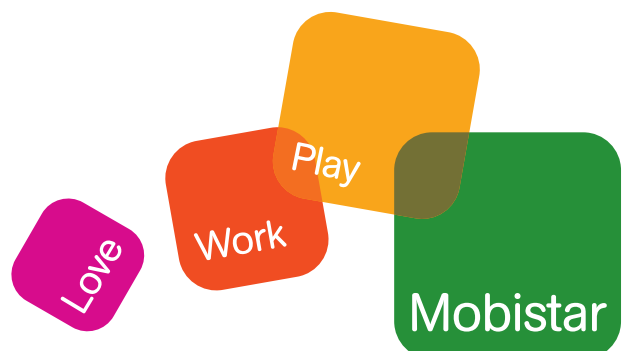


**Half year  
results 2010  
Mobistar**





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## Press release

Embargo until 22 July 2010 7.00 a.m.  
Regulated information

# Mobistar revises upwards its forecasts for the 2010 financial year and achieves turnover growth of 7.5 % in the first half of 2010

**Brussels, 22 July 2010 - Today, Mobistar publishes its financial results for the first half year of 2010. The operator presents strong growth both in the fixed and mobile data activities during the first six months. The excellent turnover growth and net profit results allow Mobistar to raise its forecasts for the 2010 financial year.**

### Key facts:

- The total number of active mobile customers of the Mobistar group was 3,910,839 on 30 June 2010, an increase of 43,679 compared with the end of June 2009.
- The number of mobile Internet users of Mobistar S.A. rose by 35.9 %, amounting to 93,282 at the end of the first half of 2010. The share of mobile data in the service revenues increased to 31 % at the end of June 2010.
- Mobistar S.A. had 45,113 ADSL customers on 30 June 2010, an increase of 54.3 % compared to the end of June 2009.
- Mobistar S.A. recorded 144,108 active 'machine-to-machine' cards on 30 June 2010, an increase of 23.3 % compared to the end of June 2009.
- The number of active fixed telephone lines of Mobistar S.A. rose from 138,066 at the end of June 2009 to 164,981 one year later, an increase of 19.5 %.
- The activities taken over from KPN Belgium Business were renamed Mobistar Enterprise Services S.A. (MES) and the first phase of their integration into the Mobistar group was successfully completed. This new entity has been consolidated since 1 April 2010.
- The Mobistar group, including consolidation of MES for 3 months, recorded a growth of 7.5 % in the consolidated turnover, which amounted to 818.8 million euros at the end of the first half of 2010. The organic growth amounted to 4.7 %.
- At the end of June 2010, the Mobistar group recorded an EBITDA margin on service revenues of 37 % (37.8 % excluding MES) compared to 39 % at the end of the first half of 2009. The EBITDA grew by 1.1 %, from 278.4 million euros on 30 June 2009 to 281.6 million euros one year later.
- The number of postpaid customers of Mobistar S.A. rose by 120,501 in one year, and their weight in the total customer base amounted to 62.2 % at the end of the first half of 2010.
- Since the resumption of growth in the fourth quarter of 2009, the ARPU of the Mobistar S.A. customers has continued to rise and amounted to 32.03 euros at the end of June 2010, 1.2 % higher than one year earlier.
- The consolidated net profit of the Mobistar group amounted to 132.4 million euros on 30 June 2010, a growth of 3 % (+ 4.2 % excluding MES) compared to June 2009.

- The results of the first half of 2010 allow Mobistar to revise its guidance upward for the full financial year with regard to turnover growth, EBITDA, net result and organic cash-flow.

## 1. Consolidated figures for the Mobistar group

The Mobistar group's consolidated key figures	H1 2010 incl. MES	H1 2009	Variation	H1 2010 excl. MES	Variation
Total active customers <sup>(1)</sup> (mobile telephony) Mobistar S.A., Orange S.A., and MVNO's	3,910,839	3,867,160	1.1 %		1.1 %
Consolidated turnover (million €)	818.8	761.6	7.5 %	797.1	4.7 %
Service revenues (million €)	760.8	713.3	6.7 %	739.1	3.6 %
EBITDA <sup>(2)</sup> (million €)	281.6	278.4	1.1 %	279.5	0.4 %
EBITDA margin	37.0 %	39.0 %	-	37.8 %	-
Consolidated net profit (million €)	132.4	128.5	3 %	133.9	4.2 %
Net profit per ordinary share <sup>(3)</sup> (€)	2.21	2.14	3 %	2.23	4.2 %
Net investment (million €)	55.0	61.1	-10 %	53.5	-12.4 %
Organic cash-flow <sup>(4)</sup> (million €)	200.2	197.4	1.4 %	208.7	5.7 %

### Results

The Mobistar group presents excellent results in the first half of 2010. The results of Mobistar Enterprise Services (MES) were included in the consolidated figures for the Mobistar group for three months.

The Mobistar group had 3,910,839 active mobile customers on 30 June 2010, 43,679 more than one year earlier, an increase of 1.1 %.

At the end of June 2010, the Mobistar group realised consolidated service revenues of 760.8 million euros compared with 713.3 million euros a year earlier, representing an increase of 6.7 % (3.6 % excluding MES). The total consolidated turnover of the Mobistar group increased by 7.5 % (+ 4.7 % excluding MES), from 761.6 million euros at the end of the first half of 2009 to 818.8 million euros one year later. This growth is primarily due to the successful sale of smartphones, the increasing use of mobile data within our customer base (SMS, M2M and mobile Internet) and the activities of Orange in Luxembourg and the contribution of MES.

The Mobistar group concluded the first half of 2010 with an EBITDA margin on service revenues of 37 %, compared to 39 % of the service revenues a year earlier, (37.8 % excluding MES). The decrease in EBITDA margin on service revenues is attributable to (1) the integration of MES, (2) an increase in the offers with unlimited SMS traffic, (3) and the commercial investments in the fixed activities necessary to make Mobistar a fully-convergent telecom company. However, the strong growth in turnover had a positive impact on the consolidated EBITDA of the Mobistar group, which rose from 278.4 million euros at the end of June 2009 to 281.6 million euros one year later, representing an increase of 1.1 % (0.4 % excluding MES).

(1) 'Machine-to-machine' cards are not included in the number of active customers.

(2) EBITDA: Earnings Before Interest, Taxation, Depreciation and Amortisation.

(3) Weighted net profit per ordinary share (IFRS).

(4) Organic cash-flow = net cash-flow from operations less acquisitions of tangible and intangible assets, plus proceeds from disposals of tangible and intangible assets.

The consolidated net profit of the Mobistar group amounted to 132.4 million euros at the end of the first half of 2010, an increase of 3 % compared to the 128.5 million euros at the end of June 2009 (+ 4.2 % excluding MES). The net profit per share rose by 3 %, from 2.14 euros per share on 30 June 2009 to 2.21 euros one year later (+ 4.2 % excluding MES).

In the first half of 2010, Mobistar continued to invest, mainly in its mobile network, for a total amount of 55 million euros, compared to 61.1 million euros in the first half of 2009. The delay in the investment rate is due to (1) the moratorium on building permits and environmental permits as a result of the implementation of the new 3V/m standard in the Brussels-Capital Region, and (2) the IT upgrades mainly planned for the second half of 2010.

