CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2017

Contents

Key figures and significant events of the period

Key figures

(In millions of dirhams)	Note	FY 2017	FY 2016
Revenue	4.1.1.2	**48,503**	**42,471**
Profit (loss) from joint ventures	6.1	337	123
EBITDA		**12,722**	**12,777**
Operating profit (loss) before exceptional items		6,572	8,301
Cost of net financial debt	10.1.5	(1,168)	(402)
Net profit (loss) - Group share		**4,567**	**3,779**
Consolidated equity - Group share		72,411	70,335
Net financial debt		43,868	38,019
Net operating investments		11,617	13,261
Basic and diluted earnings per share (in dirhams)	12.4	**53.41**	**45.96**
Dividend per share (in dirhams)		**20.22**	**30.17**

Significant events of the period

Business :

OCP continues its industrial development program, with key achievements in particular on the Jorf Lasfar platform:

- Commissioning of the third fertilizer production unit (JFC3): Completely integrated in the industrial platform of Jorf Lasfar, this new plant is composed of a fertilizer line that can produce 1 million tons of DAP per year, a sulfuric acid line with a capacity of 1.4 million tons per year and a phosphoric acid line of 450,000 tons per year. The unit also has a thermoelectric power plant with a capacity of 62 MW and storage facilities with a capacity of 200,000 tons of fertilizer, more than two months of autonomy.
- Construction of a new sulfur line, a power plant, and the start of the second drying line.

Creation of Teal Technologiy Services (TTS) : a joint venture specialized in IT in partnership with IBM.

Events after the reporting period

No significant events after the reporting period have been noted.

Consolidated financial statements

Consolidated Statement of Profit and Loss

(In millions of dirhams)	Note	FY 2017	FY 2016
Revenue	4.1.1.2	48,503	42,471
Production held as inventory		201	207
Purchases consumed	4.2.2	(18,786)	(15,207)
External expenses	4.2.2	(8,534)	(6,823)
Personnel expenses	5.1	(8,478)	(7,977)
Taxes		(227)	(217)
Profit (loss) from joint ventures	6.1	337	123
Exchange gains and losses on operating receivables and payables		(266)	135
Other operating income and expenses		(27)	63
EBITDA		**12,722**	**12,777**
Amortization, depreciation and operating provisions	8.4 - 9.2	(6,150)	(4,475)
Operating profit (loss) before exceptional items		**6,572**	**8,301**
Othe non-current operating income and expenses	7.2	(1,107)	(1,707)
Operating profit (loss)		**5,465**	**6,594**
Cost of gross financial debt		(1,388)	(714)
Financial income from cash investments		220	311
Cost of net financial debt	10.1.5	**(1,168)**	**(402)**
Exchange gains and losses on financial receivables and payables		2,901	(579)
Other financial income and expenses		(880)	(160)
Financial profit (loss)		**853**	**(1,142)**
Profit (loss) before tax		**6,318**	**5,453**
Corporate Income Tax	11.2 - 11.3	(1,629)	(1,673)
Net profit (loss) for the period		**4,689**	**3,780**
Net profit (loss) - Group share		**4,567**	**3,779**
Net profit (loss) - Non-controlling interests		122	1
Basic and diluted earnings per share in dirhams	12.4	**53.41**	**45.96**

Consolidated Statement of Comprehensive Income

(In millions of dirhams)	*FY 2017*	*FY 2016*
Net profit (loss) for the period	**4,689**	**3,780**
Actuarial gains or losses	130	(31)
Taxes	(24)	5
Share of gains and losses recognized in equity for equity-accounted		
Items that will not be reclassified to profit or loss	**(107)**	**(26)**
Translation differences	(73)	16
Revaluation of assets held for sale		(235)
Taxes		49
Share of gains and losses recognized in equity for equity-accounted (CFH variation)	(13)	(10)
Items that may be reclassified to profit or loss	**(86)**	**(181)**
Income and expenses for the period, recognized directly in equity	**20**	**(207)**
Consolidated comprehensive income	**4,710**	**3,573**
Including Group share	*4,588*	*3,572*
Including non-controlling interests' share	*122*	*1*

Consolidated Statement of Financial Position

(In millions of dirhams)	*Note*	*31 December 2017*	*31 December 2016*
ASSETS			
Current assets			
Cash and cash equivalents	10.1.3.1	8,419	11,017
Cash financial assets		2,709	4,885
Inventories	4.2.4	10,343	9,956
Trade receivables	4.1.2.2	6,036	5,047
Other current assets	7.3	10,204	10,724
Total current assets		**37,711**	**41,629**
Non-current assets			
Non-current financial assets	10.2.2	15,215	13,344
Investments in equity-accounted companies	6.1	3,726	3,464
Deferred tax assets	11.4	16	12
Property, plant and equipment	8.2	97,015	92,234
Intangible assets	8.3	321	230
Total non-current assets		**116,293**	**109,283**
Total Assets		**154 005**	**150,911**

(In millions of dirhams)	*Note*	*31 December 2017*	*31 December 2016*
LIABILITIES			
Current liabilities			
Current loans and financial debts		7,935	5,954
Financial debts resulting from Murabaha		818	
Current provisions	9.3	263	188
Trade payables		13,706	14,370
Other current liabilities	7.3	5,268	5,159
Total current liabilities		**27,991**	**25,670**
Non-current liabilities			
Non-current loans and financial debts		46,244	47,967
Non-current provisions for employee benefits	9.3	4,307	4,562
Other non-current provisions		521	445
Deferred tax liabilities		1,112	462
Total non-current liabilities		**52,184**	**53,436**
Equity - Group share			
Issued capital	12.1	8,287	8,287
Paid-in capital		18,698	18,698
Consolidated reserves - Group share		40,858	39,570
Net profit (loss) - Group share		4,567	3,779
Equity - Group share		**72,411**	**70,335**
Non-controlling interests		1,419	1,470
Total equity		**73,830**	**71,805**
Total liabilities and equity		**154,005**	**150,911**

Consolidated Statement of Changes in Equity

(In millions of dirhams)	*Issued capital*	*Paid-in capital*	*Actuarial gains or losses*	*Hybrid securities*	*Other consolidated reserves*
Equity as at 31 December 2015	**8,288**	**18,698**	**(2,450)**	**-**	**31,195**
Allocation of profit (loss) for FY 2015					8,011
Consolidated comprehensive income for FY 2016			**(26)**	**-**	
Insuance of hybrid securities				5,000	
Hybrid securities coupons'				(4)	
Change in scope					536
Dividends paid					(2,478)
Others					(67)
Equity as at 31 December 2016	**8,288**	**18,698**	**(2,477)**	**4,996**	**37,197**
Allocation of profit (loss) for FY 2016					3,779
Consolidated comprehensive income for FY 2017			**107**		
Insuance of hybrid securities					
Hybrid securities coupons'				(179)	
Change in scope					
Dividends paid					(1,661)
Others					(672)
Equity as at 31 December 2017	**8,288**	**18,698**	**(2,370)**	**4,817**	**38,642**

Translation difference	Assets held for sale	Share of gains and losses recognized in equity for equity-accounted (CFH variation)	Net profit (loss)	Total equity - Group share	Non-controlling interests	Total equity
(165)	**186**	**14**	**8,011**	**63,776**	**3**	**63,779**
			(8,011)	-		-
16	**(186)**	**(10)**	**3,779**	**3,572**	**1**	**3,573**
				5,000		5,000
				(4)		(4)
				536	1,467	2,003
				(2,478)		(2,478)
				(67)		(67)
(149)	**-**	**3**	**3,779**	**70,335**	**1,470**	**71,805**
			(3,779)			
(73)		**(13)**	**4,567**	**4,588**	**122**	**4,710**
				(179)		(179)
				(1,661)	(170)	(1,831)
				(672)	(3)	675
(223)	**-**	**(9)**	**4,567**	**72,411**	**1,419**	**73,830**

Consolidated Statement of Cash Flows

(In millions of dirhams)	Note	31 December 2017	31 December 2016
EBITDA		12,722	12,777
Subsidies and donations		(705)	(799)
Other non-current operating income and expenses		(112)	(73)
Other non-current operating income and expenses- prior period		(207)	(173)
Profit or loss of associates and joint ventures		(337)	(123)
Other movements		(533)	(843)
Funds from operations		**10,829**	**10,766**
Impact of the change in WRC:		**(2,371)**	**1,710**
Inventories		*(255)*	*328*
Trade receivables		*(1,069)*	*381*
Trade payables		*(521)*	*1,151*
Other current assets and liabilities		*(526)*	*(150)*
Taxes paid		**(114)**	**(3,013)**
Total net cash flows related to operating activities		**8,345**	**9,463**
Acquisitions of PP&E and intangible assets (1)	8.2 - 8.3	(9,045)	(12,725)
Disposals of PP&E and intangible assets		150	281
Net financial investments (2)		(705)	(790)
Impact of changes in scope			2,000
Acquisitions of financial assets		(8)	(25)
Disposal of financial assets			534
Dividends received		75	75
Total net cash flows related to investing activities		**(9,533)**	**(10,650)**
Loan issue		7,257	6,863
Issue of financial debts resulting from Murabaha		818	
Repayment of loan		(5,277)	(4,106)
Issue of Hybrid securities			5,000
Net financial interest payments		(2,379)	(2,172)
Dividends paid to Group shareholders	12.3	(1,661)	(2,478)
Dividends paid to minority shareholders		(170)	
Total net cash flows related to financing activities		**(1,411)**	**3,107**
Impact of changes in exchange rates on cash and cash equivalents		(21)	18
Net increase/(decrease) in cash and cash equivalents		**(2,621)**	**1,939**
Opening cash and cash equivalents	10.1.3.1	11,009	9,070
Closing cash and cash equivalents	10.1.3.1	8,388	11,009
Change in net cash		**(2,621)**	**1,939**

(1) Acquisitions of PP&E and intangible assets are net of fixed assets liabilities for MAD 1,135 million for 2017 vs. MAD 838 million for 2016.

(2) Mainly include the variations on term deposits with a maturity exceeding 3 months which generated a positive cash position of MAD 2,176 million, and the increase in the non-current portion of VAT credit for MAD 2.9 billion.

Notes to the Consolidated Financial Statements

Note 1- Accounting rules and methods

1.1. BASES FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

In accordance with Opinion No. 5 of the Conseil National de la Comptabilité (CNC - National Accounting Council) of 26 May 2005, and in compliance with the provisions of Article III, paragraph 2 of the circular of the Conseil Déontologique des Valeurs Mobilières (CDVM – Securities Commission), entered into force on 1 April 2012, the consolidated financial statements of the OCP Group are prepared in accordance with the standards and interpretations drawn up by the International Accounting Standards Board (IASB) and the IFRS Interpretation Committee respectively, and adopted by the European Union.

The reporting currency for the consolidated financial statements is the Moroccan dirham.

The consolidated financial statements of OCP Group on 31 December 2017 were approved by the Board of Directors on 20 March 2018.

The accounting principles and methods adopted for the preparation of the consolidated accounts of Group OCP as at 31 December 2017 are identical to those used for the preparation of the consolidated financial statements for the year ended 31 December 2016, with the exception of the evolution of the consolidated financial statements described hereafter, and the standards, amendments and interpretations adopted by the European Union applicable as from 1 January 2017.

1.2. STANDARDS AND INTERPRETATIONS APPLIED AT 31 DECEMBER 2017

No new standards apply for the first time as of January 1, 2017. Only a few amendments to the standards are mandatory for financial years beginning in 2017:

- Amendments to IAS 7 « Disclosure initiative »;
- Amendments to IAS 12 « recognition of deferred tax assets for unrealized losses »;

At Group level, the implementation of these amendments has no significant impact except for changes in the reporting of liabilities arising from financing activities introduced by the amendment to IAS 7. A table of reconciliation between the opening and closing balances of the main financial liabilities of the Group, distinguishing the changes in cash flow from changes without cash offsetting, is presented in Note 10. Financial debt.

1.3. STANDARDS AND INTERPRETATIONS ADOPTED BY THE IASB BUT NOT APPLIED AT 31 DECEMBER 2017

OCP Group has not opted for early adoption of any of the new standards and interpretations mentioned hereafter that could concern it and which application is not mandatory at 1st January 2017:

- IFRS 9 « Financial instruments »;
- IFRS 15 « Revenue from contracts with customers »;
- IFRS 16 « Leases »;
- Amendments to IAS 28 « Long-term interests in Associates and Joint Ventures »;
- Amendments to IFRS 2 « Classification and measurement of share-based payment transactions »;
- Amendments to IFRS 9 « Prepayment features with negative compensation »;
- Annual improvements, 2014-2016 cycles;
- IFRIC 22 « Foreign currency transactions and advance consediration»;
- IFRIC 23 « Uncertainty over income tax treatement».

