



June 30,
Half-year report

2010

Today's workplace
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econocom*
mobility on demand



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Statement by the person responsible for the half-year financial report

To the best of my knowledge, the financial statements for the half-year ended June 30, 2010 have been prepared in accordance with the applicable set of accounting standards and give a true and fair view of assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation as a whole, and the interim management report appended hereto gives a fair presentation of important events that have occurred during the first six months of the financial year, of their impact on the financial statements, and of major related party transactions, together with a description of the principal risks and uncertainties for the remaining six months of the financial year.

August 31, 2010



Chairman of Econocom
Jean-Louis Bouchard



Management **report**

A. Consolidated key figures

(in € millions)

Key figures (unaudited)

	H1 2010	H1 2009	2009 (full year)
Revenue by activity	361.3	346.2	759.3
Managed Services	59.2	64.3	125.6
Products and Solutions	99.0	95.0	185.8
IT Financial Services	185.2	173.3	420.6
Telecom Services	17.9	13.6	27.3
Recurring operating profit	10.7	9.2	28.7
Operating profit	9.3	8.8	28.7
Profit for the period, excluding non-controlling interests	6.2	6.1	20.3
Operating cash flow⁽¹⁾	13.0	14.6	35.9
Equity	91.2	79.7	84.5
Net cash and cash equivalents	18.3	11.7	31.8
Earnings per share (€)			
Earnings per share (€)	0.277	0.251	0.857
Diluted earnings per share (€)	0.276	0.251	0.854

⁽¹⁾ Operating cash flow before interest and taxes

	H1 2010	H1 2009	2009 (full year)
Number of shares	22,411,651	24,046,955	23,726,894
Share value as of June 30 (€)	11.10	7.44	10.35
Market capitalization as of June 30 (in € millions)	275	175	257

In the first half of 2010, Econocom group posted consolidated revenue of €361.3 million, a 4.4% increase compared to first-half 2009 (€346.2 million).

Recurring operating profit climbed 17% to €10.7 million, versus €9.2 million for the same year-ago period, confirming the trend observed in 2009.

The outstanding increase in recurring operating profit was driven by the growing success of the group's enterprise solutions, which combine the group's expertise in every field to optimize business and operating synergies. Particularly well-suited to meet the needs of major companies with international subsidiaries that are seeking a comprehensive solution for managing their IT and telecom infrastructures, Econocom's enterprise solutions were at the origin of several major contract wins.

The group's operating profit rose 5.3% to €9.3 million, as against €8.8 million in the six months to June 30, 2009. A portion of the costs incurred on the acquisition of ECS (€0.6 million) is included under non-recurring expenses.

Net profit advanced 2.7% on first-half 2009, with the effective tax rate for the period increasing to 30.6% from 29.2% at June 30, 2009.

The increase in the effective tax rate is due firstly to the good financial health of the group's subsidiaries and secondly to the effects of non-tax-deductible items over the period.

Econocom group further strengthened its financial position with shareholders' equity reaching €91.2 million at the end of June 2010, compared to €79.7 million one year previously and €84.6 million as of December 31, 2009.

Cash (net of long-term debt) stood at €18.3 million as of June 30, 2010, versus €9.5 million as of June 30, 2009.

B. Comments as of June 30, 2010

1. Scope of consolidation

There was no major change in the scope of consolidation in the first half of 2010. The only acquisitions concerned two French sales agencies, Finedya and IDS.

2. Results

2.1. Goodwill

No impairment of goodwill was recorded in the six months to June 30, 2010.

Goodwill can be broken down as follows:

(in € millions)	Net value as of June 30, 2010	Acquisition date
Goodwill		
Finedya	1.2	2010
IDS	1.1	2010
Databail	2.7	2008
Alliance Support Services SA	73	2007
The Phone House	0.8	2007
Kentron SAS	0.7	2007
Tecnolease SPA	1.2	2007
Econocom Albis GmbH	0.3	2006
Avenir Telecom	1.2	2006
JCA	0.8	2005
A2Z Holding	2.7	2005
For Connected BV	0.0	2005
Signal Service SA	7.5	2004
CHanSE SA	1.1	2004/2006
Other	2.6	1996 to 2003
Total	31.2	

2.2. Key figures by business

Consolidated revenue, excluding intragroup operations, can be analyzed as follows:

(in € millions)	H1 2010	H1 2009
Managed Services	59	64
Products and Solutions	99	95
IT Financial Services	185	173
Telecom Services	18	14
Total	361	346

The contribution of each business to recurring operating profit was as follows:

B. Comments as of June 30, 2010

(in € millions)	H1 2010	H1 2009
Managed Services	1.8	1.2
Products and Solutions	1.5	1.5
IT Financial Services	7.4	7.2
Telecom Services	1.1	(0.4)
Holding and other	(1.1)	(0.3)
Total	10.7	9.2

Managed Services slightly improved its profitability thanks to efforts to refocus its business and streamline costs in France.