## 2. Activities of Mobistar in Belgium (Mobistar S.A. and MES S.A.)

Key figures Mobistar S.A.	H1 2010 incl. MES	H1 2009	Variation	H1 2010 excl. MES	Variation
Total active customers <sup>(5)</sup> Mobistar S.A. (mobile telephony)	3,433,637	3,443,031	-0.3 %		
Number of MVNO customers (mobile telephony)	396,524	344,547	15.1 %		
Total number of active customers Mobistar S.A. + MVNO (mobile telephony)	3,830,161	3,787,578	1.1 %		
Total number of active ADSL customers Mobistar S.A.	45,113	29,243	54.3 %		
Total active fixed telephone lines Mobistar S.A.	164,981	138,066	19.5 %		
Total M2M SIM cards	144,108	116,866	23.3 %		
ARPU <sup>(6)</sup> (€/month)	32.03	31.65	1.2 %		
Total turnover (million €)	797.4	743.0	7.3 %	775.6	4.4 %
Service revenues (million €)	741.4	695.9	6.5 %	719.7	3.4 %

Mobistar is moving forward with its strategy of value creation - supported by growth in mobile data and fixed services - and because of this can present excellent results. Mobistar is continuing to invest in a segmented approach to the residential market which, on the one hand, is evolving towards a 'multiple play' approach and, on the other, is demonstrating a rising demand for innovative mobile Internet offers. In the professional segment, Mobistar can - thanks to the integration of MES - now offer far-reaching convergent solutions to the higher business segment as well.

### Mobile activities

The positive trend in the number of active mobile customers since the end of 2009 also continued in the second quarter of 2010. Mobistar's total number of active mobile customers increased by 1.1 %, from 3,787,578 active customers on 30 June 2009 to 3,830,161 active customers one year later. The number of MVNO customers and Mobistar postpaid customers increased sharply. The number of MVNO customers increased by 15.1 %, from 344,547 at the end of June 2009 to 396,524 one year later. In June of this year, Mobistar also signed a new MVNO agreement with Tellink which should enable it to improve its market share in the SME segment. The agreement covers 65,000 SIM cards, which will be progressively transferred onto the Mobistar network starting in July 2010. The weight of the postpaid customers in the total customer base rose from 58.5 % at the end of June 2009 to 62.2 % at the end of June 2010. The total number of postpaid customers rose by 120,501 in one year.

(5) 'Machine-to-machine' cards are not included in the number of active customers.

(6) Average Revenue Per User (smoothed average of the previous 12 months), excluding MVNO's and M2M cards.

Mobistar's annual market study shows that 37 % of the Belgian population has a mobile phone with Internet access, and that 20 % of them actually use mobile Internet. The growth potential is enormous, and this is being translated into an increasing use of mobile data, which remains one of Mobistar's growth areas. The resulting increase in the use of smartphones, the number of 'Internet Everywhere' users and the number of 'machine-to-machine' cards demonstrate this trend. At the end of June 2010, Mobistar had 93,282 customers for mobile Internet (Internet Everywhere, Business Everywhere and the Internet Everywhere ticket), an increase of 35.9 % compared to the 68,643 customers a year earlier. The segment of 'machine-to-machine' applications is also expanding rapidly, due to a number of new deals via the IMC (International Machine-to-machine Competence Center) covering the future activation of 100,000 new M2M cards. At the end of June 2010, Mobistar recorded 144,108 active M2M cards compared to 116,866 active cards a year earlier, representing an increase of 23.3 %.

### **Fixed activities**

With the acquisition of KPN Belgium Business (renamed Mobistar Enterprise Services), Mobistar confirms its determination to be a total player on the Belgian telecommunications market. Mobistar integrated the sales department of MES, as a result of which it is continuing its position as a convergent player in the professional market versus the dominant historical operator.

Since June 2009, the number of One Office Full Pack business customers rose by 319.3 %. At the end of June 2010, Mobistar had 3,170 business customers for One Office Full Pack and 30,205 business customers for One Office Voice Pack, the convergent offers for the business segment which combine fixed and mobile, voice and data services at advantageous rates.

Mobistar continued its growth in the residential market as well. At the end of the first half of 2010, Mobistar had 45,113 customers for ADSL, compared to 29,243 ADSL customers a year earlier, an increase of 54.3 %. Along with its own ADSL customers, the fixed network also hosts more than 150,000 ADSL customers via several wholesale customers such as Euphony and BASE.

The number of active fixed telephone lines continues to grow, from 138,066 at the end of June 2009 to 164,981 one year later, representing an increase of 19.5 %. This increase confirms that Mobistar is a credible convergent player on this market.

### **Evolution of the Average Revenue per User (ARPU)**

The ARPU remains under pressure from the international regulation (decrease in the roaming rates) but is being positively influenced by the increasing use of mobile data services and the constantly rising share of postpaid customers in the total customer base. As a result, the average revenue per month per customer rose by 1.2 %, from 31.65 euros at the end of June 2009 to 32.03 euros one year later.

### **Turnover**

At the end of the first half of 2010, Mobistar achieved with its activities in Belgium service revenues of 741.4 million euros compared with 695.9 million euros a year earlier, an increase of 6.5 % (+ 3.4 % excluding MES). The increasing use of mobile data services (SMS, M2M and mobile Internet) had a positive impact on the service revenues. The share of mobile data in the mobile service revenues rose from 27.8 % to 31 % in one year.

Sales of mobile phones remain highly successful and have a positive impact on the total turnover, which rose

from 743 million euros at the end of June 2009 to 797.4 million euros one year later, a growth of 7.3 % (+ 4.4 % excluding MES).

### 3. Activities in Luxembourg (Orange S.A.)

Key figures Orange S.A.	H1 2010	H1 2009	Variation
Total active customers (mobile telephony)	80,678	79,582	1.4 %
ARPU <sup>(7)</sup> (€/month)	40.08	34.16	17.3 %
Total turnover (million €)	25.3	21.8	16.1 %
Service revenues (million €)	21.4	18.4	16.3 %

Orange S.A. had 80,678 active mobile customers on 30 June 2010, an increase of 1.4 % compared to the 79,582 active mobile customers a year earlier. The new customers in Luxembourg are above all postpaid customers, as a result of which the weight of the postpaid customers in the total customer base rose from 69.8 % at the end of June 2009 to 78.8 % one year later.

The focus on value creation of the customer base in Luxembourg results in an average revenue per month of 40.08 euros per customer, an increase of 17.3 % compared to a year earlier. The service revenues rose substantially, by 16.3 %, from 18.4 million euros at the end of June 2009 to 21.4 million euros on 30 June 2010, partly due to the new product portfolio. In March 2010, Orange S.A. added a naked ADSL offer to its portfolio. The total turnover of Orange S.A. rose by 16.1 %, from 21.8 million euros at the end of June 2009 to 25.3 million euros one year later.

### 4. Trends

Mobistar is moving forward with its strategy of value creation, despite the continuous regulatory pressure.

In February 2010, Mobistar announced a commercial investment of 15 million euros for the development of a quadruple play offer for the residential market. The commercial offer is scheduled to be launched in the fall.

Mobistar was informed of the decision of the BIPT to reduce the mobile termination rates for Mobistar from 9.02 eurocent to 5.05 eurocent, effective August 1st, 2010. Mobistar has filed an appeal with the Court of Appeal of Brussels against the proposed decrease in the termination rates, arguing that the decision is discriminatory and has a market-distorting effect.

The announced reduction of the retail and wholesale roaming rates for voice and mobile data traffic has been in force since 1 July 2010. As a result of the 1-month postponement in the application of the mobile termination rates, Mobistar expects for the 2nd half-year a negative impact of 33 million euros (versus 40 million euros as originally forecast), while the expected impact of 27 million euros for the full year of 2010 is maintained.

A law providing for the extension of the 2G licences until 2015 was published on 25 March 2010. It also provides for the payment in November 2010 by Mobistar of a supplemental contribution for extending its activities until 2015. Mobistar has taken note of this provision and reserves its position in this regard. As of the present day, the Royal Decrees regulating the possible access of a new entrant for the 3G licence and the conditions for granting the future 4G licence remain unpublished.

(7) Average Revenue per User (smoothed average of the previous 12 months), excluding MVNO's and M2M cards.



As a result, the good performance of the first half of 2010 allow Mobistar to raise its forecasts for the full 2010 financial year:

- an increase in turnover of around 5 % compared to a turnover at least similar to that of 2009, as initially forecast;
- a net result between 225 and 245 million euros compared to a net result between 210 and 230 million euros, as initially forecast;
- an EBITDA between 520 and 540 million euros compared to an EBITDA between 500 and 520 million euros, as initially forecast;
- a confirmation of the investment level of 10 % of the service revenues;
- an organic cash-flow between 330 and 350 million euros before possible payment of the contributions for the extension of the 2G licence, compared to an organic cash-flow between 260 and 280 million euros, as initially forecast. This revision results from the operational performance of Mobistar and a revised schedule of tax payments.

