

# FIRST HALF FINANCIAL REPORT 2011



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**Preliminary remarks:**

This financial report and the unaudited condensed financial statements for the half year ended June 30, 2011 were approved by the Management Board on July 22<sup>th</sup>, 2011. They were reviewed by the Audit Committee meeting of July 25, 2011.

This report should be read in conjunction with the Management Board's report for the year ended December 31, 2010 as published in Registration Document as filed with the Securities Regulator (AMF) on April 12, 2011 ("the 2010 Registration Document").

# HIGHLIGHTS

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## January 2011

- MT DUO (fixed line +ADSL) plan launched. The tariff for the plan is MAD 199 (incl. tax) per month, access costs included. Promotional offering launched of a 50% discount for the first three months.
- Launch of El Manzil permanent-bonus offering (prepaid fixed line), valid 24/7 to all national fixed-line and mobile destinations.
- Approval for 2011 by the ANRT of the interconnection technical and pricing terms to Maroc Telecom's fixed-line and mobile networks and for unbundling of the Maroc Telecom local loop.

## February 2011

- Launch of new mobile handsets in Berber: LG GU 230 and T300 in prepaid rate plans from MAD 549 (incl. tax) and LG T325 in postpaid rate plans from MAD 0.
- Publication of a new decision by the ANRT concerning the procedures and requirements for implementation of number portability, and launch of a study on the elaboration of a national action plan for the development of ultrafast broadband in Morocco.

## March 2011

- Rate decrease for postpaid 3G internet and BlackBerry 3G service. Price cuts for all Phony Tout Temps subscription plans.
- Reduction of 50% for MTBox and MTBOX Pro packs. Discount of 50% for the first three months on all subscription and consumption fees, and for any new telestore line installed, with a 24-month commitment; and two free months of ADSL subscription for all customers who subscribe to higher access speeds.
- First link opened between IAM and Onatel for VoIP testing.

## April 2011

- Overhaul of the "Jawal permanent bonus" rate plan. For any top-up of at least MAD 100, a permanent bonus of MAD 300 is offered (MAD 200 previously).

## May 2011

- Launch of a permanent bonus of top-ups from MAD 5 to MAD 30, valid 24/7, to all national operators.
- Launch of the Arriyadi rate plan at MAD 99 (incl. tax): 60 minutes of communication and 300 SMS/MMS valid for all national and international destinations, in addition to access to three sports channels for mobile subscribers. Promotional offer for any new subscription to a mobile rate plan; the customer receives a free upgrade to the next rate plan for the first two months.
- Lower rates for international calls from Jawal mobiles, rate plans capped for calls to zone 1 (-53%) and zone 2 (-43%), and lower rates for fixed-line calls to international fixed lines and mobiles.
- The ANRT reports on results of the billing-system audit, begun in February 2011.
- Work launched on Mauritel fiber-optic cables along the Nouakchott-Kobonni axis.
- Procedure launched in Mali for the granting of the third mobile license; the procedure will run until the end of the year.

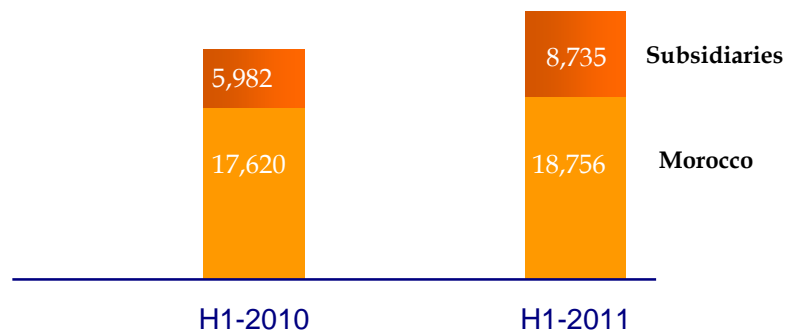
## June 2011

- From June 1st, Maroc Telecom grants a double capacity for ADSL subscriptions from 1 to 4 Mbps for existing customers, and reduces the price of subscriptions from 2 to 20 Mbps for all customers.
- Launch of Marhaba 2011 operation: free distribution of Jawal cards to Moroccans living abroad.
- Rate decrease for mobile TV service: MAD 29 (incl. tax) instead of MAD 60.
- MobiCash: lower pricing structure for domestic transfers and withdrawals. Increased commissions for resellers.
- The ANRT provides operators with its draft decision concerning the identification of 2G and 3G mobile subscribers.
- Opening of GPRS EDGE and roaming-data service by Gabon Télécom, with Maroc Telecom and the other subsidiaries.

## KEY FIGURES

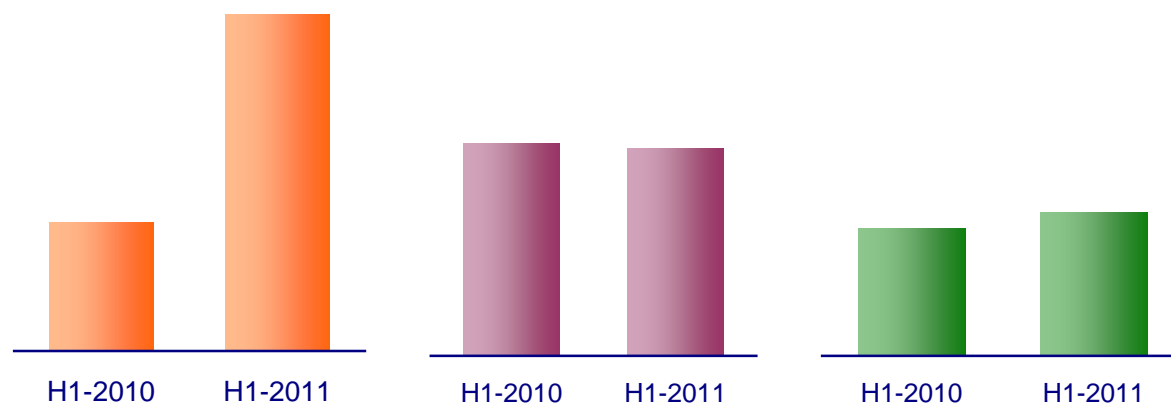
### Customers by geographical area - in thousands of customers

	H1-2010	H1-2011
<b>Morocco</b>	<b>17,620</b>	<b>18,756</b>
<b>Subsidiaries</b>	<b>5,982</b>	<b>8,735</b>
Mauritania	1,596	1,875
Burkina Faso	2,173	2,968
Gabon	634	494
Mali	1,550	3,399
Belgium	29	-
<b>Total</b>	<b>23,602</b>	<b>27,492</b>

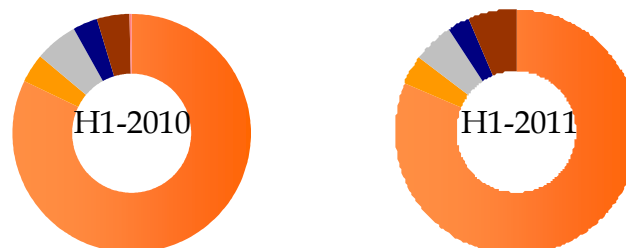


### Customers by activities - in thousands of customers

	H1-2010	H1-2011
Mobile	21,515	25,348
Fixed-line	1,541	1,529
Internet ADSL	546	615
<b>Total</b>	<b>23,602</b>	<b>2,492</b>



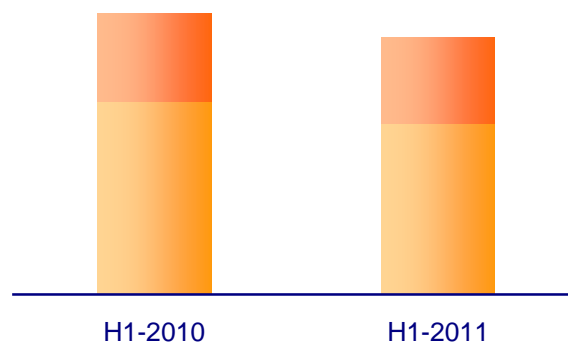
## Revenues by geographical area – in millions of Moroccan dirhams



	H1-2010 <sup>1</sup>	H1-2011
Morocco	12,763	12,545
Mauritania	595	601
Burkina Faso	915	846
Gabon	512	472
Mali	703	976
Belgium	28	-
<b>Total net</b>	<b>15,447</b>	<b>15,323</b>

## Revenues by activities – in millions of Moroccan dirhams

	H1-2010 <sup>1</sup>	H1-2011
Mobile (gross)	11,529	11,602
Fixed-line and Internet (gross)	5,267	4,722
<b>Net total</b>	<b>15,447</b>	<b>15,323</b>



<sup>1</sup> Data for the year 2010 were restated after a material misstatement was identified in the financial statements concerning distributor commissions paid to Onatel. This restatement lowered revenues by MAD 18.9 million, while earnings from operations before depreciation and amortization, operating income and net income were affected negatively by MAD 22.3 million, compared with the data published for H1 2010.

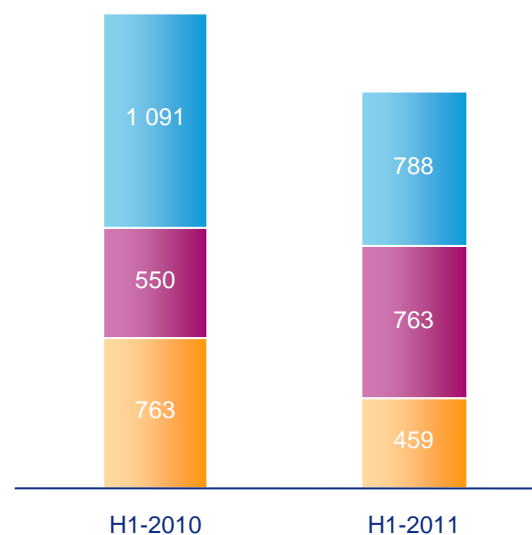
## Earnings from operations – in millions of Moroccan dirhams



	H1-2010 <sup>1</sup>	H1-2011
Morocco	6,104	5,576
Mauritania	195	170
Burkina Faso	259	87
Gabon	34	11
Mali	54	250
<b>Net total</b>	<b>6,645</b>	<b>6,094</b>

## Investments – in millions of Moroccan dirhams

	H1-2010	H1-2011
Subsidiaries	1,091	788
Mobile - Maroc	763	459
Fixed and Internet - Maroc	550	763
<b>Net total</b>	<b>2,404</b>	<b>2,009</b>



# 1 CERTIFICATIONS

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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

### Statutory Auditors

#### **KPMG Maroc, represented by Mr. Fouad Lahgazi**

11, avenue Bir Kacem, Souissi - 10170 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 2011, 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, 2013.

**Statutory auditors' report on financial reporting for the first half of 2011**  
**PERIOD FROM JANUARY 1 TO JUNE 30, 2011**

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, 2011 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 aforesaid conclusion of our limited review, 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;
- note 1, in application of IAS 8, referring to the restatement of financial statements for the fiscal years prior to 2011, subsequent to the correction of a misstatement at the level of the Onatel subsidiary that impacted the consolidated financial statements by MAD 113 million;
- 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 2010 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 presented fairly and corresponds to the summary consolidated half-year financial statements. We also call to your attention the fact that, in the first half of 2011, Itissalat Al Maghrib created a subsidiary named "MT Fly," with share capital of MAD 300,000, paid up to one-quarter of its nominal value.

