



2008 Annual Report

mobinil

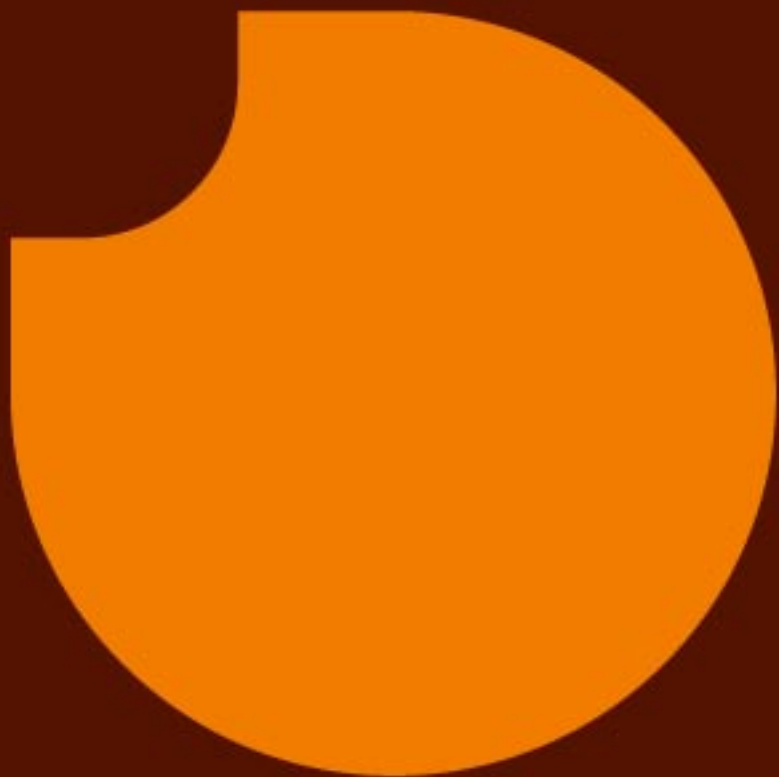
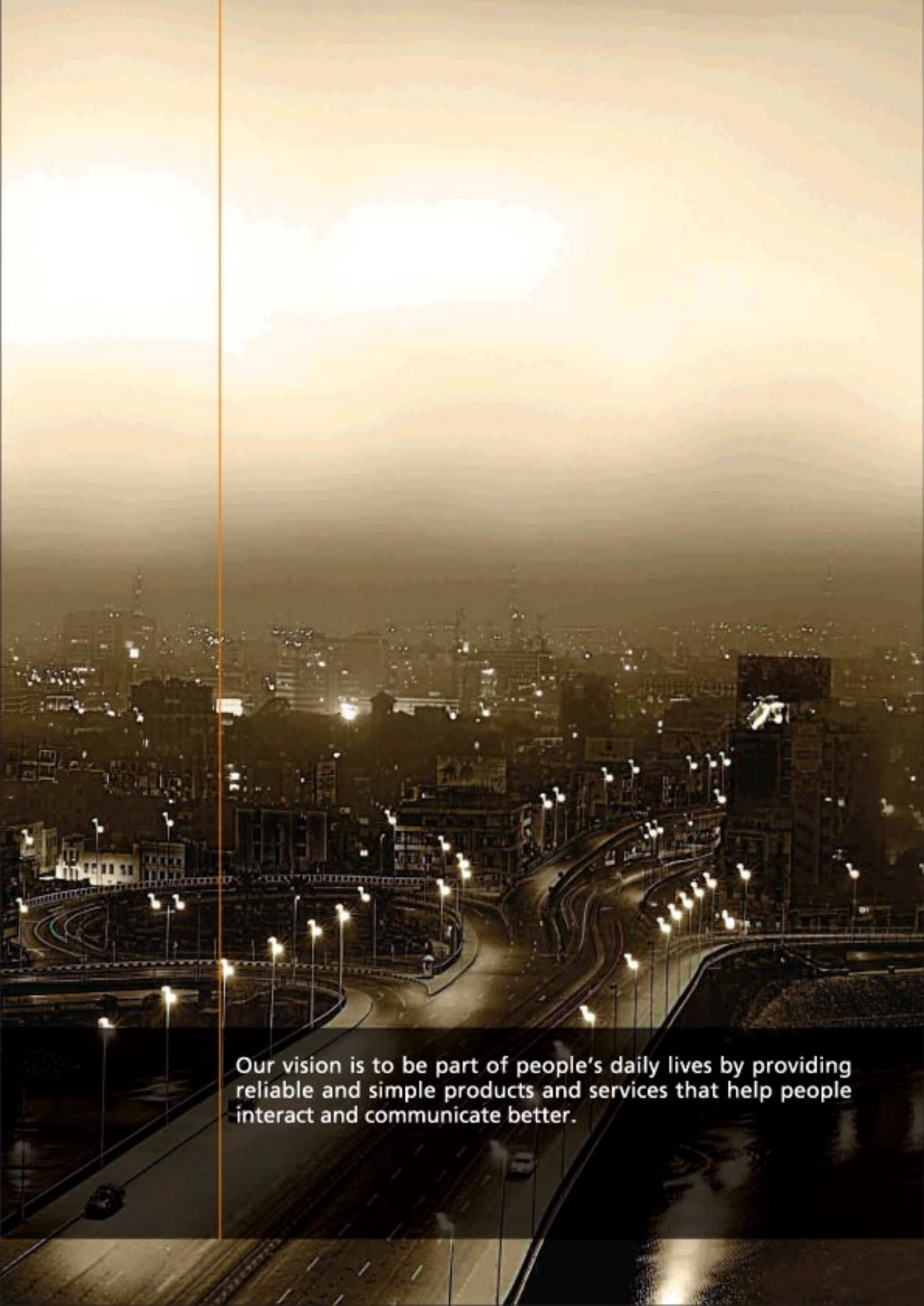




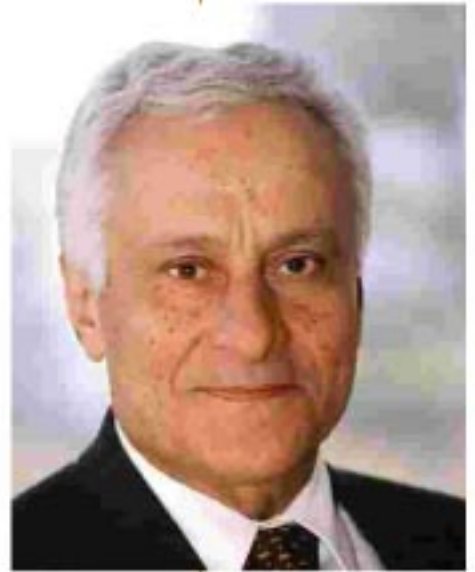
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An aerial night photograph of a city highway interchange. The scene is illuminated by the warm, golden light of a large sun or moon in the sky, which creates a hazy, atmospheric glow over the city. The highway below is a complex interchange with multiple lanes and overpasses, lined with numerous streetlights that cast a bright glow. The surrounding city is visible in the background, with various buildings and structures lit up. The overall mood is serene and modern.

Our vision is to be part of people's daily lives by providing reliable and simple products and services that help people interact and communicate better.



From the Chairman

Following a decade-long commitment to service excellence, Mobinil has become the largest operation in the MENA region, serving more than 20 million subscribers. It is indeed a pride and pleasure to have won the trust of almost half the mobile users in the Egyptian market. Going forward, the mobile industry presents itself as the main driver of our region's economic and socio-cultural paradigm posing strong potential for long-term growth.

Delivering on its promise to millions of customers, who have based their trust in the reliability of our services, Mobinil has once again reinforced its leadership position. Mobinil's success is, to a great extent, due to its people-centric approach; our customers being the driving force at the heart of our operations.

Our journey towards excellence shall continue. We will continue to invest to improve the quality of our network, products and services, capitalize on the strength of our brand, and build on the skills of our human assets throughout the next year; our role as a leading corporate citizen shall continue to strengthen our leadership and reveal the human face of our success. I believe that by focusing on these areas, we will continue to uphold the trust of our customers and consistently deliver shareholder value.

Sincerely,
Alex Shalaby
Chairman



Our mission is to maintain our position as the leading mobile service provider in Egypt, providing the best quality service to our customers, the best working environment for our employees, top value for our shareholders and proudly contributing to the development of our community.



From the CEO

As I look back at our 2008 results, I feel proud of the milestones Mobinil has achieved, delivering on its objectives year after year. In 2008, Mobinil market leadership was reaffirmed for the tenth consecutive year; we launched the largest and newest 3G mobile network, and proudly celebrated the trust of more than 20 million customers, who continue to rely on Mobinil telecommunication services in their day-to-day evolving lifestyle. We closed the year with 20.115 million subscribers; adding 5 million new customers during the year additions; revenue grew by 21% with an EBITDA margin reaching 46.8% and consolidated net income growth of 8% over 2007.

Mobinil has been the trend-setter in the Egyptian mobile market; I look forward to expanding the Mobinil portfolio of services, evolving the mobile experience to the next level and transforming our role in our customers' lives.

Sincerely,
Hassan Kabbani
Chief Executive Officer

Our Shareholders



Orascom Telecom ("Orascom" or "OTH") is a leading international telecommunications company operating mobile networks in high growth markets in the Middle East, Africa and South Asia, having a total population under license of approximately 453 million with an average mobile telephony penetration of approximately 46% as of September 30th, 2008. Orascom Telecom operates GSM networks in Algeria ("OTA"), Pakistan ("Mobilink"), Egypt ("Mobinil"), Tunisia ("Tunisiana"), Bangladesh ("banglalink"), Zimbabwe ("Telecel Zimbabwe"), and North Korea ("Koryolink"). Through its subsidiary Telecel Globe, OTH also operates in Burundi, the Central African Republic and Namibia. Orascom Telecom had over 78 million subscribers as of December 31st, 2008. Orascom Telecom's operation in Pakistan, Mobilink, was originally launched by its previous owners in 1994, and until early 2001 it served around 125 thousand subscribers.

In December 2008 OTH launched its commercial mobile operations in the Democratic People's Republic of Korea where it is the sole mobile operator in the country.

Through its subsidiary Telecel Globe, OTH also acquired mobile operations in Burundi, Central African Republic and, more recently, Namibia.

OTH has positioned itself as a leader in the region for its diverse GSM operations also through various GSM support and Internet operations. OTH has achieved this by dedicating financial, technical, and management resources for its subsidiaries and includes equipment procurement, handset procurement and distribution companies, Value Added Services and Internet operations.

Orascom Telecom is controlled by Weather Investments S.p.A., a multinational telecommunications company which also controls Wind Telecomunicazioni S.p.A. in Italy and Wind Hellas/Tellas in Greece.

Orascom Telecom reached over 78 million subscribers as of December 2008.

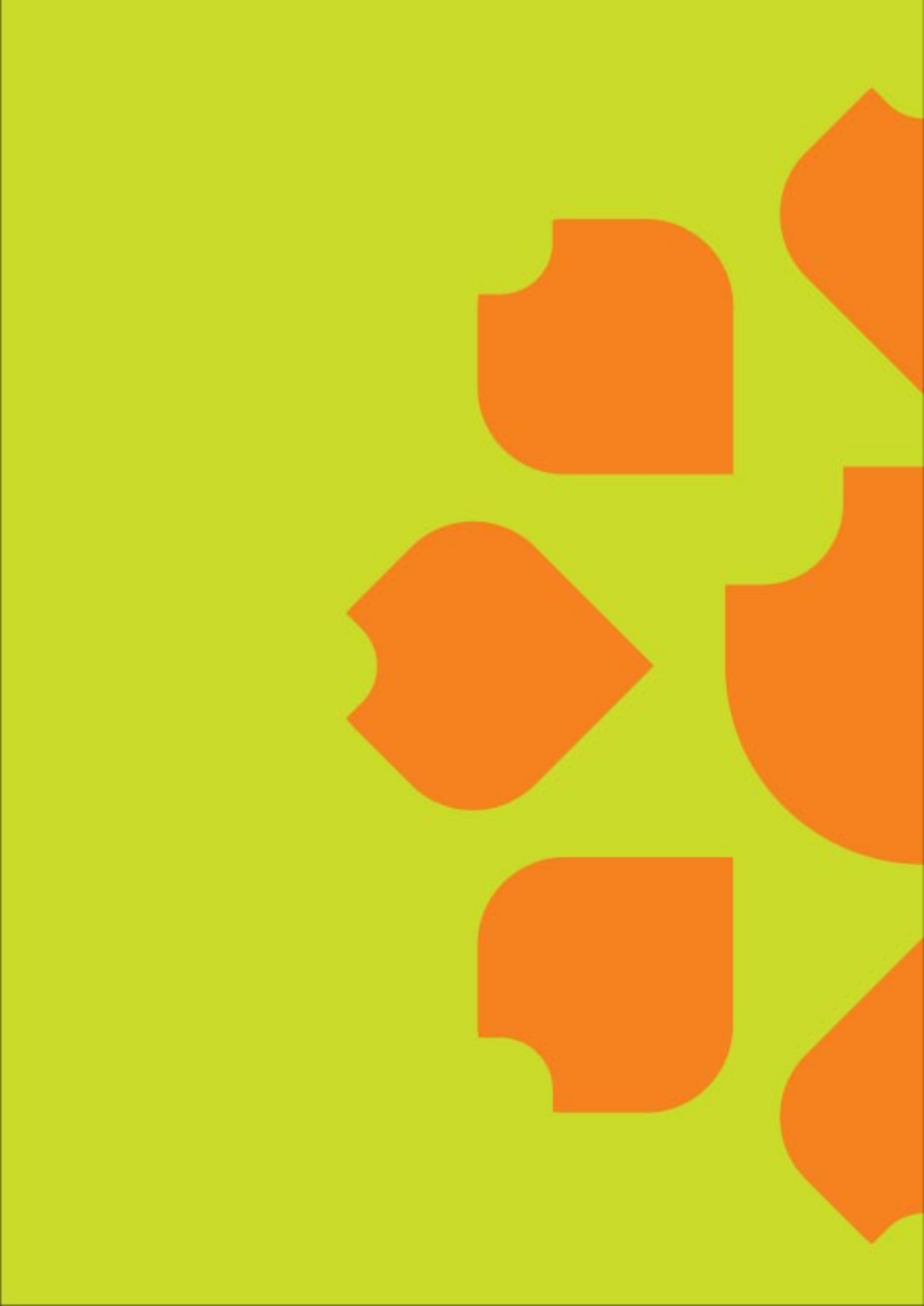
Orange is the key brand of France Telecom,
one of the world's leading telecommunications operators.

France Telecom serves more 182.3 million customers in five continents as of December 31st, 2008, up 6.9% year on year, with 11.8 million new customers in 2008. The group's strategy is founded on a pioneering model of an integrated operator offering its customers a new generation of telecommunications services. This is the NExT program (New Experience in Telecommunications), launched in June 2005. The move from an access provider to a provider of services involves and mobilizes all functions of the company in transformation.

The personal, home, enterprise divisions are driving the group's global strategy in terms of customer offerings on the move, at home and at work. The content, healthcare, audience and advertising divisions are driving the group's new territories of business.

In 2008, the Group achieved all of its stated objectives.

- 2.9% increase in consolidated revenues on a comparable basis to €8053.5 billion. With an increase of 1.7% on a comparable basis, the 4th quarter confirms the resilience of the Group to the deterioration of the economic climate.
- 7% increase year on year in the total number of customers with 182.3 million customers at 31 December 2008, including 121.8 million mobile customers, up 11%, and 12.7 million ADSL broadband customers, up 9%.
- 2.8% increase in gross operating margin (GOM) on a comparable basis to €8019.4 billion; stabilization of the GOM rate (GOM to revenues) at 36.3% on a comparable basis.
- Capital expenditure rate (CAPEX to revenues) of 12.8%, in line with the objective of approximately 13% of revenues.
- Growth in organic cash flow to €808.0 billion, up from €807.8 billion in 2007 and in line with the stated objective.



1. Corporate Governance Mission

In joint effort with national and global initiatives to promote best governance practices, attain the highest level of transparency, accountability and integrity and as a result ensure that the interests of the Board/Management are aligned with those of the company and the shareholders. The Corporate Governance objective extends, not merely to meet with statutory requirements, but also to go beyond them by putting into place procedures and systems which are in accordance with best governance practices.

2. Purpose

- Promote and strengthen transparency, accuracy and efficiency as the governing control point of ECMS, consistent with the rule of law and where the division of responsibilities among different supervisory, regulatory and enforcement authorities is clearly articulated.
- Protect and facilitate the exercise of shareholders' rights.
- Ensure the equitable treatment of all shareholders.
- Recognize the rights of stakeholders established by law or through mutual agreements.
- Encourage active co-operation between ECMS and its stakeholders in creating wealth, jobs and the sustainability of financially sound and profitable enterprise.
- Ensure that timely and accurate disclosure is made on all matters regarding ECMS, including the financial situation, performance, ownership and governance.

3. Scope of duties and responsibilities

3.1 The General Assembly

The final decision-making control of ECMS is exercised at the assembly of ECMS shareholders during their general meetings. ECMS is governed by its General Assembly of Shareholders and is abiding by:

- Listing and de-listing rules of the Egyptian Stock Exchange.
- Investment Law number 8/1997.
- Capital Market Authority Law number 95/1992
- Corporate Law number 159/1981

During 2008, ECMS held three ordinary General Assembly meetings and one extraordinary meeting. The topics covered during the meetings fall under the scope of roles and responsibilities stated in ECMS Corporate Governance Charter.

ECMS shareholders had active participation and effective voting at the General Assembly Meetings and were notified of the rules, including voting procedures that governed the meetings.

ECMS Corporate Governance provides one avenue of communication among all stakeholders.

Corporate Governance principal stakeholders are:

- Public shareholders, the BoD and company management.

Other stakeholders include

- Employees
- Suppliers
- Customers
- Banks and governmental entities such as Capital Market Authority (CMA), the Egyptian Stock Exchange and Misr for Clearing, Settlement and Central Depository (MCSD).

3.2 The Board of Directors (BoD)

ECMS Corporate Governance serves as the secretariat of the BoD; a collegial body representing all shareholders collectively and who acts at all times in the best interests of ECMS. The Corporate Governance Charter is published on Mobinil.com.

3.2.1 Composition

- The BoD is comprised of 13 members, a majority of whom are non-executive directors and meet the requirements of the Egyptian Stock Exchange rules.
- The BoD is composed of representatives nominated from various shareholders.
- Whenever a member of the Board is designated, he/she considers him/herself as a representative of all shareholders and is obliged to act in the best interest of ECMS and all its shareholders.
- The shareholders' representation and the formation of the BoD are according to their capital ownership structure:
 - One Non-Executive Member as Honorary Chairman
 - Seven Members representing Mobinil Telecommunications (51% of ECMS shares)
 - One Executive Member (The Chairman)
 - Six Non-Executive Members
 - One Expert Executive Member (The CEO)
 - One Non-Executive Member representing Orascom Telecom Holding (20% of ECMS shares)
 - Three Non-Executive Members representing public shareholders (29% of ECMS shares)
- The current ECMS BoD was elected in March 2007 for a three-year term.

3.2.2 The Board's role

- Manage its affairs based upon authorization delegated by ECMS General Assembly; the final responsibility for ECMS remains under the Board.
- Provide entrepreneurial leadership of ECMS within a framework of prudent and effective controls, which enables risk to be assessed and managed.
- Reserve to itself major strategic and financial decisions.
- Ensure through appointed Committees that the necessary financial and human resources are in place to fulfill objectives.
- Oversee and assess Company performance.
- Approve ECMS annual compensation plan.
- Ensure the integrity of ECMS accounting and financial reporting systems.
- Defines the core values and standards that identify ECMS and ensures obligations towards stakeholders are understood and met.
- Assume its full responsibility towards the environment, the community, employees, customers, government authorities, media bodies and suppliers.

3.2.3 Frequency of Meetings

- ECMS Board meets at least four times per year (at least once each quarter) on a schedule adopted by the Board members and as many additional times as the BoD deems necessary. The ECMS Board convened six times in 2008.

4. Board Committees

- The BoD has set up Committees to assist the Directors in carrying out their role.
- The BoD appointed the Chairman/members of each Committee and defined the scope of its responsibilities. Within its scope, each Committee formulated proposals, recommendations or opinions as applicable.
- Each Committee has its own written charter which complies with the applicable corporate governance rules and other laws, rules and regulations. The charters set forth the mission and responsibilities of the Committees as well as the qualifications for Committee membership, structure, operations and reporting to the Board.

4.1 Audit Committee

ECMS Audit Committee assists the Board in the oversight of both the internal and external audit functions. It receives its authority and its assignments from the Board, however, the ultimate responsibility for decision and action remains with the full Board. The Audit Committee Charter is published on the Corporate website.

Purpose of the Audit Committee is to:

- Oversee the accounting, auditing, financial reporting and internal financial controls of ECMS.
- Monitor the decisions of the ECMS management and its policies, legal compliance (in coordination with other committees), reporting practices and systems of internal controls regarding finance and accounting.
- Review the effectiveness of the Company's internal financial controls, internal audit, internal control and risk management systems.
- Recommend the nomination, compensation and retention of External Auditors.
- Oversees the independence, qualifications and performance of the Company's External and Internal Auditors.
- Establish and maintain procedures for processing complaints regarding accounting, internal controls or auditing matters and for the confidential anonymous submission by ECMS employees.
- Review any issue of conflict of interest, ethical conduct or compliance with law.
- Provides one avenue of communication among the External Auditors, management, the internal auditing function and the BoD concerning accounting, auditing, financial reporting and controls.

4.1.1 Audit Committee Composition

- ECMS Board Audit Committee is comprised of four Non-Executive Board members who collectively possess the expertise and experience in accounting, auditing and financial reporting needed to understand and resolve concerns raised by External and/or Internal Auditors.

