Press Release

Embargo until 22 of July 2013 *at 7.00*
Regulated information

Faced with the evolution of the mobile market, Mobistar adjusts its forecasts for 2013 and adopts an offensive position

Brussels, 22 July 2013 – Today, Mobistar (Euronext Brussels: MOBB) publishes its results for the first half year of 2013. It was primarily during the course of the second quarter that the results were penalised by the decrease in prices on the mobile telephony market. The implementation of the new telecom law and the duopolistic situation of the fixed operators led to an accelerated price decrease of 20 % of the market price for mobile telephony during the last 12 months (Study BIPT).
At the end of the 1st semester of 2013:

- **The total number of customers on the Mobistar network increased by 6.2 %, largely due to the success of the MVNO strategy.**
- **The regulations on mobile termination and roaming rates had a negative impact of 31.1 million euros on the group´s total consolidated turnover.**
- **The Mobistar group recorded a total consolidated turnover of 757 million euros, a decline of 5.7 % compared to the previous year. Without regulatory impact the total consolidated turnover would have recorded 788 million euros, or a decline of 1.8 %.**
- **The usage of mobile data has tripled in one year. The part of the mobile data in the service revenues amounted 46.9 %.**
- **The EBITDA worsened by 68.8 million euros, declining 27.6 %. Without the regulatory and non-recurrent effects the EBITDA would have diminished by 32.3 million euros over the same period, a decline of 13.9 %.**
- **The efficiency programme ACE1, launched in 2012, made it possible to attenuate the EBITDA decrease by 14 million euros in the first semester 2013.**
- **The investments made amounted to 68.9 million euros for the first six months of 2013, an increase of 10.1 % compared to the previous year.**

The reduction in profitability during the course of the second quarter of 2013 and the negative forecasts for the second half of 2013 have compelled Mobistar to revise its forecasts for the 2013 financial year downward as follows:

- **a decrease in total turnover of maximum 12 %;**
- **an EBITDA[1] of minimum 300 million euros;**
- **an operational cash-flow of minimum 100 million euros.**

---

[1] Excluding exceptional elements and restructuring costs.

As a result of this revision, the Board of Directors will propose its shareholders to suspend the dividend payment for the 2013 financial year. Mobistar took this decision in order to protect the investments in the quality of its network and the customer service in conformity with the transformation plan 2013-2015. In the actual market context and with the support of the future expected results of the structural savings programme ACE2, Mobistar aims to stabilize his EBITDA[2] in 2014.

1- Key facts

In a telecom market where a price war is currently raging and which increased in the second quarter of 2013, the Mobistar group reaffirms its commitment to its four strategic programmes: reinforcing its leadership on the mobile market, developing services that are accessible everywhere and at all times, offering the best customer experience on the market and managing the company costs in the most efficient way.

Reinforcing its leadership on the mobile market:

- In April 2013, Mobistar simplified and enriched a number of postpaid tariff plans, extended its ´Animals´ tariff plans to the segment of prepaid cards and launched a very competitive Dolphin offer, including 500 MB of data for 12 euros per month. The operator also decided to eliminate 40 older and less advantageous tariff plans and to adapt 4 others to the new conditions of the 'Animals' tariff plans by enriching their content. The 350,000 customers concerned received a tariff plan that not only better corresponds to the evolution of their needs but is also more advantageous. Finally, Mobistar also lowered the price of the Panther and Kangaroo Unlimited subscriptions in June 2013 and continued to offer its personalised tariff recommendations. By the end of June 2013, 85.6 % of the residential postpaid customers had opted for a transparent and advantageous ´Animal´ tariff plan.

- According to the national comparison of tariffs for telecommunication services in Belgium conducted by the BIPT at the request of Minister for Consumer Affairs Johan Vande Lanotte, Mobistar has one of the best mobile offers on the Belgian market for all of the consumption profiles analysed, and particularly for smartphone offers.

- At the end of June 2013, the Mobistar group recorded a turnover from the sale of terminals amounting to 102 million euros, compared to 80.8 million euros a year earlier, an increase of 26.2 %. In May 2013, Mobistar launched iWant, the year´s first handset subsidized sales campaign. This action applied to a limited number of smartphones.

Developing services that are accessible everywhere and at all times:

- Mobistar positions itself as the reference in the domain of smartphones. More and more consumers are using smartphones and tablets, and are opting for a tariff plan that includes mobile data. The Mobistar offers contain a large volume of mobile data, are very competitive in price, and according the study of the BIPT correspond most closely to the needs of smartphone users. Mobistar reinforces hereby his position most important smartphone seller in Belgium. The use of mobile data on the Mobistar

[2] Excluding exceptional elements and restructuring costs

network has tripled in one year, and the share of mobile data in service revenues amounted to 46.9 % at the end of June 2013.

- Mobistar denounces the increasing unbalance between fixed and mobile operators in Belgium. According to the studies of the BIPT conducted by the Ministry of Economics, the mobile prices declined by 20 % in one year in Belgium and feature within the lowest in Europe; but the prices of fixed triple play offers are the highest compared to the neighbour countries and continue to increase year after year. The duopolistic situation between the historic operator and the cable operators is not only detrimental to the consumer but enables also these actors to use these high prices to subsidize the price of the mobile services.

- Mobistar welcomes on the other hand the recent evolutions in the regulator´s position with regard to opening up cable. The public consultations on the implementation measures have now been concluded. The CRC (Conference of the Regulators of the electronic Communications sector) informed those active in the sector that the definitive conclusions on the adoption of the qualitative decisions could be expected at the end of September 2013, and those on the adoption of the quantitative decisions at the end of October 2013. Mobistar looks forward with confidence to the results of the cable regulation and the elaboration by the regulators of feasible specifications that will enable Mobistar to enter the broadband market once again, today closed for competition and characterized by prices higher than in the neighbour countries. Mobistar hopes to make immediate use of the cable regulation once it is available.

Offering the best customer experience on the market:

- During the second quarter of 2013, Mobistar launched new initiatives within the framework of its ´happy customer´ programme. The accessibility of the customer service has been further improved, while the service itself has also progressed favourably. The entire customer relationship process (purchase, customer service, payment) was revised in order to improve the confidence of the customers in their operator. These efforts have produced a significant increase in the customer satisfaction indicators.

- In April 2013 Mobistar launched the free application MyMobistar, which is accessible both in Belgium and abroad. At the end of June 2013, with 120,000 downloads, MyMobistar was the most popular application in the Belgian App Store. Via their smartphone or tablet, Mobistar customers can check their usage and easily manage their account at any time. The app is available under iOS, Android and Windows Phone.

- In June 2013, Mobistar was recognised for the second time by Socialbakers as one of the most active Facebook brands in Belgium. Thanks to active monitoring of the social media, Mobistar can respond more quickly to the demands of its customers.