Furthermore, investments made in 2009, which pulled down last year's results, are now starting to show positive returns (ramp up of a major outsourcing contract in Belgium and a services center in Morocco).

Products and Solutions showed strong momentum with revenue growth of 4%, a larger order book and steady profitability levels.

3. Outlook

In line with its announcements at the end of 2009, the Group's Management anticipates that 2010 will be another year of growth on a constant group structure basis.

In addition, at the end of the first half of 2010, the group announced the start of negotiations with Société Générale with a view to Econocom's acquisition of the ECS group. The transaction should be completed in October 2010.

4. Risk factors and disputes

To Econocom's knowledge, since the publication of the 2009 annual report, no risk factors or new disputes have been identified that could, taken individually or concur-

First-half revenue for IT Financial Services jumped by almost 7%, with profit up 3% over the period.

Lastly, Telecom Services notched up an impressive 30% increase in revenue and reported major profitability gains.

The new group, made up of Econocom and ECS, would have consolidated annual revenue of €1.6 billion and would benefit from the complementary nature of the two groups, particularly in terms of geographic location, customer portfolios and areas of expertise.

rently, have a material impact on the results, financial position or assets of the company or the group.

B. Comments as of June 30, 2010

5. Related parties

There has been no major change regarding related parties since the publication of the 2009 annual report.

6. Human resources

The Econocom group had 2,250 employees as of June 30, 2010, compared with 2,266 as of December 31, 2009.

7. Share value and ownership structure

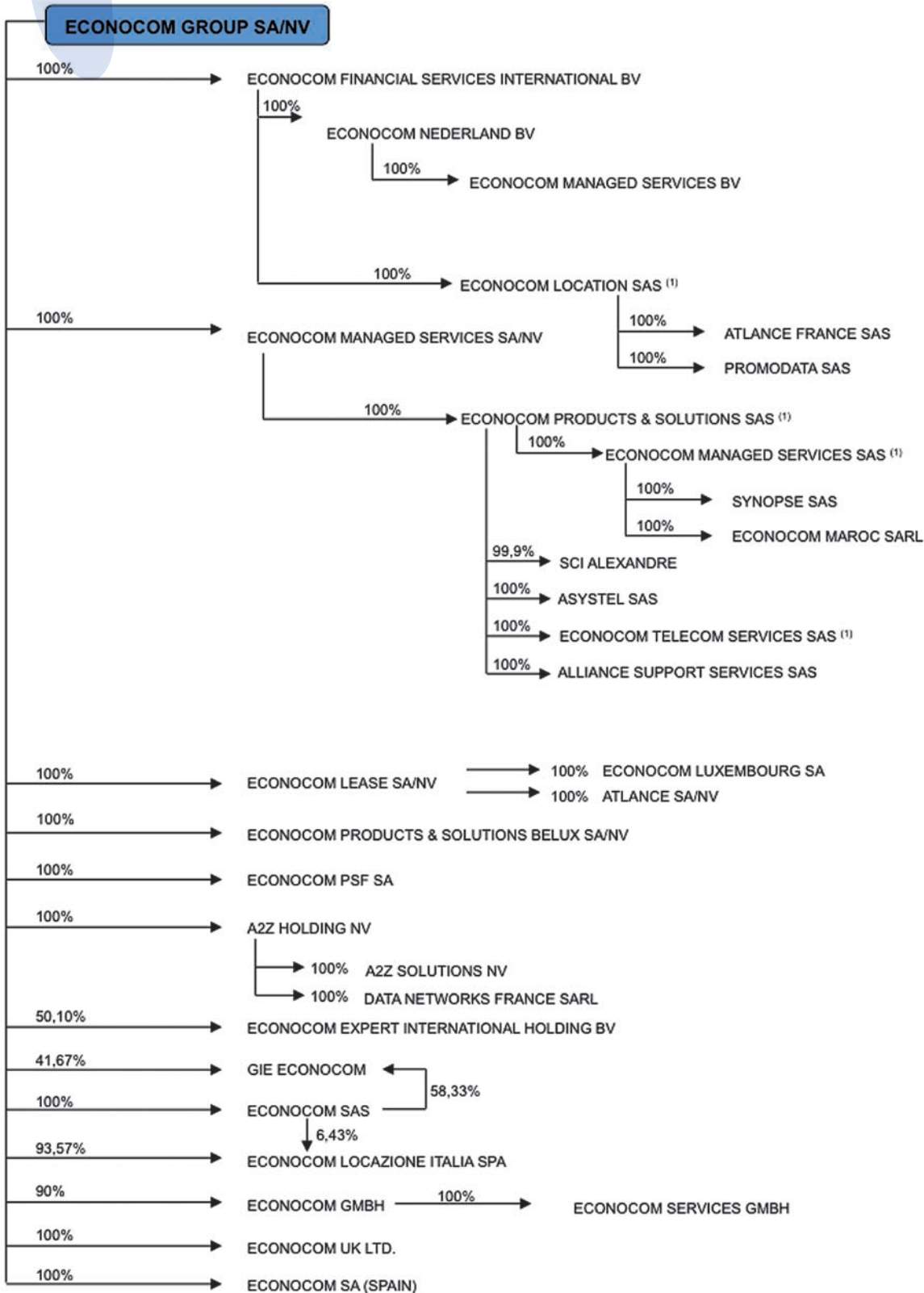
The Econocom share value increased by 7.25% over the first six months of the year, to stand at €11.10 at end-June 2010.

