

# 2010 First-half financial report



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## **Preliminary remarks:**

This financial report and the unaudited condensed financial statements for the half year ended June 30, 2010 were approved by the Management Board on July 16, 2010. They were reviewed by the Audit Committee meeting of July 27, 2010.

This report should be read in conjunction with the Management Board's report for the year ended December 31, 2009 as published in Registration Document as filed with the Securities Regulator (AMF) on April 26, 2010 ("the 2009 Registration Document").



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## HIGHLIGHTS & KEY FIGURES

### January 2010

- Maroc Telecom again adjusted its mobile rate plans, offering 30 free minutes on individual and capped rate plans between 1.30am and 6.30am, and reducing the price of certain plans.
- Maroc Telecom offered half-price broadband for the first three months, whatever the speed selected. To encourage customers to upgrade their ADSL hardware, the company offered a 50% discount on package prices to both new and existing customers.
- Maroc Telecom's stake in Medi1Sat was diluted following the arrival of new partners. Its stake fell from 31% to 5%.

### February 2010

- To improve its range of telephones for fixed-line customers, Maroc Telecom launched new DECT phones starting at MAD199 (incl. tax).

### March 2010

- Maroc Telecom offered half-price mobile bills for 3 months.
- The company also offered a 50% discount for 2 months when customers upgraded their broadband speed to 4, 8 or 20Mb/s. New fixed-line customers were offered a 50% discount for the first 3 months, and the price of packages for all customers was reduced by 50%.
- Maroc Telecom doubled the speed of its 128kb/s-2Mb/s MTBOX service to 256kb/s-4Mb/s.

### April 2010

- Maroc Telecom launched a postpaid 3G+ internet promotion, offering 2 months free following a new subscription.
- The company enhanced its ADSL TV packages by adding 4 premium Canal+ channels (Canal+, Canal+ Cinéma, Canal+ Family and Canal+ Décalé). These channels are included in packages from Prestige upward at no extra charge.
- Maroc Telecom overhauled its [www.mobilezone.ma](http://www.mobilezone.ma) content portal in order to offer young people an extensive, fun range of products suited to their needs.
- Call termination tariffs were cut for all operators in Mali, with retroactive effect from January 1, 2010, following a decision by the Mali regulators. In the mobile segment, the reduction was 34%.

### May 2010

- Maroc Telecom offered half-price international calls to prepaid mobile customers in all countries subject to a subscription of only MAD29 (incl. tax).
- The company offered a free ADSL modem for any new 24-month contract, in order to win new internet customers. It also enhanced its ADSL TV packages by adding new channels, i.e. Boomerang (Prestige package), Sy Fy (Evasion package) and 13ème rue (Evasion package).

## June 2010

- Maroc Telecom launched a "welcome summer" promotion for its customers. In return for activating a prepaid SIM and topping up MAD20 or more, Maroc Telecom offered a bonus of MAD50, valid for calls to any operator and at any time of day.
- The company launched the Cascade promotion, enabling customers to trade up to the next-highest rate plan at no extra charge for 2 months.
- Maroc Telecom doubled its ADSL internet speeds free of charge, from 256k-4Mb/s to 1-8Mb/s, and offered price cuts of up to MAD200 (incl. tax).
- Maroc Telecom launched 24-hour and 1-month IAM Messenger rate plans, offering unlimited chat for IAM customers.
- The Moroccan market's first Android smartphone was launched, made by LG.
- The ANRT approved Maroc Telecom's technical and interconnection rates for fixed-line and mobile networks for 2010.
- Telmob's operating license was renewed early for a 10-year period after an agreement on June 21, 2010 with the Burkina Faso government.
- An economic interest grouping (EIG) was created in Mauritania between Mauripost (the national postal service) and the three Mauritanian operators concerning ACE, the subsea cable connecting Africa's Atlantic coast and Europe, under France Telecom's management. Mauritel owns 20% of this EIG.
- Maroc Telecom sold its stake in Mobisud Belgium to Belgacom.

	H1-2008	H1-2009	H1-2010
<i>In IFRS (in millions of Moroccan dirhams)</i>			
<b>Consolidated revenues</b>	<b>14,308</b>	<b>14,586</b>	<b>15,465</b>
Mobile (gross)	10,161	10,453	11,548
Maroc Telecom	8,923	9,015	9,519
Mauritel	430	472	509
Onatel	421	558	677
Gabon Télécom	308	326	277
Sotelma	-	-	538
Mobisud	92	83	28
Fixed-line and Internet (gross)	<b>5,525</b>	<b>5,585</b>	<b>5,267</b>
Maroc Telecom	4,750	4,759	4,312
Mauritel	125	113	110
Onatel	375	399	391
Gabon Télécom	275	315	281
Sotelma	-	-	172
<b>Earnings from operations before amortization</b>	<b>8,504</b>	<b>8,589</b>	<b>9,004</b>
Mobile	6,174	6,011	6,796
Maroc Telecom	5,776	5,370	5,722
Mauritel	261	256	266
Onatel	236	309	402
Gabon Télécom	80	90	77
Sotelma	-	-	331
Mobisud	(179)	(13)	(2)
Fixed-line and Internet	2,343	2,578	2,208
Maroc Telecom	2,284	2,396	2,077
Mauritel	24	43	33
Onatel	52	51	79
Gabon Télécom	(31)	89	87
Sotelma	-	-	(69)
<b>Consolidated earnings from operations</b>	<b>6,666</b>	<b>6,552</b>	<b>6,667</b>
Mobile	5,145	4,770	5,453
Maroc Telecom	4,982	4,364	4,742
Mauritel	203	186	185
Onatel	119	206	309
Gabon Télécom	28	28	5
Sotelma	-	-	214
Mobisud	(187)	(14)	(2)
Fixed-line and Internet	1,520	1,782	1,214
Maroc Telecom	1,667	1,791	1,362
Mauritel	(2)	20	10
Onatel	(39)	(54)	(28)
Gabon Télécom	(106)	25	29
Sotelma	-	-	(160)
<b>Consolidated earnings (group share)</b>	<b>4,526</b>	<b>4,646</b>	<b>4,455</b>
<b>Capex</b>	<b>1,930</b>	<b>1,611</b>	<b>2,404</b>
Mobile	1,028	738	1,473
Fixed-line and Internet	902	873	930

	2008				2009				2010	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
<i>In thousands</i>										
<b>Mobile - Number of customers</b>	<b>15,897</b>	<b>16,574</b>	<b>17,204</b>	<b>17,184</b>	<b>17,624</b>	<b>17,553</b>	<b>19,306</b>	<b>19,602</b>	<b>20,333</b>	<b>21,515</b>
Maroc Telecom	13,697	14,224	14,629	14,456	14,630	14,289	15,239	15,272	15,578	15,904
Mauritel	959	1,015	1,104	1,141	1,218	1,315	1,351	1,335	1,473	1,547
Onatel	645	756	877	977	1,162	1,316	1,402	1,569	1,812	1,994
Gabon Télécom	392	424	453	447	471	533	545	513	528	577
Sotelma	-	-	-	-	-	-	685	818	911	1,464
Mobisud	204	155	141	163	143	100	84	95	31	29
<b>Fixed-line - Number of lines</b>	<b>1,526</b>	<b>1,536</b>	<b>1,530</b>	<b>1,526</b>	<b>1,524</b>	<b>1,533</b>	<b>1,576</b>	<b>1,528</b>	<b>1,533</b>	<b>1,541</b>
Maroc Telecom	1,335	1,329	1,314	1,299	1,286	1,290	1,269	1,234	1,232	1,237
Mauritel	40	46	47	49	54	56	57	41	43	42
Onatel	126	130	138	145	149	151	152	152	153	154
Gabon Télécom	25	31	31	33	35	36	36	36	36	36
Sotelma	-	-	-	-	-	-	62	65	69	72
<b>Internet - Number of customers</b>	<b>517</b>	<b>520</b>	<b>518</b>	<b>522</b>	<b>536</b>	<b>537</b>	<b>529</b>	<b>527</b>	<b>537</b>	<b>546</b>
Maroc Telecom	487	487	482	482	488	486	473	471	476	479
Mauritel	6	7	8	9	10	11	11	6	7	7
Onatel	13	15	16	17	19	21	22	23	24	25
Gabon Télécom	11	11	12	14	19	19	20	20	20	21
Sotelma	-	-	-	-	-	-	3	7	10	14
<i>In IFRS (in millions MAD)</i>										
Consolidated revenues	6,965	7,343	7,729	7,484	7,129	7,457	7,834	7,917	7,437	8,029
<b>Mobile (gross)</b>	<b>4,901</b>	<b>5,266</b>	<b>5,618</b>	<b>5,391</b>	<b>5,078</b>	<b>5,374</b>	<b>5,836</b>	<b>5,901</b>	<b>5,530</b>	<b>6,018</b>
Maroc Telecom	4,295	4,628	4,938	4,668	4,378	4,638	5,004	4,847	4,537	4,983
Mauritel	199	224	234	234	228	243	228	235	241	269
Onatel	208	213	222	238	265	292	291	313	331	346
Gabon Télécom	151	157	185	199	161	164	146	216	149	128
Sotelma	-	-	-	-	-	-	144	269	258	280
Mobisud	48	44	38	53	46	37	22	20	15	13
<b>Fixed-line and Internet (gross)</b>	<b>2,745</b>	<b>2,790</b>	<b>2,862</b>	<b>2,933</b>	<b>2,798</b>	<b>2,809</b>	<b>2,710</b>	<b>2,789</b>	<b>2,678</b>	<b>2,589</b>
Maroc Telecom	2,347	2,403	2,437	2,497	2,376	2,384	2,268	2,284	2,193	2,119
Mauritel	74	61	63	68	63	71	65	65	54	57
Onatel	187	188	180	204	202	197	182	189	197	194
Gabon Télécom	136	139	183	164	157	158	134	167	147	134
Sotelma	-	-	-	-	-	-	61	85	86	86
Elimination of inter-segment transactions	(681)	(713)	(751)	(840)	(748)	(726)	(712)	(773)	(771)	(578)
Consolidated earnings from operations	3,104	3,562	3,755	3,469	3,188	3,364	3,600	3,856	3,205	3,463
Mobile	2,343	2,795	2,958	2,618	2,312	2,458	2,869	3,073	2,506	2,947
Fixed-line and Internet	761	766	797	851	876	906	731	783	699	515

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# CERTIFICATIONS



In this document, "Maroc Telecom" or "the Company" refers to the company Itissalat Al-Maghrib, and "the Group" refers to the group constituted by the Company and all of its directly and indirectly owned subsidiaries.

## 1.1 PERSON RESPONSIBLE FOR THE INTERIM REPORT

Mr. Abdeslam AHIZOUNE, Chairman of the Management Board.

## 1.2 CERTIFICATION OF THE INTERIM REPORT

I hereby attest, to my knowledge, that the condensed interim financial statements are established in accordance with applicable accounting standards and give a true and fair view of the income and financial position and results of the company and all of the consolidated companies, and that the attached interim management report gives a true and fair view of the significant events having occurred during the first six months of the year, and their impact on the condensed interim financial statements, the main related-party transactions as well as a description of the principal risks and uncertainties for the remaining six months of the year.