Claude Benmussa Chairman
Senior Advisor Price Waterhouse Coopers (PWC)
France Telecom Group Representative

Ahmed ElBardai Member
Chief Executive Officer - REEFY
Public Shareholders Representative

Aldo Mareuse Member
Group Chief Financial Officer, Orascom Telecom Holding
Orascom Telecom Holding Representative

Bertrand Du Boucher Member
Vice President Finance and Strategy for Europe and Middle East,
France Telecom Group
France Telecom Group Representative

4.1.2 Audit Committee Meetings

- ECMS Board Audit Committee meets at least eight times per year (at least twice each quarter), physically or via conference call, on a schedule adopted by the Committee and as many additional times as the Committee deems necessary.
- During 2008, AC held 10 meetings/conference calls. It also held a closed meeting with the External Auditors without management.

4.2 Compensation Committee

The Compensation Committee benchmarks ECMS as an employer against other companies in the Egyptian market. It receives its authority and its assignments from the Board, however, the ultimate responsibility for decision and action remains with the full Board. The Compensation Committee Charter is published on the Corporate website.

Purpose of the Compensation Committee is to:

- Oversee ECMS compensation and benefit programs, and employment practices.
- Review and update on a periodical basis, the employees' benefits schemes and stock option plan.
- Establish the ECMS overall philosophy and policies governing these programs, including those pertaining to management salaries, incentive compensation, benefits and pre-requisites.
- Appoint and monitor outside advisors on compensation and benefit matters and any other service providers to the Committee.
- Review plans relating to officers succession and develop formal and transparent procedures for fixing the remuneration packages for ECMS Executive and non-executive Directors.

4.2.1 Compensation Committee Composition

- ECMS Compensation Committee is comprised of two non-executive Board members elected by the Board members, and who possess qualifications, which meet all applicable eligibility requirements as may be set by law, Exchange requirements and the Board members from time to time.

Olaf Swantee Chairman

Sr. EVP, Personal Communication Services and UK/EME Operations - France Telecom
France Telecom Group Representative

Naguib Sawiris Member

Chairman and Chief Executive Officer - OTH
Orascom Telecom Holding Representative

4.2.2 Compensation Committee Meetings

- The Committee shall meet at least two times per year, on a schedule adopted by the Committee, and as many additional times as the Committee deems necessary.

5. Related Parties Transactions

- According to the mandate given by the shareholders and in light of the standard governance practices and procedures, ECMS followed the frame and methodology through which the BoD agree on reviewing, approving or ratifying any Related Parties Transactions where the amount included exceeds EGP 1 million.
- Board members in conflict are refrained from participation in discussions on transactions involving the party in conflict and abstained from voting rights on related transaction.
- The Board decides on the approval of any related party transaction involving a director in the absence of that director. [The Related Parties Transactions Policy is published on the Corporate website.]

6. Insider transactions

- Permanent Insiders were prohibited to perform transactions on the Company shares during "blackout" periods (prior to quarterly, half-year and yearly earnings releases).
- The Corporate Secretary confirmed the start and end dates of "blackout" periods and notified the Permanent Insiders in timely fashion. [The Permanent Insiders Policy is published in the Corporate website.]



I.N. (Alex) Shalaby

Chairman, the Egyptian Company for Mobile Services (Mobinil)

Mobinil Telecommunications S.A.E.

Executive Member

On September 1, 2008 Alex Shalaby was appointed Chairman of Mobinil, after serving as President and CEO since 2005. Under his leadership Mobinil has witnessed continued market share leadership, tripled the subscriber base from six to 19 million, doubled the revenues and increased net profits by 30%.

Alex Shalaby was Chief Officer of Regulatory Affairs for Mobinil from 1998 to 2005. Prior to that, he was Director for Public Affairs at AT&T, where he lobbied for telecom liberalization domestically and internationally. Shalaby served on the boards of the American Chamber of Commerce becoming its president for the period 1991/1992 and the Fulbright Commission, as his AT&T responsibilities shifted from local to regional.



Hassan Kabbani

Chief Executive Officer

Executive Member

On September 1, 2008, the Egyptian Company for Mobile Services (Mobinil) Board appointed Hassan Kabbani as CEO of Mobinil. Hassan has accumulated 19 years of experience in telecommunications operations' management across the MENA region, appointed Chief Executive Officer of four major telecom operations.

He worked in different countries including: Lebanon, Egypt, Syria, Yemen and Algeria. Among his achievements was the financial and operational restructuring of 12 GSM operations across the African continent.

In October 2003, Hassan Kabbani was chosen to be the CEO of Orascom Télécom Algérie "Djezzy". In the span of five years, the company has added fourteen million new subscribers. During this period, OTA demonstrated outstanding financial results and became a model of success in Algeria and the entire region.

Naguib Sawiris

Chairman and Chief Executive Officer - OTH
Orascom Telecom Holding Representative
Mobinil Telecommunications S.A.E.
Non-Executive Member



Naguib Sawiris is Chairman and Chief Executive Officer of Orascom Telecom Holding (OTH), one of the leading international players in telecommunications, GSM operations, Internet services, satellite and related communication services.

As Chairman of OTH, Sawiris has led the growth of the company in a dynamic pace, now operating GSM networks in various countries in the Middle East, Africa, and the Indian Subcontinent, in addition to a number of Internet Service Providers and Satellite Service Providers serving approximately 500 million people around the globe.

Olaf Swantee

Senior Executive Vice President
Personal Communication Services and UK/EME Operations
France Telecom
France Telecom Group Representative
Mobinil Telecommunications S.A.E.
Non-Executive Member



Olaf Swantee is Senior Executive Vice President, Personal Communication Services & UK/EME Operations*, Olaf Swantee is in charge of France Telecom's mobile businesses worldwide. These serve 117 million customers and include Orange-branded operations in 28 countries. Swantee is a member of the Group Management Committee, the Executive Board of the France Telecom Group.

Before joining the company in August 2007, Swantee was Senior VP at Hewlett-Packard, responsible for enterprise sales and software in Europe, the Middle East and Africa (EMEA). Swantee has 17 years of international experience.

* The Europe & Middle East region includes France Telecom operations, Belgium, Moldova, Romania, Slovakia, Switzerland, Egypt, and the Dominican Republic.



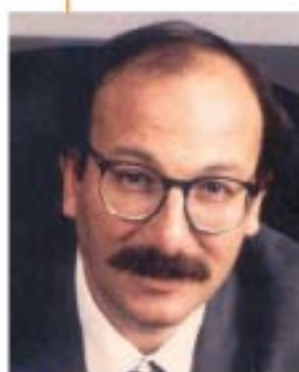
Pierre Charreton

Group General Council
France Telecom

Mobinil Telecommunications S.A.E.
Non-Executive Member

Pierre Charreton joined France Telecom as Group General Counsel in the beginning of 2005. He manages a team of more than 450 lawyers throughout 30 countries. Charreton brought to the FT Group his experience as an Inhouse General Counsel Manager, skills that he had the opportunity to develop within two international groups, THALES and FRAMATOME (now AREVA), of which he successively was General Counsel.

During that time, Charreton was mainly involved in negotiating major contracts all over the world and was Board Member of different subsidiaries in the USA as well as in Europe. He also practiced in a Paris law firm at FIDAL and in the United States at Fried, Frank, Harris, Shriver & Jacobson LLP, in their Washington - DC office (1984-1985).



Claude Benmussa

Senior Advisor Price Waterhouse Coopers (PwC)
France Telecom Group Representative

Mobinil Telecommunications S.A.E.
Non-Executive Member

Benmussa's career in France Telecom Group started in 1991, as a Financial Director at France Telecom EGT. He is currently Senior Advisor at Price waterhouse Coopers (PwC) Paris. From 1994 to June 1996, Benmussa was Deputy General Manager at France Telecom Mobile Services, in charge of Finance and International Development.

At the same time, he remained Director of EGT with a consulting role at the side of the President for Financial Control and Legal Affairs.

Benmussa was Board Member in several telecommunication companies (TPSA in Poland, Telmex in Mexico, and Transpac in France). He is currently a Board Member of Orange France, Bull, and the Chairman of the Audit Committee of ECMS-Mobinil.

David Hobley

Managing Director, Deutsche Bank AG, London

Mobinil Telecommunications S.A.E.

Non-Executive Member



David Hobley is Chairman, Central Europe, covering Eastern and Central Europe for Deutsche Bank's investment banking business. Hobley has 35 years of investment banking experience, first at SG Warburg & Co. /SBC Warburg (now UBS) and Deutsche Bank.

He has substantial experience in all types of investment banking - equity capital markets, debt capital markets, government and corporate advisory, and over 25 privatizations.

Hobley was on the board of Orange SA in Paris for four years. He still serves as an independent director on the boards of several Orange Group companies as well as some other European listed companies.

Bertrand du Boucher

Vice President Finance and Strategy for Europe and Middle East,

France Telecom Group

France Telecom Group Representative

Mobinil Telecommunications S.A.E.

Non-Executive Member



Bertrand du Boucher is Vice President Finance and Strategy for Europe and Middle East, France Telecom Group.

Before joining Orange, du Boucher was at France Telecom Mobiles Services, a holding company dedicated to developing France Telecom service provider activity through Europe. He was appointed Director of Information Technology and member of the Executive Committee of the company. In 1998, du Boucher was appointed Director of Information Technology of FTMI, a holding company dedicated to developing France Telecom's activities in the wire-free sector outside France.

Du Boucher began his career in 1979 at Unilog Group, a French company providing consultancy services for the integration of information technologies.



Onsi Sawiris

Chairman, Orascom Group of Companies

Honorary Chairman

Non-Executive Member

Onsi Sawiris serves as the Chairman of Orascom Construction Industries (OCI) and Orascom Trading Co., Sawiris is a board member in Orascom for Hotel and Development (OHD), Orascom Technology Systems, and Orascom Telecom Holding (OTH).

Onsi Sawiris founded Orascom in 1976 as a general contracting and trading company. By the early 1990s, he had established Orascom as a leading private sector contractor by working in partnership with international companies pursuing projects in Egypt. He oversaw the diversification of the business into new areas like tourism and information technology and its enormous growth and success to become Egypt's largest conglomerate operating under three major operating companies OTH, OCI and OHD.



Aldo Mareuse

Group Chief Financial Officer (CFO)

Orascom Telecom Holding S.A.E.

Non-Executive Member

Aldo Mareuse is Group Chief Financial Officer of Orascom Telecom Holding S.A.E., a position he has held since 2002. He is a member of the Board of Directors of OTA (Algeria), ECMS (Egypt), Mobilink (Pakistan) and OTT (Tunisia) all Orascom Telecom GSM subsidiaries among others, A Group CFO of Weather Investment, a private company that owns a majority stake in Orascom Telecom. Weather also owns Wind, Italy's third largest mobile operator and Wind Hellas, the third largest such operator in Greece. From 1990 to 2002, he held various positions and locations in the investment banking division of Credit Suisse First Boston "CSFB." His last position within CSFB was Managing Director in the Investment Banking Division, Telecommunications Group.

Nadia Makram Ebeid

Executive Director, Center for Environment and Development
for the Arab Region and Europe
Former Egyptian Minister of Environment

Public Shareholder
Non-Executive Member



Nadia Makram Ebeid has been Executive Director of the Center for Environment and Development of the Arab Region and Europe (CEDARE), since January 2004. Previously, as the first Special Peace Envoy of the Secretary General of the Arab League to Sudan (2002-2003), her efforts contributed to the signature of Sudan's subsequent Peace Agreement.

Ebeid was formerly Egypt's first Minister of the Environment to head the newly created Ministry in 1997, for five years, and the first female minister to hold this position in the Arab world. One of her most noticeable achievements was the initiation of a \$100 million River Nile Pollution Prevention Program. As a result, and for the first time, she declared the River Nile free from polluted industrial waste-water discharge.

Fahd El Shobokshi

Chairman of Nile City
Public Shareholder
Non-Executive Member



Fahd El Shobokshi is Chairman of Nile City Investments. The company is the owner of the Nile City Project, one of the most ambitious urban development projects ever undertaken in Egypt, combining a business address, shopping venue, hotel, and residence. El Shobokshi sits on the Board of numerous companies, such as South Valley Cement Company, of which he is Vice Chairman and CEO. He is also Chairman of El Shams Pyramids Company for Hotels & Touristic Projects. The company is the owner of Le Meridien Pyramids Hotel in Cairo.



Ahmed ElBardai

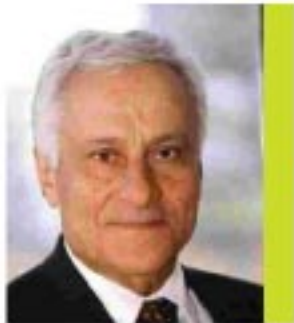
Chief Executive Officer - REEFY Company

Public Shareholder

Non-Executive Member

Ahmed ElBardai is an international executive with over 30 years of financial sector experience in the Middle East and North America. He started his career in 1974 as a consultant for Price Waterhouse, later moving to Crocker National Bank in San Francisco, U.S.A. In 1986 he joined Citibank Greece, as Financial Controller for the Middle East and North Africa.

He moved to Arab African International Bank in 1996, where he held the position of Vice-Chairman and Managing Director for three years. In 2000, he was appointed Chairman of Banque du Caire - Egypt's third largest public sector bank, becoming the first ever private sector banker to hold such a position. ElBardai played a pivotal role in establishing the Middle East region's first and only commercial privately-owned microfinance service company, REEFY, and is the company's Chief Executive Officer.



Alex Shalaby
Chairman



Hassan Kabbani
Chief Executive Officer



Audette Hanna
VP Human Resources
& Administration



Rana Abbadi
VP Transformation



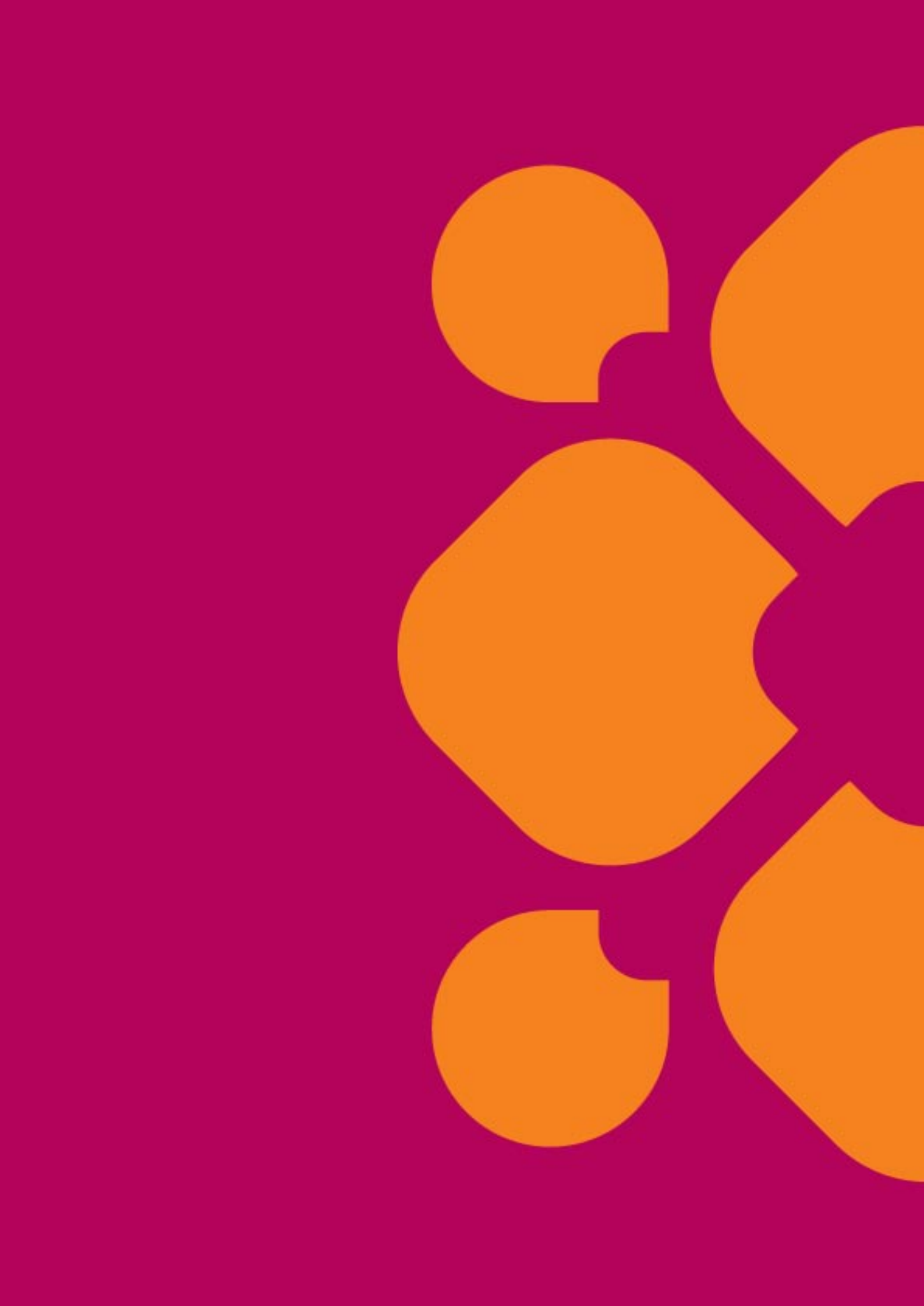
Guillaume Van Gaver
VP Commercial



Khaled Ellaicy
VP Finance



Marwan Hayek
VP Technology



Our Customers

Key telco indicators

- The Egyptian telecommunications sector is one of the most developed in the Middle East/North Africa region. Forecasts expect the sector to continue growth in the coming few years.
- The remarkable growth rates witnessed in the Egyptian telecommunications market in 2006/2007 continued over the last two years with strong competition between the three players alongside the ongoing growth.
- The market has been demonstrating significant increase in terms of both diversity and in number of players within each of its industries.

Mobile		Fixed	
Subscribers	43 M	Subscribers	11.7 M
Penetration	57%	Penetration	15.4%

Internet		Fixed Broadband	
Users	11.8 M	Users	0.7 M
Penetration	15.5%	Penetration	0.9%

Egypt is one of the most rapidly growing mobile markets in Africa	■ Opportunities for growth have not yet been exhausted, but maintaining current growth trends will increasingly pressure operator margins.
	■ Revenue growth is still on upward trend.

Voice is still our core business - moving forward we remain mobile and voice-centric	■ Voice is where the money is ~ 85% of revenues.
	■ Data (mostly SMS) still constitutes a minor revenue stream, but great potential if we overcome adoption barriers. (handset availability, Arabic content, relevant applications, etc...)

Egypt is a Prepaid market	■ Over 96% of existing subscribers prefer Prepaid payment schemes.
	■ Postpaid subscribers still vital segment: despite being less than 5% of subscribers.

The only way to continue to grow and improve profitability	■ Understanding customers.
	■ Market segmentation.

Telco operator challenges	■ Accelerating growth while maintaining and improving profitability.
	■ Making rational investments in existing systems (legacy) and acquiring/ using new technologies - suited to the Egyptian environment: 3G/MBB/WIFI/WIMAX/GW.
	■ Controlling cost evolution to compensate for slowing growth.

Egypt remains a booming emerging market

- The mobile industry in Egypt is still growing at increased rates. The overall penetration rate reached approximately 57.3% at the end of 2008 representing 43 million subscribers, up from 40.6% in 2007.
- Several elements are acting in favor of the mobile industry and are placing both direct and indirect fronts' competition at a competitive disadvantage:
 - Increasing customer attraction to Value Added Services (VAS)
 - More convenience for the customer
 - More efficient penetration and coverage of remote areas
 - Relatively low cost of acquiring a mobile line
 - More penetration for Internet and business solutions
- The country's three mobile network operators have already made extensive efforts to develop their service offerings and currently offer a wide range of data services.
- Alliances and integration (both backward & forward) are reshaping the telecommunication market. Telecommunication business strategies are now shifting into the multi-play mode. Competition among mobile operators expanded into Internet, business solutions, and possibly into the fixed lines market.
- Mobinil is still maintaining its leadership of the Egyptian telecommunications market and has expanded its customer base in 2008 to pass the 20 million subscribers mark as the first and only operator in the Egyptian market and the Middle East region.
- To enforce its leadership position, Mobinil has launched major VAS during 2008:
 - **Third Generation (3G):** Offering users a wider range of more advanced services while achieving greater network capacity through improved spectral efficiency. Services include wide-area wireless voice telephony, video calls, and broadband wireless data, all in a mobile environment.
 - **Mobile Broadband:** Various types of wireless high-speed Internet access through a portable modem, telephone or other device.
 - **Missed Call Alert:** Mobinil was the first operator to launch this key VAS in the Egyptian market which notifies the phone call recipient of call attempts while he was out of reach.
 - **EEEP (laptop offers):** Mobinil was the pioneer operator in Egypt to launch the Net-book to the market providing the easiest and most convenient way to get connected at the fastest Internet speed.
 - **MMS to Facebook:** Allowing Mobinil customers who have a facebook profile to upload photos from their phone directly to their Facebook profile with no need to connect to the computer or have Internet access.
 - **Wi-Fi:** Mobinil, in cooperation with LinkdotNet, led the Egyptian market in offering charged Wi-Fi services in hot spots (85% of the top cafes) covered by LinkdotNet.