Managing the company costs in the most efficient way:

- The continuation of the efficiency programme ACE1 generated gross savings of 14 million euros during the first half of 2013. The total savings realised within the framework of ACE1 since it was launched in July 2012 amounts to 42 million euros. The efficiency programme ACE1 is striving to achieve total gross savings of 60 million euros by the end of 2013. Mobistar reconfirms its commitment to reducing its cost structure by 50 million euros per year as of 2014, thanks to its efficiency programme ACE2 and to the systematic improvement of all company processes. The suspension of the sales of fixed residential offers fits within the achievement of this objective, and all on its own should generate net savings of 15 million euros in 2014.

- Other areas of savings in which ACE2 will intervene include distribution, the networks and IT operations, invoicing and overhead expenses. These savings aims to stabilize the EBITDA[3] in 2014 by adapting the cost structure of the company to the evolution of the revenues, in order to safeguard the future investments.

2. Main figures

Consolidated figures for the Mobistar group

- At the end of the first half of 2013, the Mobistar group recorded a total consolidated turnover amounting to 757.0 million euros, 5.7% below the 802.5 million euros recorded a year earlier. This decrease is linked to the reduction in the out-of-bundle revenue triggered by the integrated Animal bundles. For the first six months of 2013 the impact of the reduction in the MTR and roaming tariffs on the service revenues amounted to 17.0 million euros and 14.1 million euros, respectively. These deteriorating evolutions are partially offset by the increase in sales of terminals. Without regulatory impact, the total consolidated turnover would have been slightly below the one of the first semester of 2012 (-1,8 %).

- The Mobistar group closed the first half of 2013 with an EBITDA of 180.9 million euros, a decrease of 27.6 % compared to the 249.7 million euros recorded during the same period in 2012. Especially in the second part of the semester the EBITDA was hit by the drop in service revenues, which was in turn triggered by the massive commercial re-pricing actions. The EBITDA has been further penalized by the reduction in the mobile termination rates (MTR) and roaming rates, respectively 7.6 million euros and 11.4 million euros. It has to be noted that in the first half of 2012 the EBITDA benefited from the reversal of a 17.5 million euros provision relating to the compensation relating to universal service. This one off element has not occurred this year. The EBITDA margin of the Mobistar group reached 27.6 % of the service revenues at the end of the first half of 2013, compared to 34.6 % in the first half of 2012. Without regulatory impact and non-recurrent effects, the variation of the EBITDA would have amounted -13.9 %.

- The consolidated net profit of the Mobistar group declined by 38.3 % and amounted to 57.3 million euros at the end of June 2013, compared to 92.9 million euros a year earlier. The decrease in the net profit is primarily explained by the reduction of the EBITDA, partially compensated by a decrease of the depreciations, financial expenses and taxes.

- During the first half of 2013, the Mobistar group invested 68.9 million euros, 11 % of the service revenues, compared to 62.6 million euros a year earlier.

[3] Excluding exceptional elements and restructuring costs

- The organic cash flow amounted to 27.6 million euros at the end of June 2013, compared to 81.5 million euros a year earlier. The organic cash flow of the first semester 2013 has been mostly influenced by the decline of the adjusted operational result, directly linked to the decrease of the EBITDA, and to the increase in inventory levels, the investments in fixed assets and the settlement of trade payables due end 2012.

Mobistar group´s consolidated key figures	6 months to 30/06/2013	6 months to 30/06/2012	Variation
Total number of active customers[4] (mobile telephony) Mobistar S.A., Orange Communications Luxembourg S.A. and MVNOs	4,509,446	4,244,535	+6.2 %
Consolidated turnover (million €)	757.0	802.5	-5.7 %
Service revenues (million €)	655.0	721.7	-9.2 %
EBITDA[5] (million €)	180.9	249.7	-27.6 %
EBITDA margin	27.6 %	34.6 %	
Consolidated net profit (million €)	57.3	92.9	-38.3 %
Net profit per ordinary share[6] (€)	0.96	1.55	-38.3 %
Net investment (million €)	68.9	62.6	+10.1 %
Net investment/Service revenues	11 %	9 %	
Organic cash flow[7] (million €)	27.6	81.5	-66.1 %
Free cash flow[8] (million €)	112.0	187.1	-40.1 %

3. Comments on the financial situation

3.1 Income statement

Revenues

The service revenues of the Mobistar group amounted to 655.0 million euros in the first half of 2013, compared to 721.7 million euros a year earlier, or a reduction of 9.2 %. The negative trend accelerated in the second quarter, with a decrease in service revenues of 11.1%. The total consolidated turnover, which includes the turnover coming from the sale of handsets, amounted to 757.0 million euros at the end of June 2013, compared to 802.5 million euros on 30 June 2012.

---

4 ´Machine-to-machine´ cards are not included in the number of active customers.

5 EBITDA: Earnings Before Interest, Taxation, Depreciation and Amortisation.

6 Weighted net profit per ordinary share (IFRS).

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

8 Operating cash flow = EBITDA-investments.

During the first half of 2013, the revenues of the Mobistar group were once again negatively influenced by the reduction of the MTR rates in January 2013 and of the roaming rates in July 2012. The impact of these reductions on the turnover amounted in total 31.1 million euros for the first six months of 2013, i.e. 17.0 million euros MTR-impact and 14.1 million euros roaming-impact.

Finally the traffic revenues related to SMS abundance offers continued to increase (+4.9 million euros compared to the first half year of 2012).

Driven by the success of smartphones, the sales of handsets continued to progress during the first half of 2013, from 80.8 million euros at the end of June 2012 to 102.0 million euros at the end of June 2013, or a 26.2 % increase. However also here the trend curbed off in the second part of the semester.

Operating expenses

The interconnection costs decreased due to the effect of regulation for MTR and roaming, and the decline of some wholesale activities excluding MVNO. This effect has been partially compensated by the SMS abundance related costs increase (+4.6 million euros).

Cost of sales of equipment and goods sold are mainly impacted by the rise in cost of sales of the handsets. The increase is in line with the revenue increase. The actions based on subsidized handsets have had a negative impact on the handset direct margin but for a limited amount and enabled to support the demand of smartphones and the sales of high end tariff plans.

Services and other goods were positively impacted by the revision of the provision for universal service costs for an amount of 17.5 million euros in 2012. Commission expenses have globally increased by 2.2 million euros in result of an increase of the postpaid related commissions compensated by a decrease in the prepaid related commissions, in line with the Business evolution. IT and network maintenance costs and consulting expenses have decreased for a total of 3.2 million euros.

Employee benefits are mainly influenced by the evolution of the number of employees slightly lower than at the end of 2012, a 2.35 % salary increase as from January 1st, 2013, following a wage indexation and a sector understanding, and a redundancy cost higher than for the first half year 2012.