Mr. Abdeslam Ahizoune

Chairman of the Management Board

## 1.3 PERSONS RESPONSIBLE FOR THE AUDIT OF THE FINANCIAL STATEMENTS

### 1.3.1 Statutory Auditors

- **KPMG Maroc**

**Represented by Mr. Fouad Lahgazi**

11, avenue Bir Kacem, Souissi – 10000 Rabat, Morocco

First appointed on April 12, 2007, renewed in 2010, the current mandate, of a three-year term, will expire at the end of the General Shareholders' Meeting to approve the financial statements for the fiscal year ended December 31, 2012.

- **Mr. Abdelaziz Almechatt**

83 avenue Hassan II - 20100 Casablanca, Morocco

First appointed in 1998 by the bylaws, renewed in 2008, the current mandate, of a three-year term, will expire at the end of the shareholders' meeting held to approve the financial statements for the fiscal year ended December 31, 2010.

### 1.3.2 Statutory auditors' report on financial reporting for the first half of 2010

#### Period from January 1 to June 30, 2010

To the Shareholders,

In our capacity as statutory auditors and in accordance with the assignment given to us by you in your shareholders' meetings, we have:

- carried out a limited review of the summary consolidated financial statements of Itissalat Al-Maghrib (IAM) for the six-month period from January 1 to June 30, 2010 as enclosed with this report, and
- examined information provided in the interim report

The Management Board was responsible for the preparation of these summary first-half consolidated financial statements. Our responsibility is to express our conclusion on them based on our limited review.

We have conducted our limited review in accordance with international standards on auditing. A limited review consists mainly of holding discussions with senior managers in charge of accounting and finance, and carrying out analysis work. This work is less extensive than that required by an audit according to international auditing standards. As a result, a limited review provides a moderate level of assurance, i.e. a lower level of assurance than that provided by an audit, that the financial statements as a whole are free of material misstatement.

On the basis of our limited review, we have not seen any significant anomalies that would make any material aspect of the summary interim consolidated financial statements non-compliant with IAS 34 (IFRS standard relating to interim financial reporting, as adopted by the European Union).

Without prejudice to the conclusion of our limited review, as expressed above, we draw your attention to the following points contained in the notes to the consolidated financial statements:

- note 6, which sets out the current tax investigation with respect to the 2005-2008 fiscal years and which clarifies your company's position;
- the estimated nature of the segment data in the summary notes enclosed which, as regards the accounting principles used for consolidation, refer to note 1 (section 2.5) of the notes to the 2009 consolidated financial statements.

We have also examined comments contained in the interim report on the summary interim consolidated financial statements on which we carried out our limited review, in accordance with international auditing standards.

We are satisfied that the information is fairly stated and agrees with the summary first-half consolidated financial statements

The Statutory Auditors

**KPMG**

Fouad LAHGAZI

Partner

**Abdelaziz ALMECHATT**

Abdelaziz ALMECHATT

Partner

## 1.4 INFORMATION POLICY

### 1.4.1 Person responsible for information

Mr. Arnaud Castille

Chief Financial Officer

Maroc Telecom

Avenue Annakhil - Hay Riad

Rabat, Maroc

Telephone : 00 212 (0) 5 37 71 90 39

E-mail : [relations.investisseurs@iam.ma](mailto:relations.investisseurs@iam.ma)

### 1.4.2 Shareholders' information

All of the legal and accounting documents about the Company which must be made available to shareholders and third parties in accordance with Moroccan and French laws and the bylaws can be consulted at the registered office of the Company.

Registration Documents and updates to Registration Documents filed with the French securities regulator (AMF), presentations to investors and financial analysis made by the Company, as well as the various press releases can be viewed and downloaded from Maroc Telecom's website: [www.iam.ma](http://www.iam.ma)

In accordance with the provisions of the Transparency Directive, which has been applicable since January 20, 2007, all regulated information is available and archived on Maroc Telecom's website: <http://www.iam.ma/Groupe/Finance/Telechargements/Pages/CommuniquésFinanciers.aspx>

**2**

**CORPORATE  
GOVERNANCE**

## 2.1. Composition of the Management and Supervisory Boards

Maroc Telecom complies with Morocco's corporate governance code of practice, and is seeking to increase the number of independent directors on its Supervisory Board, as shown by the appointment of Gérard Brémond, Chairman and CEO of the Pierre et Vacances group, at the shareholders' meeting of April 22, 2010.

## 2.1 COMPOSITION OF THE MANAGEMENT AND SUPERVISORY BOARDS

## 2.1.1 Composition of the Management Board at June 30, 2010

Nom (age)	Current role and main occupation	Date appointed	Term of office ends
Abdeslam AHIZOUNE (54)	Chairman	First appointed February 20, 2001 Reappointed February 23, 2009	2013
Larbi GUEDIRA (55)	Managing Director Services	First appointed February 20, 2001 Reappointed February 23, 2009	2013
Arnaud CASTILLE (37)	Managing Director Administration and Finance	First appointed February 24, 2006 with effect from April 1, 2006 Reappointed February 23, 2009	2013
Janie LETROT (55)	Managing Director Regulatory affairs, Communication and International Development	First appointed June 29, 2006 Reappointed February 23, 2009	2013
Rachid MECHAHOURI (42)	Managing Director Network and Systems	First appointed November 17, 2008 Reappointed February 23, 2009	2013

In 2009, the Management Board met fifty-one times, and the attendance rate of its members was 95%.

## 2.1.2 Composition of the Supervisory Board at June 30, 2010

Nom (age)	Current role	Date appointed	Term of office expires	Occupation or main employment
Salaheddine MEZOUAR (57)	Chairman	of the Supervisory Board since December 4, 2007	OGM called to approve the financial statements for 2012	Minister of Economy and Finances
Jean-Bernard LEVY (54)	Vice-chairman	of the Supervisory Board since December 17, 2002	OGM called to approve the financial statements for 2012	Chairman of the Management Board of Vivendi
Taïeb CHERQAOUI (61)	Member	of the Supervisory Board Since February 22, 2010	OGM called to approve the financial statements for 2012	Minister of the Interior
Abdelaziz TALBI (60)	Member	of the Supervisory Board Since March 4, 2005	OGM called to approve the financial statements for 2012	Chairman of the Permanent Committee of the National Accounting Council
Jean-René FOURTOU (70)	Member	of the Supervisory Board Since January 4, 2005	OGM called to approve the financial statements for 2012	Chairman of the Supervisory Board of Vivendi
Philippe CAPRON (51)	Member	of the Supervisory Board Since March 1, 2007	OGM called to approve the financial statements for 2015	Chief Financial Officer and Member of the Management Board of Vivendi
Jacques ESPINASSE (66)	Member	of the Supervisory Board Since December 17, 2002	OGM called to approve the financial statements for 2012	Company director
Gérard BREMOND (72)	Member	of the Supervisory Board Since February 22, 2010	OGM called to approve the financial statements for 2012	Chairman and CEO of SA Pierre et Vacances
Régis TURRINI (50)	Member	of the Supervisory Board Since February 21, 2008	OGM called to approve the financial statements for 2012	Head of Strategy and Development at Vivendi

In 2009, the Supervisory Board met three times to approve the company's operations along with its medium- and long-term growth prospects. The average attendance rate was 70%.

## 2.2 CORPORATE GOVERNANCE

### 2.2.1 Audit committee

The Audit Committee is comprised as follows:

Nom (age)	Current office	Date of appointment	Occupation or main employment
Philippe CAPRON (51)	Chairman	2007	Chief Financial Officer and Member of the Management Board of Vivendi
Jacques ESPINASSE (66)	Member	2003	Company director
Noureddine BOUTAYEB (52)	Member	2003	Wali, Secretary General at the Ministry of the interior
Abdelaziz TALBI (60)	Member	2004	Chairman of the Permanent Committee of the National Accounting Council
Monkid MESTASSI (57)	Member	2007	Secretary General at the Ministry for Economic and General Affairs
Pierre TROTOT (55)	Member	2003	Deputy CEO, Finance and Administration, SFR
Sandrine Dufour (42)	Member	2008	Deputy Chief Financial Officer of Vivendi Chairman of Vivendi Mobile Entertainment (VME)

## 2.3 RELATED PARTY TRANSACTIONS

The related-party transactions mentioned on pages 28 and 29 of the 2009 Registration Document are supplemented as follows:

### *Shareholder advance - SPT*

SPT has granted Maroc Telecom a shareholder advance of MAD3.450 billion.

# 3

## **GENERAL INFORMATION REGARDING THE COMPANY AND ITS SHARE CAPITAL**



## 3.1 GENERAL INFORMATION RELATING TO THE COMPANY'S SHARE CAPITAL

### 3.1.1 Share capital

Itissalat Al-Maghrib's issued capital amounts to MAD5,274,572,040 divided into 879,095,340 shares of the same class and fully paid up, with a par value of MAD6 per share.

### 3.1.2 Current ownership of the capital and voting rights

As at June 30, 2010, the share capital and voting rights of the Company were distributed as follows:

Shareholders	Number of shares	% of capital / voting rights
Vivendi Group *	465,920,477	53.00%
Government of the Kingdom of Morocco	263,728,575	30.00%
Senior executives	88,146	0.01%
Employees	954,052	0.11%
Public	148,281,840	16.87%
Treasury shares	122,250	0.01%
Total	879,095,340	100%

\*Held via the wholly-owned subsidiary (Société de Participation dans les Télécommunications)

To the company's knowledge, no shareholder owns more than 3% of its capital or voting rights.

### 3.1.3 Share buybacks

A new share buyback program, aimed at stabilizing the share price, has been set up. This program, which remains in force, was approved at the Shareholders' Meeting held on December 3, 2009, after the Company had received the CDVM's approval of the notice relating to the buyback program on November 16, 2009 under number VI/EM/036/2009.

The main features of this new program are as follows:

- Duration: until June 10, 2011
- Buying and selling price range : MAD130 – 210
- Maximum proportion of the capital that may be held : 1.82% (or 16 million shares).

Figures relating to the share buyback program in the first half of 2010 are as follows:

	Casablanca	Paris	Total
Number of shares repurchased	681,509	103,508	785,017
Average purchase price	MAD167.34	€13.85	-
Number of share sold	(811,509)	(516,658)	(1,328,167)
Average selling price	MAD149.97	€14.26	-

At June 30, 2010, the liquidity account held the following assets:

	Casablanca	Paris
	95,000 Shares	27,250 Shares
	MAD46,818,969.87	€7,342,996.00

Since October 16, 2007 and for a period of one year, renewable by tacit agreement, Rothschild & Cie Banque has been under contract by Maroc Telecom to implement:

- In Casablanca, a share price regulation contract for an amount of MAD55 million.
- In Paris, a liquidity contract consistent with the Charter of Professional Conduct of the French Association of Investment Firms (AFEI) was approved by the AMF by a decision dated March 22, 2005 and published in the French Legal Gazette on April 1, 2005. For the purposes of this contract €5 million was allocated to a liquidity account. On January 7, 2009, Maroc Telecom decided to transfer an additional cash amount of €2,500,000.

## 3.2 TRADING OF THE COMPANY'S SHARES

### 3.2.1 Listing markets

Maroc Telecom has been listed in Casablanca and Paris since December 13, 2004.

