

2010 CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Balance Sheet at December 31, 2010 and 2009

Assets (in millions MAD)	31/12/2010	31/12/2009
Goodwill	6,865	7,271
Other intangible assets	4,064	3,723
Property, plant and equipment net	23,378	21,468
Non-current financial assets	444	572
Deferred tax assets	116	63
Non-current assets	34,866	33,096
Inventories	779	653
Trade accounts receivable and other	10,568	11,196
Current financial assets	142	45
Cash and cash equivalent	788	874
Available for-sale assets	58	56
Current assets	12,335	12,824
TOTAL ASSETS	47,201	45,920
SHAREHOLDERS' EQUITY AND LIABILITIES (In millions MAD)	31/12/2010	31/12/2009
Share capital	5,275	5,275
Retained earnings	4,243	3,864
Net earnings	9,536	9,425
Capital attributable to equity holders of the parents	19,054	18,564
Minority interests	4,451	4,369
Total shareholders' equity	23,505	22,934
Non-current provisions	668	230
Borrowings and other non-current financial liabilities	2,404	3,108
Deferred tax liabilities	123	126
Non-current liabilities	3,195	3,464
Trade accounts payable	17,160	17,176
Current income tax liabilities	233	146
Current provisions	157	503
Borrowings and other current financial liabilities	2,950	1,697
Current liabilities	20,500	19,522
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	47,201	45,920

Consolidated Statement of Cash Flows for 2010 and 2009

(In millions MAD)	2010	2009
Earnings from operations	14,335	14,008
Amortization and other adjustments	4,187	4,046
Gross Cash Earnings	18,522	18,055
Other elements of the net change in working capital	1,255	576
Cash flow from operating before income tax expense	19,776	18,631
Tax paid	(3,697)	(3,815)
Net cash from operating activities (a)	16,079	14,816
Purchase of PP&E and intangible assets	(7,093)	(5,585)
Purchase of consolidated investments	0	(3,045)
Increase in financial assets	89	(153)
Disposals of PP&E and intangible assets	156	153
Decrease in financial assets	(304)	39
Dividends received from non-consolidated investments	1	8
Net cash used in investing activities (b)	(7,151)	(8,583)
Share capital increase		43
Dividends paid by Maroc Telecom	(9,065)	(9,516)
Dividends paid by subsidiaries to minority shareholders	(269)	(160)
Changes in share capital	(9,333)	(9,633)
Borrowings and increase in other non-current financial liabilities	237	2,997
Payments on borrowings and decrease in other non-current financial liabilities		(58)
Borrowings and increase in other current financial liabilities	149	67
Payments on borrowings and decrease in other current financial liabilities	(986)	(1,026)
Changes in shareholders' current accounts debtors/financial creditors	(1,173)	(167)
Net interests (only Cash)	(236)	(149)
Other cash expenses (income) used in financing activities	(13)	(34)
Changes in borrowings and other financial liabilities	323	1,631
Net cash used in financing activities (d)	(9,010)	(8,002)
Effect of foreign currency adjustments and other non-cash expenses (income) (g)	(5)	(35)
Change in cash and cash equivalents (a)+(b)+(d)+(g)	(86)	(1,804)
Cash and cash equivalents at beginning of period	874	2,678
Cash and cash equivalents at end of period	788	874

Consolidated Income Statement for 2010 and 2009

(In millions MAD)	2010	2009
Revenues	31,655	30,339
Cost of purchases	(5,191)	(4,874)
Payroll costs	(2,746)	(2,604)
Taxes and duties	(928)	(877)
Other operating income (expenses)	(3,827)	(3,783)
Net depreciation, amortization and provisions	(4,628)	(4,193)
Earnings from operations	14,335	14,008
Other income and charges from ordinary activities	(57)	(5)
Income from equity affiliates	0	43
Earnings from continuing operations	14,278	14,046
Income from cash and cash equivalents	37	79
Borrowings costs	(273)	(228)
Net borrowing costs	(236)	(149)
Other financial income and expenses	65	2
Net financial income (expense)	(171)	(147)
Income tax expense	(4,158)	(4,120)
Net earnings	9,949	9,779
Exchange gain or loss from foreign activities	(139)	(57)
Other income and expenses		
Earnings	9,810	9,722
Net earnings	9,949	9,779
Attributable to equity holders of the parents	9,536	9,425
Minority interests	412	354
Earnings	9,810	9,722
Attributable to equity holders of the parents	9,459	9,403
Minority interests	351	319
EARNINGS PER SHARE (In Moroccan Dirham)	2010	2009
Net earnings - group share	9,536	9,425
Numbers of shares at December 31	879,095,340	879,095,340
Earnings per share	10.8	10.7
Diluted earnings per share	10.8	10.7