OCP Group is currently conducting an analysis of the impacts and practical consequences of the application of these standards, standard amendments and interpretations.

IFRS 9 - Financial Instruments proposes new provisions for the classification and measurement of financial assets based on the business model and contractual characteristics of financial assets.

At OCP, the standard will change the terms of depreciation of the Group's financial assets by imposing a model based on expected losses. The standard will come into effect on January 1, 2018.

OCP does not expect to have significant impacts on the classification and measurement of its financial assets. Initial analyzes of the credit loss history do not show any material impact.

IFRS 15 - Revenue from Contracts with Customers is the new standard governing revenue recognition principles. It will replace IAS 11 «Construction Contracts» and IAS 18 «Revenue» as well as the various existing interpretations.

The analysis conducted by the Group focused on a representative portfolio of standard sales contracts for Rock, acids and fertilizers. This analysis confirmed that the majority of contracts consist of a single performance obligation, consisting on delivering a contractual quantity of good. The transfer of the control is carried out according to the incoterms used: FOB (Free On Board), CFR (Cost and Freight) and DAT (Delivered At Terminal). No impact is expected in relation to these activities.

However, the analyzes on the revenue resulting from the Freight activity are still in progress. The Group will finalize these analyzes and also work to integrate all the new requirements of the standard for information in the appendices during the first half of 2018.

IFRS 15 will come into effect on January 1, 2018.

IFRS 16 «Leases» changes the accounting treatment for leases by lessees. It will replace the standard and the interpretations IAS 17, IFRIC 4, SIC 15 and SIC 27. Whereas, according to the provisions of IAS 17, the accounting treatment of leases is determined based on the assessment of the transfer of risks and Ownership benefits, IFRS 16 requires a single method of accounting for contracts by lessees, impacting the balance sheet in a manner similar to finance leases. It will come into force on January 1, 2019.

The assessment of potential impacts on the Group's financial statements is still ongoing, as the work is complex given the volume of contracts to be reviewed and the decentralized nature of lease management.

The application of this new standard will have an upward impact on net debt and fixed assets and an improvement in EBITDA.

1.4. USE OF THE MANAGEMENT'S JUDGMENT

The Group's management uses judgment to determine the appropriate accounting treatment for some activities and transactions when the IFRS standards and interpretations don't specifically deal with the related accounting issues.

In particular, the Group applied its judgment in the consolidated statement of financial position on the presentation of current and non-current assets and liabilities, combined with a presentation by the order of liquidity. Given the Group's financial situation, it was considered that the classification's standard within current and non-current assets and liabilities based on the liquidity's order was more relevant, because it complies with our international main competitors' practices.

1.5. USE OF ESTIMATES AND ASSUMPTIONS

In order to draw up the consolidated financial statements, in compliance with the international accounting standards in force, the Group's management has had to make estimates and assumptions that have an impact on the financial statements and the accompanying notes.

The Group makes these estimates and assessments in reference to its past experience as well as various other factors deemed reasonable that form the basis for these assessments. The underlying estimates and assumptions are reviewed on an ongoing basis.

The main estimates made by the management in order to draw up the financial statements concern the measurement and useful lives of the operating assets (notably tangible assets), the amount of the provisions for liabilities and charges and other provisions related to the activity and the environmental obligations, as well as the assumptions adopted for the calculation and measurement of the obligations related to employee benefits. The Group notably uses discount rate assumptions based on the yields of bonds issued by first-class companies, with maturity equivalent to the duration of the plans.

Note 2- Consolidation scope

2.1. CONSOLIDATION METHODS

As from 1 January 2014, the Group has applied the new standards on consolidation scope, IFRS 10, 11, 12 and IAS 28 amended.

IFRS 10: Consolidated financial statements redefines the notion of control of an entity based on three criteria:

- Power over the investee, i.e., the ability to direct the activities that significantly affect the investee's returns;
- Exposure to the entity's variable returns, which may be positive, in the form of dividends or any other economic benefit, or negative;
- and the link between the power and these returns, namely the ability to use the power over the investee to affect its returns.

To determine control, OCP realizes a deep analysis of the governance and rights held by the other shareholders. When necessary, it also performs an analysis of the instruments held by the Group or by third parties (potential voting rights, dilutive instruments, convertible instruments, etc.) which, when exercised, could modify the type of influence exerted by each of the parties.

Joint arrangements are classified in two categories (joint operations and joint ventures) depending on the nature of the rights and obligations of the parties to the arrangement. At the level of the Group's scope of consolidation, the application of the standard IFRS 11 have characterized them as joint ventures and consolidated them using the equity method.

Associates are entities over which the Group has significant influence. Significant influence is presumed where the Group's holding is equal to or greater than 20 % . However, significant influence may be determined in cases of shareholding at a lower percentage, notably when the Group is represented on the Board of Directors or in any equivalent governing body, thus participating in the development of the entity's operational and financial policies and its strategic orientations.

OCP does not hold any stake in structured entities as defined by IFRS 10.

2.2. TRANSLATION METHOD

Translation of foreign financial statements

The functional currency of an entity is the currency used in the economic environment in which this entity principally functions. The financial statements of foreign companies with a functional currency other than the Moroccan dirham are translated at the closing exchange rate for balance sheet items, and at the average exchange rate for the financial year for profit and loss account items. The resulting translation differences are recognized in "Translation differences" in equity.

Transactions in currency other than the functional currency

Foreign currency transactions are recorded in the functional currency of the entity applying the exchange rate in force at the transaction date. Monetary assets and liabilities denominated in foreign currency at the balance sheet date are translated into the functional currency using the exchange rate at that date. The resulting translation differences are recognized in financial profit or loss for financing operations and in operating profit or loss for operating receivables and debts.

Net investment in a foreign operation

Exchange differences resulting from the translation of a net investment in a foreign operation and the corresponding hedges are recognized in "Translation reserves". They are recognized in profit or loss upon the derecognition of the foreign operation.

2.3. CONSOLIDATION SCOPE

No change in consolidation scope occurred during 2017.

Company name	Country of location	Currency	31 December 2017 Consolidation method	31 December 2017 % Interest	31 December 2016 Consolidation method	31 December 2016 % Interest
Industrial						
OCP S.A - Holding	**Morocco**	**MAD**	**Parent Company**	**100.00**	**Parent Company**	**100.00**
Jorf Fertilizer Company I - JFC I	Morocco	MAD	Full	100.00	Full	100.00
Jorf Fertilizer Company II - JFC II	Morocco	MAD	Full	100.00	Full	100.00
Jorf Fertilizer Company III - JFC III	Morocco	MAD	Full	100.00	Full	100.00
Jorf Fertilizer Company IV - JFC IV	Morocco	MAD	Full	100.00	Full	100.00
Jorf Fertilizer Company V - JFC V	Morocco	MAD	Full	60.00	Full	60.00
Euro Morocco Phosphore- EMA	Morocco	MAD	Equity method	33.33	Equity method	33.33
Indo Morocco Phosphore - IMA	Morocco	MAD	Equity method	33.33	Equity method	33.33
Pakistan Morocco Phosphore - PMP	Morocco	MAD	Equity method	50.00	Equity method	50.00
Phosboucraa	Morocco	MAD	Full	100.00	Full	100.00
Paradeep Phosphates Ltd. - PPL	India	INR	Equity method	50.00	Equity method	50.00
Groupe PRAYON	Belgium	EUR	Equity method	50.00	Equity method	50.00
Trading						
OCP AFRICA	Morocco	MAD	Full	100.00	Full	100.00
Black Sea Fertilizer Trading Company	Turkey	TRY	Full	70.00	Full	70.00
OCP Fertilizantes	Brazil	BRL	Full	100.00	Full	100.00
SAFTCO	Swiss	USD	Full	100.00	Full	100.00
Others						
OCP International	Netherlands	USD	Full	100.00	Full	100.00
OCP International SAS	France	EUR	Full	100.00	Full	100.00
Fondation OCP	Morocco	MAD	Full	100.00	Full	100.00
Fondation Phosboucraa	Morocco	MAD	Full	100.00	Full	100.00
Université Mohammed VI Polytechnique - UM6P	Morocco	MAD	Full	100.00	Full	100.00
OCP Services	Morocco	MAD	Full	100.00	Full	100.00
Jacobs Engineering S.A - ESA	Morocco	MAD	Equity method	50.00	Equity method	50.00
Centre d'Etudes et de Recherches des Phosphates Minéraux	Morocco	MAD	Full	100.00	Full	100.00
Dupont OCP Operations Consulting - DOOC	Morocco	MAD	Equity method	50.00	Equity method	50.00
Société d'Aménagement et de Développement de Mazagan - SAEDM	Morocco	MAD	Equity method	51.00	Equity method	51.00
Société d'Aménagement et de Développement Vert - SADV	Morocco	MAD	Full	100.00	Full	100.00
OCP Innovation Fund For Agriculture	Morocco	MAD	Full	100.00	Full	100.00
Société de Transports Régionaux - SOTREG	Morocco	MAD	Full	100.00	Full	100.00
Société Marocaine d'Etudes Spéciales et Industrielles - SMESI	Morocco	MAD	Full	100.00	Full	100.00

Note 3- Segment reporting

The presentation of the Group' segment information has been modified. It is now done by production axis in accordance with the Group's organization and internal reporting:

- **Northern Axis (Khouribga – Jorf Lasfar):** this axis hosts the integrated phosphate chemical processing hub. Phosphate extracted at Khouribga is transported by slurry pipeline to Jorf Lasfar, where it is processed into phosphoric acid and fertilizer. The finished products are exported from the OCP port at Jorf Lasfar.

- **Central Axis (Youssoufia and Benguérir – Safi) and Phosboucraâ:** this axis hosts:

  - The integrated phosphate chemical processing hub. The phosphate extracted at Youssoufia and Benguérir is transported by rail to Safi, where it is processed into phosphoric acid and fertilizer. The finished products are exported from the OCP port at Safi
  - Phosboucraâ's extraction site. The phosphate that is extracted there is transported by conveyer to the processing center at Laâyoune, then exported by sea from the Laâyoune port

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

3.1. INFORMATION BY OPERATING SEGMENT

(En millions de dirhams)	*Northern Axis*		*Central Axis and Phosboucrâa*		*Head-office and Other activities*		*Intersegment eliminations*		*Total*	
	FY 2017	*FY 2016*	*FY 2017*	*FY 2016*	*FY 2017*	*FY 2016*	*FY 2017*	*FY 2016*	*FY 2017*	*FY 2016*
Revenue	36,897	29,538	11,253	12,628	2,403	1,856	(2,051)	(1,552)	48,503	42,471
Production held as inventory	(42)	72	177	(31)	66	166	-	0	201	207
Purchases consumed	(14,261)	(10,967)	(3,406)	(3,484)	(2,237)	(1,633)	1,118	878	(18,786)	(15,207)
External expenses	(4,230)	(2,904)	(2,436)	(2,246)	(2,210)	(2,133)	342	460	(8,534)	(6,823)
Personnel expenses	(3,949)	(3,678)	(2,607)	(2,608)	(1,922)	(1,691)	-	-	(8,478)	(7,977)
Taxes	(135)	(122)	(76)	(72)	(16)	(23)	-	0	(227)	(217)
Profit (loss) of associates and joint ventures accounted for using the equity method	153	90	-	-	183	33	-	-	337	123
Exchange gains and losses on operating receivables and payables	(7)	34	(9)	12	(250)	89	-		(266)	135
Other operating income and expenses	(342)	(142)	0	2	(275)	(12)	590	215	(27)	63
EBITDA	**14,084**	**11,921**	**2,897**	**4,202**	**(4,259)**	**(3,348)**	**0**	**(0)**	**12,722**	**12,777**
Amortization, depreciation and operating provisions	(4,741)	(3,174)	(558)	(785)	(852)	(517)	-	-	(6,150)	(4,475)
Current operating profit (loss)	**9,343**	**8,748**	**2,340**	**3,417**	**(5,111)**	**(3,865)**	**0**	**(0)**	**6,572**	**8,301**
Other non-current operating income and expenses	293	(45)	(375)	-	(1,026)	(1,662)	-		(1,107)	(1,707)
Operating profit (loss)	**9,636**	**8,703**	**1,965**	**3,417**	**(6,136)**	**(5,527)**	**0**	**(0)**	**5,465**	**6,594**

Sales of phosphates and derivatives of the Group increased by 14 % in 2017 following good achievements in the second half. The Group placed more volumes of phosphates and fertilizers, following new trade agreements and buoyant sales in Africa.

