

# RESULTS AS OF 30<sup>TH</sup>, JUNE 2019

## CONSOLIDATED ACCOUNTS

### CONSOLIDATED BALANCE SHEET

(In thousands of Moroccan dirhams)

From January 2019 to June 2019

Notes	30/06/2019	31/12/2018
<b>ASSETS</b>		
• Intangible Assets	3,946,937	4,068,807
• Fixed Assets	9,502,412	9,832,618
• Financial Assets	1,608	1,976
• Long Term Exchange Fluctuations	368,837	317,141
<b>TOTAL LONG TERM ASSETS</b>	<b>13,819,794</b>	<b>14,220,542</b>
• Inventory	1,535,725	1,576,124
• Trade Receivables	1,649,968	1,678,260
• Other Receivables	944,196	592,267
• Short term Investments	2,003,952	1,880,298
• Other assets	11,693	2,017
• Cash	497,212	450,252
<b>CURRENT ASSETS</b>	<b>6,642,746</b>	<b>6,179,218</b>
<b>TOTAL ASSETS</b>	<b>20,462,540</b>	<b>20,399,760</b>
<b>EQUITY &amp; LIABILITIES</b>		
• Share Capital	2,358,854	2,358,854
• Share Premium	1,164,805	1,164,805
• Reserves	960,987	855,807
• Net Income - Group Share	507,229	1,048,725
• Group Equity	4,991,875	5,428,192
• Minority Interest	1,045,148	893,822
<b>CONSOLIDATED SHAREHOLDERS' EQUITY</b>	<b>6,037,023</b>	<b>6,322,014</b>
• Provisions	20,857	20,857
• Borrowings	11,071,741	11,546,262
<b>LONG TERM LIABILITIES</b>	<b>11,092,598</b>	<b>11,567,119</b>
• Current payables	1,033,497	1,175,640
• Other Payables	2,299,422	1,334,987
<b>CURRENT LIABILITIES</b>	<b>3,332,919</b>	<b>2,510,627</b>
<b>TOTAL LIABILITIES</b>	<b>14,425,517</b>	<b>14,077,746</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>20,462,540</b>	<b>20,399,760</b>

### CONSOLIDATED INCOME STATEMENT

(In thousands of Moroccan dirhams)

From January 2019 to June 2019

	30/06/2019	31/12/2018
<b>REVENUES</b>		
Turnover	4,511,999	4,171,846
Operating expense reversals	14,419	20,509
<b>TOTAL REVENUES</b>	<b>4,526,418</b>	<b>4,192,355</b>
<b>EXPENSES</b>		
Operating expenses	2,642,422	2,236,660
Taxes	23,362	23,217
Labor costs	127,878	125,229
Depreciation	489,841	491,599
<b>TOTAL EXPENSES</b>	<b>3,283,503</b>	<b>2,876,705</b>
<b>Operating income</b>	<b>1,242,915</b>	<b>1,315,651</b>
<b>Financial income</b>	<b>-257,338</b>	<b>-286,758</b>
<b>Current income</b>	<b>985,577</b>	<b>1,028,892</b>
Non current income	-17,432	-5,757
<b>Income before tax</b>	<b>968,145</b>	<b>1,023,135</b>
Income tax	309,588	321,024
Consolidated net income		
<b>CONSOLIDATED NET INCOME</b>	<b>658,557</b>	<b>702,111</b>
Group net income	507,229	542,711
Minority interests	151,328	159,400
<b>CONSOLIDATED NET INCOME</b>	<b>658,557</b>	<b>702,111</b>

## TAQA MOROCCO GROUP

### EXCERPT FROM THE CONSOLIDATED EXPLANATORY NOTES

#### AS OF JUNE 30<sup>TH</sup>, 2019 AND 2018

#### I. ACCOUNTING PRINCIPLES AND VALUATION METHODS

The Group's main rules and principles are as follow:

##### I.1 Consolidation principles and methods

The principles and methods of consolidation used by the TAQA Morocco Group are in line with the methodology related to the preparation of consolidated accounts adopted by the CNC (National Council of Accounting) in its notice No. 5.

##### I.1.1 Perimeter and methods of consolidation

The companies in which the Group directly or indirectly exercises exclusive control are consolidated through full integration. Exclusive control is the direct or indirect power to manage the financial and operational policies of a company in order to benefit from its activities.

The companies in which the Group directly or indirectly exercises significant influence are consolidated through the equity method.

The significant intragroup receivables, debts, revenues and expenses are completely eliminated for globally integrated companies.