Consolidated Statement of Changes in Shareholders' Equity for the years 2010 and 2009

(In millions of Moroccan dirhams)	Share capital	Other adjustments	Cumulative translation differences	Earnings and retained earnings	Attributable to equity holders of the parents	Minority interests	Total
Balance at January 1, 2009	5,276	(120)	(19)	13,434	18,709	1,647	20,356
Dividends				(9,516)	(9,516)	(145)	(9,661)
Earnings for the year				9,425	9,425	354	9,779
Exchange gain or loss from foreign activities			(22)	(22)	(22)	(35)	(57)
Earnings for the period	0	0	(22)	9,403	9,403	319	9,722
Treasury stock		(64)		(64)	(64)		(64)
Other adjustments		32		32	32	224	256
Changes in scope of consolidation*						2,324	2,324
Balance at December 31, 2009	5,276	(152)	(41)	13,289	18,564	4,370	22,934
Dividends				(9,065)	(9,065)	(269)	(9,333)
Earnings for the year				9,536	9,536	413	9,949
Exchange gain or loss from foreign activities			(77)	(77)	(77)	(62)	(139)
Earnings for the period	0	0	(77)	9,459	9,459	351	9,810
Treasury stock		95		95	95		95
Other adjustments				0	0		0
Changes in scope of consolidation*							0
Balance at December 31, 2010	5,276	(57)	(118)	13,779	19,054	4,452	23,506

(*) change in scope of consolidation :
 Mobisud France has been taken out from the scope of consolidation since June 1, 2009
 Sotelma has been fully consolidated since August 1, 2009

Note 1. Accounting principles and valuation methods

1. Significant events

- On July 31, 2009, after an invitation to tender, Maroc Telecom acquired a 51% stake in SOTELMA, the incumbent telecommunications operator in Mali, on the basis of an enterprise value of €312 million (acquisition price of €278 million plus debt of €43 million minus cash of €9 million). SOTELMA has been fully consolidated by Maroc Telecom since August 1, 2009.

(In millions MAD)	01/08/2009
Adjusted net equity- group share	233
Acquisition price	3,144
Goodwill - group share	2,812
Goodwill- minority interests	2,005
Full goodwill	4,817

At the end of 2010, full goodwill, including foreign-currency translation adjustments, came to MAD 4,748 million.

- On December 23, the Gabonese government and Maroc Telecom, have signed an amendment to the share purchase agreement dated 9th February 2007, bringing to a conclusion the step in connection with the sale of 51% of the capital of the Gabon Télécom group to Maroc Telecom.

Under the agreement, Maroc Telecom paid to Gabonese state the balance amounting to €35 million of the purchase price, this payment being in addition to the initial payment of €26 million.

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Note 2: Scope of consolidation at December 31, 2010 and 2009

Company name	Legal form	% Group interest	% Capital held	Consolidation method
Maroc Telecom Avenue Annakhil Hay Riad Rabat - Morocco	SA	100%	100%	FC
Compagnie Mauritanienne de Communication (CMC) 2010 December 31, 2009 Avenue Roi Fayçal Nouakchott - Mauritania	SA	80% 80%	80% 80%	FC FC
Mauritel SA 2010 December 31, 2009 Avenue Roi Fayçal 7000 Nouakchott - Mauritania	SA	41% 41%	52% 52%	FC FC
Onatel 2010 December 31, 2009 705, AV. de la nation 01 BP10000 Ouagadougou - Burkina Faso	SA	51% 51%	51% 51%	FC FC
Telmob 2010 December 31, 2009 705, AV. de la nation 01 BP10000 Ouagadougou - Burkina Faso	SA	51% 51%	51% 51%	FC FC
Gabon Télécom 2010 December 31, 2009 B.P40 000 LIBREVILLE - GABON	SA	51% 51%	51% 51%	FC FC
Libertis 2010 December 31, 2009 BP8900 immeuble 9 étages Libreville- GABON	SA	51% 51%	51% 51%	FC FC
SOTELMA 2010 December 31, 2009 Route de Koulikoro, quartier Hippodrome, BP 740, Bamako - Mali	SA	51% 51%	51% 51%	FC FC
Médi-1 Sat 2010 December 31, 2009 Zone franche, lot n°31 BP 2397 - Tangier - Morocco	SA	5% 31%	5% 31%	- EM
Mobisud Belgique 2010 December 31, 2009 Avenue Louise 283 Bte 4 1050 Brussels - Belgium	SA	0% 100%	0% 100%	- FC

