/// 2009 ///
ANNUAL • REPORT

Sustainable Development

WHILE CREATING WEALTH, THE OCP GROUP IS NOT MERELY CONCERNED WITH PROFIT, BUT IS ALSO COMMITTED TO CONTRIBUTE TO THE ECONOMIC DEVELOPMENT OF MOROCCO AND TO THE PROTECTION OF THE ENVIRONMENT. TO ACHIEVE THESE GOALS, IT HAS MOBILIZED THE SKILLS AND DEDICATION OF ITS DRIVING FORCE, THE MEN AND WOMEN WHO MAKE UP ITS HUMAN CAPITAL.

Nourish the earth

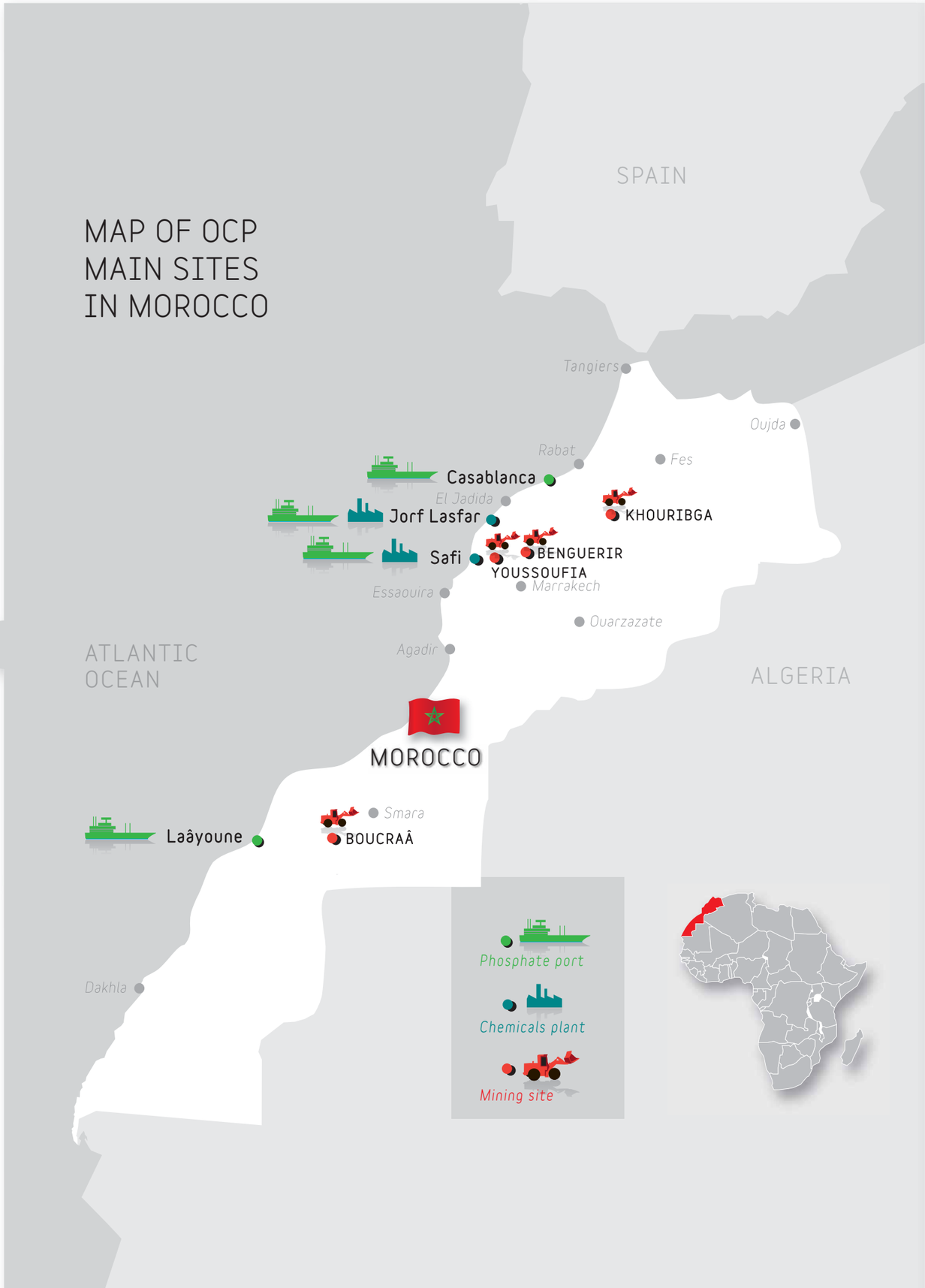
to grow food

for humankind

مجموعة م ش ف

OCP Group

His Majesty King Mohammed VI greeted by OCP workers in the city of Khouribga.



مجموعة م ش ف
OCP Group

/// CONTENTS ///

OCP extracts rock phosphate from the large mining pools of Morocco.

Part of that ore is processed into phosphoric acid and different solid fertilizers at the Group's chemicals plants.

Exports of rock phosphate and processed products are shipped from Morocco's various phosphate ports.

commit

mobilize

share

AGRICULTURE

OCP, A MAJOR PLAYER IN WORLD /// FOOD SECURITY ///

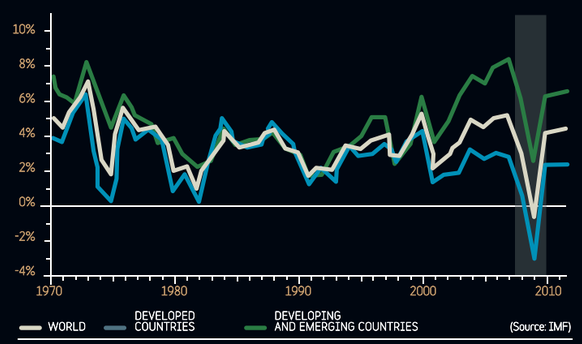
DUE TO NEAR-RECORD CROPS DESPITE THE ECONOMIC CRISIS, GENERAL AGRICULTURAL PRICES WERE DOWN IN 2009. WEATHER FORECASTS PREDICT POSSIBLE PRICE RISES IN 2010. PRICE VOLATILITY IS EXPECTED TO SETTLE OVER THE LONG TERM, WITH PRICES HIGHER THAN THEIR PRE-2007/2008 SURGE. THE DEMAND FROM EMERGING ECONOMIES SHOULD HELP SUPPORT THE GROWTH OF WORLD AGRICULTURAL PRODUCTION. A FIRST GREEN REVOLUTION IN AFRICA AND A SECOND ONE IN ASIA WILL BE NECESSARY TO FEED A 9.1 BILLION STRONG WORLD POPULATION IN 2050.

2009 was marked by the greatest financial crisis since World War II. Triggered by the subprime mortgage crisis in the United States in 2007, it suddenly worsened after the bankruptcy of the American investment bank Lehman Brothers on September 15, 2008. Thereafter, the world economy took an unprecedented plunge during the last quarter of 2008 and the first quarter of 2009, and the situation worsened after the near-closure of access to credit.

Indeed, according to the International Monetary Fund (IMF), global GDP growth fell by an annualized quarterly rate of 6% at Q4 of 2008 and Q1 of 2009. Thanks to powerful economic recovery initiatives, especially in the United States and China, and central banks' accommodating measures, the world's economy seemed back on track in the 2nd quarter of 2009, but with rates differing substantially from region to region.

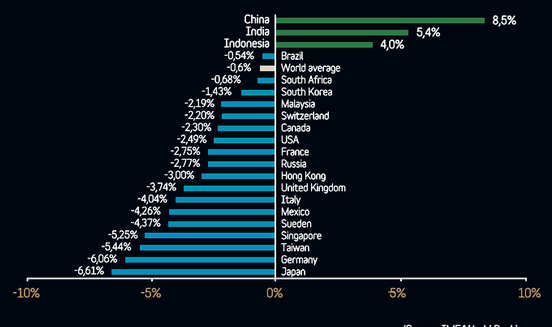
This crisis revealed a shift towards a bigger part played by emerging economies, especially China, who are becoming leaders of the global economy. The IMF thus believes that after the 0.6% world GDP recession of 2009, the world's GDP should bounce back by 4.6% in 2010 and 4.3% in 2011. These average rates, however, conceal contrasted patterns of recovery, at around 2.5% for developed economies (only around 1% for the Eurozone), against 6.8% forecast in 2010 for emerging and developing economies. At the heart of this strong growth for emerging economies, Asia's development is expected to expand by more than 9% in 2010, with China and India at risk of overheating.

The volume of world trade, a key factor in the prices of commodities like phosphate fertilizers, is expected to grow by 9% in 2010 after an unprecedented plunge of 11% in 2009. These positive prospects are, however, still surrounded by uncertainties, especially for developed economies. The effect of the economic crisis is taking its toll on public finances of member countries of the Organization of Economic Cooperation and Development (OECD), which should see their debt ratio rise from 78% before the crisis (2007) to 120% in the coming years, according to the IMF, forcing them to resort to austerity measures with the risk of stunting short-term growth. The IMF warns that stabilization of financial markets will take longer to restore than originally forecast, estimating at 4,054 billion dollars the cost of the global finance crisis over 2007-2010.



THE WORLD'S ECONOMY IN FREE FALL

Growth of real GDP.



EMERGING ECONOMIES RULE THE WORLD

2008/2009 evolution of GDP for some significant economies.

> Global demand for fertilizers should bounce back to a higher growth rate than in the last twenty years.

It is essentially through strong growth in yields that agriculture can succeed at feeding the planet's population by 2050.

The OECD is also concerned by a return of high energy prices and their impact on resource prices and production costs. This in turn will have an impact on agricultural products' supply, prices and trade, while increasing demand for biofuels.

The world agricultural situation

After two consecutive years of abundant harvests, as a consequence of the soaring prices of 2007/2008 which encouraged farmers to increase production, a new record is expected in 2010 world cereal production, forecast by the FAO for spring 2010 at 2.28 billion tons, and at 2.26 billion tons according to the United States Department of Agriculture (USDA), that is a growth of 1.5 to 2% over 2009. As for global consumption of cereals, it is expected to rise in 2010 by 2-2.5%, to 2.25 billion tons. As a consequence, world stocks should stay globally unchanged at the end of the 2010/2011 crop year.

In response to the relative balance of supply and demand since early 2009, international cereal prices have stayed more or less stable over the year but above the pre-crisis 2007-2008 levels. This is an essential base for the demand for fertilizers and therefore their prices. Indeed, despite short-term disruptions caused by the recent economic and financial crisis, farmers have held a relatively satisfying purchasing power for fertilizers, particularly through access to credit, which is vital to them.

Forecasts for other major crops indicate relatively tense conditions in the short term. This is especially true for oleaginous plants (like soy) and cotton. Prospects seem different for sugar: after soaring in late 2009, sugar prices have since dropped in response to oversowing and increase in stocks. However, volatility is expected to return in 2010.

Biofuel production from grain, sugar cane and oilseeds are a key factor for the outlook: in 2009, about a third of corn produced in the United States, 55% of Brazilian sugar cane and nearly two thirds of rapeseed from the European Union were grown for the production of bioethanol and biodiesel.

In 2009, the average per-capita consumption of meat and dairy products decreased due to the economic and financial crisis. This in turn impacted production. With a favorable economic outlook in Asia, livestock production should bounce back in 2010.

Mechanization, irrigation and crop treatment, three fundamental components for a Green Revolution.

A possible price hike linked to the risk of drought in Russia

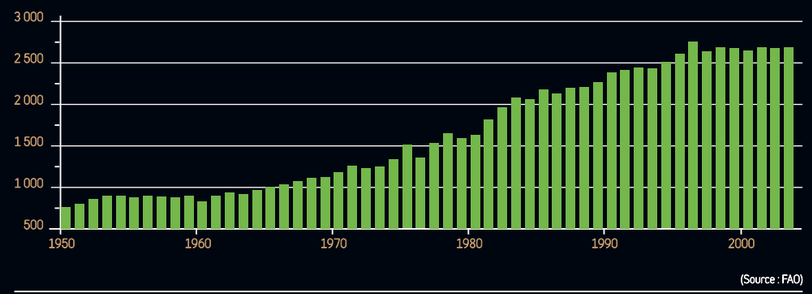
The unseasonably warm and dry spring of 2010 in the CIS countries, especially in Russia, is a serious concern for drought, which might jeopardize current projections. The severity of the drought remains unknown.

Russia is now the third exporter of wheat in the world and any threat to its harvest could result in a ban on its exports, maybe even have the country import large amounts of wheat to overcome any shortfall.

Moreover, if the drought lasts, it could jeopardize the country's winter crops with potentially serious implications for global shipments of wheat in 2011/2012. This is also true for Ukraine and Kazakhstan, two other important producers within the CIS.

In recent years, Russia has become a major supplier to North Africa and the Middle East, whose requirements in wheat imports for crop year 2010/2011 (beginning in July) are estimated at respectively 17.6 Mt et 21.5 Mt. In case of a Russian default, these requirements will have to be (largely) re-directed to other wheat exporting nations including the United States, as a substitute for the Black Sea exporters.

In this context, climatic conditions in Australia and Argentina, where harvesting will take place at the end of 2010, are being closely watched by all the players in the market. In fact, a new threat is emerging: climatic episodes such as the "La Niña" phenomenon expected in the Pacific Ocean may cause a drought in South America, particularly affecting Argentine wheat exports, which are normally expected to increase to 3 Mt.



THE GREEN REVOLUTION : ABUNDANCE AFTER FAMINE

Rice yields in India after the start of the Green Revolution /// in kilograms / hectare.

Wheat prices are carrying in their wake those of corn and soy, whose prices would also rise. We could therefore see a very high market volatility contradicting late 2009 good harvest prospects.

In the medium term, stocks and food prices are expected to remain at their current levels

In the medium term, world agricultural production should grow to meet the demand for food, feed, fiber and biofuels. Increasing agricultural yields will have to be

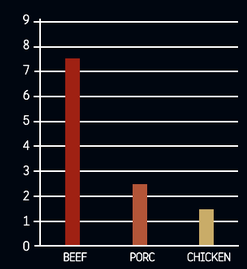
Middle classes in emerging economies use more animal proteins in their diets.

the essential contribution to this growth, given the fact that available arable land is limited. Most of the potential growth of arable land would be in Latin America (especially Brazil), and in sub-Saharan Africa, but weak infrastructures in these regions are a constraint. Since 1950, the area of cultivated land per-capita has decreased by about half, due to population growth and the extension of non-agricultural areas, especially urban areas.

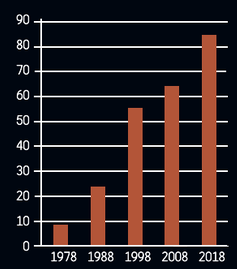
In sub-Saharan Africa, the rate of application of phosphate fertilizers in recent years is estimated at only one fifth of what would be needed to simply maintain the phosphorus contents in cultivated land and at one tenth of average world consumption! Moreover, from an environmental perspective (preservation of forests, biodiversity...), a reasoned fertility increase of currently sown soil seems to be the best option.

According to the OECD, the FAO and the FAPRI (Food and Agricultural Policy Research Institute), stocks of cereals, oilseeds, cotton and sugar should remain practically unchanged over the next five years, probably keeping agricultural prices at a firm level. Indeed, the stock/consumption ratio for cereals and oilseeds – main crops using phosphate fertilizers – is at a level that still cannot be considered "comfortable". Positioned at a little over 70 days of world consumption, poor harvests would bring that level down to around 60 days, which has historically coincided with high tensions on international agricultural prices (1973/1974, 2007/2008).

Production of meat and dairy products is expected to grow at a fast pace in response to global demand driven by the hundreds of millions of people reaching the middle classes in emerging economies, especially in Asia.



(Source : World Bank)

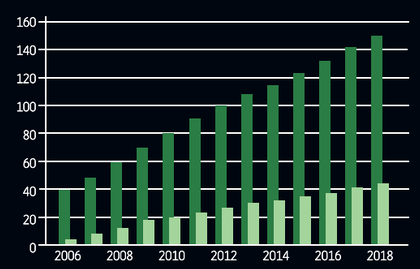


(Source : USDA)

CEREALS FOR MEAT...

Kilograms of grain and oilseeds /// to produce one kilogram of meat. ///

Consumption of meat in China /// in millions of tons. ///



(Source : OECD-FAO)

...AND FOR BIOFUELS

World production of bioethanol and biodiesel /// in billions of liters. ///

The fertilizer situation in 2009

Because of the strong price fluctuation in 2008 of agricultural products and fertilizers due to microeconomic disruptions, farmers in most countries, with the notable exception of India, reduced or postponed their investments in inputs. As the demand for seed and nitrogen fertilizer is relatively inflexible year after year, the adjustment was made on phosphate fertilizers – with global demand down by 11%, according to the International Fertilizer Association (IFA) – and potassium fertilizers

(-20%). In total, world consumption of fertilizers will have declined by 7% over agricultural year 2008/2009, but very unevenly across the regions, except for South Asia (essentially India), Eastern Europe, Central Asia and Africa, which showed no decline. With the gradual recovery of the world economy and positive outlook for agricultural demand, fertilizer consumption is expected to bounce back above the average growth rate observed over the past twenty years.

World food production will need to increase by 70% by 2050

In the longer term, uncertainties around climate conditions, macroeconomic factors, political interference and especially energy prices suggest that the prices of agricultural commodities will remain unpredictable, say the OECD and the FAO in their *Agricultural Outlook 2010-2019*. Price volatility, even in the very short term, is a threat both to the viability of farms (low prices) and food security (high prices). It also results in considerable uncertainty affecting investment decisions.

> In sub-Saharan Africa lies the highest growth potential for the phosphate fertilizers' market.

World agricultural production is expected to increase more slowly over the next decade than it did during the previous, but it will speed up again afterwards. If the earth is to feed the 9.1 billion humans expected by 2050, world agricultural food production must increase by 70%, that is an average 1.5% annual increase in harvest. This will be impossible without the use of chemical fertilizers.

Only such a growth rate will allow the production of cereals, for example, to sustain a consumption level in 2050 equal to that of current world rates, that is between 400 and 1,500 g/day/person. To meet the total demand of cereals for food and feed, annual cereal production (2.1 billion tons today) must grow by close to one billion tons.

Meat production must grow by over 200 million tons, to 470 million tons in 2050, of which 72% will be consumed in developing countries (against 58% today). Biofuel production could also boost demand for agricultural products, depending on energy costs and government policies.

90% of food production increase will be obtained from higher yields and higher crop intensity, and only 10% from new arable land. This ratio will be 80/20 in developing nations, where cultivated land will have increased by about 120 million hectares, mostly in sub-Saharan Africa and in Latin America. And this will require net investments of around 832 billion dollars a year in these countries.

The first priority area of action should be to improve the efficiency of input use. This will be increasingly necessary with the rarefaction of natural resources and the increasing prices of resources such as fossil fuels, nitrogen and phosphorus. Water is another resource that should be used more efficiently by resorting to water recovery and soil humidity conservation. Developing improved crop varieties and massive public and private investment are also part of the general measures advocated.

A second Green Revolution needed in Asia and a first one in Africa

If world agriculture is to meet the planet's population food requirements by 2050 in a simple and efficient way, it can definitely not do without industrial fertilizers, including phosphate, and that will remain true for a long time to come. They are the only way humanity has to substantially increase crop yields and thereby limit extension of farmland at the expense of forest cover.

It is important to remember that the average global yield of wheat, rice and corn was multiplied threefold between 1950 and 2000, thanks to chemical fertilizers, mechanization, irrigation and phytosanitary treatments. And the land required to produce one hundred tons of wheat has decreased proportionally: 13 hectares instead of 40.

Today, North America, Western Europe and Asia consume four fifths of the total fertilizer quantities used around the world. France uses 240 kg of fertilizer units per hectare of wheat, against 25 in Russia, and the United States consumes 257 kg/ha of fertilizer for corn, against 12 in Tanzania.

With these methods that worked so well in the West, the Green Revolution in Asian countries that applied them to the three principal basic food crops – rice, wheat and corn, saw their productivity increase considerably. Between 1965 and 1990, cereal yields increased there by nearly two and a half times on average, from 1.06 to 2.52 tons per hectare. India, for instance, which suffered serious famines until the 1960s, has today become a major agricultural power. It is the largest world producer of milk and sugar cane (before Brazil), and the second of wheat, rice and fruit (after China). "Had it not been for this Green Revolution", writes Michel Griffon[1] in *Nourrir la planète* (Feed the planet) "much of the rainforest would have been destroyed to plant low-yield crops necessary to feed everyone."

