

**Full year
results 2011
Mobistar**

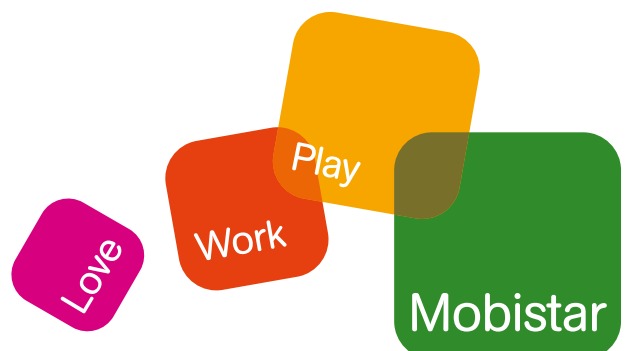


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Press release

Embargo until 8 February 2012 7.00 a.m.
Regulated information

Mobistar achieves its objectives for the full financial year 2011

Brussels, 8 February 2012 – Today, Mobistar publishes its results for the full financial year 2011. Despite a very competitive market context and the impact of regulations, the Mobistar group was able to reach its targets. These results allow Mobistar to propose an ordinary dividend and an extraordinary dividend for a total amount of 222.1 million euros, or 3.70 euros per share.

Key facts:

- At the end of December 2011, the Mobistar group had 4,204,656 active mobile telephony customers, an increase of 4.1 %, compared to 4,039,372 active customers one year earlier.
- At the end of the financial year 2011, Mobistar S.A. had 79,497 ADSL customers, compared to 54,861 a year before, an increase of 44.9 %.
- At the end of 2011, Mobistar S.A. had 34,194 installed and activated 'Starpack' customers, the combined offer with ADSL, digital television, fixed and mobile telephony, compared to 9,561 customers at the end of 2010 (+ 257.6 %).
- The number of active 'machine-to-machine' cards of Mobistar S.A. including the IMC (International M2M Competence Center), amounted to 416,971 at the end of 2011, compared to 193,245 active 'machine-to-machine' cards one year earlier, an increase of 115.8 %.
- At the end of the financial year 2011, the Mobistar group achieved a total consolidated turnover, including the consolidation of MES S.A. (Mobistar Enterprise Services) for 12 months, of 1,657.6 million euros, 0.4 % less than the 1,664.6 million euros at the end of December 2010 (-1.1 % excl. MES S.A.). This result corresponds to the Mobistar group's forecasts with regard to the turnover (a level of turnover similar to that of 2010). Without the impact of the regulations (74 million euros), the total consolidated turnover would amount to 1,731.6 million euros. The use of mobile data rose by the end of 2011 to 37.1 % of the service revenues, compared to 32.3 % the year before.
- The Mobistar group ended 2011 with an EBITDA margin on service revenues of 35.2 % (36 % excl. MES S.A.), compared to 36 % at the end of 2010. The EBITDA of the Mobistar group amounted to 530.1 million euros at the end of December 2011, in line with the forecasts (EBITDA within the range of 520 to 535 million euros). Without the regulatory impact of 38 million euros, the EBITDA would amount to 568.1 million euros.
- The consolidated net result of the Mobistar group amounted to 221 million euros at the end of the financial year 2011, or 16.2 % (-16.6 % excl. MES S.A.) lower than the year before, as forecasted (a net result within the range of 220 to 230 million euros).
- In 2011 the Mobistar group invested 12.2 % of the service revenues or a total amount of 183.7 million euros, excluding the acquisition of the LTE license, compared to 165.5 million euros invested in 2010. This investment level is in line with the forecasts for the financial year 2011 of 11 to 12 % of the service revenues. On top of these investments, Mobistar invested 20.02 million euros in 2011 for the acquisition of the LTE license.
- The organic cash-flow, excluding license costs, exceeds the forecasts for the financial year 2011 (organic cash-

flow within the range of 220 to 230 million euros) and amounted to 259 million euros at the end of 2011, compared to 347.5 million euros one year earlier, a reduction of 25.5 %.

- The Mobistar group Board of Directors will propose the distribution of an ordinary dividend of 2.90 euros per share and an extraordinary dividend of 0,80 euro per share and will submit it for approval to the General Meeting of Shareholders of 2 May 2012.

1. Consolidated figures of the Mobistar group

Mobistar group's consolidated key figures	31.12.11 incl. MES 12 months	31.12.10 incl. MES 9 months	Variation	31.12.11 excl. MES	31.12.10 excl. MES	Variation
Total number of active customers ⁽¹⁾ (mobile telephony) Mobistar S.A., Orange Communications Luxembourg S.A. and MVNOs	4,204,656	4,039,372	+4.1 %	-	-	-
Consolidated turnover (million €)	1,657.6	1,664.6	-0.4 %	1,584.6	1,602.2	- 1.1 %
Service revenues (million €)	1,505.8	1,523.3 ⁽²⁾	-1.1 %	1,432.8	1,460.9	- 1.9 %
EBITDA ⁽³⁾ (million €)	530.1	548.7	-3.4 %	515.3	539.1	-4.4 %
EBITDA margin	35.2 %	36.0 %	-	36.0 %	36.9 %	-
Consolidated net profit (million €)	221.0	263.6	-16.2 %	221.2	265.2	-16.6 %
Net profit per ordinary share ⁽⁴⁾ (€)	3.68	4.39	-16.2 %	3.69	4.43	-16.6 %
Net investment ⁽⁵⁾ (million €)	203.7	239.8	-15.1 %	195.4	235.7	-17.1 %
Net investments/service revenues	13.5 %	15.7 %	-	13.6 %	16.1 %	-
Organic cash-flow ⁽⁶⁾ (million €)	242.2	329.3	-26.5 %	234.4	327.9	-28.5 %
Operational cash-flow ⁽⁷⁾ (million €)	326.4	308.9	+ 5.7 %	319.9	303.3	+ 5.5 %

Results

The continuous pressure of the regulations and the dominant position of certain players on the convergent offerings market had a negative impact on the results of the Mobistar group for the 2011 financial year. Despite the unfavourable economic climate, strong competition and the changing market situation, Mobistar was nevertheless able to reach all of its targets.

