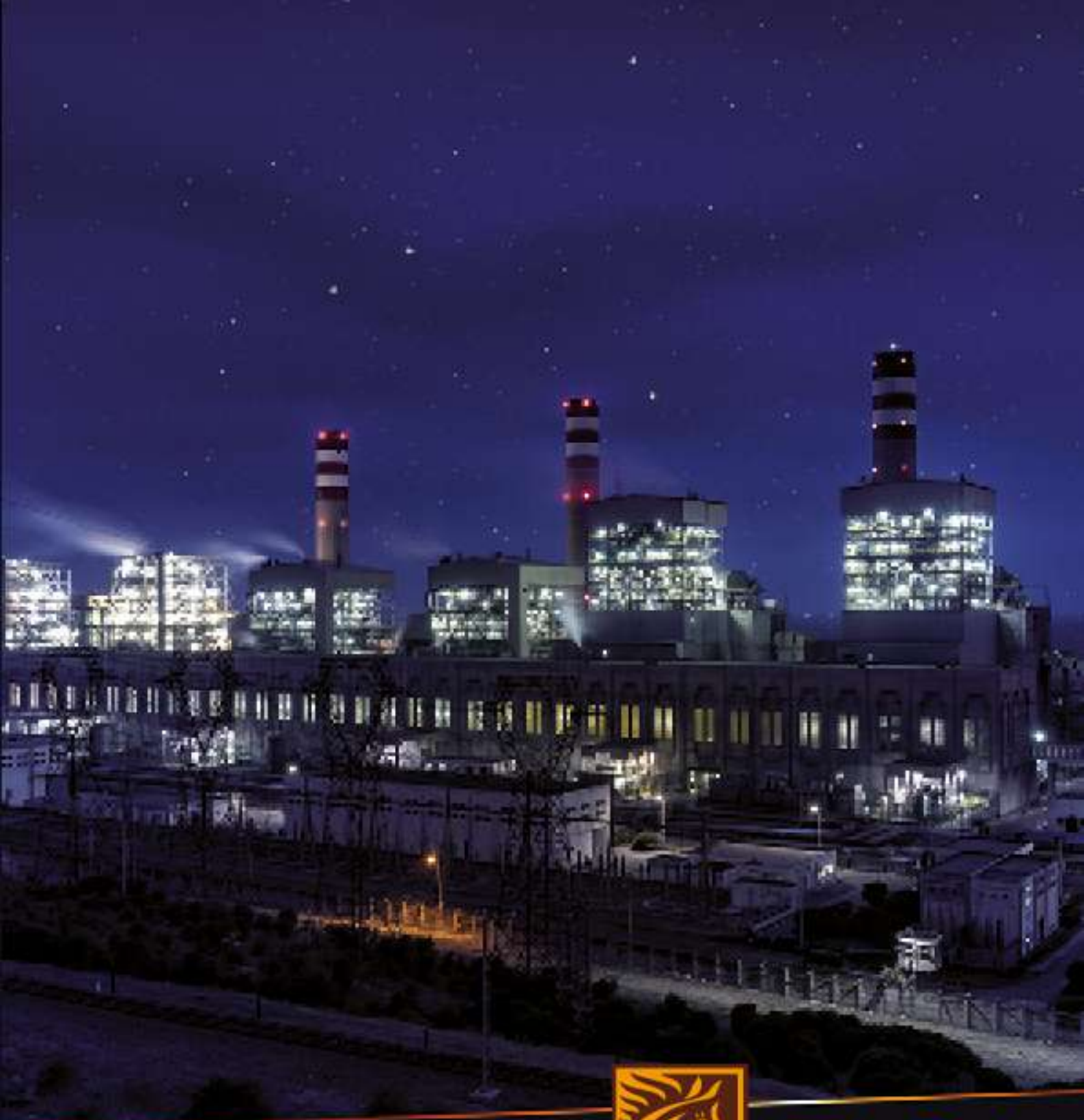




M O R O C C O

**TAQA**

**2018**

**Annual  
Report**

**TAQA Morocco confirms its leadership  
and robust business model**







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## KEY INDICATORS 2018

Performance markers on the rise

### Operational indicators



**2056 MW**  
PRODUCTION CAPACITY



Nearly **18 million**  
PEOPLE COVERED



**91.2 %**  
OVERALL  
AVAILABILITY



**5.6 million tons**  
OF COAL IMPORTED



**44 %**  
OF NATIONAL  
PRODUCTION



**1 unloading dock**  
AT THE JORF LASFAR PORT  
WITH A CAPACITY OF  
9 MILLION TONS



**18 %**  
INSTALLED CAPACITY



**1 coal storage yard**  
WITH A TOTAL CAPACITY  
OF 1 MILLION TONNES

### Consolidated financial indicators



**8511 MDH**  
SALES TURNOVER



**3584 MDH**  
EBITDA



**1362 MDH**  
NET INCOME



**40 MAD**  
DIVIDEND PER SHARE



# Word from the Chairman

**All our energy to make the Morocco of tomorrow shine.**



Dear Shareholders,

*The year 2018 confirmed the robustness of TAQA Morocco's business model, which recorded growing financial performance and stable cash flows. TAQA Morocco demonstrated the growth potential of its shareholder value by outperforming the MASI, and we thank you for this trust.*

*TAQA Morocco is above all a resource with more than twenty years of expertise in thermal engineering that has elevated the company to the world's top quartile in terms of operational performance. Know-how driven by staff with commitment and desire to exceed has allowed the company to consolidate its position as leader in a market that is becoming competitive and especially fully engaged in the energy transition. It is a new chessboard on which TAQA Morocco will continue to play its role of leader. TAQA Morocco has made Morocco shine and it will continue to mobilise its energy to make the Morocco of tomorrow shine. This is our promise, to be able to sustainably support the Moroccan energy mix. We have developed a strategic plan to 2021 which will allow us to achieve this objective, to continue to support the stability of the national grid by maintaining our Units at the best levels of availability and at the same time to work to develop the energies of the future. With this in mind, we can count on the support of our reference shareholder, the TAQA Group, which expressed two major intentions on the sidelines of the Forum Energy Summit in January 2019: to develop in Africa from Morocco and to raise the share of renewable energy in its energy portfolio by 10% by 2030. These are all opportunities for development that are emerging for TAQA Morocco and even beyond in terms of innovation.*

*The energy sector has fully entered the era of Industry 4.0, and at TAQA Morocco we have translated it by developing towards predictive maintenance with real-time monitoring of our equipment through the use of connected sensors. We have also been selected by the TAQA Group to test an innovation that will significantly lower energy infrastructure costs in remote areas. This is a technology developed by LakeDiamond, a Swiss start-up, that transmits energy wirelessly to high-power solar panels using lasers that incorporate laboratory diamonds.*

*Thus, in terms of what we have just completed, 2019 should mark a turning point for TAQA Morocco between the sustainability of existing assets and building the foundations for its development.*

**Abdelmajid IRAQUI HOUSSAINI**





**TAQA Morocco**  
**A key energy**  
**player**







## A leading IPP in Morocco since 1997

TAQA Morocco operates the largest independent coal Thermal Power Plant in the Africa and Middle East region. The industrial infrastructure consists of 6 high-performance Units that place TAQA Morocco in the first quartile of the best power plants in the world (following a global benchmark of Thermal Power Plants of equivalent size).

## Origins

Launched at the initiative of the ONE in response to the intensive development of electricity production, construction of the first two Power Plant Units began at Jorf Lasfar in 1991. Units 1 and 2 entered service in 1993, already providing a capacity of 660 MW.

A turning point came in 1997 with the creation of the Jorf Lasfar Energy Company (JLEC), the birth of Morocco's first private power generation company. With an amount of 1.25 billion dollars, JLEC committed record financing to Morocco for the development of its thermal complex. This included the construction of Units 3 and 4 which doubled the Power Plant's production capacity.

Further work was launched to ensure operation and maintenance of the coal unloading dock at the Jorf Lasfar Port, with coal being the strategic and essential raw material for operation of the Power Plant. Following their official inauguration by His Majesty King Mohammed VI, Units 3 and 4 were commissioned in 2000 and 2001 respectively.

In order to continue supporting Morocco in its energy development, JLEC obtained the State's agreement in 2009 to launch Units 5 and 6. Work began in 2012 with new financing, a record in Morocco's history: \$1.4 billion. Units 5 and 6 entered service in 2014, bringing the total capacity of the Power Plant to 2056 MW. As JLEC develops, its skills become more refined

and its know-how grows. The company's rise is also supported by the dynamics of its human capital and the extension of its expertise.

In 2014, JLEC changed its corporate name to become TAQA Morocco. This step marked a strategic turn for the company, since TAQA Morocco has the ambition to diversify its activities over the long term. From then on, TAQA Morocco set itself a new challenge: to support the Kingdom's energy mix for years to come. To be ready to take advantage of any opportunity for development, TAQA Morocco has adopted a strategic plan to 2021 that essentially focuses on strengthening its operational excellence and its human capital.

Today, TAQA Morocco has 479 employees and operates six production Units. The Jorf Lasfar Thermal Power Plant is the main supplier to the National Office of Electricity and Drinking Water (ONEE).



## Membership in a Group with a Global Network

Morocco's leading independant, Power Producer, TAQA Morocco part of a Global network is a subsidiary of the Taqa Group.

Founded in 2005 in Abu Dhabi, the Taqa Group is 74.10% owned by the State Emirat Group ADWEA (Abu Dhabi Water and Electricity Authority). Globally, the Taqa Group employs 1,758 people and develops innovative solutions to meet the energy needs of its customers in 11 countries on four continents.

Thanks to significant investments, the Group has established multiple hubs of expertise enabling it to have a complete energy portfolio from gas exploration to electricity production and seawater desalination. Taqa is structured around two segments of activities, oil and gas on the one hand, electricity on the other.

### Oil and Gas

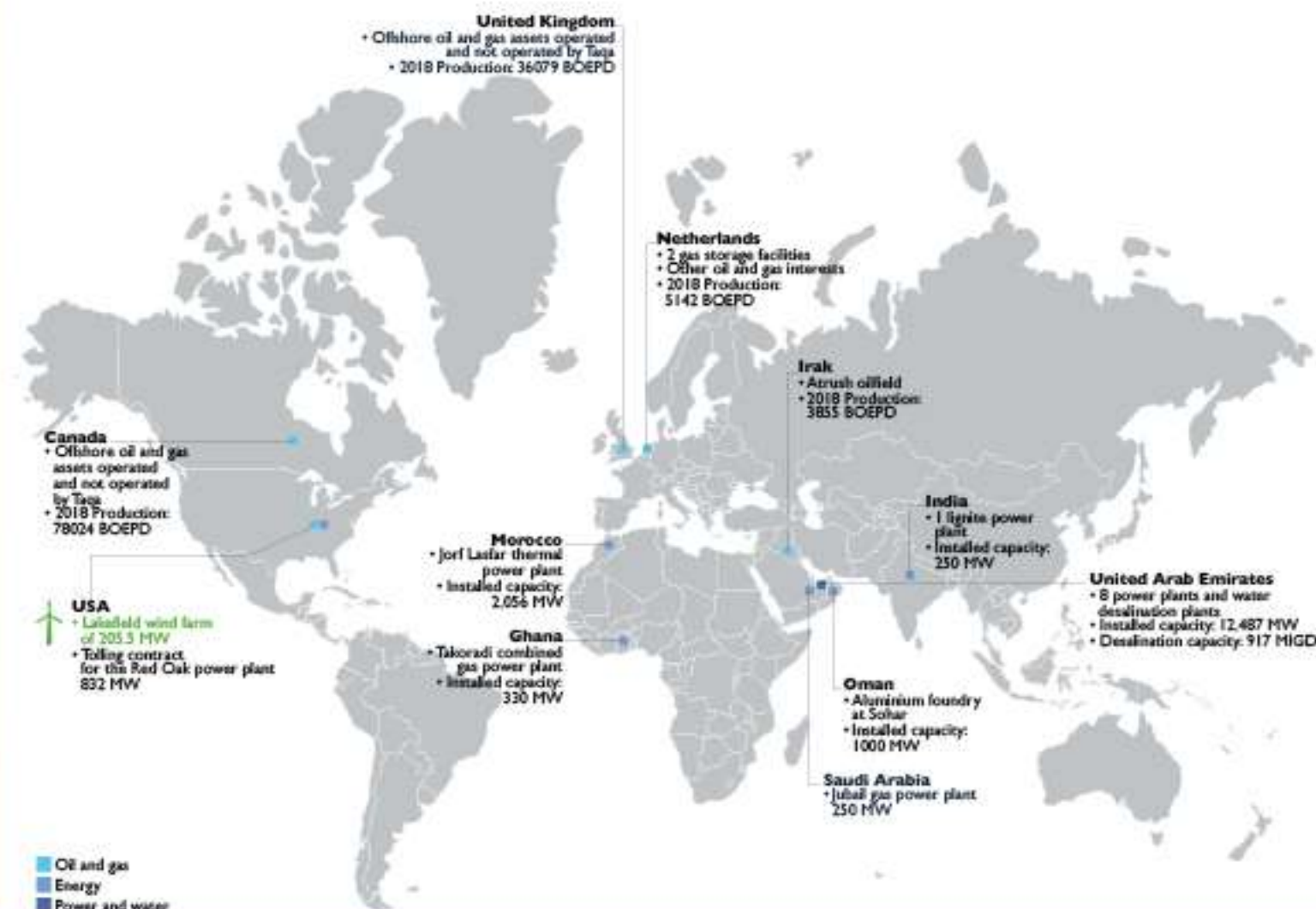
The Taqa Group operates oil and gas assets in five countries. Its hubs of expertise focus on the entire value chain: exploration, crude oil development and production, natural gas and liquid gas, as well as storage, processing and transport of gas and oil.

### Power and Water

Through its various subsidiaries, the Taqa Group supplied power and water to customers around the world. Its gross energy production capacity amounts to 17,410 MW. It also supplies about 95% of the water and electricity needs of the emirate of Abu Dhabi.

### A global portfolio of assets

Thanks to a wide range of expertise, the Taqa Group has many assets around the world: power plants, water sanitation facilities, oil and gas exploration and production facilities, pipelines and gas storage facilities. These infrastructures span four continents: Africa and the Middle-East, India, Europe and North America.



## 2018 Operational and Financial Performance of the Taqa Group, Power & Water segment



## 2019 Prospects for the Water and Energy branch of the Taqa Group

The strategy of the Taqa Group for the coming years will be to strengthen its historically key Power and Water assets in the Middle East and North Africa to create more value and opportunities for its shareholders, and to confirm its leadership position as a Top Quartile operator.

Taqa is committed to generating strong and predictive financial performance and will continue its efforts to improve its ability to ensure security of supply and economies of scale with the support of high-performing human capital.





## A commitment to support Morocco's energy mix

The backing by the TAQA Group allows the Moroccan subsidiary to have solid assets to prepare for the future. Indeed, the Group's financial strength places it among the largest foreign investors in Morocco. In addition, its expertise and know-how position TAQA Morocco on the front line to become a preferred partner of the Moroccan government in the Kingdom's energy development.

In a context of national mobilisation to meet tomorrow's energy challenges, TAQA Morocco should remain a preferred partner of the Moroccan state. In particular, TAQA Morocco aims to play a major role in Morocco's transition to renewable energy. In particular, it could become a major player in the development of wind power.

To this end, the company is currently engaged in a wind project in the Tetouan region under Law 13-09. Recall that this law allows the market for production and marketing of electricity produced from renewable sources to be opened up. This project, with an overall capacity of 200 MW, will be delivered in several phases.

A operator of the wind farm, TAQA Morocco's role in this project will be to guarantee energy availability during the production phase.





**TAQA Morocco**  
**Performance**  
**drivers**





# I - GOVERNANCE

TAQA Morocco's Management endeavours to implement transparent governance that is part of the company's performance strategy.

TAQA Morocco is a company with a dual structure, organised around a Supervisory Board and an Executive Board.

## Supervisory Board

|                                                                       |                                                                            |
|-----------------------------------------------------------------------|----------------------------------------------------------------------------|
| Abdulaziz Abdulrahman Al-Hemaidi<br>Chairman of the Supervisory Board | TAQA PJSC représentée par Awad Al Ketbi<br>Member of the Supervisory Board |
| Saeed Hamad Al Dhaheri<br>Vice Chairman of the Supervisory Board      | Mohammed Al Ahbabi<br>Member of the Supervisory Board                      |
|                                                                       | Khaled Al Sayari<br>Member of the Supervisory Board                        |

Two Committees report to the Supervisory Board: an Audit Committee and an Executive Nomination and Compensation Committee.

| Audit Committee                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Executive Appointment and Remuneration Committee.                                                                                                                                                                            |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>Monitors the drafting of information for shareholders, the public and the Moroccan Financial Markets Authority.</li> <li>Monitors the effectiveness of internal control and internal audit systems.</li> <li>Management of risks related to TAQA Morocco and monitors legal audit of the corporate accounts and consolidated accounts of TAQA Morocco.</li> <li>Review and monitoring of the independence of statutory auditors.</li> <li>Oversees compliance with TAQA Morocco's Code of Ethics.</li> </ul> | <ul style="list-style-type: none"> <li>Management of director appointments.</li> <li>Director remuneration policy.</li> <li>Succession plans.</li> <li>Proposals of action plans and objectives of the directors.</li> </ul> |

## Managing Board

TAQA Morocco's Executive Management is provided by the Executive Board.

It contributes to the definition and implementation of strategy, establish in accordance with the broad long-term orientations set by the Supervisory Board. The Executive Board is composed of the following members:

|                                                               |                                           |
|---------------------------------------------------------------|-------------------------------------------|
| Abdelmajid Iraqui Houssaini<br>Chairman of the Managing Board | Abdelkader Hilmi<br>Member of the Board   |
| Omar Alaoui M'Hamdi<br>Member of the Board                    | Fadoua Moutaouakil<br>Member of the Board |
|                                                               | Khalid Benghanem<br>Member of the Board   |

The Executive Board has created a certain number of committees to provide an appropriate and effective organisation. Day-to-day management of TAQA Morocco is provided by the Management Committee which makes all decisions necessary to achieve the operational and financial objectives.

## Managing Board

|                                                                          |                                                                    |
|--------------------------------------------------------------------------|--------------------------------------------------------------------|
| Abdelmajid Iraqui Houssaini<br>Chairman of the Managing Board            | Fadoua Moutaouakil<br>Director of the Strategy and Risk Management |
| Omar Alaoui M'Hamdi<br>Deputy CEO,<br>Finance and Development Division   | Mehdi Belghiti<br>Director of the Support Division                 |
| Abdelkader Hilmi<br>Africa operations                                    | Khalid Benghanem<br>Director of Human Resources                    |
| Fatima Bendahbia<br>Managing Director of Jorf Lasfar Thermal Power Plant | Said El Mamouni<br>Legal Director                                  |

TAQA Morocco also has specific committees to assist the Executive Board in managing the activity:

| Organisation and Remuneration Committee                                                                                                                                                                                                                                                                                                                                                                                                                |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>Guidance of the Board regarding remuneration, organisation plans, succession and training planning.</li> </ul>                                                                                                                                                                                                                                                                                                  |
| Social Dialogue Committee                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <ul style="list-style-type: none"> <li>Management of complaints presented by the union executive</li> <li>Management of conflict situations</li> <li>Drafting of agreements</li> <li>Review of the social consultation charter</li> <li>Establishment of work subcommittees</li> <li>Meeting with social partners for the organisation of social relations</li> </ul>                                                                                  |
| Health and Safety Committee                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <ul style="list-style-type: none"> <li>Assessment of occupational risks related to the business</li> <li>Implementation of legal and regulatory provisions relating to health and safety, and protection of health in the workplace.</li> <li>Oversight and control of safety equipment and systems</li> <li>Culture of risk prevention and respect for safety</li> </ul>                                                                              |
| Works Council                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <p>Advisory body on:</p> <ul style="list-style-type: none"> <li>Structural and technological transformations carried out within the company</li> <li>TAQA Morocco's production strategy and ways to improve profitability</li> <li>Development of social projects for the benefit of staff and monitoring their implementation</li> <li>Social audit report</li> <li>Training programs</li> <li>Insertion training and continuing education</li> </ul> |
| Safety Committee                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <ul style="list-style-type: none"> <li>Coordination of safety measures within TAQA Morocco</li> <li>Monitoring implementation and control of safety procedures</li> <li>Study and management of assignments and projects proposed by the Safety Department</li> <li>Control of resources put in place to ensure safety</li> </ul>                                                                                                                      |



To assist the Executive Board in the company's CSR efforts, two committees have been created.

