

**Half year
results 2012
Mobistar**

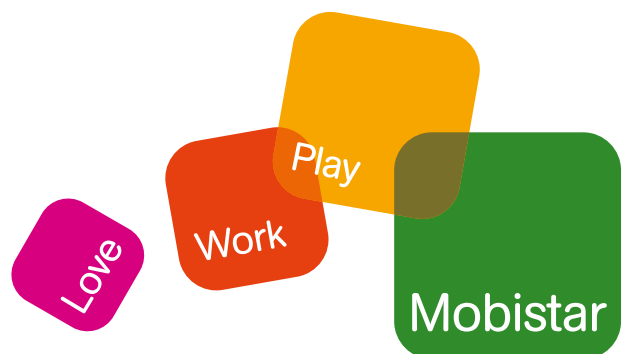


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Press release

Embargo until 24 July 2012 at 7 a.m.
Regulated information

Mobistar seduces the subscribers with its new mobile offers

Brussels, 24 July 2012 – Today, Mobistar (Euronext Brussels: MOBB) publishes its results for the first half year of 2012. These results are in line with the guidance. Without regulatory impact, the consolidated turnover of the Mobistar group would have been stable compared to the first semester of 2011 (+0.5 %). The success of the new mobile offers launched in April which have already seduced over more than 160,000 Belgians, and the many initiatives taken by Mobistar to improve the customer service, enable Mobistar to be confident for the future. The upgrade of the activation platform for fixed-line customers realized during this semester will facilitate the relaunch of the commercial efforts on this segment during the coming months. Mobistar is also announcing the launch of the ACE (Agility – Cost – Execution) programme, which is designed to realize a gross saving of at least 100 million euros cumulated between 2013 and 2015.

1. Key facts

During the first semester 2012, the Mobistar group continued to progress on his four strategic priorities: reinforce its leadership on the mobile market, develop convergent services in ubiquity, offer the best customer experience on the market and manage the company costs in the most efficient way.

- In April 2012, Mobistar innovated on the Belgian telecom market by launching a series of transparent new mobile subscriptions, meeting the real needs of the consumers: **Squirrel, Kangaroo, Dolphin and Panther**. By the end of June, more than 160,000 subscribers had already opted for one of these subscriptions. Mobistar's «Animals» subscriptions were also the first no-obligation subscriptions launched on the Belgian market, thus anticipating the new telecom law, which as of next October 1st introduces the possibility of changing operator free of charge after a period of 6 months. New international deals in the 'machine-to-machine' (M2M) segment, such as Nespresso, Sprint and Qualcomm Life, enabled Mobistar to realize an important growth of 60.7 % in one year.
- In June 2012, Mobistar obtained the IRISnet 2 contract, which aims to provide **convergent** telecom services to all Brussels public institutions for the next 10 years. In July 2012, Mobistar revealed his 4G pilot network covering the entire city of Anwterp with speeds 10 times faster than in 3G.
- During the first half of 2012, Mobistar continued to make substantial investments in its « **Happy Customer** » programme, which resulted in a significant improvement of the customer service: more than 90 % of the letters addressed to Mobistar today receive a response within 5 days, nearly 80 % of the calls are answered within 20 seconds, and 100 % of calls with more than 2.5 minutes of waiting are offered the « call back » option. Mobistar launched early June a first on the Belgian market: the service Travel Data Control, enabling customers to set for themselves the amount they wish to spend on mobile Internet while staying abroad.
- Launched in 2009, the Odyssey plan enabled Mobistar to achieve more than 130 million euros in savings between 2010 and June 2012. The initial target of the Odyssey plan, which will last until the end of 2012, was to realize 100 million euros of savings. As of today, Mobistar is launching a new transformation programme for the company. Named **ACE (Agility - Cost - Execution)**, it aims to achieve an additional gross saving of at least 100 million euros cumulated between 2013 and 2015.

2. Main figures

The Mobistar Group

- At the end of the first half of 2012, the Mobistar group recorded a total consolidated turnover amounting to 802.5 million euros, slightly below the 819.9 million euros recorded a year earlier. This decrease is linked to the impact of the regulation and to a reduction in voice traffic. It is partially offset by the increase in sales of terminals and by the strong growth in the use of mobile data.
- The Mobistar group closed the first half of 2012 with an EBITDA of 249.7 million euros, a decrease of 7.7 % compared to the 270.6 million euros recorded during the same period in 2011. The EBITDA has been penalized by the reduction in the mobile termination rates (MTR) and roaming rates, as well as by an accounting adjustment of commercial reductions in anticipation of the new telecom law's entry into effect. On the other hand, the EBITDA benefited from the reversal of a 17.5 million euros provision relating to the compensation relating to universal service. The EBITDA margin of the Mobistar group reached 34.6 % of the service revenues at the end of the first half of 2012, compared to 36.1 % in the first half of 2011.
- The consolidated net profit of the Mobistar group declined by 20.1 % and amounted to 92.9 million euros at the end of June 2012, compared to 116.2 million euros a year earlier. The decrease in the net profit is primarily explained by the reduction of the EBITDA and by the accelerated depreciations of the network following its modernisation, amounting to an additional 11 million euros.
- During the first half of 2012, the Mobistar group invested 62.6 million euros, 9 % of the service revenues, compared to 67.1 million euros a year earlier.
- The organic cash flow amounted to 81.5 million euros at the end of June 2012, compared to 151.7 million euros a year earlier. The organic cash flow of the first semester 2012 has been highly influenced by the payment of the tax balance from 2010 (50.0 million euros) which took place in February 2012 while the tax balance from 2009 (21.1 million euros) had been paid in July 2011, in line with the deadlines foreseen in the income tax assessments.

Consolidated figures for the Mobistar group

Mobistar group's consolidated key figures	6 months to 30/06/2012	6 months to 30/06/2011	Variation
Total number of active customers ⁽¹⁾ (mobile telephony) Mobistar S.A., Orange Communications Luxembourg S.A. and MVNOs	4 244 535	4 103 237	+3.4 %
Consolidated turnover (million €)	802.5	819.9	-2.1 %
Service revenues (million €)	721.7	750.0	-3.8 %
EBITDA ⁽²⁾ (million €)	249.7	270.6	-7.7 %
EBITDA margin	34.6 %	36.1 %	
Consolidated net profit (million €)	92.9	116.2	-20.1 %
Net profit per ordinary share ⁽³⁾ (€)	1.55	1.94	-20.1 %
Net investment (million €)	62.6	67.1	-6.7 %
Net investment/Service revenues	9 %	9 %	
Organic cash flow ⁽⁴⁾ (million €)	81.5	151.7	-46.3 %
Free cash flow ⁽⁵⁾ (million €)	187.1	203.5	-8.1 %

(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.

(5) Operating cash flow = EBITDA-investments.

