



**CONSOLIDATED
FINANCIAL STATEMENTS**
AT 30 JUNE 2016

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Key figures and significant events of the period

Key figures

(In millions of dirhams)	Note	1st half-year 2016	1st half-year 2015
Revenue	4.1.1.2	21,656	23,895
Profit (loss) from joint ventures	6.1	(64)	173
EBITDA		5,916	8,634
Operating profit (loss) before exceptional items		3,869	7,188
Cost of net financial debt	10.1.5	(13)	(141)
Net profit (loss) - Group share		3,069	3,997
Consolidated equity - Group share		63,983	60,073
Net financial debt	10.1.4	38,803	35,247
Net operating investments		6,754	7,448
Basic and diluted earnings per share (in dirhams)		37.36	48.66
Dividend per share (in dirhams)		30.17	15.09

Significant events of the period

Establishment of a subsidiary "OCP Research LLC" in Washington with a capital of 2.6 million dirhams. This subsidiary aims at strengthening contacts with customers and developing new partnerships while ensuring business intelligence of phosphate market and price evolution at the international level.

Post-reporting period events

No significant events after the reporting period have been noted.

Consolidated financial statements

Consolidated Statement of Profit and Loss

(In millions of dirhams)	Note	1st half-year 2016	1st half-year 2015
Revenue	4.1.1.2	21,656	23,895
Production held as inventory		(377)	695
Purchases consumed	4.2.2	(7,587)	(8,780)
External expenses	4.2.3	(3,356)	(3,447)
Personnel expenses	5.1	(4,076)	(3,989)
Taxes		(176)	(156)
Profit (loss) from joint ventures	6.1	(64)	173
Exchange gains and losses on operating receivables and payables		(104)	205
Other operating income and expenses			36
EBITDA		5,916	8,634
Amortization, depreciation and operating provisions	8.3 - 9.1	(2,047)	(1,446)
Operating profit (loss) before exceptional items		3,869	7,188
Other non-current operating income and expenses	7.1	76	(214)
Operating profit (loss)		3,946	6,975
Cost of gross financial debt		(481)	(384)
Financial income from cash investments		468	243
Cost of net financial debt	10.1.5.1	(13)	(141)
Exchange gains and losses on financial receivables and payables	10.1.5.2	493	(1,584)
Other financial income and expenses	10.1.5.2	12	(3)
Financial profit (loss)	10.1.5	492	(1,728)
Profit (loss) before tax		4,438	5,246
Corporate Income Tax	11.2	(1,370)	(1,249)
Net profit (loss) for the period		3,069	3,997
Net profit (loss) - Group share		3,069	3,997
Net profit (loss) - Non-controlling interests			
Basic and diluted earnings per share in dirhams		37.36	48.66

Consolidated Statement of Comprehensive Income

(In millions of dirhams)	1st half-year 2016	1st half-year 2015
Net profit (loss) for the period	3,069	3,997
Revaluation of assets held for sale	(243)	85
Translation differences	(3)	77
Taxes	49	(43)
Share of gains and losses recognized in equity for equity-accounted (CFH variation)	(2)	(9)
Items that may be reclassified to profit or loss (a)	(199)	110
Actuarial gains or losses	(225)	(264)
Taxes	41	56
Share of gains and losses recognized in equity for equity-accounted		
Items that will not be reclassified to profit or loss (b)	(184)	(209)
Income and expenses for the period, recognized directly in equity (a)+(b)	(383)	(99)
Consolidated comprehensive income	2,686	3,898
Including Group share	2,686	3,898
Including non-controlling interests' share		

Consolidated Statement of Financial Position

(In millions of dirhams)	Note	30 June 2016	31 December 2015
ASSETS			
Current assets			
Cash and cash equivalents	10.1.3.1	10,421	9,246
Cash financial assets		3,527	7,097
Inventories	4.2.4.2	10,075	10,224
Trade receivables	4.1.2.2	5,737	5,409
Other current assets	7.3	9,511	10,836
Total current assets		39,272	42,812
Non-current assets			
Non-current financial assets	10.2.2	13,194	11,227
Investments in equity-accounted companies	6.1	3,316	3,437
Deferred tax assets		92	195
Property, plant and equipment	8.2	88,804	83,981
Intangible assets	8.3	170	187
Total non-current assets		105,575	99,027
Total Assets		144,849	141,839

(In millions of dirhams)	Note	30 June 2016	31 December 2015
LIABILITIES			
Current liabilities			
Current loans and financial debts		6,214	4,798
Current provisions	9.3	151	142
Trade payables		14,970	13,945
Other current liabilities	7.4	7,366	7,412
Total current liabilities		28,700	26,298
Non-current liabilities			
Non-current loans and financial debts		46,536	46,792
Non-current provisions for employee benefits	9.3	4,691	4,477
Other non-current provisions	9.3	644	449
Deferred tax liabilities		289	45
Total non-current liabilities		52,161	51,763
Equity - Group share			
Issued capital	12.1	8,288	8,288
Paid-in capital		18,698	18,698
Consolidated reserves - Group share		33,929	28,780
Net profit (loss) - Group share		3,069	8,011
Equity - Group share		63,983	63,776
Non-controlling interests		5	3
Total equity		63,988	63,778
Total liabilities and equity		144,849	141,839

Consolidated Statement of Changes in Equity

(In millions of dirhams)	Issued capital	Paid-in capital	Actuarial gains or losses	Other consolidated reserves
Equity as at 31 December 2014	8,288	18,698	(2,400)	27,223
Allocation of profit (loss) for FY 2014				5,077
Cancellation of own shares				
Consolidated comprehensive income for 1st half-year 2015			(209)	
Change in scope				
Dividends paid				(1,240)
Others				117
Equity as at 30 June 2015	8,288	18,698	(2,609)	31,176
Cancellation of own shares				
Consolidated comprehensive income for 2nd half-year 2015			158	
Change in scope				
Dividends paid				
Others				17
Equity as at 31 December 2015	8,288	18,698	(2,450)	31,195
Allocation of profit (loss) for FY 2015				8,011
Cancellation of own shares				
Consolidated comprehensive income for 1st half-year 2016			(184)	
Change in scope				
Dividends paid				(2,478)
Others				(9)
Equity as at 30 June 2016	8,288	18,698	(2,634)	36,718

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
(178)	570	16	5,077	57,294	296	57,590
			(5,077)			
77	42	(9)	3,997	3,898		3,898
					(292)	(292)
				(1,240)		(1,240)
				117		117
(101)	612	7	3,997	60,070	4	60,073
(64)	(426)	7	4,014	3,689	(1)	3,688
				17		17
(166)	186	14	8,011	63,776	3	63,778
			(8,011)			
(3)	(194)	(2)	3,069	2,686		2,686
				(2,478)		(2,478)
	7	2			2	2
(169)	-	14	3,069	63,983	5	63,988