The future outlook of Mobistar takes the impact of the regulatory measures and its investment program into account. The hypotheses are based on the current figures on the evolution in the Belgian economic situation, and could be modified if there is a change in the mobile telephones subsidy file and/or if the regulatory framework were to be amended.

Mobistar (EURONEXT BRUSSELS: MOBB) is one of the main actors in the world of telecommunications in Belgium and Luxembourg, active in mobile telephony, fixed telephony, ADSL and on other markets with a strong growth potential. The company develops innovative products and services for the residential and the business market. Mobistar is listed on the Brussels Stock Exchange and is part of the France Télécom group.

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## Highlights of the first semester 2010

### Evolution of the customer base

#### Mobile activities

The positive trend in the number of active mobile customers since the end of 2009 also continued in the second quarter of 2010. Mobistar's total number of active mobile customers increased by 1.1 %, from 3,787,578 active customers on 30 June 2009 to 3,830,161 active customers one year later. The number of MVNO customers and Mobistar postpaid customers increased sharply. The number of MVNO customers increased by 15.1 %, from 344,547 at the end of June 2009 to 396,524 one year later. In June of this year, Mobistar also signed a new MVNO agreement with Tellink which should enable it to improve its market share in the SME segment. The agreement covers 65,000 SIM cards, which will be progressively transferred onto the Mobistar network starting in July 2010. The weight of the postpaid customers in the total customer base rose from 58.5 % at the end of June 2009 to 62.2 % at the end of June 2010. The total number of postpaid customers rose by 120,501 in one year.

Mobistar's annual market study shows that 37 % of the Belgian population has a mobile phone with Internet access, and that 20 % of them actually use mobile Internet. The growth potential is enormous, and this is being translated into an increasing use of mobile data, which remains one of Mobistar's growth areas. The resulting increase in the use of smartphones, the number of 'Internet Everywhere' users and the number of 'machine-to-machine' cards demonstrate this trend. At the end of June 2010, Mobistar had 93,282 customers for mobile Internet (Internet Everywhere, Business Everywhere and the Internet Everywhere ticket), an increase of 35.9 % compared to the 68,643 customers a year earlier. The segment of 'machine-to-machine' applications is also expanding rapidly, due to a number of new deals via the IMC (International Machine-to-machine Competence Center) covering the future activation of 100,000 new M2M cards. At the end of June 2010, Mobistar recorded 144,108 active M2M cards compared to 116,866 active cards a year earlier, representing an increase of 23.3 %.

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The number of active fixed telephone lines continues to grow, from 138,066 at the end of June 2009 to 164,981 one year later, representing an increase of 19.5 %. This increase confirms that Mobistar is a credible convergent player on this market.

### Evolution of the average monthly revenue per user (ARPU)

The ARPU remains under pressure from the international regulation (decrease in the roaming rates) but is being positively influenced by the increasing use of mobile data services and the constantly rising share of postpaid customers in the total customer base. As a result, the average revenue per month per customer rose by 1.2 %, from 31.65 euros at the end of June 2009 to 32.03 euros one year later.

### Orange S.A., Luxembourg

Orange S.A. had 80,678 active mobile customers on 30 June 2010, an increase of 1.4 % compared to the 79,582 active mobile customers a year earlier. The new customers in Luxembourg are above all postpaid customers, as a result of which the weight of the postpaid customers in the total customer base rose from 69.8 % at the end of June 2009 to 78.8 % one year later.

The focus on value creation of the customer base in Luxembourg results in an average revenue per month of 40.08 euros per customer, an increase of 17.3 % compared to a year earlier. The service revenues rose substantially, by 16.3 %, from 18.4 million euros at the end of June 2009 to 21.4 million euros on 30 June 2010, partly due to the new product portfolio. In March 2010, Orange S.A. added a naked ADSL offer to its portfolio. The total turnover of Orange S.A. rose by 16.1 %, from 21.8 million euros at the end of June 2009 to 25.3 million euros one year later.

### Mobistar Enterprise Services S.A. (MES)

In November 2009 Mobistar announced the agreement to acquire KPN Belgium Business S.A. (B2B and carrier activities in Belgium of KPN). The original purchase price for 100 % of the shares of KPN Belgium Business S.A. amounted to 65 million euros (on a debt- and cash-free basis) and was paid on 31 March 2010. The final purchase price is still under review between Mobistar and the seller; the share purchase agreement foresees indeed a price adjustment based on the net debt and working capital as of 28 February 2010.

The legal entity has been renamed Mobistar Enterprise Services S.A. (MES) and the full range of telecommunication solutions for the professional market of Mobistar and MES will bear the strong "Mobistar" brand name.

The closing took place after the Competition Council approved the transaction on condition that Mobistar, in addition to its own wholesale services, retain the ADSL wholesale offer of MES for 18 months under the same conditions as before the acquisition.

The consolidation is being implemented as from 1st April 2010, and already this year the transaction will have a positive impact on Mobistar's revenue and EBITDA. The price adjustment mentioned here above may impact the opening balance at first consolidation but will have no impact on the profit & loss statement.

During the second quarter of 2010, MES has realized a total revenue of 21.7 million euros which generated an EBITDA of 2.1 million euros. In addition, it invested 1.5 million euros, mainly in customer projects and in the finalisation of its new billing & IT system. From an organisational point of view, a first integration exercise was finalized resulting in a common salesforce Mobistar – MES as of 1st July 2010 in order to service the Belgian B2B market and to create the revenue synergies between both companies.

## Network development & IT

By the end of June 2010, 3G/HSDPA coverage reached 89 % of the population. Mobistar is the only operator able to offer its customers high mobile transmission rates thanks to the complementary nature of its EDGE network and its 3G/HSDPA network, covering 99 % of the population.

The Mobistar network had 4,965 sites at the end of June 2010, 616 of which were shared. This corresponds to a total of 14,895 cells. In addition, Mobistar has already deployed 525 microwave links.

In the first quarter of 2010, Mobistar has launched its IT-renewal program. This program targets an integrated, full-convergent, mobile-fix, real-time, prepaid/postpaid, integrated customer care, service delivery and billing system. The ambition is to have a stronger integration through an end-to-end responsibility for the implementation, the migration, the evolution which will improve the total cost of ownership (TCO) and time to market (TTM).

## Comments on the financial situation

The consolidation scope did change during the first semester of 2010. It now encompasses Mobistar S.A., the Luxemburg company Orange S.A., Mobistar Enterprise Services S.A., former KPN Belgium Business S.A., and 50 % of the temporary joint venture 'Irisnet'. The temporary joint venture 'Irisnet' consists of equal shares held by France Télécom S.A. and Telindus S.A. Mobistar S.A. does not have formal voting rights in the joint venture but considers control to be jointly exercised with its partner Telindus S.A. and assumes the associated risks and rewards. The temporary joint venture 'Irisnet' had been set up for a duration of 10 years ending in April 2010. On 19 April 2010, the lifetime of the joint venture was extended with 18 months extendable to 2 years.

Mobistar Enterprise Services S.A., former KPN Belgium Business S.A., is included in the consolidation as from 1st April, 2010.

## Income statement

At the end of June 2010, the Mobistar group registered 3,910,839 active mobile customers, an increase of 1.1 % compared to the 3,867,160 active customers a year earlier.

The group's consolidated turnover amounted to 818.8 million euros at the end of the first half of 2010, an increase of 7.5 % (4.7 % MES excluded) compared to the 761.6 million euros at the end of June 2009. The successful sales of smartphones, the continuous positive evolution of sms abundance offers and advanced mobile data and the external growth with MES were the main reasons for this increase.

