1	0	1	NA	NA
Total		**183**	**85**	**98**	**NA**	**NA**

2010

(In MAD millions)	% Interest	Gross	Impairment	Net carrying amount	Earnings	Total equity
Casanet	100%	18	0	18	ND	ND
Matelca	50%	NS	NS	NS	ND	ND
Arabsat	NS	13	0	13	ND	ND
Autoroute du Maroc	NS	20	4	16	ND	ND
Thuraya	NS	10	0	10	ND	ND
Fond d'amorçage Sindbad	10%	5	5	0	ND	ND
Medi-1-Sat	5%	62	62	0	ND	ND
Rascom	NS	47	9	38	ND	ND
Sonatel	NS	8	0	8	ND	ND
CMTL	NS	6	4	2	ND	ND
INMASAT	NS	12	0	12	ND	ND
IMT/GIE	ND	1	0	1	ND	ND
Total		**201**	**84**	**117**	**ND**	**ND**

2009

(In MAD millions)	% Interest	Gross	Impairment	Net carrying amount	Earnings	Total equity
Casanet	100%	18	0	18	ND	ND
Matelca	50%	NS	NS	NS	ND	ND
Arabsat	NS	13	0	13	ND	ND
Autoroute du Maroc	NS	20	4	16	ND	ND
Thuraya	NS	10	0	10	ND	ND
Fond d'amorçage Sindbad	10%	5	5	0	ND	ND
Rascom	NS	47	10	37	ND	ND
Sonatel	NS	6	0	6	ND	ND
CMTL	NS	6	4	2	ND	ND
INMASAT	NS	13	0	13	ND	ND
Total		**138**	**23**	**115**	**ND**	**ND**

In 2011, the share of affiliated listed companies was immaterial (i.e., low exposure of share price to market risk).

Note 8. Change in deferred taxes at December 31, 2009, 2010, and 2011

8.1 Change in deferred taxes

(In MAD millions)	December 31, 2011	December 31, 2010	December 31, 2009
Assets	51	116	63
Liabilities	218	123	127
Net asset position	**(167)**	**(7)**	**(63)**

8.2 Components of deferred assets and liabilities

2011

(In MAD millions)	12/31/09	12/31/10	Profit or loss	Equity impact	Change in scope of consolidation	Reclassifi-cation	Translation adjustments	12/31/11
Assets	63	116	(68)		2		1	51
Liabilities	127	123	95				(1)	218
Net asset position	**(63)**	**(7)**	**(163)**	**0**	**2**	**0**	**1**	**(167)**

2010

(In MAD millions)	12/31/08	12/31/09	Profit or loss	Equity impact	Change in scope of consolidation	Reclassifi-cation	Translation adjustments	12/31/10
Assets	18	63	4		51		(2)	116
Liabilities	100	127	(3)				(1)	123
Net asset position	**(82)**	**(63)**	**7**	**0**	**51**	**0**	**(1)**	**(7)**

2009

(In MAD millions)	12/31/07	12/31/08	Profit or loss	Equity impact	Change in scope of consolidation	Reclassifi-cation	Translation adjustments	12/31/09
Assets	204	18	25		1	20	1	63
Liabilities	0	100	6			20	0	127
Net asset position	**204**	**(82)**	**18**	**0**	**1**	**0**	**(1)**	**(63)**

Changes in deferred taxes from 2010 to 2011 were primarily due to Sotelma (MAD -147 million), because of the consumption of a Sotelma 2010 tax loss carryforward for MAD 86 million and the recognition of a customer provision for MAD 55 million.

(In MAD millions)	December 31, 2009	December 31, 2010	December 31, 2011
-Impairment deductible in later period	105	127	180
-Restatements of revenues	(62)	(74)	54
-Tax-loss carryforward Sotelma		(86)	
-Other	(210)	27	(298)
Net asset position	**(167)**	**(7)**	**(63)**

To ensure better comparability, reclassifications have been made for 2009 and 2010.

Note 9. Inventories at December 31, 2009, 2010, and 2011

(In MAD millions)	December 31, 2011	December 31, 2010	December 31, 2009
Inventories	877	955	814
Impairment (-)	(168)	(177)	(162)
Net total	**709**	**779**	**653**

Inventories at December 31, 2011, comprised mainly Maroc Telecom's inventories, including:

- MAD 364 million in mobile handsets;

- MAD 55 million in fixed-line handsets;

- MAD 75 million in multimedia handsets;

- MAD 197 million in consumable materials and supplies.

Changes in inventories are recorded under "Cost of purchases."

Inventory impairment is recorded under "Amortization, depreciation, and charges to provisions."

Note 10. Trade accounts receivable and other at December 31, 2009, 2010, and 2011

(In MAD millions)	December 31, 2011	December 31, 2010	December 31, 2009
Accounts receivable	8,514	8,341	8,796
Other receivables and accruals	2,887	2,114	2,295
Net total	**11,401**	**10,454**	**11,091**

10.1 Accounts receivable

(In MAD millions)	December 31, 2011	December 31, 2010	December 31, 2009
Trade receivables	11,264	11,935	11,179
Government receivables	3,487	2,412	3,406
Impairment of receivables	(6,237)	(6,006)	(5,790)
Net total	**8,514**	**8,341**	**8,795**

At December 31, 2011, net receivables totaled MAD 8,514 million, of which MAD 2,971 million was outstanding.

Of the MAD 5,543 million due, MAD 3,191 millions is related to credit claims with a priority of less than 180 days.

10.2 Other receivables and accruals

(In MAD millions)	December 31, 2011	December 31, 2010	December 31, 2009
Trade receivables, advances, and deposits	186	199	288
Employee receivables	46	43	68
Tax receivables	1,760	950	1,067
Other receivables	767	810	774
Accruals	128	112	98
Total net	**2,887**	**2,114**	**2,295**

Trade receivables, advances, and deposits, employee receivables, tax 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.

"Tax receivables" comprises mainly VAT and corporate tax items. In 2011, the balance of 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. Short-term financial assets at December 31, 2009, 2010, and 2011

(In MAD millions)	December 31, 2011	December 31, 2010	December 31, 2009
Term deposit > 90 days			
Escrow accounts (1)	115	142	45
Short term investments			
Total	**115**	**142**	**45**

(1) In order to minimize its equity risk, Maroc Telecom mandated Rothschild & Cie to implement a liquidity agreement on the Paris stock exchange and a share-price-stabilization agreement with the Casablanca stock exchange.

Note 12. Cash and cash equivalents at December 31, 2009, 2010, and 2011

(In MAD millions)	December 31, 2011	December 31, 2010	December 31, 2009
Cash	537	612	560
Cash equivalents	80	176	314
Cash and cash equivalents	**617**	**788**	**874**

Change in cash and cash equivalents

(In MAD millions)	December 31, 2011	December 31, 2010	December 31, 2009
Net cash from operating activities	12,717	16,079	14,816
Net cash used in investing activities	(5,093)	(7,151)	(8,583)
Net cash used in financing activities	(7,788)	(9,010)	(8,002)
Foreign-currency translation adjustments	(8)	(5)	(35)
Change in cash and cash equivalents	**(171)**	**(86)**	**(1,804)**
Cash and cash equivalents at beginning of period	788	874	2,678
Cash and cash equivalent at end of period	617	788	874
Change in cash and cash equivalents	**(171)**	**(86)**	**(1,804)**

Cash flow from operating activities

At December 31, 2011, cash flow 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).

At December 31, 2010, cash flow from operating activities amounted to MAD 16,079 million MAD 1,263 million higher than at December 31, 2009. This increase was due improved net earnings and working capital requirements.

Cash flow from investing activities

Cash flow from investing activities represented a total use in 2011 of MAD 5,093 million, 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 abroad.
The change in cash flow from investing activities from 2009 to 2010 was due mainly to the lack of acquisitions by subsidiaries in 2010 and to improved working capital requirements, despite higher expenditures for PP&E and intangible assets.

Cash flow from financing activities

Cash flow from financing activities represented MAD 7,788 million in 2011, compared with a use of MAD 9,010 million in 2010, because of higher borrowing, particularly the Maroc Telecom overdraft (+MAD 2,394 million).
At December 31, 2010, cash flow from financing activities amounted to -MAD 9,010 million, compared with -MAD 8,002 million in 2009. This deterioration was due mainly to changes in Maroc Telecom's current accounts payable, which came to MAD 1,173 million.

Note 13. dividends

13.1 Dividends

(In MAD millions)	December 31, 2011	December 31, 2010	December 31, 2009
Dividends paid by subsidiaries to minority shareholders (a)			
-Mauritel	151	269	145
-Onatel	86		
-Gabon Telecom	79		
-Sotelma	96		
-Other			
	412	**269**	**145**
Dividends paid by Maroc Telecom to shareholders (b)			
-Moroccan government	2,790	2,719	2,855
-Vivendi	4,929	4,804	5,043
-Other	1,581	1,541	1,618
	9,301	**9,065**	**9,516**
Total dividend paid (a)+(b)	**9,713**	**9,333**	**9,661**

13.2 Dividend proposed for 2011

At the board meeting convened on February 24, 2012, for the purpose of approving the financial statements for fiscal year 2011 and appropriating net earnings, the Supervisory Board decided to propose to shareholders a dividend payment of MAD 9.26 per share, or an aggregate payment of MAD 8,140 million. This proposal was submitted to the Supervisory Board at its meeting on February 24, 2012.

Note 14. Provisions at December 31, 2009, 2010, and 2011

Provisions for liabilities mainly relate to disputes with employees and third parties. They are evaluated on a case-by-case basis.

Provisions for contingencies and losses are analyzed as follows:

(In MAD millions)	December 31, 2011	December 31, 2010	December 31, 2009
Noncurrent provisions	**701**	**668**	**229**
Provisions for life annuities	23	24	25
Provisions for termination benefits	166	145	140
Provisions for disputes with third parties	18	24	16
Other provisions	494	476	48
Current provisions	**145**	**157**	**504**
Provisions for voluntary redundancy plan	0	0	0
Provisions for employee-related expenses	0	0	30
Provisions for disputes with third parties	145	157	165
Other provisions	0	0	309
Total	**846**	**825**	**733**

2011

(In MAD millions)	2010	Charges	Utilized	Change in scope of conso-lidation	Translation adjustment	Releases	Reclassi-fication	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 year-on-year rise in provisions in 2011 was attributable mainly to an additional provision of MAD 25 million for pensions of Maroc Telecom subsidiaries.

2010

(In MAD millions)	2009	Charges	Utilized	Change in scope of conso-lidation	Translation adjustment	Releases	Reclassi-fication	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**

At December 31, 2010, Maroc Telecom recognized a noncurrent provision of MAD 175 million relating to a tax audit (see Note 25); for the same reason, the MAD 293 million provision for the 2009 fiscal year was reclassified because it was no longer current.

2009

(In MAD millions)	2008	Charges	Utilized	Change in scope of consolidation	Translation adjustment	Releases	Reclassification	2009
Noncurrent provisions	**179**	**21**	(4)	44	**0**	**0**	**(11)**	**229**
Provisions for life annuities	26		(1)					25
Provisions for termination benefits	90	8	(2)	44	0			140
Provisions for disputes with third parties	4	13	(1)		0			16
Other provisions	59	0					(11)	48
Current provisions	**519**	**321**	**0**	**0**	**(1)**	**(156)**	**(179)**	**504**
Provisions for voluntary redundancy plan	179				0		(179)	0
Provisions for employee-related expenses	22	11			(2)			30
Provisions for disputes with third parties	182	17			0	(20)	(15)	165
Other provisions	137	293				(136)	15	309
Total	**698**	**342**	**(4)**	**44**	**(1)**	**(156)**	**(191)**	**733**

The provision of MAD 179 million for restructuring, corresponding to the voluntary redundancy plan initiated by Gabon Telecom in 2008, was reclassified in accounts payable after the signing of a memorandum of understanding with the Gabonese state.

Note 15. Borrowings and other financial liabilities at December 31, 2009, 2010, and 2011

15.1. Net cash position

(In MAD millions)	31 December 2011	31 December 2010	31december 2009
Borrowing due in less than one year	2,773	2,387	1,238
Borrowing due in more than one year	1,782	2,404	3,108
Facilities and overdrafts	3,046	564	459
Borrowings and financial liabilities	**7,601**	**5,354**	**4,805**
Cash and cash equivalents	617	788	874
Escrow accounts	123	247	368
Net cash position	**(6,862)**	**(4,319)**	**(3,564)**

15.2. Net cash by maturity

The breakdown by maturity is based on the repayment terms and conditions of the borrowings.

