

# 2008 first half consolidated financial statements



## 2008 FIRST HALF CONSOLIDATED FINANCIAL STATEMENTS

### Table of contents

- Consolidated balance sheet at June 30, 2008 and December 31, 2007
- Consolidated income statements for the first halves of 2008 and 2007
- Consolidated statement of cash flows for the first halves of 2008 and 2007
- Consolidated statements of changes in equity for the first halves of 2008 and 2007
- Notes to consolidated financial statements
  - Note 1. Accounting principles and valuation methods
  - Note 2. Scope of consolidation for 2008 and 2007
  - Note 3. Dividends
  - Note 4. Borrowings and other financial liabilities as at June 30, 2008 and December 31, 2007
  - Note 5. Restructuring provisions
  - Note 6. Tax expenses
  - Note 7. Segment data as at June 30, 2008 and 2007
  - Note 8. Contractual obligations and contingent assets and liabilities
    - 8.1 Contractual obligations and commercial commitments recorded in the balance sheet
    - 8.2 Other commitments given and received relating to ordinary operations
  - Note 9. Post-balance sheet events

## Consolidated balance sheet at June 30, 2008 and December 31, 2007

ASSETS (in millions of Moroccan Dirhams)	Note	June 30, 2008	December 31, 2007
Goodwill		2,117	2,197
Intangible assets		3,590	3,644
Property, plant and equipment		16,992	16,870
Investment in equity affiliates		0	1
Other non-current financial assets		340	326
Deferred tax assets		57	204
<b>Non-current assets</b>		<b>23,095</b>	<b>23,242</b>
Inventories		791	749
Trade accounts receivable and other		10,112	9,897
Other current financial assets		98	104
Cash and cash equivalents		892	3,725
Available for sale assets		114	32
<b>Current assets</b>		<b>12,007</b>	<b>14,507</b>
<b>TOTAL ASSETS</b>		<b>35,102</b>	<b>37,749</b>

LIABILITIES (in millions of Moroccan dirhams)			
Share capital		5,275	5,275
Retained earnings		3,998	4,071
Earnings for the fiscal year-group share		4,526	8,033
Equity attributable to equity holders of the parent	3	<b>13,799</b>	<b>17,380</b>
Minority interests		1,075	1,254
<b>Total equity</b>		<b>14,874</b>	<b>18,634</b>
Non-current provisions		197	203
Borrowings and other non-current financial liabilities	4	1,211	1,233
Deferred tax liabilities		25	0
<b>Non-current liabilities</b>		<b>1,433</b>	<b>1,436</b>
Trade accounts payable and other		14,716	15,385
Current income tax liabilities		153	992
Current provisions	5	131	142
Borrowings and other current financial liabilities	4	3,795	1,159
<b>Current liabilities</b>		<b>18,795</b>	<b>17,679</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>35,102</b>	<b>37,749</b>

## Consolidated income statement for the first halves of 2008 and 2007

(in millions of Moroccan dirhams)	Note	2008	2007
Consolidated revenues		14,308	13,007
Cost of purchases		(2,238)	(2,089)
Payroll costs		(1,412)	(1,303)
Sundry taxes and duties		(351)	(371)
Other operating income and expenses		(1,826)	(1,514)
Net depreciation, amortization and provisions		(1,814)	(1,731)
<b>Earnings from operations</b>		<b>6,666</b>	<b>5,999</b>
Income from ordinary activities		0	2
Depreciation of Goodwill		(8)	0
Income from equity affiliates		(1)	(12)
<b>Earnings from continuing operations</b>		<b>6,658</b>	<b>5,989</b>
Income from cash and cash equivalents		74	64
Finance expense		(46)	(52)
Net finance costs		28	12
Other finance income and expense		(78)	(9)
<b>Net financial items</b>		<b>(50)</b>	<b>3</b>
Tax expense	6	(2,119)	(2,064)
<b>Earnings</b>		<b>4,489</b>	<b>3,928</b>
Earnings from discontinued operations		0	0
<b>Earnings</b>		<b>4,489</b>	<b>3,928</b>
Attributable to the equity holders of the parents		4,526	3,850
Minority interests		(37)	78
<b>Earnings per share (in Moroccan dirhams)</b>			
Earnings per share		<b>5.1</b>	<b>4.5</b>
Diluted earnings per share		<b>5.1</b>	<b>4.5</b>

