

# econocom

MOBILITY ON DEMAND



2010 Annual report



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2010-2011:

ALL TOGETHER NOW,

2 ON YOUR MARKS,

GET SET,

...go!

# TWENTY QUESTIONS

**WHO?** Econocom

**WHAT?**

Europe's leading independent IT and telecom services provider

**HOW?**

With 3,700 employees, dual IT and telecom expertise, four complementary businesses and a range of enterprise solutions to offer our clients

**HOW MUCH?**

A consolidated revenue of €1,021 million and a recurring operating profit of €47 million in 2010  
Over 20,000 clients across Europe

**WHERE?**

Established in 17 countries<sup>1</sup>

**SINCE WHEN?**

Over 35 years' experience  
Listed on the Brussels Euronext market since 1986

1. Belgium, China, Czech Republic, France, Germany, Ireland, Italy, Luxembourg, Morocco, the Netherlands, Poland, Romania, Slovakia, Spain, Switzerland, the United Kingdom, the United States.

# MESSAGE FROM JEAN-LOUIS BOUCHARD, CHAIRMAN OF ECONOCOM

## 2010: reunification and the launch of a new group

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### The highlight of 2010 was Econocom's joining forces with ECS

Yes, and I am delighted. Although I am tempted to say that "in spite of this", we had a good year: the merger required many months of preparation and effort from the Management team.

I would therefore like to take this opportunity, for myself and on behalf of all the shareholders, to thank the two groups' employees and all the outside contributors (consultants, bankers, lawyers, etc.) who took part in this acquisition which has been so significant for the group. Like most companies, we close our business on 31 December and the second half-year is our busiest time. In 2010, this is when the acquisition went through: Econocom and Société Générale have entered into exclusive negotiations in July, and the final signing took place on 28 October.

So successfully finalising the acquisition of ECS Group whilst continuing our efforts to reach our targets was, all things considered, quite an achievement.

### Combining Econocom and ECS is a sort of reunification

In early 1970, after working for IBM in France and the United States, I set up my own company, providing IT training for corporate executives. I needed a fleet of PCs, which I bought second-hand. When I realised the sort of profit margin to be made reselling the equipment - as supply was non-existent at the time - I decided to add a sales division to the training part. And thus ECS, Europe Computer Systèmes, was born, co-founded with my partners from the training company. Our clients were very satisfied and soon asked us to offer a leasing option. We then teamed up with a renowned bank, CCF, and its subsidiary Locamic, to devise the leasing model still widely used today. The business soon took off, both in France and overseas.



## Be enterprising, create, share, commit...

In 1985, I sold my minority interest in ECS France to Société Générale, who already controlled 60%, and bought out all the shares of the international subsidiaries which I subsequently incorporated into Econocom, an American SME employing 500 people that I had recently acquired. Over the next 25 years, Econocom and ECS were often to compete with one another in Europe.

So, when in January 2010, the bank, which had decided to focus on its core business, issued an invitation to bid for the sale of ECS, Econocom naturally responded. I am now proud that the two companies have joined forces: for me, it means going back to my roots, to an adventure that began 37 years ago and which I have every intention of continuing. Working side-by-side with the teams, I have been actively involved with the integration of ECS into Econocom.

## The adventure is only just beginning

Econocom and ECS are two groups whose past – and, from now on, future – are inextricably linked. They share the same genes, are both market leaders, are complementary in terms of business and geographical cover, and of similar size. It is therefore only natural that, on a personal note, it's a match made in heaven. And yet, it is much more than that: it's an entrepreneurial adventure that I would like to share with all the group's employees.

## And this is how it all began...

Back in early November 2010, we launched around twenty focus groups which enabled us to redefine the organisation of the new Econocom Group and identify the main synergies to implement. I was amazed at how efficiently the focus groups were conducted and by the decision-making abilities of those involved: I could sense a real motivation to see the integration process through, an active involvement from employees to change the new group. We also worked towards our target of €25 million cost-savings by the end of the full-year: by the end of December, we had already made €10 million of this, and we have identified where the remaining 15 will be made. Since 10 January 2011, all managers have been appointed and are implementing the decisions made during the focus groups.

And what of the future? We shall continue what is our very *raison d'être*: offering businesses and organisations – in both the private and public sectors, the benefits of our innovation. Internet, globalisation, the development of intelligent objects and cloud computing are all challenges that I see as opportunities, and which will feature heavily in the next strategic plan that we will be implementing once the current plan, Horizon 2012, has finished, and the merging of ECS and Econocom is complete.

# ECONOCOM'S GOVERNANCE

## BOARD OF DIRECTORS

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**Jean-Louis Bouchard**  
Chairman and CEO

**Bruno Lemaistre**  
CEO

**Jean-Philippe Roesch**  
CEO

**Robert Bouchard**

**Christian Bret**

**Charles de Water**

**Gaspard Dürreman**

**Rafi Kouyoumdjian**

## EXECUTIVE COMMITTEE

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**Jean-Louis Bouchard**  
Chairman and CEO

**Bruno Lemaistre**  
CEO

**Jean-Philippe Roesch**  
CEO

**Yves Caparros**  
Managing Director

**Véronique di Benedetto**  
Deputy Managing Director

## FINANCE

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**Olivier Aldrin**  
CFO

## COMPANY SECRETARY DEPARTMENT

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**Galliane Touze**  
Company Secretary

## STATUTORY AUDITORS

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**PricewaterhouseCoopers**  
Réviseurs d'entreprises SCCRL represented by Josy Steenwinckel or Emmanuèle Attout



Jean-Louis Bouchard



Bruno Lemaistre



Jean-Philippe Roesch



Robert Bouchard



Christian Bret



Charles de Water



Gaspard Dürreman



Rafi Kouyoumdjian



Yves Caparros



Véronique  
di Benedetto



Olivier Aldrin

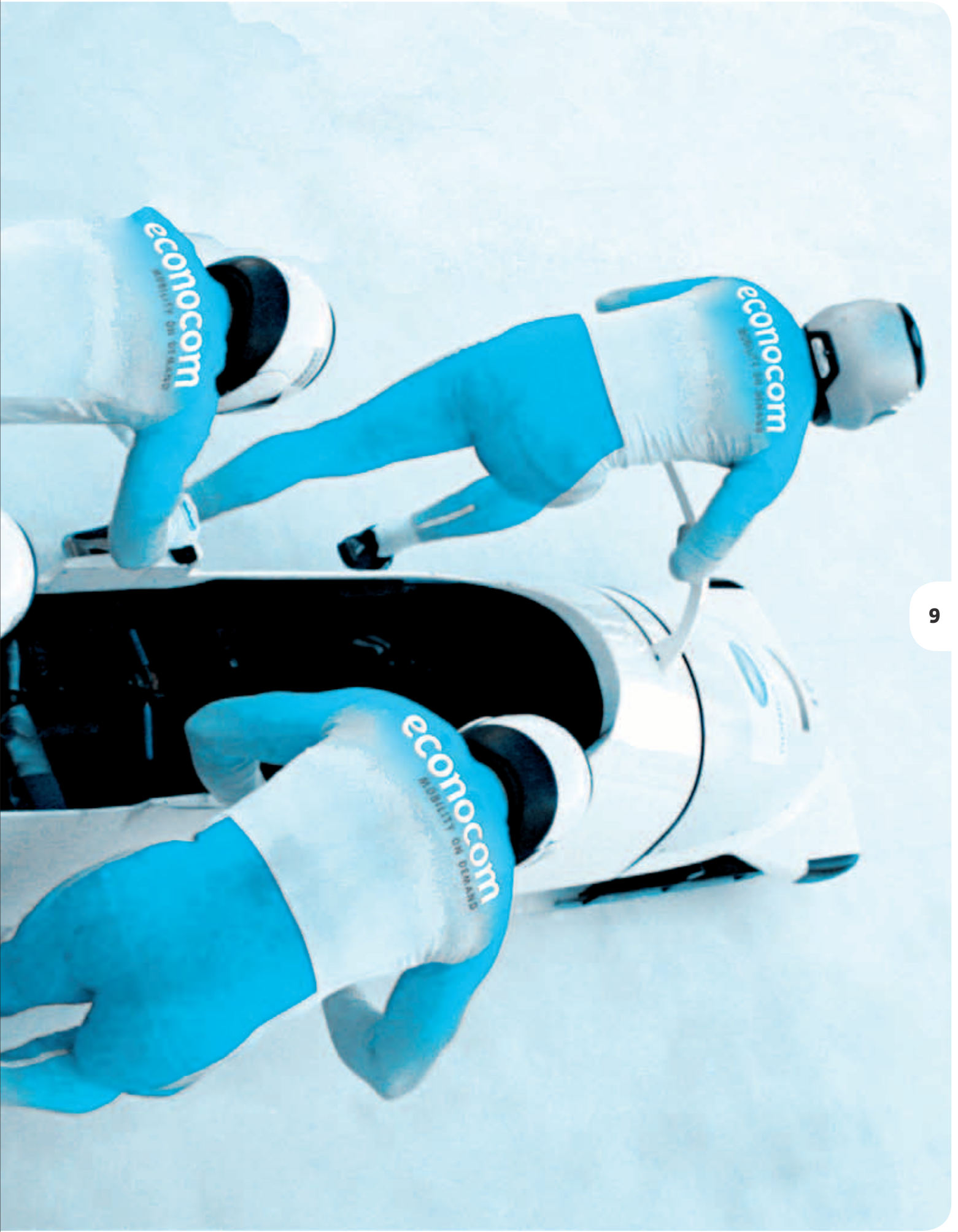


Galliane Touze



# READY FOR THE OFF





# 3,2,1... go!

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**The Man in the Moon  
looked out of the moon,  
Looked out of the moon and said,  
“Tis time that, now I’m getting up,  
All children are in bed.”**

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Econocom is awake, no need for a lullaby. And bedsides, the moon has not been conquered. Yet...

But the world does expand. And skills are being exported further and further afield. At Econocom last year, we were established in 9 countries. This year, we're in 17. That's what we call **“being enterprising”**.

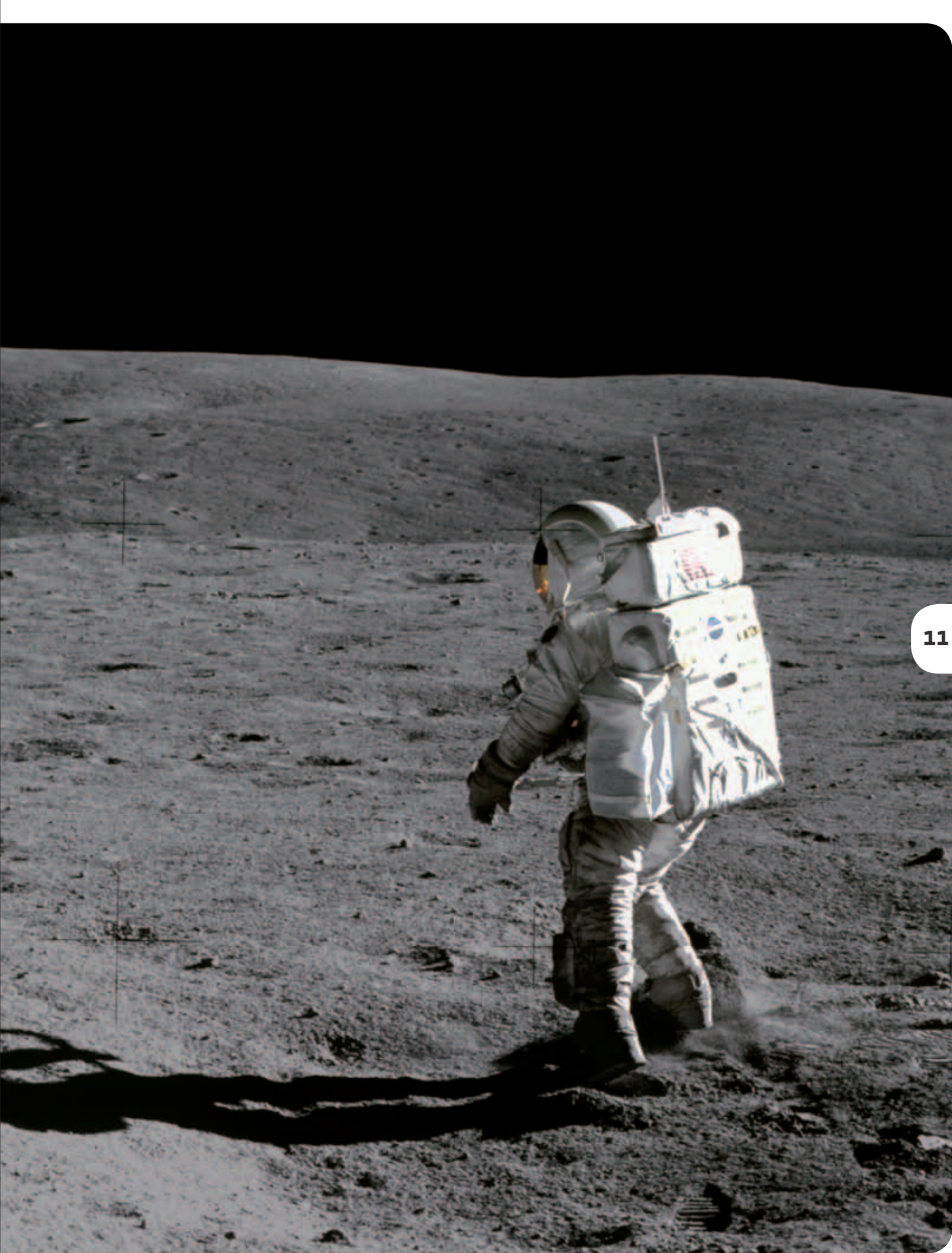
Long before the invention of aeroplanes revolutionised air travel, the world's first explorers had to travel by sea. And thus Christopher Columbus discovered America while he was trying to reach India. At Econocom, we believe in using obstacles to help us move forward. That's what we call **“bouncing back”**.

Christopher Columbus didn't have a trip computer or GPS. Nor did he have constant internet access, with real-time access to tidal predictions, weather forecasts, and cyclone warnings. At Econocom, we constantly strive to understand our environment and how it evolves, so we can make the right decisions. That's what we call **“facing reality”**.

Of course, in Columbus' days, people travelled by caravels and horses and carts; entrepreneurs were held back by the limited communication means. Then the French physicist Denis Papin invented the steam engine. Before the advent of air travel, small businesses shipped their goods by rail, enabling them to expand, broaden their horizon and create jobs with the new profits generated. At Econocom, there were 2,300 of us before ECS joined us in October 2010: now there are 3,700 of us, all working together towards the same goal. This is what we call **“sharing”**.

Today, the group needs to be large enough to keep apace with the every-changing world and ensure sustainable development for the company. It is precisely for this reason that we decided to join forces with a company with similar expertise and areas of business, and why we acquired ECS. Thus the group has doubled in size, volume and scale, and can now offer its customers a broader, more pan-European range of products. But all this is not without its risks and implied a number of commitments to our partners (bankers, suppliers) and to the group's employees. We shall accept the consequences for our actions. And at Econocom, we call that being **“proud to be responsible”**.







# And the winner is: the new Econocom Group

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## On the starting blocks: Econocom and ECS

In the beginning, the two competitors had the same founder, but they then each went their separate ways. ECS was now the subsidiary of a bank whilst Econocom was an independent group that had ranked n°1 IT service provider in a customer satisfaction survey for several years running<sup>1</sup>.

Both companies provided business-to-business IT and telecom infrastructures management services. They identified clients' needs, offered them the best hardware and software, financed it, and managed their assets to ensure optimal operability.

ECS had operations in 17 countries and 1,500 employees; Econocom was in 9 countries, with 2,300 people. Each group offered "enterprise solutions" tailored to the needs of their target markets: Econocom for key accounts and ECS for SMEs.

There was always a mutual awareness and respect between the two groups. And given their complementary sales forces and specialities – servers for ECS, distributed infrastructures and telecom for Econocom – here was clearly a future synergy in the making. In an increasingly competitive global market with IT and telecoms converging ever more rapidly, it is our duty to acknowledge that our businesses and our clients are changing. Not changing with them would have been irresponsible. And that's not Econocom's philosophy.

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1. Survey by EquaTerra: "Outsourcing" 2008, 2009 and 2010 – Service provider performance in the Belux. End-users questioned.



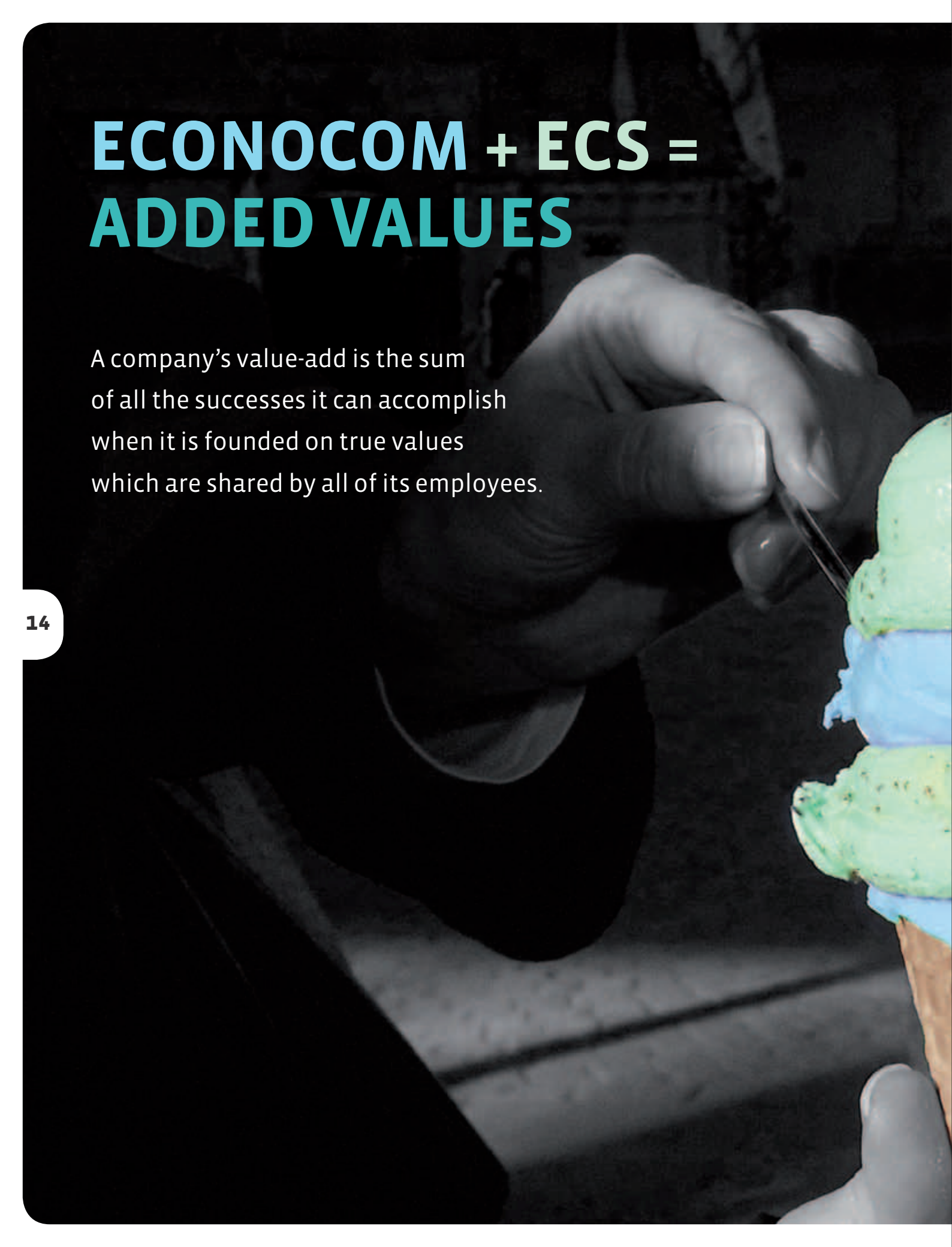
## And at the finish line: two winners

Since the groups joined forces, the new group – simply named Econocom – has achieved in excess of one billion euros and is now present in France, Belgium, the Netherlands, Italy, Spain, Luxembourg, Germany, the United Kingdom, Ireland, Romania, Poland, the Czech Republic, Slovakia, Switzerland, Morocco, the United States and China.

The new Econocom is the European leader in its field (ICT infrastructure services) and the combination of the two groups' strengths means it now has an unparalleled offering and scope in terms of geographical cover, business and equipment type.

# ECONOCOM + ECS = ADDED VALUES

A company's value-add is the sum of all the successes it can accomplish when it is founded on true values which are shared by all of its employees.









# BE ENTERPRISING

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To be enterprising means committing to something, creating, building.

It means using one's ingenuity and creativity to fulfil a dream and build something original. Being enterprising is setting a goal and doing everything in one's power to achieve it: training teams, giving them the best equipment, motivating them and leading them to victory.

At Econocom, being enterprising is part of everyone's job description. Being enterprising in order to build, being enterprising to anticipate, being enterprising to innovate. It means watching the world but not staying in the background: but by taking charge. That's how we came top in overall satisfaction surveys<sup>1</sup> for several years running...

## Econocom: ever more enterprising

Even in the world of IT, which revolutionised society in the same way as the invention of the printing press did in the 15<sup>th</sup> century, there's no reason to toe the line and be just a hardware supplier or software vendor. Econocom invented its business: and whether in the mainstream or on the fringes, following the main trends or in niche markets, we've always been right at the very heart of things.

## Being enterprising at all times and in all ways

In the 1940s in Harvard, the very first entrepreneurship theorist, Arthur Cole, identified four main types of entrepreneur: pragmatic, informed, sophisticated and

mathematically structured. These categories are still applied in the 21<sup>st</sup> century, and perhaps Econocom owes its success not only to its sporting spirit but to the combination of all these four qualities: it is pragmatic in the way it adapts its standard solutions to match the needs of its key clients; it is well-informed of developments in technology and incorporates them in to its products, even when the client hasn't requested it; and sophisticated as a company with four areas of expertise must be. And as for mathematically structured: that's the very least that can be expected of anyone in the IT sector!

## Be enterprising: one for all and – more importantly – all for one

There is more to a team than its players; a group is more than just the sum of its components.

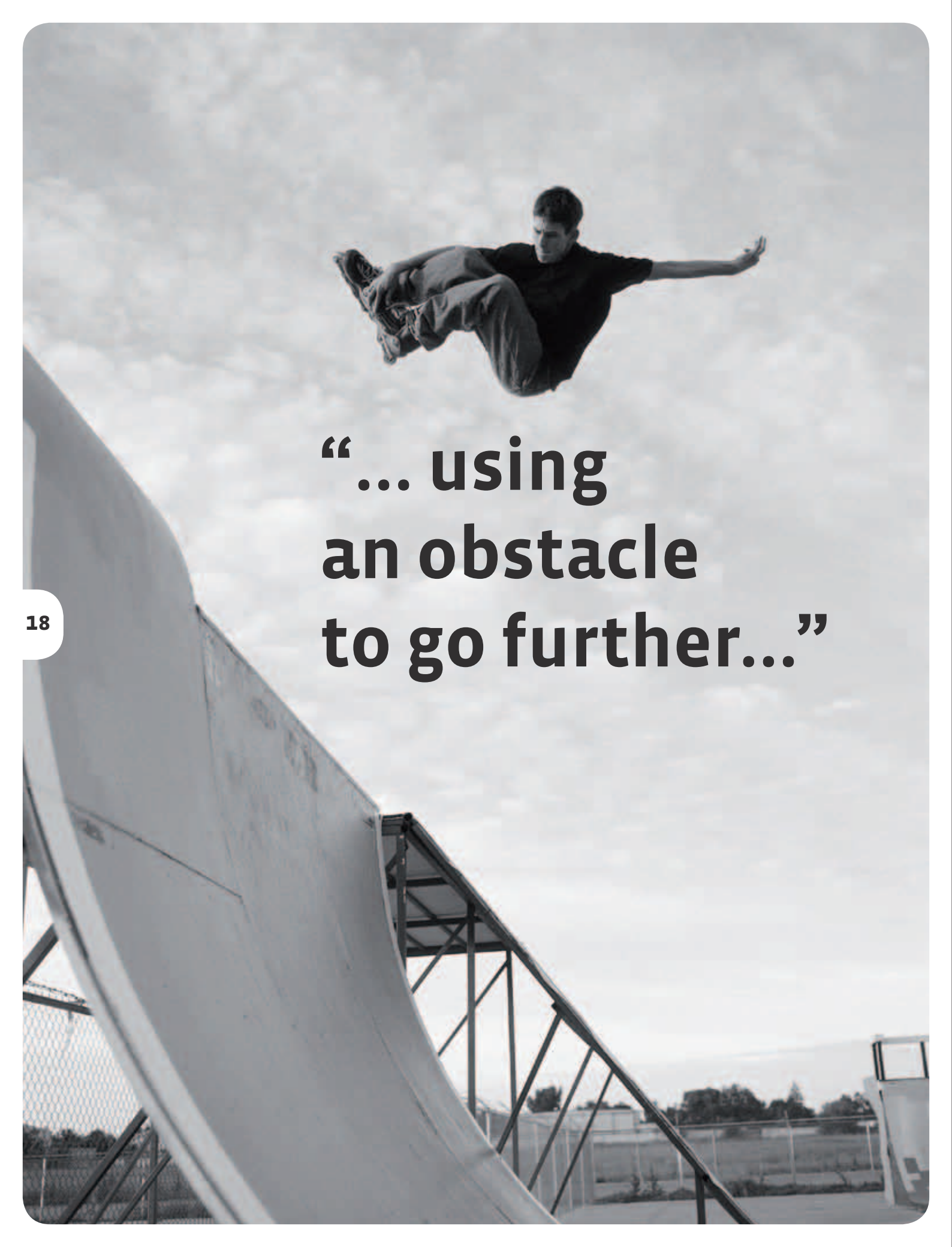
**Econocom too is far more than the sum total of its employees. It's those 3,700 personalities, 3,700 enthusiastic spirits and 3,700 creative minds that make the company what it is.**

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<sup>1</sup> Survey by EquaTerra: "Outsourcing" 2008, 2009 and 2010 – Service provider performance in the Belux. End-users questioned.



“...using  
one’s ingenuity  
and creativity  
to fulfil dreams...”

A black and white photograph of a skateboarder in mid-air, performing a trick above a half-pipe. The skateboarder is wearing a dark t-shirt and light-colored pants, with arms outstretched. The half-pipe is visible in the lower left, and the background shows a cloudy sky and some distant structures.

**“... using  
an obstacle  
to go further...”**

# BOUNCE BACK

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## Econocom, the obstacle course champion

Bouncing back isn't just one of the key principles of martial arts: it's also one of Econocom's values and a sign of its vitality. Bouncing back means using an obstacle - even a failure - to rise again and move ahead. This requires both a certain degree of clarity to acknowledge one's presence, and intellectual honesty to admit one's responsibility for the failure.

Econocom's philosophy has a great deal in common with that of judo: fair play, observing the opponent and using their strength against them rather than resistance, the importance of helping one another and making mutual concessions.

In a company, this means using an obstacle as a springboard, successfully weighing up the risks and benefits, teamwork, and successful collaboration.

## Failure is a pommel horse...

But before you can bounce back from an obstacle, you need to identify it!

Sometimes an obstacle is the economic climate, other times it's the competition. But it's always a challenge, and never insurmountable. The more enterprising you are, the more obstacles you come across, and the more risks you run. And the more opportunities to learn from your mistakes. *"Self-discovery comes when a man measures himself against an obstacle",*

writes Antoine de Saint-Exupéry in *Wind, Sand and Stars*. Econocom too has discovered in itself and its employees an almost infinite wealth of resources. It is by incorporating, building on and reorganising its resources – both in-house and external – that a company can adapt to its rapidly-changing environment.

## ... and a challenge is a springboard

*"Row, row, row your boat, Gently down the stream, Merrily, merrily, merrily, merrily, Life is but a dream."*

Life in a company isn't always a dream. And as for streams being gentle: they are anything but ask salmons. In order to succeed in the IT and telecoms world, Econocom has to keep its feet on the ground, focus on its own markets and businesses, and turn obstacles into opportunities.

In this respect, salmons and Econocom have one thing in common: they are both determined, both have a strong fighting spirit, and neither are strangers to overcoming obstacles. The salmon, instead of fighting against the current, uses the reverse current beneath to jump upstream.

**Econocom has also had its fair share of strong currents against it: and not all its attempts to swim upstream were successful. But the point is, it learned from these failures and turned them into opportunities.**



# FACE REALITY

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Edmond Rostand said “*Before acting, you must face reality*”. As the father of an eminent biologist (Jean Rostand), the author of *Cyrano de Bergerac* knew what he was talking about: facing reality is the essential prerequisite for action and prosperity.

## Is facing reality a value?

In order to be enterprising, you have to know how things stand, know where you’re going, know what the obstacles are and what the competition is doing.

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You cannot expect to win a competition if you don’t know the rules, if you don’t know whom you are up against, what records the other competitors are aiming to break, and if you haven’t devised a game plan based on all this knowledge.

Facing reality is about constantly gathering and organising knowledge.

Information is power, but the true power lies in how one uses the information. A database on its own is just a collection of useless information.

Its value-add lies in individual experience, and when everyone is looking in the same direction.

So does this mean that only human beings can face reality? No: any entity that can capitalise on its experience can do this. And what better entity than a company to do it?

## To go further, you need to see the big picture

The world’s greatest discoverers, be they explorers who struck out into uncharted territory or inventors who pioneered, were all driven by a thirst for knowledge. An insatiable thirst, that took them

further and further, beyond all boundaries.

A captain of a ship and a captain of industry have more in common than one might think: they may not wear the same shaped hat, but they both have that same insatiable thirst for knowledge.

## Face reality

What distinguishes a good brain from a head full of knowledge, is the way we apply that knowledge: a good brain reasons, rather than just spouting facts. At Econocom, we pride ourselves on this ability to reason, to apply our knowledge well, to face facts: to face reality. Without assessing the situation, there is no way to improve it; without the right tools, there are no good workers; without a good map, there are no explorers. Similarly, without a sound understanding of the market, no effective strategic decision can be made. Econocom knows how to assess its strengths and weaknesses and map out the best route to its goals.

## Knowledge: Econocom’s chief asset

Facing reality is also the intangible resource that enables Econocom to create value, to forge and maintain its strategic advantage. The strategy and management specialist Robert M. Grant defines a company as “*a place where each person’s individual knowledge is combined*”.

**This could not be truer for Econocom, where the number of individual knowledge has just doubled, making us better-equipped than ever to face reality and offer our clients the benefits of our knowledge.**



**“... facing reality...”**

# SHARE

.....

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## What matters most: grey matter!

Albert Schweitzer said that: *“Joy is the only thing that is doubled when it is shared”*.

Far be it from us to contradict a Nobel Peace Prize winner. Although what the illustrious physician didn't say was that knowledge and experience also double when they are shared. This is fortunate for us, because at Econocom, our most precious commodity is intelligence.

Econocom has four businesses and hence, four pools of knowledge. But it is not just this body of knowledge that we share: it is also the experience, imagination, and intuition of each and every employee that are the company's real strength and source of creativity. By constantly updating and adjusting these qualities through exchange, we can open up endless possibilities in terms of optimising efficiency, competitiveness, and innovation.

After all, knowledge is a team sport.

## I know, you deduct... and Econocom invents

The secret to our success is combining all our employees' knowledge, experience, and creativity so that our customers can benefit from it.

Sharing means sharing not only our success and achievements, but also our difficulties, so that we can find solutions and innovate.

In the past few years, social networking platforms (Facebook, Twitter, Viadeo, etc.) have revolutionised the way we communicate. This instant information sharing allows each user to benefit from the others' experience.

For Econocom, today's world is all about mobility and being able to work anytime, anywhere. Working together is a far more rewarding communication experience than all the social networks in the world. It is only logical then that these very platforms are now reaching their full potential and contributing to the company's development.

## There are no problems, only solutions

Econocom's solutions are fine-tuned for its customers. They are the result of a team effort from employees from different business lines who work together, in a spirit of sharing and cooperation, to create solutions that are tailored to clients' needs.

**And our customers expect a great deal from us precisely because they know they can: they're dealing with professionals whose short, medium and long-term aim is their satisfaction.**



**“... a far more  
rewarding  
communication  
experience...”**



# PROUD TO BE RESPONSIBLE

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## An (almost) unlimited liability company

To whom can the following quotation be attributed: *“Our group as a whole is responsible for the books of each of its members. (...) That is one of the peculiarities of our Company?”*

A clue: the “Company” in question isn’t Econocom, and the person who said this is more famous for his “wager” than for success stories...

It was Blaise Pascal. And the Company referred to the Jesuits.

And yet what he said is equally relevant for any type of company, be they unlimited companies or otherwise, with or without a supervisory board.

Some companies accept this sense of responsibility, others don’t.

Econocom does, and is proud to do so.

## Don’t pass the buck

There is a certain school of thought that advocates shifting responsibility to others: *“Mr Dontaskme or Mrs Theydidit Notme.”* I’m just a scapegoat, a patsy, a fall guy, a victim.

Econocom does not subscribe to that particular school of thought. We identify more with Saint Exupéry’s *The Little Prince*, who said: *“To be a man is to be responsible; to be ashamed of miseries you did not cause; to be proud of your comrades’ victories; to be aware, when setting one stone, that you are building a world.”*

Econocom has set a stone to build tomorrow’s world, a world in which people can communicate anytime, anywhere.

## If you’re not moving forward, you’re moving backward

Fear of failure, fear of the unknown is just an excuse for doing nothing. Econocom does the opposite: it’s in the race. The race to the future, progress, and development.

**Taking responsibility for your actions means being willing to accept all the consequences, both positive and negative.**

**When Econocom offers a solution to a client, it makes a commitment, a commitment to their satisfaction.**



**“... being willing  
to accept all  
the consequences  
of your actions...”**

# ECONOCOM'S CAPITAL: VALUES AND BUSINESSES

If Econocom were...

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**If Econocom were an animal?**

**It would be a chameleon**, because it can adapt to any situation with tailored, turnkey solutions.

**If Econocom were a flower?**

**It would be a sunflower**, constantly moving, always facing the sun, both aesthetic and productive.

**If Econocom were a fruit?**

**It would be a passion fruit**, because its 3,700 employees are driven by passion.

**If Econocom were a trade?**

It would be neither a manufacturer, nor a telecoms provider, nor a financial institution, but **a services – in the plural – provider**.

## Econocom: leadership and a unique positioning

Econocom is the only European independent service provider that specialises in four different fields, to offer today's businesses tomorrow's performance tools.

It is the very air that companies breathe: in both its tangible – the equipment – and intangible form – information. As a company grows, so does the sheer mass of data it has to handle, and often at a greater rate than the products it sells.

# IF ECONOCOM WERE...

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# BUSINESS: DISTRIBUTION

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## A value-add services provider

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These days, managing a company's IT department involves negotiating with a multitude of contacts: experts to identify needs, manufacturers, distributors, etc. Then it's just a matter of putting it altogether. Econocom's primary value-add is that it's a one-stop partner to address clients' consultancy, procurement (Econocom is independent and as such chooses, for each situation, the solution that delivers the best value for money and is best-suited to the client's needs), storage, customisation, delivery, installation and recycling requirements. Econocom is an IT architect that implements state-of-the-art technologies, such as server and desktop consolidation and virtualisation. In 2010, Econocom delivered in France and Belgium more than 250,000 parts including 56,769 desktops, 66,815 laptops, 6,415 servers, 58,208 printers, 70,814 monitors.

### In "IT and telecom distribution", the operative word is "distribution"

A few years ago, photocopiers in offices were managed by a company's Facilities department. Now that they double as printers and are therefore connected to computers, they have since come within the IT department's bailiwick. Mobile phones followed a similar pattern: with the addition of email and web-surfing capabilities, such devices are also the IT department's domain. As such, they are also part of Econocom's distribution offer. And we provide the service too.

Econocom is developing its distribution offering and broadening it to include value-add solutions: photocopier integration, mobility and even more recently, IT and medical systems integration.

### A happy customer: the hospital

Hospitals, like any other establishment, focus on optimisation, excellence and cost-cutting, objectives that can be mutually contradictory. Econocom's expertise as a systems integrator means it can combine the best hardware selected from manufacturers with the best software from vendors and create packaged solutions tailored to hospitals' requirements (medical staff and patients). In Belgium, Econocom has equipped a prototype fully-computerised and connected hospital (including the operating theatres), in compliance with the establishment's health, safety and traceability requirements. An operating theatre equipped by Econocom costs half as much as by a specialist medical equipment supplier.

Econocom has also supplied monitors (standard, but also surgical, diagnosis, digital displays and X-ray viewers), fixed computers (PCs, interactive terminals) and mobile computers (laptops, tablets and all-in-one medical equipment carts), as well as accessories (ergonomic accessories, mice, keyboards, magnetic cards, carts, etc).

The biggest challenge, however, is the HIS (Hospital Information System), which is vital for everyone,





everywhere, all the time. Econocom ensured that this focused on the patient, operating theatre and medical staff by guaranteeing data security and compliance with hospital standards. In the operating theatre, Econocom developed an interface that manages the flows of information between the various medical equipment and monitors. Anaesthetists, surgeons and nurses all need permanent access to different data. Now each member of the hospital staff can organise the data on their monitor without disturbing their neighbours: thus the doctor can view the images of organs on the diagnosis monitor, whilst the nurse checks the vital signs on another, and so on and so forth.

## Future proofing

Econocom implements geolocation solutions for patients and resources (barcodes, ID bracelets, bedsides, carts, etc). Its operating theatre expertise

covers cabling, multimedia equipment and IT integration. Everything has to be planned for the next twenty years: for example, if surgeons will be operating with 3-D glasses in three years' time, the cabling for the necessary devices needs to be installed now. In patients' rooms, a single monitor can be used as a television, computer, telephone, medical records display and remote control for everything. Patients can therefore watch TV, raise their bed, and communicate with their families. Meanwhile, the nurse can make a note of the patient's temperature and medication, and the doctor can check X-rays and scans. Smart medical carts will enable nurses to reduce their journeys by two thirds as they comply with medical health and safety standards: this means that they can go into patients' rooms with not only the medical equipment, but the computer to record the information on, whilst the battery power available guarantees them almost total self-sufficiency.

# BUSINESS: LEASING

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## ECS invented IT leasing, Econocom perfected asset management

### Buy or produce?

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The very concept of leasing does not sit well with the European mindset, so ownership-oriented are we by nature. And yet the very fact of buying a computer triggers off an endless series of administrative, maintenance and repair tasks for a company: placing the order, taking delivery, receiving the invoice and checking it against the delivery note, authorising payment, paying the invoice, recording the computer as fixed assets, writing down the net book value until depreciation, arranging for recycling at the end of the machine's useful life – not to mention all the intermediary movements which entail yet more administrative chores. All these tasks do for a company is prevent it from focusing on its core business. So rather than invest substantial amounts, why not record IT tools as operating costs and keep the business' capital for more value-add, less time-consuming projects?

### Econocom develops a financial service into simply a service

By using the services of professionals who guarantee complete management of a client's IT and telecoms assets, a company can focus on its core business. Econocom takes on the burden of financing and real-time administration of the equipment and offers the client permanent tracking of its assets. Our web-based asset management tool, Master IT,

originally devised especially for a major client and since developed for other customers, offers a series of technical and financial dashboards, thereby ensuring a comprehensive view of the company's assets and investments.

### Econocom: keeper of the temple

From the delivery of the equipment, through to collection and every stage in between, IT asset management requires specific expertise – expertise Econocom has. It is noted for its wealth of experience in the field and its commitment to seeing asset management projects through successfully. Econocom has also invented an innovative financing scheme: TRO, Technology Refresh Option, which enables companies to manage their IT and telecom budget over time whilst benefitting from regular technology refreshes.

# Legrand, a major local client

Legrand is the world leader in equipment for electrical installations and information networks, with 30,000 employees in 60 countries and a €4 billion revenue. It is – rather appropriately – headquartered in Limoges, France, the world porcelain capital (the very first fuses were made of porcelain, QED).

## The beginning of a historic partnership...

The longstanding relationship between Legrand and Econocom began back at the end of the last century, when ECS provided them with IBM spare parts, and then progressed to distributing second-hand, then new servers, and eventually installation and maintenance. The partnership was consolidated in 2003 when ECS set up a technical branch in Limoges and became the exclusive maintenance provider for all Legrand's IBM equipment, including mainframes, AS 400s, peripherals, storage, display and printing. ECS passed this trial period with flying colours and on 1 January 2004, Legrand signed an additional contract for its Sun Microsystems equipment, including provision (purchase and lease) and maintenance.

## Switching all their IT assets over to leasing

The European Master Agreement signed in 2004, with a potential coverage of 10 countries, began with a sale-and-leaseback in France and Italy. The agreement was gradually extended to include Spain, Portugal and the United Kingdom, and in 2005, Legrand also handed over maintenance and services for its Windows and HP-UX servers, hitherto provided by the manufacturers, to ECS.

## From multi-contracts to a single contract

Up until 2008, the lease contracts were quarterly, meaning a total of 8 contracts a year for the first two countries. In the interest of optimising budgets and simpler administrative management, these were replaced by a single annual "IT Control contract" for each country, renewable each year. Meanwhile, an IT outsourcing contract for the client's AS 400 servers, which had previously been managed by the in-house resources, was also signed.

***"Having worked with ECS (now Econocom) for a long time, we were well aware of their professionalism and so had complete faith in them,"*** says Michel Casteuble, Chief Operations and Services Officer at Legrand. ***"Furthermore, even up against the Indian competition, their offer was financially very competitive and also offered us the additional assurance of using a French service provider."*** This contract has only just begun, and both sides are still finding their feet, but, as Michel Casteuble goes on to explain: ***"Econocom are consummate professionals. They know how to bounce back and learn from any incidents that arise. They are reliable, patient, and take the time to explain things clearly. We look forward to taking our partnership even further."***



# BUSINESS: SERVICES PROVIDER. SERVICES IN THE PLURAL

Whether mainframes or desktops, prevention is better than a cure, but at Econocom, we also know how to cure. Econocom's offering is a three-set service that covers all infrastructure types.

## First set: servers

The Business Continuity offer, formerly one of ECS' flagship products, will maintain the ECS Econocom Group brand. This comprehensive management, maintenance and administration, service covers the entire data centre, from data storage and networks to security systems and data servers, irrespective of their size.

Econocom's services span the entire server range, from small servers to mainframes, used for organisations from banks to space agencies, through midrange systems used by major retail outlets and small and medium-size companies and industries. IT departments can rely on Econocom to advise, audit, fix, manage, update and upgrade not only their IT platforms but the related operating systems, databases and applications software used by staff.

## Second set: workstations

Today's workstation is an intelligent terminal, be it in the form of a desktop, laptop, tablet or smartphone. Integrating them into a company's IT system involves three basic stages: design, build and run.

In this respect, an IT department must accommodate this diversity, choose the right hardware and software, procure it and then gradually install it on each employee's workstation. This process consequently requires complete availability of the company's in-house resources.

Alternatively, a company can export and import solutions, by outsourcing to Econocom what in IT circles are known as "integration and operational services for distributed infrastructures". The first phase, involving designing the target environment, takes place in conjunction with the company's IT department. Phase two, building the IT system or systems, is partly handled by Econocom without any day-to-day active involvement from the company. When it comes to migration, Econocom ensures both a seamless transition and maintenance for the new platform.



## Game, set and match: Business Continuity Services for **Dassault Aviation**

Econocom's Business Continuity offering ensures clients up to 24/7 cover.

