

Announces Second Quarter 2011 Consolidated Results

Cairo, 15 August 2011: Telecom Egypt (TE) (Ticker: ETEL.CA; TEEG.LN), today announced its reviewed consolidated financial results for the second quarter ending 30 June 2011. Financial statements have been prepared in accordance with Egyptian Accounting Standards.

Highlights for the Second Quarter 2011 period include:

- Total Consolidated Revenues were EGP 2,606 million a rise of 8.5% on Q1 2011
- EBITDA was EGP 1,252 million, delivering a margin of 48%.
- Positive contribution of share of profits from Vodafone Egypt of EGP 233 million.
- Net Profit After Tax was EGP 826 million, in spite of Government increase to corporate tax rate.
- Net profit margin of 31.7% delivered in second quarter 2011.
- Earnings Per Share (EPS) for the period were EGP 0.48.
- As at 30 June 2011, total fixed line subscribers stood at 9.0 million.
- Retail ADSL subscribers exceeded 1 million for the first time.
- Capex related cash-flows for the quarter of EGP 205 million.
- Net cash position of EGP 3,177 million, as at 30 June 2011.

Chairman's Statements

Commenting on the second quarter results of 2011, Akil Beshir, Chairman of Telecom Egypt (TE), said:

"While the immediate effects of the Egyptian revolution started to subside during the quarter, the prevailing operating environment has yet to normalize in Egypt. Government curfews were fully lifted in mid June, but tourism levels and business activities remain low and we continue to experience higher levels of copper cable theft than would be the case under normal conditions.

"While management has worked hard during the period to stabilize our operations and manage this highly fluid situation with sensitivity, there are still many things to work through. For example, the free reconnections we made in interests of public safety and security during the height of the disruptions in Egypt have yet to fully work through to our subscriber base. Some have already returned as active customers. I expect that, as a result, there will be some further movement in the overall total number of subscribers we report today over coming quarters.

"Yet, it is during this continued period of disruption, that TE has delivered quarter-on-quarter revenue growth of more than 8.5% and a net profit margin of 31.7%. This is once again testament to our people, our service and our foresight in the projects and investments that have made TE a well-diversified business.

"The impact on overall revenue performance of the factors affecting our domestic market has been mitigated by our international wholesale business and the first service revenues recognized from our cable business.

"Vodafone Egypt (VFE) experienced a very strong period of customer additions during three months ended 30 June 2011, with closing customers reaching more than 34 million. Moreover, TE Data has been well positioned to absorb the increased demand for high quality internet services and has for the first time passed the milestone of one million ADSL subscribers during the second quarter.

"I am immensely proud of delivering such a strong financial and operational result in such an operating environment and feel confident that TE will continue to be one of Egypt's best performing companies."

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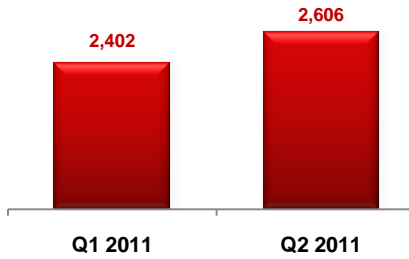
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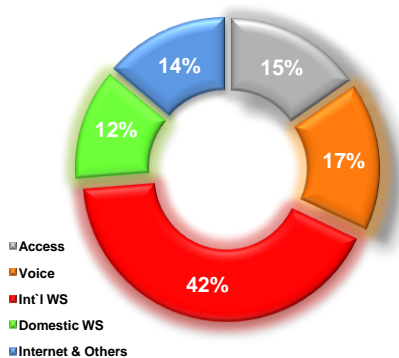
Revenues

(EGP Millions)



Revenue Analysis

(Percentage %)



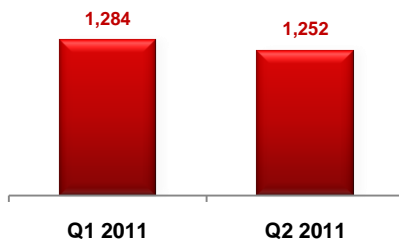
Revenue Breakdown

(Percentage %)



EBITDA

(EGP Millions)



(EGP Million)

Financial Review

Revenues

In spite of the continued disruption to the wider business operating environment across Egypt, total consolidated operating revenues for the second quarter ended 30 June 2011 were EGP 2,606 million versus EGP 2,402 million recorded in the first quarter of the year.