The consolidated EBITDA increased with 1.1 % from 278.4 million euros at the end of June 2009 to 281.6 million euros a year later. The increase is the result of Mobistar's organic & external growth and the realized progress of its transformation program "Odyssey 2011". The EBITDA margin of total service revenues decreased from 39 % in the first semester of 2009 to 37 % in the first semester of 2010. This decrease relates to the increasing importance of fixed activities within the Mobistar group, which are known for a lower relative margin.

At the end of the first six months of 2010, the Mobistar group recorded consolidated net profit of 132.4 million euros, an increase of 3.0 % (4.2 % MES excluded) in comparison with the 128.5 million euros at the end of June 2009 as a consequence of the higher EBITDA and a decrease in financial costs & income taxes.

Net profit per share increased by 3 % from 2.14 euros per share on 30 June 2009 to 2.21 euros per share a year later.

## Balance sheet

The consolidated balance sheet total reached 1,221.7 million euros on 30 June 2010, compared to 1,153.1 at the end of the previous financial year.

Non-current assets amounted to 929.1 million euros at the end of June 2010, compared to 882.5 million euros at the end of 2009. This increase is due to the investment in MES.

Current assets increased from 270.6 million euros at the end of 2009 to 292.6 million euros at the end of June 2010, relating to an increase of trade receivables.

Equity fell from 440.8 million euros at the end of 2009 to 300.0 million euros on 30 June 2010. This reduction results from the dividend declared on the 2009 result, which was approved by the General Assembly of shareholders of 5 May 2010, for a total amount of 273.1 million euros, and for which the ordinary dividend was already paid on 21 May 2010. The net result of 132.4 million euros made during the first six months of 2010 partially compensated this fall.

Non-current liabilities slightly increased due to the long-term provisions relating to the MES activities.

Current liabilities increased from 697.7 million euros on 31 December 2009 to 899.7 million euros at the end of the first half of 2010. This increase is mainly due to the extraordinary dividend which will be paid on 20 August 2010, for an amount of 99.0 million euros, as well as the increase in tax payables. The increase in trade payables is related to the MES activities.

## Financial instruments, financial risks management objectives and policy

No change has occurred in comparison with the information contained in the 2009 annual report (p.13).

## Disputes

The disputes related information listed in the annual report 2009 and in the highlights of the first quarter 2010 have been modified as follows:

**Masts:** The total receivable amount of taxes charged, plus default interest calculated at the legal rate, amounts to 38.7 million euros and is subject to a bad debt provision for the whole amount, of which 3.7 million euros corresponds to the first semester 2010.

**Abuse of Belgacom's dominant position on broadband market:** Mobistar, together with KPN Belgium, had launched a case before the European Commission in April 2009 against Belgacom for abuse of its dominant position in the broadband market. In February 2010, the complaint was filed with the Belgian Competition Council following the European Commission's suggestions. The complaint before the European Commission has been withdrawn in May 2010.

**VAT:** MES rendered telecommunication services to foreign resellers and invoiced its services without Belgian VAT. The Belgian VAT authorities contested the international character of the services and claimed Belgian VAT over the transactions. MES already settled several VAT claims with the special VAT inspection in this respect. The total financial risk is provisioned.

## Trends

Mobistar is moving forward with its strategy of value creation, despite the continuous regulatory pressure.

In February 2010, Mobistar announced a commercial investment of 15 million euros for the development of a quadruple play offer for the residential market. The commercial offer is scheduled to be launched in the fall.

Mobistar was informed of the decision of the BIPT to reduce the mobile termination rates for Mobistar from 9.02 eurocent to 5.05 eurocent, effective August 1st, 2010. Mobistar has filed an appeal with the Court of Appeal of Brussels against the proposed decrease in the termination rates, arguing that the decision is discriminatory and has a market-distorting effect.

The announced reduction of the retail and wholesale roaming rates for voice and mobile data traffic has been in force since 1 July 2010. As a result of the 1-month postponement in the application of the mobile termination rates, Mobistar expects for the 2nd half-year a negative impact of 33 million euros (versus 40 million euros as originally forecast), while the expected impact of 27 million euros for the full year of 2010 is maintained.

A law providing for the extension of the 2G licences until 2015 was published on 25 March 2010. It also provides for the payment in November 2010 by Mobistar of a supplemental contribution for extending its activities until 2015. Mobistar has taken note of this provision and reserves its position in this regard. As of the present day, the Royal Decrees regulating the possible access of a new entrant for the 3G licence and the conditions for granting the future 4G licence remain unpublished.

As a result, the good performance of the first half of 2010 allow Mobistar to raise its forecasts for the full 2010 financial year:


- an increase in turnover of around 5 % compared to a turnover at least similar to that of 2009, as initially forecast;
- a net result between 225 and 245 million euros compared to a net result between 210 and 230 million euros, as initially forecast;
- an EBITDA between 520 and 540 million euros compared to an EBITDA between 500 and 520 million euros, as initially forecast;
- a confirmation of the investment level of 10 % of the service revenues;
- an organic cash-flow between 330 and 350 million euros before possible payment of the contributions for the extension of the 2G licence, compared to an organic cash-flow between 260 and 280 million euros, as initially forecast. This revision results from the operational performance of Mobistar and a revised schedule of tax payments.

The future outlook of Mobistar takes the impact of the regulatory measures and its investment program into account. The hypotheses are based on the current figures on the evolution in the Belgian economic situation, and could be modified if there is a change in the mobile telephones subsidy file and/or if the regulatory framework were to be amended.

## Declaration by the persons responsible

We, the undersigned, Benoit Scheen, CEO, and Werner De Laet, CFO, declare that to our knowledge:

- a) the set of condensed financial statements drawn up in accordance with the prevailing accounting standards, gives a faithful image of the assets, financial situation and results of the issuer and the companies included within its consolidation;
- b) the interim report contains a faithful presentation of the important events and major transactions between contracting parties which occurred during the first six months of the financial year, and their impact on the set of condensed financial statements, and a description of the main risks and uncertainties for the remaining months of the financial year.



Benoit Scheen  
CEO



Werner De Laet  
CFO



# **Report of the statutory auditor to the shareholders of Mobistar S.A. on the review of the interim condensed consolidated financial statements as of June 30, 2010 and for the six months then ended**

## **Introduction**

We have reviewed the accompanying interim condensed consolidated balance sheet of Mobistar S.A. (the “Company”) as at June 30, 2010 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard *IAS 34 Interim Financial Reporting* (“IAS 34”) as adopted for use in the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

## **Scope of Review**

We conducted our review (“revue limitée/beperkt nazicht” as defined by the “Institut des Reviseurs d’Entreprises/ Instituut der Bedrijfsrevisoren”) in accordance with the recommendation of the “Institut des Reviseurs d’Entreprises/ Instituut der Bedrijfsrevisoren” applicable to review engagements. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the auditing standards of the “Institut des Reviseurs d’Entreprises/Instituut der Bedrijfsrevisoren” and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 as adopted for use in the European Union.