A second Green Revolution is necessary to increase yields in Asia where agriculture has remained small scale.

However, over forty years after launching the Green Revolution in India, the lush plains of Punjab or Haryana where mechanization, irrigation, fertilizers and high-yield varieties have worked wonders, are far from dominating the show elsewhere in the country. The Indian countryside in fact remains largely dominated by images of conventional tillage, the ox pulling cart, and rows of women in water-soaked fields planting rice or pulling weeds...

There is therefore much room for a second Green Revolution in India and other Asian countries who were part of the first (Pakistan, Indonesia, the Philippines, Vietnam and Thailand). And it is vital to boost the stagnating growth of yields, as they no longer meet the needs of a growing population, and of a middle class whose diets, especially in meat products, are becoming similar to that of rich countries.

What is needed is an "evergreen" agriculture, one that is more productive and at the same time more ecologically acceptable.

In sub-Saharan Africa, the situation is quite worrysome, with famine a permanent threat. In the spring of 2009, close to 10 million people in Niger and Chad faced a food crisis due to the drought and the next season's crops are in jeopardy due to the exodus of affected populations to the cities. Many voices are raised around the world to advocate a Green Revolution in sub-Saharan Africa and more generally in developing countries. That is where the greatest potential of yield increase can be found. And there are the 450 million small farmers who would meet the excess global supply needed to feed the planet, while growth potential in rich countries is much lower. Indeed, yields in Africa are so weak that, in terms of return on investment, it would be easier to go from 1 to 3 tons per hectare on this continent than from 8 to 10t/ha in Europe. According to the FAO, sub-Saharan Africa uses only 9 kg of fertilizer per hectare while the global average is around 100 kg/ha! And Africa consumes just 3% of fertilizers used in the world while it makes up 12% of the world's population and 18% of cultivated land in the world.

So Africa has the strongest growth potential for the fertilizer market in general, and that of phosphates in particular. Provided certain difficulties can be overcome, such as the lack of transport infrastructure and distribution networks. Transport of fertilizer from an African port to a farm located 100 km inland could work out to be more expensive than the shipping of the fertilizer from North America to that African port, notes the International Fund for Agricultural Development (FIDA). As a result, small African farmers pay up to twice the average price for fertilizer.

However, sub-Saharan Africa is not only a problem-ridden subcontinent. After decades of decline, its agriculture sector, made up of 80% small farmers, grew by more than 3.5% in 2008, considerably higher than its 2% rate of population growth. And earnings benefited from a more favorable policy for agriculture in many countries as well as from rising world prices for commodities like wheat and rice. Technological advances such as the rice variety called Nerica (New Rice for Africa) resistant to drought, also contributed to increased production in the region. Proof enough that a Green Revolution could be successful in sub-Saharan Africa. One of the region's assets is its abundance of natural resources, especially water, even if unevenly distributed. Currently, only 3% of food crops in the subcontinent are irrigated, against more than 20% on average in the world.

OCP for precision agriculture

Today, different solutions exist to benefit from the undeniable

Resorting to high-yield varieties, such as Nerica rice developed through research, is another mainstay of the Green Revolution.

advantages of fertilization, while preventing or eliminating its potentially harmful effects on the environment. They are summarized in the concept of an "evergreen" agricultural revolution, one capable of increasing yields while being at the same time environment-friendly.

OCP studies the possibility of direct application of rock phosphate, a solution that would offer low-income countries optimal yield at minimal cost.

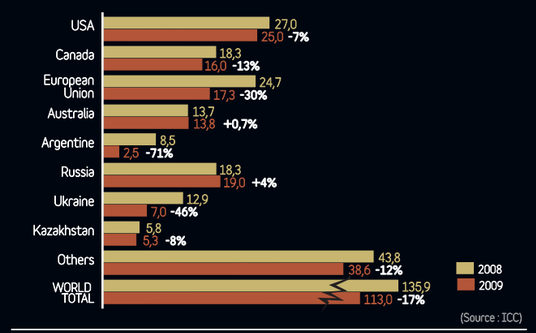
By knowing the needs of soil according to its composition and crop type and by accurately following the state of the crops in each plot thanks to satellite imagery, the right fertilizer can be used and administered in the "right dose at the right place". Hence better timing and lesser quantities.

This practice of reasoned farming reduced the need for chemical fertilizers in the developed world from the 1990s: by 20% in 10 years in France, for example. Soils saturated in phosphates need less every year. OCP is not worried by this decline in consumption, as it will be largely compensated by the increase in fertilizer needs due to global population growth, to the fight to better feed poor populations and to the growing demands of the biofuel industry.

Moreover, the Group is not engaged in a profit-at-any-cost ethic, but rather committed to provide food for people, through technological solutions that allow precision agriculture which aims at optimizing management of plots by closely adjusting input to the plants' needs, by reducing the impact of agriculture on the environment and by increasing competitiveness through greater efficiency.

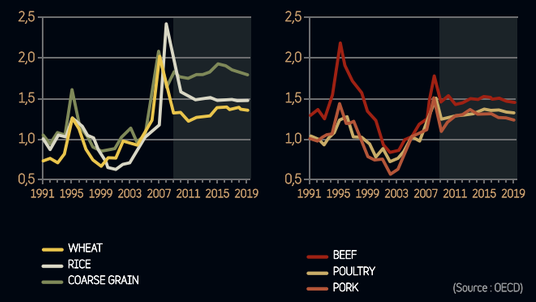
Aware that market share is also won with cutting-edge products, the Group at its Research and Development Division has embarked upon R&D projects designed to develop fertilizers adapted to specific requirements. To meet the needs of low-income countries, for example, a study of the possible direct application of rock phosphate is being undertaken. An approach that would offer optimal yield at minimal cost in high rainfall parts of the world with acidic soils capable of directly assimilating phosphorus from rock phosphate. Trials are being undertaken on cocoa plantations in Ghana and the Ivory Coast with the cooperation of local operators and the initial results are quite encouraging.

(1) Michel Griffon, agronomist and economist, is a researcher at the "Centre de coopération internationale en recherche agronomique pour le développement", as well as President of the "Conseil scientifique du Fonds français pour l'environnement mondial" and the "Institut d'études du développement économique et social".



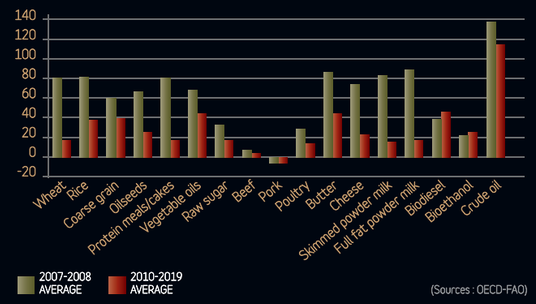
SHARP DECLINE IN WHEAT EXPORTS

Exports of the major players in the wheat market /// in millions of tons and in % 2009/2008.



FOOD PRICES FORECASTS UP FOR THE LONG TERM...

International indexes for major food products' prices (index 2005 = 1)



... BUT AT LOWER LEVELS THAN IN 2007/2008

International indexes for major food products' prices (index 100 = average 1997 - 2006)

Long term prospects for agricultural prices

>>> According to the latest joint FAO-OECD report on agricultural market prospects for the coming decade, average prices for wheat and coarse grain should be 15 to 40% higher in real terms compared to the 1997-2006 averages, while real prices for vegetable oils should be more than 40% higher.

>>> For animal products, average prices of meat (other than pork) in real terms should exceed the 1997-2006 averages for the coming decade, mainly due to reduced supply, higher cost of animal feed and increased demand for meat.

>>> The average prices of dairy products in real terms should be 16 to 45% higher over the 2010-2019 period than in 1997-2006, with butter prices showing the highest increase, triggered by higher prices of energy and vegetable oils.

>>> In real terms, prices of most commodities will remain lower than the recent peaks, but higher than the average levels of the last decade.

Debate on the question of the abundance of stocks

>>> Even if the threats of production shortages in some major exporting countries are confirmed, global wheat market will remain more balanced than during the previous world food crisis in 2007/08 and fears of a new global food crisis are not justified at this stage, according to the FAO.

>>> This widely reported analysis is largely founded on the state of the ratio of global wheat stocks/world consumption. Based on this criterion, the situation does not seem very alarming. The ratio would go from a comfortable 30% for 2009/10 to 25% forecast for 2010/11, which remains reasonable. However, many analysts point out that this statistic does not reflect the real state of tension on the international market.

>>> China alone has around 65 Mt of wheat stock (over 35% of the global stock), of which it is highly unlikely that a portion will go through international trade for reasons of internal market price stability. Moreover, some experts point out that due to poor storage conditions, a large part of Indian wheat stocks are vulnerable to the expected heavy monsoon rains and that around 10 Mt are as such doomed to decay.

>>> The analysis of the state of the major exporters' stocks, those able to overcome a possible large drop in harvests of the Black Sea basin due to drought, reported ratios of stock levels hardly higher than those during the 2007/08 food crisis, with the notable exception of the United States. It is a safe bet that US grain exporting ports will be in very high demand in the coming year.

In sub-Saharan Africa, the rate of phosphate fertilizer application is estimated at only one tenth of average world consumption.

Hunger afflicts one out of six people in the world!

>>> Food security of poor populations has once again been on the forefront of the international scene since the number of undernourished humans in the world has been revised upwards. The work of FAO's June 2009 conference in Rome concentrated on the means of coping with the drastic growth of hunger-stricken populations in the world, now estimated at 1.02 billion individuals, that is more than one out of every six people, against 800 million the previous year! This worsening is not the result of poor harvests but rather a consequence of the global economic crisis that has caused declining incomes and job losses, thereby reducing access to food by the poor, says the FAO.

>>> The crisis has also significantly increased malnutrition, suffered by people who manage to find food but whose incomes are too low to purchase food with sufficient nutritive value. Thus, more than 3.5 billion people suffer from iron deficiency, 2 billion are in danger of iodine deficiency and 200 million children of pre-school age suffer from Vitamin A deficiency.

>>> "The silent crisis of hunger is a serious threat to peace and world security" said Jacques Diouf, Director General of the FAO, adding that there was "an urgent need to secure a broad consensus on the total and rapid eradication of hunger in the world and to take necessary measures to that effect."
Mr. Kanayo F. Nwanze, President of the International Fund for Agricultural Development (FIDA), has stated that a large part of the victims of hunger and poverty on the planet are "small farmers in developing countries who have the potential not only to meet their own needs, but also to enhance food security and contribute to broader economic growth. To exploit this potential, governments, supported by the international community, should focus on critical investments in agriculture to give small farmers access not only to seeds and fertilizers, but also to appropriate technologies, infrastructure, rural finance and the markets."

Basic facts about phosphates

>>> Phosphorus, of which phosphate ore is rich in content, is essential for all forms of life. For instance, phosphorus is inherent to the structure of DNA and it makes up for approximately 1% of the weight of a human body. It is supplied by food intake and sets mainly in bones and teeth, as well as in the body's cells, where it is involved in energy exchanges.

>>> Approximately 85% of the world phosphate production is absorbed by the fertilizer industry and the remainder by other industrial uses as well as food additives.

>>> World rock phosphate is found mainly in sedimentary deposits on prehistoric ocean basins where marine life flourished. In Morocco, owner of the biggest reserves in the world, they are estimated at several centuries of mining.

>>> Beyond water and sunlight, plants have a vital need of three indispensable components for their harmonious development: nitrate (N), phosphorus (P) and potassium (K). Arable land naturally contains these elements in variable proportions. Until the first decades of the XXth century, agriculture did not require significant input of these elements (beyond secular manure). Between 1900 and 2000, global agricultural production went up by 600%. Hence the fact that today, between 40 and 60% of world food production requires the use of NPK fertilizers.

>>> In the current state of scientific knowledge, phosphate is one of the rare un-substitutable raw materials in the world.

>>> Phosphate, like potassium (especially for well-endowed soils) does not require application to cultivated fields as regularly as nitrate fertilizers for the maintenance of the plants' needs, which is why phosphates is so sensitive to current agricultural and economic situation.

THE ENVIRONMENT, /// KEY TO SUSTAINABLE /// LEADERSHIP

To implement its industrial development program while maintaining leadership in its sector, the OCP Group rises to the environmental challenge at every level of its activity. It is committed to use state of the art technologies to make the fight against pollution a major source of cost reduction, with the aim of strengthening its competitiveness.

The OCP Group has made the environment a key component of its development strategy. Aware that it cannot continue to mine the riches of the soil without taking into account the current and future natural landscape, it is therefore determined to make its activities and facilities comply with the highest standards in matters of pollution reduction. To this end, it is committed to go further than simply meeting the national regulatory requirements by adopting the far stricter World Bank standards.

However, beyond the ethical and regulatory considerations of this approach, OCP sees in the fight against pollution, opportunities to reduce its costs and improve its

international competitiveness, a guarantee of maintaining, even strengthening its leadership.

World N°1 in phosphates, the Group is proud of producing and marketing products that contribute to feeding people and maintaining soil fertility, even ensuring global food security.

At the same time, OCP is conscious that its activities are extremely greedy for water and energy and that sound consumption of these resources, while having a beneficial effect on the environment, can but lead to a reduction of costs and therefore a strengthening of its competitiveness. This is why all its development projects follow the same slogan, "the environment for sustainable leadership". The Group thereby aims both at ensuring sustainable leadership in its field and protecting the environment, two inseparable goals today.

Pipeline transport of phosphate will eliminate the presently necessary drying at the mine, resulting in a savings of 30 MAD/ton.

The water strategy

For OCP, saving water has always been a major and constant preoccupation to reduce the pressure on natural water resources, with the aim of reaching a positive water balance.

Elevated to the rank of strategic component of the Group's industrial projects, the optimized use of water blends smoothly into a new, more environment-friendly investment concept. The OCP Group has many projects to support this sustainable development strategy.

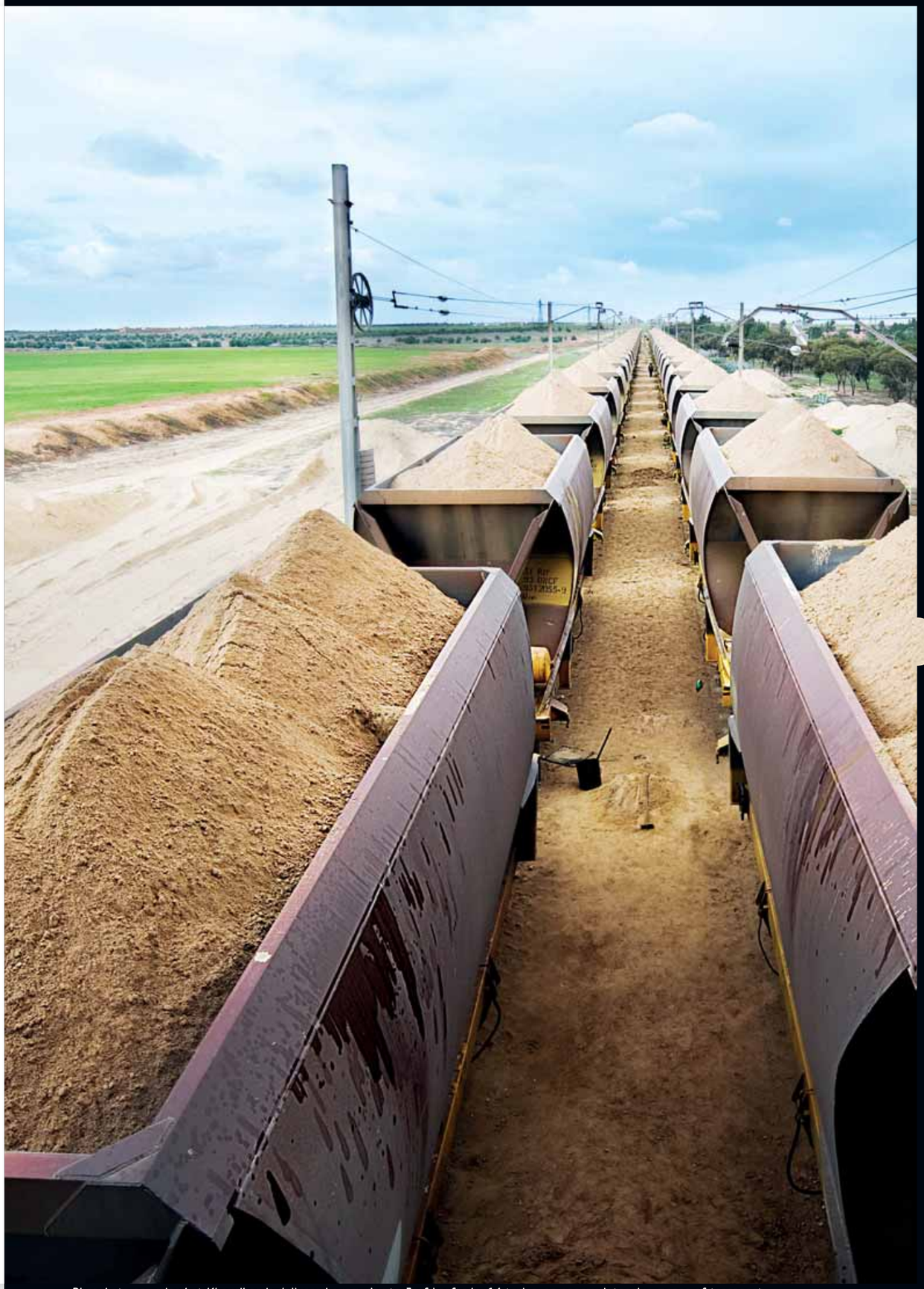
The Group's water strategy consists in rationalizing the use of this resource and will be materialized through transport of ore by pipeline, desalination of water, recycling of sludge washing and wastewater, and recovery of rainwater. A strategy that strengthens the Group's commitment in favor of the national program for the protection of raw water in aquifers and dams.

Millions of cubic meters of water saved each year, thanks to pipeline transport

The pipeline (or slurry pipe) is the Group's flagship regarding convergence between cost reduction and sound water consumption. This new means of phosphate ore transport greatly optimizes the use of water and energy resources. The pipeline linking Khouribga and Jorf Lasfar is now ready, it has all the required funding and the first leg of the work has already begun.

Transporting rock phosphate from the mine to the chemicals site is currently done by train. For cost efficiency purposes, the ore is dryed prior to transportation to reduce its water content from 12% to 2%. At the chemicals site, the water content is then raised to 60%, which is the level required for processing.

By eliminating the need for ore drying at the mine site, pipeline transport will save nearly 30 MAD/ton. Phosphate pulp water content will be increased from 12% to 40% in the pipeline, and finally to 60% at the industrial site. Moreover, the water used in the pipeline will be eventually recovered. The Khouribga-Jorf Lasfar pipeline will thus save over three million m3 of water per year.



Phosphate ore mined at Khouribga is delivered every day to Jorf Lasfar by 14 trains, an energy-intensive means of transport.

Drying ovens are fitted with baghouse filters. As a reslult, dust particle concentration in the air is reduced thrirtyfold.

Desalination will cover total water requirements of the Jorf Lasfar platform

Desalination of seawater will be achieved through the recovery of energy from the industrial process. This will cover the needs of the Jorf Lasfar platform, estimated at 47 million m3/pa of fresh water, eventually freeing up the 25 million m3/pa pumped from the Daourat dam.

The same concept will be duplicated in Safi, where desalination will produce 26 million m3/pa of fresh water, and a bonus savings of 12 million m3/pa of surface water currently used. These projects stem from the successful experiment at the Laâyoune site, where seawater desalination, implemented in the 1970s, today produces close to 1.5 million m3/pa of fresh water.

Eventually, around 100 million m3/pa of water will come from desalination on the Group's various sites.

16,000 m3 of water per day recovered through recycling of washed ore sludge

To reconcile perpetuation of mining activities and sustainable development in Khouribga and Youssoufia, OCP is developing washing stations with decanters for the recycling of sludge and wastewater. Decanting dikes have been built in the form of large pools to store the sludge near the washing stations. As water flows naturally from pool after pool, the sludge deposits and some 5.8 million m3/pa of water are recovered at the end of the process. Similar projects are under consideration in Benguerir. Thanks to the extension of the water pipe linking the Al Massira dam to Benguerir, OCP will cover all its requirements in water and avoid drawing 9 million m3/pa from the water table at Bhira.