Note 5 : Property, plant and equipment at December 31, 2010 and 2009

(In millions MAD)	31/12/2010	31/12/2009
Land	1,407	1,395
Buildings	2,455	1,909
Technical plant, machinery and equipment	18,249	13,080
Transportation equipment	125	151
Office equipment, furniture and fittings	869	846
Other property, plant and equipment	272	4,087
Total net	23,378	21,468

2010

(In millions MAD)	2009	Acquisitions and additions	Disposals and withdrawals	Translation adjustments	Change in scope of consolidation	Reclassification	Assets held for sale	2010
Gross	56,687	5,649	(155)	(260)	(1)	(854)	72	61,138
Land	1,403	141	(145)	(8)		(30)	55	1,415
Buildings	5,839	814	(1)	(23)		(58)	17	6,589
Technical plant, machinery and equipment	41,657	4,356	(6)	(220)		3,301		49,088
Transportation equipment	409	27	(3)	(4)		(3)		427
Office equipment, furniture and fittings	3,117	232		(3)		(21)		3,326
Other property, plant and equipment	4,262	78		(1)	(1)	(4,043)		295
Amortization and impairment	(35,220)	(3,283)	0	170	0	586	(14)	(37,761)
Land	(8)	0		0		0		(7)
Buildings	(3,930)	(214)		15		10	(14)	(4,134)
Technical plant, machinery and equipment	(28,577)	(2,785)		149		375		(30,839)
Transportation equipment	(258)	(18)		3		(29)		(302)
Office equipment, furniture and fittings	(2,271)	(251)		2		64		(2,456)
Other property, plant and equipment	(175)	(14)		0		166		(23)
Total net	21,468	2,366	(155)	(90)	(1)	(269)	58	23,378

2009

(In millions MAD)	2008	Acquisitions and additions	Disposals and withdrawals	Translation adjustments	Change in scope of consolidation	Reclassification	Assets held for sale	2009
Gross	48,062	5,153	(892)	(41)	4,671	(310)	44	56,687
Land	1,362	6	(35)	1	33	0	36	1,403
Buildings	5,706	176	(6)	(1)	122	(166)	8	5,839
Technical plant, machinery and equipment	34,157	3,739	(549)	(27)	4,449	(112)	0	41,657
Transportation equipment	266	104	(1)	(1)	43	(3)	0	409
Office equipment, furniture and fittings	2,810	310	0	(1)	0	(1)	0	3,117
Other property, plant and equipment	3,761	818	(301)	(12)	24	(28)	0	4,262
Amortization and impairment	(29,378)	(3,039)	553	(54)	(3,566)	266	(4)	(35,220)
Land	(8)	0	0	0	0	0	0	(8)
Buildings	(3,706)	(218)	4	(2)	(73)	69	(4)	(3,930)
Technical plant, machinery and equipment	(23,269)	(2,541)	549	(55)	(3,452)	190	0	(28,577)
Transportation equipment	(203)	(18)	1	1	(41)	3	0	(258)
Office equipment, furniture and fittings	(2,021)	(254)	0	1	0	3	0	(2,271)
Other property, plant and equipment	(171)	(5)	0	0	0	0	0	(175)
Total net	18,684	2,113	(339)	(95)	1,105	(44)	40	21,468

Note 4 : Other intangible assets at December 31, 2010 and 2009

(In millions MAD)	31/12/2010	31/12/2009
Softwares	2,372	2,465
Telecom license	1,041	603
Other intangible assets	651	655
Net total	4,064	3,723

2010

(In millions MAD)	2009	Acquisitions and additions	Disposals and withdrawals	Translation adjustments	Change in scope of consolidation	Reclassification	2010
Gross	8,368	973	(1)	(19)	296	144	9,762
Softwares	5,569	396		(7)		144	6,102
Telecom license	883	295		(11)	276		1,442
Other intangible assets	1,916	282	(1)	0	21	1	2,218
Amortization and impairment	(4,646)	(1,126)	0	10	0	64	(5,698)
Softwares	(3,105)	(696)		6		64	(3,730)
Telecom license	(280)	(124)		3			(401)
Other intangible assets	(1,261)	(306)		0			(1,567)
Net total	3,723	(153)	(1)	(9)	296	209	4,064