Brussels, July 20, 2010

Ernst & Young Reviseurs d’Entreprises SCC  
Statutory auditor  
represented by  
Herman Van den Abeele  
Partner

## Interim condensed financial statements in accordance with IFRS

### Interim condensed consolidated income statement (Mio €)

Notes	30.06.2010	30.06.2009	Variation (%)
<b>Revenue</b>			
Service revenue	760.8	713.3	6.7%
Handsets sales	58.0	48.3	20.1%
<b>Total turnover</b>	<b>818.8</b>	<b>761.6</b>	<b>7.5%</b>
Other operating revenue	16.1	16.5	-2.4%
<b>Total revenue</b>	<b>834.9</b>	<b>778.1</b>	<b>7.3%</b>
<b>Operating expenses</b>			
Interconnection costs	-196.9	-175.6	12.1%
Costs of equipment and goods sold	-126.8	-113.9	11.3%
Services and other goods	-148.1	-132.2	12.0%
Employee benefits expenses	-68.8	-68.2	0.9%
Depreciation, amortisation and impairment	-83.4	-80.8	3.2%
Other operating charges	-12.7	-9.8	29.6%
<b>Total operating expenses</b>	<b>-636.7</b>	<b>-580.5</b>	<b>9.7%</b>
Result of operating activities before depreciation and amortisation (EBITDA)	281.6	278.4	1.1%
EBITDA margin in % of service revenue	37.0%	39.0%	
Result of operating activities (EBIT)	198.2	197.6	0.3%
Finance income	0.4	0.4	0.0%
Finance costs	-2.6	-3.2	-18.8%
<b>Profit before taxes</b>	<b>196.0</b>	<b>194.8</b>	<b>0.6%</b>
13 Tax expense	-63.6	-66.3	-4.1%
<b>Net profit of the period (*)</b>	<b>132.4</b>	<b>128.5</b>	<b>3.0%</b>
<b>Profit attributable to equity holders of the parent</b>	<b>132.4</b>	<b>128.5</b>	<b>3.0%</b>

### Interim condensed consolidated statement of comprehensive income (Mio €)

<b>Net profit for the period</b>	<b>132.4</b>	<b>128.5</b>	<b>3.0%</b>
Other comprehensive income	0	0	
<b>Total comprehensive income for the period</b>	<b>132.4</b>	<b>128.5</b>	<b>3.0%</b>
<b>Part of the total comprehensive income attributable to equity holders of the parent</b>	<b>132.4</b>	<b>128.5</b>	<b>3.0%</b>
Basic earnings per share (in €)	2.21	2.14	3.0%
Weighted average number of ordinary shares	60,014,414	60,014,414	
Diluted earnings per share (in €)	2.21	2.14	3.0%
Diluted weighted average number of ordinary shares	60,014,414	60,014,414	

(\*) Since there are no discontinued operations, the profit of the period corresponds to the result of continued operations

## Interim condensed consolidated balance sheet (Mio €)

Notes	30.06.2010	31.12.2009
<b>ASSETS</b>		
<b>Non-current assets</b>		
5 Goodwill	80.1	79.3
6 Intangible assets	223.1	235.5
6 Tangible assets	609.8	548.9
Other non-current assets	9.3	11.5
Deferred taxes	6.8	7.3
<b>Total non-current assets</b>	<b>929.1</b>	<b>882.5</b>
<b>Current assets</b>		
Inventories	11.5	10.1
7 Trade receivables	216.8	204.4
8 Other current assets	58.7	46.1
9 Cash and cash equivalents	5.6	10.0
<b>Total current assets</b>	<b>292.6</b>	<b>270.6</b>
<b>Total assets</b>	<b>1 221.7</b>	<b>1 153.1</b>
<b>EQUITY and LIABILITIES</b>		
<b>Equity</b>		
10 Share capital	131.7	109.2
11 Legal reserve	13.2	35.7
11 Retained earnings	155.1	295.9
<b>Total equity</b>	<b>300.0</b>	<b>440.8</b>
<b>Non-current liabilities</b>		
Long-term provisions	20.6	14.6
Deferred taxes	1.4	
<b>Total non-current liabilities</b>	<b>22.0</b>	<b>14.6</b>
<b>Current liabilities</b>		
9 Short-term borrowings	328.6	298.0
Trade payables	274.6	266.4
Employee benefits related liabilities	29.2	25.4
12 Current taxes payables	93.4	37.4
Deferred income	69.9	68.0
13 Other payables	104.0	2.5
<b>Total current liabilities</b>	<b>899.7</b>	<b>697.7</b>
<b>Total liabilities</b>	<b>921.7</b>	<b>712.3</b>
<b>Total equity and liabilities</b>	<b>1 221.7</b>	<b>1 153.1</b>

**Interim condensed consolidated statement of changes in equity (Mio €)**

	Share Capital	Legal Reserve	Retained earnings	Total equity
<b>Balance as at 1 January 2010</b>	<b>109.2</b>	<b>35.7</b>	<b>295.9</b>	<b>440.8</b>
Net profit for the period			132.4	132.4
<b>Total comprehensive income for the period</b>			<b>132.4</b>	<b>132.4</b>
Transfer Legal Reserve to Share Capital	22.5	-22.5		
Declared dividends			-273.1	-273.1
Equity transaction costs			-0.1	-0.1
<b>Balance as at 30 June 2010</b>	<b>131.7</b>	<b>13.2</b>	<b>155.1</b>	<b>300.0</b>

	Share Capital	Legal Reserve	Retained earnings	Total equity
<b>Balance as at 1 January 2009</b>	<b>109.2</b>	<b>35.7</b>	<b>307.6</b>	<b>452.5</b>
Net profit for the period			260.3	260.3
<b>Total comprehensive income for the period</b>			<b>260.3</b>	<b>260.3</b>
Incentive Plan on France Télécom shares			1.3	1.3
Declared dividends			-273.1	-273.1
Equity transaction costs			-0.2	-0.2
<b>Balance as at 31 December 2009</b>	<b>109.2</b>	<b>35.7</b>	<b>295.9</b>	<b>440.8</b>

## Interim condensed consolidated cash flow statement (Mio €)

Notes	30.06.2010	30.06.2009
<b>Cash flows from operating activities</b>		
<b>Profit before taxes</b>	<b>196.0</b>	<b>194.8</b>
Non-cash adjustments for:		
6 Depreciation, amortisation and impairment of fixed assets	83.4	80.8
Other non-cash expenses		0.8
Interest Income		-0.4
Interest Charges	0.8	2.2
<b>Adjusted result of operating activities before net finance costs</b>	<b>280.2</b>	<b>278.2</b>
Inventories (increase -, decrease +)	-0.1	-0.6
7, 8 Trade receivables and other receivables	-2.3	19.2
Trade payables and other payables	2.7	-6.3
<b>Net changes in working capital</b>	<b>0.4</b>	<b>12.3</b>
12 Tax paid	-25.6	-29.1
<b>Interests paid</b>	<b>-1.1</b>	<b>-2.5</b>
<b>Interests received</b>	<b>0.3</b>	<b>0.4</b>
<b>Net cash from operating activities</b>	<b>254.2</b>	<b>259.3</b>
<b>Cash flows from investing activities</b>		
6 Purchase of intangible and tangible assets	-55.0	-61.1
3 Acquisition of subsidiary net of cash acquired (*)	-63.1	
6 Proceeds from sale of equipment	1.0	
Long-term loans and advances granted		-1.2
<b>Net cash used in investing activities</b>	<b>-117.1</b>	<b>-62.2</b>
<b>Cash flows from financing activities</b>		
9 Short-term borrowings - net	-4.4	-21.0
9 Long-term borrowings - proceeds	125.0	65.0
9 Long-term borrowings - repayments	-90.0	-90.0
Others	2.0	
Equity transactions costs	-0.1	-0.2
11 Dividends paid	-173.9	-150.8
<b>Net cash used in financing activities</b>	<b>-141.5</b>	<b>-197.0</b>
<b>Net increase (+), decrease (-) in cash and cash equivalents</b>	<b>-4.4</b>	<b>0.0</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>10.0</b>	<b>6.8</b>
<b>Cash and cash equivalents at end of period</b>	<b>5.6</b>	<b>6.8</b>

(\*) Price paid for MES acquisition (65 MEUR) less cash available in MES at acquisition date (1.8 MEUR).