Result of operating activities before depreciation

EBITDA of the mobile activity in Belgium

The EBITDA of the mobile activity in Belgium decreased during the first half of 2013. Once again, the negative impact of the regulator´s decisions weighed heavily on revenues. But the decrease in the service revenues of Mobistar S.A. was even greater during this period. The direct profit of the mobile business in Belgium is 50.1 million euros lower than the previous year. The direct margin went from 64.1 % in the first half of 2012 to 62.0 % one year later. When comparing the EBITDA from one year to the next, it is important to emphasise that in 2012 the EBITDA benefited from a reversal of a 17.5 million euros provision relating to the universal service compensation. This one-off element was not repeated in 2013. The EBITDA margin of the mobile activity came to 30.2 %, compared to 40.8 % for the first six months of 2012. In absolute value, this results in an EBITDA of 167.6 million euros, compared to 251.6 million euros a year earlier. The decline was primarily recorded during the course of the second quarter of 2013.

EBITDA of the non-mobile activity in Belgium

The direct profit of the non-mobile activity in Belgium registered an increase of 16.6 %. This progression is almost exclusively due to a reduction in the interconnection costs (reduction of the MTR rates and of the volume of fixed services), and this despite a decline in the turnover. As at 30 June 2013, the EBITDA of the non-mobile activity in Belgium was positive for the first time, amounting to 4.9 million euros. Besides the improvement of the direct profit, this progression is also linked to the residential market (HOME), where the EBITDA came to -7.1 million euros during the first half of 2013, compared to -17.1 million euros during the first half of 2012. This evolution includes the net impact of the decrease in the commercial activity during the first half of 2013, producing a reduction of the direct commercial costs and indirect customer costs.

EBITDA of the activity in Luxembourg

The EBITDA of the activity in Luxembourg was once again excellent, thanks to the strong growth in turnover. The EBITDA of Orange Communications Luxembourg S.A. amounted to 8.4 million euros at the end of the first half of 2013, compared to 5.8 million euros a year earlier.

EBITDA of the Mobistar group

In consequence of above variances, the EBITDA of the Mobistar group has decreased by 68.8 million euros or 27.6 % compared to the same period of 2012 to reach 180.9 million euros at the end of June 2013.

The EBITDA margin of the Mobistar group amounted to 27.6 % of the service revenues at the end of June 2013, compared to 34.6 % at the end of June 2012. Alongside the erosion of the core profitability of the company, the sales mix with the major progress in the sales of terminals, and their growing share in Mobistar´s turnover, explain the decrease in the EBITDA margin.

Depreciation and other expenses

Depreciation charge as at 30 June 2013 totalling 89.7 million euros is reduced by 12.1 % versus the one recorded for the same period in 2012. The depreciation of 2012 included 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 assumptions were adjusted in order to consider the expected decommissioning dates. In 2013 there has been no further impact related to the IT system and the impact related to the network renewal has been marginal in the first half year of 2013 due to the fact that part of the swap has been performed during 2012 and the fact that the end of the operation is approaching. The decision to suspend the commercialisation of the fixed services to the residential market led the company to review the useful lives of the assets related to these activities. A negative impact of 0.8 million euros has been booked during the first semester 2013.

Financial results

The financial expenses have been influenced by interests rate and exchange rate variance (-1.8 million euros), and bank charges (-0.2 million euros).

Taxes

The effective tax rate is comparable to previous year. The tax burden amounts to 30.5 million euros. No previous year adjustments were booked in displayed periods.

Net profit

At the end of the first six months of 2013, the Mobistar group recorded consolidated net profit of 57.3 million euros, a decrease of 38.3 % in comparison with the 92.9 million euros at the end of June 2012.

Net profit per share decreased by 38.3 % from 1.55 euro per share on 30 June 2012 to 0.96 euro per share a year later.

3.2 Balance sheet

The consolidated balance sheet total reached 1,334.3 million euros on 30 June 2013, compared to 1,347.0 million euro at the end of the previous financial year.

Non-current assets, including deferred taxes assets, amounted to 1,020.3 million euros at the end of June 2013, compared to 1,045.8 million euros at the end of 2012.

Current assets increased from 301.2 million euros at the end of 2012 to 314.0 million euros at the end of June 2013, mainly due to an increase of prepaid amounts and inventories due to seasonality effect.

Non-current liabilities increased due to the increase in long-term borrowing drawings (from 383.7 million euros end of 2012 to 448.9 million euros at the end of June 2013).

Current liabilities decreased from 524.7 million euros on 31 December 2012 to 497.7 million euros at the end of the first half of 2013. This decrease is mainly due to a decrease in trade payable (-48.7 million euros) and in deferred income (-16.9 million euros) compensated by an increase in the short term loans (+12.9 million euros) and in tax payable (corporate taxes and VAT for a total of 23.8 million euros).

3.3 Cash flow

At the end of June 2013, the organic cash flow of the Mobistar group amounted to 27.6 million euros, compared to 81.5 million euros a year earlier, representing a reduction of 66.1 %.

During the first half of 2103, the Mobistar group invested 69.8 million euros or 11 % of service revenues, compared to 62.6 million euros a year earlier. These investments foreseen for the 2013 financial year are in line with the investment program 2013-2015, announced in February of this year. The focus of the second trimester of 2013 was on the further swap of the 2G/3G network with more efficient infrastructure, in order to improve the deep indoor coverage, on the extension of the UMTS capacity, on the increase of the speed on the mobile data network, and finally the deployment of new sites in order to improve the customer experience on mobile voice and data traffic. End June 2013, Mobistar had a 3G/HSDPA coverage of 98.1 % of the population. The Mobistar network had 5,940 sites at the end of June 2013, of which 757 are shared with other operators. Mobistar continued to invest in the improvement of his network transmission by using extra microwaves and fiber.

The decrease in organic cash flow compared with the first semester of 2012 comes from the combination of several factors:

- Decrease in the ‘adjusted result of operating activities’ (-66.9 million euros), driven by the EBITDA decrease,
- Change in working capital (-11.4 million euros), mainly related to the inventory level increase,
- Increase in acquisition in fixed assets (-26.4 million euros) driven by the increased amount of investment of the year, but more importantly by the settlement of trade payables due end of 2012.
- Decrease in tax payment (+ 51.0 million euros) as only 2013 down payment has been recorded in 2013 for 15.0 million euros although 2012 supported the payment of the tax bill of 2010 for 51.0 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 30/06/2013	6 months to 30/06/2012	Variation
Total number of active customers[9] Mobistar S.A. (mobile telephony)	3,330,819	3,524,927	-5.5 %
Number of MVNO customers (mobile telephony, incl. full MVNO)	1,073,207	619,436	+73.3 %
Total number of active customers Mobistar S.A. + MVNO (mobile telephony, incl. full MVNO)	4,404,026	4,144,363	+6.3 %
Total number of active M2M SIM cards (incl. IMC)	585,695	454,476	+28.9 %
Total number of mobile Internet customers Mobistar S.A.	133,806	161,331	-17.1 %
Total number of ADSL customers Mobistar S.A.	67,412	77,496	-13.0 %

[9] ´Machine-to-machine´ cards are not included in the number of active customers.