Recycling urban water from Khouribga will save 5 million m3 of water a year

The planned recycling of wastewater from the city of Khouribga in collaboration with ONEP (Office national de l'eau potable – the National Bureau of Drinking Water) will recover 5 million m3/pa of water which will be used to wash the phosphate and water green spaces. Once again, savings in cost and resources are in line with reducing the negative impact on the environment by wastewater disposal in the natural environment. Two other projects are under consideration in Youssoufia and Benguerir, with respective capacities of 3 and 2 million m3/pa.

Green City and Green Mine: 60% of water requirements saved

After ecological cities like Ecopolis, Dongtan (China), Akademia (Ural-Russia) and Masdar (Abu Dhabi), Morocco in its turn is entering into the dynamics of cities of the future thanks to the OCP Group's determination, as it is launching two flagship projects, the Mohammed VI Green City at Benguerir and the Khouribga Green Mine (see page 35). These two projects, as well as those that will soon be implemented at all the Group's production sites, are part of OCP's strategy aimed at the rehabilitation of mining sites in the framework of integrated sustainable development, with rainwater recovery, maximized recycling of wastewater and the use of water saving systems. All this will make it possible to save up to 60% of water compared to traditional systems.

Energy strategy

The second part of OCP's environmental strategy relies on

an ambitious policy of reducing energy consumption and resorting to renewable energies.

CO_2 emissions down by 900,000 tons/pa thanks to the Khouribga-Jorf Lasfar pipeline

The pipeline is a much less costly means of transport for the ore: 1 dollar/ton against 7 to 8 dollars by train. In addition, greenhouse gas emissions are reduced thanks to the ending of both train transport and drying. The Khouribga-Jorf Lasfar pipeline will allow a reduction of some 900,000 tons of CO_2/pa, that is over 20% of Morocco's phosphate activity carbon footprint.

Chemicals Division: self-sufficient in electricity

By 2015, the mining sites are to reach maximum reduction of their energy consumption: 87 GWh will be saved thanks to the shift from railway to pipeline; 910 GWh will be from eliminating phosphate drying at Khouribga and Youssoufia.

As for the Chemicals Division, the Jorf Lasfar and Safi sites are to achieve a positive energy balance that same year thanks to the electric power generated by recovery of heat produced by sulfuric acid production.

Renewable energy for environment-friendly urban areas

Renewable energy will be implemented in the two ecological urban center projects sponsored by OCP, namely the Mohammed VI Green City and the Khouribga Green Mine, where energy savings will be achieved thanks to solar energy, thermal insulation systems that will reduce the need for heating and air conditioning, and low-consumption lamps for lighting.

Solar Needs Assessment to give OCP control over solar energy

Mobilization of renewable energies is not confined to green urban centers, as the OCP Group is engaged in an ambitious policy of overall energy efficiency through the development of such energies, and in particular solar energy. Hence the Group's decision to undertake a major study called the "Solar Needs Assessment", designed to give it necessary visibility over the various technologies available on the market, their cost and their adaptability to its needs. It will also respond to various requests made by third parties for partnerships in solar energy projects.

The Environment Department, pilot and kingpin

All issues related to the environment within OCP are centralized by the Environment Department. In collaboration with the Group's departments and operational sites, the Department aims to promote the environmental approach and demonstrate its economic worthiness. It undertakes studies, carries out competitor benchmarking, identifies and analyzes technological procedures implemented around the world.

These activities are designed to keep OCP at the cutting edge of progress. Given the transversality of environment-related goals, the Environment Department has adopted a project-oriented management system, an organizational method that promotes pooling, flexibility, team work and dynamic assessment.

Four projects have been identified:

1/ Performance: to reduce the environmental footprint of the Group's activities by promoting the optimization of the production units' resources with the aim of cost reduction and value creation.
2/ Leadership: to give the Group control over issues related to the environment, energy, water and carbon footprint, and to chart future development of the industry of phosphates and derivatives.
3/ Citizenship: to enable OCP to position itself in exemplary fashion in the social fabric of Morocco and contribute effectively to the challenges and world issues related to the environment and sustainable development.
4/ Stewardship: to raise environmental consciousness both at Group and country levels and promote sharing of acquired know-how.

In this context, the Group's Environment Department is putting together a Clean Technology Center (CTC) in partnership with a top-level US operator. The Deparment's flagship project, the "Cleantech" will provide answers to today's problems but also reflect on future solutions. In this purpose, the CTC must work on several fronts:

- identify and develop ideas and environmental technologies in line with the Group's requirements;
- contribute to OCP's sustainable leadership by capitalizing on the experience and know-how acquired and by tracking and leveraging successes achieved elsewhere;
- strengthen OCP's role as a motivator to promote green growth at regional, national and continental levels;
- enable the incubation of companies with projects in clean technologies;
- promote the emergence and development of internal and external initiatives in the field of clean technologies.

To achieve these goals, the CTC will work to undertake the following actions:

- build relationships with natio-

The Khouribga-Jorf Lasfar slurry pipe will enable an overall 30% reduction in OCP's carbon footprint.

Innovate to maintain leadership

Environmental issues and related stakes are expected to gain acuity in the fields of energy, water and waste management. Their strategic importance is such that OCP is keen on developing in-house expertise in technologies connected to these key sectors. The Group's goal is to master the situation at all levels, and to anticipate the future and manage all related trades.

nal and foreign research centers in the same fields of activity;
• use cooperation mechanisms that will provide appropriate technical and financial resources;
• establish partnerships with renowned entities in the field of clean technologies;
• host seminars, conduct training and provide information to promote a broader understanding and mastering of clean technologies.

While all international groups have more or less similar institutions, this OCP initiative, unique in Morocco and in Africa, will be a motivator for the Kingdom in this domain, but also a way for the Group to expand its reach in the African continent and the world.

Evaluating the cost of action and inaction

In line with the Cleantech Center's work, an EPIP (Environment Performance Improvement Plan) study was launched in partnership with Ecology & Environnement and JESA (Jacobs Engineering SA) with the aim of designing a plan to improve the Group's environmental performance that will assess the cost of both action and inaction and schedule the implementation of technical solutions needed to reach such an improvement. Operationally speaking, this study will follow the one undertaken by Tecsult Aecom on the impact to the environment of the Group's activities (see "Strategy and Performance", page 15). A scoreboard will measure progress and determine the effects of environmental policy.

The EPIP study, like that underway by CTC, is in line with the vision designed to give the Group the necessary tools and human resources to allow it to turn environmental challenges into opportunities for sustainable development.

Carbon footprint reduction

In this domain, OCP is among the first African companies to have voluntarily undertaken a study on its carbon footprint and released its results: 3 million tons of CO_2 in 2007, that is 5% of the nation's total emissions.

The Group recently acquired the certified monitoring protocol that was used in this assessment. It will be used to regularly and appropriately update the carbon footprints of its different production sites for 2010. An "OCP Footprint" committee was set up for such purpose.

The Group has voluntarily committed to a policy combining the use of advanced technologies with respect for the environment and implementation of cost reduction measures at all its facilities.

The Group's carbon reduction policy is based on the following:

• updating the carbon footprint;
• adopting an action plan to limit or reduce carbon emissions through in-house actions (energy efficiency, switching fuel, renewable energies, among others);
• compensation, if any, of the remaining emissions through opportunities external to the Company, in a voluntary approach. Such is the program of the Mohammed VI Foundation for the protection of the environment to which OCP has committed to compensate around 6,000 tons of CO_2/pa generated by the transport of its personnel.

In the continuity of its environmental policy, OCP is also building "carbon alleviation" projects. It is exploring all the possibilities of benefiting from the flexibility mechanisms of the global carbon market, notably the Clean Development Mechanism (CDM). This mechanism would allow the Group to benefit from supplementary income by selling credits from its low carbon projects to countries in the Northern Hemisphere having exceeded their emission quotas.

All these actions allow OCP to efficiently contribute to the worldwide fight against emissions responsible for the global climate change.

Reforestation: rehabilitate while generating income

Eager to associate the environment with economic opportunities, OCP is determined to go further than just the rehabilitation and reforestation of its sites, by finding ways to make them generate income.

For example, in the Khouribga region, 20 hectares of land have been planted with 100,000 atriplex (saltbush) trees, that produce good quality, protein-rich forage. Additionally, there is a plan to plant 30,000 fruit trees on 150 hectares of land.

Jatropha trees (above), rich in oil of high energetic value, are among the plants with high economic potential developed by the Group in its reforestation campaigns.

In 2008, the Chemicals Division dedicated 5 hectares to the experimental plantation of 6,100 jatropha trees, originally from Central America, whose fruit is rich in oil that can be converted into biofuel. The experiment scored a 90% success rate.

At the same time, the Group has launched an experimental plantation program of the argan tree on the site of Khouribga. Some 2,000 people work in cooperatives dedicated to the production of argan oil in Morocco. The tree only exists in this country and has been losing ground since the beginning of the century. The argan was thought inadaptable

outside of its limited natural habitat, but the Khouribga operation turned out a success and is to be extended to other sites.

The Sidi Chennane artificial lake in Khouribga was built as part of the rehabilitation program of the mine site. Built in 1998 and extending over an area of 13,000m², the lake saw the flourishing of some 20,000 trees on an allocated 5 hectares of land on its shores. To enliven the lake shores, 2.5 hectares of land are designed to accommodate a zoo housing various species of birds and animals in addition to a pidgeon park of over one hectare. The reforestation activity also extends to the residential site of El Jadida, where 100,000 forest and fruit trees are to be planted on a grass lawn of 120,000 m². The 2010 and 2011 action plans provide for planting of 100,000 eucalyptus trees a year.

2009 Achievements

Action plan for liquid waste management

Various recycling and reuse operations have been undertaken, notably:

- recylcing and reuse of cooling water from industrial processes;
- recovery and recycling of water from phosphoric washing lines;
- construction of a plant for recycling wastewater from the city of Khouribga ;
- building of a network to collect rainwater in Khouribga;
- construction of spreading dikes at the exits of washing stations for the recovery of 1,500 m3 of water a day;
- building of a water treatment plant to supply drinking water to the mining town of Boucraâ.

Seawater (pumped here at Jorf Lasfar) will soon be converted to fresh water by a desalination plant that should meet the needs of the JPH platform, estimated at 47 million m3 per year.

Program to fight air pollution

An ambitious program to limit emissions into the air was launched at the Group's various sites. In 2009, the key actions were as follows:

- replacement of the old sulfur lines with new units which allowed a reduction in emissions of sulfur dioxide and greenhouse gases;
- renovation of the dusting and gas cleaning systems at the chemicals units;
- fitting the twenty conveyors in Khouribga with dusting systems;
- reduction of vibrations and projections from explosives (blasting in the mine) by the adoption of sequential blasting;
- fitting of four oven dryers in Gantour with baghouse filters and start of installation work for four baghouse filters (2nd battery) on the four Beni Idir oven dryers at the Khouribga site. The fitting of these filters has resulted in a thirtyfold reduction of dust concentration in the air.

Sound management of solid waste

The phosphate industry generates large quantities of solid waste that need to be controlled in order to limit its impact on the environment. Here are a few examples of the recycling efforts made within the Group's sites:

- recovery of used vanadium by its supplier;
- recycling of waste oils;
- establishment of a waste sorting system.

Integration of OCP's facilities in the landscape

Phosphate mining weakens the topsoil. To compensate this effect, actions to rehabilitate stirred-up earth are systematically undertaken by vast reforestation campaigns, such as:

- creation of a green belt around chemical factories (125,000 trees);
- creation of green spaces at the Youssoufia and Benguerir sites;
- planting of 598,000 trees at the mine sites;
- planting of 120,000 trees in urban areas.

Other social responsibility actions

To reduce the effects of its activities on the environment, OCP has implemented an appropriate management system abiding by the ISO 14001 standards. As a company integrated into its natural environment, OCP has undertaken different actions on both regional and site levels, some of which are:

- in the quality chapter, various certifications and accreditations have been obtained successfully, of which the ISO 9001 V 2008 certification for the Gantour processing plants, and the ISPS compliance certificate for the Group's Casablanca port facilities;
- security has also been part of the various actions undertaken, such as the mapping by the firm Protivity (risk management) of all risks on the Khouribga site and the implementation of a risk assessment plan at the different mining entities;
- OCP obtained the "2009 Blue Pavillon" for the beaches of Foum El Oued at Laâyoune and Souiria Kdima at Safi, within the "Clean Beaches" campaign that it sponsors;
- within this campaign, OCP sponsored different activities of embelishment and awareness.

3

TWO PIONEER /// GREEN /// PROJECTS

The Mohammed VI Green City and the Khouribga Green Mine are two ambitious projects that clearly show the OCP Group's involvement, with the Monarch's support, in a strategy for sustainable development extending beyond the phosphate activity.

Mohammed VI Green City, a first in all of Africa

In 2009, the OCP Group launched a project for a new kind of city some 70 km north of Marrakech. When completed, in 2020, the Mohammed VI Green City project, a sustainable development urban center, will undoubtedly come as a first in all of Africa and a major environmental challenge in the semi-arid region of Rhamna.

The project will draw upon the latest urban expertise to bring to life a true little paradise, with architecture and city planning based on a number of environment-friendly requirements such as recycling and reuse of water, consistent management of waste, proper orientation of buildings for a better management of sunlight exposure and shade. The buildings will be equipped with thermal insulation systems to reduce the need for air conditioning and heating, while domestic and public lighting will

be provided by generators running on solar power. City traffic will be limited to bicycles and efficient electric buses, and population density and land-use will be managed along patterns that are less car-dependent.

On the agenda, a green corridor several kilometers long will come as a green backbone to the new city. It will be planted with a large variety of trees and vegetation adapted to the climate, and it's atmosphere cooled through an underground water system. Comfortable housing

> The Mohammed VI Green City will boast a successful management of heat, water and carbon footprint.

and small rural-style businesses are also part of the project. The Mohammed VI Green City project is designed to accommodate 90,000 inhabitants with 23,000 homes, a fifth of which dedicated to senior citizens. The city will be built around the Mohammed VI Polytechnic University, which will stand as its main landmark.

The new city will benefit from an avant-garde urban planning, based on an integrated approach aimed at the protection of the environment and the ecological system. As emphasized by Sâd Benkirane, town-planner and chief architect of the project, "a green city has nothing to do with a 'city carpeted in green', but stems from a responsible approach towards the environment." Indeed, the Mohammed VI Green City project will be built in compliance with the strict standards of the LEED label (Leadership in Energy and Environmental Design), and will thus apply for certification in international standards.

The Mohammed VI Green City project is not meant as a mere display of state of the art technology, rather as a project where the social, the economic and the cultural are integrated into the daily lives of the public. The project's development aims at improving the population's income, promoting access to public services, promoting and developing human resources, enhancing local cultural identity, and creating a platform for logistics and services on a regional level. As a matter of fact, the new city is intended as a leader in industrial and logistic development for the entire Marrakech-Tensift-Al-Haouz region. Moreover, the future urban center will help integrate Marrakech into an approach to sustainable development.

The environment-friendly approach does require to highly improve the thermal and hydraulic balance of a Green City, as well as its carbon footprint. However, the techniques called upon by this project are "largely common sense and readily available within the rich experience of local Moroccan building traditions," explains the chief architect. "We must, for example, study the best ways to use shading devices and manage the density of buildings up to five floors to naturally contribute to the cooling of public spaces. Management of air flow and water are also among the vernacular and 'low-tech' cooling solutions at our disposal."

Consequently, the construction of the Mohammed VI Green City will make use of ancient Moroccan construction techniques used historically to build cities like Marrakech or Rabat. "Marrakech, a garden-city par excellence, benefits from the same climatic conditions as the Benguerir region, and thus is an essential reference," notes the architect. "We have therefore taken advantage of the fundamental role played by water in

the development of the Red City. As a matter of fact, the whole organization of Marrakech, the city layout, the garden designs, including the Aguedal, all these elements followed the organization of the irrigation network of that era."

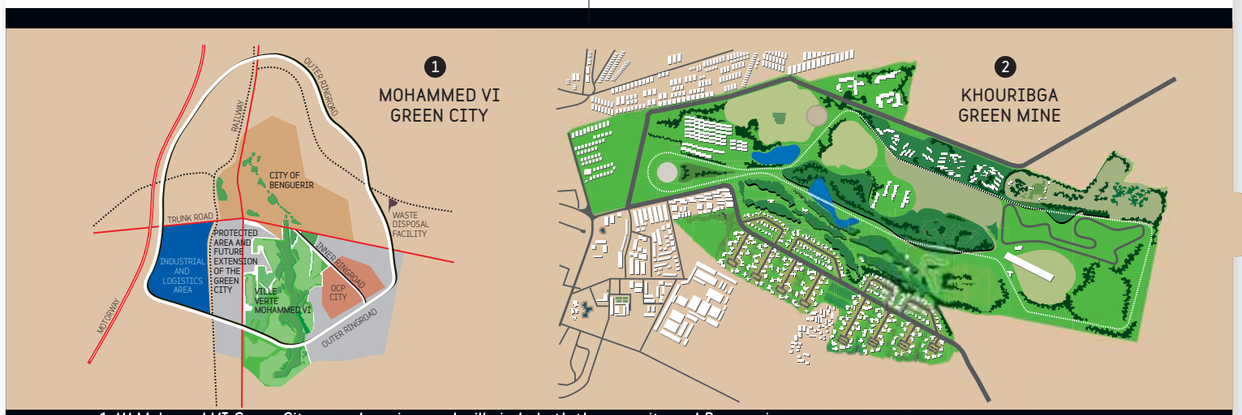
Logically enough, car traffic will be strictly controlled in the Mohammed VI Green City. An "urban ring road" (map below) will circle the capital of the Rhamnas and the new city, and beyond it the entrance of fuel-burning cars will be strictly controlled.

The question is whether such a revolutionary city is suitable for Morocco, considering the country's major concerns. "Considering the problems facing us and all the fundamental imbalances of the ecosystems, whether at a global level or in Morocco, we definitely need to predominantly resort to this kind of green project, one conceived with a vision of sustainable development," answers the town-planner. Such a project will precisely be a bulwark against the uncontrolled use of imported fossil fuels, against the waste of drinking water through improved management, and against the landfills that not only pollute the ground but also contaminate the water table, all concerns that the country cannot afford to ignore.

What about the risk of Benguerir being "cannibalized" by such an ambitious project? Actually, the opposite will happen, believes the chief architect: "Mohammed VI Green City is primarily an ecological city and not an industrial juggernaut crushing everything in its way." "To build this urban center," explains the project's manager, "we will need some 12,000 people. Where will we go to look for them if not first to Benguerir? To build the homes, the local shops, the entertainment venues, the sports complexes, to breathe life into the city by erecting the Mohammed VI University, to perfect the local touch... why should we look elsewhere if Benguerir can provide a wealth of workshops?"

Furthermore, according to the architect, a development plan should be put together for Benguerir also, to prevent two-tier growth between the two adjacent entities. The planner recommends extending the new city's green corridor to the center of the existing city. Eventually, the water management, waste management and "light" transport systems could be extended to present-day Benguerir.

The Mohammed VI Green City project will be run under an ins-



1 /// Mohamed VI Green City: an urban ring road will circle both the new city and Benguerir.
2 /// Khouribga Green Mine: its bioclimatic architecture will reduce buildings' needs in heating and air-conditioning.

titutional framework ensuring its durability thanks to public-private partnerships, involving, other than OCP, local authorities, the Rhamna Foundation for Sustainable Development and other public and private investors.

Khouribga Green Mine: old mining facilities turned into an ecological city

300 hectares of old mining facilities within the city of Khouribga's urban perimeter will be converted in a vast residential and tourist complex. The Khouribga Green Mine project is conceived and will be built according to standards where the environment is a critical element. With this construction site, as with the Mohammed VI Green City, OCP is committed to a futuristic project, with particular emphasis on improving the quality of architecture and urban planning, notably thanks to bioclimatic architecture.

> Thanks to the vegetation and water misting devices, the temperature in the shade will be 25 °C, at least ten degrees less than in the sun.

Again, the structure and orientation of the buildings are optimized to improve ventilation and heat dissipation. Cooling of interior and exterior spaces will be provided by vegetation and by water misting devices. As a result the temperature in the shade will be 25°C, that is at least ten degrees less than in the sun. Bioclimatic constuction principles and strategies will provide dwellers with heat and visual comfort, while reducing air-conditioning and heating needs. Innovative, water-efficient sanitation appliances will reduce water consumption in the buildings. And common wooded green spaces will be planted with native species with relatively low water needs.