Loyal to its strategy, Mobistar invested in 2011 a lot into customer satisfaction with the recruitment of more than 240 employees. The net recruitment in 2011 amounted to 140 people. Mobistar also signed the charter of friendliness in June 2011 and is committed to further optimize its customer service in 2012.

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

(2) The service revenues of Orange Communications Luxembourg were revised in order to take into account an appropriate allocation of the handset subsidy.

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

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

(5) The net investments include 74.3 million euros for the 2G license in 2010 and 20.02 million euros for the LTE license in 2011.

(6) Organic cash-flow = net cash-flow from operations less acquisitions of tangible and intangible assets, plus proceeds from disposals of tangible and intangible assets. The organic cash-flow excludes payments for the 2G license of 16.8 million euros in 2011 and 18.2 million euros in 2010.

(7) Operational cash-flow = EBITDA-Investments.

At the end of 2011, the Mobistar group had 4,204,656 active mobile telephony customers, an increase of 4.1 % compared to the 4,039,372 active customers at the end of December 2010. This increase was primarily due to the rise in the number of MVNO cards and the new postpaid customers in Belgium and Luxembourg.

The Mobistar group closed its financial year 2011 with consolidated service revenues of 1,505.8 million euros, 1.1 % lower compared to 1,523.3 million euros one year earlier (-1.9 % excl. MES). The MTR and roaming regulations had a negative impact of 74 million euros on the turnover. At the end of 2011, the Mobistar group recorded a total consolidated turnover of 1,657.6 million euros, 0.4 % less than the 1,664.6 million euros at the end of December 2010 (-1.1 % excl. MES S.A.). The success of 'smartphones', especially in the fourth quarter, had a positive effect on the total turnover of the Mobistar group.

The Mobistar group achieved an EBITDA of 530.1 million euros on 31 December 2011, compared to 548.7 million euros a year earlier, a decrease of 3.4 % (-4.4 % excl. MES S.A.). The drop in the MTR and roaming tariffs, resulting in an impact of 38 million euros and the increased personnel costs generated by the reinforcement of the customer service were the main causes of this reduction. The EBITDA margin of the Mobistar group fell to 35.2 % of the service revenues at the end of December 2011, compared to 36 % the year before.

The consolidated net profit of the Mobistar group amounted to 221 million euros at the end of 2011, 16.2 % less than the 263.6 million euros one year earlier (-16.6 % excl. MES S.A.). This decrease resulted partially from the accelerated depreciation on investments in the network swap and the financial costs increased resulting from the refinancing of its debt in December 2010.

The Mobistar group believes that, in a changed telecoms market, growth will be achieved by following a strategy of convergence of services, and it will continue to invest in a high-performance mobile network, innovative products for the residential and business market and customer satisfaction in all segments. During the course of 2011, the Mobistar group invested a total of 203.7 million euros or 13.5 % of the service revenues, compared to 239.8 million euros the year before. The Mobistar group invested this amount in the improvement of its fixed and mobile network, especially in the 2G/3G network swap, and the IP transformation, in new IT infrastructure, in the purchase of the LTE license and in its sales channels.

The organic cash-flow amounted to 242.2 million euros at the end of 2011, compared to 329.3 million euros one year earlier, a reduction of 26.5 % (-28.5 % excl. MES S.A.). Without license costs, the organic cash-flow amounted to 259 million euros at the end of 2011, compared to 347.5 million euros one year before, or 25.5 % less. The decrease in the organic cash-flow is the result of a lower EBITDA, a deterioration of the working capital and a higher amount of payed taxes. The deterioration of the working capital is the result of the increase in trade receivables and inventories, but is partially offset by more trade payables.

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

Operational key figures	31.12.11	31.12.10	Variation
Total number of active mobile telephony customers ⁽⁸⁾ Mobistar S.A.	3,515,593	3,494,407	+0.6 %
Total number of MVNO customers (mobile telephony)	589,830	456,114	+ 29.3 %
Total number of active customers Mobistar S.A. + MVNO (mobile telephony, incl. full MVNO)	4,105,423	3,950,521	+3.9 %
Total M2M SIM cards (incl. IMC)	416,971	193,245	+ 115.8 %
Total number of ADSL customers Mobistar S.A.	79,497	54,861	+ 44.9 %
Total number of Starpack customers Mobistar S.A.	34,194	9,561	+ 257.6 %
Total number of active fixed telephone lines Mobistar S.A.	226,160	182,883	+23.7 %

In a highly competitive and saturated market that is constantly under strong regulatory pressures, Mobistar reconfirms its strategy of convergence of services based on following advantages: a strong position in the postpaid market with innovative products and services, applications for several screens on different networks, the largest own distribution network with a focus on services, and the ability to innovate within a cost-efficient model.

Mobile activities

On 31 December 2011, Mobistar had 3,515,593 active mobile telephony customers, compared to 3,494,407 active customers on 31 December 2010, an increase of 0.6 %. Mobistar continues to record good results in the postpaid customers segment, thanks to the attractive all-in bundles that respond to the evolving needs of the customers. As a result, the weight of subscription customers in the total customer base rose at the end of the year 2011 to 66.3 %, compared to 63.6 % one year earlier. The prepaid market remains extremely competitive. Therefore, Mobistar continues to opt for the partnership approach via MVNOs, such as the new cooperation agreement with Colruyt signed in November 2011, which has proven to be a successful strategy. The total number of MVNO customers rose by 29.3 %, from 456,114 on 31 December 2010 to 589,830 one year later. The total customer base of Mobistar (Mobistar S.A. + MVNO) had 4,105,423 active mobile telephony customers at the end of the financial year 2011, compared to 3,950,521 active customers one year before, an increase of 3.9 %.

