

# econocom

MOBILITY ON DEMAND

June 30, 2011

HALF-YEAR

REPORT

2011 half-year report

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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, 2011 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, 2011

A handwritten signature in black ink, consisting of a large vertical stroke and a small mark to its right.

Chairman of Econocom  
Jean-Louis Bouchard

# Management **report**

# A. CONSOLIDATED KEY FIGURES

(in € millions)

Key figures (unaudited)	H1 2011	H1 2010
<b>Revenue by activity</b>	<b>763.7</b>	<b>361.3</b>
Managed Services	110.1	59.2
Products and Solutions	116.0	99.0
IT Financial Services	519.5	185.2
Telecom Services	18.1	17.9
<b>Recurring operating profit (before amortisation of ECS portfolio)</b>	<b>18.6</b>	<b>10.7</b>
<b>Recurring operating profit</b>	<b>17.6</b>	<b>10.7</b>
<b>Operating profit</b>	<b>12.8</b>	<b>9.3</b>
<b>Profit for the period, excluding non-controlling interests</b>	<b>2.7</b>	<b>6.2</b>
<b>Operating cash flow<sup>(1)</sup></b>	<b>17.1</b>	<b>13.0</b>
<b>Equity</b>	<b>123.0</b>	<b>91.2</b>
<b>Net cash and cash equivalents</b>	<b>(112.9)</b>	<b>18.3</b>
<b>Earnings per share (€)</b>		
Earnings per share (€)	0.115	0.277
Diluted earnings per share (€)	0.113	0.276

(1) Operating cash flow before interest and taxes

	H1 2011	H1 2010
Number of shares	26,172,897	22,411,651
Share value as of June 30 (€)	15.21	11.10
Market capitalization as of June 30 (in € millions)	398	275



The highlight of 2010 was the acquisition of ECS Group, consolidated in the Econocom Group financial statements since October 1<sup>st</sup> 2010. In the first half of 2011, the Group totally reimbursed the bank loan (€132 million) as well as the equity bridge (€40 million) contracted for this acquisition. In the first semester of 2011, Econocom Group posted a consolidated revenue of €763.7 million compared to €361.3 million for the first semester of 2010.

The good business trend and the first synergies resulting from the integration of ECS led to a sharp rise in recurring operating profit, which climbed to €18.6 million before a €1 million amortisation of the ECS portfolio, versus €10.7 million for the same period last year. The Group benefited from the complementary nature of the two groups, particularly in terms of geographic location, customer portfolios and areas of expertise, as well as from the growing success of the Group's enterprise solutions offering, which combines the Group's expertise in every field to optimize business and operating synergies.

The Group's operating profit over the first semester 2011 is €12.8 million, compared to €9.3 million in the six months to June 30, 2010. The non-recurring expenses correspond to the operational restructuring costs (amounting to €4.8 millions) incurred on the ECS acquisition during the first semester.

The financial result of the period (a cost of €7.4 million versus €0.3 million for the first semester 2010) is

largely impacted by the financial interests paid to the banks on the ECS acquisition debt and by the financial restructuring costs linked to the accelerated reimbursement of this bank debt (which has been totally reimbursed before June 30, 2011). On the other hand, a convertible note was issued in May 2011 for a gross value of €84 million.

Net profit on first-half 2011 stands at €2.7 million, impacted by non-tax-deductible items. The effective tax rate for the period, excluding non-recurrent items, is 31.4%, compared to 30.6% at June 30, 2010.

Econocom Group further strengthened its financial position with shareholders' equity reaching €123.0 million at the end of June 2011, compared to €91.2 million one year ago and €125.7 million on December 31, 2010.

Net debt (net of cash) amounts to €112.9 million on June 30, 2011, versus a positive figure of €18.3 million as of June 30, 2010. The net debt on June 30, 2011 is composed of:

Financing of working capital needs and other debt	€1.9M
Financing of ECS acquisition (convertible loan + shareholder loan)	(€87.6M)
Recourse refinancing debt of lease contracts	(€27.2M)

## B. COMMENTS AS OF JUNE 30, 2011

### 1. Scope of consolidation

There was no major change in the scope of consolidation in the first half of 2011.

### 2. Results

#### 2.1. Goodwill

No impairment of goodwill was recorded in the six months to June 30, 2011.

Goodwill can be broken down as follows:

(in € millions)

Goodwill	Net value as of June 30, 2011	Acquisition date
ECS	108.0	2010
Databail	2.7	2008
Alliance Support Services SA	7.3	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	2.5	1996 to 2003
<b>Total</b>	<b>136.8</b>	

## 2.2. Key figures by business

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

<i>(in € millions)</i>	<b>H1 2011</b>	<b>H1 2010</b>
Managed Services	110	59
Products and Solutions	116	99
IT Financial Services	520	185
Telecom Services	18	18
<b>Total</b>	<b>764</b>	<b>361</b>

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

<i>(in € millions)</i>	<b>H1 2011</b>	<b>H1 2010</b>
Managed Services	(1.2)	1.8
Products and Solutions	2.0	1.5
IT Financial Services	17.7	7.4
Telecom Services	0.9	1.1
Non allocated costs	(0.8)	(1.1)
<b>Total before amortisation of ECS portfolio</b>	<b>18.6</b>	<b>10.7</b>
<b>Amortisation of ECS portfolio</b>	<b>(1.0)</b>	<b>-</b>
<b>Total after amortisation of ECS portfolio</b>	<b>17.6</b>	<b>10.7</b>

Managed Services slightly increased its revenue, on a comparable basis, compared to the first semester 2010, but its profit has been impacted by some price renegotiations and by important investments made in the Outsourcing business line.