The Northern Axis achieved a sales increase of 25 %, mainly in phosphates (+ 23 %) and fertilizers (+ 25 %), the export volumes of which increased by 24 %. This good achievement was made possible following the new production capacities set up by the Group (African Fertilizer Complex and Jorf Fertilizer Company 2 & 3), which made it possible to achieve production records in 2017.

The Centeral Axis recorded an 11 % decline in sales, mainly impacted by the decline in the price of phosphoric acid (product representing 60 % of sales of the axis). This drop in prices was observed in Asia, the main market of the axis for acid sales.

The revenue of the other subsidiaries shows a strong increase compared to the previous year, driven by the Group's trading entities.

Operating expenses increased by 19 % , mainly impacted by higher purchases of raw materials (+ 33 %) and sea freight to customers (+ 46 %), in line with the increase in production of fertilizers for the first, and the export revenue for the second. The Northern Axis bears the largest share of this increase in expenses (62 % of the Group's OPEX).

With the advent of new capacities, the consumption of raw materials and utilities (energy, water) of the JPH platform increased by 32 % , in line with the increase in production.

The outsourcing of maintenance, maintenance and repair services has led to an increase in these external costs. This outsourcing is in line with the Group's commitment to develop efficient industrial ecosystems, able to create added value in the regions in which it operates and contribute to the development of the economic fabric in Morocco.

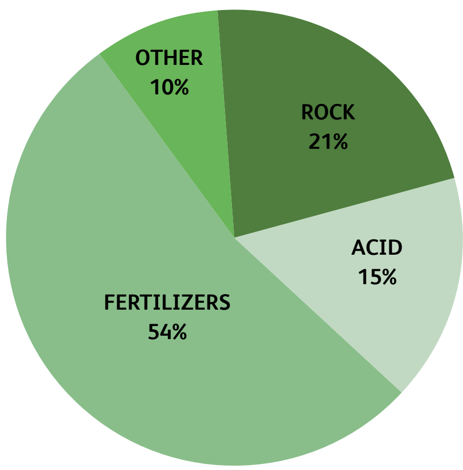
Operating expenses for the Centeral Axis remain at the same levels as in 2016, at + 1 % .

3.2. REVENUE BY COUNTRY

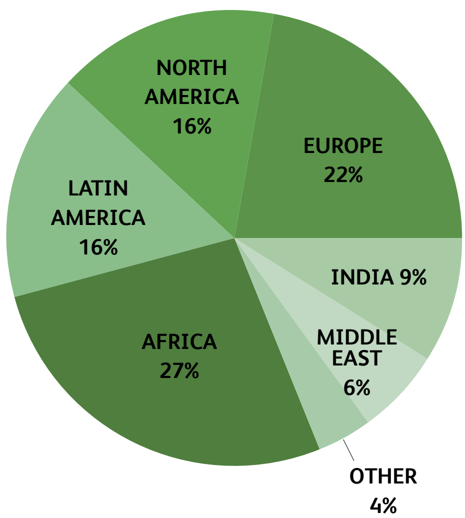
In 2017, revenue increased by 14 % to MAD 48,503 million, comparing to 2016.

The breakdown of net consolidated sales by country and by product as at 31 December 2017 is detailed as follows:

REVENUE BY PRODUCT



REVENUE BY REGION



The Group generates revenues with a diversified clientele. No client alone generates more than 7 % of the consolidated revenue..

It should also be noted that 99 % of the consolidated assets are located in Morocco.

Note 4- Operational data

4.1. OPERATING REVENUE

4.1.1. REVENUE

4.1.1.1. ACCOUNTING TREATMENT OF REVENUE

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

- *Sales carried out FOB (Free on Board): transfer of risk takes place when the goods are placed on board the ship at the port of shipment. This primarily concerns sales related to the mining activities*

- *Sales carried out under the incoterm CFR (Cost and Freight): OCP bears, in addition, the transport costs to the destination port, loading costs, export formalities and the related duties and taxes.*

4.1.1.2. INFORMATION BY PRODUCT FAMILY

(In millions of dirhams)	*FY 2017*	*FY 2016*
Phosphates	10,245	9,054
Phosphoric acid	7,273	8,196
Fertilizer	26,087	21,349
Other income	4,898	3,873
Revenue	**48,503**	**42,471**

Phosphate sales increased by MAD 1.2 billion between financial years 2016 and 2017. This increase, which is explained by a positive volume effect of + 38 % compared to December 2016, is due to the recovery of market shares in Latin America, Europe and Asia, as well as to the disintegration of integrated customers by offering them the Rock at an attractive price (mainly the Mexican customer FERTINAL). The sale prices of the rock meanwhile continue their downward trend and stand at $ 78 / T FOB at the end of 2017 against $ 94 / T FOB at the end of 2016 on the export market.

Sales of phosphoric acid decreased by MAD 923 million between financial years 2016 and 2017. This decrease is mainly attributable to the drop in prices on the international market ($ 531 /T in 2017 against $ 594 / T in 2016). Volumes sold remained virtually stable between the 2016 and 2017.

Fertilizer sales are up by MAD 4.7 billion between 2016 and 2017, an increase of 22 %. This increase is due to higher volumes sold mainly thanks to the continued strengthening of the «Africa» strategy. Prices in the international fertilizer market fell slightly by 1 %, from $ 322 / T in December 2016 to $ 319 / T in December 2017.

Moreover, in the national market, volumes were up by 31 % compared to the 2016 financial year. This trend can be explained by the good agricultural season, but also by the «Promotion of National Agriculture «(Green Morocco Plan launched since 2008) which promoted the sale of fertilizers to farmers by granting them subsidies and facilities.

This subsidy is deducted from fertilizer revenue in the amount of MAD 311 million in financial year 2016 and in the amount of MAD 344 million in financial year 2017.

The other revenues are mainly relate to activity «Cargo» and other ancillary products (gypsum sales, sulfuric acid, ammonia ... etc.)

4.1.2 TRADE RECEIVABLES

4.1.2.1 ACCOUNTING TREATMENT OF TRADE RECEIVABLES

This category includes operating receivables, deposits and guarantees, as well as loans. Upon initial recognition, loans and receivables are recorded in the balance sheet at their fair value plus transaction costs directly attributable to the acquisition or issue of the asset. At the closing date, these assets are measured using the amortized cost method. A loss in value is recorded depending on the risk of non-recovery.

4.1.2.2 ANALYSIS OF TRADE RECEIVABLES

(In millions of dirhams)	*31 December 2017*	*31 December 2016*
Trade receivables invoiced	6,276	5,269
Provisions - trade receivables	(240)	(222)
Net trade receivables	**6,036**	**5,047**

Trade receivables rose by 989 million dirhams between 2016 and 2017 in correlation with the increase in revenue.

Net trade receivable maturities as at 31 December 2017 are as follows:

(In millions of dirhams)	*Unmatured receivables*	*Matured receivables*			*Total*
		< 30 days	*30 - 180 days*	*more than 180 days*	
Net trade receivables	**4,564**	**59**	**421**	**992**	**6,036**

4.1.3 MANAGEMENT OF EXCHANGE RISK AND CREDIT RISKS

Exchange risk

The Group's exposure to risk mainly results from the performance of a large part of its operating flows and its financial flows in currencies other than that in which the Group keeps its books (MAD), mainly the US dollar and the euro. OCP Group hedges its currency flows through natural hedging (foreign Currencies revenues – foreign currency expenses) and transfers the balance on the market throught spot transactions.

Credit risks

OCP Group is present in more than 50 countries around the globe. Its revenue is mainly generated by exports. OCP Group's customers include major international groups who have had an ongoing business relationship with the Group for several years.

Credit risk arises mainly from customer risk if that customers are unable to meet their obligations under the agreed terms, bank and political risk. OCP Group is requiring a very active monitoring of trade receivables, counterparty risks. Monitoring is also permanent and rigorous with pre-emptive recovery and in case of overshooting.

Specific indicators are transmitted monthly via the reporting tools and analyzed by the Group's finance department. These indicators are considered to be key elements to appreciate the payment performance of clients and counterparties.
OCP has a comprehensive credit risk hedging policy that is based on periodic assessments of the financial strength of its clients and counterparties.

So, the Group hedges credit risk through a non-recourse credit insurance and factoring program signed with global players.

4.2. PURCHASES CONSUMED AND EXTERNAL EXPENSES

4.2.1 ACCOUNTING TREATMENT OF OPERATING EXPENSES

Operating expenses are those related the operating business cycle of the company. They correspond to the expenses which contribute to sustainable wealth creation. The main operating expenses are generally the consumption of raw materials, consumable, non-storable materials and supplies expenditure, external consumptions, staff costs (see Note5 : expenses and employee benefits) and taxes.

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

4.2.2 ANALYSIS OF PURCHASES CONSUMED AND EXTERNAL EXPENSES

Purchases consumed:

(In millions of dirhams)	*FY 2017*	*FY 2016*
Purchases of materials and supplies	(439)	(272)
Purchases of raw materials	(11,318)	(8,491)
Sulfur	*(5,106)*	*(4,478)*
Ammonia	*(3,945)*	*(2,944)*
Sulfuric acid	*(700)*	*(445)*
KCL	*(712)*	*(452)*
Phosphoric acid	*(571)*	*(201)*
Acid return	*(168)*	*(185)*
Calcium carbonate	*(49)*	*(32)*
Other raw materials	*(68)*	*246*
Energy comsumption	(2,860)	(2,398)
Electric energy	*(1,448)*	*(1,280)*
Fuel	*(885)*	*(642)*
Diesel fuel	*(457)*	*(397)*
Others	*(70)*	*(79)*
Spare parts	(1,099)	(904)
Purchases of works, studies and services	(1,693)	(1,477)
Water supply	(100)	(180)
Auxiliary materials and othe purchases	(1,276)	(1,486)
Purchased consumables of materials and supplies	**(18,786)**	**(15,207)**

Purchases of raw materials in 2017 recorded an increase of MAD 2.5 billion (+29 %) compared to 2016. This relates especially to purchases consumed of sulfur and ammonia in line with the increase in the production of fertilizers.

The Sulfur consumption increased by 628 million dirhams following a 13 % increase in volumes consumed between 2016 and 2017, accentuated by the rise in prices per ton ($ 95 / T CFR in 2017 vs. $ 93 / T CFR on 2016).

Ammonia consumption rose by MAD 1 billion, due to the combined effect of higher volumes consumed (+ 31 % in 2017 compared to 2016) and higher prices per ton which amount to $ 290 / T CFR during 2017 versus $ 279 / T CFR during 2016.

The increase in services is mainly due to the increase in OCP.SA's processing services with the JVs.

External expenses:

(In millions of dirhams)	*FY 2017*	*FY 2016*
Transport ONCF on sales	(1,173)	(1,100)
Sea transport on sales	(3,114)	(2,138)
Other operating transport	(1,028)	(870)
Consulting and fees	(464)	(442)
Contributions and donations	(463)	(590)
Maintenance and repairs	(764)	(314)
Leases ans lease expenses	(320)	(279)
Insurance premiums	(190)	(172)
Advertising, publications and public relations	(221)	(211)
Postal and telecommunications expenses	(82)	(53)
Study, analysis, research and documentation	(106)	(85)
Remuneration of personal outside the company	(99)	(71)
Other external expenses	(511)	(498)
External expenses	**(8,534)**	**(6,823)**

The increase in external expenses of 1.7 billion dirhams is mainly due to the increase in shipping costs of 1 billion dirhams between financial year 2016 and financial 2017, in correlation with the increase in volumes shipped. Similarly, the «maintenance and repair» item recorded an increase of MAD 450 million following the overhaul of facilities, particularly in the phosphoric and sulfuric plants, as well as the revision of Dragline at the Khouribga site.

4.2.3 RISKS RELATED TO RAW MATERIALS

Sulphur supplies

With global trade in sulphur representing 34 million tons per year, OCP Group imports almost 5.5 million tons per year and should import 7 million tons after the start-up of the new fertilizers production units. These imports are made via direct contracts with the world's main exporters of sulphur. The contracts are framework contracts under which volumes are fixed annually and prices are negotiated periodically. The portfolio of suppliers is diversified to limit exposure to any given supplier. It includes all the main suppliers, from the Middle East, Europe (Total, Shell, Repsol…etc.), North America (Shell, Koch…etc.), Russia (Gazprom) and Kazakhstan (TCO).

