



CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2018

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Key figures

| (In millions of dirhams) | Note | 1st half-year 2018 | 1st half-year 2017 |
|--|---------|--------------------|--------------------|
| Revenue | 4.1.1.2 | 26,599 | 23,152 |
| Profit (loss) from joint ventures | | 150 | 213 |
| EBITDA | | 8,008 | 5,908 |
| Operating profit (loss) before non recurring items | | 4,485 | 3,026 |
| Cost of net financial debt | 10.1.5 | (805) | (236) |
| Net profit (loss) - Group share | | 1,885 | 2,315 |
| Consolidated equity - Group share | | 76,365 | 71,047 |
| Net financial debt | | 44,972 | 42,896 |
| Net operating investments | | 5,140 | 7,434 |
| Basic and diluted earnings per share (in dirhams) | 12.2 | 21.48 | 27.08 |
| Dividend per share (in dirhams) | | 30.17 | 20.22 |

Significant events of the period

Industrial programm

Commissioning of the fourth fertilizer unit in April 2018, bringing the group's fertilizer production capacity to 12 million tonnes per year.

Financing

The second subordinated perpetual bond issue

After the first perpetual subordinated bond issue in December 2016, OCP Group completed its second bond issue of the same type in May 2018, with early repayment and deferred payment options in the amount of MAD 5 billion.

This public offering involves the issue of 50,000 bonds with a nominal value of 100,000 dirhams each. This transaction will continue to strengthen the Group's financial structure and support its transformation while improving its credit ratios.

Events after the reporting period

No significant events after the reporting period have been noted.

Consolidated Statement of Profit and Loss

| (In millions of dirhams) | Note | 1st half-year 2018 | 1st half-year 2017 |
|---|-----------|--------------------|--------------------|
| Revenue | 4.1.1.2 | 26,599 | 23,152 |
| Production held as inventory | | 979 | 252 |
| Purchases consumed | 4.2.2 | (10,555) | (9,109) |
| External expenses | 4.2.2 | (4,716) | (4,141) |
| Personnel expenses | 5.1 | (4,337) | (4,058) |
| Taxes | | (176) | (183) |
| Profit (loss) from joint ventures | 6.1 | 150 | 213 |
| Exchange gains and losses on operating receivables and payables | | 47 | (241) |
| Other operating income and expenses | | 16 | 22 |
| EBITDA | | 8,008 | 5,908 |
| Amortization, depreciation and operating provisions | 8.3 - 9.1 | (3,523) | (2,882) |
| Operating profit (loss) before non recurring items | | 4,485 | 3,026 |
| Other non-recurring operating income and expenses | 7.1 | (372) | (592) |
| Operating profit (loss) | | 4,114 | 2,433 |
| Cost of gross financial debt | | (883) | (347) |
| Financial income from cash investments | | 79 | 110 |
| Cost of net financial debt | 10.1.5 | (805) | (236) |
| Exchange gains and losses on financial receivables and payables | 10.2.2 | (563) | 1,823 |
| Other financial income and expenses | 10.2.2 | (267) | (548) |
| Financial profit (loss) | | (1,634) | 1,039 |
| Profit (loss) before tax | | 2,479 | 3,473 |
| Corporate Income Tax | 11.2 | (499) | (1 098) |
| Net profit (loss) for the period | | 1,980 | 2,375 |
| Net profit (loss) - Group share | | 1,885 | 2,315 |
| Net profit (loss) - Non-controlling interests | | 95 | 61 |
| Basic and diluted earnings per share in dirhams | | 21.48 | 27.08 |

Consolidated Statement of Comprehensive Income

| <i>(In millions of dirhams)</i> | <i>1st half-year 2018</i> | <i>1st half-year 2017</i> |
|---|---------------------------|---------------------------|
| Net profit (loss) for the period | 1,980 | 2,375 |
| Actuarial gains or losses | 27 | 235 |
| Taxes | (5) | (42) |
| Share of gains and losses recognized in equity for equity-accounted | | |
| Items that will not be reclassified to profit or loss | 22 | 193 |
| Translation differences | (19) | (26) |
| Reevaluation of assets held for sale | (379) | |
| Taxes | | |
| Share of gains and losses recognized in equity for equity-accounted (CFH variation) | 24 | |
| Items that may be reclassified to profit or loss | (374) | (26) |
| Income and expenses for the period, recognized directly in equity | (352) | 167 |
| Consolidated comprehensive income | 1,628 | 2,542 |
| <i>Including Group share</i> | <i>1,533</i> | <i>2,481</i> |
| <i>Including non-controlling interests' share</i> | <i>95</i> | <i>60</i> |

Consolidated Statement of Financial Position

| (In millions of dirhams) | Note | 30 June 2018 | 31 December 2017 |
|---|----------|----------------|------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 10.1.3.1 | 10,286 | 8,419 |
| Cash financial assets | | 1,002 | 2,709 |
| Inventories | 4.2.4 | 11,705 | 10,343 |
| Trade receivables | 4.1.2.2 | 8,327 | 6,036 |
| Other current assets | 7.2 | 10,402 | 10,204 |
| Total current assets | | 41,722 | 37,711 |
| Non-current assets | | | |
| Non-current financial assets | 10.2.1 | 16,408 | 15,215 |
| Investments accounted for under the equity method | 6.1 | 3,681 | 3,726 |
| Deferred tax assets | | 16 | 16 |
| Property, plant and equipment | 8.1 | 98,280 | 97,015 |
| Intangible assets | 8.2 | 381 | 321 |
| Total non-current assets | | 118,766 | 116,293 |
| Total Assets | | 160,488 | 154,005 |

| (In millions of dirhams) | Note | 30 June 2018 | 31 December 2017 |
|--|------|----------------|------------------|
| LIABILITIES | | | |
| Current liabilities | | | |
| Current loans and financial debts | | 7,728 | 7,935 |
| Financial Debts resulting from Murabaha | | | 818 |
| Current provisions | 9.2 | 317 | 263 |
| Trade payables | | 13,612 | 13,706 |
| Other current liabilities | 7.3 | 6,491 | 5,268 |
| Total current liabilities | | 28,149 | 27,991 |
| Non-current liabilities | | | |
| Non-current loans and financial debts | | 48,531 | 46,244 |
| Non-current provisions for employee benefits | 9.2 | 4,161 | 4,307 |
| Other non-current provisions | 9.2 | 784 | 521 |
| Deferred tax liabilities | | 1,154 | 1,112 |
| Total non-current liabilities | | 54 631 | 52 184 |
| Equity - Group share | | | |
| Issued capital | 12.1 | 8,288 | 8,288 |
| Paid-in capital | | 18,698 | 18,698 |
| Consolidated reserves - Group share | | 47,494 | 40,858 |
| Net profit (loss) - Group share | | 1,885 | 4,567 |
| Equity - Group share | | 76,365 | 72,411 |
| Non-controlling interests | | 1,344 | 1,419 |
| Total equity | | 77,709 | 73,830 |
| Total equity and liabilities | | 160,488 | 154,005 |

Consolidated Statement of Changes in Equity

| <i>(In millions of dirhams)</i> | <i>Issued capital</i> | <i>Paid-in capital</i> | <i>actuarial gains or losses</i> | <i>Super subordinated loans</i> | <i>Other consolidated reserves</i> |
|---|-----------------------|------------------------|--------------------------------------|---|--|
| Equity as at 31 December 2016 | 8,288 | 18,698 | (2,477) | 4,996 | 37,197 |
| Allocation of profit (loss) for FY 2016 | | | | | 3,779 |
| Consolidated comprehensive income for 1st half-year 2017 | | | 193 | | |
| The issue of super subordinated loans | | | | | |
| Super subordinated loans' coupons | | | | (90) | |
| Change in scope | | | | | |
| Dividends paid | | | | | (1,661) |
| Others | | | | | (19) |
| Equity as at 30 June 2017 | 8,288 | 18,698 | (2,284) | 4,906 | 39,269 |
| Consolidated comprehensive income for 2nd half-year | | | (86) | | |
| The issue of super subordinated loans | | | | | |
| Super subordinated loans' coupons | | | | (89) | |
| Change in scope | | | | | |
| Dividends paid | | | | | |
| Others | | | | | (653) |
| Equity as at 31 December 2017 | 8,288 | 18,698 | (2,370) | 4,817 | 38,642 |
| Allocation of profit (loss) for FY 2017 | | | | | 4,567 |
| Consolidated comprehensive income for 1st half-year | | | 22 | | |
| The issue of super subordinated loans | | | | 5,000 | |
| Super subordinated loans' coupons | | | | (120) | |
| Change in scope | | | | | |
| Dividends paid | | | | | (2,478) |
| Others | | | | | 19 |
| Equity as at 30 June 2018 | 8,288 | 18,698 | (2,348) | 9,696 | 40,751 |

| <i>Change difference</i> | <i>Assets held for sale</i> | <i>Share of gains and losses recognized in equity for equity-accounted (CFH variation)</i> | <i>Net profit (loss)</i> | <i>Total equity - Group share</i> | <i>Non-controlling interests</i> | <i>Total equity</i> |
|--------------------------|-----------------------------|--|--------------------------|-----------------------------------|----------------------------------|---------------------|
| (149) | | 3 | 3,779 | 70,335 | 1,470 | 71,805 |
| | | | (3,779) | | | |
| (26) | | | 2,315 | 2,481 | 60 | 2,542 |
| | | | | (90) | | (90) |
| | | | | (1,661) | (170) | (1,831) |
| | | | | (19) | (3) | (22) |
| (175) | | 3 | 2,315 | 71,046 | 1,358 | 72,404 |
| (47) | | (13) | 2,252 | 2,106 | 61 | 2,167 |
| | | | | (89) | | (89) |
| | | | | (653) | | (653) |
| (223) | | (9) | 4,567 | 72,411 | 1,419 | 73,830 |
| | | | (4,567) | | | |
| (19) | (379) | 24 | 1,885 | 1,533 | 95 | 1,628 |
| | | | | 5,000 | | 5,000 |
| | | | | (120) | | (120) |
| | | | | (2,478) | (170) | (2,648) |
| | | | | 19 | | 19 |
| (241) | (379) | 15 | 1,885 | 76,365 | 1,344 | 77,709 |

Consolidated Statement of Cash Flows

| (In millions of dirhams) | Note | 1st half-year 2018 | 1st half-year 2017 | FY 2017 |
|--|-----------|--------------------|--------------------|----------------|
| EBITDA | | 8,008 | 5,908 | 12,722 |
| Subsidies and donations | | (416) | (492) | (705) |
| Other non-current operating income and expenses | | (20) | (106) | (112) |
| Other non-current operating income and expenses- prior period | | 22 | (63) | (207) |
| Profit or loss of associates and joint ventures | | (150) | (213) | (337) |
| Other movements | | (149) | (58) | (533) |
| Funds from operations | | 7,294 | 4,975 | 10,829 |
| Impact of the change in WRC: | | (4,323) | 460 | (2,371) |
| Inventories | | (1,507) | (1,030) | (255) |
| Trade receivables | | (2,301) | (726) | (1,069) |
| Trade payables | | (447) | 1,899 | (521) |
| Other current assets and liabilities | | (68) | 316 | (526) |
| Taxes paid | | (423) | (47) | (114) |
| Total net cash flows related to operating activities | | 2,549 | 5,388 | 8,345 |
| Acquisitions of PP&E and intangible assets ⁽¹⁾ | 8.2 - 8.3 | (5,140) | (7,434) | (9,045) |
| Disposals of PP&E and intangible assets | | 50 | 69 | 150 |
| Net financial investments | | 5 | (2,887) | (705) |
| Acquisitions of financial assets | | (50) | (4) | (8) |
| Dividends received | | 154 | 15 | 75 |
| Total net cash flows related to investing activities | | (4,980) | (10,241) | (9,533) |
| Loan issue | | 4,500 | 3,127 | 7,257 |
| Issue of financial debts resulting from Murabaha | | | | 818 |
| Repayment of loan | | (3,065) | (2,543) | (5,277) |
| Issue of Hybrid securities | | 5,000 | | |
| Net financial interest payments | | (1,095) | (1,073) | (2,379) |
| Dividends paid to Group shareholders | 12.2 | (1,000) | (1,661) | (1,661) |
| Dividends paid to minority shareholders | | | | (170) |
| Total net cash flows related to financing activities | | 4,340 | (2,149) | (1,413) |
| Impact of changes in exchange rates on cash and cash equivalents | | (13) | (9) | (21) |
| Net increase/(decrease) in cash and cash equivalents | | 1,896 | (7,012) | (2,621) |
| Opening cash and cash equivalents | 10.1.3.1 | 8,388 | 11,009 | 11,009 |
| Closing cash and cash equivalents | 10.1.3.1 | 10,283 | 3,997 | 8,388 |
| Change in net cash | | 1,895 | (7,012) | (2,621) |

(1) Acquisitions of PP&E and intangible assets are net of fixed assets liabilities for MAD -1,067 million for the 1st half of 2018 vs. MAD -2,494 million for the 1st half of 2017.