### 3.2.2 Maroc Telecom share price

#### Casablanca Stock exchange

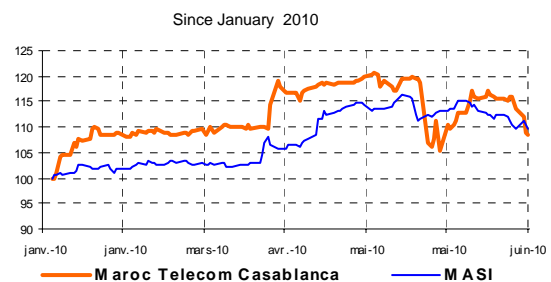
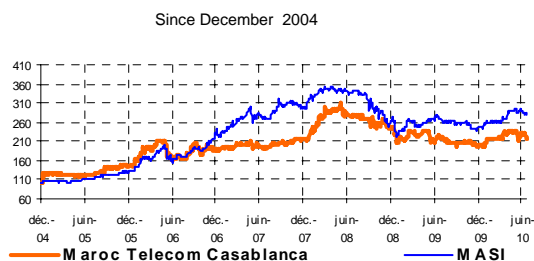
Main Market, Code 8001

	Average price*	High (in MAD)	Low	Transactions**	
				Number of shares (in thousands)	Trade value (in millions MAD)
January 2010	144.45	149.15	135	2,985.10	431.2
February 2010	147.41	150.85	145	1,652.50	243.6
March 2010	151.12	162	147	3,972.90	600.4
April 2010	160.03	162.5	156.1	4,212.3	674.1
May 2010	156.58	164.4	141.75	3,997.4	625.9
June 2010	154.58	159.95	146.5	3,900.1	602.9

\* The average price is calculated by dividing the value of shares traded by the number of shares

\*\* Not including block market transactions

### Changes in Maroc Telecom's share price on the Casablanca Stock Exchange



In June 2010, 96% of the free float was traded on the Casablanca Stock Exchange.

*Nyse Euronext Paris*

Eurolist - Foreign securities, Code MA0000011488, Eligible for Euronext's SRD deferred settlement service

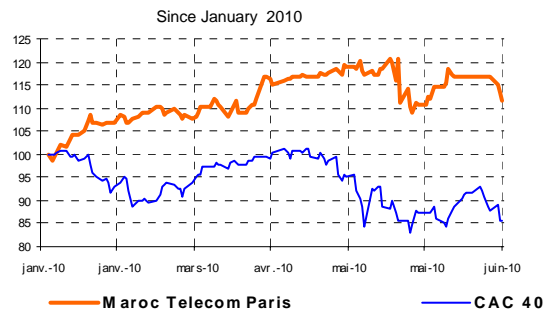
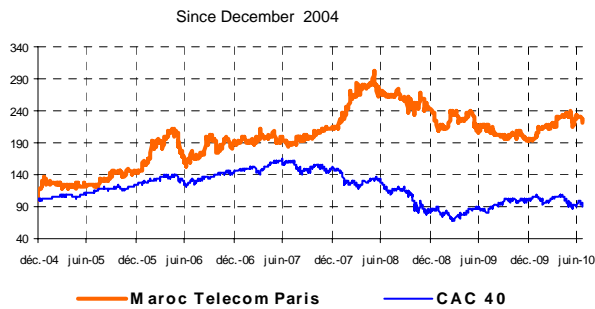
	Average price*	High (in euro)	Low	Transactions**	
				Number of shares (in thousands)	Trade value (in millions Euro)
January 2010	13.17	13.9	12.55	1,172,70	15.3
February 2010	13.61	15.44	12.86	2,420,70	33.6
March 2010	14.3	14.82	13.25	530.8	7.6
April 2010	14.02	14.65	13.55	791.5	11.1
May 2010	14.11	14.83	12.52	297.7	4.2
June 2010	12.94	13.55	12.5	402	5.2

\* The average price is calculated by dividing the value of shares traded by the number of shares

\*\* Not including block market transactions

Source: Euronext Paris

**Changes in Maroc Telecom's share price on Euronext Paris**



In June 2010, 4% of the free float was traded on Euronext Paris.

**4**

**INFORMATION  
CONCERNING  
THE COMPANY'S  
BUSINESS  
ACTIVITIES**

## 4. INFORMATION CONCERNING THE COMPANY'S BUSINESS ACTIVITIES

### 4.1 Description of activities

In the first half of 2010, the Maroc Telecom group generated revenue of MAD15,465 million, up 6.0% relative to the first half of 2009 (+2.2% on a comparable basis). The growth was driven by the group's strong domestic market and firm performance by subsidiaries. The customer base totaled 23.6 million at June 30, 2010, up 20% relative to end-June 2009. Growth in the Moroccan mobile customer base remained strong (+11.3%), while the African subsidiaries boasted almost 5.6 million customers, up around 76% relative to end-June 2009. Maroc Telecom's consolidated earnings from operations was MAD6,667 million in the first half of 2010, up 1.8% year-on-year (+2.6% on a comparable basis). Operating margin remained high at 43.1%, due to ongoing efforts to minimize costs, both in Morocco and among subsidiaries.

#### 4.1.1 Activities in Morocco

Together, the Moroccan businesses generated net revenue of MAD12,763 million in the first half of 2010, an increase of 1.5%. Earnings from operations totaled MAD6,104 million, down 0.8%.

#### *Mobile*

The following table breaks down Maroc Telecom's mobile revenues for the first-half periods of the past two years:

In millions of Moroccan dirhams – IFRS At June 30	2009	2010
<b>Gross revenues</b>	9,015	<b>9,519</b>
• Revenues from sales of services	8,415	<b>9,010</b>
• Revenues from sales of handsets	600	<b>509</b>
<b>Earnings from operations before amortization</b>	5,370	<b>5,722</b>
<b>Earnings from operations</b>	4,364	<b>4,742</b>

Gross revenue in the Moroccan mobile business in the first half of 2010 grew by 5.6% to MAD9,519 million, driven by expansion in the customer base and the continuing high level of ARPU.

Earnings from operations in the Moroccan mobile business totaled MAD4,742 million, up 8.6%, due in particular to the reduced purchase price of handsets and adjustment of the leased line prices charged by Maroc Telecom's fixed-line business to the mobile network.

At June 30, 2010, Maroc Telecom had 15.904 million customers, an increase of 11.3%. The churn rate continued to fall to 27.4%, 7.8 points lower than in the first half of 2009, as a result of loyalty programs and offers aimed at improving client retention. The high-value postpaid segment continued to perform well, with customer numbers up 8.9% at 731,000.

Combined ARPU remained high at MAD94, stable by comparison with the first half of 2009.

The following table sets out the main data relating to prepaid and postpaid services:

	H1-2009	Year 2009	H1-2010
<b>Number of Mobile customers* (in thousands)</b>	14,289	15,272	<b>15,904</b>
Prepaid	13,618	14,590	15,173
Postpaid (**)	671	682	731
<b>Churn rate (« churn ») (%)</b>			
Prepaid	36.2%	34.4%	28.4%
Postpaid (**)	13.8%	15.5%	13.2%
<b>Average churn rate</b>	35.2%	33.5%	27.4%
<b>ARPU (in MAD/customer /month)</b>			
Prepaid	71	75	72.4
Postpaid(**)(***)	580	605	551
<b>Average ARPU</b>	94	98	94
<b>Inbound usage (minutes/ customer /month)</b>			
Prepaid	17	18	16
Postpaid(**)	59	57	58
<b>Average inbound usage</b>	19	19	18
<b>Outbound usage (minutes/ customer /month)</b>			
Prepaid	29	29	28
Postpaid(**)	653	568	508
<b>Average outbound usage</b>	55	52	49

\*: Postpaid subscribers and prepaid cards

\*\* : Including pay-as-you-go rate plans'

\*\*\* : including data

### **Competition in the mobile market**

At June 30, 2010, Morocco had 27.8 million mobile customers (across all operators), giving a market penetration rate of 88.47% (source: ANRT) and annual growth of around 13%.

At end-June 2010, Maroc Telecom still led the Moroccan mobile phone market with a market share of 57.03%. This represents a year-on-year decline of 3.67 points, which came exclusively in the prepaid segment.

<b>Maroc Telecom market share</b>	June 30, 2009	December 31, 2009	June 30, 2010
<b>Total Mobile market</b>	<b>60.7%</b>	<b>60.3%</b>	<b>57.03%</b>
Prepaid	60.4%	60.0%	56.6%
Postpaid	68.7%	67.5%	67.8%

(Source : ANRT)

### *Fixed-line and Internet*

The table below shows the breakdown of revenues from Fixed-line and Internet operations for the relevant interim reporting periods.

In millions of Moroccan dirhams – IFRS - At June 30	2008	2009	2010
<b>Gross revenues</b>	4,750	4,759	<b>4,312</b>
Voice*	3,040	2,942	2,702
Interconnection	291	228	151
Data	876	1,050	961
Internet**	543	539	498
<b>Earnings from operations before amortization</b>	2,284	2,396	<b>2,077</b>
<b>Earnings from operations</b>	1,666	1,791	<b>1,362</b>

\* including service commitment contracts but excluding intercompany revenues

\*\* including broadband TV (IPTV) revenues

The fixed-line and internet businesses in Morocco generated gross revenue of MAD4,312 million in the first half of 2010, a fall of 9.4%. The decline in fixed-line and internet revenue was the result of lower usage (5.6%), which was caused by stiff competition from the mobile segment and lower leased-line prices charged by the fixed-line business to operators, including Maroc Telecom's mobile business.

Earnings from operations in the Moroccan fixed-line and internet business fell by 23.9% in the first half of 2010 to MAD1,362 million, caused directly by the decline in revenue.

### *Fixed-line telephone services*

The following table shows the change in the overall number of fixed telephone lines in each segment:

Number of lines - in thousands	June 30, 2009	December 31, 2009	June 30, 2010
<b>Residential</b>	753	707	706
<b>Public telephony*</b>	164	158	154
<b>Business</b>	373	369	377
<b>Customer base*</b>	<b>1,290</b>	1,234	<b>1,237</b>

\* : Aggregate of phone lines used by Maroc Telecom telestores and public call booths.

Maroc Telecom had 1.237 million fixed lines at end-June 2010.

### *Competition in the fixed-line market*

The fixed-line penetration rate in Morocco was 11.69% at June 30, 2010 compared with 10.48% a year earlier (source: ANRT). Following strong growth after rival operators introduced prepaid restricted mobility offers in 2007, the increase in the fixed-line penetration rate has slowed significantly since mid-2008. Adjusted for restricted mobility offers, the penetration rate was 4% at June 30, 2010.

At end-March 2010, excluding restricted mobility offers, Maroc Telecom had an overall market share of 98.4%.

Maroc Telecom market share	Competitors	June 30, 2009	December 31, 2009	June 30, 2010
<b>Fixed-line</b>	Méditel, Wana	98.9%	98.6%	<b>98.4%</b>
Fixed-lines, including restricted mobility	Méditel / Wana	39.5%	35.1%	<b>33.6%</b>
Fixed-lines – Business	Méditel / Wana	96.1%	95.3%	<b>94.7%</b>
Public telephony	Méditel	91.95%	92.05%	<b>81.8%</b>

(Source : ANRT)

### Internet

At end-June 2010, Maroc Telecom had more than 479,000 wireline internet customers, 99% of whom used the ADSL service. This represents a 0.2% increase relative to end-December 2009, and equals around 44% of all fixed lines, excluding public phones. In addition, there were almost 343,000 3G+ mobile internet customers, an increase of 97.1% relative to December 2009.