3. Comments on the financial situation

3.1 Income statement

Revenues

The service revenues of the Mobistar group amounted to 721.7 million euros in the first half of 2012, compared to 750.0 million euros a year earlier, or a reduction of 3.8 %. The total consolidated turnover, which includes the turnover coming from the sale of handsets, amounted to 802.5 million euros at the end of June 2012, compared to 819.9 million euros on 30 June 2011. Without regulatory impact, the consolidated turnover would have been stable compared to the first semester (+0.5 %).

During the first half of 2012, the revenues of the Mobistar group were once again negatively influenced by the reduction of the MTR rates in January 2012 and of the roaming rates in July 2011. The impact of these reductions on the turnover amounted to 21.4 million euros for the first six months of 2012. The results were also negatively affected by a decrease in the revenues coming from voice traffic and roaming, as a result of the economic crisis.

In addition, the revenues were affected by the new telecom law, as Mobistar anticipated most of its effects. In so far as the new law will apply with retroactive effect to existing contracts as of next October 1st, some commercial reduction programmes will no longer be differed. To adapt itself to this, Mobistar performed an accounting adjustment that had a negative impact of 3.0 million euros on 30 June 2012.

Finally the traffic revenues related to SMS abundance offers continued to increase (+18.7 million euros compared to the first half year of 2011).

Driven by the success of smartphones, the sales of terminals continued to progress during the first half of 2012, from 69.9 million euros at the end of June 2011 to 80.8 million euros at the end of June 2012, or a 15.6 % increase.

Operating expenses

The changes in regulation that have had a negative impact on the revenues have positively influenced the interconnection costs (-11.6 million euros for MTR and roaming). This effect has been compensated by the SMS abundance cost increase (+17.7 million euros).

Cost of sales of equipment and goods sold are mainly impacted by the cost of sales of the handsets. The increase is in line with the revenue increase.

Services and other goods have been impacted by the revision of the provision for universal service costs for an amount of 17.5 million euros. Commission expenses have decreased by 2.0 million euros in consequence of the revision of the sales force remuneration model and of some lower prepaid sales volumes. IT and network maintenance costs have increased (+2.3 million euros).

Employee benefits are influenced by the evolution of the number of employees and a 3.47 % salary increase as from January 1st, 2012, following a wage indexation and a sector understanding. The comparison between the first semester 2011 and the first semester 2012 is also largely influenced by the efforts started during the second half year of 2011 and continued in 2012 to reinforce sales and customer support teams.

Result of operating activities before depreciation

EBITDA of the mobile activity in Belgium

The negative impact of regulation on the revenues, combined with more and more inter-operators traffic (both voice & sms), explains the decrease in direct margin of the mobile activity from 66.4 % during the first semester 2011 to 64.1 % during the first six months of this year. Due to the positive impact of the cost savings programme, mainly visible in the indirect customer facing costs and the indirect production costs, the EBITDA of the mobile activity shows still a strong 40.9 % margin on operating revenues during the first six months of 2012 at an amount of 251.6 million euros.

EBITDA of the non-mobile activity in Belgium

The negative EBITDA of 7.7 million euros (-9.6 % of operating revenues) in the non-mobile segment shows a slight improvement versus the same period of previous year. This improvement is related to the residential market (HOME), where the negative EBITDA during the first semester 2012 reached -17.2 million euros versus -19.5 million euros during the first six months of 2011. As already mentioned before, this evolution shows the net impact of a lower commercial activity during the first six months of 2012, resulting in less direct commercial costs and indirect customer facing costs. This improvement is mostly compensated by an exceptional provision reducing the revenues for 2.5 million euros linked to the technical issues with the activation chain during the second semester of 2011. Mobistar intends to relaunch its convergent products line in the residential market in the coming months.

EBITDA of the activity in Luxembourg

Thanks to the strong increase of the total turnover in Luxembourg, the EBITDA of Orange Communications Luxembourg rises from 4.5 million euros during the first six months of 2011 to 5.8 million euros during the first six months of 2012, representing 17.8 % of the service revenues.

EBITDA of the Mobistar group

In consequence of above variances, the EBITDA of the Mobistar group has decreased by 20.9 million euros or 7.7 % compared to the same period of 2011 to reach 249.7 million euros at the end of June 2012.

The EBITDA margin of the Mobistar group amounted to 34.6 % of the service revenues at the end of June 2012, compared to 36.1 % at the end of June 2011. The major progress in the sales of terminals, and their growing share in Mobistar's turnover, partly explains the decrease in the EBITDA margin.

Depreciation and other expenses

Depreciation charge as at 30 June 2012 totalling 102.0 million euros includes the impact of the review of the useful life of the assets related to important projects in IT system and network renewal, i.e. an additional 11 million euros for the first semester 2012. These useful lives have been adjusted in order to consider the expected decommissioning dates.

Financial results

The financial expenses have been influenced by interests rate variance (+0.3 million euros), increased unwinding effect recorded in 2012 (resulting from the change in the site dismantling provision recorded during the year 2011) (+0.4 million euros) and some foreign exchange losses (+0.5 million euros).

Taxes

The effective tax rate is comparable to previous year. The tax burden amounts to 48.9 million euros. No previous year adjustments were booked in displayed periods.

Net profit

At the end of the first six months of 2012, the Mobistar group recorded consolidated net profit of 92.9 million euros, a decrease of 20.1 % in comparison with the 116.2 million euros at the end of June 2011.

Net profit per share decreased by 20.1 % from 1.94 euro per share on 30 June 2011 to 1.55 euro per share a year later.

3.2 Balance sheet

The consolidated balance sheet total reached 1,354.3 million euros on 30 June 2012, compared to 1,381.5 at the end of the previous financial year.

Non-current assets, including deferred taxes assets, amounted to 1,032.2 million euros at the end of June 2012, compared to 1,070.3 million euros at the end of 2011.

Current assets increased from 311.2 million euros at the end of 2011 to 322.1 million euros at the end of June 2012, mainly due to an increase of other current assets (see note 8).

Non-current liabilities increased due to the increase in long-term borrowing drawings (from 293.2 million euros end of 2011 to 413.4 million euros at the end of June 2012).

Current liabilities decreased from 603.2 million euros on 31 December 2011 to 583.9 million euros at the end of the first half of 2012. This decrease is mainly due a decrease in short-term borrowings (-16.0 million euros) and in trade payable (-47.0 million euros including the reversal of the provision for universal service costs 17.5 million euros) compensated by the extraordinary dividend recorded in May 2011 but that will be paid on 24 August 2012 (+48.0 million euros).

3.3 Cash flow

At the end of June 2012, the organic cash flow of the Mobistar group amounted to 81.5 million euros, compared to 151.7 million euros a year earlier, representing a reduction of 46.3 %.

During the first half of 2012, the Mobistar group invested 62.6 million euros, or 9 % of the service revenues, compared to 67.1 million euros a year earlier. The investments, which are in line with the investment programme foreseen for the financial year 2012, focused firstly on IT projects (notably the successful modernisation of the VoIP platform, which improves customer experience for fixed telephony customers) and secondly on extending the capacity and increasing the speed of the mobile data network. During the first half of 2012, Mobistar thus strove to replace its 2G equipment, which had arrived at the end of its service life, with more modern and higher-performance 2G/3G equipment, and deployed a first 4G mobile network in the city of Antwerp. The investments foreseen by Mobistar in the coming months and years will make it possible to handle an annual growth of 50 % in mobile data traffic until the year 2025. At the end of June 2012, the 3G/HSDPA coverage reached 97 % of the population. The Mobistar network had 5,531 sites at the end of June 2012, of which 730 are shared with other operators.