**July 26, 2011**

The Statutory auditors

**KPMG**  
Fouad LAHGAZI  
Partner

**Abdelaziz ALMECHATT**  
Abdelaziz ALMECHATT  
Partner

## 1.4 INFORMATION POLICY

### Person responsible for information

Mr. Arnaud Castille  
Chief Financial Officer  
Maroc Telecom  
Avenue Annakhil - Hay Riad  
Rabat, Morocco  
Telephone: 00 212 (0) 5 37 71 90 39  
E-mail: relations.investisseurs@iam.ma

### 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/Pages/Accueil.aspx>.

## 2 CORPORATE GOVERNANCE

Maroc Telecom complies with Morocco's corporate governance code of practice, by seeking to increase the number of independent directors on its Supervisory Board.

### 2.1 COMPOSITION OF THE MANAGEMENT AND SUPERVISORY BOARDS

#### Composition of the Management Board at June 30, 2011

Name (age)	Current role and main occupation	Date of appointment	Term of office ends
Abdeslam AHIZOUNE (56)	Chairman	First appointed February 20, 2001 Renewed on February 23, 2009	2013
Larbi GUEDIRA (56)	Managing Director Services	First appointed February 20, 2001 Renewed on February 23, 2009	2013
Arnaud CASTILLE (39)	Managing Director Administration and Finance	First appointed : February 24, 2006 with effect on April 1, 2006 Renewed on February 23, 2009	2013
Janie LETROT (57)	Managing Director Regulatory, and Legal Affairs	First appointed June 29, 2006 Renewed on February 23, 2009	2013
Rachid MECHAHOURI (44)	Managing Director Network and Systems	First appointed November 17, 2008 Renewed on February 23, 2009	2013

#### Composition of the Supervisory Board at June 30, 2011

Name (age)	Current role	Date of appointment	Term of office expires	Occupation or main employment
Salaheddine MEZOUAR (57)	Chairman	Supervisory Board of December 4, 2007	OGM called to approve the financial statements for 2012	Minister of Economy and Finances
Jean-Bernard LEVY (56)	Vice-Chairman	Supervisory Board of December 17, 2002	OGM called to approve the financial statements for 2012	Chairman of the Management Board of Vivendi
Taieb CHERQAOUI (61)	Member	Supervisory Board of February 22, 2010	OGM called to approve the financial statements for 2012	Minister of the Interior
Samir Mohammed TAZI (47)	Member	Supervisory Board of September 13, 2010	AGM convened to approve the 2012 financial statements	Director of Public Enterprises and Privatization at the Ministry of Economy and Finance
Jean-René FOURTOU (72)	Member	Supervisory Board of January 4, 2005	AGM convened to approve the 2012 financial statements	Chairman of the Supervisory Board of Vivendi
Philippe CAPRON (53)	Member	Supervisory Board of March 1, 2007	AGM convened to approve the 2015 financial statements	Chief Financial Officer of Vivendi Member of the Management Board of Vivendi
Régis TURRINI (52)	Member	Supervisory Board of February 21, 2008	AGM convened to approve the 2012 financial statements	Director of Strategy and Development of Vivendi
Gérard BREMOND (73)	Member	Supervisory Board of February 22, 2010	AGM convened to approve the 2012 financial statements	Chairman and Chief Executive Officer of Pierre et Vacances Group
Jacques ESPINASSE (68)	Member	Supervisory Board of December 17, 2002	AGM convened to approve the 2012 financial statements	Company director

## 2.2 AUDIT COMMITTEE

The Audit Committee is comprised as follows:

Name (age)	Current office	Date of appointment	Principal post or occupation
Philippe CAPRON (53)	Chairman	2007	Chief Financial Officer of Vivendi Member of the Management Board of Vivendi
Noureddine BOUTAYEB (53)	Member	2003	Wali, Secretary general in the Interior Ministry
Monkid MESTASSI (58)	Member	2007	Secretary general of the Ministry of Economic and General Affairs
Samir Mohammed TAZI (47)	Member	2010	Director of Public Enterprises and Privatization at the Ministry of Economy and Finance
Sandrine DUFOUR (43)	Member	2008	Director of the Innovation in Vivendi Deputy Chief Financial Officer of Vivendi Chairman of Vivendi Mobile Entertainment (VME)
Pierre TROTOT (56)	Member	2003	Senior Executive Vice-President, Finance and Administration of SFR
Jacques ESPINASSE (68)	Member	2003	Director of companies

## 2.3 RELATED-PARTY TRANSACTIONS

The related-party transactions mentioned on pages 75-77 of the 2010 Registration Document are supplemented as follows:

### ***Avance en compte courant –SPT***

SPT has granted Maroc Telecom a shareholder advance of MAD3.600 billion.

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

### 3.1 GENERAL INFORMATION RELATING TO THE COMPANY

#### Share capital

Itissalat Al-Maghrib's issued capital amounts to MAD 5,274,572,040 divided into 879,095,340 shares of the same class and fully paid up, with a par value of MAD6 per share.

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

As at June 30, 2011, the share capital and voting rights of the Company were distributed as follows:

Shareholders	Number of shares	% of capital/ voting right
Vivendi Group *	465,920,477	53.00%
Kingdom of Morocco	263,728,575	30.00%
Senior executives	88,246	0,01%
Employees	881,815	0.10%
Public	148,305,957	16.87%
Treasury shares**	170,270	0.02%
<b>Total</b>	<b>879,095,340</b>	<b>100%</b>

\*Through its 100% subsidiary (Société de Participation dans les Télécommunications)

\*\* Shares held directly or indirectly by the company

On July 2, 2007, the Moroccan State sold 4% of Maroc Telecom's shares in the Casablanca Stock Exchange at MAD130 per share. This sale took the form of a placing reserved for Moroccan and international institutional investors, with bookbuilding taking place between June 26 and June 28, 2007.

Under the terms of an agreement concluded in 2007 between Vivendi and CDG, Vivendi acquired 2% of Maroc Telecom's capital, increasing its stake from 51% to 53%. In addition, CDG acquired 0.6% of Vivendi's share capital.

#### Acquisition by the company of its own shares

The current share buyback program implemented to adjust the stock price was approved at the Shareholders' Meeting held on April 18, 2011, following the CDVM's approval of the program on March 31, 2011 under number VI/EM/007/2011 in the notice published on the buyback program.

The main features of the program are as follows:

- Period : Until December 31, 2012
- Buying and selling price range : MAD135 – 210
- Maximum proportion of the capital that may be held: 1.82% (or 16 million shares).

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

- in Casablanca, a share price regulation contract involving MAD55 million, in compliance with circular n° 01/11 dated February 1, 2011.

-in Paris, a liquidity contract meeting the requirements of the Compliance Charter drawn up by the Association Française des Entreprises d'Investissement (Association of French Investment Firms). EUR5 million was allocated to the liquidity account for the application of the contract. On January 7, 2009, Maroc Telecom added €2.5 millions in cash.

Figures relating to the share buyback program in the first half of 2011 are as follows:

Casablanca	Paris
100,000 Shares	70,270 Shares
MAD 49,388,596.61	€ 6,869,838.00

At June 30, 2011, the liquidity account held the following assets:

	Casablanca	Paris	Total
Number of shares repurchased	122,787	120,630	243,417
Average purchase price	152,96 MAD	13,81 €	-
Number of shares sold	(32,787)	(59,507)	(92,294)
Average selling price	155,11 MAD	13,82 €	-

## 3.2 TRADING OF THE COMPANY'S SHARES

### Listing markets

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

### 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)
January 2011	155,61	159,50	150,15	3 751,47	584,75
February 2011	154,12	159,9	151,35	3 674,94	566,39
March 2011	157,25	159,9	154,55	2 826,51	444,46
April 2011	155,08	159	152	2 544,93	394,66
May 2011	153,07	157	144,60	2 897,11	443,45
June 2011	144,97	149,9	142,25	2 523,16	365,80

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

\*\* Not including block market transactions

Source : Casablanca stock exchange

## Changes in Maroc Telecom's share price on the Casablanca stock exchange



In June 2011, 90% of the free float was traded on the Casablanca stock exchange

- **Euronext Paris**

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

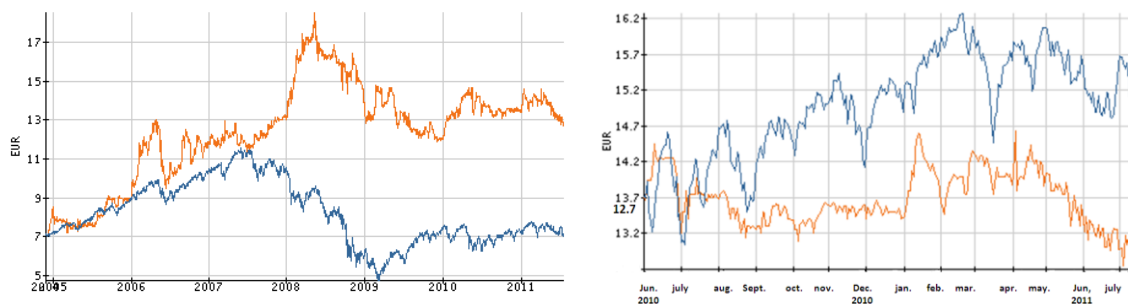
	Average price*	High (in euro)	Low	Transactions**	
				Number of shares (in thousands)	Trade value (in millions)
January 2011	14,16	14,78	13,37	120,20	1,70
February 2011	13,86	14,66	13,20	289,03	4,01
March 2011	14,07	14,38	13,55	92,88	1,31
April 2011	14,17	14,64	13,71	294,55	4,17
May 2011	13,84	14,29	13,26	275,41	3,83
June 2011	13,23	13,74	12,96	268,70	3,55

\* 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 2011, 10% of the free float was traded on Euronext Paris.

## 4 INFORMATION CONCERNING THE COMPANY'S ACTIVITIES

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### 4.1 DESCRIPTION OF ACTIVITIES

Maroc Telecom is active in the fixed-telephony, mobile-telephony, and internet sectors.

At June 30, 2011, Maroc Telecom had consolidated<sup>1</sup> revenues of MAD 15,323 million, down 0.8% from June 30, 2010 (-0.4% on a comparable basis<sup>2</sup>). This performance was due to the slight decline in revenues in Morocco (-1.7%) in an intensely competitive environment, compensated partly by growth of 4.8% of subsidiaries' revenues (+7.2% on a comparable basis).

The Group's customer base expanded to more than 27.5 million customers at June 30, 2011, an increase of 16.5% on an annual basis. This performance was the result of unabated growth of 6.4% in Morocco and by a dynamic sales trend among the various subsidiaries, in which the mobile customer base grew by 49%.

Group consolidated earnings from operations at June 30, 2011, amounted to MAD 6,094 million, down 8.3% from a year earlier (8.1% on a comparable basis), because of lower EBITDA and despite continued significant expenditure in networks and systems.

#### 4.1.1. Business activities in Morocco

Business in Morocco generated net revenues<sup>3</sup> of MAD 12,545 million in the first half of the year, a decline of 1.7%. First-half operating income came to MAD 5,576 million, down 8.6%, compared with 2010.