Developing the Egyptian Market

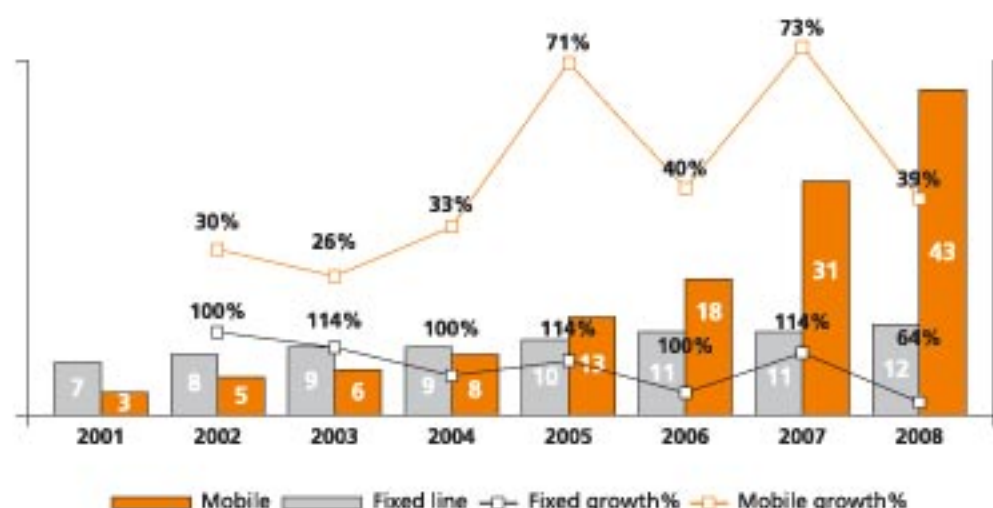
- Since the commencement of its operations, Mobinil has maintained leadership of the Egyptian telecommunications market. As of December 31st, 2008, Mobinil's market share has reached 46.7% representing more than 20 million subscribers, with almost five million additional subscribers in 2008.
- Mobinil has revolutionized and influenced telecommunications in Egypt. The network quality and coverage have significantly improved with the dedicated and continuous investment in developing the core network nationwide.

- More than 99.7% of all Egyptians are now served. Hence, the market has not only developed and grown, but has in fact been transformed through softening entry barriers, developing Value Added Services (VAS) that satisfy customers and connect them with their daily needs, making a real difference in their lives.

An ongoing interactive study of customer needs and behavior as well as Mobinil brand tracker studies and its competitors has allowed Mobinil to develop and fulfill the wants and needs of the truly diversified Egyptian customer base. This is done through the features offered and the ways in which they are offered, both to corporate and to personal customers.

- This allowed Mobinil to maintain its market leadership by dedicated and focused attention on strategic goals to increase subscribers' loyalty through:
 - Save initiatives and proactive retention.
 - Improving customer experience and differentiated services.
 - Competitive, segmented buckets, offers, and promotions tailored to meet the needs of different subscribers' profiles, both consumer and corporate.
 - Development of innovative service offerings to include bouquets and bundles of different mobile services to satisfy customers' various needs.
 - Constant expansion and enhancement of network quality and coverage.
 - Upgrading and diversifying customer contact points.
- Mobinil continues to offer a large array of diversified services to the Egyptian mobile user deploying different technologies. Services offered range from local voice connectivity to international data roaming on GPRS networks to 3G technology.

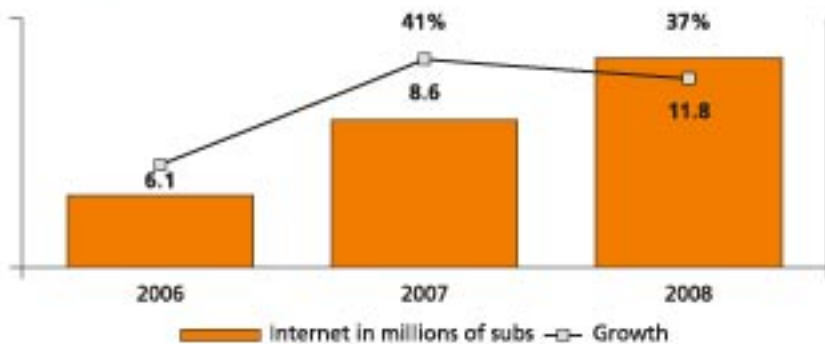
The Egyptian Market



Fixed line growth and penetration rate are stagnant compared to mobile - although highest fixed line penetration in Africa.

- Fixed line growth expected to slow down over the next years - highlighting the existence of a great growth opportunity for mobile on the data and mobile internet front
- For mobile, we expect the market to sustain strong growth over next few years

Internet and DSL growth



Internet user penetration will rise to +28% by the end of 2013

- Increasing availability of Internet services in work areas, libraries and internet cafes
- Falling PC costs

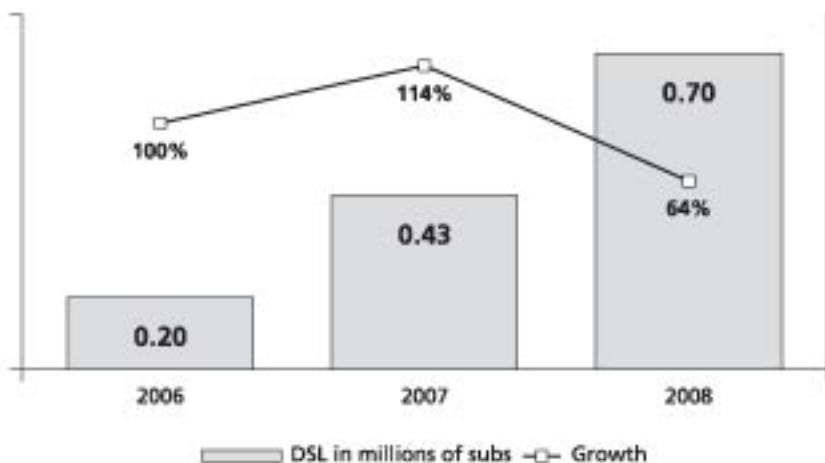
Largest Internet market in Africa ≈ 11.8M users

- 53% of Internet users are in Cairo and
- 32% in Nile Delta and on the North Coast

PC penetration is probably between 7-8% range

- Government is sponsoring many initiatives to encourage PC ownership (PC for every home / business).

The Egyptian Market



Major increase in DSL but still a relatively small market

- In 2007, DSL market grew by 114% YoY and continued high growth in 2008 reaching 64%. However penetration is still negligible - less than 1% of population.
- Fixed BB subscribers are expected to reach 2.9M in 2013, representing 3.5% penetration.

Although the mobile market in Egypt relies heavily on prepaid customers with low ARPUs, there is an excellent but challenging opportunity to encourage specific market segments to increase their use of data services and applications.

Focus on the customer

Our overall strategy continued to be offering the widest range of products and services, impeccable customer service and great value for money for our consumers while maintaining leadership in the Egyptian mobile market.

Mobinil continued to lead the market with a variety of offers and propositions on all fronts and for all consumers in the various market segments whether prepaid, postpaid or business, in addition to an even wider range of value added services and several offers and promotions on both services and handset bundles.

Consumer Market

Mobinil chose to implement several propositions across both postpaid and prepaid markets, increasing the number of beneficiaries from these propositions.

Mobinil treated its customers to very lucrative savings through its on-net rate enabling Mobinil customers to call over 20 million Mobinil subscribers for the lowest per minute rate in the country, only EGP 0.20. All our customers could talk more for less.

Mobile Number Portability (MNP) was also introduced in 2008 enabling Egyptian mobile users at large to port into Mobinil without changing their mobile number.

Last but not least, coinciding with Mobinil's celebration for reaching the 20 million subscriber milestone, Mobinil allowed all customers to join in the celebration by offering postpaid Star customers a discount of EGP 20 off their monthly bills and for prepaid ALO customers 20 free minutes per month.

For our postpaid Star customers, we continued to offer the highest level of service as well as introducing more gift options for their Star Awards program points including the very popular 3G iPhone along with other valuable gifts.

Business Market

Business customers enjoyed a range of business handsets to help them get their job done wherever they may be through several HTC handset options tailor-made for the business consumer complete with e-mail solutions.

Mobinil Business also launched its point scheme program offering customers points for every pound they spend on usage. These points can be redeemed for a variety of gifts offered to customers in a catalog to choose from.

The U-Control self provisioning service also saw the light in 2008 enabling business customers to add or remove or revise the value added services they have on their lines without the need to resort to the company's contact person. This service provided individual control and convenience for the busy corporate customer.

2008 was also a significant year for acquisition and retention. Mobinil Business was able to expand its key corporate portfolio with the addition of major corporate accounts, the likes of Savola and Metro Markets as well as retaining clients as Proctor and Gamble thus ensuring our leadership in the business sector.



With a massive investment of more than EGP 4 billion, the new network offered its full range of 3G, 3.5G and 3.75G as well as EDGE and 2G services and features to large cities, critical areas, touristic, industrial and corporate centres in Cairo, Alexandria, Sharm El Sheikh, Hurghada, Dahab, Taba, Safaga, Marsa Alam, Luxor and Aswan in addition to petroleum fields and business districts.

Mobinil 8000

Mobinil 8000 is the leading directory assistance service in Egypt, expanding its services even further to better serve the Egyptian consumers through a wide range of features that meet their needs and exceed their expectations. Mobinil 8000 offers everything from street directions, to cinema ticket bookings, to restaurant reservations as well as prices of cars and mobiles and much more. In 2008, Mobinil 8000 also joined Egyptians in celebrating special events such as Valentine's Day and Mother's Day by offering gift ideas for customers as well free wrapping and delivery.

Mobinil Life

Through a facelift in its interface and a wider range of content, it continues to offer a valuable WAP portal for GPRS users. In 2008, Mobinil Life offered more games, more music, more movies and all around more information to more Egyptians who rely on it in their day-to-day life.

International Roaming

Mobinil continued to offer both postpaid and prepaid customers reliable roaming service for a flat rate through Mobinil Global Rates. Mobinil Global Rate divides the world into five zones, each with a defined fixed rate. Roaming is no longer dreaded by customers since they head to their destinations knowing exactly how much the service will cost them while abroad.

Value added services

With every passing year, Mobinil's range of value added services expands to provide Egyptians the simplest and best mobile communication experience. Our aim continues to be enhancing existing services and introducing new ones that best serve our over 20 million customers.

Through a close understanding of our very diverse customer base, Mobinil was able to introduce new services that cater to the needs of our customers and fit their interests. Mobinil introduced the mBorsa service, the exclusive stock market information services providing stock market updates through a live exchange market information service that delivers real time information right to the customer's mobile phone.

With the launch of our 3G network with the fastest speeds and the most convenient Internet browsing experience, Mobinil proudly launched the world's smallest laptop, the AUS Eee PC along with the fastest 3G USB modem for unprecedented ease and convenience in browsing.

Mobinil's coverage was strong and stable throughout 2008 giving consumers the chance to communicate anytime anywhere.

Mobinil joined forces with some of the world's leading telecommunication companies to build its brand new 3G network including Nokia Siemens, Huwawei, Alcatel Lucent, Motorola, Cisco Systems and Ericsson making Mobinil the hub of the latest and most advanced telecommunication technology worldwide.

The new network offers all customers:

- High level of performance for voice and data services.
- A full range of 3G and 2G services with wide coverage.
- A total of 6300 base stations, 700 3G base stations and more than 2000 EDGE-enabled base stations.
- New frequencies that ensure efficiency and capacity to absorb growing usage of existing customers and new customers as well.

Mobinil invested about 3.1 billion Egyptian pounds offering a network that in 2008 had the capacity for 140 billion calls, more than 43 billion minutes, and 1.5 billion SMS.

We are proud to serve our customers through more than 52 agents and distributors as well as 64 shops and franchises and a network of more than 8000 points of sale throughout Egypt, in addition to our 24 hour state-of-the-art customer service call center. Mobinil is also proud to offer roaming service to its customers through a worldwide network of 367 international roaming partners.



El Salloum

Mediterranean Sea

Marsa Matrouh

Alexandria

Damanhour

Shibin El Kom

Banha

Giza

Fayoum

Bani Sweif

Bahareya Oasis

Menya

Assiut

Sohag

El Dakhla Oasis

El Kharga Oasis

Siwa Oasis

Cairo

Damietta

Port Said

Kafr El Sheikh

Tanta

Mansoura

Ismailia

Suez

Abou Simbel

Sharq El Owinat

Key facts

- As of December 31st, 2008, Mobinil had 3,800 sites representing 14% growth over 2007.
- The total number of switches and gateways reached 34 at the end of 2008, representing 21% increase over 2007.
- Mobinil covered 23.02% of surface area in August 2008.
- Mobinil has added more than 800 HSPA sites since 3G launch in September 2008.



Mobinil shops in 2008

- Number of shops and franchised shops at the beginning of 2008 - **23**
- During Y08 we managed to add **30** franchised shops, and **10** Mobinil shops.
- Total number of shops and franchised shops - **63**



Cairo

Shobra

172 Shobra St.
National Sales

City Stars

2 Omar Ibn El Khatab St.,
Phase 2, Floor 0, shop No. 90
National Sales

El Shams Club

Abd El Hamid Badawy St.,
El Nozha, Heliopolis
National Sales

Rehab Mall

Rehab First Mall, shop No. 8,
ground floor
Franchise

Helwan

1 Mohamed El Sayed Ahmed,
El Hamamat
Franchise

Down Town

33 Abd El Khalek Tharwat, Abdeen
Franchise

Sheraton Buildings

94 Sakr Quraish, Sheraton Heliopolis
Franchise

Mokattam

Shop No. 4, area 507 D,
El Hadaba El Olia El Khalfia
Franchise

Haram

360 El Haram St., Giza beside NSGB
Franchise

Feisal

50 El Malk Feisal, El Haram
Franchise

Maadi

85 / 9 St., El Maadi
Franchise

Heliopolis

51 Beirut St., Heliopolis
Franchise

Sudan

128 El Sudan St., Mohandeseen
Franchise

Alexandria

Loran

23 El Ikbal St.
National Sales

Miami

628 El Geish Road,
Salaheldeen Shaban St.
Franchise

Semouha

36 Mostafa Kamal St.
Franchise

Moharem Beck

21 Moustafa Ebady,
Abd El Kader El Ghryane
Franchise

Raml Station

33 Safia Zaghloul
Franchise

Agami

14/15/16 Diar El Safa Towers,
Alexandria- Matrouh Road
Franchise

Canal

Portsaid

12 Mohamed Mahmoud,
Mahmoud Sadky
Franchise

Ismailia

66 Shebin El Koam St.
National Sales

Ismailia

123 Sina St., Shebin El Koam
Franchise

Delta

Tanta

58 El Geish St.
National Sales

Banha

Farid Nada St.,
in front of Banha university
National Sales

Kafr El Sheikh

18 El Hakim Lokman,
El Naboy El Mohandes
Franchise

Zagazig

4 Saad Zaghloul St.,
Zagazig
Franchise

Meet Ghamr

1 Ahmed Oraby
Franchise

Shebin El Koam

2 El Galaa El Bahary
Franchise

Damietta

Tareek El Hareby St.,
Sakany Building,
beside El Takhasosy Hospital
Franchise

Sinai

Arish

52 El Fateh St., El Arish,
North Sinai
Franchise

Red Sea

Porto Sokhna

Zahfarana Porto El Sokhna, Suez
National Sales

Sharm El Sheikh

Sun City Mall, Neama Bay
National Sales

Upper Egypt

Luxor

38 Khaled Ibn El Walid St.,
Kornish El Nile
National Sales

Luxor

TV St.
Franchise

Assiut

El Gomhoria St., Atrag El Watnya
beside Credit Agricole Egypt
National Sales

Menia

159 A El Cornish St.
Franchise

Baniswaef

7 El Yosr Tower, Mahalg Farghaly,
Salah Salem St.
Franchise

Fayoum

Ahmed Shawky St., Loatf Allah
Franchise

Gerga

El Horya St.
Franchise

Sohag

El Cornish St., Medan Sakafa,
El Hodeary Tower
Franchise

Qena

El kobry El Gedid St., Nile Tower
Franchise



Advertising Campaigns

مهما كان سؤالك

أقاليهم

مش بس ٢٠ دقيقة استقبال ببلدش
كمان ٢٠ دقيقة ارسال ببلدش

١٠
سنين
في مصر
موبينيل

٢٠ دقيقة مجاناً
كل شهر
لمدة ٣ شهور
 لما تشترى خط الو
 أو
 تشترى ٢٠ خطه
www.20min.com

[illegible]

عائز تعرف
نبار الكورة أول بأول؟



مع موبينيل ... الكورة ١٩٩٩

ماتيسش
للإعساق من
كفقر
والفق استر
سط الو
وإدسل على
١٠ دقائق
ببلش



10

what's coming your
 friends are for ever time

————— **100%**

[illegible]

غير شغل بالكم
 دقاتك هدية على كل كروت الشوق
 مع السواكليم



بيان هام
للكل شعب مصر
القاضي علي حبيب
٢٠
قرش لادقية
علي طول
إسري للعدايات

**You'll Never Miss
a Movie Again**

8000

With Mobini 8000
you can book your cinema

الأسواق المالية

[illegible]

More "Outback Home" services.
Look for **20pt** all day long.



Three people are shown holding up 20pt cards. On the left, a woman in a white shirt holds a card. In the center, a man in a purple shirt holds a card. On the right, a woman in a white shirt holds a card. The cards are white with a blue border and the 20pt logo.

20pt is a service that allows you to earn points for every purchase you make at any of our participating retailers. You can then use those points to redeem for a variety of rewards, including:

- 20pt rewards cards
- 20pt rewards cards
- 20pt rewards cards

For more information on how to earn and redeem 20pt, visit 20pt.com.

20pt

mobini

MEET THE BASEBALLER WITH THE MOST POWER AWARD
OF THE YEAR

Meet the baseballer who got the most powerful swing in the game. The 2004 MVP award goes to the player who hit the most home runs, drove in the most runs, and had the most power.

THE 2004 MVP AWARD GOES TO THE PLAYER WHO HIT THE MOST HOME RUNS, DROVE IN THE MOST RUNS, AND HAD THE MOST POWER.

The 2004 MVP award goes to the player who hit the most home runs, drove in the most runs, and had the most power.



الو
قاليم

تلفون جاپانيك وانتي في الحج
جهاديات دافعة... جهادات على ممالكنا مصر
مصر، حبيبنا المرحوم سيدنا علي بن ابي طالب
وليد مصر، قائد الفيلق والفرسان العرب

جوابي

جوابي

Enter the wonderful world
Of Primo Monthly
the new line from Mobinil

3G

Traveling
With "Mobinil Roa
talk at 3x

مكث من موبينيل
مكثك أكثر من 17 مليون مشترك
و 200 مليون للخدمة
من أي مكان في مصر

mobinil

Voice SMS
فقط من موبينيل

قولها بصوتك أحسن

في مكالمتك مع من تحب
تجربها الآن مجاناً لمدة 15 يوماً
أو أكثر بعد

في عيد الحب
"أحسن ناس"
15 قرش للخدمة
مبتكلموا

هذه المرسلة
تسار في إرسالها
يوم 14 فبراير

موبينيل

3G

قوله الفيديو كول
موبينيل

خط الو + C160

SAMSUNG C160

موبينيل

أحسن ناس

في عيد الحب
تجربها الآن مجاناً لمدة 15 يوماً
أو أكثر بعد

المكثك بتلكم من
موبينيل

موبينيل

For all ALO Customers,
Enjoy all sort of fun and useful
info sent directly to your mobile!
Call 4040 to subscribe to the
new Info SMS service

With Info SMS, you can select any
number of topics that fit your
interests, with no restrictions.
Simply dial 4040 to subscribe to the
new Info SMS service.

EGP2000

Apple iPhone 3G
from Mobinil

The iPhone you've been waiting for

mobinil

فقط مع موبينيل تتعرف نتيجة
التأنيء العامة قبل أي حد ثاني

موبينيل

أقاليم
أحسن ناس

موبينيل

عيد قطر مبارك
Voice SMS أحسن ناس

قوله بصوتك أحسن

موبينيل

موبينيل التانيء التانيء التانيء
التانيء التانيء التانيء التانيء

مكالمتي يا مصر

تلك عظمة موبينيل
اتكلم للصباح بلاش

The Stock Market Never Waits!