Mobistar also recorded excellent results in the mobile Internet segment. The number of customers for mobile Internet on tablets and PCs (*Internet Everywhere prepaid, - postpaid and - multi, Business Everywhere, iPad 15 and 25*) rose by 25.5 %, from 111,793 at the end of the financial year 2010 to 140,296 one year later. With the launch of *Internet Everywhere Multi* in June 2011, Mobistar responded to the trend that customers connect more devices to the mobile Internet. *Internet Everywhere Multi* allows to share mobile data bundles on the same subscription so that customers can easily access, everywhere and at all times, their own content via several devices.

The increasing number of postpaid customers with a mobile data bundle and the increasing use of mobile Internet via smartphones, tablets and PCs increased the share of mobile data in the service revenues. At the end of 2011, the share of mobile data in the service revenues amounted to 37.1 %, compared to 32.3 % the year before.

In 2011 Mobistar recorded significant growth in the 'machine-to-machine' segment by rolling out a number of major national and international contracts in various industries and in the 'connected devices' market via partnerships with several companies. The number of active 'machine-to-machine' cards rose in one year by 115.8 %, from 193,245 cards at the end of 2010 to 416,971 one year later.

⁽⁸⁾ Machine-to-machine' cards and MVNO cards are not included in the number of active customers.

Fixed activities

Despite the dominant position of the cable operators and the historical telecom operator in the fixed activities segment, Mobistar still recorded growth figures in 2011 in both the residential and the business markets. At the end of 2011, Mobistar had 79,497 ADSL customers compared to 54,861 a year earlier, an increase of 44.9 %. The number of active fixed telephone lines rose in 2011 to 226,160, compared to 182,883 active lines one year earlier, an increase of 23.7 %.

Convergence of services on the residential and the business market

Mobistar is more than ever a convergent player on the telecoms market, thanks to the integration of MES S.A. and the launch of a new digital TV experience on the Belgian market. Together with mobile and fixed telephone services, mobile Internet and unlimited fixed Internet, Mobistar TV is offered in the 'Starpack'. At the end of 2011, Mobistar S.A. had 34,194 installed and activated 'Starpack' customers, compared to 9,561 customers the year before. The Starpack offer's attractiveness, which is highly appreciated by customers, is not yet reflected in the revenue figures. Mobistar continues to invest in a more efficient activation process.

In the business market, 'One Office Voice Pack' and 'One Office Full Pack', the convergent offerings that combine fixed and mobile, voice and data services at advantageous rates, continue to be successful. The number of business customers opting for one of these solutions rose to 39,556, compared to 36,102 one year earlier, an increase of 9.6 %.

Financial key figures	31.12.11 incl. MES 12 months	31.12.10 incl. MES 9 months	Variation	31.12.11 excl. MES	31.12.10 excl. MES	Variation
ARPU ⁽⁹⁾ (€/month/active customer)	29.54	31.26	-5.5 %			
Total turnover (million €)	1,611.0	1,621.1	-0.6 %	1,530.9	1,558.5	-1.8 %
Service revenues (million €)	1,456.4	1,476.8	-1.4 %	1,376.3	1,414.3	-2.7 %

Evolution of the average revenue per user

The consumption pattern of the customers has changed. The trend of decreasing voice traffic is confirmed, SMS remains popular and is still rising, and there is an increase in mobile data usage. Nevertheless, without the regulatory impact the ARPU would have remained stable. The decrease in the roaming and MTR tariffs, however, once again had a negative impact on the average revenue per user, which fell by 5.5 %, from 31.26 euros at the end of 2010 to 29.54 euros at the end of 2011.

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

Turnover

At the end of the 2011 financial year, Mobistar recorded service revenues of 1,456.4 million euros, compared to 1,476.8 million euros a year earlier, a decrease of 1.4 % (-2.7 % excl. MES S.A.). The sale of smartphones remains a success and offsets the impact of the decrease in roaming and MTR tariffs in Mobistar's total turnover. Mobistar's total turnover amounted to 1,611 million euros at the end of 2011, compared to 1,621.1 million euros the year before. The share of mobile data in the service revenues rose to 37.1 %, compared to 32.3 % the previous year, thanks to the increasing number of postpaid customers with a mobile data bundles and the growing use of mobile Internet via smartphones, tablets and PCs.

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

Key figures Orange Communications Luxembourg S.A.	31.12.11	31.12.10	Variation
Total number of active customers (mobile telephony)	99,233	88,851	+11.7 %
ARPU ⁽¹⁰⁾ (€/month/active customer)	49.8	47.7	+4.0 %
Total turnover (million €)	65.7	55.4	+19.0 %
Service revenues (million €)	60.6	50.6	+20.0 %

The results of Orange Communications Luxembourg S.A. enjoyed solid growth in 2011. At the end of the financial year, Mobistar's Luxembourg subsidiary had a total of 99,233 active mobile telephony customers, 11.7 % more than the 88,851 active customers one year earlier. The proportion of postpaid customers in the total customer base continued to increase, from 78.9 % at the end of December 2010 to 79.8 % one year later. The average revenue per user rose by 4 % in one year, from 47.7 euros at the end of December 2010 to 49.8 euros one year later.

The success of the combined offers was translated into a 20 % increase in service revenues, from 50.6 million euros at the end of the 2010 financial year to 60.6 million euros one year later. The total turnover amounted to 65.7 million euros at the end of the 2011 financial year, compared to 55.4 million euros the year before, an increase of 19 %.

4. Trends for 2012

Mobistar reaffirms its strategic investment priorities for 2012: (1) strengthening its mobile networks to increase the transmission volume and the quality of its voice and data services, (2) developing the convergence of its services to give its customers mobile access to it from wherever they may be, and (3) continuing to improve the satisfaction of its customers in order to become a reference company in this field in Belgium. Despite an economic context that is likely to be very difficult in 2012, Mobistar thus confirms its intention to continue investing in order to strengthen its position on the telecom market.