**Consolidated statements of cash flows for the first halves of 2008 and 2007**

(in millions of Moroccan dirhams)	2008	2007
Consolidated earnings (including minority interests)	4,489	3,928
Net depreciation, impairment and provisions	1,930	1,517
Non-cash expenses/income	1	12
Capital gains and losses	(35)	(3)
<b>Net earnings after net finance costs</b>	<b>6,385</b>	<b>5,454</b>
Net finance costs	(28)	(12)
Income tax expense (including deferred taxes)	2,119	2,064
<b>Net earnings before net finance costs (A)</b>	<b>8,476</b>	<b>7,506</b>
Tax paid (B)	(2,916)	(2,024)
Change in WCR related to operating activities (C)	(786)	(39)
Cash flow from operating activities (D) = (A+B+C)	<b>4,774</b>	<b>5,443</b>
Purchase of PP&E and intangible assets	(1,930)	(2,143)
Disposals of PP&E and intangible assets	44	14
Purchase of non-consolidated investments	(1)	(334)
Cash flow of long-term debt	(12)	8
Cash flow of other financial assets	(64)	(6)
Effects of changes in scope of consolidation	0	139
Cash flow used in investing activities (E)	(1,964)	(2,322)
Dividends paid during the year	(8,220)	(6 950)
Principal payments on borrowings	2,514	3,968
Net interest	28	20
Changes in blocked cash	26	0
Changes in share capital	19	0
Other	(6)	0
Cash flow used in financing activities (F)	<b>(5,640)</b>	<b>(2,962)</b>
Foreign currency translation adjustments (G)	(3)	9
<b>Change in cash and cash equivalents (D+E+F+G)</b>	<b>(2,833)</b>	<b>168</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>3,725</b>	<b>2,741</b>
<b>Cash and cash equivalents at end of period</b>	<b>892</b>	<b>2,909</b>

## Consolidated statement of changes in equity as at June 30, 2008 and December 31, 2007

(in millions of Moroccan dirhams)	Share capital	Other adjustments	Cumulative translation differences	Earnings and retained earnings	Group share	Minority interests	Total
<b>Balance at January 1, 2007</b>	<b>5,276</b>	<b>(12)</b>	<b>(37)</b>	<b>10,986</b>	<b>16,261</b>	<b>592</b>	<b>16,853</b>
Dividends				(6,927)	(6,927)	(23)	(6,950)
Earnings				3,850	3,850	78	3,928
Income and charges recorded directly in equity							
<b>Current charges and income</b>				<b>3,850</b>	<b>3,850</b>	<b>78</b>	<b>3,928</b>
Treasury stock							
Cumulative translation differences			9	9	9	12	21
Other adjustments		9		9	9	(9)	0
Changes in scope of consolidation						697	697
<b>Balance at June 30, 2007</b>	<b>5,276</b>	<b>(4)</b>	<b>(28)</b>	<b>7,926</b>	<b>13,201</b>	<b>1,349</b>	<b>14,550</b>
Dividends						(4)	(4)
Earnings				4,183	4,183	26	4,209
Income and charges recorded directly in equity							
<b>Current charges and income</b>				<b>4,183</b>	<b>4,183</b>	<b>26</b>	<b>4,209</b>
Treasury stock		(8)		(8)	(8)		(8)
Cumulative translation differences			3	3	3	(3)	0
Other adjustments		1		1	1		1
Changes in scope of consolidation						(114)	(114)
<b>Balance at December 31, 2007</b>	<b>5,276</b>	<b>(11)</b>	<b>(25)</b>	<b>12,105</b>	<b>17,380</b>	<b>1,254</b>	<b>18,634</b>
Dividends				(8,088)	(8,088)	(133)	(8,220)
Earnings				4,526	4,526	(37)	4,489
Income and charges recorded directly in equity				(17)	(17)	(17)	(34)
<b>Current charges and income</b>				<b>4,508</b>	<b>4,508</b>	<b>(54)</b>	<b>4,455</b>
Treasury stock		(7)		(7)	(7)		(7)
Cumulative translation differences			5	5	5	(2)	4
Other adjustments						(11)	(11)
Changes in scope of consolidation						19	19
<b>Balance at June 30, 2008</b>	<b>5,276</b>	<b>(18)</b>	<b>(20)</b>	<b>8,524</b>	<b>13,799</b>	<b>1,075</b>	<b>14,874</b>