Ownership structure as of June 30, 2010:

	June 30, 2010		December 31, 2009	
	% of capital	Number of shares	% of capital	Number of shares
Companies controlled by Jean-Louis Bouchard	51.71%	12,824,703	50.72%	12,579,703
Bestinver Gestion	14.25%	3,534,091	14.47%	3,586,522
Valgest - V. Wajs	4.74%	1,174,508	5.79%	1,436,018
Treasury stock	5.95%	1,474,376	8.91%	2,209,318
Public shareholders	23.35%	5,792,322	20.11%	4,988,439
Total	100%	24,800,000	100%	24,800,000

C. Group Structure

as of June 30, 2010



(1) GIE Econocom Enterprise Solutions (formed in May 2009): equally-owned by the four indicated partners, i.e., 25% each.



Consolidated
financial
statements

A. Statement of comprehensive income

(in € thousands)	H1 2010	H1 2009	2009 (12 months)
Revenue from continuing operations	361,250	346,182	759,290
Operating expenses	(350,508)	(337,028)	(730,597)
Cost of sales	(260,983)	(242,989)	(547,318)
Personnel costs	(55,824)	(55,407)	(109,571)
External expenses	(31,029)	(31,449)	(63,350)
Depreciation, amortization and provisions for impairment	(1,276)	(2,801)	(4,975)
Taxes (other than income taxes)	(2,035)	(2,117)	(3,684)
Impairment losses on current assets, net	(198)	(1,768)	(197)
Other operating income and expenses	595	157	981
Financial income, operating activities	242	(654)	(2,483)
Recurring operating profit	10,742	9,154	28,693
Other non-recurring operating income and expenses	(1,466)	(345)	(13)
Operating profit	9,276	8,809	28,680
Financial income	7	10	16
Financial expense	(331)	(275)	(612)
Profit before tax	8,952	8,544	28,084
Income tax	(2,742)	(2,497)	(7,756)
Profit from continuing operations	6,210	6,047	20,328
Consolidated net profit	6,210	6,047	20,328
Minority interests	2	4	3
Net profit excluding minority interests	6,212	6,051	20,331
 (in € thousands)			
Consolidated net profit	6,210	6,047	20,328
Adjustments to the fair value of financial instruments and other financial assets	304	(118)	228
Changes in actuarial gains/losses	583	645	388
Actuarial gains / losses on employee benefits	(135)	156	219
Taxes relating to other comprehensive income items	45	(47)	(73)
Total other comprehensive income	797	636	762
Total comprehensive income for the period	7,007	6,683	21,090
<i>Attributable to the group</i>	<i>7,009</i>	<i>6,688</i>	<i>21,093</i>
<i>Attributable to minority interests</i>	<i>(2)</i>	<i>(5)</i>	<i>(3)</i>
Basic earnings per share	0.277	0.251	0.857
Diluted earnings per share	0.276	0.251	0.854

B. Statement of consolidated financial position

(in € thousands)