A thousand words
are worth a lot of prices

موبينيل

أقاليم
أحسن ناس

موبينيل


جابتك أصغر لابتوب في العالم
+ 3G USB مودم مجاناً
مبتكلم باسرع انترنت في مصر

With mborsa, get the stock market
updates on the spot and on the go

موبينيل

أقاليم
أحسن ناس

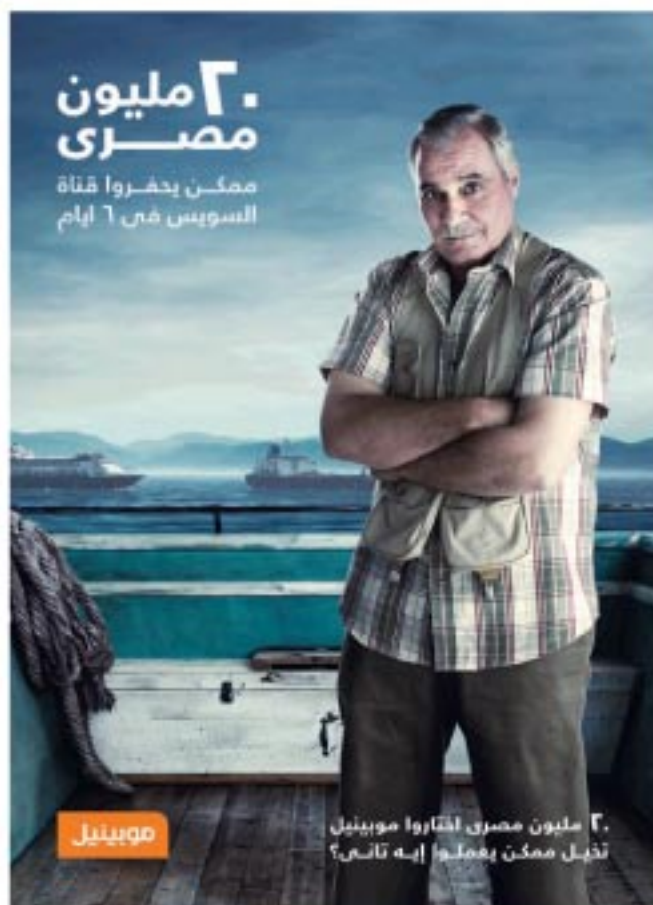
موبينيل

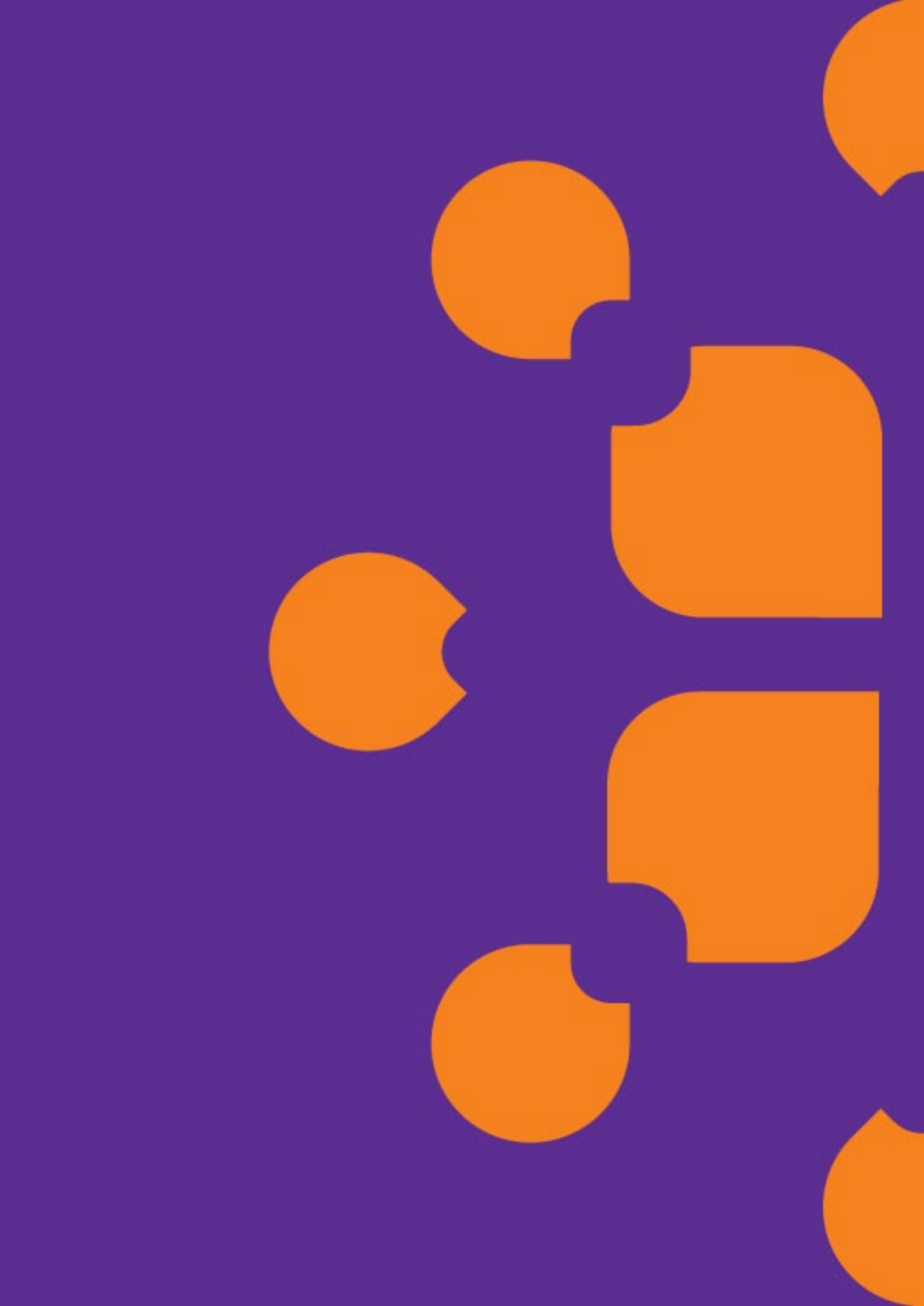


20 MILLION EGYPTIANS
Can build a thousand pyramids

20 Million Egyptians chose Mobinil.
Imagine what else they could do?

mobinil





Our Commitment

Commitment to Our Customers

Our business objective is to maintain our leadership in providing the best quality service and best value for money to our customers. We are committed to the highest levels of customer satisfaction by meeting our customers' needs, providing superior network quality and the widest network coverage, and offering a great customer service experience.

Being customer-oriented

Our ultimate aim is not only to increase revenues, but also to build long-term relationships and create a loyalty bond with our customers, in order to sustain our success in the future. To do so, we provide customers with accurate, truthful, complete and consistent information concerning our products and services.

Protecting customer information

Customer information is strictly confidential. We safeguard customer information stored in our records and information systems in compliance with the Telecommunication Law no (10) for the year 2003.

Commitment to Our Employees

Our employees are our most valued asset. Our ability to succeed depends on the integrity, knowledge, skills, diversity, and competent teamwork of our employees. We are shaping a challenging, fair, firm, and productive work environment, which emphasizes mutual respect and teamwork. We strive to reward high performance and we promise to be responsive to the needs of our employees. The company is committed to providing equitable compensation, excellent working conditions, and a fair atmosphere with great opportunities for professional growth. We are committed to providing a safe and healthy work environment for the purpose of protecting the health and safety of our employees.

Equal employment opportunity

Mobinil is an equal opportunity employer and we pride ourselves with the Equal Employment Opportunity policy (EEO). All employment applications are considered without regard to age, gender, religion, disability, or marital status.

Tolerance and diversity

We respect others; tolerate our differences; and believe in the power of diversity. We strive to create a culture where tolerance and respect exist between employees. The diversity of people brings strength to our Mobinil team. Regardless of our differences in backgrounds, roles, age, gender, religion, or physical ability we all bring value to our company through our work. We shall tolerate and respect our differences and treat each other fairly.

Respect for people

We respect each and every person we interact with during our business dealings including customers, employees, suppliers, and all parties that have a business relationship with the company. We treat others with the respect and dignity we desire for ourselves.

Commitment to Our Shareholders

Our commitment to our shareholders is to maximize our earnings and build long-term success responsibly. Maintaining a strong financial position depends on providing the best service to our customers. It is our responsibility to provide our shareholders with honest and accurate information about our financial position based on the Egyptian Stock Exchange laws and regulations. All of us as Mobinil employees are committed to preserving our company's assets, information and resources.

Protecting company resources and assets

We should treat and handle all of our assets, tangible and intangible, and resources with extreme care as if they were our own. We are all expected to make every effort to ensure that intellectual property and Mobinil's know-how and projects are protected. We are accountable to our shareholders for safeguarding our company's assets.

Accurate financial reporting

As part of our commitment to having accuracy in communication, we record all financial transactions according to the proper accounting rules and standards as required by Egyptian laws and regulations. All of our financial books and records properly account for all assets, liabilities, revenues, and expenses. Our financial statements reflect our financial position accurately and honestly. Mobinil complies with the rules and regulations of the Capital Market Authority and the Egyptian Stock Exchange.

Complying with laws and regulations

Mobinil is committed to adhering to the highest standards of business practices, and abiding by all laws and regulations that we are subject to. Mobinil is also, committed to complying with all corporate governance and internal control rules that we are subject to as well as all legal obligations as required by our shareholders.

Commitment to Our Community

We are a responsible corporate citizen, not only in creating job opportunities, and contributing to the growth of the national economy, but also by adhering to the highest standards of business practices, and abiding by all laws and regulations in Egypt. We believe Mobinil plays a leadership role in our community by acting as a role model in its commitment to excellent customer service, and to a comfortable and healthy work environment. In addition, we are committed to following all Egyptian safety and environmental standards, which are set in accordance with international standards to guarantee the health and safety of our community. We are certified as an ISO 14001 company that is committed to providing maximum environmental protection to the local community. Mobinil promises that it will remain active in supporting many social and cultural activities in the Egyptian society.

Community activities

Mobinil plays a leadership role in serving the community in which it operates. We have sponsored many charitable events to aid the mentally and physically-challenged, and funded a number of social activities including sports events to support public interests. We will continue to make contributions toward development programs in Egypt.

Environment

We are committed to producing high quality and safe services that comply with Egyptian regulations, as well as international telecommunication standards. We will work to understand people's concerns about the environment and health. We are committed to responsibly managing and minimizing our impact on the environment. We are committed to the ISO 14001 standards by establishing, implementing, and maintaining an environmental management system that complies with its requirements. We are keen to provide maximum environmental protection for the local community and we consider it one of our main responsibilities.

Commitment to Our Suppliers

We are committed to following the highest standards of purchasing and contracting practices that are based on quality, service, timeliness, and cost when selecting our suppliers, contractors, agencies, and consultants. The purchase of supplies, materials, and services must preserve the integrity of Mobinil's procurement process. We adopt no favoritism when selecting a vendor or any third party with whom we establish a business relationship.

More than 3000 dedicated employees call Mobinil their home and strive to live its strong corporate values. In celebration of 10 years of market leadership, these are some of their insights and expressions of their workplace.



"It is amazing to remember how it all started in a few hotel rooms at the Nile Hilton overlooking Tahrir Square then moved to that high-end business tower with the best view in Cairo."

Rania El Bakry – Marketing



"Whenever the world is sad and blue, seeing the vibrant orange color reminds me of one beautiful fact which is being part of Mobinil Family."

Rania Kandil – Technology



"It's where our lives, careers and personalities have developed, we owe it a lot."

Ihab Adel – Customer Service



"The first mobile operator in Egypt, mobile means Mobinil for all Egyptians."

Hazem Ahmed Mostafa Nassef – Technology

"You are one of a 3,000 piece puzzle striving to complete a masterpiece."

Sandra Ebeid – Human Resources and Administration

"It taught us how to communicate from the heart."

Minas Nehad Badie – Customer Service

"An organization of equal opportunities"

Ayman Mahdy Shaalan – Technology

**"The strongest brand
in the Egyptian Market."**

Michael Zaki - Sales



"Mobinil is a place where you enjoy life among the people you love and learn from."

Fady Adel - The Brand and Corporate Communications



**"Caring managers, close friends
and loved peers at Mobinil;
they all made my second
family."**

Marwa Abd El Hamid - Technology

**"Mobinil is a school were you
can learn and develop."**

Samah El Saghier - Human Resources
and Administration



**"You won't find colleagues in
Mobinil, just family members."**

Mohamed Hamdy Hafez
Human Resources and Administration





Our Responsibility

Students enterprising freely

Mobinil has sponsored the topics of "Success Skills" and "Business Ethics" in the Student in Free Enterprise (SIFE) "National Competition." The aim of the competition is to have local university students compete in outreach projects to educate the Egyptian community on business topics, helping them reach their aims, and enhance their economic status. The winning team represented Egypt in the SIFE World Cup in October 2008.

Mobinil employees have directly participated in the final competition to select the best outreach project, and temporary hiring opportunities were available for students who met Mobinil's hiring criteria.

Mobinil has sponsored five Basic Business Skills Classes, which covered 200 students over three rounds throughout 2008. This program targeted fresh graduates from local universities, and is aimed at fully equipping them with the necessary work skills through a three-month scholarship. The classes covered English, computer skills, communication, presentation,... etc.



Youth entrepreneurship and innovation

Mobinil has been partnering up with Injaz Egypt for the past five years, and has sponsored Injaz Egypt's "National Company Competition," where the winning team represents Egypt in the "Injaz World Competition." It is important to note that the winning team was mentored by Mobinil volunteers, and that Mobinil Chairman Alex Shalaby is also the Chairman of Injaz Egypt.

Mobinil employees delivered Company Curriculum sessions on weekly basis, which were organized by Injaz Egypt in private high schools and local universities in Cairo and other cities. This curriculum offered a unique experience for students seeking hands-on knowledge of the market from our professional employees.

Injaz Egypt is an educational organization that works closely with the Ministry of Education, and many national and multinational companies. It is focused on providing our youth with the necessary skills to become competitive in the job market. High caliber and noted personnel in the business market volunteer every week to share their experiences, and professional life with the youth.



Future achievers

As part of its annual tradition, Mobinil honored top Thanawya Amma (Egyptian High School) achievers in a special ceremony at the Conrad Hotel on August 10, 2008 for the tenth consecutive year. Mobinil's Chairman Iskander Shalaby personally congratulated these outstanding students, and lunch was served after the awards ceremony. The students also toured Mobinil's Agouza Call Center, where they were introduced to the latest technologies in the field of customer service. They were also rewarded with a trip to Europe, and a training CD with computer, and English language skills.



Skills development

Mobinil employees, in collaboration with Injaz Egypt, delivered personal development sessions on a weekly basis to governmental preparatory schools, and local universities in Cairo, and other cities. A total number of 1194 school students, and 110 university students benefited from these curriculums. A total number of 178 Mobinil employees have volunteered in this program for the past five years (2003 to 2008), and a total number of 4,789 students benefited from this collaboration. These students ranged from underprivileged youth in Sharkia up to Cairo and Ain Shams University students.

Mobinil staff who have volunteered with Injaz Egypt over the years, whether in schools, or universities, have all had such a profound effect on the students, who have viewed them not only as mentors, but more importantly as role models they aspire to.



A new hope in every new home

An estimated 20 million Egyptians live in poor housing conditions today. Poor rural housing in Egypt is characterized by a range of issues including poor infrastructure, unsanitary living conditions, lack of access to clean running water or septic systems, chronic health problems, and subsequent domestic and social problems. Many families cannot afford more than a single-room dwelling. These homes need to be finished, expanded, or rebuilt completely, but due to a variety of reasons families often lack the resources to make these desperately needed improvements.



Mobinil volunteers contributed their efforts to Habitat for Humanity Egypt Organization. They put their time and effort into physically assisting in the building, and renovating poor rural area homes. The smile on the faces of these less fortunate people brought new hope into their lives, and Mobinil volunteers were honored to help.



Mobinil employees delivered Company Curriculum sessions on weekly basis, which were organized by Injaz Egypt in private high schools and local universities in Cairo and other cities. This curriculum offered a unique experience for students seeking hands-on knowledge of the market from our professional employees.

Share a smile and feel the joy

Mobinil volunteers contributed their efforts and supervised the daily implementation of the program and guarantee the achievements its objectives. Two hours before Iftar, children joined art workshops supervised by physical therapists. Following the program, children enjoyed the Iftar with all the volunteers. After the Iftar El Gomhoria Theater present "El Leila El Kebira" folkloric puppet show.



New job opportunities in Egypt

In support of Egypt's economic development, Mobinil signed a cooperation agreement with the Social Fund for Development (SFD) to open job opportunities for our youth. The signing ceremony took place on April 3, 2008 at Mobinil's premises.



Beautiful minds in a cocoon

Mobinil, for the third consecutive year, collaborated with the Egyptian Society for Developing Skills for Children with Special Needs (ADVANCE) to support Autistic children nationwide. ADVANCE announced April 2008 as the Autism Awareness Month and invited different NGOs and organizations that work with children with Autism, and their families to celebrate in this month.



It's never too late to learn

Mobinil collaborated with the Association of Upper Egypt for Education and Development (AUEED) to support the education of illiterate adults in the Sohag Province.

A total of 350 adults (310 women and 40 men) enrolled in this program over 16 villages in Sohag.



Caring for our future

The partnership between Mobinil and UNICEF started in October 2007 with Mobinil contributing to UNICEF a portion of its revenue out of each call, and producing high profile television and newspaper advertisements to raise awareness on the situation of the Egyptian children.



Spreading the spirit of the Holy Month

For the sixth consecutive year, and in the spirit of the Holy Month, Mobinil hosted Ramadan Iftars, and entertainment programs to put a smile on the faces of those who are truly in need.





Mobinil plays a leading role in serving the community in which it operates. We have sponsored many charitable events to aid the disabled and disadvantaged, and funded a number of activities that contribute directly to the development of our community.

Solid and e-waste management

Recycling office materials has been a major concern for Mobinil since 2002. Mobinil in collaboration with Canon, Hewlett Packard, and Xerox, has been collecting shredded paper, toners, drums and cartridges from its offices for recycling. Over 15 tons of shredded paper, and 400 plus toners and cartridges were collected and recycled in 2008.



Under the United Nation Basel Convention, Mobinil has launched the mobile battery collection and recycling initiative in 2005. In 2008, Mobinil joined the Mobile Phone Partnership Initiative (MPPI), which aims at properly disposing waste handsets. There were about 25,000-end-of-life batteries, and mobile handsets that were collected.

Mobinil has also initiated a program aimed at renovating obsolete computers and donating them to charity, thus reducing the digital gap, and saving the environment from hazardous waste. A total number of 20 computers were refurbished with 100 more units in progress.

EMF awareness

The National Telecom Regulatory Authority (NTRA) regularly inspects all of Mobinil's cellular sites, and measures for Electro-Magnetic Field levels (EMF), thus ensuring compliance to local and international limits. This program is supported by Mobinil and was initiated in early 2000. Mobinil received around a 90% conformance rate on the 865 macro and micro cells that were inspected.



Mobinil holds educational sessions, and issues publications with the purpose of communicating the facts about cellular networks and EMF, as well as responding to public concerns, and inquires. There were 32 awareness sessions and scientific debates that were held all over Egypt during 2008.

Renewable energy

Mobinil has been equipping more of its sites with solar power, especially those in remote or ecologically sensitive areas like the Ras Mohamed National Park in Southern Sinai. Mobinil has also joined the GSM Association's "Green Power" working group aiming to maximize the use of solar and wind energies among mobile operators in developing countries. There are currently 16 sites using solar power, which save about 320 metric tons of carbon emissions per year. There are also plans to expand the usage of solar power to cover 50 sites by 2009.

Water management

Mobinil cosponsored three projects to extend water to over 3000 families in Upper Egypt. This included a development project in collaboration with the Assiut Governorate to develop the Village of Nazlet Abdallah. A potable water and sewage extension in Qena governorate was also established in collaboration with the Egyptian Swiss Fund, and the entire project aimed to serve over 20,000 families in the immediate area.

Mobinil cooperated with the Ministry of Water Resources and Irrigation to promote water management awareness. Mobinil, MWRI and GTZ signed a trilateral agreement titled "Joining the Networks- the Blue Line" Last year residents of Abou Homus (Beheira) received hotlines to be easily reached by water users, along with agricultural machinery, and even office equipment to enhance productivity. Mobinil offered these hotlines at a low cost in order to raise awareness.

El Korba Peace Festival

Performing arts, great food and all the colors of spring time were part of the exciting El Korba Festival, sponsored by Mobinil for the second consecutive year, in our continuous support of cultural and entertainment activities year round. El Korba Peace Festival took place last Friday May 9, 2008 in Heliopolis under the auspices of Egypt's First Lady.



Authorized Agents official launch

As part of Mobinil's continuous efforts to expand and grow the telecommunications market in Egypt, particularly small and medium enterprises [SME], Mobinil hosted a business event to officially launch the Authorized Agents Channel as one of the latest Corporate Sales Channels.

Movie premieres

As part of Mobinil's leading efforts to enrich arts and culture in Egypt and in continuation of our strong entertainment platform in the Egyptian community, Mobinil was proud to sponsor the Movie Premiere night of the latest hit movies, "The Baby Doll Night" and "Hassan & Morcos".



Mobinil and Tiësto rocked the North Coast!

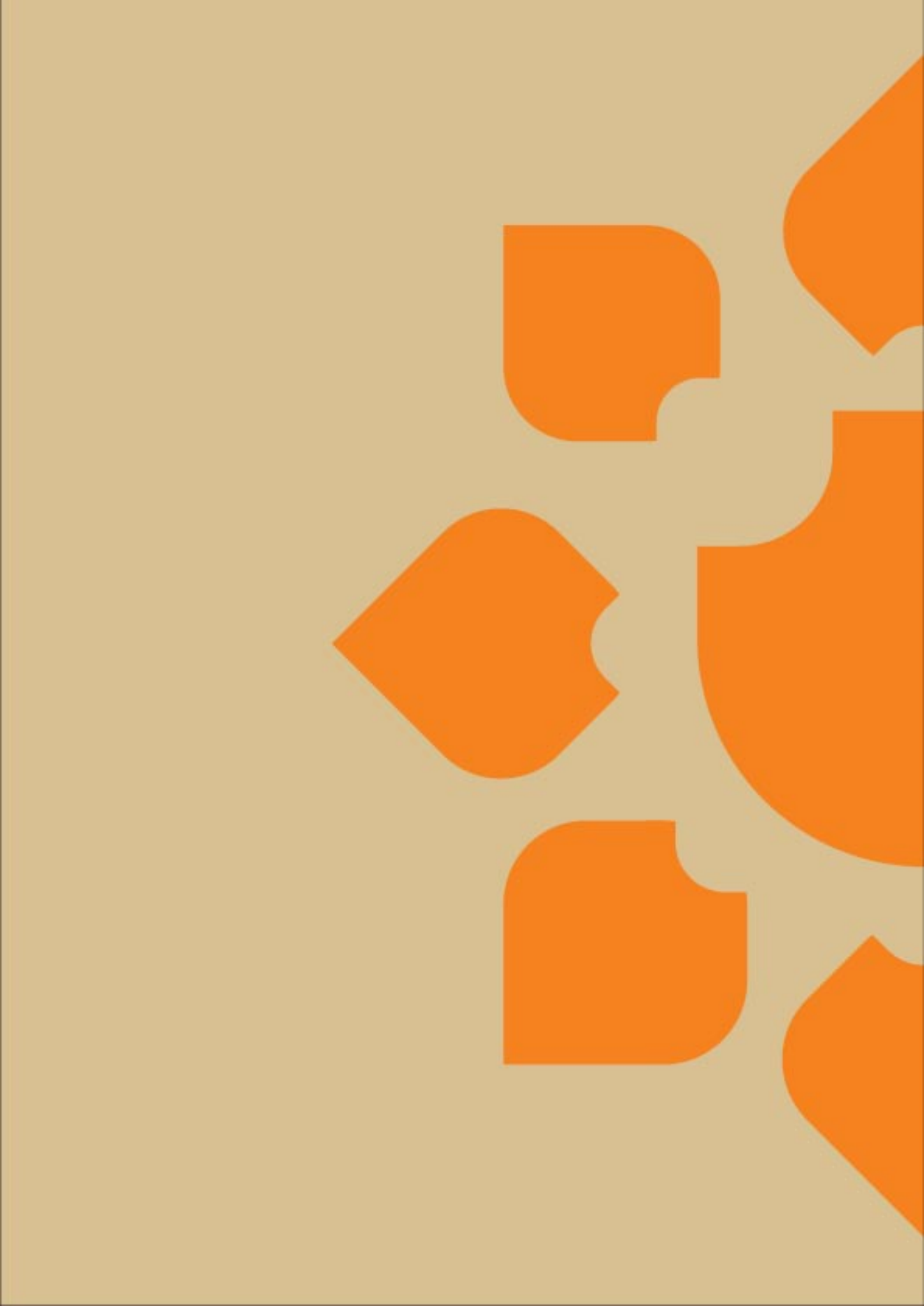
More than 10,000 music fans in Egypt enjoyed Mobinil's night of ultimate music pleasure with the world's most famous DJ, Tiësto along with DJ Junior in Ghazala, North Coast on July 20, 2008.