Note 1- Accounting rules and methods

1.1. BASES FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

OCP Group's half-year consolidated financial statements ended June 30th, 2018 include a set of condensed financial statements prepared and presented in accordance with the disposals of IAS 34 «Interim Financial Reporting». These financial statements should be read in conjunction with the IFRS consolidated financial statements as at December 31, 2017.

They are presented with a comparison at December 31, 2017 and June 30, 2017.

The accounting principles and methods used to prepare OCP Group's half-yearly consolidated financial statements ended June 30th, 2018 are identical to those used for the preparation of the consolidated financial statements for the year ended December 31st, 2017. These financial statements are prepared in accordance with the accounting standards IFRS as adopted in the European Union and detailed in Note 1 «Accounting principles» of the consolidated financial statements and notes to the 1st half of 2018, with the exception of those relating to standards, amendments and interpretations adopted by the European Union and newly applicable as of January 1, 2018 (which had not been applied early by the Group).

1.2. STANDARDS AND INTERPRETATIONS APPLIED AT 30 JUNE 2018

OCP Group has applied, for the first time, IFRS 15 - Revenue from Contracts with Customers and IFRS 9 - Financial Instruments.

The application of these two standards did not generate any significant impact in the Group's consolidated financial statements. The impact analyses of these two standards are detailed below:

IFRS 15 Revenue from Contracts with Customers

IFRS 15 «Revenue from Contracts» (or Revenue Recognition) is the new IFRS standard governing revenue recognition principles. It replaces IAS 11 «Construction Contracts» and IAS 18 «Revenue» and the various existing interpretations, including IFRIC 15 «Real Estate Construction Contracts». As part of the implementation of this standard, the Group conducted an in-depth analysis of the qualitative and quantitative implications and the identification of the main differences in revenue recognition and recognition methods.

IFRS 15 which is mandatory for financial years beginning on or after January 1, 2018, defines a methodology for analyzing contracts and recognizing revenue based on five steps:

- 1- Identify the contract
- 2- Identify service obligations
- 3- Determine the price of the transaction
- 4- Distribute the price of the transaction between the performance obligations
- 5- Recognize income when bonds are satisfied

The analyses of the main sales contracts in application of these five steps covered the sales contracts of rock, acid and fertilizers, depending on the Incoterms used (Free On board FOB, Cost and Freight-CFR and Delivered at terminal-DAT).

This analysis confirmed that the majority of contracts consist of a single performance obligation, consisting of delivering a contractual quantity of good. The transfer of the control is carried out according to the incoterms used: For the contracts FOB and CFR analyzed, the date of transfer of the control corresponds to the date of emission of the «bill of lading», that is to say at the end of the loading. Whereas for DAT contracts, the date of the transfer of control to the customer corresponds to the delivery date in the warehouses designated by the customer.

This analysis has not changed the way revenues must be recognized. As a result, no impact is expected compared to the valuation of performance bonds and the recognition of turnover.

Similarly, in order to comply with the provisions of IFRS 15 in terms of information to be provided in the appendices, the Group has chosen to break down its income according to (see Note 4.1):

- The nature of the products and services sold: the lines of sales of phosphates, phosphoric acid, fertilizers and freight are particularly visible,
- their geographical areas,
- Intragroup and non-group third parties.

IFRS 9 Financial Instruments

On July 24th , 2014, the IASB issued a new standard on financial instruments that replaces most existing IFRS disposals, including IAS 39. The new standard, adopted by the European Union on November 22th, 2016, is applicable in a mandatory as of January 1, 2018. The Group did not apply this standard in advance. The disposals of the standard on the classification, valuation and impairment of financial instruments are applied by the Group retrospectively without adjusting the comparatives. The group is not concerned by the provisions specific to hedge accounting.

The group reclassified all of its non-consolidated equity investments at fair value through equity.

Similarly, with regard to depreciation of trade receivables, the group determined an expected loss rate approaching zero. Consequently, the application of this standard on January 1st , 2018 has no impact on the group's consolidated financial statements.

IFRIC Interpretation 22 : Foreign Currency Transactions and Anticipated Counterparty

This interpretation sets the date of the transaction for the purposes of determining the exchange rate to be used for initial recognition of the asset, expense or related income (or a portion thereof) at the date of initial recognition of the non-current asset. Monetary or non-monetary liabilities resulting from the payment or receipt of the anticipated counterpart.

If there are multiple advance payments or receipts, the entity must determine a transaction date for each payment or early receipt.

The application of this interpretation has no significant impact in the Group's consolidated financial statements as of June 30th , 2018.

1.3 STANDARDS AND INTERPRETATIONS ADOPTED BY THE IASB BUT NOT YET APPLICABLE AS OF JUNE 30, 2018

The Group has not anticipated any of the new standards and interpretations mentioned below that may affect it and whose application is not mandatory as of January 1st , 2018.

IFRS 16: Leases

On January 13th , 2016, the IASB issued IFRS 16 «Leases». IFRS 16 will replace IAS 17 and the associated IFRIC and SIC interpretations and will remove the distinction between «operating leases» and «finance leases» for lessees.

Lessees will be required to account for all leases with a term of more than one year in a similar manner to the terms currently provided for finance leases under IAS 17 and thereby recognize an asset and liability for the rights and obligations created. by a lease.

The new standard, adopted by the European Union on October 31st , 2017, is applicable as of January 1st, 2019. The impact of IFRS 16 is currently being evaluated.

IFRIC 23: Tax Treatment Uncertainty

On June 7, 2017, IFRS IC issued IFRIC Interpretation 23, which is mandatory as of January 1st , 2019 and has not been adopted by the European Union. This interpretation contains provisions relating to the recognition of the tax consequences related to the uncertain nature of the tax.

The OCP Group is currently conducting an analysis of the impacts and practical consequences of the application of these amendments.

Note 2- Consolidation scope

2.1. CONSOLIDATION SCOPE

| Company name | Country of location | Currency | 30 June 2018 | | 31 December 2017 | |
|---|---------------------|----------|----------------------|------------|----------------------|------------|
| | | | Consolidation method | % Interest | Consolidation method | % Interest |
| Industrial | | | | | | |
| OCP SA - Holding | Morocco | MAD | Parent company | 100.00 | Mère (Full) | 100.00 |
| Phosboucraa | Morocco | MAD | Full | 100.00 | Full | 100.00 |
| Jorf Fertilizer Company I - JFC I | Morocco | MAD | Full | 100.00 | Full | 100.00 |
| Jorf Fertilizer Company II - JFC II | Morocco | MAD | Full | 100.00 | Full | 100.00 |
| Jorf Fertilizer Company III - JFC III | Morocco | MAD | Full | 100.00 | Full | 100.00 |
| Jorf Fertilizer Company IV - JFC IV | Morocco | MAD | Full | 100.00 | Full | 100.00 |
| Jorf Fertilizer Company V - JFC V | Morocco | MAD | Full | 60.00 | Full | 60.00 |
| Euro Morocco Phosphore- EMA | Morocco | MAD | Equity method | 33.33 | Equity method | 33.33 |
| Indo Morocco Phosphore - IMA | Morocco | MAD | Equity method | 33.33 | Equity method | 33.33 |
| Pakistan Morocco Phosphore - PMP | Morocco | MAD | Equity method | 50.00 | Equity method | 50.00 |
| Paradeep Phosphates Ltd. - PPL | India | INR | Equity method | 50.00 | Equity method | 50.00 |
| Groupe PRAYON | Belgium | EUR | Equity method | 50.00 | Equity method | 50.00 |
| Trading | | | | | | |
| OCP AFRICA | Morocco | MAD | Full | 100.00 | Full | 100.00 |
| OCP Fertilizantes | Brazil | BRL | Full | 100.00 | Full | 100.00 |
| Black Sea Fertilizer Trading Company | Turkey | TRY | Full | 70.00 | Full | 70.00 |
| SAFTCO | Swiss | USD | Full | 100.00 | Full | 100.00 |
| Others | | | | | | |
| OCP International | Netherlands | EUR | Full | 100.00 | Full | 100.00 |
| OCP International SAS | France | EUR | Full | 100.00 | Full | 100.00 |
| Fondation OCP | Morocco | MAD | Full | 100.00 | Full | 100.00 |
| Fondation PB | Morocco | MAD | Full | 100.00 | Full | 100.00 |
| Université MED6 polytechnique - UM6P | Morocco | MAD | Full | 100.00 | Full | 100.00 |
| Jacobs Engineering - JESA | Morocco | MAD | Equity method | 50.00 | Equity method | 50.00 |
| Dupont Ocp Operations Consulting - DOOC | Morocco | MAD | Equity method | 50.00 | Equity method | 50.00 |
| Société d'Aménagement et de Développement de Mazagan - SAEDM | Morocco | MAD | Equity method | 51.00 | Equity method | 51.00 |
| Société d'Aménagement et de Développement Vert - SADV | Morocco | MAD | Full | 100.00 | Full | 100.00 |
| OCP Innovation Fund For Agriculture - OIFFA | Morocco | MAD | Full | 100.00 | Full | 100.00 |
| OCP Services | Morocco | MAD | Full | 100.00 | Full | 100.00 |
| Société de Transports Régionaux - SOTREG | Morocco | MAD | Full | 100.00 | Full | 100.00 |
| Centre d'Etudes et de Recherches des Phosphates Minéraux | Morocco | MAD | Full | 100.00 | Full | 100.00 |
| Société Moroccoaine d'Etudes Spéciales et Industrielles - SMESI | Morocco | MAD | Full | 100.00 | Full | 100.00 |

2.2 SCOPE CHANGE

No change in consolidation scope occurred during the 1st half of 2018.