Number of active costumers – in thousands	June 30, 2009	December 31, 2009	June 30, 2010
Narrowband	2	2	<b>2</b>
ADSL	484	469	<b>477</b>
3G Data	89	174	<b>343</b>
<b>Total</b>	<b>576</b>	<b>645</b>	<b>822</b>

The group's competitors in the market for providing internet access services are Meditel and Wana, which operate in the wireless internet segment. Maroc Telecom still has a very strong position in the ADSL market, with a market share of around 99% (source: ANRT). As a result, and due to the success of its prepaid offers, Maroc Telecom increased its share of the wireless internet market from 23.7% in December 2009 to 32.3% in June 2010.

Maroc Telecom share market	June 30, 2009	December 31, 2009	June 30, 2010
<b>Internet</b>	59.4%	53.9%	<b>53.83%</b>
<b>ADSL</b>	98.9%	98.9%	<b>99.32%</b>
<b>Wireless Internet</b>	18.2%	23.7%	<b>32.30%</b>

(Source : ANRT)



### 4.1.2 Subsidiaries' business

N.B: The comparable basis illustrates the situation that would exist if Sotelma had been consolidated from January 1, 2009, and if exchange rates had been constant.

#### Mauritel

In the first half of 2010, the Mauritanian businesses generated net revenue of MAD595 million, an increase of 5.3% (+8.1% on a comparable basis). Mauritel's earnings from operations amounted to MAD195 million in the first half of 2010, down 2.3% on a comparable basis, due to increased competition.

The following table summarizes Mauritel's principal operating and financial data:

<i>In thousands</i>	June 30, 2009	December 31, 2009	June 30, 2010
<b>Mobile customers</b>	1,315	1,335	1,547
<b>ARPU Mobile</b>	63	59	56
<b>Number of fixed-line</b>	56	41	42
<b>Internet customers</b>	11	6	7

<i>In millions of Moroccan dirhams – IFRS</i>	H1-2009	H1-2010	% change (comparable basis)
<b>Net revenues*</b>	<b>565</b>	<b>595</b>	+8.1%
Mobile - gross	472	509	+10.9%
Fixed-line - gross	113	110	+0.2%
<b>Earnings from operations before amortization</b>	<b>299</b>	<b>300</b>	+3.1%
Mobile	256	266	+7.1%
Fixed-line	43	33	(20.4%)
<b>Earnings from operations</b>	<b>206</b>	<b>195</b>	(2.3%)
Mobile	186	185	+2.4%
Fixed-line	20	10	(47.3%)

\* Revenues net of inter-segment revenues between subsidiaries' fixed-line and mobile operations, but including revenues generated by subsidiaries (including service commitment contracts) which are eliminated from consolidated revenues.

Further details about the consolidation methods used to account for the Mauritel sub-group, together with its contribution to Maroc Telecom's consolidated financial results, are provided in the Notes to the Consolidated Financial Statements.

#### Mobile services

Mauritel's mobile customer base increased by 18% relative to end-June 2009 to 1.547 million, due to an ongoing intensive promotional policy aimed at encouraging consumption.

Mauritel operates in a liberalized market alongside Mattel and Chinguitel.

At end-March 2010, the mobile penetration rate in Mauritania was around 87% (source: Dataxis).

The mobile market is split between three operators: Mauritel, Mattel and Chinguitel. Mauritel had an estimated mobile market share of 53% at end-March 2010 (source: Dataxis).

Mauritel's mobile business generated gross revenue of MAD509 million in the first half of 2010, up 10.9% on a comparable basis. While the customer base expanded, ARPU fell by 11% year-on-year to MAD56. The Mauritanian mobile business generated an earnings from operations of MAD185 million, up 2.4% year-on-year on a comparable basis.

### Fixed-line, Data and Internet

At June 30, 2010, Mauritel had 42,000 fixed-line customers (-25% relative to end-June 2009) and 7,200 internet customers (-33% relative to end-June 2009). In late 2009, Mauritel implemented an initiative to increase reliability that caused line cancellations.

In March 2009, a new fixed-line license was awarded to Mattel, making it a global operator like the other operators in Mauritania.

At end-June 2010, the fixed-line and internet market was split between two operators: Mauritel and Chinguitel, since Mattel had not yet launched its fixed-line network. Mauritel had an estimated market share of 44.2% at end-March 2010 (source: Dataxis).

In the first half, Mauritel's fixed-line and internet business generated gross revenue of MAD110 million. Earnings from operations totaled MAD10 million, down 47.3% on a comparable basis.

### Onatel

In the first half of 2010, activities in Burkina Faso generated net revenue of MAD934 million, an increase of 12.1% (+11.9% on a comparable basis), due to the operational performance of the mobile, fixed-line and internet businesses. The Onatel group's earnings from operations in the first half of 2010 was MAD281 million, up almost 84% on a comparable basis relative to 2009.

The following table summarizes Mauritel's principal operating and financial data:

<i>In thousands</i>	June 30, 2009	December 31, 2009	June 30, 2010
<b>Mobile customers</b>	1,316	1,569	<b>1,994</b>
<b>ARPU Mobile</b>	78	73	61
<b>Number of fixed-line</b>	151	152	<b>154</b>
<b>Internet customers</b>	21	23	<b>25</b>

<i>In millions of Moroccan dirhams</i>	H1-2009	H1-2010	% change (comparable basis)
<b>Net revenues*</b>	<b>833</b>	<b>934</b>	<b>+11.9%</b>
Mobile - gross	558	677	+21.1%
Fixed-line - gross	399	391	(2.0%)
<b>Earnings from operations before amortization</b>	<b>359</b>	<b>481</b>	<b>33.7%</b>
Mobile	308	402	+30.1%
Fixed-line	51	79	+55.9%
<b>Earnings from operations</b>	<b>153</b>	<b>281</b>	<b>+84.0%</b>
Mobile	206	309	+49.5%
Fixed-line	(54)	(28)	+48.7%

\* Revenues net of inter-segment revenues between subsidiaries' fixed-line and mobile operations, but including revenues generated by subsidiaries (including service commitment contracts) which are eliminated from consolidated revenues.

Further details about the consolidation methods used to account for the Onatel sub-group, together with its contribution to Maroc Telecom's consolidated financial results, are provided in the Notes to the Consolidated Financial Statements.

### Mobile services

At end-June 2010, Onatel had almost 1.994 million mobile customers, up 52% relative to end-June 2009.

Telmob operates in a liberalized market alongside Celtel Burkina and Telecel Faso.

At end-March 2010, the mobile penetration rate in Burkina Faso was an estimated 26%, and Telmob's market share was 43% (source: Dataxis).

Onatel's mobile business generated gross revenue of MAD677 million in the first half of 2010, up 21.1% on a comparable basis. ARPU was MAD61, down 22% on a comparable basis, due to expansion in the customer base. Earnings from operations was up 49.5% on a comparable basis at MAD309 million, mainly driven by a fall in depreciation and amortization charges

#### **Fixed-line, Data and Internet**

At June 30, 2010, Onatel had almost 154,000 fixed lines in service, an increase of 2%. Its internet user base totaled around 25,000, up 20% relative to end-June 2009.

Onatel lost its monopoly of fixed-line services (national fixed-line telephone, telex and telegraph) on December 31, 2005. However, at the end of June 2010, it remained the only fixed-line operator in Burkina Faso. In the internet business, however, other ISPs operate alongside Onatel.

Onatel's fixed-line and internet business generated gross revenue of MAD391 million in the first half of 2010, down 1.8% (-2% on a comparable basis) and an operating loss of MAD28 million.

#### **Gabon Télécom**

In the first half of 2010, net revenues from activities in Gabon totaled MAD512 million, a fall of 13.7% (-13.9% on a comparable basis). The Gabon Telecom group's earnings from operations in the first half of 2010 was MAD34 million, down around 36.1% on a comparable basis relative to 2009. The decline was due to tougher competition following the arrival of a fourth operator.

The following table summarizes Gabon Télécom's principal operating and financial data:

<i>In thousands</i>	June 30, 2009	December 31, 2009	June 30, 2010
<b>Mobile customers</b>	533	513	<b>577</b>
<b>ARPU Mobile</b>	103	105	<b>76</b>
<b>Number of fixed-line</b>	36	36	<b>36</b>
<b>Internet customers</b>	19	20	<b>21</b>
<i>In millions of Moroccan dirhams</i>	H1-2009	H1-2010	% change (comparable basis)
<b>Net revenues*</b>	<b>593</b>	<b>512</b>	<b>(13.9%)</b>
Mobile - gross	326	277	(15.1%)
Fixed-line - gross	315	281	(10.8%)
<b>Earnings from operations before amortization</b>	<b>179</b>	<b>164</b>	<b>(8.4%)</b>
Mobile	90	77	(15%)
Fixed-line	89	87	(1.8%)
<b>Earnings from operations</b>	<b>53</b>	<b>34</b>	<b>(36.1%)</b>
Mobile	28	5	(81.5%)
Fixed-line	25	29	14.0%

\* Revenues net of inter-segment revenues between subsidiaries' fixed-line and mobile operations, but including revenues generated by subsidiaries (including service commitment contracts) which are eliminated from consolidated revenues.

Further details about the consolidation methods used to account for the Gabon Télécom sub-group, together with its contribution to Maroc Telecom's consolidated financial results, are provided in the Notes to the Consolidated Financial Statements.

### Mobile services

The mobile customer base grew by 8% to 577,000 at end-June 2010.

In 2009, a fourth mobile license was awarded to Azur (Bintel), which started operating in December 2009.

The market is split between four operators: Libertis, Zain Gabon, Moov (Telecel) and Azur (Bintel).

At end-March 2010, the mobile penetration rate in Gabon was an estimated 101%, and Libertis' market share was 34% (source: Dataxis).

The mobile business in Gabon generated gross revenue of MAD277 million, down 15.1% on a comparable basis because of more numerous promotional offers offering additional calls for free. ARPU was MAD76, down 27% relative to end-June 2009. Earnings from operations also fell, to MAD5 million versus MAD28 million in the first half of 2009.

### Fixed-line, Data and Internet

Gabon Telecom's fixed-line customer base consisted of more than 36,000 lines at end-June 2010, slightly more than at end-June 2009. The number of internet users rose by 8% over the same period to almost 21,000.

Although Gabon Telecom lost its fixed-line and Internet monopoly in June 2001, it will remain the sole fixed-line operator in Gabon until 2011.

In the first half of 2010, the fixed-line and internet business in Gabon generated gross revenue of MAD281 million, down 10.8% on a comparable basis. Earnings from operations was MAD29 million, up 14%, mainly due to lower operating costs and lower depreciation and amortization charges caused by delays with investments.

### Sotelma

In the first half of 2010, activities in Mali generated net revenue of MAD703 million, an increase of 17% on a comparable basis, due to rapid development in mobile services and firm growth in the fixed-line business. Earnings from operations totaled MAD54 million in the first half of 2010.