Retail services

The disruption caused by the revolution in Egypt during the first quarter, while easing, continues to have some impact on TE's retail business. Total retail revenues for the second quarter of 2011 stood at EGP 1,194 million compared to EGP 1,255 million in the first quarter of 2011.

Total access revenues, comprising of connections and subscriptions, were EGP 399 million for the second quarter of 2011; a decline of 4.9% compared to EGP 420 million in Q1 2011. This represents a slow-down in the decline observed in the first three months of the year, which stood at 6.5%, and would indicate that, as a result of TE's discounted promotional activities, new connections are returning.

Total voice revenues were EGP 435 million for the second three months of 2011. This represents a decline of 8.2% on the first quarter and can be primarily attributed to a reduction in the number of paying customers resulting from a higher number of disconnections as a result of non-payment. Furthermore, some 750 thousand customers have experienced periods of no service as a result of sections of copper cable being stolen as the price of the underlying commodity soars.

Demand for high quality internet services has continued to increase since the events of the first quarter and TE Data, Telecom Egypt's internet and data subsidiary, is rapidly building upon its base of loyal subscribers. During the second quarter TE Data recorded a 48% increase in new ADSL subscribers on those added during the first three months of the year. The addition of 80 thousand new subscribers took TE Data's total broadband customer base past the milestone of one million subscribers for the first time. While revenues from internet and data fell by 13.8% on the previous quarter to reach EGP 217 million, when viewed across the six month period year-to-date, Internet and data revenues, which are primarily attributed to TE Data showed an increase of 19.1% when compared to the same period last year.

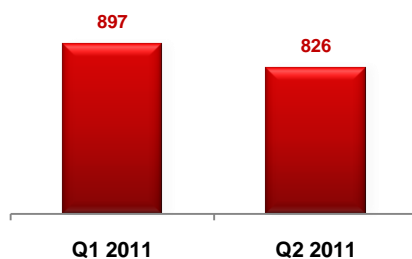
Wholesale services

Total wholesale revenues increased 23% on the first quarter to reach EGP 1,412 million during the three months ended 30 June 2011. While, international call volumes due to reduced tourism and lower usage by business customers continued to be lower than historical norms, some EGP 257 million recognized from our cable business in the quarter more than offset the decline. International wholesale revenues increased 34% on the first quarter of the year to reach more than EGP 1,088 million by end of June.

TE's wholesale business is made up of revenue from domestic and international services to third parties who use TE's extensive, digital infrastructure principally for co-location and transmission services and infrastructure leasing. Wholesale revenues accounted for 54.2% of TE's total revenues in the second quarter 2011.

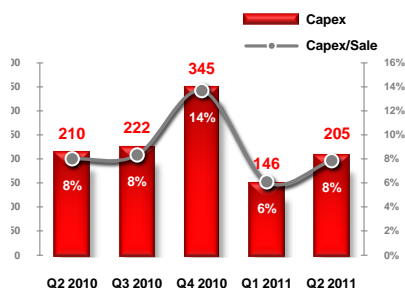
Net Profit

(EGP Millions)



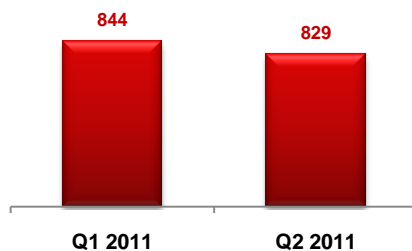
CAPEX

(EGP Millions)



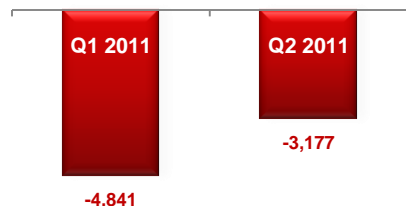
Total Debt Position

(EGP Millions)



Net Debt Position

(EGP Millions)



EBITDA/EBIT

EBITDA for the second quarter reached EGP 1,252 million, representing an EBITDA Margin protected at 48% as management worked hard to contain the cost to our business of continued instability in Egypt, not least as a result of additional repair and maintenance costs. EBIT for the year was up 2.5% at EGP 927 million, delivering an EBIT margin of 35.6%.