The decrease in organic cash flow compared with the first semester of 2011 comes from the combination of several factors:

- Decrease in the 'adjusted result of operating activities' (-25.1 million euros)
- Change in working capital (-13.3 million euros, including reversal of the provision for universal service)
- Payment of 2010 corporate tax (- 51.0 million euros) and variance in corporate taxes down payments (+10.0 million euros)
- Delay in acquisition in fixed assets (+9.6 million euros)

3.4 Activities of the Mobistar group by segment

In greater detail, the activity of the Mobistar group via its segments breaks down as follows:

3.4.1 Activities in Belgium (Mobistar S.A. and MES S.A.)

Key operating figures of Mobistar S.A.	6 months to 30/06/2012	6 months to 30/06/2011	Variation
Total number of active customers ⁽⁶⁾ Mobistar S.A. (mobile telephony)	3 524 927	3 521 851	+0.1 %
Number of MVNO customers (mobile telephony, incl. full MVNO)	619 436	486 995	+27.2 %
Total number of active customers Mobistar S.A. + MVNO (mobile telephony, incl. full MVNO)	4 144 363	4 008 846	+3.4 %
Total number of active M2M SIM cards (incl. IMC)	454 476	282 734	+60.7 %
Total number of mobile Internet customers Mobistar S.A.	161 331	122 019	+32.2 %
Total number of ADSL customers Mobistar S.A.	77 496	68 886	+12.5 %
Total number of digital TV customers Mobistar S.A.	30 972	21 002	+47.5 %
Total number of active fixed telephone lines Mobistar S.A.	231 761	207 114	+11.9 %

In April 2012, Mobistar innovated on the Belgian telecom market by launching a series of transparent new mobile subscriptions, meeting the real needs of the consumers.

In a very competitive market, Mobistar also succeeded in extending its partnerships with Euphony and Telenet. On the B2B level, Mobistar won the IRISnet 2 contract, which aims to provide a complete range of telecom services to all of the Brussels public institutions for the coming 10 years.

⁽⁶⁾ 'Machine-to-machine' cards are not included in the number of active customers.

Mobile activities

The number of active mobile telephony customers of Mobistar S.A. (excluding MVNOs) amounted to 3,524,927 on 30 June 2012, compared to 3,521,851 active customers recorded a year earlier, an increase of 0.1 %. The share of postpaid customers in the total customer base went from 64.3 % at the end of June 2011 to 67.4 % one year later.

The progression in the share of postpaid customers is largely linked to the success of the new mobile subscriptions. These are based on a new segmentation represented by animals corresponding to the different user profiles: Squirrel, Kangaroo, Dolphin and Panther. Launched with the support of a major communication campaign in April 2012 (« what animal slumbers inside you? »), these new offers enable the customers to better control their consumption and to choose the subscription that truly corresponds to their needs. In less than three months, more than 160,000 Belgians have opted for one of these new subscriptions. At the end of May, Mobistar also launched Panther Pro and Kangaroo Pro, two tariff plans tailor-made for independent entrepreneurs.

The « Animals » tariffs are based on confidence and transparency: they were the first no-obligation contracts launched on the Belgian market, and they include control mechanism for mobile Internet use. Anticipating the new telecom law, which introduces as of next October 1st the possibility of changing operator at no expense after a period of 6 months, Mobistar has also totally revised its model for remunerating the sellers in all of its distribution channels. These are henceforth remunerated for the services rendered to the customer during their entire loyalty period. This extensive reshaping of the remuneration system also applies to Euphony, with which Mobistar has extended its exclusive partnership until December 2017.

In the prepaid cards segment, the measures taken by Mobistar to strengthen its position on the prepaid market (notably the renewal of the RedBull Mobile offer and the launch of Plug Mobile in partnership with RTL Belgium) enabled Mobistar to relaunch its offers on this highly competitive segment.

The use of mobile data, driven by the success of smartphones and digital tablets, again saw a strong progression during the first six months of the year. At the end of June 2012, mobile data represented 41.7 % of the service revenues, compared to 36.5 % in the first half of 2011. In addition, Mobistar S.A. had 161,331 mobile Internet customers (*Internet Everywhere, Internet Everywhere Ticket, Business Everywhere, iPad 15 and 25*) on 30 June 2012, compared to 122,019 customers a year earlier, an increase of 32.2 %. In keeping with its values of innovation and transparency, at the beginning of June Mobistar launched the Travel Data Control service, which enables customers to set for themselves the amount they wish to spend on mobile Internet during a stay abroad. This service constitutes a first on the Belgian market.

Mobistar reaffirms its leadership in the 'machine-to-machine' segment (M2M) in Belgium. At the end of June 2012, Mobistar recorded 454,476 active SIM cards for M2M applications. The number of cards grew by 60.7 % compared to the 282,734 active M2M cards recorded at the end of the first semester of 2011. New international agreements are at the basis of this substantial growth, notably with Nespresso, Sprint and Qualcomm Life.

The strategy of partnerships via MVNOs continues to benefit to Mobistar. During the first half of 2012, the number of MVNO customers jumped by 27.2 %, rising from 486,995 MVNO customers on 30 June 2011 to 619,436 customers one year later. At the beginning of May, Mobistar extended the full MVNO partnership with Telenet until 2017. Tecteo (VOO) will also be able to use this full MVNO contract to offer mobile services to its fixed customers.

Fixed & convergent activities

At the end of June 2012, Mobistar S.A. recorded 77,496 ADSL customers, compared to 68,886 customers a year earlier, an increase of 12.5 %. The number of active fixed telephone lines of Mobistar S.A. advanced by 11.9 %, rising from 207,114 active lines at the end of June 2011 to 231,761 at the end of the first semester of 2012. The number of digital TV customers amounted to 30,972, an increase of 47.5 % compared to June 2011.

It should be noted that, during the first half of 2012, the commercial actions around digital television and ADSL were deliberately delayed, so this explains the slight decline in the number of TV and ADSL customers during this period. In the course of the second half of 2012, the commercial actions will be relaunched thanks to the upgrade of the IT activation systems.

On the business market, at the end of June 2012, Mobistar S.A. recorded 7,715 customer companies opting for the « Full Pack », compared to 6,033 such companies a year earlier, which represents an increase of nearly 28 %. The number of companies opting for an offer that combines fixed and mobile telephony amounted to 32,756 at the end of June 2012, an increase of 1.9 % compared to the 32,152 customer companies recorded at the end of June 2011.