Sulphur prices

The price is fixed quarterly. The prices negotiated by the OCP Group are among the most competitive as a result of the diversification policy and the Group's weight on the international market.

Ammonia supplies

Global trade in ammonia represents approximately 20 million tons per year. This market is a very regional one due to the high logistics costs involved. The Group's annual procurements represent around 1.5 million tons per year and should reach 2 million tons after the start-up of the granulation units and the fertilizers production units. Morocco's geographical situation is advantageous in that it enables the Group to be close to the locations of the world's main exporters of ammonia (Black Sea 3.5 million tons per year, Trinidad and Tobago 5 million tons and Algeria 1.5 million tons).

The new dynamic of shale gas in North America and the new ammonia projects announced in Russia will provide further potential supply sources for the Group in the future.

Ammonia prices

The price of ammonia is volatile and consequently prices are fixed cargo by cargo or over a short period. However, the Group has entered into contracts with all the main suppliers in our region (Russia, Algeria, Ukraine, etc.) to guarantee the availability of the product.

4.2.4 INVENTORIES

4.2.4.1 ACCOUNTING TREATMENT OF INVENTORIES

Inventories are measured at the lower of cost and net realizable value.

The cost of inventories is determined according to the weighted average cost method. It comprises the costs of purchase, production, conversion and other costs incurred in bringing the inventories to their present location and condition. For manufactured inventories and work-in-progress, the cost includes an appropriate share of the overheads based on normal production capacity.

At the moment of the sale, inventories are accounted as expenses in current operating income at the same period as the corresponding product. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.
Incorporable costs exclude the portion of sub-activity.

4.2.4.2 ANALYSIS OF THE INVENTORIES EVOLUTION

(In millions of dirhams)	*31 December 2017*			*31 December 2016*		
	Gross	*Depreciation*	*Net*	*Gross*	*Depreciation*	*Net*
Consumable materials and supplies	4,674	(1,450)	3,224	4,240	(1,391)	2,849
Work in progress	4,150		4,150	3,850	-	3,850
Intermediate products and residual products	569		569	615	(11)	605
Finished products	2,631	(231)	2,400	2,701	(49)	2,652
Total Inventories	**12,023**	**(1,681)**	**10,343**	**11,406**	**(1,451)**	**9,956**

Inventories during 2017 increased by 387 million dirhams compared to 2016, mainly due to an increase of 375 million dirhams in the stock of consumable materials and supplies, including especially the storage of ammonia.

It should also be noted that inventory remediation work has led to the depreciation of certain qualities of fertilizer stock for MAD 220 million.

4.2.5 TRADE PAYABLES

(In millions of dirhams)	*31 December 2017*	*31 December 2016*
Trade payables	4,967	6,391
Fixed assets liabilities	8,739	7,979
Trade payables	**13,706**	**14,370**

Trade payables correspond to payables and fixed assets liabilities. This item shows a slight decrease of 4.6 % at 31 December 2017 compared to 31 December 2016.

Note 5- Expenses and employee benefits

5.1 PERSONNEL EXPENSES

(In millions of dirhams)	*FY 2017*	*FY 2016*
Employee remuneration and related social charges	(6,669)	(6,611)
Retirement benefits and medical cover	(1,168)	(1,077)
Other employee benefits	(637)	(285)
Other expenses	(4)	(4)
Personnel expenses	**(8,478)**	**(7,977)**

Personnel expenses increased by MAD 502 million (+ 6 % compared to 2016). This variation mainly concerns the «Other employee benefits» item, with an increase of MAD 351 million relating to the accompanying measures for access to housing for OCP officers.

5.2 NUMBER OF EMPLOYEES

(On number)	*31 December 2017*	*31 December 2016*
Non-excecutives	2,376	2,308
Technicians, Supervisors and Administrative executives	6,972	6,657
Manual workers and Clerical staff	11,102	12,015
Number of employees	**20,450**	**20,980**

5.3. POST-EMPLOYMENT BENEFIT AND OTHER BENEFITS

5.3.1 GENERAL PRESENTATION OF SCHEMES EXISTING WITHIN THE GROUP AND ACCOUNTING TREATMENT

Group OCP has three types of benefits schemes:

- Post-employment defined-contribution schemes, for which OCP Group's obligation is limited to the payment of a contribution which does not obligate the employer in any way as to the level of payments made by the RCAR (Régime collectif d'allocation de retraite: Collective Retirement Benefit Scheme). The contributions are recognized in charges in the period during which the employees have rendered the corresponding services. The expenses related to defined-contribution schemes amount to MAD 539 million in 2017 against MAD 519 million in 2016.
- Post-employment defined-benefit plans which include all post-employment benefits for which OCP Group is committed to provide a certain level of benefits. This includes in particular the death benefit, retirement indemnities and post-employment medical cover for OCP staff.
- Other long-term employee benefits, other than post-employment benefits and termination benefits, which are not due wholly within twelve months after the end of the year during which the employees rendered the relevant services. This particularly concerns insurance benefits in relation to death insurance, disability and work-related accidents. Obligations for other long-term benefits are measured using an actuarial method similar to that applied to post-employment defined benefits.

Defined benefit plans are subject to a provision, determined using an actuarial valuation of the commitment by the projected unit credit method, taking into account the demographic and financial assumptions. The actuarial assumptions are reviewed on an annual basis. The differences related to changes in actuarial assumptions and adjustments related to experience (effect of differences between the previous actuarial assumptions and what has actually occurred) constitute actuarial differences recognized in equity that can't be recycled in accordance with the revised IAS 19, and are recorded in «actuarial gains or loss» in equity.

5.3.2 MAIN ACTUARIAL ASSUMPTIONS USED

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

	31 December 2017	31 December 2016
Discount rate		
Pension supplement	4.58 %	4.41 %
Medical plans	4.28 %	4.11 %
Expected salary increase rate	**5.10 %**	**5.10 %**
Rate of increase in medical costs	**1.00 %**	**1.00 %**

The discount rates are determined by reference to market yields on bonds issued by the Moroccan State, to which is added a basic risk premium to estimate the market yields on high quality corporate bonds over durations equivalent to those of the plans.

Moreover, regarding the outsourcing of health insurance plan to the AMO, OCP had chosen 2020 as the year of changeover.

5.3.3 OBLIGATIONS RELATED TO SOCIAL LIABILITIES

	Post-employment benefits					
(In millions of dirhams)	*Pension supplement*	*Medical plans*	*Fixed retirement allocation*	*Total post-employment benefits*	*Other long-term benefits*	*Total employee benefits*
Net obligations recognized at 31 December 2015	**377**	**3,280**	**662**	**4,319**	**158**	**4,477**
Benefits paid	(6)	(405)	(82)	(493)	(10)	(503)
Service cost	7	52	77	136		136
Expenses related to discounting of obligations	19	152	31	202		202
Actuarial losses or (gains) for the period	44	17	(30)	31		31
Contributions		219		219		219
Other changes	-			-		-
Net obligations recognized at 31 December 2016	**441**	**3,315**	**658**	**4,414**	**148**	**4,562**
Benefits paid	(8)	(631)	(72)	(711)		(710)
Service cost	6	49	79	133		134
Expenses related to discounting of obligations	19	136	27	183		183
Actuarial losses or (gains) for the period	(48)	(59)	(24)	(130)		(130)
Contributions		235		235		235
Other changes	35			35		35
Net obligations recognized at 31 December 2017	**445**	**3,045**	**669**	**4,159**	**148**	**4,307**

5.3.4 ANALYSIS OF SENSITIVITY TO THE ASSUMPTIONS USED FOR DEFINED-BENEFIT PLANS AND OTHER LONG-TERM BENEFITS RECOGNIZED

(as % of the item measured) *Sensitivity analysis +1%*	*31 December 2017*		*31 December 2016*	
	Pension supplement	*Medical Plans*	*Pension supplement*	*Medical plans*
Discount rate				
Impact on the current value of gross obligations at 31 December	-17 %	-9 %	-17 %	-9 %
Rate of change in medical costs				
Impact on the current value of gross obligations at 31 December		16 %		14 %

(as % of the item measured) *Sensitivity analysis -1%*	*31 December 2017*		*31 December 2016*	
	Pension supplement	*Medical Plans*	*Pension supplement*	*Medical plans*
Discount rate				
Impact on the current value of gross obligations at 31 December	22 %	12 %	23 %	11 %
Rate of change in medical costs				
Impact on the current value of gross obligations at 31 December		-13 %		-9 %

5.4. KEY MANAGEMENT COMPENSATION

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

(In millions of dirhams)	*FY 2017*	*FY 2016*
Short-term employee benefits	127	123
Post-employment benefits	20	19
End-of-contract benefits	1	
Total management compensation	**148**	**143**

Note 6- Investments in Joint Ventures and associates*

6.1 ANALYSIS OF INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

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

(In millions of dirhams)	*31 December 2016*	*Dividends paid*	*Net profit (loss) for the period 2017*	*Exchange difference*	*Income and expenses for the period, recognized directly in equity*	*Change in scope & others*	*31 December 2017*
PRAYON	1,048		1	23	(7)	(2)	1,061
EMA	167	(40)	14				141
IMA	300	(15)	57			7	348
PMP	701	(20)	83				764
PPL	910		188	(19)			1,079
SAEDM	300		(6)				294
Others	39		1				40
Total interests in joint-ventures	**3,464**	**(75)**	**337**	**3**	**(7)**	**5**	**3,726**

(In millions of dirhams)	*31 December 2015*	*Dividends paid*	*Net profit (loss) for the period 2016*	*Exchange difference*	*Income and expenses for the period, recognized directly in equity*	*Change in scope & others*	*31 December 2016*
PRAYON	1,070		5	8	6	(40)	1,048
EMA	167	(15)	15				167
IMA	342	(30)	(13)				300
PMP	633	(20)	88				701
PPL	883		31	(4)			910
SAEDM	301		(2)				300
Others	41		(1)				39
Total interests in joint-ventures	**3,437**	**(65)**	**123**	**4**	**6**	**(40)**	**3,464**

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

6.2 BALANCE SHEETS AND INCOME STATEMENTS OF ASSOCIATES AND JOINT VENTURES

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

Balance sheet:

(In millions of dirhams)	*PRAYON*	*EMA*	*IMA*	*PMP*	*PPL*	*SAEDM*	*Others*
ASSETS							
Current assets							
Cash and cash equivalents	26	108	540	410	52	128	373
Cash financial assets							
Inventories	1,762	201	151	211	953	699	
Trade receivables	1,181	230	301	578	2,834		941
Current tax receivables		2		7			80
Other current assets	120	72	224	235	454	19	96
Total current assets	**3,090**	**614**	**1,217**	**1,440**	**4,293**	**846**	**1,490**
Non-current assets							
Non-current financial assets	8				3		7
Investments in equity-accounted companies	747						
Equity securities	17						121
Deferred tax assets	130						
Property, plant and equipment	1,642	72	351	768	1,938		32
Intangible assets	140		16	28	1	2	9
Total non-current assets	**2,683**	**72**	**367**	**796**	**1,941**	**2**	**168**
Total Assets	**5,773**	**686**	**1,584**	**2,236**	**6,234**	**848**	**1,658**

(In millions of dirhams)	*PRAYON*	*EMA*	*IMA*	*PMP*	*PPL*	*SAEDM*	*Others*
LIABILITIES							
Current liabilities							
Current loans and financial debts	1,336			3	2,595		13
Current provisions	(57)	0	2	5	94		2
Trade payables	1,183	241	431	655	1,151	19	186
Current tax liabilities			32				69
Other current liabilities	344	24	37	17	220	3	288
Total current liabilities	**2,806**	**265**	**501**	**680**	**4,060**	**22**	**558**
Non-current liabilities							
Non-current loans and financial debts	261			1		250	
Non-current provisions for employee benefits	190						
Other non-current provisions	95				16		0
Deferred tax liabilities	182						
Other non-current liabilities	131						
Total non-current liabilities	**859**			**1**	**16**	**250**	**0**
Equity - Group share	481	180	620	800	841	608	101
Paid-in capital		110					0
Reserves	(87)	90	226	458	941	(2)	8
Retained earnings	1,713		68	132		(19)	869
Net profit (loss) - Group share	1	42	170	165	376	(11)	122
Total equity	**2,109**	**421**	**1,083**	**1,555**	**2,158**	**576**	**1,100**
Total liabilities and equity	**5,773**	**686**	**1,584**	**2,236**	**6,234**	**848**	**1,658**

Income statement:

(En millions de Dirhams)	*Prayon*	*EMA*	*IMA*	*PMP*	*PPL*	*SAEDM*	*Others*
Revenue	7,334	1,405	2,297	2,165	5,517	-	1,480
Production held as inventory	64	(14)	(18)	(49)	34	20	-
Purchases consumed	(4,544)	(1,175)	(1,568)	(1,453)	(3,765)	(9)	(526)
External expenses	(1,394)	(142)	(475)	(338)	(577)	(4)	(126)
Personnel expenses	(1,070)	-	(5)	(8)	(168)	(12)	(627)
Taxes	-	(2)	(3)	(1)	(4)	(10)	(2)
Exchange gains and losses on operating receivables and payables	130	2	(14)	(8)	-	(0)	(1)
Other operating income and expenses	117	1	(3)	4	(166)	0	(5)
EBITDA	**636**	**76**	**211**	**311**	**871**	**(15)**	**193**
Amortization, depreciation and operating provisions	(342)	(22)	(64)	(100)	(99)	(0)	(13)
Operating profit (loss) before exceptional items	**294**	**54**	**146**	**211**	**772**	**(15)**	**180**
Other non-current operating income and expenses	0	(0)	58	(10)	(1)	(0)	2
Operating profit (loss)	**294**	**54**	**205**	**201**	**771**	**(15)**	**182**
Cost of net financial debt	(60)	2	8	4	(155)	4	5
Exchange gains and losses on financial receivables and payables	(132)	-	-	-	(54)	-	0
Other financial income and expenses	(24)	0	(0)	(5)	-	-	(0)
Financial profit (loss)	**(217)**	**2**	**8**	**(1)**	**(210)**	**4**	**5**
Profit (loss) before tax	**77**	**56**	**213**	**200**	**561**	**(11)**	**186**
Corporate tax	(76)	(14)	(43)	(34)	**(185)**	(0)	(65)
Net profit (loss) for the period	**1**	**42**	**170**	**165**	**376**	**(11)**	**122**

6.3 SERVICES PROVIDED BY OCP TO JOINT VENTURES

OCP provides its joint ventures with various services as summarized below:

6.3.1 SUPPLY OF PHOSPHATE AND PHOSPHORIC ACID

Contractual provisions govern OCP's supply of phosphate to its joint ventures. These provisions notably concern the following:

- The quality of the rock, defined according to specifications determined by the joint venture annually
- The price invoiced to the joint venture which corresponds to the average export market prices for the year. The same price determination formula is used for all of the joint ventures,
- And other conditions related to invoicing and payment terms.

In respect of these transactions, OCP recorded phosphate sales to joint ventures in the amount of MAD 2,355 million in 2017, compared to MAD 2,350 million in 2016.

The group also signed a set of contracts for the sale of purified phosphoric acid to its JVs.

6.3.2 SUPPLY OF SERVICES AND UTILITIES

The supply of services and utilities mainly concerns: the use of the infrastructures at the Jorf Lasfar site, the supply of the liquid sulphur required for industrial operation, the know-how of the OCP stuff, facility and equipment maintenance services, and equipment and vehicle rental services.

OCP also provides the joint ventures with services performed by the various head-office departments. These are governed by unwritten agreements and concern in particular marketing, sales administration, debt recovery, IT services, purchasing assistance and contract negotiation.

In 2017, there was the conclusion of a multi-stakeholder contract between OCP and JV subsidiaries (including IMACID, PMP, JFC V and EMAPHOS) for the sale of spare parts on the Jorf Lasfar platform.

The OCP Group has signed with the JV “Dupont OCP Operations Consulting” an amendment to the Master Consulting Service Agreement in January 2017 on the review of the fee schedule and a SLA Service Level Agreement governing accommodation services.

The Group also signed a service contract with the JV JESA in November 2017.

6.3.3 LEASE AGREEMENTS

OCP has signed lease agreements with the local joint ventures for the lease of the land on which the production facilities have been built (in the case of JESA, the lease agreement is for the offices). The rents are payable in advance at the beginning of the year and are revised according to the conditions determined in the agreements.

6.3.4 OTHER SERVICES

The other services provided by OCP to the joint ventures essentially concern social benefits including holiday packages, hotels, children’s holiday camps, and training programs.

6.3.5 LOAN AGREEMENT

In 2013, OCP also signed a subordinated loan agreement with Prayon for EUR 9 million to meet the company’s cash flow requirements. The interest rate applicable is 5.5 % . The outstanding loan amounts to EUR 4.5 million at 31 December 2017.

Aside from Prayon, OCP has an associate current account with SADV, JFC I , JFC II, and OCP Africa.

None of the JV is concerned (JESA has completed the refund of its account in July 2017).

Note 7- Other operating items

7.1 ACCOUNTING TREATMENT OF THE OTHER OPERATING ITEMS

Other operating items primarily include taxes, foreign exchange gains and losses on operating receivables and payables, and other non-current operating income and expenses.

Non-current items are items (income and expenses) that have little predictive value due to their nature, frequency and / or materiality. These income and expense concern:

- Impairment losses on fixed assets (cf. Note 8.1.2 «Impairment tests and impairment losses «), if so, the reversals of impairment losses on intangible assets, being generated by an event that substantially modify the economic viability of the concerned products;
- Gains or losses on business disposals;
- Income of equity revaluation previously held in activities in which the Group takes control;
- Other unusual and materials items which nature is not directly related to current operations.

7.2 ANALYSIS OF OTHER OPERATING ITEMS

(In millions of dirhams)	*FY 2017*	*FY 2016*
Gains and losses on other assets	59	214
Subsidies granted	(295)	(381)
Donations, legacies, liberalities	(409)	(418)
Tax inspection	(110)	(906)
Others	(351)	(216)
Other non-current operating income and expenses	**(1,107)**	**(1,707)**

The operating income and expenses decreased by MAD 600 million between 2016 and 2017.
This variation is mainly due to:

- The gains and losses on other assets include the disposal of all remaining shares of BCP, which generated a capital gain of MAD 259 million in June 2016.
- In 2016, OCP was the subject of a tax audit inspection, which led to the signing of a Memorandum of Understanding between OCP S. A and the Directorate General of Taxes for an amount of MAD 950 million.

7.3 OTHER CURRENT ASSETS

(In millions of dirhams)	*31 December 2017*			*31 December 2016*		
	Gross	*Depreciation*	*Net*	*Gross*	*Depreciation*	*Net*
Receivables from suppliers, advances and payments on account	3,053	(6)	3,047	3,420	(6)	3,414
Personnel	60	(1)	58	45	(1)	44
Social organizations	268	-	268	213	-	213
State (excluding corporate income tax)	5,703	-	5,703	5,200	-	5,200
Tax receivables	106	-	106	895	-	895
Other receivables	1,029	(9)	1,021	957	-	957
Total other current assets	**10,220**	**(16)**	**10,204**	**10,732**	**(7)**	**10,724**

Other current assets decreased by MAD 520 million between the end of December 2016 and the end of December 2017, mainly due to the decrease by MAD 789 million of current tax receivables corresponding to the installments of corporation tax impute at the end of the exercise.

“State (excluding corporate income tax)” mainly includes VAT, the current part of VAT credits, the phosphate royalty, the contribution to social cohesion and other taxes.

The non-current part of recoverable VAT credit over a period exceeding one year is recorded in «Other non-current financial assets» .The VAT credit is discounted on an estimated period of 10 years. The net proceeds of updating the full year of 2017 is MAD- 851 million againt MAD -173 million for the last year 2016.

« It should be noted that at the end of 2017 the amount of VAT credit is MAD 19.8 billion.»

The tax receivable maturities as at 31 December 2017 are detailed in the table below:

			Matured		
(In millions of dirhams)	*Total*	*Unmatured*	*<30 days*	*30 - 120 days*	*> 120 days*
State, VAT	2,829	2,770		2	55
VAT credit	2,729	1,118		1,587	23
State, other taxes	145	83			62
Total	**5,703**	**3,971**	**-**	**1,589**	**140**

7.4 OTHER CURRENT LIABILITIES

(In millions of dirhams)	*31 December 2017*	*31 December 2016*
Trade receivable credit balances, advances and payments on account	442	1,061
State	1,750	1,125
Social payables	1,220	1,659
Tax liabilities	68	21
Other creditors	1,788	1,291
Total other current liabilities	**5,268**	**5,159**

Note 8- Property, plant & equipment & intangible assets

8.1 ACCOUNTING TREATMENT OF ASSETS

8.1.1 PROPERTY, PLANT AND EQUIPMENT

Measurement and useful lives of operating assets

Those responsible for equipment control and maintenance in the Northern, Central and Phosboucrâa axes identify the useful lives of the various categories of assets (main assets and components). These lives correspond to the potential duration of technical utilization. The useful lives and depreciation methods used are examined at the close of each period and prospectively adjusted, if necessary.

Property, plant & Equipment (PP&E) are recognized at their historic acquisition cost, production cost or cost of entry to the Group, less depreciation and possible loss of value. Borrowing costs incurred during the construction of a qualified asset are incorporated into the cost of the asset. Costs of day-to-day maintenance are recognized as maintenance costs if the frequency of renewal of this maintenance in terms of volume is annual. The partial or total restoration of one or several components constitutes major maintenance. This is recognized in fixed assets and the net carrying amount is derecognized.

Depreciation

In accordance with the component approach, the Group uses differentiated depreciation periods for each of the significant components of the same asset if the useful life of one of the components is different from the useful life of the principal asset to which it belongs. Depreciation is calculated using the straight-line method on useful lives corresponding to the following technical lives:

Property, plant and equipment	*Duration*
Mining land	10 to 30 years
Buildings	15 to 60 years
Technical installations equipment and tools	5 to 30 years
Transport equipment	5 to 30 years
Furniture, office equipment, fitings	3 to 30 years

The usuful lives are reviewed at each financial year end, and adjusted, if appropriate.

Leases

Leases that transfer to the Group substantially all the risks and rewards incidental to ownership of an asset are classified as finance leases. All other leases are classified as operating leases.

Finance leases: Finance leases are recognized as assets in the balance sheet, at the fair value of the leased property or, if lower, the present value of the minimum lease payments under the lease. The corresponding debt due to the lessor is recognized as a liability under financial debts in the balance sheet. A leased asset is depreciated over the shorter of the lease term and its useful life (unless the Group is reasonably certain that it will obtain ownership by the end of the lease term).

Operating leases: Payments made under operating leases are expensed in the profit and loss account on a straight-line basis over the duration of the lease contract.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a 'qualifying asset' are included in the cost of the asset, in accordance with IAS 23 " Borrowing costs".

OCP capitalizes the borrowing costs for MAD 1,207 million in 2017 , against an amount of MAD 1,813 million in 2016.

8.1.2 INTANGIBLE ASSETS

Initial and subsequent measurement

Intangible assets are composed of patents, licenses, software, and research and development costs. They are recognized at their acquisition cost less accumulated amortization and impairment losses. Expenses thus recorded in assets include costs for equipment and services, costs of personnel directly assigned to the production and preparation of some softwares for their use and costs of borrowing if eligibility conditions are satisfied.

Expenses undertaken over the development phase are capitalized when the criteria for recognition of an asset set forth in IAS 38 are met: technical feasibility, intention to complete the asset and to use it or to sell it, probability of future economic benefits, availability of resources, ability to measure the development expenses reliably. Expenses incurred during the research phase are not capitalized, but are expensed.

Amortization

Intangible assets consist mainly of softwares and are amortized on a straight-line basis according to their useful life, which ranges from 1 year to 5 years.

Development expenditures

The development phase starts when the deposit has been analyzed as economically feasible and a decision has been taken to develop it. Only the expenditure incurred before the production phase and for the development of the deposit is capitalized. Development expenditure incurred to maintain the existing production is recognized as expenses.

Goodwill

There is no significant goodwill in the Group.

8.1.3 IMPAIRMENT TESTS AND IMPAIRMENT LOSSES

Valuations used for impairment tests

The assumptions and estimates which are made to determine the recoverable value of goodwill, intangible assets and PP&E relate in particular to the market prospects necessary to evaluate cash flows and the discount rates used. Any modification of these assumptions could have a significant effect on the amount of the recoverable value, and could lead to a modification of the impairment to be recognized.

A cash-generating unit (CGU) is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Given the group's activities, three main cash generating units are identified:

• **Northern Axis (Khouribga – Jorf Lasfar):** this axis hosts the integrated phosphate chemical processing hub. Phosphate extracted at Khouribga is transported by slurry pipeline to Jorf Lasfar, where it is processed into phosphoric acid and fertilizer. The finished products are exported from the OCP port at Jorf Lasfar.