How? It's simple: with a single point of contact offering a range of services and solutions to ensure anticipation and reliability, regardless of the make, type of IT or telecom equipment, and criticality.

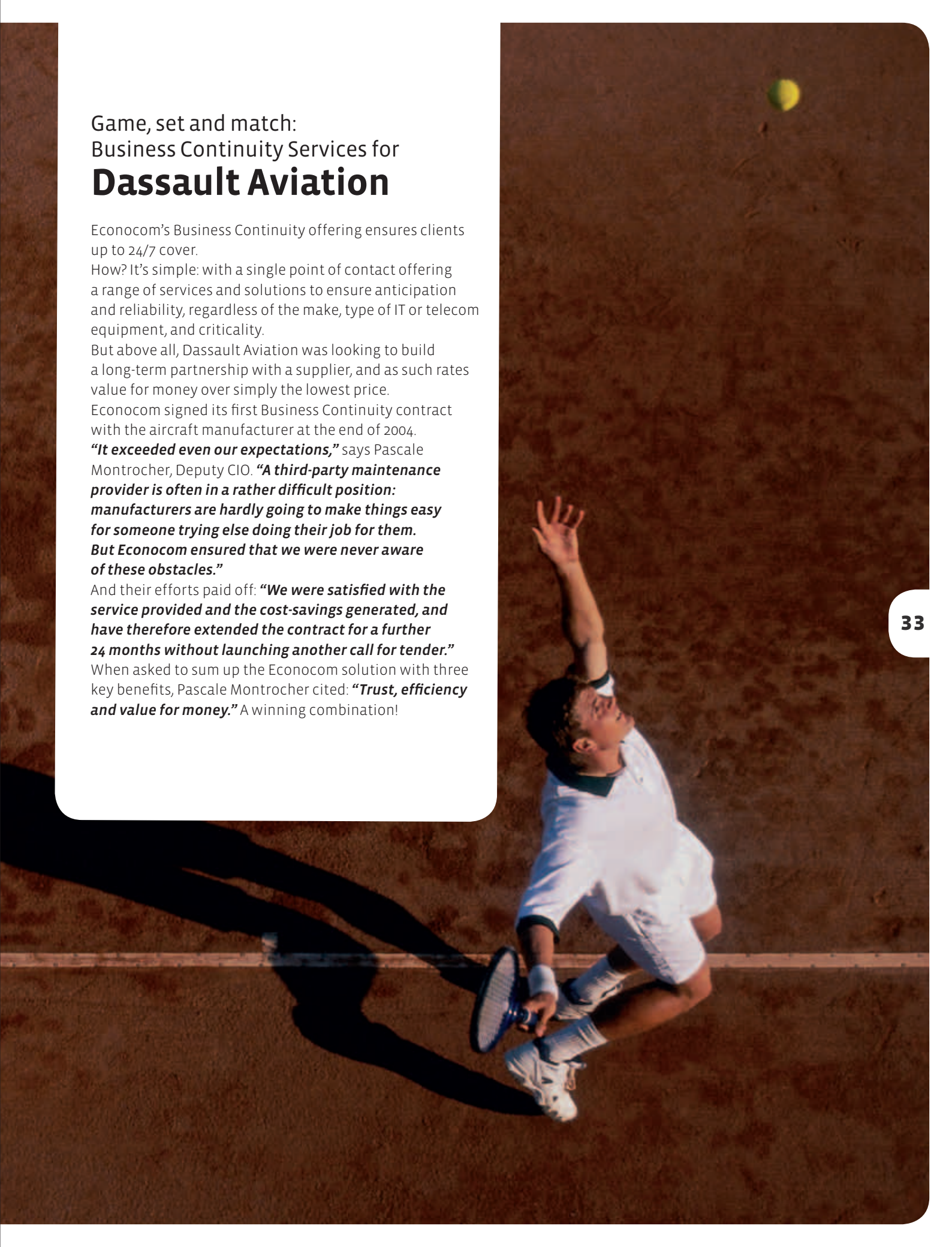
But above all, Dassault Aviation was looking to build a long-term partnership with a supplier, and as such rates value for money over simply the lowest price.

Econocom signed its first Business Continuity contract with the aircraft manufacturer at the end of 2004.

***"It exceeded even our expectations,"*** says Pascale Montrocher, Deputy CIO. ***"A third-party maintenance provider is often in a rather difficult position: manufacturers are hardly going to make things easy for someone trying else doing their job for them. But Econocom ensured that we were never aware of these obstacles."***

And their efforts paid off: ***"We were satisfied with the service provided and the cost-savings generated, and have therefore extended the contract for a further 24 months without launching another call for tender."***

When asked to sum up the Econocom solution with three key benefits, Pascale Montrocher cited: ***"Trust, efficiency and value for money."*** A winning combination!



# BUSINESS: TELECOM

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## Mobility is the future: at Econocom, it's already here!

Econocom was part of the mobile phone revolution. Econocom, the leading integrator of comprehensive business-to-business mobile solutions, currently manages some 250,000 lines, 150,000 of which include a service contract.

### A single interface for a seamless, streamlined partnership

Mobile telecom solutions involve a constantly-changing ecosystem of providers, both technical and other. A provider that doesn't specialise in the field may not have the requisite expertise and information to choose the right provider and the right technology. Econocom can. It will design the solution, implement it and monitor it over time.

### Building bespoke mobility solutions

Econocom has the telecom engineering expertise to roll out tailored solutions based on industry standards.

That means each employee has the equipment that is best suited to his or her specific needs, activating both mobile and landlines and managing them, making the arrangements, if necessary, for switching from the existing telecom provider, and handling all operations: customising the handsets with the necessary business applications, data transfer and roll-out. Not to mention asset management (maintenance, user support, refresh) and upgrades.

### At Econocom, it's our job to "make it work"

Econocom has developed a tool called Telcare, which – as the name suggests – takes care of telephones. If any problem arises, just press the dedicated Telcare key for a diagnosis from an expert who can resolve all manner of level-1 incidents. If the problem does not fall within his area of expertise, the Econocom helpdesk number is displayed so the user may call from another extension without wasting any time. The person from the hotline who takes the call has access to the Telcare diagnosis, which, again, saves time. Another key advantage of Econocom's service is responsiveness: within 24 hours of reporting the dysfunction, the user will receive a new, fully-operational phone equipped with the same features and applications as the previous one. Meanwhile, the original telephone is sent to the manufacturer for repair. Econocom then receives it, checks the repairs and updates all the configurations installed on it.

### We like our customers, so we take a particular interest in them, managing every aspect of their budget and finances

Econocom has devised special mathematical models to help clients monitor and reduce their expenditure. When auditing a new client's account, the Econocom team can immediately identify savings of up to 20% to be made in telecom expenses. This service is called TEM: Telecom Expense Management.





## **Deloitte** chose Econocom for a mobile fleet and 3G cards management solution

When Deloitte France, one of the world's leading audit and professional service firms, chose Econocom to manage its fleet of smartphones, they were hoping to **"benefit from a range of value-add services and skilled staff."**

As Marc Zuili, Chief Information Officer for Deloitte France, explains: ***"A fleet of smartphones should be managed like a PC estate, not "just" like telephones. Econocom has a highly effective administration tool that tells us at any given time which employee is using which device and how much they're using it. At Deloitte, employees' mobile contracts depend on their status. We therefore interfaced the Econocom application with our HR software: this way, the administrator can activate mobile lines for new recruits without waiting for prior approval and upgrade employees' mobile options when they're promoted."***

## An Econocom telecom technician at Deloitte

Econocom also provided deskside support, sending Deloitte France a telecom expert with dual expertise as an administrator and a technician to assist the support teams in charge of Deloitte's 3,500 employees. ***"Econocom's back-office expertise was vital to us"***, says Marc Zuili. The telecom administrator handles all the administrative side of the mobile subscriptions, both for voice services for 1,500 lines for Orange Business Services, and for SFR for transferring data from the 2,200 3G cards: this involves activating lines, changing options, tracking, etc. The telecom expert is also in charge of after-sales service: diagnosis, repairs, and providing a courtesy phone. Deloitte staff choose their replacement smartphone from an in-house catalogue, either for the phone refresh every two years, or if their handset breaks down. Four hours later, the Econocom administrator personally delivers their new phone, configured with the relevant business applications. Econocom's own integration server satisfied the client's requirements and now industrially manages all the SIM cards, as well as handling installation of business applications on the company smartphones.

# BUT ALSO... CREATING SOLUTIONS

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Econocom's businesses are IT and telecom distribution, asset management and providing services to companies in both these areas. All these services are delivered with substantial value-add, in terms of both quantity and quality: innovation. The source of this innovation Econocom brings to the market is its business, and it is driven by its clients' needs.

## Profitability and streamlining

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These essential watchwords are ingrained in the landscape of any company. The golden rule is: "save money", a harsh reality that requires the expertise of a company like Econocom: not only can it offer the best value for money for hardware, software and services, but it can also streamline costs. Its experience in this field has shown that sometimes, as many savings can be made by improving a process as by replacing equipment.

## Finding the problem is finding the solution

When a company purchases or leases a printer, it pays not only for the machine, installation and maintenance, but for the consumables and paper too. At this point it can find itself (or else, Econocom can) at the heart of the consumables and recycling management issue, where the solution is no longer a question of simply replacing so many printers but a broader issue of implementing a company printing policy. It is precisely for this reason that Econocom created *Papyrus by econocom*, which provides a service that calculates printing costs per page.

## A whole new industry

Streamlining, cutting costs and addressing the underlying ecological issues is an industry in itself, relying on the expertise of other business lines to address specific problems for the client. The solution could be replacing the equipment and/or optimising a process or service.

Once a tailored solution has been developed for a customer, it can be used for others. Econocom now offers 5 enterprise solutions: *Desktop on Demand by econocom* for industrialised management of the IT and telecom supply chain, *MyPC by econocom* for streamlined PC lifecycle administration, *Mobileasy by econocom* for effective, overall management of your mobile fleet, *Papyrus by econocom* for overall management of a company's printing policy, and *7 Remote Services by econocom* for centralised IT asset administration (and migrating to Windows 7).

A full-page background image of the Burj Khalifa in Dubai, United Arab Emirates, during the 'blue hour' of dusk. The tower is illuminated with warm golden lights, contrasting with the cool blue and purple tones of the twilight sky. Other skyscrapers of the Dubai skyline are visible at the base of the tower.

# BE ENTERPRISING:

“...using one’s ingenuity  
and creativity  
to fulfil dreams...”

*Burj Khalifa, 828 metres, highest tower in the world, Dubai*



## AN ASSUREDLY EFFECTIVE SOLUTION FOR **GROUPAMA**

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*Desktop on Demand by econocom* is a comprehensive solution for industrialised IT supply chain management. With *Desktop on Demand by econocom*, Groupama, the leader in the highly competitive health insurance market, was assured of the best IT management service possible.

### The key word: trust

In France, Groupama is divided into 9 regions. One of its largest, the Centre Atlantique, signed a TRO (Technology Refresh Option) contract for a *Desktop on Demand by econocom* solution to refresh and manage its 2,000 PCs located at the headquarters in Niort and 6 administration centres and branches across 11 departments. Jean Lopez, IT & Logistics Director for Groupama's Centre Atlantique region, was impressed by both the benefits of the *Desktop on Demand by econocom* offer and the customer service: **"We wanted to improve our IT management solution and the Econocom offering was ideally suited to our needs, both in terms of value for money and scalability. Quite apart from the technical efficiency of the solution, we were impressed with our Econocom contacts: all the people we dealt with were capable, honest and understood our needs and the pace at which we work."** Virginie Martin, Coordination and Strategic IT Manager, in charge of monitoring the financial aspects of the project at Groupama, was

equally enthusiastic: **"Thanks to the Master IT tool provided by Econocom, the order process is smoother and ensures complete visibility of the hardware and invoicing. The Econocom team was also very responsive too: whatever the question, they always come up with an answer within two hours."**

### "Adaptability, flexibility, professionalism"

This is how Jean Lopez and Virginie Martin sum up the key benefits of the Econocom solution. As an insurance company, Groupama naturally has peak periods, and it was therefore vital that *Desktop on Demand by econocom* keep up with the changing workloads. And it does: Econocom takes delivery of the equipment, images it (customises each machine with the relevant software and business applications), and installs it on site. It also collects and recycles the old equipment. **"Desktop on Demand by econocom is a modular solution and we have yet to take advantage of its full potential. But thanks to this scalable solution we are now ready for future challenges,"** says Jean Lopez.

# STIB CHOOSES MYPC BY ECONOCOM FOR EVERYTHING, EVERYWHERE

## MyPC by econocom is...

An IT equipment management solution, from procurement to end-user services, and from ongoing management to asset financing. *MyPC by econocom* guarantees enhanced performance by optimising the IT assets: a more homogenous equipment base, streamlined licensing agreements, faster processing of requests, and more efficient user support. It is also an effective cost-cutting solution, with better purchase prices negotiated, lower service costs via optimised maintenance, and no indirect costs. Above all, it's a budget control solution, as Econocom constantly monitors costs, automates reporting and plans technology refreshes.

## STIB: on the right track with MyPC by econocom

STIB (Société des Transports Intercommunaux de Bruxelles) is Brussels' urban public transport company. With a network of trams, buses and metros carrying some 291 million commuters a year to run, its IT requirements are substantial.

*MyPC by econocom* currently manages 3,000 PCs for STIB across some fifty or so locations around Brussels, including offices and metro-tram-bus ticket offices. The solution offers STIB a consistent, effective IT fleet and an accurate view of technology costs.

Furthermore, synergies are being generated between STIB's remote IT user service and the PC lifecycle management solution offered by *MyPC by econocom*. Econocom is also in charge of migrating STIB's PCs to Windows 7.

The contract signed with STIB is estimated to be worth €17 million, including around €9 million for services and licences, and €8 million for leasing the hardware over 6 years – all of which is naturally covered by SLA (Service Level Agreement).

## FROM GUTENBERG TO PAPYRUS, VIA ECONOCOM

Sociologists originally predicted that the advent of computers would mean the end of traditional paper consumption. And yet, paradoxically, quite the opposite has occurred: 1 to 3% of a company's budget goes on printing and the number of pages printed rises by 20% a year<sup>1</sup>. This is where *Papyrus by econocom* comes in, a solution now used for some 65,000 printers by our clients.

### A sensible and rational approach

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When Econocom takes over the complete management of a company's printing system, the client not only benefits from reduced costs and a wider portfolio of manufacturers to choose from, but is relieved from the burden of ordering consumables and dealing with surplus stocks of toner cartridges rendered useless each time the company switches to a different printer.

It all begins with an audit: Econocom identifies the number of printing points in the company and counts the number of pages printed. This enables them to identify and collate the various printing costs and draw up cost centre reports. Optimising volumes is one thing; optimising the equipment lifecycle is even better, but the ultimate aim is for the company to identify the exact printing cost per page.

### More for less

Econocom reduces its clients' printing costs by negotiating the prices of consumables, setting users' rights and drafting a printing users' charter to help reduce non-essential print-outs.

Most importantly, it allocates printing resources in line with the volumes printed. And all this without affecting quality, as the infrastructure itself is constantly operational, thanks to automatic incident reporting, deskside visits from the technical team within the contractually agreed response times, automatic restocking of consumables and tracking of usage.

### If the Ministry of Finance doesn't know about cost savings, then who does?

The Belgian Ministry of Finance (Service Public Fédéral Finances) launched a European invitation to tender and opted for *Papyrus by econocom*, with a view to making €5 million in savings after the 5-year contract.

***"Econocom won the deal because it offered by far the best value for money,"*** says Louis Collet, ICT Director. The solution allows the ministry to optimise and manage effectively and proactively the consumables for a fleet of 25,000 printers spread over 650 sites. The specific printing management processes offer complete visibility over the client's printer fleet and utilisation costs. ***"It's a complex project,"*** explains Louis Collet. ***"The service provider has to be constantly on the alert. Sometimes, locating the printer on which an incident has been reported is like going on a treasure hunt. But we are delighted. Econocom is a highly reliable, professional, competitive service provider. And having tested its product, we can confirm it's every bit as good as it looked!"***

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1. Survey by research and advisory firm Gartner

# A COMPREHENSIVE MOBILITY SOLUTION

The *Mobileasy by econocom* solution enables companies to build and roll out their mobile IT fleet. It also offers a comprehensive IT outsourcing solution including help desk, tracking of telephone usage, business continuity for the mobile fleet, and financing – all for a single fixed rate.

**ACCENTURE is an international management, technology and outsourcing consultancy firm employing over 215,000 people in more than 120 countries, around 5,000 of whom are based in France.**

## Once upon a time...

Until 2005, a number of Accenture's staff were using their own mobile phone and claiming the cost back on expenses – a system that was both costly and unfair, as not everyone was entitled to it. Realising that a solution needed to be found, Accenture launched an invitation to tender to supply a fleet of 2,500 smartphones. Progressing from a few dozen phones to over two thousand was quite a change in itself; but offering employees state-of-the-art smartphones was revolutionary!

## And the winner was...

Econocom was selected to provide mobile fleet management, user support and telecom cost management, which included reporting and monitoring of phone bills - with both the users' and telecoms providers' full knowledge - and ongoing optimisation through an analysis of these costs. Econocom is used to working with a portfolio of telecoms operators: Accenture had selected Orange for the voice part (i.e. telephone calls) and SFR for the data (data transfer). For Marc Thiollier, Managing Director of Accenture, this unique multi-telecoms provider approach was one of the key benefits that swung the balance in Econocom's

favour: ***"Econocom has the critical size and ability to work with the financial model used by telecom operators, whilst remaining independent from them. This was crucial for us, as our main concerns in terms of mobile fleet management are invoicing and cost management."***

## Dedicated on-site assistance

Accenture was satisfied with Econocom's service and, in 2007, the contract was renewed, with an additional and rather innovative touch: the setting up of a "mobile service desk" run by an Econocom staff member at Accenture. This "Mr Mobile", who solves all users' mobile phone issues, is one of the special fringe benefits Accenture staff are entitled to, along with dry-cleaning, transport, and a travel agency. ***"Our consultants are often out seeing clients,"*** says Marc Thiollier. ***"A problem with their smartphone could lead to serious difficulties. Even replacing a SIM card, for people who spend as much time on the move as our employees, can be a problem. But with our very own on-site Econocom telecom expert, any incidents are resolved quickly and efficiently."***

## Tomorrow Europe... and the world

The French contract was then rolled out in Benelux, a strategic decision which firmly places Econocom as Accenture's main mobility partner. The contract also complies with current environmental requirements, another key concern for Accenture, who already applied the WEEE (Waste Electrical and Electronic Equipment) directive even before it was passed, and now has its mobile recycling handled by Econocom. And bearing in mind that users keep a smartphone for an average of between 18 and 24 months, this is more than just a minor detail.



# STRATEGIC VISION: A BUSINESS FOR THE FUTURE

*"I'm one of those "techno-dinosaurs" who can remember the beginnings of IT, the first PCs, then the advent of intelligent and communicating objects, and who will also probably see physical computers as we know them become extinct altogether and replaced by entirely digital objects. I am fortunate to work in an industry that gives me access to the very latest technology, so I can try it out and think of ways it can be used, thereby opening up a strategic vision".*

Jean-Louis Bouchard

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## A finger on the pulse of technology

In today's world, working "anytime, anywhere" requires real-time synchronisation of all the programmes and data on the tools we use: computers, smartphones, tablets, etc. This synchronisation is often complex and requires the expertise of technicians, which comes at a price. But in the future, everyone will be able to afford it. This very democratisation of technology will be largely due to cloud computing.

## Cloud computing: a major project

Whereas microcomputers brought information processing closer to the user by offering greater self-sufficiency, cloud computing creates endless possibilities by processing the information on a remote central system – the location of which is almost irrelevant. Gartner defines cloud computing as a style of computing where massively scalable IT – related capabilities are provided "as a service" using Internet technologies to multiple external customers. The fact is, we already use this technology without realising it: with our computers, smartphones and tablets, we access data that is processed on central servers about which we know virtually nothing. After all, who knows where Google's servers are



actually located? And what of our everyday financial transactions? Who can tell: the banks also work in cloud computing mode.

Econocom has embraced the cloud computing trend in its innovations. And not merely in the interests of delivering efficient customer service, but because the technology is profitable: Econocom is always aiming for the best for less. The cost-savings we help our clients make can then be reinvested in innovation and enhancing their competitive edge.

## Total virtualisation: in the not-too distant future

In the past few years, virtualisation technology has advanced in leaps and bounds and is now ready for widespread use. In the future, virtualisation will take over not only companies' IT architecture, but also our everyday digital equipment. Whereas it started as an addition to the physical infrastructure, virtualised or logical infrastructure is now set to replace its physical counterparts altogether. The potential progress in almost every area of human activity is phenomenal: not least of which in medicine, with its diagnostic equipment, thermometers, blood pressure meters, X-rays, scans. By just touching a television screen or mobile phone monitor, we will be able to display our blood pressure, temperature, even our DNA. Education is another area that is set to be revolutionised by technology: for future generations, the traditional blackboard will be nothing but a relic. And governments have followed suit, with the growing number of online services and information sources (tax returns, address changes, etc.).

Econocom keeps apace with these developments and adapts its products and services accordingly. It is already well-established in these particular markets, and recently won a tender by the European Union for the delivery and maintenance of 108,000 desktops, including some virtualised, for the various European institutions.

## Econocom: fostering talents

At Econocom, converging offers and expertise is part of our culture, which is how we devised a range of "enterprise solutions". The most recent, *7 Remote Services by econocom*, ensures clients a seamless migration to Windows 7. In Belgium, we have set up a special end-to-end (hence its name, "A2Z") IT asset outsourcing solution for SMEs. We will now be building on our experience and success in this market by launching the same offering in France. In order to succeed, we need to keep up with technology and anticipate clients' needs, so that we can develop solutions to help businesses face the future with confidence.

## At Econocom, the future is already here

It started the day Econocom had 3,700 employees and 20,000 clients, extended its geographical cover and increased its business expertise. Why? Because the group has reached a new dimension that establishes it as a force to be reckoned with on the European IT and telecom market.

It also began with the development of digital infrastructures and the proliferation of intelligent objects. Why? Because Econocom predicted this trend, seeing it as a natural progression of its convergence offering. All professional users should be able to work anywhere, anytime, with any intelligent object. But we still have a long way to go. Econocom will continue to build on its digital expertise and become the Econocom of tomorrow.

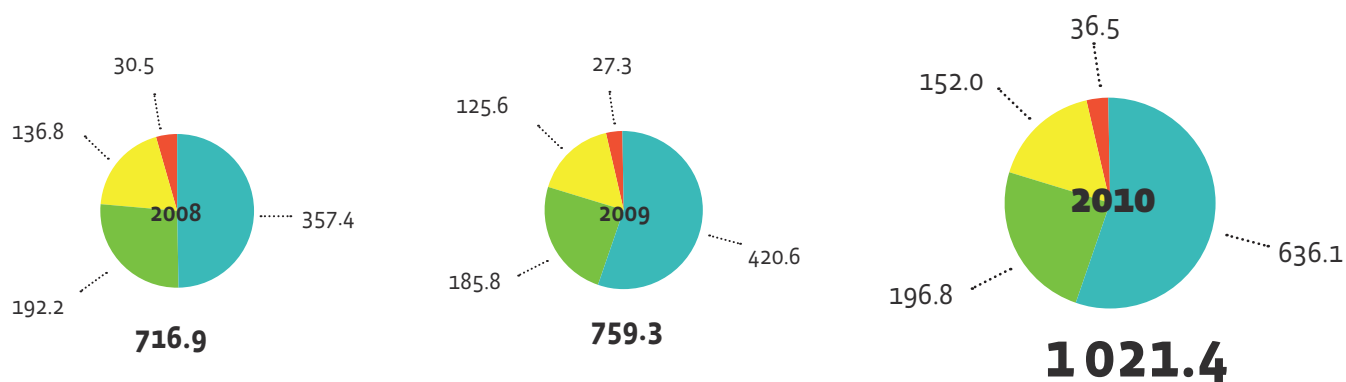
# 2010 KEY FIGURES

## Condensed income statement (in € millions)

	2008	2009	2010
Consolidated revenue	716.9	759.3	1 021.4
Recurring operating profit	25.6	28.7	47.0
Net profit Group share	18.8	20.3	28.8

## Revenue by activity (in € millions)

44

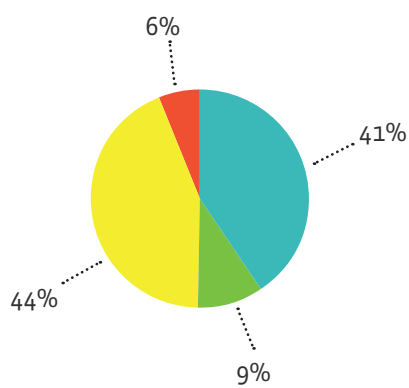


- IT Financial Services
- Products and Solutions
- Managed Services
- Telecom Services

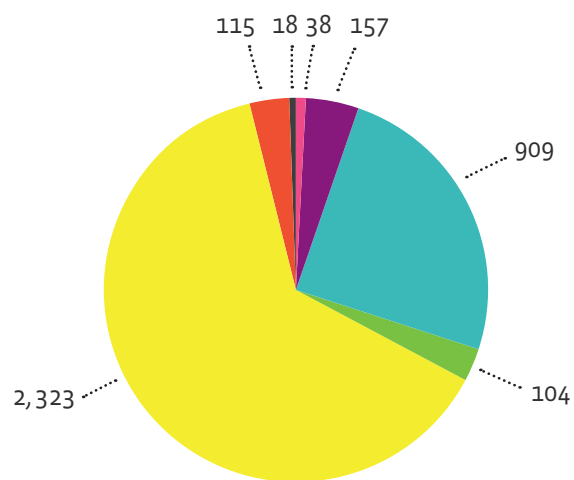
€ 1,021.4M  
of revenue

3,664  
employees

Added value  
by activity



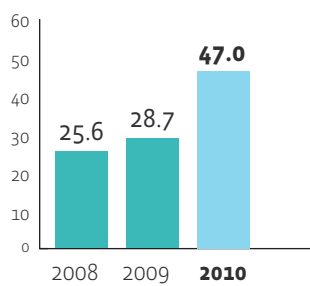
Employees  
as of 31 December



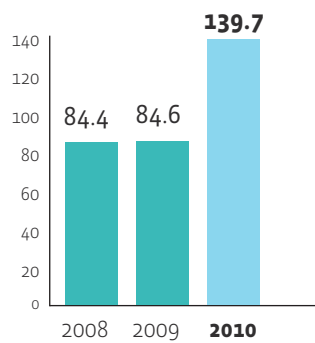
45

- IT Financial Services
- Products and Solutions
- Managed Services
- Telecom Services
- Enterprise Solutions
- Holding
- Agents

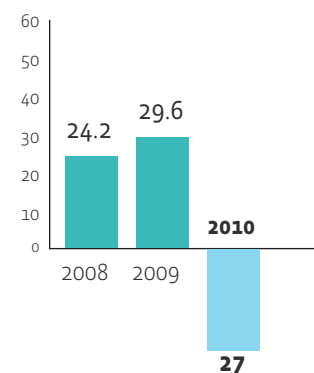
Recurring operating  
profit  
(in € millions)



Shareholders' equity  
as of 31 December  
(in € millions)



Cash net of long-term debt  
as of 31 December  
(in € millions)





# ECONOCOM GROUP SHARE PERFORMANCE

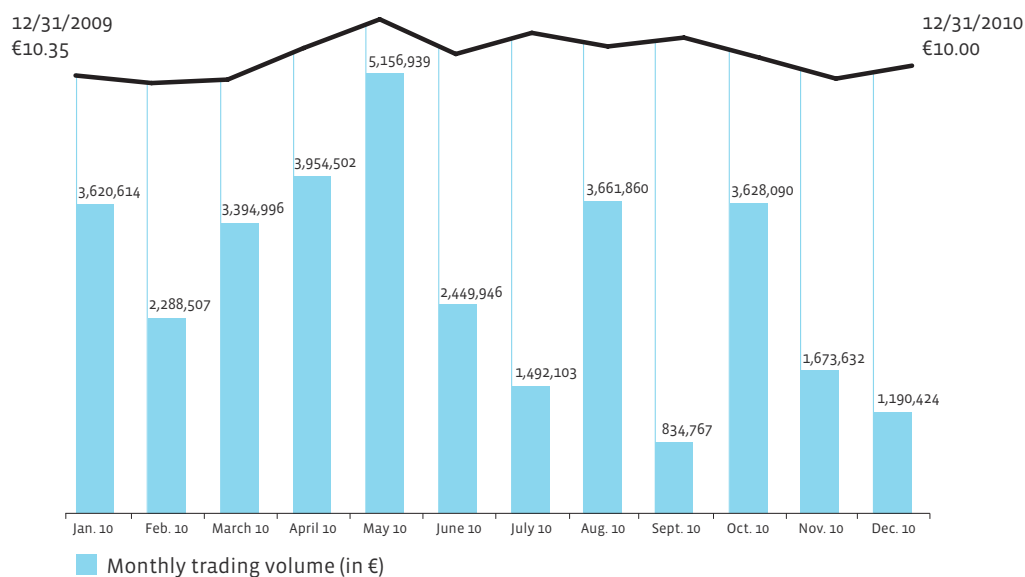
The Econocom Group share is listed on the Eurolist market of Euronext Brussels. Econocom is a member of the Euronext Next Economy index (Compartment B).

ISIN code: BE0003563716

Average daily trading volume in Brussels in 2010: **12,246**

Market capitalisation as of 28 February 2011: **€360 million**

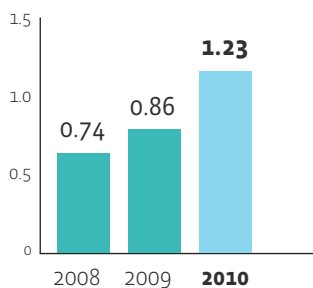
## Share performance



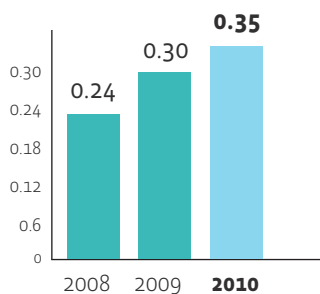
46

	2005	2006	2007	2008	2009	2010
High (in €)	6.92	7.05	9.93	8.74	10.67	12.25
Low (in €)	5.70	5.09	6.69	5.02	4.60	9.00
Closing price as of 31 December (in €)	6.62	6.66	7.51	6.44	10.35	10.00
Market capitalisation as of 31 December (in € millions)	192	193	194	160	257	262
Average daily trading volume	19,902	18,955	22,959	11,850	16,030	12,246
Number of shares as of 31 December (in millions)	29.0	29.0	25.8	24.8	24.8	26.2

## Earnings per share (in €)



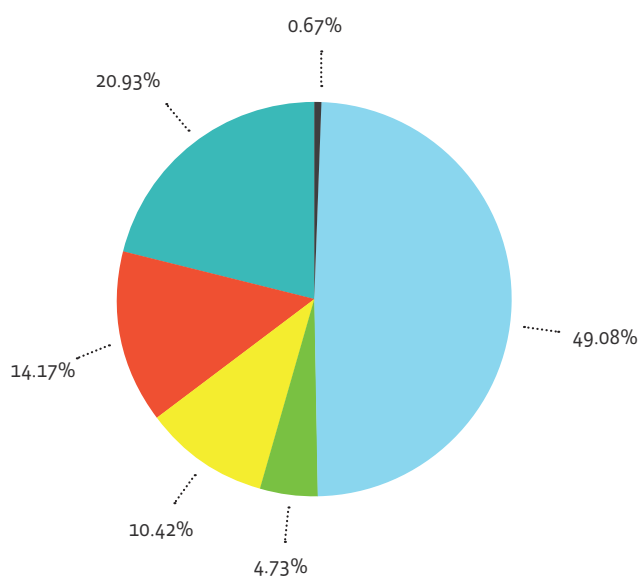
## Gross dividend per share (in €)



## Dividend

At the Annual General Meeting to be held on 17 May 2011, the Board of Directors will recommend a gross dividend per share of 0.35 euro (0.2625 euro net). This dividend will be paid in early June 2011.

## Ownership structure as of 31 December 2010



- Treasury stock
- Companies controlled by Jean-Louis Bouchard
- Valgest and V. Wajs
- Société Générale
- Bestinver Gestion
- Public shareholders

## Shareholders' agenda

47

### 18 April 2011

First-quarter trading statement  
(Royal decree of 14 November 2007)

### 17 May 2011

Annual General Meeting

### Early June 2011

Dividend payment date

### 26 July 2011

Preliminary half-year figures press release

### 31 August 2011

Half-year results press release

### 1 September 2011

Information meeting

### 17 October 2011

Third-quarter trading statement  
(Royal decree of 14 November 2007)

### 26 January 2012

Preliminary full-year figures press release

### 14 March 2012

Audited full-year results press release

### 15 March 2012

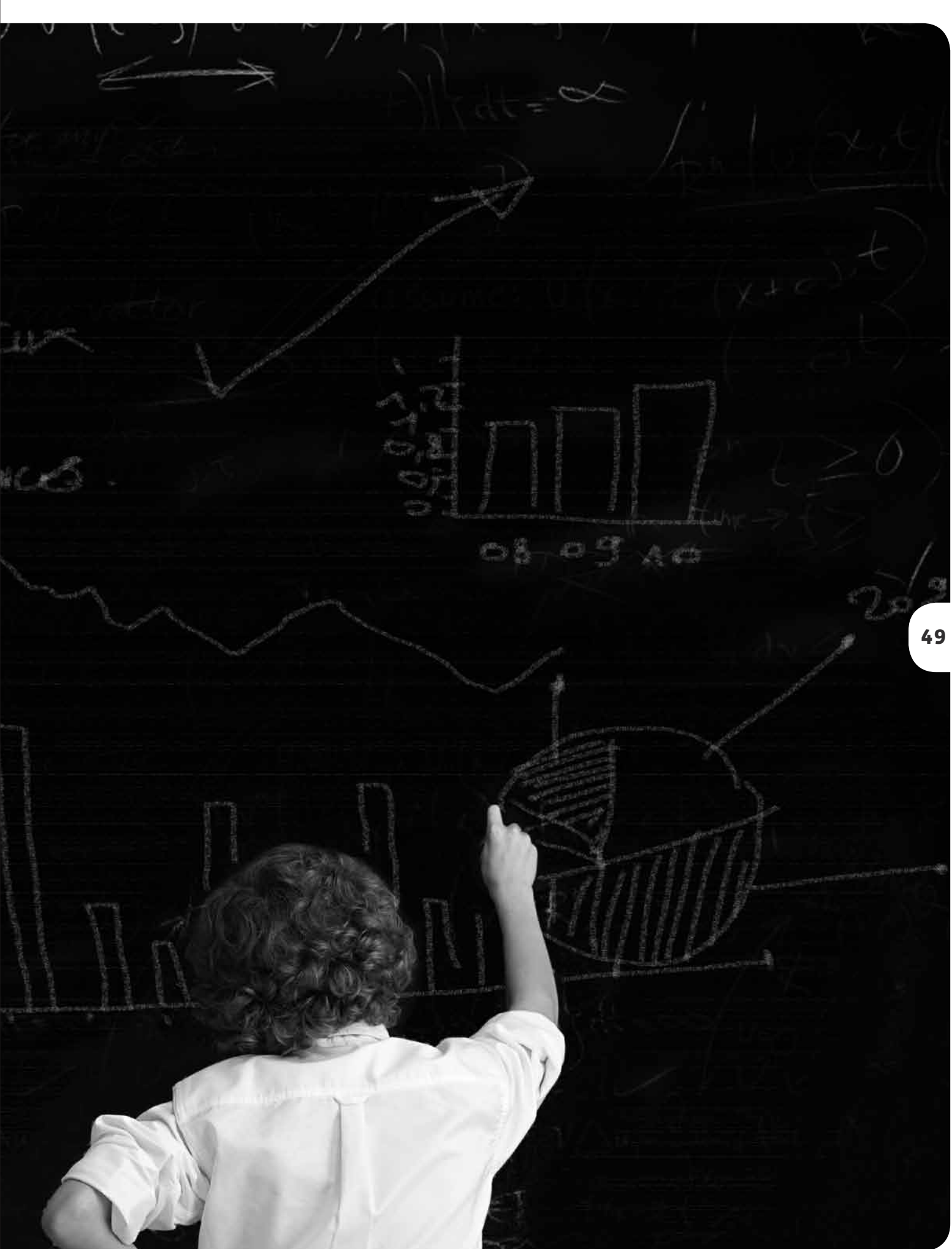
Information meeting

Real-time financial information:

[www.econocom.com](http://www.econocom.com)

# FINANCIAL STATEMENTS







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# ORGANIZATION OF ECONOCOM GROUP

as of December 31, 2010

## 1. Board of Directors

**Chairman and Chief Executive Officer**

Jean-Louis Bouchard

**Chief Executive Officers**

Jean-Philippe Roesch  
Bruno Lemaistre

**Directors**

Robert Bouchard  
Christian Bret  
Charles de Water  
Gaspard Dürrleman  
Rafi Kouyoumdjian

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## 2. Statutory Auditors

PricewaterhouseCoopers  
Réviseurs d'Entreprises SCCRL  
represented by Josy Steenwinckel or  
Emmanuèle Attout

# ECONOCOM GROUP SA/NV

## SHARE PERFORMANCE

on the Brussels stock exchange since January 1, 2008

Month	Price (€)				Volume	
	High (€)	Low (€)	Closing (€)	Average (€)	Number of shares traded	Value (in € thousands)
January	7.51	6.32	7.45	7.00	337,597	2,363.18
February	7.43	7.25	7.40	7.38	102,900	759.40
March	8.18	7.40	7.77	7.82	124,743	977.98
April	7.75	7.46	7.70	7.68	114,876	882.25
May	8.74	7.65	8.37	7.96	530,483	4,222.64
June	8.70	8.12	8.43	8.48	306,127	2,595.96
July	8.30	6.30	6.51	7.39	333,326	2,463.28
August	8.40	6.65	8.40	7.13	147,621	1,049.58
September	8.00	6.86	6.86	7.76	252,177	1,959.41
October	7.50	6.25	6.46	6.73	157,654	1,061.01
November	6.62	5.02	5.50	5.82	166,108	966.75
December	6.44	5.40	6.44	5.70	420,563	2,397.21
<b>Total 2008</b>	<b>8.74</b>	<b>5.02</b>	<b>6.44</b>	<b>7.24</b>	<b>2,994,175</b>	<b>21,698.66</b>
January	6.40	5.50	5.76	5.93	111,063	658.78
February	5.99	4.75	5.21	5.40	54,367	293.61
March	5.64	4.60	5.25	5.07	57,432	291.12
April	6.00	4.99	6.00	5.54	776,336	4,299.66
May	6.28	4.91	4.91	5.72	462,595	2,644.19
June	7.49	5.10	7.44	6.56	476,786	3,125.57
July	7.40	5.95	7.40	6.48	208,004	1,346.83
August	7.50	7.12	7.35	7.39	328,166	2,424.06
September	9.28	7.30	9.20	8.26	542,870	4,483.13
October	9.86	9.02	9.78	9.30	332,658	3,092.12
November	9.70	8.50	9.70	9.26	314,142	2,907.60
December	10.67	9.42	10.35	9.87	439,272	4,336.23
<b>Total 2009</b>	<b>10.67</b>	<b>4.60</b>	<b>10.35</b>	<b>7.12</b>	<b>4,103,691</b>	<b>29,902.91</b>
January	10.31	9.67	9.75	9.92	365,018	3,620.61
February	9.95	9.47	9.50	9.68	236,416	2,288.51
March	10.80	9.00	10.36	9.79	346,782	3,395.00
April	11.69	10.19	11.69	10.79	366,429	3,954.50
May	12.25	11.20	11.45	11.70	440,764	5,156.94
June	11.10	10.30	11.10	10.60	231,127	2,449.95
July	11.45	11.10	11.24	11.27	132,396	1,492.10
August	11.41	10.41	10.90	10.84	337,810	3,661.86
September	11.35	10.90	11.00	11.12	75,069	834.77
October	10.89	10.02	10.05	10.48	346,357	3,628.09
November	10.05	9.63	9.85	9.82	170,431	1,673.63
December	10.56	9.95	10.00	10.23	116,366	1,190.42
<b>Total 2010</b>	<b>12.25</b>	<b>9.00</b>	<b>10.00</b>	<b>10.57</b>	<b>3,164,965</b>	<b>33,346.38</b>

# SHAREHOLDERS' AGENDA

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First-quarter trading statement (Royal decree of November 14, 2007)	April 18, 2011
Annual General Meeting	May 17, 2011
Dividend payment date	Early June, 2011
Preliminary half-year figures press release	July 26, 2011
Half-year results press release	August 31, 2011
Information meeting	September 1, 2011
Third-quarter trading statement (Royal decree of November 14, 2007)	October 17, 2011
Preliminary full-year figures press release	January 26, 2012
Audited full-year results press release	March 14, 2012
Information meeting	March 15, 2012

## Investor relations:

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E-mail : [galliane.touze@econocom.com](mailto:galliane.touze@econocom.com)

# MANAGEMENT REPORT ON THE FINANCIAL STATEMENTS

for the year ended December 31, 2010

presented to the Annual General Meeting of May 17, 2011

**In accordance with prevailing legislation and the Company's bylaws, we submit to you for approval our report on the Company's operations and the financial statements for the year ended December 31, 2010.**

## 1. Scope of consolidation

In 2010, Econocom Group acquired ECS. This external growth transaction was finalized on October 28, 2010. ECS and its subsidiaries were consolidated in Econocom Group's financial statements as of October 1, 2010.

In addition to this major acquisition, Econocom also acquired two sales agencies during the first half of 2010: IDS and Finedya.

In addition, as every year, the Group made some changes in its internal legal organization in order to simplify and harmonize its operational and legal structures.

## 2. Results

### 2.1. Consolidated results

(in € millions)	2010	2009
Revenue from continuing operations	1,021.4	759.3
Recurring operating profit (before amortization of ECS' customer portfolio)	47.5	28.7
Recurring operating margin	4.7%	3.8%
Recurring operating profit (after amortization of ECS' customer portfolio)	47	28.7
Operating profit <sup>(2)</sup>	40.3	28.7
Other financial income/(expense), net	0.8	(0.6)
Profit before tax <sup>(2)</sup>	41.1	28.1
Income tax	(12.3)	(7.8)
Profit for the year excluding non-controlling interests <sup>(1)</sup>	29.1	20.3
Profit for the year excluding non-controlling interests <sup>(2)</sup>	28.8	20.3

*NB: the amortization of the ECS customer portfolio is the result of the allocation of ECS goodwill for the amount of €40 million to the value represented by the portfolio of clients acquired. This intangible asset will be amortized over 20 years.*

*(1) Before amortization of ECS' customer portfolio*

*(2) After amortization of ECS' customer portfolio*

2010 was particularly eventful and significant for Econocom Group due to the acquisition of ECS Group. The transaction was the main focus of efforts by both groups' management throughout the second half of the year. The work carried out by the integration focus groups, which were launched at the end of October 2010, resulted in the announcement on January 10, 2011 of the organization and structure of the new Group.

Econocom Group reported revenue of €1,021.4 million in 2010 compared with €759.3 million in 2009 (up 35%).



The Group's recurring operating profit (before amortization of the ECS customer portfolio) rose to €47.5 million from €28.7 million on December 31, 2009.

Operating profit stood at €40.3 million (€40.8 million before amortization of the ECS customer portfolio), compared with €28.7 million the previous year. The €6.8 million in non-recurring expenses recorded for 2010 consist mainly of the costs incurred in connection with the acquisition of ECS Group.