The 20 million subscribers celebration with PoS and distributors

More than 1000 Mobinil distributors, super dealers, and exclusive Points of Sales from all over Egypt along with Mobinil management team and VIP guests gathered at the JW Marriott hotel on November 20, 2008 in a special celebration hosted by Mobinil to mark the 20 million subscribers milestone.







Message from the CFO

Mobinil has had another successful year on all fronts; we maintained our market share leadership while growing our revenues and margins.

As discussed in the financial section, we continue to deliver on shareholder value with 21% year on year revenue growth and 27% EBITDA growth. We managed to achieve a healthy EBITDA margin of 46.8% compared to 44.5% in 2007. This is mainly due to our successful on net tariff and cost optimization program.

2009 will be a challenging year for all due to the worldwide financial and economic crisis. Liquidity and access to financing will be key to maintaining the growth we have seen.

Our focus in 2009 will be to provide the financial resources needed to grow the business profitability and continue providing.

Sincerely,
Khalid Ellaicy
CFO



Maintaining a strong financial position depends on providing the best service to our customers. It is our responsibility to provide our shareholders with honest and accurate information about our financial position based on the Egyptian Stock Exchange laws and regulations.

Ernst & Young
Allied for Accounting & Auditing
37 El Ahrar St., Mobica Tower
Mohandeseen

KPMG Hazem Hassan
Public Accountants & Consultants
Pyramids heights office park - Km 22
Cairo/Alex. Road

Auditors' Report To The Shareholders Of
The Egyptian Company For Mobile Services S.A.E.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of The Egyptian Company For Mobile Services S.A.E. and its subsidiaries, which comprise the consolidated balance sheet as at December 31, 2008, and the consolidated income statement, statement of changes in equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

These consolidated financial statements are the responsibility of Company's management. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Egyptian Accounting Standards and applicable Egyptian laws, management responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; management responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and applicable Egyptian laws. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Egyptian Company For Mobile Services S.A.E. and its subsidiaries as at December 31, 2008, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these consolidated financial statements.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note (29) to the consolidated financial statements, the Company filed a lawsuit against the National Telecommunication Regulatory Authority (NTRA) to cancel NTRA's decision relating to the amendments of the interconnect prices between the fixed and mobile networks. The Company and its external legal counselor believe that the possibility of winning the lawsuit is probable as NTRA's decision does not have legal or contractual ground, therefore the Company continued to recognize interconnect revenue and costs from and to Telecom Egypt based on the existing agreement.



Hazem Hassan
 KPMG Hazem Hassan
 KPMG Hazem Hassan
 Public Accountants and Consultants
 ④

Cairo January 26, 2009

	Note No.	31/12/2008 EGP	31/12/2007 EGP
Long Term Assets			
Fixed assets (net)	(2d,3)	7 870 040 512	6 060 309 327
Assets under construction	(5)	1 000 561 251	1 565 688 675
Licenses fees (net)	(2f,4,21)	3 186 777 098	1 071 684 252
Investments available for sale	(2g,6)	900 000	900 000
Rent deposits		12 139 002	7 659 414
Total long term assets		12 070 417 863	8 706 241 668
Current assets			
Inventory	(2h,7)	165 422 361	116 094 437
Accounts receivable	(8)	253 020 551	263 694 071
Other debit balances	(9)	366 807 636	426 706 420
Prepaid expenses		151 855 089	125 798 450
Cash at banks and on hand	(10)	650 488 088	414 916 423
Total current assets		1 347 593 725	1 347 209 801
Current Liabilities			
Provisions	(2n, 11)	465 448 942	547 392 769
Banks facilities	(12)	374 807 029	369 468 443
Short term loans	(16a)	327 200 000	327 200 000
Creditors	(13)	2 086 538 006	1 270 776 150
Other credit balances	(14)	947 409 600	1 296 018 340
Dividends payable		353 499 577	41 505 439
Accrued expenses		873 849 539	632 093 666
Total current liabilities		5 428 752 693	4 484 454 807
Excess of current liabilities over current assets		(3 841 158 968)	(3 137 245 006)
Net Investments		8 229 258 895	5 568 996 862
Financed as follows:			
Equity			
Paid up capital	(17)	1 000 000 000	1 000 000 000
Treasury shares	(24)	(11 354 972)	(26 556 368)
Reserve (gains from Treasury Shares)		84 894 960	50 913 839
Legal reserve		200 000 000	200 000 000
Equity settled share based payments	(2m,24)	8 089 061	30 623 410
Retained earnings		59 243 697	47 706 759
Net profit for the year (equity holders of the Company)		1 970 229 270	1 823 784 804
Interim distribution		(1 071 473 607)	(1 374 900 307)
Total equity attributable to equity holders of the Company		2 239 628 409	1 751 572 137
Minority Interest		2 532 243	3 706 674
Total equity		2 242 160 652	1 755 278 811
Long Term Liabilities			
Long term creditors-Licenses fees	(27)	633 139 883	144 511 030
Long term payable		125 260 675	—
Long term loans	(2L,16b)	4 848 069 871	3 432 799 705
Deferred tax liabilities	(2k,19)	380 627 814	236 407 116
Total long term liabilities		5 987 098 243	3 813 717 851
Total equity & long term liabilities		8 229 258 895	5 568 996 862

The accompanying notes form an integral part of these financial statements and are to be read therewith.

Vice President, Finance	Chief Executive Officer	Chairman
Khalid Eliaicy	Hassan Kabbani	Iskandar Shalaby

Auditors' report "Attached"

Ernst & Young	KPMG Hazem Hassan
Allied for Accounting & Auditing	

Consolidated Income Statement for the Financial Year ended December 31st, 2008

	Note No.	Financial year ended 31/12/2008 EGP	Financial year ended 31/12/2007 EGP
Operating revenue	(2e)	10 002 766 197	8 247 828 504
Expenses & cost of operation			
Cost of services (excluding depreciation & amortization)		(2 057 408 873)	(1 827 993 669)
Other operating cost		(1 360 597 338)	(1 032 074 606)
Depreciation & amortization		(1 659 572 182)	(1 285 873 077)
Selling, general and administrative expenses		(1 692 868 422)	(1 524 890 900)
Remuneration, allowances and salaries of board members		(4 963 665)	(3 653 518)
Impairment losses of accounts receivable		(50 315 445)	(47 284 809)
Provisions	(2n, 11)	(252 018 137)	(144 130 824)
Provisions no longer required	(2n, 11)	160 816 985	31 887 694
Total operating costs		(6 916 927 077)	(5 834 013 709)
Net operating profit		3 085 839 120	2 413 814 795
Add(Less):			
Interest income		40 366 164	29 556 921
Other income		3 774 347	3 210 015
Interest expense		(586 575 098)	(123 994 426)
Capital (loss) / gain		(20 796 233)	2 550 924
Net foreign currencies exchange differences	(2c)	(54 599 306)	(3 365 054)
Net profit for the year before income tax		2 468 008 994	2 321 773 175
Current tax	(2k)	(354 733 457)	(376 297 790)
Deferred tax	(2k, 19)	(144 220 698)	(120 076 007)
Income tax	(18)	(498 954 155)	(496 373 797)
Net profit for the year		1 969 054 839	1 825 399 378
Attributable to:			
Equity holders of the Company		1 970 229 270	1 823 784 804
Minority interest		(1 174 431)	1 614 574
Net profit for the year		1 969 054 839	1 825 399 378
Earnings per share	(20)	18.66	16.93

The accompanying notes form an integral part of these financial statements and are to be read therewith.

Consolidated Cash Flows Statement for the Financial Year ended December 31st, 2008

	Note No.	Financial year ended 31/12/2008 EGP	Financial year ended 31/12/2007 EGP
Cash flows from operating activities			
Net profit for the year before income tax		2 468 008 994	2 321 773 175
Adjustments to reconcile net profit to cash flows from operating activities			
Depreciation & amortization	(2n,11)	1 659 572 182	1 285 873 077
Net change in provisions		(81 943 827)	55 294 352
Write-off of accounts receivable		(32 656 517)	(44 083 093)
Impairment losses of accounts receivable		50 315 445	47 284 809
Write-down of inventory		227 580	1 257 276
Interest income		(40 366 164)	(29 556 921)
Interest expense		586 575 098	123 994 426
Capital loss / (gain)		20 796 233	(2 550 924)
Equity settled share based payments transactions		26 648 168	30 623 410
Income tax paid		(562 269 594)	(338 379 755)
Changes in working capital			
Rent deposits		(4 479 588)	(2 450 660)
Inventory		(49 555 504)	(62 121 720)
Accounts receivable		(6 985 408)	(34 483 092)
Other debit balances		59 630 956	(109 357 497)
Prepaid expenses		(26 056 639)	(43 338 067)
Creditors		(6 339 818)	20 148 603
Other credit balances		(141 072 600)	194 148 421
Accrued expenses		126 651 629	202 211 176
Interest paid		(490 800 873)	(305 504 785)
Net cash provided from operating activities		3 555 899 753	3 310 782 211
Cash flows from investing activities			
Payments for the purchase of fixed assets and assets under construction	(28)	(2 670 671 742)	(2 805 641 056)
Payments for licenses		(910 000 000)	(478 000 000)
Proceeds from sale of fixed assets and fixed assets under construction		8 198 107	2 769 989
Interest received		40 633 989	28 467 965
Net cash used in investing activities		(3 531 839 646)	(3 252 403 102)
Cash flows from financing activities			
Proceeds from loans		1 820 200 000	2 677 000 000
Payments of loans		(417 200 000)	(700 000 000)
Payment of bonds		—	(340 000 000)
Payments for the purchase of treasury shares		—	(7 596 834)
Dividends paid		(1 196 827 028)	(1 771 045 766)
Net cash provided from / (used in) financing activities		206 172 972	(141 642 600)
Net changes in cash and cash equivalents		230 233 079	(83 263 491)
Cash and cash equivalents at beginning of the year		45 447 980	128 711 471
Cash and cash equivalents at end of the year	(10)	275 681 059	45 447 980

The accompanying notes form an integral part of these financial statements and are to be read therewith.

Consolidated Statement of Changes in Equity for the Financial Year ended December 31st, 2008

	Capital	Treasury Shares	Reserve of gains from treasury shares	Legal reserve	Equity settled share based payments	Retained earnings	Net profit for the year (Equity holders of the Company)	Interim Distribution	Total	Minority Interest	Total equity
	€M	€M	€M	€M	€M	€M	€M	€M	€M	€M	€M
Balance at 31/12/2006	1 000 000 000	(18 959 534)	50 913 839	206 000 000	-	36 202 169	1 525 889 998	(1 163 614 309)	1 630 522 183	2 092 100	1 632 614 283
Profit of 2005 transferred to retained earnings	-	-	-	-	-	362 275 689	(1 525 889 998)	1 163 614 309	-	-	-
Dividends during 2007	-	-	-	-	-	(352 901 119)	-	-	(352 901 119)	-	(352 901 119)
Purchase of treasury shares	-	(7 596 834)	-	-	-	-	-	-	(7 596 834)	-	(7 596 834)
Equity set off share based payments	-	-	-	-	30 623 410	-	-	-	30 623 410	-	30 623 410
Interim dividends according to ordinary general assembly resolution on September 3, 2007	-	-	-	-	-	-	(681 439 825)	(681 439 825)	-	-	(681 439 825)
Interim dividends according to ordinary general assembly resolution on December 17, 2007	-	-	-	-	-	-	(693 660 382)	(693 660 382)	-	-	(693 660 382)
Net profit for the financial year ended December 31, 2007	-	-	-	-	-	-	1 823 784 804	-	1 823 784 804	1 614 514	1 825 399 318
Balance as at 31/12/2007	1 000 000 000	(26 556 368)	50 913 839	206 000 000	30 623 410	47 709 759	1 823 784 804	(1 374 300 307)	1 751 572 137	3 706 624	1 755 278 811
Balance as at 31/12/2007	1 000 000 000	(26 556 368)	50 913 839	206 000 000	30 623 410	47 709 759	1 823 784 804	(1 374 300 307)	1 751 572 137	3 706 624	1 755 278 811
Profit of 2007 transferred to retained earnings	-	-	-	-	-	448 884 497	(1 823 784 804)	1 374 900 307	-	-	-
Dividends during 2008	-	-	-	-	-	(437 347 559)	-	-	(437 347 559)	-	(437 347 559)
Equity set off share based payments	-	(5 201 395)	33 981 121	-	(22 534 349)	-	-	-	26 648 168	-	26 648 168
Interim dividends according to ordinary general assembly resolution on August 31, 2008	-	-	-	-	-	-	(668 309 177)	(668 309 177)	-	-	(668 309 177)
Interim dividends according to ordinary general assembly resolution on December 21, 2008	-	-	-	-	-	-	(463 164 430)	(463 164 430)	-	-	(463 164 430)
Net profit for the financial year ended December 31, 2008	-	-	-	-	-	-	1 970 229 270	-	1 970 229 270	(1 178 431)	1 969 050 839
Balance as at 31/12/2008	1 000 000 000	(11 354 972)	84 894 960	206 000 000	8 083 061	58 243 697	1 970 229 270	(1 971 473 607)	2 239 828 498	2 552 243	2 242 380 832

The accompanying notes form an integral part of these financial statements and are to be read therewith.

1- Company Background

- Egyptian Company for Mobile Services S.A.E. is an Egyptian Joint Stock Company established under the Investment Incentives and Guarantees Law No. 8 of 1997 and was registered in the commercial registry under No. 312032 on 4/3/1998 which was later modified to No. 2231 on 14/1/1999. The purpose of the company is to execute, manage, operate, develop, maintain a digital cellular mobile telecommunication system (G.S.M), selling and distributing mobile lines, scratch cards, mobile equipments and mobile maintenance and accessories. The company provides its services to subscribers inside and outside the Arab Republic of Egypt.
- The company's duration is 25 years starting from the date of registration in the commercial registry.
- The company started its operation on May 21st, 1998.

2- Significant Accounting Policies

a) Basis of financial statements preparation

The consolidated financial statements are prepared in accordance with Egyptian Accounting Standards (E.A.S) and related Egyptian laws and regulations.

b) Basis of consolidation

The accompanying consolidated financial statements include the assets, liabilities and results of operation of the company (Egyptian Company for Mobile Services) and its subsidiaries (thereafter referred to as "the Group") which are controlled by the Company. The basis of the consolidation are as follows:

- All intra-group balances and transactions have been eliminated.
- Minority interest in the equity and results of operation of the subsidiaries controlled by the Company is shown as a separate item in the consolidated financial statements and is calculated based on their share in the assets and liabilities of the subsidiaries.
- There was no goodwill arising from the acquisition of the subsidiaries as the company is the founder of the subsidiaries.

As at December 31st, 2008, the company directly owns the following consolidated subsidiaries:

	Ownership
* Mobinil Services (Egyptian Joint Stock Company)	96%
* Mobinil Invest (Belgium Company – under liquidation)	98%
** Employees share option plan (Trust)	Controlled

* Mobinil Telecom the principal shareholder of the company owns 2% in Mobinil Invest - under liquidation and Mobinil Services.

** The Trust established for the employees share option plan of the company.

c) Foreign currency translation

The group maintains its books of accounts in Egyptian Pounds. Transactions denominated in foreign currencies are recorded at the prevailing exchange rates at the date of transactions, while balances of monetary assets and liabilities denominated in foreign currencies at the consolidated balance sheet date are retranslated at the prevailing exchange rates at that date. Exchange differences are recorded in the income statement.

d) Fixed assets and depreciation

- Fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. The assets are depreciated using the straight-line method over the estimated useful lives of each type of assets.
- The estimated useful lives are as follows:

Buildings	50 years
Network equipment	5-15 years
Computers	2-5 years
Office equipment	5 years
Furniture and fixtures	10 years
Vehicles	5 years
Leasehold improvements	5 years

e) Revenue recognition

Revenue is recognized when services are rendered or products are delivered. Revenue recognition for major revenue streams are as follows:

- 1- Airtime, SMS and other value added services are recognized when services are rendered.
 - For postpaid subscribers revenue is recorded based on billed services, and an accrual is recorded for services rendered and unbilled at year end date.
 - For prepaid subscribers initial sale of scratch cards is recorded as deferred revenue, revenue is recorded based on usage of airtime and other services.
- 2- Interconnect and roaming revenue is recognized based on the terms and conditions agreed with other operators and when services are rendered and billed. Accruals are also recorded for unbilled revenue resulting from services rendered until the year end date.
- 3- Handsets revenue is recognized upon delivery.
- 4- Connection fees are recognized based on activation.
- 5- Revenue recognized net of discount and rebates.

f) Licenses fees

The existing licenses fees are accounted for as follows:

- a-The license fee is recorded at cost and amortized over the period of license.
- b-The fees to access the 7.5 MHZ of the 1 800 MHZ spectrum are recorded at the cash price using its net present value and amortized over the period of the access agreement.
- c- The fees to acquire the 3G license and the 5 MHZ of the 2 GHZ spectrum is recorded at cash price of the license agreement and amortized over the period of the license agreement.
- d- All licenses agreements are extended to October 2022
- e- Amortization commencing at the commercial launch date

g) Investments available for sale

Investments available for sale are stated at fair value (except investments in unquoted equity securities), with any resultant gain or loss being recognized directly in equity, except for impairment losses. When these investments are derecognized, the cumulative gain or loss previously recognized in equity is recognized in income statement. Investments in unquoted equity securities are stated at cost less impairment losses (2j).

h) Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined using the weighted average method.

i) Capitalization of borrowing cost

The company capitalizes the borrowing costs related to the acquisition or establishment of an eligible asset.

j) Impairment

- The carrying amounts of the company's assets - other than (inventory 2h) and (deferred tax assets 2k) - are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.
- An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the income statement.
- An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

k) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is measured using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

l) Loans and borrowings

Interest-bearing borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings on an effective interest basis.

m) Share based payments

The Company has equity settled share based compensation plan. Equity settled share based payments are measured at fair value determined at the grant of the equity settled share based payments. The fair value of the share based payment is charged over the vesting period based on the company's estimate of awards that will eventually vest.

n) Provisions

Provisions are recognized when the company has a legal or constructive obligation as a result of past events, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. If the effect of time value of money is material, provisions are determined by discounting the expected future cash flows. Provisions are reviewed at the balance sheet date and amended (when necessary) to reflect the best current estimate.

o) Employee Pension Plan

Mobinil operates a defined contribution pension plan for its employees, in addition to the statutory social insurance scheme required by law. Employees who choose to subscribe to this plan pay 3% of their basic salary into the plan. The Company will then contribute an amount equal to 10% of that employee's basic salary to the plan. Mobinil has no liability or commitment to the plan beyond its defined contribution. Employees who leave through resignation or retirement receive their entitlements for the pension plan according to its terms based on years of service.

p) Operating lease and capital lease

Lease payments under operating lease or capital lease are charged to the income statement on a straight-line basis over the period of the lease, commencing the date of the lease.

q) Cash flows statement

Cash flows statement is prepared using the indirect method.