#### Corporate Social Responsibility (CSR) Committee

- Definition, formalisation and monitoring of the company's CSR procedure
- Collection and approval of proposals for implementation of the CSR procedure within each Department concerned
- Steering all actions and monitoring the dashboard
- Creation of the action plan
- Regular assessments of the CSR procedure and its contribution to the company's performance
- Communication of results to the Supervisory Board and Managing Board.

#### Sponsoring and Civic Actions Committee

- Definition and implementation of General Management's policy on sponsorship and citizen actions
- Review and validation of applications for final approval by General Management
- Ensuring strict performance of actions and their compliance with contractual provisions
- Regular monitoring and assessment of actions under by measuring their impact on defined components.

## ETHICS

TAQA Morocco is governed by a Code of Ethics with the aim of setting the ethical rules to ensure respect for the principles of fairness, transparency and integrity, in accordance with the values of TAQA Morocco and more generally those of the TAQA Group.

In addition to the ethical rules relating to TAQA Morocco's specific activity and to the rules of conduct enacted by the TAQA Group's "Code of Business Ethics", the Code of Ethics enacts the rules governing the use and communication of Privileged Information by the Company and Conflict of Interest situations.

This Code thus establishes the guiding principles and rules within TAQA Morocco in order to ensure that all employees have a common vision of the ethical standards and that they carry out their profession in accordance with these standards.

## II - A Business Partner Organisation

|                                                                 |                                                                         |                                                                  |                                         |                                                        |                                |
|-----------------------------------------------------------------|-------------------------------------------------------------------------|------------------------------------------------------------------|-----------------------------------------|--------------------------------------------------------|--------------------------------|
| Chairman of the Managing Board<br><b>A. Iraqui Houssaini</b>    |                                                                         |                                                                  |                                         |                                                        |                                |
| Member of the Executive Board<br><b>A. Hilmi</b>                |                                                                         | RSSI<br><b>M. Haidi</b>                                          |                                         |                                                        |                                |
| Plant Support<br><b>C. Amrani</b>                               |                                                                         | Communication<br><b>L. Bouchouf</b>                              |                                         |                                                        |                                |
| Strategy & Risk Management<br><b>F. Moutaouakil</b>             | Deputy CEO Finance and Development Division<br><b>O. Alaoui M'Hamdi</b> | Power Plant Management<br><b>F. Bendahbia</b>                    | Support<br><b>M. Belghiti</b>           | Human Resources<br><b>K. Benghanem</b>                 | Legal<br><b>S. El Mamouni</b>  |
| Strategy & Planning<br><b>K. Benjelloun</b>                     | TQM Finance<br><b>Z. Fafouri</b>                                        | Units 1&2<br><b>A. Bouzekri</b>                                  | Site Security<br><b>N. Sennouni</b>     | HR Development<br><b>K. Benghanem</b>                  | Legal Counsel<br><b>Vacant</b> |
| Risk Management, Internal Audit, Insurance<br><b>Y. Benbrik</b> | Finance 5&6<br><b>H. Chad</b>                                           | Units 3&4<br><b>H. Mourini</b>                                   | Purchasing<br><b>A. Eddekkaki</b>       | Administration & Social Relations<br><b>S. Benider</b> |                                |
|                                                                 | TNA Development & Finance<br><b>B. Benbachir</b>                        | Units 5&6<br><b>A. Harrouch</b>                                  | Control<br><b>Z. Sentissi</b>           |                                                        |                                |
|                                                                 | Fuel Purchases<br><b>M. Berrechid</b>                                   | Common Facilities<br><b>E. Moatassim acting</b>                  | Information System<br><b>Vacant</b>     |                                                        |                                |
|                                                                 |                                                                         | SPM & Engineering<br><b>L. Malzoumi</b>                          | General Facilities<br><b>H. Bouttan</b> |                                                        |                                |
|                                                                 |                                                                         | Engineering, Digitalisation and Performance<br><b>A. Ouadane</b> |                                         |                                                        |                                |
|                                                                 |                                                                         | Process Safety & QHSE<br><b>Y. Annachchibi, acting</b>           |                                         |                                                        |                                |



### III - A Participative Culture in Occupational Health Safety

Safety is a fundamental value of the corporate culture, so working safely is primarily a question of behaviour. It is through a culture embodied and shared by all that we are able to consolidate performance in the long term and by extension that of the company.

It is on this principle that the Management of TAQA Morocco, in partnership with the Health and Safety Committee, launched in 2018 a major consultation on the perception of the safety culture among employees and subcontractors. The global consulting firm DuPont Sustainable Solutions has been commissioned to conduct this qualitative study in order to enable the company to identify very precisely the areas in need of immediate intervention, to guide the communication actions and to have a reference to be able to position itself in relation to a global benchmark of good practices.

Employees contributed significantly to this survey through questionnaires and workshops that led to avenues for progress and concrete recommendations from the operational staff. All these elements allowed the Management to work on a new Safety Roadmap that was presented to all employees. Each component of this roadmap will give rise to action plans that will be worked on in 2019 by the operating teams in such a way that the actions for Safety is made the responsibility across management. It is the condition for sustainably deploying shared culture of Safety at Work.





# IV - TAQA Morocco - A World Class National Industrial Force

TAQA Morocco is ranked in the top quartile of the world's Thermal Power Plants in terms of industrial performance by an international comparative study of a reference firm in energy. Industrial excellence is based on solid fundamentals.

**Competitive  
production costs**

**High availability  
and reliability  
of all Units**

**A secure  
coal supply  
strategy**

**Predictive maintenance  
management**

**Confirmed expertise  
in the energy businesses**

**Environmental  
performance  
compliant with  
the World Bank's  
rigorous standards**

## Towards enhanced digitalisation

The digital transformation in the industry is a global trend and the energy sector, which started the transition later, is accelerating the pace, especially in terms of predictive maintenance. TAQA Morocco is part of the same movement and in 2018 set up a project for monitoring its turbines and alternators. This system is a tool for optimising maintenance and operation that will enable moving from preventive maintenance to predictive maintenance through real-time diagnosis and monitoring of technical parameters and analysis of the machine behaviour to anticipate malfunctions and avoid forced outages.

In addition, the system for managing the daily rounds of the Units' common equipment will be set up. Portable POA terminals will allow the index recovery process to be digitalised by setting up a mobile solution for round management. It is interfaced with a back office which uses all the operating parameters recorded by these terminals in order to complete equipment monitoring

and reliability. This will therefore provide for a database from which reports will be extracted that are necessary for management of the monitoring, testing and exchange of redundant equipment. In addition, a system of alerts has been developed to identify the presence of out-of-range values both in input and in validation of readings. It provides a complete and reliable history that leads to better control of obsolescence and equipment maintenance.

2019 will continue this dynamic of innovation and digitalisation of the operating process to develop predictive maintenance and improve reliability of the production tool in order to sustainably increase availability.



## V - Highly Qualified Human Resources

Over the years, TAQA Morocco's human capital has become a real competitive advantage for the company. Within the framework of Management of its Human Resources, the company preserves and develops more than 20 years of expertise in the trade of thermal technician.

As such, in 2018 succession management was completely updated, taking into account the generational evolution underway in the company's staff and development projects. It is a project that consists of mapping the organisation's key positions, identifying internal leaders who will be able to occupy these positions, preparing their individual development plan according to their career aspirations and the company's needs, and finally carrying out the career promotions.

This process has resulted in new 2018-2019 engineering training to facilitate this succession plan and more globally to support the sharing and increase in the company's skills. It meets the desire for training expressed by employees in their individual annual assessments, their progress

project and also anticipates the company's evolution. It is a complete training plan, which in addition to technical skills also includes a significant program dedicated to safety and the behavioural skills of team management or soft skills.

Setting up the 2018 Succession Plan also led to redesign of the job description manual in order to adapt them to the company's new context: development projects and technological developments.

Finally, 2018 was also an important year for social dialogue with Staff Representatives to meet their expectations in terms of working conditions and social benefits in order to maintain a social climate conducive to social development.

## Expertise of Human Resources

Number of days  
of internal qualification

**940**

Number of  
persons qualified

**22**

Number of days  
of training

**1585**

Number  
of persons trained

**182**

## Management

Workforce

**479**

Hirings

**20**

Turnover

**1.67%**

Statutory advances

**49**

Promotions

**19**

## 2018 Social Activities for employees

Medical check-ups

**67**

Consultations -  
Medical campaign

**556**

Employee Excursions

**112**

Family Excursions

**115**

Socio-cultural activities

**72**

Sports activities

**385**

Summer Activities

**74**

People

**518**

Nights



## VI - Socially Committed

### Health, education, culture and environment

In line with the TAQA Group's governance standards, CSR forms an integral part of TAQA Morocco's DNA. That's why the company has an active policy on social engagement and sustainable development.

TAQA Morocco's CSR approach is governed by a charter:

1. Leading the activity of TAQA Morocco by anticipating and reducing its environmental impacts.
2. Work to create a fair, safe and participatory working environment.
3. Becoming involved in communities and contributing to creation of social value.
4. Operating within the framework of responsible and transparent governance.
5. Committing to ethical conduct and extending TAQA Morocco's social, societal and environmental responsibility to its business ecosystem.

TAQA Morocco thus displays a strong desire to help impoverished people, particularly in the regions where the company is based. In addition to the wealth created in terms of economic development and jobs, TAQA Morocco seeks to improve the living conditions of the surrounding communities of the El Jadida region.

Thanks to local actions, TAQA Morocco contributes practically to local development in health, education, environment and culture.



## Contributing to improve access to medical care

### Support for cancer patients

TAQA Morocco encourages medical research by providing support to the Lalla Salma Foundation - Cancer Prevention and Treatment. This action aims to provide chemotherapy treatments to low-income patients and to establish oncology centres in the various cities of the Kingdom. The Lalla Salma Foundation - Cancer Prevention and Treatment works to improve patient care, encourage prevention and make the fight against cancer a national public health priority.

### Partner of El Jadida Emergency Medical Assistance

TAQA Morocco is a partner of an emergency medical assistance service deployed throughout the province of El Jadida for the benefit of the inhabitants of more than 27 communes. Meeting international standards, in 2018 this medical emergency service (SAMU) answered close to 400 emergency calls per month, 81%

of which were admitted to emergency departments, 17% to maternity and 2% to resuscitation. Ambulances outfitted with the necessary equipment, the El Jadida SAMU allows continuity of care during transport and is equipped with a permanent (24/7) listening line.

### Implementation of local medical actions

TAQA Morocco has partnered with the Sheikh Zaid Ibn Soltan Foundation to provide free quality care to the poorest populations, who are often located in isolated rural areas. Medical caravans are provided by a multi-disciplinary mobile medical unit with the intervention of medical and paramedical teams from the Sheikh Zaid Hospital (doctors, nurses and volunteers). In 2018, this truly itinerant multi-disciplinary diagnostic centre combined with an ophthalmological intervention unit made possible, in the El Jadida Region, 124 cataract operations and 1481 consultations for general medicine, dermatology, ophthalmology, cardiology, gynaecology,

## Education: Supporting disadvantaged children

radiology and biological assessments. These are actions that have benefitted the rural populations of the Sidi Abed and Moulay Abdellah communes.

### Support for orphans

The Bab Rayan association has made it its mission to house, educate and protect orphaned, abandoned or mistreated children in a specially set up home in Casablanca. Bab Rayan has the capacity to receive 60 children who are given the opportunity to build a future and grow in dignity with respect for family values. TAQA Morocco supports this association which, more than a home, educates all these children and also allows them to flourish with extracurricular activities.

### Support autistic children

In 2018, TAQA Morocco supported the SOS Autism association in its efforts to educate autistic 70 children in a specialised reception centre adapted to their

educational needs. A specific support structure was set up for training programs and teaching infrastructures.

### Scholarships of Excellence

In 2018 TAQA Morocco in partnership with the Sheikh Zaid Ibn Soltan Foundation awarded Scholarships of Excellence for 5 students from modest families in medical training at the International University of Abulcadi Rabat. This is a leading training organisation with state-of-the-art equipment and training infrastructure.





## Culture: Promoting local heritage

### Preserving cultural heritage with the Moussem of Moulay Abdellah Amghar

TAQA Morocco is a partner of Moussem de Moulay Abdellah Amghar, one of the largest demonstrations that pays tribute to the victorious battles of the city of Eljadida against the occupier. Regional and national influence,

is renowned for its nightlife with musical orchestras and folk troupes that take place on many stage settings. The Moussem, which includes a number of other entertainments and amusements, is an important cultural event in the Doukkala region.

## Environment: Limiting the environmental impact of activities

TAQA Morocco has implemented several solutions intended to reduce the environmental impact of its activities. Special efforts have been made on ash recycling and solid waste treatment. In addition, TAQA Morocco takes care to comply strictly with the standards imposed on air and water quality.

In terms of emissions, TAQA Morocco is a company that respects the environment with ratios well below regulatory constraints.

### Ash storage and recycling

In order to limit its environmental footprint, TAQA Morocco has an sophisticated system for ash storage and recycling. By using the most advanced technologies, TAQA Morocco manages to recycle close to 80% of the fly ash.

### Solid waste treatment

The company has put in place a treatment process that allows it to recover its solid waste. Treatment is therefore

carried out in two stages: sorting of solid waste takes place on site, then they are sent to different types of recycling companies (industrial waste, domestic waste and ordinary waste).

### Air quality control

In order to control its atmospheric emissions and to comply with the World Bank's strict standards, TAQA Morocco has invested more than \$200 million USD in treatment facilities for its liquid and smoke discharges.

- Setting up a desulphurisation device to treat 95% of sulphur dioxide emissions.
- Installation of low nitrogen oxide burners
- SO<sub>3</sub> injection to reduce dust levels
- Use of electrostatic precipitators that capture more than 99% of fine particulates.

### Monitoring water quality

Regular monitoring of the quality of groundwater, wastewater and cooling water is carried out to World Bank international standards.

## Indicators



**1** weather station

for environmental control



**1** ash

storage facility



**30** MDH

invested each year for environmental equipment



**\$200** million USD

invested for treatment of liquid and smoke discharges



# TAQA Morocco outperforms the MASI

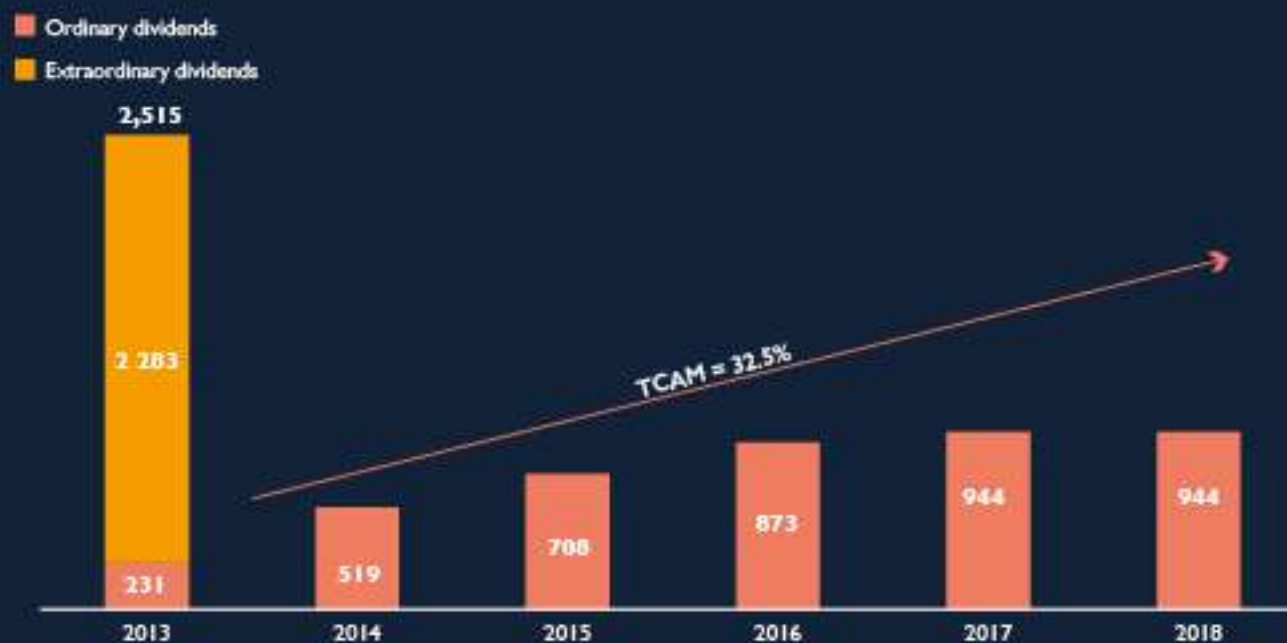
## Price change



The overall return\* for the share (dividend + price increase) amounts to 25% compared to a MASI Gross Return (GR) of 8%.

The TAQA Morocco share rose by 5.62% between January 1, 2019, and March 6, 2019, compared to a 1.70% decline in the MASI GR index over the same period.

## Dividend distribution policy up to 32.5% since IPO



\* On the basis of an IRR calculated between the date of first listing and March 6, 2019.







# Financial Results 2018





# Consolidated accounts as of December 31, 2018

## CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31

(In thousands of Moroccan dirhams)

| ASSETS                          | NOTES       | 2018              | 2017              |
|---------------------------------|-------------|-------------------|-------------------|
| Intangible Assets               | 1.2.1 & 2.1 | 4,068,807         | 4,514,614         |
| Fixed Assets                    | 1.2.2 & 2.1 | 9,832,618         | 10,084,482        |
| Financial Assets                | 2.2         | 1,976             | 3,161             |
| Long Term Exchange Fluctuations |             | 317,141           | 420,701           |
| <b>TOTAL LONG TERM ASSETS</b>   |             | <b>14,220,542</b> | <b>15,022,958</b> |
| Inventory                       | 1.2.3 & 3   | 1,576,124         | 1,441,818         |
| Trade Receivables               | 4           | 1,678,260         | 1,679,784         |
| Other Receivables               | 5           | 592,267           | 555,305           |
| Short term Investments          | 6           | 1,880,298         | 2,249,297         |
| Other assets                    |             | 2,017             | 5,407             |
| Cash                            | 7           | 450,252           | 309,648           |
| <b>CURRENT ASSETS</b>           |             | <b>6,179,218</b>  | <b>6,241,259</b>  |
| <b>Total Assets</b>             |             | <b>20,399,760</b> | <b>21,264,217</b> |

## EQUITY & LIABILITIES

|                                          |   |                  |                  |
|------------------------------------------|---|------------------|------------------|
| Share Capital                            |   | 2,358,854        | 2,358,854        |
| Share Premium                            |   | 1,164,805        | 1,164,805        |
| Reserves                                 |   | 855,807          | 785,542          |
| Net Income - Group Share                 |   | 1,048,725        | 1,013,813        |
| Group Equity                             |   | 5,428,192        | 5,323,014        |
| Minority Interest                        | 8 | 893,822          | 784,656          |
| <b>CONSOLIDATED SHAREHOLDERS' EQUITY</b> |   | <b>6,322,014</b> | <b>6,107,670</b> |

|                                       |           |                   |                   |
|---------------------------------------|-----------|-------------------|-------------------|
| Provisions                            | 1.2.5 & 9 | 20,857            | 19,227            |
| Borrowings                            | 10        | 11,546,262        | 12,652,595        |
| <b>LONG TERM LIABILITIES</b>          |           | <b>11,567,119</b> | <b>12,671,823</b> |
| Current payables                      |           | 1,175,640         | 1,099,902         |
| Other Payables                        | 11        | 1,334,987         | 1,384,822         |
| <b>CURRENT LIABILITIES</b>            | 12        | <b>2,510,627</b>  | <b>2,484,724</b>  |
| <b>TOTAL LIABILITIES</b>              |           | <b>14,077,746</b> | <b>15,156,547</b> |
| <b>Total Equity &amp; Liabilities</b> |           | <b>20,399,760</b> | <b>21,264,217</b> |

Les notes 1 à 24 font partie intégrante des états financiers consolidés.

