

**ITISSALAT AL MAGHRIB SA (“IAM”)**

**AVENUE ANNAKHIL  
HAY RIAD, RABAT**

**Report of the Statutory Auditors**  
for the fiscal year  
from January 1, 2013, to December 31, 2013

## **ITISSALAT AL MAGHRIB SA (“IAM”)**

Head office: Avenue Annakhil, Rabat, Morocco

Share capital: MAD 5,274,572,040.00

### **REPORT OF THE STATUTORY AUDITORS for the fiscal year from January 1, 2013, to December 31, 2013**

To the Shareholders:

In our capacity as statutory auditors of the company, we hereby submit our report on related-party agreements, in accordance with Articles 95 to 97 of Act 17-95, as amended and completed by Act 20-05.

It is our responsibility to present the primary terms and conditions of the agreements that were indicated to us by the Chairman of the Supervisory Board or that we discovered during our mission. We are not required to comment on the usefulness or validity of these agreements, nor to seek out the existence of other such agreements. It is your responsibility, in accordance with the aforementioned legal act, to approve these agreements by vote.

We have performed the due diligence that we considered necessary with regard to the standards of the profession in Morocco. This due diligence consisted of verifying that the information we were given was identical to that in the annual financial statements from which the information originated.

#### **1. Related-party agreements concluded in 2013**

##### **Agreements previously authorized by the Supervisory Board:**

none.

#### **2. Related-party agreements concluded in previous years that remained effective in 2013**

##### **2.1 Contract with Société de Participations dans les Télécommunications (“SPT”)**

- **Entity concerned:** Société de Participations dans les Télécommunications “SPT” (wholly owned subsidiary of Vivendi and parent company of IAM).

- **Form of the agreement:** written contract.

- **Nature and purpose of the agreement:** current-account advance granted by SPT to IAM for the partial financing of dividend payment.

- **Main terms:** The advance totals MAD 3,150 million. The agreement provides for repayment in three tranches: MAD 1,100 million for tranches 1 and 2, and MAD 950 million for tranche 3. After an amendment dated August 2, 2012, the repayment amounts were changed to MAD 1,225 million, MAD 1,100 million, and MAD 825 million for maturities of three months, six months, and nine months respectively, as of May 31, 2012. A short-term loan agreement governs each tranche.

The interest rate is set at 3.33%, the maximum rate allowable for interest deductions from shareholders' current accounts.

Fees for negotiation and for financial and legal counsel shall be at IAM's expense at the drawdown date.

- **Services or products delivered or provided:** current-account advance to IAM by SPT. At December 31, 2013, this advance had been fully reimbursed.

- **Amounts received:** No payment was received in 2013.

- **Amounts paid:** MAD 845 million including interest (excl. tax) was reimbursed for fiscal-year 2013.

## 2.2 Lease agreement with MT Fly

- **Relevant persons:** the members of management bodies in common are Messrs. Larbi Guedira, Laurent Mairot, Rachid Mechahouri, and Mrs. Janie Letrot, all members of the IAM Management Board.

- **Form of the agreement:** written contract.

- **Nature and purpose of the agreement:** lease of IAM aircraft to MT Fly for commercial operations.

- **Main terms:** the Maroc Telecom Supervisory Board, at its meeting of July 23, 2012, approved an aircraft lease agreement with MT Fly for commercial operations, effective retroactively as from January 1, 2012, for a period of 12 months with automatic renewal each year unless terminated in writing.

- **Services provided:** lease of IAM aircraft to MT Fly. The annual lease amount recognized by IAM in 2013 totaled MAD 5.8 million (excl. VAT). At December 31, 2013, the amount receivable arising from this agreement totaled MAD 11.6 million.

- **Amounts received:** no payment was received in 2013.

## 2.3 Moroccan Royal Track and Field Federation ("FRMA")

- **Relevant person:** the member of management bodies common to the two entities is Abdeslam Ahizoune (Chairman of the IAM Management Board).

- **Form of the agreement:** written contract.

- **Nature and purpose of the agreement:** sponsorship agreement.

- **Main terms:** The agreement expired in July 2012. The Supervisory Board at its meeting of July 23, 2012, authorized the renewal of the agreement for the period from July 1, 2012, to June 30, 2014, in the amount of MAD 6 million per annum, in addition to the FRMA chairman's travel and representation expenses.

- **Services or products delivered or provided:** financing of FRMA activities and payment of travel and representation expenses. The amount invoiced by FRMA for 2013 totaled MAD 4 million. At December 31, 2013, the balance due for this agreement had been fully reimbursed.