Evolution of the average revenue per user (ARPU) and turnover

Key financial figures of Mobistar S.A.	6 months to 30/06/2012	6 months to 30/06/2011	Variation
ARPU ⁽⁷⁾ (€/month/active customer)	28.85	29.94	-3.6 %
Total turnover (million €)	779.0	795.7	-2.1 %
Service revenues (million €)	696.2	724.5	-3.9 %

The evolution of the ARPU of the Mobistar customers is influenced by the regulatory pressure (reduction in the mobile termination rates and the roaming rates) and by the decrease in voice traffic during the first half of 2012. The average revenue per user amounted to 28.85 euros at the end of June 2012, compared to 29.94 euros one year earlier, i.e. a decline of 3.6 %. This decrease was partially offset by an increased use of mobile Internet and the SMS traffic which also continues to grow.

The service revenues of Mobistar S.A. are also influenced by regulation (reduction in the mobile termination and roaming rates), as well as by the decrease in the voice and roaming traffic. The impact of the regulation for the first half of 2012 amounted to 21.4 million euros. At the end of June 2012, the service revenues of Mobistar S.A. amounted to 696.2 million euros, representing a decrease of 3.9 % compared to the 724.5 million euros recorded a year earlier. Mobile phones sales leapt by 16.3 %, going from 71.2 million euros in the first half of 2011 to 82.8 million euros in the first half of 2012. It should be noted that this increase was achieved without engaging in tied selling actions, which shows that the vast majority of Belgian consumers remain interested in buying mobile telephones that are not linked to a subscription. At the end of June 2012, the total turnover of Mobistar S.A. amounted to 779.0 million euros, compared to 795.7 million euros a year earlier, a decline of 2.1 %.

(7) Average Revenue Per User (smoothed average of the previous 12 months), excluding MVNOs and M2M cards.

3.4.2 Activities in Luxembourg (Orange Communications Luxembourg S.A.)

Key figures of Orange Communications Luxembourg S.A.	6 months to 30/06/2012	6 months to 30/06/2011	Variation
Total number of active customers (mobile telephony) ⁽⁸⁾	100 172	94 391	+6.1 %
ARPU ⁽⁹⁾ (€/month/active customer)	50.48	50.66	-0.4 %
Total turnover (million €)	35.4	31.6	+12 %
Service revenues (million €)	32.3	29.2	+10.6 %

In the first half of 2012, Orange Communications Luxembourg S.A. experienced two very important moments. Firstly, the company crossed the symbolic threshold of 100,000 customers. On 30 June 2012, the Luxembourg subsidiary recorded indeed a total of 100,172 active mobile telephony customers, representing a growth of 6.1 % compared to the 94,391 active customers recorded a year earlier. Secondly, the company successfully activated its 4G network in Luxembourg.

The ARPU remained stable compared to the first half of 2011, going from 50.66 euros per customer on 30 June 2011 to 50.48 euros on 30 June 2012. With regard to turnover, Orange Communications Luxembourg S.A. is posting double digit growth. At the end of the first half of this year, the company recorded service revenues amounting to 32.3 million euros, compared to 29.2 million euros at the end of the first half of 2011, an increase of 10.6 %. The total turnover amounted to 35.4 million euros at the end of June 2012, an increase of 12 % compared to the 31.6 million euros recorded at the end of June 2011.

3.5 Financial instruments, financial risks management objectives and policy

No change has occurred in comparison with the information contained in the 2011 annual report (p. 77).

3.6 Disputes

The disputes related information listed in the annual report 2011 and in the highlights of the first quarter 2012 has been modified as follows:

Masts: The Supreme Court has confirmed in its judgments of 30 March 2012 the interpretation of the Constitutional Court of article 98 of the Act of 21 March 1991. The total receivable amount of taxes charged, plus default interest calculated at the legal rate, amounts to 54.1 million euros and is subject to a bad debt provision for the whole amount, of which 4.4 million euros correspond to the first semester 2012.

MTR tariffs: On 16 May 2012, the Court of Appeal rejected the grounds for annulment and referred a procedural matter to the Constitutional Court. The final decision will only be delivered after the decision of the Constitutional Court.

Abuse of dominant position by the Belgacom Group: In March 2012 the experts have been dismissed and the appointment process of the new experts has been launched. The dismissed experts have appealed their dismissal. A final decision on this appeal is expected in Q3 2012. Mobistar assesses the opportunity to lodge an action in Cassation on the dismissal decision.

(8) Since 2012, the total number of active customers does not include the 'machine-to-machine' cards anymore. At the end of June 2012, Orange Communications Luxembourg S.A. recorded 13,274 'machine-to-machine' cards.

(9) Average Revenue Per User (smoothed average of the previous 12 months), excluding MVNOs and M2M cards.

Spectrum: 2G license renewal - Pleadings have been held before the European Court of Justice on 11 June 2012 in the frame of the reference for a preliminary ruling. A decision of the European Court is expected in Q4 2012. The Belgian Constitutional Court would then decide on the merits in 2013.

KPN: Mobistar paid a cash consideration of 65 million euros at the acquisition date. However, as mentioned in the annual reports 2010 and 2011, 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 final purchase price is still under review between Mobistar and the seller and the case has been submitted to an expert review. The outcome of the expert's report, i.e. that KPN should pay Mobistar an amount between 0.3 and 2.2 million euros, is disputed by KPN which states that this is not in agreement with the scope of the expert's mission. Therefore KPN has launched an arbitration case regarding the expert's mission. The arbitration has been rendered on July 5, 2012 that confirms the scope of the mission of the expert but states that the independent expert's report contains manifest errors. As the Tribunal is not competent to engage into further examination of the disputed items, it proposes that both parties would choose a new independent expert to review the disputed items.

4. Trends

On the basis of the results recorded during the first half of 2012, the Mobistar group maintains its guidance for the financial year 2012:

- a slightly lower turnover compared to 2011, limited to 2 %;
- an EBITDA within the range of 460 to 500 million euros;
- a net result within the range of 170 to 195 million euros;
- an investment level around 12 % of the service revenues;
- an organic cash flow⁽¹⁰⁾ within the range of 170 to 195 million euros.

However, these hypotheses are based on the current figures for the evolution of the Belgian economic context. They might be modified as a function of the evolution of the subsidies for terminals in Belgium and the overall economic climate.

The prospects of the Mobistar group for the financial year 2012 take account of the negative effects of regulatory measures: the reduction of the MTR since 1 January 2012 and the new reduction in roaming rates since 1 July 2012. In the current economic context, the impact will amount approximately 60 million euros on the turnover and will be slightly higher than 30 million euros on the EBITDA for the financial year 2012.

⁽¹⁰⁾ Organic cash flow = net cash flow from operations, less acquisitions of tangible and intangible assets, plus proceeds from disposals of tangible and intangible assets.

Mobistar (EURONEXT BRUSSELS: MOBB), one of the main players on the Belgian and Luxembourg telecommunications market, is active in mobile voice and data traffic, as well as landline telephony, ADSL, TV and other markets with high growth potential. The company develops innovative products and services for the residential and professional markets. Mobistar is quoted on the Brussels Stock Exchange and is part of the France Télécom group.

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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.