## CONSOLIDATED INCOME STATEMENT AS AT DECEMBER 31

(In thousands of Moroccan dirhams)

|                                                               | NOTES | 2018             | 2017             |
|---------------------------------------------------------------|-------|------------------|------------------|
| <b>REVENUES</b>                                               |       |                  |                  |
| Turnover                                                      | 13    | 8,511,361        | 8,082,066        |
| Other revenues                                                |       | 1,699            | 3,251            |
| Operating expense reversals                                   |       | 29,792           | 29,248           |
| <b>Total revenues</b>                                         |       | <b>8,542,852</b> | <b>8,114,565</b> |
| <b>EXPENSES</b>                                               |       |                  |                  |
| Operating expenses                                            | 14    | 4,645,376        | 4,289,095        |
| Taxes                                                         |       | 24,065           | 23,947           |
| Labor costs                                                   | 15    | 258,413          | 255,425          |
| Depreciation                                                  | 16    | 974,173          | 973,006          |
| <b>Total expenses</b>                                         |       | <b>5,902,026</b> | <b>5,541,473</b> |
| <b>Operating income</b>                                       |       | <b>2,640,826</b> | <b>2,573,093</b> |
| <b>Financial income</b>                                       | 17    | <b>-643,763</b>  | <b>-640,391</b>  |
| <b>Current income</b>                                         |       | <b>1,997,063</b> | <b>1,932,701</b> |
| <b>Non current income</b>                                     | 18    | <b>-7,710</b>    | <b>-6,227</b>    |
| Income before tax                                             |       | 1,989,353        | 1,926,475        |
| Income tax                                                    | 19    | 627,461          | 605,248          |
| Quote-part dans le résultat des sociétés mises en Equivalence |       |                  |                  |
| Dotations nettes aux amortissements des écarts d'acquisition  |       |                  |                  |
| <b>Consolidated net income</b>                                |       | <b>1,361,892</b> | <b>1,321,227</b> |
| Group net income                                              |       | 1,048,725        | 1,013,813        |
| Minority interests                                            |       | 313,167          | 397,413          |
| <b>Consolidated net income</b>                                |       | <b>1,361,892</b> | <b>1,321,227</b> |
| <b>Earning per share (in MAD)</b>                             |       | <b>44,46</b>     | <b>42,98</b>     |

Notes 1 to 24 are an integral part of the consolidated financial statements.





# Consolidated accounts as of December 31, 2018

## CONSOLIDATED CASH FLOW STATEMENT AS AT DECEMBER 31

(In thousands of Moroccan dirhams)

|                                                                                                    | 2018              | 2017              |
|----------------------------------------------------------------------------------------------------|-------------------|-------------------|
| Cash flow from operations                                                                          |                   |                   |
| Net income from integrated companies                                                               | 1,361,892         | 1,321,227         |
| Elimination of expenses and proceeds having no incidence on the cash or not linked to the business |                   |                   |
| - Operating allowances and non-current provisions                                                  | 949,526           | 956,220           |
| - Deferred taxes variance                                                                          | -29,393           | 12,158            |
| - Capital gains from disposals net of tax                                                          | 0                 | -896              |
| Net working capital variance                                                                       | -110,311          | -72,099           |
| <b>Net cash flows generated by the activity</b>                                                    | <b>2,171,714</b>  | <b>2,216,610</b>  |
| Cash flow related to investment operations                                                         |                   |                   |
| Acquisition of fixed assets                                                                        | -250,979          | -277,904          |
| Disposals of fixed assets net of tax                                                               | 1,185             | 1,184             |
| Incidence of the perimeter change                                                                  | 0                 | 0                 |
| <b>Net cash flow related to investment operations</b>                                              | <b>-249,794</b>   | <b>-276,719</b>   |
| Cash flow related to financing operations                                                          |                   |                   |
| Dividends paid (*)                                                                                 | -1,147,542        | -11,161,776       |
| Capital increase in cash                                                                           | 0                 | 0                 |
| Issuing of loans                                                                                   | 0                 | 0                 |
| Repayment of loans                                                                                 | -1,002,774        | -1,085,468        |
| <b>Net cash flow from financing operations</b>                                                     | <b>-2,150,315</b> | <b>-2,247,244</b> |
| Cash variance                                                                                      | -228,395          | -307,533          |
| Opening cash                                                                                       | 2,558,945         | 2,866,299         |
| Closing cash                                                                                       | 2,330,550         | 2,558,945         |

(\*) Of which dividends paid by TAQA Morocco equal to KDH 943 542 in 2018 compared with KDH 872 776 in 2017.

The remainder consists of the dividends provided by JLEC 5 & 6 at TAQA Power Ventures B.V.

Notes 1 to 24 are an integral part of the consolidated financial statements.

# TAQA MOROCCO GROUP

## Consolidated explanatory notes as of december 31, 2018 and 2017

### 1. Principes comptables et methodes d'évaluation

The principal accounting policies adopted in the preparation of these consolidated financial statements are stated below :

#### 1.1 Basis of preparation

The principles and methods of consolidation used by the Group are in accordance with the methodology adopted by the National Accounting Council for the preparation of the consolidated financial statements in its opinion n° 5.

#### 1.1.1. Scope and consolidation methods

The companies in which the Group exercises direct or indirect exclusive control are fully consolidated. Exclusive control is the direct or indirect power of leading a company's financial and operating policies to take advantage of its activities.

Companies in which the Group directly or indirectly exercises significant influence are consolidated using the equity method.

Significant receivables, debts, income and expenses are eliminated in full for fully consolidated companies.

#### 1.1.2. Closing dates

TAQA Morocco and JLEC 5&6 close their accounts respectively on December 31<sup>st</sup> and September 30<sup>th</sup>.

### 1.2 Valuation methods

#### 1.2.1. Intangible assets

All the major outages are executed every 8 years for each unit, according to a pre-established major outage plan. The major outage expenditures are amortized over the same period.

#### - Initial Right of possession

In accordance with the Transfer of Possession Agreement (TPA) and in counter part of the payment of the TPA fee, "ONE" transfers to JLEC its "right of possession" of the units 1&2. This "right of possession" is capitalized as an Intangible Asset, and amortized over the period of concession (30 years from the financial closing.)

#### - Complementary Right of Possession

TAQA Morocco has completed the construction of Units 3&4 respectively after a period of 33 months and 40 months starting on financial closing date as well other investments related to the plant. During the period of construction, the total cost of construction that includes capitalized interest, have been accounted for as a Fixed Asset in Progress. From the commercial operation date of Unit 4, on February 2nd, 2001, the "right of possession" has been extended to the new Units (3&4).

and the corresponding Intangible Asset are amortized over the remaining period of concession, which is 26 years and 7 months starting February 2nd, 2001.

#### - Financing cost

Costs incurred to obtain financing were capitalized, and then such costs were amortized as a financial cost over a five year period. The periodic amortization of such costs is noted in the operating depreciation in accordance with CGNC.

#### - Other Project Development Costs

At Financial Closing, the Company also capitalized certain other costs paid by Related Parties during the development stage as an Intangible Asset. These capitalized costs are allocated during the entire period of the concession, which is 30 years from the financial closing date.

#### 1.2.2 Fixed assets

This account includes all Fixed Assets for which the estimated life duration is less than the concession period. They are recorded at their acquisition costs or production costs. Their depreciations are calculated on a straight-line basis based on the applicable tax rates.

#### 1.2.3 Inventories

The inventories are accounted for at their initial cost. Such cost will include the initial prices and any other accessory costs. At the end of the fiscal year, the inventories are evaluated according to the weighted average cost, except for spare parts inventory by applying the First In First Out (FIFO) Method.

#### 1.2.4 Foreign Currency Transaction

Receivables and debts in foreign currencies are accounted at the exchange rate prevailing on the date of the transaction. These receivable and debts are converted at the balance sheet closing exchange rate and readjusted in the asset/liability short term exchange of fluctuation.

Unrealized foreign exchange losses are recognized in the income statement through financial provisions, with the exception of those relating to financing debts denominated in US dollars and Euros, which are the subject of quasi-currency hedging transactions resulting from an overall foreign exchange position.

The unrealized gains are not recorded in the income statement.

#### 1.2.5 Provisions for risks and charges

As of December 31, 2018, the provisions for risks and charges correspond to the provisions for employee benefits subject to an actuarial valuation by an independent firm.

These social benefits are related to the gratuities of electricity for the benefit of the statutory staff of TAQA Morocco.



# Consolidated accounts as of December 31, 2018

## 2. Assets

### 2.1. Net assets

| In thousands of dirhams | December 31, 2018 |                   |                   | December 31, 2017 |                  |                   |
|-------------------------|-------------------|-------------------|-------------------|-------------------|------------------|-------------------|
|                         | Gross             | Amorts. Prov.     | Net amount        | Gross             | Amorts. Prov.    | Net amount        |
| Intangible assets (*)   | 12,439,076        | 8,370,269         | 4,068,807         | 12,539,394        | 8,022,780        | 4,516,614         |
| Tangible assets (**)    | 12,042,230        | 2,209,612         | 9,832,618         | 11,864,680        | 1,780,198        | 10,084,482        |
| <b>Total</b>            | <b>24,481,306</b> | <b>10,579,881</b> | <b>13,901,425</b> | <b>24,404,074</b> | <b>9,802,978</b> | <b>14,601,096</b> |

(\*) Intangible assets correspond mainly to the right of possession of TAQA Morocco for a net amount of DH 3 530 619 thousands.

(\*\*) Fixed assets correspond mainly to the Units 5&6 and the port superstructure for a net amount of DH 9 299 444 thousands.

### 2.2. Financial assets

| In thousands of dirhams | December 31, 2018 | December 31, 2017 |
|-------------------------|-------------------|-------------------|
| Loans                   | 1,276             | 2,449             |
| Other financial assets  | 700               | 712               |
| <b>Total</b>            | <b>1,976</b>      | <b>3,161</b>      |

## 3. Inventories

| In thousands of dirhams | December 31, 2018 |               |                  | December 31, 2017 |               |                  |
|-------------------------|-------------------|---------------|------------------|-------------------|---------------|------------------|
|                         | Gross             | Provisions    | Net amount       | Gross             | Provisions    | Net amount       |
| Spare parts             | 967,645           | 14,419        | 953,226          | 958,369           | 16,785        | 941,584          |
| Coal                    | 586,493           |               | 586,493          | 446,341           |               | 446,341          |
| Other inventories       | 36,405            |               | 36,405           | 53,893            |               | 53,893           |
| <b>Total</b>            | <b>1,590,543</b>  | <b>14,419</b> | <b>1,576,124</b> | <b>1,458,603</b>  | <b>16,785</b> | <b>1,441,818</b> |

The inventories consist mainly of coal and spare parts.

## 4. Trade receivables

| In thousands of dirhams | December 31, 2018 |            |                  | December 31, 2017 |            |                  |
|-------------------------|-------------------|------------|------------------|-------------------|------------|------------------|
|                         | Gross             | Provisions | Net amount       | Gross             | Provisions | Net amount       |
| Trade receivables       | 1,678,260         |            | 1,678,260        | 1,679,784         |            | 1,679,784        |
| <b>Total</b>            | <b>1,678,260</b>  |            | <b>1,678,260</b> | <b>1,679,784</b>  |            | <b>1,679,784</b> |

Accounts receivable mainly include the last two invoices of TAQA Morocco for the months of November and December and JLEC 5 & 6 for the months of August and September in accordance with the payment terms of the Power Purchase Agreement.

## 5. Créances diverses

| En milliers de dirhams | December 31, 2018 |            |                | December 31, 2017 |            |                |
|------------------------|-------------------|------------|----------------|-------------------|------------|----------------|
|                        | Gross             | Provisions | Net amount     | Gross             | Provisions | Net amount     |
| Suppliers advances     | 41,558            |            | 41,558         | 25,460            |            | 25,460         |
| Employee               | 1,492             |            | 1,492          | 2,387             |            | 2,387          |
| State                  | 526,373           |            | 526,373        | 496,395           |            | 496,395        |
| Deferred tax assets    |                   |            | -              | 12,155            |            | 12,155         |
| Prepaid                | 22,844            |            | 22,844         | 18,908            |            | 18,908         |
| <b>Total</b>           | <b>592,267</b>    |            | <b>592,267</b> | <b>555,305</b>    |            | <b>555,305</b> |

## 6. Short term investments

Short term investments correspond to investments of the surplus cash in money market, bond and money-market funds.

## 7. Cash

| In thousands of dirhams | December 31, 2018 | December 31, 2017 |
|-------------------------|-------------------|-------------------|
| Cash                    | 450,252           | 309,648           |
| Cash                    | -                 | -                 |
| <b>Net cash</b>         | <b>450,252</b>    | <b>309,648</b>    |

TAQA Morocco's bank accounts denominated in Dirhams, Euros and Dollars are opened with the following banks: Attijariwafa Bank, BCP, BMCE, Societe Generale and BMCL.

JLEC 5 & 6 bank accounts denominated in Dirhams, Euros and Dollars are opened with BCP and BNP Paribas London.

## 8. Group equity

The change in Group equity is broken down as follows :

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (GROUP SHARE)

| In thousands of dirhams            | Capital   | Share premium | Consolidated reserves | Net income of the year | Consolidated equity |
|------------------------------------|-----------|---------------|-----------------------|------------------------|---------------------|
| Balance as of December 31, 2016    | 2,358,854 | 1,135,409     | 709,231               | 978,488                | 5,181,982           |
| Income allocation                  |           |               | 105,707               | (978,488)              | (872,781)           |
| Net income as of december 31, 2017 |           |               |                       | 1,013,813              | 1,013,813           |
| Balance as of December 31, 2017    | 2,358,854 | 1,135,409     | 814,938               | 1,013,813              | 5,323,014           |
| Income allocation                  |           |               | 70,266                | (1,013,813)            | (943,547)           |
| Net income as of december 31, 2018 |           |               |                       | 1,048,725              | 1,048,725           |
| Balance as of December 31, 2018    | 2,358,854 | 1,135,409     | 885,203               | 1,048,725              | 5,428,192           |

## 9. Provisions for risks and charges

| In thousands of dirhams | 31 décembre 2018 | 31 décembre 2017 |
|-------------------------|------------------|------------------|
| Provisions for risks    |                  |                  |
| Provisions for charges  | 20,857           | 19,227           |
| <b>Total</b>            | <b>20,857</b>    | <b>19,227</b>    |

The provisions for risks and charges correspond to the provisions for employee benefits subject to an actuarial valuation by an independent firm. These social benefits are related to the gratuities of electricity for the benefit of the statutory staff of TAQA Morocco.

## 10. Borrowings

| In thousands of dirhams | 31 décembre 2018  | 31 décembre 2017  |
|-------------------------|-------------------|-------------------|
| TAQA Morocco            | 3,289,216         | 3,687,908         |
| JLEC 5&6                | 8,257,046         | 8,964,687         |
| <b>Total</b>            | <b>11,546,262</b> | <b>12,652,595</b> |



# Consolidated accounts as of December 31, 2018

## - TAQA Morocco

| Facility loan | Fixed interest rate | Repayment method | Outstanding amount (Kdh) |                  |
|---------------|---------------------|------------------|--------------------------|------------------|
|               |                     |                  | 2018                     | 2017             |
| Bank credit   | 4.80%               | Linear           | 3,289,216                | 3,687,908        |
| <b>Total</b>  |                     |                  | <b>3,289,216</b>         | <b>3,687,908</b> |

Following Amendment No. 7 of the TAQA Morocco Financing Agreement dated March 24, 2017, the interest rate on the long-term credit was reduced from 5.30% to 4.80% excluding taxes.

## - JLEC 5 & 6

| Ligne de crédit       | Interest rate | Currency | Total by facility in original currency | Balance as of September 30, 2018 in dirham equivalent | Balance as of September 30, 2017 in dirham equivalent |
|-----------------------|---------------|----------|----------------------------------------|-------------------------------------------------------|-------------------------------------------------------|
| JBIC Direct Loan      | 4.23%         | USD      | 158,436,000                            | 1,497,379                                             | 1,641,855                                             |
| NEXI Covered Loan     | 3.92%         | EUR      | 84,499,200                             | 946,645                                               | 1,046,408                                             |
| KEXIM Direct Loan     | 4.27%         | EUR      | 76,284,000                             | 1,281,686                                             | 1,416,201                                             |
| KEXIM Covered Loan    | 5.16%         | EUR      | 114,426,000                            | 854,457                                               | 944,114                                               |
| EUR TERM Facility     | 4.42%         | EUR      | 22,005,000                             | 246,997                                               | 272,792                                               |
| MAD TERM Facility     | 5.50%         | MAD      | 2,193,550,193                          | 2,193,550                                             | 2,408,868                                             |
| TAQA International BV | 7.00%         | USD      | 130,815,000                            | 1,236,333                                             | 1,234,449                                             |
| <b>Total</b>          |               |          |                                        | <b>8,257,046</b>                                      | <b>8,964,687</b>                                      |

## 11. Trade payables

| In thousands of dirhams | December 31, 2018 | December 31, 2017 |
|-------------------------|-------------------|-------------------|
| Trade payables          | 1,175,640         | 1,099,902         |
| <b>Total</b>            | <b>1,175,640</b>  | <b>1,099,902</b>  |

Coal suppliers represent 43.3% of the trade payables as of December 31, 2018.

## 12. Other payables

| In thousands of dirhams                       | December 31, 2018 | December 31, 2017 |
|-----------------------------------------------|-------------------|-------------------|
| Clients advances                              | 47,599            | 58,893            |
| Employee                                      | 39,975            | 42,339            |
| Social security/pension funds                 | 13,683            | 11,495            |
| State                                         | 315,746           | 274,034           |
| Deferred tax liabilities                      | 92,459            | 134,007           |
| Affiliate current accounts                    | 203,998           | 288,999           |
| Other payables                                | 472,496           | 412,720           |
| Accruals                                      | 140,880           | 156,874           |
| Other provisions for contingencies and losses | 8,151             | 5,461             |
| <b>Total</b>                                  | <b>1,334,987</b>  | <b>1,384,822</b>  |

State debts mainly include the corporate income tax and the invoiced VAT accounts.

Other creditors consist mainly of the advances invoiced to ONEE for the VAT credit in accordance with the terms of the Power Purchase Agreement, as well as the dividends to be paid by JLEC 5 & 6 to TAQA Power Ventures B.V.

## 13. Turnover

| In thousands of dirhams | December 31, 2018 | December 31, 2017 |
|-------------------------|-------------------|-------------------|
| Capacity revenues       | 4,233,074         | 4,260,410         |
| Energy payments         | 4,142,095         | 3,706,469         |
| Other revenues          | 136,191           | 115,187           |
| <b>Total</b>            | <b>8,511,361</b>  | <b>8,082,066</b>  |

## 14. Purchases and other external expenses

| In thousands of dirhams  | December 31, 2018 | December 31, 2017 |
|--------------------------|-------------------|-------------------|
| Coal consumption         | 4,101,851         | 3,689,183         |
| Fuel consumption         | 22,549            | 23,726            |
| Other consumed purchases | 262,711           | 349,125           |
| Other external expenses  | 258,265           | 227,061           |
| <b>Total</b>             | <b>4,645,376</b>  | <b>4,289,095</b>  |

## 15. Staff expenses

| In thousands of dirhams | December 31, 2018 | December 31, 2017 |
|-------------------------|-------------------|-------------------|
| Staff expenses          | 258,413           | 255,425           |
| Average headcount       | 457               | 475               |
| <b>Average salary</b>   | <b>565</b>        | <b>538</b>        |

The average salary variance is mainly explained by the salary increases granted during the year.

## 16. Depreciation

| In thousands of dirhams | December 31, 2018 | December 31, 2017 |
|-------------------------|-------------------|-------------------|
| Amortization            | 959,754           | 956,220           |
| Provisions              | 14,419            | 16,786            |
| <b>Total</b>            | <b>974,173</b>    | <b>973,006</b>    |

Les dotations aux provisions sont principalement relatives aux provisions pour dépréciation des stocks de pièces de rechange.