2009

(In millions MAD)	2008	Acquisitions and additions	Disposals and withdrawals	Translation adjustments	Change in scope of consolidation	Reclassification	2009
Gross	7,969	693	0	(27)	12	(279)	8,368
Softwares	5,436	667	0	(10)	33	(557)	5,569
Telecom license	896			(17)	5		883
Other intangible assets	1,637	26			(26)	278	1,916
Amortization and impairment	(4,080)	(1,077)	0	15	(8)	504	(4,646)
Softwares	(2,847)	(735)		6	(34)	504	(3,105)
Telecom license	(228)	(60)		9	(2)		(280)
Other intangible assets	(1,006)	(282)		0	27		(1,261)
Net total	3,889	(384)	0	(12)	4	225	3,723

Note 7 : Other non-current financial assets at December 31, 2010 and 2009

(In millions MAD)	31/12/2010	31/12/2009
Non-consolidated investments	117	115
Other financial assets (a)	327	457
Net total	444	572

Other financial assets (a)

(In millions MAD)	31/12/2010	31/12/2009
Due within one year	125	282
Due between 1 and 5 years	181	156
Due beyond 5 years	21	20
Net total	327	457

7.1 Non-consolidated investments

2010

(In millions MAD)	% Interest	Gross	Impairment	Net carrying amount	Earnings	Total equity
Casanet (1)	100%	18	0	18	ND	ND
Matelca (2)	50%	NS	NS	NS	ND	ND
Arabsat	NS	13	0	13	ND	ND
Autoroute du Maroc	NS	20	4	16	ND	ND
Thuraya	NS	10	0	10	ND	ND
Fond d'amorçage Sindbad	10%	5	5	0	ND	ND
Médi 1Sat	5%	62	62	0	ND	ND
Rascom	NS	47	9	38	ND	ND
Sonatel	NS	8	0	8	ND	ND
CMTL	NS	6	4	2	ND	ND
INMASAT	NS	12	0	12	ND	ND
IMT/GIE	ND	1	0	1	ND	ND
Total		201	84	117	ND	ND

2009

(In millions MAD)	% Interest	Gross	Impairment	Net carrying amount	Earnings	Total equity
Casanet (1)	100%	18	0	18	ND	ND
Matelca (2)	50%	NS	NS	NS	ND	ND
Arabsat	NS	13	0	13	ND	ND
Autoroute du Maroc	NS	20	4	16	ND	ND
Thuraya	NS	10	0	10	ND	ND
Fond d'amorçage Sindbad	10%	5	5	0	ND	ND
Rascom	NS	47	10	37	ND	ND
Sonatel	NS	6	0	6	ND	ND
CMTL	NS	6	4	2	ND	ND
INMASAT	NS	13	0	13	ND	ND
Total		138	23	115	ND	ND

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Note 10 : Trade accounts receivables and other at December 31, 2010 and 2009

(In millions MAD)	31/12/2010	31/12/2009
Accounts receivable	8,454	8,901
Other receivables and accruals	2,114	2,295
Net total	10,568	11,196

Accounts receivable

(In millions MAD)	31/12/2010	31/12/2009
Trade receivables	11,935	11,179
Government receivables	2,412	3,406
Impairment of receivables (-)	(5,893)	(5,684)
Net total	8,454	8,901

Other receivables and accruals

(In millions MAD)	31/12/2010	31/12/2009
Trade payables, advances and downpayments	199	288
Employee accounts	43	68
Tax receivables	950	1,067
Other receivables	810	774
Accruals	112	98
Total net	2,114	2,295

Note 16 : Accounts payable at December 31, 2010 and 2009

(In millions MAD)	31/12/2010	31/12/2009
Trade accounts payable	8,563	8,491
Employee-related liabilities	871	900
Tax liabilities and other payables	5,903	5,841
Accruals	1,823	1,945
Total	17,160	17,176

Note 25 : Tax expense for 2010 and 2009

(In millions MAD)	2010	2009
Income tax expense	3,989	3,845
Deferred tax	(6)	(18)
Provision for tax*	175	293
Current tax	4,158	4,120
Consolidated effective tax rate**	29%	30%

* Tax expense/earnings before taxes

(In millions MAD)	2010	2009
Earnings	9,949	9,779
Income tax expense	3,983	3,827
Provision for tax	175	293
Earnings before tax	14,107	13,899
Moroccan statutory tax rate	30%	30%
Theoretical income tax expense	4,232	4,170
Impact of changes in tax rate	0	0
Other differences ***	(249)	(343)
effective income tax expense	3,983	3,872

*) Maroc Telecom is undergoing a tax audit for the fiscal years 2005, 2006, 2007 and 2008. The Company has already provided a preliminary response and has transmitted additional documentation, as requested by the tax authorities. It continues to provide responses in justification of its appeal of the tax adjustment, which was filed within the required time period.