Consolidated Cash Flow Statement

(In millions of dirhams)	Note	1st half-year 2016	1st half-year 2015	FY 2015
Consolidated total net profit (loss)		3,069	3,997	8,010
+/- Tax expense (income)	11.1 -11.2	1,370	1,249	2,418
+/- Net depreciation and amortization of PP&E and intangible assets		1,786	1,465	3,437
+/- Other provisions		237	71	150
+/- Net profit (loss) of associates and joint ventures accounted for using the equity method		64	(173)	(358)
+/- Net loss/(net gain) from investing activities		(361)	(104)	(722)
+/- Net loss/(net gain) from financing activities		68	161	455
+/- Other movements (1)		(546)	1,590	2,383
Funds from operations		5,686	8,256	15,773
Impact of the change in WCR:		(1,784)	(6,512)	(6,267)
Inventories		326	(1,380)	(1,769)
Trade receivables		(301)	898	1,001
Trade payables		688	(1,129)	(1,847)
Other current assets and liabilities		(2,498)	(4,900)	(3,652)
- Taxes paid		(2,390)	(469)	(1,134)
Total net cash flows related to operating activities		1,513	1,275	8,372
Acquisitions of PP&E and intangible assets (2)	8.1 - 8.2	(5,105)	(7,101)	(12,611)
Disposals of PP&E and intangible assets		113	218	230
Net financial investments (3)		3,515	(3,418)	(2,249)
Impact of changes in scope		18	(23)	(23)
Acquisitions of financial assets		(8)	(501)	(580)
Disposal of financial assets		534		1,065
Dividends received		30	138	138
Total net cash flows related to investing activities		(903)	(10,687)	(14,030)
Capital increase				
Loan issue		2,824	11,428	13,755
Repayment of loan		(1,620)	(2,131)	(4,496)
Net financial interest payments		(852)	(13)	(2,096)
Dividends paid to Group shareholders	12.2	-	(1,240)	(1,240)
Total net cash flows related to financing activities		352	8,044	5,924
Impact of changes in exchange rates on cash and cash equivalents		9	(17)	(30)
Net increase/(decrease) in cash and cash equivalents		971	(1,386)	236
Opening cash and cash equivalents	10.1.3.1	9,070	8,834	8,834
Closing cash and cash equivalents	10.1.3.1	10,041	7,448	9,070
Change in net cash		971	(1,386)	236

(1) Concern mainly the neutralization of the currency impact on financial debts denominated in foreign currencies for the 1st half-year 2016 for MAD -494 million, actuarial gains and losses of pension liabilities for MAD -224 million.

(2) Acquisitions of PP&E and intangible assets are net of fixed assets liabilities for MAD 612 million for first-half 2016 vs. MAD 353 million for first-half.

(3) Including mainly the variations of term deposits whose maturities exceed 3 months.

Notes to Consolidated Financial Statements

Note 1 - Accounting rules and methods

1.1. BASES FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

The half-yearly consolidated accounts of OCP Group at 30 June 2016 include a set of condensed financial statements drawn up and presented in accordance with the provisions of IAS 34 "Interim financial reporting". These condensed statements should be read in conjunction with the IFRS consolidated financial statements at 31 December 2015.

They are presented with comparative figures at 31 December 2015 and 30 June 2015.

The accounting principles and methods adopted for the preparation of the half-yearly consolidated accounts of OCP Group at 30 June 2016 are identical to those used for the preparation of the consolidated financial statements for the year ended 31 December 2015. These accounts were compiled in accordance with IFRS standards as adopted in the European Union and described in the chapter entitled "Accounting rules and methods" of the consolidated financial statements and notes to the financial statements for financial year 2015, with the exception of those concerning standards, amendments and interpretations adopted by the European Union and newly applicable as from 1 January 2016 (and who had not been early adopted by the Group).

IFRS standards adopted by the European Union as of 30 June 2016 are available at:

http://ec.europa.eu/finance/company-reporting/standards-interpretations/index_fr.htm

1.2. STANDARDS AND AMENDMENTS APPLICABLE AS FROM 1ST JANUARY 2016:

No new standard is applicable for the first time from 1 January 2016. Only a few amendments to standards are mandatory for financial periods beginning on 2016:

- Amendments to IAS 1 "Disclosure initiative";
- Amendments to IAS 16 and IAS 38 "Clarification of acceptable methods of depreciation and amortization";
- Amendments to IAS 19 « defined benefit schemes, staff contributions » ;
- Amendments to IFRS 11 "Accounting for acquisitions of interests in other entities";
- Annual improvements, 2010-2012 and 2012-2014 cycles;

The presentation of Comprehensive Income takes into account the amendment to IAS 1 «Disclosure initiative». Specific lines were created to present separately, for entities accounted for under the equity method:

- The proportion of the other comprehensive income (net) that may be reclassified subsequently in net income ;
- The proportion of other comprehensive income (net) that may not be reclassified in net income.

At Group level, the implementation of the other amendments has no significant impact.

1.3. STANDARDS AND INTERPRETATIONS ADOPTED BY THE IASB BUT NOT YET APPLIED AT 30 JUNE 2016

OCP Group has not opted for early adoption of any of the new standards and interpretations mentioned hereafter that could concern it and whose application is not mandatory at 1st January 2016:

- IFRS 9 « Financial instruments »;
- IFRS 15 "Revenue from contracts with customers".
- IFRS 16 «Leases»;
- Amendments to IAS 7 « Disclosure Initiative » ;
- Amendments to IAS 12 «Recognition of deferred tax assets for unrealized losses» ;
- Amendments to IFRS 10 and IAS 28 «Sales or contributions of assets between an investor and its associate/joint venture».

OCP Group is conducting an analysis of the impacts and practical consequences of these amendments implementation.