##### I.1.2 Closings

The half-yearly closings taken in account for the preparation of the Group consolidated financial statements are the ones closed by the TAQA MOROCCO Company on June 30<sup>th</sup>, and the JLEC 5&6 Company on March 31<sup>th</sup>.

##### I.2 Evaluation methods

##### I.2.1 Intangible Assets

Expenses incurred as part of Major Outages, carried out every 8 years according to the pre-established plan, are capitalized and amortised over the same period.

##### - Initial right of use

In accordance with the Transfer of Possession Agreement (TPA) and as a counterpart to paying the Price for the Transfer of Possession anticipated by this contract, ONE transferred to JLEC (later TAQA Morocco) its "right of use" for Sites and Units I&2. This right of use is capitalized as an intangible asset and amortised over the concession period, namely 30 years, starting from the date of the closing of financing.

##### - Complementary right of use

TAQA Morocco constructed Units 3 and 4 over a period of 33 months and 40 months respectively, counting from the date of the closing of financing, along with other investments linked to the Site. During this period, total corresponding expenditure, including interim interest, was accounted for under outstanding tangible assets. Counting from the COD of the Unit 4 on February 2<sup>nd</sup>, 2001, the right of use of TAQA Morocco has been extended to these new units. These intangible assets are amortised over the remaining concession period, namely 26 years and 7 months starting from this date.

##### - Upfront fees

Upfront fees were accounted for under intangible assets and amortised over a period of five years. The regular amortisation of these fees is stated as an operation allowance in accordance with the Moroccan GAAP.

##### - Other project development costs

Starting from Financing closing, TAQA Morocco has accounted some expenditure paid during the project development period under intangible assets. These fixed fees are amortised over the concession period, meaning 30 years starting from the date of the closing of the Financing.

##### I.2.2 Tangible assets

This item includes the tangible assets that will last for less than the contract period. These fixed assets are booked at the purchase or production cost. Amortisation is calculated according to the linear model and the prevailing tax rates.

##### I.2.3 Inventories

Inventories are evaluated at the purchase price. The cost includes the purchase prices and the additional purchase fees. At the end of the financial year, the inventories are counted according to the WAC (Weighted average cost) method, with the exception of spare parts inventories, which are valued using FIFO (First In First Out).

##### I.2.4 Receivables and debts denominated in foreign currency

Receivables and debts denominated in foreign currency are accounted at the exchange rate prevalent on the transaction date. These receivables and debts are converted at the closing rate and readjusted through unrealized foreign exchange loss/gain accounts.

The unrealized losses are booked in the income statement account under the financial provisions, with the exception of those relating to financial debts denominated in American dollars and in Euros, which are subject to near currency hedging transactions based on global exchange position.

The unrealized foreign exchange are not stated in the income statement.

##### I.2.5 Provisions for liabilities and charges

As of June 30<sup>th</sup>, 2019, the provisions for contingencies and charges correspond to the provisions for pensions, which were subject to actuarial evaluation by an independent firm.

These social commitments include free electricity that TAQA Morocco statutory staff benefited from.

##### I.2.6 Deferred taxes

Deferred taxes resulting from consolidated adjustments are calculated company by company.



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# RESULTS AS OF 30<sup>TH</sup>, JUNE 2019

## CONSOLIDATED ACCOUNTS

### 2- CONSOLIDATION PERIMETER

SUBSIDIARIES	JUNE 2019			JUNE 2018		
	Interest %	Control %	Method	Interest %	Control %	Method
TAQA MOROCCO	100	100	Full integration	100	100	Full integration
JLEC 5&6	66	66	Full integration	66	66	Full integration



### TAQA MOROCCO GROUP

#### Statutory auditors' report on the consolidated financial statements as at June 30, 2019

We have carried out a limited review of the summary consolidated financial statements of Taqa Morocco SA and its subsidiary (Taqa Morocco Group) which comprise the consolidated statement of financial position as at June 30, 2019, the consolidated statement of profit and loss, the consolidated perimeter and the information provided in the interim report for the period then ended. Those consolidated financial statements show a total equity of KMAD 6.037.023 including a net profit of KMAD 658.557.

We have conducted our limited review in accordance with Moroccan Standards on Auditing applicable in Morocco. Those standards require that we comply with ethical requirements, plan and perform the limited review to obtain moderate assurance whether the consolidated financial statements are free from material misstatement. A limited review consists mainly of holding discussions with senior managers in charge of accounting and finance, and carrying out analysis work. This work is less extensive than that required by an audit. We did not conduct an audit and, consequently, we do not express an audit opinion.