Products and Solutions has strongly grown, with revenue growth of 17%, as well as a larger order book

and a higher profitability compared to the same period last year.

IT Financial Services strongly benefited from the acquisition of ECS revenue as well as profit wise.

Telecom Services is stable compared to the first semester 2010 in terms of revenue and profitability.



### 3. Outlook

The Group's Management anticipates that 2011 will be another year of growth on a constant group structure basis and confirms its global 2011 target of a €1.4 billion revenue and €56 million of recurring operating result.

### 4. Risk factors and disputes

To Econocom's knowledge, since the publication of the 2010 annual report, no risk factors (except market factors) or new disputes have been identified that could, taken individually or concurrently, have a material impact on the results, financial position or assets of the company or the Group.

### 5. Related parties

There has been no major change regarding related parties since the publication of the 2010 annual report.

### 6. Human resources

The Econocom Group had 3,619 employees as of June 30, 2011, compared with 3,664 as of December 31, 2010.

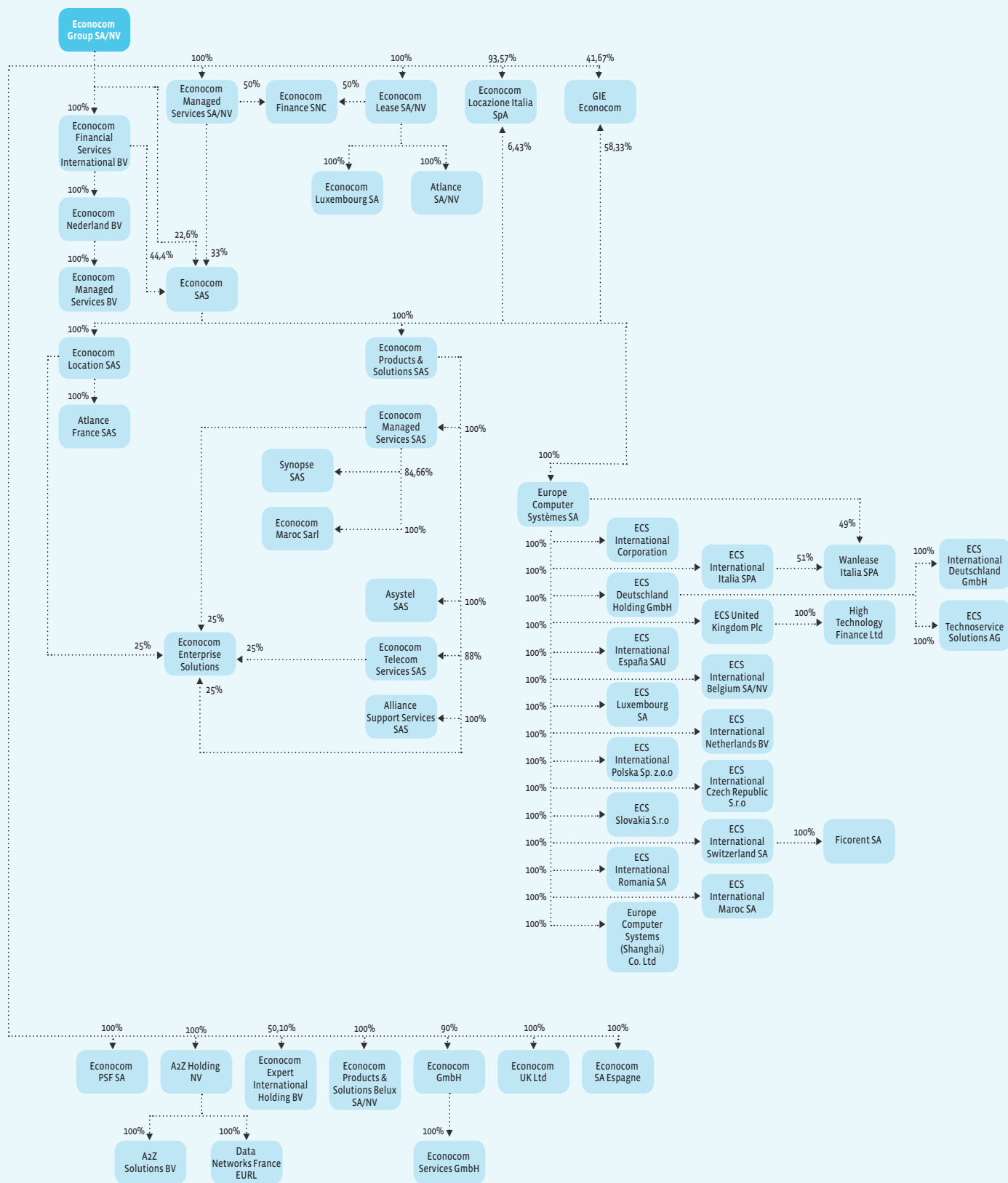
### 7. Share value and ownership structure

The Econocom share value increased by 52% over the first six months of the year, to stand at €15.21 on June 30, 2011. Since then, the share value has fluctuated due to the market conditions to stand at approximately €13 as at today.