Assets	June 30, 2010	Dec 31, 2009	June 30, 2009
Non-current assets			
Net intangible assets	3,488	3,414	3,427
Goodwill	31,225	28,856	28,856
Net property, plant and equipment	8,153	9,144	9,589
Investment property			524
Long-term investments	23,122	21,978	17,634
Long-term receivables	2,168	1,533	1,457
Deferred tax-asset	9,057	7,898	7,732
Total non-current assets	77,213	72,823	69,219
Current assets			
Inventories	9,534	6,185	8,485
Trade and other receivables	213,845	194,391	201,902
Current tax assets	1,819	2,111	2,085
Other current assets	8,008	9,107	10,322
Cash and cash equivalents	58,245	62,522	44,182
Total current assets	291,451	274,316	266,976
Total balance sheet - assets	368,664	347,139	336,195

B. Statement of consolidated financial position

(in € thousands)	June 30, 2010	Dec 31, 2009	June 30, 2009
Equity and Liabilities			
Share capital	16,181	16,181	16,181
Additional paid-in capital and reserves	68,753	48,019	57,437
Profit for the year	6,212	20,331	6,051
Total consolidated equity	91,146	84,531	79,669
Minority interests	98	72	71
Total equity	91,244	84,603	79,740
Non-current liabilities			
Financial debts	19,555	20,423	9,865
Provisions	451	610	561
Provisions for pensions and other commitments	5,457	4,932	5,686
Other liabilities	1,103	1,463	1,004
Deferred taxes-Liabilities	6,347	5,731	4,550
Total non-current liabilities	32,913	33,159	21,666
Current liabilities			
Financial debts	22,495	12,549	24,842
Provisions	5,874	5,994	2,931
Income tax liabilities	2,840	1,366	1,385
Trade and other payables	191,624	177,541	171,641
Other current liabilities	21,674	31,927	33,990
Total current liabilities	244,507	229,377	234,789
Total balance sheet - equity and liabilities	368,664	347,139	336,195

C. Statement of consolidated cash flows

(in € thousands)	H1 2010	H1 2009	2009 full year
Consolidated net profit	6,210	6,047	20,328
Depreciation of property, investment property, plant and equipment/amortization of intangible assets	1,558	2,980	2,765
Impairment of non-current financial assets			(38)
Impairment of non-current trade receivables, inventories and other current assets	198	1,768	197
Gains / losses on the disposal of property, plant and equipment and intangible assets	(112)	1	22
Change in provisions	109	(135)	1,627
Income and expenses related to equity-based payment	1,775	84	165
Cash flows from operating activities after cost of net debt and income tax	9,738	10,745	25,066
Income tax expense	2,742	2,497	7,756
Cost of net debt	531	1,315	3,105
Cash flows from operating activities before cost of net debt and income tax (a)	13,011	14,557	35,927
Change in inventories	(3,052)	(1,407)	1,086
Change in long-term receivables	(446)	2	(106)
Change in current receivables and other current assets	(18,631)	19,250	30,322
Change in trade payables	20,745	(25,827)	(23,453)
Change in other short-term payables	(17,643)	(4,293)	(2,495)
Change in working capital (b)	(19,027)	(12,275)	5,354
Income tax paid (c)	(1,424)	(86)	(4,397)
Net cash provided by operating activities (a+b+c=d)	(7,440)	2,196	36,884
Acquisition of property, plant and equipment and intangible assets, excluding the leasing business	(2,812)	(1,725)	(3,135)
Disposal of property, plant and equipment and intangible assets, excluding the leasing business	1,738	20	544
Acquisition / Disposal of property, plant and equipment allocated to the leasing business	753	(2,082)	(12)
Acquisition of financial assets	(1,380)	(2,102)	(6,355)
Disposal of financial assets	851	929	1,187
Acquisition of companies and businesses, net of cash acquired	(2,642)	(115)	(115)
Net cash used in investing activities (e)	(3,492)	(5,075)	(7,886)
Increase in non-current liabilities	519	89	12,693
Repayment of non-current liabilities	(1,747)	(1,416)	(2,972)
Increase in current liabilities	10,810	7,449	221
Repayment of current liabilities	(815)	(4,036)	(9,164)
Interest paid	(531)	(1,315)	(3,105)
Acquisitions of treasury stock	(7,392)	(5,746)	(18,016)
Sales of treasury stock	12,221		2,601
Dividends paid during the year	(6,851)	(5,096)	(5,669)

C. Statement of consolidated cash flows

(in € thousands)	H1 2010	H1 2009	2009 full year
Net cash used in financing activities (f)	6,214	(10,071)	(23,411)
Impact of changes in exchange rates	441	364	124
Change in cash equivalents (d+e+f)	(4,277)	(12,586)	5,711
Cash position at beginning of the period	62,522	56,811	56,811
Change in cash position during the period	(4,277)	(12,586)	5,711
Cash position at end of the period	58,245	44,225	62,522