2011

(In MAD millions)	< 1 year	1 to 5 years	> 5 years	Total
Borrowings from credit institutions	2,773	1,735	47	4,555
Facilities and overdrafts	3,046			3,046
Borrowings and financial liabilities	**5,819**	**1,735**	**47**	**7,601**
Cash and cash equivalents	617			617
Escrow accounts	123			123
Net cash position	**(5,080)**	**(1,735)**	**(47)**	**(6,862)**

2010

(In MAD millions)	< 1 year	1 to 5 years	> 5 years	Total
Borrowings from credit institutions	2,387	2,324	80	4,791
Facilities and overdrafts	564			564
Borrowings and financial liabilities	**2,950**	**2,324**	**80**	**5,354**
Cash and cash equivalents	788			788
Escrow accounts	225	22		247
Net cash position	**(1,937)**	**(2,302)**	**(80)**	**(4,319)**

2009

(In MAD millions)	< 1 year	1 to 5 years	> 5 years	Total
Borrowings from credit institutions	1,238	2,984	124	4,346
Facilities and overdrafts	459			459
Borrowings and financial liabilities	**1,697**	**2,984**	**124**	**4,805**
Cash and cash equivalents	874			874
Escrow accounts	251	117		368
Net cash position	**(572)**	**(2,867)**	**(124)**	**(3,563)**

15.3 Summary table

Company	(In MAD millions)	Interest rate %	Maturity	December 31, 2011	December 31, 2010	December 31, 2009
Maroc Telecom	Borrowing Attijari wafabank	4.6%	July-14	2,893	2,270	1,663
Maroc Telecom	Advance in current accounts - SPT	3.5%	February-12	-	1,173	1,224
Maroc Telecom	Banks, overdrafts	3.9%	May-12	447	464	2,858
Mauritel	Borrowing Saudi development Fund	2.5%	-	1	-	-
Mauritel	ZTE leasing contract	11.0%	May-17	-	-	26
Mauritel	Short term borrowing Attijari	8.5%	April-12	-	-	102
Onatel	Borrowing SBIF 2005-2011	6.7%	June-11	146	70	-
Onatel	CONS.BIB-ECOBANK-BICIA	7.7%	July-12	101	66	30
Onatel	Borrowing BOAD 96.00	6.0%	July-11	12	4	-
Onatel	Borrowing BEI	2.0%	December-10	7	-	-
Onatel	Borrowing AFD1110-1111	2.0%	October-18	19	16	14
Onatel	Borrowing SGBB 2008	6.4%	November-13	87	66	46
Onatel	Borrowing BOA 2008	6.4%	December-14	87	68	51
Onatel	Borrowing BOAD 09 00	8.0%	July-10	34	17	-
Onatel	Borrowing BIB 2008	6.0%	December-13	33	26	20
Onatel	Borrowing SFI 2008	7.6%	July-13	88	65	43
Onatel	Borrowing BICIAI 2008	6.3%	September-15	88	86	69
Onatel	Credit spot Onatel	5.7%	-	110	118	262
Onatel	Borrowing BICIA 2010	5.4%	December-13	-	85	56
Onatel	Borrowing BICIA 2011	5.5%	July-16	-	-	87
Onatel	Banks, overdrafts	8.5%	-	3	27	126
Gabon Telecom	Borrowing AFD	5.0%	-	2	2	2
Gabon Telecom	Borrowing COMMERZBANK	Euribor+0.75%	December-13	56	39	24
Gabon Telecom	Credit spot BGFI	5.5%	-	-	34	-
Gabon Telecom	BGFI Bank	7.5%	November-15	-	-	134
Gabon Telecom	ALCATEL PHASE II	Euribor+0.75%	March-11	70	11	-
Gabon Telecom	Borrowing HUAWEI	5.0%	September-13	-	-	136
Gabon Telecom	Banks, overdrafts	7.0%	-	9	56	39
Sotelma	Borrowing DGDP/CFD OP	2.0%	April-20	2	2	2
Sotelma	Borrowing DGDP/CFD OY	5.0%	October-10	2	-	-
Sotelma	Borrowing DGDP/CFD OD	2.0%	October-14	15	12	9
Sotelma	Borrowing AFD OE/CML 1026 01 S	3.0%	April-18	28	24	21
Sotelma	Borrowing AFD OR/CML 1147 01 W	2.0%	April-12	1	1	0
Sotelma	Borrowing AFD OM/CML 1065 02 W	2.0%	October-16	1	1	0
Sotelma	Borrowing AFD OY/CML 1065 03 X	2.0%	October-16	22	18	15
Sotelma	Borrowing BOAD PR ML 2001 01 00	6.0%	January-11	23	8	-
Sotelma	Borrowing NKF NIO-ORET/97114	2.0%	April-11	8	11	-
Sotelma	Borrowing RASCOM/GPTC	0.0%	-	8	9	9
Sotelma	Borrowing DGDP/NKF	0.0%	September-15	41	34	27
Sotelma	Borrowing ECOBANK	7.0%	February-11	20	7	-
Sotelma	Borrowing BIM Projet Fibre Optique	9.0%	February-11	21	4	-
Sotelma	Borrowing BIM Projet CDMA Kayes	9.0%	April-12	38	23	8
Sotelma	Borrowing HUAWEI PHASE I	4.2%	December-13	-	236	235
Sotelma	Third party account	-	-	-	-	56
Sotelma	Credit spot	6.4%	January-12	-	-	98
Sotelma	Borrowing BDM SA PHASE II	8.5%	January-13	252	167	25
Sotelma	Borrowing BDM SA PHASE II BIS	7.5%	January-13	32	16	61
Sotelma	Banks, overdrafts	9.0%	-		17	23
Total	**Borrowings and other financial liabilities**			**4,805**	**5,354**	**7,601**

Note 16. Accounts payable at December 31, 2009, 2010, and 2011

(In millions of Moroccan dirhams)	31 December 2011	31 December 2010	31december 2009
Trade accounts payable	9,561	8,563	8,491
Employee-related liabilities	855	871	900
Tax liabilities and other payables	5,150	5,760	5,500
Accruals	2,034	1,823	1,945
Total	**17,600**	**17,017**	**16,836**

In 2011, trade accounts payable rose MAD 583 million from the level a year earlier. This change was attributable mainly to longer payment terms by suppliers.
Starting in fiscal-year 2011, other noncurrent liabilities were classified under noncurrent liabilities instead of under payables. In addition, reclassifications were carried out for 2009 and 2010, to facilitate comparability.

Note 17. Revenues for 2009, 2010, and 2011

(In MAD millions)	2011	2010	2009
Morocco	25,030	26,191	25,764
International	6,066	5,572	4,666
Mauritania	1,202	1,184	1,105
Burkina Faso	**1,733**	**1,764**	**1,662**
Gabon	1,047	1,044	1,220
Mali	2,123	1,575	554
Mobisud	-	**28**	**125**
Total consolidated gross revenues	**31,096**	**31,763**	**30,430**
Elimination of intersegment transactions	**259**	**146**	**122**
Total consolidated net revenues	**30,837**	**31,617**	**30,308**

In 2011, Maroc Telecom Group generated consolidated revenues of MAD 30,837 million, a decline of 2.5% year on year, and of 2.3% like for like. Group activities in Morocco declined by 4.4%. However, those of international subsidiaries rose by 9%.

Note 18. Cost of purchases for 2009, 2010, and 2011

(In MAD millions)	2011	2010	2009
Cost of handsets	1,474	1,761	1,811
Domestic and international interconnection charges	2,971	2,543	2,234
Other purchases	1,111	894	834
Total	**5,556**	**5,198**	**4,880**

“Cost of purchases” comprises the cost of handsets, domestic and international interconnection charges, and other purchases

“Other purchases” includes purchases of energy (fuel and electricity), the cost of purchasing phone cards, and other consumables.

Cost of purchases rose from MAD 5,198 million in 2010 to MAD 5,556 million in 2011, an increase of 6.9% attributable to the combined increase of domestic (the result of more traffic to other operators) and international interconnection charges and other consumables, and despite the decline in handset costs(-16.3% compared with 2010).

Note 19. Payroll costs for 2009, 2010, and 2011

(In MAD millions)	2011	2010	2009
Wages	2,394	2,317	2,226
Payroll taxes	375	404	350
Wages and taxes	**2,769**	**2,721**	**2,576**
Share-based compensation	27	24	28
Payroll costs	**2,796**	**2,746**	**2,604**
Average headcount	**13,744**	**1, 853**	**14,423**

This item includes the payroll costs for the period, excluding redundancy costs, which were recognized as other operating expenses.

In 2011, payroll costs rose by 1.8% on an annual basis, from MAD 2,746 million in 2010 to MAD 2,796 million in 2011. In Morocco, payroll costs (net of taxes) increased slightly, from MAD 2,169 million in 2010 to MAD 2,172 million in 2011 (+0.1%), with the average headcount stable.

In 2010, payroll costs rose 5.5% from a year earlier: from MAD 2,604 million in 2009 to MAD 2,746 million in 2010. In Morocco, the total payroll remained almost unchanged year on year, with the average headcount stable.

Note 20. Taxes, duties, and fees for 2009, 2010, and 2011

(In MAD millions)	2011	2010	2009
Taxes and duties	359	337	286
fees	944	591	591
Total	**1,303**	**928**	**877**

Taxes and duties include local taxes (business registration fees, various urban 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.

Fees correspond to amounts paid to the telecommunications regulatory authority with respect to universal service and training.

In 2011, the level of fees was 59.7% higher than in 2010, mainly because of changes in fees (+MAD 353 million).

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.

In 2010, the level of fees was similar to that in 2009.

Note 21. Other operating income and expenses for 2009, 2010, and 2011

(In MAD millions)	2011	2010	2009
Communication	637	621	558
Commissions	1,260	1,337	1,197
Other including:	2,042	1,869	2,028
Rental expenses	594	663	599
Maintenance, repair, and property-service charges	847	802	785
Remuneration for intermediaries and consulting fees	338	385	384
Postage and banking services	135	108	103
Voluntary redundancy plan	3	0	3
Other	124	(90)	155
Total	**3,939**	**3,827**	**3,783**

Other operating income and expenses rose slightly in 2011, by 2.9%.

The most significant changes concern the following items:

- Higher expenses of communication: with regards to changes in activity, communications on Nomadis service (free roaming between subsidiaries of Maroc Telecom), sponsorship and gifts for customers
- Lower lease expenses: termination of circuits leased by Gabon Telecom to Intelsat, decrease by 24% of internet links lease expenses at Mauritel
- Higher expenses for maintenance and repair: increase relating to the large number of GSM sites deployed at various subsidiaries (+659 BTS), the security measures taken in response to vandalism at Onatel and new contracts for platform and network maintenance
- The commissions were down 6% due to :
  - ✓ Reduced commissions paid by Mauritel (impact of the electronic topup) and Gabon Telecom (16% lower prepaid revenues).
  - ✓ Increased commissions of Onatel and Sotelma (correlated with the sharp rise in prepaid mobile sales).

The main changes in 2009-2010 were as follows:

- communication: +11.3%, an annual increase attributable mainly to Maroc Telecom (+6%) and to the full-year consolidation of Sotelma in 2010;
- commissions: +11.7%, related to strong revenue growth, particularly from Onatel and Sotelma (partly because of full-year consolidation in 2010);
- rental expenses: +10.9%;
- maintenance and repair: +2.2%.

The change in “Other,” from MAD 155 million to MAD -90 million, resulted mainly from noncurrent items of Maroc Telecom. This line item includes reversals in 2010 of trade payables, for MAD 100 million, in addition to a base effect of MAD 136 million in 2009 attributable to lower revenues and to expenses from the settlement of a legal dispute with a supplier.

Note 22. Depreciation, amortization, and charges to provisions for 2009, 2010, and 2011

(In MAD millions)	2011	2010	2009
Depreciation and impairment of fixed assets	4,637	4,351	4,127
Net provisions and impairment	232	239	65
Total	**4,869**	**4,591**	**4,193**

Depreciation, amortization, and charges to provisions amounted to MAD 4,869 million at December 31, 2011, compared with MAD 4,591 million a year earlier. This 6.0% increase is attributable mainly to higher depreciation and impairment of fixed assets (+MAD 286 million).

Depreciation and impairment of fixed assets

The following table shows the charges related to the depreciation and impairment of fixed assets of Maroc Telecom Group for the years ended December 31, 2009, 2010, and 2011.

(In MAD millions)	2011	2010	2009
Other intangible assets	1,059	1,069	1,072
Building and civil engineering	182	214	218
Technical plants and pylons	3,080	2,788	2,571
Other property, plant, and equipment	316	280	266
Total	**4,637**	**4,351**	**4,127**

Net charges to provisions and impairment

The following table shows the net charges to provisions and impairment of Maroc Telecom Group for the years ended December 31, 2009, 2010, and 2011:

(In MAD millions)	2011	2010	2009
Impairment of trade receivables	201	191	161
Impairment of inventories	18	15	(15)
Impairment of other receivables	(3)	1	(11)
Provisions	16	32	(70)
Net charges and reversals	**232**	**239**	**65**

Net charges to provisions and impairment came to nearly the same amount as the previous year's: MAD 232 million at December 31, 2011, compared with MAD 239 million in 2010. This change reflected the combined effect of the following items:

- impairment of trade receivables: an annual increase of MAD 10 million;
- provisions: an annual decrease of MAD 16 million.

At December 31, 2010, net charges to provisions and impairment amounted to MAD 239 million, compared with MAD 65 million in 2009. This change reflected the combined effect of the following items:

- impairment of trade receivables: the increase was attributable mainly to a base effect (reversal in 2009 of MAD 92 million relating to the Moroccan administrations); in 2011, this item was adjusted downwards, in the amount of MAD 37 million, because of Onatel's FY 2010;
- provisions: the increase was attributable to Maroc Telecom because of the reversal in 2009 of an

unused provision for tax liabilities (MAD 93 million) set aside in 2008.

Note 23. Income from equity affiliates for 2009, 2010, and 2011

(In MAD millions)	2011	2010	2009
Medi-1-Sat	0	0	43
Total	**0**	**0**	**43**

At December 31, 2010, no companies were accounted for by the equity method in the consolidated financial statements of Maroc Telecom, after the decrease in Maroc Telecom's equity interest in Medi-1-Sat from 31% in 2009 to 5% in 2010.