Net financial income of €0.8 million takes into account the finance costs on loans secured for the acquisition of ECS, the amortization of fees paid to banks for providing €292 million in loans and lines of credit, and the gain from the disposal of Econocom's shares in the MBO investment fund (€3.6 million).

Profit for the period climbed to €29.1 million (before amortization of the ECS customer portfolio), an increase of over 43% on the previous year (€20.3 million).

In parallel with this sharp growth in revenue and profitability, and thanks to the year's major acquisition, Econocom maintained a solid financial position in 2010.

Accordingly, as of December 31, 2010, the Group's total net debt amounted to €27 million at the end of 2010, including €50 million of subordinated loans.

At the end of 2010, senior net debt (excluding subordinated loans) was therefore negative, representing a positive net cash position of €22 million, versus net cash of €29.6 million on December 31, 2009.

Net goodwill rose as a result of this strategic acquisition and stood at €147.7 million at the end of 2010 versus €28.8 million at the end of 2009.

Given the outlook for the entities concerned, there was no need to recognize impairment losses on these intangible assets.

## 2.2. Results by business segment

Revenue for the Group's different businesses was as follows:

<i>(in € millions)</i>	<b>2010</b>	<b>2009</b>
Managed Services	151	125
Products and Solutions	197	186
IT Financial Services	636	421
Telecom Services	37	27
<b>Total</b>	<b>1,021</b>	<b>759</b>

### 2.2.1. Managed Services (revenue of €151 million)

Managed Services recorded €151 million in revenue in 2010, compared with €125 million in 2009.

Excluding external growth transactions, outsourcing and maintenance revenue edged back slightly between 2009 and 2010.

The profitability of the maintenance business in France fell due to lower-than-expected productivity and erratic business volumes throughout the year.

### 2.2.2. Products and Solutions (revenue of €197 million)

This business posted €197 million in revenue, up 6% on 2009.

Products and Solutions once again demonstrated its strong sales momentum in 2010 by signing Econocom's largest contract to date (a two-year contract renewable for an additional two years) for an amount in excess of €80 million.

Products and Solutions business was also boosted in 2010 by major contracts signed at the end of 2009 in the French public sector.

### 2.2.3. IT Financial Services (revenue of €636 million)

In 2010, IT Financial Services recorded a sharp increase in revenue (€636 million versus €421 million in 2009), due to the acquisition of ECS, which was consolidated in the final quarter.

IT Financial Services accounts for the majority of enterprise solutions offered to our clients. The success of these combined business offers, which are central to Econocom's strategy, was confirmed in 2010.

### 2.2.4. Telecom Services (revenue of €37 million)

Telecom Services reported a remarkable 37% year-on-year growth in revenue from €27 million to €37 million.

This performance is a result of several major outsourcing contracts and the largest rollout of mobile terminals in 2010 in France.

## 2.3. 2010 parent company financial statements of Econocom Group SA/NV

Econocom Group SA/NV provides services to the Group's subsidiaries in the areas of management, IT, cash guarantees, provision of staff, consulting, communication and marketing. These services are billed at arm's length terms.

In addition, as the Group's holding company, Econocom Group SA/NV manages a portfolio of securities, collects dividends from its subsidiaries and oversees the Group's development.

The revenue stated below refers to Econocom Group SA/NV's parent company financial statements, prepared in accordance with Belgian GAAP.

### 2.3.1. Income statement of Econocom Group SA/NV

Sales of services (non-consolidated) for the year amounted to €14.7 million compared with €12.2 million the previous year.

The Company reported an operating profit for the year of €6.6 million versus an operating profit of €1.4 million in 2009. This decline is largely due to ECS Group acquisition costs of €6.4 million.

Net financial income climbed sharply year-on-year from €0.2 million to €9.3 million. This figure includes in particular €4.4 million in dividends received from subsidiaries and a €5.9 million net gain on the disposal or exercise of stock options as well as €1.1 million in interest costs.

In 2010 the Company recorded non-recurring gains of €3.1 million, up from €0.5 million in 2009. The 2010 figure was mainly due to the €3.6 million capital gain on the disposal of units in the MBO venture capital fund, a €1.2 million reversal of the drop in value of Econocom shares (Spain) and a €2.0 million capital loss on the sale of 100% of the shares of ECS SA to Econocom SAS.

Profit for the period was €5.7 million versus €2.1 million in 2009.

### 2.3.2. Balance sheet of Econocom Group SA/NV

In 2010, the equity of Econocom Group SA/NV stood at €125.5 million compared with €113.3 million in 2009. The Board of Directors' recommendation to the Annual General Meeting to raise the dividend to €0.35 will have a €9.2 million impact on the Company's reserves.

The €5.1 million in costs arising from the loan secured to finance the acquisition of 100% of ECS SA and its subsidiaries' shares were recognized under "Set-up costs" and will be amortized as the loan is repaid.

The financial liabilities incurred in connection with the acquisition are as follows:

- €132 million in loans, of which €12 million from banks and €120 million from Econocom Finance SNC;
- A €10 million subordinated loan from Econocom International NV;
- An equity bridge loan of €40 million.

### 2.3.3. Business overview

#### 2.3.3.1. Movements in investments

On October 28, 2010, Econocom Group SA/NV purchased 100% of the share capital of Europe Computer Systèmes SA, thereby acquiring 100% control of ECS Group.

This subsidiary was subsequently sold to Econocom Group's French holding company, Econocom SAS, on December 29, 2010.

As every year, the Group made some changes in its internal legal organization in order to simplify and harmonize its operational and legal structures, with the following results:

- A €30 million Econocom Managed Services SA/NV capital increase achieved through cancellation of its debt. The Econocom Group holds 100% of the Company's shares.
- A dilution of the Econocom Group's stake in Econocom SAS. As of December 31, 2010 it held 22.6%, compared with 100% one year previously.

#### 2.3.3.2. MBO

In 2010, Econocom sold its stake in the MBO venture capital fund.

#### 2.3.3.3. Treasury stock

Econocom Group SA/NV has launched a share buyback program, which allows it to:

- issue shares to avoid potential dilution of shareholders' interests due to the exercise of options,
- pay for any external growth transactions,
- cancel shares acquired.

The Extraordinary General Meeting of December 22, 2008 renewed for a five-year period, beginning January 1, 2009, the authorization given to the Board of Directors to buy back the Company's own shares, in accordance with the applicable Belgian legislation, at prices ranging from €2 to €18, subject to a ceiling of 20% of total issued shares. These shares do not carry voting rights.

At the Extraordinary General Meeting of May 19, 2009, shareholders renewed for a three-year period the authorization given to the Board of Directors to purchase Econocom Group SA/NV shares without the prior approval of shareholders if the Company faces a serious and imminent threat to its operations.

In 2010, the following treasury stock movements took place:

- Econocom acquired 708,758 shares for an acquisition price of €7.4 million.
- Econocom delivered 246,700 shares in connection with the exercise of stock options.
- Econocom sold 1,050,000 shares on the market for €10.0 million for the purpose of financing external growth transactions it was considering at the time.
- Econocom sold 147,000 shares to a subsidiary with a view to distributing them as part of a free share grant Incentive Plan to the Group's senior managers.
- Econocom provided 1,354,376 shares in exchange for €14.9 million in shares of ECS SA contributed by Société Générale Financial Services Holding.

In addition, the Company signed a liquidity agreement with Exane BNP Paribas with respect to the Econocom Group share.

As of December 31, 2010, Econocom Group SA/NV held 120,000 treasury shares, acquired as part of its share buyback program with Exane, and 55,828 Econocom Group shares acquired as part of its liquidity agreement with Exane, for a total of 175,828 Econocom Group shares representing 0.67% of the total number of issued shares.

Econocom Group SA/NV's distributable reserves increased by €15.4 million (non-consolidated data) to €36.0 million, following the release of treasury stock on the market as well as their delivery to Société Générale in connection with the acquisition of ECS.

### 2.3.3.4. Share capital

As of December 31, 2010, the share capital of Econocom Group SA/NV was made up of 26,172,897 shares with no stated par value.

During the year, the share capital increased from 24,800,000 shares to 26,172,897 shares through the issue of 1,372,897 new shares provided to Société Générale Financial Services Holding in exchange for 1,154,399 shares in ECS SA on October 28, 2010. The shares were issued for €11 per share.

Econocom Group's share capital thus rose from €895,755.62 to €17,076,677.70. For this purpose the Board of Directors exercised its right to authorize an increase in the share capital, as granted at the Extraordinary Shareholders' Meeting on May 18, 2010, for five years and a maximum amount of €16,180,922.08. After the Board of Directors exercised this right on October 28, 2010, the maximum share capital increase allowed stands at €15,285,166.46 as of December 31, 2010.

The ownership structure is described in chapter 5 "Statement of corporate governance".

## 3. Risk factors

Due to the nature of its business, Econocom Group SA/NV is exposed to certain financial and legal risks. A complete review of the Group's risk exposure and management strategy is provided by type of risk in the notes to the consolidated financial statements.

In view of its business model, Econocom Group SA/NV is not significantly exposed to exchange-rate, interest-rate or environmental risks.

The Group's dependency on clients is limited. Furthermore, it does not have a high liquidity risk as it has a net cash surplus (excluding subordinated loans).

Econocom Group SA/NV is, however, exposed to risks relating to:

- Doubtful accounts, which are largely covered by factoring solutions and refinancing of lease contracts on a non-recourse basis;
- The termination of service contracts, as a large majority of the Group's employees have permanent contracts. However, the contracts are mostly signed for longer than one year and include reciprocal notice periods.

The Group does not have any specific employee-related risks. The vast majority of its staff is employed in France and the Benelux countries.

The IT services market is extremely competitive, and has been for a long time. Econocom Group SA/NV is therefore accustomed to having to change and innovate in order to maintain and expand its client base.

The acquisition of ECS temporarily exposes Econocom Group to new risks:

- Non-compliance with covenants entered into in order to finance the acquisition: Econocom complies with all these covenants and has implemented an appropriate monitoring policy;



- Risks associated with the integration of ECS: Econocom has these risks – inherent in any acquisition – under control, thanks to its experience in integrating previous acquisitions and the fact that Econocom has sought assistance from consultants specializing in such transactions, in light of the significance and scale of this particular integration.

Econocom has not identified any other particular risks in the client portfolio, thanks to its resilience.

## 4. Outlook for 2011 and dividends

2011 will primarily be devoted to ensuring the successful integration of the two groups which were united in 2010.

The Group's Management projects 2011 consolidated revenue at €1.4 billion with recurring operating margin of 4%, supported by the implementation of business and cost synergies.

At the Annual General Meeting, the Board of Directors will recommend raising the gross dividend per share to €0.35, representing a 17% increase over 2009.

## 5. Statement of corporate governance

### 5.1. Applicable corporate governance code

The Econocom Group confirms that it adheres to the principles of the Belgian Corporate Governance Code (Code belge de gouvernance d'entreprise) which came into force in 2009, (2009 Code). This code is available on its website at [www.corporategovernancecommittee.be](http://www.corporategovernancecommittee.be). Econocom's Corporate Governance charter is available (in French only) at [www.econocom.com](http://www.econocom.com), under Financial Information/ Legal Information/Corporate governance charter.

### 5.2. Exemptions from the 2009 Code

Econocom Group applies the recommendations of the 2009 Code, except for those which the Board has deemed ill-suited to Econocom Group's size, or that it intends to put in place over the long term. The principles to which Econocom Group SA/NV in whole or in part does not yet adhere are described below.

The Group currently only partially applies the recommendations in Principle 1 of the 2009 Code.

For reasons relating to Econocom Group SA/NV's ownership structure, Jean-Louis Bouchard performs the duties of Chairman of the Board, Chief Executive Officer and Chairman of the Management Committee. This means that the Group does not fully adhere to the principle of segregating the powers of control of the Board of Directors and executive powers. As of December 31, 2010, Jean-Louis Bouchard indirectly held 49.08% of Econocom Group SA/NV's capital.

The reference framework for internal control and risk management will be prepared and submitted to the Board of Directors for approval during 2011.

Econocom Group SA/NV complies with Principle 2 of the Belgian Corporate Governance Code, which recommends that at least half of the members of the Board of Directors should be non-executive. As of December 31, 2010, five of the eight members of the Board were non-executive.

However, the Board has not appointed a Secretary responsible for advising the Board on corporate governance matters and reporting on compliance with the applicable procedures and rules. These duties are nevertheless performed by Galliane Touze, the Group's Company Secretary.

In addition, the composition of the Board of Directors does not currently meet diversity or gender criteria; so far the directors have been appointed according to their qualifications and skills.

In order to comply with the recommendations in Principle 3 of the 2009 Code, Econocom Group SA/NV drew up and implemented a procedure relating to transactions and other contractual relations between the companies making up the Econocom Group and its directors and senior managers.

The Board of Directors has not drafted specific procedures on insider trading but keeps an updated list of insiders; these people have been formally notified of the law regarding market malpractices.

Econocom Group SA/NV does not currently apply the recommendations in Principle 4 of the 2009 Code, which state that *"the Board should draw up nomination procedures and selection criteria for Board members and that a Nomination Committee should recommend suitable directorship candidates."* This principle also recommends a periodic assessment of each director and of the Board of Directors, in accordance with procedures set by the Board.

To date, the Board of Directors has not set up a Nomination Committee or any formal procedures for

nominating members of the Board of Directors and the Management Committee. Management considers that this recommendation of the Code is not suitable for the Econocom Group in view of its size.

Although the Group has no specific formal procedures for assessing the Board of Directors, its members and its Committees, such assessments take place on a continuous basis. To formalize the procedure, the Board of Directors will meet in 2011 to assess its operation, the operation of its committees and its interaction with executive management, etc.

In accordance with Principle 5 of the 2009 Code, the Board of Directors has set up a Management Committee, an Audit Committee, and a Stock Option Committee.

The internal rules of the Board of Directors and of each of these committees were drafted in 2006; they were amended to comply with the 2009 Code and will be submitted to the approval of the Board of Directors in 2011. Furthermore, the Board of Directors is considering the possibility of creating a Compensation Committee in 2011, as recommended by article 526 quarter of the Belgian Companies Code (Code des sociétés). The Board of Directors will vote on the matter in May 2011.

The Chairman of the Board of Directors does not systematically attend Annual General Meetings as recommended by Principle 8 of the Code, but he ensures that the Board of Directors is always represented by at least one Chief Executive Officer.

### 5.3. Description of internal monitoring and risk management procedures in relation to the preparation of the Group's financial information

The financial information communicated by the Group includes the Group's consolidated financial statements as well as the corresponding management report prepared in accordance with IFRS as adopted by the European Union and approved by the Board of Directors.

This financial information is at every reporting date presented to the Group audit committee, and explained to all the directors.

#### 5.3.1. Financial organization

The Group's financial organization has both a local and global dimension. The Group is organized by business and by country, and the financial processes are implemented by financial teams, CFOs and management controllers in each entity, all of whom report to the Group Chief Financial Officer. The Business CFOs ensure that the reporting rules and practices are applied consistently across the business line, irrespective of the country.

In the interests of maintaining their independence from the operational teams, the financial teams report hierarchically to the Group Finance Department.

#### 5.3.2. Reporting and consolidation coordination

The accounts are consolidated by a dedicated team on a quarterly basis. The consolidated companies send, via the consolidation application, their detailed financial statements which are subsequently included in the consolidated financial statements.

Each entity (i.e., company or Business Unit) draws up a budget before the beginning of the year. Profit forecasts are updated four times during the year and monitored on a monthly basis based on the activity reports sent to Group Management. These reports are drafted jointly by the entity's manager and financial controller.

The Group's Finance department draws up schedules and specific instructions for the various budgets, reports and items needed for the purposes of consolidation.

### 5.3.3. Accounting standards

The Group's accounting principles are set out in a manual which is used as the basis for preparing financial information. This manual can be consulted via the IT system by all the accounting teams and describes the method for booking transactions and presenting financial information.

The team in charge of consolidation is also responsible for monitoring changes in IFRS. As such, the team, in conjunction with the Group Finance department and Business CFOs, decides on the necessary changes in Group accounting principles, disseminates the information and arranges the corresponding training.

### 5.3.4. IT systems

As a result of the recent acquisition of ECS Group, the IT systems used for preparing financial information are currently being aligned and harmonized.

### 5.3.5. Risk factors, monitoring and control

The monthly reports enable the various operational and financial managers and Group management to verify that the Group's results are accurate and consistent with the targets set. These reports compare management data and the data in the Group consolidated financial statements in order to ensure that the financial information is reliable.

The Group's Internal Audit department, based on its audit plan, is in charge *inter alia* of reviewing the subsidiaries' financial statements in order to ensure that they comply with Group rules and verify the accuracy of reporting data. To that end, Group has four internal controllers and one internal audit director who report to Yves Caparros, who has responsibility for risk management, thus ensuring

their independence with respect to the finance teams.

The role of the Group risk management department overseen by Yves Caparros, Managing Director and member of the Executive Committee, is to draw up a risk map and ensure that these risks are adequately covered.

The Group's Finance Department is in charge of the overall management of the risks described below.

#### 5.3.5.1. Risks associated with IT accounting systems

The accounts systems used by the Group are currently organized by business line (Leasing, Services and Distribution). Following the recent acquisition of ECS with its unified IT system, the harmonization of the different IT systems is underway.

The various business IT systems are interfaced with the accounting systems in order to ensure that the information is traceable, exhaustive and reliable.

The consolidation system in use is a standardized system. The accounting systems are either currently available products or internally-developed and managed systems which allow for continued maintenance and any necessary changes in settings.

#### 5.3.5.2. Risks associated with accounting standards

The consolidation department, in conjunction with the Group Finance Department and Business Finance Departments, monitors changes in IFRS compliance and adapts the Group's accounting principles accordingly. It also organizes training for finance staff whenever necessary.

In order to limit the sets of standards applied by the Group, most subsidiaries prepare their parent company financial statements in accordance with IFRS.

#### 5.3.5.3. Main transaction control procedures

In order to ensure the reliability of the financial information on transactions, Management Control verifies each month that the revenue and costs



reported are in line with the flows expected at the time the transactions were approved.

The Finance Department draws up regular statistical analyses to ensure that the assumptions made when the lease contracts were recorded are conservative and appropriate.

The subsidiaries' finance teams also carry out monthly verifications for each business line.

### 5.3.6. Preparation of financial information

The financial information is prepared under the supervision and responsibility of the Board of Directors which since 2004 has had an Audit Committee, the role of which is set forth in chapter 5.5.2.

## 5.4. Share capital and share

As of December 31, 2010, Econocom Group SA/NV's share capital consisted of 26,172,897 shares, held as indicated below:

Ownership structure	12/31/2010
Companies controlled by Jean-Louis Bouchard	49.08%
Bestinver Gestion	14.17%
Société Générale Financial Services Holding	10.42%
Valgest V. Wajs	4.73%
Treasury stock	0.67%
Public shareholders	20.93%
<b>Total</b>	<b>100%</b>

There are no shareholders with special control rights.

Other than treasury stock which has no voting rights, there are no particular legal or statutory restrictions with respect to voting rights.

## 5.5. Composition and function of the administrative bodies and committees

### 5.5.1. Composition of the Board of Directors

**Jean-Louis Bouchard**, (term of office expiring at the May 2016 Annual General Meeting)  
Chairman of the Board of Directors and Chief Executive Officer of Econocom Group SA/NV, Chairman of Econocom International NV

**Jean-Philippe Roesch**, (term of office expiring at the May 2014 Annual General Meeting)  
Chief Executive Officer of Econocom Group SA/NV

**Bruno Lemaistre**, (term of office expiring at the May 2014 Annual General Meeting)  
Chief Executive Officer of Econocom Group SA/NV

**Charles de Water**, (term of office expiring at the May 2011 Annual General Meeting)  
Director of Econocom Group SA/NV and Econocom International NV

**Christian Bret**, (term of office expiring at the May 2016 Annual General Meeting)  
Director of Econocom Group SA/NV

**Gaspard Dürleman**, (term of office expiring at the May 2011 Annual General Meeting)  
Director of Econocom Group SA/NV

**Rafi Kouyoumdjian**, (term of office expiring at the May 2013 Annual General Meeting)  
Director of Econocom Group SA/NV

**Robert Bouchard**, (term of office expiring at the May 2015 Annual General Meeting)  
Director of Econocom Group SA/NV

### 5.5.2. Role of the Board of Directors

The Board of Directors meets as often as it deems necessary.

In 2010 the Board met on seven occasions, including two meetings to approve the interim and annual financial statements. The overall attendance rate was 76.8%.

The Board of Directors internal rules, applicable as of December 31, 2010, were approved by the Board of Directors on July 3, 2006. These rules were amended to reflect the recent changes in the 2009 Code and will be submitted to the Board of Directors for approval at the next Board meeting.

The Board of Directors is responsible for approving the Company's overall strategy proposed by the Chairman, authorizing significant projects and ensuring that there are adequate resources to attain the Group's objectives. It is entrusted with decision-making outside the scope of day-to-day management.

The Group's operational management is entrusted to the Chief Executive Officers and the Management Committee, as defined in article 524 bis of the Belgian Companies Code and article 20 bis of the bylaws. The Board appoints the members of the Management Committee, as well as the Chief Executive Officer(s). It also oversees the quality of the management duties performed and ensures that they are consistent with the Group's strategic objectives.

The Board is validly constituted only if at least half of its members are present or represented. A director may represent one or more other members of the Board. Decisions are adopted on the basis of a majority of votes. In the event of a split decision, the person chairing the meeting has the deciding vote. In exceptional circumstances, when urgency and the best interests of the Company so dictate, decisions may be adopted pursuant to the unanimous consent of the directors, expressed in writing. However, this procedure may not apply in relation to approving the annual financial statements and the issuance of authorized capital.

### 5.5.3. Committees created by the Board of Directors

Pursuant to the bylaws, as amended by the Extraordinary General Meeting on February 22, 2000, the Board of Directors is authorized to set up specific committees and to determine their tasks and operating rules.

#### 5.5.3.1. The Management Committee

The Board of Directors used this authorization to set up a Group Management Committee, whose creation was ratified by shareholders at the Extraordinary General Meeting on May 18, 2004.

The Management Committee's internal rules, applicable as of December 31, 2010, were approved by the Board of Directors on July 3, 2006. These rules were amended to reflect the recent changes in the 2009 Code and will be submitted to the Board of Directors for approval in 2011.

The role of this Committee is to implement the strategy defined by the Chairman and approved by the Board of Directors, recommend strategic guidelines for the Group, coordinate the work of central corporate departments, and carry out any and all duties relating to day-to-day management.

The members of the Management Committee are Jean-Louis Bouchard, who is the Chairman, Bruno Lemaistre, Jean-Philippe Roesch, Yves Caparros and Véronique di Benedetto. They meet at least ten times a year.

#### 5.5.3.2. The Stock Option Committee

A Stock Option Committee was set up in February 2003. This Committee, which operates under the supervision of the Board of Directors, is responsible for determining the terms and conditions of stock option plans and monitoring their implementation.

The Stock Option Committee's internal rules, applicable as of December 31, 2010, were approved by the Board of Directors on July 3, 2006. These rules were amended to

reflect the recent changes in the 2009 Code and in the legislation, and also the Board of Directors' decision to increase temporarily, for the period between August 31, 2010 and December 31, 2011, the number of stock options that can be granted, from 1% of the capital per year to two million options for the period in question. This will be submitted to the Board of Directors for approval in 2011.

The Stock Option Committee comprises three members: Christian Bret, Gaspard Dürrleman and Rafi Kouyoumdjian. The terms of office of these Committee members were renewed on March 12, 2009 for a period of three years.

#### 5.5.3.3. Audit Committee

The Audit Committee was created by the Board of Directors on May 18, 2004 and its internal rules, applicable as of December 31, 2010, were approved by the Board of Directors on July 3, 2006. These rules were amended to reflect the recent changes in the 2009 Code and will be submitted to the Board of Directors for approval in 2011.

The Committee comprises two independent directors: Gaspard Dürrleman and Rafi Kouyoumdjian.

The Audit Committee meets as often as necessary; it met three times in 2010, with all Committee members in attendance, as well as Jean-Philippe Roesch, Chief Executive Officer, Olivier Aldrin, Group Chief Finance Officer, and Benjamin Boulesteix, Head of Internal Audit. The members of the Audit Committee invite the Statutory Auditor as required by the agenda.

The Audit Committee is responsible for helping the Board of Directors perform its duty of controlling the Econocom Group's operations. In particular, it examines the quality and relevance of internal and external audit engagements, monitors internal control and risk management procedures, ensures that the accounting methods used are appropriate, and that the Group's financial data are complete and accurate.

Article 96 of the Companies Code stipulates that companies must prove the independence and audit and accounting expertise of at least one of the members of the Audit Committee.

Econocom confirms that it complies with this rule.

#### 5.5.4. Application of articles 523 and 524 of the Belgian Companies Code

At its meeting of May 21, 2010, the Board of Directors authorized the sale of treasury shares to EINV aimed at improving the Group's liquidity for the purpose of conducting external growth transactions. As EINV is controlled by Jean-Louis Bouchard, Mr. Bouchard informed the Board of Directors that he had conflicting financial interests with respect to the planned sale, within the meaning of the above-mentioned article 523. As a result, the authorization to sell treasury shares was submitted to the procedure provided for in articles 523 and 524 of the Belgian Companies Code.

The sale of treasury shares to EINV shares did not take place.

At its meeting of December 8, 2010, the Stock Option Committee authorized the granting of Econocom Group stock options to directors and parties related to the directors. The minutes of the meeting state as follows:

"The Committee states that among the above-mentioned stock option beneficiaries are two directors, Jean-Philippe Roesch and Bruno Lemaistre, and a company, EINV, controlled by a director, Jean-Louis Bouchard.

Although these three directors are not members of the Stock Option Committee, as this Committee is composed of directors and is acting under the authority of the Board of Directors, its decisions relating to them are governed by article 523 of the Belgian Companies Code. Consequently, it should be noted that the three above-mentioned individuals are subject to conflict of interests within the meaning of

article 523 of the Belgian Companies Code (a conflict which these three directors have already brought to the Committee's attention).

In accordance with this article, the Committee draws attention to the following points:

- The exercise price, in accordance with the law, will be the average price calculated over the 30 calendar days preceding the date of this meeting, i.e., €9.91, and these stock options may only be exercised twice as from January 1, 2014 until December 31, 2014. These conditions comply with standard market practice.
- This decision is justified by the crucial role played by Jean-Louis Bouchard, Bruno Lemaistre and Jean-Philippe Roesch within Econocom Group, which continues its significant expansion, illustrated in particular by the acquisition of ECS Group. The number of stock options is justified by the position and role of the above-mentioned individuals in this process and in view of their responsibilities.
- In terms of the financial consequences for the company and shareholders, the shares sold in the event of the exercise of treasury stock would not result in any additional dilution for the current shareholders. The financial consequences for the company are limited to the loss of a possible gain in the event of treasury stock being resold at a higher price.
- Moreover, the Committee has decided to apply, with retroactive effect, the procedure of article 523 of the Belgian Companies Code to the 353,000 stock options granted to Bruno Lemaistre by the Board in August, 2010 and considers the abovementioned justifications also apply to this grant, which are thus repeated."

## 6. Subsequent events

The focus group for the integration of ECS into Econocom resulted in the implementation of a single, unified organization which was announced to all employees on January 10, 2011.

During the quarter, the process of uniting the two companies continued in accordance with the roadmap drawn up by the Group's management and should ensure that ECS is integrated quickly and generate synergies of approximately €25 million a year, €15 million of which should be realized in 2011.

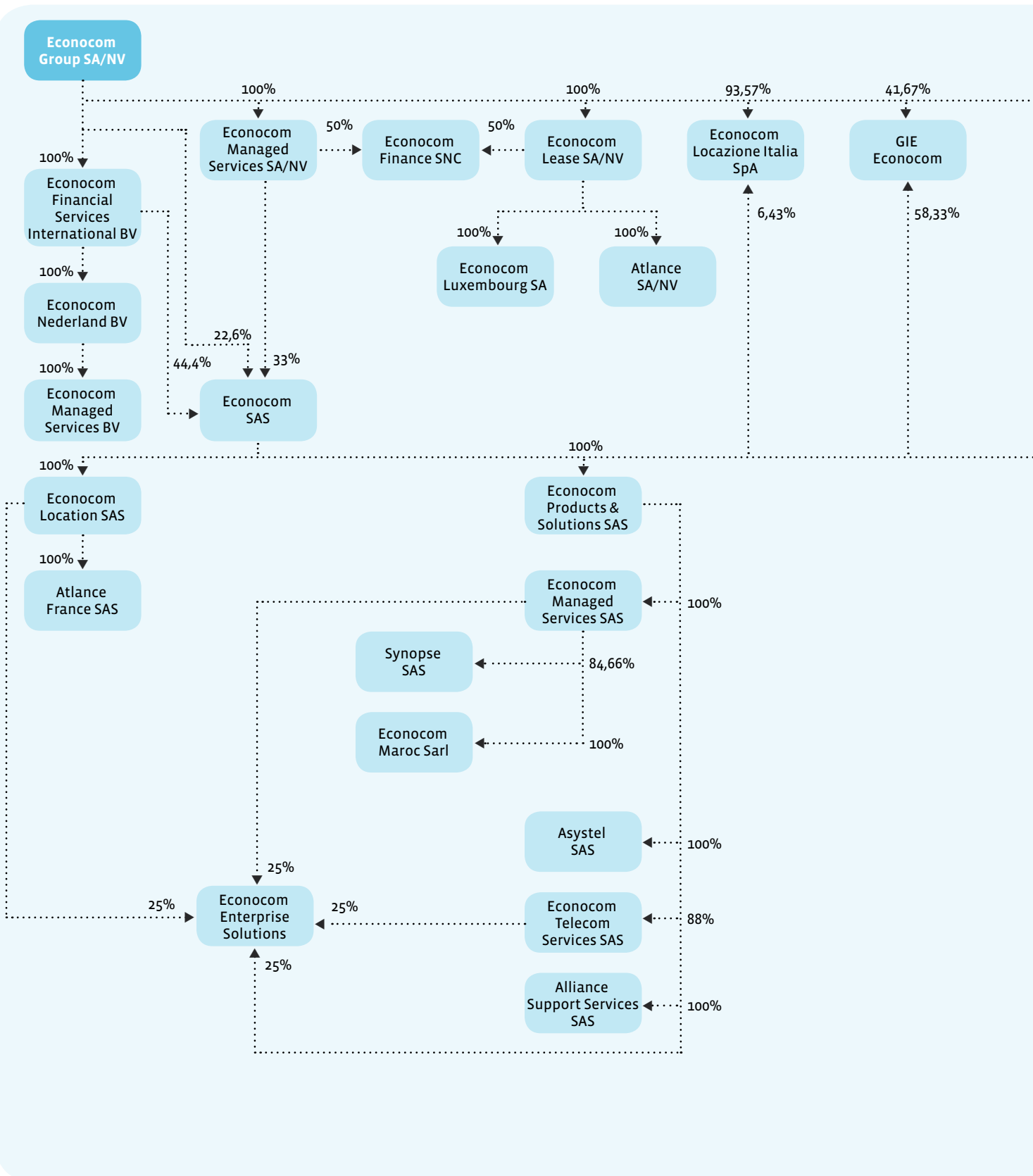
Brussels, March 16, 2011  
The Board of Directors

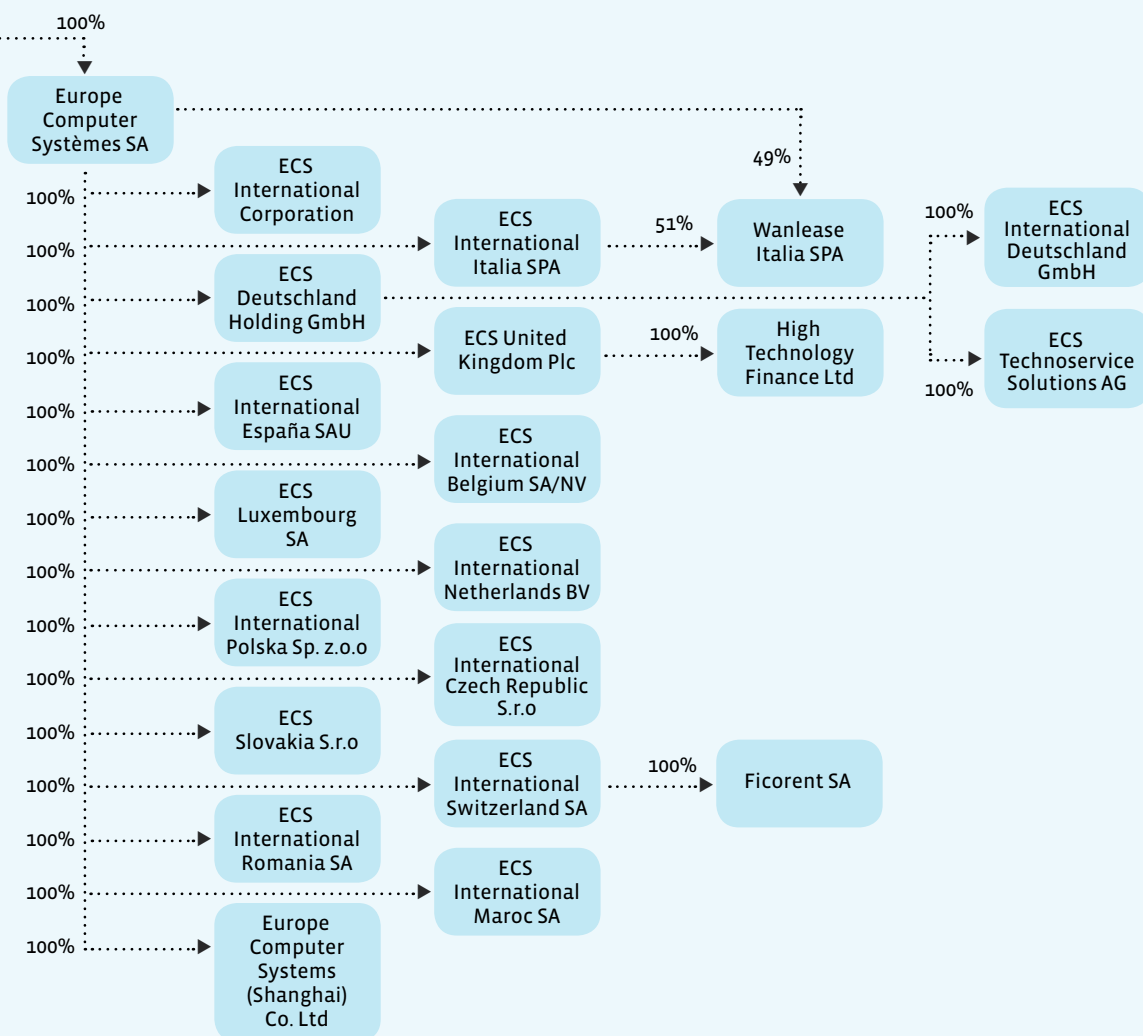
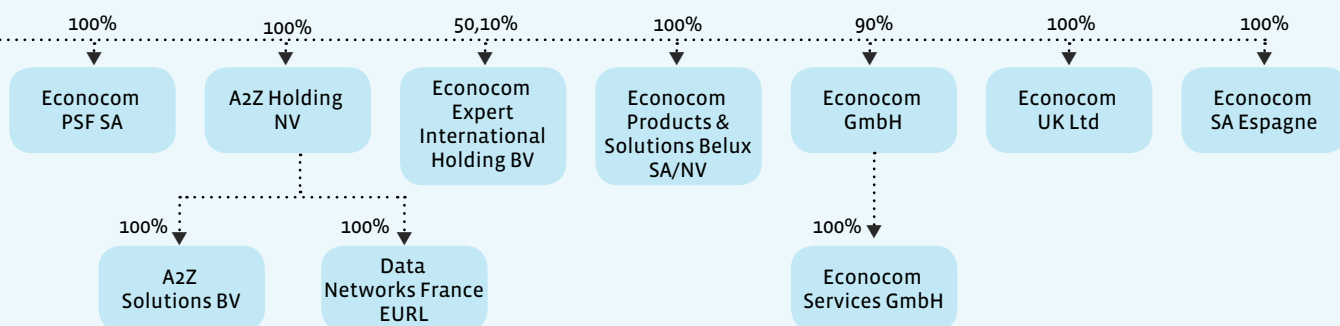


# GROUP STRUCTURE

as of December 31, 2010

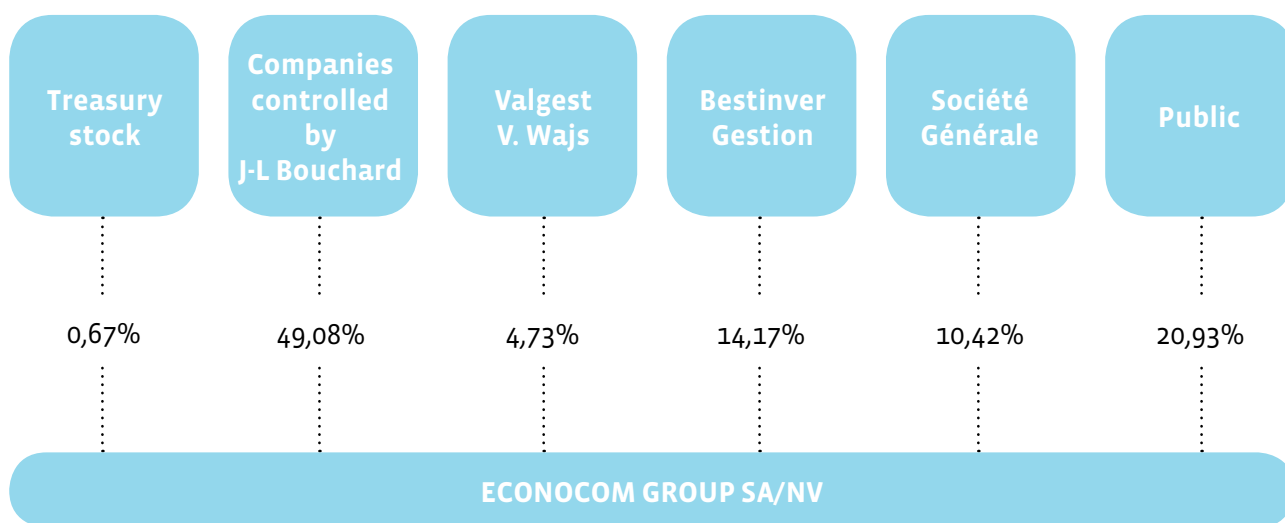
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# OWNERSHIP STRUCTURE

as of December 31, 2010



# CORPORATE GOVERNANCE

administrative, management and supervisory bodies of the company

## 1. Composition of the Board of Directors and Statutory Auditor (as of December 31, 2010)

### Jean-Louis Bouchard

(term of office expiring at the May 2016 Annual General Meeting)  
38, avenue Gabriel 75008 Paris (France)  
Chairman of the Board of Directors and Chief Executive Officer of Econocom Group SA/NV, Chairman of Econocom International NV

### Jean-Philippe Roesch

(term of office expiring at the May 2014 Annual General Meeting)  
21, avenue de la Criolla 92150 Suresnes (France)  
Chief Executive Officer of Econocom Group SA/NV

### Bruno Lemaistre

(term of office expiring at the May 2014 Annual General Meeting)  
Avenue des Éperons d'Or 15, 1050 Brussels (Belgium)  
Chief Executive Officer of Econocom Group SA/NV

### Charles de Water

(term of office expiring at the May 2011 Annual General Meeting)  
Korte Veersteeg, 4D 4157 GR Enspijk (the Netherlands)  
Director of Econocom Group SA/NV and Econocom International NV

### Christian Bret

(term of office expiring at the May 2016 Annual General Meeting)  
7, rue Pérignon 75015 Paris (France)  
Director of Econocom Group SA/NV

### Gaspard Dürreman

(term of office expiring at the May 2011 Annual General Meeting)  
50, avenue Bosquet 75007 Paris (France)  
Director of Econocom Group SA/NV

### Rafi Kouyoumdjian

(term of office expiring at the May 2013 Annual General Meeting)  
25, rue de Lubeck 75016 Paris (France)  
Director of Econocom Group SA/NV

### Robert Bouchard

(term of office expiring at the May 2015 Annual General Meeting)  
1 bis rue Clément Marot 75008 Paris (France)  
Director of Econocom Group SA/NV

### PricewaterhouseCoopers Reviseurs d'Entreprises SCCRL

(term of office expiring at the May 2013 Annual General Meeting)  
Statutory Auditor of Econocom Group SA/NV, represented by Josy Steenwinckel or Emmanuèle Attout Woluwe Garden, Woluwedal, 18 1932 Sint-Stevens-Woluwe (Belgium)

The following three members of the Board of Directors served in an executive capacity during 2010: Jean-Louis Bouchard, Jean-Philippe Roesch and Bruno Lemaistre. Gaspard Dürreman, Rafi Kouyoumdjian and Christian Bret are non-executive and independent directors of the majority shareholder. Charles de Water and Robert Bouchard are non-executive directors.

The Chairman of the Board of Directors owns controlling interests in several non-Group companies, where he serves as a director or Chairman. The other executive directors do not hold directorships outside Econocom Group SA/NV and its subsidiaries.

Charles de Water is a director of Econocom International NV, as well as a member of the Supervisory Board of Rabobank West-Betuwe, a partner of Zuijdplas Beleggingen, a member of the Supervisory Board of Khondrion Mitochondrial Scientific Services BV, and the Chairman of Kaacel BV.

Christian Bret is managing partner of Eulis and a director of Prosodie.



Gaspard Dürrleman is the Chairman of Montmorency Investissements, Etablissements Cambour and Ateliers Montdor.

Robert Bouchard serves as the Chairman of Michel Pereire SA, Ecofinance SAS, Eurydice Saint Germain SAS and APL France, and as the manager of EcoJet Leasing SNC, SCI Maillot Pergolèse, SCI Taillis des Aigles, GMPC and Carmine SARL. Econocom engaged the services of Robert Bouchard to develop and adapt the Group's website under a 12-month service agreement signed between GMPC, of which he is a manager, and Econocom SAS. The agreement expired on December 31, 2010.

Rafi Kouyoumdjian is the Chief Executive Officer and a director of RKO Management and Investment BV. Given his experience in acquisitions, Econocom retained his services as a consultant to assist with the integration of ECS Group, which was acquired on October 28, 2010. The parties signed a four-month consulting agreement which expired in January 2011.

The bylaws set the maximum term of office for directors at six years, and state that directors may be re-elected. No other specific rules are laid out, including relating to age limits for the Board.

## 2. Application of the Corporate Governance recommendations

The Econocom Group confirms that it adheres to the principles of the Belgian Corporate Governance Code (Code belge de gouvernance d'entreprise) which came into force in 2009 (2009 Code). The Code is available on its website at [www.corporategovernancecommittee.be](http://www.corporategovernancecommittee.be). Econocom's Corporate Governance charter is also available (in French only) at [www.econocom.com](http://www.econocom.com), under Financial information/Legal information/Corporate governance charter.

Econocom Group applies the recommendations of the 2009 Code, except for those which the Board has deemed ill-suited to Econocom Group's size, or that it intends to put in place over the long term. The principles to which Econocom Group SA/NV does not yet adhere, in whole or in part, are described below.

- The Group currently only partially applies the recommendations in Principle 1 of the 2009 Code.