D. Statement of changes in consolidated equity

	Number of shares	Subscribed capital	Additional paid-in capital	Treasury stock	Reserves	Net income and expense recognized directly in equity	Consolidated equity	Minority interests	Equity of the consolidated entity
(in € thousands)									
Balance as of December 31, 2009	24,800,000	16,181	55,038	(16,829)	28,720	1,421	84,531	72	84,603
Share-based payments					2,277		2,277		2,277
Purchase and sales of treasury shares				4,326			4,326		4,326
Cancellation of treasury shares							0		0
Dividends paid					(6,944)		(6,944)		(6,944)
Other transactions with shareholders					(53)		(53)	28	(25)
Sub-total of transactions with shareholders		0	0	4,326	(4,720)	0	(394)	28	(366)
Consolidated net profit					6,212		6,212	(2)	6,210
Other comprehensive income items						797	797		797
Sub-total of total comprehensive income		0	0	0	6,212	797	7,009	(2)	7,007
Balance as of June 30, 2010	24,800,000	16,181	55,038	(8,177)	31,704	3,015	97,761	124	91,244

	Number of shares	Subscribed capital	Additional paid-in capital	Treasury stock	Reserves	Net income and expense recognized directly in equity	Consolidated equity	Minority interests	Equity of the consolidated entity
(in € thousands)									
Balance as of December 31, 2008	24,800,000	16,181	55,038	(1,505)	15,807	(1,182)	84,339	110	84,449
Share-based payments					84		84		84
Purchase and sales of treasury shares				(5,746)			(5,746)		(5,746)
Cancellation of treasury shares							0		0
Dividends paid					(5,695)		(5,695)		(5,695)
Other transactions with shareholders							0		0
Sub-total of transactions with shareholders		0	0	(5,746)	(5,611)	0	(11,357)	0	(11,357)
Consolidated net profit					6,051		6,051	(34)	6,017
Other comprehensive income items						636	636	(5)	631
Sub-total of total comprehensive income		0	0	0	6,051	636	6,687	(39)	6,648
Balance as of June 30, 2009	24,800,000	16,181	55,038	(7,251)	16,247	(546)	79,669	71	79,740

E. Notes to the consolidated financial statements

1. Accounting policies

1.1. Declaration of compliance and basis of preparation

The condensed consolidated financial statements for the six months ended June 30, 2010 have been prepared in accordance with IAS 34 (Interim Financial Reporting). They include the minimum content and disclosures defined in IAS 34, and consequently should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2009 as published in the 2009 annual report.

The consolidated financial statements of the Econocom group include the financial statements of Econocom Group SA/NV and its subsidiaries. They are presented in thousands of euros (€ thousand).

They were adopted by the Board of Directors on August 31, 2010 and have not been subject to a limited review by the statutory auditors.

1.2. New and amended accounting standards and interpretations

1.2.1. New standards, amendments and interpretations effective within the European Union which are mandatorily applicable to, or may be early adopted in, period beginning on or after January 1, 2010

In preparing its condensed financial statements for the six months ended June 30, 2010, the Econocom group applied the same standards, interpretations and accounting policies as those used in the preparation of its consolidated financial statements for the year ended December 31, 2009, plus the new standards, amendments and interpretations applicable from January 1, 2010 as described in the table below.

As of June 30, 2010, the Econocom group decided not to apply any of the pronouncements issued by the IASB and endorsed by European Union that companies may elect to early adopt with effect from January 1, 2010.