## 17. Financial income

| In thousands of dirhams                   | December 31, 2018 | December 31, 2017 |
|-------------------------------------------|-------------------|-------------------|
| Interests and other financial proceeds    | 61,741            | 51,725            |
| Financial reversals and expense transfers | 2,381             | 6,100             |
| Exchange result                           | (89,446)          | (6,846)           |
| Interest expenses                         | (617,248)         | (688,988)         |
| Financial allocations                     | (1,191)           | (2,382)           |
| <b>Total</b>                              | <b>(643,763)</b>  | <b>(640,391)</b>  |

Interest and other financial income correspond to the interests on the surplus cash investments.  
Financial reversals correspond to reversals of provisions for foreign exchange losses of the previous year.  
Interest expenses correspond to interest on loans related to TAQA Morocco and JLEC 5 & 6.



# Consolidated accounts as of December 31, 2018

## 18. Non current income

| In thousands of dirhams                            | December 31, 2018 | December 31, 2017 |
|----------------------------------------------------|-------------------|-------------------|
| Capital gains on fixed assets disposal             | -                 | (1,299)           |
| Other non current revenue                          | 10,392            | 14,713            |
| Non current reversals and expense transfers        | -                 | 13,785            |
| Other non current expenses                         | (14,043)          | (31,537)          |
| Non current depreciation and provision allocations | (4,059)           | (1,889)           |
| <b>Total</b>                                       | <b>(7,710)</b>    | <b>(6,227)</b>    |

## 19. Income tax

| In thousands of dirhams | December 31, 2018 | December 31, 2017 |
|-------------------------|-------------------|-------------------|
| Current tax             | 656,853           | 593,090           |
| Deferred tax            | (29,392)          | 12,158            |
| <b>Total</b>            | <b>627,461</b>    | <b>605,248</b>    |

The deferred tax result only from the consolidation restatements (mainly temporary differences).

The tax proof is presented as follows :

| In thousands of dirhams                       | 2018           | 2017           |
|-----------------------------------------------|----------------|----------------|
| Income before tax                             | 1,989,353      | 1,926,475      |
| Profit before tax from consolidated companies | 1,989,353      | 1,926,475      |
| Income tax rate (%)                           | 31%            | 31%            |
| Theoretical tax                               | 616,699        | 597,207        |
| Re-integrated depreciation allowances         | 7,361          | 7,507          |
| Re-integrated donation and gifts              | 0              | 135            |
| Other permanent differences                   | 724            | 385            |
| Other restatements                            | 2,676          | 14             |
| <b>Total de la charge d'impôt</b>             | <b>627,461</b> | <b>605,248</b> |

## 20. Engagements hors bilan

| In thousands of dirhams                          | December 31, 2018 | December 31, 2017 |
|--------------------------------------------------|-------------------|-------------------|
| Commitments given (endorsements and sureties)    | 685,766           | 846,266           |
| Commitments received (endorsements and sureties) | 1,648,965         | 1,164,703         |

The list of assets of JLEC 5 & 6 that are subject to a security rights in the financing, construction and operation of Units 5 and 6 of the Jorf Lasfar Thermal Power Plant (the "Project") is presented as following :

- two pledges covering all the shares (less three shares) of JLEC 5 & 6, representing 100% (less three shares) of its share capital;
- a real estate mortgage relating to the surface right available to JLEC 5 & 6 on the Units 5 and 6 site and covered by Special Title No. 146.616 / 08 / BIS and Special Title No. 146.617 / 08 / BIS;
- an agreement for the assignment of trade receivables relating to certain Project contracts and the corresponding assignments of trade receivables;
- an agreement for the assignment of trade receivables;
- Delegations of insurance benefits relating to insurance underwritten under the Project;
- pledges of bank account balances dedicated to JLEC 5 & 6;
- a pledge of receivables from hedging instruments concluded under the JLEC 5 & 6 project;
- an assignment of reinsurance indemnity claims relating to reinsurance underwritten under the JLEC 5 & 6 Project;
- Insurance claims of TAQA Morocco.

## 21. Related parties transactions

The transactions with related parties in 2018 are summarized below :

| Convention                                                                                                                                                                                    | Related party                                                              | Transaction type              | Amount recorded in the 2018 income statement (in KDH) |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|-------------------------------|-------------------------------------------------------|
| Support services agreement (including the assistance in the finalization of the financial, assistance in the reporting obligations and legal aspects).                                        | TNA                                                                        | Re-invoicing                  | 6,384                                                 |
| TAQA Morocco provides services to JLEC 5 & 6, particularly in the following areas : HR (recruitment, training, and purchasing), IT, implementation of health, safety & environment procedures | JLEC 5&6                                                                   | Re-invoicing                  | 10,852                                                |
| O&M agreement between TAQA Morocco, TNA et JLEC 5&6                                                                                                                                           | JLEC 5&6 and TNA                                                           | Refacturation + bonus - malus | 4,194                                                 |
| «IPFPA» (Inter-Project Funding Providers Agreement) and its application protocol «SFIPAP» (Shared Facilities Insurance Proceeds Application Protocol)                                         | TAQA Morocco - JLEC 5&6                                                    | Re-invoicing                  | 0                                                     |
| «EPA» (Equity Parties Agreement)                                                                                                                                                              | Abu Dhabi National Energy Company (TAQA) JLEC 5&6, Taqa Power, Ventures BV | Re-invoicing                  | 0                                                     |
| O&M agreement between TAQA Morocco and TNA                                                                                                                                                    | TNA                                                                        | Re-invoicing                  | 53,784                                                |
| Subordinated loans granted to JLEC 5&6 to finance development and construction costs                                                                                                          | TAQA International BV                                                      | Interests                     | 86,867                                                |

## 22. Contingent liabilities

Tax returns for the years 2016 to 2018 are not yet prescribed, and could be subject to audits and possible adjustments. TAQA Morocco is currently facing an audit of the Foreign Exchange Office and the Customs Duties Administration. To date, no notification has been received.

TAQA Morocco believes that any adjustments that would result from these audits will not have a significant impact on the Company's net profit, net equity or the liquidity of the Company.

## 23. Events after the closing

No significant event that could have an impact on the financial position of the Company has occurred since the 2018 year financial closing.

## 24. Consolidation Perimeter

| Subsidiaries | DECEMBER 2018 |           |         | DECEMBER 2017 |           |         |
|--------------|---------------|-----------|---------|---------------|-----------|---------|
|              | % interest    | % control | Method  | % interest    | % control | Method  |
| TAQA MOROCCO | 100           | 100       | Globale | 100           | 100       | Globale |
| JLEC6&5      | 66            | 66        | Globale | 66            | 66        | Globale |



# Consolidated accounts as of December 31, 2018



ERNST & YOUNG  
27, Bd. Mohammed VI  
1000 Casablanca  
TAQA MOROCCO S.A.  
Rue d'Alger 131, PCO  
Casablanca 20000  
Morocco

BENJELLOUN TOUMI  
CONSULTING

Route Benjaouia - Casablanca  
15, rue Al Fakhri  
Casablanca

This is a free translation into English of the statutory report on the financial statements issued in French and it is provided solely for the convenience of English-speaking users.

## STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2018

We have audited the accompanying consolidated financial statements of TAQA MOROCCO Group which comprise the consolidated statement of financial position as at December 31, 2018, the consolidated statement of profit and loss and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. Those consolidated financial statements show a total equity of MAD 6,322,014 including a net profit of MAD 1,361,892.

### Management's Responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Moroccan GAAP, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Moroccan Standards on Auditing applicable in Morocco. Those standards require that we comply with ethical requirements, plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement on the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with accounting principles generally accepted in Morocco.

Casablanca, March 12, 2019

The statutory auditors

ERNST & YOUNG  
French original signed by  
Bachir TAZI  
Partner

BENJELLOUN TOUMI Consulting  
French original signed by  
Abdelmajid BENJELLOUN TOUMI  
Partner





# Statutory Accounts as of December 31, 2018

## BALANCE SHEET

From January 2018 to December 2018

| ASSET            |                                                                | CURRENT YEAR      |                              | PREVIOUS YEAR    |                  |
|------------------|----------------------------------------------------------------|-------------------|------------------------------|------------------|------------------|
|                  |                                                                | Gross             | Dep/Amort.<br>and provisions | Net              | Net              |
| LONG TERM ASSETS | CAPITALIZED COST (A)                                           | 432,517,137.52    | 230,747,226.22               | 201,769,911.30   | 221,235,600.47   |
|                  | • Pre-Operating Costs                                          |                   |                              |                  |                  |
|                  | • Deferred Expenditures                                        | 432,517,137.52    | 230,747,226.22               | 201,769,911.30   | 221,235,600.47   |
|                  | • Bond Reimbursement Costs                                     |                   |                              |                  |                  |
|                  | INTANGIBLE ASSETS (B)                                          | 11,888,084,021.20 | 8,157,761,840.74             | 3,730,322,180.46 | 4,158,155,649.94 |
| CURRENT ASSETS   | • Research and development Costs                               |                   |                              |                  |                  |
|                  | • Licenses, trademarks, rights and similar values              | 11,100,748,881.90 | 7,570,129,784.51             | 3,530,619,097.39 | 3,935,495,664.36 |
|                  | • Goodwill                                                     |                   |                              |                  |                  |
|                  | • Other intangible assets                                      | 787,335,139.30    | 587,632,056.23               | 199,703,083.07   | 222,659,985.58   |
|                  | FIXED ASSETS (C)                                               | 1,004,143,035.91  | 585,316,448.87               | 418,826,587.04   | 299,057,687.52   |
|                  | • Land                                                         |                   |                              |                  |                  |
|                  | • Constructions                                                | 2,104,303.57      | 647,332.37                   | 1,456,971.20     | 1,562,185.97     |
|                  | • Technical installations, tools and equipment                 | 505,077,034.86    | 397,771,537.67               | 107,305,497.19   | 114,301,336.71   |
|                  | • Vehicles                                                     | 2,214,265.53      | 2,095,709.96                 | 118,555.57       | 159,222.23       |
|                  | • Office furniture and equipment other fixtures and furnishing | 270,539,272.93    | 184,487,898.37               | 86,051,374.56    | 100,461,728.64   |
|                  | • Other fixed assets                                           | 313,970.50        | 313,970.50                   |                  | 25,533.92        |
|                  | • Fixed assets in progress                                     | 223,894,188.52    |                              | 223,894,188.52   | 82,547,680.05    |
|                  | LONG TERM FINANCIAL ASSETS (D)                                 | 1,201,725,057.40  |                              | 1,201,725,057.40 | 1,202,897,909.99 |
|                  | • Loans                                                        | 1,275,994.54      |                              | 1,275,994.54     | 2,448,847.13     |
|                  | • Other long term financial assets                             | 449,462.86        |                              | 449,462.86       | 449,462.86       |
|                  | • Shares, Interests                                            | 1,199,999,600.00  |                              | 1,199,999,600.00 | 1,199,999,600.00 |
|                  | • Other investments                                            |                   |                              |                  |                  |
|                  | LONG TERM EXCHANGE FLUCTUATION (E)                             |                   |                              |                  |                  |
|                  | • Decrease in long term assets                                 |                   |                              |                  |                  |
|                  | • Increase in long term liabilities                            |                   |                              |                  |                  |
|                  | TOTAL I (A+B+C+D+E)                                            | 14,526,469,252.03 | 8,973,825,515.83             | 5,552,643,736.20 | 5,881,346,847.92 |

## BALANCE SHEET (Suite)

From January 2018 to December 2018

| GROSS            |                                     | CURRENT YEAR      |                  | PREVIOUS YEAR    |                  |
|------------------|-------------------------------------|-------------------|------------------|------------------|------------------|
| LONG TERM ASSETS | INVENTORIES (F)                     | 1,072,163,841.86  | 14,418,797.69    | 1,057,745,044.17 | 955,519,494.60   |
|                  | • Merchandises                      |                   |                  |                  |                  |
|                  | • Consumables                       | 1,072,163,841.86  | 14,418,797.69    | 1,057,745,044.17 | 955,519,494.60   |
|                  | • Work in progress                  |                   |                  |                  |                  |
|                  | • Intermediary inventories          |                   |                  |                  |                  |
|                  | • Finished goods                    |                   |                  |                  |                  |
|                  | CURRENT ASSETS (G)                  | 1,827,852,252.45  |                  | 1,827,852,252.45 | 1,963,733,472.63 |
|                  | • Suppliers advances                | 37,686,238.49     |                  | 37,686,238.49    | 20,090,158.61    |
|                  | • Trade receivables                 | 869,725,411.28    |                  | 869,725,411.28   | 902,944,049.40   |
|                  | • Employee                          | 842,939.47        |                  | 842,939.47       | 1,632,599.87     |
|                  | • Recoverable VAT                   | 507,206,097.17    |                  | 507,206,097.17   | 465,485,514.95   |
|                  | • Affiliates current accounts       |                   |                  |                  |                  |
|                  | • Other debtors                     | 395,995,941.04    |                  | 395,995,941.04   | 560,994,249.81   |
|                  | • Prepaid                           | 16,395,625.00     |                  | 16,395,625.00    | 12,586,899.99    |
|                  | SHORT TERM INVESTMENTS (H)          | 1,033,796,150.16  |                  | 1,033,796,150.16 | 1,100,230,572.72 |
| CURRENT ASSETS   | SHORT TERM EXCHANGE FLUCTUATION (I) | 1,826,377.29      |                  | 1,826,377.29     | 2,680,473.66     |
|                  | (Current assets and liabilities)    |                   |                  |                  |                  |
|                  | TOTAL II (F+G+H+I)                  | 3,935,638,621.76  | 14,418,797.69    | 3,921,219,824.07 | 4,022,164,013.61 |
|                  | CASH AND BANKS                      | 14,908,780.75     |                  | 14,908,780.75    | 16,017,893.31    |
|                  | • Checks & cash in transit          |                   |                  |                  |                  |
| CURRENT ASSETS   | • Banks                             | 14,886,786.35     |                  | 14,886,786.35    | 16,008,624.06    |
|                  | • Petty cash                        | 21,994.40         |                  | 21,994.40        | 9,269.25         |
|                  | TOTAL III                           | 14,908,780.75     |                  | 14,908,780.75    | 16,017,893.31    |
|                  | TOTAL GÉNÉRAL I+II+III              | 18,477,016,654.54 | 8,988,244,313.52 | 9,488,772,341.02 | 9,919,528,754.84 |



# Statutory Accounts as of December 31, 2018

## BALANCE SHEET

| Fom January 2018 to December 2018 |                                                                                |                         |                         |
|-----------------------------------|--------------------------------------------------------------------------------|-------------------------|-------------------------|
|                                   | LIABILITY                                                                      | CURRENT YEAR            | PREVIOUS YEAR           |
| LONG TERM LIABILITIES             | <b>CAPITALIZED COST (A)</b>                                                    |                         |                         |
|                                   | • Share capital (1)                                                            | 2,358,854,200.00        | 2,358,854,200.00        |
|                                   | • Minus : subscribed and not paid up capital paid up capital of which paid.... |                         |                         |
|                                   | • 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                                                               | 245,714,467.24          | 216,856,842.77          |
|                                   | • Retained earnings (2)                                                        |                         |                         |
|                                   | • Earnings to be allocated (2)                                                 |                         |                         |
|                                   | • Net earnings (2)                                                             | 827,332,264.18          | 972,399,304.47          |
|                                   | <b>Total shareholders equity (A)</b>                                           | <b>4,832,591,061.42</b> | <b>4,948,800,477.24</b> |
|                                   | <b>ASSIMILATED EQUITY (B)</b>                                                  |                         |                         |
|                                   | • Investment Subsidy                                                           |                         |                         |
|                                   | • Regulated reserves                                                           |                         |                         |
|                                   | <b>LONG TERM FINANCIAL DEBTS (C)</b>                                           | <b>3,289,215,686.59</b> | <b>3,687,908,496.95</b> |
|                                   | • Bonds issued                                                                 |                         |                         |
|                                   | • Other long term financial debts                                              | 3,289,215,686.59        | 3,687,908,496.95        |
|                                   | <b>LONG TERM PROVISIONS (D)</b>                                                | <b>20,857,195.00</b>    | <b>19,227,389.00</b>    |
|                                   | • Risk provisions                                                              |                         |                         |
|                                   | • Provisions for costs                                                         | 20,857,195.00           | 19,227,389.00           |
|                                   | <b>LONG TERM EXCHANGE FLUCTUATION (E)</b>                                      |                         |                         |
|                                   | • Increase in receivables                                                      |                         |                         |
|                                   | • Reduction in financial debt                                                  |                         |                         |
|                                   | <b>TOTAL I (A+B+C+D+E)</b>                                                     | <b>8,142,663,943.01</b> | <b>8,655,936,363.19</b> |
| CURRENT LIABILITIES               | <b>CURRENT LIABILITIES (F)</b>                                                 | <b>1,338,560,974.25</b> | <b>1,255,499,675.28</b> |
|                                   | • Trade payables                                                               | 693,894,140.67          | 624,210,886.64          |
|                                   | • Client advances                                                              |                         | 50,321,329.63           |
|                                   | • Employee                                                                     | 31,814,864.87           | 32,788,644.28           |
|                                   | • Social security / Pension funds                                              | 11,340,527.57           | 9,166,947.82            |
|                                   | • State                                                                        | 129,364,108.79          | 134,156,253.48          |
|                                   | • Affiliates current accounts                                                  | 1,697.19                | 1,697.19                |
|                                   | • Other creditors                                                              | 472,145,635.16          | 401,275,979.82          |
|                                   | • Accruals                                                                     |                         | 3,577,936.42            |
|                                   | <b>OTHER PROVISIONS (G)</b>                                                    | <b>6,258,415.62</b>     | <b>2,693,904.07</b>     |
|                                   | <b>SHORT TERM EXCHANGE FLUCTUATION (H)</b>                                     | <b>1,289,008.14</b>     | <b>5,398,812.30</b>     |
|                                   | <b>TOTAL II (F+G+H)</b>                                                        | <b>1,346,108,398.01</b> | <b>1,263,592,391.65</b> |
| CASH                              | <b>BANK-OVERDRAFTS</b>                                                         |                         |                         |
|                                   | • Discounted bills                                                             |                         |                         |
|                                   | • Overdrafts                                                                   |                         |                         |
|                                   | • Banks (Credit balance)                                                       |                         |                         |
|                                   | <b>TOTAL III</b>                                                               |                         |                         |
|                                   | <b>TOTAL GÉNÉRAL I+II+III</b>                                                  | <b>9,488,772,341.02</b> | <b>9,919,528,754.84</b> |

(1) Debiting personal capital (-) (2) Beneficiary (+) Deficit (-)