Maroc Telecom believes that these tax adjustments will not have a material impact on the Company's income, net equity or liquidity.

Maroc Telecom has therefore updated the provision that was recognized in 2009.

***) Tax expense/earnings before taxes

****) The line item "other differences" primarily includes the 17.5% tax exemption on revenues from international activities

The deferred tax rate of Maroc Telecom was 30%.

The deferred tax rate of Mauritil was 25%.

The deferred tax rate of Onatel was 27.5%.

The deferred tax rate of Gabon Telecom and SOTELMA was 35%.

Note 14 :Provisions at December 31, 2010 and 2009

(In millions MAD)	31/12/2010	31/12/2009
Non-current provisions	668	229
Provisions for life annuities	24	25
Provisions for termination benefits	145	140
Provisions for disputes with third parties	24	16
Other provisions	476	48
Current provisions	157	504
Provisions for voluntary redundancy plan	0	0
Provisions for employee-related expenses	0	30
Provisions for disputes with third parties	157	165
Other provisions	0	309
Total	825	733

2010

(In millions MAD)	2009	Charges	Utilized	Change in scope of consolidation	Translations adjustment	Releases	Reclassifications	2010
Non-current provisions	229	190	(42)	0	(2)	0	293	668
Provisions for life annuities	25	(1)	(1)					24
Provisions for termination benefits	140	7	0		(2)			145
Provisions for disputes with third parties	16	9	(1)		0			24
Other provisions	48	175	(40)		0		293	476
Current provisions	504	15	(44)	0	(1)	(24)	(293)	157
Provisions for voluntary redundancy plan	0							0
Provisions for employee-related expenses	30	0	(1)					30
Provisions for disputes with third parties	165	15	(27)		(1)	(24)		165
Other provisions	309		(16)				(293)	309
Total	733	206	(86)	0	(4)	(24)	0	825

2009

(In millions MAD)	2008	Charges	Utilized	Change in scope of consolidation	Translations adjustment	Releases	Reclassifications	2009
Non-current provisions	179	21	(4)	44	0	0	(11)	229
Provisions for life annuities	26	(1)	(1)					25
Provisions for termination benefits	90	8	(2)	44	0			140
Provisions for disputes with third parties	4	13	(1)		0			16
Other provisions	59	0					(11)	48
Current provisions	519	321	0	0	(1)	(156)	(179)	504
Provisions for voluntary redundancy plan	179				0		(179)	0
Provisions for employee-related expenses	22	11			(2)			30
Provisions for disputes with third parties	182	17			0	(20)	(15)	165
Other provisions	137	293				(136)	15	309
Total	698	342	(4)	44	(1)	(156)	(191)	733

Summary of Report of the Statutory Auditors on the consolidated financial statements from January 1, 2010, to December 31, 2010

We have audited the accompanying financial statements of Itissalat Al-Maghrib SA (IAM), including the consolidated balance sheet as at December 31, 2010, the consolidated income statement, the statement of changes in equity, and the statement of cash flows for the year then ended, as well as a summary of significant accounting policies and other explanatory notes. These financial statements show capital and reserves of MAD 23,505 million, and net profit of MAD 9,949 million.

Management is responsible for the preparation and fair presentation of the consolidated financial statements, in accordance with international accounting standards (IAS/IFRS).

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with audit standards applicable in Morocco.

In our opinion, the consolidated financial statements referred to above give, in all material aspects, a true and fair view of the financial position of the group constituted by the persons and entities included in the consolidation scope of Itissalat Al-Maghrib SA (IAM) as of December 31, 2010, as well as the financial performance and cash flows for the year then ended, in accordance with the standards and accounting principles summarized in the consolidated additional disclosures note.

Without qualifying our opinion above, we draw your attention to:

- note 25 of the notes to the consolidated financial statements, relating to the tax reassessment for the fiscal periods 2005 to 2008 and outlining the stance taken by the Company;
- the estimative nature of segment data (presented in note 1, paragraph 2.5, and note 28).

February 22, 2011

Statutory Auditors

KPMG
Fouad LAHGAZI
Partner

Abdelaziz ALMECHATT
Abdelaziz ALMECHATT
Partner