

Consolidated results of 2007 first half

High growth of 2007 first half consolidated results

- Revenues : +19.5%
- Operating income: +33.6%
- Net income group share: +28.4%
- Cash flow from activity: +24.1%

New annual forecasts, including new subsidiaries:

- Revenues growth will exceed 16%
(will exceed 8% on a comparable basis)
- Operating income growth will exceed 18%
(will exceed 20% on a comparable basis)

On August 1, 2007, the Supervisory Board examined the 2007 first half consolidated accounts of Maroc Telecom group, established in accordance with IFRS standards and reviewed by the statutory auditors.

Abdeslam Ahizoune, Chairman of the Management Board of Maroc Telecom, declared:

“Thanks to the high market growth, stimulated by innovative and competitive offers of Maroc Telecom, our half year results are in strong progression which conduct us to upgrade as strongly our annual results forecasts.”

Operating income:

Maroc Telecom group achieved on the first half of 2007 a consolidated⁽¹⁾ operating income of MAD5,999 million, up 33.6% (+34.5% a comparable basis⁽²⁾).

- Maroc Telecom:

In the first half of 2007, the operating income of all business activities in Morocco amounted to MAD5,758 million, up 32.3%.

This performance is the combined result of the revenues growth (+8.3%), the operating costs control and the acquisition costs management despite the huge growth of Mobile and Internet customer bases.

Excluding exceptional provisions allocated in 2006 and released in 2007, the operating income increased by 21.6%.

o Mobile

With the revenues and customer base growth, and thanks to the acquisition costs control, the operating income of the Mobile activity in Morocco achieved a 41.0% growth to MAD4,341 million.

o Fixed-line and Internet

Fixed-line and Internet activities achieved in the first half of 2007 an operating income of MAD1,417 million, up 11.2%. Excluding exceptional provisions allocated in 2006 and released in 2007, the Fixed-line and Internet operating income is down 9.0%, which is mainly explained by the 3.9% revenues decrease.

- Mauritel :

In the first half of 2007, the operating income of all businesses in Mauritania amounted to MAD217 million, up 57.2% (+67.2 on a comparable basis⁽²⁾), thanks mainly to Mobile activity performances.

- Onatel⁽³⁾:

In the first half of 2007, the operating income of all businesses in Burkina Faso amounted to MAD150 million, up 262%⁽²⁾.

For the full year 2006, the Onatel group realized revenues of MAD1,192 million and operating income of MAD85 million. The year 2007 should meet a strong improvement of these results.

(1) For 2007 first half, Maroc Telecom establishes its revenues by consolidating in its accounts Mauritel, Onatel and Gabon Télécom Groups and its subsidiary Mobisud France. Onatel has been consolidated using the Global Integration method since January 1st, 2007; Gabon Télécom, acquired on February 9th, 2007 has been consolidated using the Global Integration method since March 1st, 2007 (for the second quarters of 2006 and 2007, revenues of Maroc Telecom Group therefore integrate 4 months of Gabon Télécom Group activities, since these revenues could not be consolidated as per end of March, 2007 by lack of financial information).

(2) Comparable basis illustrates the full consolidation of Onatel and Gabon Télécom as if these transactions have occurred at the beginning of 2006 for Onatel and on March 1st 2006 for Gabon Télécom and the constant currency rate MAD/Ouguiya/CFA Franc/Euro.

(3) local accounting standards

- **Gabon Télécom⁽³⁾:**

Since March 1, 2007, date of Gabon Télécom consolidation, the operating income of all businesses in Gabon amounted to MAD -26 million, compared to MAD -60 million for the same period last year.

For the full year 2006, the Gabon Télécom group realized revenues of MAD929 million and operating income of MAD -912 million. The year 2007 should meet a strong improvement of these results.

- **Mobisud (France and Belgium):**

The operating income of Mobisud in France and Belgium stands at MAD -99 million.

Net income group share:

The net income group share of the first half of 2007 amounted to MAD3,850 million, up 28.4% compared to 2006.

Cash and cash equivalent:

The cash flow generated by the activity amounted to MAD5,443 million in the first half of 2007, up 24.1% compared to June 30, 2006.