Ownership structure as of June 30, 2011 :

	June 30, 2011		December 31, 2010	
	% of capital	Number of shares	% of capital	Number of shares
Companies controlled by Jean-Louis Bouchard	49.10%	12,849,864	49.08%	12,845,194
Société Générale	7.05%	1,845,958	10.42%	2,727,273
Bestinver Gestion	12.28%	3,214,156	14.17%	3,709,679
Valgest - V. Wajs	4.60%	1,202,708	4.73%	1,237,608
Treasury stock	3.86%	1,009,206	0.67%	175,828
Public shareholders	23.12%	6,051,005	20.93%	5,477,315
<b>Total</b>	<b>100%</b>	<b>26,172,897</b>	<b>100%</b>	<b>26,172,897</b>

## C. GROUP STRUCTURE



# Consolidated financial **statements**

# A. STATEMENT OF COMPREHENSIVE INCOME

## Income statement

(in € thousands)

	H1 2011	H1 2010
<b>Revenue from continuing operations</b>	<b>763,719</b>	<b>361,250</b>
<b>Operating expenses</b>	<b>(746,143)</b>	<b>(350,508)</b>
Cost of sales	(576,568)	(260,983)
Personnel costs	(108,366)	(55,824)
External expenses	(48,860)	(31,029)
Depreciation, amortisation and provisions	(4,518)	(1,276)
Taxes (other than income taxes)	(5,783)	(2,035)
Impairment losses on current assets, net	(1,297)	(198)
Other operating income and expenses	(284)	595
Financial income, operating activities	(467)	242
<b>Recurring operating profit</b>	<b>17,576</b>	<b>10,742</b>
Other non-recurring operating income and expenses	(4,793)	(1,466)
<b>Operating profit</b>	<b>12,783</b>	<b>9,276</b>
Financial result	(7,415)	(324)
<b>Profit before tax</b>	<b>5,368</b>	<b>8,952</b>
Income tax	(2,689)	(2,742)
<b>Profit from continuing operations</b>	<b>2,679</b>	<b>6,210</b>
Income from equity associates	40	
<b>Consolidated net profit</b>	<b>2,719</b>	<b>6,210</b>
Minority interests	2	2
<b>Net profit excluding minority interests</b>	<b>2,721</b>	<b>6,212</b>

## Comprehensive income statement

(in € thousands)

	H1 2011	H1 2010
<b>Consolidated net profit</b>	<b>2,719</b>	<b>6,210</b>
Adjustments to the fair value of financial instruments and other financial assets	66	304
Changes in actuarial gains/losses	(707)	583
Actuarial gains / losses on employee benefits	28	(135)
Taxes relating to other comprehensive income items	(13)	45
<b>Total other comprehensive income</b>	<b>(626)</b>	<b>797</b>
<b>Total comprehensive income for the period</b>	<b>2,093</b>	<b>7,007</b>
<i>Attributable to the Group</i>	<i>2,095</i>	<i>7,009</i>
<i>Attributable to minority interests</i>	<i>(2)</i>	<i>(2)</i>
<b>Basic earnings per share</b>	<b>0.115</b>	<b>0.277</b>
<b>Diluted earnings per share</b>	<b>0.113</b>	<b>0.276</b>

## B. STATEMENT OF CONSOLIDATED FINANCIAL POSITION

### Assets

<i>(in € thousands)</i>	<b>June 30, 2011</b>	<b>December 31, 2010 revised</b>	<b>June 30, 2010</b>
<b>Non-current assets</b>			
Net intangible assets	50,236	51,661	3,488
Goodwill	136,832	136,831	31,225
Net property, plant and equipment	12,502	13,469	8,153
Long-term investments	34,707	33,113	23,122
Long-term receivables	2,050	2,265	2,168
Deferred tax-asset	41,492	43,394	9,057
<b>Total non-current assets</b>	<b>277,819</b>	<b>280,733</b>	<b>77,213</b>
<b>Current assets</b>			
Inventories	19,470	16,253	9,534
Trade and other receivables	515,422	664,658	213,845
Current tax assets	9,436	8,970	1,819
Other current assets	65,293	57,997	8,008
Cash and cash equivalents	71,168	217,873	58,245
<b>Total current assets</b>	<b>680,789</b>	<b>965,751</b>	<b>291,451</b>
<b>Total balance sheet - assets</b>	<b>958,608</b>	<b>1,246,484</b>	<b>368,664</b>