## Quarterly results

		Quarterly figures 2009				FY 2009
		Q1	Q2	Q3	Q4	
<b>Subscriber base evolution</b>						
Mobistar S.A. Mobile customers (excl MVNO, MATMA)	in thousand	3 421.5	3 443.0	3 420.7	3 425.0	
of which Postpaid	in thousand	1 979.1	2 013.9	2 033.4	2 077.1	
of which Prepaid	in thousand	1 442.3	1 429.2	1 387.3	1 347.8	
MVNO customers	in thousand	363.1	344.5	313.0	321.5	
Orange S.A. (Luxembourg) customers	in thousand	79.7	79.6	80.1	80.8	
<b>TOTAL MOBISTAR GROUP</b>	<b>in thousand</b>	<b>3 864.2</b>	<b>3 867.2</b>	<b>3 813.8</b>	<b>3 827.3</b>	
<b>ARPU evolution</b>						
<b>Blended ARPU</b>						
<b>(rolling average of the preceding 12 months incl. visitor roaming)</b>						
	<b>in EUR/month</b>	<b>32.00</b>	<b>31.65</b>	<b>31.31</b>	<b>31.54</b>	
Postpaid ARPU (excl. visitor roaming and IEW)	in EUR/month	39.13	39.31	39.48	39.63	
Prepaid ARPU (excl. visitor roaming and IEW)	in EUR/month	16.86	17.84	17.85	18.14	
<b>P&amp;L</b>						
Service Revenues Mobistar Mobile	in Mio EUR	319.3	332.4	331.7	340.2	1 323.6
Service Revenues Mobistar/MES Fix/Data	in Mio EUR	22.1	22.1	20.7	21.5	86.4
Service Revenues Orange S.A. (Luxembourg)	in Mio EUR	8.7	9.7	9.7	9.8	37.8
<b>Total Mobistar consolidated service revenues*</b>	<b>in Mio EUR</b>	<b>349.6</b>	<b>363.7</b>	<b>361.5</b>	<b>370.1</b>	<b>1 444.8</b>
Total Mobistar consolidated handset sales	in Mio EUR	21.6	26.7	24.6	49.5	122.4
Total Mobistar consolidated turnover	in Mio EUR	371.2	390.4	386.1	419.6	1 567.2
<b>Total Mobistar consolidated EBITDA</b>	<b>in Mio EUR</b>	<b>134.0</b>	<b>144.4</b>	<b>142.4</b>	<b>146.2</b>	<b>567.0</b>
as a % of service revenues		38.3%	39.7%	39.4%	39.5%	39.2%
<b>Total Mobistar consolidated net result</b>	<b>in Mio EUR</b>	<b>60.1</b>	<b>68.4</b>	<b>67.1</b>	<b>64.7</b>	<b>260.3</b>
EPS calculated on the basis of the outstanding shares at the end of the quarter	in EUR/share	1.00	1.14	1.12	1.08	4.34
Diluted weighted average earnings per share	in EUR/share	1.00	1.14	1.12	1.08	4.34
Total Mobistar consolidated CAPEX	in Mio EUR	25.7	35.4	36.8	48.2	146.1
as a % of service revenues		7%	10%	10%	13%	10%
Organic cash flow	in Mio EUR	110.4	87.1	52.1	48.8	298.4

\* after elimination of intercompany transactions.

		Quarterly figures 2010				YTD 2010
		Q1	Q2	Q3	Q4	
<b>Subscriber base evolution</b>						
Mobistar S.A. Mobile customers (excl MVNO, MATMA)	in thousand	3 427.6	3 433.7			
of which Postpaid	in thousand	2 100.5	2 134.4			
of which Prepaid	in thousand	1 327.1	1 299.3			
MVNO customers	in thousand	375.9	396.5			
Orange S.A. (Luxembourg) customers	in thousand	77.6	80.7			
<b>TOTAL MOBISTAR GROUP</b>	<b>in thousand</b>	<b>3 881.1</b>	<b>3 910.9</b>			
<b>ARPU evolution</b>						
<b>Blended ARPU</b>						
<b>(rolling average of the preceding 12 months incl. visitor roaming)</b>						
	<b>in EUR/month</b>	<b>31.86</b>	<b>32.03</b>			
Postpaid ARPU (excl. visitor roaming and IEW)	in EUR/month	39.18	39.25			
Prepaid ARPU (excl. visitor roaming and IEW)	in EUR/month	18.53	18.82			
<b>P&amp;L</b>						
Service Revenues Mobistar Mobile	in Mio EUR	335.2	342.2			677.4
Service Revenues Mobistar/MES Fix/Data	in Mio EUR	21.0	43.0			64.0
Service Revenues Orange S.A. (Luxembourg)	in Mio EUR	10.1	11.3			21.4
<b>Total Mobistar consolidated service revenues*</b>	<b>in Mio EUR</b>	<b>365.5</b>	<b>395.3</b>			<b>760.8</b>
Total Mobistar consolidated handset sales	in Mio EUR	28.1	29.9			58.0
Total Mobistar consolidated turnover	in Mio EUR	393.6	425.2			818.8
<b>Total Mobistar consolidated EBITDA</b>	<b>in Mio EUR</b>	<b>138.1</b>	<b>143.5</b>			<b>281.6</b>
as a % of service revenues		37.8%	36.3%			37.0%
<b>Total Mobistar consolidated net result</b>	<b>in Mio EUR</b>	<b>68.5</b>	<b>63.9</b>			<b>132.4</b>
EPS calculated on the basis of the outstanding shares at the end of the quarter	in EUR/share	1.14	1.06			2.21
Diluted weighted average earnings per share	in EUR/share	1.14	1.06			2.21
Total Mobistar consolidated CAPEX	in Mio EUR	22.0	33.0			55.0
as a % of service revenues		6%	8%			7%
Organic cash flow	in Mio EUR	124.2	76.1			200.3

\* after elimination of intercompany transactions.

# Notes to the interim condensed consolidated financial statements as at 30 June 2010

## 1. Statement of compliance

The interim condensed consolidated financial statements for the six months period ended 30 June 2010 have been prepared in accordance with IAS 34 Interim Financial Reporting and were authorized for issue by the Board of Directors on 20 July 2010.

They should be read in conjunction with Mobistar's annual financial statements as at 31 December 2009 since they do not include all the information and disclosures required in the annual financial statements.

## 2. Accounting policies: basis of preparation

The accounting policies and methods of computation adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the consolidated financial statements for the year ended 31 December 2009, except for the adoption of the new standards as of 1st January, 2010 noted below:

- IFRS 3: Business combinations (revised) and IAS 27: Consolidated and Separate Financial Statements (amended)

IFRS 3 (revised) and IAS 27 (amended) are applicable to business combinations for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 July 2009.

IFRS 3 (revised) introduces significant changes in the accounting of business combinations occurring after that date. Changes affect the valuation of non-controlling interest, the accounting of transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs and future reported results.

IAS 27 (amended) requires that a change in ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owner in their capacity as owners. Therefore such transaction will no longer give rise to goodwill, nor will it give rise to a gain or a loss.

The adoption of the following new or amended standards and interpretations as of 1 January 2010 did not have any impact on the accounting policies, financial position or performance of the Group:

- IFRS 1: First-time adoption
- IFRS 2: Share-based Payments - Group cash-settled Share-based Payments Arrangements
- IAS 39: Financial Instruments: Recognition and Measurement - Eligible Hedged Items
- IFRIC 12: Service Concession Arrangements
- IFRIC 15: Agreements for the Construction of Real Estate
- IFRIC 16: Hedges of Net Investments in Foreign Operations
- IFRIC 17: Distribution of Non-cash Assets to Owners

Improvements to IFRS: the second omnibus of amendments to the IFRS standards issued by the IASB did not have any impact on the accounting policies, financial position or performance of the Group.



### 3. Business combination (Mio €)

In November 2009, Mobistar has signed a share purchase agreement to buy from KPN Belgium all the shares of the company, KPN Belgium Business (“acquiree”), hosting its B2B and carrier activities and owning a fiber network of 1800 km.

The acquisition was closed on 31 March 2010. Mobistar owns as from that date 100 % of the shares in the acquiree and consolidated the acquiree as from 1 April 2010. At that date the company has been renamed into Mobistar Enterprise Services S.A./N.V. (hereafter “MES”).

Mobistar paid a cash consideration of 65 million euros on the closing date. The share purchase agreement foresees a price adjustment related to the net debt and working capital. This price adjustment is not finally determined and may impact the total consideration paid in the future.