##### 4.1.1.1 Mobile

#### Competition in the mobile market

At March 31, 2011, Morocco had 33.4 million mobile customers (across all operators), giving a market-penetration rate of 104.8% (source: ANRT) and annual growth of 23.4%.

At March 31, 2011, Maroc Telecom still led the Moroccan mobile-telephony market, with a market share of 49.9%. This represents an annual decline of 2.9 points, which came mainly in the prepaid segment.

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<sup>1</sup> Data at June 30, 2011, Mauritel, Onatel, Gabon Telecom, Sotelma and Casanet were consolidated in Maroc Telecom's financial statements. As of June 30, 2010, Mobisud Belgique was no longer consolidated in the Maroc Telecom Group's financial statements

<sup>2</sup> The comparable basis reflects the deconsolidation of Mobisud Belgique, as if it had been effective at January 1, 2010 (disposal on June 30, 2010), and as if MAD / Mauritanian ouguiya / CFA franc exchange rates had been constant

<sup>3</sup> Revenues are stated net of intersegment revenues between subsidiaries' fixed-line and mobile activities, but include subsidiary-generated revenues (including service agreements), which are eliminated from consolidated revenues

Market share of Maroc Telecom	03/30/10	12/31/10	03/30/11
<b>Total Mobile Market</b>	<b>57.60%</b>	<b>52.80%</b>	<b>49.9%</b>
✓ Prepaid	57.20%	52.30%	49.2%
✓ Postpaid	68.10%	66.5%	66.0%

(Source : ANRT)

## Performance

The following table summarizes Maroc Telecom's key mobile performance indicators for the first half of each of the past three years:

In MAD millions and IFRS – At June 30	2009	2010	2011
<b>Number of mobile customers* (in thousands)</b>	<b>14,289</b>	<b>15,904</b>	<b>16,994</b>
<b>Blended ARPU (MAD per customer per month)</b>	<b>94</b>	<b>94</b>	<b>86</b>
<b>Gross revenues</b>	<b>9,015</b>	<b>9,519</b>	<b>9,418</b>
○ Revenues from sales of services	8,415	9,010	8,922
○ Revenues from sales of handsets	600	509	496
<b>Earnings from operations before depreciation and amortization</b>	<b>5,370</b>	<b>5,722</b>	<b>5,339</b>
<b>Earnings from operations</b>	<b>4,364</b>	<b>4,742</b>	<b>4,377</b>

\* postpaid and prepaid subscriptions, including data

Gross revenue<sup>4</sup> of the mobile segment in H1 2011 in Morocco slowed slightly, by 1%, to MAD 9,418 million, mainly because of lower revenues from outbound prepaid (-2.1%), inbound (-4.5%), and roaming (-7.8%). This slowdown can be explained partly by the decline in termination charges imposed by the regulatory authority.

Earnings from operations from the mobile segment in Morocco declined by 7.6%, to MAD 4,377 million, mainly because of price reductions.

The mobile customer base increased by 6.9%, to 16.994 million customers. The postpaid segment continued to expand significantly, rising by 27.7%, to 934,000 subscribers.

The churn rate continued to improve to 21.7%, declining by 5.7 points, compared with June 30, 2010, because of offers aimed at improving customer retention.

Blended ARPU remains high, at MAD 86, despite a 7.8% year-on-year decline, the result of lower interconnection rates, lower prices, and more promotional offers.

<sup>4</sup> Gross revenues include intragroup transactions (interconnection and leased-line costs) between fixed-line and mobile activities

- Prepaid Mobile segment

The following table summarizes the principal data concerning prepaid services:

	06/30/2010	12/31/2010	06/30/2011
<b>Number of mobile customers (in thousands)</b>			
Prepaid	15,173	16,073	16,060
<b>Churn rate (%)</b>			
Prepaid	28.4%	30.2%	23.0%
<b>ARPU (MAD per subscriber per month)</b>			
Prepaid	72,4	73	67
<b>Inbound usage (minutes per subscriber per month)</b>			
Prepaid	16	17	17
<b>Outbound usage (minutes per subscriber per month)</b>			
Prepaid	28	31	36

Maroc Telecom's active prepaid mobile customer base grew by 5.8%, compared with June 30, 2010, underpinned by sales campaigns undertaken to boost consumption, such as the launch of permanent bonuses for top-ups and frequent, varied promotional offers for calls. The churn rate fell by 5.4%.

Prepaid ARPU declined by 7.8%, mainly because of a larger customer base, driven by numerous promotional offers and lower rates. Outbound usage rose by 22.2% while inbound usage remained stable, compared with December 31, 2010.

- Postpaid Mobile segment

The following table summarizes the principal data concerning postpaid services:

	06/30/2010	12/31/2010	06/30/2011
<b>Number of mobile customers (in thousands)</b>			
Postpaid	731	817	934
<b>Churn rate (%)</b>			
Postpaid	13.2%	13.0%	11.5%
<b>ARPU (MAD per subscriber per month)</b>			
Postpaid	551	554	475
<b>Inbound usage (minutes per subscriber per month)</b>			
Postpaid	58	54	50
<b>Outbound usage (minutes per subscriber per month)</b>			
Postpaid	508	513	514

The postpaid mobile customer base grew by 27.7%, mainly because of enhanced rate plans and reduced international call charges.

Maroc Telecom launched new offers, which are designed to convince a maximum number of prepaid subscribers to migrate to postpaid. Consequently, postpaid ARPU declined by 18%, to MAD 475.

### 4.1.1.2 Fixed and Internet

#### Competition in the fixed-line segment

The competition from Mobile explains in part the slower growth of fixed-line penetration, which stood at 11.44% at March 31, 2011, compared with 11.69% at June 30, 2010 (source: ANRT).

At March 31, 2011, excluding restricted mobility, Maroc Telecom held total market share of 97.5%, professional market share of 93.3%, and public-telephony market share of 79.4%.

Maroc Telecom market share	Competition	06/30/10	12/31/10	03/31/11
Fixed-line market	Méditel, Wana	98.4%	98.0%	<b>97.5%</b>
Fixed-line market, including restricted mobility	Méditel / Wana	33.6%	32.83%	<b>34.0%</b>
Fixed-line market – Professionals	Méditel/ Wana	94.7%	93.53%	<b>93.3%</b>
Public-telephony market	Méditel	81.8%	80.18%	<b>79.4%</b>

(Source : ANRT)

#### Performance

The following table summarizes the key performance indicators of fixed-line and internet activities.

In MAD millions and IFRS				
At June 30				
	06/30/09	06/30/10	06/30/11	
<b>Customer base (in thousands)**</b>	<b>1,290</b>	<b>1,237</b>	<b>1,234</b>	
○ Residential	753	706	725	
○ Public telephony*	164	154	127	
○ Business	373	377	382	
<b>Internet (in thousands)</b>	<b>576</b>	<b>822</b>	<b>1,340</b>	
<b>Gross revenues</b>	<b>4,759</b>	<b>4,312</b>	<b>3,836</b>	
○ Voice**	2,942	2,702	2,252	
○ Interconnection	228	151	231	
○ Data	1,050	961	865	
○ Internet***	539	498	479	
○ <b>Earnings from operations before depreciation and amortization</b>	-	-	<b>9</b>	
<b>Earnings from operations</b>	<b>2,396</b>	<b>2,077</b>	<b>1,837</b>	
<b>Customer base**</b>	<b>1,791</b>	<b>1,362</b>	<b>1,199</b>	

\* aggregate of phone lines used by Maroc Telecom telestores and public telephone booths

\*\* aggregate of service contracts, excl. intercompany revenues

\*\*\* including revenues generated by TV/ADSL

The Maroc Telecom fixed-line customer base remained stable, at 1.23 million lines, a slight decline of 0.2% from a year earlier. The decline of public telephony, particularly telestores (-20%), was compensated by growth in the residential (3%) and business (2%) segments.

The fixed-line and internet activities in Morocco generated gross revenues in H1 2011 of MAD 3,836 million, a decline of 11.2%, mainly because of lower fixed-line call traffic, which is under pressure from mobile activity, and because of lower rates for lines leased by Maroc Telecom's fixed-line activity to its mobile activity.

The earnings from operations amounted to MAD1,199 million, a decline of 12.3% due to decrease of revenues.

In the first half of 2011, as a response to competition and in order to increase the loyalty of its customers, Maroc Telecom enhanced its product range, improved its customer service, and launched numerous promotional offers. For example, Maroc Telecom's MT Duo offers pay-as-you-go, fixed-line telephony coupled with broadband internet access (ADSL); and the El Manzil offering proposes a permanent bonus, valid for seven days.

For business customers, Maroc Telecom offers new subscribers three months of one or more options: fixed line, InfiniFix, InfiniFix intragroup, international privilege option, etc.

## *Internet*

### *Internet competitive environment*

The Group's competitors in the internet-access market are Méditel and Wana, which are active in all segments (source: ANRT).

The year 2011, The Internet market continued to expand in 2011, with ADSL and 3G+ mobile internet growing strongly. In this segment, which represents 76.19% of the total internet customer base, Maroc Telecom holds first place, with market share of 44.23%, followed by Wana Corporate with 34.33% and Médi Telecom with 21.44%.

Maroc Telecom maintains its stronghold on the ADSL market, with market share of close to 99.80% (source: ANRT).

Maroc Telecom market share	06/30/10	12/31/10	03/31/11
<b>Internet market</b>	53.83%	56.00%	57.46%
<b>ADSL</b>	99.32%	99.42%	99.80%
<b>Wireless internet</b>	32.30%	40.18%	44.23%

(Source : ANRT)

## Customer base

Number of active customers (in thousands)	06/30/2010	12/31/2010	06/30/2011
ADSL*	479	497	528
3G Data	343	549	812
<b>Total</b>	<b>822</b>	<b>1,046</b>	<b>1,340</b>

\* including leased lines and narrowband

At June 30, 2011, Maroc Telecom's ADSL customer base amounted to 528,000 customers, boosted by the enhanced MT Duo offering that provides fixed-line telephony with broadband internet via ADSL as well as lower prices.

### 4.1.1.3 Regulatory environment in Morocco

#### Major decisions of the ANRT in the first half of 2011:

- **Portability:** in February 2011, the ANRT announced that the total time limit for number portability would be reduced from D+10 days to D+6 days. This decision also provides for the implementation of a centralized data base, after the threshold of 5% of numbers transferred (fixed line and mobile) has been crossed.
- **Duration and exit clauses for postpaid mobile contracts:** in February 2011, in the aftermath of Wana's referral concerning the duration and the exit clauses for postpaid mobile contracts of Medi Telecom and Maroc Telecom, the ANRT published a decision concerning the duration and exit clauses for postpaid mobile contracts. This decision governs the fees for early cancellation payable to operators, and provides for conditions for early cancellation for which no fees are payable.

#### Rates for principal regulated services

- Call-termination charges

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

The call-termination charges applicable to mobile networks are as follows:

Rates per minute at peak times*	From	From	From	From	From
	01/01/2010 to 06/30/2010	From 07/01/2010 to 06/30/2011	07/01/2011 to 06/30/2012	From 07/01/2012 to 12/31/2012	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

\* between 8H and 20H. The off-peak rate, applicable between 20H and 8H and on weekends and on national holidays, equals 50% of the peak rate.