## Equity and Liabilities

<i>(in € thousands)</i>	<b>June 30, 2011</b>	<b>December 31, 2010 revised</b>	<b>June 30, 2010</b>
Share capital	17,077	17,077	16,181
Additional paid-in capital and reserves	103,080	79,736	68,753
Profit for the year	2,721	28,778	6,212
<b>Total consolidated equity</b>	<b>122,878</b>	<b>125,591</b>	<b>91,146</b>
Minority interests	93	66	98
<b>Total equity</b>	<b>122,971</b>	<b>125,657</b>	<b>91,244</b>
<b>Non-current liabilities</b>			
Financial debts	82,931	123,815	19,555
Provisions	450	450	451
Provisions for pensions and other commitments	12,315	11,689	5,457
Other liabilities	2,164	2,276	1,103
Deferred taxes-Liabilities	34,961	34,351	6,347
<b>Total non-current liabilities</b>	<b>132,821</b>	<b>172,581</b>	<b>32,913</b>
<b>Current liabilities</b>			
Financial debts	106,032	126,764	22,495
Provisions	24,872	25,524	5,874
Income tax liabilities	3,530	12,437	2,840
Trade and other payables	509,545	713,209	191,624
Other current liabilities	58,837	70,312	21,674
<b>Total current liabilities</b>	<b>702,816</b>	<b>948,246</b>	<b>244,507</b>
<b>Total balance sheet - equity and liabilities</b>	<b>958,608</b>	<b>1,246,484</b>	<b>368,664</b>

## C. STATEMENT OF CONSOLIDATED CASH FLOWS

<i>(in € thousands)</i>	<b>H1 2011</b>	<b>H1 2010</b>
<b>Consolidated net profit</b>	<b>2,719</b>	<b>6,210</b>
Result from associates	(40)	
Depreciation of property, investment property, plant and equipment/amortisation of intangible assets	5,025	1,558
Impairment of non-current financial assets		
Impairment of trade receivables, inventories and other current assets	316	198
Gains / losses on the disposal of property, plant and equipment and intangible assets	24	(112)
Non recurring impact of indirect fees for the financing of ECS acquisition	3,002	
Non recurring impact of interests taken in TRO contracts		
Non recurring impact of sale of investments		
Change in provisions	(1,245)	109
Income and expenses related to equity-based payment	473	1,775
<b>Cash flows from operating activities after cost of net debt and income tax</b>	<b>10,274</b>	<b>9,738</b>
Income tax expense	3,118	2,742
Cost of net debt	3,710	531
<b>Cash flows from operating activities before cost of net debt and income tax (a)</b>	<b>17,102</b>	<b>13,011</b>
Change in inventories	(3,950)	(3,052)
Change in long-term receivables	(35)	(446)
Change in current receivables	114,250	(18,631)
Change in trade payables	(163,327)	20,745
Change in other current assets	48,222	
Change in other short-term payables	(70,678)	(17,643)
<b>Change in working capital (b)</b>	<b>(75,518)</b>	<b>(19,027)</b>
Income tax paid (c)	(9,576)	(1,424)

<i>(in € thousands)</i>	<b>H1 2011</b>	<b>H1 2010</b>
<b>Net cash provided by operating activities (a+b+c=d)</b>	<b>(67,992)</b>	<b>(7,440)</b>
Acquisition of property, plant and equipment and intangible assets, excluding the leasing business	(2,651)	(2,812)
Disposal of property, plant and equipment and intangible assets, excluding the leasing business	60	1,738
Acquisition / Disposal of property, plant and equipment allocated to the leasing business	(62)	753
Acquisition of financial assets	(5,222)	(1,380)
Disposal of financial assets	2,848	851
Acquisition of companies and businesses, net of cash acquired	(193)	(2,642)
<b>Net cash used in investing activities (e)</b>	<b>(5,220)</b>	<b>(3,492)</b>
Increase in equity from financing instruments	3,286	
Increase in non-current liabilities	80,467	519
Repayment of non-current liabilities	(124,114)	(1,747)
Increase in current liabilities	33,007	10,810
Repayment of current liabilities	(54,103)	(815)
Interest paid	(3,710)	(531)
Acquisitions and sale of treasury stock	450	4,829
Dividends paid during the year	(8,590)	(6,851)
<b>Net cash used in financing activities (f)</b>	<b>(73,307)</b>	<b>6,214</b>
Impact of changes in exchange rates	(186)	441
<b>Change in cash equivalents (d+e+f)</b>	<b>(146,705)</b>	<b>(4,277)</b>
<b>Cash position at beginning of the period</b>	<b>217,873</b>	<b>62,522</b>
Change in cash position during the period	(146,705)	(4,277)
<b>Cash position at end of the period</b>	<b>71,168</b>	<b>58,245</b>