The measures taken by the regulator to reduce the MTR and roaming tariffs weighted on the profitability of Mobistar's mobile business in 2011. Mobistar takes note of this reality and hopes that the BIPT's decisions on opening up cable and the VDSL network, announced in 2010, will be implemented in full according to the announced schedule. These will make it possible to create on the Belgian fixed telephony and television markets

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

the same conditions of sound competition as those that apply in the mobile market. In this perspective, Mobistar is convinced that the regulatory evolutions will have a positive impact on the development of its Mobistar TV and broadband Internet offerings.

Guidance

For the full financial year 2012 the Mobistar group foresees:

- a slight decrease of turnover, limited to 2 %, compared to 2011;
- an EBITDA between 460 and 500 million euros;
- a net result between 170 and 195 million euros;
- an investment level around 12 % of the service revenues;
- an organic cash-flow between 170 and 195 million euros.

The prospects for the Mobistar group in 2012 take account of the negative impact of the regulatory measures for an amount of 51 million euros on the turnover and 22 million euros on the EBITDA for the full 2012 financial year. However, the hypotheses are based on the current figures on the evolution of the Belgian economic situation. They could be modified in function of the evolution of handsets subsidy and the economic situation.

5. Compensation for the shareholders

The Board of Directors will propose the distribution of an ordinary dividend of 2.90 euros per share on 25 May 2012 and an extraordinary dividend of 0.80 euro per share on 24 August 2012 and will submit this proposal for approval to the General Meeting of Shareholders of 2 May 2012.

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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Highlights of the fourth quarter 2011

Evolution of the customer base

Mobile activities

On 31 December 2011, Mobistar had 3,515,593 active mobile telephony customers, compared to 3,494,407 active customers on 31 December 2010, an increase of 0.6 %. Mobistar continues to record good results in the postpaid customers segment, thanks to the attractive all-in bundles that respond to the evolving needs of the customers. As a result, the weight of subscription customers in the total customer base rose at the end of the year 2011 to 66.3 %, compared to 63.6 % one year earlier. The prepaid market remains extremely competitive. Therefore, Mobistar continues to opt for the partnership approach via MVNOs, such as the new cooperation agreement with Colruyt signed in November 2011, which has proven to be a successful strategy. The total number of MVNO customers rose by 29.3 %, from 456,114 on 31 December 2010 to 589,830 one year later. The total customer base of Mobistar (Mobistar S.A. + MVNO) had 4,105,423 active mobile telephony customers at the end of the financial year 2011, compared to 3,950,521 active customers one year before, an increase of 3.9 %.

Mobistar also recorded excellent results in the mobile Internet segment. The number of customers for mobile Internet on tablets and PCs (*Internet Everywhere prepaid, - postpaid and - multi, Business Everywhere, iPad 15 and 25*) rose by 25.5 %, from 111,793 at the end of the financial year 2010 to 140,296 one year later. With the launch of *Internet Everywhere Multi* in June 2011, Mobistar responded to the trend that customers connect more devices to the mobile Internet. *Internet Everywhere Multi* allows to share mobile data bundles on the same subscription so that customers can easily access, everywhere and at all times, their own content via several devices.

The increasing number of postpaid customers with a mobile data bundle and the increasing use of mobile Internet via smartphones, tablets and PCs increased the share of mobile data in the service revenues. At the end of 2011, the share of mobile data in the service revenues amounted to 37.1 %, compared to 32.3 % the year before.

In 2011 Mobistar recorded significant growth in the 'machine-to-machine' segment by rolling out a number of major national and international contracts in various industries and in the 'connected devices' market via partnerships with several companies. The number of active 'machine-to-machine' cards rose in one year by 115.8 %, from 193,245 cards at the end of 2010 to 416,971 one year later.

Fixed activities

Despite the dominant position of the cable operators and the historical telecom operator in the fixed activities segment, Mobistar still recorded growth figures in 2011 in both the residential and the business markets. At the end of 2011, Mobistar had 79,497 ADSL customers compared to 54,861 a year earlier, an increase of 44.9 %. The number of active fixed telephone lines rose in 2011 to 226,160, compared to 182,883 active lines one year earlier, an increase of 23.7 %.

Evolution of the average monthly revenue per user (ARPU)

The consumption pattern of the customers has changed. The trend of decreasing voice traffic is confirmed, SMS remains popular and is still rising, and there is an increase in mobile data usage. Nevertheless, without the regulatory impact the ARPU would have remained stable. The decrease in the roaming and MTR tariffs, however, once again had a negative impact on the average revenue per user, which fell by 5.5 %, from 31.26 euros at the end of 2010 to 29.54 euros at the end of 2011.

Orange Communications Luxembourg S.A.

The results of Orange Communications Luxembourg S.A. enjoyed solid growth in 2011. At the end of the financial year, Mobistar's Luxembourg subsidiary had a total of 99,233 active mobile telephony customers, 11.7 % more than the 88,851 active customers one year earlier. The proportion of postpaid customers in the total customer base continued to increase, from 78.9 % at the end of December 2010 to 79.8 % one year later. The average revenue per user rose by 4 % in one year, from 47.7 euros at the end of December 2010 to 49.8 euros one year later.

The success of the combined offers was translated into a 20 % increase in service revenues, from 50.6 million euros at the end of the 2010 financial year to 60.6 million euros one year later. The total turnover amounted to 65.7 million euros at the end of the 2011 financial year, compared to 55.4 million euros the year before, an increase of 19 %.

Mobistar Enterprise Services S.A. (MES)

Mobistar Enterprise Services S.A., the former B2B and carrier activities of KPN in Belgium, was acquired by Mobistar at the end of the first quarter of 2010. The purchase price for 100 % of the shares of KPN Belgium Business S.A. amounts to 65 million euros (on a debt- and cash-free basis) and this amount was paid on 31 March 2010.