• **Central Axis (Youssoufia and Benguérir – Safi):** this axis hosts: the integrated phosphate chemical processing hub. The phosphate extracted at Youssoufia and Benguérir is transported by rail to Safi, where it is processed into phosphoric acid and fertilizer. The finished products are exported from the OCP port at Safi

• **Phosboucraa Axis:** Phosboucraâ extraction site. The phosphate that is extracted there is transported by conveyer to the processing center at Laâyoune, and then exported by sea.

The impairment tests for assets apply the following rules:

- *Goodwill and intangible assets with indefinite useful lives are tested for impairment at least once a year*
- *PP&E and intangible assets with finite lives are tested for impairment if there is an indication of impairment, as defined hereafter:*
    - significant reduction in the market price of the asset
    - obsolescence or physical deterioration of the asset

- significant negative changes in the past or planned use of an asset
- significant change in the technological, economic or legal environment
- increase in interest rates or yield which could affect useful value

An impairment loss is recognized when the recoverable value of a CGU is lower than the net carrying amount of the assets that belong to it. The recoverable amount of a CGU is the higher of its fair value net of disposal costs to sell, and its value in use. The value in use is equal to the present value of the future cash flows that it generates, as per the budget and strategic plan approved by the Board of Directors, increased, by its exit value at the end of its expected useful life.

No impairment losses were identified at the close of financial years 2016 and 2017.

8.2 PROPERTY, PLANT AND EQUIPMENT VARIATION

(In millions of dirhams)	*31 December 2016*	*Aquisitions*	*Amortization and provisions*	*Reductions / Reversals*	*Reclassifi-cation*	*Translation difference*	*Other changes*	*31 December 2017*
Gross amount:								
Land	5,968	7		(2)	36	2		6,011
Buildings	36,317	3,955		(35)	(4,213)	7	(1)	36,029
Technical installations, equipment and tools	86,526	4,993		(367)	10,323	2	(5)	101,471
Transport equipment	925	45		(6)	(10)			953
Furniture, office equipment and various fittings	2,180	248		(92)	172	5	(5)	2,508
Other property, plant and equipment	7,119	400			(4,645)			2,875
Property, plant and equipment under construction	64	1,688		(97)	(1,656)		(26)	(28)
Total gross amount	**139,099**	**11,336**		**(599)**	**8**	**16**	**(38)**	**149,821**
Depreciations:								
Land	(955)		(73)					(1,028)
Buildings	(10,308)		(823)	2	(12)	(1)		(11,142)
Technical installations, equipment and tools	(33,757)		(4,833)	363	(102)			(38,330)
Transport equipment	(655)		(44)	6	(1)			(694)
Furniture, office equipment and various fittings	(905)		(187)	96	(1)			(997)
Other property, plant and equipment	(281)		(447)		116			(612)
Impairment losses								
Buildings	(3)		(1)	1				(3)
Total depreciation and impairment losses	**(46,865)**		**(6,408)**	**468**		**(2)**		**(52,806)**
Net carrying amount	**92,234**	**11,336**	**(6,408)**	**(131)**	**8**	**14**	**(38)**	**97,015**

(En millions de dirhams)	31 December 2015	Aquisitions	Amortization and provisions	Reductions / Reversals	Reclassification	Translation difference	Other changes	31 December 2016
Gross amount:								
Land	5,562	144	-	(3)	265	(1)	0	5,968
Buildings	28,261	4,216	-	(262)	4,102	(1)	0	36,317
Technical installations, equipment and tools	75,111	2,709	-	(49)	8,747	(0)	8	86,526
Transport equipment	871	26	-	(1)	28	-	0	925
Furniture, office equipment and various fittings	1,518	264	-	(5)	401	(1)	3	2,180
Other property, plant and equipment	15,342	2,062	-	-	(10,287)	0	3	7,119
Property, plant and equipment under construction	1	3,539	-	(435)	(3,051)	(0)	9	64
Total valeur brute	**126,667**	**12,961**	**-**	**(754)**	**206**	**(4)**	**23**	**139,099**
Depreciations:								
Land	(883)	-	(73)	-	0	-	-	(955)
Buildings	(9,755)	-	(566)	9	2	0	(0)	(10,308)
Technical installations, equipment and tools	(30,501)	-	(3,397)	133	9	0	(1)	(33,757)
Transport equipment	(600)	-	(56)	1	1	-	(0)	(655)
Furniture, office equipment and various fittings	(780)	-	(119)	5	(11)	0	(0)	(905)
Other property, plant and equipment	(166)	-	(123)	0	9	-	(1)	(281)
Impairment losses								
Buildings	(2)	-	(1)	-	-	0	-	(3)
Total depreciation and impairment losses	**(42,686)**	**-**	**(4,335)**	**148**	**10**	**0**	**(2)**	**(46,865)**
Net carrying amount	**83,981**	**12,961**	**(4,335)**	**(606)**	**217**	**(3)**	**20**	**92,234**

The main increase during 2017 concern the following projects:

For the mining activity:

- Construction of a new complete production line at Merah laundromat (capacity of 3 million of tons / year) with higher, middle and lower grade quality
- The opening of the new phosphate mine “Béni Amir” with a production capacity of 5.5 million tons /year of phosphate in selective mode;
- Operation of second semi-mobile hopper and the improvement of the functioning of the first one.

For the chemical activity:

- Continuous investment at JFC's in Jorf Lasfar, especially in JFC III and IV. Each fertilizer's production unit has:
  - A sulfuric line : 4,200 TMH/D of sulfuric acid
  - Thermal power station with a capacity of 62 MW
  - A phosphoric acid line with a capacity of 1,400 T P2O5/D (450 KT/year)
  - A fertilizer line with a capacity of 3,000 T/d (1 MT/Year of DAP equivalent)
  - Storage buildings

- 2 new sulfuric lines with intergrated center. At the end of 2017, the achievement of the SAP D line is estimated at 33 % ;
- The adaptation of the phosphoric acid workshop facilities to receive the pulp;
- Revamping of the phosphoric workshop of MP 3&4 to use the phosphate pulp that has been transported from the mine of Khouribga, and the construction of a new unit of 1,400 T P2OR/d in order to offset the gap of the units production while the adaptation work.

8.3 INTANGIBLE ASSETS VARIATION

(In millions of dirhams)	*31 December 2016*	*Acquisitions*	*Amortization*	*Reclassification*	*31 December 2017*
Gross amount:					
R&D assets	28	46			74
Patents, trademarks, rights and similar items	65	4		3	72
Licences and software	235	209			443
Other intangible assets	157	23		(126)	54
Total gross amount	**485**	**282**		**(124)**	**643**
Amortization:					
Amortization of R&D assets	(23)		(4)	0	(27)
Amortization of patents, trademarks, rights and similar items	(46)		(6)	1	(51)
Amortization of licences and software	(138)		(32)	0	(170)
Amortizaiton of other intangible assets	(48)		(25)	(1)	(75)
Total amortization and impairment losses	**(255)**		**(67)**	**(0)**	**(322)**
Net carrying amount	**230**	**282**	**(67)**	**(124)**	**321**

(In millions of dirhams)	*31 December 2015*	*Aquisitions*	*Amortization*	*Reclassification*	*31 December 2016*
Gross amount:					
R&D assets	28	-	-	-	28
Patents, trademarks, rights and similar items	62	2	-	1	65
Licences and software	192	43	-	0	235
Other intangible assets	107	255	-	(206)	157
Total gross amount	**390**	**300**	**-**	**(205)**	**485**
Amortization:					
Amortization of R&D assets	(21)	-	(2)	-	(23)
Amortization of patents, trademarks, rights and similar items	(42)	-	(4)	0	(46)
Amortization of licences and software	(125)	-	(13)	0	(138)
Amortizaiton of other intangible assets	(15)	-	(33)	0	(48)
Total amortization and impairment losses	**(203)**		**(52)**	**0**	**(255)**
Net carrying amount	**187**	**300**	**(52)**	**(205)**	**230**

8.4 NET DEPRECIATION AND AMORTIZATION

(In millions of dirhams)	*FY 2017*	*FY 2016*
Net depreciation and amortization	(5,777)	(4,277)

Note 9- Provisions and contingent liabilities

9.1 ACCOUNTING TREATMENT OF PROVISIONS

The Group recognizes a provision as soon as there is a current, legal or constructive obligation, resulting from a past event, and where it is probable that an outflow of resources will be required to extinguish the obligation.

An obligation is qualified as constructive if the following two conditions are met:

- It has been indicated to other parties, by past practice, published policies or a sufficiently specific current statement, that the entity will accept certain responsibilities ;
- The entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

9.2 NET PROVISIONS

(In millions of dirhams)	*FY 2017*	*FY 2016*
Net provisions	(373)	(198)

9.3 PROVISIONS FOR LIABILITIES AND CHARGES

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

(In millions of dirhams)	*31 December 2016*	*Dotations*	*REVERSALS*		*Translation difference*	*Other changes*	*31 December 2017*
			Used	*Unused*			
Non-current provisions	**5,007**	**112**	**(26)**		**0**	**(264)**	**4,828**
Provisions for employee benefits	4,562	16	(17)			(254)	4,307
Provisions for environmental risks & for site rehabilitation	277	17					294
Other non-current provisions	168	79	(10)		0	(10)	227
Current provisions	**188**	**133**	**(1)**		**(0)**	**(56)**	**263**
Total provisions	**5,194**	**245**	**(27)**		**(0)**	**(320)**	**5,092**

Measurement of provisions for employee benefits

Provisions for employee benefits cover benefits related to the death benefit, medical plans, fixed retirement allocations and other long-term benefits. Details of these advantages are disclosed in Note 5 «Expenses and employee benefits».

Measurement of provisions for site rehabilitation

The rehabilitation of mining soils is an integral part of the OCP's sustainable development policy. The group anticipates the rehabilitation of the land from the beginning of the extraction. Its approach involves recovering the topsoil and storing it during the operation of the mine. Subsequently, at the end of the operation, these excavated materials are used to create a regular ground and prepare the soil for agricultural use. The Group also takes advantage of the opportunity to initiate agricultural and forestry activities that benefit the communities. This approach is based on the involvement of the local populations as well as the authorities and associations or agencies concerned at the start of the project. In addition to respecting the peculiarities of the soils and the local climatic conditions, the cultures and the introduced activities are done in the light of the local know-how. The former Khouribga mine testifies to the value of this approach. The program that has been deployed has rehabilitated 3,410 hectares to date and allowed the planting of 3.5 million trees, not to mention the rehabilitation of 330 hectares of old mining installations for an investment of MAD 15 million.

9.4 CONTINGENT LIABILITIES

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

9.5 COMMITMENT GIVEN

(In millions of dirhams)	*31 december 2017*	*31 december 2016*
Letters of credit	1,135	1,068
Miscellaneous rights and commitments	426	278
Total Commitments given	**1,561**	**1,346**

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

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

10.1.1 DEFINITIONS AND ACCOUNTING TREATMENT:

FINANCIAL LIABILITIES

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

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

CASH AND CASH EQUIVALENTS

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

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

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

CASH MANAGEMENT FINANCIAL ASSETS

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

NET DEBT

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

COST OF NET FINANCIAL DEBT

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

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

10.1.2. ANALYSIS OF FINANCIAL DEBTS

10.1.2.1. BREAKDOWN OF FINANCIAL DEBTS BY TYPE

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

(In millions of dirhams)	*31 december 2017*	*31 december 2016*
Government credits		
Government credits	67	65
Long-term bank loans, portion due in less than one year	5,288	5,336
Finance leases, portion due in less than one year	110	96
Bond issue	2,000	
Financial debts resulting from Murabaha	818	
Accrued interest not yet due	437	449
Bank overdrafts	33	8
Total current financial debts	**8,753**	**5,954**
Non-current financial debts		
Government credits	449	493
Long-term bank loans, portion due in more than one year	19,172	17,012
Bond issue	26,010	30,157
Finance leases, portion due in more than one year	239	305
Other credits	373	
Total non-current financial debts	**46,244**	**47,967**
Total financial debts	**54,997**	**53,921**