Note 3- Segment reporting

The presentation of the Group' segment information is done by production axis in accordance with the Group's organization and internal reporting :

- **Northern Axis (Khouribga – Jorf Lasfar) :** this axis hosts the integrated phosphate chemical processing hub. Phosphate extracted at Khouribga is transported by slurry pipeline to Jorf Lasfar, where it is processed into phosphoric acid and fertilizer. The finished products are exported from the port at Jorf Lasfar.
- **Central Axis (Youssoufia and Benguéir – Safi) and Phosboucrâa :** this axis hosts :
 - The integrated phosphate chemical processing hub. The phosphate extracted at Youssoufia and Benguéir is transported by rail to Safi, where it is processed into phosphoric acid and fertilizer. The finished products are exported from the port at Safi
 - Phosboucrâa's extraction site. The phosphate that is extracted there is transported by conveyer to the processing center at Laâyoune, then exported by sea from the Laâyoune port

Head office and other activities : it hosts the corporate activities and the activities of international entities.

3.1 INFORMATION BY OPERATING SEGMENT

| (In millions of dirhams) | Northern Axis | | Central Axis and Phosboucrâa | | Head-office and Other activities | | Intersegment eliminations | | Total | |
|---|--------------------|--------------------|------------------------------|--------------------|----------------------------------|--------------------|---------------------------|--------------------|--------------------|--------------------|
| | 1st half-year 2018 | 1st half-year 2017 | 1st half-year 2018 | 1st half-year 2017 | 1st half-year 2018 | 1st half-year 2017 | 1st half-year 2018 | 1st half-year 2017 | 1st half-year 2018 | 1st half-year 2017 |
| Revenue | 20,269 | 17,531 | 6,177 | 5,414 | 1,665 | 1,070 | (1,511) | (864) | 26,599 | 23,152 |
| Production held as inventory | 498 | (199) | 202 | 209 | 278 | 243 | | | 979 | 252 |
| Purchases consumed | (8,298) | (6,927) | (1,922) | (1,589) | (1,664) | (1,313) | 1,330 | 719 | (10,555) | (9,109) |
| External expenses | (2,483) | (1,867) | (1,295) | (1,151) | (1,148) | (1,327) | 211 | 204 | (4,716) | (4,142) |
| Personnel expenses | (2,002) | (1,860) | (1,373) | (1,227) | (975) | (971) | 11 | | (4,337) | (4,058) |
| Taxes | (98) | (76) | (38) | (40) | (40) | (66) | | | (176) | (183) |
| Profit (loss) of associates and joint ventures accounted for using the equity method | 79 | 93 | | | 72 | 120 | | | 150 | 213 |
| Exchange gains and losses on operating receivables and payables & Other operating income and expenses | (18) | 207 | (18) | (7) | 142 | (360) | (41) | (59) | 62 | (219) |
| EBITDA | 7,947 | 6,901 | 1,732 | 1,609 | (1,670) | (2,603) | | | 8,008 | 5,906 |
| Amortization, depreciation and operating provisions | (2,579) | (1,933) | (356) | (407) | (585) | (541) | | | (3,523) | (2,881) |
| Current operating profit (loss) | 5,368 | 4,968 | 1,376 | 1,202 | (2,255) | (3,144) | | | 4,485 | 3,025 |
| Other non-current operating income and expenses | (89) | (313) | (47) | (4) | (238) | (276) | | | (372) | (592) |
| Operating profit (loss) | 5,279 | 4,655 | 1,329 | 1,198 | (2,493) | (3,420) | | | 4,114 | 2,433 |

Revenue of the Group increased by 15 % in the first half of 2018 compared to the first half of 2017, ie +3.4 billion dirhams following good achievements in the second quarter of 2018.

- Rock sales were marked by higher volumes sold and stabilization of selling prices.
- Fertilizer and acid sales were marked by an upward trend in export prices. This trend is attributable to rising sulfur prices and the decline of chinese supply in the international market following a higher local demand, combined with the closure of some capacities in North America.

The northern axis contributes the most to this increase in revenue, with a 16 % advance mainly related to fertilizers' exports,

Central axis sales mainly relate to sales of phosphoric acid. These rose by 14 % in the first half of 2018 compared to the first half of 2017,

essentially related to the + 24 % rise in prices related to the increase in sulfur prices and the bull market situation.

The Group's operating expenses during the first half of 2018 increased by 13 % compared to the first half of 2017:

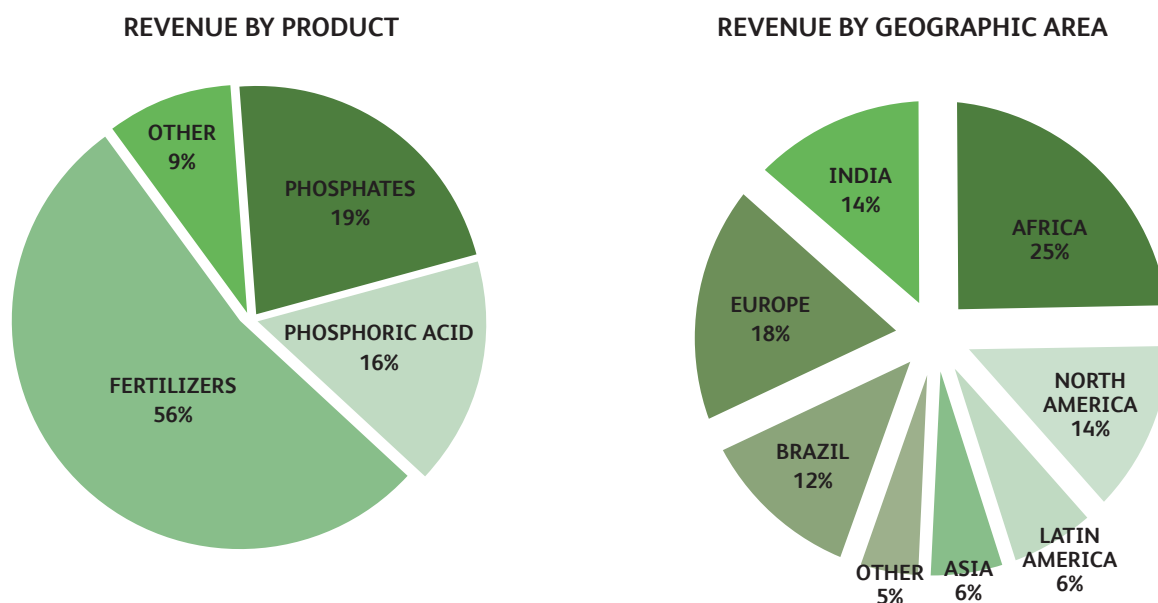
- Raw material purchases increased by 29 % mainly related to higher prices, particularly sulfur prices; the increase in volumes consumed is in line with the increase in production.
- The outsourcing of maintenance and repair services has led to an increase in external costs. This outsourcing is in line with the Group's commitment to developing efficient industrial ecosystems, creating benefit in the regions in which it operates and contributing to the development of the economic fabric in Morocco.

The northern axis bears the largest share of the increase in expenses with an up of 20 %, as a result of the increase in production on the Jorf platform and the start of the new JFC4 unit in April 2018.

Central axis operating expenses increased by 16 %, notwithstanding the increase in raw materials due to the rise in prices, this variation is explained by the maintenance costs following the various maintenance works of the tool production at the Safi site and energy costs including fuel oil at the Phosboucraa site.

3.2. REVENUE BY GEOGRAPHIC AREA

The breakdown of net consolidated sales by geographic area and by product as at 30 June 2018 is detailed as follows:



The Group generates revenues with a diversified client portfolio. No client alone generates more than 6 % of the consolidated turnover.

It should also be noted that 99 % of the consolidated assets are located in Morocco (*excluding foreign companies using the equity method*)

Note 4- Operational data

4.1. OPERATING REVENUE

4.1.1. REVENUE

4.1.1.1. ACCOUNTING TREATMENT OF REVENUE

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, taking into account the amount of any trade discounts and volume rebates allowed. Revenue is recognized upon the transfer of the significant risks and rewards of ownership of the goods, and when the amount of revenue can be reasonably estimated. This transfer of ownership is made at the time of delivery of goods for local sales and as per Incoterms for export sales:

- Sales carried out FOB (Free on Board) : transfer of risk takes place when the goods are placed on board the ship at the port of shipment. This primarily concerns sales related to the mining activities
- Sales carried out under the incoterm CFR (Cost and Freight) : OCP bears, in addition, the transport costs to the destination port, loading costs, export formalities and the related duties and taxes. These charges are billed separately.

4.1.1.2. INFORMATION BY PRODUCT FAMILY

| (In millions of dirhams) | 1st half-year 2018 | 1st half-year 2017 |
|--------------------------|--------------------|--------------------|
| Phosphates | 4,902 | 5,017 |
| Phosphoric acid | 4,286 | 3,669 |
| Fertilizers | 14,917 | 12,314 |
| Fret | 1,562 | 1,271 |
| Other income | 933 | 880 |
| Revenue | 26,599 | 23,152 |

| (In millions of dirhams) | Rock | | Phosphoric acid | | Fertilizers | |
|--------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| 'Main markets | 1st half-year 2018 | 1st half-year 2017 | 1st half-year 2018 | 1st half-year 2017 | 1st half-year 2018 | 1st half-year 2017 |
| Local sales | 729 | 949 | 611 | 535 | 196 | 377 |
| South America | 1,128 | 969 | 250 | 76 | 3,439 | 3,104 |
| Europe | 1,065 | 1,183 | 1,670 | 1,355 | 1,946 | 2,604 |
| Africa | 2 | 1 | 46 | 19 | 3,726 | 3,941 |
| North America | 408 | 581 | | | 3,109 | 1,827 |
| India | 790 | 465 | 908 | 1,033 | 1,562 | 4 |
| Asia | 541 | 606 | 801 | 652 | 898 | 422 |
| Oceania | 239 | 261 | | | 41 | 35 |
| Total | 4,902 | 5,017 | 4,286 | 3,669 | 14,917 | 12,314 |

| (In millions of dirhams) | Rock | | Phosphoric acid | | Fertilizers | |
|-----------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Break down by third parties | 1st half-year 2018 | 1st half-year 2017 | 1st half-year 2018 | 1st half-year 2017 | 1st half-year 2018 | 1st half-year 2017 |
| Revenue | 6,660 | 5,724 | 4,437 | 3,669 | 16,057 | 12,952 |
| Outside the group | 3,728 | 3,759 | 3,223 | 2,549 | 14,931 | 12,314 |
| Joint ventures | 1,175 | 1,257 | 1,063 | 1,120 | (14) | 1 |
| Intercompany sales | 1,758 | 707 | 151 | | 1,140 | 637 |
| Eliminations | 1,758 | 707 | 151 | | 1,140 | 637 |
| Total | 4,902 | 5,017 | 4,286 | 3,669 | 14,917 | 12,314 |

Phosphate sales remained almost stable between the first half of 2017 and the first half of 2018 with a stable price level compared to last year, volumes increased by 209 million dirhams (500 KT), as part of the Group's strategy based on the disintegration of integrated customers by offering them rock at attractive prices. This increase was fully absorbed by the parity effect due to the depreciation of the dollar, which rose from 9.92 MAD / \$ at the end of June 2017 to 9.31 MAD / \$ at the end of June 2018.

Phosphoric acid sales increased by 616 million dirhams between the first half of 2017 and the first half of 2018 (ie + 17 %). This change is mainly due to an increase of 25 % in prices, following the rise of sulfur prices in the international market.