The table below sets out the national interconnection rate, in force since January 1, 2010, to fixed-line and restricted mobility networks.

Rates 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
Wana restricted mobility	0.9981	0.6238	0.4678	0.3649	0.3032
IAM fixed-line intra CAA	0.1205	0.1155	0.1079	0.1007	0.0941
IAM fixed-line, single transit	0.3056	0.2817	0.2479	0.2182	0.1921
IAM fixed-line double transit	0.4007	0.386	0.3531	0.323	0.2955
Medi Telecom fixed-line	0.3395	0.2693	0.241	0.2157	0.1932
Wana fixed-line	0.4256	0.2693	0.241	0.2157	0.1932

\* between 8H00 and 20H00. The off-peak rate, applicable from 20H00 to 8H00 and on weekends and on holidays, equals 50% of the peak rate.

On January 20, 2011, the ANRT approved the interconnection technical and pricing terms to Maroc Telecom's fixed-line and mobile networks for the year 2011.

- SMS termination charges

On January 10, 2011, the ANRT published a multiyear framework for SMS termination charges for the period 2011-2013.

2011: MAD 0.17 (excl. tax) per SMS

2012: MAD 0.13 (excl. tax) per SMS

2013 : MAD 0.10 (excl. tax) per SMS

- Local-loop unbundling tariffs

Monthly local-loop subscription rates are as follows:

Total unbundling: MAD 73 (excl. tax)

Partial unbundling: MAD 20 (excl. tax)

On January 20, 2011, the ANRT approved Maroc Telecom's technical and pricing terms for unbundling for the year 2011.

### Universal service

For 2008-2011, the ANRT launched a consultation paper for all national operators for a broadscale universal-service program entitled "Pacte." The program aims to ensure the provision of telephone services and internet access to all white zones in Morocco, or 9,263 rural areas. The Telecommunications Universal Service Management Committee commissioned Maroc Telecom to extend coverage to 7,338 of these areas, for an overall budget of MAD 1.159 billion (excl. tax), which will be deducted from Maroc Telecom's universal-service contribution for 2008-2011.

In October 2010, as part of the 2011 Pacte program, Maroc Telecom formalized an agreement with the ANRT covering the provision of universal service to 1,573 rural areas in the 2011 calendar year. This represents an overall expense of MAD 109,045,682 (excl. tax), which will be deducted from Maroc Telecom's universal-service contribution for 2011.

Maroc Telecom is also participating in the INJAZ programs, financed by the Telecommunications Universal Service Fund (Fonds du Service Universel des Telecommunications).

The INJAZ program provides mobile broadband internet access and laptop computers to master's students in engineering, sciences, and information and communication technologies. At December 31, 2010, some 11,646 students had been equipped.

## 4.1.2 Business activity of subsidiaries

**NB: The comparable basis reflects the deconsolidation of Mobisud Belgique, as if it had been effective at January 1, 2010 (disposal on June 30, 2010), and as if exchange rates had been constant.**

### 4.1.2.1 Mauritel

In the first half of 2011, Maroc Telecom's Mauritanian businesses generated net revenue of MAD 601 million, an increase of 1.0% (9.1% like for like), as a consequence of steady growth in the mobile customer base (18%) and an increased share in international tariffs. At June 30, 2011, operating income amounted to MAD 170 million, a decline of 13.2%, compared with June 30, 2010 (-6.2% like for like), because of higher operating expenses and taxes.

### Mobile telephony

#### Mobile-telephony competitive environment

Mauritel competes with Mattel and Chinguitel in a liberalized market. Chinguitel, whose mobile offering is via a CDMA network, launched a GSM network in the second quarter of 2011.

At March 30, 2011, the mobile penetration rate in Mauritania was approximately 89% (source: Dataxis), and Mauritel's estimated market share was 58% (source: Dataxis).

#### Performance

The following is a summary of the principal operating and financial data of Mauritel's mobile operations:

In thousands – At June 30, 2011	06/30/10	12/31/10	06/30/11
Mobile customer base (active)	1,547	1,576	1,827
ARPU mobile	56	54	47

In MAD millions and IFRS	H1-2010	H1-2011	Change on comparable basis
Mobile revenues (gross)	509	510	+8.0%
Mobile earnings from operations before depreciation and amortization	266	240	(3.1%)
Mobile earnings from operations	185	163	(5.3%)

Mauritel's mobile customer base grew by 18%, compared with June 30, 2010, to 1.827 million customers, in consequence of a sales policy designed to encourage consumption.

In the first half of 2011, Mauritel's mobile segment generated gross revenue of MAD 510 million, a like-for-like increase of 8%. This growth was the result of an expanded customer base and a higher share in international tariffs (minimum of €0.21, as set by the government). ARPU fell 15%, to MAD 47, because of a larger customer base and an unfavorable exchange rate.

Mauritania's earnings from operations for its mobile segment reached MAD 163 million, down 5.3% like for like, compared with the same period a year earlier. This decline was due to higher taxes (Mauritel is required to pay the Mauritanian government €0.08 per minute for inbound international calls).

### Fixed-line telephony, data, and internet

#### Fixed-line telephony competitive environment

The Mauritania penetration rate came to 2.7% at March 30, 2010 (source: Dataxis), still very low.

At June 30, 2011, the fixed-line and internet market was shared between two operators: Mauritel and

Chinguitel, the latter operating on a CDMA restricted-mobility network. At March 30, 2011, Mauritel had market share of 48.4% (source: Dataxis).

### Performance

The following table summarizes the Mauritel's key operating and financial data for fixed-line and internet operations:

In thousands – At June 30, 2011	06/30/10	12/31/10	06/30/11
<b>Fixed-line customer base (active)</b>	42	41	<b>41</b>
<b>Internet customer base</b>	7	7	<b>7</b>
In MAD millions and IFRS	H1-2010	H1-2011	Change on comparable basis
<b>Fixed-line revenues (gross)</b>	110	<b>117</b>	+9.6%
<b>Fixed-line earnings from operations before depreciation and amortization</b>	33	<b>27</b>	(14.4%)
<b>Fixed-line earnings from operations</b>	10	<b>6</b>	(36.3%)

At June 30, 2011, the fixed-line customer base stood at 41,000 customers (-2.6%, compared with June 30, 2010), and the internet customer base was 7,000 (-3.4% year on year).

In the first half of 2011, Mauritel's fixed-line and internet activity generated gross revenue of MAD 117 million, an increase of 9.6% like for like, because of a higher share in international tariffs (minimum of €0.21 per minute, as set by the government). Earnings from operations reached MAD 6 million, down 36.3% like for like because of payments made to the Mauritanian government.

Details on the consolidation methods used to account for the Mauritel subgroup and on its contribution to Maroc Telecom Group's earnings are provided in the notes to the consolidated financial statements.

### **Regulations**

The ARE (Mauritanian telecoms regulatory authority) has published interconnection catalogs for mobile operators for the period from July 1, 2011, to June 30, 2012.

The ARE has launched a study relating to the overhaul of the quality-control system for service in engineering, regulatory, and procedural procedures.

#### 4.1.2.2 Onatel<sup>(1)</sup>

In the first half of 2011, Maroc Telecom's business activities in Burkina Faso generated net revenue of MAD 846 millions, a decrease of 7.6% (-8.1% like for like), because of significant price cuts carried out in the second half of 2010. Earnings from operations fell 66%, (-67% like for like), to MAD 87 million, the result of lower sales and higher interconnection costs to competitors.

#### Mobile telephony

##### Mobile-telephony competitive environment

At March 30, 2011, the mobile penetration rate in Burkina Faso was approximately 36% (source: Dataxis). Onatel competes in a liberalized market with Airtel and Telecel Faso. At March 30, 2011, Onatel had market share of 44% (source: Dataxis).

#### Performance

The following table summarizes the principal operating and financial data of Onatel's mobile operations:

In thousands	06/30/10	12/31/10	06/30/11
Mobile customer base (active)	1,994	2,397	2,796
ARPU mobile	61	53	39
En millions de dirhams – en IFRS	H1-2010	H1-2011	Change on comparable basis
Mobile revenues (gross)	658	638	(3.5%)
Mobile earnings from operations before depreciation and amortization	380	337	(11.6%)
Mobile earnings from operations	287	225	(22.0%)

At June 30, 2011, Onatel's mobile customer base had just under 2.796 million customers, up 40% from a year earlier.

Onatel's mobile segment generated gross revenue of MAD 638 million in the first half of 2011, a decline of 3.5% on comparable basis, because of a significant price cut that was partially compensated by growth in the customer base and in consumption. ARPU amounted to MAD 39, a decline of 36% like for like. Earnings from operations was down 22% like for like, to MAD 225 million.

<sup>1</sup> Data for the year 2010 were restated after a material misstatement was identified in the financial statements concerning distributor commissions paid to Onatel. This restatement lowered revenues by MAD 18.9 million, while earnings from operations before depreciation and amortization, operating income and net income were affected negatively, by MAD 22.3 million, compared with the data published for H1 2010.

## Fixed-line telephony, data, and internet

### *Fixed-line telephony competitive environment*

Onatel lost its monopoly on basic services (domestic fixed-line telephony, telex, and telegraph) on December 31, 2005. At June 30, 2011, it remained the sole fixed-line operator in Burkina Faso. In the internet market, however, Onatel competes with other service providers.

The fixed-line penetration rate in Burkina Faso remains very low, only 1% at March 30, 2011 (source: Dataxis).

### *Performance*

The following table summarizes Onatel's key operating and financial data for fixed-line and internet operations:

In thousands	06/30/10	12/31/10	06/30/11
Fixed-line customer base (active)	154	144	143
Internet customer base	25	28	29
In MAD millions and IFRS	H1-2010	H1-2011	Change on comparable basis
Fixed-line revenues (gross)	391	337	(14,5%)
Fixed-line earnings from operations before depreciation and amortization	79	(29)	ns
Fixed-line earnings from operations	(28)	(137)	ns

At June 30, 2011, Onatel's fixed-line customer base reached 143,000 lines, down 7.4% on an annual basis. The number of internet subscribers amounted to approximately 29,000, up nearly 20% from June 30, 2010.

Onatel's Fixed-line and Internet operations generated gross revenue of MAD 337 million in H1 2010, down 14.5% on a comparable basis, because of increased competition from the mobile segment. The operating loss came to MAD 137 million.

Details on the consolidation methods used to account for the Onatel subgroup and on its contribution to Maroc Telecom Group's earnings are provided in the notes to the consolidated financial statements.

## Regulations

Adoption in February 2011 of Decree 2011-094/PRES/PM/MPTIC/MEF, which defines the procedures for establishing and auditing retail tariffs for electronic-communications services.

In February 2011, Onatel submitted a complaint to the regulator about its dispute with Airtel, mainly concerning the latter's right to route international inbound call traffic to Telmob's customers without a transit agreement between the two operators. In April 2011, an agreement between Onatel and Airtel resulted in two amendments to the fixed-line and mobile interconnection agreements that establish call-termination tariffs for international inbound traffic to the two operators' networks, at 80 CFA francs per minute to Onatel's fixed-line network and to Airtel's mobile network, and at 100 CFA francs per minute to Telmob's mobile network. Call traffic connections returned to normal after the finalization of this agreement.