- **Amounts paid:** IAM paid MAD 4 million in 2013.

## 2.4 Agreement with MT Fly for advance payment

- **Relevant persons:** the members of management bodies in common are Messrs. Larbi Guedira, Laurent Mairot, Rachid Mechahouri, and Mrs. Janie Letrot, all members of the IAM Management Board.

- **Form of the agreement:** written contract.

- **Nature and purpose of the agreement:** advance payment for air-transport services.

- **Main terms:** The service agreement relating to air-transport services states that the annual volume of flight hours available on demand to IAM shall be no less than 125 and no more than 200, invoiced at an annual amount of no less than approximately MAD 7.1 million and no more than approximately MAD 11.4 million respectively.

IAM made an advance payment of MAD 7 million to MT Fly on the signature date (i.e., July 26, 2011) of the agreement. This amount, to be deducted from future invoices, is intended to cover expenses for the first six months and to ensure the financial sustainability of MT Fly.

The contract shall be renewed automatically on a yearly basis as from December 31, 2011.

- **Services provided:** advance payment for air-transport services.

Services invoiced by MT Fly in 2013 amounted to MAD 6,893 thousand (incl. tax), of which MAD 4,837 thousand was deducted from the prepaid credit, resulting in a payment of MAD 2,045 thousand.

At December 31, 2013, the balance on advance payment totaled MAD 2,163 thousand.

- **Amounts paid:** In 2013, IAM debited MAD 4,837 thousand in 2013 from the prepaid credit and paid MAD 2,045 thousand.

## 2.5 Agreement with Sotelma

- **Relevant persons:** the members of management bodies in common are Messrs. Larbi Guedira, Laurent Mairot, and Rachid Mechahouri, all members of the IAM Management Board.
- **Form of the agreement:** written contract.
- **Nature and purpose of the agreement:** agreement for the provision of services and technical assistance.
- **Main terms:** In 2009, Sotelma and IAM concluded an agreement under which IAM provides technical assistance and services. These services are carried out mostly by expatriate employees.
- **Products or services delivered or provided:** In 2013, IAM provided Sotelma with technical assistance. At December 31, 2013, the amount invoiced by IAM to Sotelma was MAD 15,838 thousand (excl. tax). The balance payable at December 31, 2013, totaled MAD 2,821 thousand.
- **Amounts received:** IAM received MAD 16,326 thousand in 2013.

## 2.6 Contract with Onatel

- **Relevant persons:** the members of management bodies in common are Messrs. Larbi Guedira, Laurent Mairot, and Mrs. Janie Letrot, all members of the IAM Management Board.
- **Form of the agreement:** written contract.
- **Nature and purpose of the agreement:** agreement for the supply of services and technical assistance.
- **Main terms:** In September 2007, Onatel and IAM concluded an agreement under which IAM provides technical assistance and services. These services are carried out mostly by expatriate employees.
- **Products or services delivered or provided:** During fiscal-year 2013, IAM provided Onatel services in the following areas:
  - strategy and development;
  - organization;
  - networks;
  - marketing;
  - finance;
  - purchasing;
  - human resources;
  - information systems;
  - regulatory matters.

At December 31, 2013, the amount invoiced for services rendered in 2013 and paid by Onatel totaled MAD 13,759 thousand (excl. taxes).

At December 31, 2013, the Onatel receivable on IAM's books totaled MAD 2,215 thousand.

- **Amounts received:** IAM received MAD 14,130 thousand in 2013.

## 2.7 Contract with Gabon Telecom

- **Relevant persons:** the members of management bodies in common are Messrs. Larbi Guedira and Laurent Mairot, both members of the IAM Management Board.
- **Form of the agreement:** written contract.
- **Nature and purpose of the agreement:** agreement for the supply of services and technical assistance.
- **Main terms:** In September 2007, Gabon Telecom and Itissalat Al Maghrib concluded an agreement under which IAM provides services and technical assistance. These services are carried out mostly by expatriate employees.
- **Products or services delivered or provided:** During fiscal-year 2013, IAM provided Gabon Telecom services in the following areas:
  - strategy and development;
  - organization;
  - networks;

- marketing;
- finance;
- purchasing;
- human resources;
- information systems;
- regulatory matters.

In 2013, the amount for this agreement invoiced by IAM to Gabon Telecom totaled MAD 18,226 thousand (excl. tax).

At December 31, 2013, the Gabon Telecom receivable on IAM's books stood at MAD 7,354 thousand.

- **Amounts received:** IAM received MAD 13,997 thousand in 2013.