To comply with environmental protection requirements, water will be recycled at all levels, from city household wastewater, to appliances and facilities used by the various businesses. The entire water supply and disposal system is designed to detect leaks and prevent wasting water at all levels, whether water used for household purposes (drinking, washing, cooking, etc), watering vegetation or ambient air cooling.

The Khouribga Green Mine will offer tourist attractions, a residential neighborhood of 1,600 apartments, 128 villas, 4 vacation villages and 3 hotels, a lake for swimming and an educational farm. A mega theme park, including a botanical garden, will offer cultural, sports and recreational activities. Thanks to the many parks and gardens, city dwellers and visitors will enjoy these various activities in the coolness of considerable vegetation extending in a green urban network that will act as a backbone to the site (see map page 37) and be accessible only to light vehicles and pedestrians.

A mines' museum is being built on the site as part of an agreement between OCP and various partners including the National Museum of Natural History of France (Muséum national d'histoire naturelle). The museum will trace the history of phosphate mining in the area, the history of the city of Khouribga, as well as 30 million years of history of the phosphate pools. An underground tunnel will recreate a section of the mine, allowing visitors to experience the real atmosphere of an underground mine, and a model trench will show the stratigraphy of the mine pool as well as the various stages of phosphate mining.

The "Green City" label

THE MAIN COMPONENTS TO BE MET TO CLAIM THE "GREEN CITY" LABEL ARE AS FOLLOWS:

- >>> use of clean and renewable energies (solar, wind or other);
- >>> low carbon footprint;
- >>> management of water resources;
- >>> use of solar energy for household hot water;
- >>> recycling and reuse of wastewater;
- >>> waste management;
- >>> limitation of traffic needs and resorting to light transport means;
- >>> orientation of buildings for better use of sunlight and shade;
- >>> management of urban density;
- >>> creation of user-friendly urban spaces;
- >>> control of heat exchange;
- >>> creation of green spaces to promote natural cooling;
- >>> use of local techniques and materials whenever possible.

Water and waste, two key elements of a Green City

WATER NEEDED FOR THE MAINTENANCE OF GREEN SPACES IN THE MOHAMMED VI GREEN CITY WILL COME FROM THE STORAGE AND TREATMENT OF RAINWATER AS WELL AS FROM USE OF RECYCLED WASTEWATER. THE CITY'S GENERAL WATER SUPPLY AND DISCHARGE WILL FOLLOW A DUAL TRACK:

- >>> One network for the distribution of drinking water for basic human needs;
- >>> A separate network for the distribution of non-potable water for sanitary water, cleaning of roads and irrigation.
- >>> Waste management is also a central issue of the project. A first step will consist in reducing the amount of waste from packaging. Waste sorting and recycling will be a second step.
- >>> The last step will consist in recovering energy from waste, especially in the form of methane.

NATIONAL RESPONSIBILITIES

SUPPORTING /// MOROCCAN /// AGRICULTURE AND SMALL BUSINESSES

IN ADDITION TO CONTRIBUTING SUBSTANTIALLY TO THE COUNTRY'S GDP AND TRADE BALANCE, THE GROUP PLAYS A PIONEERING ROLE IN THE NATIONAL ECONOMY, NOTABLY WITH SIGNIFICANT RESOURCES MOBILIZED FOR FARMING AND AGRICULTURE, AND DYNAMIC SUPPORT FOR SMALL AND MEDIUM-SIZED BUSINESSES.

A KEY PLAYER IN THE ECONOMY

With sales figures of 25,3 billion MAD for 2009, OCP alone accounts for nearly 3,5% of Morocco's GDP. Its exports total nearly 17% of the Kingdom's exports at around 19 billion MAD. Finally, the Group today employs over 19,500 people, which places it in the forefront of the country's largest employers. But OCP's contribution to Moroccan economy is not limited to these statistics, impressive as they may be. Indeed, it plays a dynamic role in the country's development on more than one level.

At the head of the world's largest phosphate reserves, it goes without saying that the Group takes an interest in Moroccan agriculture, where it plays a leading role. This year again, fertilizers made

by OCP covered total domestic requirements. The importance of this contribution stands out when it is understood how agriculture is a pillar of the country's economy. Indeed, this sector makes up for 20% of the nation's GDP and employs 40% of its workforce.

Serving Moroccan agriculture

Boosting the local fertilizer market.

The countrie's agricultural sector is under-fertilized, as its current consumption in phosphate fertilizers stands at around 900,000 t/pa, while it has the potential for around 2.5 million tons/pa. To address the matter, while endorsing the slogan of the Green Morocco Plan, which is meant as a "force for the advocacy of sustainable agriculture combining economic viability and social equity," the Group launched a program in 2010 to bring together all the major players for a managed use of fertilizers in sufficient quantities and at the best cost. This requires the development of common measures and awareness through coordinated regional adaptive research and pooling of specific information for a more dynamic market. To this end, OCP maintains its policy of marketing phosphate fertilizers while simultaneously providing financial incentives to authorized distributors around three components:

- co-financing promotion and popularization initiatives;
- co-financing research and development;
- incentive marketing.

The program aims to stimulate the continuous and sustainable use of fertilizers in a reasonable way at national level. Budget: up to 30 million MAD.

Knowing the soils and their needs.

The flagship "National Soil Fertility Map" project is a major and original contribution of the OCP Group to the development of Moroccan agriculture. The project is based on evaluating the soil's fertility and fertilization needs, and aims at the improvement of yields by more specific and efficient fertilization. Fertilization norms will be established depending on the results, with recommendations for manure and fertilizer formulas.

The Map's data will also contribute to plan a strategy for fertilization on a regional and national level, to help develop fertilizer formulas better adapted to each region.

A consistent policy of Research and Development enables the Group to develop a large and varied range of fertilizers adapted to different farming soils both nationally and internationally.

At global level, OCP has effectively become a leading player in fertilizer input for soil, thanks, in particular, to its knowledge in matters of fertilizer production. Ownership, control and development of scientific knowledge and technological know-how related to the fertilizer industry in fact allow the Group to develop a wide and varied range of fertilizers suitable for agricultural soils internationally.

To make the most of the large database consequent to this mapping, the other aspect of the project is to put together a GIS, an intelligent Geographic Information System that will make all this information available to users thanks to GPS localization of individual plots or homogeneous units. Regional centers for counseling and training – fertilization consultants (ferti-conseils) – put in place by the Ministry of Agriculture and Maritime Fishing will accompany farmers in implementing the recommended measures.

Fertility maps will have covered the whole agricultural area of Morocco by 2013, that is a total of 8.7 million hectares, divided into three sections:
1. Bour zones (rainfed irrigation), mapped, 6 million hectares;
2. Bour zones, unmapped, 1.9 million hectares;
3. irrigated zones, 0.8 million hectares.

The completed mapping of Meknès province, used as the national program's pilot region, was presented at the International Agricultural Trade Fair of Morocco (SIAM) in April 2010. Apart from gaining knowledge of the soil's needs, the objective of this ambitious project is multiform. In farming matters, it consists in the introduction of techniques of "balanced fertilization" specific to the soil's needs in nutritive elements to keep its composition fertile by giving it "the right fertilizer at the right place." This will allow a rise in productivity as well as a marked improvement in the quality of products.

Moreover, the project is in line with sustainable agricultural development: at a human level, by giving Moroccan farmers the best opportunity to make use of their land under optimal conditions, and at an environmental level, by preserving the soils and protecting water resources.

Global investment amounts to 63 million MAD, co-financed by OCP (36 million) and the Ministry of Agriculture and Maritime Fishing (27 million). The project is lead by the National Institute of Agronomic Research, partner and expert

The "National Soil Fertility Map" project, one of the Group's major contributions to the development of Moroccan agriculture, will improve yield by allowing a more efficient use of fertilizers.

with nation-wide recognition in the domain. INRA brings together all the nation's expertise for this project, notably the National Agricultural School of Meknès (ENA) and the Hassan II Agronomic and Veterinarian Institute (IAV).

Aware of the value of such a project and determined to improve agricultural conditions and quality wherever it can, the Group is considering the possibility of proposing similar projects in partnership with various African countries. Moreover, this effort has aroused the interest of neighboring countries and negotiations are currently underway with some West African nations.

sustainable employment. This OCP Fund for Agriculture will contribute to agricultural and agro-industrial projects and give priority to grain, olive and citrus fruit growing, market gardening, new products and niche products. Budget: 200 million MAD. The Fund will primarily be used to help structures that develop growth and diversification strategies for agricultural products and to modernize the sectors identified by the Green Morocco Plan. It will also accompany structuring projects such as managed irrigation, the rehabilitation of mine sites or the production of biofuels.

Citrus trees and oleaginous crops are two priority crops to benefit from the OCP Fund for Agriculture.

Sharing the spirit of partnership and providing finance to agriculture.

Having a strong desire to contribute to the implementation and success of the Green Morocco Plan, the Group decided to launch an agricultural fund. Called the OCP Innovation Fund for Agriculture and designed primarily for projects in areas where the Group is present, this "nonprofit but economically viable" fund is being assembled with a Moroccan investment bank and aims to support any bearer of an agricultural project which would facilitate the emergence of permanent and competitive structures creating

Under its determination to actively participate in the success of the Green Morocco Plan, OCP has given 90 million MAD in pre-financing to OCE (Office de commercialisation et d'exportation - Office for Marketing and Export). Acting as aggregator, OCE groups farmers around integrated projects, from input provision to products marketing, while OCP supports the OCE with input pre-financing.

The pilot area covered by this OCP-OCE partnership is the Chtouka-Oualidia-Abda region. Thanks to this support, this region with much potential should be able to create sustainable jobs

The OCP Fund for Agriculture will contribute to agricultural and agro-industrial structuring projects in fields such as rational irrigation and biofuel production.

and provide stable income. The initial portfolio consists of four OCE aggregation projects: vegetables, potatoes, minor crops (cactus, capres, dates, etc.) and organic products. The centrepieces around this project will be three packing stations in the region. The projects, which extend over 1,500 ha, benefit over 710 producers.

Supporting infrastructure projects.

Beside financing aggregation, OCP intends to substantially support the "SAB" project in the area of Azemmour-Bir Jdid. Part of a larger scheme to address the high salinity affecting the Atlantic coastal zone (a strip 1 to 3 km wide and 30 km long between Azemmour and Bir Jdid), the project aims at supplying small farms in the area with water from oued Oum-Rbia. Investment: 200 million MAD for the supply, distribution and irrigation works involed in the transport of 12 million m^3/pa of water from the Al Massira dam to allow a thousand small farmers to irrigate their drip-equipped plots. The project is under study and the Ministry of Agriculture and Maritime Fishing will decide on its implementation procedures.

Promoting the development of the national industrial fabric

The "Small Business Opportunities", organized in Skhirat in June 2009, is part of the sequence of actions aimed at developing national economy through small and medium-sized businesses which make up over 90% of the economic fabric of the Kingdom and employ around half the private sector labor force. This event was co-organized by the Ministry of Industry, Trade and New Technologies and the General Confederation of Moroccan Businesses (CGEM), and allowed OCP to acquaint Moroccan small and medium businesses with its strategy and development projects (i.e., the investment of 4 billion dollars over the 2009-2015 period) and to give them the opportunity to meet and forge partnerships with the Group's foreign suppliers, worldwide leading equipment and engineering companies in the industrial sector.

The Group's major industrial projects in Khouribga, Youssoufia, Benguerir, Safi and Jorf Lasfar are numerous: port facilities, phosphate pipelines, water desalination units, sulfuric acid, phosphoric acid and fertilizer production units, ore washing stations, sewage and wastewater treatment stations... Their implementation in separate lots should allow domestic firms to participate alongside these major suppliers.

> OCP opens up its projects to Moroccan SMBs to help them profit from its international contractors' expertise.

OCP is committed to promote Morocco's small and medium-sized businesses (SMBs) by dedicating about a third of the budget for its 2009-2015 investment program to these businesses, that is some 10 billion MAD.

The first type of support shall be via the Group's new purchasing policy: international companies submitting a tender issued by OCP will stand a greater chance of being awarded the contract when subcontracting Moroccan SMBs. The purpose is to encourage partnerships with domestic companies to allow them to benefit from transfer of know-how as well as technical and technological expertise.

Among the initiatives announced during the Skhirat exhibition was the decision by the Banque centrale populaire (BCP) to grant preferential terms to Moroccan SMBs short-listed by OCP.

The Group's new purchasing policy will also benefit regional small and medium-sized companies, allowing them to profit from the "Small Business Act": for any OCP site requirements not exceeding 1 million MAD and for specific families of purchases, the corresponding tenders will have to include local companies near the sites.

Aside from support offered to Moroccan small and medium-sized businesses through its purchasing policy, the Group will give a 11-hectare piece of land located in the province of Khouribga to the Ministry of Industry, which will take responsibility for its development into an industrial area, with reception facilities made available to SMBs, with the objective of allowing them, in a timely manner, to take advantage of both direct and indirect benefits generated through the OCP Group's 2009-2015 investment program.

OCP pioneer of ecological development

In urban areas where its various sites and activities are located, OCP does not simply help create or promote Moroccan SMBs that are complementary to its activities. It also contributes to the development of services – roads, school construction, slum reduction, creation of green areas – traditionally communal.

For example, in 2009 in Safi, the Group contributed 5 million MAD to a series of projects for roads, street lighting and embellishment of the city. OCP is also a major contributor to the "Safi Spring" (5th edition in 2009), the annual meeting on the environment, which was granted 1 million MAD for development work on various green spaces and reforestation projects.

The environment constitutes a heritage for the OCP Group, its protection and development are part of the company's development strategy, through sound and harmonious management. This results in different actions for the rehabilitation of the sites, the reforestation, development and embellishment of the regions where the Group's activities are established.

OCP contributes to various projects under municipal responsibility, such as road and school construction, slum reduction, and creation of green spaces.

"THE EMPLOYEE /// IS NOT A COST /// BUT AN ASSET"

These are the very words of the Group's President Mostafa Terrab. Early 2009, he was again quoted saying: "OCP's strategy aims at enhancing the Group's resources which, beyond phosphates, are its human capital, the men and women who work here." Indeed, the Group commits significant funds to offer the best working conditions for its "human capital", and a better quality of life within and outside the Company.

Today, in a growing number of companies, "personnel departments" have become "human resources departments". This semantic shift is not insignificant. For most major groups, the personnel has indeed become a resource like any another, such as financial capital, equipment, inventory... In other words, a variable in an expense account, and relationships with humans have become sheer accounting ratios such as cost/performance or payroll/net income.

With OCP, the approach is quite different. From bottom up, the

men and women that the Group selects, recruits, develops and promotes, constitute, beyond phosphate, its human capital. Men and women who, in return for their skills, their efficiency at work and their dedication, integrate a "family" and enjoy numerous and varied opportunities and benefits. Working conditions, career advancement and training, but also aid for access to housing, health insurance and other social, sporting and cultural activities.

Decentralization and recruitment, two main aspects of the Group's strategy

2009 was marked by the implementation of a major movement in restructuring the Group's central services in Casablanca, based on two principle levers: voluntary separation and mobility to production sites. The driving objective is, firstly, to focus the head office on strategy, general policy setting and monitoring, as well as integrating new profiles with high expertise, and secondly, to decentralize support functions in order to strengthen the operational capacity of the sites and to improve the Group's efficiency.

Within these movements, managers and assimilated personnel (staff known as HC) were given the possibility of voluntary separation with adequate compensation incentives.

As for mobility to the sites, it involved the redeployment of a number of staff members to the mines and chemicals plants, including the personnel of the Moroccan Society for Special and Industrial Studies (SMESI) and the Center for Study and Research on Phosphate Minerals (CERPHOS). Redeployment was the focus for an incentive consisting of a unique bonus and personalized assistance to the installation and integration of the staff member and his family in the new professional environment.

This decentralization is one of the tools for implementing the Group's ambitious strategy, which aims primarily at raising ore production capacity from 30 million tons to 50 million tons over the next ten years.

To succeed in this strategy, the Group also aims at enhancing its dynamism in world markets, as well as massively lowering the costs of extraction and production, and achieving an overall costs control through a major Operational Transformation program. This requires a major effort at production sites, not only to increase production capacity but also to adopt new ways of phosphate mining, and can only

Training and healthcare are part of the special attention devoted by the OCP Group to its human capital.

be accomplished if managers and all staff on production sites are provided with adequate means and given greater responsibility.

Hence the need for OCP to transfer certain key functions from the headquarters to the sites and to develop management structures to match its ambitions as a group of international stature. Hence also the movement started two and a half years ago to recruit new profiles at different levels, whether financial, commercial or production. Needless to say, present staff members who have been with the Group for so many years will benefit from advancement whenever their competence and profiles match the positions open for application.

The decentralization policy was launched almost two years ago, i.e. before the economic crisis, and so it was obviously not in reaction to it. Further proof lies in the fact that growth and not regression in the Group's workforce has been recorded since.

A program of general overhaul

OCP's fundamental overhaul program includes voluntary separations, recruitments and Operational Transformation initiatives. Many international groups proceed in the same manner when adopting ambitious strategies. Naturally, this program comes at a cost, but it is a worthwhile investment since it leads to improved revenue and reduced costs. The Group thus makes a savings of close to 2 billion MAD. The costs are indeed heavy but the return on investment will undoubtfully be great.

A deliberate policy of initial and continuing training

By end 2009, the Group's human capital amounted to 19,567 staff members, an increase of 1.6%, with a decline of 49% of seasonal staff and an increase of 4.8% of overall OE (workers and employees) and TAMCA (technicians and supervisors), a growth due in large part to the recruitment of 1,800 personnel from the company's training/recruitment programs, proof of the importance given to training by OCP, both initial and in-service. The actions undertaken during fiscal year 2009 in both areas are in fact included in the general frame of competence development, coaching of new recruits in view of greater control of the processes and production tools, continued improvement of performance, and human capital mobilization around the values of the company.

Outside the business context, OCP invests in the general well-being of its personnel and their families at its various sites. Above: housing and leisure center at Boucraâ.

In 2009, OE and TAMCA initial education was provided to 531 technicians and supervisors and 1183 workers and employees.

Continuing in-service training courses were attended by 8,627 participants, breaking down as follows:

- strategic development, attendend by 4,640;
- promotional development, 370;
- specific development, 3,276;
- advanced training, 341.

Management and assimilated staff development (HC) registered 1,980 attendants. Assistance to outside agencies involved different actions and concerned different categories of attendants:

- 7,500 students from universities, from the Office for Vocational Training and Promotion of Work (OFPPT), as well as from private institutions completed internships of one month average duration within the Group's various entities.
- 860 internship positions were made available to domestic and foreign engineering schools.
- 1189 engineering students benefited from visits to the Group's mining and industrial facilities.

A permanent and constructive social dialogue

Annual collective bargaining.

It culminated this year with the signing of a memorandum of understanding (MOU) with the social partners. It was also marked by the continuation of the work initiated under the proposed revision of the charter of social dialogue in 2005.

The 2009 MOU, the fifth of its kind signed with the unions, provides a series of measures for staff of the OCP Group, including:

- upgrading professional wages by 10%, as of January 1, 2010, with retroactive effect from October 1, 2009;
- upgrading housing allowance by 450 MAD per month and per staff member;
- promoting lower-ranking employees (categories C1 to C4), and those with ten or more years of seniority at equal professional level, within the framework of an exceptional program of training and promotion.

Moreover, the MOU provides for the launch of other very important projects aimed, in particular, at improving medical coverage and professionalizing of the current system, improving retirement pensions by establishing an additional pension for current employees, as well as strengthening the performance culture through the improvement of bonus granting procedures.

Staff Status Commissions.

During fiscal year 2009, employee representatives held 17 regular meetings of the plenary sections (OE & TAMCA) with Management representatives within the Staff Status Commissions (CSP).

The main points discussed during these meetings relate in particular to the following aspects:

- Regarding staff promotions, there was discussion on the procedure of decentralized and centralized 2008-2009 exams for professional advancement, as well as advancement through decentralized training.
- Regarding social benefits, the meetings debated on the extension of those benefits to civil servant spouses of OCP staff members, as well as access to swimming pools for OCP employees and others, and on the progress of social projects.