For reasons relating to Econocom Group SA/NV's ownership structure, Jean-Louis Bouchard performs the duties of Chairman of the Board, Chief Executive Officer and Chairman of the Management Committee. This means that the Group does not fully adhere to the principle of segregating the powers of control of the Board of Directors and executive powers. As of December 31, 2010, Jean-Louis Bouchard indirectly held 49.08% of Econocom Group SA/NV's capital.

The reference framework for internal control and risk management will be prepared and submitted to the Board of Directors for approval during 2011.

- Econocom Group SA/NV complies with Principle 2 of the 2009 Code, which recommends that at least half of the members of the Board of Directors should be non-executive. As of December 31, 2010, five of the eight members of the Board of Directors were non-executive directors.

However, the Board has not appointed a Secretary responsible for advising the Board on governance matters and reporting on compliance with applicable procedures and rules. These duties are nevertheless performed by Galliane Touze, the Group's Company Secretary.

Furthermore, the composition of the Board of Directors does not currently meet the diversity or gender criteria; so far the directors have been appointed based on their qualifications and skills.

- In order to comply with the recommendations in Principle 3 of the 2009 Code, Econocom Group SA/NV drew up and implemented a procedure relating to transactions and other contractual relations between the companies making up the Econocom Group and its directors and senior managers.

The Board of Directors has not drafted specific procedures on insider trading but keeps an updated list of insiders; these people have been formally notified of the law regarding market malpractices.

- Econocom Group SA/NV does not currently apply the recommendations in Principle 4 of the 2009 Code, which state that *"the Board should draw up nomination procedures and selection criteria for Board members"* and that *"a Nomination Committee should recommend suitable directorship candidates."* This principle also recommends a periodic assessment of each director and of the Board of Directors, in accordance with procedures set by the Board.

To date, the Board of Directors has not set up a Nomination Committee or any formal procedures for nominating members of the Board of Directors and the Management Committee. Management considers that this recommendation of the Code is not suitable for the Econocom Group in view of its size.

Although the Group has no specific formal procedures for assessing the Board of Directors, its members and its Committees, such assessments take place on a continuous basis. To formalize the procedure, the

Board of Directors will meet in 2011 to assess its operation, the operation of its committees and its interaction with the executive management, etc.

- In accordance with Principle 5 of the 2009 Code, the Board of Directors has set up a Management Committee, an Audit Committee, and a Stock Option Committee.

The internal rules of the Board of Directors and of each of these committees were drafted in 2006; they were amended to comply with the new 2009 Code and will be submitted to the approval of the Board of Directors in 2011. In addition, the Board of Directors is considering the possibility of creating a Compensation Committee in 2011, as recommended by article 526 quarter of the Belgian Companies Code (Code des sociétés). The Board of Directors will vote on the matter in May 2011.

- The Chairman of the Board of Directors does not systematically attend Annual General Meetings as recommended by Principle 8 of the Code, but he ensures that the Board of Directors is always represented by at least one Chief Executive Officer.

### 3. Compensation, including social security charges and benefits in kind granted by Econocom Group SA/NV and its subsidiaries to members of the administrative, management and supervisory bodies for 2010

Since 1999, the bylaws have provided for the compensation of offices held. The Annual General Meeting of May 18, 2004, set the attendance fees of directors at €2,500 per director per Board meeting, subject to actual attendance at the meetings.

Executive directors receive no compensation for their directorship. They are compensated as a result of the contractual relationship with one or several Group companies.

Non-executive directors who are members of the Audit Committee and members of the Stock Option Committee receive €1,000 per meeting, subject to actual attendance.

Non-executive directors do not receive any payment other than the above-described attendance fees.

Attendance fees paid to non-executive directors in 2010 were as follows:

#### Compensation paid to non-executive directors in 2010 (€)

Christian Bret	13,500
Robert Bouchard	12,500
Gaspard Dürreleman	19,000
Charles de Water	12,500
Rafi Kouyoumdjian	19,000
<b>Total</b>	<b>76,500</b>

Furthermore, Econocom engaged the services of Robert Bouchard, via GMPC, of which he is a manager, to develop and adapt the Group's website.

In compensation for this 12-month assignment, which ended on December 31, 2010, Robert Bouchard received a payment of €120,900.

Econocom retained the services of Rafi Kouyoumdjian to assist with the integration of ECS Group, acquired on October 28, 2010. In compensation for this four-month assignment, which ended in January 2011, Rafi Kouyoumdjian received a payment of €200,284.

Jean-Louis Bouchard performs the duties of Chairman of the Board and Chief Executive Officer, and Chairman of the Group's Management Committee. He receives no compensation whatsoever, and does not benefit from any pension or insurance from either Econocom Group SA/NV or its subsidiaries for these duties. Econocom International NV – whose Chairman is Jean-Louis Bouchard – bills fees to Econocom Group SA/NV and its subsidiaries for managing and coordinating the Group. These fees amounted to €1,199,000 in 2010, compared with €1,033,000 in 2009.

### Compensation paid to executive directors in 2010 (in €) <sup>(1)</sup>

Fixed portion	832,262
Variable portion	3,127,876
Pension	34,500
<b>Total</b>	<b>3,994,638</b>

(1) Including social security charges.

### Compensation paid to members of the Management Committee (other than Board members) in 2010 (€) <sup>(1)</sup>

Fixed portion	483,652
Variable portion	383,362
Pension	0
<b>Total</b>	<b>867,014</b>

(1) Charges includes

At its Board meeting of March 16, 2011, the Board of Directors reviewed the composition of the Management Committee. The information in this chapter concerning the compensation paid in 2010, stock options and shares, relates to the members of the Management Committee in 2010, i.e., Bruno Lemaistre, Jean-Philippe Roesch, Olivier Aldrin and Didier Bertho.

The variable compensation of the members of the Management Committee is linked to (i) the profit before tax of the entities under their control, (ii) the consolidated profit before tax of Econocom Group, (iii) savings goals, and (iv) measurable performance objectives.

Each member of the Management Committee has a company car but does not receive any other kind of compensation.

Like all the other employees of the Econocom Group, the members of the Management Committee are assessed throughout the year by their managers and during an annual assessment interview held at the beginning of the following year.

### Stock options held by members of Econocom's administrative and management bodies

Number of options outstanding as of December 31, 2010

**768,000**

### Other contractual commitments

The employment contracts of the members of the Management Board contain no specific clause with respect to pensions or termination benefits except for two of them which provide for, respectively, (i) termination benefits of one month of salary for each year spent in the company and (ii) termination benefits equal to the last 12 months of fixed salary and half of the annual average of the last 24 months of variable compensation. Provisions are set aside for the contractual commitments.

#### 4. Information on transactions between Econocom Group SA/NV or its subsidiaries and members of its administrative and management bodies that are unusual or carried out on other-than-arm's-length terms

In 2010, no transactions between Econocom Group SA/NV and its subsidiaries and the members of the Board of Directors or Management Committee were carried out on other-than-arm's-length terms. As of December 31, 2010, no loans or guarantees have been granted to the Board of Directors or the Management Committee.

At its meeting of July 28, 2010, the Board of Directors agreed that the acquisition of ECS would be funded partly by a subordinated loan of €10 million granted by EINV, controlled by Jean-Louis Bouchard. Mr. Bouchard did not take part in the Board's deliberations or vote. This loan was secured under conditions which are not more advantageous than the market conditions, is subordinated and collateral-free.

The provisions of articles 523 and 524 of the Belgian Companies Code were implemented in the context of Econocom Group stock options grant to directors and parties related to the directors. The Stock Option Committee approved the stock option grants at its meeting of December 8, 2010, the minutes of which may be found in 5.5.4 of the management report.

Moreover, at its meeting of May 21, 2010, the Board of Directors authorized the sale of treasury shares to EINV aimed at improving the Group's liquidity for the purpose of conducting external growth transactions. As EINV is controlled by Jean-Louis Bouchard, Mr. Bouchard informed the Board of Directors that he had conflicting financial interests with respect to the planned sale within the meaning of the above-mentioned article 523.

As a result, the authorization to sell treasury shares was submitted to the procedure provided for in articles 523 and 524 of the Belgian Companies Code.

The sale of treasury shares to EINV did not take place.

#### 5. Number of shares and stock options held by directors and members of the Management Committee of Econocom Group SA/NV as of December 31, 2010

	Shares	Options
Non-executive directors	391,050	0
Executive directors		
Jean-Louis Bouchard (indirectly)	12,845,194	100,000
Jean-Philippe Roesch	170,000	100,000
Bruno Lemaistre	147,000	453,000
Members of the Management Committee		
Didier Bertho	0	40,000
Olivier Aldrin	0	75,000
<b>Total</b>	<b>13,553,244</b>	<b>768,000</b>

NB: The exercise price of these options is determined on the basis of the same rules as described in section 11 below.

The Board meeting of March 16, 2011, changed the composition of the Management Committee mentioned in this chapter.



## 6. Role of the Board of Directors

The Board of Directors meets as often as it deems necessary.

In 2010 the Board met on seven occasions, including two meetings to approve the interim and annual financial statements. The overall attendance rate was 76.8%.

The Board of Directors' internal rules, applicable as of December 31, 2010, were approved by the Board of Directors on July 3, 2006. These rules were amended to reflect the recent changes in the 2009 Code and will be submitted to the Board of Directors for approval at the next Board meeting.

The Board of Directors is responsible for approving the Company's overall strategy proposed by the Chairman, authorizing significant projects and ensuring that there are adequate resources to attain the Group's objectives. It is entrusted with decision-making outside the scope of day-to-day management.

The Group's operational management is entrusted to the Chief Executive Officers and the Management Committee, as defined in article 524 bis of the Belgian Companies Code and Article 20 bis of the bylaws. The Board appoints the members of the Management Committee, as well as the Chief Executive Officer(s). It also oversees the quality of the management duties performed and ensures that they are consistent with the Group's strategic objectives.

The Board is validly constituted only if at least half of its members are present or represented. A director may represent one or more other members of the Board. Decisions are adopted on the basis of a majority of votes. In the event of a split decision, the person chairing the meeting has the deciding vote. In exceptional circumstances, when urgency and the best interests of the Company so dictate, decisions may be adopted pursuant to the unanimous consent

of the directors, expressed in writing. However, this procedure may not apply in relation to approving the annual financial statements and the issuance of authorized capital.

The Board of Directors has implemented an annual budget procedure and quarterly review process for all Group subsidiaries, including an examination of individual-entity data such as revenue, margins, costs, balance sheet items, cash flows and various management indicators. The Management Committee is responsible for implementing and ensuring compliance with this procedure.

The members of the Management Committee are responsible for managing the subsidiaries on a day-to-day basis. All subsidiaries transmit monthly income statement and balance sheet data to the Group on the seventh and eighth working days, respectively, of the following month. The data submitted are analyzed by a specialized reporting department, which submits a consolidated summary to Group Management each month. Annual budgets and condensed consolidated results are submitted to the Board of Directors on a quarterly basis. An Internal Audit Department operates under the authority of the Managing Director, Yves Caparros. Internal audits of significant subsidiaries are performed over a 12-month cycle. The findings of all internal control activities are communicated to the Company's Audit Committee and Statutory Auditor.

## 7. Committees created by the Board of Directors

Pursuant to the bylaws, as amended by the Extraordinary General Meeting on February 22, 2000, the Board of Directors is authorized to set up specific committees and to determine their tasks and operating rules.

### The Management Committee

The Board of Directors used this authorization to set up a Group Management Committee, whose creation was ratified by shareholders at the Extraordinary General Meeting on May 18, 2004.

The Management Committee's internal rules were amended in order to comply with the recommendations of the 2009 Code approved by the Board of Directors at its July 3, 2006 meeting.

The Management Committee's internal rules, applicable as of December 31, 2010, were approved by the Board of Directors on July 3, 2006. These rules were amended to reflect the recent changes in the 2009 Code and will be submitted to the Board of Directors for approval in 2011.

The role of this Committee is to implement the strategy defined by the Chairman and approved by the Board of Directors, recommend strategic guidelines for the Group, coordinate the work of central corporate departments, and carry out any and all duties relating to day-to-day management.

The composition of the Management Committee was changed by the Board of Directors on March 16, 2011. Its members are now Jean-Louis Bouchard, who is the Chairman, Yves Caparros, Bruno Lemaistre and Jean-Philippe Roesch, Group Managing Directors, and Véronique di Benedetto, Group Deputy Managing Director. They meet at least ten times a year.

Bruno Lemaistre is in charge of IT Financial Services and Managed Services and the development of

Entreprise solutions. Jean-Philippe Roesch is in charge of Products & Solutions and Telecom Services as well as all of the Group's corporate and support services. Yves Caparros is in charge of coordinating the integration of ECS Group into Econocom and heads the Internal Audit department. Véronique di Benedetto is in charge of the Group's operations in France.

Three members of the Management Committee are also Chief Executive Officers. At its July 3, 2006 meeting, the Board of Directors appointed Jean-Philippe Roesch as Chief Executive Officer and renewed Jean-Louis Bouchard's term of office as Chief Executive Officer. Bruno Lemaistre was appointed Chief Executive Officer by the Board of Directors, at its meeting of November 20, 2008, subject to his effective appointment as director by the Annual General Meeting. His appointment as Chief Executive Officer was confirmed at the Annual General Meeting of December 22, 2008.

### The Stock Option Committee

A Stock Option Committee was set up in February 2003. This Committee, which operates under the supervision of the Board of Directors, is responsible for determining the terms and conditions and ensuring the implementation of stock option plans.

The Stock Option Committee's internal rules, applicable as of December 31, 2010, were approved by the Board of Directors on July 3, 2006. These rules were amended to reflect the recent changes in the 2009 Code and in the legislation, and also the Board of Directors' decision to increase temporarily, for the period between August 31, 2010 and December 31, 2011, the number of stock options that can be granted, from 1% of the capital per year to two million options for the period in question. This will be submitted to the Board of Directors for approval in 2011.

The Stock Option Committee comprises three members: Christian Bret, Gaspard Dürrleman, and Rafi Kouyoumdjian. The terms of office of these Committee

members were renewed on March 12, 2009 for a period of three years.

The services of the Stock Option Committee were required on one occasion in 2010.

### **The Audit Committee**

The Audit Committee was created by the Board of Directors on May 18, 2004 and its internal rules, applicable as of December 31, 2010, were approved by the Board of Directors on July 3, 2006. These rules were amended to reflect the recent changes in the 2009 Code and will be submitted to the Board of Directors for approval in 2011.

The Committee comprises two independent directors: Gaspard Dürreman and Rafi Kouyoumdjian.

The Audit Committee meets as often as necessary; it met three times in 2010, with all Committee members in attendance, as well as Jean-Philippe Roesch, Chief Executive Officer, and Olivier Aldrin, Group Chief Finance Officer, and Benjamin Boulesteix Head of Internal Audit. The members of the Audit Committee invite the Statutory Auditor as required by the agenda.

The Audit Committee is responsible for helping the Board of Directors perform its duty of controlling Econocom Group's operations. In particular, it examines the quality and relevance of internal and external audit engagements, monitors internal control and risk management procedures, ensures that the accounting methods used are appropriate, and that the Group's financial data are complete and accurate.

## **8. Day-to-day management**

The Management Committee is responsible for the day-to-day management of the Group. In this role it is presented with monthly results and monitors the progress of the Group's projects. The Management Committee is assisted on the one hand by an extended Management Committee which includes the Group Chief Financial Officer, the Group Company Secretary, the Chief Financial Officer for IT Financial Services, the Group Communications Director, the Group Marketing Director, and the Business Line Directors, and on the other hand by country Management Committees headed by the Country Manager.

These Management Committees meet at least eleven times a year.

All major decisions concerning subsidiaries are made by the Chairman or Chief Executive Officer of the subsidiaries, or jointly by two directors, or jointly by a director and a member of the Management Committee. In general, the subsidiaries have no significant delegations of authority other than with respect to day-to-day management. The powers of the senior managers of Econocom Group's subsidiaries as well as the limitations to such powers are set out in a reference document.

## 9. Appropriation of net profit and dividend policy

In view of the Group's sound financial position, the Board of Directors was able to further increase the amount of the dividend.

The gross dividend per share proposed to the General Meeting of May 17, 2011 is €0.35 (€9,160,514 for 26,172,897 shares), up 17% over the previous year. This compensation represents a pay-out rate of 31%.

## 10. Relations with major shareholders

The transparency-related disclosures made to the Company designate Econocom International NV as the majority shareholder.

In accordance with article 74 § 6 of the Belgian law of April 1, 2007, on takeover bids, on December 4, 2007, Econocom Group SA/NV received a notice from Econocom International NV, which is controlled by Jean-Louis Bouchard, indicating that as of September 1, 2007, Econocom International NV held 12,857,760 Econocom Group shares, representing 47.97% of the capital.

As of December 31, 2010, Jean-Louis Bouchard directly and indirectly held 12,845,194 Econocom Group SA/NV shares, representing 49.08% of the capital. Jean-Louis Bouchard is the only shareholder who controls more than 30% of the Group and does not need to launch a takeover bid as he acquired his 30% interest prior to September 1, 2007, and disclosed his interest in the form and within the period Belgian Corporate Governance Code required by law.

In 2010, the company was notified of two threshold crossings.

Vincent Wajs informed both the market authorities and the company that the 5% threshold had not been reached on April 1, 2010. On this date, Vincent Wajs held (directly or indirectly through the company Valgest), 1,223,606 Econocom Group shares, i.e., 4.93% of the shares carrying voting rights in Econocom Group SA/NV. As of December 31, 2010, he indirectly held 4.73% of the company's capital.

On November 2, 2010 Econocom Group received a notification from SG Financial Services Holding (a subsidiary of Société Générale) stating that it held 2,727,273 Econocom Group shares on October 28, 2010, i.e., 10.42% of the shares carrying voting rights in Econocom Group. SG Financial Services Holding received these shares as part of the payment for the acquisition of ECS Group by Econocom Group. As of December 31, 2010, SG Financial Services Holding still owned 10.42% of Econocom Group.

The Company was also informed that Bestinver Gestion SA SGIIC held more than 5% of the capital. As of December 31, 2010, Bestinver Gestion SA SGIIC held 2010, 3,709,679 Econocom Group shares, i.e., 14.17% of the capital, through various investment funds.

In the event that Econocom Group carries out a capital increase in 2011, SG Financial Services Holding will retain its interest for 180 days after the end of the transaction and at the latest until December 15, 2011. There are no other agreements that could result in restrictions in the transfer of shares and/or in the exercise of voting rights.

Relations with the majority shareholder, Econocom International NV, correspond to loans granted or received and the provision of standard services on arm's-length terms.

## 11. Employee share ownership

Since November 1997, Econocom Group SA/NV and various subsidiaries and sub-subsidiaries have set up several stock option plans for their employees, managers and executives. An updated summary of the Group's related commitments as of December 31, 2010, is provided below.

	Number of outstanding options	Expiration date	Exercise price (in €)
2007	15,000	January 2012	6.94
	65,000	October 2012	8.12
2008	10,000	April 2013	7.70
2010	353,000	August 2015	10.97
	650,000	December 2014	9.91
<b>Total</b>	<b>1,093,000</b>		

These plans cover Econocom Group SA/NV shares listed on the futures market of the Brussels stock exchange. Upon the exercise of options, Econocom Group SA/NV may either transfer existing shares or issue new shares by way of a capital increase.

The options are granted with a view to involving employees, managers and executives more closely in the Group's operations and business development.

Certain options are contingent on their beneficiaries achieving individual performance objectives and may not be exercised if these performance objectives are not met.

Options are granted under contracts signed between Econocom Group SA/NV and the beneficiary (and, if necessary, the subsidiary that employs the beneficiary).

At its meeting on January 25, 2000, the Board of Directors approved the text of the option contracts. In application of article 523 of the Belgian Companies Code, three directors who were – or could become – option beneficiaries abstained from voting.

The text of the standard stock option contract was amended to take into account the changes in

legislation. This amendment was approved by the Board of Directors on December 8, 2010.

The exercise price is set in accordance with article 43 of the Belgian law dated March 26, 1999, and corresponds to the average price quoted for the Econocom Group SA/NV share over the thirty days preceding the grant date.

Other than in certain specific cases, options may not be transferred and Econocom Group SA/NV does not hedge its exposure to changes in the share price.

In 2010, 246,700 stock options were exercised, 54,000 options were lost and 1,003,000 new options were granted.

In relation to the stock options exercised, the Board of Directors transferred 246,700 existing shares held in treasury and did not issue any new shares.

As of December 31, 2010, a total of 1,093,000 options were outstanding (representing 4.18% of the number of outstanding shares). The options are exercisable for the same number of shares and represent a potential capital increase of €11 million (including premiums on new shares issued).



## 12. Statutory Auditors' fees

In 2010, the PricewaterhouseCoopers network provided audit services (reviewing the Group's consolidated and parent company financial statements) and non audit-related services to Econocom Group SA/NV and its subsidiaries. Below is a table indicating the type of services provided and the related fees:

(€)

<b>Consolidated Statutory Auditors' fees for auditing the 2010 financial statements</b>	<b>508,704</b>
<b>Fees for the audit engagement and related assignments performed within the Group by individuals linked to the Statutory Auditors</b>	<b>444,717</b>
<b>Fees for non audit-related engagements carried out by the Statutory Auditors for Econocom Group</b>	
Non-audit certification engagements	309,700
Tax advisory work	-
Other	350,000
<b>Fees for non audit-related engagements or specific assignments performed within the Company by individuals linked to the Statutory Auditors</b>	
Non-audit certification engagements	505,500
Tax advisory work	395,794
Other	244,630

At its meeting of November 18, 2010, the Audit Committee authorized the Statutory Auditors to exceed the "one-to-one" ratio for non audit-related engagements associated with the acquisition of ECS Group.

### 13. Treasury stock

Econocom Group SA/NV has launched a share buyback program, which allows it to:

- issue shares to avoid potential dilution of shareholders' interests due to the exercise of options,
- pay for external growth transactions,
- cancel shares acquired.

The Extraordinary General Meeting of December 22, 2008 renewed for a five-year period, beginning January 1, 2009, the authorization given to the Board of Directors to buy back the Company's own shares, in accordance with the applicable Belgian legislation, at prices ranging from €2 to €18, subject to a ceiling of 20% of total issued shares.

At the Extraordinary General Meeting of May 19, 2009, shareholders renewed, for a three-year period, the authorization given to the Board of Directors to purchase Econocom Group SA/NV shares without the prior approval of shareholders, if the Company faces a serious and imminent threat to its operations.

In 2010, the following treasury stock movements took place:

- Econocom acquired 708,758 own shares for an acquisition price of €7.4 million.

- Econocom issued 246,700 shares in connection with the exercise of stock options.

- Econocom sold 1,050,000 shares on the market for €10.0 million for the purpose of financing external growth transactions it was considering at the time.

- Econocom sold 147,000 shares to a subsidiary with a view to distributing them as part of a free share grant Incentive Plan to the Group's senior managers.

- Econocom provided 1,354,376 shares in exchange for €14.9 million in shares of ECS SA contributed by Société Général Financial Services Holding.

In addition, the company signed a liquidity contract with Exane BNP Paribas respect to the Econocom Group share.

As of December 31, 2010, Econocom Group SA/NV held 120,000 treasury shares, acquired as part of the share buyback program with Exane, and 55,828 Econocom Group shares acquired as part of its liquidity contract with Exane, for a total of 175,828 Econocom Group own shares representing 0.67% of the total number of issued shares.

The voting rights attached to the shares held by Econocom Group SA/NV have been suspended. Dividends on shares held by Econocom Group SA/NV at the time of allotment by the General Meeting have been cancelled.



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# CONSOLIDATED FINANCIAL STATEMENTS

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for the year ended December 31, 2010

Consolidated statement of financial position

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# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as of December 31, 2010

## Assets

<i>(in € thousands)</i>	<i>Notes</i>	<b>2010</b>	<b>2009</b>
<b>Non-current assets</b>			
Net intangible assets	6	51,661	3,414
Goodwill	7	147,672	28,856
Net property, plant and equipment	8	13,469	9,144
Financial assets	9	33,113	21,978
Long-term receivables	10	2,265	1,533
Deferred tax assets	30	36,703	7,898
<b>Total non-current assets</b>		<b>284,883</b>	<b>72,823</b>
<b>Current assets</b>			
Inventories	11	16,253	6,185
Trade and other receivables	12	677,617	194,391
Current tax assets		8,970	2,111
Other current assets	12	48,119	9,107
Cash and cash equivalents	13	217,873	62,522
<b>Total current assets</b>		<b>968,832</b>	<b>274,316</b>
<b>Non-current assets held for sale</b>			
<b>Total assets</b>		<b>1,253,715</b>	<b>347,139</b>

Data for 2009 correspond to Econocom Group's financial statements.

Data for 2010 include both the entities in Econocom's scope of consolidation and the contribution of the ECS Group and its subsidiaries as from October 1, 2010.



## Equity and liabilities

<i>(in € thousands)</i>	<i>Notes</i>	<b>2010</b>	<b>2009</b>
Share capital		17,077	16,181
Additional paid-in capital and reserves		93,763	48,019
Profit for the year		28,778	20,331
<b>Total consolidated equity</b>	<b>15</b>	<b>139,618</b>	<b>84,531</b>
Non-controlling interests	15	67	72
<b>Total equity attributed to owners of the parent</b>		<b>139,685</b>	<b>84,603</b>
<b>Non-current liabilities</b>			
Financial liabilities	18	123,815	20,423
Provisions	16	450	610
Provisions for pensions and other commitments	17	11,689	4,932
Other liabilities		2,276	1,463
Deferred tax liabilities	30	29,388	5,731
<b>Total non-current liabilities</b>		<b>167,618</b>	<b>33,159</b>
<b>Current liabilities</b>			
Financial liabilities	18	126,764	12,549
Provisions	16	25,965	5,994
Current tax liabilities		12,007	1,366
Trade and other payables	19	717,418	177,541
Other current liabilities	19	64,258	31,927
<b>Total current liabilities</b>		<b>946,412</b>	<b>229,377</b>
<b>Liabilities related to assets in the process of being sold</b>			
<b>Total equity and liabilities</b>		<b>1,253,715</b>	<b>347,139</b>

Data for 2009 correspond to Econocom Group's financial statements.

Data for 2010 include both the entities in Econocom's scope of consolidation and the contribution of ECS Group and its subsidiaries as from October 1, 2010.

# CONSOLIDATED INCOME STATEMENT AND EARNINGS PER SHARE

as of December 31, 2010

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<i>(in € thousands)</i>	<i>Notes</i>	<b>12/31/2010</b>	<b>12/31/2009</b>
<b>Revenue from continuing operations</b>	21	<b>1,021,360</b>	<b>759,290</b>
<b>Operating expenses</b>		<b>(974,343)</b>	<b>(730,597)</b>
Cost of sales		(746,235)	(547,318)
Personnel costs	22	(140,217)	(109,571)
External expenses	23	(73,715)	(63,350)
Depreciation, amortization and provisions for impairment	24	(6,717)	(4,975)
Taxes (other than income taxes)		(7,515)	(3,684)
Impairment losses on current assets, net	25	(254)	(197)
Other operating income and expenses	26	622	981
Financial income, operating activities	27	(312)	(2,483)
<b>Recurring operating profit</b>		<b>47,017</b>	<b>28,693</b>
Other non-recurring operating income and expenses	28	(6,750)	(13)
<b>Operating profit</b>		<b>40,267</b>	<b>28,680</b>
Other financial income/(expense), net	29	851	(596)
<b>Profit before tax</b>		<b>41,118</b>	<b>28,084</b>
Income tax	30	(12,350)	(7,756)
<b>Profit from continuing operations</b>		<b>28,768</b>	<b>20,328</b>
Share of profit of associates		4	
<b>Profit including non-controlling interests</b>		<b>28,772</b>	<b>20,328</b>
<b>Non-controlling interests</b>		<b>6</b>	<b>3</b>
<b>Profit for the year excluding non-controlling interests</b>		<b>28,778</b>	<b>20,331</b>
Basic earnings per share - continuing operations	31	1.231	0.857
Basic earnings per share - discontinued operations			
<b>Basic earnings per share</b>		<b>1.231</b>	<b>0.857</b>
Diluted earnings per share - continuing operations		1.227	0.854
Diluted earnings per share - discontinued operations			
<b>Diluted earnings per share</b>		<b>1.227</b>	<b>0.854</b>

Data for 2009 correspond to Econocom Group's financial statements.

Data for 2010 include both the entities in Econocom's scope of consolidation and the contribution of ECS Group and its subsidiaries as from October 1, 2010.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

as of December 31, 2010

<i>(in € thousands)</i>	<b>2010</b>	<b>2009</b>
<b>Profit for the year including non-controlling interest</b>	<b>28,772</b>	<b>20,328</b>
Adjustments to the fair value of financial instruments and other financial assets	135	228
Exchange differences on translation of foreign operations	252	388
Actuarial gains on employee benefits	147	219
Income tax relating to items recognized directly in equity	(50)	(73)
<b>Income and expenses recognized directly in equity</b>	<b>484</b>	<b>762</b>
<b>Total comprehensive income for the year</b>	<b>29,256</b>	<b>21,090</b>
<i>Attributable to owners of the parent</i>	29,262	21,093
<i>Attributable to non-controlling interests</i>	(6)	(3)

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

as of December 31, 2010

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<i>(in € thousands)</i>	Number of shares	Share capital	Additional paid-in capital
<b>Balance as of December 31, 2009</b>	<b>24,800,000</b>	<b>16,181</b>	<b>55,038</b>
Capital increase	1,372,897	896	14,206
Share-based payments			
Acquisition of treasury stock			
Sale of treasury stock			
Dividends paid			
Other transactions with shareholders			
<b>Sub-total – transactions with shareholders</b>		<b>896</b>	<b>14,206</b>
Profit including non-controlling interests			
Other comprehensive income items <sup>(1)</sup>			
<b>Sub-total – total comprehensive income</b>		<b>0</b>	<b>0</b>
<b>Balance as of December 31, 2010</b>	<b>26,172,897</b>	<b>17,077</b>	<b>69,244</b>
<b>Balance as of December 31, 2008</b>	<b>24,800,000</b>	<b>16,181</b>	<b>55,038</b>
Share-based payments			
Acquisition of treasury stock			
Sale of treasury stock			
Dividends paid			
Other transactions with shareholders			
<b>Sub-total – transactions with shareholders</b>			
Profit including non-controlling interests			
Other comprehensive income items			
<b>Sub-total – total comprehensive income</b>			
<b>Balance as of December 31, 2009</b>	<b>24,800,000</b>	<b>16,181</b>	<b>55,038</b>

*(1) "Other comprehensive income items" consists mainly of the €3.3 million reduction in equity corresponding to the fair value of the units held in the MBO Capital capital venture fund. These units were sold in December 2010 with a €3.6 million capital gain recognized in income under «Other financial income/(expense)» (see Note 29).*

## Consolidated financial statements

Treasury stock	Reserves <sup>(1)</sup>	Net income/ (expense) recognized directly in equity	Equity attributable to owners of the parent	Non-controlling interests	Total equity
<b>(16,829)</b>	<b>28,720</b>	<b>1,421</b>	<b>84,531</b>	<b>72</b>	<b>84,603</b>
			15,102		15,102
	282		282		282
(7,996)			(7,996)		(7,996)
22,832	5,946		28,778		28,778
	(6,944)		(6,944)		(6,944)
	(64)		(64)	2	(62)
<b>14,836</b>	<b>(780)</b>	<b>0</b>	<b>29,158</b>	<b>2</b>	<b>29,160</b>
	28,778		28,778	(7)	28,771
		(2,849)	(2,849)		(2,849)
<b>0</b>	<b>28,778</b>	<b>(2,849)</b>	<b>25,929</b>	<b>(7)</b>	<b>25,922</b>
<b>(1,993)</b>	<b>56,718</b>	<b>(1,428)</b>	<b>139,618</b>	<b>67</b>	<b>139,685</b>
<b>(1,505)</b>	<b>13,966</b>	<b>659</b>	<b>84,339</b>	<b>110</b>	<b>84,449</b>
	165		74		74
(18,016)			(15,324)		(15,324)
2,692	(91)		0		0
	(5,695)		(5,695)		(5,695)
	44		44	(35)	9
<b>(15,324)</b>	<b>(5,577)</b>	<b>0</b>	<b>(20,901)</b>	<b>(35)</b>	<b>(20,936)</b>
	20,331		20,331	(3)	20,328
		762	762		762
	<b>20,331</b>	<b>762</b>	<b>21,093</b>	<b>(3)</b>	<b>21,090</b>
<b>(16,829)</b>	<b>28,720</b>	<b>1,421</b>	<b>84,531</b>	<b>72</b>	<b>84,603</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

as of December 31, 2010

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<i>(in € thousands)</i>	<b>2010</b>	<b>2009</b>
Profit including non-controlling interests	28,771	20,328
Elimination of the share of profit of associates	(4)	
Depreciation of property, plant and equipment/Amortization of intangible assets	4,914	2,765
Impairment of financial assets	(38)	(38)
Impairment of trade receivables, inventories and other current assets	1,167	197
(Gains)/losses on the disposal of property, plant and equipment and intangible assets	(205)	22
Non-recurring impact of the recognition of residual interests on TRO and other contracts	(7,704)	
Non-recurring impact of the disposal of mutual funds and other	(4,500)	
Change in provisions	(1,019)	1,627
Income and expenses related to equity-based payment	345	165
<b>Cash flows from operating activities after cost of net debt and income tax</b>	<b>21,727</b>	<b>25,066</b>
Income tax expense	12,679	7,756
Cost of net debt	3,184	3,105
<b>Cash flows from operating activities before cost of net debt and income tax (a)</b>	<b>37,590</b>	<b>35,927</b>
Change in inventories	(5,223)	1,086
Change in long-term receivables	(6,748)	(106)
Change in current receivables and other current assets	(89,342)	30,322
Change in trade payables	217,781	(23,453)
Change in other short-term and long-term payables	86,712	(2,495)
<b>Change in working capital (b)</b>	<b>203,180</b>	<b>5,354</b>
Income tax paid (c)	(8,249)	(4,397)
<b>Net cash provided by operating activities (a+b+c=d)</b>	<b>232,521</b>	<b>36,884</b>



<i>(in € thousands)</i>	<b>2010</b>	<b>2009</b>
<b>Net cash provided by operating activities (a+b+c=d)</b>	<b>232,521</b>	<b>36,884</b>
Acquisition of property, plant and equipment and intangible assets, excluding the leasing business	(3,555)	(3,135)
Disposal of property, plant and equipment and intangible assets, excluding the leasing business	1,488	544
Acquisition/disposal of property, plant and equipment allocated to the leasing business	598	(12)
Acquisition of financial assets	(10,269)	(6,355)
Disposal of financial assets	1,764	1,187
Acquisition of companies and businesses, net of cash acquired	(156,388)	(115)
<b>Net cash used in investing activities (e)</b>	<b>(166,362)</b>	<b>(7,886)</b>
Capital increase and additional paid-in capital		
Increase in non-current financial liabilities	120,550	12,693
Repayment of non-current financial liabilities	(16,089)	(2,972)
Increase in current financial liabilities	98,591	221
Repayment of current financial liabilities	(109,932)	(9,164)
Interest paid	(3,184)	(3,105)
Acquisition and sale of treasury stock	5,884	(15,415)
Dividends paid during the year	(6,905)	(5,669)
<b>Net cash provided by/(used in) financing activities (f)</b>	<b>88,915</b>	<b>(23,411)</b>
Impact of changes in exchange rates	277	124
<b>Change in cash and cash equivalents (d+e+f)</b>	<b>155,351</b>	<b>5,711</b>
<b>Cash and cash equivalents as of January 1</b>	<b>62,522</b>	<b>56,811</b>
Change in cash and cash equivalents	155,351	5,711
<b>Cash and cash equivalents as of December 31</b>	<b>217,873</b>	<b>62,522</b>

Data for 2009 correspond to Econocom Group's financial statements.

Data for 2010 include both the entities in Econocom's scope of consolidation and the contribution of ECS Group and its subsidiaries as from October 1, 2010.

A black and white photograph of two young women with freckles looking down at a smartphone held in their hands. The woman on the right is holding the phone, and both are looking at the screen with interest. The background is dark and out of focus.

# Share

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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for the year ended December 31, 2010

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 1. Information about Econocom Group

Econocom Group SA/NV, the Group's parent company, is a *société anonyme* governed by the laws of Belgium with a Board of Directors. The registered office is located at boulevard de la Woluwe, 34 1200 Woluwe Saint-Lambert.

The Company is registered with the Brussels corporate register under number BE0422 646 816 and is listed on the Brussels Euronext stock exchange.

The consolidated financial statements for the year ended on December 31, 2010 reflect the financial position of Econocom Group and its subsidiaries.

On March 16, 2011, the Board of Directors adopted the consolidated financial statements for the year ended December 31, 2010 and authorized the publication thereof. These financial statements shall only be deemed final once they have been approved by the shareholders at the Annual General Meeting on May 17, 2011.

The financial statements were submitted to the shareholders on May 1, 2011.

On July 1, 2010, the Group entered into exclusive negotiations with Société Générale to acquire the entire share capital of ECS Group, a company specializing in IT infrastructure management, with the aim of establishing itself as the market leader in business-to-business mobility services.

On September 10, 2010, the acquisition agreement was signed by the parties.

On October 28, 2010, following the approval of the European competition authorities, the Group announced the finalization of the acquisition of ECS Group.

The acquisition of ECS Group was recognized with effect from October 1, 2010, as explained in Note 3 – Changes in the scope of consolidation.

In accordance with the revised IFRS 3 – Business Combinations, this transaction requires that current

goodwill be recognized in the amount of €118.8 million and that €6.4 million in acquisition-related costs be recognized in “Other non-recurring operating expenses.”

## 2. Summary of significant accounting policies

### 2.1. General principles and statement of compliance

The financial statements for Econocom Group for 2010 were prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations, as adopted by the European Union (regulation 1606/2002 of July 19, 2002) at the end of the reporting period and applicable as of this date.

International standards include the IFRS (International Financial Reporting Standards), IAS (International Accounting Standards) and the interpretations of the IFRIC (International Financial Reporting Interpretations Committee).

The financial statements presented do not take into account drafts of standards and interpretations which, at the end of the reporting period, were still at the exposure draft stage at the IASB (International Accounting Standards Board) and the IFRIC.

All the standards applied by the European Union are available on the European Commission website at the following address: [http://ec.europa.eu/internal\\_market/accounting/ias/index\\_en.htm](http://ec.europa.eu/internal_market/accounting/ias/index_en.htm).

### 2.2. Adoption of IFRS

#### 2.2.1. Standards, revised standards and interpretations applicable as from January 1, 2010

The Group has adopted all the new and revised standards and interpretations which were applicable

as of January 1, 2010 and adopted by the European Union.

The application of the revised versions of IFRS 3 – Business Combinations, and IAS 27 – *Consolidated and Separate Financial Statements*, is mandatory for financial periods beginning on or after January 1, 2010. The Group has therefore adopted these revised versions, which amend the rules for measuring and reporting business combinations, for its 2010 consolidated financial statements.

The application of the following standards is also mandatory for financial periods beginning on or after January 1, 2010:

- IAS 39 Amendment – Financial instruments – Eligible Hedged Items
- IAS 39/IFRIC 9 Amendment – Embedded Derivatives
- IFRS 1 Amendment – Additional Exemptions for First-time Adopters
- IFRS 1 Amendment – Limited Exemption from Comparative IFRSs and IAS 27
- IFRS 1 Revised – First-time Adoption of IFRS
- IFRS 2 Amendment – Group Cash-settled Share-based Payment Transactions
- IFRS 5 Amendment – published in May 2008 as part of the Annual Improvements to IFRS, concerning disposals of controlling interests in subsidiaries
- IFRIC 12 – Service Concession Arrangements
- IFRIC 13 – Customer Loyalty Programs
- IFRIC 15 – Agreements for the Construction of Real Estate
- IFRIC 16 – Hedges of a Net Investment in a Foreign Operation
- IFRIC 17 – Distribution of Non-Cash Assets to Owners
- IFRIC 18 – Transfers of Assets from Customers

- Annual improvements to IFRSs, issued in April 2009.

These standards either do not apply to the Group or do not have a material impact on its consolidated financial statements at December 31, 2010.

### **2.2.2. Standards whose application is not mandatory at January 1, 2010**

The Group has decided not to apply the standards published by the IASB and whose application was not mandatory for financial periods beginning on or after January 1, 2010. This concerns the following standards:

- IAS 24 Revised – Related-party Disclosures;
- IAS 32 Amendment – Classification of Rights Issues;
- IFRS 9 – Financial Instruments (not yet adopted by the European Union);
- IFRS 7 Amendments, concerning improving disclosures about financial instruments (not yet adopted by the European Union);
- IFRIC 14 Amendment – Prepayments of a Minimum Funding Requirement;
- IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments;
- and annual Improvements to IFRS, published in May 2010 (not yet adopted by the European Union).

The potential impact of these standards is currently being assessed.

### **2.2.3. Reminder of options chosen for the first-time adoption of IFRS**

With respect to the first-time adoption of IFRS in 2008, the IFRS as adopted by the European Union and applicable as from December 31, 2005 have been applied retrospectively at January 1, 2004, in accordance with the provisions of IFRS 1, with the exception of certain exemptions provided for under the standard:



- **business combinations:** the Group has elected, in compliance with IFRS 3, not to restate business combinations prior to January 1, 2004.
- **cumulative translation differences:** the Group has elected to use the optional exemption which means that cumulative translation differences are deemed to be zero at the date of transition, offset against retained earnings.
- **share-based payment:** in accordance with the options granted under IFRS 2, for share-based payments, the Group has decided only to apply this standard to plans issued after November 7, 2002 and the rights of which were not acquired on January 1, 2005.

### 2.3. Basis for preparation and presentation of the consolidated financial statements

#### 2.3.1. Basis for reporting

The consolidated financial statements were prepared in accordance with the historical cost accounting method, with the following exceptions:

- certain financial assets and liabilities at fair value.
- non-current assets held for sale, recorded at the lower of carrying amount and fair value less costs to sell once the sale is deemed highly probable. These assets cease to be amortized when they are recognized as assets (or groups of assets) held for sale.

#### 2.3.2. Estimates and judgment

The preparation of Econocom Group's consolidated financial statements requires the use of a certain number of estimates and assumptions by Management which may affect the carrying amount of certain items in assets and liabilities, expenses and income, and the information disclosed in the notes.

The Group's Management regularly reviews its estimates and assumptions in order to ensure that they accurately reflect both its past experience and current economic position.

Depending on how these assumptions change, the items in subsequent financial statements may differ from the current estimates. The impact of the change in accounting estimates is recorded during the change period and all future periods affected by the changes.

The main estimates made by Management for the preparation of the financial statements concern the valuation and useful lives of operating assets, property, plant and equipment and intangible assets (including goodwill), provisions for risks and other provisions related to operations, and the methods used for calculating commitments relating to employee benefits, share-based payments, deferred taxes and financial instruments. The Group uses discounting assumptions based on market data, to estimate assets and liabilities.

The main assumptions used by the Group are set out in the relevant sections of the notes to the consolidated financial statements, and in particular:

- Note 3 – Changes in the scope of consolidation;
- Note 2.15 – Share-based payment;
- Note 2.16 – Income tax;
- Note 2.12 – Impairment tests on non-financial assets;
- Note 2.18 – Post-employment benefits and other long-term employee benefits;
- Note 2.17 – Provisions and contingent liabilities;
- Note 2.13 – Financial assets and liabilities.

The main accounting methods for which assessments require estimates concern the items described in Note 38 "Assessments made by management and sources of uncertainty".