The following table summarizes Sotelma's principal operating and financial data:

<i>In thousands</i>	June 30, 2009 comparable basis	December 31, 2009	June 30, 2010
<b>Mobile customers</b>	635	818	1,464
<b>ARPU Mobile</b>	119	100	88
<b>Number of fixed-line</b>	71	65	72
<i>In millions of Moroccan dirhams</i>	H1-2009	H1-2010	% change on comparable basis
<b>Net revenues*</b>	-	<b>703</b>	+17.0%
Mobile - gross	-	538	+19.5%
Fixed-line - gross	-	172	+7.4%
<b>Earnings from operations before amortization</b>	-	<b>262</b>	ns
Mobile	-	331	+45.5%
Fixed-line	-	(69)	+48.8%
<b>Earnings from operations</b>	-	<b>54</b>	ns
Mobile	-	214	ns
Fixed-line	-	(160)	+8.2%

\* Revenues net of inter-segment revenues between subsidiaries' fixed-line and mobile operations, but including revenues generated by subsidiaries (including service commitment contracts) which are eliminated from consolidated revenues.

Further details about the consolidation methods used to account for the Sotelma sub-group, together with its contribution to Maroc Telecom's consolidated financial results, are provided in the Notes to the Consolidated Financial Statements.

***Mobile services***

At end-June 2010, the mobile business had almost 1.464 million customers, supported by increased network coverage and a greater number of special offers.

The market is split between Sotelma and Orange Mali. According to Maroc Telecom's estimates, Sotelma had 30% of the market at end-June 2010 and Mali Orange 70%. The penetration rate was about 32% (source: Dataxis, end-March 2010).

The mobile business generated gross revenue of MAD538 million in the first half of 2010, up 19.5% on a comparable basis, and earnings from operations of MAD214 million

***Fixed-line, Data and Internet***

The fixed-line business had more than 72,000 lines in service and there were around 14,000 internet users.

Sotelma has 95% of this market, while Orange Mali has 5%.

The fixed-line business in Mali generated overall revenue of MAD172 million and an operating loss of MAD160 million.

***Mobisud (Belgium)***

In the first half of 2010, Mobisud Belgium generated total revenue of MAD28 million and an operating loss of MAD2.2 million. Mobisud Belgium has been sold to Belgacom subsidiary Scarlet BV, and has not been consolidated since June 30, 2010. Mobisud Belgium had almost 29,000 active users at end-June 2010.

## 4.2 REGULATORY ENVIRONMENT

### 4.2.1 Regulatory environment in Morocco

#### *Guidelines for the development of the telecoms sector until 2013*

On February 25, 2010, the ANRT published general guidelines for the sector, covering the following aspects:

#### **Regulation:**

- More stringent and clearer obligations regarding infrastructure sharing: the infrastructure concerned and the technical and pricing aspects of infrastructure sharing will be clarified at a later date.
- Adjustment of local-loop unbundling tariffs.
- Improvements to the current number portability system, which will be supplemented by a centralized database.
- Publication of guidelines for price controls on operators' retail services.

#### **Liberalization measures:**

- Fixed-line: potential arrival of new-generation operators and/or infrastructure operators from 2011 (after studies have been carried out).
- Mobile: allocation of 4G mobile frequencies to existing mobile operators that request them.

#### **Development of ultra-fast broadband: a national plan of action will be launched, including the following objectives:**

- Encouraging the deployment of ultra-fast broadband infrastructure by clarifying the rules for occupying the public domain and operator access to public sites;
- Preparing models for financing the relevant infrastructure;
- Defining models for creating and operating infrastructure depending on the zone and creating specific regimes for infrastructure managers in these zones.

#### **Universal service:**

Guidelines will be drawn up from 2011 applying to universal service projects between 2012 and 2016 .

#### **Revision of the legislative and regulatory framework:**

- Revision of legislation relating to telecoms, but also town planning, land management and occupation of the public domain.
- The ANRT's powers will be strengthened, particularly its power to apply penalties.
- The system for awarding licenses will be revised to encourage the development of broadband.
- Specific legislation will be enacted on infrastructure sharing.

#### **Interconnection tariffs**

On April 27, 2010, the ANRT defined a multi-year call termination pricing plan for Maroc Telecom, Medi Telecom and Wana applicable between 2010 and 2013 (decision 02/10).

The call termination tariffs applicable to mobile networks are as follows:

Price per minute at peak times *	From 01/01/2010 to 06/30/2010	From 07/01/2010 to 06/30/2011	From 07/01/2011 to 06/30/2012	From 07/01/2012 to 12/31/2012	From 01/01/2013 to 12/31/2013
Maroc Telecom	1.1551	0.8317	0.6238	0.4865	0.4043
Medi Telecom	1.1551	0.998	0.7186	0.539	0.4043
Wana	1.4207	1.2309	0.8801	0.5965	0.4043

\* entre 08H et 20H. Le tarif réduit, de 20H à 8H, samedi, dimanche et jours fériés) est égal à 50% du tarif en heures pleines

The table below sets out the national interconnection tariff to fixed-line and restricted mobility networks, in place since January 1, 2010:

Price per minute at peak times *	From 01/01/2010 to 06/30/2010	From 07/01/2010 to 06/30/2011	From 07/01/2011 to 06/30/2012	From 07/01/2012 to 12/31/2012	From 01/01/2013 to 12/31/2013
Limited mobility Wana	0,9981	0.6238	0.4678	0.3649	0.3032
Fixed line IAM intra CAA	0,1205	0.1155	0.1079	0.1007	0.0941
Fixed line IAM Single Transit	0,3056	0.2817	0.2479	0.2182	0.1921
Fixed line IAM Double Transit	0,4007	0.386	0.3531	0.323	0.2955
Fixed line Medi Telecom	0.3395	0.2693	0.241	0.2157	0,1932
Fixed line Wana	0.4256	0.2693	0.241	0.2157	0.1932

\* between 8am and 8pm. The reduced rate, applicable between 8pm and 8am and at weekends and on national holidays, equals 50% of the peak rate.

On June 23, 2010, the ANRT approved Maroc Telecom's technical and interconnection rates for fixed-line and mobile networks for 2010.

### Universel service

For 2008-2011, the ANRT launched a consultation paper for all national operators concerning a broad-reaching universal service program entitled "PACTE". The program aims to ensure the provision of telephone services and internet access to all network blind spots in Morocco. This concerns 9,263 rural areas which are not yet covered by the GSM network. The program proposed by Maroc Telecom covered all of the concerned rural areas. The Universal Service Management Committee commissioned Maroc Telecom to extend coverage to 7,338 areas, for an overall budget of MAD1.159 billion which will be deducted from its universal service contribution for 2008-2011.

In May 2009, Maroc Telecom formalized an agreement with the ANRT covering the provision of universal services to 2,530 rural areas in 2009. This represents an overall investment of MAD334.6 million which will be deducted from Maroc Telecom's universal service contribution for 2009.

### 4.2.2 The regulatory environment of subsidiaries

In Burkina Faso, Telmob SA renewed its operating license ahead of schedule for a 10-year period ending in 2020 following an agreement on June 21, 2010 with the Burkina Faso government.

### 4.3 HUMAN RESOURCES

The table below shows the changes in Maroc Telecom's workforce:

	December 31, 2008	December 31, 2009	June 30, 2010
Morocco*	11,093	11,100	11,035
Mauritania	440	432	428
Burkina Faso	1,335	1,260	1,243
Gabon	452	430	425
Sotelma	-	852	805
<b>Group</b>	<b>13,320</b>	<b>14,074</b>	<b>13,936</b>

\*Not including workforce of Casanet

### 4.4 REAL PROPERTY

Maroc Telecom is currently in the process of obtaining formal legal title to sites previously owned by the Kingdom of Morocco and transferred to Maroc Telecom when it was incorporated in 1998.

At June 30, 2010, the sites owned by Maroc Telecom broke down as follows:

- 58% of the sites are legally registered in Maroc Telecom's name;
- 32.7% of the sites were under requisition (claim to a property right, delivered by the land registrar once the application for land registration has been made);
- 9.26% of sites were in the process of being formally registered.



## 4.5 LEGAL AND ARBITRATION PROCEEDINGS

To the best of the Company's knowledge, there are no pending or potential government, legal or arbitration proceedings, including proceedings of which the Company is aware, that may have or have had in the past 6 months, a significant effect on the Company and/or the group's financial position, profits, business and property, with the exception of those mentioned in section 4.13 of the 2009 Registration document.

**5**

**FINANCIAL  
REPORT**

## 5.1 CONSOLIDATED FINANCIAL DATA

The table below sets out a selection of the Maroc Telecom group's consolidated financial data. This selection of financial data is taken from the group's consolidated financial statements, which were prepared according to IFRSs (*International Financial Reporting Standards*) and which were subject to a limited review by the statutory auditors Mr Abdelaziz Almechatt and KPMG Maroc, represented by Fouad Lahgazi.

### 5.1.1 Consolidated financial data in Moroccan dirhams

#### *Income statement for the first-halves of 2010 and 2009*

(In millions of Moroccan dirhams)	2010	2009
Consolidated revenues	15,465	14,586
Operating expenses	8,799	8,034
Earnings from operations	6,667	6,552
Earnings from continuing operations	6,664	6,579
Earnings for the period	4,620	4,801
Earnings attributable to equity holders of the parent	4,455	4,646
<b>Earnings per share (in MAD)</b>	<b>5.1</b>	<b>5.2</b>

#### *Balance sheet*

Assets (in millions of Moroccan dirhams)	June 30, 2010	December 31, 2009
Non-current assets	32,788	33,096
Current assets	13,269	12,824
<b>TOTAL ASSETS</b>	<b>46,057</b>	<b>45,920</b>

Shareholder's equity and liabilities (in millions of Moroccan dirhams)	June 30, 2010	December 31, 2009
Share capital	5,275	5,275
Equity attributable to equity holders of the parent	13,945	18,564
Minority interests	4,236	4,369
Total shareholder's equity	18,181	22,934
Non-current liabilities	2,855	3,464
Current liabilities	25,020	19,522
<b>TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES</b>	<b>46,057</b>	<b>45,920</b>

## 5.1.2 Scope of consolidation

### *Mauritel group*

Maroc Telecom holds 51.5% of the voting rights of Mauritel SA, the incumbent operator in Mauritania and operator of a fixed-line and mobile telecommunications network, following the merger of Mauritel SA (fixed-line) and Mauritel Mobile. Mauritel SA is owned by the holding Compagnie Mauritanienne de Communications (CMC), in which Maroc Telecom holds an 80% stake, so Maroc Telecom holds a 41.2% interest in the Mauritanian incumbent operator. The Mauritel group has been consolidated by Maroc Telecom since July 1, 2004.

### *Onatel*

On December 29, 2006, Maroc Telecom acquired 51% of the capital of Burkina Faso-based Onatel and 100% of its mobile subsidiary Telmob. Onatel has been fully consolidated by Maroc Telecom since January 1, 2007.

### *Gabon Télécom*

On February 9, 2007, Maroc Telecom acquired 51% of the capital of the operator Gabon Telecom and 100% of its mobile subsidiary Libertis. Gabon Telecom has been fully consolidated by Maroc Telecom since March 1, 2007.

### *Sotelma*

On July 31, 2009, Maroc Telecom acquired a 51% stake in Mali's incumbent operator Sotelma. Sotelma has been fully consolidated by Maroc Telecom since August 1, 2009.

### *Maroc Telecom Belgique*

In Belgium, Maroc Telecom launched an MVNO business via its wholly-owned subsidiary Maroc Telecom Belgium (trade name: Mobisud Belgium). This company has been operating since May 2007. Maroc Telecom Belgium was sold on June 30, 2010.