The consolidation has been implemented as of 1st April 2010, meaning that MES has contributed positively for nine months of activity both on the consolidated revenue and EBITDA of the Mobistar group. The Purchase Price Accounting has been finalized on 31st March 2011, with a minimal impact on the goodwill. However, the final purchase price is still under review between Mobistar and the seller based upon the actual indebtedness & working capital at the closure date. 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 arbitrage case regarding the expert's mission. Claim is still in process at the end of 2011. Hearings are scheduled in the first quarter of 2012.

During the fourth quarter of 2011, MES has realized a total revenue of 21.6 million euros compared to 20.5 million euros for the same quarter 2010. MES generated an EBITDA of 2.5 million euros for the same period compared to 5.1 million euros one year earlier. However the reduced performance of 2011 is largely influenced by a provision booked to onerous contracts for 3.3 million euros.

Network development & IT

At year-end, 3G/HSDPA coverage reached 97 % of the population. The Mobistar network had 5,483 antennas at the end of December 2011, 730 of which were shared. This corresponds to a total of 16,449 cells. In order to be leader in fast mobile data services, Mobistar has finalized a network swap to a full hybrid network (2G/3G/4G) in Luxembourg, and started in the second half of 2011 a similar program in Belgium. This resulted in accelerated depreciation charges for the replaced equipment. In addition, Mobistar has already deployed 1,100 microwave links.

Comments on the financial situation

The consolidation scope encompasses Mobistar S.A., the Luxemburg company Orange Communications Luxembourg S.A., Mobistar Enterprise Services S.A. (hereafter MES) and 50 % of the temporary joint venture 'Irisnet'. The temporary joint venture 'Irisnet' consists of equal shares held by France Télécom S.A. and Belgacom S.A. (the initial partner Telindus S.A. is since 1 January 2010 an integral part of Belgacom S.A.). Mobistar S.A. does not have formal voting rights in the joint venture but considers control to be jointly exercised with its partner Belgacom S.A. and assumes the associated risks and rewards. The temporary joint venture 'Irisnet' had been set up for a duration of 10 years ending in April 2010. The lifetime of the joint venture has been extended by 24 months.

Income statement

At the end of December 2011, the Mobistar group registered 4,204,656 active mobile customers, an increase of 4.1 % compared to the 4,039,372 active customers a year earlier.

The group's consolidated turnover amounted to 432.5 million euros in the fourth quarter of 2011, an increase of 0.4 % compared to the 430.9 million euros during the fourth quarter of 2010. At the end of 2011, the Mobistar group recorded a total consolidated turnover of 1,657.6 million euros, 0.4 % less than the 1,664.6 million euros at the end of December 2010. The success of 'smartphones', especially in the fourth quarter, had a positive effect on the total turnover of the Mobistar group.

The consolidated EBITDA slightly decreased with 1 % from 130.5 million euros in the fourth quarter of 2010 to 129.2 million euros a year later. The Mobistar group achieved an EBITDA of 530.1 million euros on 31 December 2011, compared to 548.7 million euros a year earlier, a decrease of 3.4 %. The drop in the MTR and roaming tariffs, resulting in an impact of 38 million euros and the increased personnel costs generated by the reinforcement of the customer service were the main causes of this reduction. The EBITDA margin of total service revenues remained quite stable, from 34.4 % for the last quarter of 2010 to 34.2 % for the last quarter of 2011.

For the full year 2011, the Mobistar group recorded consolidated net profit of 221.0 million euros, a decrease of 16.2 % (organic -16.6 %) in comparison with the 263.6 million euros at the end of December 2010. This decrease resulted partially from the accelerated depreciation on investments in the network swap and the financial costs increasing resulting from the refinancing of its debt in December 2010. Net profit per share decreased by 16.2 % from 4.39 euros per share on 31 December 2010 to 3.68 euros per share a year later.

Balance sheet

The consolidated balance sheet total reached 1,381.5 million euros on 31 December 2011, compared to 1,303.2 million euros at the end of the previous financial year.

Non-current assets amounted to 1,070.3 million euros at the end of December 2011, compared to 1,020.0 million euros at the end of 2010. This increase relates to the consideration of the acquisition of the 4G licence for 20.0 million euros and an adjustment of the value of the dismantling assets for 33.6 million euros.

Current assets increased from 283.2 million euros at the end of 2010 to 311.2 million euros at the end of December 2011. All the contributing elements to current assets have increased (inventories + 6.2 million euros, trade receiva-

bles +19.3 million euros, other current assets + 8.3 million euros) excepted cash position that slightly decreased by 5.9 million euros.

Equity decreased from 431.2 million euros at the end of 2010 to 394.0 million euros on 31 December 2011. This decrease is explained by the profit distribution in 2011 as approved by the General Assembly for a total amount of 258.1 million euros, compensated by the net result of 221.0 million euros realized in 2011.

Long-term provisions and trade payables increased from 61.8 million euros per 31 December 2010 to 89.9 million euros per 31 December 2011 due from one side to the decrease of the long-term payable related to the renewal of the 2G licence (- 14.9 million euros paid for the second instalment), and on the other side to the increase of the dismantling provision for 34.0 million euros and the consideration of 7.1 million euros related to onerous contracts (partially booked via the finalization of MES acquisition).

In December 2010, Mobistar's Board of Directors approved the re-financing of one of its credit facilities, with expiry date of 31/12/2010. The new credit facility, with expiry date of 31/12/2015, amounts to 450 million euros with an interest rate of EURIBOR + 65 Bps. The agreement strengthens the long-term financing of Mobistar's growth activities. Per 31 December 2011, the drawing was for 295 million euros compared to 270 million euros one year earlier.

