

2006 half-year consolidated results

Strong growth of Maroc Telecom's half-year consolidated results:

- **Revenues up 11.6%**
- **Earnings from operations (EFO) up 14.7%**

Upgrade of 2006 consolidated EFO forecasts with an estimated growth exceeding 14% instead of '12% to 14%' range.

On September 4, 2006, the Supervisory Board examined the 2006 first half consolidated accounts of Maroc Telecom group, established in accordance with IFRS standards and reviewed by the statutory auditors.

	First half		
	2006	2005	% change
<i>MADm - IFRS</i>			
Consolidates revenues	10,888	9,752	11.6%
Fixed-line and Internet (gross ⁽¹⁾)	6,145	5,786	6.2%
Mobile (gross ⁽¹⁾)	6,957	5,978	16.4%
Consolidated Earnings from operations	4,491	3,916	14.7%
Fixed-line and Internet	1,428	1,493	-4.4%
Mobile	3,063	2,423	26.4%
Net income before tax	4,580	3,976	15.2%
Net income - group share	2,998	2,637	13.7%
Net cash position⁽²⁾	722	4,001	-82.0%

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

« Thanks to our efforts to acquire customers and build customer loyalty, and to innovate in our offers, combined to a cost control evolution, Maroc Telecom 2006 first half-year results record strong progressions which allow us to upgrade our annual results forecasts ».

(1) Gross revenues include intercompany revenues between the fixed and mobile businesses of Maroc Telecom (interconnection fees and leased lines).

(2) The net cash position is the total of availabilities and securities decreased by the amount of financial debts.

Earnings from operations (EFO)

Maroc Telecom 2006 first half consolidated EFO amounted to MAD 4,491 million, up 14.6% compared to the same period last year.

This achievement is due to revenues growth (11.6%) and costs control, in particular acquisition costs, in a context of continued growth of Mobile customer base⁽³⁾⁽⁴⁾. (+687,000 customers over the first half-year, +24.2% compared to June end 2005) and ADSL⁽³⁾ (+83,000 lines over the first half-year, +140.7% compared to June end 2005).

In addition, this result includes a MAD 300 million provision for a new voluntary redundancy plan to be implemented before 2006 year-end, which has a similar financial impact as the restructuring charge funded in June 2005.

In the 2006 second quarter, Maroc Telecom group consolidated EFO increased 17.3% to MAD 2,165 million.

● **Mobile**

2006 first half Mobile EFO at MAD 3,063 million increased by 26.4% compared to 2005, along with the revenues growth (+16.4%) and the control of acquisitions costs.

In the 2006 second quarter, Mobile EFO amounted to MAD 1,653 million up 21.6%.

● **Fixe-line and Internet**

2006 first half Fixed-line and Internet EFO amounted to MAD 1,428 million, down 4.4% compared to 2005. This decrease is mainly explained by the taking into account of Universal Service charges for the first time in 2006 first-half financials and by the impact of voluntary redundancy plan implemented by the Fixed-line activity of Mauritel.

In the 2006 second quarter, Fixed-line and Internet EFO amounted to MAD 512 million, up 2.8%.

● **Mauritel**

2006 first half-year Mauritel group EFO amounted to MAD 139 million, up 33.7%, due mainly to Mobile activity performance. Excluding the impact of voluntary redundancy plan of Fixed-line activity (MAD 29 million), EFO increased 61.5%.

In the 2006 second quarter, Mauritel group EFO amounted to MAD 78 million, up 116.7%.

(3) Excluding Mauritel group.

(4) The customer base includes prepaid customers giving a voice call during the last 3 months and not cancelled postpaid customers compliant with the ANRT definition and adopted by Maroc Telecom in 2006.

Net income group share

Half-year group net income amounted to MAD 2,998 million, up 13.7% compared to 2005 first half-year.

Cash and equivalent

Half-year group consolidated net cash position⁽²⁾ amounted to MAD 722 million down 82% compared to 2005 first half-year, mainly because of the payment of more than MAD 9.6 billion to shareholders as an ordinary dividend and an exceptional distribution through a share capital reduction.

Outlook for 2006

Based on current market conditions, and assuming no major exceptional events disrupt the group's business, the annual growth is expected to exceed 8% for consolidated revenues and 14% for consolidated EFO.

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 (34%).