Jean Marc Harion
CEO



Werner De Laet
CFO

Mobistar S.A.

Limited review report on the consolidated interim financial information for the six-month period ended 30 June 2012

To the Board of directors

We have performed a limited review of the accompanying consolidated condensed balance sheet, condensed statement of comprehensive income, condensed cash flow statement, condensed statement of changes in equity and selective notes 1 to 18 (jointly the “interim financial information”) of Mobistar S.A. (“the company”) and its subsidiaries (jointly “the group”) for the six-month period ended 30 June 2012. The Board of directors of the company is responsible for the preparation and fair presentation of this interim financial information. Our responsibility is to express a conclusion on this interim financial information based on our review.

The interim financial information has been prepared in accordance with international financial reporting standard IAS 34 – *Interim Financial Reporting* as adopted by the European Union.

Our limited review of the interim financial information was conducted in accordance with international standard ISRE 2410 – *Review of interim financial information performed by the independent auditor of the entity*. A limited review consists of making inquiries of group management and applying analytical and other review procedures to the interim financial information and underlying financial data. A limited review is substantially less in scope than an audit performed in accordance with the International Standards on Auditing (ISA). Accordingly, we do not express an audit opinion on the interim financial information.

Based on our limited review, nothing has come to our attention that causes us to believe that the interim financial information for the six-month period ended 30 June 2012 is not prepared, in all material respects, in accordance with IAS 34 – *Interim Financial Reporting* as adopted by the European Union.

Diegem, 20 July 2012

The statutory auditor

DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises

BV o.v.v.e. CVBA / SC s.f.d. SCRL

Represented by Rik Neckebroeck

Interim condensed consolidated financial statements in accordance with IFRS

Interim condensed consolidated statement of comprehensive income (Mio €)

	30.06.2011	30.06.2010	Variation (%)
Revenue			
Service revenue	721.7	750.0	-3.8%
Handsets sales	80.8	69.9	15.6%
Total turnover	802.5	819.9	-2.1%
Other operating revenue	22.2	15.9	39.6%
Total revenue	824.7	835.8	-1.3%
Operating expenses			
Interconnection costs	-197.4	-194.4	1.5%
Costs of equipment and goods sold	-155.3	-144.0	7.8%
Services and other goods	-128.8	-137.3	-6.2%
Employee benefits expenses	-80.1	-76.4	4.8%
Depreciation, amortisation and impairment	-102.0	-88.9	14.7%
Amounts written down stocks, contracts in progress and trade debtors	-8.3	-9.7	-14.4%
Provisions for risks and charges	0.4	-1.5	-126.7%
Other operating charges	-5.4	-1.9	184.2%
Total operating expenses	-677.0	-654.1	3.5%
EBITDA (result of operating activities before depreciation and amortisation)	249.7	270.6	-7.7%
EBITDA margin in % of service revenue	34.6%	36.1%	
Result of operating activities (EBIT)	147.7	181.7	-18.7%
Finance income	0.3	0.5	-40.0%
Finance costs	-6.1	-4.8	27.1%
Result of operating activities after net finance costs	141.8	177.3	-20.0%
Tax expense	-48.9	-61.1	-20.0%
Net profit of the period (*)	93.0	116.2	-20.0%
Profit attributable to equity holders of the parent	93.0	116.2	-20.0%
Consolidated statement of comprehensive income			
Net profit for the period	93.0	116.2	-20.0%
Other comprehensive income	0	0	
Total comprehensive income for the period	93.0	116.2	-20.0%
Part of the total comprehensive income attributable to equity holders of the parent	93.0	116.2	-20.0%
Basic earnings per share (in €)	1.55	1.94	-20.0%
Weighted average number of ordinary shares	60 014 414	60 014 414	
Diluted earnings per share (in €)	1.55	1.94	-20.0%
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 €)

	30.06.2012	31.12.2011
ASSETS		
Non-current assets		
Goodwill	80.1	80.1
Intangible assets	292.7	312.0
Tangible assets	647.9	666.0
Other non-current assets	4.9	5.8
Deferred taxes	6.5	6.4
Total non-current assets	1 032.2	1 070.3
Current assets		
Inventories	14.4	16.5
Trade receivables	228.4	225.3
Other current assets	72.6	62.3
Cash and cash equivalents	6.7	7.1
Total current assets	322.1	311.2
Total assets	1 354.3	1 381.5
EQUITY and LIABILITIES		
Equity		
Share capital	131.7	131.7
Legal reserve	13.2	13.2
Retained earnings	120.1	249.1
Total equity	265.0	394.0
Non-current liabilities		
Long-term interests-bearing borrowings	413.4	293.2
Long-term trade payables	28.3	28.3
Long-term provisions	63.5	61.6
Deferred taxes	0.0	1.2
Total non-current liabilities	505.3	384.3
Current liabilities		
Short-term interests-bearing borrowings	2.4	18.4
Trade payables	300.5	347.6
Employee benefits related liabilities	35.4	32.9
Current taxes payables	110.7	113.7
Deferred income	84.5	87.8
Other payables	50.4	2.7
Total current liabilities	583.9	603.2
Total liabilities	1 089.2	987.5
Total equity and liabilities	1 354.3	1 381.5

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

	Share Capital	Legal Reserve	Retained earnings	Total equity
Balance as at 1 January 2012	131.7	13.2	249.1	394.0
Net profit for the period			93.0	93.0
Total comprehensive income for the period			93.0	93.0
Declared dividends			-222.1	-222.1
Equity transaction costs			0.2	0.2
Balance as at 30 June 2012	131.7	13.2	120.2	265.1

	Share Capital	Legal Reserve	Retained earnings	Total equity
Balance as at 1 January 2011	131.7	13.2	286.3	431.2
Net profit for the period			221.0	221.0
Total comprehensive income for the period			221.0	221.0
Declared dividends			-258.1	-258.1
Equity transaction costs			-0.1	-0.1
Balance as at 31 December 2011	131.7	13.2	286.3	431.2

Interim condensed consolidated cash flow statement (Mio €)

	30.06.2012	30.06.2011
Cash flows from operating activities		
Profit before taxes	141.8	177.3
Non-cash adjustments for:		
Depreciation, amortisation and impairment of fixed assets	102.0	88.9
Changes in long-term provisions	-0.5	1.6
Changes in provision for bad debt	4.4	5.2
Other non-cash expenses	0.6	0.0
Interest income	-0.2	-0.4
Interest charges	3.4	4.0
Adjusted result of operating activities before net finance costs	251.5	276.6
Inventories (increase -, decrease +)	2.1	-2.0
Trade and other receivables	-4.8	2.7
Trade and other payables	-11.8	-1.9
Net changes in working capital	-14.5	-1.2
Tax paid	-66.0	-25.2
Interests paid	-4.1	-3.9
Interests received	0.3	0.4
Net cash from operating activities	167.2	246.7
Cash flows from investing activities		
Purchase of intangible and tangible assets	-62.6	-67.1
Debt associated to purchase of assets (increase +, decrease -)	-23.1	-28.0
Reimbursement long-term loans granted	0.7	0.5
Net cash used in investing activities	-85.0	-94.6
Organic cash flow ⁽¹⁾	81.5	151.7
Cash flows from financing activities		
Short-term borrowings - net	-16.0	-43.4
Long-term borrowings - proceeds	135.0	130.0
Long-term borrowings - repayments	-27.9	-70.0
Transactions costs paid for long-term credit facility	0.2	0.1
Others	0.2	0.3
Equity transactions costs	0.2	-0.1
Dividends paid	-174.3	-173.9
Net cash used in financing activities	-82.6	-157.0
Net increase (+), decrease (-) in cash and cash equivalents	-0.4	-4.9
Cash and cash equivalents at beginning of period	7.1	13.0
Cash and cash equivalents at end of period	6.7	8.1

(1) Net cash flow from operations less acquisitions of tangible and intangible assets, plus proceeds from disposals of tangible and intangible assets.