As at June 30, 2008, Maroc Telecom's share capital comprises 879,095,340 ordinary shares. Ownership of these shares was as follows:

- Kingdom of Morocco: 30%;
- Vivendi: 53% % via its wholly-owned subsidiary Société de Participation dans les Télécommunications;
- other: 17%

## Note 1. Accounting principles and valuation methods

### *Significants events*

The finalization of the convergence to IFRS standards of GabonTelecom group:

<i>(in millions of Moroccan dirhams)</i>	
<b>Balance of consolidated net position- groupe share at March 1, 2007</b>	<b>130</b>
<b>IFRS adjustments</b>	<b>(10)</b>
Fair value of financial debt	(28)
Retirement gratuity	6
Activation of deferred tax	9
Other	3
<b>Allocation of goodwill</b>	<b>82</b>
Customer base	5
Land	77
<b>Balance of adjusted net position - group share</b>	<b>201</b>
<b>Acquisition price</b>	<b>343</b>
<b>Goodwill</b>	<b>142</b>

### *Accounting principles and valuation methods*

The consolidated financial statements of Maroc Telecom group at December 31, 2007, have been prepared in accordance with all the mandatory International Financial Reporting Standards (IFRS) such as adopted by the European Union at today.

The principles accounting retained for preparing the consolidated financial statements for the first half of 2008, are similar to these adopted for the full fiscal year 2007.

The consolidated financial statements for the first half of the year 2008 have been prepared in accordance with IAS34 « Intermediate financial information » which allowed to present a selection of additional notes. These consolidated accounts must be read jointly with the consolidated financial statements of 2007.

The half-year financial statements at June 30, 2008 and notes were approved by the Management Board of Maroc Telecom at July 23, 2008.

## Note 2. Scope of consolidation as at June 30, 2008 and December 31, 2007

Maroc Telecom is a Moroccan corporation, its main activity being the sale of telecommunications goods and services. Its registered office is located at Avenue Annakhil Hay Riad Rabat – Morocco.

Company name	Legal form	% group interest	% group control	Consolidation method
<b>Maroc Telecom</b> Avenue Annakhil Hay Riad Rabat - Morocco	SA	100%	100%	FC
<b>Compagnie Mauritanienne de Communication (CMC)</b> June 30, 2008 December 31, 2007 December 31, 2006 Avenue Roi Fayçal Nouakchott - Mauritania	SA	80%	80%	FC
<b>Mauritel SA</b> June 30, 2008 December 31, 2007 December 31, 2006 Avenue Roi Fayçal 7000 Nouakchott - Mauritania	SA	41%	52%	FC
<b>Mauritel Mobiles*</b> June 30, 2008 December 31, 2007 December 31, 2006 Av Charles De gaulle ilot 37-38 Nouakchott -Mauritania	SA	-	-	-
<b>Onatel</b> June 30, 2008 December 31, 2007 705, Av. de la nation 01 BP 10000 Ouagadougou	SA	51%	51%	FC
<b>Telmob</b> June 30, 2008 December 31, 2007 705, Av. de la nation 01 BP 10000 Ouagadougou	SA	51%	51%	FC
<b>Gabon Telecom</b> June 30, 2008 December 31, 2007 B.P.40 000 Libreville– Gabon	SA	51%	51%	FC
<b>Libertis</b> June 30, 2008 December 31, 2007 BP8900 immeuble 9 étages Libreville- Gabon	SA	51%	51%	FC
<b>Medi-1– Sat</b> June 30, 2008 December 31, 2007 Zone franche, lot n°31 BP 2397 - Tangier - Morocco	SA	28%	28%	EM
<b>Mobisud France</b> June 30, 2008 December 31, 2007 December 31, 2006 86, Avenue de Saint Ouen 75018 Paris - France	SA	66%	66%	FC
<b>Mobisud Belgium</b> June 30, 2008 December 31, 2007 Avenue Louise 283 Bte 4 1050 Bruxelles	SA	100%	100%	FC

(\* ) Mauritel mobiles was taken over by Mauritel SA in 2007.