Note 24. Net financial income (expense) for 2009, 2010, and 2011

24.1 Borrowing costs

(In MAD millions)	2011	2010	2009
Income from cash and cash equivalents	20	37	79
Interest expense on loans	(331)	(273)	(228)
Net borrowing costs	**(311)**	**(236)**	**(149)**

Net borrowing costs include income from cash and cash equivalents (short-term investment income) minus primarily interest and prepaid-loan expenses. Net borrowing costs are affected by foreign-exchange gains and losses, because the Group takes in revenue, pays expenses, and takes out loans in foreign currencies.

Maroc Telecom Group cash assets are deposited with banks and the national treasury, either through interest-bearing sight accounts or in short-term deposits not exceeding three months. Maroc Telecom does not make any risky investments (e.g., mutual funds, stocks, bonds, and derivatives).

In 2011, the rise of MAD 311 million in net borrowing costs corresponded to a 21% increase in interest expenses, mainly from Maroc Telecom (SPT current-account advances and bank financing) and from a 46% decline in income from cash and cash equivalents.

In 2010, the rise of MAD 236 million in net borrowing costs corresponded to a 20% increase in interest expenses, mainly from Maroc Telecom (SPT current-account advances) and from a 53% decline in income from cash and cash equivalents.

24.2 Other financial income and expense

(In MAD millions)	2011	2010	2009
Gains (losses) from foreign exchange translation	(20)	18	(16)
Other financial income (+)	11	48	41
Other financial expenses (-)	(7)	0	(24)
Other financial income and expenses	**(16)**	**65**	**2**

"Other financial income and expense" takes into account revenues from unconsolidated investments and the proceeds from their disposal.

Note 25. Tax expense for 2009, 2010, and 2011

Maroc Telecom is subject to income tax, like all Moroccan corporations.

Income tax expense comprises current and deferred taxes.

Deferred tax reflects temporary differences between the book value of assets and liabilities and their value for tax purposes.

The following table shows Maroc Telecom Group's payable and deferred taxes for the years ended December 31, 2009, 2010, and 2011:

(In MAD millions)	2011	2010	2009
Income tax expense	3,379	3,989	3,845
Deferred tax	163	(6)	(18)
Provision for tax*	17	175	293
Current tax	**3,559**	**4,158**	**4,120**
Consolidated effective tax rate**	**30%**	**29%**	**30%**
(In MAD millions)	2011	2010	2009
Earnings	8,447	9,949	9,779
Income tax expense	3,542	3,983	3,827
Provision for tax*	17	175	293
Earnings before tax	12,006	14,107	13,899
Moroccan statutory tax rate	30%	30%	30%
Theoretical income tax expense	3,602	4,232	4,170
Impact of changes in tax rates	0	0	0
Other differences**	(60)	(249)	(343)
Effective income tax expense	**3,542**	**3,983**	**3,872**

*As stated in Note 25, Tax expense, of the consolidated financial statements at December 31, 2009 and 2010, Maroc Telecom is undergoing a tax audit for the fiscal years 2005, 2006, 2007, and 2008.

Maroc Telecom believes that these tax adjustments will not have a material impact on the Company’s earnings, net equity, or liquidity.

**Tax expense / earnings before tax

***"Other differences’’ includes primarily the 17.5% tax exemption on revenues from international activities.

The deferred-tax rates are:

Maroc Telecom: 30%;

Mauritel: 25%;

Onatel: 27.5%;

Gabon Telecom: 35%;

Sotelma: 35%.

Note 26. Noncontrolling interests for 2009, 2010, and 2011

(In MAD millions)	2011	2010	2009
Mauritel	136	152	158
Onatel	39	86	70
Gabon Telecom	18	93	93
Sotelma	132	77	21
Casanet	(2)		
Mobisud fr			(5)
Total noncontrolling interest	**323**	**409**	**337**

Noncontrolling interests reflect the claims of shareholders other than Maroc Telecom to the earnings of Mauritel, Onatel, Gabon Telecom, Sotelma, and Casanet.

Noncontrolling interests declined by 21%, because of lower earnings by Gabon Telecom and Onatel.

The rise in noncontrolling interests in 2010 was attributable essentially to the full-year consolidation of Sotelma in 2010, compared with five months in 2009, and to the 3% rise in Onatel's net earnings.

Note 27. Earnings per share for 2009, 2010, and 2011

27.1 Earnings per share

(In MAD millions)	December 31, 2011		December 31, 2010		December 31, 2009	
	Basic	Diluted	Basic	Diluted	Basic	Diluted
Earnings attributable to equity holders of the parent	8,123	8,123	9,533	9,533	9,407	9,407
Adjusted earnings attributable to equity holders of the parent	8,123	8,123	9,533	9,533	9,407	9,407
Number of shares (in millions)	879	879	879	879	879	879
Earnings per share (in MAD)	**9,2**	**9,2**	**10,8**	**10,8**	**10,7**	**10,7**

27.2 Change in the number of shares

	2011	2010	2009
Weighted average number of share outstanding over the period	879,095,340	879,095,340	879,095,340
Adjusted weighted average number of shares outstanding over the period	879,095,340	879,095,340	879,095,340
Potential dilutive effect of financial instrument outstanding			
Weighted average number of shares after potential dilutive effect	879,095,340	879,095,340	879,095,340

Note 28. Segment data at December 31, 2009, 2010, and 2011

28.1 Statement of financial position: items by geographic area

2011

(In MAD millions)	December 31, 2011			
	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**
Total 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)	December 31, 2010			
	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**
Total 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**

2009

(In MAD millions)	December 31, 2009			
	Morocco	International	Eliminations	Total Maroc Telecom Group
Noncurrent assets	25,559	14,192	(6,654)	33,096
Current assets	8,630	4,411	(323)	12,718
Total assets	**34,189**	**18,603**	**(6,977)**	**45,814**
Total shareholders' equity	17,780	11,702	(6,654)	22,828
Noncurrent liabilities	2,407	1,397		3,804
Current liabilities	14,002	5,503	(323)	19,182
Total shareholders' equity and liabilities	**34,189**	**18,603**	**(6,977)**	**45,814**
Acquisitions of PP&E and intangible assets	**4,763**	**1,083**		**5,846**

28.2 Segment earnings by geographic area

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**

2009

(In MAD millions)	Morocco	International	Eliminations	Total Maroc Telecom Group
Revenues	25,764	4,666	(122)	**30,308**
Earnings from operations	13,080	892		**13,972**
Net depreciation and impairment	3,071	1,057		**4,127**
Voluntary redundancy plan	(3)	0		**(3)**

Note 29. Restructuring provisions at December 31, 2009, 2010, and 2011

(In MAD millions)	Morocco	International	Total Maroc Telecom Group
Balance at January 1, 2009	**-**	**181**	**181**
Changes in scope of consolidation and purchase price allocation adjustment	-	-	**-**
Addition	-	-	**-**
Utilization	-	-	**-**
Releases	-	-	**-**
Balance at December 31, 2009	**-**	**181**	**181**
Changes in scope of consolidation and purchase-price allocation adjustment	-	-	**-**
Addition	-	-	**-**
Utilization	-	-	**-**
Releases	-	-	**-**
Balance at December 31, 2010	**-**	**-**	**-**
Changes in scope of consolidation and purchase-price allocation adjustment	-	-	**-**
Addition	-	-	**-**
Utilization	-	-	**-**
Releases	-	-	**-**
Balance at December 31, 2011	**-**	**-**	**-**

Note 30. Related-party transactions

30.1 Compensation of corporate officers, senior managers, and directors in 2009, 2010, and 2011

(In MAD millions)	2011	2010	2009
Short-term benefits (1)	37	33	36
Termination benefits (2)	47	41	40
Total	**84**	**74**	**76**

For the year ended December 31, 2011, the members of the Management Board received MAD 37 million.

For the year ended December 31, 2010, the members of the Management Board received MAD 33 million.

For the year ended December 31, 2009, the members of the Management Board received MAD 36 million.

(1) Salaries, compensation, profit sharing and bonuses, social-security contributions, vacation pay, directors' fees, and benefits in kind.

(2) Compensation for redundancy.

30.2. Equity affiliates

Medi-1-Sat:

Until 2009, Medi-1-Sat was the only Group company accounted for by the equity method.

The receivables relating to Medi-1-Sat are current-account advances, including accrued interest.

At December 31, 2010, because of the decline in equity interest to only 5%, Medi-1-Sat was no longer accounted for by the equity method in Maroc Telecom's consolidated financial statements.

The main transactions with Medi-1-Sat and amounts owed by Medi-1-Sat or Maroc Telecom are detailed as follows:

(In MAD millions)	December 31, 2011	December 31, 2010	December 31, 2009
Revenues	**NA**	NA	4
Expenses	**NA**	NA	0
Receivables	**NA**	NA	68
Payables	**NA**	NA	0

30.3. Other related parties

Casanet

During fiscal year 2003, Maroc Telecom concluded several agreements with Casanet relating to the:

- maintenance of Maroc Telecom's Menara internet portal;

- provision of development services and hosting of Maroc Telecom's mobile portal;

- hosting of Maroc Telecom'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, 2011	December 31, 2010	December 31, 2009
Revenues	**NA**	7	6
Expenses	**NA**	61	62
Receivables	**NA**	25	16
Payables	**NA**	25	29

Vivendi – SFR – Vivendi Telecom International – Groupe Canal+

In 2001, Itissalat Al Maghrib (IAM) entered into an agreement with Vivendi Telecom International (VTI), in accordance with which VTI would provide technical assistance to IAM in the following fields:

- strategy and organization;
- development;
- sales and marketing;
- finance;
- purchasing;
- human resources;
- information systems;
- regulation and interconnection;
- infrastructure and networks.

In addition, with a view to further strategic cooperation, Maroc Telecom entered into transactions with SFR (the leading private mobile operator in France), Group Canal+, and the Vivendi Universal Group. These transactions are as follows:

2011

(In MAD millions)	Vivendi	Vivendi Telecom international	SFR	Group Canal+
Revenues	0	0	436	0
Expenses	27	0	75	20
Receivables	0	0	74	0
Payables	147	0	9	17

2010

(In MAD millions)	Vivendi	Vivendi Telecom international	SFR	Group Canal+
Revenues			433	
Expenses	24		67	17
Receivables			91	
Payables	120	4	25	6

2009

(In MAD millions)	Vivendi	Vivendi Telecom international	SFR	Group Canal+
Revenues			364	
Expenses	1		98	10
Receivables			132	
Payables	98	4	24	3

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 1year	1-5 years	More than 5 years
Long- term debts	1,782		1,735	47
Capital lease obligations	-			
Operating leases(*)	56	1	55	
Irrevocable purchase obligations	-			
Other long-term commitments	-			
Total	**1,838**	**1**	**1,790**	**47**

(*) Long-term motor-vehicle leases (excl. tax).

31.2. Other commitments given or received relating to ordinary operations

Commitments given

Commitments given comprise the following:

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 and 477 jobs created);

- guarantees 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 commitments of Mauritel 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

- capital-expenditure commitments 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;

- guarantees 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 commitments of Mauritel 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).

2009

- a capital-expenditure commitment for an aggregate amount of MAD 7,401 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 6,739 million (including a commitment of MAD 3,569 million in connection with suppliers of fixed assets);
    - commitments entered into by Group subsidiaries with suppliers of fixed assets, for MAD 661 million;

- a commitment by Mauritel for MAD 132 million, in connection with its acquisition of a 3G license;

- a commitment relating to Casanet equity equivalents for MAD 4 million;

- guarantees issued to banks for MAD 86 million;

- a commitment relating to Casanet equity equivalents for MAD 4 million;

- a commitment for a long-term satellite lease of MAD 128 million.

Commitments received

Commitments received comprise the following:

2011

- guarantees 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 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 (MAD 334 million exemption in respect of the 2009 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).

2009

- guarantees received for MAD 1,788 million at December 31, 2009, compared with MAD 1,600 million at December 31, 2008.

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 334 million (€30 million) exemption from its contribution to the universal-service fund in respect of the 2009 fiscal year (MAD 396 million exemptions in respect of the 2008 fiscal year).

31.3 Collateral and pledges

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.

2009

- Pledges for MAD 39 million at December 31, 2009, compared with MAD 46 million at December 31, 2008.

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 from that of its foreign-currency disbursements. Foreign-currency receipts and disbursements represent a significant portion of revenues.

Maroc Telecom's foreign-currency receipts relate to revenues from international operations, while foreign-currency disbursements relate to payment to suppliers (in particular capital expenditure and acquisition of handsets) and to payments for interconnection with foreign operators. These disbursements denominated mainly in euros. At December 31, 2011, the portion of euro-denominated disbursements (excluding subsidiaries) represented 61% of the MAD 2,677 million in total foreign-currency disbursements. Foreign-currency disbursements exceeded the volume of foreign-currency receipts, which amounted to MAD 3,566 million in 2011.

In addition, Maroc Telecom Group had debt of MAD 7,601 million at December 31, 2011. The bulk of this debt is denominated in Moroccan dirhams, euros, and CFA francs:

(In MAD millions)	2011	2010	2009
Euro	**393**	420	407
Dirham	**5,701**	3,941	3,288
Other (mainly CFA franc)	**1,453**	1,009	1,031
Current debt	**7,571**	**5,370**	**4,726**
Accrued interest	**54**	(16)	79
Total financial debts	**7,601**	**5,354**	**4,805**

Maroc Telecom Group may not net its foreign-currency disbursements and receipts, insofar as Moroccan law allows it to hold only 70% of its telecom receipts in foreign-currency accounts; 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 those of the Moroccan dirham against the US dollar and the euro.