Fertilizer sales, for their part, recorded a remarkable increase of MAD2,602 million between the first half of 2017 and the same period in 2018 (+21 %), mainly due to :

- A positive volume effect of +455 KT on the export market, notably due to the good performance achieved by JFC1, 2 and 3 and the start of JFC4 in April 2018.
- An increase of 18 % in fertilizer prices (all grades combined) following the rise in commodity prices and the decline in Chinese supply.

Revenue from the Freight activity increased by 291 million dirhams in the first half of 2018 compared to the first half of 2017, in line with the increase in volumes shipped.

The other products mainly relate to accessory products including the sale of gypsum, sulfuric acid, ammonia, etc., this line amounts to 933 million dirhams, ie + 6 % in the first half of 2018 compared to this same period in 2017.

4.1.2 TRADE RECEIVABLES

4.1.2.1 ACCOUNTING TREATMENT OF TRADE RECEIVABLES

This category includes operating receivables, deposits and guarantees. A sale is recognized only if the corresponding receivable is recoverable on the date of recognition of the sale. On initial recognition, receivables are recorded on the balance sheet at their fair value, which generally corresponds to their nominal value, unless the discounting effect is material. At the balance sheet date, these assets are valued using the amortized cost method. In the event of the occurrence of a credit event, an impairment loss is established on the basis of an individual estimate that takes into account the risk of non-recovery.

4.1.2.2 ANALYSIS OF TRADE RECEIVABLES

| (In millions of dirhams) | 30 June 2018 | 31 December 2017 |
|--------------------------------|--------------|------------------|
| Trade receivables invoiced | 8,598 | 6,276 |
| Provisions - trade receivables | (271) | (240) |
| Net trade receivables | 8,327 | 6,037 |

Trade receivables increased by 2,291 million dirhams between June 2018 and December 2017 in correlation with the increase in revenue.

4.1.3 MANAGEMENT OF EXCHANGE RISK AND CREDIT RISKS

No changes were made to the management of foreign exchange and credit risks in the first half of 2018.»

4.2. PURCHASES CONSUMED AND EXTERNAL EXPENSES

4.2.1 ACCOUNTING TREATMENT OF OPERATING EXPENSES

Operating expenses are those related the operating business cycle of the company. They correspond to the expenses which contribute to sustainable wealth creation. The main operating expenses are generally the consumption of raw materials, consumable, non-storable materials and supplies expenditure, external consumptions, staff costs (see Note 5 : expenses and employee benefits) and taxes.

In accordance with the principle of matching revenues and expenses, revenues and expenses are directly related to each other and recorded in the same period.

4.2.2 ANALYSIS OF PURCHASES CONSUMED AND EXTERNAL CHARGES

Purchases consumed:

| (In millions of dirhams) | 1st half-year 2018 | 1st half-year 2017 |
|--|--------------------|--------------------|
| Resale purchases of commodities | (128) | (341) |
| Purchases of raw materials | (6,808) | (5,272) |
| Sulfur | (3,585) | (2,259) |
| Ammonia | (1,998) | (1,951) |
| Sulfuric acid | (604) | (245) |
| KCL | (433) | (366) |
| Other raw materials | (187) | (452) |
| Auxiliary materials and Other purchases | (284) | (285) |
| Energy consumption | (1,537) | (1,413) |
| Electrical energy | (686) | (723) |
| Fuel | (525) | (419) |
| Diesel fuel | (286) | (230) |
| Others | (39) | (41) |
| Spare parts | (520) | (510) |
| Services | (836) | (833) |
| Logistics services | (214) | (211) |
| Maintenance services | (67) | (127) |
| Shaping services | (74) | (32) |
| cleaning and guarding | (114) | (107) |
| Others | (366) | (356) |
| Water supply | (34) | (58) |
| Other consumed purchases | (409) | (397) |
| Purchased consumables of materials and supplies | (10,555) | (9,109) |

The decline in resale purchases of commodities is mainly observed in trading subsidiaries (BSFT, SAFTCO, OCP Fertilizantes and OCP Africa).

Raw materials purchases at the end of June 2018 increase by 1,447 million dirhams (+ 16 %) compared to the first half of 2017.

This variation mainly concerns consumed purchases of sulfur and sulfuric acid, which increased respectively by MAD 1,327 million and MAD 359 million between the first half of 2017 and the first half of 2018, due in particular to the rise in current prices this first half (+ 53 % compared to June 2017 for sulfur and + 118 % for sulfuric acid).

This rise is also explained by a volume effect in line with the increase in production

Energy consumption shows an increase of 124 million dirhams in the first half of 2018 compared to the same period in 2017. This variation is mainly related to fuel oil and gas oil consumption correlated to the volumes extracted and the ramp-up of JFC 3 and JFC 4, accentuated by the surge in fuel market prices.

External expenses:

| <i>(In millions of dirhams)</i> | <i>1st half-year 2018</i> | <i>1st half-year 2017</i> |
|--|---------------------------|---------------------------|
| Transport ONCF on sales | (509) | (579) |
| Sea transport on sales | (1,934) | (1,344) |
| Other operating transport | (504) | (478) |
| Consulting and fees | (200) | (148) |
| Contributions and donations | (144) | (591) |
| Maintenance and repairs | (558) | (298) |
| Leases and lease charges | (168) | (171) |
| Travel and entertainment expenses | (137) | (119) |
| Insurance premiums | (95) | (86) |
| Advertising, publications and public relations | (117) | (120) |
| Postal and telecommunications expenses | (34) | (38) |
| Study, analysis, research and documentation | (82) | (52) |
| Remuneration of personnel outside the company | (52) | (33) |
| Other external expenses | (182) | (83) |
| External expenses | (4,716) | (4,141) |

The increase in external expenses of 575 million dirhams is mainly due to:

- The increase in shipping costs of MAD 590 million between the first half of 2017 and the first half of 2018, in line with the increase in volumes sold.
- The 260 million dirham increase in the «maintenance and repair» item, mainly observed at OCP SA (+214 million dirhams) following the various maintenance works carried out in the chemical sites (ecosystem) and mining sites (non recurring maintenance work).

The decrease in contributions and donations for -447 MMAD concerns in particular those related to the OCP Foundation.

4.2.3 RISKS RELATED TO RAW MATERIALS

No changes were made to the management of raw materials' risk in the first half of 2018.

4.2.4. ANALYSIS OF THE INVENTORIES EVOLUTION

| (In millions of dirhams) | 30 June 2018 | | | 31 December 2017 | | |
|---|---------------|----------------|---------------|------------------|----------------|---------------|
| | Gross | Depreciation | Net | Gross | Depreciation | Net |
| Consumables | 5,160 | (1,372) | 3,787 | 4,674 | (1,450) | 3,224 |
| Work in progress | 4,495 | | 4,495 | 4,150 | | 4,150 |
| Intermediate products and residual products | 755 | | 755 | 569 | | 569 |
| Finished products | 2,907 | (238) | 2,669 | 2,631 | (231) | 2,400 |
| Total Inventories | 13,316 | (1,610) | 11,705 | 12,023 | (1,681) | 10,343 |

4.2.5 TRADE PAYABLES

| (In millions of dirhams) | 30 June 2018 | 31 December 2017 |
|------------------------------|---------------|------------------|
| Trade payables | 5,322 | 4,967 |
| Debt to acquire fixed assets | 8,291 | 8,739 |
| Trade payables | 13,612 | 13,706 |

Note 5- Expenses and employee benefits

5.1 PERSONNEL EXPENSES

| (In millions of dirhams) | 1st half-year 2018 | 1st half-year 2017 |
|--|--------------------|--------------------|
| Employee remuneration and related social charges | (3,466) | (3,268) |
| Retirement benefits and other employee benefits | (866) | (786) |
| Other expenses | (5) | (4) |
| Personnel expenses | (4,337) | (4,058) |

Personnel expenses increased by MAD 279 million, (+ 7 % compared to the first half of 2017). This variation mainly concerns the «Salaries, wages and related social charges» item, with an increase of MAD 198 million relating to the increase of the overtime in correlation with the increase of the activity, and the implementation of the agreement protocol.

5.2 POST-EMPLOYMENT BENEFIT AND OTHER BENEFITS

5.2.1 MAIN ACTUARIAL ASSUMPTIONS USED

All of the defined-benefit obligations have been calculated on the basis of actuarial calculations founded on assumptions such as the discount rate, the medical inflation rate, future increases in salaries, the employee turnover rate and mortality tables. The main assumptions used are as follows:

| | 30 June 2018 | 31 December 2017 |
|--|--------------|------------------|
| Discount rate | | |
| Pension supplement | 4.49 % | 4.58 % |
| Medical plans | 4.17 % | 4.28 % |
| Expected salary increase rate | 5.10% | 5.10% |
| Rate of increase in medical costs | 1.00% | 1.00% |

5.2.2 OBLIGATIONS RELATED TO SOCIAL LIABILITIES

| 30 June 2018 | | | | | | |
|---|---------------------------|---------------|-----------------------------|--------------------------------|--------------------------|-------------------------|
| (In millions of dirhams) | 'Post-employment benefits | | | | Other long-term benefits | Total employee benefits |
| | 'Pension supplement | Medical plans | Fixed retirement allocation | Total post-employment benefits | | |
| Net obligations recognized at 1 January 2018 | 445 | 3,045 | 669 | 4,159 | 148 | 4,307 |
| Benefits paid | (4) | (330) | (62) | (396) | | (396) |
| Service cost | 3 | 24 | 38 | 64 | | 64 |
| Expenses related to discounting of obligations | 10 | 64 | 14 | 89 | | 89 |
| Actuarial losses or (gains) for the period resulting from changes in: | (1) | (58) | 33 | (27) | | (27) |
| Contributions | | 123 | | 123 | | 123 |
| Other changes | 1 | | | 1 | | 1 |
| Net obligations recognized at 30 June 2018 | 453 | 2,868 | 691 | 4,013 | 148 | 4,161 |

30 June 2017

| (In millions of dirhams) | Post-employment benefits | | | | Other long-term benefits | Total employee benefits |
|---|--------------------------|---------------|-----------------------------|--------------------------------|--------------------------|-------------------------|
| | Pension supplement | Medical plans | Fixed retirement allocation | Total post-employment benefits | | |
| Net obligations recognized at 1 January 2017 | 441 | 3,316 | 658 | 4,415 | 148 | 4,562 |
| Benefits paid | (5) | (326) | (47) | (378) | (6) | (384) |
| Service cost | 2 | 23 | 35 | 60 | | 60 |
| Expenses related to discounting of obligations | 10 | 67 | 14 | 91 | | 91 |
| Actuarial losses or (gains) for the period resulting from changes in: | (53) | (175) | (7) | (235) | | (235) |
| Contributions | | 116 | | 116 | | 116 |
| Other changes | 34 | | | 34 | | 34 |
| Net obligations recognized at 30 June 2017 | 429 | 3,022 | 652 | 4,103 | 142 | 4,245 |

5.3 KEY MANAGEMENT COMPENSATION

Key management includes the Chairman and Chief Executive Officer, Deputy Executive Officers, Executive Vice-Presidents, seniors Vice-Presidents, Vice-Presidents and advisors to the Chief Executive Officer.

| (In millions of dirhams) | 1st half-year 2018 | 1st half-year 2017 |
|--------------------------------------|--------------------|--------------------|
| Short-term employee benefits | 40 | 38 |
| Post-employment benefits | 10 | 10 |
| Total management compensation | 50 | 48 |