### 4.1.2.3 Gabon Telecom

At June 30, 2011, Maroc Telecom's net revenue generated in Gabon amounted to MAD 472 million, a decline of 7.8% (-8.3% on comparable basis) in a still intensely competitive environment. Earnings from operations nonetheless came to MAD 11 million, 68% down.

## Mobile telephony

### Mobile-telephony competitive environment

At March 30, 2011, the mobile penetration rate in Gabon was 129% (source: Dataxis). There are four competing operators in the market: Libertis (Gabon Telecom), Airtel, Moov (Telecel), and Azur (Bintel). Azur began operating in December 2009. At March 30, 2011, Libertis had market share of 20% (source: Dataxis).

### Performance

The following table summarizes the principal operating and financial data of Gabon Telecom's mobile operations:

In thousands	06/30/10	12/31/10	06/30/11
Mobile customer base (active)	577	699	448*
ARPU Mobile	76	72	95
In MAD millions- in IFRS	H1-2010	H1-2011	Change on comparable basis
Mobile revenues (gross)	277	221	(20.6%)
Mobile earnings from operations before depreciation and amortization	77	52	(32.9%)
Mobile earnings from operations	5	(21)	ns

\* update of subscriber database in Q1 2011.

Libertis's mobile customer base amounted to 448,000 customers at June 30, 2011, following an up-date of the subscriber database.

Gabon Telecom's mobile segment generated gross revenues of MAD 221 million, a decline of 20.6% on comparable basis, because of intense competition since Airtel's takeover in the summer of 2010. ARPU came to MAD 95 on the basis of the updated subscriber database. Earnings from operations reached MAD -21 million, compared with MAD 5 million in the first half of 2010.

## Fixed-line telephony, data, and internet

### Fixed-line telephony competitive environment

Although Gabon Telecom lost its monopoly on basic services, such as internet, in June 2001, it remained the sole fixed-line operator in Gabon until 2011. However, Gabon Telecom competes with other service providers in the internet and VSAT markets. At March 30, 2011, the penetration rate was 1.6% (source Dataxis).

## **Performance**

The following table summarizes Gabon Telecom's key operating and financial data for fixed-line and internet operations:

<b>In thousands – at June 30, 2011</b>	<b>06/30/10</b>	<b>12/31/10</b>	<b>06/30/11</b>
<b>Fixed-line customer base (active)</b>	36	27	<b>24</b>
<b>Internet customer base</b>	21	22	<b>22</b>
<b>In MAD millions- in IFRS</b>	<b>H1-2010</b>	<b>H1-2011</b>	<b>Change on comparable basis</b>
<b>Fixed-line revenues (gross)</b>	281	308	+9.1%
<b>Fixed-line earnings from operations before depreciation and amortization</b>	87	89	+1.7%
<b>Fixed-line earnings from operations</b>	29	32	+8.5%

Gabon Telecom's fixed-line customer base amounted to 24,000 lines at June 30, 2011, down 33% on the basis of a customer database update under way. The number of Internet subscribers reached just under 22,000, up 5.2% over the same period.

Gabon Telecom's Fixed-line and Internet business generated gross revenues of MAD 308 million, a rise of 9.1% on a comparable basis, aided by an exceptional increase in interconnection revenue received from competitors. Earnings from operations amounted to MAD 32 million, a rise of 8.5%.

Details on the consolidation methods used to account for the Gabon Telecom subgroup and on its contribution to Maroc Telecom Group's earnings are provided in the notes to the consolidated financial statements.

## **Regulations**

The ARTEL regulatory authority, by its decision of February 2011, sanctioned Airtel for illicit and intentional interruption of the interconnection with Gabon Telecom/Libertis. This sanction fell after numerous warnings given to Airtel ordering it to restore the interconnection, which was finally restored on March 17. Agreements relating to arrears have been signed by the various operators.

### **4.1.2.4 Sotelma**

At June 30, 2011, Maroc Telecom's gross revenues from business activities in Mali amounted to MAD 976 million, a rise of 39% (38% like for like), because of an excellent sales trend that was boosted by an expanded network and by the development of new products. Earnings from operations was multiplied by 4.6, compared with the same period a year earlier, to MAD 250 million.

## **Mobile telephony**

### ***Mobile-telephony competitive environment***

Sotelma competes with Orange Mali in this market. According to Dataxis, market share at March 30, 2011, was 35% for Sotelma and 65% for Orange. The penetration rate is still modest, at 53% (source: Dataxis, March 30, 2011).

## Performance

The following table summarizes the principal operating and financial data of Sotelma's mobile operations:

In thousands – at June 30, 2011	06/30/10	12/31/10	06/30/11
Parc Mobile (actif)	1,464	2,162	3,284
ARPU Mobile	88	67	50
In MAD millions- in IFRS	H1-2010	H1-2011	Change on comparable basis
Mobile revenues (gross)	538	817	+51.1%
Mobile earnings from operations before depreciation and amortization	331	506	+52.0%
Mobile earnings from operations	214	410	+90.8%

At June 30, 2011, Sotelma's mobile customer base amounted to 3.284million customers, a number multiplied by 2.2 in one year as a result of significant capital expenditure made in network coverage and of continuing market stimulation through targeted promotions.

The Mobile segment generated gross revenue of MAD 817 million in the first half of 2010, a rise of 51.1% on a comparable basis, because of very strong growth in the customer base and despite a 42% decline in ARPU. This performance led to growth in earnings from operations of 90.8% like for like, to MAD 410 million.

## **Fixed-line telephony**

### Fixed-line telephony, competitive environment

The market is divided between Sotelma and Orange Mali, with market share of 95% and 5% respectively.

The penetration rate was a very low: 0.6% at March 30, 2011 (source: Dataxis).

## Performance

The following table summarizes Sotelma's key operating and financial data for fixed-line and internet operations:

In thousands – At June 30, 2011	06/30/10	12/31/10	06/30/11
Fixed-line customer base (active)	72	79	87
Internet customer base	14	20	28
In MAD millions -in IFRS	H1-2010	H1-2011	Change on comparable basis
Fixed-line revenues (gross)	172	166	(4.1%)
Fixed-line earnings from operations before depreciation and amortization	(69)	(81)	16.0%
Fixed-line earnings from operations	(160)	(160)	0%

The fixed-line customer base amounted to 87,000 lines, and the number of internet subscribers came to 28,000.

Maroc Telecom's fixed-line business activity in Mali generated gross revenues of MAD 166 million and an operating loss of MAD 160 million.

## **Regulations**

The Malian government has announced the opening of a process for granting a third mobile-telephony license. The process should be finished by the end of 2011.

## 4.2 HUMAN RESOURCES

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

	06/30/10	12/31/10	06/30/11
Morocco	11,035	11,033	11,079
Mauritania	428	427	422
Burkina Faso	1,243	1,207	1,177
Gabon	425	417	414
Mali	805	789	733
<b>Group</b>	<b>13,936</b>	<b>13,873</b>	<b>13,825</b>

## 4.3 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 July 08, 2011, the sites owned by Maroc Telecom broke down as follows:

- 66.4% of the sites are legally registered in Maroc Telecom's name;
- 24.6% 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% of sites were in the process of being formally registered.

## 4.4 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 3.3 of the 2010 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.

#### Consolidated financial data in Moroccan dirhams

*Income statement for the first –halves of 2011 and 2010:*

(In millions of MAD)	2010 restated <sup>5</sup>	2011
Consolidated revenues	15,447	15,323
Operating expenses	8,802	9,229
Earnings from operations	6,645	6,094
Earnings from continuing operations	6,642	6,073
Earnings for the period	4,598	4,136
Earnings attributable to equity holders of the parent	4,444	3,985
<b>Earnings per share (in MAD)</b>	5.1	4.5
<b>Diluted earnings per share (in MAD)</b>	5.1	4.5

<sup>5</sup> Data for the year 2010 were restated after a material misstatement was identified in the financial statements concerning distributor commissions paid to Onatel. This restatement lowered revenues by MAD 18.9 million, while earnings from operations before depreciation and amortization, operating income and net income were affected negatively, by MAD 22.3 million, compared with the data published for H1 2010

### *Balance sheet :*

<i>Assets (in millions of MAD)</i>	12/31/2010 restated <sup>6</sup>	06/30/2011
Noncurrent assets	34,866	34,666
Current assets	12,221	13,300
<b>TOTAL ASSETS</b>	<b>47,088</b>	<b>47,966</b>

<i>Shareholders' equity and liabilities (in millions of MAD)</i>	12/31/2010 restated <sup>6</sup>	06/30/2011
Share capital	5,275	5,275
Equity attributable to equity holders of the parent	18,996	13,684
Minority interests	4,396	4,260
<b>Total shareholders' equity</b>	<b>23,392</b>	<b>17,944</b>
Noncurrent liabilities	3,195	3,073
Current liabilities	20,500	26,949
<b>Total shareholders' equity and liabilities</b>	<b>47,088</b>	<b>47,966</b>

## **Consolidation scope**

### *Mauritel*

Maroc Telecom holds 51.5% of the voting rights of Mauritel S.A., 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 company Compagnie Mauritanienne de Communications (CMC), in which Maroc Telecom holds an 80% equity stake and consequently a 41.2% interest in Mauritel S.A. The Mauritel group has been fully consolidated by Maroc Telecom since July 1, 2004.

### *Onatel*

On December 29, 2006, Maroc Telecom acquired 51% of the capital of the Burkina Faso operator Onatel. Onatel has been fully consolidated by Maroc Telecom since January 1, 2007.

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<sup>6</sup> The impact of the restatement carried out in application of IAS 8, for the purposes of Changes in Accounting Estimates, and Errors, affected the data reported at June 30, 2010, under "trade accounts receivable and other receivables," for MAD -113 million; under "consolidated reserves," for MAD -92 million; under "consolidated earnings," for MAD -22 million; under "shareholders' equity (group share)," for MAD -54 million; and under "minority interests," for MAD -52 million.

### *Gabon Telecom*

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

### *Sotelma*

Maroc Telecom acquired a 51% stake in Sotelma, the incumbent telecoms operator in Mali, on July 31, 2009. Sotelma has been fully consolidated since August 1, 2009.

### *Casanet*

Casanet is a wholly owned subsidiary of Maroc Telecom. At September 30, 2000, Maroc Telecom acquired 80% of the share capital for MAD 4,000,000. In 2002, Maroc Telecom purchased the remaining 20%. Casanet is an IT services firm. Its business is focused on service to companies and portal management, including the Menara portal. Casanet has been consolidated in Maroc Telecom's financial statements since January 1, 2011.

### *Other nonconsolidated investments*

Maroc Telecom's other non consolidated investments include an investment in Matelca (currently in liquidation), and other minority stakes. These companies are not consolidated because their results do not have a material impact on Maroc Telecom's financial statements.

## 5.2 INCOME STATEMENT AND FINANCIAL POSITION

The following table sets out data regarding Maroc Telecom's consolidated income statement for the first-halves of 2011 and 2010.