Moreover, apart from the use of estimates, the Group's Management also uses judgment to determine the appropriate accounting treatment for certain operations, pending clarification of certain IFRSs or when the standards used do not deal with the issues concerned. This is notably the case for put options granted to minority shareholders.

#### **Put options granted to minority shareholders**

The Group has granted minority shareholders in some of its subsidiaries put options on their shares. The exercise price of these options may be either fixed or determined according to a predefined calculation. Furthermore, they may be exercisable at any time or on a specific date.

IAS 27 revised, applied in the consolidated financial statements as from January 1, 2010, specifies the accounting treatment of the acquisition of additional interests in controlled entities.

#### **Put options granted as of January 1, 2010**

IAS 27 revised stipulates that transactions with minority shareholders that do not result in a change of control must be recognized in equity. Consequently, the Group considers that any put options granted after the date of first application of the revised standard must impact consolidated equity.

The Group records financial liabilities for the put options granted to minority shareholders of the entities in question. The related non-controlling interests are reclassified in these financial liabilities. The difference between the debt recorded in respect of the commitment and the carrying amount of the reclassified non-controlling interests is recorded as a deduction from equity.

The financial liabilities are initially recognized at the present value of the exercise price and then, in subsequent periods, on the basis of the fair value of the underlying shares to the extent that the exercise price is based on fair value. Subsequent changes in the

fair value of the commitment are accounted for through equity.

#### **2.3.3. Statement of cash flows**

The Group's statement of cash flows is prepared in accordance with IAS 7 – *Statement of Cash Flows*. The Group uses the indirect method to prepare its statement of cash flows.

### **2.4. Consolidation principles**

The consolidated financial statements include the financial statements of companies acquired as from the acquisition date and of companies sold up until the disposal date.

#### **2.4.1. Subsidiaries**

Subsidiaries are companies over which Econocom exercises exclusive control. Exclusive control is deemed to exist when the parent company holds, directly or indirectly, the power to govern the financial and operational policies of a company in such a way as to obtain benefits from its activities. Subsidiaries are included in the basis of consolidation as of the date on which control is effectively transferred to the Group. Subsidiaries that are sold are removed from the basis of consolidation on the date of loss of control.

Exclusively-controlled entities are fully consolidated by the Group: the assets, liabilities, income and expenses of the subsidiary are fully consolidated, line by line in the consolidated financial statements and the share of equity and net profit attributable to minority shareholders is presented under the separate item of non-controlling interests in the consolidated statement of financial position and income statement.

#### **2.4.2. Associates**

Associates are investments in which the Group exercises significant influence, meaning that it has the

ability to participate in the financial and operational policies of the company without controlling it. Significant influence is deemed to exist when the parent company, directly or indirectly, holds at least 20% of the entity's voting rights.

Investments in associates are accounted for under the equity method. They are initially stated at acquisition cost, and the carrying amount is subsequently increased or decreased to reflect the Group's share in the fair value of the company's assets and liabilities.

### 2.4.3. Business combinations

Business combinations in which the Group takes control of one or more businesses are recognized in accordance with the acquisition method.

Business combinations occurring prior to January 1, 2010 are accounted for in accordance with the accounting standards used for the preparation of the financial statements at December 31, 2009.

Business combinations occurring after January 1, 2010 are measured and accounted for in accordance with IFRS 3 revised: the consideration transferred (acquisition cost) is measured at the fair value of the assets acquired, equity issued and liabilities incurred at the acquisition date. Identifiable assets and liabilities of the acquiree are recognized at fair value at the acquisition date. Costs directly attributable to the acquisition are recognized in expenses.

Any consideration in excess of the Group's share in the net fair value of the identifiable assets and liabilities of the acquiree gives rise to the recognition of goodwill. For each business combination, the Group has the option of measuring any non-controlling interests at fair-value. In this case, the Group recognizes goodwill for all identifiable assets and liabilities ("full goodwill" method).

Goodwill is determined at the date at which the Group obtains control of the acquiree and is not adjusted

after the evaluation period. Subsequent acquisitions of non-controlling interests do not give rise to the recognition of additional goodwill. Acquisitions and disposals of non-controlling interests are recognized directly in consolidated equity.

If the consideration transferred is less than the Group's share in the acquiree's net assets measured at fair value, the difference is recognized directly in income.

The initial accounting for a business combination must be completed within 12 months of the acquisition date. This applies to the measurement of identifiable assets and liabilities, the consideration transferred and non-controlling interests.

## 2.5. Translation of foreign currencies

### 2.5.1. Functional currency and reporting currency

The items in the financial statements for each entity are measured using the currency of the primary economic environment (or "functional currency") in which the entity operates. The Group's consolidated financial statements are reported in euros, which is the Group's reporting currency.

### 2.5.2. Recognition of foreign currency transactions

Foreign currency transactions of subsidiaries are initially recorded in their functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary elements in foreign currencies are translated at the reporting date at the year-end rate. Any foreign exchange gains or losses resulting or arising from the payment of these monetary elements are recorded in the income statement for the period.

Non-monetary elements in foreign currencies recognized at historical cost are translated at the historical transaction rate and non-monetary elements in foreign currencies recognized at fair value are translated at the rate in force at the date fair value was determined. When a profit or loss for a non-monetary element is recognized directly in equity, the exchange rate component of this profit or loss is also recognized in equity. Otherwise, this component is recognized in income for the period.

The accounting of currency hedging derivatives is described in the “Derivative instruments” section of Note 2.13 “Financial assets and liabilities”.

### 2.5.3. Translation of the financial statements of foreign entities

Income statement and statement of financial position items of the Group’s entities with functional currencies other than the reporting currency are translated into euros as follows:

- statement of financial position items other than equity are translated at the year-end exchange rate;
- income statement and statement of cash flow items are translated at the average exchange rate for the year;
- foreign exchange gains and losses are recognized in translation adjustments in the statement of comprehensive income, within other comprehensive income. In particular, this includes translation adjustments arising on borrowings in foreign currencies hedging a net investment in a foreign operation and permanent advances to subsidiaries.

	Dec. 31, 2010		Dec. 31, 2009		Dec. 31, 2008	
	Year-end rate	Average rate	Year-end rate	Average rate	Year-end rate	Average rate
GBP	1.162	1.165	1.126	1.115	1.050	1.256
MAD	0.089	0.090	0.088	0.089	0.089	0.090
Following the acquisition of ECS Group, the income statements of non-eurozone subsidiaries were calculated at the average 3-month rate.						
USD	0.748	0.743				
CZK	0.040	0.040				
PLN	0.252	0.250				
RON	0.235	0.234				
CNY	0.113	0.112				

## 2.6. Goodwill

Goodwill is the excess of the consideration transferred arising from a business combination over the acquirer's share in the carrying amount of the identifiable assets and liabilities at the acquisition date. In the event that, for a given acquisition, the Group elects to estimate the non-controlling interests at fair value, goodwill is calculated for all the identifiable assets and liabilities.

As from the acquisition date, goodwill is allocated to cash-generating units (CGUs) or groups of CGUs defined by the Group and which are based on the nature of the Group's business in each country. These CGUs or groups of CGUs to which goodwill is allocated are tested for impairment each year at December 31 and whenever events or circumstances suggest that an impairment loss is probable.

Following its recent acquisition in October 2010, ECS Group has been considered as a single CGU. In accordance with IFRS 3 revised, the ECS CGU underwent an impairment test on December 31, 2010.

Any impairment losses are recorded in income under "Other non-recurring operating income and expenses" within operating profit.

## 2.7. Intangible assets

Separately-acquired intangible assets are measured either at their acquisition cost or at their fair value on the acquisition date in the context of a business combination.

Subsequent to the acquisition date, they are measured at cost less accumulated amortization and accumulated impairment losses.

Intangible assets with definite useful lives are amortized over the economic useful life.

Intangible assets with indefinite useful lives are not amortized.

Intangible assets acquired by the Group are measured at their acquisition cost less any accumulated amortization and accumulated impairment losses. They mainly comprise operating licenses and IT software.

They are amortized using the straight-line method over their useful lives.

The customer portfolio acquired from ECS Group was valued using the multi-period excess-earnings method (MEEM) at €40 million, which is being amortized over 20 years.

## 2.8. Property, plant and equipment

### 2.8.1. Property, plant and equipment held directly

Property, plant and equipment are carried at acquisition cost less any accumulated depreciation and accumulated impairment losses.

Additions to depreciation are recognized using the straight-line method or diminishing balance method over the expected useful life of the assets taking into account any residual value.

Useful lives (in years)	
Buildings	20 - 50
Fixtures	10
IT equipment	3 - 7
Vehicles	4 - 7
Furniture	10

Land is not depreciated.

When an item of property, plant and equipment comprises components with different useful lives, such components are recognized and depreciated as separate items under property, plant and equipment.

The gains or losses from the sale of an item of property, plant and equipment are determined by the difference between the proceeds from the sale and the carrying amount of the asset sold, and are included in "Other operating income and expenses".

### **2.8.2. Property, plant and equipment held under finance leases**

Finance leases that transfer substantially all the risks and rewards of ownership are recognized in the statement of financial position at inception of the lease at the lower of (i) the fair value of the leased item, and (ii) the sum of the future minimum lease payments discounted to present value. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is recognized in net financial income and expense under "Expenses on long-term liabilities".

Assets acquired under finance leases are depreciated over the same period as items of directly-held property, plant and equipment of an identical category.

## **2.9. Other financial assets**

Investments in non-consolidated companies are recorded at fair value. Any unrealized gains or losses are recognized directly in equity. When the investment is sold, the accumulated gain or loss previously recognized in equity is included in profit or loss for the period.

## **2.10. Leases entered into in the IT Financial Services business**

Virtually all leases operated by the IT Financial Services business are finance leases, although operating leases may also be entered into.

### **2.10.1. Finance Leases**

The Group's finance leases are mainly refinanced contracts, whereby equipment and related contracts are sold to refinancing institutions at an all-inclusive price representing the present value of future minimum lease payments receivable and the residual value of the equipment. Residual value represents the amount for which the Group undertakes to repurchase the equipment upon expiration of the lease. Lease payments due by lessees are paid directly to the refinancing institutions on a non-recourse basis, which means that the Group transfers the risk of payment default. From a legal standpoint, Econocom Group relinquishes ownership of the equipment on the date of sale and recovers ownership at the end of the lease term by repurchasing the equipment.

Revenue, cost of sales and residual interest are recognized progressively as assets are delivered, pro rata to the amount of each delivery.

IAS 17 states that initial recognition of a lease must take place at the commencement of the lease, i.e., the date from which the lessee is entitled to exercise its right to use the leased asset. Article 5.1 of the Group's General Sales Conditions defines this date as the date on which the leased asset is delivered.

### **Refinanced contracts**

Refinanced contracts are accounted for as follows:

#### ***In the statement of financial position***

- Any difference between the residual interest in the leased assets (as defined in the paragraph above) and their residual value (the Group's repurchase



commitment under the finance lease, defined in the introductory paragraph) is booked in assets if it is positive or in liabilities if it is negative.

#### ***In the income statement***

- Related revenue corresponds to the present value of future minimum lease payments (corresponding to the payments that the lessee is required to make throughout the realization period and the lease term);
- The cost of sales represents the purchase cost of the asset;
- The Group's residual interest in the leased assets is deducted from the cost of sales.

#### **Specific cases of bridges on Roll Out Facility (ROF) and Technology Refresh Option (TRO) contracts**

These contracts systematically start with an investment period – termed a “realization period” – which precedes the start of the initial lease period.

In order to finance investments made during the realization period, a non-recourse sale is made (to eliminate any customer credit risk) to a refinancing institution. Econocom accounts for this financing operation as a sale, resulting in the replacement of “revenue accruals” in the statement of financial position by a receivable owed by the refinancing institution.

These operations, which for administrative reasons are dealt with in two phases – a bridge during the realization period followed by subsequent refinancing at the beginning of the initial lease period – should be considered in substance as a single transaction, provided that the bridge and the subsequent refinancing are carried out with the same refinancing institution and if the refinancing conditions are defined at the time of the bridge.

#### **Specific case of lease extensions**

Revenue is recognized on lease extensions in line with the initial qualification of the lease, i.e.:

- If the initial contract qualifies as an operating lease, revenue from the extension of the lease is deferred over the period of the lease extension;
- If the initial contract qualifies as a finance lease, revenue from the extension of the lease is recognized in full on the last day of the initial lease. This represents a change in accounting method with respect to revenue recognition in 2009, and had a €0.8 million impact on income for 2010. The Group has not restated data for 2009 due to the non-material nature of the impact.

#### **Non-refinanced contracts**

These concern mainly Promodata SAS. The contracts are being gradually transferred to Econocom Location SAS.

They are accounted for as follows:

#### ***In the statement of financial position***

The value of the lease receivables is recorded in the statement of financial position rather than the value of the equipment.

#### ***In the income statement***

Income and expenses are recognized in the following line items as assets are delivered:

- Revenue: present value of future minimum lease payments
- Cost of sales: carrying amount of the leased asset

It is recognized on a periodic basis:

- Financial income: the monthly financial income corresponding to the difference between the lease payments invoiced monthly and the monthly portion of the present value of said payments.

#### **2.10.2. Operating leases**

Econocom Group retains all the risks relating to operating leases as the significant risks and rewards

incidental to ownership of the assets concerned are not transferred.

### ***In the statement of financial position***

The leased equipment is recorded as an asset in the statement of financial position and depreciated on a straight-line basis to write it down to its residual value, which represents the Company's residual interest in the asset at the end of the lease term.

### ***In the income statement***

Income statement entries are recorded on a periodic basis with the invoiced lease payment recorded as revenue and the depreciation described above recorded as an expense.

### **2.10.3. Residual value**

As stated above, leased equipment is repurchased from refinancing institutions at the end of the lease term. The residual value of these assets represents a liability – which is generally long-term – and is discounted using the same method as for the related lease contract.

Econocom Group's residual interest in the transferred assets corresponds to an estimated market value.

This residual interest is calculated as follows:

- For all contract types except Technology Refresh Option (TRO) contracts, the estimated market value is calculated using an accelerated diminishing balance method of depreciation, based on the amortization of the original purchase cost of each item of equipment. This residual interest represents a long-term asset which is discounted using the same method as for the related lease contract.
- Due to the specific nature of Technology Refresh Option contracts, the accelerated diminishing balance method of depreciation is not applicable. The estimated market value for these contracts is calculated by using a fixed percentage of the original

purchase cost of the equipment. Since the 2008 period, the confirmation of the careful management of these contracts and the acquisition of sufficient background knowledge allowed Econocom Group to change the accounting measurement, and incorporate a 3% residual interest for TROs.

The revaluation of the residual value on TRO contracts by one percentage point has resulted in an increase in the overall residual interest of €4.3 million in the consolidated financial statements.

The positive or negative differences between the future value of equipment and the financial residual value are recognized as financial assets or liabilities, respectively. In order to reflect economic reality and ensure consistent accounting treatment, financial residual value is excluded from net debt (see Note 2.13.5)

### **2.11. Inventories**

Inventories are measured at the lower of cost and net realizable value. Cost is measured using the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

### **2.12. Impairment tests on non-financial assets**

Goodwill, intangible assets with indefinite useful lives, and CGUs or group of CGUs containing these elements undergo impairment tests every year at December 31.

Moreover, if events or circumstances indicate that an impairment loss is likely to affect the goodwill, other intangible assets or property, plant and equipment of CGUs or group of CGUs, an impairment test is performed. Such events or circumstances may be the result of significant unfavorable events of a long-term nature affecting either the economic environment or

the assumptions and objectives decided at the acquisition date.

The impairment test involves determining whether the recoverable amount of an asset, a CGU or group of CGUs is lower than its carrying amount.

The recoverable amount of an asset, a CGU or group of CGUs is the higher of its fair value less costs to sell and its value in use.

Value in use is determined in relation to projected future cash flows, taking into account the time value of money and the risks inherent in the asset, CGU or group of CGUs.

Future cash flow projections are made based on the budgets and medium-term plans.

These plans are made for a maximum five-year period. To calculate value in use, a terminal value equal to the capitalization to perpetuity of annual normative cash flows is added to the value of expected future cash flows.

Fair value less costs to sell is the amount obtainable from the sale of the asset or group of assets in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal. These amounts are calculated based on market information.

If the carrying amount of an asset, CGU or group of CGUs exceeds its recoverable amount, an impairment loss is recognized against the asset or group of assets.

In the case of a CGU or group of CGUs, impairment losses are allocated in priority against goodwill, and are recorded under "Other non-recurring operating income and expenses" in the income statement.

Impairment losses recognized with respect to property, plant and equipment and other intangible assets may be reversed in subsequent periods to the extent of the impairment loss initially recognized, when the recoverable amount again exceeds the carrying amount. Impairment losses recognized with respect to goodwill may not be reversed.

## 2.13. Financial assets and liabilities

### 2.13.1. Financial assets

In accordance with IAS 39, financial assets are broken down into the following four categories:

- financial assets at fair value through profit or loss;
- loans and receivables;
- held -to-maturity financial assets;
- available-for-sale financial assets.

The classification determines the accounting treatment of these instruments and is decided by the Group on initial recognition, depending on the objective in view of which the assets were acquired. Acquisition and sales of financial assets are accounted for at the transaction date on which the Group undertook the purchase or sale.

#### **1. Financial assets at fair value through profit or loss**

These financial assets are measured at fair value; any changes in fair value are booked to income.

This category includes:

- Financial assets held for trading, i.e., assets that the Group intends to sell in the near term for the purpose of generating gains that are managed as part of a portfolio of financial instruments and for which there exists a past practice of selling in the near term;
- Assets designated by the Group upon initial recognition as financial assets at fair value through profit or loss.

#### **2. Loans and receivables**

These financial assets are initially recognized at fair value plus any directly attributable transaction costs. They are subsequently recognized at amortized cost at each reporting date using the effective interest method.

This category includes trade receivables and other debtors, loans and security guarantees, receivables from controlled entities, cash and cash equivalents and advances given to associates or non-consolidated entities.

Loans and receivables are assessed on an individual basis for objective evidence of impairment and an impairment loss is recognized if their carrying value is greater than their estimated recoverable amount. Impairment losses are recognized in the income statement and may be reversed in subsequent periods if there is an increase in the estimated recoverable amount of the assets in question.

### **3. Held-to-maturity financial assets**

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity. They are measured and recognized at amortized cost using the effective interest method.

Held-to-maturity financial assets are assessed on an individual basis for objective evidence of impairment and an impairment loss is recognized in the income statement if their carrying value is greater than their estimated recoverable amount.

### **4. Available-for-sale financial assets**

Available-for-sale financial assets are initially recognized at fair value which corresponds to their acquisition cost plus any transaction costs. After initial recognition, they are re-measured at market value on the reporting date, which Econocom Group deems to be their fair value. Any changes in market value are recorded in equity.

Available-for-sale financial assets are tested for impairment on an individual basis and if there is objective evidence of impairment, an impairment loss is recorded in the income statement (impairment losses recognized on equity instruments are irreversible).

## **2.13.2. Financial liabilities**

Financial liabilities are split into two categories: financial liabilities at fair value through profit or loss and financial liabilities at amortized cost.

Financial liabilities at fair value through profit or loss comprise:

- Financial liabilities held for trading which include liabilities incurred mainly for the purpose of being sold or repurchased in the near term;
- Liabilities designated by the Group upon initial recognition as financial liabilities at fair value through profit or loss.

The Group's financial liabilities mainly consist of borrowings for the purpose of acquiring ECS Group, current accounts in debit, current bank overdraft facilities, and debt recorded against finance leases and factored debt. They are recorded at amortized cost.

### **1. Factoring**

Certain subsidiaries of Econocom Group use factoring to cover their cash requirements. Factoring involves the transfer of title of trade receivables and all associated rights to the factor, including the right to receive the related cash inflows.

According to IAS 39 – Financial Instruments: Recognition and Measurement, when substantially all the risks and rewards of ownership relating to trade receivables are transferred, the receivables are derecognized. Where this is not the case, they are maintained in the statement of financial position after the transfer and a financial liability is recorded to reflect the cash received.

## **2.13.3. Derivative financial instruments**

The Group uses swaps (derivative instruments) to hedge its interest rate exposure. It uses the financial markets for hedging the exposure related to its business activities and not for speculation purposes.

For hedge accounting purposes hedges qualify as:

- Fair value hedges if they hedge exposure to changes in the fair value of a recognized asset or liability or a firm commitment such as a fixed-rate loan or an asset or liability denominated in a foreign currency;
- Cash flow hedges if they hedge the exposure to variability in cash flows attributable to:
  - an asset or liability such as a variable-rate loan;
  - a highly probable future transaction; or
  - a firm commitment in relation to a foreign currency hedge.

As of the date of inception of the hedge, the Group formally documents the financial instrument to be used for hedge accounting purposes as well as:

- The hedging relationship;
- The effectiveness of the hedging relationship by testing the effectiveness of the hedge at inception and on an ongoing basis throughout the financial reporting periods for which the hedge has been designated.

Hedging instruments that qualify for hedge accounting are accounted for as follows:

- Fair value hedges: changes in the fair value of the hedging instrument and the hedged item are recorded on a symmetrical basis as a loss or gain in the income statement for the period. The hedging instrument and hedged item are marked to market in the statement of financial position.
- Cash flow hedges: the net after-tax gain or loss on the effective portion and the ineffective portion of the hedging instrument are recognized in equity and profit or loss respectively. The amounts taken to equity are written back to profit or loss in the period in which the transaction impacts the income statement.

#### 2.13.4. Cash and cash equivalents

These include cash on hand and demand deposits, other highly-liquid investments with maturities of three months or less from the date of acquisition and bank overdrafts. Bank overdrafts are posted under current liabilities in the statement of financial position, within financial liabilities.

IAS 7 defines cash equivalents as short-term, highly liquid investments that are readily convertible to a known amount of cash, and that are subject to an insignificant risk of changes in value.

Cash equivalents are booked at fair value; changes in fair value are recognized through profit or loss under “Other financial income and expense”.

#### 2.13.5. Definition of net financial debt

The concept of net financial debt as used by the Group represents gross financial debt excluding financial liabilities in respect of financial residual value, less net cash.

#### 2.14. Treasury stock

Treasury stock and the related transaction costs are recorded as a deduction from equity. When treasury stock is sold, the consideration received in exchange for the stock net of the transaction costs is recorded in equity.

#### 2.15. Share-based payment

Free share and stock option plans are offered by the Group and settled in shares. In accordance with IFRS 2 – Share-based Payment, the fair value of these plans, representing the fair value of services rendered by the beneficiaries, is measured at the options’ grant date, using the Black-Scholes-Merton model.

The final total expense for stock option plans is measured at the options’ grant date and is taken to profit or loss over the vesting period.

## 2.16. Income tax

Income tax expenses for the year include current taxes due and deferred taxes.

Deferred taxes are accounted for using the liability method for all temporary differences existing between the carrying amount and the tax bases of assets and liabilities, except for non tax-deductible goodwill. Deferred taxes are determined according to the way in which the Group expects to recover or settle the carrying amount of the assets and liabilities using the tax rates that have been enacted or substantially enacted by the end of the reporting period.

Deferred tax assets and liabilities are not discounted and are classified in the statement of financial position as non-current assets and liabilities.

Deferred tax assets are only recognized to the extent that it is probable that future taxable profit will be available against which deductible temporary differences or tax loss and tax credit carry forwards can be utilized.

## 2.17. Provisions and contingent liabilities

A provision is recognized when the Group has a present (legal or constructive) obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

A restructuring provision is recorded when an entity has a detailed formal plan for restructuring and has announced its main features to those affected by it or has started to implement the plan.

The amount recognized represents the best estimate of the expenditure expected to be required to settle the present obligation. The discount rate reflects current market assessments of the time value of money and the risks specific to the liability.

A contingent liability is (i) a possible obligation that arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are not under the Group's control, or (ii) a present obligation that is not recognized because the amount of the obligation cannot be measured with sufficient reliability. No provision is recorded for contingent liabilities.

### 2.17.1. Long-term provisions

Long-term provisions mainly include the following:

- restructuring provisions:
  - reorganization measures taken at the time of a business combination;
  - the discontinuation of a business line or measures implemented to turn around the financial situation of an entity;
  - steps taken to improve productivity.

Restructuring provisions reflect the Company's obligations at the end of the reporting period due to commitments made to third parties.

- Provisions for contingences and litigation

These provisions cover long-term claims or contingencies which may be settled after the operating cycle.

Provisions are measured by reference to the amount of the probable outflow of resources that will be required to settle lawsuits or claims in progress where an obligating event exists at the end of the reporting period. Provisions for litigation and claims comprise the estimated amount required to settle litigations, disputes and claims filed by third parties, including the expenses linked to labor- or tax-related disputes. A provision is booked for tax reassessments notified by the tax authorities if the company concerned has contested or intends to contest the



reassessment and does not consider that it is highly probable that the outcome of the appeal procedure will be favorable.

### 2.17.2. Short-term provisions

Short-term provisions primarily correspond to provisions for claims linked to the normal operating cycle and which are expected to be settled within the next 12 months. They are determined according to the same methods as long-term provisions (see above).

## 2.18. Post-employment benefits and other long-term employee benefits

The Group's companies offer, in accordance with the labor laws of each country, various types of employee benefits.

Employees of the Group's French subsidiaries contribute to the French general and supplement pension plans: these plans are defined contribution plans for which the Group's commitments are limited to the payment of periodic contributions, based on a specified percentage of employee costs. Contributions to defined contribution pension plans are recognized within income under personnel costs as they are incurred.

For defined benefit plans, pension liabilities are determined on the basis of the projected units of credit on the expected retirement date, with an end-of-career salary, taking specifically into account:

- statutory rights depending on the seniority acquired by the different staff categories;
- employee turnover rate calculated based on the average rate of observed departures;
- salaries and fringe benefits including a ratio of the applicable employer social charges;
- an annual salary increase rate;

- the life expectancy of employees on the basis of mortality tables;
- a discount rate for pension liabilities, which is revised each year.

Actuarial gains and losses relating to post-employment defined benefit plans stem from changes in actuarial assumptions from one year to another in the measurement of the obligation. Since January 1, 2007, these gains or losses have been immediately recorded in equity in the period in which they are recognized, net of deferred tax in accordance with the option provided for in the amended IAS 19.

## 2.19. Non-current assets held for sale and discontinued operations

IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations, requires a specific accounting treatment and presentation of assets or group of assets held for sale and discontinued or sold operations, or operations in the process of being sold.

A non-current asset (or directly-related group of assets and liabilities) is classified as "held for sale" if its carrying amount will be recovered principally through a sale transaction rather than through continuing use, and if the sale is highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

These assets cease to be depreciated when they are recognized as assets (or groups of assets) held for sale. These are presented separately on the Group statement of financial position, without restatement of prior periods.

A discontinued or sold operation, or an operation in the process of being sold, is defined as a component of an entity with cash flows that can be distinguished from the rest of the entity and which represents a major, separate line of business or area.

Income and expense relating to discontinued operations are presented separately in the income statement under “Discontinued operations” and are restated in the statement of cash flows.

## 2.20. Income from continuing operations

Income from continuing operations is reported where:

- it is probable that the economic benefits resulting from the transaction will be beneficial to the Group;
- the amount of revenues can be reliably measured;
- it is probable that the amount of the sale will be recovered at the transaction date.

### • Sales of goods

Sales of goods correspond to our Products and Solutions and Telecom Services activities.

Sales of goods are reported at delivery and on the date of transfer of the risks and rewards of title from the entity to the buyer.

IAS 18 is the standard applied for revenue recognition.

### • Finance lease sales

Finance lease sales correspond to the IT Financial Services activity.

IAS 17 is applied for revenue recognition, based on the type of contract as specified in Note 2.20.

### • Sales of services

Sales of services correspond to our Managed Services and Telecom Services activities.

The Group recognizes revenue from the sale of services when it is probable that future economic benefits will flow to the entity concerned and these benefits can be measured reliably.

Revenue generated from the rendering of services over several accounting periods is recognized by reference

to the stage of completion of the transaction at the reporting date. The percentage of completion is obtained by comparing the amount of costs incurred at the reporting date with the estimated total costs of the transaction. If it seems that total identified costs will exceed the price that the customer is prepared to pay, the expected loss on completion of the transaction is recognized immediately as an expense.

IAS 18 is the standard applied for revenue recognition.

## 2.21. Operating profit

Operating profit includes all income and expenses directly arising from the Group’s business, whether these income and expenses are recurring or the result of non-recurring decisions or transactions.

“Recurring operating profit” is an intermediary aggregate which facilitates the understanding of the company’s operating performance.

Other non-recurring income and expenses, excluded from recurring operating profit, include:

- unusual items representing income and expenses, deemed unusual in terms of their frequency, nature or amount;
- impairment losses on goodwill;
- the gains or losses on the disposal of intangible assets or property, plant and equipment, operating assets or investments;
- the cost of restructuring and the costs associated with headcount adjustment measures;
- the granting of free shares.

## 2.22. Earnings per share

Basic earnings per share is determined by dividing profit by the weighted average number of ordinary shares outstanding during the year – a calculation that factors in the number of treasury shares held on a pro rata basis.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potential dilutive financial instruments issued by the consolidating entity or one of its subsidiaries. Dilution is calculated separately for each instrument, based on market prices at year-end and excluding anti-dilutive instruments.

Non-dilutive stock options are not included in the calculation.

## 2.23. Operating segments

Since January 1, 2009, the Group has applied IFRS 8 – Operating Segments, which has replaced IAS 14. Segment information has been prepared on the basis of internal management data disclosed to the Executive Committee, the Group's primary operating decision-maker.

The Group's operating activities are organized into four aggregate strategic operating business lines: IT Financial Services, Products and Solutions, Managed Services, and Telecom Services.

These can be analyzed as follows:

Aggregate strategic operating business segments (4)	Geographic areas (14)
IT Financial Services	France, Belgium, Netherlands, Germany, United Kingdom, Spain, Italy, Switzerland, Ireland, Poland, Slovakia, Czech Republic, Romania, China, United States
Products and Solutions	France, Belgium
Managed Services	France, Belgium, Netherlands, Morocco
Telecom Services	France

The four business segments listed above represent long-term financial profitability and share similar features that allow their aggregation.

They are managed according to the nature of the products and services sold in the given economic and geographic environments. This segmentation into business areas serves as a basis for the presentation of the company's internal management data and is used by the Group's operating decision makers to monitor business activity.

The Executive Committee measures the performance of these aggregate strategic operating business segments based on operating profit. The results correspond to the items that are directly or indirectly attributable to a business segment.

Sales and transfers between segments are carried out at arm's length and are eliminated in accordance with the usual consolidation principles.

The Group's aggregate strategic operating business segments are defined as follows:

- **IT Financial Services**

Administrative and financial management of ICT assets.

- **Managed Services**

- Comprehensive management of distributed IT resources: consulting, outsourcing and support services.
- For A2Z companies, a specific service offering tailored to the requirements of SMEs, encompassing comprehensive management of workstations and communications technology, invoiced based on a monthly cost per user.

- **Products and Solutions**

Services ranging from the sale of hardware and software (PCs, servers, printers and licenses) to systems integration.

- **Telecom Services**

Comprehensive management of telecom resources.

- **Miscellaneous businesses**

This segment comprises all business activities that do not correspond to the segments defined above.

## 2.24. Other information

In 2010, the Group did not make any significant changes to its accounting policies (see Note 2.10.1 concerning lease contract extensions), other than in relation to IFRS obligations applicable as from January 1, 2010 as indicated in Note 2.2.1, and which had no material impact on the consolidated financial statements.

The information with respect to comparative periods complies with IFRS.

## 3. Changes in the scope of consolidation

The consolidated financial statements of Econocom Group as of December 31, 2010 include the accounts of the companies listed in Note 4 "List of consolidated companies".

The cash flow impacts of major changes in the scope of consolidation are presented in Note 32.

### 3.1. Acquisitions, company formations, and purchases of additional equity interests in 2010

#### 3.1.1. Acquisition of ECS Group

##### 1. Description of the transaction

On July 1, 2010, the Group entered into exclusive negotiations with Société Générale to acquire ECS Group, a company specializing in IT management services, with the aim of becoming the leading provider of business-to-business mobility services.

On September 10, 2010, the acquisition agreement was signed by the parties.

On October 28, 2010, following approval by the European competition authorities, the Group announced the finalization of the acquisition of the entire share capital of ECS SA, the parent company whose subsidiaries are listed in Note 4 "List of consolidated companies".

The consolidated data for 2010 includes the contribution of ECS Group and its subsidiaries as of October 1, 2010. October 1 is deemed the acquisition date.

This major acquisition enables the Group to establish itself as the European leader in IT and telecom infrastructure management.

The new Group has a comprehensive offering covering all companies' needs (distribution, services and leasing). With 3,700 employees and an extended European presence (17 countries), the Group is in a better position than ever to assist its 20,000 clients both in their country of origin and on an international scale.

### **2. Calculating and allocating the cost of the combination**

The business combination was accounted for as of October 1, 2010, the date on which the acquisition of ECS Group became effective.

The price was initially set at €210 million. The amount paid to Société Générale by Econocom Group was actually €192.8 million, following a payment by ECS of a 2009 dividend for the amount of €17.2 million.

This transaction was financed in the following way:

- acquisition Loan of €120 million;
- Econocom Group shares transferred to Société Générale representing a value of €30 million, i.e., 1,354,376 treasury shares and 1,372,897 newly issued shares (at a price of €11 per share) when title for all ECS shares was transferred;
- a €40 million Bridge Loan;
- available cash for the remaining amount.

The cost of the business combination as of the acquisition date was calculated as follows:

Number of shares comprising ECS SA's share capital	14,734,754
Number of shares acquired by Econocom Group	14,734,754
Percentage of the share capital acquired	100%
Acquisition price (in € thousands)	192,760
<b>Total cost of the business combination</b>	<b>192,760</b>

In accordance with IFRS 3 revised, the Group has 12 months as from the acquisition date in which to finalize the allocation of the purchase price to ECS Group's assets, liabilities and contingency liabilities.

The allocations accounted for on October 1, 2010 presented below were determined subject to a contingent price adjustment as stipulated in the agreements signed in October 2010.

	Notes	Fair value in accordance with IFRS
Net intangible assets	6	6,638
Customer portfolio	6	40,000
Goodwill		0
Property, plant and equipment, net	8	6,866
Financial assets	9	1,559
Deferred tax assets	30	19,514
<b>Current assets</b>		
Inventories	11	4,867
Trade and other receivables	12	393,843
Current tax assets		6,897
Cash	13	11,148
Other current assets	12	142,012
Financial liabilities	18	561
Provisions	16	
Provisions for pensions and other commitments	17	6,151
Other debts		
Deferred tax liabilities	30	14,931
<b>Current liabilities</b>		
Financial liabilities	18	116,646
Provisions	16	21,591
Income tax liabilities		5,654
Trade and other current payables	19	286,951
Other current liabilities	19	106,915
<b>Total net assets acquired</b>		<b>73,944</b>
Cost of business combination		192,760
<b>Provisional goodwill</b>		<b>118,816</b>



When allocating the cost of this business combination, the Group recognized:

- the client portfolio in accordance with the IFRS described in Note 6.

The estimation of provisions was reviewed in accordance with IFRS 3 revised. Provisions for pensions and other commitments were re-estimated according

to the SoRIE method described in Note 17 and certain contingent liabilities resulting from litigation in progress at the acquisition date gave rise to the recognition of provisions recognized (see Note 16).

Deferred tax assets and liabilities were adjusted as a result of the purchase price allocation.

The table below shows the various valuation methods used for the preliminary allocation of the acquisition cost:

<b>Franchises, patents, licenses</b>	Cost approach method (amortized replacement cost)
<b>Intangible assets</b> Customer relations	Multi-period excess-earnings method
<b>Property, plant and equipment</b> Property	Market approach method
<b>Financial assets</b> Unguaranteed residual value of leased assets	Determined on a contract-by-contract basis, based on the commercial residual value taken by ECS on each contract. When the financial residual value of a contract was lower than the commercial residual value, this was used as the unguaranteed residual value of leased assets.
<b>Investments</b>	Discounted cash flows method

Goodwill is essentially market shares, development capacity, and the synergies expected, particularly in terms of complementary businesses and extended, strengthened European presence, operating and commercial costs and income which cannot be accounted for separately on Econocom Group's statement of financial position.

The values used reflect management's best estimates.

### 3. Pro forma information

If the acquisition of ECS Group had occurred on January 1, 2010, the Group's revenue would have been €1,573 million, recurring operating profit would have been €47.3 million, and net attributable profit would have been €28.8 million.

#### 3.1.2. Company formations

Econocom Finance SNC was created on October 28, 2010, as part of the acquisition of ECS Group. It is owned jointly by Econocom Lease SA/NV and Econocom Managed Services SA/NV.

#### 3.1.3. Internal restructuring operations with no impact on the scope of consolidation

As part of the Group's efforts to streamline the legal structures of its direct and indirect investments, the following operations were carried out:

- Merger of Promodata SAS, Econocom Enterprise Solutions EURL, Econocom Gestion EURL with Econocom Location SAS
- Merger of SCI Alexandre with Econocom Products and Solutions SAS
- Internal transactions:
  - Econocom SAS acquired:
    - 100% of the shares of Econocom Products and Solutions SAS from EMS SA/NV

- 100% of the shares of Econocom Location SAS from EFSI BV

- 100% of the shares of ECS from Econocom Group SA/NV

These internal transactions resulted in a capital increase at Econocom SAS of 2,362,463 shares.

The number of shares making up Econocom SAS's share capital now stands at 2,456,623, breaking down as follows:

- Econocom Group SA/NV: 556,740 shares, i.e., 22.66%
- Econocom Managed Services SA/NV: 809,515 shares, i.e., 32.96%
- EFSI BV: 1,090,368 shares, i.e., 44.38%

In addition, a capital increase was carried out by Econocom Managed Services SA/NV and subscribed by Econocom Group SA/NV by incorporating the current account. Econocom Group SA/NV now holds the entire share capital of Econocom Managed Services SA/NV.

## 3.2. Acquisitions, company formations, and purchases of additional equity interests in 2009

### 3.2.1. Acquisition

Econocom Group SA/NV acquired:

- 10% of Econocom GmbH, bringing its interest up to 90%.

### 3.2.2. Company formations

- Econocom Services GmbH was created in June 2009 to meet the requirements of German legislation which distinguishes between leasing activities and services activities. The company is wholly owned by Econocom GmbH (Germany).

- The Economic Interest Group (EIG) Econocom Enterprise Solutions France was formed in May 2009 to host the design and marketing of enterprise solutions. This company is jointly owned by Econocom Location SAS, Econocom Managed Services SAS, Econocom Products and Solutions SAS, and Econocom Telecom Services SAS.

### 3.2.3. Liquidations/Winding up

- Econocom Promodata France SA, 100% owned by Econocom Nederland BV, was wound up without liquidation in December 2009.
- Databail SAS and Jafa Consulting SARL, 100% owned by Econocom Location SAS, were wound up without liquidation in July 2009.

### 3.2.4. Internal restructuring operations with no impact on the scope of consolidation

As part of the Group's efforts to streamline the legal structures of its direct and indirect investments, the following operations were carried out:

- Disposal of Promodata SAS (formerly SNC) to Econocom Location SAS;
- Merger of Econocom Telecom BV with Econocom Managed Services BV (formerly Econocom Products and Solutions BV).

## 4. LIST OF CONSOLIDATED COMPANIES

### Fully-consolidated companies

Company	Registered office	VAT No.	% interest		Immediate holding company
			2010	2009	
Econocom SAS	Clichy	FR 653 269 667 77	22.66% 32.95% 44.39%	100%	Econocom Group SA/NV Econocom Manages Services SA/NV EFS International BV
Econocom Location SAS	Clichy	FR 513 324 398 68	100%	100%	EFS International BV Econocom SAS
Atlance France SAS	Clichy	FR 774 408 146 14	100%	100%	Econocom Location SAS
GIE Econocom Enterprise Solutions France	Clichy	FR 875 126 167 98	25% 25% 25% 25%	25% 25% 25% 25%	Econocom Location SAS Econocom Managed Services SAS Econocom Products and Solutions Econocom Telecom Services SAS
Econocom Enterprise Solutions France EURL <sup>(1)</sup>	Clichy			100%	Econocom Location SAS
Econocom Gestion EURL (1)	Clichy			100%	Econocom Location SAS
G.I.E. Econocom	Clichy	FR 104 082 368 83	41.67% 58.33%	41.67% 58.33%	Econocom Group SA/NV Econocom SAS
Econocom Products and Solutions Belux SA/NV	Brussels	BE 042 685 15 67	100%	100%	Econocom Group SA/NV
Econocom Managed Services SA/NV	Brussels	BE 043 209 34 28	100%	100%	Econocom Group SA/NV
Atlance SA/NV	Brussels	BE 047 648 96 35	99.93% 0.07%	99.93% 0.07%	Econocom Lease SA/NV Econocom Managed Services SA/NV
Econocom PSF SA	Luxembourg	LU 181 844 17	0.08% 99.92%	0.08% 99.92%	Econocom Products and Solutions Belux SA/NV Econocom Group SA/NV
Econocom Luxembourg SA	Luxembourg	LU 134 543 64	100%	100%	Econocom Lease SA/NV
Econocom Lease SA/NV	Brussels	BE 043 132 17 82	100%	100%	Econocom Group SA/NV
Econocom Nederland BV	Nieuwegein	NL 007 552 506 B01	100%	100%	EFS International BV
Econocom GmbH	Isenburg	DE 225 258 231	90%	90%	Econocom Group SA/NV
Econocom Services GmbH	Isenburg	DE 266 737 264	100%	100%	Econocom GmbH
Econocom Expert International Holding BV	Nieuwegein	NL 007 552 506 B02	50.1%	50.1%	Econocom Group SA/NV
Econocom Managed Services BV (ex EPS BV)	Nieuwegein	NL 007 552 506 B01	100%	100%	Econocom Nederland BV
Econocom UK Ltd	Chertsey	GB 386 394 113	100%	100%	Econocom Group SA/NV
Econocom SA (Espagne)	Madrid	ES A78 017 282	100%	100%	Econocom Group SA/NV Econocom SAS
Econocom Locazione Italia SPA	Milan	IT 076 558 901 55	93.57% 6.43%	93.57% 6.43%	Econocom Group SA/NV Econocom SAS
Promodata SAS <sup>(1)</sup>	Clichy	FR 333 929 453 58		100%	Econocom Location SAS

(1) See Note 3 "Changes in the scope of consolidation"

## Notes to the consolidated financial statements

Company	Registered office	VAT No.	% interest		Immediate holding company
			2010	2009	
Econocom Products and Solutions SAS	Les Ulis	FR 953 315 664 30	100%		Econocom Managed Services SA/NV
				100%	Econocom SAS
Econocom Managed Services SAS	Les Ulis	FR 083 422 331 03	100%	100%	Econocom Products and Solutions SAS
Synopse SAS	Les Ulis	FR 064 009 426 11	100%	100%	Econocom Managed Services SAS
Econocom Maroc SARL	Rabat		100%	100%	Econocom Managed Services SAS
SCI Alexandre (1)	Les Ulis	FR 713 789 003 85		99.90%	Econocom Products and Solutions SAS
Econocom Telecom Services SAS	Clichy	FR 503 532 352 45	88%	100%	Econocom Products and Solutions SAS
Alliance Support Services SA	Les Ulis	FR 464 513 670 72	100%	93.32%	Econocom Products and Solutions SAS
Asystel SAS	Clichy	FR 185 017 211 53	100%	100%	Econocom Products and Solutions SAS
A2Z Holding NV	Brussels	BE 044 560 86 94	100%	100%	Econocom Group SA/NV
A2Z Solutions NV	Brussels	BE 044 848 72 20	100%	100%	A2Z Holding NV
Data Networks France SARL	Clichy	FR 314 141 463 24	100%	100%	A2Z Holding NV
EFS International BV	Nieuwegein	NL 817 289 094 B01	100%	100%	Econocom Group SA/NV
ECS SA	Nanterre	FR 67 301 364 824	100%		ECONOCOM SAS
ECS INTERNATIONAL ITALIA SpA	Milan	IT07933030152	100%		ECS SA
ECS Deutschland Holding GmbH	Ettlingen	DE 114143755	100%		ECS SA
ECS INTERNATIONAL BELGIUM SA/NV	Brussels	BE 0429 616 166	100%		ECS SA
ECS INTERNATIONAL CORPORATION	Wilmington New Castle		100%		ECS SA
ECS INTERNACIONAL ESPAÑA SAU	Barcelona	ESA78836996	100%		ECS SA
ECS United Kingdom Plc	Richmond	GB 429 820 536	100%		ECS SA
ECS INTERNATIONAL NETHERLANDS BV	Amersfoort	NL807576359B01	100%		ECS SA
ECS INTERNATIONAL POLSKA Sp.z.o.o.	Warszawa	PL 5252186685	100%		ECS SA
HIGH TECHNOLOGY FINANCE Ltd	Dublin	IE 951 3453 D	100%		ECS United Kingdom Plc
ECS LUXEMBOURG SA	Luxembourg	LU 18756845	99.69%		ECS INTERNATIONAL BELGIUM SA
			0.31%		ECS SA
ECS INTERNATIONAL SWITZERLAND SA	Nyon	625 894	100%		ECS SA
ECS INTERNATIONAL CZECH REPUBLIC s.r.o	Radlická	CZ27382893	100%		ECS SA
ECS TECHNOSERVICE SOLUTIONS AG	Frankfurt	DE 113 58 95 23	100%		ECS Deutschland Holding GmbH
ECS INTERNATIONAL MAROC SA	Casablanca		100%		ECS SA
ECS INTERNATIONAL ROMANIA SA	Bucarest	RO22396330	100%		ECS SA
WANLEASE ITALIA S.p.A.	Milan	IT05827950964	51%		ECS INTERNATIONAL ITALIA SpA
			49%		ECS SA
Europe Computer Systems (Shanghai) Co. Ltd Shanghai			100%		ECS SA
ECS International Slovakia, s.r.o	Bratislava	SK2022858046	100%		ECS SA
FICORENT SA	Nyon	456 260	100%		ECS INTERNATIONAL SWITZERLAND SA

## 5. Segment reporting

As indicated in Note 1.28, the Group's business segments break down into the four aggregate strategic operating business segments:

- IT Financial Services
- Managed Services
- Products and Solutions
- Telecom Services

The Managed Services segment includes management consultancy, systems integration, on-site support and outsourced equipment management.