## INCOME STATEMENT (hors taxes)

| Fom January 2018 to December 2018 |                                                               |                          |                         |                         |
|-----------------------------------|---------------------------------------------------------------|--------------------------|-------------------------|-------------------------|
|                                   | OPÉRATIONS                                                    |                          | CURRENT YEAR            | PREVIOUS YEAR           |
|                                   | Related to this year                                          | Related to Previous year | 3 = 1 + 2               | 4                       |
|                                   | I                                                             | 2                        |                         |                         |
| OPERATIONS                        | <b>I OPERATING REVENUES</b>                                   |                          |                         |                         |
|                                   | • Sales of goods                                              |                          |                         |                         |
|                                   | • Sales of services and produced goods                        | 4,617,330,842.70         | 4,617,330,842.70        | 4,398,631,059.55        |
|                                   | • Inventory variation (+/-) (1)                               |                          |                         |                         |
|                                   | • Self-constructed fixed asset                                |                          |                         |                         |
|                                   | • Operating subsidy                                           |                          |                         |                         |
|                                   | • Other revenues                                              | 1,699,330.02             | 1,699,330.02            | 3,251,228.52            |
|                                   | • Operating expense adjustments; operating expense transfers  | 27,012,759.20            | 27,012,759.20           | 29,248,089.50           |
|                                   | <b>TOTAL I</b>                                                | <b>4,646,042,931.92</b>  | <b>4,646,042,931.92</b> | <b>4,431,130,377.57</b> |
|                                   | <b>II OPERATING EXPENSES</b>                                  |                          |                         |                         |
|                                   | • Sales purchase value (2)                                    |                          |                         |                         |
|                                   | • Raw materials and consumables consumptions (2)              | 2,920,772,015.41         | 2,920,772,015.41        | 2,684,873,707.89        |
|                                   | • Other external expenses                                     | 130,474,789.57           | 130,474,789.57          | 161,462,805.40          |
|                                   | • Taxes                                                       | 23,437,393.56            | 23,437,393.56           | 23,346,424.89           |
|                                   | • Labor costs                                                 | 202,374,778.84           | 202,374,778.84          | 197,969,039.15          |
|                                   | • Other operating expenses                                    |                          |                         |                         |
|                                   | • Current year operating depreciations and provisions         | 599,221,578.61           | 599,221,578.61          | 592,767,645.36          |
|                                   | <b>TOTAL II</b>                                               | <b>3,876,280,555.99</b>  | <b>3,876,280,555.99</b> | <b>3,660,419,622.69</b> |
|                                   | <b>III OPERATING RESULT (I - II)</b>                          |                          | <b>769,762,375.93</b>   | <b>770,710,754.88</b>   |
| FINANCIAL                         | <b>IV FINANCIAL REVENUES</b>                                  |                          |                         |                         |
|                                   | • Dividends received                                          | 395,995,941.04           | 395,995,941.04          | 560,994,249.8           |
|                                   | • Exchange gains                                              | 8,979,702.53             | 8,979,702.53            | 4,129,986.73            |
|                                   | • Interest                                                    | 45,072,010.71            | 45,072,010.71           | 32,846,447.45           |
|                                   | • Financial expense adjustments ; Financial expense transfers | 55,721.63                | 55,721.63               | 2,056,314.93            |
|                                   | <b>TOTAL IV</b>                                               | <b>450,103,375.91</b>    | <b>450,103,375.91</b>   | <b>600,026,998.92</b>   |
|                                   | <b>V FINANCIAL EXPENSES</b>                                   |                          |                         |                         |
|                                   | • Interest costs                                              | 172,102,396.51           | 172,102,396.51          | 192,177,133.24          |
|                                   | • Exchange losses                                             | 6,331,556.30             | 6,331,556.30            | 8,162,939.32            |
|                                   | • Other financial costs                                       |                          |                         |                         |
|                                   | • Current year financial depreciations and provisions         | 1,191,361.52             | 1,191,361.52            | 55,721.63               |
|                                   | <b>TOTAL V</b>                                                | <b>179,625,314.33</b>    | <b>179,625,314.33</b>   | <b>200,395,794.19</b>   |
|                                   | <b>VI RÉSULTAT FINANCIER (IV - V)</b>                         |                          | <b>270,478,061.58</b>   | <b>399,631,204.73</b>   |
|                                   | <b>VII RÉSULTAT COURANT (III + VI)</b>                        |                          | <b>1,040,240,437.51</b> | <b>1,170,341,959.61</b> |



# Statutory Accounts as of December 31, 2018

## INCOME STATEMENT (hors taxes) (suite)

| Fom January 2018 to December 2018                                    |                              |                                  |                              |                         |
|----------------------------------------------------------------------|------------------------------|----------------------------------|------------------------------|-------------------------|
| OPERATIONS                                                           |                              |                                  |                              |                         |
|                                                                      | Related<br>to this year<br>1 | Related<br>to Previous year<br>2 | CURRENT<br>YEAR<br>3 = 1 + 2 | PREVIOUS<br>YEAR<br>4   |
| <b>VII CURRENT INCOME (REPORTS)</b>                                  |                              |                                  | 1,040,240,437.51             | 1,170,341,959.61        |
| <b>VIII UNUSUAL REVENUES</b>                                         |                              |                                  |                              |                         |
| • Proceeds from fixed assets disposals                               |                              |                                  |                              |                         |
| • Balance subsidy                                                    |                              |                                  |                              |                         |
| • Investment subsidy / Current year                                  |                              |                                  |                              |                         |
| • Other unusual revenues                                             | 3,936.23                     |                                  | 3,936.23                     | 7,333,505.57            |
| • Unusual expenses reductions ;<br>Unusual expenses transfer         | 19,227,389.00                |                                  | 19,227,389.00                | 31,123,406.51           |
| <b>TOTAL VIII</b>                                                    | <b>19,231,325.23</b>         |                                  | <b>19,231,325.23</b>         | <b>38,456,912.08</b>    |
| <b>IX UNUSUAL EXPENSES</b>                                           |                              |                                  |                              |                         |
| • Sold fixed assets net book<br>value                                |                              |                                  |                              |                         |
| • Subsidies awarded                                                  |                              |                                  |                              |                         |
| • Other unusual expenses                                             | 11,707,069.97                |                                  | 11,707,069.97                | 31,533,198.81           |
| • unusual allotment for current year<br>depreciations and provisions | 23,286,066.66                |                                  | 23,286,066.66                | 19,227,389.00           |
| <b>TOTAL IX</b>                                                      | <b>34,993,136.63</b>         |                                  | <b>34,993,136.63</b>         | <b>50,760,587.81</b>    |
| <b>X UNUSUAL INCOME (VIII - IX)</b>                                  |                              |                                  | <b>-15,761,811.40</b>        | <b>-12,303,675.73</b>   |
| <b>XI PRETAX INCOME (VII + X)</b>                                    |                              |                                  | <b>1,024,478,626.11</b>      | <b>1,158,038,283.88</b> |
| <b>XII INCOME TAX</b>                                                |                              |                                  | <b>197,146,361.93</b>        | <b>185,638,979.41</b>   |
| <b>XIII NET EARNINGS (XI - XII)</b>                                  |                              |                                  | <b>827,332,264.18</b>        | <b>972,399,304.47</b>   |
| <b>XIV TOTAL REVENUES (I + IV + VIII)</b>                            |                              |                                  | <b>5,115,377,633.06</b>      | <b>5,069,614,288.57</b> |
| <b>XV TOTAL EXPENSES (II + V + IX + XII)</b>                         |                              |                                  | <b>4,288,045,368.88</b>      | <b>4,097,214,984.10</b> |
| <b>XVI NET PROFIT (Total revenues - total expenses)</b>              |                              |                                  | <b>827,332,264.18</b>        | <b>972,399,304.47</b>   |

NOT CURRENT

## STATEMENT OF MANAGEMENT'S BALANCES

### I. SUMMARY OF RESULT FORMATION (TFR)

| Fom January 2018 to December 2018 |     |                                                         |                  |                  |
|-----------------------------------|-----|---------------------------------------------------------|------------------|------------------|
|                                   |     |                                                         | CURRENT YEAR     | PREVIOUS YEAR    |
| I                                 | 1   | Sales                                                   |                  |                  |
|                                   | 2   | - Sales purchase value                                  |                  |                  |
|                                   | =   | GROSS MARGIN ON COMMERCIAL ACTIVITIES                   |                  |                  |
| II                                | +   | PRODUCTION (3+4+5)                                      | 4,617,330,842.70 | 4,398,631,059.55 |
|                                   | 3   | * sales of goods and produced services                  | 4,617,330,842.70 | 4,398,631,059.55 |
|                                   | 4   | * Inventory variation                                   |                  |                  |
|                                   | 5   | * Self-constructed fixed asset                          |                  |                  |
| III                               | -   | COMSUMPTION (6+7)                                       | 3,051,246,804.98 | 2,846,336,513.29 |
|                                   | 6   | * Cost of goods sold                                    | 2,920,772,015.41 | 2,684,873,707.89 |
|                                   | 7   | * Other external expenses                               | 130,474,789.57   | 161,462,805.40   |
| IV                                | =   | ADDED VALEUR (I+II-III)                                 | 1,566,084,037.72 | 1,552,294,546.26 |
|                                   | 8   | + Operating subsidy                                     |                  |                  |
|                                   | 9   | - Taxes                                                 | 23,437,393.56    | 23,346,424.89    |
|                                   | 10  | - Payroll and Salaries                                  | 202,374,778.84   | 197,969,039.15   |
| V                                 | =   | OPERATING SURPLUS<br>OR OPERATING DEFICIT               | 1,340,271,865.32 | 1,330,979,082.22 |
|                                   | 11  | + Other operation revenues                              | 1,699,330.02     | 3,251,228.52     |
|                                   | 12  | - Other operation expenses                              |                  |                  |
|                                   | 13  | + Operating costs reductions; operating expens transfer | 27,012,759.20    | 29,248,089.50    |
|                                   | 14  | - Operating depreciations                               | 599,221,578.61   | 592,767,645.36   |
| VI                                | =   | OPERATING INCOME (+ ou -)                               | 769,762,375.93   | 770,710,754.88   |
| VII                               | +/- | FINANCIAL INCOME (LOSS)                                 | 270,478,061.58   | 399,631,204.73   |
| VIII                              | =   | USUAL INCOME (+ or -)                                   | 1,040,240,437.51 | 1,170,341,959.61 |
| IX                                | +/- | UNUSUAL INCOME (LOSS)                                   | -15,761,811.40   | -12,303,675.73   |
|                                   | -   | Income tax                                              | 197,146,361.93   | 185,638,979.41   |
| X                                 | =   | Net earnings (LOSS) (+ or -)                            | 827,332,264.18   | 972,399,304.47   |

### II. SELF-FINANCING CAPACITY (SFC) -- SELF-FINANCING

|    |                                        |                  |                  |
|----|----------------------------------------|------------------|------------------|
| I  | Net result of current year             |                  |                  |
| =  | + profit +                             | 827,332,264.18   | 972,399,304.47   |
| =  | + Loss -                               |                  |                  |
| 2  | + Operating depreciation               | 584,802,780.92   | 578,761,554.36   |
| 3  | + Financial depreciation               |                  |                  |
| 4  | + Unusual depreciation                 | 20,857,195.00    | 19,227,389.00    |
| 5  | - Operating costs reductions           | 13,006,668.20    | 9,182,385.68     |
| 6  | - Financial costs reductions           |                  |                  |
| 7  | - Unusual costs reductions             | 19,227,389.00    | 17,338,168.00    |
| 8  | - Revenues from fixed assets sales     |                  |                  |
| 9  | + Net book values of sold fixed assets |                  |                  |
| I  | SELF-FINANCING CAPACITY (SFC)          | 1,400,758,182.90 | 1,540,043,411.64 |
| 10 | - Distribution of dividends            | 943,541,680.00   | 872,776,054.00   |
| II | SELF-FINANCING                         | 457,216,502.90   | 667,267,357.64   |



# Statutory Accounts as of December 31, 2018

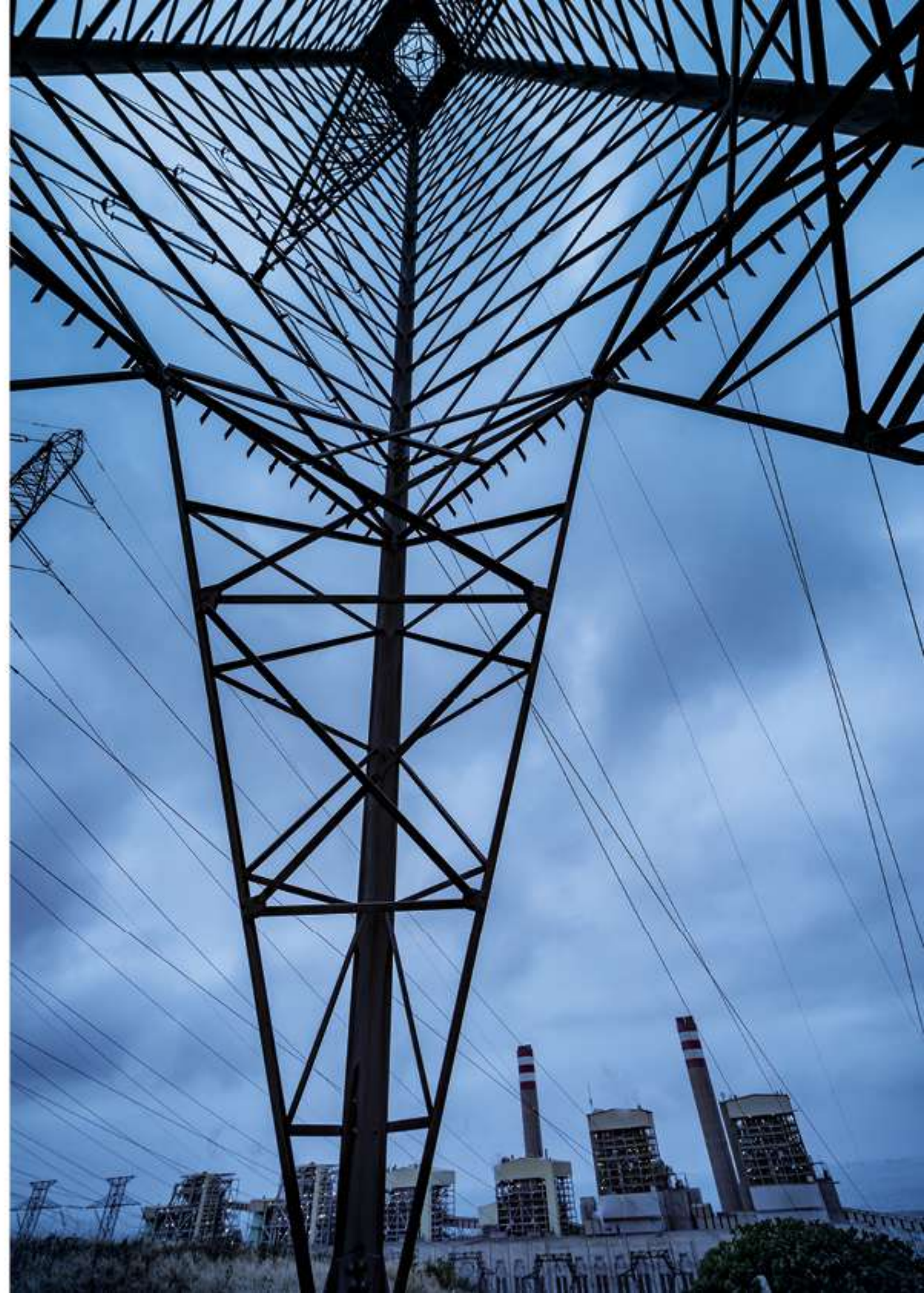
## I. SUMMARY OF BALANCE SHEET TOTALS

From January 2018 to December 2018

| AGGREGATES                    | YEAR<br>N        | YEAR<br>N-1      | VARIATION A-B  |                |
|-------------------------------|------------------|------------------|----------------|----------------|
|                               |                  |                  | Uses<br>C      | Sources<br>D   |
| 1 Long Term Liabilities       | 8,142,663,943.01 | 8,655,936,363.19 | 513,272,420.18 |                |
| 2 Long Term Assets            | 5,552,643,736.20 | 5,881,346,847.92 |                | 328,703,111.72 |
| 3 WORKING CAPITAL (1-2)       | 2,590,020,206.81 | 2,774,589,515.27 | 184,569,308.46 |                |
| 4 Current Assets              | 3,921,219,824.07 | 4,022,164,013.61 |                | 100,944,189.54 |
| 5 Current Liabilities         | 1,346,108,398.01 | 1,263,592,391.65 |                | 82,516,006.36  |
| 6 = NET WORKING CAPITAL (4-5) | 2,575,111,426.06 | 2,758,571,621.96 |                | 183,460,195.90 |
| 7 Net Cash (3-6) A - B        | 14,908,780.75    | 16,017,893.31    |                | 1,109,112.56   |

## II. USES AND SOURCES OF FUNDS

|                                                                                | CURRENT N      |                  | 'PREVIOUS PERIOD N-1 |                  |
|--------------------------------------------------------------------------------|----------------|------------------|----------------------|------------------|
|                                                                                | USES           | SOURCES          | USES                 | SOURCES          |
| <b>I. LONG TERM SOURCES OF FUNDS FOR THE CURRENT YEAR</b>                      |                |                  |                      |                  |
| * SELF FINANCING (A)                                                           |                | 457,216,502.90   |                      | 667,267,357.64   |
| * Intangible assets transfer                                                   |                | 1,400,758,182.90 |                      | 1,540,043,411.64 |
| - Dividends distribution                                                       |                | (943,541,680.00) |                      | (872,776,054.00) |
| * * TRANSFER AND REDUCTIONS OF LONG TERM ASSET (B)                             |                | 1,172,852.59     |                      | 2,651,020.08     |
| * Intangible assets transfer                                                   |                |                  |                      |                  |
| * Fixed assets disposal                                                        |                |                  |                      | 1,466,708.21     |
| * Financial assets transfer                                                    |                |                  |                      |                  |
| * Long term assets recovery                                                    |                | 1,172,852.59     |                      | 1,184,311.87     |
| * INCREASE IN EQUITY (C)                                                       |                |                  |                      |                  |
| * Increase in share equity                                                     |                |                  |                      |                  |
| * Investment subsidy                                                           |                |                  |                      |                  |
| * INCREASE IN FINANCIAL DEBTS (D)<br>(nettes de primes de remboursement)       |                |                  |                      |                  |
| TOTAL (A+B+C+D)                                                                |                | 458,389,355.49   |                      | 669,918,377.72   |
| II. LONG TERM USES OF FUNDS ACQUISITIONS AND ADDITIONS IN LONG TERM ASSETS (E) | 177,228,115.27 |                  | 32,022,209.60        |                  |
| * Intangible asset additions                                                   |                |                  |                      |                  |
| * Fixed asset acquisitions                                                     | 177,228,115.27 |                  | 32,022,209.60        |                  |
| * Financial and other assets acquisitions                                      |                |                  |                      |                  |
| * Increase in other long term assets                                           |                |                  |                      |                  |
| * REIMBURSEMENT OF SHARE EQUITY (F)                                            |                |                  |                      |                  |
| * LOAN REPAYMENTS (G)                                                          | 398,692,810.36 |                  | 398,692,810.37       |                  |
| * INCREASE IN CAPITALIZED COSTS (H)                                            | 67,037,738.32  |                  | 122,860,444.00       |                  |
| TOTAL II. (E+F+G+H)                                                            | 642,958,663.95 |                  | 553,575,463.97       |                  |
| III. NET CURRENT ASSETS VARIATION                                              |                | 183,460,195.90   | 112,823,642.14       |                  |
| IV. NET CASH VARIATION                                                         |                | 1,109,112.56     | 3,519,271.61         |                  |
| TOTAL                                                                          | 642,958,663.95 | 642,958,663.95   | 669,918,377.72       | 669,918,377.72   |





# Statutory Accounts as of December 31, 2018

## TAQA MOROCCO

### Notes to moroccan gaap financial statements as of December 31<sup>st</sup> 2018

#### A- ACCOUNTING PRINCIPLES AND METHODS

##### A.1 / General information on the activity

###### A.1.1 Background

The power station at Jorf Lasfar is located on the Atlantic coast of Morocco, adjacent to the Port of Jorf Lasfar, in the province of El Jadida. This location is approximately 127 km south-west of Casablanca. Units 1 and 2 of the power station were constructed by GEC Alsthom for the Moroccan electricity company, L'Office National d'Electricité ("ONE"), and are now in commercial operation. Each of these existing Units is 330 MW, fired by coal.

In October 1994, the ONE issued a public tender for international companies to expand the power station at Jorf Lasfar. In February 1995, the ONE selected the "Consortium" of ABB Energy Ventures and CMS Generation as the preferred bidder and exclusive partner for negotiation.

In April 1996, the Consortium and the ONE reached agreement in principal, and initialed the necessary Project Agreements.

###### A.1.2 Establishment

In order to officially conclude and implement these Project Agreements, the consortium established the Jorf Lasfar Energy Company (the "Company" or "JLEC") on January 20th 1997. The Company was established as a limited partnership ("société en commandite par actions") in accordance with the laws of the Kingdom of Morocco, with Commercial Registration Number 2145, Fiscal Identification Number 1021595, and Patentee Number 42161753.

In accordance with its charter documents, the company's objective and purpose is to construct, operate, manage and maintain the power station at Jorf Lasfar, including the development, financing, engineering design, construction, commissioning, testing, operation and maintenance of

two (2) new coal-fired Units, which will be very similar in size and technology to the existing Units. In order to secure its fuel supply, the Company will also expand, operate and maintain the coal-unloading pier in the Port of Jorf Lasfar. For these activities, the Company received a "right of use" ("droit de jouissance") for the site, the existing units, the new units, the coal-unloading pier.

The "right of use" and the "Project Agreements" duration are the same, and are 30 years starting from the date of Financial Closing, September 12th 1997.