Note 6 Investments in Joint Ventures and associates

6.1 ANALYSIS OF INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

Group's investments in associates and joint ventures are analyzed as follows:

| (In millions of dirhams) | 30 June 2018 | 31 December 2017 |
|--|--------------|------------------|
| Paradeep Phosphates Limited (PPL) | 1,035 | 1,079 |
| Groupe PRAYON | 1,135 | 1,061 |
| Pakistan Maroc Phosphore (PMP) | 697 | 764 |
| Euro Maroc Phosphore (EMA) | 125 | 141 |
| Indo Maroc Phosphore (IMA) | 355 | 348 |
| Dupont Ocp Operating Consulting (DOOC) | 24 | 20 |
| JACOBS Engineering (JESA) | 21 | 19 |
| Société d'Aménagement et de Développement de Mazagan (SAEDM) | 290 | 294 |
| Total interests in joint-ventures | 3,682 | 3,726 |

6.2 BALANCE SHEETS AND INCOME STATEMENTS OF ASSOCIATES AND JOINT VENTURES

The note hereafter details at 100 % the lines of the balance sheet and income statement of the consolidated associates and joint ventures:

Balance sheet:

| (In millions of dirhams) | PRAYON | EMA | IMA | PMP | PPL | SAEDM* | Others |
|---|--------------|------------|--------------|--------------|--------------|------------|--------------|
| ASSETS | | | | | | | |
| Current assets | | | | | | | |
| Cash and cash equivalents | 82 | 201 | 70 | 638 | 8 | 100 | 486 |
| Cash financial assets | | | | | | | |
| Inventories | 1,847 | 171 | 181 | 181 | 1,225 | 727 | |
| Trade receivables | 1,190 | 307 | 505 | 568 | 2,763 | | 1,116 |
| Current tax receivables | | | 21 | 12 | 2 | | 34 |
| Other current assets | 222 | 105 | 485 | 187 | 509 | 24 | 129 |
| Total current assets | 3,341 | 784 | 1,263 | 1,585 | 4,508 | 851 | 1,764 |
| Non-current assets | | | | | | | |
| Non-current financial assets | 10 | | | | 8 | | 8 |
| Investments in equity-accounted companies | 763 | | | | | | |
| Equity securities | 17 | | | | | | 121 |
| Deferred tax assets | 147 | | | | | | |
| Property, plant and equipment | 1,628 | 72 | 352 | 751 | 1,879 | | 33 |
| Intangible assets | 129 | | 16 | 25 | 1 | 1 | 6 |
| Total non-current assets | 2,694 | 72 | 368 | 776 | 1,888 | 1 | 168 |
| Total Assets | 6,035 | 856 | 1,631 | 2,362 | 6,396 | 852 | 1,932 |

*SAEDM (Société d'aménagement et de développement de Mazagan) is an associate.

Notes to the Consolidated Financial Statements

| (In millions of dirhams) | PRAYON | EMA | IMA | PMP | PPL | SAEDM | Others |
|--|--------------|------------|--------------|--------------|--------------|------------|--------------|
| LIABILITIES | | | | | | | |
| Current liabilities | | | | | | | |
| Current loans and financial debts | 1,501 | | | | 2,391 | | |
| Current provisions | 18 | 21 | 2 | 5 | 83 | | 2 |
| Trade payables | 1,058 | 367 | 461 | 759 | 1,522 | 32 | 178 |
| Current tax liabilities | | 5 | 37 | 8 | | | 43 |
| Other current liabilities | 371 | 89 | 28 | 163 | 314 | 2 | 526 |
| Total current liabilities | 2,946 | 483 | 528 | 935 | 4,310 | 34 | 748 |
| Non-current liabilities | | | | | | | |
| Non-current loans and financial debts | 382 | | | 1 | | 250 | |
| Non-current provisions for employee benefits | 181 | | | | | | |
| Other non-current provisions | 25 | | | | 16 | | |
| Deferred tax liabilities | 217 | | | | | | |
| Other non-current liabilities | 28 | | | | | | |
| Total non-current liabilities | 832 | | | 1 | 16 | 250 | |
| Equity - Group share | 476 | 180 | 620 | 800 | 798 | 608 | 101 |
| Paid-in capital | | 110 | | | | | |
| Reserves | (39) | 59 | 216 | 507 | 1,250 | (1) | 8 |
| Retained earnings | 1,700 | | 97 | 88 | | (32) | 991 |
| Net profit (loss) - Group share | 119 | 25 | 171 | 30 | 22 | (8) | 85 |
| Total equity | 2,257 | 374 | 1,103 | 1,425 | 2,070 | 568 | 1,184 |
| Total liabilities and equity | 6,035 | 856 | 1,631 | 2,362 | 6,396 | 852 | 1,932 |

Income statement:

| <i>(In millions of dirhams)</i> | <i>PRAYON</i> | <i>EMA</i> | <i>IMA</i> | <i>PMP</i> | <i>PPL</i> | <i>SAEDM</i> | <i>Autres</i> |
|---|---------------|------------|------------|------------|--------------|--------------|---------------|
| Revenue | 3,877 | 809 | 1,260 | 804 | 2,663 | | 889 |
| Production held as inventory | 87 | (34) | 21 | (21) | 94 | 12 | |
| Purchases consumed | (2,401) | (650) | (825) | (555) | (1,999) | (22) | (317) |
| External expenses | (742) | (61) | (240) | (152) | (291) | (2) | (64) |
| Personnel expenses | (564) | | (1) | (4) | (92) | (5) | (380) |
| Taxes | | (1) | (2) | (1) | (56) | | (2) |
| Exchange gains and losses on operating receivables and payables | 68 | 1 | 3 | (7) | | | 1 |
| Other operating income and expenses | 87 | (1) | 7 | 12 | (92) | | |
| EBITDA | 413 | 63 | 221 | 78 | 227 | (17) | 127 |
| Amortization, depreciation and operating provisions | (154) | (27) | (27) | (49) | (65) | | (7) |
| Operating profit (loss) before non recurring items | 259 | 36 | 194 | 29 | 162 | (18) | 120 |
| Other non-recurring operating income and expenses | 5 | | 8 | 4 | (3) | | |
| Operating profit (loss) | 264 | 36 | 201 | 33 | 159 | (18) | 119 |
| Cost of net financial debt | (29) | 1 | 5 | 6 | (76) | 10 | 1 |
| Exchange gains and losses on financial receivables and payables | (107) | | | | (45) | | |
| Other financial income and expenses | 5 | | 1 | | (2) | | |
| Financial profit (loss) | (131) | 1 | 6 | 6 | (123) | 10 | 1 |
| Profit (loss) before tax | 133 | 37 | 207 | 38 | 36 | (8) | 120 |
| Corporate Income Tax | (14) | (12) | (37) | (8) | (14) | | (35) |
| Net profit (loss) for the period | 119 | 25 | 171 | 30 | 22 | (8) | 85 |

Note 7- Other operating items

7.1 ANALYSIS OF OTHER OPERATING ITEMS

| <i>(In millions of dirhams)</i> | <i>1st half-year 2018</i> | <i>1st half-year 2017</i> |
|--|---------------------------|---------------------------|
| Gains and losses on other assets | 42 | 70 |
| Subsidies granted | (226) | (183) |
| Donations and gifts | (190) | (309) |
| Others | 2 | (170) |
| Other non-current operating income and expenses | (371) | (592) |

7.2 OTHER CURRENT ASSETS

| <i>(In millions of dirhams)</i> | <i>30 June 2018</i> | | | <i>31 December 2017</i> | | |
|--|---------------------|---------------------|---------------|-------------------------|---------------------|---------------|
| | <i>Gross</i> | <i>Depreciation</i> | <i>Net</i> | <i>Gross</i> | <i>Depreciation</i> | <i>Net</i> |
| Receivables from suppliers, advances and payments on account | 3,670 | (6) | 3,664 | 3,053 | (6) | 3,047 |
| Personnel | 71 | (1) | 70 | 60 | (1) | 58 |
| Social organizations | 275 | | 275 | 268 | | 268 |
| State (excluding corporate income tax) | 4,899 | | 4,899 | 5,703 | | 5,703 |
| Tax receivables | 132 | | 132 | 106 | | 106 |
| Other receivables | 1,371 | (9) | 1,362 | 1,029 | (9) | 1,021 |
| Total other current assets | 10,419 | (16) | 10,402 | 10,220 | (16) | 10,204 |

The line «State (excluding corporate income tax)» includes mainly recoverable VAT, the current share of the VAT credit, the phosphate exploitation fee and other taxes. The non-current portion of the recoverable VAT credit is recognized in «other non-current financial assets».

It should be noted that the VAT credit amount in the accounts (current and non-current) amounts to 21.6 billion dirhams at the end of June 2018, whereas the total amount of the VAT group credit amounts to 21, 98 billion dirhams. The difference with the amount of the VAT credit recorded is due to the existence of VAT credit for non-consolidated entities.

7.3 OTHER CURRENT LIABILITIES

| <i>(In millions of dirhams)</i> | <i>30 June 2018</i> | <i>31 December 2017</i> |
|--|---------------------|-------------------------|
| Trade receivable credit balances, advances and payments on account | 633 | 442 |
| State | 1,094 | 1,750 |
| Social payables | 1,246 | 1,220 |
| Tax liabilities | 49 | 68 |
| Other creditors | 3,468 | 1,788 |
| Total other current liabilities | 6,491 | 5,268 |

Other payables» increased by MAD 1,680 million between December 2017 and June 2018. This variation is mainly due to the recognition of dividends payable for MAD 1,648 million at the end of June 2018.

Note 8- Property, plant & equipment & intangible assets

8.1 PROPERTY, PLANT AND EQUIPMENT VARIATION

| (In millions of dirhams) | 31 December 2017 | Aquisitions | Provisions | Reductions / Reversals | Reclassification | Translation difference | Other changes | 30 June 2018 |
|--|------------------------|--------------|----------------|---------------------------|------------------|---------------------------|------------------|-----------------|
| Gross amount: | | | | | | | | |
| Land | 6,011 | 23 | | | 16 | | | 6,050 |
| Buildings | 36,029 | 266 | | (493) | 5,640 | (2) | | 41,441 |
| Technical installations, equipment and tools | 101,471 | 1 343 | | (27) | 368 | (1) | | 103,155 |
| Transport equipment | 953 | 14 | | | 7 | | | 974 |
| Furniture, office equipment and various fittings | 2,508 | 36 | | (16) | (42) | (1) | | 2,485 |
| Other property, plant and equipment | 2,875 | 15 | | | (3,365) | | (3) | (478) |
| Property, plant and equipment under construction | (28) | 2,578 | | (28) | 2,524 | | | (2) |
| Total gross amount | 149,821 | 4,274 | | (564) | 101 | (4) | (3) | 153,625 |
| Depreciations: | | | | | | | | |
| Land | (1,028) | | (27) | | | | | (1,056) |
| Buildings | (11,142) | | (409) | 488 | (102) | | | (11,165) |
| Technical installations, equipment and tools | (38,330) | | (2,447) | 105 | (63) | | | (40,735) |
| Transport equipment | (694) | | (21) | | (4) | | | (719) |
| Furniture, office equipment and various fittings | (997) | | (86) | 8 | (11) | | | (1,086) |
| Other property, plant and equipment | (612) | | (156) | | 186 | | | (582) |
| Impairment losses | | | | | | | | |
| Buildings | (3) | | (1) | 1 | | | | (3) |
| Total depreciation and impairment losses | (52,806) | | (3,147) | 602 | 6 | 1 | | (55,346) |
| Net carrying amount | 97,015 | 4,274 | (3,147) | 37 | 106 | (3) | (3) | 98,280 |

The main increase during the 1st half of 2018 concern the following projects:

For the mining activity:

- Construction of a new complete production line at the Merah laundromat (capacity of 3 million tonnes per year) in high, medium and low grade grades;
- The opening of the new phosphate mine "Béni Amir" with a capacity of production of 5.5 million tonnes /year of selective phosphate;

For the chemical activity:

- Commissioning of the last JFC4 fertilizer production unit including a sulfuric line with a capacity of 4200 TMH / J of sulfuric acid, a thermal power plant with a capacity of 62W, a phosphoric acid line with a capacity of 1400 T / J, a fertilizer line with a capacity of 3000 T / J and a set of storage buildings.