Current liabilities increased from 540.6 million euros on 31 December 2010 to 603.2 million euros on 31 December 2011. This increase is generated by the increase in trade payable for 36.7 million euros and tax payable for 30.5 million euros. Deferred income and accrued expenses have also increased by 10.1 million euros. On the other hand, the short-term borrowings decreased by 14.5 million euros.

Financial instruments, financial risks management objectives and policy

No change has occurred in comparison with the information contained in the 2010 annual report (p.14).

Disputes

The disputes related information listed in the annual report 2010 and in the highlights of the quarterly reports 2011 have been modified as follows:

Masts: The total receivable amount of taxes charged, plus default interest calculated at the legal rate, amounts to 49.7 million euros and is subject to a bad debt provision for the whole amount, of which 7.8 million euros corresponds to the year 2011.

4G licenses: The auction took place according to plan. Due to the interference issues with the radar systems the license period and payment will start in July 2012.

Regulation of broadband and cable: The regulators are executing their decisions to regulate broadband and cable networks according to the calendar. The impacted operators have appealed the decisions. Mobistar intervenes in the appeal files as interested party.

Abuse of dominant position by Belgacom Mobile: Belgacom has appealed the initial decision of the Commercial Court in the case dealing with the Belgacom Mobile on-net tariffs. Belgacom has also asked the dismissal of the experts that were appointed by Court to evaluate the damage suffered by KPN Group Belgium and Mobistar.

Statutory auditor's procedures

The statutory auditor has confirmed that the audit procedures on the consolidated financial statements have been completed substantially and that no significant corrections have been identified that should have been adjusted in the financial information included in the press release.

Trends

Mobistar reaffirms its strategic investment priorities for 2012: (1) strengthening its mobile networks to increase the transmission volume and the quality of its voice and data services, (2) developing the convergence of its services to give its customers mobile access to it from wherever they may be, and (3) continuing to improve the satisfaction of its customers in order to become a reference company in this field in Belgium. Despite an economic context that is likely to be very difficult in 2012, Mobistar thus confirms its intention to continue investing in order to strengthen its position on the telecom market.

The measures taken by the regulator to reduce the MTR and roaming tariffs weighted on the profitability of Mobistar's mobile business in 2011. Mobistar takes note of this reality and hopes that the BIPT's decisions on opening up cable and the VDSL network, announced in 2010, will be implemented in full according to the announced schedule. These will make it possible to create on the Belgian fixed telephony and television markets the same conditions of sound competition as those that apply in the mobile market. In this perspective, Mobistar is convinced that the regulatory evolutions will have a positive impact on the development of its Mobistar TV and broadband Internet offerings.

Guidance

For the full financial year 2012 the Mobistar group foresees:

- a slight decrease of turnover, limited to 2 %, compared to 2011;
- an EBITDA between 460 and 500 million euros;
- a net result between 170 and 195 million euros;
- an investment level around 12 % of the service revenues;
- an organic cash-flow between 170 and 195 million euros.

The prospects for the Mobistar group in 2012 take account of the negative impact of the regulatory measures for an amount of 51 million euros on the turnover and 22 million euros on the EBITDA for the full 2012 financial year. However, the hypotheses are based on the current figures on the evolution of the Belgian economic situation. They could be modified in function of the evolution of handsets subsidy and the economic situation.

Declaration by the persons responsible

We, the undersigned, Jean-Marc Harion, CEO, and Werner De Laet, CFO, declare that to our knowledge:

- a) the financial statements drawn up in accordance with the prevailing accounting standards, give a faithful image of the assets, financial situation and results of the issuer and the companies included within its consolidation;
- b) the management report contains an accurate overview of the business activities evolution, the results and the financial situation of the issuer and the companies included within its consolidation, and a description of the main risks and uncertainties they are confronted to.



Jean-Marc Harion
CEO



Werner De Laet
CFO

Condensed consolidated financial statements in accordance with IFRS

Condensed consolidated income statement (Mio €)

	31.12.2011	31.12.2010	Variation (%)
Revenue			
Service revenue	1 505.8	1 523.5	-1.2%
Handsets sales	151.8	141.1	7.5%
Total turnover	1 657.6	1 664.6	-0.4%
Other operating revenue	42.0	33.2	26.5%
Total revenue	1 699.6	1 697.8	0.1%
Operating expenses			
Interconnection costs	-396.4	-416.4	-4.8%
Costs of equipment and goods sold	-297.1	-265.4	11.9%
Services and other goods	-297.5	-306.9	-3.1%
Employee benefits expenses	-150.0	-140.8	6.5%
Depreciation, amortisation and impairment	-190.3	-170.7	11.5%
Amounts written down stocks, contracts in progress and trade debtors	-7.7	-8.5	-9.4%
Provisions for risks and charges	-4.9	3.0	-263.3%
Other operating charges	-16.0	-14.1	13.5%
Total operating expenses	-1 359.9	-1 319.8	3.0%
Result of operating activities before depreciation and amortisation (EBITDA)	530.1	548.7	-3.4%
EBITDA margin in % of service revenue	35.2%	36.0%	
Result of operating activities (EBIT)	339.7	378.0	-10.1%
Finance income	0.9	0.6	50.0%
Finance costs	-11.8	-5.1	131.4%
Profit before taxes	328.9	373.5	-11.9%
Tax expense	-107.9	-109.9	-1.8%
Net profit of the period (*)	221.0	263.6	-16.2%
Profit attributable to equity holders of the parent	221.0	263.6	-16.2%

Condensed consolidated statement of comprehensive income (Mio €)

Net profit for the period	221.0	263.6	-16.2%
Other comprehensive income	0	0	
Total comprehensive income for the period	221.0	263.6	-16.2%
Part of the total comprehensive income attributable to equity holders of the parent	221.0	263.6	-16.2%
Basic earnings per share (in €)	3.68	4.39	-16.2%
Weighted average number of ordinary shares	60 014 414	60 014 414	
Diluted earnings per share (in €)	3.68	4.39	-16.2%
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.

