



2005 half year consolidated results and IFRS transition

Significant year-on-year growth of Maroc Telecom's consolidated results⁽¹⁾ on a comparable basis⁽²⁾:

- Revenues rose 14.0%
- Earnings from operations up 17.0% excluding costs of a 900 employees voluntary redundancy plan (up 8.6% including costs of this plan).

Reassessment of 2005 annual growth on comparable basis⁽²⁾ :

- Consolidated revenues : 12% - 14%
- Consolidated earnings from operations: 10% - 12%.

On September 9, 2005, the Supervisory Board examined the 2005 first half consolidated accounts of Maroc Telecom Group, established for the first time in accordance with IFRS standards, reviewed by the statutory auditors.

	HALF YEAR			
	2005	2004*	% change	% change comparable basis ⁽²⁾
<i>MAD million - IFRS⁽¹⁾</i>				
Consolidated revenues	9,752	8,232	18.5%	14.0%
Fixed-line and Internet (gross ⁽³⁾)	5,786	5,342	8.3%	5.2%
Mobile (gross ⁽³⁾)	5,978	4,508	32.6%	26.6%
Consolidated Earnings from Operations	3,916	3,514	11.4%	8.6%
Fixed-line and Internet	1,493	1,787	-16.5%	-16.9%
Mobile	2,423	1,727	40.3%	33.8%
Net income before tax	3,976	3,636	9.3%	7.8%
Net income (group share)	2,637	2,397	10.0%	10.0%
Net cash	3,956	3,452	14.6%	-

* Excluding Mauritel, except for the net income (group share)

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

« These good results, that are higher than our forecasts, are explained by the enhancement of Maroc Telecom offers, which speeded up Mobile and broadband Internet growth. Thus, Maroc Telecom performances has exceeded our expectations, with reinforced positions in all its markets. These positive developments allow us today to upgrade our 2005 results forecasts. »

Earnings from operations

Half-year Maroc Telecom consolidated earnings from operations grew 11.4% compared to the same period last year to MAD 3,916 million (+8.6% on a comparable basis⁽²⁾).

In the first 6 months, revenues grew by +14.0% on a comparable basis⁽²⁾ mainly due to Mobile and Internet activities. This good performance was partially offset by additional costs of MAD 307 million related to the voluntary redundancy plan launched at 2004-end. This plan was accepted by approximately 900 employees, who will leave the company at the end of September. Excluding this costs, earnings from operations grew by 17.0% on a comparable basis⁽²⁾.

– Mobile

Half year mobile earnings from operations at MAD 2,423 million increased by 40.3%, compared to the same period last year (+33.8% on a comparable basis⁽²⁾).

Excluding the impact of the increase of incoming international interconnection tariff applied as of January 1, 2005, earnings from operations increased by 25.4% (+19.4% on a comparable basis⁽²⁾) thanks to the customer base growth with 1.1 million net adds, a steady prepaid ARPU⁽³⁾ and a good control of acquisition costs per customer.

– Fixed-line and Internet

In the first 6 months, Fixed-line activity recorded a growth of its customer base (+2.8%) and of the broadband Internet activity (+75,000 lines in six months) and a steady increase of incoming international traffic that compensated a decline of the average invoice per customer.

Half year Fixed-line and Internet earnings from operations at MAD 1,493 million decreased by 16.5%, compared to the same period last year (-16.9% on a comparable basis⁽²⁾) due to the impact of the increase of incoming international interconnection tariff applied as of January 1, 2005.

Excluding this impact, earnings from operations decreased by only 0.9% (-1.4% on a comparable basis⁽²⁾), with the impact of the voluntary redundancy plan that mainly weighed on the fixed-line business.

Net income group share

Half-year group net income amounted to MAD 2,367 million, up 10.0% compared to 2004 half-year (+10,0% on a comparable basis⁽²⁾). Excluding the impact of the voluntary redundancy plan, net income increased by 18.3% on a comparable basis⁽²⁾.

Cash and equivalent

Half-year group consolidated net cash position⁽⁵⁾ amounted to MAD 3,956 million. As of December 31, 2004, it reached MAD 6,498 million and decreased by 39% during the first half-year. The earnings from operations before interest, tax, depreciation and amortization were offset by MAD 1,317 million capex, in order to match the customer base growth and expand network coverage, payment of the 2004 dividends (MAD 4,425 million) and the voluntary redundancy plan impact.