8.2 PROPERTY, PLANT AND EQUIPMENT VARIATION

| <i>(In millions of dirhams)</i> | <i>31 December 2017</i> | <i>Aquisitions</i> | <i>Provisions</i> | <i>Reclassification</i> | <i>30 June 2018</i> |
|---|-----------------------------|--------------------|-------------------|-------------------------|-------------------------|
| Gross amount : | | | | | |
| R&D assets | 74 | 7 | | | 81 |
| Patents, trademarks, rights and similar items | 72 | 2 | | | 74 |
| Licences and software | 443 | 61 | | | 504 |
| Other intangible assets | 54 | 26 | | 2 | 82 |
| Total gross amount | 643 | 96 | | 2 | 741 |
| Amortization : | | | | | |
| Amortization of R&D assets | (27) | | (6) | | (33) |
| Amortization of patents, trademarks, rights and similar items | (51) | | (3) | | (53) |
| Amortization of licences and software | (170) | | (12) | 1 | (182) |
| Amortizaiton of other intangible assets | (75) | | (11) | (6) | (92) |
| Total amortization and impairment losses | (322) | | (33) | (5) | (360) |
| Net carrying amount | 321 | 96 | (33) | (3) | 381 |

8.3 INTANGIBLE ASSETS VARIATION

| <i>(In millions of dirhams)</i> | <i>1st half-year 2018</i> | <i>1st half-year 2017</i> |
|-----------------------------------|---------------------------|---------------------------|
| Net depreciation and amortization | (3,219) | (2,853) |

Note 9- Provisions and contingent liabilities

9.1 NET PROVISIONS

| (In millions of dirhams) | 1st half-year 2018 | 1st half-year 2017 |
|--------------------------|--------------------|--------------------|
| Net provisions | (304) | (29) |

9.2 PROVISIONS FOR LIABILITIES AND CHARGES

Current and non-current provisions can be broken down as follows:

| | 31 December 2017 | Increase | Reversals | Other changes | 30 June 2018 |
|--|------------------|------------|-------------|---------------|--------------|
| Non-current provisions | 4,828 | 289 | (20) | (152) | 4,945 |
| Provisions for employee benefits | 4,307 | 17 | (15) | (148) | 4,161 |
| Provisions for environmental risks & for site rehabilitation | 294 | | | 1 | 295 |
| Other provisions for risks and current expenses | 263 | 53 | | (5) | 317 |
| Total provisions | 5,092 | 342 | (20) | (152) | 5,262 |

9.3 PROVISIONS FOR LIABILITIES AND CHARGES

Contingent liabilities concern bank guarantees and other items arising in the ordinary course of the Group's business. Group OCP does not expect these items to result in significant liabilities.

9.4 COMMITMENT GIVEN

| (In millions of dirhams) | 30 June 2018 | 31 December 2017 |
|--------------------------------------|--------------|------------------|
| Letters of credit | 1,096 | 1,135 |
| Miscellaneous rights and commitments | 196 | 426 |
| Total Commitments given | 1,292 | 1,561 |

Note 10- Financial instruments, net debt and net cost of financing

10.1. CASH MANAGEMENT FINANCIAL ASSETS, FINANCIAL LIABILITIES, NET DEBT AND NET COST OF FINANCING:

10.1.1 DEFINITIONS AND ACCOUNTING TREATMENT:

FINANCIAL LIABILITIES

Financial liabilities include financial loans and debts, and bank overdrafts, they are initially recognized at the fair value of the amount required to settle the corresponding obligation, less related costs. Upon subsequent measurement, these financial liabilities are recognized at amortized cost, using the effective interest rate method. The interest calculated at the effective interest rate is recognized in the item “Cost of gross financial debt” over the term of the financial debt.

Financial assets and liabilities are classified as current when expected maturity of the instrument cash flows is less than one year.

CASH AND CASH EQUIVALENTS

“Cash and cash equivalents” include cash as well as short-term investments (with a maturity of less than three months) classified in this category as long as the following criteria are met

- Highly liquid,
- Easily convertible to a known cash amount,
- Subject to a negligible risk of change in value.

Short-term investments primarily correspond to cash unit trusts measured at fair value at the closing date, and changes in fair value are recognized in financial profit or loss.

CASH MANAGEMENT FINANCIAL ASSETS

Cash financial assets mainly correspond to term deposits. These are investments whose maturity and income conditions are determined when they are made and which the Group intends and has the means to keep until their maturity. They are measured at amortized cost. Remuneration of term deposits is recognized in financial profit or loss.

NET DEBT

Net debt is defined as the sum of current and non-current financial debt less cash and cash equivalents and financial cash assets.

COST OF NET FINANCIAL DEBT

The cost of net financial debt includes the cost of gross debt plus financial income from cash investments.

- *Cost of gross debt: This includes interest charges calculated using the effective interest rate method, the costs of early repayment of loans or cancelation of lines of credit*
- *Financial income from cash investments: This is composed of income from investments of cash and cash equivalents as well as financial cash assets.*

10.1.2. ANALYSIS OF FINANCIAL DEBTS

10.1.2.1. BREAKDOWN OF FINANCIAL DEBTS BY TYPE

The table below shows the breakdown of the Group's financial debts by type:

| <i>(In millions of dirhams)</i> | <i>30 June 2018</i> | <i>31 December 2017</i> |
|---|---------------------|-------------------------|
| Current financial debts | | |
| Government credits | 66 | 67 |
| Long-term bank loans, portion due in less than one year | 4,945 | 5,288 |
| Finance leases, portion due in less than one year | 112 | 110 |
| Bond issue | 2,000 | 2,000 |
| Financial debts resulting from Murabaha | | 818 |
| Accrued interest not yet due | 602 | 437 |
| Bank overdrafts | 3 | 33 |
| Others credits | 1 | |
| Total current financial debts | 7,728 | 8,753 |
| Non-current financial debts | | |
| Government credits | 414 | 449 |
| Long-term bank loans, portion due in more than one year | 21,068 | 19,172 |
| Bond issue | 26,513 | 26,010 |
| Finance leases, portion due in more than one year | 187 | 239 |
| Others credits | 348 | 373 |
| Total non-current financial debts | 48,531 | 46,244 |
| Total financial debts | 56,259 | 54,997 |

10.1.2.2. ANALYSIS OF FINANCIAL DEBTS: RATES AND MATURITIES

The table below shows the breakdown of total loans according to interest rate, maturity date and currency.

| <i>(In millions of dirhams)</i> | <i>Interest rate</i> | <i>Weighted average interest rate</i> | <i>Weighted average residual maturity</i> | <i>30 June 2018</i> |
|--|----------------------|---------------------------------------|---|---------------------|
| Government credits | | | | |
| Denominated in EUR | [1.30 % -2.50 %] | 2.09 % | | 66 |
| Long-term bank loans, portion due in less than one year | | | | |
| Denominated in MAD | [3.00 % -3.90 %] | 3.32 % | | 3,305 |
| Denominated in USD | [2.55 % -4.15 %] | 3.55 % | | 1,374 |
| Denominated in EUR | [1.13 % -4.47 %] | 3.36 % | | 266 |
| Finance lease debts | | | | |
| Denominated in MAD | [3.50 % -4.70 %] | 3.52 % | | 112 |
| Bond issue | | | | |
| Denominated in MAD | | 4.46 % | | 2,000 |
| Accrued interest not yet due | | | | 602 |
| Bank overdraft | | | | |
| Denominated in MAD | | | | 3 |
| Other credits | | | | 1 |
| Total current financial debts | | | | 7,728 |
| Government credits | | | | |
| Denominated in EUR | [1.30 % -2.50 %] | 2.30 % | 12 | 414 |
| Long-term bank loans, portion due in more than one year | | | | |
| Denominated in MAD | [3.20 % -3.90 %] | 3.61 % | 5 | 12,059 |
| Denominated in USD | [2.94 % -4.15 %] | 3.56 % | 6 | 6,242 |
| Denominated in EUR | [1.13 % -4.47 %] | 2.23 % | 7 | 2,767 |
| Finance lease debts | | | | |
| Denominated in MAD | [3.50 % -4.70 %] | 3.53 % | 3 | 187 |
| Bond issue | | | | |
| Denominated in MAD | | | | |
| Denominated in USD | [4.50 % -6.88 %] | 5.49 % | 11 | 26,513 |
| Other credits | | | | 348 |
| Total non-current financial debts | | | | 48,531 |
| Total financial debts | | | | 56,259 |

10.1.2.3 FINANCIAL DEBT MATURITIES

The table below shows the maturities of financial debts as at 30 June 2018:

| <i>(In millions of dirhams)</i> | <i><1 yr</i> | <i>1-5 yrs</i> | <i>> 5 yrs</i> | <i>Total at 30 June 2018</i> |
|---------------------------------|-----------------|----------------|-------------------|------------------------------|
| Medium and long-term debt | 7728 | 31,383 | 17,147 | 56,259 |

10.1.2.4 THE GROUP'S MAIN FINANCING AGREEMENTS

The Group's main financing agreements as at 30 June 2018 are as follows :

- OCP SA successfully closed on May 14, 2018, the perpetual subordinated bond issue with early repayment and deferred payment options for an aggregate amount of MAD 5 billion issued in five repayment installments.
- In March 2018, OCP SA issued a loan of MAD 2 billion with fixed interest rate and fixed maturity date at March 2025 with "Société Générale Maroc". This lines' outstanding amounts to MAD 2 billion as at 30 June 2018;
- In April 2018, OCP SA issued a loan of MAD 1 billion with fixed interest rate and fixed maturity date at April 2023 with "La Banque Marocaine pour le Commerce et l'Industrie". The borrowing outstanding is MAD 1 billion as at 30 June 2018.
- In April 2018, OCP SA issued a loan of MAD 2 billion with fixed interest rate and fixed maturity date at December 2024 with "La Bnque Centrale Populaire". The borrowing outstanding is MAD 1.5 billion as at 30 June 2018.
- In April 2018, OCP SA issued a loan of MAD 2 billion with fixed interest rate and fixed maturity date at June 2025 with "Crédit Agricole".
- In the second half of 2018, three drawings of EUR 130 million were carried out on the agreement with "BEI" totaling EUR 130 million on October 8th, 2012. The amount outstanding this credit line at 30 June 2018 is EUR 130 million .