## D. STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

(in € thousands)	Number of shares	Share capital	Additional paid-in capital	Treasury stock	Reserves	Net income and expense recognized directly in equity	Consolidated equity	Minority interest	Equity of the consolidated entity
<b>Balance as of December 31, 2010 revised</b>	<b>26,172,897</b>	<b>17,077</b>	<b>69,244</b>	<b>(16,011)</b>	<b>56,718</b>	<b>(1,437)</b>	<b>125,591</b>	<b>66</b>	<b>125,657</b>
Share-based payments					349		349		349
Purchase and sales of treasury shares				370			370		370
Cancellation of treasury shares							0		0
Dividends paid					(8,813)		(8,813)		(8,813)
Other transactions with shareholders			3,286				3,286		3,286
<b>Sub-total of transactions with shareholders</b>		<b>0</b>	<b>3,286</b>	<b>370</b>	<b>(8,464)</b>	<b>0</b>	<b>(4,808)</b>	<b>0</b>	<b>(4,808)</b>
Consolidated net profit					2,721		2,721	(3)	2,718
Other comprehensive income items						(626)	(626)	30	(596)
<b>Sub-total of total comprehensive income</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>2,721</b>	<b>(626)</b>	<b>2,095</b>	<b>27</b>	<b>2,122</b>
<b>Balance as of June 30, 2011</b>	<b>26,172,897</b>	<b>17,077</b>	<b>72,530</b>	<b>(15,641)</b>	<b>50,975</b>	<b>(2,063)</b>	<b>122,878</b>	<b>93</b>	<b>122,971</b>
<b>Balance as of December 31, 2009</b>	<b>24,800,000</b>	<b>16,181</b>	<b>55,038</b>	<b>(16,829)</b>	<b>28,720</b>	<b>1,421</b>	<b>84,531</b>	<b>72</b>	<b>84,603</b>
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)
<b>Sub-total of transactions with shareholders</b>		<b>0</b>	<b>0</b>	<b>4,326</b>	<b>(4,720)</b>	<b>0</b>	<b>(394)</b>	<b>28</b>	<b>(366)</b>
Consolidated net profit					6,212		6,212	(2)	6,210
Other comprehensive income items						797	797		797
<b>Sub-total of total comprehensive income</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>6,212</b>	<b>797</b>	<b>7,009</b>	<b>(2)</b>	<b>7,007</b>
<b>Balance as of June 30, 2010</b>	<b>24,800,000</b>	<b>16,181</b>	<b>55,038</b>	<b>(8,177)</b>	<b>31,704</b>	<b>3,015</b>	<b>97,761</b>	<b>124</b>	<b>91,244</b>

# 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, 2011 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, 2010 as published in the 2010 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, 2011 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, 2011.

In preparing its condensed financial statements for the six months ended June 30, 2011, 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, 2010, plus the new standards, amendments and interpretations applicable from January 1, 2011 as described in the table below.

As of June 30, 2011, 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, 2011.

Standards/Interpretation		Application date		
		UE <sup>(1)</sup>	Group	Group impacts
<b>IAS 24 revised</b>	Related parties disclosure	Jan. 1, 2011	Jan. 1, 2011	No impact on the financial statements
<b>Improvements to IFRS</b>	Classification of rights issues	Jan. 1, 2011	Jan. 1, 2011	No impact on the financial statements
<b>IFRS 1 revised</b>	First-time adoption of IFRS – IFRS 7 exemptions	July 1, 2010	Jan. 1, 2011	No impact on the financial statements unless a business combination occurs
<b>IFRIC 19</b>	Extinguishing liabilities with Equity instruments	July 1, 2010	Jan. 1, 2011	No impact on the financial statements
<b>IFRIC 14</b>	IAS19 Minimum funding requirements	Jan. 1, 2011	Jan. 1, 2011	No impact on the financial statements

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

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

Standards/Interpretation		IASB effective date <sup>(1)</sup>	Expected impact on the Econocom Group
<b>IFRS 7</b>	Financial instruments derecognition	July 1, 2011	No impact on the financial statements
<b>IFRS 1 Amendment</b>	Hyperinflation and removal of fixed dates	July 1, 2011	No impact on the financial statements
<b>AS12</b>	Deferred Tax: Recovery of Underlying Assets	January 1, 2012	No impact on the financial statements
<b>IFRS 9</b>	Financial instruments	January 1, 2013	Cannot yet be estimated

(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 2011 to date other than those required to comply with new or amended IFRS requirements applicable on or after January 1, 2011.

### 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.

## 2. Significant changes in the scope of consolidation

There were no significant changes in the scope of consolidation during the first half of 2011.

## 3. Changes in opening

According to IFRS 3, the Group has reviewed the allocation of assets and liabilities of ECS Group. A closer examination of IAS17 accounting has led to an increase of the goodwill for €3.4M. These changes have no impact on previous year income statement.

Besides, Econocom Group benefited from a price adjustment on the acquisition of ECS Group for €14M. As this adjustment has been paid in the form of 890,000 Econocom ordinary shares, it impacts the opening balance sheet as a reduction of goodwill and net equity.