E. Notes to the consolidated financial statements

Standards/Interpretation		Application date		Group impacts
		UE ⁽¹⁾	Group	
IAS 27 revised	Consolidated and separate financial statements	July 1, 2009	Jan. 1, 2010	No impact on the financial statements
IAS 32 Amendment	Classification of rights issues	Dec. 23, 2009	Feb. 1, 2010	No impact on the financial statements
IAS 39 Amendment	Financial instruments – Eligibility of hedged items	Sept. 15, 2009	Jan. 1, 2010	No impact on the financial statements
IAS 39/IFRIC 9 Amendment	Embedded derivatives	Nov. 27, 2009	Jan. 1, 2010	No impact on the financial statements
IFRS 1 revised	First-time adoption of IFRS	Nov. 25, 2009	Jan. 1, 2010	No impact on the financial statements unless a business combination occurs
IFRS 2 Amendment	Group cash-settled share-based payment transactions	Mar. 23, 2010	Jan. 1, 2010	No impact on the financial statements
IFRS 7 Amendment	Financial instruments: Enhanced disclosures	Nov. 27, 2009	Jan. 1, 2010	No impact on the financial statements
IFRIC 12	Service concession arrangements	Mar. 25, 2009	Jan. 1, 2010	No impact on the financial statements
IFRIC 16	Hedges of a net investment in a foreign operation	June 4, 2009	Jan. 1, 2010	No impact on the financial statements
IFRIC 17	Distributions of non-cash assets to owners	Nov. 26, 2009	Jan. 1, 2010	No impact on the financial statements
IFRIC 18	Transfers of assets from customers	Nov. 27, 2009	Jan. 1, 2010	No impact on the financial statements
Annual improvements to IFRS (except IFRS 5 and IFRS 1)		Jan. 23, 2009	Jan. 1, 2010	No impact on the financial statements
Annual improvements to IFRS (IFRS 5 and IFRS 1 only)		Jan. 23, 2009	Jan. 1, 2010	No impact on the financial statements

(1) Unless otherwise specified, applicable to accounting period beginning on or after the date indicated in this column.

E. Notes to the consolidated financial statements

1.2.2. Standards, amendments and interpretations published by the IASB but not yet adopted by the European Union

Standards/Interpretation		IASB effective date ⁽¹⁾	Expected impact on the Econocom group
IAS 24 revised	Related party disclosures	January 1, 2011	No impact on the financial statements
IFRS 1 Amendment	Additional exemptions	January 1, 2010	No impact on the financial statements
IFRS 1 Amendment	Limited exemptions	July 1, 2010	No impact on the financial statements
IFRS 9	Financial instruments	January 1, 2013	Cannot yet be estimated
IFRIC 14 Amendment	Prepayments of a minimum funding requirement	January 1, 2011	No impact on the financial statements
IFRIC 19	Extinguishing financial liabilities with equity instruments	July 1, 2010	No impact on the financial statements
Annual improvements to IFRS		January 1, 2010	

(1) Unless otherwise specified, applicable to accounting period beginning on or after the date indicated in this column.

1.3. Changes in accounting policy

Econocom Group has not made any changes in accounting policy during 2010 to date other than those required to comply with new or amended IFRS requirements applicable on or after January 1, 2010.

1.4. Changes in presentation

Changes in presentation and reclassifications are made when they provide information that is reliable and more relevant to users of financial statements and the revised structure is likely to continue, so that comparability is not impaired. If the effect of a change in presentation is regarded as material, comparative information must also be reclassified.

No material changes in presentation have been made in the condensed consolidated financial statements.

1.5. Use of estimates

Preparation of condensed consolidated financial statements requires the Econocom group to make various estimates and use assumptions regarded as realistic or reasonable. Events or circumstances may result in changes to these estimates or assumptions, which could affect the value of the group's assets, liabilities, equity or net profit.

The principal accounting policies requiring the use of estimates are:

- impairment of goodwill,
- measurement of provisions.

As of the date on which the condensed consolidated financial statements were examined by the Board of Directors, management believes that as far as possible, these estimates incorporate all information available to it.

1.6. Seasonal trends

Interim net sales and income from operations are highly seasonal due to a high level of activity during the last quarter of the year. Pursuant to the IFRS accounting principles, interim net sales are accounted for under the same principles as year-end net sales.

E. Notes to the consolidated financial statements

2. Significant changes in the scope of consolidation

There were no changes in the scope of consolidation during the first half of 2010.

3. Exchange rates

	06/30/2010		12/31/2009		06/30/2009	
	Closing rate	Average rate	Closing rate	Average rate	Closing rate	Average rate
GBP	1.223	1.152	1.126	1.115	1.174	1.112
MAD	0.091	0.090	0.088	0.089	0.089	0.089

4. Operating segments

Since January 1, 2009, the group applies IFRS 8 concerning segment reporting which replaces IAS 14.

The segment report presented has been prepared on the basis of internal management data disclosed to the Group Management Committee (CDG), the group's primary operating decision-maker.

The group's operating activities are organized into 4 aggregate strategic operating business lines: IT Financial Services, Products and Solutions, Managed Services and Telecom Services. These can be analysed as follows:

Aggregate strategic operating business segments (4)

	Business segments (14)
IT Financial Services	France, Belux, Netherlands, Germany, United Kingdom, Spain and Italy
Products and Solutions	France, Belux
Managed Services	France, Belux, Netherlands, Morocco
Telecom Services	France

The 4 business segments listed above present a 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.