Outlook for 2005

Based on current market conditions, and assuming no major exceptional events disrupt the group's business, the annual growth on a comparable basis is expected to range between 12% and 14% for consolidated revenues and between 10% and 12% for consolidated earnings from operations.

Switch to IFRS standards

The switch to IFRS standards had a limited impact on Maroc Telecom group's accounts as of December 31, 2004 :

- MAD -514 million on revenues, mainly bound to the elimination of handsets subsidies from revenues, with no impact on earnings from operations ;
- MAD -71 millions on earnings from operations mainly due to IAS16 enforcement to tangible assets ;
- MAD +72 millions on shareholders' equity coming from a new treatment of customers loyalty bonuses.

The document related to the switch to IFRS standards is available on our website: www.iam.ma

Next publication: Third-quarter revenue on November 2, 2005 (after closing)

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 Universal (51%) and the Kingdom of Morocco (34.1%).

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Important disclaimer

Maroc Telecom is a company listed on the Casablanca Stock Exchange and on Euronext Paris SA. This press release contains forward-looking statements. These statements do not guarantee the future performance of the company. Actual results can differ considerably from forward-looking statements due to certain risks and uncertainty, most of which are beyond our control, notably the risks described in the documents filed by Maroc Telecom with the Moroccan and French market authorities CDVM (Conseil Déontologique des Valeurs Mobilières) and AMF (Autorité des Marchés Financiers), respectively. Investors and securities holders may obtain these documents through CDVM or AMF or directly from Maroc Telecom. This press release contains forward-looking statements appreciable only at the day of its publication.

Notes

(1) Since January 1, 2005, Maroc Telecom's consolidated financial statements are prepared in accordance with the applicable IFRS (International Financial Reporting Standards) standards. Figures for 2005 are then published under IFRS, with 2004 comparable figures.

Given the remaining uncertainties regarding the standards and interpretations that will be applicable as of December 31, 2005, Maroc Telecom reserves the right to modify certain accounting methods and options adopted today. There is in particular uncertainty related to the treatments of loyalty programs.

(1) Comparable basis illustrates the full consolidation of Mauritel as if it had occurred at the beginning of 2004 and the constant currency rate Moroccan Dirham vs Mauritanian Ouguiya

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

(5) Maroc Telecom ARPU (average revenue per user) is defined as consolidated revenues (from incoming and outgoing calls and data services), net of promotions, excluding roaming in and equipment sales, divided by the average customer base over the period.

(6) The cash position is including marketable securities and is net of loans

APPENDIX 1: REVENUES AND OPERATING INCOME ON A COMPARABLE BASIS BY BUSINESS SEGMENT

HALF YEAR				2 nd QUARTER			
2005	2004*	% change	% change comparable basis ^{(2)/(3)}	2005	2004*	% change	% change comparable basis ^{(2)/(3)}

Revenues (MAD million - IFRS ⁽¹⁾)									
Fixed-line and Internet (gross) ⁽⁴⁾	5,786	5,342	8.3%	5.2%	2,925	2,682	9.1%	5.8%	
	Maroc Telecom	5,623	5,342	5.2%	5.3%	2,843	2,682	6.0%	6.1%
	Mauritel	163	-	-	1.9%	82	-	-	-3.7%
Mobile (gross) ⁽⁴⁾	5,978	4,508	32.6%	26.6%	3,139	2,295	36.8%	30.6%	
	Maroc Telecom	5,707	4,508	26.6%	26.7%	2,999	2,295	30.7%	30.8%
	Mauritel	271	-	-	26.0%	140	-	-	26.1%
Intercompany transactions	-2,012	-1,618	24.4%	20.6%	-1,025	-813	26.1%	21.8%	
Consolidated	9,752	8,232	18.5%	14.0%	5,039	4,164	21.0%	16.5%	

Earnings from operations (MAD million - IFRS ⁽¹⁾)								
Fixed-line and Internet	1,493	1,787	-16.5%	-16.9%				
Mobile	2,423	1,727	40.3%	33.8%				
Consolidated	3,916	3,514	11.4%	8.6%	1,844	1,729	6.7%	3.8%