Condensed consolidated balance sheet (Mio €)

	31.12.2011	31.12.2010
ASSETS		
Non-current assets		
Goodwill	80.1	80.1
Intangible assets	312.0	294.8
Tangible assets	666.0	635.9
Other non-current assets	5.8	7.5
Deferred taxes	6.4	1.7
Total non-current assets	1 070.3	1 020.0
Current assets		
Inventories	16.5	10.3
Trade receivables	225.3	205.9
Other current assets	62.3	54.0
Cash and cash equivalents	7.1	13.0
Total current assets	311.2	283.2
Total assets	1 381.5	1 303.2
EQUITY and LIABILITIES		
Equity		
Share capital	131.7	131.7
Legal reserve	13.2	13.2
Retained earnings	249.1	286.3
Total equity	394.0	431.2
Non-current liabilities		
Long-term borrowings	293.2	267.9
Long-term trade payables	28.3	43.2
Long-term provisions	61.6	18.6
Deferred taxes	1.2	1.7
Total non-current liabilities	384.3	331.4
Current liabilities		
Short-term borrowings	18.4	32.9
Trade payables	347.6	310.9
Employee benefits related liabilities	32.9	31.4
Current taxes payables	113.7	83.2
Deferred income	87.8	77.7
Other payables	2.7	4.5
Total current liabilities	603.2	540.6
Total liabilities	987.5	872.0
Total equity and liabilities	1 381.5	1 303.2

Condensed consolidated cash flow statement (Mio €)

	31.12.2011	31.12.2010
Cash flows from operating activities		
Profit before taxes	328.9	373.5
Non-cash adjustments for:		
Depreciation, amortisation and impairment of fixed assets	190.3	170.7
Changes in long-term provisions	5.3	-2.4
Changes in provision for bad debt	-1.3	0.5
Interest income	-0.9	-0.6
Interest charges	9.9	5.1
Adjusted result of operating activities before net finance costs	532.2	546.9
Inventories (increase -, decrease +)	-6.2	1.1
Trade and other receivables	-25.7	10.9
Trade and other payables	23.9	11.3
Net changes in working capital	-8.0	23.3
Tax paid	-79.4	-58.4
Interests paid	-9.8	-5.1
Interests received	1.0	0.6
Net cash from operating activities	436.0	507.2
Cash flows from investing activities		
Purchase of intangible and tangible assets	-203.7	-239.8
Debt associated to purchase of assets (increase +, decrease -)	9.9	60.9
Acquisition of subsidiary net of cash acquired (*)		-63.1
Proceeds from sale of equipment		1.0
Reimbursement long-term loans granted	1.0	4.2
Net cash used in investing activities	-192.8	-236.8
Organic cash flow	242.2	329.3
Cash flows from financing activities		
Short-term borrowings - net	-14.5	-215.1
Long-term borrowings - proceeds	180.0	430.0
Long-term borrowings - repayments	-155.2	-210.0
Transactions costs paid for long-term credit facility	0.5	-2.3
Others	-1.6	3.2
Equity transactions costs	-0.2	-0.1
Dividends paid	-258.1	-273.1
Net cash used in financing activities	-249.1	-267.4
Net increase (+), decrease (-) in cash and cash equivalents	-5.9	3.0
Cash and cash equivalents at beginning of period	13.0	10.0
Cash and cash equivalents at end of period	7.1	13.0

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

Segment information (Mio €)

2011	31.12.2011 Belgium			31.12.2011 Luxembourg	Interco elimination	Mobistar Group
	Mobile	Non-Mobile	Total	Total	Total	Total
Operating revenues						
Network & Other operating revenues (service revenues)	1 288.1	168.3	1 456.4	60.7	-11.2	1 505.8
Handsets sales	154.6	0.0	154.6	5.1	-8.0	151.8
Total turnover	1 442.7	168.3	1 611.0	65.7	-19.2	1 657.6
Others	0.0	0.0	0.0	0.0	0.0	0.0
Total Operating Revenues	1 442.7	168.3	1 611.0	65.7	-19.2	1 657.6
Operating charges						
Interconnection costs	-304.5	-81.1	-385.6	-19.2	8.4	-396.4
Purchase of contents	-6.9	-7.3	-14.2	0.0	0.0	-14.2
Bad debts	-11.4	-0.9	-12.3	0.0	0.0	-12.3
Other direct production costs	-157.9	-0.8	-158.7	-20.1	10.8	-168.0
Direct costs excl. direct commercial costs	-480.7	-90.1	-570.8	-39.3	19.2	-590.9
Direct commercial costs	-115.3	-10.0	-125.3	0.0	0.0	-125.3
Direct costs	-596.0	-100.1	-696.1	-39.3	19.2	-716.2
Direct margin	846.7	68.2	915.0	26.4	0.0	941.4
% Operating revenues	65.7%	40.5%	62.8%	43.6%	-0.1%	62.5%
Indirect production costs	-106.3	-41.9	-148.2	-6.5	0.0	-154.7
Information technology	-35.4	-3.8	-39.2	-2.2	0.0	-41.3
Communication, Marketing & Product development	-28.4	-13.2	-41.6	-1.7	0.0	-43.3
Indirect customer facing costs	-88.3	-27.3	-115.6	-5.4	0.0	-121.0
General and administration costs	-42.4	-6.4	-48.8	-2.1	0.0	-50.9
Indirect costs	-300.8	-92.6	-393.4	-18.0	0.0	-411.4
EBITDA	545.9	-24.4	521.6	8.5	0.0	530.1
% EBITDA on Operating revenues			35.8%	14.0%	-0.4%	35.2%
Depreciations	-157.6	-22.3	-179.9	-10.4		-190.3
EBIT	388.3	-46.7	341.7	-1.9	0.0	339.7
Financial income			1.1	0.0	0.0	1.1
Financial costs			-11.6	-0.4	0.0	-12.0
Profit before taxes			331.2	-2.3	0.0	328.9
Tax expense			-109.6	1.7	0.0	-107.9
Net profit of the period (*)			221.6	-0.6	0.0	221.0
Profit attributable to equity holders of the parent			221.6	-0.6	0.0	221.0

