

Announces First Half 2010 Consolidated Results

Cairo, 12 August 2010: Telecom Egypt (TE) (Ticker: ETEL.CA; TEEG.LN), today announced its consolidated financial results for the First Half ending 30 June 2010. Financial statements have been prepared in accordance with Egyptian Accounting Standards.

Highlights for the First Half 2010 period include:

- Total Consolidated Revenues were flat year-on-year reaching EGP 5,209 million.
- EBITDA Before Provisions reached EGP 2,763 million, delivering a margin of 53.1%.
- Net Profit After Tax reached EGP 1,963 million, 12.2% higher year-on-year, reflecting a net profit margin of 37.7%.
- Correspondingly, Earnings Per Share (EPS) for the period reached EGP 1.15 up 12 piasters on H1 2009.
- Capex related cash-flows were in line with management expectations, at EGP 519 million.
- As at 30 June 2010, number of fixed line subscribers reached 9.4 million reflecting net additions of over 110,000 customers in the second quarter of 2010.
- Number of ADSL subscribers reached 741,046; a 47.6% increase, and 61.4% market share.
- Positive contribution of share of profits from Vodafone Egypt of EGP 730 million.

Chief Executive Officer's statement

Commenting on the first half results of 2010, Tarek Tantawy, Chief Executive Officer and Managing Director of Telecom Egypt, said:

"For the half year 2010, in the context of continued intense competition, recording EGP 5,209 million in total revenues is quite an achievement. We continue to respond to changes in the competitive landscape with innovative retail and enterprise offers, which rely on our core principles of service quality, value and dependability. As a result of TE's promotional activities, when viewed sequentially, total retail revenues for Q2 2010 showed an improvement of 9% on Q1 2010.

"We continue to capture growth in mobile and data markets; heightened activity from third party operators has resulted in strong wholesale revenue growth, growing 8% on the previous quarter.

"This strong performance in Q2 2010 on the retail and wholesale side of our service offering has resulted in revenue growth of 8% in Q2 2010 versus Q1 2010.

"The broadband market is increasingly competitive, but we are working closely with TE Data, our fully owned internet and data arm, to ensure that we build on our market leading position. TE Data has made significant progress during the first half – increasing its customer base by 49% in comparison with the same period in 2009.

"Net profit margins continue to expand over the period, as a result of cost control initiatives combined with our long-standing investment in Vodafone Egypt (VFE). Consolidated Net Profit grew 12% from H1 2009 to H1 2010. The mobile segment continues to represent a significant opportunity. In a highly dynamic market, our VFE investment contributed attributable income for the period of EGP 730 million.

"While we have increased capital expenditure year-on-year to comprise 10% of total revenues so as to enable further investment in TE's infrastructure, we maintained a positive net cash position after paying an interim dividend per share of EGP 0.55 in Q2 2010. This enables us to continually monitor any new growth opportunities."

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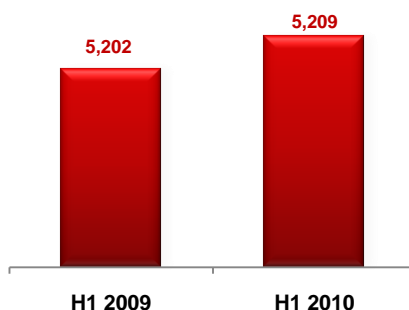
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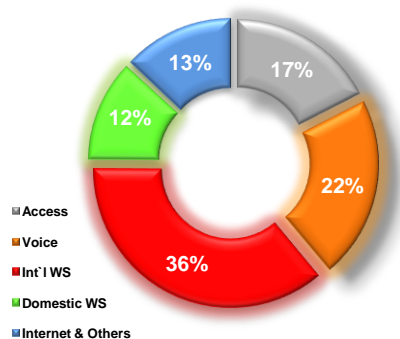
Website: <http://ir.telecomegypt.com.eg>

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Revenues
(EGP Millions)



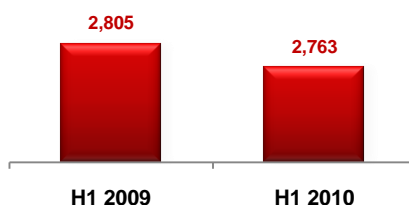
Revenue Analysis
(Percentage %)



Revenue Breakdown
(Percentage %)



EBITDA Before Provisions
(EGP Millions)



Financial Review

Revenues

Total consolidated operating revenues for the first six months to 30 June 2010 reached EGP 5,209 million, essentially flat year-on-year. This represented an improvement of more than EGP 203 million, an 8% increase for the second three months of the year, when compared with the first quarter 2010.

Retail services

Total retail revenues for the first half of 2010 were EGP 2,703 million, a decline of 10% when compared with the same period in 2009. However, when compared to Q1 2010, retail revenues have actually increased nearly 9% as customers have responded positively to TE's promotional activities to counter continued aggressive marketing from mobile operators. This has included promotions as offering residential customers free minutes and exemptions on installation fees.