	Land	Buildings	Network Equipment	Computers	Office Equipment	Furniture & Fixtures	Vehicles	Leasehold Improvements	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Cost									
Cost as at 1/1/2008	9 671 848	** 437 666 145	9 533 782 512	705 067 062	47 061 872	66 131 679	39 674 491	102 834 752	10 941 890 361
Additions for the year	1 962 195	99 690 619	2 852 608 108	202 889 327	21 050 365	11 032 308	17 206 510	27 266 448	3 233 705 880
Capitalized interest during the year Disposals	-	8 739 329	176 438 291	-	-	-	-	-	185 177 620
	-	(55 576 382)	(297 940 069)	(20 260 685)	(14 438)	(479 977)	(3 348 833)	(1 330 682)	(378 951 066)
Total cost as at 31/12/2008	11 634 043	480 519 711	12 264 888 842	887 695 704	68 097 799	76 684 010	53 532 168	128 770 516	13 981 822 795
Accumulated depreciation									
Accumulated depreciation as at 1/1/2008	-	16 885 969	4 279 000 762	421 927 205	31 348 647	31 832 461	15 431 361	85 154 629	4 881 581 034
Depreciation for the year	-	9 139 768	1 391 205 962	105 830 178	6 826 235	7 015 370	7 834 142	6 813 373	1 534 665 028
Accumulated depreciation of disposals	-	(3 697 353)	(281 056 241)	(16 687 702)	(6 738)	(371 195)	(1 525 930)	(1 118 620)	(304 463 779)
Accumulated depreciation as at 31/12/2008	-	22 328 384	5 389 150 483	511 069 681	38 168 144	38 476 636	21 739 573	90 849 382	6 111 782 283
Net book value as at 31/12/2008	11 634 043	468 191 327	6 875 738 359	376 626 023	29 929 655	38 207 374	31 792 595	37 921 136	7 870 040 512
Net book value as at 31/12/2007	9 671 848	420 780 176	5 254 781 750	283 139 857	15 713 225	34 299 218	24 243 130	17 680 123	6 060 309 327

* This item includes :

- 1- An amount of EGP 3 250 000 which is represented in the purchase price of a piece of land (2 500 square meters) in the Smart Village according to a preliminary contract. The registration in the notarization office is in process.
- 2- An amount of EGP 1 374 720 represents the purchase price of a piece of land (2 345 square meters) from 6 th of October Development Agency according to an assigned contract on 5/2/2005 which has not yet been registered in the notarization office.
- 3- An amount of EGP 2 995 468 represents the purchase price of a piece of land (3 098 meters square) in El Obour City according to a preliminary contract which has not yet been registered in the notarization office.

** This item Includes :

- 1- An amount of EGP 190 335 404 which is represented in the purchase price of the administrative offices in the Nile City building acquired through exercising the lease contract purchase option as at July 1, 2005. The registration at the notarization office is in process.
- 2- An amount of EGP 51 233 312 which is represented in the purchase price of two additional floors in the Nile City building which has not yet been registered in the notarization office.

3- Capitalized borrowing costs

The company capitalized EGP 185 177 620 in fixed assets during the financial year ended December 31st, 2008. (EGP 172 070 811 during 2007).

The average borrowing rate for the company which is used to capitalize interest is 10.485 % during the financial year ended December 31st, 2008. (10.177 % during 2007).

4- Licenses fees (net)

	License Fee	Fees to access the 7.5 MHz of the 1800 MHz spectrum	Fees of the 3G license and access the 5 MHz of the 2GHz spectrum	Total license fees
	EGP	EGP	EGP	EGP
Cost as at 1/1/2008	1 755 000 000	643 101 265	—	2 398 101 265
Additions during the year	—	—	2 240 000 000	2 240 000 000
Cost as at 31/12/2008	1 755 000 000	643 101 265	2 240 000 000	4 638 101 265
Less:				
Accumulated amortization as at 1/1/2008	1 109 213 501	217 203 512	—	1 326 417 013
Amortization for the year	43 654 839	28 546 433	52 705 882	124 907 154
Accumulated amortization as at 31/12/2008	1 152 868 340	245 749 945	52 705 882	1 451 324 167
Balance as at 31/12/2008	602 131 660	397 351 320	2 187 294 118	3 186 777 098
Balance as at 31/12/2007	645 786 499	425 897 753	—	1 071 684 252

5- Assets under construction

This item includes network equipments, letters of credit, advance payments related to assets and the capitalized borrowing cost directly related to the acquisition of the fixed assets amounting to EGP 70 706 811 (EGP 84 477 923 during 2007) as stated in not (2-i, 28).

6- Investments available for sale

This item represents the cost of investment in The Egyptian French Company for Finance Lease (percentage shareholding 14.17%).

7- Inventory

Inventory is represented in postpaid and prepaid SIMs and scratch cards in addition to other cell phone sets and telecommunication equipments.

8- Accounts receivable

	31/12/2008 EGP	31/12/2007 EGP
Postpaid receivables	173 166 481	169 671 549
Roaming receivables	40 567 580	48 551 077
National roaming receivables	29 589 209	25 887 073
Interconnect receivables	9 253 584	—
Installment receivables	6 050	18 366 237
Other receivables	437 647	1 218 135
	<u>253 020 551</u>	<u>263 694 071</u>

9- Other debit balances

	31/12/2008 EGP	31/12/2007 EGP
Suppliers - advance payments	14 784 203	31 699 769
Deposits with others	498 996	1 116 865
Accrued revenues	278 699 858	262 393 518
Mobinil for Telecommunication	667 957	305 035
Others	72 156 622	131 191 233
	<u>366 807 636</u>	<u>426 706 420</u>

10- Cash at banks and on hand

	31/12/2008 EGP	31/12/2007 EGP
a- Cash on hand	345 132	3 000
b- Cash at hand		
Current accounts	515 627 285	413 788 014
Cheques under collection	45 821	924 739
Time deposits	134 469 850	200 670
	<u>650 488 088</u>	<u>414 916 423</u>

Cash and cash equivalent

	31/12/2008 EGP	31/12/2007 EGP
Cash at banks	650 488 088	414 916 423
Less:		
Banks facilities	(374 807 029)	(369 468 443)
	<u>275 681 059</u>	<u>45 447 980</u>

11- Provisions

Description	Balance as at 1/1/2008 EGP	Formed EGP	Provision no longer required EGP	Used EGP	Balance as at 31/12/2008 EGP
Provisions	547 392 769	252 018 137	(160 816 985)	(173 144 979)	465 448 942

12- Banks facilities

Bank	Facility amount EGP	Currency	Contract duration	Balance as at 31/12/2008
Banque Misr	25 000 000	Egyptian pound	10 months starting from 14/12/2008 to 14/10/2009	—
AAIB	40 000 000	Egyptian pound	One year starting from 15/4/2008	—
Citi Bank	25 000 000	Egyptian pound	One year starting from 9/4/2008	—
Scotiabank	90 000 000	Egyptian pound	One year starting from 18/7/2008	30 218 413
Cairo Credit Agricole Bank	150 000 000	Egyptian pound	One year starting from 31/3/2008	122 227 474
National Socitete General Bank	60 000 000	Egyptian pound	8 months starting from 1/5/2008	36 581 052
HSBC	85 000 000	Egyptian pound	One year starting from 1/7/2008	29 306 834
BNP Paribas	100 000 000	Egyptian pound	One year starting from 9/7/2008	37 106 791
Barclays	79 000 000	Egyptian pound	5 months starting from 18/6/2008 to 20/11/2008	35 522 805
Bank Misr	—	Egyptian pound	Bank credit balance	83 843 660
				374 807 029

Interest: Interest rates on banks' facilities range from 10.75% to 14% annually including highest over drawn balance commission

13- Creditors

	31/12/2008 EGP	31/12/2007 EGP
Fixed assets suppliers	912 647 247	674 118 418
Licenses' fees short term liability (note 27)	908 805 058	158 364 972
Trade suppliers	193 493 961	338 354 943
Creditors - Roaming	3 801 126	1 982 413
Orange Group	36 770 085	25 454 684
Orascom Telecom companies	27 840 415	69 827 085
Others	3 180 114	2 673 635
	<u>2 086 538 006</u>	<u>1 270 776 150</u>

14- Other credit balances

	31/12/2008 EGP	31/12/2007 EGP
Taxes and Stamps	290 827 616	351 260 641
Deposits from customers	43 527 507	40 842 995
Deferred revenue	486 503 133	496 368 887
Income tax	114 047 531	371 976 386
Others	12 503 813	35 569 431
	<u>947 409 600</u>	<u>1 296 018 340</u>

15- Related party transactions

Transactions with related parties during the year were similar to non related entities on an arm's length basis.

These transactions are represented in buying network equipments, providing technical and accounting assistance for network operation and maintenance, network equipments construction activities, supplying computers to the company providing advertising campaigns, paying and collecting the roaming revenues on behalf of related parties

The following is a summary of the related parties, the type and amount of transactions with the company and their outstanding balances at the end of the year.

Description	Transaction type	Total transactions during the financial year ended	
		31/12/2008 EGP	31/12/2007 EGP
Orascom Telecom companies	Management fees / Roaming collection	188 099 511	610 214 765
Rest of Orascom Group	All abovementioned transactions	790 323 220	330 170 557
Orange Group	Management fees / Technical assistance	121 873 233	108 761 752
Nile City Investment	Rent	7 599 325	4 109 666
Mobinil for Telecommunications	Payments on behalf of the company	—	305 035

The outstanding balances as at 31/12/2008 -are as follows:

Description	Balance type	31/12/2008 EGP	31/12/2007 EGP
Orascom Telecom companies	Creditors/ Suppliers-advance payments / Fixed assets under construction – advance payments	20 160 581	60 195 552
Rest of Orascom Group	Suppliers-advance payments / Fixed assets under construction – advance payments	16 893 281	71 200
Orange Group	Creditors / Suppliers-advance payments	26 701 679	25 385 737
Nile City Investment	Suppliers-advance payments	115 000	115 000
Mobinil for Telecommunications	Other debit balances	667 957	305 035

The nature of the relationships is as follows:

Mobinil for Telecommunication

Direct shareholder with 51.03 % in the company.

Orascom Telecom

Direct shareholder with 20 % and holds 28.75 % in Mobinil for Telecommunication the principal shareholder in the company.

Orange

Principal shareholder with 71.25 % in Mobinil for Telecommunication the principal shareholder in the company.

France Telecom

The principal shareholder in Orange.

Orascom Group

Sister companies to Orascom Telecom as some of its shareholders are members of the board of directors of the company.

Nile City Investment

Sister company as some of its shareholders are members of the Board of Directors of the company.

16- Loans

The company was granted loans to finance its capital expenditure and working capital. The terms of the loans are summarized as follows:

Loan agreements concluded in 2005

On April 17, 2005 an agreement with a group of local banks was signed to underwrite an amount of EGP 1 800 M as a medium term loan and/or bonds for a period of eight years which will be used within two years. The final payment is due on April 30, 2013. The loan is divided into four tranches and will be paid over 11 semi-annual installments. The first installment will be due upon the end of the grace period that expires on April 30, 2008.

The tranches of the loan are as follows:

Tranch	Type of Finance	Million EGP
First	Medium Term Loan	800
Second	Medium Term Loan	400
Third	Medium Term Loan	300
Fourth	Medium Term Loan	300

The interest and the payment method for the Medium Term Loan is summarized as follows:

Interest	<p>Interest on 50% of each facility tranche will be fixed at 11.5% for the first 5 years and 11.75% for the next 3 years.</p> <p>Interest on the remaining 50% in each facility will be calculated based on a margin of 1.4% over the Central Bank of Egypt prevailing discount rate which is 2 business days prior to the interest period.</p> <p>On October 2007 the company agreed with the banks to amend the interest rate starting from October 31, 2007 to be calculated based on the following elements:</p> <ul style="list-style-type: none"> - CBE Discount Rate (CDR) - The company's time deposit return rate - CBE Mid Corridor rate
Interest payment	Interest is paid every 6 months starting from the date of the first withdrawal and is due on April 30 and October 30 every year.
Payment of Installments	A semi-annual installment that starts after the grace period and due on April 30 and October 30 every year.

Loan agreements concluded in 2007

- On August 15, 2007 an agreement with a group of local banks was signed to underwrite revolving credit facility up to and not exceeding EGP 2.3 billion for 7 years. The final maturity date will be the last day of the 84th month from the date of signing the facility agreement.

The main terms of the loan agreement are as follows:

Payment of the facility	<ul style="list-style-type: none"> - 20 % of the facility (EGP 460 million Egyptian Pounds) at the end of fifth year - 30 % of the facility (EGP 690 million Egyptian Pounds) at the end of sixth year - 50 % of the facility (EGP 1150 million Egyptian Pounds) at the end of seventh year <p>The interest rate shall be calculated based on following elements :</p> <ul style="list-style-type: none"> - CBE Discount Rate (CDR) - The company's time deposit return rate - CBE Mid Corridor rate
Payment	Interest is paid every 6 months

Loan agreements concluded in 2008

On February 27, 2008 an agreement with a group of local banks was signed to underwrite syndicated medium term facility amounting to EGP 2.2 billion for 7 years. The loan is divided into 3 tranches and will be paid over 10 installments. The first installment will be due upon the end of the grace period that expires on August 30, 2010.

The tranches of the loan are as follows:

Tran ch	Million EGP	Available from	Up to
First	700	The date of signature of this agreement	At a maximum of one year from the date of signature of this agreement
Second	500	1/3/2008	
Third	1000	1/4/2008	

The main terms of the loan agreement are as follows:

Repayment of the Facility	<ul style="list-style-type: none"> - EGP 80 million Egyptian Pounds at the first business day after expiry of the grace period. - EGP 2120 million Egyptian Pounds over 9 semi-annual installments.
Interest	<p>The interest shall be fixed rate of 10.5 % per annum for the first six months and following the first interest period the interest rate shall be calculated based on following elements :</p> <ul style="list-style-type: none"> - CBE Discount Rate (CDR) - The companies' time deposit return rate - CBE Mid Corridor rate
Interest payment	Interest is paid every 6 months

The classification of the loans balances according to the years of repayment is as follows:

a- Short term loans		
Year	Currency	Amount
2009 Current portion of long term loan	Egyptian Pounds	327 200 000
b- Long term loans		
Years	Currency	Amount
2010 / 2014	Egyptian Pounds	4 848 069 871

17- Capital

The company's authorized share capital amounts to EGP 1500 million divided into 150 million shares with a nominal value EGP 10 each. The company's issued and fully paid up capital amounts to EGP 1000 million. On October 12, 2003, the company's Extraordinary General Assembly approved the increase of the authorized capital to EGP 3 000 million. This increase was recorded in the commercial registry on February 23, 2004.

18- Reconciliation of effective tax rate

		31/12/2008 EGP		31/12/2007 EGP
Net profit for the year before income tax		2 468 008 994		2 321 773 175
Income tax using the domestic corporation tax rate	20%	493 601 799	20%	464 354 635
Non- deductible expenses		32 162 585		31 953 754
Tax exemption		(532 800)		—
Effect of tax rate in Mobinli invest		1 951 538		65 408
Over provided in prior periods		(28 228 967)		—
	20.22%	498 954 155	21.38%	496 373 797

19- Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	31/12/2008 EGP	31/12/2007 EGP	31/12/2008 EGP	31/12/2007 EGP
Property, plant and equipment	2 762 301	3 775 501	321 383 509	213 798 533
Intangible assets	—	—	70 748 382	33 281 705
Provisions	8 741 776	6 897 621	—	—
Total deferred tax asset / liability	11 504 077	10 673 122	392 131 891	247 080 238
Net deferred tax liabilities			380 627 814	236 407 116

Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following item:

	31 / 12 / 2008 EGP	31 / 12 / 2007 EGP
Deductible temporary differences	11 741 665	8 144 301

Deferred tax assets have not been recognized in respect of this item because of the uncertainty associated with the recoverability of this deferred tax asset.

20- Earnings per share

	Financial year ended 31/12/2008	Financial year ended 31/12/2007
Net profit for the year attributable to equity holders of the company	1 970 229 270	1 823 784 804
Less:		
Employees dividends	(106 888 889)	(139 755 926)
Board of directors remuneration	(2 916 666)	(3 850 000)
	1 860 423 715	1 680 178 878
Weighted average number of shares	99 698 553	99 248 797
Earnings per share	* 18.66	** 16.93

* Earnings per share were calculated after deducting the employees' share and Board of Directors' remuneration for the first nine months of the financial year only after being approved by the general assembly meetings.

** Earnings per share were calculated after deducting the employees' share and Board of Directors' remuneration for the financial year ended December 31st, 2007 according to the ordinary general assembly resolutions on September 3, December 17, 2007 and March 25, 2008.

21- License Agreements

a- License agreement

A license agreement was signed between the company and National Telecommunication Regulatory Authority. This agreement gives the company the right to establish and operate a digital cellular Mobile Telephone network in Egypt, for a duration of 15 years starting from May 21, 1998 subject to renewal. The company paid EGP 1755 Million as a license fee for this agreement for the 15 years period. In addition, the company is liable to pay annual fees to the National Telecommunication Regulatory Authority.

b- License agreement appendix no. (2)

- The Company signed an agreement with both Vodafone Egypt and Telecom Egypt. Based on this agreement, the company and Vodafone Egypt have committed to make total payments of EGP 1 240 Million each over 4 years to the National Telecommunication Regulatory Authority (NTRA). Accordingly, each company was granted access to 7.5 MHz of the 1800MHz spectrum that will be supplied by Telecom Egypt, which surrendered its 1800 MHz GSM license.

- The fees to access the 7.5 MHz of the 1 800 MHz spectrum are recorded at the cash price using its net present value.

c- License agreement appendix no. (4)

- On October 17, 2007, the company has signed an agreement with National Telecommunication Regulatory Authority (NTRA) to acquire the 3G license, 10 MHz spectrum and extension of the old licenses for a new 15 years starting from the date of signature against EGP 3 668 M and a charge of 2.4% of mobile revenue. An amount of EGP 318 M was paid on the date of signature and the remaining amount will be paid on installments until the end of December 2010. Accordingly, the company has revised the useful life of old licenses to end October 2022.

- The 3G license fees are recorded at the cash price of the license agreement due to receiving the first 5 MHz of the 2 GHz spectrum during March 2008.

22- Capital Commitments

Capital commitments represent the fixed assets and intangible assets contracts entered into and not yet executed at the balance sheet date which amounts to EGP 2 210 M as at December 31st, 2008 (EGP 4 311M as at December 31st, 2007).

23- Contingent Liabilities

Contingent liabilities amount to EGP 179 M as at December 31st, 2008. These contingent liabilities represent the uncovered amounts of letters of guarantee issued for the benefit of third parties as at December 31st, 2008. The company is a party in a number of legal cases which resulted from carrying out its activities. Based on the legal advice obtained, the company's management believes that the outcome of these lawsuits - individually or in aggregate - would not be material to the group's results.

24- Employees Share Plan (Treasury Shares)

The extraordinary general assembly meeting of the company held on March 11, 2007 approved the establishment of the employee share plan (ESP) as per the corporate law by granting the employees free shares of the company. This plan will be applied to the company's employees, managers and executive members of the company's board that qualified according to certain conditions regarding their performance, position, years of experience at the company and anticipated accomplishments.

The company's Board of Directors approved the allocation of 409 000 shares owned by Mobinil Invest in the company in order to proceed with the employee share plan. Furthermore, the extraordinary general assembly meeting of the company held on September 3, 2007 approved the increase of allocated shares to 450 000 shares by purchasing the required share from the stock market.

The plan can be summarized as follows:

1. The plan's beneficiaries will be granted free shares that will be allocated over a number of years. Furthermore, supervising committee will nominate the beneficiaries, according to the plan's criteria, the number and dates of granted shares.
2. During the vesting period the ESP's shares will be in the custody of the trustee. Thus, the beneficial employee has no right to attend vote in the Company's ordinary and extraordinary general assembly meetings. Hence, the beneficial employee can not exercise his rights till the date of transferring shares' ownership. However, the beneficial employee will have the right of profit distributed on his allocated shares from the granting date.

The granted shares according to the plan are as following:

	31/12/2008 Shares	31/12/2007 Shares
Allocated shares at the beginning of the plan	409 000	409 000
Granted shares balance	(178 749)	(417 000)
Purchased and allocated shares to the plan	41 000	41 000
Exercised	(257 589)	-
Available shares	13 662	33 000

3- According to the plan the currently allocated 178 749 shares will be transferred to employees on the following dates:

	Shares
December 31 st , 2007 (Exercised)	126 384
December 31 st , 2008 (Exercised)	131 205
December 31 st , 2009	141 594
December 31 st , 2010	24 765
December 31 st , 2011	12 390

- The income statement has been charged with EGP 26 648 168 representing the employee share plan expenses for the financial year ended December 31st, 2008.

25- Financial Instruments and Management of Related Risks

The financial instruments of the company are represented in the financial assets, (cash at banks and on hand, accounts receivable, some of the accounts in debtors and other debit balances), the financial liabilities (loans, banks facilities, some of the suppliers balances, some of the accounts in creditors and other credit balances).

a- Credit risk

This risk is represented in the inability of customers to pay their debts. The group retains deposits from them and may suspend services for delinquent customers.

b- Foreign currencies exchange risk

The foreign currencies risk is represented in the fluctuations in exchange rates, which in turn affect the company's cash inflows and outflows as well as the value of its foreign currency assets and liabilities. As at the date of the balance sheet the company has foreign currency assets and liabilities equivalent to EGP 242 839 114 and EGP 480 634 714 respectively. The Company's net exposure in foreign currencies is as follows:

	Short
U.S Dollars	26 791 461
Euro	11 586 796
GBP	41 765

As disclosed in note (2-c) the company has used the prevailing exchange rates at the balance sheet date to retranslate monetary assets and liabilities.

c- Interest rate risk

The interest rate risk is represented in the fluctuations in the interest rates which in turn affects the related monetary assets and liabilities.

d- Fair value

Based on the valuation basis used for the group's assets and liabilities described earlier, the fair value of the financial instruments does not materially differ from the book value as at the balance sheet date.

26- Tax Status

The Egyptian Company for Mobile Services

a- Corporate tax

The company was exempted from corporate tax for a period of five years ended 31/12/2003.

- From inception till 2004

Tax inspection was performed for this period and all disputes have been finalized according to the internal committees decisions and settlement of liabilities resulted from this inspection is currently in process.

- Years 2005 to 2007

These years have not yet been inspected

b- Payroll tax

- From inception till 2000

A tax inspection was performed for this period and the resulting differences were paid according to the resolution of the appealing committee except certain items which were transferred to the appealing.

- Years 2001 to 2004

These years have been inspected and settled with tax authority.

- Years 2005 to 2006

These years have been inspected and the company has not yet informed by the results.