Socio-cultural projects associated with different sites

Numerous projects are planned or underway at the Group's various sites, both mining and industrial, as part of its "administrative infrastructure and production support projects", all for completion in 2010-2012. On a total investment of over 4 billion MAD, more than 1.5 billion relate to socio-cultural projects. This will allow staff members and their families access to various structures such as swimming pools and sports facilities, schools and colleges, youth or women-only hostels, as well as different clubs, including a flying club. Here are some details taken from a long list.

In Khouribga.

A Phosphate Club, with swimming pools, conference rooms, indoor sports centers, a library and playground for small children (52.71 million MAD), an F3 track (26.06 million), an IPSE college (26.06 million), a socio-cultural youth complex (3.68 million) and another one for staff members' wives and daughters (4.41 million).

In Gantour.

A Phosphate Club at Benguerir (106.58 million MAD), another one at Youssoufia (84.32 million), a vacation resort at Benguerir (138.08 million), a riding club (16.59 million), a flying club and piloting school (6 million).

In Laâyoune.

A Phosphate Club (84.63 million MAD), a socio-cultural and sports complex (25.2 million), a summer vacation resort at Foum El Oued (106.26 million) and two others at Tan-Tan and Dakhla (42 million each).

In El Jadida.

A leisure club, with swimming pools and a yacht club (87.25 million MAD), a sports complex (56.84 million).

In Safi.

A Phosphate Club (121.07 million MAD), the Atlantide cinema (rehabilitation and equipment, 5.25 million).

Staff privileged outside the company as well

Home ownership.

In 2009, 1,112 OE and TAMCA staff benefited from measures undertaken by the Group in terms of home ownership, details of which are as follows:

- sale of 162 plots of serviced land to staff;
- sale of 273 apartments to staff;
- transfer of 685 staff housing appartments to staff ownership;
- granting of 86 mortgage loans;
- granting of 16 housing-assistance loans.

Other social benefits.

Many other Group actions were undertaken in 2009 in this context, including:

- OCP summer vacation resort, 2,024 staff members benefited;
- contracted summer centers, 3,536 staff members benefited;
- vacation camps, 4,790 campers;
- consumer loans, approximately 4,600;
- pilgrimages to Mecca, 194;
- scholarship granted by FFPIEM (the inter-mining industries training fund), 1.4 million MAD;
- scholarships, approximately 1.4 million MAD.

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/// 2009 ///
ANNUAL • REPORT

Strategy and Performance

DESPITE THE ECONOMIC DOWNTURN, OCP MAINTAINS AND EVEN STRENGTHENS ITS POSITION IN A MARKET THAT HAS BECOME VERY VOLATILE. AT THE SAME TIME, READYING ITSELF FOR THE END OF THE IMPENDING CRISIS, THE GROUP HAS COMMITTED A CONSIDERABLE INVESTMENT PROGRAM AIMED AT DEVELOPING ITS PRODUCTION AND ENGINEERING TOOLS AS WELL AS AT MODERNIZING ITS MANAGEMENT STRUCTURES, IN AN INNOVATION AND COST REDUCTION STRATEGY.

leaders are those who invest during the down cycle

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OCP Group

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/// CONTENTS ///

Mines, ore washing units, chemical plants, port facilities... OCP is investing 75 billion MAD in the development and modernization of its industrial tools.

anticipate

innovate

develop

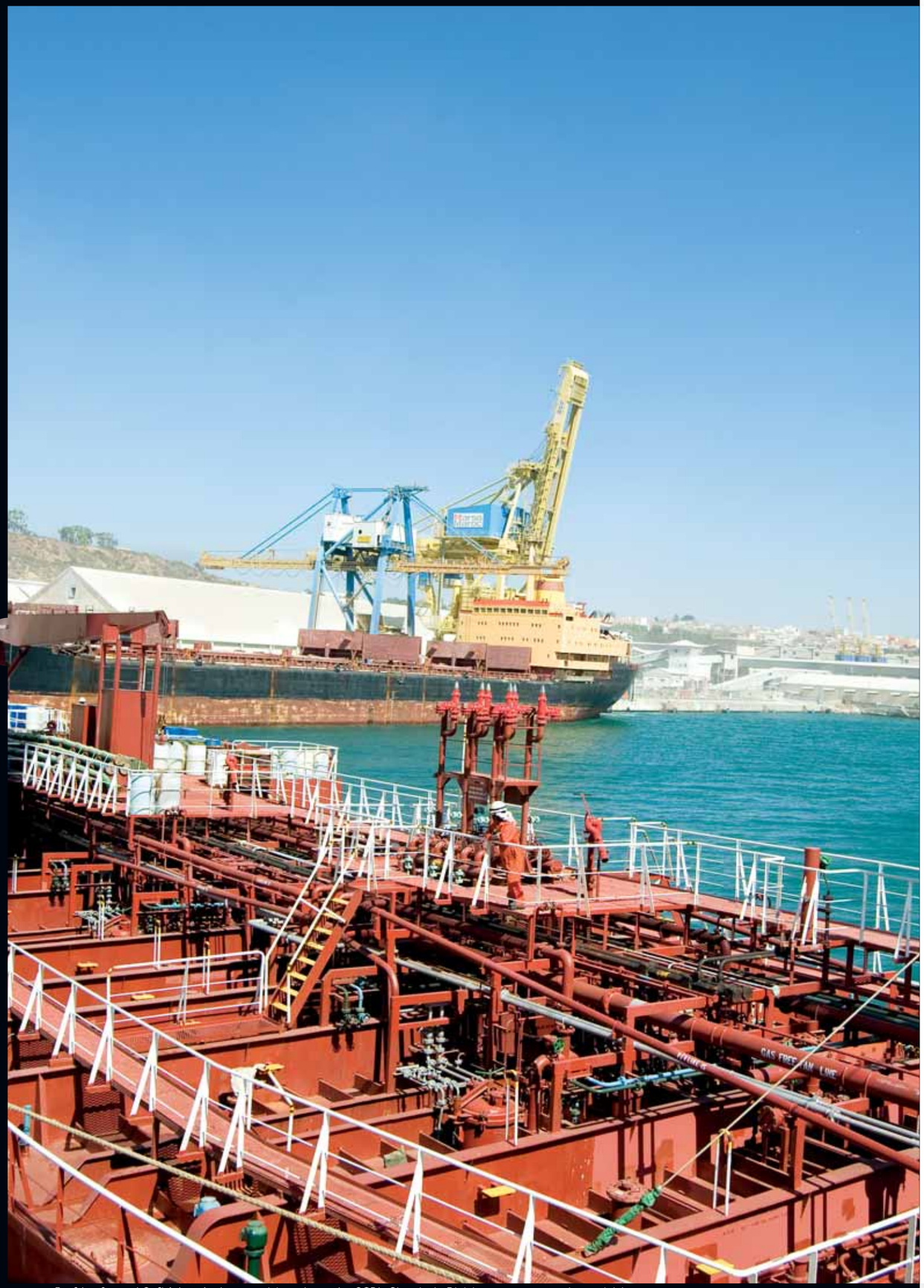
1

A PROACTIVE /// COMMERCIAL /// STRATEGY

THE PRICE OF PHOSPHATE SHOULD REMAIN VOLATILE. HAVING CORRECTLY ASSESSED THE GLOBAL MARKET EVOLUTION, OCP HAS TURNED THIS SITUATION INTO AN OPPORTUNITY, MAINTAINING A TIGHT MARKET FOLLOW-UP, POSITIONING ITSELF CLOSER TO ITS CLIENTS' NEEDS, OPTIMIZING THE VALUE CHAIN, AND EXPANDING INTO NEW MARKETS, IN AFRICA AMONG OTHERS.

2009 was both a year of downturn and the beginning of recovery. And that was true for OCP as it was for the whole phosphate industry. The Goup's turnover from ore exports for that year decreased by 66.85%, after having soared by 184.41% in 2008.

However, this extreme volatility should not hide a fundamental trend: since 2006, the Group has been improving its commercial performance year after year. If we exclude 2008, an exceptional year for its historic price rise of all raw materials including rock phosphate, in 2009 OCP improved its ore sales by 5.85% compared to 2007, the very year prices began skyrocketing.



Jorf Lasfar and Safi (photo), the two cities where the OCP's Chemicals Division concentrates its activities, benefit from major development projects for their phosphate ports facilities.

Actually, to eliminate distortions due to erratic base effects, it is 2006 that should be used as a reference year. By that standard, at $80-100 a ton, rock phosphate price in 2009 was two and a half times higher than in 2006.

Sustainable volatility

It is a given fact now that volatility is settling permanently on the phosphate market. In the short term, OCP reacted by refocusing its supply. The needed maintenance and equipment upgrades also strongly contributed to a production slowdown.

Lower supply levels were also implemented by most of the other players in the industry in 2009. At the same time, experiencing a downturn themselves, a number of clients did not take delivery of their orders.

> To protect its margins, OCP favors sales on the spot market as well as through short-term contracts to better benefit from price volatility.

In the longer term, the Group has well integrated market volatility as a permanent parameter of its business strategy. In particular, it has improved its analytical tools by fine-tuning its market segmentation by geographical zone and type of client, as well as by integrating various economic, financial or monetary scenarios.

To be more in line with market realities, OCP has expanded its offices or opened up new ones in Paris, Brazil (destined to become an important regional hub), India, and is expected to open up in Argentina and Dubai.

To maintain its margins, OCP sticks closer to price changes by focusing on selling on the spot market as well as through short-term contracts in order to better benefit from price volatility.

In fact, to refine its margin strategy the Group has chosen to extend its market analysis upstream of the phosphate industry and follow agricultural raw material prices. Its market model takes into consideration the volatility of phosphate prices but also that of soft commodities.

Diversificafation of products and markets

OCP positions itself on all the links of the value chain, from a wide range of ore grades to different fertilizers, as well as phosphoric acid, thereby multiplying its possibilities of arbitration.

Innovation is another very strong axis of the Group's strategy. Other than developing specific fertilizers, it is diversifying into products of high added value such as phosphorus supplements. OCP thus intends to establish a production unit of food supplements for livestock.

Fertilizers represent a good part of the growth potential of the Group's markets, and despite the economic crisis, it has improved its sales as well as its share of this segment of the market, especially in India, Pakistan, Brazil and Argentina.

What of Africa, on the front of priorities! OCP tripled sales there in 2009. The strategy on the continent is to directly target the farmers, for instance cocoa producers. This is the best way to position itself closer to the needs of customers. To partly compensate transportation problems, the Group has created logistic corridors serving several countries.

WORLD TRADE

MOROCCO, MARKET LEADER IN A /// CHALLENGING YEAR ///

THE OCP GROUP'S EXPORTS SUFFERED FROM A GLOBAL ROCK MARKET IN SHARP DECLINE. HOWEVER, IT PLAYED ITS CARDS RIGHT AND MAINTAINED AND EVEN STRENGTHENED ITS LEADING POSITION AS EXPORTER OF ROCK PHOSPHATE AND PHOSPHATE IN ALL FORMS AND HAS EVEN CONSOLIDATED ITS LEADERSHIP ON THE PHOSPHORIC ACID WORLD MARKET.

PHOSPHATE IN ALL FORMS MOROCCO, THE US AND CHINA, THE TOP THREE IN WORLD TRADE

World trade of phosphate in all forms dropped to 19.44 million tons P_2O_5 in 2009, a decrease of 11.1% from 2008. This decline was mostly due to the 39.5% drop in rock phosphate world trade, while on the contrary, global trade in phosphoric acid and fertilizers (DAP, MAP, TSP) increased by 6.3% and 12.5% respectively, compared with 2008.

Moroccan exports of phosphate in all forms outperformed the world market since they "only" showed a 20.7% decline in 2009, of which 50.7% was due to the strong decrease in exports of rock phosphate. The OCP Group has thus maintained its rank as world leader despite its shrinking market share from 27.5% in 2008 to 24.6% in 2009.

The United States have seen their market share of phosphate in all forms rise from 14.1% to 18.1%. Moving in the opposite direction of the general world market trend, American exports scored a 14.1% increased (from 3.08 Mt P_2O_5 in 2008 to 3.5 Mt P_2O_5 in 2009), a result obtained thanks to a substantial 26.7% rise in DAP sales and a 6.9% increase in MAP sales.

China, the third biggest global exporter, witnessed a 3.9% decrease in its exports of phosphate in all forms (from 2.14 Mt P_2O_5 in 2008 to 2.05 Mt in 2009), a drop due to the 51.1% fall of MAP exports. China too reinforced its market share, from 9.8% in 2008 to 10.6% in 2009.

Rock phosphate
40% fall in exports

According to the International Fertilizer Association (IFA), global production of rock phosphate decreased by 3.9% between 2008 and 2009 (from 174.4 Mt to 168 Mt). The major producers have indeed adapted their supply to the demand. With the exception of China, Egypt and Mexico – who, against the general trend, slightly raised their production– Morocco and the United States, as well as most other major players in the global market, have significantly reduced their extraction activities.

The collapse of the global rock phosphate trade is more impressive: at 18.4 Mt, it is a drop of 39.5%. The decline has essentially been observed in China (-80.9%), Morocco (-50.7%) and other North African countries (-44.5%).

Moroccan sales thus fell from 11.82 Mt in 2008 to 5.82 in 2009. The OCP Group's market share replicated this trend, dropping from 38.7% in 2008 to 31.5% in 2009. The collapse in demand for imports was seen particularly in Europe (-49%), the American continent (-36%), the South Pacific (-76%) and the Middle East (-51%).

Indian imports of rock phosphate, however, remained mostly unchanged (4.9 Mt in 2009, against 5 Mt in 2008).

Phosphoric acid
India and Morocco, major players on the market

World production of phosphoric acid increased by 2% in 2009 at 33.2 Mt P_2O_5. And world trade followed, with a 6.3% increase (4.27 Mt P_2O_5 in 2009, against 4.02 in 2008).

The main countries and regions to have benefited from this rise in phosphoric acid global trade are Morocco and other African countries. American and Chinese exports, however, fell by 23.7% and 3.7% respectively.

As for India, the main phosphoric acid importer, its purchases were up by 39.2% (2.63 Mt in 2009), and Moroccan sales to this country jumped by 71%, from 652,100 tons P_2O_5 in 2008 to 1.11 million tons in 2009.

OCP's total exports increased by 19.7% (1.83 P_2O_5 in 2009), and the Group has significantly improved its world market share: 38% in 2008, 42.8% in 2009.

Solid fertilizers
A lively market growth

World production of phosphate solid fertilizers – mostly MAP, DAP and TSP – was established at 23.8 Mt P_2O_5 in 2009, a 2% increase compared to 2008. Shares of MAP, DAP and TSP were respectively 7.7 Mt P_2O_5 (-12%), 14 Mt P_2O_5 (+16%) and 2.1 Mt P_2O_5 (-20%). World trade in these products was established at 9.5 Mt P_2O_5 in 2009, an annual growth of 12.5%. The 34.3% increase in global trade of DAP (6.4 Mt P_2O_5 in 2009, against 4.79 Mt in 2008) largely offset the decline suffered by TSP (-15.4%, for a volume of 1.32 Mt P_2O_5 in 2009) and MAP (-16.5%, for a volume of 1.74 Mt P_2O_5).

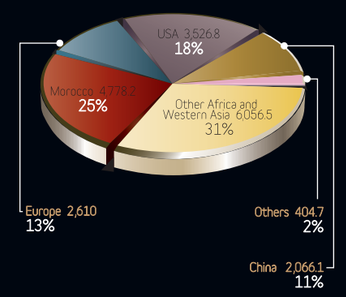
Brazil, a major importer of MAP and TSP fertilizers, reduced its purchases by 17.8% and 3.6% respectively. Indian imports of DAP increased by 11.4% in 2009 (2.85 Mt P_2O_5).

As for the United States, it improved its exports of solid fertilizers by 21.4%, including +26.7% for DAP and +6.9% for MAP.

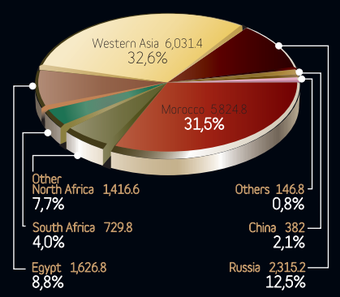
With a solid 52.9% increase of its fertilizers exports in 2009, including +114.4% for DAP, +34% for MAP and a near standstill for TSP, Morocco has delivered a more than satisfactory performance.

Share of the export market

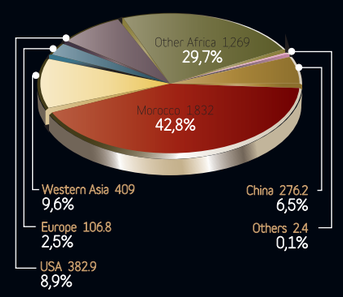
Exports in thousands of tons P_2O_5 and in % of the total.



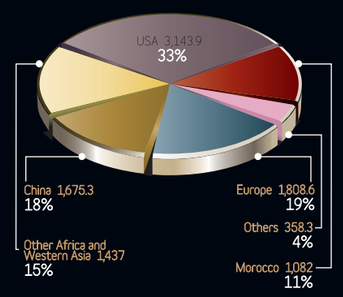
PHOSPHATE in ALL FORMS
WORLD TOTAL: 19,442.2 - 100%



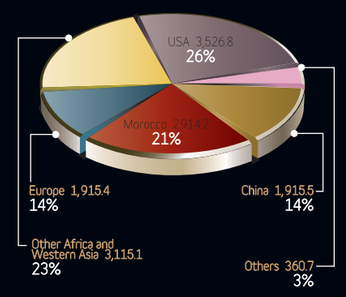
ROCK PHOSPHATE
WORLD TOTAL: 1,8473.4 - 100%



PHOSPHORIC ACID
WORLD TOTAL: 4,278.6 - 100%



SOLID FERTILIZERS
WORLD TOTAL: 9,505.1 - 100%



PHOSPHATE DERIVATIVES
WORLD TOTAL: 1,3 783.7 - 100%

OCP exports in figures

PHOSPHATE IN ALL FORMS. Total exports by Morocco of rock phosphate, phosphoric acid and fertilizers reached 4.77 Mt P_2O_5 in 2009, against 6.02 in 2008, thus registering a 20.7% decrease.

ROCK PHOSPHATE. Sales of rock phosphate reached 18.429 Mt in 2009, against 23.936 in 2008, that is a drop of 23%. The breakdown is as follows: 12.604 Mt delivered to the local market for processing into phosphoric acid and 5.825 Mt exported.

PHOSPHORIC ACID. In 2009, exports of phosphoric acid amounted to 1.83 Mt P_2O_5, up 19.7% from 1.53 Mt in 2008.

SOLID FERTILIZERS. DAP exports scored a three digit increase of 114.4%, as they went from 275,700 tons P_2O_5 in 2008, to 591,000 tons in 2009. MAP exports increased by 34%, from 181,100 tons P_2O_5 in 2008 to 242,600 tons P_2O_5 in 2009. As for TSP, at 248,300 tons P_2O_5 export sales showed little variation as they slightly declined by 0.9%.

PHOSPHATE DERIVATIVES. Global exports of phosphate derivatives (phosphoric acid and solid fertilizers) totaled 2,91 Mt P_2O_5 in 2009, up 30,2% from 2008 (2,23 Mt P_2O_5).

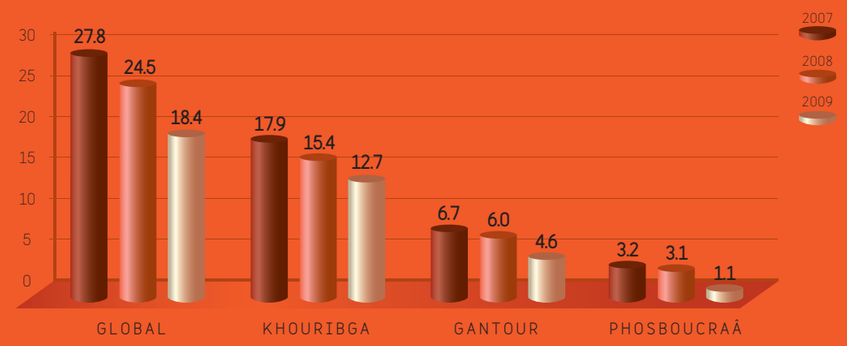
Evolution of world production capacity

>>> 2009 saw little change in world production capacity of phosphoric acid and MAP, DAP and TSP fertilizers.