On the basis of our limited review, we have not seen any significant anomalies that would suggest that the summary consolidated half-year financial statements do not present fairly, in all material respects, the financial position of the Group as at June 30, 2019, and its financial performance and its cash flows for the period then ended in accordance with accounting principles generally accepted in Morocco.

Casablanca, September 17<sup>th</sup> 2019

### THE INDEPENDANT AUDITORS

**ERNST & YOUNG**  
ABDELMAJID FAIZ  
Associé

**BENJELLOUN Touimi Consulting**  
Abdelmajid BENJELLOUN Touimi  
Associé





# RESULTS AS OF 30<sup>TH</sup>, JUNE 2019

## STATUTORY ACCOUNTS

### BALANCE SHEET

From January 2019 to June 2019

ASSET		CURRENT YEAR			PREVIOUS YEAR
		Gross	Dep/Amort. and provisions	Net	Net
LONG TERM ASSETS	<b>Capitalized cost (A)</b>	573,993,537.45	287,791,086.39	286,202,451.06	201,769,911.30
	• Pre-Operating Costs				
	• Deferred Expenditures	573,993,537.45	287,791,086.39	286,202,451.06	201,769,911.30
	• Bond Reimbursement Costs				
	<b>Intangible assets (B)</b>	11,888,084,021.20	8,372,484,116.02	3,515,599,905.18	3,730,322,180.46
	• Research and development Costs				
	• Licenses, trademarks, rights and similar values	11,100,748,881.90	7,773,467,951.97	3,327,280,929.93	3,530,619,097.39
	• Goodwill				
	• Other intangible assets	787,335,139.30	599,016,164.05	188,318,975.25	199,703,083.07
	<b>Fixed assets (C)</b>	885,803,356.28	610,183,369.50	275,619,986.78	418,826,587.04
LONG TERM ASSETS	• Land				
	• Constructions	2,104,303.57	699,507.41	1,404,796.16	1,456,971.20
	• Technical installations, tools and equipment	511,235,147.38	413,734,800.15	97,500,347.23	107,305,497.19
	• Vehicles	2,214,265.53	2,115,876.17	98,389.36	118,555.57
	• Office furniture and equipment other fixtures and furnishing	274,687,206.58	193,319,215.27	81,367,991.31	86,051,374.56
	• Other fixed assets	313,970.50	313,970.50	0.00	0.00
	• Fixed assets in progress	95,248,462.72		95,248,462.72	223,894,188.52
	<b>Long term financial assets (D)</b>	1,201,356,685.16		1,201,356,685.16	1,201,725,057.40
	• Loans	907,622.30		907,622.30	1,275,994.54
	• Other long term financial assets	449,462.86		449,462.86	449,462.86
LONG TERM ASSETS	• Shares, Interests	1,199,999,600.00		1,199,999,600.00	1,199,999,600.00
	• Other investments				
	<b>Long term exchange fluctuation (E)</b>				
	• Decrease in long term assets				
	• Increase in long term liabilities				
	<b>TOTAL I (A+B+C+D+E)</b>	14,549,237,600.09	9,270,458,571.91	5,278,779,028.18	5,552,643,736.20
CURRENT ASSETS	<b>Inventories (F)</b>	975,156,339.90	14,319,481.33	960,836,858.57	1,057,745,044.17
	• Merchandises				
	• Consumables	975,156,339.90	14,319,481.33	960,836,858.57	1,057,745,044.17
	• Work in progress				
	• Intermediary inventories				
	• Finished goods				
	<b>Current assets (G)</b>	1,725,256,076.94		1,725,256,076.94	1,827,852,252.45
	• Suppliers advances	13,508,302.57		13,508,302.57	37,686,238.49
	• Trade receivables	1,079,226,587.32		1,079,226,587.32	869,725,411.28
	• Employee	833,455.75		833,455.75	842,939.47
CURRENT ASSETS	• State	618,123,418.56		618,123,418.56	507,206,097.17
	• Affiliates current accounts				
	• Other debtors				395,995,941.04
	• Prepaid	13,564,312.74		13,564,312.74	16,395,625.00
	<b>Short term investments (H)</b>	1,572,685,205.55		1,572,685,205.55	1,033,796,150.16
	<b>Short term exchange fluctuation (I)</b>	4,567,025.03		4,567,025.03	1,826,377.29
	(Current assets and liabilities)				
	<b>TOTAL II (F+G+H+I)</b>	4,277,664,647.42	14,319,481.33	4,263,345,166.09	3,921,219,824.07
CASH	<b>CASH AND BANKS</b>	26,928,230.34		26,928,230.34	14,908,780.75
	• Checks & cash in transit				
	• Banks	26,908,169.44		26,908,169.44	14,886,786.35
	• Petty cash	20,060.90		20,060.90	21,994.40
	<b>TOTAL III</b>	26,928,230.34		26,928,230.34	14,908,780.75
	<b>TOTAL GENERAL I+ II + III</b>	18,853,830,477.85	9,284,778,053.24	9,569,052,424.61	9,488,772,341.02