Consequently, total access revenues, comprising connections and subscriptions, were EGP 908 million for the first half of 2010 compared to EGP 1,073 million in 2009.

Year-on-year, total voice revenues declined 21% to EGP 1,118 million for the first six months of 2010 as the effects of mobile substitution were felt. However, as a result of TE's promotional activities, when viewed sequentially, Q2 2010 showed an improvement of 8% on Q1 2010.

In the first six months of 2010, revenues from internet and data, showed an increase of 24% year-on-year, to reach EGP 393 million, the majority of which can be attributed to TE Data, Telecom Egypt's fully owned internet and data subsidiary. TE Data has opened new branches and is running various promotions which will continue into Q3 2010.

TE Data added a further 115,797 ADSL subscribers (net) taking its total subscriber base to 741,046 as at 30 June 2010 – increase of 49% on total ADSL subscribers added during same period in 2009. TE Data has 61% share of the retail ADSL market.

Wholesale services

Wholesale revenues constitute a central component of Telecom Egypt's revenue mix, accounting for 48% of the Total Service Related Revenues in the first half of 2010. Total Wholesale Revenues reached EGP 2,506 million during the first half of 2010, representing a 15% rise year-on-year.

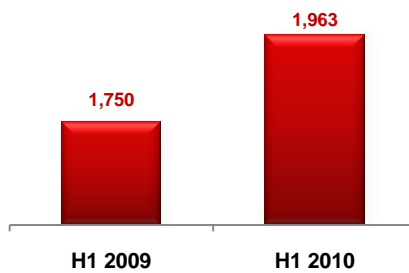
During the period under review, 17% and 14% increases were recorded in both domestic and international wholesale businesses, respectively. In spite of new entrants to the international gateway market, international wholesale revenues went from EGP 1,654 million to EGP 1,887 million year-on-year. During the course of the first half of 2010, TE has recognized nearly EGP 312 million from cable systems.

EBITDA/EBIT

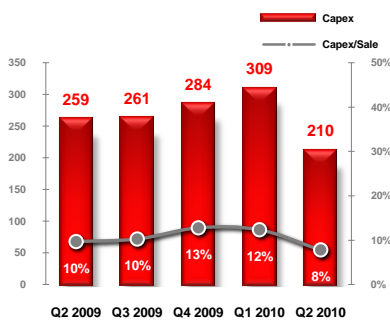
Consolidated EBITDA Before Provisions for the first half reached EGP 2,763 million, a slight decline of 1.5% compared to the same period in 2009. This results in an EBITDA Before Provisions Margin of 53%, exceeding management's expectations.

EBIT Before FX Gains and Losses for the year reached EGP 2,174 million, an increase of nearly 7% on EGP 2,035 million in the first half of 2009.

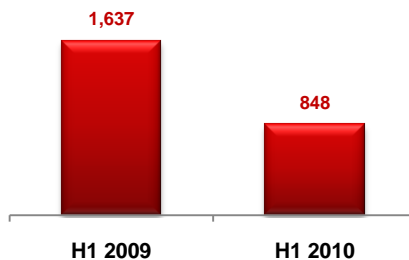
Net Profit (EGP Millions)



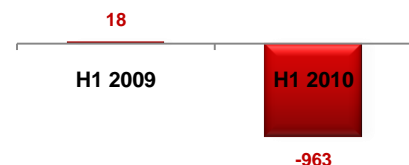
CAPEX (EGP Millions)



Total Debt Position (EGP Millions)



Net Debt Position (EGP Millions)



Income from Investments

Total income from Telecom Egypt's investments for the period was EGP 735 million, including income from Vodafone Egypt (VFE).

Despite the competitive mobile market in Egypt and aggressive promotions run by the mobile operators, VFE has gained market share, growing its customer base by a quarter in just 12 months, to reach nearly 26 million subscribers as at 30 June 2010. Total voice minutes also increased by 57% year-on-year, reaching 13.5 billion minutes. However, net additions have been impacted by the new rules regarding deactivation of unregistered subscribers.

VFE generated revenues of EGP 2,952 million in the first quarter ending June 30 2010, nearly 3% above the 2,878 million in the previous quarter. Net profit for Q1 2010 reached EGP 766 million, compared to EGP 706 million in Q1 2009, an increase of 8.5%.

(Note: Vodafone Egypt's financial year is from 1 April to 31 March).

Net profit

TE's Consolidated Net Profit for the half year was EGP 1,963 million, a year-on-year increase of 12%. This translates into an EPS of EGP 1.15.

Investments in infrastructure

Capital expenditure during the first half of 2010 showed an increase of nearly 19% in comparison to the first half of 2009 as a result of the final stages of the build of expanding our infrastructure to meet mobile and ISPs needs. For the quarter ending 30 June 2010, total Capex reached EGP 210 million.