Note 2 - Consolidation scope

2.1. CONSOLIDATION SCOPE

Entity	Country	Consolidation method as of 31 December 2015	30 June 2016		31 December 2015	
			Currency	% Interest	Currency	% Interest
Manufacturing industry						
OCP S.A - Holding	Morocco	Parent Company	MAD	100,00	MAD	100,00
Jorf Fertilizer Company I - JFC I	Morocco	Full	MAD	100,00	MAD	100,00
Jorf Fertilizer Company II - JFC II	Morocco	Full	MAD	100,00	MAD	100,00
Jorf Fertilizer Company III - JFC III	Morocco	Full	MAD	100,00	MAD	100,00
Jorf Fertilizer Company IV - JFC IV	Morocco	Full	MAD	100,00	MAD	100,00
Jorf Fertilizer Company V (ex Bunge Maroc Phosphore) - JFC V	Morocco	Full	MAD	100,00	MAD	100,00
Euro Maroc Phosphore- EMA	Morocco	Equity method	MAD	33.33	MAD	33.33
Indo Maroc Phosphore - IMA	Morocco	Equity method	MAD	33.33	MAD	33.33
Pakistan Maroc Phosphore - PMP	Morocco	Equity method	MAD	50.00	MAD	50.00
Phosboucrâa	Morocco	Full	MAD	100,00	MAD	100,00
Paradeep Phosphates Ltd. - PPL	India	Equity method	INR	50.00	INR	50.00
Groupe PRAYON	Belgium	Equity method	EUR	50.00	EUR	50.00
Trading						
OCP Africa	Morocco	Full	MAD	100,00		
Black Sea Fertilizer Trading Company	Turkey	Full	TRY	70.00	TRY	70.00
OCP Fertilizantes	Brazil	Full	BRL	100,00	BRL	100,00
Services						
OCP International Coöperatieve U.A (OCP International)	Netherlands	Full	EUR	100,00	EUR	100,00
OCP International SAS (ex LEJONC & Cie)	France	Full	EUR	100,00	EUR	100,00
Fondation OCP	Morocco	Full	MAD	100,00	MAD	100,00
Université Mohammed VI polytechnique	Morocco	Full	MAD	100,00		
OCP Services	Morocco	Full	MAD	100,00	MAD	100,00
Jacobs Engineering S.A - JESA	Morocco	Equity method	MAD	50.00	MAD	50.00
Centre d'Etudes et de Recherches des Phosphates Minéraux	Morocco	Full	MAD	100,00	MAD	100,00
Dupont OCP Operations Consulting - DOOC	Morocco	Equity method	MAD	50.00	MAD	50.00
Société d'Aménagement et de Développement de Mazagan - SAEDM	Morocco	Equity method	MAD	51.00	MAD	51.00
Société d'Aménagement et de Développement Vert - SADV	Morocco	Full	MAD	100,00	MAD	100,00
OCP Innovation Fund For Agriculture - OIFFA	Morocco	Full	MAD	100,00	MAD	100,00
Société de Transports Régionaux - SOTREG	Morocco	Full	MAD	100,00	MAD	100,00
Société Marocaine d'Etudes Spéciales et Industrielles - SMESI	Morocco	Full	MAD	100	MAD	100

2.2. CHANGES IN SCOPE

The main changes in scope that took place during first half 2016 are related to:

- The integration of 100 % of OCP Africa. This entity is dedicated to the agricultural transformation in Africa, and
- The integration of 100 % of Mohammed VI Polytechnic University in Benguéir.

Note 3 - Information by operating segment

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

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

3.1. INFORMATION BY OPERATING SEGMENT

(In millions of dirhams)	Northern Axis		Central Axis and Phosboucrâa		Head-office and Other activities		Intersegment eliminations		Total	
	1 st half-year 2016	1 st half-year 2015	1 st half-year 2016	1 st half-year 2015	1 st half-year 2016	1 st half-year 2015	1 st half-year 2016	1 st half-year 2015	1 st half-year 2016	1 st half-year 2015
	Revenue	15,119	16,857	6,396	7,530	574	462	(432)	(953)	21,656
Production held as inventory	(205)	609	(88)	(12)	(84)	98			(377)	695
Purchases consumed	(5,544)	(6,538)	(1,703)	(1,975)	(638)	(717)	298	449	(7,587)	(8,780)
External expenses	(1,335)	(1,474)	(985)	(982)	(1,170)	(1,493)	134	504	(3,356)	(3,447)
Personnel expenses	(1,992)	(1,956)	(1,357)	(1,386)	(727)	(647)			(4,076)	(3,989)
Taxes	(86)	(60)	(39)	(36)	(51)	(60)			(176)	(156)
Profit (loss) of associates and joint ventures accounted for using the equity method	(1)	115			(63)	58			(64)	173
Exchange gains and losses on operating receivables and payables & Other operating income and expenses	(77)	95	(40)	77	13	69			(104)	241
EBITDA	5,880	7,648	2,184	3,216	(2,147)	(2,230)	-	-	5,916	8,634
Amortization, depreciation and operating provisions	(1,282)	(876)	(600)	(449)	(164)	(120)			(2,047)	(1,445)
Current operating profit (loss)	4,598	6,772	1,584	2,767	(2,312)	(2,351)	-	-	3,869	7,188
Other non-current operating income and expenses	(25)	1	(148)	(6)	249	(209)			76	(214)
Operating profit (loss)	4,572	6,773	1,436	2,761	(2,062)	(2,560)	-	-	3,946	6,975

(*) 2015 data adjusted to the distribution of foreign exchange gains between headquarters, the northern axis and the central axis, and the elimination of the capital gain from the disposal of assets by headquarters to JFC1, 2, 3 and 4 from northern axis.

In first half 2016, the Northern axis revenue decreased by 10 % comparing to the same period of 2015. This variation is mainly related to lower sales prices for all products due to adverse market conditions.

The decline in sales prices partially offset by higher volumes of fertilizer sales by strengthening the Group's strategy in Africa (with an increase in sales volumes of nearly 315 Kt) and the return of demand in Latin America with a volume increase of 235 Kt.

It should furthermore be noted that the rock sales volumes were down due to lower sales in India and Brazil. The acid volumes, meanwhile, remained almost stable between the first two semesters 2015 and 2016.

The Northern axis production held as inventory was down, reflecting the destocking of fertilizer and lower raw material costs which impacts the cost of inventory valuation.

The Central axis shows the same trends of lower volumes and prices as the Northern axis.

Purchases consumed of Northern and Central axis show a decrease of 14 % due to the decline in commodity prices.

3.2. BREAKDOWN OF REVENUES:

- In first half 2016, revenue decreased by 9 % to MAD 21 656 million, comparing to first half 2015:

- Phosphates rock export sales amounted to MAD 3 611 million, of which 72 % realized by the northern axis. The main countries importing OCP's phosphate rock are India, Canada and Mexico.

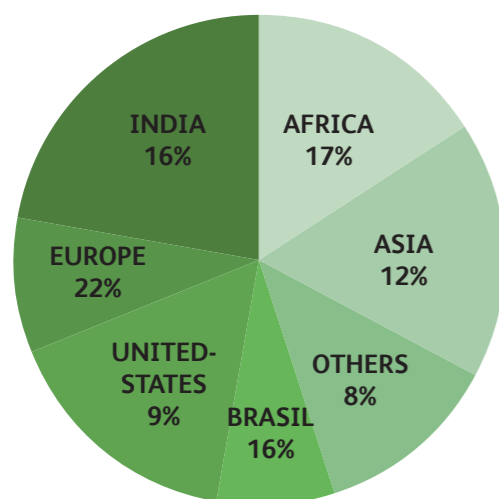
- The export sales of phosphate derivatives amounted to MAD 14 386 million mainly to the Brazil and India. The export of these products are as follows:

- MAD 9 342 million realized by the northern axis, mainly on fertilizer sales ;
- MAD 4 715 million made by the Central axis, mainly on Phosphoric Acid;
- MAD 329 million International affiliates, mainly on fertilizer.