10.1.2.2. ANALYSIS OF FINANCIAL DEBTS: RATES AND MATURITIES

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

(In millions of dirhams)	*Interest rate*	*Weighted average interest rate*	*Weighted average residual maturity*	*31 December 2017*
Government credit				
Denominated in EUR	[1.30 % -2.50 %]	2.09 %		67
Long-term bank loans, portion due in less than one year				
Denominated in USD	[2.39 % -4.15 %]	3.51 %		1,386
Denominated in MAD	[3 % -3.65 %]	3.23 %		3,633
Denominated in EUR	[1.12 % -4.47 %]	3.36 %		269
Finance lease debts				
Denominated in MAD	[3.5 % -4.7 %]	3.51 %		110
Bond issue				
Denominated in MAD	4.46 %	4.46 %		2,000
Financial debts resulting from Murabaha				
Denominated in USD	2.75 %	2.75 %		818
Accrued interest not yet due				437
Bank overdraft				
Denominated in MAD				33
Total current financial debts				**8,753**
Government credits				
Denominated in EUR	[1.30 % -2.50 %]	2.28 %	11	449
Long-term bank loans, portion due in more than one year				
Denominated in EUR	[1.12 % -4.47 %]	2.28 %	7	2,931
Denominated in MAD	[3.00 % -3.65 %]	3.45 %	3	9,456
Denominated in USD	[2.94 % -4.15 %]	3.57 %	6	6,784
Finance lease debts				
Denominated in MAD	[3.5 % -4.7 %]	3.51 %	2	239
Bond issue				
Denominated in MAD				
Denominated in USD	[4.50 % -6.88 %]	5.49 %	10	26,010
Other credits				373
Total non-current financial debts				**46,244**
Total financial debts				**54,997**

10.1.2.3 FINANCIAL DEBT MATURITIES

The table below shows the maturities of financial debts as at 31 December 2017:

(in millions of dirhams)	*<1 yr*	*1-5 yrs*	*> 5 yrs*	*Total at 31 december 2017*
Medium and long-term debt	8,753	17,159	29,084	**54,997**

10.1.2.4 THE GROUP'S MAIN FINANCING AGREEMENTS

The Group's main financing agreements as at 31 December 2017 are as follows:

- In the second half 2017, three drawings totaling EUR130 million was carried out on the agreement with BEI; The amount outstanding is EUR 130 million at December 2017;
- In November 2017, OCP SA issued a loan of MAD 1.5 billion with CDM. The borrowing outstanding is MAD 500 million at December 2017. The amount outstanding this credit line at 31 December 2017 is MAD 1.2 billion .
- In August 2017, OCP SA issued a loan of MAD 1.5 billion with fixed interest rate and fixed maturity date at August 2024 with "Société Générale Marocaine des Banques". This lines' outstanding amounts to MAD 400 million as at 31 December 2017;
- In June 2017, OCP SA issued a loan of MAD 3 billion with fixed interest rate and fixed maturity date at June 2024 with "Attijari Wafa Bank". The borrowing outstanding is MAD 3 billion as at 31 December 2017.
- In the first half 2017, two drawings totaling USD 12.3 million was carried out on the agreement with BID totaling USD 150 million, signed on 27 February 2013. it aimed to help finance the expansion and rehabilitation project of the Jorf Lasfar's seaport . The amount outstanding of this credit line at 31 December 2017 is USD 135 million;
- In 2017, two drawings of MAD 1.5 billion each were carried out on the agreement with "BMCE" totaling MAD 2 billion on 03 August 2016. The amount outstanding this credit line at 31 December 2017 is MAD 1.9 billion.

10.1.3 ANALYSIS OF FINANCIAL ASSETS

10.1.3.1 CASH AND CASH EQUIVALENT

(In millions of dirhams)	*31 december 2017*	*31 December 2016*
Cash	3,670	5,697
Cash equivalents	4,748	5,319
Total cash and cash equivalents	**8,419**	**11,017**
Bank (credit balances)	31	8
Cash and cash equivalents in the consolidated statement of Cash Flows	**8,388**	**11,009**

10.1.3.2 CASH MANAGEMENT FINANCIAL ASSETS

(In millions of dirhams)	*31 december 2017*	*31 december 2016*
Cash financial assets	2,709	4,885
Total	**2,709**	**4,885**

Cash management financial assets include mainly term deposits with a maturity more than three months contracted mostly by OCP SA for MAD 2.7 billion as at 31 December 2017 against MAD 4.2 billion as at 31 December 2016.

10.1.3.3 MATURITIES AND FAIR VALUE OF FINANCIAL CASH ASSETS

Financial cash assets maturities

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

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

(In millions of dirhams)	*0-1 month*	*1-6 months*	*6-12 months*	*>1 year*	*Total*
Money market funds	4,748				4,748
Term deposit		2,709			2,709
Total	**4,748**	**2,709**			**7,458**

Fair value of financial cash assets

(In millions of dirhams)	*Outstanding*	*Return*	*Fair value*
Money market funds	4,748		4,748
Term deposit	2,700	2.92 %	2,709
Total	**7,448**		**7,459**

10.1.4 ANALYSIS OF NET DEBT

10.1.4.1 NET DEBT BY CATEGORY

(In millions of dirhams)		*31 December 2017*	*31 December 2016*
Liabilities measured at amortized cost	Financial credits	24,905	22,738
	Bonds	28,010	30,157
	Other loans and assimilated debts	1,335	617
	Financial lease debt	716	402
	Long-term financial debt	**54,966**	**53,914**
	Bank overdrafts	31	8
	Gross financial debt	**54,997**	**53,921**
Assets measured at fair value through profit or loss		8,419	11,017
	Cash equivalents	4,748	5,319
	Cash	3,670	5,697
Assets measured at amortized cost			
	Financial assets for cash management	2,709	4,885
	Financial assets	**11,128**	**15,902**
	Net financial debt	**43,868**	**38,019**

10.1.4.2 RECONCILIATION OF NET DEBT ACCOUNTS

The reconciliation with balance sheet items is shown below:

(In millions of dirhams)	*31 December 2017*	*31 December 2016*
Current loans and financial debts	7,935	5,954
Financial debts resulting from Murabaha	818	
Non-current loans and financial debts	46,244	47,967
Gross financial debt	**54,997**	**53,921**
Financial assets for cash management	(2,709)	(4,885)
Cash and cash equivalents	(8,419)	(11,017)
Net financial debt	**43,868**	**38,019**

(En millions de dirhams)	*31 décembre 2017*
Net change in cash	2,621
Change in marketable securities	2,176
Insuance/repayment of loans	2,798
Other variations	(1 746)
Change in net financial debt	**5,849**

Reconciliation of net financial debt with cash flow statement of funds

10.1.5 COST OF NET DEBT

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

(In millions of dirhams)	*FY 2017*	*FY 2016*
Interest expenses	(1,388)	(714)
Cost of gross financial debt	**(1,388)**	**(714)**
Financial income from cash investments	77	101
Other financial income	142	210
Financial income from cash investments	**220**	**311**
Cost of net financial debt	**(1,168)**	**(402)**

10.2 OTHER FINANCIAL ASSETS

10.2.1 DEFINITIONS AND ACCOUNTING TREATMENT:

Other financial assets

Other financial assets are classified as « Available-for-sale» and primarily include non-consolidated investment shares. They are valued at fair value, Subsequent changes in fair value are recognized directly in "Other items of comprehensive income"», except in the case of significant or prolonged unrealized loss.

The Group considers that a significant loss is assumed if the asset available for sale has lost 20 % of its value and that loss is prolonged if it lasts for more than 6 months

Fair value corresponds to the market price for quoted shares or to an estimate of fair value for non-quoted shares, determined according to the most appropriate financial criteria for the particular situation of each shareholding. The Group uses historic cost less any possible depreciation to value its shares that are not quoted on an active market and whose fair value cannot be measured reliably.

Other financial income and expenses

Other financial income and expenses primarily include income from loans and receivables calculated using the effective interest rate method, dividends from non-consolidated entities, exchange gains and losses on financing operations, accretion of provisions and of receivables and payables, impairment losses and income relating to financial assets.

10.2.2. NON-CURRENT FINANCIAL ASSETS

(In millions of dirhams)	*31 December 2017*				*31 December 2016*			
	Gross	*Revaluation*	*Depreciation*	*Net*	*Gross*	*Revaluation*	*Depreciation*	*Net*
Available-for-sale financial assets	573	-	(78)	495	606		(35)	571
Financial assets measured at fair value through profit or loss	27			27	27			27
Receivables from fixed asset disposals	47		(5)	42	91		(5)	87
VAT credit	14,575			14,575	12,526			12,526
Other financial receivables	76		(1)	76	133		(1)	133
Total non-current financial assets	**15,298**	**-**	**(83)**	**15,215**	**13,384**		**(40)**	**13,344**

10.2.3. OTHER FINANCIAL INCOME AND EXPENSES

Other financial income and expenses are as follows:

(In millions of dirhams)	*FY 2017*	*FY 2016*
Income from assets held for sale	(0)	10
Exchange income from financing operations	2,901	(579)
Revenue from financial receivables	2	6
Net expense of updating the VAT credit	(851)	(173)
Other	(31)	(4)
Autres produits et charges financiers	**2,021**	**(740)**

Other financial income and expenses increased by MAD 2.7 billion compared to the previous year. This increase is explained by the impact of the variation in exchange rates on borrowings denominated in dollars, partially offset by a variation of MAD -704 million of the discounting effect of the VAT credit.

10.3 WEIGHT OF FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

10.3.1 WEIGHT OF FINANCIAL INSTRUMENTS

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

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

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

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

	At 31 December 2017				
(in millions of dirhams) *Balance sheet captions and instrument classes*	*Carrying value*	*Fair value*	*Level 1 : quoted prices and available funds*	*Level 2 : internal model with observable inputs*	*Level 3 : internal model with unobservable inputs*
Cash and cash equivalents	8,419	8,419	8,419		
Cash financial assets	2,709	2,709		2,709	
Available-for-sale financial assets	495	495			495
Financial assets measured at fair value through	27	27			27
Other receivables (*)	14,575	14,575			14,575
Total financial assets	**26,225**	**26,225**	**8,419**	**2,709**	**15,097**
Current loans and financial debts	8,753	8,781	2,028	6,753	
Non-current loans and financial debts	46,244	49,280	28,192	21,088	
Total financial liabilities	**54,997**	**58,060**	**30,220**	**27,840**	

(*) Represents the VAT credit reclassified as non-current financial assets

	At 31 December 2016				
(in millions of dirhams) *Balance sheet captions and instrument classes*	*Carrying value*	*Fair value*	*Level 1 : quoted prices and available funds*	*Level 2 : internal model with observable inputs*	*Level 3 : internal model with unobservable inputs*
Cash and cash equivalents	11,017	11,017	11,017		
Cash financial assets	4,885	4,885		4,885	
Available-for-sale financial assets	571	571			571
Financial assets measured at fair value through	27	27			27
Other receivables (*)	12,526	12,526			12,526
Total financial assets	**29,027**	**29,027**	**11,017**	**4,885**	**13,125**
Current loans and financial debts	5,954	5,954		5,954	
Non-current loans and financial debts	47,967	48,461	28,719	19,742	
Total financial liabilities	**53,921**	**54,415**	**28,719**	**25,696**	

(*) Represents the VAT credit reclassified as non-current financial assets

10.3.2 RISK MANAGEMENT

10.3.2.1 CERTAIN CONTRACTUAL PROVISIONS AND TERMS OF THE DEBT

The negotiations undertaken with the international financial institutions as from July 2016 led to the consideration of the Group's rating level, which is now reflected in a single commitment to have at least an "investment grade" rating «. This commitment is to be respected for 6 institutions: KFW, European Investment Bank, French Development Agency, Islamic Development Bank, African Development Bank, US EXIM.

10.3.2.2 CASH RESERVES

To meet its commitments, OCP Group also has potential cash reserves in the form of overdraft facilities and Documentary Credits, accompanied by guarantees granted to Group entities. These reserves represent a total of MAD 6 billion, activated without prior authorization in case of Short position on the Cash.

Moreover, the multi entities cash pooling mechanism implemented in 2015 allows a particular operational flexibility in managing cash and achieving loans- borrowings between centralized / centralizing entities. This mechanism is based on the indirect ZBA (Zero Balancing Account) mode that allows viewing on a single account overall cash position of the entities that are included in the cash pooling.

The Group also has the ability to turn with the Moroccan partner banks, the discount mechanism without recourse of trade receivables held by OCP on some of its customers.

10.3.2.3 COMMITMENTS RECEIVED

(In millions of dirhams)	*31 December 2017*	*31 December 2016*
Unused borrowings	2,707	5,480
Other commitments received for contracts	8,632	8,421
Loans guaranteed by the State	517	558
Total Commitments received	**11,855**	**14,459**

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

10.3.2.4 COUNTERPARTY RISK MANAGEMENT

Capital security is a fundamental principle of the Group's investment policy. Cash surpluses are invested at an accepted level of risk, with high-quality counterparties.