<i>(In millions of MAD)</i>	2010 restated <sup>5</sup>	2011
<b>Revenues</b>	<b>15,447</b>	<b>15,323</b>
Cost of purchases	(2,479)	(2,839)
Payroll costs	(1,330)	(1,443)
Taxes and duties	(510)	(586)
Other operating income and expenses	(2,131)	(2,117)
Net depreciation, amortization and provisions	(2,353)	(2,244)
<b>Earnings from operations</b>	<b>6,645</b>	<b>6,094</b>
Other income and charges from ordinary activities	(3)	(21)
Depreciation of Goodwill	0	0
Income from equity affiliates	0	0
<b>Earnings from continuing operations</b>	<b>6,642</b>	<b>6,073</b>
Income from cash and cash equivalents	35	13
Borrowings costs	(119)	(128)
Net borrowing costs	(84)	(115)
Other financial income (expense)	(1)	(8)
<b>Net financial income (expense)</b>	<b>(85)</b>	<b>(123)</b>
Income tax expense	(1,959)	(1,814)
<b>Net earnings</b>	<b>4,598</b>	<b>4,136</b>
Earnings from discontinued operations	0	0
<b>Net earnings</b>	<b>4,598</b>	<b>4,136</b>
Exchange gain or loss from foreign activities	(149)	70
Other income and expenses	0	0
<b>Earnings for the period</b>	<b>4,449</b>	<b>4,206</b>
<b>Net earnings</b>	<b>4,598</b>	<b>4,136</b>
Attributable to equity holders of the parents	4,444	3,985
Minority interests	154	151
<b>Earnings</b>	<b>4,449</b>	<b>4,206</b>
Attributable to equity holders of the parents	4,350	4,028
Minority interests	99	178
<b>EARNINGS PER SHARE (In Moroccan Dirham)</b>	<b>2010 restated<sup>5</sup></b>	<b>2011</b>
Net earnings - group share	<b>4,444</b>	<b>3,985</b>
Numbers of shares at June 30	879,095,340	879,095,340
<b>Earnings per share</b>	<b>5.1</b>	<b>4.5</b>
<b>Diluted earnings per share</b>	<b>5.1</b>	<b>4.5</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.

## Comparison of the first-halves of 2011 and 2010

### *Revenues*

The following table shows the breakdown of revenues for the first-halves of 2011 and 2010.

(In millions of MAD)	2010 restated <sup>5</sup>	2011
<b>Gross revenues</b>	<b>16,796</b>	<b>16,324</b>
Maroc Telecom	13,831	13,226
Mauritel	620	615
Onatel	1 050	970
Gabon Telecom	558	529
Sotelma	710	975
Casanet	-	9
Mobisud Belgique	28	-
<b>Total consolidated gross revenues</b>	<b>16,796</b>	<b>16,324</b>
<b>Elimination of inter-segment transactions</b>	<b>(1,349)</b>	<b>(1,001)</b>
<b>Total net consolidated revenues</b>	<b>15,447</b>	<b>15,323</b>

In the first half of 2011, Maroc Telecom Group had consolidated revenues of MAD 15,323 million, a decline of 0.8%, compared with H1 2010 (-0.4% like for like). Despite increased competition in Morocco and among the Group's subsidiaries abroad, the decline in revenues was contained.

Activities in Morocco generated net revenues of MAD 12,545 million in the first half of the year, a decline of 1.7%.

Revenues obtained by the sub-Saharan subsidiaries rose 7.2% like for like, to MAD 2.885 million, particularly because of Sotelma's excellent performance (+38% on a comparable basis).

### *Operating expenses*

The following table shows operating expenses for the first-halves of 2011 and 2010.

(In millions of MAD)	2010 restated <sup>5</sup>	2011
Revenues	15,447	15,323
Cost of purchases	2,479	2,839
%	16%	19%
Payroll costs	1,330	1,443
%	9%	9%
Sundry taxes and duties	510	586
%	3%	4%
Other operating income and expenses	2,131	2,117
%	14%	14%
Net depreciation, amortization, and provisions	2,353	2,244
%	15%	15%
<b>Total operating expenses</b>	<b>8,802</b>	<b>9,229</b>

- *Cost of purchases*

In H1 2011, the Group's cost of purchases rose by 14.7%, compared with a year earlier, to MAD 2.839 million, mainly because of higher interconnection charges in Morocco (+41.4%), affected by the rise in outbound call traffic to other operators and despite the decline in call routing as of July 1, 2010.

- *Payroll costs*

Group payroll costs rose 8.5% year on year, mainly in Morocco, because of a base effect impacted by provision reversals that favorably impacted H1 2010.

- *Taxes and duties*

Taxes and duties rose 15% on an annual basis, to MAD 586 million. This rise was due to a lower level of exoneration for fees payable for universal service in Morocco's Pacte program.

- *Other operating income and expenses*

**Other operating income (expenses) in H1 2011 declined by 0.6% from a year earlier, to MAD 2.117 million.**

- *Net charge to depreciation, amortization, impairment, and provisions*

Net depreciation, amortization, and provisions declined by 4.6%, because of recognition in the first half of 2010 in Morocco of a provision reversed at the end of 2010 for late service implementation. Aside from this provision, depreciation and amortization increased at June 30, 2011, from a year earlier, because of new capital expenditures.

### ***Earnings from operations***

Group consolidated earnings from operations at June 30, 2011, amounted to MAD 6,094 million, a decline of 8.3%, compared with 2010 (-8.1% like for like). This performance was due to lower revenues and higher interconnection charges, payroll costs, and fees for universal service.

### *Net financial income (expense)*

Financial expenses in H1 2011 increased to MAD 123 million, from MAD 85 million a year earlier. This deterioration was due mainly to an unfavorable base effect relating to the disposal of Mobisud Belgique in June 2010 for MAD 22 million, and to an MAD 10 million negative impact on financial expenses in the first half of 2011, a consequence of registration duties for the finalization of Gabon Telecom's privatization.

### *Income tax expense*

Income-tax expense in H1 2011 fell by 7.4%, mainly because of the impact on the tax basis of slower business in Morocco and of the positive effect of the Telmob-Onatel merger in Burkina Faso.

### *Net earnings*

Net earnings fell from MAD 4.598 million at June 30, 2010, to MAD 4.136 million at June 30, 2011, a decline of 10%, mainly because of the earnings of Maroc Telecom, whose contribution to Group net income decreased to 11.3%.

### *Minority interests*

Minority interests, which reflect the claims of shareholders other than Maroc Telecom on equity in the earnings of consolidated entities, came to MAD 151 million at June 30, 2011, compared with MAD 154 million at June 30, 2010.

### *Net earnings (group share)*

Consolidated net earnings (group share) came to MAD 3.985 million at June 30, 2011, down by 10.3% from a year earlier.

### *Net earnings per share*

Net earnings per share amounted to MAD 4.5 for the first half year of 2011.

## **Cash and cash equivalents**

The group's main source of liquidity is cash generated from operating activities.

- *Statement of cash flow*

The following table summarizes Maroc Telecom's consolidated cash flows for the specified periods:

(In millions of MAD)	06/30/2010	06/30/2011
Net cash from operating activities	7,366	5,523
Net cash used in investing activities	(3,523)	(2,825)
Net cash used in financing activities	(3,948)	(2,766)
Foreign currency translation adjustments	21	(2)
Change in cash and cash equivalents	(84)	(69)
Cash and cash equivalents at beginning of period	874	788
Cash and cash equivalents at end of period	791	719

- *Net cash from operating activities*

At June 30, 2011, cash flow from operating activities amounted to MAD 5,523 million, compared with MAD 7,366 million at June 30, 2010. This decline was due largely to deteriorated working capital requirements and to a rise in taxes paid, provoked by an unfavorable change in the liquidation balance between 2010 and 2011.

- *Net cash used in investing activities*

Cash flow from investing activities decreased from MAD -3,523 million in H1 2010 to MAD -2,825 million at June 30, 2011. This change is explained mainly by the lag in carrying out certain investments in Morocco and in the subsidiaries, whose contracts are still under negotiation with suppliers.

- *Net cash used in financing activities*

At June 30, 2011, cash flow from financing activities amounted to MAD -2,766 million, compared with MAD -3,948 million in H1 2010. This change was due mainly to increased borrowings and overdrafts (MAD 6,648 million in 2011, compared with MAD 5,039 million in 2010), partly compensated by an increase in shareholders' equity transactions, following a dividend payment of MAD 9,414 million for H1 2011, compared with MAD 8,987 million paid out a year earlier.

Investments are detailed by segment as follows:

### *Property, plant, equipment, and intangible assets*

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

(In millions of MAD)	06/30/2010	06/30/2011
Fixed-line	930	1,039
Mobile	1,473	970
<b>Total</b>	<b>2,404</b>	<b>2,009</b>

The Group made investments in H1 2011 of MAD 2,009 million – down 16.4% from H1 2010. 39% of which were carried out in subsidiaries.

- *Investments in the mobile activity*

Investments in the mobile activity were down in H1 2011 from a year earlier, because the investment schedule falls mainly in H2 2011, particularly the finalization at the end of 2011 of the Pacte program in Morocco.

- *Investments in the fixed-line and internet activities*

Investments rose from a year earlier as a consequence of an ambitious program for expanding and securing domestic and international transmission networks, in addition to further investments relating to the upgrading of the fixed-line and internet networks.

### *Financial resources*

At June 30, 2011, Maroc Telecom's net debt amounted to MAD 11.315 billion, compared with MAD 8.904 billion at June 30, 2010.

At June 30, 2011, net debt included a significant bank overdraft of MAD 4.893 billion, a loan of MAD 1.950 billion, and a current-account advance of MAD 3.600 billion.

Subsidiaries' net debt rose from MAD 502 million at December 31, 2010, to MAD 968 million at June 30, 2011.

(In millions of MAD)	06/30/2010	06/30/2011
Outstanding debt and accrued interests (a)	9,909	12,201
Cash* (b)	791	719
Cash held for repayment of bank loans	214	167
<b>Net debt (b) +(c) -(a)</b>	<b>(8,904)</b>	<b>(11,315)</b>

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

## 5.3 CONSOLIDATED FINANCIAL STATEMENTS

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## Consolidated financial statements at June 30, 2011 and at December 31, 2010

Assets (in millions of MAD)	Note	12/31/2010 restated <sup>6</sup>	06/30/2011
Goodwill		6,865	6,919
Other intangible assets		4,064	3,792
Property, plant and equipment		23,378	23,474
Non-current financial assets		444	348
Deferred tax assets		116	134
<b>Non-current assets</b>		<b>34,866</b>	<b>34,666</b>
Inventories		779	767
Trade accounts receivable and other		10,454	11,629
Short-term financial assets		142	127
Cash and cash equivalents	4	788	719
Available for sale assets		58	58
<b>Current assets</b>		<b>12,221</b>	<b>13,300</b>
<b>TOTAL ASSETS</b>		<b>47,088</b>	<b>47,966</b>

SHAREHOLDERS' EQUITY AND (in millions of MAD)		12/31/2010 restated <sup>6</sup>	06/30/2011
Share capital		5,275	5,275
Retained earnings		4,188	4,424
Earnings for the fiscal year		9,533	3,985
<b>Equity attributable to equity holders of the parent</b>		<b>18,996</b>	<b>13,684</b>
Minority interests		4,396	4,260
<b>Total shareholders' equity</b>		<b>23,392</b>	<b>17,944</b>
Non-current provisions		668	749
Borrowings and other long-term financial liabilities	4	2,404	2,102
Deferred tax liabilities		123	222
<b>Non-current liabilities</b>		<b>3,195</b>	<b>3,073</b>
Trade accounts payable and other		17,160	16,583
Current income tax liabilities		233	102
Current provisions		157	165
Borrowings and other short-term financial liabilities	4	2,950	10,099
<b>Current liabilities</b>		<b>20,500</b>	<b>26,949</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>47,088</b>	<b>47,966</b>