In 2011, the euro depreciated by 1.0% against the Moroccan dirham (from MAD 11.3160 for 1 EUR at December 31, 2010, to MAD 11.1705 for 1 EUR at December 31, 2011). Over the same period, the U.S. dollar appreciated by 6%, from MAD 7.8602 for 1 USD in 2010, to MAD 8.3569 for 1 USD in 2011.

The consolidation of the African subsidiaries (Onatel and Gabon Telecom in 2007, Sotelma in 2009), whose functional currency is the CFA franc, increased the Group's exposure to currency risk, in particular with respect to fluctuations in the euro 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 2011:

- revenues = + MAD 61 million
- earnings from operations = + MAD 11 million
- net earnings attributable to equity holders of the parent = + MAD 3 million

The following table shows the Group's principal foreign-currency positions at December 31, 2011.

(In MAD millions)	Euro / CFA franc income,	USD	Other*	Total foreign currency	MAD	Total Maroc Telecom Group
Total assets	**15,635**	**33**	**1,964**	**17,632**	**30,198**	**47,830**
Total liabilities and equity	**(15,794)**	**(79)**	**(1,966)**	**(17,839)**	**(30,127)**	**(47,966)**
Net position	**(159)**	**(46)**	**(2)**	**(207)**	**71**	**(136)**

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. For Maroc Telecom, a 1% increase in the euro or US dollar against the Moroccan dirham would have had the following impact at December 31, 2011:

+ MAD 15 million in assets;

– MAD 22 million in liabilities;

– MAD 7 million in net position;

– MAD 1 million in commitments;

– MAD 8 million in total net assets and liabilities.

Conversely, a 1% decrease in the euro or US dollar against the Moroccan dirham would have had the following impact at December 31, 2010:

– MAD 15 million in assets;

+ MAD 22 million in liabilities;

+ MAD 7 million in net position;

+ MAD 1 million in commitments + MAD 8 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, 2011.

Interest-rate 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. Post-balance-sheet events

None

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4.4 INDIVIDUAL FINANCIAL STATEMENTS

Content

Statutory Auditors' general report

Year ended December 31, 2011

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, 2011. These financial statements show shareholders' equity and reserves of MAD 16,864,833 thousand and net profit of MAD 8,140,914 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, 2011, 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.

In compliance with the provisions of Article 172 of Act 17-95, concerning Moroccan corporations (*sociétés anonymes*), as amended and expanded by Act 20-05, we draw to your attention the fact that in fiscal-year 2011 ITISSALAT AL-MAGHRIB (IAM) S.A. created a subsidiary named “MT Fly,” with share capital of MAD 300,000, paid up to one quarter of its nominal value.

February 27, 2012

The Statutory Auditors

KPMG	**Abdelaziz ALMECHATT**
Fouad LAHGAZI	Abdelaziz ALMECHATT
Partner	Partner

STATEMENT OF FINANCIAL POSITION

Assets (in MAD thousands)	Gross	mortization and provisions	2011	2010	2009
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)	**8,309,844**	**5,606,347**	**2,703,497**	**3,091,486**	**3,211,489**
.Research and development costs	0	0	0	0	0
.Patents, trademarks, and similar rights	7,885,551	5,573,400	2,312,151	2,423,731	2,623,772
.Goodwill	45,229	32,947	12,283	11,746	7,036
.Other intangible assets	379,064	0	379,064	656,009	580,680
PROPERTY, PLANT, AND EQUIPMENT (C)	**48,080,392**	**30,580,952**	**17,499,439**	**16,653,688**	**15 ,511,955**
.Land	939,228	0	93, 228	915,767	924,328
.Buildings	4,715,598	3,296,079	1,419,519	1,377,764	1,365,176
.Technical plant, machinery, and equipment	34,154,230	24,319,058	9,835,172	8 753,276	8,352,834
.Vehicles	166,518	70,597	95,921	103,176	102,416
.Office equipment, furniture, and fittings	3,635,053	2,791,435	843,618	854,831	864,884
.Other property, plant, and equipment	11,048	0	11,048	11,048	11,048
.Work in progress	4,458,716	103,783	4,354,933	4,637,825	3,891,269
FINANCIAL ASSETS (D)	**6,999,849**	**73,667**	**6,926,182**	**6,921,262**	**6,976,913**
.Long-term loans	43,636	2,890	40,746	36,644	60,186
.Other financial receivables	3,273	0	3,273	2,530	2,333
.Equity investments	6,952,940	70,777	6,882,163	6,882,088	6,914,394
.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)	**63,390,085**	**36,260,966**	**27,129,119**	**26,666,435**	**25,700,356**
INVENTORIES (F)	**691,443**	**144,216**	**547,227**	**525,615**	**396,786**
.Merchandise	493,969	78,126	415,843	339,658	253,401
.Raw materials and supplies	197,473	66,090	131,383	185,958	143,385
.Work in progress	0	0	0	0	0
.Intermediary and residual goods	0	0	0	0	0
.Finished goods					
CURRENT RECEIVABLES (G)	**14,062,451**	**6,234,723**	**7,827,728**	**7,489,924**	**7,917,277**
.Trade payables, advances and deposits	154,739	0	154,739	180,038	260,607
.Accounts receivable and related accounts	12,484,074	6,165,970	6,318,104	6,424,138	6,695,112
.Employees	1,280	0	1280	745	9,452
.Tax receivable	1,203,982	0	1,203,982	594,163	738,474
.Shareholders' current accounts	0	0	0	0	0
.Other receivables	187,857	68,753	119,104	266,260	182,475
.Accruals	30,520	0	30,520	24,579	31,155
MARKETABLE SECURITIES (H)	**152,955**	**0**	**152,955**	**149,816**	**146,215**
UNREALIZED FOREIGH EXCHANGE LOSSES (I) (current items)	59,154	0	59,154	49,122	57,341
TOTAL II(F+G+H+I)	**14,966,003**	**6,378,939**	**8,587,063**	**8,214,478**	8,517,618

CASH AND CASH EQUIVALENTS	149,560	0	149,560	88,868	33,716
.Checks	2,300	0	2,300	0	15,240
.Bank deposits	143,895	0	143,895	85,786	16,099
.Petty cash	3,365	0	3,365	3,082	2,377
TOTAL III	**149,560**	**0**	**149,560**	**88,868**	33,716
GRAND TOTAL I+II+III	**78,505,647**	**42,639,906**	**35,865,742**	**34,969,781**	**34,251,690**

SHAREHOLDERS' EQUITY AND LIABILITIES *(in MAD thousands)*	2011	2010	2009
SHAREHOLDERS' EQUITY (A)	**16,864,833**	**18,024,697**	**17,781,282**
.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	2,570,251	2,564,142	2,563,307
.Retained earnings (2)	0	0	0
.Unallocated income (2)	0	0	0
.Net income of the year (2)	0	9,306,888	9,064,308
QUASI-EQUITY (B)	**0**	**0**	**0**
.Investment subsidies	0	0	0
.Regulated provisions	0	0	0
DEBENTURE BONDS (C)	**1,656,404**	**2,256,378**	**2,855,744**
.Debenture bonds	0	0	0
.Other long-term debt	1,656,404	2,256,378	2,855,744
PROVISIONS (D)	**23,287**	**24,368**	**25,414**
.Provisions for contingencies	0	0	0
.Provisions for losses	23,287	24,368	25,414
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)	**18,544,524**	**20,305,444**	**20,662,441**
CURRENT LIABILITIES (F)	**13,486,696**	**13,121,890**	**12,209,301**
.Accounts payable and related accounts	6,705,393	6,239,572	6,393,285
.Trade receivables, advances and down payments	497,256	620,365	441,915
.Payroll costs	590,700	612,637	647,437
.Social security contributions	79,410	112,520	93,508
.Tax payable	2,474,479	2,598,073	2,421,207
.Shareholders' current accounts	1,200,001	1,150,001	1
.Other payables	402,732	332,734	743,530
.Accruals	1,536,725	1,455,987	1,468,418
OTHER PROVISIONS FOR CONTINGENCIES AND LOSSES (G)	**963,330**	**1,019,146**	**878,276**
UNREALIZED FOREIGN EXCHANGE GAINS (H) (Current items)	**41,035**	**61,644**	**67,093**
TOTAL II(F+G+H)	**14,491,061**	**14,202,680**	**13,154,670**
BANK OVERDRAFTS	**2,830,157**	**461,657**	**434,580**

.Discounted bills	0	0	0
.Treasury loans	0	0	0
.Bank loans and overdrafts	2,830,157	461,657	434,580
TOTAL III	**2,830,157**	**461,657**	**434,580**
GRAND TOTAL I+II+III	**35,865,742**	**34,969,781**	**34,251,690**

Statement of comprehensive income (exclusive of VAT)

(In MAD thousands)	2011	2010	2009
I-**OPERATING INCOME**	24,619,989	25,804,351	25,522,453
Sales of goods	554,749	848,762	729,556
Sales of manufactured goods and services rendered	23,411,292	24,329,138	24,086,581
Operating revenues	23,966,041	25,177,899	24,816,137
Change in inventories	0	0	0
Company-constructed assets	678	1,314	2,517
Operating subsidies	0	0	0
Other operating income	120,468	121,549	81,735
Operating write-backs: expense transfers	532,801	503,588	622,064
TOTAL I	**24,619,989**	**25,804,351**	**25,522,453**
II-OPERATING EXPENSES	13,592,449	12,962,181	12,648,332
Cost of goods sold	1,382,743	1,701,307	1,723,741
Raw materials and supplies	2,985,409	2,500,516	2,226,078
Other external expenses	2,916,159	2,649,818	2,632,245
Taxes (except corporate income tax)	237,037	215,393	213,304
Payroll, costs	2,305,171	2,281,690	2,215,048
Other operating expenses	2,450	2,450	2,400
Operating allowances for amortization	3,178,602	3,025,778	2,970,916
Operating allowances for provisions	584,879	585,228	66, 600
TOTAL II	**13,592,449**	**12,962,181**	**12,648,332**
III-OPERATING INCOME I-II	**11,027,540**	**12,842,170**	**12,874,121**
IV-FINANCIAL INCOME	472,352	424,944	611,246
Income from equity investments and other financial investments	322,299	123,575	66,187
Foreign exchange gains	81,442	106,390	105,795
Interest and other financial income	19,488	30,750	62,713
Financial write-backs: expense transfers	49,122	164,229	376,551
TOTAL IV	**472,352**	**424,944**	**611,246**
V-FINANCIAL EXPENSES	365,908	358,340	288,042
Interest on loans	234,844	200,002	136 ,897
Foreign exchange losses	71,910	109,216	79,898
Other financial expenses	0	0	0
Financial allowances	59,154	49,122	71,247
TOTAL V	**365,908**	**358,340**	**288,042**
VI-FINANCIAL INCOME IV-V	**106,444**	**66,604**	**323,204**
VII-ORDINARY INCOME III+VI	**11,133,984**	**12,908,773**	**13,197,325**
VIII-EXTRAORDINARY INCOME	311,883	621,095	565,558
Proceeds from disposal of fixed assets	2,188	168,917	81,472
Subsidies received	0	0	0
Write-backs of investment subsidies	0	0	0
Other extraordinary income	169,918	245,530	110,823
Extraordinary write-backs: expense transfers	139,777	206,648	373,264
TOTAL VIII	**311,883**	**621,095**	**565,558**
IX-EXTRAORDINARY EXPENSES	234,129	555,984	1,150,478
Net book value of disposed assets	**0**	**115,501**	481,277
Subsidies granted	0	0	0
Other extraordinary expenses	16,495	25,923	50,347
Regulated provisions	0	0	0
Extraordinary allowances for depreciation and provisions	217,635	414,560	618,853
TOTAL IX	**234,129**	**555,984**	**1,150,478**
X- EXTRAORDINARY INCOME VIII-IX	**77,753**	**65,111**	**-584,919**
XI-INCOME BEFORE TAX VII+X	**11,211,737**	**12,973,884**	**12,612,405**
XII-CORPORATE INCOME TAX	**3,070,823**	**3,666,997**	**3,548,097**
XIII-NET INCOME XI-XII	**8,140,914**	**9,306,888**	**9,064,308**
XIV-TOTAL INCOME (I+IV+VIII)	**25,404,223**	**26,850,390**	**26,699,257**
XV-TOTAL EXPENSES (II+V+IX+XII)	**17,263,309**	**17,543,502**	**17,634,949**
XVI- NET INCOME (TOTAL INCOME -TOTAL EXPENSES)	**8,140,914**	**9,306,888**	**9,064,308**