- Year 2007

This year has not yet been inspected.

c- Stamp tax

- From inception till 2003

A tax inspection was performed and disputes were settled except for tax on Alo connection fees and in-kind tax which were transferred to the preliminary court but not yet resolved for the period from inception till 2001 and to the appealing committee for years 2002 and 2003.

- From January 1, 2004 till July 31st, 2006

This period has been inspected and the company has been informed by the results.

- There is a dispute on the unpaid stamp tax for prizes that have been distributed during the period from 2000 to 2006, settlement with the concerned tax authority is currently in process.

d- Sales tax

- From inception till 2004

This period has been inspected and differences were paid.

- Years 2005 to 2006

These years have been inspected and the company has been informed by the results.

- Year 2007

This year has not yet been inspected.

e- Withholding tax

- From inception till 2003

A tax inspection was performed and the company received a preliminary claim from the central collection department. The resulting disputes are currently being discussed with the responsible tax department in the Tax Authority.

- Years 2004 to 2007

These years have not yet been inspected.

- There is a dispute regarding withholding taxes enforced on the rent payments, settlement with the concerned Tax Authority is in process.

- Mobinil Services (a subsidiary)

a- Corporate tax

- From inception till 2003

Tax inspection was performed and a corporate tax form no. (19) was received and the dispute is currently being discussed at the internal committee.

- Years 2004 to 2007

The Company has not been inspected by the Tax Authority.

b- Sales tax

- From July 1, 2001 till December 31st, 2004

These periods had been inspected and settled with the Tax Authority.

- Year 2005 to 2007

These years have not yet been inspected.

- Mobinil Invest - Belgian Company - (A subsidiary)

Subject to Belgium laws. The financial periods since inception till the given date have not yet been inspected.

27- Licenses fees liabilities

This item is represented in the amortized cost of the license fees installments to access the 7.5 MHz of the 1800 MHz spectrum and the 3G license fees to access the 5 MHz of the 2 GHz spectrum.

The classification of the license fees balance according to the years of repayment is as follows:

	Short term During the year 2009 EGP	Long term During the year 2010 EGP	Total EGP
Liability balance Less:	910 000 000	750 000 000	1 660 000 000
Unamortized discount	1 194 942	116 860 117	118 055 059
Balance as at 31/12/2008	908 805 058	633 139 883	1 541 944 941

The income statement has been charged with EGP 227 068 940 the amortized discount from the principal liability of license fees based on the imputed interest rate for the financial year ended December 31st, 2008.

28- Payments for the purchases of fixed assets and fixed assets under construction

For the purpose of the preparation of the cash flows statement, the fixed assets additions and net movement of fixed assets under construction are reconciled to the cash outflow resulting from these transactions as follows:

Description	EGP
Fixed assets additions during the year	3 233 705 880
Net movement of fixed assets under construction	(247 127 424)
Non cash reconciliations	
Exchange of similar assets (Building)	(45 492 947)
Interest capitalized during the year on fixed assets under construction	(70 706 811)
Fixed assets and fixed assets under construction suppliers	(199 706 956)
Payments for the purchase of fixed assets and fixed assets under construction	2 670 671 742

29- Interconnect agreement with Telecom Egypt

Telecom Egypt filed a complaint with the dispute resolution committee of the National Telecommunication Regulatory Authority (NTRA), with the purpose of changing its interconnect prices with the mobile operators, with which it has existing contracts. We responded to the complaint in front of the committee asking to honor the existing effective contract between the Company and Telecom Egypt. The NTRA issued a ruling on the dispute on September 3, 2008 in favor of Telecom Egypt by changing the interconnect prices between the fixed and mobile networks to be effective from that date.

We informed the NTRA of our objection and rejection of the decision as it has no legal or contractual basis and that we intend to bring the matter to the courts in order to protect our interest.

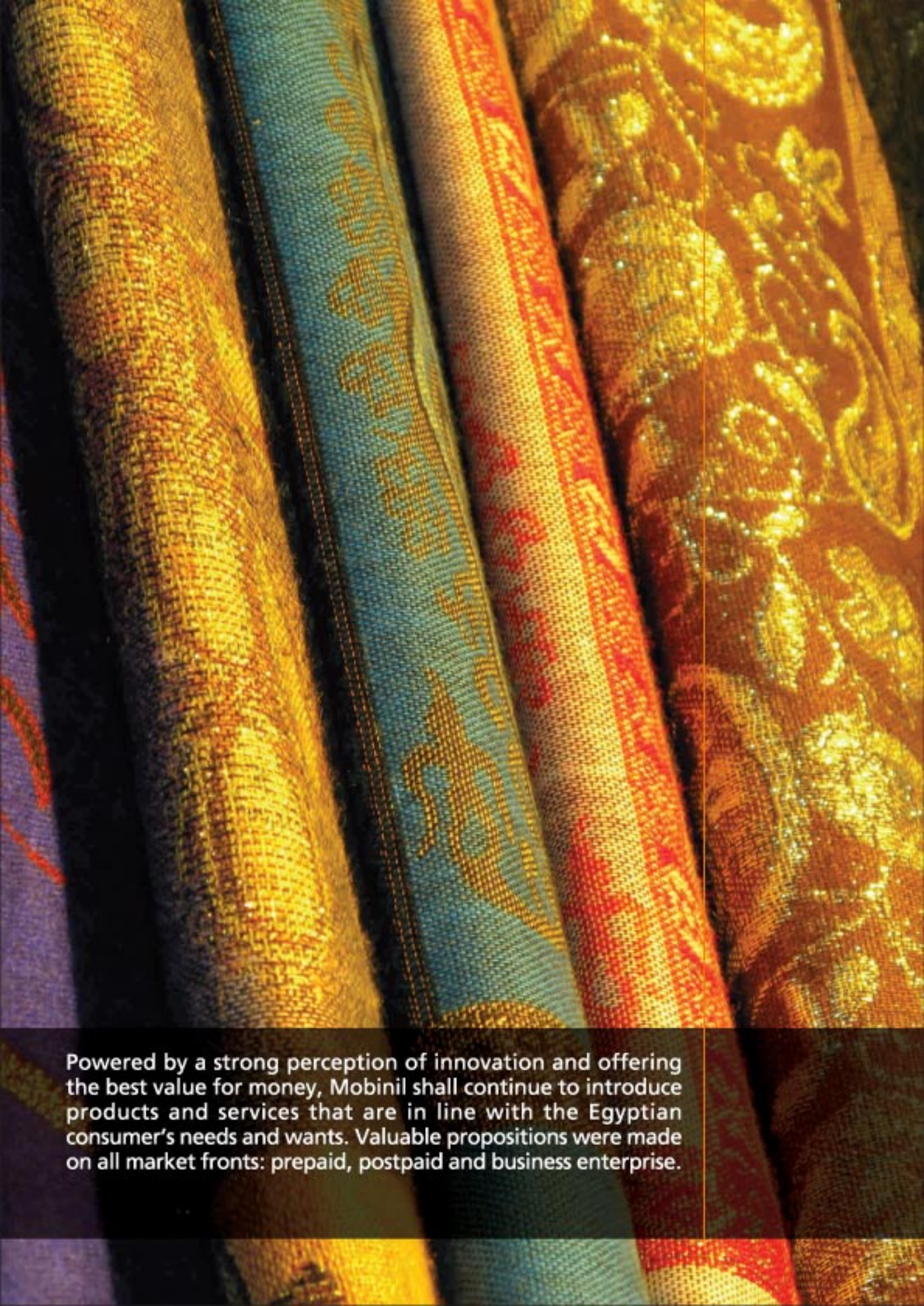
On November 01, 2008 a law suit against the NTRA was filed in the Administrative Court at the State Counsel asking for staying and nullifying the NTRA decision.

The Company and its external legal counsel believe that the Company has a strong legal position as the NTRA's decision does not have legal or contractual ground, hence we continue to record interconnect revenue and costs based on the existing agreement with Telecom Egypt.

Had we applied this decision based on Telecom Egypt interpretation we would have recorded less interconnect revenue by EGP 100 413 515 and less interconnect cost by EGP 34 699 695 for the current financial year.

30- Comparative figures

Some of the comparative figures in the consolidated financial statements have been reclassified to be consistent with the classification of the consolidated financial statements as at December 31st, 2008.



Powered by a strong perception of innovation and offering the best value for money, Mobinil shall continue to introduce products and services that are in line with the Egyptian consumer's needs and wants. Valuable propositions were made on all market fronts: prepaid, postpaid and business enterprise.

Results of Operations

Operating Revenue

Operating net revenue from mobile operations for the year ended December 31st, 2008 increased by 21.3% to EGP 10,002.8 million compared to EGP 8,247.8 million for the year ended December 31st, 2007, the main drivers for this revenue growth are the higher usage per user and the 4% increase in roaming revenue.

Expenses and Cost of Operation

Total operating costs increased by 18.6% to EGP 6,917 million in the year ended December 31st, 2008 compared to EGP 5,834 million in the year ended December 31st, 2007. This increase was primarily attributable to the increase of the cost components directly related to the increases in revenues and capital expenditures, mainly the cost of services, other operating cost, depreciation and amortization.

Cost of services (excluding depreciation and amortisation) increased by 12.5% to EGP 2,057.4 million in the year ended December 31st, 2008 compared to EGP 1,828 million in the year ended December 31st, 2007. This increase was driven from the increase in the interconnect cost and roaming charges as a result of revenue increase & the increased cost of contents (revenue share).

Other operating costs increased by 32% to EGP 1,360.6 million in the year ended December 31st, 2008 compared to EGP 1,032 million in the year ended December 31st, 2007. This increase was mainly due to the increase in leased lines fees and network maintenance which was reflected from network expansion and starting to pay 2.4% revenue share since the launch of the 3G network in September 2008.

Depreciation and amortization increased by 29% to EGP 1,659.6 million in the year ended December 31st, 2008 compared to EGP 1,285.9 million in the year ended December 31st, 2007. This increase was driven from the increase in mobile equipment depreciation as a result of the new capital expenditures & the additions to the network structure. However, the increase in the amortization was resulted from new 3G licenses and the decrease in GSM 2G amortization due to the extension of its useful life.

Remuneration, allowances and salaries of board members increased by 35.1% to EGP 5 million in the year ended December 31st, 2008 compared to EGP 3.7 million in the year ended December 31st, 2007. This increase was due to the higher allowances and remuneration for Board of Director members approved by the 2007 year-end General Assembly meeting.

Selling, general and administrative expenses increased by 11% to EGP 1,692.9 million in the year ended December 31st, 2008, compared to EGP 1,524.9 million in the year ended December 31st, 2007. This increase was mainly driven by the volume effects in commercial areas.

Impairment losses of accounts receivable increased by 6.3% to EGP 50.3 million in the year ended December 31st, 2008 compared to EGP 47.3 million in the year ended December 31st, 2007. This increase was primarily due to an increase in the number of postpaid subscribers.

Provisions increased by 74.9% to EGP 252 million in the year ended December 31st, 2008 compared to EGP 144.1 million in the year ended December 31st, 2007. This increase was primarily due to an increase in provisions made for stamp tax (i.e., the stamp tax of EGP 6.1 which the Company is required to pay to the government for each existing mobile subscriber and additional EGP 1 for any new customer), until the Company finalises the issue with the tax authorities.

Net Operating Profit

Mobinil's net operating profit increased by 27.8% to EGP 3,085.8 million in the year ended December 31st, 2008 compared to EGP 2,413.8 million in the year ended December 31st, 2007. This increase is primarily attributable to revenue growth during 2008.

Interest Income

Interest income increased by 37%, to EGP 40.4 million in the year ended December 31st, 2008 compared to EGP 29.5 million in the year ended December 31st, 2007. This increase was primarily due to the increase in the Company's cash deposits with Egyptian banks during 2008 and the increase in the average interest rate during the year.

Other Income

Other income increased by 18.8% to EGP 3.8 million in the year ended December 31st, 2008 compared to EGP 3.2 million in the year ended December 31st, 2007 due to non-recurring sales of scrapped/obsolete inventory.

Interest Expense

Interest expense increased by 373.4% to EGP 586.6 million in the year ended December 31st, 2008 compared to EGP 123.9 million in the year ended December 31st, 2007. This increase was primarily due to the increase in average balances of loans and bank overdrafts during 2008.

Capital Gain/Loss

Capital gain decreased by 900% to a loss of EGP 20.8 million in the year ended December 31st, 2008 compared to a gain of EGP 2.6 million in the year ended December 31st, 2007. This decrease was due to the fact that items disposed of during 2007 were not fully depreciated, as opposed to those items disposed of during 2008 which were fully depreciated.

Net Foreign Currencies Exchange Differences

Net foreign currencies exchange differences constituted a loss of EGP 54.6 million in the year ended December 31st, 2008 compared to a loss of EGP 3.4 million in the year ended December 31st, 2007. This higher loss in the 2008 year was principally attributable to adverse movements in the foreign exchange rates of the Egyptian Pound as compared to the US Dollar and Euro.

Provisions no Longer Required

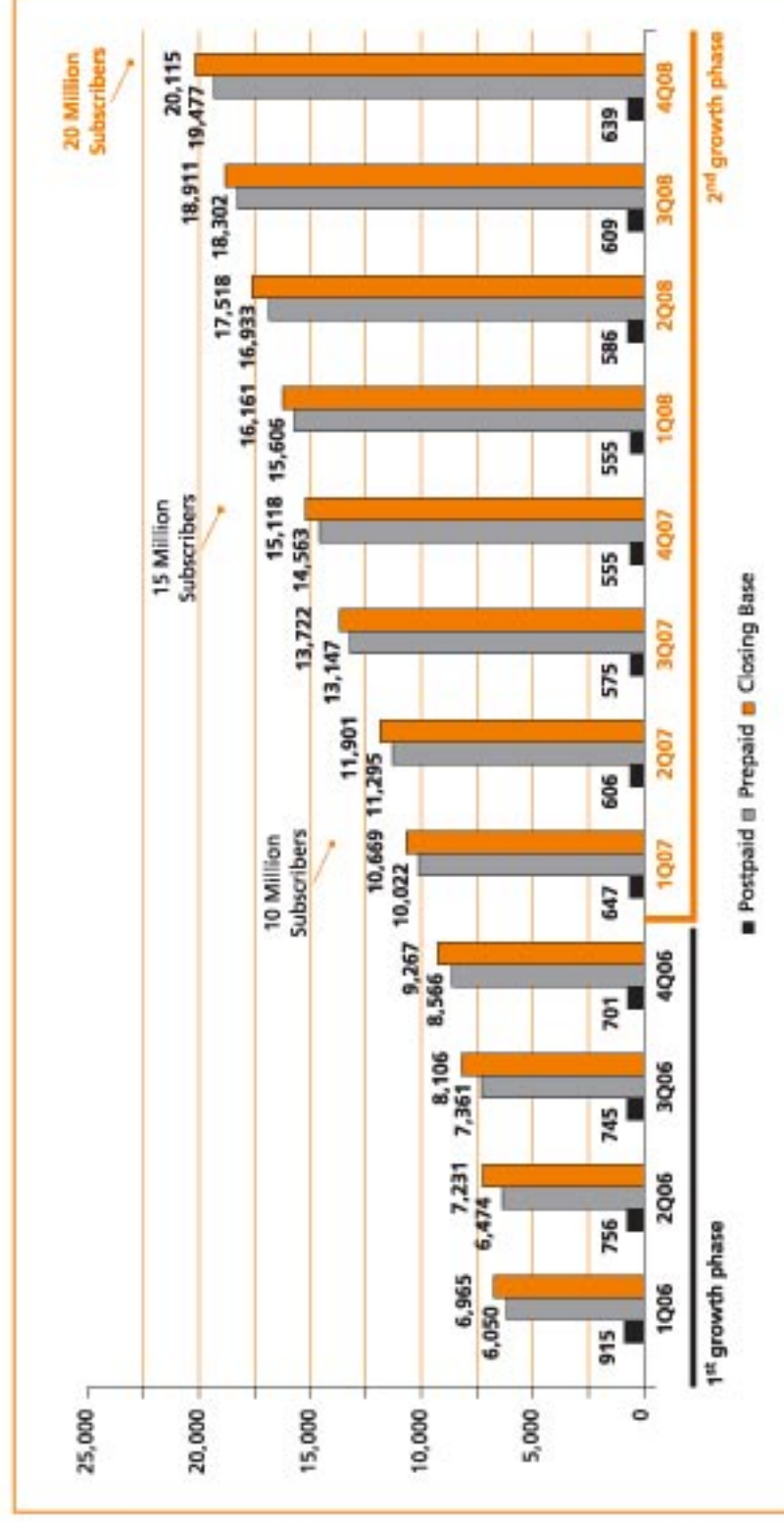
Provisions no longer required increase by 404% to EGP 160.8 million in the year ended December 31st, 2008 compared to EGP 31.9 million in the year ended December 31st, 2007 reflecting mainly the settlement during 2008 of certain tax issues related to prior years.

Net Profit for the Year

Net profit for the year increased by 7.9% to EGP 1,969.1 million in the year ended December 31st, 2008 compared to EGP 1,825.4 million in the year ended December 31st, 2007. This increase was driven by the increase in revenues that was greater than the increase in total costs and thus not offset by the total increase in costs.

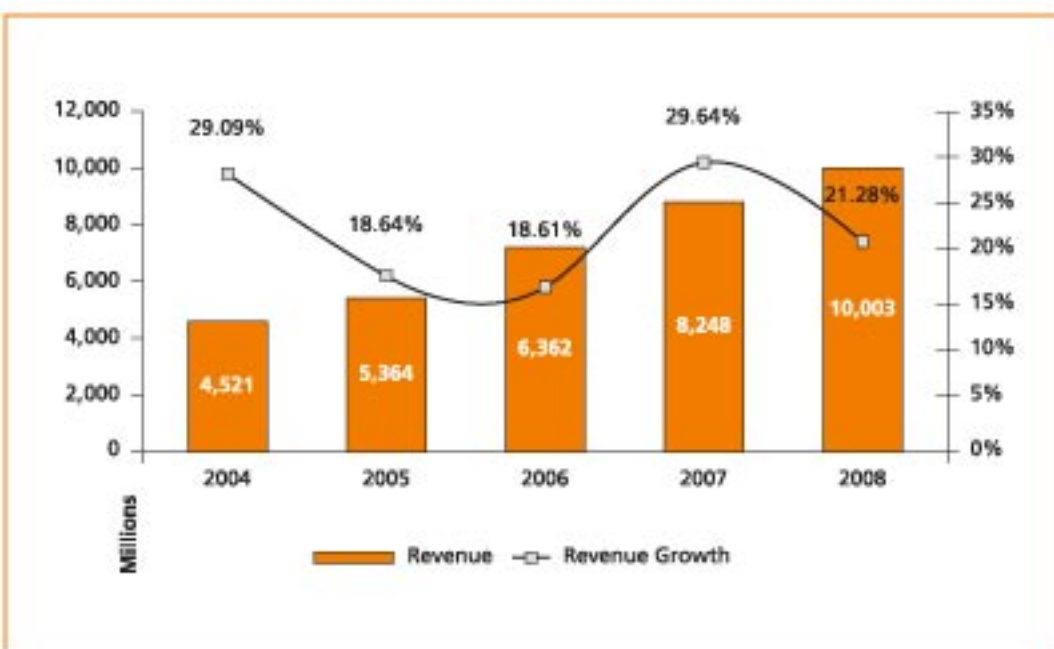
Growth story Subscribers' figures

- Mobinil led the second growth phase in the Egyptian telecom market starting 2007.



Financial performance

- Revenue CAGR of 22%, a continuation of strong revenue growth.