The analysis of the transaction based on IFRS 3 revised, concludes that the transaction is a Business Combination and has been treated as such. Based on the Share Purchase agreement, Mobistar is clearly qualifying as “acquirer” and the acquisition date is determined on the 31 March 2010.

An independent expert has performed a valuation of the assets acquired which is currently still being finalized. The preliminary fair value of the identifiable assets and liabilities of the acquiree at the date of acquisition is as follows:

	Preliminary fair value recognized at acquisition	MES contribution as at June 30 2010
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets	2.2	2.2
Tangible assets	75.6	73.5
Other non-current assets	0.2	
<b>Total non-current assets</b>	<b>78.0</b>	<b>75.7</b>
<b>Current assets</b>		
Inventories	1.3	1.0
Trade receivables	17.0	22.7
Other current assets and deferred expenses	3.7	3.2
Cash and cash equivalents	1.9	1.5
<b>Total current assets</b>	<b>24.1</b>	<b>28.5</b>
<b>Total assets</b>	<b>102.1</b>	<b>104.2</b>
<b>EQUITY and LIABILITIES</b>		
<b>Equity</b>		
Share capital		67.1
Retained earnings		-4.4
<b>Total equity</b>	<b>0.0</b>	<b>62.7</b>

<b>Non-current liabilities</b>		
Long-term provisions	5.2	5.2
Deferred taxes	1.1	0.9
<b>Total non-current liabilities</b>	<b>6.3</b>	<b>6.1</b>
<b>Current liabilities</b>		
Financial lease	0.3	0.2
Short-term borrowings		8.2
Trade payables	23.5	19.2
Employee benefits related liabilities	2.1	2.0
Deferred income	5.8	5.8
Other payables		0.2
<b>Total current liabilities</b>	<b>31.6</b>	<b>35.5</b>
<b>Total liabilities</b>	<b>37.9</b>	<b>41.6</b>
<b>Total equity and liabilities</b>	<b>37.9</b>	<b>104.2</b>
<b>Total identifiable net assets at fair value</b>	<b>64.2</b>	
<b>Goodwill arising on acquisition</b>	<b>0.8</b>	
<b>Purchase consideration transferred</b>	<b>65.0</b>	

As mentioned above, the share purchase agreement foresees an adjustment of the purchase consideration based on the net debt and working capital as of 28 February 2010. The price adjustment mechanism defined in the contract has not yet been included in the cash consideration paid at the current reporting date as it is still under discussion between the parties and therefore could modify the consideration finally paid. The final adjustment is estimated between -3.0 and +6.0 million euros.

The fair value of the trade receivables is determined at 17 million euros. The gross amount of the trade receivables is 19.8 million euros, which are impaired by 2.8 million euros.

The goodwill of 0.8 million euros comprises the value of the sum of the expected synergies arising from the acquisition. The goodwill is not expected to be deductible for tax purposes.

Mobistar has recognized a contingent liability of 3.2 million euros related to the VAT payable on transactions to foreign resellers in the period 2004 to 2008. The company is not able to estimate the expected period of finalization. In relation to this contingent liability, Mobistar has recognized an indemnification asset of 1.5 million euros as the sales purchase agreement foresees that any cash outflow on this contingent liability in excess of 1,7 million euros is payable by the seller.

The fair value of the identified assets and liabilities is provisional in relation to the following assets and liabilities as no sufficient information is currently available:

- Deferred tax assets on losses carry forwarded
- Fair value of onerous contracts

It is expected that accounting will be complete by the end of December 2010.

The contribution of MES for the 3 months operations that have been consolidated as at 30 June 2010 is detailed in the below table.

For information purpose, the proforma impact of the P&L as from 1 January 2010 is mentioned. Note that this proforma does not include consolidation adjustments on the P&L for the first months of the year.

	From 1 April to 30 June 2010 before intercompany elimination	From 1 January to 30 June 2010 PROFORMA
<b>Revenue</b>		
Service revenue	21.7	45.9
<b>Total turnover</b>	<b>21.7</b>	<b>45.9</b>
Other operating revenue	0.1	0.3
<b>Total revenue</b>	<b>21.8</b>	<b>46.2</b>
<b>Results</b>		
Result of operating activities before depreciation and amortization (EBITDA)	2.1	4.1
Result of operating activities (EBIT)	-1.4	-3.9
Net finance income	0.0	0.0
Tax expense	0.0	0.0
Net profit or loss	-1.4	-3.9

#### 4. Consolidation perimeter

Following the business combination described in note 3, the consolidation perimeter has changed since 31 December 2009 and includes Mobistar S.A. (100 %), Orange (Lux) S.A. (100 %), Mobistar Enterprise Services S.A. (100 %) and 50 % of the joint venture 'Irisnet'.

#### 5. Goodwill (Mio €)

	30.06.2010	31.12.2009
Mobistar Affiliate	10.6	10.6
Orange (Lux)	68.7	68.7
Mobistar Enterprise Services	0.8	
<b>Total</b>	<b>80.1</b>	<b>79.3</b>

The goodwill of Mobistar Affiliate and Mobistar Enterprise Services are fully allocated to the segment "Belgium", Orange (Lux) goodwill is fully allocated to the segment "Luxembourg".

Concerning Orange (Lux), as at 30 June 2010, there were no internal indicators that impairment tests on the goodwill should have been performed. Because of global economic recession and global uncertainty, external indicators exist. However, the company has decided that there was no significant change in factors influencing the sensitivity analysis as realized at the end of last year. Moreover, the Management has revised the assumptions used at the end

of last year during the impairment exercise and considers that they are still valid.

Concerning the goodwill of Mobistar Affiliate, when considering the relationship between the market capitalization and the net assets of the Group as at 30 June 2010, the market capitalization was significantly higher than the net book value.

The management continues to pay attention to any indication that could require an anticipated review of the values. These tests are planned to be performed for the year-end closing. The impairment test for goodwill is based on value in use calculation.

As indicated in note 3, the goodwill generated by the business combination of Mobistar Enterprise Services is still provisional.

## 6. Intangible assets, property, plant and equipment

For the 6 months period ending 30 June 2010, capital expenditures amount to 55.0 million euros (out of which 1.0 million euros by MES) to be compared with an amount of 61.1 million euros for the same period in 2009.

Depreciation charge as at 30 June 2010 totaling 83.4 million euros includes the recognition of impairment losses for 6.0 million euros. Impairment losses are recorded to consider obsolescence, dismantling or losses of assets.

Disposals of assets depreciated equipment amount to 18.4 million euros (2009: 70.3 million euros) and have had no impact on the profit & loss.

## 7. Trade receivables (Mio €)

	30.06.2010	31.12.2009
Trade receivables - gross amount	279.9	252.4
Allowance for doubtful debtors	-63.1	-48.0
<b>Trade receivables - net carrying amount</b>	<b>216.8</b>	<b>204.4</b>

## 8. Other current assets (Mio €)

	30.06.2010	31.12.2009
Local and regional taxes on pylons	38.7	34.9
Impairment on ditto	-38.7	-34.9
Prepayments	19.3	10.0
VAT to recuperate	0.6	1.5
Other current assets	8.4	5.3
<b>Total Other current assets</b>	<b>28.3</b>	<b>16.8</b>
Accrued revenues	30.4	29.3
<b>Total</b>	<b>58.7</b>	<b>46.1</b>

## 9. Cash and cash equivalents, financial liabilities (Mio €)

Cash and cash equivalents include cash on hand and cash deposits with a maximum term of 3 months. Bank and inter-company cash pooling overdrafts are classified as short-term financial liabilities.

	30.06.2010	31.12.2009
<b>Cash and cash equivalents</b>		
Cash on hand (*)	5.6	10.0
<b>Total cash and cash equivalents</b>	<b>5.6</b>	<b>10.0</b>
<b>Financial liabilities</b>		
Bank overdraft	2.3	2.5
Intercompany short-term borrowing	326.3	295.5
<b>Total borrowings</b>	<b>328.6</b>	<b>298.0</b>
<b>Net debt</b>	<b>-323.0</b>	<b>-288.0</b>

(\*) Cash on hand balance as at 30 June 2009 included 1.2 million euros used for the dividends still payable as at 30 June 2009.