### INCOME STATEMENT

From January 2019 to June 2019

NATURE	OPERATIONS		Current year 3 = 1 + 2	Previous year 4
	Related to this year 1	Related to Previous year 2		
<b>I- OPERATING REVENUES</b>				
Sales of goods				
Sales of services and produced goods				
Turnover	2,641,675,994.62		2,641,675,994.62	2,264,681,896.94
Inventory variation (+/-) (I)				
Self-constructed fixed asset				
Operating subsidy				
Other revenues				
Operating expense adjustments: operating expense transfers	14,418,797.69		14,418,797.69	20,509,425.10
<b>TOTAL I</b>	2,656,094,792.31		2,656,094,792.31	2,285,191,322.04
<b>II- OPERATING EXPENSES</b>				
Sales purchase value (2)				
Raw materials and consumables consumptions (2)	1,773,087,669.69		1,773,087,669.69	1,386,360,550.84
Other external expenses	76,518,119.69		76,518,119.69	70,952,814.08
Taxes	23,218,390.84		23,218,390.84	23,106,993.24
Labor costs	98,237,469.88		98,237,469.88	97,194,820.88
Other operating expenses				
Current year operating depreciations and provisions	310,952,537.41		310,952,537.41	303,034,674.86
<b>TOTAL II</b>	2,282,014,187.51		2,282,014,187.51	1,880,649,853.90
<b>III- OPERATING RESULT (I - II)</b>			374,080,604.80	404,541,468.14
<b>IV- FINANCIAL REVENUES</b>				
Revenues from investments				
Exchange gains	1,283,351.02		1,283,351.02	4,963,858.33
Interest	23,408,089.58		23,408,089.58	22,486,197.73
Financial expense adjustments ; Financial expense transfers	1,191,361.52		1,191,361.52	
<b>TOTAL IV</b>	25,882,802.12		25,882,802.12	27,450,056.06
<b>V- FINANCIAL EXPENSES</b>				
Interest costs	78,117,211.32		78,117,211.32	87,765,577.31
Exchange losses	4,223,731.03		4,223,731.03	3,191,722.35
Other financial costs				
Current year financial depreciations and provisions				2,827,041.95
<b>TOTAL V</b>	82,340,942.35		82,340,942.35	93,784,341.61
<b>VI- FINANCIAL INCOME (IV - V)</b>			-56,458,140.23	-66,334,285.55
<b>VII- CURRENT INCOME (III + VI)</b>			317,622,464.57	338,207,182.59

### BALANCE SHEET

From January 2019 to June 2019

LIABILITE		CURRENT YEAR		PREVIOUS YEAR
<b>Shareholders equity (A)</b>			2,358,854,200.00	2,358,854,200.00
• Share capital				
• Minus : subscribed and not paid up capital				
• Issuance, merger and transfer premiums			1,164,804,710.00	1,164,804,710.00
• Write up variances				
• Legal reserve			235,885,420.00	235,885,420.00
• Other reserves			129,505,051.42	245,714,467.24
• Retained earnings				
• Earnings to be allocated			198,799,166.76	827,332,264.18
• Net earnings				
<b>TOTAL DES CAPITAUX PROPRES (A)</b>			4,087,848,548.18	4,832,591,061.42
<b>Assimilated equity (B)</b>			0.00	0.00
• Investment Subsidy				
• Regulated reserves				
<b>Long term financial debts (C)</b>			3,089,869,281.41	3,289,215,686.59
• Bonds issued				
• Other long term financial debts			3,089,869,281.41	3,289,215,686.59
<b>Long term provisions (D)</b>			20,857,195.00	20,857,195.00
• Risk provisions				
• Provisions for costs			20,857,195.00	20,857,195.00
<b>Long term exchange fluctuation (E)</b>			0.00	0.00
• Increase in receivables				
• Reduction in financial debt				
<b>TOTAL I (A+B+C+D+E)</b>			7,198,575,024.59	8,142,663,943.01
<b>Current liabilities (F)</b>			2,364,106,770.76	1,338,560,974.25
• Trade payables			654,647,907.81	693,894,140.67
• Client advances			35,037,090.29	0.00
• Employee			17,513,300.97	31,814,864.87
• Social security / Pension funds			12,348,842.33	11,340,527.57
• State			228,056,281.89	129,364,108.79
• Affiliates current accounts			1,697.19	1,697.19
• Other creditors			1,415,677,685.16	472,145,635.16
• Accruals			823,965.12	
<b>Other provisions (G)</b>			2,638,182.44	6,258,415.62
<b>Short term exchange fluctuation (H)</b>			3,732,446.82	1,289,008.14
<b>TOTAL II (F+G+H)</b>			2,370,477,400.02	1,346,108,398.01
Bank-overdrafts				
• Discounted bills				
• Overdrafts				
• Banks (Credit balance)				
<b>TOTAL III</b>				
<b>TOTAL GENERAL I+ II + III</b>			9,569,052,424.61	9,488,772,341.02