The consolidated net cash position of the first half of 2007 amounted to MAD -2.8 billion, compared to MAD2.7 billion at the end of December 2006, due mainly to the payment to shareholders of the 2006 dividend for more than MAD6.9 billion, to the capex increase and to recent acquisitions.

2007 outlook:

Based on the current market conditions, and assuming no major exceptional disrupt of the group's business, the consolidated revenues growth will exceed 8% on a comparable basis and the operating income growth will exceed 18% on a comparable basis.

Maroc Telecom is Morocco's incumbent telecommunications operator and the country's market leader in fixed-line and mobile telecommunications and Internet access. Since December 2004, Maroc Telecom is listed on the Casablanca and Paris stock exchanges and its main shareholders are Vivendi (51%) and the Kingdom of Morocco (30%).

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Appendix 1

Financial data by business segment

MAD million IFRS	1 st half				2 nd quarter			
	2007	2006	% change		2007	2006	% change	
			published	comparable basis			published	comparable basis
Consolidated revenues	13,007	10,888	19.5%	10.1%	6,893	5,612	22.8%	9.7%
Fixed-line and Internet (gross)⁽⁴⁾	5,532	5,077	9.0%	-2.9%	2,913	2,514	15.9%	-1.8%
Maroc Telecom ⁽⁵⁾	4,727	4,918	-3.9%	-3.9%	2,401	2,435	-1.4%	-1.4%
Mauritel	165	159	3.8%	11.0%	84	79	6.3%	13.9%
Onatel	410	-	-	10.8%	198	-	-	1.4%
Gabon Telecom	230	-	-	-12.2%	230	-	-	-12.2%
Mobile (gross)⁽⁴⁾	8,888	7,079	25.6%	19.0%	4,726	3,736	26.5%	17.7%
Maroc Telecom ⁽⁵⁾	7,900	6,746	17.1%	17.1%	4,105	3,565	15.1%	15.1%
Mauritel	420	333	26.1%	35.1%	211	171	23.4%	31.3%
Onatel	328	-	-	26.6%	177	-	-	30.4%
Gabon Telecom	223	-	-	43.5%	223	-	-	43.5%
Mobisud	17	-	-	-	10	-	-	-
Intercompany transactions ⁽⁵⁾	-1,413	-1,268	11.4%	4.5%	-746	-638	16.9%	1.7%
Consolidated operating income	5,999	4,491	33.6%	34.5%	3,155	2,165	45.7%	52.3%
Fixed-line and Internet	1,411	1,262	11.8%	21.2%	729	435	67.6%	135.0%
Maroc Telecom ⁽⁵⁾	1,417	1,274	11.2%	11.2%	-	-	-	-
Mauritel	5	-12	ns	-145.4%	-	-	-	-
Onatel	23	-	-	-139.3%	-	-	-	-
Gabon Telecom	-35	-	-	-14.8%	-	-	-	-
Mobile	4,588	3,228	42.1%	39.1%	2,426	1,731	40.2%	37.7%
Maroc Telecom ⁽⁵⁾	4,341	3,078	41.0%	41.0%	-	-	-	-
Mauritel	212	150	41.3%	50.5%	-	-	-	-
Onatel	127	-	-	26.2%	-	-	-	-
Gabon Telecom	8	-	-	-140.3%	-	-	-	-
Mobisud	-99	-	-	-	-	-	-	-

(4) Fixed telephony and Internet revenues and Mobile revenues include intragroup transactions (including interconnection costs and leased lines) between fixed and mobile activities.

(5) Revenue linked to incoming international traffic towards Maroc Telecom Mobile and to outgoing international traffic from Maroc Telecom Mobile is directly accounted in the Mobile activity in 2007 whereas it was accounted as transit revenue for Fixed and Internet activity in 2006. Revenue evolution rates are consistent with this new presentation. This intragroup reallocation has no impact on Maroc Telecom global net revenues.