## Statement of comprehensive income for the six-month period ended June 30 of 2011 and 2010

<i>(In millions of MAD)</i>	<i>Note</i>	2010 restated <sup>5</sup>	2011
<b>Consolidated revenues</b>		<b>15,447</b>	<b>15,323</b>
Cost of purchases		(2,479)	(2,839)
Payroll costs		(1,330)	(1,443)
Sundry taxes and duties		(510)	(586)
Other operating income and expenses		(2,131)	(2,117)
Net depreciation, amortization and provisions		(2,353)	(2,244)
<b>Earnings from operations</b>		<b>6,645</b>	<b>6,094</b>
Other operating income and expenses		(3)	(21)
Depreciation of Goodwill		0	0
Income from equity affiliates		0	0
<b>Earnings from continuing operations</b>		<b>6,642</b>	<b>6,073</b>
Income from cash and cash equivalents		35	13
Borrowing costs		(119)	(128)
Net borrowing costs		(84)	(115)
Other financial income (expense)		(1)	(8)
<b>Net financial income (expense)</b>		<b>(85)</b>	<b>(123)</b>
Income tax expense		(1,959)	(1,814)
<b>Net earnings</b>		<b>4,598</b>	<b>4,136</b>
Earnings from discontinued operations		0	0
<b>Net earnings</b>		<b>4,598</b>	<b>4,136</b>
Exchange gain or loss from foreign activities		(149)	70
<b>Earnings for the period</b>		<b>4,449</b>	<b>4,206</b>
<b>Net earnings</b>		<b>4,598</b>	<b>4,136</b>
Attributable to the equity holders of the parent		4,444	3,985
Minority interests		154	151
<b>Earnings for the period</b>		<b>4,449</b>	<b>4,206</b>
Attributable to the equity holders of the parent		4,350	4,028
Minority interests		99	178
<b>Earnings per share (in Moroccan Dirhams)</b>			
		2010 restated <sup>5</sup>	2011
Earnings Attributable to the equity holders of the parent		<b>4,444</b>	<b>3,985</b>
Number of shares outstanding as of June 30		879,095,340	879,095,340
<b>Earnings per share</b>		<b>5.1</b>	<b>4.5</b>
<b>Diluted earnings per share</b>		<b>5.1</b>	<b>4.5</b>

## Consolidated statements of cash flows for the first-halves of 2011 and 2010

<i>(In millions of MAD)</i>	<i>Note</i>	2010 restated <sup>5</sup>	2011
Earnings from operations		6,645	6,094
Depreciations and other restatements		2,349	2,225
<b>Earnings before interest and taxes</b>		<b>8,995</b>	<b>8,318</b>
Other elements of the net change in working capital		202	(671)
<b>Net cash from operating activities before taxes</b>		<b>9,197</b>	<b>7,647</b>
Tax paid		(1,830)	(2,124)
<b>Net cash from operating activities (a)</b>		<b>7,366</b>	<b>5,523</b>
Purchase of PP&E and intangible assets		(3,797)	(2,923)
Increase in financial assets		-	-
Disposals of PP&E and intangible assets		105	98
Decrease in financial assets		169	-
Dividends received from non-consolidated investments		1	1
<b>Net cash used in investing activities (b)</b>		<b>(3,523)</b>	<b>(2,825)</b>
Share capital increase		-	1
Dividend paid to shareholders		(8,796)	(9,301)
Dividends paid by the consolidated subsidiaries to the minority shareholders	3	(191)	(114)
<b>Equity and quasi-equity operations</b>		<b>(8,987)</b>	<b>(9, 414)</b>
Setting up of borrowings and increase in other long-term financial liabilities		-	144
Principal payment on borrowings and decrease in other long-term financial liabilities		-	-
Setting up of borrowings and increase in other short-term financial liabilities		2,200	7,187
Principal payment on borrowings and decrease in other short-term financial liabilities		(520)	(561)
Change in current accounts		3,460	-
Net Interest paid, net (cash)		(84)	(114)
Other cash items related to financial activities		(17)	(8)
Transactions on borrowings and other financial liabilities		5,039	6,648
<b>Net cash used in financing activities (d)</b>		<b>(3,948)</b>	<b>(2,766)</b>
Foreign currency translation adjustments (g)		21	(2)
Net Cash Position (a+b+d+g)		(84)	(69)
<b>Cash and cash equivalents at beginning of period</b>		<b>874</b>	<b>788</b>
<b>Cash and cash equivalents at end of period</b>		<b>790</b>	<b>719</b>

## Statement of changes in consolidated equity at June 30, 2011 and at December 31, 2010

(In millions of MAD)	Share Capital	Other adjustments	Cumulative translation differences	Earnings and retained earnings	Group share	Minority interests	Total
<b>Balance at January 1, 2010 released</b>	5,276	(152)	(41)	13,288	18,564	4,370	22,934
Dividends				(9,064)	(9,064)	(242)	(9,306)
Earnings (*)				4,444	4,444	154	4,598
Forex impact on foreign operations			(94)	(94)	(94)	(56)	(150)
Other adjustments (*)					0		0
<b>Total earnings for the period</b>	0	0	(94)	4,350	4,350	98	4,448
Treasury stock		85		85	85		85
Other adjustments		(54)			(54)	(52)	(106)
Changes in scope of consolidation					0		0
<b>Balance at June 30, 2010 restated</b>	5,276	(120)	(135)	8,659	13,880	4,174	18,053
Dividends						(27)	(27)
Earnings				5,089	5,089	255	5,344
Forex impact on foreign operations			17	17	17	(5)	12
<b>Total earnings for the period</b>	0	0	17	5,106	5,106	250	5,355
Treasury stock		10		10	10		10
Other adjustments							
Changes in scope of consolidation							
<b>Balance at December 31, 2010 released</b>	5,276	(111)	(118)	13,775	18,996	4,396	23,392
Dividends				(9,301)	(9,301)	(320)	(9,621)
Earnings				3,985	3,985	151	4,136
Forex impact on foreign operations			43	43	43	27	70
<b>Total earnings for the period</b>	0	0	43	4,028	4,028	178	4,206
Treasury stock		(17)			(17)		(17)
Other adjustments				(20)	(20)		(20)
Changes in scope of consolidation		(1)			(1)	6	5
<b>Balance at June 30, 2011</b>	5,276	(129)	(76)	8,481	13,684	4,260	17,944

\* Adjusted in accordance with IAS 8, see note 1.

On June 30, 2011, 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%.

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## Note 1. Accounting principles and valuation methods

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### 1 Significant events

Consolidation of the Casanet subsidiary was effective January 1, 2011. The impact of the consolidation of this subsidiary remains insignificant in terms of intragroup transactions (for the most part with Maroc Telecom).

### Adjustments according to IAS 8:

During the preparation and review of its half-year 2011 financial statements, Maroc Telecom identified a material misstatement made by its Burkina Faso subsidiary, Onatel, in the recognition of sales of Telmob cards to the network of Onatel agencies.

This material misstatement led during prior fiscal years to a double recognition of part of the distributor commissions related to those sales, thereby increasing, through this error, revenues and trade receivables for the periods concerned.

The impact on the prior fiscal years of correcting this material accounting misstatement is as follows:

### Restatements of the net position at June 30, 2010

	Group share	Minority interests	Total
<b>Net position at June 30, 2010</b>	<b>13,946</b>	<b>4,236</b>	<b>18,181</b>
Net earnings (1)	(11)	(11)	(22)
Shareholders' equity (2)	(54)	(52)	(106)
<b>Adjusted net position at June 30, 2010</b>	<b>13,880</b>	<b>4,173</b>	<b>18,053</b>

### Retraitement de la situation nette au 31 décembre 2010

	Group share	Minority interests	Total
<b>Net position at December 31, 2010</b>	<b>19,054</b>	<b>4,452</b>	<b>23,506</b>
Net earnings (1)	(4)	(3)	(7)
Shareholders' equity (2)	(54)	(52)	(106)
<b>Adjusted net position at December 31, 2010</b>	<b>18,996</b>	<b>4,396</b>	<b>23,392</b>

(1)

(In millions of MAD)	H1- 2010	H2- 2010
Revenues	(18.9)	(18.9)
Earnings from operations	(22.3)	14.8
Net earnings	(22.3)	14.8

(2)

(In millions of MAD)	2008 & previous accounting periods	2009	Total
Revenues		(30.5)	(30.5)
Earnings from operations	(69.8)	(36.0)	(105.8)
Net earnings	(69.8)	(36.0)	(105.8)

**Restated consolidated balance sheet at December 31, 2010:**

<b>ASSETS</b> (in millions of MAD)	<b>12/31/2010</b>	<b>IAS 8 Adjustment</b>	<b>12/31/2010 Adjusted</b>
Goodwill	6,865		6,865
Other intangible assets	4,064		4,064
Property, plant and equipment	23,378		23,378
Non-current financial assets	444		444
Deferred tax assets	116		116
<b>Non-current assets</b>	<b>34,866</b>	<b>0</b>	<b>34,866</b>
Inventories	779		779
Trade accounts receivable and other	10,568	(113)	10,454
Short-term financial assets	142		142
Cash and cash equivalents	788		788
Available for sale assets	58		58
<b>Current assets</b>	<b>12,335</b>	<b>(113)</b>	<b>12,221</b>
<b>TOTAL ASSETS</b>	<b>47,201</b>	<b>(113)</b>	<b>47,088</b>

<b>SHAREHOLDERS' EQUITY</b> (in millions of MAD)	<b>12/31/2010</b>	<b>IAS 8 Adjustments</b>	<b>12/31/2010 Adjusted</b>
Share capital	5,275		5,275
Retained earnings	4,243	(54)	4,188
Earnings for the fiscal year	9,536	(4)	9,533
<b>Equity attributable to equity holders of the parent</b>	<b>19,054</b>	<b>(58)</b>	<b>18,996</b>
Minority interests	4,451	(55)	4,396
<b>Total shareholders' equity</b>	<b>23,505</b>	<b>(113)</b>	<b>23,392</b>
Non-current provisions	668		668
Borrowings and other long-term financial liabilities	2,404		2,404
Deferred tax liabilities	123		123
<b>Non-current liabilities</b>	<b>3,195</b>	<b>0</b>	<b>3,195</b>
Trade accounts payable and other	17,160		17,160
Current income tax liabilities	233		233
Current provisions	157		157
Borrowings and other short-term financial liabilities	2,950		2,950
<b>Current liabilities</b>	<b>20,500</b>		<b>20,500</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>47,201</b>	<b>(113)</b>	<b>47,088</b>