The impacts on the net equity and the balance sheet are detailed below:

(in € thousands)	Number of shares	Subs-cribered capital	Additional paid-in capital	Treasury stock	Reserves	Net income and expense recognized directly in equity	Consolidated equity	Minority interest	Equity of the consolidated entity
<b>Initial Balance as of December 31, 2010</b>	<b>26,172,897</b>	<b>17,077</b>	<b>69,244</b>	<b>(1,993)</b>	<b>56,718</b>	<b>(1,428)</b>	<b>139,618</b>	<b>67</b>	<b>139,685</b>
Treasury shares from price adjustment				(14,018)			(14,018)		(14,018)
Change effect of revised PPA						(9)	(9)	(1)	(10)
<b>Revised Balance as of December 31, 2010</b>	<b>26,172,897</b>	<b>17,077</b>	<b>69,244</b>	<b>(16,011)</b>	<b>56,718</b>	<b>(1,437)</b>	<b>125,591</b>	<b>66</b>	<b>125,657</b>

## Assets

(in € thousands)	Initial Dec. 31 2010	Revised Dec. 31 2010
<b>Non-current assets</b>		
Net intangible assets	51,661	51,661
Goodwill	147,672	(10,841) 136,831
Net property, plant and equipment	13,469	13,469
Long term investments	33,113	33,113
Long term receivables	2,265	2,265
Deferred tax assets	36,703	6,691 43,394
<b>Total non-current assets</b>	<b>284,883</b>	<b>(4,150) 280,733</b>
<b>Current assets</b>		
Inventories	16,253	16,253
Trade and other receivables	677,617	(12,959) 664,658
Current tax assets	8,970	8,970
Other current assets	48,119	9,878 57,997
Cash and cash equivalents	217,873	217,873
<b>Total current assets</b>	<b>968,832</b>	<b>(3,081) 965,751</b>
<b>Total assets</b>	<b>1,253,715</b>	<b>(7,231) 1,246,484</b>

## Equity and Liabilities

<i>(in € thousands)</i>	<b>Initial Dec. 31 2010</b>		<b>Revised Dec. 31 2010</b>
Share capital	17,077		17,077
Additional paid-in-capital and reserves	93,763	(14,027)	79,736
Profit for the year	28,778		28,778
<b>Total consolidated equity</b>	<b>139,618</b>	<b>(14,027)</b>	<b>125,591</b>
Minority interests	67	(1)	66
<b>Total equity</b>	<b>139,685</b>	<b>(14,028)</b>	<b>125,657</b>
<b>Total non-current liabilities</b>			
Financial debts	123,815		123,815
Provisions	450		450
Provisions for pensions and other commitments	11,689		11,689
Other liabilities	2,276		2,276
Deferred taxes-Liabilities	29,388	4,963	34,351
<b>Total non current liabilities</b>	<b>167,618</b>	<b>4,963</b>	<b>172,581</b>
<b>Current liabilities</b>			
Financial debts	126,764		126,764
Provisions	25,965	(441)	25,524
Income tax liabilities	12,007	430	12,437
Trade and other payables	717,418	(4,209)	713,209
Other current liabilities	64,258	6,054	70,312
<b>Total current liabilities</b>	<b>946,412</b>	<b>1,834</b>	<b>948,246</b>
<b>Total equity and liabilities</b>	<b>1,253,715</b>	<b>(7,231)</b>	<b>1,246,484</b>

## 4. Exchange rates

	06/30/2011		12/31/2010		06/30/2010	
	Closing rate	Average rate	Closing rate	Average rate	Closing rate	Average rate
GBP	1.108	1.143	1.162	1.165	1.223	1.152
CHF	0.828	0.791	0.800	0.763	na	na
CNY	0.107	0.108	0.113	0.112	na	na
CZK	0.041	0.041	0.040	0.040	na	na
PLN	0.251	0.252	0.250	0.252	na	na
MAD	0.091	0.090	0.088	0.089	0.091	0.090
RON	0.236	0.239	0.235	0.234	na	na
USD	0.692	0.709	0.748	0.743	na	na

## 5. 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 segments: 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 (16)
IT Financial Services	France, Belux, Netherlands, Germany, United Kingdom, Spain, Italy, Ireland, Poland, Slovakia, Romania, Czech Republic, China, United States of America, Switzerland, Morocco
Products and Solutions	France, Belux
Managed Services	France, Belux, Netherlands, Germany, Spain, Italy, Switzerland, Morocco
Telecom Services	France, Belux

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.