## 10. Share capital (Mio €)

Following the decision of the General Assembly of shareholders of 5 May 2010, the share capital has been increased by 22.5 million euros by transfer from the legal reserve.

	Share capital	Number of ordinary shares
As at 1 January 2010	109.2	60,014,414
Transfer from Legal Reserve to Share Capital	22.5	
As at 30 June 2010	131.7	60,014,414

## 11. Retained earnings (Mio €)

Retained earnings have been impacted as follows:

	Legal reserve	Retained Earnings
As at 1 January 2010	35.7	295.9
Total comprehensive income for the period		132.4
Ordinary dividend 2.90 €/share		-174.1
Extraordinary dividend 1.65 €/share		-99.0
Costs of equity transactions		-0.1
Transfer from Legal Reserve to Share Capital	-22.5	
As at 30 June 2010	13.2	155.1

## 12. Current tax payable (Mio €)

	30.06.2010	31.12.2009
Income taxes	74.6	37.1
VAT payable	18.2	0.3
Other	0.6	
<b>Total</b>	<b>93.4</b>	<b>37.4</b>

Income taxes variation is due to the current tax 2010 recorded (66.7 million euros), the downpayment 2010 (- 25.0 million euros) and the adjustment of previous years tax accruals (- 4.2 million euros).

VAT is showing a payable position at the end of June 2010 instead of a receivable one in December 2009.

## 13. Other payables (Mio €)

	30.06.2010	31.12.2009
Share capital reduction	0.2	0.2
Dividends payables	100.0	0.8
Other payables	3.8	1.5
<b>Total</b>	<b>104.0</b>	<b>2.5</b>

Dividends payables increase is due to the fact that the General Assembly of shareholders of May 2010 has decided the extraordinary dividend would be paid only from August 2010 (for 99.0 million euros).

### Dividends paid

On 5 May 2010, the Annual General Assembly of shareholders has approved the payment of an ordinary dividend of 2.90 euros payable as from 21 May 2010 and an extraordinary dividend of 1.65 euro, payable as from 20 August 2010.

On 6 May 2009, the Annual General Assembly of shareholders has approved the payment of an ordinary dividend of 2.90 euros payable as from 15 May 2009 and an extraordinary dividend of 1.65 euro, payable as from 14 August 2009.

	30.06.2010	31.12.2009
Ordinary dividend on ordinary shares (year 2009)	273.1	
Ordinary dividend on ordinary shares (year 2008)		273.1
<b>Total</b>	<b>273.1</b>	<b>273.1</b>

## 14. Income taxes (Mio €)

The major components of the tax expense are as follows:

	30.06.2010	31.12.2009
Current income tax	66.6	141.2
Current income tax of prior periods	-4.1	0.6
Deferred tax expense arising to the origination and reversal of temporary differences	1.1	-4.1
<b>Total tax expense</b>	<b>63.6</b>	<b>137.7</b>

Adjustment on current income tax of prior year results from the receipt of certificates for the increased deductibility of investments.

## 15. Segment information (Mio €)

As a result of the implementation of the IFRS 8, the management has decided in 2009 to slightly change the presentation of the segment information. IFRS 8 requires disclosures about operating segments and replaces the requirements to determine primary (business) and secondary (geographical) reporting segment of the Group. Adoption of this standard did not have any effect on the financial position or performance of the Group. The Group determined that the operating segments were slightly different than the business segments previously identified under IAS 14 'Segment Reporting'.

As from 2009, segment information is structured by country. For the main countries, segmentation per business segment will be maintained. Countries involved are Belgium, country covered by Mobistar S.A. and Mobistar Enterprise Services S.A. operations, and Luxemburg for the operations of Orange (Lux) S.A.

The segment Belgium continues to be split between two operating units:

- Mobile segment: delivers mobile phone equipment and services to residential and corporate customers.
- Fix voice & data segment: provides fix voice, data and internet services to residential and corporate customers.

Management monitors the operating results of its operating units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit & loss in the consolidated financial statements. No operating segment has been aggregated to form the above reportable segments.

	30.06.2010			30.06.2010	Interco	Mobistar
	Belgium - Including MES for Q2			Luxemburg	Elimination	Group
	Mobile	Fix	Total	Total	Total	Total
<b>Revenue</b>						
Service revenue	677.4	64.0	741.4	21.4	-2.0	760.8
Handsets sales	55.9		55.9	3.9	-1.8	58.0
Total turnover	733.3	64.0	797.3	25.3	-3.8	818.8
Other operating revenue	14.4	2.0	16.4	0.1	-0.4	16.1
Total revenue	747.7	66.0	813.7	25.4	-4.2	834.9
<b>Results</b>						
Result of operating activities before depreciation and amortization (EBITDA)	287.4	-9.2	278.2	3.4		281.6
EBITDA margin in % of service revenue	42.4%	-14.4%	37.5%	15.9%		37.0%
Result of operating activities (EBIT)	214.0	-15.6	198.4	-0.2		198.2
Net finance income			-2.1	-0.2		-2.3
Tax expense			-63.8	0.3		-63.6
Net profit or loss			132.5	-0.1		132.4
<b>30.06.2009</b>						
	30.06.2009			30.06.2009	Interco	Mobistar
	Belgium			Luxemburg	Elimination	Group
	Mobile	Fix	Total	Total	Total	Total
<b>Revenue</b>						
Service revenue	651.7	44.2	695.9	18.4	-1.1	713.3
Handsets sales	47.1		47.1	3.4	-2.2	48.3
Total turnover	698.8	44.2	743.0	21.8	-3.2	761.6
Other operating revenue	14.2	2.3	16.5			16.5
Total revenue	713.0	46.5	759.5	21.8		778.2
<b>Results</b>						
Result of operating activities before depreciation and amortization (EBITDA)	287.9	-11.8	276.1	2.3		278.4
EBITDA margin in % of service revenue	44.2%	-26.6%	39.7%	12.5%		39.0%
Result of operating activities (EBIT)	213.2	-13.8	199.4	-1.8		197.6
Net finance income			-2.3	-0.5		-2.8
Tax expense			-66.7	0.4		-66.3
Net profit or loss			130.4	-1.9		128.5



## 16. Off balance sheet commitments

As at 30 June 2010, capital commitments in network related intangible and tangible assets amount to 118.5 million euros (30 June 2009: 89.7 million euros).

## 17. Related parties transactions (Mio €)

30.06.2010	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
France Télécom - Traffic and services	21.5	14.4	23.9	18.2
France Télécom - Cash pool		1.1		326.1
France Télécom Affiliates - Traffic and services	5.9	3.8	8.3	3.5
<b>Total</b>	<b>27.4</b>	<b>19.3</b>	<b>32.2</b>	<b>347.8</b>
<b>30.06.2009</b>	<b>Sales to related parties</b>	<b>Purchases from related parties</b>	<b>Amounts owed by related parties</b>	<b>Amounts owed to related parties</b>
France Télécom - Traffic and services	21.8	15.4	25.5	21.2
France Télécom - Cash pool		2.1		270.1
France Télécom Affiliates - Traffic and services	7.9	4.3	7.9	7.7
<b>Total</b>	<b>29.7</b>	<b>21.8</b>	<b>33.4</b>	<b>299.0</b>

The terms and conditions applied to sales and purchases of traffic and services, to the centralized treasury management agreement, to the revolving credit facility agreement as well as to the interest-bearing loans and borrowings are determined on an arm's length basis according to the normal market prices and conditions.

There is no outstanding guarantee provided to or received from any related parties at the balance sheet date. No allowance for doubtful debtors on amounts owed by related parties is outstanding at the balance sheet date.

## 18. Events after the balance sheet date

No adjusting event arose between the balance sheet date and the date at which the interim condensed consolidated financial statements have been authorized for issue.