**Note 3. Dividends as at June 30, 2008 and December 31, 2007**

<i>(in millions of Moroccan dirhams)</i>	June 30, 2008	December 31, 2007
<b>Dividends received from equity affiliates</b>		
Medi-1– Sat		
<b>Dividends paid by consolidated companies to their minority shareholders (a)</b>		
Mauritel	133	26
Onatel		
Gabon Telecom		
Other		
	<b>133</b>	<b>26</b>
<b>Dividends paid by Maroc Telecom to shareholders (b)</b>		
Moroccan government	2,426	2,078
Vivendi	4,286	3,533
<b>Other</b>	<b>1,375</b>	<b>1,316</b>
	<b>8,088</b>	<b>6,927</b>
<b>Total dividend payout ( c ) = (a)+(b)</b>	<b>8,220</b>	<b>6,953</b>

## Note 4. Borrowings and other financial liabilities as at June 30, 2008 and December 31, 2007

### Net cash position

<i>(in millions of Moroccan dirhams)</i>	June 30, 2008	December 31, 2007
Borrowings due less than one year	562	331
Borrowings due more than one year	1,212	1,233
Facilities and overdrafts	3,232	828
Borrowings and financial liabilities	5,006	2,392
Cash	892	3,725
Blocked cash	96	118
Net cash position	<b>(4,018)</b>	<b>1,451</b>

### Breakdown by maturity of net cash position

The breakdown by maturity is based on the repayment terms and conditions of the borrowings.

#### Half year ended June 30, 2008

<i>(in millions of Moroccan dirhams)</i>	< 1 year	1 to 5 years	> 5 years	Total
Borrowings	562	1,078	134	1,774
Facilities and overdrafts	3,232			3,232
<b>Borrowings and financial liabilities</b>	<b>3,794</b>	<b>1,078</b>	<b>134</b>	<b>5,006</b>
Cash	892			892
Blocked cash	96			96
Net cash position	<b>(2,806)</b>	<b>(1,078)</b>	<b>(134)</b>	<b>(4,018)</b>

#### Half year ended June 30, 2007

<i>(in millions of Moroccan dirhams)</i>	< 1 year	1 to 5 years	> 5 years	Total
Borrowings	331	1,125	10	1,564
Facilities and overdrafts	828			828
<b>Borrowings and financial liabilities</b>	<b>1,159</b>	<b>1,125</b>	<b>108</b>	<b>2,392</b>
Cash	3,725			3,725
Blocked cash	118			118
Net cash position	<b>2,684</b>	<b>(1,125)</b>	<b>(108)</b>	<b>1,451</b>

## Table of analysis

<i>(in millions of Moroccan dirhams)</i>	Interest rate %	Maturity	Companies	June 30, 2008	December 31, 2007
Mobile license borrowings (October 2000)	8.0%	January 08	Mauritel		11
Borrowing SBIF 2005-2011	6.7%	June-11	Onatel	<b>207</b>	288
CONS.BIB-ECOBANK-BICIA	7.7%	July-12	Onatel	<b>138</b>	140
Interior borrowing reassigned by government	7.5%	December-08	Onatel	<b>3</b>	9
Borrowing BOAD 96.00	6.0%	July-11	Onatel	<b>24</b>	29
Borrowing BEI	2.0%	December-10	Onatel	<b>20</b>	20
Borrowing AFD 1109	7.7%	October-09	Onatel	<b>3</b>	5
Borrowing AFD110-1111	2.0%	October-18	Onatel	<b>22</b>	23
Borrowing SGBB 2007	6.4%	November-13	Onatel	<b>87</b>	87
Borrowing BOA 2007	6.4%	December-14	Onatel	<b>87</b>	87
Borrowing BOAD 09 00	8.0%	July-10	Onatel	<b>75</b>	69
Borrowing SFI 2008	7.6%	July-13	Onatel	<b>86</b>	
Borrowing BEI	3.0%	March-12	Gabon Telecom	<b>175</b>	177
Borrowing BID	8.0%	December-12	Gabon Telecom	<b>272</b>	156
Borrowing AFD	5.0%	October-09	Gabon Telecom	<b>2</b>	2
Borrowing COMMERZBANK	Euribor+0.75%	December-13	Gabon Telecom	<b>80</b>	80
Alcatel phase I	Euribor+3.5%	November-09	Libertis	<b>36</b>	46
Alcatel phase I	Euribor+0.75%	March-11	Libertis	<b>259</b>	266
Borrowing Mobisud fr	-	-	Mobisud France	<b>190</b>	56
Leasing debts BGFI	-	-	Gabon Telecom	<b>8</b>	12
Borrowing Saoudien fund of development	2.5%	-	Mauritel	<b>1</b>	1
Banks, overdrafts IAM	3.9%	June-08	IAM	<b>3,154</b>	779
Banks, overdrafts Onatel	8.5%	-	Onatel	<b>37</b>	23
Banks, GT credits balance	-	-	Gabon Telecom	<b>41</b>	25
Other	8.0%				
<b>Borrowings and other financial liabilities</b>				<b>5,006</b>	<b>2,392</b>

## Note 5. Restructuring provisions for the first halves of 2008 and 2007

The current provisions mainly comprise restructuring provisions.