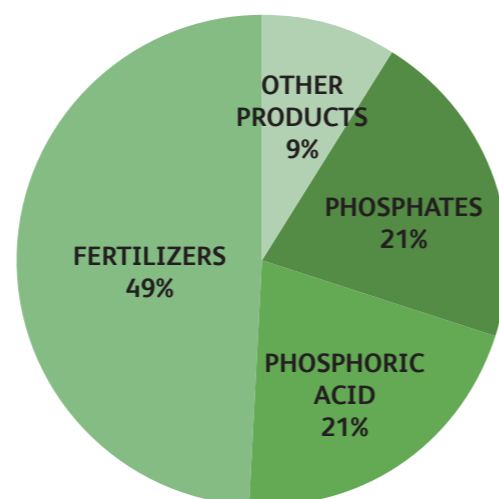
- Other revenues breakdown is as follow:

- MAD 1 759 million from local sales, of which 12 % are fertilizers sold in Morocco, and 88 % are phosphate rock and phosphoric acid sold to local partners (JV);
- MAD 1 019 million of freight revenues;
- MAD 881 million of others, primarily from reselling liquid sulfur, ammonia and other products and services to the joint-ventures.

EXPORT REVENUE BY COUNTRY



TOTAL REVENUE BY PRODUCT



The Group makes its turnover with a diversified customers. No customer alone generates more than 10 % of the consolidated turnover. It should also be noted that more than 99 % of the consolidated assets are located in Morocco.

Note 4 - Operational items

4.1. OPERATING REVENUE

4.1.1. PRODUITS DES ACTIVITES ORDINAIRES

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)	1st half-year 2016	1st half-year 2015
Phosphates	4,602	6,148
Fertilizers	10,549	10,162
Phosphoric acid	4,604	5,492
Other income	1,900	2,092
Revenue	21,656	23,895

- Phosphate sales decreased by MAD 1.5 billion compared to first half 2015. This decrease is mainly explained by lower selling rock export prices (\$ 123 /T FOB at June 2015 against \$ 102 /T FOB at June 2016). Sales volumes also decreased by 9 % between the first half 2016 and that of 2015, due in particular to lower sales on the Brazilian and Indian markets.

- Sales of fertilizers have increased by 387 million of dirhams between the first half 2015 and the same period of 2016. This increase is mainly due to positive volume effect due to the strengthening of the Group's strategy in Africa, accompanied by the return of demand of the Argentine market which helped to raise the achievements of the first half.

This increase helped to offset the falling prices due to oversupply in the international market. Indeed, fertilizer prices fell 26 % between the first half of 2015 and the first half 2016.

- The sales of phosphoric acid fell by 888 million dirhams between the first half 2015 and first half 2016. This decrease was primarily due to lower prices on the international market (\$ 767 /T in June 2015 against \$ 631 / T in June 2016). Volumes remained almost stable over the period with a slight increase of 3 %.

- Other revenues mainly relate to activity «Cargo» and other ancillary products (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)	30 June 2016	31 December 2015
Trade receivables invoiced	5,883	5,569
Provisions - trade receivables	(145)	(160)
Net trade receivables	5,737	5,409

4.1.3. MANAGEMENT OF EXCHANGE RISK AND CREDIT RISKS

No amendments were made to the management approach of foreign exchange and credit risks in the first half 2016.

4.2. PURCHASES CONSUMED AND EXTERNAL CHARGES

4.2.1. ACCOUNTING TREATMENT OF OPERATING CHARGES

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

(In millions of dirhams)	1st half-year 2016	1st half-year 2015
Purchases of materials and supplies	10	(14)
Purchases of raw materials	(4,589)	(5,927)
Purchases of other consumables	(1,447)	(1,589)
Purchases of non-storable supplies	(798)	(650)
Purchases of works, studies and services	(763)	(599)
Purchases consumed	(7,587)	(8,780)

Purchases of raw materials at 30 June 2016 recorded a decrease of MAD 1.3 billion (-23%) between first half 2015 and first half 2016. This relates especially to purchases used sulfur and ammonia.

- The sulfur consumption has declined by 798 million dirhams due to the falling market prices (\$ 105 /T CFR for the first half 2016 against \$ 158 /T CFR for the first half 2015).

Volumes meanwhile, grew by 6% (2.3 million tons in June 2016 against 2.2 million tons in June 2015), correlated with the increase in fertilizer production.

- Ammonia consumption has also showed a decrease of 228 million dirhams, which is mainly explained by the lower average price (\$ 324 /T CFR in the first half 2016 against \$ 458 /T CFR in the first half of 2015). This decline in prices offsets the increase of + 16% of volumes consumed in the first half 2016 compared to the same period of 2015 (469 KT in 1H 2016 against 403 KT in 1H 2015) due to the increase in fertilizer production.

4.2.3. ANALYSIS OF EXTERNAL EXPENSES:

(In millions of dirhams)	1st half-year 2016	1st half-year 2015
Freight out	(1,525)	(1,628)
Other operating transport	(421)	(257)
Consulting and fees	(155)	(174)
Contributions and donations	(463)	(602)
Maintenance and repairs	(101)	(114)
Leases and lease expenses	(146)	(154)
Insurance premiums	(64)	(79)
Other external expenses	(481)	(440)
External expenses	(3,356)	(3,447)

Transport expenses for sales ONCF were down -123 million dirhams due to lower volumes shipped by rail on the axis Khouribga / Jorf Lasfar (-57%) and higher volumes shipped by pipeline (+53%).

Furthermore, the increase in other operating transport is mainly explained by the standard contributions to ONCF for an amount of MAD 200 million. By this contribution, OCP Group participate in the investment effort and maintenance of railway lines made by ONCF.

4.2.4. RISKS RELATED TO RAW MATERIALS:

No changes were made to the risk management method related to raw materials in the first half 2016

4.2.5. INVENTORIES

4.2.5.1. ANALYSIS OF THE INVENTORIES EVOLUTION

(In millions of dirhams)	30 June 2016			31 December 2015		
	Gross	Depreciation	Net	Gross	Depreciation	Net
Finished products	2,244	(106)	2,138	2,902	(95)	2,808
Consumables	4,734	(1,218)	3,516	4,482	(1,176)	3,306
Work in progress	3,730	(31)	3,699	3,165	(17)	3,148
Intermediate products and residual products	722		722	964	(1)	963
Total Inventories	11,430	(1,355)	10,075	11,513	(1,289)	10,224

4.2.6. TRADE PAYABLES

Trade payables correspond to payables and fixed assets liabilities. This position shows a slight increase of 7% at 30 June 2016 compared to 30 June 2015.

Note 5 - Expenses and employee benefits

5.1. PERSONNEL EXPENSES

(In millions of dirhams)	1st half-year 2016	1st half-year 2015
Employee remuneration and related social charges	(3,344)	(3,226)
Retirement benefits and other employee benefits	(729)	(758)
Other expenses	(3)	(5)
Personnel expenses	(4,076)	(3,989)

The increase in «Employee remuneration and related social charges» for 4 % is mainly explained by:

- Implementation of the 2015 protocol agreement, giving a raise of 7.5 % on the base salary to the category Non-executives, Technicians, Supervisors and Administrative executive's staff ;

- The entry into the consolidation scope of Mohammed VI Polytechnic University and OCP Africa during the first half 2016.

This increase was partially offset by the retirement of 772 officers during the same period.