Debt

TE has a robust cash position and solid balance sheet. As a result of TE's highly successful debt reduction program, by 30 June 2010 it recorded a net cash position of EGP 963 million.

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TE Financial Highlights

In EGP millions (Except Per Share Data)

Telecom Egypt

Consolidated Income Statement

For the period ended June 30, 2010

	Half Year Period Ending June			Previous Quarter Comparison		
	June 2010	June 2009	% Change	Q2 2010	Q2 2009	% Change
Sales Revenue	5,209	5,202	0.1%	2,706	2,676	1.1%
EBITDA Before Provisions	2,763	2,805	-1.5%	1,399	1,454	-3.8%
<i>Margin</i>	53.1%	53.9%		51.7%	54.4%	
EBITDA After Provisions	2,597	2,703	-3.9%	1,157	1,385	-16.4%
<i>Margin</i>	49.9%	52.0%		42.8%	51.8%	
EBIT Before FX Gains or Losses	2,174	2,035	6.8%	1,075	989	8.8%
<i>Margin</i>	41.7%	39.1%		39.7%	36.9%	
EBIT	2,233	2,059	8.4%	1,123	961	16.8%
<i>EBIT Margin</i>	42.9%	39.6%		41.5%	35.9%	
Profit Before Taxes & Minority Interest	2,288	2,037	12.3%	1,145	924	24.0%
Consolidated Net Profit	1,963	1,750	12.2%	971	789	23.0%
<i>Net Profit Margin</i>	37.7%	33.6%		35.9%	29.5%	
EPS (EGP)	1.15	1.03	12.2%	0.57	0.46	23.0%

TE Operational Highlights

	Half Year Period Ending June			Previous Quarter Comparison		
	June 2010	June 2009	% Change	Q2 2010	Q2 2009	% Change
ARPU (EGP/Month)	53.6	56.8	-5.6%	55.9	59.6	-6.2%
CAPEX (EGP 000's)	518,713	436,648	18.8%	210,115	259,042	-18.9%
TE Data						
- Number of ADSL Subscribers	741,046	502,157	47.6%	741,046	502,157	47.6%
- ADSL Subscribers Net Additions	115,797	77,744	48.9%	64,574	25,613	152.1%
- Retail ADSL Market Share	61.4%	59.8%	2.6%	61.4%	59.8%	2.6%

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Vodafone Egypt Financial Highlights

In EGP millions

	First Quarter Period Ending June			Previous Quarter Comparison		
	June 2010	June 2009	% Change	Q1 10/11	Q4 09/10	% Change
Total Revenue	2,952	2,965	-0.5%	2,952	2,878	2.6%
Net Profit	766	706	8.5%	766	584	31.2%
CAPEX	352	364	-3.4%	352	727	-51.6%

Vodafone Egypt Operational Highlights

	First Quarter Period Ending June			Previous Quarter Comparison		
	June 2010	June 2009	% Change	Q1 10/11	Q4 09/10	% Change
Closing Customers (000's)	25,791	20,370	26.6%	25,791	24,605	4.8%
Net Adds (000's)	1,186	1,429	-17.0%	1,186	1,280	-7.3%
Total Voice Minutes (millions)	13,534	8,639	56.7%	13,534	11,451	18.2%

- Ends -

Disclaimer:

Within this statement, we may make forward-looking statements regarding future events or the future performance of the Company. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. You should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. When relying on forward-looking statements, you should carefully consider the political, economic, social and legal environment in which Telecom Egypt operates. Such forward-looking statements speak only as of the time of this release today. Accordingly, Telecom Egypt does not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise other than as required by applicable laws, the Listing Rules or Prospectus Rules of the United Kingdom Listing Authority, the Egyptian Financial Supervisory Authority or The Egyptian Exchange. The documents filed from time to time with these authorities may identify important factors that could cause actual results to differ materially from those contained in any forward-looking statements.

About Telecom Egypt

Telecom Egypt (TE), Egypt's incumbent telecommunications operator, started its operations in 1854 with the first telegraph line in Egypt. Then it was corporatized in 1998 to replace the former Arab Republic of Egypt National Telecommunication Organization (ARENTO). The Company is the largest provider of fixed-line services in the Middle East and Africa with 9.4 million subscribers as at 30th June 2010.

TE provides retail telecommunication services including access, local, long distance and international voice, Internet and data, and other services. The company also provides wholesale services including bandwidth capacity leasing to ISPs, and national and international interconnection services. Telecom Egypt's services also include the provision of narrowband and broadband internet access through its subsidiary TE Data. TE Data has active operations in Egypt and Jordan.

TE currently participates in the mobile segment in Egypt by providing mobile interconnectivity through its current, increased 44.95% holding in Vodafone Egypt, one of the three existing Egyptian mobile operators. TE's shares and GDRs (Ticker: ETEL.CA; TEEG.LN) are traded on The Egyptian Exchange and the London Stock Exchange.