Quarterly results

		Quarterly figures 2011				FY 2011
		Q1	Q2	Q3	Q4	
Subscriber base evolution						
Mobistar S.A. Mobile customers (excl. MVNO. MATMA)	in thousand	3 512.0	3 521.9	3 524.4	3 515.6	
of which Postpaid	in thousand	2 245.1	2 264.7	2 292.4	2 330.2	
of which Prepaid	in thousand	1 266.9	1 257.1	1 232.0	1 185.4	
MVNO customers	in thousand	474.8	487.0	528.3	589.8	
Orange Communications Luxembourg S.A. customers	in thousand	91.6	94.4	98.0	99.2	
Total Mobistar Group	in thousand	4 078.4	4 103.2	4 150.7	4 204.6	
ARPU evolution						
Blended ARPU (rolling average of the preceding 12 months incl. visitor roaming)						
	in EUR/month	30.54	29.94	29.70	29.54	
Postpaid ARPU (excl. visitor roaming and IEW)	in EUR/month	35.05	35.53	35.36	35.36	
Prepaid ARPU (excl. visitor roaming and IEW)	in EUR/month	16.60	16.95	16.93	17.06	
P&L						
Service Revenues Mobistar Mobile	in Mio EUR	315.6	325.7	324.3	322.2	1 287.8
Service Revenues Mobistar/MES Fix/Data	in Mio EUR	41.1	42.1	41.2	44.2	168.6
Service Revenues Orange Communications Luxembourg S.A.	in Mio EUR	14.2	15.0	15.1	16.4	60.7
Total Mobistar consolidated service revenues⁽¹⁾	in Mio EUR	369.7	380.3	377.7	378.1	1 505.8
Total Mobistar consolidated handsets sales	in Mio EUR	31.2	38.7	27.5	54.4	151.8
Total Mobistar consolidated turnover	in Mio EUR	400.9	419.0	405.2	432.5	1 657.6
Total Mobistar consolidated EBITDA	in Mio EUR	125.2	145.5	130.2	129.2	530.1
as a % of service revenues		33.9%	38.3%	34.5%	34.2%	35.2%
Total Mobistar consolidated net result	in Mio EUR	53.1	63.1	52.3	52.5	221.0
EPS calculated on the basis of the outstanding shares at the end of the quarter	in EUR/share	0.89	1.05	0.87	0.87	3.68
Diluted weighted average earnings per share	in EUR/share	0.89	1.05	0.87	0.87	3.68
Total Mobistar consolidated CAPEX	in Mio EUR	31.9	35.2	37.0	99.6	203.7
as a % of service revenues		9%	9%	10%	26%	14%
Organic cash flow	in Mio EUR	95.7	56.0	55.4	35.1	242.2

(1) After elimination of intercompany transactions.

		Quarterly figures 2012				YTD 2012
		Q1	Q2	Q3	Q4	
Subscriber base evolution						
Mobistar S.A. Mobile customers (excl. MVNO. MATMA)	in thousand	3 517.1	3 524.9			
of which Postpaid	in thousand	2 349.9	2 375.3			
of which Prepaid	in thousand	1 167.2	1 149.6			
MVNO customers	in thousand	572.4	619.4			
Orange Communications Luxembourg S.A. customers	in thousand	96.7	100.2			
Total Mobistar Group	in thousand	4 186.2	4 244.5			
ARPU evolution						
Blended ARPU (rolling average of the preceding 12 months incl. visitor roaming)	in EUR/month	29.32	28.85			
Postpaid ARPU (excl. visitor roaming and IEW)	in EUR/month	34.95	34.41			
Prepaid ARPU (excl. visitor roaming and IEW)	in EUR/month	17.08	16.72			
P&L						
Service Revenues Mobistar Mobile	in Mio EUR	304.3	311.6			615.9
Service Revenues Mobistar/MES Fix/Data	in Mio EUR	41.5	38.8			80.3
Service Revenues Orange Communications Luxembourg S.A.	in Mio EUR	15.7	16.6			32.3
Total Mobistar consolidated service revenues⁽¹⁾	in Mio EUR	358.4	363.3			721.7
Total Mobistar consolidated handsets sales	in Mio EUR	41.1	39.7			80.8
Total Mobistar consolidated turnover	in Mio EUR	399.5	403.0			802.5
Total Mobistar consolidated EBITDA	in Mio EUR	113.1	136.6			249.7
as a % of service revenues		31.5%	37.6%			34.6%
Total Mobistar consolidated net result	in Mio EUR	38.2	54.7			92.9
EPS calculated on the basis of the outstanding shares at the end of the quarter	in EUR/share	0.64	0.91			1.55
Diluted weighted average earnings per share	in EUR/share	0.64	0.91			1.55
Total Mobistar consolidated CAPEX	in Mio EUR	24.8	37.8			62.6
as a % of service revenues		7%	10%			9%
Organic cash flow	in Mio EUR	28.9	52.6			81.5

(1) After elimination of intercompany transactions.

Notes to the interim condensed consolidated financial statements as at 30 June 2012

1. Statement of compliance

The interim condensed consolidated financial statements for the six months period ended 30 June 2012 have been prepared in accordance with IAS 34 Interim Financial Reporting and were authorized for issue by the Board of Directors on 20 July 2012.

They should be read in conjunction with Mobistar's annual financial statements as at 31 December 2011 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 2011.

New standards and interpretations compulsory at January 1st, 2012

These standards and interpretations are not applicable to the Group.

Standards and interpretations compulsory after June 30, 2012 with no early application

No new standard or interpretation has been issued since December 2011.

When they are adopted by the UE, standards IFRS 10, IFRS 11, IAS 28 revised in 2011 and IFRS 12 will have to be applied from January 1st, 2014 onwards, an earlier application date being permitted. The Group is currently analyzing the opportunity to apply these standards by anticipation as from January 1st, 2013.