Total number of digital TV customers Mobistar S.A.	23,414	30,972	-24.4 %
Total number of active fixed telephone lines Mobistar S.A.	219,838	231,761	-5.1 %

The Belgian telecom landscape has been seriously shaken up since the new telecom law entered into effect. Many consumers have changed operator and, in an effort to get and keep customers, a veritable price war broke out on the mobile telephony market during the second quarter of 2013. Mobistar invested in developing customer loyalty by making various tariff adjustments and by continuing its efforts to improve the satisfaction of its customers. Thanks to these commercial actions and a number of price decreases, Mobistar succeeded in better protecting its customer base. The end of the first half of 2013 saw an improvement in the negative evolution of the customer base and a strong progression in the use of voice, SMS and data. However, the offers to the different segments without any obligation to purchase several fixed services and under the best terms on the market weighed on the company´s profitability.

Mobile activities

In April 2013, Mobistar simplified its ´Animals´ subscriptions and extended its ´Animals´ tariff plans to the prepaid cards segment. Mobistar also launched a very competitive Dolphin offer, including 500 MB of data for 12 euros per month. On the other hand, Mobistar decided to eliminate 40 older and less advantageous tariff plans and to adapt 4 others to the new conditions of the ‘Animals’ tariff plans by enriching their content. The 350,000 customers concerned received a tariff plan that not only better corresponds to the evolution of their needs but is also more advantageous.

In June 2013, Mobistar reduced the price of the Panther and Kangaroo Unlimited subscriptions to 45 and 42 euros per month, respectively, in order to strengthen its competitiveness for customers who make intensive use of their mobile phone. Thanks to the launch of the innovative option Go Europe, Mobistar is the first Belgian mobile phone operator to enable its customers to use their mobile phone abroad just as if they were in Belgium. For 3 euros per day of actual use, Mobistar customers can use the calling minutes and texts of their Belgian mobile subscription in around thirty European countries.

Mobistar continued to offer its personalised tariff recommendations, which in most cases resulted in a more advantageous solution for the customer. At the end of June 2013, more than 180,000 customers had benefited from this tariff ´check-up´. Thanks to these initiatives, 85.6 % of the residential postpaid customers have opted for a transparent and advantageous ´Animal´ tariff plan. Mobistar´s goal had been to attain 66 % by the end of June 2013, and 80 % by the end of December 2013. The company resolutely chose to migrate its customers more quickly than planned towards the more advantageous ´Animals´ tariff plans.

The total number of SIM cards on the market declined during the first half of 2013, because many users stopped using a prepaid card in addition to their subscription. At the end of June 2013, Mobistar S.A. had 3,330,819 active mobile telephony customers, excluding MVNOs, compared to 3,524,927 active customers a year earlier, a decrease of 5.5 %. The share of postpaid customers in the total customer base went from 67.5 % at the end of the first half of 2012 to 69.1 % one year later. This increase is explained firstly by the reduction in the number of prepaid cards on the market, and secondly by the migration from prepaid to postpaid, because all of the subscriptions are currently without obligation and the price of a subscription, subject to the increased competition on the mobile telephony market, is today comparable to the price of the top-up cards.

For Mobistar, the strategy of partnerships via MVNOs remains the best way to conquer market share in specific segments where the company itself is less active. At the end of June 2013, Mobistar S.A. had 1,073,207 MVNO customers, compared to 619,436 MVNO customers at the end of June 2012, an increase of 73.3 % in one year. This advance is due to the partners, both full MVNO and light MVNO. At the end of the first half of 2013, Mobistar (Mobistar S.A. + MVNO) had a total of 4,404,026 active mobile telephony customers, compared to 4,144,373 active customers a year earlier, an increase of 6.3 % of the total customer base.

The use of mobile data increased by 306 % in one year, thanks to the mobility of individual telecom uses and the increased penetration of smartphones and tablets. The share of mobile data in service revenues went from 41.7 % at the end of June 2012 to 46.9 % one year later. However, the use of mobile data remains limited in the prepaid segment.

At the end of June 2013, Mobistar recorded 585,695 active SIM cards in the area of ´machine-to-machine´ (M2M) applications, an increase of 28.9 % compared to the 454,476 active cards recorded at the end of June 2012.

Fixed and convergent activities

In April 2013, Mobistar announced that it decided to suspend the commercialisation of the fixed services to the residential market, while awaiting a more favourable regulation. This was a difficult but indispensable decision, because the inadequate regulatory framework does not make it possible to open up the fixed market to competition, and the negative impact of this service was no longer sustainable. This decision led the company to revise the net value of certain (fixed and other) assets. The write-downs on tangible assets and stocks of equipment had a negative impact of 1.2 million euros. At the end of June 2013, Mobistar S.A. had 67,412 ADSL customers, compared to 77,496 ADSL customers a year earlier, a decrease of 13 %. The number of active fixed telephone lines of Mobistar S.A. declined by 5.1 %, going from 231,761 active lines at the end of June 2012 to 219,838 active lines at the end of the first half of 2013. At the end of June 2013, Mobistar S.A. still had 23,414 digital TV customers, compared to 30,972 a year earlier, a decline of 24.4 %.

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

Key financial figures of Mobistar S.A.	6 months to 30/06/2013	6 months to 30/06/2012	Variation
ARPU[10] (€/month/active customer)	27.35	28.85	-5.2 %
Total turnover (million €)	734.9	779.0	-5.7 %
Service revenues (million €)	631.5	696.2	-9.3 %

The ARPU of the Mobistar customers was penalised by the price war launched in the fourth quarter of 2012 and which accelerated during the second quarter of 2013 and by the

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

reduction of the mobile termination rates in January 2013 and of the roaming rates in July 2012. At the end of June 2013, the average revenue per user amounted to 27.35 euros, compared to 28.85 euros at the end of June 2012, a decline of 5.2 %. Since the introduction of the new telecom law, the ARPU has dropped by 15 %, which weighed heavily on the revenues of the company.

The service revenues of Mobistar S.A. were also negatively influenced during the first half of 2013 by the sharp price reductions on the market and by the reduction in the mobile termination and roaming rates. The impact of the regulation on the turnover for the first half of 2013 amounted to 31.1 million euros (17.0 million euros for the MTRs and 14.1 million euros for the roaming). Mobistar S.A. recorded during the first half of 2013 service revenues of 631.5 million euros, compared to 696.2 million euros a year earlier, a decline of 9.3 % primarily due to the sharp price reductions on the market. During the first half of 2013, mobile phone sales jumped 25.0 % to reach 103.4 million euros, compared to 82.8 million euros a year earlier. Mobistar S.A. closed the first half of 2013 with a total turnover of 734.9 million euros, compared to 779.0 million euros a year earlier, a decline of 5.7 %.