>>> For phosphoric acid, world capacity rose in 2009, mainly due to China and to a lesser extent India. Chinese capacity went from 12 Mt P_2O_5 to 13.5 Mt P_2O_5, the bulk of this increase having been absorbed by local DAP production. In 2010, the Chinese capacity will increase to 14.7 Mt P_2O_5. By the end of 2011, Brazil's will increase by 0.2 Mt. Between 2011 and 2013, the International Fertilizer Association (IFA) foresees a strong increase of Russia's capacities of phosphoric acid production.

>>> For solid fertilizers (MAP DAP and TSP), world production capacity should increase slightly to 35.8 Mt P_2O_5 says IFA. The new units are mainly found in China and Morocco, China with 1.2 Mt P_2O_5 and Morocco with 0.36 Mt P_2O_5 thanks, for the latter, to units installed in a joint venture with Bunge Fertilizantes. In all, according to the international trade association, about 1.8 Mt P_2O_5 of new capacity will be operational in 2010.

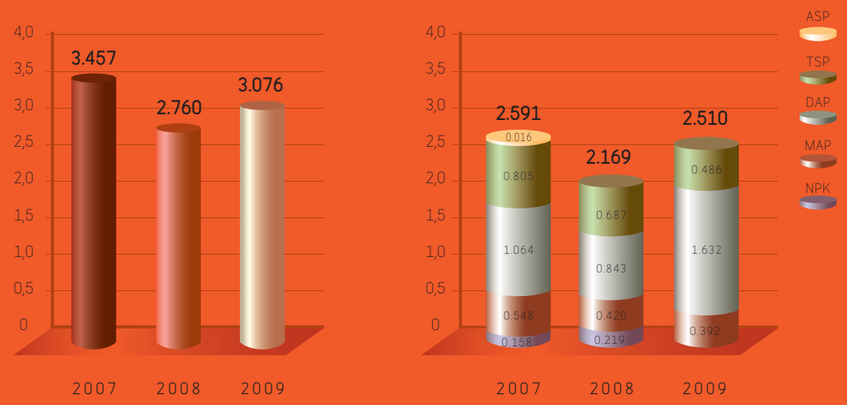
>>> 2011 is the year observers expect the phosphates market to rebound, with a return to strong demand after more than two years of decline. Production is also foreseen on the increase with new capacities that will become operational. There is much talk in particular about competition from Saudi Arabia's Al-Jalamid. The Saudi facility should begin operating in October 2010 and reach full production capacity in 2011, that is 3 Mt of DAP a year. But the OCP Group remains optimistic: the additional supply will progressively be absorbed as it actually reaches the market. The global demand for DAP should increase by about 16.4 Mt P_2O_5 by 2018, i.e. at an average rate of 4.6 % a year.



OCP PRODUCTION OF ROCK PHOSPHATE...

EVOLUTION OF THE GROUP'S COMMERCIAL PRODUCTION

/// in millions of tons. ///



...OF PHOSPHORIC ACID AND OF FERTILIZERS

EVOLUTION OF THE GROUP'S CONSOLIDATED PRODUCTION

/// in millions of tons. ///

3

POWERFUL ENHANCEMENT /// OF PRODUCTION TOOLS

The OCP Group is sharpening its tools and multiplying development projects in its mining and chemical facilities. The goal is to maintain and consolidate its qualitative and quantitative advance on a market that is becoming extremely competitive.

The potential growth of global demand for phosphates is attracting an increasing supply to the market, with no fewer than fifteen integrated projects around the world. To meet this challenge and maintain and consolidate its leadership, OCP has developed a "strategy of large-scale industrial recovery", with an investment program of some four billion dollars between now and 2020.

Development of mining and ore processing

Maintaining a major mining production capacity allows the Group greater flexibility to use it according to its interests. In this perspective, OCP is opening new mines with high efficiency facilities and launching optimization and renovation programs to increase the efficiency of existing ones. The goal is to raise the Group's

Four new mines will begin production by 2017. Their purpose is to increase production capacity of rock phosphate from 30 toa 50 million tons a year.

mining capacity from 30 to 50 million tons/pa.

In parallel, OCP is heavily investing in local ore processing. The Group's flagship project, the Jorf Phosphate Hub (JPH) aims at becoming the largest global phosphate fertilizers production complex, thus enabling large-scale savings. Currently at 3 million tons a year, production capacity will increase to 10 Mt/pa by 2020. The JPH program consists in building world-class infrastructures to accommodate foreign direct investments (FDI) from operators of international stature interested in running fertilizer production units in joint ventures with OCP. Studies were undertaken early 2010 to implement the first unit, with a capacity of 1.1 Mt/pa.

The Jorf Phosphate Hub will be fed with ore by the slurry pipe that will link the Khouribga mine site to the Jorf Lasfar processing facilities. This slurry pipe will allow for greater efficiency and substantial savings. For example, the elimination of drying at the mine presently needed prior to transport by railway will enable savings close to 30 MAD/ton and reduce water consumption by over 3 million m3/year. The total cost of transport between Khouribga and Jorf Lasfar will drop to around 8 MAD/ton from around 70 MAD/ton.

Water and energy, two strategic resources

In addition to the mining and chemicals production facilities, OCP is investing in industrial infrastructure related to water and energy, two strategic resources, if any. The Group, therefore, doubled its water production capacity in 2009 for the washing of phosphate in a country known for its dryness, hence the search for solutions to prevent further stress on the country's water supply. In its chemicals activities, OCP is investing in the reprocessing and purification of wastewater, as well as in desalination of sea water. In 2009, construction of a wastewater treatment plant was moved ahead to be inaugurated in 2010. Desalination plants are also planned to secure the fresh water needs at the Jorf Lasfar and Safi sites.

On energy, OCP is self sufficient in its chemical plants where steam is recycled to produce electricity. However, mining is energy intensive. Hence the importance of the Energy Plan developed in 2009 and aimed at attracting investors. The partnership with ONE (Office National d'Electricité – the National Electricity Bureau) is another strategic initiative, as the Group's energy requirements will ultimately reach 11% of Morocco's total energy production, against 5% currently. Also, OCP is particularly opening up to renewable energies: thus the 40-megawatt wind turbine farm projected in Laâyoune with a foreign partner.

Two other projects are planned in partnership with ONE, namely the construction of the port at Safi for shipping phosphates, as well as the extension of the port of Jorf Lasfar, whose studies are well under way.

Operational Transformation for a performance culture

The strategy to increase OCP's production capacity is coupled with an Operational Transformation plan aimed at reviewing production and maintenance processes to bring them up to international standards, as well as establishing within the whole Group a culture of continuous performance improvement.

It also aims at systematically tracking all sources of cost reduction.

Through this program, the Group has undertaken several initiatives that will significantly enhance its position in the matter.

Launched in April 2009, the program has started to show results in terms of efficiency and savings on production costs, as production gains are estimated at over 27% in tonnage.

The Operational Transformation is also aimed at improving current performances in phosphoric acid and fertilizer production in terms of volumes, costs and investments.

R&D ALONG THE VALUE CHAIN

To ensure the Group's international competitiveness, Engineering and Research & Development are integrated into every level of OCP's value chain, from preliminary studies to management of buildings, through industrial investments.

Organization of R&D and engineering – both undertaken internally – has been significantly changed. Engineering in particular, is now located at Jacobs (see page 27), one of the largest global suppliers of technical, professional and construction services, that will provide OCP with an efficient and worldwide proven system of project management.

>>> RESULTS OF THE MINES DIVISION

To satisfy the Group's development plans for the coming ten-year period, an increase in production capacity of the Mines Division is necessary. It will be achieved by opening up new mines equipped with adequate infrastructure and facilities for extraction and processing of phosphate ore at lower cost. The budget forecast for the total investment over the 2008-2020 period exceeds 22 billion MAD.

1 EXTRACTION

OCP extracted from the Khouribga and Gantour mines, 17.6 Mt of phosphate in 2009, against 23.88 Mt in 2008. From the Boucraâ mine, 1.609 Mt were extracted in 2009, against 3.278 Mt in 2008.

The total tonnage extracted from the three mining sites of Khouribga, Gantour (Youssoufia, Benguerir) and Boucraâ in 2009 was 19.24 Mt, against 27.16 Mt in 2008, that is a 29% decrease in production. Commercial production of phosphate stood at 18.29 Mt, against 24.45 Mt in 2008 (-25,2%).

Rock phosphate deliveries for export or processing in the Jorf Lasfar and Safi complexes totaled 18.4 Mt in 2009, against 23.94 Mt in 2008. Rock phosphate exported as is totaled 5.8 Mt, against 11.82 Mt, while deliveries to the Group's processing plants at Safi and Jorf Lasfar totaled 12.6 Mt against 12.11 Mt, the delivery pace having particularly slowed down in the first quarter of 2009 following the shutdown at Jorf Lasfar and Safi.

2 HIGHLIGHTS

For the Mines Division, 2009 was rich in events and structuring projects.

>>> Khouribga Mines.

- The shutdown has allowed upgrading works at the facilities, especially at the six drying ovens.
- Two ore washing sludge decantation pools were built, and construction was undertaken with OCP means.
- Six water wells were dug and two were connected to the main station.
- The work was started to equip the dryer oven at Beni-Idir with baghouse dust filter systems.
- The "Iqlaa" project (Operational Transformation) was launched at the Daoui ore washing plant and at the COZ complex (Oued-Zem drying facility).

>>> Gantour Mines.

- The Mzinda mine was opened at Youssoufia.
- Maintenance continued on the Layer 4 BG at the drying plant.
- Extension works were launched on the sludge decantation pools.
- The storage area for the calcinated ore was graded, and the work was undertaken with OCP m:eans.
- Bottlenecks were eliminated:
  - in the washing-calcination circuit;
  - in the receiving hopper for trucks at Youssoufia;
  - in the phosphate storage at Mzinda and Bouchane.
  - Operational Transformation sites were launched and contri bution was made to their steering.
- The productive potential of the drying process at Youssoufia was enhanced.

>>> Boucraâ Mines.

- A 150,000-ton stockyard was built and a recovery system (hopper + conveyor) was developed.
- Maintenance work was done over 3 km on conveyor 9 of the conveyor train.

3 DEVELOPMENT PROJECTS OF THE MINES DIVISION

The Khouribga mine, unique in the world by size and rock quality, will see its production capacity rise from 18.5 Mt/pa currently to 35 Mt/pa in the next ten years. Total cost: 1.8 billion MAD. The Benguerir mine in the Gantour area will increase capacity by 1 Mt/pa in 2013, extensible to 3 Mt/pa by 2017. To achieve this, many projects are planned, some of which will begin in 2010.

>>> Four new mines to open between 2010 and 2014:

At Jorf Lasfar (above, view of the port), the Jorf Phosphate Hub project aims at building the largest phosphate fertilizer production complex worldwide. Production capacity at the site will increase to 10 million tons a year.

- **El Halassa.** Estimated global budget: 1,684 million MAD. Production capacity: 5.5 Mt/pa by 2014. Operation is planned to start in the second half of 2010, with 0.5 Mt/pa.
- **Ouled Farès.** Global investment: 2,263 million MAD. Start of operation: 2014, with a production capacity of 1 Mt/pa, extensible to 6 Mt/pa by 2017.
- **Extension of North Central Zone** (PEZCN). Global investment: 1,758 million MAD. Start of operation: 2017. The project aims at raising production capacity of the Khouribga area by 6 Mt/pa.
- **South Benguerir.** Global investment: 800 million MAD.

The project aims at raising production capacity of the Gantour area by 3 Mt/pa. Preparation works on the mine began in 2008, and nominal capacity will be reached in 2013.

>>> Opening, extension or adaptation of washing-flotation units at Khouribga and Benguerir between 2010 an 2016:

- **Merah Al Ahrach** (MEA). Global capacity: 7.2 Mt/pa in 2010, extensible to 12 Mt/pa in 2012. Investment: 2,500 million MAD. The first phase will begin in June 2010. By 31 December 2009, the work was 85% completed. The project will be implemented in 32 separate lots corresponding to 35 tenders of which 33 have been realized. A second project involves the extension and adaptation of existing plants to comply with the requirements for pipeline transport of washed ore. Global investment: 1,200 million MAD. The adaptation will be operational in July 2012 and the extension in 2016.
- **El Halassa.** Capacity: 6 Mt/pa in 2012, extensible to 12 Mt/pa from 2014. The mine will meet the future needs in commercial production through recovery of lesser grade ore of Level 3 ''C3'' from El Halassa and Sidi Chennane mines. Global investment: 3,100 million MAD. Start of production: late 2012 (phase I) and early 2014 (phase II).
- **Daoui.** Adaptation of the facility to pipeline transport of the washed ore. Global investment: 700 million MAD. Operational in July 2012.
- **Ouled Farès.** Capacity: 12 Mt/pa, to be extended to 14 Mt/pa from 2018. The mine will meet the future needs in commercial production through recovery of lesser grade ore of Level 3 ''C3''

Among the various washing units planned, the El Halassa project will enable processing of lesser grade phosphate ore (Layer 3 "C3") from the mines at El Halassa and Sidi Chennane which are part of the Khouribga pools.

from Ouled Farès and PEZCN mines. Global investment: 3,800 million MAD. Start of production: January 2015 (phase I) and January 2018 (phase II).

- **Benguerir.** This washing unit will meet future needs of special export ore qualities, and will be adapted to provide the washed ore to be delivered by pipeline to the Safi processing facilities. Global capacity: 3 Mt/pa in 2014.

>>> Construction of a phosphate drying plant (project Downstream) on the Jorf Lasfar platform.

This drying plant will meet the needs of phosphate ore export development by drying the phosphate pulp delivered to the platform by the Khouribga-Jorf Lasfar pipeline, i.e. 10.5 Mt/pa, from the Khouribga washing units. Global investment: 1,400 million MAD. Production will start late 2012, after the pipeline begins operating.

Electric power to the various production units planned under the development program for Khouribga will be delivered by a 483 million MAD power plant project to be commissioned by end 2011.

>>> PERFORMANCE OF THE CHEMICALS DIVISION

Various maintenance and upgradings of the Group's chemicals sites were undertaken during the shutdowns that occurred due to the general downturn of the markets following the global economic crisis of 2007-2008. At the same time, several ambitious projects were launched to enable the Group to expand its offering and remain competitive on the phosphate market which has become more competitive.

1 Production and sales

>>> Phosphoric Acid.

The two main production centers that make up the Chemicals Division of the OCP Group – Jorf Lasfar, with Maroc Phosphore, EMAPHOS, IMACID, Bunge Maroc Phosphore, and Pakistan Maroc Phosphore; and Safi, with Maroc Phosphore – produced 3.076 Mt P_2O_5 of phosphoric acid in 2009, up 11.4 % from 2008, while export sales reached 1.833 Mt (+19.7%).

>>> Fertilizers.

The Group's production (of DAP, MAP and TSP) stood at 2.509 Mt P_2O_5 in 2009, up 15.7% from the 2.168 Mt of 2008. Sales reached 2.574 Mt (+34%), of which 2.276 Mt were exported and 0.298 Mt sold on the domestic market.

DAP: 1.632 Mt P_2O_5 were produced, in total at Jorf Lasfar.

MAP: 0.392 Mt P_2O_5 were produced, in total at Jorf Lasfar.

TSP: 0.486 Mt P_2O_5 were produced, in total at Safi.

2 Highlights

>>> Shutdown at the Safi site took place as follows:

- Maroc Chimie from 31/12/2008 to 06/03/2009;
- Maroc Phosphore I from 29/11/2008 to 15/03/2009;
- Maroc Phosphore II from 01/12/2008 to 03/03/2009.

The main accomplishments during shutdown, for a global cost of 145 million MAD, were as follows:

- 70% progress on production unit revisions for 2009;
- maintenance work on various equipment, among which sulfuric lines, liquid sulfur storage tanks, phosphoric lines, fertilizer lines, power plants and electric grids;
- specific work requiring the long-term general shutting down of the facilities;
- large-scale work made possible by the low level of activity;
- normal routine work carried out in the framework of the Security Action Plan.

>>> Shutdown at the Jorf Lasfar site: the complex was halted from 15/11/2008 to 1/2/2009.

The main accomplishments during this shutdown, for a global cost of 130 million MAD, were as follows:

- repair and restoration work to secure the watertightness of the seawater discharge channel;
- normal routine work carried out in the framework of the Security Action Plan;
- expertise work conducted on the phosphoric and sulfuric production lines and on the power plant;
- regulatory control of equipment submitted to pressure;
- rehabilitation of the seawater pipes feeding the power plant;
- cleanup and restoration of seawater pipings;
- monitoring and maintenance of electrical switchboards;
- overhaul of the production units (sulfuric, phosphoric, fertilizer and sulfur fusion);
- elimination of leaks (steam, raw water, seawater, etc.);
- overhaul of the sulfur porticos and scraper.

>>> Bunge Maroc Phosphore (BMP) started operating on 18 March 2009

>>> Launch of the "Iqlaa" project for Operational Transformation in the chemical industries

3 Development projects of the chemicals division

>>> The Jorf Phosphate Hub (JPH)

JPH is the backbone of the Group's development strategy. The complex will house a shared infrastructure (plug and play) integrating the Khouribga mines, the pipelines linking the mines to the Jorf Lasfar industrial platform, and will operate a new wharf for direct exportation of phosphates and derivatives, thereby relieving the port of Casablanca of close to 40% of its traffic. OCP plans on capital investment (non-FDI) of 15.5 billion MAD.

The aim is twofold: increase opportunities for ore processing and generate extra added value inside the country. JPH will be capable of housing foreign direct investments (FDI) for fertilizer production, and will be ready by 2012.

During that year, the Group expects to deliver four lots of 15 ha each for the building of fertilizer factories with a capacity of 1.1 million tons each. Ten other similar phosphate processing units are planned and an international tender was launched in 2009 for that purpose.

On the JPH platform, the entire production chain (rock, intermediate products, infrastructure, work force, etc.) is now open to foreign companies willing to enter into joint venture operations with the Group. The FDI present on the platform will be given highly competitive offers for ore quality, infrastructure, integrated logistics, international-standard environment and access to numerous specialized services (maintenance, tax incentives, local financing...).

In September 2009, conceptual design and estimation studies were launched for two new projects, two granulation lines (107B and C units), with a capacity of 850 kt/pa of DAP each, and an ODI (Owner Direct Investment) integrated phosphoric acid and fertilizer plant. Capacities: 450 kt P_2O_5/pa for the acid and 940 kt P_2O_5/pa for the DAP. The results of these studies were delivered in January 2010. Starting dates: June 2012 for the two DAP lines and June 2013 for the ODI. As for the adaptation of the phosphoric plant to the processing

of phosphate pulp, entrusted to Maroc Phosphore Jorf Lasfar who is investing 2.340 billion MAD in the project, the engineering commercial offers are finalized.

>>> Status.
Baseline studies on the JPH project are now delivered. They concern the projects for raw material supplies, utilities and links as well as general land grading for ODI and FDI. The delegated management of this mega project is entrusted to JESA (see box on page 27) from the 1st quarter of 2010 and the launch of infrastructure work is planned for the second half of 2010.

should enable the Jorf Lasfar port capacities to satisfy the following increases:

- raw phosphate export capacity from 5.3 to 10.5 Mt/pa;
- fertilizer export capacity from 4.5 to 10.82 Mt/pa;
- solid sulfur import capacity from 2.2 to 7.64 Mt/pa;
- ammonia (NH_3) import capacity to 2.49 Mt/pa;
- phosphoric acid export capacity to 2.62 Mt/pa;
- ammonium polyphosphate (APP) export capacity to 0.950 Mt/pa.

>>> Status.
Late 2009, the call for tenders was launched for the supply and installation of superstructures and the technical offers received, while the tender offer dossier for the infrastructures (building and/or rehabilitation of docks) was finalized.

Among the numerous and varied operations at the Group's facilities in 2009, differents pools for sludge water decantation (above, at Khouribga) were implemented or extended.

>>> The capacity of the Jorf Lasfar port's facilities

The current facilities of the Jorf Lasfar port will be upgraded to enable them, between 2012-2020, to host import and export traffic linked to the development of extraction and processing at Khouribga, as well as to the FDI in the integrated phosphoric acid and fertilizers production units.

Various infrastructure (construction or extension of the different piers), and superstructure (gantry and loading-unloading arms) projects for an investment of 2.240 billion MAD (of which 0.01 billion committed in 2009)

>>> The Khouribga-Jorf Lasfar slurry pipe.