Uses of estimates and judgment

In preparing the Group's consolidated financial statements, Mobistar's management is required to make estimates insofar as many elements included in the financial statements cannot be measured with precision. The underlying assumptions used for the main estimates are similar to those described as of December 31, 2011 excepted for the following transactions:

- Universal Service Cost accrual has been reviewed in order to integrate the last evolutions of this topic. This new estimate has conducted the Group to reverse an amount of 17.5 million euros.
- Useful lives of certain assets have had to be reviewed in relation to important projects in IT system renewal and technical swap of technology. These useful lives have been shortened or extended in order to consider the expected decommissioning dates.

The management revises these estimates if the underlying circumstances evolve or in light of new information or experience. Consequently, estimates made at June 30, 2012 may subsequently be changed.

Group management also uses its judgment to define appropriate accounting policies to apply to certain transactions when the current IFRS standards and interpretations do not specifically deal with the related accounting issues.

3. Business combination

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 1,800 km.

The acquisition was closed on 31 March 2010. Mobistar owns as from that date 100 % of the shares in the acquiree and consolidates 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”). The Purchase Price Accounting has been finalized on 31 March 2011.

Mobistar paid a cash consideration of 65 million euros at the closing date. However, as mentioned in the annual reports 2010 and 2011, 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 final purchase price is still under review between Mobistar and the seller and the case has been submitted to an expert review. The outcome of the expert’s report, i.e. that KPN should pay Mobistar an amount between 0.3 and 2.2 million euros, is disputed by KPN which states that this is not in agreement with the scope of the expert’s mission. Therefore KPN has launched an arbitration case regarding the expert’s mission. The arbitration has been rendered on July 5, 2012 that confirms the scope of the mission of the expert but states that the independent expert’s report contains manifest errors. As the Tribunal is not competent to engage into further examination of the disputed items, it proposes that both parties would choose a new independent expert to review the disputed items.

4. Consolidation perimeter

The consolidation perimeter has not evolved since 31 December 2011 and includes Mobistar S.A. (100 %), Mobistar Enterprise Services S.A. (100 %), Orange Communications Luxembourg S.A. (100 %) and 50 % of the joint venture ‘Irisnet’.

On 6 July 2012, Mobistar participated to the creation of IRISnet SCRL, the company which will take over the activities of the current Irisnet joint venture. Mobistar owns 28.16 % of the capital of the new company. The activities of the current JV will be transferred beginning of November 2012. Impact on the consolidation perimeter will be recorded during the second half of the year, when needed. The change in the consolidation perimeter will have no impact on the results of the Group.

5. Goodwill (Mio €)

	30.06.2012	31.12.2011
Mobistar Affiliate S.A.	10.6	10.6
Orange Communications Luxembourg S.A.	68.7	68.7
Mobistar Enterprise Services S.A.	0.8	0.8
Total	80.1	80.1

The goodwill of Mobistar Affiliate and Mobistar Enterprise Services are fully allocated to the segment “Belgium”, Orange Communications Luxembourg goodwill is fully allocated to the segment “Luxembourg”.

Concerning Orange Communications Luxembourg, as at 30 June 2012, there were no internal or external indicators that impairment tests on the goodwill should have been performed.

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 2012, 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.

6. Intangible assets, property, plant and equipment

For the 6 months period ending 30 June 2012, capital expenditures amount to 62.6 million euros to be compared with an amount of 67.1 million euros for the same period in 2011.

Depreciation charge as at 30 June 2012 totaling 102.0 million euros includes the impact of the review of the useful life of the assets related to important projects in IT system renewal and technical swap of technology. These useful lives have been adjusted in order to consider the expected decommissioning dates. The impact on the amortization and depreciation has been of 10.7 million euros for the first half year 2012.

No disposals of fixed assets with material impact on the results of the Group have been performed during the first half year 2012.

7. Trade receivables (Mio €)

	30.06.2012	31.12.2011
Trade receivables - gross amount	282.9	275.4
Allowance for doubtful debtors	-54.5	-50.1
Trade receivables - net carrying amount	228.4	225.3

Net trade receivables remained stable from the end of last year. However the gross receivable component increased due to deterioration of the payment quality of the end customer regarding the 'Service Revenues'. This negative evolution started mid of last year is persisting. More delays in payments are noted, requiring more cash collection efforts and impacting the bad debt provision which has been slightly increased in 2012 compared to 2011. The change in bad debt has had an impact of 1.4 million euros on the first half year 2012.

8. Other current assets and accrued revenues (Mio €)

	30.06.2012	31.12.2011
Local and regional taxes on pylons	54.1	49.8
Impairment on taxes on pylons	-54.1	-49.8
Prepayments	20.4	14.0
VAT to be recovered	0.0	5.5
Other current assets	24.6	11.0
Total other current assets	45.0	30.5
Accrued revenues	27.6	31.8
Total	72.6	62.3

Increase of the balance is influenced by the current account with France Télécom S.A. included in the other current assets (+12.9 million euros) and by the increase of prepaid expenses (+6.4 million euros) due to seasonality effect. These increases have partially been compensated by the decrease of the VAT (-5.5 million euros) and accrued revenues (-4.2 million euros). The latter is influenced by the recent increase in tariffs migrations and churn of the customers who benefited of gratuity in the past. It is expected that this effect will be reinforced in the following months with an acceleration of a negative impact on revenues. The remaining open amount as of 30 June 2012 regarding these tariff plans with gratuities amounts to 6.8 million euros.

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.

	30.06.2012	31.12.2011
Cash and cash equivalents		
Cash on hand	6.7	7.1
Total cash and cash equivalents	6.7	7.1
Financial liabilities		
Bank loan	2.4	2.2
Intercompany short-term borrowing	0	16.2
Intercompany long-term borrowing	413.4	293.2
Total borrowings	415.8	311.6
Net debt	-409.1	-304.5

10. Share capital (Mio €)

There has been no change in the capital of the company in 2012.

	Share capital	Number of ordinary shares
As at 1 January 2012	131.7	60 014 414
As at 30 June 2012	131.7	60 014 414

11. Retained earnings (Mio €)

Retained earnings have been impacted as follows:

	Legal reserve	Retained earnings
As at 1 January 2012	13.2	249.1
Total comprehensive income for the period		93.0
Ordinary dividend 2.90 €/share		-174.1
Extraordinary dividend 0.80 €/share		-48.0
Equity transaction costs		0.2
As at 30 June 2012	13.2	120.2

12. Current taxes payable (Mio €)

	30.06.2012	31.12.2011
Income taxes	96.2	112.0
VAT payable	13.8	1.5
Other	0.7	0.2
Total	110.7	113.7

Income taxes variation is due to the recorded current tax 2012 (50.2 million euros), compensated by the payment of the income tax 2010 (51.0 million euros in February 2012) and a down payment related to 2012 (15.0 million euros). No adjustment to previous year's tax accruals has been recorded. VAT position came back to an important debt balance for Mobistar S.A. compared to a receivable balance at the end of last year.

13. Other payables (Mio €)

	30.06.2012	31.12.2011
Share capital reduction 2008	0.1	0.1
Dividends payables	48.5	0.8
Other payables	1.8	1.8
Total	50.4	2.7

Dividends payables increase is due to the fact that the General Assembly of shareholders of May 2012 has decided the extraordinary dividend would be paid only from August 2012 (for 48.0 million euros).