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

Key figures of Orange Communications Luxembourg S.A.	6 months to 30/06/2013	6 months to 30/06/2012	Variation
Total number of active customers (mobile telephony) [11]	105,420	100,172	+5.2 %
ARPU[12] (€/month/active customer)	51.13	50.48	+1.3 %
Total turnover (million €)	37.6	35.4	+6.2 %
Service revenues (million €)	33.9	32.3	+4.9 %

As at 30 June 2013, Orange Communications Luxembourg S.A. had a total of 105,420 active mobile telephony customers, a growth of 5.2 % compared to the 100,172 active customers recorded a year earlier. During the first half of 2013, expenditures of the Luxembourg subsidiary's customers rose by 1.3 % compared to the previous year. The ARPU amounted to 51.13 euros per month per active customer in the first half of 2013, compared to 50.48 euros during the same period a year earlier.

At the end of the first half of 2013, Orange Communications Luxembourg S.A. posted service revenues of 33.9 million euros, compared to 32.3 million euros a year earlier, an increase of 4.9 %. The total turnover amounted to 37.6 million euros at the end of June 2013, an increase of 6.2 % compared to the 35.4 million euros recorded at the end of June 2012.

3.5 Financial instruments, financial risks management objective and policy

No change has occurred in comparison to the information contained in the 2012 annual report (p. 77).

[11] The number of active customers no longer includes the 'machine-to-machine' cards.
[12] Average Revenue Per User (smoothed average of the previous 12 months), excluding MVNOs and M2M cards.

3.6 Disputes

The information relating to disputes contained in the 2012 annual report and in the first quarter 2013 report has been modified as follows:

Masts: The Court of Cassation confirmed in its judgments of 30 March 2012 the Constitutional Court´s interpretation 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 61.4 million euros and is subject to a bad debt provision for the total amount, of which 4.1 million euros correspond to the first semester 2013.

Renewal of the 2G licence and licence renewal fee: The Constitutional Court asked the parties to submit additional briefs in May 2013. A hearing took place on 27 June 2013.

Regulation of broadband and cable: The proceedings on the merits have been activated. First briefs have been submitted in May 2013.

Belgacom's refusal to negotiate a commercial agreement: In 2012, Mobistar and Belgacom entered into negotiations regarding a commercial agreement that would enable Mobistar to offer retail fixed services (internet, telephony and television). Despite the progress in the discussions, Belgacom stopped abruptly the negotiations. Mobistar attacked Belgacom in May 2013 for non-respect of the non-discrimination principle and for breach in the handling of the negotiations.

4. Trends

On the basis of the results recorded during the second quarter of 2013, the Mobistar group has decided to lower its guidance for the full financial year 2013 towards:

- a decrease in total turnover of maximum 12 %;
- an EBITDA[13] of minimum 300 million euros;
- an operational cash-flow of minimum 100 million euros.

Given the actual situation on the market of mobile telephony in Belgium, the new guidance for the financial year 2013 and the auction of the 800 MHz spectrum foreseen in the fourth quarter of 2013, Mobistar gives the absolute priority to the simplification of his structure, to cost reduction and to network investments that are mandatory for the future growth of the company. In this context it sounded legitimate for the Board of Directors to ask the shareholders to contribute in an effort for their company. For these reasons, the Board of Directors will propose its shareholders to suspend the dividend payment for the 2013 financial year.

If the market and regulatory context remain unchanged, Mobistar will keep the EBITDA for the year 2014 at the same level as the one of 2013. In order to realize this ambition, Mobistar confirms the implementation of the efficiency programme ACE2. This programme

[13] Excluding exceptional elements and restructuring costs.

aims the review of all company processes in order to realize a structural net cost saving of 50 million euros per year as of 2014.

Mobistar remains confident in his strategy that anticipates the new individual mobile usages and prepares the company to the opportunities which will arise on the Belgian market as of 2015, in particular the maturity in the 4G market and the regulation of the cable infrastructure and accelerates the investment in its four strategic programmes.

Mobistar (EURONEXT BRUSSELS: MOBB) is one of the main actors on the telecommunications market in Belgium and Luxembourg. The company offers its residential customers postpaid and prepaid innovative mobile telecom products and services. On the business market, Mobistar operates DSL fixed network telephony and high-speed internet, acts as an integrated communications provider and offers a portfolio of mobility and connectivity services. Mobistar is also a wholesale provider, offering access to its infrastructure and service capabilities to its wholesale partners. Mobistar, with the Orange group as major shareholder, is listed on the Brussels Stock Exchange.

For further information, please contact :

Press service: e-mail: press@mail.mobistar.be - http://corporate.mobistar.be/press

Patti Verdoodt: +32 (0)495 55 96 26

Mathieu Van Overstraeten: +32 (0)496 21 52 45

Investor Relations: e-mail: ir@mail.mobistar.be

Siddy Jobe: +32 (0)2 745 80 92

Follow us on Twitter: @PressMobistar

Declaration by the persons responsible

We, the undersigned, Jean Marc Harion, CEO, and Jan Steyaert, Chairman of the Board of Directors, 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

Jan Steyaert
Chairman of the Board of Directors

Mobistar S.A.

Limited review report on the consolidated interim financial information for the six-month period ended 30 June 2013

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 2013.

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 2013 is not prepared, in all material respects, in accordance with IAS 34 – *Interim Financial Reporting* as adopted by the European Union.

Diegem, 19 July 2013

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 €)

	30.06.2013	30.06.2012	Variation (%)
Revenue			
Service revenue	655.0	721.7	-9.2%
Handsets sales	102.0	80.8	26.2%
Total turnover	**757.0**	**802.5**	**-5.7%**
Other operating revenue	20.9	22.2	-5.9%
Total revenue	**777.9**	**824.7**	**-5.7%**
Operating expenses			
Interconnection costs	-175.0	-197.4	-11.3%
Costs of equipment and goods sold	-179.7	-155.3	15.7%
Services and other goods	-145.0	-128.8	12.6%
Employee benefits expenses	-82.4	-80.1	2.9%
Depreciation, amortisation and impairment	-89.7	-102.0	-12.1%
Amounts written down stocks, contracts in progress and trade debtors	-8.4	-8.3	1.2%
Provisions for risks and charges	0.2	0.4	-50.0%
Other operating charges	-6.7	-5.4	24.1%
Total operating expenses	**-686.6**	**-677.0**	**1.4%**
EBITDA (result of operating activities before depreciation and amortisation)	180.9	249.7	-27.6%
EBITDA margin in % of service revenue	27.6%	34.6%	
Share of profits (losses) of associates	-0.1		
Result of operating activities (EBIT)	**91.1**	**147.7**	**-38.3%**
Finance income	0.3	0.3	0.0%
Finance costs	-3.6	-6.1	-41.0%
Result of operating activities after net finance costs	**87.8**	**141.8**	**-38.1%**
Tax expense	-30.5	-48.9	-37.6%
Net profit of the period (*)	**57.3**	**92.9**	**-38.3%**
Profit attributable to equity holders of the parent	**57.3**	**92.9**	**-38.3%**