### *Médi1-Sat*

Médi1-Sat was established as a satellite news channel for North Africa and produces and broadcasts programming in French and Arabic. It commenced broadcasting on December 1, 2006. On January 5, 2010, Maroc Telecom's stake in Medi1Sat was reduced to 4.79% following a capital increase in which Maroc Telecom did not take part. As a result, Medi1Sat is no longer consolidated in Maroc Telecom's financial statements.

### *Other non-consolidated investments*

Maroc Telecom's other non-consolidated investments include Casanet (in charge of maintaining Maroc Telecom's "Menara" Internet portal), an investment in Matelca (currently in liquidation), and other minority stakes. These companies are not consolidated as their results do not have a material impact on Maroc Telecom's financial statements.

## 5.2 INCOME STATEMENT

The table below sets out data regarding Maroc Telecom's consolidated income statement for the first-halves ended June 30, 2010 and June 30, 2009.

<i>(in millions of Moroccan dirhams)</i>	2010	2009
Revenues	15,465	14,586
Cost of purchases	(2,476)	(2,412)
Payroll costs	(1,330)	(1,310)
Sundry taxes and duties	(510)	(376)
Other operating income and expenses	(2,131)	(1,845)
Net depreciation, amortization and provisions	(2,353)	(2,091)
<b>Earnings from operations</b>	<b>6,667</b>	<b>6,552</b>
Income from ordinary activities	(3)	(3)
Depreciation of goodwill	0	0
Income from equity affiliates	0	29
<b>Earnings from continuing operations</b>	<b>6,664</b>	<b>6,579</b>
Income from cash and cash equivalents	35	61
Financial costs	(119)	(62)
<b>Net finance costs</b>	<b>(84)</b>	<b>(1)</b>
Other financial income and expenses	(1)	22
<b>Net financial items</b>	<b>(85)</b>	<b>21</b>
Income tax expense	(1,959)	(1,799)
Earnings	4,620	4,801
Earnings from discontinued operations	0	0
<b>Earnings</b>	<b>4,620</b>	<b>4,801</b>
Exchange gain or loss from foreign activities	(149)	(45)
Other income and expenses	0	0
<b>Total earnings for the period</b>	<b>4,471</b>	<b>4,755</b>
<b>Earnings</b>	<b>4,620</b>	<b>4,801</b>
Attributable to equity holders of the parent	4,455	4,646
Minority interests	165	154
<b>Total earnings for the period</b>	<b>4,471</b>	<b>4,755</b>
Attributable to equity holders of the parent	4,361	4,627
Minority interests	110	128
<b>Earnings per share (in MAD)</b>	<b>2010</b>	<b>2009</b>
Earnings - Attributable to equity holders of the parent	4,455	4,646
Number of shares – June 30	879,095,340	879,095,340
<b>Earnings per share</b>	<b>5.1</b>	<b>5.2</b>
<b>Diluted earnings per share</b>	<b>5.1</b>	<b>5.2</b>

The various items of Maroc Telecom's consolidated income statement and their changes during the periods under consideration are summarized in the following table.

## 5.2.1 Comparison of the first-halves of 2009 and 2010

### Revenues

Revenues for the first halves of 2010 and 2009 broke down as follows:

(In millions of Moroccan dirhams)	2010	2009
Mobile gross revenues	11,548	10,453
Fixed-line and internet gross revenues	5,267	5,585
<b>Total consolidated gross revenues</b>	<b>16,814</b>	<b>16,038</b>
Elimination of inter-segment transactions	(1,349)	(1,452)
<b>Total net consolidated revenues</b>	<b>15,465</b>	<b>14,586</b>

In the first half of 2010, the Maroc Telecom group generated revenue of MAD15,465 million, up 6% relative to the first half of 2009 (+2.2% on a comparable basis). Given the tough economic background, revenue growth during this period was the result of Maroc Telecom maintaining its leadership in its domestic market, and strong performances by its subsidiaries.

The mobile business generated gross revenue of MAD11.5 billion, up 6.4% on a comparable basis, and the group's overall mobile customer base grew by 22%. Revenue in the fixed-line business fell by 8.3% on a comparable basis to MAD5.3 billion. This decrease was mainly due to a reduction in the price of operator leased lines, causing an intra-group shift in revenue.

### Operating expenses

The table below shows the Maroc Telecom group's operating expenses in the first halves of 2010 and 2009:

(In millions of Moroccan dirhams)	2010	2009
Revenues	15,465	14,586
Cost revenues	2,476	2,415
%	16%	17%
Payroll costs	1,330	1,310
%	9%	9%
Sundry taxes and duties	510	376
%	3%	3%
Other operating income and expenses	2,131	1,845
%	14%	13%
Net depreciation, amortization and provisions	2,353	2,091
%	15%	14%
<b>Total operating expenses</b>	<b>8,799</b>	<b>8,034</b>

#### *Cost of purchases*

Between the first half of 2009 and the first half of 2010, the group's cost of purchases rose by only 2.6% to MAD2,476 million, equal to 16% of revenue. The reduced cost of handsets offset the increase in interconnection charges.

#### *Payroll costs*

Payroll costs rose by 1.5% relative to the first half of 2009 to MAD1,330 million. This increase arose mainly from the increase in the contribution rate to the CIMR supplementary pension plan.

#### *Sundry taxes and duties*

Sundry taxes and duties rose by 35% relative to the first half of 2009 to MAD510 million. The increase was due to the recognition of non-provisioned overdue regulator payments and the increase in regulator fees in Burkina Faso, caused by higher revenue and the larger customer base.

#### *Other operating income and expenses*

Between the first halves of 2009 and 2010, other operating income and expenses rose by 15.5% to MAD2,131 million. The increase was primarily the result of Sotelma entering the scope of consolidation, the increase in advertising expenditure to support commercial efforts and negative currency effects.

#### *Net depreciation, amortization and provisions*

Net depreciation, amortization and provisions rose by 12.5% due to an increase in investment in Morocco and Sotelma's entry into the scope of consolidation.

#### *Earnings from operations*

The Maroc Telecom group's earnings from operations in the first half of 2010 totaled MAD6,667 million, an increase of 1.8% relative to 2009 (+2.6% on a comparable basis), due to strong results in Burkina Faso and Mali, while earnings from operations were almost unchanged in Morocco.

#### *Net financial items*

Net financial expenses totaled MAD85 million in the first half of 2010 as opposed to net financial income of MAD21 million in the year-earlier period. The difference was due to the MAD106 million positive impact in the first half of 2009 caused by a consolidation adjustment following the disposal of Mobisud France.

#### *Tax expense*

Between the first halves of 2009 and 2010, tax expense rose by 8.9% to MAD1,959 million. The increase arose mainly from the expiry of Onatel's tax-exempt period on June 30, 2009, along with the increase in pre-tax income in the first half of 2010.

*Earnings*

Earnings fell from MAD4,801 million in the first half of 2009 to MAD4,620 million in the first half of 2010. This 3.7% decline was mainly due to the earnings of Maroc Telecom.

*Minority interests*

Minority interests, reflecting the interests of shareholders other than Maroc Telecom in the earnings of the group's consolidated entities, totaled MAD165 million in the first half of 2010 as opposed to MAD154 million in the year-earlier period.

*Earnings attributable to equity holders of the parent*

Consolidated earnings attributable to equity holders of the parent amounted to MAD4,455 million in the first half of 2010, down 4.1% year-on-year.

*Earnings per share*

Earnings per share was MAD5.1 in the first half of 2010, as opposed to MAD5.2 in the first half of 2009.

**5.2.2 Cash and cash equivalents**

Operating activities are the group's main source of cash. Maroc Telecom group funds all its capital expenditure with cash flow from operations.

*Statement of cash flows*

The following table contains information relating to Maroc Telecom's consolidated cash flows for the specified periods.

(In millions of Moroccan dirhams)	June 30, 2010	June 30, 2009
Net cash from operating activities	7,366	6,125
Net cash used in investing activities	(3,523)	(2,455)
Net cash used in financing activities	(3,948)	(5,397)
Foreign currency translation adjustments	21	(22)
Change in cash and cash equivalents	(84)	(1,749)
<b>Cash and cash equivalents at beginning of period</b>	<b>874</b>	<b>2,678</b>
<b>Cash and cash equivalents at end of period</b>	<b>791</b>	<b>929</b>

*Net cash from operating activities*

In the first half of 2010, net cash from operating activities totaled MAD7,366 million, as opposed to MAD6,125 million in the year-earlier period. This increase is mainly due to EBITDA growth and the improvement in the WCR, in line with the increase in operating payables.



*Net cash used in investing activities*

In the first half of 2010, net cash used in investing activities totaled -MAD3,523 million as opposed to -MAD2,455 million in the first half of 2009, representing a decrease of 43.5%. This was mainly driven by investments in subsidiaries.

*Net cash used in financing activities*

In the first half of 2010, net cash used in financing operations amounted to -MAD3,948 million versus -MAD5,397 million in the first half of 2009

Investments are broken down by business area below.

*Capital expenditure*

The following table sets out Maroc Telecom's capital expenditure by segment for the periods specified:

(In millions of Moroccan dirhams)	June 30, 2010	June 30, 2009
Fixed-line	930	873
Mobile	1,473	738
<b>Total</b>	<b>2,404</b>	<b>1,611</b>

In the first half of 2010, the group's capex totaled MAD2,404 million, up 49% relative to the first half of 2009. 55% of capex took place in Morocco.

*Financial resources*

The group's net debt at June 30, 2010 was -MAD8,904 million, relating mainly to Maroc Telecom:

- -MAD2,550 million of borrowings
- -MAD2,383 million of bank overdrafts
- -MAD3,450 million of shareholder advances

The -MAD5,340 million increase in net debt relative to 2009 resulted mainly from:

- a shareholder advance: -MAD3,450 million;
- a -MAD2,157 million increase in bank overdrafts;
- +MAD300 million of repayments on borrowings.

(In millions of Moroccan dirhams)	June 30, 2010	December 31, 2009
Outstanding debt and accrued interests (a)	9,909	4,805
Cash* (b)	791	874
Cash held for repayment of bank loans* (c)	214	368
<b>Net debt** (b) +(c) -(a)</b>	<b>(8,904)</b>	<b>(3,564)</b>

\* Marketable securities are considered as cash equivalents when they are for no more than three months.