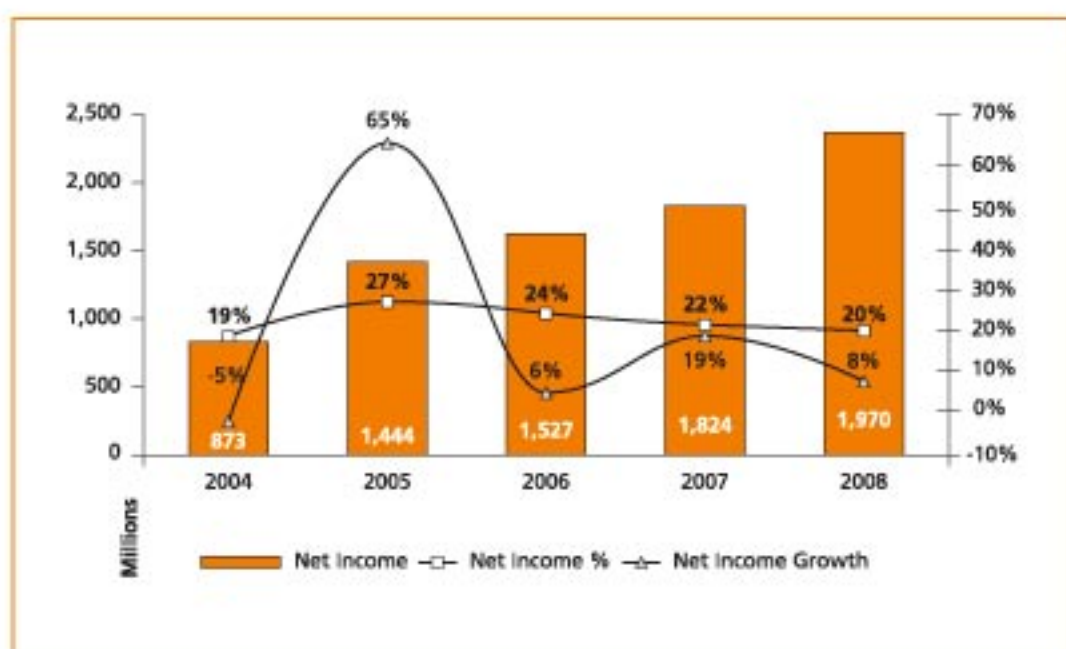
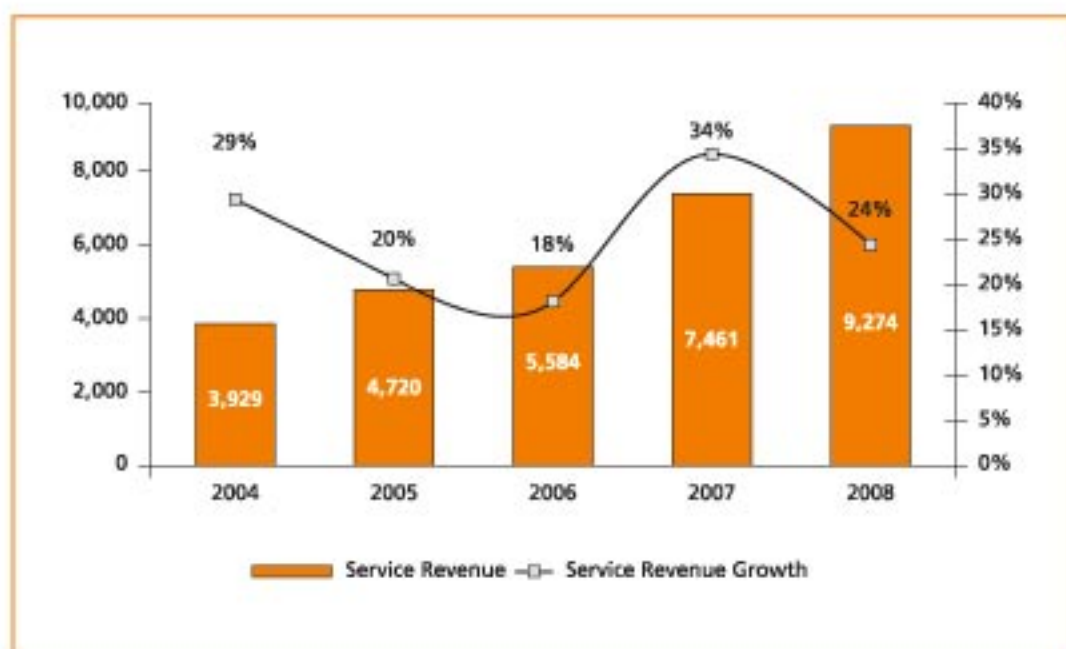
EBITDA evolution

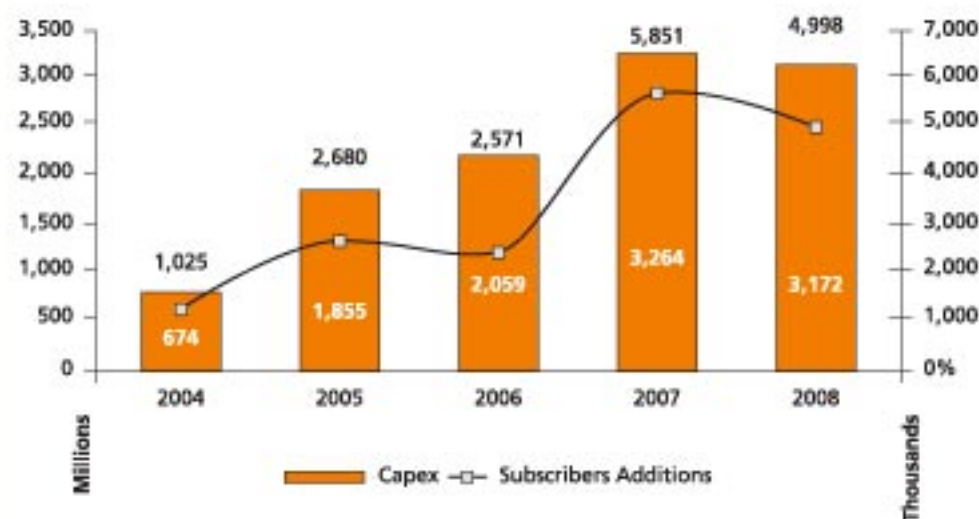
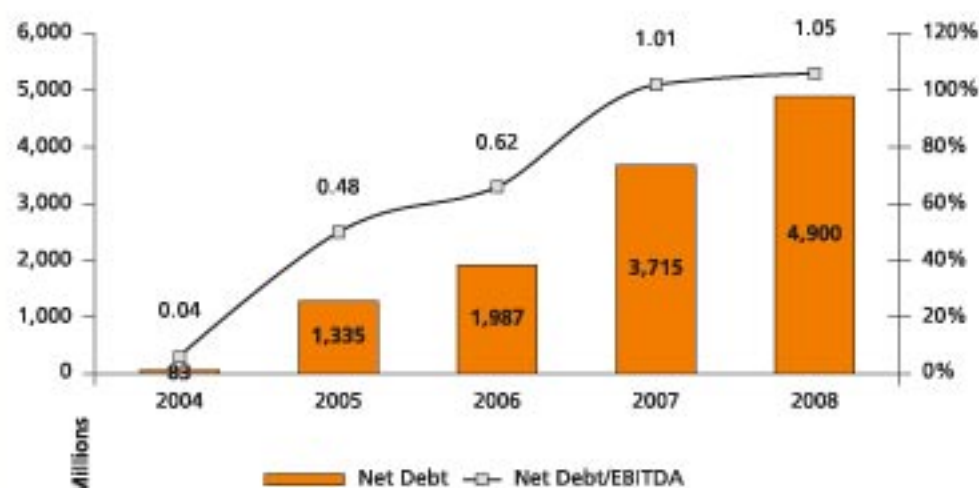
- EBITDA CAGR of 20% following the revenue growth.
- 2008 witnessed an improvement in EBITDA margin driven by the subscribers shift toward on-net and applying prudent cost control.



Service revenue

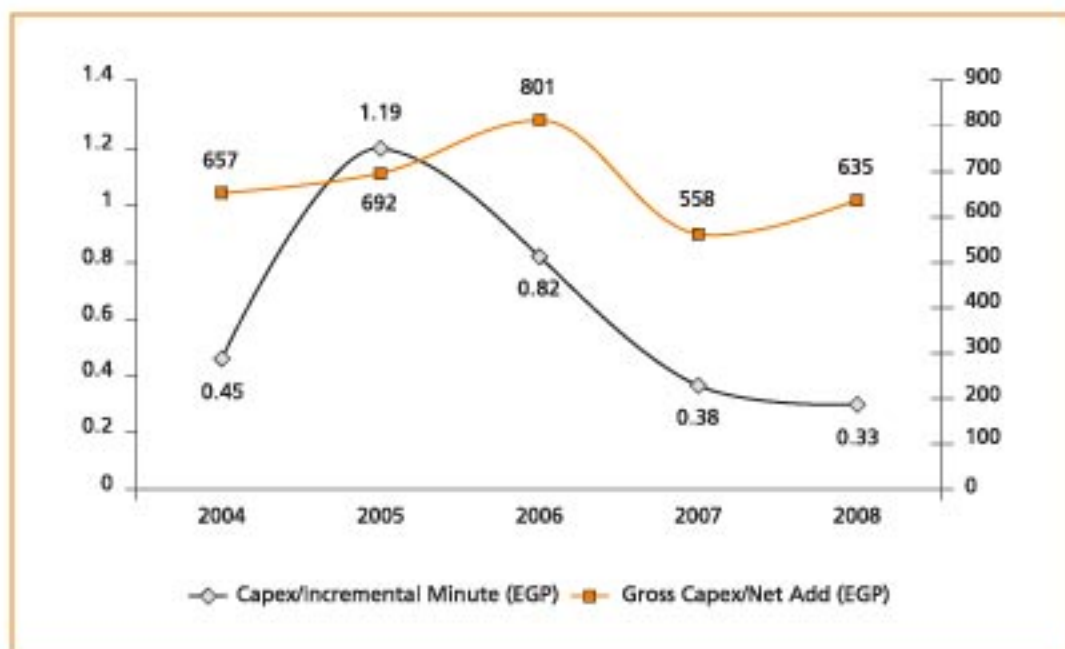
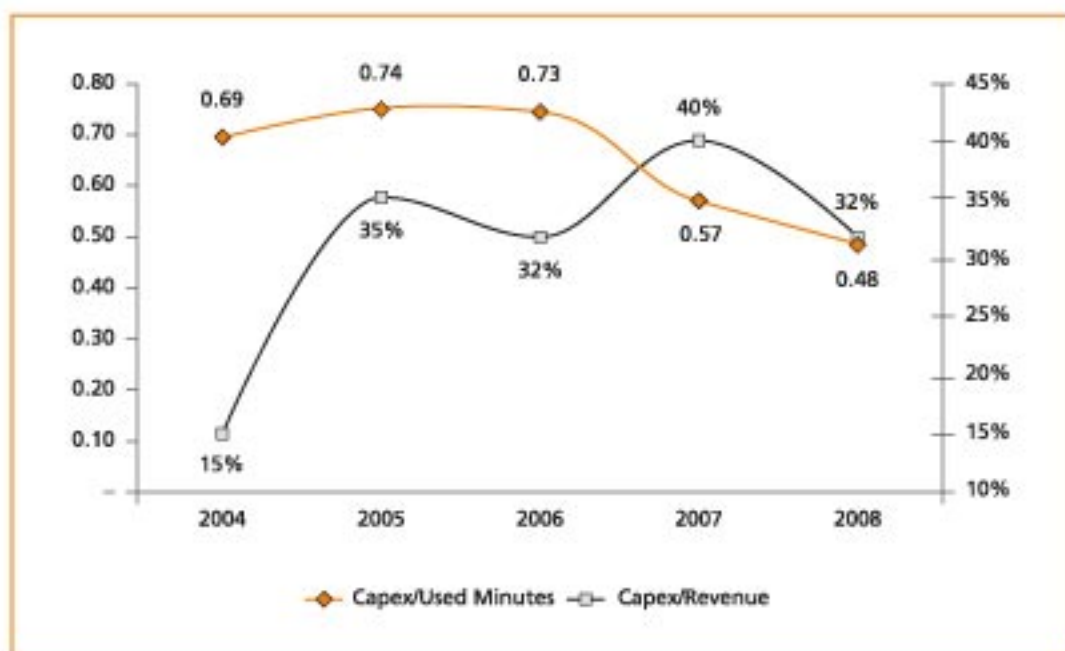
- Service revenue growth is the main indicator of subscriber base revenue generation
- Net profit growth rate declined in 2008 driven by higher costs associated to new long term investments.
- Net debt increased to EGP 4.5 billion as a result of acquiring additional debt to finance investment.

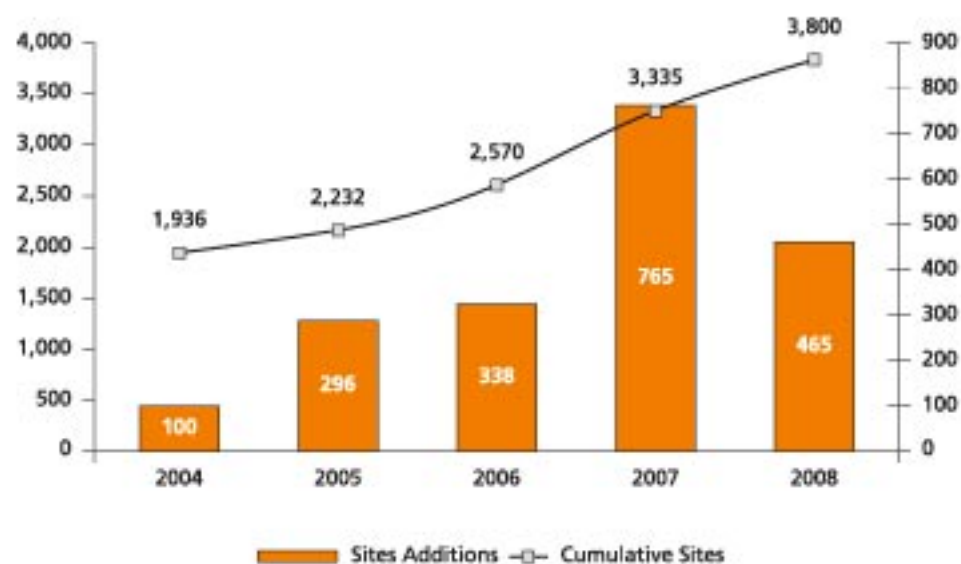




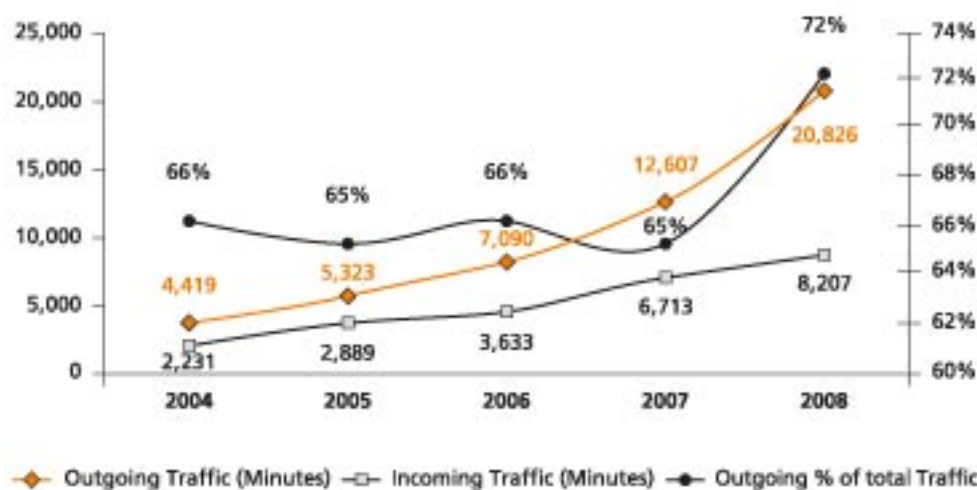
Capex

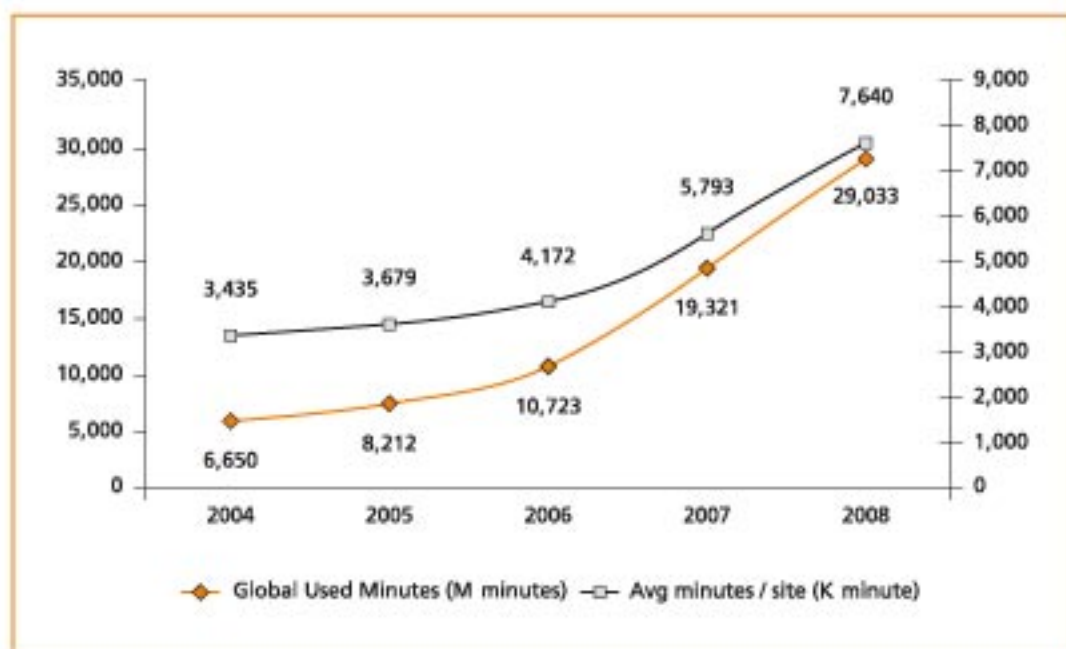
- Starting 2005, Mobinil adopted a balanced investment strategy to cope with the consecutive growth phases.
- Capex KPIs have been reflecting efficiency improvements throughout the growth phases.



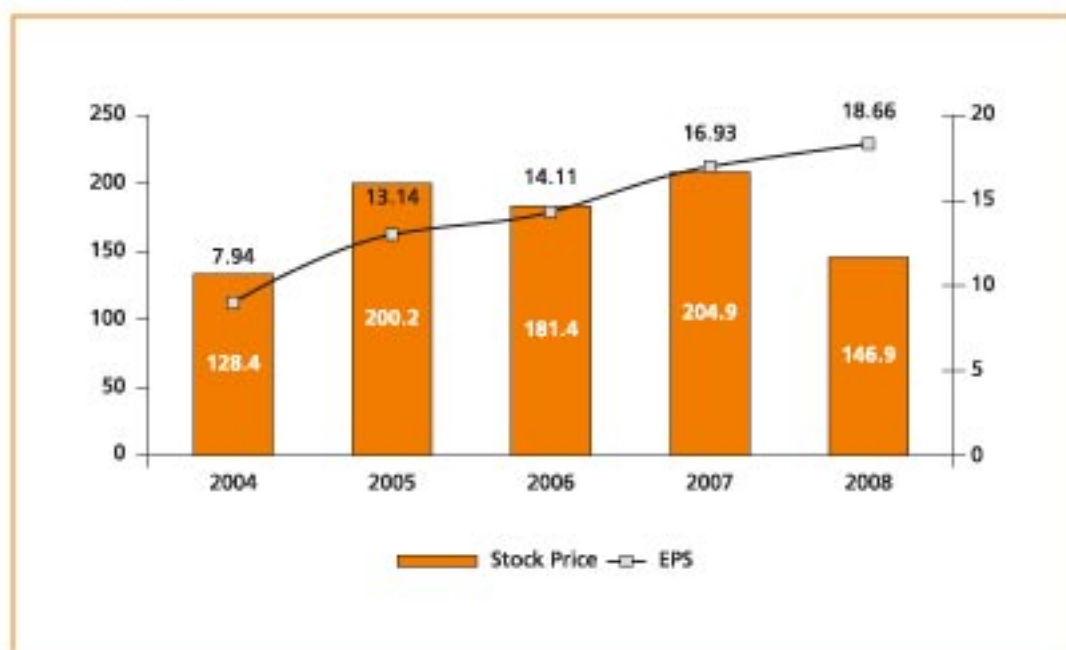


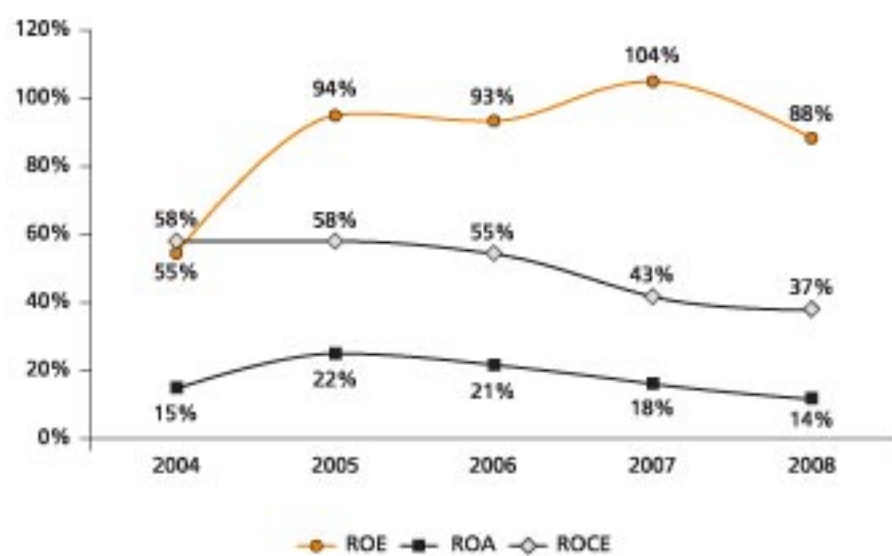
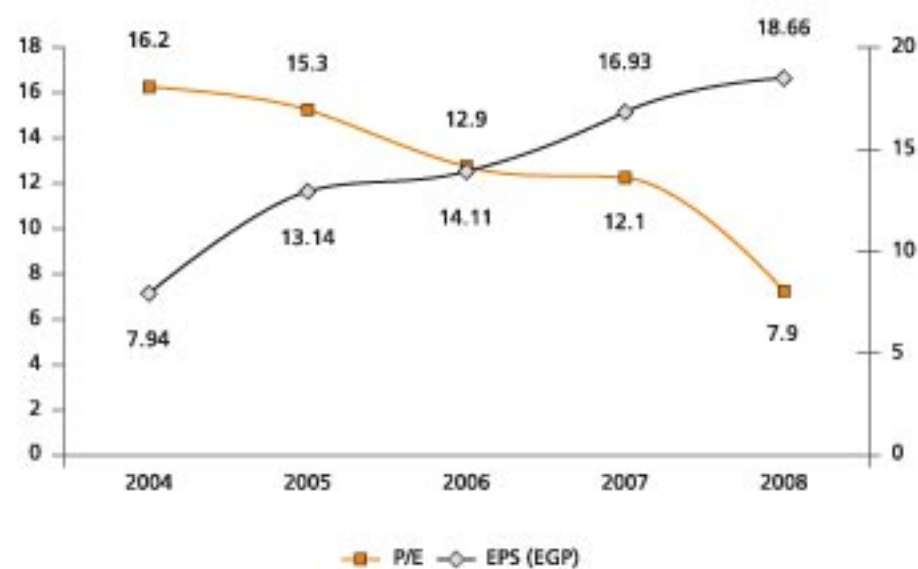
Traffic





Stock Performance





Notes



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