10.1.3 ANALYSIS OF FINANCIAL ASSETS

10.1.3.1 CASH AND CASH EQUIVALENT

| (In millions of dirhams) | 30 June 2018 | 31 December 2017 |
|--|---------------|------------------|
| Cash | 4,974 | 3,670 |
| Cash equivalents | 5,313 | 4,750 |
| Total cash and cash equivalents | 10,286 | 8,419 |
| Bank (credit balances) | 3 | 31 |
| Cash and cash equivalents in the consolidated statement of Cash Flows | 10,283 | 8,388 |

10.1.3.2 CASH MANAGEMENT FINANCIAL ASSETS

| (In millions of dirhams) | 30 June 2018 | 31 December 2016 |
|--------------------------|--------------|------------------|
| Cash financial assets | 1,002 | 2,709 |
| Total | 1,002 | 2,709 |

Cash management financial assets include mainly term deposits with a maturity more than three months contracted mostly by OCP SA for MAD 1 billion as at 30 June 2018 against MAD 2.7 billions as at 31 December 2017.

10.1.3.3 MATURITIES AND FAIR VALUE OF FINANCIAL CASH ASSETS

Financial cash assets maturities

The investment portfolio must remain sufficiently liquid to respond to the financing needs generated by the Group's operations and investment.

As such, assets portfolio is composed of a very short-term and liquid instruments providing for daily operating needs, and short-term instruments in order to improve yields and be in line with targets.

| (In millions of dirhams) | 0-1 month | 1-6 months | 6-12 months | > 1 year | Total |
|--------------------------|--------------|--------------|-------------|----------|--------------|
| Money market funds | 5,155 | | | | 5,155 |
| Term deposit | | 1,017 | 141 | | 1,159 |
| Total | 5,155 | 1,017 | 141 | 0 | 6,313 |

Fair value of financial cash assets

| (In millions of dirhams) | Outstanding | Yield | Fair value |
|--------------------------|--------------|--------|--------------|
| Money market funds | 5,155 | | 5,155 |
| Term deposit | 1,157 | 3.11 % | 1,159 |
| Total | 6,312 | | 6,313 |

10.1.4 ANALYSIS OF NET DEBT

10.1.4.1 NET DEBT BY CATEGORY

| (In millions of dirhams) | | 30 June 2018 | 31 December 2017 |
|---|--------------------------------------|---------------|------------------|
| Liabilities measured at amortized cost | | | |
| | Financial credits | 26,459 | 24,905 |
| | Bonds | 28,513 | 28,010 |
| | Other loans and assimilated debts | 634 | 1,332 |
| | Financial lease debt | 648 | 716 |
| | Long-term financial debt | 56,255 | 54,963 |
| | Bank overdrafts | 5 | 33 |
| | Gross financial debt | 56,259 | 54,997 |
| Assets measured at fair value through profit or loss | | | |
| | | 10,286 | 8,419 |
| | Cash equivalents | 5,313 | 4,748 |
| | Cash | 4,974 | 3,670 |
| Assets measured at amortized cost | | | |
| | Financial assets for cash management | 1,002 | 2,709 |
| | Financial assets | 11,288 | 11,128 |
| | Net financial debt | 44,972 | 43,868 |

10.1.4.2 RECONCILIATION OF NET DEBT ACCOUNTS

The reconciliation with balance sheet items is shown below:

| (In millions of dirhams) | 30 June 2018 | 31 December 2017 |
|---|---------------|------------------|
| Current loans and financial debts | 7,728 | 7,935 |
| Financial debts resulting from Murabaha | | 818 |
| Non-current loans and financial debts | 48,531 | 46,244 |
| Gross financial debt | 56,259 | 54,997 |
| Financial assets for cash management | (1,002) | (2,709) |
| Cash and cash equivalents | (10,286) | (8,419) |
| Net financial debt | 44,972 | 43,868 |

10.1.5 COST OF NET DEBT

The cost of net debt can be broken down as follows:

| (In millions of dirhams) | 1st half-year 2018 | 1st half-year 2017 |
|---|--------------------|--------------------|
| Interest expenses | (883) | (347) |
| Cost of gross financial debt | (883) | (347) |
| Financial income from cash investments | 38 | 51 |
| Other financial income | 40 | 60 |
| Financial income from cash investments | 78 | 110 |
| Cost of net financial debt | (805) | (236) |

10.2 OTHER FINANCIAL ASSETS

10.2.1 NON-CURRENT FINANCIAL ASSETS

| (In millions of dirhams) | 30 June 2018 | | | 31 December 2017 | | |
|--|---------------|--------------|---------------|------------------|--------------|---------------|
| | Gross | Depreciation | Net | Gross | Depreciation | Net |
| Available-for-sale financial assets | 299 | (74) | 225 | 573 | (78) | 495 |
| Financial assets measured at fair value through profit or loss | 27 | | 27 | 27 | | 27 |
| Receivables from fixed asset disposals | 51 | (5) | 47 | 47 | (5) | 42 |
| VAT credit | 16,032 | | 16,032 | 14,575 | | 14,575 |
| Other financial receivables | 77 | (1) | 77 | 76 | (1) | 76 |
| Total non-current financial assets | 16,487 | (79) | 16,408 | 15,298 | (83) | 15,215 |

In June 2018, OCP Group updated the amount of the VAT credit on a 10-year forecast. The impact of this discounting shows a total loss of MAD 2,759 million, including MAD 309 million recorded in other financial charges for the first half of 2018 (see Note.10.2.2).

10.2.2 OTHER FINANCIAL INCOME AND EXPENSES

Other financial income and expenses are as follows:

| (In millions of dirhams) | 1st half-year 2018 | 1st half-year 2017 |
|--|--------------------|--------------------|
| Exchange income from financing operations | (563) | 1,823 |
| Revenue from financial receivables | | 2 |
| Net discount of VAT credit | (309) | (584) |
| Others | 42 | 34 |
| Other financial income and expenses | (830) | 1,276 |

This decline is explained by the impact of the change in exchange rates on borrowings and financial debts denominated in foreign currencies.

10.3 WEIGHT OF FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

10.3.1 WEIGHT OF FINANCIAL INSTRUMENTS

In accordance with IFRS 7, "Financial instruments: Disclosures", fair value measurements must be classed according to a hierarchy based on the input used to measure the fair value of the instrument which includes the following three levels :

- Level 1: the use of quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2: the use of quoted market prices in active markets for similar assets or liabilities or measurement techniques where the relevant inputs are based on observable market data;
- Level 3: the use of measurement techniques where the relevant inputs are not all based on observable market data.

The fair value of the main financial assets and liabilities in the Group's balance sheet is determined according to the principles described in the table below:

| <i>Financial instrument</i> | <i>Principle for the determination of fair value</i> | | | | |
|---|--|---|----------------------|----------------------|-------------------|
| | | | <i>Market data</i> | | |
| | <i>Valuation principle</i> | <i>Valuation model</i> | <i>Exchange rate</i> | <i>Interest rate</i> | <i>Volatility</i> |
| Financial assets held for sale (listed equity securities) | Fair value | Cours de bourse | | N/A | |
| Financial assets held for sale (unlisted equity securities) | Fair value | | | | |
| Long-term loans and advances | Amortized cost | «The amortized cost of long-term loans and advances does not show any significant variation at year-end in relation to the fair value.» | | | |
| Money market fund units | Fair value | Valeur liquidative | | N/A | |
| Negotiable debt securities, treasury bills, demand deposits and term deposits | Amortized cost | For instruments with a maturity of less than 3 months, the amortized cost constitutes an acceptable approximation of the fair value stated in the notes to the consolidated accounts. | | | |
| Financial debts | Amortized cost | «The market value used for debts with an initial maturity of less than one year (including those due on demand), or the terms of which refer to a variable rate, as well as for most regulated savings products, is the value recognized. Flows of fixed-rate security debts and loans are discounted according to the value of the fixed market rates at the closing date, for a debt with the same residual maturity.» | | | |

Notes to the Consolidated Financial Statements

(In millions of dirhams)

30 June 2018

| Balance sheet captions and instrument classes | Carrying value | Fair value | Level 1 :quoted prices and available funds | Level 2 : Internal model with observable inputs | Level 3: Internal model with unobserved inputs |
|---|----------------|---------------|--|---|--|
| Cash and cash equivalents | 10,286 | 10,286 | 10,286 | | |
| Cash financial assets | 1,002 | 1,002 | | 1,002 | |
| Available-for-sale financial assets | 225 | 225 | | | 225 |
| Financial assets measured at fair value through | 27 | 27 | | | 27 |
| Other receivables | 16,032 | 16,032 | | | 16,032 |
| Total financial assets | 27,572 | 27,572 | 10,286 | 1,002 | 16,285 |
| Current loans and financial debts | 7,728 | 7,737 | 2,009 | 5,728 | |
| Non-current loans and financial debts | 48,531 | 51,861 | 28,636 | 23,225 | |
| Total financial liabilities | 56,259 | 59,598 | 30,645 | 28,953 | |

(In millions of dirhams)

31 December 2017

| Balance sheet captions and instrument classes | Carrying value | Fair value | Level 1 :quoted prices and available funds | Level 2 : Internal model with observable inputs | Level 3: Internal model with unobserved inputs |
|---|----------------|---------------|--|---|--|
| Cash and cash equivalents | 8,419 | 8,419 | 8,419 | | |
| Cash financial assets | 2,709 | 2,709 | | 2,709 | |
| Available-for-sale financial assets | 495 | 495 | | | 495 |
| Financial assets measured at fair value through | 27 | 27 | | | 27 |
| Other receivables | 14,575 | 14,575 | | | 14,575 |
| Total financial assets | 26,225 | 26,225 | 8,419 | 2,709 | 15,097 |
| Current loans and financial debts | 8,753 | 8,781 | 2,028 | 6,753 | |
| Non-current loans and financial debts | 46,244 | 49,280 | 28,192 | 21,088 | |
| Total financial liabilities | 54,997 | 58,060 | 30,220 | 27,840 | |

10.3.1.1 COMMITMENTS RECEIVED

(In millions of dirhams)

30 June 2018

31 December 2017

| | | |
|--|---------------|---------------|
| Unused borrowings | 4,268 | 2,707 |
| Other commitments received for contracts | 10,008 | 8,632 |
| Loans guaranteed by the State | 480 | 517 |
| Total Commitments received | 14,756 | 11,855 |

“Other commitments received for contracts” concern commitments received from suppliers relating to advances paid within the context of the industrial programs undertaken by the Group. The analysis of the loans guaranteed by the state are presented in Note 13 «relations with the State».

Note 11 - Corporate Income taxes

11.1 ANALYSIS OF TAX EXPENSE

| (In millions of dirhams) | 1st half-year 2018 | 1st half-year 2017 |
|--|--------------------|--------------------|
| Current tax expense/current tax income | (461) | (761) |
| Deferred tax expense/deferred tax income | (38) | (337) |
| Corporate income tax | (499) | (1,098) |

11.2 RECONCILIATION BETWEEN THE TOTAL TAX EXPENSE AND THE THEORETICAL TAX EXPENSE

| (In millions of dirhams) | 1st half-year 2017 | 1st half-year 2016 |
|--|--------------------|--------------------|
| +Net income - Group share | 1,885 | 2,315 |
| +Net income - Minorities' share | 95 | 60 |
| -Share of profit (loss) of equity-accounted companies | (150) | (213) |
| +/-Tax for the period | 499 | 1,098 |
| Consolidated accounting income before tax | 2,328 | 3,260 |
| +/- Permanent differences | 405 | 867 |
| = Consolidated taxable income | 2,733 | 4,127 |
| Theoretical tax rate | 20,92 % | 19,87 % |
| =Theoretical tax | (572) | (820) |
| Tax losses | | (10) |
| Difference in tax rate in relation to OCP SA | (18) | (230) |
| <i>Prior years' income taxes</i> | | (9) |
| Other items* | 91 | (29) |
| = Corporate income tax | (499) | (1,098) |
| <i>including</i> | | |
| <i>current tax</i> | (460) | (761) |
| <i>deferred tax</i> | (38) | (337) |

(*) including : the impact of the tax exemption of the capital gain on the sale of fixed assets of OCP SA to its subsidiary SADV for 208 MMAD in accordance with the application of Article 161-B of the General Tax Code; tax incentive for restructuring operations of corporate groups and enterprises.