### INCOME STATEMENT

From January 2019 to June 2019

NATURE	OPERATIONS		Current year 3 = 1 + 2	Previous year 4
	Related to this year 1	Related to Previous year 2		
<b>VII- CURRENT INCOME (reports)</b>			317,622,464.57	338,207,182.59
<b>VIII- UNUSUAL REVENUES</b>				
Proceeds from fixed assets disposals				
Balance subsidy				
Investment subsidy / Current year				
Other unusual revenues				
Unusual expenses reductions ; Unusual expenses transfer	2,428,871.66		2,428,871.66	
<b>TOTAL VIII</b>	2,428,871.66		2,428,871.66	0.00
<b>IX- UNUSUAL EXPENSES</b>				
Sold fixed assets net book value				
Subsidies awarded				
Other unusual expenses	16,231,923.00		16,231,923.00	5,887,537.03
Unusual allotment for current year depreciations and provisions	2,428,871.66		2,428,871.66	
<b>TOTAL IX</b>	18,660,794.66		18,660,794.66	5,887,537.03
<b>X - UNUSUAL INCOME (VIII - IX)</b>			-16,231,923.00	-5,887,537.03
<b>XI - PRETAX INCOME (VII + X)</b>			301,390,541.57	332,319,645.56
<b>XII - INCOME TAX</b>			102,591,374.81	104,029,202.63
<b>XIII - NET EARNINGS (XI - XII)</b>			198,799,166.76	228,290,442.93
<b>XIV - TOTAL REVENUES (I + IV + VIII)</b>			2,684,406,466.09	2,312,641,378.10
<b>XV - TOTAL EXPENSES (II + V + IX + XII)</b>			2,485,607,299.33	2,084,350,935.17
<b>XVI - NET PROFIT</b>			198,799,166.76	228,290,442.93

(Total revenues - total expenses)



### TAQA MOROCCO GROUP

#### Statutory auditors' report on the consolidated financial statements as at June 30, 2019

We have carried out a limited review of the summary consolidated financial statements of Taqa Morocco SA and its subsidiary (Taqa Morocco Group) which comprise the consolidated statement of financial position as at June 30, 2019, the consolidated statement of profit and loss, the consolidated perimeter and the information provided in the interim report for the period then ended. Those consolidated financial statements show a total equity of KMAD 6.037.023 including a net profit of KMAD 658.557.

We have conducted our limited review in accordance with Moroccan Standards on Auditing applicable in Morocco. Those standards require that we comply with ethical requirements, plan and perform the limited review to obtain moderate assurance whether the consolidated financial statements are free from material misstatement. A limited review consists mainly of holding discussions with senior managers in charge of accounting and finance, and carrying out analysis work. This work is less extensive than that required by an audit. We did not conduct an audit and, consequently, we do not express an audit opinion.

On the basis of our limited review, we have not seen any significant anomalies that would suggest that the summary consolidated half-year financial statements do not present fairly, in all material respects, the financial position of the Group as at June 30, 2019, and its financial performance and its cash flows for the period then ended in accordance with accounting principles generally accepted in Morocco.

Casablanca, September 17<sup>th</sup> 2019

#### THE STATUTORY AUDITORS

ERNST & YOUNG  
ABDELMAJID FAIZ  
Associé

BENJELLOUN Touimi Consulting  
Abdelmajid BENJELLOUN Touimi  
Associé



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