## 2.8 Agreement with Casanet for current-account advance

- **Relevant person:** The member of management bodies in common is Mr. Rachid Mechahouri, member of the IAM Management Board.

- **Form of the agreement:** written contract.

- **Nature and purpose of the agreement:** advance by IAM to Casanet on non-interest-bearing account.

- **Main terms:** At its meeting held on December 4, 2007, the Supervisory Board authorized the Company to underwrite all necessary capital expenditures through the provision of non-interest-bearing current-account advances for MAD 6,100 thousand.

At December 31, 2007, no payment had been made under the provisions of this agreement.

In 2008, Itissalat Al Maghrib made a current-account advance of MAD 2,300 thousand to Casanet.

In 2009, no payment was made under the provisions of this agreement.

In 2010, Itissalat Al Maghrib made a current-account advance of MAD 1,028 thousand to Casanet.

In 2011, no payment was made under the provisions of this agreement.

In 2012, Itissalat Al Maghrib made a current-account advance of MAD 2,772 thousand to Casanet, bringing the current-account balance to MAD 6,100 thousand at December 31, 2012.

In 2013, no payment was made under the provisions of this agreement.

At December 31, 2013, the current-account balance totaled MAD 6,100 thousand.

- **Products or services delivered or provided:** advance on non-interest-bearing current account.

- **Amounts received:** none.

- **Amounts paid:** none.

## 2.9 Management-service agreement with SFR (formerly Vivendi Telecom International, or "VTI")

- **Relevant person:** Vivendi is a shareholder in both IAM and SFR.

- **Form of the agreement:** written contract.

- **Nature and purpose of the agreement:** supply of technical assistance.

- **Main terms:** In June 2001, IAM entered into a service agreement with VTI (later SFR), whereby VTI provides technical assistance, directly or through its subsidiaries. These services are carried out mostly by expatriate employees.

- **Products or services delivered or provided:** VTI supplied IAM with technical assistance in the following areas:

- strategy and organization;
- development;
- sales and marketing;
- finance;
- purchasing;

- human resources;
- information systems;
- regulatory matters.
- interconnection;
- infrastructure and networks.

In 2013, Itissalat Al Maghrib paid MAD 535 thousand under the provisions of this agreement. Payables totaled MAD 8,709 thousand at December 31, 2013.

- **Amounts paid:** none.

## 2.10 Invoicing of costs related to stock options and bonus-share grants

- **Relevant person:** Vivendi is a shareholder in IAM.

- **Form of the agreement:** written contract.

- **Nature and purpose of the agreement:** invoicing of costs related to stock options and bonus-share grants.

- **Main terms:** Vivendi invoices its subsidiaries for costs relating to the stock options and bonus shares granted to employees.

- **Products or services delivered or provided:** the amount invoiced in 2013 was MAD 29,129 thousand. At December 31, 2013, payables totaled MAD 206,550 thousand.

- **Amounts paid:** none.

## 2.11 Contract with Mauritel SA

- **Relevant persons:** the members of management bodies in common are Messrs. Larbi Guedira and Laurent Mairot, both members of the IAM Management Board.

- **Form of the agreement:** written contract.

- **Nature and purpose of the agreement:** agreement for the supply of technical assistance and equipment.

- **Main terms:** In 2001, Mauritel and IAM concluded an agreement under which IAM provides technical assistance and equipment.

- **Products or services delivered or provided:** IAM provides Mauritel with telecommunications equipment and technical assistance.

Under this agreement, IAM invoiced Mauritel for MAD 11,418 thousand (excl. tax) in 2013.

At December 31, 2013, the Mauritel receivable on IAM's books stood at MAD 2,624 thousand.

- **Amounts received:** IAM received MAD 11,615 thousand in 2013.

## 2.12 Contract with Casanet

- **Relevant person:** The member of management bodies in common is Mr. Rachid Mechahouri, member of the IAM Management Board.

- **Form of the agreement:** written contract.

- **Nature and purpose of the agreement:** agreement for the supply of maintenance services, web hosting, technical assistance, and equipment.

- **Main terms:** since 2003, Itissalat Al Maghrib has concluded several service agreements with its subsidiary Casanet.

- **Products or services delivered or provided:** the main services provided by Casanet to IAM are:

- maintenance of IAM's Menara internet portal;
- provision of development services and hosting of IAM's mobile portal;
- hosting of IAM's El Manzil website;

- maintenance of new WAP applications on the Menara portal and production of content for those applications;
- production of WEB TV site;
- marketing of leased-line internet access;
- acquisition of various types of equipment;
- production and commercialization of the IAM yellow pages;
- standardization and posting of banner ads of Menara portal;
- transmission of SMS for IAM.