In December 2009, the French Development Agency granted the Group a 240 million euro loan (the agreement will be finalized in 2010) to finance the turnkey Khouribga-Jorf slurry pipe project. Scheduled start of operation: 2012. Investment: 4 billion MAD.
The key components of the project are the following:

- the 187 km main pipeline;

- five pulp storage tanks at the exit of the washing units at Khouribga;
- three pumping stations to feed the head station from the existing or planned washing units;
- secondary pipelines 48 km in total length linking the washing units to the head station;
- the head station located at Merah Al Ahrach and comprising six tanks and a main pumping station;
- the terminal station in Jorf Lasfar, with ten pulp storage and distribution tanks;
- a command and control system.

A second pipeline of 174 km will transport 10 million tons of ore a year from the mining sites of Gantour, Benguerir and Youssoufia to the Safi processing facilities. Investment: 2 billion MAD. Start of operation: 2015.

>>> Status.
In late 2009, the Khouribga-Jorf pipeline project passed the preliminary phases up to the calls for tenders:

- the project's basic studies are done as well as the detailed and optimized definition for all its components, therefore it is ready to shift to the implementation phase;
- the topographic studies to define the pipeline's route are completed as well as those identifying the necessary land acquisitions;
- the preliminary geotechnical studies are ready;
- the study of the project's environmental impact has been launched;
- the process of amicable land acquisition for the implementation of the pipeline was initiated, as were, in parallel, the ownership transfer procedures;
- the ministerial orders were signed for the temporary occupation of land required for the works involved in the project;
- the competitive dialogue with and short-listing of companies to be consulted for the execution of the turnkey pipeline project were initiated;
- and the tender for the turnkey project was finalized.

>>> Desalination of seawater.

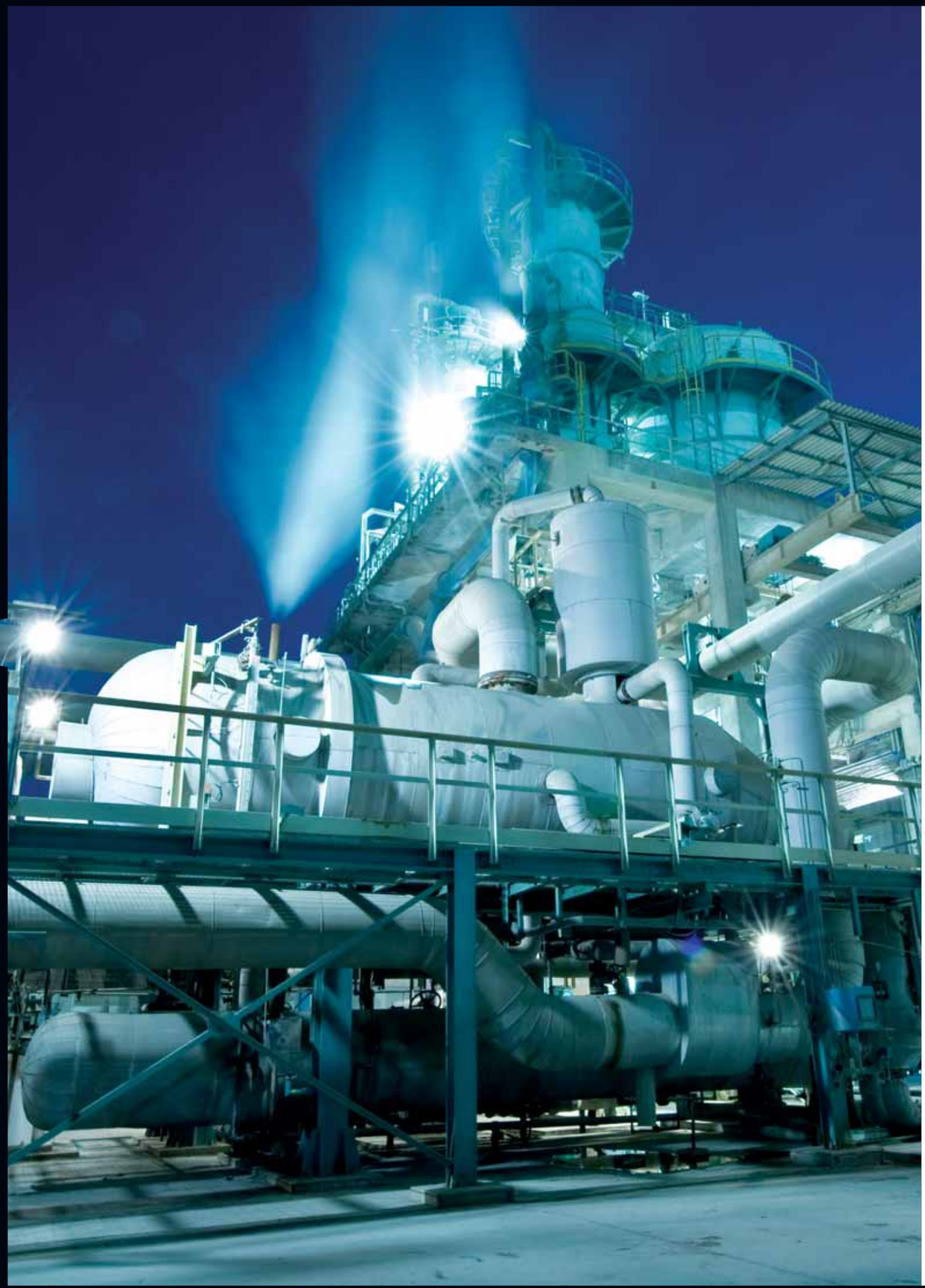
A first station (Station A) will supply the Jorf Lasfar chemicals site with 25 million m^3/pa of fresh water as of 2013. Investment: 1.5 billion MAD. The tenders dossier was completed in 2009, as well as the topographical and geological studies. Eventually a Station B will be added, producing 72 million m_3/pa of fresh water.

>>> Phosphate pulp drying.

The project called "Downstream" will meet the increase in ore exports by drying 10.5 Mt/pa of phosphate pulp delivered to Jorf Lasfar by pipeline. Investment: 1.4 billion MAD. Start of operation: late 2012, following that of the Khouribga-Jorf Lasfar pipeline.

>>> At the Safi chemical complex, MAP and NPK lines converted to produce DCP/MCP, higher added value animal feed.

Expected production capacity: 300,000 tons/pa of mono- and dicalcium phosphate, with 90% for export. The complex will also benefit from two projected sulfur lines with a 3,410 tons/day production capacity each, using a new technology for the reduction of gas emissions and a built-in heat recovery system that will enable the site to be self-sufficient in electric power, and even deliver surplus to the national network. The first line went into production in October 2009.



Partnership with Jacobs Engineering Inc. will give OCP an internationally renowned management system for its industrial projects.

Jacobs Engineering SA

Partnership for cutting-edge engineering

To keep abreast of "best practices" in its activities as in its development projects, OCP, like many international companies, forges alliances with the cream of global engineering contrators.

>>> With this perspective in mind, an equal partnership joint venture - named Jacobs Engineering SA (JESA) - was founded under Moroccan law between the OCP Group and the American firm Jacobs Engineering Inc, in February 2010. Jacobs is a leading global provider in design and management of large technical projects. OCP has initially entrusted to JESA management a five billion-dollar portion of its investment program.

>>> Jacobs is not a newcomer to the Group. An expert in phosphates for which it controls the entire production chain, it has worked on numerous industrial engineering projects for OCP. It is providing the Group with an efficient project management system proven worldwide.

>>> Over the next six to twelve months, the new Casablanca-based company will be bringing to Morocco some sixty management staff from the United States and Europe. They will be working for a period of two to three years alongside Moroccan managers, 70 of which are present OCP staff members and 120 to be recruited before end 2010 as engineers, estimators, planners, inspectors, superintendents, construction managers... At the end of this ramp-up period, staff will be mainly Moroccan.

>>> JESA also plans to expand its activities - in phosphate and other products - in Morocco and abroad, especially in West Africa where the American group is not present. With a capital of 45 million MAD, JESA will be employing 275 people by 2014 for a turnover of 280 million MAD.

FINANCIAL RESULTS

FINANCIAL POLICY AT THE SERVICE /// OF INDUSTRIAL /// STRATEGY

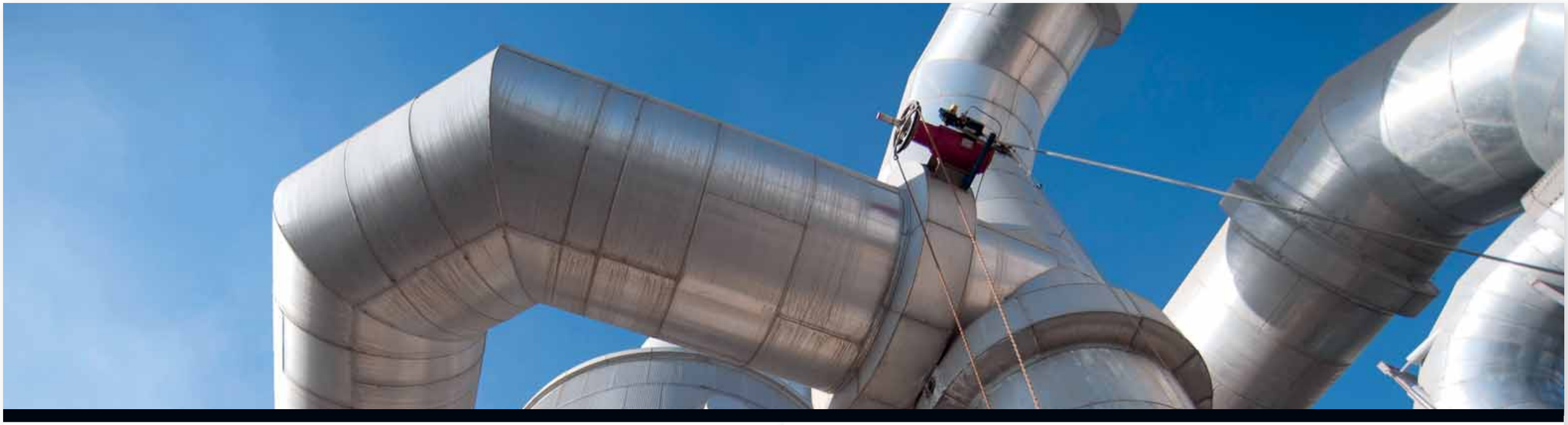
2009 SAW THE CONTINUED IMPLEMENTATION BY THE OCP GROUP OF AN AMBITIOUS FINANCIAL STRATEGY BASED ON THE STABILIZATION AND SUSTAINABILITY OF A HEALTHY AND BALANCED FINANCIAL STRUCTURE. ITS KEY POINTS ARE OPTIMIZING FINANCIAL INSTRUMENTS AND LIMITING COUNTERPARTY RISKS, DIVERSIFYING FUNDING SOURCES AND FINANCIAL INSTRUMENTS, AS WELL AS EFFICIENT CONTROL OF COST AND RESULT PARAMETERS.

RESULTS IN LINE WITH THE BUDGET IN SPITE OF THE ECONOMIC CRISIS

The global economic and financial crisis that persisted in 2009 did not spare OCP's business. However, thanks to excellent responsiveness and sound fundamentals, the Group achieved almost all of its projected goals.

AN INTENSIVE INVESTMENT PROGRAM

Along with its policy of transformation and modernization, OCP has embarked on an ambitious investment program aimed at increasing production capacity and substantially reducing costs.



OCP is investing 75 billion MAD

over the next ten years (2010 - 2020) to support

its ambitious development program.

Of the 56.6 billion MAD committed over the next

four years, 18.5 billion will benefit the Mines Division

and 16.7 billion the Chemicals Division.

The Group's investment program for the next ten years (2010-2020) totals 75 billion MAD, of which 56.6 billion engaged over the next four years and allocated as follows: 16.7 billion on its Chemicals Division, 18.5 billion on its Mines Division, 3.1 billion on social projects and 17.9 billion on other structuring projects such as the Jorf Phosphate Hub (JPH).

AN AMBITIOUS FINANCIAL STRATEGY

The main goal of the OCP's financial strategy is to guarantee the availability of the necessary resources to finance the planned actions, while at the same time keeping the financial situation healthy and balanced.

The Group's financial structure was reinforced in 2009 thanks to the increase in capital fully subscribed to and paid up by the Banque centrale populaire (BCP), as well as to the net profits made in fiscal year 2009.

This was accompanied by the implementation of a clear financial policy based on three principles, namely diversification of funding sources, disintermediation, and flexibility.

Consequently, and thanks to this strategy, the methods of financing were optimized to efficiently accompany the Group's development plan.

2009 IN FIGURES

OCP Group's consolidated financial statement for fiscal year ending December 31, 2009 are hereafter presented in the "Annexes" (pages 35-41). On page 41, the Group's "financial structure" displays a comparison for the main agregates with fiscal year 2007, 2008 being considered outstandingly exceptional.

The Group's turnover in 2009 stands at 25.3 billion MAD, 12.5 % down from 2007, a drop due essentially to the decline in sales figures recorded by the Chemicals Division owing to the unfavorable economic environment. On the contrary, the Mines Division's sales continued their upward trend.

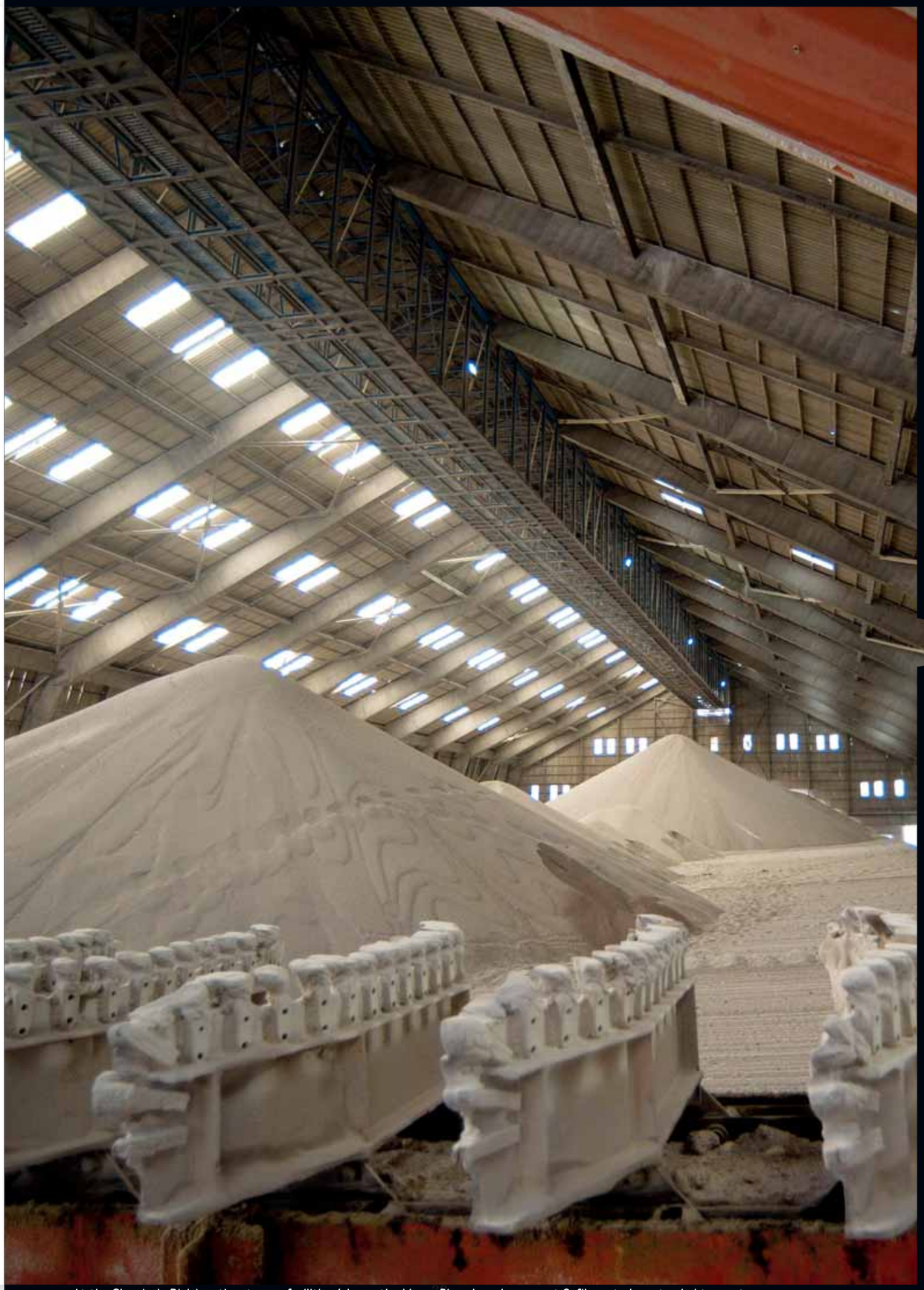
In such context, it is worth noting that the Group's operational efficiency has kept improving, as consolidated operating expenses (excluding provisions) are down from 21.8 billion MAD in 2007 to 21.6 billion in 2009, the primary reason for this being a reduction in purchases consumed.

OCP's balance sheet shows a very healthy position, with equity capital rising from -9.9 billion MAD in 2007 to +16.7 billion in 2009.

Moreover, added value stands at 8.2 billion MAD, and operating profit at 3.6 billion, that is, respectively, 32.4 %, and 14.2 % of sales.

OCP's balance sheet shows a very healthy situation that translates in the strengthening of its equity capital, which went from –9.9 billion in 2007 to +16.7 billion in 2009, notably thanks to earnings from 2008 and 2009, as well as to the opening up of the Group's capital to a 5 billion MAD BCP participation.

Net debt stands at 7.7 billion MAD in 2009, against close to 25 billion in 2007, thus indicating a substantial level of financial autonomy.



At the Chemicals Division, the storage facilities (above, the Maroc Phosphore hangars at Safi) are to be extended to meet the rise in production capacity.