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Appendix 1

Revenues and operating income by business segment

MADm - IFRS

Fisrt half		
2006	2005	% change

Consolidated revenues	10,888	9,752	11.6%
Fixed-line and Internet (gross)⁽¹⁾	6,145	5,786	6.2%
Maroc Telecom	5,986	5,623	6.5%
Mauritel	159	163	-2.5%
Mobile (gross)⁽¹⁾	6,957	5,978	16.4%
Maroc Telecom	6,624	5,707	16.1%
Mauritel	333	271	22.9%
Intercompany transactions	-2,214	-2,012	10.0%

Consolidated Earnings from operations	4,491	3,916	14.7%
Fixed-line and Internet	1,428	1,493	-4.4%
Maroc Telecom	1,439	1,502	-4.2%
Mauritel	-11	-9	22.2%
Mobile	3,063	2,423	26.4%
Maroc Telecom	2,913	2,311	26.0%
Mauritel	150	112	33.9%

MADm - IFRS

2nd quarter		
2006	2005	% change

Consolidated revenues	5,612	5,039	11.4%
Fixed-line and Internet (gross)⁽¹⁾	3,060	2,925	4.6%
Maroc Telecom	2,981	2,843	4.9%
Mauritel	79	82	-3.7%
Mobile (gross)⁽¹⁾	3,678	3,139	17.2%
Maroc Telecom	3,507	2,999	16.9%
Mauritel	171	140	22.1%
Intercompany transactions	-1,126	-1,025	9.9%

Consolidated Earnings from operations	2,165	1,845	17.3%
Maroc Telecom	2,087	1,809	15.4%
Mauritel	78	36	116.7%

Appendix 2

Consolidated balance sheet as of June 30, 2006

ASSETS (in millions MAD)	30/06/2006	31/12/2005
Goodwill	137	129
Other Intangible assets	1,484	1,392
Property, plant and equipment	12,590	12,584
Investments in equity affiliates	0	22
Non-Current financial assets	154	136
Deferred tax assets	499	525
Non-Current assets	14,864	14,788
Inventories	587	373
Trade accounts receivable and other	7,048	7,115
Short-term financial assets	23	17
Cash and cash equivalents	804	7,585
Currents assets	8,462	15,090
TOTAL ASSETS	23,326	29,878
EQUITY AND LIABILITIES (in millions MAD)	30/06/2006	31/12/2005
Share capital	5,275	8,791
Retained earnings	4,264	4,595
Earnings for the fiscal year	2,998	5,809
Equity attributable to equity holders of the parent	12,537	19,195
Minority Interests	525	529
Total equity	13,062	19,724
Non-current provisions	37	35
Long-term borrowings and other financial liabilities	33	57
Deferred tax liabilities	178	172
Non-current liabilities	248	264
Trade accounts payable and other	9,461	9,380
Current tax liabilities	107	347
Current provisions	399	101
Short-term borrowings and other financial liabilities	49	62
Current liabilities	10,016	9,890
TOTAL EQUITY AND LIABILITIES	23,326	29,878

Appendix 3

Consolidated Statement of Income as of June 30, 2006

<i>(in millions MAD)</i>	2006	2005
Revenues	10,888	9,752
Cost of purchases	-1,808	-1,809
Payroll costs	-1,037	-959
Sundry taxes and duties	-404	-266
Other operating expenses	-1,292	-1,365
Net depreciation, impairment and provisions	-1,858	-1,437
Earnings from operations	4,491	3,916
Other income from ordinary activities	2	
Income from equity affiliates	-9	5
Earnings before interest, other financial charges and income and income taxes	4,484	3,921
Income from cash and cash equivalents	98	58
interest on gross debt	-4	-7
Interest on net debt	94	51
Other financial income (Charges)	2	4
Net financial items	96	55
Income tax expenses	-1,552	-1,303
Net earnings from activities	3,028	2,673
Net earnings	3,028	2,673
Attributable to the equity holders of the parent	2,998	2,637
Minority interests	30	36
<i>Earnings per share (in MAD)</i>	2006	2005
Basic earnings per share	3.4	3.0
Diluted earnings per share	3.4	3.0

Appendix 4

Consolidated Cash Flow Statement as of June 30, 2006

<i>(in millions MAD)</i>	2006	2005
Consolidated earnings (including minority interests)	3,028	2,673
Net depreciation, impairment and provisions	1,691	1,289
Non-Cash expenses	9	-5
Capital losses	-2	-23
Cash flow after interest on net debt and income tax	4,726	3,934
Interest on net debt	-94	-51
Income tax expenses (including deferred taxes)	1,552	1,303
Cash flow before interest on net debt and income tax (A)	6,184	5,186
Tax paid(B)	-1,757	-1,816
Change in WCR related to operating activities (C)	-42	-368
Net cash provided by operating activities (D) = (A+B+C)	4,385	3,002
Purchase of PP&E and intangible assets	-1,512	-1,317
Proceeds from disposals of PP& E and intangible assets	7	22
Purchase of non-consolidated investments	-10	
Proceeds from disposals of non-consolidated investments	13	43
Proceeds from long-term debt	-8	10
Effects of changes in scope of consolidation	-8	
Net cash used in investing activities (E)	-1,518	-1,242
Dividends paid during the year	-6,143	-4,425
Principal payments on borrowings	-35	-30
Net interest paid	58	67
Movements on the capital (capital decrease)	-3,516	0
Net cash used in financing activities (F)	-9,636	-4,388
Foreign currency translation adjustments (G)	-12	13
Change in cash and cash equivalents (D+E+F+G)	-6,781	-2,615