Statement of operating data

		OPERATING STATEMENTS *(in MAD thousands)*	2011	2010	2009
1		Sales of goods	554,749	848,762	729,556
2		Cost of goods sold	1,382,743	1,701,307	1,723,741
I	=	**GROSS MARGIN ON SALES**	**-827,994**	**-852,545**	**- 994,185**
II	+	**PRODUCTION FOR THE YEAR: (3+4+5)**	**23,411,970**	**24,330,452**	**24,089,098**
3		Sales of manufactured goods and services rendered	23,411,292	24,329,138	24,086,581
4		Change in inventories	0	0	0
5		Self-constructed assets	678	1,314	2,517
III	-	**COST OF CURRENT YEAR PRODUCTION**	**5,901,568**	**5,150,334**	**4,858,323**
6		Raw materials and supplies	2,985,409	2,500,516	2,226,078
7		Other external expenses	2,916,159	2,649,818	2,632,245
	=	**ADDED VALUE (I+II-III)**	**16,682,409**	**18,327,572**	**18,236,590**
8	+	Operating subsidies	0	0	0
9	-	Taxes	237,037	215,393	213,304
10	-	Payroll costs	2,305,171	2,281,690	2,215,048
	=	**GROSS OPERATING SURPLUS**	**14,140,201**	**15,830,489**	**15,808,238**
	=	NET LOSS FROM OPERATIONS	0	0	0
11	+	Other operating income	120,468	121,549	81,735
12	-	Other operating expenses	2,450	2,450	2,400
13	+	Operating write-backs, expense transfers	532,801	503,588	622,064
14	-	Operating allowances	3,763,481	3,611,007	3,635,516
VI	=	**OPERATING INCOME (+or -)**	11,027,540	12,842,170	12,874,121
VII	+	**FINANCIAL INCOME**	106,444	66,604	323,204
VIII	-=	**ORDINARY INCOME (+or-)**	11,133,984	12,908,773	13,197,325
IX	+/-	**EXTRAORINARY INCOME**	77,753	65,111	-584,919
15	-	**CORPORATE INCOME TAX**	3,070,823	3,666,997	3,548,097
X	**=**	**NET INCOME (+Or-)**	8,140,914	9,306,888	9,064,308

		OPERATING CASH FLOW (in MAD thousands)	2011	2010	2009
1		Net income			
	+	Profit	8,140,914	9,306,888	9,064,308
	-	Loss	0	0	0
2	+	Operating allowances	3,178,602	3,025,778	2,970,916
3	+	Financial allowances	0	0	0
4	+	Extraordinary allowances	217,635	239,560	325,853
5	-	Operating write-backs	1,082	1,046	1,010
6	-	Financial write-backs	0	106,888	243,533
7	-	Extraordinary write-backs	139,777	191,648	279,424
8	-	Proceeds on disposal of fixed assets	2,188	168,917	81,472
9	+	Net book value of disposed assets	0	115,501	481,277
I		Cash earnings(C.A.F)	11,394,105	12,219,229	12,250,821
10	-	Dividend payments	9,300,779	9,063,473	9,516,517
II		NET CASH EARNINGS	2,093,326	3,155,756	2,734,304

(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)	2011 (a)	2010 (b)	Changes (a-b) Uses (c)	Sources (d)
1 Equity and long-term liabilities	18,544,524	20,305,444	1,760,920	
2 Less long-term assets	27,129,119	26,666,435	462,683	
3 Working capital (1-2) (A)	**-8,584,595**	**-6,360,991**	**2,223,604**	
4 Current assets	8,587,063	8,214,478	372,586	
5 Less current liabilities	14,491,061	14,202,680		**288,381**
6 Working capital requirement (4-5) (B)	**-5,903,997**	**-5,988,203**	**84,205**	
7 Net cash (A-B)	**-2,680,598**	**-372,789**		**2,307,809**

Uses and sources

I- LONG-TERM FINANCING SOURCES	2011		2010		2009	
(in MAD thousands)	Uses	Sources	Uses	Sources	Uses	Sources
NET CASH EARNINGS (A)		**2,093,326**		**3,155,756**		**2,734,304**
Cash earnings		11,394,105		12,219,229		12,250,821
Dividends		9,300,779		9,063,473		9,516,517
DISPOSALS AND REDUCTIONS OF FIXED ASSETS (B)		**7,577**		**229,721**		**111,928**
Reduction of intangible assets		0		32,306		0
Reduction of property, plant, and equipment		0		5,154		23,074
Disposal of property, plant, and equipment		2,188		148,017		71,094
Disposal of financial assets		0		20,899		10,378
Write-backs of long-term receivables		5,389		23,345		7,382
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)		**26**		**634**		**3,002,606**
(Net of redemption premiums)						
TOTAL (I) LONG-TERM RESOURCES (A+B+C)		**2,100,929**		**3,386,111**		**5,848,838**
II- LONG-TERM USES FOR THE YEAR						
ADDITIONS & INCREASE IN FIXED ASSETS (E)	**3,724,532**		**4,109,187**		**8,150,074**	
Acquisitions of intangible assets	298,813		541,270		601,423	
Acquisitions of property, plant, and equipment	3,415,410		3,567,917		4,032,134	
Acquisitions of financial assets	75		0		3,428,682	
Increase in long-term receivables	10,234		0		87,834	
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**		**150,000**	
CAPITALIZED COSTS (H)	**0**		**0**		**0**	
TOTAL(II) STABLE USES (E+F+G+H)	**4,324,532**		**4,709,187**		**8,300,074**	
III- CHANGE IN WORKING CAPITAL	**84,205**	**0**	**0**	**1,351,151**	**0**	**1,256,382**

REQUIREMENT						
IV- CHANGE IN CASH AND CASH EQUIVALENTS	0	2,307,809	28,075	0	0	1,194,854
GRAND TOTAL	4,408,737	4,408,737	4,737,262	4,737,262	8,300,074	8,300,074

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 statement of financial position, 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 equipment 10 years
  - Transportation equipment 5 years
- An additional provision is recorded for technical obsolescence, reduction in estimated useful life, or asset impairment.
- Assets not yet in service are recorded as work-in-progress.

Financial assets

- Investment securities are recorded at their purchase price. An impairment charge is recorded for the difference if this value is higher than the carrying value. The carrying value is determined on the basis of the Group's proportionate share of equity as represented by the securities. This figure may be adjusted to reflect the companies' growth and earnings outlooks.

– Other financial assets, which include receivables, loans, and deposits, are recognized on the basis of their nominal value. Provisions may be recorded to reflect collection risk.

Inventories

Inventories comprise:

- mobile handsets and accessories intended for sale to customers upon line activation;
- technical support required for network rollout and maintenance other than cable and spare parts.

Inventories of mobile handsets and accessories are accounted for using the weighted average cost method; a provision is recorded to account for obsolescence risk and for unsold inventory.

Technical-equipment inventories are measured at cost (including customs duties and other costs) and are depreciated on the basis of their value in use or obsolescence.

Accounts receivable

Accounts receivable are recorded at nominal value.

Trade receivables: impairment provisions are recorded to cover collection risk, which is estimated on the basis of the age of the receivable.

Government receivables: Provisions are recorded to cover the risk of the Moroccan government not recognizing these receivables. These provisions are evaluated statistically.

Other receivables: where appropriate, other provisions are recorded on the basis of estimated collection risk.

Accruals (assets)

This line item includes mainly prepaid expenses.

Cash and investment securities

Cash and investment securities comprise highly liquid assets and short-term investments measured at historical cost.

Regulated provisions

Regulated provisions comprise:

- provision for employee housing;
- provision for expenditure in capital goods, equipment, and machinery.

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

None

A3: Changes in method

None

B1: Capitalized costs

None

B2: Nonfinancial assets

(In MAD thousands) Year ended December 31, 2011

DESCRIPTION	Gross Balance carried forward	INCREASE: Acquisition	INCREASE: Self-constructed assets	INCREASE: Transfers	DECREASE: Disposals	DECREASE: Retirement	DECREASE: Transfers	Gross Balance at year-end
Capitalized costs	0	0	0	0	0	0	0	0
Start-up costs	0	0	0	0	0	0	0	0
Deferred costs	0	0	0	0	0	0	0	0
Bond redemption premiums	0	0	0	0	0	0	0	0
INTANGIBLE ASSETS	**8,275,374**	**298,813**	**0**	**738,721**	**0**	**427,186**	**575,879**	**8,309,844**
Research and development costs	0	0	0	0	0	0	0	0
Patents, trademarks, and similar rights	7,579,487	0	0	733,250	0	427,186	0	7,885,551
Goodwill	39,879	0	0	5,350	0	0	0	45,229
Other intangible assets	656,009	298,813	0	121	0	0	575,879	379,064
PROPERTY, PLANT, AND EQUIPMENT	**45,197,675**	**3,414,732**	**678**	**3,558,977**	**22,619**	**347,232**	**3,721,819**	**48,080,392**
Land	915,767	0	0	23,461	0	0	0	939,228
Buildings	4,516,426	0	0	199,172	0	0	0	4,715,598
Technical plant, machinery, and equipment	31,400,685	0	0	3,100,776	0	347,232	0	34,154,230
Vehicles	171,620	0	0	0	5,101	0	0	166,518
Office equipment	3,417,004	0	0	235,567	17,518	0	0	3,635,053
Other property, plant, and equipment	11,048	0	0	0	0	0	0	11,048
Work in progress	4,765,126	3,414,732	678	0	0	0	3,721,819	4,458,716

B2 BIS: Depreciation schedule

(In MAD thousands) Year ended December 31, 2011

DESCRIPTION	Accumulated depreciation opening of period	Allowances for the 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	**5,183,889**	**849,644**	**427,186**	**5,606,347**
*Research and development costs	0	0	0	0
*Patents, trademarks, and similar rights	5,155,755	844,831	427,186	5,573,400
*Goodwill	28,133	4,813	0	32,947
*Other intangible assets	0	0	0	0
PROPERTY, PLANT AND EQUIPMENT	**28,371,750**	**2,442,810**	**369,851**	**30,444,709**
*Land	0	0	0	0
*Buildings	3,138,662	157,418	0	3,296,079
*Technical plant, machinery, and equipment	22,602,472	2,031,358	347,232	24,286,598
*vehicles	68,444	7,254	5,101	70,597
*office equipment	2,562,172	246,781	17,518	2,791,435
*Other property, plant, and equipment	0	0	0	0
*Work in progress	0	0	0	0

(*)including extraordinary allowances:

Asset retirement MAD 3 millions

Corrective action to remedy delays to entry into service MAD 11millions

Total of extraordinary allowances **MAD 114 millions**

B3: Gains and losses from disposals and retirement of fixed assets

(In MAD thousands) Year ended December 31, 2011

Disposal or retirement date	Principal amount	Gross amount	Accumulated depreciation	Net book value	Proceeds from disposal of assets	Gains	Losses
2011	231&232	0	0	0	0		
2011	233	347,232	347,232	0	0		
2011	234	5,101	5,101	0	2,122	2,122	
2011	235	17,518	17,518	0	66	66	
TOTAL		**369,851**	**369,851**	**0**	**2,188**	**2,188**	**0**

B4: EQUITY INVESTMENTS

(In MAD thousands) Year ended December 31, 2011

	Operating sector	Share capital	% of interest	Overall acquisition price	Net book value	Derived from latest selected financial data of issuer company			Income recorded in statement of comprehensive income
						Closing date	Net equity	Net income	
MATELCA	Study and realization of submarine cables	300	50	50	0	12/31/11	-	-	-
ARABSAT	Operation and marketing of telecommunications systems	1,277,366	0,61	6,454	6,454	12/31/11	-	-	1,626
ADM-	Building and operation of Moroccan road network	11,155,629	0,18	20,000	16,000	12/31/11	-	-	-
THURAYA	Regional satellite operator	5,312,845	0,16	9,872	9,872	12/31/11	-	-	-
CASA@NET	Internet service provider	14,414	100	18,174	18,174	12/31/11	-	-	10,234
CMC-	Financial holding company	344,617	80	399,469	399,469	12/31/11	-	-	73,142
FOND AMORCAGE SINDIBAD	Seed capital fund	48,000	10	5,000	0	12/31/11	-	-	-
Medi-1-Sat	Media (Satellite television)	398,893	3	61,727	0	12/31/11	-	-	-
ONATEL	Telecommunications	585,631	51	2,459,380	2,459,380	12/31/11	-	-	78,363
Gabon Telecom	Telecommunications	1,185,642	51	828,828	828,828	12/31/11	-	-	68,727
Sotelma	Telecommunications	151,437	51	3,143,911	3,143,911	12/31/11		-	90,207
MT FLY SA	Operating aircraft for passenger and/or freight transport	300	100	75	75	12/31/11	-	-	-
TOTAL				**6,952,940**	**6,882,163**		0	0	**322,299**

B5: provisions

(In MAD thousands) Year ended December 31, 2011

DESCRIPTION	Opening balance	ALLOWANCES			WRITE-BACKS			Closing balance
		Operating	Financial	Extraordinary (*)	Operating	Financial	Extraordinary(*)	
1-Provisions for depreciation of fixed assets	245,904	0	0	103,783	0	0	139,777	209,910
2-Regulated provisions	0	0	0	0	0	0	0	0
3-Provisions for contingences and losses	24,368	0	0	0	1,082	0	0	23,287
SUB TOTAL (A)	**270,273**	**0**	**0**	**103,783**	**1,082**	**0**	**139,777**	**233,197**
4-Provisions for depreciation of current assets (Excluding cash and cash equivalen	6,059,786	476,291	0	0	157,138	0	0	6,378,939
5-Other provisions for contingencies	1,019,146	108,588	59,154	0	174,436	49,122	0	963,330
6-Provisions for depreciation of cash and cash equivalents	0	0	0	0	0	0	0	0
SUB TOTAL (B)	**7,078,933**	**584,879**	**59,154**	**0**	**331,573**	**49,122**	**0**	**7,342,269**
TOTAL (A+B)	**7,349,205**	**584,879**	**59,154**	**103,783**	**332,655**	**49,122**	**139,777**	**7,575 466**

(*) incuding :

Depreciation of inventories class 2	MAD 32 million
Delays to entry into service of work progress	MAD 72 million
TOTAL	MAD 104 million

(*) Of which :

Amortization	MAD 1 million
Spare parts	MAD 28 million
Write-backs of provision for SWAP	MAD 12 million
Delay to current entry into service	MAD 99 million
	MAD 140 million

(**) Other provisions for contingencies concern mainly prepaid income relating to loyalty programs (MAD 345 million), disputes with third parties (MAD 91 million), foreign-exchange risk (MAD 59 million), and a legal dispute with the Moroccan tax authorities (MAD 468 million).