The Group's Management Committee measures the performance of these aggregate strategic operating business segments based on operating earnings. 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 armslength conditions and are eliminated according to the usual consolidation principles.

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

- **IT Financial Services (ITFS):** administrative and financial management of ICT assets
- **Managed Services (MS):**
 - 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 (PS):** services ranging from the sale of hardware and software (PC, servers, printers and licenses) to systems integration.
- **Telecom Services (TS):** comprehensive management of telecom resources.
- **Other businesses:** this segment comprises all business activities that do not correspond to the segments as defined above.

E. Notes to the consolidated financial statements

4.1. Reporting by operating business segment

The following table presents the contribution of each operating business to the group's results:

(in € thousands)	IT Financial Services	Products and Solutions	Managed Services	Telecom Services	Total report- able segments	Other busi- nesses	Total
Six months period ended June 30, 2010							
Income							
Income from external clients	185,178	98,969	59,215	17,838	361,200	50	361,250
Operating internal income	21,938	8,871	5,901	76	36,634		
Total income from operating segments	207,116	107,840	65,116	17,762	397,834		
Operating profit or loss from activities	7,784	1,378	1,795	1,013	11,970	(1,135)	10,835
Six months period ended June 30, 2009							
Income							
Income from external clients	173,337	94,989	64,257	13,545	346,128	54	346,182
Operating internal income	9,670	6,446	3,433	270	19,819		
Total income from operating segments	183,007	101,435	67,690	13,815	365,947		
Operating profit or loss from activities	6,925	1,328	1,324	(539)	9,038	(157)	8,881

E. Notes to the consolidated financial statements

4.2. Reconciliation with consolidated accounts

(in € thousands)	H1 2010	H1 2009
Income from operating segments	397,834	365,947
Income from «Other businesses» segment	50	54
Elimination of internal revenue	(36,634)	(19,819)
Total Income from continuing operations	361,250	346,182
Operating profit or loss from activities	11,970	9,038
Profit or loss from «Other businesses» segment	(1,135)	(157)
Operating segments activity profit or loss	10,835	8,881
Reversing entry depreciation of intangibles	383	506
Post retirement benefit plan amendments	(67)	(195)
Other profit or loss current	(409)	(38)
Operating profit before restructurings, impairment losses on assets, disposal gains or losses and disputes	10,742	9,154
Restructuring costs		(183)
Non-current risks	(12)	(162)
Profit or loss non-current	(850)	
Acquisition costs	(604)	
Operating profit	9,276	8,809
Other financial income and expense	(324)	(265)
Profit before tax	8,952	8,544

4.3. Geographical segments

Geographical segments data presented in the table below prepared on the basis of geographical coverage of clients for revenue.

(in € thousands)	Revenue by geographical region	
	H1 2010	H1 2009
Belgium	91,653	103,534
Luxembourg	5,899	3,837
The Netherlands	47,798	28,959
France	187,109	166,390
Southern Europe (Spain and Italy)	26,356	38,487
Other countries	2,435	4,975
Total	361,250	346,182

E. Notes to the consolidated financial statements

5. Inventories

The table below gives details of inventories:

(in € thousands)	June 2010			December 2009			June 2009		
	Net realizable value			Net realizable value			Net realizable value		
Inventories	Gross value	Impairment	Net value	Gross value	Impairment	Net value	Gross value	Impairment	Net value
Equipment in the process of being refinanced	5,143	(188)	4,955	1,866	(149)	1,717	4,251	(193)	4,058
Other inventories	6,236	(1,657)	4,579	6,460	(1,992)	4,468	6,568	(2,141)	4,427
<i>ICT equipment</i>	2,983	(158)	2,825	3,167	(279)	2,888	3,055	(345)	2,710
<i>Spare parts</i>	3,253	(1,499)	1,754	3,293	(1,713)	1,580	3,513	(1,796)	1,717
Total	11,379	(1,845)	9,534	8,326	(2,141)	6,185	10,819	(2,334)	8,485

Equipment in the process of refinancing corresponds to hardware and software purchased and allocated to leases.