## 5.3 CONSOLIDATED FINANCIAL STATEMENTS

### SUMMARY

- Consolidated financial statement at June 30, 2010 and at December 31, 2009
- Statement of comprehensive income for the six-month period ended June 30
  
- Consolidated statement of cash flows for the first-halves of 2010 and 2009
- Statement of changes in consolidated equity at June 30, 2010 and at December 31, 2009
- 
- Notes to consolidated financial statements
  - Note 1. Accounting principles and valuation methods
  - Note 2. Scope of consolidation
  - Note 3. Dividends paid
  - Note 4. Borrowings and other financial liabilities at June 30, 2010 and at December 31, 2009
  - Note 5. Restructuring expenses
  - Note 6. Income tax payable for the first-halves of 2010 and 2009
  - Note 7. Segment data for the first-halves of 2010 and 2009
  - Note 8. Contractual obligations and contingent assets and liabilities
  
  - Note 9. Post-balance sheet events

### Consolidated financial statement at June 30, 2010 and at December 31, 2009

ASSETS (in millions of Moroccan dirhams)	Note	June 30, 2010	December 31, 2009
Goodwill		7,153	7,271
Other intangible assets		3,826	3,723
Property, plant and equipment		21,336	21,468
Investment in equity affiliates		0	0
Non-current financial assets		399	572
Deferred tax assets		74	63
<b>Non-current assets</b>		<b>32,788</b>	<b>33,096</b>
Inventories		766	653
Trade accounts receivable and other		11,517	11,196
Short-term financial assets		129	45
Cash and cash equivalents		791	874
Available for sale assets		66	56
<b>Current assets</b>		<b>13,269</b>	<b>12,824</b>
<b>TOTAL ASSETS</b>		<b>46,057</b>	<b>45,920</b>

SHAREHOLDER'S EQUITY AND LIABILITIES (in millions of Moroccan dirhams)		June 30, 2010	December 31, 2009
Share capital		5,275	5,275
Retained earnings		4,215	3,864
Earnings for the fiscal year		4,455	9,425
<b>Equity attributable to equity holders of the parent</b>		<b>13,945</b>	<b>18,564</b>
Minority interests		4,236	4,369
<b>Total shareholder's equity</b>		<b>18,181</b>	<b>22,934</b>
Non-current provisions		238	230
Borrowings and other long-term financial liabilities	4	2,558	3,108
Deferred tax liabilities		59	126
<b>Non-current liabilities</b>		<b>2,855</b>	<b>3,464</b>
Trade accounts payable and other		16,977	17,176
Current income tax liabilities		175	146
Current provisions		516	503
Borrowings and other short-term financial liabilities	4	7,352	1,697
<b>Current liabilities</b>		<b>25,020</b>	<b>19,522</b>
<b>TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES</b>		<b>46,057</b>	<b>45,920</b>

## Statement of comprehensive income for the six-month period ended June 30

<i>(In millions of Moroccan dirhams)</i>	<i>Note</i>	2010	2009
<b>Consolidated revenues</b>		<b>15,465</b>	<b>14,586</b>
Cost of purchases		(2,476)	(2,412)
Payroll costs		(1,330)	(1,310)
Sundry taxes and duties		(510)	(376)
Other operating income and expenses		(2,131)	(1,845)
Net depreciation, amortization and provisions		(2,353)	(2,091)
<b>Earnings from operations</b>		<b>6,667</b>	<b>6,552</b>
Other operating income and expenses		(3)	(3)
Depreciation of Goodwill		0	0
Income from equity affiliates		0	29
<b>Earnings from continuing operations</b>		<b>6,664</b>	<b>6,579</b>
Income from cash and cash equivalents		35	61
Finance expense		(119)	(62)
Net finance costs		(84)	(1)
Other finance income and expense		(1)	22
<b>Net financial items</b>		<b>(85)</b>	<b>21</b>
Tax expense	6	(1,959)	(1,799)
<b>Earnings</b>		<b>4,620</b>	<b>4,801</b>
Earnings from discontinued operations		0	0
<b>Earnings</b>		<b>4,620</b>	<b>4,801</b>
<b>Earnings for the period</b>		<b>4,471</b>	<b>4,755</b>
<b>Earnings</b>		<b>4,620</b>	<b>4,801</b>
Attributable to the equity holders of the parent		4,455	4,646
Minority interests		165	154
<b>Earnings for the period</b>		<b>4,471</b>	<b>4,755</b>
Attributable to the equity holders of the parent		4,361	4,627
Minority interests		110	128
<b>Earnings per share (in Moroccan Dirhams)</b>		<b>2010</b>	<b>2009</b>
Earnings Attributable to the equity holders of the parent		4,455	4,646
Number of shares outstanding as of juin 30		879,950,340	879,095,340
<b>Earnings per share</b>		<b>5.1</b>	<b>5.2</b>
<b>Diluted earnings per share</b>		<b>5.1</b>	<b>5.2</b>

## Consolidated statement of cash flows for the first-halves of 2010 and 2009

<i>(In millions of Moroccan dirhams)</i>	2010	2009
<b>Earnings from operations</b>	<b>6,667</b>	6,552
Depreciations and other restatements	2,350	1 927
<b>Earnings before interest and taxes</b>	<b>9,017</b>	<b>8,478</b>
Other elements of the net change in working capital	179	(537)
<b>Net cash form operating activities before taxes</b>	<b>9,196</b>	<b>7,941</b>
Tax paid	(1,830)	(1,816)
<b>Net cash from operating activities (a)</b>	<b>7,366</b>	<b>6,125</b>
Purchase of PP&E and intangible assets	(3,797)	(2,538)
Increase in financial assets	-	(9)
Disposals of PP&E and intangible assets	105	12
Decrease in financial assets	169	71
Dividends received from unconsolidated subsidiaries	1	8
<b>Net cash used in investing activities (b)</b>	<b>(3,523)</b>	<b>(2,455)</b>
Issuance of common shares	-	43
Dividend paid to shareholders	(8,796)	(9,232)
Dividends paid by the consolidated subsidiaries to the minority shareholders	(191)	(128)
<b>Equity and quasi-equity operations</b>	<b>(8,987)</b>	<b>(9,317)</b>
Setting up of borrowings and increase in other long-term financial liabilities	-	-
Principal payment on borrowings and decrease in other long-term financial liabilities	-	(23)
Setting up of borrowings and increase in other short-term financial liabilities	2,200	4,249
Principal payment on borrowings and decrease in other short-term financial liabilities	(520)	(146)
Change in current accounts	3,460	(165)
Net Interest paid, net (cash)	(84)	(1)
Other cash items related to financial activities	(17)	7
<b>Transactions on borrowings and other financial liabilities</b>	<b>5,039</b>	<b>3,920</b>
<b>Net cash used in financing activities (d)</b>	<b>(3,948)</b>	<b>(5,397)</b>
<b>Foreign currency translation adjustments (g)</b>	<b>21</b>	<b>(22)</b>
<b>Net Cash Position (a+b+d+g)</b>	<b>(84)</b>	<b>(1,749)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>874</b>	<b>2,678</b>
<b>Cash and cash equivalents at end of period</b>	<b>790</b>	<b>929</b>

## Statement of changes in consolidated equity at June 30, 2010 and at December 31, 2009

(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, 2009</b>	<b>5,276</b>	<b>(120)</b>	<b>(19)</b>	<b>13,434</b>	<b>18,709</b>	<b>1,647</b>	<b>20,356</b>
Dividends				(9,516)	(9,516)	(132)	(9,648)
Earnings				4,646	4,646	154	4,801
Forex impact on foreign operations			(19)	(19)	(19)	(26)	(45)
Other income and expense					0		0
Total earnings for the period	0	0	(19)	4,627	4,627	128	4,755
Treasury stock		(27)	0	(27)	(27)		(27)
Other adjustments				32	32	224	256
Changes in scope of consolidation				0	0		0
<b>Balance at June 30, 2009</b>	<b>5,276</b>	<b>(147)</b>	<b>(38)</b>	<b>8,550</b>	<b>13,825</b>	<b>1,868</b>	<b>15,693</b>
Dividends					0	(13)	(13)
Earnings				4,779	4,779	200	4,979
Forex impact on foreign operations			(3)	(3)	(3)	(9)	(11)
Total earnings for the period	0	0	(3)	4,776	4,776	191	4,967
Treasury stock		(37)		(37)	(37)		(37)
Other adjustments		32		0	0		0
Changes in scope of consolidation				0	0	2,324	2,324
<b>Balance at December 31, 2009</b>	<b>5,276</b>	<b>(152)</b>	<b>(41)</b>	<b>13,289</b>	<b>18,564</b>	<b>4,370</b>	<b>22,934</b>
Dividends				(9,064)	(9,064)	(242)	(9,306)
Earnings				4,455	4,455	164	4,619
Forex impact on foreign operations				(94)	(94)	(56)	(150)
Other income and expense					0		0
Total earnings for the period	0	0	0	4,361	4,361	108	4,469
Treasury stock		85		85	85		85
Other adjustments					0		0
Changes in scope of consolidation					0		0
<b>Balance at June 30, 2010</b>	<b>5,276</b>	<b>(67)</b>	<b>(41)</b>	<b>8,671</b>	<b>13,946</b>	<b>4,236</b>	<b>18,181</b>

On June 30, 2010, Maroc Telecom's share capital comprised 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" (SPT);
- Other : 17%.

## Note 1. Accounting principles and valuation methods

### *Significant events*

- January 2010: Maroc Telecom's stake in Medi1Sat was diluted following the arrival of new partners. Maroc Telecom's stake was reduced to 5%.
- June 2010: Maroc Telecom sold Maroc Telecom Belgique to Belgacom for MAD21 million.
- Maroc Telecom was subject to a tax audit relating to the 2005-2008 fiscal years. There was no change in the situation relating to this tax audit during the first half of 2010.

### *Accounting principles and valuation methods*

The Maroc Telecom group prepared its 2009 consolidated financial statements in accordance with IFRSs (International Financial Reporting Standards) as adopted by the European Union as of today's date.

The accounting principles used to prepare the interim consolidated financial statements at June 30, 2010 are identical to those used for the year ended December 31, 2009.

The interim consolidated financial statements at June 30, 2010 comply with IAS 34 "Interim financial reporting", which permits the presentation of a selection of notes. These consolidated financial statements must be read in conjunction with the 2009 consolidated financial statements.

The interim consolidated financial statements at June 30, 2010 and the notes thereto were approved by Maroc Telecom's Management Board on July 16, 2010.

## Note 2. Scope of consolidation at June 30, 2010 and at December 31, 2009

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, 2010 December 31, 2009 Avenue Roi Fayçal Nouakchott - Mauritania	SA	80% 80%	80% 80%	FC FC
<b>Mauritel SA</b> June 30, 2010 December 31, 2009 Avenue Roi Fayçal 7000 Nouakchott - Mauritania	SA	41% 41%	52% 52%	FC FC
<b>Onatel</b> June 30, 2010 December 31, 2009 705, Av. de la nation 01 BP 10000 Ouagadougou-Burkina Faso	SA	51% 51%	51% 51%	FC FC
<b>Telmob</b> June 30, 2010 December 31, 2009 705, Av. de la nation 01 BP 10000 Ouagadougou-Burkina Faso	SA	51% 51%	51% 51%	FC FC
<b>Gabon Télécom</b> June 30, 2010 December 31, 2009 B.P.40 000 LIBREVILLE – Gabon	SA	51% 51%	51% 51%	FC FC
<b>Libertis</b> June 30, 2010 December 31, 2009 BP8900 immeuble 9 étages Libreville- Gabon	SA	51% 51%	51% 51%	FC FC
<b>Médi-1 Sat (**)</b> June 30, 2010 December 31, 2009 Zone franche, lot n°31 BP 2397 - Tangier - Morocco	SA	5% 31%	5% 31%	- EM
<b>Mobisud France</b> June 30, 2010 December 31, 2009 86, Avenue de Saint Ouen 75018 Paris - France	SA	0% 0%	0% 0%	- FC
<b>Mobisud Belgique *</b> June 30, 2010 December 31, 2009 Avenue Louise 283 Bte 4 1050 Bruxelles-Belgium	SA	0 100%	0 100%	FC FC
<b>Sotelma</b> June 30, 2010 December 31, 2009 Route de Koulikoro, quartier Hippodrome, BP 740– Bamako-Mali	SA	51% 51%	51% 51%	FC FC

\*Mobisud Belgique was divested on June 30, 2010.

\*\*Medi1Sat is no longer consolidated in Maroc Telecom's financial statements since January 5, 2010.