The "Other activities" segment includes all other segments for which reporting is not required under IFRS 8.

### Segment results

The Group's segment result corresponds to "Operating profit from activities". This segment result, retained for the application of IFRS 8, is the indicator used in-house to measure the performance of non-managerial staff and allocate resources.

Operating profit from activities corresponds to Operating profit before restructurings, impairment losses on assets, disposal gains or losses, and disputes adjusted to reflect the reversing entry of amortization of intangible assets.

### 5.1. Reporting by operating business segment

The following table presents the contribution of each operating business segment to the group's results:

(in € thousands)	IT Financial Services	Products and Solutions	Managed Services	Telecom Services	Total operating segments	Other businesses	Total
<b>2010</b>							
<b>Income</b>							
Income from external clients	636,136	197,862	150,530	36,748	1,021,276	84	<b>1,021,360</b>
Operating internal income	34,792	17,377	8,362	3,647	64,178		
<b>Total - Income from operating segments</b>	<b>670,928</b>	<b>215,239</b>	<b>158,892</b>	<b>40,395</b>	<b>1,085,454</b>		
<b>Operating profit/(loss) from activities</b>	<b>43,413</b>	<b>3,537</b>	<b>1,672</b>	<b>2,494</b>	<b>51,116</b>	<b>(3,951)</b>	<b>47,165</b>
<b>2009</b>							
<b>Income</b>							
Income from external clients	420,565	185,824	125,529	27,290	759,208	82	<b>759,290</b>
Operating internal income	37,560	12,564	8,320	5,901	64,345		
<b>Total - Income from operating segments</b>	<b>458,125</b>	<b>198,388</b>	<b>133,849</b>	<b>33,191</b>	<b>823,553</b>		
<b>Operating profit/(loss) from activities</b>	<b>23,780</b>	<b>3,231</b>	<b>2,606</b>	<b>(284)</b>	<b>29,333</b>	<b>(1,196)</b>	<b>28,137</b>



## 5.2. Reconciliation with the consolidated financial statements

<i>(in € thousands)</i>	<b>2010</b>	<b>2009</b>
Income from operating segments	1,085,454	823,553
Income from "Other activities" segment	84	82
Elimination of internal revenue	(64,178)	(64,345)
<b>Total Income from continuing operations</b>	<b>1,021,360</b>	<b>759,290</b>
Operating profit or loss from activities	51,116	29,333
Profit or loss from "Other activities" segment	(3,951)	(1,196)
<b>Operating segments activity profit or loss</b>	<b>47,165</b>	<b>28,137</b>
Reversing entry for amortization of intangible assets	(148)	1,010
<b>Operating profit before restructurings, impairment losses on assets, disposal gains or losses and disputes</b>	<b>47,017</b>	<b>29,147</b>
Costs of acquisition of ECS Group	(6,447)	(517)
Non-current risks	(638)	(639)
Profit or loss on disposal of investment property	335	689
<b>Operating profit</b>	<b>40,267</b>	<b>28,680</b>
Other financial income and expense	851	(596)
<b>Profit before tax</b>	<b>41,118</b>	<b>28,084</b>

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## 5.3. Geographical segments

Geographical segment data presented in the table below were prepared on the basis of the geographical coverage of clients for revenue.

	<b>Revenue by geographical region</b>	
<i>(in € thousands)</i>	<b>2010</b>	<b>2009</b>
Belgium	194,487	254,241
Netherlands	51,676	52,538
France	556,005	370,093
Southern Europe (Spain, Italy)	158,941	65,719
Other countries (Germany, Eastern European countries, United Kingdom)	60,251	16,699
	<b>1,021,360</b>	<b>759,290</b>

## 6. Intangible assets 2010

(in € thousands)	Customer portfolio	Business assets	Franchises, patents, licenses, etc.	ECS IT systems	Other	Total
<b>Acquisition cost</b>						
<b>Gross value as of December 31, 2009</b>	<b>0</b>	<b>0</b>	<b>11,127</b>	<b>0</b>	<b>706</b>	<b>11,833</b>
Acquisitions		2,370	2,020	8		4,398
Disposals			(408)			(408)
Changes in scope of consolidation	40,000		6,670	12,892		59,562
Transfers and other movements						0
<b>Gross value as of December 31, 2010</b>	<b>40,000</b>	<b>2,370</b>	<b>19,409</b>	<b>12,900</b>	<b>706</b>	<b>75,385</b>
<b>Amortization and impairment</b>						
<b>Accumulated amortization and impairment as of December 31, 2009</b>	<b>0</b>	<b>0</b>	<b>(7,713)</b>	<b>0</b>	<b>(706)</b>	<b>(8,419)</b>
Amortization expense		(354)	(1,220)	(423)		(1,997)
Reversals of impairment losses						0
Disposals			115			115
Changes in scope of consolidation	(500)		(4,574)	(8,349)		(13,423)
Transfers and other movements						0
<b>Accumulated amortization and impairment as of December 31, 2010</b>	<b>(500)</b>	<b>(354)</b>	<b>(13,392)</b>	<b>(8,772)</b>	<b>(706)</b>	<b>(23,724)</b>
<b>Carrying amount as of December 31, 2009</b>	<b>0</b>	<b>0</b>	<b>3,414</b>	<b>0</b>	<b>0</b>	<b>3,414</b>
<b>Carrying amount as of December 31, 2010</b>	<b>39,500</b>	<b>2,016</b>	<b>6,017</b>	<b>4,128</b>	<b>0</b>	<b>51,661</b>

## Intangible assets 2009

(in € thousands)	Customer portfolio	Business assets	Franchises, patents, licenses, etc.	ECS IT systems	Other	Total
<b>Acquisition cost</b>						
<b>Gross value as of December 31, 2008</b>			<b>9,937</b>		<b>706</b>	<b>10,643</b>
Acquisitions			1,621			1,621
Disposals			(751)			(751)
Changes in scope of consolidation						0
Transfers and other movements			320			320
<b>Gross value as of December 31, 2009</b>			<b>11,127</b>		<b>706</b>	<b>11,833</b>
<b>Amortization and impairment</b>						
<b>Accumulated amortization and impairment as of December 31, 2008</b>			<b>(7,287)</b>		<b>(706)</b>	<b>(7,993)</b>
Amortization expense			(1,174)			(1,174)
Reversals of impairment losses						
Disposals			748			748
Changes in scope of consolidation						
Transfers and other movements						
<b>Accumulated amortization and impairment as of December 31, 2009</b>			<b>(7,713)</b>		<b>(706)</b>	<b>(8,419)</b>
<b>Carrying amount as of December 31, 2008</b>			<b>2,650</b>		<b>0</b>	<b>2,650</b>
<b>Carrying amount as of December 31, 2009</b>			<b>3,414</b>		<b>0</b>	<b>3,414</b>

## 7. Goodwill

For the purposes of impairment testing, goodwill is allocated to cash-generating units (CGUs) as follows:

(in € thousands)		Year of acquisition	Net value as of Dec. 31, 2007	Changes in scope of consolidation in 2008	Other	Gross value as of Dec. 31, 2008	Impairment as of Dec. 31, 2008	Net value as of Dec. 31, 2008
<b>Products and Solutions Belgium</b>			<b>461</b>			<b>461</b>	<b>0</b>	<b>461</b>
PLI	2000		461			461		461
<b>Telecom Services France</b>			<b>10,306</b>	<b>0</b>	<b>0</b>	<b>10,306</b>	<b>0</b>	<b>10,306</b>
The Phone House	2007		782			782		782
Avenir Telecom	2006		1,246			1,246		1,246
JCA	2005		760			760		760
Signal Service	2004		7,518			7,518		7,518
<b>Telecom Services Belgium</b>			<b>1,120</b>	<b>0</b>	<b>0</b>	<b>1,120</b>	<b>0</b>	<b>1,120</b>
CHanSE	2004		1,120			1,120		1,120
<b>Managed Services France</b>			<b>8,427</b>	<b>0</b>	<b>60</b>	<b>8,487</b>	<b>0</b>	<b>8,487</b>
Alliance Support Services	2007		7,306			7,306		7,306
Kentron	2007		698			698		698
Synopse	2003		423		60	483		483
<b>Managed Services Belgium</b>			<b>761</b>	<b>0</b>	<b>0</b>	<b>761</b>	<b>0</b>	<b>761</b>
SX Consultants	2002		656			656		656
CSI	2000		105			105		105
<b>A2Z</b>			<b>2,741</b>	<b>0</b>	<b>0</b>	<b>3,104</b>	<b>(363)</b>	<b>2,741</b>
A2Z Holding	2005		2,741			3,104	(363)	2,741
<b>Managed Services Netherlands</b>			<b>0</b>	<b>0</b>	<b>0</b>	<b>248</b>	<b>(248)</b>	<b>0</b>
For Connected	2005		0			248	(248)	0
<b>IT Financial Services Italy</b>			<b>1,252</b>	<b>0</b>	<b>0</b>	<b>1,252</b>	<b>0</b>	<b>1,252</b>
Aperleasing	2007		4			4		4
Tecnolease	2007		1,248			1,248		1,248
<b>IT Financial Services Germany</b>			<b>295</b>	<b>0</b>	<b>(59)</b>	<b>236</b>	<b>0</b>	<b>236</b>
Econocom Albis	2006		295		(59)	236		236
<b>IT Financial Services France</b>			<b>671</b>	<b>2,739</b>	<b>0</b>	<b>3,410</b>	<b>0</b>	<b>3,410</b>
France Location	1996		671			671		671
Databail	2008		0	2,735		2,735		2,735
Jafa Consulting	2008		0	4		4		4
ECS	2010							
<b>Total</b>			<b>26,034</b>	<b>2,739</b>	<b>1</b>	<b>29,385</b>	<b>(611)</b>	<b>28,774</b>

## Notes to the consolidated financial statements

Changes in scope of consolidation in 2009	Other	Gross value as of Dec. 31, 2009	Impairment as of Dec. 31, 2009	Net value as of Dec. 31, 2009	Changes in scope of consolidation in 2010	Other	Gross value as of Dec. 31, 2010	Impairment as of Dec. 31, 2010	Net value as of Dec. 31, 2010
		<b>461</b>	<b>0</b>	<b>461</b>			<b>461</b>	<b>0</b>	<b>461</b>
		461		461			461		461
<b>0</b>	<b>0</b>	<b>10,306</b>	<b>0</b>	<b>10,306</b>	<b>0</b>	<b>0</b>	<b>10,306</b>	<b>0</b>	<b>10,306</b>
		782		782			782		782
		1,246		1,246			1,246		1,246
		760		760			760		760
		7,518		7,518			7,518		7,518
<b>0</b>	<b>0</b>	<b>1,120</b>	<b>0</b>	<b>1,120</b>	<b>0</b>	<b>0</b>	<b>1,120</b>	<b>0</b>	<b>1,120</b>
		1,120		1,120			1,120		1,120
<b>0</b>	<b>0</b>	<b>8,487</b>	<b>0</b>	<b>8,487</b>	<b>0</b>	<b>0</b>	<b>8,487</b>	<b>0</b>	<b>8,487</b>
		7,306		7,306			7,306		7,306
		698		698			698		698
		483		483			483		483
<b>0</b>	<b>0</b>	<b>761</b>	<b>0</b>	<b>761</b>	<b>0</b>	<b>0</b>	<b>761</b>	<b>0</b>	<b>761</b>
		656		656			656		656
		105		105			105		105
<b>0</b>	<b>0</b>	<b>3,104</b>	<b>(363)</b>	<b>2,741</b>	<b>0</b>	<b>0</b>	<b>3,104</b>	<b>(363)</b>	<b>2,741</b>
		3,104	(363)	2,741			3,104	(363)	2,741
<b>0</b>	<b>0</b>	<b>248</b>	<b>(248)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>248</b>	<b>(248)</b>	<b>0</b>
		248	(248)	0			248	(248)	0
<b>0</b>	<b>0</b>	<b>1,252</b>	<b>0</b>	<b>1,252</b>	<b>0</b>	<b>0</b>	<b>1,252</b>	<b>0</b>	<b>1,252</b>
		4		4			4		4
		1,248		1,248			1,248		1,248
<b>82</b>	<b>0</b>	<b>318</b>	<b>0</b>	<b>318</b>	<b>0</b>	<b>0</b>	<b>318</b>	<b>0</b>	<b>318</b>
82		318		318			318		318
<b>0</b>	<b>0</b>	<b>3,410</b>	<b>0</b>	<b>3,410</b>	<b>118,816</b>	<b>0</b>	<b>122,226</b>	<b>0</b>	<b>122,226</b>
		671		671			671		671
		2,735		2,735			2,735		2,735
		4		4			4		4
					118,816		118,816		118,816
<b>82</b>	<b>0</b>	<b>29,467</b>	<b>(611)</b>	<b>28,856</b>	<b>118,816</b>	<b>0</b>	<b>148,283</b>	<b>(611)</b>	<b>147,672</b>

In 2010, Econocom Group completed the major acquisition of ECS Group. The main impacts of this acquisition are outlined in Note 2. Residual goodwill of €118,816,000 after allocation, was recognized, and is analyzed below.

### **Impairment tests on goodwill**

Goodwill was tested for impairment in accordance with the methods outlined in Note 2.12 “Impairment of assets”. The tests were conducted in accordance with the methods described below and did not reveal any significant impairment as of December 31, 2010.

### **“Telecom Services” CGU**

The recoverable amount of the Telecom Services CGU was determined by calculating the value in use using the discounted cash flow method. The calculation was performed using four-year cash flow projections based on business plans and forecasts approved by Management. The discount rate used was set at 8.8% for the Telecom Services France and Belgium CGUs. Cash flow projections beyond the projected timeframe were extrapolated using a perpetual growth rate of 2%. These growth rates are consistent with the business plans used, the development potential of the markets on which the CGUs entities operate and with the competitive positions on those markets.

In the context of a sensitivity analysis on the Telecom Services Belgium CGU, a differential assumption using

a discount rate which is one percentage point higher than the base rate of 8.8% would not change the conclusions of the analysis. The same would be true if cash flows over the last four years of the business plan were reduced by 10%. Lastly, no impairment would be required if the perpetual growth rate were reduced to 1%.

The profitability of the Telecom Services Belgium CGU was favorably influenced by future synergies planned with the medical business unit, which belongs to the Products and Solutions Belgium CGU.

### **“A2Z” CGU**

The recoverable amount of the A2Z CGU was determined by calculating the value in use using the discounted cash flow method. The calculation was performed using five-year cash flow projections based on business plans and forecasts approved by Management. The applicable discount rate was set at 8.8%. Cash flow projections beyond the five-year timeframe were extrapolated using a perpetual growth rate of 2%, consistent with the development potential of the markets on which the CGU’s entities operate and with their competitive positions on those markets.

A sensitivity analysis based on changes in the key parameters used did not reveal any probable scenario where the recoverable amount of the CGU would fall below its carrying amount.



### **“Managed Services” CGU**

The recoverable amount of the Managed Services CGU was determined by calculating the value in use using the discounted cash flow method. The calculation was performed using four-year cash flow projections based on business plans and forecasts approved by Management. The applicable discount rate was set at 8.8%. Cash flow projections beyond the four-year timeframe were extrapolated using a perpetual growth rate of 1%, consistent with the development potential of the markets on which the CGU’s entities operate and with the competitive positions on those markets.

A sensitivity analysis based on changes in the key parameters used did not reveal any probable scenario where the recoverable amount of the CGU would fall below its carrying amount.

It should be noted that the profitability of the Managed Services CGU remains extremely positive, despite the integration of Alliance Support Services, which failed to meet its Business Plan targets in 2010. This entity was integrated for the following reasons:

- i) Alliance Support Services is not supervised independently of the other Service division operations in France;
- ii) The financial decisions with respect to Alliance Support Services are made in light of the complementary nature of its business with those of the other Service division operations in France.

### **ECS Group**

ECS Group’s results since its consolidation by Econocom Group, combined with the synergies identified, are in line with the original Business Plan drawn up at the time of the acquisition. Consequently, there is no reason to impair the residual goodwill.

However, the recoverable amount of the ECS CGU was determined by calculating the value in use using the discounted cash flow method. The calculation was performed using four-year cash flow projections based on plans and forecasts approved by Management. The applicable discount rate was set at 8.8%. Cash flow projections beyond the four-year timeframe were extrapolated using a perpetual growth rate of 1%, consistent with the development potential of the markets on which the CGUs entities operate and with the competitive positions on those markets.

## 8. Property, plant and equipment 2010

Changes in the gross value of property, plant and equipment as well as the related depreciation expense are presented below for 2010:

(in € thousands)	Land and buildings	Plants and IT equipment	Furniture and vehicles	Other items of property, plant & equipment	Property, plant and equipment held under finance lease <sup>(1)</sup>	Total
<b>Acquisition cost</b>						
<b>Gross value as of December 31, 2009</b>	<b>8,267</b>	<b>13,194</b>	<b>2,305</b>	<b>174</b>	<b>3,053</b>	<b>26,993</b>
Acquisitions	106	1,232	189		3,061	4,588
Disposals	(1,470)	(4,734)	(102)		(5,694)	(12,000)
Changes in scope of consolidation	4,315	14,529	4,755	4		23,603
Translation adjustments		54	3			57
Transfers and other movements	(635)	609	54	(117)	1,776	1,687
<b>Gross value as of December 31, 2010</b>	<b>10,583</b>	<b>24,884</b>	<b>7,204</b>	<b>61</b>	<b>2,196</b>	<b>44,928</b>
<b>Depreciation and impairment</b>						
<b>Accumulated depreciation and impairment as of December 31, 2009</b>	<b>(4,104)</b>	<b>(9,925)</b>	<b>(1,661)</b>	<b>(74)</b>	<b>(2,085)</b>	<b>(17,849)</b>
Additions	(170)	(1,295)	(368)		(1,884)	(3,717)
Reversals					49	49
Additions to impairment						
Reversals of impairment						
Acquisitions						
Disposals	857	3,158	100		3,143	7,258
Changes in scope of consolidation	(2,003)	(10,644)	(3,887)			(16,534)
Translation adjustments		(51)	(2)			(53)
Transfers and other movements	327	(282)	(24)	74	(708)	(613)
<b>Accumulated depreciation and impairment as of December 31, 2010</b>	<b>(5,093)</b>	<b>(19,039)</b>	<b>(5,842)</b>		<b>(1,485)</b>	<b>(31,459)</b>
<b>Carrying amount as of December 31, 2009</b>	<b>4,163</b>	<b>3,269</b>	<b>644</b>	<b>100</b>	<b>968</b>	<b>9,144</b>
<b>Carrying amount as of December 31, 2010</b>	<b>5,490</b>	<b>5,845</b>	<b>1,362</b>	<b>61</b>	<b>711</b>	<b>13,469</b>

(1) Assets held under finance leases solely comprise IT equipment leased to clients which is classified under furniture and vehicles owned by the Group for its own purposes, i.e., not refinanced via a refinancing institution.

## Property, plant and equipment 2009

(in € thousands)	Land and buildings	Plants and IT equipment	Furniture and vehicles	Other items of property, plant and equipment	Property, plant and equipment held under finance lease <sup>(1)</sup>	Total
<b>Acquisition cost</b>						
<b>Gross value as of December 31, 2008</b>	<b>8,359</b>	<b>12,584</b>	<b>2,293</b>	<b>473</b>	<b>2,113</b>	<b>25,822</b>
Acquisitions		1,122	357	21	29,519	31,019
Disposals	(92)	(517)	(325)		(29,635)	(30,569)
Changes in scope of consolidation						
Translation adjustments					1	1
Transfers and other movements		5	(20)	(320)	1,055	720
<b>Gross value as of December 31, 2009</b>	<b>8,267</b>	<b>13,194</b>	<b>2,305</b>	<b>174</b>	<b>3,053</b>	<b>26,993</b>
<b>Depreciation and impairment</b>						
<b>Accumulated depreciation and impairment as of December 31, 2008</b>	<b>(3,778)</b>	<b>(8,941)</b>	<b>(1,721)</b>	<b>(50)</b>	<b>(1,761)</b>	<b>(16,251)</b>
Additions	(418)	(1,486)	(253)	(27)	(2,136)	(4,320)
Reversals					2,741	2,741
Additions to impairment						
Reversals of impairment						
Acquisitions						
Disposals	92	503	310		127	1,032
Changes in scope of consolidation						
Translation adjustments					(1)	(1)
Transfers and other movements		(1)	3	3	(1,055)	(1,050)
<b>Accumulated depreciation and impairment as of December 31, 2009</b>	<b>(4,104)</b>	<b>(9,925)</b>	<b>(1,661)</b>	<b>(74)</b>	<b>(2,085)</b>	<b>(17,849)</b>
<b>Carrying amount as of December 31, 2008</b>	<b>4,581</b>	<b>3,643</b>	<b>572</b>	<b>423</b>	<b>352</b>	<b>9,571</b>
<b>Carrying amount as of December 31, 2009</b>	<b>4,163</b>	<b>3,269</b>	<b>644</b>	<b>100</b>	<b>968</b>	<b>9,144</b>

## 9. Financial assets

The following table presents a breakdown of financial assets:

<i>(in € thousands)</i>	Investments in non-consolidated companies	Investments accounted for under the equity method	Unguaranteed residual value of leased assets <sup>(1)</sup>	Other financial assets	Total
<b>Financial assets</b>					
<b>Balance as of December 31, 2008</b>	<b>2</b>	<b>50</b>	<b>7,391</b>	<b>9,135</b>	<b>16,578</b>
Increases		8	7,054	255	7,317
Repayments			(129)	(2,012)	(2,141)
Changes in scope of consolidation					
Translation adjustments					0
Fair value adjustments				229	229
Other movements				(5)	(5)
<b>Balance as of December 31, 2009</b>	<b>2</b>	<b>58</b>	<b>14,316</b>	<b>7,602</b>	<b>21,978</b>
Increases		4	8,244	13,145	21,393
Repayments			(1)	(13,082)	(13,083)
Changes in scope of consolidation			1,231	1,562	2,793
Translation adjustments					
Fair value adjustments					
Other movements				32	32
<b>Balance as of December 31, 2010</b>	<b>2</b>	<b>62</b>	<b>23,790</b>	<b>9,259</b>	<b>33,113</b>

Since 2008, residual value has been recognized for IT equipment leased under TRO agreements (see Note 2.10.).

Other financial assets correspond to guarantees and deposits. The units held by Econocom Group SA/NV in the MBO Capital venture capital fund have since been disposed of. Proceeds from the disposal amount to €2.7 million, generating an overall capital gain of €3.6 million in respect of the transaction.

## Notes to the consolidated financial statements

Other financial assets comprise:

Other financial assets	MBO Capital venture capital fund	Guarantees and deposits	Total
<b>Balance as of December 31, 2009</b>	<b>3,334</b>	<b>4,268</b>	<b>7,602</b>
Increases		4,664	4,664
Repayments	(864)	(1,266)	(2,130)
Changes in scope of consolidation		1,562	1,562
Fair value adjustments			0
Other movements	(2,470)	31	(2,439)
<b>Balance as of December 31, 2010</b>	<b>0</b>	<b>9,259</b>	<b>9,259</b>

Maturities of financial assets are as follows:

2010	< 1 year	Due in 1 to 5 years	> 5 years
Investments in non-consolidated companies			2
Investment accounted for under the equity method		62	
Unguaranteed residual value of leased assets		23,752	38
MBO Capital venture capital fund			
Guarantees given to factors	6,645		
Other guarantees and deposits		2,606	8
<b>Total 2010 - by maturity</b>	<b>6,645</b>	<b>26,420</b>	<b>48</b>

2009	< 1 year	Due in 1 to 5 years	> 5 years
Investments in non-consolidated companies			2
Investment accounted for under the equity method		58	
Unguaranteed residual value of leased assets		14,316	
MBO Capital venture capital fund		3,334	
Guarantees given to factors	2,888		
Other guarantees and deposits		843	537
<b>Total 2009 - by maturity</b>	<b>2,888</b>	<b>18,551</b>	<b>539</b>

### Breakdown of «Unguaranteed residual value of leased assets»

The positive difference between the future value of equipment on short- and long-term leases (residual interest) and its financial residual value is recognized in financial assets for the non-current portion, and in «Other receivables» for the current portion.

	2010	2009
Long-term	23,790	14,316
Short-term	2,524	1,794
<b>Unguaranteed residual value of leased assets, net</b>	<b>26,315</b>	<b>16,110</b>

Gross and net unguaranteed residual value of leased assets by maturity is as follows:

2010	< 1 year	Due in 1 to 5 years	> 5 years	Total
Unguaranteed residual value of leased assets, gross	21,978	64,056	38	86,072
Financial residual value	(19,454)	(40,303)		(59,757)
<b>Unguaranteed residual value of leased assets, net</b>	<b>2,524</b>	<b>23,753</b>	<b>38</b>	<b>26,315</b>

2009	< 1 year	Due in 1 to 5 years	> 5 years	Total
Unguaranteed residual value of leased assets, gross	5,999	21,985	32	28,016
Financial residual value	(4,205)	(7,701)		(11,906)
<b>Unguaranteed residual value of leased assets, net</b>	<b>1,794</b>	<b>14,284</b>	<b>32</b>	<b>16,110</b>

## 10. Long-term receivables

<i>(in € thousands)</i>	2010	2009
<b>Long-term tax receivables</b>		
Other long-term receivables	2,265	1,533
<b>Total</b>	<b>2,265</b>	<b>1,533</b>

<i>(in € thousands)</i>	2010	2009
<b>By maturity</b>		
1 to 5 years	1,588	670
> 5 years	677	863
<b>Total</b>	<b>2,265</b>	<b>1,533</b>

Other long-term receivables mainly relate to:

- loans to institutions providing regulated housing loans for an amount of €1,216,000;
- loans to personnel for an amount of €414,000.
- €635,000 representing the present value of a receivable owed by a French company that was previously placed in receivership and for which a four-year recovery plan has been set up.



## 11. Inventories

<i>(in € thousands)</i>	<b>2010</b>			<b>2009</b>		
Equipment in the process of being refinanced	5,951	(1,678)	4,273	1,866	(149)	1,717
Other inventories	17,903	(5,923)	11,980	6,460	(1,992)	4,468
<i>IT and telecom equipment</i>	6,437	(157)	6,280	3,167	(279)	2,888
<i>Spare parts</i>	11,466	(5,766)	5,700	3,293	(1,713)	1,580
<b>Total</b>	<b>23,854</b>	<b>(7,601)</b>	<b>16,253</b>	<b>8,326</b>	<b>(2,141)</b>	<b>6,185</b>

### Gross value

<i>(in € thousands)</i>	As of Dec. 31, 2009	Movements in inventories	Change in scope of consolidation	<b>As of Dec. 31, 2010</b>
Equipment in the process of being refinanced	1,866	3,932	153	5,951
Other inventories	6,460	2,773	8,670	17,903
<i>IT and telecom equipment</i>	3,167	3,270		6,437
<i>Spare parts</i>	3,293	(497)	8,670	11,466
<b>Total</b>	<b>8,326</b>	<b>6,705</b>	<b>8,823</b>	<b>23,854</b>

### Impairment of inventories

<i>(in € thousands)</i>	As of Dec. 31, 2009	Additions	Reversals	Change in scope of consolidation	Other changes (reclassification)	<b>As of Dec. 31, 2010</b>
Equipment in the process of being refinanced	(149)	(953)	606	(3)	(1,179)	(1,678)
Other inventories	(1,992)	(1,843)	1,865	(3,953)		(5,923)
<i>IT and telecom equipment</i>	(279)	(30)	152			(157)
<i>Spare parts</i>	(1,713)	(1,813)	1,713	(3,953)		(5,766)
<b>Total</b>	<b>(2,141)</b>	<b>(2,796)</b>	<b>2,471</b>	<b>(3,956)</b>	<b>(1,179)</b>	<b>(7,601)</b>

## 12. Trade and other receivables and other current assets

VAT receivables should be analyzed in light of VAT payables. The significant change in this item is attributable to the consolidation of ECS Group. Other receivables represent advances to employees as well as miscellaneous receivables owed by third parties (including tax receivables, amounts due from

suppliers, etc.) and by related parties. Prepaid expenses should be analyzed in light of prepaid income. The significant change in this item is attributable to the application of IFRS to ECS Group IT Financial Services lease contracts, acquired by Econocom Group on October 1, 2010.

<i>(in € thousands)</i>	2010	2009
Trade receivables	600,731	177,516
Other receivables	76,886	16,875
<b>Trade receivables and other receivables</b>	<b>677,617</b>	<b>194,391</b>

### 12.1. Trade receivables

<i>(in € thousands)</i>	2010	2009
<b>Trade receivables - gross</b>	639,155	183,539
Refinancing institutions	308,282	36,931
Other	330,873	146,608
<b>Impairment losses on doubtful debts</b>	<b>(38,424)</b>	<b>(6,023)</b>
<b>Net value</b>	<b>600,731</b>	<b>177,516</b>

Refinancing institutions correspond to financial institutions which are subsidiaries of banks. The high number of receivables to refinancing institutions is due to the considerable volumes in the IT Financial Services business in December.

<i>(in € thousands)</i>	As of Dec. 31, 2009	Additions	Reversals	Change in the scope of consolidation	Other movements	As of Dec. 31, 2010
Impairment losses on doubtful debts	(6,023)	(16,305)	5,482	(31,554)	(24)	(48,424)

A provision for impairment is booked when there is a major doubt as to whether the Group will be able to collect the debt in question.

## 12.2. Other receivables

<i>(in € thousands)</i>	<b>2010</b>	<b>2009</b>
Recoverable VAT	51,170	7,050
Due from suppliers	3,578	3,820
Current portion of the residual value of leased assets	2,525	1,794
Advances to agents	725	469
Factoring receivables	4,681	801
Other receivables	14,207	2,941
<b>Other receivables</b>	<b>76,886</b>	<b>16,875</b>

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## 12.3. Other current assets

<i>(in € thousands)</i>	<b>2010</b>	<b>2009</b>
Prepaid expenses	46,154	8,441
Miscellaneous current assets	1,965	666
<b>Other current assets</b>	<b>48,119</b>	<b>9,107</b>

### 13. Cash and cash equivalents

Cash and cash equivalents can be analyzed as follows:

<i>(in € thousands)</i>	<b>2010</b>	<b>2009</b>
<b>Cash</b>	<b>87,162</b>	<b>30,505</b>
Cash on hand	12	10
Demand accounts	87,150	30,495
<b>Cash equivalents</b>	<b>130,711</b>	<b>32,017</b>
Term accounts	39,519	18,350
Marketable securities	91,192	13,667
<b>Cash and cash equivalents</b>	<b>217,873</b>	<b>62,522</b>

Cash equivalents consist of investments with maturities of less than three months that are readily convertible into cash and are not exposed to any material risk of impairment.

None of the Group's cash or cash equivalents is subject to any restrictions.

As of December 31, 2010:

1 - The specific accounting treatment of bridges on ROF (Roll Out Facility) and TRO (Technology Refresh Option) contracts mentioned in Note 2.10.1 contributed €27.4 million to net cash and cash equivalents as of December 31, 2010 compared with €25 million for the year ended December 31, 2009.

2 - The amount of factored receivables derecognized in accordance with the accounting method described in Note 2.13.2 is as follows:

December 31, 2010:	€56.5 million
December 31, 2009:	€42.3 million

## 14. Fair value of financial assets

Financial instruments are measured using market prices resulting from trades on a national stock market or over-the-counter markets. If listed market prices are not available, fair value is measured using other valuation methods including, *inter alia*, discounted future cash flows.

In any event, estimated market values are based on certain market interpretations required for measurement purposes.

As such, these estimates do not necessarily reflect the amounts that the Group would actually receive or pay out if the financial instruments were to be traded on the market. The use of different estimates, methods and assumptions may have a material impact on estimated fair values.

In view of their short-term nature, the carrying amount of trade and other receivables, and cash and cash equivalents is an estimate of their fair value.

The Group's financial assets as of December 31, 2010 can be analyzed as follows:

Notes	Balance sheet headings	Loans and receivables	Carrying amount
9	Financial assets	33,049	33,049
	<i>Guarantees and deposits</i>	9,259	9,259
	<i>Unguaranteed residual value of leased assets (non-current portion)</i>	23,790	23,790
10	Long-term receivables	2,265	2,265
12	Trade receivables	600,731	600,731
13	Other receivables	76,885	76,885
	<i>Other receivables</i>	74,361	74,361
	<i>Unguaranteed residual value of leased assets (current portion)</i>	2,524	2,524
14	Cash and cash equivalents	217,873	217,873
	<b>Total financial assets</b>	<b>930,803</b>	<b>930,803</b>

Based on available information, the fair value of the Group's financial assets approximates their carrying amount.

## 15. Equity

### 15.1. Share capital

	Number of shares			Value (in € thousands)		
	Total	Treasury stock	Outstanding	Share capital	Paid-in capital	Treasury stock
<b>December 31, 2008</b>	<b>24,800,000</b>	<b>265,639</b>	<b>24,534,361</b>	<b>16,181</b>	<b>55,038</b>	<b>(1,505)</b>
Purchases of treasury stock		2,383,679	(2,383,679)			(18,016)
Options exercised		(440,000)	440,000			2,692
<b>December 31, 2009</b>	<b>24,800,000</b>	<b>2,209,318</b>	<b>22,590,682</b>	<b>16,181</b>	<b>55,038</b>	<b>(16,829)</b>
Issuances	1,372,897		1,372,897	896	14,206	
Purchases of treasury stock		764,586	(764,586)			(7,996)
Sales of treasury stock		(2,551,376)	2,551,376			20,523
Options exercised		(246,700)	246,700			2,309
<b>December 31, 2010</b>	<b>26,172,897</b>	<b>175,828</b>	<b>25,997,069</b>	<b>17,077</b>	<b>69,244</b>	<b>(1,993)</b>

The change in the number of shares in 2010 is a result of the capital increase as part of the payment for the acquisition of ECS Group.

The number of bearer or dematerialized shares and registered shares totaled 12,434,189 and 13,738,708, respectively.

As of December 31, 2010, authorized capital stood at €15,285,000. This authorization is valid until May 17, 2015.

### 15.2. Currency translation reserves

Currency translation reserves represent the cumulative translation adjustments arising from consolidation of subsidiaries that use a functional currency other than the euro.

Foreign exchange differences recognized in equity break down as follows:

Foreign exchange differences by currency (in € thousands)	2010	2009
Pound Sterling (GBP)	(3,651)	(1,213)
Polish Zloty (PLN)	(225)	
Romanian leu (RON)	(70)	
Swiss franc (CHF)	(498)	
Other currencies	(77)	(1)
<b>Total</b>	<b>(4,521)</b>	<b>(1,214)</b>

Equity was therefore reduced by this amount as of December 31, 2010.

### 15.3. Changes in equity not recognized in profit or loss

#### 15.3.1. Stock option plans

Since 1998, certain employees, managers and corporate officers have been awarded stock options based on agreed exercise prices. The terms and conditions of the stock option plans in force are as follows:

Plan	Number of options outstanding	Expiration date	Exercise price (in €)
2007	15,000	January 2012	6.94
	52,000	October 2012	8.12
2008	23,000	April 2013	7.70
2010	353,000	January 2014	10.97
	650,000	January 2014	9.91
<b>Total</b>	<b>1,093,000</b>		

General disclosures		Specific disclosures in accordance with IFRS 2				
Plan	Number of options outstanding	Fair value <sup>(1)</sup>	Volatility	Life of options	Dividend (in €)	RFIR <sup>(2)</sup>
2007	15,000	1.99	32%	5 years	0.24	4.0%
	52,000	2.32	32%	5 years	0.24	4.0%
2008	23,000	1.82	40%	5 years	0.24	4.0%
2010	353,000	2.18	23%	4 years	0.30	4.0%
	650,000	1.80	23%	4 years	0.30	4.0%

(1) Fair value of options (in €)

(2) RFIR: risk-free interest rate

The weighted average price of the options granted is equal to their exercise price.

The expected volatility is calculated by the stockbroker that manages the Company's shares on a daily basis and

over an appropriate period based on the life of the options and historical movements in the share price. A detailed description of these stock option plans is provided in point 11 of the Corporate Governance section.

Movements in the number of options outstanding during the year can be analyzed as follows:

	2010	2009
Options outstanding as of January 1	390,700	922,000
Options granted during the year	1,003,000	
Options exercised during the year	(246,700)	(440,000)
Options expired during the year and forfeited	(54,000)	(91,300)
<b>Options outstanding as of December 31</b>	<b>1,093,000</b>	<b>390,700</b>



In accordance with IFRS 2 – Share-based Payment, stock options granted after November 7, 2002 have been measured and recognized in the Group's statement of financial position.

Stock option plans had a €292,000 impact on consolidated equity as of December 31, 2010.

The impact on income for the year amounted to €252,000.

#### 15.3.2. Provisions for pensions and other commitments

The impacts of these obligations on consolidated equity are presented in Note 19.

#### 15.3.3. Treasury stock

The Group has a treasury stock buyback plan.

This treasury stock is held by Econocom Group SA/NV. The total number of shares held cannot exceed 20% of the total number of outstanding shares comprising the share capital.

The net cost of acquiring these shares was deducted from equity and any disposal gains on treasury shares sold were also recognized in equity.

#### 15.3.4. Dividends

The following table shows the dividend per share paid by the Group with respect to previous periods as well as the dividend to be recommended by the Board of Directors for 2010 at the Annual General Meeting of May 17, 2011.

	Payable in 2011	Paid in 2010	Paid in 2009
<b>Total dividend (in € thousands)</b>	9,161	7,440	5,952
<b>Dividend per share (in €)</b>	0.35	0.30	0.24

Insofar as this dividend is subject to the approval of the General Meeting, it was not considered as a liability in the financial statements at December 31, 2010.

### 15.4. Non-controlling interests

Movements in non-controlling interests over the period can be analyzed as follows:

(in € thousands)

At December 31, 2009	72
2010 profit attributable to non-controlling interests	(6)
Changes in the scope of consolidation	(25)
Other movements	26
At December 31, 2010	67

## 16. Provisions

The following table breaks out current and non-current provisions by type:

(in € thousands)

Provisions	Restructuring	Employee-related contingencies	Tax and legal risks	Deferred commissions	Other risks	Other risks linked to the ITFS activity	Total
<b>Balance as of December 31, 2008</b>	<b>97</b>	<b>587</b>	<b>608</b>	<b>1,395</b>	<b>1,284</b>		<b>3,971</b>
Additions		359	400	429	361	1,898	3,447
Reversals	(92)	(290)	(304)	(363)	(84)	(340)	(1,473)
Changes in scope of consolidation							
Translation adjustments							
Other movements		324	535	(147)	(532)	479	659
<b>Balance as of December 31, 2009</b>	<b>5</b>	<b>980</b>	<b>1,239</b>	<b>1,314</b>	<b>1,029</b>	2,037	<b>6,604</b>
Additions	1,593	27	21	77	80	3,246	5,044
Reversals		(704)	(330)	(502)	(410)	(2,546)	(4,492)
Changes in scope of consolidation		381	8,342			10,519	19,242
Translation adjustments				(1)		18	17
Other movements							
<b>Balance as of December 31, 2010</b>	<b>1,598</b>	<b>684</b>	<b>9,272</b>	<b>888</b>	<b>699</b>	13,274	<b>26,415</b>
Current	1,598	234	9,272	888	699	13,274	25,965
Non-Current		450					450

	2010	2009
Non-current provisions	450	610
Current provisions	25,965	5,994
<b>Total provisions</b>	<b>26,415</b>	<b>6,604</b>

### Impact (net of incurred expenses)

	Additions	Reversal
Recurring operating profit (loss)	5,044	(4,492)
Non-current operating items		(159)
<b>Total</b>	<b>5,044</b>	<b>(4,651)</b>

A provision is recognized when an obligation (legal or constructive) resulting from a past event with regard to a third-party will cause, in an unquestionable or probable way, an outflow of resources whose amount can be estimated reliably. Provisions are reviewed at each reporting date and adjusted where appropriate to reflect the best estimate of the obligation at that date.

The considerable increase in provisions is mainly attributable to the consolidation of ECS Group.

### Non-current provisions

Provisions for other contingencies relate to a legal dispute concerning Promodata SNC. At the time of the acquisition of this company in October 2002, four managers were beneficiaries under a share purchase plan relating to Promodata SNC's American parent company, Comdisco Inc., using a loan from a US bank. Comdisco Inc. was subsequently declared bankrupt and the shares lost all value, following which one of the managers filed a claim against his employer, Promodata SNC. A settlement was reached in 2008.

The other managers concerned by the affair may also file claims. The provision therefore corresponds to an estimate of this risk.

Non-current provisions are not discounted.

### Current provisions

Provisions for employee-related contingencies primarily concern claims brought before the French labor courts.

Provisions for deferred commissions are calculated contract-by-contract based on the unguaranteed residual value of leased assets, less any residual commercial value of the contracts concerned.