5.2. POST-EMPLOYMENT BENEFIT AND OTHER BENEFITS

5.2.1. MAIN ACTUARIAL ASSUMPTIONS USED

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

	30 June 2016	31 December 2015
Discount rate		
Death benefit	4,19 %	5,02 %
Medical plans	3,85 %	4,62 %
Expected salary increase rate	5,10%	5,10%
Rate of increase in medical costs	2,00%	2,00%

5.2.2. OBLIGATIONS RELATED TO SOCIAL LIABILITIES

30 June 2016						
Post-employment benefits						
(In millions of dirhams)	Death benefits	Medical plans	Fixed retirement allocation	Total post-employment benefits	Other long-term benefits	Total employee benefits
Net obligations recognized at 1 January 2016	377	3,280	662	4 319	158	4,477
Benefits paid	(3)	(224)	(61)	(288)	(7)	(295)
Service cost	4	35	37	76		76
Expenses related to discounting of obligations	9	75	15	99		99
Actuarial losses or (gains) for the period resulting from changes in:						
Contributions		108		108		108
Other changes						
Net obligations recognized at 30 June 2016	451	3,384	704	4,539	151	4,691

The nets obligations are recognized in provisions for employee benefits staff detailed in Note 9.2

30 June 2015						
Post-employment benefits						
(In millions of dirhams)	Death benefits	Medical plans	Fixed retirement allocation	Total post-employment benefits	Other long-term benefits	Total employee benefits
Net obligations recognized at 1 January 2015	367	3,018	645	4,030	185	4,216
Benefits paid	(3)	(202)	(57)	(262)	(4)	(266)
Service cost	2	20	35	56		56
Expenses related to discounting of obligations	9	74	16	100		100
Actuarial losses or (gains) for the period resulting from changes in:						
Contributions		98		98		98
Other changes	3			3		3
Net obligations recognized at 30 June 2015	380	3,232	678	4,290	181	4,472

5.3. KEY MANAGEMENT COMPENSATION

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

(In millions of dirhams)	1st half-year 2016	1st half-year 2015
Short-term employee benefits	38	38
Post-employment benefits	10	8
Total management compensation	48	46

Note 6 - Companies accounted for under the equity method: associates and joint ventures

6.1 ANALYSIS OF INVESTMENTS IN COMPANIES ACCOUNTED FOR UNDER THE EQUITY METHOD

Group's investments on joint ventures are analyzed as follow:

(In millions of dirhams)	31 December 2015	Dividends paid	Net profit (loss) for the period	Exchange difference	Income and expenses for the period, recognized directly in equity	Change in scope & others	30 June 2016
PRAYON	1,070		(24)	1	(2)	2	1,047
Euro Maroc Phosphore- EMA	167		4				171
Indo Maroc Phosphore - IMA	342	(30)	(46)				267
Pakistan Maroc Phosphore - PMP	633		41				673
Paradeep Phosphates Ltd. - PPL	883		(36)	(27)			820
Société d'Aménagement et de Développement de Mazagan - SAEDM	301		(1)				300
Others	40		(2)				38
Total interests in joint-ventures	3,437	(30)	(64)	(26)	(2)	2	3,316

6.2 BALANCE SHEETS AND INCOME STATEMENTS OF COMPANIES ACCOUNTED FOR UNDER THE EQUITY METHOD:

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

Balance sheet:

(In millions of dirhams)	JESA	PRAYON	EMA	IMA	PMP	PPL	DOOC	SAEDM
ASSETS								
Current assets								
Cash and cash equivalents	86	265	113	264	26	24	24	215
Cash financial assets						9		
Inventories		2,007	224	192	262	1,451		619
Trade receivables	952	1,578	197	202	536	2,908	30	
Current tax receivables			13	22	16		4	
Other current assets	64	349	46	175	142	329		10
Total current assets	1,102	4,199	595	855	982	4,721	58	845
Non-current assets								
Non-current financial assets	8	21				640		
Equity securities	121	16						
Deferred tax assets	7	179						
Investments in equity-accounted companies		3						
Property, plant and equipment	26	2,041	76	403	877	1 800	1	5
Intangible assets	14	146		17	18	1		1
Total non-current assets	176	2,406	76	420	895	2,442	1	6
Total Assets	1,278	6,605	670	1,275	1,877	7,162	60	851

(In millions of dirhams)	JESA	PRAYON	EMA	IMA	PMP	PPL	DOOC	SAEDM
LIABILITIES								
Current liabilities								
Current loans and financial debts		1,466			2	3,537		
Current derivatives		58						
Current provisions		25				80		1
Trade payables	169	1,246	96	371	331	948	13	7
Current tax liabilities	1			6	15		9	
Other current liabilities	255	501	60	54	128	260	2	
Total current liabilities	425	3,296	156	430	477	4,825	24	8
Non-current liabilities								
Non-current loans and financial debts		273			26	664		250
Non-current provisions for employee benefits		451						
Other non-current provisions						33		
Deferred tax liabilities		233	7	39	27			
Non-current derivatives		225						
Other non-current liabilities		34						
Total non-current liabilities	-	1,216	7	39	53	697		250
Equity - Group share	45	467	180	620	800	834	50	608
Paid-in capital			110					
Reserves	11	1,527	258	427	(40)	(72)		
Retained earnings	701	82	(54)	(110)	506	950	(14)	(13)
Net profit (loss) - Group share	96	18	13	(132)	81	(72)		(2)
Total equity	853	2,093	507	805	1,347	1,640	35	593
Total liabilities and equity	1,278	6,605	670	1,275	1,877	7,162	60	851

Income statement

(In millions of dirhams)	JESA	PRAYON	EMA	IMA	PMP	PPL	DOOC	SAEDM
Revenue	728	4,671	637	1,153	879	2,660	38	
Production held as inventory						(2,058)		
Purchases consumed	(319)	(3,080)	(569)	(960)	(593)	(329)	(29)	(1)
External expenses	(53)	(737)	(46)	(282)	(125)	(91)	(2)	(2)
Personnel expenses	(210)	(596)		(3)	(6)	(2)	(7)	(2)
Taxes	(3)		(1)	(2)	(1)	(33)		
Other operating income and expenses	1	58	(2)	(6)	(1)			
EBITDA	144	316	19	(101)	154	147		(5)
Amortization, depreciation and operating provisions	(6)	(157)	(5)	(33)	(61)	(77)		1
Operating profit (loss) before exceptional items	138	160	14	(135)	93	70		(4)
Other non-current operating income and expenses		4				(2)		
Operating profit (loss)	138	163	14	(134)	93	68		(4)
Financial income	2	7	2	8	4	45		2
Financial expenses	(1)	(113)	1			(190)		
Financial profit (loss)	1	(106)	3	8	4	(145)		2
Share of gains and losses for equity-accounted entities								
Profit (loss) before tax	139	57	17	(126)	97	(77)		(2)
Corporate tax	(43)	(40)	(4)	(6)	(15)	4		
Net profit (loss) for the period	96	18	13	(132)	81	(73)		(2)

Note 7 - Other operating items

7.1 ANALYSIS OF OTHER OPERATING ITEMS

(In millions of dirhams)	1st half-year 2016	1st half-year 2015
Gains and losses on other assets	361	104
Subsidies granted	(243)	(97)
Others	(41)	(221)
Other non-current operating income and expenses	76	(214)

The operating income and expenses recorded an increase of 290 million dirhams between first half 2015 and first half 2016. This variation is mainly due to the sale of investments in BCP having generated a gain of 259 million dirhams in June 2016.