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

(In MAD thousands) Year ended December 31, 2011

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	**46,909**	**27,984**	**18,925**	**0**	**0**	**0**	**16,497**	**-**
Long-term loans	43,636	24,711	18,925	0	0	0	16,497	-
Other financial receivables	3,273	3,273	0	0	0	0	0	-
CURRENT ASSETS	**14,062,451**	**6,762**	**4,356,066**	**9,699,623**	**1,656,779**	**3,044,541**	**342,470**	**-**
Trade payables, advances, and deposits	154,739	6,762	147,977	0	49,388	0	0	-
Accounts receivable and related accounts	12,484,074	0	2,853,204	9,630,870	1,509,387	1,771,806	258,816	-
Employees	1,280	0	1,280	0	0	0	0	-
Tax receivables	1,203,982	0	1,203,982	0	0	1,203,982	0	-
Shareholders' current accounts	0	0	0	0	0	0	0	-
Other receivables	187,857	0	119,104	68,753	98,004	68,753	83,654	-
Accruals	30,520	0	30,520	0	0	0	0	-

B7: Liabilities

(In MAD thousands) Year ended December 31, 2011

LIABILITIES	TOTAL	BREAKDOWN BY MATURITY			OTHER BREAKDOWN			
		More than one year	Less than one year	Expired but not recovered	Amounts in foreign currency	Amounts due to government and public bodies	Amounts due to related parties	Amounts in notes
Long-term debt	**1,656,404**	**1,056,404**	**600,000**		**558**	**0**	**0**	
Debenture bonds	0	0	0	0	0	0	0	0
Other long-term debt	1,656,404	1,056,404	600,000	0	558			0
Current liabilities	**13,486,696**	**359,706**	**11,390,806**	**1,736,184**	**3,314,906**	**2,934,872**	**1,467,075**	**0**
Accounts payable and related accounts	6,705,393	359,706	4,609,504	1,736,182	2,817,649	0	267,075	0
Trade receivables, advances, and deposits	497,256	0	497,256	0	497,256	0	0	
Employees	590,700		590,700		0	0	0	
Social-security authorities	79,410	0	79,410	0	0	79,410	0	0
Tax payable	2,474,479	0	2,474,479	0	0	2,474,479	0	0
Shareholders' current accounts	1,200,001	0	1,200,000	1	0	0	1,200,000	0
Other payables	402,732	0	402,732	0	0	380,983	0	0
Accruals	1,536,725	0	1,536,725	0	0	0	0	0

B8: Guarantees given or received

(In MAD thousands) Year ended December 31, 2011

Third parties	Amount covered by guarantee	Description (1)	Date and place of registration	Purpose	Net book value of the guarantee given at balance-sheet date
Guarantees given					
Guarantees received					
Long-term loans	27,139	2		Guarantees received are from employees	

(1) Collateral: 1- Mortgage : 2-Pledge : 3-Warrant : 4-Others : 5-to be specified

The amount comprises mortgages in the amount of MAD 27 million at December 31, 2011, compared with MAD 33 million at December 31, 2010, for home loans granted to employees.

B9: Financial commitments given or received, excluding leasing transactions

(In MAD thousands) Year ended December 31, 2011

COMMITMENTS GIVEN	Amounts Year end	Amounts Previous year
-Investment not yet realized		
* Property, plant and equipment	0	2,630,256
* Investment commitment	1,275,497	2,570,592
	1,275,497	**2,630,256**
-Guarantees from banks		
*Documentary credit	0	0
*Endorsements	62,036	95,930
	62,036	**95,930**
-Equity investments		
*Casanet (quasi-equity)	2,772	2,772
	2,772	**2,772**

-Operating lease obligations(*)	13,697	12,764
	13,697	**12,764**
-**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. 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	 446 20,877
	20,877	**21,323**
TOTAL	**1,374,879**	**2,763,046**

(*) 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	**1,942,333**	**1,815,978**
-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	**1,942,333**	**1,815,978**

B10: Finance-lease assets

None

B11: Analysis of statement of comprehensive income (items)

(In MAD thousands) Year ended December 31, 2011

ITEM		Current year 2011	Previous year
	OPERATING INCOME	**24,619,989**	**25,804,351**
711	**Sales of goods**	0	0
	.Sales of goods in Morocco	554,749	848,762
	.Sales of goods abroad	**0**	**0**
	.other sales of goods		
	Total	**554,749**	**848,762**
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	19,767,732	20,848,237
	.Sales of service rendered abroad	3,643,560	3,480,901
	.Royalties for patents, trademarks, rights, etc.		
	.Other sales of manufactured goods and services rendered	0	0
	Total	**23,411,292**	**24,329,138**
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**		
	.Directories' fees received	0	0
	.Other operating income	121,146	122,864
	Total	**121,146**	**122,864**
719	**OPERATING WRITE-BACKS: EXPEN: TRANSFERS**		
	.Write-backs	332,655	275,088
	.Expense transfers	200,146	228,500
	Total	**532,801**	**503,588**
	Financial income		
738	.Interest and other financial income		
	.interest and similar income	8,981	19,982
	.Income from receivables of controlled entities	0	0
	.Net proceeds from disposal of marketable securities	3,139	7,252
	.Other interest and financial income	7,368	3,516
	Total	**19,488**	**30,750**

(In MAD thousands) Year ended December 31, 2011

ITEM		Current year 2011	Previous year
	OPERATING EXPENSES		
611	**Cost of goods sold**		
	Cost of goods	1,456,096	1,789,800
	Change in inventory (+/-)	**-73,353**	**-88,493**
	Total	**1,382,743**	**1,701,307**
612	**Raw material and supplies**		
	Raw materials	0	0
	Change in raw material inventory		
	Supplies and packaging	277,038	349,456
	Change in supplies and packaging inventory	64,663	-67,233
	Cost of consumable materials and supplies	314,895	296,394
	Cost of research, surveys, studies, and services	2,328,814	1,921,900
	Total	**2,985,409**	**2,500,516**
613/614	**OTHER EXTERNAL EXPENSES**		
	Rent and rental expenses	364,263	360,029
	Finance lease installments	0	0
	Maintenance and repairs	629,512	653,886
	Insurance premiums	7,826	9,575
	Payments of external staff	132,013	103,169
	Payments for intermediaries and fees	230,055	197,593
	Fees for patents, trademarks, rights, etc.	633,021	370,851
	Transportation	25,154	23,608
	Travel and entertainment expenses	89,893	91,709
	Other external expenses	804,423	839,399
	Total	**2,916,159**	**2,649,818**
617	**PAYROLL COSTS**		
	Payroll	2,004,548	1,945,515
	Social security	300,623	336,175
	Other payroll costs	0	0
	Total	**2,305,171**	**2,281,690**
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	4,273	7,563
	Contract cancellation payments and forfeiture of deposits	0	0
	Back tax payments (other than income tax)	0	0
	Tax penalties and fines	3,373	818
	Uncollectible receivables	0	0
	Other extraordinary expenses	8,848	17,542
	Total	**16,495**	**25,923**

B12: Reconciliation of net income to taxable income

(In MAD thousands) Year ended December 31, 2011

I DETERMINATION OF INCOME	AMOUNT	AMOUNT
I-NET INCOME		
.Net profit	8,140,914	
.Net loss		
II-TAX ADD-BACKS	**3,314,793**	
1. Ordinary	**3,119,884**	
-Income tax 2011	3,070,823	
-Amortization in excess of MAD 300.000	538	
-POP Paris expenses (IAM branch)	1,247	
-Unrealized foreign exchange gains 2011	41,035	
-Gifts exceeding MAD 100 per unit	583	
-Donations in cash or kind	66	
-Expenses from prior years	5,591	
2. Extraordinary	**194,909**	
-Provisions & amortization	182,688	
-Penalties and fiscal fines	3,373	
-Expenses from prior years	8,848	
III- TAX DEDUCTIONS		**554,747**
1. Ordinary		**383,943**
-Unrealized foreign exchange gains 2010		61,644
-POP Paris income (IAM branch)		0
-Revenues from equity investments		322,299
2. Extraordinary		**170,805**
-Allowance on net capital gains from disposal		0
-Provisions & amortization		170,805
-Reversal of provisions for impairment of investments		0
TOTAL	**3,314,793**	**554,747**
IV-GROSS TAXABLE INCOME		
-Gross profit		10,900,960
-Gross taxable loss		
V-LOSS CARRIED FORWARD		**0**
VI-TAXABLE INCOME		
-Net taxable profit		**10,900,960**
-Net taxable loss		
17.50% rebate on corporate income tax for export revenues		**199,465**
*CORPORATE INCOME TAX		**3,070,823**

B13: Determination of ordinary income after tax

(In MAD thousands) Year ended December 31, 2011

I-DETERMINATION OF INCOME		AMOUNT
Ordinary income from statement of comprehensive income (+)		11,133,984
Add-backs on ordinary operations		49,061
Deduction of ordinary operations		383,943
Ordinary income theoretically taxable	(=)	**10,799,102**
Theoretical tax on ordinary income	(-)	3,239,730
Exemption of export revenues		-197,601
Ordinary income after tax	(=)	**8,091,855**

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

(In MAD thousands) Year ended December 31, 2011

DESCRIPTION	Opening balance 1	Operation 2	VAT returns 3	Closing balance (1+2-3)
A/ Invoiced VAT	2,178,788	4,018,148	4,018,194	2,178,743
B/ Recoverable VAT	513,014	1,865,153	1,803,019	575,149
*On expenses	355,890	1,138,146	1,102,108	391,928
*On assets	157,125	727,007	700,911	183,221
C/ VAT payable (VAT credit) VAT = (A-B)	**1,665,774**	**2,152,995**	**2,215,175**	**1,603,594**

C1: Shareholder structure

(In MAD thousands) Year ended December 31, 2011

Surname, first name, business nameddress of main shareholders (1)		STOCKS HELD (in thousands) Previous year	Current year	Nominal value of each stock or share	CAPITAL AMOUNT Subscribed	Called	Fully paid
1	2	3	4	5	6	7	8
1. Kingdom of Morocco represented by Salaheddine MEZOUAR, Minister of the Economy and Finance		263,729	263,729	0.006	1,582,371	1,582,371	1,582,371
2. Société de Participation dans les télécommunications represented by Jean Bernard LEVY		465,920	465,920	0.006	2,795,523	2,795,523	2,795,523
3. Salaheddine MEZOUAR		10	10	0.006	0.060	0.060	0.060
4. Taib CHERKAOUI		10	10	0.006	0.060	0.060	0.060
5. Jean Bernard LEVY		10	10	0.006	0.060	0.060	0.060
6. Régis TURRINI		10	10	0.006	0.060	0.060	0.060
7. Jacques Paul ESPINASSE		10	10	0.006	0.060	0.060	0.060
8. Philippe CARPRON		1010	1010	0.006	6.060	6.060	6.060
9. Frank ESSER		10	10	0.006	0.060	0.060	0.060
10. Jean-René FOURTOU		10	10	0.006	0.060	0.060	0.060
11. Jacques CHREYRE		100	100	0.006	0.600	0.600	0.600
12. Abdelaziz TALBI		10	10	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

(In MAD thousands) Year ended December 31, 2011

Amount		Amount	
A. SOURCE OF INCOME		B. INCOME APPROPRIATION	
Retained earnings at December 31, 2010	0	Legal reserves	0
Net income to be allocated	0	Other reserves	6,109
Net income for the period	9,306,888	Directors' share in profits	0
Withholding from reserves	0	Dividends	9,300,779
Other reserves	0	Other allocations	0
		Retained earnings	0
TOTAL A	**9,306,888**	**TOTAL B**	**9,306,888**

C3: Income and other significant items over the past thee years

(In MAD thousands) Year ended December 31, 2011

DESCRIPTION	2009	2010	2011
NET EQUITY OF THE COMPANY			
Shareholders' equity and quasi-equity less capitalized costs	17,781,282	18,024,697	16,864,833
OPERATIONS AND INCOME FROM PERIOD			
Revenues excluding tax	24,816,137	25,177,899	23,966,041
Income before tax	12,612,405	12,973,884	11,211,737
Corporate income tax	3,548,097	3,666,997	3,070,823
Dividends	9,516,517	9,063,473	9,300,779
Unappropriated income (placed in reserves or to be allocated)	11,111	835	6,109
EARNINGS PER SHARE			
Earnings per share for period (MAD)	10.31	10.59	9.26
Dividends per share (*) (MAD)	10.83	10.31	10.58

C4: Transactions in foreign currencies during the year

(In MAD thousands) Year ended December 31, 2011

DESCRIPTION	Entry Exchange value	Outgoing Exchange value
- Permanent financing		
- Gross assets		1,606,630
- Receipts from sale of fixed assets	340,719	
- Repayment of long-term debt		-
- Dividends paid		
- Income	3,225,772	
- Expenses		1,070,903
TOTAL INFLOWS	**3,566,491**	
TOTAL OUTFLOWS		**2,677,533**
FOREIGN CURRENCY BALANCE		**888,958**
TOTAL	**3,566,491**	**3,566,491**

C5: Date of financial statements and subsequent events

I.DATES

Date of statement of financial position (1):	12/31/2011
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
	NONE

Report of the statutory auditors on related-party agreements

Year ended December 31, 2011

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.