* Excluding Mauritel

APPENDIX 2:
Consolidated Balance Sheet as of June 30, 2005

<i>MAD million - IFRS ⁽¹⁾</i>	30/06/2005	31/12/2004	30/06/2004
ASSETS			
Goodwill	137	137	-
Intangible assets	1,156	1,308	1,109
Property, plant and equipment	12,257	11,921	11,515
Financial assets	122	152	144
Deferred tax assets	497	517	493
Investments in equity affiliates	13	8	516
Other non current assets	32	-	-
NON CURRENT ASSETS	14,214	14,043	13,777
Inventories	563	420	441
Accounts receivable and other (net)	5,195	4,683	4,518
Other receivables and prepaid expenses	1,314	1,146	990
Marketable securities	55	-	-
Cash and cash equivalents	4,751	7,414	4,967
CURRENT ASSETS	11,878	13,663	10,916
TOTAL ASSETS	26,092	27,706	24,693
EQUITY AND LIABILITIES			
Share capital	8,791	8,791	8,791
Retained earnings	4,612	3,811	3,834
Net income	2,637	5,171	2,397
Shareholders' equity, group share	16,040	17,773	15,022
Minority interests	466	428	75
TOTAL EQUITY	16,506	18,201	15,097
Long-term debt	750	720	1,299
Deferred tax liabilities	109	151	69
Provisions for commitments and contingencies - non current	34	32	26
Other non current liabilities	39	37	-
NON CURRENT LIABILITIES	17,438	19,141	16,492
Short-term debt	100	148	216
Provisions for commitments and contingencies - current	341	288	390
Accounts payable	4,537	3,674	3,660
Accrued expenses and other liabilities	3,676	4,407	3,936
Cash liabilities	-	48	-
CURRENT LIABILITIES	8,654	8,565	8,202
TOTAL EQUITY AND LIABILITIES	26,092	27,706	24,693

APPENDIX 3:
Consolidated Statement of Income as of June 30, 2005

<i>MAD million - IFRS⁽¹⁾</i>	30/06/2005	30/06/2004	31/12/2004
Revenues	9,752	8,232	17,408
Other operating income	28	50	88
Purchases	-1,809	-1,514	-3,209
Payroll and payroll-related costs	-959	-827	-1,642
Other operating expenses	-1,659	-1,025	-2,313
Depreciation, amortization and provisions, net	-1,437	-1,402	-2,735
Earnings from operations	3,916	3,514	7,597
Income from equity affiliates	5	34	30
Revenues from cash and cash equivalents	58	102	200
Cost of financial debt - gross	-7	-12	-29
Cost of financial debt -net	51	90	171
Other financial income and expenses	4	-2	4
Earnings before income taxes	3,976	3,636	7,802
Income taxes	-1,303	-1,233	-2,574
Net income before minority interests	2,673	2,403	5,228
Minority interests	-36	-6	-57
Net income (group share)	2,637	2,397	5,171
Earnings per share (MAD)	3.0	2.7	5.9
Diluted earnings per share (MAD)	3.0	2.7	5.9

APPENDIX 4 :
Consolidated Cash Flow Statement as of June 30, 2005

MAD millions - IFRS ⁽¹⁾

	30/06/2005	30/06/2004	30/12/2004
Consolidated net income (including minority interests)	2,673	2,403	5,228
Depreciation, amortization and provisions, net	1,289	1,326	2,523
Calculated income and charges	-5	18	-29
Gains (losses) on asset disposals	-23	-9	-23
Cash flow after net cost of debt and taxes	3,934	3,738	7,699
Cost of financial debt, net	-51	-90	-171
Tax (including deferred tax)	1,303	1,233	2,574
Cash flow before net cost of debt and taxes	5,186	4,881	10,102
Tax paid (B)	-1,816	-1,409	-2,420
Decrease in working capital (C)	-364	-175	1
Net cash provided by operating activities (D) = (A+B+C)	3,006	3,647	7,683
Purchase of tangible and intangible assets	-1,317	-1,248	-2,374
Proceeds from sales of tangible and intangible assets	22	9	18
Proceeds from sales of investments (non consolidated equities)	43	-	11
Proceeds from long-term debt	10	16	18
Change in scope of consolidation	-	-	127
Net cash used in investing activities (E)	-1,242	-1,223	-2,200
Dividends paid	-4,425	-5,124	-5,124
Principal payments on long term debt	-30	-117	-854
Net financial interests paid	67	84	161
Changes in share capital	-4	-	-
Net cash used in financing activities (F)	-4,392	-5,157	-5,817
Foreign exchange impact	13	-	-
Increase (decrease) in cash and cash equivalents (D+E+F+G)	-2,615	-2,733	-334