## 5.1. Reporting by operating business segment

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

<i>(in € thousands)</i>	IT Financial Services	Products and Solutions	Managed Services	Telecom Services	Total reportable segments	Other businesses	Total
<b>Six months period ended June 30, 2011</b>							
<b>Income</b>							
Income from external clients	519,473	116,047	109,985	18,084	763,589	130	<b>763,719</b>
Operating internal income	24,187	17,776	15,633	639	58,235		
<b>Total income from operating segments</b>	<b>543,660</b>	<b>133,823</b>	<b>125,618</b>	<b>18,723</b>	<b>821,824</b>		
<b>Operating profit or loss from activities</b>	<b>15,459</b>	<b>3,145</b>	<b>(1,410)</b>	<b>961</b>	<b>18,155</b>	<b>(1,822)</b>	<b>16,333</b>
<b>Six months period ended June 30, 2010</b>							
<b>Income</b>							
Income from external clients	185,178	98,969	59,215	17,838	361,200	50	<b>361,250</b>
Operating internal income	21,938	8,871	5,901	(76)	36,634		
<b>Total income from operating segments</b>	<b>207,116</b>	<b>107,840</b>	<b>65,116</b>	<b>17,762</b>	<b>397,834</b>		
<b>Operating profit or loss from activities</b>	<b>7,784</b>	<b>1,378</b>	<b>1,795</b>	<b>1,013</b>	<b>11,970</b>	<b>(1,135)</b>	<b>10,835</b>

## 5.2. Reconciliation with consolidated accounts

<i>(in € thousands)</i>	<b>H1 2011</b>	<b>H1 2010</b>
Income from operating segments	821,824	397,834
Income from "Other businesses" segment	130	50
Elimination of internal revenue	(58,235)	(36,634)
<b>Total income from continuing operations</b>	<b>763,719</b>	<b>361,250</b>
Operating profit or loss from activities	18,155	11,970
Profit or loss from "Other businesses" segment	(1,822)	(1,135)
<b>Operating segments activity profit or loss</b>	<b>16,333</b>	<b>10,835</b>
Reversing entry depreciation of intangibles	87	383
Post retirement benefit plan amendments		(67)
Other profit or loss current	1,156	(409)
<b>Operating profit before restructurings, impairment losses on assets, disposal gains or losses and disputes</b>	<b>17,576</b>	<b>10,742</b>
Restructuring costs	(4,793)	
Non-current risks		(12)
Profit or loss non-current		(850)
Acquisition costs		(604)
<b>Operating profit</b>	<b>12,783</b>	<b>9,276</b>
Other financial income and expense	(7,415)	(324)
<b>Profit before tax</b>	<b>5,368</b>	<b>8,952</b>

### 5.3. Geographical segments

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

<i>(in € thousands)</i>	Revenue by geographical region	
	H1 2011	H1 2010
France	362,939	187,109
Belgium	135,394	91,653
Italy	104,589	11,802
Spain	44,282	14,554
Germany	39,756	1,270
UK	25,695	1,165
The Netherlands	20,516	47,798
Luxembourg	8,765	5,899
Poland	7,539	
Switzerland	5,036	
Other countries	9,208	
<b>Total</b>	<b>763,719</b>	<b>361,250</b>



## 6. Inventories

The table below gives details of inventories :

(in € thousands)

Inventories	June 2011 Net realizable value			December 2010 Net realizable value			June 2010 Net realizable value		
	Gross value	Impairment	Net value	Gross value	Impairment	Net value	Gross value	Impairment	Net value
Equipment in the process of being refinanced	7,223	(1,690)	5,533	5,951	(1,678)	4,273	5,143	(188)	4,955
Other inventories	19,774	(5,837)	13,937	17,903	(5,923)	11,980	6,236	(1,657)	4,579
ICT equipment	8,400	(130)	8,270	6,437	(157)	6,280	2,983	(158)	2,825
Spare parts	11,374	(5,707)	5,667	11,466	(5,766)	5,700	3,253	(1,499)	1,754
<b>Total</b>	<b>26,997</b>	<b>(7,527)</b>	<b>19,470</b>	<b>23,854</b>	<b>(7,601)</b>	<b>16,253</b>	<b>11,379</b>	<b>(1,845)</b>	<b>9,534</b>

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

Movements in inventories	As of December 31, 2010	Movements in inventories	As of June 30, 2011	As of December 31, 2009	Movements in inventories	As of June 30, 2010
Equipment in the process of being refinanced	5,951	1,272	7,223	1,866	3,277	5,143
Other inventories	17,903	1,871	19,774	6,460	(224)	6,236
ICT equipment	6,437	1,963	8,400	3,167	(184)	2,983
Spare parts	11,466	(92)	11,374	3,293	(40)	3,253
<b>Total</b>	<b>23,854</b>	<b>3,143</b>	<b>26,997</b>	<b>8,326</b>	<b>3,053</b>	<b>11,379</b>

Provisions for impairment of inventories	As of December 31, 2010	Additions	Reversals	As of June 30, 2011	As of December 31, 2009	Additions	Reversals	As of June 30, 2010
Equipment in the process of being refinanced	(1,678)	(12)		(1,690)	(149)	(40)	1	(188)
Other inventories	(5,923)	(281)	366	(5,837)	(1,992)	(79)	414	(1,657)
ICT equipment	(157)	(273)	332	(130)	(279)	(2)	123	(158)
Spare parts	(5,766)	(8)	34	(5,707)	(1,713)	(77)	291	(1,499)
<b>Total</b>	<b>(7,601)</b>	<b>(293)</b>	<b>366</b>	<b>(7,527)</b>	<b>(2,141)</b>	<b>(119)</b>	<b>415</b>	<b>(1,845)</b>

## 7. Net cash

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

<i>(in € thousands)</i>	<b>06/30/2011</b>	<b>12/31/2010</b>
Cash equivalents	4,832	130,711
Cash	66,336	87,162
<b>Total cash and cash equivalents (a)</b>	<b>71,168</b>	<b>217,873</b>
Non-current debt (except repurchase value)	80,222	119,713
Current debt (except repurchase value)	103,239	125,070
<b>Total debt (b)</b>	<b>183,461</b>	<b>244,783</b>
<b>Net debt (b-a)</b>	<b>112,293</b>	<b>26,910</b>

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.