###### A.1.3 Development stage activities

On September 12th, 1997, all Project Agreements were signed, the Company Loan Agreement was executed and the first disbursement of the Company Loan was used to pay the TPA fee to ONE. As a consequence, JLEC received possession of the power station at Jorf Lasfar on September 13th 1997, and began to sell its available capacity and net generation to ONE, in accordance with the Power Purchase Agreement. The remaining requirements for project financing have been completed in November 1997.

###### A.1.4 Construction period of units 3 & 4

Units 3 and 4 entered into operation respectively on June 10th 2000 (33 months starting from financial closing date) and February 3rd, 2001 (40 months starting from financial closing date).

###### A.1.5 Acquisition of JLEC by TAQA

On May 2, 2007, Abu Dhabi National Energy Company ("TAQA") (1) purchased CMS Generation, a subsidiary of CMS Energy, that at the time of the acquisition, owned and controlled (i) Jorf Lasfar Energiaktiebolag, (ii) Jorf Lasfar Power Energy AB and (iii) Jorf Lasfar Handelsbolag and (2) acquired from ABB group (i) Tre Kronor Investment AB, (ii) AB Cythere 61 and (iii) AB Cythere 63. As a result of these acquisitions, JLEC became an indirect wholly-owned subsidiary of TAQA.

###### A.0.6 Refinancing activity

In February 2009, JLEC prepaid and discharged in full all loans and other obligations in connection with its original secured credit facilities from 1997 with the proceeds of three related party loans disbursed to the Company by TAQA Generation Investment Company IV ("TGIC IV") during January and February 2009.

During 2009, JLEC entered into a secured credit facility with a consortium of Moroccan banks providing credit availability of up to MAD 7.4 billion with an 18-year term. In April 2009, JLEC borrowed MAD 4.0 billion under the term loan facility, the proceeds of which were used by the Company to (1) repay in full all outstanding loan principal and accrued interest due under the Company Loan Agreement, and (2) partially prepay outstanding subordinated debt provided by TGIC IV.

In March 2010, JLEC borrowed an additional MAD 3.0 billion under the term loan facility, the proceeds of which were used by the Company to (1) repay in full all outstanding principal and accrued interest due under subordinated Euro and USD loans provided by TGIC IV, and (2) partially prepay principal and accrued interest due under subordinated MAD loans provided by TGIC IV. In July 2012, JLEC completed the final repayment of the remaining subordinated MAD loan from TGIC IV.

###### A.0.7 Establishment of the subsidiary Jorf Lasfar Energy Company 5&6 (Jlec 5&6)

On December 22th 2010, Jorf Lasfar Energy Company 5&6 ("JLEC 5&6") has been created for the purpose of implementing two new units of a gross capacity of 350 MW each ("Units 5 & 6"). Further to this implementation, the installed capacity of the power station at Jorf Lasfar is higher than 2056 MW. As of December 31th 2014, TAQA Morocco owns 66% of the shares of JLEC 5&6.

Units 5&6 were entered commercial operations respectively on April 15th 2014 and June 7th 2014.

###### A.0.8 Private placement and stock (exchange listing)

In December 2013, JLEC completed two capital increases through a private placement and an initial public offering ("IPO") and listing of its shares on the Casablanca Stock Exchange. JLEC issued a total of 3,351,956 new common shares (representing an

aggregate 14.21% ownership interest in the Company) at an issuance price of MAD 447.50 per share, for MAD 1.5 billion of total gross proceeds. The JLEC IPO was executed with the selling of shares representing a 9.47% aggregate ownership interest on the open market and 4.74% aggregate ownership interest placed privately with certain Moroccan institutional investors (RMA Watanya, SCR and MCMA).

Following the completion of the IPO and listing of JLEC's shares on the Casablanca Stock Exchange, on December 26, 2013, TAQA purchased all of the shares of JLEC previously held by various TAQA subsidiaries. TAQA purchased the JLEC shares through block transactions concluded at the IPO price of MAD 447.50 per share. Following the completion of these block share sales, JLEC became a direct subsidiary of TAQA, with TAQA holding a direct 85.79% controlling majority ownership in JLEC%, with the remaining 14.21% interest being held by institutional and individual investors.

###### A.0.9 Change of the name of the company and

###### EXTENSION OF ITS PURPOSE

The Extraordinary General Assembly held on October 13, 2014, has decided to change the name of the Company "Jorf Lasfar Energy Company" and adopt the name "TAQA Morocco", and to extend its corporate purpose to the following activity: the achievement, directly or indirectly, of any development project, both in Morocco and abroad, in the fields of electricity production from any source including coal, gas and renewables, and water production.

#### A.1 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

##### A.1.1 Generalities

The accounting and reporting policies of the Company are in accordance with the Generally Accepted Accounting Principales of Morocco, which are called "Code General de Normalisation Comptable" or "CGNC".

During the Company's development stage (until Financial Closing), all expenses have been paid by related Parties (ABB and CMS). When the project achieves Financial Closing, all the accumulated expenditures of these related Parties have been invoiced to the Company, and immediately paid by the Company to these related Parties.



# Statutory Accounts as of December 31, 2018

## A.1.2 Capitalized costs

### - Preliminary fees

The company capitalizes its pre-opening costs at Financial Closing. After Financial Closing such capitalized costs are amortized on a straight-line basis within a period of (5) year. Such pre-opening costs include the legal and administrative costs incurred to incorporate the Company, and certain expenses incurred to prepare the Company for commercial operation.

- Deferred expenditures All the major outages are executed every 8 years for each unit, according to a pre-established major outage plan. The major outage expenditures are considered as deferred expenses and are amortized over 5 years.

All the minor outages are executed every 3 years for each unit, according to a pre established major outage plan. The minor outage expenditures are considered as deferred expenses and are amortized over 5 years starting from January 1<sup>st</sup>, 2014.

All the costs related to the IPO were capitalized and amortized on a straight-line basis within a period of (5) year.

## A.1.3 Intangible assets

### - Financing cost

Costs incurred to obtain financing were capitalized, and then such costs were amortized as a financial cost over a five year period. The periodic amortization of such costs is noted in the operating depreciation in accordance with CGNC.

### - Other Project Development Costs

At Financial Closing, the Company also capitalized certain other costs paid by Related Parties during the development stage as an Intangible Asset. These capitalized costs are allocated during the entire period of the concession, which is 30 years from the financial closing date.

### - Initial Right of Use

In accordance with the Transfer of Use Agreement (TUA) and in counter part of the payment of the TUA fee, "ONE" transfers to JLEC its "right of use" of the units 1&2. This "right of use" is capitalized as an Intangible Asset, and amortized over the period of concession (30 years from the financial closing.)

### - Complementary Right of Use

As indicated in A.0.4 above, JLEC has completed the construction of Units 3&4 respectively after a period of 33 months and 40 months starting on financial closing date as well other investments related to the plant. During the period of construction, the total cost of construction that includes capitalized interest, have been accounted for as a Fixed Asset in Progress. From the commercial operation date of Unit 4, on February 2nd 2001, the "right of use" has been extended to the new Units (3&4), and the corresponding Intangible Asset are amortized over the remaining period of concession, which is 26 years and 7 months starting February 2<sup>nd</sup> 2001.

## A.1.4 Fixed assets

This account includes all Fixed Assets for which the estimated life duration is less than the concession period. They are recorded at their acquisition costs or production costs. Their depreciations are calculated on a straight-line basis based on the applicable tax rates.

## A.1.5 Inventories

The inventories are accounted for at their initial cost. Such cost will include the initial prices and any other accessory costs. At the end of the fiscal year, the inventories are evaluated according to the weighted average cost, except for spare parts inventory by applying the First In First Out (FIFO) Method.

## A.1.6 Foreign currency transaction

Receivables and debts in foreign currencies are accounted at the exchange rate prevailing on the date of the transaction. These receivable and debts are converted at the balance sheet closing exchange rate and readjusted in the asset/liability short term exchange of fluctuation.

The unrealized exchange loss are recorded into the income statement through the fluctuation provisions.

The unrealized gains are not recorded in the income statement.

## A.2 EXCEPTIONAL STATEMENT

### A.2.1 Exceptions to the fundamental accounting principles

None.

### A.2.2 Exceptions to the valuation methods

None.

### A.2.3 Exceptions to financial statements presentation's rules

Exchange gains and loss from the accounting of the coal purchases and the US Dollars subsequent payments once converted to Moroccan Dirham at the exchange rate of the transaction date, are recorded in a sub-account of "Coal purchase" called "US Dollars difference in coal purchase" as operating expenses. This special treatment, without any impact on the Equity of the company and its financial situation, is justified by the fact that these differences are related to the accounting rules and do not correspond to exchange gains or loss driven from the conversion from Moroccan Dirhams to US Dollars.

## A.3 CHANGES IN METHOD STATEMENT

### A.3.1 Changes affecting the evaluation methods

None.

### A.3.2 Changes affecting the presentation rules

None.



# Statutory Accounts as of December 31, 2018

## APPENDIX B-1 - PRE OPENING COSTS STATEMENT

| Moroccan Dirhams  |                                             | Fom January 2018 to December 2018 |  |
|-------------------|---------------------------------------------|-----------------------------------|--|
| PRINCIPAL ACCOUNT | DESCRIPTION                                 | AMOUNT AS OF December 31, 2015    |  |
| 2128200000        | Minor and major overhauls                   | 427,423,673.46                    |  |
| 2128200000        | Optimization financing project              | 5,093,464.06                      |  |
|                   | Gross                                       | 432,517,137.52                    |  |
| 2812820000        | Minor and major overhauls amortization      | 226,672,455.02                    |  |
| 2812820000        | Optimization financing project amortization | 4,074,771.20                      |  |
|                   | Cumulated amortization                      | 230,747,226.23                    |  |
|                   | TOTAL                                       | 201,769,911.30                    |  |

## APPENDIX B2 - SUMMARY OF FIXED ASSETS (GROSS)

| ANEXA 21 - SUMMARY OF FIXED ASSETS (GROSS) |                                     | Fom January 2018 to December 2018 |                    |               |           |               |                                   |                   |
|--------------------------------------------|-------------------------------------|-----------------------------------|--------------------|---------------|-----------|---------------|-----------------------------------|-------------------|
| NATURE                                     | Gross value<br>Beginning<br>balance | INCREASES                         |                    |               | DECREASES |               | GROSS VALUE<br>ENDINGS<br>BALANCE |                   |
|                                            |                                     | Acquisition                       | Self<br>Production | Transfer      | Disposals | Reduction     |                                   | Transfer          |
| <b>CAPITALIZED COSTS</b>                   | 430,512,740.20                      | 67,037,738.32                     |                    |               |           | 65,033,341.00 |                                   | 432,517,137.52    |
| • Pre - Opening                            |                                     |                                   |                    |               |           |               |                                   |                   |
| • Deferred Expenses                        | 430,512,740.20                      | 67,037,738.32                     |                    |               |           | 65,033,341.00 |                                   | 432,517,137.52    |
| • Bonds premiums                           |                                     |                                   |                    |               |           |               |                                   |                   |
| <b>INTANGIBLE ASSETS</b>                   | 11,883,595,455.48                   |                                   |                    | 4,488,565.72  |           |               |                                   | 11,888,084,021.20 |
| • Research and development                 | 11,096,260,316.18                   |                                   |                    | 4,488,565.72  |           |               |                                   | 11,100,748,881.90 |
| • Right, License, similar values           |                                     |                                   |                    |               |           |               |                                   |                   |
| • Goodwill                                 | 787,335,139.30                      |                                   |                    |               |           |               |                                   | 787,335,139.30    |
| • Other intangible assets                  |                                     |                                   |                    |               |           |               |                                   |                   |
| <b>FIXED ASSET</b>                         | 831,403,486.36                      | 177,228,115.27                    |                    | 28,459,532.74 |           |               | 32,948,098.46                     | 1,004,143,035.91  |
| • Land                                     | 2,104,303.57                        |                                   |                    |               |           |               |                                   | 2,104,303.57      |
| • Constructions                            | 477,638,785.30                      | 2,157,877.46                      |                    | 25,280,372.10 |           |               |                                   | 505,077,034.86    |
| • Technical installation, equipment        | 2,214,265.53                        |                                   |                    |               |           |               |                                   | 2,214,265.53      |
| • Vehicles and Office furniture            | 266,584,481.41                      | 775,630.88                        |                    | 3,179,160.64  |           |               |                                   | 270,539,272.93    |
| • Other fixed assets                       | 313,970.50                          |                                   |                    |               |           |               |                                   | 313,970.50        |
| • Fixed assets in progress                 | 82,547,680.05                       | 174,294,606.93                    |                    |               |           |               | 32,948,098.46                     | 223,894,188.52    |



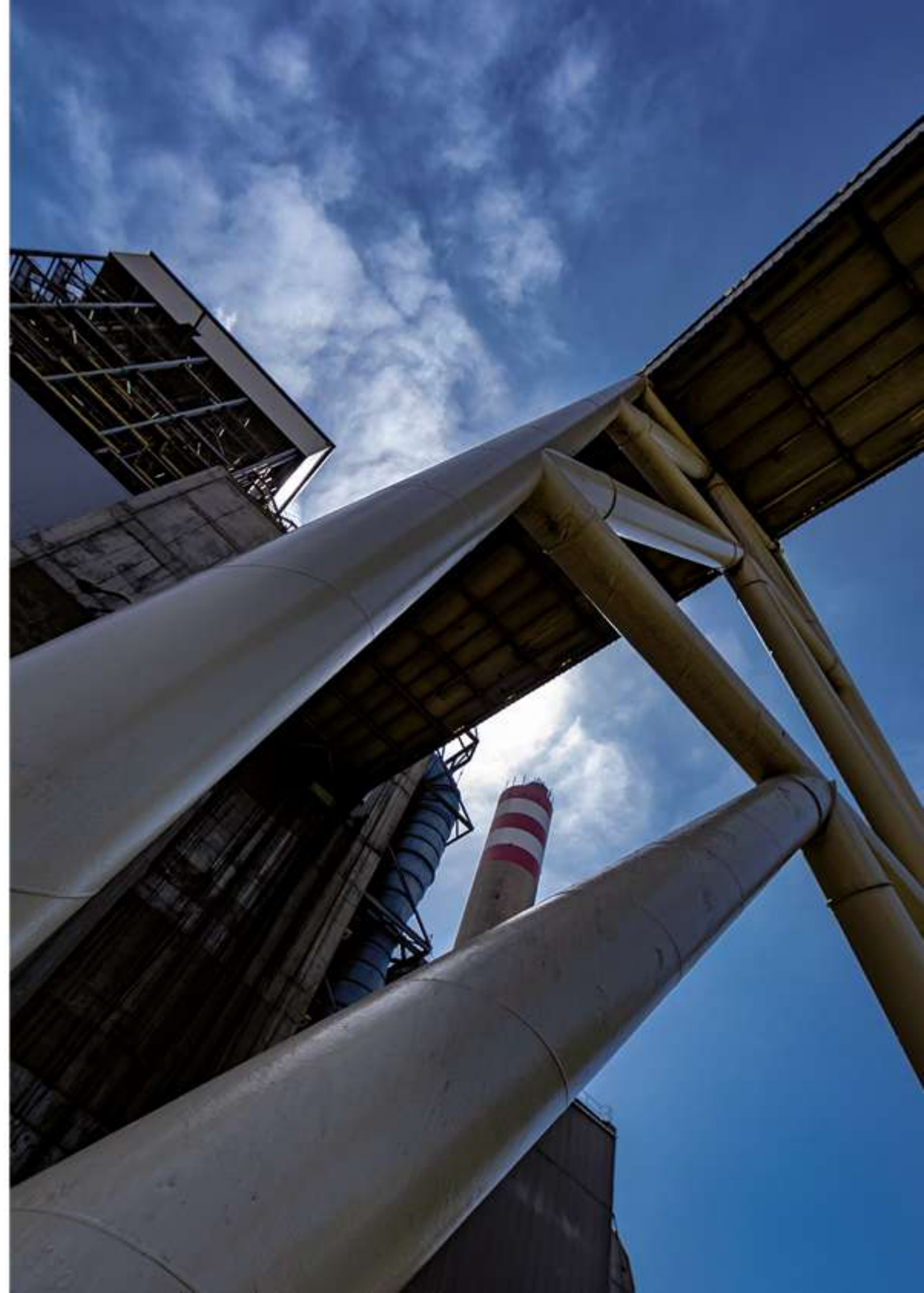
# Statutory Accounts as of December 31, 2018

## APPENDIX B2 bis - SUMMARY OF DEPRECIATIONS

| NATURE                              | From January 2018 to December 2018 |                              |                          |                                          |
|-------------------------------------|------------------------------------|------------------------------|--------------------------|------------------------------------------|
|                                     | Cumulated<br>Beginning Balance     | Current<br>year Depreciation | Cumulated<br>Adjustments | Cumulated<br>Depreciation Ending Balance |
|                                     | 1                                  | 2                            | 3                        | 4=1+2-3                                  |
| <b>CAPITALIZED COSTS</b>            | <b>209,277,139.73</b>              | <b>86,503,427.49</b>         | <b>65,033,341.00</b>     | <b>230,747,226.22</b>                    |
| • Pre - Opening                     |                                    |                              |                          |                                          |
| • Deferred Expenses                 | 209,277,139.73                     | 86,503,427.49                | 65,033,341.00            | 230,747,226.22                           |
| • Bonds premiums                    |                                    |                              |                          |                                          |
| <b>INTANGIBLE ASSETS</b>            | <b>7,725,439,805.54</b>            | <b>432,322,035.20</b>        |                          | <b>8,157,761,840.74</b>                  |
| • Research asset and development    |                                    |                              |                          |                                          |
| • Right, License, similar values    | 7,160,764,651.82                   | 409,365,132.69               |                          | 7,570,129,784.51                         |
| • Goodwill                          |                                    |                              |                          |                                          |
| • Other intangible assets           | 564,675,153.72                     | 22,956,902.51                |                          | 587,632,056.23                           |
| <b>FIXED ASSET</b>                  | <b>532,345,798.84</b>              | <b>52,970,650.03</b>         |                          | <b>585,316,448.87</b>                    |
| • Land                              |                                    |                              |                          |                                          |
| • Constructions                     | 542,117.60                         | 105,214.77                   |                          | 647,332.37                               |
| • Technical installation, equipment | 363,337,448.59                     | 34,434,089.08                |                          | 397,771,537.67                           |
| • Vehicles                          | 2,055,043.30                       | 40,666.66                    |                          | 2,095,709.96                             |
| • Office furniture                  | 166,122,752.77                     | 18,365,145.60                |                          | 184,487,898.37                           |
| • Other fixed assets                | 288,436.58                         | 25,533.92                    |                          | 313,970.50                               |

## APPENDIX B3 - SUMMARY OF ASSET DISPOSAL

| Date of disposal<br>or retirement | Principal<br>Account | Gross Amount         | Cumulated<br>Depreciations | Net Book<br>Value | Sale<br>Value | Capital<br>gains | Capital<br>losses |
|-----------------------------------|----------------------|----------------------|----------------------------|-------------------|---------------|------------------|-------------------|
| 31 Décembre 2018                  | 2128200000           | 65.033.341,00        | 65.033.341,00              | 0,00              | 0,00          | 0,00             | 0,00              |
| <b>TOTAL</b>                      | <b>2128200000</b>    | <b>65.033.341,00</b> | <b>65.033.341,00</b>       | <b>0,00</b>       | <b>0,00</b>   | <b>0,00</b>      | <b>0,00</b>       |





# Statutory Accounts as of December 31, 2018

## APPENDIX B4 - SUMMARY OF INVESTMENTS

Fom January 2018 to December 2018

| Company Name                                 | Activity Sector<br>1  | Share Capital<br>2 | % of detention<br>3 | Acquisition Price<br>4 | Net Book Value<br>5 | Extract from the last statement reports of the company |                  |                 |                |
|----------------------------------------------|-----------------------|--------------------|---------------------|------------------------|---------------------|--------------------------------------------------------|------------------|-----------------|----------------|
|                                              |                       |                    |                     |                        |                     | Closing date<br>6                                      | Net Equity<br>7  | Net income<br>8 | Revenues<br>9  |
| JORF LASFAR ENERGY<br>COMPANY 5&6 «JLEC 5&6» | ENERGIE<br>ELECTRIQUE | 1,818,200,000      | %65.999             | 1,199,999,600.00       | 1,199,999,600.00    | 30-sept-18                                             | 3,300,670,811.29 | 875,333,724.27  | 395,995,941.04 |
| <b>TOTAL</b>                                 |                       |                    |                     | 1,199,999,600.00       | 1,199,999,600.00    |                                                        | 3,300,670,811.29 | 875,333,724.27  |                |