/// ANNEXES ///

CONSOLIDATED FINANCIAL STATEMENT 2009

/// assets ///

(in millions MAD)

	FISCAL YEAR 2009			FISCAL YEAR 2008
	Gross	Depreciation and provisions	Net	Net
A /// GOODWILL	**2**	**1**	**0**	**0**
B /// FIXED ASSETS IN NON-VALUES	**1**	**1**	**0**	**119**
Preliminary costs	0	0	0	119
Acrued over several years	1	1	0	0
Bond redemption premiums – Gross	–	–	–	–
C /// INTANGIBLE ASSETS	**579**	**281**	**298**	**133**
Assets in R&D – Gross	35	29	6	1
Patents, trademarks, and royalties	330	213	117	90
Goodwill	0	–	0	–
Other intangible assets	214	39	175	43
D /// TANGIBLE ASSETS	**53 429**	**40 250**	**13 178**	**11 707**
Land	1 757	588	1 169	1 094
Buildings	12 500	10 848	1 652	1 322
Plants, machinery and equipment	33 920	27 724	6 196	4 650
Transportation equipment	495	417	78	70
Furniture, office equipment and other equipment	672	565	107	96
Other tangible assets	386	93	293	76
Tangible assets in progress	3 697	15	3 682	4 400
E /// INVESTMENT IN ASSOCIATES CONSOLIDATED				
BY THE EQUITY METHOD	**1**		**1**	**–**
F /// FINANCIAL ASSETS	**3 445**	**1 234**	**2 211**	**964**
Fixed loans	18	2	16	25
Other financial receivables	1 183	66	1 117	912
Equity shares	2 244	1 166	1 078	27
Other long-term investment securities	–	–	–	–
G /// CURRENCY TRANSLATION – ASSETS	**47**		**47**	**45**
Increase in financing debt	47		47	45
/// TOTAL I (A+B+C+D+E+F+G)	**57 504**	**41 767**	**15 736**	**12 969**
H /// INVENTORY	**8 092**	**1 856**	**6 236**	**6 775**
Goods	64	4	60	97
Materials and consumables	3 903	1 139	2 764	2 802
Work in progress	1 170	693	1 077	775
Intermediate and residual products	631	0	631	1 675
Finished goods	1 725	20	1 705	1 428
I /// RECEIVABLES IN CURRENT ASSETS	**11 034**	**392**	**10 642**	**10 793**
Suppliers receivables, advances and prepayments	1 091	6	1 085	1 114
Customers' accounts receivables	4 612	261	4 352	5 243
Payroll	80	31	50	7
Social agencies	154	–	154	70
Government	3 657	–	3 657	3 263
Deferred taxes	501	–	501	608
Associates' accounts	0	–	0	51
Other debtors	763	95	668	313
Accruals – Assets	174	–	174	123
J /// SECURITIES AND INVESTMENT SECURITIES (pension funds)	**17 087**	**–**	**17 087**	**18 260**
K /// CURRENCY TRANSLATION – ASSETS (current items)	**25**		**25**	**58**
/// TOTAL II (H+I+J+K)	**36 237**	**2 248**	**33 990**	**35 886**
L /// TOTAL CASH	**1 476**	**–**	**1 476**	**1 372**
Cheques and cash values	131	–	131	165
Debtors	1 343	–	1 343	1 205
Cash, Imprest and credit accounts	2	–	2	2
/// TOTAL III (L)	**1 476**	**–**	**1 476**	**1 372**
/// GENERAL TOTAL I+II+III	**95 217**	**44 015**	**51 202**	**50 226**

/// liabilities ///

(in millions MAD)

	FISCAL YEAR 2009	FISCAL YEAR 2008
A /// EQUITY CAPITAL		
Share capital	8 288	7 800
Issuance, merger and acquisition premiums	4 513	0
Revaluation adjustment	–	–
Legal reserve	484	64
Other reserves	4 992	50
Retained earnings	71	-7 098
Net income pending allocation	–	-9 408
Consolidated reserves	-2 873	-1 270
Currency translation reserves	-14	9
Consolidated net income	1 283	23 414
/// TOTAL EQUITY CAPITAL (A)	16 741	13 562
B /// MINORITY INTEREST	–	–
C /// ASSIMILATED SHAREHOLDERS' EQUITY	26	0
Investment subsidies	26	0
Regulated provisions	0	0
D /// FINANCING DEBTS	11 564	11 703
Bonded debt	–	–
Other financing debts	11 564	11 703
E /// SUSTAINABLE PROVISIONS FOR LIABILITIES AND CHARGES	12 790	11 451
Provisions for liabilities	1 405	832
Provisions for charges	11 385	10 619
Badwill	–	–
F /// CURRENCY TRANSLATION – LIABILITIES	95	97
Increase in long term receivables	–	0
Reduction in financing debts	95	97
/// TOTAL I (A+B+C+D+E+F)	41 217	36 813
G /// CURRENT LIABILITY DEBTS	8094	12 267
Suppliers' accounts payable	4032	4 705
Customer accounts payable, advances and prepayments	1 217	1 197
Payroll	693	604
Social agencies	444	316
Government	349	3 845
Deferred taxes – Liabilities	14	-
Associates' accounts	0	0
Other creditors	1 195	734
Accruals – Liabilities	149	867
H /// OTHER PROVISIONS FOR FOR LIABILITIES AND CHARGES	83	272
I /// CURRENCY TRANSLATION – LIABILITIES (current items)	58	38
/// TOTAL II (G+H+I)	8 235	12 577
G /// TOTAL CASH – LIABILITIES	1 750	836
Banks (creditor balance)	1 750	836
/// TOTAL III	1 750	836
G /// GENERAL TOTAL (I+II+III)	51 202	50 226

/// cash flow statement ///

(in millions MAD)

	FISCAL YEAR 2009	FISCAL YEAR 2008
Consolidated net income	1 283	23 414
ELIMINATION OF EXPENSES AND INCOME WITH NO IMPACT ON CASH OR NOT LINKED TO OPERATING ACTIVITIES:		
Tax expense (income)	1 235	1 763
Amortization and depreciation	2 230	1 189
Income from divestitures and dilution gains or losses	-157	-67
Net interest expense (income)	-58	
Other non-cash items	-22	
Elimination of dividend income	-27	
SELF-FINANCING CAPACITY	4 484	26 299
IMPACT OF CHANGES IN WORKING CAPITAL	9	-30 267
Income tax paid	-4 499	
CASH FLOW LINKED TO OPERATING ACTIVITIES	-6	-3 968
Impact of changes in scope	33	
Acquisition of tangible and intangible assets	-3 549	-3 060
Acquisition of financial assets	-1 060	0
Change in loans and advances granted	-221	
Investment subsidies received	3	–
Sale of tangible and intangible assets	1 005	75
Dividends received	27	
Other		-494
CASH FLOW LINKED TO INVESTING ACTIVITIES	-3 763	-3 479
Capital increase	5 000	0
Debt issuance	743	9 848
Repayment of lease-financing loans	-816	-203
Net financial interest paid	58	
Dividends paid to the Group's shareholders	-2 900	
Other cash flow linked to investing activities	5	1 459
CASH FLOW LINKED TO FINANCING ACTIVITIES	2 090	11 104
Impact of changes in currency exchange rate	23	-28
Impact of changes in accounting principles	-326	
NET CASH INCREASE/DECREASE	-1 982	3 628
Opening balance	18 795	15 167
Closing balance	16 813	18 795
NET CASH INCREASE/DECREASE	-1 982	3 628

1.

/// profit and loss account ///

(in millions MAD)

	FISCAL YEAR 2009			FISCAL YEAR 2008
	Transactions related to the fiscal year (1)	Transactions related to previous years (2)	TOTAL (3) = (1 + 2)	TOTAL -4
I /// OPERATING INCOME				
Sale of goods (as is)	561	–	561	452
Sale of produced goods and services	23 963	752	24 715	59 687
Variation of product inventory (1)	-1 631	–	-1 631	4 991
Fixed assets produced by the Company for itself	59	–	59	38
Operating subsidies	0	–	0	–
Other operating income	51	1	52	235
Operating reversals and transfer of expenses	4 914	0	4 915	2 043
TOTAL I	**27 918**	**753**	**28 671**	**67 446**
II /// OPERATING EXPENSES				
Cost of goods sold (2)	512	0	512	366
Cost of consumed materials and supplies (2)	10 119	-22	10 097	20 395
Other outside expenses	4 867	21	4 888	4 283
Taxes	179	6	185	196
Payroll	5 901	-1	5 900	6 999
Other operating expenses	427	0	427	294
Operating provisions	3 098	7	3 105	7 067
TOTAL II	**25 102**	**11**	**25 113**	**39 600**
III /// OPERATING PROFIT (I -II)	**2 816**	**742**	**3 558**	**27 845**
IV /// FINANCIAL INCOME				
Income from equity shares and other investments securities	27	–	27	1
Currency exchange gains	328	0	328	1 857
Interest and other financial income	830	1	831	787
Financial reversals and transfer of expenses	105	–	105	104
TOTAL IV	**1 290**	**1**	**1 290**	**2 748**
V /// FINANCIAL EXPENSES				
Interest charges	644	0	644	472
Currency exchange loss	663	0	663	1 317
Other financial expenses	12	0	12	14
Financial provisions	72	–	72	104
TOTAL V	**1391**	**0**	**1391**	**1908**
VI /// FINANCIAL PROFIT (IV -V)	**-101**	**1**	**-101**	**840**
VII /// PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS (III+VI)	**2 715**	**743**	**3 458**	**28 686**

2.

/// profit and loss account ///

(in millions MAD)

	FISCAL YEAR 2009			FISCAL YEAR 2008
	Transactions related to the fiscal year (1)	Transactions related to previous years (2)	TOTAL (3) = (1 + 2)	TOTAL -4
VIII /// EXTRAORDINARY (NON-RECURRING) INCOME				
Gains from sale of fixed assets	1 009	0	1 009	74
Balancing subsidies	–	–	–	–
Reduction of investment subsidies	–		0	0
Other extraordinary income	53	0	53	67
Extraordinary reversals and transfer of expenses	278	–	278	28 058
TOTAL VIII	**1 340**	**0**	**1 340**	**28 199**
IX /// EXTRAORDINARY EXPENSES				
Net depreciation of transferred assets	852	–	852	7
Granted subsidies	49	2	51	29
Other extraordinary expenses	1 153	117	1 270	348
Extraordinary depreciation and provisions	106	–	106	27 978
TOTAL IX	**2 160**	**119**	**2 280**	**28 362**
X /// PROFIT FROM EXTRAORDINARY ACTIVITIES (VIII -IX)	**-821**	**-119**	**-940**	**-163**
XI /// PROFIT BEFORE TAX (VII -X)	**1 894**	**624**	**2 518**	**28 523**
XII /// TAX ON PROFITS	**1 111**		**1 111**	**3 346**
XIII /// DEFERRED TAXES	**124**		**124**	**1 763**
XIV /// NET PROFIT OF INTEGRATED COMPANIES (XI -XII -XIII)	**659**	**624**	**1 283**	**23 414**
XV /// INCOME FROM COMPANIES CONSOLIDATED BY THE EQUITY METHOD	**0**		**0**	
XVI /// NET GOODWILL AMORTIZATION			**0**	
XVII /// NET CONSOLIDATED PROFIT (XIV -XV -XVI)	**659**	**624**	**1 283**	**23 414**
XVIII /// MINORITY INTERESTS			**0**	
XIX /// GROUP SHARE NET PROFIT (XVI -XVIII)	**659**	**624**	**1 283**	**23 414**
XX /// TOTAL INCOME	**30 547**	**754**	**31 301**	**98 393**
XXI /// TOTAL EXPENSES	**29 889**	**130**	**30 019**	**74 979**
XXII /// NET PROFIT	**659**	**624**	**1 283**	**23 414**

/// break down profit and loss ///

(in millions MAD)

	FISCAL YEAR 2009	FISCAL YEAR 2008
I – BREAKDOWN PROFIT AND LOSS		
Sale of goods	561	452
Cost of goods sold	512	366
GROSS MARGIN ON SALES AS-IS	**49**	**86**
FISCAL YEAR CONSUMPTION	**23 143**	**64 716**
Sale of produced goods and services	24 715	59 687
Variation in product inventory	-1 631	4 991
Fixed assets produced by the Company for itself	59	38
OTHER CONSUMPTION	**14 985**	**24 679**
Purchases consumed from materials and supplies	10 097	20 395
Other external expenses	4 888	4 283
ADDED VALUE	**8 207**	**40 123**
Operating subsidies	0	–
Taxes	185	196
Payroll	5 900	6 999
GROSS OPERATING PROFIT OR LOSS	**2 123**	**32 928**
Other operating income	52	235
Other operating expenses	427	294
Reversals and transfer of expenses	4 915	2 043
Operating provisions	3 105	7 067
OPERATING PROFIT	**3 558**	**27 845**
FINANCIAL PROFIT	**-101**	**840**
ORDINARY PROFIT	**3 458**	**28 686**
EXTRAORDINARY PROFIT	-940	-163
Tax on profits	1 111	3 346
Deferred taxes	124	1 763
NET PROFIT OF INTEGRATED COMPANIES	**1 283**	**23 414**
Share of income from associates consolidated under the equity method	0	–
Net goodwill depreciation allocation	–	–
NET PROFIT	**1 283**	**23 414**
Minority profit	–	–
GROUP SHARE NET PROFIT	**1 283**	**23 414**

/// self-financing capacity ///

II) SELF-FINANCING CAPACITY (C.A.F.)		
Net profit		
Profit +	**1 283**	**23 414**
Loss –		
Operating provisions (1)	2 664	1 437
Financial provisions (1)	114	46
Extraordinary provisions (1)	183	28
Operating reversals (2)	516	209
Financial reversals (2)	46	47
Extraordinary reversals (2) (3)	171	65
Income from disvestiture of fixed assets	1 009	74
Net value of depreciation of disvestiture of fixed assets	852	7
Tax (income) expenses	1 235	1 763
SELF-FINANCING CAPACITY	**4 591**	**26 299**
Dividends paid	2 900	0
SELF-FINANCING	**1 691**	**26 299**

/// financial structure ///

(in millions MAD)

	2009	2008	2007	Difference 2008-2007
A /// Net fixed assets	15 736	12 969	10 633	2 336
B /// Current assets	33 990	35 885	26 773	9 112
C /// Cash assets	1 476	1 372	1 096	276
D /// TOTAL ASSETS (A+B+C)	**51 202**	**50 226**	**38 502**	**11 724**
E /// Equity and other capital	16 767	13 561	-9 860	23 421
F /// Financing debts	11 659	11 800	2 182	9 618
G /// Sustainable provisions	12 790	11 451	37 939	-26 488
H /// PERMANENT FINANCING (E+F+G)	**41 216**	**36 812**	**30 261**	**6 551**
I /// Current liabilities (non-cash)	8 235	12 578	7 677	4 901
J /// Cash liabilities	1 750	836	564	272
K ///TOTAL LIABILITIES (H+I+J)	**51 202**	**50 226**	**38 502**	**11 724**
L ///WORKING CAPITAL (H -A)	**25 480**	**23 843**	**19 628**	**4 215**
M /// OVERALL CAPITAL REQUIREMENTS (B -I)	**25 755**	**23 307**	**19 096**	**4 211**
N /// NET CASH (C -J)	**-274**	**536**	**532**	**4**
O /// Turnover	25 276	60 139	28 900	31 239
P /// Interest charges	644	472	114	358
Q /// Operating provisionss	3 105	7 067	3 168	3 899
R /// Operating profit	3 558	27 845	5 675	22 170
S /// Profit from ordinary activities	3 458	28 686	6 025	22 661
T /// Net profit	1 283	23 414	2 753	20 661
U /// Self-financing capacity	4 591	26 289	852	25 437
V /// Added value	8 207	40 123	13 652	26 471

Subsidiaries

I. MAROC PHOSPHORE

Export sales on the rise

Founded in 1973, Maroc Phosphore is a limited company with a capital of 6.5 billion MAD fully owned by OCP.
The company's main activity is the production and export of phosphoric acid and chemical fertilizers on the two sites of Safi and Jorf Lasfar.
Maroc Phosphore produced 2.149 million tons P_2O_5 of phosphoric acid in 2009, against 2.268 million tons in 2008. Its fertilizer production stood at 1.631 million tons for DAP, 485,637 tons for TSP, and 391,945 tons for MAP.
Export sales are up by 7% and 105% respectively for phosphoric acid and DAP. However, local sales fell by 33% and 9% respectively for fertilizers and phosphoric acid.
Turnover stood at 12.8 billion MAD in 2009, against 31.6 billion in 2008 and 16.7 billion in 2007.

II. PHOSBOUCRAÂ

Continued consolidation

Founded in 1962, Phosboucraâ is a limited company with a capital of 100 million MAD owned 100% by OCP. Its activity consists in extracting, processing, transporting and marketing rock phosphate.
During fiscal year 2009, Phosboucraâ posted a turnover of 959 million MAD, against 4.9 billion in 2008 and 1.6 billion in 2007. This drop is mainly due to lower sales volumes, which went down from 3,280,022 tons in 2007 to 2,947,996 tons in 2008 and 1,085,088 tons in 2009.
EBITDA stood at 167.36 million MAD in 2009, against 3.8 billion in 2008.

III. SOTREG

Capital increase and activity improvement

Founded in 1973, SOTREG is a limited company with a capital of 56 million MAD owned 100% by OCP and whose sole activity is the transportation of the Group's personnel. Daily transported staff increased from 15,020 employees in 2008 to 15,709 in 2009, a 5% plus, for a total distance traveled of nearly 11 million kilometers, also on the rise.
The turnover followed this trend, reaching 242 million MAD in 2009, against 206 million in 2008, a 17% increase.
EBITDA stood at 109 million MAD in 2009, against 81 million in 2008.

IV. IMSA

A cinema and a hotel in Safi

Founded in 1970, IMSA is a limited company with a capital of 2 million MAD. Its purpose is to manage the Atlantide cinema and hotel in Safi.
The turnover for 2009 amounted to nearly 14 million MAD, against 12.6 million in 2008.
Net income, although still negative, improved by 40% to -474,000 MAD for fiscal year 2009, against -786,000 MAD for 2008.

V. IPSE

Teaching excellence for the benefit of staff's children

The Institute for socio-educative promotion (IPSE) is a non-profit association founded in 1974 by OCP.
Its purpose is to promote teaching and educational activities with children of OCP staff.

Joint Ventures

I. IMACID

Annual production capacity of phosphoric acid raised to 430,000 tons

Indo Maroc Phosphore SA (IMACID) is an Indo-Moroccan joint venture founded in 1997 on the Jorf Lasfar site. Its share capital is 619,998,000 MAD owned equally by OCP SA, Chambal Fertilizers and Chemicals Ltd and Tata Chemicals Ltd.
IMACID produces and markets approximately 400,000 tons of phosphoric acid a year. Its production capacity was increased to 430,000 tons of clarified phosphoric acid (54% P_2O_5) in 2009.
The turnover for 2009 amounted to 1.8 billion MAD, against 4 billion in 2008 and 1.95 billion in 2007.
Net profit went from 307 million MAD in 2007 to 250.6 million in 2008 and 35 million in 2009.

II. EMAPHOS

125,000 tons of phosphoric acid produced annually

EMAPHOS SA was founded in 1996 in Jorf Lasfar. With a capital of 180 million MAD, it is owned equally by three shareholders, namely OCP, Société chimique Prayon Rupel and Chemische Fabrik Budenheim.
The company's main activity is the production and marketing purified phosphoric acid.
Total production for fiscal year 2009 reached 82,440 tons of purified phosphoric acid, against 298,340 tons in 2008.
Turnover fell from 2 billion MAD in 2008 to 881 million in 2009, while net profit reached 56 million MAD at the end of 2009, against nearly 211 million in 2008.

III. PAKISTAN MAROC PHOSPHORE

First year in operation

Based in Jorf Lasfar, Pakistan Maroc Phosphore was founded in 2004 with a capital of 800 million MAD, shared equally between OCP SA and the Pakistani Fauji Group.
Pakistan Maroc Phosphore produces and markets commercial phosphoric acid, with an annual production capacity of 375,000 tons P_2O_5.
Production of phosphoric acid for fiscal year 2009 amounted to 316,628 tons P_2O_5, for a volume of 311,470 tons sold. Turnover dropped by 43%, from 2.6 billion MAD in 2008 to 1.5 billion in 2009.
Net profit shows a deficit of 272 million MAD, against a positive 93.5 million in 2008.

IV. BUNGE MAROC PHOSPHORE

Business started in March 2009

A limited company with a capital of 900 million MAD, Bunge Maroc Phosphore was founded in April 2008 in Jorf Lasfar and commenced business in March 2009. The capital is held equally by OCP and the Brazilian company Bunge Koninklijke B.V.
BMP's activity is the production and marketing of commercial phosphoric acid, phosphate and nitrogen fertilizers, as well as other derivatives.
Production of phosphoric acid totaled 241,134 tons P_2O_5. Sales volume, meanwhile amounted to 55,038 tons of DAP, 159,561 tons of MAP, 123,604 tons of TSP and 62,229 tons of phosphoric acid.
Turnover from this first year of business stood at nearly one billion MAD.

V. PRAYON

A Belgian-Moroccan joint venture

With a capital of 43 million euros, Prayon SA is headquartered in Engis, Belgium, and is jointly owned by OCP (45.31%), the Société régionale d'investissement de Wallonie (45.31%) and Prayon Technologie & Prayon Benelux (9.39%).
Prayon manufactures and markets a wide range of phosphate products (phosphoric acid and derivatives) and fluorides. The company is also active in the metals industry.
In fiscal year 2009, Prayon sold nearly 42,000 tons of fertilizers, 78,000 tons of horticultural products and 125,000 tons of salt.
Due to the slowdown in activity level and in the general economic conditions, the company posted a turnover of nearly 545 million euros in 2009, against 878.6 million in 2008. Net profit showed a deficit of 43.1 million euros, against a positive 73.6 million in 2008.

VI. ZUARI MAROC PHOSPHATES LIMITED (ZMPL)

A very active Indian partner

Zuari Maroc Phosphates Limited (ZMPL) is a holding company created in January 2002 to acquire 80.45% of the capital of PPL (Paradeep Phosphates Limited) in connection with the privatization of this company led by the Indian government.
ZMPL has a capital of 3,596 million Indian Rupees and is equally owned by Maroc Phosphore and Zuari Industries Limited.
ZMPL does not have an activity of its own and only holds shares in the capital of PPL, one of the main manufacturers of phosphoric acid and phosphate fertilizers in India. In 2009, PPL produced 220,000 tons of phosphoric acid and 760,000 tons of DAP and the company is committed to building a new phosphoric acid plant with a production capacity of 2,000 ton/day.

مجموعة م ش ف

OCP Group

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