Note 12 - Equity, perpetual subordinated debt, dividends and earnings per share

12.1 ISSUED CAPITAL

As at 30 June 2018, the share capital amounts to MAD 8,288 millions. It is composed of 82,875,000 shares with a nominal value of MAD100. 729,300 OCP shares are held by its subsidiary SADV.

| <i>(In number of shares)</i> | <i>Ordinary shares</i> |
|---|------------------------|
| Outstanding at 1 January 2018 | 82,875,000 |
| Issues of shares for cash in 1st half-year 2017 | - |
| Outstanding at 30 June 2018 | 82,875,000 |
| Nominal value | 100 Dirhams |

During the first half of 2018, Banque Centrale Populaire (BCP), a shareholder in OCP.SA, sold 0.82 % (681,538 shares) of its capital held in OCP SA to its subsidiary Socinvest. This sale was completed with the use right on January 1st, 2018.

12.2 PERPETUAL SUBORDINATED DEBT

OCP Group closed on May 4th, 2018, a perpetual subordinated bond issue with early repayment and deferred payment options in the amount of MAD 5 billion. This issue by Public offering concerns the issue of 50,000 perpetual subordinated bonds with a par value of 100,000 dirhams each.

This transaction enables OCP Group to diversify its sources of financing within the framework of its investment plan to 2025 and is part of the strategy to consolidate its position as world leader. This operation also strengthens the Group's financial structure and supports its transformation while strengthening its credit ratios.

The Group issued :

- MAD 1,058 million to 4.03 % of yield on unlisted tranche A/ reviewable 10 years and listed tranche B/ reviewable 10 years.
- MAD 109 million to 3 % of yield on unlisted tranche C/ reviewable 52 weeks.
- MAD 2,708 million to 4.72 % of yield on unlisted tranche D/ reviewable 5 years.
- MAD 1,125million to 5.08 % of yield on unlisted tranche D/ reviewable 5 years.

This instrument includes the following features:

- Bonds are subordinated securities. The principal and interest related to the bonds constitute unconditional direct commitments without security and subordinate rank.
- At the discretion of the issuer, the payment of the coupon payable may be deferred subject to notification of the shareholders.
- If the issuer, at its discretion, has elected to defer the coupon payment payable it is no longer entitled to:
 - Declare or pay dividends on shares of the issuer for the current year, pay interest on a tranche of the same rank as the bonds
 - Refund, cancel, buy or redeem securities equal to the bonds, or common shares.
- The issue is not rated In accordance with IFRS 9 - Financial Instruments and taking into account these characteristics, this instrument is accounted for in equity.

The coupon cost attributable to holders of super-subordinated securities amounted to MAD 120 million for the 1st half of 2018 compared with MAD 90 million for the same period in 2017.

12.3 DIVIDENDS

Dividends paid during the first half of 2018 for MAD 2,478 million correspond to a net dividend per share of MAD 30.17.

| | 30 June 2018 | 31 December 2017 |
|--|--------------|------------------|
| Amount of dividends (In millions of dirhams) | 2,478 | 1,661 |
| Dividend per share (in dirhams) | 30.17 | 20.22 |

EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit for the year attributable to ordinary shareholders of the parent company, OCP SA, by the weighted average number of ordinary shares outstanding excluding treasury stock.

| | 1st half-year 2018 | 1st half-year 2017 |
|---|--------------------|--------------------|
| Net profit, Group share (In millions of dirhams) | 1,765 | 2,225 |
| Average number of shares in circulation as at 31 December | 82,875,000 | 82,875,000 |
| Average number of own shares in circulation during the period | 729,300 | 729,300 |
| Number of shares used for the calculation of income | 82,145,700 | 82,145,700 |
| Basic and diluted net earnings per share | 21.48 | 27.08 |

**In accordance with IAS 33.19 and 12, adjusted net profit includes the cost of the coupon attributable to holders of subordinated shares issued by the OCP group (MAD -120 millions).*

Note 13- Relations with the State

The Moroccan State is the majority shareholder of OCP with a 94.12 % stake. In this respect, the State receives annual dividends in accordance with the company's dividend distribution policy. The dividends to be paid are proposed by the Board of Directors to the General Meeting of Shareholders. Their amount depends on several parameters, in particular the profits made, cash available and the company's financial structure, as well as other factors that the Board of Directors may consider to be relevant.

OCP has been a Société Anonyme (public limited liability company) since March 2008. Prior to that date, OCP, as a public enterprise, benefited from the State guarantee for loans taken out with foreign organizations.

| <i>Purpose of loan</i> | <i>Loan currency</i> | <i>Date of loan</i> | <i>Amount in millions of dirhams as at 30 June 2018</i> | <i>Amount in millions of dirhams as at 31 December 2017</i> |
|---|----------------------|---------------------|---|---|
| AFD outstanding loans consolidation | EUR | 2 005 | 335 | 351 |
| Sidi Chennane mining operations | EUR | 2 002 | 135 | 154 |
| Renewal of the sulphur unit circulation tank and supply circuit | EUR | 2 007 | 7 | 8 |
| Renewal of three absorption towers | EUR | 2 003 | | 1 |
| Acquisition of 2 hydraulic shovels | EUR | 2001 | 3 | 4 |
| TOTAL | EUR | | 480 | 517 |

In the same way as all companies resident in Morocco, OCP is subject to the tax legislation in force, which requires the payment of duties, taxes and levies to the Moroccan State.

The following table shows the transactions performed with the State or with State-controlled enterprises for 1st half of 2018 and 2017:

| <i>(In millions of dirhams)</i> | <i>at 30 June 2018</i> | | <i>At 31 December 2017</i> | |
|--|---|------------|---|------------|
| | <i>State and State-controlled enterprises</i> | <i>BCP</i> | <i>State and State-controlled enterprises</i> | <i>BCP</i> |
| Interest on investments | 20 | 13 | 21 | 18 |
| Utility costs | 704 | | 1,372 | |
| Other operating expenses | 172 | | 360 | |
| Interest on loans | | 36 | | 59 |
| Social charges | 235 | | 496 | |
| Transport expenses ONCF | 565 | | 1,281 | |
| Subscription ONCF / lump-sum contributions | 200 | | 400 | |
| Assets and inventories purchases | 18 | | 38 | |

| <i>(In millions of dirhams)</i> | <i>at 30 June 2018</i> | | <i>At 31 December 2017</i> | |
|---------------------------------|---|------------|---|------------|
| | <i>State and State-controlled enterprises</i> | <i>BCP</i> | <i>State and State-controlled enterprises</i> | <i>BCP</i> |
| Trade payables | 699 | | 848 | |
| Other receivables | 812 | | 1,029 | |
| Cash and cash equivalents | 1,787 | 2,043 | 878 | 1,533 |
| Investments | 1,000 | | 1,000 | |
| Loans | | 2,929 | | 1,714 |

Statutory auditors' opinion on the consolidated financial information

Deloitte.

Deloitte Audit
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OCP S.A.

ATTESTATION D'EXAMEN LIMITE SUR LA SITUATION INTERMEDIAIRE DES COMPTES SOCIAUX AU 30 JUIN 2018

En application des dispositions du Dahir portant loi n° 1-93-212 du 21 septembre 1993, tel que modifié et complété, nous avons procédé à un examen limité de la situation intermédiaire de la société OCP S.A. comprenant le bilan, le compte de produits et charges et une sélection de notes annexes relatifs à la période allant du 1^{er} janvier au 30 juin 2018. Cette situation intermédiaire qui fait ressortir un montant de capitaux propres et assimilés totalisant KMAD 64.988.928 dont un bénéfice net de KMAD 1.499.910, relève de la responsabilité des organes de gestion de la société OCP S.A.

Nous avons effectué notre mission selon les normes de la profession au Maroc relatives aux missions d'examen limité. Ces normes requièrent que l'examen limité soit planifié et réalisé en vue d'obtenir une assurance modérée que la situation intermédiaire ne comporte pas d'anomalie significative. Un examen limité comporte essentiellement des entretiens avec le personnel de la société et des vérifications analytiques appliquées aux données financières ; il fournit donc un niveau d'assurance moins élevé qu'un audit. Nous n'avons pas effectué un audit et, en conséquence, nous n'exprimons donc pas d'opinion d'audit.

Sur la base de notre examen limité, nous n'avons pas relevé de faits qui nous laissent penser que la situation intermédiaire, ci-jointe, ne donne pas une image fidèle du résultat des opérations du semestre écoulé ainsi que de la situation financière et du patrimoine de la société établis au 30 juin 2018, conformément au référentiel comptable admis au Maroc.

Casablanca, le 5 septembre 2018

Les Commissaires aux Comptes

DELOITTE AUDIT


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Statutory auditors' opinion on the consolidated financial information

Deloitte.

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OCP S.A.

ATTESTATION D'EXAMEN LIMITE SUR LA SITUATION INTERMEDIAIRE DES COMPTES CONSOLIDES ETABLIE AU 30 JUIN 2018

Nous avons procédé à un examen limité de la situation intermédiaire des comptes consolidés de la société OCP S.A. et ses filiales (Groupe OCP) comprenant l'état de la situation financière consolidée, le compte de résultat consolidé et l'état du résultat global consolidé, l'état de variation des capitaux propres consolidés, l'état des flux de trésorerie consolidés et une sélection de notes annexes au terme du semestre couvrant la période du 1^{er} janvier au 30 juin 2018. Cette situation intermédiaire fait ressortir un montant de capitaux propres consolidés de MMAD 77.709 dont un bénéfice net consolidé de MMAD 1.980.

Nous avons effectué notre examen limité selon les normes de la profession au Maroc. Ces normes requièrent que l'examen limité soit planifié et réalisé en vue d'obtenir une assurance modérée que la situation intermédiaire des états financiers consolidés cités au premier paragraphe ci-dessus ne comporte pas d'anomalie significative. Un examen limité comporte essentiellement des entretiens avec le personnel de la société et des vérifications analytiques appliquées aux données financières ; il fournit donc un niveau d'assurance moins élevé qu'un audit. Nous n'avons pas effectué un audit et, en conséquence, nous n'exprimons donc pas d'opinion d'audit.

Sur la base de notre examen limité, nous n'avons pas relevé de faits qui nous laissent penser que les états consolidés, ci-joints, ne donnent pas une image fidèle du résultat des opérations du semestre écoulé ainsi que de la situation financière et du patrimoine du Groupe OCP établis au 30 juin 2018, conformément aux normes comptables internationales (IAS/IFRS) telles qu'adoptées par l'Union Européenne.

Casablanca, le 5 septembre 2018

Les Auditeurs Contractuels

DELOITTE AUDIT

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