Consolidated statement of comprehensive income			
Net profit for the period	**57.3**	**92.9**	**-38.3%**
Other comprehensive income	0	0	
Total comprehensive income for the period	**57.3**	**92.9**	**-38.3%**
Part of the total comprehensive income attributable to equity holders of the parent	**57.3**	**92.9**	**-38.3%**

Basic earnings per share (in €)	0.96	1.55	-38.3%
Weighted average number of ordinary shares	60,014,414	60,014,414	
Diluted earnings per share (in €)	0.96	1.55	-38.3%
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 €)

	30.06.2013	31.12.2012
ASSETS		
Non-current assets		
Goodwill	80.1	80.1
Intangible assets	266.5	286.5
Tangible assets	664.3	665.0
Interests in associates	3.3	3.4
Other non-current assets	0.8	4.0
Deferred taxes	5.3	6.7
Total non-current assets	**1,020.3**	**1,045.8**
Current assets		
Inventories	28.5	20.6
Trade receivables	230.0	230.2
Other current assets	43.8	38.2
Cash and cash equivalents	11.7	12.3
Total current assets	**314.0**	**301.2**
Total assets	**1,334.3**	**1,347.0**

EQUITY and LIABILITIES

	30.06.2013	31.12.2012
Equity		
Share capital	131.7	131.7
Legal reserve	13.2	13.2
Retained earnings	162.2	212.9
Total equity	**307.1**	**357.8**
Non-current liabilities		
Long-term interests-bearing borrowings	448.9	383.7
Long-term trade payables	13.4	13.4
Long-term provisions	67.2	67.4
Deferred taxes	0.0	0.0
Total non-current liabilities	**529.5**	**464.5**
Current liabilities		
Short-term interests-bearing borrowings	35.5	22.6
Trade payables	295.9	344.6
Employee benefits related liabilities	35.1	34.4
Current taxes payables	66.5	42.7
Deferred income	60.6	77.5
Other payables	4.1	3.0
Total current liabilities	**497.7**	**524.7**
Total liabilities	**1,027.2**	**989.2**
Total equity and liabilities	**1,334.3**	**1,347.0**

Interim condensed consolidated cash flow statement (Mio €)

	30.06.2013	30.06.2012
Cash flows from operating activities		
Profit before taxes	**87.8**	**141.8**
Non-cash adjustments for:		
Depreciation, amortisation and impairment of fixed assets	89.7	102.0
Changes in long-term provisions	-0.2	-0.5
Changes in provision for bad debt	-0.7	4.4
Other non-cash expenses	4.7	0.6
Interest income	-0.2	-0.2
Interest charges	2.1	3.4
Adjusted result of operating activities before net finance costs	**183.2**	**251.5**
Inventories	-7.9	2.1
Trade and other receivables	-5.9	-4.8
Trade and other payables	-12.1	-11.8
Net changes in working capital	**-25.9**	**-14.5**
Tax paid	**-15.0**	**-66.0**
Interests paid	**-2.9**	**-4.1**
Interests received	**0.2**	**0.3**
Net cash from operating activities	**139.6**	**167.2**
Cash flows from investing activities		
Purchase of intangible and tangible assets	-68.9	-62.6
Debt associated to purchase of assets (increase +, decrease -)	-43.2	-23.1
Acquisition of subsidiary	0.1	
Reimbursement long-term loans granted	0.5	0.7
Net cash used in investing activities	**-111.5**	**-85.0**
Organic cash flow (1)	**27.6**	**81.5**
Cash flows from financing activities		
Short-term borrowings - net	12.9	-16.0
Long-term borrowings - proceeds	65.3	135.0
Long-term borrowings - repayments	0.0	-27.9
Transactions costs paid for long-term credit facility		0.2
Others	1.1	0.2
Equity transactions costs		0.2
Dividends paid	-108.0	-174.3
Net cash used in financing activities	**-28.7**	**-82.6**
Net increase (+), decrease (-) in cash and cash equivalents	**-0.6**	**-0.4**
Cash and cash equivalents at beginning of period	**12.3**	**7.1**
Cash and cash equivalents at end of period	**11.7**	**6.7**

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

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

	Share capital	Legal reserve	Retained earnings	Total equity
Balance as at 1 January 2013	**131.7**	**13.2**	**212.9**	**357.8**
Net profit for the period			57.3	57.3
Total comprehensive income for the period			**57.3**	**57.3**
Dividends			-108.0	-108.0
Equity transaction costs			0.0	0.0
Balance as at 30 June 2013	**131.7**	**13.2**	**162.2**	**307.1**

	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			185.7	185.7
Total comprehensive income for the period			**185.7**	**185.7**
Dividends			-222.1	-222.1
Equity transaction costs			0.2	0.2
Balance as at 31 December 2012	**131.7**	**13.2**	**212.9**	**357.8**

Quarterly results

		Quarterly figures 2012				FY12
		Q1	Q2	Q3	Q4	
Subscriber base evolution						
Mobistar S.A. Mobile customers (excl. MVNO, MATMA)	in thousand	3,517.1	3,524.9	3,512.6	3,432.1	
of which Postpaid	in thousand	2,349.9	2,375.3	2,388.6	2,338.5	
of which Prepaid	in thousand	1,167.2	1,149.6	1,124.0	1,093.6	
MVNO customers	in thousand	572.4	619.4	700.6	889.5	
Orange Communications Luxembourg S.A. customers	in thousand	96.7	100.2	102.9	105.8	
Total Mobistar Group	**in thousand**	**4,186.2**	**4,244.5**	**4,316.1**	**4,427.4**	
ARPU evolution						
Blended ARPU (rolling average of the preceding 12 months incl. visitor roaming)	**in EUR/month**	**29.32**	**28.85**	**28.82**	**28.74**	
Postpaid ARPU (excl. visitor roaming and IEW)	in EUR/month	34.95	34.41	33.95	33.42	
Prepaid ARPU (excl. visitor roaming and IEW)	in EUR/month	17.08	16.72	17.12	17.53	
P&L						
Service Revenues Mobistar Mobile	in Mio EUR	304.3	311.6	308.0	316.1	1,240.0
Service Revenues Mobistar/MES Fix/Data	in Mio EUR	41.5	38.8	38.5	41.5	160.3
Service Revenues Orange Communications Luxembourg	in Mio EUR	15.7	16.6	16.4	16.8	65.5
Total Mobistar consolidated service revenues (1)	**in Mio EUR**	**358.4**	**363.3**	**359.0**	**369.3**	**1,450.0**
Total Mobistar consolidated handsets sales	in Mio EUR	41.1	39.7	38.6	81.1	200.5
Total Mobistar consolidated turnover	in Mio EUR	399.5	403.0	397.6	450.4	1,650.5
Total Mobistar consolidated EBITDA	**in Mio EUR**	**113.1**	**136.6**	**119.7**	**124.7**	**494.1**
	as a % of service revenues	31.5%	37.6%	33.3%	33.8%	34.1%
Total Mobistar consolidated net result	**in Mio EUR**	**38.2**	**54.7**	**44.7**	**48.1**	**185.7**
EPS calculated on the basis of the outstanding shares at the end of the quarter	in EUR/share	0.64	0.91	0.74	0.80	3.09
Diluted weighted average earnings per share	in EUR/share	0.64	0.91	0.74	0.80	3.09
Total Mobistar consolidated CAPEX	in Mio EUR	24.8	37.8	38.4	87.5	188.5
	as a % of service revenues	6.9%	10%	11%	24%	13%
Organic cash flow	in Mio EUR	28.9	52.6	66.3	-14.6	133.2

(1) After elimination of intercompany transactions.