Provisions for risks related to the IT Financial Services activity represent a provision on outstanding rentals receivable on self-financed contracts.

Other contingencies mainly comprise the Group's best estimate of its exposure in relation to a number of commercial legal disputes – in some cases legal proceedings have been issued against the Group.

## 17. Provisions for pensions and other commitments

### 17.1. Description of pension plans

The Group's employees are entitled to short-term benefits (paid vacation, sick leave, profit-sharing) and defined benefit/contribution post-employment benefits (severance pay).

The short-term benefits are expensed by the various Group entities that grant them.  
Post-employment benefits are granted under defined contribution plans or defined benefit plans.

#### Defined contribution plans

Defined contribution plans are characterized by periodic contributions to external agencies responsible for the plans' administrative and financial management. The employer is therefore free of any subsequent obligation as the agency is in charge of paying employees the amounts to which they are entitled (basic Social Security pension plan, supplementary pension plans, defined contribution plans).

#### Defined benefit plans

Defined benefit plans are characterized by the employer's obligation to its employees. Provisions are therefore accrued to meet this obligation.

The defined benefit obligation is calculated using the projected unit credit method which uses actuarial assumptions of salary increases, retirement age, mortality, employee turnover and the discount rate.

Changes to the actuarial assumptions, or the difference between these assumptions and reality, result in actuarial gains or losses which are recognized in equity for the period in which they occurred in accordance with the Group's accounting principles.

For the Group, defined benefit post-employment plans primarily concern:

- severance pay in France:
  - lump-sum benefits calculated according to the employee's years of service and his/her average compensation received over the last 12 months prior to his/her departure. Article 22 of the Agreement states nevertheless that the compensation should not include premiums, bonuses and additional payments for overtime, travelling and secondment;
  - the calculation is based on parameters defined by the Human Resources Department in France in November each year;
  - the calculated amount is set aside under provisions in the statement of financial position.
- termination benefits in Italy:
  - lump-sum allowance calculated according to the employee's years of service and his/her annual salary at the time of termination, whether voluntary or forced;
  - the calculated amount is set aside under provisions in the statement of financial position.

## 17.2. Actuarial assumptions

Actuarial assumptions depend on a certain number of long-term parameters provided by the Group. These inputs are revised each year.

	2010	2009
Retirement age		
Managerial staff	65 years	65 years
Non-managerial staff	62 years	62 years
Salary increase rate	1.4% – 4%	2.64%
Rate of payroll expenses	45%	45%
Discount rate	4.5%	5.0%
Mortality table	INSEE 2006-2008	INSEE 2004-2006

## 17.3. Summary of the financial position of defined benefit post-employment plans and other commitments

### Summary of movements in 2010

(in € thousands)	Dec. 31, 2009	Changes in the scope of consolidation	Increases for the year	Reversals for the year (utilized provisions)	Reversals for the year (surplus provisions)	Changes in actuarial gains/(losses)	Other movements	Dec. 31, 2010
Provision for pensions	3,702	4,639	551			(79)	(28)	8,785
Other commitments	1,230	1,512	382	(152)		(68)		2,904
<b>Total</b>	<b>4,932</b>	<b>6,151</b>	<b>933</b>	<b>(152)</b>		<b>(147)</b>	<b>(28)</b>	<b>11,689</b>

### Summary of movements in 2009

(in € thousands)	Dec. 31, 2008	Increases for the year	Reversals for the year (utilized provisions)	Reversals for the year (surplus provisions)	Changes in actuarial gains/(losses)	Other movements <sup>(1)</sup>	Dec. 31, 2009
Provision for pensions	4,357	636	(236)		(219)	(836)	3,702
Other commitments	1,141			(29)		118	1,230
<b>Total</b>	<b>5,498</b>	<b>636</b>	<b>(236)</b>	<b>(29)</b>	<b>(219)</b>	<b>(718)</b>	<b>4,932</b>

(1) "Other movements" in respect of other commitments correspond to the reclassification of termination benefits in Italy (Trattamento di fine rapporto) previously recognized in personnel costs.

## 18. Financial liabilities

(in € thousands)	2010	2009
Finance lease liabilities	6,986	4,680
<i>Finance lease liabilities - real estate</i>	2,838	3,085
<i>Financial residual value</i>	4,102	1,595
<i>Other finance lease liabilities</i>	46	
Bank borrowings	116,570	15,743
Other borrowings	259	
<b>Non-current financial debts</b>	<b>123,815</b>	<b>20,423</b>
Bank borrowings	98,536	2,114
Finance lease liabilities	2,567	1,134
<i>Finance lease liabilities - real estate</i>	215	204
<i>Financial residual value<sup>(1)</sup></i>	1,694	646
<i>Other finance lease liabilities</i>	658	284
Bank overdrafts	2,300	605
Other borrowings	23,361	8,696
<i>Factoring payables<sup>(2)</sup></i>	11,531	8,631
<i>Other borrowings and financial liabilities</i>	11,830	65
<b>Current financial debts</b>	<b>126,764</b>	<b>12,549</b>
<b>Total cost of debt</b>	<b>250,579</b>	<b>32,972</b>

(1) Econocom compares the future estimated value of equipment (residual interest) and the financial residual value of each contract. The net financial residual value revealed by the comparison on a contract-by-contract basis, is recognized as a financial liability. The difference is recognized in financial assets in the absence of any net financial residual value. The netting of this repurchase commitment with the future value of equipment resulted in €59.8 million decrease in financial liabilities as of December 31, 2010 compared with €11.9 million as of December 31, 2009.

(2) Factoring payables consist mainly of a €10 million reverse factoring contract. In case of bad debtors, payment of 100% of these factored receivables is guaranteed by the factor.

The residual risk for 2010 amounted to €1.5 million versus €4.3 million one year earlier.

### Non-current financial interest, analyzed by maturity

(in € thousands)	Total 2010	Due in 1 to 5 years	> 5 years
Finance lease liabilities	6,986	5,272	1,714
<i>Finance lease liabilities - real estate</i>	2,838	1,131	1,706
<i>Financial residual value</i>	4,102	4,094	8
<i>Other finance lease liabilities</i>	46	46	
Bank overdrafts	116,570	116,570	
Other borrowings	259	259	
<b>Total</b>	<b>123,815</b>	<b>122,101</b>	<b>1,714</b>

### Non-current financial debt, analyzed by maturity

(in € thousands)	Total 2009	Due in 1 to 5 years	> 5 years
Finance lease liabilities	4,680	2,664	2,016
<i>Finance lease liabilities - real estate</i>	3,085	1,072	2,013
<i>Financial residual value</i>	1,595	1,592	3
<i>Other finance lease liabilities</i>			
Bank overdrafts	15,743	15,743	
Other borrowings			
<b>Total</b>	<b>20,423</b>	<b>18,407</b>	<b>2,016</b>

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### Analysis of “Financial residual value”

Negative differences in the future estimated value of equipment on short- and long-term leases and its financial residual value are recognized in non-current liabilities bearing interest for the non-current portion, and in current liabilities bearing interest for the current portion.

(in € thousands)	2010	2009
Long-term	4,102	1,595
Short-term	1,694	646
<b>Total financial residual value, net</b>	<b>5,796</b>	<b>2,241</b>



Gross and net financial residual value recognized in financial liabilities can be analyzed by maturity as follows:

2010	< 1 year	Due in 1 to 5 year	> 5 years	Total
Total financial residual value, gross	21,148	44,397	8	65,553
Unguaranteed residual value of leased assets	(19,454)	(40,303)		(59,757)
<b>Total financial residual value, net</b>	<b>1,694</b>	<b>4,094</b>	<b>8</b>	<b>5,796</b>

2009	< 1 year	Due in 1 to 5 year	> 5 years	Total
Total financial residual value, gross	4,851	9,294	2	14,147
Unguaranteed residual value of leased assets	(4,205)	(7,701)		(11,906)
<b>Total financial residual value, net</b>	<b>646</b>	<b>1,593</b>	<b>2</b>	<b>2,241</b>

Average effective interest rates can be analyzed as follows by type of borrowings:

Average effective interest rate	2010	2009
Bank borrowings	4.05%	3.41%
Purchase commitment rate for financial residual value <sup>(1)</sup>	0.90%	1.20%
Bank overdrafts	1.14%	1.60%
Factoring payables	1.40%	1.70%

<sup>(1)</sup> As a percentage of the original purchase price.

All non-current financial debts are denominated in euros.

Operating lease liabilities break down as follows:

Analysis of operating lease liabilities by maturity (in € thousands)	< 1 year	Due in 1 to 5 years	> 5 years	Total at Dec. 31, 2010	Total at Dec. 31, 2009
<b>Minimum future lease payments:</b>					
Operating lease liabilities - Property	7,253	20,513	5,638	33,404	6,645
Operating lease liabilities - Vehicles	8,381	9,890	292	18,563	8,591
<b>Total</b>	<b>15,634</b>	<b>30,403</b>	<b>5,930</b>	<b>51,967</b>	<b>15,236</b>

Operating lease payments during the year	2010	2009
Operating lease expenses - Property	4,186	2,963
Operating lease expenses - Vehicles	6,008	5,106
<b>Total</b>	<b>10,194</b>	<b>8,070</b>

**19. Trade and other payables and other current liabilities**

<i>(in € thousands)</i>	<b>2010</b>	<b>2009</b>
Trade payables	605,724	137,823
Other payables	111,694	39,718
<b>Trade and other payables</b>	<b>717,418</b>	<b>177,541</b>

Other payables can be analyzed as follows:

<i>(in € thousands)</i>	<b>2010</b>	<b>2009</b>
Accrued taxes and personnel costs	108,144	35,735
Dividends payable	204	164
Customer prepayments	3,346	3,819
<b>Other payables</b>	<b>111,694</b>	<b>39,718</b>

Other current liabilities can be analyzed as follows:

<i>(in € thousands)</i>	<b>2010</b>	<b>2009</b>
Other liabilities	12,131	2,828
Deferred income	44,303	21,098
Miscellaneous current liabilities	7,824	8,001
<b>Other current liabilities</b>	<b>64,258</b>	<b>31,927</b>

## 20. Fair value of financial liabilities

In view of their short-term nature, the carrying amount of trade and other payables is an estimate of their fair value.

The market value of financial instruments is measured based on valuations provided by bank counterparties or financial models widely used on financial markets, and on market information available at the balance sheet date.

The Group's financial liabilities as of 31 December, 2010 can be analysed as follows:

Notes	Balance sheet headings	Financial liabilities at amortised cost	Carrying amount
18	Current and non-current liabilities bearing interest	250,579	250,579
	<i>Bank borrowings</i>	215,106	215,106
	<i>Finance lease liabilities</i>	3,757	3,757
	<i>Bank overdrafts</i>	2,300	2,300
	<i>Other borrowings</i>	29,416	29,416
	Non-current liabilities not bearing interest	2,276	2,276
19	Trade payables	605,723	605,722
19	Other payables	131,649	131,649
	<b>Total financial liabilities</b>	<b>990,227</b>	<b>990,227</b>

Based on available information, the carrying value of the group's financial liabilities is equal to their fair value.

## 21. Revenue from continuing operations

Revenue from continuing operations can be analyzed as follows:

(in € thousands)	2010	2009
Sales of goods	261,618	192,404
Finance leases	589,982	420,565
Sales of services	169,752	146,321
Other revenue from operations	8	
<b>Total of revenue from continuing operations</b>	<b>1,021,360</b>	<b>759,290</b>

## 22. Personnel costs

The following table presents a breakdown of personnel costs:

<i>(in € thousands)</i>	<b>2010</b>	<b>2009</b>
Wages and salaries	(98,605)	(78,421)
Payroll costs	(36,041)	(27,806)
Provision expense for pension and other post-employment benefit obligations	(781)	347
Employee profit-sharing	(953)	(387)
Other	(3,837)	(3,304)
<b>Total</b>	<b>(140,217)</b>	<b>(109,571)</b>

Expenses relating to defined benefit pension plans only concern the Group's French subsidiaries.

Further details about these plans are provided in Note 18.

The impact of share-based payment plans can be analyzed as follows:

<i>(in € thousands)</i>	<b>2010</b>	<b>2009</b>
Stock options	(252)	(165)
<b>Total</b>	<b>(252)</b>	<b>(165)</b>

Details of the group's stock option plans are presented in Note 16.3.1.

## 23. External expenses

The following table presents a breakdown of external expenses:

<i>(in € thousands)</i>	<b>2010</b>	<b>2009</b>
External services (rent, maintenance, insurance, etc.)	(14,252)	(12,121)
Agents' commissions	(20,688)	(19,322)
Fees paid to intermediaries and other professionals	(17,321)	(16,592)
Other services and sundry goods (sub-contracting, public relations, transport, etc.)	(21,454)	(15,315)
<b>Total</b>	<b>(73,715)</b>	<b>(63,350)</b>

## 24. Additions to and reversals of depreciation, amortization and provisions

Additions to and reversals of depreciation, amortization and provisions can be analyzed as follows:

<i>(in € thousands)</i>	<b>2010</b>	<b>2009</b>
Intangible assets – Franchises, patents, licenses, business assets, etc.	(2,497)	(1,174)
Property, plant and equipment – Finance leases	(1,235)	604
Other items of property, plant and equipment	(2,433)	(2,184)
Investment property		(11)
Provisions for operating contingencies and expenses	(552)	(2,210)
<b>Net additions to depreciation, amortization and provisions</b>	<b>(6,717)</b>	<b>(4,975)</b>

Additions to and reversals of provisions for restructuring are included in operating profit.

Following the acquisition of ECS Group, goodwill was recognized on the basis of a client portfolio in the amount of €40,million, which is being amortized over 20 years. The amortization charge recognized for 2010 with respect to this portfolio amounted to €0.5 million.

## 25. Impairment losses on current assets, net

The following table breaks down impairment losses on current assets by category.

<i>(in € thousands)</i>	<b>2010</b>	<b>2009</b>
Impairment of inventories	(3,135)	(443)
Reversals of impairment of inventories	4,162	86
Impairment losses on doubtful debts	(6,804)	(797)
Reversals of impairment losses on doubtful receivables	5,523	957
<b>Total</b>	<b>(254)</b>	<b>(197)</b>

## 26. Other operating income and expenses

Other operating income and expenses can be broken down as follows:

<i>(in € thousands)</i>	<b>2010</b>	<b>2009</b>
Miscellaneous benefits	1,467	472
Capital losses on sales of property, plant and equipment and intangible assets – recurring operating activities	(606)	(22)
Capital losses on sales of trade receivables	(178)	(156)
Other	(61)	687
<b>Other operating income and expenses</b>	<b>622</b>	<b>981</b>

## 27. Net financial expense – operating activities

The following table breaks down net financial expense from operating activities by type of income/expense:

<i>(in € thousands)</i>	<b>2010</b>	<b>2009</b>
Financial income related to the leasing business	1,560	1,837
Income from current assets	91	155
Miscellaneous financial income from operating activities	437	356
Exchange gains	1,977	1,463
<b>Total financial income from operating activities</b>	<b>4,065</b>	<b>3,811</b>
Financial expenses related to the leasing business	(1,169)	(3,280)
Financial expenses related to bank overdrafts	(381)	(353)
Financial expenses related to factoring	(497)	(661)
Financial expenses related to miscellaneous operating activities	(447)	(567)
Exchange losses	(1,883)	(1,433)
<b>Total financial expenses from operating activities</b>	<b>(4,377)</b>	<b>(6,294)</b>
<b>Net financial expense – operating activities</b>	<b>(312)</b>	<b>(2,483)</b>

<b>Net exchange gains/(losses) recorded in the income statement</b>	<b>2010</b>	<b>2009</b>
GBP (£)	90	30
<b>Total</b>	<b>90</b>	<b>30</b>

## 28. Other non-recurring operating income and expenses

<i>(in € thousands)</i>	<b>2010</b>	<b>2009</b>
Specific claims – non-recurring		(187)
Restructuring costs		(517)
Cost of acquisition of ECS Group	(6,447)	
Other expenses	(1,764)	
<b>Total other operating expenses</b>	<b>(8,211)</b>	<b>(704)</b>
Total other operating income	1,126	2
Capital gain on disposal of property	335	689
<b>Total other operating income</b>	<b>1,461</b>	<b>691</b>
<b>Total</b>	<b>(6,750)</b>	<b>(13)</b>

## 29. Other financial income and expense

<i>(in € thousands)</i>	<b>2010</b>	<b>2009</b>
Capital gains on disposals of financial assets	3,609	
Other financial income	19	16
<b>Financial income</b>	<b>3,628</b>	<b>16</b>
Expenses on non-current liabilities	(2,697)	(606)
Other financial expense	(80)	(6)
<b>Financial expense</b>	<b>(2,777)</b>	<b>(612)</b>
<b>Other financial income and expense</b>	<b>851</b>	<b>(596)</b>

Capital gains on disposals of financial assets are mainly attributable to the disposal of the MBO Capital venture capital fund.

In addition to the recognition of this capital gain in the income statement, the fair value of the fund previously recognized directly in equity of €3.3 million at end-2009, was cancelled.

Expenses on non-current liabilities are attributable to borrowing costs relating to the acquisition of ECS Group in the amount of €2.3 million.



## 30. Income taxes

### 30.1. Recognition of current and deferred taxes

#### 30.1.1. Income statement

The Group's income tax expense can be broken down as follows:

<i>(in € thousands)</i>	<b>2010</b>	<b>2009</b>
Current tax	(12,957)	(6,470)
Deferred tax	607	(1,286)
<b>Income tax expense - continuing operations</b>	<b>(12,350)</b>	<b>(7,756)</b>
Income tax related to discontinued operations		
<b>Total income tax expense</b>	<b>(12,350)</b>	<b>(7,756)</b>

#### 30.1.2. Reconciliation of actual tax charge and theoretical tax charge

<i>(in € thousands)</i>	<b>2010</b>	<b>2009</b>
Profit before tax including profit from discontinued operations	41,117	28,084
Income tax expense	(12,350)	(7,756)
<b>Group theoretical tax rate as a percentage of profit before tax</b>	<b>30.04%</b>	<b>27.62%</b>

The following table provides a reconciliation between profit before tax and income tax expense:

<i>(in € thousands)</i>	<b>2010</b>	<b>2009</b>
Profit for the year	28,774	20,332
Non-controlling interests	(7)	(3)
Income tax expense	12,350	7,755
<b>Profit before tax</b>	<b>41,117</b>	<b>28,084</b>
Theoretical tax expense calculated at the Belgian standard tax rate (2010: 33.99%; 2009: 33.99%)	(13,976)	(9,546)
<b>Tax proof:</b>		
Permanent differences	306	(564)
Unrecognized tax losses incurred in the year	(796)	(306)
Previously unrecognized tax losses used in the year	269	664
Adjustment to previously unrecognized deferred tax	14	1,327
Items taxed at a reduced rate	(42)	(257)
Additional tax expense	156	
Changes in income tax rate	779	463
Tax credits and other taxes	939	463
<b>Effective income tax expense</b>	<b>(12,350)</b>	<b>(7,756)</b>

Permanent differences mainly relate to the following items:

	<b>2010</b>	<b>2009</b>
Goodwill and excess depreciation and amortization	(26)	(3)
Tax-exempt profit	(84)	(71)
Other non-taxable or non-deductible income and expenses	416	(490)
<b>Total</b>	<b>306</b>	<b>(564)</b>

## 30.2. Deferred tax assets and liabilities

### 30.2.1. Movements in deferred tax liabilities

<i>(in € thousands)</i>	<b>2010</b>	<b>2009</b>
<b>As of January 1</b>	(5,732)	(3,748)
Increase/(decrease)	(8,458)	(2,494)
Impacts of exchange rate fluctuations, changes in the scope of consolidation and reclassifications	(15,198)	511
<b>As of December 31</b>	<b>(29,388)</b>	<b>(5,732)</b>

### 30.2.2. Movements in deferred tax assets

<i>(in € thousands)</i>	<b>2010</b>	<b>2009</b>
<b>As of January 1</b>	7,898	7,270
Increase/(decrease)	9,065	1,209
Tax assets not recorded in profit or loss	(50)	(69)
Impacts of exchange rate fluctuations, changes in the scope of consolidation and reclassifications	19,789	(511)
<b>As of December 31</b>	<b>36,703</b>	<b>7,898</b>

### 30.2.3. Main sources of deferred tax assets and liabilities

	<b>Assets</b>		<b>Liabilities</b>		<b>Net</b>	
<i>(in € thousands)</i>	<b>Dec. 31, 2010</b>	<b>Dec. 31, 2009</b>	<b>Dec. 31, 2010</b>	<b>Dec. 31, 2009</b>	<b>Dec. 31, 2010</b>	<b>Dec. 31, 2009</b>
Intangible assets	13,501	434	(245)	(571)	13,256	(136)
Other assets	594		(29,637)	(5,952)	(29,043)	(5,952)
Provisions	16,511	2,533	494	784	17,005	3,316
Other liabilities		135		8		143
Tax loss carry forwards	6,097	4,797			6,097	4,797
<b>Deferred tax assets (liabilities), net</b>	<b>36,703</b>	<b>7,898</b>	<b>(29,388)</b>	<b>(5,731)</b>	<b>7,315</b>	<b>2,167</b>
Deferred tax assets recognized in the statement of financial position	36,703	7,898			36,703	7,898
Deferred tax liabilities recognized in the statement of financial position			(29,388)	(5,731)	(29,388)	(5,731)
<b>Net balance</b>					<b>7,315</b>	<b>2,167</b>
Recoverable within 12 months	20,822	1,806	(7,368)	(5,439)	13,454	(3,633)
Recoverable beyond 12 months	15,881	6,093	(22,020)	(293)		5,800

### 30.2.4. Unrecognized deferred tax assets

As of December 31, 2010, the Group's tax loss carry forwards can be analyzed as follows by expiration date:

<i>(in € thousands)</i>	<b>2010</b>	<b>2009</b>
2012	18,770	18,531
2013	1,288	374
2014	3,623	
2015	457	
Beyond	1,424	455
Evergreen tax loss carry forwards	54,873	28,133
<b>Total</b>	<b>80,435</b>	<b>47,493</b>

The Group's unrecognized deferred tax assets at December 31, 2010 and 2009 were related to the following items

<b>2010</b>	<b>Gross value</b>	<b>Total deferred tax assets</b>	<b>Recognized deferred tax assets</b>	<b>Unrecognized deferred tax assets</b>
Tax loss carry forwards	80,435	20,159	5,766	14,393
Other tax credits	1,184	331	331	
<b>Total</b>	<b>81,619</b>	<b>20,490</b>	<b>6,097</b>	<b>14,393</b>

<b>2009</b>	<b>Gross value</b>	<b>Total deferred tax assets</b>	<b>Recognized deferred tax assets</b>	<b>Unrecognized deferred tax assets</b>
Tax loss carry forwards	47,493	14,020	4,638	9,382
Other tax credits	1,419	397	159	238
<b>Total</b>	<b>48,912</b>	<b>14,417</b>	<b>4,797</b>	<b>9,620</b>

Unrecognized deferred tax assets amount to €14.4 million (versus €9.4 million in 2009) and correspond to tax loss carryforwards whose recovery is not probable and which are not therefore recognized in the statement of financial position.

Deferred tax assets on tax losses carried forward (€2.9 million) were recognized in 2010 for the following companies:

- Econocom Group SA/NV (€2.3 million) in light of the additional revenue it will benefit from in future years as a result of the consolidation of ECS Group and invoicing of services
- A2Z Solutions SA/NV (€0.6 million)

## 31. Earnings per share

### Basic earnings per share

	2010	2009
Operating profit (before tax, in € thousands)	40,267	28,680
Profit for the year (in € thousands)	28,772	20,328
Average number of shares outstanding	23,375,237	23,726,894
<b>Operating profit per share (before tax, in €)</b>	<b>1.723</b>	<b>1.209</b>
<b>Basic earnings per share (in €)</b>	<b>1.231</b>	<b>0.857</b>

### Diluted earnings per share

	2010	2009
Diluted operating profit (before tax, in € thousands)	40,267	28,680
Diluted profit for the year (in € thousands)	28,772	20,328
Average number of shares outstanding	23,375,237	23,726,894
Impact of stock options	66,222	87,212
Diluted average number of shares outstanding	23,441,459	23,814,106
<b>Diluted operating profit per share (before tax, in €)</b>	<b>1.718</b>	<b>1.204</b>
<b>Diluted earnings per share (in €)</b>	<b>1.227</b>	<b>0.854</b>

Earnings per share is calculated based on the weighted average number of ordinary shares outstanding during the year, taking into account movements in the number of ordinary shares during the year and adjusted for changes in the number of treasury shares held.

Changes in treasury shares are analyzed in Note 15.1.

The diluted average number of shares outstanding represents the weighted average number of ordinary shares outstanding during the year, adjusted for

changes in the number of treasury shares held and the impact of the conversion of all dilutive potential ordinary shares.

The dilutive impact corresponds to the exercise of stock options and is calculated using the treasury stock method.

No transactions have occurred since the reporting date relating to the Company's ordinary shares or dilutive potential ordinary shares that could have a material impact on the Group's published results.

## 32. Notes to the consolidated statement of cash flows

### 32.1. Definition of cash flows

The cash flows analyzed in the following table include changes in all activities, including continuing activities as well as activities sold or in the process of being sold.

The acquisition of ECS Group in 2010 has materially altered the presentation of the consolidated statement of cash flows.

Consolidated cash flows include cash and cash equivalents.

Year-on-year changes in cash and cash equivalents analyzed in the statement of cash flows can be broken down as follows:

(in € thousands)

	2010
<b>Cash and cash equivalents at beginning of year</b>	<b>62,522</b>
Change in gross cash and cash equivalents	155,351
<b>Cash and cash equivalents at end of year</b>	<b>217,873</b>

### 32.2. Impact of changes in scope of consolidation

The impact of the acquisition of ECS Group is analyzed in detail in Note 3.

The payment of the consideration for ECS Group is analyzed as follows:

(in € thousands)

Cost of the business combination	192,762
Cash and cash equivalents acquired	(9,010)
Net cost of the business combination	183,752
Payment in Econocom Group shares	(30,000)
Effective cash flow	153,752

The acquisition-related costs have been recognized in expenses in accordance with the provisions of IFRS 3 revised, in the amount of €6,447,000, and are deducted from gross cash flow from operations.

Other changes in the scope of consolidation had an impact of €2,636,000 on cash flow.

## 33. Risk management

### 33.1. Capital adequacy framework

Debt/Equity ratio: (2010: 179%, 2009: 38%).

The Group uses a number of different ratios including the debt/equity ratio which provides investors with a snapshot of the Group's level of debt in relation to its consolidated shareholders' equity. It is calculated by taking aggregate debt as presented in Note 18 and consolidated shareholders' equity at the reporting date.

The Group seeks a level of gearing that maximizes value for shareholders while maintaining the financial flexibility required to implement its strategic projects.

### 33.2. Risk management policy

The Group's activities are subject to certain financial risks: market risk (including currency risk, interest rate risk and price risk), liquidity risk and credit risk.

The Group's overall risk management program focuses on reducing exposure to credit risk and interest rate risk by transferring finance lease receivables to refinancing institutions and by using factoring solutions – on a non-recourse basis for a number of subsidiaries.

Financial market risks (interest rate and currency risk) and liquidity risks are handled by Group Management.

#### 33.2.1. Market risk

At the end of the year, Group management fixes all the exchange rates to be applied in the following year's budgeting process.

The Group uses hedging instruments such as swaps and caps to hedge its interest rate exposure. Derivative financial instruments are used purely for hedging and never for speculation purposes.

However, as part of the implementation of interest rate caps in early December 2010 to hedge a portion of the acquisition loan at a variable rate, the Finance Department, with Management's approval, decided not to qualify these instruments as hedges for accounting purposes.

This decision was based on the theoretical repayment of portion of the acquisition loan for which the repayment date was not yet known at the time the caps were recognized at end-December 2010.

The Group did not wish to re-qualify this hedge during the year.

#### 33.2.1.1. Foreign exchange risk

The acquisition of ECS Group has extended the new Group's geographical scope to new areas (non-eurozone European countries, Asia and the Americas). Business in these latter two continents is relatively non-material at present. Most of the new Group's business is still carried out in the eurozone.

The operations of the Group's UK, Czech, Polish and Moroccan subsidiaries and certain contracts denominated in foreign currencies are exposed to foreign exchange risk on the pound sterling, US dollar, Moroccan dirham, Czech koruna and Polish zloty. This exposure is limited by the denomination of the subsidiaries' purchases and sales in the same currency. Econocom Group does not deem this risk to be material, but has, nevertheless signed a number of foreign exchange hedging agreements to hedge internal flows.

#### 33.2.1.2. Interest rate risk

The operating income and cash flows of Econocom Group are substantially independent of changes in interest rates. Sales of leases to refinancing institutions are systematically based on fixed rates. The income arising on these contracts is therefore set



at the outset and only varies if the contract is amended.

As of December 31, 2010, the Group's variable-rate debt comprised a five-year loan partly hedged (77%) as of December 31, 2010, by an interest-rate cap, a variable-rate loan due at the latest in September 2015, and short-term borrowings (credit lines and bridges). Lastly, the Group's factoring is at a short-term variable rate.

#### 33.2.1.3. Price risk

The Group is exposed to the risk of fluctuations in the future values of leased equipment within the scope of its IT Financial Services business. It deals with this risk by calculating the future value of equipment using the diminishing balance method, which is described in Note 1.13.3.

The method is regularly compared with actual transactions, and annual statistics are compiled to validate the suitable and conservative nature of the selected method.

#### 33.2.1.4. Liquidity risk

At the time of the acquisition of ECS, the Finance Department set up five-year lines of credit to ensure that the Group has a constant flow of sufficient funding:

- by analyzing and updating consolidated cash flow requirements on a monthly basis;
- by negotiating and implementing five-year lines of financing.

The loan for the acquisition of ECS Group is subject to banking covenants which are monitored on a regular basis. These covenants presented no specific risk of breach at the reporting date.

### Maturity analysis for financial liabilities (excluding derivative instruments)

The following maturity analysis for financial liabilities (principal and interest) shows remaining contractual maturities on an undiscounted basis:

(in € thousands)

2010	Total commitment	< 1 year	Due in 1 to 5 years	> 5 years
Finance lease liabilities - real estate	3,924	403	1,613	1,908
Financial residual value	74,566	24,973	49,587	6
Other finance lease liabilities	712	665	47	
Bank borrowings	239,642	109,942	129,700	
Trade and other payables	717,418	717,418		
Factoring	11,693	11,693		
Other financial liabilities	12,189	12,102	87	
<b>Total</b>	<b>1,060,144</b>	<b>877,196</b>	<b>181,035</b>	<b>1,914</b>

(in € thousands)

2009	Total commitment	< 1 year	Due in 1 to 5 years	> 5 years
Finance lease liabilities - real estate	4,328	403	1,613	2,312
Financial residual value	16,730	5,638	11,088	4
Other finance lease liabilities	284	284		
Bank borrowings	18,528	2,536	15,991	
Trade and other payables	177,541	177,541		
Factoring	8,631	8,631		
Other financial liabilities	670	670	87	
<b>Total</b>	<b>226,712</b>	<b>195,703</b>	<b>28,693</b>	<b>2,316</b>

### 33.2.2. Credit and counterparty risk

The Group has no significant exposure to credit risk. It has policies in place to ensure that sales of goods and services are made to clients with an appropriate credit history. The Group's exposure is also limited as it does not have any concentration of credit risk and uses factoring solutions for the Products and Solutions and Managed Services businesses, as well as non-recourse refinancing with bank subsidiaries in the IT Financial Services business. For its IT Financial Services business, the Group does nevertheless have the option of retaining the credit risk for certain strategic transactions, provided that they do not have a material impact on the business' risk profile.

The Group only invests with investment grade counterparties (minimum rating) and diversifies these counterparties across its investment portfolio, thus limiting its counterparty risk exposure.

The Group only invests cash in investments with terms of less than three months, and with a risk rate of less than 0.5.

### Maximum credit risk exposure

As the Group has no specific credit risk per se, its maximum exposure in this respect is equal to the amount of its financial assets (see Note 16).

### Aged balance of receivables past due but not impaired

(in € thousands)	Carrying amount	Receivables not past due	Receivables past due			
			Total	< 60 days	Between 60 and 90 days	> 90 days
<b>2010</b>						
Refinancing institutions <sup>(1)</sup>	308,282	250,429	57,853	56,140	302	1,411
Other receivables	330,873	241,884	88,989	36,157	8,536	44,296
Impairment losses on doubtful debts	(38,424)	(6,094)	(32,330)	(1,494)	(81)	(31,430)
<b>Trade receivables and other debtors, net</b>	<b>600,731</b>	<b>486,219</b>	<b>114,512</b>	<b>90,802</b>	<b>8,758</b>	<b>14,952</b>

(1) Refinancing institutions correspond to financial institutions which are bank subsidiaries. The significant amount of receivables past due as of December 31 is attributable to buoyant business levels in IT Financial Services in December. The bulk of these past due amounts are usually paid in the first two weeks of January.

#### 33.2.3. Equity risk

The Group does not hold any unlisted or listed shares apart from treasury shares.

As the treasury shares held by Econocom Group as of December 31, 2010 are deducted from shareholders' equity in the consolidated financial statements, it is not necessary to compare their carrying amount to their actual market value.

#### 33.3.2. Dependency risk

The Group continually strives to broaden its client portfolio as part of its development strategy to gain market share. No single client represents over 10% of consolidated revenue and no supplier accounts for more than 25% of its total purchases. The Group's operations are not dependent on any specific patents or on any licenses for brands which it does not own.

#### 33.3.3. Competitive risk

The IT services market is highly competitive. There are a limited number of competitors at an international level for all of the Group's businesses. However, in each country where it has operations and in each of its businesses, the Group faces strong competition from international, national or local players.

#### Legal risks

The Group operates as a service provider in various European countries and is therefore subject to numerous different laws as well as customs, tax and labor regulations. In order to limit its exposure to legal risks, the Group has set up subsidiaries in each country run by managers who are fully aware of the applicable local laws and regulations.

### 33.3. Operating risk management policy

#### 33.3.1. Risks relating to Managed Services contracts

The main risk in relation to Managed Services contracts is the notice period for contract terminations. This period is traditionally long enough to enable the Group to make the appropriate staffing changes, particularly for major contracts. However, in certain circumstances the notice period may be limited to one month, in which case Econocom Group has to anticipate the possibility of the contract being terminated in order to take the necessary measures, particularly in relation to redeploying employees. A portion of Econocom's revenues are generated by sub-contractors, with the aim of increasing flexibility.

Through its headquarters in Brussels, Econocom keeps abreast of new European legislation and regulations.

The Group is not aware of any exceptional events or litigation likely to have a substantial impact on its financial position, assets, business or the results of its operations. Any pending litigation is covered by provisions for appropriate amounts calculated by Group management.

Disclosures concerning litigation or arbitration likely to have a substantial impact on Econocom Group's financial position, assets, business or the results of its operations at December 31, 2010 are presented in Note 38.

Liabilities are recognized in line with current accounting practices (see Note 2.17).

Provisions for claims and litigation are described in Note 16.

### 33.3.4. Employee-related risks

As far as Econocom Group management is aware, the Group is not exposed to any employee-related risks other than those arising in the normal course of business for companies of a comparable size based in Europe. The majority of the workforce is employed in the Group's French, Belgian and Italian subsidiaries.

### 33.3.5. Environmental risks

Econocom Group does not destroy the machines purchased from refinancing institutions at the term of the related contracts. The machines are sold to brokers (or to recognized waste management dealers) who are responsible for managing the applicable end-of-life procedures and have provided the Group with guarantees that they comply with the related regulations.

### 33.3.6. Insurances against risk

The Group is covered against liability claims and property damage via insurance policies taken out with

first-rate insurers. It has elected not to take out business interruption insurance.

The Group reviews and evaluates its risks on an ongoing basis in conjunction with its insurers and experts so as to ensure optimal coverage in both the insurance and reinsurance markets.

### 33.3.7. Pledges, guarantees and collateral provided for borrowings

Real security interests provided as collateral for borrowings or financial liabilities by the Group chiefly consist of receivables offered as collateral for its short-term funding. The amount of pledged and mortgaged assets is disclosed in Note 34.

## 33.4. Sensitivity analysis

The sensitivity analyses carried out to measure the impact of various foreign currency/euro exchange rate fluctuations show that, assuming a constant level of performance of foreign subsidiaries, a 10% drop in all these currencies would have an impact on the Group's results of less than €0.5 million.

In addition, the Group is managing a major finance lease agreement denominated in dollars in its IT Financial Services business. The terms and conditions of this contract are such that the foreign exchange risk is automatically hedged and fluctuations in the dollar exchange rate have only a non-material impact on results.

As regards interest rates, the sensitivity analysis shows that a 1% (100-basis point) change in short-term interest rates would impact profit before tax and non-recurring items to the tune of +/- €0.4 million.

## 34. Off-balance sheet commitments

### 34.1. Commitments to purchase shares

#### **Econocom GmbH: put option granted on the 10% interest held by local managers**

The General Manager of the German subsidiary Econocom GmbH holds 10% of the company's capital. Econocom Group SA/NV holds the remaining 90% of the capital of Econocom GmbH.

Econocom Group SA/NV has a call option on the total amount of the capital held by this manager and has also granted him a put option on that same investment.

These options may be exercised at any time between January 1, 2011 and December 31, 2012.

The price of the put and call options will be based on a multiple of Econocom GmbH's average profit before tax during the year in which the option is exercised and the three fiscal years preceding the year of exercise, and on the evolution of the Company's net worth between December 31, 2006 and the reporting date preceding the year in which the option is exercised.

Given the uncertainty that Econocom Group SA/NV will actually purchase the remaining stake and the low profitability of this recently created subsidiary (in 2005), no commitment was recognized in the financial statements as of December 31, 2010.

#### **Alliance Support Services**

The managers of the French subsidiary Alliance Support Services own 6.68% of its capital.

Econocom Group SA/NV holds put and call options on this entire stake signed by all of the managers in question.

The parties agreed to extend these puts and calls by two years. The options could be exercised at any time once the Board of Directors of Alliance Support

Services has signed off on the Company's 2009 financial statements and until June 30, 2010.

The share sale price was to be based on the profitability of Alliance Support Services in 2007, 2008 and 2009.

These shares were bought back in 2010, for the amount of the debt recognized in the consolidated financial statements, i.e., €187,000.

#### **Econocom Telecom Services SAS**

Some of the managers of French subsidiary Econocom Telecom Services SAS hold 12% of the Company's share capital. Econocom Products and Solutions SAS holds the balance of Econocom Telecom Services SAS' share capital.

Econocom Products and Solutions SAS has a call option on the entire share capital held by these managers and has also granted them a put option on that same interest.

These options may be exercised at any time between January 1, 2013 and June 30, 2013 and between January 1, 2014 and June 30, 2014.

The price of the put and call options will be based on seven times the difference between the EBIT-year average and the reference EBIT, i.e., €690,000.

In compliance with IFRS 3 revised, the Group recognized a liability in the amount of €1.5 million in the 2010 consolidated financial statements.

### 34.2. Commitment to pay earn-out

#### **Synopse SAS**

Synopse SAS specializes in consulting and IT integration and has been at the forefront of the implementation of the IT Infrastructure Library (ITIL) in France.

Synopse SAS was acquired by Econocom Managed Services SAS (France) in 2003. In accordance with an addendum to the sale agreement signed on June 7, 2005, additional purchase consideration may be payable based on a multiple of the company's average recurring profit for the period from January 1, 2005 through December 31, 2007.

However, following the February 1, 2007 acquisition by Econocom Managed Services SAS (France) of Kentron – a competitor of Synopse SAS in the area of ITIL consulting – and the decision to merge Kentron and Synopse, a decision was made to review the methods for calculating the earn-out entitlements for former Synopse shareholders. An addendum to the original share sale agreement was signed on 23 January, 2007 that amended the formula used to calculate the variable portion of the company's price. Under this addendum, the price of Synopse will be based on a multiple of the average pre-tax consolidated profits of Synopse and Kentron – since May 2007 these comprise the profits of the new Synopse entity following its merger with Kentron – between January 1, 2007 and December 31, 2010.

Two of the three shareholders cleared their earn-out in 2007 and 2008 and one of them has left Econocom Group.

Based on 2007, 2008, 2009 results and the 2010 budget, the former shareholder is no longer entitled to an earn-out. The definitive price of the shares stands at €196,933, and was recognized in the consolidated financial statements at the time of the acquisition in 2003. No other amount is due to former shareholders.

#### **Kentron SAS**

Kentron SAS specializes in IT Infrastructure Library (ITIL) consulting.

It was acquired on February 1, 2007 by Econocom Managed Services SAS (France). Additional purchase consideration may be payable based on a multiple of the average pre-tax consolidated profits of Synopse

and Kentron – since May 2007 these comprise the profits of the new Synopse entity following its merger with Kentron – between January 1, 2007 and December 31, 2010.

The additional purchase consideration was not be less than €200,000 provided that Kentron's former owner-manager had not resigned or been dismissed for gross or serious misconduct before December 31, 2009.

Based on 2007, 2008, 2009 results and the 2010 budget, the Group will pay no additional purchase consideration to the founder of Kentron. The definitive price of the shares stands at €200,000, and was recognized in the consolidated financial statements at the time of the acquisition in 2007. No other amount is due to former shareholders.

### **34.3. Other equity commitments**

#### **A2Z Solutions**

The Belgian company A2Z Solutions developed an operational IT infrastructures and telecom management activity for small and medium-sized companies.

Its parent, A2Z Holding, itself a subsidiary of Econocom Group, granted the manager of the A2Z activity stock options on the capital of A2Z Solutions. The options acquired at the price of €17,500 entitle the manager to acquire 7.5% of the capital of A2Z Solutions at a price of €150,000. These options can be exercised between January 1, and December 31, 2011.

If the manager were to exercise this option and become a shareholder of A2Z Solutions, A2Z Holding would have a call option over the entire share capital held by this manager and the latter would have a put option on this same investment, that could be exercised at any time between July 1, 2012 and December 31, 2013.

The price of these call and put options would be calculated on the basis of a multiple of the average results (before tax and financial items) of A2Z Solutions during the year the option is exercised and the year preceding this.

Given the uncertainty that A2Z Holding would actually purchase the A2Z Solutions shares, and as the manager is not yet a shareholder of A2Z Solutions, no commitment was recognized as of December 31, 2010.

#### 34.4. Commitment to invest in a venture capital fund

##### **Investment in MBO Capital venture capital fund**

Since October 2002, Econocom Group SA/NV has invested €4.8 million in the MBO Capital venture capital fund and irrevocably committed capital of up to €5 million to the fund.

This represented a ten-year unsecured investment, which offered expected returns that exceeded the risk-free rate, without guarantees; compensation, there is no liquidity.

In December 2010, the capital venture fund was sold. The capital gain recognized on disposal amounted to €3.6 million.

#### 34.5. Commitments for the acquisition of ECS Group

##### **Acquisition agreement: earn-out**

The share sale agreement for Europe Computer Systèmes entered into by Société Générale Financial Services Holding and Econocom Group includes an earn-out clause based on the difference (positive or negative) between the estimated amount of ECS' consolidated equity (estimated by the parties on the date the contract was signed) and the actual amount of equity as presented in ECS' consolidated financial statements (prepared in accordance with French accounting standards) at September 30, 2010. At the date of publication of this document, the parties were finalizing the amount of ECS' consolidated equity at September 30, 2010.