7.2 OTHER CURRENT ASSETS

(In millions of dirhams)	30 June 2016			31 December 2015		
	Gross	Depreciation	Net	Gross	Depreciation	Net
Receivables from suppliers, advances and payments on account	3,763	(6)	3,757	4,023	(6)	4,016
Personnel	85	(30)	55	74	(28)	47
Social organizations	189		189	145		145
State (excluding corporate income tax)	4,139		4,139	5,802		5,802
Tax receivables	343		343	46		46
Other receivables	1,029		1,029	779		779
Total other current assets	9,548	(36)	9,511	10,870	(34)	10,836

“State (excluding corporate income tax)” mainly includes VAT, the current part of VAT credits, the tax of mining, 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 7 years. The net proceeds of updating the first half 2016 to 112 million dirhams against 36 million for the first half 2015 (see 10.1.5 note).

7.3 OTHER CURRENT LIABILITIES

(In millions of dirhams)	30 June 2016	31 December 2015
Trade receivable credit balances, advances and payments on account	1,010	780
State	555	655
Social payables	1,583	1,473
Tax liabilities	10	1,166
Other creditors	4,208	3,339
Total other current liabilities	7,366	7,412

The variation in other creditors is due to the recording of dividends payable in respect of financial year 2015 for 2.5 billion dirhams offset by the payment of an advance on invoices of RCAR and CNRA for 1.5 billion dirhams following the outsourcing carried out in 2014.

Note 8 - Property, plant and equipment and intangible assets

8.1 PROPERTY, PLANT AND EQUIPMENT VARIATION

(In millions of dirhams)	1st January 2016	Aquisitions	Provisions	Reductions / Reversals	Reclassifi- cation	Translation difference	Other changes	30 June 2016
Gross amount:								
Land	5,562	(17)			241			5,786
Buildings	28,261	931		(4)	2,704	1		31,893
Technical installations, equipment and tools	75,111	1,934		(9)	(2,111)		8	74,933
Transport equipment	871	27		(3)	8			903
Furniture, office equipment and various fittings	1,518	84		(3)	226	1	1	1,828
Other property, plant and equipment	15,342	159		(7)	2,402		3	17,898
Property, plant and equipment under construction	1	3,565			(3,564)		6	8
Total gross amount	126,667	6,682		(26)	(94)	3	18	133,251
Depreciations:								
Land	(883)		(34)					(917)
Buildings	(9,755)		(183)		33			(9,904)
Technical installations, equipment and tools	(30,501)		(1,452)	9	(30)		(1)	(31,975)
Transport equipment	(600)		(34)	3	(1)			(631)
Furniture, office equipment and various fittings	(780)		(45)	3	1			(823)
Other property, plant and equipment	(166)		(28)				(1)	(194)
Impairment losses								
Buildings	(2)		(1)					(3)
Total depreciation and impairment losses	(42,686)		(1,777)	15	4		(2)	(44,447)
Net carrying amount	83,981	6,682	(1,777)	(11)	(90)	3	16	88,804

The main acquisitions over the first half 2016 concern the following projects:

- the construction of fertilizers production units JFC 2, JFC 3 & JFC 4;
- the realization of the pulp phosphate drying and filtering unit at Jorf Lasfar;
- the adaptation of the phosphoric acid workshop facilities to receive the pulp;
- the construction of Mohammed VI Polytechnic University and "Lycée d'excellence".

8.2 INTANGIBLE ASSETS VARIATION

(In millions of dirhams)	1st January 2016	Business combinations	Aquisitions	Provisions	Reductions / Reversals	Reclassifi- cation	Translation difference	Other changes	30 June 2016
Gross amount:									
R&D assets	28								28
Patents, trademarks, rights and similar items	62		1			(1)			63
Licences and software	192		(4)						188
Other intangible assets	107		74			(75)			106
Total gross amount	390		71			(76)			385
Amortization:									
Amortization of R&D assets	(21)			(1)					(22)
Amortization of patents, trademarks, rights and similar items	(42)			(2)					(44)
Amortization of licences and software	(125)			(2)					(126)
Amortization of other intangible assets	(15)			(7)					(22)
Total amortization and impairment losses	(203)			(12)					(215)
Net carrying amount	187		71	(12)		(76)			170

8.3 NET DEPRECIATION AND AMORTIZATION

(In millions of dirhams)	1st half-year 2016	1st half-year 2015
Net depreciation and amortization	(1,777)	(1,332)

Note 9 - Provisions and contingent liabilities:

9.1. NET PROVISIONS

(In millions of dirhams)	1st half-year 2016	1st half-year 2015
Net provisions	(270)	(114)

During the first half 2016, OCP S.A has released a provision for tax risk of MAD 74.5 million offset by a tax charge of MAD 30 million. This control concerned ex- subsidiary Maroc-Phosphore in 2011 (entity absorbed by OCP S.A in 2012).

Moreover, further to the notification of inspection received from the Tax Authority dated 13 June 2016 OCP S.A is subject to a tax audit relating to the Corporation tax (IS), the value added tax (VAT), the personnel income tax (PIT), registration and stamp duties relating to the 2012-2015 fiscal years and to the social solidarity contribution on profits and revenues for the years 2013-2015.

No notification has been received by OCP S.A on that date. However, the Company remains comfortable with its provisioning level.

9.2. PROVISIONS FOR LIABILITIES AND CHARGES

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

(en millions de dirhams)	1st January 2016	Increase	Reversals		Translation difference	Other changes	30 June 2016
			Used	Unused			
Non-current provisions	4,926	323	(98)			183	5,335
Provisions for employee benefits	4,477	47	(16)			183	4,691
Provisions for environmental risks & for site rehabilitation	211					1	211
Other non-current provisions	239	276	(36)	(45)			433
Current provisions	142	151	(142)			-	151
Total provisions	5,069	474	(240)			183	5,486

9.3. CONTINGENT LIABILITIES

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

9.4. COMMITMENT GIVEN

(In millions of dirhams)	30 June 2016	31 December 2015
Letters of credit	738	686
Miscellaneous rights and commitments	80	88
Total Commitments given	818	774

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)	30 June 2016	31 December 2015
Current financial debts		
Government credits	66	66
Long-term bank loans, portion due in less than one year	4,920	3,810
Finance leases, portion due in less than one year	373	331
Bank overdrafts	380	176
Accrued interest not yet due	475	415
Total current financial debts	6,214	4,798
Non-current financial debts		
Government credits	539	565
Long-term bank loans, portion due in more than one year	15,752	15,633
Bond issue	29,288	29,607
Finance leases, portion due in more than one year	956	986
Total non-current financial debts	46,536	46,792
Total financial debts	52,750	51,590