		Quarterly figures 2013				YTD 2013
		Q1	Q2	Q3	Q4	
Subscriber base evolution						
Mobistar S.A. Mobile customers (excl. MVNO, MATMA)	in thousand	3,375.9	3,330.8			
of which Postpaid	in thousand	2,312.6	2,301.3			
of which Prepaid	in thousand	1,063.3	1,029.5			
MVNO customers	in thousand	973.9	1,073.2			
Orange Communications Luxembourg S.A. customers	in thousand	105.4	105.4			
Total Mobistar Group	**in thousand**	**4,455.2**	**4,509.4**			
ARPU evolution						
Blended ARPU (rolling average of the preceding 12 months incl. visitor roaming)	**in EUR/month**	**28.19**	**27.35**			
Postpaid ARPU (excl. visitor roaming and IEW)	in EUR/month	32.63	31.60			
Prepaid ARPU (excl. visitor roaming and IEW)	in EUR/month	17.28	16.78			
P&L						
Service Revenues Mobistar Mobile	in Mio EUR	281.1	274.5			555.6
Service Revenues Mobistar/MES Fix/Data	in Mio EUR	39.3	36.6			75.9
Service Revenues Orange Communications Luxembourg	in Mio EUR	16.5	17.4			33.9
Total Mobistar consolidated service revenues (1)	**in Mio EUR**	**332.0**	**322.9**			**655.0**
Total Mobistar consolidated handsets sales	in Mio EUR	61.0	41.0			102.0
Total Mobistar consolidated turnover	in Mio EUR	393.0	363.9			757.0
Total Mobistar consolidated EBITDA	**in Mio EUR**	**98.7**	**82.2**			**180.9**
	as a % of service revenues	29.7%	25.4%			27.6%
Total Mobistar consolidated net result	**in Mio EUR**	**35.1**	**22.3**			**57.3**
EPS calculated on the basis of the outstanding shares at the end of the quarter	in EUR/share	0.59	0.37			0.96
Diluted weighted average earnings per share	in EUR/share	0.59	0.37			0.96
Total Mobistar consolidated CAPEX	in Mio EUR	31.2	37.7			68.9
	as a % of service revenues	9%	12%			11%
Organic cash flow	in Mio EUR	0.2	27.4			27.6

(1) After elimination of intercompany transactions.

Notes to the interim condensed consolidated financial statements as at 30 June 2013

1. Statement of compliance

The interim condensed consolidated financial statements for the six months period ended 30 June 2013 have been prepared in accordance with IAS 34 Interim Financial Reporting and were authorized for issue by the Board of Directors on 19 July 2013.

They should be read in conjunction with Mobistar's annual financial statements as at 31 December 2012 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 2012.

<u>Standards and interpretations compulsory at January 1, 2013</u>

None.

<u>Standards and interpretations issued since December 31, 2012</u>

The Group is currently analyzing the consequences of the application of IFRIC 21 ‘Levies’. This standard specifies the trigger event for accounting for the levies and shall be applied retrospectively and compulsory from January 1, 2014.

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, 2012.

The management revises these estimates if the underlying circumstances evolve or in light of new information or experience. Consequently, estimates made at June 30, 2013 may subsequently be changed.

The 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. Consolidation perimeter

The consolidation perimeter has not evolved since 31 December 2012 and includes Mobistar S.A. (100 %), Mobistar Enterprise Services S.A. (100 %), Orange Communications Luxembourg S.A. (100 %) and IRISnet S.C.R.L. (accounted for by equity method - 28.15 %).

4. Goodwill (Mio €)

	30.06.2013	31.12.2012
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”, the goodwill of Orange Communications Luxembourg is fully allocated to the segment “Luxembourg”.

Concerning Orange Communications Luxembourg, as at 30 June 2013, 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 2013, 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.

5. Intangible assets, property, plant and equipment

For the 6 months period ending 30 June 2013, capital expenditures amount to 68.9 million euros to be compared with an amount of 62.6 million euros for the same period in 2012.

Depreciation charge as at 30 June 2013 totaling 89.7 million euros includes the impact of the review of the useful life of the assets related to technical swap of technology. These useful lives have been adjusted in order to consider the expected decommissioning dates. Although the impact as at 30 June 2012 was important (10.7 million euros), the effect on the account as at 30 June 2013 is marginal. This is due to the progress of the swap and to the fact that the end of the operations is approaching. The decision to temporarily stop offering fixed services to the residential market led the company to review the useful lives of the assets related to these activities. A negative impact of 0.8 million euros has been booked during the first semester 2013.

No disposals of fixed assets with material impact on the results of the Group have been performed during the first half year 2013.

6. Trade receivables (Mio €)

	30.06.2013	31.12.2012
Trade receivables - gross amount	292.4	293.3
Allowance for doubtful debtors	-62.4	-63.1
Trade receivables - net carrying amount	**230.0**	**230.2**

Net trade receivables remained stable since the end of 2012. Compared to last year and due to specific focused efforts, collection of receivables has been improved in the first half year 2013, allowing the company to slightly decrease the rates used to calculate the allowance for doubtful debtors (segments of Residential and Large Accounts customers).

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

	30.06.2013	31.12.2012
Local and regional taxes on pylons	61.4	57.3
Impairment on taxes on pylons	-61.4	-57.3
Prepayments	24.2	13.7
Other current assets	3.5	5.5
Total other current assets	**27.7**	**19.2**
Accrued revenues	16.1	19.0
Total	**43.8**	**38.2**

Increase of the balance is influenced by the increase of prepaid expenses (+10.5 million euros) due to seasonality effect. This increase has been partially compensated by the decrease of accrued revenues (-2.9 million euros).

8. 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. See cash flow schedule to explain the deterioration of the net debt for the first half year.

	30.06.2013	31.12.2012
Cash and cash equivalents		
Cash on hand	11.7	12.3
Total cash and cash equivalents	**11.7**	**12.3**
Financial liabilities		
Intercompany short-term borrowing	35.5	22.6
Intercompany long-term borrowing	448.9	383.7
Total borrowings	**484.4**	**406.3**
Net debt	**-472.7**	**-394.0**

9. Share capital (Mio €)

There has been no change in the capital of the company in 2013.