**Note 3. Dividends paid at June 30, 2010 and at December 31, 2009**

<i>(In millions of Moroccan dirhams)</i>	June 30, 2010	December 31, 2009
<b>Dividends received from equity affiliates</b>		
Médi1 Sat		
<b>Dividends paid by consolidated companies to their minority shareholders (a)</b>		
Mauritel	242	145
Onatel		
Gabon Télécom		
Other		
	<b>242</b>	<b>145</b>
<b>Dividends paid by Maroc Telecom to shareholders (b)</b>		
Kingdom of Morocco	2,719	2,855
Vivendi	4,804	5,043
Other	1,541	1,618
	9,064	9,516
<b>Total dividends payout (a)+(b)</b>	<b>9,306</b>	<b>9,661</b>

## Note 4. Borrowings and other financial liabilities at June 30, 2010 and at December 31, 2009

### Net cash position

<i>(In millions of Moroccan dirhams)</i>	June 30, 2010	December 31, 2009
Borrowings due less than one year	4,729	1,238
Borrowings due more than one year	2,558	3,108
Facilities and overdrafts	2,622	459
<b>Borrowings and financial liabilities</b>	<b>9,909</b>	<b>4,805</b>
Cash	791	874
Blocked cash	214	368
<b>Net cash position</b>	<b>(8,904)</b>	<b>(3,564)</b>

### Breakdown of net cash position by maturity

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

#### Situation at June 30, 2010

<i>(In millions of Moroccan dirhams)</i>	Due less than 1 year	Due 1 to 5 years	More than 5 years	Total
Borrowings	4,729	2,454	104	7,287
Facilities and overdrafts	2,622			2,622
<b>Borrowings and financial liabilities</b>	<b>7,352</b>	<b>2,454</b>	<b>104</b>	<b>9,909</b>
Cash	791			791
Blocked cash	214			214
<b>Net cash position</b>	<b>(6,347)</b>	<b>(2,454)</b>	<b>(104)</b>	<b>(8,904)</b>

#### Fiscal year ended December 31, 2009

<i>(In millions of Moroccan dirhams)</i>	Due less than 1 year	Due 1 to 5 years	More than 5 years	Total
Borrowings	1,238	2,984	124	4,346
Facilities and overdrafts	459			459
<b>Borrowings and financial liabilities</b>	<b>1,697</b>	<b>2,984</b>	<b>124</b>	<b>4,805</b>
Cash	874			874
Blocked cash	251	117		368
<b>Net cash position</b>	<b>(572)</b>	<b>(2,867)</b>	<b>(124)</b>	<b>(3,563)</b>

**Table of analysis**

<i>(In millions of Moroccan dirhams)</i>	% Interest rate	Maturity	Companies	June 30, 2010	December 31, 2009
Current account advance—SPT	3.5%	March-11	Maroc Telecom	3,460	0
Borrowing Attijari wafabank	5.1%	July-14	Maroc Telecom	2,628	2,893
Banks, overdrafts IAM	3.9%	June-08	Maroc Telecom	2,599	447
Borrowing Saoudien fund of development	2.5%	-	Mauritel	1	1
Borrowing SBIF 2005-2011	6.7%	June-11	Onatel	68	146
CONS.BIB-ECOBANK-BICIA	7.7%	July-12	Onatel	82	101
Borrowing BOAD 96.00	6.0%	July-11	Onatel	8	12
Borrowing BEI	2.0%	December-10	Onatel	7	7
Borrowing AFD1110-1111	2.0%	October-18	Onatel	17	19
Borrowing SGBB 2008	6.4%	November-13	Onatel	75	87
Borrowing BOA 2008	6.4%	December-14	Onatel	76	87
Borrowing BOAD 09 00	8.0%	July-10	Onatel	25	34
Borrowing BIB 2008	6%	December-13	Onatel	29	33
Borrowing SFI 2008	7.6%	July-13	Onatel	75	88
Borrowing BICIAI 2008	6.3%	September-15	Onatel	85	88
spot credit Onatel	5.7%	-	Onatel	143	110
Banks. overdrafts Onatel	8.5%		Onatel	1	3
Borrowing AFD	5.0%	October-09	Gabon Telecom	2	2
Borrowing COMMERZBANK	Euribor+0.75%	December-13	Gabon Telecom	46	56
Banks, GT credits balance	-	-	Gabon Telecom	19	9
Alcatel Phase II	Euribor+0.75%	March-11	Libertis	34	70
Borrowing DGDP/CFD OP	2.0%	April-20	Sotelma	2	2
Borrowing DGDP/CFD OY	5.0%	October-10	Sotelma	1	2
Borrowing DGDP/CFD OD	2.0%	October-14	Sotelma	13	15
Borrowing AFD OE/CML 1026 01 S	3.0%	April-18	Sotelma	25	28
Borrowing AFD OR/CML 1147 01 W	2.0%	April-12	Sotelma	1	1
Borrowing AFD OY/CML 1065 02 W	2.0%	October-16	Sotelma	1	1
Borrowing AFD OY/CML 1065 03 X	2.0%	October-16	Sotelma	19	22
Borrowing BOAD PR ML 2001 01 00	6.0%	January-11	Sotelma	16	23
Borrowing NKF/NIO-ORET/97114	2.0%	April-11	Sotelma	18	8
Borrowing RASCOM/GPTC	0.0%	-	Sotelma	8	8
Borrowing DGDP/NKF	0.0%	September-15	Sotelma	37	41
Borrowing ECOBANK	7.0%	February-11	Sotelma	13	20
Borrowing BIM Fiber Optic Project	9.0%	February-11	Sotelma	12	21
Borrowing BIM CDMA Kaves Optic Project	9.0%	February-11	Sotelma	30	38
Banks. overdrafts Sotelma	-	-	Sotelma	4	0
Borrowing BDM SA PHASE II	8.5%	January-13	Malitel	205	252
Borrowing BDM SA PHASE II BIS	7.5%	October-11	Malitel	24	32
Other	0				
<b>Borrowings and other financial liabilities</b>				<b>9,909</b>	<b>4,805</b>

## Note 5. Restructuring expenses for the first-halves of 2010 and 2009

Current provisions mainly comprise restructuring provisions.

<i>(In millions of Moroccan dirhams)</i>	Maroc Telecom	Mauritel Group	Onatel Group	Gabon Télécom Group	Mobisud France	Mobisud Belgique	Total Maroc Telecom Group
<b>Balance at January 1, 2009</b>				<b>181</b>			<b>181</b>
<b>Restructuring</b>							
Change in scope of consolidation and adjustments of allocation of acquisition price							
Addition							
Utilization							
Release				(181)			(181)
<b>Balance at December 31, 2009</b>	-	-	-	-	-	-	-
<b>Restructuring</b>							
Change in scope of consolidation and adjustments of allocation of acquisition price							
Addition							
Utilization							
Release							
<b>Balance at June 30, 2010</b>	-	-	-	-	-	-	-

## Note 6. Income tax payable for the first-halves of 2010 and 2009

<i>(In millions of Moroccan dirhams)</i>	June 30, 2010	June 30, 2009
Income tax	2,036	1,887
Deferred taxes	(77)	(87)
<b>Current tax</b>	<b>1,959</b>	<b>1,799</b>
<b>Consolidated effective tax rate*</b>	<b>30%</b>	<b>27%</b>

\* Income tax/earnings before taxes

As indicated in the note 25 "Tax expense" of the consolidated financial statements at December 31, 2009, Maroc Telecom was subject to a tax audit relating to the 2005-2008 fiscal years. There was no change in the situation relating to this tax audit during the first half of 2010

## Note 7. Segment data for the first-halves of 2010 and 2009

Breakdown of earnings by business segment

<b>First-half of 2010</b>				
	Fixed-line	Mobile	Eliminations	Total
<i>(In millions of Moroccan dirhams)</i>				
Revenues	5,267	11,548	(1,349)	<b>15,465</b>
Earnings from operations	1,214	5,453		<b>6,667</b>
Net depreciation and impairment	(980)	(1,309)		<b>(2,289)</b>

<b>First- half of 2009</b>				
	Fixed-line	Mobile	Eliminations	Total
<i>(In millions of Moroccan dirhams)</i>				
Revenues	5,606	10,453	(1,474)	<b>14,586</b>
Earnings from operations	1,782	4,770		<b>6,552</b>
Net depreciation and impairment	(780)	(1,227)		<b>(2,007)</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	More than 5 years
Long-term debts	7,287	4,729	2,454	104
Capital lease obligations				
Operating leases*	4	4		
Irrevocable purchase obligations				
Other long-term commitments				
<b>Total</b>	<b>7,291</b>	<b>4,733</b>	<b>2,454</b>	<b>104</b>

\* long-term vehicle leases (excluding tax)

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

#### **Commitments given**

Commitments given break down as follows:

- MAD6,198 million of investment commitments comprising:
- MAD5,498 million of commitments made by Maroc Telecom as part of the third agreement signed in May 2009 with the Moroccan government, including MAD3,260 million of commitments to suppliers of fixed assets;
- MAD700 million of commitments made by other group subsidiaries with respect to suppliers of fixed assets;
- Mauritel's MAD136 million commitment relating to the acquisition of its 3G license;
- MAD155 million of guarantees given to banks;
- MAD4 million of commitments relating to the quasi-equity of Casanet;
- MAD13 million of operating lease commitments;
- MAD248 million of long-term satellite lease commitments;
- MAD24 million of commitments relating to the disposal of Maroc Telecom Belgique.

In the event that more than 40.25% of Medi1Sat's capital is sold to a third party at a loss, Maroc Telecom is committed by buying back the 9.75% stake in Medi1Sat sold to FIPAR Holding plus the cost of the disposal (6.03% per year).

#### **Commitments received**

Guarantees received total MAD1,998 million.

In the event that more than 40.25% of Medi1Sat's capital is sold to a third party at a loss, FIPAR Holding is committed, at the first time of asking, to selling back to Maroc Telecom the 9.75% stake in Medi1Sat acquired from Maroc Telecom plus the cost of the disposal (6.03% per year).

As part of the PACTE universal service program, Maroc Telecom is committed to extending network coverage to 7,338 localities in Morocco between 2008 and 2011. This will require an estimated total investment of MAD1,159 million (€103 million). In return, Maroc Telecom will be exempted from the payment of MAD320 million to the universal service fund in 2010 (MAD334 million in 2009).

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

None

6

**RECENT  
DEVELOPMENT &  
GUIDANCE**



## 6.1 RECENT DEVELOPMENT

None

## 6.2 GUIDANCE

This section contains information regarding the Company's objectives for the 2010 financial year. The Company warns potential investors that these forward-looking statements are dependent on circumstances and events which are expected to occur in the future. These statements do not reflect historical data and are not to be interpreted as warranties that the facts and data mentioned will occur or that the targets will be achieved. By their nature, these are targets and it is therefore possible that they may not be achieved, and that the assumptions on which they are based may be found to be erroneous. Investors are invited to take into consideration the fact that some of the risks described in section 4.14 "Risk factors" of the 2009 Registration Document may affect the Company's operations and its ability to achieve its targets (see also section 6.2 "Market Outlook" in the 2009 Registration Document).

Assuming continuing growth in the mobile market, in Morocco as well as in subsidiaries, the Company's growth targets for 2010 are as follows:

- Slight revenue growth;
- Continued high level of profitability.