At December 31, 2013, the expense recognized by IAM under these agreements amounted to MAD 108,037 thousand (excl. tax), including accrued services not yet invoiced for MAD 26,942 thousand.

Payables totaled MAD 54,578 thousand at December 31, 2013.

- **Amounts paid:** IAM paid MAD 77,672 thousand in 2013.

### **2.13 Contracts with Media Overseas**

- **Entity concerned:** The shareholder common to both entities is Vivendi SA.

- **Form of the agreement:** written contract.

- **Nature and purpose of the agreement:** distribution agreements for “ADSL TV offer” and for “CANAL+ Maghreb” prepaid cards.

- **Main terms:** In 2006, IAM concluded an agreement with Media Overseas, a subsidiary of Canal+ Group, whose purpose is the launch of an ADSL TV offer.

Operations pursuant to this agreement have been carried out with Multitv Afrique, a subsidiary of Media Overseas.

In 2009, IAM concluded an agreement with Media Overseas for distribution of “CANAL+ Maghreb” prepaid cards through the IAM network.

- **Products or services delivered or provided:** IAM provides ADSL TV access and distributes “CANAL+ Maghreb” prepaid cards.

In 2013, IAM recognized expenses for these agreements of MAD 19,359 thousand (excl. tax). At December 31, 2013, IAM showed a credit balance of MAD 4,069 thousand for Multitv Afrique.

- **Amounts paid:** IAM paid MAD 28,525 thousand in 2013.

**February 13, 2014**

**THE STATUTORY AUDITORS**

## Mohamed BOUSSAÏD

– Chairman –

*52 years old, Moroccan citizen*

Business address: Ministry of Economy and Finance

### Skills and experience

Mr. Mohamed Boussaïd, appointed Minister of Economy and Finance by HM King Mohammed VI on October 10, 2013, was born on September 26, 1961, in Fez.

He holds a degree in industrial engineering from the Ecole Nationale des Ponts et Chaussées (ENCP), Paris (1986), and an MBA from the ENCP's International School of Business (2000).

From 1986 to 1992, Mr. Boussaïd was an engineering advisor for the Banque Commerciale du Maroc. He next served as Deputy Director General for a chemicals manufacturer and distributor (1992–1994).

From 1994 to 1995, Mr. Boussaïd was key-accounts manager at Banque Marocaine du Commerce et de l'Industrie (BMCI).

As a member of the National Rally of Independents (RNI) political party, Mr. Boussaïd was Cabinet Chief for the Minister of Public Works (1995–1998), then Cabinet Chief for the Minister of Agriculture, Equipment, and Environment.

He was Director of Programs and Studies at the Ministry of Equipment (1998–2001) before becoming Director of Public Establishments and Participation (2001–2004) and Director of Public Enterprises and Privatization at the Ministry of Finance and Privatization.

Mr. Boussaïd was appointed Minister of Public Sector Modernization in 2004 and Minister of Tourism and Crafts in October 2007.

In March 2010, Mr. Boussaïd was named Wali of the Souss-Massa-Drâa region and Governor of the Agadir–Ida–Ou Tanane prefecture. In May 2012, he was named Wali of the Greater Casablanca region and Governor of the Casablanca prefecture.

### Positions previously held that have expired over the past five years

None



## Mohamed HASSAD

*61 years old, Moroccan citizen*

Business address: Ministry of the Interior

### Skills and Experience

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

Mr. Hassad holds degrees from the Ecole Polytechnique des Ingénieurs, Paris (1974), and the Ecole Nationale des Ponts et Chaussées, Paris (1976). From 1976 to 1981, Mr. Hassad worked as Regional Director of Public Works in the provinces of Fez, Taounate, and Boulemane.

He then served as Director General of the National Port Authority (Office National d'Exploitation des Ports, or ODEP) from 1985 to 1993, and on November 11, 1993, was appointed Minister of Public Works, Continuing Education, and Executive Training.

Mr. Hassad became CEO of Royal Air Maroc on January 31, 1995, and President of the International Air Transport Association for Francophone countries in February 1997.

On July 27, 2001, Mr. Hassad was named Wali for the Marrakesh–Tensift–El Haouz region and then Wali of the Tanger-Tétouan region and Governor of the Tangier-Assilah prefecture in June 2005.

In November 2012, he was appointed as Chairman of the Supervisory Board of the Tangier-Mediterranean Special Agency.

Mr. Hassad has been made an Officer of the Order of the Throne (Wissam al-Arch).

### Positions previously held that have expired over the past five years

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