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

2010	31.12.2010 Belgium			31.12.2010 Luxembourg	Interco elimination	Mobistar Group
	Mobile	Non-Mobile	Total	Total	Total	Total
Operating revenues						
Network & Other operating revenues (service revenues)	1 332.2	144.6	1 476.8	50.6	-4.0	1 523.3
Handsets sales	144.2	0.0	144.2	4.8	-7.8	141.2
Total turnover	1 476.4	144.6	1 621.1	55.4	-11.9	1 664.6
Others	0.0	0.0	0.0	0.0	0.0	0.0
Total Operating Revenues	1 476.4	144.6	1 621.1	55.4	-11.9	1 664.6
Operating charges						
Interconnection costs	-323.2	-80.5	-403.7	-16.6	3.7	-416.5
Purchase of contents	-5.5	-3.2	-8.7	0.0	0.0	-8.7
Bad debts	-11.1	0.1	-11.0	0.0	0.0	-11.0
Other direct production costs	-145.0	-0.4	-145.4	-18.4	8.0	-155.8
Direct costs excl. direct commercial costs	-484.8	-84.0	-568.8	-35.0	11.7	-592.0
Direct commercial costs	-115.8	-6.2	-122.0	0.0	0.0	-122.0
Direct costs	-600.6	-90.2	-690.8	-35.0	11.7	-714.0
Direct margin	875.8	54.4	930.2	20.4	-0.1	950.6
% Operating revenues	65.7%	37.6%	63.0%	40.4%	3.0%	62.4%
Indirect production costs	-122.8	-28.9	-151.7	-5.8	0.0	-157.5
Information technology	-34.6	-4.0	-38.6	-1.6	0.0	-40.2
Communication, Marketing & Product development	-29.2	-13.0	-42.2	-1.4	0.0	-43.6
Indirect customer facing costs	-88.7	-18.4	-107.1	-4.2	0.0	-111.3
General and administration costs	-42.4	-5.3	-47.7	-1.5	0.1	-49.2
Indirect costs	-317.7	-69.6	-387.3	-14.5	0.1	-401.8
EBITDA	558.1	-15.2	542.9	5.9	0.0	548.7
% EBITDA on Operating revenues			36.8%	11.7%	-0.3%	36.0%
Depreciations	-145.5	-17.5	-162.9	-7.9		-170.8
EBIT	412.7	-32.7	380.0	-2.0	0.0	378.0
Financial income			1.2	30.1	0.0	31.2
Financial costs			-35.1	-0.6	0.0	-35.8
Profit before taxes			346.1	27.5	0.0	373.5
Tax expense			-105.0	-4.9	0.0	-109.9
Net profit of the period (*)			241.0	22.6	0.0	263.6
Profit attributable to equity holders of the parent			241.0	22.6	0.0	263.6

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

Quarterly results

		Quarterly figures 2010				FY 2010
		Q1	Q2	Q3	Q4	
Subscriber base evolution						
Mobistar S.A. Mobile customers (excl. MVNO, MATMA)	in thousand	3 427.6	3 433.7	3 471.6	3 494.4	
of which Postpaid	in thousand	2 100.5	2 134.4	2 184.0	2 222.8	
of which Prepaid	in thousand	1 327.1	1 299.3	1 287.6	1 271.6	
MVNO customers	in thousand	375.9	396.5	446.9	456.1	
Orange Communications Luxembourg S.A. customers	in thousand	77.6	80.7	86.1	88.9	
Total Mobistar Group	in thousand	3 881.1	3 910.9	4 004.6	4 039.4	
ARPU evolution						
Blended ARPU (rolling average of the preceding 12 months incl. visitor roaming)						
	in EUR/month	31.86	32.03	31.80	31.26	
Postpaid ARPU (excl. visitor roaming and IEW)	in EUR/month	39.18	39.25	38.59	38.08	
Prepaid ARPU (excl. visitor roaming and IEW)	in EUR/month	18.53	18.82	18.41	18.25	
P&L						
Service Revenues Mobistar Mobile	in Mio EUR	335.2	342.2	326.1	327.4	1 330.8
Service Revenues Mobistar/MES Fix/Data	in Mio EUR	21.0	43.0	40.7	41.3	145.9
Service Revenues Orange Communications Luxembourg S.A. ⁽²⁾	in Mio EUR	11.3	12.6	12.7	14.1	50.7
Total Mobistar consolidated service revenues⁽¹⁾⁽²⁾	in Mio EUR	366.7	396.6	378.4	381.8	1 523.5
Total Mobistar consolidated handsets sales ⁽²⁾	in Mio EUR	26.9	28.6	36.5	49.1	141.1
Total Mobistar consolidated turnover	in Mio EUR	393.6	425.2	414.9	430.8	1 664.6
Total Mobistar consolidated EBITDA	in Mio EUR	138.1	143.5	136.6	130.5	548.7
as a % of service revenues		37.7%	36.2%	36.1%	34.2%	36.0%
Total Mobistar consolidated net result	in Mio EUR	68.5	63.9	60.4	70.7	263.6
EPS calculated on the basis of the outstanding shares at the end of the quarter	in EUR/share	1.14	1.06	1.01	1.18	4.39
Diluted weighted average earnings per share	in EUR/share	1.14	1.06	1.01	1.18	4.39
Total Mobistar consolidated CAPEX	in Mio EUR	22.0	33.0	45.8	139.0	239.8
as a % of service revenues		6%	8%	12%	36%	16%
Organic cash flow	in Mio EUR	124.2	76.0	87.8	41.3	329.3

(1) After elimination of intercompany transactions.

(2) The 2010 figures have been restated in order to take into account an appropriate handsets subsidies allocation.

		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.