Movements in inventories	As of December 31, 2009	Movements in inventories	As of June 30, 2010	As of December 31, 2008	Movements in inventories	As of June 30, 2009
Equipment in the process of being refinanced	1,866	3,277	5,143	2,396	1,855	4,251
Other inventories	6,460	(224)	6,236	7,002	(434)	6,568
<i>ICT equipment</i>	3,167	(184)	2,983	3,193	(138)	3,055
<i>Spare parts</i>	3,293	(40)	3,253	3,809	(296)	3,513
Total	8,326	3,053	11,379	9,398	1,421	10,819

Provisions for impairment of inventories	As of December 31, 2009	Additions	Reversals	As of June 30, 2010	As of December 31, 2008	Additions	Reversals	As of June 30, 2009
Equipment in the process of being refinanced	(149)	(40)	1	(188)	(38)	(155)		(193)
Other inventories	(1,992)	(79)	414	(1,657)	(1,746)	(401)	6	(2,141)
<i>ICT equipment</i>	(279)	(2)	123	(158)	(209)	(142)	6	(345)
<i>Spare parts</i>	(1,713)	(77)	291	(1,499)	(1,537)	(259)		(1,796)
Total	(2,141)	(119)	415	(1,845)	(1,784)	(556)	6	(2,334)

E. Notes to the consolidated financial statements

6. Net cash

Net cash as reported by the Econocom Group includes the following items:

(in € thousands)	06/30/2010	12/31/2009
Cash equivalents	17,024	32,017
Cash	41,221	30,505
Total cash and cash equivalents (a)	58,245	62,522
Non-current debt (except repurchase value)	18,081	18,828
Current debt (except repurchase value)	21,846	11,903
Total debt (b)	39,927	30,731
Net cash (a-b)	18,318	31,791

Cash equivalents consist of investments with maturities of less than three months that are readily convertible into known amounts of cash and are not exposed to any material risk of impairment.

None of the group's cash or cash equivalents are subject to any restrictions.

7. Current and non-current liabilities bearing interest

	06/30/2010	12/31/2009
Finance lease liabilities	4,775	5,307
<i>Finance lease liabilities – real estate</i>	2,961	3,085
<i>Repurchase value</i>	1,474	1,595
<i>Other finance lease liabilities</i>	340	
Bank borrowings ⁽¹⁾	14,693	15,743
Other borrowings	87	
Non-current liabilities bearing interest	19,555	20,423
Bank borrowings ⁽¹⁾	2,110	2,114
Finance lease liabilities	1,572	1,134
<i>Finance lease liabilities – real estate</i>	209	204
<i>Repurchase value</i>	649	646
<i>Other finance lease liabilities</i>	714	284
Bank overdrafts	5,368	605
Other borrowings	10,960	8,696
<i>Factoring payables⁽²⁾</i>	10,815	8,631
<i>Other</i>	145	65
Current liabilities bearing interest	20,010	12,549
Total debt	39,565	32,972

(1) In 2009, the group contracted a variable-rate bank loan of 12 million to finance equity acquisitions.

(2) The group has entered into 2 agreements to factor its receivables. In case of bad debtors, payment of 50% of these factored receivables is guaranteed by the factor. The residual risk as of June 2010 amounted to €5.5 million, against €4.3 million in 2009.

E. Notes to the consolidated financial statements

8. Definition of cash position

The cash flows analyzed in the following table include changes in continuing activities as well as activities sold or awaiting disposal.

There were no changes in the scope of consolidation during the first half of 2010.

Consolidated cash flows include cash and cash equivalents.

The changes in cash and cash equivalents analyzed in the cash flow statement can be broken out as follows (excluded impairment losses on investments):

(in € thousands)	06/30/2010
Cash and cash equivalents at beginning of year	62,522
Change in cash and cash equivalents	(4,277)
Cash and cash equivalents as of June 30, 2010	58,245

9. Dividends paid

The table below shows the dividend per share paid by the Econocom group in June 2010 in respect of the 2009 financial year, and the dividend paid during 2009 in respect of the 2008 financial year.

	Paid in 2010: 1 st half	Paid in 2009: 1 st half
Total dividend payout (in € thousands)	6,851	5,096
Dividend per share (€)	0.30	0.24

E. Notes to the consolidated financial statements

10. Related-party transactions

Transactions between the parent company and its subsidiaries, which are related parties, have been 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.

(in € thousands)	Income		Expenses		Receivables		Payables	
	06/30/10	12/31/09	06/30/10	12/31/09	06/30/10	12/31/09	06/30/10	12/31/09
Econocom International NV	32	70	(500)	(1,065)	9	2		2,454
SCI Pergolèse	6	701	(488)	(1,123)	470	1,220	317	278
Audevard	10	20			6	15		
APL			(8)					
Total	48	791	(996)	(2,188)	485	1,237	317	2,732

Econocom International NV is an unlisted holding company which has 51.71% stake in Econocom Group SA/NV.

11. Post balance sheet events

There is no significant event to be disclosed out of normal course of business.