We have been advised of the following related party agreements, as previously authorized by the Supervisory Board and/or the ordinary shareholders' meetings.

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 during2011

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 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 received: at December 31, 2011, the amount received is 3,600 million dirhams

- Amounts paid: at December 31, 2011, the reimbursement (including ex VAT interests) totaled 2,431 million dirhams. In addition, 6.9 million dirhams of arrangement and financial/legal counsel commissions (or 2.3 million dirhams per tranch), were paid by IAM on May 31, 2011 (date of the drawdown). The balance at the end of December 2011 (including ex VAT interests) amounted to 1,224,202,520.55 dirhams.

1.2 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), Arnaud CASTILLE (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

- Amounts paid: 7 million Dirhams paid in 2011.

2. Related-party agreements concluded in previous years that remained effective in 2011

2.1 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 advance is for a total of 3,450 million Dirhams as of June 2, 2010. The advance comprises three tranches of MAD 1,150 million, with maturities of three, six, and nine months. Each tranche is subject to a short term loan agreement.

The interest rate was a fixed 3.49%, 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 paid: at December 31, 2011, the amount repaid (including ex VAT interests) was 1,180 million dirhams, which settled the balance of the advance on current account.

2.2 Contract with Sotelma

- **Concerned persons**: Members of management bodies in common are Messrs. Larbi GUEDIRA (member of the Management Board of IAM), Arnaud CASTILLE (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 ITISSALAT AL MAGHRIB under which the Company provides services and technical assistance. These services are essentially carried out by expatriate employees.

- **Products or services supplied**: at December 31, 2011, the amount invoiced to Sotelma for services rendered in 2010 amounted to MAD 25,792 thousand, excluding tax. The balance payable at December 31, 2011, amounted to MAD 21,326 thousand.

- **Amounts received:** IAM received 31,850 thousand dirhams in 2011.

2.3 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:** the agreement between Maroc Telecom and the FRMA, of which Abdeslam Ahizoune (Chairman of the Management Board of ITISSALAT AL MAGHRIB) is also Chairman, expired in June 2009.

At its meeting held on December 3, 2009, the Supervisory Board authorized the renewal of this agreement for a one-year term, renewable three times, and representing MAD 8 million per year, in addition to the FRMA Chairman's travel and representation expenses. The member serving on the management bodies of both entities is Abdeslam AHIZOUNE.

- **Products or services supplied:** supply of financing for the activities of the FRMA and support of mission expenses and travel.

- **Amounts paid:** IAM paid 8 million Dirhams and 1.5 million Dirhams for the Federation Annual Meeting of 2011.

2.4 Médi1-Sat current-account advances

- **Concerned persons:** The Members of management bodies in common is Mr. Abdeslam AHIZOUNE (Chairman of the Management Board of IAM). Since 2011, Mr. Abdeslam AHIZOUNE is not a member of the Management body of Medi1TV anymore.

- **Form of the agreement:** written agreement,

- **Nature and purpose of the agreement:** advance on interest bearing current account.

- **Main terms:** In 2006, ITISSALAT AL MAGHRIB concluded an agreement with Médi1Sat under which it committed to grant Medi1Sat a current account advance of €2.8 million for its financing needs. The first tranch of this advance for €1.2 million (MAD 13,283 thousand) was paid in 2006; the second tranche for €1.6 million (MAD 18,198 thousand) was paid in 2007.

Furthermore, at its meeting held on May 29, 2008, the Supervisory Board of ITISSALAT AL MAGHRIB authorized a second currentaccount advance to Médi1-Sat, thereby consenting (on the basis of €4 million to be borne by the shareholders of Médi1-Sat) to grant a current-account advance of €1.12 million, representing the proportional interest of ITISSALAT AL MAGHRIB in Médi1-Sat on the date of the agreement.

The advance was released in 2008 and represented an exchange value of MAD 12,896 thousand. Moreover, an additional amount of € 504 thousand (MAD 5,673 thousand) was provided in 2008.

Furthermore, ITISSALAT AL MAGHRIB redeemed half the current-account receivables due to CIRT (a Médi1-Sat shareholder) for the symbolic price of one euro after acquiring one-half of CIRT's equity interest in Médi1-Sat.

The principal characteristics of these advances are as follows:

Year	Principal amount of the advance (€ thousands)	Date of disbursement or acquisition	Maturity (*)	Interest rate
2006	1,200	30/06/2006	Janvier 2010	6.03%
2007	1,600	31/10/2007	Janvier 2010	6.03%
2008	1,120	17/06/2008	Janvier 2010	6.03%
2008	504	06/10/2008	Janvier 2010	6.03%
2009 **(**)**	870	20/02/2009	Janvier 2010	6.03%
Total	**5,294**			

* Maturity dates expiring prior to periods stipulated in initial agreements.

** Acquisition from CIRT

In 2010, ITISSALAT AL MAGHRIB contributed to the capital increase of Médi1Sat through the conversion of advances into current accounts of €4.117 million (interest included). In the same year, Médi1-Sat reimbursed €1.65 million (interest included) in currentaccount advances.

On December 31, 2010, total advances, including interest incurred to that date, were €260.388 thousand (MAD 3 million.

- Products or services supplied: payment of advance on interest bearing current account by IAM to Medi1Sat.

- Amounts paid:

No amount has been received or paid during fiscal 2011.

The balance of the current account (including accrued interest) to be collected by AMI to 31 December 2011 amounted to about 3 million dirhams.

2.5 Contrat with Onatel

- Concerned persons: Members of management bodies in common are Messrs. Larbi GUEDIRA (member of the Management Board of IAM), Arnaud CASTILLE (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 2011, 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, 2011, the amount invoiced for services rendered in 2011, and paid by Onatel, was MAD 21,732 thousand, excluding tax.

At December 31, 2011, the Onatel receivable on ITTISSALAT AL MAGHRIB's books was MAD 26,812 thousand.

- Amounts received: IAM received 19,732 thousand dirhams in 2011.

2.6 Contrat with Gabon Telecom

- Concerned persons: Members of management bodies in common are Messrs. Larbi GUEDIRA (member of the Management Board of IAM), Arnaud CASTILLE (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 Télécom 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 2011, IAM supplied to Gabon Telecom services in the following areas:

- Strategy and development ;
- Organization ;
- Networks ;
- Marketing ;
- Finance ;
- Purchasing ;
- Human resources ;.
- Information systems ;
- Regulation ;

In 2010, the amount for this agreement invoiced by ITISSALAT AL MAGHRIB to Gabon Télécom came to MAD 27,582 thousand, excluding tax.

At December 31, 2011, the Gabon Télécom receivable on ITISSALAT AL MAGHRIB's books amounted to MAD 33,778 thousand.

- Amounts received: IAM received 33,778 thousand dirhams in 2011.

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.

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, bringing the current-account balance to MAD 3,328 thousand at December 31, 2010.

- **Products or services supplied:** advance on non-interest bearing current account

- **Amounts received:** no amount was received in reimbursement during the fiscal year 2011.

2.7 Management-services agreement with Vivendi Telecom International (VTI)

- **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:** 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 2011.

At December 31, 2011, outstanding debt from this agreement amounted to MAD 8,172 thousand.

- **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).

- **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 27,025 thousand in 2011. At December 31, 2011, the cumulative balance amounted to MAD 145,867 thousand.

- Amounts paid: None.

2.9 Contrat with Mauritel SA

- Concerned persons: Members of management bodies in common are Messrs. Larbi GUEDIRA (member of the Management Board of IAM), Arnaud CASTILLE (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 14,953 thousand dirhams for the year 2011.

At December 31, 2011, the outstanding debt owed by Mauritel to IAM amounted to 16,055 thousand dirhams.

- Amounts received: IAM received MAD 21,490 thousands in 2011.

2.10Contrat 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 December 31, 2011, as per the agreements, ITISSALAT AL MAGHRIB had been invoiced MAD 92,385 thousand, excl. tax.

Total income recognized by ITISSALAT AL MAGHRIB for these agreements was MAD 3,579 thousand, excluding tax.

At December 31, 2011, the Casanet payable and receivable on ITISSALAT AL MAGHRIB's books amounted to MAD 14,393 thousand and MAD 53,491 thousand, respectively..

- Amounts received: none

- Amounts paid: IAM paid MAD 110,553 thousand in 2011.

2.11Contrats 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: distribution agreement of the "IPTV" offer and "CANAL + Maghreb"prepaid access cards.

- Main terms:

In 2006, IAM entered into an agreement with Media Overseas (Canal + Group subsidiary) which purpose is to launch an IPTV offering.

Operations under this agreement are engaged with MULTITV AFRICA, a subsidiary of Media Overseas.
In 2009, IAM has reached an agreement on the distribution of prepaid cards of the "CANAL + Maghreb" TV bouquet within the field of Media Overseas' through IAM's network..

- Products or services supplied:

IAM provides access to IPTV and distributes the "CANAL + Maghreb" bouquet prepaid cards

During fiscal year 2011, the amount expensed by IAM under these agreements amounted to 20,020 thousand dirhams. At December 31, 2011, the account of MULTITV AFRICA opened in the books of IAM has a credit balance of 16,592 thousand dirhams.

- Amounts paid: IAM paid MAD 9,161 thousand in 2011.

February 27 ,2012

Statutory Auditors

KPMG	**Abdelaziz ALMECHATT**
Fouad LAHGAZI	Abdelaziz ALMECHATT
Partner	Partner

5 RECENT DEVELOPMENT AND OUTLOOK

5

CONTENT

5

5.1 RECENT DEVELOPMENT

General Shareholders' Meeting of April 24, 20112

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, 2012, 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, 2011;
2) approval of the consolidated financial statements for the fiscal year ended December 31, 2011;
3) approval of related-party agreements referred to in the special report of the Statutory Auditors;
4) appropriation of net income for the 2011 fiscal year and payment of the dividend;
5) ratification of the cooptation of Mr NIZAR BARAKA as member of the Supervisory Board ;
6) ratification of the cooptation of Mr MOHAND LAENSER as member of the Supervisory Board ;
7) authorization granted to the Management Board for the purpose of issuing bonds and similar securities.
8) repeal of the share buyback program in progress and authorization granted to the Management Board regarding a share buyback program.
9) authorization granted to the Management Board for the purpose of issuing call options or subscription of company shares
10) authorization granted to the Management Board for the purpose of issuing ordinary shares or securities giving immediate and / or future shares that are or will be issued as a capital increase with or without preferential subscription rights.
11) powers to effect 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. The Company warns investors that a significant number of factors could result in the actual results differing materially from those expected, including the factors listed in section 3.4.

The telecommunications market in Morocco offers significant potential for growth, owing to the following economic and social factors and to the generalized use of information and communication technologies. Morocco should benefit particularly from:

- a positive economic development: GDP should grow by 4.2% in 2012 (source: Ministry of Finance); over 2012/2016 the International Monetary Fund expects an average growth of nearly 5.4% per year,
- 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 aged under 25 (source: latest census of the High Commission for Planning),

- significant capital expenditures for road, rail, and maritime infrastructures,
- a long-term program to fight poverty and marginalization (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 110%, as in other markets where prepaid customers predominate. Moreover, the Company hopes to benefit from the growth in usage, owing 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 offers and ADSL multiplay offers, while trying to improve quality of service. The Company expects moderate growth in the number of fixed lines in Morocco, counterbalanced 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 the intense competition, with the possibility of new players arriving on the market, could lead in the short term to losses in market share, while revitalizing the market and consequently its growth.

In sub-Saharan Africa, where Maroc Telecom's principal subsidiaries are active, the telecommunications market offers very high growth potential because of :

- annual GDP growth estimated at more than 5.8% for the next four years (source: International Monetary Fund); an increased rate of foreign direct investment,
- a penetration rate expected to grow significantly over the coming years.

5.3 OBJECTIVES

This section contains information regarding the Company's objectives for the fiscal year 2012. The Company warns potential investors that these forward-looking statements are dependent on circumstances and events which are expected to occur in the future. These statements do not reflect historical data and are not to be interpreted as warranties that the facts and data mentioned will occur or that the targets will be achieved. By their nature, these are targets and it is therefore possible that they may not be achieved, and the assumptions on which they are based may be found to be erroneous. Investors are invited to take into consideration the fact that some of the risks described in section 3.4 "Risk factors" herein may affect the Company's operations and its ability to achieve its targets (see also section 5.2 "Market Outlook").

Given continuing growth in Morocco as well as in subsidiaries, the Company's growth targets for 2011 are as follows:

• moderate growth in revenues;

• profitability to be maintained at high levels.

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 Maroc Telecom's profit forecasts in part 5, section 5.3, of this 2011 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 2011 Registration Document. It may not be used in any other context.