## APPENDIX B5 - SUMMARY OF PROVISIONS AND RESERVES

Fom January 2018 to December 2018

| DESCRIPTION                     | Beginning Balance | CURRENT YEAR PROVISIONS |              |               | PROVISIONS DEDUCTIONS |           |               | Amount ending balance |
|---------------------------------|-------------------|-------------------------|--------------|---------------|-----------------------|-----------|---------------|-----------------------|
|                                 |                   | Operating               | financial    | Unusual       | Operating             | financial | non courantes |                       |
| 1. Long term assets provisions  |                   |                         |              |               |                       |           |               |                       |
| 2. Regulated Reserves           |                   |                         |              |               |                       |           |               |                       |
| 3. Long term reserves for risks | 19,227,389.00     |                         |              | 20,857,195.00 |                       |           | 19,227,389.00 | 20,857,195.00         |
| <b>SUB-TOTAL (A)</b>            | 19,227,389.00     |                         |              | 20,857,195.00 |                       | -         | 19,227,389.00 | 20,857,195.00         |
| 4. Current assets provisions    | 14,006,091.00     | 14,418,797.69           |              |               |                       |           |               | 14,418,797.69         |
| 5. Other risk provisions        | 2,693,904.07      |                         | 1,191,361.52 |               |                       | 55,721.63 |               | 6,258,415.62          |
| 6. Financial provisions         |                   |                         |              |               |                       |           |               |                       |
| <b>SUB-TOTAL (B)</b>            | 16,699,995.07     | 14,418,797.69           | 1,191,361.52 | 2,428,871.66  |                       | 55,721.63 |               | 20,677,213.31         |
| <b>TOTAL (A+B)</b>              | 35,927,384.07     | 14,418,797.69           | 1,191,361.52 | 23,286,066.66 |                       | 55,721.63 | 19,227,389.00 | 41,534,408.31         |

## APPENDIX B6 - SUMMARY OF RECEIVABLES AND DEBTORS

Moroccan Dirhams

Fom January 2018 to December 2018

| RECEIVABLES                  | TOTAL AS OF<br>31.12.2018 | RECEIVABLES ANALYSIS |                  |             | OTHER ANALYSIS           |                   |                                  |                   |
|------------------------------|---------------------------|----------------------|------------------|-------------|--------------------------|-------------------|----------------------------------|-------------------|
|                              |                           | > 1 year             | < 1 year         | unrecovered | foreign currency balance | State receivables | Affiliated corporate receivables | Bills of exchange |
| <b>LONG TERM RECEIVABLES</b> | 1,725,457.40              | 642,448.52           | 1,083,008.88     |             |                          |                   |                                  |                   |
| - Other financial assets     | 1,275,994.54              | 192,985.66           | 1,083,008.88     |             |                          |                   |                                  |                   |
| - Other financial assets     | 449,462.86                | 449,462.86           |                  |             |                          |                   |                                  |                   |
| <b>CURRENT ASSETS</b>        | 1,827,852,252.45          | 474,419,335.14       | 1,353,432,917.31 |             | 3,333,331.55             | 521,448,883.65    | 419,907,274.59                   |                   |
| - Advances to suppliers      | 37,686,238.49             |                      | 37,686,238.49    |             | 2,826,506.99             | 14,242,786.48     |                                  |                   |
| - Trade receivables          | 869,725,411.28            | 506,824.56           | 869,218,586.72   |             | 506,824.56               |                   | 23,911,333.55                    |                   |
| - Employee                   | 842,939.47                |                      | 842,939.47       |             |                          |                   |                                  |                   |
| - State                      | 507,206,097.17            | 473,912,510.58       | 33,293,586.59    |             |                          | 507,206,097.17    |                                  |                   |
| - Partners current accounts  |                           |                      |                  |             |                          |                   |                                  |                   |
| - Other debtors              | 395,995,941.04            |                      | 395,995,941.04   |             |                          |                   | 395,995,941.04                   |                   |
| - Prepaid                    | 16,395,625.00             |                      | 16,395,625.00    |             |                          |                   |                                  |                   |



# Statutory Accounts as of December 31, 2018

## APPENDIX B7 - SUMMARY OF LIABILITIES

| Moroccan Dirhams            |                               | Fom January 2018 to December 2018 |                |                |                                |                      |                                     |                      |
|-----------------------------|-------------------------------|-----------------------------------|----------------|----------------|--------------------------------|----------------------|-------------------------------------|----------------------|
| LIABILITIES                 | TOTALS<br>AS OF<br>31.12.2018 | ANALYSIS BY MATURITY              |                | OTHER ANALYSIS |                                |                      |                                     |                      |
|                             |                               | ><br>1 year                       | <<br>1 year    | unrecovered    | foreign<br>currency<br>balance | State<br>receivables | Affiliated<br>corporate receivables | Bills of<br>exchange |
| LONG TERM FINANCIAL DEBTS   | 3,289,215,686.59              | 2,890,522,876.23                  | 398,692,810.36 |                |                                |                      |                                     |                      |
| - Bonds issues              |                               |                                   |                |                |                                |                      |                                     |                      |
| - Other financial debts     | 3,289,215,686.59              | 2,890,522,876.23                  | 398,692,810.36 |                |                                |                      |                                     |                      |
| CURRENT                     | 1,338,560,974.25              | 478,538,592.78                    | 860,022,381.47 |                | 517,908,914.22                 | 140,704,636.36       | 36,544,206.26                       |                      |
| - Trade payables            | 693,894,140.67                | 6,392,957.62                      | 687,501,183.05 |                | 517,908,914.22                 |                      | 36,542,309.07                       |                      |
| - Advances from customers   |                               |                                   |                |                |                                |                      |                                     |                      |
| - Employee                  | 31,814,864.87                 |                                   | 31,814,864.87  |                |                                |                      |                                     |                      |
| - Social security           | 11,340,527.57                 |                                   | 11,340,527.57  |                |                                | 11,340,527.57        |                                     |                      |
| - State                     | 129,364,108.79                |                                   | 129,364,108.79 |                |                                | 129,364,108.79       |                                     |                      |
| - Partners current accounts | 1,697.19                      |                                   | 1,697.19       |                |                                |                      | 1,697.19                            |                      |
| - Other creditors           | 472,145,635.16                | 472,145,635.16                    |                |                |                                |                      |                                     |                      |
| - Accruals                  |                               |                                   |                |                |                                |                      |                                     |                      |

## APPENDIX B8 - SUMMARY OF "ESTATE GUARANTEES" GIVEN OR RECEIVED

|                                |                             |          |                                |                        |                                                                  | Fom January 2018 to December 2018 |
|--------------------------------|-----------------------------|----------|--------------------------------|------------------------|------------------------------------------------------------------|-----------------------------------|
| CREDITORS/DEBTORS<br>DÉBITEURS | Amount covered by guarantee | Nature   | Date and registration location | Purpose                | Net booking value<br>of the Guarantee as of<br>December 31, 2016 |                                   |
| - Given guarantees             |                             |          |                                |                        |                                                                  |                                   |
| - Received guarantees          | 1 275 994,54                | Mortgage |                                | Employee Mortgage Loan |                                                                  |                                   |

N O N E



# Statutory Accounts as of December 31, 2018

## APPENDIX B9 - FINANCIAL COMMITMENTS OTHER THAN LEASING OPERATINGS

| GIVEN COMMITMENTS                              | From January 2018 to December 2018 |                       |
|------------------------------------------------|------------------------------------|-----------------------|
|                                                | Current year Amounts               | Previous year Amounts |
| - Avalize and guarantee                        |                                    |                       |
| Assignment of receivables of November 2018     | 355,534,085.07                     | 444,119,039.00        |
| Assignment of receivables act of December 2018 | 329,146,053.60                     | 401,050,871.69        |
| Importation Temporary                          |                                    |                       |
| ALSTOM France                                  | 26,789.00                          | 26,789.00             |
| CENTRACOM                                      | 4,650.00                           | 4,650.00              |
| LAMBLIN Voies Ferrées                          | 133,688.00                         | 133,688.00            |
| Exportation Temporary                          |                                    |                       |
| URS (38 890,00 MAD)                            | 38,890.00                          | 38,890.00             |
| FERBECK & FURMITHERM (43028 EUR)               | 208,712.00                         | 208,712.00            |
| ALSTOM France (80750 EURO)                     | 273,006.00                         | 273,006.00            |
| ALSTOM POWER SERVICE (5000 euro)               | 35,313.00                          | 35,313.00             |
| SCOTT USA (1350 USD)                           | 6,557.00                           | 6,557.00              |
| ABB SECHERON SA (1500 CHF)                     | 4,752.00                           | 4,752.00              |
| ABB SECHERON SA (1460 CHF)                     | 8,622.00                           | 8,622.00              |
| ABB SECHERON SA (2090CHF)                      | 9,628.00                           | 9,628.00              |
| ABB SECHERON SA (34600CHF)                     | 77,021.00                          | 77,021.00             |
| KEMA 2000 EURO                                 | 6,648.00                           | 6,648.00              |
| PAUL BOMAN (250 USD)                           | 663.00                             | 663.00                |
| <b>TOTAL</b>                                   | <b>685,515,059.67</b>              | <b>846,004,849.69</b> |

## APPENDIX B9 - FINANCIAL COMMITMENTS OTHER THAN LEASING OPERATINGS

| GIVEN COMMITMENTS                                | From January 2018 to December 2018 |                       |
|--------------------------------------------------|------------------------------------|-----------------------|
|                                                  | Current year Amounts               | Previous year Amounts |
| - Endorsement and Guarantee                      |                                    |                       |
| A) G.A                                           |                                    |                       |
| UNIPER EX E.ON ENERGY (USD 2 000 000,00) (BCP)   |                                    | 18,719,800.00         |
| SUEK AG (USD 2 000 000,00) (BMCE)                |                                    | 18,719,800.00         |
| SUEK AG (USD 2 000 000,00) (BMCE)                | 19,062,400.00                      | 18,719,800.00         |
| UNIPER EX E.ON ENERGY (USD 2 000 000,00) (BCP)   | 19,062,400.00                      | 18,719,800.00         |
| JERA (USD 2 000 000,00) (BMCI)                   | 19,062,400.00                      |                       |
| SUEK AG (USD 2 000 000,00) (BMCE)                | 19,062,400.00                      |                       |
| - Convention de sequestre ONE (Lettre de credit) | 425,000,000.00                     | 425,000,000.00        |
| AFRIQUIA (Attijari wafa bank)                    | 339,820.20                         | 339,820.20            |
| AFRIQUIA (BP)                                    | 559,812.60                         | 559,812.60            |
| B) O&M                                           |                                    |                       |
| OSS                                              |                                    | 83,592.00             |
| SMAC STE                                         | 134,068.70                         | 134,068.70            |
| STOKVIS NORD-AFRIQUE                             | 192,000.00                         | 192,000.00            |
| SOMARAIL (20655 eur) Credit du Nord              | 237,532.50                         | 237,532.50            |
| SOMARAIL (11846 eur) Credit du Nord              | -                                  | -                     |
| SOMARAIL (11564 eur) societe Generale            | -                                  | -                     |
| SOMARAIL (3286,24eur) Societe Generale           | -                                  | -                     |
| ATLAS COPCO                                      | 304,091.00                         | 304,091.00            |
| SOMAGEC                                          | 6 619,460.12                       | 6,619,460.12          |
| ARMO (ASSISTANCE REALISATION ET MONTAGE)         |                                    |                       |
| BABCOCK WANSON MAROC                             | -                                  | -                     |
| SCHNEIDER ELECTRIC IT                            | 165,120.00                         | 165,120.00            |
| ALOMRA GROUP INTERNATIONAL                       | 372,375.06                         | 372,375.06            |
| CNIM BABCOCK MAROC                               | -                                  | 915,322.80            |
| IP VISION                                        | 153,872.28                         | 153,872.28            |
| OSS                                              | 128,802.00                         |                       |
| SCHNEIDER ELECTRIC IT                            | 82,560.00                          |                       |
| SCHNEIDER ELECTRIC IT                            | 320,760.00                         |                       |
| SCHNEIDER ELECTRIC IT                            | 641,520.00                         |                       |
| SOTHCOM                                          | 547,058.56                         |                       |
| - Other commitments received                     |                                    |                       |
| <b>TOTAL</b>                                     | <b>512,048,453.02</b>              | <b>509,956,267.26</b> |

## APPENDIX : B10 - SUMMARY OF LEASING CONTRACTS

| Annex 1 - Summary of leasing contracts |                             |                            |                                          |                                            |                                       |                                    |                   |                  |                                         |                 |
|----------------------------------------|-----------------------------|----------------------------|------------------------------------------|--------------------------------------------|---------------------------------------|------------------------------------|-------------------|------------------|-----------------------------------------|-----------------|
| Designation<br>1                       | first maturity<br>Date<br>2 | Length of<br>contract<br>3 | Estimated value<br>at contract date<br>4 | Theoretical<br>depreciation<br>period<br>5 | Cumulated<br>leasing<br>expenses<br>6 | yearly<br>leasing<br>expenses<br>7 | Remaining balance |                  | End of contract<br>residual price<br>10 | Comments<br>11  |
|                                        |                             |                            |                                          |                                            |                                       |                                    | < 1<br>year<br>8  | > 1<br>year<br>9 |                                         |                 |
|                                        |                             |                            |                                          |                                            |                                       |                                    |                   |                  |                                         |                 |
| I                                      | 25/07/2018                  | 120                        | 24,208,333.33                            | 10 years                                   | 0,00                                  | 1,003,779.84                       | 2,007,559.68      | 19,071,861.96    | 2,420,833.35                            | New head office |





# Statutory Accounts as of December 31, 2018

## APPENDIX B11 - INCOME STATEMENT DETAILS

| Fom January 2018 to December 2018               |                         |                         |
|-------------------------------------------------|-------------------------|-------------------------|
| POSTE                                           | CURRENT YEAR            | PREVIOUS YEAR           |
| <b>611 OPERATING EXPENSES</b>                   |                         |                         |
| Cost of sales (commercial)                      |                         |                         |
| - purchases                                     |                         |                         |
| - Inventory variation (+/-)                     |                         |                         |
| <b>TOTAL</b>                                    |                         |                         |
| <b>612 COST OF SALES (PRODUCTION)</b>           |                         |                         |
| - Raw material purchases                        | 2,830,718,566.52        | 2,384,080,331.73        |
| - Raw material inventory variation              | (130,449,141.59)        | 85,182,199.62           |
| - Consumables                                   | 145,117,427.49          | 117,514,763.49          |
| - Consumables inventory variation (+/-)         | (61,113,602.43)         | (36,893,705.31)         |
| - Non stored purchased raw and equipments       | 61,990,135.44           | 51,832,965.98           |
| - services and surveys                          | 74,508,629.98           | 83,157,152.38           |
| <b>TOTAL</b>                                    | <b>2,920,772,015.41</b> | <b>2,684,873,707.89</b> |
| <b>613/614 OTHER EXTERNAL EXPENSES</b>          |                         |                         |
| - Rentals                                       | 4,955,942.22            | 4,433,751.14            |
| - Repairs and maintenance                       | 20,019,199.69           | 40,302,223.19           |
| - Insurance                                     | 23,886,436.71           | 25,998,019.98           |
| - Remuneration of external labor to the company | 24,929,173.57           | 15,070,802.72           |
| - Fees and commissions                          | 32,526,710.62           | 48,666,487.72           |
| - Royalties, rights, ...                        |                         |                         |
| - Research and documentation                    | 476,110.42              | 390,180.77              |
| - Transportation                                | 3,610,165.75            | 3,810,159.90            |
| - travel, assignments and reception             | 2,883,938.55            | 1,700,178.42            |
| - Other external expenses                       | 17,187,112.04           | 21,091,001.56           |
| <b>TOTAL</b>                                    | <b>130,474,789.57</b>   | <b>161,462,805.40</b>   |
| <b>616 TAXES</b>                                | <b>23,437,393.56</b>    | <b>23,346,424.89</b>    |
| <b>617 - Payroll expenses</b>                   |                         |                         |
| - Remunerations                                 | 169,148,844.39          | 165,954,589.76          |
| - Social Charges                                | 33,225,934.45           | 32,014,449.39           |
| <b>TOTAL</b>                                    | <b>202,374,778.84</b>   | <b>197,969,039.15</b>   |
| <b>OTHER OPERATING EXPENSES</b>                 |                         |                         |
| <b>618</b>                                      |                         |                         |
| - Attendance fees                               |                         |                         |
| - Losses in unrecoverable assets                |                         |                         |
| - Other                                         |                         |                         |
| <b>TOTAL</b>                                    |                         |                         |
| <b>638 FINANCIAL EXPENSES</b>                   |                         |                         |
| Other financial expenses                        |                         |                         |
| - Net investment sales costs                    |                         |                         |
| - Reste du poste des autres charges financières |                         |                         |
| <b>TOTAL</b>                                    |                         |                         |
| <b>658 UNUSUAL EXPENSES</b>                     |                         |                         |
| Other unusual expenses                          |                         |                         |
| - Penalties on contracts                        |                         |                         |
| - Taxes adjustments                             |                         |                         |
| - Tax penalties                                 |                         | 5,608,374.26            |
| - Unrecoverable assets                          |                         |                         |
| - Other                                         | 11,707,069.97           | 25,924,824.55           |
| <b>TOTAL</b>                                    | <b>11,707,069.97</b>    | <b>31,533,198.81</b>    |

## APPENDIX B11 BIS - INCOME STATEMENT DETAILS (Continued)

| Fom January 2018 to December 2018                     |                         |                         |
|-------------------------------------------------------|-------------------------|-------------------------|
| POSTE                                                 | Current Year            | EXERCICE PRECEDENT      |
| <b>711 OPERATING REVENUES</b>                         |                         |                         |
| Sales of merchandises                                 |                         |                         |
| - Domestic                                            |                         |                         |
| - Export                                              |                         |                         |
| - Other                                               |                         |                         |
| <b>TOTAL</b>                                          |                         |                         |
| <b>712 SALES OF PRODUCED GOODS AND SERVICES</b>       |                         |                         |
| - Sales of produced goods Export                      | 4,617,330,842.70        | 4,398,631,059.55        |
| - Sales of produced goods Domestic                    |                         |                         |
| - Sales of services Export                            |                         |                         |
| - Sales of services Domestic                          |                         |                         |
| - Royalties, Rights, ...                              |                         |                         |
| - Other                                               |                         |                         |
| <b>TOTAL</b>                                          | <b>4,617,330,842.70</b> | <b>4,398,631,059.55</b> |
| <b>713 INVENTORIES VARIATIONS</b>                     |                         |                         |
| - Inventories variations production (+/-)             |                         |                         |
| - Inventories variations services (+/-)               |                         |                         |
| - Inventories variations production in progress (+/-) |                         |                         |
| Total                                                 |                         |                         |
| <b>718 OTHER OPERATING REVENUES</b>                   |                         |                         |
| - Attendance fees received                            |                         |                         |
| - Other                                               | 1,699,330.02            | 3,251,228.52            |
| <b>TOTAL</b>                                          | <b>1,699,330.02</b>     | <b>3,251,228.52</b>     |
| <b>719 COSTS TRANSFERS, PROVISIONS REDUCTIONS</b>     |                         |                         |
| - Reductions                                          | 27,012,759.20           | 29,248,089.50           |
| - Costs transfers                                     |                         |                         |
| <b>TOTAL</b>                                          | <b>27,012,759.20</b>    | <b>29,248,089.50</b>    |
| <b>FINANCIAL REVENUES</b>                             |                         |                         |
| <b>738</b>                                            |                         |                         |
| Interests and other financial revenues                |                         |                         |
| - Interests and proceeds                              | 2,124,063.80            | 1,257,763.46            |
| - Revenues from affiliated companies                  |                         |                         |
| - Net proceeds from fixed assets disposal             | 42,947,946.91           | 31,588,683.99           |
| - Others                                              |                         |                         |
| <b>TOTAL</b>                                          | <b>45,072,010.71</b>    | <b>32,846,447.45</b>    |