	Share capital	Number of ordinary shares
As at 1 January 2013	131.7	60,014,414
As at 30 June 2013	131.7	60,014,414

10. Retained earnings (Mio €)

Retained earnings have been impacted as follows:

	Legal reserve	Retained earnings
As at 1 January 2013	13.2	212.9
Total comprehensive income for the period		57.3
Ordinary dividend 1.80 €/share		-108.0
As at 30 June 2013	13.2	162.2

11. Current taxes payable (Mio €)

	30.06.2013	31.12.2012
Income taxes	53.2	39.0
VAT payable	13.3	3.7
Total	**66.5**	**42.7**

Income taxes variation is due to the recorded current tax 2013 (29.1 million euros), compensated by a down payment related to 2013 (15.0 million euros). No adjustment to previous year's tax accruals has been recorded. VAT payable position increases compared to end of 2012, due to the prepayment mechanism applicable in December.

12. Other payables (Mio €)

	30.06.2013	31.12.2012
Share capital reduction 2008	0.1	0.1
Dividends payables	0.3	0.3
Other payables	3.7	2.6
Total	**4.1**	**3.0**

Declared dividends

On 2 May 2013, the Annual General Assembly of shareholders has approved the payment of an ordinary dividend of 1.80 euro payable as from 24 May 2013.

On 2 May 2012, the Annual General Assembly of shareholders had 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. At the end of June 2012, an amount of 48.0 million euros related to this extraordinary dividend to pay was open in 'Other payables'.

	30.06.2013	31.12.2012
Dividends on ordinary shares (year 2012)	108.0	
Dividends on ordinary shares (year 2011)		222.1
Total	**108.0**	**222.1**

13. Income taxes (Mio €)

The major components of the tax expense are as follows:

	30.06.2013	30.06.2012
Current income tax	29.1	50.2
Deferred tax expense arising to the origination and reversal of temporary differences	1.4	-1.3
Total tax expense	**30.5**	**48.9**

Current income tax decrease is directly linked to the decrease of the taxable profit.

14. 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 Luxembourg for the operations of Orange Communications Luxembourg 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.

2013	30.06.2013 Belgium			30.06.2013 Luxembourg	Interco elimination	Mobistar Group
	Mobile	Non-mobile	Total	Total	Total	Total
Operating revenues						
Network & other operating revenues (service revenues)	555.6	75.9	631.5	33.9	-10.4	655.0
Handsets sales	103.4	0.0	103.4	3.8	-5.1	102.0
Total turnover	**659.0**	**75.9**	**734.9**	**37.7**	**-15.5**	**757.0**
Other	0.0	0.0	0.0	0.0	0.0	0.0
Total operating revenues	**659.0**	**75.9**	**734.9**	**37.7**	**-15.5**	**757.0**
Operating charges						
Direct costs excl. direct commercial costs	**-247.1**	**-33.4**	**-280.5**	**-16.7**	**15.5**	**-293.0**
Direct commercial costs	-67.6	-1.8	-69.4	-0.5	0.0	-58.5
Direct costs	**-314.7**	**-35.2**	**-349.9**	**-17.1**	**15.5**	**-351.5**
Direct margin	**344.3**	**40.7**	**385.0**	**20.5**	**0.0**	**405.5**
% Operating revenues	**62.0%**	**53.6%**	**61.0%**	**60.6%**	**0.0%**	**61.9%**
Indirect production costs	-71.1	-20.3	-91.5	-4.7	0.0	-96.2
Information technology	-16.3	-1.7	-17.9	-0.3	0.0	-18.3
Communication, Marketing & Product development	-16.5	-3.4	-19.9	-1.4	0.0	-21.3
Indirect customer facing costs	-52.4	-9.4	-61.8	-3.7	0.0	-65.5
General and administration costs	-20.5	-0.8	-21.3	-1.9	0.0	-23.2
Indirect costs	**-176.7**	**-35.7**	**-212.4**	**-12.1**	**0.0**	**-224.6**
EBITDA	**167.6**	**5.0**	**172.6**	**8.4**	**0.0**	**180.9**
% EBITDA on operating revenues			**27.3%**	**24.9%**	**0.0%**	**27.6%**
Depreciations	-78.1	-8.2	-86.3	-3.4		-89.7
Share of profits (losses) of associates		-0.1	-0.1			-0.1
EBIT	**89.5**	**-3.3**	**86.1**	**5.0**	**0.0**	**91.1**
Financial income			0.3	0.0	0.0	0.3
Financial costs			-3.5	-0.1	0.0	-3.6
Profit before taxes			**82.9**	**4.9**	**0.0**	**87.8**
Tax expense			-29.0	-1.5	0.0	-30.5
Net profit of the period (*)			**53.9**	**3.4**	**0.0**	**57.3**
Profit attributable to equity holders of the parent			**53.9**	**3.4**	**0.0**	**57.3**

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

2012	30.06.2012 Belgium			30.06.2012 Luxembourg	Interco elimination	Mobistar 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	-48.1	-19.2	-67.3	-4.5	3.3	-67.6
Information technology	-19.3	-1.8	-21.1	-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	-21.6	-2.4	-24.0	-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	-91.2	-6.9	-98.1	-3.9		-102.0
EBIT	**160.4**	**-14.6**	**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.

Although an important improvement of the EBITDA of the non-mobile segment, the EBIT result remains negative. Indeed the depreciations of the assets related to the TV activity are still supported by the segment due to the fact that this service will end at the end of September 2013. On top of this and due to the decision of stopping the TV activities, an acceleration of the depreciation of these assets has been recorded in the first half year 2013. The cost of depreciation associated to this activity amounts to 2.4 million euros for the first semester.

15. Off balance sheet commitments (Mio €)

	30.06.2013	31.12.2012
Purchases		
Intangible assets	10.6	14.1
Tangible assets	221.4	220.3
Inventories	67.6	74.9
Other services	31.9	42.9
Total	**331.5**	**352.2**
Operational leases costs		
Offices & network sites	429.0	426.9
Cars	14.0	14.2
Total	**443.0**	**441.1**
Guarantees received	**0.0**	**50.0**
Guarantees granted	**9.7**	**9.6**

16. Relationships with related parties (Mio €)

30.06.2013	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
France Télécom - Traffic and services	8.6	11.3	1.1	1.3
France Télécom - Cash pool	0.0	0.0	2.0	38.0
France Télécom Affiliates - Traffic and services	3.6	3.8	5.2	1.8
Atlas Services Belgium - Loan	0.0	0.0	0.0	448.6
Total	**12.2**	**15.1**	**8.3**	**489.7**

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	6.9	21.8
France Télécom Affiliates - Traffic and services	5.5	5.7	4.4	1.8
Atlas Services Belgium - Loan	0.0	0.0	0.0	438.6
Total	**18.6**	**18.4**	**12.1**	**463.5**

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.

17. 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.