Appendix 2

Consolidated Balance Sheet at June 30, 2007 and December 31, 2006

	<u>June 30, 2007</u>	<u>December 31, 2006</u>
ASSETS (in millions of Moroccan Dirhams)		
Goodwill	2,182	146
Intangible assets	2,769	2,415
Property, plant and equipment	16,266	12,460
Investment in equity affiliates	22	9
Other non-current financial assets	223	2,620
Deferred tax assets	263	445
Non-current assets	21,725	18,095
Inventories	884	438
Trade accounts receivable and other	9,563	6,928
Other current financial assets	0	22
Cash and cash equivalents	2,909	2,741
Available to sale assets	49	
Current assets	13,405	10,129
TOTAL ASSETS	35,130	28,224
LIABILITIES (in millions of Moroccan dirhams)		
Share capital	5,275	5,275
Retained earnings	4,076	4,247
Earnings for the fiscal year-group share	3,850	6,739
Equity attributable to equity holders of the parent	13,202	16,261
Minority interests	1,348	592
Total equity	14,550	16,853
Non-current provisions	205	36
Borrowings and other non-current financial liabilities	1,184	11
Deffered tax liabilities	0	177
Non-current liabilities	1,390	224
Trade accounts payable and other	13,915	10,278
Current income tax liabilities	534	437
Current provisions	259	388
Borrowings and other current financial liabilities	4,482	44
Current liabilities	19,190	11,147
TOTAL LIABILITIES AND EQUITY	35,130	28,224
Net cash poission = (1)-(2)-(3)	-2 757	2 686

Appendix 3

Consolidated Statement of income at June 30, 2006 and 2007

<i>(in millions of Moroccan dirhams)</i>	<u>2007</u>	<u>2006</u>
Consolidated revenues	13,007	10,888
Cost of purchases	-2,089	-1,808
Payroll costs	-1,303	-1,037
Sundry taxes and duties	-371	-404
Other operating income and expenses	-1,514	-1,292
Net depreciation, amortization and provisions	-1,731	-1,858
Operating income	5,999	4,491
Income from ordinary activities	2	2
Income from equity affiliates	-12	-9
Earnings from continuing operations	5,989	4,484
Income from cash and cash equivalents	64	98
Finance expense	-52	-4
Net finance costs	12	94
Other finance income	1	3
Other finance expense	-10	-1
Net financial items	3	96
Tax expense	-2,064	-1,552
Earnings	3,928	3,028
Attributable to the equity holders of the parents	3,850	2,998
Minority interests	78	30
	<u>2007</u>	<u>2006</u>
Earnings per share <i>(in Moroccan dirhams)</i>		
Earnings per share	4.5	3.4
Diluted earnings per share	4.5	3.4

Appendix 4

Consolidated cash flow statement at June 30, 2006 and 2007

(in millions of Moroccan dirhams)

	<u>2007</u>	<u>2006</u>
Consolidated earnings (including minority interests)	3,928	3,028
Net depreciation, impairment and provisions	1,517	1,691
Non-cash expenses/income	12	9
Capital gains and losses	-3	-2
Net earnings after net finance costs and income tax	5,454	4,726
Net finance costs	-12	-94
Income tax expense (including deferred taxes)	2,064	1,552
Net earnings before net finance costs and income tax (A)	7,506	6,184
Tax paid (B)	-2,024	-1,757
Change in WCR related to operating activities (C)	-39	-42
Cash flow from operating activities (D) = (A+B+C)	5,443	4,385
Acquisitions of PP&E and intangible assets	-2,143	-1,512
Disposals of PP&E and intangible assets	14	7
Purchase of investments	-334	-10
Proceeds from disposals of investments		13
Cash flow of long-term debt	8	-8
Cash flow of other financial assets	-6	
Effects of changes in scope of consolidation	139	-8
Cash flow used in investing activities (E)	-2,322	-1,518
Dividends paid during the year	-6,950	-6,143
Change in Borrowings and overdrafts	3,968	-35
Net interest	20	58
Changes in share capital (share capital reduction)		-3,516
Cash flow used in financing activities (F)	-2,962	-9,636
Foreign currency translation adjustments (G)	9	-12
Change in cash and cash equivalents (D+E+F+G)	168	-6,781
Change in cash and cash equivalents at the beginning of period	2,741	7,585
Change in cash and cash equivalents at the end of period	2,909	804