Declared dividends

On 4 May 2011, the Annual General Assembly of shareholders has approved the payment of an ordinary dividend of 2.90 euros payable as from 20 May 2011 and an extraordinary dividend of 1.40 euro, payable as from 19 August 2011.

On 2 May 2012, the Annual General Assembly of shareholders has approved the payment of an ordinary dividend of 2.90 euros payable as from 25 May 2012 and an extraordinary dividend of 0.80 euro, payable as from 24 August 2012.

	30.06.2012	31.12.2011
Dividends on ordinary shares (year 2011)	222.1	
Dividends on ordinary shares (year 2010)		258.1
Total	222.1	258.1

14. Income taxes (Mio €)

The major components of the tax expense are as follows:

	30.06.2012	31.12.2011
Current income tax	50.2	60.1
Current income tax of prior periods	0	-0.1
Deferred tax expense arising to the origination and reversal of temporary differences	-1.3	1.1
Total tax expense	48.9	61.1

15. Segment information (Mio €)

Comparably to last year, 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 Communications Luxembour 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, TV 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.

2012	30.06.2012			30.06.2012	Interco	Mobistar
	Belgium			Luxembourg	elimination	Group
	Mobile	Non-mobile	Total	Total	Total	Total
Operating revenues						
Network & other operating revenues (service revenues)	615.9	80.3	696.2	32.3	-6.8	721.7
Handsets sales	82.8	0.0	82.8	3.1	-5.1	80.8
Total turnover	698.7	80.3	779.0	35.4	-11.9	802.5
Other	0.0	0.0	0.0	0.0	0.0	0.0
Total operating revenues	698.7	80.3	779.0	35.4	-11.9	802.5
Operating charges						
Direct costs excl. direct commercial costs	-246.7	-43.6	-290.3	-16.5	3.6	-303.2
Direct commercial costs	-57.1	-1.8	-58.9	-0.6	5.1	-54.4
Direct costs	-303.8	-45.4	-349.2	-17.1	8.6	-357.6
Direct margin	394.9	34.9	429.8	18.3	-3.3	444.9
% Operating revenues	64.1%	43.4%	61.7%	56.7%	48.0%	61.6%
Indirect production costs	-47.4	-19.1	-66.5	-4.5	3.3	-67.6
Information technology	-18.7	-1.8	-20.5	-0.6	0.0	-21.1
Communication, Marketing & Product development	-13.1	-6.5	-19.6	-1.5	0.0	-21.1
Indirect customer facing costs	-41.3	-12.7	-54.0	-4.0	0.0	-58.0
General and administration costs	-22.9	-2.5	-25.4	-2.0	0.0	-27.4
Indirect costs	-143.4	-42.6	-186.0	-12.6	3.3	-195.2
EBITDA	251.6	-7.7	243.8	5.8	0.0	249.7
% EBITDA on operating revenues			35.0%	17.8%	-0.5%	34.6%
Depreciations	-86.2	-11.9	-98.1	-3.9	0.0	-102.0
EBIT	165.4	-19.6	145.7	1.9	0.0	147.7
Financial income			0.3	0.0	0.0	0.2
Financial costs			-6.0	-0.2	0.0	-6.1
Profit before taxes			140.0	1.7	0.0	141.8
Tax expense			-48.3	-0.6	0.0	-48.9
Net profit of the period^(*)			91.7	1.1	0.0	92.9
Profit attributable to equity holders of the parent			91.7	1.1	0.0	92.9

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

2011	30.06.2011			30.06.2011	Interco	Mobistar
	Mobile	Non-mobile	Total	Luxembourg Total	elimination Total	Group Total
Operating revenues						
Network & other operating revenues (service revenues)	641.5	83.0	724.5	29.2	-3.6	750.0
Handsets sales	71.2	0.0	71.2	2.4	-3.7	69.9
Total turnover	712.7	83.0	795.7	31.6	-7.3	819.9
Other	0.0	0.0	0.0	0.0	0.0	0.0
Total operating revenues	712.7	83.0	795.7	31.6	-7.3	819.9
Operating charges						
Direct costs excl. direct commercial costs	-229.3	-44.7	-274.0	-14.8	6.6	-282.2
Direct commercial costs	-56.8	-4.1	-60.9	-0.4	0.0	-61.3
Direct costs	-286.1	-48.8	-334.9	-15.2	6.6	-343.5
Direct margin	426.6	34.2	460.8	16.4	-0.7	476.5
% Operating revenues	66.5%	41.2%	63.6%	56.2%	19.4%	63.5%
Indirect production costs	-51.3	-22.1	-73.4	-4.4	0.7	-77.0
Information technology	-16.7	-1.9	-18.6	-1.1	0.0	-19.7
Communication, Marketing & Product development	-13.3	-6.6	-19.9	-1.6	0.0	-21.5
Indirect customer facing costs	-46.9	-12.0	-58.9	-3.1	0.0	-62.0
General and administration costs	-21.4	-2.5	-23.9	-1.7	0.0	-25.6
Indirect costs	-149.6	-45.1	-194.7	-11.9	0.7	-205.8
EBITDA	277.0	-10.9	266.1	4.5	0.0	270.6
% EBITDA on operating revenues			36.7%	15.4%	-0.9%	36.1%
Depreciations	-74.3	-10.5	-84.8	-4.1	0.0	-88.9
EBIT	202.7	-21.4	181.3	0.4	0.0	181.7
Financial income			0.5	0.0	0.0	0.5
Financial costs			-4.8	-0.1	0.0	-4.9
Profit before taxes			177.0	0.3	0.0	177.3
Tax expense			-62.0	0.9	0.0	-61.1
Net profit of the period^(*)			115.0	1.2	0.0	116.2
Profit attributable to equity holders of the parent			115.0	1.2	0.0	116.2

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

16. Off balance sheet commitments (Mio €)

	30.06.2012	31.12.2011
Purchases		
Intangible assets	8.6	5.2
Tangibles assets	215.7	208.7
Inventories	60.5	81.7
Other services	61.9	62.8
Total	346.7	358.4
Operational leases costs		
Offices & network sites	430.5	432.7
Cars	14.5	13.9
Total	445.0	446.6
Guarantees received	35.0	155.0
Guarantees granted	8.4	8.3

17. Relationships with related parties (Mio €)

30.06.2012	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
France Télécom - Traffic and services	13.1	12.7	0.8	1.3
France Télécom - Cash pool	0.0	0.0	21.8	6.9
France Télécom Affiliates - Traffic and services	5.5	5.7	4.4	1.8
Atlas Services Belgium - Loan				438.6
Total	18.6	18.4	27.0	448.6
30.06.2011	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
France Télécom - Traffic and services	14.9	14.9	2.5	0.7
France Télécom - Cash pool	0.1	0.0	17.1	8.0
France Télécom Affiliates - Traffic and services	4.6	5.1	7.4	1.7
Atlas Services Belgium - Loan				372.2
Total	19.6	20.0	27.0	382.6

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.