Moreover, the loans secured by Econocom Group for the purpose of acquiring ECS, both for financing the acquisition (the "Acquisition Loan") and the bridge loan repayable from the proceeds of a capital increase (the "Bridge Loan") and for ECS Group's working capital ("Working Capital Requirements lines"), required the granting of guarantees and commitments to provide guarantees in respect of the lending banks.

The equity interest of Econocom SAS shareholders in ECS, representing 100% of its share capital, were pledged as a guarantee for the repayment of the "Acquisition Loan" subscribed by Econocom Group SA/NV, Econocom Lease SA/NV and Econocom Managed Services SA/NV (the "Borrowers") and the Bridge Loan subscribed by Econocom Group.

Security was pledged to the following banks:

Fortis Bank SA/NV	ING Bank N.V
ING Belgium SA/NV	Société Générale SA
Crédit Lyonnais	Dexia Bank Belgium

The following Econocom companies jointly and severally guaranteed the Borrowers' commitments for the Acquisition Loan, within the legal restrictions in force in their countries of origin:

Econocom SA (Spain)	Econocom Group SA/NV
Econocom Lease SA/NV	Econocom Location SAS
Econocom Locazione Italia Spa	Econocom Managed Services SA/NV
Econocom Managed Services SAS	Econocom Nederland BV
Econocom Products & Solutions Belux SA/NV	Econocom Products & Solutions SAS
Econocom SAS	

Guarantees were provided to the following banks in respect of the Acquisition Loan:

Fortis Bank SA/NV	ING Belgium SA/NV
ING Bank NV	Société Générale SA
Crédit Lyonnais SA	Dexia Bank Belgium

The following companies jointly and severally guaranteed the commitments undertaken by Econocom Group for the Bridge Loan, within the legal restrictions in force in their countries of origin:

Econocom SA (Spain)	Econocom Lease SA/NV
Econocom Location SAS	Econocom Locazione Italia Spa
Econocom Managed Services SA/NV	Econocom Managed Services SAS
Econocom Nederland BV	Econocom Products & Solutions Belux SA/NV
Econocom Products & Solutions SAS	Econocom SAS



Guarantees were provided to the following banks in respect of the Bridge Loan:

Fortis Bank SA/NV	ING Belgium SA/NV
ING Bank NV	

As part of the Working Capital Requirement lines, ECS SA and its Italian subsidiary ECS International Italia Spa have committed, in the event of certain events arising, to pledge via a disposal of professional receivables, certain receivables in respect of these companies up to 100% of the amount borrowed.

Commitments to provide guarantees were given to the following banks:

Fortis Bank SA/NV	ING Belgium SA/NV
Société Générale SA	Crédit Lyonnais
Dexia Bank Belgium	

### 34.6. Guarantees

(in € thousands)

<b>Guarantees given</b>	<b>454,888</b>
Carrying amount of assets pledged by certain subsidiaries as guarantees for factors	4,152
Securities pledged (including ECS SA securities)	196,866
Guarantees given (amounts authorized) by Econocom Group SA/NV to third parties (banks and/or suppliers) on behalf of subsidiaries	48,870
Guarantees given by Econocom Group to banks for the acquisition of ECS Group	205,000

### 34.7. Finance lease commitments

(in € thousands)

Guarantees in respect of future lease payments (lease on the Belgian head office)	3,085
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### 34.8. Commitments to acquire property, plant and equipment

(in € thousands)

Guarantees in respect of future lease payments (lease on the Belgian head office)	65,189
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### 34.9. Commitments to sell property, plant and equipment

(in € thousands)

Lease contracts for delivery in 2010 and subsequent years	65,189
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### 34.10. Commitments received: deposits and guarantees

(in € thousands)

Guarantees payable on first call and pledges	1,308
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Off-balance sheet commitments by maturity and type of commitment are presented in the following table:

(in € thousands)	< 1 year	Due in 1 to 5 years	> 5 years	Total 2010	Total 2009
<b>Commitments given:</b>					
Mortgages					1,692
Assets pledged as guarantees for factors	4,152			4,152	4,361
Securities pledged		196,866		196,866	16,106
Assets pledged as guarantees for third parties	20,265	25,152		48,870	37,183
Assets pledged following the acquisition of ECS		205,000		205,000	
Finance leases	228	1,306	1,551	3,085	3,318
Property, plant and equipment	87,262	514	1,056	88,832	88,832
<b>Commitments received:</b>					
Guarantees and pledges	1,308			1,308	947

## 35. Contingent liabilities

At the end of December 2007, legal proceedings were instituted against one of the Group's subsidiaries involving a material sum. The court ruled in favor of Econocom. This ruling was appealed and the hearing is scheduled for the first half of 2010. Econocom believes that it has accrued sufficient provisions to cover the related risk.

## 36. Related-party transactions

### 36.1. Management remuneration (in €)

	2010	2009
Remuneration allocated to non-executive directors (attendance fees)	76,500	53,500
Remuneration allocated to executive directors	3,994,638	1,129,178
Remuneration allocated to members of the Management Committee (excluding directors)	867,014	810,483
Stock options held by Management and Directors		
Number of stock options outstanding as of December 31	768,000	105,000

### 36.2. Related-party transactions

Transactions between the parent company and its subsidiaries, which are related parties, are eliminated on consolidation and are not presented in this note. The transactions with related parties summarized below mainly concern the principal transactions carried out with companies in which the Chairman of Econocom Group's Board of Directors holds a directorship.

	Income		Expenses		Receivables		Payables	
(in € thousands)	2010	2009	2010	2009	2010	2009	2010	2009
Econocom International NV	95	70	(1,253)	(1,065)	5	2	10,232	2,454
SCI Pergolèse	12	701	(1,019)	(1,123)	471	1 220	318	278
Audevard	18	20			2	15		
GMPC			(134)				12	
<b>Total</b>	<b>125</b>	<b>791</b>	<b>(2,406)</b>	<b>(2,188)</b>	<b>478</b>	<b>1 237</b>	<b>10,562</b>	<b>2,732</b>

Econocom International NV is an unlisted holding company which holds a 49.08% stake in Econocom Group SA/NV as of December 31, 2010.

For the acquisition of ECS Group, EINV loaned €10 million to Econocom Group. Interest on this loan will be paid on the basis of 3-month Euribor +100 basis points, i.e., €29,000 for 2010.

## 37. Subsequent events

No significant events have occurred since December 31, 2010.

## 38. Assessments made by management and sources of uncertainty

The main areas in which judgment was exercised by Management were as follows:

- Impairment of goodwill (Note 7): each year, Econocom Group reviews the value of the goodwill in its consolidated financial statements, in accordance with the principles described in Note 2.12. These impairment tests are particularly sensitive to medium-term financial projections and to the discount rates used to estimate the value in use of CGUs.
- Assessment of provisions for retirement benefits (Note 17): an actuary calculates the provision for retirement benefits using the projected unit credit method described in Note 2.18. This calculation is particularly sensitive to the discount rate, salary increase rate and employee turnover rate.
- Valuation of the stock options granted since November 2002: the actuarial formulae used are affected by assumptions concerning employee turnover, developments and volatility of the share price of Econocom Group SA/NV, as well as the probability of managers achieving their objectives (see Note 15.3.1).
- Assessments of the probability of recovering the tax loss carry forwards of the Group's subsidiaries.
- Provisions (Note 16): provisions are recognized to meet the probable outflow of resources in favor of a third-party with no corresponding consideration for the Group. They include provisions for all kinds of litigation which are estimated on the basis of the most probable settlement assumptions. To determine these assumptions, Group management relies, if necessary, on assessments made by external consultants.
- Fair value of financial instruments (Notes 14 and 20): this is measured using market prices. The value of derivative financial instruments is determined and sent to the Group by its banking counterparties. If listed market prices are not available, fair value is estimated using other valuation methods including, *inter alia*, discounted future cash flows.
- The accounting methods used for the acquisition of ECS Group are described in Note 3.

# REPORT OF THE STATUTORY AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2010



## STATUTORY AUDITOR'S REPORT TO THE GENERAL SHAREHOLDERS' MEETING ON THE CONSOLIDATED ACCOUNTS OF THE COMPANY ECONOCOM GROUP SA/NV AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2010

As required by law and the company's articles of association, we report to you in the context of our appointment as the company's statutory auditor. This report includes our opinion on the consolidated accounts and the required additional disclosure.

### Unqualified opinion on the consolidated accounts

We have audited the consolidated accounts of Econocom Group SA/NV and its subsidiaries (the "Group") as of and for the year ended 31 December 2010, prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. These consolidated accounts comprise the statement of consolidated financial position as of 31 December 2010 and the consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The total of the statement of consolidated financial position amounts to EUR (000) 1.253.715 and the consolidated statement of income shows a profit for the year, group share, of EUR (000) 28.878.

The company's board of directors is responsible for the preparation of the consolidated accounts. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated accounts that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these consolidated accounts based on our audit. We conducted our audit in accordance with the legal requirements applicable in Belgium and with Belgian auditing standards, as issued by the "Institut des Réviseurs d'Entreprises / Instituut der Bedrijfsrevisoren". Those auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated accounts are free of material misstatement.

In accordance with the auditing standards referred to above, we have carried out procedures to obtain audit evidence about the amounts and disclosures in the consolidated accounts. The selection of these procedures is a matter for our judgment, as is the assessment of the risk that the consolidated accounts contain material misstatements, whether due to fraud or error. In making those risk assessments, we have considered the Group's internal control relating to the preparation and fair presentation of the consolidated accounts, in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. We have also evaluated the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as the presentation of the consolidated accounts taken as a

whole. Finally, we have obtained from the board of directors and Group officials the explanations and information necessary for our audit. We believe that the audit evidence we have obtained provides a reasonable basis for our opinion.

In our opinion, the consolidated accounts as of 31 December 2010 give a true and fair view of the Group's net worth and financial position and of its results and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.

### Additional comment

The company's board of directors is responsible for the preparation and content of the management report on the consolidated accounts. Our responsibility is to include in our report the following additional comment, which does not have any effect on our opinion on the consolidated accounts:

- The management report on the consolidated accounts deals with the information required by the law and is consistent with the consolidated accounts. However, we are not in a position to express an opinion on the description of the principal risks and uncertainties facing the companies included in the consolidation, the state of their affairs, their forecast development or the significant influence of certain events on their future development. Nevertheless, we can confirm that the information provided is not in obvious contradiction with the information we have acquired in the context of our appointment.

Sint-Stevens-Woluwe, 15 April 2011

The statutory auditor

PwC Réviseurs d'Entreprises scrl,  
société civile à forme commerciale  
represented by

Emmanuèle Attout  
Réviseur d'Entreprises

*PwC Bedrijfsrevisoren cvba, burgerlijke vennootschap met handelsvorm -  
PwC Réviseurs d'Entreprises scrl, société civile à forme commerciale -  
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T: +32 (0)2 710 4211, F: +32 (0)2 710 4299, [www.pwc.com](http://www.pwc.com)  
BTW/TVA BE 0429.501.944 / RPR Brussel - RPM Bruxelles / ING BE43 3101 3811  
9501 - BIC BBRUBEBB /  
RBS BE89 7205 4043 3185 - BIC ABNABEBR*

We hereby declare that to the best of our knowledge, the consolidated financial statements for the period ended March 31, 2011, prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted in the European Union, and with the legal provisions applicable in Belgium, give a true and fair view of the assets, financial positions and profit or loss of the Company and the undertakings in the consolidation taken as a whole, and that the management report includes a fair review of the development and performance of the business, profit or loss and financial position of the Company and the undertakings in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

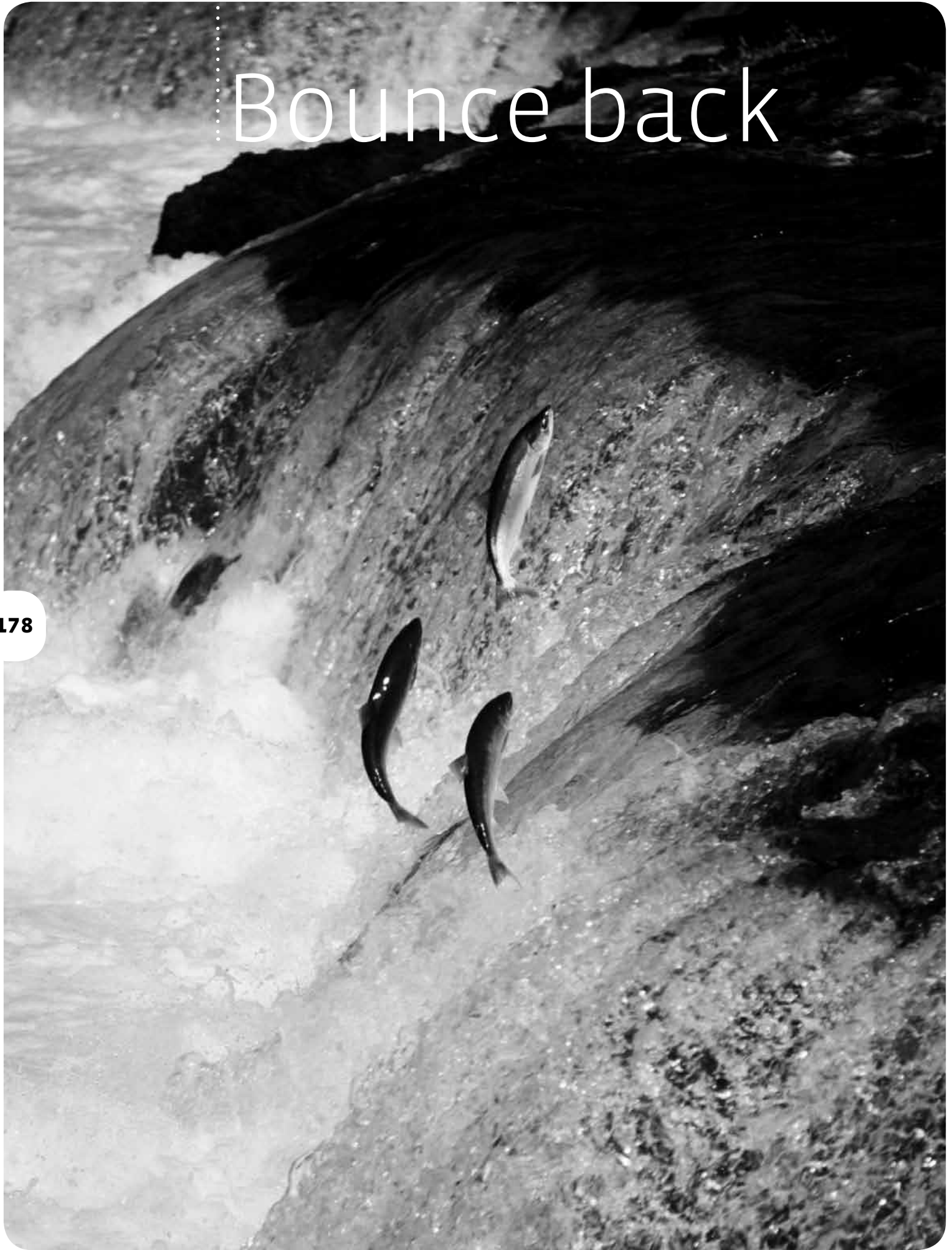
**On behalf of the Board of Directors**

**Jean-Louis Bouchard,  
Chairman of Econocom Group**

A handwritten signature in black ink, appearing to read 'J.L. Bouchard', with a stylized flourish at the end.

# Bounce back

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# CONDENSED PARENT COMPANY FINANCIAL STATEMENTS\*

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as of December 31, 2010

Balance sheet

Income statement

Cash flow statement

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*\* Parent company financial statements are prepared in accordance with Belgian GAAP.*

## ECONOCOM GROUP SA/NV PARENT COMPANY FINANCIAL STATEMENTS

In accordance with article 105 of the Belgian Company Code, Econocom Group SA/NV hereby states that the following financial statements are an abridged version of the full annual financial statements that can be obtained from the company and which will be filed with the Banque Nationale de Belgique. This abridged version does not contain all of the notes to the parent company financial statements or the Statutory Auditors' report, which contained an unqualified audit opinion in relation to the annual financial statements of Econocom Group SA/NV. The Statutory Auditors' report also includes additional information with respect to the conflict of interest described in heading 5.5.4 of the management report.



# PARENT COMPANY BALANCE SHEET

for the year ended December 31, 2010

## Assets

<i>(in € thousands)</i>	<b>12/31/2010</b>	<b>12/31/2009</b>
<b>Fixed assets</b>	<b>344,198</b>	<b>147,743</b>
<b>I. Start-up costs</b>	<b>5,120</b>	
<b>II. Intangible assets</b>	<b>53</b>	<b>33</b>
<b>III. Property, plant and equipment</b>	<b>106</b>	<b>882</b>
A. Land and buildings	0	441
B. Plant and equipment, fixtures and fittings	83	418
E. Other property, plant and equipment	23	23
<b>IV. Financial assets</b>	<b>338,919</b>	<b>146,828</b>
A. Related parties	338,918	146,827
1. Investments	176,158	116,958
2. Receivables	162,760	29,869
C. Other financial assets	1	1
1. Shares	0	0
2. Receivables and cash guarantees	1	1
<b>Current assets</b>	<b>41,097</b>	<b>36,319</b>
<b>VI. Inventories and work in-progress</b>	<b>18</b>	<b>19</b>
A. Inventories	18	19
<b>VII. Receivables due within 1 year</b>	<b>13,526</b>	<b>5,446</b>
A. Trade receivables	5,094	2,904
B. Other receivables	8,432	2,542
<b>IX. Cash investments</b>	<b>13,935</b>	<b>29,927</b>
A. Treasury stock	1,951	16,830
B. Other investments	11,984	13,097
<b>X. Cash and cash equivalents</b>	<b>13,513</b>	<b>687</b>
<b>XI. Accruals and other assets/liabilities</b>	<b>105</b>	<b>240</b>
<b>Total assets</b>	<b>385,295</b>	<b>184,062</b>

## Equity and liabilities

(in € thousands)	12/31/2010	12/31/2009
<b>Equity</b>	<b>125,458</b>	<b>113,315</b>
<b>I. Share capital</b>	<b>17,077</b>	<b>16,181</b>
A. Subscribed capital	17,077	16,181
<b>II. Paid-in capital</b>	<b>69,245</b>	<b>55,038</b>
<b>III. Revaluation gain</b>	<b>2,520</b>	<b>2,520</b>
<b>IV. Retained earnings</b>	<b>4,077</b>	<b>18,866</b>
A. Statutory reserve	1,708	1,618
B. Unavailable reserves	1,951	16,830
1. For own shares	1,951	16,830
D. Available reserves	418	418
<b>V. Profit carried forward</b>	<b>32,539</b>	<b>20,710</b>
<b>Provisions and deferred taxes</b>	<b>131</b>	<b>131</b>
<b>VII. A. Provisions for contingences and claims</b>	<b>131</b>	<b>131</b>
4. Other contingences and claims	131	131
<b>Payables</b>	<b>259,706</b>	<b>70,616</b>
<b>VIII. Liabilities due in over a year</b>	<b>13,601</b>	<b>12,000</b>
<b>IX. Liabilities due within one year</b>	<b>246,105</b>	<b>58,616</b>
A. Current portion of non-current liabilities		
B. Financial debts	222,964	48,058
1. Banks	40,000	0
2. Other borrowings	182,964	48,058
C. Trade liabilities	12,175	2,241
1. Trade payables	12,175	2,241
E. Accrued taxes and personnel costs	1,601	713
1. Taxes	114	56
2. Personnel costs including social security charges	1,487	657
F. Other liabilities	9,365	7,604
<b>XII. Accruals and other assets/liabilities</b>		
<b>Total equity and liabilities</b>	<b>385,295</b>	<b>184,062</b>

# PARENT COMPANY INCOME STATEMENT

for the year ended December 31, 2010

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<b>Expenses</b> (in € thousands)	<b>12/31/2010</b>	<b>12/31/2009</b>
<b>II. Cost of sales and services</b>	<b>21,293</b>	<b>10,776</b>
A. Materials and goods	0	0
B. Services and miscellaneous goods	16,555	7,083
C. Personnel costs (including security charges) and pensions	4,623	3,445
D. Amortization/depreciation and impairment of start-up costs, intangible assets and property, plant & equipment	62	233
E. Impairment of inventories, work in progress and trade receivables (additions +, reversals-)		(2)
F. Provisions for contingencies & charges (additions +, reversals-)		
G. Other operating expenses	53	17
<b>V. Financial expenses</b>	<b>3,164</b>	<b>749</b>
A. Expenses on liabilities	1,845	489
B. Impairment of current assets other than inventories, work in progress and trade receivables	113	
C. Other operating expenses	1,206	260
<b>VIII. Exceptional expenses</b>	<b>2,000</b>	<b>40</b>
B. Impairment of long-term investments		40
C. Provisions for contingences and charges (additions +, reversals-)		
D. Losses on disposal of fixed assets	2,000	
E. Other exceptional expenses		
<b>X.A. Income tax</b>	<b>114</b>	<b>31</b>
<b>XI. Profit for the year</b>	<b>5,706</b>	<b>2,125</b>
<b>Total</b>	<b>32,277</b>	<b>13,721</b>

<b>Income</b> (in € thousands)	<b>12/31/2010</b>	<b>12/31/2009</b>
<b>I. Sales of services</b>	<b>14,713</b>	<b>12,196</b>
A. Revenue	12,159	9,906
D. Other operating income	2,554	2,290
<b>IV. Financial income</b>	<b>12,443</b>	<b>980</b>
A. Income from long-term investments	5,205	774
B. Income from current assets	101	48
C. Other financial income	7,137	158
<b>VII. Exceptional income</b>	<b>5,121</b>	<b>545</b>
B. Reversals of impairment of long-term investments	1,200	545
D. Gains on disposal of fixed assets	3,921	
<b>X. Tax adjustments and reversals of tax provisions</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>32,277</b>	<b>13,721</b>
<b>Appropriation of profit</b>		
<b>A. Total profit available for distribution</b>	<b>26,416</b>	<b>43,217</b>
1. Profit for the year	5,706	2,125
2. Retained earnings	20,710	41,092
<b>B. Levying on equity</b>	<b>15,374</b>	
1. Equity and paid-in capital		
2. Reserves	15,374	
<b>C. Appropriation to equity</b>	<b>(90)</b>	<b>(15,067)</b>
2. To the statutory reserve	(90)	0
3. To other reserves		(15,067)
<b>D. Appropriation to retained earnings</b>	<b>(32,539)</b>	<b>(20,710)</b>
1. Amount carried forward	(32,539)	(20,710)
<b>F. Profit available for distribution</b>	<b>(9,161)</b>	<b>(7,440)</b>
1. Dividends	(9,161)	(7,440)

# PARENT COMPANY CASH FLOW STATEMENT

for the year ended December 31, 2010

<i>(in € thousands)</i>	<b>12/31/2010</b>	<b>12/31/2009</b>
Profit (loss) for the year	5,706	2,125
Income tax expense	114	31
Depreciation, amortization and impairment	(1,138)	271
Gains/losses on disposals of long-term investments	(1,565)	
Dividends received from investments	(4,410)	
Interest received on financial receivables due in more than 1 year	1,050	(774)
Gains/losses on sales of treasury shares	(5,902)	91
<b>Operating cash flow (a)</b>	<b>(6,145)</b>	<b>1,744</b>
Change in receivables due within 1 year	(5,381)	895
Change in other current assets	136	(128)
Change in trade payables	9,935	451
Change in accrued taxes and personnel costs due within 1 year	888	(160)
Change in other current liabilities		
<b>Change in working capital (b)</b>	<b>5,578</b>	<b>1,058</b>
Income tax expense (c)	(114)	(31)
<b>Net cash provided by/(used) in operating activities (a+b+c) = d</b>	<b>(681)</b>	<b>2,771</b>

## Condensed parent company financial statements

<i>(in € thousands)</i>	<b>12/31/2010</b>	<b>12/31/2009</b>
<b>Cash flows from investing activities</b>		
Set-up costs	(5,120)	
Acquisition of property, plant and equipment and intangible assets for internal use	(78)	(137)
Disposal of property, plant and equipment and intangible assets for internal use	771	
Acquisition of investments	(162,760)	(115)
Disposal of investments		
Acquisition of financial receivables due in more than 1 year	(131)	(40)
Repayment of financial receivables due in more than 1 year		753
Acquisition of other long-term investments		(91)
Disposal of other long-term investments	866	952
Dividends received from investments	4,410	
Interest received on financial receivables due in more than 1 year	795	774
<b>Net cash provided by investing activities (e)</b>	<b>(161,247)</b>	<b>2,096</b>
<b>Cash flows from financing activities</b>		
Capital increase and additional paid-in capital		
Change in financial liabilities due within 1 year	174,906	2,370
Change in financial liabilities due in more than 1 year	1,601	12,000
Acquisition of treasury stock	(8,439)	(18,017)
Sale of treasury stock	14,323	2,601
Dividends paid during the year	(6,905)	(5,667)
Interests paid	(1,845)	
<b>Net cash used in financing activities (f)</b>	<b>173,641</b>	<b>(6,713)</b>
<b>Change in cash and cash equivalents (d+e+f)</b>	<b>11,713</b>	<b>(1,846)</b>

Proud to be  
responsible



# OTHER INFORMATION

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as of December 31, 2010



# INFORMATION ABOUT THE COMPANY

## 1. General information

- Company name: Econocom Group SA/NV
- Registered office: 34 boulevard de la Woluwe, Woluwe-Saint-Lambert – 1200 Brussels. The Econocom Group registered office formerly located at 81 avenue Marcel Thiry, Woluwe-Saint-Lambert - 1200 Brussels has been transferred following a decision of the Board of Directors on December 31, 2010.
- Legal form, constitution, published documents.

Econocom Group SA/NV is a *société anonyme* governed by the laws of Belgium. It was incorporated under a deed filed by Jacques Possoz, notary, on April 2, 1982, which was published in the appendices to the Moniteur Belge of April 22, 1982 (n° 820-11).

Econocom Group SA/NV is a company that publicly raises, or has publicly raised, capital under the terms of company laws.

The company is registered with the Brussels corporate register under number 0422.646.816.

- Term: indefinite.
- Financial year: January 1 to December 31.
- Consultation of legal documents:
  - the parent company and consolidated financial statements and related reports may be consulted at the Banque Nationale de Belgique.
  - the bylaws and above-mentioned financial statements and related reports may be consulted at the registry of the commercial court.
  - all of the above-mentioned documents may be consulted at the Company's registered office at 34 boulevard de la Woluwe, Woluwe-Saint-Lambert – 1200 Brussels, Belgium.

## 2. Corporate purpose (Article 3 of the bylaws)

The company's purpose, in Belgium and abroad, is:

- the purchase, sale, lease and supply of computers and IT products generally, and all related financial operations;
- the negotiation of any and all business process engineering contracts with companies and the provision of any and all technical assistance in the field of information technologies;
- the design and implementation of electronic services and any and all related programming systems.

To this end, the company may acquire, manage, operate and sell patents, trademarks, and technical and industrial know-how.

The company may establish branch offices or subsidiaries in Belgium or abroad.

The company may deal with any and all Belgian or foreign companies with similar or complementary activities by means of asset transfers, partial or total mergers, subscription to initial capital or capital increases, financial investments, disposals, loans or any other means.

# COMPETITION AND RECRUITMENT

## Competition

Econocom Group stands out from its competitors thanks to its:

- comprehensive and specialised offering in the management of corporate distributed infrastructures;
- dual IT and telecommunications expertise;
- combination of financing experience and technological know-how;
- independence from IT equipment manufacturers, telecom providers, software vendors and financial companies.

Econocom Group has four independent and complementary businesses which include administrative and financial management of ICT assets (IT Financial Services), procurement of IT products and solutions (Products & Solutions), IT services (Managed Services) and telecom (Telecom Services). The group has no competitor capable of presenting such a range of offers in the areas of IT and telecom. The group's capacity to propose these four offerings and package them in enterprise solutions that draw on all four of its skill sets reinforces its unparalleled ability to respond to market expectations. The current strategic plan of the Econocom group, Horizon 2012, capitalises on this competitive position.

### A diversified offering

Econocom is currently the only independent provider in Europe that can design, supply, manage and finance corporate IT and telecommunications infrastructures.

The Group launched a telecommunications offering as early as 2000, well before its main competitors, and intends to draw on these strengths to leverage the expected sharp growth in the market for mobile services and voice/data convergence solutions.

It has the required capabilities to meet strong future demand for mobile solutions and for managing telecommunications fleets.

Econocom has also launched cross-disciplinary offerings, involving several of its businesses, to respond to companies' growing need for global solutions. These new offerings allow companies to optimise and control the entire lifecycle of their corporate resources, including their:

- IT fleet;
- telecom fleet;
- printer estate;
- procurement lead times and costs;
- licence agreement portfolio and migrations to Windows 7.

At the same time, through A2Z, the Group boasts an innovative offering of IT and telecom services for SMEs, combining procurement with operational, administrative and financial services. This comprehensive management solution is billed on the basis of a monthly subscription cost per user.

Lastly, the acquisition of ECS Group in October 2010 enabled Econocom to expand its offering to include server and centralised infrastructure services.

### Geographical presence

Econocom group has been firmly established in Europe for over 35 years.

The acquisition of ECS Group allowed Econocom to strengthen significantly its presence in Western Europe and in particular in seven strategic markets: France, Italy, Spain, the United Kingdom, Germany, Belgium and the Netherlands, as well as establishing

it in markets with high development potential in Eastern Europe, Morocco, China and the United States.

The group is currently directly established in seventeen countries in Europe, Morocco, China and the United States. This extended geographical scope, combined with international partnerships concluded, will enable the group to meet the requirements of its key account customers.

## Main competitors

None of Econocom's competitors has as broad a product and service offering. The main competitors in each of its businesses are as follows:

- **Managed Services:** Cap Gemini, Atos, Steria, EDS, Logica-CMG, GFI and Neurones, which have an international presence but do not offer distribution or flexible leasing services. However, many services companies develop application software (accounting, inventory management, sales management, etc.), which is not part of Econocom's current offering.
- **Products & Solutions:** Computacenter (France, Belgium, Germany and the United Kingdom), SCC (France and the United Kingdom), and RealDolmen (Belgium and Luxembourg).
- **IT Financial Services:** the financial subsidiaries of manufacturers such as IBM, HP and Dell, and banks' leasing subsidiaries (Arius, Etica) do not offer the same degree of independence or IT specialisation as Econocom group. Neither CHG nor Grenke Leasing (Germany) carry out distribution or services activities.
- **Telecom Services:** Econocom group has few competitors in the telecommunications field. The major IT services companies such as CSC, EDS or Cap Gemini already have specific outsourced telephone services offerings, mainly in the network sector of the market. Econocom on the other hand manages whole telephone populations (mobile handsets, PDAs, etc.) along with the corresponding

subscriptions. Lastly, the operators' distribution conduits are primarily specialists in selling mobile phone hardware and voice and data subscriptions. While some – such as LCO (Orange) and Mobilitys and Coriolis (SFR) – are beginning to develop services, none benefits from the expertise acquired by Econocom in the corporate computer services sector for thirty-five years.

## Recruitment

As a group specialising in IT and telecommunications services, Econocom's ability to attract and retain talented new employees is paramount to its success.

Econocom's strategic plan, Horizon 2012, highlights the group's expansion scheme and ambitious growth objectives, hence the vital importance of recruitment and career development for the group.

The group has specialised recruitment units in each major country.

The group's European presence, reputation, broad business base and listing on the Euronext market in Brussels all serve to attract young graduates and experienced staff alike.

The group seeks committed, innovative employees who are enthusiastic about sharing Econocom's corporate values: be enterprising, bounce back, face reality, share and proud to be responsible.

2010 saw a significant rise in the group's staff with the acquisition of ECS Group, increasing from 2,266 at the end of 2009 to 3,664 at the end of 2010. To keep in step with its growth and changes in both its clients' needs and in technologies, the two groups – Econocom and ECS, recruited more than 400 new employees mainly in Europe and Morocco, and mainly highly-skilled technical staff such as systems and network engineers and administrators, project managers, consultants and PC technicians.

Furthermore, the acquisition of ECS Group enabled Econocom to double its sales force. With 700 sales and pre-sales staff, the new group has strengthened its ability to continue and step-up its growth, and consolidate its competitive edge.

Econocom's growth is taking place in a constantly changing environment. The group is therefore patently aware of the importance of enhancing its employees' technical skills, now a major focus of its human resources policy. In conjunction with partners, the group has implemented various diploma courses and e-learning programmes. These are particularly

suited to employees working on-site at clients' premises. In France, where over half of the group's staff is located, training expenses came in at 3% of total payroll.

Career development is one of the group's primary objectives. Employees are individually monitored, especially through their annual assessments, which touch on achievements, objectives and training targets.

As of December 31, 2010, Econocom Group had 3,664 employees, including its sales and commercial agents.

# RECENT DEVELOPMENTS AND OUTLOOK

The Econocom Group's development strategy combines both organic and external growth objectives.

## 1. Principal investments

In addition to developing new products, software tools and recruiting new sales staff, engineers and technicians, Econocom Group SA/NV carries out external growth transactions in order to acquire specific skills or step up its expansion.

The group's main investments over the last three years have been as follows:

### 2008

Econocom bolstered the group's IT Financial Services business in France by acquiring 100% of Databail shares from Ares, a transaction representing an equity finance of some €4 million.

### 2009

During 2009, Econocom Group SA/NV and its subsidiaries were not involved in any external growth transactions.

Econocom Group SA/NV raised its stake in the German company Econocom GmbH from 80% to 90% by acquiring the equity interests of one of its managers in the German subsidiary.

### 2010

In 2010, Econocom seized upon a strategic external growth opportunity, thereby making decisive headway in the highly concentrated IT service market, where size is of strategic importance. On October 28, 2010, Econocom acquired 100% of ECS Group. This acquisition represents an investment of €192.8 million, which was financed as follows:

- an acquisition debt of €120 million from a banking pool and allocated to the payment of the price, acquisition costs and the funding of existing debts;

- Econocom Group shares given to the seller (SG Financial Services Holding, a subsidiary of Société Générale) worth €30 million, or 1,354,376 of treasury stock and 1,372,897 new share issues;

- a €50 million bridge loan, to be repaid via an increase of the Econocom share capital on Euronext Brussels when stock market conditions are favourable and already supported to the tune of €20 million by the first two Econocom shareholders.

In addition to this major acquisition, Econocom also acquired two sales agencies during the first half of 2010: IDS and Finedya. IDS sells Econocom Managed Services' operational management services (outsourcing and support) in France, whilst Finedya sells Econocom Location's financing and asset management services, also in France. These transactions represent a maximum equity finance of €3.2 million, €2.4 million of which was paid in 2010.

## 2. Changes in capital

As of December 31, 2010, the company's share capital stood at €17,076,677.70 and was composed of 26,172,897 ordinary shares with no stated par value, held in registered, bearer or dematerialised form. The capital is fully paid-up.

In compliance with the Belgian law of December 14, 2005 on the elimination of bearer shares, on December 7, 2007, Econocom Group's Board of Directors amended the company's bylaws to inform holders of Econocom Group bearer shares that they had until January 1, 2014 to convert such shares into dematerialised shares through registration in a share account. Bearer shares registered in a share account as of December 31, 2007, automatically became dematerialised shares on January 1, 2008.

As of December 31, 2010, authorised unissued capital stood at €15,285,166.46.

Changes in the company's capital between 2002 and 2009 correspond to capital increases carried out for the purpose of allocating shares on the exercise of employee stock options.

In 2010, Econocom Group SA/NV carried out a capital increase for the acquisition of ECS Group. The share capital increased from 24,800,000 shares to 26,172,897 shares by the issue of 1,372,897 new shares paid to Société Générale Financial Services Holding in exchange for 1,154,399 shares in ECS SA on October 28, 2010.

Econocom Group's share capital thus rose from €895,755.62 to €17,076,677.70.

Econocom Group SA/NV did not cancel Econocom Group shares in 2010. The shares were issued for €11 per share.

The Board of Directors therefore exercised its right to authorise an increase in the share capital, as granted at the Extraordinary Shareholders' Meeting on May 18, 2010, for 5 years and a maximum amount of €16,180,922.08. After the Board of Directors exercised this right on October 28, 2010, the maximum share capital increase allowed stands at €15,285,166.46 on December 31, 2010.

The cancellation of shares in 2002, 2004, 2005, 2007 and 2008 had no impact on share capital.

The number of Econocom Group SA/NV shares and voting rights (denominator) both stand at 26,172,897 as of December 31, 2010.

Changes in the company's share capital and number of shares since January 1, 2002 are summarised in the table below:

Date of operation	Type of issue	Change in the number of shares	Change in capital (€)	Issue premium (€)	Total amount of the operation (€)	Number of shares	Share capital (€)
01/01/2002						8,149,105	16,018,319.08
04/30/2002	Exercise of stock options	9,900	19,503.00	96,087.36	115,590.36	8,159,005	16,037,822.08
06/27/2002	Four-for-one stock split					36,636,020	16,037,822.08
12/18/2002	Cancellation of treasury shares	(1,136,020)				31,500,000	16,037,822.08
12/22/2004	Cancellation of treasury shares	(1,500,000)				30,000,000	
07/20/2005	Exercise of stock options	265,000	143,100.00	966,650.00	1,109,750.00	30,265,000	16,180,922.08
12/22/2005	Cancellation of treasury shares	(1,265,000)				29,000,000	16,180,922.08
05/15/2007	Cancellation of treasury shares	(2,200,000)				26,800,000	16,180,922.08
12/20/2007	Cancellation of treasury shares	(1,000,000)				25,800,000	16,180,922.08
12/22/2008	Cancellation of treasury shares	(1,000,000)				24,800,000	16,180,922.08
10/28/2010	Capital increase as payment for an acquisition	1,372,897	895,755.62	14,206,111.38	15,101,867.00	26,172,897	17,076,677.70
<b>12/31/2010</b>						<b>26,172,897</b>	<b>17,076,677.70</b>

The Extraordinary General Meeting of December 22, 2008 renewed for a five-year period, beginning from January 1, 2009, the authorisation given to the Board of Directors to buy back the company's own shares, in accordance with the applicable Belgian legislation, at prices ranging from €2 to €18, subject to a ceiling of 20% of total issued shares.

The Extraordinary General Meeting of May 19, 2009 renewed for a three-year period the authorisation given to the Board of Directors to purchase Econocom Group SA/NV shares without the prior approval of shareholders, if the company faces a serious and imminent threat to its operations.

The Extraordinary General Meeting of May 18, 2010 renewed for a five-year period authorisation given to the Board of Directors for a capital increase, in accordance with article 603 of the Companies' Act, either once or several times, for a maximum amount of €16,180,922.08.

The Extraordinary General Meeting of May 18, 2010 also authorised the Board of Directors to increase the share capital, in accordance with article 607 of the Companies' Act, in the event of a takeover bid on the companies' shares, and for a three-year period.

As of December 31, 2010, Econocom Group SA/NV held 120,000 Econocom Group SA/NV shares, as part of the share buyback scheme and 55,828 Econocom Group shares acquired as part of the liquidity contract with Exane BNP Paribas, or 175,828 Econocom Group own shares, representing 0.67% of the total number of shares in issue.

### 3. Outlook

Econocom Group took a decisive step in terms of its growth in 2010 by acquiring ECS Group.

2011 will be chiefly devoted to ensuring the successful integration of ECS Group.

In light of the successful integration of ECS and the sales results at the beginning of this year, Econocom Group's management is well on course to achieve its target of €1.4 billion consolidated revenue and operating profitability of 4% in 2011, boosted by the implementation of commercial and cost synergies.

Furthermore, Econocom has the necessary resources and strengths to embark on a new growth cycle, and will be focusing in particular on developing innovative new solutions for smart objects. Moreover, the group confirms it will continue its combined growth strategy (organic and external), and intends to play a crucial role in the concentration of the market sector.

# CONSOLIDATED HIGHLIGHTS

	2005	2006	2007	2008	2009	2010
<b>Number of shares (as of December 31, 2010)</b>						
Ordinary shares	29,000,000	29,000,000	25,800,000	24,800,000	24,800,000	26,172,897
AFV (preferred shares)	0	0	0	0	0	0
Total	29,000,000	29,000,000	25,800,000	24,800,000	24,800,000	26,172,897
Free float	43.13%	40.15%	41.91%	40.38%	20.09%	20.93%
<b>Per share data (in €)</b>						
Net dividend (on ordinary shares)	0.12	0.15	0.18	0.18	0.23	0.26
Gross dividend (on ordinary shares)	0.16	0.20	0.24	0.24	0.30	0.35
Payout rate (a)	33%	58%	34%	32%	37%	31%
Recurring operating profit	0.65	0.57	0.95	1.03	1.16	1.80
Operating profit	0.65	0.50	0.92	1.01	1.16	1.54
Profit before tax	0.66	0.50	0.91	1.00	1.13	1.57
Profit/(loss) for the year	0.49	0.35	0.70	0.76	0.82	1.10
Consolidated cash flow	0.76	0.70	1.24	1.30	1.45	1.44
Equity attributable to shareholders of the parent company	3.02	3.04	3.23	3.41	3.41	5.33
Price/earnings (b)	13	19	11	8	13	9
Price/cash flow (b)	8	10	6	5	7	7
Net yield (c)	1.80%	2.25%	2.40%	2.80%	2.22%	2.60%
Gross yield (c)	2.42%	3.00%	3.20%	3.72%	2.90%	3.50%
<b>Stock market data (in €)</b>						
Average share price	6.42	6.35	7.20	7.24	7.12	10.52
As of 31 December	6.62	6.66	7.51	6.44	10.35	10.00
High	6.92	7.05	9.93	8.74	10.67	12.25
Low	5.70	5.09	6.69	5.02	4.60	9.00
Annual return (at end-December) (d)	16%	3%	15%	(11.85%)	66.29%	(1.32%)
Annual market return (e)	28.09%	26.17%	(1.95%)	(47.56%)	24.63%	7.08%
Annual trading volume (in units)	5,127,011	4,833,457	5,862,670	3,021,641	4,103,691	3,164,365
Average daily trading volume	19,903	19,098	22,991	11,850	16,547	12,313
Annual trading volume, in absolute value (in € millions)	32.61	30.99	46.61	21.70	30.14	33.65
Market capitalisation as of December 31 (in € millions)	192	193	193	160	257	262
Listing market (f)	TC	TC	TC	TC	TC	TC
<b>Number of employees as of December 31</b>						
	<b>1,770</b>	<b>2,200</b>	<b>2,307</b>	<b>2,318</b>	<b>2,266</b>	<b>3,664</b>

(a) Payout rate = gross dividend/consolidated profit from ordinary activities after tax.

(b) Share price as of December 31/cash flow.

(c) Net or gross dividend/share price as of December 31.

(d) Annual return = change in share price as of December 31 relative to December 31 of the prior year + net dividend/share price as of December 31 of the prior year.

(e) Return index (Belgian All Shares) of Euronext Brussels.

(f) Listing market = Brussels. SM = Second Marché from June 9, 1988; CSF = Marché au Comptant Simple Fixing from December 13, 1996.

CDF = Marché au Comptant Double Fixing from March 11, 1998; and TSC = Marché à Terme semi-continu from March 11, 1999.

The Econocom Group share is listed on the Marché à terme continu (TC) since March 16, 2000.



The Econocom Group 2010 annual report is available in French and English  
on the group's website [www.econocom.com](http://www.econocom.com).

A printed brochure is also available in both languages  
by contacting the Communications Department.

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This is a free translation into English of the 2010 Annual Report, the original of which was prepared in French.  
All possible care has been taken to ensure that the translation is an accurate representation of the original.  
However, in all matters of interpretation of information therein, the original language version takes  
precedence over this translation.

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