**Restated consolidated income statement at December 31, 2010 :**

<i>(In millions of MAD)</i>	2010	IAS 8 adjustments	2010 Adjusted
<b>Consolidated revenues</b>	15,466	(19)	15,447
Cost of purchases	(2,476)	(3)	(2,479)
Payroll costs	(1,330)		(1,330)
Sundry taxes and duties	(510)		(510)
Other operating income and expenses	(2,131)		(2,131)
Net depreciation, amortization and provisions	(2,353)		(2,353)
<b>Earnings from operations</b>	<b>6,667</b>	<b>(22)</b>	<b>6,645</b>
Other operating income and expenses	(3)		(3)
Depreciation of Goodwill	0		0
Income from equity affiliates	0		0
<b>Earnings from continuing operations</b>	<b>6,664</b>	<b>(22)</b>	<b>6,642</b>
Income from cash and cash equivalents	35		35
Borrowing costs	(119)		(119)
Net borrowing costs	(84)		(84)
Other financial income (expense)	(1)		(1)
<b>Net financial income (expense)</b>	<b>-85</b>		<b>-85</b>
Income tax expense	(1,959)		(1,959)
<b>Net earnings</b>	<b>4,620</b>	<b>(22)</b>	<b>4,598</b>
Earnings from discontinued operations	0		0
<b>Net earnings</b>	<b>4,620</b>	<b>(22)</b>	<b>4,598</b>
Exchange gain or loss from foreign activities	(149)		(149)
Other income and expense	0		0
<b>Earnings for the period</b>	<b>4,471</b>	<b>(22)</b>	<b>4,449</b>
<b>Net earnings</b>	<b>4,620</b>	<b>(22)</b>	<b>4,598</b>
Attributable to the equity holders of the parent	4,455	(11)	4,444
Minority interests	165	(11)	154
<b>Earnings for the period</b>	<b>4,471</b>	<b>(22)</b>	<b>4,449</b>
Attributable to the equity holders of the parent	4,361	(11)	4,350
Minority interests	110	(11)	99

## **2 Accounting principles and evaluation methods**

Maroc Telecom group prepared its annual consolidated financial statements for the year 2010 in compliance with IFRS (International Financial Reporting Standards), as adopted by the European Union as of the present date.

The accounting principles applied for the preparation of the half-year consolidated financial statements for the fiscal half-year ended June 30, 2011, are the same as those applied for the fiscal year ended December 31, 2010.

The half-year consolidated financial statements at June 30, 2011, were prepared in compliance with IAS 34 "Interim Financial Reporting," which provides for the use of explanatory notes. These consolidated financial statements should be read with the consolidated financial statements for the fiscal year 2010.

The half-year consolidated financial statements at June 30, 2011, and the notes to those statements were approved by the Management Board of Maroc Telecom on July 22, 2011.

## Note 2. Scope of consolidation at June 30, 2011 and at December 31, 2010

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> <b>June 30, 2011</b> December 31, 2010 Avenue Roi Fayçal Nouakchott - Mauritania	SA	80%	80%	FC
<b>Mauritel SA</b> <b>June 30, 2011</b> December 31, 2010 Avenue Roi Fayçal 7000 Nouakchott - Mauritania	SA	41%	52%	FC
<b>Onatel</b> <b>June 30, 2011</b> December 31, 2010 705, Av. de la nation 01 BP 10000 Ouagadougou-Burkina Faso	SA	51%	51%	FC
<b>Telmob</b> <b>June 30, 2011</b> December 31, 2010 705, Av. de la nation 01 BP 10000 Ouagadougou-Burkina Faso	SA	51%	51%	FC
<b>Gabon Télécom</b> <b>June 30, 2011</b> December 31, 2010 B.P.40 000 LIBREVILLE – Gabon	SA	51%	51%	FC
<b>Libertis</b> <b>June 30, 2011</b> December 31, 2010 BP8900 immeuble 9 étages Libreville- Gabon	SA	51%	51%	FC
<b>Sotelma</b> <b>June 30, 2011</b> December 31, 2010 Route de Koulikoro, quartier Hippodrome, BP 740- Bamako-Mali	SA	51%	51%	FC
<b>Casanet</b> <b>June 30, 2011</b> December 31, 2010 Technopark 8ème étage- Route d'Enouacer - Casablanca- Morocco		100%	100%	FC
		100%	100%	-

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**Note 3. Dividends paid at June 30, 2011 and at December 31, 2010**

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(In millions of MAD)	12/31/2010	06/30/2011
<b>Dividends received from equity affiliates</b>		
Médi 1 Sat		
<b>Dividends paid by consolidated companies to their minority shareholders (a)</b>		
Mauritel	269	134
Onatel		86
Gabon Telecom		
Sotelma		96
Casanet		4
	<b>269</b>	<b>320</b>
<b>Dividends paid by Maroc Telecom to shareholders (b)</b>		
Kingdom of Morocco	2,719	2,790
Vivendi	4,804	4,929
Other	1,541	1 581
	<b>9,065</b>	<b>9,301</b>
<b>Total dividends paid (a)+ (b)</b>	<b>9,333</b>	<b>9,621</b>

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**Note 4. Borrowings and other financial liabilities at June 30, 2011 and at December 31, 2010**

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**4.1. Net cash position**

<i>(In millions of MAD)</i>	12/31/2010	30/06/2011
Borrowings due less than one year	2,387	4,829
Borrowings due more than one year	2,404	2,102
Facilities and overdrafts	564	5,270
<b>Borrowings and financial liabilities</b>	<b>5,354</b>	<b>12,201</b>
Cash	788	719
Blocked cash	247	167
<b>Net cash position</b>	<b>(4,319)</b>	<b>(11,315)</b>

**4.2. 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, 2011**

<i>(In millions of MAD)</i>	Due less than 1 year	1 to 5 years	Due more than 5 years	Total
Borrowings	4,829	2,072	30	6,931
Facilities and overdrafts	5,270			5,270
<b>Borrowings and financial liabilities</b>	<b>10,099</b>	<b>2,072</b>	<b>30</b>	<b>12,201</b>
Cash	719			719
Blocked cash	167			167
<b>Net cash position</b>	<b>(9,213)</b>	<b>(2,072)</b>	<b>(30)</b>	<b>(11,315)</b>

## Fiscal year ended December 31, 2010

<i>(In millions of MAD)</i>	Due less than 1 year	1 to 5 years	Due more than 5 years	Total
Borrowings	2,387	2,324	80	4,791
Facilities and overdrafts	564			564
Borrowings and financial liabilities	2,950	2,324	80	5,354
Cash	788			788
Blocked cash	225	22		247
<b>Net cash position</b>	<b>(1,937)</b>	<b>(2,302)</b>	<b>(80)</b>	<b>(4,319)</b>

### 4.3. Table of analysis

<i>(In millions of MAD)</i>	12/31/2010	06/30/2011
Maroc Telecom	3,907	10,484
Mauritel	-	25
Onatel	715	652
Gabon Télécom	143	296
Sotelma	589	744
<b>Borrowings and other financial liabilities</b>	<b>5,354</b>	<b>12,201</b>

## Note 5. Restructuring expenses at June 30, 2011 and at December 31, 2010

<i>(In millions of MAD)</i>	Maroc Telecom	Mauritel	Onatel	Gabon Télécom	Sotelma	Casanet	Maroc Telecom group
<b>Balance at January 1, 2010</b>							
<b>Restructuring</b>							
Change in scope of consolidation and adjustments of allocation of acquisition price							
Addition							
Utilization							
Release							
<b>Balance at December 31, 2010</b>	-	-	-	-	-	-	-
<b>Restructuring</b>							
Change in scope of consolidation and adjustments of allocation of acquisition price							
Addition							
Utilization							
Release							
<b>Balance at June 30, 2011</b>	-	-	-	-	-	-	-

## Note 6. Income tax payable for the first-halves of 2011 and 2010

(In millions of MAD)	06/30/2010	06/30/2011
Income tax	2,036	1,731
Deferred taxes	(77)	83
<b>Current tax</b>	<b>1,959</b>	<b>1,814</b>
<b>Consolidated effective tax rate *</b>	<b>30%</b>	<b>30%</b>

\* Income tax/earnings before taxes

As indicated in note 25, "Tax expenses," of the consolidated financial statements at December 31, 2010, Maroc Telecom is undergoing a tax audit for the fiscal years 2005 to 2008.

Maroc Telecom considers that tax adjustments will not have a negative impact on its earnings, assets, or cash position. The situation concerning these audits was not modified in any way during the first half of 2011.

## Note 7. Segment data for the first-halves 2011 and 2010

### Breakdown of earnings by geographical area

#### 2011

(In millions of MAD)	Morocco	Mauritania	Burkina Faso	Gabon	Mali	Eliminations	Total
Revenues	12,576	601	846	472	976	(147)	15,323
Earnings from operations	5,576	170	87	11	250		6,094
Net depreciation and impairment	1,640	96	214	129	173		2,252
Voluntary redundancy							0

#### 2010 restated

(In millions of MAD)	Morocco	Mauritania	Burkina Faso	Gabon	Mali	Belgium	Eliminations	Total
Revenues	12,763	595	915	512	703	28	(69)	15,447
Earnings from operations	6,104	195	259	34	54	(2)		6,645
Net depreciation and impairment	1,695	103	160	128	202			2,289
Voluntary redundancy								0

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## Note 8. Contractual obligations and contingent assets and liabilities

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### 8.1. Contractual obligations and commercial commitments recorded in the balance sheet

(In millions of MAD)	Total	Due less than 1 year	Due 1 to 5 years	More than 5 years
Long-term debts	6,931	4,829	2,072	30
Capital lease obligations	-			
Operating leases*	-			
Irrevocable purchase obligations	-			
Other long-term commitments	-			
<b>Total</b>	<b>6,931</b>	<b>4,829</b>	<b>2,072</b>	<b>30</b>

\* long-term vehicle leases (excluding tax)

### 8.2. Other commitments given and received relating to ordinary operations

#### Commitments given

Commitments given break down as follows:

- MAD4,192 million of investment commitments comprising
  - MAD3,404 million of commitments made by Maroc Telecom as part of the third agreement signed on May 2009 with the Moroccan Government ;
  - \_ MAD 788 million of commitments made by other group subsidiaries with respect to suppliers of fixed assets;
    - Mauritel's MAD81 million commitment relating to the acquisition of its 3G license;
    - MAD141 million of guarantees given to banks;
    - MAD3 million of commitments relating to the quasi-equity of Casanet and MT Fly SA;
    - MAD14 million of operating lease commitments;
    - MAD196 million of long-term satellite lease commitments;
    - MAD21million of commitments relating to the disposal of Maroc Telecom Belgique.
    - MAD22 million of other commitments.

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 Medi-1 Sat sold to FIPAR Holding plus the cost of the disposal (6.03% per year).

#### Commitments received

Guarantees received total MAD 2,174 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 Medi-1 Sat 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 MAD109 million to the universal service fund in 2011 (MAD320 million in 2010).

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

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None

## 6 RECENT DEVELOPMENT AND GUIDANCE

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### 6.1 RECENT DEVELOPMENT

None

### 6.2 GUIDANCE

This section contains information regarding the Company's objectives for the 2011 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 3.4 "Risk factors" of the 2010 Registration Document may affect the Company's operations and its ability to achieve its targets (see also section 5.2 "Market Outlook" in the 2010 Registration Document).

On the basis of recent changes in the market, and as long as no major event disrupts Group business, Maroc Telecom expects a slight decline in revenues in 2011 as a result of the significantly lower prices in Morocco. The Group expects a FY 2011 operating margin comparable to that of H1 2011.