In this respect, the Trading Room acts in compliance with the following rules and procedures:

Pre-qualifying counterparties:

Pre-qualifying bank counterparties, issuers of debt, management companies and mutual funds with which the OCP Group is exposed directly or indirectly.
The Trading Room is authorized to deal with bank counterparties if the latter have a rating that is higher than the minimum rating required of three notches below the S&P and Fitch ratings for the Moroccan debt.
As for Debt issuers, the Trading Room is authorized to deal with debt issuers if the following conditions are met:

- State Treasury issue: treasury bills with a residual maturity less than or equal to two years. Derogations may be granted by the Management Committee for any other maturities on a case-by-case basis;
- Private debt issue other than with bank counterparties: any subscription must be validated by the Management Committee on a case by-case basis.

Finally, the prequalification of UCITS consists of the following two stages:

- Choice of the management company: the management company must have a minimum management rating of M2 according to the Fitch scale ;
- Choice of the UCITS: the investment mainly concerns low-sensitivity, fairly liquid UCITS in order to allow the Group to manage its liquidity under the best conditions.

Diversifying the counterparties

Diversifying the counterparties to which Group OCP is exposed in accordance with prudential rules defined internally.

Fixing limits by type of instruments held by counterparties

Outstanding direct investment with a bank counterparty is classified by instrument type and is limited according to the credit standard of the said counterparty. These limits fix:

- The maximum outstanding amount authorized with a counterparty as a percentage of equity.
- The outstanding amount with a counterparty by instrument type which must not exceed the Group's total outstanding amount invested directly in this type of instrument.
- The outstanding amount with a counterparty by instrument type which must not exceed a percentage of the counterparty's total outstanding amount in this type of instrument.

Otherwise, the outstanding amount with a UCITS is limited according to the credit rating of the management company and of the said UCITS. These limits fix the maximum outstanding amount authorized with a UCITS as a percentage of net assets and the maximum outstanding amount authorized with the management company.

Any exception to the rules above is subject to validation by the Executive Committee.

10.3.2.5 LIQUIDITY RISK

The investment portfolio must remain sufficiently liquid to respond to the financing needs generated by the Group's operations and investment. To this end, it must be composed of liquid, flexible and available instruments.

The breakdown of assets invested between the investment portfolios is based on cash flow forecasts and is as follows:

- Very short-term, liquid instruments, providing for daily operating needs.
- Short-term instruments, in conformity with counterparty risk management, generating a yield which is in line with the yield objectives of the investment policy.

Note 11- Corporate Income taxes

11.1 ACCOUNTING TREATMENT OF INCOME TAXES

Income taxes include the current tax expense (or income) and the deferred tax expense (or income). Tax is recognized in profit or loss, unless it relates to items that are recognized directly in equity, in which case it is recognized in equity. The tax rates used are those that have been voted or almost voted at of the closing date.

Deferred tax is determined according to the balance sheet approach. The Group applies the liability method. OCP Group recognizes deferred tax for all temporary differences that exist between the tax bases and the carrying amounts of the assets and liabilities in the balance sheet except for goodwill.

Tax assets relating to temporary differences, net of chargeable deferred tax liabilities, and loss carry-forwards are only recognized if it is probable that a likely future profit, determined with sufficient precision, will be generated by the tax entity.
A Group entity shall offset current tax assets and current tax liabilities if, and only if, the entity:

- has a legally enforceable right to set off the recognized amounts; and
- Intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax assets and liabilities, whatever their maturity, must be offset when they are levied by the same tax authority and concern a single tax entity that has the right to set off current tax assets against current tax liabilities.

11.2 ANALYSIS OF TAX EXPENSE

(In millions of dirhams)	*FY 2017*	*FY 2016*
Current tax expense/ income	(1,012)	(1,017)
Deferred tax expense/ income	(617)	(656)
Corporate income tax	**(1,629)**	**(1,673)**

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

(In millions of dirhams)	*FY 2017*	*FY 2016*
+Net income - Group share	4,567	3,779
+Net income - Minorities' share	122	1
-Share of profit (loss) of equity-accounted companies	(337)	(123)
+/-Tax for the period	1,629	1,673
Consolidated accounting income before tax	**5,980**	**5,329**
+/- Permanent differences	1,808	1,568
= Consolidated taxable income	**7,789**	**6,898**
Theorical tax rate	20 %	20 %
=Theoretical tax	**(1,571)**	**(1,395)**
Tax losses	(52)	(75)
Difference in tax rate in relation to OCP SA	(60)	(206)
Prior years' income taxes	(1)	
Other items	56	4
= Corporate income tax	**(1,629)**	**(1,673)**
including		
current tax	*(1,012)*	*(1,017)*
deferred tax	*(617)*	*(656)*

11.4 DEFERRED TAX ASSETS AND LIABILITIES

The trend in deferred tax assets and liabilities is as follows:

(In millions of dirhams)	*31 December 2016*	*Activity changes in income*	*Change in consolidation scope*	*31 December 2017*
Gross deferred tax assets	12	5		16
Unrecognized deferred tax assets	-			
Net deferred tax assets	**12**	**5**		**16**
Deferred tax liabilities	**462**	**650**		**1,112**

The breakdown by type of deferred tax asset and liability is as follows:

(In millions of dirhams)	*31 December 2017*	*31 December 2016*
Temporary differences	629	430
Eliminations of intercompany transactions	447	477
Intangible assets	(21)	(40)
Tangible assets	14	15
Financial assets available for sale	49	49
Other asset items	(70)	(50)
Provisions for employee benefits	1,617	1,617
Other provisions	664	664
Other liabilities items		4
Tax loss carryforwards	9	61
Other		*8*
Offsetting	(3,323)	(3,225)
Total deferred tax assets	**16**	**12**

(In millions of dirhams)	*31 December 2017*	*31 December 2016*
Temporary differences	3	3
Intangible assets	72	72
Tangible assets	3,533	2,941
Financial assets available for sale	49	49
Inventories	399	399
Other assets items	(79)	39
Other provisions	221	(52)
Other	235	235
Offsetting	(3,323)	(3,225)
Total deferred tax liabilities	**1,112**	**462**

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

12.1 ISSUED CAPITAL

As at 31 December 2017, the share capital amounts to MAD 8,288 millions. It is composed of 82,875,000 shares with a nominal value of MAD100. 729,300 OCP shares are held by its subsidiary SADV.

(In number of shares)	*Ordinary shares*
Outstanding at 1 January 2017	**82,875,000**
Issues of shares for cash in FY 2017	-
Outstanding at 31 December 2017	82,875,000
Nominal value	**100 Dirhams**

12.2 PERPETUAL SUBORDINATED DEBT

On December 16, 2016 OCP Group issued a perpetual subordinated bond with options for prepayment and deferred payment of interest, of 5 billion dirhams. This public offering is made by issuing 50,000 perpetual subordinated bonds with a nominal value of 100 dirhams each.

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

The Group issued:

*MAD 1,683.3 million to 4.07 % of yield on unlisted tranche A/ reviewable 10 years and listed tranche B/ reviewable 10 years.
*MAD 3,021.1 million to 3.28 % of yield on unlisted tranche C/ reviewable 52 weeks.
*MAD 295.6 million to 3.67 % of yield on unlisted tranche E/ reviewable 5 years.

This instrument includes the following features:

- Bonds are subordinated securities. The principal and interest related to the bonds constitute unconditional direct commitments without security and subordinate rank.
- The Coupon Amounts payable will be paid annually on each anniversary of the issue date of December 23 of each year or the next following Business Day, if the latter is not a Business Day.
- At the discretion of the issuer, the payment of the coupon payable may be deferred subject to notification of the shareholders.
- If the issuer, at its discretion, has elected to defer the coupon payment payable it is no longer entitled to Declare or pay dividends on shares of the issuer for the current year, pay interest on a tranche of the same rank as the bond Refund, cancel, buy or redeem securities equal to the bonds, or common shares.
- The issue is not rated

In accordance with IAS 32.11 and considering its characteristics, this instrument is accounted for in equity.
The coupon cost attributable to holders of super-subordinated securities amounted to MAD 3.96 million for financial year 2016.

12.3 DIVIDENDS

The MAD 1.661 billion in dividends paid in respect of FY 2017 correspond to a net dividend per share of MAD 20.22.

	31 December 2017	31 December 2016
Amount of dividends (in millions of dirhams)	1,661	2,478
Dividend per share (in dirhams)	20.22	30.17

12.3 EARNINGS PER SHARE

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

(In millions of dirhams)	FY 2017	FY 2016
Net profit. Group share (in millions of dirhams)*	**4,388**	**3,775**
Average number of shares in circulation as at 31 December	82,875,000	82,875,000
Average number of own shares in circulation during the period	729,300	729,300
Number of shares used for the calculation of income	**82,145,700**	**82,145,700**
Basic and diluted net earnings per share	**53.41**	**45.96**

**In accordance with IAS 33.19 and 12, adjusted net profit includes the cost of the coupon attributable to holders of subordinated shares issued by the OCP group (MAD -180 millions).*

Note 13- Relations with the State

The Moroccan State is the majority shareholder of OCP with a 94.12 % stake. In this respect, the State receives annual dividends in accordance with the company's dividend distribution policy. The dividends to be paid are proposed by the Board of Directors to the General Meeting of Shareholders. Their amount depends on several parameters, in particular the profits made, cash available and the company's financial structure, as well as other factors that the Board of Directors may consider to be relevant.
In 2017, the Moroccan State received dividends net of taxes amounting to MAD 1.661 billion in respect of the distributable profit for financial year 2017.

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

Loan subject	Loan currency	Date of loan	Amount in millions of dirhams as at 31 December 2017	Amount in millions of dirhams as at 31 December 2016
AFD outstanding loans consolidation	EUR	2 005	351	364
Sidi Chennane mining operations	EUR	2 002	154	180
Renewal of the sulphur unit circulation tank and supply circuit	EUR	2 007	8	8
Renewal of three absorption towers	EUR	2 003	1	2
Acquisition of two hydraulic excavators	EUR	2 001	4	5
TOTAL	**EUR**		**517**	**558**

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

The following table shows the transactions performed with the State or with State-controlled enterprises for financial years 2016 and 2017:

(In millions of dirhams)	FY 2017		FY 2016	
	State and State-controlled enterprises	BCP	State and State-controlled enterprises	BCP
Interest on investments	21	18	62	25
Utility costs	1,372		1,414	-
Other operating expenses	360		213	-
Interest on loans	-	59	-	45
Social charges	496		449	-
Transport expenses ONCF	1,281		1,171	-
Subscription ONCF / lump-sum contributions	400		400	-
Assets and inventories purchases	38		108	-
Dividends received				10

(In millions of dirhams)	31 Dec 2017		31 Dec 2016	
	State and State-controlled enterprises	BCP	State and State-controlled enterprises	BCP
Trade receivables			-	
Trade payables	848		748	-
Other receivables	1,029		929	-
Cash and cash equivalents	878	1,533	979	1,515
Investments	1,000		1,000	-
Loans		1,714	-	2,000

Statutory auditors' opinion on the consolidated financial information

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**RESUME DU RAPPORT D'AUDIT SUR LES ETATS FINANCIERS CONSOLIDES
EXERCICE DU 1er JANVIER AU 31 DECEMBRE 2017**

Nous avons effectué l'audit des états financiers consolidés ci-joints de la société OCP S.A., et de ses filiales (Groupe OCP), comprenant l'état de la situation financière consolidée au 31 décembre 2017, le compte de résultat consolidé et l'état du résultat global consolidé, l'état de variation des capitaux propres consolidés et l'état consolidé des flux de trésorerie pour l'exercice clos à cette date, et des annexes aux comptes consolidés contenant un résumé des principales méthodes comptables et d'autres notes explicatives. Ces états financiers consolidés font ressortir un montant de capitaux propres consolidés de MMAD 73.830 dont un bénéfice net consolidé de MMAD 4.689.

La direction est responsable de l'établissement et de la présentation sincère de ces états financiers, conformément au référentiel IFRS tel qu'adopté dans l'Union Européenne.

Notre responsabilité est d'exprimer une opinion sur ces états financiers sur la base de notre audit. Nous avons effectué notre audit selon les Normes de la Profession au Maroc.

A notre avis, les états financiers consolidés présentent sincèrement, dans tous leurs aspects significatifs, la situation financière de l'ensemble constitué par les entités comprises dans la consolidation au 31 décembre 2017, ainsi que sa performance financière et ses flux de trésorerie pour l'exercice clos à cette date, conformément au référentiel IFRS tel qu'adopté dans l'Union Européenne.

Casablanca, le 21 mars 2018

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