Net debt by destination:

<i>(in € thousands)</i>	
Working Capital Requirement and other debts	(1,928)
ECS acquisition debt (convertible loan + shareholder loan)	87,603
Recourse refinancing debt of lease contracts	27,205

## 8. Current and non-current liabilities bearing interest

(in € thousands)	06/30/2011	12/31/2010
Finance lease liabilities	4,859	6,986
<i>Finance lease liabilities – real estate</i>	2,709	2,838
<i>Repurchase value</i>	2,123	4,102
<i>Other finance lease liabilities</i>	27	46
Bank borrowings		116,570
Convertible bonds, net liability	77,997	
Other borrowings	75	259
<b>Non-current liabilities bearing interest</b>	<b>82,931</b>	<b>123,815</b>
Bank borrowings	36,312	77,332
Finance lease liabilities	3,369	2,567
<i>Finance lease liabilities – real estate</i>	221	215
<i>Repurchase value</i>	2,793	1,694
<i>Other finance lease liabilities</i>	355	658
Bank overdrafts	18,671	2,300
Other borrowings	47,680	23,361
<i>Factoring payables</i>	8,990 <sup>(1)</sup>	11,531
<i>Refinancing with recourse <sup>(2)</sup></i>	27,205	21,204
Other	11,485	11,830
<b>Current liabilities bearing interest</b>	<b>106,032</b>	<b>126,764</b>
<b>Total debt</b>	<b>188,963</b>	<b>250,579</b>

(1) This mainly includes a reverse factoring agreement for €7,2M.

(2) This is the amount of outstanding lease receivables, for which Econocom bears the credit risk. The interest cost is recognized entirely on refinancing.

On May 18 2011, Econocom issued convertible bonds for a total amount of €84M.

These convertible bonds are quoted on the Luxembourg stock exchange and have the following main characteristics:

- Maturity: 5 years
- Annual coupon rate: 4%
- Conversion price: 21 euros, representing a 25.15% premium on the 18 May reference share price.

The hypothetical conversion of any amount of these bonds, possible at any time, would be matched by the same amount of newly issued shares or treasury shares.

The main goal of this market operation was to reimburse the bank borrowing taken as to the acquisition of ECS Group in October 2010. This structured financing of an initial amount of €132M had a remaining balance of €92M before the operation. As of June 30, 2011, this credit is completely reimbursed.

In the consolidated financial statements, convertible bonds are mainly considered as financial debts (€78M), except for the value of the derivative instrument included in the bond (€3M), accounted in equity. In accordance with IFRS, issuance fees have been also accounted in debt and equity in the same proportion; after this, effective interest rate on the liability component of the bond is measured at 5.34%.

## 9. 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 significant changes in the scope of consolidation during the first half of 2011.

Consolidated cash flows include cash and cash equivalents.

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

<i>(in € thousands)</i>	<b>06/30/2011</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>217,873</b>
Change in cash and cash equivalents	(146,705)
<b>Cash and cash equivalents as of June 30, 2011</b>	<b>71,168</b>

See chapter 7 Net cash

## 10. Dividends

The table below shows the dividend per share distributed by Econocom Group in June 2011 in respect of the 2010 financial year, and the dividend distributed during 2010 in respect of the 2009 financial year.

	<b>2011: 1<sup>st</sup> half</b>	<b>2010: 1<sup>st</sup> half</b>
Total dividend distribution (in € thousands)	8,813	6,851
Dividend per share (€)	0.35	0.30

## 11. 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.

	Income		Expenses		Receivables		Payables	
(in € thousands)	06/30/11	12/31/10	06/30/11	12/31/10	06/30/11	12/31/10	06/30/11	12/31/10
Econocom International NV <sup>(1)</sup>	207	95	(1,108)	(1,253)	92	5	10,087	10,232
SCI Pergolèse <sup>(2)</sup>	6	12	(1,100)	(1,019)	964	471		318
Audevard	9	18			8	2		
GMPC			(43)	(134)			33	12
<b>Total</b>	<b>48</b>	<b>791</b>	<b>(996)</b>	<b>(2,188)</b>	<b>485</b>	<b>1,237</b>	<b>317</b>	<b>2,732</b>

(1) In July, Econocom Group has reimbursed EINV of the €10M loan, initially subscribed for the acquisition of ECS Group

(2) This includes departure fee from the building

Econocom International NV is an unlisted holding company which has a 49.10% stake in Econocom Group SA/NV.

## 12. Post balance sheet events

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