# Statutory Accounts as of December 31, 2018

## APPENDIX B12 - TAXABLE INCOME CALCULATION

From January 2018 to December 2018

| DESCRIPTION                                                                   | Amount T1        | Amount T2      |
|-------------------------------------------------------------------------------|------------------|----------------|
| <b>I. NET RESULT (Accounting)</b>                                             |                  |                |
| Net profit                                                                    | 1,024,478,626.11 |                |
| Net Loss                                                                      |                  |                |
| <b>II. TAX ADDITIONS</b>                                                      | 45,614,255.18    |                |
| 1. Current                                                                    | 1,790,133.14     |                |
| - Unrealized gain as of December 31, 2018                                     | 1,289,008.14     |                |
| - Non deductible depreciation                                                 | 501,125.00       |                |
| 2. Non current                                                                | 43,824,122.04    |                |
| - Postemployment Obligation Provision as of December 31, 2018                 | 20,857,195.00    |                |
| - Non deductible amortization                                                 | 22,966,927.04    |                |
| <b>III. FISCAL DEDUCTIONS</b>                                                 |                  | 433,628,810.54 |
| 1. Current                                                                    |                  |                |
| - Unrealized gain as of December 31, 2017                                     |                  | 5,398,812.30   |
| 2. Non current                                                                |                  |                |
| - Reversal of the Postemployment Obligation Provision as of December 31, 2017 |                  | 19,227,389.00  |
| - Non deductible non current expenses                                         |                  | 0.00           |
| - Deduction amortization minor overhauls                                      |                  | 13,006,668.20  |
| - Dividends                                                                   |                  | 395,995,941.04 |
| <b>Total</b>                                                                  | 1,070,092,881.29 | 433,628,810.54 |
| <b>IV. GROSS FISCAL RESULT</b>                                                |                  |                |
| Gross profit if T1 > T2 (A)                                                   | 636,464,070.75   |                |
| Gross fiscal deficit if T2 > T1 (B)                                           |                  |                |
| <b>V. CARRIED DEFICIT TO BE CHARGED (C) (1)</b>                               |                  |                |
| year n-4                                                                      |                  |                |
| year n-3                                                                      |                  |                |
| year n-2                                                                      |                  |                |
| year n-1                                                                      |                  |                |
| <b>VI. NET FISCAL result</b>                                                  |                  |                |
| Net fiscal profit (A-C)                                                       |                  | 636,464,070.75 |
| or net fiscal deficit (B))                                                    |                  |                |
| <b>VII. CUMUL DES AMORTISSEMENTS FISCALEMENT DIFFERÉS</b>                     |                  |                |
| <b>VIII. CUMULATED DEFERRED DEPRECIATIONS</b>                                 |                  |                |
| year n-4                                                                      |                  |                |
| year n-3                                                                      |                  |                |
| year n-2                                                                      |                  |                |
| year n-1                                                                      |                  |                |
| year n                                                                        |                  |                |

(1) within the limit of the gross fiscal profit amount (A)





# Statutory Accounts as of December 31, 2018

## APPENDIX B13 - CALCULATION OF NET OPERATING INCOME (AFTER TAXES)

|                                                                   |       | AMOUNT | Fom January 2018 to December 2018 |
|-------------------------------------------------------------------|-------|--------|-----------------------------------|
| <b>I. INCOME CALCULATION</b>                                      |       |        |                                   |
| - Operating Income (I/S)                                          | (+/-) |        | 1,040,240,437.51                  |
| - Tax operating additions                                         | (+)   |        | 1,790,133.14                      |
| - Tax operating deductions                                        | (-)   |        | (5,398,812.30)                    |
| - Theoretical taxable operating income                            | (=)   |        | 1,036,631,758.35                  |
| - Theoretical tax                                                 | (-)   |        | 321,198,345.09                    |
| - Net operating income                                            | (=)   |        | 719,042,092.42                    |
| <b>II. SUMMARY OF TAX REGULATIONS AND SPECIFIC TAX ADVANTAGES</b> |       |        |                                   |

## APPENDIX B14 - DETAIL OF V.A.T

| DESIGNATION                                                | Current year<br>Initial balance<br>1 | Current year<br>Transactions<br>2 | Current year<br>V.A.T declaration<br>3 | Current year<br>final balance<br>(1+2-3=4)<br>Fom January 2018 to December 2018 |
|------------------------------------------------------------|--------------------------------------|-----------------------------------|----------------------------------------|---------------------------------------------------------------------------------|
| A. Invoiced V.A.T                                          | 103,994,911.12                       | 651,298,174.18                    | 647,995,899.90                         | 107,297,185.40                                                                  |
| B. Recoverable V.A.T                                       | 27,669,218.18                        | 689,716,455.54                    | 684,092,087.91                         | 33,293,585.81                                                                   |
| * On Expenses                                              | 27,551,681.65                        | 689,497,222.10                    | 684,092,087.91                         | 32,956,815.84                                                                   |
| * On Immobilizations                                       | 117,536.53                           | 219,233.44                        |                                        | 336,769.97                                                                      |
| C. V.A.T payable or V.A.T credit                           | 76,325,692.94                        | (38,418,281.36)                   | (36,096,188.01)                        | 74,003,599.59                                                                   |
| NB : Crédit de TVA suivant déclaration au 31 décembre 2018 |                                      |                                   |                                        | (473,912,510.58)                                                                |

## B.15 CONTINGENT LIABILITIES

• TAQA Morocco is facing Foreign Exchange Bureau and Custom Duties Audits. No notification has been received as of today. TAQA Morocco considers that the potential adjustments resulting from these audits will not have a significant impact on the net profit, net equity nor the liquidity of the Company.

## APPENDIX C1 - SHARE CAPITAL ALLOCATION

| Capital amount: 2 358 854 200 DH                           |                                                                                                                                |                                          |                     |                                     |                 |                                  |               |
|------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|---------------------|-------------------------------------|-----------------|----------------------------------|---------------|
| Fom January 2018 to December 2018                          |                                                                                                                                |                                          |                     |                                     |                 |                                  |               |
| Name or corporate names<br>of principals shareholders<br>1 | Address<br>2                                                                                                                   | Number of shares<br>Previous Period<br>3 | Current Period<br>4 | Nominal<br>Value of each share<br>5 | Subscribed<br>6 | CAPITAL AMOUNT<br>Called Up<br>7 | Paid Up<br>8  |
| ABU DHABI NATIONAL<br>ENERGY COMPANY (TAQA)                | Al Marja Island, Level 23,24,25 AL Maqam Tower<br>ABU DHABI, UNITED ARAB EMIRATES                                              | 20,236,583                               | 20,236,583          | 100.00                              | 2,023,658,300   | 2,023,658,300                    | 2,023,658,300 |
| S.E. Abdulaziz Abdulrahman<br>Mubarak Alhemaidi            | c/o Abu Dhabi National Energy Company PJSC<br>Al Marja Island, Level 23,24,25 AL Maqam Tower<br>Abu Dhabi, Emirats Arabes Unis | 1                                        | 1                   | 100.00                              | 100.00          | 100.00                           | 100.00        |
| Saeed Hamad Obaid Abuqata<br>Aldhaher                      | c/o Abu Dhabi National Energy Company PJSC<br>Al Marja Island, Level 23,24,25 AL Maqam Tower<br>Abu Dhabi, Emirats Arabes Unis | 1                                        | 1                   | 100.00                              | 100.00          | 100.00                           | 100.00        |
| Mohammed Abdulla Fahad<br>Jaber Al Ahbabi                  | c/o Abu Dhabi National Energy Company PJSC<br>Al Marja Island, Level 23,24,25 AL Maqam Tower<br>Abu Dhabi, Emirats Arabes Unis | 1                                        | 1                   | 100.00                              | 100.00          | 100.00                           | 100.00        |
| Khalid Al Sayari                                           | Al Marja Island, Level 23,24,25 AL Maqam Tower<br>ABU DHABI, UNITED ARAB EMIRATES                                              | 1                                        | 1                   | 100.00                              | 100.00          | 100.00                           | 100.00        |
| RMA WATANYA                                                | Avenue des FAR - Casablanca                                                                                                    | 446,927                                  | 446,927             | 100.00                              | 44,692,700      | 44,692,700                       | 44,692,700    |
| SCR                                                        | Tour ATLAS - Place Zellaqa - Casablanca                                                                                        | 446,927                                  | 446,927             | 100.00                              | 44,692,700      | 44,692,700                       | 44,692,700    |
| MCMA                                                       | Rue Abou Inane - Rabat                                                                                                         | 223,464                                  | 223,464             | 100.00                              | 22,346,400      | 22,346,400                       | 22,346,400    |
| Public                                                     |                                                                                                                                | 2,234,637                                | 2,234,637           | 100.00                              | 223,463,700     | 223,463,700                      | 223,463,700   |
|                                                            |                                                                                                                                | 23,588,542                               | 23,588,542          |                                     | 2,358,854,200   | 2,358,854,200                    | 2,358,854,200 |

## APPENDIX C2 - STATEMENT OF NET RESULT ALLOCATION

|                                       | AMOUNT                  |                             | Fom January 2018 to December 2018<br>AMOUNT |
|---------------------------------------|-------------------------|-----------------------------|---------------------------------------------|
| <b>A. ORIGIN OF ALLOCATED RESULTS</b> |                         |                             |                                             |
| - Retained earning                    | 216,856,842.77          | <b>B. ALLOCATED RESULTS</b> |                                             |
| - Income / Loss to be allocated       | 972,399,304.47          |                             |                                             |
| - Net result                          |                         |                             | 245,714,467.24                              |
| - Deductions from reserves            |                         |                             | 943,541,680.00                              |
| - Other deductions                    |                         |                             |                                             |
| <b>TOTAL A</b>                        | <b>1,189,256,147.24</b> | <b>TOTAL B</b>              | <b>1,189,256,147.24</b>                     |

Total A = Total B



# Statutory Accounts as of December 31, 2018

## APPENDIX C3 - LAST THREE YEARS RESULTS

| INDICATIONS                                                          | Year N-2 From<br>01/01/2016<br>To 31/12/2016 | Year N-1 From<br>01/01/2017<br>To 31/12/2017 | Year N From<br>01/01/2018<br>To 31/12/2018 |
|----------------------------------------------------------------------|----------------------------------------------|----------------------------------------------|--------------------------------------------|
| <b>NET SHAREHOLDERS EQUITY</b>                                       |                                              |                                              |                                            |
| - Shareholders equity plus assimilated equity minus capitalized cost | 4,667,576,161.11                             | 4,727,564,876.77                             | 4,630,821,150.12                           |
| <b>TRANSACTION AND RESULTS OF THE CURRENT YEAR</b>                   |                                              |                                              |                                            |
| 1. Revenues                                                          | 4,505,769,456.93                             | 4,398,631,059.55                             | 4,617,330,842.70                           |
| 2. Pretax result                                                     | 1,102,672,233.11                             | 1,158,038,283.88                             | 1,024,478,626.11                           |
| 3. Corporate Tax                                                     | 163,966,613.22                               | 185,638,979.41                               | 197,146,361.93                             |
| 4. Dividends and related revenues distributed                        | 707,656,260.00                               | 872,776,054.00                               | 943,541,680.00                             |
| 5. Non distributed results (revenues to be allocated)                |                                              |                                              |                                            |
| <b>RESULT PER SHARE</b>                                              |                                              |                                              |                                            |
| - Earning per share                                                  | 39.79                                        | 41.22                                        | 35.07                                      |
| - Dividends distribution per share of last year                      | 30.00                                        | 37.00                                        | 40.00                                      |
| <b>PERSONNEL</b>                                                     |                                              |                                              |                                            |
| - Current year gross salary amount                                   | 160,154,120.95                               | 165,954,589.76                               | 169,148,844.39                             |
| - Average staff employed during the current year                     | 322.00                                       | 326.00                                       | 320.00                                     |

## APPENDIX : C-4 - SUMMARY OF FOREIGN CURRENCIES TRANSACTIONS BOOKED DURING THE CURRENT YEAR

| NATURE                               | Inflow<br>dirham equivalent | Outflow<br>dirham equivalent |
|--------------------------------------|-----------------------------|------------------------------|
| - Permanent financing                |                             | 19,402,119.77                |
| - Gross fixed assets                 |                             |                              |
| - Fixed Assets Disposals             |                             |                              |
| - Loan repayment                     |                             |                              |
| - Proceeds                           | 2,022,404.22                |                              |
| - Expenses                           |                             | 2,804,691,603.27             |
| <b>TOTAL INFLOWS</b>                 | 2,022,404.22                |                              |
| <b>TOTAL OUTFLOWS</b>                |                             | 2,824,093,723.04             |
| <b>BALANCE IN FOREIGN CURRENCIES</b> | 2,822,071,318.82            |                              |
| <b>TOTAL</b>                         | 2,824,093,723.04            | 2,824,093,723.04             |

## APPENDIX C5 - FIXED DATE AND LATER EVENTS

### I. FIXED DATE

|                                           |                   |
|-------------------------------------------|-------------------|
| - Closing date                            | December 31, 2018 |
| - Establishment date of summary statement | March 11, 2019    |

### II. SUBSEQUENT EVENTS TO THE CLOSING UNRELATED TO CURRENT YEAR AND KNOWN BEFORE THE COMMUNICATION OF THE SUMMARY STATEMENT

| Dates           | Indication of events |
|-----------------|----------------------|
| - Favourables   | NIL                  |
| - Unfavourables | NIL                  |



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TAQA MOROCCO S.A.  
Rue d'Alger 301, 1920  
Casablanca-Thénia de Jbel Louti  
Rabat

BENJELLOUN TOUMI  
CONSULTING

Expert Comptable  
11, rue Al Fakhri  
Casablanca

This is a free translation into English of the statutory report on the financial statements issued in French and it is provided solely for the convenience of English-speaking users.

### STATUTORY REPORT PERIOD FROM JANUARY 1<sup>st</sup> TO DECEMBER 31, 2018

In accordance with the assignment entrusted to us by our General Meeting, we have audited the accompanying financial statements of TAQA Morocco S.A. as at December 31, 2018 including the balance sheet, the income statement, the statement of management accounts, the cash flow statement and the notes to the financial statements for the year then ended; these financial statements show a net equity of MAD 4,630,821,150.12 including a net profit of MAD 627,332,364.18.

#### Management's Responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Moroccan GAAP. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements; and making accounting estimates that are reasonable in the circumstances.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Moroccan Standards on auditing. Those standards require that we comply with ethical requirements, plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement in the financial statements. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

We certify that above-mentioned financial statements present fairly, in all material respects, the financial position of TAQA Morocco S.A. as at December 31, 2018 and the results of its operations for the year then ended in accordance with accounting principles generally accepted in Morocco.

#### Specific verifications and information

We also performed the specific controls required by the law and made sure that the information provided in the management report to be presented to the shareholders are consistent with the financial statements of the company.

Casablanca, March 12, 2019

The statutory auditors

ERNST & YOUNG  
French original signed by  
Bachir TAZI  
Partner

BENJELLOUN TOUMI Consulting  
French original signed by  
Abdelmajid BENJELLOUN TOUMI  
Partner



# Resolutions of the Annual General Meeting of Shareholders held on April 23rd, 2019

## FIRST RESOLUTION

The General Assembly, voting under the quorum and majority requirements for ordinary general meetings, after the Management Board's report and the Supervisory Board comments were presented, and having considered the general report of the Statutory Auditors, approves the statutory accounts of the fiscal year ended December 31st, 2018, as they have been presented and resulting in a net income of 827,332,264.18 MAD.

## SECOND RESOLUTION

The General Assembly, voting under the quorum and majority requirements for ordinary general meetings, after the Management Board's report and the Supervisory Board's comments were presented, and having considered the report of the Statutory Auditors, approves the consolidated accounts of the fiscal year ended December 31st, 2018, as they have been presented and resulting in a Net Income Group Share of 1,048,725,273.27 MAD.

## THIRD RESOLUTION

The General Assembly voting under the quorum and majority requirements for ordinary general meetings, decides, on the Management Board proposal, to allocate the Net Income of the fiscal year ended December 31st, 2018 as follows :

|                                             |                      |
|---------------------------------------------|----------------------|
| 1. Net profit as of December 31th, 2018 (a) | = 827,332,264.18 MAD |
| 2. Legal reserve (b)                        | = 0.00 MAD           |
| 3. New balance (c) = (a)-(b)                | = 827,332,264.18 MAD |

To which is added:

|                                                                   |                        |
|-------------------------------------------------------------------|------------------------|
| 4. The previous retained earnings                                 | = 0.00 MAD             |
| 5. Others reserves (Optional reserves) (d)                        | = 245,714,467.24 MAD   |
| 6. Benefit available for distribution (e) = (c)+(d)               | = 1,073,046,731.42 MAD |
| 7. Dividends (f) = 40 Dirhams X 23,588,542 actions                | = 943,541,680.00 MAD*  |
| 8. Remaining to be allocated to optional reserves (g) = (e) – (f) | = 129,505,051.42 MAD   |

\* Dividends paid by July 25th, 2019.

## FOURTH RESOLUTION

The General Assembly, voting under the quorum and majority requirements for ordinary general meetings, gives to all the Management Board and the Supervisory Board Members full and unconditional discharge for the execution of their duties during the fiscal year 2018.

It also decides to give the Statutory Auditors discharge for the performance of their duties during the past fiscal year.

## FIFTH RESOLUTION

The General Assembly, voting under the quorum and majority requirements for ordinary general meetings after hearing the special report of the Statutory Auditors on the agreements referred to in Article 95 and following of the law 17-95 relative to joint stock companies, successively approves each of the agreements mentioned therein.

## SIXTH RESOLUTION

The General Assembly, with the quorum and majority requirements of ordinary general assemblies, notes the expiry of Mr Khaled Al Sayari's term as Supervisory Board Member.

The General Assembly pays tribute to Mr Khaled Al Sayari for his valuable contribution to the Supervisory board achievements and gives him full discharge and without reserves of his duties.

## SEVENTH RESOLUTION

The General Assembly, voting under the quorum and majority requirements for ordinary general meetings, appoints as new Members of the Supervisory Board for a period of six years, i.e. until the general assembly called to approve the financial statements for the fiscal year ended December 31, 2024:

- Mr Saqer Salem Mohamed Binham Alameri, as independant member, fom UAE, born on december 2nd, 1971, passport number NK7025133, based in c/o Abu Dhabi National Energy Company PJSC (TAQA), Sowwah Square, Al Maqam Tower (Tower 3), 25th Floor, Al Maryah Island, P.O Box 55224, Abu Dhabi, UAE;
- Mr Khaleefa Ali Mohamed Abdulla Alqamzi, from UAE, born in september 27th, 1973, passport number RY8R69060, based in c/o Abu Dhabi National Energy Company PJSC (TAQA), Sowwah Square, Al Maqam Tower (Tower 3), 25th Floor, Al Maryah Island, P.O Box 55224, Abu Dhabi, UAE ;

- Mr Vivek Gambhir, british, born in november 25th, 1963, passport number 511377576, based in c/o Abu Dhabi National Energy Company PJSC (TAQA), Sowwah Square, Al Maqam Tower (Tower 3), 25th Floor, Al Maryah Island, P.O Box 55224, Abu Dhabi, UAE ;

- Sirs Saqer Salem Mohamed Binham Alameri, Khaleefa Ali Mohamed Abdulla Alqamzi and Vivek Gambhir, thank the General Assembly for their trust and state to agree to their duties and to meet all legal requirements for these positions.

## EIGHTH RESOLUTION

The General Assembly, voting under the quorum and majority requirements for ordinary general meetings, having noted that the mandate of Benjelloun Touimi Consulting represented by Mr. Abdelmajid Benjelloun Touimi, Statutory Auditor, expires at the end of this General Assembly, decides to renew it for a period of three years, until the Ordinary General Assembly which shall approve the accounts of the fiscal year 2021.

## NINTH RESOLUTION

The General Assembly, voting under the quorum and majority requirements for ordinary general meetings, gives full powers to any bearer of an original, extract or copy of these minutes for completion of legal formalities.









TAQA

M O R O C C O

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