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	30 June 2016
Current financial debts				
Denominated in EUR	1.3-2.5	2.08		66
Long-term bank loans, portion due in less than one year				
Denominated in USD	1.71-4.15	3.52		1,318
Denominated in MAD	3.30-4.90	4.31		3,341
Denominated in EUR	3.05-4.47	3.36		262
Bank overdraft				
Denominated in USD				380
Finance lease debts				
Denominated in MAD	4.70-5.75	5		373
Accrued interest not yet due				475
Total current financial debts				6,214
Government credits				
Denominated in EUR	1.30-2.50	2.24	11	539
Long-term bank loans, portion due in more than one year				
Denominated in EUR	1.71-4.15	3.36	4	1,831
Denominated in MAD	3.30-4.90	4.03	2	4,877
Denominated in USD	3.05-4.47	3.55	5	9,044
Finance lease debts				
Denominated in MAD	4.70-5.75	5.35	2	956
Bond issue				
Denominated in MAD	4.46-4.46	4.46	1	2,000
Denominated in USD	4.50-6.88	0.06	9	27,288
Total non-current financial debts				46,536
Total financial debts				52,750

10.1.2.3. FINANCIAL DEBT MATURITIES

The table below shows the maturities of financial debts at 30 June 2016:

(in millions of dirhams)	<1 yr	1-5 yrs	> 5 yrs	Total at 30 June 2016
Medium and long-term debt	6,214	16,308	30,228	52,750

10.1.2.4. THE GROUP'S MAIN FINANCING AGREEMENTS

The Group's main financing agreements at 30 June 2016 are as follows:

- During the first half 2016, three drawings for a total of \$ 35.3 million were made on the IDB agreement totaling 150 million dollars, signed on 27 February 2013, for the financing of the project of extension and rehabilitation of the port of Jorf Lasfar. The amount outstanding on this credit line at 30 June 2016 is MAD 127 million.
- In June 2016, two drawings of MAD 700 million each were carried out on the agreement with SGMA totaling 1.5 billion dirhams on 14 January 2015. The amount outstanding this credit line at 30 June 2016 is MAD 1.5 billion.
- In April 2016, OCP SA signed a loan totaling MAD 1 billion with fixed interest rate and April 2021 maturing with the CDM. The borrowing outstanding is MAD 1 billion at 30 June 2016;
- In August 2015, a USD178.8 million drawing was made on the KFW agreement signed in September 2013 for an amount of USD271 million. This concerns the financing of the Water and adaptations Program MEA and DAOUI. The borrowing outstanding is USD271 million at 30 June 2016.
- In July 2015, a drawing of USD44.4 million was made on the European Investment Bank agreement for an overall amount of EUR200 million. This agreement was signed in December 2011 and concerns the financing of the MEA and EL Hallassa washing plants and the Jorf Lasfar sulphur lines. The borrowing outstanding is USD232 million at 30 June 2016.
- In March 2015, OCP SA issued a loan of 2 billion dirhams with fixed interest rate and fixed maturity date in March 2020 with BCP. This line's outstanding amounts to 1 billion dirhams at 30 June 2016.
- In April 2015, a bond loan of 1 billion dollars to 10.5 years, with a coupon of 4.50 % .
- In January 2015, OCP SA issued a loan of 1.5 billion dirhams with a fixed interest rate and a January 2021 maturity with BMCI. . The borrowing outstanding is MAD 150 million at 30 June 2016.

10.1.3 ANALYSIS OF FINANCIAL ASSETS

10.1.3.1. CASH AND CASH EQUIVALENT

(In millions of dirhams)	30 June 2016	31 December 2015
Cash	3,428	1,387
Cash equivalents	6,993	7,859
Total cash and cash equivalents	10,421	9,246
Bank (credit balances)	380	176
Cash and cash equivalents in the consolidated statement of Cash Flows	10,041	9,070

10.1.3.2. CASH MANAGEMENT FINANCIAL ASSETS

Cash management financial assets include mainly term deposits with a maturity over three months contracted mostly by OCP SA for MAD 3,527 million at 30 June 2016 against MAD 7,097 million at 31 December 2015. The decline in assets was used to finance the industrial CAPEX

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	6,363				6,363
Term deposit	2,000	1,500	656		4,156
Total	8,363	1,500	656		10,519

Fair value of financial cash assets

(In millions of dirhams)	At 30 June 2016					At 31 December 2015				
	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	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
Balance sheet captions and instrument classes										
Cash and cash equivalents	10,421	10,421	9,792	629		9,246	9,246	7,616	1,630	
Cash financial assets	3,527	3,527		3,527		7,097	7,097		7,097	
Available-for-sale financial assets	604				604	1,215	1,215	518		697
Financial assets measured at fair value through profit or loss	22				22	17	17			17
Other receivables*	12,285				12,285	9,699	9,699			9,699
Total financial assets	26,859	13,948	9,792	4,156	12,911	27,275	27,275	8,134	8,727	10,414
Current loans and financial debts	6,214	6,214		6,214		4,798	4,798		4,798	
Non-current loans and financial debts	46,536	49,272	28,655	20,617		46,792	48,287	27,627	20,660	
Total financial liabilities	52,750	55,486	28,655	26,831		51,590	53,085	27,627	25,458	

10.1.4. ANALYSIS OF NET DEBT

10.1.4.1. NET DEBT BY CATEGORY

<i>(En millions de dirhams)</i>		30 June 2016	31 December 2015
Liabilities measured at amortized cost			
Financial credits		20,697	19,567
Bonds		29,288	29,607
Other loans and assimilated debts		1,056	923
Financial lease debt		1,329	1,317
Long-term financial debt		52,371	51,414
Bank overdrafts		380	176
Gross financial debt		52,750	51,590
Assets measured at fair value through profit or loss			
Cash equivalents		6,993	7,859
Cash		3,428	1,387
Assets measured at amortized cost			
Financial assets for cash management		3,527	7,097
Financial assets		13,948	16,343
Net financial debt		38,803	35,247

10.1.4.2. RECONCILIATION OF NET DEBT ACCOUNTS

The reconciliation with balance sheet items is shown below:

<i>(In millions of dirhams)</i>	30 June 2016	31 December 2015
Current loans and financial debts	6,214	4,798
Non-current loans and financial debts	46,536	46,792
Gross financial debt	52,750	51,590
Financial assets for cash management	(3,527)	(7,097)
Cash and cash equivalents	(10,421)	(9,246)
Net financial debt	38,803	35,247

10.1.5. COST OF NET DEBT

10.1.5.1. OTHER FINANCIAL INCOME AND EXPENSES :

The cost of net debt is explained as follow:

<i>(In millions of dirhams)</i>	1st half-year 2016	1st half-year 2015
Interest expenses	(481)	(384)
Cost of gross financial debt	(481)	(384)
Financial income from cash investments	66	60
Other financial income	402	184
Financial income from cash investments	468	243
Cost of net financial debt	(13)	(141)

Other financial income include the VAT credit discount product to 112 million dirhams in June 2016 against 36 million dirhams in June 2015.