Income from Investments

Total income from Telecom Egypt's investments for the second quarter was EGP 233 million, representing income from Vodafone Egypt (VFE).

As it continued to advance its strategy of market leadership, VFE experienced a very strong period of customer additions during the three months to end June 2011. As at 30 June 2011, closing customers stood at more than 34 million. This represented net new additions of more than 1,888 thousand during the three months period. Total voice minutes also increased by 21% on the period ended March 2011, exceeding 18 billion minutes.

VFE generated revenues of EGP 2,971 million in the three month period ending 30 June 2011, a 4.9% increase on the previous quarter. This is in spite of lower than average tourist levels and an overall contraction in business usage of roaming and international calls. The impact of the Egyptian revolution does, however, show signs of subsiding. In spite of the increase in corporation tax, net profit for the quarter ending June 2011 reached EGP 518 million, compared to EGP 487 million for the previous three months.

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

Net profit

TE's Consolidated Net Profit for the second quarter of 2011 was EGP 826 million, representing a net profit margin of 31.7%. This translates into an EPS of EGP 0.48. The relative decline in net profit can be attributed to higher repair and maintenance costs, the commencement of operations in TE's cable business, a decline in investment income and the impact of the increase in corporation tax from 20% to 25% effective from 1 March 2011.

Investments in infrastructure

Capital expenditure for the second quarter of 2011 was EGP 205 million.

Debt

TE continues to enjoy a robust cash position and solid balance sheet. By 30 June 2011, it recorded a net cash position of EGP 3,177 million.

TE Financial Highlights

In EGP millions (Except Per Share Data)

Telecom Egypt Consolidated Income Statement

For the period ended June 30, 2011

	Half Year Period Ending June			Previous Quarter Comparison		
	June 2011	June 2010	% Change	Q2 2011	Q1 2011	% Change
Sales Revenue	5,008	5,130	-2.4%	2,606	2,402	8.5%
EBITDA	2,536	2,684	-5.5%	1,252	1,284	-2.5%
<i>Margin</i>	50.6%	52.3%		48.0%	53.5%	
EBIT	1,831	2,126	-13.9%	927	904	2.5%
<i>Margin</i>	36.6%	41.4%		35.6%	37.6%	
Profit Before Taxes & Minority Interest	2,039	2,243	-9.1%	1,021	1,017	0.4%
Consolidated Net Profit	1,723	1,918	-10.2%	826	897	-7.8%
<i>Margin</i>	34.4%	37.4%		31.7%	37.3%	
EPS (EGP)	1.01	1.12	-10.15%	0.48	0.53	-7.8%

TE Operational Highlights

	Half Year Period Ending June			Previous Quarter Comparison		
	June 2011	June 2010	% Change	Q2 2011	Q1 2011	%Change
ARPU (EGP/Month)	52.3	53.6	-2.4%	51.2	52.4	-2.2%
CAPEX (EGP 000's)	350,902	518,713	-32.4%	204,600	308,598	-33.7%
TE Data						
- Number of ADSL Subscribers	1,017,647	741,046	37.3%	1,017,647	937,399	8.6%
- ADSL Subscribers Net Additions	134,476	115,797	16.1%	80,248	54,228	48.0%
- Retail ADSL Market Share	63.4%	61.4%	3.3%	63.4%	62.8%	1.0%

Telecom Egypt

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Vodafone Egypt Financial Highlights

In EGP millions

	First Quarter Period Ending June			Previous Quarter Comparison		
	June 2011	June 2010	% Change	Q1 11/12	Q4 10/11	% Change
Total Revenue	2,971	2,952	0.6%	2,971	2,832	4.9%
Net Profit	518	766	-32.3%	518	487	6.4%
CAPEX	234	352	-33.6%	234	1,056	-77.9%

Vodafone Egypt Operational Highlights

	First Quarter Period Ending June			Previous Quarter Comparison		
	June 2011	June 2010	% Change	Q1 11/12	Q4 10/11	% Change
Closing Customers (000's)	34,106	25,791	32.2%	34,106	32,218	5.9%
Net Adds (000's)	1,888	1,186	59.2%	1,888	450	319.4%
Total Voice Minutes (millions)	18,364	13,534	35.7%	18,364	15,178	21.0%

- 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 million subscribers as at 30th June 2011.

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.