<i>(in millions of Moroccan dirhams)</i>	Maroc Telecom	Mauritel group	Gabon Telecom group	Mobisud France	Mobisud Belgium	Total Maroc Telecom group
<b>Balance at December 31, 2006</b>	<b>304</b>					<b>304</b>
Restructuring						
Change in scope of consolidation and adjustments of allocation of acquisition price						
Addition						
Utilization	(193)					(193)
Release	(100)					(100)
<b>Balance at December 31, 2007</b>	<b>11</b>					<b>11</b>
Restructuring						
Change in scope of consolidation and adjustments of allocation of acquisition price						
Addition						
Utilization	(8)					(8)
Release						
<b>Balance at June 30, 2008</b>	<b>3</b>					<b>3</b>

## Note 6. Tax expense for the first halves of 2008 and 2007

<i>(in millions of Moroccan dirhams)</i>	June 30, 2008	June 30, 2007
Income tax	1,954	2,056
Deferred taxes	166	8
<b>Current tax</b>	<b>2,119</b>	<b>2,064</b>
<b>Consolidated effective tax rate*</b>	<b>32%</b>	<b>34%</b>

\* Income tax/earnings before taxes

**Note 7. Segment data for the first halves of 2008 and 2007**

Breakdown of earnings by business segment

<b>First half of 2008</b> <i>(in millions of Moroccan dirhams)</i>	Fixe-line	Mobile	Éliminations	Total
Revenues	5,545	10,161	(1,397)	<b>14,308</b>
Earnings from operations	1,533	5,132		<b>6,666</b>
Net depreciation and impairment	(823)	(1,045)		<b>(1,868)</b>

<b>First half of 2007</b> <i>(in millions of Moroccan dirhams)</i>	Fixed-line	Mobile	Eliminations	Total
Revenues	5,532	8,889	(1,413)	<b>13,007</b>
Earnings from operations	1,411	4,588		<b>5,999</b>
Net depreciation and impairment	(809)	(843)		<b>(1,652)</b>

## Note 8. Contractual obligations and contingent assets and liabilities

### *Contractual obligations and commercial commitments recorded in the balance sheet*

<i>(in millions of Moroccan dirhams)</i>	Total	Due less than 1 year	Due 1 to 5 years	Due more than 5 years
Long-term debts				
Capital lease obligations				
Operating leases*	23	11	12	
Irrevocable purchase obligations				
Other long-term commitments				
<b>Total</b>	<b>23</b>	<b>11</b>	<b>12</b>	

\* long-term vehicle leases (excluding tax)

### *Other commitments given and received relating to ordinary operations*

#### **Commitments given**

Commitments given include:

- Commitment to invest MAD3,483 million made up of:
  - MAD2,907 million related to the commitment given by Maroc Telecom to the suppliers of fixed assets;
  - MAD576 million related to the commitments given by the companies of group to the suppliers of fixed-assets.
- Mauritel's commitment to invest MAD159 million in the third generation license;
- Banks' guarantees for an amount of MAD65 million;
- Acquiring stake for an amount of MAD5 million mainly due to the commitment relating to quasi capital of Casanet (MAD4 million);
- Partnership with Forum de Casablanca's association for an amount of MAD5 million;
- Operating leases amounted to MAD12 million;
- Satellite's lease amounted to MAD154 million;
- Various Maroc Telecom's commitments for an amount of 0.2 million.

#### **Commitments received**

Commitments received comprise:

- Guarantees of MAD1,426 million;
- Commitment to purchase Maroc Telecom' land for an amount of MAD40 million;
- Other guarantees for an amount of MAD58 million.

Maroc Telecom is exempt from customs duty on all capital goods imported, due to an investment agreement with the public authorities of the kingdom of Morocco, whereby Maroc Telecom agrees to carry out a capital expenditure for MAD7.4 billion and create 150 new jobs over the period 2006-2009.



**Note 9. Post-balance sheet events**