10.1.5.1. OTHER FINANCIAL INCOME AND EXPENSES

Other financial income and expenses are as follow:

<i>(In millions of dirhams)</i>	1st half-year 2016	1st half-year 2015
Income from assets held for sale	10	38
Exchange income from financing operations	493	(1,584)
Revenue from financial receivables	1	4
Other	2	(45)
Other financial income and expenses	505	(1,587)

Other financial income and expenses increased by 2.1 billion dirhams compared to the first half of 2015. This increase is explained by the impact of the variation in exchange rates on borrowings denominated in dollars. Indeed, the dollar recorded for the first half 2015 a large increase from 8.40 at December 2014 to 9.70 at end-June 2015. This value remained almost stable between the first half of 2015 and that of 2016 (9.75 at 30 June 2016).

10.2. OTHER FINANCIAL ASSETS

10.2.1. NON-CURRENT FINANCIAL ASSETS

<i>(In millions of dirhams)</i>	30 June 2016				31 December 2015			
	Gross	Revaluation	Depreciation	Net	Gross	Revaluation	Depreciation	Net
Available-for-sale financial assets	611		(7)	604	979	243	(7)	1,215
Financial assets measured at fair value through profit or loss	22			22	17			17
Receivables from fixed asset disposals	144		(5)	140	144		(5)	139
VAT credit	12,285			12,285	9,699			9,699
Other financial receivables	148		(5)	143	159		(3)	156
Total non-current financial assets	13,210	-	(16)	13,194	10,999	243	(14)	11,227

Available-for-sale financial assets

<i>(In millions of dirhams)</i>	Listed securities	Unlisted securities	TOTAL
At 31 December 2015	518	697	1,215
Acquisitions for the period(1)		8	8
Disposals for the period (2)	(534)		(534)
Change in fair value recognized in equity	16		16
Impairment losses			-
Translation differences			-
Changes in scope and others (3)		(100)	(100)
At 30 June 2016	-	605	604

(1) Concerns the equity investment in BONIFA to MAD 5 million and the creation of OCP Research LLC for MAD 2.6 million.

(2) Concerns the sale of BCP investments;

(3) Due to the elimination of investments in Mohammed VI Polytechnic University following its inclusion in the consolidation scope in 2016.

10.2.2. COMMITMENTS RECEIVED

(In millions of dirhams)	30 June 2016	31 December 2015
Unused borrowings	4,914	8,239
Other commitments received for contracts	7,402	8,436
Loans guaranteed by the State	605	631
Total Commitments received	12,921	17,306

Note 11 - Corporate Income taxes

11.1. ANALYSIS OF TAX EXPENSE

(In millions of dirhams)	1st half-year 2016	1st half-year 2015
Current tax expense/current tax income	(932)	(1,651)
Deferred tax expense/deferred tax income	(438)	401
Corporate income tax	(1,370)	(1,249)

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

(In millions of dirhams)	1st half-year 2016	1st half-year 2015
+Net income - Group share	3,069	3,997
+Net income - Minorities' share		
-Share of profit (loss) of equity-accounted companies	64	(173)
+/-Tax for the period	1,370	1,249
Consolidated accounting income before tax	4,501	5,073
+/- Permanent differences	734	223
= Consolidated taxable income	5,235	5,296
Theoretical tax rate	19,96%	23,32%
=Theoretical tax	(1,045)	(1,235)
Tax losses		11
Difference in tax rate in relation to OCP SA	(219)	43
Tax adjustments	(30)	
tax credit		6
Prior years' income taxes	(11)	
Other items	(64)	(74)
= Corporate income tax	(1,370)	(1,249)
including		
current tax	(932)	(1,651)
deferred tax	(438)	401

Note 12 – Equity, dividends and earnings per share

12.1. ISSUED CAPITAL

At 30 June 2016, the share capital amounts to MAD8 288 million. 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 2016	82,875,000
Issues of shares for cash in 1st half-year 2016	-
Outstanding at 30 June 2016	82,87,000
Nominal value	100 Dirhams

12.2. DIVIDENDS

The MAD 2 478 million of dividends payable in first half 2016 correspond to a net dividend per share of MAD 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)	1st half-year 2016	1st half-year 2015
Net profit, Group share (in millions of dirhams)	3,069	3,997
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	37.36	48.66

Note 13 - Relations with the Moroccan State

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

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

Purpose of loan	Loan currency	Date of loan	Amount in millions of dirhams as at 30 June 2016	Amount in millions of dirhams as at 31 December 2015
AFD outstanding loans consolidation	EUR	2005	389	397
Sidi Chennane mining operations	EUR	2002	200	215
Renewal of the sulphur unit circulation tank and supply circuit	EUR	2007	9	9
Renewal of three absorption towers	EUR	2003	3	6
Acquisition of two hydraulic excavators	EUR	2001	5	4
TOTAL	EUR		605	631

In the same way as all companies that reside 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 2015:

(In millions of dirhams)	30 June 2016		31 December 2015	
	State and State-controlled enterprises	BCP	State and State-controlled enterprises	BCP
Interest on investments	41	18	51	43
Utility costs	651		1,136	
Other operating expenses	97		173	
Interest on loans		21		40
Social charges	155		482	
Transport expenses	814		1,525	
Assets and inventories purchases	90		6	
Dividends received		10		38


(In millions of dirhams)	30 June 2016		31 December 2015	
	State and State-controlled enterprises	BCP	State and State-controlled enterprises	BCP
Trade receivables				
Trade payables	596		590	
Other receivables	60		39	
Cash and cash equivalents	712	1,103	639	241
Investments	1,000		2,500	1,500
Loans		1,000		1,000

Statutory auditors' report on the 2016 half year consolidated financial information



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GROUPE OCP

ATTESTATION D'EXAMEN LIMITÉ DE LA SITUATION INTERMÉDIAIRE CONSOLIDÉE ÉTABLIE AU 30 JUIN 2016

Nous avons procédé à un examen limité de la situation intermédiaire des comptes consolidés de la société OCP S.A. et ses filiales (Groupe OCP) comprenant l'état de la situation financière, le compte de résultat consolidé et l'état du résultat global consolidé, l'état de variation des capitaux propres consolidés, l'état consolidé des flux de trésorerie et une sélection de notes annexes au terme du semestre couvrant la période du 1^{er} janvier au 30 juin 2016. Cette situation intermédiaire fait ressortir un montant de capitaux propres consolidés totalisant MAD 63.988 millions, dont un bénéfice net consolidé de MAD 3.069 millions.

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

Sur la base de notre examen limité, nous n'avons pas relevé de faits qui nous laissent penser que les états consolidés, ci-joints, ne donnent pas une image fidèle du résultat des opérations du semestre écoulé ainsi que de la situation financière et du patrimoine du Groupe OCP établis au 30 juin 2016, conformément aux normes comptables internationales (IAS/IFRS) telles qu'adoptées par l'Union Européenne.

Sans remettre en cause la conclusion exprimée ci-dessus, nous attirons votre attention sur la note annexe qui fait état du contrôle fiscal dont fait l'objet la société OCP S.A.

Casablanca, le 21 septembre 2016

Les Auditeurs Contractuels



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