April19, 2012

Statutory Auditors

KPMG Fouad LAHGAZI Partner	**Abdelaziz ALMECHATT** Abdelaziz ALMECHATT Partner

6 ANNEXES

ANNEXES

6

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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, 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 (R 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 (R 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 2011

The following table shows a list of the information published or made public by Maroc Telecom over the past twelve months (from March 22, 2011, to March 18, 2012), 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 18, 2011	Press release: Shareholders' Meeting Notice for General Meeting on April 18, 2011
April 20, 2011	Press release: Post General Shareholders' Meeting dated April 18, 2011
April 13, 2011	Press release: Official disposal of the 2010 Registration Document
May 6, 2011	Press release: first half 2011results
July 4, 2011	Half year assessment of liquidity (Paris) - Contract of share regularization (Casablanca)
July 26, 2011	Press release: first half 2011results
November 10, 2011	Press release: third quarter 2011 revenues and results
January 4, 2012	Half year assessment of liquidity (Paris) - Contract of share regularization (Casablanca)
February 27, 2012	Press release: 2011 results
March 23, 2012	Shareholders' Meeting Notice for General Meeting on April 24, 2012

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 2011

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 2011.

In millions of Moroccan dirhams	Maroc Telecom Group			2010	2009
	KPMG	Abdelaziz Almechatt	Other		
Statutory auditors' fees	11.93	3.86	3.39	**19.18**	**19.44**
Other missions of audit	4.40	-	-	**4.40**	**9.19**
Total	16.32	3.86	3.39	**23.57**	**28.63**

ORDINARY GENERAL SHAREHOLDERS' MEETING, APRIL 18, 2011

Proposed resolutions

First resolution: Approval of the reports and annual financial statements for the year ended December 31, 2011

The Shareholders' General Meeting, having satisfied the quorum and majority requirements for Ordinary Meetings and after hearing :

- the report of the Management Board and the observations of the Supervisory Board thereon; and,
- the Auditors' Report on the financial statements for the fiscal year ended December 31, 2011,

Approves the financial statements for the 2011 fiscal year and the transactions recorded therein or summarized in reports.

In consequence, the Shareholders' General Meeting resolves to give final discharge to the members of the Supervisory and Management Boards for the performance of duties for the 2011 fiscal year.

Second resolution: Approval of the consolidated financial statements for the year ended December 31, 2011

The Shareholders' General Meeting, having satisfied the quorum and majority requirements for Ordinary Meetings, approves as necessary the consolidated financial statements, as presented, for the fiscal year ended December 31, 2011.

Third resolution: Approval of related party agreements covered by the Auditors' special report

The Shareholders' General Meeting, having satisfied the quorum and majority requirements for Ordinary Meetings, after having heard a reading of the special report of the Statutory Auditors on agreements referred to in Article 95 of Act no. 17-95, approves all the transactions and agreements referred to therein.

Fourth resolution: Appropriation of net income and payment of the dividend

The Shareholders' General Meeting, having satisfied the quorum and majority requirements for Ordinary Meetings, resolves to appropriate the net income of MAD 8,140,914,416.68 for the year ended December 31, 2011 as follows**:**

Distributable income	MAD 8,140,914,416.68
Total amount distributable	MAD 8,140,914,416.68
Ordinary dividend *	MAD 8,140,422,848.40
Optional reserve	MAD 491,568.28

* This amount will be adjusted to take into account the number of shares held by the company at the dividend payment date.

The Shareholders' General Meeting sets the total dividend at MAD 9.26 per share for each of the shares making up the share capital held on the record date. This dividend will be paid as from May 31, 2012.

Ordinary dividends paid in each of the past three fiscal years were as follows:

Fiscal year	2010	2009	2008
Shares outstanding	879,095,340	879,095,340	879,095,340
Dividend per share (MAD)	10,58	10,31	10,83
Total dividend distribution (MAD)	9,300,779	9,063,473	9,516,517

Fifth resolution: Ratification of the cooptation of Mr. Nizar BARAKA as member of the Supervisory Board

The Shareholders' General Meeting, having satisfied the quorum and majority requirements for Ordinary Meetings, resolves to ratify the cooptation of Mr. Nizar BARAKA as a member of the Supervisory Board to replace Mr. Salaheddine MEZOUAR for the remaining term of his office which will expire at the end of the Ordinary General Meeting called to approve the financial statements for the fiscal year ending December 31, 2012.

Sixth resolution: Ratification of the cooptation of Mr. Mohand LAENSER as member of the Supervisory Board

The Shareholders' General Meeting, having satisfied the quorum and majority requirements for Ordinary Meetings, resolves to ratify the cooptation of Mr. Mohand LAENSER as a member of the Supervisory Board to replace Mr. Moulay Taïeb CHERKAOUI for the remaining term of his office which will expire at the end of the Ordinary General Meeting called to approve the financial statements for the fiscal year ending December 31, 2012.

Seventh resolution: Authorization granted to the Management Board for the purpose of issuing bonds and similar securities

The Shareholders' General Meeting, having satisfied the quorum and majority requirements for Ordinary Meetings having considered the report of the Management Board, authorizes the Management Board, after this meeting, to proceed in one or more occasions, at the issuance of bonds and similar securities in dirhams in Morocco, including subordinated debt securities or fixed term or not, or not bearing interest at fixed or variable rate, or any other securities giving a claim on the company and accompanied or not by warrants giving entitlement to the allotment, purchase or subscription of other securities representing indebtedness, up to a maximum nominal amount of eight billion five hundred million (8,500,000,000) of Moroccan Dirhams or the equivalent value of this amount, with or without specific collateral, in such proportions, at such times and under such interest rates and redemption terms as it may deem appropriate .

The Shareholders' General Meeting grants all powers to the Management Board, which may further delegate his powers to its President, to achieve the effect of such issue and in particular to:

- determine the features of bonds or securities to be issued;

- set the interest rate, the depreciation method and reimbursement, and more generally any other terms.

The Shareholders' General Meeting resolves that this authorization is valid for a period of five (5) years as of this date.

Eighth resolution: Repeal of the share buyback program in progress and authorization granted to the Management Board regarding a share buyback program

The Shareholders' Meeting, having satisfied the quorum and majority requirements for Ordinary Shareholders' Meetings, after reviewing the Management Board's report and the prospectus approved by the Moroccan Securities and Exchange Commission (Conseil Déontologique des Valeurs Mobilières), decides to:

- terminate in advance the share buyback program that had been authorized by the General Assembly on 18 April 2011 and which was to expire December 12, 2012
- authorize the Management Board, in accordance with the provisions of Articles 281 of Act no. 17-95 on public limited companies, for a period of eighteen months, from April 25, 2012 to October 24, 2013 to implement a share buyback program to acquire its own shares, on one or more occasions, on the stock exchange or otherwise, in Morocco or abroad, by purchasing company shares with a view to regulate the share price.

The Ordinary Shareholders' Meeting decides that the volume of shares to be purchased with respect to the share buyback program with a view to regulate the share price, must not exceed 0.17% of the total share capital and that the unit purchase price must not exceed MAD 188 per share, or the equivalent value in euros, and that the unit sale price must not be lower than MAD 106 per share, or the equivalent value in euros, excluding disposal expenses.

The Shareholders' Meeting decides that the maximum amount of the authorized share buyback program must not exceed MAD 282 million and grants to the Management Board all powers to place orders on the stock market, sign any contracts of sale or transfer, enter into any other agreements or contracts, perform any disclosures and any necessary formalities, with the option to delegate such powers.

EXTRAORDINARILY

Ninth resolution: Authorization granted to the Management Board for the purpose of issuing call options or subscription of company shares

The Shareholders' Meeting, having satisfied the quorum and majority requirements for Extraordinary Shareholders' Meetings, authorizes the Management Board, under the applicable law, to grant, on one or more times during a period of thirty-eight months as of this date, for the benefit of members of the Board, managers, senior executives or, in exceptional cases, non-executive members of the company, options to subscribe new shares in the company, options to subscribe new shares in the company to be issued via a capital increase or options to acquire own shares bought back by the company, limited to 1% of the share capital on the day the options are allocated by the Management Board.

The price fixed for the shares subscription by the beneficiaries will be determined by the Management Board and could not be lower than the share price at the last trading session closing preceding the date of the attribution of the subscription share options.

The price set for the purchase of shares by the beneficiaries will be determined by the Management Board and could not be lower than the weight average cost of the repurchase of shares by the company.

The present authorization automatically carries with the profit of the recipients in the case of options of subscription attribution, renunciation of the shareholders of their preferential duty of the shares subscription which will progressively be emitted liftings of option.

The granted options will have to be exerted within ten years maximum from the date on which they will have been granted. The subscribed shares, within the framework of this authorization, will be registered.

The Shareholders’ Meeting gives full powers to the Management Board for, in one or more time, under the terms envisaged by the statutes, to define the recipients and to adopt the number of options granted to each one of them, to set the date of the opening of the options, to adopt the practical conditions and procedures of attribution, of practice and of temporary suspension of the granted options, to carry out all the operations which will be necessary, to implement all other new legal tendencies which would step in throughout this authorization and of which the application; would not require an express decision of general meeting and to delegate to its chairman all powers with effect to achieve all acts or formalities.

Tenth resolution: Authorization granted to the Management Board for the purpose of issuing ordinary shares or securities giving immediate and / or future shares that are or will be issued as a capital increase with or without preferential subscription rights

The Shareholders’ Meeting, having satisfied the quorum and majority requirements for Extraordinary Shareholders’ Meetings, having considered the report of the Management Board, delegates to the Management Board, during a period of twenty-six months as of this date, the power to proceed at its own discretion, in one or more occasions, to issue both in Morocco and abroad, either in dirhams, in euros or in foreign currencies, or any monetary unit determined by reference to more than one currency, with or without premium:

- Ordinary shares
- Securities giving the right to reimbursement, conversion, exchange, presentation of a warrant or by any other means authorized by the law, to the allocation, at any time or on a fixed date, of securities representing a share in the company's capital.

The Shareholders’ Meeting delegates to the Management Board, regardless of any issues that may be made pursuant to the foregoing, the power to issue or grant warrants granting their holders the right to subscribe for securities representing a fraction of the Company's share capital and the issuance of these shares and securities to permit the exercise of warrants without ever to exercise the preferential subscription rights to shares or securities to which they are entitled.

The General meeting gives full powers to the Management Board, with ability to suppress the preferential subscription rights for the holders of the securities that may be issued, under this authorization.

These various issues may not have the effect of increasing the capital of the Company of an aggregate par value greater than one billion two hundred million (1,200,000,000) dirhams, excluding adjustments that may be made in accordance to the law.

The issue of new shares or securities shall be released against cash or by offsetting debt. Their subscription will be reserved in priority to holders of existing shares who may subscribe, within ten (10) trading days, shares or new securities on both an irreducible and reducible basis.

The shares, securities and warrants not subscribed by the shareholders shall be sold to public investors.

The Shareholders' Meeting grants the Management Board full authority, with authorization to sub-delegate its powers to its President, to proceed with the issuance of shares or securities remunerating the contributed shares, warrants or securities, under this resolution, at the times and on the terms it shall determine according to the law, and especially:

- determine the nature of the securities to issue, their features and the terms and conditions attaching to their issue;
- proceed, with any and all deductions from the issue premium or contribution;
- proceed with equity awards, by conversion, exchange, redemption, presentation of a security
- restrict the amount of the capital increase to the amount of subscriptions collected;
- limit the amount of capital increase the amount of subscriptions received;
- make any changes to the statutes regarding the amount of share capital and number of constituent stocks

and, in general, decide and carry out all formalities, set all the conditions necessary to achieve the realization and completion of the issues likely to be made under this resolution.

Eleventh resolution: Powers to effect formalities

The Shareholders' Meeting, having satisfied the quorum and majority requirements for Extraordinary Shareholders' Meetings, gives full powers to the bearer of an original, copy or extract of the minutes of this meeting for the purposes of carrying out any formalities required by law.

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.

ARE: The Mauritanian Telecommunications regulator.

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).

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.

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.

SDH (Synchronous Digital Hierarchy). High-throughput technology based on a "ring." This type of structure allows for a different geographical trace to be made available, providing a back-up path when the primary route becomes unavailable.

Phone shops. Commercial outlet managed by a third party not employed by Maroc Telecom, open to the public, and containing a certain number of payphones, providing telecom services to consumers.

Digital network termination. Device used to connect ISDN clients.

TRX (Transceiver Receiver). The part of the BTS that emits and receives the GSM signal.

UMTS (Universal Mobile Telecommunications System). 3G (third-generation) standard used for the transfer of voice and data. This technology, based on the WCDMA-CDMA standards, allows for throughput in excess of 2Mbps.

Billing unit (BU). Unit used for billing calls, the duration of which varies according to the type of call made (local, national, international, fixed-to-mobile).

VMS (Voice-Mail System). Name given to the voice-messaging system.

VPN (Virtual Private Network). A VPN is a private communications network used for the internal needs of a closed group of users to communicate over one or a number of public networks. This product fulfils both the internal and external communication requirements of businesses.

VSAT (Very Small Aperture Terminal). System of satellite transmission using small antennas. A VSAT base equates to a micro-station made up of antennae with a diameter of 0.9 to 3.5 m. A VSAT network is a satellite network enabling communications, via a hub, with a group of sites equipped with micro-stations (VSAT) linked to a central system by a star topology.

WAP (Wireless Application Protocol). Standard adapting the internet to the constraints of mobile telephony, notably through the use of an appropriate content format.

WiFi (Wireless Fidelity). Commercial brand name for a data-transmission system based on the IEEE 802.11 standard that allows wireless access to an Ethernet network from up to a few hundred meters away at a speed of 11 Mbits/s.

X 25. Protocol used to manage packet switched networks. Used by Maroc Telecom through Maghripac

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